Preface to the sustainability statement,

that also fulfils the requirements for the group non-financial statement prepared in accordance with sections 315b to 315c HGB [1]

Dear ladies and gentlemen,

Talanx considers both sustainability and due and proper compliance with reporting obligations to be important. Sustainability is important because of our business purpose. This is particularly clear in relation to climate change. As an insurer, we are confronted with constantly rising claims expenses from extreme weather events and forest fires due to global warming. This topic is highly relevant to us from an economic perspective, which is one reason why Talanx has made sustainability a core element of its Group strategy. We have formulated strategic ambitions for our global business in the areas of investment, underwriting and own operations, and we intend to be measured against them. To date we have always met our sustainability ambitions, and in many cases we actually exceeded them. We aim to do this going forward, too.

This sustainability statement for the 2024 reporting year is the first that Talanx Group has prepared under the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS) that build on it. In addition to meeting these requirements, it also complies with the EU Taxonomy. The Talanx Group has validated the interpretative decisions it has made in this reporting to the best of its knowledge and belief by performing its own assessments, consulting external experts, and engaging in dialogue within industry associations. However, even though all due care has been taken, no assurance can be given that opinions on how to interpret the ESRS will not change. In contrast to the IFRS, the ESRS are not a reporting framework with a long, proven track record. As is normally the case with new reporting standards – especially where these have not been validated in field tests – initial application reveals potential areas for improvement in the future.

The Talanx Group is working to ensure the continued development of the ESRS in its role as a member of the German Insurance Association (GDV) and of the European Insurance CFO Forum. Particularly important for us are facilitating the use of management mechanisms, international comparability of reporting and ensuring that the effort involved in reporting is proportionate to the benefits gained. In line with this, we see opportunities to improve reporting going forward in the following three areas:

Development area 1: Facilitating the use of management mechanisms by ensuring clear attributability

When assessing the influence that an undertaking has on climate change, it is necessary to measure the carbon emissions caused by the reporting entity. Emissions data in which these emissions are supplemented by emissions caused by the undertaking's business partners are more difficult to interpret. On the one hand, this approach ignores the ability of the reporting entity to influence these emissions in practice, while on the other it accepts multiple counting (Scope 3 emissions).

For Talanx as a provider of financial services, more than 99% of the total emissions that it reports come from attributed emissions that it has not caused itself. The Group's ability to influence these emissions is limited and at best indirect. This topic does not merely affect Talanx as an undertaking with a reporting obligation. We would also welcome a focus in our business partners' reporting on the emissions that they themselves cause in our capacity as an investor and underwriter of risks. Such a focus is aligned with areas of responsibility, enables meaningful comparison and can be better integrated in decision-making processes. Enhancing the ESRS in this direction would be desirable.

[1] This chapter comprises unaudited information.

Development area 2: International integration of the ESRS
The Talanx Group operates in more than 175 countries. Thanks to our business, we know that sustainability matters are accorded very different weightings and assessments in different jurisdictions and cultures. We normally align our sustainability considerations with local acceptance of our business activity. The reporting structure prescribed by the ESRS can only reflect this in part. It was largely determined by European decision-makers. In the case of global topics such as climate change it would be helpful for the acceptance of the reports prepared on this if, for example, the scope of measurement, the methodology and the presentation of the results were agreed internationally rather than merely at European level. To this extent we support the ISSB's efforts to establish such a reporting standard and would welcome the European Union adopting this.

Development area 3: Focusing reports on core management-related topics
The structure of the ESRS requires us to explain in a number of places that, in the "Social" and "Governance" areas, Talanx complies with the laws in the countries in which it does business, among other things. This goes without saying for us and should not actually need describing. In the "Environmental" sections of the report our main concern relates to climate change. In our opinion, enhancing the report so that it can be used to derive additional management mechanisms will be decisive.

With best wishes

The Talanx AG Board of Management

Sustainability statement,

that also fulfils the requirements for the group non-financial statement prepared in accordance with sections 315b to 315c HGB

1. General information

1.1 Basis for preparation

1.1.1 General basis for preparation of sustainability statement (BP-1)

Scope of reporting for the sustainability statement

This sustainability statement also meets the requirements of a non-financial statement prepared in accordance with sections 315b to 315c of the German Commercial Code (HGB) (hereinafter referred to as the "sustainability statement") The scope of consolidation is basically the same as is used for the IFRS financial statements. However, all non-material subsidiaries under the IFRS are subjected to an additional materiality test.

Certain consolidated Polish companies are listed by name in this sustainability statement, in keeping with the national regulations there. These are: Towarzystwo Ubezpieczeń i Reasekuracji WARTA S. A., Towarzystwo Ubezpieczeń na Życie WARTA S. A., Towarzystwo Ubezpieczeń Europa S. A. and Towarzystwo Ubezpieczeń na Życie Europa S. A. Making reference to this sustainability statement exempts the first two Polish companies mentioned from the obligation to submit their own sustainability statement. In addition, the Italian company HDI Assicurazioni S. p. A. exercises the Group exemption option. [BP-1 5 a, b i, b ii]

As regards reporting in accordance with sections 315b to 315c in conjunction with sections 289c to 289e of the HGB, all Group companies bar one that are required as a result of Directive 2014/95/EU to disclose non-financial and diversity-related information on the basis of national laws are exempted from the obligation to submit their own statements by reference to this sustainability statement.

The Hannover Re Group publishes its combined non-financial statement in its Group management report.

The value chain underlying the sustainability statement comprises the activities performed in the insurance business, asset management and the Group companies' own operations. Both upstream and downstream activities (see SBM-1) are included. A qualitative assessment of the entire value chain, including upstream and downstream actors, was made when determining the material impacts, risks and opportunities. Upstream and downstream activities are included in policies, actions and targets; this is presented transparently in line with the relevant reporting requirements. The Talanx Group has made use of the transitional provision related to the value chain, where relevant, when determining metrics for its upstream and downstream activities, due to challenges regarding data availability and data quality. [BP-1 5 c, AR 1]

Sensitive information on intellectual property, know-how or results of innovation

The option to omit sensitive information on intellectual property, know-how or results of innovation was not utilised for the Primary Insurance Group in the Talanx Group's sustainability statement, since this information is not relevant to the report. The Hannover Re Group has utilised this option. [BP-1 5 d]

1.1.2 Disclosures in relation to specific circumstances (BP-2)

Disclosures stemming from other legislation and pronouncements

Disclosures relating to commercial law reporting requirements

The framework used was the European Sustainability Reporting Standards (ESRS). This results in a change compared to the previous methodology, so as to already correspond to the increased transparency requirements set out in the regulatory framework under the CSRD, which still has to be implemented in Germany, and hence to ensure comparability with future reports.

Previous reports prepared under the Non-Financial Reporting Directive (NFRD) also contained reporting on other social policies. However, the ESRS requirements do not permit voluntary reporting of other, non-material topics. Consequently, the reporting focuses on the own workforce (see section 3.1 "Own workforce") and private retail customers (see section 3.2 "Private retail customers").

No material non-financial risks that could have severe negative impacts on the Talanx Group's business activities were identified in the reporting year. See the risk report in the combined management report for further information on sustainability risks, and particularly climate change risks, plus a more detailed look at the risk management system including the Talanx Group's risk profile.

Disclosures under the Taxonomy Regulation
This sustainability statement meets the requirements of Article 8 of the Taxonomy Regulation (see section "2.1 Disclosures pursuant to Article 8 of Regulation (EU) 2020/852 (EU Taxonomy Regulation)").

Time horizons
The Talanx Group uses the following time horizons as the basis for its reporting:

- Short-term: up to one year, as for financial reporting
- Medium-term: more than one year and up to five years
- Long-term: more than five years

Any departures from these periods in the information that follows have been indicated. [BP-2 9a]

Sources of estimation and outcome uncertainties
Where the metrics published in the sustainability statement contain data related to the upstream and/or downstream value chain that are estimated using indirect sources such as sector-average data or other proxies, this is indicated in the relevant places. As far as possible, the informative value of these metrics is enhanced by providing additional contextual information so as to enhance transparency. [BP-2 10 a, b, c]

If the metrics published in the sustainability statement contain estimations and outcome uncertainties, this is indicated in the relevant places. As far as possible, the informative value of these metrics is enhanced by providing additional contextual information so as to enhance transparency. [BP-2 11 a, b i, b ii]

Incorporation of information
The Talanx Group has identified those places in this sustainability statement in which information is incorporated on the basis of other legislation or generally accepted sustainability reporting standards. [BP-2 15] In addition, the Talanx Group provides references to other passages within the Group management report. No references to passages outside the Group management report are included. [BP-2 16]

1.1.3 Preliminary remarks

A number of limitations must be borne in mind when interpreting the ESRS sustainability statement.

This report has been prepared on the basis of the requirements set out in the sector-agnostic ESRS. The highly specific nature of the financial services and insurance business means that certain requirements have to be interpreted for use in relation to these sectors. The sustainability statement's focus and presentation do not adequately reflect the Talanx Group's ambition and activities in many areas. In particular, quantitative measurements of this ambition and of the Group's sustainability activities are only possible in some areas.

In addition, there is still substantial uncertainty as to how to interpret many ESRS requirements. In contrast to the IFRS, the ESRS are not a reporting framework with a long, proven track record. The Talanx Group has validated its interpretative decisions to the best of its knowledge and belief by performing its own assessments, consulting external experts, and engaging in dialogue within industry associations. However, even though all due care has been taken no assurance can be given that opinions on how to interpret the ESRS will not continue to change. To this extent, the statements are inherently open to further development. Comparability and interpretability of the data and information published in the non-financial reporting under the CSRD will only emerge over time, and once market standards and benchmarks have emerged.

The Talanx Group operates in more than 175 countries around the world, and a large proportion of its business relates to insured risks outside the European Union. Application of the European regulatory framework is obligatory (or will become so once local implementing legislation comes into force) because the Talanx Group is domiciled in the European Union and there are no uniform global mandatory standards for sustainability reporting as yet. For the Talanx Group, it is important that its economic activity is accepted not just from a European perspective but also in the individual countries in which it does business.

The quality and availability of the data needed for many of the requirements are limited in this initial report prepared in accordance with the ESRS, due among other things to the Talanx Group's decentralised, international structure. The underlying data points are, in many cases, datapoints that have been determined partly through extrapolations, projections, or estimates. A best-efforts approach was adopted in these cases, but this does not rule out future changes being made when better-quality data become available. This applies all the more, given that in many cases, no benchmarks, such as those from previous years, exist. A multilevel internal quality assurance process was defined and complied with so as to reduce the probability of incomplete or incorrect data being published. Due to the fact that this is its ESRS first report, the Talanx Group is still in a learning curve. If a need for changes is identified post-publication, these will be made in the next sustainability statement; in the case of material discrepancies, attention will be expressly drawn to such corrections.

In addition, the ESRS-related methodologies used to determine the ESRS metrics contained in this report still have shortcomings in some cases. For example, it can be noted that the methodologies permitted for compiling and reporting the carbon footprint – an extremely important issue – promote multiple counting of emissions (Scope 3).

The emissions reported must be seen in the context of the fact that the Talanx Group, as a provider of financial services, only generates a very minor proportion of the emissions itself. More than 99% of total emissions originate in the downstream value chain. Naturally enough, the financial services sector's leverage and opportunity to influence these emissions is limited.

The Talanx Group has disclosed the financed emissions from its investments for the first time in this sustainability statement. When making investments as an equity provider, the Talanx Group can sometimes intervene to influence these investments' carbon emissions. This is especially true in the case of real estate and infrastructure investments. However, the real estate sector in particular has already been focusing on energy efficiency for many years now, which means that the potential for additional savings is small. By contrast, a large proportion of the investments made take the form of debt capital. The Talanx Group's opportunities for influencing the emissions relating to these investments are extremely limited. What is more, the Talanx Group's debt portfolio largely consists of government bonds and bonds issued by regional and local authorities, on which no influence is exerted. Most of these public sector bonds also cannot be substituted due to the regulatory requirements governing the provision of financial services and funding. The GHG intensity for the government bonds in the Talanx Group's portfolio is twice that for corporate bonds. This means that financed emissions from government bonds, which represent a share of the total emissions generated by the countries concerned, account for a large proportion of the Talanx Group's reported financed emissions. The Talanx Group does not see any possibility of directly managing these emissions.

In view of these limitations, the KPIs currently cannot be taken into account during management, or this can only be done selectively.

The Talanx Group has presented the data, and the statements made on their basis, to the best of its knowledge. Nevertheless, attention is drawn to the statements on their informative value given above. No further audits or validations of the data and figures presented in the statement by external instances were performed. [MDR-M 77 b]

The Talanx Group welcomes enhanced transparency in sustainability reporting. High-quality sustainability information can support decision-making at the Talanx Group in its role as a long-term, international investor and underwriter. High-quality reporting presupposes sensible regulatory frameworks that enable objective, verifiable comparisons between entities regarding their actual effect on socially relevant sustainability matters. As a member of the German Insurance Association (GDV) and the European Insurance CFO Forum, the Talanx Group is working to enhance CSRD reporting in this spirit, and to restrict it to matters in which the effort involved in reporting is proportionate to the benefits gained.

1.2 Governance in accordance with ESRS 2

Group-wide, effective corporate governance is crucially important for responsible business conduct aimed at creating sustainable value. It forms the framework for managing and overseeing undertakings. Aspects covered include their organisational structures and values, the principles that govern how they do business and their guidelines.

1.2.1 The role of the administrative, management and supervisory bodies (GOV-1)

Management and supervisory bodies

Talanx AG – the Talanx Group parent – is a listed company based in Hannover. As such, it is governed by German stock corporation and capital markets law, and by the German Co-determination Act (MitbestG). In line with this, the Group's three governing bodies – the Board of Management, the Supervisory Board and the General Meeting – make up its top-level management and governance structure. These bodies' duties and powers 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.

Responsibilities and composition

The Board of Management, which consists of seven executive members, is responsible for managing the business. [GOV-1 21 a] The Supervisory Board appoints, oversees and advises the Board of Management. It is involved in making decisions on fundamental matters and works together cooperatively with the Board of Management in the Company's interests. However, the Supervisory Board does not have a management role, in line with Germany's two-tier corporate governance model, in which the management and oversight functions are deliberately separated. The Supervisory Board comprises 16 non-executive members. [GOV-1 21 a] These consist of equal numbers of shareholder and employee representatives, in line with the MitbestG. [GOV-1 21 b]

Board of Management (as at 31 December 2024)

- Torsten Leue (Chairman)
- Jean-Jacques Henchoz
- Dr Wilm Langenbach
- Dr Edgar Puls
- Caroline Schlienkamp
- Jens Warkentin
- Dr Jan Wicke

Supervisory Board (as at 31 December 2024)

- Herbert Haas (Chairman)
- Jutta Hammer (Deputy Chairwoman)
- Angela Titzrath (Deputy Chairwoman)
- Natalie Bani Ardalan
- Rainer-Karl Bock-Wehr
- Dr Joachim Brenk
- Sebastian L. Gascard
- Dr Christof Günther
- Dr Hermann Jung
- Dirk Lohmann
- Christoph Meister
- Dr Sandra Reich
- Matthias Rickel
- Prof. Dr Jens Schubert
- Patrick Seidel
- Norbert Steiner

Diversity, skills and independence

Talanx AG follows the principle of diversity, among other things, when making appointments to its Board of Management and Supervisory Board. Key factors in addition to candidates' specialist and personal qualifications (skills) include their age, gender, education and professional experience.

Board of Management members have appropriate professional qualifications, plus the knowledge and experience necessary for sound, prudent management and for performing their respective roles, taking entity-specific risks and the nature and scope of the business operations into account. This includes knowledge of the insurance and financial markets, knowledge and understanding of the corporate strategy and business model, knowledge of the governance system (risk management system and internal control system), the ability to interpret accounting and actuarial figures and to perform financial and actuarial analyses, and knowledge and understanding of the regulatory framework. In addition, each Managing Board member has the specific professional qualifications needed for the area for which they have been assigned responsibility. This also encompasses expertise with regard to sustainability topics, allowing the impacts, risks and opportunities associated with the business to be assessed and managed. The Board of Management members are individually responsible for their regular professional development, in order to guarantee that they continue to have the necessary professional qualifications over the long term. [GOV-1 21 c, 23 a, b]

Torsten Leue

In his role as Chairman of the Board of Management, Torsten Leue is responsible for coordinating all areas of responsibility and for communication with the Supervisory Board. He represents the Board of Management and the Company in dealings with the public, and especially with capital providers and investors, public authorities, associations, business organisations and the media. In addition, Torsten Leue is responsible for the following areas: Internal Audit, Best Practice Lab, Group Communications, Corporate Development/M&A, Governance/Corporate Office, Strategic Human Resources Management/Succession Planning, Investor Relations and Sustainability/ESG. He was previously responsible on the Board of Management for the Group's Retail International business. Before joining Talanx, Torsten Leue worked for many years for another international insurance group in a number of positions, both in Germany and abroad. Among other things, he was the regional manager for Central and Eastern Europe, and chairman of the board of management of the group's Slovakian subsidiary; during this period he was also President of the Slovakian Insurance Association. Torsten Leue originally trained as a certified bank clerk, after which he studied business administration in Berlin and Montpellier.

Jean-Jacques Henchoz

Jean-Jacques Henchoz is responsible for the Reinsurance Division. He is also Chairman of the Board of Management of Hannover Rück SE, where he is responsible for Group Operations and Strategy, IT and Facility Management, Human Resources Management, Corporate Communications, Group Internal Audit, Group Risk Management and Compliance. Jean-Jacques Henchoz's successful career has featured several executive positions in reinsurance, the life and non-life insurance business and financial solutions. He also gained experience of underwriting, and responsibility for and experience of international business. Before obtaining an MBA from the International Institute for Management Development (IMD), he graduated from the University of Lausanne with a BA degree in political science.

Dr Wilm Langenbach

Dr Wilm Langenbach is responsible for the Retail International Division on the Board of Management, and is also Chairman of the Board of Management at HDI International AG. He has many years' international management experience in the insurance business, especially in the core markets of Europe and Latin America, plus the Middle East and Africa. After training as a bank clerk, he studied business administration at the WHU Koblenz and in Texas, and gained a doctorate from the WHU.

Dr Edgar Puls

Dr Edgar Puls is the member of Talanx's Board of Management responsible for its Corporate & Specialty Division and for the reinsurance captive. He is also Chairman of the Board of Management of HDI Global SE. After working in a number of industrial insurance positions at HDI Germany, Dr Puls became CEO of HDI-Gerling in Rotterdam. After that he was appointed to the Board of Management of HDI Global SE, where he was responsible for the Motor business and the Europe region, and later on for Fire, Marine and Engineering insurance. An engineering graduate, Dr Puls has a doctorate from the Institute for Risk and Consequence Analysis at the University of Wuppertal.

Caroline Schlienkamp

Caroline Schlienkamp is Talanx's Labour Director and responsible for operational Human Resources at the Group, plus the Legal/Compliance, Data Protection, Group Procurement, Facility Management and Business Organisation functions. She is also the Spokesperson of the Board of Management of HDI AG and previously held a number of leadership and management functions in the Group. After training as an insurance clerk, Caroline Schlienkamp studied law and passed her second state law exam in Düsseldorf.

Jens Warkentin

Jens Warkentin is the Board of Management member responsible for the Retail Germany Division, IT and Brand Management. He is also the Chairman of the Board of Management of HDI Deutschland AG, where he was previously CFO and Labour Director. Before joining the Talanx Group, he worked in a number of management positions for another international insurance group, including as COO and a member of the board of management. Jens Warkentin trained as an insurance clerk before studying economics at Marburg University in Germany and Millersville University in Pennsylvania, USA.

Dr Jan Wicke

Chief Financial Officer Dr Jan Wicke is responsible for the Accounting, Collections, Controlling, Finance/Participating Interests/Real Estate, IT Security, Investments, Risk Management, Taxes, Treasury and Reinsurance Procurement functions. He joined Talanx after a working in a number of management positions and board of management functions at insurance groups and financial institutions in the fields of finance and risk management. He was initially responsible for the German retail insurance business before being appointed as the Group's CFO. Dr Wicke studied business administration and obtained a doctorate from the University of Bamberg.

Care is taken when making appointments to the Supervisory Board to ensure that, as a whole, its members possess the knowledge, skills and specialist experience required to duly perform their duties. In addition to the professional expertise in the areas of asset management, underwriting, accounting and the internal model that is required by supervisory law, other material topics for the Company – auditing, an international perspective, human resources, risk management, IT/digitalisation, compliance and sustainability – are taken into account. The Supervisory Board uses a self-assessment by its members to draw up an overview of its existing qualifications (see the "Qualifications of Talanx AG's Supervisory Board members" in the Appendix) and a development plan designed to maintain and enhance the necessary specialist expertise. Supervisory Board members can use internal and external training for this, among other things. In financial year 2024, the Supervisory Board received comprehensive training on the CSRD. [GOV-1 21 c, 23 a, b]

The Board of Management comprises one woman and six men.

There are two female and six male shareholder representatives on the Supervisory Board, and two female and six male employee representatives. As a result, the statutory gender quota of 30% pursuant to section 96(2) of the German Stock Corporation Act (AktG)[1] has been met.

Percentage of female members in accordance with ESRS 2 GOV-1, 21 d[2]:

- Board of Management: 14%
- Supervisory Board: 25%

The German Corporate Governance Code ("the Code") states that the Supervisory Board shall include an adequate number of independent members among its shareholder representatives. At present, all eight shareholder representatives on Talanx AG's Supervisory Board (100%) are independent as defined by the criteria set out in the Code.[3] Pursuant to the MitbestG, the employee representatives consist of staff representatives and representatives of ver.di, the German union. They are elected by the workforce in universal, fair and secret elections. [GOV-1 21 e]

Organisation and responsibilities

Corporate management

The governance structure cascades from the Board of Management to the senior management teams.

The Board of Management members are jointly responsible for managing the Company's business. Irrespective of this, each Board of Management member is assigned an area of responsibility under the Rules of Procedure and the associated schedule of responsibilities, and manages this area on their own responsibility within the framework of the decisions passed by the full Board of Management. Their responsibility also covers the impacts, risks and opportunities associated with the area concerned. In addition, the law, the Articles of Association and the Board of Management's Rules of Procedure require some issues to be resolved by the full Board of Management. These include the Company's strategy, including its sustainability strategy, the principles underlying the Company's policies, and the implementation and control of a suitable risk management and monitoring system. [GOV-1 22 a, b]

The members of the Board of Management are responsible for the sustainability-related impacts arising from business activity in their respective areas of responsibility. Each Board member's area of responsibility is in charge of the impacts relating to its own operations. Impacts relating to underwriting are the responsibility of the primary and reinsurance divisions led by Jean-Jacques Henchoz, Dr Wilm Langenbach, Dr Edgar Puls and Jens Warkentin. Responsibility for impacts relating to the investment function lies with Dr Jan Wicke. [GOV-1 22 a, c]

The risk strategy specified by the Board of Management in line with the business strategy expresses the basic approach to identifying and dealing with risks and opportunities. It serves as the starting point for Group-wide implementation of risk management, with sustainability matters also being taken into consideration. Other bodies and people responsible for this apart from the Board of Management and the Supervisory Board are the Executive Risk Committee, the Chief Risk Officer, Group Risk Management and the risk management units in the individual divisions. Group Risk Management has been assigned to Dr Wicke under the Board of Management's schedule of responsibilities. In addition, the Talanx Group has implemented a whistleblowing system (see section 4.1.1 "Business conduct and corporate culture") that offers both employees and third parties the opportunity of anonymously reporting harmful behaviour and risks. The Board of Management is informed immediately of substantial indications of critical matters that could potentially have significant negative impacts on the Group or its stakeholders. [GOV-1 22 c]

The impacts and opportunities associated with sustainability activities are also analysed and their implementation is prepared in, for example, the Responsible Investment Committee (RIC), the Responsible Underwriting Committee (RUC) and the Own Operations working group. The RIC and RUC are two central decision-making bodies that regularly monitor, and drive forward, integration of sustainability matters with all core investment and underwriting processes, in line with the strategy. The RIC is chaired by Board of Management member Dr Jan Wicke. The RUC, to which all Talanx Board of Management members belong, is chaired by Board of Management Chairman Torsten Leue. [GOV-1 22 c]

The governance structure that has been implemented ensures that the Board of Management has access to all relevant information from the specialist departments, especially about the Company's risks and opportunities, and about the ecological and social impacts of its business activities. [GOV-1 22 a, b, c]

Chairman of the Board of Management Torsten Leue is responsible for sustainability within the Board of Management. His key tasks include enhancing and implementing the sustainability strategy so as to position Talanx as a sustainable group, especially in the dimen-

[1] Section 96(2) of the AktG requires figures to be rounded up or down to the next full number of people.
[2] As at 31 December 2024.
[3] The Code's recommendation on the independence of Supervisory Board members relates solely to the shareholder representatives (Chapter C of the Code, "Composition of the Supervisory Board", section II "Independence of Supervisory Board members", recommendations C.6–C.12). In line with the Code, the disclosures for GOV-1 21e relate solely to the independence of the shareholder representatives.

sions of underwriting and asset management. Group Strategy & Sustainability supports him in this and reports to him. [GOV-1 22 a, b]

The Talanx Group aspires to responsible business conduct that is aligned with sustainable value creation. The Board of Management develops the sustainability strategy and ensures that sustainability-related matters are implemented in asset management, underwriting and operations, and in the Group's social responsibility activities. It resolves appropriate sustainability-related goals and targets during the annual update process for the sustainability strategy, and monitors their achievement. This process takes into account both ESG-related risks and opportunities and the environmental and social impacts of the Talanx Group's operations. [GOV-1 22 b, c, d]

Supervisory Board

The Supervisory Board has established the following committees to enable it to perform its duties efficiently:

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

The Supervisory Board committees prepare Supervisory Board decisions within their areas of responsibility and take decisions instead of the Supervisory Board in those areas in which such powers have been delegated to them under the Rules of Procedure. The committee chairs report regularly to the Supervisory Board on the work performed in their respective committees.

Both the full Supervisory Board and its committees, and especially the Finance and Audit Committee and the Nomination Committee, address sustainability topics within their areas of responsibility.

In addition, the high priority given to sustainability in the Group is demonstrated by the fact that three sustainability experts have been appointed on the Supervisory Board:

- Dr Sandra Reich
- Prof. Dr Jens Schubert
- Norbert Steiner

The role of these sustainability experts is to provide advice, make recommendations and perform preparatory work within the Supervisory Board. They share information about sustainability topics with the other Supervisory Board members and the Board of Management, among others, and support and oversee sustainability reporting. [GOV-2 22 a, b, c, 26 a]

1.2.2 Sustainability matters during the reporting period (GOV-2)

The Board of Management and the Supervisory Board are informed regularly about important sustainability topics:

- Monthly[1] about ESG risks: The Monthly Risk Briefings (MRB) are circulated by the management function at Qualitative Group Risk Management
- Quarterly about ESG risks: The Talanx Group's Chief Risk Officer presents the quarterly risk briefings (QRB)
- Annually about ESG reporting as part of the presentation by the Talanx Group's Chief Risk Officer of the ORSA (own risk and solvency assessment) report
- Annually about ESG impacts and opportunities: Group Strategy & Sustainability reports on the outcomes of the meetings of the RIC, RUC and Own Operations working group
- Annually about ESG impacts, risks and opportunities: Group Strategy & Sustainability provides information about the outcomes of the materiality assessment (see section 1.4 "Strategy and business model")
- Annually about ESG impacts, risks and opportunities: Group Strategy & Sustainability reports on sustainability reporting

In addition, ad hoc information about material ESG matters is provided at short notice as required. [GOV-2 26 a]

The Talanx Group's sustainability strategy is an integral part of its Group strategy. This ensures that the Board of Management includes ESG matters in its decision-making. The Board of Management reviews the sustainability strategy at least once a year and considers the risks and opportunities related to sustainability matters and the Group's sustainability-related impacts on society.

In addition, Group Risk Management is involved in all material decisions by the Board of Management; this relates to both the content of decisions and appropriate timing. The decision-making processes weigh risks and opportunities, and their potential impacts, against each other.

Equally, ESG topics are taken into account during transaction processes: for example, ESG due diligence is performed in both underwriting and investment. Any material findings are taken into account in the decisions made by the relevant bodies. [GOV-2 26 b]

The following table shows the range of sustainability topics that the Board of Management and Supervisory Board addressed from a risk/opportunity perspective in the course of the financial year. Disclosures on the results of the materiality assessment, including impacts, risks and opportunities, can be found in section 1.4 "Strategy and business model". [GOV-2 26 c]

[1] The Supervisory Board receives the most recent monthly risk briefing (MRB) or quarterly risk briefing (QRB) for its regularly quarterly meetings.

LIST OF THE MATERIAL IMPACTS, RISKS AND OPPORTUNITIES ADDRESSED BY THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES OR THEIR RELEVANT COMMITTEES DURING THE REPORTING PERIOD (GOV-2 26 C) [1]

Area	Risks	Opportunities
Environmental E1: Climate change adaptation E1: Energy E1: Climate change mitigation	■ **Asset management:** Decline in the value of the investment portfolio due to investments in undertakings with unsustainable business models and to real estate and infrastructure investments that are exposed to increasingly frequent and increasingly intense extreme weather events. (IRO: Declining investments and financial losses due to growing physical and transition risks [climate change adaptation]) ■ **Underwriting:** Increasingly frequent and increasingly intense extreme weather events can lead to insurance losses that are substantially higher than was assumed during pricing. (IRO: Decline in product profitability due to a rise in claims payouts [climate change adaptation])	■ **Asset management:** Investments in sustainable technologies and real estate, and in renewable energy. Active support for the transformation process through sustainable investments. Promotion of positive effects on society and the environment. (IRO: Investments in renewable energy leading over the medium to long term to positive impacts on investment, and resilience against external shocks and extreme climate events [energy]) ■ **Underwriting:** Insurance cover for sustainable technologies, insurance cover for climate risks and support services (insurance cover for new risks, support for climate change adaptation, support for customer transformation processes). (IRO: Increased revenue from insurance and risk transfer solutions for growing physical risks [climate change adaptation]; IRO: Increased revenue from the provision of consulting services for climate risk analysis and prevention [climate change adaptation]; IRO: Increased income from insuring the transition to sustainable technologies [climate change adaptation]) ■ **Own operations:** Cost savings from resource-efficient work, reductions in air travel and efficient building use. (IRO: Reduction in carbon emissions through use of green power, targets and planned actions for achieving GHG neutrality including remaining emissions in operating facilities by 2030 [2] [climate change mitigation])
Social S1: Working conditions S4: Customers and end-users	■ **Employee matters:** Staffing shortages may lead to temporary disruptions in operations. (IRO: Wage and benefit increases due to competition can increase recruitment and retention costs for specialists [working conditions]) ■ **Responsibility to customers:** Dissatisfied customers may terminate contractual relationships. (IRO: Decline in revenue due to growing customer dissatisfaction and failure to write new business for a variety of reasons [customers and end-users])	■ **Employee matters**: Enhanced employee satisfaction and performance due to more nuanced consideration of the responses received from the reframed employee survey. (IRO: Working conditions influence employee satisfaction and performance, Talanx's reputation and hence its financial performance [working conditions])
Governance G1: Culture of business practices	■ **Data protection and cybersecurity:** The completeness, confidentiality, availability and/or authenticity of information or IT systems may be imperilled; cyberattacks or the loss of sensitive data may be accompanied by financial losses or reputational risk. (IRO: Cybersecurity: Fines, sanctions and reputational damage in the case of data protection breaches in the business environment not covered by ESRS S4 [culture of business practices])	

[1] Impacts were not addressed in these discussions.
[2] Greenhouse gas neutrality.

1.2.3 Integration of sustainability-related performance in incentive schemes for the Board of Management and Supervisory Board (GOV-3)

The remuneration paid to the Talanx Group's Board of Management is aligned with publicly communicated financial and non-financial targets and the shareholder return, promoting the Group's sustainable, long-term development.

The remuneration system complies with the statutory and regulatory requirements and the recommendations of the German Corporate Governance Code (the "Code"), and serves as the basis on which the Supervisory Board determines the total remuneration for each Board of Management member. In addition to the regular General Meeting votes to approve the remuneration system, shareholders can ask the Company questions about, and comment on, the remuneration paid to Board of Management members each year in the General Meeting during submission of the remuneration report, and can cast a consultative vote on the remuneration system ("say on pay").

The direct remuneration for the members of the Board of Management comprises both fixed and variable components. 40% of the target direct remuneration consists of fixed remuneration and 60% of variable remuneration, appropriately reflecting the pay-for-performance principle. The variable components comprise a short-term and a long-term element and primarily reflect individual target achievement levels for the financial year. Individual premiums/discounts, which can range between –25 percentage points and +25 percentage points, are calculated as part of the variable remuneration. This is done by the Supervisory Board, which determines target criteria and metrics in advance for the coming financial year for each Board of Management member. These criteria and metrics also include sustainability targets, which are determined in line with the Group's sustainability strategy. These includes reducing emissions with the goal of achieving the Group's net zero carbon ambition (including offsetting remaining emissions) by 2050 as set out in section 2.2.1 "Fundamentals of climate change mitigation" and section 2.2.8 "Targets related to climate change mitigation and adaptation" of section 2.2 "Climate change mitigation". The sustainability performance metrics resolved as part of the sustainability strategy serve as benchmarks when determining target achievement for the Board of Management; concrete quantitative sustainability performance metrics are not defined as targets for Board of Management remuneration. The Supervisory Board, exercising its professional judgement, converts qualitative estimates of the degree to which the sustainability criteria have been met into an overall percentage for the degree of attainment of all target criteria. The current remuneration structure means it is impossible to mathematically calculate the precise share of variable remuneration that depends on sustainability-related or climate-related targets or impacts.

Supervisory Board members receive the remuneration determined by the General Meeting in accordance with the Articles of Association; this varies depending on the members' functions on the Supervisory Board and on whether they sit on Supervisory Board committees. Supervisory Board remuneration is not linked to any target achievement criteria, and nor does it contain any variable remuneration components, since the Supervisory Board's function is one of oversight.

Additional information on the remuneration of the Board of Management and the Supervisory Board is provided in the remuneration report; the table in the "Individual premium/discount" subsection (subsection c) of the "short-term incentive (STI)" section also lists the individual members' sustainability goals. [GOV-3 29, E1 GOV-3 13]

1.2.4 Risk management and internal controls over consolidated sustainability reporting (GOV-5)

Prior to the preparation of the sustainability statement under the ESRS, the reporting process was adapted to meet the stricter requirements regarding data quantity, data quality and the level of detail of information. This process is embedded in the Talanx Group's internal system of processes and complies with clearly defined procedures and systems. The process risks resulting from these sustainability reporting processes have been integrated in the internal control system (ICS). The CSRD/ESRS sustainability reporting process is still a work in progress and is regularly reviewed, adapted and enhanced.

Reporting uses a uniform Group-wide IT system that is also used for financial metrics. This is linked to an editing system, allowing validated data to be transferred directly. A multi-stage quality assurance process covering both quantitative data capture and the approval of qualitative information has been integrated. Examples of this are the principle of dual control and approval loops in the editorial system. An internal Group reporting manual defines the requirements for qualitative and quantitative information, describes the individual metrics and how they are captured, and ensures that everyone involved takes a uniform approach. Regular updating as more details become available, or as interpretations change, can result in measures such as changes to the reporting manual being initiated.

The process risks for sustainability reporting that are entered in the ICS are assessed using a four-point scale (low, medium, high and very high). Risks are prioritised by assessing their potential impacts on reporting and the likelihood of their occurrence. Key identified process risks include incorrect or late data delivery, misinterpretations of metrics and processes, and incomplete data from the upstream or downstream value chain. Mitigation strategies include the use of the Group-wide ICS, which integrates specially developed controls such as plausibility checks, the principle of dual control and deadline control. In addition, standardised IT systems are deployed to ensure consistent data transfer.

The outcomes of the risk assessment and of the internal controls are incorporated directly in the ICS and the Talanx Group's risk management activities. Risk managers receive a quarterly risk management report. In addition, ICS monitoring reports containing specific statements on processes that do not comply with the ICS requirements, or overdue tasks are used to keep the segment board members informed.

The Board of Management and the Supervisory Board are informed annually of material developments in, and the outcomes of, sustainability reporting. Changes in the reporting process are presented in meetings. In addition, external reviews of the reporting are taken into consideration, and any necessary modifications made.

The Talanx Group only publishes information that can be verified by an external review, which takes the form of a limited assurance review. Random sampling is used to check data from external providers, especially regarding the upstream and downstream value chain; however, quality assurance may be limited due to the sources of the data concerned. [GOV-5 36, AR 11]

Core elements of due diligence are presented in the Statement on due diligence and can be found in the table entitled "Statement on due diligence (GOV-4)" in the Appendix to the sustainability statement. [GOV-4]

1.3 Materiality assessment

1.3.1 Description of the materiality assessment process and outcomes (IRO-1)

The Talanx Group uses the materiality assessment process to identify, assess and review its key sustainability topics. The assessment is made on a consolidated basis for the entire Group. The Hannover Re Group is obliged to perform its own materiality assessment in addition to the materiality assessment for the Talanx Group. A full materiality assessment in line with the ESRS requirements was performed for the first time in the reporting year. The objective of this materiality assessment is to identify and assess the Group-specific sustainability-related material impacts, risks and opportunities. In line with the principle of double materiality, sustainability matters are defined as material if either their impacts or their financial implications can be considered to be significant for the Talanx Group. In the case of investment and underwriting, the assessment is performed at portfolio level; the underwriting assessment is qualitative. The proportion of customers and issuers in the portfolio that have material impacts on, or financial implications for, the individual sustainability topics therefore plays an important role when assessing materiality.

The Talanx Group's materiality assessment takes both evaluations by internal and external stakeholders and the relevance of the sustainability topics for the Group's business into account.

The results of the materiality assessment are approved by Talanx AG's Board of Management and presented to the Supervisory Board and the employee representatives. The results are included in the Group's sustainability strategy.

The materiality assessment is reviewed, and where necessary updated, annually in line with the ESRS requirements. The next comprehensive materiality assessment is scheduled for 2027 at the latest.

In its materiality assessment for the reporting year, the Talanx Group introduced and executed a six-stage process for identifying and assessing material impacts, risks and opportunities relating to sustainability topics. The material sustainability matters identified were documented in an updated IRO[1] list. [IRO-1, 51, 52, 53 h]

The Talanx Group's materiality assessment is based on a variety of different parameters so as to ensure that material impacts, risks and opportunities are assessed appropriately. These parameters include the following:

- The ESRS (including the list of sustainability topics)
- Considered opinions by internal experts from a variety of functions, divisions and regions within the Talanx Group
- The Talanx Group's annual reports and sustainability reports
- The Talanx Group's risk report
- Internal information such as information about investments (e.g. the sectors in which the latter are made)
- External information such as data from UNEP FI, ISS ESG or Sustainalytics [IRO-1 53 g]

The six stages in the materiality assessment process

1. **Stakeholder engagement** [IRO-1 53 b iii]
   Stakeholder engagement is an important element of the materiality assessment. The Group has identified (internal and external) stakeholder groups as defined in the ESRS in its own operations and throughout its (upstream and downstream) value chain.

   Internal stakeholder representatives have been assigned to all external stakeholder groups and are in regular dialogue with them. These representatives assess the impacts, risks and opportunities, taking both the knowledge derived from this stakeholder dialogue and their knowledge of the Talanx Group's operations into account ("informed opinions"). Quantitative data are used where possible to validate the results of the materiality assessment.

2. **Identification of impacts, risks and opportunities**
   The Talanx Group defines impacts, risks and opportunities throughout its entire value chain based on the list of sustainability topics contained in the ESRS (ESRS 1 AR 16), and above and beyond these. These IROs are classified into the underwriting, asset management and own operations categories, in line with the Group's business model. In the process, the Talanx Group also takes sub-sub-topics into account; these are combined into groups so as to enable impacts, risks and opportunities to be identified on an aggregated basis. The method used to determine material impacts, risks and opportunities relating to business conduct does not differ from the explanations of the materiality assessment given above. The factors included (e.g. location, activity and sector) were taken into account for all IROs, so that these have also been covered. A quantitative validation was explicitly performed for asset management, whereas in the case of underwriting a qualitative approach was taken in the stakeholder workshops. [G1 ESRS 2 IRO-1 6]

[1] IRO = impacts, risks and opportunities. IRO is a commonly used abbreviation in the ESRS context and is also used in this sustainability statement.

The ESRS sustainability topics were supplemented on the basis of the Talanx Group's earlier sustainability reports and additional research by internal sustainability experts. Contributions from the relevant specialist departments ensure that current risk management insights are taken into account when identifying material sustainability topics. The Talanx Group uses its networking activities in sector initiatives such as the GDV to further analyse topics such as climate change, both from the impact, risk and opportunity perspective and with respect to preventive measures.

3. **Top-down assessment of impacts, risks and opportunities**
The internal stakeholders and the internal stakeholder representatives appointed by the Talanx Group assess the impacts, risks and opportunities identified for each group of sustainability sub-topics in relation to:

- The Group's direct and indirect impacts on the topic concerned (impact materiality)
- Their business relevance for the Group (financial materiality)

The assessment is performed in two phases using a standardised assessment methodology. For further details, see the Methodology box. One material component of the assessment is assessing the likelihood and severity of impacts. Severity is derived from the impacts' scale, scope and – in the case of negative impacts – their irremediable character. The assessment covers both direct impacts of the Group's own operations and those arising from business relationships throughout the entire value chain.

In the first step, the Group experts tasked with addressing sustainability topics – who include Group Strategy & Sustainability and Financial Controlling, among other departments – perform an indicative assessment of all impacts, risks and opportunities. In the second step, these assessments are then validated by the stakeholder representatives in Germany, the Talanx Group's domicile. The stakeholder representatives conduct interviews to assess the impacts, risks and opportunities for each group of sustainability sub-topics.

4. **Bottom-up assessment of impacts, risks and opportunities**
The stakeholder representatives at the international subsidiaries and branches validate and where necessary adjust the outcomes of the top-down assessment so as to ensure that material differences relating to them are taken into consideration. The Hannover Re Group performs its own materiality assessment, the results of which are compared with the Talanx Group's materiality assessment. If additional material impacts, risks and opportunities are identified at the Hannover Re Group, these are added.

5. **Validation and quality assurance**
Validation and quality assurance of the results is also performed at Group level; one way in which this is done is by conducting a final consultation with all stakeholder groups involved.

In addition, a quantitative analysis of the investment portfolio was performed during the reporting year using UNEP FI data. This analysis confirmed the results already produced.

No quantitative validation of the results for underwriting was performed in the reporting year, since the internal data for this were not available. The Talanx Group agrees with EFRAG that the materiality assessment will evolve over time, and that it will then be possible to redefine the balance between qualitative and quantitative information (see for example EFRAG Implementation Guidance 1 no. 181). The Talanx Group is reviewing potential ways of improving data quality and the way in which data can be used in future materiality assessments.

6. **Oversight of impacts, risks and opportunities**
Since materiality is evolving dynamically, the Talanx Group validates and reviews its impacts, risks and opportunities on a regular basis. This entails analysing developments during the financial year, the effect that they have on impact materiality and financial materiality, for example with respect to sales or divestments, changes in the business model, the strategy, the investment or product portfolios or the Group's organisational structure.

Internal control procedures

The Talanx Group has established a number of internal control procedures so as to guarantee the integrity and accuracy of the decision-making process: [IRO-1 53 d]

Documentation and traceability

Detailed documentation: All steps in the decision-making process are comprehensively documented, including the identification and assessment of the impacts, risks and opportunities, the workshops held and the validation processes. A materiality assessment tool provides the methodological framework for capturing and documenting sustainability matters, stakeholders, assessment methodologies, and impacts, risks and opportunities.

Regular reviews, updates and continuous monitoring

- The materiality assessment and the processes associated with it are reviewed continuously, i.e. annually and also ad hoc in the case of significant changes. Comprehensive updates are performed regularly, and at least every three years, so as to incorporate new developments and statutory requirements.
- External expertise: The performance of the initial ESRS materiality assessment was supported by an external consultant so as to ensure the quality and reliability of the results.

METHODOLOGY BOX (IRO-1 53 A, B)

Assessment methodology for impact materiality and financial materiality
The Talanx Group assesses impacts, risks and opportunities along its value chain. As shown in section 1.4.1 "Strategy, business model and value chain (SBM-1)", there are three core value-creating activities for the Talanx Group as an insurance undertaking: own operations, asset management and underwriting. In line with this, these are also examined separately in the materiality assessment. In addition, all lines of business and regions in which the Group is active are taken into account by involving the stakeholders concerned. The assessment covers short-, medium- and long-term time horizons.

Impact materiality (IRO-1 53b)
Distinctions are made when identifying impacts ("inside-out perspective") between positive and negative impacts, and actual and potential ones. The severity (and likelihood) of impacts must be taken into account when deciding whether a negative (potential) impact is material. Severity is determined on the basis of the scale, scope and irremediable character of the impact. The scale and scope (and the likelihood) of impacts are taken into account when determining material (potential) positive impacts. The fact that the severity of the impact takes precedence over the likelihood of its occurrence in the case of human rights is taken into account.

The following graphic provides a overview of the assessment of the components leading to the impact materiality result. An impact is considered to be material if the assessment produces a value equal to or above the threshold of eight out of 15.

IMPACT MATERIALITY = **SEVERITY OF THE IMPACT** x **LIKELIHOOD OF OCCURRENCE**

Scale of impacts + Scope of impacts + Impact remediability

Scale of impacts		Scope of impacts		Impact remediability	
5	Very high	5	Global/ comprehensive	5	Irremediable/irreversible
4	High	4	Widespread	4	Very difficult/long-term
3	Medium	3	Medium	3	Difficult/medium-term
2	Low	2	Focused	2	Involves effort (time and costs)
1	Very low	1	Limited	1	Relatively simple/short-term
0	None	0	None	0	Very simple to rectify

Scale: How serious are the impacts, based on their magnitude and intensity?

Scope: What is the extent of the impact, e.g. how many people, natural resources or regions are or could be affected?

Remedy: How difficult is it to counteract, rectify or remedy the loss that has occurred?

Likelihood of occurrence		Factor
4	Highly likely (≥75%)	1
3	Likely (≥50–75%)	0.85
2	Relatively likely (≥25–<50%)	0.7
1	Unlikely (<25%)	0.65

Likelihood: How likely is it that the impacts will occur in the next 10 years?

Finally, multiplying the severity of an impact by its likelihood produces the value for the impact materiality. Impacts must be disclosed if they are critical, significant or important. In this case, the associated ESG topic is material for reporting.

Impact materiality	
≥12	Critical
(10–<12)	Significant
(8–<10)	Important
(5–<8)	Informative
<5	Minimal

Integration with overall management

The results of the materiality assessment reveal the Group's material sustainability topics. This leads to a clear focus on these topics in the sustainability strategy. Both the sustainability strategy and the materiality assessment are discussed in the Talanx Group's Board of Management and Supervisory Board meetings. [IRO-1 53 d]

Risk/opportunity management

Managing risks and opportunities is part of the Talanx Group's core business. Sustainability matters are integrated in relation to both the risks and the opportunities in the Group's business processes.

Risk management
Sustainability risks (also referred to as ESG risks) are not a separate risk category but can rather occur in all risk categories. This applies to underwriting, investment and operational risk, and to strategic and reputational risk. The Talanx Group addresses this issue by integrating sustainability matters in its enterprise risk management system.

For example, assets may decline in value due to climate change, while breaches of social standards may result in reputational damage. Risks associated with social topics and governance matters are particularly common among operational risks. One example of risks associated with social topics are human resources risks such as the risk that employees may not be available to fill certain key positions due to demographic change. Governance-related operational risks include compliance matters and data protection risks. Breaches of the law

Financial materiality (IRO-1 53c)
Financial materiality is used to assess risks and opportunities that could have a material influence on an undertaking's cash flows, financial performance or access to finance over the short, medium or long term ("outside-in perspective").

The materiality of risks and opportunities is assessed based on a combination of the likelihood of occurrence and the magnitude of the potential financial effects as shown below. Risks or opportunities that score three or more points out of five are considered to be material.

The positive and negative impacts, risks and opportunities are determined and the interactions and relationships between the individual factors are considered from a qualitative perspective. Quantitative assessment examines whether the assessments of impacts, risks and opportunities within a topic are related to each other or whether the different assessments can be explained or substantiated. This means that relationships are also examined at a quantitative level.

FINANCIAL MATERIALITY = **MAGNITUDE OF FINANCIAL EFFECTS** x **LIKELIHOOD**

Magnitude of financial effects	
5	Very high
4	High
3	Medium
2	Low
1	Minimal
0	None

Likelihood of occurrence		Factor
4	Highly likely (≥75%)	1
3	Likely (≥50–75%)	0.85
2	Relatively unlikely (≥25–50%)	0.7
1	Unlikely (<25%)	0.65

- Financial materiality is determined by combining the magnitude of the financial effects on an undertaking with the likelihood that such effects will occur.
- The magnitude of the financial effects can depend on whether an undertaking is able to continue using or obtaining the resources it needs, and to continue to do business on acceptable terms. The quality and prices of the resources required and an undertaking's dependence on suppliers are factors in this.
- Clear definitions of, and boundaries for, the magnitude of the financial effects are entity-specific and are defined in consultation with internal stakeholders such as Risk Management.
- The degree of materiality is calculated using factors that deviate from the actual percentage likelihood of occurrence, since otherwise too many sustainability topics with a low probability would be covered by the materiality threshold.
- The value for financial materiality is obtained by multiplying the magnitude of a financial effect by the factors relating to its likelihood.
- The financial effects of sustainability matters must be disclosed if they are critical, significant or material.

Financial materiality	
5	Critical
4	Significant
3	Material
2	Important
1	Informative
0	Minimal

here run the risk not only of reputational damage but also potentially of large fines or of restrictions being imposed by supervisory authorities. Details of the relevant risks to the Group are provided in the topical chapters on the environment, social matters and governance.

Relevant sustainability risks that are identified in the materiality assessment are integrated in Group Risk Management using adequate risk management processes for their ongoing assessment, management and reporting. For example, a series of workshops were held in financial year 2024 to identify and assess climate change-related transition risks.

Sustainability risks are identified during the risk inventory, during risk surveys performed as part of the emerging risk process (see the risk report in the combined management report) and in surveys or series of workshops on specific topics.

The emerging risk process investigates and assesses new or changing risks with an uncertain yet material potential for losses with regard to global developments and trends. The assessment draws on a variety of sources, methods and feedback loops, and analyses the risk drivers and cause-and-effect mechanisms across the value chain. Adequate risk management is ensured by following up the risk identification and assessment phases with the definition of appropriate risk management measures. Relevant functions are included and the outcomes reported to the decision-making bodies so as to ensure an end-to-end picture of the risks is obtained at segment and Group level.

A number of Talanx Group functions continuously monitor current business, scientific and regulatory developments so as to prevent losses caused by sustainability risks. Proactively addressing sustainability matters allows the Group to react swiftly to changes and to leverage emerging business opportunities, such as increased demand for (re)insurance products or the growing need for consulting on loss prevention.

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 here is the internal risk capital model used to calculate Solvency 2 capital requirements, which has been approved by the supervisory authority. Among other things, this assesses the risk of natural catastrophe events for the Group as a whole for the coming financial year.

No material non-financial risks that could have severe negative impacts on the Talanx Group's business activities were identified in the reporting year. See the risk report in the combined management report for further information on sustainability risks, and particularly climate change risks, plus a more detailed look at the risk management system including the Talanx Group's risk profile.

More granular information on concrete risks is provided in the topical sections on environmental, social and governance information. [IRO-1 53 c iii, 53 e]

Opportunity management

Proactively addressing sustainability matters allows the Group to react to change and to leverage emerging business opportunities across the entire value chain.

Sustainability matters form part of Group-wide opportunity management. The integrated management dashboard of material metrics is the core element of the opportunity management process, linking strategic and operational opportunity management. Group management uses the strategic opportunity management process to assess the strategic goals and specific strategic core issues, and to break these down into target indications for the divisions. For example, this allows the market potential – measured in terms of insurance revenue – of providing insurance cover for a new, sustainable business model to be determined.

Environmental matters: The extreme weather conditions induced by climate change are leading among other things to increased demand for insurance protection in both primary insurance and reinsurance. The Talanx Group's risk management experience allows it to offer customers tailor-made insurance solutions to cover existential risks. In addition, climate change is making it increasingly necessary to use renewable energy to meet growing energy needs. As an institutional investor, the Talanx Group can increase the amount of money it invests in alternative investments in renewable energy such as wind farms.

Social matters: The Talanx Group also has opportunities in the social area. On the one hand, demographic change is leading to sales opportunities for the Talanx Group, since new customer needs are emerging. For example, young customers need to save more for their retirement as the benefits provided by the social security system decline. On the other hand, proactive human relations policies leading, for example, to employee retention enable the Talanx Group to position itself as an attractive employer despite the shortage of specialist staff.

Governance matters: Equally, the Talanx Group has opportunities in the governance area. Governance matters are one aspect in the assessments made by rating agencies. Strong governance also has a positive impact on ratings and hence on funding terms.

More detailed information on Talanx's opportunities is provided in the topical sections on environmental, social and governance information.

1.3.2 Topical disclosures on the process of identifying and assessing IROs

In line with the ESRS requirements, the following section presents the topical disclosures on the process of identifying and assessing impacts, risks and opportunities for the topics of climate change, pollution, water and marine resources, biodiversity and ecosystems, and resource use and circular economy.

1.3.2.1 Climate change

The Talanx Group identifies and assesses potential climate change-related impacts, risks and opportunities in three areas: asset management, underwriting and own operations (see also the table entitled "E1 Climate change" in section 1.4.3 "Material impacts, risks and opportunities and their interaction with strategy and business model (SBM-3)". According to the materiality assessment performed in the reporting year, three climate-related and environmental topics are material for the Talanx Group: promoting climate change mitigation in asset management, mitigating the consequences of climate change in underwriting and the Group's direct and indirect greenhouse gas emissions resulting from its energy-related operating activities. These topics are material in relation to climate change adaptation and climate change mitigation. [E1 ESRS 2 IRO-1 AR 9 a]

The climate-related impacts have been identified as follows:

As regards asset management, the Group incorporates ESG factors such as GHG intensity, which play an important role here, in its strategic management. One way of doing this is by using ESG ratings from established rating agencies. The aggregated data enable the Group to formulate measurable ESG ambitions and hence to systematically align its selection of investments with sustainability criteria. This not only takes local market conditions into account in an appropriate manner, but also actively supports the transformation to a more sustainable economy. [E1 ESRS 2 IRO-1 20 a]

The Company screens its Group-wide engineering insurance activities annually, collecting data suitable for helping with implementing underwriting restrictions. The Group's conscious decision to exit thermal coal risks and its introduction of restrictive business policies for at-risk sectors such as oil and gas have led to it making substantial progress in reducing insurance cover for emissions-intensive business activities. [E1 ESRS 2 IRO-1 20 a]

Quantifying and disclosing Scope 1 and Scope 2 emissions using the GHG Protocol guidance plays a key role in capturing data on emissions from operations. In addition, steps have already been taken to improve Scope 3 emissions reporting. These focus in particular on integrating data centres and cloud computing, the use of capital goods, business travel and employee commuting. In addition to emissions from operations, the Group examines the GHG emissions from the insurance and investment portfolios and takes their impacts on climate change into account during its materiality assessment. To date, this has only been performed at a qualitative level for underwriting. Chapter 2 "Environmental information" presents the Group's reactions and actions taken in the case of those impacts that were classified as material during assessment. Section 2.2.9 "Gross Scopes 1, 2, 3 and Total GHG emissions" shows how the Talanx Group calculates emissions. [E1 ESRS 2 IRO-1 20 a, AR 1 a, b]

The Talanx Group is currently working to calculate and disclose the associated emissions from its insurance portfolio (as an entity-specific topic). ESG ratings from established ratings agencies are used for investments in corporate bonds and equities so as to ensure that the Group's investment portfolios can be determined objectively. The Talanx Group also creates its own ESG score that assesses the sustainability of certain investments based on ESG ratings. [E1 ESRS 2 IRO-1 20 a, AR 9 b, AR 10]

Group Risk Management systematically and regularly identifies and assesses climate change-related risks. [E1 ESRS 2 IRO-1 AR 12 a]

Different approaches are used to assess climate change-related physical and transition risks: both risk types are included in the semi-annual risk inventory and the annual emerging risk process, among other things. In addition, the climate change stress test focuses on the quantitative assessment of physical risks, whereas transition risks are assessed qualitatively in a series of workshops. Both processes are performed annually and use short-term (up to five years), medium-term (six to 15 years) and long-term (16 to 30 years) time horizons. These time horizons deviate from the ESRS 1 definition since they are based on the requirements for climate change risk analysis contained in the BaFin Guidance Notice on Solvency 2 reporting that was published on 26 September 2022; they do not necessarily reflect the Group's strategic planning cycles (including capital budgeting) or the expected investment holding period. However, the short-term time horizon also corresponds to the planning horizon that is currently considered as part of multi-year business planning. [ESRS 2 BP-2 9 a, b]

A detailed description of the two processes and of the results determined for financial year 2024 is given in section 2.2.12 "Environmental matters in risk management". Where necessary, these are supplemented by surveys on specific topics. [E1 ESRS 2 IRO-1 20 b, c, AR 11, AR 12 a, b, c]

One key instrument used in quantitative assessment is the internal risk capital model, which among other things estimates the risk of natural catastrophe events for the Group as a whole for the coming financial year. Parameter settings for some components of this model are adjusted to reflect sustainability risk factors, with higher risk weightings being assigned to take the probable consequences of climate change into account. In addition, the Talanx Group addresses model risks and change risks due to the high level of uncertainty associated with climate change risks, which materialise over the long term, and to limited data availability. This uncertainty regarding the appropriate risk parameters and the particular importance of climate change have led the Talanx Group to also use scenario analyses, which aim to estimate potential impacts with the help of climate change stress tests.

In its Own Risk and Solvency Assessment (ORSA), the Talanx Group considers two different climate scenarios examining the range of potential events between a global transition on the one hand and a world in which no climate policy actions are taken on the other. The Group bases this on current scientific findings from respected research institutes and initiatives such as the Intergovernmental Panel on Climate Change (IPCC) and the Network for Greening the Financial System (NGFS). The first scenario, which entails low carbon emissions, is based on a 2°C temperature increase compared to pre-industrial levels and corresponds roughly to the IPCC's Representative Concentration Pathway (RCP) 4.5 (this also covers the assumed increase in temperatures in the IPCC's Shared Socio-economic Pathway (SSP) SSP1-2.6). The second scenario, which postulates unchanged high levels of emissions, assumes a 4°C temperature increase compared to pre-industrial levels; this is significantly more extreme than RCP 8.5 and also goes beyond the temperature increase assumed by the IPCC in its worst-case scenario, SSP5-8.5. Both scenarios are based on an internally developed climate change-based approach to assessing nat cat risks. The climate scenarios used do not necessarily agree with the climate-related assumptions made in the financial statements, since assessment of the technical provisions requires a best-estimate approach to be taken. By contrast, the climate scenarios do not adopt such a best-estimate perspective. [E1 ESRS 2 IRO-1 20 c, AR 11 d, AR 12 c, AR 13, 21, AR 15]

Both material climate change-related physical risks and material climate change-related transition risks were identified in the reporting year; these are presented in the table entitled "Material climate-related risks for the Talanx Group" in section 2.2.12 "Environmental matters in risk management". At present – factoring in the measures that have either already been implemented or are available in principle (for example, liquid investments can be traded daily, and non-life insurance contracts normally have annual termination rights) – there are no signs that the impacts on the Talanx Group resulting from the material risks are severe.

1.3.2.2 Pollution

As an insurance undertaking, the Talanx Group does not have any own production facilities that materially impact the environment. Consequently, it does not conduct consultations with communities affected by pollution.

No material impacts, risks or opportunities related to pollution or dependence on ecosystem services could be identified for the Talanx Group on the basis of the risk inventory and the materiality assessment.

1.3.2.3 Water and marine resources

The Talanx Group did not identify any material business activities during its materiality assessment for which impacts, risks or opportunities related to water and marine resources could occur in its own operations, its investment activities or its insurance business. No consultations were conducted with affected communities in relation to the topics of the use of water and marine resources.

1.3.2.4 Biodiversity and ecosystems

The Talanx Group's materiality assessment did not result in any material impacts for the topic of biodiversity and ecosystems that are related to its own operations and to its business activities in the areas of asset management and underwriting. The materiality assessment also took the international perspective provided by the Group's locations into account by involving the companies' sustainability experts in the assessment. After performing the assessment, the Talanx Group was unable to determine any material sources for impacts on biodiversity at its locations.

Equally, no material dependencies as defined by the materiality assessment on biodiversity or ecosystems and their services were identified either at its own locations or in the upstream and downstream value chain. No assessment of ecosystem services was performed in this context either. No material transition risks or physical risks and no opportunities that could have material financial impacts were identified in connection with biodiversity and ecosystems during the materiality assessment and the risk assessments performed. Consequently, the Talanx Group did not conduct any consultations with affected communities on sustainability assessments of shared biological resources and ecosystems.

1.3.2.5 Resource use and circular economy

The Talanx Group's materiality assessment did not result in any material impacts being determined in relation to its activities in its own operations, in asset management, in the insurance business or other lines of business for the resource use and circular economy group of topics. In particular, matters such as paper consumption, the circular economy and waste management were examined in detail, but no significant negative or positive impacts on people or the environment were identified. Equally, no material risks or opportunities related to resource use and circular economy could be determined based on the risk inventory performed and the materiality assessment using the methodology described. Furthermore, no consultations were conducted with affected communities in relation to the topics of resource use and the circular economy.

The Talanx Group will continue to monitor these topics as part of its regular reviews and updates of its materiality assessment.

1.3.3 Disclosure Requirements in ESRS covered in the sustainability statement (IRO-2)

The Talanx Group reports the key information related to its material impacts, risks and opportunities in its sustainability reporting. This information is based on internal strategies, policies, data, actions and targets. The relevant information is identified, managed and prepared for reporting by the Group experts concerned. For example, social matters in sustainability reporting are the responsibility of the experts from Group People & Culture. Experts from Group Compliance and the Group Corporate Office are responsible for governance matters, and Group Strategy & Sustainability experts for environmental matters. These experts coordinate liaison with the asset management and underwriting functions and with own operations. In addition, they liaise with the Group units. Group Strategy & Sustainability handles liaison for both the materiality assessment and reporting. [ESRS 2 IRO-2 59]

The "List of Disclosure Requirements met" that is given in the Appendix to the sustainability statement shows which ESRS datapoints are met by the reporting.

1.4 Strategy and business model

1.4.1 Strategy, business model and value chain (SBM-1)

Business model and product offering

The Talanx Group is a global multi-brand provider in the insurance and financial services sector.

The Group parent is Talanx AG, a listed company based in Hannover, Germany. 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.

The Talanx Group has 31,000 employees worldwide.[1] A geographical breakdown is given in the "Employee head count in countries" table in section 3.3 "Social metrics". [SBM-1 40 a iii]

Originally a pure-play industrial liability insurer, the Talanx Group has evolved into a global insurance group focusing on corporate & speciality insurance, retail insurance and reinsurance. [SBM-1 40]

The Talanx Group is active in more than 175 countries around the world. 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. The Talanx Group's Corporate & Specialty and Reinsurance segments do business around the world, with the focus here being on Europe, Latin America, the USA and Asia.

The Talanx Group's main products and services are corporate & specialty insurance, retail insurance and reinsurance. The Group aims to develop and offer sustainable insurance products in response to growing customer and market demand for these. No material changes were made to the Talanx Group's products in the reporting period. Talanx's products are not subject to any prohibitions. [SBM-1 40 a, AR 12, AR 13, AR 14]

TALANX AG'S DIVISIONS, PRODUCTS AND BRANDS

TALANX AG

CORPORATE & SPECIALTY DIVISION	RETAIL INTERNATIONAL DIVISION	RETAIL GERMANY DIVISION	REINSURANCE DIVISION	FINANCIAL AND OTHER SERVICES
HDI	HDI	HDI	Hannover Re	ampega. Talanx Investment Group
	warta.	neue leben Versicherungen	E+S Rück	talanx. Reinsurance Broker
	EUROPA UBEZPIECZENIA	TARGO•VERSICHERUNG Schutz und Vorsorge		
	Yelum seguradora	Life Style Protection		

[1] This sustainability statement uses the ESRS definition of "employees" (see section "3.3 Social metrics").

The Talanx Group has a decentralised structure, with the divisions performing their core processes independently. This gives them a high level of entrepreneurial freedom and enables them to make the best of the opportunities for growth and profit in their individual markets. The Group has broken down its business activities into reporting segments for management purposes in accordance with IFRS 8. [SBM-1 40 b]

In its Primary Insurance operations, the Talanx Group did not exercise the option to omit specific pieces of information about intellectual property, know-how or results of innovation, or information regarding impending developments or matters in the course of negotiation as provided for in articles 19a(3) and 29a(3) of EU Directive 2013/34/EU. The Hannover Re Group exercised the omission option. [SBM-1 41]

Primary Insurance comprises the Corporate & Specialty, Retail Germany and Retail International divisions.

Business in the Reinsurance Division is conducted by the Hannover Re Group.

Group Operations firstly includes Talanx AG, which primarily performs strategic functions and acts as an internal reinsurer for the Group. In addition, the segment includes HDI AG, which acts as the employer company for the German Primary Insurance Group, and the Ampega companies, whose main task is to manage the Group's investments. [SBM-1 AR 14 c]

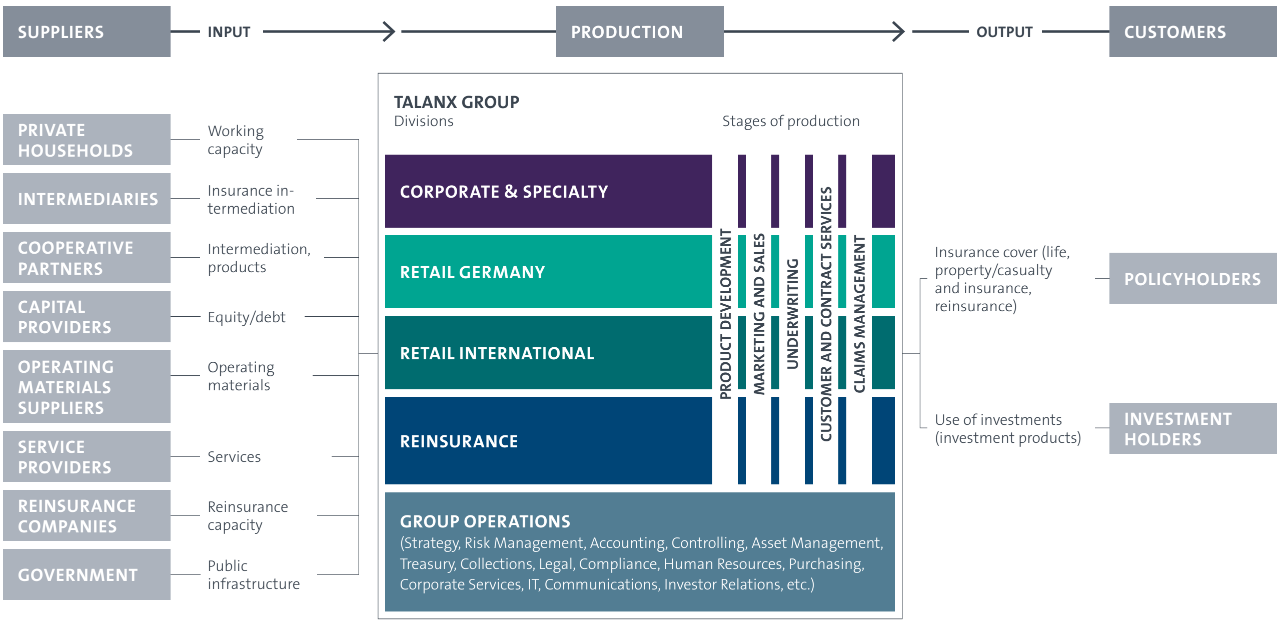
Value chain

The Talanx Group's activities are broken down into three value-creating activities – own operations, asset management and underwriting – in keeping with the business model for an insurance undertaking:

- **Own operations:** This comprises those activities associated with the undertaking's own business operations. Such activities include e.g. the impact of the undertaking's own premises or vehicle fleet that are independent of its insurance activities or investments but that are nevertheless needed to produce the product or render the service, and to maintain the business model[1]
- **Asset management:** This covers all investment activities by the Talanx Group on the money, capital and real estate markets or relating to infrastructure projects
- **Underwriting:** This comprises the specific insurance and reinsurance activities, and hence the processes and workflows associated with the insurance product

Since the Talanx Group is an insurance undertaking, its sales staff play a critical role. In its business operations they have been assigned to the upstream value chain. Chapter 3 "Social information" goes into detail on how the Group uses good working conditions and the like to support employee retention, and how it ensures skills development. As it shows, this increases customer satisfaction and customer loyalty, and so ensures the Group's business success. Other material players in the upstream value chain are capital providers, intermediaries, cooperative partners, suppliers of operating materials, service providers, reinsurers and the government.

THE TALANX GROUP'S VALUE CHAIN



[1] Own operations do not include the consolidated real estate and infrastructure investments that are held solely for investment purposes.

Uncertainties exist as to how to interpret the ESRS, especially given the Talanx Group's insurance-specific business model. This applies among other things to the definition of the value chain as opposed to own operations. In this context, the Talanx Group has defined its actual insurance activities and its investment activities (including investments in real assets) as being assigned to the downstream value chain.

The Group's stakeholders also benefit from the Group's top priority of ensuring sustainable, profitable growth and hence creating long-term value. Sustainable, profitable growth not only generates value for investors, but also secures and creates jobs in the Group's companies around the world. The various Group segments' insurance customers also benefit from the Group's long-term financial stability, since this secures the insurance services provided long into the future and also lays the foundations for long-term customer relationships. What is more, profitable growth leads to a continuous expansion of the offering to other risk types and customer groups, while also permitting a low cost ratio and hence ensuring that cost-effective insurance protection can be offered. [SBM-1 42, AR 15]

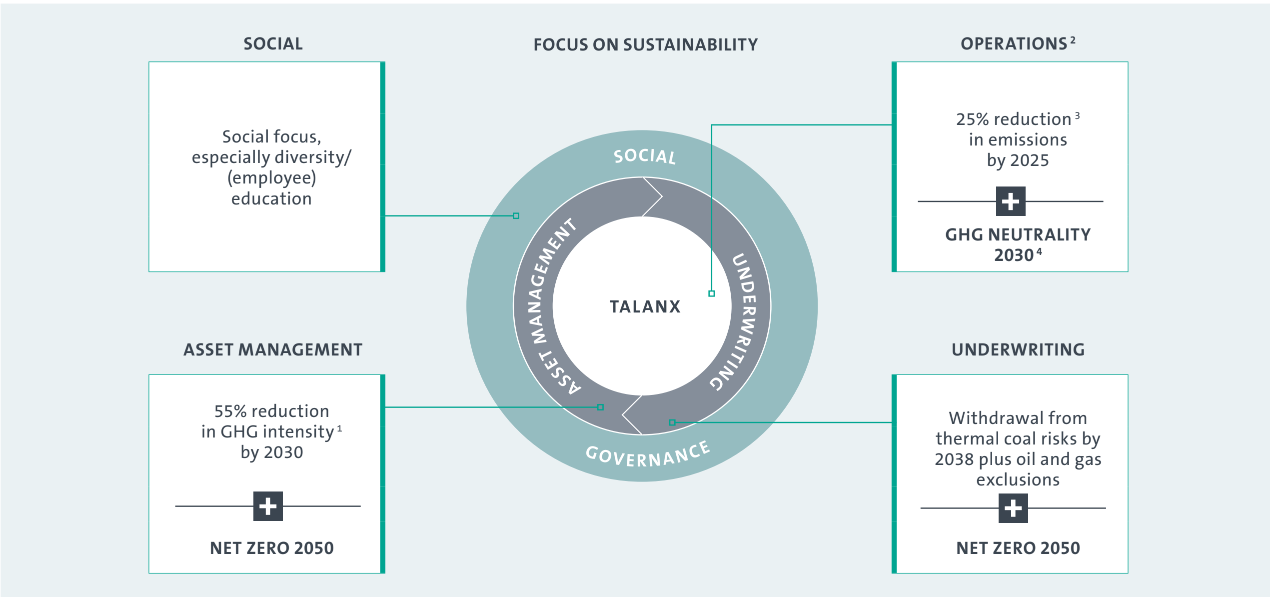
Sustainability strategy and targets

The Group's top priority is to ensure sustainable, profitable growth and hence long-term value creation. This goal also forms the basis for all divisional strategies, which are derived from the Group strategy.

The Talanx Group has set out its growth and profitability targets in its Group Strategy 2025. Updates to the Group strategy are made during the strategy cycle.

The Group's sustainability strategy is an integral part of the Group strategy. It is based on the targeted implementation of specific ESG (environmental, social and governance) matters throughout the entire value chain. The sustainability strategy concentrates on environmental matters in asset management, underwriting and own operations, on the Group's social focus and on ensuring adequate governance. [SBM-1 38, 39, 40 e, f]

TALANX'S SUSTAINABILITY STRATEGY



[1] Reduction in the GHG intensity of the liquid corporate bond portfolio (including covered bonds, equities and near-public sector issuers) by 2030 compared to the 2019 base year.
[2] As a matter of principle, own operations targets do not include the consolidated real estate and infrastructure investments that are held solely for investment purposes.
[3] Reduction in Scope 1 and Scope 2 emissions in Germany compared to the 2019 base year.
[4] Including offsetting of remaining emissions.

The sustainability strategy is reviewed at least once a year, reflecting new insights, the legal framework and changed stakeholder requirements, among other things (see section 1.3 "Materiality assessment").

In addition, the review involves a systematic examination of risks and opportunities relating to sustainability matters. The Group's sustainability-related impacts on society are also taken into account. The Board of Management then adjusts or confirms the sustainability strategy on the basis of this review. This is done in the context of the Group's overall strategy, so as to ensure that all decisions are aligned with the Group's corporate values and long-term goals.

During sustainability strategy updates, stakeholder engagement takes place both in connection with the materiality assessment, and in during the joint preparation and discussions of adjustments to the strategy by the Group-wide network of experts. In addition, a dialogue is held with external stakeholders such as investors or NGOs. Systematic engagement with employee representatives takes place among other ways via the regular presentations of the sustainability strategy to the Supervisory Board. [SBM-2 43, 44, 45 c, d, AR 16]

The strategy process review and the recent materiality assessment confirmed the goals and the basic thrust of the sustainability strategy.

The sustainability strategy graphic shows the Talanx Group's overarching goals, which are underpinned by policies and, where appropriate, by additional targets, actions and ambitions, and which are presented in detail in the topical chapters. [SBM-1 40]

Environmental

The Talanx Group is committed to supporting the transformation to a low-carbon economy. To do this, it has defined strategic ambitions across its entire value chain. It aims to provide support for decarbonisation on the one hand while minimising risks such as the emergence of stranded assets and negative impacts on the Group on the other.

With respect to its global own operations, the Talanx Group has set itself the goal of reaching GHG neutrality (including offsetting remaining emissions) by 2030 at the latest.[1, 2]

Since Talanx is an insurance undertaking and hence also a service provider for the financial sector, the impacts from its own operations are limited. More than 99% of the Talanx Group's total emissions are attributable to its value chain.

However, the Group's downstream value-creating activities – underwriting and asset management, which comprise its core business – give it much more leverage for combating climate change.

In line with this, the Talanx Group is pursuing the ambition of reaching net zero emissions by 2050 in its insurance and investment portfolio. Additional information on the Group's net zero ambitions can be found in section 2.2.9 "Gross Scopes 1, 2, 3 and Total GHG emissions". As a company active in the financial services sector, however, the Talanx Group cannot itself manage the emissions attributed to it in the two sub-sectors, but is dependent on external factors to achieve its net zero ambitions. The most important preconditions for doing this are as follows:

- Decarbonisation of the financed or insured undertakings
- The availability and high quality of underlying data at the global issuers and customers
- Uniform definitions and methods for quantifying decarbonisation and target-setting
- Corresponding political and regulatory frameworks

Its strategic focus in its underwriting and investment is on exiting insurance and finance for particularly polluting business models, a process that is being driven forward through the use of Group-wide exclusions. Screening criteria can be established for specific sectors, customer groups and risk types, and relate to a wide range of products in the business segments. Exclusions apply globally; no geographical differences are made.

For example, a phaseout pathway ending in 2038 has been defined for thermal coal risks. In addition, underwriting exclusions for certain conventional oil and gas projects took effect in July 2023, including a general exclusion on project insurance for new greenfield oil and gas projects. Further restrictions were defined in 2024 and the date by which all existing risks associated with oil sands extraction and processing will be phased out was brought forward to the end of 2025. Another exclusion applies to deep sea mining project policies.

In underwriting, the sustainability strategy covers the retail business in Germany, other European countries and Latin America, the corporate & specialty business and facultative reinsurance. The exclusions of particularly environmentally detrimental risks mainly relate to the last two business areas, in which the Talanx Group operates globally. In addition to the exclusions, the sustainability strategy expresses the fact that the Talanx Group sees itself as a partner for industry, especially in its global corporate & specialty insurance business.

The Group aims to support the transformation process and helps customers with ambitious transformation plans by, for example, performing risk assessment and providing insurance cover for sustainable technologies and transition risks. In this context, it is also important to support those customers that still have to make the biggest changes. Consequently, underwriting emissions can only be phased out gradually.

[1] As a matter of principle, own operations targets do not include the consolidated real estate and infrastructure investments that are held solely for investment purposes.
[2] 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.

In 2024, the Group focused on tightening its positioning on fossil fuels in its investment activities and hence pushing forward with decarbonising its investment portfolio as well.

For example, from 2024 onwards exclusions have applied to the fracking of shale gas and shale oil in addition to the existing exclusions for oil and tar sands and Arctic Region drilling projects. Starting in 2025, there will be a systematic reduction in exposures along the entire value chain for the oil and gas sector. For example, the oil & gas sector quota of Talanx's liquid corporate bond portfolio is to be reduced by 20% over the next five years, from the current figure of 5.7% to 4.5%. In addition, the existing thermal coal exclusion policy for investments was tightened.

However, a large proportion of the investments made take the form of debt capital, and the Talanx Group's opportunities for directly influencing emissions relating to these investments are extremely limited. The Talanx Group's debt portfolio largely consists of government bonds and bonds from public authorities, on which no influence is exerted. Most of these public sector bonds also cannot be substituted due to the regulatory requirements governing the provision of financial services and funding. The GHG intensity (Scopes 1 and 2) for the government bonds in Talanx's portfolio is roughly twice that for corporate bonds. This means that the Talanx Group is only able to manage emissions in its investment portfolio to a limited extent.

Underscoring its net zero ambition in asset management, the Talanx Group is not only focusing on reducing the GHG intensity of the investment portfolio but is also ramping up its investments in assets and projects to combat climate change. Chief among these are investments in sustainable infrastructure projects. Among other things, the infrastructure portfolio includes equity investments and debt finance for wind farms, solar farms, power grids and sustainable transport infrastructures in Germany and the rest of Europe.

Further details of the policies adopted and actions taken are provided in chapter 2 "Environmental information". [SBM-1 40 e, f, g]

Social

The sustainability strategy review performed in 2022 created a uniform framework for the Talanx Group's social responsibility activities, which are generally organised at local level, and embedded this in the Group strategy. Four strategic action areas were defined:

- Diversity, equity and inclusion
- Employee journey
- Ensuring access to education and
- Promoting access to infrastructure

Policies and actions in these action areas that relate to the own workforce are described in section 3.1 "Own workforce". In addition, the last two action areas are a strategic focus for social matters in asset management and underwriting. The Group's decentralised organisational structure and the Group units' strong local roots mean that each subsidiary and branch chooses their own projects, allocates their own resources to them and assesses their effectiveness with respect to the sustainability strategy.

The main topics addressed in chapter 3 "Social information" of this sustainability statement are employees' working conditions and the diversity, equity and inclusion action area, since these were identified as material reportable topics in the materiality assessment and are covered by the S1 topical standard. [SBM-1 40 g]

Governance

Governance of the Group is both an important issue for the capital markets and another key focal point of the sustainability strategy. The Group regularly addresses and implements governance requirements.

Governance at the Group has many facets and is operationalised by the experts in specialist departments such as Compliance, the Corporate Office and Cybersecurity. Chapter 4 "Governance information" presents the Talanx Group's general governance policies and actions. It focuses in particular on the Group's corporate culture, and on preventing and detecting corruption and bribery. [SBM-1 40 g]

1.4.2 Interests and views of stakeholders (SBM-2)

Since the Talanx Group has a large number of upstream and downstream actors, an aggregated approach is taken for reporting in which the most relevant stakeholder groups are mentioned. The Talanx Group's key stakeholders are:

- Employees
- Customers
- Investors
- Suppliers and service providers
- NGOs
- Research and academia
- Industry and sustainability associations

ENGAGEMENT WITH KEY STAKEHOLDERS[1] (SBM-2 45 A, S1 ESRS 2 SBM-2 12, AR 4, S4 ESRS 2 SBM-2 8, AR 4)

	Engagement format	Purpose of engagement	Examples of engagement outcomes
Employees	■ Dialogue between employees and managers during employee reviews ■ Variety of dialogue formats between Board of Management and employees ■ Company representatives are guests at works meetings ■ Regular dialogue, consultations and negotiations between the Board of Management/Group People & Culture and the works councils/works council committees ■ General and topic-specific employee surveys	■ Employee retention through trust-building and identification with the Group ■ Inclusion of employee perspectives and suggestions ■ Systematic embedding of strategy and culture	■ Support for the establishment of internal corporate networks and communities ■ Results of employee surveys
Customers	■ Customer surveys give customers the opportunity to communicate matters affecting them ■ Use of Net Promoter Score to measure customer loyalty ■ Trend analyses and market observation allow the Talanx Group to identify customer requirements ■ Pilot projects used to test whether customer needs are being met ■ Direct customer advice is aligned with customer needs	■ Long-term, trust-based customer retention ■ Partnership-based support for customers ■ Adherence to Code of Conduct in relation to customers as well	■ Customer-centric products and services ■ Maintenance and expansion of market share ■ Results of customer surveys
Investors	■ ESG ratings ■ Regular dialogue with investors and analysts ■ Capital market events: road shows, Capital Market Days ■ General Meeting	■ Long-term investor relationships ■ Attracting sustainability-oriented investors ■ Transparency as to investor requirements	■ Plans to improve ESG ratings ■ Comprehensive, precise ad hoc answers during events
Suppliers and service providers	■ Due diligence checks and risk analysis in accordance with the German Supply Chain Due Diligence Act (LkSG)	■ Compliance with the LkSG ■ Compliance with the Code of Conduct including compliance with human rights requirements	■ Stable supply chains ■ Stable supplier relationships ■ Results of the LkSG risk analysis
NGOs	■ Specific inquiries from NGOs regarding concrete projects ■ Direct dialogue with contacts at selected NGOs ■ Participation in scoring exercises by NGOs	■ Raised awareness of projects or customer relationships entailing social or environmental risks ■ Avoidance of reputational risks	■ Basis of discussion for positioning against business models with particularly high levels of emissions and projects with significant environmental and social risks
Research and academia	■ Collaboration on joint projects ■ Contribution to research projects ■ Awareness and inclusion of academic publications	■ Knowledge transfer and dialogue	■ Adoption of proven actions and methodologies ■ Insights into forward-looking topics
Industry and sustainability associations	■ Workshops and knowledge sharing ■ Joint programmes	■ Knowledge sharing ■ Development of best-practice policies ■ Development of a joint perspective on regulatory developments and, where appropriate, contribution to joint opinions	■ Joint perspective on e.g. regulatory requirements within the sector

[1] Interactions with the Board of Management and Supervisory Board stakeholder groups are shown in section 1.2.2 "Sustainability matters during the reporting period (GOV-2)".

The Talanx Group is in constant dialogue with its stakeholder groups. The "Engagement with key stakeholders" table shows the key stakeholders and engagement formats. The question of whether additional stakeholder groups can be included is continuously 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 and employees (see chapter 3 "Social information"). The Group uses its memberships of a range of associations and organisations to engage in a dialogue with other market participants, NGOs and stakeholder groups at national and international level. The funding given to academic projects facilitates dialogue with the research and academic communities. As regards sustainability investors and analysts more specifically, the Talanx Group participates among other things in a number of different ESG rating processes such as those conducted by the CDP, MSCI and Sustainalytics.

Stakeholder engagement is an important element of the materiality assessment. The viewpoints of all relevant stakeholder groups are represented by employees who are in regular contact with these groups, and who have an in-depth understanding of their requirements and needs. The results of the stakeholder dialogues are analysed and taken into account during the sustainability strategy review. The Talanx Group's management and supervisory bodies are also informed about stakeholders' views and interests as part of this strategy review. [SBM-2 44, 45 a, b]

1.4.3 Material impacts, risks and opportunities and their interaction with strategy and business model (SBM-3)

The tables below show the material topics as outcomes of the materiality assessment.

The following four topical ESRS are material for the Talanx Group:

- E1 – Climate change
- S1 – Own workforce
- S4 – Consumers and end-users
- G1 – Business conduct

In addition, the topic of “data protection and cybersecurity” was identified as a material entity-specific topic and assigned to the reporting for the G1 standard. [SBM-3 48 h]

The tables are broken down by these four standards. At the sub-topic level, they show the impacts, risks and opportunities and indicate where these arise in the value chain. They also show the time horizon.

The materiality assessment performed by the Hannover Re Group identified the topic of “anti-competitive behaviour” as material; this applies to reinsurance only. This topic is presented in the separate table entitled “Additional material topics at subsidiaries: Hannover Re Group”.

Since the Talanx Group is active globally, its activities across the entire value chain are international. For example, its own operations are also managed via its international locations. Equally, since the insurance business and asset management are organised on an international basis their impacts, risks and opportunities are international. There are no material specific geographical features. [SBM-3 AR 17]

The Talanx Group has identified impacts, risks and opportunities across its entire value chain. Its material impacts, risks and opportunities and the actions needed to manage these are described in greater detail in the topical chapters. [SBM-3 47, 48 b]

Sustainability matters are included in the Talanx Group’s strategic decisions and can lead to adjustments to the business model, with impacts, risks and opportunities being taken into consideration in the process. This is done by the specialist departments on the one hand and at an overarching level by Opportunity Management and Risk Management on the other. One strategic goal is to maximise the positive impacts and opportunities, and to minimise negative impacts and risks.

This goal is embedded in the Group’s core processes. As an insurance undertaking, the Talanx Group consciously accepts risk in line with its business model so as to provide insurance cover for its customers; this also applies to sustainability matters. These risks are actively managed in Underwriting and Risk Management. At the same time, risks can also offer sales opportunities for the Talanx Group. For example, climate change and the increased occurrence of extreme weather conditions can result in greater demand for both primary insurance cover and reinsurance. This can also affect the Group’s business model, with certain products being developed and promoted but also exclusions being defined for specific products. [SBM-3 48 b]

This results in material impacts for the Talanx Group, both in relation to its business model and independently of it (i.e. in operations). For example, due to its business model the Group impacts the environment and society via its insurance products. Such impacts can be positive, by providing insurance protection against climate change impacts or by specifically promoting activities relating to climate change adaptation. On the other hand, the Talanx Group can also negatively affect the environment and society by, for example, providing insurance cover for industries that harm the climate. The situation in asset management is similar: here, too, a positive or negative impact may be produced by directing money to climate-friendly investments or climate-damaging industries. The impact on the environment and society in the case of both underwriting and asset management is indirect, via customers or issuers. For example, the Talanx Group’s own operations positively or negatively impact its own workforce since they actively determine employees’ working conditions. [SBM-3 48 c]

The table also shows the risks and opportunities that are currently considered to have a financial effect. The topical chapters describe the actions taken to mitigate the risks. In the short term, no material adjustments to the carrying amounts of the investments are needed; however, regular reviews are performed in order to identify potential financial losses at an early stage. [SBM-3 48 d]

In view of the qualitative and quantitative analyses of the material climate-related risks explained above, no concrete potential risks are ascertainable that existentially endanger the Talanx Group’s assets, liabilities, financial position and financial performance. The climate change stress test revealed that the Talanx Group has comfortable capitalisation ratios across all the time horizons examined. This means that the Group has a robust risk-bearing capacity.[1] [SBM-3 48 f]

[1] Qualifying this, it should be noted that the results of the stress tests are associated with substantial uncertainties and cannot be interpreted without acknowledging their limitations.

E1 CLIMATE CHANGE (SBM-1 AR 14, SBM-3 46, 48 A)

ESRS	Topic and sub-topic	IRO starting point	Dimension	Short description of IRO	Time horizon
E1	E1: Energy	Positive impact[1]	Own operations	Promotion of the shift towards renewable energy by sourcing electricity from renewable energy	Short term
E1	E1: Energy	Positive impact	Asset management	Support for the shift towards renewable energy by financing renewable power generation projects, and low-energy residential and commercial real estate	Short, medium and long term
E1	E1: Energy	Positive impact	Underwriting	Promotion of renewable energy expansion by offering underwriting expertise and innovative insurance solutions such as for geothermal energy or e-mobility	Medium and long term
E1	E1: Energy	Positive impact	Asset management	Support for investors in taking ESG criteria into account during investment by offering sustainable funds that address energy matters	Short, medium and long term
E1	E1: Energy	Negative impact	Underwriting	Increased carbon emissions, exacerbated climate change and global warming from energy supplies due to the provision of insurance cover for energy-intensive sectors and industries	Medium and long term
E1	E1: Energy	Negative impact	Asset management	Investments in energy-intensive sectors and industries leading to higher carbon emissions, exacerbated climate change and global warming	Short, medium and long term
E1	E1: Energy	Opportunity	Asset management	Investments in renewable energy leading over the medium to long term to positive impacts on investment, and resilience against external shocks and extreme climate events.	Medium and long term
E1	E1: Energy	Opportunity	Underwriting	Development of solutions for new markets/sources of energy (solar, hydrogen, geothermal energy, offshore wind power) and support for the shift	Medium and long term
E1	E1: Energy	Risk	Asset management	Reputational risk if "green funds" (Art. 8/Art. 9 funds) investing in gas or coal are offered	Short, medium and long term
E1	E1: Energy	Risk	Underwriting	Addressing new markets: new loss patterns (e.g. for electric vehicles) and pressure on premiums due to large supply	Medium and long term
E1	E1: Climate change mitigation	Positive impact	Own operations	Reduction in carbon emissions through sourcing green power from renewable energy, targets and action plans for achieving GHG neutrality (including offsetting of remaining emissions) by 2030 in operations	Long term
E1	E1: Climate change mitigation	Positive impact	Asset management	Directing capital flows towards sustainable investments by (partially) excluding investments in climate-impacting industries and carbon-intensive sectors	Long term
E1	E1: Climate change mitigation	Positive impact	Asset management	Contribution to reaching the Paris climate goals and to reducing emissions by committing to the Paris Agreement, resulting in the Group's ambition of "net zero emissions in asset management and underwriting by 2050", plus concrete measures resolved such as investments in sustainable infrastructure projects (e.g. wind farms and solar farms)	Short, medium and long term
E1	E1: Climate change mitigation	Positive impact	Underwriting	Support for the EU's Action Plan on Financing Sustainable Growth by designing sustainable products within the meaning of the Sustainable Finance Disclosure Regulation (SFDR) (Art. 8/Art. 9 products include mandatory GHG emissions indicators, for example)	Medium and long term
E1	E1: Climate change mitigation	Positive impact	Asset management	Indirect reduction of carbon emissions by promoting low-emission mobility	Medium and long term
E1	E1: Climate change mitigation	Positive impact	Underwriting	Climate change mitigation by offering Taxonomy-aligned insurance products	Medium and long term
E1	E1: Climate change mitigation	Positive impact	Underwriting	Insurance for less climate-damaging production processes (e.g. in especially energy-intensive areas such as steel and concrete)	Medium and long term
E1	E1: Climate change mitigation	Negative impact	Asset management	Contribution to global warming due to investments in carbon-intensive sectors	Medium and long term
E1	E1: Climate change mitigation	Negative impact	Underwriting	Damage to the climate due to provision of insurance cover for climate-damaging industries and undertakings involved in the extraction, storage, transport or manufacture of fossil fuels, or with vehicles, property or other assets dedicated to such purposes	Medium and long term
E1	E1: Climate change mitigation	Opportunity	Underwriting	Generation of profits and establishment of long-term customer relationships through insuring the transition to sustainable technologies	Medium and long term

[1] The Talanx Group is aware that using energy sources to maintain its own operations leads to carbon emissions and hence has negative impacts. This IRO addresses the promotion of renewable energy, resulting in a positive impact being disclosed.

	Type	Impact materiality	Financial materiality	Current financial effects	Reaction/action (SBM-3 48 b)
	Actual	x			Continued sourcing of electricity from renewable sources in Germany and increased sourcing in the Group's international units
	Actual	x			Extension of and continued support for the shift towards renewable energy by financing additional renewable power generation projects
	Potential	x			Extension and continued provision of underwriting expertise and innovative insurance solutions
	Actual	x			Ongoing support for investors by offering and taking ESG criteria into account during investment and for sustainable funds
	Actual	x			Planning and launching of future policies and actions to successively reduce emissions
	Actual	x			Planning and launching of future policies and actions to successively reduce emissions
	Potential		x	No current financial effects	Expansion of the investment volume and intensified market analyses plus continuous risk monitoring
	Potential		x	No current financial effects	Expansion of the insurance offering and intensified market analyses plus continuous risk monitoring
	Potential		x	No current financial effects	Continuation and intensification of screening and analyses when adding new forms of investment to the fund
	Potential		x	No current financial effects	Intensified market analyses plus continuous risk monitoring and integration of pricing analyses
	Potential	x			Planning and launching of future policies and actions to successively reduce emissions
	Potential	x			Maintaining, reviewing and where necessary adapting or expanding exclusions for investments in climate-impacting industries and carbon-intensive sectors
	Actual	x			Enhancements to Sustainable Investments and ESG Screening policies to successively reduce emissions. The goal is to reduce GHG intensity by 55% compared to 2019 in the period up to 2030
	Potential	x			Ongoing development and design of sustainable products
	Potential	x			Planning and launching of future policies and actions to successively reduce emissions
	Potential	x			Ensuring the provision of Taxonomy-aligned insurance products
	Potential	x			Ongoing insurance for less climate-damaging production processes
	Potential	x			Planning and launching of future policies and actions to successively reduce emissions
	Potential	x			Planning and launching of future policies and actions to successively reduce emissions
	Potential		x	At present moderate premium effects for insuring sustainable technologies	Expansion of the insurance offering and use of technology to intensify customer relationships

E1 CLIMATE CHANGE (SBM-1 AR 14, SBM-3 46, 48 A)

ESRS	Topic and sub-topic	IRO starting point	Dimension	Short description of IRO	Time horizon
E1	E1: Climate change mitigation	Opportunity	Asset management	Earnings opportunity through directing investments into sustainable capital flows (profitability of sustainable investments)	Medium and long term
E1	E1: Climate change adaptation	Positive impact	Underwriting	Prevention of natural catastrophes and associated protection of the environment (society) by providing data for researchers/experts/the GDV, using early warning systems and statistics, and qualitative and quantitative scenario analyses for climate change adaptation	Short, medium and long term
E1	E1: Climate change adaptation	Positive impact	Underwriting	Promotion of climate change adaptation and financial protection for society by assuming ("new") climate risks, and risk mitigation through risk-based bonuses for taking preventive measures (provision of Taxonomy-aligned products)	Short, medium and long term
E1	E1: Climate change adaptation	Positive impact	Underwriting	Incentives promoting more sustainable ways of living in the form of insurance and bonuses for "sustainable solutions" such as using electric vehicles or energy-efficient housebuilding	Short, medium and long term
E1	E1: Climate change adaptation	Positive impact	Own operations	Improved quality of capital requirement calculations, greater financial stability and security for investors through the inclusion in the ORSA of qualitative and quantitative scenario analyses relating to climate change adaptation	Short, medium and long term
E1	E1: Climate change adaptation	Positive impact	Underwriting	General insurability of climate risks, financial protection for society and the ability to withstand natural catastrophes through risk-appropriate, stable product design and pricing while taking qualitative and quantitative scenario analyses relating to climate change adaptation into account	Medium and long term
E1	E1: Climate change adaptation	Positive impact	Asset management	Contribution to climate change adaptation through investing in environmentally sustainable economic activities aimed at climate change adaptation (such as the Taxonomy)	Short, medium and long term
E1	E1: Climate change adaptation	Negative impact	Underwriting	Gaps in insurance cover and financial risks to society due to a failure to insure climate risks (reinsurance). Certain risks (e.g. natural catastrophes) can no longer be insured, which has consequences for business	Medium and long term
E1	E1: Climate change adaptation	Negative impact	Underwriting	Unstable premiums and financial instability on the part of the insurer if increasing climate risks are not taken into account: existing policies might no longer be serviced	Medium and long term
E1	E1: Climate change adaptation	Negative impact	Asset management	Financial instability on the part of the insurer if increasing climate risks are not taken into account in investments: existing policies might no longer be serviced	Medium and long term
E1	E1: Climate change adaptation	Negative impact	Underwriting	Indirect promotion of social inequality due to premiums being unaffordable for individual sections of the population	Medium and long term
E1	E1: Climate change adaptation	Opportunity	Underwriting	Increased revenue thanks to insurance and risk transfer solutions for growing physical risks	Medium and long term
E1	E1: Climate change adaptation	Opportunity	Asset management	Increased income from investing in the transition to sustainable technologies	Medium and long term
E1	E1: Climate change adaptation	Opportunity	Underwriting	Increased revenue from the provision of consulting services for climate risk analysis and prevention	Medium and long term
E1	E1: Climate change adaptation	Opportunity	Underwriting	Potential revenue from offering Taxonomy-aligned insurance products in the sense of an environmentally sustainable economic activity that contributes to climate change adaptation	Medium and long term
E1	E1: Climate change adaptation	Opportunity	Underwriting	Enhancing Talanx's attractiveness to investors by disclosing high Taxonomy alignment ratios	Short, medium and long term
E1	E1: Climate change adaptation	Opportunity	Asset management	Enhancing Talanx's attractiveness to investors by disclosing high Taxonomy alignment ratios	Short, medium and long term
E1	E1: Climate change adaptation	Opportunity	Underwriting	Increased income from insuring the transition to sustainable technologies	Long term
E1	E1: Climate change adaptation	Risk	Underwriting	Loss of product profitability due to a rise in claims payouts (caused by a growing number of climate risk events such as extreme weather and associated accumulated claims)	Long term
E1	E1: Climate change adaptation	Risk	Asset management	Lower investment values and financial market losses due to the realisation of growing physical and transition risks	Long term

	Type	Impact materiality	Financial materiality	Current financial effects	Reaction/action (SBM-3 48 b)
	Potential		x	EUR 14.0 billion invested directly in sustainable investments. These investments meet the risk-reward requirements without producing a tangibly poorer yield in comparison to unsustainable investments	Expansion of the investment volume and intensified market analyses plus continuous risk monitoring
	Potential	x			Ongoing provision of data for researchers/experts/the GDV, using early warning systems and statistics, and qualitative and quantitative scenario analyses for climate change adaptation
	Potential	x			Ongoing provision of insurance services to insure against climate-related risks such as natural catastrophes and ensuring the provision of Taxonomy-aligned products
	Potential	x			Ongoing incentives promoting more sustainable ways of living in the form of insurance and bonuses for “sustainable solutions” such as using electric vehicles or energy-efficient housebuilding
	Potential	x			Ongoing assessment and management involving Group-wide specialist departments such as Risk Management and asset managers
	Actual	x			Ongoing provision of products for insuring climate risks, financial protection for society and the ability to withstand natural catastrophes, taking qualitative and quantitative scenario analyses relating to climate change adaptation into account
	Actual	x			Ongoing investment in environmentally sustainable economic activities aimed at climate change adaptation
	Potential	x			Planning and launching of future policies and actions for a risk-adjusted approach to affected economies
	Potential	x			Planning and launching of future policies to establish and handle the risk management requirements together with the specialist departments concerned
	Potential	x			Planning and launching of future policies to establish and handle the risk management requirements together with the specialist departments concerned
	Potential	x			Intensified market analyses plus continuous risk monitoring and integration of pricing analyses
	Potential		x	The increase in natural catastrophe losses is adequately reflected in the premium	Intensified market analyses plus continuous risk monitoring and integration of pricing analyses
	Potential		x	At present moderate premium effects from investments in sustainable technologies	Expansion of the investment volume and intensified market analyses plus continuous risk monitoring
	Potential		x	No significant financial impacts, since most services are provided as part of existing insurance protection	Continuation and expansion of the offering from HDI Risk Consulting GmbH
	Actual		x	No current financial effects	Expansion of the insurance offering and intensified market analyses plus continuous risk monitoring
	Potential		x	No current financial effects	Expansion of the insurance offering and intensified market analyses plus continuous risk monitoring
	Potential		x	No current financial effects	Expansion of the investment volume and intensified market analyses plus continuous risk monitoring
	Potential		x	At present moderate premium effects for insuring sustainable technologies	Expansion of the insurance offering and intensified market analyses plus continuous risk monitoring
	Potential		x	Increasing losses caused by extreme weather conditions and associated accumulated claims are being monitored, but are reflected adequately in the premiums	Planning and launching of future policies to establish and handle the risk management requirements together with the specialist departments concerned
	Potential		x	No current financial effects	Planning and launching of future policies to establish and handle the risk management requirements together with the specialist departments concerned

S1 OWN WORKFORCE

ESRS	Topic and sub-topic	IRO starting point	Dimension	Short description of IRO	Time horizon
S1	S1: Working conditions	Positive impact	Own operations	Enhanced working conditions at the Talanx Group – among other things through regular working hours, a positive work-life balance and the various working time models on offer – reduce the strain on staff and positively impact their (mental) health	Short, medium and long term
S1	S1: Working conditions	Positive impact	Own operations	Facilitating enterprise participation rights can promote fair cooperation between employers and workers	Short, medium and long term
S1	S1: Working conditions	Positive impact	Own operations	Paying adequate wages/wages under collective agreements enables a good living for workers and their families	Short, medium and long term
S1	S1: Working conditions	Negative impact	Own operations	Poor working conditions at the Talanx Group could lead to workers being unhappy and to declining motivation, which could negatively impact performance, the working atmosphere and employee health (stress, burnout)	Short, medium and long term
S1	S1: Working conditions	Opportunity	Own operations	Working conditions have a direct influence on employee satisfaction and performance, which determine Talanx's reputation and hence also its financial performance	Short, medium and long term
S1	S1: Working conditions	Opportunity	Own operations	Working conditions are an important element of employer attractiveness, which is crucial to corporate success (recruitment of specialists)	Short, medium and long term
S1	S1: Working conditions	Opportunity	Own operations	An improvement in ESG ratings due to a positive assessment of the working conditions could positively impact sales	Short, medium and long term
S1	S1: Working conditions	Risk	Own operations	Reputational damage due to poor working conditions could paint the Talanx Group in a poor light in public and negatively impact its attractiveness to specialists	Short, medium and long term
S1	S1: Working conditions	Risk	Own operations	Higher wages and benefits caused by a competition for talent can increase recruitment and retention costs for the specialists required, and are a core challenge.	Short, medium and long term
S1	S1: Working conditions	Risk	Own operations	Lower ESG ratings have a negative influence on sales opportunities in some cases	Short, medium and long term
S1	S1: Equality/ non-discrimination	Positive impact	Own operations	If the Talanx Group promotes the principle of equal treatment within the Company, this can have positive impacts not only on the workforce, but on the economy and society	Short, medium and long term
S1	S1: Equality/ non-discrimination	Positive impact	Own operations	Training, CPD and upskilling employees is not just important for the Company, but also benefits the workforce itself	Short, medium and long term
S1	S1: Equality/ non-discrimination	Negative impact	Own operations	Discrimination and inequality can have major negative impacts on affected employees, with direct results such as damage to their health or lost career opportunities	Short, medium and long term
S1	S1: Equality/ non-discrimination	Negative impact	Own operations	A lack of training, CPD and upskilling negatively impacts employee satisfaction	Short, medium and long term

	Type	Impact materiality	Financial materiality	Current financial effects	Reaction/action (SBM-3 48 b)
	Actual	x			A large number of actions are used to achieve good working conditions and a good work-life balance: development of a positive corporate culture, health promotion and preventive measures, external advice and support, systematic assessment of work-place-related risks, and childcare and care support measures
	Actual	x			Enterprise participation rights are based on national statutory rules. Works councils and employee representatives play a key role in representing employee interests
	Actual	x			The payment of adequate wages is ensured by complying with collective agreements, by annual salary reviews and adjustments, and by remuneration analyses
	Actual	x			A large number of actions are used to achieve good working conditions and a good work-life balance: development of a positive corporate culture, health promotion and preventive measures, external advice and support, systematic assessment of work-place-related risks, and childcare and care support measures
	Actual		x	Indirect financial impacts caused by higher employee engagement and lower turnover rates. Quantification based on e.g. a survey on engage-ment (above average) and the turnover rate (below average)	A large number of actions are used to achieve good working conditions and a good work-life balance: development of a positive corporate culture, health promotion and preventive measures, external advice and support, systematic assessment of work-place-related risks, and childcare and care support measures
	Actual		x	Indirect financial impacts caused by higher employee engagement and lower turnover rates. Quantification based on e.g. a survey on engage-ment (above average) and the turnover rate (below average)	Actions promoting corporate culture assist with the recruitment and retention of qualified staff. Support for family-friendly approaches also contributes positively to the Company's reputa-tion. The childcare and care support measures and Parents@HDI contribute to this
	Potential		x	No current financial effects	Networks such as Parents@HDI and childcare and care support measures promote a positive working environment and hence also help improve ESG ratings
	Potential		x	No current financial effects	Networks such as Parents@HDI and childcare and care support measures promote a family-friendly corporate culture and hence also help to position the Talanx Group as an attractive employer
	Potential		x	No current financial effects	The recruitment and retention of specialist staff is important for the Company's success and is supported by a variety of cul-ture-boosting measures such as the actions promoting corporate culture. Support for family-friendly approaches also makes a positive contribution. The childcare and care support measures and Parents@HDI contribute to this
	Potential		x	No current financial effects	Networks such as Parents@HDI and childcare and care support measures promote a positive working environment and hence also help improve ESG ratings
	Actual	x			Strengthening equal treatment through systematic support offerings and the diversity, equity & inclusion (DE&I) policy promote a respectful working environment
	Actual	x			Offering training in the areas of professional qualifications and management skills promotes employees' personal development and qualifications. The Talanx Group offers staff a variety of different learning formats and development programmes for this
	Actual	x			The actions promoting corporate culture and the DE&I policy help actively combat discrimination
	Actual	x			Targeted training programmes are developed if an evaluation reveals a lack of development opportunities

S1 OWN WORKFORCE

ESRS	Topic and sub-topic	IRO starting point	Dimension	Short description of IRO	Time horizon
S1	S1: Equality/ non-discrimination	Opportunity	Own operations	Good training programmes and CPD enhance employer attractiveness and enable the recruitment of talented staff who can contribute to the Group's business development	Short, medium and long term
S1	S1: Equality/ non-discrimination	Risk	Own operations	Discrimination and unequal treatment at work could put the Talanx Group at risk of media attention or even criminal prosecution, and hence of reputational damage, as well as making it unattractive as an employer and, in consequence, less successful in its business	Short, medium and long term
S1	S1: Equality/ non-discrimination	Risk	Own operations	Poorly or inadequately trained workers reduce the undertaking's efficiency	Short, medium and long term
S1	S1: Equality/ non-discrimination	Risk	Own operations	A discriminatory working environment or a lack of opportunities for CPD could lead to a loss of talent and specialists, or to them not choosing Talanx as an employer in the first place	Short, medium and long term

S4 CONSUMERS AND END-USERS

ESRS	Topic and sub-topic	IRO starting point	Dimension	Short description of IRO	Time horizon
S4	S4 Customers and end-users	Positive impact	Underwriting	Cybersecurity based on the protection of general personal rights, such as the protection of individual customers' personal data using an anonymous whistleblowing system for customers and a functioning data protection management system	Short, medium and long term
S4	S4 Customers and end-users	Positive impact	Own operations	Security based on the protection of general personal rights, such as the protection of personal data using an anonymous whistleblowing system for customers and a functioning data protection management system	Short, medium and long term
S4	S4 Customers and end-users	Positive impact	Underwriting	Financial security and health protection for customers by providing cover for insurable risks	Medium and long term
S4	S4 Customers and end-users	Positive impact	Underwriting	Provision of information to customers through high-quality advice, compliance with the duties to provide information and explanations (plus additional regulatory requirements such as the SFDR). Guaranteed via the GDV Code of Conduct for Insurance Distribution	Short term
S4	S4 Customers and end-users	Positive impact	Underwriting	Protection of customers' health through risk early warning systems (e.g. ahead of storms) and advice on how to prevent losses	Medium and long term
S4	S4 Customers and end-users	Negative impact	Underwriting	Materialisation of a high risk (e.g. of discrimination) for data subjects following data breaches	Medium and long term
S4	S4 Customers and end-users	Negative impact	Underwriting	Customers are negatively affected if risks are assessed wrongly or losses are not paid out	Long term
S4	S4 Customers and end-users	Opportunity	Underwriting	Long-term success due to customer focus and resulting customer satisfaction (potentially expressed in the Net Promoter Score)	Long term
S4	S4 Customers and end-users	Opportunity	Underwriting	Loss prevention through risk-appropriate consulting and advice on preventive measures (and risk-based bonuses – e.g. where Taxonomy-aligned products are offered)	Short, medium and long term
S4	S4 Customers and end-users	Risk	Own operations	Lower revenue due to increasing customer dissatisfaction and obstacles to new business triggered by a large number of potential factors	Medium and long term
S4	S4 Customers and end-users	Risk	Underwriting	Fines, sanctions and reputational damage if data protection requirements for private retail customers are breached	Medium and long term

	Type	Impact materiality	Financial materiality	Current financial effects	Reaction/action (SBM-3 48 b)
	Actual		x	Indirect financial impacts caused by higher employee engagement and lower turnover rates. Quantification based on e.g. a survey on engagement (above average) and the turnover rate (below average)	Offering a variety of learning formats and development programmes enhances the Talanx Group's attractiveness as an employer
	Potential		x	No current financial effects	Potential reputational risks are assessed. Platforms for under-represented groups strengthen a non-discriminatory environment. Strengthening equal treatment through systematic support offerings and the DE&I policy promotes a respectful working environment
	Potential		x	No current financial effects	Needs-driven development programmes and targeted learning formats also specifically strengthen inadequately trained employees
	Potential		x	No current financial effects	Programmes and platforms actively work to prevent a discriminatory working environment, while targeted staff development measures combat a lack of development opportunities. Strengthening equal treatment through systematic support offerings and the DE&I policy promotes a respectful working environment

	Type	Impact materiality	Financial materiality	Current financial effects	Reaction/action (SBM-3 48 b)
	Actual	x			Continuation of the approach to data protection and cybersecurity, including via the following actions: the whistleblowing system, security awareness campaigns and a variety of local measures
	Actual	x			Continuation of the approach to data protection and cybersecurity, including via the following actions: the whistleblowing system, security awareness campaigns and a variety of local measures
	Actual	x			Continuation and enhancement of the underwriting criteria in line with segment-specific requirements
	Actual	x			Continuation of the approach to ensuring easy-to-understand information (e.g. compliance with the EU's Insurance Distribution Directive (IDD), the GDV Code of Conduct and the Hohenheimer Verständlichkeitsindex)
	Actual	x			Continuation and enhancement of product support systems such as the risk early warning system
	Potential	x			Continuation of the approach to data protection and cybersecurity, including via the following actions: the whistleblowing system, security awareness campaigns and a variety of local measures
	Potential	x			Regular enhancement of sector-specific risk management so as to be able to assess losses properly
	Potential		x	Indirect financial impacts of a high Net Promoter Score	Continuation of annual customer surveys and benchmark activities so as to ensure customer needs are met
	Actual		x	No measurable financial impacts on customers and end-users	Continued provision of information about preventive measures and, where needed, of risk-based bonuses
	Potential		x	No current financial effects	Continuation of annual customer surveys and benchmark activities so as to prevent customer dissatisfaction and its consequences
	Potential		x	No current financial effects	Continuation of the approach to data protection and cybersecurity, including via the following actions: the whistleblowing system, security awareness campaigns and a variety of local measures

G1 BUSINESS CONDUCT

ESRS	Topic and sub-topic	IRO starting point	Dimension	Short description of IRO	Time horizon
G1	G1: Corruption and bribery	Positive impact	Own operations	Assumption of a role model function and avoidance of cases of corruption thanks to establishment of a functioning compliance management system, compliance guidelines with anti-corruption requirements, employee training, an annual preventive risk assessment and compliance with the GDV's "Verhaltenskodex für den Vertrieb" (Code of Conduct for Insurance Distribution)	Long term
G1	G1: Corruption and bribery	Positive impact	Own operations	Enhanced trust and integrity thanks to transparent treatment (e.g. in sustainability reporting) of the issues of corruption and bribery, the avoidance and disclosure of conflicts of interest, and the requirement for the Board of Management to approve donations	Medium and long term
G1	G1: Corruption and bribery	Positive impact	Asset management	Incentive to avoid corruption and bribery by investing in companies with good governance practices (UNGC) and excluding investments in countries/companies with poor anti-corruption index scores	Short, medium and long term
G1	G1: Corruption and bribery	Positive impact	Own operations	Avoidance of corruption beyond the Group's boundaries through use of a Group-wide Code of Conduct for Business Partners	Medium and long term
G1	G1: Corruption and bribery	Positive impact	Own operations	Support for detecting corruption and fraud, e.g. via the anonymous whistleblowing system and staff training	Short, medium and long term
G1	G1: Corruption and bribery	Negative impact	Underwriting	The community of policyholders could be impacted by higher cost/loss ratios and prices, e.g. as a result of bribery costs or of cover being granted for uninsurable risks	Medium and long term
G1	G1: Culture of business practices	Positive impact	Own operations	Cybersecurity: Good data administration and functioning data protection management protect information relating to corporate customers (who are not covered by ESRS S4), suppliers and business partners	Short, medium and long term
G1	G1: Culture of business practices	Positive impact	Asset management	Cybersecurity: Good data administration and functioning data protection management protect information relating to corporate customers (who are not covered by ESRS S4), suppliers and business partners	Short, medium and long term
G1	G1: Culture of business practices	Positive impact	Underwriting	Cybersecurity: Good data administration and functioning data protection management protect information relating to corporate customers (who are not covered by ESRS S4), suppliers and business partners	Short, medium and long term
G1	G1: Culture of business practices	Negative impact	Own operations	Cybersecurity: Negative impacts on corporate customers (who are not covered by ESRS S4), suppliers and business partners in the case of data protection breaches	Short, medium and long term
G1	G1: Culture of business practices	Negative impact	Asset management	Cybersecurity: Negative impacts on corporate customers (who are not covered by ESRS S4), suppliers and business partners in the case of data protection breaches	Short, medium and long term
G1	G1: Culture of business practices	Negative impact	Underwriting	Cybersecurity: Negative impacts on corporate customers (who are not covered by ESRS S4), suppliers and business partners in the case of data protection breaches	Short, medium and long term
G1	G1: Culture of business practices	Opportunity	Own operations	A good corporate culture enhances Talanx's attractiveness as an employer and hence ensures a qualified, motivated workforce	Medium and long term
G1	G1: Culture of business practices	Opportunity	Asset management	A good corporate culture enhances Talanx's credit quality and attractiveness for debt investors with associated financial savings resulting from lower interest rates on borrowings	Short, medium and long term
G1	G1: Culture of business practices	Opportunity	Own operations	A good corporate culture enhances Talanx's credit quality and attractiveness for debt investors with associated financial savings resulting from lower interest rates on borrowings	Medium and long term
G1	G1: Culture of business practices	Risk	Own operations	A poor corporate culture leads to reputational risks and associated financial losses, declining attractiveness as an employer and associated lower performance by less qualified staff	Medium and long term
G1	G1: Culture of business practices	Risk	Own operations	Cybersecurity: Fines, sanctions and reputational damage in the case of data protection breaches relating to corporate customers (who are not covered by ESRS S4), suppliers and business partners	Short, medium and long term
G1	G1: Culture of business practices	Risk	Own operations	Less favourable borrowing terms due to poor ratings that debt investors take into account	Medium term

	Type	Impact materiality	Financial materiality	Current financial effects	Reaction/action (SBM-3 48 b)
	Actual	x			Continuation of the instruments mentioned including via the following actions: the whistleblowing system, compliance reporting, employee training and compliance risk assessments
	Actual	x			Continuation of the instruments mentioned including via the following actions: the whistleblowing system, compliance reporting, employee training and compliance risk assessments
	Actual	x			Regular monitoring of investment decisions and exclusions in the case of non-compliance
	Actual	x			Continuation of the Code of Conduct for Business Partners
	Actual	x			Continuation of the instruments mentioned including via the following actions: the whistleblowing system, compliance reporting, employee training and compliance risk assessments
	Potential	x			Screening for potential cases, including via the following actions: the whistleblowing system, compliance reporting and compliance risk assessments
	Actual	x			Continuation of the approach to data protection and cybersecurity, including via the following actions: the whistleblowing system, security awareness campaigns and a variety of local measures
	Actual	x			Continuation of the approach to data protection and cybersecurity, including via the following actions: the whistleblowing system, security awareness campaigns and a variety of local measures
	Actual	x			Continuation of the approach to data protection and cybersecurity, including via the following actions: the whistleblowing system, security awareness campaigns and a variety of local measures
	Potential	x			Continuation of the approach to data protection and cybersecurity, including via the following actions: the whistleblowing system, security awareness campaigns and a variety of local measures
	Potential	x			Continuation of the approach to data protection and cybersecurity, including via the following actions: the whistleblowing system, security awareness campaigns and a variety of local measures
	Potential	x			Continuation of the approach to data protection and cybersecurity, including via the following actions: the whistleblowing system, security awareness campaigns and a variety of local measures
	Actual		x	Indirect financial impacts caused by higher employee engagement and lower turnover rates. Quantification based on e.g. a survey on engagement (above average) and the turnover rate (below average)	Regular updates to the People & Culture strategy. Support for the corporate culture through operation of a compliance management system (CMS)
	Actual		x	Indirect impacts on ratings. Talanx has stable ratings (e.g. S&P, AM Best)	Monitoring and active management by Investor Relations, e.g. through participation in corporate ratings
	Actual		x	Indirect impacts on ratings. Talanx has stable ratings (e.g. S&P, AM Best)	Monitoring and active management by Investor Relations, e.g. through participation in corporate ratings
	Potential		x	No current financial effects	Monitoring of reputational risk by Group Communications and risk mitigation together with Group People & Culture or Investor Relations
	Potential		x	No current financial effects	Continuation of the approach to data protection and cybersecurity, including via the following actions: the whistleblowing system, security awareness campaigns and a variety of local measures
	Potential		x	No current financial effects	Monitoring and active management by Investor Relations, e.g. through participation in corporate ratings

ADDITIONAL MATERIAL TOPICS AT SUBSIDIARIES: HANNOVER RE GROUP

ESRS	Topic and sub-topic	IRO starting point	Dimension	Short description of IRO	Time horizon
E1	E1: Climate change mitigation	Positive impact	Asset management	Influencing energy-intensive investments in the direction of more sustainable practices can lead to substantial emissions reductions and be compatible with global climate goals	Short- and medium-term
E1	E1: Climate change mitigation	Negative impact	Own operations	A more sustainable travel policy is needed, since employees' use of climate-damaging means of transport such as air travel and ICE vehicles can undermine efforts to reduce carbon emissions	Short term
E1	E1: Climate change mitigation	Risk	Reinsurance	Insurers could be exposed to liability risk if they insure undertakings that do not practise sustainability; this underscores the importance of insurance policies that promote environmental responsibility	Medium term
E1	E1: Energy	Positive impact	Own operations	Implementing energy efficiency measures in buildings reduces total energy consumption and hence supports the climate goals	Short term
E1	E1: Energy	Positive impact	Own operations	Switching to electric vehicles for corporate vehicle fleets reduces greenhouse gas emissions and promotes the use of clean sources of energy	Short term
E1	E1: Energy	Negative impact	Asset management	Non-transparent investment practices in the case of investments in fossil fuels and non-renewable energy can mislead investors and undermine sustainable investment goals	Long term
S1	S1: Equality/non-discrimination	Positive impact	Own operations	Raising awareness of the needs for, and employing, persons with disabilities promotes social integration and participation, benefiting society and corporate diversity	Medium and long term
G1	G1: Corruption and bribery	Risk	Reinsurance	Failure to comply with anti-corruption codes could lead to a decline in demand, customer attrition and substantial reputational damage	Short- and medium-term
G1	G1: Anti-competitive behaviour	Positive impact	Own operations	Prevention of anti-competitive behaviour and promotion of fair competition	Medium and long term

	Type	Impact materiality	Financial materiality	Current financial effects	Reaction/action (SBM-3 48 b)
	Actual	x			Introduction and implementation of a responsible investment policy
	Actual	x			Introduction and implementation of an environmental strategy
	Potential		x	No current financial effects	Introduction of an ESG position paper by the Property & Casualty (P&C) Business Group and of an ESG manual for facultative reinsurance
	Actual	x			Introduction and implementation of an environmental strategy
	Actual	x			Introduction and implementation of an environmental strategy
	Potential	x			Introduction and implementation of a responsible investment policy and a medium- to long-term climate strategy for asset management
	Potential	x			Promotion of diversity, equity and inclusion as part of the People & Culture Strategy 2024–2026
	Potential		x	No current financial effects	Resolution of a conflict of interest Group policy and a code of conduct for suppliers (Third Party Code of Conduct)
	Actual	x			Adoption of antitrust law policy

2. Environmental information

2.1 Disclosures pursuant to Article 8 of Regulation (EU) 2020/852 (EU Taxonomy Regulation)

2.1.1 Introduction

Regulation (EU) 2020/852, also known as the EU Taxonomy Regulation, was adopted on 18 June 2020 by the European Parliament and the Council. At its heart is an assessment system in which the European Commission provides binding technical details of which economic activities are considered to be environmentally sustainable.

Criteria for sustainable economic activities

The Regulation defines the following six environmental objectives:

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

The European Commission has identified environmentally sustainable economic activities for these environmental objectives.

A distinction is made between economic activities that are Taxonomy-eligible versus those that are Taxonomy non-eligible on the one hand, and between economic activities that are both Taxonomy-eligible and Taxonomy-aligned versus those that are Taxonomy non-aligned on the other. Economic activities are described as Taxonomy-eligible if they are listed in the Commission Delegated Regulation.

Economic activities are described as Taxonomy-aligned if they are not only listed in the Commission Delegated Regulation but also meet the following four overarching criteria:

1. Substantial contribution to at least one of the six environmental objectives listed in the Regulation
2. Compliance with the technical screening criteria (TSC) defined in Commission Delegated Acts
3. Do no significant harm (DNSH) to any of the six environmental objectives set out in the Regulation
4. Compliance with the minimum safeguards defined in the Regulation

Due to its economic activities, the Talanx Group reports the insurance and reinsurance of climate-related hazards the contribute to the EU Taxonomy's "climate change adaptation" environmental objective. This results in disclosures relating to the Group's own non-life insurance operations and its activities as an investor.

The Talanx Group's disclosure obligations

As an insurance and reinsurance undertaking, the Talanx Group is obliged to ensure transparency by disclosing key performance indicators (KPIs) both for its underwriting and for its investment activities.

Underwriting

In the case of underwriting, the core KPI is the percentage of Taxonomy-aligned gross written premiums for non-life insurance and reinsurance relating specifically to insurance activities associated with climate-related hazards. This indicator expresses the percentage of non-life insurance revenue that complies with the EU Taxonomy Regulation requirements and hence contributes to climate change adaptation. This disclosure is in line with the EU Taxonomy Regulation requirements for the "Climate change adaptation" environmental objective and recognises the important role that non-life insurance and reinsurance activities play in adapting to climate-related risks.

Asset management

In the case of asset management, the core indicator comprises the weighted average investments made to finance Taxonomy-aligned economic activities. These indicators measure the contribution made by financial companies such as insurance and reinsurance undertakings to redirecting capital flows towards sustainable investments. At present, the EU Taxonomy is not part of the corporate strategy and hence is not used as a basic instrument in investment decisions. In 2017, the Talanx Group established the Responsible Investment Committee (RIC), a body that ensures responsible investment within the Talanx Group. The RIC defines investment selection criteria and decides on whether to hold or divest investments, taking individual considerations into account. Investments that do not comply with the defined criteria are generally divested by the end of the year. One of the RIC's first core tasks was to develop and implement an ESG assessment process for investing.

Requirements and compliance

The Talanx Group has taken into account all official documents, FAQs and opinions issued by the European Commission that are aligned with the Commission Delegated Regulations and the Delegated Acts. As a primary insurance and reinsurance undertaking, the Talanx Group relies on large amounts of external data from its customers and business partners to adequately assess its Taxonomy alignment. A large proportion of these data are not covered by European reporting requirements. This can result in data gaps, which the Group aims to identify and minimise using a comprehensive test process. In particular, capturing "do no significant harm" (DNSH) and minimum safeguard information involves establishing new processes for which no specifications and no sector-specific standards exist.

2.1.2 EU Taxonomy for the non-life insurance and reinsurance business

The EU Taxonomy Regulation takes into account insurance and reinsurance activities related to property/casualty only and is focussed on the environmental objective of "climate change adaptation". This means that it only includes those lines of business that explicitly insure such climate change perils. Examples are primary insurance and reinsurance solutions that provide cover for climate-related natural hazards such as floods or storm damage. These insurance solutions contribute to the "Climate change adaptation" objective, since they increase resilience to natural catastrophes by providing affected customers with cover and compensating them if losses occur. 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 it to identify new and future risks early on, and to develop suitable risk transfer solutions for them.

Consequently, in its primary insurance and reinsurance business the Talanx Group considers all turnover generated in business areas described in Delegated Act (EU) 2021/2139 to be Taxonomy-eligible if evidence of direct cover of climate-related natural hazards can be provided.

Such evidence is supplied on the one hand by internal risk monitoring and on the other by concrete proof of a corresponding contract from the individual business area identified.

The insurance categories that must be examined according to Delegated Act (EU) 2021/2139 are as follows:

1. Medical expense insurance
2. Income protection insurance
3. Workers' compensation insurance
4. Motor vehicle liability insurance
5. Other motor insurance
6. Marine, aviation and transport insurance
7. Fire and other damage to property insurance
8. Assistance

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.

Taxonomy alignment requires proof of compliance with the technical screening criteria designed to ensure the substantial 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, evidence must be provided that these activities do not have a negative impact on the "Climate change mitigation" environmental objective and that the minimum safeguards are complied with.

Analysis of the substantial contribution

Delegated Act (EU) 2021/2139 defines five specific technical screening criteria each for primary insurance and reinsurance undertakings. These criteria reflect business practices and processes that are seen by lawmakers as preconditions for reporting sustainable turnover within the meaning of the EU Taxonomy.

The criteria are as follows:

1. **Leadership in modelling and pricing of climate risks**
   Adequately quantifying and pricing risk is an essential factor in being able to offer successful and economically sustainable insurance services. The Talanx Group uses state-of-the-art modelling techniques to precisely assess and price climate risks on the basis of forward-looking scenarios and models. In addition, strategies for integrating climate risks are presented transparently and risk mitigation incentives ensured through risk-based pricing. After a loss event has occurred, the Talanx Group supports "building back better" so as to enhance resilience, offers ways of continuing insurance cover and hence underscores its commitment to sustainable, climate-aware insurance practice.

2. **Product design**
   The Talanx Group has introduced procedures to take key customer needs regarding climate-related natural hazards into account in its products. These products use risk-based pricing, enabling preventive actions (such as compliance with certain building standards) to be reflected in pricing. In the case of the Taxonomy-based products in both its primary insurance and its reinsurance activities, the Talanx Group offers reduced premiums and extended coverage if certain preventive actions are taken, allowing customers to improve their estimation of, and mitigate, climate-related risks by engaging in direct dialogue with the underwriters. In the reinsurance portfolios, only those shares of reinsurance premiums that meet the technical screening criteria and that can be specifically allocated to covering risks stemming from climate-related perils are taken into consideration, in accordance with TSC 2.3.

3. **Innovative insurance solutions**
   The Talanx Group's Taxonomy-aligned primary insurance products are designed to provide policyholders with end-to-end insurance protection. After a climate-related loss has been incurred, the ensuing costs are borne. Among other things, these include the costs associated with reconstructing buildings, replacing machinery, appraisal costs, potential production outages and other business interruption expenses. In addition, support is provided for developing innovative reinsurance solutions for climate-related natural hazards so as to meet the growing needs of customers and society. These products use risk-based pricing, which means that preventive measures that are implemented to minimise the risks concerned (e.g. compliance with certain building standards) can be reflected in pricing.

4. **Data sharing**
   The Talanx Group is in regular contact with public authorities and shares data on request for analytical purposes so as to promote knowledge building about the changes caused by climate change. This fully complies with the requirements set out in the technical screening criterion.

5. **High level of service in post-catastrophe situation**
   The Talanx Group has implemented strict standards for processing large loss events resulting from climate-related natural hazards, ensuring that swift and fair support is provided to customers.

Within Primary Insurance, which is heterogeneously structured for strategic reasons, a questionnaire process was 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. The Talanx Group sees natural hazards insurance as its core business and its business entails pricing natural hazards around the world. The Group is a reliable partner for its customers. The EU Taxonomy Regulation does not yet have a strategic impact on the product design process.

Since full reporting only began in 2023, the KPIs are not considered to have sufficient informative value at present to enable them to be used as a management instrument in decision-making and product development.

This is largely due to the fact that there is room for interpretation when calculating the KPIs, which makes comparability more difficult.

Do no significant harm (DNSH) to other environmental objectives and compliance with the minimum safeguards

For economic activities to be disclosed as sustainable as defined by the EU Taxonomy, it must first be established that they do no significant harm to other 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 include the transfer of insurance for the extraction, storage, transport or manufacture of fossil fuels or the transfer of insurance for vehicles, property, or other assets dedicated to such purposes.

The Talanx Group has put processes in place to ensure that the Taxonomy-aligned turnover disclosed does not include any cover related to fossil fuels. 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 year. The Talanx Group takes a conservative approach and reports portfolios for which no information is available as Taxonomy non-aligned. The increase in data coverage in coming years can be expected to influence the Taxonomy-aligned turnover ratio disclosed.

In identifying business related to fossil fuels, the Talanx Group utilizes its internal industry classification systems for corporate clients in its primary insurance activities. This approach ensures the avoidance of significant impairments when reporting Taxonomy-aligned revenues. By following this method, the company fully complies with the EU Taxonomy requirements for non-life insurance and reinsurance activities, ensuring that no business related to fossil fuels is reported as Taxonomy-aligned.

Economic activities that are to be disclosed as Taxonomy-aligned must be performed in compliance with the minimum safeguards criteria. The Talanx Group bases its assessment of compliance with the minimum safeguards on the current interpretations of the regulatory environment. The focus is on the following four core topics that undertakings 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. In addition, a controversial weapons check is performed. For the reporting year, no incidents or pending proceedings are known that would indicate a violation of the minimum safeguards requirements.

A review process for compliance with the minimum safeguards is currently being implemented in Primary Insurance. Since no ex ante review process exists yet, the Talanx Group uses historical data to ensure that the minimum safeguards are complied with at customer level.

Underwriting disclosures

The following table gives an overview of the Taxonomy KPIs for climate-related and environmental topics in underwriting, based on the IFRS-Standard. The mandatory template for (re-) insurance undertakings contained in Annex X of Delegated Act (EU) 2021/2178 was used to disclose the turnover.

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)					
	Absolute premiums	Proportion of premiums		Climate change mitigation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards
	2024	2024	2023						
Economic activities	TEUR	%	%	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)	1,690,743	4.46	3.53	Yes	Yes	Yes	Yes	Yes	Yes
A.1.1 Of which reinsured	899,609	2.37	1.42	Yes	Yes	Yes	Yes	Yes	Yes
A.1.2 Of which stemming from reinsurance activity	1,516,950	4.00	3.05	Yes	Yes	Yes	Yes	Yes	Yes
A.1.2.1 Of which reinsured (retrocession)	872,952	2.30	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)	23,365,821	61.58	58.95						
B. Non-life insurance and reinsurance underwriting Taxonomy-non-eligible activities	12,889,797	33.97	37.52						
Total (A.1 + A.2 + B)	**37,946,362**	**100.00**	**100.00**						

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

The KPI for the insurance business aims to show the share of total non-life underwriting premiums that is aligned with the Taxonomy. The underwriting KPI is calculated as follows:

KPI FOR INSURANCE BUSINESS

UNDERWRITING KPI = Premiums for Taxonomy-aligned activities / Total premiums for all non-life products (including Taxonomy-eligible and Taxonomy non-eligible) = **X%**

In line with the European Commission's Notice C/2024/6691 dated 8 November 2024, the Talanx Group only discloses those reinsurance premiums that demonstrably serve to provide cover for climate-related natural hazards (premium split). In the primary insurance area, the share of premiums used to provide cover for natural hazards (premium split) was reported on the basis of data obtained from natural hazards pricing and loss data.

Following the premium split, the Talanx Group currently only reports products from HDI Global SE in the area of building insurance and from the Hannover Re Group as Taxonomy-aligned. In the case of reinsurance, this comprises both facultative reinsurance (the underwriting of individual risks) and obligatory reinsurance products (cover for broad portfolios). In addition, the Talanx Group is working to integrate additional products so as to improve its cover in the future. The reporting of Taxonomy-aligned ceded values is based on the ceded share of total insurance revenue.

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. Equally, it does not adequately reflect the Talanx Group's sustainability ambitions, since only a portion of the insurance product covering climate risks can be included.

The Talanx Group is monitoring developments relating to Taxonomy reporting and will incorporate them into the ongoing enhancement of its reporting practices.

2.1.3 Assessment of investments made in relation to primary insurance and reinsurance under the EU Taxonomy

Taxonomy reporting aims to show the proportion of the Talanx Group's total investments (denominator) accounted for by environmentally sustainable (Taxonomy-aligned) and potentially environmentally sustainable (Taxonomy-eligible) investments (numerator). 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.

KPI RELATED TO INVESTMENTS

INVESTMENT KPI = Weighted average Taxonomy-aligned investments / Total assets included in the KPI = **X%**

The denominator represents the investments reported in the balance sheet, not including the Talanx Group's funds withheld by ceding companies. In addition, Article 7 of Commission Delegated Regulation 2021/2178 specifies that all exposures to central governments, central banks and supranational issuers shall be excluded when calculating the denominator.

The numerator primarily includes investments in securities whose issuers are subject to European Non-Financial Reporting Directive (NFRD) reporting requirements; property, plant and equipment; and loans to finance specific identified activities. In line with Article 7(2) of Commission Delegated Regulation 2021/2178, derivatives are excluded from the numerator. In addition, Article 7(3) of Commission Delegated Regulation 2021/2178 excludes exposures to undertakings that are not obliged to comply with NFRD reporting requirements from the numerator for the KPI. Where issuers are domiciled in the EU, a check is made as to whether they are subject to NFRD reporting obligations. In line with the European Commission's Draft Commission Notice dated 21 December 2023, unit-linked life insurance portfolios are taken into account using the asset managers' KPIs.

To assess the Taxonomy eligibility and alignment of liquid securities issued by EU-based entities that may fall under the NFRD, data from an external service provider and the results of an internal screening process are utilized for a significant portion of liquid investments. 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 added in those cases in which they do not form part of the data supplied.

Investment disclosures

In accordance with Article 8 of the EU Taxonomy Regulation (Commission Delegated Regulation (EU) 2021/2178), the Talanx Group uses the reporting tables prescribed in Annex X of the Regulation for its reporting. In line with the interpretation of the European Securities and Market Authority (ESMA), the prior-year comparison required by Article 8(3) is provided by duplicating the templates:

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

	%		EUR
2024			
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	4.14	Turnover-based	4,388,841,575
Capital expenditures-based	4.75	Capital expenditures-based	5,044,416,245
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	106,120,499,637
Additional, complementary disclosures: breakdown of denominator of the KPI			
The percentage of derivatives relative to total assets covered by the KPI	0.34	The value in monetary amounts of derivatives	364,158,612
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	16.62	For non-financial undertakings	17,635,290,954
For financial undertakings	46.49	For financial undertakings	49,333,960,269
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	12.33	For non-financial undertakings	13,085,471,887
For financial undertakings	22.46	For financial undertakings	23,838,964,122
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	11.25	For non-financial undertakings	11,940,600,203
For financial undertakings	14.45	For financial undertakings	15,334,996,979
The proportion of exposures to other counterparties over total assets covered by the KPI	10.85	Value of exposures to other counterparties	11,511,492,620
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	86.68	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	91,982,047,958
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	20.55	Turnover-based	21,811,283,690
Capital expenditures-based	20.12	Capital expenditures-based	21,352,335,211
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	11.86	Turnover-based	12,586,964,537
Capital expenditures-based	11.68	Capital expenditures-based	12,390,338,346

[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
2023			
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]

2024	%		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	0.76	Turnover-based	808,436,536
Capital expenditures-based	1.33	Capital expenditures-based	1,414,232,154
For financial undertakings		For financial undertakings	
Turnover-based	0.41	Turnover-based	434,098,292
Capital expenditures-based	0.43	Capital expenditures-based	456,999,671
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	4.14	Turnover-based	4,388,841,575
Capital expenditures-based	4.75	Capital expenditures-based	5,044,416,245
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	2.96	Turnover-based	3,146,306,747
Capital expenditures-based	2.99	Capital expenditures-based	3,173,184,420

[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]

2023	%		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	—	Turnover-based	—
Capital expenditures-based	—	Capital expenditures-based	—
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

[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.

TAXONOMY-ALIGNED ACTIVITIES – PROVIDED "DO-NOT-SIGNIFICANT-HARM" (DNSH) AND SOCIAL SAFEGUARDS POSITIVE ASSESSMENT[1]

		%		Turnover (%)	CapEx (%)
2024					
(1) Climate change mitigation	Turnover	4.12	Transitional activities	0.13	0.13
	CapEx	4.71	Enabling activities	0.47	0.80
(2) Climate change adaptation	Turnover	0.02			
	CapEx	0.04	Enabling activities	0.01	0.01
(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 breakdown of the numerator of the KPI per environmental objective is shown in relation to the value of assets covered by the KPI, where in 2023 the breakdown was shown in relation to the Taxonomy-aligned investments.

TAXONOMY-ALIGNED ACTIVITIES – PROVIDED "DO-NOT-SIGNIFICANT-HARM" (DNSH) AND SOCIAL SAFEGUARDS POSITIVE ASSESSMENT

		%		Turnover (%)	CapEx (%)
2023					
(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		

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 for "contributing substantially", the DNSH criteria and the minimum safeguards has been demonstrated. Primary energy performance certificates and the DeepKI Index were used to provide proof of a substantial contribution to climate change mitigation, and the fit-out of the individual buildings was also analysed. The DNSH test involved the creation of robust climate risk and vulnerability assessments in line with Appendix A of Annex I of the Climate Delegated Act. The Group has evidence of Taxonomy alignment for 36% of the properties. The remainder of its property investments do not make a substantial contribution to climate change mitigation or climate change adaptation as defined in the Regulation's technical criteria. Real assets acquired by the Talanx Group as part of infrastructure investments, and loans where the financed economic activity is known, undergo an internal assessment for Taxonomy eligibility and alignment. As a result, 23% of infrastructure investments have been confirmed as meeting the technical screening criteria. Relevant classification data was obtained with reasonable effort for approximately 98.15 (96.6)% of the investments included in the numerator. However, no sufficient data was available for 1.85 (3.4)% of the investment portfolio. As a precaution, these assets have been conservatively classified as Taxonomy non-eligible. The Talanx Group is committed to gradually improving data quality and coverage. It expects that further enhancements in the information base will be supported by the ongoing standardization of reporting practices and the expansion of regulatory reporting requirements.

The Talanx Group's Taxonomy-aligned investments primarily comprise liquid investments in undertakings that are covered by NFRD reporting requirements and that publish Taxonomy-aligned turnover and CapEx ratios. In addition, 35 properties held are counted towards the Group's Taxonomy-aligned investments. Since the requirement to report on Taxonomy alignment applied to financial undertakings for the first time in the 2023 financial year, information on the Taxonomy alignment of exposures to financial undertakings is now also available for the first time and so has been included in the numerator for the KPIs. The Talanx Group's globally diversified investment strategy naturally results in a high proportion of non-European issuers who are not subject to reporting obligations. Consequently, the share of Taxonomy-eligible and Taxonomy-aligned investments remains relatively low. The numerator is broken down into the individual environmental objectives using the value of all assets captured for the KPI as the denominator. Although mandatory disclosure of contributions to environmental objectives 3 to 6 will only be required for non-financial companies as from 1 January 2025, initial ratios for these objectives are already available. Financial undertakings are obliged to publish corresponding information from financial year 2026 onwards.

Retail mortgage loans are also covered by the EU Taxonomy Regulation's Taxonomy eligibility and Taxonomy alignment assessment requirements.

We were unable to assess the Taxonomy alignment of private mortgage loans in the reporting 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 872 (909) million. Data collection will be implemented for new business in the future.

Disclosure of investments related to nuclear energy and gas

Currently, there are no real assets or designated financing related to energy generation from nuclear power or gas, as defined by Regulation (EU) 2022/1214. The Group has a minor indirect exposure to issuers in the utilities sector, which is not reported separately due to its low materiality.

TEMPLATE 1 NUCLEAR AND FOSSIL GAS RELATED ACTIVITIES[1]

2024

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	
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.

TEMPLATE 1 NUCLEAR AND FOSSIL GAS RELATED ACTIVITIES [1]

2023

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	
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.

2.2 Climate change mitigation (ESRS E1)

2.2.1 Fundamentals of climate change mitigation

Climate change is a core issue for the Talanx Group, a global provider of insurance and financial services. The risks resulting from climate change, and policies and actions for mitigating it, are taken into account in both the internal risk management processes and the business processes at the Talanx Group and its subsidiaries. The Talanx Group continuously monitors market developments and is able to adjust its business model and strategy across all times frames in line with circumstances and developments. [ESRS 2 SBM-3 AR 8 b]

Understanding climate change risks and how to mitigate them 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 in the area of climate risk analysis and prevention.

For example, steady growth in 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 environmentally friendly technologies, renewable energy sources, and the supporting infrastructure offers a significant opportunity for the Talanx Group. Demand for insurance solutions will increase as investments in these sectors grow. As regards to risk consulting, there is a need to assess customers' exposure to climate risks and to enhance their adaptability and resilience. This is an area in which HDI Risk Consulting GmbH in particular is active. The company provides customers in the Corporate & Specialty segment with climate risk reporting services, among other things. The Talanx Group sees itself as an active transformation partner for its industrial and commercial customers and for the issuers in which it invests. It is already active on the market in relation to the growth opportunities offered by the transformation process, and aims to continually expand its position. 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 (see the graphic entitled "Talanx's sustainability strategy" in section 1.4.1 "Strategy, business model and value chain (SBM-1)"). [ESRS 2 SBM-3 AR 7 a]

The Talanx Group identifies and assesses potential climate change-related impacts, risks and opportunities in three areas: asset management, underwriting and own operations. According to the materiality assessment that was performed (see section 1.3 "Materiality assessment"), three climate-related and environmental matters are material for the Talanx Group: mitigating the consequences of climate changes in underwriting, promoting climate change mitigation in asset management, and the Group's direct and indirect greenhouse gas (GHG) emissions resulting from its energy-related operating activities. These topics are material in relation to climate change adaptation and climate change mitigation.

Section 2.2.9 "Gross Scopes 1, 2, 3 and Total GHG emissions" shows how the Talanx Group calculates emissions.

Reducing GHG emissions can positively impact the Company's image and create competitive advantages. However it is important to note that, despite all efforts, it is impossible to guarantee that GHG emissions can be avoided completely, especially since the Group depends on its business partners and its value chain to reduce its GHG emissions. Nevertheless, it is vital to work continuously to reduce emissions. However, this depends on the availability of high-quality data. In addition, decarbonisation of the value chain requires support in the form of regulatory requirements.

The following applies to the Hannover Re Group:
The group-wide Environmental Strategy was adopted for the strategy cycle for 2024–2026. This addresses three action areas – environmental and climate matters in the reinsurance business, in asset management and in own operations – for the entire Hannover Re Group, and aims to integrate them effectively and efficiently in day-to-day activities. These action areas comprise [MDR-P 65 b]:

- Ongoing decarbonisation of the insurance and investment portfolios and of own operations
- Enhanced engagement regarding sustainability and climate matters with cedants, brokers, issuers and own employees
- Using the Hannover Re Group's core competencies to provide targeted support for the sustainable transformation process and enhance societal resilience against the effects of ongoing climate change

POLICIES

2.2.2 Policies in asset management

According to the results of the Talanx Group's materiality assessment (see section 1.3 "Materiality assessment"), indirect GHG emissions are another issue that is particularly relevant to asset management in addition to promoting climate change mitigation. Reflecting this fact and in order to meet the ESRS requirements for capturing Scope emissions, the Talanx Group performed a detailed calculation of its financed emissions in accordance with Scope 3.15. of the GHG Protocol for the first time for financial year 2024. The calculation was performed in accordance with the Partnership for Carbon Accounting Financials (PCAF) standard (see also section 2.2.9 "Gross Scopes 1, 2, 3 and Total GHG emissions"). The different GHG intensities of the individual asset classes and issuers will make it possible to identify the main drivers of financed emissions going forward, and hence to derive relevant action areas and measures.

The Talanx Group's strategic policies comprise systematic investments in sustainable investments and screening criteria for the liquid portfolio. Both policies apply to all Talanx Group activities worldwide, and are resolved by the Responsible Investment Committee (RIC), the Group-wide decision-making body. [MDR-P 65 b, MDR-P 65 c]

The Talanx Group has summarised these two strategic investment priorities in two policies ("Sustainable investments" and "ESG screening"), which are described below.

Sustainable investments

The Talanx Group's sustainability strategy in asset management aims to generate long-term capital growth on the basis of a broadly diversified, actively managed investment portfolio while including ESG criteria. Conflicting objectives sometimes exist both between ESG criteria and economic requirements and between the different ESG objectives themselves, and trade-offs need to be made. In such cases, the Talanx Group aims as far as possible to avoid negative impacts from investments in unsustainable issuers, while also encouraging positive impacts on society and the environment that help mitigate climate change. Its basic philosophy is that sustainable development can often only be achieved if environmental, economic and social objectives are implemented simultaneously. [MDR-P 65 a, b, ESRS 2 SBM-3 AR 8 a, E1-2 22, 24]

The RIC is a Group-wide central decision-making body that monitors the integration of sustainability matters in line with the strategy in all core global investment processes four times a year, and drives this forward. The RIC is chaired by Talanx AG's Chief Financial Officer (CFO); other members are the CFOs of the divisions, the heads of Asset Management (CIOs), the Head of Group Strategy & Sustainability, and a representative of the senior management of Ampega Asset Management GmbH (hereinafter referred to as "Ampega"). [MDR-P 65 b, c, ESRS 2 SBM-3 AR 8 a, E1-2 22, 24]

In relation to sustainable investments, the Talanx Group sees opportunities for example, to make investments in renewable energy generation that not only produce positive returns in the medium to long term but can also enhance resilience against external shocks while combating climate change. Other examples of policy impacts that have been identified as material include climate change adaptation through investing in sustainable and transitional technologies. Sustainable investments are monitored and managed using the Q-ESG score described below. [MDR-P 65 a, E1-2 25 a, 25 b]

Investments that combat climate change also include investments in sustainable infrastructure projects. The Group has systematically built up expertise in this area in recent years and uses a specialised unit to invest directly in selected projects, supplying both equity and debt. The market value of the Talanx Group's sustainable investments amounted to EUR 14.0 billion at the end of 2024.[1] [MDR-P 65 b, E1-2 22, 24]

In addition, the Talanx Group successfully placed a green bond with a volume of approximately EUR 500 million on the market in 2021, and published the green bond allocation and impact report required for this in 2022. The bond's main objectives are to finance and fund renewable projects, especially in the area of renewable power generation and low-energy residential and commercial real estate. In other words, the Group's Green Bond Framework also systematically ties in its sustainability strategy with its financing strategy. [MDR-P 65 a]

In the case of real estate investments, 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 cover ecological, economic, sociocultural and functional aspects of properties, among other things. In addition, ESG due diligence is performed during acquisition due diligence; this looks at information on properties' potential ESG risks and influences the investment decision. Following the formation of the ESG Circle of Real Estate (ECORE), Ampega has been helping to develop a sustainability standard for the sector specifically in Germany. The entire real estate portfolio is being reviewed for ESG risks using the ESG scoring process developed by ECORE. The focus here is on property-specific consumption values, the technical building fit-out and insights gained from operating the properties. This enables the Talanx Group to include issues such as energy efficiency and the use of renewable energy sources in its real estate portfolio. [MDR-P 65 a, b, d, E1-2 24, 25 b, c, d]

ESG screening

The Talanx Group uses ESG scoring models to implement its investment screening criteria, identifying risks early on and taking the activities necessary to manage them. Apart from excluding new investments in certain business models (e.g. because they damage the climate or are GHG-intensive), these can range from reducing exposures for existing portfolio investments down to full divestment of the assets concerned. This also permits capital flows to be directed into sustainable investments, something that has been identified as a material impact on the part of the Talanx Group's investment activities.

[1] The framework used by the Talanx Group to classify sustainable investments comprises the following:
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; sustainable real estate with a Building Research Establishment Environmental Assessment Methodology (BREEAM) certificate, a Japanese CASBEE (Comprehensive Assessment System for Built Environment Efficiency) certificate or a Singapore Green Mark, provided that, in all cases, the certificates are in the second-highest or highest classes.
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, renewable energy funds that have been classified as dedicated are considered to be sustainable. The same applies to infrastructure projects with a recognised sustainability seal, fibre-optic projects and sustainable investments with a public sector co-investor.
4. Impact investments with a directly measurable positive impact on the environment (e.g. investments in forest projects).
5. Bonds or equities issued by companies that make a significant contribution to a Sustainable Development Goal (SDG).

Ultimately, the RIC – as the Group's core decision-making body – decides what should be done with the investments concerned. Basically, the main goal of the screening criteria is to reduce the negative impacts of investing, and hence to contain the consequences of climate change. Impacts of this policy that have been identified as material are reducing exposure to climate intensive sectors and companies, and reducing exposure to business models that could be less successful in future. [MDR-P 65 a, b, c, E1-2 22, 24, 25 c, 25 d]

The RIC defines and regularly reviews the filter criteria used for screening, and takes individual decisions on whether to increase, retain or divest investments. 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 decisions taken by the committee therefore serve as the basis for consistently implementing the Group-wide sustainability strategy in asset management. The Group Board of Management and the Supervisory Board are informed of the RIC's decisions at least once a year as part of the regular strategy update. The CFOs and CIOs of the Group's divisions are responsible for their implementation. [MDR-P 65 a, c, e, f, E1-2 22, 24]

In addition to the exclusion of controversial weapons, the UN Global Compact's Principles were specified as filter criteria for investment decisions. Above and beyond the environmental criteria anchored in the Compact, the Talanx Group has implemented a thermal coal exclusion. In line with this, the Talanx Group no longer makes any proprietary investments in companies that generate 10% or more of their revenue from coal-fired power generation or thermal coal extraction. It takes such decisions on the basis of information supplied by external data providers. Legacy investments in the portfolio will be divested by 2038 at the latest. [MDR-P 65 a, b, c, d, E1-2 22, 24, 25 a]

The filter catalogue contains 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. 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 5% or more of their revenue from offshore oil and gas extraction north of the Arctic Circle (66° 34' N). Equally, new investments in issuers which generate 25% or more of their revenue from shale gas/oil fracking are excluded. These exclusions apply to the Group's own liquid investment portfolio of corporate bonds and equities.[1] Investments in green bonds are not covered by the coal and fracking exclusions for primary insurance.

Moreover, an investment policy exists that aims to successively reduce the Talanx Group's exposure to the oil and gas sector. In line with this policy, the Talanx Group will reduce the oil & gas sector quota of its liquid corporate bond portfolio by 20% over the next five years, from their current level of 5.7% (at the end of 2024) to 4.5%. In future, all companies in the entire value chain for the oil and gas sector (upstream, midstream and downstream) will be included in this. [MDR-P 65 a, b, d, E1-2 22, 24, 25 a]

In addition, the Talanx Group as the asset owner and Ampega as the investment manager signed up to the United Nations' Principles for Responsible Investment (PRI) in 2019, committing themselves to observing the PRI's six Principles, which they incorporate in their investment processes. [MDR-P 65 a, b, d, E1-2 22, 24, 25 a]

Exclusion criteria were also defined in the selection process for direct investments in illiquid asset classes such as infrastructure investments. The screening process includes both classic criteria relating to the risk/return profile of investments and sustainability criteria. For example, the Talanx Group does not invest in nuclear power projects, projects involving animals, assets involving unacceptably high levels of environmental pollution or assets associated with controversial business models such as gambling. [E1-2 24, MDR-P 65 a, b]

Q-ESG score

ESG ratings from established ratings agencies are taken into account for investments in corporate bonds and equities so to ensure that the ESG profile for the Group's capital goods portfolio is determined objectively. The 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 investment portfolio management. In addition, measuring the ESG score permits relative ESG ambitions (i.e. ambitions that are in keeping with local market conditions) to be formulated for the international portfolios. For example, the investment portfolio for a foreign affiliate can be compared with benchmark portfolios in the country concerned so as to align ESG ambitions with the societal environment in the business region concerned. The Talanx Group's aim in this case is to ensure that its investments are sustainably aligned overall and that active support is provided for the transformation to a more sustainable economy. [MDR-P 65 a]

The ability to use the Q-ESG score to quantify appropriate ESG ambitions for local portfolios already represents a significant contribution to integrating ESG in the investment process and covers all global investments. In addition, the ambition levels are entered in the control systems and monitored for the portfolios. As a result, the Q-ESG score can be used to effectively manage the corporate bonds and equities asset classes. 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 transition to a more sustainable economy. [MDR-P 65 a, b]

[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, and any data subsequently becoming available for the first time are taken into account as from their publication date in the case of new acquisitions. Where an investment in an individual issuer is required to meet local underwriting obligations due to the issuer's size on the local market, an exception to the screening criteria can be made for the issuer concerned.

ACTIONS

2.2.3 Actions in asset management

The Talanx Group does not currently report any climate-related actions as defined by the ESRS for its investments, but rather refers to the policies and investment priorities described, which are implemented by the Group. The Group is currently working to present individual CSRD-aligned actions that are derived from these policies, including the calculated emission impacts and the financial resources deployed. The level of detail of these actions is currently insufficient to allow them to be reported. Furthermore, the Talanx Group draws attention to the fact that, since the primarily responsibility for concrete emissions reductions lies with the issuers, material levers are located there. By contrast, the policies mentioned are the right management instrument for an investor, which can indirectly influence and support decarbonisation. [ESRS 2 62, MDR-A 68, 69, E1-3 26, 28, 29 a, AR 21, AR 22]

POLICIES

2.2.4 Policies in underwriting

The provision of insurance services can have indirect environmental, economic and social impacts. The Talanx Group supports positive developments in relation to climate change mitigation by continuously expanding its ESG approach in the area of underwriting as well. The Talanx Group signed up to the UN Principles for Sustainable Insurance (PSI) in May 2020 and by doing so has committed to aligning its insurance business with the initiative's four Principles. These initiatives serve as a binding foundation and form part of the Group's strategic focus on continuously improving the sustainability of its underwriting activities. This means working together with customers and business partners to raise awareness of sustainability, identify and manage risks, and develop appropriate solutions. These fundamental business principles, which are specific to insurance, have been embedded in the Group's sustainability strategy and are reinforced throughout the Group by the Code of Conduct. The responsible Group functions such as Group Compliance ensure they are monitored. [ESRS 2 SBM-3 AR 8 a, MDR-P 65 a, c]

In addition to containing the consequences of climate change in underwriting, the Talanx Group's materiality assessment (see section 1.3 "Materiality assessment") also revealed that indirect GHG emissions in underwriting are important for the Group's strategic focus. For example, providing insurance services for energy-intensive sectors and industries may also lead to coverage being provided for activities involving higher GHG emissions that negatively impact climate change and global warming. The Group pursues two material strategic policies in this area, which are explained in this chapter. Firstly, exclusions and underwriting restrictions for certain risks offer an important management approach e.g. to mitigating the negative impacts caused by insuring climate-damaging industries and undertakings in the fossil energy sector. However, the Talanx Group considers it has a responsibility to partner actively with its customers, and to support and assist them in their transformation to climate-friendly business activities. Being a reliable partner that helps to shape this sustainable structural economic change is another material strategic policy for the Talanx Group. [ESRS 2 SBM-3 AR 8 a]

Restrictive approach to fossil fuels

The Responsible Underwriting Committee (RUC) determines the Group-wide screening and exclusion criteria to be adopted and regularly reviews the underwriting policy. In addition, it enhances the sustainability approach used in underwriting by weighing opportunities and risks. The RUC – the highest decision-making body for sustainability in underwriting – comprises the members of Talanx AG's Board of Management, who are advised in their work by an expert working group drawn from all Talanx divisions. [MDR-P 65 a, c, E1-2 22, 24]

Group-wide screening of the insurance portfolio is performed every year, collecting all information needed to implement the underwriting restrictions described below. Above and beyond this, additional data – such as the number of insured risks, the number of insurance contracts underwritten, and the gross premiums in a variety of fuel-specific subcategories – are captured during screening and assessed by the RUC. [MDR-P 65 a, b, E1-2 22, 24]

As is the case with investment, the Underwriting function has introduced Group-wide underwriting restrictions for thermal coal risks, among other things. 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 coal industry. This also includes risks from mixed business activities where the share of the underwritten risk that is attributable to thermal coal exceeds 30%.[1] No new thermal coal risks have been insured since 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 38% compared to 2019. [MDR-P 65 a, b, E1-2 22, 24]

In 2022, the Talanx Group developed a multistage plan that sets out its exit from thermal coal by 2038 in greater detail. The plan aims to successively phase out thermal coal risks in the Group using thresholds for coal mining for power stations, and for coal-fired power stations. The Group is adopting a cooperative dialogue with the companies concerned during the exit process. The objective is to transparently examine and discuss the companies' transformation potential together, so as to actively contribute to customers' sustainable development. [MDR-P 65 a, b, E1-2 22, 24, 25 a]

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

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 by 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 be made by the end of 2037 at the latest to below the thresholds of 20 million tonnes and 5 gigawatts respectively (10% and 5 gigawatts in the case of an energy mix). 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 – will have been removed from the insurance portfolio and excluded from the insurance business. [MDR-P 65 a, b, E1-2 22, 24]

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 so as to support the transition from thermal coal to other fuels in these countries. [MDR-P 65 a, b, E1-2 22, 24, 25 a]

In addition to its restrictive underwriting policy for thermal coal risks, the Talanx Group considers restrictions on insuring oil and gas projects to be particularly important. 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. 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. [MDR-P 65 a, b, E1-2 22, 24, 25 a]

The Talanx Group can make a limited number of exceptions so as to permit insurance of new greenfield gas projects. These exceptions will be made on a case-by-case basis following an examination of the technical standards, provided that the project concerned supports the exit from thermal coal. This applies to countries in which thermal coal plays a particularly large role in the energy mix and where access to alternative energy sources remains insufficient, since the main focus here is on accelerating the withdrawal from thermal coal and supporting the shift to renewable energy. [MDR-P 65 a, E1-2 22, 24]

The Group has already excluded taking on new risks relating to oil sands, which are particularly harmful for the environment, and has announced that it will exit all risks completely by 2038. In the meantime, it has brought forward its exit in full from existing risks to the end of 2025. This extends to all risks for which 20% or more of the underlying revenue is generated from oil sands extraction and processing.[1] [MDR-P 65 a, b, E1-2 22, 24, 25 a]

The Talanx Group gives special treatment to regions that play a sensitive role in relation to nature conservancy and environmental protection. This is why it does not accept any new Arctic region drilling project policies. The Arctic region is defined as the zone to the north of the Arctic Circle, which has a latitude of 66° 34' north of the Equator. This also includes the Arctic National Wildlife Refuge (ANWR) in the United States. [MDR-P 65 a, b, E1-2 22, 24, 25 a]

As an insurer and key partner for industry, the Talanx Group is monitoring all fossil energy sectors in dialogue with its customers, and is continuing its existing policy of consistently adjusting its underwriting guidelines in line with the risks involved. [E1-2 22, 24]

In addition to adopting a restrictive approach to fossil fuels in general, the Talanx Group considers specific risks in connection with preserving habitats and ecosystems. 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. [MDR-P 65a, E1-2 22, 24] Furthermore, the Talanx Group does not insure any new projects if it becomes aware in advance that the free, prior and informed consent (FPIC) of affected indigenous peoples was not obtained.

The exclusions mentioned in this section apply globally 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. [MDR-P 65 a, b, d, E1-2 22, 24]

Partnerships for transformation support

As a leading provider of corporate & specialty insurance and reinsurance, the Talanx Group will partner with its customers in a constructive dialogue to support them in their sustainable shift to a low-carbon economy. The Talanx Group's engineering insurance operations constantly examine 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. The Talanx Group is already one of the most important renewable energy (re)insurers. Its insurance portfolio ranges from wind power (onshore and offshore) through photovoltaic, geothermal and hydropower and biomass, down to grid and storage expansion. The Talanx Group insures both conventional generation methods and innovations such as floating wind farms and floating photovoltaic plants. [ESRS 2 SBM-3 AR 8 a, MDR-P 65 a, f]

[1] Oil sands extraction and processing encompass extraction from bituminous sand, refinement into synthetic crude oil, further processing of this synthetic crude into petroleum products and the associated transportation by pipeline or rail.

The Talanx Group is also supporting its heavy industry customers in their sustainable transformation (e.g. as they switch to green hydrogen) by providing cover for specific transformation risks. It sees an opportunity to establish itself as a market leader and generate corresponding growth by partnering with them in this transformation. Building and maintaining long-term, profitable customer relationships are crucial here, and also offer an opportunity for the Group to make a sustainable contribution to insuring this transformation. [ESRS 2 SBM-3 AR 8 a]

The Talanx Group considers that expanding environmentally friendly technologies, renewable energy, and the necessary infrastructure developments offers a business opportunity to support the shift towards renewable energy. Demand for insurance solutions will grow in line with the investment strategy and increasing investments in the sustainable energy infrastructure sector. Regarding risk consulting, there is a greater need to assess and reduce customers' exposure to climate risks and to improve their adaptability and resilience. The Group's offering – which includes risk analysis and data provision – can be used to specifically support customers taking precautions to protect themselves against natural catastrophes, and actions to protect the environment and society. [MDR-P 65 a, b, E1-2 25 b]

The policies are addressed to customers in all countries in which the Group is represented and aim to support industrial and business customers in particular in their transformation towards a low-emissions economy. The goal is to also transparently include Talanx Group customers in the necessary strategic developments. Senior management at the individual divisions is responsible for implementation and monitoring. Apart from the polices described, there are no other policies on energy efficiency or other climate-related topics. [ESRS E1-2 25 c, e, MDR-P 65 a, b, f]

ACTIONS

2.2.5 Actions in underwriting

The PCAF results and regulatory developments are being monitored closely so as to ensure that an adequate methodology for managing the insurance portfolio by its GHG emissions is implemented. As regards its insurance-associated emissions, the Talanx Group takes the view that, as a sector-specific topic, these cannot be a sector-agnostic reporting requirement and that they are also not a reportable KPI under the GHG Protocol. Consequently, they are not covered by the disclosure obligation set out in ESRS 1-6 44. However, the Talanx Group has to include insurance-associated emissions in its reporting as entity-specific disclosures, in line with the results of the materiality assessment, even though the influence that it has on customers' decisions about GHG emissions is generally extremely limited. The Group has exercised the phase-in option for this and has not reported any figures in its 2024 sustainability statement. What is more, the methodology for the PCAF standard, which is used as the underlying framework, does not yet cover all lines of business and products, while currently there are still insufficient insurance customer emissions data available to enable reliable calculation of the Talanx Group's insurance-associated emissions. Consequently, the Group is currently unable to sufficiently document the necessary basis for calculation or to quantify the minimum requirements needed to underpin reduction actions in an ESRS-compliant manner. Work is ongoing to be able to quantify insurance-associated emissions using the PCAF approach, and to formulate targets and actions designed to reduce emissions on this basis. Apart from the strategic policy approach, there are no sets of measures in place at present to manage insurance-associated emissions. [ESRS 2 62, MDR-A 68, 69, E1-3 26, 28, 29 a, AR 21, AR 22]

POLICIES

2.2.6 Policies for own operations

The policy that the Talanx Group is using to reduce its operational GHG emissions is based on measures being initiated and organised at a local level, with the global units contributing independently on their own responsibility. This approach is coupled with an organised, regular Group-wide dialogue that aims to promote and support reduction actions at the units, plus centrally organised emissions monitoring in line with GHG Protocol requirements. When cutting emissions, the Group's basic approach is firstly to avoid and reduce GHG emissions, and only after that to offset them. In line with this, it prioritises using renewable energy to avoid emissions and enhancing the efficiency of energy usage to reduce them. As regards Scope 1 and Scope 2 emissions, the policy only covers emissions at Group subsidiaries' workplaces. This relates to owner-occupied and leased properties. The policy does not cover emissions from consolidated real assets that are not attributable to own operations, such as investment properties and infrastructure investments (e.g. wind farms). [MDR-P 65 a, b, d]

The global policy addresses the following impacts that have been identified as material:

- Positive impact on the reduction of GHG emissions due to sourcing electricity from renewable energy and developing targets and action plans for achieving GHG neutrality (including offsetting of remaining emissions) in operations
- Positive impact due to promoting the shift towards renewable energy by sourcing electricity from renewable energy
- Negative impacts of failures to reduce GHG emissions by using climate-friendly transport
- Positive impact of vehicle fleet electrification
- Positive impact of reducing the consumption of heating energy and electricity in company buildings

The policy therefore serves to mitigate climate change and not to adapt to its consequences or other climate-related topics. Details of the actions resulting from the policy, which are designed to promote greater use of renewable energy and improve energy efficiency, are given in the following section 2.2.7 "Actions in own operations". [MDR-P 65 a, E1-2 25]

Responsibility for implementing the policy is spread across a number of organisational levels. The most senior level in the organisation that is accountable for the development and implementation of the reduction actions comprises the governing bodies of the Group entities concerned, e.g. the board of management of a company or the management of a branch location. In the case of the German locations and companies with the exception of the Hannover Re Group, the outsourcing agreements in force also assign responsibility for implementation to the management of the Corporate Services and Group Procurement units. Regular dialogue and monitoring is organised by Group Strategy & Sustainability at the most senior level of the Group, in the Talanx Group CEO's area of responsibility. This team is also responsible for reporting to the Group Board of Management and Group Supervisory Board at least once a year, in the course of the strategy update. The CFOs of the individual divisions are responsible for delivering the data. [MDR-P 65 c]

The Talanx Group does not operate any physical production facilities but rather offers services in the areas of insurance and finance. As such, its own 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 Talanx Group focuses particularly on reducing its own footprint, since it is only in its own operations that it can influence its emissions directly in part. The Talanx Group employs approximately 31,000 people at its global sites, who consume energy and material, go on business trips, travel to and from work, or work remotely. In addition, the Group purchases products, operating materials and services that its employees need to do their jobs, such as office equipment, IT products or cloud computing services. Consequently, efforts to reduce emissions and monitoring of the policy described above comprise a variety of activities; these are listed in detail, and their methodologies explained, in section 2.2.9 "Gross Scopes 1, 2, 3 and Total GHG emissions". These activities do not relate to the Scope 1 and Scope 2 emissions from consolidated real assets. The Group is continuously expanding its methodological screening of plans and activities so as to assess trends in future GHG emissions. [MDR-P 65 a, b]

The following applies to the Hannover Re Group:
The Hannover Re Group's ESG positioning for its own operations has been summarised in its global Environmental Strategy 2024–2026 (see section 2.2.1 "Fundamentals of climate change mitigation"). One focus of the Environmental Strategy for its own operations is the reduction of GHG emissions related to power and heat supplies for the buildings. The Hannover Re Group has sourced electricity from renewable sources at its Hannover location since 2012. This was expanded to cover all office premises worldwide during the reporting year. Providing renewable electricity and heat to the buildings promote the shift towards renewable energy and hence supports the positive impacts on climate change mitigation. The Environmental Strategy also covers the Hannover Re Group's fleet of company vehicles. In addition, support for sustainability mobility has been offered since 2019, with the Hannover Re Group providing staff with the electricity needed to charge electric vehicles free of charge. Transitioning the fleet of company vehicles to electric options supports the positive impact on climate change mitigation. [MDR-P 65 a]

Description of material impacts in own operations in relation to climate change mitigation:

- A negative impact is produced in own operations if employees continue to use unsustainable means of transport such as planes for business travel.

Description of material impacts in own operations in relation to energy:

- The use of energy sources in own operations can lead to unavoidable GHG emissions and hence is potentially negative. However, systematically sourcing electricity from renewable energy for all owned and leased office buildings can send a positive signal and lead to GHG savings
- Promoting e-mobility for the fleet of company vehicles and providing free electricity from renewable sources for employees' vehicles can enhance acceptance of e-mobility and hence the shift towards renewable energy.
- Implementing energy efficiency measures in owned or leased buildings can reduce total energy consumption and hence have a positive impact.

ACTIONS

2.2.7 Actions in own operations

The most important actions taken by the Primary Insurance Group in the reporting period to implement its strategic policy to reduce GHG emissions from operations were to increase the use throughout the Group of electricity from renewable energy, to optimise the utilisation of office space in Germany and to electrify the Group's vehicle fleet in Germany. [MDR-A 68 a]

As regards Scope 1 and Scope 2 emissions, the actions only cover emissions at Group subsidiaries' operations. This relates to owner-occupied and leased properties. The actions do not cover emissions from real assets that are not attributable to own operations, such as self-managed investment properties and infrastructure investments (e.g. wind farms). The following detailed descriptions of the three actions relate solely to the Primary Insurance Group. The Hannover Re Group has not reported any actions within the meaning of the ESRS for 2024, but rather refers to its policies.

Use of electricity from renewable energy

The Talanx Group is working continuously to increase the share of total electricity consumption at all locations worldwide accounted for by electricity from renewable energy. It succeeded in lifting the share for the Primary Insurance Group as a whole from 59% to 70% in the reporting year. This action related to electricity consumption in the Group's own workplaces not including the upstream value chain. All business units in Germany, Switzerland, the United Kingdom, Austria and Ecuador already only sourced electricity from renewable sources as at the beginning of the reporting year, with the exception of the electricity used to charge electric vehicles at third-party operators' charging stations. Consequently, the action did not lead to any further reduction in emissions at these locations during the reporting year. The Group aims to have completed its switch to electricity from renewable energy in full by 2050 at the latest, in line with its ambition of achieving net zero emissions throughout the Group by 2050. Successfully implementing this action primarily depends on the availability of electricity from renewable energy and the necessary infrastructure being available at the locations concerned. Financial barriers to implementation are considered to be low, provided that it is possible to source electricity from renewable energy from local suppliers. The action led to a year-on-year reduction in Group-wide emissions of 1,579 tonnes of CO_2 equivalents (tCO_2e). Emissions per employee declined by 74 $kgCO_2e$. GHG emissions reported for purchased or acquired electricity from fossil fuels in the reporting year amounted to 4,603 tCO_2e (169 $kgCO_2e$ per employee); this represents the additional potential reduction that could be achieved by this action at present. [MDR-A 68 a, b, c, e, E1-3 29 a, b, AR 21, E1-4 AR 30 b]

Optimisation of office space utilisation rates

The utilisation rates for the office space that the Group owns and occupies or leases fluctuate in line with levels of remote working, part-time working models, business travel and vacation or sick leave. Consequently, making an individual workstation per employee permanently available is not an efficient use of office space. For this reason, a number of locations in Germany such as Hannover, Cologne and Hilden use a desk-sharing model plus monitoring of capacity utilisation in order to make more efficient use of office space, reduce it if possible and hence save electricity and heating energy. Since the German Group locations already only use electricity from renewable energy, the only impact on the GHG footprint comes from reducing the heating energy needed. After a 15% reduction in heated operating space was achieved year-on-year in 2023, the figure for the reporting year was constant (increase of less than 0.1%). A further reduction in space of 5% is expected for 2025. This forecast is based on contracts that have already been signed as at the beginning of 2025 and therefore cannot foresee any further potential changes in space over the year. The goal is to ensure efficient utilisation of office space with this action for the long term. There are no resource-related restrictions on implementing this action. GHG emissions in connection with heating at German locations fell by 771 tCO_2e in the reporting year, a year-on-year reduction of more than 20%. These emissions reductions cannot be directly associated with the change in heated operating space in the reporting year due to the large number of factors influencing the emissions and the time lag involved in determining them. Based on the current space-based heating emissions intensity, the forecast 5% reduction in space for 2025 would result in an estimated emissions reduction of an additional 147 tCO_2e. However, this estimate has limitations: for example, the assumed linear relationship between office space and the required heating energy is not necessarily correct, since the physical condition of the buildings and the heating engineering are not the same at all German locations. Options for further reducing space will be repeatedly re-evaluated as the action continues for the long term. [MDR-A 68 a, b, c, E1-3 29 a, b, AR 21]

Electrification of the Group's vehicle fleet in Germany

In 2022, a pilot project was launched to electrify the fleet of company vehicles in Germany. The aim is to make a further contribution to the goal of achieving GHG neutrality in global operations (including offsetting of remaining emissions) by 2030 at the latest by switching the vehicle fleet over to e-mobility options. The pilot vehicles are being used to gather experience on charging options, including at the locations, and on how to integrate the vehicles in our operational processes. One action to avoid GHG emissions from the combustion of fossil fuels is to phase out purely internal combustion engines (ICE) and in the longer term also hybrid vehicles from the German vehicle fleet. The share of fully electric vehicles in Germany in the reporting year remained constant year on year, at 2%. The share of ICE-only vehicles decreased from 70% (2023) to 40% (2024), while the share of hybrid vehicles rose from 27% (2023) to 58% (2024) (percentages may not total 100% due to rounding). Absolute GHG emissions from diesel and petrol rose by 332 tCO_2e in the reporting year, since the number of vehicles in the fleet increased from 480 to 532. Average GHG emissions per vehicle remained almost constant (a slight increase of 1%). The goal is for the successive electrification of the German fleet to be well advanced by 2030, and for it to have been finally implemented by the end of 2038 when the last vehicles that are not fully electric are to be retired. Financial barriers to implementation are considered to be low. All in all, emissions at German locations from the combustion of petrol and diesel totalled 3,024 tCO_2e in the reporting year. Consequently, at present these emissions represent the additional potential reduction that could be achieved in the period up to full implementation of this measure in Germany. [MDR-A 68 a, b, c, e, E1-3 29 a, b, AR 21, E1-4 AR 30 b]

2.2.8 Targets related to climate change mitigation and adaptation

The Talanx Group's non-financial statements and sustainability reports for previous years, which were not prepared in accordance with the ESRS requirements, talk about a "target" for 2050 in relation to the Group's net zero strategy. The new definitions and standards specified in the context of the regulatory requirements under the ESRS require that the net zero emissions on which the formulation of a science-based net zero target is based be clearly distinguishable and measurable. However, the preconditions for this cannot be met by the Group at present. This is largely because the necessary reduction in emissions depends to a large extent on the Scope 3 categories under the GHG Protocol and on insurance-associated emissions. It is already the case that the Group's directly influenceable Scope 1 and Scope 2 emissions from own operations not including insurance-associated emissions do not make up more than 1% of total attributable emissions under the GHG Protocol. However, the other emissions categories relate to emissions that cannot be directly influenced by the Group's activities due to supplier or customer relationships or investment activities. For example, unavoidable emissions arise when employees commute to their operating locations or when necessary goods such as IT infrastructure or office furniture are acquired. What is more, emissions from investment and insurance activities also have an impact; in this case, their direct management is ultimately the responsibility of the issuers or policyholders, on whom the Talanx Group can only exercise a limited influence. In the case of the insurance-associated emissions in particular, a further point is that sufficient measurability does not yet exist across all of the Group's lines of business. On the one hand, the methodology for the PCAF standard, which is used as the underlying framework, does not yet cover all lines of business and products, while on the other, there are still currently insufficient insurance customer emissions data available to enable reliable calculation of the Talanx Group's insurance-associated emissions. Consequently, the Group is currently unable to sufficiently document the necessary basis for calculation or to quantify the minimum requirements needed to underpin a net zero target with milestones and reduction actions in an ESRS-compliant manner. Nevertheless, the Talanx Group is continuing to emphasise its responsible role in climate change mitigation and is underscoring its clear aspiration to reach net zero emissions by 2050 throughout the Group. The establishment of a corresponding pool of data and the formulation of reliable targets as far as possible are planned for the coming years. The change in wording as compared to previous publications must therefore be seen as an adaptation to the enhanced regulatory framework and definitions, not as a change in the underlying sustainability strategy. [E1-4 30, 32, 33]

A Group-wide transition plan, which depends on the availability of the underlying data and information, is currently under development but is not yet included in the reporting. The Talanx Group's current work to develop future science-based 1.5°C-aligned targets focuses on the global goals defined in the Paris Agreement on climate change. Going forward, necessary decarbonisation levers and associated key actions will be published as part of a comprehensive transition plan, which will include a quantification of their impact. The Talanx Group is not disclosing any CapEx information at this point. The potential locked-in GHG emissions have not yet been quantified or qualitatively assessed. The Talanx Group is working continuously to reduce emissions in its own operations and in its value chain. [E1-1 14, 16, 17, AR 1, AR 4]

Although publication of a transition plan is planned for the coming years, individual actions and targets are already mentioned in the relevant chapters. [E1-1 14, 17]

Asset management

The Talanx Group has set itself a target for reducing the GHG intensity of its investments that will contribute to mitigating climate change and specifically combat the identified material negative impact arising from the fact that investments in GHG-intensive industries can potentially facilitate climate change. The GHG intensity of the global liquid investment portfolio of corporate bonds (including covered bonds) and equities was successively reduced in line with the climate strategy developed in 2021. The Talanx Group had originally set itself the goal of a 30% reduction in the revenue-based GHG intensity of this liquid portfolio by 2025 compared to the 2019 base year. This corresponded to an annual reduction of roughly 7% and is an important part of the Group's long-term pathway towards achieving net zero emissions by 2050. The intensity figure had already fallen below the target 30% reduction mark as at the 31 December 2023 reporting date. As at the 2024 year-end, the reduction compared to the 2019 base year using the definition given amounted to 51%. The progress made with decarbonisation in the period since 2019 is due to the following factors:

- The targeted divestment of issuers with particularly high GHG intensities and low transformation ambitions
- The systematic exclusion of new investments in business models with high GHG intensities (e.g. thermal coal and oil sands) and a reduction in exposure to the fossil fuels sector
- Above-average growth in investments in business models with lower emissions
- Actual reductions in GHG intensities for individual issuers
- Actual revenue increases for issuers that result in lower intensities for the same emissions
- A decline in economic activity in certain business areas

It is not possible at present to quantify the contribution made by these matters to the progress achieved with decarbonisation. [E1-4 34 f, AR 30 a] However, macroeconomic conditions and the associated emissions trend at issuers, the changing shares of the Group portfolio accounted for by the segment portfolios and changes in the overall portfolio mean that GHG intensity is subject to constant fluctuations.

An investee's revenue-based GHG intensity is calculated using its Scope 1 and Scope 2 emissions, measured in tonnes of CO_2e, standardised by the revenue for a financial year in millions of euros. The portfolio intensity is determined using the market value weighted aggregation of the intensities of the portfolio components. This allows the GHG intensity to be calculated for each of the Talanx Group's divisions. To ensure the targets for the divisions remain constant, the portfolio intensity is measured at all times using the market value weightings for the divisions as at the starting date (31 December 2019). This prevents changes in the market values of the divisional portfolios affecting how their GHG intensity is managed. The target pursued to date is not aligned with the PCAF standards and cannot be classified as a science-based target. [E1-4 31, 33, AR 25 d, MDR-T 80 c]

The Talanx Group resolved in the reporting year to implement an enhanced ambition for this decarbonisation pathway so as to continue on pathway towards net zero emissions in investments by 2050. The existing target will be modified by increasing the reduction target for EVIC[1] -based GHG intensity for financed Scope 1 and Scope 2 emissions to 55% by 2030 compared to the representative base year of 2019.[2] When determining the target value, both the above-mentioned volatility drivers and economic and political conditions that can significantly impact intensity outside the Talanx Group's sphere of influence are taken into account. In addition, the Group's above-average growth in the emerging markets plays a role. Apart from the target value, the target portfolio – which previously comprised corporate bonds (including covered bonds) and equities – will be expanded to include near-public sector issuers. As a result, the target covers approximately 4.9% of the Talanx Group's Scope 3.15 emissions. If one only takes into account the Scope 1 and Scope 2 emissions from corporate finance that underlie the target, the coverage amounts to 74.0%. The Talanx Group considers this to be an extension of its existing target. The use of EVIC-based GHG intensity and the extension to include additional issuers improve the quality of the information provided and do not materially change the methodology used to date. For this reason, reference is still made to the 2019 base year. Also, as previously explained, the existing goal cannot be considered to have been permanently met due to the dynamic character of the intensity metric. This is not a science-based target. The calculation methodology for emissions relevant to the climate strategy target is defined in the same way as the methodology for calculating total financed emissions under Scope 3.15., which is described in section 2.2.9 "Gross Scopes 1, 2, 3 and Total GHG emissions". The only difference is that, in contrast to the PCAF-based emissions calculation for debt instruments described in that section, the market value rather than the nominal amount is used. The progress made towards achieving the target is constantly tracked and published annually in the sustainability reporting. To date, the Talanx Group has not identified or quantified any concrete levers or actions as defined by the CSRD to achieve its investment target. There is no direct connection with the investment policies. No sectoral or cross-sector decarbonisation pathways exist. The target is not guaranteed compatible with the 1.5°C goal and is not based on climate scenarios. It is not explicitly planned to introduce any new technologies to achieve the target. The target was resolved by the RIC. All relevant internal stakeholders, such as the chief investment officers of the Group's divisions and the CFO, were involved in setting the target. [E1-4 30, 33, 34, AR 24, AR 25 a, AR 26, AR 30 b, c, MDR-T 79, 80 a, b, d, e, f, g, h, j]

Expressed in relation to the total investments in the global liquid investment portfolio of corporate bonds including covered bonds, near-public issuers and equities as at the 2024 year-end (EUR 54.8 billion), the targeted intensity reduction would lead to an absolute reduction in emissions of 3.0 million tCO_2e, from 5.5 million tCO_2e to 2.5 million tCO_2e. However, since the target is based on intensity, this derived absolute target value is a snapshot as at the reporting date and varies with changes in the underlying investment volume. Consequently, target achievement does not depend on reaching the absolute level of emissions. [E1-4 34 c, AR 23, MDR-T 80 c, d]

An emissions reduction of 60.7% to 38.1 tCO_2e/EUR million as against the base year 2019, which had the baseline intensity of 96.9 tCO_2e/EUR million, was achieved in the period up to mid-December 2024. This corresponds to an absolute reduction in financed emissions of approximately 3.4 million tCO_2e, which was also driven by changes in the market value.

The following applies to the Hannover Re Group:
In addition to the decarbonisation of the investment portfolio, dialogue with issuers about ESG and climate matters – which also forms part of the Environmental Strategy – is seen as an important means of promoting the transition to a lower-carbon world and of making it possible to reach global climate goals. [MDR-T 80 a] In line with this, a strategic quantitative commitment target was resolved for the current 2024–2026 strategy cycle that aims to enhance dialogue with issuers and hence to positively influence climate change mitigation. [E1-4 33] The target specified provides for regular dialogue on ESG and climate matters with at least 20 issuers in the Hannover Re Group's investment portfolio from 2024 to the end of 2026. The baseline value from which progress is measured is "technically" zero, in line with the number of such discussions held in 2023. [MDR-T 80 b, c, d, e]

[1] EVIC: enterprise value including cash.
[2] As the market develops, comparability improves and more data become available, the previously used revenue-based GHG intensities will be replaced by enterprise-based (EVIC-based carbon) intensities starting in financial year 2025. A company's EVIC-based GHG intensity is calculated using its Scope 1 and Scope 2 emissions, measured in tonnes of CO_2 equivalents, standardised by the company's EVIC in EUR million. The Talanx Group uses the intensity metrics supplied by external data providers for this. Subsequently published data were also taken into account for the base year, so as to ensure that the basis was covered as well as possible (MDR-T 80b).

Another goal set out in the Hannover Re Group's Environmental Strategy is to increase sustainable investments. [MDR-T 80 a] The increasing addition of sustainable investments to the investment portfolio explicitly relates to investments that support the transformation to a resource-efficient, climate-neutral economy. This includes the following in particular: [MDR-T 80 c]

- Sustainable infrastructure investments, e.g. in renewable energy and clean transportation that accelerate the shift away from fossil fuels by providing low-carbon alternatives
- Impact investments, which promote particularly sustainable innovations such as in the areas of the circular economy, energy storage or energy savings
- Sustainable forestry and agricultural investments

The aim is to increase these investments in line with the Environmental Strategy by at least 45% in the period from 2024 to the end of 2026 compared to the baseline value from the end of 2023 and hence to have a positive impact on both climate change mitigation and the shift towards renewable energy. In addition, negative influences on the climate will be significantly reduced. [MDR-T 80 a, b, d, e, E1-4 33]

The last two investment targets are based on the Hannover Re Group's strategic assumptions and not on specific scientific evidence. [MDR-T 80 f, g] External stakeholders were not consulted when setting the targets. [MDR-T 80 h] Compliance with the targets is constantly monitored and the Board of Management is informed of the progress made at least once a year. The progress made towards the targets is in line with what had been originally planned. [MDR-T 80 j] No significant change in the performance of the undertaking towards achieving the target could be established.

Underwriting

The following applies to the Hannover Re Group:
As part of its Environmental Strategy, the Hannover Re Group has set itself the goal of decarbonising its facultative division. [MDR-T 80 a] This involves scaling back its carbon-intensive Property/Casualty Reinsurance business, reducing the negative impacts on climate change. [E1-4 33] The target set is to reduce the number of facultative reinsurance contracts for thermal coal risks by 20% in the period from 2024 to 2026. [MDR-T 80 b, c, e] The benchmark for measuring progress is the number of facultative reinsurance contracts relating to thermal coal that existed in 2023. The number of contracts involved cannot be given in more detail for competitive reasons/reasons of confidentiality.

Driving forward the transition and better managing the reinsurance business in relation to ESG depends on achieving a common understanding together with global customers and on increased transparency on ESG matters. Consequently, the Hannover Re Group has set itself another goal in its Environmental Strategy of enhancing dialogue on, and commitment in relation to, ESG topics with its reinsurance customers. [MDR-T 80 a] By adopting this goal, the Hannover Re Group is increasing transparency and obtaining information on its customers' sustainability efforts. This reduces the negative impact on climate change mitigation of reinsuring carbon-intensive sectors and the occurrence of liability risks in the case of unsustainable business practices. [E1-4 33] The target set is to conduct a dialogue on ESG focus topics with the 100 largest Property/Casualty Reinsurance customers in the period from 2024 to 2026. [MDR-T 80 b, c, e] The baseline value from which progress is measured is zero, in line with the number of such discussions held in 2023. [MDR-T 80 d]

To strengthen societal resilience, the Hannover Re Group has set itself the additional goal in its Environmental Strategy of expanding its sustainable insurance solutions for mitigating the consequences of climate catastrophes and natural catastrophes in emerging markets and developing countries. [MDR-T 80 a] The Hannover Re Group is helping to reduce this gap in insurance cover caused by the absence of insurance for climate risks by stepping up cooperation with its partners, hence reducing the negative impact in connection with climate change mitigation and climate change adaptation. [E1-4 33] The target set for the period between 2024 and 2026 is to underwrite five additional Property/Casualty Reinsurance programmes aimed at providing cover for nat cat risks in emerging markets and developing countries. [MDR-T 80 b, c, e] The baseline value from which progress is measured is the existing number of such programmes in 2023, which is to be increased by five. [MDR-T 80 d]

The three reinsurance targets outlined are based on the Hannover Re Group's strategic assumptions and not on specific scientific evidence. [MDR-T 80 f, g] Stakeholders were not consulted when setting the targets. [MDR-T 80 h] Compliance with the targets is constantly reviewed; the Board of Management is informed of the progress made twice a year. The progress made towards the targets is in line with what had been originally planned. No significant change in the performance of the undertaking towards achieving the targets could be established. [MDR-T 80 j]

Own operations

The Talanx Group has embedded climate change mitigation in its sustainability strategy and intends to achieve net zero emissions in its entire business by 2050; this encompasses not only its own operations but also its underwriting and investment activities. In 2020, the Talanx Group adopted a short-term target on its way to net zero in 2050 of reducing its operational GHG emissions in Germany (Scope 1 and Scope 2 (market-based) in accordance with the GHG Protocol) by 25% compared to the 2019 base year by 2025.[1] In the base year, 35% (2024: 52%) of the emissions included were from Scope 1 and 65% (2024: 48%) were from Scope 2. Expressed in terms of the original scope of reporting, the target was already met in 2023, with a 38% reduction compared to the base year being achieved. This level of reductions was kept almost stable in the reporting year, with the figure now amounting to 37% compared to the base year of 2019. Meeting the target ahead of schedule underscores the continuous efforts being made to shrink the environmental footprint. The strategic orientation on a Group-wide reduction target described above is not science-based and hence is not necessarily compatible with the goal

[1] As a matter of principle, own operations targets do not include the consolidated real estate and infrastructure investments that are held solely for investment purposes.

of 1.5°C. The Talanx Group is currently engaged in developing such a target. No climate scenarios or similar metrics were initially included when setting the target. Developments influencing GHG emissions and corresponding reductions were taken into consideration through the reduced use of fossil fuels such as gas. Potential decarbonisation levers such as more efficient energy usage were only considered from a qualitative perspective during target setting; the electricity used was already sourced exclusively from renewable energy at the time of base year. The year before the COVID-19 pandemic, 2019, was taken as the base year to improve comparability. Total Scope 1 and Scope 2 emissions (market-based) for the German locations amounted to 9,765 tCO_2e in 2019. As part of target achievement, decarbonisation levers in the form of efficient energy usage were determined for Scope 2 in particular. This is reflected in the fact that Scope 2 emissions (market-based) in the reporting year were 3,391 tCO_2e lower that those for the base year – a 53% reduction. Group Strategy & Sustainability has been entrusted with monitoring, since emissions data from the Group-wide business units are needed to measure and monitor target achievement. All relevant internal stakeholders such as the Group's Board of Management, the Supervisory Board and all central Group functions involved (such as Facilities Management and Strategic Purchasing) were included in target-setting. The target described represents a milestone on the road to the goal of achieving global GHG neutrality in own operations (including offsetting remaining Scope 1 and Scope 2 emissions and Scope 3.1 to 3.14 emissions) by 2030. [MDR-T 79, 80, E1-4 30, 32, 33, 34, AR 24, AR 25 a, b, d, AR 26, AR 30 a, c]

The Talanx Primary Insurance Group has offset the Scope 1 and 2 emissions and Scope 3.1. to 3.14. emissions that it discloses for its own operations in Germany since 2019.[1] The Group is aiming to achieve GHG neutrality (including offsetting of remaining emissions) for emissions from its own operations (Scope 1 and Scope 2 (market-based) plus Scope 3.1. to Scope 3.14. in accordance with the GHG Protocol) at all its global locations by 2030 at the latest. The base year referenced is still 2019, due to the direct link to the existing emissions reduction target. Scope 1 emissions (13%) and Scope 2 emissions (10%) currently only account for a small proportion of total emissions from own operations (not including the emissions from consolidated real assets) in the Talanx Group; the largest share (76%) is accounted for by Scope 3.1. to Scope 3.14. emissions. Percentages are rounded to a single decimal place. Rounding differences may occur. The transition to a low-emissions, climate-friendly economy needs to be comprehensively planned and must include setting short-, medium- and long-term targets, including specifying all climate change adaptation and mitigation actions in extensive detail. The strategic orientation for a Group-wide reduction target described above is not science-based and hence is not necessarily compatible with the 1.5°C goal. The Talanx Group is currently engaged in developing such a target. No climate scenarios or similar metrics were initially included when setting the target. The Talanx Group has already implemented all material technologies needed to achieve its aim of GHG neutrality (including offsetting remaining Scope 1, Scope 2 and Scope 3.1. to 3.14. emissions) in its own operations by 2030, and to achieve its interim goal for 2025, and is endeavouring to expand the technologies' application. The Group is open to the use of additional technologies to achieve its targets. However, there are no plans at present to implement additional technologies. In line with the GHG Protocol, all relevant and necessary greenhouse gases are included in the Talanx Group's calculations, target setting, policies and actions using GHG equivalents. [MDR-T 80, E1-4 30, 32, 33, 34, AR 24, AR 25 a, b, d, AR 26, AR 30 a, b, c]

The following applies to the Hannover Re Group:
The Hannover Re Group's aim in setting goals as part of its Environmental Strategy is to further decarbonise its facultative division. [E1-4 33, MDR-T 80 a]

To do this, it set itself the target for the 2024 reporting year of procuring 100% of the electricity for the global Hannover Re Group (in kWh) from renewable energies. Supporting the shift towards renewable energy by purchasing electricity from renewable sources and reducing the consumption of heating energy and electricity in company buildings strengthens positive impacts in connection with climate change mitigation and climate change adaptation. [E1-4 33, MDR-T 80 b, c, e] The Group's use of electricity from renewable energy in the reference year, 2023, was 67%. [MDR-T 80 d] The target was met in the reporting year. The procurement of electricity from renewable energies will be continued in coming years. [MDR-T 80 j]

In addition, the Environmental Strategy has set the goal in relation to its leasing of company vehicles to full electrify the fleet at its Hannover location by 2030. [MDR-T 80 a, b, c, e] Transitioning the fleet of company vehicles to e-mobility options supports the positive impact on climate change mitigation, the acceptance of e-mobility and the shift towards renewable energy. [E1-4 33] The share of electric-drive company cars in the reference year, 2023, was 9%. [MDR-T 80 d] The progress made towards the targets so far is in line with what had been originally planned. [MDR-T 80 j]

The two own operations targets are based on the Hannover Re Group's strategic assumptions and not on specific scientific evidence. [MDR-T 80 f, g] Stakeholders were not consulted when setting the targets. [MDR-T 80 h] Compliance with the targets is constantly reviewed; the Board of Management is informed of the progress made twice a year. [MDR-T 80 j] No significant change in the performance of the undertaking towards achieving the targets could be established.

[1] Does not relate to consolidated real estate and infrastructure investments for investment purposes only.

2.2.9 Gross Scopes 1, 2, 3 and Total GHG emissions

The Talanx Group follows ISO 14064, the international greenhouse gas standard. It built on this in the 2024 financial year to expand its internal framework for ensuring uniform data capture and reporting, and the quantification of GHG emissions throughout the Group. Scope 1 and Scope 2 GHG emissions and the Scope 3 emissions that are considered to be material are measured and reported in line with the reporting thresholds defined in the GHG Protocol's operational control approach.

GHG emissions have to be measured and reported for the sustainability strategy to be implemented. Although standardised methodologies and emission factors increase the consistency, comparability and transparency of the emissions data, they cannot guarantee complete objectivity. Scope emissions are calculated using both activity data and emission factors. Primary data (specific data, especially data provided by suppliers and partners) and secondary data (sector-specific averages, cost-based calculations and other generic data sources) are both used. Emissions related to own operations are calculated using emission factors supplied by the International Energy Agency in the case of emissions relating to electrical energy. A factor provided by Ecoinvent is used for emissions relating to district cooling. Data from the UK's Department for Environment, Food & Rural Affairs (Defra) are used for all other sources of emissions. These established providers supply up-to-date, standardised data that permit adequate reporting.

The categories used for reporting emissions 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 and district cooling)
- Scope 3: Indirect emissions from business-related activities and supply chains (e.g. business travel and purchased goods and services, but also financed emissions)

The principles, requirements and guidelines set out in the GHG Protocol are used for quantitative disclosures of Scope 1 emissions. The underlying data are derived from the local business units and cover fuel consumption from fossil and renewable sources, and self-generated energy consumption. This provides a reasonable basis for reporting on, and strategic planning of, energy consumption. [E1-6 AR 39 b]

The Talanx Group applies both the location-based and the market-based approach to quantifying Scope 2 emissions. The combination of the two approaches gives the Talanx Group a comprehensive view of its Scope 2 emissions. The location-based approach is based on average emissions factor data for energy generation in the locations throughout the Group, measured at country level. It draws on information on the country in which the unit concerned is located plus total purchased energy consumption. By contrast, the market-based approach quantifies Scope 2 emissions on the basis of the GHG emissions at the concrete energy producers from which the Group units source their energy. In addition to electricity consumption, energy-related heating and cooling consumption is relevant to Scope 2 emissions. [E1-6 AR 39 b, AR 45 d]

To the extent that the Talanx Group or individual units use electricity from renewable energy, the relevant credits are lodged. This ensures that the electricity actually comes from these energy sources and hence is emission-neutral. Within Scope 2, a total of 85% of the energy from renewable sources that is used comes from contractual relationships with bundled instruments, while 15% comes from the additional acquisition of unbundled instruments. [E1-6 AR 45 d]

The proportion of total Scope 2 emissions from Group-wide energy utilisation attributable to biomass is extremely small and estimated to be <1%. Consequently, it is not currently possible to disclose biogenic emissions of CO_2 from the combustion or biodegradation of biomass separately from Scope 2 emissions. Another challenge is the fact that the emission factors used do not disclose the proportion of biomass or biogenic CO_2 separately at present. [E1-6 AR 45 e]

The following GHG Protocol subcategories were identified as material for the Scope 3 emissions from activities in the entity's upstream and downstream value chain. Where subcategories are declared to be immaterial, this is done on the basis of a substantive reason backed up by evidence in the form of quantifiable calculations.

Material Scope 3 categories are: [E1-6 AR 46 d, i]

- Scope 3.1. Purchased goods and services
- Scope 3.2. Capital goods
- Scope 3.3. Indirect fuel and energy-related activities
- Scope 3.6. Business travel
- Scope 3.7. Employee commuting and remote working
- Scope 3.15. Investments

The Group has taken a series of measures to further improve its reporting so as to disclose Scope 3 insights and actions. Enhancing Scope 3 reporting is a process that will probably take several years and in relation to which the Talanx Group consistently aims to disclose relevant and adequately precise data, and to apply suitable methodologies and standards. The Talanx Group undertakes to review the GHG emissions that it publishes and to take corrective action if necessary. This ensures that the emissions reported represent the emissions generated by the Group's business activities correctly and completely. When capturing the underlying data, the Talanx Group complies with the priorities recommended by the GHG Protocol for selecting data sources. [E1-6 AR 39 b]

The Talanx Group includes the utilisation of data centres and cloud computing as a material service in category 3.1. "Purchased goods and services". For preference, the underlying data are sourced directly from the service provider concerned in the form of previously disclosed GHG emissions or energy usage in connection with the service. If such data cannot be provided, the service costs are used as the basis for calculation and are multiplied with cost-based emission factors. Country-specific emission factors used in energy-related calculations of GHG emissions are sourced from the International Energy Agency, and cost-based emission factors from Scope3analyzer. Scope3analyzer is a tool that is used to calculate emissions in the upstream value chain. [E1-6 AR 39 b, AR 46 g, h]

Scope category 3.2 "Capital goods", is used to recognize notebooks, monitors, servers and office furniture purchased in the reporting year across their life cycle as material goods from the upstream value chain for the Talanx Group. Calculation of the emissions associated with notebooks and monitors is performed at the product level on the basis where possible of model-specific cradle-to-gate GHG footprints, which are published by the manufacturers, for example. Conversely, servers and office furniture – subcategories that comprise a wide range of different items – are estimated using cost-based emission factors provided by the Scope3analyzer. [E1-6 AR 39 b, AR 46 g, h]

Scope category 3.3. "Indirect fuel and energy-related activities" contains firstly emissions from the upstream life cycles of fuel and energy sourced in the reporting year that do not result from the combustion process for energy generation. Secondly, it also reports emissions from the generation of energy that was lost during the transmission of utilised energy. The fuel consumption and energy utilisation data captured for Scope 1 and 2 serve as the underlying data for the calculation, and are multiplied by current emission factors from the International Energy Agency or Defra. [E1-6 AR 39 b, AR 46 g, h]

Scope category 3.6. "Business travel" is used for emissions from employee transport for business purposes. Emissions related to employee commuting and travel in Group-owned vehicles are not included in this category, but are reported instead in other scopes or Scope 3 categories. The Talanx Group's material types of mobility comprise train journeys, car travel with the exception of taxi journeys, private flights and regular flights, which are divided into the "short-, medium- and long-haul" subcategories. For preference, supplier-specific GHG emissions data or the distances travelled by type of mobility are used as the underlying data, since fuel- and energy-related data are generally not available. If the distances are not known, a cost-based estimate of the emissions is performed. Emissions are calculated using either Defra's distance-based emission factors or cost-based emission factors from Scope3analyzer. For preference, private flights are included on the basis of the providers' emissions data. Where these are not known, the aircraft type and the route travelled are used to calculate the emissions for the specific aircraft with the help of the Small Emitters tool provided by Eurocontrol, the European Organisation for the Safety of Air Navigation. Emissions related to train travel with Deutsche Bahn were either avoided by this provider sourcing electricity from renewable energy or offset by it. The Talanx Group does not know the amount of emissions offset. Nonetheless, route-based emissions totalling 377 tCO_2e were calculated for all journeys undertaken with Deutsche Bahn and included in the Group's GHG footprint. This ensures that the Deutsche Bahn emissions are included in the Talanx Group's GHG footprint, regardless of whether they are offset or not by Deutsche Bahn. Consequently, the Group does not additionally offset train travel emissions. [E1-6 AR 39 b, AR 46 g, h]

Emissions in Scope category 3.7. "Employee commuting and remote working" are initially estimated by assessing commuting behaviour, including the means of transport and the route to and from work, plus the duration of remote working. For preference, specific regional surveys are conducted within the Group, since it is not possible to collect data from all employees. Only the duration of remote working is also captured directly in some cases. By contrast, external studies are used to estimate commuting behaviour at the Hannover Re Group. The estimates produced are then extrapolated to all regional workforces. Energy requirements for remote working are estimated using average performance data supplied by the Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e. V. (Association for Environmental Management and Sustainability in Financial Institutions). After this, current emission factors supplied by Defra and the International Energy Agency are used to calculate the emissions. [E1-6 AR 39 b, AR 46 g, h]

With respect to its own investment portfolio, the Talanx Group determines the financed GHG emissions in Scope category 3.15. in accordance with the guidance issued by the Partnership for Carbon Accounting Financials (PCAF). In addition, the methodology is extended in some cases to investment classes that are not currently included in the existing PCAF standards. These include sub-sovereign bonds, covered bonds and indirect investments. Although the Group endeavours to calculate the financed emissions for as large a proportion of the portfolio as possible, the potential degree of coverage is limited by the incomplete development of the underlying methodologies and the limited availability of reliable data. Consequently, financed emissions are not currently calculated for asset-backed securities (ABSs), mortgage-backed securities (MBSs), cash and derivatives, among other things. Equally, no financed emissions are calculated for unit-linked life insurance, since no calculation methodology is available for this. The coverage and the data quality will be continuously and systematically expanded as soon as suitable methods exist for this. The financed emissions are calculated by weighting the investment by the issuer's or the investment's GHG intensity in accordance with the underlying investment categories in four key areas:

- Corporate financing – debt: This includes all debt investments in liquid and illiquid corporate bonds and near-public entities
- Corporate financing – equity: This comprises investments in listed equities and private equity
- Financing of real assets: This area consists of investments in real estate, infrastructure projects and mortgage loans
- Sovereign debt: This comprises investments in public debtors and supranational public-sector issuers and other sovereign institutions

Corporate financing – debt: In the case of corporate bonds, the size of the investment is calculated using the nominal unless this approach is not suitable for the financial instrument concerned, as for example with zero bonds. In this case the market value is used. An estimation methodology is used to determine the GHG intensity in the case of corporate finance for which no datapoints are currently available. Either the prior-year data or an approximation based on the sector and the region in which the undertaking is located are used. The average intensity for the sector in the region is assigned to the undertaking. If the data population is too small, a global estimator for the relevant sector is used. In addition, all estimators are adjusted to remove upward and downward outliers.

Corporate financing – equity: In the case of equities, the size of the investment is calculated from the fair value. Any missing datapoints for an undertaking's EVIC GHG intensity are approximated using the method described for corporate financing – debt.

Financing of real assets: The Talanx Group uses the GHG accounting methodology described in detail in PCAF Part A. In addition, a distinction is made in relation to these assets depending on whether they are consolidated or not. Consolidated investments are reported as Scope 1 and 2 emissions for Talanx and are not considered to be financed emissions.

Sovereign debt: The size of investments in bonds from sovereign issuers is calculated as for corporate bonds using the nominal, unless this approach is not suitable for the financial instrument concerned, as for example with zero bonds. In this case the market value is used. In the absence of specific PCAF guidance for carbon accounting in the case of subsovereign issuers not including near-public entities, the methodology used for corporate bonds is adapted for these asset classes.

In 2024, the total volume of financed GHG emissions was 42.4 million tCO_2e with a PCAF quality score of 3.2. The degree of coverage for the financed GHG emissions was 87.3%. If the consolidated real assets were also to be reported as financed emissions, total emissions would increase by 56,570 tCO_2e. A large majority of total emissions result from the Scope 3 emissions produced by investees. The methodology used leads to many instances of double counting in the portfolio. In addition, the more direct Scope 1 and 2 emissions are strongly driven by investments in sovereign debt.[1] If the GHG emissions/reductions from land use, land-use change and forestry are included for sovereign debt, the financed emissions amount to 41.7 million tCO_2e. [E1-6 AR 39 b, AR 46 g, h]

The Talanx Group takes the view that, as a sector-specific topic, insurance-associated emissions cannot be a sector-agnostic reporting requirement and that they are also not a reportable GHG Protocol metric. Consequently, insurance-associated emissions are not covered by the disclosure obligation set out in ESRS 1-6 44. However, the Talanx Group has to include insurance-associated emissions in its reporting as entity-specific disclosures, in line with the results of the materiality assessment, even though the influence that it has on the decisions customers make about GHG emissions is generally extremely limited. The Group has exercised the phase-in option for this and has not reported any figures in its 2024 sustainability report. Nevertheless, it is working on the calculation methodology and on improving general data availability. The non-reporting of this issue does not indicate that it has been given a low priority; rather, the decision is largely due to the insufficient data that are currently available on the market. Additionally, although the calculation standard used (the PCAF approach) offers a means of calculating insurance-associated emissions, it does not permit any distinction to be made between different portfolio policies in the Corporate & Specialty segment. Market data providers are working to improve their data, while the Talanx Group is attempting at the same time to enhance its internal data. For example, it is examining how to capture mileage data for individual vehicles and include these adequately in its systems with a reasonable amount of effort. Moreover, in the Motor area it aims to divide the vehicle fleet business and the retail business into two separate lines of business where this is not already the case. For the lines of business that fall within the PCAF standard's "commercial lines" category, the Talanx Group is working to improve its customer emissions and revenue data. In addition to improving the data that is available internally, the Talanx Group is preparing to systematically include externally sourced data that can be used to estimate its insurance-associated emissions. [E1-6 AR 39 b, AR 46 g, h]

The Talanx Group recognises that efforts to reduce GHG emissions are an ongoing process. They require care, commitment and the readiness to engage in continuous improvement in order to kept abreast of best practice and the state of the art. The Talanx Group is maintaining its commitment to the environment and its stakeholders by measuring and reducing its emissions and continuously improving the methodologies and processes used. This endeavour will continue to be at the heart of its Group-wide sustainability strategy in coming years.

[1] In the case of sovereign debt, only the financed Scope 1 emissions not including land use, land-use change and forestry are reported.

2.2.10 GHG removals and GHG mitigation projects financed using GHG credits

One key environmental goal that Talanx's Primary Insurance Group has set itself is maintaining its commitment to GHG neutrality (including offsetting remaining emissions) in Germany.[1] In 2024, Scope 1, Scope 2 and the reported Scope 3.1.–3.14. GHG emissions by the German units in Talanx's Primary Insurance Group were again offset by purchasing and retiring carbon credits; the amount concerned was 19,335 tCO_2e.[2] 5.7% of the offsets were performed directly by an IT infrastructure supplier. [E1-7 56 b]

The Talanx Group offsets the greenhouse gases it emits using greenhouse gas mitigation and avoidance credits outside the Group's own value chain. [E1-7 AR 57 a]

All the GHG credits purchased come from a nature-based project for reforesting and revegetating agricultural land in Paraguay, which is being run in cooperation with local cattle breeders. At more than 4,400 hectares, this 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 greenhouse gas mitigation credits originate from biogenic sinks and meet the requirements set out in Article 6 of the 2015 Paris Agreement. The Talanx Group has been partnering with the project as a provider of both equity and debt finance since 2021. Once again, purchased credits were used for offsetting for the reporting year, and were retired. All of the greenhouse gas mitigation credits that were not purchased but rather provided by an IT supplier originate from a technical project located outside the EU that is run under the United Nations Framework Convention on Climate Change (UNFCCC) initiative, and therefore also comply with the Paris Agreement on climate change. The Hannover Re Group offsets its emissions independently using different projects. [E1-7 58 b, 61 c, AR 57 b, c, AR 62 b]

The project for reforesting and revegetating agricultural land in Paraguay has a low environmental risk, since it promotes sustainable agriculture and avoids deforestation. It works with landowners in whose areas of responsibility deforestation is uncommon or even illegal. Consequently, leakage emissions are extremely small and are considered to be zero. Nevertheless, risk monitoring is ensured over the entire term of the project. [E1-7 AR 57 d]

Offsetting will remain a core element of efforts to ensure sustainable, responsible corporate management in coming years. The Talanx Group understands the need to reduce GHG emissions and aims to play its part in this. Offsetting GHG emissions plays a major role here. The aim is to promote new trends and innovations in the decarbonisation sector, but also to weigh these from a risk perspective in our business activities. [E1-7 AR 58 c, AR 63 b]

The Talanx Group's current targets for reducing Scope 1 and Scope 2 emissions in Germany do not include the use of GHG credits. Consequently, the availability and price of GHG credits do not influence the implementation of the targets. GHG credits will serve to offset the Group's remaining emissions, and hence ensure Group-wide GHG neutrality in own operations, from 2030 onwards. The Talanx Group's ambition of achieving net zero emissions by 2050 is also defined as including offsetting of remaining and unavoidable emissions. [E1-7 60, 61 a, b, AR 61]

The following information applies solely to the Hannover Re Group:
The Hannover Re Group sourced 6,000 tCO_2e of carbon credits outside its value chain in the reporting year. [E1-7 56 b, 59 a] These are based on contractual agreements and will be cancelled in full in the following year. No additional credits whose cancellation is planned were purchased. [E1-7 59 b] The purchased carbon credits meet at least one of the following quality standards: the Verified Carbon Standard (VCS) or the Gold Standard. These carbon credits are used separately from the emissions and emission reduction targets.

They serve to voluntarily offset 100% of the emissions resulting from business travel by air. A variety of quality criteria were defined for the selection of the projects. These include ensuring permanent emissions reductions in the projects and selecting projects that have other social and environmental benefits above and beyond reducing emissions. [E1-7 AR 61] The purchased carbon credits from removal projects originate from biogenic sinks. [E1-7 AR 62 b]

The Hannover Re Group does not perform GHG removals and storage as part of projects which it has developed in its own operations, or to which it has contributed in its upstream and downstream value chain. [E1-7 56 a]

[1] As a matter of principle, own operations do not include the consolidated real estate and infrastructure investments that are held solely for investment purposes.
[2] The retirement relates to own operations and not to the consolidated real estate and infrastructure investments for investment purposes only.

2.2.11 Internal carbon pricing

The Talanx Group does not have an internal GHG price at present. [E1-8 62, 63 a, b, c, AR 65]

2.2.12 Environmental matters in risk management

The Talanx Group does justice to the particular importance of climate change by comprehensively analysing its business model's exposure and resilience to potential risks related to climate change. The analyses address both differences regarding physical and transition risks and differences regarding assets and business activities. Different approaches are designed to ensure proper risk identification and assessment.[1] [ESRS 2 SBM-3 19 a]

Climate-related investment risks can negatively impact the Group's financial position, financial performance and cash flows. However, they are not a separate risk type; rather, their effect can be represented indirectly via the established risk types (and particularly credit and counterparty risk, market risk, liquidity risk and operational risk). One key point when examining climate-related physical and transition risks in the investment portfolio is the distinction between financial investments (such as bonds or shares) and real assets (such as real estate and infrastructure investments). In the case of real assets, climate-related risks can be assessed by examining the exposure of the geographical location affected by climate change-related natural hazards. In the case of financial investments, a variety of different approaches such as transition ratings from established data providers or climate change stress tests can be used. The Talanx Group is continuously improving the methodologies and processes used to properly identify, assess, manage, monitor and report on climate-related physical and transition risks in its investments.

Climate-related physical risks in underwriting result from the potential financial impacts of climate-related events on the insurance business. These are caused by natural hazards such as storms, floods, droughts or forest fires, the frequency and/or intensity of which will be exacerbated by climate change. Natural hazard events can lead to steep increases in claims for damages and can pose a danger to insurers' financial stability. The examination of climate-related physical risks in the Talanx Group's underwriting activities has been successively expanded since 2020, starting with the assessment of the most important peril region (tropical cyclones in the USA) and now also encompassing other peril regions that are exhibiting potential changes due to climate change. At a methodological level, climate-related scenario analyses are used. The peril regions identified are those that contribute materially to the Talanx Group's natural catastrophe risk and that may potentially be affected by climate change. Physical risks are determined for these peril regions, and serve in turn as the basis for quantitative stress tests and climate-related risk premiums when pricing (re)insurance contracts. [ESRS 2 SBM-3 19 b]

The climate-related scenario analysis considers short, medium and long term time horizons. The short-term time horizon covers a period of up to five years, the medium-term time horizon ranges from six to 15 years and the long-term time horizon ranges from 16 to 30 years. [ESRS 2 SBM-3 AR 7 b] The time horizons considered deviate from the ESRS 1 definition since they are based on the requirements for climate change risk analysis contained in the BaFin Guidance Notice on Solvency 2 reporting that was published on 26 September 2022; they do not necessarily reflect the Group's strategic planning cycles (including capital budgeting) or the expected investment holding period. However, the short-term time horizon also corresponds to the planning horizon that is currently considered as part of multi-year business planning. [BP-2 9 a, b] The short-term time horizon is decisive for business management and the climate-related risk premiums that are applied in underwriting during regular pricing of (re) insurance contracts. All three time horizons are included in the climate change stress test, although this focuses more on the medium- and long-term time horizon due to the fact that the impacts are expected to be greater in the distant future.

Material climate-related hazards in Talanx Group's underwriting activities are determined by analysing the tail of the natural catastrophe forecast distribution, starting with a tail value at risk (TVaR) of 99%.[2] The identified peril regions are examined separately on the basis of the meteorological changes, e.g. the increase in temperature. The focus here is on how different physical parameters for a certain hazard in a certain region of the world will behave in future. Depending on the hazard investigated, e.g. tropical cyclones, floods, or heavy thunderstorms, these parameters can be the frequency of events, precipitation intensity or the average event duration. The expected changes in the likelihood, magnitude and duration of events are derived from these parameters so as to ensure that a uniform assessment approach is adopted for all hazards.

[1] The assessment approaches selected do not include the upstream value chain or the resulting potential climate-related physical risks and transition risks. [ESRS 2 SBM-3 AR6]
[2] The TVaR describes the average loss of the worst 1% of losses realised over the coming year. It is assumed that earthquake risk will not be affected by climate change.

ASSESSMENT OF CLIMATE-RELATED PHYSICAL HAZARDS

Climate-related hazards	Regions	Short-term (0–5 years)			Medium-term (6–15 years)			Long-term (16–30 years)		
		Likelihood	Magnitude	Event duration	Likelihood	Magnitude	Event duration	Likelihood	Magnitude	Event duration
Tropical cyclone	North Atlantic (especially USA and Caribbean)	Slight increase	Slight increase	Less relevant	Increase	Increase	Less relevant	Increase	Strong increase	Less relevant
	Northwest Pacific (especially Japan)	Less relevant	Slight increase	Less relevant	Slight increase	Slight increase	Less relevant	Slight increase	Increase	Less relevant
Floods	Central Europe	Slight increase	Slight increase	Slight increase	Slight increase	Increase	Increase	Increase	Strong increase	Increase
Heavy thunderstorms (hail, tornadoes, etc.)	USA	Slight increase	Slight increase	Less relevant	Slight increase	Increase	Less relevant	Increase	Increase	Less relevant

This assessment uses the status of the climate system as the starting point for its baseline year of 2024; in other words, it already contains the influence of anthropogenic climate change from the pre-industrial period up to and including 2024. Consequently, the assessment in the table entitled "Assessment of climate-related physical hazards" relates to climate change impacts that are to be expected beyond 2024. The short-term impacts of climate-related physical hazards are already incorporated in the business processes, e.g. in the form of surcharges.

The natural catastrophe models are used to calculate the anticipated consequences of climate change – which are represented using climate scenarios – for those insured locations that are exposed to increased risk. Existing reinsurance protection is factored in to this. The main outcomes are adapted forecast distributions for each peril region examined. Comparisons with the original forecast distributions that do not contain future climate change impacts provide estimates of the quantitative impacts.

The Talanx Group considers two different climate scenarios, based on current scientific insights from renowned research institutions and initiatives such as the Intergovernmental Panel on Climate Change (IPCC) and the Network for Greening the Financial System (NGFS). These include climate scenario featuring low emissions and a climate scenario featuring high emissions. The first scenario is associated with a 2°C temperature increase by 2050 and corresponds roughly to the IPCC's Representative Concentration Pathway (RCP) 4.5; it also covers the assumed increase in temperatures in the IPCC's Shared Socioeconomic Pathway (SSP) 1-2.6. The second scenario assumes a 4°C temperature increase by 2050; this is significantly more extreme than RCP 8.5 and also goes beyond the temperature increase assumed by the IPCC in its worst-case scenario, SSP 5-8.5. Both scenarios are based on an internally developed climate-related approach to assessing natural catastrophe risks. They are merely aligned with the IPCC requirements rather than corresponding to them in every detail.[1] Among other things, additional granular assumptions are required (e.g. on changes in the frequency and severity of natural catastrophes and on the impact that climate change will have on individual sectors). It should be noted that the scenario for a 4°C increase in global warming by 2050 is physically extremely unlikely and hence represents an extreme case. The IPCC's climate change scenarios show warming of between roughly 1.5°C and 3°C compared to pre-industrial levels in the period up to 2050. The use of these two scenarios – the 2°C scenario with comparatively high transition risks and the 4°C scenario with comparatively large physical risks – provides for the broadest possible range of potential future developments.

The 2024 ORSA calculated stress tests on the basis of the data from financial year 2023. [ESRS 2 SBM-3 19 b] These clearly show the physical risk, particularly when comparing the 4°C scenario with the 2°C scenario: the first scenario assumes that no further initiatives are taken worldwide to limit GHG emissions and that this results in a significant increase in natural hazards. (For example, both the frequency of tropical cyclones over the North Atlantic and the number of events that are particularly severe are markedly increased, whereas in the case of floods both a significant increase in frequency and an average increase in duration are assumed.) The more pronounced physical risks in the 4°C scenario can also ultimately be seen when looking at the natural hazard risk in the Group's internal model, which results in a comparatively more pronounced decline in the solvency ratio. [ESRS 2 SBM-3 19 c]

With reference to the process of capturing and assessing climate-related physical risks, it can be noted that both the scenarios and the stress test results are associated with substantial uncertainties and hence must not be interpreted regardless of their limitations. Firstly, the long-term effects of climate change in particular can only be seen to a limited extent at present, and must be supplemented by addi-

[1] In addition, the climate scenarios used do not necessarily agree with the climate-related assumptions made in the financial statements, since assessment of the technical provisions requires a best-estimate approach to be taken. By contrast, the climate scenarios do not adopt a best-estimate perspective. [ESRS 2 IRO-1 AR 15]

tional assumptions. For example, the climate scenarios considered use the most recent NGFS inputs for macroeconomic variables; however, these only lead to extremely minor capital market shocks and actually assume a recovery in global growth in the long term. On the other hand, the scenario analyses do not show insurance undertakings' opportunities to react. Depending on their liquidity, investments can be traded on a daily basis. Non-life insurance contracts normally have annual termination rights, allowing for short-term adaptation mechanisms. [ESRS 2 SBM-3 AR 8 a]

When modelling natural hazard risks, the Talanx Group makes either fine-scaled or regional adaptations to its models depending on the peril region concerned, but also uses simplified approaches in some cases. Use of the models poses a number of challenges. For example, certain hazard characteristics have conflicting impacts (e.g. an expected increase in the intensity but a potential decrease in the overall frequency of tropical cyclones) and there is no statistically significant proof of changes, or scientific consensus on the impacts, for many peril regions. What is more, it is not always possible to identify unambiguously in the models the extent to which climate change has already been taken into account, since the models are produced using historical data.

The processes for dealing with climate-related transition risks differ at Talanx's Primary Insurance Group and the Hannover Re Group. The Hannover Re Group analyses the extent to which transition events will have an impact using scientific studies such as those published by the IPCC, and through its involvement in internal and external working groups. Climate-related transition risks in underwriting are mainly considered in the form of liability risks. These can arise if companies are made financially responsible for the consequences of climate change and potential fines are included in their insurance policies. Hannover Re Group uses scenarios to regularly monitor its exposure to liability risks in the case of unsustainable business practices. Potential liability risks are largely assessed using a high-impact climate change scenario (based on RCP 8.5), with the further assumption being made that changes in legislation make it possible to hold those responsible for ongoing climate change liable for it.

The Talanx Primary Insurance Group uses a qualitative approach to capturing and assessing climate-related transition risks in underwriting and in its own operations, using expert workshops that focus on selected transition events. For financial year 2024, these transition events were selected on the basis of the Task Force on Climate-related Financial Disclosures (TCFD) classification in accordance with two principles.[1] [ESRS 2 SBM-3 19 b]

(1) Inclusion of at least one transition event per category (policy/legal, technology, market, reputation) and

(2) Selection of events within each category that appear to be the most relevant for the insurance sector and the Talanx Group's business model.

This resulted in the following list of issues examined:

- increased pricing of GHG emissions
- exposure to litigation
- transition to lower emissions technology and
- changing customer behaviour/shifts in consumer preferences

Experts from the Talanx Primary Insurance Group were interviewed about each selected climate-related transition event using a structured questionnaire. This focused on risks that could be incurred by the Talanx Primary Insurance Group in the short, medium and long term in a future corresponding to the NGFS "delayed transition" scenario narrative, and on existing and planned mitigation actions. In line with this, discussions were based on a delayed transition scenario that provides for limiting global warming to less than 2°C. The assumption was that no new political measures are introduced in the period up to 2030 (the short-term period examined), i.e. current policies are continued, and that consequently annual emissions do not fall in the period up to 2030. However, a regime change then takes place after 2030 (the start of the medium-term period examined) and political actions increase abruptly in order to restrict warming to less than 2°C. The short-, medium- and/or long-term risks determined on this basis, and the existing and planned mitigation actions were included in the final analysis of the transition events. This was performed from the perspective of their likelihood (what is the likelihood – low, medium or high – of the Talanx Primary Insurance Group being affected), magnitude (what is the monetary impact – low, medium or high – for the Talanx Primary Insurance Group) and duration (is this a temporary phenomenon or a permanent development). [ESRS 2 SBM-3 AR 7 b]

[1] See ESRS E1-1 12 a.

Increased pricing of GHG emissions: Rising carbon prices are considered to be a permanent trend in the short-, medium- and long-term time horizons.

ASSESSMENT OF THE "INCREASED PRICING OF GHG EMISSIONS" TRANSITION EVENT

	Likelihood	Magnitude	Duration
Short-term (0–5 years)	Low	Low	Permanent
Medium-term (6–15 years)	Medium	Low	Permanent
Long-term (16–30 years)	High	Low	Permanent

For the Talanx Primary Insurance Group's underwriting activities, a sustained rise in the carbon price could mean in principle that certain groups of commercial customers would disappear from the market or would suffer a severe financial impact due to the fact that their business model is no longer viable; this would mean that the customers or customer groups concerned would no longer request insurance cover. The Corporate & Specialty Division, which is a major industrial insurer, could be particularly impacted by this. To this extent, it would be possible in principle for premiums to decline, and for this to have a knock-on effect on Group revenue. However, this is not considered to be a material risk, since no significant change in carbon prices is expected in the short term.[1] Although carbon prices are likely to rise substantially in the medium to long term, especially in the EU, this factor is unlikely to be the decisive reason for business models to disappear. Instead, any such effect would be influenced by a large number of additional factors such as public pressure due to changes in consumer behaviour. Equally, no significant increase in effect is to be expected in the medium to long term, since any decrease in premiums caused by customers disappearing would be a gradual process, and Talanx – which is a diversified, global insurance group – could offset it over time. [ESRS 2 SBM-3 19 c]

Exposure to litigation: We consider that the Talanx Primary Insurance Group will see greater exposure to climate change-related litigation when approaching the medium term, i.e. during the transition to a more climate-friendly world.

ASSESSMENT OF THE "EXPOSURE TO LITIGATION" TRANSITION EVENT

	Likelihood	Magnitude	Duration
Short-term (0–5 years)	Low	Medium	Permanent
Medium-term (6–15 years)	Medium	Medium	Permanent
Long-term (16–30 years)	Medium	Medium	Permanent

In general, a distinction can be made between three different situations:

(1) Situations in which legal action is taken against the Talanx Group or companies belonging to the Group in which the plaintiffs allege that the Group has not complied with existing ESG regulations.

(2) Contractual relationships with customers could result in the Talanx Group having to pay customers' defence costs and/or claims for damages if legal action is brought against customers for failure to comply with existing ESG regulations. This typically affects the various different facets of third-party liability insurance.

(3) Property insurance contracts could lead to the Talanx Group being exposed to claims by customers to replace insured items following natural catastrophes, even if the policy concerned does not provide for natural catastrophe cover.

In general, it can be expected that non-life lines of business will be particularly affected. However, in future, it is also conceivable that life insurance could be affected if impairments to customer health were to lead to claims under existing occupation/disability insurance or life insurance.

At present, the potential risk is not considered to be material. To date, no climate change related court cases with a reasonable chance of success have been brought against companies belonging to the Talanx Primary Insurance Group or its customers. However, it is expected that the potential risk for the Talanx Primary Insurance Group in this area could increase in the medium to long term. This is based among other things on the fact that the effects of climate change have more of a long-term impact, and on the assumption that the legal framework will become stricter over the medium term under the assumed climate scenario. Another consequence to be expected is that greater volumes of more complex ESG regulations will inevitably lead to an increase in climate-related litigation. The fact that a wealth of new legislative initiatives is anticipated, and that there is a risk that the new regulations will be unclear or difficult for economic entities to implement, mean that climate change-related litigation is likely to have a greater chance of success and that the potential risk will therefore increase. [ESRS 2 SBM-3 19 c]

[1] At present, carbon pricing largely affects companies in the high impact sector that have to purchase certificates on Europe's obligatory carbon market. It is impossible at present to foresee when large-scale carbon pricing will be introduced at an international level.

Transition to lower emissions technology: The transition to lower emissions technology primarily plays a role for the Talanx Primary Insurance Group in the short term, but it also affects the medium term.

ASSESSMENT OF THE "TRANSITION TO LOWER EMISSIONS TECHNOLOGY" TRANSITION EVENT

	Likelihood	Magnitude	Duration
Short-term (0–5 years)	High	Medium	Permanent
Medium-term (6–15 years)	High	Medium	Temporary
Long-term (16–30 years)	Low	Low	Temporary

When using properties in Germany, the Group already pays attention to the thermal insulation concepts that exist and also includes energy efficiency measures in its criteria when entering into new leases, so as to achieve its carbon emissions reduction target for its own operations. The headquarter offices at the Talanx Primary Insurance Group's European locations in Poland and Italy, and its Latin American locations in Brazil, Mexico and Chile, are generally powered by electricity generated from renewables as well as from conventional sources.[1] Since most office space is leased, risks could arise from higher rental costs, especially where more modern buildings are used. These risks are not material for the Talanx Primary Insurance Group, since its office capacity has already been reduced due to the introduction of remote working options. In the medium term, potential risks are considered to exist due to the limited opportunities to influence the energy mix for leased buildings.

As regards the vehicle fleet, switching to hybrid and electric vehicles depends to a large extent on the development of the charging infrastructure and the energy mix available in the various countries concerned. Combustion engine vehicles still account for a large share of the fleet and/or the e-charging infrastructure is relatively underdeveloped at present in Germany, Poland, Türkiye, Brazil and Mexico, for example. This means that a large-scale switch to more environmentally friendly propulsion technologies in these countries is only likely to happen in the medium term. In Italy, by contrast, the goal is to replace conventionally powered company cars by hybrid/electric vehicles in the short term. The risks related to a switch in the vehicle fleet are considered to be low, since it can be expected that any statutory requirements for this can be met as they occur.

Since the Talanx Primary Insurance Group is likely to take most actions associated with switching to lower-emissions technologies for its buildings and vehicle fleet in the short and medium term, this transition event is considered to be relatively unimportant in the long term, both as regards its likelihood and as regards its magnitude. [ESRS 2 SBM-3 19 c]

Changing consumer behaviour/shifts in consumer preferences: Changing customer behaviour is seen as a material topic and transition risk for the Talanx Group's Primary Insurance business across the entire observation period, and it is expected that this will increase over the long term.

ASSESSMENT OF THE "CHANGING CONSUMER BEHAVIOUR/SHIFTS IN CONSUMER PREFERENCES" TRANSITION EVENT

	Likelihood	Magnitude	Duration
Short-term (0–5 years)	Medium	Medium	Permanent
Medium-term (6–15 years)	Medium	Medium	Permanent
Long-term (16–30 years)	Medium	High	Permanent

Changing customer needs and changes in the regulatory and legal framework will also entail changes to product design; to date, this mainly affects the Talanx Group's primary insurance property/casualty business. In line with this, the Corporate & Specialty and Retail International divisions consider the need to transition to be a more important factor than Retail Germany does. The range of pension scheme products in the Retail Germany Division has included unit-linked life insurance products with sustainable funds for several years (classification in accordance with Article 8 or Article 9 of the Sustainable Finance Disclosure Regulation (SFDR)). However, the Retail International Division is also increasingly offering unit-linked life insurance products with sustainable funds via its Italian subsidiary.

Going forward, the Retail International Division in particular expects that the non-life area will see growing demand for property insurance including natural catastrophe cover, and that this may even be required by law. With respect to motor insurance, the e-mobility product range will have to be expanded to continue to meet customer needs. In addition, the substitution of alternative means of transport will probably be seen in connection with any insurance solutions.

The Talanx Group's primary insurance business considers the risks associated with changing customer needs to be both many-faceted and important. The Corporate & Specialty Division primarily sees itself exposed to reputational risks in the short-term. These could result from diverging customer expectations in some cases – especially industrial enterprises in energy-intensive sectors – regarding the division's role in supporting their transformation, and from the public. To combat this, Underwriting already uses exclusions and restrictions: for example, thermal coal risks are no longer insured under new policies.

[1] The statements on the foreign locations made in this section relate to the retail business.

Reputational risks can lead in principle to forgone revenue. On the other hand, providing insurance for forward-looking products opens up new sales potential, while offering new services also opens up new opportunities.[1] However, this leads to short- and medium-term calculation risks for premiums and liability risks in relation to the quality of the items insured, since there is no experience with sustainable products and manufacturing processes yet, and hence no associated datapoints exist. Actions such as including uncertainty surcharges in the insurance premium, capping insured amounts, exclusions, adjustments to insurance models and reinsurance protection will play a very important role in mitigating these risks for the Primary Insurance Group, especially in the medium to long term.

In the Retail Germany Division, there is a risk that brokers will act more cautiously when selling sustainable products in order to avoid potential advisory liability and that they may prefer to advise on conventional products. Potential greenwashing risk is being guarded against both in product design (by carefully selecting fund partners) and in product marketing (by performing extensive legal reviews). [ESRS 2 SBM-3 19 c]

Regarding the process used to capture and assess climate-related transition risks, it should be noted that the scope of the examination in the past reporting year focused on the Talanx Group's Primary Insurance Group's major markets.[2] The goal is to examine additional markets and to involve additional specialist experts in the future so as to ensure comprehensive evaluation. In addition, the thematic scope of the examination is to be expanded in the future to include the TCFD's "increased cost of raw materials" transition event, since this could be relevant to the Talanx Primary Insurance Group in relation to loss adjustment (e.g. in motor business). When interpreting the results, it should be noted that the probable financial impacts (i.e. the magnitude) of the climate-related transition risks that have been identified (and of the individual transition events concerned) are based on purely qualitative expert estimates. [ESRS 2 SBM-3 AR 8 a] The inability to quantify the risks at present made it more difficult to distinguish between gross and net risks in the workshops. Quantification methodologies are being examined and will be gradually integrated as part of the continuous improvement process. [ESRS 2 SBM-3 AR 7 c]

The following table summarises the material climate-related risks for the Talanx Group, broken down into physical and transition risks. [ESRS 2 SBM-3 18]

MATERIAL CLIMATE-RELATED RISKS FOR THE TALANX GROUP

Climate-related physical risks	Climate-related transition risks [1]
■ The prospect of **higher claims expenses due to natural catastrophes**, especially tropical cyclones over the North Atlantic and floods in Central Europe	■ **Calculation and liability risks** relating to insurance for sustainable products and manufacturing processes due to the current lack of empirical data
■ **Risk of impairment to investments** (especially in the case of real assets) in regions severely affected by climate change, with knock-on effects for the Group's balance sheet and statement of income (e.g. need for write-downs, credit defaults)	■ **Financial risks** if natural catastrophe cover becomes mandatory when writing property insurance
■ **The insurability** of items in the Property Insurance and Technical Insurance lines of Property/Casualty insurance will be **called into question in the future**, especially in regions particularly affected by climate change.	■ **Reputational risks and associated loss of revenue** resulting from the trade-off between acting as a transformation partner to support industrial customers and the anticipated expectations of retail customers that the Talanx Group will position itself as a sustainable insurance group and develop in this direction

[1] The material climate-related transition risks relate to the Talanx Primary Insurance Group.

In the context of the qualitative and quantitative analyses of the material climate-related risks explained above, no concrete potential risks are ascertainable that existentially endanger the Talanx Group's financial position, financial performance and cash flows. The climate change stress test revealed that the Talanx Group has comfortable capitalisation ratios across all the time horizons examined. This means that the Group has a robust risk-bearing capacity.[3]

[1] For example, HDI Risk Consulting GmbH offers its customers consulting solutions on preventive measures and comprehensive location-based climate risk analyses.
[2] The following markets were covered In 2024: Germany, Poland, Italy, Turkey, Brazil, Mexico and Chile.
[3] However, it should be noted that the results of stress tests are associated with substantial uncertainties and cannot be interpreted regardless of their limitations.

2.3 Environmental indicators

TARGETS RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTATION (E1–4 30, 34 A-D)

tCO_2eq	Base year 2019	2025 target	2030 target	Up to 2050 target	Target from 2050
Scope 3.15 – financed emissions – liquid portfolio					
GHG emission intensity, absolute	96.9		43.6		
GHG emission intensity, relative	100%		45.0%		
Scope 1 & 2 market-based – own operations in Germany					
GHG emissions, absolute	9,765	7,324			
GHG emissions, relative	100%	75%	GHG neutr. [2]		

[1] Targets within the company's own operations do not include the consolidated real estate and infrastructure investments that are held solely for investment purposes.
[2] GHG neutrality incl. offsetting of remaining emissions.

The table shows the Talanx Group's targets for its investment activities and own operations. The targets set are relative. Thus the target for asset management is to reduce the GHG intensity by 2030 to a maximum of 45% of the intensity reported for the 2019 base year. The Talanx Group also expresses the targets in absolute figures to enhance transparency. These absolute figures are snapshots as at the reporting date that vary depending on the denominator (in this case the EVIC). Consequently, target achievement depends solely on reaching the GHG intensity and not on reaching the absolute target figure. As a matter of principle, own operations targets do not relate to the consolidated real estate and infrastructure investments for investment purposes only. For a greater understanding of the data quality and methodology, see section 2.2.8 "Targets related to climate change mitigation and adaptation". [MDR-M 75, 77]

ENERGY CONSUMPTION AND MIX, OWN OPERATIONS AND REAL ESTATE AND INFRASTRUCTURE (E1–5 35, 37, 38)

	Unit	2024 Total	of which own operations	of which associated non-consolidated undertakings	of which consolidated real estate and infrastructure for investment purposes only
(1) Fuel consumption from coal and coal products	MWh	—	—	—	—
(2) Fuel consumption from crude oil and petroleum products	MWh	33,962	32,402	222	1,338
(3) Fuel consumption from natural gas	MWh	21,288	7,057	55	14,176
(4) Fuel consumption from other fossil sources	MWh	—	—	—	—
(5) Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources	MWh	129,785	21,858	166	107,761
(6) Total fossil energy consumption (calculated as the sum of lines 1 to 5)	**MWh**	**185,035**	**61,317**	**443**	**123,274**
Share of fossil sources in total energy consumption	%	60.4%	60.4%	56.4%	60.4%
(7) Consumption from nuclear sources	**MWh**	**251**	**250**	**2**	**—**
Share of fossil sources in total energy consumption	%	0.1%	0.2%	0.2%	—
(8) Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.)	MWh	2,052	2,039	13	—
(9) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	MWh	110,263	29,030	270	80,963
(10) Consumption of self-generated non-fuel renewable energy	MWh	1,524	1,513	10	—
(11) Total renewable energy consumption (calculated as the sum of lines 8 to 10)	**MWh**	**113,839**	**32,583**	**293**	**80,963**
Share of renewable sources in total energy consumption	%	37.1%	32.1%	37.4%	39.6%
(12) Unattributable energy consumption	**MWh**	**7,334**	**7,287**	**47**	**—**
Share of unattributable energy consumption	%	2.4%	7.2%	6.0%	—
Total energy consumption (calculated as the sum of lines 6, 7, 11, 12)	**MWh**	**306,458**	**101,437**	**785**	**204,237**

Own energy production not consumed by the undertaking	Unit	2024			
Total own non-renewable energy production	**MWh**	**—**	**—**	**—**	**—**
Total own renewable energy production	**MWh**	**674,599**	**24**	**—**	**674,575**
Own renewable energy production via photovoltaic	MWh	24	24	—	—
Own renewable energy production from other sources	MWh	—	—	—	674,575

The "Energy consumption and mix" table contains the consumption data for own operations, associated non-consolidated undertakings, and consolidated real estate and infrastructure investments for investment purposes only. Within own operations, the consumption figures for the consolidated and the non-consolidated but associated, i.e. operationally controlled, business units are disclosed separately. The petrol and diesel consumption figures disclosed in own operations are generally derived from real data for January to October 2024, and from extrapolations based on the previous months or the previous year for the remaining months. The consumption figures for gas, electricity, district heating and district cooling are also partly based on available real data from suppliers (e.g. for the first three quarters of 2024) and on extrapolations (extrapolations for the fourth quarter based on the previous year). In some cases, complete prior-year data sets are used and extrapolations and estimates made on the basis of the changes in office space for 2024. Especially where there were considerable changes in space, a conservative approach was taken for estimates based on prior-year figures, so as to account for potential higher consumption per unit of space for the space that is still in use. Electricity consumption from nuclear energy sources is taken from the electricity mix reported by the utility company. Self-generated electricity from renewable energy is extrapolated on the basis of the previous year with the help of the change in the utility's feed-in tariff or the changes in space for 2024. When breaking down the total consumption, the Talanx Group reports the share of energy that cannot be assigned unambiguously to fossil, renewable or nuclear sources under "(12) unattributable energy consumption". Emissions by associated non-consolidated undertakings were extrapolated from the GHG intensity for own operations using the number of employees. In many cases, the Talanx Group does not itself operate the consolidated real estate and infrastructure investments for investment purposes only. The consolidated infrastructure investments only comprise wind farms, whose own energy consumption is sourced exclusively from renewable energy and the data for which are collected by the utility concerned. For self-managed properties, Talanx collects the data itself, with both real data from suppliers and extrapolations made on this basis being used. The data for externally managed real estate are supplied by the fund managers. The Group does not have direct access to information on concrete consumption in the case of externally managed real estate, on the amounts involved and on the associated emissions from primary sources. Consolidated real estate for investment purposes only mainly comprises commercial real estate such as logistics centres and supermarkets that is operated by the tenants concerned. The Talanx Group is not generally the utilities' contract partner and is dependent when to calculating the emissions on information from third parties, estimates or extrapolations. Since the Talanx Group normally cannot influence either the consumption or the selection of energy sources or fuels, no direct opportunity for control exists. In addition, since the real estate involved is generally commercial real estate, the emissions are also disclosed by the tenants in their Scope 1 and Scope 2 emissions reporting. The Talanx Group reports the figures for consumption from own operations, associated non-consolidated undertakings and consolidated real estate and infrastructure investments for investment purposes only separately from one another. Only emissions from own operations are offset. Consumption figures are rounded to integers, and percentages to a single decimal place. Rounding differences may occur. [MDR-M 75, 77]

TOTAL GREEN HOUSE GAS (GHG) EMISSIONS OF THE UNDERTAKING, DISAGGREGATED BY SCOPES 1 AND 2 AND SIGNIFICANT SCOPE 3 EMISSIONS (E1–6 44, 48, 49, 51, 52)

		Retrospective		Milestones and target years			
	Unit	Base year 2019	2024	2025	2030	2050	Annual % target/base year
Scope 1 GHG emissions							
Gross Scope 1 GHG emissions	tCO_2eq		13,090				
of which from own operations	**tCO_2eq**		**9,799**				
of which associated non-consolidated undertakings	tCO_2eq		70				
of which consolidated real estate and infrastructure for investment purposes only	tCO_2eq		3,220				
Percentage of Scope 1 GHG emissions from regulated emission trading schemes	in %		–				
of which from own operation	in %		–				
of which associated non-consolidated undertakings	in %		–				
of which consolidated real estate and infrastructure for investment purposes only	in %		–				
Scope 2 GHG emissions							
Gross location-based Scope 2 GHG emissions	tCO_2eq		70,853				
of which from own operation	**tCO_2eq**		**17,352**				
of which associated non-consolidated undertakings	tCO_2eq		152				
of which consolidated real estate and infrastructure for investment purposes only	tCO_2eq		53,350				
Gross market-based Scope 2 GHG emissions	tCO_2eq		46,137				
of which from own operation	**tCO_2eq**		**7,695**				
of which associated non-consolidated undertakings	tCO_2eq		52				
of which consolidated real estate and infrastructure for investment purposes only	tCO_2eq		38,390				
Significant Scope 3 GHG emissions							
Total Gross indirect (Scope 3) GHG emissions	**tCO_2eq**		**42,486,491**				
Share of primary data used in Scope 3	%		22.5%				
(1) Purchased goods and services	tCO_2eq		2,015				
of which associated non-consolidated undertakings	tCO_2eq		14				
(2) Capital goods	tCO_2eq		14,194				
of which associated non-consolidated undertakings	tCO_2eq		113				
(3) Fuel and energy-related activities (not included in Scope 1 or Scope 2)	tCO_2eq		3,834				
of which associated non-consolidated undertakings	tCO_2eq		27				
(4) Upstream transportation and distribution	tCO_2eq						
(5) Waste generated in operations	tCO_2eq						

TOTAL GREEN HOUSE GAS (GHG) EMISSIONS OF THE UNDERTAKING, DISAGGREGATED BY SCOPES 1 AND 2 AND SIGNIFICANT SCOPE 3 EMISSIONS (E1–6 44, 48, 49, 51, 52)

	Unit	Retrospective		Milestones and target years			
		Base year 2019	2024	2025	2030	2050	Annual % target/base year
(6) Business travelling	tCO_2eq		18,168				
of which associated non-consolidated undertakings	tCO_2eq		180				
(7) Employee commuting	tCO_2eq		18,779				
of which associated non-consolidated undertakings	tCO_2eq		148				
(8) Upstream leased assets	tCO_2eq						
(9) Downstream transportation	tCO_2eq						
(10) Processing of sold products	tCO_2eq						
(11) Use of sold products	tCO_2eq						
(12) End-of-life treatment of sold products	tCO_2eq						
(13) Downstream leased assets	tCO_2eq						
(14) Franchises	tCO_2eq						
(15) Investments	tCO_2eq		42,429,501				
	Data quality score		3.2				
	%		87.3%				
Investments – corporate financing debt (Scope 1&2)	tCO_2eq		2,649,018				
Investments – corporate financing debt (Scope 1&2)	Data quality score		2.4				
Investments – corporate financing debt (Scope 3)	tCO_2eq		24,791,965				
Investments – corporate financing debt (Scope 3)	Data quality score		3.6				
Investments – corporate financing equity (Scope 1&2)	tCO_2eq		175,388				
Investments – corporate financing equity (Scope 1&2)	Data quality score		4.0				
Investments – corporate financing equity (Scope 3)	tCO_2eq		2,387,124				
Investments – corporate financing equity (Scope 3)	Data quality score		4.6				
Investments – real estate (real estate, infrastructure, mortgages) (Scope 1&2)	tCO_2eq		656,387				
Investments – real estate (real estate, infrastructure, mortgages) (Scope 1&2)	Data quality score		2.7				
Investments – sovereign debt (incl. subnationals) (Scope 1&2)	tCO_2eq		11,769,620				
Investments – sovereign debt (incl. subnationals) (Scope 1&2)	Data quality score		2.2				
Total GHG emissions							
Total GHG emissions (location-based)	tCO_2eq		**42,570,433**				
Total GHG emissions (market-based)	tCO_2eq		**42,545,717**				

The table shows the Scope 1 and Scope 2 emissions, plus the Scope 3 emissions broken down by material categories, for the Talanx Group. In the case of the Scope 1 and Scope 2 emissions, the table breaks down the emissions into emissions from own operations and emissions from consolidated real estate and infrastructure investments for investment purposes only, so as to enhance understanding of these emissions. In addition, emissions from own operations and emissions from associated non-consolidated undertakings are disclosed separately for all scopes. Only emissions from own operations are offset. Scope 1 and 2 emissions are calculated using emissions factors from the electricity and energy consumption figures depicted in the "Energy consumption and mix" table. Measurement uncertainties due to extrapolations, etc. also impact the emissions disclosed. All other details on the methodology used to calculate the Scope emissions are set out in section 2.2.9 "Gross Scopes 1, 2, 3 and Total GHG emissions". When calculating the share of primary data for Scope 3 emissions, the Talanx Group defines primary data as fuel volumes, energy consumption and distance data that have been collected or that have been provided by suppliers, or emissions data that have been directly provided by the supplier, and classifies the emissions calculated on this basis as based on primary data. Emissions calculated on a cost basis are not classified as based on primary data, since prices can vary substantially depending on the region and the features of the properties or services concerned. Equally, the Group assumes as a precautionary measure that the data on commuting and remote working, some of which are based on extrapolated survey results, are not primary data. In the case of financed emissions, emissions with a data quality score of 1 are considered to be based on primary data. Scope 3.15. emissions are broken down into individual investment classes so as to enhance understanding of their composition. The coverage ratio is expressed as a percentage of the overall investments for the Talanx Group's own risk. As an insurance undertaking, the Talanx Group is not covered by an emissions trading scheme and therefore discloses a figure of 0% for this metric. Emissions are rounded to integers, and percentages and data quality scores to a single decimal place. Rounding differences may occur. The Talanx Group refers to the table entitled "Targets related to climate change mitigation and adaptation" in this section for all information on base years and targets. [MDR-M 75, 77]

GHG INTENSITY PER NET REVENUE (E1–6 53, 54, 55)

	Unit	2024
Total GHG emissions (location-based) per net revenue	tCO_2eq/ EUR million	1,036
Total GHG emissions (market-based) per net revenue	tCO_2eq/ EUR million	1,035

This table presents location-based and market-based total emissions figures as a share of (net) insurance revenue. (Net) insurance revenue is derived from the following items in the statement of income: the "insurance revenue" item disclosed in the statement of income (line 1) is used as the starting point, and the "expenses from reinsurance contracts held" (line 3a of the statement of income) are then subtracted from it. The difference is the (net) insurance revenue. Measurement uncertainties arise in the same way as for the Company's total GHG emissions. [MDR-M 75, 77]

Since the Talanx Group rents out properties, it is active in the high climate impact sectors of "Real Estate Activities" (NACE Codes Section L) as defined by Regulation (EC) No 1893/2006 of the European Parliament and of the Council. It is not possible to report the energy intensity for activities in high climate impact sectors, since the total energy consumption cannot be matched to corresponding net revenue figures. [E1-5 40, 41, 42, 43]

CARBON CREDITS CANCELLED IN THE REPORTING YEAR AND PLANNED TO BE CANCELLED IN THE FUTURE (E1–7 56 B, 59, AR 62)

Carbon credits cancelled in the reporting year	Unit	2024
Total	tCO_2eq	**25,335**
Share from removal projects	%	74.3%
of which Verified Carbon Standard (VCS)	%	100.0%
Share from reduction projects	%	25.7%
of which Verified Carbon Standard (VCS)	%	41.5%
of which Gold Standard	%	41.5%
of which other quality standards	%	16.9%
Share from projects within the EU	%	–
Share of carbon credits that qualify as corresponding adjustments	%	–

Carbon credits planned to be cancelled in the future	Unit	Until 2027
Total	tCO_2eq	**38,498**

The underlying data are based in full on primary data from 2024. These are sourced on the one hand from our certification partner, Verra, which managed the retirement of the credits for the offsetting project, and on the other on documentation supplied by our service providers. Based on a purchase contract, future offsetting of a total of 38,498 tCO_2e in the period up to 2027 has been secured. Further details are provided in section 2.2.10 "GHG removals and GHG mitigation projects financed using GHG credits". [MDR-M 75, 77]

3. Social information

The Talanx Group has roughly 31,000 employees and does business in more than 175 countries. This means it has a societal and social responsibility. Consequently, the focus in the following sections is on its own workforce and private retail customers.

3.1 Own workforce (ESRS S1)

Due to the Talanx Group's decentralised organisational structure and the deep roots that the local Group units have in their respective locations, the individual subsidiaries and branches have their own strategies, guidelines, processes and actions. These are aligned with the needs and requirements in the individual countries. As a result, responsibilities are assigned to different people. Talanx AG's Labour Director has primary responsibility for topics relating to Primary Insurance. At the Hannover Re Group, the Chairman of the Board of Management is responsible for these topics. The human resources management function for all companies belonging to Primary Insurance in Germany – referred to in the following as Group People & Culture – has been centralised under the leadership of Talanx AG's Labour Director, who is responsible for all policies applicable there. The most senior level accountable for the implementation of the Hannover Re Group policies is the Managing Director Global Human Resources.

"People management" is one of the focus areas in the Talanx Group's overall strategy. Consequently, the Group's human resources strategy plays a major role in achieving its strategic goals, and integrates all material potential and actual impacts with Group strategy. Professional expertise and close collaboration are essential to the Talanx Group's specialised, customer-oriented areas of activity. In line with this, the Group's human resources work focuses on employee satisfaction and well-being. Core topics are improving working conditions, facilitating participation rights and promoting equal treatment. In addition, decent pay and appropriate continued professional development (CPD) offerings promote a positive working atmosphere and help achieve both personal and corporate goals. Global internal employee surveys are conducted so as to better understand workforce needs. The insights produced are incorporated into the corporate strategy and help ensure its continuous development. [ESRS 2 SBM-3 13 a]

The Talanx Group's business model and human resources strategy recognise how vital a qualified, committed workforce is to the Company's long-term success. Good working conditions enhance employee motivation and the Group's attractiveness as an employer. This also boosts talent recruitment on the labour market. Moreover, good working conditions also positively influence ESG ratings and in turn support product sales. In this way, the Talanx Group can strengthen its competitiveness and innovative strength while avoiding reputational risk. [ESRS 2 SBM-3 13 b] Human resources risks are classed as operational risks and are addressed annually using a workshop. [S1-4 47]

The basic statements made by the Talanx Group apply to all companies throughout the world. In addition, detailed social information on the workforce is collected for the largest companies. Apart from Germany – where roughly one-third of staff are employed – this explicitly comprises those companies employing more than 5% of the total workforce each. In the reporting year, these were all Brazilian companies (HDI Seguros, Santander Auto, HDI Seguros do Brasil, Yelum Seguros, Indiana Seguros, Facil Assist Serviços e Assistência 24 horas and HDI Agrega Serviços), HDI Seguros in Mexico, the WARTA Group companies in Poland and the Hannover Re Group. [ESRS 2 SBM-3 14]

Roughly 90% of the Talanx Group's staff in internal specialist and administrative roles are permanent employees. In addition, employees with limited-term contracts, casual workers and employees undergoing vocational training are deployed. Non-employees such as those sourced from personnel leasing providers in Germany, are primarily used to manage temporary peak workloads. [ESRS 2 SBM-3 14 a]

The Talanx Group specifically addresses individual cases in which applicable standards are not complied with, such as inadequate working conditions or discrimination. Initiatives aimed at improving working conditions and promoting health and satisfaction create an inclusive, supportive working environment. Employee development programmes ensure that employees develop the specific skills they need to be able to meet new requirements. This combats the systemic impact of the lack of training and skills development. [ESRS 2 SBM-3 14 b]

The Talanx Group makes a non-discriminatory environment a key priority so as to ensure employee well-being and motivation. The Group creates good working conditions, provides development opportunities, grants appropriate remuneration and actively promotes employee participation so as to enhance employee satisfaction and engagement for the long term. [ESRS 2 SBM-3 14 c]

In the Group's opinion, a committed workforce and attractive working conditions offer opportunities to strengthen its position as an employer and to promote its corporate success. Good working conditions also improve ESG ratings, positively impact the Group's attractiveness as an employer and hence secure its success in the competition to recruit talent. Equally, challenges such as efficiency losses, reputational risk, ESG ratings downgrades or a decline in the Group's attractiveness as an employer arise if working conditions or the way diversity and inclusion are handled do not meet expectations. This can increase recruitment costs and employee turnover. [ESRS 2 SBM-3 14 d]

There are no material impacts on the Company's employees arising from plans for reducing its impacts on the environment. [ESRS 2 SBM-3 14 e]

No activities representing a significant risk in relation to forced labour or child labour were determined in relation to the Group's own employees. [ESRS 2 SBM-3 14 f, g]

No clearly distinguishable groups within the Talanx Group suffer inappropriate working conditions or discrimination. No insights as to whether employees with particular characteristics might be at greater risk of harm could be developed on the basis of the materiality assessment (see section 1.3.1 "Description of the materiality assessment process and outcomes (IRO-1)"). Working conditions affect all staff equally – and all staff require protection from discrimination, too. Equally, the legislative foundations such as the German General Equal Treatment Act (AGG) aim to prwevent or abolish discrimination based on age, ethnic background, gender and gender identity, physical and mental abilities, religion and world view, sexual orientation and social background. This is a very broad definition that rules out focusing on only certain members of staff. Improvements to working conditions offer opportunities for all employees and address challenges that affect them all alike. [ESRS 2 SBM-3 15, 16]

A variety of processes protect staff from negative impacts. Firstly, the Talanx Group makes human rights observance mandatory in its Human Rights Policy Statement and Code of Conduct, ensuring that standards relating to its own workforce are complied with. Secondly, engaging with workers' representatives and the employee surveys performed help to prevent negative impacts from occurring. [S1-4 41]

To promote and protect its employees and to secure the company's success for the long term, the Talanx Group develops framework conditions worldwide that are adapted to local conditions and supported by targeted actions. The Talanx Group and its individual companies provide the financial and human resources needed to implement these in the form of dedicated budgets. [S1-4 43] The teams charged with implementing the actions ensure their appropriateness. [S1-4 39]

3.1.1 Human rights

Respect for human rights is a core precondition for doing business sustainably. It is also the foundation for the Talanx Group's social positioning. Since the materiality assessment revealed that the own workforce is a material social topic for the Group, the topic of human rights is included in this context in the following.

Human Rights Policy Statement

Respect for human rights is a core obligation for the Talanx Group and a material element of its business activities. By signing the UN Global Compact, the Group has committed itself to complying with internationally recognised human rights standards, including the ILO's core labour standards. This commitment includes rejecting forced labour, child labour and discrimination, and promoting fair, safe working conditions. These principles are anchored in the Group's Human Rights Policy Statement, which was resolved by the full Board of Management. In addition, the Talanx Group has committed itself to observing common international and sector-specific standards such as the Principles for Sustainable Insurance (PSI), the Principles for Responsible Investment (PRI), the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs). [S1-1 20 a, 21, 22] The whistleblowing system (see section 4.1.1 "Business conduct and corporate culture") offers employees a platform for reporting potential human rights breaches anonymously. This system is regularly reviewed and serves to identify risks and improve existing measures. [S1-1 20 c] Progress made and measures taken to implement human rights policy commitments are documented annually in the reporting. These reports promote transparency and underscore the Group's commitment to human rights.

Code of Conduct

The Talanx Group's Code of Conduct defines binding standards for legally compliant, ethical behaviour and applies to all employees around the world (see section 4.1.1 "Business conduct and corporate culture"). As a signatory of the UN Global Compact, the Group has undertaken to observe the Ten Principles, including respect for human rights and promoting fair working conditions. This is also reflected in the Talanx Group's Code of Conduct. The Code of Conduct explicitly forbids all forms of involuntary employment, child labour and human trafficking, and underscores the Group's commitment to a respectful and non-discriminatory corporate culture. [S1-1 20 a, 22, 21] A whistleblowing system, which can be used anonymously and in confidence, is provided for monitoring compliance with these principles. This system allows breaches to be reported and then subsequently reviewed and processed. The Chief Compliance Officer is responsible for the Code's content, and for enhancements to it. The code is made available via internal communications channels such as the intranet, and is flanked by training courses to ensure that employees are regularly informed of their obligations and rights. [S1-1 20 c]

The Hannover Re Group has an enterprise-wide Code of Conduct [MDR-P 65 b] that has been published in a number of languages on its website. This addresses a variety of impacts, risks and opportunities that have been identified as material. It was resolved by the Board of Management and the Supervisory Board of Hannover Rück SE and has been assigned to the Compliance department. The Hannover Re Group's full Board of Management is the most senior level accountable for its implementation. [MDR-P 65 c] Hannover Re Group staff had the opportunity to participate in the revision of the Code of Conduct. They can access the Code of Conduct on the intranet and were informed by the Compliance department in an e-mail and via an intranet video message. New staff are given the Code of Conduct as an appendix to their contracts of employment and all staff receive training on it every three years. [MDR-P 65 e, f, S1-1 20 b]

3.1.2 Working conditions

POLICY

The Talanx Group aims to create attractive and fair working conditions globally that do justice to the many and varied requirements that have to be met by an international oriented, decentralised undertaking. Good working conditions contribute decisively to employee satisfaction and motivation, strengthen moves to retain talented staff and make it easier to recruit new specialists. They also increase the Group's attractiveness as an employer – an important point when competing for qualified employees and in relation to ESG ratings. [MDR-P 65 a, S1-1 17] The individual companies within the Talanx Group are responsible for applying specific policies and organising working conditions. These are based on local requirements and circumstances. For example, the human resources strategy in Primary Insurance in Germany covers core issues relating to working conditions and employee remuneration. This strategy allows the Talanx Group's Primary Insurance business in Germany to position itself as an attractive employer with a corporate culture that promotes identification with the Group. It has done this by implementing a variety of measures relating to recruitment, remuneration, talent management, organisational development and corporate culture, which are grouped together under the headings of "Hire, Develop, Inspire and Xperience". Appropriate remuneration is ensured, for example, by complying with collective agreements for the private insurance industry. Equally, the focus on developing the internal corporate culture can strengthen working conditions and a team spirit. Poland, Mexico and Brazil also have local human resources strategies and collective agreements that ensure fair, appropriate working conditions. The Hannover Re Group revises its own enterprise-wide group strategy every three years. Its new strategy cycle for 2024–2026 was launched in the 2024 reporting year under the motto of "Staying Focused. Thinking Ahead.". Its "People & Culture Strategy" – a business-level strategy – addresses topics such as diversity, equity and employer attractiveness. Learning & Development are other core elements of its strategic direction. The relevant local human resources development departments are responsible for their implementation, and take the specific requirements and frameworks applicable in the different locations into account. [MDR-P 65 b, c, S1-1 19] Measures such as flexible working time models, work-life balance programmes and targeted CPD offerings help continuously improve working conditions. A global approach of this kind not only promotes employees' personal and professional development but also boosts their identification with the local companies and ultimately with the Company. The Talanx Group's decentralised structure makes it essential to adapt human resources policies and suitable measures flexibly to local circumstances and needs. No Group-wide monitoring process exists at present. [MDR-P 65 a]

Local agreements and guidelines are developed around the world to ensure the Talanx Group's guiding principles are met. These are aligned with the Group's core topics while also taking specific local requirements and frameworks into account. Matters such as working conditions, health and safety, ensuring a satisfactory work-life balance, and learning and development opportunities are customised and integrated so as to offer employees tailor-made support.

One example of the way in which these principles are implemented in practice is the "NewWork@HDI" works agreement, which combines the demands of a modern working world with employees' needs. This agreement was introduced for Primary Insurance employees in Germany in 2021 and establishes a flexible working policy that makes achieving a satisfactory work-life balance easier. It enables all employees (with the exception of a few specific professional groups whose activities do not permit remote working) to work remotely and to flexibly choose their place of work within Germany and the European Economic Area. This improves working conditions. A good work-life balance reduces the stress on staff and has a positive impact on their mental health. The policy is monitored and evaluated through regular dialogues between the employee representatives and the employer. [MDR-P 65 a]

The "Qualifications" works agreement was resolved for all Primary Insurance employees with the exception of senior executives (leitende Angestellte) to accommodate the requirements of a dynamic world of work. The agreement aims to introduce a sustainable learning culture that boosts performance and enhances the Group's attractiveness as an employer. The offerings developed as a result comprise digital and classroom-based training on professional qualifications, and management and IT skills, and are planned locally as needed. In addition, the agreement sets out that individual measures should be agreed in employee reviews, with a distinction between qualifications that are necessary for operations and appropriate personal CPD being possible. Financial support is provided for the latter. Local agreements are possible outside Germany, with the relevant human resources departments being responsible for implementing them. Information on the Group Agreement is shared with employees via the intranet.

The Talanx Group's decentralised structure means that it does not have any cross-border health and safety policies. Instead, the companies use local approaches and systems that are adapted to specific requirements and circumstances to ensure the health and safety of all employees. Since the activities performed by the Talanx companies are not particularly hazardous, one of the main focuses is on promoting mental health so as to avoid stress and burnouts. Measures such as ergonomic workplace design, occupational health management and regular health and safety training help to continuously improve working conditions. Compliance with and monitoring of local health and safety legislation, such as in the Primary Insurance Group's companies in Germany, Poland, Brazil and Mexico, and in the Hannover Re Group, are a top priority. Special protection is given to particularly vulnerable groups such as pregnant women and young people. In Germany, a Health and Safety Committee meets several times a year to assess hazards and coordinate suitable measures. Relevant information on health and safety is provided on the intranet, and employees can submit concerns anonymously via the internal whistleblowing system. Hazard assessments help to identify potential risks and to ensure a safe working environment by taking the necessary technical, organisational and personal protective measures. [S1-1 23]

ACTIONS

Actions related to corporate culture and remuneration

The salaries paid to non-pay scale, pay scale and near-pay scale employees in Germany are reviewed annually by the manager responsible and by the human resources department on the basis of remuneration analyses, and are adjusted individually for performance and responsibility. [MDR-A 68 b, c] This practice has been in place for many years. [MDR-A 68 a] In addition, an independent grading model supplied by an external service provider is used in the case of senior executives (leitende Angestellte) in Primary Insurance, so as to enable objective, transparent assessment of the positions concerned. The annual salary review/adjustment ensures appropriate, competitive remuneration that complies with the collective agreements and meets market requirements. The use of external grading models enhances transparency and equal treatment, while the remuneration analyses are a core way of promoting employee motivation and satisfaction. This has a positive effect on the ability to retain specialist staff and young talent, and helps combat high levels of employee turnover. [S1-4 35, 38, 40, S1-10 69, MDR-A 68 a] The effectiveness of the action is reviewed through annual participation in a variety of salary benchmarks and by using specific individual benchmarks where required. This approach ensures continuous assessment and adjustment of the salary structure. [S1-4 38 d] Remuneration analyses and grading models are also used in the Group's international companies such as those in Poland, Brazil and Mexico, so as to ensure that remuneration assessment is as uniform and fair as possible.

At the Hannover Re Group, Global Human Resources created the Global Rewards Framework Policy (GRew) plus a global job architecture, and rolled these out in the reporting year. The policy services to create a group-wide framework for creating, modifying and maintaining appropriate remuneration and performance plans. The goal is to apply the remuneration system uniformly throughout the group; local remuneration guidelines and plans will be reviewed for this. [MDR-P 65 a] The only exceptions are staff at two subsidiaries, Integra and Argenta, and the South African agencies in the Hannover Re Group. [S1-1 19, MDR-P 65 b] The most senior level accountable for the implementation of the Global Rewards Framework Policy is the Managing Director Global Human Resources. [MDR-P 65 c]

In Germany, the Talanx Group offers financial assistance in the form of one-time grants to employees who, through no fault of their own, find themselves in economic or personal difficulties. [MDR-A 68 b] This measure was launched in close cooperation with the Group Works Council and implemented via the Talanx Unterstützungsverein (TAUVE e. V.) benevolent fund. The goal is to provide swift, unbureaucratic help in emergencies and hence to improve employees' social welfare and well-being. [S1-4 35, 38, 40, MDR-A 68 a] The financial assistance provided takes the form of one-time grants of up to EUR 5,000, which do not have to be repaid. This helps promote employee loyalty to the Company and to reinforce a responsible corporate culture. Its effectiveness is tracked by evaluating its utilisation and feedback from recipients, with the aim of further enhancing the support process and adapting it to the needs of employees facing difficult situations. [S1-4 38 d]

At an international level, such support measures are adapted to local conditions. For example, WARTA Group employees receive help in the form of access to additional private health care and income support in difficult life situations; these measures take the form of subsidised life insurance, additional occupational pension programmes and a company social fund. The latter fund provides employees with different levels of payments depending on the severity of the difficulties they are facing. The Group's Brazilian companies, on the other hand, offer their employees salary loans to provide them with financial flexibility in difficult situations. HDI Seguros S. A. in Mexico provides employees with social security insurance and insurance against substantial financial burdens arising in connection with medical care, and also offers an occupational pension programme.

The Talanx Group uses a variety of measures to promote its corporate culture as part of its human resources strategy, including its global Culture Days, its Culture Summit and the international Culture Hub. [MDR-A 68 a, b] These activities are coordinated by a team from Group People & Culture. The Culture Days offer digital and local offerings on core topics associated with cultural change, enabling employees to participate actively in them. At the 2024 Culture Summit in Hamburg, employees discussed cultural development, with a focus on engagement and innovation. The Culture Hub brings together a variety of experts from the Talanx Group to develop topics and approaches for the events. The results expected are greater employee loyalty, the promotion of innovation and engagement, and anchoring of the corporate culture so as to safeguard the Company's future performance. These measures help improve collaboration and satisfaction at work, which can strengthen the Group's attractiveness on the market and help with the recruitment of qualified employees. [S1-4 35, 38, 40, MDR-A 68 a] The effectiveness of the actions is tracked and assessed by the event organisers, through employee surveys and using participation rates for the events. [S1-4 38 d]

Actions to ensure a satisfactory work-life balance

The Parents@HDI network, an ongoing action, has helped parents, parents-to-be and interested staff in the Primary Insurance business in Germany with achieving a satisfactory work-family balance since March 2022. [MDR-A 68 a, b, c] It develops proposals for measures, raises awareness of needs and problems, and liaises closely with the team of coordinators at Group People & Culture to promote effective support. The network aims to arrange working conditions to be family-friendly, to create a supportive community within the Company and hence to increase employee satisfaction and motivation. It contributes to enhancing family-friendly measures and promoting an integrative culture at work by providing a platform for sharing experiences and best practices. Not only can these activities improve working conditions, but they can also help effectively target challenges such as poor working practices. At the same time, the network helps to recruit and retain qualified employees, and contributes positively to the Company's reputation and improved ESG ratings by promoting family-friendly approaches. [S1-4 35, 38, 40, MDR-A 68 a] The effectiveness of the action is assessed in a dialogue between the network and Group People & Culture, through direct feedback from participants and using general employee surveys. These inputs help to effectively enhance the actions taken and to optimise their effectiveness. [S1-4 38 d]

The Talanx Group provides support to employees in Germany by, among other things, subsidising childcare (since 2014), running a Company day-care centre in Hannover, offering vacation childcare and providing care-related services. [MDR-A 68 a, b, c] These offerings make achieving a satisfactory work-life balance easier and promote a family-friendly corporate culture. The goal is to increase employee satisfaction and performance, and to position the Company as an attractive, family-friendly employer. The subsidies, care offerings and services provide help to reduce the burden on parents and relatives of people needing care in difficult situations, to reduce stress and to promote employees' (mental) health. All these measures reinforce the Group's image as a family-friendly company – something that also has a positive effect on its ESG ratings and hence on its long-term success. In addition, the actions increase the Company's attractiveness as an employer, facilitate the recruitment and retention of qualified specialists and promote a supportive working environment. [S1-4 35, 38, 40, MDR-A 68 a] The effectiveness of the action is tracked and assessed by monitoring capacity utilisation rates for the day-care centre and the services offered, through feedback from parents and relatives of people needing care, and looking at how frequently subsidies are applied for. [S1-4 38 d]

The international companies such as the WARTA Group in Poland and HDI Seguros S.A., Mexico, have localised measures in place for achieving a satisfactory work-life balance, such as parental care days above and beyond the statutory requirements or the right to take special leave for family reasons.

Training and skills development actions

Permanent initial training and CPD offerings are made available at company level and cover specialist, social, self-competence and methodological skills. For example, in 2024 the Talanx Group's Primary Insurance business in Germany offered all employees foreign-language training. The training is provided both internally and externally, and participants can use both traditional and digital formats. This action contributes to implementing the "Qualifications" Works Agreement and has been in place for many years, meaning that it applies on an ongoing basis; it is coordinated by Group People & Culture. [MDR-A 68 a, b, c] It aims to boost employees' professional abilities and skills, improve communication and collaboration, and promote the use of innovative methods and effective self-management. The continuous, targeted learning offerings support employees' professional development and create an attractive working environment. They help to prevent a lack of training and skills development and professional development, to increase workforce adaptability and to retain talented specialists for the long term. In addition, they reduce the risk of an inadequately qualified workforce, hence permanently increasing the Company's efficiency. [S1-4 35, 38, 40, MDR-A 68 a] The effectiveness of the action is tracked and assessed by documenting and evaluating participation data for the relevant training offerings and mandatory courses. This evaluation permits continuous monitoring and improvement of the learning formats. [S1-4 38 d] The action is also a remedy, since a lack of initial training and CPD can weaken employee motivation. [MDR-A 68 d]

The Hannover Re Group pursues its own strategic policies and actions for training and skills development, such as the MyLearning platform that was rolled out in the reporting year. This provides a wide range of training comprising both mandatory courses such as occupational safety and data protection and voluntary CPD offerings. [MDR-A 68 a]

Needs-driven development programmes are aimed specifically at a variety of target groups such as young professionals, high-potential employees, women, specialists, executives and top management. These programmes have evolved over time and in some cases have been in place for a long time, but are also adapted or redeveloped as an ongoing action. [MDR-A 68 c] For example, the Female Empowerment Programme was launched in 2022. [MDR-A 68 a] The Top Management Programme applies to the Group worldwide, whereas the other offerings are relevant to Primary Insurance staff in Germany. [MDR-A 68 b] The programmes support cooperative learning in thematic communities and are designed to develop specific skills and hence to promote professional growth and success throughout the Company. By doing so, they help increase employee satisfaction and productivity, meet the need for training and CPD, and position the Company as an attractive employer on a competitive market. Targeted employee development strengthens workforce skills and makes a direct contribution to the Company's success. [S1-4 35, 38, 40, MDR-A 68 a] The effectiveness of the action is tracked and assessed using separate feedback surveys for each programme, plus indirectly via the annual employee survey. The results offer valuable insights into participant satisfaction and serve to continuously optimise the programmes. [S1-4 38 d] In addition, training programmes are specifically developed when needed to address identified challenges in a targeted manner, boosting the quality of both work processes and the working environment. [S1-4 38 b]

Health and safety actions

The Talanx Group offers its employees a wide range of health promotion measures to enhance their well-being and create a healthy working environment. These include both actions such as screening and preventive courses, and information events on topics such as ergonomics, mental health, exercise and nutrition. In Germany, the offerings have been established for many years and represent an ongoing action. [MDR-A 68 a, 68 b, 68 c] For example, the WARTA Group holds annual health events offering vital signs checks. This WARTA Group offering is flanked by financial support for company sports groups. The Hannover Re Group actively encourages staff health with health promotion programmes such as vaccinations, sports offerings and action days on exercise and nutrition. These exist worldwide but are adapted to local circumstances and needs.

In addition, measures such as preventing erosion of the boundary between work and time off, and health-aware management behaviour contribute to a working environment that protects employees' physical and mental health. Healthy working environments reduce risks such as stress or burnout and positively impact employee performance and well-being. At the same time, an attractive workplace boosts talent retention and increases the Talanx Group's attractiveness as an employer. Comparable independent agreements aimed at continuously improving working conditions in the business units concerned also exist in Brazil and Mexico, and at the WARTA Group in Poland.

Permanent offerings in the areas of exercise (e.g. sports courses), ergonomics in the workplace (consulting), mental health (e-learning) and healthy nutrition have grown over the years and are continuously enhanced (e.g. the replacement of learning space offerings). The measures aim to promote employee health, reduce time lost due to illness, and enhance workplace satisfaction. They not only contribute to improving working conditions but also reduce risks such as reputational damage resulting from inadequate health and safety at work. In addition, they help the Talanx Group to fulfil the requirements to be met by a responsible employer. [S1-4 35, 38, 40, MDR-A 68 a] The effectiveness of the actions is assessed using feedback submitted to the Group's support centre and by including these matters in regular employee surveys. [S1-4 38 d]

Since 2017, the Talanx Group has offered its employees in Germany the opportunity to obtain anonymous, professional advice about specific physical and mental health issues. [MDR-A 68 a, b] This ongoing action is implemented using an external service provider and also comprises support in sourcing therapy sessions and appointments with specialist doctors. [MDR-A 68 c] The goal is to promote employee health and well-being. By providing support for physical and mental health issues, the Group improves working conditions and helps enhance trust in the Company, as well as avoiding potential challenges that could arise from inadequate working conditions. [S1-4 35, 38, 40, MDR-A 68 a] The effectiveness of this action is not comprehensively tracked at present. Nevertheless, the external service provider regularly captures utilisation rates and collects feedback on the quality of the advisory offerings. These data provide initial insights and can serve as the basis for more systematic assessment. [S1-4 38 d]

In Germany, workplace-related risks are systematically evaluated so as to develop suitable protective measures such as ergonomic workplace design. [MDR-A 68 b] This ongoing action, which has been in place for years, aims to reduce physical stresses and to avoid work-related health problems, promoting employee satisfaction and productivity. [MDR-A 68 a, c] Systematically improving working conditions underscores the Talanx Group's responsibility for workforce well-being and reinforces trust in it as an employer. [S1-4 35, 38, 40, MDR-A 68 a] The effectiveness of the actions is checked using workplace inspections. Comments from the workforce and employee representatives can also be submitted to and discussed in the Health and Safety Committee, triggering additional improvements. [S1-4 38 d] The action is also a remedy, since poor working conditions can negatively impact satisfaction and motivation. [MDR-A 68 d]

3.1.3 Diversity/equity/inclusion

POLICY

The Talanx Group's diversity, equity and inclusion (DE&I) approach can help create a respectful, supportive working environment in which all employees can realise their potential. The DE&I policy that was introduced to achieve this promotes a diverse, equal-opportunities-based corporate culture and actively combats discrimination. The goal is also to create a respectful and inclusive working environment that promotes all employees' individual development. This strengthens not only workforce satisfaction and motivation but also long-term employee retention. Systematically growing talent and enhancing CPD offerings allows the Talanx Group to lay the foundations for innovative, state-of-the-art human resources management. At the same time, clear structures and measures ensure a trusting environment and fair dealings with one another. The policy ensures nobody is discriminated against due to their age, ethnic background and nationality, gender and gender identity, physical and mental abilities, religion and world view, sexual orientation and social background. Equally, the DE&I policy helps to ensure that human rights are respected and to promote a non-discriminatory workplace. [MDR-P 65 a, S1-1 17]

The policy is being implemented throughout the Group and is binding on all Primary Insurance employees. Group People Development is responsible for managing and monitoring it. Initial actions such as employee networks (including Women@Talanx and pride@hdi) allow employees to contribute actively and to help influence how the policy is implemented. In addition, surveys are conducted to obtain feedback that can then be included in policy enhancements. Complaints and reports of discrimination can be submitted anonymously and securely using the whistleblowing system. [MDR-P 65 b, c, e, S1-1 19, 21]

What is more, monitoring processes are being established to capture core metrics. These are also used to review the Talanx Group's ambition of appointing women to 50% of all management positions that become vacant. The DE&I policy is made available via the intranet and on the Company's website. [MDR-P 65 f, S1-1 24] The policy is based on the requirements of the German General Equal Treatment Act (AGG). In addition, the Talanx Group has joined the "Charta der Vielfalt" (Diversity Charter) initiative. This aims to implement a non-discriminatory working environment and to ensure that all staff are appreciated, irrespective of their age, ethnic background and nationality, gender and gender identity, physical and mental abilities, religion and world view, sexual orientation and social background. [MDR-P 65 d, S1-1 24]

The Hannover Re Group has included promoting diversity, equity and inclusion as an action area in its People & Culture Strategy. This also addresses topics such as equal pay and increasing the proportion of women in management positions. In addition, the aim is to integrate DE&I in all aspects of day-to-day work. Creating comprehensive awareness among managers and staff is vital here. Promoting equity strengthens the working atmosphere and contributes to a more diverse and more inclusive corporate culture in which people with disabilities can also be better integrated. By contrast, discrimination and inequality can negatively impact employees' well-being and professional development opportunities. [MDR-P 65 a] Staff can access information about the strategy on the Group-wide intranet. In addition, they are actively given opportunities to provide feedback via a number of channels. [MDR-P 65 f]

ACTIONS

Since 2014, Talanx Group employees have been able to meet up in internal networks and communities that focus specifically on the needs of women, LGBTIQ+[1] people, BIPoC[2] staff, parents and young professionals. [MDR-A 68 a] These communities, which are initiated and organised by the employees themselves, offer a supportive and inclusive environment. They promote dialogue and networking among under-represented groups and help raise awareness of diversity and inclusion within the Company. Creating specific platforms for under-represented groups enhances not only employee satisfaction but also the diversity of viewpoints and ideas within the organisation. This helps strengthen the Group's innovative capabilities and supports the development of an inclusive working environment. At the same time, it can reduce risks such as the loss of talent, negative media attention and legal action. [S1-4 35, 38, 40, MDR-A 68 a] While some networks such as the BIPoC network focus more on staff in Germany, the pride@hdi network, for example, is active at a global level. [MDR-A 68 b] The effectiveness of the action is tracked indirectly using the employee survey, which enables conclusions to be drawn about employee satisfaction and inclusion. [S1-4 38 d]

The Talanx Group offers training programmes to raise employee awareness of diversity, equal opportunities and inclusion. These programmes comprise information events, workshops and presentations aimed at promoting deeper understanding of these topics and at actively preventing discrimination. The measures help employees around the world to recognise unconscious bias and to create an inclusive working environment in which all employees feel respected and supported. [MDR-A 68 b] By sharing experiences and imparting core values, the training programmes help to promote a harmonious and respectful working environment that boosts collaboration and the Company's success. They reduce the risk of discrimination and help to avoid potential challenges such as the loss of talent or a negative working atmosphere. The action supports the long-term development of an inclusive corporate culture by raising employees' awareness and enhancing their skills. [S1-4 35, 38, 40, MDR-A 68 a] If a lack of development opportunities is identified in the prior-year evaluation, situation-based training programmes are specifically developed to address precise employee needs and to promote development goals. [S1-4 38 b, d]

The actions are also remedies, since discrimination and unequal treatment negatively impact affected employees. [MDR-A 68 d]

The actions are coordinated on an ongoing basis by a team at Group People & Culture, have been in place for many years and contribute towards the Diversity, Equity & Inclusion (DE&I) policy. [MDR-A 68 a, c]

In addition, the Hannover Re Group takes actions to promote various aspects of DE&I as part of its People & Culture Strategy. For example, the Global Rewards data sharing platform serves on the one hand to provide information on all topics relating to total remuneration, the job architecture and reporting, and on the other to share external benchmark results and to harmonise local bonus systems, a process that has already begun. This action permits the bases for remuneration to be coordinated within the enterprise, and hence contributes to ensuring that staff are treated equally. [S1-4 38 c, MDR-A 68 a] One goal is to prevent discrimination and unequal opportunities and hence to protect employees' health and career opportunities. Another is to avoid dissatisfaction and poor motivation negatively impacting the results of employees' work and their health. [S1-4 38a]

3.1.4 Engaging with own workforce and workers' representatives

Staff surveys

The Talanx Group polls employees in its annual employee survey and ad hoc topical surveys, among other things, so as to assess employee satisfaction, engagement and the ability to achieve a satisfactory work-life balance, for example. [S1-2 27 a] These surveys are performed online and allow anonymous feedback to be provided and specific workforce needs and challenges to be identified. [S1-2 27 b] The survey results are systematically evaluated and included in Company-wide decision-making processes. This can help to derive measures to improve working conditions and the corporate culture. [S1-2 27 e] The specialist departments concerned are responsible for conducting and analysing the surveys. Where appropriate, they use the insights obtained to establish new needs-driven measures. [S1-2 27 c] The surveys also serve to identify trends in the working atmosphere and to take strategic decisions on the basis of the employee feedback provided. The specialist departments monitor and assess the effectiveness of the surveys and redesign them where appropriate so as to ensure that they deliver meaningful, usable results. [S1-2 27 e]

Enterprise participation rights

Cooperation between the employer and the employee representatives at the Talanx Group is based on the national legislation granting employee representatives participation rights, co-determination rights, and consultation and information rights. In Germany, works councils play a crucial role in employee representation. [S1-2 27 a] In addition to the works councils, statutory bodies such as the representative bodies for severely disabled employees and for youths and vocational trainees look after the interests of specific employee groups. [S1-2 28] Cooperation between the members of the Board of

[1] Lesbian, gay, bisexual, transgender, intersexual and queer.
[2] Black, indigenous and people of colour.

Management and the employee representatives is active and dialogue-based. Agreements such as works agreements and company agreements are developed and resolved in line with the statutory requirements. In addition, voluntary arrangements are agreed so as to better reflect employee interests. For example, new works or company agreements – such as those covering the employee share programme, the digital HDI JobTicket or the rules relating to remote working – are regularly entered into. The phases of engagement, the way in which engagement takes place and its frequency vary depending on the topic concerned and the statutory requirements; normally, multiple discussions are held each year. [S1-2 27 b] At European level, European works councils represent the interests of HDI Global SE and Hannover Rück SE employees in accordance with the German Act on the Participation of Employees in a European Company (SEBG). This representation is based on an agreement to inform and consult employees, especially in the case of cross-border issues. [S1-2 27 a, S1-8 63 b] As a matter of principle, remuneration-related decisions at the Talanx Group are taken in close coordination with the responsible employee representatives, and hence take employee interests into account. [S1-2 27 b] Information on these topics is made available via internal communications channels such as the intranet. The effectiveness of participation in the enterprise is analysed and assessed in joint discussions between the employer and the employee representative bodies. [S1-2 27 e]

Whistleblowing system

The Talanx Group's whistleblowing system offers employees and external stakeholders the opportunity to report potential and actual breaches of internal rules, human rights standards or statutory obligations anonymously and in confidence. The system can be accessed around the clock and around the world in nine languages from the Company's website. Identities are protected using technical measures such as encryption and data separation so as to prevent information being traced back. Complaints can also be lodged via internal channels such as employee representative bodies, managers or Human Resources. Specific contacts such as the equal opportunities officers or inclusion officers are also available. [S1-3 32 b]

The procedure allows employees and external stakeholders to categorise their reports by topic, and to optionally set up an anonymous mailbox to receive feedback. Group Compliance coordinates and monitors report processing. The effectiveness of the whistleblowing system is reviewed at least once a year and ad hoc. Group Audit performed an internal audit of the whistleblowing system during the reporting year. [S1-3 32 c, e] Descriptions of the whistleblowing system can be found on Talanx AG's website, the access page that this links to and the publicly available Rules of complaints procedure for the German Supply Chain Due Diligence Act (LkSG), which provides information on its accessibility, on responsibilities and on the workflow. In addition, the Talanx Group's Code of Conduct contains an explicit prohibition on reprisals, and this is actively underscored by training courses and internal communications. The whistleblowing system is made accessible and transparent to employees by providing information on it on the intranet. [S1-3 32 d, 33]

3.1.5 Opportunities for employees to submit complaints

All German employees subject to the requirements of the German Works Constitution Act (BetrVG) have the right to call on competent bodies if they feel discriminated against, unfairly treated or otherwise adversely affected by their employer, superior or co-workers. Poor working conditions, cases of discrimination and complaints about a lack of initial training and CPD can also be dealt with in this way. If they so wish employees can call on support from, or request mediation by, a member of the Works Council. The Talanx Group has established a central complaints office as required by the AGG. Employees are provided with information about this facility and an overview of the relevant contacts on the intranet. They can use the office both in the case of allegations of discrimination on one of the grounds set out in section 1 of the AGG and to clarify general questions. In addition, they can address concerns and provide information in confidence to their direct superiors, the equal opportunities officers or the representative bodies for severely disabled employees. Complaints are initially received, processed and followed up by the competent local offices. Following this, appropriate measures can be taken. On recruitment, new employees are provided with information familiarising them with the relevant rules so as to raise awareness for non-discriminatory working practices. The Talanx Group's international companies also guarantee the right to complain and access to processes for this. [S1-3 32]

3.1.6 Targets related to the own workforce

Due to the Group's decentralised organisational structure and the deep roots that the local Group units have in their respective locations, the individual subsidiaries and branches have and pursue their own targets. These are tailored to the needs and requirements in the individual countries. Consequently, the Talanx Group does not disclose any clearly defined, measurable and outcome-oriented global targets as defined by the ESRS at Group level. Nevertheless, the Talanx Group continuously reviews the effectiveness of its own actions and policies designed to promote employee working conditions, and staff health, development and diversity. It uses a variety of internal approaches for this such as monitoring actions, evaluating statistical metrics and the feedback provided by employee surveys. Trends and developments are assessed using these qualitative and quantitative metrics so as to continuously optimise working conditions. [MDR-T 81 b]

3.2 Private retail customers (ESRS S4)

As an insurance undertaking, the Talanx Group depends on the trust of all its customers – be they undertakings or private individuals. Taking out insurance contracts is based on trust and hence the foundation for its economic activity. Trust arises when customers' interests and rights are taken into consideration consistently in the value chain. Needs-driven insurance solutions, fair advice that is focused on customer needs, and the provision of easy-to-understand information about recommended insurance solutions aim to ensure this, and are the preconditions for high customer satisfaction.

The basic statements made by the Talanx Group apply to all companies throughout the world. In addition, detailed information on private retail customers is collected at the largest companies. In the reporting year these were Germany, where roughly one-third of total revenue for the private retail customer segment is generated, plus the Brazilian companies and the WARTA Group companies in Poland.

The Talanx Group pursues a highly customer-centric business model and strategic focus, which it sees as the key to the Company's success. Conversely, customer dissatisfaction and inadequate cybersecurity can represent significant risks. It is therefore crucial to adopt a judicious strategy that proactively identifies and addresses positive and negative impacts. [ESRS 2 SBM-3 9 b]

Impacts on customers are a core component of the Talanx Group's strategy and business model, which focuses on providing customers with financial security and protection. High-quality advice and compliance with the duties to provide information contribute materially to customer satisfaction. However, data protection breaches or miscalculations of risks can potentially threaten customer trust. Modifications to products and improvements to the sales and advisory processes are essential to fostering positive customer experiences and to addressing potential challenges at an early stage. Reviewing internal workflows ensures the quality and effectiveness of the measures taken. [ESRS 2 SBM-3 9 a] The focus here is on customer satisfaction, since this is the basis for business success. Customer needs are part of the Talanx Group's sales strategy. One area in which this is operationalised is in product management.

The Talanx Group serves a variety of consumers and end-users both nationally and internationally; in the present case, only private retail customers will be examined, as mandated by the standard. Consequently, other customers such as large enterprises and institutional investors have not been considered, although they also play a major role for the Talanx Group. Private retail customers, whose needs for financial protection mainly revolve around their families or private households, are served by the private retail segments. They receive services, the performance of which could potentially negatively impact the protection of their personal data. [ESRS 2 SBM-3 10 a]

Individual cases of data protection breaches or miscalculations of risks are dealt with specifically. Such incidents can often be traced back to human error or technical problems. Ongoing training and initiatives to improve risk assessment and data protection aim to create a secure environment for customers. [ESRS 2 SBM-3 10 b]

The protection of customer data, the offer of customised insurance products and the high quality of advice that ensures customers are provided with information promote positive effects such as the protection of personal rights, and financial security and health for customers. These approaches are implemented globally with flexible adaptations being made to local circumstances and needs, so as to ensure their effectiveness. [ESRS SBM-3 10 c]

All material risks and opportunities that the Talanx Group identified during the materiality assessment in relation to consumers and end-users arise from the impacts and dependencies relating to consumers and end-users. [ESRS 2 SBM-3 10 d]

The materiality assessment did not determine that customers with particular characteristics might be at greater risk of harm than other customers. In addition, neither material impacts nor material risks and opportunities were identified that only impact specific groups of customers, or that impact such groups to a greater extent. [ESRS 2 SBM-3 10 a, 11, 12]

The Talanx Group is developing a globally tailored framework, which is also adapted to local conditions, to safeguard the Company's long-term success and protect customers' interests. This framework is supported by specific measures. The Talanx Group and local companies provide the necessary financial and human resources in the form of dedicated budgets (e.g. via local codes of conduct or customer loyalty reviews using the Net Promoter Score). [S4-4 37]

3.2.1 Data protection and cybersecurity

Data protection and cybersecurity are a priority for the Talanx Group, since they can boost customer trust and security and prevent the Company having a poor external image. An effective data protection management system and cybersecurity measures aim to ensure that customer data are protected. This increases customer trust in the Talanx Group, and reinforces it for the long term. At the same time, data protection breaches and the financial losses that often accompany them in the form of fines, sanctions and reputational damage can be prevented. Talanx's core policy here are its Group Data Protection Guidelines. Additional information on the policies and actions in relation to data protection and cybersecurity can be found in section 4.1.3 "Data protection/cybersecurity at the Group", since they affect all corporate data and not just customer data.

3.2.2 Human rights

The reference to human rights in the context of private retail customers is a mandatory disclosure under the ESRS. The human rights policy commitments (see section 3.1.1 "Human rights"), the Code of Conduct (see section 4.1.1 "Business conduct and corporate culture") and the Human Rights Policy Statement (see section 3.1.1 "Human rights") also apply to consumers and end-users. [S4-1 16] The Talanx Group has committed itself to observing the UN Global Compact and other international and common sector standards such as the Principles for Sustainable Insurance (PSI), the Principles for Responsible Investment (PRI), the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs). The policies related to private retail customers are in line with these obligations. Private retail customers are included via the whistleblowing system. No severe human rights breaches related to customers were reported in the reporting year. [S4-1 17, S4-4 35]

3.2.3 Integrity and customer orientation in the sales force

POLICY

The Talanx Group's Code of Conduct (see section 4.1.1 "Business conduct and corporate culture") serves as binding guidance for all staff and defines basic legal and ethical requirements for dealing with customers. It covers topics such as respectful interaction, fair competition, data protection, proper records and avoiding conflicts of interests. The Code aims to promote integrity and responsibility, strengthen customer trust and preserve Talanx's reputation. It puts particular emphasis on customer-centric advice and information by ensuring transparency and comprehensive information. [MDR-P 65 a, S4-1 13] The Talanx Group's Code of Conduct applies to all employees, including employed field sales force staff, who are in direct contact with all consumers and end-users. It is designed to ensure that all customer interactions are legally and ethically impeccable. [MDR-P 65 b, S4-1 15] It is available to staff on the intranet. [MDR-P 65 f] The Chief Compliance Officer and the Compliance team support and monitor compliance with the Code. [MDR-P 65 c]

The Talanx Group's Code of Conduct is fleshed out in greater detail in the global Compliance Guidelines, which lay down minimum requirements. The Retail Germany Division has broken down these minimum requirements for its business model in greater detail in its HD Compliance Guidelines.

In addition, insurance undertakings belonging to the Retail Germany Division have signed up to the Code of Conduct for Insurance Distribution published by the German Insurance Association (GDV) and have undertaken to comply with its 11 principles. These underscore the integrity of sales staff, the needs-driven development and distribution of insurance solutions, and customer-centric advice. One core objective of the GDV Code is to ensure high-quality customer advice and support. The companies have introduced a compliance management system for insurance distribution to implement the requirements and comply with the rules set out in the 11 principles. Implementation of the Code's rules and the adequacy of the compliance management system as a whole are audited regularly, and at least every three years, by independent entities. This is done by external auditors in accordance with audit standard IDW PS 980. A description of the implementation and the audit findings are published on the GDV website. Contractual arrangements with intermediaries and a systematic complaints management process support the Code's implementation. The insurance undertakings in the Retail Germany Division that have signed up to the GDV Code of Conduct only work together with intermediaries in Germany who acknowledge the principles underlying the GDV Code of Conduct and apply them in practice. [MDR-P 65 a, S4-1 13] The GDV Code of Conduct is aimed at, and binding on, all sales force staff and intermediaries in Germany who are in direct contact with customers, regardless of whether they work directly for an insurance undertaking or as independent intermediaries. The goal is to ensure that they observe the principles set out in the Code when providing customers with advice and support. [MDR-P 65 b, S4-1 15] The Compliance Steering Committee plays a core role in ongoing monitoring of compliance with the HD Compliance Guidelines and the requirements of the GDV Code of Conduct for Insurance Distribution in the Retail Germany Division. Its task is to ensure that the companies that have signed up to the GDV Code of Conduct comply with its requirements, and that any measures that need to be taken to achieve this are taken. Equally, the IDD[1] requirements are taken into account for all participating companies with the same objective. In addition, the Compliance Steering Committee addresses compliance risks in the areas of sustainability, sanctions, embargoes and antitrust law, and ensures that the relevant requirements are observed and any measures that are needed are taken. The Compliance Steering Committee is chaired by HDI Deutschland AG's Compliance Officer. The Chair or his deputy must inform the Board of Management of HDI Deutschland AG and the boards of management of the participating companies within four weeks of the material issues addressed in, and resolutions passed by, the Compliance Steering Committee by sending them the minutes of the Compliance Steering Committee meetings, including the risk analyses. [MDR-P 65 c] The GDV Code of Conduct applies in Germany, while comparable codes are used in other countries. In Poland, for example, the Code of Conduct produced by the Polish Chamber of Insurance is used, whereas in Brazil there is an institutional code of conduct taking the form of a regulatory requirement and containing guidelines for appropriate behaviour with respect to customer service and customer relationships.

The HDI Basic Code sets out binding principles of behaviour for all HDI tied agents in Germany. It serves to ensure customer-centric advice and to promote transparency in insurance intermediation. In line with the core elements of the GDV Code of Conduct, it emphasises

[1] Insurance Distribution Directive.

the importance of customer interests and obliges intermediaries to give these priority over their own interests at all times. In addition, the Code addresses ethical and legal standards such as avoiding corruption, conflicts of interests and unacceptable invitations. Special measures relate to the requirement to document customer advisory meetings, the promotion of sustainability criteria in the intermediation process and compliance with the General Data Protection Regulation (GDPR). [MDR-P 65 a, S4-1 13] It aims to protect and promote the interests of its target group, end-users. The Code can ensure that customer needs are taken into account during advisory meetings. In addition, it obliges intermediaries to pass on the rules of conduct to their staff and subintermediaries so as to ensure the principles are applied uniformly. [MDR-P 65 b] The member of HDI AG's Board of Management with responsibility for insurance intermediation is responsible for compliance with intermediaries' obligations. This information is provided in the entry in the IHK register of intermediaries. [MDR-P 65 c] The HDI Basic Code is a component of the contracts signed with all HDI tied agents. [MDR-P 65 f] Compliance with the rules of behaviour set out in the HDI Basic Code is checked by Complaints Management. [MDR-P 65a]

The Talanx Group's Compliance Guidelines underscore the importance of fair dealings with customers and focus on their interests. Sales force staff should be licensed and well-trained. The guidelines promote compliance with local duties to provide information and continuous customer support. The aim is to avoid conflicts of interest and improper influence. The monitoring process for the Compliance Guidelines comprises risk-based monitoring by Compliance, an early warning system for new laws and regulations, the provision of advice and support for Group companies, and the observance of local responsibilities. [MDR-P 65 a, S4-1 13] The Compliance Guidelines also affect product development, distribution and customer support for consumers and end-users. The stakeholders affected are all private retail customers and, via the requirements specified, the Talanx Group's sales force staff and intermediaries. [MDR-P 65 b] The Guidelines are made available via internal communications channels such as the intranet, keeping sales force staff regularly informed, and are flanked by training courses. The most senior level in the undertaking accountable for the implementation of the policy is Compliance Germany. [MDR-P 65 c]

The Talanx Group's Code of Conduct, the Talanx Compliance Guidelines, the HD Compliance Guidelines, the GDV Code of Conduct plus its implementation in the compliance management system for insurance distribution and the HDI Basic Code provide core guidance on ensuring customer-centric advice, transparency and comprehensive information. These codes can help protect and safeguard customers by ensuring that legal and ethical standards are complied with and that recommended products meet customers' individual needs. Proper documentation and transparent information can reduce miscalculations of risks and minimise the non-payment of claims. At the same time, they aim to prevent losses, with comprehensive advice and information ensuring that customers are better informed about risks and that they can take measures to mitigate them. Key focuses are on the integrity of sales force staff and representatives, the quality of advice given, and compliance with the duties to provide information. By focusing on customer orientation and ethical standards, the codes not only promote trust and loyalty but also help ensure long-term corporate success by aiming to increase customer satisfaction. [MDR-P 65 a]

ACTION

Actions to ensure the integrity of sales force staff and representatives

The compliance management system for insurance distribution comprises a large number of actions and processes (including the Compliance Steering Committee that has already been mentioned, regular monitoring of gift lists and the management of training measures) aimed at meeting statutory and regulatory requirements and promoting ethical behaviour. It aims to help make all distribution activities transparent and readily understandable, and to reduce the risk of misconduct and fraud. The system provides for regular training and awareness-raising measures for sales force staff, so as to enhance their understanding of the applicable rules and ethical standards. It also facilitates the continuous monitoring and assessment of sales practices. The expected outcomes of this action include enhanced integrity of sales force staff and intermediaries, and greater trust in the insurance products on the part of private retail customers in Germany. [MDR-A 68 b] Implementing a robust compliance management system allows potential risks to be identified and addressed early on, something that can help improve compliance. In addition, the system supports the provision of information and advice for customers, assisting the observance of information and disclosure obligations. The action ensures standardised processes, promoting transparency and fairness in distribution and hence allowing risks to be assessed more precisely and errors to be minimised. [S4-4 28, 31, MDR-A 68 a] The Compliance Steering Committee tracks the effectiveness of the action; this central body assumes responsibility for ongoing monitoring of compliance with the requirements of the compliance management system for insurance distribution in the Retail Germany Division. [S4-4 31 d] The action has helped to ensure compliance with the GDV Code of Conduct since 2014, with the system being updated and recertified on an ongoing basis. The last recertification took place in 2024. [MDR-A 68 a, c]

3.2.4 Product development and oversight

POLICY

The Talanx Group relies on decentralised approaches to product development and oversight that are specifically tailored to local requirements and market conditions. In Germany, these include Product Development and Oversight Guidelines for all retail insurance customers and, for example, the supervisory and management requirements for HDI Lebensversicherung and the bancassurance business. The goals are to guarantee a high level of product transparency and quality and to avoid conflicts of interest. The policies not only meet regulatory requirements such as those contained in the Insurance Distribution Directive (IDD) in Germany, but also help to boost customers' financial security and protect their health by ensuring that the products developed provide adequate cover for insurable risks. This can promote customer well-being and trust, since they can rely on the quality and transparency of the products and can be confident that their interests and needs are being taken into account. Consequently, product transparency and quality are crucial to ensuring long-term customer trust and satisfaction. The guidelines are reviewed annually to establish whether they need to be updated, with the annual update process being managed and monitored by the Business Organisation unit. [MDR-P 65 a, S4-1 13] They apply to product development and oversight in the German business units. Clear target market definitions ensure that products meet target group expectations, which are determined using market analyses, among other things. The inclusion of potential customer sustainability goals is an additional dimension of product development, especially in the case of insurance-based investment products. [MDR-P 65 b] Responsibility for implementing the policies lies with the individual companies concerned. The principles of behaviour and instructions can be accessed by all affected employees on the intranet. [MDR-P 65 c, f]

ACTIONS

Actions to ensure needs-driven insurance solutions

The individual companies within the Talanx Group have specific product approval processes, which cover both newly developed insurance products and major changes to existing ones. These processes manage the development, oversight, review and distribution of insurance products, ensuring that they meet customer needs and that potential challenges relating to their use are addressed proactively. The processes are designed to enhance the financial security of retail customers in Germany and strengthen trust in the Talanx Group's products. [MDR-A 68 b] Together with the IDD requirements that also apply, they have been an ongoing action since 2018 in the form of the Product Development and Oversight Guidelines policy. [MDR-A 68 a, c] Careful review can identify and minimise potential risks early on, contributing to improved product quality. [S4-4 28, 31, 32 b, MDR-A 68 a] Their effectiveness is checked via the ongoing oversight that forms part of the product approval processes, target market controlling for life insurance and complaints management. These processes help to ensure and continuously improve product quality. [S4-4 31 d] In Brazil, a variety of measures are being implemented, such as focus group analyses with end-users and pilot projects before products are launched.

The Talanx Group performs customer needs analyses and validation exercises to ensure customer needs are met. [MDR-A 68 a] These comprise annual customer surveys, benchmarking activities and pilot projects that are performed ad hoc in relation to specific questions and for various periods. The insights obtained are included in the Talanx Group's product development and strategic focus, ensuring that insurance products are precisely aligned with customer needs and strengthening customer trust. These ongoing actions, which have been in place for a long time, are also remedies and help enhance the financial security and protection of retail customers in Germany by enabling potential problems to be recognised early on and optimising protection against insurable risks. [S4-4 28, 31, 32 c, MDR-A 68 a, b, c] Continuous contact to customers is guaranteed via the various sales channels, which serve as platforms for continuous feedback. [S4-4 31 d]

Actions to ensure customer-centric advice and information

The Talanx Group's advisory documentation contributes significantly to ensuring that the needs of retail customers in Germany are systematically taken into account in the advisory process. [MDR-A 68 b] Tied agents, and banking and cooperative partners are required to treat determining customer needs as a material part of their activity and to use standardised minutes to carefully document the advisory meeting. HDI's standardised digital sales processes also create a consultation document that is made available to customers. This ongoing action, which was implemented in 2014, aims to improve the provision of information to customers and to reduce miscalculations of risks, in line with the HDI Basic Code. [MDR-A 68 a, c] The documentation allows customer needs to be captured and taken into consideration in detail, facilitates high-quality advice and hence helps promote security and customer protection. [S4-4 28, 31, MDR-A 68 a] The effectiveness of the action can be tracked through the ongoing monitoring by complaints management and target market controlling. In addition, the advisory documentation for tied agents is continuously evaluated. [S4-4 31 d]

In Germany, the Talanx Group uses the Hohenheimer Verständlichkeitsindex, a German readability index, specifically to ensure clear, understandable communication with private retail customers. [MDR-A 68 b] This ongoing measure has supplemented existing policies since 2014 and focuses on optimising the readability of product information. [MDR-A 68 a, c] At HDI, reviewing product sheets for compliance with a defined minimum value on the index is a fixed stage of product development in the private retail customer segment. Use of the Hohenheimer Verständlichkeitsindex aims to reduce potential misunderstandings, strengthen customer trust and promote transparent communication. At the same time, the action helps to ensure that duties to provide information are observed, contributes to improving the advice provided and reduces the risk of miscalculations and losses. [S4-4 28, 31, 32 b, 33, MDR-A 68 a] The effectiveness of the action is tracked by the continuous monitoring provided by Complaints Management and regular product reviews using the Hohenheimer Verständlichkeitsindex. [S4-4 31 d]

At the WARTA Group, customer information documents are regularly reviewed by the product units, and by the compliance and legal departments. In addition, the WARTA Group ensures that customers' interests in receiving clear, reliable information are met by contractually obliging sales partners to undergo training on the products offered and to comply with the duties of information set out in the Polish Insurance Distribution Act.

Using simple language to ensure clarity and transparency is also one of a number of measures aimed at providing customer-centric advice and information in Brazil. As is the case in Poland, customer information is reviewed by the legal department for compliance with the statutory requirements. The rules established by the Private Insurance National Council are particularly important here.

Actions to ensure customer satisfaction

The Talanx Group specifically deploys a range of instruments to capture satisfaction and loyalty on the part of its customers and sales partners. These include isolated internal customer surveys at points of contact, external assessment tools and research studies such as the "Kundenmonitor Assekuranz", trend analyses and market observation. The Retail Germany companies and the companies in Poland and Brazil use the Net Promoter Score (NPS) or comparable methodologies, the results of which are evaluated annually, to measure customer loyalty. [MDR-A 68 b] For more than 10 years, this ongoing action has offered a solid basis for optimising products and services so as to achieve high customer satisfaction, which is essential for the Company's long-term success. [MDR-A 68 a, c] Continuously measuring and analysing customer satisfaction makes it possible to react early on to potential dissatisfaction and to implement specific improvement measures. This can minimise potential challenges and boost customer retention and new customer acquisition. [S4-4 28, 33, MDR-A 68 a] The effectiveness of the action is tracked by regularly capturing and analysing the NPS data and by performing a benchmark comparison to identify changes in customer loyalty. [S4-4 31 d]

In 2022, a sustainability management governance unit was established for the Retail Germany Division so as to continuously expand the Group's knowledge of, and insights into, current customer needs, and to adapt products in line with this. [MDR-A 68 a, b] This unit plays an active role in, for example, specialist events organised by Versicherungsforen Leipzig or in stakeholder dialogues such as the ESG dialogue with sales partners. This ongoing action promotes information sharing with different stakeholders and enables continuous improvements to be made in product development. [MDR-A 68 c] Continuous development helps enhance customer satisfaction and loyalty by providing sustainable, customised products. This helps improve customer relationships and can contribute to long-term loyalty and to the Company's success. At the same time, integrating ESG criteria helps project a positive corporate image and strengthen the Company's market position, since it allows specific customer preferences to be accommodated. [S4-4 28, 33, MDR-A 68 a] The effectiveness of the action can be tracked through the ongoing monitoring by complaints management and target market controlling. In addition, the advisory documentation for tied agents is continuously evaluated. [S4-4 31 d]

3.2.5 Engaging with consumers and end-users

Customer surveys

The Talanx Group performs annual customer surveys that focus on core topics such as product satisfaction, the information provided and the quality of advice given. These aim to identify specific customer needs and recognise potential challenges early on. [S4-2 20 a, b] The survey results are systematically analysed and included in Company-wide decision-making processes. This can then be used as a basis for deriving specific actions that can be taken to improve product development and the advice provided, and to optimise processes. [S4-2 20 d] In addition, the results can give indications enabling potential customer challenges to be identified early on and suitable actions to be taken. [S4-4 32 a] The surveys also serve to identify trends and customer needs and to align the Company's strategic focus with customer expectations. Specialist departments (such as Product Management HUS (which handles third-party liability, accident and property claims)) and Market Research monitor and assess the effectiveness of the surveys and adapt their design as necessary so as to ensure that the results are meaningful and usable. [S4-2 20 d]

Market research

The market research process for engaging with consumers and end-users and their representatives involves a number of stages. [S4-2 20 a] Market research activities are generally performed annually. To start with, target groups such as private retail customers, retail business customers, brokers and tied agents are defined. Data is captured both by phone and online using a mix of quantitative and qualitative methodologies so as to ensure that a comprehensive picture of customer expectations and perceptions is obtained. [S4-2 20 b] Corporate Market Research has operational responsibility and coordinates and monitors the entire process. [S4-2 20 c] The data captured are analysed and compared with benchmarking studies from other market participants, so as to identify the key drivers for customer satisfaction and business volumes. Based on the results, specific improvements are developed and implemented in the specialist departments concerned, so as to further enhance the Company's competitiveness. [S4-2 20 d]

3.2.6 Opportunities for private retail customers to submit complaints

The Talanx Group has a systematic Complaints Management function that aims to deal effectively with customer concerns, to ensure customer satisfaction after a complaint has been submitted, and to enhance customer retention (see section 4.1.1 "Business conduct and corporate culture"). [S4-3 25 a] Customers can use a number of different channels to submit complaints, including sales channels, e-mail and the individual companies' customer portals. For example, HDI's online customer portal offers digital services and a chat function that allows customers to submit complaints or voice concerns around the clock. This function is supported by chat bot technology, which produces an initial record of the issue and relays it to Support. [S4-3 25 b, c] After receiving a report, Support then decides individually how to deal with the complaint so as to ensure an appropriate solution is found. No scripted answers are used. All queries are examined for their specific context and appropriate action is then taken. [S4-3 25 d] In addition, customers can access the Company's own complaints channels and the Talanx Group's whistleblowing system, which is also available to all customers online (see section 4.1.1 "Business conduct and corporate culture"). The Talanx Group takes a variety of measures to protect whistleblowers, thus ensuring that the rights of the persons affected are protected and that trust in the whistleblowing system is preserved. For example, the Talanx Group's Code of Conduct makes clear that whistleblowers do not have to fear any disciplinary measures or other adverse consequences, regardless of whether a report turns out to be correct or not. The ability to submit messages anonymously also protects whistleblowers from any adverse consequences. The fact that the system is operated by an external provider not belonging to the Talanx Group and that data are encrypted are further protections for whistleblowers. Private retail customers can obtain information about this on the websites of all companies in Germany. Additionally, customers in Germany can use external complaints channels such as the Versicherungsombudsmann (insurance ombudsman) or BaFin's complaints mechanism, which offer independent ways of lodging complaints. The Talanx Group does not have any processes in place to assess customer trust in its complaints channels. [S4-3 26]

3.2.7 Targets related to private retail customers

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 have and pursue their own targets. These are tailored to the needs and requirements in the individual countries. Consequently, the Talanx Group does not disclose any clearly defined, measurable and outcome-oriented targets as defined by the ESRS at Group level. Nevertheless, the Talanx Group continuously reviews the effectiveness of its own actions and policies designed to promote the integrity of its sales force staff and representatives, needs-driven insurance solutions, the provision of customer-centric advice and information, customer satisfaction, data protection and cybersecurity. It uses a variety of internal methods for this such as monitoring actions, evaluating statistical metrics and the feedback provided by customer surveys. Trends and developments are assessed using qualitative and quantitative metrics so as to continuously optimise customer satisfaction. [MDR-T 81 b]

3.3 Social metrics

The following information complies with the requirements of MDR-M 77 a.

Definition of "employees"

An "employee" is defined as a person who is in an employment relationship with the Company according to national law or practice. This covers all employees who had a contract of employment or equivalent contractual obligation on the reporting date (31 December). Examples are full-time or part-time employees with permanent or fixed-term contracts, vocational trainees, management trainees, casual workers, interns, student employees, and sales force staff. In addition, employees on parental leave, long-term sick leave, sabbaticals, and military and civilian service are also included. Employees on assignment abroad whose costs are borne in full by the host company are also covered by the definition of employees. Workers on assignment abroad must be assigned to the country in which they are on the payroll. People in the passive phase of early retirement are not considered to be employees. [S1-6 50 d ii]

The Talanx Group's Board of Management is a corporate body and therefore is not covered by the definition of an "employee". The members of the boards of management of the business units and of the local units are employees and therefore are included in the data underlying the following metrics in line with the Talanx Group's definition.

Reconciliation of IFRS and ESRS employee figures

The definitions of "employees" used in IFRS financial reporting and in ESRS reporting are different. The IFRSs use restrictive definitions relating to German national law (HGB), which exclude vocational trainees and members of the Board of Management. Equally, employees with inactive employee relationships are not included. In contrast, the Talanx Group adopts a very broad definition of the term "employee" in the context of the ESRS. As a result, the figures for employees in the ESRS reporting exceed those given in the IFRS reporting.

Top management

The Talanx Group defines "top management" as the management levels 1 and 2 below the Talanx Group Board of Management. People who perform more than one of the above-mentioned functions are only counted once in this metric.

Remuneration

The metrics on remuneration are calculated on the basis of the gross hourly pay for all staff. This enables e.g. part-time workers and staff who leave or join in the course of a year to be included more appropriately, enhancing comparability. The gross hourly pay is determined by the cash flow, i.e. the gross wage actually paid during the reporting period divided by the contractual hours of work performed. The gross wage corresponds to the total remuneration, i.e. the sum actually paid during the reporting period as indicated on the salary statements for the entire reporting period. This includes not only the base remuneration but also any other remuneration in the form of cash or in-kind benefits that the employee receives directly or indirectly from the employer as a result of their employment. Pension entitlements are added to the gross wage on the basis of an estimate.

This estimate is made on the basis of the ratio of the pension expenses to the wages and salaries for the previous year. The highest paid individual is assigned their exact pension expense for the reporting year.

Information on remuneration-based metrics

The Talanx Group complies with the ESRS requirements by reporting the metrics relating to pay equity and remuneration in line with the standard. However, the Group takes a critical view of the informative value of the metrics on the "gender pay gap" and the "annual total remuneration ratio for the undertaking's highest paid individual to the median annual total remuneration for all employees". The standard requires calculation of an unadjusted gender pay gap. All reasons explaining differences in pay between genders (e.g. different roles, qualifications, (staff) responsibility and professional experience) have been ignored in line with the standard. This also applies to the fact that the proportions of female and male staff vary between countries and regions with different wage levels. This results in a figure being quoted that in Talanx's opinion does not permit any substantive statement to be made about the gender pay gap.

In line with the standard, the horizontal comparison of remuneration is based on calculating all salaries in the Group. This means that for Talanx, as an international Group, all international salaries are also contrasted with the highest salary paid in Germany. This ignores pay differentials between the different countries, reducing the information value of the metric determined. In addition, the metric's informative value in relation to other undertakings and groups is severely limited, as it largely depends on the countries in which staff are employed. This means that a comparison of the metric across the sector is hardly possible. [S1-16 79 a, b, AR 99]

EMPLOYEE HEAD COUNT BY GENDER (S1–6 50 AR 55)

Gender	2024 Number of employees (head count)
Male	15,197
Female	16,217
Other	—
Not reported	—
Total employees	**31,414**

EMPLOYEE HEAD COUNT IN COUNTRIES WHERE THE UNDERTAKING HAS AT LEAST 50 EMPLOYEES REPRESENTING AT LEAST 10% OF ITS TOTAL NUMBER OF EMPLOYEES (S1–6 50 AR 55)

Country	2024 Number of employees (head count)
Brazil	4,835
Germany	11,882
Poland	3,564
Total	**20,281**

This metric also meets the disclosure requirement under [ESRS 2 SBM-1 40 a iii].

EMPLOYEE HEAD COUNT BY CONTRACT TYPE, BROKEN DOWN BY GENDER (S1–6 50 AR 55)

Number	Female	Male	Other[1]	Not reported	Total
	2024				
Number of employees	16,217	15,197	—	—	31,414
Number of permanent employees	15,234	14,123	—	—	29,357
Number of temporary employees	945	1,026	—	—	1,971
Number of non-guaranteed hours employees	38	48	—	—	86
Number of full-time employees	—	—	—	—	—
Number of part-time employees	—	—	—	—	—

1 Gender as specified by the employees themselves.

EMPLOYEE HEAD COUNT BY CONTRACT TYPE, BROKEN DOWN BY REGION (S1–6 50 AR 55)

Number	European Economic Area	Rest of Europe	Africa	Asia and Australia	Latin America	North America	Total
	2024						
Number of employees	18,139	848	552	2,005	9,076	794	31,414
Number of permanent employees	16,412	794	521	1,845	9,054	731	29,357
Number of temporary employees	1,672	54	28	149	16	52	1,971
Number of non-guaranteed hours employees	55	—	3	11	6	11	86
Number of full-time employees	—	—	—	—	—	—	—
Number of part-time employees	—	—	—	—	—	—	—

COLLECTIVE BARGAINING COVERAGE AND SOCIAL DIALOGUE (S1–8 58 AR 70)

	2024		
	Collective bargaining coverage		Social dialogue
Coverage rate (%)	Employees – EEA (for countries with >50 employees representing >10% total employees)	Employees – Non-EEA (estimate for regions with >50 employees representing >10% total employees)	Workplace representation – EEA only (for countries with >50 employees representing >10% total employees)
0–19	Poland	—	—
20–39	—	—	—
40–59	—	—	—
60–79	—	Latin America	—
80–100	Germany	—	Germany, Poland

OTHER KPIS

ESRS		KPI	Unit	2024
S1–6	Characteristics of the undertaking's employees (S1–6 50 c)	Rate of employee turnover	%	12.9%
S1–6	Characteristics of the undertaking's employees (S1–6 50 c)	Total number of employees who have left the undertaking during the reporting period	Number	3,989
S1–9	**Diversity parameters (S1–9 66 a)**	**Top management**		
S1–9	Diversity parameters	of which female	%	16.1%
S1–9	Diversity parameters	of which female	Number	20
S1–9	Diversity parameters	of which male	%	83.9%
S1–9	Diversity parameters	of which male	Number	104
S1–9	Diversity parameters	of which other	%	—
S1–9	Diversity parameters	of which other	Number	—
S1–9	Diversity parameters	of which not reported	%	—
S1–9	Diversity parameters	of which not reported	Number	—
S1–9	**Diversity parameters (S1–9 66 b)**	**Age diversity of employees**		
S1–9	Diversity parameters	Employees head count – age group <30	%	16.7%
S1–9	Diversity parameters	Employees head count – age group 30–50	%	59.0%
S1–9	Diversity parameters	Employees head count – age group >50	%	24.3%
S1–10	Adequate wage (S1–10 67)	Employees paid below adequate wage	%	0.0%
S1–16	Remuneration metrics (pay gap and total remuneration) (S1–16 97 a)	Gender pay gap	%	32.1%
S1–16	Remuneration metrics (pay gap and total remuneration) (S1–16 97 b)	Total remuneration ratio for the highest paid individual to the median total remuneration for all employees	Factor	79
S1–17	**Incidents, complaints and severe human rights impacts (S1–17 103 a)**	**Total number of incidents of discrimination including harassment**	**Number**	**8**
S1–17	Incidents, complaints and severe human rights impacts (S1–17 103 b)	Number of complaints related to social and human right matters other than discriminations	Number	1
S1–17	**Incidents, complaints and severe human rights impacts (S1–17 103 c)**	**Total amount of fines, penalties and compensation for damages as a result of violating social and human rights factors**	**EUR**	**—**

4. Governance information

4.1 Business conduct (ESRS G1)

This section shows how the Talanx Group identifies, assesses and manages the impacts, risks and opportunities relating to its business conduct. It focuses in particular on the Group's corporate culture, on the prevention and detection of corruption and bribery, and on data protection and cybersecurity. [G1-1 8]

4.1.1 Business conduct and corporate culture

The Talanx Group actively identifies, assesses and manages the material impacts, risks and opportunities connected with its business conduct and corporate culture. [G1-1 8] The focus is on creating transparency in relation to Group-wide compliance with legal requirements and internal rules of conduct (see the Sustainability Commitment published by the Board of Management on the Talanx AG website). [G1-1 9] Talanx AG's Board of Management is responsible for implementing the Sustainability Commitment. [MDR-P 65 c]

POLICY

The compliance management systems (CMS) for the Talanx Group and the Hannover Re Group subgroup sets out rules for employees' business practices. These are contained in the Group-wide Code of Conduct and the Talanx Group's Compliance Guidelines, plus the Hannover Re Group's Code of Conduct and Compliance Group Policy. [MDR-P 65 b] Training raises employee awareness of their duty to comply with the rules.

Annual Group-wide compliance risk analyses are performed by the Talanx Group and the Hannover Re Group to monitor compliance risks. In addition, the CMS provides for regular monitoring measures. The annual risk analyses and the monitoring measures are the starting point for any risk mitigation measures to be taken. [MDR-P 65 a]

The Talanx Group has collated its key principles and rules on business practices in its Group-wide Code of Conduct for Employees, which is based on the UN Global Compact's Ten Principles [MDR-P 65 d]. The guiding principle behind this Code of Conduct is to ensure ethical business practices. The Code is designed to serve as a guideline for all business activities performed by Group staff. For example, it sets out the fundamental rules for avoiding corruption, for interacting respectfully with one another and for respecting human rights, as well as explaining how conflicts of interest can be avoided in day-to-day business. The Talanx Group's Code of Conduct was resolved by Talanx AG's Board of Management. It is assigned to Group Compliance [MDR-P 65 c] and is publicly available on Talanx AG's website. [MDR-P 65 f] The Talanx Group's Compliance Policy was also resolved by Talanx AG's Board of Management and has been assigned to Group Compliance, which is responsible for its content. [MDR-P 65 c] It has been rolled out to the Group's subsidiaries and is available on Talanx AG's intranet. [MDR-P 65 f] The Hannover Re Group's Code of Conduct and Compliance Group Policy were adopted approved by Hannover Rück SE's Executive Board, and responsibility for them has been assigned to the Hannover Re Group subgroup's Compliance department. [MDR-P 65 c] These documents have also been rolled out to the Hannover Re Group subgroup's subsidiaries and are available on the Group's intranet. [MDR-P 65 f]

The Talanx Group's CMS actively influences employee behaviour and the corporate culture, and creates a positive role model for business practices in the entire Group. The Group can use a good corporate culture to position itself as an attractive employer and to successfully recruit qualified, motivated staff. A good corporate culture also enhances the Group's attractiveness for investors, since it reduces reputational damage and associated financial losses. Such risks could also take the form of poor ratings and hence potentially worse terms and conditions for borrowing, plus generally weaker corporate performance due to a lack of qualified employees. [G1-1 9]

ACTIONS

The Talanx Group takes a variety of measures to identify, assess, manage and/or rectify impacts, risks and opportunities related to issues concerning its business conduct and corporate culture. For example, the members of the Board of Management and Supervisory Board of Talanx AG (the Group parent) must address the elements of the compliance management system at an overarching level at least once a year. [G1-1 9] Group Compliance prepares a Group Compliance Report to assist these bodies with this. Among other things, the report provides information on any material compliance incidents such as those relating to corruption and bribery, and in particular creates transparency about risks related to issues of business conduct and corporate culture. [G1-1 10a]

Since 2009, the Talanx Group has run a whistleblowing system that allows information about potential misconduct to be submitted anonymously from anywhere in the world. A systematic process has been set up to handle reports submitted in this way. [G1-1 10 a] This Group-wide whistleblowing system is another instrument that can be used to identify and assess risks related to business conduct and corporate culture. The system gives employees, customers, suppliers and other business partners an opportunity to report potential breaches of the law or of the rules set out in the Code of Conduct. [MDR-A 68 b] This helps the Talanx Group to identify risks connected with its business conduct and corporate culture at an early stage. The system permits reports to be submitted anonymously. It can be accessed worldwide in a total of nine languages via Talanx AG's website. Additionally, employees can report suspected breaches of the law or guidelines to their superior or directly to the compliance officer responsible for the company concerned. The competent compliance officer investigates all reports received. [G1-1 10a]

The Talanx Group takes a variety of measures to protect whistleblowers, thus protecting the rights of the people affected, preserving trust in the whistleblowing system and ensuring that the system is therefore used to identify risks. [G1-1 10 c] For example, the Talanx Group's Code of Conduct makes clear that whistleblowers do not have to fear any disciplinary measures or other adverse consequences, regardless of whether a report turns out to be correct or not. The ability to submit reports anonymously also protects whistleblowers against any discrimination. The fact that the system is operated by an external provider not belonging to the Group and that data are encrypted are further protections for whistleblowers. [G1-1 10 c ii, MDR-A 68 a]

The Talanx Group ensures that the whistleblowing system is used as extensively as possible to identify risks by actively informing staff and external parties about how the system can be used. The procedure for submitting reports is described on Talanx AG's website and on the access page that it links to. Talanx AG's intranet and the Talanx Group's Code of Conduct also draw attention to the whistleblowing system. Equally, links to the system are provided on a number of Group subsidiaries' intranets and websites. The whistleblowing system is explained and the link to the system provided in the training course that has been created for all Group employees. [G1-1 10 c ii]

The Talanx Group facilitates the effective use of the whistleblowing system for risk prevention through processes that permit incidents relating to business practices (including potential cases of corruption and bribery) to be examined swiftly, independently and objectively. For example, the whistleblowing system automatically generates messages to the competent system administrators when reports are received, ensuring they swiftly address the issues described. In addition, all Group companies are obliged by the Talanx Group's Compliance Policy, which applies throughout the Group, or the Hannover Re Group subgroup's Compliance Group Policy to report all material compliance breaches to Group Compliance or Hannover Re Group's Chief Compliance Officer without undue delay. This is done by the responsible local compliance officer. [G1-1 10 c, e]

Group Compliance, as the central compliance function, supports the Group companies in implementing and monitoring the minimum requirements set out in the Compliance Policy. In this role, Group Compliance also uses the annual compliance reporting process to monitor the extent to which the competent local compliance officers perform their roles independently of other functions such as Internal Audit, Risk Management or Underwriting. In addition, the compliance officers also state in the compliance reporting the extent to which they meet Group Compliance's minimum requirements for professional qualifications. The responsible local compliance officers at the Group's subsidiaries are provided with information and training on compliance-related issues regularly (at least twice a year) by Group Compliance using a virtual, non-mandatory exchange format (ComplianceXchange). [G1-1 10 c i]

Training of Group company staff on all relevant issues relating to business practices forms part of regular Group-wide compliance activities, so as to avoid risks and negative impacts for both the Talanx Group and externals. The frequency and level of detail of the training provided is individually tailored to the tasks performed by the various different employees. Group Compliance provides all Group employees with web-based training on the topics covered by the Group-wide Code of Conduct. Subsidiaries report once a year to Group Compliance on the compliance-related training taken by their staff. [G1-1 10 g]

4.1.2 Prevention and detection of corruption and bribery

The Talanx Group actively opposes all forms of corruption and bribery. Consequently, preventive measures against all sorts of corruption and bribery are an essential part of compliance management in the Talanx Group, with the aim being to act as a role model and to prevent cases of corruption occurring. This also avoids financial risks such as the negative effects on the community of policyholders of higher prices, or the negative impact on earnings of higher cost/loss ratios. [MDR-P 65 a] Investing in undertakings with good governance practices (UN Global Compact) creates incentives to prevent corruption and bribery. [G1-1 7, MDR-P 65 d]

POLICY

To prevent corruption both in its own operations and in its dealings with business partners, the Talanx Group's Code of Conduct and its Code of Conduct for Business Partners both explicitly state that the Group actively opposes all forms of corruption and bribery. The former document was resolved by Talanx AG's Board of Management and applies to all employees, while the latter was resolved by Talanx AG's Board of Management and responsibility for it has been assigned to Group Compliance. [MDR-P 65 b, c] The Talanx Group's Compliance Policy and the Hannover Re Group's Compliance Group Policy apply to employees. They flesh out these principles in greater detail and set minimum requirements for establishing processes to prevent corruption and bribery. Additionally, these policies are supplemented by divisional work instructions/policies, which apply to the employees at these companies. Examples are special anti-corruption requirements such as those for dealing with gifts, specific rules of conduct for avoiding and disclosing conflicts of interest, and more detailed rules on donations and sponsorships. These rules and the transparent approach taken to corruption and bribery aim to increase employee and customer trust and enhance integrity. The Talanx Group's Code of Conduct and the Code of Conduct for Business Partners are both available in German and English on Talanx AG's website and on the Group's intranet. Employees can access the Talanx Group's Compliance Policy in German and English on the intranet. The Hannover Re Group's Compliance Group Policy is available to employees in English on Hannover Re's intranet. In some cases, subsidiaries also provide staff with versions of these compliance requirements in the language of the country concerned. Employees can also access internal work instructions and information materials on the Group intranet. [G1-3 18 a, 20, MDR-P 65 f]

Regarding asset management, the Talanx Group's overarching ESG screening ensures that governance topics relating to the prevention and detection of corruption and bribery are taken into account. [MDR-P 65 a] One filter criterion used in this screening process is compliance with the UN Global Compact. In its liquid investment portfolio, the Talanx Group excludes investments in issuers that do not comply with the principles set out in the UN Global Compact. This also rules out undertakings for which information is available to indicate that they are involved in corruption, bribery or blackmail. The screening process is described in more detail in chapter 2. "Environmental information". [MDR-P 65 d]

ACTIONS

The Talanx Group's whistleblowing system also aims to prevent corruption, and to support the detection of corruption and bribery, by enabling employees and third parties to submit reports (including anonymously) about corruption and bribery in particular. In addition, by making the system available centrally the Talanx Group permits reports that, for example, relate to subsidiaries to be submitted centrally and hence without the involvement of the local management of the subsidiaries concerned. This helps to identify and avoid any conflicts of interest on the part of local investigators or investigating committees, and to ensure that incidents are examined independently. [G1-3 18 b] What is more, Group Compliance's annual compliance reporting activities include monitoring the extent to which the competent local compliance officers perform their roles independently of other functions such as Internal Audit, Risk Management or Underwriting.

The Talanx Group also offers information materials and training designed to raise employees' awareness of topics associated with preventing corruption. One example of this is a web-based training course that is available to all employees and board of management members at all Group units, and that offers practical examples of how to prevent corruption and recommendations for ensuring ethical behaviour in day-to-day operations. The training enables attendees to acquire specialist compliance knowledge regarding their due diligence duties to prevent corruption within the undertaking. [G1-3 21 a, c] Training quotas for anti-corruption training are evaluated so as to make corruption risks transparent and mitigate them as effectively as possible. This applies in particular to employees in functions-at-risk (distribution, claims processing and purchasing), and other functions considered by Group companies to be at risk (see section 4.2 "Governance metrics and targets"). [MDR-M 77 a, G1-1 10 h]

In addition, potential corruption risks are detected and prevented by including them in the annual Group-wide [MDR-P 65 b] compliance risk analysis. This analysis assesses risks and monitors the effectiveness of any risk mitigating measures. [MDR-A 68 a]

4.1.3 Data protection/cybersecurity at the Group

The Talanx Group's success depends on it being perceived by its business partners and end customers throughout the world as a trustworthy partner that takes care of the data entrusted to it. The Group's core processes depend on the availability of authentic and consistent information. In line with this, the most senior decision-making bodies require ongoing transparency about the information security situation, resulting risks and improvement measures. The Group aims to keep the risk of incidents involving material impacts on the data of its customers, business partners and employees appropriately small and hence also to reduce the risk of additional costs for recovery measures, fines, etc. Talanx AG's Board of Management defines annual security ambitions for the Group based on current insights as to the threat level, and these are then translated by the Information Security Office into target maturity levels for control requirements. [MDR-P 65 a]

POLICY

To break down the strategic requirements in greater detail, the Talanx Group has established second-line-of-defence functions within the Talanx Group´s internal control system for data protection (Group Legal) and information security (the Group Information Security Office) that report directly to Talanx AG's Board of Management. [MDR-P 65 c]

A Group policy defines the principles governing information security and the model for collaboration between local functions and the Group level. This also sets out the core duties of information and involvement. The Group Information Security Office function then uses this as a basis for defining requirements for information security controls that must be implemented in the local units around the world. [MDR-P 65 a] These are based firstly on an assessment of the current threat level and secondly on international standards such as the Cybersecurity Framework (CSF) published by the US National Institutes of Standards and Technology (NIST), or ISO 27001. [MDR-P 65 d] The requirements defined by the Group Information Security Office are implemented by local security management units at the subsidiaries (with the ultimate responsibility there lying with the relevant local management body), with the relevant IT and specialist departments implementing concrete controls. [MDR-P 65 c] Compliance with the overarching requirements is checked at least once a quarter.

Group policies also set out the actions that must be taken to ensure an appropriately high level of data protection and compliance with regulatory requirements, especially with the EU's General Data Protection Regulation (GDPR) and the German Federal Data Protection Act (BDSG). [MDR-P 65 a] The regulatory data protection requirements are implemented by the responsible specialist departments. A system of data protection coordinators serves as the interface between the central Data Protection function and the local units (with the ultimate responsibility there lying with the relevant local management body). [MDR-P 65 c]

ACTIONS

Data protection actions focus on safeguarding end customers' and employees' rights regarding the handling of their personal data. A high level of information security can only be achieved together with the involvement of employees. Actions such as security awareness campaigns have been set up to ensure this. These are designed in alignment with local requirements, with web-based training being used, for example. The established guideline management tools and processes are used to publish guidelines internally. [MDR-P 65 f]

All Group units implement measures based on the outcomes of the individual assessments to implement actions aimed at enhancing information security as part of a continuous improvement process. [MDR-A 65 b] This is done by drawing up roadmaps, implementation of which is generally planned using an annual cycle and quarterly milestones. Key actions generally include the following:

- governance actions such as establishing appropriate risk management systems
- technical and organisational measures to prevent/identify incidents (e.g. vulnerability management)
- the creation of plans and procedures for incident handling/restoring regular operations [MDR-A 68 a]

The Group's Information Security function uses the actions that have been established to monitor compliance with the core requirements. Monitoring takes the form of structured assessments of the levels of maturity concerned, tracking agreed actions, technical checks and extended tests of organisational and technical actions. A systematic risk assessment is performed in the case of any discrepancies, and processing of personal data is documented in a register. The Group's Data Protection function manages the register centrally for Germany. Decentralised registers exist for other EU countries. The register was redesigned in 2024 and ported to a software solution. This is also to be made available to certain foreign locations in 2025.

KPIs are regularly compiled and the results discussed with top management so as to check compliance with the central requirements. These indicators include a comprehensive annual analysis of the quality of implemented security measures at subsidiaries and a quarterly review of the progress made with implementing the subsidiaries' roadmaps, plus an updated assessment of defensive capabilities. At a technical level, external vulnerability scanning is performed on an ongoing basis (updates are made at least daily). At the group level, the results and the improvements achieved are analysed every quarter in reviews conducted with the responsible managers. External threat intelligence sources relating to the general threat situation or to individual areas, technologies or regions are evaluated at least monthly.

The Group's Data Protection function organises data protection training. This includes general training (web-based training) and needs-driven training, for example for specific departments or applications such as AI that pose particular data protection risks. Centrally organised training courses are held for Germany. The Group's Data Protection function is planning to design training for certain foreign locations in 2025.

In Germany, new software is launched using a control process that reviews whether certain data protection requirements have been met. This was extended to foreign locations as well in 2024.

All these measures are taken in the interests of the people affected (data subjects), so as to ensure secure, transparent processing that complies with the data protection requirements. [MDR-A 68 a]

4.1.4 Anti-competitive behaviour

Given the competitive situation on the reinsurance market, the Hannover Re Group's materiality assessment identified the topic of anti-competitive behaviour as an additional material topic. Consequently, the information provided below applies solely to the Hannover Re Group.

POLICY

As a reinsurance undertaking, the Hannover Re Group is in competition with other reinsurers. To prevent anti-competitive behaviour and promote fair competition, the Hannover Re Group has resolved an Antitrust Law Policy. This policy sets out instructions for employees on how to behave so as to avoid breaching antitrust law. [MDR-P 65 a]

The policy applies to all Hannover Re Group employees, regardless of their position or location. [MDR-P 65 b]

The Hannover Re Group's Chief Compliance Officer is responsible for this policy. [MDR-P 65 c]

4.2 Governance metrics and targets

Employees in distribution, claims processing and purchasing, and other staff identified by Group companies as being at risk are considered by the Talanx Group as being most at risk with respect to corruption and bribery due to their work ("functions-at-risk"). [G1-1 10 h] A total of 82.7% of these employees took part in an anti-corruption/anti-bribery training programme in the reporting period. [G1-3 21 b] A web-based training course, which gives practical examples of how to prevent corruption and recommendations on how to behave ethically in day-to-day business, was made available to all Talanx AG Board of Management members, but not to the external members of the Company's Supervisory Board, in 2023. Seven out of the total of seven members of Talanx AG's Board of Management have taken the course since then. Four out of the total of four internal members of Talanx AG's Supervisory Board have also completed the course since 2023.

The Talanx Group is not aware of any convictions or fines imposed on Group companies or employees for violating anti-corruption and anti-bribery laws. [G1-4 24 a]

This nil report confirms the effectiveness of the Talanx Group's anti-corruption and anti-bribery mechanisms. Consequently, no further ad hoc actions, action plans or targets were resolved in the financial year 2024. [G1-4 24 a, b, MDR-A 62, MDR-T 81]

Appendix

QUALIFICATIONS OF TALANX AG'S SUPERVISORY BOARD MEMBERS

		Herbert Haas[1,2]	Jutta Hammer	Angela Titzrath[1,2]	Natalie Bani Ardalan	Rainer-Karl Bock-Wehr	Dr Joachim Brenk	Sebastian Gascard
Length of service	Member since	2018	2011	2018	2024	2019	2023	2019
Personal suitability		✓	✓	✓	✓	✓	✓	✓
Diversity	Gender	Male	Female	Female	Female	Male	Male	Male
	Year of birth	1954	1968	1966	1972	1960	1961	1964
	Nationality	German	German	German	German/ British	German	German	German
	Qualifications	Business administration graduate (Dipl.-Kaufmann)	Trained insurance administrator (Versicherungs-kauffrau)	Graduate in economics (Dipl.-Ökonomin)	Teaching Degree for English and French (grammar schools)	Graduate in law (Jurist)	Dr. Ing./ Mechanical engineer (Dipl.-Ingenieur)	Graduate in law (Jurist)/ trained banker (Bankkauf-mann)
Expertise/ professional suitability[4]	Asset management	✓		✓			✓	✓
	Underwriting	✓	✓	✓	✓	✓		✓
	Accounting	✓		✓	✓		✓	✓
	Auditing	✓		✓			✓	✓
	Internal model	✓	✓	✓		✓	✓	
	Internationality	✓		✓	✓	✓	✓	✓
	Compliance	✓	✓	✓	✓	✓	✓	✓
	Risk management	✓	✓	✓	✓		✓	
	Human resources		✓	✓	✓	✓	✓	✓
	IT/digital transformation	✓	✓	✓	✓		✓	
	Sustainability/ESG	✓	✓	✓	✓			✓

[1] Auditing expertise within the meaning of section 100(5) of the AktG ("financial expert").
[2] Accounting expertise within the meaning of section 100(5) of the AktG ("financial expert").
[3] ESG (environmental, social and governance) expertise.
[4] Scores based on self-assessment (A = in-depth knowledge, B = sound knowledge, C = satisfactory knowledge, D = adequate knowledge, E = no to little knowledge), ✓ means a self-assessment of A or B.

	Dr Christof Günther	Dr Hermann Jung[1,2]	Dirk Lohmann	Christoph Meister	Dr Sandra Reich[1,2,3]	Matthias Rickel	Prof. Dr Jens Schubert[3]	Patrick Seidel	Norbert Steiner[3]
	2023	2013	2013	2014	2023	2024	2014	2024	2013
	✔	✔	✔	✔	✔	✔	✔	✔	✔
	Male	Male	Male	Male	Female	Male	Male	Male	Male
	1969	1955	1958	1965	1977	1966	1969	1984	1954
	German	German	German/ Swiss	German	German	German	German	German/ British	German
	Dr. rer. pol./ Industrial engineering graduate (Dipl.-Wirt-schaftsinge-nieur)/ Electrical engineering technician	Dr. rer. pol./ Industrial engineering graduate (Dipl.-Wirt-schafts-ingenieur)	Business administration graduate (Dipl.-Kaufmann)/ Political scientist/ economist	Graduate in law (Jurist)	Dr. jur./ trained banker (Bankkauffrau)	Graduate in law (Jurist)/ Trained insurance administrator (Versicherungs-kaufmann)	Graduate in law (Jurist)	Business administration graduate (B.A., MBA)	Graduate in law (Jurist)
		✔	✔	✔	✔			✔	✔
	✔	✔	✔		✔	✔		✔	
		✔	✔		✔			✔	✔
	✔	✔	✔		✔				✔
	✔	✔	✔	✔	✔			✔	
	✔	✔	✔		✔		✔	✔	✔
	✔	✔	✔	✔	✔	✔	✔		✔
	✔	✔	✔		✔		✔	✔	
	✔	✔		✔	✔	✔	✔	✔	✔
	✔	✔		✔	✔	✔			
	✔		✔	✔	✔		✔		✔

STATEMENT ON DUE DILIGENCE (GOV-4)

Core elements of due diligence	Paragraphs in topical standards	Paragraphs in the sustainability statement
Embedding due diligence in governance, strategy and business model	■ ESRS 2 GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	Overarching ■ 1.2.1 The role of the administrative, management and supervisory bodies (GOV-2) ■ 1.2.2 Sustainability matters during the reporting period
	■ ESRS 2 GOV-3 Integration of sustainability-related performance in incentive schemes	Overarching ■ 1.2.3 Integration of sustainability-related remuneration in incentive schemes for the Board of Management and Supervisory Board (GOV-3)
	■ ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	Overarching ■ 1.4.3 Material impacts, risks and opportunities and their interaction with strategy and business model (SBM-3) E1 ■ 2.2.1 Fundamentals of climate change mitigation ■ 2.2.2 Policies in asset management ■ 2.2.4 Underwriting policies ■ 2.2.12 Environmental matters in risk management S1 ■ 3.1 Own workforce (ESRS 2 S-1) S4 ■ 3.2 Private retail customers (ESRS 2 S-4)
Engaging with affected stakeholders in all key steps of the due diligence	■ ESRS 2 GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	Overarching ■ 1.2.1 The role of the administrative, management and supervisory bodies (GOV-2)
	■ ESRS 2 SBM-2 Interests and views of stakeholders	Overarching ■ 1.4.1 Strategy, business model and value chain (SBM-1) ■ 1.4.2 Stakeholders' interests and views (SBM-2)
	■ ESRS 2 IRO-1 Description of the process to identify and assess material impacts, risks and opportunities	Overarching ■ 1.3.1 Description of the materiality assessment process and outcomes (IRO-1) ■ 1.3.2 Topical disclosures on the process of identifying and assessing IROs E1 ■ 2.2.4 Policies in underwriting ■ 2.2.6 Policies for own operations ■ 2.2.9 Gross Scopes 1, 2, 3 and Total GHG emissions ■ 2.2.12 Environmental matters in risk management
	■ ESRS 2 MDR-P Policies adopted to manage material sustainability matters ■ Topical ESRS: reflecting the different stages and purposes of stakeholder engagement throughout the due diligence process	E1 ■ 2.2.2 Policies in asset management ■ 2.2.4 Policies in underwriting ■ 2.2.6 Policies for own operations S1 ■ 3.1.1 Human rights ■ 3.1.2 Working conditions ■ 3.1.3 Diversity/equity/inclusion S4 ■ 3.2.3 Integrity and customer orientation in the sales force ■ 3.2.4 Product development and oversight G1 ■ 4.1.1 Business conduct and corporate culture ■ 4.1.2 Prevention and detection of corruption and bribery ■ 4.1.3 Data protection/cybersecurity at the Group

STATEMENT ON DUE DILIGENCE (GOV-4)

Core elements of due diligence	Paragraphs in topical standards	Paragraphs in the sustainability statement
Identifying and assessing adverse impacts	■ ESRS 2 IRO-1 Description of the process to identify and assess material impacts, risks and opportunities (including Application Requirements related to specific sustainability matters in the relevant ESRS)	Overarching ■ 1.3.1 Description of the materiality assessment process and outcomes (IRO-1) ■ 1.3.2 Topical disclosures on the identification and assessment of IROs E1 ■ 2.2.4 Policies in underwriting ■ 2.2.6 Policies for own operations ■ 2.2.9 Gross Scopes 1, 2, 3 and Total GHG emissions ■ 2.2.12 Environmental matters in risk management
	■ ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	Overarching ■ 1.4.3 Material impacts, risks and opportunities and their interaction with strategy and business model (SBM-3) E1 ■ 2.2.1 Fundamentals of climate change mitigation ■ 2.2.2 Policies in asset management ■ 2.2.4 Policies in underwriting ■ 2.2.12 Environmental matters in risk management S1 ■ 3.1 Own workforce (ESRS 2 SBM-3) S4 ■ 3.2 Private retail customers (ESRS 2 SBM-3)
Taking actions to address those adverse impacts	■ ESRS 2 MDR-A – Actions and resources in relation to material sustainability matters ■ Topical ESRS: reflecting the range of actions, including transition plans, through which impacts are addressed	E1 ■ 2.2.3 Actions in asset management ■ 2.2.5 Actions in underwriting ■ 2.2.7 Actions in own operations S1 ■ 3.1.2 Working conditions ■ 3.1.3 Diversity/equity/inclusion S4 ■ 3.2.3 Integrity and customer orientation in the sales force ■ 3.2.4 Product development and oversight G1 ■ 4.1.1 Business conduct and corporate culture ■ 4.1.2 Prevention and detection of corruption and bribery ■ 4.1.3 Data protection/cybersecurity at the Group ■ 4.2 Governance metrics and targets
Tracking the effectiveness of these efforts and communicating	■ ESRS 2 MDR-M – Metrics in relation to material sustainability matters	E1 ■ 2.3 Environmental metrics S ■ 3.3 Social metrics
	■ ESRS 2 MDR-T – Tracking effectiveness of policies and actions through targets ■ Topical ESRS: regarding metrics and targets	E1 ■ 2.2.8 Targets related to climate change mitigation and adaptation S1 ■ 3.1.6 Targets related to own workforce S4 ■ 3.2.7 Targets related to retail customers G1 ■ 4.2 Governance metrics and targets

LIST OF REFERENCES USED (ESRS 2 BP-2)

ESRS disclosure obligation	Reference	Section
ESRS 2 SBM-1 40 a iii	3.3 Social metrics (part of the sustainability statement)	1.4.1 Strategy, business model and value chain (ESRS 2 SBM-1)

LIST OF REFERENCES TO REPORTS NOT INCLUDED IN THE SUSTAINABILITY STATEMENT (ESRS 2 BP-2)[1]

ESRS disclosure obligation	Reference	Section
ESRS GOV-3 29 b	Remuneration report (part of the Group Annual Report)	1.2.3 Integration of sustainability-related performance in incentive schemes for the Board of Management and Supervisory Board
ESRS 2 E1 GOV-3	Remuneration report (part of the Group Annual Report)	1.2.3 Integration of sustainability-related performance in incentive schemes for the Board of Management and Supervisory Board

[1] References to further information not included in the sustainability statement are not part of ESRS reporting.

LIST OF DISCLOSURE REQUIREMENTS MET (ESRS REFERENCE ESRS 2 IRO-2 54, 55, 56)

Standard	Disclosure Requirement	Section
ESRS 2	BP-1 – General basis for preparation of sustainability statement	1.1.1 General basis for preparation of sustainability statement (BP-1)
ESRS 2	BP-2 – Disclosures in relation to specific circumstances	1.1.2 Disclosures in relation to specific circumstances (BP-2) 1.3.2 Topical disclosures on the identification and assessment of IROs 2.2.12 Environmental matters in risk management Appendix: List of references used
ESRS 2	GOV-1 – The role of the administrative, management and supervisory bodies	1.2.1 The role of the administrative, management and supervisory bodies (GOV-1)
ESRS 2	GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	1.2.2 Sustainability matters during the reporting period (GOV-2) 1.2.1 The role of the administrative, management and supervisory bodies (GOV-1)
ESRS 2	GOV-3 – Integration of sustainability-related performance in incentive schemes	1.2.3 Integration of sustainability-related performance in incentive schemes for the Board of Management and Supervisory Board (GOV-3)
ESRS 2	GOV-4 – Statement on due diligence	Appendix: Statement on due diligence (GOV-4)
ESRS 2	GOV-5 – Risk management and internal controls over sustainability reporting	1.2.4 Risk management and internal controls over consolidated sustainability reporting (GOV-5)
ESRS 2	SBM-1 – Strategy, business model and value chain	1.4.1 Strategy, business model and value chain (SBM-1) 3.3 Social metrics
ESRS 2	SBM-2 – Interests and views of stakeholders	1.4.2 Stakeholders' interests and views (SBM-2) 1.4.1 Strategy, business model and value chain (SBM-1)
ESRS 2	SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	1.4.3 Material impacts, risks and opportunities and their interaction with strategy and business model (SBM-3)
ESRS 2	IRO-1 – Description of the process to identify and assess material impacts, risks and opportunities	1.3.1 Description of the materiality assessment process and outcomes (IRO-1) 1.3.2 Topical disclosures on the process of identifying and assessing IROs
ESRS 2	IRO-2 – Disclosure Requirements in ESRS covered by the undertaking's sustainability statement	1.3.3 Disclosure Requirements in ESRS covered by the sustainability statement (IRO-2) Appendix: List of datapoints that derive from other EU legislation (IRO-2)
E1	related to ESRS 2 GOV-3 – Integration of sustainability-related performance in incentive schemes	1.2.3 Integration of sustainability-related performance in incentive schemes for the Board of Management and Supervisory Board (GOV-3)
E1	E1-1 – Transition plan for climate change mitigation	2.2.8 Targets related to climate change mitigation and adaptation
E1	related to ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	2.2.1 Fundamentals of climate change mitigation 2.2.2 Policies in asset management 2.2.4 Underwriting policies 2.2.12 Environmental matters in risk management
E1	related to ESRS 2 IRO-1 – Description of the processes to identify and assess material climate-related impacts, risks and opportunities	1.3.1 Description of the materiality assessment process and outcomes (IRO-1)
E1	E1-2 – Policies related to climate change mitigation and adaptation	2.2.2 Policies in asset management 2.2.4 Underwriting policies 2.2.6 Policies for own operations
E1	E1-3 – Actions and resources in relation to climate change policies	2.2.3 Actions in asset management 2.2.5 Underwriting actions 2.2.7 Actions in own operations

LIST OF DISCLOSURE REQUIREMENTS MET (ESRS REFERENCE ESRS 2 IRO-2 54, 55, 56)

Standard	Disclosure Requirement	Section
E1	E1-4 – Targets related to climate change mitigation and adaptation	2.2.7 Actions in own operations 2.2.8 Targets related to climate change mitigation and adaptation
E1	E1-5 – Energy consumption and mix	2.3 Environmental metrics
E1	E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions	2.2.9 Gross Scopes 1, 2, 3 and Total GHG emissions
E1	E1-7 – GHG removals and GHG mitigation projects financed through carbon credits	2.2.10 GHG removals and GHG mitigation projects financed using GHG credits
E1	E1-8 – Internal carbon pricing	2.2.11 Internal carbon pricing
E1	E1-9 – Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	Phase-in
E1	Minimum Disclosure Requirement – Policies MDR-P – Policies adopted to manage material sustainability matters	2.2.2 Policies in asset management 2.2.4 Underwriting policies 2.2.6 Policies for own operations
E1	Minimum Disclosure Requirement – Actions MDR-A – Actions and resources in relation to material sustainability matters	2.2.3 Actions in asset management 2.2.5 Underwriting actions 2.2.7 Actions in own operations
E1	Minimum Disclosure Requirement – Metrics MDR-M – Metrics in relation to material sustainability matters	2.3 Environmental metrics
E1	Minimum Disclosure Requirement – Targets MDR-T – Tracking effectiveness of policies and actions through targets	2.2.8 Targets related to climate change mitigation and adaptation
S1	related to ESRS 2 SBM-2 – Interests and views of stakeholders	1.4.2 Stakeholders' interests and views (SBM-2)
S1	related to ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	3.1 Own workforce (ESRS S1)
S1	S1-1 – Policies related to own workforce	3.1 Own workforce (ESRS S1) 3.1.1 Human rights 3.1.2 Working conditions 3.1.3 Diversity/equity/inclusion
S1	S1-2 – Processes for engaging with own workforce and workers' representatives about impacts	3.1.4 Engaging with own workforce and workers' representatives
S1	S1-3 – Processes to remediate negative impacts and channels for own workforce to raise concerns	3.1.4 Engaging with own workforce and workers' representatives 3.1.5 Opportunities for employees to submit complaints
S1	S1-4 – Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	3.1 Own workforce (ESRS S1) 3.1.2 Working conditions 3.1.3 Diversity/equity/inclusion
S1	S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	–
S1	S1-6 – Characteristics of the undertaking's employees	3.3 Social metrics
S1	S1-7 – Characteristics of non-employees in the undertaking's own workforce	Not material
S1	S1-8 – Collective bargaining coverage and social dialogue	3.3 Social metrics
S1	S1-9 – Diversity metrics	3.3 Social metrics
S1	S1-10 – Adequate wages	3.3 Social metrics
S1	S1-11 – Social protection	Phase-in
S1	S1-12 – Persons with disabilities	Not material
S1	S1-13 – Training and skills development metrics	Phase-in
S1	S1-14 – Health and safety metrics	Not material
S1	S1-15 – Work-life balance metrics	Phase-in
S1	S1-16 – Remuneration metrics (pay gap and total remuneration)	3.3 Social metrics
S1	S1-17 Incidents, complaints and severe human rights impacts	3.3 Social metrics
S1	Minimum Disclosure Requirement – Policies MDR-P – Policies adopted to manage material sustainability matters	3.1.1 Human rights 3.1.2 Working conditions 3.1.3 Diversity/equity/inclusion

LIST OF DISCLOSURE REQUIREMENTS MET (ESRS REFERENCE ESRS 2 IRO-2 54, 55, 56)

Standard	Disclosure Requirement	Section
S1	Minimum Disclosure Requirement – Actions MDR-A – Actions and resources in relation to material sustainability matters	3.1.2 Working conditions 3.1.3 Diversity/equity/inclusion
S1	Minimum Disclosure Requirement – Metrics MDR-M – Metrics in relation to material sustainability matters	3.3 Social metrics
S1	Minimum Disclosure Requirement – Targets MDR-T – Tracking effectiveness of policies and actions through targets	3.1.6 Targets related to own workforce
S4	related to ESRS 2 SBM-2 – Interests and views of stakeholders	1.4.2 Stakeholders' interests and views (SBM-2)
S4	related to ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	3.2 Private retail customers (ESRS S4)
S4	S4-1 – Policies related to consumers and end-users	3.2.2 Human rights 3.2.3 Integrity and customer orientation in the sales force 3.2.4 Product development and oversight
S4	S4-2 – Processes for engaging with consumers and end-users about impacts	3.2.5 Engaging with consumers and end-users
S4	S4-3 – Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	3.2.6 Opportunities for private retail customers to submit complaints
S4	S4-4 – Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	3.2 Private retail customers (ESRS S4) 3.2.2 Human rights 3.2.3 Integrity and customer orientation in the sales force 3.2.4 Product development and oversight 3.2.5 Engaging with consumers and end-users
S4	S4-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	–
S4	Minimum Disclosure Requirement – Policies MDR-P – Policies adopted to manage material sustainability matters	3.2.3 Integrity and customer orientation in the sales force 3.2.4 Product development and oversight
S4	Minimum Disclosure Requirement – Actions MDR-A – Actions and resources in relation to material sustainability matters	3.2.3 Integrity and customer orientation in the sales force 3.2.4 Product development and oversight
S4	Minimum Disclosure Requirement – Metrics MDR-M – Metrics in relation to material sustainability matters	3.3 Social metrics
S4	Minimum Disclosure Requirement – Targets MDR-T – Tracking effectiveness of policies and actions through targets	3.2.7 Targets related to private retail customers
G1	related to ESRS 2 GOV-1 – The role of the administrative, supervisory and management bodies	1.2.1 The role of the administrative, management and supervisory bodies (GOV-1)
G1	related to ESRS 2 IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities	1.3.1 Description of the materiality assessment process and outcomes (IRO-1)
G1	G1-1 – Business conduct policies and corporate culture	4.1 Business conduct (ESRS G1) 4.1.1 Business conduct and corporate culture 4.1.2 Prevention and detection of corruption and bribery
G1	G1-2 – Management of relationships with suppliers	Not material
G1	G1-3 Prevention and detection of corruption and bribery	4.1.2 Prevention and detection of corruption and bribery 4.2 Governance metrics and targets
G1	G1-4 – Incidents of corruption or bribery	4.2 Governance metrics and targets
G1	G1-5 – Political influence and lobbying activities	Not material
G1	G1-6 – Payment practices	Not material
G1	Minimum Disclosure Requirement – Policies MDR-P – Policies adopted to manage material sustainability matters	4.1.1 Business conduct and corporate culture 4.1.2 Prevention and detection of corruption and bribery 4.1.3 Data protection/cybersecurity at the Group
G1	Minimum Disclosure Requirement – Actions MDR-A – Actions and resources in relation to material sustainability matters	4.1.1 Business conduct and corporate culture 4.1.2 Prevention and detection of corruption and bribery 4.1.3 Data protection/cybersecurity at the Group 4.2 Governance metrics and targets
G1	Minimum Disclosure Requirement – Metrics MDR-M – Metrics in relation to material sustainability matters	4.1.2 Prevention and detection of corruption and bribery
G1	Minimum Disclosure Requirement – Targets MDR-T – Tracking effectiveness of policies and actions through targets	4.2 Governance metrics and targets
G1	Entity specific disclosures – cybersecurity	4.1.3 Data protection/cybersecurity at the Group

LIST OF DATA POINTS THAT DERIVE FROM OTHER EU LEGISLATION (ESRS 2 IRO-2)

Disclosure Requirement and associated data that derive from other EU legislation	Reference to other EU legislation	Section	"Material"/ "not material"/ "mandatory"
ESRS 2 GOV-1 21(d) Board gender diversity	SFDR: Indicator number 13 in Table 1 of Annex 1 Reference regulation: Commission Delegated Regulation (EU) 2020/1816, Annex II	1.2.1 The role of the administrative, management and supervisory bodies (GOV-1)	Mandatory
ESRS 2 GOV-1 21 e Percentage of board members who are independent	Reference regulation: Commission Delegated Regulation (EU) 2020/1816, Annex II	1.2.1 The role of the administrative, management and supervisory bodies (GOV-1)	Mandatory
ESRS 2 GOV-4 30 Statement on due diligence	SFDR: Indicator number 10 in Table 3 of Annex 1 Reference regulation: Commission Delegated Regulation (EU) 2020/1816, Annex II	Appendix: Statement on due diligence (GOV-4)	Mandatory
ESRS 2 SBM-1 40 d i Involvement in activities related to fossil fuel activities	SFDR: Indicator number 4 in Table 1 Column 3 of Annex 1; Article 449a Regulation (EU) No. 575/2013; Commission Implementing Regulation (EU) 2022/2453 Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk Reference regulation: Commission Delegated Regulation (EU) 2020/1816, Annex II	Not applicable to the Talanx Group	Mandatory
ESRS 2 SBM-1 40 d ii Involvement in activities related to chemical production	SFDR: Indicator number 9 in Table 2 of Annex 1 Reference regulation: Commission Delegated Regulation (EU) 2020/1816, Annex II	Not applicable to the Talanx Group	Mandatory
ESRS 2 SBM-1 40 d iii Involvement in activities related to controversial weapons	SFDR: Indicator number 14 in Table 1 of Annex 1 Reference regulation: Commission Delegated Regulation (EU) 2020/1818, Article 12(1) Commission Delegated Regulation (EU) 2020/1816, Annex II	Not applicable to the Talanx Group	Mandatory
ESRS 2 SBM-1 40 d iv Involvement in activities related to the cultivation and production of tobacco	Reference regulation: Commission Delegated Regulation (EU) 2020/1818, Article 12(1) Commission Delegated Regulation (EU) 2020/1816, Annex II	Not applicable to the Talanx Group	Mandatory
ESRS E1-1 14 Transition plan to reach climate neutrality by 2050	EU Climate Law: Regulation (EU) 2021/1119, Article 2(1)	2.2.8 Targets related to climate change mitigation and adaptation	Material
ESRS E1-1 16 g Undertakings excluded from Paris-aligned Benchmarks	Column 3: Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity Reference regulation: Commission Delegated Regulation (EU) 2020/1818, Articles 12(1) d to g and 12(2)	Not applicable to the Talanx Group	Material
ESRS E1-4 34 GHG emission reduction targets	SFDR: Indicator number 4 in Table 2 Column 3 of Annex 1: Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics Reference regulation: Commission Delegated Regulation (EU) 2020/1818, Article 6	2.2.8 Targets related to climate change mitigation and adaptation	Material
ESRS E1-5 38 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	SFDR: Indicator number 5 in Table 1 of Annex 1 and indicator number 5 in Table 2 of Annex 1	2.3 Environmental metrics	Material
ESRS E1-5 37 Energy consumption and mix	SFDR: Indicator number 5 in Table 1 of Annex 1	2.3 Environmental metrics	Material
ESRS E1-5 40-43 Energy intensity associated with activities in high climate impact sectors	SFDR: Indicator number 6 in Table 1 of Annex 1		Material

LIST OF DATA POINTS THAT DERIVE FROM OTHER EU LEGISLATION (ESRS 2 IRO-2)

Disclosure Requirement and associated data that derive from other EU legislation	Reference to other EU legislation	Section	“Material”/ “not material”/ “mandatory”
ESRS E1-6 44 Gross Scopes 1, 2, 3 and Total GHG emissions	SFDR: Indicators number 1 and 2 in Table 1 Column 3 of Annex 1: Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity Reference regulation: Commission Delegated Regulation (EU) 2020/1818, Article 5(1), Article 6 and Article 8(1)	2.3 Environmental metrics	Material
ESRS E1-6 53-55 Gross GHG emissions intensity	SFDR: Indicator number 3 in Table 1 Column 3 in Annex 1: Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics Reference regulation: Commission Delegated Regulation (EU) 2020/1818, Article 8(1)	2.3 Environmental metrics	Material
ESRS E1-7 56 GHG removals and carbon credits	EU Climate Law: Regulation (EU) 2021/1119, Article 2(1)	2.2.10 GHG removals and GHG mitigation projects financed using GHG credits	Material
ESRS E1-9 66 Exposure of the benchmark portfolio to climate-related physical risks	Reference regulation: Commission Delegated Regulation (EU) 2020/1818, Annex II Commission Delegated Regulation (EU) 2020/1816, Annex II		Phase-in
ESRS E1-9 66 a Disaggregation of monetary amounts by acute and chronic physical risk ESRS E1-9 paragraph 66 (c) Location of significant assets at material physical risk	Column 3: Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk		Phase-in
ESRS E1-9 67 c Breakdown of the carrying value of real estate assets by energy-efficiency classes	Column 3: Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34; Template 2: Banking book – Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral		Phase-in
ESRS E1-9 69 Degree of exposure of the portfolio to climate-related opportunities	Reference regulation: Commission Delegated Regulation (EU) 2020/1818, Annex II		Phase-in
ESRS E2-4 28 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil	SFDR: Indicator number 8 in Table 1 of Annex 1 Indicator number 2 in Table 2 of Annex 1 Indicator number 1 in Table 2 of Annex 1 and indicator number 3 in Table 2 of Annex 1		Not material
ESRS E3-1 9 Water and marine resources	SFDR: Indicator number 7 in Table 2 of Annex 1		Not material
ESRS E3-1 13 Dedicated policy	SFDR: Indicator number 8 in Table 2 of Annex 1		Not material
ESRS E3-1 14 Sustainable oceans and seas	SFDR: Indicator number 12 in Table 2 of Annex 1		Not material
ESRS E3-4 28 c Total water recycled and reused	SFDR: Indicator number 6.2 in Table 2 of Annex 1		Not material
ESRS E3-4 29 Total water consumption in m3 per net revenue on own operations	SFDR: Indicator number 6.1 in Table 2 of Annex 1		Not material
ESRS 2 SBM-3 E4 16 a i	SFDR: Indicator number 7 in Table 3 of Annex 1		Not material
ESRS 2 SBM-3 E4 16 b	SFDR: Indicator number 10 in Table 2 of Annex 1		Not material
ESRS 2 SBM-3 E4 16 c	SFDR: Indicator number 14 in Table 2 of Annex 1		Not material
ESRS E4-2 24 b Sustainable land/agriculture practices or policies	SFDR: Indicator number 11 in Table 2 of Annex 1		Not material

LIST OF DATA POINTS THAT DERIVE FROM OTHER EU LEGISLATION (ESRS 2 IRO-2)

Disclosure Requirement and associated data that derive from other EU legislation	Reference to other EU legislation	Section	"Material"/ "not material"/ "mandatory"
ESRS E4-2 24 c Sustainable oceans/seas practices or policies	SFDR: Indicator number 12 in Table 2 of Annex 1		Not material
ESRS E4-2 24 d Policies to address deforestation	SFDR: Indicator number 15 in Table 2 of Annex 1		Not material
ESRS E5-5 37 d Non-recycled waste	SFDR: Indicator number 13 in Table 2 of Annex 1		Not material
ESRS E5-5 39 Hazardous waste and radioactive waste	SFDR: Indicator number 9 in Table 1 of Annex 1		Not material
ESRS 2 SBM-3 S1 14 f Risk of incidents of forced labour	SFDR: Indicator number 13 in Table 3 of Annex 1	3.1 Own workforce	Material
ESRS 2 SBM-3 S1 14 g Risk of incidents of child labour	SFDR: Indicator number 12 in Table 3 of Annex 1	3.1 Own workforce	Material
ESRS S1-1 20 Human rights policy commitments	SFDR: Indicator number 9 in Table 3 of Annex 1 and indicator number 11 in Table 1 of Annex 1	3.1.1 Human rights	Material
ESRS S1-1 21 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8	Reference regulation: Commission Delegated Regulation (EU) 2020/1816, Annex II	3.1.1 Human rights; 3.1.3 Diversity/ equity/inclusion	Material
ESRS S1-1 22 Processes and measures for preventing trafficking in human beings	SFDR: Indicator number 11 in Table 3 of Annex 1	3.1.1 Human rights	Material
ESRS S1-1 23 Workplace accident prevention policy or management system	SFDR: Indicator number 1 in Table 3 of Annex 1	3.1.2 Working conditions	Material
ESRS S1-3 32 c Grievance/complaints handling mechanisms	SFDR: Indicator number 5 in Table 3 of Annex 1	3.1.4 Engaging with own workforce and workers' representatives	Material
ESRS S1-14 88 b, c Number of fatalities and number and rate of work-related accidents	SFDR: Indicator number 2 in Table 3 of Annex 1 Reference regulation: Commission Delegated Regulation (EU) 2020/1816, Annex II		Not material
ESRS S1-14 88 e Number of days lost to injuries, accidents, fatalities or illness	SFDR: Indicator number 3 in Table 3 of Annex 1		Phase-in
ESRS S1-16 97 a Unadjusted gender pay gap	SFDR: Indicator number 12 in Table 1 of Annex 1 Reference regulation: Commission Delegated Regulation (EU) 2020/1816, Annex II	3.3 Social metrics	Material
ESRS S1-16 97 b Excessive CEO pay ratio	SFDR: Indicator number 8 in Table 3 of Annex 1	3.3 Social metrics	Material
ESRS S1-17 103 a Incidents of discrimination	SFDR: Indicator number 7 in Table 3 of Annex 1	3.3 Social metrics	Material
ESRS S1-17 104 a Non-respect of UNGPs on Business and Human Rights and OECD Guidelines	SFDR: Indicator number 10 in Table 1 of Annex 1 Indicator number 14 in Table 3 of Annex 1 Reference regulation: Commission Delegated Regulation (EU) 2020/1816, Annex II Article 12(1) of Commission Delegated Regulation (EU) 2020/1818		Not material
ESRS 2 SBM-3 S2 11 b Significant risk of child labour or forced labour in the value chain	SFDR: Indicators number 12 and 13 in Table 3 of Annex 1		Not material
ESRS S2-1 17 Human rights policy commitments	SFDR: Indicator number 9 in Table 3 of Annex 1 Indicator number 11 in Table 1 of Annex 1		Not material
ESRS S2-1 18 Policies related to value chain workers	SFDR: Indicators number 11 and 4 in Table 3 of Annex 1		Not material
ESRS S2-1 19 Non-respect of UNGPs on Business and Human Rights and OECD Guidelines	SFDR: Indicator number 10 in Table 1 of Annex 1 Reference regulation: Commission Delegated Regulation (EU) 2020/1816, Annex II Commission Delegated Regulation (EU) 2020/1818 Article 12(1)		Not material

LIST OF DATA POINTS THAT DERIVE FROM OTHER EU LEGISLATION (ESRS 2 IRO-2)

Disclosure Requirement and associated data that derive from other EU legislation	Reference to other EU legislation	Section	"Material"/ "not material"/ "mandatory"
ESRS S2-1 19 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8	Reference regulation: Commission Delegated Regulation (EU) 2020/1816, Annex II		Not material
ESRS S2-4 36 Human rights issues and incidents connected to its upstream and downstream value chain	SFDR: Indicator number 14 in Table 3 of Annex 1		Not material
ESRS S3-1 16 Human rights policy commitments	SFDR: Indicator number 9 in Table 3 of Annex 1 Indicator number 11 in Table 1 of Annex 1		Not material
ESRS S3-1 17 Non-respect of UNGPs on Business and Human Rights, ILO principles and OECD Guidelines	SFDR: Indicator number 10 in Table 1 of Annex 1 Reference regulation: Commission Delegated Regulation (EU) 2020/1816, Annex II Commission Delegated Regulation (EU) 2020/1818 Article 12(1)		Not material
ESRS S3-4 36 Human rights issues and incidents	SFDR: Indicator number 14 in Table 3 of Annex 1		Not material
ESRS S4-1 16 Policies related to consumers and end-users	SFDR: Indicator number 9 in Table 3 of Annex 1 Indicator number 11 in Table 1 of Annex 1	3.2.2 Human rights	Material
ESRS S4-1 17 Non-respect of UNGPs on Business and Human Rights and OECD Guidelines	SFDR: Indicator number 10 in Table 1 of Annex 1 Reference regulation: Commission Delegated Regulation (EU) 2020/1816, Annex II Commission Delegated Regulation (EU) 2020/1818 Article 12(1)	3.2.2 Human rights	Material
ESRS S4-4 35 Human rights issues and incidents	SFDR: Indicator number 14 in Table 3 of Annex 1	3.2.2 Human rights	Material
ESRS G1-1 10 b United Nations Convention against Corruption	SFDR: Indicator number 15 in Table 3 of Annex 1	Not applicable to the Talanx Group	Material
ESRS G1-1 10 d Protection of whistleblowers	SFDR: Indicator number 6 in Table 3 of Annex 1		Not material
ESRS G1-4 24 a Fines for violation of anti-corruption and anti-bribery laws	SFDR: Indicator number 17 in Table 3 of Annex 1 Reference regulation: Commission Delegated Regulation (EU) 2020/1816, Annex II	4.2 Governance metrics	Material
ESRS G1-4 24 b Standards of anti-corruption and anti-bribery	SFDR: Indicator number 16 in Table 3 of Annex 1	4.2 Governance metrics and targets	Material