

Second-Party Opinion

Talanx Green Bond Framework



Evaluation Summary

Sustainalytics is of the opinion that the Talanx Green Bond Framework is credible and impactful and aligns to the four core components of the ICMA Green Bond Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Renewable Energy and Green Buildings – are aligned with those recognized by the Green Bond Principles 2021. Sustainalytics considers that the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 7 and 9.



PROJECT EVALUATION / SELECTION Talanx Group has established a Green Bond Committee responsible for evaluating and selecting projects. The Green Bond Committee is chaired by the Chief Finance Officer and is composed of multiple cross divisional departments. Talanx has a dedicated environmental and social risk assessment and mitigation process that is applicable to all allocation decisions made under the Framework. Sustainalytics considers the project selection process in line with market practice.



MANAGEMENT OF PROCEEDS Talanx Group’s processes for management of proceeds is overseen by the Green Bond Committee and proceeds are tracked through a portfolio approach. Talanx intends to allocate proceeds within 24 months of issuance. Pending full allocation, Sustainalytics positively notes that unallocated proceeds will be invested in green bonds, subject to availability, or cash and cash equivalents. This is in line with market practice.



REPORTING Talanx Group intends to report annually on the allocation of proceeds on its website until full allocation or in case of significant change. Allocation reporting will include an overview of green bonds issued, the total amount outstanding and the share of financing versus refinancing. Talanx also intends to report annually on the impact of proceeds until full allocation with indicators such as annual renewable energy generation. Sustainalytics views this approach as aligned with market practice.

Evaluation Date	October 4, 2021
Issuer Location	Hanover, Germany

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Alignment with the EU Taxonomy

Sustainalytics has assessed Talanx’s Green Finance Framework for alignment with the EU Taxonomy, and is of the opinion that, of the Framework’s eligibility criteria (which map to six EU activities), four align with the applicable Technical Screening Criteria (“TSC”) in the EU Taxonomy and all four *align* with the Do No Significant Harm (“DNSH”) criteria. Two activities were not assessed at this time given Talanx does not yet have projects related to their corresponding activities and insufficient evidence to provide an assessment against the EU Taxonomy. No activities were determined to be *not aligned*. Sustainalytics is also of the opinion that the activities and projects to be financed under the Framework will be carried out in alignment with the EU Taxonomy’s Minimum Safeguards.

Introduction

Talanx Group (“Talanx”, the “Issuer”, or the “Company”) is a multinational, multi-brand provider in the insurance and financial services sector. Primary insurance operations comprise property, casualty, and life insurance, while reinsurance operations consist of property, casualty, life, and health reinsurance. Talanx was founded in 1996, with headquarters in Hanover and has operations across five continents and more than 150 countries.

Talanx has developed the Talanx Green Bond Framework (the “Framework”) under which it intends to issue green bonds and use an equivalent amount of proceeds to finance and/or refinance, in whole or in part, existing and/or future projects that will contribute towards increasing the share of renewable energy in Europe and green buildings in Germany. The Framework defines eligibility criteria in two areas:

1. Renewable Energy
2. Green Buildings

Talanx engaged Sustainalytics to review the Talanx Green Bond Framework, dated October 2021, and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP).¹ This Framework has been published in a separate document.²

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent³ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2021, as administered by ICMA;
- The Framework’s alignment with the EU Taxonomy;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.10, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Talanx’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Talanx representatives have confirmed (1) they understand it is the sole responsibility of Talanx to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Talanx.

Sustainalytics’ Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics’ Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The

¹ The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

² The Talanx Green Bond Framework is available on Talanx’ website at: http://www.talanx.com/de/investor_relations/creditor_relations/anleihen/green_bond_framework_agreement.

³ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Talanx has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Talanx Green Bond Framework

Sustainalytics is of the opinion that the Talanx Green Bond Framework is credible and impactful and aligns to the four core components of the GBP. Sustainalytics highlights the following elements of Talanx' Green Bond Framework:

- Use of Proceeds:
 - The eligible categories – Renewable Energy and Green Buildings – are aligned with those recognized by the GBP. The projects funded under the Framework are expected to increase the share of renewables in electricity generation in Europe and improve the energy performance of the building stock in Germany.
 - The Framework defines a look-back period of three years for the refinancing of assets except for green buildings that belong to the top 15% of the German building stock.
 - Under the Renewable Energy category, the Issuer may finance electricity generation from renewable energy sources, including the following technologies: onshore and offshore wind energy, solar photovoltaics, and concentrated solar power. The Issuer has confirmed that the Environmental Impact Assessment for the existing CSP projects in the portfolio of Eligible Projects includes a reference to fossil back-up (natural gas), which makes up a maximum of 15% of the electricity production. Sustainalytics considers reliance on non-renewable energy back-up limited at 15% of the facility's electricity production as market practice and recommends that Talanx report on the limit of use of non-solar energy (fossil fuel backup sources) for future projects.
 - Under the Green Buildings category, the Issuer may finance or refinance the following:
 - Residential and commercial buildings built before 31 December 2020 that belong to the top 15% of the building stock in the local jurisdiction, which is aligned with market practice.
 - Residential and commercial buildings built after 1 January 2021, where the primary energy demand is at least 10% lower than the threshold for the applicable Nearly Zero Energy Building requirement. Sustainalytics considers this to be in line with market practice and notes that currently there are no such assets in the Issuer's portfolio.
 - Renovation of buildings which achieve a primary energy demand improvement of at least 30% compared to the previous state of the building pre-renovation. Sustainalytics positively notes the inclusion of a defined and meaningful energy performance improvement threshold.
- Project Evaluation and Selection:
 - Talanx has established a Green Bond Committee (the 'Committee') which is chaired by the Chief Finance Officer and composed of the following departments: Chief Investment Officer, Portfolio Management of Ampega, Talanx Controlling/Finance and Talanx Legal. The Committee is responsible for reviewing assets and evaluating whether those comply with eligibility criteria. The Committee's responsibilities also include reviewing assets, monitoring the portfolio, allocation of proceeds and managing any future updates of the Framework.

- Talanx' asset management arm integrates sustainability considerations within its underwriting process and asset management decisions which means that all assets in the green portfolio undergo environmental and social risk assessment.
- Based on the clear allocation of responsibilities and the risk management systems, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - The Issuer's management of proceeds is overseen by the Green Bond Committee. Talanx will track bond proceeds through a portfolio approach and strives to allocate proceeds within 24 months of issuance.
 - Pending full allocation, unallocated proceeds will be invested in green bonds, subject to availability, or cash and cash equivalents.
 - Based on the above elements, Sustainalytics considers this process to be in line with market practice and positively notes the ambition to invest unallocated proceeds in green bonds.
- Reporting:
 - Talanx commits to allocation reporting on an annual basis until full allocation or in case of significant change and publish the report on its website. Allocation reporting will include an overview of green bonds issued, the total amount outstanding, the allocation of the proceeds including the composition of the portfolio, a breakdown by geographical area, the share of financing vs. refinancing and the amount of unallocated proceeds.
 - Talanx intends to report annually on the impact of its proceeds until full allocation and will be made available on the Issuer's website. Example indicators include annual renewable energy generation, capacity of renewable energy installed and estimated energy savings.
 - Based on commitments to both impact and allocation reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with Green Bond Principles 2021

Sustainalytics has determined that the Talanx Green Bond Framework aligns to the four core components of the GBP. For detailed information please refer to Appendix 4: Green Bond/Green Bond Programme External Review Form.

Alignment with the EU Taxonomy

Sustainalytics has assessed each of the Framework's eligible green use of proceeds criteria against the relevant criteria in the EU Taxonomy and determined their alignment with each of the Taxonomy's three sets of requirements. The results of this assessment are as follows:

1. Technical Screening Criteria ("TSC")
 - Four eligible green criteria outlined in the Framework were assessed and all four are aligned with the applicable TSC of the EU Taxonomy.
2. Do No Significant Harm ("DNSH") Criteria
 - All four eligible green criteria are aligned with the applicable DNSH criteria.
 - The four criteria assessed have a total of thirteen individual DNSH criteria (across all environmental objectives) applicable to them and all individual DNSH criteria are aligned.
3. Minimum Safeguards
 - Based on consideration of the policies and management systems applicable to Framework criteria, as well as the regulatory context in which financing will occur, Sustainalytics is of the opinion that the EU Taxonomy's Minimum Safeguards requirements will be met.
 - For Sustainalytics' assessment of alignment with the Minimum Safeguard see Section 2 below.

Table 1 provides an overview of the alignment of Talanx' Framework with the TSC and DNSH criteria for the corresponding NACE activities in the EU Taxonomy

Table 1: Summary of Alignment of Framework Criteria with the EU Taxonomy

Framework Criterion	Alignment with Taxonomy Criteria		Alignment per EU Environmental Objective					
	TSC	DNSH	Mitigation	Adaptation	Water	Circular Economy	Pollution	Eco-systems
Electricity generation from wind power	■	■	■	■	■	■	-	■
Electricity generation using solar photovoltaic technology	■	■	■	■	-	■	-	■
Electricity generation using concentrated solar power (CSP) technology	■	■	■	■	■	■	-	■
Acquisition and ownership of buildings	■	■	■	■	-	-	-	■
Construction of new buildings	Not assessed at this time ⁴							
Renovation of existing buildings								

Legend	
Aligned	■
Partially aligned	□
Not aligned	⊠
No applicable DNSH criteria for this Objective and/or Activity	-
Grey shading indicates the primary EU Environmental Objective	

* The EU Taxonomy has not yet defined TSC for EU Environmental Objectives other than Climate Mitigation and Climate Adaptation. In cases where an activity of the Framework has the intent of advancing a different Objective, Sustainalytics has assessed alignment against the DNSH criteria for all six Objectives.

Section 2: Sustainability Strategy of Talanx

Contribution of framework to Talanx’s sustainability strategy

Talanx is committed to integrating environmental, social and governance aspects into its business activities. Talanx articulates its sustainability strategy across the following areas: (i) compliance and transparency, (ii) insurance and insurance products, (iii) work and employees and (iv) day-to-day operations and procurement.⁵ The Company is a member of UN Principles for Sustainable Insurance⁶, Principles for Responsible Investment⁷ and the UN Global Compact⁸ and reports according to the recommendations of the Task Force on Climate-

⁴ The Framework includes eligibility criteria for the construction of new buildings and the renovation of existing buildings. Sustainalytics notes that Talanx does not yet have projects in these two areas and has not provided sufficient evidence in its framework criteria to enable Sustainalytics to assess these areas against the EU Taxonomy. Talanx has indicated it intends to update this EU Taxonomy assessment to include such projects, should they be financed in the future.

⁵ Talanx, “Our Sustainability Commitment – A Message from Talanx AG’s Board of Management”, at: https://www.talanx.com/media/Files/talanx-group/pdf/tx_nachhaltigkeit_vscommitment_en.pdf

⁶ UNEP, “Principles for Sustainable Insurance”, at: <https://www.unepfi.org/psi/>

⁷ PRI, “About the PRI” at: <https://www.unpri.org/pri/about-the-pri>

⁸ UNGC, “About the UN Global Compact”, at: <https://www.unglobalcompact.org/about>

related Financial Disclosure.^{9,10} The Company has mapped its climate risks according to scenario analysis for short-term, medium term and long-term goals and captures its GHG emissions data to ensure management of carbon footprint. The Company's Responsible Underwriting Committee and Responsible Investment Committee integrate climate and sustainability considerations within management decisions and integrate its climate risk criteria within insurance products.¹¹

The Company has set environmental targets in four areas that are material to its operations: i) increase volume of investment in renewable energy, ii) double the electric vehicle charging infrastructure by 2021, iii) operations to be fully carbon-neutral by 2030, and iv) reduce resource consumption and waste volumes. Sustainalytics notes that the activities funded under the Framework may advance the Company's sustainability strategy in the following areas:

- Talanx Group invested more than EUR 2 billion in renewable energy projects until 2020 which generated a total of 2,660 million kWh of electricity per year and carbon emissions savings of almost 63,000 tonnes. The Company has invested in 21 offshore and onshore windfarms in its portfolio.¹² Investments in power added capacities under the Framework will strengthen the Company's involvement in renewable energy financing.
- Talanx supports the transition to a low-carbon economy and has a target to cut carbon intensity of its liquid investment portfolio by 30% by 2025.¹³ In addition, the Company aims to be fully carbon neutral by 2030, while Talanx Germany has already achieved the goal of carbon-neutrality in 2019.¹⁴ While the Framework does not aim at reducing the Company's direct emissions, investments in green buildings may support the shift towards a low-carbon economy and assist the Company in reducing the carbon emissions of its portfolio.

Sustainalytics is of the opinion that the Talanx Green Bond Framework is aligned with the Company's overall sustainability strategy and initiatives and will further the Company's action on its key environmental priorities.

Well-positioned to address common environmental and social risks associated with the projects

While Sustainalytics recognizes that the proceeds from the bond(s) issued under the Framework will be directed towards eligible projects that are recognized by the Green Bond Principles (2021) to have positive environmental impact, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks associated with the eligible projects, could include occupational health and safety, land use and biodiversity issues associated with large-scale developments, emissions, effluents, and waste generated in construction. While Sustainalytics notes that Talanx is not directly responsible for the construction or operation of the green assets that it finances, it still has a role to play to ensure risk mitigation.

Sustainalytics is of the opinion that Talanx is able to manage and/or mitigate potential risks through implementation of the following:

- The Company aligns to Germany's Health and Safety at Work Act (ASiG) and the accident prevention regulations.¹⁵ According to this Act, every employer is obliged to organize the safety and health on an operational basis.
- The Talanx Environmental Policy, which aims to achieve continuous improvement and to comply with all applicable legal obligations and other requirements. Also, the Company has incorporated its ESG topics in its Enterprise Risk management.¹⁶ The Environmental Policy forms a part of the Company's Sustainability Strategy that comprises of concrete action areas, goals and measures to ensure that their operations are able to effectively address ecological and social challenges. The strategy is aligned with the principles set out in the UN Global Compact and with the UN Sustainable Development Goals.¹⁷

⁹ TCFD, "About", at: <https://www.fsb-tcfd.org/about/>

¹⁰ Talanx, "Frameworks and Initiatives", at: https://www.talanx.com/en/talanx-group/sustainability/frameworks_-_initiatives

¹¹ PRI, "About the PRI" at: <https://www.unpri.org/pri/about-the-pri>

¹² Talanx, "Sustainability Report 2020", at: https://www.talanx.com/media/Files/talanx-gruppe/nachhaltigkeitsberichte/2020_talanx_sustainability_report_.pdf

¹³ Talanx, "Sustainability Reports of the Talanx Group", at: https://www.talanx.com/en/talanx-group/sustainability/sustainability_reports

¹⁴ Talanx, "Fully carbon neutral in Germany" at: <https://www.talanx.com/en/talanx-group/sustainability/news/co2-neutralitaet>

¹⁵ BAUA, "Organisation of Occupational Safety and Health", at: <https://www.baua.de/EN/Topics/The-changing-world-of-work-and-occupational-safety-and-health/Organisation-of-tomorrows-OSH/Organisation-of-OSH/Organisation-of-OSH.html>

¹⁶ UNEP, "Principles for Sustainable Insurance", at: <https://www.unepfi.org/psi/>

¹⁷ Talanx, "Strategy and Action areas", at: https://www.talanx.com/en/talanx-group/sustainability/strategy_-_action_areas

- Talanx’s “Code of Conduct for Talanx Group Business Partners” has set out requirements for all its suppliers to ensure that they minimize the impact of their products on the environment. Additionally, the Company requires the suppliers to monitor and verify their emissions, waste water and waste.¹⁸
- Talanx’s risk management strategy sets out the objectives and structures of the Group’s risk management and is integrated within Talanx ESG approach.¹⁹ The Company has an Enterprise Risk Management system that takes into account various business, environmental and social risks, and based on their Board of Management review manages the risks.²⁰ The Company’s Responsible Underwriting Committee and Responsible Investment Committee integrate this analysis within investment decisions.

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Talanx has implemented adequate measures and is well-positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Alignment with the EU Taxonomy’s Minimum Safeguards

The EU Taxonomy recommends that companies have policies aligned with international and regional guidelines and regulations pertaining to human rights, labour rights, and combating bribery and corruption. Specifically, activities should be carried out in alignment with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. Additionally, companies should be in compliance with the International Labour Organisation’s (ILO) declaration on Fundamental Rights and Principles at Work.

Human and Labour Rights

Talanx has implemented the following policies and procedures aimed at ensuring human and labor rights:

- Talanx has in place a range of internal rules and regulations such as the Talanx Group Code of Conduct²¹ for its employees and Code of Conduct for Talanx Group Business Partners²² are designed to ensure and review its compliance with human rights in order to underscore this commitment and make the importance of compliance transparent to their employees and business partners.
- The Company’s Code of Conduct is binding to all its employees and is aligned to the UN Global Compact (UNGC). The Company has integrated all the ten principles of UNGC into its Code of Conduct, thus ensuring its adherence to International Human Rights Codes including the Universal Declaration of Human Rights, the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work.
- Talanx’s Code of Conduct for Talanx Group Business Partners has set out the requirement for its suppliers and other business partners to prohibit any form of discrimination, child labor, forced labor, human trafficking, and any other form of labor abuse. The business partners need to align to the standards set out in ILO conventions. The Company is committed to refraining from dealing with stakeholders that have consistently deviated critically from the principles set out in this Code of Conduct.
- Sustainalytics notes that, as a German company, Talanx bound by German labour and human rights laws,²³ and its activities must comply with the respective labour laws enforced in other European countries.

Sustainalytics has not detected involvement in any relevant controversies which would suggest that the above policies are not being implemented effectively and is of the opinion that these measures appropriately safeguard minimum standards on human and labor rights in relation to the activities of the framework.

¹⁸Talanx, “Code of Conduct for Talanx Group Business Partners” (p4) at: https://www.talanx.com/media/Files/talanx-gruppe/pdf/Verhaltenskodex_Gescha%CC%88ftspartner_2020_EN.pdf

¹⁹ Talanx, “Risk Management” at: https://www.talanx.com/en/talanx-group/corporate_governance/risk_management

²⁰ Ibid

²¹ Talanx, “Talanx Group Code of Conduct” at: https://www.talanx.com/media/Files/talanx-gruppe/pdf/Code_of_Conduct_Together_for_Integrity_2021_EN_WEB.pdf

²² Talanx, “Code of Conduct for Talanx Group Business Partners” at: https://www.talanx.com/media/Files/talanx-gruppe/pdf/Verhaltenskodex_Gescha%CC%88ftspartner_2020_EN.pdf

²³ In Germany, human rights are enshrined in the Basic Law of the Federal Republic of Germany, the Constitution of the Federal Republic of Germany. The first sentence of the Constitution, “Human dignity is inviolable”, aims at protecting the sum of human rights. The constitution guarantees all rights from the Universal Declaration of Human Rights, excepting an unlimited right for asylum. The country has signed and ratified most international human right treaties, including the International Covenant on Civil and Political Rights

Anti-bribery and anti-corruption

Talanx has implemented the following policies and procedures aimed at ensuring anti-bribery and anti-corruption:

- Talanx has formulated its Code of Conduct for its staff that lays out standards for responsible and ethical behavior at all levels. In the Talanx Group of Conduct, the Company has set out clauses for ensuring that the business operations ensure compliance to fair competition and anti-trust law. Talanx's Code of Conduct and its Compliance Guidelines comprises of rules on preventing corruption, bribery and extortion. Any breach to these policies will result in violations of employees' duties under their contracts of employment and might also entail civil law and labour law consequences for the employees.
- Talanx has a Whistle blower policy that enables their employees the opportunity to report certain serious breaches of the law including corruption, bribery and fraud anonymously, if they so desire. The Compliance department, responsible for overseeing any breach of Talanx's bribery policy, takes action accordingly.
- Talanx's Code of Conduct for Talanx Group Business Partners requires them to have a set out process to ensure anti-corruption and anti-bribery.

Sustainalytics has not detected involvement in any relevant controversies which would suggest that the above policies are not being implemented effectively and is of the opinion that these measures appropriately safeguard anti-bribery and anti-corruption in relation to the activities of the framework.

Based on these policies, standards, and assessments, Sustainalytics is of the opinion that Talanx's policies, guidelines and commitments are sufficient to demonstrate that the activities and projects to be financed under the Framework will be carried out in alignment with the EU Taxonomy's Minimum Safeguards.

Section 3: Impact of Use of Proceeds

Both use of proceeds categories are aligned with those recognized by the GBP. Sustainalytics has focused on the below where the impact is specifically relevant in the local context.

Impact of green buildings for climate change mitigation in Europe

To limit global warming to well below 2°C compared to pre-industrial levels, 196 countries signed the Paris Agreement in 2015.²⁴ Under this agreement, the signatory countries intend to reduce GHG emissions as soon as possible to mitigate ongoing impacts of climate change. The EU has reached a provisional agreement to reduce its net GHG emissions by at least 55% by 2030, compared to 1990 levels, on its path to becoming carbon-neutral by 2050, and had collectively reduced GHG emissions by 23% from 1990 levels as of 2018.^{25,26,27} Individual countries have set more ambitious interim targets, such as Germany, which has recently updated its target of cutting emissions by at least 65% by 2030 compared to 1990 levels.²⁸ As part of their bid to achieve carbon neutrality by 2050, the EU has established a long-term strategy that focuses on an economic and societal transformation that engages all sectors of the economy and society. The key areas of focus include decarbonization of Europe's energy supply, clean and connected mobility (including electric vehicle and alternative fuels), circular economy, and maximizing benefits from energy efficiency initiatives.²⁹

Buildings in EU account for 40% of final energy consumption and 36% of the GHG emissions.³⁰ The green building sector forms an important part of EU's energy transition plan. Therefore, the EU has put in place several guidelines such as the Energy Performance of Buildings Directive (EPBD) and the Energy Efficiency Directive (EED), resulting in an average annual reduction of 1.5% for household energy consumption per dwelling since 2000.³¹ Yet around 35% of the EU's buildings are over 50 years old, and almost 75% of the

²⁴ UNFCCC, "The Paris Agreement", at: <https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement>

²⁵ EU, "Climate Action"(2019), at: https://ec.europa.eu/clima/news/eu-greenhouse-gas-emissions-down_en

²⁶ Reuters, "EU reaches provisional deal on 55% greenhouse gas cut by 2030", (2021), at: <https://www.reuters.com/business/environment/eu-reaches-provisional-deal-55-greenhouse-gas-cut-by-2030-2021-04-21/>

²⁷ European Commission, "2050 long-term strategy", at: https://ec.europa.eu/clima/policies/strategies/2050_en

²⁸ Clean energy wire, "Germany's greenhouse gas emissions and energy transition targets" (2021) at: <https://www.cleanenergywire.org/factsheets/germanys-greenhouse-gas-emissions-and-climate-targets>

²⁹ EU, "Our Vision for a clean planet for all." (2018) at: https://ec.europa.eu/clima/sites/default/files/docs/pages/vision_1_emissions_en.pdf

³⁰ European Union, In focus: Energy efficiency in buildings (2020), at: https://ec.europa.eu/info/news/focus-energy-efficiency-buildings-2020-feb-17_en

³¹ Odyssee-Mure, "Energy Efficiency Trends and Policies in the Household and Tertiary Sectors", (2015), at: <https://www.odyssee-mure.eu/publications/br/energy-efficiency-in-buildings.html>

building stock is energy inefficient. At the EU level, only 0.4-1.2% of the building stock is renovated each year.³² Therefore, renovation of existing buildings is key to achieving energy reductions. At the EU scale, renovation could lower overall energy consumption by 5-6% and reduce CO₂ emissions by approximately 5%.³³ In addition, retrofitting of the EU building stocks could lead to 33% energy saving.³⁴

In Germany, buildings account for around 35% of Germany's final energy consumption and up to 30% of its greenhouse gas emissions. The government of Germany aims to have a nearly climate-neutral building stock by 2050 which will require them to reduce their primary energy demand in buildings by 80% on 2008 levels.³⁵ As part of this goal, the government has also set an interim target of 67% emissions reduction by 2030 compared to 1990 levels.³⁶ However, the existing measures and instruments can only deliver 54% of energy savings against the target of 80% by 2050.³⁶ Therefore it is necessary to invest in energy efficient building technologies and retrofitting, renewable energy usage in heating and cooling systems, to reduce energy consumption and subsequent emissions from buildings in Germany and Europe as a whole.

Sustainalytics is of the opinion that Talanx's investments under the Framework are impactful, have the potential to reduce the environmental footprint of Germany's building sector and will contribute to achieving the short and long-term climate targets set by Germany and the EU as a whole.

Increasing the share of renewable energy sources in power generation

Approximately 40% of the electricity produced in Europe come from fossil fuel sources.^{37,38} However, the proportion of fossil fuels in total power production varies: while they account for 90% in Cyprus and Malta, the share of renewables accounted for over half of electricity generation in Denmark and Austria in 2019.³⁸ In 2019, electricity and heat production accounted for 26% of GHG emissions in the EU, highlighting the need for decarbonization. In 2018, the EU launched the Renewable Energy Directive to meet its emissions reduction commitments under the Paris Agreement and set a target for the share of renewable energy to reach 32% of its energy mix by 2030. In July 2021, the European Commission issued a proposal to amend the Renewable Energy Directive and increase its target for renewable energy share from 32% to 40% by 2030.³⁹

In 2019, the average EU power generation carbon intensity reached 235 gCO₂/kWh.⁴⁰ The carbon intensity of electricity production also varies between countries. While countries such as France (56 gCO₂/kWh) and Sweden (12 gCO₂/kWh) experience low power generation carbon intensity, others such as Germany (350 gCO₂/kWh) and the Netherlands (390 gCO₂/kWh) experience higher intensities.⁴¹ Between 1990 and 2019, the carbon intensity of electricity in the EU decreased by 2.5% on a yearly basis, on average. If the trend were to continue, it is estimated that power could be decarbonized by 2050. The reduction would be consistent with the overarching goal to reduce GHG emissions by 55% in 2030 compared to 1990 level.⁴¹ Besides reducing power consumption, one of the key solutions consist in accelerating the penetration of renewable energy sources in power generation, which is why the financing under the framework are impactful.

Sustainalytics is of the opinion that the financing of renewable energy projects may contribute to increase low-carbon electricity generation in the EU and assist the entity in achieving its climate targets.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The bond(s) issued under the Talanx Green Bond Framework advances the following SDGs and targets:

³² European Commission, "Energy performance of buildings", (October 2019) at: <https://ec.europa.eu/energy/en/topics/energy-efficiency/energy-performance-of-buildings/overview>

³³ Federal Ministry for the Environment, Nature Conservation and Nuclear Safety, "Roadmap to a climate-neutral Germany, Climate Action Plan 2050 – Germany's long-term low greenhouse gas emission development strategy" <https://www.bmu.de/en/topics/climate-energy/climate/national-climate-policy/greenhouse-gas-neutral-germany-2050/>

³⁴ Berardi, U., (2015), "Building Energy Consumption in US, EU, and BRIC Countries", Procedia Engineering, at: <https://www.sciencedirect.com/science/article/pii/S1877705815020664>

³⁵ GTAI, "Construction and Green Building in Germany" (2019) at: <https://www.gtai.de/resource/blob/64322/20b5326422cc889a35ad3cdce5c43696/fact-sheet-green-building-germany-en-data.pdf>

³⁶ Federal Ministry for Economic Affairs and Energy report, "Energy Efficiency Strategy for Buildings", at: https://www.bmwi.de/Redaktion/EN/Publikationen/energy-efficiency-strategy-buildings.pdf?__blob=publicationFile&v=7

³⁷ Eurostat, "Where does our energy come from" at: <https://ec.europa.eu/eurostat/cache/infographs/energy/bloc-2a.html>

³⁸ Eurostat, "What is the source of electricity we consume" at: <https://ec.europa.eu/eurostat/cache/infographs/energy/bloc-3b.html>

³⁹ European Commission, "European Energy Directive", at: https://ec.europa.eu/energy/topics/renewable-energy/directive-targets-and-rules_en

⁴⁰ IEA, "European Union 2020: Energy Policy Review" (2020) at: <https://www.iea.org/reports/european-union-2020>

⁴¹ EEA, "Greenhouse gas emission intensity of electricity generation in Europe" (2021) at: <https://www.eea.europa.eu/data-and-maps/indicators/overview-of-the-electricity-production-3/assessment-1>

Use of Proceeds Category	SDG	SDG target
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Green Buildings	9. Industry, innovation and infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

Conclusion

Talanx has developed the Talanx Green Bond Framework under which it will issue green bonds and the use of proceeds to finance green buildings as well as wind power and solar power projects. Sustainalytics considers that the projects funded by the green bond proceeds are expected to provide positive environmental impact.

The Talanx Green Bond Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Talanx Green Bond Framework is aligned with the overall sustainability strategy of the company and that the green use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 7 and 9. Additionally, Sustainalytics is of the opinion that Talanx has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Sustainalytics has assessed Talanx Group's Green Bond Framework for alignment with the EU Taxonomy, and is of the opinion that, of the Framework's two use of proceeds criteria which map to six EU Taxonomy activities, four of which align with the applicable Technical Screening Criteria ("TSC") in the EU Taxonomy and each of their corresponding Do No Significant Harm Criteria. Two categories were not assessed at this time given Talanx does not yet have projects in these areas and has not provided sufficient evidence to enable Sustainalytics to assess these areas against the EU Taxonomy. No categories were determined to be *not aligned*. Sustainalytics is also of the opinion that the activities and projects to be financed under the Framework will be carried out in alignment with the EU Taxonomy's Minimum Safeguards.

Based on the above, Sustainalytics is confident that Talanx Group is well-positioned to issue green bonds and that the Talanx Green Bond Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2021.

Appendices

Appendix 1: Approach to Assessing Alignment with the EU Taxonomy

Sustainalytics has assessed each of the eligible green use of proceeds criteria in the Framework against the criteria for the relevant NACE⁴² activity in the EU Taxonomy. This appendix describes Sustainalytics' process and presents the outcome of its assessment of alignment with the Taxonomy's applicable Technical Screening Criteria (TSC) and Do No Significant Harm (DNSH) criteria. Sustainalytics' assessment involves two steps:

1. Mapping Framework Criteria to Activities in the EU Taxonomy

The initial step in Sustainalytics' assessment process involves mapping each criterion in the Framework to a relevant and applicable NACE activity in the EU Taxonomy. Note that each Framework criterion may be relevant and applicable to more than one NACE activity and vice versa. Sustainalytics recognizes that some Framework criteria relate to projects that do not map well to a NACE activity. In such cases, Sustainalytics has mapped to the NACE activity that is most relevant with respect to the primary environmental objective and impacts.

In some cases, the Framework criteria cannot be mapped to an activity in the EU Taxonomy, as some activities are not yet covered by the Taxonomy, and some categories which are traditionally included in green bonds may not be associated with a specific economic activity. While recognizing that financing projects in these areas may still have environmental benefits, Sustainalytics has not assessed these criteria for alignment.

The outcome of Sustainalytics' mapping process for Talanx Green Bond Framework is shown in Table 2 below.

2. Determining Alignment with EU Taxonomy Criteria

The second step in Sustainalytics' process is to determine the alignment of each criterion with relevant criteria in the EU Taxonomy. Alignment with the TSC and DNSH criteria is usually based on the specific criteria contained in the issuer's Framework, and may in many cases (especially DNSH criteria) also be based on management systems and processes and/or regulatory compliance. To assess alignment with the EU Taxonomy's Minimum Safeguards Sustainalytics has conducted an assessment of policies, management systems and processes applicable to the use of proceeds, as well as examining the regulatory context in the geographical location in which the issuer will finance activities and projects. (This assessment is included in Section 2, above.)

In cases where the Framework criteria describe projects which are intended to advance EU environmental objectives other than Climate Mitigation or Climate Adaptation, the Taxonomy does not include relevant TSC. In these cases, Sustainalytics has assessed the activity for alignment with the DNSH criteria across all objectives.

Sustainalytics' detailed assessment of alignment is provided in Appendix 2.

⁴² The EU Taxonomy is based on economic activities defined in NACE (Nomenclature des Activités Économiques dans la Communauté Européenne). The Taxonomy currently lists 70 economic activities which have been chosen due to their ability to substantially contribute to climate change mitigation or adaptation.

Table 2: Framework mapping table

Framework Category	Framework Criterion (Eligible Use of Proceeds)	EU / NACE Activity	NACE Code	Primary EU Environmental Objective	Refer to Table
Renewable Energy	Wind Energy	Electricity generation from wind power	D35.11 F42.22	Mitigation	Table 3
	Solar Energy	Electricity generation using solar photovoltaic technology	D.35.11 F42.22	Mitigation	Table 4
		Electricity generation using concentrated solar power (CSP) technology	D.35.11 F42.22	Mitigation	Table 5
Green Buildings	Green Buildings	Acquisition and ownership of buildings	L68	Mitigation	Table 6

Appendix 2: Comprehensive EU Taxonomy Alignment Assessment

The tables below provide a detailed assessment of the alignment of Issuer’s Framework criteria with the EU Taxonomy’s TSC and DNSH criteria for the relevant NACE activity.

Table 3

Framework Activity assessed	Renewable Energy		
EU Activity	Electricity generation from wind power		
NACE Code	D35.11 F42.22		
	EU Technical Screening Criteria		Alignment with Technical Screening Criteria
Mitigation	The activity generates electricity from wind power.	Eligible by default.	Aligned
	DNSH Criteria		Alignment with DNSH Criteria
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 7		
Transition to a circular economy	The activity assesses availability of and, where feasible, uses equipment and components of high durability and recyclability and that are easy to dismantle and refurbish.	<p>Talanx ensures that all projects financed comply with national and international law and regulation. Talanx’s Code of Conduct for Business Partners specifies that compliance with law and legislation is required for all suppliers.</p> <p>In Germany, the law on circular economy (Kreislaufwirtschaftsgesetz), the EU directive on waste (Abfallrahmenrichtlinie) and the German Resource Efficiency Programme, requires that 70% of non-hazardous construction and demolition waste is prepared for re-use, recycling and other material recovery operations.</p> <p>Talanx has provided Environmental Impact Assessments for projects, which include waste management and elimination of waste, without harming or causing risk to the environment. The EIA’s assess topics including dismantling and disposal procedures as well as processes surrounding waste disposal from maintenance works. Wind power projects must comply to standards reflecting durability and recyclability of components to the extent required within the applicable German and EU law.</p>	Aligned
Sustainable use and protection of water and marine resources	In case of construction of offshore wind, the activity does not hamper the achievement of good environmental status as set out in Directive 2008/56/EC of the European Parliament and	Talanx ensures that all projects financed comply with national and international law and regulation. Talanx’s Code of Conduct for Business Partners specifies that compliance with law and legislation is	Aligned

	<p>of the Council, requiring that the appropriate measures are taken to prevent or mitigate impacts in relation to that Directive’s Descriptor 11 (Noise/Energy), laid down in Annex I to that Directive, and as set out in Commission Decision (EU) 2017/848159 in relation to the relevant criteria and methodological standards for that descriptor.</p>	<p>required for all suppliers. Suppliers of offshore technology are required to comply with Directive 2005/88/EC relating to the noise emission in the environment by equipment for use outdoors. Furthermore, all offshore wind projects are subject to appropriate environmental permitting which requires environmental assessments.</p> <p>Offshore windfarms which have undergone an EIA also comply with the assessment under Article 6(3) of the Habitats Directive. The guidance covers descriptors relevant to offshore wind energy such as maintaining biodiversity and sea floor integrity. The EIA must address issues of introduction of energy and underwater noise not affecting the local ecosystem. Additionally, standards are required when seeking approval for permits including monitoring underwater noise and effectiveness of control systems.</p>	
<p>Protection and restoration of biodiversity and ecosystems</p>	<p>Refer to the assessment set out in Appendix 3, Table 8</p> <p>In case of offshore wind, the activity does not hamper the achievement of good environmental status as set out in Directive 2008/56/EC, requiring that the appropriate measures are taken to prevent or mitigate impacts in relation to that Directive’s Descriptors 1 (biodiversity) and 6 (seabed integrity), laid down in Annex I to that Directive, and as set out in Decision (EU) 2017/848 in relation to the relevant criteria and methodological standards for those descriptors.</p>	<p>The assets financed by Talanx comply with the Marine Strategy Framework Directive 2008/56/EC and the Water Framework Directive 2000/60/EC which also translate into applicable national law and regulations. The MSFD Program for Marine protection aims at ensuring that projects are planned to achieve environmental targets, such as seas not polluted by contaminants, marine species and habitats unaffected by human activities, sustainable and environmental sound use of resources and seas not impacted by litter, anthropogenic energy and eutrophication.</p> <p>All Talanx offshore wind projects are located in Germany, where the monitoring and enforceability is done by Federal Nature Conservation Act (BNatSchG), which ensures all requirements are necessarily met. Furthermore, the presence of the Environmental Impact Assessments for Talanx’s projects assess wind projects based on potential environmental impacts such as climate, water, people, fish, birds, marine mammals, landscape, seabed, among others. The conclusion of the assessments is that negative environmental impacts are not expected.</p>	<p>Aligned</p>

Table 4

<p>Framework Activity assessed</p>	<p>Renewable Energy</p>
<p>EU Activity</p>	<p>Electricity generation using solar photovoltaic technology</p>
<p>NACE Code</p>	<p>D35.11 F42.22</p>

<i>EU Technical Screening Criteria</i>		<i>Alignment with Technical Screening Criteria</i>	
Mitigation	The activity generates electricity from solar power using photovoltaics.	Eligible by default.	Aligned
<i>DNSH Criteria</i>		<i>Alignment with DNSH Criteria</i>	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 7		
Transition to a circular economy	The activity assesses availability of and, where feasible, uses equipment and components of high durability and recyclability and that are easy to dismantle and refurbish.	<p>Talanx relies on compliance of national and international laws and regulations regarding the circular use of equipment and suppliers of technology. The Talanx Code of Conduct for Business Partners specifies that compliance with law and legislation is required for all suppliers to comply with relevant national environmental laws.</p> <p>Such regulations include the Directive 2012/19/EU on Waste Electrical and Electronic Equipment Directive (WEEE), which regulates the treatment of electrical and electronic waste at the end of their life cycle. WEEE set the fundamental legalities and obligations for collecting and recycling photovoltaic panels in the EU, including setting minimum collection and recovery targets.</p> <p>In Germany, the law on circular economy, namely the 'Kreislaufwirtschaftsgesetz', the 'Abfallrahmenrichtlinie' and the German Resource Efficiency Programme, require that 70% of non-hazardous construction and demolition waste is prepared for reuse, recycling and other material recovery operations.</p> <p>All photovoltaic modules available in the EU can be disposed of, notwithstanding the type of technology used. Most part of a solar module can be recycled, including glass, semiconductor materials, ferrous and non-ferrous metals.</p>	Aligned
Protection and restoration of biodiversity and ecosystems	Refer to the assessment set out in Appendix 3, Table 8		

Table 5

Framework Activity assessed	Renewable Energy
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EU Activity		Electricity generation using concentrated solar power (CSP) technology	
NACE Code		D35.11 F42.22	
<i>EU Technical Screening Criteria</i>		<i>Alignment with Technical Screening Criteria</i>	
Mitigation	The activity generates electricity using CSP technology.	Talanx has confirmed that solar projects will be financed by concentrated solar power technology and are therefore eligible by default.	Aligned
<i>DNSH Criteria</i>		<i>Alignment with DNSH Criteria</i>	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 7		
Sustainable use and protection of water and marine resources	<p>Environmental degradation risks related to preserving water quality and avoiding water stress are identified and are addressed with the aim of achieving good water status and good ecological potential. A water use and protection management plan is developed thereunder for the potentially affected water body or bodies, in consultation with relevant stakeholders.</p> <p>Where an Environmental Impact Assessment is carried out, no additional assessment of the impact on water is required, provided the risks identified have been addressed.</p>	<p>CSP projects located in the EU fall under Annex II of the Environmental Impact Assessment (EIA) Directive (2011/92/EU), requiring the competent national authority to determine the need for an EIA. Talanx ensures that all projects financed comply with national and international law and regulation.</p> <p>Talanx’s CSP projects went through EIAs that seek to address water risks and mitigation. Effluents that may affect receiving waters will be derived from cleaning and general processes of the facilities, as well as rainwater. The use of closed-circuit cooling towers is a protective and corrective measure since it requires much less water than open-circuit cooling systems.</p> <p>During operation, the amount of water needed by the facilities do not significantly affect the situation of the local aquifers. Water must be properly treated; parameters such as acidity, temperature, chlorine i.e., salinity that may affect river and streams (receiving waters) will be controlled. To the extent possible, treated water will be reused within the refrigeration process of the facilities. To reduce water consumption, treated water may also be reinjected in the aquifer.</p>	Aligned
Transition to a circular economy	The activity assesses availability of and, where feasible, uses equipment and components of high durability and recyclability and that are easy to dismantle and refurbish.	As part of the due diligence process, Talanx ensures that all projects financed comply with national and international law and regulation. Suppliers of technology are required to comply with Directive 2012/19/EU on waste electrical and electronic equipment (“WEEE Directive”) which ensures (among others) that all producers supplying solar panels (including CSP) to the EU market properly finance the costs of collecting and recycling related equipment. The EU Waste Framework Directive and the EIA performed by all CSP	Aligned

		<p>projects guarantee that decommission requirements are properly met.</p> <p>All CSP projects financed by Talanx have received an EIA. Sustainalytics notes that Talanx' CSP project integrates the waste hierarchy principles and strives to reuse or recycle waste. During operation, construction and demolition waste volumes will be marginal and derived from minor repairs. Municipal solid waste, such as paper or cardboard, will be generated by the facility's employees and treated according to the legislation.</p>	
Protection and restoration of biodiversity and ecosystems	Refer to the assessment set out in Appendix 3, Table 8		

Table 6

Framework Activity assessed	Green Buildings		
EU Activity	Acquisition and ownership of buildings		
NACE Code	L68		
	<i>EU Technical Screening Criteria</i>	<i>Alignment with Technical Screening Criteria</i>	
Mitigation	<p>Buildings built before 31 December 2020, should have at least an Energy Performance Certificate (EPC) class A, or operate within the top 15% of the national or regional building stock expressed as operational Primary Energy Demand (PED) and demonstrated by adequate evidence.</p> <p>For buildings built after 31 December 2020, the building meets the criteria specified in Section 7.1 (Construction of new buildings) of this Annex that are relevant at the time of the acquisition.</p>	<p>For buildings built before 31 December 2020, Talanx intends to finance residential and commercial building that fall within the top 15% of the building stock in the local jurisdiction.</p> <p>While the Framework allows for financing the construction of new buildings, Sustainalytics did not assess the activity because Talanx does not currently have buildings built after 31 December 2020 in its portfolio.</p>	Aligned
	<i>DNSH Criteria</i>	<i>Alignment with DNSH Criteria</i>	
Climate Change Adaptation	Refer to the assessment set out in Appendix 3, Table 7		
Protection and restoration of	Refer to the assessment set out in Appendix 3, Table 8		

biodiversity and ecosystems	
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Appendix 3: Criteria for Do No Significant Harm (“DNSH”) to Climate Change Adaptation and Protection and Restoration of Biodiversity and Ecosystems

Table 7

Criteria for DNSH to Climate Change Adaptation		
<i>DNSH Criteria</i>	<i>Alignment with DNSH Criteria</i>	
<p>The physical climate risks that are material to the activities mentioned above have been identified by the Issuer by performing a robust climate risk and vulnerability assessment.⁴³ The assessment must be proportionate to the scale of the activity and its expected lifespan, such that:</p> <ul style="list-style-type: none"> for investments into activities with an expected lifespan of less than 10 years, the assessment is performed, at least by using downscaling of climate projections; for all other activities, the assessment is performed using high resolution, state-of-the-art climate projections across a range of future scenarios consistent with the expected lifetime of the activity, including, at least, 10 to 30 years climate projections scenarios for major investments. <p>The issuer has developed a plan to implement adaptation solutions to reduce material physical climate risks to the selected activities under this framework.</p> <ul style="list-style-type: none"> For new activities the Issuer ensures that adaptation solutions do not adversely affect the adaptation efforts or the level of resilience to physical climate risks of other people, of nature, of assets and of other economic activities and are consistent with local, sectoral, regional or national adaptation efforts. For activities that involve upgrading or altering existing assets or processes, the Issuer must implement adaptation solutions identified within five years from the start of the activity. In addition, selected adaptation solutions must not adversely affect the adaptation efforts or the level of resilience to physical climate risks of other people, of nature, of assets and of other economic activities and are consistent with local, sectoral, regional or national adaptation efforts. 	<p>Talanx Group evaluates climate risk as part of an overarching framework for regular qualitative and quantitative risk reporting and management. Tools such as risk internal risk capital models and annual energy risks survey are used to assess climate risk events and their impact into business.</p> <p>Forward-looking climate risks are evaluated based on reference points for transition risks to the year 2035 and physical risks from 2050 to 2080. It is consistent with the lifetime of the projects and aligns with the 10-30 years requirements. Internationally accepted sources such as the Climate Biennial Exploratory Scenario and the IPCC (Representative Concentration Pathway 2.6 and 6.0) form the basis of such scenarios. Therefore, material physical climate risks have been identified by Talanx, are proportionate to the scale /lifespan of the activity and are performed/evaluated using (among others) climate projections as per IPCC.</p> <p>Results are presented to the Group’s Board of Management on a monthly basis. The Responsible Underwriting Committee and Responsible Investment Committee integrate climate and sustainability within management decisions and all invested projects are ensured to have compliance with national and international laws and regulations.</p> <p>Talanx complies with the German Renewable Energy Act, the Federal Building Code, and environmental risk assessments are conducted at project level and include physical climate risks. Evaluation of climate risk is integrated in Talanx compliance check,</p>	<p>Aligned</p>

⁴³ The EU Delegated Act identifies several climate related risk and classifies them into chronic or acute risks, Chronic risks include -changing temperature (air, freshwater, marine water), changing wind patterns, changing precipitation patterns and types, coastal erosion, heat stress, ocean acidification, sea-level rise, and solifluction. Acute risks pertain to – heat/ cold wave, wildfire, cyclone, hurricane, tornado, storm, drought, landslide, flood, and glacial lake outburst. For a complete list of climate related risk please refer to Section 2 of Appendix E of EU’s draft delegated regulation (Annex 1), at: https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12302-Climate-change-mitigation-and-adaptation-taxonomy#ISC_WORKFLOW

	<p>relevant to applicable laws and regulations. Assets-level climate adaptation plans are also part of the EIA and permitting process to explain how the project’s resilience to climate change is considered.</p> <p>Talanx Group uses technology for modelling natural disasters, catastrophes and simulations to assess the extent of potential losses through scenario-based approaches and to provide an assessment to Talanx’s insurance and reinsurance coverage. Reporting on such topics can be found within TCFD Reporting in Talanx Sustainability Report.</p> <p>Talanx performs DNSH analysis on available data as part of the “risk-return framework”, which includes due diligence on applicable laws and regulations, environmental, legal and external risk factors. Environmental due diligence includes the life cycle of the project to the extent possible.</p> <p>Regarding adaption solutions, physical climate risks are addressed via regular discussions with the Board and climate considerations such as qualitative, quantitative assessment, time horizon and capital modelling is highlighted within such discussions.</p>	
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Table 8

Criteria for the Protection and Restoration of Biodiversity and Ecosystems		
<i>DNSH Criteria</i>	<i>Alignment with DNSH Criteria</i>	
<ul style="list-style-type: none"> • An Environmental Impact Assessment (EIA) or screening has been completed, for activities within the Union, in accordance with Directive 2011/92/EU. For activities in third countries, an EIA has been completed in accordance with equivalent national provisions or international standards. • Where an EIA has been carried out, the required mitigation and compensation measures for protecting the environment are implemented. • For sites/operations located in or near biodiversity-sensitive areas (including the Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas, as well as other protected areas), an appropriate assessment, where applicable, has been conducted and based on its conclusions the necessary mitigation measures are implemented. 	<p>As per Directive 2011/92/EU, it is mandatory to perform an Environmental Assessment on a project-by-project basis. Talanx also has internal policies and procedures in place with rigorous steps to confirm that all projects adhere to existing national and international legislation.</p> <p>Where an EIA has been carried out, required mitigation and compensation measures are implemented accordingly to the requirements set out under national law or legislation. Talanx ensures that it only finances projects that comply with the Talanx Code of Conduct, which includes requirements to commit with national environmental legislation on environmental protection. The required mitigation and compensation measures are applied by the project owner and Talanx solely ensures that it has been effectively implemented</p>	<p>Aligned</p>

before financing takes place. As an example, after a new law that required bird monitoring for onshore wind projects came into force, Talanx ensured that all necessary additional measures were implemented.

Environmental Impact Assessments thoroughly check regarding whether a project is being constructed near a recognized biodiversity area. As per existing regulation, projects are not allowed to be built in areas classified within the EU Conservation of Natural Habitats and Wild Fauna and Flora Directive, current consolidated version of 1 July 2013, and the EU Conservation of Wild Birds Directive, current consolidated version of 26 June 2019. Talanx confirms that all projects comply with existing laws and regulations and therefore are not located within a recognized biodiversity area as per EU legislation.

Appendix 4: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name: Talanx

Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: Talanx Green Bond Framework

Review provider's name: Sustainalytics

Completion date of this form: October 4, 2021

Publication date of review publication:

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (*if applicable*)

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (*if applicable*):

The eligible categories for the use of proceeds –Renewable Energy and Green Buildings – are aligned with those recognized by the Green Bond Principles 2021. Sustainalytics considers that the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 7 and 9.

Use of proceeds categories as per GBP:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Renewable energy | <input type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input checked="" type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP | <input type="checkbox"/> Other <i>(please specify)</i> : |

If applicable please specify the environmental taxonomy, if other than GBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Talanx Group has established a Green Bond Committee responsible for evaluating and selecting projects. The Green Bond Committee is chaired by the Chief Finance Officer and is composed of multiple cross divisional departments. Talanx has a dedicated environmental and social risk assessment and mitigation process that is applicable to all allocation decisions made under the Framework. Sustainalytics considers the project selection process in line with market practice.

Evaluation and selection

- | | |
|--|--|
| <input checked="" type="checkbox"/> Credentials on the issuer’s environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other <i>(please specify)</i> : |

Information on Responsibilities and Accountability

- Evaluation / Selection criteria subject to external advice or verification In-house assessment
- Other (please specify):

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

Talanx Group's processes for management of proceeds is overseen by the Green Bond Committee and proceeds are tracked through a portfolio approach. Talanx intends to allocate proceeds within 24 months of issuance. Pending full allocation, unallocated proceeds will be invested in green bonds, subject to availability, or cash and cash equivalents. This is in line with market practice.

Tracking of proceeds:

- Green Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (please specify):

Additional disclosure:

- Allocations to future investments only Allocations to both existing and future investments
- Allocation to individual disbursements Allocation to a portfolio of disbursements
- Disclosure of portfolio balance of unallocated proceeds Other (please specify):

4. REPORTING

Overall comment on section (if applicable):

Talanx Group intends to report annually on the allocation of proceeds on its website until full allocation or in case of significant change. Allocation reporting will include an overview of green bonds issued, the total amount outstanding and the share of financing versus refinancing. Talanx also intends to report annually on the impact of proceeds until full allocation with indicators such as annual renewable energy generation. Sustainalytics views this approach as aligned with market practice.

Use of proceeds reporting:

- Project-by-project On a project portfolio basis
- Linkage to individual bond(s) Other (please specify):

Information reported:

- Allocated amounts Green Bond financed share of total investment

Other (please specify):

Frequency:

- Annual Semi-annual

Other (please specify):

Impact reporting:

- Project-by-project On a project portfolio basis
 Linkage to individual bond(s) Other (please specify):

Information reported (expected or ex-post):

- GHG Emissions / Savings Energy Savings
- Decrease in water use Other ESG indicators (please specify):
- Annual renewable energy generation in MWh/GWh (electricity) and GJ/TJ (other energy)
 - Capacity renewable energy installed in MW
 - Annual GHG emissions reduced/avoided in tonnes of CO₂ equivalent
 - An overview of Eligible Green Projects, their building year and their environmental classification (i.e. EPBD/EPC, Energy certificate following EnEV ("Energieausweis"), LEED, BREEAM etc.), including the classification level where applicable (e.g. "Excellent", "EPBD EPC label A")
 - Estimated energy savings and avoided CO₂ emissions of the Eligible Green Projects compared with governmental regulations and/or reference buildings

Frequency

- Annual Semi-annual
 Other (please specify):

Means of Disclosure

- Information published in financial report Information published in sustainability report
 Information published in ad hoc documents Other (please specify): Separate report with allocation and impact reporting.
 Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE**Type(s) of Review provided:**

- Consultancy (incl. 2nd opinion) Certification
 Verification / Audit Rating
 Other (please specify):

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

- i. Second-Party Opinion: An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. Certification: An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.

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- iv. Green Bond Scoring/Rating: An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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