



# Sustainability Report 2020

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At certain points in this sustainability report you will find links to more detailed information:



References to other places in the sustainability report



Reference to the GRI Standards



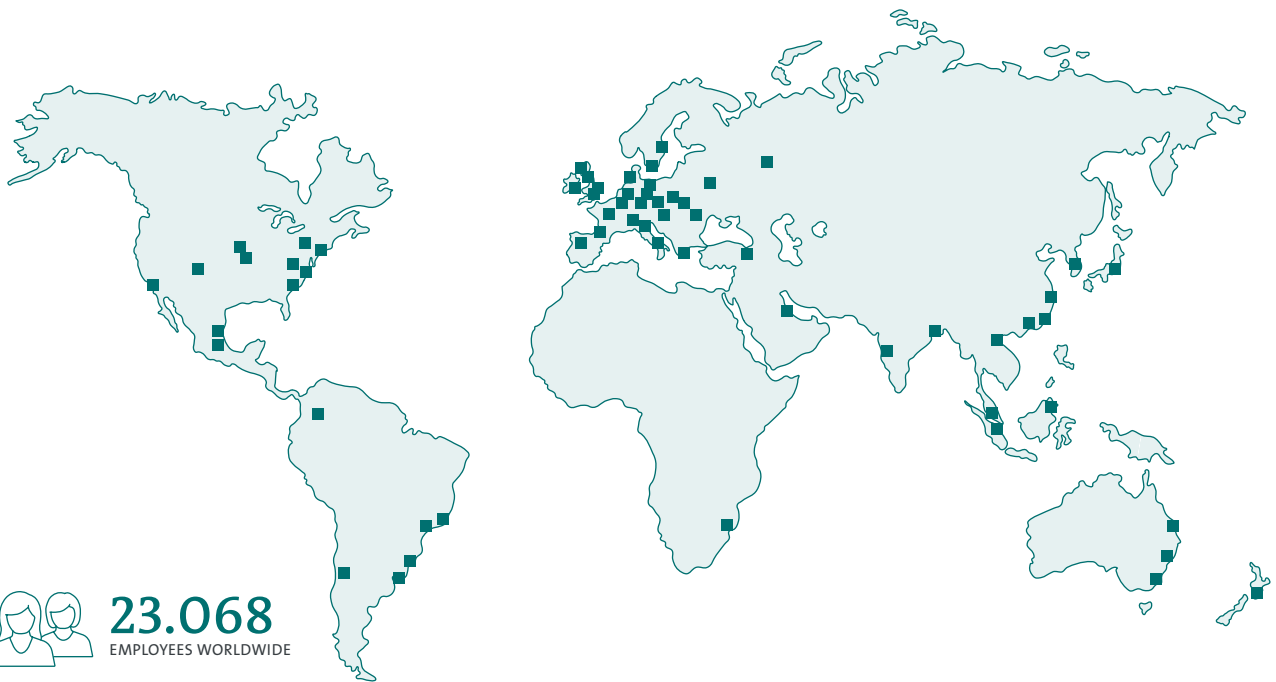
Reference to websites

Underlined sections within the document indicate links to additional information.

# Our Organisation

Talanx is a multi-brand provider in the insurance and financial services sector. Acting sustainably is important to us as an international group and a long-term investor. This is why we take environmental, social and governance aspects into account in our business activities.

The Talanx Group operates with subsidiaries and branches on five continents and through cooperations is active in more than 150 countries.



**23.068**  
EMPLOYEES WORLDWIDE

[www.talanx.com](http://www.talanx.com)

<b>HDI</b>	<b>warta.</b>	<i>hannover re</i>	<b>EUROPA</b> UBEZPIECZENIA	<b>TARGO-VERSICHERUNG</b> Schutz und Vorsorge	<b>Posta</b> Biztosító
<b>civlife</b>	<b>ampega.</b> Talanx Investment Group	<b>neue leben</b> Versicherungen	<b>LifeStyle</b> Protection	<b>PB Versicherungen</b> Partner der	

# Highlights 2020

# -30%

Target for 2025: -30% CO<sub>2</sub> intensity for our liquid portfolio.

[SR 20 – page 65](#)



# Three

The new normal: Talanx is promoting remote working throughout the Group to protect employees.

[SR 20 – page 17](#)

A warm welcome: Our Sustainability Report 2020 contains three new Talanx companies in the United Kingdom, Hungary and Switzerland.

[SR 20 – page 109](#)



# ESG

Talanx awarded a CDP rating of “B”.

[SR 20 – page 28](#)

is included in the Board of Management’s remuneration.

[SR 20 – page 39](#)

Talanx is reporting against the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) for the first time.

[SR 20 – page 36](#)

Talanx is aiming to capture data on, and reduce, carbon emissions for additional illiquid asset classes in the medium term.

[SR 20 – page 65](#)



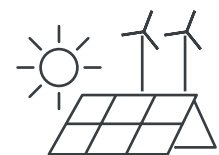
Talanx has resolved to appoint a Diversity & Inclusion Manager as of March 2021. Raha Anssari’s task will be to develop a Group-wide diversity strategy.

[SR 20 – page 84](#)

# 2030

We want Talanx’s operations worldwide to be completely climate-neutral by 2030. We already achieved this for Germany in 2019.

[SR 20 – page 39](#)



As a signatory to the UN Global Compact, Talanx publishes its annual Communication on Progress in its sustainability report.

[SR 20 – page 6](#)

Talanx has invested EUR 3.7 billion in infrastructure projects and roughly EUR 2 billion in expanding renewal energy sources.

[SR 20 – page 56](#)

# Indicators

## FINANCIAL, ENVIRONMENTAL AND EMPLOYEE INDICATORS

Indicator	Unit	2020	2019
<b>Financial indicators and metrics</b>			
Gross written premiums	EUR million	41,105	39,494
Operating result (EBIT)	EUR million	1,671	2,430
Group net income	EUR million	673	923
Return on equity <sup>1</sup>	%	6.6	9.8
Investments under own management	EUR million	128,521	122,638
Number of employees <sup>2</sup>	Headcount	23,068	22,824
Shares in free float	%	21.0	21.0
Gross written premiums (primary insurance)	EUR million	18,147	18,410
<b>Report's coverage of the Talanx Group<sup>3</sup></b>			
Percentage of Talanx Group employees covered	%	78.9	77.0
Percentage of Talanx Group gross premiums covered	%	36.1	36.8
Percentage of Talanx Group gross premiums for primary insurance covered	%	81.8	79.0
<b>Compliance and Transparency</b>			
Employees covered by the Code of Conduct	%	100.0	100.0
Female members of Talanx AG's Supervisory Board	%	31.3	31.3
Female members of Talanx AG's Board of Management	%	—	—
Female members of boards of management/managing directors of Talanx Group companies <sup>4</sup>	%	10.7	9.9
<b>Investment and Insurance Products</b>			
Volume of infrastructure investments	EUR billion	3.7	2.5
<b>Work and Employees<sup>5</sup></b>			
Total continuing professional development days	Days	18,000	24,000
Continuing professional development days per employee	Days	2.7	2.9
Management positions filled internally	%	79.7	85.9
Employee turnover	%	8.4	7.8
Length of service	Years	15.1	15.2
Female employees in Group <sup>6</sup>	%	50.4	50.6
Women in management positions in Group <sup>6</sup>	%	30.9	30.2
Retention rate 12 months after return from parental leave	%	94.4	91.1
Absenteeism rate (days of absence due to illness)	%	5.1	6.6
<b>Day-to-day Operations and Procurement<sup>7</sup></b>			
Energy consumption per employee <sup>8</sup>	MWh	54	17
Paper consumption per employee	kg	30	48
Water consumption per employee <sup>9</sup>	Litres	12,194	9,338
Business travel and trips in company cars	Millions of km	72	117
Business travel and trips in company cars per employee	km	3,957	6,647
Total CO <sub>2</sub> emissions (Scope 1 + 2 + 3)	Metric tons	82,083	87,877
CO <sub>2</sub> emissions (scope 1 + 2 + 3) per employee	Metric tons	4.5	5.0

<sup>1</sup> Ratio of net income excluding non-controlling interests to average equity excluding non-controlling interests. Excluding figures from the Corporate Operations segment.

<sup>2</sup> Comprises the active core workforce and inactive employment relationships (not including people in the passive phase of partial retirement).

<sup>3</sup> This report relates mainly to the primary insurance sector and our Group functions. Information on Hannover Re SE is not normally included in this report because the company publishes its own sustainability report. The sustainability strategy and goals also apply to the Talanx Group excluding the Hannover Re Group. Employee coverage is based on the Talanx Group's total workforce, i.e. 23,068 employees; coverage in terms of gross premiums as indicated is "total" and pro rata for the primary insurance segment.

<sup>4</sup> Comprises the entire Talanx Group (including the Hannover Re Group). Members of the Board of Management with multiple functions are only counted once.

<sup>5</sup> Unless otherwise stated, this comprises the active core workforce and inactive employment relationships (not including people in the passive phase of partial retirement) in Germany, with the exception of the Hannover Re Group.

<sup>6</sup> Comprises the entire Talanx Group (including the Hannover Re Group). Members of the Board of Management with multiple functions are only counted once.

<sup>7</sup> Deviations between the current data and the figures for previous years cannot be ruled out due to the continuous expansion of the report boundaries. As a result, the change in the data capture processes and calculation methodology means that the direct comparability of the annual data cannot be fully guaranteed. Significant deviations to the prior-year figures are explained in footnotes in the relevant sections of the report.

<sup>8</sup> The significant increase in energy consumption is due to the expansion of data collection to additional countries (2020: Great Britain, Hungary, Switzerland) as well as regional increases in consumption, also due to construction measures, among other things. In Germany, energy consumption was reduced by around 22.5% compared to the previous year (also because of the pandemic).

<sup>9</sup> The increase in water consumption is due to the expansion of data collection as well as regional additional consumption in Germany and Austria. For Mexico, the water withdrawal source rainwater is also taken into account for the first time.



# Foreword

*Dear ladies and gentlemen,*

**GRI 102-14** The deep crisis triggered by the coronavirus pandemic has caused suffering for individuals, society and the economy alike. We all hope that we will quickly achieve the herd immunity that will allow us to live with the virus as a result of the vaccination programmes. It is already very clear that the pandemic will change our lives. One positive aspect is that we will all travel less on business, since we have learned that many meetings can also be held as video-conferences. This can help reduce carbon emissions caused by business trips – a positive contribution to combating the climate crisis, if only a small one.

Further efforts are needed. Climate change is a serious threat and one that we, as insurers, have to address in great detail in our risk modelling, investment policy, operations and underwriting, among other things. The challenge is to find the right balance between all our stakeholders' interests.

This is why we are systemically implementing our end-to-end sustainability strategy in our operations, our underwriting and our asset management, as well as with respect to our social commitment.

Our new remuneration system for the Board of Management rewards good leadership and defines contributions to be made by the individual Board members to our sustainability strategy. This underlines our ambitions.

In our operations, we are pushing forward with our goal of achieving Group-wide climate neutrality by 2030 at the latest. We have already done this in Germany, where more than 45 percent of our workforce is employed.

In our underwriting, we are continuously expanding our ESG approach and are paying particular attention to the Principles for Sustainable Insurance (PSI). We have set ourselves the goal of exiting business models based on coal and oil sands by 2038 at the latest. We are monitoring other fossil energy sources on an ongoing basis and making further adjustments to our underwriting policy to ensure it is



■ Torsten Leue, Chairman of the Board of Management

ness models based on coal and oil sands by 2038 at the latest. We are monitoring other fossil energy sources on an ongoing basis and making further adjustments to our underwriting policy to ensure it is

»By working together,  
we can make a valuable  
contribution to sustainable  
development in line with  
our Talanx Purpose:  
›Together we take care of  
the unexpected and foster  
entrepreneurship‹.«

aligned with the risks involved in all cases. At the same time, we are aiming to be a leading insurer in the renewables area.


We are also making significant progress in asset management and are creating transparency in this area by joining the Principles for Responsible Investment (PRI) investor initiative: our new climate strategy for investment is a major milestone in our sustainability activities. As part of this, we determined the emissions for our investment portfolio for the first time, in line with the Paris Agreement's climate goals. Our objective is to achieve a 30% reduction in the carbon intensity of our liquid portfolio by 2025 compared to the beginning of 2020. This current target is an important step towards developing a sustainable, long-term path towards carbon neutrality by 2050. Our commitment to the Paris Agreement on climate change underscores our objective. In addition, our investments are supporting the transition towards green energy: the Talanx Group has invested roughly EUR 3.7 billion in infrastructure, half of it in wind turbines.

In the current financial year, we have created the new position of a Diversity & Inclusion Manager. Her role is to develop a Group-wide diversity strategy and she reports directly to the Talanx Board of Management member responsible for this.

Dear readers, discussions of environmental and social aspects and sustainable corporate governance are developing dynamically. This

can also be seen from our sixth sustainability report, which is the first to reference the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In addition, we have supported the UN Global Compact – the world's largest initiative for responsible corporate governance – fully and continuously since May 2020. In line with this, the following pages also report on the implementation status for the Global Compact's Ten Principles, which cover the areas of human rights, labour standards, the environment and anti-corruption. I would also like to take this opportunity to explicitly welcome our branch offices and subsidiaries in the United Kingdom, Switzerland and Hungary, which have joined the list of companies included in the report. By working together, we can make a valuable contribution to sustainable development in line with our Talanx Purpose: "Together we take care of the unexpected and foster entrepreneurship".

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

Yours sincerely,  


## About us

# We do business sustainably. This means that we take environmental, social and governance aspects into account in our business activities.

**GRI 102-1 | 102-3 | 102-5 | 102-7** The Talanx Group is a multi-brand provider in the insurance and financial services sector. It had 23,068 employees worldwide as at the end of 2020 (previous year: 22,824).<sup>1</sup> The Group parent company is Talanx AG. HDI V.a.G., a mutual insurance company formed over 110 years ago, is the majority shareholder in Talanx AG with an interest of 79.0%. As in the previous year, 21.0% of the shares are in free float.

**GRI 201-1** The Talanx Group proved to be extremely robust and resilient in 2020, despite the deep historic crisis caused by the global coronavirus pandemic. Gross written premiums for the Group rose to EUR 41.1 (39.5) billion in financial year 2020. Operating profit (EBIT) was EUR 1.7 (2.4) billion and Group net income was EUR 673 (923) million.

Additional information on Talanx's business development and size, and on its generated and distributed economic value can be found in the Annual Report 2020:

- For Talanx's premium volumes and the results of its segments and individual markets, see the "Business development" section on [page 30 ff.](#)
- For its total assets including information on liabilities and equity, see Talanx AG's consolidated balance sheet on [page 128 f.](#)
- For information on Talanx's shares, see the "Talanx Shares" section on [page 13 ff.](#) and the "Earnings per share" section on [page 230 f.](#)
- For information on administrative expenses, see Note 32, "Acquisition costs and administrative expenses", on [page 220.](#)
- For information on personnel expenses, see Note 33, "Other income/expenses", on [page 221.](#)
- For information on interest and dividends paid, see Talanx AG's consolidated cash flow statement on [page 134.](#)
- For the reported tax expense, see Note 35, "Taxes on income", on [page 221.](#)

**GRI 102-10** Material changes in the size, structure and nature of ownership of the Talanx Group in the financial year are described in the Group Annual Report 2020; see among other things the sections entitled "Fundamental information about the Group" ([page 18 ff.](#)) and "Business development" ([page 30 ff.](#)). No significant changes in the structure of the supply chain or in supplier relationships could be ascertained in the past financial year.

<sup>1</sup> This figure covers the active core workforce and inactive employment relationships (not including people in the passive phase of partial retirement); casual workers, interns, vocational trainees and graduate trainees are not included. The total number including casual workers is 23,324 (22,642). Gender-neutral language has been used throughout this report.



## Divisions, products and brands

**GRI 102-4 | 102-7 | 102-45** Talanx has subsidiaries or branch offices throughout the world, and maintains business relationships with primary insurance and reinsurance customers in more than 150 countries overall. A list of all entities included in the consolidated financial statements is provided in the “List of shareholdings” section on [page 234 ff.](#) of the Group Annual Report 2020.

**GRI 102-2 | 102-6 | F56** The Group’s Primary Insurance operations comprise three divisions: Industrial Lines, Retail Germany (which comprises the Property/Casualty Insurance and Life Insurance lines) and Retail International. The Reinsurance Division consists of the Property/Casualty Reinsurance and Life/Health Reinsurance segments; these are operated by Hannover Re SE.

The Group has assigned Talanx AG, which primarily has a strategic role, to the Corporate Operations Segment. The Company has had a reinsurance license since January 2019 and is also engaged in operational business. In addition, Corporate Operations comprises the Group’s internal service companies and the reinsurance broker Talanx Reinsurance Broker GmbH. Ampega Asset Management GmbH, Ampega Investment GmbH and Ampega Real Estate GmbH mainly provide support for the Group’s investments and offer financial services, among other things.

The Group’s key brands include both Talanx and the brand HDI. The latter is used by companies in the industrial insurance and retail busi-

nesses in Germany and abroad (e.g. HDI Seguros and HDI Sigorta). Other noteworthy brands are Hannover Re and E+S Rück, Ampega, TARGO insurers, PB insurers, neue leben insurers and Lifestyle Protection. In Poland, WARTA and TU Europa are important brands, as are Posta Biztosító in Hungary and CiV Life in Russia.

**GRI 102-2** The Group companies operate the insurance lines and classes specified in the German Regulation on Reporting by Insurance Undertakings to the Federal Financial Supervisory Authority; this takes the form of direct written insurance business in some cases and of reinsurance in others. They focus on a number of areas. For details, please see the “Business model” section of the Group Annual Report 2020 ([page 18](#)).

**GRI 102-2** As a listed insurance group, Talanx complies with national and international laws and does not distribute any products or services that are banned in certain markets. We have established an ESG<sup>1</sup> screening process for our investments, which we use as a basis for decisions to divest controversial holdings in a manner that does not disrupt the markets ([page 64 f.](#)).

Further information on the Talanx Group’s divisions can be found in the “Group structure” section of the Group Annual Report 2020 ([page 20 ff.](#)).

<sup>1</sup> ESG: Environmental, social and governance.

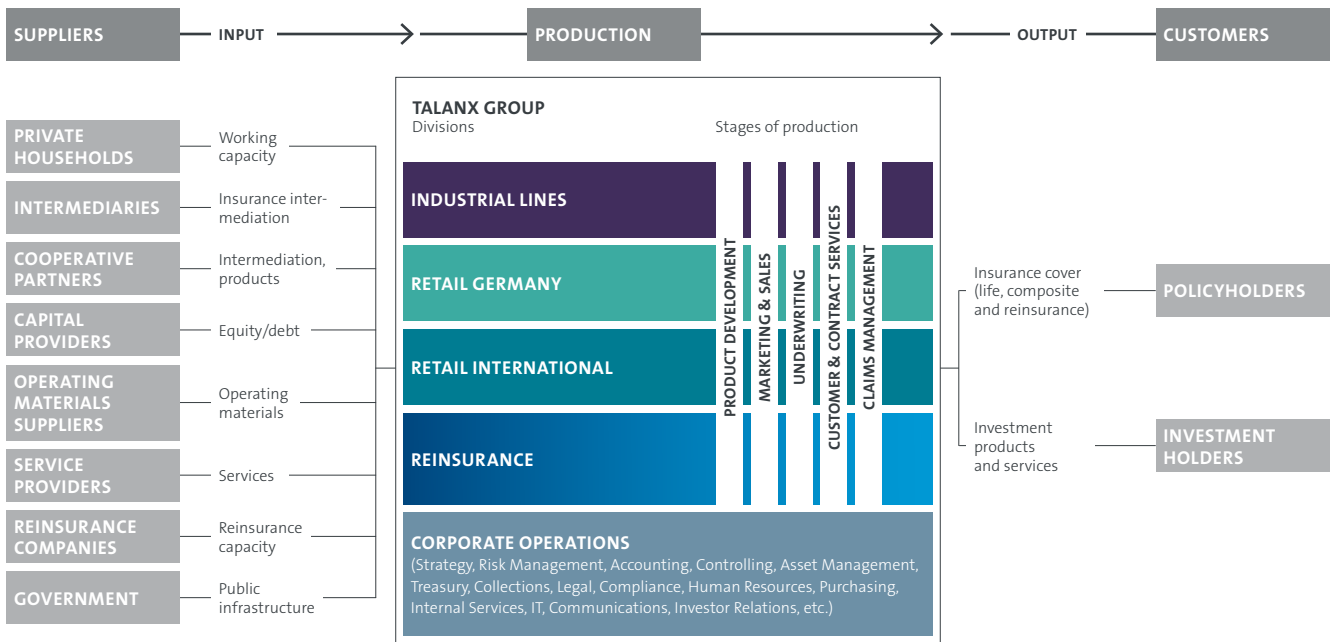
### TALANX AG’S DIVISIONS, PRODUCTS AND BRANDS

TALANX AG					
INDUSTRIAL LINES DIVISION	RETAIL GERMANY DIVISION		RETAIL INTERNATIONAL DIVISION	REINSURANCE DIVISION	CORPORATE OPERATIONS
	PROPERTY/CASUALTY INSURANCE	LIFE INSURANCE		PROPERTY/CASUALTY REINSURANCE	LIFE/HEALTH REINSURANCE
	 TARGO-VERSICHERUNG <small>Schutz und Vorsorge</small> PB Versicherungen <small>Partner der Postbank</small> neue leben <small>Versicherungen</small> LifeStyle <small>Protection</small>		 warta. EUROPA <small>UBEZPIECZENIA</small> Posta <small>Biztosító</small> civlife		 <small>Talanx Investment Group</small> talanx. <small>Versicherungen. Finanzen.</small>

## Value chain

**GRI 102-9** The figure below shows the key elements of the Talanx Group's value chain in simplified form. For reasons of clarity, the diagram concentrates on the operational aspects of the insurance business. In addition, the Group provides other services, such as recommending and implementing loss prevention measures, reinsurance advice and intermediation, and claims management services.

### THE TALANX GROUP'S VALUE CHAIN



The Talanx Group requires production inputs, which are shown in the diagram under “Input”, to produce insurance cover and other services. Apart from operating materials and capital, the main inputs are services, such as the labour provided by the workforce and reinsurance capacity. Other suppliers of services include, for example, appraisers and claims handlers, refurbishment companies, waste disposal companies and lawyers. Suppliers that act as intermediaries for insurance products (the “Output”) are shown separately under “Intermediaries”.

The value chain for the insurance business has a few features not found in other sectors. Particularly noteworthy is the fact that the “product”, insurance protection, is the result of a number of simultaneous or successive internal and customer-related processes. Another unique aspect is that insurance clients contribute to the production process, for example because policyholders have to provide information or are involved in claims processing (see Dieter Farny, 1989, “Versicherungsbetriebslehre” (“Insurance Management”), Verlag Versicherungswirtschaft, Karlsruhe, page 133).

The different production stages at the Talanx Group are modelled using the following five steps: “product development”, “marketing & sales”, “underwriting”, “customer & contract services” and “claims management”. Group functions and departments contribute to implementing these steps. The Hannover Re Group largely has its own functions and structures.

A clear distinction cannot always be made between the individual production stages, players and outputs, especially since there are differences between the divisions. For example, in industrial insurance and reinsurance, rates are set in the course of the underwriting process, whereas in retail insurance this is done by the product development function. “Customer & contract services” generally refers to the management of written insurance policies. In addition, the above-mentioned intermediaries – brokers, agents and banking partners – market insurance cover or investment products to customers, an activity that is also performed by the Company’s own sales function. As a result, marketing and sales activities are performed in several different places.

## Corporate Governance

We manage our business responsibly, to ensure its sustained success for all stakeholders.

Talanx AG, a listed company based in Hannover, is governed by German stock corporation and capital markets law, and by the law on co-determination. The Company's governance structure consists of three governing bodies: the Board of Management, the Supervisory Board and the General Meeting. The duties and powers of these bodies are defined by law, by Talanx AG's Articles of Association and by the Rules of Procedure for the Board of Management and the Supervisory Board.

Further information on corporate governance can be found in the [Company's Corporate Governance Principles](#), the [Articles of Association](#) and the [Group Annual Report](#).

**GRI 102-18**

### Duties and powers of the Board of Management and Supervisory Board

#### Board of Management

- Corporate Governance Principles, section IV "Cooperation between the Board of Management and the Supervisory Board"
- Articles of Association of Talanx AG, section III "Board of Management"

#### Supervisory Board

- Corporate Governance Principles, section VI "Supervisory Board"
- Articles of Association of Talanx AG, section IV "Supervisory Board"

#### Committees

- Corporate Governance Principles, section VI "Supervisory Board"
- The "Supervisory Board" section of the corporate governance report and the "Tasks of the committees" section of the Group Annual Report 2020

**GRI 102-22 | 102-24**

### Nominating and selecting the highest governance body

#### Board of Management

- Corporate Governance Principles, section V "Board of Management"
- Articles of Association, section III "Board of Management"
- The "Board of Management" section of the corporate governance report in the Group Annual Report 2020
- The section of the corporate governance report entitled "Targets in accordance with sections 76(4) and 111(5) of the AktG; statutory quota for the Supervisory Board in accordance with section 96(2) of the AktG" in the Group Annual Report 2020

#### Supervisory Board

- Corporate Governance Principles, section VI "Supervisory Board"
- Articles of Association, section IV "Supervisory Board"
- The "Supervisory Board" section of the corporate governance report in the Group Annual Report 2020

### Tenure of the governance body

- Corporate Governance Principles, section VI “Supervisory Board”
- Articles of Association of Talanx AG, section IV “Supervisory Board”

**GRI 102-25**

### Avoidance of conflicts of interests

- Corporate Governance Principles, section V “Board of Management” and section VI “Supervisory Board”

**GRI 102-35**

### Remuneration of members of the Board of Management and the Supervisory Board

#### Board of Management

The full Supervisory Board resolves on the remuneration of the Board of Management.

- Corporate Governance Principles, section V “Board of Management” and section VI “Supervisory Board”
- “Remuneration of the Board of Management” section of the remuneration report in the Group Annual Report 2020

#### Supervisory Board

The General Meeting resolves on the remuneration of the Supervisory Board.

- Corporate Governance Principles, section VI “Supervisory Board”
- “Remuneration of the Supervisory Board” section of the remuneration report in the Group Annual Report 2020

**GRI 102-22 | 102-23 | 405-1**

### Current composition of the Board of Management and Supervisory Board

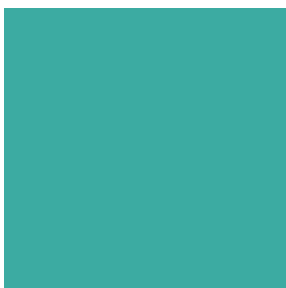
Talanx AG’s Board of Management had six members as at 31 December 2020. Torsten Leue is the Chairman of the Board of Management; see also the “Board of Management” section of the [Group Annual Report 2020](#) and the [Talanx website](#).

Information on diversity among the governing bodies and the workforce, and on the Group’s diversity policy, can be found in the sections of the corporate governance report entitled “Targets in accordance with sections 76(4) and 111(5) of the AktG; statutory quota for the Supervisory Board in accordance with section 96(2) of the AktG” and “Diversity concept – targets for Board of Management and Supervisory Board composition and status of implementation” in the [Group Annual Report 2020](#).

The Supervisory Board had 11 male and 5 female members as at 31 December 2020. Three of the female Supervisory Board members are employee representatives and two are shareholder representatives. Herbert K. Haas is the Chairman of the Supervisory Board; see also the “Supervisory Board” section of the [Group Annual Report 2020](#) and the [Talanx website](#).

The members of the committees are given in the “Supervisory Board Committees” section of the [Group Annual Report 2020](#) and on the [website](#). The website also provides information on Supervisory Board members’ memberships of other supervisory boards or comparable governing bodies.

The Chairman of the Supervisory Board does not have an executive role, because Talanx AG has a dual-board system of corporate governance under which oversight and management are separated (see also the “Declaration on corporate governance and corporate governance report” in the [Group Annual Report 2020](#) and the [declaration of conformity](#) with the German Corporate Governance Code in accordance with section 161 of the German Stock Corporation Act (AktG).



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## Sustainability Strategy and Management

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Sustainable Development Goals	34

We have the same goal

Paola Gonzales and Gabriela Nungaray process an insurance claim together at the Guadalajara branch in Mexico.



Together we are facing the future with confidence. And we are building on our agility to do so.







“  
We are there for our clients at all times, even during the coronavirus pandemic, and react highly flexibly and individually to their needs.”

■ Wolfgang Hanssmann, Member of the Board of Management of HDI Deutschland AG

## Together we take care ...

The coronavirus pandemic impacted the economy and society throughout the world in 2020. The lockdowns meant that reactions had to be swift and flexible throughout the world. The pandemic showed us all the more how valuable and full of life our Talanx Purpose – ‘Together we take care of the unexpected and foster entrepreneurship’ – is for the Group. As a sustainable company, Talanx was able to build on this and on its agile cooperation methods.

Talanx reacted extremely flexibly and individually to its customers’ needs. During the first lockdown, its employees advised customers remotely from home instead of from the office and resolved their insurance claims, among other things. For example, HDI Deutschland AG stated early on that its business shutdown insurance customers were covered by officially ordered closures due to the coronavirus. HDI Lebensversicherung AG is helping unbureaucratically in emer-

gencies by allowing customers in Germany to defer premium payments without incurring interest penalties. This reflects the heart of our Purpose: “Crises are mastered more easily together than on one’s own”.

The culture of being there for each other begins within the Company itself. This high level of commitment in difficult times works so well because Talanx’s employees are there for each other, too, and because the conditions that made it possible were created. Even though distancing is currently required, colleagues within the Group are coming together even more closely at a metaphorical level. In Germany, for example, a large number of employees voluntarily donated their overtime to fellow workers who were facing particular challenges in combining looking after children and working.

## NEW WORK

■ The coronavirus has changed the way all of us work around the world. In particular, working from home is current dominating ideas of “New Work”. A NewWork@HDI task force in Germany is currently developing suggestions about what the world of work might look like at Talanx once the coronavirus pandemic is over. Its mandate is to create a framework for organising work in the future that is more mobile, more flexible and more hybrid in nature. In line with this, suggestions include further flexibilising working hours and locations, and investing in office infrastructures that provide space for collaboration on the ground.



# Measures taken by Talanx worldwide



The Talanx Group supported its customers and staff worldwide during the difficult coronavirus period. This allowed us to react to the new situation both with donations and by living up to our Purpose, “Together we take care of the unexpected and foster entrepreneurship”.

## Compliance and Transparency

Our business success depends, among other things, on our staff behaving in a legally correct and transparent manner towards each other, our clients, business partners and shareholders, and the general public.

The coronavirus pandemic created new challenges for the compliance community within Talanx, since communication and training had to continue in order to promote our compliance culture. This is why Talanx held its face-to-face training sessions as webinars in 2020. In addition, the pandemic also led to greater monitoring of compliance rules during the reporting period. For example, the training offering at HDI Global (USA) was expanded to include cyber security training.



### FRANCE: INSURANCE COVER FOR CLINICAL STUDIES RELATING TO COVID-19

HDI Global France offers insurance solutions for clinical research to develop effective means of combating the coronavirus. Preconditions for insurance cover are that the studies are conducted transparently and the relevant rules are complied with.



More information about the various activities is available on the Internet.





## Investment and Insurance Products

Insurers fulfil an important social function: they enable the economy to function and provide financial security for individuals. Insurance can both protect the standard of living of society as a whole and give companies the flexibility they need to deal with challenges. The coronavirus pandemic demonstrated this impressively and Talanx acted in line with its Purpose. The Company adapted to the new situation immediately and expanded its insurance cover to include the effects of the coronavirus. For example, it provided all doctors in Germany who volunteered to perform vaccinations with full professional liability insurance, even if they had not previously been insured with the Company or had already retired.

### RUSSIA: DEFERRAL OF PREMIUM PAYMENTS

CiV Life offers customers the option to suspend premiums payments for up to 60 days if they fall into arrears during the coronavirus period or are having payment difficulties.

### CANADA, JAPAN, SINGAPORE: RISK CONSULTING FOR CORPORATE CUSTOMERS

HDI Global offers its customers risk consulting services, including the management of emergency/ crisis plans and potential business closures. HDI Risk Consulting advises business owners on risk management issues such as prevention, security measures and the like.





### GERMANY: COMMUNITY MASK CHALLENGE

HDI Group employees in Germany in Deutschland sewed face masks and made them available to colleagues on our intranet. This also allowed them to raise money for charitable causes.



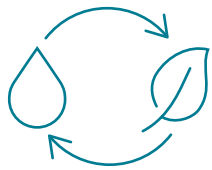
## Work and Employees

The coronavirus pandemic radically changed the way that we at the Talanx Group operate within a very short space of time. Day-to-day work at Talanx’s locations in 150 countries has changed and hybrid work – which currently largely means working remotely and only coming into the office when necessary – has become the new normal. A seamless IT infrastructure is critically important here. During the coronavirus pandemic in 2020, well over 20,000 of the Talanx Group’s roughly 23,000 employees were working remotely at times. Coming in to the office was voluntary in 2020 and office capacity was capped at roughly 25%. Protecting staff from infection continues to be our top priority in 2021, while also ensuring that we remain operational for our customers and sales partners.

### GERMANY: OVERTIME DONATED

HDI Group employees in Germany are donating overtime credits to colleagues who are working at home and have to look after their children at the same time. Schools and day care centres are frequently closed in Germany because of the coronavirus pandemic.





**CANADA:  
SUPPORT FOR THE  
VENTILATORS FOR  
CANADIANS INITIATIVE**

HDI Global Canada is supporting a consortium of companies that is focusing on manufacturing urgently needed ventilators for hospitals throughout the country.



**Day-to-day Operations  
and Procurement**

The coronavirus also changed Talanx’s operating procedures around the world. The new way of working led to fewer internal procedures and hence to fewer resources being used and less business travel. Nevertheless, we had to keep operations running and adapt them to meet new requirements. Among other things, additional laptops were purchased for remote working.

The coronavirus pandemic also strongly impacted working life within the Group. Far fewer to no business trips were made in the reporting period, and employees mainly worked remotely or used hybrid forms that combined office and remote work. This had a significant impact on our carbon footprint for financial year 2020.



**GERMANY:  
MOBILE DEVICES  
DONATED**

At the HDI Group in Germany, retired business iPhones and iPads are being donated to old peoples’ homes and care facilities, so that residents can keep in contact with their loved ones while visits are prohibited. Employees volunteer to provide the facilities with the devices, which would otherwise have been sold on to second-hand IT dealers.




## Sustainability Strategy and Management

# Our sustainability strategy reconciles environmental and social challenges, to ensure our long-term economic success.

The social and environmental challenges of our time impact our core business as a provider of primary insurance and reinsurance. By including environmental and social topics in our corporate management and corporate governance, we can help to promote sustainable activities and hence to ensure the Company's future success. As an international insurance group and a long-term investor, we are committed to responsible corporate governance designed to achieve sustainable value creation. This report describes how we take environmental, social and governance aspects into account in our business.

As a global insurer, we also contribute actively to achieving global sustainability goals: the United Nations' Sustainable Development Goals (SDGs), which came into force in 2016, comprise 17 concrete targets designed to make the world a more sustainable and fairer place in the period up to 2030. In 2019, the Talanx Group identified seven goals to which it can make concrete contributions (SDG 4: Quality Education, SDG 5: Gender Equality, SDG 7: Affordable and Clean Energy, SDG 8: Decent Work and Economic Growth, SDG 9: Industry, Innovation and Infrastructure, SDG 12: Responsible Consumption and Production and SDG 13: Climate Action).

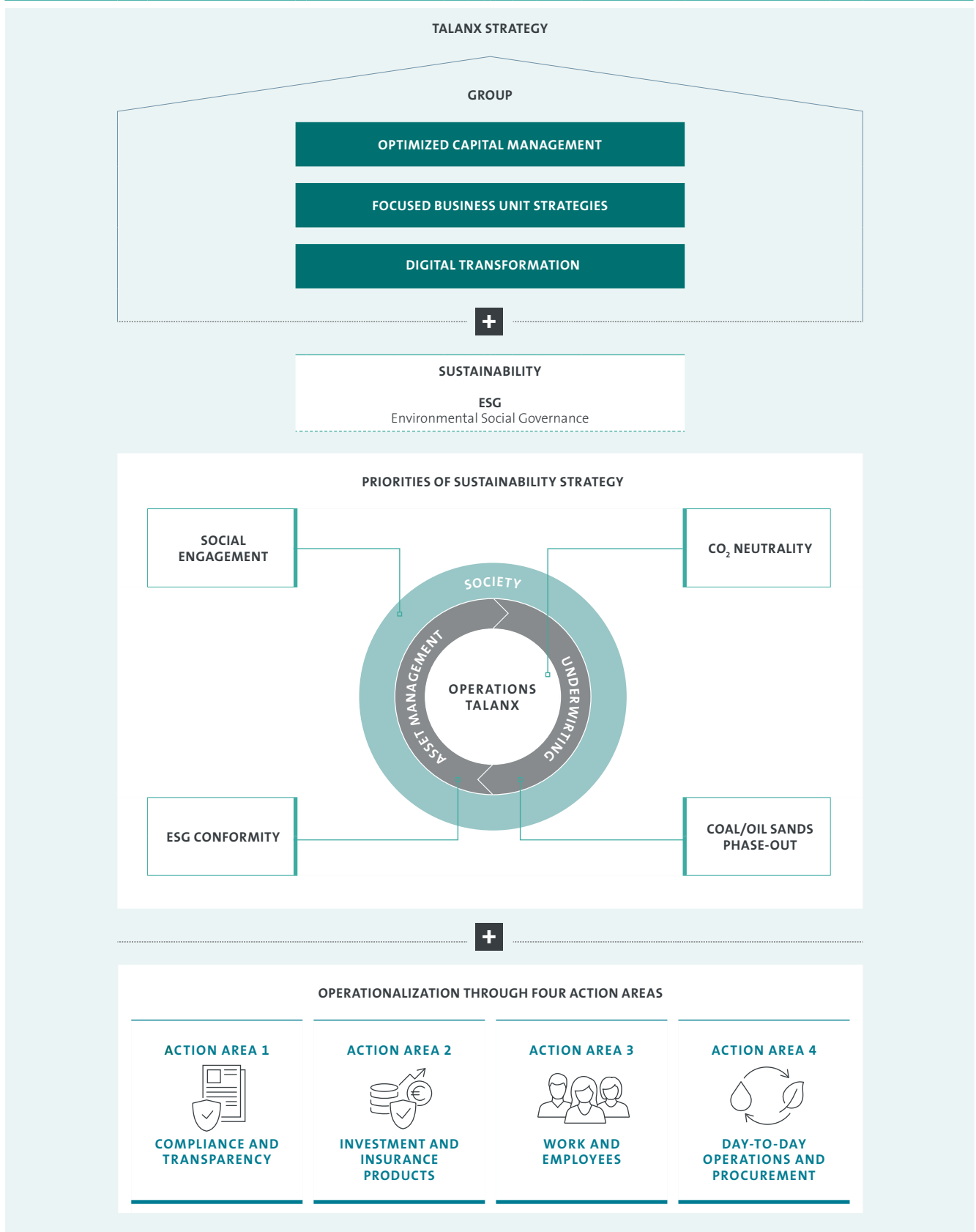
### Sustainability strategy and governance

 102-40 | 102-42 | 102-44 We derive our sustainability strategy from the Talanx Group's overarching strategy and align it with the Group's mission statement and values. This integration with the Group's strategy supplements the latter to include ESG (environment, social and governance) aspects. The sustainability strategy comprises concrete action areas, goals and measures, and serves to ensure that the Company's operations are aligned with environmental and social challenges.

The following figure, "Our Sustainability Approach Supports the Talanx Group's Strategy", shows how our sustainability strategy dovetails with the Group's strategy. It also shows that – in addition to the social framework within which the Talanx Group operates – our sustainability strategy focuses on our core activities of asset management, underwriting and operations. We use four action areas to operationalise our sustainability strategy.



OUR SUSTAINABILITY APPROACH SUPPORTS THE TALANX GROUP'S STRATEGY



Talanx continued rounding off its sustainability strategy by joining well-known sustainability initiatives in 2020. After the Group signed up to the Principles for Responsible Investment (PRI) in 2019, it took the next logical step for the Underwriting unit during the reporting period by undertaking to comply with the Principles for Sustainable Insurance (PSI). Another stated goal is to successively expand the carbon neutrality achieved in 2019 for Talanx's domestic operations to its international business. In addition, the Group is examining the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in greater detail in the current financial year and is supporting this global reporting initiative for climate-related financial risks and opportunities. Talanx AG has also joined the UN Global Compact (UNGC) – the world's largest initiative for good corporate governance.

The Talanx Group's sustainability strategy addresses not only on the Company's social framework but also and in particular its core business: asset management, underwriting and operations. The main way in which the Group can contribute to sustainable development is through its investments and insurance products. It is therefore aiming to integrate sustainability aspects more closely with its asset management activities (in line with the ESG criteria adopted by the Talanx Group such as its coal phase-out pledge; see also the section on the material topics), its insurance products and services, and its operational processes. As regards social topics, the sustainability strategy focuses on seven SDGs to which the Group can make an active contribution. Both positive and any negative impacts on contributions to the SDGs will be continuously evaluated as part of the enhancements made to the sustainability strategy. No impact assessment has been performed to date.

In addition, the Company's sustainability strategy and sustainability management activities are based on the needs and interests of its target groups. Customers, business partners, investors and employees play a particularly important role here. For further information on our stakeholder survey, our stakeholder dialogue and on how Talanx's material sustainability topics are determined, see the section entitled ["Materiality analysis"](#).

## Action areas

Talanx uses our four action areas to operationalise its sustainability strategy:

### Compliance and Transparency

The Compliance and Transparency action area is an interdisciplinary function covering adherence to statutory, legal and regulatory requirements and to the Company's own Code of Conduct throughout the Group and across all action areas. Both the trust placed in the Talanx Group and its competitiveness depend on this foundation for legally correct, responsible and ethical conduct. In addition to topics such as anti-money laundering and anti-corruption, this includes data protection/cybersecurity and tax compliance, for example. The Talanx Group wishes to be transparent about these and other topics.

[SR 20 – page 42](#)

### Investment and Insurance Products

Within the Talanx Group, the main areas of our business activities in which sustainability needs to be taken into account are our investments and insurance products. For this reason, our long-term goal is to take sustainability criteria into account in our investments, insurance products and services. Topics such as transparency, easy-to-understand information and fair advice play an important role here. We underscore the sustainability activities for our core business by electing to apply or become part of recognised international frameworks, initiatives and reporting standards. [SR 20 – page 55](#)

### Work and Employees

The Work and Employees action area shows that we take our employees' interests into account and that we are an attractive employer and vocational training provider. The Talanx Group actively encourages and supports employee training and development, and promotes diversity and equal opportunities. This can also be seen from the fact that diversity is a Board of Management responsibility, and that we appointed a diversity & inclusion manager in March 2021. Talanx also takes social responsibility by actively promoting the common good and supporting selected charitable projects and initiatives. [NR 20 – page 73](#)

### Day-to-day Operations and Procurement

The goal of the Day-to-Day Operations and Procurement action area is to organise our daily business and purchasing activities in a sustainable manner. This includes, for example, using resources sparingly, sourcing environmentally friendly products, respecting employee and human rights (including along the supply chain), and reducing our direct and indirect greenhouse gas (GHG) emissions. We also want to encourage Talanx employees to conserve resources and take sustainability into account in their day-to-day activities, e.g. during business trips. [NR 20 – page 91](#)

## Sustainability goals

The Talanx Group sets itself goals in the areas of “Strategy and Governance” and “Dialogue and Reporting”, and in the four action areas making up its sustainability strategy. The following table gives an overview of the current sustainability goals that have been approved by the Board of Management for the relevant action areas, plus their status.

### THE TALANX GROUP’S SUSTAINABILITY GOALS (NOT INCLUDING THE HANNOVER RE GROUP)

Goal	Measure	Scope	Deadline	Status
<b>Strategy and Governance   page 19</b>				
Continuously review the sustainability strategy and the strategic action areas	Address the UN Sustainable Development Goals (SDGs) internally and integrate these with the sustainability strategy	Talanx Group	Ongoing	In process
	Develop a sustainability programme comprising short-, medium- and long-term goals; successively integrate additional subsidiaries with the goals process	Talanx Group	Ongoing	In process
	Successively implement the sustainability strategy in our core markets	Talanx Group	Ongoing	In process
Optimise sustainability management	Examine whether to sign up to the UN Global Compact	Talanx Group	2020	Done
	Examine whether to sign up to the Principles for Responsible Investment (PRI)	Talanx Group	2019	Done
	Examine whether to sign up to the Principles for Sustainable Insurance (PSI)	Talanx Group	2020	Done
	Examine whether to formally support the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)	Talanx Group	2020	Done
<b>Dialogue and Reporting   page 26</b>				
Prepare an annual sustainability report in accordance with the GRI Standards	Expand the sustainability information available on the Talanx website	Talanx Group	Ongoing	In process
	Successively extend reporting to companies in the target regions	Talanx Group	Ongoing	In process
	Enhance and optimise sustainability reporting in accordance with the GRI Standards, SDGs and TCFD	Talanx Group	Ongoing	In process
Regularly perform stakeholder dialogue and materiality analysis	Examine greater cooperation with a key stakeholder	Talanx Group	Ongoing	In process
Enhance attractiveness for value investors and sustainability-oriented investors by participating in major ESG ratings	Inclusion in at least one recognised sustainability index and continuous improvement of the key ESG ratings identified for Talanx	Talanx Group	Ongoing	In process
<b>Compliance and Transparency   page 42</b>				
<b>Material topic: compliance</b>				
Review Compliance Guidelines for sustainability criteria and incorporate where necessary	Expand compliance management system to include Group-wide integrity management	Talanx Group	2020	In process
Conduct specialist training	Supplement planning for anti-corruption training for specific target groups	Talanx Group	2021	In process
Optimise compliance management	Make technical enhancements to the ComplianceXchange meeting format to facilitate dialogue within the international compliance community	Talanx Group	2021	In process
	Regularly review corruption risk using compliance risk analyses produced as part of compliance planning	Talanx Group	Ongoing	In process
<b>Material topic: human rights at Talanx</b>				
Revise Talanx’s Code of Conduct	Stronger focus on the human rights aspect	Talanx Group	2022	In process
Code of Conduct for Business Partners	Implement the code in the divisions	Talanx Konzern	2020	Aktiv
Commitment to respect human rights	Join the UN Global Compact	Talanx AG	2020	Done

**THE TALANX GROUP'S SUSTAINABILITY GOALS (NOT INCLUDING THE HANNOVER RE GROUP)**

Goal	Measure	Scope	Deadline	Status
<b>Material topic: data protection and cybersecurity</b>				
Expand ad hoc monitoring policy in accordance with Art. 39 of the GDPR	Overview of ad hoc monitoring performed in functions and projects and at processors to assess compliance of processes and applications with data protection requirements	Germany (Primary Insurance)	2020	Done
Expand policy for data protection coordinators (contacts within functions); among other things, these should perform function-specific data protection monitoring	Continue appointment and training of data protection coordinators and roll out modified policy for data protection monitoring by the data protection coordinators appointed	Germany (Primary Insurance)	2020	Done
Train senior executives and hold refresher courses every two years (attendance ratio at least 95%)	Roll-out e-learning-based data protection course as refresher training for course held in May 2018	Germany (Primary Insurance)	2020	Done
Assess monitoring required for EU locations	Use structured survey to establish necessary monitoring measures to be performed by Group Data Protection at EU locations (starting in November 2019)	Talanx Group EU locations	2020	Done
Implement employee data protection training	Roll-out e-learning-based data protection course as refresher training for course held in May 2018	Germany (Primary Insurance)	2020	In process (starting in 2021)
Ensure regular training	Perform regular data protection training for new recruits and monitor execution	Germany (Primary Insurance)	Ongoing	In process
Expand culture of data protection	Measures to ensure compliance with data protection requirements at the Talanx Group and sustainably anchor data protection as part of the processes for core topics and high-profile issues	Germany (Primary Insurance)	2021	In process
Enhance the GDV Code of Conduct (CoC) for Data Protection	Establish checks on compliance with the rules set out in the CoC (e.g. with the involvement of the data protection coordinators) and ensure external monitoring of the CoC (Art. 41 of the GDPR)	Germany (Primary Insurance)	2021	In process
Standardise the Talanx data protection organisation	Enhance the Talanx data protection organisation on the basis of IDW PH 9.860.1 (IDW Auditing Practice Statement on Audits of the Implementation of the GDPR and the BDSG) to ensure the auditability of the Group data protection organisation and demonstrate its appropriateness and effectiveness	Germany (Primary Insurance)	2021	In process
Maintain ISO 27001 certification	Perform annual surveillance audits and obtain recertification of information security management systems after three years	Talanx Group	Ongoing	In process
<b>Material topic: digital transformation</b>				
Improve efficiency, increase revenue, enhance cooperation readiness/interfaces ability	Defined initiatives and KPIs for the individual divisions	HDI Global SE	2022	In process
		HDI International	2022	In process
		HDI Germany	2022	In process
<b>Investment and Insurance Products   page 55</b>				
<b>Material topic: responsibility to customers</b>				
Easy-to-understand information about insurance solutions	The relevant companies in the Retail Germany Division have signed up to the Code of Conduct issued by the German Insurance Association (GDV). Following the implementation of the Insurance Distribution Directive (IDD), the companies have undertaken to abide by the revised, IDD-compliant version of the Code. Compliance with the requirements is checked at regular intervals.	Germany and HDI Global SE	2018 onwards	In process
Financial incentives in the remuneration system for providing fair sales advice	The provisions of the IDD were implemented on schedule at HDI Deutschland AG's subsidiaries and HDI Global SE, and have been applied since then.	Germany and HDI Global SE	2018 onwards	In process

**THE TALANX GROUP'S SUSTAINABILITY GOALS (NOT INCLUDING THE HANNOVER RE GROUP)**

Goal	Measure	Scope	Deadline	Status
<b>Material topic: ESG in asset management</b>				
Reduce carbon footprint (Scope 1 + 2)	Resolve and implement a carbon intensity reduction target for internally managed bonds and equities (compared to the 31 December 2019 reporting date) by 30% for the period up to 2025.	Talanx Group	Resolution in 2021, implementation by 2025	In process
Check sustainability criteria when selecting investments	RIC to continuously review and, where appropriate, fine-tune the sustainability approach applied in asset management (filter catalogue extended to include oil sands and phaseout of coal by 2038)	Talanx Group	Ongoing	In process
Increase investments in infrastructure and renewable energy sources that contribute to climate protection to up to EUR 5 billion	Continue sectoral diversification of infrastructure portfolio	Talanx Group	Ongoing (longer-term goal)	In process
Enhance the sustainability approach adopted in asset management	Develop a climate strategy for the portfolio	Talanx Group	2021	In process
<b>Material topic: ESG in insurance solutions</b>				
Support, develop and expand sustainable insurance solutions	Establish the Responsible Underwriting Committee (RUC)	Talanx Group	2020	Done
	Continuously review and, where appropriate, fine-tune sustainability approach applied in underwriting	Talanx Group	Ongoing	In process
	Support various sustainability initiatives and frameworks (PSI, UN Global Compact)	Talanx Group	2020	Done
	Expand TCFD reporting	Talanx Group	2021	In process
	Withdraw from providing insurance cover for oil sands and coal risks	Talanx Group	2038	In process
<b>Work and Employees   page 73</b>				
<b>Material topic: employee recruitment and development</b>				
Review human resources guidelines for sustainability criteria and incorporate these where necessary	Analyse/review existing guidelines for sustainability criteria	Germany (Primary Insurance)	Ongoing	In process
Ensure adequate numbers of talented young staff	Facilitate initial vocational training and dual-track degree programmes	Germany (Primary Insurance)	Ongoing	In process
Maintain/restore employees' working capacity	<ul style="list-style-type: none"> <li>■ Roll out employee health days/health management to locations</li> <li>■ Employee qualification offerings</li> <li>■ Sports offerings for employees</li> <li>■ Continue existing health/screening and prevention programmes</li> </ul>	Germany (Primary Insurance)	Ongoing	In process
Extend further education measures for specialists and managers	<ul style="list-style-type: none"> <li>■ Personal development and induction programmes for specialists/experts, managers and project team leaders</li> <li>■ CPD days per employee in 2020: 2.7 days</li> </ul>	Germany (Primary Insurance)	Ongoing	In process
<b>Material topic: Talanx as an employer</b>				
Diversity/increase proportion of women in management positions (rate of increase depends on the starting position for the company concerned)	Recruit women to at least 25% of vacant management positions at all levels of the hierarchy in Germany	Germany (Primary Insurance)	Ongoing	Done
	Recruit women to at least 35% of management positions	WARTA Group	Ongoing	Done
	Mentoring programme for women	Germany (Primary Insurance)	Ongoing	In process
	Women@Talanx network	Germany	Ongoing	In process
	Seminar offering for women	Germany (Primary Insurance)	Ongoing	In process
Work-family balance/work-life balance	<ul style="list-style-type: none"> <li>■ Flexible working time models (flexible and part-time working, where the tasks performed permit this)</li> <li>■ Remote working</li> <li>■ Deferred compensation scheme</li> <li>■ Contribution to childcare costs</li> <li>■ Parent-child office</li> <li>■ Talingo EAP (external advice for employees)</li> <li>■ Health days</li> <li>■ Plan a daycare centre at the Hannover location</li> </ul>	Germany (Primary Insurance)	Ongoing	In process

**THE TALANX GROUP'S SUSTAINABILITY GOALS (NOT INCLUDING THE HANNOVER RE GROUP)**

Goal	Measure	Scope	Deadline	Status
Internationality	<ul style="list-style-type: none"> <li>■ International Management Development Programme (MDP)</li> <li>■ International Talanx Excellence Programme (TEP)</li> <li>■ Shadowing opportunities for foreign employees</li> <li>■ Secondments abroad</li> </ul>	Talanx Group	Ongoing	In process
Employee survey	Organisational Health Check survey	Talanx Group	Annually	In process
Remuneration and performance	<ul style="list-style-type: none"> <li>■ Positions assigned to salary bands set out in collective agreement for the insurance industry</li> <li>■ Use of Hay job evaluation method, including associated remuneration system, for management functions</li> </ul>	Talanx Group (not including Hannover Re)	Ongoing	In process
Board of Management remuneration system	Concept for integrating Talanx's sustainability approach	Talanx Group	2020	Done
	Development and enhancement of Talanx's sustainability approach	Talanx Group	2021	In process
Promote employee health	Roll out employee health days/health management to locations	Germany	Ongoing	In process
<b>Topic: corporate citizenship</b>				
Establish Group-wide corporate citizenship guidelines/strategy	Enhance social commitment policy, taking the SDGs into account	Talanx Group	Ongoing	In process
	Capture social projects throughout the Group	Talanx Group	Ongoing	In process
<b>Day-to-day Operations and Procurement   page 91</b>				
<b>Material topic: climate change</b>				
Support for the TCFD recommendations	Expand TCFD reporting	Talanx Group	2021	In process
Climate scenario analysis	Use scenario analyses to assess the risks and opportunities associated with transitioning to a low-carbon economy and society, and the risks resulting from the physical effects of climate change	Talanx Group	2021	In process
<b>Material topic: supplier management</b>				
Take sustainability management criteria into account more in procurement	Develop and successively implement a uniform Group code of conduct for suppliers in appropriate languages	Talanx Group	2018	In process
	Review, develop and successively implement a procedure for assessing suppliers in accordance with environmental and social standards	Talanx Group	Ongoing	In process
<b>Material topic: environmental protection in the enterprise</b>				
Carbon-neutral operations	Successively expand carbon footprinting and offsetting of unavoidable carbon emissions	Talanx Group	2030	In process
Reduce CO <sub>2</sub> emissions and consumption of energy and resources	Successively migrate to renewable energies	Germany	2018 onwards	Done
	Optimise energy consumption by adjusting timer programmes, using efficient LED lighting in all buildings owned by Talanx and making greater use of occupancy detectors in offices (implementation of measures identified in the energy audit)	Germany	approx. 2026	In process
	Introduce domestically produced organic oat milk in the cafeterias	Hannover, Cologne	2021	Done
	Deploy new catering software to track the CO <sub>2</sub> produced during the manufacture of food products	Hannover, Cologne	2021	In process
	Use biodegradable corn starch foil instead of conventional cling film in the kitchens	Hannover, Cologne	2021	In process
	Regional mineral water in the conference area	Hannover, Cologne	2021	Done
	Combined heat and power plant to produce green electricity	Hilden	2020	Done
	Investigate switch to recycling paper (print centre, departmental printers)	Germany	2021	In process
	Step up internal communication on cutting energy and paper consumption in the workplace (continuously raise employee awareness of sustainability)	Germany	Ongoing	In process



**THE TALANX GROUP’S SUSTAINABILITY GOALS (NOT INCLUDING THE HANNOVER RE GROUP)**

Goal	Measure	Scope	Deadline	Status
Expand and promote environmental protection in the enterprise	Form a “sustainability community” at our Hannover location	Germany, Hannover	2020	Done
	Participate in the “Hannover ohne Plastik” (HOP – “Hannover without Plastic”) initiative. Measures include reducing plastic bottles by using water coolers, and reducing plastic packaging in canteens and cafeterias.	Hannover, Cologne	2019	In process
	New waste disposal concept: central waste bins cut plastic waste	Hannover, Cologne	2021	Done
	Continuously review peak shaving options	Germany	2019 onwards	In process
Expand and promote sustainable mobility policies	Equip all company cars with a Climate Card fuel card, which ensures that their CO <sub>2</sub> emissions are offset in full	Germany	2020	Done
	Mobility policy/sustainability strategy:	Germany	2020	Done
	a) Only vehicles in energy efficiency classes A and B will be permitted as new company cars (status vehicles)			
	b) Plug-in hybrid vehicles that are eligible for subsidies under the German Electromobility Act (EmoG) will be permitted as new company cars			
	c) Company cars do not have to be used as the preferred means of transport; climate-friendly alternatives such as rail travel are also permitted			
	d) The holding period for vehicles will be reduced to 48 months. This will enable a more rapid switch to new technologies			
	Electromobility:	Germany	2020	In process
a) Implementation of plans for expanding charging stations at locations currently ongoing				
b) Company cars (hybrids) can be charged at locations. Monthly employer subsidy for private charging.				
c) Planning stage: pilot project for all-electric vehicles as company cars				
d) Planning stage: change to rules governing SUVs: from 2021 onwards only plug-in hybrids will be permitted				
Use e-smarts for city trips in Hannover, Essen, Hamburg and Dortmund in order to reduce pollutant emissions	Germany	2017	In process	
Implement the measures resulting from the ÖKOPROFIT project	Germany, Hannover	2019 onwards	In process	
A pilot project at our headquarters in Hannover is offering employees the opportunity to charge electric vehicles or e-bikes at charging towers or charging stations. Expansion of the scheme to additional locations is starting.	Germany, Hannover	2017 onwards	In process	

**Materiality analysis**

**GRI 102-40 | 102-43 | 102-46** In keeping with the GRI Standards and the German CSR Directive Implementing Act (CSR-RUG), our sustainability report is based on a materiality analysis. The Talanx Group’s initial stakeholder survey, which was performed in 2014, was updated and expanded in financial year 2018. The Company also took an active part in a sector-wide stakeholder survey in the reporting period, in the form of a workshop. This allowed Talanx to verify its materiality matrix in discussions with its stakeholders. In addition, the annual meeting of the Sustainability Competence Team examined how up to date the current material topics are. A decision was reached that no changes are required at present. A comprehensive, customised new

stakeholder survey for the Talanx Group is being planned as part of the regular schedule for 2022/2023, in line with the Group’s strategy cycle.

The analysis is based on our stakeholder surveys performed in 2014 and 2018: We identified the topics that are relevant for our sustainability reporting using an internal survey of internal stakeholders and an online survey of external stakeholders, plus telephone interviews with experts that were conducted in close cooperation with an external partner. We asked our internal stakeholders about three categories: “relevance from our own perspective”, “impact on business activities” and “relevance to business”. The external stakeholders evaluated the relevance of the topics from their own individual per-

spectives. We investigated a variety of potential material issues in these surveys, ranking them for importance on a scale ranging from 1 (= not important) to 7 (= extremely important). We classified issues as “material” if they received an average score of 5.0 or more in the evaluation. In addition, we held an internal workshop to prioritise the impact of the Talanx Group’s operations on the non-financial matters, and included this in the assessment.

In the course of its fundamental revision of its sustainability strategy in 2019, Talanx AG’s Board of Management defined climate change as an additional material aspect. Previously, climate change statements had been included in the “ESG in asset management” and “ESG in insurance solutions” aspects. The Group has identified a total of nine material issues within the meaning of the HGB and also reports on three others voluntarily as described below.

According to the materiality analysis performed, the material topics correspond both to the GRI’s definition of materiality and to the criterion of “double materiality” set out in the CSR-RUG. Material topics are used both as input for producing the sustainability report and as a key component in enhancing our sustainability strategy and our sustainability goals.

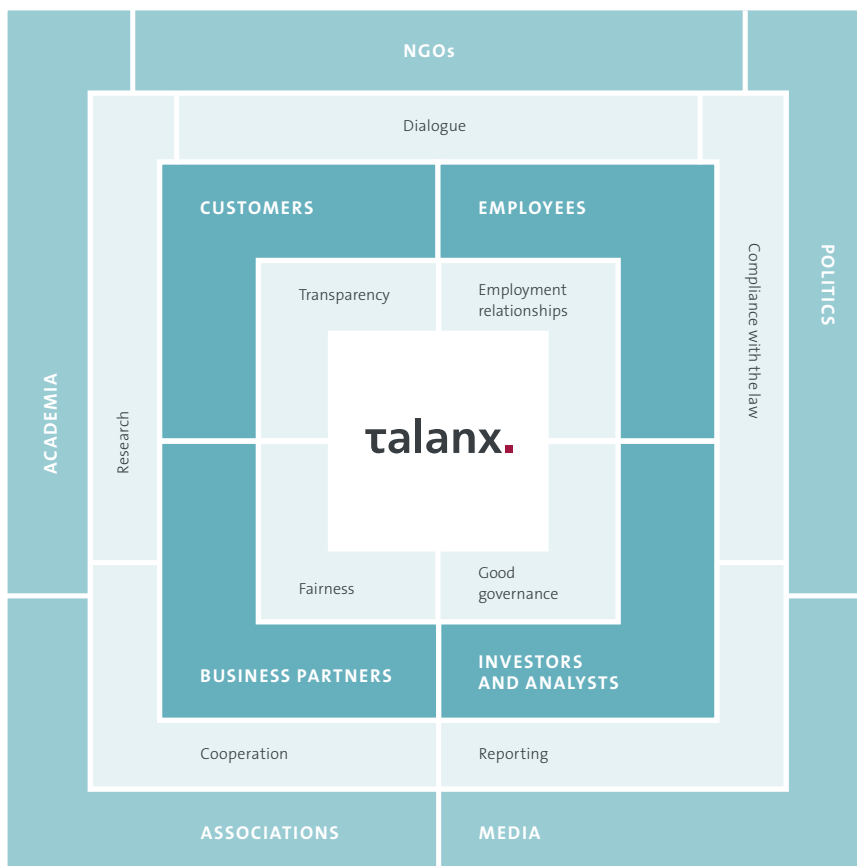
### Identifying sustainability topics

As set out in the GRI Standards, the first step in defining the report content was to draw up a comprehensive list of sustainability topics for potential inclusion in Talanx’s sustainability strategy and sustainability report. This list was compiled using a broad range of sources, including

- Initiatives such as the UN Global Compact with its Ten Principles on human rights, labour, the environment and anti-corruption,
- Information requirements for environmental, social and governance (ESG) ratings,
- The GRI Standards and the German Sustainability Code (Deutscher Nachhaltigkeitskodex – DNK),
- Specialist literature, the latest research results and studies.

The different topics were assessed by the Group-wide Sustainability Competence Team to establish their significance for the activities, products and services performed or provided by the divisions, Corporate Operations and the locations. Topics identified as relevant were taken into account when developing the internal and external questionnaires that Talanx used for the stakeholder survey.

THE TALANX GROUP'S STAKEHOLDERS

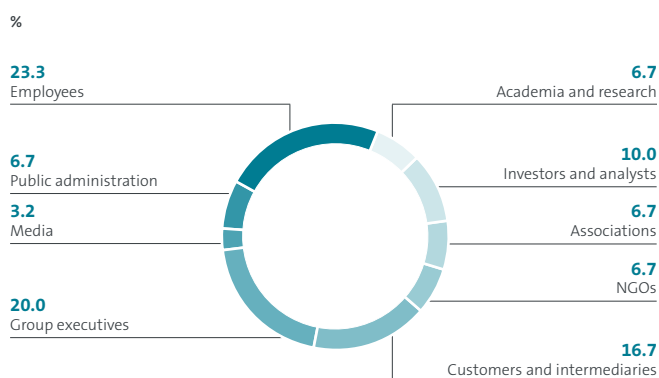


Stakeholder survey and prioritisation of topics

**GRI 102-42 | 102-43 | 102-44** The main way in which we include our interest groups' opinions is via our regular stakeholder surveys, which we use to identify material topics for our sustainability strategy and sustainability report. The surveys identify the material topics for our sustainability strategy and the sustainability report. In addition, we regularly exchange information with non-governmental organisations. Additionally, we take part in a number of ESG rating processes that are specifically tailored to sustainability-conscious investors and analysts. In the reporting period, these included the CDP (formerly the Carbon Disclosure Project), MSCI and Sustainalytics ratings. Detailed information on our ratings and the results can be found on the [Talanx website](#).

They are based on our 2014 and 2018 stakeholder surveys: Talanx defined the stakeholder groups to be surveyed in advance and reflected the wide range of stakeholder views by ensuring a balanced mix of opinions. Foreign stakeholder groups were also involved in order to take the Group's international reach into account. The written and telephone surveys were conducted in the autumn of 2018. The following figure gives a breakdown of the 78 survey participants:

STAKEHOLDER SURVEY PARTICIPANTS



In addition to polling internal and external stakeholders, we held an internal Group workshop on the materiality analysis together with the Talanx Group's Sustainability Competence Team. The latter comprises representatives from a wide range of departments and divisions who are directly affected by the topic of sustainability. The workshop was used to present and validate the results of the written and telephone surveys. The assessments by our stakeholders and the Competence Team were used to identify material topics and content as defined by the GRI and the CSR-RUG.

Active participation in a sector-wide workshop in 2020, in which a stakeholder survey was performed, was used to confirm our materiality matrix. The workshop developed material topics for the insurance sector that were then prioritised by stakeholders in a telephone interview and a digital stakeholder dialogue. In addition, we again regularly exchanged information with non-governmental organisations in the reporting period.

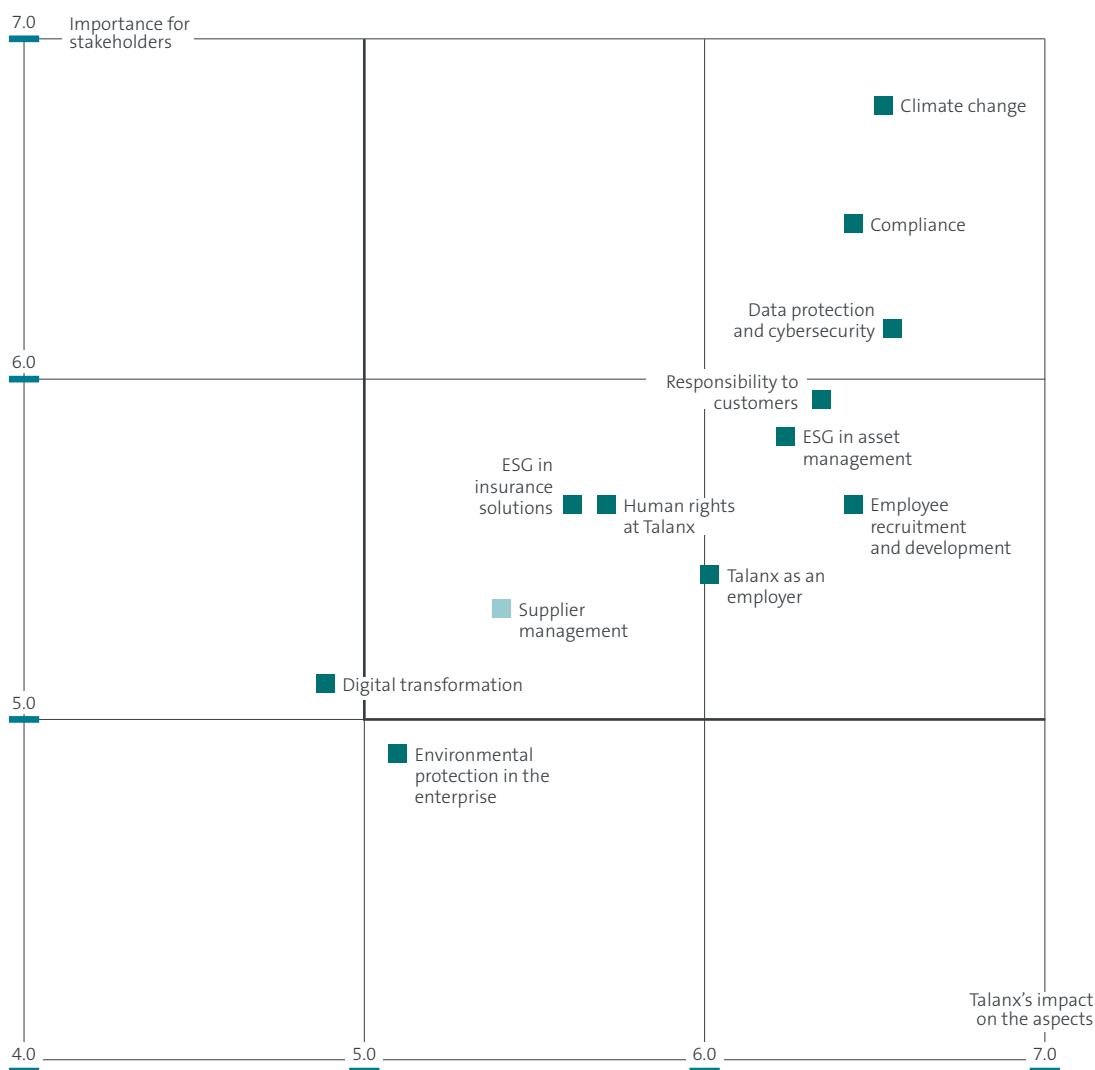
### Material and additional topics

**GRI 102-47** The materiality analysis described above enables us to compare and contrast the material topics using a materiality matrix. The figure entitled “The Talanx Group’s materiality matrix” shows the impacts, relevance for our business and relevance for stakeholders of the topics assessed.

### ACTION AREAS AND MATERIAL TOPICS FOR THE TALANX GROUP

Action area	Material topics
Compliance and Transparency	Compliance
	Human rights at Talanx
	Data protection and cybersecurity
	Digital transformation
Investment and Insurance Products	ESG in asset management
	Responsibility to customers
	ESG in insurance solutions
Work and Employees	Employee recruitment and development
	Talanx as an employer
Day-to-day Operations and Procurement	Climate change
	Environmental protection in the enterprise
	Supplier management

### THE TALANX GROUP’S MATERIALITY MATRIX



Measured on a scale from 1 (= not important) to 7 (= extremely important).

■ Topic that is relevant to the Talanx Group’s business. ■ Topic that is not relevant to the Talanx Group’s business.

Another focus is on the additional topics that our key stakeholders considered relevant in 2014 and 2018. We also include these topics in the sustainability report in order to cater to all relevant stakeholders' information needs.

**GRI 102-44 | 102-47** The following table provides an overview of all material topics and the additional topics that we report on. Blue squares indicate key topics from the last stakeholder survey (autumn 2018), while orange squares indicate topics from the initial Talanx stakeholder survey in 2014 that are not shown in the materiality matrix. Grey squares mark additional topics that we consider worthy of reporting over and above the materiality matrix. The table also shows the boundaries of the topics within and outside the Talanx

Group, i.e. the points in the value chain (page 9 f.) impacted by the topic, and the players affected. Within the Group, these are mainly divisions and functions, while externally they are primarily players who have business relationships with the Talanx Group and who are affected by particular topics, such as customers or suppliers.

The following table also refers to the disclosures on the management approaches ("MAs") for the topics and GRI indicators. We combined the management approaches recommended in the GRI to produce 12 MAs that are specific to the Talanx Group, see also [GRI content index \(page 115\)](#).

**OVERVIEW OF MATERIAL AND ADDITIONAL TOPICS**

Management approaches, material topics and additional topics	Especially important for			GRI indicators assigned	Boundary within Talanx	Boundary outside Talanx
	Customers/ partners	Investors	Employees			
<b>Compliance and Transparency</b>						
<b>Managementansatz – Compliance</b>				102-16		
<b>■ Compliance</b>				206-1   307-1   407-1   408-1   409-1   419-1	Entire Group	Customers, business partners, suppliers
<b>■ Taxes</b>				207-1   207-2   207-4	Entire Group	Customers, business partners, suppliers
<b>■ Human rights at Talanx</b>				412-1	Esp. Human Resources, entire Group, employees	Esp. (potential) applicants, plus customers and business partners
<b>Management approach – anti-corruption and anti-money laundering</b>				103-1   103-2   103-3		
<b>■ Anti-corruption</b>				205-1   205-2   205-3   206-1   415-1	Entire Group	Customers, business partners, suppliers
<b>■ Anti-money laundering and prevention of terrorist financing</b>					Entire Group	Customers, business partners, suppliers
<b>Management approach – data protection and cybersecurity</b>				103-1   103-2   103-3   412-2		
<b>■ Data protection and cybersecurity</b>				418-1	Entire Group	Esp. customers, plus business partners and suppliers
<b>Management approach – digital transformation</b>				103-1   103-2   103-3		
<b>■ Digital transformation</b>				—	Entire Group	Customers, business partners, suppliers
<b>Investment and Insurance Products</b>				102-11   102-29   201-2   203-2   F56		
<b>Management approach – ESG in asset management</b>						
<b>■ Inclusion of environmental and social criteria in investment selection</b>				201-2   203-2   412-3   F511	Asset Management/ Investment	Capital market participants
<b>■ Infrastructure investments</b>				203-1   203-2	Asset Management/ Investment	Countries/regions in which investments are made, infrastructure users
<b>■ Exercise of shareholder rights by Talanx (active ownership)</b>				F510	Asset Management/ Investment	Securities issuers
<b>Management approach – sustainability of insurance products</b>				103-1   103-2   103-3		
<b>■ Responsibility to customers</b>				102-43   102-44		

■ Material topics derived from the 2018 stakeholder survey (topics from the 2014 stakeholder have been combined in some cases).  
 ■ Material topics derived from the 2014 stakeholder survey.  
 ■ Additional topics.

**OVERVIEW OF MATERIAL AND ADDITIONAL TOPICS**

Management approaches, material topics and additional topics	Especially important for			GRI indicators assigned	Boundary within Talanx	Boundary outside Talanx
	Customers/ partners	Investors	Employees			
■ Easy-to-understand information about insurance solutions	X	X	X	102-43   102-44   417-1   417-2 417-3   419-1	All divisions (esp. product development, sales)	Customers, intermediaries
■ Rapid, transparent claims processing	X	X	X		All divisions (esp. product development, sales)	Customers, intermediaries
■ Financial incentives for fair sales advice in the remuneration system	X	X	X		All divisions (esp. product development, sales)	Customers, intermediaries
■ ESG in insurance solutions	X	X	X	FS7   FS8   FS13	All divisions (esp. product development, sales)	Customers, intermediaries
<b>Work and Employees</b>				102-8   102-41		
<b>Management approach – employee recruitment</b>				103-1   103-2   103-3   201-3		
■ Recruiting and attracting talent	X	X	X	202-1   202-2   401-1	Esp. Human Resources, entire Group	Esp. (potential) applicants, plus customers and business partners
■ Education and training	X	X	X	404-1   404-2   404-3	Esp. Human Resources, entire Group	Esp. (potential) applicants, plus customers and business partners
<b>Management approach – Talanx as an employer</b>				103-1   103-2   103-3		
■ Diversity and equal opportunity	X	X	X	405-1   405-2   406-1	Esp. Human Resources, entire Group, employees	Esp. (potential) applicants, plus customers and business partners
■ Work-family balance	X	X	X	401-3	Esp. Human Resources, entire Group, employees	Esp. (potential) applicants, plus customers and business partners
■ Corporate citizenship	X		X	201-1	Entire Group, including Human Resources, employees	Charitable initiatives/ organisations, local area
■ Remuneration and benefits	X	X	X	401-2	Esp. Human Resources, entire Group, employees	Esp. (potential) applicants
<b>Management approach – occupational health and safety</b>				103-1   103-2   103-3		
■ Occupational health and safety	X		X	403-2   403-3	Entire Group, Internal Services, employees	—
■ Health@HDI: providing a balanced diet for employees	X		X	—	Entire Group	—
<b>Day-to-day Operations and Procurement</b>						
<b>Management approach – climate change</b>						
■ Climate change						
<b>Management approach – environmental protection in the enterprise</b>				103-1   103-2   103-3		
■ Emissions	X	X	X	305-1   305-2   305-3   305-5	Esp. Purchasing, Internal Services, entire Group	Suppliers
■ Energy consumption	X		X	302-1   302-3   302-4	Esp. Purchasing, Internal Services, entire Group	Suppliers
■ Materials used	X		X	301-1   301-2	Esp. Purchasing, Internal Services, entire Group	Suppliers (of operating materials)
■ Waste	X		X	306-1   306-2	Internal Services, entire Group	Suppliers
■ Water consumption	X		X	303-1	Internal Services, entire Group	Suppliers (of operating materials)
<b>Management approach – supplier management</b>						
■ Environmental protection in supplier management	X	X	X	204-1   308-1   308-2	Esp. Purchasing	Suppliers (of operating materials)
■ Labour practices and respect for human rights at suppliers	X	X	X	407-1   408-1   409-1   414-1 414-2	Esp. Purchasing	Suppliers

■ Material topics derived from the 2018 stakeholder survey (topics from the 2014 stakeholder have been combined in some cases).  
 ■ Material topics derived from the 2014 stakeholder survey.  
 ■ Additional topics.



## Sustainability management

**GRI 102-18 | 102-20 | 102-26 | 102-32** Talanx's sustainability management is designed at the enterprise level and is being rolled out successively across its core markets. The topic owners are the full Board of Management of Talanx AG. As is the case with the Group's other goals, values and strategies, the full Board of Management resolves and monitors the development and enhancement of Talanx's sustainability strategy, its sustainability goals and the implementation of the associated measures. The Board has underscored the importance of sustainability to the Group through its [Sustainability Commitment](#), which was issued by the full Board of Management and has been published as voluntarily additional information on our website.

At an organisational level, Group Communications is responsible for sustainability, and frames and coordinates sustainability management activities for the Talanx Group. This includes developing sustainability goals and preparing the sustainability report. The head of Group Communications reports directly to the Chairman of the Board of Management, who is responsible for sustainability/ESG. At the level of the Supervisory Board, the Finance and Audit Committee regularly addresses the topic of sustainability/ESG and receives the annual report on the consolidated non-financial statement in Talanx's Group annual report.

**GRI 102-29 | 102-31 | 102-32** The Board of Management addresses environmental and social impacts, risks and opportunities several times a year. It does this firstly as part of risk management, and secondly during the development, enhancement and implementation of the sustainability strategy. This process includes preparing the sustainability report and defining and monitoring sustainability goals, among other things.

Due to the Group's decentralised organisational structure, most sustainability measures are implemented by the individual divisions and Corporate Operations as part of their respective core businesses. The goals and measures are agreed, and data for reporting are captured, by a competence team comprising representatives from all divisions, the relevant companies, Corporate Operations and Talanx AG departments. We are in dialogue via a number of working groups with the Hannover Re Group, our subsidiary, which has drawn up its own sustainability strategy and publishes a separate sustainability report.

In financial year 2017, we set up the Responsible Investment Committee (RIC), a new sustainability body designed to implement our ESG screening process aimed at increasing the sustainability of investments (see also the section entitled "ESG in asset management" on [page 63 ff.](#)).

In financial year 2019, Talanx's Board of Management decided, in the interests of increasing internal transparency about ESG aspects in underwriting, to add a fixed item – the "Responsible Underwriting Committee" (RUC) – to the agenda for the first and another Board of Management meeting every year. This body is also looking more closely at ESG aspects in underwriting. A working group supports the RUC at an operational level.

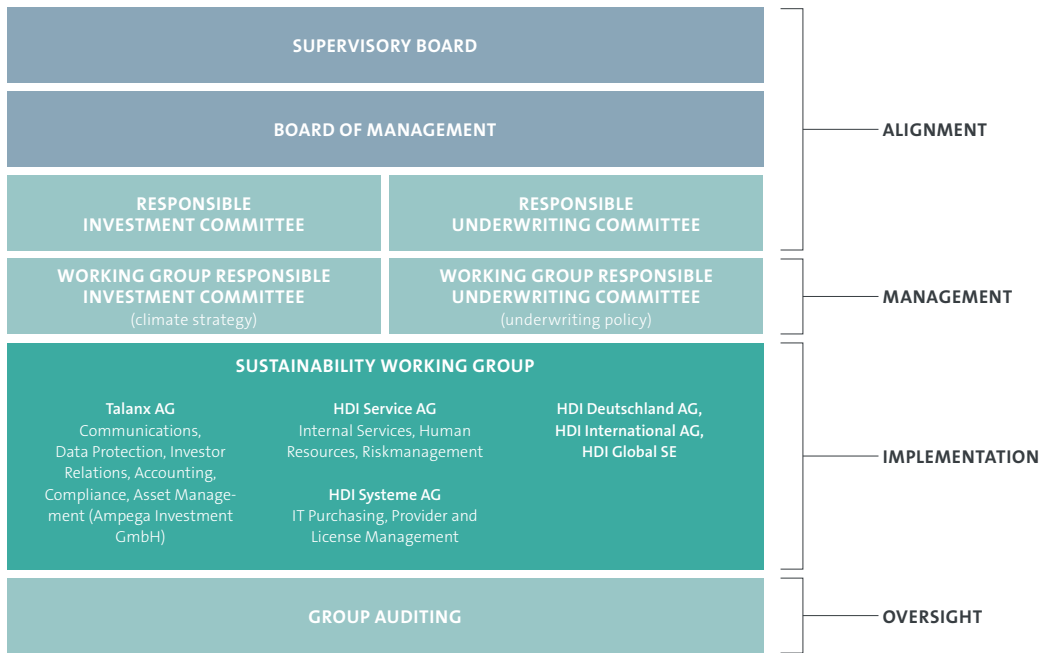
**GRI 102-12** The Talanx Group is involved in a number of sustainability, corporate social responsibility (CSR) and good governance initiatives. In addition to the German Corporate Governance Code and Poland's "Best Practice of GPW Listed Companies" code, which governs companies that are listed on the Warsaw Stock Exchange, these include (in the case of the Retail Germany Division) the Code of Conduct drawn up by the German Insurance Association (GDV). Talanx is also a member of the Hannover Climate Alliance 2020, has signed up to the Diversity Charter and has joined the Global Insurance Chief Compliance Officers (CCO) Forum. Additionally, Talanx became a member of the Fair Company Initiative in 2016 and joined the "Hannover ohne Plastik" (HOP – "Hannover without Plastic") initiative in 2019. Also in 2019, Talanx signed up for the Principles for Responsible Investment, while in the reporting period the Group committed itself to observing the Principles for Sustainable Insurance (PSI), which relate to its core insurance business. Moreover, since 2020 Talanx has supported the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and also signed up to the UN Global Compact (UNGC) in the reporting period, rounding off its commitment to sustainability initiatives.

### Stakeholder inclusiveness

**GRI 102-29 | 102-43** The Talanx Group liaises with its stakeholders in many areas, with a key focus being on determining impacts, opportunities and risks. For example, Human Resources is in contact with the co-determination bodies, Investor Relations has close relationships with shareholders and bondholders, and Group Communications addresses both the general public and employees. In addition, the Group and the companies belonging to it are, for example, members of regional and national associations and interest groups, and are therefore up to speed with current developments (see also the section entitled "The Talanx Group – key memberships" on [page 110 ff.](#)).

Our performance metrics address dimensions above and beyond the purely financial perspective – specifically, these are market and customer viewpoints, the internal process perspective and the employee viewpoint. As a result, the various stakeholder group matters are also taken into account during management of the Group (see also the "Performance management" section of the [2020 Group Annual Report](#)).

**SUSTAINABILITY GOVERNANCE**



This overview is designed to show that the Talanx Group’s Supervisory Board and Board of Management regularly address the topic of sustainability/ESG and determine the topic area’s direction. A number of bodies and working groups are responsible for operational management, while the Sustainability Working Group handles implementation. Last but not least, mention should also be made of Auditing, which has a control function.

## Sustainable Development Goals

As a global insurer, we contribute actively to achieving global sustainability goals: the United Nations' Sustainable Development Goals (SDGs), which came into force in 2016, comprise 17 concrete targets designed to make the world a more sustainable and fairer place in the period up to 2030. In particular, the Talanx Group supports the following seven goals.

### GENDER EQUALITY



**Our goals**

- To ensure the equal advancement and recruitment of women
- To recruit women to at least 25% of vacant management positions at all levels of the hierarchy in Germany

**Our contribution**  
**Women@Talanx**

The Women@Talanx network was formed in 2015 and now has more than 300 members. In 2021, the network is looking at the strong women in the Group. A multipart series is using personal stories to illustrate different aspects of gender equality. Among other things, it is addressing the goals achieved and hurdles overcome, motivational issues and women in leadership.

**KPIS AND RESULTS**

Our KPIs	2020 results	2019 results
Women in the Company	50.4%	50.6%
Women per management level	21.6% women in Germany, 35.4% abroad	20.6% women in Germany, 35.2% abroad
Women on the Supervisory Board	31.3%	31.3%

### QUALITY EDUCATION



**Our goals**

- To promote initial education and successful career starts
- To expand continuous professional development (CPD) for specialist staff and managers

**Our contribution**  
**More knowledge for all**

The knowledge and skills that our employees need are changing all the time. One way we are meeting this challenge is by making learning processes more flexible and encouraging individual learning. Our LearningSpace system makes a very wide range of offerings available.

**KPIS AND RESULTS**

Our KPIs	2020 results	2019 results
Number of vocational and graduate trainees in Germany	306 active vocational trainees 58 graduate trainees	316 active vocational trainees 25 graduate trainees
CPD days per employee in Germany	2.7 days	2.9 days

### AFFORDABLE AND CLEAN ENERGY



**Our goals**

- To continuously expand our investments in renewable energies

**Our contribution**  
**Investments in renewable energies**

The Talanx Group has already invested more than EUR 2 billion in renewable energies, making it one of the leading investors in this area in Germany. These investments generate 2,660 million kWh of electricity per year. This is enough for approximately 810,000 households – roughly the size of a city like Munich. In 2019, it purchased one of Europe's largest solar farms, increasing its green energy output to a total of 934 MW. The farm will connect to the grid at the beginning of 2021 and will produce enough electricity to power around 80,000 households. In addition, Talanx is one of Germany's largest investors in wind turbines; it operates 21 wind farms, three of which are located out to sea.

**KPIS AND RESULTS**

Our KPIs	2020 results	2019 results
Investment volume	> EUR 2 billion	~EUR 1.5 billion

## DECENT WORK AND ECONOMIC GROWTH



### Our goals

- To reduce the staff turnover rate
- Employee health days

### Our contribution Gesund@Work

Talanx holds health days for its employees every year at a number of locations. The varied programme includes information stands, courses, presentations and trips. In 2020, a virtual event was held for the first time due to the COVID-19 pandemic. The main topic was how to stay well during the pandemic, and a large number of helpful tips and tricks for staying healthy at home were provided.

#### KPIS AND RESULTS

Our KPIs	2020 results	2019 results
Staff turnover rate	8.4%	7.8%
Number of employee health days in Germany	1 (virtual for the first time: coronavirus pandemic)	8

## INDUSTRY, INNOVATION AND INFRASTRUCTURE



### Our goals

- To continuously expand investments in social and innovative infrastructure

### Our contribution Promoting e-mobility

enercity's 1,000th electric charging column was installed in front of the Talanx/HDI headquarters building in Hannover in November 2020. Customers, guests and employees have already been able to charge their electric cars at a total of 19 HDI charging stations since 2017. The goal is to double this capacity by the end of 2021, in line with HDI's climate strategy. The goal is for operations to be fully carbon-neutral by 2030. In all, Talanx has invested approx. EUR 1.5 billion in social and innovative infrastructure, which includes rail and transport.

#### KPIS AND RESULTS

Our KPIs	2020 results	2019 results
Investment volume	Approx. EUR 1.5 billion	Approx. EUR 1 billion

## SUSTAINABLE CONSUMPTION AND PRODUCTION



### Our goals

- To continuously reduce resource consumption and waste volumes

### Our contribution "Talanx without Plastic"

As part of its contribution to environmental protection, Talanx has set itself the goal of significantly reducing its plastic waste, in particular by eliminating single-serving packaging. In 2020, the entire Group took another important step towards this goal by switching over to glass bottles in all drinks machines. In addition, as from 2021, waste disposal at our locations in Hannover and Cologne will use central waste bins. This will get rid of individual wastebaskets in the offices and avoid the use of a good 750,000 plastic bags a year.

#### KPIS AND RESULTS

Our KPIs	2020 results	2019 results
Paper consumption (in Germany)	343 metric tons	398 metric tons
Water consumption (in Germany)	103,376 m <sup>3</sup>	157,160 m <sup>3</sup>
Volume of residual (non-IT) waste (in Germany)	494 metric tons	612 metric tons

## CLIMATE ACTION



### Our goals

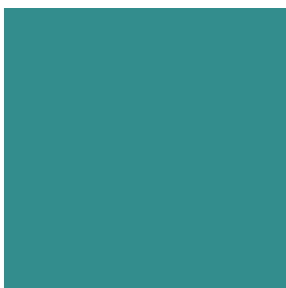
- To successively achieve carbonneutrality worldwide

### Our contribution Fully carbon-neutral

Talanx has committed to observing three basic principles in relation to emissions: avoid, reduce and offset. Since 2020, the Company has been a member of the Allianz für Entwicklung und Klima, and has signed up to reducing its carbon footprint and investing in climate protection projects. Where emissions cannot be avoided, Talanx supports offsetting projects in the form of sustainable forestry in Brazil and Indonesia. In 2020, 26,000 t of carbon emissions at our German locations were offset in this way. We are working systematically to achieve our goal of climate-neutral operations throughout the Group by 2030.

#### KPIS AND RESULTS

Our KPIs	2020 results	2019 results
Percentage of memployees working at a carbon-neutral Talanx Group location (not including Hannover Re)	45%	45%



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## TCFD Reporting

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## TCFD Reporting

# We are committed to transparent climate reporting so as to ensure good corporate governance focused on sustainable value creation.

For us as a global insurance group, climate change is a material sustainability aspect that impacts our business activities directly. The average temperature on Earth is rising as emissions of greenhouse gases increase. Scientific studies prove that this is producing more extreme weather events, leading to significantly higher losses from natural disasters and to the expectation for us, as insurers, of a growing need for insurance solutions to protect against natural catastrophes (natcat risks). This affects both our Primary Insurance and our Reinsurance operations.

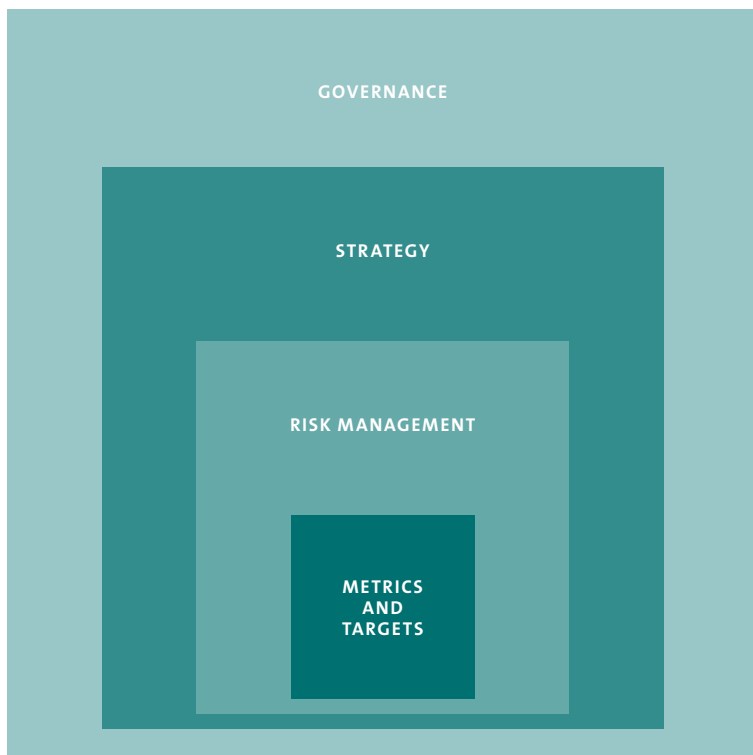
Efficient environmental protection is therefore crucially important to our business strategy. We are committed to supporting the Paris Agreement and to transitioning to a low-carbon economy. We aim to contribute to this using three elements – asset management, underwriting and environmental management – and to steadily expand our contribution going forward.

The Task Force on Climate-related Financial Disclosures (TCFD), which the Talanx Group has supported since the spring of 2020, published dedicated recommendations for transparent, effective corporate climate reporting in 2017. For example, the TCFD calls on companies to transparently disclose their strategy for dealing with the opportunities and risks associated with climate change to their shareholders and other stakeholders.

The TCFD breaks down its recommendations into four thematic areas that represent core elements of how organisations operate (see the figure below).



CORE ELEMENTS OF THE TCFD



**GOVERNANCE**

Disclose the organization’s governance around climate-related risks and opportunities.

**STRATEGY**

Disclose the strategy for managing the impacts of actual and potential climate-related risks and opportunities.

**RISK MANAGEMENT**

Disclose how the organisation identifies, assesses and manages climate-related risks.

**METRICS AND TARGETS**

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities.

This 2020 Sustainability Report is also our first TCFD Report. It serves as the baseline and starting point for our reporting of climate-related risks. We consider the continuous expansion of our TCFD reporting on climate-related opportunities and risks in the coming years to be an important development process for the Talanx Group that we shall implement step by step. We shall inform our stakeholders transparently of key milestones and the progress we make, e.g. in implementing our climate scenario analysis.

**Governance**

Talanx AG’s Board of Management has underscored the importance of sustainability to the Group in its [Sustainability Commitment](#) as follows: “The Talanx Group is integrating environmental, social and governance aspects with its business activities. As an international insurance group and a long-term investor, we are committed to responsible corporate governance based on sustainable value creation. Equally, our customers generally enter into long-term relationships with us. We therefore take a forward-looking approach so as to ensure that we can deliver on the promises we make to our customers in the future, too.” This explicit inclusion of long-term developments clearly shows that climate change is highly relevant to Talanx’s core business.

Talanx’s sustainability management is designed at the enterprise level and is being rolled out successively across its core markets. The topic owners are the full Board of Management of Talanx AG. Climate change is a material topic in our sustainability management (see the materiality matrix on [page 29](#) and the Board of Management is directly responsible for this (see the sustainability governance graphic). The full Board of Management oversees and resolve enhancements to the sustainability strategy, the sustainability goals and the implementation of measures.

At an organisational level, Group Communications is responsible for sustainability, and organises and coordinates sustainability management activities for the Talanx Group. This includes developing sustainability goals, maintaining the ESG data repository and preparing the sustainability report, among other things. The head of Group Communications reports directly to the Chairman of the Board of Management.

The Board of Management examines the current implementation status of the sustainability strategy and the strategic action areas at least twice a year, and generally several times a year. The agenda covers not only ESG-related opportunities and risks but also the environmental and social impacts of Talanx’s business activities. Climate-change aspects are addressed firstly as part of risk management and secondly during strategic enhancements to the sustainability strategy.

Topics addressed by Talanx's Board of Management in the past financial year included the following:

- Sustainability Strategy
- ESG risks
- Group underwriting policy for dealing with coal risks and oil sands
- Climate strategy for investments

External presenters and experts also provided input on the sustainability strategy and climate change as part of a Board of Management meeting.

## Strategy

The Talanx Group's sustainability strategy is derived from the Group strategy and aligned with the Group's mission statement and values. This integration with the Group's strategy supplements the latter to include ESG (environment, social and governance) aspects. The sustainability strategy comprises concrete action areas, goals and measures, and serves to ensure that the Company's operations are aligned with environmental and social challenges.

In addition to the social framework of which the Talanx Group is a part, our sustainability strategy focuses primarily on our three core areas: asset management, underwriting and operations (see also the figure illustrating our sustainability strategy on [page 20](#)).

A long-term approach and sustainability are also cornerstones of our new remuneration system for the Board of Management: we explicitly include non-financial performance targets designed to promote the Company's sustainable development in our measurement of variable remuneration, in the form of the "leadership/commitment (OHC)" and "contribution to our sustainability strategy" criteria.

In its operations, the Talanx Group is working towards its goal of making its business carbon-neutral throughout the world by 2030 and of continuing to substantially reduce the carbon emissions produced as part of its own operating procedures. The first step towards achieving this goal has been for the Group to offset the carbon emissions generated by its operations in Germany; as a result, its German business has been completely carbon-neutral since 2019. Talanx adopts the principle here of avoiding, reducing and offsetting emissions. A key element is also to consistently procure certified green electricity.

In its underwriting, the Group is continuously enhancing its underwriting policy and increasingly focusing on ESG aspects in the process. For example, in 2019 Talanx resolved to withdraw completely from coal-based business models by 2038. The Responsible Underwriting Committee – the newly formed ESG body at Board of Management level – ensures transparency about the Group-wide underwriting policy and discusses its ongoing development.

In the asset management area, the Responsible Investment Committee helps operationalise our sustainability strategy. Talanx no longer invests in companies that derive more than 25% of their revenue or generate more than 25% of their power from coal. Above and beyond this, we are limiting the duration of our investments to 2038. This is in line with the Group's sustainability strategy, in which we have set our-

selves the goal of exiting coal entirely by that year. We also extended our list of screening criteria in 2019 to include oil sands. The new screen excludes companies that generate more than 25% of revenues from this source. In addition, we check whether issuers meet our ESG criteria before making new securities purchases.

Apart from successively raising the bar for our ESG approach in asset management, we are enhancing the transparency of our investment portfolio by signing up to the Principles for Responsible Investment (PRI). In a further move, we are stepping up investments in climate-friendly infrastructure projects that promote economic development. In April 2020, we also set up an overarching working group to develop a climate strategy for investments with the aim of helping achieve the goals of the Paris Agreement on climate change ([page 65](#)).

In terms of its social commitment, the Group focuses on seven of the 17 SDGs. Talanx takes appropriate measures to support these in the short, medium and long term. This is one way in which we want as a company to help make the world a more sustainable, fairer place by 2030. For concrete examples, please see [page 34](#).

When revising our sustainability strategy in 2019, Talanx AG's Board of Management defined climate change as an additional material aspect. For us as a global insurance group, climate change is a material sustainability aspect that has a significant impact on all our business activities.

We see opportunity and risk management as one of our major strengths. Monitoring and managing our risk positions are part of the Talanx Group's core business. Our objective is to avoid developments that pose existential risks while at the same time taking advantage of opportunities that arise.

This is the backdrop to the work by an interdisciplinary project group in the current financial year on a comprehensive climate scenario analysis. We shall inform readers about the results in future TCFD reports.

Talanx monitors emerging risks such as climate change and environmental and social aspects whose risk content cannot yet be reliably assessed as part of its Group-wide risk management process. The Talanx Group captures and assesses these risks in a group-wide process that integrates experts from a number of different units. In addition, the Company makes use of external expertise and material for this.

Details of how we identify, quantify and manage risks and determine risk capital requirements are provided on [page 61](#) onwards.

## Risk management

We consider climate risks as being part of an overarching framework for qualitative and quantitative risk reporting and management. Monthly risk updates are used to report climate aspects, among other things, to the Group's Board of Management.

One key tool here is the internal risk capital model, which is used among other things to assess natural disaster events both at Group level and at the level of the individual subsidiaries.

Another tool is the annual emerging risks survey, which aims to identify significant future risks for Talanx. This looks at new risk types for the Company that can result from technological developments, environmental risks and social, geopolitical and economic changes. Climate-related factors are included in this emerging risk survey for the entire Group.

The Talanx Group uses a Group-wide risk management framework that is also used to assess natural disasters. Each unit is responsible for monitoring its exposure to individual natural disaster risks and for the structure of its local reinsurance, based on its local risk appetite and capitalisation. At Group level, the full Board of Management reviews and approves the risk tolerance level. Each year, the divisions report their limit and threshold system risk budgets for natural disasters in the following year to the Talanx Group. Where the assumption is that climate change risks will only increase slowly from year to year, this annual increase is reflected in the reported risk budget for the following year.

The insurance cover for the approved risk tolerance level is then purchased each year by Talanx AG or by its subsidiary directly. In future, a large proportion of non-facultative reinsurance will be pooled at Talanx AG in its role as internal Group reinsurer. This cover aims to protect the Group against excessive losses from natural disasters. The Talanx Group uses special techniques for modelling natural disasters. Catastrophes combining portfolio data (geographical location, and the features and values of the property insured) are calculated using simulated natural disaster scenarios to assess the extent and frequency of potential losses. Where such stochastic models do not exist, we use deterministic, scenario-based approaches to estimate potential losses.

Further details about our risk management process can be found in the risk report on [page 108–124](#) of the Group Annual Report 2020.

Our overarching qualitative and quantitative risk reporting addresses climate change and also promotes discussion of climate risks and opportunities within Risk Management. Our ESG approach uses our Responsible Underwriting Committee and Responsible Investment Committee to integrate climate and sustainability considerations with our underwriting and asset management decisions. Another key element in this process is the climate scenario analysis mentioned earlier.

## Metrics and targets

Talanx's Board of Management formulated the overarching strategic goal of operating carbon-neutrally at its German locations from financial year 2019 onwards. After determining its corporate carbon footprint in Germany for the first time in 2019, the Group again offset unavoidable carbon emissions in 2020 using two high-quality offset projects in Indonesia and Brazil (reforestation: REDD+; Verified Carbon Standard (VCS) & Climate, Community and Biodiversity (CCBS) project). Talanx's approach is firstly to avoid and secondly to reduce greenhouse gases, and only in a third step to offset them.

We worked together with an external partner to determine the carbon footprint for our German locations and hence measure our carbon emissions. Scope 1, 2 and in some cases also Scope 3 emissions were included in this process. Talanx is successively expanding its climate footprinting activities throughout the Group: this applies both to the Scope limits and to the locations covered. The goal is to have completed this expansion in 2030 and for the entire Talanx Group to be operating climate-neutrally by then. This applies both to the successive augmentation of the carbon footprint (Scopes 1–3) and to the coverage/inclusion of Talanx's major companies abroad.

Emissions are mainly calculated using the Greenhouse Gas Protocol. The emission factors used are from reliable sources. The emissions caused by the Company are calculated on the basis of the activities performed in corporate processes. The relevant metrics, measures and results are published in the sustainability report and are also documented in a separate emissions report. The more exactly these are captured, the more precisely the emissions calculated correspond to the Company's actual emissions. The data can essentially be broken down into primary and secondary data. Primary data are captured directly by the reporting entity or service providers that are directly involved in the process. By contrast, secondary data are sourced from studies, databases or other external sources and often only represent average values. Therefore, as a matter of principle, calculations that are based on primary data can reflect corporate emissions more realistically.

The data used for the carbon footprint can also be broken down into two types: firstly activity data, i.e. company-specific data on e.g. vehicle fleets, electricity consumption or purchased goods. The second type are emission factors that are used to calculate the emissions by multiplying them with the prepared activity data.

We work continuously to enhance the quality of the data used to calculate emissions. Within Germany, a large volume of very high quality primary data are already available for carbon footprinting – e.g. in the categories of energy consumption, the vehicle fleet, waste generation and business trips. However, there is room for improvement when determining employees' journeys to and from work and our paper consumption. Going forward, the effects of more mobile working will also have to be taken into account.

In keeping with the requirements set out in the Greenhouse Gas Protocol, the Talanx Group's domestic carbon footprint includes all domestic activities that give rise to greenhouse gas emissions allocable to Scope 1 and Scope 2. In addition, Scope 3 is used to capture other activities that are considered relevant (operating systems boundaries):

### Scope 1

- Fuel consumed in heating systems
- Fuel consumed by the vehicle fleet

### Scope 2

- Purchased electricity
- Purchased district heating

### Scope 3

- Purchased goods and services (drinking water and paper)
- Upstream fuel purchases
- Waste produced
- Employee travel to and from work
- Business trips

Scope 3 category no. 15 – emissions caused by investments – is particularly relevant for the Talanx Group as a financial services provider.

This is why an overarching working group was set up in April 2020 to develop a climate strategy for investments, with the aim of helping to achieve the goals of the Paris Agreement on climate change. The strategy is currently focused on decarbonising the internally managed bond and equities portfolios, i.e. on reducing these investments' carbon footprint (Scope 1+2). Our goal is to reduce this figure by 30% compared to the beginning of 2020 by 2025; this corresponds to an annual reduction in carbon intensity of roughly 7%. This current target is an important step towards developing a sustainable, long-term path towards carbon neutrality by 2050. In addition, the Group is examining how a climate strategy can be extended to cover additional asset classes, and how climate-friendly investments and engagement activities can be included in the strategy ([📄 page 65](#)).

In the long term, the Talanx Group aims to increase the inclusion of sustainability criteria in insurance products and services. This is why it defined an underwriting policy for coal risks in the spring of 2019. It is withdrawing in the long term from insuring coal risks and is no longer underwriting risks for newly planned coal-fired power stations and coal mines. In those countries in which coal plays a particularly large role in the energy mix and where access to alternative energy sources is insufficient, Talanx will permit a limited number of exceptions for insurance cover in individual cases, after reviewing the technical standards. Since coal can only be phased out responsibly in the medium to long term, the aim is no longer to have any coal-fired power stations or coal mines in the portfolio by 2038. In 2020, the underwriting policy for coal risks was extended to include oil sands.



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## Compliance and Transparency

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Promoting compliance through information sharing

Members of Talanx's Compliance team from around the world taking part in their quarterly virtual ComplianceX-change meeting. Photo: Patricia Ryan, Chief Legal Officer at HDI Global (USA) in Chicago.



Our ComplianceXchange meetings are an ideal way to maintain our compliance culture.







Sara Corley, Market Compliance Analyst, and Patricia Ryan, Chief Legal Officer, during the online ComplianceXchange meeting.



## ComplianceXchange

Talanx is a global company that does business around the world via subsidiaries such as HDI Global (USA). And complying with the law is crucial to the Talanx Group’s continuing worldwide success.

Compliance plays a key role for the Talanx Group and everyone in it, from the divisions through departments down to individual employees. We have built a compliance community within the Company to ensure this. Close communication and in-depth information sharing between community members makes sure key information on compliance topics is disseminated and applied around the world. One of the main tools used for this is our compliance management system (CMS), which provides information on rules and compliance risks, on

core compliance-related topics and on monitoring and enhancing compliance. The CMS builds on Talanx’s compliance framework, which comprises the Company’s Code of Conduct, its Compliance Guidelines and the work instructions for our employees.

Outside the Group, the topic primarily affects customers, business partners and suppliers. Relationships with these key stakeholders is largely regulated by Talanx’s Code of Conduct for Business Partners.

Talanx’s Code of Conduct – which is entitled “Together for Integrity” – provides a values-based foundation for Group employees’ day-to-day work. The Talanx Group revises and updates the Code of Conduct regularly to reflect the constant changes in the regulatory landscape. For us, the clear, uniform messages sent by the Code of Conduct to our



Mark Ackerman, Chief Claims Officer, and Jim Clark, CEO, discussing how to implement new global compliance requirements locally at HDI Global USA with Patricia Ryan.





ComplianceXchange is an invaluable tool for our compliance community. The platform allows us to discuss issues and share ideas, and so support each other.

■ Patricia Ryan,  
 Chief Legal Officer, HDI Global Insurance Company

employees worldwide are an integral part of our global compliance programme.

The Chief Compliance Officer holds training courses for managers several times a year that aim to promote a compliance-based Group culture. Regular dialogue throughout the entire organisation helps Group Compliance to establish where advice needs to be provided early on, and to develop training courses on new compliance topics and risks. The training sessions, which were previously held face-to-face, took the form of interactive online seminars in 2020 because of the coronavirus pandemic.

A global network of compliance officers assists the Chief Compliance Officer in his tasks. One of them is Patricia Ryan, Chief Legal Officer and Senior Vice President at HDI USA, whose job means she is a member of the Group's compliance community.

Talanx Group Compliance introduced the ComplianceXchange format several years ago. The virtual compliance meetings take place every quarter and aim to discuss compliance issues at a global level. Group Compliance and the local compliance officers around the world regularly use them to share information on best-practice solutions and local developments in individual countries. Issues discussed last year included how to deal with sanctions and embargoes, Germany's Money Laundering Act (GwG), fair competition and data protection. This dialogue is flanked by information material on specific compliance issues that is tailored to individual stakeholders' needs. For example, in 2020 the Talanx department responsible for sustainability presented new developments regarding the Group's sustainability obligations.

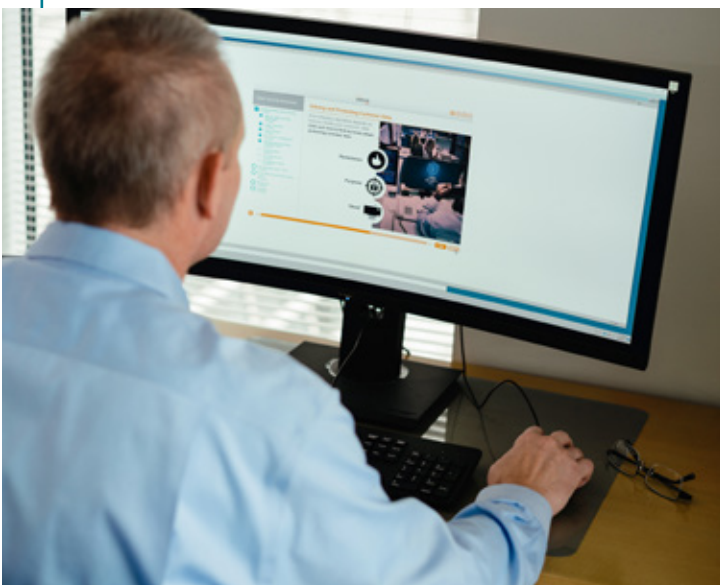
**The global ComplianceXchange format**

- Enables ideas sharing on compliance issues
- Allows compliance experts to keep abreast of the latest developments
- Permits resource sharing among compliance experts
- Ensures uniform communication across the distributed community

**Compliance training**

The pandemic created new challenges for our compliance community. One of its main tasks was to maintain our compliance culture over the course of the year by ensuring communication and training. The training courses are a key way of preventing the rules from being breached and represent a core component of the CMS.

Timon Mueller, Head of Property Underwriting HDI USA, during one of the regular online compliance training courses taken by Talanx employees.





Joshua Gonzales, Senior Employee Experience Specialist HDI USA, in discussion with Timon Mueller after the online compliance training.

Talanx’s Compliance team offers guidance to colleagues and trains them on compliance topics. Our training plan, which is tailored to specific target groups, gives Group employees regular opportunities to refresh, expand and deepen their knowledge of selected compliance topics. New employees receive detailed information at onboarding events. Web-based training (WBT) offerings are another important training tool, and were expanded during the reporting period. In addition to the Group’s anti-corruption training courses, which ensure that donations are handled correctly, Compliance offers special target-group-specific courses on topics such as financial sanctions and embargoes, integrity, the capital markets and antitrust law.

The coronavirus pandemic that dominated the reporting period led to increased legal monitoring efforts. Our multifaceted training programme had to be adapted, with planned classroom sessions being offered and held as interactive online webinars. In addition, HDI Global (USA) offered all employees modular compliance training. HDI Global recognised the current increased risk posed by a remote workforce and focused on providing expanded cyber security training. It also used the platform to deliver modular compliance training courses on how to manage staff working outside the office, on diversity and inclusion, and on combating psychological harassment, fraud and unconscious bias. The aim was to strengthen the compliance culture across the distributed community.

## GROUP COMPLIANCE

■ The Talanx Group’s Compliance organisation is an independent department. It is headed by the Chief Compliance Officer, who is also Talanx AG’s Corporate Governance Officer and Chief Representative, and who reports directly to the Chairman of Talanx AG’s Board of Management. The Compliance department is responsible for formulating and enhancing compliance policies such as the Group’s Compliance Guidelines and its compliance structures, for following up on complaints and compliance breaches, and for internal training within the Group. In addition, it provides comprehensive advisory services on relevant compliance topics where required.





## Compliance and Transparency

We comply with the law and regulations relating to the environment and society. We provide comprehensive reporting on our sustainability activities.

### Management approach

**GRI 102-16** Our business success depends not only on the quality of our products and services, but also on our employees acting in a legally correct and responsible manner in their interactions with each other and with our business partners, shareholders and the general public. Our employees' behaviour is based on the principles of fair, polite dealings and on respect for individuals' personal rights.

Modern corporate governance is part of Talanx's DNA. In addition to constantly keeping abreast of the changing legal framework, Talanx issues a declaration of conformity with the German Corporate Governance Code every year, see the chapter entitled "Corporate governance" ([page 10](#)). An annual declaration on the corporate governance rules set out in the Best Practice of GPW Listed Companies" code (Poland) is also issued. Equally, Talanx AG's internal Corporate Governance Principles are regularly revised.

More than 4,000 staff members helped develop the Talanx Purpose: "Together we take care of the unexpected and foster entrepreneurship". This combines three key ideas: First, "Together" symbolises the

reciprocal nature of the mutual insurance company that was the origin of the Talanx Group in 1903. It stands for our closeness to our customers and partners. And not least also for the cooperation between brands and divisions within the Group, and for how we work together as colleagues. In other words, this word refers to both parts of the motto. Second, "we take care of the unexpected" stands for the recognition that we do not see the unknown as a threat, but rather as a promise to our customers to be there when they really need us. And third, "foster entrepreneurship" aims to strengthen an entrepreneurial approach to business, both at our clients and partners and within the Talanx Group. Not only do we act this way ourselves; our work also helps other businesspeople. This harks back all the way to when the Group was founded in 1903 – by customers, in order to think like them. We can achieve more together than we can alone.

An internal annual award is used to honour activities, projects and line department activities that serve as particularly good role models for our corporate culture. The Talanx Values Award was conferred in the years between 2016 and 2018. As from 2019, it has focused more on agile, digital transformation. It was renamed the Agile Award, and from 2020 onwards it has been known as the Talanx Transformation

Award. A total of 89 projects from 22 countries were entered in the Talanx Transformation Award competition in 2020. An independent jury selected a shortlist of the 10 best projects for the finals. All employees throughout the Group were asked to vote for the winners. HDI Seguros Brazil took first place with its “HDI One Click” project. Our Brazilian subsidiary’s motor vehicle insurance operations are fully digital - from quotes through policywriting down to loss adjustment – and are revolutionising the market.

How far these values have helped take the Group can be seen from the [HDI Museum](#) (Talanx | HDI Group opens company museum in Hannover) at HDI-Platz 1 in Hannover. The 140 square metre space uses a mix of exhibits, eye witness reports and installations to document the history of the insurance group, which stretches back more than 110 years.

The key principles and rules for all Talanx Group employees are set out in the [Code of Conduct](#); see “Compliance” in the next section and the section entitled “Sustainability of insurance products” ([page 66 ff.](#)), plus the [Code of Conduct for Insurance Distribution drawn up by the German Insurance Association](#) (GDV).

## Compliance

**GR 103-1 Materiality:** For the Talanx Group, it goes without saying that complying with the law is an absolute prerequisite for sustained business success. This means that compliance is an integral part of all Group activities. In addition to the areas of its compliance management system that the Talanx Group has defined as core/coordination topics, it also helps ensure that environmental and social laws and regulations are observed.

**Topic Boundary:** Compliance is relevant at all levels of the Talanx Group, from divisions through departments down to individual employees. Outside the Group, it can affect customers, business partners and suppliers in particular.

**Impacts:** Compliance in general means the observance of, or adherence to, laws and regulations, and its main objective is to avoid negative impacts caused by these being breached. At the same time, however, the Talanx Group aims to use the “Compliance and Transparency” action area to provide information and make disclosures on the topics of compliance and corporate governance. This enhances transparency within the Group and improves comparability with competitors.

**GR 103-2 | 407-1 | 408-1 | 409-1 | 412-2 Measures and guidelines:** “Together for Integrity”, our Group-wide Code of Conduct, is an effective tool for making our commitment to complying with existing laws and our voluntary undertakings transparent. It sets out key principles and rules applicable to employees at all levels of the Talanx Group. The Code serves to explain to employees the fundamental legal and ethical requirements that they have to abide by during their work for the various Group companies, and to provide further details of their duties in this area. In addition, it expressly highlights the ban on money laundering and illegal financing and draws attention to the fact that the competent anti-money laundering officer and/or the

compliance officer must be informed of all suspected cases. The Code of Conduct applies throughout the Group and is available in a number of languages. Customers, employees and other stakeholders can access it publicly on our website. The [Code](#) is supplemented by a set of more concrete Compliance Guidelines and by other information and explanatory documents, which are available on our intranet.

The Compliance Guidelines provide detailed minimum requirements regarding the content of the principles set out in the Code of Conduct, which have been discussed and adopted as binding by the Group’s companies in Germany and abroad.

Talanx’s [whistle-blowing system](#) can be used to report certain significant breaches of the law. It can be accessed from anywhere in the world via our website and is currently available in German and eight other languages commonly spoken within the Group. The whistle-blowing system can be used – fully anonymously, if desired – to provide information about a variety of issues (including fraud, breaches of fiduciary duty and corruption; incorrect bookkeeping or accounting; anti-competitive and anti-trust offences; money laundering and terrorist financing; breaches of capital market regulations, sanctions and embargoes; and infringements of supervisory law and tax law provisions). Additionally, employees can report suspected breaches of the law or guidelines to their line manager or directly to the compliance officer responsible for the company in question within the Talanx Group or the division concerned.

A training plan tailored to the needs of different groups offers employees regular opportunities to refresh and expand their knowledge of and expertise in selected compliance topics. New employees are regularly familiarised with the compliance framework during induction events. In addition, regular virtual or classroom-based courses and web-based training (WBT) are provided on relevant compliance topics. Anti-corruption training ensures that gifts are dealt with correctly and sensitise employees for situations in which conflicts of interest may arise in their day-to-day work. Other specialist topics are offered to specific target groups, based on a risk analysis. Above and beyond this, seminars are held several times a year for executives and selected specialists in order to promote the Group’s compliance culture. This dialogue – which was held most recently under the motto of “Honesty-Decency-Integrity”, supports Group Compliance and supplements the risk analysis performed by identifying any existing needs early on, enabling suitable training and advisory offerings to be developed. A number of measures are taken to strengthen cooperation within the network of local compliance officers. The established “ComplianceXchange” format, in which Group Compliance and the local compliance officers share information virtually and develop best practice solutions, proved particularly valuable in an environment that was dominated by the coronavirus pandemic. As a result, it was possible not only to continue holding the regular ComplianceXchange meetings but also to grow the format into an active joint forum, with representatives of other specialist functions such as Sustainability and Data Protection taking part for the first time.

**Responsibilities:** Compliance is a Group-level function that takes the form of an independent department. It is headed by the Chief Compliance Officer, who is also the Corporate Governance Officer and who reports directly to the Chairman of Talanx AG's Board of Management. The compliance officers responsible for the individual divisions and Group companies report to the Group Chief Compliance Officer. The Compliance department is responsible for establishing and enhancing Group guidelines and structures designed to ensure compliance, for following up on complaints and compliance breaches, and for internal training within the Group. In addition, it provides in-depth advice on relevant compliance issues on an ad hoc basis where necessary.

A global network of compliance managers at our foreign locations assists the Chief Compliance Officer in his tasks. This means that local compliance breaches can also be reported directly to Group Compliance in Hannover. The Chief Compliance Officer prepares an annual report on material compliance issues and developments for the Board of Management.

**GRI 103-2 | 103-3 Results and monitoring:** Adherence to compliance requirements is monitored by Group Compliance, and by Group Auditing during regular internal audits. Continuous content reviews of the applicable compliance rules and regulations are performed, and revisions are made where necessary. In addition, the Group takes stakeholders' interests and requirements relating to compliance and transparency into account, firstly by engaging in a dialogue with them about sustainability and secondly by adhering to the GRI Standards and taking part in ESG rating processes.

**GRI 206-1 | 419-1** Talanx is not aware of any significant fines or non-monetary sanctions that were levied for non-compliance with laws and regulations in financial year 2020. Likewise, there are no known significant cases of anti-competitive behaviour, or of anti-trust or monopoly practices. See the section entitled "Easy-to-understand information about insurance solutions" ([page 67 ff.](#)) for information on cases in connection with products.

**GRI 307-1** Talanx is not aware of any fines or sanctions levied for non-compliance with environmental protection laws or regulations.

**GRI 419-1** There were no known grievances about impacts on society in the Retail Germany or Industrial Lines divisions in Germany in 2020. The same also applies to the foreign companies (Retail International Division) covered by this report.

## Tax compliance and transparency

**GRI 207-1** The Group's tax policy is set out in writing in the Group Tax and Tax Compliance Guidelines; it falls within the CFO's area of responsibility and is resolved by the full Board of Management. The content of these internal Group guidelines is reviewed annually in full. The tax policy is derived from Talanx AG's strategy and as a matter of principle applies only to Germany (not including the Hannover Re Group and HDI Global Specialty), including foreign branches of domestic Group companies. The top priorities are minimising tax risks and tax compliance. The tax policy comprises responsible tax planning in line with the applicable laws. Tax information is provided professionally in connection with the annual and consolidated financial statements, quarterly reports, and budgets.

(Cross-border) transactions with affiliated companies are performed at arm's length and are consistent with OECD requirements. Our Transfer Pricing Guidelines and documentation are updated continuously and we do not artificially shift taxation; in other words, tax should be paid where the value is created. We also use digital applications to make tax processes more secure.

The CFO/the Board of Management is responsible for the oversight of tax issues. Compliance with regulatory requirements is ensured using the Code of Conduct resolved by the Board of Management, by the qualified staff in the tax department, and by deploying an effective tax compliance management system (TCMS).

The Talanx Group links its tax policy with its sustainable development strategies by performing responsible tax planning that complies with the law. The economic and social impact of the tax policy are taken into account. The Talanx Group wants to make a fair contribution as a responsible taxpayer.

**GRI 207-2** Group Taxes liaises regularly with the CFO, to whom the annual tax compliance report is also submitted. The full Board of Management considers this issue to be highly important; this can clearly be seen, for example, from the facts that a tax compliance officer has been appointed (2016), tax compliance was included in the Code of Conduct and taxes are also covered by the [whistle-blowing system](#).

The taxes function is part of the general Group risk management system. Group Taxes uses a risk control matrix to capture and analyse tax risks on an ongoing basis, and reports these to Group Risk Management. Risk mitigation measures and recommended actions are then developed on this basis.

**GRI 207-3** We engage in open dialogue with our internal and external stakeholders. Talanx aims to work together cooperatively with the fiscal authorities and discloses all information that is relevant for taxation. Equally, we take comprehensive measures to ensure that any duties of rectification are complied with. We are also an active member of the GDV's Tax Committee.

**GRI 207-4** The following table provides an overview of the income taxes paid and the income tax expense in 2019 for our key countries (not including the Hannover Re Group):

#### INCOME TAXES PAID AND INCOME TAX EXPENSE (2019)

Fiscal jurisdiction	Income taxes paid (EUR million) (Tax payment +, tax refund –)	Income tax expense (EUR million) (Tax expense +, tax income –)
Argentina	0	0
Australia	3	4
Austria	0	4
Belgium	0	0
Brazil	13	10
Canada	0	1
Chile	0	-2
Colombia	0	0
Czech Republic	0	0
Denmark	0	0
France	11	4
Germany	107	94
Great Britain	0	0
Greece	2	3
Hong Kong	0	0
Hungary	0	1
Ireland	5	0
Italy	0	26
Japan	0	0
Mexico	10	6
Netherlands	0	2
Norway	0	0
Poland	46	38
Russia	5	2
Singapore	0	0
Slovakia	0	0
South Africa	0	0
Spain	1	2
Sweden	1	2
Swiss	-1	0
Turkey	0	0
United States	-6	-13
Uruguay	0	0
<b>Total</b>	<b>196</b>	<b>183</b>

The income taxes paid generally differ from the income tax expense for the year concerned. Among other things, this is due to the fact that the income tax expense is influenced by issues that do not lead directly to cash inflows or outflows (such as the recognition of provisions for taxes). In addition, tax payments made in specific years may relate to past or future periods. To this extent, the time at which tax payments are made does not correspond to the tax expense recognised for a particular period.

## Human rights at Talanx

**GRI 412-1** As an international insurance group, Talanx hereby discloses, in accordance with section 54(5) of the UK Modern Slavery Act 2015, the steps taken by the Group in the 2020 financial year to prevent forms of modern slavery and human trafficking. In addition, our Group companies in the United Kingdom and Australia are working on detailed agreements relating to the UK Modern Slavery Act 2015.

As an international group with around 23,000 employees worldwide, we are aware of the obligations towards our employees and business partners that result from our size and market position. In line with this, Talanx has as its aim, and is committed to, respecting human rights worldwide in keeping with the applicable laws, conventions and regulations in this area; in addition, we actively support employee rights. Talanx has adopted a range of internal rules and regulations designed to ensure and review its compliance with human rights in order to underscore this commitment and make the importance of compliance transparent for our employees and business partners. Chief among these are the [Code of Conduct for Employees](#) and the [Code of Conduct for Business Partners](#).

The adoption of the revised Code of Conduct for Employees has also increased the importance of the topic of human rights at Talanx. Nobody in the Group may be forced to work as a result of any violence or intimidation. Fairness, politeness and respect for each and every individual's dignity and personal rights are key principles that are enshrined in Talanx's Code of Conduct and form the basis for how we interact with each other.

A number of works agreements on human resources topics also exist. The sections on the Code of Conduct, the whistle-blowing system (see the relevant "Compliance" sections on [page 48 ff.](#)) and the Code of Conduct for Business Partners (see the section entitled "Supplier management" on [page 105 f.](#)) are particularly relevant in this context.

Talanx's diversity management also includes human rights aspects. Diversity involves a holistic approach that is based on the principles of universal human rights. Back in 2013, the Board of Management signed the Diversity Charter, a corporate initiative designed to promote diversity at companies and institutions. The Group promotes diversity, combats discrimination and supports the development of its employees regardless of their age, ethnic origin, nationality, gender and gender identity, physical and mental abilities, religion, ideology, sexual orientation or social origin. In its ["Diversity Commitment"](#), the Group Board of Management has undertaken to acknowledge, value and incorporate diversity in Talanx's corporate culture (see also the chapter "Talanx as an employer"). By signing up to the UN Global Compact, Talanx has undertaken to comply with international human rights. The first six of the initiative's principles cover respect for human rights and the implementation of labour standards (the ILO core labour standards). In addition to supporting international human rights, the Group has also pledged its commitment to freedom of association, to make sure it is not complicit in human rights abuses, to eliminate force labour and child labour, and to eliminate discrimination in respect of employment and occupation.



Talanx also gives particular support to seven out of the UN's 17 Sustainable Development Goals, focusing on those topics in which it can make a concrete difference. These include SDG 5 (Gender Equality) and SDG 8 (Decent Work and Economic Growth).

In addition, the Group explicitly takes human rights into account in its core business, i.e. investment (see also "ESG in asset management") and underwriting. The regular RUC meetings (see also "ESG in insurance solutions") transparently identify and examine ESG aspects of underwriting; in line with this, the committee also addresses human rights aspects, for example.

## Anti-corruption and anti-money laundering

### Anti-corruption

**GRI 103-2 Measures and guidelines:** Preventing corruption is an essential part of compliance management at Talanx. The Code of Conduct contains concrete rules covering this area. Bribery and corruption are not tolerated. Moreover, general and specific work instructions exist to provide employees with specific rules of conduct on, among other things, avoiding and disclosing conflicts of interest; granting and accepting benefits, gifts and invitations; donations and sponsorships; sideline activities; stakes in other companies and participations in transactions.

The rules for dealing with gifts from and to business partners are set out in a work instruction. This specifies that employees are obliged to keep lists of gifts. These must be consolidated at departmental level and are systematically requested by the Compliance department. A risk assessment for the organisation can then be performed by analysing the lists of gifts (e.g. for type and frequency). Supplementary anti-corruption training serves to ensure that gifts are dealt with correctly.

Compliance risk is identified using a process that features both top-down and bottom-up elements. Corruption is also a material compliance risk category. The units in the divisions draw up a compliance risk profile documenting the individual risks involved, which is then checked for plausibility using interviews with experts. In those areas that have a higher risk profile due to the function performed, Group Compliance offers specialist anti-corruption training that is tailored to the activity in question.

Both the Talanx Group's Code of Conduct and its Compliance Guidelines highlight the need to avoid conflicts of interest. Unavoidable conflicts of interest must be disclosed to the employee's line manager or the relevant compliance officer. In addition, the whistle-blower system allows conflicts of interest to be reported anonymously. Failures to disclose conflicts of interest may constitute breaches of the Code of Conduct, the Compliance Guidelines or other specific rules, and may therefore represent violations of employees' duties under their contracts of employment or service; they may also have civil law and labour law consequences for the employees concerned. Potential conflicts of interest are also identified by requesting the lists of gifts. In future there are plans to digitalise this process.

**GRI 415-1** In addition, Talanx's Code of Conduct and its Compliance Guidelines contain rules on dealing with donations and sponsorships within the Group. For example, any donations to political parties may only be made within the statutory limits and must be approved in advance by Talanx AG's Board of Management. Moreover, some divisions have drawn up more detailed guidance on donations and sponsorships.

**GRI 205-1** The process for identifying compliance risks also provides for compliance risk maps to be drawn up and used to derive risk-specific measures that are then included in the compliance plan. This also applies to those risks that are assigned to the core compliance topic of anti-corruption. Implementation of the anti-corruption measures specified for the Group is continuously monitored. Relevant examples of corruption risk include allegations of bribery and corruption and of the acceptance and granting of benefits in connection with invitations and gifts, purchasing and tendering, donations and sponsorships, and sales partners. In addition, corruption risk is regularly audited in the Group as part of the internal audit plan.

**GRI 205-2** The Talanx Group provides information and training on anti-corruption policies and procedures in a variety of formats. The annual compliance report informs the Board of Management and the Supervisory Board about significant compliance risks and the measures taken to ensure that requirements are met. This also includes the topic of anti-corruption.

A mandatory web-based training (WBT) course on compliance and integrity, which covers the topic of corruption, is used to educate all Group employees in Germany. The relevant staff groups were also trained in a number of virtual classroom-based training sessions. Since 2019, seminars focusing on integrity have been held for managers several times a year; these are designed to raise awareness for value-driven leadership and the impact on staff of positive role models. Furthermore, our foreign subsidiaries inform their staff about what anti-corruption is and the approaches that can be taken, regardless of which category individual employees belong to or where they are located. In addition, in-depth modules are provided via the various e-learning platforms. These use practical examples to illustrate the topics and compulsory questions to reinforce the lessons learned. The anti-corruption training programme is supplemented by information materials that are available to all staff on Talanx's intranet.

**GRI 205-3** The Talanx Group did not become aware of any confirmed material cases of corruption in the 2020 financial year.

## Anti-money laundering and prevention of terrorist financing

The entry into force of the European Union's Fourth Anti-money Laundering Directive in 2015 led to a large number of additional measures being launched within the Group in order to ensure a coordinated approach to anti-money laundering and the prevention of terrorist financing. In addition, the ban on money laundering and illegal financing has been highlighted and attention drawn to the fact that the competent anti-money laundering officer and Compliance Officer must be informed of all suspected cases.

**GR1 103-3 Results and monitoring:** Adherence to anti-money laundering requirements and the prevention of terrorist financing are covered by the monitoring guidelines forming part of the general compliance requirements. In addition, the Group Anti-money Laundering Guidelines set out the measures and processes to be used in preventing money laundering. As a result, this topic is also reviewed by Group Compliance and as part of the regular internal audits performed by Group Auditing. Continuous content reviews of the applicable compliance rules and regulations are performed and revisions made where necessary (see also the section entitled "Compliance", [page 36 ff.](#)).

The Talanx Group's anti-money laundering officers are responsible for drawing up risk analyses. In addition, they develop work instructions, report to the Board of Management, ensure staff training, and monitor customer and policy portfolios. They serve as contacts for issues relating to the topic of anti-money laundering not only for all staff but also for the law enforcement authorities and the Federal Financial Supervisory Authority (BaFin).

## Data protection and cybersecurity

**GR1 103-1 Materiality:** Information, like other key economic goods, is an important asset when operating an insurance company and needs protecting. Insurers have a particular responsibility when it comes to protecting information used to provide services to policyholders. This is also underscored by the fact that insurers that exceed a defined size threshold are covered by section 8a of the German Act on the Federal Office for Information Security (BSIG) and hence are classed as suppliers of critical infrastructure. This gives rise to legal obligations, and in particular to the requirement to maintain the state of the art as regards information security for the systems operated. Information is the basis for our daily work. Customer and employee data, and company and capital market information underpin a wide range of business processes. The basic principle with respect to personal data is that Group employees may only capture, process and store such data if this is required for a specifically defined purpose and in the lawful performance of their duties, or if there is another legal basis for this. We transfer personal data to external recipients (mainly service providers) in order to enhance the efficiency of the services provided. At the same time, external recipients must be seen as part of processing operations, e.g. in the case of brokers, appraisers, reinsurers and the like. These external recipients are bound by contract and/or the law to comply with the data protection requirements.

**Topic Boundary:** Data protection and cybersecurity are relevant at all levels of the Talanx Group, from divisions through departments down to individual employees. In addition, they can affect customers, business partners and suppliers in particular outside the Group. These data are needed during the application process, to provide advice to customers, in underwriting, in customer and contract services, and in claims and payment management. Additionally, personal data are collected, processed and stored in connection with human resources management, shareholders and the funds business, among other things.

**Impacts:** Customers, employees and partners trust Talanx Group companies every day with sensitive data that must be processed responsibly and in line with the legal requirements. However, there is also considerable interest in this data outside the Company, for example in the context of industrial or corporate espionage targeting our industrial clients, obtaining personal information about retail policyholders or downloading employee details for improper use. Information security is a critical competitive advantage today, as well as being the prerequisite for successful digital transformation.

**GR1 103-2 Measures and guidelines:** The Group's Code of Conduct requires all employees to comply with the provisions of data protection law and the Group Data Protection Guidelines, and to actively contribute to ensuring that personal data are reliably protected against unauthorised access.

Ensuring that data are processed correctly is a material goal of the Talanx Group's business activity. Averting hazards that threaten the integrity, availability, confidentiality and authenticity of this information is the core task of information security. This means that the objective of ensuring information security is on the same level as ensuring functionality and economic efficiency. As a result, all Talanx Group employees and partners must actively support and contribute to information security.

The Talanx Group has appointed company data protection officers as required by law. The data protection requirements to be observed have been incorporated in a data protection management system. Group guidelines lay down binding rules for the material data protection requirements. We conduct awareness-raising measures and training, and perform random checks, on the basis of these Group requirements. Centrally defined methods have been specified for dealing with data subjects' rights (e.g. the right to access stored personal data), ensuring that the processes are executed correctly. A system of reporting to senior management has been set up.

Our online data protection tutorial presents the main principles to be observed when processing personal data and explains the importance of data protection in employees' day-to-day work. The training module is aimed at all Talanx Group employees in Germany, with the exception of the Hannover Re Group. Classroom training is offered and is also provided by the functions on request. In addition to consciously managing data protection risks, we use ongoing awareness campaigns to sensitize employees to data protection issues.

Regular, long-term training and awareness measures on information security, which are tailored to specific target groups, are implemented as part of an awareness programme. The goal of this awareness programme is to ensure that all employees have a fundamental understanding of the importance of information, of the threats to it and of information security, and to teach them to take a security-conscious approach in their daily work.

In addition, the programme is used to provide relevant departments, management levels and individual functions with the special, tailor-made training they need on specific aspects, so as to boost the effectiveness of the information security management system.

Changes to interpretations of the EU's General Data Protection Regulation (GDPR) and of other statutory data protection requirements (e.g. as a result of court rulings and pronouncements by data protection authorities) are assessed and communicated by the company data protection officers. Individual interpretations or further details from the relevant authorities are still outstanding; these are being monitored and must be implemented following a brief analysis. Complex data protection requirements were included in the internal audit plan. We have established a common data protection framework for those branches and subsidiaries that are domiciled in the EU or the European Economic Area (EEA). The branch or subsidiary concerned must observe the national legal data requirements. In 2020, a network of data protection experts was established within the Talanx Group's European operations.

Information security plays an important role in the selection of, and collaboration with, external service providers. For example, we require service providers to comply with, and audit them to, the same standards as our internal IT services.

**Responsibilities:** The functions and projects can consult Group Data Protection on all data protection issues (access requests, deletion requests, complaints and other submissions by data subjects). All employees are free to approach Group Data Protection directly with information, suggestions or complaints, and absolute confidentiality is granted on request. Customers and business partners can find the contact details for Group Data Protection on the websites. The department produces an annual activity report for the Board of Management of Talanx AG and the divisions providing information on the audits conducted, any weaknesses and defects revealed, and any organisational deficiencies that may still have to be remedied. Certain data protection events and circumstances are reported to senior management during the year.

We have established a data protection management system within the Group (Primary Insurance Group and Reinsurance Group). The system that has been established is largely based on the requirements of the GDPR. However, it has a number of different, target group-specific focuses.

The data protection management system for the Primary Insurance Group is implemented at Talanx AG, whereas Hannover Re is responsible for the data protection management system for the Reinsurance Group. Within the Primary Insurance Group a distinction must be made between two types of responsibility assigned, which are described below:

Group Data Protection is responsible for designing the data protection management system for companies belonging to HDI Deutschland AG. It issues data protection requirements, implements awareness-raising measures (training courses, etc.), monitors compliance and assists in operational design (consulting), as well as reporting to senior management.

HDI Global SE manages its data protection topics directly and allocates tasks and responsibilities centrally and locally. Local contacts have been assigned responsibility for ensuring compliance with data protection requirements. In some cases, the foreign locations have specialist departments such as legal or compliance functions that actively perform data protection management. In the case of very small foreign locations that exclusively perform operational tasks, data protection support by headquarters is being implemented.

HDI International AG's subsidiaries have implemented data protection management activities at a local level and monitor their adequacy and effectiveness using established management tools. All subsidiaries must prove that they meet the data protection requirements applicable to their processes, IT systems and interfaces and that they have implemented all necessary organisational measures.

In the reporting period, we launched a structured questionnaire-based survey at HDI Global SE's and HDI International AG's EU locations with the objective of capturing the implementation status for Group requirements. We aim to use the results to identify areas where enhancements are needed, along with areas in which the Talanx Group should conceivably perform detailed checks or provide consulting.

The business model used at Hannover Re gives rise to different risks that need to be reflected in the data protection management system. The principles documented in the Group Data Protection Guidelines apply to all companies and units within Hannover Re. The Compliance organisation's structures are used to implement these minimum data protection law standards. Responsibilities have been established and documented throughout the Group. Interfaces to Data Protection Management have been implemented. The GDPR does not affect all Hannover Re companies equally, e.g. if they are domiciled outside the EU or the EEA. Above and beyond this, local data protection laws must be observed.

Aligning our activities with the three lines of defence model, as an established good practice model for designing an information security organisation, is a major part of our information security strategy. The model is implemented as a binding measure when defining roles and responsibilities as part of the process of documenting information security activities, as well as during operations in practice. One of its key aspects is the strict separation of responsibilities for implementing operational security measures on the one hand and for prescribing rules and frameworks on the other, so as to avoid conflicts of interests.

**GR1 103-2 | 103-3 Results and monitoring:** Close cooperation and consultation with important interfaces such as Group Legal, Group Compliance, Group Security and Group Auditing ensure that the data protection legislation requirements are met. Data protection risks are reported to Group Risk Management.

Information security activities need to take into account the Company's goals, the legal framework, economic criteria, information assets, cultural issues, technical possibilities and threat scenarios. Talanx's strategy is to identify, treat and manage risks resulting from these factors by determining protection requirements in conjunction with suitable risk analysis methods. Talanx complies with the international ISO 27001 standard in the process, in the version applicable in each case. Our information security management system has been fully ISO 27001 certified since 2013 and undergoes an external review every year, ensuring a high degree of transparency both within Talanx and outside it. This is flanked by ISAE 3402 measures (ISAE stands for the International Standard on Assurance Engagements) and the use of the IT-Grundschutz Catalogues published by Germany's Federal Office for Information Security (BSI). Since HDI Deutschland AG and HDI Global SE meet the Federal Republic of Germany's critical infrastructure criteria, they have been linked to the central registry operated by the GDV, the German Insurance Association, since 2018 and are audited every two years in line with the German Act on the Federal Office for Information Security (BSIG).

**GR1 418-1** Group Data Protection at Talanx did not receive any notifications of reportable data breaches or incidents in the reporting period.

## Digital transformation

**GR1 103-1 Materiality:** Digital transformation is a material topic for the Talanx Group. It is a key strategic focus and part of the new Group strategy. This provides a framework for the divisions to develop their own digital transformation strategies. In keeping with our decentralised Group structure, it is the divisions that drive the digital transformation process.

**Topic Boundary:** Digital transformation is relevant at all levels of the Talanx Group, from divisions through departments down to individual employees. We are guided in this process by the needs of our customers, business partners and suppliers.

**Impacts:** The digitalisation of customer interfaces and functional units affects both the top line and the bottom line of our business. New, digital business models contribute significantly to growth and to enhancing profitability.

At Group level, this involves realigning the allocation of our resources and capital. Our strategy in this area includes both new partnerships and taking stakes in fintech, cyber and artificial intelligence (AI) companies.

In addition, as an increasingly digitalised insurer, Talanx needs to address new cyber risks that do not exist in this form in the traditional insurance business. Among other things, we aim and need to be sensitive and ethically responsible in our dealings with customers' and employees' personal data when using new technologies.

Finally, the progress made by digital transformation also impacts our human resources work. Our employee development and skills training is focusing on an agile mindset and on growing the necessary methodological expertise. Other requirements are resulting, for example, from the automation of the application process and new ways of interacting with candidates.

**GR1 103-2 Measures and guidelines:** One operational focus of our digital transformation strategy is on upgrading our IT and systems environment to provide a basis for automation and for digitalising processes ("get ready"). The other two focus areas are content-related: data analytics and behavioural economics ("get skills"), and ecosystems/partnerships ("get bundled"). Since these focus areas are relevant for the entire Group, the holding company provides selective support for them as well, e.g. by facilitating international information sharing on, and scaling up, best practices and by entering into scouting and market intelligence partnerships.

**GR1 103-2 | 103-3 Results and monitoring:** Among other things, we continued our Group-wide formats for sharing best practices on specific focus areas in the reporting period and launched venture days featuring relevant start-ups and operating units.



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## Investment and Insurance Products

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**We invest responsibly**

The 20 wind turbines in the Mahlwinkel wind farm produce green electricity for 25,000 households. Dr Peter Brodehser, Head of Infrastructure at Ampega, Talanx's asset management company, took a stake in this sustainable investment on behalf of the Company.



**We invest continuously in renewable energies and in this way promote sustainable development.**





Our investments in sustainable infrastructure projects support the transition to climate neutrality.

■ Dr Peter Brodehser, Head of Infrastructure, Ampega, a Talanx asset management company

## Investing in sustainability

Talanx is one of Germany's largest investors in wind turbines, both onshore and offshore. It has a total of 21 wind farms in its portfolio, three of which are out at sea. Talanx was also involved in the financing of the first offshore wind farm to use a green bond – "Gode Wind 1" in Germany's North Sea. In 2017, the company again acted as lead manager for a bond pitched at institutional investors and banks for the successor project, "Borkum Riffgrund 2". In 2020, Talanx's infrastructure specialists contributed their expertise to the partial financing of the "Hohe See" and "Albatros" wind farms, coordinating a green bond for Germany's largest offshore wind farm project. All three finance projects, which have a total volume in excess of EUR 1.9 billion, meet independently audited green bond standards.

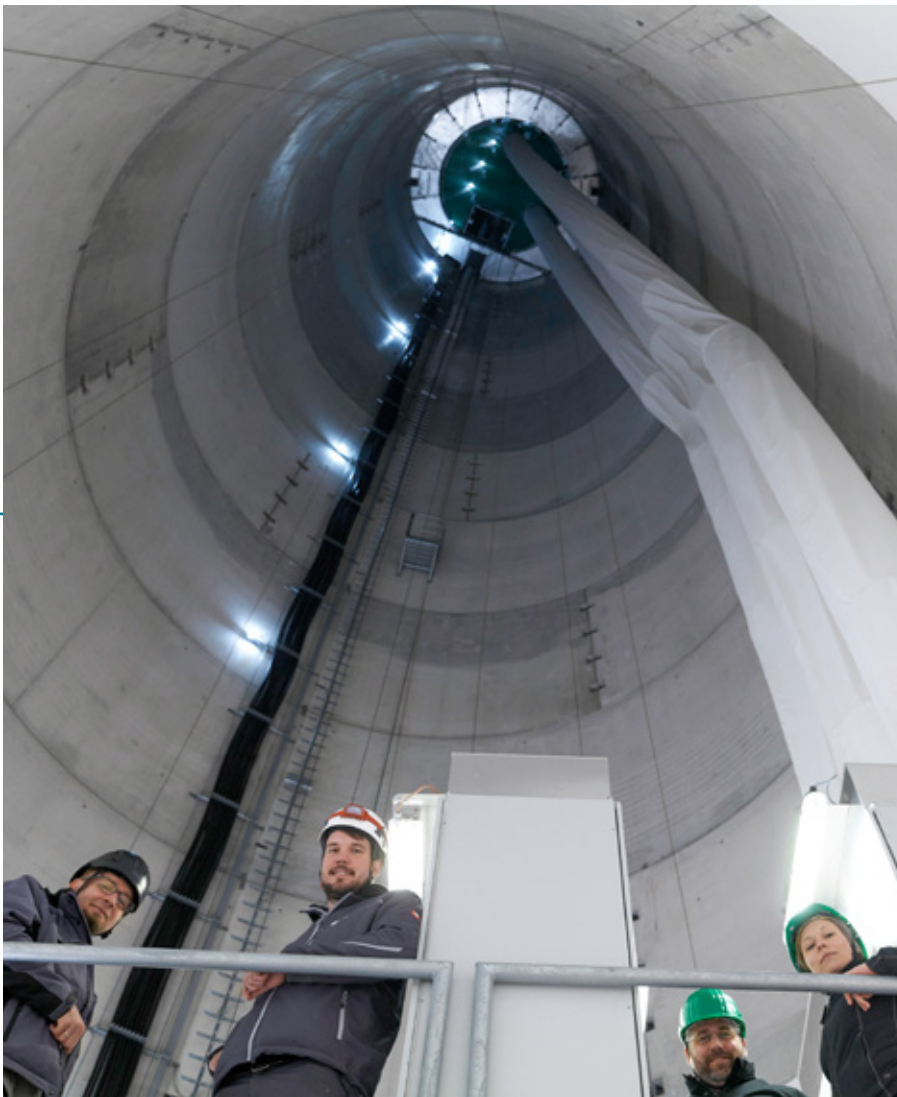
Dr Peter Brodehser, Head of Infrastructure at Ampega, Talanx's asset management company, is responsible at an operational level for financing wind farms. He and his team are constantly on the lookout for attractive investments. However, the technology behind the turbines and the geographical location are not the decisive factors. Brodehser's people are financial experts who look primarily at the yield risk, focus on stable, reliably forecastable cash flows and prefer long durations. "The great thing is that investments in wind turbines bring a twofold return – they benefit the environment and us as insurers", Brodehser explains.

This is why Talanx decided to invest in the Mahlwinkel wind farm, which is located in the immediate vicinity of a former military airfield. The huge site, which is fringed by woods of larches, birches and oak trees, is ideal for generating electricity from wind power. The rotor blades revolve 140 metres above the ground.



Peter Brodehser with Nadine Helzel, who is responsible for looking after the Mahlwinkel wind farm.





Michael Egger and Torsten Krakow from wind farm operator BayWa inside the shaft of a wind turbine. Above: The Mahlwinkel wind farm is located on the site of a former military airfield in Saxony-Anhalt.

The wind farm is located outside the village of Mahlwinkel in the Altmark, roughly 50 kilometres north-east of Magdeburg. Twenty turbines produce green electricity here, including the massive 2.3 MW Enercon models that Talanx has operated since 2015. Talanx’s turbines in Mahlwinkel generate 90 million kw/h of green electricity a year, enough for roughly 25,000 households. Talanx’s investments in renewable energies generate a total of 2,660 million kWh of electricity per year. This is enough for approximately 810,000 households – roughly the size of a city like Munich.

Investments in renewables, and especially in wind power, are no longer so simple as they used to be. The number of turbines constructed in Germany is declining because suitable locations are becoming harder to find and obtaining planning permission is getting more difficult. At the same time, however, interest among banks and institutional investors in financing wind farms is increasing. This is where the network that Ampega has built up over the years comes into its own. “You don’t find offers for new wind farms in the newspapers or on the Internet”, says Brodehser. “They come through per-

sonal contacts to project developers, large energy providers and construction groups.” One basic principle is that Talanx always acquires the entire wind farm and not just parts of it. If the volume of finance required is too large, the Company passes on a certain percentage to partners. Both equity and debt investments are made.

## Managing energy generation remotely

Munich-based BayWa is responsible for managing technical operations at Talanx’s wind farms. The company’s control centre in the Bavarian capital manages roughly 1,000 wind turbines in Europe – including the ones belonging to Talanx.

Moving columns of figures – produced by dedicated wind and solar software systems – advance across a huge wall monitor, while bar charts offset in blue are generated and colourful swirls indicate wind and weather. Engineers monitor developments closely. 24/7, 365 days a year, in a rolling shift system together with colleagues in Edinburgh



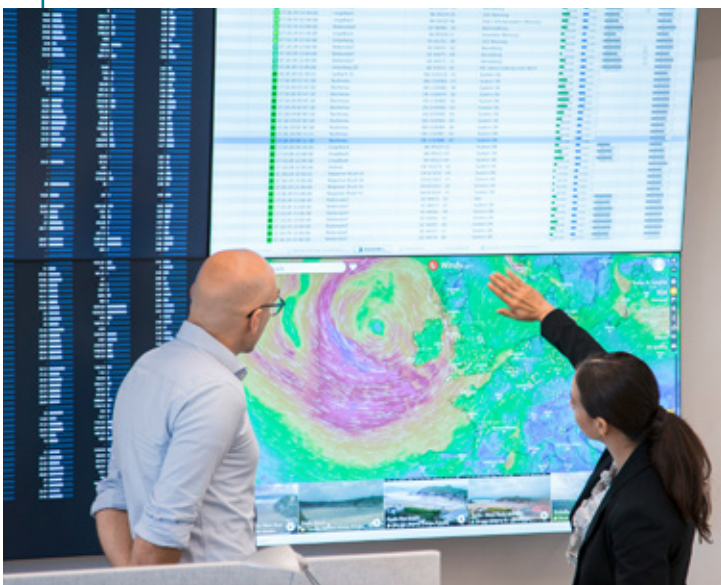
BayWa staff manage the Mahlwinkel wind farm, among other things, from the control centre in Munich.



and Bangkok. “Our job is to minimise turbine downtime”, says Matthias Walter-Hobelmann, who happens to be on duty in the control centre. He acts as the linchpin between technicians, network operators and maintenance crews.

Such coordination is particularly vital in winter, when there is a lot of snow and ice around. And in spring and autumn, when cranes are migrating, red kites circle in some areas and bats flit around in the dusk. Birdwatchers and farmers observe the wildlife very closely and report them ahead of time. However, the turbines also anticipate such dangers using meteorological data and switch themselves off automatically. The aim is to ensure that generating green electricity goes hand in hand with species conservation as far as possible.

In the control centre, BayWa staff use up-to-the-minute wind forecasts to ensure the electricity yield generated from wind energy for Talanx.



## OTHER INVESTMENT AREAS

■ The Talanx Group has invested roughly EUR 3.7 billion in infrastructure, half of it in wind turbines. The following list provides an overview of other infrastructure areas in which policyholders’ capital is being invested:

**Solar power plants:** Talanx has a total of seven solar power plants in its portfolio. For example, the Company provided roughly EUR 250 million in finance for solar power plants in Spain in 2020. These help save roughly 63,000 metric tonnes of carbon emissions a year.

**Electricity networks:** Talanx also invests in power grids. Thanks to its equity interest in transmission system operator Amprion, Talanx accounts for a material proportion of the billions of euros being invested in Germany’s grid infrastructure as the country transitions to green energy.

**Fibre-optic projects:** Talanx is changing the way electricity is transmitted in France, where it’s helping to finance fibre-optic links. The Group helped launch two such projects in 2020.

**Rail networks:** Talanx is also financing public rail networks. Projects include an urban rail network (Tram de Liège in Belgium), regional transport (networks in Ulm) and long-distance transport (the LISEA high-speed network in France), as well as co-finance for the Barcelona metro.

**Hospitals and universities:** Talanx also invests in social infrastructure. This includes two hospitals in Portugal, primary care centres in Ireland and Dublin university (Ireland).



## Investment and Insurance Products

As insurers, we have always thought long-term. This is why we developed sustainability focuses that ensure we include sustainability comprehensively what we do.

### Management approach

**GRI 203-2**

#### Indirect economic impacts

The Talanx Group's operations have a large number of indirect economic impacts. The insurance business is essentially about transferring risk, which can mitigate losses that arise when loss events occur. This means that insurers fulfil an important social role by enabling the economy to function and providing financial security for individuals. At an overall level, insurance cover can therefore secure society's living standards and give enterprises the room to manoeuvre they need to master challenges and be innovative.

Additionally, pre-emptive risk minimisation and loss prevention reduce the probability of losses and injuries, such as from fires or industrial accidents. These aspects are essential in industrial insurance, for example. Among other things, this protects employees' health and conserves natural resources. Talanx's Accumulation Risk Geospatial Online System, or ARGOS for short, is a concrete example of how to safeguard against natural hazards. Talanx uses this inter-

nally developed software system during site assessments to evaluate potential risks from a variety of natural hazards.

Above and beyond this, our hazard and risk analyses aim to identify existential risk scenarios in all divisions and to take suitable measures to reduce these to a level that ensures companies' continued existence. This applies to natural catastrophes (natcats), fire and explosion protection, and engineering and marine insurance, as well as to business interruptions, which in today's networked world may become more and more likely and take on an increasing order of magnitude. We also raise awareness of the need for hazard assessments and sensible emergency planning. We work together with other enterprises in bodies such as the GDV to draw up guidelines for the sustainable planning, establishment and operation of both plant and equipment and enterprises.



In addition, the Talanx Group has social and environmental impacts, due in particular to its investments ([page 63 ff.](#)) and insurance products ([page 66 ff.](#)).

On 27 November 2019, the European Council and the Parliament passed Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR). This requires financial market participants to disclose information on sustainable investments and sustainability risks relating to financial products. Among other things, it requires the publication of information at the level of the entity on the consideration of sustainability factors in investment processes and in corporate strategy, and at the product level on sustainability impacts, e.g. in relation to the expected return. The Talanx companies covered by the regulation implemented the new disclosure requirements in a first step as at the 10 March 2021 deadline. Detailed information can be found on the websites for the Talanx Group companies concerned, e.g. [neue leben \(German version\)](#).

The SFDR sets out three categories of financial products: 1. Financial products promoting environmental or social characteristics (Art. 8: “light green”), 2. Financial products with a sustainable investment objective (Art. 9: “dark green”) and 3. Other financial products.

The degree to which a product achieves its sustainability objective should be quantified using indicators and compared against an index or benchmark. In addition, if a product aims at environmental sustainability taxonomy reporting must be performed with effect from 2023. Furthermore, Article 7 of the SFDR specifies that a statement must be provided for all products by 30 December 2022 as to whether their principal adverse impacts on sustainability factors (or PAIs for short) have been considered.

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (EU Taxonomy Regulation) provides a binding definition of sustainable activities for the first time. The EU’s intention is for the new framework to permit statements to be made in future about how the funds invested by the financial sector are deployed.

#### **GRI 102-11**

### **Application of the Precautionary Principle**

The UN’s Precautionary Principle sets out a prophylactic and forward-looking approach to environmental challenges and risks. As an insurance undertaking, the Talanx Group also takes a prudent approach to risk, and aims not to permit losses or damage – whether environmental or of other kinds – to occur in the first place. This can be seen in a variety of areas and in our dealings with different stakeholders:

- Overall, the environmental impacts associated with the production of insurance cover are lower than those of production processes in other sectors. Nevertheless, we want to minimise the negative impacts that our business activities have on the environment. For further details, see the chapter entitled “Day-to-Day Operations and Procurement” ([page 91 ff.](#)). The remaining sections in this chapter address how environmental topics are incorporated into our core business.

- “Risk management” covers the identification, assessment, analysis, management and control of risks ([page 61](#))
- The “Responsibility to customers” section primarily addresses customer education ([page 67 ff.](#))
- In addition, the Group-wide Code of Conduct and the Code of Conduct for Business Partners apply ([page 105 f.](#))
- Moreover, the Talanx Group and the companies belonging to it are networked through their memberships of associations ([page 110 f.](#)).

Above and beyond this, a large number of units within the Group are involved in stakeholder communication; see the following section on risk management and the materiality analysis ([page 26 f.](#)).

#### **GRI 102-29**

### **Risk management**

We see opportunity and risk management as one of our major strengths. Monitoring and managing our risk position is part of the Talanx Group’s core business. Our objective is to avoid developments that pose existential risks while at the same time taking advantage of opportunities that arise.

At the same time, our business activities also affect our environment and society (“inside out”). We address this through sustainability management, for example by reducing our energy consumption, offsetting unavoidable emissions and requiring ethical conduct in our codes of conduct for employees and business partners. Additional information on our “inside out perspective” can be found above all in the chapter entitled “Sustainability Strategy and Management” ([page 12 ff.](#)).

We design our risk management framework on the basis of our corporate goals and guiding principles. As an international insurance group, we consciously enter into a large number of controlled risks that are inextricably linked with our business activities and with corresponding opportunities. Since risk management is part of our business activity, strategic risk targets are already set out in our business strategy.

We use appropriate simulation models and processes to identify, quantify and manage risks and to determine risk capital requirements. Information on qualitative risks is compiled systematically using a Group-wide risk capture system. Risks spanning multiple divisions, such as compliance risks, are addressed by involving the areas or experts concerned. To ensure that all risks are identified, they are compared with a comprehensive risk categorisation system that is specifically tailored to Talanx. In addition to this software-based risk capture procedure, the regular Risk Committee meetings are used to discuss the current risk situation. Talanx AG’s Board of Management also receives monthly updates on key risk indicators.

Detailed information on risk management, and in particular on the key people involved in the risk management process, can be found in the risk report ([page 108 ff.](#)) of the Group Annual Report 2020, and especially in the following sections:

- “Risk strategy”
- “Risk management system”
- “Risk management process and communication”
- “Risk profile”

Further information can also be found in the [Solvency and Financial Condition Report \(SFCR\)](#) for 2020.

Risk management also specifically addresses sustainability risks and especially how these impact the Company and its business strategy (“outside in”). These risks are ESG-related events or circumstances whose actual or potential occurrence could have significant negative effects on the Company’s net assets, financial position and results of operations, and on its reputation. Sustainability risks affect all the risk categories that we analyse. They can impact all areas of our business – both in the form of physical risks and as transition risks that occur during migration processes.

For example, climate change may increase underwriting losses. From an inside out perspective (see above), there is a risk that we could insure – and hence facilitate – projects that could endanger our sustainability goals. We address this conflict by working systematically to implement our sustainability strategy and enhance our processes, and by regularly assessing insured projects at Board of Management level in the “Responsible Underwriting Committee”.

As regards asset management, “stranded assets” – i.e. assets whose income-generating capacity or fair value could plummet unexpectedly – could negatively impact the value of our investments. Since we are a large institutional investor, our market activities affect our ability to achieve our sustainability goals. We have therefore taken a range of measures; among other things, our Responsible Investment Committee oversees our asset management activities. In addition, we are aiming to expand our investments in projects with positive sustainability effects, such as wind farms and solar power projects.

Sustainability risks can also impact business operations, for example if critical infrastructure fails. We use a variety of measures such as mobile working to combat this.

In addition, reputational risks could arise since a range of stakeholder groups are increasingly focusing as a matter of principle on how the Talanx Group takes social and environmental issues into account in its business operations.

**GRI 102-29**

## Risks and opportunities due to climate change

Our multidisciplinary, Group-wide risk management process also covers environmental and social aspects. For example, risks associated with climate change are classified as emerging risks, i.e. risks whose risk content cannot yet be reliably assessed. Potential future developments relating to these risks are taken into account in the course of risk management. It is vital to recognise them at an early stage and then to assess their relevance.

Primary insurance and reinsurance of losses from natural hazards are important elements of our business model as a global insurance group with a strong focus on industrial insurance and reinsurance. Consequently, climate change results in both opportunities and risks for us. On the one hand, demand for insurance against natural hazards is likely to continue to increase, especially in previously underinsured growth regions. On the other hand, the risk of a negative financial impact from losses that have occurred will also increase. Assessing the probability of occurrence and impacts of natural disasters is becoming more difficult, since in the current exceptional climatic situation historical data can only be used as inputs to a limited extent.

The risk content of new, future risks cannot be determined reliably at present, and their impacts are difficult to assess. We have therefore implemented a Group-wide emerging risks process so as to be able to capture, assess and manage these risks at an early stage notwithstanding. Experts from all the divisions, including the Hannover Re Group, analyse these risks regularly. The latest scientific findings on climate change are always included in this process. In addition, liaison with Risk Management ensures that any necessary measures can be taken. These include, for example, ongoing monitoring and assessment, exclusions in insurance contracts or designing new (re-) insurance products.

Our divisions also analyse such new risk types and trends. In doing so, they identify potential impacts and opportunities and develop products that are tailored to the relevant markets and customers; see also the section entitled “Sustainability of insurance products” ([page 66 ff.](#)). The divisions cooperate with each other on an ongoing, interdisciplinary basis. For example, we not only address how sustainability risks impact our Company but also analyse our effect on society and the environment. This process takes into consideration the recent pronouncements by the Federal Financial Supervisory Authority (BaFin), the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and the Principles for Responsible Investment (PRI), among other things.

Our risk management system analyses how sustainability risks and in particular risks resulting from climate change, affect all risk categories.

## ESG in asset management

**GRI 103-1 Materiality:** In addition to its direct impacts (such as energy consumption), the Talanx Group's main way of influencing sustainable development is through the leverage offered by its investments. The Group's investments under own management totalled EUR 128.5 (122.6) billion at the end of financial year 2020, while its total investments amounted to EUR 138.9 (134.1) billion. A large majority of the Talanx Group's investments are in fixed-income securities, especially government bonds and corporate bonds. Investors, analysts and customers are becoming increasingly interested in how Talanx takes social and environmental aspects into account in its asset management activities. The materiality analysis performed in 2018 revealed that including ESG aspects in the Talanx Group's asset management decisions is a material topic. Such aspects are highly relevant for both stakeholders and the business, and significant environmental, economic and social impacts can be identified (see the "Materiality analysis" section on [page 26 ff.](#))

**Topic Boundary:** Within the Talanx Group, this topic is primarily relevant to those companies and departments that are involved in investments and asset management. Outside the Group, it affects capital market participants such as investors and analysts, securities issuers and real estate providers. In addition, infrastructure investments are relevant to the regions and sectors in which they are to be made.

**Impacts:** When making investments, the Group aims on the one hand to minimise potential negative impacts, for example by not investing in certain countries or business areas. On the other hand, its goal is to promote positive impacts overall. To do this, we developed an ESG screening procedure in 2016; see the section entitled "Inclusion of environmental and social criteria in investment selection" ([page 64](#)).

**GRI 103-2 Measures and guidelines:** The alternative investments asset class is becoming increasingly important in the ongoing low interest rate environment, as it helps enhance returns and diversify the portfolio. Alongside real estate and private equity, Talanx's main focus here is on investing in infrastructure projects; see the section entitled "Infrastructure investments" ([page 65](#)).

The divisions are also active in this area. For example, Industrial Lines is currently investing in renewable energies such as wind, solar and hydropower, both in Germany and in the rest of Europe. Retail Germany offers another infrastructure investment component in the form of a solar power fund.

All of HDI Lebensversicherung AG's fund policies (both new and existing business) offer two actively managed internal portfolios with a sustainability focus. The "ISP-Zukunft" and "MF Zukunft" portfolios (for policies from 2012 onwards/new business and older policies/existing business respectively) and the "ISP Trend ESG" portfolio (for policies from 2021 onwards), all of which belong to the ISP product family, comprise sustainable and environmentally friendly investments.

The investment strategy aims to offer investors long-term capital growth based on a broadly diversified, actively managed securities portfolio, while putting a particular focus on ethical, social and environmental aspects. The underlying principle is that sustainable development can only be achieved if environmental, economic and social objectives are pursued at the same time and are accorded equal importance. The target funds in this internal insurance portfolio are selected using data from ESG research provider Sustainalytics and from "Forum Nachhaltige Geldanlagen".

Ampega Investment, Talanx's asset management company, offers retail funds for which sustainability is an important investment criterion. These have integrated a combination of negative screening criteria and best-in-class approaches with their bond and equity fund investment processes. Offerings developed for institutional clients can incorporate tailor-made sustainability requirements (e.g. specific negative screening criteria). The criteria used are based on data from Sustainalytics. In addition to the Ampega Responsibility Fund, Ampega offers the terrAssisi Renten I AMI and terrAssisi Aktien I AMI investment funds as sustainable focus products. These funds invest in target funds or enterprises and issuers that include environmental and social as well as economic criteria in their long-term corporate strategies, and that are considered to be pioneers in assuming responsibility for the future. Independent research agencies such as ISS-ESG analyse the securities for compliance with the sustainability criteria.

Since April 2015, Ampega has offered Ampega Diversity Plus Aktienfonds – a product that invests in European companies for which promoting and valuing employee diversity is a key priority.

**Responsibilities:** The Talanx Group's investment services are provided by Corporate Operations and within this segment by three companies: Ampega Investment GmbH, Ampega Asset Management GmbH and Ampega Real Estate GmbH. Ampega Investment GmbH is an asset manager serving retail and institutional investors. Its product range comprises both multi-award-winning retail investment funds and special funds. The company also manages asset portfolios and financial portfolios for non-Group clients. It offers a broad range of funds designed to permit state-of-the-art asset management and dynamic retirement provision. Ampega Asset Management GmbH is responsible for the Talanx Group's investments in the money, capital and real estate markets and is therefore a key point of contact for sustainable investments within the Group. Its team of infrastructure investment specialists is particularly worth mentioning. Ampega Real Estate GmbH manages the Talanx Group's real estate investments. Effective March 2021, the formerly independent Ampega Real Estate has been integrated with Ampega Asset Management.

**GR1 103-2 | 103-3 Results and monitoring:** The Responsible Investment Committee (RIC) provides support for putting our sustainable investment strategy into practice. One goal that was established when implementing this strategy was to screen investments using an external service provider that specialises in sustainable investing. The RIC discusses and resolves the filter criteria used in ESG screening. This process also includes making regular updates to the catalogue of criteria. The decisions made by the committee serve as input for the Group-wide Sustainable Investment Guidelines.

The committee is chaired by Talanx AG's Chief Financial Officer (CFO). Other members include the segment CFOs and investment managers, the head of Group Communications, the head of Investor Relations and Ampega Asset Management's senior management.

In addition, external evaluations provide relevant feedback when assessing specific financial products. We also obtain stakeholder feedback on material topics, and on the measures we are taking and the progress being made, in the course of our regular stakeholder dialogue; see also the "Materiality analysis" section ([page 26 ff.](#)).

### Inclusion of environmental and social criteria in investment selection

**GR1 201-2 | 203-2 | 412-3 | F511** When making investment decisions, Talanx AG aims on the one hand to avoid potential negative impacts by not investing in unsustainable issuers. To do this, we developed a Group-wide ESG screening process in 2016 and implemented it at the beginning of financial year 2017. On the other hand, the Talanx Group also aims to promote positive impacts on society and the environment (for further details, see the section entitled "Infrastructure investments" on [page 65](#)).

ESG screening is performed every six months by an external service provider. In the course of this process, almost 90% of all Talanx Group investments under own management – depending on strategic allocation changes – are communicated to the service provider and rated, to the extent that a rating exists. The RIC defines the filter criteria used and makes individual decisions on whether to retain or divest holdings. Any decision taken to divest holdings that do not comply with the screening criteria should generally be implemented by the end of the year.

The RIC has specified compliance with the UN Global Compact as one of the filter criteria to be used. In addition to these ten universal principles, which relate to the areas of human rights, labour standards, the environment and anti-corruption, we have added investments in controversial weapons such as anti-personnel mines to the list of

screening criteria. Building on this, an expanded global standards screening procedure identifies issuers who infringe international norms and standards, such as the OECD Guidelines for Multinational Corporations or the Universal Declaration on Human Rights. In 2018, the list of screening criteria was expanded to include coal. We no longer invest in companies that derive more than 25% of their revenue or generate more than 25% of their power from coal. In line with the Talanx Group's sustainability strategy, in which we have set ourselves the goal of exiting coal entirely by 2038, we are limiting the duration of our investments in this area to that year. We also extended our list of screening criteria in 2019 to include oil sands. The new screen excludes companies that generate more than 25% of revenues from this source. We also check before making new securities purchases whether the issuers meet our ESG criteria.

The RIC met twice in 2020, as in the previous year. Where no obstacles to sale existed, the positions identified were liquidated by the end of the year.

We have also defined negative screening criteria as part of the selection process for alternative asset classes (e.g. infrastructure investments and real estate). In addition to classic criteria relating to investments' risk/return profile, the screening process includes a sustainability risk assessment. No investments may be made in nuclear power projects, projects involving animals (e.g. zoos and safari parks), assets involving significant levels of pollution or assets associated with controversial business models (e.g. gambling). In the case of real estate investments by the Group, the goal for direct purchases is to invest in buildings that have been certified as sustainable (e.g. that have been awarded DGNB, LEED or BREEAM certificates). Such certification schemes cover properties' environmental, economic, sociocultural and functional aspects, among other things. In addition, Ampega has been an active member of the ESG Circle of Real Estate (ECORE), which is developing a sustainability standard for the sector, since the association was formed.

To further underscore our commitment to sustainable investment, Ampega Asset Management GmbH – our asset management subsidiary – followed our example in 2020 and signed up to the United Nations' Principles for Responsible Investment (PRI).



## Climate strategy

Our goal is to continuously fine-tune our sustainability approach. In line with this, the focus in 2020 was on developing a medium- to long-term climate strategy, especially in relation to the carbon footprint for our investments. We determined the carbon footprint for our portfolio for the first time in 2020, in keeping with the Paris climate goals and the principle of avoiding, reducing and offsetting our own CO<sub>2</sub> emissions set out by Talanx in 2019. Our focus here was on the carbon intensity (Scope 1 and Scope 2) of our liquid assets under own management in the equities and fixed income areas. Our goal is to reduce this figure by 30% compared to the beginning of 2020 in the period up to 2025; this corresponds to reducing the carbon intensity by roughly 7% per annum. This current target is an important step towards developing a sustainable, long-term path towards carbon neutrality by 2050. In the medium term, we are aiming to measure and reduce carbon emissions for other asset classes, including illiquid ones. We shall provide additional information on our ongoing progress in implementing our climate strategy in our sustainability reports for coming years. Our climate strategy is developed and adapted in line with the current political, economic, technological and social framework, which means that changes may have to be made to the system behind it. For example, we are considering including Scope 3 emissions data in the future, but this currently cannot be implemented across the board, and therefore does not make sense, due to the insufficient quality of the data available. In addition to reducing our portfolio's carbon footprint, we want to invest in assets that help to combat climate change; these include in particular our investments in renewable energies and in strengthening and expanding public transport see following section "Infrastructure investments".

## Infrastructure investments

**GR1 203-1 | 203-2** Talanx has already been indirectly invested in infrastructure projects for some time via funds. The Group has systematically built up its expertise in this area in recent years and a new, specialised unit has also participated in selected projects directly since the beginning of 2014, providing both equity and debt. At present, our diversified infrastructure portfolio includes, among other things, investments in (onshore and offshore) wind farms, solar farms (photovoltaic – PV – power plants), power grids, transport infrastructure, public-private partnership (PPP) projects and communications infrastructure projects in Germany and the rest of Europe.

Infrastructure projects address a population's basic needs. Demand for investments in core infrastructure goods is largely immune to cyclical economic effects and is highly plannable for institutional investors. At the same time, the projects are a good fit for an insurer's long-term investment horizon. These carefully selected projects offer attractive returns for an acceptable level of risk. In addition, they are not strongly correlated with conventional asset classes. The goal at all times is to make sound, sustainable investments in the interests of our policyholders. One of our core selection criteria for investments is a regulated environment, e.g. in the form of statutory feed-in fees, incentive-based regulation and PPP concession regimes. Most infrastructure investments are made within the eurozone.

The volumes planned for direct infrastructure investments are between EUR 50 million and EUR 150 million per project (equity) and EUR 50 million and EUR 250 million (debt); the investment horizon is roughly five to 30 years.

As of the end of 2020, Talanx had directly invested a total of approximately EUR 3.7 (2.5) billion in infrastructure projects. Roughly EUR 2 billion of this figure is attributable to renewable energy sources. This underscores Talanx's pioneering role in the transition towards green energy.

Strengthening and expanding public transport is another key element in meeting the climate targets set out in the Paris Agreement. In 2020, Talanx started financing the metro in Barcelona. This investment supplements the Company's existing investments in the rail sector (e.g. in the high-speed rail link infrastructure in France and in regional rail transport in Germany). Strengthening public mobility in the area of rail transport is a key element of a sustainable future.

Over time, we aim to increase the sector diversification of our infrastructure portfolio. For 2021, we expect new equity and debt investments in infrastructure projects to total approximately EUR 300 million to EUR 500 million.

## Sustainability of insurance products

**GRI 103-1 Materiality:** The “sustainability of insurance products” topic area is material for the Talanx Group (see the section entitled “Materiality analysis” on [page 26 ff.](#)) and can be broken down into two areas. On the one hand, it addresses customer concerns and has a significant influence on their satisfaction, which in turn is decisive for the Talanx Group’s success. Issues include rapid, transparent claims processing, financial incentives for fair sales advice in the remuneration system and easy-to-understand information about insurance solutions. On the other hand, the topic area covers the inclusion of ESG topics in insurance solutions. This means that insurance products are reviewed for their environmental and social impact and their relevance to sustainable development.

**Topic Boundary:** Customer interests and satisfaction are key issues for the entire Talanx Group. Internally, product topics mainly play a role for the divisions in relation to organising the insurance business, while externally they are relevant for (potential) customers, business partners and intermediaries. Above and beyond this, the insurance business can also indirectly impact interest groups that are not directly involved in the value chain.

**Impacts:** Customer satisfaction is a critical success factor for the Talanx Group. Consequently, meeting customer needs is paramount; this is also reflected in the Talanx Values with their reference to “comprehensive customer orientation”. Transparency, fairness, and innovative, customer-oriented products and services are key elements. The use of highly-tailored services is one of the main ways of addressing customer requirements. Examples are active, direct support from our service providers to assist with crisis communications in the case of cyber attacks, and ensuring staff safety during business trips. In addition, customers may react positively to the inclusion of social issues and support for environmentally friendly products and projects, since social awareness of sustainability is growing. Customer satisfaction can also improve employee satisfaction and identification with their employer.

The Talanx Group’s insurance services do not have any direct relevant environmental impacts. Rather, these services help ensure that environmental risks are adequately insured and that the impact of any damage can be remedied or mitigated. The insurance business essentially has a positive social impact – it involves transferring risk so that losses arising from loss events can be absorbed and financial protection can be provided for both entities and individuals.

Nevertheless, the potential indirect environmental and social impacts of the insurance business on sustainable development, such as any consequences that insured projects may have, must be borne in mind. For example, the Talanx Group is withdrawing from insuring coal risks over time. By doing so, the Company is underscoring its commitment to transitioning to a lower-emissions economy and complying with the goals of the Paris Agreement, which it supports. As an insurance partner for industrial enterprises, the Talanx Group will work with customers to find constructive ways to strengthen climate protection. Talanx’s long-term goal is to incorporate sustainability aspects into its insurance products and services to a greater extent. The decision to put COVID-19 on the same footing as the dis-

eases and pathogens listed in the German Protection Against Infection Act (IfSG) means that business shutdowns that are officially ordered as a result of the coronavirus pandemic enjoy insurance cover. As a result, HDI Germany made a major contribution to society during this period.

**GRI 103-2 Measures and guidelines:** The Talanx Group already has a large number of measures and guidelines in place covering the material topics of rapid, transparent claims processing, financial incentives for fair sales advice in the remuneration system and easy-to-understand information about insurance solutions (see the sections entitled “Responsibility to customers” ([page 67 f.](#)) and “ESG in insurance solutions” ([page 70 ff.](#)).

**Responsibilities:** Group-wide and sector-wide requirements exist for organising the insurance business and designing insurance products. The Code of Conduct sets Group-wide standards for responsible and ethical behaviour and lays down the rules to be observed in relation to topics such as financial sanctions and embargoes, anti-money laundering and sales compliance. Comprehensive compliance training is held, with a particular focus on sales compliance and preventing corruption; see also the “Compliance” management approach ([page 47 ff.](#)). In addition, sector-specific initiatives such as the GDV’s Code of Conduct for Insurance Distribution play a key role in the insurance business; see the “Responsibility to customers” section below.

The divisions are responsible for implementing guidelines, for strategy and for developing products and services; see also the section entitled “Divisions, products and brands” ([page 8](#)).

**GRI 103-2 | 103-3 Results and monitoring:** The insurance companies belonging to the Talanx Group use a variety of instruments to track customer satisfaction; see the section entitled “Responsibility to customers” below. We have ensured the quality of our working processes and results by implementing an ISO 9001-certified quality management system (QMS) at individual Group companies, e.g. in bancassurance and at HDI Life and HDI Property. This allows us to meet our customers’ and partners’ requirements and expectations for the long term. The core principle is systematic customer and process orientation. All necessary operational processes are reviewed regularly for their optimisation potential. This process of continuous improvement ensures that customers receive consistent service at all times and secures the organisation’s long-term competitiveness.

## Responsibility to customers

**GR1 102-43 | 102-44** A variety of tools are used to assess customer satisfaction. The Retail Germany Division performs customer satisfaction surveys at a number of different customer contact points using a measurement and management system that was introduced in 2012. In addition, cross-divisional pilot surveys have been conducted; ideally, these will lead in future to a uniform survey methodology and uniform basic questions (alongside the division-specific surveys and questions). Customer and intermediary satisfaction is also monitored using a number of annual surveys, e.g. the customer monitor, the YouGov tied agents' survey, the HEUTE UND MORGEN commercial insurance customer check, and the "KUBUS" studies ("Kundenorientiertes Benchmarking von Prozessen für die Unternehmenssteuerung" – Customer-oriented Benchmarking of Corporate Management Processes) conducted by MSR.

Above and beyond this, a large number of companies perform their own customer satisfaction surveys for their own areas, which are steered and supported by the internal Market Research unit. One particularly noteworthy example is the customer satisfaction survey that is performed at the end of the loss adjustment process at HDI's third-party liability, accident and property claims unit and its motor vehicle claims unit. In addition to the regular MSR satisfaction surveys, an e-mail poll of claims customers (policyholders and claimants) was successfully piloted. The goal is to extend the survey in future to all areas of the Retail Germany segment (including bancassurance) and to introduce uniform monitoring. Following the introduction of the "HDI CRM" programme and its "Studio" software component, in-house customer satisfaction surveys are being piloted in the claims units without the involvement of external service providers. In the future, the plan is for all other HDI Germany departments to perform in-house customer satisfaction surveys. Customer service and call centre operations also already perform net promoter score surveys to measure customer satisfaction at our bancassurance units. In addition, neue leben uses a regular survey to measure satisfaction at partner, shareholder and other cooperating savings banks.

Other external tools can also be used to measure customer satisfaction and assess the Talanx Group's performance. There are a large number of these on the topic of insurance, e.g. in newspapers and specialist magazines. We also use the dialogue with our stakeholders during our sustainability management activities to gather feedback and identify the material challenges currently facing the Talanx Group.

Equally, Talanx's international companies take a large number of steps to measure customer satisfaction and ensure service quality and performance for the long term.

## Easy-to-understand information about insurance solutions

**GR1 417-1** The German Regulation on Information Obligations for Insurance Contracts (VVG-InfoV) imposes extensive duties on the insurance industry to inform their customers, and Talanx naturally complies with these. Above and beyond this, providing easy-to-understand information about insurance solutions is a key part of the [Code](#), to which the relevant Group companies belong. The revised Code aims to present a sector-wide standard for fair, needs-driven customer advice.

The fifth principle set out in the Code requires insurance products to be developed and sold on a needs-driven basis. Simple, easily understandable product documentation should give customers the confidence to make conscious choices that are right for them. One of the main ways in which Group companies ensure clarity and understandability in the retail business, for example, is by using a product/consumer information sheet. This sheet scores positively on the Hohenheimer Verständlichkeitsindex, a German readability index. The general terms and conditions for insurance policies, the annual life insurance policy statements and the sample calculations for life insurance are also based on the GDV recommendations. Following the introduction of the Insurance Distribution Directive (IDD), manufacturers of insurance products have to comply with more extensive supervisory and management requirements, which the companies in the Retail Germany Division comply with. Products are developed using standardised creation and consultation processes, including uniform readability specifications. The bancassurance companies have also implemented the clarity and understandability guidelines contained in the GDV's Code of Conduct, and have supplemented them by brand-specific requirements. This means that in some cases our bank partners' requirements already exceed those contained in the Code of Conduct. It goes without saying that HDI Global SE also scrupulously observes the extensive statutory requirements resulting from the IDD.

The third principle sets out that all recommendations made must reflect customers' objectives, wishes and needs. HDI obliges its tied agents and banking partners to put ascertaining these needs during consultations at the heart of their brokerage activities. In addition, consultations have to be carefully documented using standardised report forms. This is monitored by Complaints Management. Confirmation from customers that they have received a record of the advice provided is an integral part of our application/contract documentation. The standardised digital sales processes provided by HDI and the automated advisory processes also include documentation of the consultation, which is made available to customers. Giving customers easy-to-understand information and focusing on their needs are also a component of independent reviews and audits. A sales compliance management system was developed and implemented for the sales forces at HDI Versicherung AG, HDI Lebensversicherung AG and our bancassurance companies to ensure that the Code is properly implemented. This is regularly recertified by independent auditors.

In bancassurance's core biometric risk business, the sector (including the bancassurance companies in the Retail Germany Division) implemented the new statutory requirements introducing additional transparency requirements and enhanced consumer rights at the beginning of 2018. In line with this, consumers are informed that payment protection insurance is voluntary and is not a precondition for being granted a loan. Consumers have the right and the opportunity to terminate the agreement at any time throughout its life. They receive a repeat cancellation policy notice for the payment protection insurance policy, plus the relevant product data sheets, at the earliest one week after the loan contract has been entered into. This notice draws customers' attention to the fact that they can withdraw from the payment protection insurance policy without this impacting the loan. Customers can exercise their right of withdrawal within 30 days of receiving the renewed cancellation policy notice. If the policy is cancelled, it is voided ab initio at no cost to the customer. Even after this, consumers can terminate the policy at any time, in which case the unused pro rata portion of their premium is refunded. Additionally, the GDV and the banking associations have developed voluntary undertakings designed to increase transparency even further. The bancassurance companies actively support these efforts. A large proportion of the banking partners for the Group's bancassurance companies (Hamburger Sparkasse AG, a number of smaller savings banks, SKP, Postbank – a branch of DB Privat- und Firmenkundenbank AG, and TARGOBANK AG) already disclose in their loan agreements not just the loan instalment payment but, for comparative purposes, the loan instalment payment that would be due if no payment protection insurance were payable. As a result, customers can directly see the monthly charge attributable to the payment protection insurance policy in addition to the amount explicitly disclosed in the agreement.

Talanx's international companies develop, modify and sell products on the basis of internal processes. In particular, we take the necessary measures when developing and selling products to ensure that the law is complied with. Customers are provided with comprehensive, detailed product information, while products are properly labelled and comply with all other legal requirements.

Above and beyond this, Talanx helps promote financial education through the HDI Foundation, among other things. This awards scholarships to students of insurance-related subjects; see also "Work and Employees" ([page 73](#)).

**GR 417-2 | 417-3 | 419-1** Talanx is not aware of any cases in the reporting period in which regulations or codes of conduct relating to product information or labelling were not complied with. The same applies to the sale of prohibited or controversial products and to failure to comply with regulations or voluntary advertising codes.

The Group companies' normal business activities may involve them in court and regulatory proceedings, and arbitration cases. In the reporting period and at the reporting date there were no legal disputes, other than proceedings customary to the insurance and reinsurance business, with a material impact on the Group's net assets, financial position and results of operations. See also the ["Litigation" section of the Group Annual Report 2020, \(page 232\)](#). After the squeeze-out (i.e. the transfer of the shares belonging to minority shareholders to the majority shareholder in return for cash compensation) at Gerling-Konzern Allgemeine Versicherungs-AG, Cologne, that was resolved in September 2006 and took effect in May 2007, former minority shareholders launched judicial review proceedings ("Spruchverfahren") regarding the appropriateness of the compensation. The proceedings are pending before the Regional Court in Cologne. The material risk is limited to the number of shares entitled to receive compensation (approximately 10 million shares) and the difference between the compensation already paid and the enterprise value of Gerling-Konzern Allgemeine Versicherungs-AG, which can be calculated as of the valuation date. In our opinion, the various provisions for litigation risks and the contingent liabilities for litigation that have been disclosed cover the expected expenses.

### Rapid, transparent transaction processing

The individual divisions have defined service levels to ensure rapid, transparent processing of customer transactions. These are used with sales partners (in the form of service level agreements). They define workflows for the service times for certain transactions, which are discussed annually with customers. The objective here is to safeguard and improve competitiveness.

In 2015, the Retail Germany Division launched its multiyear “KuRS” (“Kundenorientiert Richtungsweisend Stabil” – Customer-oriented, Forward-looking, Stable) programme. The initiative aims to stabilise the division, improve its long-term competitiveness and hence make it fit for the future. Implementation is focused on optimising business processes and increasing service quality for customers and sales partners. This also includes modernising the division’s IT and enhancing transparency with regard to its portfolio data and costs. In 2016, work began on a project to harmonise the application environment. The objective is to establish a common portfolio management system for HDI Deutschland AG and the life and accident business. In the period since 2017, products and new business for the other HDI Deutschland AG companies were transferred to the common portfolio management system. In addition, we decided to realign our life insurance business: among other things, traditional classic life insurance products were replaced by capital-efficient concepts in 2016.

The first effects of the programme can be seen among other places in HDI’s claims function: the claims app in the third-party liability, accident and property claims unit and the motor vehicle claims unit, and the FAST live calculation tool for motor vehicle claims allowed major steps towards optimising existing processes and application environments to be taken and built on. Elements of the digital transformation process and opportunities for enhanced customer contact are both being incorporated into the claims management process. Machine learning and automation are substantially accelerating digital processes in claims management. This started in 2020 with the lights-out processing of glass invoices in the motor vehicle claims area. Customer service quality was enhanced by further optimising existing processes from the active claims management perspective, such as providing needs-driven customer support in the case of cyberattacks. Another method of enhancing service quality is by anchoring a tailor-made service story among employees – the focus here is on ensuring that all claims staff take a positive approach to customers in every claim. Another way that the claims units are meeting this goal is by extending lean management in the direction of agile working, using methods including best practices, structured problem solving, and feedback and team sessions. Rapid, transparent claims processing is ensured by cross-departmental professional cooperation where sensible in the third-party liability, accident and property claims area, plus further streamlining of the Retail Property Insurance claims centre. What is more, all claims units achieve the objective of completing claims processing on first contact as flexibly and rapidly as possible and while ensuring easy accessibility. Renewed awards of seals of quality for regulating homeowners’ insurance claims reflect the positive feedback we have received from customers in this area.

### Financial incentives for fair sales advice in the remuneration system

Talanx’s group-wide Code of Conduct sets standards for responsible and ethical behaviour at all levels of the Group; see also the section of that document entitled [“Being fair in competition”](#). This means that sales compliance is also covered by the Code, as well as being the subject of extensive compliance training.

In order to ensure that intermediaries have the necessary qualifications and expertise required for advising customers, domestic Group companies have been active since 2013 (the year of its launch) in the “Gut beraten – Weiterbildung der Versicherungsvermittler in Deutschland” initiative, which was set up by the GDV and the associations of intermediaries in the German insurance industry. Furthermore, HDI provides ongoing support for the initiative by participating actively in the relevant bodies. In addition to HDI Vertriebs AG, the bancassurance companies neue leben insurers, TARGO insurers and PB insurers have joined the educational initiative in order to enhance their sales partners’ and employees’ qualifications transparently and for the long term.

Talanx implemented the requirements of the Insurance Distribution Directive (IDD) and the associated delegated acts by the required deadline. With regard to the issue of potentially inappropriate incentives, successive changes were already made to the remuneration rules, organisational processes and controls in previous years (and especially when implementing the GDV Code of Conduct), so as to avoid any such incentives being offered to intermediaries. Existing remuneration rules and competitive tenders were reviewed on an ongoing basis and adapted where this was considered necessary to meet the statutory requirements. The independence of insurance intermediaries is guaranteed. Clear rules apply to any additional remuneration that is granted and sample agreements are used.

The GDV Code of Conduct and the GDV’s interpretation of its principles also offer a framework for dealing with conflicts of interests, while their implementation in the Retail Germany Division is leading to our own guidelines being drawn up. The Code’s application by the insurance companies has been regularly monitored by HDI Germany’s Compliance Management Steering Committee ever since the HDI companies were successfully certified as compliant for the first time. The requirements of the IDD, including the related delegated acts and the various transpositions of the IDD into national law, were implemented in full in 2018. The IDD requirements at the bancassurance companies also build on the measures already taken to implement the GDV Code of Conduct and were implemented in line with the statutory requirements. Consequently, the measures contained in the GDV Code of Conduct have been incorporated into standard operating practice at all companies that have signed up to the Code.



## ESG in insurance solutions

**GRI FS7 | FS8** A large number of products from the Talanx Group's insurance companies support environmentally friendly products and technologies or take social interests into account. For example, the services provided help ensure that environmental risks are suitably insured and that the impact of any damage can be remedied or mitigated.

Under the German Environmental Damage Act (USchadG), entities, traders and self-employed professionals are liable for emissions and events that result in damage to protected species and natural habitats (biodiversity), water and the soil. Commercial environmental insurance covers such damage and enables it to be made good. In addition, third-party liability insurance covers environmental damage in those cases in which a party causes such damage to a third party. Moreover, the tariff structure used in motor insurance, for example, favours low average annual mileage and hence promotes environmentally friendly driving behaviour.

Talanx is working together with the PRIMAKLIMA association. HDI customers who take out motor vehicle insurance are given the opportunity to offset their forecast carbon emissions using sustainable PRIMAKLIMA projects. This can be done by supporting reforestation projects in Uganda, Bolivia and Germany, among other things. The vehicle model and number of kilometres involved are entered in an emissions calculator and the size of the donation is then determined. In addition, customers can offset carbon emissions above and beyond their own footprint. It should be noted that this opportunity exists even if no insurance is taken out. The entire amount of the donation is passed on to PRIMAKLIMA.

HDI Lebensversicherung AG offers a quality-assured range of funds as part of its unit-linked annuity insurance. This selection also includes 27 sustainably managed funds, including terrAssisi Aktien I AMI. This fund, which was launched by Group-owned fund management company Ampega Asset Management in cooperation with the Franciscans, invests solely in line with strict ethical criteria. HDI has also created specific portfolios for customers, such as the "Investment-Stabilitäts-Paket Zukunft ESG (Kirchhoff)" and the "Investment-Stabilitäts-Paket Trend ESG". These two portfolios invest exclusively in companies and bonds whose sustainability is reviewed at regular intervals. See also the section entitled "ESG in asset management" (📄 page 63 ff.). PB Lebensversicherung AG's PB Zukunft Depot is a unit-linked annuity product that invests globally and in accordance with ESG criteria in a broadly diversified range of ETFs and selected active investment funds.

The various insurance areas within Industrial Lines also offer a wide range of approaches that are relevant from a sustainability perspective. For example, insurance against environmental damage is offered in the areas of motor and third-party liability insurance.

Additionally, in the motor vehicle area, some fleet business makes use of telematics, which can reward environmentally friendly and safe driving. We also offer driving training classes for customers. Above and beyond the insurance business itself, safety engineers offer fleet consulting and risk management services that take sustainability criteria into account. Last but not least, the line produces a

number of publications for customers, e.g. on driving times and rests, hazardous goods transports and first aid at the scene of accidents.

Customers in the renewable energies, photovoltaics and solar cells areas are offered marine insurance. Our risk management staff also support them on how to secure loads, advise on packaging and assist in logistics planning. Among other things, this "start assist" service from our risk management experts ensures that projects can qualify for insurance in the first place. Another example of a service above and beyond the insurance business in the narrower sense of the word is the range of publications and information produced by the Marine line, such as information for drivers about freight thefts. The line partners with a number of organisations including customers and, most recently, the Lower Saxony State Office of Criminal Investigation (LKA) to prevent freight thefts, accidents and attacks, and to conserve resources.

Products with environmental and social components are also offered in the field of third-party liability insurance. This includes insurance cover for hospitals, for major pharmaceutical risks and for participants in clinical trials – something that contributes to ensuring progress in research – plus cover for renewable energies.

HDI Insurance takes sustainability into account in its household contents insurance. For example, it absorbs the additional cost of environmentally friendly household devices. In addition, special packages provide insurance cover for breakages of photovoltaic equipment and pedelecs with speeds of up to 25 km/h. We also take sustainability aspects into account during loss adjustment in both the commercial and the retail insurance markets. For example, the additional cost of environmentally friendly measures is refunded for insured buildings for which claims are being made due their destruction or damage, and building components are replaced. This covers environmentally friendly measures such as the use of eco-friendly construction materials, thermal insulation, switching to renewable or alternative energy sources, and installing solar power plants, heat pumps or intelligent heating systems. The additional cost that would be incurred compared to restoration without such environmentally friendly measures is refunded. Furthermore, insurance covers the cost of removing (to the extent that no natural regeneration is to be expected) or restoring (to the extent that natural regeneration is to be expected) trees on insured properties that have been uprooted by storms. In the case of an insured event, the insurer will also refund the cost of recultivating gardens relating to trees, shrubs, plants, plant supports and climbing plants with young shoots.

Engineering Insurance offers a wide range of insurance solutions that promote renewable energy, from onshore and offshore wind power projects through photovoltaics down to geothermal energy. The Industrial Lines Division can also provide cover for prototype development, such as in the case of tidal power plants. Insurance cover starts with construction and extends for many years of operation at the customer. In this way, Talanx Group companies such as HDI Global SE provide support for technologies that reduce carbon emissions and for the transition to green energy in Germany.

In the field of wind power, we offer cover for the construction and operation of onshore and offshore projects. Cover already exists for offshore wind farms in Europe, while in the rest of the world the focus on these risks is increasing. Engineering Insurance has created a dedicated centre of competence to provide end-to-end customer support and offer optimal solutions. Cover has been written for the construction and operation of onshore projects around the world. As regards photovoltaics, the Industrial Lines Division supports systems ranging from just a few megawatts to large plants in the gigawatt category. In this context, Industrial Lines does not restrict itself to conventional photovoltaic modules that convert solar energy directly into green power, but also offers insurance cover for new ways of generating power from solar energy, such as parabolic trough power plants. In addition, HDI Global SE supports customers by performing risk inspections during the construction and operation phases for all of the above-mentioned types of power plant, in order to make their operation as smooth as possible. HDI Global SE worked together with the GDV and other insurance companies and partners to develop the “Offshore Code of Practice” (OCOP) – a set of international guidelines for offshore wind farm risk management.

Group accident insurance has expanded its focus to include travel safety, relieving customers of significant parts of their duties of care as employers in this area. An AI-based solution combines preventive, alert and crisis intervention services, minimising the many different health and security risks facing employees during business trips. Talanx has decided to use this solution for its own staff as well.

HDI Global SE is also the first industrial insurer in Germany to have offered the option of comprehensive insurance cover for weather risks and their potential consequences, and hence to offset financial losses resulting from insured weather events. Its “KLIMARisk – the weather risk insurance” product is offered to enterprises from all sectors.

No information is currently available on the monetary value of products and services that were developed by the Talanx Group to deliver a specific environmental or social benefit.

The Talanx Group’s Code of Conduct covers compliance with human rights at industrial policyholders ([page 105 f.](#)). Legally correct, responsible behaviour is critical for our business success. This also applies to our relationships with business partners, customers and the general public.

We do not capture data on supporting a healthy lifestyle, since the Talanx Group is only active in the field of e.g. health insurance to a very limited extent.

**GR1 FS13** One of the ways in which the Talanx Group offers access to the insurance market for all sections of the population, especially in sparsely populated and economically disadvantaged areas, is by ensuring comprehensive insurance provision via different sales channels. In the case of the Retail Germany Division and the bancassurance companies, the insurance companies also use remote customer advisory and online sales offerings. The apps that customers can use to encrypt documents to be sent to the bancassurance companies, which were introduced a number of years ago, were upgraded and distributed more broadly. This permits both more efficient handling of customer concerns and more rapid processing. In addition, individual bancassurance companies offer their customers a digital signature option that enables less resource-intensive and significantly shorter contract processing.

Secondly, for example, the Industrial Lines Division not only provides cover and advice on constructing and operating different types of power plants in developed markets in Europe, North America and parts of Asia, but also promotes climate-friendly energy development in South America, Africa and other emerging markets and developing countries. In addition, the Hannover Re Group offers microinsurance and agricultural insurance designed to mitigate the financial impact of climate-related crop damage.

Apart from ensuring uniform coverage of the areas in which the Group companies covered by this report offer their services, the companies provide (potential) customers with access to their products via the website, mobile apps and intermediaries who also visit customers at home. The WARTA Group also offers national call centres where customers can obtain the full range of information about products and services, plus mobile experts who can assess losses on the ground.



## Principles for Sustainable Insurance

The Talanx Group signed up to the Principles for Sustainable Insurance (PSI) in May 2020 and by doing so has committed voluntarily to continuously improving the sustainability of its insurance business in line with the initiative's four principles. The following section provides an overview of the measures already taken in the "ESG in insurance solutions" action area, plus references to the relevant sections of this sustainability report.

**Principle 1:** We will embed in our decision-making environmental, social and governance issues relevant to our insurance business.

We consistently include environmental, social and governance aspects in our sustainability strategy (link to the Sustainability Report). Underwriting plays a key role here. This area and the related decision-making processes are described in detail in the chapter entitled "Sustainability of insurance products". [SR 20 – page 66](#)

**Principle 2:** We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.

We also set long-term incentives in our work together with our business partners. For example, we require them to take fundamental ESG requirements into account and manage them responsibly. We have developed a Code of Conduct for Business Partners that sets standards in the areas of anti-corruption and bribery matters, respect for human rights, environmental, social and other employee matters, data protection and the protection of trade secrets. [SR 20 – page 105](#)

**Principle 3:** We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues.

We are in regular discussion with selected non-governmental organisations so as to continuously raise our awareness for particularly sensitive ESG topics. We use the suggestions made by the auditors during the review of our consolidated non-financial statement to improve further.

In addition, we use our position as Germany's third-largest insurer to raise awareness of sustainability issues within the insurance industry, e.g. by contributing our expertise to the Gesamtverband der Deutschen Versicherungswirtschaft e.V. (GDV). Dealing with the challenges posed by sustainability is one of our priorities here. We are also active members of additional initiatives and networks, and adopt open, transparent positions in discussions with politicians.

[SR 20 – page 26](#)

We use our regularly updated stakeholder survey and materiality analysis to engage in active dialogue with our key stakeholders.

**Principle 4:** We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles. [SR 20 – page 5](#)

This initial progress report creates additional transparency with respect to the Talanx Group's sustainability management. We will continue to follow and support the four Principles for Sustainable Insurance in the future and to develop ongoing solutions for the challenges facing underwriting.



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## Work and Employees

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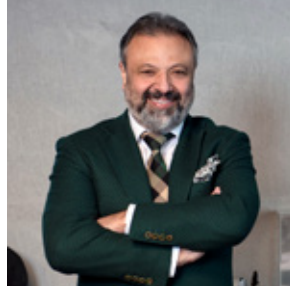
Equal opportunities at work

Nesrin Tuncer Türkgür, Head of Claims Audits & Logistics at HDI Sigorta, in discussion with her team.



We aim to ensure equal opportunities at work and are working consistently to enhance this.





The Equality for Women at Work Certificate is an award for our efforts to achieve equality between the sexes in our organisation.

■ Ceyhan Hancioğlu, CEO, HDI Sigorta, Turkey

## Living equality in the workplace

Equal working conditions are an important element of long-term business success. HDI Sigorta in Turkey has been committed to this principle right from the start and is working towards creating a working environment in which no employees experience any discrimination on the basis of their gender. This was confirmed in 2020, when the company was awarded the Equality for Women at Work Certificate for the first time.

HDI Sigorta has started implementing an equal opportunities-based approach both in the company itself and in its activities as a corporate citizen. This is because we believe that equality in the workplace is important for our country and our economy. The current situation in Turkey shows that only three out of ten women who could work

actually have a job. In fact, the number of unemployed women has risen by 52 percent in the past five years.

HDI Sigorta is promoting equal opportunities in the workplace through guidelines for gender equality, mechanisms for reporting cases of discrimination and equal pay for male and female employees, plus projects designed to support women in society. Today, the company employs almost as many women as men. This balanced mix also extends to management and clearly shows HDI Sigorta's aim of recruiting people on the basis of their qualifications and not their gender.



Nesrin Tuncer Türkgür and a team member check damage to a vehicle at HDI Sigorta's location in Istanbul.



HDI Sigorta's headquarters in Istanbul, Turkey.



## Teamwork

HDI Sigorta manager Nesrin Tuncer Türkgür is a good example of equality in the workplace. She has more than 25 years of experience in the insurance sector. As Head of Claims Audits & Logistics at HDI Sigorta she leads a team of 33 people, including four women.

The unit focuses on ensuring proper claims handling – without impacting customer satisfaction – and on reviewing our processes to improve efficiency. In other words, the department is an area in which professional knowledge, a detailed analytical approach, process and efficiency considerations, and service quality are required. By contrast, the Contact Centre is concerned with customer satisfaction: it has to understand customer needs correctly and handle requests and complaints correctly.

Nesrin Tuncer Türkgür’s team supports customers with all claims, such as those resulting from traffic accidents. HDI Sigorta offers customers a special service for this: they can drive their vehicle to the company’s location in Istanbul and have the damage assessed there, safe in the knowledge that their case will be dealt with in the best possible way. After this, Nesrin Tuncer Türkgür’s team processes the claim. Where necessary, she discusses difficult cases with the team and with Nihal Asker, Assistant General Manager, Claims & Operations, who is responsible not only for the Claims unit but also for the Customer Relations and Legal departments. “I believe that we can only handle claims for our customers by taking a teams-based approach and by leveraging all the knowledge we have about our clients. In addition, the opportunities open to men and women are an important factor influencing our success and for customer satisfaction. This means that ensuring equal opportunities in the workplace is important for our company”, says Asker.



Ceyhan Hancıoğlu and Nihal Asker are delighted about the Equality for Women at Work Certificate.





Following the successful audit, the HDI Sigorta team discusses what could be done next to improve equality in the workplace even further.

## Certification

The certification process for the Equality for Women at Work Certificate started on 8 March 2020, International Women’s Day. Our CEO Ceyhan Hancıoğlu announced that HDI Sigorta would be one of the first companies on the Turkish insurance market to obtain certification – and that was exactly what happened.

Audit firm Intertek focused on five core areas in the audits it performed between March and August 2020: the management system, employment practices, health and safety at work/working hours, the supply chain and the impact on society. The audits examined employee files, training materials, Social security information and vacation records, and other documents, and interviewed selected employees face to face.

The company scored 95 points out of a total of 100. “We are delighted that our ongoing efforts to achieve gender equality have been confirmed by an external body. We will keep on addressing this issue, since it is becoming more and more important”, said Nihal Asker, Assistant General Manager, HDI Sigorta.

We have gained fresh ideas on how to continue ensuring employee satisfaction and build a powerful employer brand, become an employer of choice and play a key role in new partnerships, benefit from the economic value added that comes with gender equality and promote a fair society so as to ensure our company’s sustainability.

## ACHIEVING EQUAL CONDITIONS TOGETHER

■ HDI Sigorta also campaigns publicly for equal opportunities at work. Nihal Asker, Assistant General Manager, is Vice President of KASIDER T.C., the association for women in the insurance sector that was founded in 2020. Her goal is to share her more than 20 years of professional experience with other women. The association was founded to protect and strengthen women’s legal rights so as to enable them to take their place in the world of business and receive due recognition, to eliminate gender discrimination and to ensure equal treatment in all areas such as education and training, development and advancement. The association aims to achieve a balanced mix of male and female employees, create equal opportunities, intensify communication, promote empathy, work together in areas of significant inequality, and to stand up for women so as to increase their efficiency and productivity in the workplace.





# Work and Employees

We serve our customers in more than 150 countries around the world with roughly 23,000 staff. We aim to remain successful by focusing on diversity and promoting agile, digital processes.

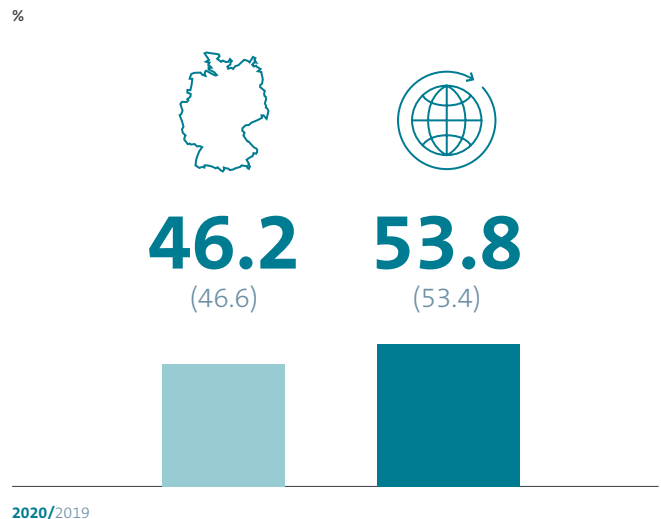
## Management approach

The Talanx Group has an impact on society by giving work to its employees – as the third-largest insurance group in Germany with business links to more than 150 countries, it is a major employer and provider of vocational and other training. We have a considerable economic effect, not only by employing people directly at locations throughout the world, but also by placing orders with (regional) suppliers and service providers. Additionally, our education and training activities extend above and beyond our core business, especially thanks to the work of the HDI Foundation and our support for student organisations.

## Talanx employees

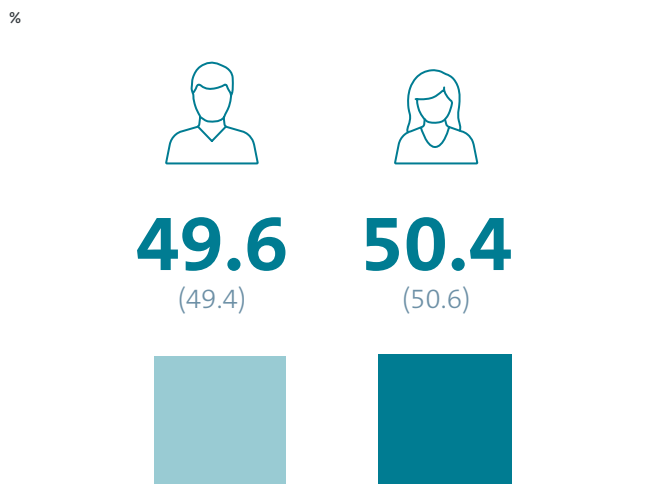
The Talanx Group employed 23,068 (22,824) people worldwide as at the 2020 year-end, 10,662 (10,633) of them in Germany and 12,406 (12,191) in other countries<sup>1</sup>. A total of 11,451 (11,267) staff were male and 11,617 (11,557) were female.

## WORKFORCE IN GERMANY/REST OF WORLD



<sup>1</sup> Comprises the active core workforce and inactive employment relationships (not including people in the passive phase of partial retirement); casual workers, interns, vocational trainees and graduate trainees are not included.

## WORKFORCE BY GENDER



2020/2019

The following section gives a detailed breakdown of our workforce by a number of different aspects.

**GRI 102-8** The breakdown of the Talanx Group's workforce by region is given in the following table.

## WORKFORCE BY REGION AND GENDER<sup>1</sup>

Region	Gender in % by region							
	Number		%		Male		Female	
	2020	2019	2020	2019	2020	2019	2020	2019
Germany	10,662	10,633	46.2	46.6	52.7	52.6	47.3	47.4
Central and Eastern Europe including Turkey	4,090	4,039	17.7	17.7	42.0	41.7	58.0	58.3
South and North America	4,562	4,588	19.8	20.1	49.3	49.5	50.7	50.5
Rest of Western Europe	2,641	2,554	11.4	11.2	52.1	51.1	47.9	48.9
Other regions	1,113	1,010	4.8	4.4	43.8	40.8	56.2	59.2
<b>Total</b>	<b>23,068</b>	<b>22,824</b>	<b>100.0</b>	<b>100.0</b>	<b>49.6</b>	<b>49.4</b>	<b>50.4</b>	<b>50.6</b>

<sup>1</sup> Comprises the active core workforce and inactive employment relationships (not including people in the passive phase of partial retirement); casual workers, interns, trainees are not included.

The breakdown of the Talanx Group's workforce by employment contract (limited-term versus permanent), type of employment (full-time versus part-time) and gender is given in the following table.

## WORKFORCE BY EMPLOYMENT CONTRACT, TYPE OF EMPLOYMENT AND GENDER<sup>1</sup>

Employees	Number				Male		Female	
	2020		2019		2020		2019	
	2020	2019	2020	2019	2020	2019	2020	2019
Temporary	838	888	382	394	456	494		
Permanent	22,230	21,936	11,069	10,873	11,161	11,063		
of whom full-time	20,548	20,299	11,143	10,989	9,405	9,310		
of whom part-time	2,520	2,525	308	278	2,212	2,247		
<b>Total</b>	<b>23,068</b>	<b>22,824</b>	<b>11,451</b>	<b>11,267</b>	<b>11,617</b>	<b>11,557</b>		

<sup>1</sup> Comprises the active core workforce and inactive employment relationships (not including people in the passive phase of partial retirement); casual workers, interns, trainees are not included.

As shown in the table entitled “Workforce by employment contract, type of employment and gender”, 96.4% (96.1%) of Talanx Group employees have permanent employment contracts. A total of 10.9% (11.1%) of all employees work part-time.

In the Retail Germany Division, insurance is sold via insurance brokers, bank sales partners and cooperative arrangements with other businesses, as well as by tied agents (employees) and by self-employed commercial agents working exclusively for HDI. All in all, 355 (362) commercial agents worked for HDI’s tied agent operations at the 2020 year-end. In addition, the Talanx Group had a total of 193 (386) contract workers in Germany. This figure corresponds to less than 2% (4%) of the total number of staff employed in the country.

The following sections in this chapter contain detailed information on the Talanx Group’s workforce in Germany (not including the Hannover Re Group).

**GRI 102-8** There are no significant variations in the number of employees (e.g. for seasonal reasons) in the Talanx Group. Employee data are captured centrally and locally using a number of different software systems such as SAP and Tagetik.

**GRI 102-41** Joint decisions-making by employees is ensured via the employee representatives on the Supervisory Board and by co-determination within the enterprise. This takes place at three different levels within the Talanx Group, with a relevant body for each: the local works councils at the establishment level, the Company Works Council at Company level and the Group Works Council at Group level. Each level also represents the interests of our vocational trainees and disabled employees.

A total of 91.3% (92.1%) of Talanx Group’s employees in Germany (excluding the Hannover Re Group) are covered by collective bargaining agreements, i.e. the companies are members of the Employers’ Federation or apply the national general collective agreement for the private insurance industry. The remuneration paid to the remaining employees is not covered by collective bargaining agreements. The large majority of these are people who perform special duties or have responsibility for areas for which the requirements are higher than those set out for the highest remuneration group under the collective bargaining agreement.

## Employee recruitment and development

**GRI 103-1 Materiality:** Competent, committed and entrepreneurial staff are a critical success factor for the Talanx Group. This means that recruitment, education and training are material topics for us. Our employees use their many and varied talents at our different Group companies to drive forward our business success and promote customer satisfaction. Our professional programmes facilitate employee development and help staff continuously enhance their skills. These offerings also take developments such as demographic change, the decline in the size of the working population and changes in the world of work into account. The Talanx Group uses a variety of strategic approaches to ensure it always has adequate numbers of talented young staff. These include dual-track vocational training and degree courses, plus induction, graduate trainee and talent development programmes.

**Topic Boundary and impacts:** Human Resources is the main function within the Talanx Group responsible for employee topics, although these also affect individual employees and hence the Group as a whole. Externally, personnel marketing is one of the key tools used to underpin the Group’s image as an attractive employer for (potential) applicants. In addition, impacts arise at all places in the value chain in which employees come into contact with customers, since well-qualified customer support staff ensure the quality of our services. Sound education and training are therefore a prerequisite for our business success and competitive position.

**GRI 103-2 Measures and guidelines:** Our human resources work aims to ensure our Company’s sustainable, profitable growth. We achieve this by having the right people in the right place and assigning them the right tasks. Value-based management and a culture of cooperation are at the heart of everything we do. An effective, efficient human resources process is needed in order to remain competitive in the long term and to attract and retain qualified employees. It also ensures that the Talanx Group is well positioned to meet the challenges posed by demographic change. Human resources support, human resources marketing, initial professional training and employee development are key components of our Group-wide human resources work.

**GRI 201-3** A transparent management style aims at promoting a risk-conscious, high-performance culture among our employees. Our management tools and flat hierarchies are based on a high degree of individual personal responsibility. In addition, the Talanx Group offers performance-related pay, flexible working hours where the job permits and attractive social benefits. The latter include occupational retirement provision, capital accumulation benefits, and holiday and Christmas bonuses. Group companies have generally made defined contribution or defined benefit pension commitments to their employees. Measured in terms of the sums involved, the majority of pension commitments are based on defined benefit plans. Additional information on the Talanx Group’s pensions and other post-retirement benefits can be found in the Annual Report 2020 (see the section entitled “Provisions for Pensions and other Post-Employment Benefits” on page 206ff.). All these benefits are reflected in our moderate staff turnover rate and employees’ long periods of service with the Group, see also the section entitled “Recruiting and attracting talent” (page 81 f.).

Initial vocational training is a key element in attracting and retaining talented young staff in Germany. This can be seen from the consistently high proportion of vocational trainees who are taken on permanently after completing their courses, which has been in the range of 80% to 90% for years. Different companies within the Talanx Group offer a wide range of training options, from classic vocational training through to bachelor’s degrees.

A broad range of internal training opportunities ensures our employees have the skills they need to perform their current and future tasks. We are increasingly deploying new learning formats here, which permit both digital learning and collaborative learning based on targeted networking within the Group. In addition, our financial support for in-service vocational training and degree programmes promotes employability in general.

Identifying and developing our next generation of managers and specialists is another focus of our human resources development work. Individual development and induction programmes are used to prepare and qualify potential candidates for their future work. As a result, management and specialist positions can largely be filled from within the Group's own ranks, assuming candidates are equally qualified; see also the section entitled "Recruiting and attracting talent". This human resources policy offers career-driven high performers especially attractive prospects. The development programme for young professionals that we launched in 2018 aims to ensure that the best vocational trainees and dual-track degree students stay with the Group. In addition, we offer ongoing qualification measures designed to develop employees' professional and methodological expertise, and to enhance their personal skills. We established our Agility Campus in 2018 to support our transformation into an agile organisation. This offering, which is aimed at both managers and other employees, comprises a number of different modules, teaches participants about agile methods and helps promote an agile mindset. In 2020, our almost entirely digital continuing education offering focused among other things on building digital skills, working together as a team in virtual environments, and expanding leadership skills to include remote leadership. Employee reviews, feedback instruments and personal stocktaking exercises can also be used to enable staff to reflect on their own behaviour and adapt to changed requirements.

The Talanx Corporate Academy is a core tool for strategy implementation and cultural development within the Group. The programme teaches strategy issues to top managers from all divisions. The focus in 2020 was on leadership and digital transformation.

The Talanx Group's strategic decision to focus its university marketing on six selected universities and institutions of higher education is designed to attract suitable graduate recruits for the Group.

In April 2016, the Talanx Group joined the [Fair Company Initiative](#), Germany's largest employer initiative for students and young professionals. Around 600 companies in Germany have signed up to the initiative, which was launched by [karriere.de](#) – a portal run by the "Handelsblatt" daily newspaper and "WirtschaftsWoche" magazine. It aims to promote reliable, recognised quality standards and transparent rules for interns. By joining, the Talanx Group has underscored its existing long-term commitment to the responsible, forward-looking organisation of student placements.

The Talanx Group has also set itself the goal of continuously reviewing its rules and guidelines in the area of work and employees. One of the aims here is to analyse whether it would make sense to expand them to include sustainability criteria and, if so, how to do this.

**Responsibilities:** We need effective, efficient human resources processes and services if we are to compete for the next generation of top talent and to meet the challenges posed by demographic change. Human resources support, human resources marketing, initial professional training and employee development are key components of our Group-wide human resources work. The member of HDI Service AG's Board of Management responsible for Human Resources has been assigned responsibility for Group-wide human resources activities; these include implementing and enhancing our human resources strategy, planning and managing the various human resources functions' strategic goals and operational activities, and managing

stakeholders and their needs. The Talanx Group's Labour Relations Director is responsible for human resources at the level of the Talanx Group's Board of Management; this role is performed by the Chairman of the Board of Management.

The various units within the Human Resources department are responsible for initiating the Group's human resources policy and the concepts behind its strategy in this area, and for developing and implementing leading-edge human resources activities. In addition, the department has specialists in the areas of human resources management (including support and human resources marketing), employment law, remuneration management, occupational pensions, human resources administration (including payroll administration and human resources controlling) and human resources development (including education and training, talent development, management development and change management).

Other key tasks include ensuring at a strategic level that the Company recruits and retains talented young staff by offering dual-track vocational training and degree programmes, and induction, graduate trainee and talent development programmes. The department's responsibility generally covers the Group companies in Germany with the exception of the Hannover Re Group; in the case of some topics (e.g. international programmes such as the Management Development Programme or the Talanx Corporate Academy) it also extends to our foreign companies.

The Talanx Group's activities in the area of education and training also extend above and beyond its own employees (see the section entitled "Corporate Citizenship" ([page 88](#))).

**GR 103-2 | 103-3 Results and monitoring:** Human resources controlling is responsible for planning, managing and monitoring human resources activities and processes within the Talanx Group. Key elements of this process include regular analyses of headcount changes and human resources reporting (both internal and external). In addition, the Operational Auditing Competence Centre performs human resources risk and process assessments in accordance with the principles set out by the Institute of Internal Auditors (IIA).

### Recruiting and attracting talent

**GR 401-1** The following tables document the numbers of staff joining and leaving the Company in the reporting period. They also provide a breakdown of these employees by gender and age. These topics are also addressed in the section entitled "Diversity and equal opportunity" ([page 84 ff.](#)).

## NEW HIRES AND DEPARTURES BY GENDER AND AGE (GERMANY)

	New hires				Departures			
	Number		% <sup>1</sup>		Number		% <sup>1</sup>	
	2020	2019	2020	2019	2020	2019	2020	2019
Male	390	445	4.2	4.8	450	402	4.7	4.2
Female	268	326	2.9	3.5	351	336	3.7	3.5
<b>Total</b>	<b>658</b>	<b>771</b>	<b>7.1</b>	<b>8.3</b>	<b>801</b>	<b>738</b>	<b>8.4</b>	<b>7.7</b>
30 or younger	228	217	2.5	2.4	154	161	1.6	1.7
Over 30–50	359	478	3.9	5.2	316	304	3.3	3.2
Over 50	71	76	0.8	0.8	331	273	3.5	2.9
<b>Total</b>	<b>658</b>	<b>771</b>	<b>7.1</b>	<b>8.3</b>	<b>801</b>	<b>738</b>	<b>8.4</b>	<b>7.7</b>

<sup>1</sup> Figures for Germany (not including the Hannover Re Group) were calculated uniformly using the average headcount.

NEW HIRES AND DEPARTURES BY GENDER AND AGE (REST OF WORLD)<sup>1</sup>

	New hires				Departures			
	Number		% <sup>1</sup>		Number		% <sup>1</sup>	
	2020	2019	2020	2019	2020	2019	2020	2019
Male	576	703	6.4	8.4	623	604	6.9	7.3
Female	530	765	5.9	9.2	637	647	7.1	7.8
<b>Total</b>	<b>1,106</b>	<b>1,468</b>	<b>12.3</b>	<b>17.6</b>	<b>1,260</b>	<b>1,251</b>	<b>14.0</b>	<b>15.0</b>
30 or younger	448	567	5.0	6.8	432	402	4.8	4.8
Over 30–50	588	824	6.5	9.9	668	727	7.4	8.7
Over 50	70	77	0.8	0.9	160	122	1.8	1.5
<b>Total</b>	<b>1,106</b>	<b>1,468</b>	<b>12.3</b>	<b>17.6</b>	<b>1,260</b>	<b>1,251</b>	<b>14.0</b>	<b>15.0</b>

<sup>1</sup> Figures for the foreign companies were calculated uniformly using the average headcount. 2020: Excluding staff leaving in Turkey; 2019: The figures given for the numbers of staff joining and leaving the foreign companies do not include staff leaving in Turkey and staff joining and leaving in Chile.

Employee turnover for the Talanx Group amounted to 8.4% (7.8%), an increase compared to the previous year. The main reasons for this apart from natural turnover were terminations by employees and severance agreements.

**GRI 202-1** Standard entry-level salaries in Germany are based on the provisions of collective wage agreement for the insurance industry. For our employees, they are always above the statutory minimum wage. We use a Group-wide job assessment process for senior executive positions. Entry-level salaries for new hires are gender-neutral and are determined on the basis of the position involved and the employee's qualifications and professional experience.

**GRI 202-2** Generally, 100% of senior executives in Germany and in Talanx's foreign subsidiaries are recruited locally. This group is defined as comprising the members of the relevant boards of management and the executives reporting directly to them. German managers are also seconded to perform certain management functions at locations abroad for limited periods as part of personal development measures. We are facilitating a growing number of exchanges of specialists and management personnel between our German and foreign units as part of the Group's internationalisation strategy. We also regularly assign colleagues from subsidiaries and branches abroad to

take part in key international projects within the Talanx Group, and these staff members then work temporarily in Germany as a result.

A total of 118 (85) management positions needed to be filled in Germany in the reporting period. Of these open positions, 94 (73) were filled with internal candidates during the period; this corresponds to 79.7% (85.9%) of the total.

As at the end of 2020, the Talanx Group had 204 (245) graduate trainees, 306 (316) vocational trainees, 11 (17) interns, and 455 (500) casual workers. A total of 146 (220) graduate trainees and 215 (271) casual workers were employed abroad.

The average period of service for employees in the Talanx Group in Germany as at 31 December 2020 was 15.1 (15.2) years.

## Education and training

**GRI 404-1** In Germany, a total of approximately 18,000 (24,000) days of continuing professional development (CPD) were devoted to specialist insurance seminars and sales training, methodological and behavioural training, specialist and management training, and language and IT courses in 2020. This figure covers both classroom and web-based training. In 2020, many courses were held as web-based courses because of the pandemic. In addition, well in excess of 10,000 purely online courses were held using LearningSpace, our internal learning management system. The CPD offered is aimed at all Talanx Group employees in Germany (with the exception of the Hannover Re Group) regardless of their position in the corporate hierarchy; some programmes are specifically designed for the bancassurance and sales companies. This corresponds to roughly 2.7 (2.9) days of CPD per person per year. Both managers and employees in non-managerial positions participated in training.

**GRI 404-2** The following table gives an overview of Talanx’s skills management programmes and tools in Germany.

### SKILLS MANAGEMENT AT TALANX

#### Induction and development programmes

Management Development Programme (MDP) – international
Talanx Excellence Programme (TEP)
Divisional Development Programme (BEP)
Certified Project Manager Development Programme (EPP, Zert.)
Expert Development Programme (EPE)
First-time Manager Development Programme (EPF)
Talent Development Programme (PEP)
Career starter programme for former apprentices and dual-track degree course students (TOP 11)
Trainee programmes: IT trainee programme, underwriting trainee programme (Industrial Lines), Risk Management trainee programme

#### Human resources development instruments

Stocktaking exercise
Let’s Talk (employee review)
Communications skills development using HDI GROW
Coaching for specialists and managers
Mentoring programme for women
Talanx Corporate Academy

A comprehensive range of CPD offerings and initiatives, such as the Agility Campus, methodology and behaviour seminars, and training in IT, languages, specialist subjects and insurance topics

See **GRI 404-1**

We consider employee qualifications to be a critical success factor, which is why our companies have implemented concrete professional development programmes for employees and managers. Where appropriate, these programmes can also be tailored to specific employees groups in order to maximise their effect. Measures include seminars, training courses and individual coaching offerings that are developed on the basis of regular employee reviews. In some cases where employees are made redundant or terminated, outplacement

programmes designed to ensure a smooth transition are offered. Employees approaching retirement are able to opt for partial retirement for a certain transitional phase. This means that the employer can reduce the number of hours they work.

**GRI 404-3** The different companies have different tools and processes that managers use to hold regular feedback discussions with their staff, due to different works agreements. With effect from the start of 2020, “Let’s Talk” offers a uniform employee review procedure for the whole of Germany, which helps create successful cooperation and trusting communication between managers and staff. Talanx’s senior executives – generally first- and second-tier managers – have annual reviews with their superiors as part of their goal-setting process.

## Talanx as an employer

**GRI 103-1 Materiality:** Numerous examples can be given of developments that are changing the nature of work within the Group. These include a rising number of older members of the workforce, the younger generations (generations Y and Z), the need for greater mobility and an improved work-family balance, increasing globalisation and an associated rise in the proportion of people in our society who come from migrant backgrounds.

Our proactive diversity management policy, our offerings for achieving a better work-family balance, and the remuneration and other company benefits that we provide aim not only to create a respectful, open and inclusive working atmosphere in which people with a wide range of individual skills collaborate readily, but also to actively and consciously use and promote diversity in order to maintain and increase our Company’s success and competitiveness. Respecting and observing human rights and ensuring equal opportunities are part of how we define ourselves as a company.

**Topic Boundary:** The topic of Talanx as an employer, with all its many different aspects, is relevant for the entire Talanx Group down to individual employees. Outside the Group it is relevant to the supply chain/value chain, e.g. it is important for (potential) job applicants, but also for customers and business partners with whom our employees are in, or make, contact.

**Impacts:** Employee diversity is part of our DNA. We cultivate a corporate culture of respect, appreciation and mutual acceptance. Talanx employs women and men from an extremely wide range of national, ethnic, religious and personal backgrounds and of different ages, as well as people with and without disabilities and with different sexual orientations. It is precisely this diversity that makes our heterogeneous Group successful. We therefore define diversity management as consciously promoting variety among the workforce and ensuring equal opportunities so that all employees can deploy their skills and talents as optimally as possible. At the same time, our actions can contribute to promoting acceptance and openness within society and hence make a positive contribution above and beyond a basic respect for human rights. The Talanx Group is keen to ensure a successful work-life balance and supports this by offering flexible working time models, opportunities for part-time work and a deferred compensation scheme. Remote working schemes enable employees to manage their daily work more flexibly and hence, for example, to improve their work-family balance. Our additional benefits and con-



crete offerings designed to improve our employees' work-family balance support our staff, contributing both to their basic security and to their general satisfaction.

**GRI 103-2 Measures and guidelines:** The Group has already taken a number of measures to promote diversity, prevent discrimination and support our employees in their development regardless of their origins. In addition, a number of internal rules and regulations aim to ensure and monitor compliance with human rights. A number of works agreements on human resources topics also exist. The decision by the Talanx Board of Management in September 2020 to make a Board of Management member responsible for diversity also underscores the importance that promoting this topic within the Company has for the Talanx Group. The goal is to develop a Group-wide diversity strategy.

In its ["Diversity Commitment"](#), the Group's Board of Management has undertaken to acknowledge, value and incorporate diversity in Talanx's corporate culture. In addition, in 2013 the Board of Management signed the [Diversity Charter](#), a corporate initiative designed to promote diversity at companies and institutions. The Diversity Charter is a binding foundation for our activities. The Board of Management also takes diversity into consideration when making appointments to management positions, in line with the Company's Corporate Governance Principles.

One example of how we promote diversity is our cross-generational mentoring programme for young professionals, which teams up young staff on dual-track degree programmes with experienced managers who act as mentors, encouraging their mentees' development and sharing their knowledge and experience with them. Job rotation helps further promote a culturally and ethnically international Group.

Talanx employs people with international roots and different cultural backgrounds. The Group is participating in the [Project "Adelante"](#), which enables EU citizens to receive vocational training at companies in Germany.

## Diversity and equal opportunity

The Talanx Group is committed to ensuring equal opportunities for men and women and intends to further increase the proportion of women in management positions in the long term. The German Act on the Equal Participation of Men and Women in Management Positions in the Private and Public Sectors (FüPoG) requires listed companies and companies that are covered by co-determination requirements to set targets for the proportion of women on their supervisory boards and boards of management/among their managing directors, plus the two tiers of management below this, and to report on whether these targets have been met.

In line with the statutory requirements, Talanx AG's Supervisory Board has to comprise at least 30% women; this figure applies to any elections and new appointments to fill one or more seats on the Supervisory Board that become necessary as from 1 January 2016. The Supervisory Board comprises more than 30% women both when taken as a whole and when broken down by employee and shareholder representatives.

The Supervisory Board has announced that it will seek to appoint at least one woman to the Board of Management in the period from 1 July 2017 to 30 June 2022. A target of 20% women was defined for the tier 1 management level and one of 30% for tier 2 management; see [page 84 ff.](#)

In order to achieve this goal, it is important for our human resources development function to actively and systematically advance our female employees. One of the diversity management measures we offer is a women's mentoring programme that aims to help high-potential female employees to grow into more senior management positions. The mentors, all of whom are members of boards of management or senior executives, support their mentees for a year. In addition, our Company has dedicated development programmes for management and specialist functions and project managers that are open to both women and men. Managers at Talanx are regularly made aware of the need to encourage and develop female employees with potential, so as to increase the proportion of women in management positions in the long term. Additionally, a women's network, Women@Talanx, promotes informal contacts among female specialists and managers at all levels of the corporate hierarchy. Talanx's women's network has independently set itself the goal of giving our Group's female employees a platform for networking so that they can learn from and with each other. The women's network is sponsored by Torsten Leue, the Chairman of Talanx AG's Board of Management.

**GRI 103-2 | 103-3 Results and monitoring:** Proactive diversity management is an integral part of the planning, management and monitoring of human resources activities and processes within the Talanx Group and as such is part of human resources controlling; see also the section entitled "Recruiting and attracting talent" ([page 81 f.](#)). In addition, Talanx's Operational Auditing Competence Centre regularly performs human resources risk and process audits in accordance with the principles set out by the Institute of Internal Auditors (IIA).

The decision by the Talanx Board of Management in September 2020 to make a Board of Management member responsible for diversity underscores the importance that promoting this topic within the Company has for the Talanx Group. Talanx has resolved to appoint a Diversity & Inclusion Manager as of March 2021. Talanx decides to appoint a Diversity & Inclusion Manager as of March 2021; her task will be to develop a Group-wide diversity strategy.

**GRI 405-2** For Talanx, diversity management also means reaching as many potential job applicants as possible. This is why salaries are paid exclusively on the basis of the job concerned, taking employees' qualifications and performance into account. Position grading at specialist and management level is also based exclusively on the tasks and responsibilities associated with the post. By contrast, gender does not play a role in our remuneration policy. Two people doing the same job and with the same or similar experience and skills will not be offered different salaries because they have different genders.

**GRI 406-1** Talanx does not tolerate discrimination on the basis of race, colour, gender, age, ethnic origin, religion, sexual orientation, gender identity or gender expression, relationship status, nationality, disability, medical conditions, or any other legally protected factor. There were no cases of discrimination that would have required disciplinary consequences.

**GRI 405-1** The following table shows the breakdown of Talanx AG's management bodies by the diversity categories of gender and age as at 31 December 2020. The proportions of women at the various different levels of the Group as a whole (including the Hannover Re Group) are given in the table entitled "Proportions of women in the Group". The table entitled "Breakdown of employees by gender and age" shows the composition of the workforce. The average age of employees was 45.6 (45.6) years.

#### BREAKDOWN OF TALANX AG'S MANAGEMENT BODIES BY GENDER AND AGE

	Number	By gender			By age	
		Male %	Female %	30 or younger %	30–50 %	Over 50 %
<b>2020</b>						
Board of Management	6	100.0	—	—	33.3	66.7
Supervisory Board	16	68.8	31.3	—	16.7	83.3
<b>2019</b>						
Board of Management	6	100.0	—	—	16.7	83.3
Supervisory Board	16	68.8	31.3	—	—	100.0

#### PROPORTIONS OF WOMEN IN THE GROUP (NOT INCLUDING CASUAL WORKERS AND GRADUATE TRAINEES)<sup>1</sup>

	Germany				Rest of world				Total			
	Men	Women	Total	Proportion of women %	Men	Women	Total	Proportion of women %	Men	Women	Total	Proportion of women %
<b>2020</b>												
<b>Total members of the Board of Management/managing directors<sup>2</sup></b>	<b>55</b>	<b>4</b>	<b>59</b>	<b>6.8</b>	<b>70</b>	<b>11</b>	<b>81</b>	<b>13.6</b>	<b>125</b>	<b>15</b>	<b>140</b>	<b>10.7</b>
Tier 1 managers	168	26	194	13.4	200	81	281	28.8	368	107	485	22.5
Tier 2 managers	403	104	507	20.5	510	276	786	35.1	913	380	1,293	29.4
Tier 3 managers	164	72	236	30.5	545	331	876	37.8	709	403	1,112	36.2
<b>All managers</b>	<b>735</b>	<b>202</b>	<b>937</b>	<b>21.6</b>	<b>1,255</b>	<b>688</b>	<b>1,943</b>	<b>35.4</b>	<b>1,990</b>	<b>890</b>	<b>2,880</b>	<b>30.9</b>
Active staff members not including managers	4,787	4,481	9,268	48.3	4,545	5,553	10,098	55.0	9,332	10,034	19,366	51.8
<b>All active staff members, managers and employees in the passive phase of partial retirement<sup>3</sup></b>	<b>5,622</b>	<b>5,040</b>	<b>10,662</b>	<b>47.3</b>	<b>5,829</b>	<b>6,577</b>	<b>12,406</b>	<b>53.0</b>	<b>11,451</b>	<b>11,617</b>	<b>23,068</b>	<b>50.4</b>
<b>2019</b>												
<b>Total members of the Board of Management/managing directors<sup>2</sup></b>	<b>56</b>	<b>4</b>	<b>60</b>	<b>6.7</b>	<b>69</b>	<b>11</b>	<b>80</b>	<b>13.8</b>	<b>128</b>	<b>14</b>	<b>142</b>	<b>9.9</b>
Tier 1 managers	166	27	193	14	197	77	274	28.1	363	104	467	22.3
Tier 2 managers	414	95	509	18.7	491	240	731	32.8	905	335	1,240	27
Tier 3 managers	189	78	267	29.2	526	343	869	39.5	715	421	1,136	37.1
<b>All managers</b>	<b>769</b>	<b>200</b>	<b>969</b>	<b>20.6</b>	<b>1,214</b>	<b>660</b>	<b>1,874</b>	<b>35.2</b>	<b>1,983</b>	<b>860</b>	<b>2,843</b>	<b>30.2</b>
Active staff members not including managers	4,707	4,431	9,138	48.5	4,421	5,572	9,993	55.8	9,128	10,003	19,131	52.3
<b>All active staff members, managers and employees in the passive phase of partial retirement<sup>3</sup></b>	<b>5,597</b>	<b>5,036</b>	<b>10,633</b>	<b>47.4</b>	<b>5,670</b>	<b>6,521</b>	<b>12,191</b>	<b>53.5</b>	<b>11,267</b>	<b>11,557</b>	<b>22,824</b>	<b>50.6</b>

<sup>1</sup> Comprises the entire Talanx Group including the Hannover Re Group.

<sup>2</sup> Members of the Board of Management with multiple functions are only counted once.

<sup>3</sup> Inactive employment relationships.

BREAKDOWN OF EMPLOYEES BY GENDER AND AGE (GERMANY<sup>1</sup> AND REST OF WORLD<sup>2</sup>)

	Number	Male %	Female %	30 or younger %	30–50 %	Over 50 %
<b>2020</b>						
Managers	937	78.4	21.6	0.5	55.1	44.4
Employees	9,268	51.7	48.3	10.2	51.1	38.7
<b>Total</b>	<b>10,205</b>	<b>52.7</b>	<b>47.3</b>	<b>9.4</b>	<b>51.4</b>	<b>39.2</b>
<b>Total rest of world</b>	<b>8,968</b>	<b>47.0</b>	<b>53.0</b>	<b>17.0</b>	<b>65.3</b>	<b>16.7</b>
<b>2019</b>						
Managers	969	79.4	20.6	0.2	54.7	45.1
Employees	9,138	51.5	48.5	10	51.8	38.2
<b>Total</b>	<b>10,107</b>	<b>52.6</b>	<b>47.4</b>	<b>9.1</b>	<b>52.1</b>	<b>38.8</b>
<b>Total rest of world</b>	<b>8,331</b>	<b>46.5</b>	<b>53.5</b>	<b>18.6</b>	<b>66.2</b>	<b>15.2</b>

<sup>1</sup> Comprises the active core workforce (incl. Hannover Re Group).

<sup>2</sup> The percentage distribution was calculated on the basis of data supplied by the foreign companies covered. 2020: Excluding the USA; information from Belgium and the USA could not be taken into account for 2019.

<sup>3</sup> Prior-year figure has been corrected.

## Work-family balance

Talanx sets store by a healthy work-life balance. Our divisions offer employees a wide variety of options for professional and personal development during all phases of their lives. We create an attractive, family-friendly working environment and working conditions in which both men and women can combine a job and a family as a matter of course. This is why we offer our employees flexible working time models and the ability to work part-time. Additionally, remote working enables employees to manage their daily work flexibly, in line with their individual requirements.

Many Talanx employees with children are facing childcare bottlenecks during the coronavirus pandemic. If personal flexitime credits and vacation entitlements are not enough to ensure that they cannot care for their children for at home without taking a cut in salary, employees may be able to benefit from “flexitime credit donations”. There is a high level of solidarity among Talanx’s employees, coupled with the wish to donate overtime credits from their own flexitime balances. Talanx has created a framework for this solidarity among staff belonging to Talanx’s Primary Insurance Group in Germany by enabling “flexitime credit donations”. All in all, 430 donors gifted roughly 12,576 hours in the period up to the end of December 2020 – in line with our Talanx Purpose: “Together we take care of the unexpected and foster entrepreneurship”.

Our family service supports parents by helping them to find suitable childcare. Another way in which we support parents of pre-school age children is by paying a tax-free monthly contribution towards their childcare costs. Since 1 January 2014, this allowance has been granted for one year to employees who resume working for a Talanx Group company in Germany (not including the Hannover Re Group) after the end of their parental leave. Since we recognise that the ability to combine a career and a family is important for our employees, we not only offer extremely flexible part-time working options but also allow staff to work from home during their parental leave period. As part of our efforts to improve our employees’ work-family balance, a number of locations have set up parent-and-child offices. These offer

emergency support to parents with short-term childcare problems (which can arise, for example, if their child minder is suddenly taken ill or lessons at school are cancelled at short notice). In this way, parents can look after children up to the age of 12 and work at the same time. In addition, the Talanx Group provides a fixed number of nursery care places in Hannover. A dedicated day care centre is being planned for Hannover and is scheduled to open in 2021.

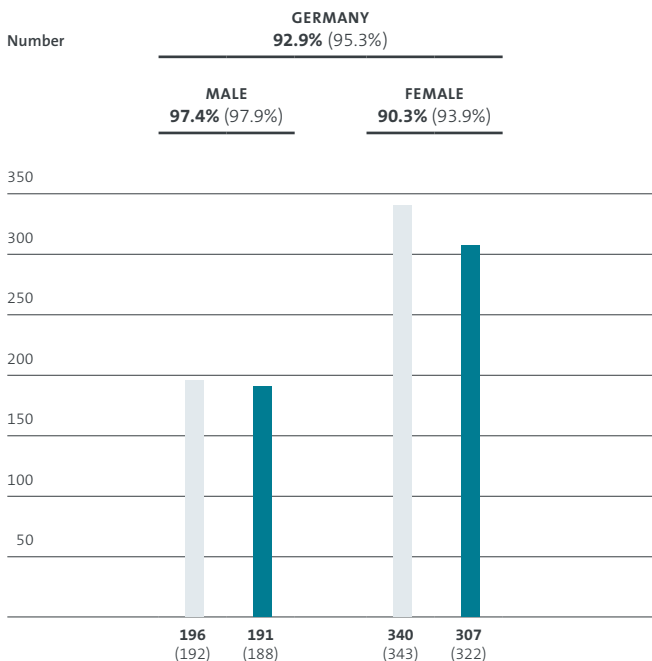
Our employees have access to a comprehensive range of preventive measures as part of the Company’s holistic health management programme, allowing them to strengthen their personal capabilities. Health days are held regularly at all German locations, and in 2020 an overarching digital HDI Health Week was held for the first time. In addition, employees have access to external counselling and a family service in the case of personal, professional, or psychological issues.

To understand how employees view the Group’s culture and organisation, Talanx’s Board of Management invites all employees worldwide to take part in an “Organisational Health Check” (OHC) survey every year. Talanx’s OHC consists of roughly 30 questions and was performed for the second time in 2020.

Employees are also granted other company benefits such as special leave in certain circumstances, subsidised lunches and the subsidised use of public transport; see also the section entitled “Remuneration and benefits” ([page 88](#)).

**GRAI 401-3** In Germany, a collective agreement specifies that additional parental leave of up to six months can be taken immediately after the statutory parental leave period in certain circumstances, in order to ensure continued childcare. Parental leave under the collective agreement for the private insurance industry ends at the latest three-and-a-half years after a child is born.

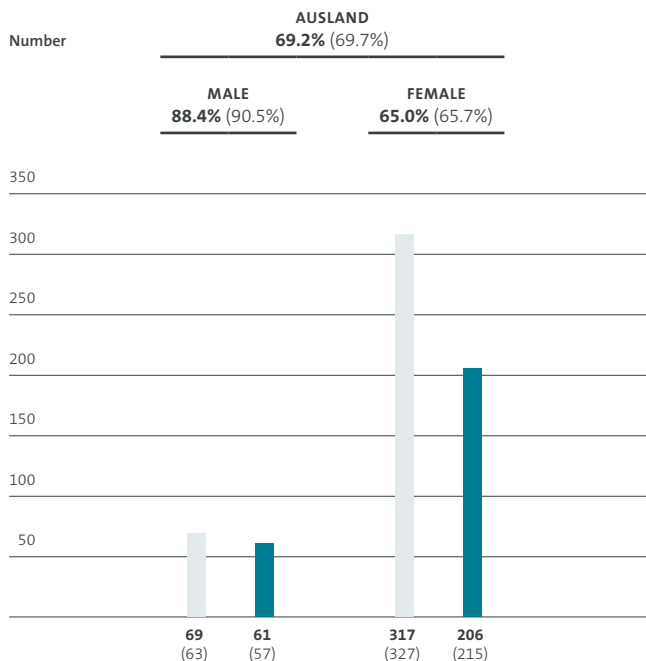
### RETURN FROM PARENTAL LEAVE (GERMANY)



2020/2019

■ On parental leave in previous period.  
 ■ Returned to work in the reporting period or planning to return in the following year.

### RETURN FROM PARENTAL LEAVE (REST OF WORLD)<sup>1</sup>

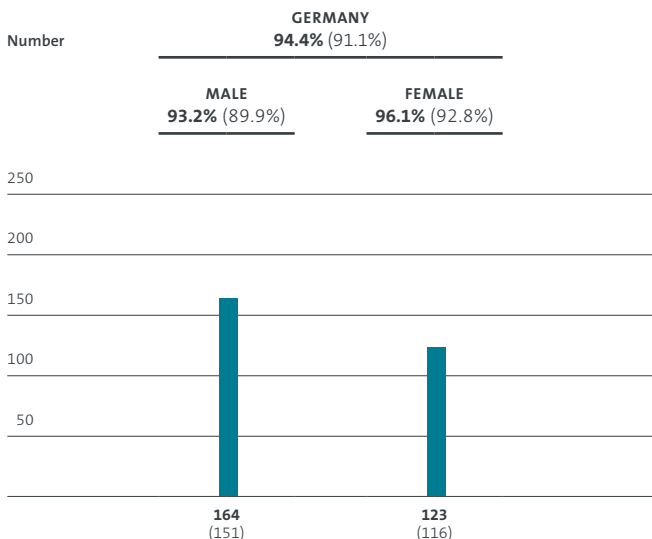


2020/2019

■ On parental leave in previous period.  
 ■ Returned to work in the reporting period or planning to return in the following year.

<sup>1</sup> 2020: No data available for Switzerland.

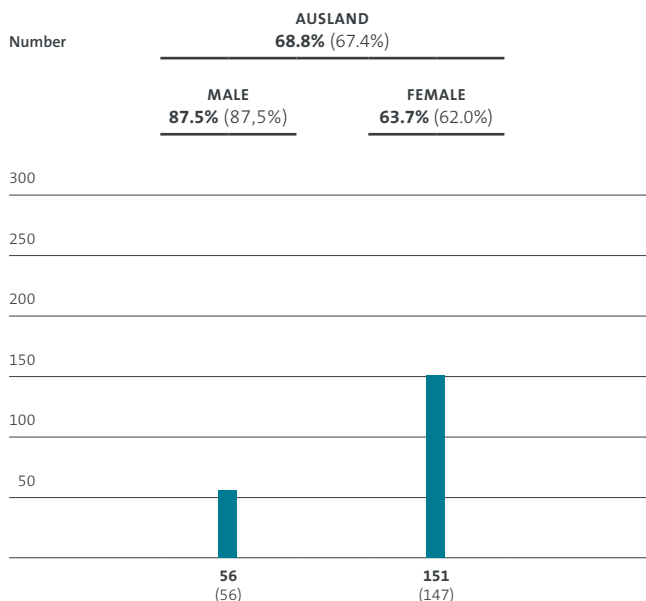
### RETENTION RATES AFTER PARENTAL LEAVE (GERMANY)



2020/2019

■ Retention rates after parental leave.

### RETENTION RATES AFTER PARENTAL LEAVE (REST OF WORLD)<sup>1</sup>



2020/2019

■ Retention rates after parental leave.

<sup>1</sup> 2020: No data available for Great Britain, Switzerland and Hungary.

## Corporate citizenship

Talanx is aware of the social responsibility that comes from being a listed company that employs people around the world. As a responsible corporate citizen, the Group works to advance social matters, and promotes charitable projects and local initiatives. In this way, we support society above and beyond our actual business activities.

The Talanx Group is particularly active in the area of education and training. The core measure used here is the HDI Foundation's award of up to 15 scholarships per semester to talented students throughout Germany. The support provided covers selected insurance-related disciplines at the University of Braunschweig, Göttingen University, the University of Hamburg, Leibniz University in Hannover, the University of Leipzig, the University of Cologne, Cologne University of Applied Sciences, the Karlsruhe Institute of Technology and the University of Ulm. The total support package is worth around EUR 200,000 per year.

In addition, our "Deutschlandstipendium" scholarships provide support for students at universities in Hannover; these take the form of a mix of financial assistance and events and workshops held at the Company. The topics covered range from specialist lectures to training courses in key skills.

The Talanx Group is one of the sponsors of Germany's National Mathematics Competition. In addition to providing financial support, we work together with the organisers to offer online seminars on subjects relating to mathematics, such as actuarial science. The National Mathematics Competition is designed for school students of all classes who are interested in mathematics, both in German schools and abroad. By acting as a sponsor, the Group aims to stimulate interest in the subject among school students and to encourage and support talented young mathematicians. Insurance companies need mathematicians to calculate risks, premiums and technical provisions, among other things.

Another example of our social commitment is our support in Cologne for the "himmel & ääd e.V." association. Donations collected during Christmas campaigns and other events benefit children and young people in the city. "himmel & ääd e.V." organises daily lunches, homework and afternoon clubs, and leisure and vacation activities up to and including careers advice.

Group companies abroad are also involved in local social projects. For example, HDI Global SE in the Netherlands supports the Dirk Kuyt Foundation, which organises and assists with sports events for the disabled in the country. Our Mexican subsidiary HDI Seguros S.A. de C.V. works together with CEMEFI, a philanthropic organisation that aims to achieve a fair, supportive and economically developed society in Mexico. In the USA, HDI USA's Community Service Committee aims to identify charitable organisations to give back to those in need. For example, staff in Chicago support the local community by volunteering their free time at, or making donations to, organisations assisting cancer patients or homeless shelters, among other causes.

The Talanx Group also launched a large number of initiatives around the world to help people during this difficult coronavirus period. Our involvement takes many forms and is always tailored to local needs. And it is very different depending on whether it focuses on our customers, our employees or on social initiatives. [www.talanx.com](http://www.talanx.com)

## Remuneration and benefits

The Talanx Group's remuneration system comprises a performance-driven and responsibility-based salary along with results-based payments and the attractive social benefits mentioned here. Salary adjustments based on internal and external remuneration analyses ensure that Group pay is competitive. Paying adequate salaries and informing our staff transparently about the individual components of their overall remuneration are key human resources goals. At Talanx, individual salaries depend on the function performed and the employee's personal professional qualifications and performance. In addition to assigning positions to the salary bands set out in the collective agreement for the insurance industry, this is based on a uniform, non-employee-specific evaluation of all management positions throughout the Group that is performed using the standardised Hay method. This framework enables the Group to ensure that its salary structure is not only performance-driven and responsibility-based, but also market-competitive.

**GRAI 401-2** A large number of voluntary company benefits are also available in principle to all employees. In Germany, these comprise:

- Capital accumulation benefit
- Health management
- Special leave for specific events
- Childcare contribution
- Marriage and childbirth allowances
- Subsidised lunches
- Subsidised use of public transport
- Subsidised participation in external sports events
- Group accident insurance

Equally, there is no distinction in terms of voluntary benefits at our foreign subsidiaries between full-time and part-time employees. However, some benefits such as preventive healthcare measures and occupational retirement provision are reserved for employees with permanent contracts.

In response to an initiative by the Group Works Council, the Talanx Group entered into discussions with it that led to the formation of the TAUVE e.V. (Talanx Unterstützungsverein) benevolent fund. Employees who, through no fault of their own, find themselves in severe economic or personal difficulties can obtain financial assistance from the company. The one-time grants of up to EUR 5,000 do not have to be repaid.

## Occupational health and safety

**GRI 103-1 | 403-3 Materiality and impacts:** Since Talanx is a company that offers services in the areas of insurance and finance, the risks of physical injury and accidents at work are relatively low. Equally, employees are not exposed to significant health hazards. This applies to the entire Talanx Group. As a result, the topic is not material according to the materiality analysis that we performed in the reporting period. At the same time, the safety and health of our employees while at work are naturally of the greatest importance to us. Our employees are our capital and make a key contribution to our Company's success, which is why their well-being is a major company goal. For this reason, we report voluntarily on this topic.

**GRI 103-2 Measures and guidelines:** In Germany, we support our staff by providing active health management, a variety of sports offerings, modern catering and customised advice. Occupational safety specialists and company doctors serve our locations in Germany in line with the statutory requirements. We safeguard our employees' interests in work safety and healthy workplaces in close cooperation with corporate management, the works councils and the representatives of our currently 406 disabled employees.

The German Health and Safety at Work Act (ASiG) and the accident prevention regulations set out and regulate the statutory minimum standards for this.

In the area of prevention, we take prophylactic measures to help preserve employees' health and safety. This issue is very important at our Company. Our objective is to continuously improve, and hence increase and optimise, health and safety standards so as to preserve and enhance our employees' performance and motivation.

In line with this, our preventive activities include precautionary measures and screening for diseases, as well as stress management and exercise offerings, and general health information. A number of locations in Germany offer a wide range of health courses, from functional training through qigong and yoga down to massages.

Employees facing stressful personal, professional or health situations can find their working capacity is severely impacted. This is why our Company offers an external Employee Assistance Programme (EAP) that enables employees to obtain professional advice by phone and, in individual cases, personal discussions at their locations as well.

Documenting stress factors at work is becoming more and more important. The data is collected by performing a hazard assessment using the KFZA, an efficient short questionnaire for workplace analysis. This provides the Group with important information on weaknesses and potential for improvement.

The risks associated with performing tasks are regularly assessed, and employees trained on how to deal with them and provided with all the information they need. This also includes appointing teams of employees in the various buildings who are responsible for implementing emergency measures and conducting training exercises (e.g. for dealing with pandemics or fires).

By organising health days at multiple sites, Talanx does justice to both the strong demand, and the ongoing need, for health management

measures. Health is an important motivational aspect both for employees themselves and for their employer. Health days aim to sensitise employees for health issues and preventive measures, and hence to establish the topic as relevant for the enterprise. In particular, the events are designed to strengthen and promote individuals' health awareness. Health days are held regularly at all German locations, and in 2020 an overarching digital HDI Health Week was held for the first time.

These measures are flanked by the sponsored employee sports programme, whose successful track record stretches back for years: Talanx uses it to strengthen team cohesion, facilitate employee contacts across different locations, and boost colleagues' identification with the Group. The goal of the sponsored programme is to boost both employees' motivation and their health, and to help retain staff for the company.

**GRI 103-2 | 103-3 Results and monitoring:** We work continuously to enhance our occupational health and safety activities. Employers are obliged to take the measures necessary to ensure occupational safety, taking into account the circumstances influencing employee health and safety at work. To do this, they must establish a suitable organisation – an occupational health and safety system (see section 3 of the German Labour Protection Act (ArbSchG)). Our occupational safety specialists and our works doctors support the responsible staff in our companies and encourage them to play an active role in ensuring occupational safety. In line with the ArbSchG, the occupational safety specialists advise us, as the employers, so as to ensure that occupational health and safety is continuously enhanced and that occupational safety regulations are observed.

**GRI 403-2** In the case of Talanx Group employees, accidents at work are broken down into accidents that take place during work and those that take place on the way to or from work (travel accidents). In Germany, accidents at work that result in more than three calendar days' work being lost must be reported to the relevant occupational health and safety agency or accident insurance fund by both the employer and the attending physician. There were 8 (35) accidents at work at the Talanx Group in Germany in 2020, corresponding to an accident at work ratio of approximately 0.1% (0.4%); in addition, there were 8 (25) accidents on the way to or from work, corresponding to a ratio of approximately 0.1% (0.3%). Our occupational safety specialists assess the accidents in order to identify any preventive measures that need to be taken.

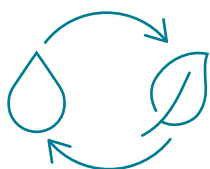


## Health@HDI: providing a balanced diet for employees

Occupational health management is a key motivational tool at the Talanx Group and serves to maintain employees' health and ability to work.

Nutrition – and hence the food we provide every day in our employee canteens and cafés – plays a big role in maintaining our employees' health and welfare. The challenge facing modern, forward-looking catering is to offer staff the right amount of healthy meals that are freshly prepared where possible. This naturally also has to take sustainability criteria into account, such as regional and seasonal procurement and ensuring animal welfare. In addition, daily vegetarian/vegan menus and cafeteria articles are provided. Organic German oat milk is also available in the cafeterias at our Hannover and Cologne locations as an alternative to normal milk. The works kitchens in Hannover and Cologne have received JOB&FIT certifications from the Deutsche Gesellschaft für Ernährung e. V. (DGE). In 2018, our employee restaurants in Hannover won awards for their sustainable approach. In Cologne, the canteen has also been certified to QCI organic standards for many years and 80% of its food comes from certified organic farms in the region. In Hannover, too, employees are provided with regionally sourced vegetables, fruit, dairy products and meat as part of a sustainable purchasing policy.

Above and beyond this, our nutrition scientists aim to reach out directly to staff in order to raise awareness of healthy eating. An intranet platform, HEALTH@HDI, has also been set up to promote this. In addition, a menu that complies with the DGE's quality standard and that meets office workers' healthy nutrition requirements is offered every day and is flagged with a special colour.



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## Day-to-day Operations and Procurement

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We are working towards climate-neutral operations



Hilde Schulz, Human Talent Director, and Juan Ignacio González, CEO, in front of HDI Seguros' new, sustainable and agile headquarters in León, Guanajuato, Mexico.

Our goal is to achieve climate-neutral operations with the help of our agile organisation.







(in the center) David de la Vega, material resources manager, at a meeting with his colleagues Eduardo Cervantes and Rafael Martínez Cervantes.



## Working sustainably

If the Group is to achieve its climate goals, it needs sustainable office buildings and working environments in particular. HDI Seguros is now focusing on ensuring a more agile organisation. And this in turn meant a move to a larger, more modern and more sustainable building. Especially as the old head office had become too small. “We decided to build a new headquarters that will allow staff to work in both an agile environment and a sustainable, certified building”, said Armando Prieto, Chief Financial Officer. The new head office will be opened in the third quarter of 2021.

## A “green” office complex

After the decision had been taken to ensure that the new campus should be consistently sustainable and meet the latest environmental and technological requirements, HDI commissioned Oa2 Oxigeno-Architect and Design for the project. The specialist architects and designers had already implemented a number of sustainability projects that had been awarded EDGE certification in the past. HDI Seguros decided to seek EDGE certification because this prescribes the same sustainable procedures as the company already is already implementing. In addition, a related app provides the architects and building owners with the support and transparency they needed to construct a green, certified building that is both energy- and resource-friendly. The EDGE planning process is forecasting that the measures taken will result in energy and water savings of up to 20% each, plus savings of a further 20% in the energy needed to produce the materials used (this is known as “grey energy” or “embodied energy”). All in all, this would yield total savings for the three planned buildings of 117 t of CO<sub>2</sub> per year. Joaquín Traslòsheros, Finance Operations Director, commented as follows: “The EDGE tool convinced us

### EDGE CERTIFICATION – EXPECTED SAVINGS



**20%**  
less energy



**20%**  
less water



**20%**  
less grey energy

**~117.42**  
TCO<sub>2</sub>/YEAR



Armando Prieto, the HDI Seguros Board member responsible for finance and administration, and Joaquín Traslòsheros, head of finance, are delighted at the future cost savings and positive environmental impact.





The challenge for our employees is to find new solutions and work in a more agile way. This can only be achieved by working together in an innovation-driven environment that supports collaborative, transparent work.

■ Juan Ignacio González, CEO HDI Seguros Mexico

that we have selected the right partner for our new headquarters. The team worked successfully to construct a new office complex that is clearly sustainable.”

To ensure the new building could deliver on the planned savings, the architects designed it to make optimum use of sunlight. This allows the solar cells on the roofs to generate electricity extremely efficiently. In addition, trees and other plants are being planted, creating a micro-environment that reduces the energy needed to cool the complex. Other sustainable design features include materials such as energy-efficient lighting systems and an air conditioning system that offers energy savings of up to 20%. The use of double-glazing for windows and reflecting colours for the façades add a further 20% to the building’s energy efficiency. Care is also being taken to ensure the efficient use of water during operations.

## New ways of working

HDI Seguros had originally planned to move in at the end of 2020. However, building work had to be suspended during the first wave of the pandemic. And that wasn’t all: the coronavirus pandemic also led

to new ways of working that raised questions about how staff would collaborate once it was over. The goal during the planning phase was not only to design a sustainable building but also to permit more agile cooperation.

Agility and digital transformation are critical focus issues for the Talanx Group’s continued long-term success. Additionally, a broad-based initiative aims to promote agile thinking and working and anchor them throughout the company for the long term. Agile organisations never stop learning and seek to be customer-centric in their work, improve their service offering and ensure profitable growth.



A wide variety of different types of space allow staff in Mexico to work together in an agile manner. This also applies to the future new headquarters in Leon. The picture shows colleagues from the Guadalajara branch.







Luis Fernando Velasco and Luis Alberto Andalon at the company’s Guadalajara location. At HDI Mexico, work in the office is continuing despite the coronavirus pandemic, with staff wearing masks.

As a result, the pandemic raised new questions, such as whether it was necessary to rethink the working environment, since social distancing and the increased use of videoconferences for virtual meetings have become the new normal. Should the workplaces in the new headquarters building be adapted to produce hybrid working environments featuring fewer people in each room and greater digital connectivity? The answer was a resounding “yes”. The reassessment has led to more closed rooms for online meetings being added to the planning. In addition, dedicated teamworking spaces and break rooms are vital for the new way of working, since they increase agility.

These new working methods also require more technology in the rooms so that staff can network with colleagues located remotely. Hilde Schulz, Human Talent Director: “In the spirit of agility, we rapidly adapted the plans to reflect the new hybrid way of working.” Half of the workplaces and meeting rooms will be equipped with permanent monitors and a variety of connectivity options. This will make what was already an attractive new building for employees even more interesting. In addition to enhancing agility, the new complex also reflects the radical change in working methods. As a result, modifying the planning led to an investment in the company’s sustainable future.

## EDGE CERTIFICATION

■ EDGE stands for “Excellence in Design for Greater Efficiencies”. The certification programme was launched in 2014. EDGE supports the planning and certification of resource-friendly, carbon-neutral buildings. The organisation helps construction companies, commercial property owners and investors with their planning by providing an app offering a standard for environmentally-friendly buildings, a software application and certification in more than 170 countries. Using the EDGE app can cut water and resource consumption by at least 20%. There are three certification levels. Level 1 is reached if energy, water and embodied energy savings of 20% or more are achieved. Level 2 applies to on-site energy savings of at least 40%. Level 3 is awarded to sites that use 100% renewable energy or purchase carbon offsets to top off at 100%. EDGE certification has saved 274,750 t of carbon emissions per year to date. For further information, see <https://edgebuildings.com>





## Day-to-day Operations and Procurement

We design our day-to-day operations to be sustainable and aim to ensure our purchasing activities focus continuously more sustainable products and services.

### Management approach

The Talanx Group's sustainability strategy also explicitly addresses our internal workflows and the wide range of external procurement processes that we launch as a company. Our commitment in these areas includes, for example, using resources sparingly, sourcing environmentally friendly products, respecting employee and human rights (including along the supply chain), and reducing our direct and indirect greenhouse gas (GHG) emissions.

Our environmental policy is part of Talanx's sustainability strategy. We aim to achieve continuous improvement and to comply with all applicable legal obligations and other requirements at all times. We also encourage our employees to conserve resources and observe sustainability aspects in their daily work, and act as a role model for them.

The Talanx Group's Code of Conduct, which is aimed at all employees, sets up-to-date standards for responsible, ethical behaviour at all levels of the Group. Our new Code of Conduct for Business Partners, which is currently in the implementation phase, addresses the procurement process.

### Climate change

**GR1 103-1 Materiality:** For us as a global insurance group, climate change is a material sustainability aspect that has a significant impact on all our business activities. Consequently, effective climate protection is fundamental to our sustainability strategy. We want to help achieve a lower-emissions economy by putting climate protection at the heart of our sustainability activities – in asset management, underwriting and environmental management alike.

**Topic Boundary:** The challenges posed by climate change affect the entire Talanx Group, including both the upstream and downstream stages in the process (see the "Value chain" graphic on [page 9](#)) and its key stakeholders: customers, business partners, investors and employees. Climate aspects can potentially have negative effects on the Company's net assets, financial position and results of operations, and on its reputation.

**Impacts:** Primary insurance and reinsurance of losses from natural hazards are an important element of our business model as a global insurance group with a strong focus on industrial insurance and reinsurance. Consequently, climate change results in both opportunities and risks for us. On the one hand, demand for insurance against natural hazards is likely to continue to increase, especially in previously underinsured growth regions. On the other hand, the risk of a negative financial impact from losses that have occurred will also increase. Assessing the probability of occurrence and impacts of natural disasters is becoming more difficult, since in the current exceptional climatic situation historical data can only be used as inputs to a limited extent (see the section entitled “Risks and opportunities due to climate change” on [page 62 f.](#)).

**GRI 103-2 Measures and guidelines:** This sustainability report describes the measures that we have already taken to align our business processes more closely with sustainability criteria, and particularly with aspects relating to the rapidly advancing process of climate change. As already mentioned at the beginning, the three elements of investment, underwriting and environmental management play a key role here. We provide detailed information on how our sustainability strategy is being implemented in these three areas in the sections entitled “ESG in asset management” ([page 63 ff.](#)), “ESG in insurance solutions” ([page 70 f.](#)) and in this chapter, “Day-to-day Operations and Procurement”. In addition, we make use of our membership of recognised initiatives and frameworks such as the UN Global Compact, the PRI, the United Nations Environment Programme Finance Initiative (UNEP FI)/PSI and the Allianz für Klima und Entwicklung (Alliance for Climate and Development). This also applies to information sharing in regional/local networks, where we obtain input for enhancing Talanx’s sustainability strategy.

Moreover, the Task Force on Climate-related Financial Disclosures (TCFD), which the Talanx Group has supported since the spring of 2020, published dedicated recommendations for transparent, effective corporate climate reporting in 2017. Among other things, the TCFD requires companies to present their strategy for dealing with the risks and opportunities posed by climate change transparently to their shareholders and other stakeholders.

**Responsibilities:** Given the complexity of the challenges resulting from climate change, the Board of Management and the divisions and departments within the Talanx Group share information on this subject both regularly and on an ad hoc basis (see the “Sustainability and governance” section on [page 19 ff.](#)). Particularly important in this context are the Group’s two ESG bodies – the Responsible Investment Committee (RIC) and the Responsible Underwriting Committee (RUC) – and the associated working groups that support the process of putting Talanx’s sustainability strategy into practice.

**GRI 103-2 | 103-3 Results and monitoring:** Since climate change impacts a number of non-financial aspects, the related targets and measures are primarily presented in the corresponding sections of the sustainability report. Since financial year 2019, operations at the Talanx Group’s German locations have been carbon-neutral. After determining its corporate carbon footprint in Germany, the Group offset approximately 25,000 metric tons of unavoidable carbon emissions using two high-quality offset projects in Indonesia and Brazil (reforestation: REDD+; Verified Carbon Standard (VCS) & Climate, Community and Biodiversity (CCBS) project). In addition, Talanx’s Board of Management resolved during the reporting period that its global operations will be carbon-neutral by 2030 at the latest.

Talanx’s approach is firstly to avoid and secondly to reduce greenhouse gases, and only in a third step to offset them. The following sections of this report provide further information:

- Value chain” ([page 9 f.](#))
- “Sustainability strategy and governance” ([page 15 ff.](#))
- “Our sustainability goals” ([page 22 ff.](#))
- “Risks and opportunities due to climate change” ([page 62](#))
- “ESG in Asset Management” ([page 63 ff.](#))
- “ESG in insurance solutions” ([page 70 f.](#))
- “Day-to-day operations and procurement” ([page 91 ff.](#))

## Environmental protection in the enterprise

**GRI 103-1 Materiality:** The Talanx Group does not operate any physical production facilities but rather offers insurance and finance services. As such, it has less impact on the environment than, for example, manufacturing companies or companies that are heavy users of raw materials. Nevertheless, the Group employs roughly 23,000 employees at its locations around the world, and they consume energy and materials, take business trips and travel to and from work. In addition, the Group purchases products and operating materials that its employees need to do their jobs, such as paper, IT products and food for its canteens. These aspects can impact the environment.

**Topic Boundary:** Within the Talanx Group, sustainability in day-to-day operations is mainly relevant for Corporate Operations. In addition, the consumption of materials and energy in particular is significantly influenced by individual employee behaviour. The impacts of our core activities on the environment are dealt with in the chapter entitled “Investment and Insurance Products” ([page 55 ff.](#)).

**Impacts:** We aim to ensure that our day-to-day activities are focused on sustainability by conserving resources, particularly in regard to energy and water consumption and materials usage. Greenhouse gas emissions can primarily be reduced by ensuring that our employees use environmentally friendly means of transport for travelling to and from work and for making business trips. In addition, we want to encourage Talanx employees to conserve resources and be aware of the need for sustainability in their day-to-day activities. The measures we take therefore aim both to avoid negative impacts and to encourage positive impacts.

**GRI 103-2 Measures and guidelines:** The following chapter describes the measures that we have already taken to align our day-to-day operations more closely with sustainability criteria. A key focus in this context is on conserving resources, since a careful approach not only reduces pressure on the environment but can also significantly cut operating costs (for example by avoiding waste). It goes without saying that all Group companies are interested in this – a fact that ensures progress.

Key measures taken include energy audits in accordance with DIN EN 16247, in which our energy utilisation is systematically analysed in order to identify potential for improvements more easily; our participation in energy efficiency initiatives such as the Climate Alliance Hannover 2030, Hannover ohne Plastik (HOP – “Hannover without Plastic”) and the BREEAM In-Use certificates obtained for individual locations.

**Responsibilities:** A number of functions that are assigned to HDI Service AG and HDI Systeme AG contribute to ensuring that day-to-day operations are designed in line with the principles of sustainability. Chief among them are Purchasing for the mobility product group (travel, vehicle fleet), IT Purchasing, Internal Services and Human Resources.

Internal Services is responsible throughout Germany for pooling, coordinating and performing technical, infrastructure and sales support services. This ensures that office operations run smoothly and reduces the workload of the sales units. The unit is responsible among other things for facility and lease management, setting up workspaces, canteen operations and catering, fire protection, logistics, waste disposal and issues relating to heating, ventilation and air conditioning. Environmental and sustainability topics are taken into account in a large number of areas.

Among other things, Human Resources Management organises offerings that allow employees to use local public transport at a reduced rate (group season tickets and “JobTickets”); see also the section entitled “Employee Travel to and from Work”, ([page 101](#)).

**GRI 103-2 | 103-3 Results and monitoring:** The Talanx Group uses the results of the materiality analysis, among other inputs, to develop the management approach to be taken in the Day-to-day Operations and Procurement action area. This analysis takes the opinions of our stakeholders into account. In addition, Talanx has set itself concrete targets for reducing emissions and energy consumption; see our sustainability goals ([page 22 ff.](#)). We review the progress we are making towards achieving these goals on an ongoing basis. The energy audits in accordance with DIN EN 16247 that we perform in line with the German Energy Services Act (EDL-G) also help here.

We are consciously using our participation in local initiatives such as the “Climate Alliance Hannover” and “Hannover ohne Plastik” (HOP) to take stock of our situation, analyse our weaknesses and develop measures to improve our internal environmental management.

The sustainability community launched in 2020 offers staff throughout Germany an opportunity to network about sustainability issues. The community met twice in the reporting period, with participants addressing a very wide range of different sustainability topics, from setting up beehives through sustainable partnerships for vehicle insurance down to organising a sustainable Christmas.

We also use the results of the ESG rating that we regularly undergo to enhance our internal environmental management.

As a responsible enterprise, the Talanx Group systematically captures the resources used in its operations. The following table gives an overview of the environmental indicators for the Talanx Group.

**ENVIRONMENTAL INDICATORS<sup>1</sup>**

Indicator	Unit	2020	2019
<b>Number of employees covered as at 31.12.</b>		<b>18,199</b>	<b>17,568</b>
Coverage	% of all employees	78.9	77.0
<b>Energy consumption</b>			
Energy consumption (heat and electricity) <sup>2</sup>	Total in MWh	975,106	294,159
Energy consumption (heat and electricity) <sup>2</sup>	MWh per employee	54	17
Fuel consumption – vehicle fleet <sup>3</sup>	Total in litres	10,290,389	11,695,465
Fuel consumption – vehicle fleet <sup>3</sup>	Litres per employee	565	666
<b>Employee business travel</b>			
Business travel (km by car/air/rail) <sup>4</sup>	Total km	72,016,359	116,782,000
Business travel (km by car/air/rail) <sup>4</sup>	km per employee	3,957	6,647
<b>Greenhouse gas emissions by scope</b>			
Scope 1 (direct emissions) <sup>5</sup>	Metric tons of CO <sub>2</sub> e	31,139	28,515
Scope 2 (indirect emissions) <sup>6</sup>	Metric tons of CO <sub>2</sub> e	42,124	40,548
Scope 3 (upstream and downstream emissions) <sup>7</sup>	Metric tons of CO <sub>2</sub> e	8,820	18,814
CO <sub>2</sub> emissions (Scope 1 + 2 + 3)	Total in metric tons of CO <sub>2</sub> e	82,083	87,877
CO <sub>2</sub> emissions (Scope 1 + 2 + 3) <sup>8</sup>	Metric tons per employee	4.5	5.0
<b>Material consumption and waste</b>			
Paper consumption <sup>9</sup>	Total in metric tons	538	839
Paper consumption <sup>9</sup>	kg per employee	30	48
Waste <sup>10</sup>	Metric tons	2,126	2,617
Waste <sup>10</sup>	kg per employee	230	283
<b>Water consumption</b>			
Water consumption <sup>11</sup>	Total in m <sup>3</sup>	217,923	164,041
Water consumption <sup>11</sup>	Litres per employee	12,194	9,338

<sup>1</sup> Deviations between the current data and the figures for previous years cannot be ruled out, since the boundaries of the report are constantly being expanded. As a result, the change in the data capture processes and calculation methodology means that the direct comparability of the annual data cannot be fully guaranteed. Significant deviations to the prior-year figures are explained in footnotes in the relevant sections of the report.

<sup>2</sup> 2020, 2019 (electricity consumption): The figures given for the companies abroad cover 100% of the staff employed there;

2020, 2019 (heat consumption): No complete data set available, data coverage > 45%. For the increase compared to the previous year: see key figures on page 4.

<sup>3</sup> 2020: No fuel consumption data available for Chile, Great Britain, Switzerland and the USA; 2019: No fuel consumption data given for Belgium, Chile and the USA.

<sup>4</sup> 2020 (company cars): No data available for Chile, Great Britain, Mexico and Switzerland; 2019: No data available for Belgium, Chile and Mexico; 2020 (air travel): No data available for Chile, Great Britain, Mexico and Switzerland; 2019: No data available for Chile and Mexico; 2020 (rail): No data available for Brazil, Chile, Great Britain, Mexico, Switzerland and Turkey; 2019: No data available for Belgium, Brazil, Chile, Mexico and Turkey. As in the previous year, related to all employees included in the report.

<sup>5</sup> 2020: No complete data set available for Brazil, Chile, France, Great Britain, Mexico, Switzerland, Turkey and the USA; 2019: Chile and the USA are not included in the Scope 1 emissions given for the companies abroad.

<sup>6</sup> 2020: No data available for Belgium, Great Britain, Hungary and Switzerland; 2019: Comprises 100% of the Talanx Group companies included in the report (not including the Hannover Re Group).

<sup>7</sup> 2020: No data available for Austria, Chile, Great Britain, Poland and Switzerland; 2019: Comprises 100% of employees at the companies included in the report.

<sup>8</sup> As in the previous year, related to all employees included in the report.

<sup>9</sup> Comprises the Talanx Group companies (not including the Hannover Re Group). 2020: No data available for France.

<sup>10</sup> The figures given comprise the German locations only (not including the Hannover Re Group).

<sup>11</sup> 2020: No data is available for Great Britain and Switzerland (moreover not including the Hannover Re Group). For the increase compared to the previous year: see key figures on page 4.

**GRI 302-1**  
**Energy consumption**

The Talanx Group aims to ensure the sparing use of energy. As a services enterprise, we naturally use less energy than companies that are engaged in manufacturing. Nevertheless, we are aware that savings can potentially be made at our company, too. We leverage these by implementing concrete measures.

**ENERGY CONSUMPTION - GERMANY<sup>1</sup>**

	2020	2019
Heat consumption in MWh	20,552	31,058
Electricity consumption <sup>2</sup> in MWh	22,288	24,423
<b>Total<sup>2</sup> in MWh</b>	<b>42,840</b>	<b>55,481</b>
Fuel consumption (petrol and diesel) in litres <sup>3</sup>	795,444	1,171,083

<sup>1</sup> In the case of Germany, the following information for the current year generally relates to our 15 (new: Rostock) national locations (headquarters and branch offices, not including the Hannover Re Group).  
<sup>2</sup> We calculate consumption figures on the basis of the information provided by utility companies and service charge costs. Since not all service charge invoices were available by the editorial deadline for this report, we estimated consumption conservatively on the basis of the figures for previous years. For the reduction compared to the previous year: see key figures on page 4.  
<sup>3</sup> The figures also include autogas consumption (2020: 164 liters).

**ENERGY CONSUMPTION – REST OF WORLD<sup>1</sup>**

	2020	2019
Heat consumption in MWh	27,963	4,758
Electricity consumption in MWh	904,303	233,921
<b>Total in MWh</b>	<b>932,266</b>	<b>238,679</b>
Fuel consumption (petrol and diesel) in litres	9,494,945	10,524,384

<sup>1</sup> 2020, 2019 (electricity consumption): The figures given for the companies abroad cover 100% of the staff employed there; 2020, 2019 (heat consumption): Data coverage > 45%. For the increase compared to the previous year: see key figures on page 4.  
<sup>2</sup> 2020: No fuel consumption data available for Chile, Great Britain, Switzerland and the USA (data coverage: > 87%); 2019: No fuel consumption data given for Belgium, Chile and the USA.

**GRI 302-3** The energy intensity measure used is the ratio of energy consumed to the space for which consumption is measured. The figure for the locations in Germany is 0.2 (0.2) MWh/m<sup>2</sup>.

**GRI 302-4** The Talanx Group has sourced green electricity for its locations in Germany since the start of financial year 2019. The power is sourced in accordance with RenewablePLUS green energy label requirements. The certificate issued to Talanx in 2020 covered deliveries of 25,900 MWh.

Information on additional measures implemented and planned at Group headquarters in Hannover can be found in the table on [page 21](#) under the goals and measures for “Day-to-day Operations and Procurement”.

**GRI 305-1 | 305-3**  
**Employee business travel**

For us as a service provider, the environmental impacts in this area are primarily relevant to employee transport, i.e. in relation to business travel, company cars and employee travel to and from work.

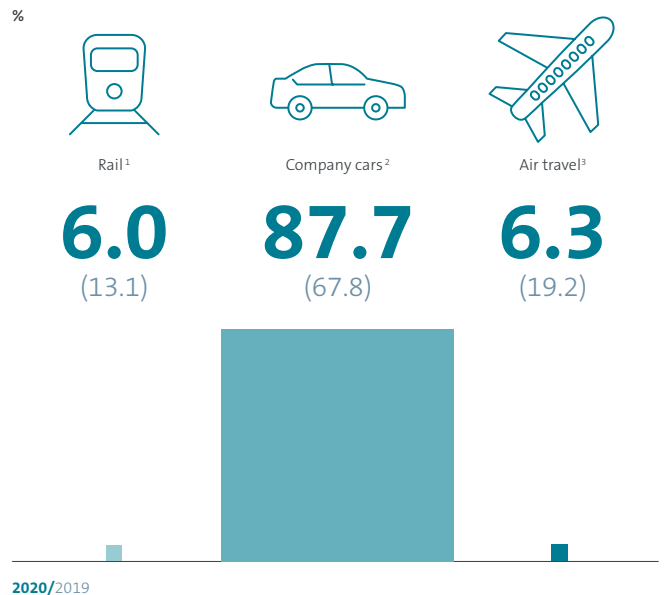
**BUSINESS TRAVEL BY TALANX GROUP EMPLOYEES**

In km	2020	2019
Rail travel <sup>1</sup>	4,359,197	15,269,387
Company cars <sup>2</sup>	63,155,691	79,142,134
Air travel <sup>3</sup>	4,501,471	22,370,481
<b>Total</b>	<b>72,016,359</b>	<b>116,782,002</b>
Per employee <sup>4</sup>	3,957	6,647

<sup>1</sup> Rail 2020: No data available for Brazil, Chile, Great Britain, Switzerland and Turkey; 2019: No data available for Belgium, Brazil, Chile, Mexico and Turkey.  
<sup>2</sup> Company cars 2020: No data available für Chile, Great Britain, Mexico and Switzerland; 2019: No data available for Belgium, Chile and Mexico.  
<sup>3</sup> Air travel 2020: No data available for Chile, Great Britain, Mexico and Switzerland; 2019: No data available for Chile and Mexico.  
<sup>4</sup> As in the previous year, related to all employees included in the report.

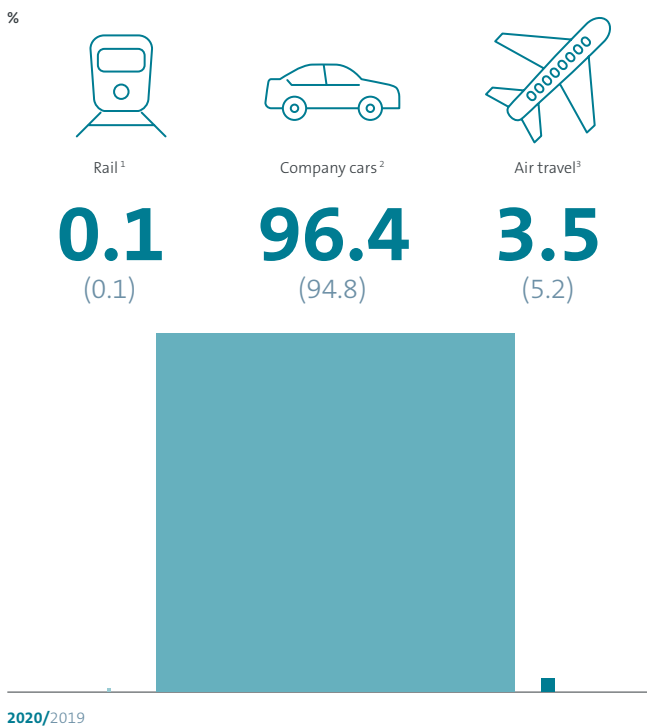
The greenhouse gas emissions caused by the use of company cars are included in our Scope 1 emissions ([page 62](#)), all other greenhouse gas emissions from travel are included in our Scope 3 emissions ([page 81](#)).

**KILOMETRES FROM BUSINESS TRAVEL, BROKEN DOWN BY MEANS OF TRANSPORT**



<sup>1</sup> Rail (2020): No data available for Brazil, Chile, the United Kingdom, Mexico, Switzerland and Turkey; 2019: No data available for Belgium, Brazil, Chile, Mexico and Turkey.  
<sup>2</sup> Company cars (2020): No data available for Chile, the United Kingdom, Mexico and Switzerland; 2019: No data available for Belgium, Chile and Mexico.  
<sup>3</sup> Air travel (2020): No data available for Chile, the United Kingdom, Mexico and Switzerland; 2019: No data available for Chile and Mexico.

**GREENHOUSE GAS EMISSIONS FROM BUSINESS TRAVEL, BROKEN DOWN BY MEANS OF TRANSPORT**



<sup>1</sup> Rail (2020): No data available for Brazil, Chile, the United Kingdom, Mexico, Switzerland, Turkey and the USA; 2019: No data available for Belgium, Brazil, Chile, Mexico and Turkey  
<sup>2</sup> Company cars (2020): No data available for Chile, the United Kingdom, Switzerland and the USA; 2019: No data available for Belgium, Chile and Mexico.  
<sup>3</sup> Air travel (2020): No data available for Chile, the United Kingdom, Mexico and Switzerland; 2019: No data available for Chile and Mexico.

**GR 305-5**  
**Reduction in travel-related greenhouse gas emissions**

The coronavirus pandemic that dominated the reporting period is impacting a large number of aspects in the world of work and has substantially accelerated existing developments. These include greater integration of office and remote working, working time models that are adapted to meet employees’ situations, and opportunities for digital learning. These changes are becoming more and more of a fixture in modern, agile working environments and enhance both the Company’s attractiveness on the labour market and employee satisfaction, loyalty and commitment.

The Talanx Group is helping employees get to work in an environmentally friendly way by subsidising local public transport offerings at a variety of locations in Germany. It aims to reduce the number of internal business trips by making greater use of videoconferencing technology. This is another example of how the coronavirus pandemic has significantly accelerated developments and is impacting the world of work within the Group. Far fewer to no business trips were made in the reporting period, and employees mainly worked remotely or used hybrid forms comprising a combination of office and remote work. This had a strong impact on the carbon footprint determined for financial year 2020 (especially Scopes 1 and 3).

The increasing digital transformation of the Talanx Group’s business means that a large number of business trips can already be avoided

by making widespread use of videoconferencing technology at all our companies. However, since this is not possible in all cases, we are taking steps in a number of areas to reduce the resulting emissions.

To promote environmentally friendly and hence low-carbon business travel in Germany, all employees who travel on business, and specialists and executives who travel between our numerous German locations, receive a BahnCard business railcard for Deutsche Bahn on request. A total of 368 (852) employees took advantage of this offering in the reporting period; this figure also includes 7 (15) BahnCard 100 railcards that were chosen as alternatives to company cars. A total of 3,729,101 (12,950,307) person kilometres (pkm) were travelled long-distance. Thanks to the bahn.business programme, Talanx employees travelling on Germany’s long-distance rail network use 100% green electricity. Since bahn.business also offsets the indirect emissions, all long-distance travel using Deutsche Bahn is carbon-neutral. This means that using Deutsche Bahn for long-distance travel contributes to sustainable transport. A total of 286,608 (985,421) pkm were travelled locally. As with its long-distance rail network, Deutsche Bahn uses 100% green electricity in its local transport offering; as a result, indirect emissions in this area were offset, generating 0 (50,176) kg of CO<sub>2</sub>.

We also further reduced our vehicle fleet emissions. Following last year’s revision of our rules on company cars, we continued our drive to increase e-mobility in the reporting period. In addition to the ability to select hybrid-drive vehicles as company cars, the fleet now also comprises a number of electrically powered cars for use on service trips between locations. There are five outdoor charging stations, one of which can also be used by visitors, at HDI’s Hannover location. A further 14 stations are to be found next to parking spaces for company cars and employees’ electric vehicles. We are planning to almost double our charging stations by the end of 2021 in order to continue meeting the growing need for charging infrastructure in the future, too. What is more, mail deliveries at the Group’s Hannover headquarters have been partially powered by electricity since April 2017. Talanx was one of the first companies in Germany to acquire an e-scooter developed by Deutsche Post. This saves approximately 1.7 metric tons of CO<sub>2</sub> in the course of a year. What is more, carbon offsetting has been performed for company cars since 2020, with 1,760 metric tons being offset via a Gold Standard climate project.

The section on our sustainability goals gives a full overview of the goals and measures that Talanx has adopted in order to reduce emissions. (📄 [page 21](#)).

**GR 305-5**  
**Employee travel to and from work**

We offer employees at different locations in Germany subsidies if they use local public transport so as to promote environmentally friendly travel to and from work: in more detail, staff can purchase group season tickets in Hannover and “JobTickets” in Cologne, Hilden, Hamburg, Düsseldorf and Rostock.

In Hannover, 1,056 (1,195) employees – around 29% (36%) of eligible employees there – had signed up for the group season ticket as at 31 December 2020. A Group works agreement for our Cologne location specifies that one JobTicket is normally purchased for each core staff member; as at 31 December 2020, this amounted to a total



of 2,021 (2,064) tickets. Since the JobTicket in Cologne is collectively financed, the costs are determined on an annual basis and allocated to all users. The current take-up rate is around 51% (64%). At neue leben insurers' location in Hamburg, a total of 168 (192) employees used the HVV ProfiCard offered by Hamburg's public transport association as at December 2020. This corresponds to roughly 29% (62%) of the workforce. A total of 45 (73) people – roughly 7% (12%) of employees – at our Hilden location had a JobTicket as at the end of the year, while 13 (21) people – roughly 10% (16%) of the workforce – at our Düsseldorf site use a JobTicket. At our Rostock location, 85 HDI next GmbH employees acquired a JobTicket for the first time; this corresponds to roughly 61% of those eligible. In some cases, employees who use the ticket also receive a travel allowance from their employer.

As was the case last year, five Talanx Group locations – Hamburg, Hannover, Hilden, Cologne and Stuttgart – took part in the nationwide "City Cycling 2020" competition, supporting their municipalities in the race to become the "most active cycling region in Germany". The City Cycling initiative aims to help protect the climate, cut carbon emissions and send a signal to local municipalities that they should promote greater use of bicycles – all while having fun cycling. The teams at our locations got in gear again in 2020 in the truest sense of the word.

Our Hilden location has been certified as a cycle-friendly employer and awarded a silver certificate. Since 2017, German cycling club ADFC has been responsible for awarding certificates under the new, EU-wide "Cycle-friendly Employer" scheme. Companies can score points by adopting cycle-friendly measures that are set out in a catalogue of measures, leading to the award of bronze, silver or gold certificates. An ADFC employee conducted the first on-site audit. The certificate is valid for three years before needing renewal.

## Greenhouse gas emissions by scope

Our greenhouse gas emissions reporting is based on the globally accepted methodology used in the Greenhouse Gas Protocol (GHG Protocol). In line with this methodology, greenhouse gas emissions are broken down into three categories, known as scopes. We base our emissions calculations on conversion factors for the underlying processes from the International Energy Agency (IEA) and the United Kingdom's DEFRA (Department for Environment, Food & Rural Affairs). Output amounts are expressed in metric tons of CO<sub>2</sub> equivalents. This means that other greenhouse gases that are emitted (such as CH<sub>4</sub> and N<sub>2</sub>O) are included in the calculations on the basis of their environmental impact in proportion to CO<sub>2</sub>. Applying the emission factors enables us to approximate the emissions actually generated.

### GRI 305-1

#### Scope 1 emissions

Our Scope 1 emissions consist of emissions resulting from combustion processes within the organisation. These are generated, for example, in the case of local (oil- or natural gas-fired) heating plants and our vehicle fleet.

#### SCOPE 1 EMISSIONS – GERMANY

tCO <sub>2</sub> e	2020	2019
Scope 1 Heating	968	602
Scope 1 Vehicle fleet	1,841	2,711
<b>Total</b>	<b>2,809</b>	<b>3,313</b>

#### SCOPE 1 EMISSIONS – REST OF WORLD

tCO <sub>2</sub> e	2020	2019
Scope 1 Heating	5,502	607
Scope 1 Vehicle fleet	22,828	24,595
<b>Total<sup>1</sup></b>	<b>28,330</b>	<b>25,202</b>

<sup>1</sup> 2020: The increase in Scope 1 (heating) is due to the expansion of data collection to additional countries. No complete data set available for Brazil, Chile, France, Great Britain, Mexico, Switzerland, Turkey and the USA. This means that data coverage amounts to > 53%; 2019: Chile and the USA are not included in the Scope 1 emissions given for the companies abroad.

### GRI 305-2

#### Scope 2 emissions

Our Scope 2 emissions comprise emissions from purchased electricity and purchased heating energy generated by district heating. The calculations are based on the country-specific emission factors, which can vary widely depending on the primary sources of energy used to generate power and district heating. This can lead in some cases to major differences in the specific emissions produced. For example, the proportion of renewable energy included in Austria's power grid is the highest in Europe, at over 70%. This means that local power consumption is less CO<sub>2</sub>-intensive. Since up-to-date figures are not available for all countries, conservative estimates based on past figures were made in certain cases. In Germany, our activities as an investor in infrastructure projects are also directly promoting the shift in energy generation towards green energy (see also [page 65](#)).

### SCOPE 2 EMISSIONS – GERMANY

tCO <sub>2</sub> e	2020	2019
Scope 2 Electricity	9,334	10,228
Scope 2 District heating	3,953	7,027
<b>Total</b>	<b>13,287</b>	<b>17,255</b>

### SCOPE 2 EMISSIONS – REST OF WORLD<sup>1</sup>

tCO <sub>2</sub> e	2020	2019
Scope 2 Electricity	28,186	22,712
Scope 2 District heating	651	581
<b>Total</b>	<b>28,837</b>	<b>23,293</b>

<sup>1</sup> 2020: No data available for Belgium, Great Britain, Hungary and Switzerland. This means that coverage amounts to > 92%; 2019: The figures given for the companies abroad cover up to 100% of the staff employed there.

### GRI 305-3 Scope 3 emissions

Scope 3 emissions are produced by upstream or downstream processes in the Company’s value chain that Talanx cannot influence directly. No claim to completeness can be made for the Scope 3 emissions due to the complexity and extremely large number of processes inferred. The objective is simply to give a rough idea of the additional environmental impacts resulting from our business activities. The following processes were taken into account when calculating the figures: emissions from water supplies and water treatment, the production of motor and heating fuels, transport, paper production, business travel (air and rail), emissions resulting from the production of the energy used to generate electricity and district heating, and losses in the supply network. Work is currently underway to record how employees travel to the workplace (commuting behaviour).

### SCOPE 3 EMISSIONS

tCO <sub>2</sub> e	2020	2019
Scope 3 <sup>1</sup>	8,820	18,814

<sup>1</sup> The figures were calculated using the conversion factors for the underlying processes available from DEFRA and the IEA. Business travel using Deutsche Bahn’s long-distance rail network has been climate-neutral since January 2018, since 2020 also DB’s local transport. 2020: No data available for Austria, Chile, Great Britain, Poland and Switzerland (data coverage in relation to employees covered in the report > 77%); 2019: 100% coverage.

### Materials used and waste

**GRI 301-1| 301-2** The main way in which the materials used topic affects the Talanx Group, as a provider of services in the areas of insurance and finance, is in relation to paper. The volume of other materials used in the production of insurance cover and other services is not significant. For this reason, reducing paper consumption and using environmentally friendly paper is a key lever in making our business more sustainable.

Since the most environmentally friendly solution is to dispense with printing altogether, the Talanx Group is increasingly focusing on digital solutions. For example, HDI Austria is increasingly transmitting data electronically in order to be able to cut the amount of paper consumed. In Germany, even confidential documents can now be exchanged securely by e-mail in a manner that meets all data protection requirements using sophisticated encryption algorithms. The recipient receives the key required for this via a separate digital channel (e.g. as an SMS). This ensures that the document can only be read by the person for whom it is actually intended. The Talanx Group aims to expand its use of this and other options in the medium term. Since the middle of 2016, our quarterly reports and quarterly statements have been made available solely in electronic form. In addition, centralised, customised printing on demand has now replaced conventional printing of customer brochures and materials. This prevents any remaining stocks having to be destroyed when the brochures are revised and hence avoids large volumes of paper being wasted. Centralising our printing does not simply save paper, though: it also saves time and money, thanks to the postage discounts we receive from Deutsche Post. Since 1 November 2020, all documents to be sent by post have been produced by an external service provider operating at four locations in Germany. We provide the different locations with the datasets for printing based on a regional perspective, and hence shift a large proportion of the distance travelled away from the motorways and onto the data highway.

The Talanx Group’s “Digital, not paper” campaign aims to get the dispatchers of post that does not have to be in physical form (e.g. advertising mailshots, catalogues and seminar documents) to transition to a digital format (e-mail) and also to only use the documents digitally themselves. This gives Talanx employees simple, direct e-mail access and complete flexibility, including when working remotely, while also helping to conserve the environment.

In January 2021, we also discontinued automatically printing the terms and conditions when documenting or updating retail property insurance policies (primarily private liability insurance, homeowners’ insurance, residential property insurance and accident insurance). This saves approximately 14 pages per individual operation. All in all, more than two million pages of paper and roughly EUR 150,000 in printing and postage costs are saved per annum.

In addition, we rolled out a module permitting central printing from the office or remote workplace at the Group at the beginning of March 2020. This reduces effort and leverages the advantages of printing at four locations.

However, since printing cannot be avoided entirely, Talanx focuses on a number of sustainability labels when procuring its materials. To date, the paper used for printing has been awarded the Forest Stewardship Council (FSC) label, and the same goes for all envelopes used. This certifies that paper has been sourced from sustainable, responsibly managed forests. Paper of this kind is used in our offices and for invoices, insurance policies, customer documents, brochures and annual reports. We have used climate-neutral printing for the latter since 2015. In addition, our sustainability reports are available solely in electronic form.

**OFFICE PAPER CONSUMPTION BY CORE WORKFORCE<sup>1</sup>**

Metric tons	2020	2019
Paper consumption	538	839

<sup>1</sup> 2020: No data available for France (data coverage related to employees covered in the report > 99%); 2019: 100% coverage.

What is more, a large number of documents in Germany were printed in our in-house print centre in Hannover, which serves all our German operating units, in the reporting period. Approximately 51.5 (56.7) million sheets of paper (roughly 257 (283.5) metric tons) were used by the centre and our external service provider in the reporting period, a further reduction. Roughly 98% of the copy paper used was FSC-certified. Double-sided printing is also the prescribed standard at our locations. At present, the remaining printed paper used is still sourced from, and processed at, various printing companies at the request of the departments concerned. Here, too, we are currently examining whether centralised printing by our print centre would improve sustainability.

Initiatives aimed at digitalising communications will be stepped up across all lines in 2021.

Last but not least, we continue to focus on energy and paper consumption in our internal communications. The goal is to sensitise

employees to the contribution that they can make to conserving resources, for example by printing fewer documents.

Our employees in Germany used approximately 1 (0.7) metric ton of toner cartridges in the reporting period.

**GRI 306-1 | 306-2** Avoiding waste is a key element in the sustainability strategy for our own day-to-day operations. Among other things, Talanx helps reduce waste within the enterprise by recycling and by implementing a plastic avoidance policy.

The waste generated by the Talanx Group primarily consists of residual waste, office waste and kitchen waste. A large proportion of this can be recycled by local waste disposal companies. This applies in particular to paper and plastic waste. Some of our kitchen waste is composted, while at our major locations some is used for energy recovery where possible. For example, roughly 115 (135) m<sup>3</sup> of organic waste in Hannover and roughly 111 (144.5) m<sup>3</sup> in Cologne was processed in biogas plants in the reporting period. The remaining (non-IT) residual waste is also disposed of by regional waste disposal companies and in some cases is treated at a mechanical-biological waste treatment plant (partly above-ground landfill, partly energy recovery). Our business only generates small volumes of hazardous waste and electronic waste; this is disposed of in compliance with all the relevant regulations by specialised waste management companies.

At the beginning of 2021, waste disposal at our central locations in Hannover and Cologne switched to using central waste bins. Discontinuing the individual office wastebaskets, which had separate sections for residual waste and which used plastic bags, will make a further significant contribution to reducing plastic waste at our buildings: this saves a good 750,000 plastic bags a year. Our plastic avoidance policy forms part of the Group’s operational sustainability strategy and also supports the “Hannover ohne Plastik” (HOP) sustainability initiative, which HDI signed up to at the end of 2019. Our Hilden location also implemented a waste disposal concept that uses fewer plastic bags.

**WASTE (GERMANY)<sup>1</sup>**

	Waste in metric tons		%	
	2020	2019	2020	2019
Recycling	899	1,454	42.3	55.5
Energy recovery (kitchen/food waste)	534	472	25.1	18.0
Composting	187	63	8.8	2.4
Residual waste (non-IT)	494	612	23.2	23.4
Electronic waste (small and large electronic devices)	2	2	0.1	0.1
Hazardous waste	10	15	0.5	0.6
<b>Total waste</b>	<b>2,126</b>	<b>2,617</b>	<b>100.0</b>	<b>100</b>
Waste per employee	0.2	0.2	—	—

<sup>1</sup> Deviations between the current data and the figures for previous years cannot be ruled out, since the boundaries of the report are constantly being expanded. As a result, the change in the data capture processes and calculation methodology means that the direct comparability of the annual data cannot be fully guaranteed. Significant deviations to the prior-year figures are explained in footnotes in the relevant sections of the report.

## Water consumption and waste water

**GRI 303-1 | 306-1** The companies belonging to the Talanx Group source their water from the municipal and urban water supplies at the locations concerned. This means that water quality is regulated by local and European standards. Waste water corresponds roughly to water consumption, flows into the municipal drainage system and is treated in the normal way.

### WATER CONSUMPTION AND WASTE WATER<sup>1</sup>

m <sup>3</sup>	2020	2019
<b>Total water consumption</b>	<b>217,923</b>	<b>160,041</b>

<sup>1</sup> 2020: No data available for Great Britain and Switzerland (data coverage in relation to recorded employees > 98%); 2019: 100% coverage. For the increase compared to the previous year: see key figures on page 4.

## Supplier management

**GRI 103-1 Materiality:** The biggest impact that the Talanx Group can have on the observance of human rights is in its global supply and value chain. Although we consider the risk of human rights abuses and of significant negative environmental impacts in our supply chain to be minor, we take care when selecting suppliers to ensure that they comply with national legislation on environmental protection and human rights, and with our Talanx Values. Social questions are relevant for procurement in particular; examples include the conditions under which people in our value chain work and whether human rights are respected. For this reason, the Group’s sustainability strategy aims to design its day-to-day operations and purchasing activities for sustainability.

**Topic Boundary:** Within the Talanx Group, the topic of sustainable procurement is mainly relevant to the Group functions responsible for purchasing (non-IT) products and services and for IT purchasing. Outside the Group it mainly impacts the suppliers with whom we work.

**Impacts:** We can make a significant contribution to sustainable development by integrating sustainability criteria into our purchasing operations. Among other things, this includes Talanx sourcing environmentally friendly products and ensuring that environmental criteria are taken into account in the supply chain, and that employee rights and human rights are observed.

**GRI 103-2 Measures and guidelines:** We developed a uniform Group-wide [Code of Conduct for Business Partners](#) in order to underscore our commitment to national environmental legislation on environmental protection and respect for human rights, and to upholding our Talanx Values, and to be able to exert a positive influence over and above the legal requirements. This was resolved by Talanx’s Board of Management. The document covers both IT and Non-IT Purchasing and sets out binding rules on the following topics: anti-corruption and bribery matters, respect for human rights, environmental, social and other employee matters, data protection and the protection of business secrets. The new code is currently being implemented in the individual divisions. For example, IT Purchasing already issued a new invitation to tender for IT service providers in 2020, which included successfully piloting the use of the new code. As a result, the code has been incorporated in the new master agreements with all preferred and qualified business partners for IT services.

**Responsibilities:** Purchasing is responsible for ensuring that contracts are drafted in a cost-efficient and timely manner that takes account of the latest requirements, and also organises the procurement of goods and services for the German Group companies. Responsibility for procuring IT products and services has been assigned to IT Purchasing, Provider and Licence Management.

**GRI 103-2 | 103-3 Results and monitoring:** The Purchasing (IT and Non-IT) function is extremely important for the company’s success. This is why internal work instructions are used to define binding purchasing standards for the Talanx Group, so as to ensure that it has orderly and efficient procurement processes. These make a significant contribution to our ability to reach our corporate goals and ensure compliance. Only authorised organisational units may engage in procurement. In addition, compliance with internal guidelines and work instructions is checked during our regular internal audits.

## Environmental protection in supplier management

**GRI 204-1 | 308-1 | 308-2** The Talanx Group primarily uses domestic suppliers when procuring products and operating materials. These are subject to the same strict statutory requirements as Talanx itself. It is therefore unlikely that there are significant negative environmental impacts in the Group's supply chain. At the same time, we take care to ensure that the impacts caused by our procurement processes are kept to a minimum. We see procurement from regional suppliers as one key aspect of this, to the extent that it promotes sustainability. For our German sites, we define regional suppliers as companies that are located in the same place, since this keeps transport distances short. In Germany, roughly 45% (40%) of our suppliers of operating equipment and foodstuffs fall within this category, as do roughly 26% (22%) of our IT suppliers. Our foreign companies generally define regional suppliers as companies domiciled in the country concerned. Only in the area of IT purchasing were there some cases of cross-border supply agreements. We also pay attention to the environmental compatibility of our materials and almost exclusively source paper from sustainably managed forests (FSC label); in addition, we source certified organic food for our company canteens to a certain extent.

Talanx developed its Code of Conduct for Business Partners so as to be able to increase its focus on environmental criteria going forward, and to apply these systematically when selecting suppliers. The new [code](#) is currently being implemented in the individual divisions. The Code covers both IT and Non-IT Purchasing and sets out binding rules on the following topics: anti-corruption and bribery matters, respect for human rights, environmental, social and other employee matters, data protection and the protection of business secrets.

In addition, Purchasing's "Green Office" catalogue of environmentally friendly office materials has been providing concrete support for the Talanx Group's sustainability strategy since the autumn of 2018. Our supplier, a company called memo, is a pioneer in this area in Germany and only distributes sustainable products that have been produced in a socially responsible way. The "Green Office" range available from the procurement portal is intended to be a green alternative to the established catalogue of office materials.

## Labour practices and respect for human rights at suppliers

**GRI 407-1 | 408-1 | 409-1 | 414-1 | 414-2** Talanx's Non-IT Purchasing unit largely uses domestic suppliers. As such, they are subject to German jurisdiction, and in particular to German employment laws. Consequently, Talanx has not performed a separate review to date to determine whether its suppliers comply with labour practices, whether they violate or endanger the right to freedom of association, collective bargaining or human rights, whether they pose the risk of child, forced and compulsory labour or whether they impact on society.

Equally, it is not expected that existing supplier relationships in the area of IT procurement violate or endanger these aspects. Moreover, the [Code of Conduct for IT Contractors](#), which covers labour practices, human rights, environmental protection and ethical standards, applies to these relationships (see the previous section).

Our Group-wide Code of Conduct, which is available in nine languages, is an effective way of making our commitment to complying with the applicable laws transparent. The [Code of Conduct](#) for Employees was updated during the reporting period and formulates fundamental legal and ethical requirements and duties that our staff have to abide by during their work. It highlights the ban on money laundering and illegal financing, and expressly draws attention to the fact that the competent anti-money laundering officer and compliance officer must be informed of all suspected cases. It also sets out specific rules of conduct covering, among other things, avoiding and disclosing conflicts of interest; granting and accepting benefits, gifts and invitations; donations and sponsorships; sideline activities; equity interests in other companies and participations in transactions.

Here, too, we should mention the Group's uniform [Code of Conduct for Business Partners](#) which was resolved by Talanx's Board of Management and for which the roll-out started in the reporting period.





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## Further Information

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# Further Information

## About this report

**GRI 102-52 | 102-54** The Talanx Group uses this sustainability report to provide comprehensive information on ESG topics. The report was prepared in accordance with the GRI Standards' Core option. In some cases, however, the information provided goes beyond the scope of the Core option, for example because the report is also designed to meet the information requirements of relevant ESG ratings that have a sustainability focus. The Talanx Group has published a sustainability report annually since 2015.

The GRI content index ([page 115ff.](#)) provides an overview of all GRI topics and indicators contained in this report; the links between the UN's Sustainable Development Goals (SDGs) and the relevant measures taken by Talanx can be found on [page 34 f.](#) Our sustainability goals are listed on [page 22 ff.](#) The references and symbols used are explained in the key on [page 1.](#)

One important basis for this report and for our sustainability strategy are two stakeholder surveys that were conducted in 2014 and 2018 among employees, customers, intermediaries and business partners, investors and analysts, politicians and representatives of NGOs, associations, research institutions, the media and society; see the section entitled "Materiality analysis" ([page 26 ff.](#)). We conducted our materiality analysis in accordance with the principles for defining report content set out in the GRI and the German Commercial Code (HGB), as amended by the German CSR Directive Implementing Act (CSR-RUG).

**Sustainability context:** This report presents the Talanx Group's activities and achievements in the wider context of sustainable development. To do this, we identified the relevant topics using not only the list of GRI indicators, but also a wide range of different literature, sustainability studies and initiatives, and the criteria applied in ESG ratings.

**Materiality:** In line with the GRI Standards and the HGB, the report covers those topics that

- Show Talanx's significant economic, environmental and social impacts
- Substantively influence our stakeholders' assessments and decisions and
- Are highly relevant for our business success.

In order to ensure the materiality of the report content, we include topics that have been identified as particularly important on an aggregate basis both by the stakeholders surveyed and by Talanx's internal Sustainability Competence Team. We also report on those topics that our key stakeholder groups consider to be particularly important. Details of these topics can be found in the overview of material and additional topics ([page 30 f.](#)).

**Completeness:** Our report aims to cover all topics that are relevant to Talanx as an insurance group. To ensure this is the case, we verified the priorities for the topics after they had been assigned by comparing them again with the sources used to identify them and to prepare the questionnaire. We also reviewed the sustainability information published by other financial services and insurance companies and sector-specific studies to ensure that we had not left any topics out. Additionally, the results of the materiality analysis were discussed by the Board of Management.

**Stakeholder inclusiveness:** This report identifies the stakeholders who play a role for Talanx and the topics that are important to them. As far as possible we also report on those topics. In addition to our direct stakeholder survey, we have taken stakeholder interests into account by using studies, initiatives and ESG ratings to identify the topics. Last but not least, the report is structured in accordance with the GRI Standards, which are the result of a multi-stakeholder process.

Since 2017, the data for the sustainability report has been collated using a comprehensive data capture system. Due to this new software-based method of collating data and the continuous expansion of the report boundaries, deviations between the current data and the figures for previous years cannot be ruled out. The change in the data capture processes and calculation methodology means that the direct comparability of the annual data cannot be fully guaranteed. Significant deviations to the prior-year figures are explained in footnotes.

Section 315b(1) in conjunction with section 315c/section 289c of the HGB requires the Talanx Group to prepare a consolidated non-financial statement. This statement was included in the 2020 Group Annual Report and can be found on [page 62 ff.](#) of that document in the “Consolidated non-financial statement” section of the combined management report. PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft performed a limited assurance review of

the consolidated non-financial statement in accordance with ISAE 3000 (Revised).

**GRI 102-45 | 102-49 Scope of reporting:** The Talanx Group is successively expanding its sustainability reporting to companies in its target regions. The current report already includes the Talanx Group companies and locations listed in the following table:

**SCOPE OF SUSTAINABILITY REPORTING**

Affiliates included in reporting	Country	Employees	Divisions and companies reporting	Equity interest (shareholding) in %
Talanx Group companies and locations in Germany	Germany	9,224	Talanx AG	100.00 in all cases
			Industrial Lines Division in Germany	
			Retail Germany Division	
			HDI International AG	
WARTA Group	Poland	2,791	Corporate Operations: HDI Service AG HDI Systeme AG Ampega Asset Management GmbH	75.74
			Towarzystwo Ubezpieczeń i Reasekuracji WARTA S.A.	
			Towarzystwo Ubezpieczeń na Życie WARTA S.A.	
HDI Seguros S.A. de C.V.	Mexico	1,455	HDI Seguros S.A. de C.V.	99.76
HDI Seguros S.A.	Brazil	1,387	HDI Seguros S.A.	100.00
HDI Seguros S.A.	Chile	676	HDI Seguros S.A.	99.92
HDI Sigorta A.Ş.	Turkey	647	HDI Sigorta A.Ş.	100.00
HDI Assicurazioni	Italy	399	InLinea S.p.A	100 in all cases
			HDI Immobiliare SRL	
			InChiaro Life DAC	
HDI Global SE – the Netherlands <sup>1</sup>	Netherlands	338	n.a.	Gross written premiums in EUR thousand: 300,814
HDI Versicherung AG (Austria)	Austria	314	n.a.	Gross written premiums in EUR thousand: 15,956
Magyar Posta	Hungary	264	Magyar Posta Biztosító Zrt. Magyar Posta Életbiztosító Zrt.	66.93 in all cases
HDI Global SE – UK	Great Britain	237	n.a.	Gross written premiums in EUR thousand: 362,648
HDI Global Insurance Company (USA) <sup>1</sup>	United States of America	155	HDI Global Insurance Company	100,00
HDI Global SE – Direction pour la France <sup>1</sup>	France	140	n.a.	Gross written premiums in EUR thousand: 447,746
HDI Global SE – Branch for Switzerland <sup>1</sup>	Switzerland	90	n.a.	Gross written premiums in EUR thousand: 162,510
HDI Global SE – Branch for Belgium <sup>1</sup>	Belgium	82	n.a.	Gross written premiums in EUR thousand: 207,194

<sup>1</sup> We define a branch of a Group company as a unit with no legal personality that is geographically and organisationally separate from the Group company, that is bound internally by instructions, but that has an independent market presence.

As at the 31 December 2020 reporting date, this report therefore covered 18,199 members of staff. This corresponds to 78.9% of the Group's total workforce (23,068 people). However, selected employee indicators cover the entire Talanx Group.

The report's main focus is on the Primary Insurance area and on our Corporate Operations. Information on Hannover Rück SE is generally not included since our reinsurance subsidiary publishes its own sustainability report. Equally, the sustainability strategy and goals apply to the Talanx Group not including the Hannover Re Group.

Cases in which information is not yet available for all the companies, locations and units covered by this report are flagged. We are planning to successively expand reporting to include additional foreign companies and locations.

**GRI 102-50 Reporting period:** This report refers to the 2020 financial year, i.e. to the period from 1 January 2020 to 31 December 2020. Due to the inclusion of additional companies and branches in the report and to the consolidated presentation of information where possible, no year-to-year comparisons of the indicators are generally possible. We indicate and comment on changes in data capture as appropriate.

## The Talanx Group – key memberships

**GRI 102-13** The Talanx Group is a member of a large number of regional, national and global associations, interest groups and organisations. Talanx has also been included in the EU's Transparency Register. In addition, our staff are members of working groups that focus on a variety of topics and contribute their expertise to relevant discussions, including on sustainability topics. The following list shows selected key memberships:

### Insurance industry associations and groups

- Arbeitsgemeinschaft für betriebliche Altersversorgung e. V. (ABA)
- AfW Bundesverband Finanzdienstleistung
- Arbeitsgemeinschaft der Versicherungsvereine auf Gegenseitigkeit e. V. (ARGE VVAG)
- Bundesverband Investment und Asset Management e. V. (BVI)
- Chief Risk Officers Forum (CRO-Forum)
- Deutsche Kernreaktor-Versicherungsgemeinschaft (DKVG)
- Deutscher Verein für Versicherungswissenschaft
- European Insurance CFO Forum
- Gesamtverband der Deutschen Versicherungswirtschaft e. V. (GDV)
- Gesellschaft für Versicherungsfachwissen (GVFW)
- Global Insurance Chief Compliance Officers Forum (CCO Forum)
- Kuratorium für Verkehrssicherheit (KFV)
- Pharma-Rückversicherungsgemeinschaft
- The Geneva Association
- Verein Deutscher Lebensversicherer
- Verkehrsofferhilfe e. V. (VOH)
- Versicherungsforen Leipzig
- Versicherungsombudsmann e. V.

### Business and commercial associations

- AHK Indo-German Chamber of Commerce
- Bundesverband Deutscher Innovations-, Technologie- und Gründerzentren e. V. (BVIZ)
- Deutsch-Polnische Industrie- und Handelskammer
- German Business Association (Vietnam)
- Ghorfa Arab-German Chamber of Commerce and Industry e. V.
- Hildener Industrie-Verein
- Industrie- und Handelskammer Hannover (IHK)
- Industrie-Club Hannover e. V.
- Institut der Norddeutschen Wirtschaft e. V. (INW)
- Wirtschaftsclub Köln
- Wirtschaftsrat Deutschland

### Support and sponsorships

- 1. FC Köln
- Betriebssportgemeinschaft Rheinpark
- BiPRO e. V.
- Deutscher Verein für Versicherungswissenschaft e. V. (DVFVW)
- Hannover 96
- Internationale Schule Hannover Region GmbH
- Kestner Gesellschaft e. V.
- Kompetenzzentrum Versicherungswissenschaften (KVW)
- Leibniz Universitätsgesellschaft Hannover
- Stifterverband für die deutsche Wissenschaft e. V.
- Verein zur Förderung der Versicherungswissenschaft an der Universität Hannover e. V.

### Topic- and function-specific bodies

- Allgemeine Arbeitgebervereinigung (AGV)
- Allianz für Entwicklung und Klima
- Deutsche Aktuarvereinigung e. V. (DAV)
- Deutsche Gesellschaft für Personalführung e. V. (DGFP)
- Deutscher Anwaltverein e. V. (DAV)
- Deutscher Investor Relations Verband e. V. (DIRK)
- Deutsches Institut für Compliance e. V. (DICO)
- Deutsches Rechnungslegungs Standards Committee e. V. (DRSC)
- Entrepreneurs' Roundtable AG
- Institut "Finanzen und Steuern" e. V. (IFST)
- Juristische Studiengesellschaft Hannover
- MindSphere World e. V.
- Principles for Responsible Investment (PRI)
- United Nations Environment Programme Finance Initiative (UNEP FI)
- UN Global Compact (UNGC)
- World.Minds AG

### The Talanx Group – memberships (rest of world)

#### Belgium

- Association of Medium-sized Insurance Companies (ACAM)
- Belgian Risk Management Association (BELRIM)
- Federation of European Risk Management Associations
- Financial Services and Markets Authority
- National Bank of Belgium
- Royal Belgian Association of Transport Insurers (ABAM BVT)
- Royal Circle of Insurers from Belgium (CRAB)

#### Brazil

- National Confederation of Insurance Companies
- National Federation of General Insurance
- Syndicate of Insurance and Reinsurance Companies

#### Chile

- Asociación de Aseguradores de Chile

#### United Kingdom

- Association of British Insurers (ABI)
- Association of Insurance and Risk Managers in Industry and Commerce (AIRMIC)
- Motor Insurers Bureau (MIB)
- Placing Platform Ltd (PPL)
- Pool Re
- Royal Circle of Insurers from Belgium (CRAB)

#### Italy

- Associazione Nazionale tra le Imprese Assicuratrici (ANIA)

#### Mexico

- Association of Mexican Insurance Companies (AMIS)

#### Niederlande

- Coöperatieve Vereniging Nederlandse Assurantie Beurs U. A. (VNAB)
- Dutch Association for Risk- and Insurance Managers (NARIM)
- International Union of Marine Insurance (IUMI)
- Verbond van Verzekeraars

#### Austria

- Aktuarvereinigung Österreichs (AVÖ)
- Arbeitsgemeinschaft der in Österreich tätigen Versicherungsunternehmen
- Arbeitsgemeinschaft der Steirischen Versicherungsmakler
- Deutschsprachige SAP Anwenderfachgruppe e. V. (DSAG)
- Kuratorium für Verkehrssicherheit
- Österreichische Gesellschaft für Versicherungsfachwissen
- Österreichische Marketing Gesellschaft
- Österreichischer Baumaschinenverband
- TWI Wirtschaftsservice e. V.
- Versicherungsverband Österreich (vvo)

#### Poland

- International Union of Aerospace Insurers (IUAI)
- International Union of Marine Insurance (IUMI)
- Partner Club of Poznań University of Economics
- Polish Association of Car Dealers (Związek Dealerów Samochodów)
- Polish Insurance Association (PIU)
- Polish Insurance Guarantee Fund (UFG)
- Polish Motor Insurers' Bureau (PBUK)

#### Switzerland

- Deutsch-Schweizerische Handelskammer
- Gesellschaft für Haftpflicht- und Versicherungsrecht
- IIS Insurance Institute of Switzerland
- Schweizerische Management Gesellschaft
- Spedlogswiss, Basel
- Schweizerischer Versicherungsverband
- swiss export, Zürich
- Swiss Shipper's Council
- Universität St. Gallen
- Verband Zürcher Handelsfirmen

#### Turkey

- Insurance Association of Turkey

#### Hungary

- MABISZ Association of Hungarian Insurance Companies
- Magyar Aktuárius Társaság (MAT)

#### USA

- American Association of Managing General Agents (AAMGA)
- American Property Casualty Insurance Association (APCIA)
- Inland Marine Underwriters Association
- National Association of Insurance Commissioners (NAIC)
- National Council on Compensation Insurance (NCCI)
- PLUS Insurance Regulation Organizations
- Recording Industry Association of America (RCIAA)
- Wholesale & Specialty Insurance Association (WSIA)



## Standards and Guidelines

The Talanx Group's sustainability reporting is based on a number of different national and international standards and guidelines. Some of these are mandatory for us, while others we regard as important guidelines for ensuring transparent, comparable reporting.

### GERMAN CSR DIRECTIVE IMPLEMENTING ACT (CSR-RUG)



#### Definition and content assessment

- The transposition into national law of the EU's Non-Financial Reporting Directive, which was passed in 2014 and which aims to extend reporting by large listed companies, credit institutions, financial services institutions and insurance companies
- Reporting on environmental matters, social and employee matters, respect for human rights, and anti-corruption and bribery matters

**Important for Talanx since**, as a listed insurer with more than 500 employees, we are obliged by the CSR-RUG to report on non-financial matters.

### GRI STANDARDS



#### Definition and content assessment

- Internationally established, comprehensive sustainability reporting standards
- Global Reporting Initiative guidelines on sustainability and stakeholder reporting published in 2016

**Important for Talanx since**, as an international company, we apply the recognised global GRI Standards when preparing our annual sustainability reports.

### PRINCIPLES FOR RESPONSIBLE INVESTMENTS (PRI)



#### Definition and content assessment

- Six principles sponsored by the UN and designed to ensure responsible investment practice incorporating ESG issues

#### The six principles:

1. We will incorporate ESG issues into investment analysis and decision-making processes
2. We will be active owners and incorporate ESG issues into our ownership policies and practices
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest
4. We will promote acceptance and implementation of the Principles within the investment industry
5. We will work together to enhance our effectiveness in implementing the Principles
6. We will each report on our activities and progress towards implementing the Principles

**Important for Talanx since** applying the PRI in our reporting allows us to create transparency in our role as an asset owner and to clearly include sustainability in our investment decisions.

## PRINCIPLES FOR SUSTAINABLE INSURANCE (PSI)



### Definition and content assessment

- The PSI initiative aims to sustainably transform underwriting using four principles.

### The four principles:

1. We will embed in our decision-making environmental, social and governance issues relevant to our insurance business.
2. We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.
3. We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues.
4. We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.

**Important for Talanx since** we have voluntarily committed to continuously improving the sustainability of our insurance business in line with the four Principles. Talanx signed up to the UN initiative in 2020.

## SUSTAINABLE DEVELOPMENT GOALS (SDGs)



### Definition and content assessment

- A total of 17 global goals and 169 targets for sustainable development aimed at governments, civil society and the private sector
- The SDGs were resolved by the United Nations in 2015 as part of its 2030 Agenda for Sustainable Development and are supported by 193 member states

**Important for Talanx since** they allow us to help make the world a more sustainable and fairer place. Talanx identified seven goals in 2019 to which we can make concrete contributions.



## TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)



### Definition and content assessment

- The TCFD aims to develop recommendations and guidance for uniform, comparable (voluntary) reporting on material climate-related financial opportunities and risks that provides decision-useful information for lenders, insurers and investors

**Important for Talanx since** we are committed to transparent climate reporting in order to ensure responsible corporate governance aimed at achieving sustainable value creation.

## UN GLOBAL COMPACT (UNGC)

### WE SUPPORT



#### Definition and content assessment

- The largest global corporate governance initiative, run by the United Nations. It has over 15,000 signatories drawn from the ranks of companies, civil society organisations, politics and academia in more than 160 countries
- Based on ten universal principles governing human rights, labour standards, the environment and anti-corruption, and the Sustainable Development Goals (SDGs)

#### The ten principles:

1. Businesses should support and respect the protection of internationally proclaimed human rights
2. Businesses should make sure that they are not complicit in human rights abuses
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
4. Businesses should uphold the elimination of all forms of forced and compulsory labour
5. Businesses should uphold the effective abolition of child labour
6. Businesses should uphold the elimination of discrimination in respect of employment and occupation
7. Businesses should support a precautionary approach to environmental challenges
8. Businesses should undertake initiatives to promote greater environmental responsibility
9. Businesses should encourage the development and diffusion of environmentally friendly technologies
10. Businesses should work against corruption in all its forms, including extortion and bribery

**Important for Talanx, since** we are a responsible global insurance group and therefore take our responsibility to help ensure an inclusive, sustainable world extremely seriously. Signing up to the UNGC is an expression of this responsibility.

## GRI content index

**GRI 102-55** The following two tables (and the table on page 17) contain the Talanx-specific GRI content index for the Core “In accordance” option, plus additional disclosures in some cases. The index only contains the specific standard disclosures relating to material or additional topics for Talanx. See the table entitled “Overview of material and additional topics” [page 30 f.](#) on for information on how the GRI aspects are mapped to Talanx-specific topics.

### MANAGEMENT APPROACHES

	GRI 103: Management Approach 2016		
	103-1 Explanation of the material topics and their boundaries	103-2 The management approach and its components	103-3 Evaluation of the management approach
Compliance	48	48, 49	49
Human rights at Talanx			
Anti-corruption and anti-money laundering		51	52
Data protection and cybersecurity	52	52, 54	54
Digital transformation	54	54	54
ESG in asset management	63	63, 64	64
Sustainability of insurance products	66	66	66
Employee recruitment and development	80	80, 81	81
Talanx as an employer	83	84	84
Occupational health and safety	89	89	89
Climate change	96	97	97
Environmental protection in the enterprise	98	98	98
Supplier management	105	105	105

**GRI CONTENT INDEX**

GRI Standard	Disclosure (in abridged form)	Page(s)	Comments and omissions	UNGC
GRI 101:	Foundation 2016			
<b>General Disclosures</b>				
GRI 102:	General Disclosures 2016			
	<b>Organisational profile</b>			
102-1	Name of the organisation	7		
102-2	Activities, brands, products and services	8		
102-3	Location of headquarters	7		
102-4	Location of operations	8		
102-5	Ownership and legal form	7		
102-6	Markets served	8		
102-7	Scale of the organisation	7,8		
102-8	Information on employees and other workers	79, 80		6
102-9	Supply chain	9		
102-10	Significant changes to the organisation and its supply chain	7	<a href="https://www.talanx.com/en/investor-relations">https://www.talanx.com/en/investor-relations</a>	
102-11	Precautionary Principle or approach	61		
102-12	External initiatives	32		
102-13	Membership of associations	110		
	<b>Strategy</b>			
102-14	Statement from senior decision-maker	5	See Letter from the Chairman	
	<b>Ethics and integrity</b>			
102-16	Values, principles, standards and norms of behaviour	47	Code of Conduct of the Talanx Group: <a href="#">Together for Integrity</a>	10
	<b>Governance</b>			
102-18	Governance structure	10,32		
102-20	Executive-level responsibility for economic, environmental and social topics	32		
102-22	Composition of the highest governance body and its committees	10, 11		
102-23	Chair of the highest governance body	11		
102-24	Nominating and selecting the highest governance body	10		
102-25	Conflicts of interest	11		
102-26	Role of highest governance body in setting purpose, values and strategy	32		
102-29	Identifying and managing economic, environmental and social impacts	32, 61, 62		
102-31	Review of economic, environmental and social topics	32		
102-32	Highest governance body's role in sustainability reporting	32		
102-35	Remuneration policies	11	<a href="#">Invitation to the General Meeting</a>	
	<b>Stakeholder engagement</b>			
102-40	List of stakeholder groups	19, 26		
102-41	Collective bargaining agreements	80	A total of 91.3% (92.1%) of the Talanx Group's employees in Germany (excluding the Hannover Re Group) are covered by collective bargaining agreements, i.e. the companies are members of the Employers' Federation or apply the national general collective agreement for the private insurance industry. At Group level, over 50% of the workforce are covered by collective bargaining agreements.	3
102-42	Identifying and selecting stakeholders	19, 28		
102-43	Approach to stakeholder engagement	26, 28, 32, 67		
102-44	Key topics and concerns raised	19, 28, 30, 67		



**GRI CONTENT INDEX**

GRI Standard	Disclosure (in abridged form)	Page(s)	Comments and omissions	UNGC
<b>Reporting practice</b>				
102-45	Entities included in the consolidated financial statements	8, 119		
102-46	Defining report content and topic Boundaries	26		
102-47	List of material topics	29, 30		
102-48	Restatements of information		Restatements are indicated at the appropriate points.	
102-49	Changes in reporting	109		
102-50	Reporting period	110		
102-51	Date of most recent report	122		
102-52	Reporting cycle	108		
102-53	Contact point for questions regarding the report	122	<a href="#">Talanx Sustainability team</a>	
102-54	Claims of reporting in accordance with the GRI Standards	108		
102-55	GRI content index	115, 121		
102-56	External assurance		No external audit of the sustainability report is currently performed. Unless otherwise indicated, the financial information disclosed is based on the consolidated financial statements for the Talanx Group, which were prepared in accordance with the International Financial Reporting Standards (IFRSs) and audited by the auditor of the financial statements. A limited assurance review was performed on the consolidated non-financial statement in accordance with Section 315b (1) of the German Commercial Code (HGB) contained in the "Consolidated non-financial statement" section of the combined management report.	
<b>Economic topics</b>				
<b>Economic performance</b>				
GRI 201:	Economic Performance 2016			
201-1	Direct economic value generated and distributed	7	We do not capture the value of community investments made; an employee volunteering programme is being implemented.	
201-2	Financial implications and other risks and opportunities due to climate change	64		7
201-3	Defined benefit plan obligations and other retirement plans	80		
<b>Market presence</b>				
GRI 202:	Market Presence 2016			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	82		
202-2	Proportion of senior management hired from the local community	82		
<b>Indirect economic impacts</b>				
GRI 203:	Indirect Economic Impacts 2016			
203-1	Infrastructure investments and services supported	65		
203-2	Significant indirect economic impacts	60, 64, 65		
<b>Procurement</b>				
GRI 204:	Procurement Practices 2016			
204-1	Proportion of spending on local suppliers	106		
<b>Anti-corruption</b>				
			Code of Conduct of the Talanx Group: <a href="#">Together for Integrity</a>	
GRI 205:	Anti-corruption 2016			
205-1	Operations assessed for risks related to corruption	51		10
205-2	Communication and training about anti-corruption policies and procedures	51		10
205-3	Confirmed incidents of corruption and actions taken	51		10

**GRI CONTENT INDEX**

GRI Standard	Disclosure (in abridged form)	Page(s)	Comments and omissions	UNGC
	<b>Anti-competitive behaviour</b>		Code of Conduct of the Talanx Group: <a href="#">Together for Integrity</a>	
GRI 206:	Anti-competitive Behaviour 2016			
206-1	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	49		10
<b>Environmental topics</b>				
	<b>Materials</b>			
GRI 301:	Materials 2016			7, 8
301-1	Materials used by weight or volume	103		8
301-2	Recycled input materials used	103		
	<b>Energy</b>			
GRI 302:	Energy 2016			
302-1	Energy consumption within the organisation	100		7, 8
302-3	Energy intensity	100		8
302-4	Reduction of energy consumption	100		8, 9
	<b>Water</b>			
GRI 303:	Water 2016			7, 8
303-1	Water withdrawal by source	105		
	<b>Emissions</b>			
GRI 305:	Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	100, 102		7, 8
305-2	Energy indirect (Scope 2) GHG emissions	102		7, 8
305-3	Other indirect (Scope 3) GHG emissions	100, 103		7, 8
305-5	Reduction of GHG emissions	101		8, 9
	<b>Effluents and waste</b>			
GRI 306:	Effluents and Waste 2016			
306-1	Water discharge by quality and destination	104, 105		8
306-2	Waste by type and disposal method	104		8
	<b>Environmental compliance</b>			
GRI 307:	Environmental Compliance 2016			
307-1	Non-compliance with environmental laws and regulations	49		8
	<b>Supplier environmental assessment</b>		Code of Conduct of the Talanx Group: <a href="#">Together for Integrity</a>	
GRI 308:	Supplier Environmental Assessment 2016			
308-1	New suppliers that were screened using environmental criteria	106		8
308-2	Negative environmental impacts in the supply chain and actions taken	106		8
<b>Social topics</b>				
	<b>Employment</b>			
GRI 401:	Employment 2016			
401-1	New employee hires and employee turnover	81		
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	88		
401-3	Parental leave	86		
	<b>Occupational health and safety</b>			
GRI 403:	Occupational Health and Safety 2016			
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	89		
403-3	Workers with high incidence or high risk of diseases related to their occupation	89		

**GRI CONTENT INDEX**

GRI Standard	Disclosure (in abridged form)	Page(s)	Comments and omissions	UNGC
<b>Training and education</b>				
GRI 404:	Training and Education 2016			
404-1	Average hours of training per year per employee	83		
404-2	Programs for upgrading employee skills and transition assistance programs	83		
404-3	Percentage of employees receiving regular performance and career development reviews	83		
<b>Diversity and equal opportunity</b>			<u>Appointment of a diversity manager</u>	
GRI 405:	Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	11, 85		1, 2, 6
405-2	Ratio of basic salary and remuneration of women to men	84		1, 2, 6
<b>Non-discrimination</b>				
GRI 406:	Non-discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken	85		1, 2, 6
<b>Freedom of association and collective bargaining</b>				
GRI 407:	Freedom of Association and Collective Bargaining 2016			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	48, 106		1, 2, 3
<b>Child labour</b>				
GRI 408:	Child Labour 2016			
408-1	Operations and suppliers at significant risk for incidents of child labour	48, 106		1, 2, 5
<b>Forced or compulsory labour</b>				
GRI 409:	Forced or Compulsory Labour 2016			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	48, 106		1, 2, 4
<b>Human rights assessment</b>				
GRI 412:	Human Rights Assessment 2016			
412-1	Operations that have been subject to human rights reviews or impact assessments	50	It is not possible at present to give the precise number and/or percentage of locations assessed.	
412-2	Employee training on human rights policies or procedures	48	It is not possible at present to give the precise number of hours spent attending training.	
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	64	See FS11	1-6
<b>Supplier social assessment</b>				
GRI 414:	Supplier Social Assessment 2016			
414-1	New suppliers that were screened using social criteria	106		1-6
414-2	Negative social impacts in the supply chain and actions taken	106		1-6
<b>Public policy</b>				
GRI 415:	Public Policy 2016			
415-1	Political contributions	51		10

**GRI CONTENT INDEX**

GRI Standard	Disclosure (in abridged form)	Page(s)	Comments and omissions	UNGC
<b>Marketing and labelling</b>				
GRI 417:	Marketing and Labelling 2016			
417-1	Requirements for product and service information and labelling	67		
417-2	Incidents of non-compliance concerning product and service information and labelling	68	There were no material incidents in the reporting period.	
417-3	Incidents of non-compliance concerning marketing communications	68	There were no material incidents in the reporting period.	
<b>Customer privacy</b>				
GRI 418:	Customer Privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	54	There were no material incidents in the reporting period.	
<b>Socioeconomic compliance</b>				
GRI 419:	Socioeconomic Compliance 2016			
419-1	Non-compliance with laws and regulations in the social and economic area	49, 68	Italy (HDI Assicurazioni): Infringement of Consumer Code, delay in data transfer; Poland (WARTA): Data protection breach. Otherwise, there were no material incidents in the reporting period.	1-10
<b>Sector-specific disclosures</b>				
<b>Product portfolio</b>				
	Management approach		Sustainability of insurance products	
FS6	Percentage of the portfolio for business lines by specific region, size and sector	8		
FS7	Monetary value of products and services designed to deliver a specific social benefit	70		
FS8	Monetary value of products and services designed to deliver a specific environmental benefit	70		8
<b>Audit</b>				
	Management approach		Sustainability of insurance products	
<b>Active ownership</b>				
	Management approach		Sustainability of insurance products	
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental or social issues		Talanx currently does not exercise voting rights for shares over which the Group holds the right to vote shares	1-10
FS11	Percentage of assets subject to positive and negative environmental or social screening	64		1-10
<b>Local communities</b>				
	Management approach		Sustainability of insurance products	
FS13	Access points in low-populated or economically disadvantaged areas by type	71		

## TCFD Index

**GRI 102-55** The Task Force on Climate-related Financial Disclosures, a European Commission technical expert group, has published recommendations for uniform climate-related reporting. This sustainability report covers the information required to be reported in the areas of governance, strategy, risk management, metrics and targets.

### THE TALANX GROUP'S SUSTAINABILITY GOALS (NOT INCLUDING THE HANNOVER RE GROUP)

Thematic area	Information	Chapter
Governance	Identify, assess and manage climate-related risks and opportunities	38
Strategy	Importance of climate protection and climate change for the Company's competitive position and strategy	39
Risk management	Processes for identifying, assessing and managing climate-related risks	40
Metrics and targets	Publication of the commonly used metrics plus, if appropriate, company-specific greenhouse gas (GHG) emission metrics	40

## Contact information

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### Talanx AG

HDI-Platz 1  
30659 Hannover  
Telephone +49 511 3747-0  
Fax +49 511 3747-2525  
[www.talanx.com](http://www.talanx.com)

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### Responsible

Head of Group Communications, Andreas Krosta  
Talanx Group Sustainability:  
Arzu Dağtekin, Julius Hansen, Kathrin Tillmann  
Telephone +49 511 3747-2022  
[nachhaltigkeit@talax.com](mailto:nachhaltigkeit@talax.com)

### Contact for investors

#### Carsten Werle

Telephone +49 511 3747-2231  
[carsten.werle@talax.com](mailto:carsten.werle@talax.com)

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HDI/ Daniel Möller: 14 top  
BayWa r.e.: page 59

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The most recent previous sustainability report was published on 6 May 2020

#### Talanx's online Sustainability Report:

[www.talanx.com/en/talanx-group/sustainability](http://www.talanx.com/en/talanx-group/sustainability)

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#### Disclaimer

This report contains forward-looking statements which are based on certain assumptions by, or expectations and opinions of, the management of Talanx AG (the "Company") or that are cited from third-party sources. These statements are, therefore, subject to certain known or unknown risks and uncertainties. A variety of factors, many of which are beyond the Company's control, affect the Company's business activities, business strategy, results, performance and achievements. Should one or more of these factors or risks or uncertainties materialise, the Company's actual results, performance or achievements may vary materially from those expressed or implied as being expected, anticipated, intended, planned, believed, sought, estimated or projected.

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## Group structure

TALANX AG						
GESCHÄFTSBEREICH INDUSTRIE-VERSICHERUNG	GESCHÄFTSBEREICH PRIVAT- UND FIRMIEN-VERSICHERUNG DEUTSCHLAND		GESCHÄFTSBEREICH PRIVAT- UND FIRMIEN-VERSICHERUNG INTERNATIONAL	GESCHÄFTSBEREICH RÜCKVERSICHERUNG	KONZERN-FUNKTIONEN	
INDUSTRIAL LINES DIVISION	RETAIL GERMANY DIVISION		RETAIL INTERNATIONAL DIVISION	REINSURANCE DIVISION	CORPORATE OPERATIONS	
	SCHADEN/ UNFALL-VERSICHERUNG PROPERTY/ CASUALTY INSURANCE	LEBENS-VERSICHERUNG LIFE INSURANCE		SCHADEN-RÜCK-VERSICHERUNG PROPERTY/ CASUALTY REINSURANCE	PERSONEN-RÜCK-VERSICHERUNG LIFE/HEALTH REINSURANCE	
HDI Global SE	HDI Deutschland AG		HDI International AG	Hannover Rück SE		Ampega Asset Management GmbH
HDI Global Specialty SE	HDI Versicherung AG		HDI Seguros S.A. (Argentina)	E+S Rückversicherung AG		Ampega Investment GmbH
HDI Versicherung AG (Austria)	Lifestyle Protection AG		HDI Seguros S.A. (Brazil)	Hannover ReTakaful B.S.C. (c) (Bahrain)		Ampega Real Estate GmbH
HDI Global Seguros S.A. (Brazil)	neue leben Unfallversicherung AG		HDI Seguros S.A. (Chile)	Hannover Re (Bermuda) Ltd.		HDI Service AG
HDI Global Seguros S.A. (Mexico)	PB Versicherung AG		HDI Seguros S.A. (Colombia)	Hannover Reinsurance Africa Limited		HDI Systeme AG
HDI Global Insurance Limited Liability Company (Russia)	TARGO Versicherung AG		HDI Seguros de Vida S.A. (Colombia)	Hannover Life Re of Australasia Ltd.		Talanx Reinsurance Broker GmbH
HDI Global SA Ltd. (South Africa)	HDI Lebensversicherung AG		HDI Seguros S.A. de C.V. (Mexico)	Hannover Life Reassurance Bermuda Ltd.		
HDI Global Insurance Company (USA)	HDI Pensionskasse AG		HDI Seguros S.A. (Uruguay)	Hannover Re (Ireland) DAC		
HDI Global Network AG	Lifestyle Protection Lebensversicherung AG		TUİR WARTA S.A. (Poland)	Hannover Life Reassurance Africa Limited		
HDI Reinsurance (Ireland) SE	neue leben Lebensversicherung AG		TU na Życie WARTA S.A. (Poland)	Hannover Life Reassurance Company of America		
	PB Lebensversicherung AG		TU na Życie Europa S.A. (Poland)			
	PB Pensionsfonds AG		TU Europa S.A. (Poland)			
	HDI Pensionsmanagement AG		OOO Strakhovaya Kompaniya „CiV Life“ (Russia)			
	TARGO Lebensversicherung AG		HDI Assicurazioni S.p.A. (Italy)			
			Magyar Posta Biztosító Zrt. (Hungary)			
			Magyar Posta Életbiztosító Zrt. (Hungary)			
			HDI Sigorta A.Ş. (Turkey)			

Nur die wesentlichen Beteiligungen  
Main participations only

Stand/As at: 31.12.2020

