

ARAG HOLDING SE

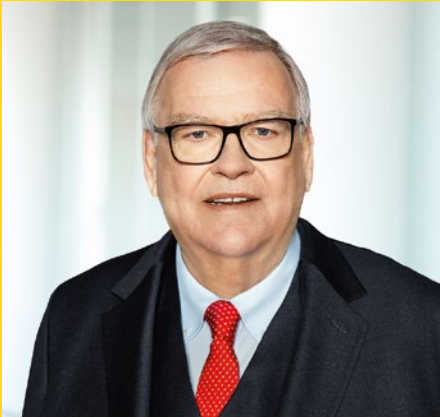
2023 Sustainability Report



Access to justice for all



As part of its Agenda 2030, the United Nations set 17 sustainable development goals (SDGs) aimed at ensuring a sustainable future. SDG 16 corresponds to ARAG's founding principle and is the key to equal access to justice. Every day, we are shaping the shift to greater sustainability through our commitment to our customers.



Dear reader,

“Peace, justice and strong institutions” – so reads the 16th of the United Nations’ 17 Sustainable Development Goals (SDGs).

SDG 16 holds special significance for ARAG, as it calls for equal access to justice for everyone. My grandfather, Heinrich Faßbender, founded ARAG with precisely this idea in mind. He aimed to create equal opportunities before the law through legal insurance. Every citizen should be able to assert their rights, regardless of their financial situation. That was back in 1935 – 80 years before the Sustainable Development Goals were adopted.

Heinrich Faßbender was ahead of his time. He was committed to issues that remain relevant to this day and are still debated in many places: justice, fairness and equal opportunities.

ARAG is committed to working toward these goals every day. Legal insurance products remain the core of our work – they protect our customers in every situation and help them realize their plans.

From this core business, a strong company has emerged, rooted in the ARAG Essentials – in our founding principle, identity, ambition and corporate values.

The ARAG Group is continually evolving to uphold and expand our founding principle of “justice for all.”

Our future program ARAG 5 to 30, with its Driving Purpose action area, focuses on the significant social relevance of legal insurance. One concrete example is the ARAG DAY, an annual event offering free legal consultations, especially for people in challenging life situations. With our ARAG DAY, we implement my grandfather’s founding principle at all our business locations worldwide.

We believe that mediation is particularly valuable in facilitating low-threshold access to justice. It is included in all our legal protection products. This voluntary, out-of-court procedure is often the fairest and most effective way to resolve conflicts. Our customers greatly appreciate this compromise-oriented approach.

These examples demonstrate that there is no single ideal path to justice and fairness. In order to make our contribution to a fairer world, ARAG will continue to develop contemporary offerings and provide access to justice for all.

I wish you an inspiring read. Yours,

Dr. Dr. h. c. Paul-Otto Faßbender

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“MEDIATION HAS A HIGH VALUE AT ARAG!”

INTERVIEW

ARAG has been devoted to facilitating access to justice for almost 90 years. The establishment of the Access to Justice department in April 2023 has strengthened our commitment to this cause. Isabel Flaskamp, the unit's Vice President, provides insights in the following interview.



KATHRIN KÖHLER



GIULIO COSCIA

Heinrich Faßbender's founding principle has guided the family enterprise ARAG for almost 90 years. Why is access to justice more important than ever today?

ISABEL FLASKAMP We live in uncertain times: Following the pandemic, we witnessed the war between Russia and Ukraine, and the Middle East is experiencing renewed destabilization. On account of these developments, we are facing economic problems such as high inflation rates. People have a particular need for protection in times like these, which is why ARAG legal insurance products are currently extremely relevant. They are concerned about securing the standards of living, specifically focusing on work, housing and health. This is where we deliver, and our customers can rely on our

products and services in these times. For the past 90 years, ARAG's founding principle of giving people access to justice has not only been our top priority but also our corporate ambition. The fact that customers need more support from us in times of crisis naturally entails a lot of work, but we can also demonstrate the great social relevance of what we do.

ARAG established the Access to Justice department in April 2023. What was the reason for this?

ISABEL FLASKAMP When developing the new Group strategy ARAG 5→30, the Management Board focused on the enormous importance of ARAG's founding principle, which the company has been pursuing for almost 90 years. This commitment is also reflected

in ARAG's sustainability strategy. The Board wanted to further emphasize the founding principle and determined that a dedicated department could enhance its impact both internally and externally. This move allows us to provide greater support for the important "social" component of the ESG guidelines, which holds particular significance for ARAG as a family-owned enterprise.

Tell us about your daily work routine: what topics are on your agenda?

ISABEL FLASKAMP We are currently working on many exciting topics. ARAG DAY 2024 is being prepared both nationally and internationally. After the success of the inaugural ARAG DAY in 2023, we are pleased with the progress we made and aim to make the event even more



impactful in the future. Additionally, we are actively seeking to expand our social commitment by exploring long-term collaborations to improve access to justice for all. We are cooperating with many departments on joint projects. For example, we are working on an employee project together with Human Resources. Furthermore, we maintain close contact with our ARAG in-house mediators, aiming to facilitate access to justice for those facing emergency situations or lacking sufficient resources to address legal issues. At the same time, we keep abreast of the latest developments in case law. If there are changes that could further enhance access to justice, we take immediate action. I am particularly interested in developments regarding the ban on third-party ownership of law firms. If we finally move closer to European standards

and liberalize the legal market in Germany, ARAG will be better positioned to assist individuals in accessing justice.

What role does meditation play as an alternative to traditional ARAG insurance benefits?

ISABEL FLASKAMP Mediation is becoming increasingly important as an alternative to traditional insurance services. ARAG recognized this early on and has been working on expanding mediation since 2009. Thanks to our long-standing expertise, we are now very well positioned in the market. One major advantage of mediation is the low-threshold and sustainable access to justice. In 2023, ARAG achieved an overall settlement rate of 75 percent for all mediations conducted by our service providers, while



Isabel Flaskamp

Isabel Flaskamp was born in Cologne on February 24, 1994. She completed her Bachelor's and Master's degree in General Management at the Cologne Business School with a focus on marketing and finance. She began her career at ARAG in 2021 as an Executive Assistant in the Human Resources/Group Internal Audit department. In April 2023, she was appointed Vice President of the newly established Access to Justice department.

“A major advantage of mediation is the low-threshold and sustainable access to justice. At the same time, mediation has very high success rates.”

Isabel Flaskamp | Vice President, Access to Justice

our in-house mediators achieved an even higher rate of 84 percent. Personally, I value the alternative option of mediation because of two aspects. Firstly, it often leads to quicker conflict resolutions as compared to court settlements. Secondly, mediation offers an ideal opportunity to resolve conflicts without irreparably damaging relationships, such as those between neighbors. This is because conflicts often arise due to a lack of dialogue and communication, and listening to each other helps much more than a neutral, purely objective court decision in accordance with some legal stipulation. This is precisely what motivates me to support our in-house mediators – knowing that we can continue to grow and help even more people, including both our customers and the socially disadvantaged. Mediation services offer substantial value-added benefits for our clients.

Mediation is a prime example of Group-wide cooperation involving the use of synergies and best practices. In your view, how can this be further intensified in general when it comes to access to justice?

ISABEL FLASKAMP Mediation has a high value at ARAG and is constantly being expanded. We are also trying to build a community internationally. This is where experiences can be exchanged and shared, and I firmly believe that exchange is always the most effective option. In Germany, we are currently exploring opportunities to make mediation accessible to a broader audience. The fundamental question we confront is: what exactly does access to justice mean? Is it really just “being proved right” in court, or does it encompass problem-solving on multiple levels? This is always a key question

for me when it comes to access to justice. I really enjoy working with the mediators and I’m very enthusiastic about leading a department that serves as an interface between various stakeholders.

You spent some time at ARAG Verona gaining insights into the international approach to access to justice. What did you take away from there?

ISABEL FLASKAMP For me, it was exciting to see how ARAG operates at an international level. We take a different approach in Italy than in Germany. In Italy, we mainly operate as a reinsurer. This is partly due to our strategic focus and partly because of differing needs. During my visit in 2019, I noted that online sales were not as prominent in Italy as they were in Germany. However, I also recognize a great potential for us as an international Group, as we can learn and benefit from each other through in-depth sharing of our experiences. This enables us to act as first movers in certain market segments and showcase our capabilities. Thus, I consider international exchange to be highly valuable.

ARAG’s founding principle is its unique purpose. How does it contribute to United Nations Sustainable Development Goal 16/16.3 (SDG)?

ISABEL FLASKAMP SDG 16 covers peace, justice and strong institutions, and SDG 16.3 states: “Promote the rule of law at the

national and international levels and ensure equal access to justice for all.” This is particularly exciting and exactly what ARAG has been pursuing for almost 90 years. In addition to this goal, ARAG’s founding principle also meets other SDG goals, such as SDG 5 (gender equality) and SDG 10 (reduced inequalities). As founder Heinrich Faßbender said: “Everyone should be able to assert their rights – regardless of their (financial) situation.” ARAG was founded with visionary foresight, and Heinrich Faßbender understood what was important in society back then. I think we can all be proud to work for a company that embraced these goals long

before they were formalized within a structured framework of rules. In my opinion, there is hardly any greater social sustainability in founding a company.

After the successful premiere in 2023, the second ARAG DAY will take place worldwide in September 2024. Are there already concrete plans?

ISABEL FLASKAMP ARAG DAY is the centerpiece of our department’s work. The idea that drives us is to provide access to justice at our locations nationally and internationally to individuals who face barriers due

to financial or social circumstances. The initiative yielded remarkable results in 2023, with assistance provided at 12 locations globally, truly embodying our Driving Purpose goal. I am therefore very pleased that we are already getting ready for ARAG DAY 2024. This year it will take place on September 27, and we want to try to grow nationally and internationally to give even more people access to justice. For example, more locations will participate in ARAG DAY, and we will also gain additional regional partners.

Thank you very much for the interview.

ACCESS TO JUSTICE FOR ALL

As a legal insurer, ARAG has been offering free and easy access to justice for over 85 years. This business model creates equal opportunities for all people and strengthens their rights in a changing society and economy.

ARAG is convinced that a sustainable transformation of the economy and society can only succeed based on social and political stability. It perceives its role as improving access to justice through sustainable transformation and thus maintaining democratic structures over the long term. We therefore also support the United Nations’ Sustainable Development Goals (SDGs). SDG 16 aims to “promote the rule of law at the national and international levels and ensure equal access to justice for all.” As the world’s leading legal insurer, ARAG can contribute here. We have defined and established this contribution in our ARAG sustainability strategy and in the ARAG target program ARAG 5➤30.

ARAG DAY as a building block

The 17 Sustainable Development Goals (SDGs) defined by the United Nations (UN) are intended to promote socially, economically and environmentally sustainable development. ARAG sees itself as having a special responsibility in this regard. After all, this United Nations demand is part of the company’s founding principle and an integral element of its corporate strategy. “ARAG is ideally

positioned to provide important impetus for access to justice. Therefore, based on our corporate strategy, we have established the ARAG DAY as a format with which we collectively promote rights, equal opportunities, and sustainable transformation of society throughout the ARAG Group,” emphasizes Dr. Renko Dirksen.

Help for different target groups

The Group-wide ARAG DAY took place for the first time in 2023. Around September 29, 2023, ARAG offered free access to the law for various target groups at numerous locations worldwide, including free advice campaigns for different target groups and on specific topics. The company thus underscored the high social relevance of making access to the law as easy as possible for everyone. “With ARAG DAY, we were able to help many people in our countries with their legal problems who would otherwise have no opportunity to get assistance. At the same time, we highlighted the importance of free access to justice. All of this made the day of action a complete success,” emphasizes Dr. Renko Dirksen, Speaker of the Management Board of ARAG SE.

Further information at www.tinyurl.com/SDG-ARAG

Separate combined non-financial report

Compliance with the CSR Directive Implementation Act

ARAG Holding SE has produced this separate combined non-financial report to meet the requirements of the EU CSR Directive (2014/95/EU) and of the German CSR Directive Implementation Act (CSR-RUG), which came into force in April 2017, and in accordance with section 341a (1a) in conjunction with sections 289b (3) and 341j (4) in conjunction with sections 315b (3) and 315c in conjunction with sections 289c to 289e of the German Commercial Code (HGB). The report applies to both the ARAG Group and ARAG Holding SE ('ARAG'). The non-financial disclosures relate to the reporting period from January 1 to December 31, 2023. The report encompasses all subsidiaries that are fully consolidated in the consolidated financial statements. Any deviations have been highlighted accordingly.

At the same time, the report also satisfies the reporting requirements for all subsidiaries subject to the same obligation (where such subsidiaries have included in their management reports a cross-reference to this sustainability report and the exemption this thus confers in respect of their own reporting obligation).

Regulatory disclosure requirement under Article 8 of the EU Taxonomy Regulation

The EU Taxonomy Regulation defines a uniform classification system that enables investors and companies to assess whether specific economic activities can be classed as sustainable under the Taxonomy Regulation.

Article 8 of the EU Taxonomy Regulation provides that companies that fall within the scope of the EU Taxonomy Regulation and are required to publish a non-financial statement must disclose information on how and to what extent their economic activities are associated with the economic activities defined as sustainable in the EU Regulation. For insurance companies, this covers information relating to investing activities and to activities associated with the underwriting of risks. The first year's reporting for 2021 focused on taxonomy eligibility and the disclosure of relevant qualitative information. Taxonomy alignment (checked against technical screening criteria) is only relevant for the 2023 financial year onward. The regulatory requirements are published on page 28 onward in this separate non-financial report.

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Defining the relevant concerns and details

Specific non-financial aspects must be included in non-financial reporting – taking into account double materiality – in accordance with the German Commercial Code (HGB). To this end, ARAG most recently performed a materiality analysis in 2020. The auditing firm KPMG AG Wirtschaftsprüfungsgesellschaft – in accordance with its mandate from the Supervisory Board – supported and reviewed the process of identifying the material topics as well as the findings of this process. For the 2023 report, the potentially material topics for ARAG were reviewed again by each department to ensure that they were up to date, and their positioning was tested for plausibility. In this process, the previous year's 16 topics were validated that are relevant to understanding the Company's business performance, its position, and the effects of its activities on non-financial aspects under section 289c (2) HGB. In accordance with its mandate from the Supervisory Board, the auditing firm KPMG AG Wirtschaftsprüfungsgesellschaft supported and reviewed the process of identifying the material topics and updating the findings for 2023. The results were then presented to the Management Board of ARAG Holding SE.

Non-financial aspects pursuant to section 289c (2) HGB	Non-financial topics/ areas for action	Section of non-financial report
Social concerns	Corporate and management culture	1. Business model, governance, and compliance
	Ensuring access to justice	
	Guidelines and remuneration systems based on sustainability	
	Digital transformation	2. Products, sales, and customer relationships
	Customer focus and innovative customer offerings	
	Transparent products and services	
	Using sustainability criteria in investment	3. Asset and risk management
	Incorporating environmental, social, and corporate governance (ESG) risks into risk identification, management, and control	
	Using sustainability criteria in the underwriting policy and when setting insurance rates	
	Cyber risks and data protection	4. Corporate social responsibility
	Social value generated	
	Taxes	
	Social and political engagement	5. Employee concerns
Employee concerns	Diversity, equal opportunity, and protection from discrimination	
Environmental matters	Climate-friendly operations	6. Environmental matters affecting operations
Prevention of bribery and corruption	Ethical governance and compliance	7. Business model, governance, and compliance
Respect for human rights	No relevant matters under CSR-RUG	

While the topic of human rights was not identified as having double materiality during the materiality analysis, it is of great importance to ARAG as an aspect of its corporate responsibility. This is reflected in the Company's HR policy, for example, and in its exclusion criteria for the management of investments. An analysis of possible reportable risks in connection with non-financial aspects found that after applying the net method and factoring in risk limitation measures, no material risks – as defined by section 289c (3) sentence 1 nos. 3 and 4 HGB – associated with the Company's business activities, business relationships, products, or services were identified that have or will have a very likely serious negative impact on the aspects referred to above.

The separate combined non-financial report has been voluntarily prepared in accordance with the Global Reporting Initiative (GRI) standards. It includes further non-financial information and performance indicators based on the GRI standards that are not required to be reported here. Cross-references to information not contained in this separate combined non-financial report and the management report constitute voluntary, supplementary information and do not form an integral part of the separate combined non-financial report.

The disclosures in the separate combined non-financial report were reviewed in accordance with ISAE 3000 (Revised) by KPMG AG Wirtschaftsprüfungsgesellschaft under a limited assurance engagement. The auditor's report is set out in the section 'Limited assurance report of the independent auditor regarding the separate combined non-financial report'.

1. Business model, governance, and compliance

Business model

ARAG is a provider of innovative, high-quality insurance, offering its customers not only its core legal insurance policies but also needs-based products and services in casualty and property insurance and health insurance business. It offers comprehensive services and risk cover with the aim of preventing and managing risks, for example in litigation, health, and pension provision. ARAG is the world's leading provider in its core business of legal insurance. ARAG's business model is described in more detail in section I. 'Group Fundamentals' in the group management report and forms the basis for the details set out below. Information on taxes, levies, wages, salaries, and pension payments, which also form part of ARAG's valuable contribution to society, can be found within the notes to the consolidated financial statements in the annual report. The consolidated balance sheet and consolidated income statement provided in the 2023 annual report present ARAG's economic performance (see the section 'Consolidated Financial Statements').

Corporate and management culture

ARAG relies on a robust corporate and management culture that provides orientation across the organization, sets targets, and thus ensures everyone is pulling in the same direction. This 'ARAG spirit' has become an important competitive factor. It has a positive impact on employees' motivation and performance, and thus makes an important contribution to the Group's business success. A third groupwide employee survey on our corporate culture was conducted in 2023, the results of which are currently being analyzed and will be published in 2024. This corporate culture is enshrined in the ARAG Essentials and the associated ARAG Leadership Essentials. The ARAG Leadership Essentials encapsulate the requirements of modern leadership. The ARAG Essentials define the Company's prin-

ciples and highlight the shared endeavors of ARAG's employees, managers, and owners. They include the founding principle and the Company's identity, corporate ambition, and corporate values. The ARAG Essentials help employees to shape the Company's future with the customer in mind. The new ARAG Leadership Essentials were introduced across the Group in 2022 with new skills models and rolled out further in 2023, for example as the basis for new management training courses.

Ethical governance and compliance

For ARAG as an insurance company, compliance with all legal and regulatory provisions is a fundamental prerequisite for retaining its business license and the trust placed in ARAG by customers and other stakeholders. As a result, compliance has top priority in the Group and across the entire value chain. ARAG has put numerous internal regulations and processes in place to minimize compliance risk and avoid reputational damage and legal sanctions. The Compliance Guideline in particular provides important information on applicable external and internal requirements. Centralized and decentralized compliance functions are designed to ensure that the Company always acts in accordance with applicable regulatory requirements. Compliance topics are also regularly addressed as part of training measures. Senior managers are instructed according to the 'train the trainer' principle and are required to pass on the course content to their staff.

ARAG produces a compliance plan with appropriate measures that is based on an annual compliance risk analysis. Substantial compliance risks are identified through continuous monitoring of the regulatory environment and department-specific surveys at home and abroad, and then documented and presented in the management committees.

As of December 31, 2023, 56 percent of employees had completed the mandatory training on the topics of conflicts of interest, fair competition, antitrust law, and information security that was first introduced in 2022. This mandatory training has also been integrated into the onboarding process for new employees. One of the aims of the training was to familiarize all employees with how to deal with gifts and hospitality and to make them aware of all requirements concerning the disclosure of conflicts of interest. The sharing of information that could be of relevance from an antitrust perspective and the ramifications of such sharing were also covered by the new compliance training.

The annual compliance report informs the Management Board of the progress of implementation. The report also sets out whether notifications were received through the whistleblowing system and what measures were taken as a result. ARAG employees can report suspected criminal behavior within the Group via whistleblowing platforms in Germany and at international ARAG offices. Whistleblowers can choose to remain anonymous. In 2023, a new portal for internal and external whistleblowers was set up following the adoption in Germany of the Whistleblower Protection Act. Employees and third parties can also submit reports anonymously via this portal in the future. The Compliance function assisted the local compliance officers abroad with the introduction of the platform in the units. The groupwide implementation will continue in 2024 to provide a standardized whistleblowing procedure across the organization. Furthermore, complaints or concerns can be submitted to the German Federal Financial Supervisory Authority (BaFin) and to the ombudsman. Information about these options is set out on ARAG's website.

Ensuring access to justice

As the leading legal insurer worldwide, the ARAG Group believes it is its duty to facilitate easy access to justice for all. By upholding its founding principle to ensure and protect the equality of all people before the law, ARAG contributes to sustainable development, and especially to goal 16 (peace, justice, and strong institutions) of the United Nations' sustainable development goals. ARAG promotes the sustainable development of society on this basis, guided by the values set out in the ARAG Essentials: foresight, openness, discipline, drive, pioneering spirit, and fairness.

With its legal insurance products, the Company helps customers to obtain affordable legal protection and access to justice. ARAG aims to further improve this access as part of the sustainable transformation and thereby maintain democratic structures in the long term.

The sustainable transformation of the economy and society can only be successful if it is achieved on the basis of social and political stability. ARAG plays an important role in this by enabling consumers to safeguard and assert their rights. As a risk carrier, ARAG has a clear responsibility to make future and/or new risks manageable financially for every consumer. Legal insurance already makes a substantial contribution to ensuring equality of opportunity and broad access to justice.

ARAG boosts consumers' rights in the essential areas of work, the home, physical and mental health, education and participation, equal treatment, and privacy, whether analog or digital. In addition, legal insurance can support consumers in legal proceedings relating to environmental offenses, for example proceedings against companies that do not meet sustainability requirements or do not comply with or meet related value propositions. Legal insurance is therefore a highly effective instrument for ensuring that consumers can have a direct influence on sustainable transformation processes. With this in mind, a sustainability check has been integrated into the product development process. When reviewing existing legal insurance products, or developing new ones, ARAG always checks whether sustainable benefits, services, or pricing features should be included in a product. These sustainability-checked legal insurance products are a useful addition to ARAG's product portfolio and offer added value for its customers.

Guidelines and remuneration systems based on sustainability

Responsible remuneration management is an important part of ethical governance and is of particular importance to all companies within the ARAG Group. Competitive, performance-related remuneration is an important factor in attracting and retaining skilled staff and managers. At the same time, ARAG's remuneration policy ensures that incentives are based on a long-term outlook in line with our ARAG Essentials corporate values. The Company's remuneration policy also minimizes risks, misincentives, and conflicts of interest that could damage ARAG and, by extension, its stakeholders too.

ARAG's remuneration policy is set out in guidelines for the Group and for the individual companies as well as in the remuneration management handbook. These guidelines apply to all international branches and subsidiaries. The remuneration management handbook sets out the general principles of the remuneration policy, the remuneration structure of the various function groups, the culture of salary adjustments, and the related processes.

Targets play a central role in the remuneration systems, including with regard to variable remuneration components. Of the variable remuneration for Management Board members, 40 percent is linked to the attainment of short-term targets and 60 percent to the attainment of long-term targets. Managers' performance is not measured solely against economic targets, however, as environmental, social, and governance aspects, such as those defined in the ARAG Essentials and the ARAG Leadership Essentials, are also important.

Every year, the Group Human Resources Central Department examines the appropriateness of the target agreement system on behalf of the relevant Supervisory Boards. The findings of the review are presented to the Supervisory Board of the respective company, which can then form an opinion of the system taking into account the German Insurance Supervision Act (VAG).

To better reflect the objectives described above, the Total Rewards Department was established within Group Human Resources. It ensures that remuneration structures and components across the Group support the Company's strategies and are competitive, appropriate, and fair.

Digital transformation

Digitalization is a key topic for ARAG that permeates all aspects of business activity and plays an important role in the Company's development. The digital transformation and the changes it entails are an integral part of ARAG's business in Germany and abroad.

For ARAG, digitalization is a customer-focused program of development that is supported by new technological possibilities. ARAG is investing in the expansion of its data analytics capacity in order to continuously improve data-driven decision-making for the customers' benefit and to position the Company as a pioneer of analytics and artificial intelligence. The findings of the Data Analytics department, for example, are used in the cost calculations for the latest generation of products, while Claims Management automatically assigns the most suitable attorney to handle a customer matter. The algorithm behind the recommendations was trained using machine learning based on ARAG's extensive case data.

The strategy program ('ARAG ~~5-20~~30') marks the next major leap in the Group's development in the period up to 2030. It defines five areas of action with specific targets for the next eight years and provides a framework for all German and international ARAG offices. One of the five areas of action is Smart Insurer, the next stage of ARAG's digital journey. ARAG is forging ahead with a digital by default approach. The idea is to take a digital first approach for processes and to only use analog processes where they offer an advantage for the customer. For example, a solution was established for the legal insurance portfolio, which comprises more than 1.9 M policies, that makes it possible to provide multiple legal insurance customers with individual offers to upgrade their existing policies. The offers were for the latest rate scale incorporating innovative benefits. This customer campaign works for any division and is efficient and seamless, i.e. it does not depend on the format used.

Once they have registered, customers across all divisions can access almost all documents relating to their contracts via the 'Meine ARAG' online portal. For example, they can see their certificates of insurance, invoices, and correspondence for each contract and claim. Various services are available, enabling customers to quickly and easily register a change of address or bank details, request legal assistance, report a claim, check the status of a reported claim, or access the online legal service and contact the relevant sales partner. Besides the option to register using a password sent by post, ARAG has offered its customers a fully digital registration process since November 2022. To register, a customer only needs to download the app from ARAG's service provider, Nect, scan their ID card, and take a short selfie video (liveness check). Following verification, a password is sent by text

message and the customer can then register and start to enjoy the benefits of 'Meine ARAG' right away. By the end of 2023, no fewer than 263,000 customers were already using the customer portal, with an average of 250 new registrations added every day in 2023. The advisory app launched in 2019 is continuously improved and enhanced with new features, and 23 updates were made to improve the user experience and the overall offering in 2023. The growing number of ARAG health app users is further proof that more and more customers are using digital services. At the end of 2023, the number of health app users reached around 278,000, which is 51,000 more than a year earlier. A total of 62 percent of all submissions – such as bills, prescriptions, and treatment and payment plans – are made via the app. By December 31, 2023, more than 1.5 M payment notices had been sent via the app, equivalent to 46 percent of all payment notices.

ARAG introduced numerous new digital products and processes in 2023. The use of chatbots and voicebots has been expanded, for example. They ensure faster and more efficient processing of queries from customers, brokers, and business partners. In 2023, more than 600,000 callers in Germany were transferred to the right department with the help of voicebots, and in some cases the query was resolved directly via the self-service options.

Digital solutions also facilitate internal and external collaboration. For example, they allow sales partners who work exclusively for ARAG to manage the entire sales process digitally using their iPad, and to access all necessary information via a communications platform.

2. Products, sales, and customer relationships

Customer focus and innovative customer offerings

ARAG is a multifaceted provider of high-quality, innovative insurance, offering its customers in Germany not only its core legal insurance policies but also products and services in the casualty and property insurance and health insurance segments. The Company places great value on providing an innovative, needs-based product portfolio. All its business activities are focused on the interests of the customer, whether this is during the advisory stage, when the policy is being sold, when a claim is being made, or when managing contracts. The objective is to provide customers with optimum, personalized support at all stages.

Responsibility for product innovations lies primarily with the Sales, Products and Innovation function. New products undergo a clearly defined development process, during which ARAG incorporates, among other things, insights from sales, the claims and legal service, customer service, and the needs and wishes of customers. ARAG makes sure that it meets new legal and market requirements by following an end-to-end process encompassing all the departments involved. The process is subdivided into an upstream product pipeline

process and a downstream product introduction process, an approach that has been consistently and efficiently refined. The product oversight and governance (POG) requirements are directed primarily at the manufacturers of insurance products (ARAG products). Under these requirements, ARAG must carry out a product approval process for all newly developed or extensively modified insurance products. By complying with the requirements, ARAG aims to ensure that all insurance products presented for sale satisfy the requirements of the specific target market. This prevents or reduces risks for customers at an early stage.

ARAG is also obliged to carry out suitable tests on insurance products and to regularly monitor and review these products. It does this, for example, by carrying out surveys of customers and sales partners, and by monitoring portfolio changes and claims ratios. ARAG also monitors the success of its product innovations using sales revenue and profitability metrics, and participates in independent tests and ratings to ensure that its offerings are reviewed on a regular basis. The Group's products, services, and customer advice have won many awards that are testament to their quality. In 2023, for example, *€uro-Magazin* (published by *Finanzen Verlag*) awarded ARAG a *Goldener Bulle* for its ARAG Aktiv legal insurance product with immediate assistance.

Transparent products and services

ARAG is committed to ensuring that its products and services comply with all applicable national and international legislation and regulations and that product marketing meets all legal requirements. Among the most important regulatory requirements are the German Insurance Contracts Act (VVG), the German Insurance Supervision Act (VAG), legislation to implement the EU's General Data Protection Regulation (GDPR), the EU's Insurance Distribution Directive (IDD), and the guidelines published by the German Federal Financial Supervisory Authority (BaFin).

ARAG firmly believes that the transparency of its management and its clear and easily understandable products and services secure the trust of customers and employees and thus boost the Company's credibility and competitive position. The Company therefore attaches great importance to open communication in all its interactions with customers and staff. This fundamental position is enshrined in the ARAG Essentials and ARAG Leadership Essentials. All board-level departments at ARAG ensure that management and services are transparent. The Group Sales, Products and Innovation Department is responsible for the transparency of product information. ARAG uses various processes to ensure that it achieves its transparency objectives, including monitoring processes, legal checks to ensure compliance with key laws and regulations in Germany and abroad, and stringent approval processes in product development.

Making information about products and services understandable is one of the main challenges faced by the insurance industry. ARAG aspires to make its product information and contractual terms as straightforward as possible. It does so by explaining any necessary legal terminology through simple examples that are understandable for the layperson. The policy for the new ARAG Recht & Gewerbe product is accompanied by a letter that describes the scope of insurance to customers in transparent and straightforward language. Each letter is tailored to the scope of services selected for the all-round cover product. As part of its standard practice, ARAG optimizes its insurance terms and conditions, brochures, and product information based on the criteria of the Hohenheim comprehensibility index (HVI).

Additionally, ARAG Austria restructured the sector categorization for small business customers in line with the ÖNACE classification. Simplified broker queries are now handled via an interface with the Company Register, an automated feature that ensures ambiguous sector designations can be avoided in the future.

3. Asset and risk management

Using sustainability criteria in investment

ARAG aims to live up to its reputation as a responsible company in its asset management activities, too, and therefore factors environmental, social, and corporate governance (ESG) criteria into all its investment decisions. As these bring an additional perspective into the risk assessment, they help the Company to gain a more rounded assessment of the risk/return profile of an investment.

An updated version of ARAG's policy on using sustainability criteria in investment was adopted by the Management Boards of all ARAG insurance companies in 2023 and ensures a standardized approach to ESG criteria. The policy sets out ARAG's strategic aims regarding these criteria. ARAG aims to make its insurance investment portfolio greenhouse gas-neutral by 2050. The overarching aim is to bring the impact of our business activities in line with the 1.5°C target to limit global warming in the long term. ARAG has set itself interim targets of cutting the carbon intensity of equities and corporate bonds in the investment portfolio (scope 3) by 25 percent by 2025 and by 50 percent by 2030 compared with 2021. Furthermore, the policy prescribes a negative screening filter that rejects investments from individual issuers and countries on the basis of certain standards, values, and sales revenue. The Company is thus helping to combat climate change and fulfilling its duty to use resources carefully and responsibly.

The negative list is based on the following criteria:

Standards-based: entities responsible for serious violations in one or more of the following areas:

- International Labour Organization (ILO) standards, including in respect of child labor and forced labor
- Human rights
- Governance (including bribery and fraud)

Values-based: entities operating in contentious fields of business, specifically:

- Controversial weapons (entities that have any connection whatsoever to cluster munitions, landmines, biological/chemical weapons, depleted-uranium weapons, blinding laser weapons, incendiary weapons, and/or weapons with non-detectable fragments that are subject to UN conventions)

Sales revenue-based: entities operating in fields of business that are particularly harmful to the climate:

- Thermal coal mining (more than 10 percent of sales revenue)
- Non-conventional oil and gas extraction (more than 10 percent of sales revenue)

Countries and entities based in countries that meet at least three out of the five criteria are placed on an exclusion list; this does not apply to supranational issuers such as multi-lateral development banks. A strict ban applies, which means that any relevant securities in the portfolio are sold and no new investments may be made.

The exclusion list for countries is based on the following criteria:

- Corruption: Corruption Perceptions Index (CPI) (weak management flag)
- Democracy and human rights: Freedom House Index (not free status)
- Peace status: Global Peace Index status (weak management flag)

The exclusion list is stored in the ARAG portfolio system to enable adherence to be permanently monitored. Any securities in the portfolio that are on the latest negative list but not subject to an immediate requirement to sell are monitored using portfolio limits. Further purchases are excluded using business limits. Existing holdings affected by the negative list must be disposed of within a transitional period ending in 2025 or held until maturity but not beyond 2030 at the latest. The investment management company HSBC INKA monitors funds' compliance with the negative list and country exclusion list. The negative list and the country exclusion list are applied directly to ARAG's fungible investments (direct investments and institutional funds).

In 2023, the guideline was expanded to include requirements for the new investment process in direct investments and institutional funds under our management. The following key indicators must be taken into account in future new purchases: ESG rating, implied temperature rise (ITR), and environmental pillar score (EPS). Sustainability is now also an independent assessment criterion in the asset manager selection process. Group Asset Management is responsible for implementing the policy.

Investment in sustainable infrastructure projects was further expanded as part of the current alternative investment program. ARAG invests in infrastructure funds that support the transition to a low-carbon economy, for example through the manufacture of battery storage solutions, the production of green hydrogen through wind energy, and the production of ammonia used to transport hydrogen.

In line with the aim of continuously refining their approach to sustainable investment, the Management Boards of the ARAG insurance companies conduct a regular review of the current investment policies. The review for the reporting period took place in October 2023.

Integrating ESG risks into risk identification, management, and reporting

As a company that takes the long view, ARAG attaches great importance to forward-looking risk management that takes emerging risks into account too. These include risks caused by climate change. Irrespective of their additional classification as sustainability risks, material risks are identified, analyzed, measured, and managed by the process owner as part of the existing risk management process. ARAG also takes sustainability risks into account in its own risk and solvency assessment (ORSA).

Sustainability risk was documented as part of the ORSA process and analyzed for the primary insurance companies and the Group in the year under review. The insurance companies are impacted by sustainability risk to varying degrees, depending on their segment. Sustainability risk at Group level is classed as 'material' overall. Reputational risk is currently the most important aspect in this regard. The following other factors may be influenced by sustainability effects: credit and counterparty risk, market risk, liquidity risk, operational risk, underwriting risk, and strategic risk. The risk assessment is gradually being expanded by carefully considering sustainability effects in various risk categories on the basis of projection and scenario calculations. In the 2023 ORSA report, for example, scenario analyses were carried out for all subsidiaries on the potential impact of climate

change on investments. The impact on underwriting of natural disasters caused by climate change was also analyzed for casualty and property insurers. The risk management approach is designed to ensure that any potential impact from sustainability criteria is fully incorporated into the solvency assessment based on current knowledge. To date, the impact of sustainability risk has not led to any significant changes in income or expenditure. Further developments will be closely monitored.

New in 2023:

Climate change and underwriting – scenario analysis at Allgemeine and Interlloyd

Using sustainability criteria in the underwriting policy and when setting insurance rates

Long-term corporate governance involves setting adequate insurance rates and the associated profitability of new business and portfolios. ARAG regularly reviews the calculation of its premiums and the profitability in the product lifecycle. Steps are taken as a result of the reviews where necessary.

ARAG takes sustainability risks into account across many areas in its underwriting policy and when setting insurance rates. The underwriting guidelines define ARAG's appetite for risk, for example, and which risks are not underwritten or only under certain conditions. The underwriting policy is further broken down by contracting guidelines at product level. Climate risk, for example, has a particular influence on the contracting policy and insurance rate setting of ARAG Krankenversicherungs-AG. It is likely that incidence rates of diseases such as allergies and asthma will increase due to shifting environmental influences brought on by climate change. Considerably higher temperatures can cause health issues such as heat stroke, heat exhaustion, or dehydration. Climate change also encourages other diseases, such as Lyme disease and skin cancer. These factors are taken into account when assessing risk.

In underwriting, ARAG attaches great importance to its (business) customers maintaining ESG standards. As a result, ARAG's underwriting policy dovetails with its sustainability strategy. ARAG does not work with partners that are known to disregard standards of human rights, decent working conditions, or equal opportunities, or that cannot document any steps they have taken to transform the ESG impact of their business.

Through a focused, appropriate, and up-to-date risk assessment, ARAG safeguards the risk structure of the existing collective and preserves capital to the benefit of all policyholders. The large number, and complexity, of current and planned regulatory changes requires more resources to be dedicated to staying up to date and to implementing regulations in reasonable time.

ARAG has also been considering sustainability when it comes to its products. At the moment, it is difficult to gauge the extent of sustainability-related opportunities on the product side. Nevertheless, ARAG's new products already include related incentives such as discounts. ARAG's Top Special Service Package offers discounts for customers with electric cars and for those who use a season ticket for public transportation. With the new ARAG Recht & Gewerbe product, customers can be placed in a higher no-claims category if they belong to a sustainability network or hold a certification. Small-business customers can also be placed in a higher category if they meet at least two criteria from a sustainability catalog, such as promoting and using green transportation, using green electricity or a photovoltaic system, or voluntarily offsetting carbon emissions.

Cyber risks and data protection

As a result of increasing digitalization, ARAG is focusing more and more on data protection and on protection against cyber risks. It is therefore of the utmost importance to ARAG that it safeguards the confidentiality and security of the data it processes in order to maintain the trust of existing and potential customers, business partners, and employees. ARAG's comprehensive data protection management is based on a set of policies and written procedures that includes the ARAG Information Security Guidelines, the ARAG Information Security Standard, the ARAG Data Protection Guideline, and the ARAG Data Protection Management Policy. These rules are binding for all of the Company's employees. They are reviewed annually and updated as required, and can be accessed via the intranet. The most recent update of the data protection policy was approved on the basis of a Management Board resolution on January 24, 2023.

In the digital age, data protection is an interdisciplinary function for which all departments need to take responsibility. The departments are supported by the data protection organization, which is led by the Chief Information Security Officer. In the 'three lines of defense' model, the Company's Chief Information Security Officer and Group Audit (third line of defense) monitor compliance with all data protection requirements on an ongoing basis. Independent auditors periodically check that the data processing programs are being used in compliance with the applicable requirements. The regular IT security inspections help to identify shortcomings in the IT security architecture so that appropriate measures for improvement can be initiated.

ARAG has been in compliance with the stricter rules on data protection that have been in place since the EU's General Data Protection Regulation (GDPR) came into force on May 25, 2018. This was certified in 2019 as part of an external review conducted by an auditor, which rated the overall implementation of the GDPR as "good to above average" in terms of how the mechanisms and processes are set up and organized. In addition to the binding provisions of the GDPR, ARAG also voluntarily complies with the German insurance industry's code of conduct for processing personal data.

In 2023, ARAG continued to work on the regulatory demands of the Supervisory Requirements for IT in Insurance Undertakings (VAIT) and the changes resulting from the Digital Operational Resilience Act (DORA), which came into effect in 2023 and will apply from 2025 onward. ARAG is continually adapting its business practices at its EU and non-EU locations to meet all applicable regulations governing data protection. On July 2023, the European Commission made an adequacy decision – the Data Privacy Framework – that covers the transfer of data to the United States. ARAG has informed its departments about this change.

ARAG monitors data protection complaints on an ongoing basis and keeps track of the numbers so that it can assess the extent of compliance with data protection regulations in the Company's day-to-day business operations. In the event of a suspected breach of data protection, the first step for the data subject is to lodge a complaint with the relevant department. Approaching the Company's Chief Information Security Officer or the responsible data protection supervisory body directly is also an option.

Every two weeks, the member of the Management Board responsible for data protection is informed about the latest developments in data protection. In the event of reportable data protection violations, the relevant members of the Management Board are involved in the final review and approval of the report in accordance with the data protection management policy.

General and departmental training and information are used to raise employees' awareness of data protection and thereby continuously improve the level of data protection. The Chief Information Security Officer is responsible for highlighting data protection issues and does so by providing individual advice and training for employees. This is complemented by measures to make employees aware of the issues, mandatory staff training, and the use of internal channels to communicate the latest information. ARAG repeats the basic data protection training for its employees every two to three years, and new employees must complete this as soon as they join the Company. In 2023, ARAG provided tailored inhouse training for employees working in data protection. The Company documents the findings of the data protection training and analyzes them in order to continually optimize this area of instruction.

Training employees and making them more aware of the issues is also becoming more important in the context of the rising threat of cyberattacks. Employees are regularly informed of risks and attack scenarios, and shown how these attacks can be identified and blocked. Awareness of IT security is also raised through information on the intranet and an annual Security Day. Over the course of 2023, several awareness campaigns and employee training courses were run throughout the ARAG Group in Germany and abroad.

To ensure the security of its IT infrastructure, ARAG uses a range of systems, including firewalls, antivirus programs on servers and client systems, security features for software packages, and extended protection programs. ARAG is continually expanding its security infrastructure and has added tools such as Windows Defender ATP, Microsoft Defender for Endpoint, and Sentinel (SIEM). Other standard safeguards include regular updates to the operating systems and related software and databases. Business-critical processes are also reviewed and revised annually, and the majority of approvals require verification by a second member of staff. This has so far avoided any incidents of critical disruption to business operations.

4. Corporate social responsibility

Social value generated

In Düsseldorf, where it has its headquarters, the ARAG Group is a leading employer with more than 1,600 employees. The Company's activities also indirectly support many jobs in the supply chain and in sales. ARAG has a positive impact on the region's employment rate and plays a role in improving the attractiveness of Düsseldorf as a business location. As an employer, the Company also generates value for society at its international locations by providing stable, future-focused jobs. In Germany, ARAG hires the majority of managers for both of its main offices locally, i.e. from the federal states of North Rhine-Westphalia and Bavaria. The administrative offices of ARAG's international branches and subsidiaries are mostly located in major industry hubs. ARAG is able to recruit locally here too. No data on this is collected, however.

Taxes

Policyholders expect ARAG to conduct itself in accordance with its contracts and the law. With regard to its tax-related obligations, ARAG aims to meet them on time, correctly, and in full. ARAG's tax strategy is documented in internal guidelines, reviewed regularly, and updated where necessary. The Tax Compliance Guideline was reviewed in 2023 and is expected to come into effect in 2024. The senior management team at ARAG reviews and approves the tax strategy. ARAG has organizational measures in place to ensure that it properly fulfills its tax obligations. The tax compliance system, which complements ARAG's existing compliance culture and organizational structure, plays an important role here. The Tax Compliance Guideline, which defines ARAG's tax strategy, is currently under review.

ARAG's tax compliance system is defined as an internal control system. It structures tax procedures and processes. In addition, it identifies, documents, and assesses tax risks. Responsibility for this lies with the Tax Department, the Legal Department, and the Management Board.

As part of the compliance organization, the members of the Management Board responsible for each area regularly receive information on current tax matters from the heads of the Tax and the Legal Departments. Interfaces with tax risks are analyzed on an ongoing basis, and matters involving risk are assessed, documented, and passed on to the Management Board as required. Once a year, the Tax Department reviews the checks of the tax compliance system, which itself is monitored by the internal audit function.

The Tax Department at ARAG SE is responsible for ensuring that all German Group companies comply with the applicable tax regulations. The international branches and subsidiaries are responsible for compliance with local tax regulations. The tax situation at the international branches and subsidiaries is assessed using an annual tax compliance questionnaire. This questionnaire complements the tax compliance system implemented in Germany. The non-German Group entities are supported by tax consultancy firms in their respective countries to ensure compliance with local tax regulations.

ARAG makes the country-by-country reporting available to the German Federal Central Tax Office to the extent required. The tax reports for each country are not published as this is not required by German law.

Social and political engagement

As a family enterprise, ARAG places great value on linking corporate and social responsibility, especially where government agencies are not always able to step in with help where it is really needed. Based on these values, ARAG is involved in a range of development programs and initiatives. It aims to have a positive impact on quality of life and the economic climate in the local area.

For example, the 'Conflict Management in Schools' program was established in 2014 with the support of the Ministry for Education and Schools of North Rhine-Westphalia. The project focuses on the introduction of universal quality standards for conflict management, preventive measures, and intervention techniques. Ten training cycles have been carried out so far, with a total of 426 school mediators at more than 141 high schools and vocational colleges in different school districts across North Rhine-Westphalia taking part. At the end of 2023, we successfully completed our tenth training course for school mediators, which was also the final installment of our pioneering and innovative Conflict Management in Schools project.

The proactive protection of children and young people against online threats is another key focus of corporate social responsibility at ARAG. Prevention covers developing media literacy, providing information and education, and raising awareness about the consequences of bullying. Since 2019, for example, ARAG has provided comprehensive, up-to-date information on this issue on the website www.hass-streichen.de ('crossing out hate'). ARAG also supports the German Children and Youth Foundation (DKJS) in the field of digital education. Together, ARAG and DKJS launched the bildung.digital ('digital education') program in 2017, which helps schools to develop their own digital education strategies and ensure that they become firmly established. The focus of the third phase from 2023 onward was on expanding the program into an umbrella brand with a wide range of offerings. In addition to the existing school development networks, further formats were introduced to support schools, including coaching sessions on microlearning, tandem-student arrangements at schools in Hamburg as part of the zukunft.digital program, and the update.bildung format for improving education management. In partnership with ARAG SE, the 'AI in the classroom' pilot was launched in June 2023 at 71 German schools with the aim of collecting factual data on the use of artificial intelligence at schools across Germany. Furthermore, the www.bildung.digital portal provided a platform focused on acquiring and applying digital skills, with 322 people from 123 institutions (schools, regional ministries, and colleges and universities) making direct use of the training provided on the bildung.digital platform in 2023.

As part of its corporate citizenship, ARAG strives to strengthen democratic institutions and maintain a dialogue with authorities and policymakers, as developments in the political and regulatory context have a considerable influence on the Company's business activities. ARAG SE manages the dialogue with policymakers on behalf of ARAG Holding SE through the Speaker of the Management Board and the Chief Representative. The purpose of the dialogue is to identify topics of relevance to both sides so that different points of view can be identified and discussed at an early stage. Like the Group companies in Germany, the international subsidiaries are usually members of the relevant trade associations in their country, through which they provide input into policymaking. ARAG's political commitment includes donations to parties represented in parliament at federal and state level in Germany. The total amount of financial contributions to these parties came to €106,000 in the reporting year.

5. Employee concerns

Diversity, equal opportunity, and protection from discrimination

Ensuring equality of opportunity has been a primary objective of ARAG since the company was founded. ARAG attaches great importance to offering all employees the same opportunities for professional development, irrespective of age, nationality, marital status, or other personal circumstances.

Fairness and openness are key corporate values that have been enshrined in the ARAG Essentials, and diversity also plays an important role in the ARAG Leadership Essentials. In the groupwide strategy, 'ARAG 5-30', promoting diversity is included under the heading 'Winning Spirit' as one of five key areas for action over the coming years.

As the leading legal insurer worldwide, ARAG naturally complies with the German General Equal Treatment Act (AGG). ARAG signed the Diversity Charter back in 2017, an initiative aimed at increasing diversity in companies and institutions, and fostering a work environment that is respectful and free of prejudice.

ARAG Germany has put the structural framework in place to support diversity within the Company. It offers flexible and remote working, specifically by dispensing with core hours and allowing employees to work remotely or from home for 40 percent or more of their time. ARAG supports employees with the technical and ergonomic equipment needed to work from home, and makes digital learning content available so that they can continue their professional development independently and from anywhere.

Managers at ARAG are allowed to work part-time and divide responsibilities through shared-leadership models. The Company supports women's careers and is boosting the proportion of women at senior management level. While the percentage of women at the first management level (F1) was 9 percent in 2015, it was 28 percent in 2023, a slight drop on the previous year's figure of 32 percent. Just under a quarter of employees at the second management level (F2) were female in 2015; by 2023 it had reached 38 percent, which was a further increase on the previous year's 36 percent. ARAG is pursuing the long-term goal of increasing the proportion of women in leadership positions until a gender balance has been achieved. To this end, the Company focuses on identifying high-potential female staff in its succession planning, for example. The process of succession planning and identifying high-potential staff takes place every year. Group Human Resources conducts structured interviews with each Senior Vice President and direct report of the Management Board members, asking a wide range of questions about potential successors and high-potential candidates in each department. Diversity criteria such as gender are also covered. The process concludes with departmental discussions of candidates, attended by the relevant Management Board member, their Senior Vice President/direct reports, and Group Human Resources. Those identified are presented and discussed in order to establish greater transparency and a pool of potential candidates, while decisions on possible appointments and development steps are also on the agenda. The pool of candidates serves as the basis for the appointment to new management roles.

The devolution of specific areas of responsibility also helps to promote equal treatment throughout the Company. The representatives for employees with a severe disability, for example, and the union workplace representatives are independent points of contact for employees, and employees can always turn to the Works Council. This ensures that the responsibilities of individuals and of the Company's internal institutions are separated.

ARAG is an independent, family-owned insurer and bases its values-led culture on its Integrity Guideline. The guideline defines how we collaborate within the Group, fleshes out the ARAG Essentials, and supplements ARAG's Compliance Guideline. One of the ways in which the contents of the Integrity Guideline are communicated to the employees is through online training, which is also included in the onboarding process for new employees.

As part of ARAG ~~5-30~~, key topics for the Group were combined in 'lighthouses', one of which covers diversity and employee engagement. Furthermore, an international community was established that meets quarterly to discuss diversity and share experiences of projects and actions, thus raising awareness of successful initiatives beyond national borders.

6. Environmental matters affecting operations

Climate-friendly operations

ARAG factors environmental criteria into its investments and aims to continually reduce energy consumption and the associated greenhouse gas emissions in its own operations. Every year, ARAG calculates its total emissions, covering all branches in Germany and abroad. The calculated figures are also made available to the international ARAG subsidiaries. Under the new digital method of collecting data, emissions sources are reported by scope 1, 2, and 3. The scope 3 categories that are analyzed are purchased goods and services, waste generated in operations, business travel, and employee commuting. Thus ARAG exceeds the legal requirements for calculating greenhouse gas emissions.

In 2023, energy consumption in Germany came to 14,340 MWh. Greenhouse gas emissions (scopes 1 and 2) amounted to 2,509 tonnes of carbon dioxide equivalent (t CO₂e). Globally, ARAG's energy consumption totaled 23,475 MWh and greenhouse gas emissions (scopes 1 and 2) stood at 4,638 t CO₂e.

Regulatory disclosure requirement under Article 8 of the EU Taxonomy Regulation

The Taxonomy Regulation (Regulation (EU) 2020/852) provides a classification system for identifying sustainable economic activities and promoting transparency about them. Under Article 8 of the Taxonomy Regulation, companies that are required to publish a non-financial statement (Non-Financial Reporting Directive [NFRD]¹⁾ obligation) must disclose key performance indicators (KPIs) relating to their taxonomy-related economic

activities. The comprehensive FAQs²⁾ published in December 2023 provide financial undertakings with details about how to interpret the Taxonomy Regulation and the supplementing Delegated Acts.

For insurance and reinsurance companies, this includes both investing activities and underwriting activities. The underwriting activities are only relevant to non-life and reinsurance business. The Taxonomy Regulation specifies the following six environmental objectives:

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

Economic activities are defined for each environmental objective. These have the potential to be environmentally sustainable by making a positive contribution to one of the six environmental objectives. An economic activity is considered taxonomy-eligible if technical screening criteria (TSC) have been defined for the activity. It is also considered taxonomy-aligned if it meets the technical screening criteria, including the Do No Significant Harm (DNSH) principle, and complies with social minimum safeguards.

In previous years, reporting only provided information about taxonomy eligibility regarding the first two environmental objectives. Now, for the first time, reporting contains information about taxonomy alignment with the first two environmental objectives and about taxonomy eligibility regarding the other four from the reporting year onward. No information about taxonomy eligibility regarding environmental objectives 3–6 can be reported due to a lack of data.

ARAG plans to integrate the new regulatory requirements of the Taxonomy Regulation in full into its sustainability and ESG strategies, and into its product design. In the first few years of reporting, ARAG primarily focused on implementing the regulatory requirements. Accordingly, there are currently no targets for taxonomy alignment.

¹⁾ DIRECTIVE 2014/95/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups.

²⁾ DRAFT COMMISSION NOTICE on the interpretation and implementation of certain legal provisions of the Disclosures Delegated Act under Article 8 of the EU Taxonomy Regulation on the reporting of taxonomy-eligible and taxonomy-aligned economic activities and assets (third Commission Notice).

Insurance

In the first few years, reporting under the Taxonomy Regulation included information about the proportion of gross premiums written – under HGB – from the non-life insurance business and the reinsurance business that were taxonomy-eligible. Gross premiums considered taxonomy-eligible relate to certain insurance activities (except life insurance) from specific lines of business (LoBs) – in accordance with Solvency II – that can be classified under NACE³⁾ code K.65.12. Such insurance provides cover for specific, climate-related hazards:

- LoB 1: medical expense insurance
- LoB 2: income protection insurance
- LoB 3: workers' compensation insurance
- LoB 4: motor vehicle liability insurance
- LoB 5: other motor insurance
- LoB 6: marine, aviation and transport insurance
- LoB 7: fire and other damage to property insurance
- LoB 11: assistance

LoBs 3 and 6 are not part of the ARAG portfolio. The bulk of ARAG's gross premiums written are for legal insurance, which is taxonomy-non-eligible according to the Taxonomy Regulation.

ARAG considers products taxonomy-eligible if they have both a direct and an indirect link to climate-related hazards in the insurance terms and conditions. The Climate Delegated Act⁴⁾ contains an indicative, non-exhaustive list of the most widespread climate-related hazards. Following the publication of the act, the individual components of ARAG's products were analyzed with regard to their coverage of climate-related hazards involving temperature, wind, water, or solid mass. In its FAQs published on December 21, 2023, the European Commission specifies that only premiums directly linked to cover for climate-related risks should be reported as taxonomy-aligned. The proportion is calculated based on data for the premiums of individual product features provided by the Finance and Accounting Department or extracted directly from the SAP systems. Additional information provided by the international units was also factored in. The allocation of gross premiums from Spain and Portugal to the individual product features was based on the related sales revenue. Once all

³⁾ NACE code: The codes in the Nomenclature statistique des activités économiques dans la Communauté européenne (NACE) allow for the statistical classification of economic activities in the EU. They are used to identify economic activities in the context of the Taxonomy Regulation. It is possible for an activity to have more than one NACE code.

⁴⁾ Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives.

the required data had been made available, it was validated by the central project team and then analyzed according to the criteria outlined above.

In order to determine taxonomy alignment, all taxonomy-eligible products were checked for compliance with the technical screening criteria. The following five criteria, the DNSH principle, and the minimum safeguards must all be met:

- Leadership when it comes to modeling and pricing climate risks
- Risk-based discounts for taking prevention and mitigation measures
- Innovative insurance solutions
- Sharing of data
- High level of service following a disaster

Components of home contents insurance and residential buildings insurance, in particular, were identified as taxonomy-aligned. The fulfillment of the criteria is briefly outlined below.

The ARAG products identified as taxonomy-eligible offer customers protection against climate-related risks. These risks play a key role in pricing and are adequately taken into account with the help of the latest modeling methodologies. They factor in historical data as well as trends and insights from scenarios and simulations that could be important for the future. The risks of climate change are appropriately reflected by including physical characteristics and geographical zones in the cost calculations. Furthermore, multiple data sources (proprietary data and relevant research by the German Insurance Association [GDV], for example) are often consulted to reduce uncertainties and the range of possible results. The results are assessed using validation methods that examine the model's consistency, robustness, and sensitivity.

ARAG offers incentives in the form of deductibles and discounts, especially with its home contents and residential building insurance products, to encourage customers to take prevention and mitigation measures.

Among other things, the product development process incorporates market observations, customer surveys, and the monitoring of the regulatory environment. A full review is also undertaken to determine the extent to which sustainability aspects and/or new or evolving climate-related risks should be included in future generations of products.

Climate change is driving the cost and frequency of climate-related loss events. Thanks to their business model, insurance companies have access to a significant volume of relevant claims data that is not available to the authorities and other public bodies to the same extent. In order to derive the greatest benefit from this data, including for the protection of the general public, ARAG shares anonymized data with the authorities, for example via requests from the GDV.

ARAG aims to provide its customers and sales partners with expert assistance that is fast and transparent. Service standards were defined for the claims handling guideline that are to be upheld in the event of a loss. ARAG also has an emergency procedure in place to ensure that its existing telephone lines are adequately staffed in the event of a major disaster. Affected customers will also find a link on the website through which they can quickly submit claims.

Insurance products must not be reported as taxonomy-aligned if they provide cover for the production, storing, or transportation of fossil fuels or for vehicles, property and equipment, or other facilities used in this context. ARAG's business model excludes such insurance options and thus complies with the DNSH⁵⁾ principle.

Insurance activities should also include suitable measures to ensure that minimum safeguards are in place in respect of human rights, corruption, taxation, and fair competition. ARAG has implemented comprehensive processes aimed at meeting these requirements. Potential risks are identified and preventive measures defined and monitored, where necessary, as part of a due diligence process. The Compliance Guideline and the compliance function ensure overall compliance.

⁵⁾ Do No Significant Harm.

This results in the following KPIs:

Economic activities (1)	Material contribution to climate change adaptation		
	Absolute premiums, 2023 (2)	Proportion of premiums, 2023 (3)	Proportion of premiums, 2022 (4)
	€	%	%
A.1. Taxonomy-aligned non-life insurance and reinsurance underwriting activities (environmentally sustainable)	15,151,326	0.9 %	
A.1.1 Of which reinsured	948,887	0.1 %	
A.1.2 Of which stemming from reinsurance activity	0	0.0 %	
A.1.2.1 Of which reinsured (retrocession)	0	0.0 %	
A.2. Taxonomy-eligible, but not environmentally sustainable, non-life and reinsurance underwriting activities (not taxonomy-aligned activities)	152,560,340	8.8 %	
B. Taxonomy-non-eligible non-life and reinsurance underwriting activities	1,572,812,666	90.4 %	
Total (A.1 + A.2 + B)	1,740,524,332	100.0 %	

Economic activities (1)	Do No Significant Harm (DNSH)				
	Climate change mitigation (5)	Water and marine resources (6)	Circular economy (7)	Pollution (8)	Biodiversity and ecosystems (9)
	Y/N	Y/N	Y/N	Y/N	Y/N
A.1. Taxonomy-aligned non-life insurance and reinsurance underwriting activities (environmentally sustainable)	Y	Y	Y	Y	Y
A.1.1 Of which reinsured	Y	Y	Y	Y	Y
A.1.2 Of which stemming from reinsurance activity	Y	Y	Y	Y	Y
A.1.2.1 Of which reinsured (retrocession)	Y	Y	Y	Y	Y

Do No Significant Harm (DNSH)	
Economic activities (1)	Minimum safeguards (10)
	Y/N
A.1. Taxonomy-aligned non-life insurance and reinsurance underwriting activities (environmentally sustainable)	Y
A.1.1 Of which reinsured	Y
A.1.2 Of which stemming from reinsurance activity	Y
A.1.2.1 Of which reinsured (retrocession)	Y

Investments

There is growing public interest in sustainable investments, and they are closely associated with the Taxonomy Regulation. The initial years of reporting under the Taxonomy Regulation focused on the extent to which investments were directed at funding taxonomy-eligible economic activities. For the first time, the 2023 report discloses what proportion of investments is directed at funding, or is associated with, taxonomy-aligned economic activities.

On December 21, 2023, the European Commission published comprehensive FAQs that provide financial undertakings with details about how to interpret the Taxonomy Regulation and the supplementing Delegated Acts. After assessing the clarification presented by the recently published FAQs, we made changes where we were not already in line with the European Commission's interpretation, provided that we were able to implement them in time for the 2023 report. Where this was not possible at short notice due to insufficient data, technical limitations, or a lack of clarity in the FAQs, we will do so for the next reporting date.

Calculation base

The calculation of the KPIs is usually based on total assets, which comprise all investments including property and equipment, cash, and intangible assets. For all assets that fall within the scope, the carrying amounts from the consolidated financial statements prepared in accordance with HGB are used. The basis of consolidation used for ARAG Holding SE is the one defined in the consolidated financial statements, which matches the companies consolidated for regulatory purposes.

Under the rules of the EU taxonomy, exposures to central governments, central banks, and supranational issuers are excluded from the numerator and denominator when calculating the KPIs.

Certain investments (e.g. cash, intangible assets, and derivatives) are also excluded from the numerator, as are companies that are not obliged to publish a non-financial statement under Articles 19a and 29a of Directive 2013/34/EU. The exception here are subsidiaries included in the report of a parent entity that is obliged to publish a non-financial statement. In this case, the KPIs of the parent entity are used as the basis for calculating a subsidiary's KPIs.

Use of mandatory published information

The KPIs disclosed are based on the data published by investee companies. The calculation is based on the most recent data and KPIs available from the counterparties. No estimates are made in this context.

The published data of the individual counterparties that is required for assessing exchange-traded liquid assets was obtained from a data provider. Where data was not available, other associated data providers or relevant publications were used. Only data available by March 1, 2024 was used as the basis for the assessment. In the case of financial undertakings, only information on taxonomy eligibility was available as 2023 was the first year they had to report on taxonomy alignment. In the case of investments in investment funds, a review of the individual investments within the funds and the issuers behind them was carried out and their taxonomy eligibility and/or alignment checked.

Data quality

ARAG has put internal controls in place for checking the data, and all information from external data providers is validated. One example is the risk-based, manual review to determine whether counterparties have published taxonomy-related key performance indicators that must be reported under Articles 19a and 29a of Directive 2013/34/EU. Any discrepancies are reported to the external data providers and corrected.

Establishing the taxonomy alignment of investments in real estate and infrastructure

Obtaining data for non-liquid assets, which at the ARAG Group include real estate (direct investments, loans, equity investments/funds) and infrastructure investments (equity investments/funds), is still difficult and incomplete. ARAG's own analyses and external data procurement via partners (including external asset managers), counterparties, co-investors (in the case of investments via fund and investment vehicles), trade associations/initiatives (BVI, BAI, PRI, Ecore, ZIA, etc.), and public data sources are all included. Each asset manager and portfolio manager was asked about the availability of relevant information.

In the real estate segment, each directly held property was analyzed to ascertain taxonomy alignment, with the relevant Energy Performance Certificates (EPCs) consulted. Where no EPC was available for a property, checks were carried out to determine whether the property was in the top 15 percent of properties nationwide or across the region in terms of primary energy consumption. Research by the Institute de l'Épargne Immobilière et Foncière (IEIF) and information from the Deepki platform were mainly used for this purpose. Compliance with the Do No Significant Harm (DNSH) principle was also checked, with a climate risk and vulnerability assessment carried out for each property that met the technical criteria for a material contribution. The analysis established whether properties are exposed to potential climate-related hazards and whether plans are in place for adapting in the event of a risk.

Disclosures under Article 8 of Taxonomy Regulation (EU) 2020/852

In accordance with Annex X of the Taxonomy Regulation, the following tables show the proportion of investments by insurance and reinsurance undertakings that are directed at funding, or are associated with, taxonomy-aligned economic activities. The tables provide a clear overview of the exposures that make up the denominator and numerator upon which the relevant KPIs of the Taxonomy Regulation are based.

The information contained in the European Commission's FAQs published on December 21, 2023 (specifically, question 71) was taken into account when breaking down the KPIs in relation to sales revenue-based and CapEx-based disclosures.

The weighted average value of all the investments of insurance or reinsurance undertakings that are directed at funding, or are associated with, taxonomy-aligned economic activities relative to the value of total assets covered by the KPI, with the following weightings for investments in undertakings as listed below: Sales revenue-based: 5.20 % CapEx-based: 7.47 %	The weighted average value of all the investments of insurance or reinsurance undertakings that are directed at funding, or are associated with, taxonomy-aligned economic activities, with the following weightings for investments in undertakings as listed below: Sales revenue-based: € 219.2 M CapEx-based: € 314.9 M
The percentage of assets covered by the KPI relative to total investments of insurance or reinsurance undertakings (total AuM). Excluding investments in sovereign entities: Coverage ratio: 72.31 %	The monetary value of assets covered by the KPI. Excluding investments in sovereign entities: Coverage: € 4,217.3 M

Additional, complementary disclosures: breakdown of denominator of the KPI

The percentage of derivatives relative to total assets covered by the KPI: 0 %	The value in monetary amounts of derivatives: € 0
The proportion of exposures to financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI: For non-financial undertakings: 17.84 % For financial undertakings: 12.95 %	Value of exposures to financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU: For non-financial undertakings: € 752.2 M For non-financial undertakings: € 546.1 M
The proportion of exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI: For non-financial undertakings: 15.89 % For financial undertakings: 5.98 %	Value of exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU: For non-financial undertakings: € 670.1 M For financial undertakings: € 252.2 M
The proportion of exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI: For non-financial undertakings: 17.15 % For financial undertakings: 22.02 %	Value of exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU: For non-financial undertakings: € 723.1 M For financial undertakings: € 928.7 M
The proportion of exposures to other counterparties and assets over total assets covered by the KPI: 30.05 %	Value of exposures to other counterparties and assets: € 1,267.2 M
The proportion of the insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policyholders: 100 %	Value of insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policyholders: € 4,217.3 M
The value of all the investments that are funding economic activities that are not taxonomy-eligible relative to the value of total assets covered by the KPI: Sales revenue-based: 19.94 % CapEx-based: 15.69 %	Value of all the investments that are funding economic activities that are not taxonomy-eligible: Sales revenue-based: € 841.0 M CapEx-based: € 661.5 M
The value of all the investments that are funding taxonomy-eligible economic activities, but not taxonomy-aligned relative to the value of total assets covered by the KPI: Sales revenue-based: 13.62 % CapEx-based: 17.57 %	Value of all the investments that are funding taxonomy-eligible economic activities, but not taxonomy-aligned: Sales revenue-based: € 574.2 M CapEx-based: € 740.9 M

Additional, complementary disclosures: breakdown of numerator of the KPI

The proportion of taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI:

For non-financial undertakings:

Sales revenue-based: 1.63 %

CapEx-based: 3.32 %

For non-financial undertakings:

Sales revenue-based: 0.30 %

CapEx-based: 0.88 %

The proportion of the insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policyholders, that are directed at funding, or are associated with, taxonomy-aligned economic activities:

Sales revenue-based: 5.20 %

CapEx-based: 7.47 %

The proportion of taxonomy-aligned exposures to other counterparties and assets over total assets covered by the KPI:

Sales revenue-based: 3.27 %

CapEx-based: 3.27 %

Value of taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU:

For non-financial undertakings:

Sales revenue-based: €68.8 M

CapEx-based: €140.0 M

For financial undertakings:

Sales revenue-based: €12.5 M

CapEx-based: €37.0 M

Value of insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policyholders, that are directed at funding, or are associated with, taxonomy-aligned economic activities:

Sales revenue-based: €219.2 M

CapEx-based: €314.9 M

The proportion of taxonomy-aligned exposures to other counterparties and assets over total assets covered by the KPI:

Sales revenue-based: €137.9

CapEx-based: €137.9

Breakdown of the numerator of the KPI by environmental objective

Taxonomy-aligned activities – provided Do No Significant Harm (DNSH) and social safeguards positive assessment:

1. Climate change mitigation	Sales revenue: 4.98 % CapEx: 6.97 %	Transitional activities: 0.05 %; 0.7 % (sales revenue; CapEx) Enabling activities: 0.16 %; 1.39 % (sales revenue; CapEx)
2. Climate change adaptation	Sales revenue: 0.01 % CapEx: 0.02 %	Enabling activities: 0.01 %; 0.02 % (sales revenue; CapEx)
3. Sustainable use and protection of water and marine resources	Sales revenue: 0 % CapEx: 0 %	Enabling activities: 0 %; 0 % (sales revenue; CapEx)
4. Transition to a circular economy	Sales revenue: 0 % CapEx: 0 %	Enabling activities: 0 %; 0 % (sales revenue; CapEx)
5. Pollution prevention and control	Sales revenue: 0 % CapEx: 0 %	Enabling activities: 0 %; 0 % (sales revenue; CapEx)
6. Protection and restoration of biodiversity and ecosystems	Sales revenue: 0 % CapEx: 0 %	Enabling activities: 0 %; 0 % (sales revenue; CapEx)

Investments in economic activities in nuclear energy and fossil gas

As of December 31, 2023, ARAG's investments included few investments in nuclear energy and fossil gas. In accordance with Article 8 (6) and (7) of Delegated Regulation (EU) 2021/2178, the following disclosures contain information about investments in nuclear energy and fossil gas.

Template 1 Nuclear and fossil gas related activities

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

Template 2 Taxonomy-aligned economic activities (denominator)

Row	Economic activities		Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
			CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
			Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	(Sales revenue)	€0.0	0.00 %	€0.0	0.00 %	€0.0	0.00 %
		(CapEx)	€0.0	0.00 %	€0.0	0.00 %	€0.0	0.00 %
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	(Sales revenue)	€0.0	0.00 %	€0.0	0.00 %	€0.0	0.00 %
		(CapEx)	€0.4 M	0.01 %	€0.4 M	0.01 %	€0.0	0.00 %
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	(Sales revenue)	€2.0 M	0.05 %	€2.0 M	0.05 %	€0.0	0.00 %
		(CapEx)	€2.9 M	0.07 %	€2.9 M	0.07 %	€0.0	0.00 %
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	(Sales revenue)	€0.0	0.00 %	€0.0	0.00 %	€0.0	0.00 %
		(CapEx)	€0.2 M	0.01 %	€0.2 M	0.01 %	€0.0	0.00 %
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	(Sales revenue)	€0.0	0.00 %	€0.0	0.00 %	€0.0	0.00 %
		(CapEx)	€0.2 M	0.00 %	€0.2 M	0.00 %	€0.0	0.00 %
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	(Sales revenue)	€0.0	0.00 %	€0.0	0.00 %	€0.0	0.00 %
		(CapEx)	€0.0	0.00 %	€0.0	0.00 %	€0.0	0.00 %
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	(Sales revenue)	€217.5 M	5.16 %	€208.0 M	4.93 %	€0.5 M	0.01 %
		(CapEx)	€311.3 M	7.38 %	€290.2 M	6.88 %	€1.0 M	0.02 %
8.	Total applicable KPI	(Sales revenue)	€219.2 M	5.20 %	€210.0 M	4.98 %	€0.5 M	0.01 %
		(CapEx)	€314.9 M	7.47 %	€293.9 M	6.97 %	€1.0 M	0.02 %

Template 3 Taxonomy-aligned economic activities (numerator)

Row	Economic activities		Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
			CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
			Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	(Sales revenue)	€0.0	0.00 %	€0.0	0.00 %	€0.0	0.00 %
		(CapEx)	€0.0	0.00 %	€0.0	0.00 %	€0.0	0.00 %
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	(Sales revenue)	€0.0	0.00 %	€0.0	0.00 %	€0.0	0.00 %
		(CapEx)	€0.4 M	0.12 %	€0.4 M	0.12 %	€0.0	0.00 %
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	(Sales revenue)	€2.0 M	0.89 %	€2.0 M	0.89 %	€0.0	0.00 %
		(CapEx)	€2.9 M	0.91 %	€2.9 M	0.91 %	€0.0	0.00 %
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	(Sales revenue)	€0.0 M	0.02 %	€0.0 M	0.02 %	€0.0	0.00 %
		(CapEx)	€0.2 M	0.07 %	€0.2 M	0.07 %	€0.0	0.00 %
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	(Sales revenue)	€0.0 M	0.01 %	€0.0 M	0.01 %	€0.0	0.00 %
		(CapEx)	€0.2 M	0.06 %	€0.2 M	0.06 %	€0.0	0.00 %
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	(Sales revenue)	€0.0	0.00 %	€0.0	0.00 %	€0.0	0.00 %
		(CapEx)	€0.0	0.00 %	€0.0	0.00 %	€0.0	0.00 %
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	(Sales revenue)	€217.5 M	99.2 %	€208 M	94.87 %	€0.55 M	0.25 %
		(CapEx)	€311.3 M	98.86 %	€290.2 M	92.18 %	€1 M	0.30 %
8.	Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	(Sales revenue)	€219.2 M	100 %	€210.0 M	95.79 %	€0.5 M	0.25 %
		(CapEx)	€314.9 M	100 %	€294 M	93.34 %	€1.0 M	0.30 %

Template 4 Taxonomy-eligible but not taxonomy-aligned economic activities

Row	Economic activities		Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
			CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
			Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	(Sales revenue) (CapEx)	€0.0	0.00 %	€0.0	0.00 %	€0.0	0.00 %
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	(Sales revenue) (CapEx)	€0.0	0.00 %	€0.0	0.00 %	€0.0	0.00 %
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	(Sales revenue) (CapEx)	€0.0	0.00 %	€0.0	0.00 %	€0.0	0.00 %
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	(Sales revenue) (CapEx)	€3.1 M	0.07 %	€3.1 M	0.07 %	€0.0	0.00 %
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	(Sales revenue) (CapEx)	€10.9 M	0.26 %	€10.9 M	0.26 %	€0.0	0.00 %
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	(Sales revenue) (CapEx)	€0.0	0.00 %	€0.0	0.00 %	€0.0	0.00 %
7.*	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	(Sales revenue) (CapEx)	€560.3 M	13.29 %	€0.0	0.00 %	€0.0	0.00 %
			€735.6 M	17.44 %	€0.0	0.00 %	€0.0	0.00 %

Row	Economic activities		Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
			CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
			Amount	%	Amount	%	Amount	%
8.*	Total amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	(Sales revenue)	€ 574.2 M	13.62 %	€ 0.0	0.00 %	€ 0.0	0.00 %
		(CapEx)	€ 740.9 M	17.57 %	€ 0.0	0.00 %		

* There is currently no published data available from the counterparties to be able to allocate these items to environmental objectives.

Template 5 Taxonomy-non-eligible economic activities

Row	Economic activities		Amount	
			Amount	%
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	(Sales revenue)	€ 0.0	0.00 %
		(CapEx)	€ 0.0	0.00 %
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	(Sales revenue)	€ 0.1 M	0.00 %
		(CapEx)	€ 2.7 M	0.07 %
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	(Sales revenue)	€ 1.7 M	0.04 %
		(CapEx)	€ 1.2 M	0.03 %
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	(Sales revenue)	€ 0.0	0.00 %
		(CapEx)	€ 0.0	0.00 %
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	(Sales revenue)	€ 0.0	0.00 %
		(CapEx)	€ 0.0	0.00 %
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	(Sales revenue)	€ 0.0	0.00 %
		(CapEx)	€ 0.0	0.00 %
7.	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	(Sales revenue)	€ 839.2 M	19.90 %
		(CapEx)	€ 657.5 M	15.59 %
8.	Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	(Sales revenue)	€ 841.0 M	19.94 %
		(CapEx)	€ 661.5 M	15.69 %

Independent assurance practitioner's report

To the supervisory board of ARAG Holding SE, Dusseldorf, Germany

We have performed a limited assurance engagement on the combined separate non-financial report of ARAG Holding SE (hereinafter the "parent company") for the period from 1 January 2023 to 31 December 2023.

Responsibilities of Management

Management of the parent company is responsible for the preparation of the combined separate non-financial report in accordance with §§ 341a (1a) and 341j (4) in conjunction with 315c in conjunction with 289c to 289e HGB ["Handelsgesetzbuch": German Commercial Code] and Article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18. June 2020 on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the "EU Taxonomy Regulation") and the Delegated Acts adopted thereunder, as well as for making their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the delegated acts adopted thereunder as set out in section "Regulatorische Offenlegungspflicht gemäß Art. 8 EU-Taxonomie-Verordnung" of the combined separate non-financial report.

This responsibility includes the selection and application of appropriate non-financial reporting methods and making assumptions and estimates about individual non-financial disclosures of the group that are reasonable in the circumstances. Furthermore, management is responsible for such internal control as they consider necessary to enable the preparation of a combined separate non-financial report that is free from material misstatement, whether due to fraud or error.

The EU Taxonomy Regulation and the Delegated Acts issued thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, management has disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in section “Regulatorische Offenlegungspflicht gemäß Art. 8 EU-Taxonomie-Verordnung” of the combined separate non-financial report. They are responsible for the defensibility of this interpretation. Due to the immanent risk that indeterminate legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

Independence and Quality Assurance of the Assurance Practitioner’s firm

We have complied with the independence and quality assurance requirements set out in the national legal provisions and professional pronouncements, in particular the Professional Code for German Public Auditors and Chartered Accountants (in Germany) and the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QMS 1 (09.2022)).

Responsibility of the Assurance Practitioner

Our responsibility is to express a conclusion with limited assurance on the combined separate non-financial report based on our assurance engagement.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): “Assurance Engagements other than Audits or Reviews of Historical Financial Information” issued by the IAASB. This standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the company’s combined separate non-financial report, are not prepared, in all material respects, in accordance with §§ 341a (1a) and 341j (4) in conjunction with 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by management disclosed in section “Regulatorische Offenlegungspflicht gemäß Art. 8 EU-Taxonomie-Verordnung” of the combined separate non-financial report.

In a limited assurance engagement, the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly, a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgment of the assurance practitioner.

In the course of our assurance engagement we have, among other things, performed the following assurance procedures and other activities:

- Inquiries of employees responsible for the materiality analysis at group level to gain an understanding of the approach to identify material topics and corresponding reporting boundaries of ARAG Holding SE.
- A risk assessment, including a media analysis, of relevant information on the sustainability performance of ARAG Holding SE in the reporting period
- Assessment of the design and implementation of systems and processes for the identification, processing and monitoring of reporting requirements, including the consolidation of data, on environmental, employee and social issues, compliance with human rights and the fight against corruption and bribery
- Inquiries of group-level personnel responsible for identifying reporting requirements relating to concepts, due diligence processes, results and risks, performing internal control procedures and consolidating that information
- Inspection of selected internal and external documents
- Analytical assessment of the data and trends of the quantitative disclosures reported by all sites to the Company for consolidation purposes
- Assessment of the overall presentation of information
- Inquiries of responsible employees at group level to gain an understanding of the process for identifying relevant economic activities according to the EU taxonomy.
- Assessing the process for identifying taxonomy-eligible economic activities and the corresponding disclosures in the combined separate non-financial report

In determining the disclosures in accordance with Article 8 of the EU Taxonomy Regulation, management is required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

Assurance Opinion

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the combined separate non-financial report of ARAG Holding SE for the period from 1 January 2023 to 31 December 2023 has not been prepared, in all material respects, in accordance with §§ 341a (1a) and 341j (4) in conjunction with 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by management as disclosed in section “Regulatorische Offenlegungspflicht gemäß Art. 8 EU-Taxonomie-Verordnung” of the combined separate non-financial report.

Restriction of Use

This assurance report is solely addressed to the supervisory board of ARAG Holding SE, Dusseldorf, Germany.

Our assignment for the supervisory board of ARAG Holding SE, Dusseldorf, and professional liability is governed by the General Engagement Terms for Wirtschaftsprüfer (German Public Auditors) and Wirtschaftsprüfungsgesellschaften (German Public Audit Firms) (Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) in the version dated January 1, 2017 (www.kpmg.de/AAB_2017_EN). By reading and using the information contained in this assurance report, each recipient confirms having taken note of provisions of the General Engagement Terms (including the limitation of our liability for negligence to EUR 4 million as stipulated in No. 9) and accepts the validity of the attached General Engagement Terms with respect to us.

Berlin, 26 April 2024

KPMG AG
Wirtschaftsprüfungsgesellschaft

Protze
Wirtschaftsprüfer
[German public auditor]

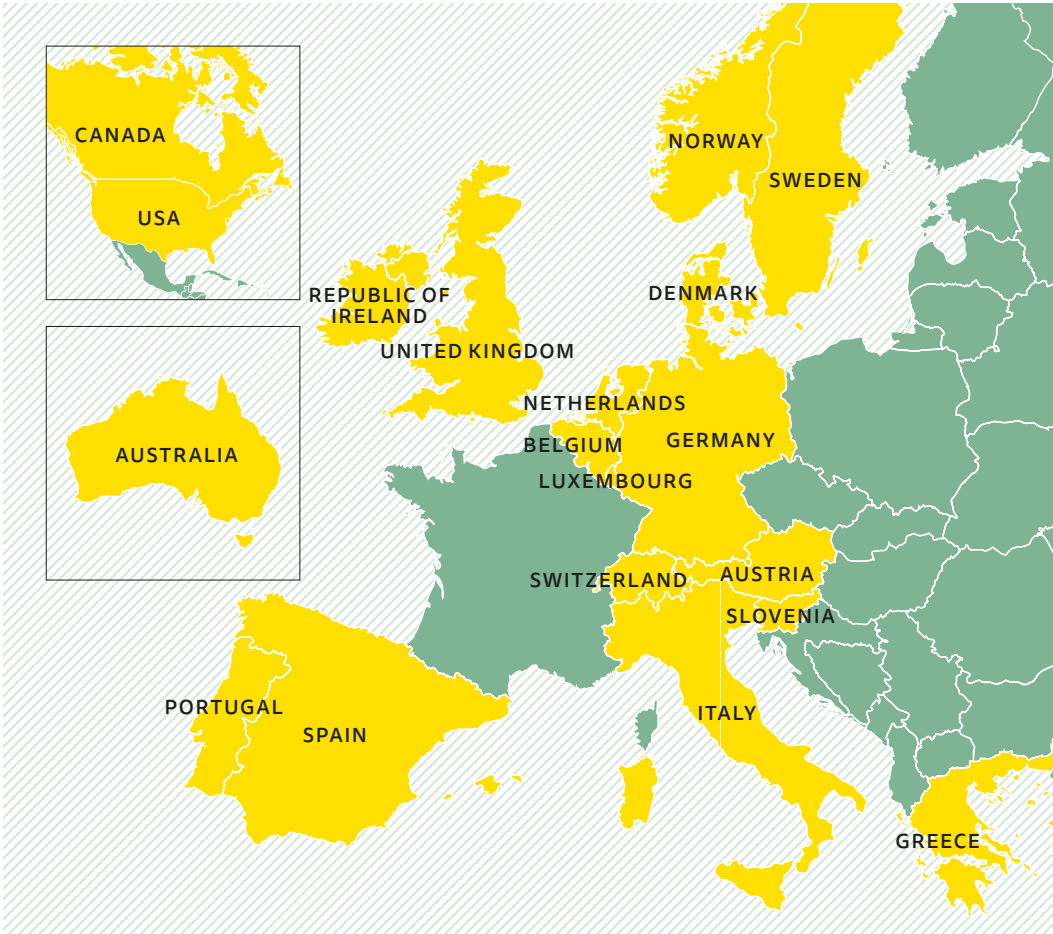
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General disclosures

The organization and its reporting practices	
GRI 2-1	Organizational details ARAG Holding SE (also referred to as the Company or the ARAG Group) is the ultimate parent company of the ARAG Group. ARAG Holding SE is headquartered in Düsseldorf, Germany. ARAG SE is the largest equity investment of ARAG Holding SE and is responsible for operational Group management and the legal insurance operating business.
GRI 2-2	Entities included in the organization’s sustainability reporting The map shows the countries in which the ARAG Group operates:



A list of ARAG SE's main affiliated companies and associates is provided in the ARAG SE solvency and financial condition report under 'Description of the main affiliated companies and associates'.

Relevant reporting information is collected by the Corporate Communications/Sustainability Department. The individual Group companies fill in questionnaires on workforce metrics, environmental statistics, and general developments in sustainability.

GRI 2-3	Reporting period, frequency and contact point
	This report was published as of April 30, 2024 and covers the period from January 1, 2023 to December 31, 2023 (same period as for financial reporting). ARAG Holding SE publishes a sustainability report annually. The contact point for questions is Kathrin Köhler, Chief Sustainability Officer & Corporate Responsibility, +49 (0)211 963 2225.
GRI 2-4	Restatements of information
	No information had to be restated for this sustainability report.
GRI 2-5	External assurance
	This sustainability report has not been reviewed by an external party.
	Activities and workers
GRI 2-6	Activities, value chain and other business relationships
	The parent company of the ARAG Group is ARAG Holding SE. The ARAG Group operates in the fields of legal insurance, casualty and property insurance, and health insurance (the latter only in Germany). It focuses on insurance products and services aimed at both private and small business customers. Internationally, the ARAG Group is targeting potential growth areas in the legal insurance sector. In Germany, ARAG Holding SE buys around €111 million worth of services from 699 suppliers¹⁾. These services are currently categorized into 21 product groups, which include IT, Data Privacy Framework and communications, facilities management, travel and events, financial services, and professional services such as external claims handlers and auditors. The sourcing of services is the responsibility of Group Procurement. The services defined in the purchasing policy, however, can be procured directly by the departments.

¹⁾ Includes all creditors of ARAG SE in Germany, of ARAG Allgemeine Versicherungs-AG, of ARAG Krankenversicherungs-AG, and of ARAG IT GmbH that have a purchasing volume of greater than or equal to €1.5 thousand. This largely excludes smaller expenditures made by individual employees, for example on business trips. Data for the international branches and insurance companies is not comparable, so it is not taken into account here.

For further information on activities, the value chain, and other business relationships, please see the 2023 annual reports and solvency and financial condition reports of ARAG Holding SE (consolidated financial statements), ARAG SE, ARAG Allgemeine Versicherungs-AG, and ARAG Krankenversicherungs-AG.

GRI 2-7	Employees
GRI 2-8	Workers who are not employees

Workforce broken down by employment contract and working hours*

Number of persons broken down by gender,
December 31, 2023¹⁾

	Germany		International		Total
	Men	Women	Men	Women	
Workforce broken down by employment contract	1,003	1,301	980	1,543	4,827
Permanent	956	1,220	923	1,437	4,536
Temporary	47	81	57	106	291
Workforce broken down by working hours	1,003	1,301	980	1,543	4,827
Full-time	915	859	840	1,084	3,698
Part-time	88	442	140	459	1,129

¹⁾ Not including 203 interns and trainees and not including inactive employees.

* The data is based on all Group companies in Germany as well as on the branches/subsidiaries in Australia, Austria, Belgium, Canada, Denmark, Greece, the Republic of Ireland, Italy, the Netherlands, Norway, Portugal, Slovenia, Spain, Sweden, the United Kingdom, and the United States.

The ARAG Group has 70 workers who are not employees. The majority work as IT consultants on a project basis.

Governance

GRI 2-9	Governance structure and composition
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The ARAG Group has structured its system of governance in such a way that its business activities can be managed soundly and conservatively in line with the business and risk strategies.

Management Board

The Management Board manages the business of ARAG Holding SE in accordance with legal requirements and the Company's articles of incorporation. As part of its overall responsibilities, the Management Board ensures that there is an orderly system of governance in place, so that it

- is effective, is fit for purpose, and – in terms of its nature, scope, and complexity – is commensurate with the Company's business activities;

- ensures compliance with laws, regulations, and regulatory requirements;
- ensures sound and prudent management of the Company;
- has an adequate, transparent organizational structure with clearly allocated and separated responsibilities;
- has an effective inhouse communications system;
- is regularly reviewed.

As of December 31, 2023, the Management Board of ARAG Holding SE had three members with the following responsibilities:

- Dr. Dr. h. c. Paul-Otto Faßbender: CEO/Equity Investments/Group Audit/Legal/Compliance
- Klaus Heiermann: Brand and Communications/Risk Management and Sustainability Management
- Dr. Sven Wolf: Data Security/Finance/Accounting, Tax, and HR

The Management Board as a whole is responsible for meeting the targets set in the sustainability strategy.

An overview of the members of the Management Board of ARAG Holding SE is available at <https://www.arag.com/en/company/management/>

Currently, neither ARAG Holding SE nor ARAG SE, the operating management company, has an independent remuneration committee within the meaning of Article 275 (1) (f) of Delegated Regulation (EU) 2015/35 (the Delegated Regulation). The size of the ARAG Group, its business organization, and its legal structure mean that, at the moment, the organization itself is able to help the Management Board and the Supervisory Board supervise the remuneration guidelines and policies as well as the way they are put into practice and how they function.

Supervisory Board

The Supervisory Board is responsible for appointing and monitoring the Company's Management Board. As of December 31, 2023, the members of the Supervisory Board were as follows:

- Gerd Peskes (Chairman)
- Professor Dr. Tobias Bürgers (Deputy Chairman)
- Professor Emeritus Dr. Brigitte Grass

All Supervisory Board members are non-executive members and are unrelated parties in terms of business relationships and family ties.

ARAG Group

Asset and
investment
management

ARAG Holding SE

Operating
management
company

ARAG SE

and legal
insurance

**Speaker of the
Management
Board and
Central Group
Functions**

**Group Sales,
Products and
Innovation**

Group Finance

**Group IT and
Operations**

**Group Risk
Management
and Group
Controlling**

**Group Human
Resources/
Group Internal
Audit**

Operating
insurance
companies

**ARAG Allgemeine
Versicherungs-AG**

(Casualty and property
insurance)

**ARAG Kranken-
versicherungs-AG**

(Health insurance)

**Interlloyd
Versicherungs-AG**

(Specialized in
broker sales)

**International
companies**

(Legal insurance/
legal services)

Service
companies

ARAG IT GmbH

(IT services for the
ARAG Group)

**Cura Versicherungsvermittlung
GmbH**

(Brokerage firm)

**ARAG Service
Center GmbH**

(Emergency telephone service)

For further information, please see the 2023 annual report of ARAG Holding SE (consolidated financial statements).

GRI 2-10	Nomination and selection of the highest governance body
GRI 2-11	Chair of the highest governance body
GRI 2-17	Collective knowledge of the highest governance body

The members of the Supervisory Board must have the necessary knowledge, skills, and experience to be able to perform their monitoring role. They must always have the expertise needed to adequately monitor and oversee the Management Board of the ARAG Group and to actively support the Company's growth. Each member must therefore understand the Company's business and be able to assess the relevant risks. They must also be familiar with the main statutory requirements applicable to the Company. The individual members are not required to have specialist knowledge. However, they must be capable of identifying when they need to take advice and of obtaining this advice. In any case, the expertise of the Supervisory Board as a whole must cover investments, underwriting, financial reporting, auditing, and sustainability. Having the necessary professional suitability entails undertaking continuing professional development. Before the Annual General Meeting appoints someone to the Supervisory Board, both the potential Supervisory Board member and the Supervisory Board that proposed the candidate are expected to make sure that the potential member is sufficiently qualified. The ARAG Group firmly believes in the importance of equality and diversity. The development of female managerial staff at all levels is therefore a key priority. The Group endeavors to continually and permanently increase the proportion of women at the first two management levels below the Management Board as well as on the Management Board itself and on the Supervisory Board. The special requirements published by the German Federal Financial Supervisory Authority (BaFin) apply to employee representatives.

In addition to the expertise referred to above, the members of the Supervisory Board of ARAG Holding SE must possess adequate knowledge of the ARAG Group's internal organization and further knowledge that enables them to assess the activities carried out by the Management Board of ARAG Holding SE related to satisfying Group-related obligations and requirements. Other essential knowledge includes regulatory requirements in relation to the management of environmental and social affairs, such as reporting requirements for these issues. The Management Board member responsible for sustainability regularly attends the meetings of the Supervisory Board, at which they inform Supervisory Board members about forthcoming regulatory obligations and sustainability management custom and practice in the insurance industry.

All Supervisory Board members, including the chairman, are non-executive members of the Supervisory Board and are not part of the Company's management.

GRI 2-12	Role of the highest governance body in overseeing the management of impacts
GRI 2-13	Delegation of responsibility for managing impacts
The Supervisory Board monitors and oversees the ARAG Group's senior management team. The Supervisory Board is responsible for all matters for which it is responsible by law or in accordance with the articles of incorporation and which it has not delegated. Unless otherwise stipulated by the law or articles of incorporation, the Supervisory Board delegates management of the ARAG Group in its entirety to the Management Board, which is assisted in this task by the other members of management in accordance with its rules of procedure. The Management Board remains responsible to the Supervisory Board. The Supervisory Board ensures that, by electing suitable members, the highest governing body has a high level of expertise in relation to sustainability and especially the environment, social matters, and corporate governance. It ensures that the governing body continues to learn on the basis of its wide range of experience. The Supervisory Board monitors the impact of the Company on an annual basis as part of its strategy review. It adopts suitable measures and instructs the Management Board to implement them on its behalf. Sustainability plays a major role at ARAG. The Management Board takes suitable steps to ensure that all employees are familiar with the strategic and operational sustainability goals that feed into the Company's overall strategy and that they understand how they can personally play their part in achieving them.	
GRI 2-14	Role of the highest governance body in sustainability reporting
The Supervisory Board makes use of the option provided by law to have the content of the non-financial statement reviewed externally. Furthermore, the Supervisory Board examines the results of the review and inspects the annual sustainability report upon completion. As part of its inspection of the annual sustainability report, the Supervisory Board also approves the materiality analysis and the material topics identified for the ARAG Group.	
GRI 2-15	Conflicts of interest
Compliance with all statutory and regulatory requirements is of vital importance to ARAG because of its focus on legal insurance. It is therefore obliged to avoid conflicts of interest and anti-competitive behavior. The Company takes measures that exceed the legal requirements and, in doing so, underlines its commitment to fair competition. <i>Dealing with conflicts of interest is described in the 'Internal control system' section of the ARAG Group's Solvency and Financial Condition Report.</i>	

GRI 2-16	Communication of critical concerns
	The Management Board is responsible for managing ARAG Holding SE. It deals with all relevant topics, makes decisions where it is authorized to do so, and reports to the Supervisory Board on critical concerns and incidents that have the potential to adversely impact stakeholders, the environment, or society.
GRI 2-18	Evaluation of the performance of the highest governance body
	Once a year, the Supervisory Board carries out a self-assessment to ascertain the professional suitability and good repute of members of the administrative and supervisory bodies in accordance with the German Insurance Supervision Act (VAG). The last such assessment was performed in November 2023. The next self-assessment of the Supervisory Board and its committees is scheduled for 2024.
GRI 2-19	Remuneration policies
	Responsible remuneration management is an integral part of corporate governance and is therefore also of particular importance to all companies within the ARAG Group. Competitive, performance-related remuneration is also an important factor in attracting and retaining skilled staff and managers. Having employees and executives who are motivated and whose performance is rewarded lays the foundation for ARAG to achieve sustained business success. At the same time, ARAG's remuneration policy incentivizes ethical behavior and minimizes risks or misincentives that could damage the Company and, by extension, its stakeholders too. Furthermore, a core aspect of the Group's system of governance is that the remuneration of the members of the governing bodies – and that of everyone else working in any of the entities in the Group – adheres to the principles of appropriateness and transparency and is focused on sustainability. For ARAG, appropriateness means that the remuneration of members of governing bodies and employees is consistent with market rates and individual performance. Moreover, those responsible for remuneration in the Company monitor remuneration levels in the relevant market and make any necessary changes, taking account of the performance of the individual employees and members of the governing bodies. Transparency means that the principles of the remuneration policy are disclosed to all employees and are as understandable as possible. For ARAG, transparency also means that remuneration structures should be designed to be only as complex as necessary and as simple as possible.

Sustainability is ensured by adequately aligning the remuneration structure with the individual Group company's business strategy and risk profile. As a company that takes the long view, ARAG attaches great importance to forward-looking risk management that takes both existing and emerging risks into account. It ensures that any events or circumstances that could have a substantially negative effect on the assets, profitability, or reputation of ARAG are identified, analyzed, and assessed through the risk management process that is in place and that is managed by designated process owners. This includes ensuring that risks for the Company arising in relation to remuneration are managed effectively. The Company relies in part on the structure of remuneration as a whole to achieve this, for example the proportion of fixed salary to variable remuneration at the relevant management levels, the structure of variable remuneration (target categories, close caps on target achievement, etc.), and related governance measures.

Supervisory Board members receive fixed remuneration for their work. Where members do other work within the Group, individual arrangements are in place to determine whether remuneration for this work is offset against their Supervisory Board remuneration.

The remuneration of Management Board members comprises a fixed basic salary and a variable element (a percentage of the basic salary). The basic salary is set at a level that ensures the Management Board members are not heavily reliant on the variable component and the variable component is set so as not to create such a significant incentive that it could encourage actions counter to the interests of the Company. No share plans or share option programs are offered anywhere in the ARAG Group. With a view to ensuring that the Company offers attractive, market-level remuneration, the variable element of the remuneration for Management Board members is set at a maximum of 60 percent of basic salary and is subdivided into short-term and long-term components. In the case of insurance companies and ARAG Holding SE, the long-term component currently equates to 60.0 percent of the relevant variable remuneration and is deferred to take into account the outcome of a review to establish whether there is any requirement for a potential downward adjustment as a result of exposure to current or future risks. The targets relevant to variable remuneration are based on objective Group and company key performance indicators drawn from the strategic planning and on individual targets for each member of the governing body. The weighting of the targets is defined beforehand.

Unless employees of insurance companies in the Group are granted variable remuneration components under pay agreements or other collective agreements on a non-discretionary basis, employees receive such variable remuneration when they reach a certain management level. The variable remuneration for these managers is based on annual target agreements, which comprise objective Group and division key performance indicators and individual targets. Social aspects such as fairness, openness, and foresight are also taken into account in addition to the economic targets. These aspects are based on the

ARAG Essentials and are incorporated into the individual target agreements as qualitative assessment criteria. The variable element is equivalent to a percentage of the basic salary and varies depending on management level and function. The variable remuneration never exceeds the relevant basic salary. Target achievement is capped at predefined limits. The basic salary for the postholders concerned is set at an appropriate level to ensure that they are not substantially dependent on the variable remuneration components. Once again, the variable remuneration must encourage good performance but not create such a significant incentive that it could encourage actions counter to the interests of the Company. Any conflicts of interest that could arise between the individual tasks assigned to an employee and their remuneration structure are avoided as far as possible. Suitable measures are also put in place to prevent such risks materializing.

GRI 2-20

Process to determine remuneration

ARAG's remuneration policy is set out in guidelines for the Group and for the individual companies as well as in the remuneration management handbook. These guidelines apply to all international branches and subsidiaries. General principles of the remuneration policy, the remuneration structure of the various function groups, the fundamentals of salary adjustments, and the related processes are set out in the remuneration management handbook. The processes involved in managing remuneration are based on systematic market comparisons that are continuously updated. The remuneration of the Group's governing bodies and employees is based initially on the governing law applicable to the relevant entity in the Group. The Management Board of ARAG Holding SE is responsible for the Group remuneration policy.

Remuneration falls under the remit of Group Human Resources. In respect of remuneration in the individual companies, Group Human Resources acts on behalf of the Management Board; in respect of the remuneration for the individual Management Boards, it acts on behalf of the Supervisory Boards. The international branches and subsidiaries can also specify additional remuneration rules that are specific to their market.

The Total Rewards Department was established in 2021 as part of the restructuring of Group Human Resources. It reviews the Group's remuneration and incentive structures in line with ARAG Holding SE's remuneration objectives.

GRI 2-21

Annual total compensation ratio

The ratio of the annual total compensation for the members of the Management Board to the median annual total compensation for all employees is sensitive business information that, as a family enterprise, the ARAG Group does not report.

Strategy, policies, and practices	
GRI 2-22	Statement on sustainable development strategy Being a family enterprise, ARAG consciously makes long-term plans in order to secure the independence of the Group now and in the future. The development program (ARAG 5-2030) sets out the course of the Group in the period up to 2030. The program specifies five key areas of action that will shape how the Group evolves going forward: 1. Essential Growth: Gross premiums written are budgeted to increase by €1 billion to reach €3 billion on the back of strong organic growth, which ARAG intends to supplement through strategic acquisitions. At the same time, eligible own funds (EOF) are budgeted to rise to €2.8 billion, equating to an increase of €1 billion. This ensures that growth is not achieved to the detriment of the Group's net asset value. 2. Winning Spirit: ARAG is nothing without its employees. They support and assist customers day in and day out. It is therefore essential to continually improve ARAG's appeal as an employer, which will boost the performance culture within the Group. ARAG places a particular focus on promoting equal opportunities and diversity within the Group. Employees' willingness to recommend ARAG as a good employer is a key benchmark in this regard. 3. Embracing Clients: Customer satisfaction is a key driver of ARAG's success. The ARAG Group therefore intends to continually increase the proportion of customers in the satisfied and very satisfied categories. Innovation campaigns for products and services and enhanced customer focus will provide key impetus for its efforts. Globally, the Group will expand and step up its activities to gauge customers' satisfaction and willingness to recommend ARAG. 4. Driving Purpose: Building on its founding principles, the Group supports access to justice around the world, thereby strengthening democratic structures in the long term. ARAG has a once-in-a-lifetime opportunity to give its business model new relevance. The Group is simultaneously reducing its carbon footprint by cutting the carbon intensity of its investment portfolio by 50 percent by 2030 and making all of its administrative offices carbon-neutral by 2025 (see the section 'ARAG sustainability strategy'). 5. Smart Insurer: ARAG is embarking on the next stage of its digital journey. As a Smart Insurer, it plans to enhance its speed and agility through two new targets. In the future, all core processes will be digital by default. Analog procedures will be used only where they offer advantages for a customer or partner's specific circumstances. The Group aims to streamline its processes through the increased use of artificial intelligence (AI) in product and service innovations.

Together, the entities in Germany and abroad developed more than 300 individual measures in 2023 with the aim of delivering the ARAG **5→30** target program. These measures were ordered by priority, and the core projects were defined in ten lighthouse clusters. Projects include Access 2 Justice, which aims to strengthen the founding principle of access to justice and share it through non-profit initiatives, and Diverse & Engaged ARAG Family, which aims to promote ARAG's value-based performance culture. These cluster projects are being implemented as a priority.

ARAG sustainability strategy

As an internationally successful family enterprise, the ARAG Group understands the importance of the sustainable transformation of the economy and society. For ARAG, sustainable development and structures are the basis of social, economic, and environmental stability. As the leading legal insurer worldwide, ARAG can play a valuable and active part in supporting and driving forward the societal change needed for this sustainable transformation. With this in mind, ARAG has adopted a groupwide sustainability strategy that defines specific targets relating to the environment, social matters, and corporate governance. The Group is guided in its efforts by the United Nations' 17 sustainable development goals (SDGs) and the UN Global Compact, an initiative based on a variety of principles that aims to boost sustainability in companies. ARAG can make its biggest contribution to SDG 16 – Promote the rule of law at the national and international levels and ensure equal access to justice for all. Access to justice based on equality of opportunity dovetails with the Group's visionary founding principle when it was established almost 90 years ago and lies at the heart of the ARAG Essentials. The various sustainable development goals are also reflected in the environmental, social, and corporate governance (ESG) principles. Consideration of ESG aspects has become established in legislation (section 289a of the German Commercial Code [HGB]) and is also the organizational principle of the EU taxonomy. The ARAG Group therefore follows the ESG principles when describing its sustainability goals.

Environment

The ARAG Group fulfills the obligations incumbent on it as an investor, risk carrier, and operator of its own sites to use all natural resources sustainably. It expressly adheres to the provisions of the Paris Agreement on climate change to limit global warming to 1.5°C. Through active portfolio management and an increase in the volume of sustainable investments, ARAG aims to make its investment portfolio greenhouse gas-neutral by 2050. This will be achieved using interim targets. Compared with 2021, active portfolio management is expected to cut the carbon intensity of equities and corporate bonds in the investment portfolio (scope 3) by 25 percent by 2025 and by 50 percent by 2030. The interim targets will be reviewed regularly and specified in more detail as the science progresses and data becomes available. Another aspect in the drive to make ARAG's investments more climate-friendly is the increase in sustainable investments that mitigate climate change. As a

risk carrier, ARAG endeavors to help consumers and businesses to achieve and comply with environmental goals and standards. ARAG consciously incorporates sustainable benefits, services, and pricing features when creating its products. In underwriting, ARAG attaches great importance to its business customers maintaining ESG standards and checks their fulfillment of such standards when performing its risk assessments.

At all its administrative sites around the world, ARAG intends to be net zero carbon by 2025. In terms of customer communication, ARAG will go mainly digital in its provision of policy documents and information sheets and in its correspondence. There will be exceptions where the law requires communications to be in paper form.

Social

The sustainable transformation of the economy and society can only be achieved on the basis of social and political stability. Legal insurance already makes a substantial contribution to ensuring equality of opportunity and access to justice. ARAG boosts its customers' rights in the essential areas of work, the home, physical and mental health, education and participation, equal treatment, and privacy, whether analog or digital. In addition, legal insurance can support consumers in legal proceedings relating to environmental offenses, for example proceedings against companies that do not meet sustainability requirements or do not comply with or meet related value propositions.

Legal insurance is essential to meeting the sustainable development goal of 'access to justice' around the world. ARAG decided to hold an ARAG Day in all of its legal insurance markets from 2023 onward, during which consumers – particularly those in greatest need – can obtain free legal guidance on certain aspects of the law. This event was held for the first time in twelve countries in 2023. The entities involved developed market-specific offerings that were well-received and used by the target groups.

In addition, ARAG aims to give its legal insurance customers around the world access to justice more than two million times per year by 2030. The Group intends to progressively expand its out-of-court conflict mediation services for its customers.

In its underwriting business, ARAG avoids taking on exposures that are known to contravene standards of human rights, decent working conditions, or equal opportunities, or where the customer cannot document that it is taking steps to transform the ESG impact of its business. The same applies to asset management. ARAG does not support those seeking to raise capital through investments that contravene standards of human rights, decent working conditions, or equal opportunities, or where the business cannot document any steps it has taken to decarbonize its carbon-based business model. In order to review its investment decisions, ARAG uses exclusion lists and integrated ESG approaches in asset and risk management.

Customer satisfaction is a key indicator of whether ARAG is living up to its ambitions. ARAG will always strive to enhance the quality of its work in the interests of its customers. The Group continually measures customer satisfaction and customers' willingness to recommend ARAG and uses the insights it gains to guide its business strategy. ARAG uses a net customer satisfaction score to gauge its customer's satisfaction and a net promoter score to establish customers' willingness to recommend ARAG. ARAG applies the same standards to its capital.

As a provider of legal insurance, the principle of equality of opportunity lies at the heart of ARAG's business model. And promoting equal opportunities and diversity within the Group itself is therefore naturally also one of ARAG's guiding principles. All employees are offered the same opportunities for professional development, irrespective of age, gender, nationality, marital status, or other personal circumstances. The proportion of female managers has been rising continuously at ARAG SE for many years. The proportion of women at the first management level is 28 percent (2022: 32 percent), while at the second management level it is 38 percent (2022: 36 percent). ARAG will continue to progressively increase the number of women in managerial positions until it achieves a balanced gender ratio.

Corporate governance

As an international insurance company, the ARAG Group is subject to extensive regulation by German and international supervisory authorities. Comprehensive reporting obligations ensure that business activities are recorded transparently and in detail.

For ARAG, the principle of good corporate governance goes beyond the statutory requirements. Since 2006, its corporate principles, the ARAG Essentials, have set out its aims and principles for good and successful corporate governance. The ARAG Leadership Essentials translate those corporate principles into leadership behavior. Compliance with the ARAG Essentials is an integral component of management remuneration and accounts for 25 percent of annual performance appraisals.

ARAG is the leading legal insurer worldwide and therefore attaches great importance to compliance. Centralized and decentralized compliance functions act in accordance with regulatory requirements. The compliance function examines groupwide implementation as part of an annual reporting process. ARAG has a zero-tolerance policy as regards infringements of the law or mandatory regulations. The work of the compliance function is included in the annual information published in the non-financial statement for the Group.

The corporate principles – the ARAG Essentials – outline the Company's objectives and the causes that ARAG's employees, managers, and owners champion around the world. An online communication program was launched to facilitate this. In virtual sessions, the workforce examined the role of the corporate principles in day-to-day work and documented their ideas for implementation in digital logbooks. An evaluation of the 364 international and German logbooks showed that employees across the Group identified strongly with ARAG. It was also clear that they very much agreed with the family enterprise's corporate principles. These principles include the founding principle and the Company's identity, corporate ambition, and corporate values. The ARAG Essentials help employees to shape the Company's future with the customer in mind. The ARAG Essentials are handed out to every new employee and are discussed in workshops. An online tool on the Group website – available in all the 13 languages used in the Group – conveys the core messages of the ARAG Essentials and provides information on the international branch offices.

Derived from the ARAG Essentials, the ARAG Leadership Essentials set out the requirements for managers at ARAG and support the implementation of the principles in day-to-day business. They were introduced across the Group in 2022 along with new skills models and manager training courses, with the rollout continuing in 2023. Since then, managers have been able to access digital information and live online sessions about the ARAG Leadership Essentials via a digital platform. The Leadership Essentials provide the framework for a new approach to the development of managers and talented employees, and underpin the hiring processes, for example. They are also integrated into the onboarding of new colleagues and form the basis for new management training.

ARAG is an independent, family-owned insurer and bases its values-led culture on its Integrity Guideline. The guideline defines how we collaborate in the Group, fleshes out the ARAG Essentials, and supplements ARAG's Compliance Guideline. One of the ways in which the contents of the Integrity Guideline are communicated to the employees is through online training, which is also included in the onboarding process for new employees. In addition, Integrity Guideline champions have been appointed at the Düsseldorf and Munich branches.

In 2017, ARAG became a signatory to the corporate diversity initiative Charta der Vielfalt, which promotes diversity in companies and institutions.

Germany's new Supply Chain Due Diligence Act (LkSG) came into force on January 1, 2024. In 2022, ARAG launched a project with the aim of implementing all measures required for compliance with LkSG by the end of 2023. The Management Board adopted a declaration on ARAG's human rights strategy in 2023, which was published on the Company's website

at the end of the reporting year. A complaints procedure was also implemented in line with LkSG. On the basis of a resolution of the Management Board, ARAG appointed a human rights officer at the end of 2022.

GRI 2-24	Embedding policy commitments
	ARAG Holding SE uses various instruments to embed the corporate principles and policies dealt with under GRI 2-23, including internal platforms, workshops, and contractual arrangements. The responsibility for this is shared between Corporate Communications, the HR Department, and the Legal and Compliance Department. <i>Please see GRI 2-23 for further information.</i>
GRI 2-25	Processes to remediate negative impacts
	The ARAG Group's system of governance facilitates sound, prudent management of the insurance business and is commensurate with the nature, scope, and complexity of the Group's activities. It is regularly reviewed and modified, if required. The Group has an appropriate organizational structure and an effective information system with clear lines of reporting. There are written guidelines covering the key elements of the system of governance and also detailed descriptions of the key functions, including the roles of the Management Board and Supervisory Board. In addition, the system of governance includes an appropriate remuneration system, business continuity plans, the implementation of the 'fit and proper' requirements, a risk management system (including the own risk and solvency assessment), an internal control system, the establishment of key functions, and rules governing outsourcing. As a company that takes the long view, ARAG attaches great importance to forward-looking risk management that takes both existing and emerging risks into account. It ensures that any events or circumstances that could have a substantially negative effect on the assets, profitability, or reputation of ARAG are identified, analyzed, and assessed through the risk management process that is in place and that is managed by designated process owners. ARAG equally sees it as its duty to prevent environmental risks and has implemented environmental management plans at the Company's various locations. These provide the basis for ARAG's measures to ensure the conservation and efficient use of resources (energy, water, paper). Sustainable asset management is also playing an increasingly important role for ARAG in its role as an insurance company. Here, the Company works with internal guidelines that were refined in the reporting year. <i>Further information can be found on page 86 onward ('Asset and risk management') and on page 108 onward ('Environmental matters affecting operations') in this report.</i>

GRI 2-26	Mechanisms for seeking advice and raising concerns
	In 2023, a new portal was set up for internal and external reporting as defined by section 2 of the German Whistleblower Protection Act (HinschG) and for the internal reporting of improper conduct. The portal facilitates the submission of anonymous reports and enables anonymous communication with whistleblowers. It was implemented in several ARAG SE branches in 2023, for example in Spain, Austria, and Belgium. The international implementation will be continued in the year ahead with the goal of establishing a standardized platform across the Group for submitting reports of this nature. Furthermore, complaints or concerns can be submitted to the German Federal Financial Supervisory Authority (BaFin) and to the ombudsman. Information about these options is set out on ARAG's website.
GRI 2-27	Compliance with laws and regulations
	In the year under review, the Company was ordered to pay a fine of less than €1,000 resulting from proceedings for an administrative offense in 2017.
GRI 2-28	Membership of associations
	• ARAG is a member of the German Insurance Association (GDV). • ARAG is also a member of the Insurance Industry Working Group of the regional government of North Rhine-Westphalia. • ARAG is involved in the Munich Financial Center Initiative. • The international branches and subsidiaries are normally members of the trade associations within their respective countries. • ARAG is also a founding member of InsurLab Germany, the largest networking initiative in Germany for insurance companies, and takes a stake in insurtechs, which develop digital products for the insurance industry. • Furthermore, ARAG is a member of the German Sustainability Network (GSN). The initiative provides companies in the insurance industry with a collaboration platform for interactive discussions and the clarification of issues relating to sustainability. The GSN's varied program and the resulting efficiencies support the transition to a more sustainable insurance industry. • ARAG is a partner of the Düsseldorf Climate Pact. The initiative, set up by the City of Düsseldorf, the Düsseldorf Chamber of Industry and Commerce, the Chamber of Skilled Trades, and the District Chamber of Skilled Trades in Düsseldorf, aims to work together to cut city-wide carbon emissions to an average of two tonnes per capita per year by 2035.

Stakeholder engagement	
GRI 2-29	Approach to stakeholder engagement The most important stakeholder groups at ARAG include customers, ARAG Sales Partners, brokers, and employees. Other important stakeholders are business partners, suppliers, industry associations, regulatory bodies, and media organizations. ARAG has a close relationship with stakeholders who have considerable influence on the Company's success and who in turn are heavily influenced by ARAG's commercial activities. They include, in particular, customers and employees. Ongoing survey measures, ad hoc feedback requests, and anonymous internal employee surveys are used to learn more about their disposition toward ARAG and their opinion of the Company. In addition, data provided by stakeholders is collected and analyzed for the purpose of improving the service offering. ARAG positions itself as the internationally successful, innovative quality insurer – independent and family-owned. The Company derives a strong sense of social responsibility from this philosophy and is highly committed to its social causes. Since it was founded by Heinrich Faßbender, ARAG has had a clear objective: All citizens should be able to assert their legal rights – irrespective of their financial situation. This vision espoused by the Company's founder – equality of opportunity before the law – means that corporate social responsibility is firmly and directly enshrined in the ARAG business model. In accordance with this corporate mission, ARAG is committed to dealing responsibly with employees and business partners and putting the customer and their needs first. The Company gauges customer satisfaction and expectations on an ongoing basis. Feedback questionnaires and an online platform are used to conduct customer surveys. For market research, it uses focus groups and comparative studies of holders of multiple policies. Qualitative and quantitative studies are carried out in collaboration with market research companies in order to answer specific questions. ARAG worked with an external institute to examine consumer expectations with regard to preventive healthcare. The Company regularly conducts surveys in its online community, ARAG Denkraum ('thinking space'), on topics such as waiting times and processing times in order to align its operational processes with customer expectations. It also holds discussions with customers on products and processes, with a focus on direct dialogue, and continuously monitors how satisfied customers are with the service they receive over the phone.

In September 2023, the global workforce took part in a third employee survey on the corporate culture. The results of this survey were analyzed in the reporting year and the individual countries' results were presented in virtual meetings at the relevant international branches. The survey had a response rate of 68 percent in Germany and 58 percent internationally, which equates to over 3,100 employee responses around the world. The analysis showed a very positive and homogeneous result, confirming the strong and thriving corporate culture throughout the Group.

Customers are able to openly express their opinions and share their experiences, which gives ARAG a direct insight into customer expectations and needs that it then uses to optimize products, services, and internal processes.

GRI 2-30	Collective bargaining agreements
	Collective pay agreements cover 63 percent of employees at the Group companies in Germany (2022: 64 percent). The proportion for ARAG SE in Germany is 71 percent (2022: 72 percent).

Disclosures on the material topics

GRI 3-1	Process to determine material topics
	The principles for determining report content and quality have been applied to the entire reporting process. The material topics were defined in 2020 as part of a comprehensive materiality assessment. Since then, the material topics and their positioning have been reviewed every year and adapted where required. The material topics were subjected to a plausibility check in 2023 as part of a workshop with the relevant managers at ARAG, during which the material topics and their positioning from the previous year were validated. Furthermore, a materiality assessment in accordance with the requirements of the Corporate Sustainability Reporting Directive (CSRD) was carried out at the end of 2023, the results of which will be applied from now on.

The topics that are relevant in the context of the German CSR Directive Implementation Act (CSR-RUG) are those that are required for an understanding of the Company's business performance and the Company's influence on these topics. *The separate combined non-financial report of ARAG Holding SE can be found from page 8 onward in this report.* Based on the GRI Standards 2021, all topics with a substantial impact on ARAG's sustainable development are relevant for GRI reporting. This GRI report therefore focuses on those topics. It also covers topics that have a significant impact on ARAG's long-term success.

GRI 3-2

List of material topics

Impacts on the sustainable development of the environment, society, and the economy	high	Protection of human rights in the supply chain	Identification and disclosure of climate-related impacts in asset management	- Customer focus and innovative customer offerings - Using sustainability criteria in the underwriting policy (including country- and industry-specific sustainability risks) and when setting insurance rates - Transparent products and services - Corporate and management culture - Guidelines and remuneration systems based on sustainability - Ethical governance and compliance - Digital transformation - Using sustainability criteria in investment - Incorporating ESG risks into risk identification, management, and control - Cyber risks and data protection - Diversity, equal opportunity, and protection from discrimination - Social value generated - Taxes - Social and political engagement - Climate-friendly operations - Ensuring access to justice
	medium		- Using sustainability-related opportunities in the development and modification of products - Investments with specific environmental or social impact (e.g. sustainable infrastructure, green technology) - Development of expertise in ESG risks and opportunities across all Group divisions - Resource-efficient operations	- Changing demographics, social structures, and lifestyles - Fair competition and avoidance of conflicts of interest - Economic value generated - Internal communications/communication between Management Board and employees - Occupational health and safety - Training and education - Consideration of sustainability risks in actuarial assessments
	low			
		low	medium	high
		Impact on long-term business success		

Material topics

Governance and compliance

	Economic value generated
GRI 3-3	Management of material topics Independence shapes all areas of the business The ARAG Group is the largest family-managed insurance company in Germany and the leading legal insurer worldwide by premium income. As a family enterprise without external shareholders, independence is at the heart of ARAG’s identity. ARAG pursues a long-term strategy and focuses on profitable growth through a conservative risk and solvency policy. Independence is a guiding principle in all areas of its business activities and enables ARAG to dedicate its full attention to its most important stakeholders, its customers. The Company’s resources are mainly used to provide customers with the best possible service and to fulfill its value proposition. One example of this is ARAG’s conservative dividend policy. Most of the profits made are reinvested into the Company in order to strengthen its financial foundations and ability to invest. Growth targets in legal, property, and health insurance In the German market, the ARAG Group is maintaining its focus on further developing its legal and health insurance businesses. Internationally, the Company is targeting further strong growth in the legal insurance sector. The sales revenue and profit targets derived from this two-pronged growth strategy are broken down for each Group entity. A variety of tools contribute to ARAG achieving its growth and profit targets. These include the three-year plan for all Group companies, the target agreement system, the comprehensive risk management system as per Solvency II using a partial internal risk model, and the internal control system (ICS). The positive outlook of the ARAG Group was fully validated in 2023. Despite the economic uncertainty stemming from the war in Ukraine and the ongoing pandemic, gross premiums written rose by 7.7 percent to €2.3 billion with a net increase of more than 100,000 customers in the reporting year. Success through market expansion, digitalization, and innovation The ARAG Group and its international subsidiaries operate in highly competitive markets. The Group invested heavily in growing the business in 2023 and acquired its direct competitor in the United Kingdom, DAS Holding Ltd. Thanks to the acquisition, ARAG has significantly expanded its international business and cemented its position as the leading legal insurer worldwide. <i>Further information on the Smart Insurer Program can be found on page 83 onward in this report ('Digital transformation').</i>

GRI 201-1	Direct economic value generated and distributed
	<i>See ARAG Holding SE 2023 annual report (consolidated financial statements).</i>
	Corporate and management culture – ethical governance and compliance
GRI 3-3	Management of material topics
	Corporate culture encourages top performance ARAG operates in fiercely competitive markets, which is why the Company focuses on quality and innovation for its customers. ARAG revamped numerous insurance products to include new benefits in 2023. This success is testimony to the motivation of ARAG employees and the Group’s unwavering customer centricity. The clear focus on the customer is the result of a robust corporate and management culture at ARAG that provides orientation across the organization and defines the Group’s actions in the customer’s interest. This ‘ARAG spirit’ has become an important competitive factor, as it has a positive impact on employees’ motivation and performance. The ARAG spirit was also evident in the key figures for 2023, such as the combined ratio and the underwriting result, which again improved significantly thanks to the Group’s record growth. This level of success would not have been possible without the outstanding performance of a highly motivated workforce. The corporate culture is based on the ARAG Essentials and the ARAG Leadership Essentials. The ARAG Essentials have provided a clear action and leadership framework for the entire Group since 2006. The ARAG Leadership Essentials, which were rolled out across the Group in 2022, set out the Group’s vision of management and collaboration at ARAG and provide direction for senior managers in their actions and their personal development, and the personal development of their teams. Since then, managers have been able to access digital information and live online sessions about the ARAG Leadership Essentials via a digital platform. The Leadership Essentials provide the framework for a new approach to the development of managers and talented employees, and underpin the hiring processes, for example. They are also integrated into the onboarding of new colleagues and form the basis for new management training. Regular employee involvement ARAG attaches great importance to getting employees on board when making any changes to the corporate culture. In September 2023, the global workforce took part in a third employee survey on the corporate culture. More than 3,100 employees answered questions relating to the corporate culture, with a response rate of 58 percent in Germany and 68 percent internationally. The analysis painted a very positive picture overall, con-

firming the strong and thriving corporate culture throughout the Group. This was the first time that the survey included questions on employee satisfaction and the willingness of employees to recommend the Company. The results reflect the very close connection that employees have to the Company, with 96 percent of respondents stating that they enjoy working at ARAG. The employee Net Promoter Score (eNPS) was 33. Despite these very positive figures, ARAG has identified room for improvement in some areas, for example with regard to the flow of information between departments and units. The Group will investigate the causes in order to improve the exchange of information.

Ethical governance and compliance

For ARAG as an insurance company, compliance with all legal and regulatory provisions is a fundamental prerequisite for the retention of its business license and is the bedrock of the trust placed in ARAG by customers and other stakeholders. For this reason, compliance has top priority in the Group and across the entire value chain. ARAG has put numerous internal regulations and processes in place to minimize compliance risk and avoid reputational damage and legal sanctions. The Compliance Guideline in particular provides important information on applicable external and internal requirements. Centralized and decentralized compliance functions are designed to ensure that the Company always acts in accordance with applicable regulatory requirements. Compliance topics are also regularly addressed as part of training measures. Senior managers are instructed according to the 'train the trainer' principle and are required to pass on the course content to their staff.

Compliance risk analysis

ARAG performs an annual compliance risk analysis and uses it to produce a compliance plan with appropriate measures. Key compliance risks are identified through continuous monitoring of the regulatory environment and department-specific surveys at home and abroad. They are documented and presented in the management committees.

Annual progress review

The annual compliance report informs the Management Board of the progress of implementation. The report also makes reference to analyses from the complaints management system. The extent to which compliance efforts have been successful is indicated by the complaints received and the number of compliance breaches identified. ARAG employees can report complaints anonymously via a dedicated whistleblowing function in Germany and at ARAG's international branches. Employees and third parties can also submit information anonymously via a whistleblowing platform, which can be accessed on ARAG's website. Employees in Germany also have the option of submitting complaints to the Federal Financial Supervisory Authority (BaFin) and to the ombudsman. ARAG informs its employees of these options on its website.

Ensuring access to justice

GRI 3-3 Management of material topics

As the leading legal insurer worldwide, the ARAG Group believes it is its duty to facilitate easy access to justice for all. By upholding its founding principle to ensure and protect the equality of all people before the law, ARAG has been contributing to sustainable development – and especially to goal 16 of the United Nations' sustainable development goals – throughout its history. ARAG promotes the sustainable development of society on this basis, guided by its values set out in the ARAG Essentials: foresight, openness, discipline, drive, pioneering spirit, and fairness.

With its innovative legal insurance products, it makes a significant difference in helping customers to obtain affordable legal protection and access to justice. ARAG aims to further improve this access as part of the sustainable transformation and thereby maintain democratic structures in the long term.

The sustainable transformation of the economy and society can only be successful if it is achieved on the basis of social and political stability. As a risk carrier, ARAG has a clear responsibility to make future and/or new risks manageable financially for every consumer. Legal insurance already makes a substantial contribution in this regard by ensuring equality of opportunity and broad access to justice. As a legal insurance provider, ARAG supports consumers in safeguarding and asserting their rights.

ARAG boosts consumers' rights in the essential areas of work, the home, physical and mental health, education and participation, equal treatment, and privacy, whether analog or digital. In addition, legal insurance can support consumers in legal proceedings relating to environmental offenses, for example proceedings against companies that do not meet sustainability requirements or do not comply with or meet related value propositions. Legal insurance is therefore a highly effective instrument for ensuring that consumers can have a direct influence on sustainable transformation processes. ARAG has also set itself the goal of integrating a sustainability review into its product development process. Reviewing whether to include sustainable benefits, services, or pricing features when designing or updating legal insurance products will become a firmly established part of product development. Products with sustainability components should be a meaningful addition to the portfolio and offer added value for ARAG's customers. With the new ARAG Recht & Gewerbe product, business customers who hold environmental or sustainability certificates, for example, can be placed in a higher no-claims category and thus enjoy a lower initial premium.

Mediation – out-of-court conflict resolution

Almost 90 years of experience as a legal insurer has shown that conflicts do not always have to be resolved in court. Mediation is a proven and forward-looking method of conflict resolution, which ARAG has offered since 2008 and continues to expand. ARAG's team of mediators comprises attorneys who have undertaken additional training to become a mediator. Experienced ARAG mediators attach great importance to avoiding legal disputes between the parties involved and to finding paths that can lead to an out-of-court resolution of the conflict. All legal provisions (the German Mediation Act [MediationsG]) are complied with and employees receive regular training.

Mediation is an established feature in all of the legal insurance products offered by ARAG. And non-customers can also make use of this service. ARAG offers mediation both in person and by telephone.

A major advantage of mediation is the time and expense that it saves. Furthermore, mediation leads to the much quicker resolution of conflicts in areas such as employment law. In 2023, our service providers achieved a completion rate of 75 percent, and our inhouse mediators 84 percent. Its popularity with customers is also reflected in the number of such processes carried out in the past. Around 8,600 cases were recorded in 2022 and around 12,000 in 2023. This figure is expected to rise further in 2024.

ARAG believes that, given the positive trend in recent years, there is potential for expansion of its mediation services. To this end, international collaboration was launched in 2015, initially at the four branches in Spain, the Netherlands, Austria, and Italy. This collaboration focuses on making the most of synergies in the areas of mediation and alternative dispute resolution (ADR) across the Group. The aim is to share inspiration for tailored customer offerings that differ from traditional insurance services and allow conflicts to be managed out of court in a consistent way. It is also about sharing best practice, about using digital tools, and about the possibilities presented by AI. The International Mediation Community has since been expanded to 13 countries, with Belgium, Greece, Norway, the United Kingdom, the Republic of Ireland, the United States and, most recently, Sweden, Canada, and Slovenia all joining. The community engages in dialogue in international workshops. Seven such workshops have been held so far, with the latest one taking place in Oslo. Additionally, there are regular meetings with each country and an international Teams channel where the community's ARAG offices can find inspiration and share the latest news and trends. A key aspect here is to take each country's business model and distinctive local features into account in order to develop the most appropriate customer offering. Where mediation is an option in conflicts, court proceedings can be avoided and the burden on the judiciary reduced. This quick and affordable method of dealing with conflicts is a significant step toward achieving the targets defined by the UN for SDG 16.

Access to justice: ARAG Day and the partnership with Justice Leaders

As the leading legal insurer worldwide, ARAG actively promotes the rule of law. For ARAG's business model to work, a well-functioning legal system – where conflicts are resolved, rights are asserted, frustrations are channeled, and violence is prevented – is essential. These factors forge society's trust in the legal system.

With this in mind, ARAG launched the ARAG Day in its legal insurance markets, during which consumers – particularly those in greatest need – can obtain free legal guidance on certain aspects of the law. Below are some examples of how the national events have been organized:

- ARAG Spain offered free legal consultations in person and by phone for members of Fundación Prevent as part of ARAG Day. It also provided three legal advice sessions for the Spanish Association Against Cancer over the course of 2023.
- In the United States, the 2023 ARAG Day was all about wills, powers of attorney, and other documents needed for inheritance planning.
- ARAG Greece dedicated its event to people with limited vision and the challenges they face when it comes to access to justice.
- The ARAG Day in the Netherlands focused on parents, customers, and volunteers affected by the country's childcare benefits scandal.
- The ARAG Day in Italy marked the start of a partnership with the Italian Association for Spastic Assistance (AIAS). During the event, ARAG offered free legal advice to people with disabilities.
- In Austria, ARAG offered legal advice on the topics of family law and stalking to single and separated parents. Following the ARAG Day, an ARAG mediator took on a pro bono divorce mediation.

Reliable and robust legal systems are becoming ever more important in a world where climate change and sustainability are triggering far-reaching change that will inevitably require entire economies and communities to adapt.

This complex and critical challenge is too big, however, to leave to the ministries of justice, the courts, the bar associations, and the legal aid organizations alone. It requires new ways of collaborating, new functions, and new ways of working. This is why ARAG is joining forces with Justice Leaders, a non-profit organization whose objective is to support governments and justice leaders to bring about change in legal systems and to promote the strengthening of the rule of law. It calls for the innovative power, the wealth of ideas, and the capital of the private legal sector. In its digital meetings with Justice Leaders, ARAG therefore sounded out new forms of collaboration between those responsible for applying the law and the private sector that can help to ensure access to justice for all. By deploying its innovative strength and collaborating more closely with Justice Leaders, ARAG believes it is on the right path for developing innovative products and services tailored to the needs of customers, thereby helping to achieve the goals of the UN.

Fair competition and avoidance of conflicts of interest

GRI 3-3 Management of material topics

For ARAG, compliance with all statutory and regulatory requirements is of vital importance because of its focus on legal insurance. The Group is obliged to avoid conflicts of interest and anti-competitive behavior. Although ARAG's business activities do not expose it to any great risk of conflicts of interest, the Company still takes measures that exceed the legal requirements. In doing so, ARAG underlines its commitment to fair competition.

Guidelines to avoid conflicts of interest

Aside from all applicable statutory provisions, ARAG also takes recommendations of international organizations such as Transparency International and the Organisation for Economic Co-operation and Development (OECD) into account. The Compliance Guideline also sets out mandatory internal rules and instructions for employees on how to deal with invitations, promotional activities, and corporate events. It prohibits, for example, employees from offering or granting unauthorized benefits – whether directly or indirectly – to others in connection with their business activities or to accept or solicit such benefits. This provision extends to both monetary and non-monetary benefits. Promotional gifts and invitations may only be granted if doing so does not give the appearance of dishonesty or impropriety. As a rule, no gifts should ever be presented to civil servants or other holders of public office, and conflicts of interest should always be avoided. In cases of doubt, the compliance function can be consulted in advance.

Ensuring that fair competition practices are adhered to and conflicts of interest are avoided is the responsibility of all managers and employees of the ARAG Group. However, the compliance function is responsible for implementing and updating the relevant provisions and so plays a particularly important role.

Focal points in 2023

In 2022, the compliance function created the ARAG Information Hub, a central digital depository for all of the Group's policies and guidance. This makes it easier to find and communicate all groupwide rules and regulations across all international branches and subsidiaries. Rules and regulations across the Group were uploaded to the ARAG Information Hub in 2023, making them available to all ARAG departments and branches.

The compliance training launched the previous year on the topics of conflicts of interest, fair competition, antitrust law, and information security was continued in 2023. As of December 31, 2023, 56 percent of employees had completed the training, which is also part of the onboarding process for new employees. The guidelines on transactions with related parties were updated as scheduled.

Checks for potential conflicts of interest have been included in the new outsourcing questionnaire. Every department is obliged to carry out such an assessment as part of the risk analysis for outsourcing projects. As standard, the process includes a plausibility check of the assessment by Group Risk Management and Group Legal & Compliance.

GRI 205-1	Operations assessed for risks related to corruption
	ARAG continuously and systematically analyzes the potential for conflicts of interest at all of its locations. The most recent annual police crime statistics provide a basis for this, along with the most recent Corruption Perceptions Index published by Transparency International and the Insurance Banana Skins survey conducted by the Centre for the Study of Financial Innovation and PricewaterhouseCoopers (PwC). The international locations have their own written codes of conduct for dealing with conflicts of interest and these are made accessible to employees. ARAG is not exposed to any heightened risk of conflicts of interest in Germany or abroad.
GRI 205-2	Communication and training about anti-corruption policies and procedures
	The Supervisory Board members, all Management Board members, and senior managers at the first and second management levels receive regular training on how to avoid conflicts of interest. Senior managers are obliged to train their staff according to the 'train the trainer' principle. Regular and ad hoc intranet updates on current issues are also published by the Company to keep employees informed. In the reporting period, all employees in the German companies again attended mandatory training on the topics of conflicts of interest, fair competition, antitrust law, and information security. This training is also part of the onboarding process for new employees. Training on how to avoid conflicts of interest forms a mandatory part of the onboarding of new employees in Germany, the United Kingdom, and Belgium. The Group's international offices are further encouraged to conduct additional country-specific training courses.
GRI 205-3	Confirmed incidents of corruption and actions taken
	No incidents of conflicts of interest that had detrimental consequences were recorded in 2023.

Cyber risks and data protection

GRI 3-3 Management of material topics

As a result of increasing digitalization, ARAG is focusing more and more on data protection and on protection against cyber risks. It is therefore of the utmost importance to ARAG that it safeguards the confidentiality and security of the data it processes in order to maintain the trust of existing and potential customers, business partners, and employees. This enables it to meet all legal data protection requirements and avoid reputational damage.

Comprehensive data protection management

ARAG has comprehensive data protection management based on a well-integrated set of policies and procedural instructions, which include the ARAG Information Security Guidelines, the ARAG Information Security Standard, the ARAG Data Protection Guideline, and the ARAG Data Protection Management Policy. This documentation can be accessed by all employees via the intranet and is reviewed annually and updated as required.

In the digital age, data protection is an interdisciplinary function for which all departments need to take responsibility. The departments are supported by the data protection organization, which is led by the Chief Information Security Officer. In the 'three lines of defense' model, the Company's Chief Information Security Officer and Group Audit (third line of defense) monitor compliance with all data protection requirements on an ongoing basis. Every year, the internal audit function agrees an audit plan with the Management Boards. Independent auditors periodically check that the data processing programs are being used in compliance with the applicable requirements. The regular security inspections at the German and international offices help to identify shortcomings in the security architecture and measures for improvement are initiated on the basis of this information.

Compliance with German and international data protection regulations

ARAG has complied with the stricter rules on data protection that have been in place since the EU's General Data Protection Regulation (GDPR) came into force on May 25, 2018. The implementation of GDPR was certified in 2019 as part of an external review conducted by an auditor, which rated it as "good to above average" overall.

In addition to the binding provisions of GDPR, ARAG also voluntarily complies with the German insurance industry's code of conduct for processing personal data. This code of conduct was established in conjunction with the German data protection authorities and goes beyond the minimum required by law. An external monitoring office was due to be established in 2023. It will be tasked with regularly reviewing compliance with the code of conduct. However, the discussions between the data protection authorities and the German Insurance Association (GDV) on this project had not been completed by the end of 2023. The monitoring office may become operational in 2024.

Implementation of new regulations

ARAG is continually adapting its business practices at its EU and non-EU locations to meet all applicable regulations governing data protection. On July 2023, the European Commission made an adequacy decision – the Data Privacy Framework – that covers the transfer of data to the United States. ARAG has informed its departments about this change. On the recommendation of data protection experts, ARAG will continue to use the European Commission's standard contractual clauses, in force since 2021, for cross-border data processing.

Complaint systems and performance measurement

ARAG monitors data protection complaints on an ongoing basis and keeps track of the numbers so that it can assess the extent of compliance with data protection regulations in the Company's day-to-day business operations. In the event of a suspected breach of data protection, the first step is to lodge a complaint with the relevant department. Approaching the Company's Chief Information Security Officer or the responsible data protection supervisory body directly is also an option. In the event of a reportable data protection breach, ARAG must by law report it within 72 hours of it coming to light. The report is made to the relevant data protection supervisory body and then, where applicable, also to the people who have been affected. Transparency is of the utmost importance to ARAG, which is why the Company generally also informs the people affected by the data breach even where it is not required by law to do so. Every two weeks, the member of the Management Board responsible for data protection is informed about the latest developments in data protection. In the event of reportable data protection violations, the relevant members of the Management Board carry out the final review and approval of the report in accordance with the data protection management policy.

Employee training on cyber risks and data protection

General and departmental training and information are used to raise employees' awareness of data protection and thereby continuously improve the level of data protection. The Chief Information Security Officer is responsible for highlighting data protection issues and does so by providing individual advice and training for employees.

ARAG repeats the basic data protection training for its employees every two to three years, and new employees must complete this as soon as they join the Company. In 2023, ARAG provided tailored inhouse training for employees working in data protection. This is complemented by measures to make employees aware of the issues, mandatory training, and the use of internal channels to communicate the latest information. The Company documents the findings of the data protection training and analyzes them in order to continually optimize this area of instruction.

The challenge for the future will be to raise awareness among the departments and their employees so that knowledge of what constitutes a data protection breach is more firmly established across the organization. Every breach of data protection involves a loss of trust, integrity, or availability and must be investigated. Awareness of data protection is primarily raised on an ad hoc basis. The fact that the number of recorded data protection breaches is growing is proof that raising awareness of this issue is effective.

Training employees and making them more aware of the issues is also becoming more important in the context of the rising threat of cyberattacks. The diverse risks range from phishing emails, malware infections, and the exploitation of software vulnerabilities to blackmail attempts and cryptomining. As some of these types of fraud have now become established business models for criminals, it is absolutely vital to have extensive safeguards in place. Employees are regularly informed of risks and attack scenarios, and shown how they can identify and block these attacks. Information on the intranet and the annual Security Day with a presentation by an external specialist also raise awareness of IT security. A daily serving of data security information was provided through an advent calendar campaign in December.

Expansion of IT security infrastructure

To secure its IT infrastructure, ARAG uses a range of systems, including firewalls, antivirus programs on servers and client systems, security features for software packages, and extended protection programs. ARAG also regularly enhances its security infrastructure. Other standard security safeguards include regular updates to the operating systems and to related software and databases. Business-critical processes are also reviewed and revised annually, and the majority of approvals require verification by a second member of staff. This has so far avoided any incidents of critical disruption to business operations.

GRI 418-1

Substantiated complaints concerning breaches of customer privacy and losses of customer data

Twenty complaints regarding data protection were registered in Germany in 2023. Twelve of the complaints were substantiated and could be traced back to an employee's carelessness. The persons affected received comprehensive written information about the circumstances of their case. ARAG thus acted with the greatest possible transparency. There were also three investigations by the relevant data protection authorities in 2023 based on submissions/complaints by third parties.

Products, sales, and customer relationships

Customer focus and innovative products – changing demographics, social structures, and lifestyles

GRI 3-3

Management of material topics

ARAG is a multifaceted provider of high-quality, innovative insurance, offering its customers in Germany not only its core legal insurance policies but also products and services in the casualty and property insurance and health insurance segments. The Company places great value on providing an innovative, needs-based product portfolio that reflects a wide range of lifestyles and the changing realities that customers are facing. All its business activities are focused on the interests of the customer, whether this is during the advisory stage, when the policy is being sold, when a claim is being made, or when managing contracts. The objective is to provide customers with optimum, personalized support at all stages and to remove as many administrative hurdles as possible.

Product innovation based on customer requirements

Responsibility for product innovations lies primarily with the Sales, Products and Innovation function. New products undergo a clearly defined development process. When developing and refining insurance solutions, ARAG incorporates, among other things, insights from sales, the claims and legal service, customer service, and the needs and wishes of customers. In addition, ARAG draws on information from market research and customer surveys relating to current trends and needs. This ensures that feedback from customers and sales partners is systematically incorporated into the product development process. At present, an ever-increasing number of customers are seeking rapid access to justice and ARAG is catering to this with new offerings. The new legal insurance rate scale offering immediate assistance is also part of this product strategy and is meeting customer demand, especially where help is needed in an emergency. Mediation is a mandatory part of all ARAG legal insurance products and also provides rapid and straightforward access to justice. Mediation can often lead to the swift, straightforward, and mutual resolution of legal disputes. In order to be able to offer customers rapid and hassle-free assistance in any situation, ARAG waives policy exclusions, waiting periods, the exclusion of disputes arising before the policy came into force, and deductibles when customers utilize the mediation option.

Regardless of current trends, ARAG designs its products to be modular and flexible so that they can meet the individual needs of customers. Over 90 percent of products are offered in the three versions Basis, Komfort, and Premium, and customers can choose from up to seven different levels of deductible. This enables policyholders to tailor the price-performance ratio of their cover to their particular needs.

Product highlights in 2023

ARAG added two innovative solutions to its portfolio in 2023: ARAG Recht & Gewerbe, a product aimed at small businesses, and Erneuerbare Energietechnik, which provides cover for renewable energy technology.

ARAG Spain also launched a new product for tenants that offers protection in disputes relating to rental agreements.

New product aimed at small businesses

ARAG Recht & Gewerbe is a new all-round cover product for small businesses. It is ARAG's first bundled product aimed at this segment, and customers can choose between Komfort and Premium versions. ARAG has created this compact, all-round cover with the high expectations of small business customers in mind. ARAG Recht & Gewerbe is primarily designed to support SMEs, freelancers, and the self-employed in these economically challenging times. Among other things, the product provides wide-ranging cover for insolvency and defaults on receivables. The policy comprises legal, property, and liability cover, and includes a no claims discount system.

The underlying concept is that customers take out property and/or commercial general liability insurance alongside the compulsory legal insurance module. Within these modules, customers can add further individual components, such as private cover for the managing director. A distinctive feature of the product is that, for a period of up to three years, ARAG will cover any differences in protection for those small business customers that already have insurance in place, allowing them to benefit from ARAG's outstanding cover straight away.

ARAG Recht & Gewerbe is also the first product on the market to offer small business customers a no claims discount system. Customers that do not make any claims receive a discount of up to 50 percent over the policy term, thereby reducing the premiums to be paid. A discount of 5 percent is available after a claim-free period of just six months. The optional no-claims-discount protection ensures that customers are upgraded to the next best claim-free category in the following year, provided that they have received no more than one claim payment.

A further benefit is offered to small business customers that are making a positive contribution to the environment by using green electricity or running a fleet of electric vehicles. Rewarding this kind of sustainable behavior is another first in the insurance market.

Cover for renewable energies

The new Erneuerbare Energietechnik insurance from Interlloyd provides cover for facilities, including their components, used to generate, transform, and store energy, for example in the event of incorrect operation, clumsiness, short circuits, power surges, induction, and damage resulting from faults in the design, materials, and workmanship. Insured items such as heat pumps can also be covered against theft. This module is designed to cover existing as well as future risks in the field of renewable energies.

Performance measurement and awards

ARAG demonstrates its customer centricity by offering customers the products that they want. In order to maintain its standards of quality, ARAG undergoes certification and carries out surveys among its customers and sales partners. It also monitors the success of its product innovations using sales revenue and profitability metrics. In 2022, ARAG Italy

launched a project to review and improve how it measures customer satisfaction. Online customer satisfaction surveys were added in 2023 alongside the existing local telephone survey. In addition, a monitoring process involving continuous improvement and refinement is run every month.

ARAG's participation in independent tests and ratings ensures that its offerings are reviewed on a regular basis. The Group's products, services, and customer advice have won many awards that are testament to their quality. In 2023, for example, *Euro-Magazin* (published by Finanzen Verlag) awarded ARAG a Goldener Bulle for its ARAG Aktiv legal insurance product with immediate assistance. This award underlines the Company's strength in innovation and shows that it is working on the right topics with a view to the future.

Further selected awards won in 2023:

- The German Institute for Service Quality (DISQ) picked ARAG's legal insurance for managers as its insurance product of the year in 2023.
- ARAG achieved the highest recommendation in the legal insurer category of *WirtschaftsWoche* magazine's 'Preisfavoriten' survey.
- In October, ARAG SE won the Assekuranz Award bestowed by Mein Geld Mediengruppe in the 'property insurance innovation' category with its legal insurance for managers.
- TÜV Saarland gave ARAG SE's legal insurance products for private individuals and the self-employed a rating of 'very good' for the Premium version.
- German consumer organization Stiftung Warentest gave ARAG's residential buildings insurance a rating of 'very good' (1.1) for the Komfort version in a comparison of 71 insurance products.
- In August, Stiftung Warentest/Finanztest declared the Premium version of ARAG's personal liability insurance to be 'very good' (0.7).
- ARAG SE Italy won the 2023 Insurance Connect Award in the category 'best corporate product – legal insurance for sustainability'.

Use of digital tools

Digital offerings and solutions have become significantly more important. The investments in digital tools to drive customer benefit that ARAG made in recent years as part of its Smart Insurer Program stood it in good stead in 2023. Even before the pandemic, customers had a number of ways to get in contact with ARAG (phone, online chat, app, social media, mail). Since 2018, they have also had the option of quickly and easily documenting their inquiry via Flixcheck, either by writing a message, taking a photo, or providing a signature directly via their smartphone. The information is automatically sent to ARAG's customer service team, which swiftly processes the inquiry. ARAG can also send the customer a personalized link in response to an inquiry. This directs them to a web-based app where they will find the documents they are looking for. Flixcheck is used in partnership with American Express. It deploys a robot to dispatch documents, which reduces the workload of employees in the call center and in administration and significantly shortens follow-up times.

These digital tools were further integrated into the ARAG system landscape in 2023. Dispatched checks are now automatically archived with the contract without any manual input. The robot dispatches new policies daily by Flixcheck, meaning that new customers are informed more quickly and easily about the status of their new policy. Flixcheck is used a lot in customer-facing areas. Existing customers are able to receive documents via Flixcheck, for example, and 94 percent of customers are very satisfied with the service they receive.

The entire ARAG customer service team received in-depth training on the digital service in 2023. As a result, the number of checks sent out by the teams increased by 100 percent from 8,000 to almost 16,000. If the checks sent by the robot are included, the increase is an even more impressive 270 percent from 33,000 to almost 123,000.

Security steps have been built into Flixcheck to ensure that sending documents digitally is a secure alternative to the postal service. Customers are emailed a link to download their documents, but they also have to enter a security code sent by text to their smartphone. The time that the code is valid for was increased from 60 seconds to two minutes in 2023 to make it more convenient for the customer.

ARAG also employs digital tools to enhance the customer experience in face-to-face meetings. The sales partners who work on an exclusive basis for the Company do everything digitally, from recording all of the customer's data and analyzing their needs to entering into the policy with them. This makes it easier to compare alternatives and helps the advisor to explain the product. Another benefit is that a digital record of the meeting is automatically created and sent to the customer. ARAG also offers its customers video appointments, which are available to book through the websites of the sales partners who work for ARAG on an exclusive basis.

The new and simple digital portfolio transfer process introduced in 2022 was heavily used in 2023. Once the customer has been sent a URL or a QR code, the customer or sales partner can view and accept the individual transfer offer online.

Digital transformation

GRI 3-3

Management of material topics

Digitalization is a key topic for ARAG that permeates all aspects of business activity and plays an important role in the Company's development. The digital transformation and the changes it entails are an integral part of ARAG's business in Germany and abroad. It will continue to proactively address the opportunities and risks of digitalization as the Company moves into the future.

Digital products and processes

ARAG has initiated a large number of digital products, services, and processes in recent years as part of the Smart Insurer Program, ranging from a new customer portal to the further digitalization of sales. This allows ARAG's exclusive sales partners to manage the

entire sales process digitally using their iPad. Thanks to the introduction of the ARAG advisory app, ARAG Core Sales is now able to issue policies completely digitally for one in three new applications. In online sales, the proportion was 76 percent in 2023. ARAG aims to continually raise the degree of automation in other sales channels too.

In addition, increasing numbers of products can be applied for online. The prospective customer simply has to give their telephone number and state when they can be contacted, and ARAG will call back within one working day to discuss the details and check that the insurance can be provided. If all conditions are met, the cover will be approved and the policy sent out. Customers clearly like the Company's innovations. The number of online customers is growing all the time and rose by 12 percent in 2023.

Digital solutions also facilitate internal and external collaboration. For example, a communications platform gives sales partners who work exclusively for ARAG access to all necessary information on their digital devices. The platform is visually appealing and designed to be intuitive. This ensures that sales partners always have the full picture and saves valuable time.

Comprehensive protection from online threats

As the trend toward greater digitalization increases the risk of cyberattacks on IT systems, and ARAG's customers are managing more and more areas of their personal lives online, demand for suitable insurance products that offer protection against losses incurred in the digital world is growing. Such products include the innovative ARAG CyberSchutz for small and medium-sized enterprises and sports clubs. If a customer suffers an online attack or data breach, they are immediately offered the services of experienced IT experts to ensure that the company or club is able to get back up and running within the shortest possible time. The causes of the damage are also ascertained, and security vulnerabilities identified. In the event of legal action in connection with a suspected data breach, ARAG covers the costs of specialist legal advice or the defense costs in a criminal case.

ARAG's web@ktiv product portfolio for private individuals and the self-employed, launched in 2012, offers comprehensive and reliable protection against internet-related risks. The three product versions introduced in 2019 have proven very popular with customers, with the Premium version accounting for around a third of policy sales.

Use of data analytics and artificial intelligence

For ARAG, digitalization is a customer-focused program of development that is supported by new technological possibilities. ARAG is investing in the expansion of its data analytics capacity in order to continuously improve data-driven decision-making for the customers' benefit and to position the Company as a pioneer of smart data. For example, data-driven offerings can be tailored even more precisely to customer requirements. Another example is the customer-focused optimization of claims management. In the event of a legal insurance claim, the system recommends the best attorney for the customer's specific situation. The algorithm behind the recommendations was trained using machine learning based on ARAG's extensive case data.

Online chats and bots

ARAG introduced numerous new digital products and processes in 2023. The use of chatbots and voicebots has been expanded, for example. They ensure faster and more efficient processing of queries from customers, brokers, and business partners. In 2023, more than 600,000 callers in Germany were transferred to the right department with the help of voicebots, and in some cases the query was resolved directly via the self-service options.

ARAG customer portal

Once they have registered, customers across all divisions can access almost all documents relating to their contracts via the 'Meine ARAG' online portal. Following a complete overhaul in 2022, ARAG's customer portal now also offers an option to register online. By the end of 2023, 263,000 customers (2022: 187,000) had used the customer portal, which was developed completely inhouse, and an average of 210 new registrations were added every day in the reporting year (2022: 142).

ARAG advisory app and health app

The advisory app launched in 2019 is continuously improved and enhanced with new features, with 23 updates made to optimize the user experience and the overall offering in 2023. The growing number of ARAG health app users is further proof that more and more customers are using digital services. By October 31, 2023, the health app had around 277,800 users (end of 2022: 227,000), an increase of approximately 50,800 (2022: 33,000). A total of 62 percent (2022: 58 percent) of all submissions were made via the app, and the fully automated processing of submissions only takes a few minutes.

Transparent products and services

GRI 3-3

Management of material topics

ARAG firmly believes that the transparency of its management and its clear and easily understandable products and services secure the trust of customers and employees and thus boost the Company's credibility and competitive position. The Company therefore attaches great importance to open communication in all its interactions with customers and staff. This fundamental position is enshrined in the ARAG Essentials and ARAG Leadership Essentials, both of which guide the thoughts and actions of all ARAG employees and provide orientation in ever-changing markets.

Responsibilities and processes

All board-level departments at ARAG ensure that management and services are transparent. The Group Sales, Products and Innovation Department is responsible for the transparency of product information. ARAG uses various processes to ensure that it achieves its transparency objectives, including monitoring processes, legal checks to ensure compliance with key laws and regulations in Germany and abroad, and stringent approval processes in product development.

Continuous improvement of comprehensibility

Making information about products and services easily understandable is one of the biggest challenges faced by the insurance industry. ARAG aspires to make its product information and contractual terms as straightforward as possible. Among other things, ARAG explains any necessary legal terminology for the layperson through simple examples. As part of its standard practice, the Company also optimizes its insurance terms and conditions, brochures, and product information based on the criteria of the Hohenheim comprehensibility index (HVI).

ARAG's international offices are equally committed to transparency. In Austria, for example, ARAG added further products and calculation options to its rate scale calculator. And in Spain, ARAG made progress with digitalizing its terms and conditions of insurance. Customers now only receive the terms and conditions that are relevant for their contract and not the full terms and conditions as previously.

GRI 417-1

Requirements for product and service information and labeling

ARAG is committed to ensuring that its products and services comply with all applicable national and international legislation and regulations and that product marketing meets all legal requirements. Among the most important regulatory requirements are the German Insurance Contracts Act (VVG), the German Insurance Supervision Act (VAG), legislation to implement the EU's General Data Protection Regulation (GDPR), the EU's Insurance Distribution Directive (IDD), and the guidelines published by the German Federal Financial Supervisory Authority (BaFin).

Asset and risk management

Using sustainability criteria in investment – identification and disclosure of climate-related impacts in asset management

GRI 3-3

Management of material topics

ARAG aims to live up to its reputation as a responsible company in its asset management activities, too, and therefore factors environmental, social, and corporate governance (ESG) criteria into all its investment decisions. As these bring an additional perspective

into the risk assessment, they help the Company to gain a more rounded assessment of the risk/return profile of an investment. ARAG's portfolios are examined to identify any climate-related impacts of investments, which are then communicated.

Standardized approach to ESG criteria

ARAG's policy on using sustainability criteria in investment ensures a standardized approach to ESG criteria. It is regularly reviewed and modified, if required. The policy prescribes a negative screening filter that rejects investments from individual issuers and countries on the basis of certain standards, values, and sales revenue. Climate risk must also be observed in the process of selecting new, direct investments. Information on the ESG rating, the implied temperature rise (ITR), and the Environmental Pillar Score (EPS) was included in investment proposals for direct investments and institutional funds under ARAG's management in 2023. Sustainability is also an assessment criterion when choosing asset managers. Group Asset Management is responsible for implementing these requirements. In 2023, ARAG USA started working with investment advisor Conning, which committed itself to the Principles for Responsible Investment (PRI) initiative back in 2012. The partnership will see sustainability aspects play a more prominent role in investment processes. Investment in sustainable infrastructure projects was further expanded in the reporting year as part of the current alternative investment program. ARAG invests in infrastructure funds that support the transition to a low-carbon economy. It also asked all fund managers whether they are able to report on key climate indicators.

Aims and developments

ARAG aims to make its investment portfolio greenhouse gas-neutral by 2050 and thereby help to permanently limit global warming to 1.5°C. It has also set itself an interim target of cutting the carbon intensity of equities and corporate bonds in the investment portfolio (scope 3) by 25 percent by 2025 and by 50 percent by 2030 compared with 2021. These interim targets will be reviewed regularly and specified in more detail as the science progresses and data becomes available. Active portfolio management will be used to achieve the interim targets.

GRI G4-FS10	Companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues
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The Company does not maintain an ongoing dialogue with investees on ESG-related topics. There are currently no plans to change this.

GRI G4-FS11	Environmental or social screening
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The ARAG insurance companies apply the negative list and the country exclusion list to all their fungible investments (direct investments and institutional funds). ESG criteria also play a role in the institutional fund investments managed by external asset managers.

Initial talks with the external institutional fund managers began in 2023 with the aim of reducing the portfolio's carbon footprint. The managers were encouraged to develop strategies that support ARAG's objectives and to present these plans. The dialogue on this topic will continue in 2024.

Management of sustainability risks – consideration of sustainability risks in the insurance business

GRI 3-3 Management of material topics

As a company that takes the long view, ARAG attaches great importance to forward-looking risk management that takes emerging risks into account too. These include risks caused by climate change. Irrespective of their additional classification as sustainability risks, material risks are identified, analyzed, measured, and managed by the process owner as part of the risk management process. ARAG also takes sustainability risks into account in its own risk and solvency assessment (ORSA).

Based on the ORSA in the reporting year, ARAG classes sustainability risk at Group level as 'material'. Reputational risk is currently the most important aspect in this regard, because the way in which the Group implements sustainability influences how customers and other stakeholder groups view ARAG. The following other factors may be influenced by sustainability effects: credit and counterparty risk, market risk, liquidity risk, operational risk, underwriting risk, and strategic risk. The risk assessment is gradually being expanded by carefully considering sustainability effects in various risk categories on the basis of projection and scenario calculations. In the 2023 ORSA report, for example, scenario analyses were carried out for all subsidiaries on the potential impact of climate change on investments. The impact that natural disasters caused by climate change can have on underwriting was also analyzed for casualty and property insurers. Sustainability risks were included on the risk maps of the subsidiaries ARAG Allgemeine, Interlloyd, and ARAG Health. By doing so, ARAG aims to manage risks individually at the level of each subsidiary. The holistic risk management approach ensures that any potential impact from sustainability criteria is fully incorporated into the solvency assessment based on current knowledge. To date, the impact of sustainability risk has not led to any significant changes in income or expenditure. Further developments will be closely monitored. The ORSA for 2024 is expected to include in-depth impact analyses of climate risks, in particular, on the Company.

Underwriting policy and setting of insurance rates

Long-term corporate governance involves setting adequate insurance rates and the associated profitability of new business and portfolios. This benefits customers, employees, and regions. ARAG regularly reviews the calculation of its premiums and the profitability in the product lifecycle.

ARAG takes sustainability risks into account across many areas in its underwriting policy and when setting insurance rates. For example, ARAG Italy analyzed the portfolios of small and medium-sized enterprises (SMEs) on the basis of ESG ratings. The analysis showed that customers with a good sustainability approach have a lower claims ratio. For this reason, customers with a good ESG score are offered better terms and conditions in the offer process.

The scope of risk underwriting is defined in the underwriting guidelines. They define ARAG's appetite for risk, for example, and which risks are not underwritten or only under certain conditions. The underwriting policy is further broken down by contracting guidelines at product level. Climate risk, for example, has a particular influence on the contracting policy and insurance rate setting of ARAG Krankenversicherungs-AG because shifting environmental influences brought on by climate change may cause incidence rates of certain diseases such as allergies or asthma to increase. In underwriting, ARAG attaches great importance to its (business) customers maintaining ESG standards. As a result, ARAG's underwriting policy dovetails with its sustainability strategy in this regard. ARAG aims to check a customer's fulfillment of ESG standards when performing its risk assessment. In its underwriting business, ARAG avoids taking on partners that are known to contravene standards of human rights, decent working conditions, or equal opportunities, or that cannot document any steps they have taken to transform the ESG impact of their business. ARAG sets great store by compliance with health and safety requirements.

Challenges when considering sustainability risks

Insurance companies are affected by numerous and complex regulatory changes. This requires a significant level of resources to be dedicated to staying up to date and to implementing regulations in reasonable time. It also entails significant uncertainty in terms of planning as regulations often have to be implemented soon after they have been announced.

It is currently difficult to predict whether insurance products with a focus on sustainability will meet with high demand. Nevertheless, ARAG's new products already have such a focus. ARAG's Top Special Service Package, for example, offers discounts for customers with electric cars and for those who use a season ticket for public transportation.

For further information on new ARAG products with sustainability features, please see 'Product highlights in 2023' in the 'Products, sales, and customer relationships' section on page 80.

GRI 201-2	Financial implications and other risks and opportunities due to climate change
	Sustainability, and by extension climate change, is a key concern for the whole ARAG Group. As part of the ORSA process, the Group therefore not only assesses legal and regulatory risks but also separately identifies and evaluates climate-related risks. Climate change exposes ARAG to physical and transition risks. Climate change can influence underwriting risk by causing greater property damage or higher medical costs, while climate-related changes in law can affect the value of assets. This is reflected in market risk. Property and health insurance may be particularly affected by extreme weather events or heat waves, while the transition to a low-carbon economy may involve an adjustment to the investment portfolio. Given the growing importance of this topic and the potential impact of associated organizational transformation and adjustment effects, the Group classes sustainability risk as material but not a threat. Sustainability risk is assessed according to the results of the ORSA process. This risk was examined in greater detail in 2023 and climate change classed as a material risk event for the Group. By acting with foresight, sustainability challenges can be turned into opportunities, for example through a better understanding of climate risks and their impact.

Consideration of sustainability risks in actuarial assessments

GRI 3-3	Management of material topics
	Sustainability risks have become ever more prominent in the world of insurance in recent years. Insurers now need to make sure that these risks are incorporated in their assessments by taking environmental, social, and corporate governance factors into account that could affect risk. Risks and impacts must be considered for each individual insurance segment and play a key role in risk assessment, provisioning, underwriting policy, and reinsurance. Group Risk Management (GRM) is responsible for the monitoring and control of risk, compliance, and governance topics for the insurance companies. This includes compliance with statutory provisions, monitoring business risk, and scrutinizing business processes. Physical risks, particularly an increase in natural disasters, can impact the risk profile of ARAG Allgemeine and Interlloyd, while ARAG SE is more exposed to transition risk. Although ARAG's current risk model does not explicitly model sustainability risk, accumulation loss events have already been factored into internal risk modeling. An analysis on the inclusion of climate scenarios in underwriting was carried out for ARAG Allgemeine and Interlloyd for the first time in 2023. Investment analyses in all Group companies have been available since 2022.

Actuarial Services are responsible for costing insurance premiums, measuring insurance risk, and calculating provisions and reserves. They also play a major part in the development of new products and in making decisions on whether to take on or avoid risk. Based on internal risk assessments, ARAG uses reinsurance to hedge identified risk. The reinsurance strategy is adjusted annually and is based on natural disaster models that are used by GRM to determine protection for loss events stemming from natural disasters.

Employee concerns

	Internal communications/communication between Management Board and employees
GRI 3-3	Management of material topics
	Internal communications are an important pillar of the corporate culture and vital to the efficiency of ARAG's work. They are also central to the Group's digital transformation. As a family enterprise, ARAG benefits from flat hierarchies and direct lines of communication. Information is passed on transparently and the workforce has the overview of the Company and the markets it needs to work efficiently. Well-informed employees are also more committed and more prepared to act. Strong communications build trust and boost satisfaction Internal communications, like all communications and brand management, are the responsibility of ARAG Holding SE. At the operational level, internal communications are also part of ARAG SE's Central Group Function. The main distinction in internal communications is between management communications and employee communications. Management communications ensure the dissemination of information about operational changes. They are used in combination with employee communications. For example, managers are informed in advance about important and strategically relevant matters. Employees are then informed via town hall meetings, talks by members of the Management Board, or information on the intranet. ARAG also enables communication between employees, for example through decentralized channels on the Group intranet, ARAGnet. As the workforce identifies very strongly with ARAG, internal communications rely on bottom-up formats, especially for complex change processes. It also contributes to the excellent ratings that ARAG repeatedly achieves in employee surveys. In 2023, for example, ARAG won another award from FOCUS-Business magazine as a top employer in the insurance category in Germany. ARAG improved its position in the 2023 ranking compared to the year before. Having been ranked tenth among the best employers in the insurance category in 2022, it climbed to seventh place in this category in 2023.

Employees in the United States are also regularly canvassed about their opinions. In addition, events such as the ARAG Days promote commitment and innovation. ARAG USA received a number of awards for its corporate culture in 2023, including National Top Workplace, Iowa Top Workplace for Employee Communication, and the Gallagher Employer of the Year Award.

As the Group is becoming ever more international, ARAG has developed new communications and networking concepts that facilitate discussion and the sharing of information and ideas among the global workforce. ‘International coffee roulette’ is very popular with employees. It randomly matches employees in different countries with each other for virtual coffee meetings.

Increased use of digital communication formats

During the pandemic, digital communication formats became commonplace at ARAG and proved their worth. All national and international units use live calls for quick and flexible discussions and the sharing of information. The Management Board also makes use of digital options to directly respond to employees’ questions. Digital communication formats were used and expanded in 2023, primarily to provide digital roadshows for all international units. Hybrid communication formats now make it possible for employees who cannot attend in person to take part in events. Hybrid live calls ensure that the Management Board has a stronger presence in internal communications, which greatly improves the profile of senior management among the workforce.

Greater speed of communication

ARAG welcomes the broad acceptance of the new communication formats and is taking advantage of the opportunities they offer, though they also present challenges. ARAG expects the switch from face-to-face events to digital formats to result in a faster pace of communication in the future.

GRI 402-1	Minimum notice periods regarding operational changes
	ARAG makes sure that employees are informed of senior management’s plans as early as possible and that their representatives are involved in change processes at an early stage. Each country’s specific legal requirements are met.
	Occupational health and safety
GRI 3-3	Management of material topics
	Employees need to be motivated and in good health to be able to provide the high levels of commitment ARAG expects from its workforce. That is why ARAG insists on a comprehensive approach to health and safety and goes beyond the statutory requirements. This

approach helps to reduce absences and the risk of stress having an impact on employees' physical and mental well-being, as well as to enhance the Company's attractiveness as an employer. Group Central Services and Group Human Resources are responsible for health and safety in the workplace. Operational implementation is handled by the Safety and Security Department together with local health and safety officers, local fire safety officers, and the Talent and Skill Development Department.

Comprehensive safety organization with employee involvement

ARAG Germany implements safety measures and maintains safety-related equipment at a level that goes above and beyond the legal standards, for example by having more safety officers, fire officers, and first aiders than stipulated.

An app is currently in development that will facilitate contact between employees and first aiders in the event of a medical emergency.

Three scheduled evacuation drills took place in 2023. As with previous exercises, they went smoothly and demonstrated that the employees and support staff are prepared for an emergency.

ARAG has updated its emergency manuals to include additional processes for scenarios that are becoming more likely due to current world events. For example, the manuals now contain instructions for emergencies such as the discovery of a bomb and extreme weather events.

In Germany, ARAG's health & safety committee convenes four times a year to discuss and document matters relating to occupational health and safety and fire safety, including possible solutions and necessary action. The committee includes an employer representative, members of the Works Council, the company physician, the occupational health and safety officer, the security officers, and other relevant individuals (e.g. the representatives for employees with severe disabilities).

Employee training on health and safety at work

A training module on the intranet informs employees about occupational health and safety and about fire safety. The module on occupational safety has been refreshed and given a more modern look. Major topics focus on health and safety and insurance cover when working off-site, medical emergencies, and all aspects of fire safety. Group Human Resources performs a statistical analysis to determine how many employees have completed the online training. The intranet provides regular reminders of the training to ensure that as many employees as possible familiarize themselves with occupational health and safety. New employees receive an introduction to occupational health and safety during an in-person event featuring real-world scenarios.

Furthermore, employees with special safety responsibilities take a refresher course at least every two years. A training campaign was launched in 2023 aimed at recruiting additional first aiders, with around 60 new first aiders added to the team. Together with the new emergency app, this larger group of first aiders should ensure that a trained first aider is always reachable at all ARAG sites, even if many employees often work from home now rather than coming into the office every day.

Corporate health management – ARAGcare

ARAGcare is a corporate health management program designed to make employees more health-conscious. The program offers regular checkups, campaigns focused on preventing staff getting ill in the first place, and online training run by professionals. Employees also have access to a company physician who offers consultations, eye examinations, and free flu vaccinations. Consultations with the company physician were held face-to-face or virtually in 2023. All services can be booked via a digital platform. As part of its ARAGcare program, the Company works with other partners who can provide employees with advice on topics such as child care, caring for relatives, and professional or personal problems.

Primary responsibility for ARAGcare rests with the Talent and Skill Development Department within the Group Human Resources Central Department. The ARAGcare committee manages the program and develops it in consultation with the health and safety officer, the Works Council, the company physician, and the representative committee for employees with severe disabilities.

For long-term absentees, ARAG also operates a return-to-work and disability management system to ensure that the statutory requirements are implemented professionally. External specialists are consulted to make sure that the individuals concerned are provided with the best possible support. This service is also available to employees who do not meet the formal criteria for return-to-work and disability management but who would like to use it preventively for their health. The international locations are responsible for their own services.

The Company also organizes special health-related events, for example at the Düsseldorf site in 2023, where a blood donation day was organized in conjunction with the German Red Cross and type matching was carried out.

Ergonomics in the workplace

As a service provider, ARAG does not operate any workplaces that pose significant risks to employees' physical health. It mainly focuses on ergonomic adjustments to workstations to prevent office work from causing postural problems or pain. ARAG is guided in this respect by the statutory requirements and the stipulations of the accident insurer (Verwaltungsberufsgenossenschaft – VBG), and carries out regular workplace inspections to assess risk. The risk assessments apply to remote working as well.

Complaints

ARAG employees who wish to make a complaint regarding occupational health and safety can contact the employees of the Safety and Security Department or the employees of the Talent and Skill Development Department directly. Feedback can be given via the

intranet and a central email address too. Concerns can also be raised with ARAGcare employees and in the sessions of the health and safety committee. In addition, employees can contact the Works Council or any member of the managerial staff.

GRI 403-9/10 Work-related injuries and illnesses

	Men	Women	Total
Total contracted hours	3,560,077	4,731,986	8,292,063
Total no. of hours absent	198,106	217,743	415,850
Absentee rate	5.6 %	4.6 %	5.0 %

The figures include all employees of ARAG Germany and the international entities. They represent all absences due to illness or rehabilitation, not just those due to work-related injuries or illnesses. The absentee rate is calculated by dividing the number of hours that employees were absent by the total number of contracted hours.

Training and education

GRI 3-3 Management of material topics

ARAG wants to be one of the best insurers in the market. This can only be achieved with a workforce that is skilled, enthusiastic, and committed. Vocational training, skills upgrading, and professional development for its employees are therefore of great importance to ARAG. By providing a comprehensive offering of continuous professional development (CPD), ARAG motivates employees, keeps their knowledge up to date, and ensures their long-term employability. It also helps the Company to retain high-potential employees. Against the backdrop of demographic change within the Company, this is particularly important because ARAG wishes to maintain its market position as an innovative provider of high-quality insurance.

Guidelines, responsibilities, and regulatory requirements

Professional development opportunities at ARAG are generally available to all employees. And it is not just internal employees who benefit from the programs on offer. The Company also supports its field reps by generously subsidizing courses and remunerating them for time spent on training. Strategic management of CPD falls within the remit of the Senior Vice President Human Resources and the Talent and Skill Development Department. They are also responsible for operational implementation together with all managers at ARAG. ARAG Sales Training is responsible for training the brokers in Core Sales, who mainly work for ARAG in accordance with the regulations set out in section 84 of the German Commercial Code (HGB).

As an insurance provider, ARAG is subject to regulatory requirements concerning staff and management training, for example under the Solvency II Directive and the Insurance Distribution Directive (IDD) of the European Union. The provision of relevant training is designed to ensure that the regulatory requirements relating to staff training are regularly reviewed and, where possible, complied with at all times.

Design of training and professional development programs

ARAG's support for skills and its range of training and professional development programs are based on the needs of the Company and its employees. Training measures are closely related to ARAG's strategy and employees' day-to-day work. ARAG compares offers from different providers and carefully selects its training providers and trainers to ensure that its offering is of the highest quality. All CPD measures planned and carried out by ARAG are carefully documented, including information on time and money spent. The Company gains important insights from this that it uses to enhance its offering.

The Talent and Skill Development Department uses Learn2Develop (L2D), a state-of-the-art education platform. This allows digital offerings from external partners – for example Pink University and Masterplan – to be incorporated. Simple and clear structures and search functions ensure that the platform is very easy to use. The service units at ARAG SE, ARAG IT GmbH, and ARAG Krankenversicherungs-AG use L2D for their internal training strategies and to meet the requirements of the Insurance Distribution Directive (IDD) and beyond. New features such as the personal learning cockpit and customized learning outcomes support the targeted professional development of each learner. Employees also have the option to form a learning group with their co-workers, which facilitates dialogue and boosts the motivation to learn.

Further development of digital skills

Increasing digitalization requires all employees to develop digital skills that are appropriate to their function and to be open to digital methods and processes. As part of the ARAG Smart Insurer Program, the Talent and Skill Development Department has therefore implemented new digital learning and development formats that meet the growing need for qualifications and promote the development of new skill sets. Training on topics such as agile project management and a comprehensive range of courses on Microsoft 365 and SharePoint have been part of ARAG's offering for some years. Since 2019, the Masterplan video-learning platform has helped employees acquire the necessary knowledge about digitalization. In short video sequences, experts cover topics such as new working methods, digital collaboration, and digital business models.

Talent management with ARAG myCareer

In addition to the needs-based training programs, the inhouse talent management program ARAG myCareer also supports employees in planning their individual development and careers. The program helps to retain suitably qualified employees and ensures that

the Company continues to have the specialist and interdisciplinary expertise that it needs. ARAG myCareer offers a set of innovative tools to support recruitment and professional development. Using myCareer, managers can register candidates for training in specialist and management functions, and the registered candidates are given individual introductory interviews to prepare them for the selection process. In 2023, ARAG offered its managerial staff a special recruitment training module entitled Winning Talents, which is designed to support managers with potential-oriented recruitment. ARAG also supports specialists and managers by giving them the chance to complete a part-time degree course or an MBA.

GRI 404-2

Programs for upgrading employee skills and transition assistance programs

Wide range of training programs

ARAG operates a web-based skills and qualifications platform known as ARAG Learn2Develop that enables all employees in Germany to extend their knowledge and capabilities. The platform offers a wide range of training, videos, and e-learning courses focused on specialist and methodological skills, leadership skills, personal and social skills, knowledge related to insurance and to business in general, project and process management, and foreign languages. The offering is developed and provided in cooperation with selected external education partners. A digital learning offering specifically for ARAG Health called **KVpedia** was launched in 2023. The course comprises 27 web-based modules and has already been booked over 3,000 times.

When selecting and designing training measures, ARAG always looks to take current trends into account and to equip its employees with the skills they will need to face the challenges of the future within the industry. For example, the Company offers training, workshops, and networking events focused on self-management, change management, no-blame culture, and hybrid leadership in transformation. The training also covers regulatory requirements as well as risk management, internal audit and compliance, data protection, and occupational health and safety.

In 2023, around 20,000 individual training courses covering a wide range of CPD measures were completed in Germany. Employees additionally took part in mandatory e-learning on occupational health and safety.

Vocational training in insurance, finance, and IT

ARAG offers apprenticeships that enable trainees to gain vocational qualifications in insurance and finance. As well as maintaining a sufficient supply of skilled new recruits, apprenticeships ensure a good demographic mix across the Group. A total of 48 trainees at various levels were supported in Düsseldorf and Munich in 2023, and ARAG IT GmbH welcomed its first dual apprentices.

Training and education at the international locations

Training and education at ARAG's international locations is largely comparable with the offering in Germany, but the locations are free to provide their own additional options. ARAG Italy, for example, offers training on diversity and equal opportunities, while annual CPD plans are created in Spain to enhance employees' hard and soft skills. In the Netherlands, three young employees secured places on the youth innovation program (JIP) of the Dutch Association of Insurers in 2022.

GRI 404-3	Percentage of employees receiving regular performance and career development reviews
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ARAG requires staff appraisal interviews to be carried out annually. These provide an opportunity to discuss and plan individual CPD measures. A progress review carried out by the Group Human Resources Central Department shows that 97.97 percent (2022: 97.5 percent) of interviews were carried out in 2023.

Diversity, equal opportunity, and protection from discrimination

GRI 3-3	Management of material topics
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Fairness and openness are key corporate values at ARAG. The ARAG workforce should reflect the diversity of wider society. Experience has shown that diverse teams generate creative ideas and make the Company more successful over the long term. Openness also provides a competitive advantage, as good working relationships across different countries and cultures are an important success factor for an international insurer. Employees and customers appreciate ARAG's family-friendly and inclusive approach. It improves ARAG's appeal as an employer, creates opportunities for cooperation, and makes a wide range of customer groups more accessible to the Company. ARAG's commitment to diversity also ensures that it can remain fully compliant with the German General Equal Treatment Act (AGG), for example, and thereby avoid reputational risk.

Underlying structures favor diversity

In the groupwide strategy, 'ARAG 5-30', promoting diversity is included under the heading 'Winning Spirit' as one of five key areas for action that will become more of a focus as 2030 approaches.

ARAG Germany has put the structural framework in place to support diversity within the Company. It offers flexible and remote working, specifically by dispensing with core hours and allowing employees to work remotely or from home for 40 percent or more of their time. ARAG supports employees with the technical and ergonomic equipment needed to work from home, and makes digital learning content available so that they can continue their professional development independently and from anywhere.

Higher proportion of women at management level

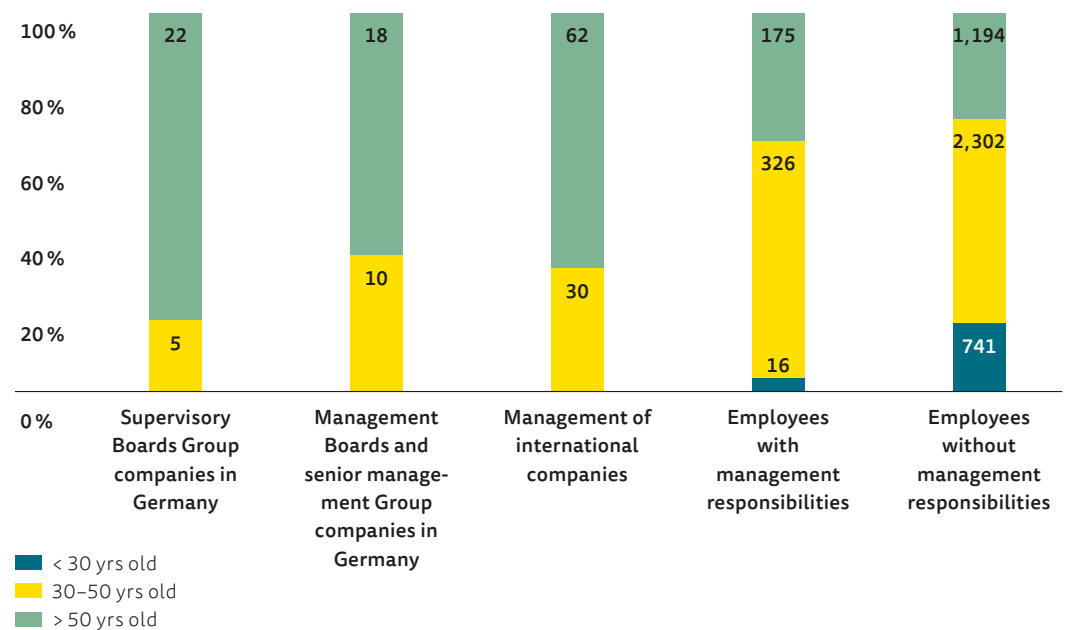
The Company supports women's careers and is boosting the proportion of women at senior management level. While the percentage of women at the first management level (F1) was 9 percent in 2015, it was 28 percent in 2023, a slight drop on the previous year's figure of 32 percent. Just under a quarter of employees at the second management level (F2) were female in 2015; by 2023 it had reached 38 percent, which was a further increase on the previous year's 36 percent.

Diversity adds value

ARAG is not only a strong advocate of equal opportunities for men and women. True to its core principle of 'unity in diversity', the cultural diversity of its workforce also makes ARAG a stronger business. The Company is proud to unite people from a wide range of countries in one organization and welcomes individuality.

ARAG is an independent, family-owned insurer and bases its values-led culture on its Integrity Guideline. The guideline defines how we collaborate in the Group, fleshes out the ARAG Essentials, and supplements ARAG's Compliance Guideline. One of the ways in which the contents of the Integrity Guideline are communicated to the employees is through online training, which is also included in the onboarding process for new employees. In addition, Integrity Guideline champions have been appointed at the Düsseldorf and Munich branches. At the international level, contacts and employees with diversity-related responsibilities who support diversity in their respective organizations through targeted measures were identified across the Group for the first time in 2023, in line with the ARAG ~~5-30~~ targets. The plan is to establish a dedicated community for sharing these initiatives as well as insights and matters relating to content and implementation. ARAG Spain's equal opportunities plan (Plan de Igualdad de Oportunidades) is an example of diversity in action. It was launched in collaboration with the Works Council 14 years ago and has been a success. In 2020, ARAG USA set up a committee for diversity, equality, and inclusion. The Diversity Committee champions the positive aspects of a workforce made up of employees with diverse backgrounds and lifestyles and how it benefits collaboration, innovation, and customer relationships. The committee organizes various activities including educational events and training, for example on unconscious bias. The changes that the committee has helped to bring about include gender-neutral toilets at the Group's headquarters and the inclusion of preferred pronouns in email signatures. Employee surveys confirm that the committee's work encourages everyone at ARAG to think about and respect diversity and equal opportunities. Together with the Culture & People Department, the committee also organized a training event on unconscious bias. The event was mandatory for all senior managers, and employees were invited to attend.

Diversity on supervisory bodies and among the workforce

Governance bodies and workforce in 2023, broken down by gender*(% and absolute numbers)***Governance bodies and workforce in 2023, broken down by age***(% and absolute numbers)*

The data is based on all Group companies in Germany as well as on the branches/subsidiaries in Australia, Austria, Belgium, Canada, Denmark, Greece, the Republic of Ireland, Italy, the Netherlands, Norway, Portugal, Slovenia, Spain, Sweden, the United Kingdom, and the United States.

GRI 406-1	Incidents of discrimination and corrective actions taken
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ARAG registered no incidents of discrimination in 2023.

Corporate social responsibility and protection of human rights

Social value generated

GRI 3-3	Management of material topics
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ARAG secures jobs

With more than 1,600 employees (2022: more than 1,600) at its headquarters in Düsseldorf, ARAG is a long-established and leading employer. Many jobs at suppliers and in sales are also indirectly dependent on the ARAG Group. In Düsseldorf and all of its other sites too, ARAG plays its part in increasing the appeal of the local area by creating secure, future-proof jobs and engaging with the community.

Promoting diversity

The insurance company has been a strong brand and attractive employer in the finance industry for around 90 years. ARAG is very active when it comes to HR management. The Company is able to attract new recruits thanks to its good reputation and favorable employment terms, and provides targeted internal training and development. Developing local staff and managers right up to the highest management level is an approach that ARAG has been pursuing for several decades. The Company is also committed to the principle of equal opportunities and promotes diversity across the organization. ARAG wants its workforce to reflect the many facets of society and of its customers, and firmly believes that diversity is one of the cornerstones of outstanding customer service.

Role as a taxpayer

ARAG is committed to meeting its tax-related obligations. As a taxpayer, it contributes to the functioning of public life and the welfare of society.

Further information can be found in the 'Taxes' section on page 102.

GRI 202-2	Proportion of senior management hired from the local community
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In Germany, ARAG hires most of the managers for its main offices in North Rhine-Westphalia and Bavaria locally. The administrative offices of ARAG's international branches and subsidiaries are mostly located in major industry hubs. ARAG is able to recruit locally here too. No data on this is collected, however.

GRI 203-2	Significant indirect economic impacts
	The 2022 Prognos report 'The insurance industry in North Rhine-Westphalia – key industry and technology driver' examined the importance of the insurance sector to the economy of Germany's most populous state. Produced on behalf of the working group for the insurance industry (Arbeitskreis für Versicherungswirtschaft), the report highlights the positive macroeconomic impact of the insurance industry and thus of the ARAG Group. It describes both the direct contribution of the insurance industry in creating value and jobs, and the indirect economic contribution stemming from the use of products and services in upstream branches of industry. The insurance industry is a major tax payer and makes a significant contribution to public finances at regional and municipal level. Given that ARAG is the leading legal insurer worldwide, it can be assumed that the Company's economic contribution has increased in recent years due to the growth in business and salaries. The acquisition of DAS Holding Ltd. in the United Kingdom has strengthened ARAG's position in this market. Together with ARAG plc, the Group is set to generate premium income of over €230 million in the United Kingdom and employ more than 800 people at the site in Bristol.

Taxes

GRI 3-3	Management of material topics
	Customers expect ARAG to conduct itself in accordance with its contracts and the law. ARAG meets the expectations of its customers and other stakeholders by fulfilling its social obligations, which include paying taxes. The primary goal of the Management Board where taxes are concerned is to meet its obligation to submit a complete and accurate tax return by the relevant deadline. To achieve this goal, it uses a tax compliance system that complements ARAG's compliance culture and organizational structure. ARAG's tax compliance system is an internal control system. It structures tax procedures and processes. In addition, it identifies, documents, and assesses tax risks. Responsibility for this lies with the Tax Department, the Legal Department, and the Management Board. BEPS is a package of measures aimed at preventing base erosion and profit shifting. These activities occur because of gaps and mismatches in different countries' tax rules and because some countries create unfair tax competition, resulting in tax loopholes. Multinationals can exploit this situation and reduce their tax burden to a minimum through aggressive tax planning. This harms competition between companies as small and medium-sized enterprises cannot make use of such options. For this reason, the member countries of the Organisation for Economic Co-operation and Development (OECD) and the G20, and emerging and developing countries have joined forces to raise international tax standards, to establish rules for international tax competition, and to improve the coherence of tax rules across borders.

BEPS 2.0 is reforming international tax law in response to the challenges arising from the globalization and digitalization of the economy. The primary aim of the reform is to prevent multinational enterprises from avoiding tax. The approach comprises two pillars: the reallocation of taxing rights with a nexus rule for the market jurisdictions (Pillar 1), and a global minimum effective tax rate (Pillar 2). The second pillar of BEPS 2.0 envisages global minimum tax of 15 percent on profits for all companies with annual sales revenue of at least €750 million. The Minimum Tax Directive Implementation Act (MinBestRL-UmsG) came into effect in Germany at the end of 2023, and preparing a minimum tax return will become mandatory for the first time for 2024.

ARAG actively prepares for changes to tax regulations, such as BEPS 2.0. With regard to BEPS, the Company worked with external consultants to analyze how it will be affected by the OECD project's second pillar and was quick to take measures to implement the legal requirements before the deadline.

In order to consistently raise awareness of tax matters among ARAG's workforce, the Tax Department regularly provides information on current tax law developments in meetings, as part of expert presentations, and in newsletters. Furthermore, all employees are made aware of the importance of tax compliance.

GRI 207-1

Approach to tax

As a family enterprise, ARAG firmly believes that the sustainable development of the economy, the environment, and society can only be achieved on the basis of the rule of law. ARAG promotes the rule of law mainly through its insurance products. The Company also embraces the rule of law when it comes to tax matters, and is committed to the proper fulfillment of its tax obligations and avoids aggressive tax arrangements. ARAG's tax strategy is documented in internal guidelines and updated regularly. The senior management team at ARAG reviews and approves the tax strategy. The Tax Department at ARAG SE is responsible for ensuring that all German Group companies comply with the applicable tax regulations. The international branches and subsidiaries are responsible for compliance with local tax regulations. The non-German Group entities are supported by tax consultancy firms in the respective countries. None of the foreign consultancy firms are part of the group of companies to which ARAG's external auditor belongs. This ensures compliance with applicable regulations at all ARAG locations.

GRI 207-2	Tax governance, control, and risk management
	The Tax and the Legal Departments regularly inform the members of the Management Board responsible for each area about current tax matters, in line with compliance requirements. Interfaces with tax risks are analyzed on an ongoing basis, and matters involving risk are assessed, documented, and passed on to the Management Board as required. Once a year, the Tax Department reviews the checks of the tax compliance system, which itself is monitored by the internal audit function. The compliance structure offers every employee the opportunity to contact the Legal Department by phone or email to report a violation of legal or internal requirements. The whistleblower is granted the anonymity and confidentiality stipulated by law. The tax information in the annual financial statements is validated by auditors every year. Furthermore, employees with responsibility for tax matters in the international subsidiaries and branches are advised of tax-related changes during their annual meeting.
GRI 207-3	Stakeholder engagement and management of concerns related to tax
	It is ARAG's stated aim to fulfill its tax obligations and to disclose all facts that are relevant for taxation purposes. ARAG communicates openly with the tax authorities. Internal stakeholders are involved in decision-making processes through the European Works Council. The European Works Council is an information committee in which each European branch of ARAG SE is represented with at least one seat. It meets twice a year and is kept informed about ARAG's business performance, among other things. The committee members also engage in dialogue on cross-border issues.
GRI 207-4	Country-by-country reporting
	ARAG makes the country-by-country reporting available to the German Federal Central Tax Office by the relevant deadline and to the extent required. This information is not currently published as it is covered by tax secrecy. The EU directive on public country-by-country reporting came into force in December 2021 and was transposed into national law by the EU member states by June 2023.

According to Article 2 of the Implementation Act of June 19, 2023, the requirements for reporting income tax will apply in Germany to all financial years starting after June 21, 2024 (Article 90 (1) of the Introductory Act to the German Commercial Code [EGHGB]). The first year that this will apply to starts on January 1, 2025, so we are continuing to not yet publish country-by-country reporting.

Social and political engagement	
GRI 3-3	Management of material topics
	Engaging in corporate social responsibility ARAG attaches great importance to the interconnection between corporate and social responsibility. As a family-owned business, the Group takes on corporate social responsibility in particular where government agencies are not always able to step in with help where it is really needed. Based on these values, ARAG is involved in a range of development programs and initiatives. ARAG's involvement in development programs is always long term, making it a dependable partner for community and welfare initiatives. The way the Group exercises its social responsibility has a positive impact on quality of life for the local community and on the economic climate in the local area. Its corporate citizenship positively reinforces ARAG's image and the acceptance of its business model. The 'ARAG cares' program, which was launched in the United States in 2023, allows local non-profit organizations to apply for funding. Four organizations were selected and received financial support for their work. The funding program will be offered every year from now on. In Belgium, ARAG entered into a partnership with the Child Focus foundation. The foundation offers victims (children and parents) psychological and legal support when children go missing (because they have run away or been abducted) or have been sexually abused or exploited. In Spain, ARAG organizes talks at schools about online dangers and juvenile criminal law. The talks are aimed at teenagers. In the Netherlands, ARAG joined forces with the Number 5 Foundation set up by Princess Laurentien to support people affected by the Dutch childcare benefits scandal (Toeslagenaffaire). ARAG SE Netherlands also entered into a partnership with the Emma at Work foundation in 2023, which aims to ensure that young people with chronic and/or physical illnesses are given a fair chance in the job market. A training session by ARAG employees supported these efforts. In Italy, ARAG worked with the AIAS foundation on a range of community projects, including a charity soccer tournament in which more than 200 people took part.

Public policy

ARAG strives to strengthen democratic institutions and maintain an active dialogue with authorities and policymakers. ARAG represents its interests to government as political and regulatory developments can have a considerable influence on ARAG's business activities. Political decisions can directly affect the Group's risk structure and capital resources, and also influence the way products are designed, marketed, and sold. Political dialogue is the responsibility of the CEO and the Chief Representative.

The purpose of the dialogue is to identify topics of relevance to both sides so that different points of view can be identified and discussed at an early stage. Like the Group companies in Germany, the international subsidiaries are normally members of the relevant trade association in their country.

In Norway, the government announced that a new Legal Aid Act is in the pipeline. ARAG Norway is actively working to ensure that anyone who is entitled to free legal aid can obtain it through a legal insurance model.

GRI 203-1

Infrastructure investments and services supported

Support for conflict management in schools

Since 2014, ARAG has been successfully offering its innovative development project known as Conflict Management in Schools. Supported by the North Rhine-Westphalia Ministry for Education and Schools, this program is offered to all high schools and vocational colleges in North Rhine-Westphalia. The project focuses on the introduction of universal quality standards for conflict management in schools and for preventive measures and intervention techniques. Teachers and specialists in educational social work are trained as school mediators and go on to train school students in conflict resolution. Ten training cycles have been carried out so far, with a total of 426 school mediators at more than 141 high schools and vocational colleges in different school districts across North Rhine-Westphalia taking part. At the end of 2023, we successfully completed our tenth training course for school mediators, which was also the final installment of our pioneering and innovative Conflict Management in Schools project.

Since September 2016, ARAG has also been a sponsor of MediationsZentrale München. The school mediation team at this not-for-profit organization regularly sends out professionally trained mediators to public sector and private schools in the greater Munich area to act as impartial points of contact for all conflicts and problems arising in day-to-day school activities.

Protection from online threats

The proactive protection of children and young people against online threats is another key focus of corporate social responsibility at ARAG. Important areas of prevention lie in developing media literacy, providing information and education, and raising awareness about the consequences of bullying.

The Group has therefore been focusing keenly on protecting online privacy rights since 2017. ARAG teamed up with the Research Center for IT Law and Social Networks Policy at the University of Passau to develop an alternative to Germany's contentious Network Enforcement Act (NetzDG). Since the publication of the proposed changes at the beginning of 2018, ARAG has repeatedly drawn the attention of expert audiences and policymakers to its alternative version and the associated improvements in favor of victim protection. Since 2019, www.hass-streichen.de ('crossing out hate') has provided comprehensive, up-to-date information on this issue.

Supporting the German Children and Youth Foundation

Corporate social responsibility at ARAG also extends to the provision of support for the German Children and Youth Foundation (DKJS) in the area of digital education. Together, ARAG and DKJS launched the bildung.digital ('digital education') program at the end of 2017, which helps schools to develop digital education strategies and ensure that they become firmly established. The focus of the third phase from 2023 onward was on expanding the program into an umbrella brand with a wide range of offerings. In addition to the existing school development networks, further formats were introduced to support schools, including coaching sessions on microlearning, tandem-student arrangements at schools in Hamburg as part of the zukunft.digital program, and the update.bildung format for improving education management.

In partnership with ARAG SE, the 'AI in the classroom' pilot was launched in June 2023 at 71 German schools with the aim of collecting factual data on the use of AI at schools across Germany. Furthermore, the www.bildung.digital portal provided a platform focused on acquiring and applying digital skills, with 322 people from 123 institutions (schools, regional ministries, and colleges and universities) making direct use of the training provided on the bildung.digital platform in 2023.

GRI 415-1	Political contributions
	The ARAG Group is committed to supporting the democratic structures in Germany. This commitment includes donations to the larger parties represented in parliament at federal and state level. The total amount of financial contributions to these parties came to €106,000 in the reporting year.
	Protection of human rights in the supply chain
GRI 3-3	Management of material topics
	As a provider of legal insurance, ARAG's business model is based on the principle of ensuring access to justice for everyone, even those who cannot afford it. The protection of human rights is a cornerstone of ARAG's business model, but protection is only effective where the rule of law and its structures support this fundamental consensus. Due to the nature of ARAG's business, there is no risk that human rights are being violated for the services that it purchases. The bulk of the Company's purchasing activities relate to consul-

tancy services and other highly specialized services. The risk is also minimal in the purchasing of goods, as ARAG mainly obtains these from local or regional suppliers. Furthermore, ARAG's purchasing policy states that offers must remain within the legally permissible limits, and statutory minimum requirements relating to occupational health and safety and minimum wages, for example, must always be observed.

ARAG began preparing for Germany's new Supply Chain Due Diligence Act (LkSG) in 2022, and by the end of 2023 had implemented all measures needed to meet the LkSG requirements. The act has been in force since the beginning of 2024.

ARAG performed a risk analysis of its direct suppliers and its own business in 2023 in preparation for the new law. It reviewed its purchasing policy with regard to points that are relevant to LkSG and developed a prevention and remediation plan designed to protect the Company from risks in the supply chain. In addition, ARAG appointed a human rights officer and added a tool on its website for the complaints procedure as defined in LkSG. The tool also allows anyone to openly or anonymously report human rights breaches.

GRI 414-1

New suppliers that were screened using social criteria

As part of its duty of care, ARAG performs due diligence on all new suppliers to check if they are on sanctions lists of the US Office of Foreign Assets Control (OFAC), the EU, or the United Nations. ARAG uses the Siron KYC tool to check new suppliers, with around 200 added and checked in 2023.

Existing suppliers are automatically checked on a daily basis. If any suspicions arise, the supplier is immediately blocked such that no further orders or payments can be made. Payments by ARAG to countries outside the Single Euro Payments Area (SEPA) are subject to an additional check prior to execution, during which it is also checked whether the country is embargoed.

Since January 1, 2024, all orders and framework agreements have included a new clause that explicitly refers to the newly developed ARAG code of conduct for business partners, with which all service providers must comply.

Environmental matters affecting operations

Climate-friendly operations

GRI 3-3

Management of material topics

ARAG factors environmental criteria into its investments and aims to continually reduce energy consumption and the associated greenhouse gas emissions in its own operations. The Company is thus helping to combat climate change while ensuring the smooth running of operations, as a consistent energy supply plays a crucial role in guaranteeing availability of the IT infrastructure and IT systems and maintaining a pleasant climate in office buildings.

Responsibility and involvement of employees

As an internal service provider, Facility Management chiefly controls energy consumption and the associated CO₂ emissions. The Purchasing Department is responsible for buying in energy and for putting all related services out to tender in the market. ARAG knows that a concerted effort from all employees is required to reduce energy consumption and emissions. Operating instructions and usage guidelines are provided to the workforce to inform them about ways of saving electricity and heat. The team in Group Central Services, which includes Technical Facility Management, Property Management, Services, Support, and the Safety Security Department, is actively committed to climate action. With the support of the team leaders, it organizes regular training events in cooperation with external specialist companies and experts on topics such as lighting and lighting technology, ventilation and air conditioning, heating, elevator technology, soundproofing, and emission protection in office environments.

Ongoing optimization measures in Germany and abroad

Various systems for lighting, heating, cooling, and air conditioning within the buildings and the infrastructure are controlled by technology such as movement detectors, timers, and temperature sensors. For the ARAG Tower, the company-owned head office building in Düsseldorf, ARAG commissioned a review in 2007 to obtain an Energy Performance Certificate in accordance with the requirements of the German Energy Conservation Ordinance (EnEV). The energy benchmark shows that the ARAG Tower achieves very good levels of energy efficiency compared with similar buildings from the same period.

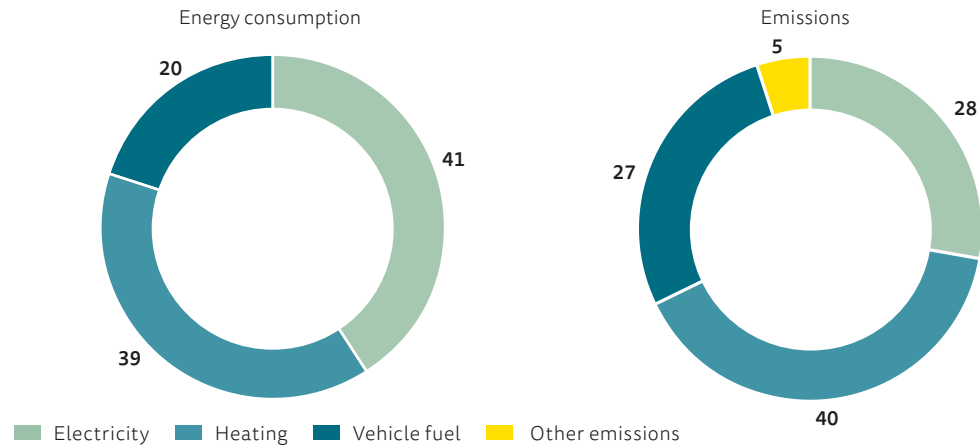
ARAG is endeavoring to become progressively more climate-friendly and undertakes optimization measures all year round. Since the company agreement on remote working came into force, ARAG's headquarters have been used less than before the pandemic as many employees work mainly from home. In 2022, ARAG introduced desk sharing as part of the FANTA project (a project to create a flexible approach for workplaces and teamwork at ARAG) and reorganized over 1,200 office workspaces. As a result, ARAG vacated an entire section of the building with effect from July 1, 2022. This section remained empty in 2023. It has been maintained accordingly and only consumes very little energy and generates very few emissions. ARAG plans to lease out this part of the ARAG Tower.

ARAG's international subsidiaries also strive to make operations more climate-friendly and reduce energy consumption at their locations. Some international branches rent their office premises and are therefore limited in their ability to influence energy consumption and combat climate change.

GRI 302-1	Energy consumption within the organization
GRI 305-1	Direct (Scope 1) GHG emissions
GRI 305-2	Energy indirect (Scope 2) GHG emissions

Energy consumption and emissions by source

(%)



Energy consumption and greenhouse gas emissions, Germany¹⁾

	2023	2022
Energy consumption (MWh)	14,340	15,394
Electricity	5,215	5,745
Use in stationary applications	5,209	5,712
Vehicles	6	33
Heating	5,850	6,420
Natural gas	504	–
Purchased heating	5,346	6,420
Vehicle fuel	3,275	3,229
Diesel	1,747	1,699
Petroleum	1,528	1,530
Energy consumption (kWh per FTE)	6,712	7,724
Emissions (t CO₂e)²⁾	2,509	2,594
Scope 1	1,103	1,019
Non-vehicle fuel	102	–
Natural gas	102	–
Vehicle fuel	851	848
Diesel	457	459
Petroleum	394	389
Refrigerants	150	171
Scope 2	1,406	1,575
Electricity ³⁾	228	297
Purchased heating	1,178	1,278
Emissions (kg CO₂e per FTE)	1,174	1,302

Energy consumption and greenhouse gas emissions, global ¹⁾

	2023	2022
Energy consumption (MWh)	23,475	24,673
Electricity	9,590	10,071
Use in stationary applications	9,516	10,014
Vehicles	74	51
Refrigeration	–	6
Heating	9,091	9,661
Heating oil	128	117
Natural gas	2,289	–
Purchased heating	6,675	9,544
Vehicle fuel	4,794	4,941
Diesel	2,666	2,659
Petroleum	2,128	2,282
Energy consumption (kWh per FTE)	5,150	5,768
Emissions (t CO₂e) ²⁾	4,638	4,861
Scope 1	1,980	1,708
Non-vehicle fuel	495	28
Heating oil	31	28
Natural gas	464	–
Vehicle fuel	1,250	1,384
Diesel	704	758
Petroleum	546	626
Refrigerants	235	296
Scope 2	2,659	3,153
Electricity ³⁾	1,305	1,329
Purchased heating	1,354	1,824
Emissions (kg CO₂e per FTE)	1,018	1,137

¹⁾ This data is based on the ARAG headquarters in Düsseldorf, the local offices in other parts of Germany, and the branches and subsidiaries in Australia, Austria, Belgium, Canada, Denmark, Greece, the Republic of Ireland, Italy, the Netherlands, Norway, Portugal, Slovenia, Spain, Sweden, the United Kingdom, and the United States. Electricity, heating, and non-vehicle fuel consumption were factored into the overall energy consumption calculation.

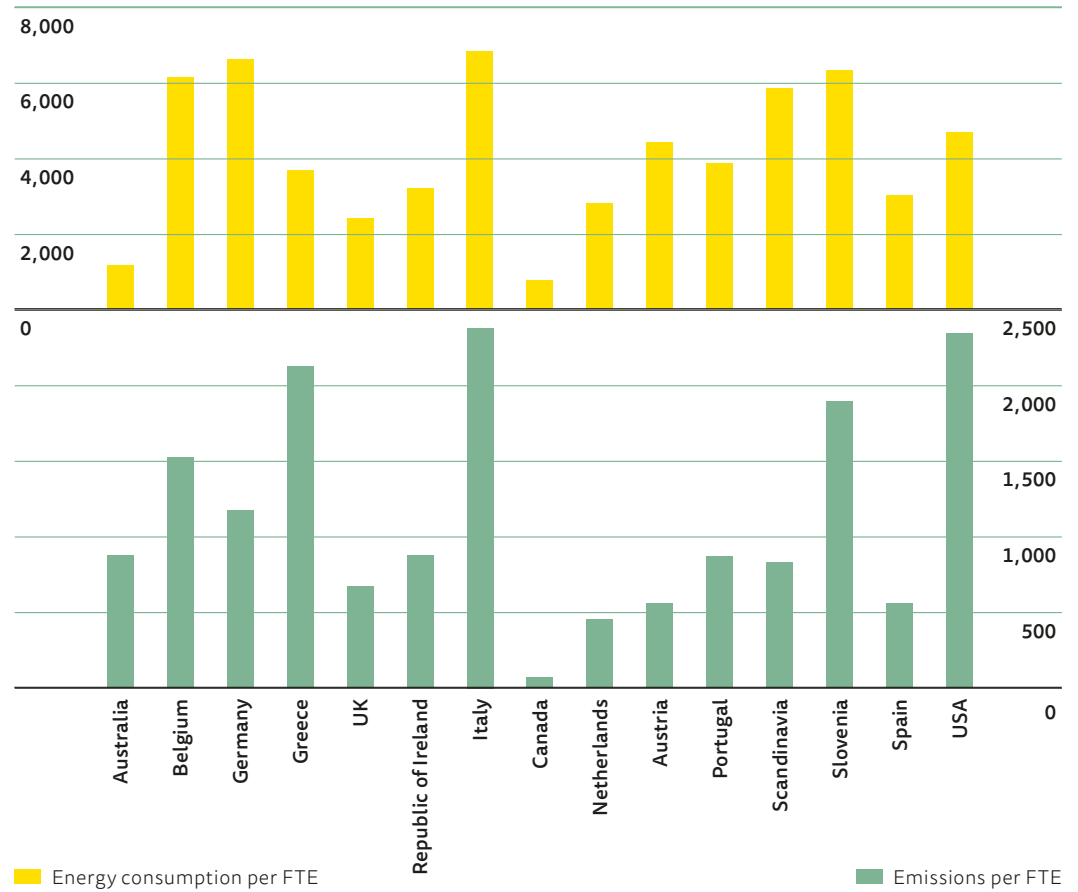
²⁾ The greenhouse gas emissions are calculated in accordance with the guidelines of the WRI/WBCSD Greenhouse Gas Protocol.

³⁾ The greenhouse gas emissions attributed to electricity consumption are calculated using the market-based-view method (end user-specific mix) of the Greenhouse Gas Protocol scope 2 standard. When calculating emissions using the location-based-view method (average country mix of the relevant country), emissions from electricity usage amount to 2,120 tCO₂e for Germany and 3,443 tCO₂e globally.

Energy consumption and emissions per full-time equivalent (FTE)

(Energy consumption in kWh/FTE)

(Emissions in kg CO₂e/FTE)



GRI 302-4	Reduction of energy consumption
GRI 305-5	Reduction of GHG emissions

ARAG succeeded in steadily reducing energy consumption and the resulting greenhouse gas emissions in 2023, primarily by optimizing building operations. Further solutions for managing buildings in a climate-friendly way are in development.

The FANTA project launched in 2022 resulted in an entire section of the ARAG head office building being vacated. Consequently, the level of energy consumption was reduced drastically in this part of the building. Furniture that was no longer required was recycled by ARAG and repurposed as lockers for employees, avoiding the need to buy new furniture. Old electronic devices were separated and recycled properly. Surplus office supplies were collected and redistributed. Where purchases of furniture or office supplies were unavoidable, Purchasing prioritized sustainability and recycled products.

In order to reduce the water consumption of toilet facilities at the Company headquarters, new water-saving aerators were installed. The operating hours of the ventilation system were reviewed and reduced where possible. This lowers the use of both electricity and heating. The Group also cut its electricity consumption by reducing how long the lights stay on in the corridors of the buildings on Redlichstrasse in Düsseldorf. Plant illumination and night-time lighting in and around the ARAG Tower were either turned off or reduced. Compliance with the requirements of the German Ordinance on Securing the Energy Supply through Rapid Impact Measures (EnSikuMaV) has thus been ensured.

ARAG Austria expanded the charging infrastructure for electric vehicles in the underground car park at its Vienna office, thereby promoting climate-friendly travel.

In Germany, ARAG updated its vehicle fleet policy in 2023 to ensure that the fleet is switched to all-electric vehicles within the next six years.

GRI index



CONTENT INDEX
ESSENTIALS SERVICE

2024

ARAG has produced its reporting for the period from January 1, 2023 to December 31, 2023 in accordance with the GRI standards. For the Content Index – Essentials service, the GRI Services team verified that the GRI content index meets the reporting requirements of the GRI standards, and that the information contained in the GRI content index is clearly laid out and comprehensible to the stakeholders. This service was performed for the German version of the report.

The sustainability report is published annually. This report was published on April 30, 2024. The responsible contact person is Kathrin Köhler, nachhaltigkeit@arag.de.

Applied GRI 1	GRI 1: Foundation 2021
Applicable GRI sector standard	None

General Disclosures

GRI standard/ other sources	Disclosure	Reference/ information	Omission
	The organization and its reporting practices		
GRI 2: General Disclosures 2021	2-1 Organizational details	P. 49	
	2-2 Entities included in the organization's sustainability reporting	P. 49–50	
	2-3 Reporting period, frequency and contact point	P. 50	
	2-4 Restatements of information	P. 50	
	2-5 External assurance	P. 50	
	Activities and workers		
GRI 2: General Disclosures 2021	2-6 Activities, value chain and other business relationships	P. 50–51	
	2-7 Employees	P. 51	
	2-8 Workers who are not employees	P. 51	
	Governance		
GRI 2: General Disclosures 2021	2-9 Governance structure and composition	P. 51–53	
	2-10 Nomination and selection of the highest governance body	P. 54	
	2-11 Chair of the highest governance body	P. 54	
	2-12 Role of the highest governance body in overseeing the management of impacts	P. 55	
	2-13 Delegation of responsibility for managing impacts	P. 55	
	2-14 Role of the highest governance body in sustainability reporting	P. 55	
	2-15 Conflicts of interest	P. 55	
	2-16 Communication of critical concerns	P. 56	
	2-17 Collective knowledge of the highest governance body	P. 54	
	2-18 Evaluation of the performance of the highest governance body	P. 56	
	2-19 Remuneration policies	P. 56–58	
	2-20 Process to determine remuneration	P. 58	
	2-21 Annual total compensation ratio	P. 58	
	Strategy, policies, and practices		
GRI 2: General Disclosures 2021	2-22 Statement on sustainable development strategy	P. 59–62	
	2-23 Policy commitments	P. 63–64	
	2-24 Embedding policy commitments	P. 64	
	2-25 Processes to remediate negative impacts	P. 64	
	2-26 Mechanisms for seeking advice and raising concerns	P. 65	
	2-27 Compliance with laws and regulations	P. 65	
	2-28 Membership of associations	P. 65	
	Stakeholder engagement		
GRI 2: General Disclosures 2021	2-29 Approach to stakeholder engagement	P. 66–67	
	2-30 Collective bargaining agreements	P. 67	

Material topics

GRI standard/ other sources	Disclosure	Reference/ information	Omission
GRI 3: Material Topics 2021	3-1 Process to determine material topics	P. 67	
	3-2 List of material topics	P. 68	
Governance and compliance			
	Economic value generated		
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 69	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	P. 70	
	Corporate and management culture		
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 70–71	
	Ethical governance and compliance		
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 70–71	
	Ensuring access to justice		
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 72–74	
	Fair competition and avoidance of conflicts of interest		
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 75–76	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	P. 76	
	205-2 Communication and training about anti-corruption policies and procedures	P. 76	
	205-3 Confirmed incidents of corruption and actions taken	P. 76	
	Cyber risks and data protection		
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 77–79	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	P. 79	
	Guidelines and remuneration systems based on sustainability		
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 56–58	
Products, sales, and customer relationships			
	Customer focus and innovative customer offerings		
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 80–83	
	Changing demographics, social structures, and lifestyles		
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 80–83	
	Digital transformation		
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 83–85	

GRI standard/ other sources	Disclosure	Reference/ information	Omission
	Transparent products and services		
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 85–86	
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	P. 86	
Asset and risk management			
	Using sustainability criteria in investment		
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 86–87	
GRI G4 Financial Services Sector Disclosures	FS10 Companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues	P. 87	
GRI G4 Financial Services Sector Disclosures	FS11 Environmental or social screening	P. 87–88	
	Identification and disclosure of climate-related impacts in asset management		
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 86–87	
	Incorporating environmental, social, and corporate governance (ESG) risks into risk identification, management, and control		
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 88–89	
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	P. 90	
	Using sustainability criteria in the underwriting policy (including country- and industry-specific sustainability risks) and when setting insurance rates		
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 88–89	
	Consideration of sustainability risks in actuarial assessments		
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 90–91	
Employee concerns			
	Internal communications/communication between Management Board and employees		
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 91–92	
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	P. 92	
	Occupational health and safety		
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 92–95	
GRI 403: Occupational Health and Safety 2018	403-9 Work-related injuries	P. 95	
	403-10 Work-related ill health	P. 95	
	Training and education		
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 95–97	
GRI 404: Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	P. 97–98	
	404-3 Percentage of employees receiving regular performance and career development reviews	P. 98	

GRI standard/ other sources	Disclosure	Reference/ information	Omission
	Diversity, equal opportunity, and protection from discrimination		
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 98–99	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	P. 100–101	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	P. 101	
Corporate social responsibility and protection of human rights			
	Social value generated		
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 101	
GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community	P. 101–102	
GRI 203: Indirect Economic Impacts 2016	203-2 Significant indirect economic impacts	P. 102	
	Taxes		
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 102–103	
GRI 207: Tax 2019	207-1 Approach to tax	P. 103–104	
	207-2 Tax governance, control, and risk management	P. 104	
	207-3 Stakeholder engagement and management of concerns related to tax	P. 104	
	207-4 Country-by-country reporting	P. 104–105	
	Social and political engagement		
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 105–106	
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	P. 106–107	
GRI 415: Public Policy 2016	415-1 Political contributions	P. 107	
	Protection of human rights in the supply chain		
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 107–108	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	P. 108	
Environmental matters affecting operations			
	Climate-friendly operations		
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 108–109	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	P. 110–112	
	302-4 Reduction of energy consumption	P. 113	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	P. 110–112	
	305-2 Energy indirect (Scope 2) GHG emissions	P. 110–112	
	305-5 Reduction of GHG emissions	P. 113	

Information and credits

ARAG provides you with a broad range of information in many publications and on the internet about the Group and its insurance products and services. And as legal insurance is a core competency of ARAG, it also offers selected tips and advice on legal matters. If you have any questions, require an insurance quote, or are simply looking for some basic information, please get in touch or visit our website.

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Credits

Overall responsibility:

ARAG Corporate Communications/
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Kammann Rossi GmbH, Cologne

Design and layout:

Editors and advisors on the non-financial
report and the GRI report:

Sustainserv GmbH, Zurich and Frankfurt
Druckpartner, Essen

Printing:

Working together for a sustainable future

Sustainability is much more than a buzzword. It is an obligation that we at ARAG strive to fulfill every day. Our efforts to ensure a world of greater justice encompass many different aspects that are all aimed at creating a more sustainable and fairer future.

Find out more about our sustainability initiatives at:
www.arag.com/en/sustainability