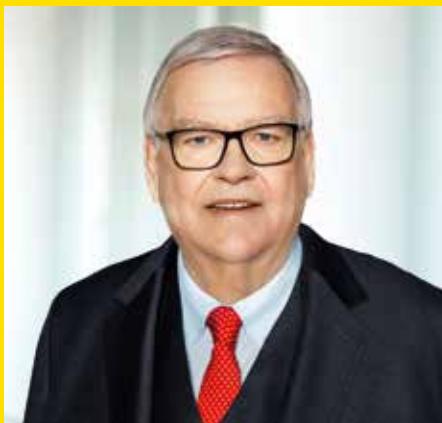


Sustainability Report 2019



Visionary ideas like those of ARAG founder Heinrich Faßbender are rooted in ARAG family tradition. [Learn why on page 2!](#)

ARAG



Dear readers,

For ARAG, sustainability means assuming responsibility and making it transparent. That is a fundamental component of our successful business policy. And the welfare of future generations plays a very important role for us as a family-owned enterprise. Our independence and success can only be ensured by a sustainable corporate culture – especially in an era marked by global radical social changes and unprecedented challenges.

In the social context, for us this means that sustainable development and economic, environmental and social stability including justice for all and the protection of human rights can only be guaranteed based on the rule of law. And the principle of equal opportunity before the law lies at the very heart of everything we do.

This idea has been a driving force for ARAG since its founding in 1935, when my grandfather Heinrich Faßbender embraced the principle of equal access to justice for all under the law. From our contemporary perspective, that motivation can surely be described as visionary. Today, that objective is also anchored in United Nations Sustainable Development Goal 16. On that basis and in keeping with our corporate guidelines, the ARAG Essentials, and the newly redefined values they encompass – Foresight, Openness, Discipline, Drive, Pioneering Spirit and Fairness – we promote the sustainable development of society.

We have entered the age of the digital transformation, which we view as a stroke of luck for us. ARAG recognized the challenge involved in the processes of strengthening the independence of our Group in the digital world and responding effectively to the changing needs of our customers as an opportunity several years ago. In 2018 we launched the Smart Insurer Program as a comprehensive national and international plan of action. This programmatic approach encompasses a wide range of measures, some of which have already been implemented, while others are planned for the near future. Our express goal is to turn ARAG and its subsidiaries into a smart insurer by the year 2021. We have adopted modern and visionary ways of thinking in the spirit of our ARAG tradition. The magazine section of our report is devoted to this main topic and our successful efforts to promote and secure equal opportunity in our increasingly digital world. We are on the right track and have achieved a level of digital efficiency and productivity in the interest of our customers thanks to the strong motivation and dedication of our employees and our international corporate structure.

Dr. Dr. h. c. Paul-Otto Faßbender

Contents



ALWAYS UP-TO-DATE

DIGITIZATION

ARAG is evolving into a smart insurer and making consistent use of the opportunities offered by digitization – rapidly and in tune with the times.

5

TOP SERVICE: LEGAL EXPERIENCE

LIGHTHOUSE PROJECT

7



SMART COLLEAGUES

START-UP

Creative think-tank: The ARAG-owned start-up Justix realizes clever ideas for legal services.

18

THE CHATBOT AS A PROBLEM-SOLVER

HELLOLAW

21

A SUITCASE FULL OF PROTECTION

DIGITAL TRAVEL INSURANCE

ARAG ReiseProtect, the smart all-round travel insurance policy, is the product of effective collaboration within the ARAG Group.

31



The Smart Analytics project team is focused on consolidating data and making it accessible and useable everywhere.

PORTRAIT

THE DATA TREASURE HUNT

37

A HUGE DATA TREASURE CHEST

INTERVIEW

39

ONLINE HELP FOR THE PSYCHE

E-HEALTH

Various innovative digital therapy programs for people suffering from depression

12

UNCONVENTIONALISTS IN ACTION

#DOITDIFFERENTLY

The ARAG Future Initiative encourages employees to simply look at things differently.

24

A SUITCASE FULL OF PROTECTION

DIGITAL TRAVEL INSURANCE

ARAG ReiseProtect, the smart all-round travel insurance policy, is the product of effective collaboration within the ARAG Group.

31

THE CONFLICT MANAGERS

REPORTAGE

How ARAG's "Conflict Management in Schools" Initiative became a successful model.

40

ON THE WAY TO BECOMING A SMART INSURER

QUESTIONS & ANSWERS

46

Separate summarized non-financial report

48

GRI Report

66

Universal Standards

67

Standards for Specific Issues

78

GRI Content Index

120



**BUILDING A BRIDGE TO
THE DIGITAL WORLD**

**NEW WAYS OF
THINKING AND
ACTING**

85 Smart Insurer
Ideas

ALWAYS UP-TO-DATE

THE DIGITAL OFFENSIVE

ARAG is evolving into a smart insurer. We are taking advantage of the possibilities given by digitization in order to offer our customers modern services that are innovative, fast and in tune with the times.



KARIN VOGELSBERG



NILS EISFELD VIA GETTY IMAGES

GRI

Smart Insurer Program

Further information is provided in the chapter entitled "Digitization" on page 86.

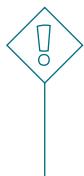
”Digitization is a real stroke of luck for us. We can – and must – make a concerted effort to bring out the (full) advantages we enjoy as a mid-sized insurer; for after all, size comes at the expense of speed. Therein lies our huge potential for growth and development, and that is just great.” Dr. Paul-Otto Faßbender, Chairman and CEO of ARAG SE, looks to ARAG’s future with confidence and positive expectations. As a family-owned enterprise with more than 80 years of experience in the field of legal insurance, ARAG is now entering a new phase of development – the digital transformation. With numerous measures and offers, ARAG is building a bridge to the digital world, making its business future-proof and securing its independence over the long term.

This undertaking is not only driven by technological change. Above all, ARAG wants to offer its customers the service they expect in the digital world: efficient communication, quick answers, relief from the burdens of everyday life and pragmatic solutions for their problems. With that in mind, ARAG needs to think beyond the scope of traditional insurance solutions.

DIGITAL OFFERINGS ARE ALREADY WELL ESTABLISHED

ARAG is on the right track in this context. Since 2019, customers have had access to the My ARAG customer portal, where policy information and customer data are pooled. We also offer the ARAG Wallet Card, ARAG Claims Tracking, the ARAG Online Legal Service and the Digital Health File.

During its transformation, the family-owned enterprise from Düsseldorf is led consistently by customer perspective. Customer experience and customer satisfaction are crucial for success, and ARAG makes use of many different channels for the purpose of identifying their needs and wishes: traditional market research, customer surveys, employee feedback, online data analysis and direct customer dialog. Customers are invited to express their opinions and make suggestions on the platform ARAG Denkraum.de. ARAG organized the first customer round table in Düsseldorf in late 2018. The results provided valuable ideas for approaches to even better customer orientation (see page 11).



ARAG IS AN INNOVATOR

ARAG is one of the most innovative brands of the year 2019. Recognition of this status is a special honor conferred within the framework of the Plus X Award and is granted to only very few brands each year. Only those brands that have earned the most seals of quality within their respective product groups in a given year are honored as a "Most Innovative Brand." ARAG was already recognized as one of the most innovative brands in the field of insurance in 2018. The Plus X Award is the world's most important award for innovation in technology, sports and lifestyle. It honors brands featuring products that lead the market in terms of quality and innovative impact.

GRI

Smart Culture

Further information is provided in the chapter entitled "Corporate Culture and Mandate" on page 85.

THE ARAG GROUP IS IN MOTION

With the goal of preparing ARAG employees for new technologies and new successes, ARAG launched the ARAG Future Initiative in 2017 and established the Group-wide slogan #do it differently. Numerous activities – both conventional and unconventional – as well as new learning, training and communication formats were introduced within this context. At that time, the ARAG Group was in the midst of the digital transformation process and had already begun to evolve. Therefore, the Management Board decided that we needed a term that would unite ARAG's many different individual digital solutions within a single, Group-wide concept – the Smart Insurer Program. The keyword "smart" means that ARAG is innovative, fast and up-to-date. Dr. Faßbender defines it as follows: "The ARAG Smart Insurer Program is the digital development plan for our Group."

ARAG has given itself three years to become a smart insurer. During that period, ARAG will be focusing on three topics:

- **Smart Services:** digital services, products and access and communication channels

- **Smart Data:** making better use of data for our business and for the benefit of our customers
- **Smart Culture:** strengthening our corporate culture for the digital age.

THE BOTTOM-UP PROCESS DELIVERED 85 MEASURES

National and international employee teams identified five key measures from each of these three areas of action during the second half of 2018. The teams proposed 85 concrete measures in a bottom-up process. In two workshops conducted at the turn of the year 2018/2019, the Group Management Board reviewed the planned measures and set priorities. It consolidated the selected measures within seven central areas of action and developed an action plan. Fast, clever, pragmatic and customer-oriented – these key concepts represent the basic elements of the Program and serve as guides for development efforts. It is entirely fitting that the majority of the 85 measures proposed by the teams (namely 55) relate to smart services that are meant to generate new customer experiences. There were 15 proposals each for Smart Data and Smart Culture.

NEW WAYS OF LEARNING AND KEEPING UP

Smart Culture is the engine that drives ARAG on the way to becoming a smart insurer. The term describes the inner dynamics of the change: the courage to break new ground, willingness to learn, self-initiative, self-responsibility and dialog across all hierarchical boundaries. What counts are the results – regardless of whether they are achieved through conventional or unconventional means. The ARAG Essentials, our corporate guidelines, have always emphasized these values. Dr. Faßbender is convinced that "Productivity – hand in hand with our corporate culture – is the factor that will determine the success of the digital transformation. Right here ARAG, as a fami-

"Technology is merely a tool we use to identify and meet the needs of our customers. The only solutions that count are those that make our customers happier"

Dr. Dr. h. c. Paul-Otto Faßbender | Chairman and CEO, ARAG SE

ly-owned enterprise, has a definite true edge. Our unique ARAG value-based and value-building community is best described with the triad of 'acting, performing and delivering' for our customers."

CREATIVITY ACROSS ALL BOUNDARIES

Smart Services, the cluster that drew the largest number of suggestions in the bottom-up process, encompasses several approaches. Main issues are: How can we delight customers with new services? How can we achieve simple, modern communication? And last not least: How can we protect our customers in the digital world?

The Legal Experience (LEX) lighthouse project is devoted to finding ways to help ARAG customers and consumers in general with their (legal) problems through individualized digital solutions. We approach this objective from the customer's perspective instead of thinking only in insurance-related categories.

Employees from six different departments, including Group Development, IT, Marketing and Legal Services, are involved in the LEX project. The practice of thinking outside of the box works very well in this context. "Together, we can learn a great deal by trying out new things," as Dr. Till-Alexander Frey soldt, Senior Vice President, Group Development and Business Organization and LEX project manager, describes the process.

The Cologne-based start-up Justix is another part of the crew in the LEX boat/project? (see page 21). In cooperation with the ARAG team, the Group subsidiary delivers ideas for new digitized legal services and develops corresponding technical solutions. "We want the technology to become increasingly intuitive and capable of taking customers and consumers by the hand and leading them to the best possible solutions," says Dr. Frey soldt in describing the project goal.



LEGAL EXPERIENCE

Legal Experience (LEX) is the name of a lighthouse project on our way to becoming a smart insurer. Its objective is to help customers and consumers find the best possible individual solutions for their legal problems in the Internet. Prototypes in the areas of traffic and tenancy law are already online. The initial response to the young project has been quite positive. ARAG customers and consumers are making use of the new services.

When **more recurring problems** are resolved **online**, ARAG employees can **concentrate more fully on their core duties of providing help and advice**.

Our central philosophy:

WE THINK FROM THE CUSTOMER'S PERSPECTIVE.

Small prototypes require relatively little time for development. They offer quick answers to this important question:

WHAT DO CUSTOMERS REGARD AS GOOD?

"We want to take customers with legal problems by the hand with intuitive technology."

Dr. Till-Alexander Frey soldt | Senior Vice President,
Group Development/Business Organization

SMART ANALYTICS

The Smart Analytics lighthouse project plays a key role within the Smart Data cluster. The objective is to consolidate millions of data from the ARAG Group in a "Data Lake" and make them effectively useful for purposes of analysis.

ARAG is exploiting its **treasure-house of data**.

It is important to make clever use of data in order to recognize

TRENDS AND CUSTOMERS' WISHES

more clearly as a basis from which to develop

PERFECTLY TAILORED INNOVATIONS.

Data can be used to develop **new products**, for example, or to launch **targeted sales campaigns**.

DATA PROTECTION AND LEGAL CERTAINTY ARE ALWAYS ENSURED.

"Data analysis and intelligence offer business enterprises an increasingly important competitive advantage."

Dr. Anne Thomas | Vice President,
Sales Infrastructure & Data Analytics

Another new aspect of the LEX project is the possibility of testing prototypes quickly online. By observing users' responses, we can determine what customers consider good or think needs improving. Corresponding changes are made and the digital offerings are tested again in a step-by-step process. In this way, ARAG moves closer and closer to the solution that is best for users.

To the delight of the ARAG core team, the prototypes that are currently available in the areas of traffic and tenancy law generate new ideas and smaller test products for other areas of the law as well. Nicole Vogelsberger, Vice President, Legal Service Network and a member of the LEX team, is quite satisfied: "Having needed some time to develop the first prototypes, we are now in a position to realize new insights and ideas more quickly."

ARAG Health Insurance is also expanding its smart services. For example, ARAG dental insurance policyholders can obtain various tooth-care products at a discount thanks to a cooperative agreement with the Doc-Morris mail-order pharmacy. ARAG policyholders can find a dentist and arrange for an appointment quickly through the Dent-Net dentists' network. And when customers move to a new location they get a list of dentists' addresses nearby.

ALL DATA IS RETRIEVABLE FROM THE "DATA LAKE"

ARAG promotes the clever use of data with its modernized services. That is the idea behind the Smart Data cluster. ARAG collects a wealth of digital data through contacts with our customers. The next step is to exploit this treasure chest of data to the fullest – in other words to edit and analyze the data. In this way, ARAG learns more about its customers and can offer them suitable solutions (in accordance with data protection laws, of course). A lighthouse project in the field of Smart Data is Smart Analytics. An interdisciplinary team composed of math-

ematicians, economists, a sociologist and a bio-chemist has created a "data lake." The Group's data holdings, including both raw and edited data, are consolidated there and made accessible for analyses of all kinds. Smart Analytics is designed as an ongoing process. Trans-

pARAGcy, another Smart Data project, is devoted to the goal of obtaining a holistic and integrated overview of financial controlling and risk data. A standard catalog of key indicators has been developed for this purpose.



GRI

Data Protection

Further information is provided in the chapter entitled "Cyber Risks and Data Protection" on page 116.

"WE FEEL STRONG DYNAMICS"

INTERVIEW

Marion Schikora, Specialist in Internal Communication, has been involved in ARAG's Smart Insurer Program from the beginning. In this interview she explains what the transformation means – for a business enterprise, its employees and its customers.

ARAG wants to become a smart insurer by the year 2021. What are the distinctive characteristics of a smart insurer?

MARION SCHIKORA The digital transformation has brought lasting changes in our everyday life. The customers of today expect quick answers, simple processes and digital services. A smart insurer is innovative, fast and in tune with the times. It responds to changes in customers' expectations and develops smart, pragmatic solutions for customers and non-customers alike – even beyond the pale of insurance solutions.

How well equipped is ARAG to become a smart insurer?

MARION SCHIKORA We have the best prerequisites as a mid-sized family-owned enterprise. We are capable of delivering quality, being innovative, working agilely and responding quickly. The term "smart insurer" is a promise to perform, and it fits us very well. We are seizing the opportunities the digital world is offering us.

Smart Culture is one of the items on ARAG's digitization agenda. What does that mean? Is ARAG facing a cultural transformation?

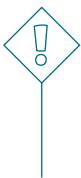
MARION SCHIKORA To us, Smart Culture encompasses the characteristics and skills we need in order to design the digital transformation that is proceeding at a rapid pace: courage to break new ground, willingness to learn and change, self-initiative, personal responsibility, networking and dialog as well as an emphasis on results. All of that is defined in our corporate guidelines, the ARAG Essentials. The digital transformation is a continuous process of change, and it influences the thoughts and actions of everyone in the Group. A Group-wide survey on employees' perception of our corporate culture clearly indicated that motivation, dedication and the willingness to accept change are very strong. The dynamics are palpable. Numerous pilot projects have been initiated; we have developed new training and learning modules, new dialog formats and exchange and networking programs. Employees from other disciplines are also encouraged to get involved in projects. It is there for all to see: yes indeed, something is happening in our Group!

Foto: Giulio Cossia



How will employees benefit from the smart insurer process?

MARION SCHIKORA The offerings are diverse and include new workplace technologies, new work and learning spaces, new working methods and learning and training programs for everyone. One of the first steps was the introduction of Office 365 at ARAG as a means of enabling us to communicate and exchange ideas quickly and efficiently. Next, all employees were given new mobile computers. Special rooms designed to promote interactive learning and innovative, creative working methods were set up at several locations. The extensive, revised continuing-education and training program, for example, makes use of agile methods and high-quality online tutorials on all aspects of digitization. In addition, the Future Initiative explores a series of new impulses and formats that are welcomed by everyone. The dynamics of this program appeal to an increasing number of employees. Both motivation and the will to perform are very high.



CYBER PROTECTION FOR EVERYONE

"ARAG is firmly committed to cyber security. Thus we thought it was important to offer a favorably priced legal insurance policy in the relevant segment," explains Gabriele Schneider, Vice President, Product Development. As a pioneer in the field of cyber protection, ARAG introduced its web@ktiv Internet legal insurance product to the market in 2012.

ARAG began offering a new generation of this policy in mid-2019. Three different product options offer customized online protection for private and commercial customers: Basic, Comfort and Premium. The new web@ktiv products have been very well received. ARAG concluded roughly 6,000 new web@aktiv contracts between mid-June and early December 2019 alone. A total of 54,000 policies have been sold since the product launch. Particularly popular among customers is the Comfort option, which accounts for half of all policy sales.

The Comfort policy for private customers covers such matters as disputes over online contracts and provides compensation for financial losses. In addition to other benefits, it also offers self-employed policyholders customized protection in all matters covered by the EU General Data Protection Regulation (GDPR).

A new feature of the Premium policy for private customers is electronics coverage. This policy is designed primarily for gamers and influencers. The highlight for commercial customers is in-court legal insurance against copyright infringements, with coverage of up to 15,000 euros.

GRI

web@ktiv

Further information is provided in the chapter entitled "Innovative Options for Customers" on page 89.

GRI

Plus X Award

Further information is provided in the chapter entitled "Innovative Options for Customers" on page 89.

UNCONVENTIONAL PRODUCTS AND SERVICES? BY ALL MEANS!

There is no shortage of fresh ideas – thanks not least of all to the corporate culture of the ARAG Group, which actively promotes creativity. The most recent example is Studio 17, a 500-square-meter "playing field" on the 18th and 19th floors of the ARAG Tower (see page 24). ARAG employees can play table tennis or golf, practice climbing, test their skills, power out or engage in networking on this double floor – to cite only a few possibilities. This work and activity space promotes curiosity and agility. Thus in its own unconventional way, Studio 17 supports the development of new ways of thinking and acting among ARAG employees – and the exchange of ideas on the way to becoming a smart insurer.

ARAG is pursuing a similar objective with the ARAG Workshop established in Düsseldorf in 2018. These rooms serve as settings for working and learning and are designed in keeping with such modern methods as interaction room, scrum and design thinking.

It is important to our Group that members of the ARAG "family" are given opportunities to meet, engage in discussion, debate opposing positions and simply be allowed to "fool around." ARAG regards the diversity of its people, their different experiences, educational backgrounds and cultures as valuable treasures. The principle of preserving diversity is firmly anchored under the heading of "fairness" in our corporate values.

Experience has shown that diverse teams generate more creative ideas and thus ensure the success of our Group in the long term. Through active diversity management, ARAG promotes equality of vocational opportunity for both genders. As a family-owned enterprise, ARAG places particular

emphasis on the goal of offering all employees equal opportunities for professional advancement. This equality of opportunity is promoted, for example, through part-time-management options, flexible work-schedule models and collective bargaining agreements regarding home offices and teleworking.

PROTECTION AND PREVENTION IN THE CYBER-WORLD

Respect is a fundamental value for ARAG. Yet in other areas of life, and especially in the Internet, respect and tolerance are by no means self-evident. On the contrary, hate is becoming increasingly widespread in the web. ARAG has been committed to opposing this trend for many years. "Through our 'Hass streichen' (Eliminate hate) initiative, we are taking a stand against all forms of cyber violence and offering preventive measures and tips on other helpful approaches. We firmly believe that attention to all of these things is one of the duties of an insurer in the era of digital transformation," notes Dr. Faßbender.

ARAG offers additional help in the cyber-world with the ARAG web@ktiv legal insurance policy. This policy is an example of how ARAG responds to the changes in technology and society and the related needs of consumers. With the introduction of web@ktiv to the market in 2012, ARAG became a pioneer in the field of cyber legal insurance. Having realized that the digital world is rapidly changing, the Düsseldorf-based insurer adapted its product accordingly in 2019. Even hardware can be insured today.

It is creative approaches of this kind that shape ARAG's image as an innovator. That is why the Group was honored again in 2019 (as in 2018 as well) as the most innovative brand in the insurance business with the Plus X Award for innovation. ■■■■■



What do our customers expect from a smart insurer? Stéphanie Röhrig (photo, left) and her team developed a round-table concept. Two groups of twelve people each came to the ARAG Tower to work together in developing concrete ideas and suggestions for solutions.

WHAT CUSTOMERS WANT

What is really important to ARAG customers? ARAG obtained direct answers to this question in November 2018. Two dozen legal insurance policyholders visited the ARAG Tower to discuss their experiences with the insurer and voice their expectations.

The Customer Round Table was conceived by Stéphanie Röhrig, Vice President, International Communication/Research and Analysis. She explains the idea as follows: "If you're not curious, you won't learn a thing. The goal of the Round Table was to learn from the experiences of our customers. We also wanted to develop new concepts with their help and be inspired." The enthusiastic customers engaged in discussion, looked for solutions to problems and offered suggestions that went far beyond the processing of claims.

So what do customers really want from ARAG? Transparency is very important to them. Policy terms and conditions should be clearly articulated and readily understanda-

ble, for one thing. Customers also want ARAG to communicate through digital channels, especially e-mail. Customers also mentioned offers that already exist but are evidently not well known, such as the Customer Portal and 24/7 availability.

One idea was addressed a number of times and in several different contexts. Customers would like to have a personal case coordinator, someone who accompanies them over longer periods of time and serves as a fixed point of contact for questions and feedback. "That is, among other things, an indication of the desire for greater empathy," as Stéphanie Röhrig points out. People involved in legal disputes often suffer emotional stress. Customers in this situation not only want ARAG to offer them competent and objective advice, they also want a point of contact, a partner who meets them at the personal level and accompanies them for as long as is necessary." This response confirms the insights gained by ARAG and the 2MForum, a market

research and consulting firm based in Mainz, during the Smart Research Project. According to the "fan principle," a business enterprise can forge emotional ties with its customers and inspire them – in short, make fans of them. What this means for ARAG is this: If customers experience ARAG at all points of contact as trustworthy, reliable, likeable and accessible and as a strong consulting partner, we benefit from enhanced customer loyalty. "Simple, fast-moving processes, combined with clarity and transparency, engender trust," says Stéphanie Röhrig.

An interesting fact: The Smart Research survey, in which 1,500 ARAG policyholders, 600 customers of competing insurers and ARAG employees who are in contact with customers, delivered the same results as the Round Table discussions. Transparency, fast, digital communication and competent, personal advice – are precisely what customers want today.

ONLINE HELP FOR THE PSYSCHE

E-HEALTH

Experts have long since recognized mental illness and behavioral disorders as widespread diseases. Yet the necessary timely support is often unavailable. ARAG is responding to the problem with innovative services and digitally supported treatment options designed to offer expert help to customers.



CHRISTINE KORDT



MANUEL KÖPP

Pling: "News from your companion." The e-mail message arrives in the mailbox right on time at ten o'clock every morning. It encourages the addressee to concern himself with his psyche on this day as well. The topic of the online program today is "Climbing the mountain - with a backpack full of problems." The participant sets out to climb a high mountain carrying a backpack containing the three most urgent problems he faces in life. He is asked to open the backpack and take out the toughest problem. Step-by-step, the program accompanies

him to the mountain peak, and the backpack grows lighter and lighter as the second- and third-biggest problems are eliminated. The objective of this exercise is to recognize, assess and take note of personal problems. It is also meant to help the participant imagine his personal path to positive development once he has gradually escaped the "prison" of his problems. This online program is called "Selfapy." It is completely anonymous and designed to help people cope with such mental problems as fears, mild depression or eating disorders. Selfapy is available free of





DEPRESSION – WHAT IS IT EXACTLY?

Unlike a broken arm, depression cannot ordinarily be attributed to a single cause or triggering event. Instead, it develops from the interplay of various different symptoms. If these symptoms persist for at least two weeks, depression is diagnosed – a serious illness that demands timely professional help. In a medical sense, depression differs from temporary phases of despondency and apathy or

mood swings of the kind nearly everyone experiences on one or more occasions during their lifetime. Roughly one out of every four women and one out of every eight men suffer from depression at some point in their lives. Women suffer from depression two to three times more often than men. The symptoms of depression are similar in both genders.

DEPRESSION IN FIGURES

Viewed from a medical and therapeutic standpoint, depression is a serious illness that affects the thoughts, feelings and behavior of those who suffer from it. It is often accompanied by disruptions of bodily functions and can often lead to severe suffering and far-reaching problems.

Employees suffering from mental disorders take an **average of 35 DAYS**



of sick leave – much more than those with physical illnesses.

OVER 40%
of all cases of early health-related retirement are attributable to mental illness.

5.3 MILLION

Germans are in need of treatment for depression.

84 %

of those suffering
from depression avoid contact with others.



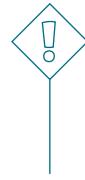
45 % of all relationships in which mental disorders appeared have ended in separation.

Depression is the most frequent cause of suicide. The suicide rate among eighty-year-olds is five times as high as that of people between the ages of 20 and 30.

charge to ARAG Health Insurance policy-holders. This digital helper was developed by experienced psychologists on the basis of recognized therapeutic methods, such as cognitive behavior theory. In the online program featuring psychological support via chat function, participants begin by setting goals for themselves. They then receive individually composed modules, which they are expected to complete on their own within three months. With the aid of explanatory texts, they learn to apply principles of cognitive behavior to help themselves and apply the knowledge they have acquired in weekly exercises. To cite only a few examples, they practice techniques they can use to break through negative thought patterns, strengthen their self-esteem and incorporate new behavior models into their everyday lives. Questionnaires completed at regular intervals are used to assess their status and record their progress. In addition, participants may choose to consult a psychologist via telephone or chat during the course.

VIDEO INTERVIEW WITH EXPERIENCED EXPERTS

Mental suffering and depression are among the most common illnesses in our time, and their severity is often underestimated. On the basis of estimates, the Federal Ministry of Health has concluded that roughly 350 million people worldwide suffer from depression. Mental disorders are now the third most common cause of absences from work or school due to illness – and the



TELEMEDICINE ON ADVANCE

numbers are rising. If no action is taken or it takes too long to get professional help, emotional problems can become chronic. "Currently available conventional treatment facilities cannot possibly satisfy the increasing demand," says ARAG Case Management Specialist Jasmin Lachnit. That is why ARAG Health Insurance is now offering new digital services as a smart insurer and, in cooperation with specialized partners, has introduced an option that is unique in the market: a three-part benefits package with which policyholders can obtain the timely help they need. The "Sel-fapy" training program developed by a start-up in Berlin is one of the three component parts. It enables participants to begin the process of coping with their problems at a low, uncomplicated level and thus helps prevent mental disorders from worsening. The second component is video-based psychotherapy with "MindDoc." This service is provided by the renowned Schön Klinik in Prien am Chiemsee. It begins with an appointment for diagnosis at the office of the nearest participating therapist in the "MindDoc" network. The actual therapy sessions are then conducted at the patient's home as video consultations with a

"MindDoc" therapist. Patients have complete flexibility in the choice of appointment times – they can be scheduled during the morning hours, in the evening or on weekends. Another advantage of online therapy is that it is available regardless of location, which is especially important for people with limited mobility or who live in rural areas where there are no psychotherapists within easy reach. Furthermore, the inhibition threshold is lower when making appointments online. And there is yet another advantage, as Jasmin Lachnit points out: "It is very helpful for many people not to have to leave their home in order to deal with anxiety problems or other mental disorders." And some patients may find it very unpleasant to be seen entering a psychotherapist's office.

A THERAPY PLACE WITHIN TEN DAYS

The third component of the benefits package is the assignment of a treatment place with the ARAG partner Therapeutenverbund.de. More than 500 certified therapists belong to the nationwide network today. They cover the full

ARAG Health Insurance has added another smart, digital health service for policyholders to its portfolio of benefits. Patients can reach experts – from family doctors to orthopedic specialists – by telephone or video chat – an attractive service, especially for customers living in rural areas or abroad. After registration, customers answer several questions about their health status and decide whether to request a prescription, a sick-leave slip or a referral. A physician contacts the customer at the appointed time and takes as long as necessary to answer all of his questions. "We are setting an exciting impulse in the field of digitization, as telemedicine services are growing progressively important," says Dr. Roland Schäfer, a Member of the Board of ARAG Health Insurance.

People experiencing a crisis or suffering from depression need help – immediately, no matter where they are. The Sel-fapy portal offers ARAG customers free online therapy courses and personal consultation with psychologists via telephone or chat. According to statistics provided by Sel-fapy, users exhibit a reduction of symptoms amounting to an average of 20 percent after only nine weeks. This means that the online course can be just as effective as traditional psychotherapy.



“During the phase of prevention, treatment and follow-up care, our digital program offers quick access to conventional therapies.”

TERESA HÖSS | Health Management Specialist

range of psychotherapeutic methods and are available to assist ARAG policyholders, who can contact a representative of Therapeutenverbund.de via a round-the-clock hotline. Therapeutenverbund.de then assesses the patient's need and recommends a suitable psychotherapist in his vicinity. Policyholders then receive their first outpatient appointment with the designated therapist within ten days. Sessions can also be arranged outside of normal office hours. Therapeutenverbund.de is an especially helpful option for patients who have returned home following a period of hospitalization and treatment for mental illness. “Many patients who leave the hospital find it difficult to obtain the follow-up treatment that would help them apply what they have learned in everyday life and are effectively left alone with their problems. We want to support them. That is why we write letters to them prior to their discharge and offer them opportunities for treatment through Therapeutenverbund.de and MindDoc. Our

customers accept this offer gratefully,” explains Jasmin Lachnit. She and her supervisor Andreas Fronzeck, Vice President, Benefit Management, and her colleague Teresa Höß, a Health Management Specialist, conceived and developed the three-part program. “We wanted to offer our customers timely and needs-based help in every phase of mental illness. With Selfapy, we now have a program for the first steps in prevention and self-help. With MindDoc und Therapeutenverbund.de, we are supporting quicker access to outpatient treatment and filling the gap in follow-up care for patients who have been released following inpatient treatment – among other things,” explains Teresa Höß.

A CARING PARTNER FOR OUR CUSTOMERS

It should also be noted that digital programs not only have a preventive effect but also provide help. Selfapy, for instance, reminds patients to record their status at regular intervals and sends them encouraging appeals during difficult phases. “Everyone must decide for themselves whether they are open to new care and treatment options. From our point of view, these digital programs represent another step on the way to becoming a caring partner to our customers and a smart insurer,” says Teresa Höß.

TIMELY HELP IN EVERY PHASE

INTERVIEW

First came telemedicine. Now we have online programs for people with mental problems. Digitization enables us to develop one new, effective form of treatment after another. The experts at ARAG want to bring their existing smart benefits package closer to policyholders and are also developing innovative solutions in the field of telemedicine.

What potential do you see in telemedicine?

TERESA HÖSS Telemedicine has been around for some time and is playing an increasingly important role in the German health-care system. It has the potential to make a significant contribution to ensuring the availability of health-care services, especially in rural areas and in the field of emergency medicine. Today, many diabetes patients are switching to Bluetooth-capable devices to measure their blood-pressure and blood-sugar levels. And to apps that remind them of preventive medical appointments and scheduled medication times. Practice has shown that diabetics who use these devices experience fewer secondary illnesses and complications from treatment. We plan to offer similar health-care and treatment services in the areas of men's health, pregnancy and prevention in the future.



Photo: Elvira Peter

How well do digitization and mental disorders fit together?

JASMIN LACHNIT Better than many people think! We in Case Management have been observing – within the framework of our personal support for customers – a progressive increase in mental disorders during the past few years. They often appear as side-effects of severe illnesses, such as cancer. Those affected ordinarily cannot find local therapists quickly enough. In these cases, online therapies provided by Mind-Doc or the Therapeutenverbund.de network offer timely and helpful solutions that fill this gap.

Are you aware of any reservations about digital offerings?

JASMIN LACHNIT Yes, of course. The concept has not really arrived in our society and is not fully accepted by our customers yet. It is also regarded with a critical eye by many physicians, as many consider actual personal contact between doctors and patients the most important criterion for effective treatment. On the other hand, therapists who work online are totally thrilled with this method.



Jasmin Lachnit

(left) is a Medical Case Management Specialist. She advises and supports policyholders in the process of steering them toward goal-oriented care and treatment.

Teresa Höß

is a Health Management Specialist. She develops care and treatment concepts from idea to implementation.

How does the Selfapy digital service support therapy?

TERESA HÖSS We want to place the idea of prevention in the foreground and offer our customers a timely, low-threshold solution in order to counteract the stigma associated with illnesses of this kind. With the digital service provided by Selfapy, we are making another option besides conventional therapy available. In doing so, we can help more people who experience the first signs of a mental disorder and make the option of self-help available to them as a first step.

The background of the image shows three silhouettes of business people against a bright window. On the left, a man in a suit is gesturing with his hands. In the center, a woman in a dark suit is also gesturing. On the right, another woman in a dark top and trousers is looking down at her phone. The scene is set in a modern office with large windows.

SMART COLLEAGUES

LEGAL SERVICES

The ARAG Tower is roughly 40 kilometers (as the crow flies) from the Rheinau Harbor in Cologne and the headquarters of Justix GmbH, an international start-up founded in 2017. Justix develops and realizes ideas for legal services for ARAG on its way to becoming a smart insurer.



MARTIN STEUER



JAN LADWIG





An experienced team: Katrin Unterberg and Jin Ho Verdonschot in the ARAG Tower in Düsseldorf. They are developing and promoting innovative legal services at ARAG's Justix subsidiary in Cologne's "Südstadt."

Are computers the better attorneys? Three students from the University of Cambridge wanted to find the answer to that question and organized an unusual competition for that purpose. In 2017 they matched 112 London attorneys against an AI tool called "Case Cruncher Alpha." The machine won the "Lawyer Challenge" – and it wasn't even close. By the end of the week, the lawyers had reviewed 775 cases, while "Case Cruncher Alpha" chewed its way through all of the 23,291 cases it had been fed. That raises a big question: Should attorneys fear for their jobs today? The answer is a definite no, for a computer can't replace a lawyer, and certainly not a judge. But it can help make their jobs easier. That is called "legal tech" and it is now riding a wave of great hope and even bigger investments. But it also needs huge quantities of data in order to standardize and analyze case files with the aid of artificial intelligence. The start-up Justix programs these standardization processes.

SETBACKS AND A NEW START

"We aim above all to create a digital customer experience and make ARAG smarter, more modern and more digital in the process," explains Justix Managing Director Katrin Unterberg with respect to the objectives of the young start-up. Justix enjoys two big advantages: First of all, the company is already working successfully on visions for the future of legal tech in the Netherlands – and as a fully-owned ARAG subsidiary, Justix is focused clearly and consistently on maximum customer closeness.

Legal Tech Studio

Further information is provided in the chapter entitled "Digitization" on page 86.

ARAG came up with the idea of addressing future issues in cooperation with an external subsidiary some years ago. "Five or six years ago we began to realize that we are operating in a limited market. More and more young people have no interest in insurance today, although they still want to solve their legal issues – and that to an increasing extent through the Internet," as Katrin Unterberg describes the initial thought process. Thus as head of Group Development, she is now playing an instrumental role in moving ARAG ahead in the field of "legal services." "We wanted to become a leader in this field and establish it as an additional pillar of competence within our Group strategy." With that in mind, we decided to found a start-up company and fill it with fresh, young people outside of our Group structure, says Katrin Unterberg with reference to the initial plan for Justix.

ARAG Netherlands first addressed the matter in the early 2010s. The idea was to bring customers and attorneys together on a legal services platform for the purpose of resolving legal issues. Under the name "JuroFoon" and later "HelloLaw," what happened there online was then taken over as a kind of "nucleus" for Justix. Katrin Unterberg thought it was important to work with the planned start-up outside the walls of the ARAG Tower in Düsseldorf in order to give free reign to the fresh ideas developed by the young team. "When it comes to start-ups, people automatically think of Berlin. But we wanted to stay close enough to ARAG to reap synergy effects, so Cologne, with its equally agile start-up scene, seemed just right to us."

Strict regulations in the German market made it difficult to generate income at first. Commissions are prohibited, and subscription models don't work as well as they do in the Dutch market. "Thus we dropped that idea and decided to begin by supporting ARAG and its website," recalls Katrin Unterberg. Her colleague Jin Ho Verdonschot joined the young firm in the fall of 2018. "When I heard about the plans for Justix I was fascinated, since ARAG is a tradition-conscious insurer but has a vision for the future nonetheless," says the Dutchman or Netherlander with respect to his decision to join the Justix team. He has been well acquainted with the theme of legal tech for some 15 years, and he recognized that ARAG had the best prerequisites for further development of the technology. Once his team was in place, things got started in earnest: testing various paths, clarifying issues, analyzing experience from the Netherlands and evaluating approaches.

FOUNDING THE INNOVATION MILL

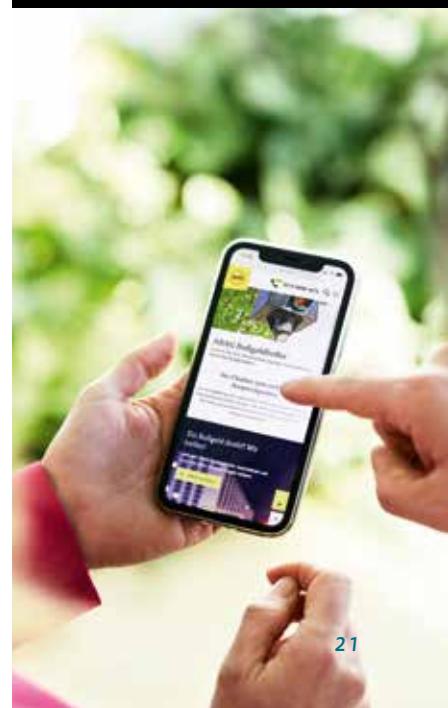
That setbacks can occur in such "scrum-style" operations is more or less a given. Because the Dutch business models couldn't simply be imported to Germany, ARAG and Justix decided to shift gears and come up with some new ideas in the spirit of "good things come to those who wait." "It just didn't work out as we had hoped, and we were forced to start over with a smaller team," as Katrin Unterberg freely admits. That was in February 2019, when Unterberg was appointed Managing Director of Justix from her position at ARAG.



JUSTIX COMPACT

The "Hello Law" product developed by Justix has provided digital legal services to over 100,000 customers in the Netherlands since 2017. The company located in Cologne's "Südstadt" is currently constructing a chatbot for the ARAG website and developing a document center. Twenty smart young people from twelve different countries and ten others in Maastricht with an average age of 28 are currently concerned with product and software development – with a special focus on user-friendliness and design. Some of them came to the company as college graduates in Law and are now serving as "Legal Knowledge Engineers" and investing their know-how in chatbot development for the purpose of defining "selection trees" and "matching algorithms." In the future, the "Hello Law" platform is to be used for legal problems of all kinds – with various different payment models and transparent costs – but free of charge for ARAG policyholders.

www.justix.net





“We wanted to enable the young start-up Justix to develop ideas of its own outside the Dusseldorf Tower – so we moved to Cologne.”

Katrin Unterberg | Head of ARAG Group Development and

Managing Director of Justix GmbH

The basic ideas behind “Hello Law” were incorporated into the ARAG website in order to strengthen cooperation with the parent organization. The chatbots developed by Justix were put into play, and the “Legal Experience Center” (LEX) lighthouse project was launched as a rapid, largely barrier-free online legal service for customers. In actual practice, a chatbot guides users through a series of questions in order to provide legal support in cases involving fines, for example, or to assist them with tenancy-law problems, such as incidental rental costs, rent increases or the rectification of deficiencies. Non-customers can also download documents relating to applicable laws or have bills from third-party service providers checked.

ON THE RIGHT TRACK - GROUPWIDE

The services offered by Justix go far beyond purely technical solutions. The start-up works closely with ARAG on concept development and is involved in all related activities from the outset. An extremely customer-friendly chatbot that can identify a problem in simple terms was developed through continuous dialog between teams. “A case can be verified in just a few minutes on the basis of answers to five or six multiple-choice questions – and within no more than three days, an attorney who is already acquainted with the essential aspects of the problem contacts the user,” as Jin Ho Verdon-schot describes the procedure. “Even if an individual is not insured by ARAG or the case in question isn’t covered by his policy, we can still make requisite services available.”

“When I heard about the plans for Justix I was fascinated, since ARAG is a tradition-conscious insurer but has a vision for the future nonetheless.”

Dr. Jin Ho Verdonschot | Head of Development and Product Strategy,
Managing Director of Justix GmbH



Jin Ho Verdonschot explains the concept: “Roughly 80 percent of all legal problems are basically comparable, and so-called “selection trees” can be created with that in mind. That relieves customers and insurers from time-consuming preliminary consultations, saves time and leads to very effective results. The chatbot serves as an assistant that guides users through the necessary questions in order to establish the basic facts of a case.” Users who click on the topic of “Traffic law” from the first four possible answers, for example, are then guided to the next questions about the matter: Does it involve speeding, blood-alcohol levels or an accident? Depending on the answer, the next questions are more specific. If an answer doesn’t correspond to any of the options, the next step is personal consultation. From that point on, an ARAG employee guides the client through the remaining questions. An attorney may also be involved in the conversation, or a group chat can be set up between the customer, the chatbot, the ARAG advisor and the attorney.

This “attorney matching” process for the ARAG side is currently a focus of Justix’s work. A second project is devoted to the development of a document center in which blank forms for wills or rental contracts can be personalized, for example. “We are moving far ahead with this product as well, although it will be launched initially at ARAG Australia,” says Katrin Unterberg in emphasizing the international scope of the project. “We are working full throttle to improve user friendliness in both cases and are constantly learning new lessons just by trying things out,” explains Jin Ho Verdonschot with reference to the work of Justix. The result is timely help for clients – and attorneys can concentrate on their main areas of specialization. This is quite a good basis for the legal insurance of tomorrow and will serve ARAG as a sustainable component on its way to becoming a smart insurer.



A DIGITAL INCUBATOR FOR IDEAS

The InsurLab Germany initiative is based in Cologne and serves as a network of insurance companies and “insurance tech” start-ups involved in the development of digital products for the industry. Its purpose is to provide support for active cooperation. Members – including ARAG – are insurers, technology suppliers, business and legal consulting firms, colleges and universities, public institutions and “insurance techs.” InsurLab has been one of twelve official “de:hubs” under the aegis of the Federal Ministry of Economic Affairs and Energy for three years.

www.insurlab-germany.com

GRI

Chatbot

Further information is provided in the chapter entitled “Customer Orientation” on page 91.

UNCONVENTIONALISTS IN ACTION

#DOTHINGSDIFFERENTLY

Making digitization tangible, providing impulses for new, forward-looking ways of thinking, motivating employees and getting them involved and talking with an eye to shaping the cultural transformation together – these are the goals of ARAG's #doitdifferently Future Initiative. The name says it all.

 ANJA SCHEVE

 THILO SCHMÜLGEN

Doing is a lot like wanting – only better. That was one of the striking statements displayed in large reverse lettering on the windows of the ARAG Tower at the start of the ARAG Future Initiative in May 2017. Projected on the ground by light, it became legible. What a difference a change of perspective makes! This lettering is symbolic of the many unusual formats and events with which the ARAG Future Initiative has been taking employees along on the

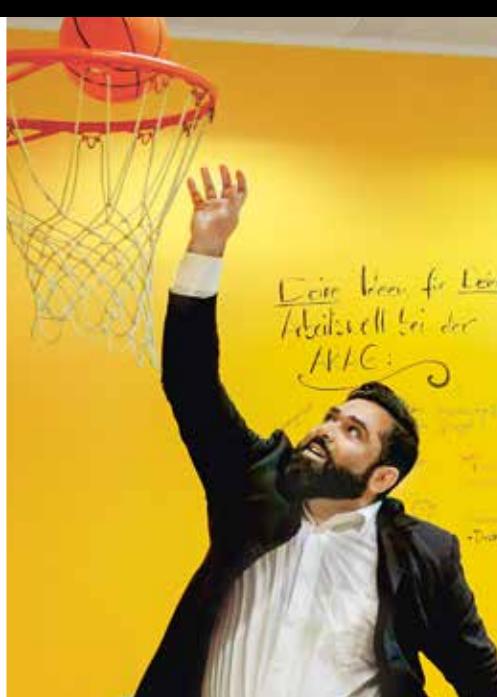
way to the digital (and cultural) transformation – and to the process of literally rethinking everything.

A great deal has been accomplished, considered and learned since then – and precisely as the name of the initiative suggests: just differently! But nothing has simply come from the rack. The cross-departmental team around Project Manager Manuela Schwarz (Group Development), Dr. Ina Baumann (Central IT Steering),





Sports activities and teamwork are trump in ARAG's Studio 17. This is an ideal setting for group sports activities and discussion. ARAG offers a wide range of relevant opportunities on its activity floors – such as basketball games, climbing ropes or the red and yellow rooms in which meetings and workshops are held.





Actively involved from the outset:

(from left to right) Dr. Ina Baumann (Central IT Steering), Manuela Schwarz (Group Development/Business Organization), Thomas Schmidt (Personnel Development) and Marion Schikora (Corporate Communication/Marketing).

FOUR OF THE 60 ARAG FUTURE FORMATS

ARAG's #doitdifferently Future Initiative has already set a lot of things in motion. With over 60 different offerings, it has promoted new ideas and stimulated curiosity as a bubbling fountain of inspiration. Four projects are briefly described below.

FUEL FOR THE BRAIN AFTER-WORK INSPIRATION

External keynote speakers offer impulses for the future and ideas for discussion in the Tower Foyer after the end of the workday.

These speakers talk about such matters as the culture of innovation, New Work or settings for innovative ideas twice each year. Employees are invited to think outside the box while enjoying dark beer, wine and finger food. As they perform playful tasks, they find new discussion partners and thus expand their personal networks. Between 70 and 100 employees attend this convivial event in order to learn and get to know each other.

SECRET TOPIC NEW WORK CAFÉ

ARAG unconventionalists tell colleagues about special things they have achieved in their free time.

Ordinarily, roughly 25 employees meet for a relaxed round of discussion in Studio 17 or the ARAG Workshop. The topic is never revealed in advance. Colleagues talk about the many things that can be achieved when people simply believe in themselves and are willing to leave their comfort zones – such as completing training as a yoga instructor or writing a book about the experience of running a marathon. And there is one fundamental rule for these often very personal stories: nothing leaves the room.

SEARCHING FOR CLEVER IDEAS CUSTOMER FOCUS BOX

Inspiration squared: The Customer Focus Box invites people to develop new approaches and smart ideas.

This workshop tool designed specifically for ARAG places customers and their needs in the focus of activity and encourages employees to look at things from their perspective. The Customer Focus Box, which is already in use in numerous departments, takes employees on a playful tour through the customer journey. The training program developed for the Box illustrates the relevant procedures and possibilities for use.

NETWORKING-POWER COFFEE ROULETTE

Participants are randomly assigned a colleague with whom they can arrange to meet.

It's called "Coffee Roulette" in Düsseldorf and "Lunch Roulette" in Munich. But the principle is always the same and always very popular. The randomly selected team organizes itself and decides when, where and for what purpose it will meet. In this way, the network is expanded, and participants get to know a number of different colleagues. Four rounds with a total of 250 participants have taken place in Düsseldorf thus far.

Future Initiative

Further information is provided in the chapter entitled "Training and Continuing Education" on page 104.



Marion Schikora (Corporate Communication) and Thomas Schmidt (Personnel Development) deliberately decided against standard concepts of the kind with which other firms are striving to achieve cultural transformation. "Every corporate culture is unique, and that is true of our Group as well. That is why we have tailored the format specifically for ARAG," explains Manuela Schwarz.

The Initiative began in an unusual way under the motto #doitdifferently – with a so-called guerilla marketing, which relies on an entirely unusual, mysterious process involving a very different kind of rollout campaign. That includes the reverse lettering on the windows as well as the slogans that appeared suddenly on bubble wrap foil in the Tower elevators: "Are you crazy?" or "You're never too old for bubble wrap." And indeed: elevator users eagerly popped the bubbles in the foil, enjoying themselves and growing curious. The Intranet revealed the elevator secret the very next day, and that is not all. Other unusual activities carried out within the context of #doitdifferently provide for excitement and things to talk about – and also pave the way for a number of things now done differently triggered by the ARAG Future Initiative.

DIGITAL ISSUES – NOT ONLY AT LUNCH

In order not only to take our employees with us into the digital future but also to enable them to take part in shaping it, the Future Initiative team organizes various events, campaigns, workshops and training sessions,

"People who keep moving move everything else around them and in their own heads as well. Studio 17 is the ideal setting for that."

Dr. Ina Baumann
Central IT Steering



"Continuing education is an important factor in digitization. That is why we offer numerous new methods and formats for different ways of learning."

Thomas Schmidt
Personnel Development



"We want to encourage all employees to co-design the Future Initiative and to make use of the many opportunities for dialog."

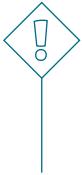
Marion Schikora
Corporate Communication / Marketing

including the "Digi Lunch" at the Tower in Düsseldorf. Employees from all departments meet at lunchtime and listen to impulse presentations by colleagues. These presentations are concerned with digital trends, innovations and applications within the ARAG Group – from the digitization of sales processes to agile methods (such as design thinking) to digital storytelling. At the end of each meeting, participants think about what the matter in question means to ARAG or to them personally.

Several things are achieved at once, not only during this unusual and creative event but also through numerous other do-it-differently formats. People come together who otherwise rarely or never meet. Barriers are overcome, and Board members become colleagues who take part in the discussions. Participants from all age groups, levels of hierarchy and departments are receptive to new ideas – and put new things in motion. One example is the ARAG Travel Assistant, which was proposed by a Digi-Lunch participant and then implemented within just 14 days. The consulting chatbot, which ARAG introduced to the German market as the first insurer, served as signal – not only in Germany but also for ARAG Spain, which adapted it almost immediately.

Over the course of time, the Digi-Lunch was augmented by a number of other do-it-differently offers: After-Work Inspiration, Coffee Roulette, the New Work Café, training courses and workshops on digital working methods, such as scrum, project management, visualization methods and many others, are now among the





HAPPY BIRTHDAY, FUTURE INITIATIVE!

Instead of having champagne and cake, the ARAG Future Initiative celebrated its second birthday just differently for once in August of 2019. Guests, from Board Members to trainees, spent an inspiring day of activities in Studio 17. Among other things, the program included a networking exercise, a mini-session devoted to the subject of visualization and a speed-dating exercise with a pen, which revealed an abundance of creative potential. "The day provided lots of power for the third year of #doitdifferently," notes the delighted Future Initiative Project Manager Manuela Schwarz.

60 different new formats. And the Future Initiative has become an important part of our corporate culture – not only at Group headquarters in Düsseldorf but at ARAG Health Insurance in Munich as well. In keeping with the idea that there is no universal concept for all employees, the Digi Lunch takes place there with support from external presenters from universities and other business enterprises. Two colleagues who previously did not know each other meet at the "Lunch Roulette" on a kind of blind date. In the "Prime Time" format, colleagues meet after work and spend an evening with beer and pretzels without a specific program in mind. The focus here is not only confined to the exchange of know-how but also includes personal interests as well. "Through our offline formats, employees get to know each other, and that promotes both personal and professional dialog. It creates trust, breaks down barriers and simplifies the process of working together," explains Marion Schikora.

SMART CORPORATE CULTURE

With the ARAG Smart Insurer Program, in which all measures relating to the digital transformation are consolidated and pursued in a systematic manner, the Group has been moving toward a more customer-oriented approach since 2018. "Thus it is essential in the interest of our development efforts in general that we also continue to develop our corporate culture," notes ARAG Chairman and CEO Dr. Paul-Otto Faßbender. That is why the Future Initiative is firmly

embedded as a key component of our Smart Culture – and constantly fuels its progress with new ideas and innovations.

The ARAG Workshop opened in September 2018 offers extraordinary initial support for unconventional thinkers, people intent upon doing things differently and future-oriented tinkerers. Another stimulating setting for work and learning is Studio 17. Opened in the summer of 2019, it is another product of the Future Initiative and its pool of inspirations. In this 500-square-meter work and play area on the 18th and 19th floors of the ARAG Tower, employees can practice climbing, golfing or boxing, get together for spinning and table-tennis matches, engage in discussions or immerse themselves in new worlds of work in the red or yellow rooms. The new (future) space promotes curiosity and agility. On our way to becoming a smart insurer these settings offer our employees perfect places to try out new things and charge up their bodies and minds unconventionally.

MOVING AHEAD – WITH ESTABLISHED AND NEW FORMATS

Under the sign of cooperation and networking, the Future Initiative is starting the new decade with both established and new formats. Employees are becoming acquainted with the popular "working out loud" method in workshops, for example, which is focused on an open, networked working approach. A small group meets for that purpose to

#DOITDIFFERENTLY

INTERVIEW

In progress for just short of three years, the ARAG Future Initiative is young yet already firmly established. The time has come for a look at obstacles, inspiring moments and what the future may bring.

The Future Initiative enters its third year in 2020. What has surprised you along the way?

MANUELA SCHWARZ I'm all fired up about this initiative, I provide impetus and come up with new ideas all the time. I had to learn to accept that some people would remain stuck in their comfort zones and focused on security. We should ... we could ... ideas are often welcomed, but realizing them is sometimes difficult. That's how it is with many things – such as good intentions, for instance. I think that's typical of society in general.

Why do you place so much emphasis on networking?

MANUELA SCHWARZ Collaboration and networking for the purpose of sharing know-how will be essential in the future. We are working systematically to ensure that employees gain positive experiences from them. If the mindset isn't right, even the most terrific technical platforms are no help.

What have you found especially touching?

MANUELA SCHWARZ During the celebration on the Future Initiative's second birthday, some 40 guests surprised me by singing "Happy Birthday dear Future Initiative" pointing out that "life would be totally boring without you." That clearly proves that the energy you invest in something comes back to you.

exchange views on specified objectives over a period of twelve weeks. Each participant contributes knowledge, experience, opinions and ideas from which everyone benefits. "Many of those who responded in the employee survey expressed the desire to overcome the tendency toward silo thinking. And "working out loud" is a perfect method with which to accomplish that, as it promotes interdepartmental cooperation and thus enables people to shift perspectives, gain insights into other issues and share ideas," says Manuela Schwarz.

As the strong response to these new approaches to working and learning as well as the reciprocal invitations issued by different departments and the many newly created networks clearly show, the Future Initiative has been highly effective. That is evidenced not least of all by the fact that the motto "doitdifferently" has long since become an integral part of the ARAG language; for we now hear people saying "doitdifferently" more and more often these days. ■



Photo: Jan Ladwig



Manuela Schwarz

Manuela Schwarz (40) has headed the ARAG Future Initiative from the outset. She began her career at ARAG as an insurance clerk trainee while studying marketing communication. She has been working as a Specialist in Group Developments since 2014.

 www.arag.com

GRI

Employee survey

Further information is provided in the chapter entitled "Corporate Culture – and Mission" on page 85.



FAMILY REDEFINED

The new "ARAG ReiseProtect" travel insurance policy recognizes no conventional definitions of the family, since they are mostly outdated. The concept of protection for the family is broadly defined under the terms of ARAG ReiseProtect. Often a determining factor, a single, shared domicile is not a prerequisite for coverage. Two adults and up to five children can be insured as a family – and that includes patchwork families and grandparents travelling with their grandchildren. Most conventional travel insurance policies cover only individual risks or offer standard benefit

packages – in contrast to ARAG ReiseProtect. This travel insurance provides modular, needs-based protection. The short-term ARAG ReiseProtect policy covers single trips lasting between one and 90 days. The full-year ARAG ReiseProtect 365 policy covers all travels within a given year and is available to singles, couples and families. And the new policy is designed for all age groups – from infants to seniors – which means that the price is the same for everyone, regardless of age. That makes it especially customer-friendly and unique in the German insurance market.

A SUITCASE FULL OF PROTECTION

DIGITAL TRAVEL INSURANCE



The new ARAG Reise-Protect all-round travel insurance policy combines a number of individual insurance modules in a single, smart package that customers can purchase online in just a few minutes. This product is innovative, unique in the market and characteristic of ARAG, the smart insurer.



CHRISTINE KORDT



WESTEND61 VIA GETTY IMAGES

A week in Greece, a couple of months in Asia, a weekend in Barcelona – the travel customs of millennials – people between the ages of 18 and 29 – differ markedly from those of the baby-boomer generation. An international study from eight different countries shows that 54 percent of all young people embarked on their first trip abroad at the age of five. The same can be said of only 19 percent of today's 50-to-60-year old baby boomers. One reason for the difference is that it has become increasingly easy to organize trips through the Internet. Seven out of ten travelers book their trips through an online travel agency. The ARAG team in Spain took advantage of this Internet affinity and developed offers designed to meet the specific needs of the target group composed of backpackers, students, travel bloggers and influencers – young people, that is, digital nomads who love to travel. With its travel insurance poli-

cies, ARAG Spain was the first company to pick up customers where they get their travel information and book their trips: in the Internet. That is precisely where the process through which customers can purchase a travel insurance policy with just four clicks within two minutes is now installed. And it goes without saying that payment options such as PayPal or credit cards are available. From weekend trips to great adventures, all insurance options are modular and comprise a range of different components, including health and legal, cancellation or luggage insurance. Yet unlike their Spanish counterparts, vacationers in Germany have looked in vain for such offers before now. So ARAG Spain expanded its program to include "normal" travelers: families, singles, couples and "package trippers." Experts at ARAG figured that would work in Germany as well. Said and done – colleagues from Spain joined three others from Ger-

GRI

Travel assistance sales

Further information is provided in the chapter entitled "Digitization" on page 86.





PREFERABLY ONLINE

The demand for tourist offers is as strong as ever in Germany.

According to Forschungsgemeinschaft Urlaub und Reisen e.V. (FUR), a leading research group, 55 million people took vacation trips in 2018. That put the vacation travel intensity rate at over 78 percent for the first year ever. The travel intensity rate represents the percentage of people in the population who take at least one vacation trip of at least five days in a given year. More vacation trips were booked online than through personal contact for the first time in 2018. And it is safe to assume that the percentage of online bookings will increase progressively in the future.

ARAG responded to this trend some time ago and has adjusted its offerings to meet the specific needs of its customers. Smartphones and tablets are standard companions for vacationers. Three-fourths of all short- and long-term holidaymakers from Germany have mobile access to the Internet, take smartphones or tablets with them and go online during their vacations.

Source | 49th Travel Analysis for ITB 2019

“Our colleagues definitely know what to do in cases of flight cancellations, accidents or other problems anywhere in the world.”

Betina Nickel | Senior Vice President, Cooperation & Internet Sales / International Products

many to develop a unique travel insurance product for the German market: “ARAG ReiseProtect.” One unique feature in the German market is that the policy can be purchased online via the optimized ARAG website. “As a smart insurer, we know exactly what customers want. Among other things, they want simplicity and speed. We have succeeded in designing the online purchasing process in such a way that a policy can be purchased in just two minutes,” explains Betina Nickel, ARAG Senior Vice President, Cooperation & Internet Sales/International Products.

WHEN THERE'S NO OCEAN VIEW

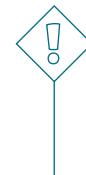
The fast and simple online purchasing process is exactly what customers are looking for. For the first time in 2018, more vacation trips (42 percent) were booked online than through personal contact (40 percent), as confirmed by “Reiseanalyse 2019,” a report published by the Forschungsgemeinschaft Urlaub und Reisen e. V. (FUR) for the past 50 years. Another important wish or trend among customers favors short holiday trips lasting from two to four days. And more Germans are now travelling to distant holiday

destinations than ever before. Roughly 73 percent of all holiday trips took them to other countries. But what can they do when they realize that the view from their fancy vacation house is not of the ocean, as promised, but of a landscape of greyish-green dunes – and their complaints and requests for compensation fall on deaf ears? Conventional travel insurance is of no help in such cases – unlike ARAG ReiseProtect. Depending on the selected options, the policy includes legal insurance for travel contracts and legal support for customers who file claims for deficiencies against travel agencies, tour operators or landlords. That is a novelty in the insurance landscape. One reason for this is that “tour operators have no interest in insurance policies that can be used against them,” explains ARAG International Sales Department Representative Mareike Pasing.

The ReiseProtect team led by Betina Nickel, Mareike Pasing and Dr. Ina Baumann considered it important from the outset to design the new travel insurance policy entirely in keeping with customers’ needs. So they created a smart travel insurance policy that offers modular coverage depending upon what a given customer actually wants. The product was introduced to the market in

two versions in the January/ spring 2020. The first is the one-time, short-term "ARAG ReiseProtect" policy for single trips with overnight stays of up to 90 days. It is available in four different types: "Basic," "All-Inclusive" (without cancellation coverage), "All-Inclusive Premium" (with cancellation coverage) and "Backpacker." Each type includes 90 days of health insurance abroad. In contrast to conventional policies offered by other insurers, which often come with a surcharge for certain countries, such as the US and Canada, the country of destination plays no role at all in the ARAG policy. The price is the same for all countries - from the Dolomites to the Rocky Mountains. Nor does the short-term policy contain any hidden subscription costs, as it simply ends automatically when the trip is over. The second version of the ARAG travel insurance policy sold under the name "ARAG ReiseProtect 365" is designed for traditional vacationers

and frequent travelers. With this option, singles, couples or families can insure an unlimited number of trips (with a maximum of 90 days per trip) for a full year. As these travel insurance policies represent a totally new type of product with an unparalleled combination of coverage options, cases of double insurance coverage may arise. ARAG customers receive a rebate in these cases. "Our innovative product offers customers the chance to replace multiple single policies with a smart insurance package. Furthermore, ARAG offers much better services than those of conventional travel insurance policies," explains Betina Nickel as she looks back over the past several months with a certain sense of pride: "It was a very intense and inspiring process through which we developed this product designed specifically for Germany in collaboration with our Spanish colleagues. We are confident that consumers will appreciate that." [REDACTED]



UNDERSTANDING WHAT CUSTOMERS WANT

Conventional travel insurance policies cover only certain risks or comprise standard packages of insurance benefits. ARAG ReiseProtect goes a step further: "We offer a unique, modular travel insurance option. We have combined benefits from our three insurance segments in this policy," explains Dr. Matthias Maslaton, Group Board Member, Sales, Products and Innovation at ARAG SE.

ARAG REISEPROTECT POLICIES

Optimum protection while travelling: With ARAG ReiseProtect, ARAG is responding to modern approaches to travel. This new, customized insurance concept offers customers flexible, individualized protection for every situation. And that is precisely what customers want from a smart insurer like ARAG. Here are three ARAG ReiseProtect options:



City explorers
ARAG ReiseProtect

| |
|----------------------|
| Weekend trip |
| Couples, for example |
| Europe-wide |
| 3 days |



Global explorers
ARAG ReiseProtect

| |
|----------------------|
| Backpacker |
| Singles, for example |
| Worldwide |
| 60 days |



Globetrotters
ARAG ReiseProtect 365

| |
|---|
| Frequent or long-distance trips |
| Families, e.g. (2 adults, up to 5 children) |
| Worldwide |
| All trips within one year |

 Further information is provided at
<https://tinyurl.com/ARAG-ReiseProtect>

INSURANCE SEGMENTS PLAY NO ROLE

INTERVIEW

Inspired by the success and ideas of ARAG Spain, three ARAG experts introduced a smart and totally new travel product to the German market – with astonishing speed, agile methods and with a consistent focus on customers.

Learning from Spain – what does that mean to you?

BETINA NICKEL ARAG Spain revolutionized travel insurance sales by selling through bloggers and influencers. The company also succeeded in implementing an online sales process through which customers can purchase a policy in just two minutes.

Then the process “only” had to be applied to the German market?

MAREIKE PASING That would have been great, and it was our original plan. We worked intensely with our Spanish colleagues last year, visited each other, conducted numerous video conferences, organized a workshop in Germany and identified quite a few things that would work here as well – and some that wouldn’t.

“Products of this kind are clearly part of our Smart Insurer strategy.”

MAREIKE PASING | Specialist, International Sales

How do Spanish and German customers differ from each other?

DR. INA BAUMANN Our philosophy is clear and definite. As a family-owned enterprise, we place strong emphasis on good customer relations and stand behind our products one hundred percent. With respect to customers, we learned that Germans, for example, travel much more often in their own cars than their Spanish counterparts. More often than not, our German customers are rather than hip backpackers. But as in other countries as well, German travelers tend increasingly to plan trips themselves as modular packages and book them online. And our new travel insurance policy is the perfect solution for them.

Where do customer preferences match?

BETINA NICKEL They want a product that matches the modular structure of their trip. They want a product that is interesting for backpackers and families alike. Both Spanish and German travelers want all-round protection – from booking to arrival, at the vacation site, against the risk of organizer insolvency, in cases of illness or luggage theft, when a mobile home breaks down on a lonely mountain road or when they have problems with rented vehicles.

How did you balance wishes and requirements?

DR. INA BAUMANN By divorcing ourselves completely from a segment-based approach and blending legal insurance, health and mobility in a single product. In actual

practice, that required an agile project in which we received incredible support from all levels. It was this interdepartmental cooperation involving executives from all parts of the Group, in which everyone contributed – from IT to Marketing – that made the development of the idea to the point of market readiness possible within just four months.

You talk about a “smart product.” What makes a product “smart?”

MAREIKE PASING Products of this kind clearly reflect our smart insurer strategy. We want to be one step ahead of the market at all times, and we have definitely done that. As it applies to ReiseProtect, the word “smart” refers first of all to sales channels. ReiseProtect can be booked through the customary ARAG sales channels and directly at ARAG-online. Customers can purchase and obtain a complex product online in just a few minutes and receive the corresponding policy immediately. That is possible because we have set up a fully automated process that runs without human verification. Other insurers can't offer that. They send out a confirmation of order first and then check the application before mailing the policy. Thanks to digitization, customers can access documents themselves from wherever they are and don't need to work with paper. Shortly before going on their vacations, they receive a text message reminder that all of the relevant documents are electronically accessible and nothing must be printed out.

BETINA NICKELE But the support itself is truly human. Our experienced service center teams are available for chats or

Photo: Jan Ludwig



telephone calls on all platforms. These colleagues know exactly what needs to be done in case of flight cancellations, accidents or problems anywhere in the world.

So personal contact and service are indispensable after all ...

DR. INA BAUMANN Of course. If you found yourself stranded in the Sahara in a broken-down camper, you'd be happy to hear a real voice that promises to send help and have you rescued. I think our new travel insurance policy clearly shows that traditional products such as legal insurance or assistance services as well as many years of experience offer enormous growth potential when they are innovatively transformed into modern, viable products. That has worked perfectly within the context of our international cooperation. The powerful know-how and the enormous quantity of data our Group has at its disposal represent a genuine wellspring for further smart developments.



Mareike Pasing (l.)

The jurist joined ARAG after completing her studies and her court internship in 2008 and has worked as a Specialist in the International Sales Department for the past five years.

Dr. Ina Baumann

The holder of a doctorate in Nuclear Physics formerly worked for the Boston Consulting Group and came to ARAG in 2003. She was appointed as Senior Vice President, Central IT Management in 2005 and now heads a team of 18.

Betina Nickel (r.)

Betina Nickel holds a degree in Regional Studies and has been working at ARAG since 2006. She was appointed Senior Vice President, Cooperation & Internet Sales/ International Products in 2015.

The data treasure hunt: Dr. Jochen Westheide, Dr. Anne Thomas and many other colleagues are exploring ARAG's data treasure chest.



THE DATA TREASURE HUNT

REPORT

The immense quantities of data held by ARAG offer added value and manifold applications. In our Group-wide Smart Analytics lighthouse project, numerous experts work on opening and analyzing this data treasure chest and putting it to good use.



ANJA SCHEVE



JAN LADWIG

ARAG is on the way to becoming not only a smart insurer but a data-driven business enterprise as well. For the ARAG Group, data are not just numbers but have long since become indispensable values. Various data sets – pertaining to customers, policies, claims or business processes – offer the potential for effective use in many different areas. They help in the process of developing data-driven recommendations for action in various ARAG units and provide new insights into the wishes and risk behavior of customers.

To an increasing extent, the ability to analyze and make effective use of constantly growing quantities of data represents a competitive advantage for ARAG – and for many other organiza-

SMART ANALYTICS

THE TEAM The Smart Analytics project team headed by Project Managers Dr. Anne Thomas and Dr. Jochen Westheide is comprised of five data scientists as well as colleagues from ARAG IT GmbH, Central IT Steering, the Legal and Customer Service Departments, ARAG Allgemeine, ARAG Health Insurance, Group Development and other departments and international units.

THE GOAL To acquire and make systematic use of data in support of more effective customer orientation with the aid of state-of-the-art tools and methods. To that end, all data are collected in the Data Lake and processed for the specific purpose of developing innovative, precisely tailored products and services or launching targeted sales campaigns.

tions as well; for it plays an increasingly important role when it comes to developing and offering clever digital services and innovative products quickly and pragmatically. The challenge lies in the fact that important data are still maintained at different locations and in different systems and thus are not always readily available. The goal of the Group-wide Smart Analytics project launched within the framework of the ARAG Smart Insurer Program is to consolidate these data at a single location and to make them accessible at all times for fast, easy use in keeping with data protection laws. Extremely powerful computers and storage media as well as state-of-the-art tools in the Microsoft Azure Cloud offer entirely new opportunities in this context.

POTENTIAL USES OF SMART DATA

The objectives of the Smart Analytics team include optimization of day-to-day operations at ARAG, such as sales data analysis, for example.

Where meetings and follow-up analysis – not to mention reams of printer paper – were once needed, it will eventually be possible to gather information with the aid of certain filters and to achieve success with just a few clicks. As a procedure, that fits in as well with the future requirements of a smart insurer as the precise data-driven calculation of premium rates.

In order to focus more effectively on customers, recommendations can be developed through the targeted use of data – for the purpose of optimizing campaign management, for instance.

The analysis of all Cloud data should lead to the development of a self-learning algorithm that reveals irregularities in production data or statistics through the detection of anomalies, to cite only one example.

A WEALTH OF KNOW-HOW FROM ALL GROUP DEPARTMENTS

The interdisciplinary Smart Analytics team was formed in 2019. Various departments began collecting wishes and visions on the basis of user stories, while IT experts reviewed and appraised potential software systems for use in support of the project. They quickly decided to work with the Microsoft Azure Cloud. "That saves us a lot of time, as this service is already available. A great deal of additional computing power can be booked temporarily in the Cloud for evaluation purposes. We couldn't possibly manage that at such a favorable cost," explains Dr. Jochen Westheide, who heads the project on the IT side and shares overall project management responsibility with Dr. Anne Thomas, Vice President, Sales Infrastructure & Data Analytics (see interview).

Involved from the outset along with four data scientists and specialists from ARAG IT GmbH and Central IT Steering were numerous employees from different departments and international units (see THE TEAM). "We are privileged to work with an outstanding interdisciplinary team. Many talented people and a great deal of know-how come together here. Each member of the team contributes the best from his or her department – just as it should be in a lighthouse project," explains Dr. Anne Thomas.

INSPIRITED RESEARCH

The team began collecting and analyzing data sets systematically in May 2019 for the purpose of developing models for applications to be used in business operations (see "Potential Applications for Smart Data" in the box below). It soon became clear that the project necessarily involved more than straight data analysis. The team also had to find out where relevant information could be found. In other words, it was necessary to improve accessibility progressively through meaningful development of the Data Lake in order to enable the departments and data scientists to verify data that had been hidden in the depths of the various systems more reliably. "That gave rise to the question of where we could derive results that would improve our services with the aid of such recent technologies as artificial intelligence or machine learning," Dr. Anne Thomas describes the procedural approach.

Much of what sounds purely theoretical at first will eventually play a determining role in many Group departments. It's ultimately about knowledge sharing – from the perspective of IT but also from the vantage points of the various departments and international Group subsidiaries. The Cloud recognizes no boundaries and can be accessed anywhere in the world. This means that, from now on, data can not only be made useful and accessible to a wider circle but can also generate numerous added benefits for customers and ARAG itself.

A HUGE DATA TREASURE CHEST

INTERVIEW

The Smart Analytics project team is focused on the objective of consolidating millions of data at a single location and making them readily accessible and useful for analysis everywhere. Dr. Anne Thomas and Dr. Jochen Westheide share executive responsibility for this exciting project.



What is the basis for the complex work of the Smart Analytics team?

DR. ANNE THOMAS We began by identifying the areas of application precisely. We substantiated so-called user stories progressively and selected certain concepts with the goal of running a prototype. We have since developed structures for follow-up and partial projects. Fortunately, we have already established the technical basis. The Data Lake in which all data are available for use in all types of analysis is in place and ready to grow.

DR. JOCHEN WESTHEIDE We have only just begun, because we also want to incorporate a lot of structured and unstructured as well as freely available external data. Right now, we are expanding Data Lake usage by including our colleagues in Munich and our Dutch team from the Netherlands. This will enable us to pass our technical concepts and experience on to others.

Is data protection a problem if you want to pursue innovative approaches?

DR. JOCHEN WESTHEIDE We addressed that issue from the outset. We are working in

close cooperation with Group Data Protection and the Group Legal Department.

What is the long-term goal of your project?

DR. ANNE THOMAS Our primary focus is data-based support for business processes and thus for our work. The Cloud, in which external and Internet-based data are stored and made accessible from anywhere, now offers us technical possibilities that computers couldn't possibly provide just a few years ago. By establishing this Group-wide solution, we are ensuring our future – in the interest of our customers as well.

Some people might call you “data treasure-hunters.” How would you describe the work you do?

DR. ANNE THOMAS “Data treasure-hunters” describes the idea behind the project. Yet the development of the technical aspect is just as important. By creating a Data Lake, we are making data more readily accessible and also lowering the hurdles involved in data usage. I think that is one of the factors in the success of this project. When I look



Dr. Anne Thomas

The holder of a doctoral degree in mathematics is now a Vice President responsible for Sales Infrastructure and Data Analytics at ARAG.

Dr. Jochen Westheide

holds a doctoral degree in physics. He has worked in the IT sector for 23 years and is now serving as Vice President, Innovation and Data Management/SAP at ARAG.

back at the first ideas we developed in early 2019 and then see what has become of them in the meantime, then I'd say that we have accomplished quite a bit together.

DR. JOCHEN WESTHEIDE I think I'm speaking for the whole project team when I say that we are proud to be able to work on this light-house project.

Conflict management in schools

Further information is provided in the chapter entitled "Social Engagement" on page 110.

CONFLICT MANAGERS

REPORT

From minor squabbles to huge dramas – conflicts always consume valuable energy in schools. In the interest of fairness and as a means of preventing violence, educators are now being trained as school mediators within the framework of a statewide innovative promotional project initiated by ARAG in NRW. Candidates must first go back to school themselves.

 CHRISTINE KORDT

 JAN LADWIG


The alpha and omega of conflict mediation: Really listening and understanding in order to find a peaceful solution for everyone concerned – teachers practice these skills with professional mediation trainers during their training in Düsseldorf.

“ Just keeping remain/ be silent and not offering advice – I didn't think that would be so hard,” Katha says during the group session. Along with 22 teachers, social workers and social education specialists, she is enrolled in the “Conflict Management in Schools” training course and attending classes herself again after a strenuous day at school. The second of six training modules leading to certification as a “school mediator” is conducted at a secondary school in Düsseldorf. As homework for the first module, participants were asked to practice “active listening” – the first prerequisite for settling a dispute. “If you can stand to remain silent, the others will keep talking, and you'll learn so much more,” explains Katha. ➤





FIVE STEPS TO CONFLICT RESOLUTION

Voluntary commitment, personal responsibility and collaboration: These are the prerequisites for effective mediation. The process often involves the following five steps:



- 1** **Introduction** Greeting the parties to the conflict, introduction, asking about the level of voluntary commitment, explaining goals (finding a solution together); explaining the procedure and rules of discussion, giving assurance of confidentiality and impartiality
- 2** **Description of the problem** Describing the conflict from each different perspective, consolidating statements
- 3** **Illuminating the problem** Talking about feelings, recognizing and describing each person's role in the conflict, putting oneself in the other's place
- 4** **Solving the problem** Considering, evaluating and selecting possible solutions, agreeing on a common solution
- 5** **Final agreement** Preparing and signing a written agreement, distributing copies to each person concerned

LESS VIOLENCE THANKS TO PREVENTION

The educators are assigned to special, vocational and general education schools. Not all of the conflicts that arise there relate to school life. Students also come to school with problems from outside, such as domestic violence, excessive media consumption or negative influences from their peer groups. "Schools play an important role in conflict management and prevention. Thanks to their efforts, violence among children and youth has actually become less common," explains Prof. Dr. Wolfgang Melzer, a renowned professor of education at the TU Dresden and a specialist in school research. He places particular emphasis on two things: Conflict management must be firmly anchored in school programs, and students have to bear part of the responsibility for the related activities. These are also focal points of ARAG's "Conflict Management in Schools" initiative. It was launched at 21 schools in North Rhine-Westphalia in 2014 in cooperation

with the state Ministry of Schools and Education. The most ambitious sponsorship project of its kind in North Rhine-Westphalia, it provides training in conflict mediation in schools for numerous teachers, school social workers and school psychologists: 356 participants have been trained as school mediators at 111 schools as of April

2020. The adults pass or share their know-how on to students by training them as "conflict pilots." The goal is to enable these conflict pilots to help other students solve problems on their own.

Several course participants have asked why an insurance company promotes this kind of training on such a large scale. ARAG Chairman and CEO Dr. Dr. h. c. Paul-Otto Faßbender is familiar with this question. "Business enterprises should demonstrate greater social engagement. And since conflict management is an integral part of our business model, we decided to support this comprehensive training program for school mediators, in addition to other projects. I am firmly convinced that we can draw attention to issues of importance in schools and contribute to improving the school climate in general," he explains.

"Conflict management has been the core of our business for decades. So we know a lot about it."

Dr. Dr. h. c. Paul-Otto Faßbender | Chairman and CEO of ARAG SE



Committed teachers invest a lot of effort and energy in their training as school mediators. As sponsor of the 80-hour training course, ARAG has trained more than 350 participants as school mediators since the program was launched in 2014.

A CONSTRUCTIVE APPROACH TO DIFFICULT SITUATIONS

It's pitch-dark outside. Simulating a typical conflict among teachers, two educators demonstrate what "constructive communication" really means. In this situation, a teacher is angry because he has agreed to take over a class from a colleague but has been given no corresponding instructional material. "It's your damned duty to give me the material beforehand," is the negative approach in this case. The more positive alternative: "I taught a class for you without any material. I'm angry because I wasn't properly prepared. I would have wished to have gotten the material in the first place." This constructive way of showing one's feelings and suggesting a solution is welcomed with spontaneous applause by the other participants and the

two moderators. And by Markus as well. As Assistant Principal, he has to mediate, make decisions and propose solutions every day. Two educators from his school are attending the training course along with him. Together, they hope to incorporate mediation into the routine at the school in the long run and train students as conflict pilots.

The need is great. Daniela reports that conflicts have changed significantly during the past 20 years. "In the past, disputes between two people could be resolved directly. Today, verbal attacks are becoming increasingly prevalent in social media." And she laments the demise of the conversation culture and further the culture of dispute in families. Listening, talking things out and seeking compromises – these approaches are disappearing, she says.



#MEDIATION NOT ONLY IN SCHOOLS

When two parties argue, a third offers help – preventing costly legal action.

Disputes between neighbors, inheritance problems or conflicts with an employer – mediation is particularly effective when emotions are involved. In use in Germany since the 1980s, it is growing increasingly popular today; as out-of-court conflict resolution helps to avoid litigation. There are no losers when mediation is effective. Both parties find a common solution and can then live in peace with each other again. Even The Phoenicians employed this approach to resolve conflicts some 2000 years ago.

ARAG also offers mediation for its customers, and it is successful in 80 percent of all cases. The results of a survey showed that 89 percent would accept mediation again at any time.



“Entrepreneurial spirit and social responsibility are inseparably linked, especially in a family-owned enterprise.”

Kathrin Köhler | Sustainability & Corporate Responsibility Officer, ARAG SE

Mediation often helps. Teachers learn through the sponsorship program how to train their students as “conflict pilots” – by translating the concept of mediation and the ways in which it works into easily understandable language.

GRI

bildung.digital

Further information is provided in the chapter entitled “Social Engagement” on page 110.

“The tasks, role and attitude of the mediator” is the last topic of the evening. Trainers Julianne Wünschmann and Barbara von Petersdorff-Campen were trained in accordance with the guidelines adopted by the Bundesverband Mediation e.V. (National Mediation Association). Both of them view the ARAG sponsorship project as a “wonderful approach to the task of enabling people to experience the vital benefits of mediation.”

The Heinrich-Heine- secondary school in Bottrop has already made the leap to broad-based mediation with the help of the ARAG sponsorship project. School mediators who have completed the ARAG training course have been training student volunteers from the ninth grade as conflict pilots since 2015. The young participants learn the most important elements of mediation in a six-day series of role plays and exercises, after which they are ready to mediate conflicts among fifth-graders and even have a separate room that is furnished for that purpose. Students can simply ask for help via a mailbox or online. Roughly 100 trained conflict

pilots are now active at the school in Bottrop. “A highly sustainable effect that is now producing benefits for the school climate,” says school mediator Claudia Göke. She knows very well that it will take a lot of patience to change behavior patterns and attitudes in such complex systems as schools. She continually encourages teachers to refer students to conflict pilots when disputes arise instead of trying to solve such problems by themselves. Yet Göke doesn’t view mediation as a magic bullet. “Students need social training more than ever today, and mediation is an effective tool in everyday conflict situations. Mediation meets its limits/ reaches its limits in cases of real bullying,” she says. And that’s where the anti-bullying program introduced at her school comes into play.

The training group in Düsseldorf will be completing an 80-hour training course in accordance with the standards set by the National Mediation Association in the summer of 2020. Participants who have attended every session will earn the title of “School

DIGITAL EDUCATION IN EVERYDAY LIFE

INTERVIEW

Interim assessment of the "bildung.digital – Netzwerk ganztagig bilden" project carried out by the DKJS and ARAG: 40 full-day schools in four networks have implemented digital transformation projects. The next round is scheduled to begin with some 40 schools in 2020.

Why is digital education so important to the DKJS?

FRANK HINTE Justice in education is an important goal for our foundation. The ability to move about safely in the digital world is a key prerequisite for successful participation in social life. That applies to both professional and personal life. That is why we want to strengthen the digital competence of children and youth.

What kind of feedback have you received from schools?

FRANK HINTE It is very helpful for schools to be able to network with each other, learn from each other and receive practical tips for concepts and ways of putting them into practice. But schools also want to learn from the mistakes of others. Some schools have openly

admitted that they have overestimated their capacities and tried to do too much. Many schools that have initiated change processes are confronted with this problem.

ARAG is more interested in a long-term sponsorship strategy than in actionism and one-off donations. How does the DKJS translate this into action?

FRANK HINTE The bildung.digital project is deliberately focused on schools. Children and youth spend a great deal of time in class and in after-class programs, and they can be reached reliably through a sustainable educational approach in those settings. Our partners in government and administration are happy to use bildung.digital schools as settings for in-class observation. In this way, many teachers can acquire know-how and experience through bildung.digital.

Mediator" and will be expected to put what they have learned in practice at their schools. But they won't be left alone in this process. Trainers will visit them for supervision on two occasions and help them apply their newly acquired know-how. "The important thing is to get the entire school community on board, so as to ensure that everyone gains competence in conflict resolution and

puts it into practice," the trainers say. The belief that we learn for life in school actually proves true in this case. Conflict pilots also benefit in terms of personal development and can apply their skills in their families and among their friends. Thus students also contribute to improving the social climate – entirely in keeping with ARAG's sustainability policy.



Photo: DKJS



Frank Hinte

joined the Deutschen Kinder- und Jugendstiftung (DKJS) as an authorized representative and Director of Finance, Legal Affairs and Personnel in 2011. He has served as Managing Director alongside Dr. Heike Kahl since 2018. Frank Hinte has a background in publishing and holds a degree in Business, Media Studies and Communication.

 www.dkjs.de/bildung-digital



PROJECT: DIGITAL EDUCATION

ARAG is engaged in the fight against cyberbullying and in support of digital education and conducts the bildung.digital program in cooperation with the German Foundation for Children and Youth (DKJS). The program has already helped 40 full-day schools develop and establish digital education concepts.

BECOMING A SMART INSURER

QUESTIONS & ANSWERS

As it evolves into a smart insurer, ARAG is consistently exploiting the possibilities offered by digitization in order to establish new and innovative services – quickly, sustainably and in tune with the times. Within this context, ARAG views digitization as a great opportunity to reap the benefits of its advantages as a mid-sized insurer. With that in mind, the current Sustainability Report provides an in-depth look at the digitization process and the possibilities it offers for a smart insurer. The following questions and answers reflect the many topics that ARAG covers in the course of the digital transformation. In addition, ARAG also reports on the many matters that are particularly relevant to its stakeholders and through which the Group makes a significant contribution to sustainable development.

QUESTIONS

- 01** What aspects are most important to customers during ARAG's transformation into a smart insurer? // **02** Which future initiative has ARAG launched with great success? // **03** What is essential to ARAG's transformation process? // **04** How does ARAG use big data? // **05** How do ARAG telemedicine and mental illness fit together? // **06** How does ARAG implement legal tech services within the organization? // **07** How does ARAG encourage its employees to adopt new ways of thinking? // **08** How does ARAG adapt innovative products for different markets? // **09** Which prevention program has ARAG established at schools nationwide? // **10** How important is data protection to ARAG?



ANSWERS

01

According to the results of a recent survey of 1,500 ARAG policyholders, 600 competitors' customers and ARAG employees, transparency, rapid digital communication and in-depth personal consultation are among the most important aspects for customers during ARAG's transformation into a smart insurer.

See page 11

02

In order to equip our employees to deal with new technologies and successes, ARAG launched the successful Smart Insurer Program as a digital building plan in 2017 and established the slogan #doitdifferently within the Group as a whole.

See page 6

03

Smart Culture is the engine that drives ARAG's transformation into a smart insurer. The term describes the dynamics of the change process: courage to break new ground, willingness to learn, self-initiative, personal responsibility and dialog across hierarchies.

See page 6

04

The clever use, processing and analysis of data in accordance with data protection laws helps ARAG modernize its smart data services.

See page 85

05

In an effort to provide comprehensive support for customers through telemedicine, ARAG has made prevention a top priority. ARAG offers an alternative to conventional therapies with its "Selfapy" digital service as a means of helping more people who exhibit the first signs of mental illness.

See page 12

06

Digital services are essential to ARAG's business success! In order to enrich services with fresh ideas and offer them outside of the Group structure, ARAG relies on cooperation with start-ups or founds them itself, as in the case of Justix.

See page 86

07

ARAG's #doitdifferently Future initiative has already gotten a number of people and things moving. The Future Initiative team organizes various events, activities, workshops and training courses designed to enable employees to contribute to the process. More than 60 programs have been developed as sources of inspiration and formats for dialog for employees.

See page 24

08

Collaboration across national boundaries is another element of the ARAG success model. This makes it possible to implement successful products in new markets. Three experts recently introduced a new travel product to the German market in cooperation with colleagues in Spain.

See page 34

09

The "Conflict Management in Schools" initiative developed by ARAG was launched at 21 schools in North Rhine-Westphalia (NRW) in 2014 and is supported by the Ministry of Schools and Education of the State of North Rhine Westphalia. As the largest project of its kind at schools in NRW, it trains teachers, school social workers and school psychologists as school mediators.

See page 110

10

Data protection is an interdisciplinary issue of concern to all departments. Providing training and heightening awareness among employees are essential elements of the ARAG Data Protection Management system. In addition, the security architecture and compliance with regulations in the use of data processing programs are reviewed at regular intervals in-house as well as by external auditors.

See page 116

Separate combined non-financial report

Compliance with the CSR Directive Implementation Act

ARAG has produced this non-financial report to meet the requirements of the EU CSR Directive (2014/95/EU) and of the CSR Directive Implementation Act, which came into force in April 2017. 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).

ARAG last carried out an in-depth materiality analysis in 2018. In this analysis, the following aspects specified by legislators were identified as material: social concerns, employee concerns, and prevention of bribery and corruption. ARAG also classified the aspects customer concerns and digitalization as material. For 2020, ARAG is planning to review how it deals with non-financial topics. The objective is to create a groupwide sustainability policy, which will also be taken into account in reassessments of the material topics. ARAG will be basing this policy in part on the EU action plan on sustainable finance.

Overview of relevant concerns and details

| Material aspects | Relevant details | Section of non-financial report |
|---|---|---|
| Social concerns | Social value generated | 1. Corporate culture, business model, and social responsibility |
| | Responsible investor | |
| | Economic performance | |
| | Corporate culture and mission | |
| | Corporate social responsibility | |
| | Public policy | 4. Dialog with the community and policymakers |
| Employee concerns | Working conditions | 2. Employer of choice with future prospects |
| | Training and education | |
| | Diversity and equal opportunity | |
| | Responsible remuneration and incentives | |
| Customer concerns | Sustainable products and services | 3. Products, sales, and customer relationships |
| | Innovative customer offerings | |
| | Customer focus | |
| | Transparent management and services | |
| Prevention of bribery and corruption | Legal compliance | 5. Legal compliance |
| Digitalization | Cyber risks and data protection | 6. Digitalization, data protection, and protection against cybercrime |
| | Digitalization | |

In application of the net method, in the year under review and on the reporting date, no risks were identifiable that, in all probability, had or would have a serious negative impact on the aspects referred to above. No reference to amounts or additional disclosures reported in the consolidated financial statements has been necessary.

At the time this report was prepared, the COVID-19 pandemic meant that the company was unable to estimate how the situation with regard to non-financial risks would change. The company prioritized the interests of employees at an early stage of the pandemic, ensuring that their health was adequately protected and making sure that they were still able to work, mainly from home. It is not currently possible to reliably estimate the extent to which other non-financial aspects will be affected, particularly if restrictions on everyday life and business are significantly extended in terms of scope and/or duration.

No framework has been used to prepare the non-financial report because this sustainability report contains a separate section that has been voluntarily prepared in accordance with the Global Reporting Initiative (GRI) standards (p. 66).

As an independent family enterprise in the insurance industry, ARAG is aware of the importance of reliability and resilience. ARAG Holding SE therefore published a detailed sustainability report for the first time in June 2017. The report covered 2016 and satisfied the latest standards set out in the GRI. The 2019 sustainability report includes a discussion of further non-financial information and performance indicators not required to be reported here. Cross-references to information not contained in this separate non-financial report and the management report constitute voluntary, supplementary information and do not form an integral part of the non-financial report.

Auditing firm PricewaterhouseCoopers GmbH has subjected the disclosures in the non-financial report to a business management audit in accordance with ISAE 3000 (Revised) under a limited assurance engagement. The auditor's report on its limited assurance engagement is set out in the section 'Independent Practitioner's Report on a Limited Assurance Engagement on Non-financial Reporting'.

1. Corporate culture, business model, and social responsibility

ARAG is a provider of high-quality insurance with a multidimensional approach, 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. The products and services provide customers with guidance and security, because personal risks such as pension provision, litigation, and health can be comprehensively insured. 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 2019 annual report present ARAG's economic performance (see the section 'Consolidated Financial Statements').

ARAG's sustainability philosophy

Corporate social responsibility plays a major role at ARAG because responsible activities make a substantial contribution to the success of the business. Customers, business partners, sales partners, and employees are paying increasingly close attention to the additional social benefits that ARAG can provide. As an independent family enterprise, ARAG believes that its responsibility to society lies in ensuring its activities are sustainable with a focus on the long term.

The corporate culture is shaped by the corporate guidelines, which are known as the ARAG Essentials. These include ARAG's self-image, its corporate mission, and the six corporate values of openness, pioneering spirit, farsightedness, fairness, discipline, and drive. These values apply to every individual in the Group and highlight the nature of the organization. Responsibility for the implementation of the corporate values is shared by each individual department; in other words, the task forms part of everyone's remit. As reflected in its core philosophy, ARAG is the internationally successful, innovative quality insurer – family-owned and thus able to operate independently. More detailed information can be found on the ARAG website and in the general section on the ARAG Group in the annual report.

Furthermore, ARAG's commitment to corporate social responsibility is mirrored in its investments. ARAG considers sustainable investments to be all investments in which the investment decision takes into account non-financial criteria in addition to the established decision-making criteria (risk, return, liquidity). The company's approach is enshrined in the ARAG policy on using sustainability criteria in investment, which standardizes the method by which ESG (environmental, social, and governance) factors are taken into account. In the process of implementing the policy, ARAG introduced a negative screening filter that would reject investments based on certain standards and values. The company has also made sustainability an assessment criterion that is used in the selection of external investment managers. ARAG updated the policy in 2019, removing issuers from the exclusion list whose revenue from the sale of nuclear weapons technology makes up less than 5 percent of total revenues.

The negative list is based on the following criteria:

Standards-based – entities responsible for serious violations of the principles applicable under the UN Global Compact, specifically in relation to

- labor, including International Labour Organization (ILO) standards on child labor and forced labor
- human rights

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

- controversial weapons (atomic, biological, and chemical weapons, landmines, cluster bombs)

There is a block on investment involving any entity on the negative screening list. It is still possible to dispose of such investments, but no further purchases can be made. The target is to ensure that the proportion of direct investments that meet ARAG's minimum sustainability standards does not fall below 97 percent. This target was attained in 2019.

2.**Employer of choice with future prospects**

Both in Germany and at its international sites, ARAG has to compete for the best employees. Besides certifications (berufundfamilie, Corporate Health Award), ARAG also uses continuous market monitoring and benchmark analyses to ensure that its hiring criteria compare favorably with other firms in its market. It also records, on a groupwide basis, staff turnover and other key risk indicators that are relevant to the management of the company. Measured in terms of departures, the groupwide rate of staff turnover in 2019 was 6,9 percent.¹ ARAG aims to provide a forward-looking working environment that offers opportunities, fairness, and security. It attaches great importance to offering employees a career environment that is compatible with family life, with greater flexibility in working hours and work locations playing a key role in this respect. The company's self-image and corporate values are laid down in the ARAG Essentials and are put into concrete terms in the ARAG Leadership Standards. ARAG believes that codetermination is important and maintains a constructive working relationship with the Works Council. Information on HR issues is communicated to the Management Board in the weekly departmental meeting.

Responsible remuneration and incentives

A responsible remuneration policy is an integral part of corporate governance and is therefore also of particular importance to all companies within the ARAG Group. In addition, remuneration that is both commensurate with performance and competitive plays a key role in attracting suitably qualified 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.

To this end, remuneration guidelines have been in place since 2017. The guidelines apply to all employees, but particularly those appointed to key positions. In addition, the remuneration management handbook describes the objectives, general principles, and processes involved in remuneration management, together with the remuneration structure and approach to salary adjustments. Of the total variable remuneration granted to Management Board members, 40 percent is linked to the attainment of short-term economic targets, with the remaining 60 percent dependent on the attainment of economic targets over the long term. In the case of managers, variable remuneration is linked to the achievement of short-term economic targets and social targets associated, for example, with fairness, openness, and farsightedness. Targets play an important role in the remuneration systems. Every year, the Group Human Resources Central Department examines the appropriateness of the target agreement system. 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).

¹ Staff turnover was calculated on the basis of employee numbers as of December 31, 2019. The calculation factors in employees of all ARAG Group companies in Germany (excluding Justix GmbH) as well as of the branches/subsidiaries in Australia, Austria, Belgium, Canada, Denmark, Greece, Italy, the Netherlands, Norway, Portugal, the Republic of Ireland, Slovenia, Spain, Sweden, the UK, and the US.

Employee skills and qualifications

ARAG is a demanding employer that expects high levels of commitment, dedication, and quality from its staff. In return, it provides a varied, safe, and secure working environment. The digital transformation and demographic change present challenges for the company in the recruitment of suitably qualified talent and, in particular, in the long-term retention of employees who have the right skills and experience. The ARAG Group invests a great deal of resources in positioning itself as an attractive employer both in Germany and abroad so that it can secure skilled employees and managers and ensure that they are retained over the long term.

The ARAG Group relies on a competent, highly committed, and dedicated workforce that is focused on delivering ARAG's value proposition for the company's customers. ARAG's ambition is to become one of the best insurance providers in the market. That is why the company attaches great importance to the skills, qualifications, professional development, and vocational training of its employees. By providing a comprehensive offering of continuous professional development (CPD) based on actual needs, ARAG ensures the employability of its workforce, keeps their knowledge up to date, and boosts their motivation.

As an insurance provider, ARAG is subject to regulatory requirements concerning staff and management training provided at offices located in EU member states. This includes, for example, the Solvency II Directive and the Insurance Distribution Directive (IDD) of the European Union. The provision of relevant training helps to ensure that the regulatory requirements are complied with at all times.

The provision of training and development is governed by ARAG's training guidelines. ARAG is a big believer in equal opportunities, so the various CPD measures are open to all employees. And it is not just the employees who work at the offices in Germany and abroad who benefit from the programs on offer. The company also supports its field reps by subsidizing courses and granting time off work for training.

ARAG operates a web-based skills and qualifications platform known as ARAG IQ enabling all employees in Germany to keep their knowledge and capabilities up to date. The platform offers a wide range of training 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 Personnel Development Department is aiming to introduce a new learning management system in 2020 that will supersede the existing ARAG IQ system. The trends toward digitalization and individualization have raised expectations and the new system will be much better able to meet these than the current platform.

When selecting and designing 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. The Future Initiative program, for example, offers training, workshops, and networking events focused on creativity and design thinking, agile project management, and leadership in transformation. The training also covers regulatory matters as well as risk management, internal audit and compliance, data protection, and occupational health and safety. As ARAG sees managers as a key driver of the digital

transformation, the existing manager development program has also been adapted to meet current requirements. In 2019, the growing relevance of digitalization prompted ARAG to introduce the Masterplan video-learning platform in order to help employees acquire the necessary knowledge about digitalization. The learning content on offer covers topics such as new working methods, digital collaboration, and digital business models.

In total, 4,427 CPD measures were taken across the company in Germany in 2019 (excluding e-learning courses on data protection and occupational health and safety). This means that ARAG Sales Administration employees each participated in 2.3 CPD activities on average. During the reporting year, the migration to Microsoft Office 365 following a short trial run led to a specific staff training requirement. ARAG created a training program for employees to ensure that they can use the new tools confidently and efficiently in their day-to-day work. The program comprises both a foundation and an advanced component and is available to all staff in Düsseldorf and Munich. A total of 544 employees participated in 41 courses during the course of 2019 alone, which underlines how ARAG is covering a wide range of employee needs through its new offering.

Diversity

Digitalization, demographic change, and globalization are now key trends that influence the success of any company. A strong increase in diversity has been the result. The ARAG Group is approaching this with fairness and openness, which is clearly reflected in the ARAG Essentials corporate guidelines. ARAG's success as an international insurer is heavily dependent on good working relationships across all countries and cultures. Experience has shown that diverse teams generate more creative ideas and promote the long-term success of the company. The ARAG Group encourages employees to express their individual personalities and views, which it considers as a source of added value. It is enshrined in the corporate strategy and the corporate values that the same opportunities for professional development should be open to all employees – irrespective of age, nationality, marital status, or other personal circumstances.

The operational strategies of the Human Resources and Corporate Communications departments specify measures to promote diversity and equal opportunities. ARAG also offers flexible arrangements for all stages of employees' lives. This includes allowing them to work from home or elsewhere and allowing managers to work part time. The representative for employees with a severe disability and the anti-bullying officer at ARAG have specific areas of responsibility that promote equality within the Group. Employees can approach the Works Council or either of these two representatives with any concerns.

To support gender equality, ARAG is actively promoting the advancement of women by giving employees greater flexibility in when and where they work and by improving its childcare offerings. In 2017, ARAG signed a new three-year agreement for certification by berufundfamilie Service GmbH, which helps the company to regularly review the effectiveness of the measures that are taken. Challenges arise from the need to win acceptance at management level for concepts that offer added value for employees but are more complicated and time-consuming to administer. Such concepts include working from home and allowing part-time staff to take on management roles. As a result, the percentage of women at the two most senior management levels (F2 and F1) has increased in recent years, although a gender balance has not yet been achieved.

3. Products, sales, and customer relationships

ARAG is an innovative provider of high-quality insurance, offering private customers and small businesses in Germany not only its core legal insurance policies but also its own products and services in casualty and property insurance and health insurance business. The company attaches huge importance to providing needs-based products and excellent service, so that customers and consumers derive the greatest possible benefit. It therefore focuses on innovative products that are both high-quality and fair. Responsibility for product innovations lies primarily with the Sales, Products and Innovation function. There is a clearly defined product development process. The development and optimization of insurance solutions incorporate insights from sales, the claims service, and customer service. ARAG makes sure it always meets new legal and market requirements by following an end-to-end process encompassing all the departments involved. The process, which satisfies the requirements in Solvency II, is subdivided into an upstream product pipeline process and a downstream product introduction process, an approach that has been efficiently refined over the years. 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 ensures that all insurance products presented for sale satisfy the requirements of the target market concerned, preventing or reducing the risks for the customer at an early stage. ARAG is also under an obligation 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/sales partners and by monitoring portfolio changes and claims ratios.

Innovative customer offerings/customer focus

ARAG aspires to provide solutions to customers' problems. This is why 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, or when a claim is being made. The objective is to provide customers with optimum, personalized support at all stages and to remove as many administrative hurdles as possible. This requires all the Group's employees to work as a team. ARAG offers regular CPD and coaching to ensure all members of staff are trained to a high level and are able to deal empathetically with customers. Being able to show empathy is absolutely critical, particularly when dealing with claims and in phone-based conflict resolution. As part of its Smart Insurer Program, ARAG has also set itself the goal of using digital tools to drive customer benefit. Customers already have a number of ways to get in contact with ARAG (phone, online chat, app, social media, mail). They also have 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 also employs digital tools to enhance the customer experience in face-to-face meetings. The sales agents that work on an exclusive basis for the company do everything on an iPad, from recording all of the customer's data and analyzing their needs to entering into the policy with them. Thanks to the introduction of the advisory app, ARAG Core Sales is now able to issue policies completely digitally for nearly one in three new applications, i.e. no manual processing is required. In online sales, the proportion of new applications that are processed entirely digitally is even higher at almost 95 percent. Among the products that can be applied for online are ARAG's Sofort legal insurance for tenants and Sofort legal insurance for motorists, with retroactive cover.

To maintain long-term customer relationships, ARAG anticipates how customers' requirements will change and adapts its portfolio accordingly. Regularly talking with employees who are in daily contact with customers plays a key role in the development of innovative products and services. The Group also attaches great importance to incorporating feedback from customers and sales partners into the product development process. In Greece, customers and sales partners can send their feedback as well as their ideas to an email address set up specifically for this purpose. In Italy, customers' views and suggestions are collected by the sales partners and made an integral part of the product development process. ARAG Belgium uses design thinking techniques to ensure that innovations match up to the expectations of customers and selling agents. In addition, ARAG draws on findings from market research and customer surveys to keep abreast of trends and needs in its market.

Sales transparency

ARAG sales channels determine the needs of an existing or potential customer using the details provided, and then produce clear, objective information about relevant insurance products. This is the only way in which an existing or prospective customer can make a well-informed decision.

The objective of the sales process employed by ARAG Core Sales is to provide the customer with a holistic, transparent, and consistent experience. First, the customer's situation is analyzed in order to determine their particular needs. These customer needs are divided into four areas of cover (legal, general, health, and pension provision). In the advisory meeting, the customer can choose to receive advice on all areas of cover successively or just to discuss specific areas. Targeted risk questions based on the customer's needs are then used to create a product recommendation. In addition, the customer is shown alternatives dependent on different scenarios. Detailed product information can also be viewed at this stage.

There is also a clearly structured process for closing an advisory meeting. Documentation of each individual meeting is created automatically, which not only meets all the legal requirements but also provides both the customer and ARAG Core Sales with a definitive record of the advice that was given. This document clearly summarizes the areas of cover that were discussed, the recommendation that was given and the reasons for giving this recommendation, and the specific features of any policy that was agreed. The navigation is designed in such a way that every advisory meeting that ends with an application being submitted automatically produces a record of the meeting. It is in fact impossible to submit an application without producing this documentation. So far, the digital sales process has been used for more than 400,000 advisory meetings at which nearly 90,000 policies were taken out.

ARAG considers it a given that its products and services comply with all applicable national and international legislation and regulations. This is achieved through monitoring processes, legal checks to ensure compliance with all laws and regulations in Germany and abroad, and stringent approval processes in product development. Among the most important regulatory requirements are the German Insurance Contracts Act (VVG), the VAG, the EU's General Data Protection Regulation (GDPR), the IDD, and the guidelines published by the German Federal Financial Supervisory Authority (BaFin).

ARAG believes it is extremely important that product and customer information is understandable. It takes care to use a large number of illustrative examples to make it easier for any necessary legal wording to be understood. 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).

The ARAG sales academy, which is the central training department in the Group, supports all the training and development activities conducted by ARAG Core Sales. The target groups for these activities include ARAG Partners, heads of main branch offices, sales administration employees at the main branch offices, and trainees. A comprehensive information and training portal is also available. CPD is based on statutory requirements and the Group strategy. The CPD activities are based on standards that are set out, for example, in the industry's 'gut beraten' (advise well) initiative and that are already applicable to all sales employees and ARAG Sales Partners. This is how ARAG ensures a high level of quality in all CPD activities for employees subject to the IDD.

4. Dialog with the community and policymakers

Social trends influence the expectations of the key stakeholders, i.e. customers, business and sales partners, and employees. They are paying increasingly close attention to the economic and social benefits that ARAG provides. These expectations shape the business environment in which ARAG operates and are satisfied in a professional manner through relevant engagement activities. Response analyses and participant surveys are used to regularly assess ARAG's engagement and how it is perceived in the public sphere. A dedicated team within the Corporate Communications/Marketing Central Department is responsible for these.

Corporate social responsibility

As an independent enterprise, ARAG can operate without any pressure from external investors and with a view to the longer term, thus enabling it to engage autonomously in corporate social responsibility (CSR) activities. This also makes a significant contribution to the success of the business. The corporate mission enshrined in the ARAG Essentials guidelines emphasizes the Group's corporate citizenship. At its German and international offices, ARAG supports local projects and initiatives focused on the fields of sports, culture, and education. All activities aim to have a positive impact on quality of life and the economic climate in the local area. ARAG takes a long-term approach to such projects and aims to ensure continuity in its support.

In 2017, ARAG initiated the bildung.digital ('digital education') program in a joint project with the German Children and Youth Foundation (DKJS). Phase one was completed in September 2019. This program helps schools to develop digital education strategies and ensure that the strategies become firmly established. Forty schools in four cross-state networks took part in the program via the portal 'bildung.digital-Netzwerk Ganztägig bilden', working on the development and implementation of digital education concepts. The program will continue from autumn 2020.

As an insurer with a focus on legal insurance, ARAG believes that a preventive approach is important. That is why the company, together with the Ministry for Education and Schools of North Rhine-Westphalia, offers the 'Conflict Management in Schools' program to all high schools and vocational colleges in the state of North Rhine-Westphalia. A total of 366 teachers, specialists in educational social work, and principals from 120 high schools and vocational colleges in different school districts across the state have taken part in the six training cycles completed so far. The seventh cycle of the project is currently running at 17 schools. The program is focused on universal quality standards for conflict management as well as preventive measures and intervention techniques. Teachers, school principals, and specialists in educational social work are trained as school mediators. Using the knowledge they acquire, they can help to improve the climate in the school, change the way in which conflicts are handled, and train school students as conflict controllers.

Public policy

Developments in the political and regulatory landscape have a considerable influence on ARAG's business activities. They have a direct effect on the Group's risk structure and capital resources, and also influence the way products are designed, marketed, and sold. ARAG is in constant communication with public authorities and government in order to represent the company's interests. Political dialog is the responsibility of the CEO and the Chief Representative. The latter represents ARAG on bodies such as the insurance industry working group of the Ministry of Economic Affairs, Innovation, Digitalisation, and Energy for North Rhine-Westphalia. The dialog serves to identify topics of relevance to both sides so that different points of view can be identified and discussed at an early stage. ARAG therefore attaches great importance to open and proactive communication.

The ARAG Group is as politically active as it can be and 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 €80 thousand in the reporting year. ARAG's international subsidiaries did not make any donations to political parties in 2019. However, they are normally members of the respective countries' trade associations, in which representatives of senior management in particular are often very active.

5. Legal 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 significantly influences the trust placed in ARAG by customers and other stakeholders. The company is therefore obliged to avoid conflicts of interest and is committed to fair competition and happy to market its products on this basis.

ARAG has put numerous guidelines 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. ARAG also takes guidelines and recommendations of international organizations into account. For example, it follows the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises and the recommendations of Transparency International. In addition, all German insurance companies within the ARAG Group have been committed to compliance with the German Insurance Association's code of conduct since 2013.

The compliance guideline 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 these. 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 and other holders of public office, and conflicts of interest should always be avoided. Centralized and decentralized compliance functions ensure on an ongoing basis 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 carries out an annual compliance risk analysis and, on this basis, produces a compliance plan with appropriate measures. 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.

ARAG continuously and systematically analyzes the potential for conflicts of interest at all its locations. No circumstances in which conflicts of interest had a negative impact were identified in 2019.

6.

Digitalization, data protection, and protection against cybercrime

Digitalization permeates all aspects of business activity and is therefore a key area of development for ARAG. Many of the changes associated with the digital transformation have long been an integral part of ARAG's business in Germany and abroad. Opportunities and risks will continue to be proactively addressed as the company moves into the future. ARAG organizes the process of digitalization on a decentralized basis as an overarching development topic, with the ARAG Smart Insurer Program serving as a central management tool that formulates the main development priorities, targets, and responsibilities. The focus is not on the technology itself but always on the customers and their needs. The Group has made a conscious choice to give the management teams individual responsibility for implementation and a great deal of flexibility. Even before the Smart Insurer Program was developed, ARAG was making a concerted effort to harness the opportunities presented by digitalization and had initiated a large number of digital products, services, and processes, ranging from new customer portals to the further digitalization of sales. More information on the Smart Insurer Program and digitalization can be found in the general section on the ARAG Group in the annual report.

Data protection is also increasingly shifting into the spotlight because of digitalization. It is therefore of the utmost importance to ARAG that it protects the data of existing and potential customers, business partners, and employees in order to maintain their trust, meet legal requirements, and avoid reputational damage. 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. All of this documentation is updated at regular intervals and can be accessed by all employees via the intranet.

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". Most of the minor nonconformities were remedied in the reporting year; the remainder are set to be addressed by the middle of 2020.

With regard to data protection, 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. The measures that it stipulates go beyond the minimum required by law.

In the digital age, data protection is an interdisciplinary function for which all departments need to take responsibility, incorporating it permanently into their activities. The departments are supported in this task by the Data Protection Organization, whose team includes the IT security officer. In the 'three lines of defense' model, the company's Chief Information Security Officer (second line of defense) and Group Audit (third line of defense) monitor compliance with all data protection requirements on an ongoing basis. Employee training is enormously important in raising employees' awareness and skills in the area of data protection and thereby continually enhancing the level of protection. The Chief Information Security Officer (CISO) fulfills this responsibility by providing training sessions and individual advice. 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.

Training employees and making them more aware of the issues will also become more important in the context of the rising threat of cyberattacks. In connection with the issue of cybercrime, ARAG is bound by the German Insurance Supervisory Requirements for IT (VAIT), which require the company to have an independent Information Security Officer (ISO) with no operating responsibilities. The ISO must submit regular reports to senior management about security incidents and the IT security situation at ARAG. At Group level, the ISO is simultaneously the CISO. At local level, each individual international branch has a Local Information Security Officer (LISO) who submits regular reports to the CISO. In Germany, the LISO heads the IT security team, which is responsible for implementing security measures.

ARAG uses a range of systems to protect its infrastructure from cyberattacks. These include firewalls, antivirus programs on servers and client systems, security features for software packages, and extended protection programs. Other standard safeguards include regular updates to the operating systems and to related software and databases. Business-critical processes are also reviewed and revised on an annual basis 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.

Independent Practitioner's Report on a Limited Assurance Engagement on Non-financial Reporting*

To ARAG Holding SE, Düsseldorf

We have performed a limited assurance engagement on the separate combined non-financial report pursuant to sections 341a (1a) and 341j (4) in conjunction with sections 289b (3) and 315b (3) of the German Commercial Code (HGB) of ARAG Holding SE, Düsseldorf, ('Company') for the period January 1, 2019 to December 31, 2019 ('non-financial report').

Responsibilities of the executive directors

The executive directors of the Company are responsible for the preparation of the non-financial report in accordance with section 315c in conjunction with sections 289c to 289e HGB.

This responsibility of the Company's executive directors includes selecting and applying appropriate methods of non-financial reporting as well as making assumptions and estimates related to individual non-financial disclosures that are reasonable in the circumstances. Furthermore, the executive directors are responsible for the internal controls that they have deemed necessary for the preparation of a non-financial report that is free from material misstatements whether due to fraud or error.

Independence and quality control of the audit firm

We have complied with the German rules governing professional independence and other professional conduct requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors (BS WP/vBP) as well as the Standard on Quality Control 1 published by the Institute of Public Auditors in Germany (IDW) 'Quality Control Requirements for Audit Firms' (IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with professional conduct requirements, professional standards, and applicable legal and other regulatory requirements.

Practitioner's responsibility

Our responsibility is to express an opinion with limited assurance on the information in the non-financial report based on our assurance engagement. The scope of our engagement did not include an assessment of external documentation sources or expert opinions referred to in the non-financial report. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' published by the International Auditing and Assurance Standards Board (IAASB). This standard requires that we plan and perform the assurance engagement to allow us to conclude with limited assurance that nothing has come to our attention that causes us to believe that the Company's non-financial report for the period January 1, 2019 to December 31, 2019 has not been prepared, in all material aspects, in accordance with section 315c in conjunction with sections 289c to 289e HGB.

In a limited assurance engagement, the assurance procedures are less extensive than for a reasonable assurance engagement, and therefore a substantially lower level of assurance is obtained. The assurance procedures are selected at the practitioner's professional discretion.

As part of our assurance engagement, we performed various assurance procedures and other activities, including:

- Obtaining an understanding of the structure of the sustainability organization
- Questioning the executive directors and relevant personnel involved in the preparation of the non-financial report about the preparation process, the internal control system relating to this process, and disclosures in the non-financial report
- Identifying the likely risks of material misstatements in the non-financial report
- Analytically evaluating disclosures in the non-financial report
- Comparing disclosures with the corresponding data in the consolidated financial statements and in the group management report
- Evaluating the presentation of the disclosures

Assurance conclusion

Based on the assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the Company's non-financial report for the period January 1, 2019 to December 31, 2019 has not been prepared, in all material aspects, in accordance with section 315c in conjunction with sections 289c to 289e HGB.

Intended use of the assurance report

We issue this report on the basis of the engagement agreed with the Company. The assurance engagement was performed for the purposes of the Company, and the report is intended solely to inform the Company about the findings of the assurance engagement.

The report is not intended for use by third parties as a basis for any (financial) decisions. Our responsibility lies only toward the Company. We do not assume any responsibility toward third parties.

Frankfurt am Main, April 8, 2020

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Nicolette Behncke
Wirtschaftsprüferin
(German Public Auditor)

Urata Biqkaj
Wirtschaftsprüferin
(German Public Auditor)

¹ PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the non-financial group statement and issued an independent practitioner's report in German, which is the authoritative version. The following text is a translation of the independent practitioner's report.

GRI Report

| | |
|--|------------|
| Universal standards | 67 |
| <i>Organizational profile</i> | 67 |
| <i>Strategy</i> | 71 |
| <i>Ethics and integrity</i> | 71 |
| <i>Governance</i> | 72 |
| <i>Stakeholder engagement</i> | 73 |
| <i>Reporting practice</i> | 75 |
| <hr/> | |
| Topic-specific standards | 78 |
| <i>Economic topics</i> | 78 |
| <i>Economic performance</i> | 78 |
| <i>Social value generated</i> | 79 |
| <i>Responsible remuneration and incentives</i> | 81 |
| <i>Fair competition and avoidance of conflicts of interest</i> | 82 |
| <i>Corporate culture and mission</i> | 85 |
| <i>Digitalization</i> | 86 |
| <i>Innovative customer offerings</i> | 89 |
| <i>Customer focus</i> | 91 |
| <i>Responsible investor</i> | 93 |
| <i>Environmental topics</i> | 94 |
| <i>Energy consumption and emissions</i> | 94 |
| <i>Social topics</i> | 98 |
| <i>Working conditions</i> | 98 |
| <i>Occupational health and safety</i> | 101 |
| <i>Training and education</i> | 104 |
| <i>Diversity and equal opportunity</i> | 107 |
| <i>Social engagement</i> | 110 |
| <i>Public policy</i> | 112 |
| <i>Sustainable products and services</i> | 113 |
| <i>Transparent management and services</i> | 114 |
| <i>Cyber risks and data protection</i> | 116 |
| <i>Compliance</i> | 118 |
| <hr/> | |
| GRI content index | 120 |

Universal standards

Organizational profile

| | |
|-------|--------------------------|
| 102-1 | Name of the organization |
|-------|--------------------------|

ARAG Holding SE

| | |
|-------|--|
| 102-2 | Activities, brands, products, and services |
|-------|--|

The ARAG Group is the largest family-managed insurance company in Germany and is one of the world's three leading providers of legal insurance. It focuses on innovative insurance products and services aimed at both private and small business customers. ARAG is a provider of high-quality insurance with a multidimensional approach, offering its customers in Germany not only its core legal insurance policies but also needs-based products and services in casualty and property insurance and personal insurance. Internationally, the company is targeting potential growth areas in the legal insurance sector. *For further information, please see the 2019 annual report of ARAG Holding SE (consolidated financial statements) and the 2019 annual reports of ARAG Allgemeine Versicherungs-AG and ARAG Krankenversicherungs-AG (single-entity financial statements).*

| | |
|-------|--------------------------|
| 102-3 | Location of headquarters |
|-------|--------------------------|

Düsseldorf, Germany

| | |
|-------|------------------------|
| 102-4 | Location of operations |
|-------|------------------------|

19

| | |
|-------|--------------------------|
| 102-5 | Ownership and legal form |
|-------|--------------------------|

ARAG SE is the operating holding company of ARAG. Its Management Board members are responsible for the strategic management of the Group, for the day-to-day legal insurance business in Germany, and for the international units. The board members of ARAG Allgemeine Versicherungs-AG and ARAG Krankenversicherungs-AG are responsible for the day-to-day management of their subsidiaries. ARAG Holding SE is a family holding company that manages the total assets of the ARAG Group.

102-6**Markets served**

In its core legal insurance segment, ARAG plays a major role in shaping its markets, both in Germany and abroad, with innovative products and services. The international legal insurance business has been the Group's most significant area of activity over recent years. In a fiercely competitive market in Germany, ARAG Allgemeine is demonstrating its strength as an attractive provider of property, liability, and accident insurance policies, which have been highly ranked in numerous independent comparisons. In the private health insurance market, ARAG Kranken (ARAG Health) offers a broad range of effective products, emphasizing its appeal as a provider of full-coverage and supplementary health insurance. ARAG is focused on its fast-growing property and health insurance business. It also offers attractive pension products for its customers in partnership with Alte Leipziger.

For further information, please see the 2019 annual report of ARAG Holding SE (consolidated financial statements).

102-7**Scale of the organization**

ARAG has operations in 19 countries and is the leader in many international markets. It generates sales revenue and premiums of approximately €1.75 billion and employs more than 4,200 people.

ARAG SE employs more than 2,800 people worldwide. Where it is possible and makes sense to do so, the quantitative information on employees contained within this report extends beyond ARAG SE to encompass other employees of the ARAG Group. The precise scope is described in each case. The same applies to disclosures related to energy consumption and greenhouse gas emissions.

For further information, please see the 2019 annual report of ARAG Holding SE (consolidated financial statements).

102-8**Information on employees and other workers*****Workforce broken down by employment contract and working hours**

Number of persons broken down by gender,

December 31, 2019¹

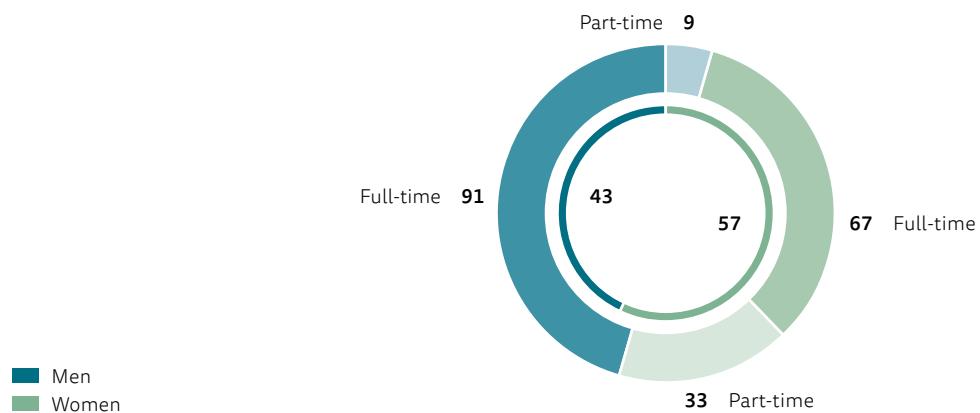
| | Germany | | International | | |
|---|---------|-------|---------------|-------|-------|
| | Men | Women | Men | Women | Total |
| Workforce broken down by employment contract | | | | | |
| Permanent | 864 | 923 | 789 | 1,251 | 3,827 |
| Temporary | 31 | 34 | 94 | 163 | 322 |
| Workforce broken down by working hours² | | | | | |
| Full-time | 810 | 623 | 701 | 826 | 2,960 |
| Part-time | 54 | 300 | 88 | 425 | 867 |

¹ not including 58 interns and trainees and not including inactive employees.

² including permanent staff only

Permanent employees by gender and working hours

(%)



* (refers to the title of 102-8)

The data is based on all Group companies in Germany (excluding Justix GmbH) as well as on the branches/subsidiaries in Australia, Austria, Belgium, Canada, Denmark, Greece, Italy, the Netherlands, Norway, Portugal, the Republic of Ireland, Slovenia, Spain, Sweden, the UK, and the US.

102-9 Supply chain

In Germany, the ARAG Group buys around €84.564 million worth of services from 1,433 suppliers¹. These services are categorized into ten product groups, which include IT, marketing 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 Purchasing at head office. 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 that have a purchasing volume of greater than or equal to €1,500. 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.

| | |
|---|---|
| 102-10 | Significant changes to the organization and its supply chain |
| There were no relevant structural changes within the ARAG Group in the reporting year. | |
| 102-11 | Precautionary principle or approach |
| <p>As an insurance company, the ARAG Group counts risk management among its core competencies and it therefore constitutes a key component of the Group's business management. Detailed information on risk management is provided in the annual report of ARAG Holding SE (consolidated financial statements) and the annual reports of the insurance companies (single-entity financial statements). The Group also publishes comprehensive information on its long-term solvency on an annual basis in the corresponding SFCRs (Solvency and Financial Condition Reports).</p> <p>ARAG sees it as its duty to also prevent environmental risks. For this reason, environmental management plans focused on the efficient use and conservation of resources (energy, water, paper) have been implemented at the company's various locations. 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 are refined over time.</p> <p><i>Further information can be found on page 93 of this report.</i></p> | |
| 102-12 | External initiatives |
| <p>In 2017, ARAG became a signatory to the corporate diversity initiative <i>Charta der Vielfalt</i>, which promotes diversity in companies and institutions and which has as its patron the German chancellor Angela Merkel. No additional voluntary undertakings were signed in 2019.</p> | |

| | |
|---|---|
| 102-13 | Membership of associations |
| ARAG is a member of the German Insurance Association (GDV). In the reporting year, the company took over the chair of the GDV's committee of legal insurers. ARAG is also a member of the Insurance Industry Working Group of the regional government of North Rhine-Westphalia and is involved in the Munich Financial Center Initiative. Furthermore, the international branches and subsidiaries are normally members of the trade associations within their respective countries. | |
| 102-14 | Statement from senior decision-maker |
| <i>See page 2 of this report.</i> | |
| 102-16 | Ethics and integrity |
| 102-16 | Values, principles, standards, and norms of behavior |
| <p>The corporate guidelines – the ARAG Essentials – outline the company's objectives and the causes that ARAG's employees, managers, and owners champion. In addition to the company's founding principles and self-image, these guidelines also embody ARAG's corporate mission and corporate values. The ARAG Essentials help employees to shape the company's future with the customer in mind. They also serve as a basis for the ARAG Leadership Standards, which support the implementation of the guidelines in day-to-day business. The ARAG Essentials are handed out to every new employee. Additional 90-minute workshops hosted by ARAG provide an opportunity to discuss the Essentials with co-workers. An online tool will soon be available on the Group website. It conveys the core messages of the ARAG Essentials in a light-hearted way, and provides information on the international branch offices – in all the 13 languages used in the Group.</p> <p>A survey of employees in Germany and abroad, based on the ARAG Smart Insurer Program, was used to determine the functioning of the corporate culture and whether it is still fit for purpose. Steps to improve the ARAG Essentials and the ARAG Leadership Guidelines were taken on the basis of the results. The ARAG Essentials 'reloaded' were introduced at the beginning of 2020 and will be shared as part of a comprehensive communication program over the course of the year. The new Leadership Guidelines will subsequently build on these.</p> | |

Governance

102-18 Governance structure

The ARAG Group

Asset and
investment
management

ARAG Holding SE

Operating Group
Holding Company

ARAG SE

and legal
insurance

CEO and
Central Group
Functions

Investments/
Group
Development/
Business
Organization

Group Sales/
Products and
Innovation

Group Finance

Group IT/
Operations

Group Risk
Management/
Group
Controlling

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 2019 annual report of ARAG Holding SE (consolidated financial statements).

Stakeholder engagement

102-40 List of stakeholder groups

The most important stakeholder groups at ARAG include the customers, the ARAG sales partners, the brokers, and the employees. Other important stakeholders are business partners, suppliers, industry associations, and regulatory bodies.

102-41 Collective bargaining agreements

64 percent of employees at the Group companies in Germany (excluding Justix GmbH) are subject to a collective pay agreement. The proportion for ARAG SE in Germany is 72 percent.

102-42 Identifying and selecting stakeholders

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 as well as feedback requests in relation to specific occasions are used to learn more about their disposition toward ARAG and their assessment of the company. In addition, data provided by stakeholders is collected and analyzed for the purpose of improving the service offering.

102-43 Approach to stakeholder engagement

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, and ARAG uses focus groups for market research, as well as 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.

In 2019, the Market Research Department carried out a survey in which around 1,500 customers from all three divisions gave insights into their priorities in interactions with ARAG and rated the company with regard to various aspects. Competitors' customers and employees from customer-facing departments were also questioned. One of the findings was that customers are very satisfied with how claims are handled. ARAG Health fared particularly well when compared with the wider market.

Since the end of 2016, ARAG has operated an online community called ARAG Denkraum ('thinking space') with the aim of engaging in a direct dialog with customers and working with them on innovations. ARAG uses the platform to survey customers on specific topics, products, and processes, for example, and to discuss these with customers in a forum.

They 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 services and internal processes. The Product Development Department, for example, gets to hear first-hand from customers about new ideas, including for product features.

| | |
|--------|---------------------------------------|
| 102-44 | Key topics and concerns raised |
|--------|---------------------------------------|

Market research surveys show that while customers want strong and reliable insurance cover they also attach great importance to digital solutions and means of communication. At the same time, there is still a desire for a service that is personal and individual, and is ideally provided by a single point of contact. Customers would like to be able to choose freely between the different channels of communication depending on their requirements and circumstances. However, the expectation is always that their inquiry should be dealt with competently, swiftly, and digitally. They also have high expectations with regard to soft factors such as friendliness, reliability, and empathy.

Current developments and trends are leading to an increase in demand for innovative products, for example those that offer reliable protection against losses caused by the rise in online crime. In mid-2019, to meet this demand, ARAG launched a compelling new web@ktiv rate scale both for private individuals and the self-employed. A great deal of feedback and suggestions from customers and sales partners has been incorporated into the development of this product.

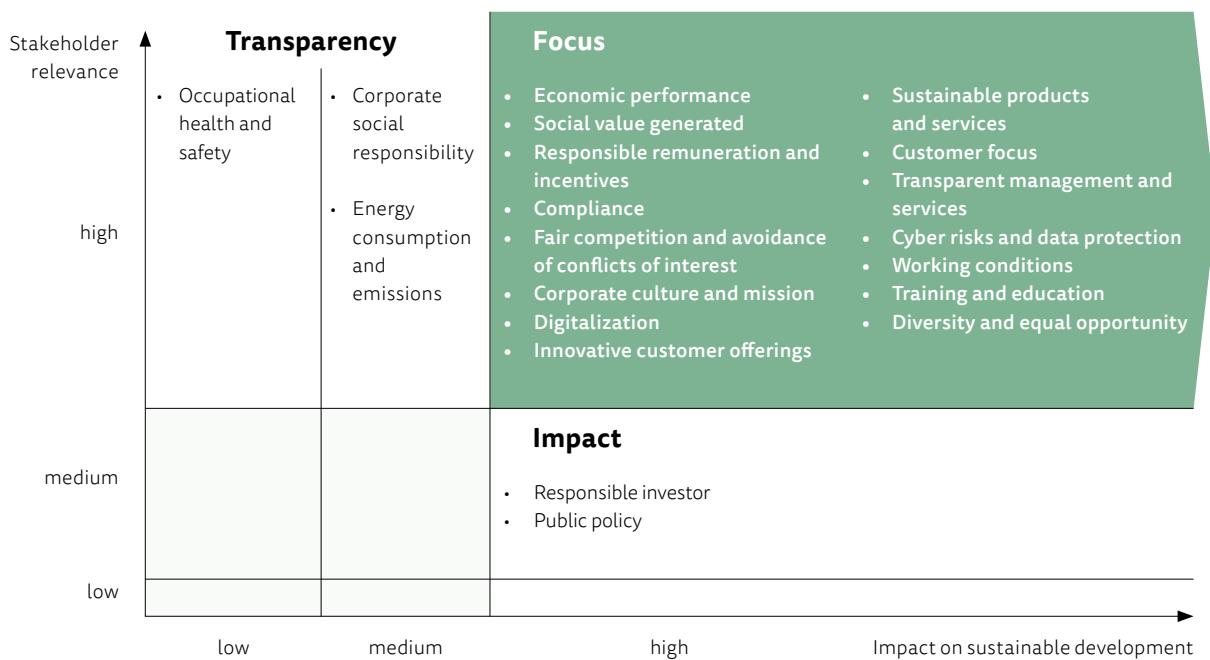
Further information on customer concerns can be found on page 89 in this report.

Key concerns for ARAG employees are a good work-life balance and the ability to pursue a career in a way that is compatible with family life. ARAG provides a range of options to address these needs.

Further information can be found on page 98 onward in this report.

| Reporting practice | |
|---------------------------|---|
| 102-45 | Entities included in the consolidated financial statements <p>Sustainability reporting covers all material German and international insurance companies belonging to ARAG Holding SE.</p> <p><i>For further information, please see the 2019 annual report of ARAG Holding SE (consolidated financial statements).</i></p> |
| 102-46 | Defining report content and topic boundaries <p>The principles for determining report content and quality have been applied to the entire reporting process. In 2016, a list of the material sustainability topics was created as part of a comprehensive process. Two years later, ARAG held a workshop in which it reviewed and updated the topics. The most important divisions were involved in the update. They were called on to contribute their experience from intensive dialog with external stakeholders so that the external view of the company could be taken into account as well. No changes to the focus of the content have arisen in this report compared with the 2018 sustainability report. In accordance with its mandate from the Supervisory Board, an auditor supported and reviewed the process of identifying the material topics as well as the findings of this process. The next review of the material topics is planned for 2020.</p> <p>All material topics that are highly relevant to customers or where ARAG has a substantial impact on sustainable development were included in the GRI reporting. The topics that are relevant to the non-financial statement for the Group in the context of implementing the German CSR Directive Implementation Act (CSR-RUG) are those that are required to understand the company's business performance and the company's influence on these topics.</p> <p><i>The separate combined non-financial report of ARAG Holding SE can be found on page 48 of this report.</i></p> |

102-47**List of material topics**



102-48**Restatements of information**

Changes are noted in the appropriate places.

102-49**Changes in reporting**

None.

102-50**Reporting period**

2019 calendar year

102-51**Date of most recent report**

May 2019

| | |
|--------|---|
| 102-52 | Reporting cycle |
| | Annual |
| 102-53 | Contact point for questions regarding the report |
| | <p>Kathrin Köhler Sustainability Officer & Corporate Responsibility Corporate Communications/Marketing</p> <p>ARAG SE ARAG Platz 1, 40472 Düsseldorf, Germany Tel: +49 (0)211 963 2225 Fax: +49 (0)211 963 2220 kathrin.koehler@arag.de</p> |
| 102-54 | Claims of reporting in accordance with the GRI standards |
| | This report has been produced in accordance with the GRI standards (Core option). |
| 102-55 | GRI content index |
| | <i>See page 120 of this sustainability report</i> |
| 102-56 | External assurance |
| | No external audit has been carried out. |

Topic-specific standards

Economic topics

| Economic performance | |
|-----------------------------|--|
| 103-1/2/3 | Management approach |
| | Independence as the basis of the long-term strategy The ARAG Group is the largest family enterprise in the German insurance industry and is one of the world's three leading providers of legal insurance. As an independent family enterprise, ARAG pursues a long-term strategy and focuses on profitable growth through a conservative risk and solvency policy. The emphasis is on maintaining a compartmentalized risk structure with a good level of risk diversification. Independence is at the heart of ARAG's self-image. It shapes all areas of its business activities and enables ARAG to dedicate its full attention to its customers, the most important stakeholders. The company's resources are mainly used to service customer requirements 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 to strengthen the Group's financial foundations and ability to invest. Independence and an international outlook also form the basis for ARAG's brand strategy. |
| | Targeted expansion of the legal, property, and health insurance businesses In the German market, the ARAG Group is maintaining its focus on further developing its property and health insurance businesses. At international level, the company is focused on continuing to vigorously expand its legal insurance business. The sales revenue and profit targets derived from this two-pronged growth strategy are broken down for each management level as part of a planning process. A variety of tools contribute to ARAG achieving the growth targets it has set itself. 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). |
| | Maintaining competitiveness through digitalization and innovation The ARAG Group and its international companies are facing growing pressure from new competitors that are changing the market with innovative products and new ways of interacting with their customers. In 2019, the competition in several markets was additionally reshaped by mergers and acquisitions. This was the case in the Netherlands and Belgium, for example. ARAG expanded its activities in the Irish market by taking over one of the country's biggest legal insurance companies. The Group also commenced operations in Australia. |

Thanks to its innovative strength, ARAG is well positioned to remain competitive and, in particular, to use opportunities such as the digital transformation to its advantage. As in previous years, despite increasing competitive pressure and mature markets, ARAG was able to grow its customer base and increase its premium income in 2019. Overall, business was very successful in 2019, both in Germany and internationally.

| | |
|-----------|---|
| 201-1 | Direct economic value generated and distributed <i>See ARAG Holding SE 2019 annual report (consolidated financial statements)</i> |
| <hr/> | |
| | Social value generated |
| 103-1/2/3 | Management approach Role as an employer In Düsseldorf, where it has its headquarters, the ARAG Group is a leading employer with around 1,400 employees. It has a positive impact on the region's employment rate and plays a role in improving the attractiveness of Düsseldorf as a business location. The business environment in North Rhine-Westphalia benefits from ARAG's operations in a variety of ways. ARAG's activities support many jobs in the supply chain and in sales, for example. As an attractive employer, the company also generates value for society at its international locations by providing stable, future-focused jobs. This is underlined by the low staff turnover and long average length of service. Developing local staff and managers ARAG has successfully positioned itself as an attractive family enterprise in the financial sector thanks to its active HR management and a concerted effort to strengthen the brand. Developing local staff and managers is an approach that ARAG has been pursuing for several decades as part of its HR strategy. This also applies to the highest management level. Belgium, for example, is a country with three official languages – each of them predominant in a different region – and so it is of utmost importance to hire suitably qualified local staff. Language skills are also of crucial importance at ARAG Canada, which is why a bilingual salesperson was hired in 2019. In Scandinavia, ARAG employs people from all regions in order to reflect the diversity of society there. It is the only way for the company to ensure that customers receive the best possible service across the whole region. |

The challenge of the generational shift

For the ARAG Group, the subject of generating value for society is undergoing a fundamental shift in meaning. This is because demographic change is presenting significant challenges to the insurance industry as whole. Over the next ten years, ARAG expects a generational shift in which more than 30 percent of its German employees will reach pensionable age and leave the workforce. This trend necessitates a suitable recruitment policy to counter the resulting loss of expertise at the earliest opportunity. In Germany and internationally, ARAG already has to compete directly with companies from the insurance industry and other sectors to attract the best talent. The company anticipates that this competition will get fiercer in the future.

In 2019, in response to this trend, the Group Human Resources Central Department ran a comprehensive program aimed at overhauling its recruitment practices and processes. The program, called *Einstellungssache* ('a question of recruitment'), increased the number of suitably qualified applicants by around 20 percent thanks to a web-based active sourcing campaign and an incentive-driven recommendation scheme. In the Netherlands, ARAG appointed a recruiter and is running an employer branding campaign designed to secure the services of highly qualified candidates for the company. ARAG ensures that these new hires are then efficiently integrated into the business through its recently implemented onboarding program and an accompanying training catalog. Going forward, ARAG will further increase its attractiveness as an employer by investing in the continuing professional development of its employees and by expanding its ARAGcare health program. *Further information on training and education can be found on page 104 onward in this report; see page 101 onward for information on occupational health and safety.*

Positioning as an innovative employer

Digitalization is an area in which the company has proved its worth for a number of years now in order to meet the expectations of up-and-coming young professionals. The company is forging ahead with the Smart Insurer Program, which it launched in 2018 with the aim of positioning the Group as an innovative employer. The annual measurement of staff turnover is one of the ways that ARAG gauges the effectiveness of these measures.

Further information on the Smart Insurer Program can be found on page 5 onward in this report.

| | |
|--------------|---|
| 202-2 | Senior management hired from the local community |
|--------------|---|

In Germany, ARAG hires the majority of senior 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. This makes it easier for ARAG to implement its local recruitment strategy abroad. No data on this is collected, however.

203-2 Economic impacts

The economic importance of ARAG in and around the city of Düsseldorf, where it is headquartered, was last examined in a 2011 report into the importance of the insurance industry in North Rhine-Westphalia. The study showed that ARAG's business activities create numerous jobs in the supply chain and in sales. The above-average income of ARAG employees also boosts the local economy. In total, around €180 million flows back into North-Rhine Westphalia every year. More recent studies are not currently available. However, the growth in business and salaries in recent years means it can be assumed that ARAG's economic contribution in 2019 was quite considerable again and had probably increased given the very strong business performance in 2019.

ARAG also promotes economic growth and employment in the regions where its international offices are based. In Spain, Italy, and Scandinavia, for example, ARAG is highly regarded as a market-leading company in the legal insurance segment. In the Netherlands, ARAG is one of the leading employers in the legal sector. Following the opening of a new branch office in The Hague, the company now has a presence in the three biggest cities in the country and is one of the three largest employers in the Leusden area. In Austria, ARAG sells its insurance services through around 4,000 sales partners. Its commission payments contribute to the financial performance of these partners.

Responsible remuneration and incentives

103-1/2/3 Management approach

A responsible remuneration model is an integral part of the governance of any corporate business and is therefore also of particular importance to all companies within the ARAG Group. In addition, remuneration that is both commensurate with performance and competitive plays a key role in attracting suitably qualified 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.

Guidelines for responsible 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 directives 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. The processes involved in managing remuneration are based on systematic market comparisons that are continuously updated. Remuneration falls under the remit of Group Human Resources. Whereas Group Human Resources acts on behalf of the Management Board in respect of remuneration in the individual companies, it acts on behalf of the Supervisory Boards in respect of the remuneration for the individual Management Boards.

Responsible targets

Targets play an important role in the remuneration systems. Of the total variable remuneration granted to Management Board members, 40 percent is linked to the attainment of short-term economic targets, with the remaining 60 percent dependent on the attainment of economic targets over the long term. Social aspects such as fairness, openness, and farsightedness are also taken into account in addition to the short-term economic targets. These are based on the corporate guidelines and are incorporated into the individual target agreements as qualitative assessment criteria. Structuring the remuneration and incentives presents a key challenge. This is because the incentive system needs to not only support the company's goals but also be predictable in terms of its functioning and understandable to all employees.

Every year, the Group Human Resources Central Department examines the appropriateness of the target agreement system. 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).

Market-specific remuneration systems at the international sites

The international branches and subsidiaries can also specify additional remuneration rules that are specific to their market. In Italy, for example, variable remuneration is linked to the attainment of the targets set out in the strategic three-year plan, while a validation committee examines the form and appropriateness of remuneration for all employees below the CEO. In Spain, variable remuneration makes up 30 percent of total remuneration and is based on an assessment of quality by the brokers, who are the main sales partners. ARAG Greece sets remuneration in internal departments, such as IT, using quantitative and qualitative criteria. For brokers, however, it is determined by the annual targets and results. In an independent study of wages carried out by Randstadt, the remuneration paid by the Greek branch was rated as above average.

Fair competition and avoidance of conflicts of interest

| | |
|------------------|----------------------------|
| 103-1/2/3 | Management approach |
|------------------|----------------------------|

Compliance with all statutory and regulatory requirements is of vital importance to ARAG because of its focus on legal insurance. The company is therefore obliged to avoid conflicts of interest. 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 and, in doing so, underlines its commitment to fair competition. This helps ARAG to maintain its good reputation and the trust of its customers.

Guidelines to avoid conflicts of interest

Beyond the statutory provisions, ARAG takes guidelines and 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 these. 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 and 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.

GDV code of conduct and international law

In 2013, all German insurance companies owned by ARAG signed up to the code of conduct of the German Insurance Association (GDV), which explicitly sets out how to deal with conflicts of interest. ARAG has, to date, had its internal rules and measures reviewed by an auditor every two years in order to ensure that they match the provisions of the code of conduct. All findings of these audits are published and freely accessible on the GDV's website. No audit conducted to date has identified any deviations from the code of conduct on the part of ARAG companies. Nevertheless, the Management Board of ARAG SE decided in 2019 to suspend the follow-up audit for 2020.

In addition to compliance with all groupwide policies and guidelines, ARAG's international companies and branches ensure that they always operate in accordance with all legal requirements and industry standards that apply in their respective country. In 2019, for example, ARAG Italy adapted its internal guidelines on topics such as conflicts of interest, code of ethics, and fair competition to conform to new local regulations.

Focal points in 2019

In 2017 and 2018, ARAG's focus was very much on the implementation of the EU Insurance Distribution Directive (IDD), whereas in 2019 it continued to pay particular attention to ensuring compliance with the IDD requirements, most notably in regard to avoiding conflicts of interest. The compliance function, for example, modified the internal clearing process so that it could better identify unusual applications.

205-1**Examination of risks arising from conflicts of interest**

ARAG continuously and systematically analyzes the potential for conflicts of interest at all its locations. 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. Apart from the sales risks described above, ARAG is not exposed to any increased risk of conflicts of interest in Germany or abroad.

205-2**Training on how to avoid conflicts of interest and bribery**

As part of general compliance training, 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. ARAG also publishes regular and ad hoc intranet updates on these topics to keep employees informed.

The Group's international offices are encouraged to conduct additional country-specific training courses. In locations such as the United Kingdom and Belgium, training on how to avoid conflicts of interest forms a mandatory part of the onboarding of new recruits. Last year, ARAG Italy also provided specific training on the influence of Italian law on private companies and whistleblowing guidelines. After Slovenia transposed the IDD into national law in February 2019, ARAG trained all local employees on the new legislation as well as other topics such as dealing with conflicts of interest and implementation of the EU General Data Protection Regulation (GDPR).

In 2019, a training campaign was carried out at employee level in Germany that also covers the topic of compliance and is now being rolled out internationally. The training materials were created back in 2018 together with an external service provider. The international branches also ran compliance training courses for managers.

During the reporting year, ARAG developed and published an e-learning training campaign for all employees in Germany. The training covers the requirements arising from Solvency II and its implementation in the ARAG Group companies and explains the subject of conflicts of interest using specific examples. More than one-third of all employees in Germany completed the training in 2019.

205-3**Incidents of conflicts of interest**

No incidents of conflicts of interest that had detrimental consequences were recorded in 2019.

| Corporate culture and mission | |
|--|---------------------|
| 103-1/2/3 | Management approach |
| The ARAG spirit as a competitive advantage | |
| <p>As an insurer, ARAG works in a fiercely competitive environment and in some very mature markets. Because of this, it is almost impossible to optimize the business any further without accepting a loss of quality when fulfilling the value proposition. This would not be an acceptable option for ARAG, however. It has adopted clearly defined corporate practices that provide orientation, set objectives, and specify responsibilities, and thus ensure everyone is pulling in the same direction. All these factors contribute to the ARAG spirit, which motivates employees and strengthens their commitment, thus lending the company an increasingly important competitive advantage (<i>more information on the subject of Smart Culture can be found on page 9 of this report</i>). This was illustrated in the Netherlands with the acquisition of the legal insurance portfolio of local provider Aegon and the staff of SRK Rechtsbijstand who previously managed the portfolio. The ARAG corporate culture was instrumental in the success of this transaction. A transparent approach to expectations regarding work culture and employee benefits was at the forefront of the takeover process. HR implemented a comprehensive onboarding program to ensure that all new staff were able to quickly adjust to the new working environment.</p> | |
| Corporate values provide the leadership framework | |
| <p>This corporate culture is reflected in the ARAG Essentials, which since 2006 have provided a clear action and leadership framework for the entire Group. The ARAG Essentials are based on the company's founding principles, self-image, and ambition, and on the six company values, and lay the groundwork for coordinated and purposeful behavior in an international context (<i>further information on 'Ethics and integrity' can be found under disclosure 102-16 on page 71 of this report</i>). In addition to the ARAG Essentials, the ARAG Leadership Standards also play a key role in shaping the corporate culture. These mandatory guidelines apply at international level and contain rules and suggestions for value-based management. Meeting these requirements is a key aim of the measurement and target agreement instruments that are applied to management work.</p> | |
| Maintaining the ability to adapt | |
| <p>ARAG regularly adapts its corporate practices to significant changes in the market environment, and the rapid pace of digitalization in the insurance business is one example of a development that has prompted a comprehensive review. As part of the Smart Insurer Program (<i>further information can be found on page 5 of this report</i>), ARAG has therefore been taking a close look at its identity as an organization and its corporate ambition. Individual measures were defined at national and international level in 2018 to drive the digital agenda forward, and the company worked hard to implement them in 2019. Project teams began work in all areas where action is required, both in Germany and at the international</p> | |

sites. In the US, for example, ARAG launched a new intranet that provides access to a vast store of knowledge and increases employees' commitment. This has a positive effect on the corporate culture. *Further information on ARAG's Future Initiative program can be found on page 24 onward of this report.*

Employee involvement

ARAG attaches great importance to getting employees on board when making any changes to the corporate culture. In summer 2019, the company carried out a groupwide employee survey on smart culture, the workplace environment, and leadership behavior. This was supported by focus group discussions at German and international sites. The results show that ARAG has highly motivated employees who are willing to adapt and have great confidence in their managers. This creates a strong basis for overcoming future challenges and means the company will make progress even in those areas where there is still potential for improvement.

Digitalization

103-1/2/3 Management approach

Digitalization permeates all aspects of business activity and is therefore a key area of development for ARAG. Many of the changes associated with the digital transformation have long been an integral part of ARAG's business in Germany and abroad. Opportunities and risks will continue to be proactively addressed as the company moves into the future.

Smart Insurer Program

ARAG organizes the process of digitalization on a decentralized basis as an overarching development topic, with the ARAG Smart Insurer Program serving as a central management tool that formulates the main development priorities, targets, and responsibilities. ARAG's primary aim is to further enhance the customer experience through the use of digital technologies, particularly by streamlining application and checking processes and by increasing transparency. The focus is thus not on the technology itself but always on the customers and their needs. Progress is measured by specific indicators tailored to the particular challenges and objectives (such as customer satisfaction).

The Group has made a conscious choice to give the management teams individual responsibility for implementation and a great deal of flexibility. The same applies to the international branches and companies. In the Netherlands, for example, ARAG has set itself the target of expanding its digital services and making them accessible to a larger number of customers. To this end, the company extended its partnerships with several start-ups and

launched the ARAG Legal Tech Studio. In Spain too, ARAG is working closely with start-ups to drive forward the process of digitalization. For example, it has launched a Smart Contract solution that can be accessed online and has greatly simplified the management of contracts. In the USA, the Technology Innovation Group created in 2018 was reorganized. Its mission is to prepare the technical infrastructure for future requirements.

Digital products and processes

Even before the Smart Insurer Program was developed, ARAG was making a concerted effort to harness the opportunities presented by digitalization. It has initiated a large number of digital products, services, and processes in recent years, ranging from new customer portals to the further digitalization of sales. One example is the iPad-based process used by sales agents who work on an exclusive basis for the company. This process makes everything more transparent to the customer, from recording their data and advising them on their risk situation to entering into the policy with them. Key online and offline instruments have been deactivated for the sales partners to keep the processes clear and simple. Thanks to the introduction of the advisory app, ARAG Core Sales is now able to issue policies completely digitally for nearly one in three new applications, i.e. no manual processing is required. In online sales, the proportion of new applications that are processed entirely digitally is even higher at almost 95 percent. ARAG endeavors to achieve this degree of automation in other sales channels too. *Further information about the digital sales process can be found on page 91 onward in this report.*

In addition, increasing numbers of products can be applied for online, such as ARAG's Sofort legal insurance for tenants and Sofort legal insurance for motorists, with retroactive cover. 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. If the customer then needs to make a claim, they will receive a cellphone text message containing the claim number and a link to the claim tracking tool so that they can easily monitor the progress of their claim. Customers clearly like the company's innovations. The number of online customers is growing all the time and rose by 12 percent in 2019 alone.

As the trend toward increased 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 offerings is growing. Demand is particularly strong for products that offer protection against losses incurred in the digital world. 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 immedi-

ately 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.

In 2019, ARAG extended the web@ktiv product range for private individuals and the self-employed in three product lines. The new web@ktiv offers comprehensive and reliable protection against internet-related risks and has proven very popular with customers, who particularly like the modular elements that provide protection against cyber risks. These enable a wide range of customer needs to be covered in a very personalized way.

The international branches and companies are also digitalizing their offering with the launch of new products and services and the redesign of processes. In Spain, for example, a travel assistant chatbot has been introduced that uses artificial intelligence to guide customers through the process of buying travel insurance. In Italy, customers can now submit and track their claims online. The app for sales agents has also had new functions added. Payment registration is now possible and a geolocation tool helps administrative clerks to find a local attorney. In the US, ARAG has launched new portals for members and those entitled to make claims. It has also begun the process of redesigning its attorney register website and online customer service center.

Use of smart data and data analytics

The success of the digital transformation at ARAG will hinge on understanding digitalization as a customer-focused program of development that is supported by new technological possibilities. The use of big data, for example, will mean that offerings are tailored even more precisely to customer requirements. In order to position ARAG in the future as a pioneer in the field of smart data, the company expanded its Data Analytics Department during the year under review. This will enable ARAG to support its data-based decision-making processes even more effectively in the future.

In Italy, ARAG is increasingly turning to robotics solutions to manage the volume of insurance contracts and supporting activities.

Further information on the Smart Insurer Program can be found on page 5 onward in this report.

| Innovative customer offerings | |
|--|---------------------|
| 103-1/2/3 | Management approach |
| ARAG is a provider of a range of high-quality insurance, offering private and small-business 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 is focused on providing needs-based products and excellent service. In the interests of long-term customer relationships, ARAG anticipates how customers' requirements will change and adapts its portfolio accordingly through innovative offerings. | |
| <p>Product innovation based on customer requirements</p> <p>Responsibility for product innovations lies primarily with the Sales, Products and Innovation function. This function has a clearly defined product development process that incorporates insights from sales, the claims service, and customer service into the development and optimization of insurance solutions. Regularly talking with employees who are in daily contact with customers also plays a key role. In addition, ARAG draws on findings from market research and customer surveys to keep abreast of trends and needs in its market.</p> <p>ARAG designs its products to be modular and flexible so that they can meet the needs of individual customers. Over 90 percent of products are offered in the three variants 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.</p> <p>ARAG also attaches great importance to incorporating feedback from customers and sales partners into the product development process. In Greece, customers and sales partners can send their feedback as well as their ideas to an email address set up specifically for this purpose. In Italy, customers' views and suggestions are collected by the sales partners and made an integral part of the product development process. ARAG Belgium uses design thinking techniques to ensure that innovations match up to the expectations of customers and selling agents. <i>Further information can be found on page 91 of this report.</i></p> | |
| <p>Innovative new products</p> <p>In 2019, ARAG continued to adapt its insurance product portfolio to customer needs. Interlloyd was the first company in the market to introduce personal liability insurance that comes with a five-year price guarantee. This protects customers for five years against potential increases in the premiums that are calculated each year by an independent trustee. The Infinitus option gives customers the security of knowing their insurance cover is always up to date, thanks to a best performance guarantee, continued cover guarantee, and policy terms update.</p> | |

In summer 2019, ARAG also introduced its new *web@ktiv* product, which offers reliable protection against online risks. *Further information can be found on page 10 of this report.* With competitive new rate scales for private individuals and the self-employed, ARAG is cementing its pioneering role as a provider of online legal insurance and is setting new standards across the market. Its products for private individuals include protection against online reputational damage, disputes relating to contracts entered into online, and damage to electronic goods. For the self-employed, the focus is on the enforcement of claims for injunctive relief, for example relating to damage to their 'e-reputation' caused by posts on review websites. The *Komfort* version of the policy also offers GDPR-related protection, while the *Premium* product adds legal protection for breaches of competition or copyright law.

The international branches and subsidiaries are also continually adapting their offerings to changing customer needs. In the Netherlands, the offering has been extended through collaboration with tech start-ups. For example, an online divorce platform and several online services have been set up. 'Appjection' enables ARAG customers to challenge traffic fines easily, while 'Appeal' offers a straightforward way of taking action against unfair charges imposed by property agents.

Performance measurement and awards

ARAG monitors the success of its product innovations using sales revenue and profitability metrics. Feedback from customers and employees provides key insights into satisfaction that are then used to optimize products. In 2019, ARAG was named the most innovative brand in the industry for the fourth year in succession at the Plus X Award. The latest success in this prestigious brand award underlines the company's strength in innovation and shows that it is working on the right topics with a view to the future. ARAG's 2018 accident cover including *Fit Plus* was named the 2019 best product of the year at the Plus X Award. ARAG sees this award as recognition of its innovative ability and also as an incentive to continue creating innovative products with special added value for customers.

Further information on the creation of digital customer services and products can be found on page 86 onward in this report.

| Customer focus | |
|---|---------------------|
| 103-1/2/3 | Management approach |
| <p>As an innovative and high-quality insurer, ARAG aims to provide solutions to customers' problems. This is why 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, or when a claim is being made. The objective is to provide customers with optimum, personalized support at all stages and to remove as many administrative hurdles as possible. This requires all the Group's employees to work as a team.</p> <p>Continuing professional development for all employees</p> <p>ARAG offers its employees in Germany and at its international locations regular training and coaching. It aims to ensure that all members of staff are trained to a high level and are able to deal empathetically with customers. Being able to show empathy is absolutely critical, particularly when dealing with claims and in phone-based conflict resolution. For particularly challenging situations, ARAG has even trained pastoral workers who are able to offer customers the best possible support.</p> <p>Use of digital tools</p> <p>As part of its Smart Insurer Program, ARAG has set itself the goal of using digital tools to drive customer benefit. Customers already have 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. ARAG plans to extend Flixcheck to email correspondence from 2020.</p> <p>ARAG also employs digital tools to enhance the customer experience in face-to-face meetings. Laptops and briefcases stuffed full of documents are a thing of the past at ARAG. The sales agents that work on an exclusive basis for the company do everything on an iPad, 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.</p> <p>In the Netherlands, ARAG has focused on enhancing the customer experience. The company defined a customer excellence policy as its strategic basis and launched the 'Promise' brand campaign, a digital claims application process, and a new website including live chat and chatbot.</p> | |

Certification and awards

Putting the customer first means offering them the products they actually need. ARAG maintains a high level of quality by obtaining certifications and by surveying its customers and sales partners. At ARAG in Scandinavia, for example, all customers are surveyed to find out how satisfied they are with the digital contracts and the general quality of the services.

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 2019, these included:

Germany:

- Named most innovative brand in 2019 (Plus X Award). *Further information can be found on page 6 of this report.*
- web@ktiv for private individuals and the self-employed recognized for innovation and scope of services (Plus X Award)
- Winner in the legal insurance category of the German Society for Consumer Studies (DtGV) product test
- ARAG Aktiv legal insurance for the self-employed rated as very good (Premium and Komfort) and good (Basis) in the TÜV awards
- Rated as very good and awarded first place in the rate scales category in the personal, business, and travel areas (Deutsches Institute for Service Quality, DISQ)
- ARAG Premium accident insurance including special service package and Fit Plus rated as outstanding by Franke & Bornberg

International:

- Netherlands: awarded 'Frontrunner digital accessibility' by the Dutch Union of Insurers and 'Best Practice Sales Achievement' for its collaboration with Aegon
- USA: Top Contact Center Award from Benchmark Portal for exceptional customer service
- Austria: ranked 32nd by Der Börsianer magazine in its 100 top financial institutes list; 7th out of 29 in the insurance category and 2nd of the seven best specialist insurers
- Spain: awarded another bronze star for best legal cover in the annual insurance barometer of Spanish insurance brokers association ADECOSE
- United Kingdom: winner of the best customer service product category at the UK Customer Service Excellence Awards, claims product solution of the year at the 2019 Insurance Times Claims Excellence Awards, and insurance provider of the year at the 2019 Personal Injury Awards

| Responsible investor | |
|--|---|
| 103-1/2/3 | Management approach |
| ARAG aims to live up to its reputation as a responsible company in its asset management activities, too, and therefore factors environmental, social, and 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. | |
| Standardized approach to ESG criteria | |
| In 2018, ARAG adopted a policy on using sustainability criteria in investment decisions with the aim of ensuring a standardized approach to the way in which ESG criteria are factored into the decision-making process. In the process of implementing the policy, ARAG introduced a negative screening filter that would reject investments based on certain standards and values. The company has also made sustainability an assessment criterion that is used in the selection of external investment managers. ARAG updated the policy in 2019, removing issuers from the exclusion list whose revenue from the sale of nuclear weapons technology makes up less than 5 percent of total revenues. | |
| Aims and developments | |
| ARAG SE aims to ensure that at least 97 percent of direct investments meet the ARAG minimum standards. Measured in terms of market value, direct investments make up around 34 percent of the company's holdings. There is currently no target for indirect investments. Group Asset Management is responsible for implementing and reviewing these targets. | |
| In its efforts to continuously develop its sustainable investment approach, in 2019 ARAG set up a number of workshops and working groups to look at current developments such as the EU Action Plan on Sustainable Finance and the recommendations of the German Federal Financial Supervisory Authority (BaFin) for dealing with sustainability risks. This work will continue in 2020. | |
| FS10 | Companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues |
| The company does not maintain an ongoing dialog with investees on ESG-related topics. | |
| FS11 | Environmental or social screening |
| The rejection criteria are applied directly to fungible investments under management by ARAG. ARAG SE systematically takes account of ESG factors in around 54 percent of its investments at present. | |
| Equity investments and affiliated companies account for the bulk of ARAG SE's investments. ESG factors are systematically taken into account in around 93 percent of fungible investments (direct investments and institutional funds). | |

Environmental topics

| Energy consumption and emissions | |
|---|--|
| 103-1/2/3 | Management approach |
| | <p>Energy is a key element of ARAG's operational continuity management. A consistent energy supply plays a crucial role in maintaining a pleasant office climate in buildings and in guaranteeing availability of the IT infrastructure and IT systems. ARAG also endeavors to reduce energy consumption and the associated emissions to the lowest possible level.</p> <p>Responsibility and involvement of employees</p> <p>It is the responsibility of the Group Central Services Department, which reports directly to the Management Board, to ensure that there are always enough workplaces and that these have all the necessary functionality. As an internal service provider, Facility Management controls the energy consumption and 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 and managers is required to deliver a strong performance in terms of energy and emissions. The company therefore hosts regular training events in cooperation with external specialist companies and experts to address topics such as lighting and lighting technology, ventilation and air conditioning, heating, elevator technology, soundproofing, and emission protection in office environments. Operating instructions and usage guidelines are provided to the workforce to inform them about more energy-efficient ways of using such systems and technologies.</p> <p>Ongoing optimization measures in Germany and abroad</p> <p>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 to obtain an Energy Performance Certificate in accordance with the requirements of the German Energy Saving Regulation (EnEV). The findings show that the ARAG Tower achieves very good levels of energy efficiency compared with similar buildings. ARAG endeavors to improve these figures continuously and conducts ongoing optimization measures to this effect. Despite record summer temperatures in Germany, energy consumption in 2019 was down by 5 percent compared with the previous year.</p> <p>Energy consumption figures and associated costs are collected and analyzed for an accounting period of one month. The power monitoring system was completed and brought on line at the end of 2019. The first readings will be available for analysis in 2020. ARAG's international companies also make ongoing efforts to reduce energy consumption at their locations. The circumstances under which they do so vary greatly from country to country. In some places there is also very limited scope for action because office premises are rented, which limits ARAG's influence on energy saving measures.</p> |

Transport

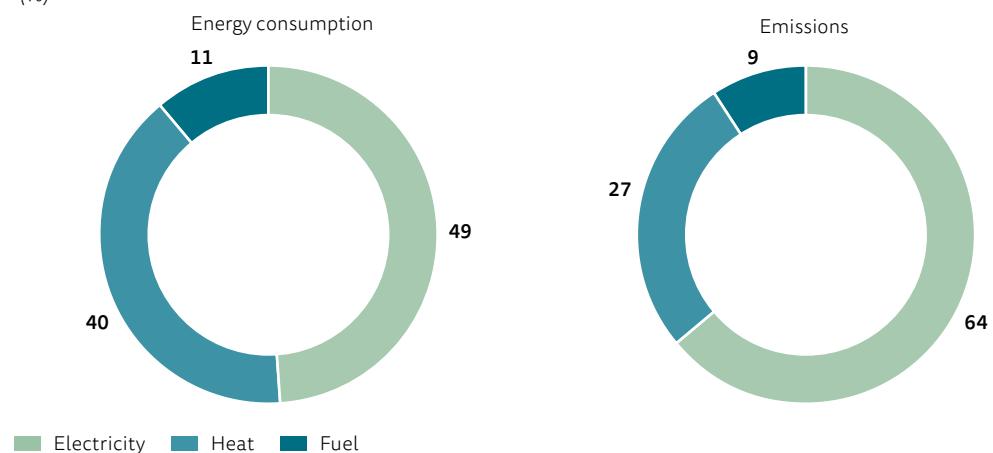
Facility management is not the only area in which ARAG is focusing on sustainability. It is also looking to use low-energy drives in its fleet of vehicles. The electric vehicle purchased in 2018 has proven its worth in terms of usefulness and fuel efficiency. Electromobility is hugely complex for fleet operators, however. Urban infrastructure for electric vehicles is running at full capacity and additional capacity is difficult to bring on board. ARAG's fleet management periodically evaluates the available options for using more vehicles powered by alternative drives. This includes the review and evaluation of large-scale building works that would see charging points for electric cars installed in private or semi-public areas.

E-mobility was also a theme at a number of ARAG's international branches in 2019. ARAG in Austria specifically looked for vehicles with low emissions when updating its fleet, and ARAG also intends to shift its focus toward electric vehicles in the Netherlands. Because this transition is encouraged by government tax incentives, ARAG began to take greater account of emission values in the procurement of new company cars.

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

Energy consumption and emissions by source

(%)



Energy consumption and greenhouse gas emissions, Germany¹

| | 2019 | 2018 | Change |
|---|---------------|---------------|-------------|
| Energy consumption (MWh) | 13,161 | 13,892 | - 5% |
| Electricity | 6,860 | 6,973 | - 2% |
| Heating | 6,256 | 6,871 | - 9% |
| Heating oil | — | — | — |
| Natural gas | 2,694 | 2,774 | - 3% |
| District heating | 3,562 | 4,097 | - 13% |
| Fuel | 44 | 48 | - 9% |
| Diesel | 41 | 47 | - 12% |
| Petroleum | 2 | 1 | 126% |
| Energy consumption (kWh per FTE) | 7,451 | 8,103 | - 8% |
| Greenhouse gas emissions (t CO₂e)³ | 4,359 | 4,545 | - 4% |
| Scope 1 | 564 | 581 | - 3% |
| Combustible | 552 | 568 | - 3% |
| Fuel | 12 | 13 | - 9% |
| Scope 2 | 3,795 | 3,963 | - 4% |
| Electricity ⁴ | 3,004 | 3,054 | - 2% |
| District heating | 791 | 910 | - 13% |
| Emissions (kg CO₂e per FTE) | 2,468 | 2,651 | - 7% |

Energy consumption and greenhouse gas emissions, global²

| | 2019 | 2018 | Change |
|---|---------------|---------------|-------------|
| Energy consumption (MWh) | 21,569 | 22,561 | - 4% |
| Electricity | 10,645 | 10,894 | - 2% |
| Heating | 8,676 | 9,425 | - 8% |
| Heating oil | 196 | 196 | 0% |
| Natural gas | 4,227 | 4,426 | - 4% |
| District heating | 4,254 | 4,803 | - 11% |
| Fuel | 2,248 | 2,243 | 0% |
| Diesel | 1,637 | 1,766 | - 7% |
| Petroleum | 611 | 476 | 28% |
| Energy consumption (kWh per FTE) | 5,796 | 6,344 | - 9% |
| Greenhouse gas emissions (t CO₂e)³ | 6,841 | 7,096 | - 4% |
| Scope 1 | 1,511 | 1,552 | - 3% |
| Combustible | 919 | 959 | - 4% |
| Fuel | 592 | 593 | 0% |
| Scope 2 | 5,330 | 5,544 | - 4% |
| Electricity ⁴ | 4,386 | 4,477 | - 2% |
| District heating | 944 | 1,066 | - 11% |
| Emissions (kg CO₂e per FTE) | 1,838 | 1,995 | - 8% |

¹ This data is based on the ARAG headquarters in Düsseldorf, the head office of ARAG Krankenversicherungs-AG in Munich, and the 100 or so local (sales) offices.

² This data is based on the ARAG headquarters in Düsseldorf, the local offices in other parts of Germany, and the branches and subsidiaries in Austria, Belgium, Greece, Italy, the Netherlands, Portugal, Slovenia, Spain, the UK, and the US.

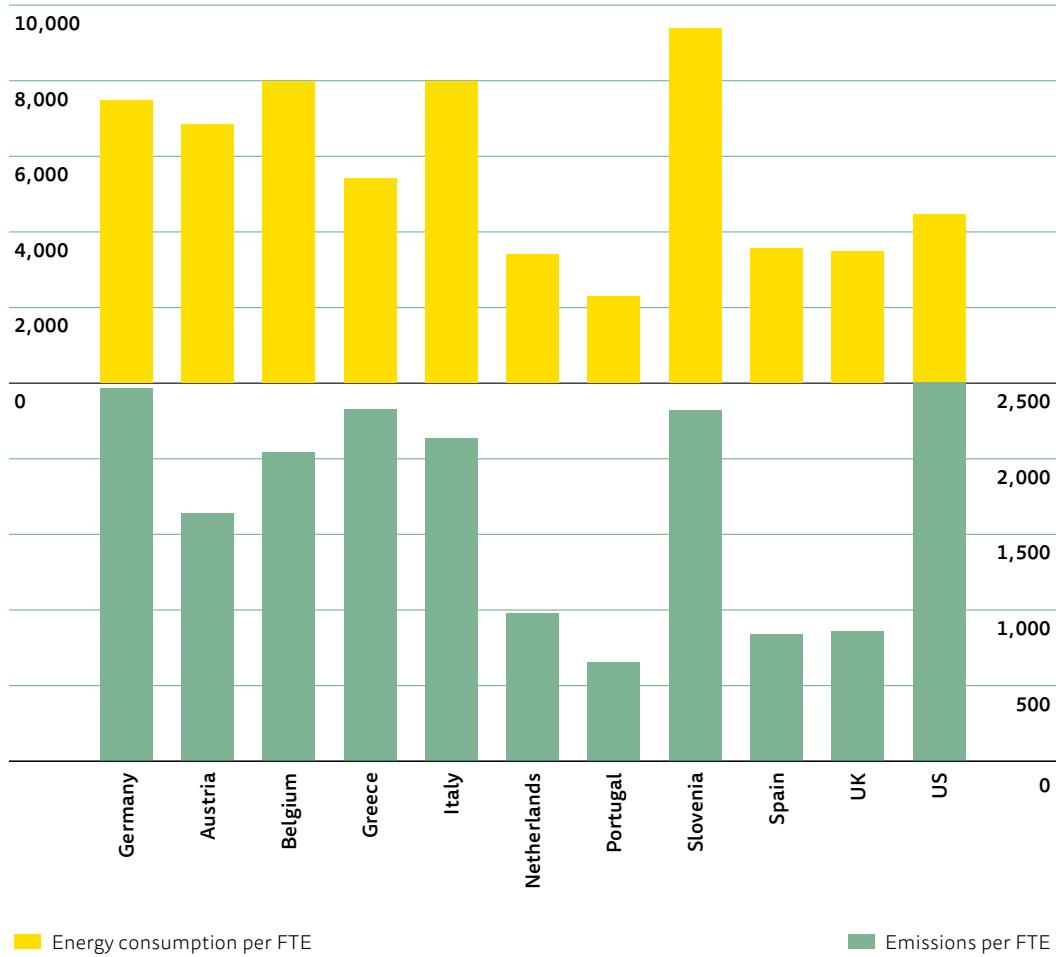
³ Calculated according to the guidelines of the WRI/WBCSD Greenhouse Gas Protocol. Scope 1: GHG emissions from the operation of heating systems and vehicles, for example. Scope 2: Greenhouse gas emissions from the production of electricity and district heating.

⁴ The greenhouse gas emissions attributed to electricity consumption are based on the location-based method of the Greenhouse Gas Protocol scope 2 standard.

Energy consumption and emissions per full-time equivalent (FTE)¹

(Energy consumption in kWh/FTE)

(Emissions in kg CO₂e/FTE)



■ Energy consumption per FTE

■ Emissions per FTE

¹ The relatively high CO₂ emissions per FTE in Germany are partly due to the fact that ARAG operates a data processing center in Germany. This accounts for around 18 percent of total emissions in that country.

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

In addition to efforts to avoid consumption, the building engineering team continued to pursue a reduction strategy in 2019, replacing system components or full systems such as a cooling unit in the Redlichstrasse building with lower-consumption or more efficient new technology.

However, 2019 was a year of extreme weather conditions that had a significant influence on the consumption of electricity and district heating.

The consumption of district heating energy was 13 percent below the prior-year figure, partly due to the mild winter in Germany. Electricity consumption remained at the same level as the prior year.

The international locations also took measures to reduce energy consumption and CO₂ emissions. Many of these were related to transport. In Austria, the Netherlands, and the US, for example, ARAG offered public transport passes to employees. In Belgium, the company revised its company car policy and introduced a travel budget as an alternative to the company car. And in Italy, ARAG strongly encouraged staff to use public transport for business travel, saving more than 11 tonnes of CO₂ (compared with flights to the same destinations).

Other buildings-related measures included the installation of a more efficient air conditioning system in Austria. In Italy, ARAG carried out an energy audit in 2019, which led to the introduction of measures such as switching some of its lighting systems to lower energy LED systems and replacing cooling systems. Energy efficiency was a particularly priority for ARAG when looking for new premises in the Netherlands. The company moved into new offices within a BREEAM-certified building (Label A) in The Hague. ARAG Scandinavia plans to draw up a roadmap for the company to achieve carbon neutral status.

Social topics

Working conditions

103-1/2/3 Management approach

ARAG is a demanding employer that expects high levels of commitment, dedication, and quality from its staff. In return, it provides employees with a varied, safe, and secure working environment that offers opportunities, fairness, and a forward-looking approach. This enables the ARAG Group to position itself as an attractive employer so that it can secure skilled employees and managers and ensure that they are retained over the long term. The ARAG Group relies on a competent, highly committed, and dedicated workforce that is focused on delivering ARAG's value proposition for the company's customers.

Flexible working environment

ARAG attaches great importance to offering employees a career environment that is compatible with family life. Greater flexibility in working hours and work locations plays a key role in this respect. In 2019, the policy on working from home was extended to cover more parts of ARAG SE, ARAG IT GmbH, and ARAG Allgemeine Versicherungs-AG. All employees were given the latest mobile devices, which they were able to select themselves, to suit their specific patterns of remote working. Systems are in place to promote part-time working in managerial roles, and employees are given childcare support. For example, alongside its parent-child offices, ARAG provides help with vacation care for children of school age. These measures enhance ARAG's image as an attractive employer and improve employees' motivation at all stages of their life. This in turn has a positive impact on their commitment and performance.

Ongoing review of working conditions

ARAG aims to stand out in the battle to attract the best employees by offering exceptional working conditions. In order to ensure that it maintains this high standard, the company carries out ongoing market monitoring and benchmark analysis. It also records, on a groupwide basis, staff turnover and other key risk indicators that are relevant to the management of the company.

ARAG also commissions an external partner to review all the measures it has implemented to ensure a good work-life balance. In 2017, ARAG was recertified by berufund-familie Service GmbH, an initiative of the Hertie Foundation that recognizes companies with a family-friendly corporate culture. The new certification is valid for three years.

Internationally attractive employer

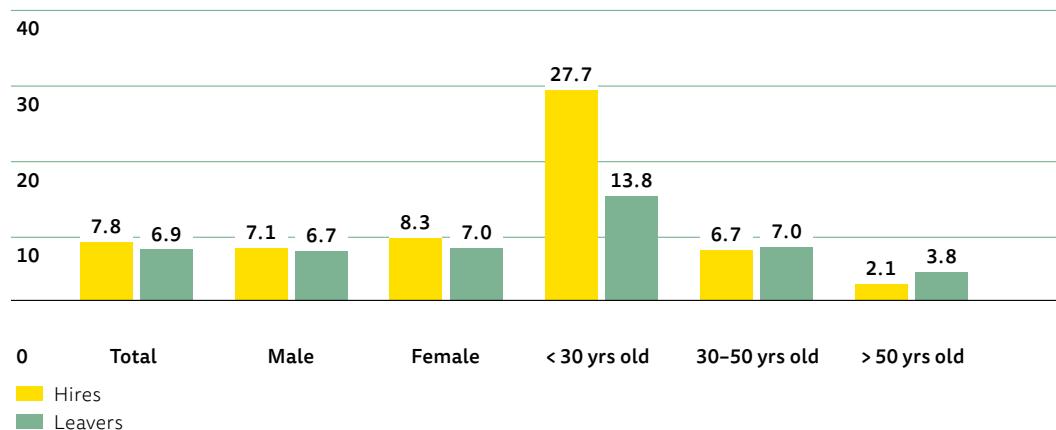
The international companies also position themselves as innovative and attractive employers in their respective markets. For example, the new offices of ARAG Netherlands in The Hague boast a fitness center, restaurants, and cafés. The company also supports health-promoting measures through its vitality program in order to contribute to the well-being of its workforce. ARAG in Austria, meanwhile, is putting the spotlight on its family-friendly working conditions. It offers various part-time working solutions, for example, as well as attractive benefits for parents.

ARAG Italy has a family-friendly working environment and offers the option to work remotely. The proportion of staff who make use of this option rose to 67 percent in 2019, almost double the figure in the prior year.

401-1 Employee turnover

Staff turnover broken down by gender and age

(%)



The percentage figures shown above indicate the rate at which people join and leave the company. Only permanent employees are included in the calculation. In 2019, 181 women and 117 men joined the company, 152 women and 111 men left. Of the new hires, 126 were under the age of 30, 147 were between 30 and 50 years old, and 25 were over the age of 50. Of the staff leaving the company, 63 were under the age of 30, 154 were between 30 and 50 years old, and 46 were over the age of 50.

The data is based on all Group companies in Germany (excluding Justix GmbH) as well as on the branches/subsidiaries in Australia, Austria, Belgium, Canada, Denmark, Greece, Italy, the Netherlands, Norway, Portugal, the Republic of Ireland, Slovenia, Spain, Sweden, the UK, and the US.

401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees

Better-than-average employee benefits

As a reliable employer, ARAG provides better staff benefits than the minimum required by law. Permanent employees, for example, benefit from an immediately vesting, nonforfeitable, employer-funded company pension plan, including disability cover. In addition, all full-time employees have the option to defer compensation and can enjoy subsidized meals, parking, and travel passes, manager checkups, health days, and preventive health-care offers. Other benefits include an employee assistance program, a range of company sports activities that is continuously being expanded, and services such as dry cleaning and shoe care within the office building.

Comprehensive benefits across the Group

The benefits and other allowances offered by ARAG's international companies vary according to local circumstances, but are very comprehensive across the Group. ARAG Austria, for example, offers employees free season tickets for public transport and subsidizes the cost of using external fitness facilities. Employees in the Netherlands benefit from a comprehensive vitality program that encompasses a wide range of sporting activities, workplace massages, and free flu vaccinations. In Italy, the company offers its staff an annual health checkup. ARAG Spain supports employees by contributing to the cost of children's school supplies and nursery care. They also benefit from subsidized physiotherapy services and access to a doctor at ARAG's premises for two hours a day.

401-3 Parental leave

| | Men | Women |
|---|------------|--------------|
| Number of employees who took parental leave | 26 | 38 |
| Number of employees who returned to work in 2019 after their parental leave | 24 | 25 |

These figures relate exclusively to Group companies in Germany (excluding Justix GmbH), as rules on parental leave vary at the international locations, which makes it impossible to collect comparable data.

Occupational health and safety

103-1/2/3 Management approach

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 implements workplace safety standards that go beyond the statutory requirements. This approach helps to reduce absences and the risk of stress having a negative 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. The day-to-day implementation is handled by the Health and Safety and Fire Safety Department together with local health and safety and fire safety officers and the Personnel Development Department.

Comprehensive safety organization and employee training

ARAG implements safety measures and maintains safety-related equipment at a level that goes above and beyond the legal standards. This applies to the number of safety officers, first aiders, and fire officers who took part in basic or advanced training in 2019. ARAG also carries out annual evacuation drills and has an experienced safety and crisis team that is well prepared to deal with emergency situations.

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).

All staff receive annual training on occupational health and safety and fire safety in the form of an e-learning course delivered via the intranet, and employees with special safety responsibilities receive training at least twice a year.

Corporate health management – ARAGcare

ARAGcare is a corporate health management program designed to make employees more health-conscious. In addition to regular checkups and campaigns focused on preventing staff getting ill in the first place, employees also have access to a company physician, who offers consultations, eye examinations, free flu vaccinations, and medical advice for travel. All services can be booked via a digital platform. 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, if required. There is also a special checkup for managers.

Encouraging employees to exercise regularly is an important aspect of corporate health management, so ARAG offers all staff a range of company sports. In 2019, the company also established a partnership with a sports network to allow employees to access a variety of sports regardless of where they are based.

ARAG held 15 workshops with employees, Works Council members, and managers as part of its efforts to assess and reduce the risk of mental health problems among staff. On the basis of these workshops, measures were drawn up and are gradually being implemented. These include measures to strengthen the culture of feedback and appreciation, new support packages for staff, and the trialing of new noise-reducing hardware. ARAG also launched a new seminar for managers on the subject of healthy leadership, which focused in particular on the impact of digitalization on health.

Primary responsibility for ARAGcare rests with the Personnel Development Department within Group Human Resources. 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. Since 2019, this service has also been 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 sites can also create their own services. For example, the HR Department of ARAG in the Netherlands has developed its own vitality program to stress the importance of healthy living in the workplace. The program encourages staff to adopt healthy behaviors, such as cycling to work, choosing healthy options in the restaurant, and taking part in the ARAG sports programs.

Ergonomics in the workplace

As a service provider, ARAG does not operate any workplaces that pose significant risks to employees' physical health. However, ergonomic adjustments to workstations can 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. Remote workplaces also need to meet legal requirements so, as the company becomes more flexible about where people work, there is an increasing need for such workplaces to be surveyed and assessed. Because of the greater cost involved in this, the health and safety officer is increasingly conducting the surveys remotely through videos and photographs, or via live video chats. Since 2018, 136 remote workplaces have been assessed in this way. ARAG expects this number to rise further in the future as the economy becomes more digitalized. There are already 300 of these remote workplaces in Germany, with 50 new requests approved in 2019 alone.

Complaints

ARAG employees who wish to make a complaint regarding occupational health and safety can contact the employees of the Health and Safety Department or the employees of the Personnel Development Department directly. Feedback can also be given via the intranet, a central email address, and feedback questionnaires that are made available online after evacuation drills. Concerns can also be raised in the ARAGcare committee and the sessions of the health and safety committee. In addition, employees can contact the Works Council or any member of the managerial staff.

403-2 Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities

| | Men | Women | Total |
|---------------------------|------------|--------------|--------------|
| Total contracted hours | 3,087,324 | 3,862,077 | 6,949,401 |
| Total no. of hours absent | 106,728 | 214,308 | 321,036 |
| Absentee rate | 3.5% | 5.5% | 4.6% |

In 2019, no work-related injuries or fatalities were recorded in Germany or at any of the international offices. The figures include temporary employees as well as interns and trainees. The absentee rate is calculated by dividing the number of hours that employees were absent by the total number of contracted hours.

The data is based on the Group companies in Germany (excluding Justix GmbH) and on the branches/subsidiaries in Australia, Austria, Belgium, Canada, Denmark, Greece, Italy, the Netherlands, Norway, Portugal, the Republic of Ireland, Slovenia, Spain, Sweden, the UK, and the US.

| Training and education | |
|---|---------------------|
| 103-1/2/3 | Management approach |
| <p>ARAG aims to become one of the best insurance providers in the market. To achieve this goal, the company relies on a competent, highly committed, and dedicated workforce. 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) based on actual needs, ARAG ensures the employability of its workforce, keeps their knowledge up to date, and boosts their motivation. It also improves the company's ability to retain high-potential employees, which is especially important in light of the generational shift. All measures ultimately serve to fulfill the brand promise of providing innovative and high-quality insurance.</p> | |
| <p>Guidelines, responsibilities, and regulatory requirements</p> <p>The provision of training and development is governed by ARAG's training guidelines. ARAG is a big believer in equal opportunities, so the various CPD measures are open to all employees. And it is not just the employees who work at the offices in Germany and abroad who benefit from the programs on offer. The company also supports its field reps by subsidizing courses and granting time off work for training. Strategic management of CPD falls within the remit of the Senior Vice President Human Resources, the Head of Personnel Development, and the Personnel Development Department. Operational implementation is also the responsibility of the latter two 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).</p> <p>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 helps to ensure that the regulatory requirements are complied with at all times.</p> | |
| <p>Design of training and professional development programs</p> <p>ARAG's support 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 employees' day-to-day work as this maximizes the effectiveness of the learning process. ARAG compares offers from different providers and carefully selects its training providers and trainers to ensure that its offering is of the highest quality. Feedback questionnaires and annual staff appraisal interviews are used to gauge satisfaction with the training measures. All CPD measures planned and carried out by ARAG are carefully documented, including information on time and money spent. This provides the company with valuable insights for the ongoing optimization of the measures.</p> | |

The Personnel Development Department is aiming to introduce a new learning management system in 2020 that will replace the current ARAG IQ system. The trends toward digitalization and individualization have raised expectations and the new system will be much better able to meet these than the current platform.

Development of a digital mindset and skill set

Increasing digitalization makes it all the more important that all employees develop a digital mindset and skill set that is appropriate to their function. As part of the ARAG Smart Insurer Program, the Personnel Development Department is therefore implementing new learning and development formats that meet the growing need for qualifications and promote the development of new skill sets. Since 2017, training courses have been offered on topics such as design thinking, visualization, agile project management, scrum, and Office 365. The programs are aimed at all employees and managerial staff who want to address changing customer needs and the resultant impact on products, services, and processes. As ARAG sees managers as a key driver of the digital transformation, the existing manager development program has also been adapted to meet current requirements. In 2019, the growing relevance of digitalization prompted ARAG to introduce the Masterplan video-learning platform in order to help employees acquire the necessary knowledge about digitalization. The attractive video platform contains short video sequences in which ARAG staff can learn from digital experts. The learning content on offer covers topics such as new working methods, digital collaboration, and digital business models. The first basic course proved very popular, so additional launch dates are planned for 2020.

In Italy, ARAG also implemented a digital learning platform for sales agents and staff. In the Netherlands and Scandinavia, employees were given training on the new service offerings such as the salesforce platform for digitalized claims handling and the MyPage platform.

Talent management with ARAG myCareer

In addition to the needs-based training programs, the inhouse talent management program ARAG myCareer is a further key component in ARAG's strategy for retaining suitably qualified employees in the Group. MyCareer offers a set of modern tools to support recruitment and professional development. Managers, for example, have the opportunity to register candidates for training in specialist and management functions. ARAG also supports specialists and managers by giving them the chance to complete a part-time degree course or an MBA. ARAG myCareer helps employees to plan their individual development and careers, and at the same time ensures that both specialist and interdisciplinary expertise is retained in the company. MyCareer was completely redesigned in 2019. It is now possible to register at any time and it is easier to schedule the training to suit the needs of the employees. The employee's line manager and a representative from the Personnel Development Department now

also attend the initial meetings with the suggested specialists, which makes it more likely that the employee will remain committed to the program. Some individual process steps are carried out at an external partner and this also adds to the professional feel of the program.

Further information can be found on page 9 onward in this report.

| | |
|--------------|--|
| 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 IQ that enables all employees in Germany to extend their knowledge and capabilities. The platform offers a wide range of training 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 courses are run by around 30 in-house trainers in addition to various external providers.

When selecting and designing 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. The Future Initiative program, for example, offers training, workshops, and networking events focused on creativity and design thinking, agile project management, and leadership in transformation. The training also covers regulatory matters as well as risk management, internal audit and compliance, data protection, and occupational health and safety.

In total, 4,427 CPD measures were taken across the company in Germany in 2019 (excluding e-learning courses on data protection and occupational health and safety). This means that ARAG Sales Administration employees each participated in 2.3 CPD activities on average.

Focus on Office 365

During the reporting year, the migration to Microsoft Office 365 following a short trial run led to a specific staff training requirement. ARAG created a training program for employees to ensure that they can use the new tools confidently and efficiently in their day-to-day work. The program comprises both a foundation and an advanced component and is available to all staff in Düsseldorf and Munich. A total of 544 employees participated in 41 courses during 2019 alone, which underlines how ARAG is covering a wide range of employee needs through its new offering.

Vocational training

Apprenticeships at ARAG take the form of vocational qualifications in insurance and finance that meet the needs of the company. As well as maintaining a sufficient supply of skilled new recruits, they ensure a good demographic mix across the Group. In 2019, a total of 68 trainees at various levels were supported in Düsseldorf and Munich and in Core Sales.

The training and CPD offering at ARAG's international locations is largely comparable with the offering in Germany. In Scandinavia, ARAG offers employees courses on various legal topics. Staff in the Netherlands can also take a two-day retirement preparation course. In the USA, ARAG offers focuses not only on professional training but also on comprehensive personal development. The company's management firmly believes that the range of coaching, training, and conferences on offer improve employees' confidence and commitment, which ultimately makes them more resilient.

404-3 Employees receiving regular performance and career development reviews

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 HR shows that 91,2 percent of interviews were carried out in 2019.

Diversity and equal opportunity

103-1/2/3 Management approach

Fairness and openness in its dealings with a diverse workforce and a diverse society are key corporate values for ARAG. After all, good working relationships across all countries and cultures are an important success factor for an internationally active insurer. Experience has shown that diverse teams generate creative ideas and make the company more successful over the long term.

ARAG's family-friendly and inclusive approach has a positive impact on the way in which the company is perceived by customers and employees. This improves its appeal as an employer, creates opportunities for cooperation, and makes a wide range of customer groups more accessible to the company. It also avoids any reputational risk that may arise from infringements of the German General Equal Treatment Act (AGG), for example.

Greater diversity through flexible working arrangements

Diversity and equal opportunities are enshrined in the corporate strategy and the corporate values. All employees are offered the same opportunities for professional development – irrespective of age, nationality, marital status, or other personal circumstances. The operational strategies of the Human Resources and Corporate Communications departments specify measures to promote diversity and equal opportunities. ARAG also offers flexible arrangements for all stages of employees' lives. This includes allowing them to work from home or elsewhere and allowing managers to work part time. In Germany, a total of nine management positions were occupied by part-time employees in 2019. The provision of additional software on mobile devices last year also made it even easier for staff to work remotely. The representatives for employees with a severe disability and the

anti-bullying officer at ARAG have specific areas of responsibility that help to promote equality within the Group. Employees can approach either of these two representatives or the Works Council with any concerns.

Promoting equal opportunities

Although a gender balance has not yet been achieved in the workforce, the percentage of women at the highest two management levels has increased in recent years. At the end of the first half of 2019, the proportion of women at the first management level (F1) was 20 percent, while at the second management level (F2) it was 34 percent. This meant that ARAG significantly exceeded its targets of 11 percent (F1) and 30 percent (F2). In September 2019, the Management Board thus set itself the target of keeping the proportion of women at the first management level unchanged at 20 percent by the end of the first half of 2021, and of increasing the proportion of women at the second management level to 36 percent over the same period. To achieve these targets, ARAG is actively promoting the advancement of women by giving employees greater flexibility in when and where they work and by improving its childcare offerings. Raising acceptance at management level for work concepts that add value for employees but are more complicated and time-consuming to administer remains a key challenge, however. Such concepts include working from home and allowing part-time staff to take on management roles.

Progress review

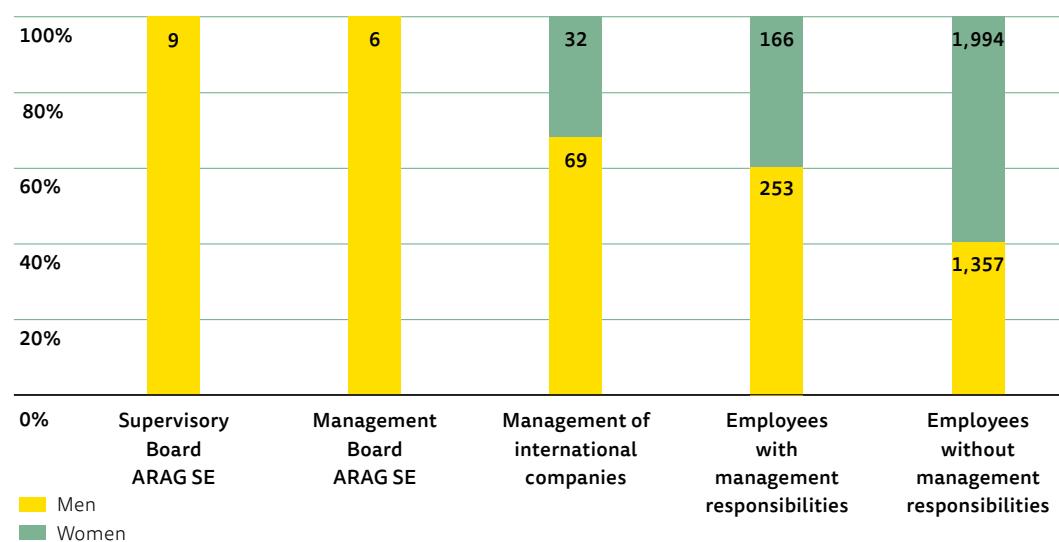
ARAG regularly reviews the effectiveness of the measures that are taken. It calls on specialist independent auditors for this, such as berufundfamilie Service GmbH (*further information on working conditions can be found on page 74 of this report*). The company also compiles annual statistics to determine whether women and men have equal opportunities. An evaluation of the CPD measures forms part of this. They are analyzed for socio-demographic data, including age, gender, years of service, and hierarchy level.

Diversity adds value

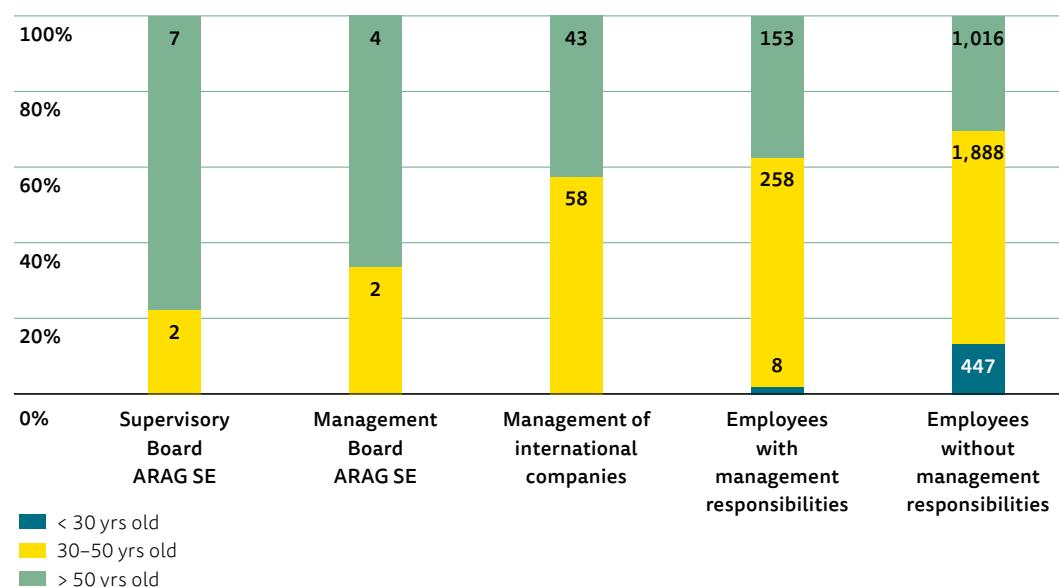
ARAG is not only a strong advocate of equal opportunities for men and women. True to its core principle of 'unity in diversity', the cultural diversity of its workforce also makes ARAG a stronger business. The company is proud to unite people from a wide range of countries in one organization and considers the expression of individual personalities and views as a source of added value. In Spain, ARAG is continuing its 'Plan de Igualdad de Oportunidades', an equal opportunities plan that was launched in collaboration with the Works Council in 2009 and was updated in 2018. ARAG Netherlands is keen to be an equal opportunities employer and be seen as such. A total of 64 percent of ARAG employees in the Netherlands are female and women are also well represented in management positions. In the USA, ARAG uses positive discrimination to promote equal opportunities and diversity within the company.

Governance bodies and workforce in 2019, broken down by gender

(% and absolute numbers)

**Governance bodies and workforce in 2019, broken down by age**

(% and absolute numbers)



The data is based on all Group companies in Germany (excluding Justix GmbH) as well as on the branches/subsidiaries in Australia, Austria, Belgium, Canada, Denmark, Greece, Italy, the Netherlands, Norway, Portugal, the Republic of Ireland, Slovenia, Spain, Sweden, the UK, and the US.

Social engagement

103-1/2/3 Management approach

Engaging in credible corporate social responsibility

The combination of corporate and social responsibility is reflected in the company's long-term business strategy and makes a significant contribution to the success of the company. As an independent family enterprise, ARAG operates without any pressure from external investors and with a view to the longer term, thus enabling it to engage in credible corporate social responsibility. This strengthens the company's reputation and is all the more important as customers, business partners, and sales partners, as well as employees, are paying increasingly close attention to the additional economic and social benefits that ARAG can offer.

Various forms of engagement at national and international locations

Corporate social responsibility is emphasized in the corporate mission and enshrined in the corporate guidelines, the ARAG Essentials. At its German and international offices, ARAG supports local projects and initiatives focused on the fields of sports, culture, and education. A dedicated team within the Corporate Communications/Marketing Central Department is responsible for these activities. The Group's social commitment is regularly assessed through participant surveys and response analyses.

203-1 Infrastructure investments and services supported

As part of its commitment to corporate citizenship, ARAG supports not only large-scale initiatives with budgets in the single-digit millions but also smaller projects. All activities aim to have a positive impact on quality of life and the economic climate in the local area. ARAG takes a long-term approach to the projects and believes in continuity in its funding and support programs that contribute both to ARAG's good reputation and the acceptance of its business model.

Supporting children and young people in schools

One of ARAG's most important commitments in Germany is to the German Children and Youth Foundation (DKJS). ARAG also supports the scholarship program Chancen nutzen ('seizing opportunities') for students at the University of Düsseldorf and the 'Deutschlandstipendium' scholarship program for students at the University of Applied Sciences (HSD) in Düsseldorf, in addition to funding other universities and research institutions.

Together with the Ministry for Education and Schools of North Rhine-Westphalia, ARAG offers the 'Conflict Management in Schools' program to all high schools and vocational colleges in the state of North Rhine-Westphalia (*further information can be found on page 40 onward in this report*). A total of 366 teachers, specialists in educational social work, and principals from 120 high schools and vocational colleges in different school districts across the state have taken part in the six training cycles completed so far. The seventh cycle of the project is currently running at 17 schools. The participants are trained as 'school mediators'. They contribute the knowledge they have acquired to improve the social climate in schools, change how students deal with conflict, and train some of the students themselves to be conflict controllers. The project is run under the name ARAG Mediators and has been certified as a 'Commitment to Action' by the Clinton Global Initiative (CGI). Since 2016, ARAG has also been a sponsor of MediationsZentrale München e.V, a not-for-profit organization that provides 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.

Raising awareness of online danger

ARAG is also committed to proactively protecting children and young people against the dangers of the internet. The company believes that the most important need for action lies in the long-term development of media skills, the provision of information and education, and the prevention and recognition of online bullying and its consequences. Targeted measures were taken to further increase public awareness of the issues. In February 2019, ARAG launched the [hass-streichen.de](#) ('crossing out hate') website as part of its proactive approach to tackling cyberbullying. The website provides comprehensive information on the subject, and more information was added throughout 2019.

Advancement of digital education

ARAG has also partnered with DKJS in the field of digital education. The joint initiative [bildung.digital](#) ('digital education') was launched in late 2017. Forty schools in four cross-state networks took part in the program via the portal 'bildung.digital-Netzwerk Ganztägig bilden', working on the development and implementation of digital education concepts. At a celebratory closing event in September 2019, the network schools came together with representatives of ARAG, the participating federal states, and the DKJS to mark the end of the first phase of the [bildung.digital](#) program. The program will continue from autumn 2020. *Further information can be found on page 45 onward of this report.*

Increasing equal opportunity and integration through sport

ARAG is a signatory to the [Charta der Vielfalt](#) diversity initiative, which supports numerous charities and sports organizations. Equal opportunities is also the theme of the Kickwinkel project in Düsseldorf, which ARAG initiated and supports on an ongoing basis together with local partners. It is a football-based integration project for male refugees from Iraq,

Afghanistan, Somalia, Eritrea, Gambia, Guinea, and Iran who are minors but have no family in Germany. Twenty young people are given the opportunity to train at a Düsseldorf club twice a week, and tournaments are arranged on a regular basis in which teams from participating project partners compete against one another.

International engagement for people in need

ARAG is also committed to practicing corporate citizenship beyond its core business at its international locations. In North America, the company supports an employee-run corporate social responsibility committee that provides local charities with financial assistance and with volunteers drawn from the ARAG workforce. ARAG is also an active supporter of the Access to Justice movement, which aims to make legal aid available to all. In Canada, ARAG is involved with the Northern Birthday Box Project, which provides birthday presents to children living in poverty. And in the Netherlands, ARAG helped a charity to wrap Christmas presents and distribute them to the needy. In Greece, ARAG provides a free telephone service for people who have lost their job and need legal advice – even if they are not insured by ARAG. Various charities and bullying victims also benefit from free legal advice.

For further information, please see the 2019 annual report of ARAG Holding SE (consolidated financial statements).

Public policy

103-1/2/3 Management approach

Dialog with public authorities and government

Developments in the political and regulatory context have a considerable influence on ARAG's business activities. They have a direct effect on the Group's risk structure and capital resources, and also influence the way products are designed, marketed, and sold. ARAG is therefore in constant contact with public authorities and government in order to represent the company's interests. Political dialog is the responsibility of the CEO and the Chief Representative. The purpose of the dialog is to identify topics of relevance to both sides so that different points of view can be identified and discussed at an early stage. ARAG therefore attaches great importance to open and proactive communication.

Helping to improve business and regulatory conditions

The international companies are normally members of the respective countries' trade associations, in which representatives of senior management in particular are often very active. For example, the CEO of ARAG Belgium was involved in the formulation of the new law governing legal insurance in her role as president of the Assuralia legal insurance committee. In the Netherlands, too, ARAG contributes suggestions on legal matters to government departments via the national trade association. ARAG North America strives to use

its influence to improve business and regulatory conditions for the legal insurance sector at national and state level. The company maintains relationships with public authorities, most notably at its headquarters in Iowa, and with lobbyists who obtain positions on proposed bills and changes to state legislation. In the UK, ARAG played a key role in the development of the campaign for better access to justice.

415-1 Political contributions

The ARAG Group is as politically active as it can be and 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 €80 thousand in the reporting year. ARAG's international subsidiaries did not make any donations to political parties in 2019. In the US and Spain, such company contributions are prohibited.

Sustainable products and services

103-1/2/3 Management approach

As an independent family enterprise in the financial sector, ARAG is aware of the importance of reliability, resilience, and corporate responsibility. ARAG therefore patiently and persistently pursues a corporate strategy that is geared toward sustainable and profitable growth. The interests of the customer are at the heart of everything the company does.

Customized products and services

This is reflected in the products and services that it offers, which meet the needs of customers as well as the statutory requirements. In addition to its wide range of legal insurance products that offer inherent social benefits, ARAG offers tailored products for sports clubs and associations, sponsorship associations for charitable causes, and carnival societies. The types of cover for such organizations include legal, liability, accident, illness, financial loss, environmental damage, and luggage insurance.

As Europe's largest sports insurance provider, ARAG knows that every club is unique. It therefore offers flexible cover that can be tailored exactly to the needs of individual customers. This principle applies both to products for sports clubs and to many other specialist insurance products, such as insurance cover for events, and cover for owners of horses, sporting arms, or boats.

ARAG's accident insurance reduces healthcare costs

ARAG's accident insurance with Fit Plus add-on has been available since 2018. The product covers a range of services that have a particular social benefit, including the telephone healthcare service offered in partnership with TeleClinic (*further information on TeleClinic is available on page 15 in this report*). This not only streamlines the provision of care to acci-

dent sufferers but also prevents unnecessary treatments and visits to the doctor, saving on healthcare costs in the process. In addition, ARAG's accident insurance provides immediate assistance in the event of a cancer diagnosis and pays a daily rate for hospital stays and incapacity. At its international locations, ARAG focuses on offerings in the legal insurance sector. The product won several awards in 2019, including being named 2019 best product of the year by Plus X Award.

Clearly defined process for product development and measuring success

ARAG's Product Management Department is responsible for developing sustainable new products and services. It follows a clearly defined process for the development of ideas, which covers the generation, collection, evaluation, and prioritization of product ideas as well as the initial and final costing. The Controlling Department supports Product Management at every stage. The requirements of a potential certification (for example by TÜV) are taken into consideration from the very beginning. If a product is launched, ARAG monitors its performance and profitability using product ratings, customer and staff surveys, the ARAG Denkraum online community, and cost variance analysis.

| | |
|-----------|--|
| FS7 | Monetary value of products and services designed to deliver a specific social benefit |
| | In 2019, the sports insurance segment (Germany and international markets) generated sales revenue of around €43.260 million. This is equivalent to roughly 28 percent of the total sales revenue from direct business of ARAG Allgemeine Versicherungs-AG. |
| <hr/> | |
| | Transparent management and services |
| 103-1/2/3 | Management approach |
| | The transparency of ARAG's management and its clear and easy-to-understand 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 Leadership Standards, 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 are responsible for ensuring that management and services are transparent. The Sales and Product Management Central 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 all laws and regulations in Germany and abroad, and stringent approval processes in product development.

ARAG obviously also complies with all relevant regulations regarding transparency and consumer protection at its international locations and aims to continually improve product information.

Understandable products and services

Making information about products and services understandable is one of the main challenges faced by the insurance industry with regard to transparency. ARAG aims to ensure that all product information and contractual conditions are as easy for people to understand as possible, for instance through the use of illustrative examples to explain unavoidable legal jargon. 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).

New guidelines were drawn up in Italy, where ARAG also relaunched three of its most important products. The amended policies have been written in plain language to make them easy for customers to understand. Other product descriptions will be rewritten in 2020. ARAG Canada also simplified the description of its products in 2019. The company also uses informative videos to further increase the transparency and comprehensibility of its products.

417-1

Requirements for product and service information and labeling

ARAG considers it a given that its products and services comply with all applicable national and international legislation and regulations and that product marketing meets the highest ethical standards. 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).

| Cyber risks and data protection | |
|---|----------------------------|
| 103-1/2/3 | Management approach |
| <p>ARAG's impeccable reputation on matters of data protection is a crucial success factor for its business, because insurance companies rely on existing and potential customers trusting them with their personal data. Data protection is also increasingly shifting into the spotlight because of digitalization. It is therefore of the utmost importance to ARAG that it protects the data of existing and potential customers, business partners, and employees in order to meet all legal requirements and avoid reputational damage.</p> | |
| <p>Implementation of the General Data Protection Regulation (GDPR)</p> <p>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". Most of the minor nonconformities were remedied in the reporting year; the remainder are set to be addressed by the middle of 2020.</p> | |
| <p>Code of Conduct of the German insurance industry and international data protection</p> <p>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. This code of conduct was established in conjunction with the German data protection authorities. The measures that it stipulates go beyond the minimum required by law.</p> <p>ARAG also has a comprehensive system in place for managing data protection in the UK, and retained its ISO -27001 certification in 2019. At its locations outside the EU, ARAG is continually adapting its business practices to meet the applicable regulations governing data protection. For example, the California Consumer Privacy Act (CCPA), the most comprehensive data protection regulation in the US, came into force on January 1, 2020 and will be enforced from July 1, 2020. The purpose of the new Act is to give consumers more control over their personal data. ARAG USA is actively working to make sure it complies with all CCPA requirements in time.</p> | |
| <p>Comprehensive data protection management</p> <p>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. All of this documentation is updated at regular intervals and can be accessed by all employees via the intranet.</p> | |

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 led by the data protection officer. In the 'three lines of defense' model, the company's Chief Information Security Officer (second line of defense) 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 security inspections at the German and international locations also help to identify shortcomings in the security architecture so that appropriate measures for improvement can be initiated.

Employee training on cyber risks and data protection

Employee training is enormously important in raising employees' awareness and skills in the area of data protection and thereby continually enhancing the level of protection. The Chief Information Security Officer fulfills this responsibility by providing training sessions and individual advice. 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. The challenge for the future will be to raise awareness among the departments and their employees so that the criteria for data protection breaches are more firmly anchored within the organization. These criteria stipulate that any loss of confidentiality, integrity, or availability constitutes a breach.

Training employees and making them more aware of the issues will also become 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. In what is known as CEO fraud, scammers trick unwitting staff into believing that instructions to transfer large sums of money are coming from the head of the company. ARAG has reported a rise in this type of fraud in the Netherlands. The company has informed staff in detail about the threat and has introduced practical guidelines to help minimize the risk.

The boom in cryptocurrencies has given rise to the trend in cryptojacking, in which the IT resources of the attacked organization's servers and client systems are misappropriated to 'mine' internet currencies. 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. ARAG provides regular training and information sessions for its staff, for example in the form of IT security days. It also uses a range of systems to protect its infrastructure, including firewalls, antivirus programs on servers and client systems, security features for software packages, and extended protection programs. Other standard safeguards include regular updates to the operating systems and to related software and databases. Business-critical processes are also reviewed and revised on an annual basis 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.

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 data protection officer or the responsible data protection supervisory body directly is also an option. Under the statutory requirements, ARAG must notify the relevant data protection supervisory body of any reportable breach within 72 hours of it coming to light and, where applicable, also notify the people who have been affected. As the principle of transparency is very important to ARAG, the company generally also informs the people affected by the data breach even where it is not required by law to do so.

418-1

Complaints concerning breaches of customer privacy and losses of customer data

Thirteen complaints by third parties regarding data protection were registered in 2019 in Germany. Six 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. In 2019, the data protection supervisory authorities carried out six investigations – five by the regional commissioner for data protection and information security in North Rhine-Westphalia (LDI NRW) and one by the Bavarian state office for data protection supervision (BayLDA). No further action was taken by the authorities as a result of these investigations.

Compliance

103-1/2/3

Management approach

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 significantly influences 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.

Guidelines and employee training

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 ensure on an ongoing basis that the company always acts in accordance with applicable regulatory requirements. In addition, all German insurance companies within the ARAG Group have been committed to compliance with the German Insurance Association's code of conduct since 2013 (fur-

ther information on the GDV Code of Conduct can be found on page 83 onward in this report.). 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 produces a compliance plan with appropriate measures that is based on an annual compliance risk analysis. During the 2019 analysis, groupwide compliance with data protection requirements was categorized as particularly relevant, especially in light of the large fines and the reputational risk associated with breaches. ARAG therefore implemented a number of measures, led by the Chief Information Security Officer, which included changes to the cookie notices on the websites of the ARAG Group companies. The Compliance function also carried out an assessment and classification of internal information. This step was necessitated by the implementation of EU Directive 2016/943 on the protection of trade secrets and know-how, as part of the German Protection of Trade Secrets Act (GeschGehG). Further amendments are planned for 2020.

Updating of the internal regulations

The Compliance function has been involved in the revision of internal rules and regulations – while respecting the decentralization of responsibilities – as part of a process that has been ongoing since 2018. Internal regulations have to be consistent, transparent, and accessible. This requirement stems from the regulatory minimum requirements for the system of governance of insurance companies and from the findings of the report on the review of the company's governance. The process of updating the internal regulations was continued in 2019 but has not yet been completed. All employees in Germany received training on the structure of the regulations as part of an e-learning course on Solvency II. In the future, all internal rules and regulations will be placed on a central digital platform.

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. Complaints can be directed to an anonymous whistleblowing hotline. Employees also have the option of submitting complaints to the German Federal Financial Supervisory Authority (BaFin) and to the ombudsman.

419-1 Non-compliance with laws and regulations

No penalties or fines for non-compliance were imposed on ARAG SE in Germany in 2019.

GRI content index

Universal standards



As part of the Materiality Disclosures Service, the GRI Service Team checks whether the GRI context index is clearly laid out and whether the references for disclosures 102-40 to 102-49 correspond with the relevant parts of the report. The GRI Materiality Disclosures Service was rendered for the German version of the report.

| | | Page |
|----------------------|--|------|
| GRI 101: 2016 | Foundation | |
| GRI 102: 2016 | General disclosures | |
| | Organizational profile | |
| 102-1 | Name of the organization | 67 |
| 102-2 | Activities, brands, products, and services | 67 |
| 102-3 | Location of headquarters | 67 |
| 102-4 | Location of operations | 67 |
| 102-5 | Ownership and legal form | 67 |
| 102-6 | Markets served | 68 |
| 102-7 | Scale of the organization | 68 |
| 102-8 | Information on employees and other workers | 68 |
| 102-9 | Supply chain | 69 |
| 102-10 | Significant changes to the organization and its supply chain | 70 |
| 102-11 | Precautionary principle or approach | 70 |
| 102-12 | External initiatives | 70 |
| 102-13 | Membership of associations | 71 |
| | Strategy | |
| 102-14 | Statement from senior decision-maker | 71 |
| | Ethics and integrity | |
| 102-16 | Values, principles, standards, and norms of behavior | 71 |
| | Governance | |
| 102-18 | Governance structure | 72 |

| | | Page |
|--------|--|------------|
| | Stakeholder engagement | |
| 102-40 | List of stakeholder groups | 73 |
| 102-41 | Collective bargaining agreements | 73 |
| 102-42 | Identifying and selecting stakeholders | 73 |
| 102-43 | Approach to stakeholder engagement | 73 |
| 102-44 | Key topics and concerns raised | 74 |
| | Reporting practice | |
| 102-45 | Entities included in the consolidated financial statements | 75 |
| 102-46 | Defining report content and topic boundaries | 75 |
| 102-47 | List of material topics | 76 |
| 102-48 | Restatements of information | 76 |
| 102-49 | Changes in reporting | 76 |
| 102-50 | Reporting period | 76 |
| 102-51 | Date of most recent report | 76 |
| 102-52 | Reporting cycle | 77 |
| 102-53 | Contact point for questions regarding the report | 77 |
| 102-54 | Claims of reporting in accordance with the GRI standards | 77 |
| 102-55 | GRI content index | 77/ 120 |
| 102-56 | External assurance | 77 |

Topic-specific standards

| | | Page | Reason for omission |
|---|--|----------------------|---------------------|
| GRI 200 | Economic topics | | |
| GRI 201: 2016 | Economic performance | | |
| GRI 103: 2016 103-1/103-2/103-3 201-1 | Management approach Direct economic value generated and distributed | 78 79 | |
| GRI 202: 2016 | Market presence | | |
| GRI 103: 2016 103-1/103-2/103-3 202-2 | Management approach Senior management hired from the local community | 79 80 | |
| GRI 203: 2016 | Indirect economic impacts | | |
| GRI 103: 2016 103-1/103-2/103-3 203-2 | Management approach Economic impacts | 79 81 | |
| GRI 205: 2016 | Anti-corruption | | |
| GRI 103: 2016 103-1/103-2/103-3 205-1 205-2 205-3 | Management approach Examination of risks arising from conflicts of interest Training on how to avoid conflicts of interest and bribery Incidents of conflicts of interest | 82 84 84 84 | |
| | Responsible remuneration and incentives | | |
| GRI 103: 2016 103-1/103-2/103-3 | Management approach | 81 | |
| | Corporate culture and mission | | |
| GRI 103: 2016 103-1/103-2/103-3 | Management approach | 85 | |
| | Digitalization | | |
| GRI 103: 2016 103-1/103-2/103-3 | Management approach | 86 | |
| | Innovative customer offerings | | |
| GRI 103: 2016 103-1/103-2/103-3 | Management approach | 89 | |
| | Customer focus | | |
| GRI 103: 2016 103-1/103-2/103-3 | Management approach | 91 | |

| | | Page | Reason for omission |
|------------------------------------|--|------|---------------------|
| | Responsible investor | | |
| GRI 103: 2016 103-1/103-2/103-3 | Management approach | 93 | |
| FS10 | Companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues | 93 | |
| FS11 | Environmental or social screening | 93 | |
| GRI 300 | Environmental topics | | |
| GRI 302: 2016 | Energy | | |
| GRI 103: 2016 103-1/103-2/103-3 | Management approach | 94 | |
| 302-1 | Energy consumption within the organization | 95 | |
| 302-4 | Reduction of energy consumption | 97 | |
| GRI 305: 2016 | Emissions | | |
| GRI 103: 2016 103-1/103-2/103-3 | Management approach | 94 | |
| 305-1 | Direct (Scope 1) GHG emissions | 95 | |
| 305-2 | Energy indirect (Scope 2) GHG emissions | 95 | |
| 305-5 | Reduction of GHG emissions | 97 | |
| GRI 400 | Social topics | | |
| GRI 401: 2016 | Employment | | |
| GRI 103: 2016 103-1/103-2/103-3 | Management approach | 98 | |
| 401-1 | Employee turnover | 99 | |
| 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees | 100 | |
| 401-3 | Parental leave | 101 | |
| GRI 403: 2016 | Occupational health and safety | | |
| GRI 103: 2016 103-1/103-2/103-3 | Management approach | 101 | |
| 403-2 | Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities | 103 | |
| GRI 404: 2016 | Training and education | | |
| GRI 103: 2016 103-1/103-2/103-3 | Management approach | 104 | |
| 404-2 | Programs for upgrading employee skills and transition assistance programs | 106 | |
| 404-3 | Employees receiving regular performance and career development reviews | 107 | |
| GRI 405: 2016 | Diversity and equal opportunity | | |
| GRI 103: 2016 103-1/103-2/103-3 | Management approach | 107 | |
| 405-1 | Diversity of governance bodies and employees | 109 | |

| | | Page | Reason for omission |
|------------------------------------|---|------|---------------------|
| | Social engagement | | |
| GRI 103: 2016 103-1/103-2/103-3 | Management approach | 110 | |
| 203-1 | Infrastructure investments and services supported | 110 | |
| GRI 415: 2016 | Public policy | | |
| GRI 103: 2016 103-1/103-2/103-3 | Management approach | 112 | |
| 415-1 | Political contributions | 113 | |
| | Sustainable products and services | | |
| GRI 103: 2016 103-1/103-2/103-3 | Management approach | 113 | |
| FS7 | Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose | 114 | |
| GRI 417: 2016 | Marketing and labeling | | |
| GRI 103: 2016 103-1/103-2/103-3 | Management approach | 114 | |
| 417-1 | Requirements for products and service information and labeling | 115 | |
| GRI 418: 2016 | Customer privacy | | |
| GRI 103: 2016 103-1/103-2/103-3 | Management approach | 116 | |
| 418-1 | Complaints concerning breaches of customer privacy and losses of customer data | 118 | |
| GRI 419: 2016 | Socio-economic compliance | | |
| GRI 103: 2016 103-1/103-2/103-3 | Management approach | 118 | |
| 419-1 | Non-compliance with laws and regulations in the social and economic area | 119 | |

Information

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.

You can obtain up-to-date **information about the Group** using the following contact details:

ARAG
Corporate Communications/Marketing
ARAG Platz 1
40472 Düsseldorf, Germany
Tel: +49 (0)211 963 3488
Fax: +49 (0)211 963 2025/2220
Email: medien@ARAG.de

You can obtain **information about sustainability** from:

Kathrin Köhler
Sustainability Officer & Corporate Responsibility
Corporate Communications/Marketing
Tel: +49 (0)211 963 2225
Fax: +49 (0)211 963 2220
Email: nachhaltigkeit@ARAG.de

You can find up-to-date information on our website:

www.ARAG.com

Credits

| | |
|---|--|
| Overall responsibility | ARAG Corporate Communications/Marketing |
| Editor of the magazine section, design, and layout | Kammann Rossi GmbH, Cologne |
| Editors and advisors on the non-financial report and the GRI report | Sustainserv GmbH, Zurich and Munich |
| Photography | Cover page Marc-Daniel Kress; p. 4, 30 Getty Images; p. 9 Giulio Coscia; p. 11, 25–27 Thilo Schmülgien; p. 13 Manuel Köpp; p. 17 Elvira Peter; p. 18–23, 29, 35, 36, 39–43 Jan Ladwig; p. 33 iStock; p. 45 DKJS |

