2024
Annual Report

ARAG Holding SE
Consolidated Financial Statements

Contents

Introduction

2024 was a very busy year for the ARAG Group, with ARAG continuing to experience a high level of demand for its modern product and service offering. Our focus on the legal insurance business and the health insurance business means we can meet people's needs where they are the most acute. In Germany alone, ARAG saw a net increase of around 130,000 in the number of customers. The key performance indicators in this annual report reflect very strong growth throughout the Group.

The Group's premium income swelled by more than 17.5 percent, driven mainly by the acquisition of DAS UK. In terms of organic growth too, ARAG grew even more strongly than in 2023, with premium income rising by 10.5 percent. The legal insurance business registered an overall rise in income of just under 16.7 percent, while the health insurance business expanded very strongly once again with a rise of more than 17.4 percent.

Our customers are making increasing use of our assistance. We are seeing mounting pressure in the job market and on tenants as a result of inflation and are increasingly offering assistance in employment-law and tenancy-law cases. This rise in 'social inflation' is very noticeable in Germany and in some of our international markets. Our customers need us.

Strong growth and more assistance for our customers, coupled with our investments in making the expanding ARAG team around the world fit for the future, led to a markedly lower underwriting result. At the same time, however, the Group reported a very good profit before tax.

ARAG took major steps forward in 2024. Our ARAG 5>30 program for the future is unlocking the Group's wealth of potential. In its 90th year, the essence of ARAG's business has not lost any of its relevance, and is actually becoming more relevant for consumers. This is what drives us to enable our 13 million plus customers to gain the largest possible benefit from what we offer.

For the first time, this annual report also includes the ARAG Group's sustainability report. As the relevant EU directive has not yet been transposed into German law, the ARAG Group is reporting on a voluntary basis in accordance with European Sustainability Reporting Standards (ESRS).

Paul-Otto Faßbender

Dr. Dr. h. c. Paul-Otto Faßbender

"In its 90th year, the essence of ARAG's business has not lost any of its relevance, and is actually becoming more relevant."

Dr. Dr. h. c. Paul-Otto Faßbender
Chairman of the Supervisory Board of ARAG SE

2024 at a glance

Key Figures

ARAG grew once again across all of its segments in 2024, cementing its position as the leading legal insurer worldwide. Gross premium income surged by 17.5 percent. The Group significantly increased its profit before tax to €141.0 million. The main drivers behind this new record were considerably higher net gains on investments (€161.5 million) and a strong increase (26.3 percent) in premium income in Germany from inward reinsurance business.

ARAG Holding SE key figures – consolidated financial statements

(€'000)	2024	2023	2022
Sales revenue			
Gross premiums written	2,789,564	2,373,772	2,199,392
Premiums earned net of reinsurance	2,749,116	2,352,907	2,170,399
Sales revenue of non-insurance companies	53,477	44,257	41,536
Expenses			
Claims incurred net of reinsurance	1,502,266	1,205,412	1,089,929
Insurance business operating expenses net of reinsurance	987,690	856,381	791,384
Net income overview			
Underwriting result net of reinsurance	96,117	137,632	157,760
Gains and losses on investments	161,504	121,490	52,011
of which included in underwriting result	64,876	59,140	48,012
Other net income/expense	–55,724	–64,201	–64,892
Profit/loss from ordinary activities	140,973	136,467	97,288
Net income for the year	75,923	86,179	43,536
Key ratios			
Claims ratio, net (basis: premiums earned)	54.6%	51.2%	50.2%
Cost ratio, net (basis: premiums earned)	35.9%	36.4%	36.5%
Technical provisions/net premiums earned	211.2%	217.3%	222.4%

Premium income/sales revenue:
↗ €2,843 million
2023: €2,418 million

Profit from ordinary activities:
↗ €141 million
2023: €137 million

Combined ratio:
↗ 90.6%
2023: 87.6%

Successful trend: **The performance of the ARAG Group is underscored by strong premium growth, earnings power, and robust capital adequacy.**

Underwriting result net of reinsurance:
↘ €96 million
2023: €138 million

Employees:
↗ 6,148
2023: 5,070

Total gross premium income:
↗ €2,790 million
2023: €2,374 million

Consolidated equity:
↗ €792 million
2023: €719 million

Consolidated net income:
↘ €76 million
2023: €86 million

Who we are

ARAG is the innovative high-quality insurer – *international, independent and family-owned*

Structure of the ARAG Group

The ARAG Group is the largest family enterprise in the German insurance industry and the leading legal insurer worldwide. When it was founded in 1935, the Company focused purely on legal insurance. Today, ARAG positions itself as an innovative and high-quality insurer that is international and independent. In addition to legal insurance, its portfolio in Germany includes effective, needs-based products and services covering health insurance and casualty and property insurance. The Company aims to generate growth across all insurance segments in Germany and to exploit the potential for expansion in the international legal insurance business.

ARAG SE is responsible for operational Group management and the legal insurance operating business at both domestic and international levels. The ARAG insurance and service companies are responsible for the other lines of business and the related operational management. ARAG Holding SE manages the assets and is the parent company of the Group from a company law perspective.

Asset and investment management	**ARAG Holding SE**
Operating management company and legal insurance	**ARAG SE** Speaker of the Management Board and Central Group Functions · Group Sales, Products and Innovation · Group Finance · Group IT and Operations · Group Risk Management and Group Controlling · Group Human Resources/ Group Internal Audit
Operating insurance companies	**ARAG Allgemeine Versicherungs-AG** (Casualty and property insurance) · **ARAG Kranken-versicherungs-AG** (Health insurance) · **Interlloyd Versicherungs-AG** (Specialized in broker sales) · **International companies** (Legal insurance/ legal services)
Service companies	**ARAG IT GmbH** (IT services for the ARAG Group) · **Cura Versicherungsvermittlung GmbH** (Brokerage firm) · **ARAG Service Center GmbH** (Emergency telephone service)

Insurance segments in the ARAG Group

Legal insurance
ARAG SE[1]

- Pivotal in shaping the legal insurance market since the Company was founded
- Innovative product concepts and services provide impetus for the market, worldwide
- Coverage offered in areas of insurance that are normally excluded by the market
- Operations in a total of 20 countries

€1,653 million
Gross premium income

↗ 2023: €1,417 million

Personal legal insurance and legal insurance for motorists, employment, homeowners and tenants, businesses, trades, self-employed professionals, and associations

Health insurance
ARAG Krankenversicherungs-AG[1]

- Large range of full-coverage and supplementary insurance
- New civil servant insurance business launched in 2023
- Fastest-growing segment in the ARAG Group

€749 million
Gross premium income

↗ 2023: €638 million

Private full-coverage health insurance, supplementary health insurance, long-term nursing care insurance, supplementary nursing care insurance, corporate health insurance, foreign travel health insurance

Casualty and property insurance
ARAG Allgemeine Versicherungs-AG[1]

- Attractive provider of property, liability, and accident insurance
- Modern, innovative product range
- Germany's largest sports insurer, providing cover for more than 20 million recreational sports participants and top-ranking athletes

€389 million
Gross premium income

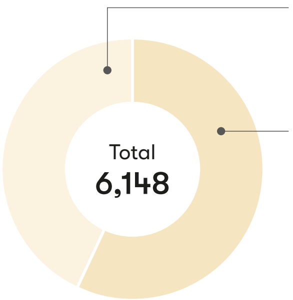
↗ 2023: €319 million

Liability insurance, home contents insurance, accident insurance, accident disability insurance, Top Special Service Package, building insurance, pet health insurance, business insurance, sports insurance

[1] Operating management company

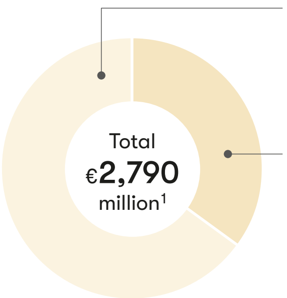
Strong *global presence*

The ARAG Group successfully went global with its legal insurance idea in 1962. It is now the leading legal insurer worldwide and operates in a total of 20 countries. International business accounted for 63 percent of gross premium income in the legal insurance segment in 2024.



Employees, Germany
2,661 (43%)

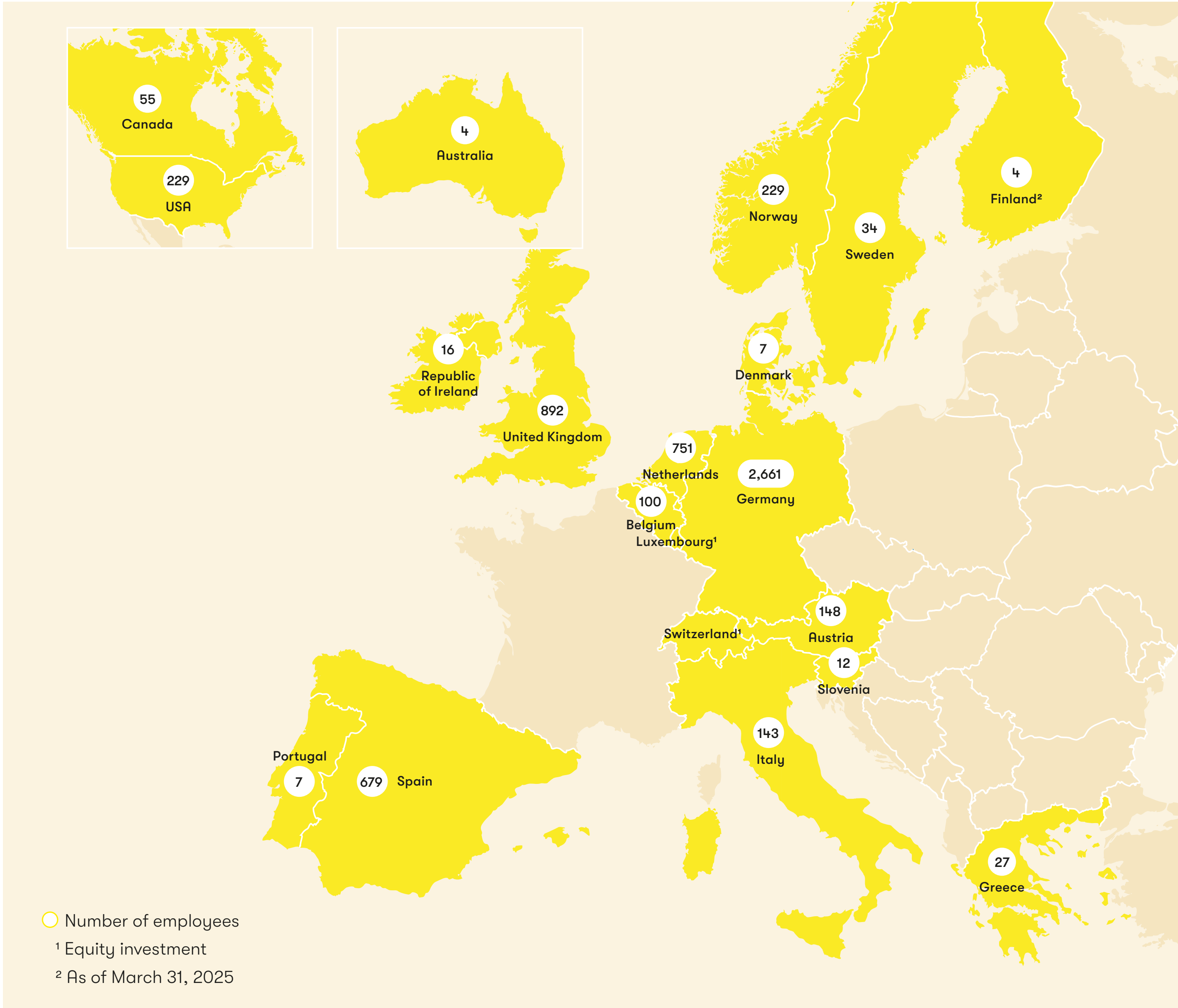
Employees, international
3,487 (57%)



Gross premium income, Germany
€1,803 million[1] (60%)

Gross premium income, international
€1,179 million[1] (40%)

[1] Effect from consolidating UK business: €192 million



What motivates us

ARAG Essentials
These four elements provide direction for us:

Our founding principle

“Everyone should be able to assert their legal rights – irrespective of their financial situation.”

Heinrich Faßbender, founder of ARAG

Our identity

ARAG is the innovative high-quality insurer – international, independent and family-owned.

Our ambition

We help our customers to achieve their goals.

Our values

Pioneering spirit thrives on **openness** and **foresight** – we employ our **drive** with **discipline** and **fairness.**

Actively *shaping change*

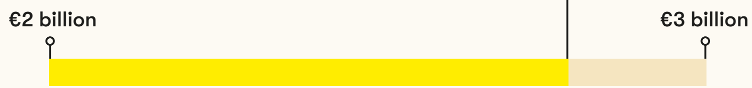
ARAG 5>30 is our long-term strategy for sustainable growth and stability in this time of far-reaching change. It is our roadmap for securing our future success and retaining our independence as a family enterprise.

Five areas of action with specific targets will be at the heart of all that we do between now and 2030:

1	**Essential Growth**	ARAG to achieve extraordinary growth and high substantial value
2	**Winning Spirit**	Increase attractiveness as an employer and further strengthen performance culture
3	**Embracing Clients**	Raise customer satisfaction to a new level through innovative products and inspiring services
4	**Driving Purpose**	Combine business model as legal insurer with social sustainability, and reduce carbon footprint
5	**Smart Insurer**	Digital by default – transform the mindset regarding digitalization and strengthen the use of artificial intelligence (AI)

Some of what we achieved in 2024:

Increase in gross premium income
to €2.79 billion (2023: €2.37 billion)



A certified excellent employer:
True to its motto 'You're worth it!', ARAG treats its employees fairly and with respect, and offers attractive salaries and a wide range of benefits. And this is clearly effective as, based on employee feedback, ARAG received multiple top employer awards in 2024 – not just in Germany but also in Norway, Italy, the United States, and other countries.

New digital offering for legal insurance customers:
Since January 2024, customers have been able to use a new channel to report a legal problem digitally, receiving a proposed solution from our network of partners in just a few clicks. The intuitive application is integrated into our **Meine ARAG** customer portal and is available around the clock. This is a critical step in our efforts to enhance the digital journey for our customers.

Justly *sustainable*

Being a successful family enterprise, our plans and actions are consciously focused on the long term. The wellbeing of future generations is paramount. In order to make a clear contribution to sustainability that is tangible for internal and external stakeholders alike, we ensure that our activities are aligned with the principles of sustainable development.

The ARAG Group understands the importance of the sustainable transformation of the economy and society. We firmly believe that this can only be achieved on the basis of social and political stability. Our position as the leading legal insurer worldwide means that we can play a valuable part in supporting the societal change needed for this sustainable transformation.

We fulfill the obligation incumbent on us as an investor, risk carrier, and operator of our own sites to use all natural resources sustainably. We expressly adhere to the provisions of the Paris Agreement on climate change to limit global warming to 1.5°C.

Environment

- Integration of sustainable benefits, services, and pricing features throughout the product portfolio
- Greenhouse gas-neutral investment portfolio by 2050 through active portfolio management: 50 percent reduction in carbon intensity by 2030
- More green investments

Social

By upholding our founding principle to ensure and protect the equality of all people before the law, we have been contributing to sustainable development – and especially to goal 16 of the United Nations' sustainable development goals (peace, justice, and strong institutions) – throughout our history.

- Access to justice
  - ARAG DAY with free legal guidance, especially for people in particularly difficult situations
  - Give customers access to justice at least two million times per year by 2030
  - Progressively expand out-of-court conflict mediation services
- Adhere to standards of human rights and equal opportunities
- Equality and diversity: Progressively increase the number of women in managerial positions until a balanced gender ratio is achieved
- Protecting children's rights through a long-term partnership with UNICEF (Rights Respecting Schools program)

Governance

- The ARAG Essentials set out the aims and principles for good and successful corporate governance
- The ARAG Leadership Essentials translate the ARAG Essentials into leadership behavior
- ARAG is aware of its role model function when it comes to complying with legal and regulatory provisions

What we offer

Innovative products – *internationally recognized*

Our aim is to offer our customers quick, simple, and pragmatic assistance in obtaining protection. We see ourselves as a market innovator and regularly add innovative benefits and one-of-a-kind, needs-based services to our product portfolio.

In 2024, our innovative endeavors were focused on the legal insurance and the casualty and property insurance divisions. We are particularly proud of the following developments:

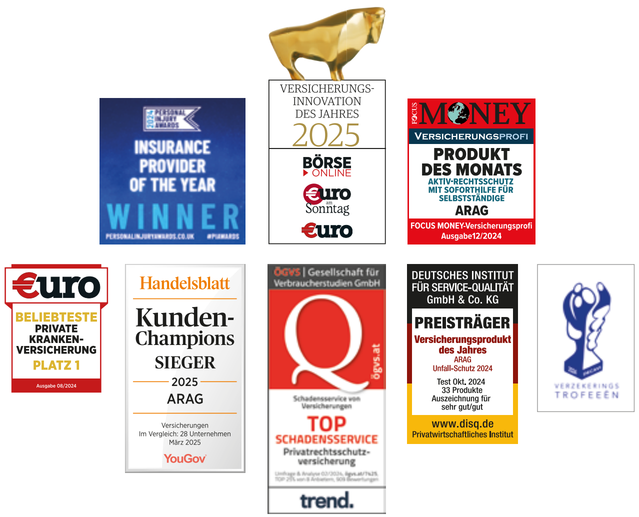
New generation of legal insurance for the self-employed:
The ARAG Aktiv legal insurance product with immediate assistance offers small business customers unique cover for a legal case that has already occurred. The regular product line now offers customers in the Premium rate scale out-of-court legal insurance in any area of the law on one occasion during the term of the policy, regardless of the modules taken out and with no waiting period. This universal legal insurance is also a first in legal insurance for small business customers.

ARAG accident insurance – innovative UnfallPlus module:
UnfallPlus allows customers to protect themselves against loss of income due to a serious accident. It offers up to €1 million for a maximum of ten years, stopping when the customer reaches the age of 67. The optional module also covers the cost of necessary adaptations, home help, re-training in a different career, and prescribed medical aids. Payment of damages for pain and suffering – in the statutory amounts – is also included.

Norway – advice and mediation now also for companies:
The protection that ARAG's subsidiary in Norway, HELP, has been offering private customers for several years is now also available to small businesses. The new product supplements traditional legal insurance with de-escalating consultation and mediation. Customers benefit from self-determined, faster, flexible, and affordable resolution of disputes.

Our awards and seals of approval

As an international insurer offering high-quality insurance, we welcome independent tests to verify the high standards of our products and services. They spur us on to continually improve for our customers and we are of course delighted with the good results, which include the following:



Mindset: *digital*

Going digital offers unique opportunities for ARAG to achieve further growth. To fully harness those opportunities, we are shifting our mindset where digitalization is concerned.

Digitalization as an opportunity
As a medium-sized insurer, we can leverage our advantages over large corporate groups in the digitalization process. We can fully play to our strengths in terms of innovation, speed, and smart capabilities. And we have the independence, flexibility, and means to utilize our scope for action.

Artificial intelligence has become the norm
The number of AI projects and ideas in the ARAG Group is rapidly increasing. This led ARAG to implement a new AI strategy in autumn 2024. Our vision is to use AI to further expand access to justice for our customers. We aim to be a pioneer in the use of AI in the legal insurance market and are therefore deploying AI in all areas of the Group.

Progress in innovation thanks to artificial intelligence
Whether in contact with customers, in product development, or in day-to-day tasks, we are pushing AI in order to develop innovations, accelerate processes, and make better decisions. Here are three examples of how we are currently using AI:

Anonymization tool:
In order to make better use of customer documents through anonymization, ARAG has been using a service since April 2024 that obscures sensitive personal data in text and pictures or replaces it with placeholders. This frees up staff resources for customer-facing tasks.

Use of AI in mediation:
The software is used to evaluate and summarize the documents submitted by the parties. It evaluates, among other things, transcripts of discussions with the parties and can be used to help create draft agreements.

Document classification:
ARAG Italy's AI tool is used to automatically evaluate and forward incoming claims emails. A robotic process automation (RPA) tool, or software robot, creates a job in the claims management system for the administrative clerks. The advantages are less pressure on the claims department and fewer mistakes in the evaluation of applications. The tool has now also been rolled out in Germany.

Customer *focus*

In this time of rapid and unpredictable change, people's needs, wishes, and expectations are evolving. And so too are we.

We combine peace of mind and individual freedom. All companies say they are customer centric but we are setting new standards, particularly when it comes to customer advice. We inquire about the customer's situation and their wishes, and use that information to draw up a tailored solution with the customer to provide them with protection. The ways in which we connect with customers also cater to different needs. In Germany, we use the following four channels:

ARAG Core Sales
(sales partners who work exclusively for ARAG)

ARAG Partner Sales
for brokers and non-exclusive agents

Direct business
online or by telephone

Sales partnerships
in collaboration with insurance companies, other businesses, associations

We are turning what has become a matter of course in many sectors into normality in the financial sector: the digital provision of advice and conclusion of new business.

We realize that few customers would consider taking out an insurance policy to be a shopping experience. Core Sales is working to change that.

Our services are designed to make taking out an insurance policy feel just as easy as buying consumer goods. For this reason, the advisory and conclusion stages are both paperless – a rarity in the financial sector. Using our advisory app, our advisors explain products, modules, and deductible options to customers on a tablet. Signatures and a record of the meeting are also provided electronically. In this way, our products and the process combine to make taking out insurance a shopping experience.

We resolve problems conveniently for our customers as they decide how they want to communicate with us – personally or digitally, face-to-face, via instant messaging, by video call, or online.

The outcome?

Around **130,000** new customers in 2024. And our online business grew by just over **30,000** customers last year.

A great team

The ARAG Group is an attractive and dependable partner – for its employees too. We are aiming to grow in line with the increase in customer numbers and to offer even more as an employer.

We value diversity

48

In Germany alone, people from 48 nations work at ARAG. And by the way, we signed up to the Diversity Charter back in 2017.

We are hiring – even during times of crisis

474

new colleagues joined us in Germany in 2024.

We are growing

5,070 → 6,148

employees at the end of 2023 → employees at the end of 2024

Everything revolves around our employees

This has been publicly acknowledged, e.g. on the review platform kununu[1]:

Top Company 2025

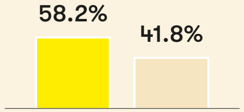
4.0 ★★★★☆
kununu score
From 1,191 reviews

83%
Recommendation
In the past two years

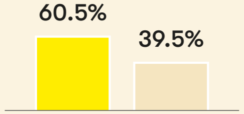
[1] March 31, 2025

We are working for equal opportunities

Germany
- Proportion of women
- Proportion of men



Groupwide
- Proportion of women
- Proportion of men



↗ Proportion of women at top management level (Germany): 32%

Our people like to stay with us for a long time

12.2 years[2]

Many people like working with ARAG so much that they work for us long term.

[2] Average years of service for the Group in 2024, permanent employees in Germany

Group Management Report

I. Group Fundamentals

Business model of the Group

The ARAG Group is the largest family enterprise in the German insurance industry and the leading legal insurer worldwide. Its Group companies operate in the health, property, liability, and accident insurance segments in Germany. Service companies and brokerage firms round off the ARAG Group's service offering and support the operating insurance companies. Including Germany, the Group currently operates in a total of 20 countries through branches, subsidiaries, and equity investments.

Territory

In addition to the Group headquarters in Düsseldorf and the offices in Munich, the ARAG Group maintains, through ARAG SE, branches in Austria, Belgium, Spain, Greece, Italy, the Netherlands, Portugal, Slovenia, and the United Kingdom. A branch of ARAG Allgemeine Versicherungs-AG, which is based in Germany, also operates legal insurance business in the Republic of Ireland. Another branch is maintained in Spain through Interlloyd Versicherungs-AG (which also operates in Germany) and is active in the casualty and property insurance business. The branches run their operating businesses in their local markets independently, taking into account the specific local circumstances in each case.

Legal insurance is also provided in the United States, Norway, Sweden, Denmark, and Finland. In each case, the business is operated through legally independent subsidiaries, under the unified management of ARAG SE in its role as parent company. At the start of 2024, another four subsidiaries were added to the Group to operate the insurance business in the United Kingdom. In addition, the ARAG Group operates in Switzerland through an equity investment in a legal insurance associate. In the United Kingdom, Canada, and Australia, ARAG acts as a broker for legal insurance business and legal-insurance-related special service package business, passing this business to local and international primary insurers. Some of this insurance is then ceded to ARAG SE under quota-share reinsurance treaties.

An equity investment is also held in a legal insurance company in Luxembourg.

II. Economic and Sector Conditions

Macroeconomic backdrop

The German insurance industry was once again affected by upheaval and global uncertainties in 2024. Broadly speaking, the German economy was increasingly thwarted by economic and structural problems. The Russian Federation's ongoing war of aggression against Ukraine and the conflicts in the Middle East meant that concerns surrounding the economic and political outlook persisted. Structural issues emerged in relation to the competitiveness of capital goods and energy-intensive sectors in light of high energy prices and increasing competition from high-quality industrial goods from the Far East. Despite a significant rise in wages in real terms, consumer spending and investment by private households barely picked up. Energy prices stabilized at a lower level following the highs seen in previous years. In mid-2024, the European Central Bank (ECB) began to lower interest rates again. Overall, inflation weakened and, according to the German Council of Economic Experts, was well below the prior-year level at around 2.2 percent in 2024 (2023: 5.9 percent) and within the ECB's target range.

The macroeconomic situation remains volatile, shaped by flatlining growth, high costs, and persistent geopolitical uncertainty. General developments will therefore be continuously monitored to ensure that individual companies can respond quickly and appropriately if need be.

Insurance industry

Based on provisional information from the German Insurance Association (GDV), the volume of business in the insurance industry in Germany is expected to have remained stable in 2024. Across all insurance segments, a notable premium increase of 5.3 percent overall is anticipated (2023: increase of 1.4 percent), with casualty and property insurance and private health insurance – business lines in which the ARAG Group operates – particularly contributing to this industry growth. In direct casualty and property insurance business, the overall market is expected to have grown by 7.8 percent (2023: 7.4 percent). A key growth driver in 2024 was composite residential buildings insurance with anticipated growth of 12.0 percent (2023: 16.5 percent), primarily forged through renewed premium and index adjustments. Legal insurance is also expected to have grown, by 5.0 percent (2023: 2.3 percent), on the back of higher premiums in new business and sustained growth in existing business in 2024. In the private health insurance business, the GDV is forecasting a premium increase of 6.3 percent (2023: 3.2 percent), also primarily thanks to premium adjustments.

III. Business Performance

The business performance of the ARAG Group, broken down by net assets, financial position, and results of operations, is presented using the following KPIs, which have not been weighted. Premiums written and profit before tax are the most important KPIs.

Due to currency amounts being presented in thousands, the precise mathematical amounts may differ from those presented as a result of rounding differences. Those differences may affect totals and percentages.

Results of operations

Premiums

Gross premium income from insurance business rose sharply by 17.5 percent in 2024, from €2,373,772 thousand to €2,789,564 thousand. Including the service providers' activities, the total premiums and sales revenue in the Group amounted to €2,843,041 thousand (2023: €2,418,029 thousand). Demand for full-coverage health insurance and legal insurance remained high in the German insurance market. The newly acquired group of companies in the United Kingdom provided substantial growth impetus. Inward reinsurance business with non-Group primary insurers in the United Kingdom, Canada, the Republic of Ireland, and Australia is included in German business as it is handled by the Group's headquarters. This business led to premium income in Germany rising by 26.3 percent. ARAG's gross premiums written there amounted to €1,803,230 thousand (2023: €1,427,851 thousand). The additional reinsurance business from the newly acquired primary insurance companies in the United Kingdom, which generated further sizeable growth in premiums for ARAG SE's headquarters, is treated as intragroup reinsurance. A consistently high level of new full-coverage health insurance business and the ongoing expansion of German legal insurance business, coupled with a low lapse rate, played a key role in the strong domestic growth.

In the German legal insurance market, income from gross premiums written in direct legal insurance business rose by 10.1 percent year on year. Gross premiums written went up by €50,392 thousand to €549,351 thousand. This increase was derived from the addition of 104,322 policies to the customer base through new business and a low lapse rate. Inward reinsurance business in Germany principally grew as a result of business with non-Group primary insurers in Canada and the United Kingdom. Premiums in the inward reinsurance business increased by 13.5 percent to €62,541 thousand. In total, the German legal insurance business generated growth of 10.4 percent.

In international legal insurance business, growth in gross premiums increased mainly due to the initial consolidation of ARAG Legal Expenses Insurance Company Limited in the United Kingdom (contribution: €132,129 thousand). Gross premiums written rose from €862,681 thousand in 2023 to €1,041,207 thousand in 2024. Business in Italy, the Netherlands, Spain, and Austria picked up strongly. In Scandinavia, increased use of numerous major contracts already in place with trade associations saw sales revenue increase by 13.8 percent. The international markets with the highest sales revenue are the Netherlands, the United States, the United Kingdom, Italy, Spain, Austria, and Scandinavia. Thanks to its consistently very good performance, ARAG is cementing its position as the leading legal insurer worldwide.

The Group's health insurance business once again surpassed its consistently strong prior-year growth of 16.8 percent, notching up 17.4 percent in 2024. This growth continued to be largely attributable to full-coverage health insurance. For the past two years, health insurance has been the ARAG Group segment with the highest sales revenue in Germany. The number of customers in this business went up by 23,470, with additional monthly premiums written of €10 thousand.

In the German market, business performance in the casualty and property insurance segment was influenced by index or premium adjustments in buildings insurance. The inclusion for the first time of the legal-insurance-related service business of ARAG Legal

Expenses Insurance Company Limited in the United Kingdom generated additional premiums of €34,955 thousand in this segment. Unlike in the German market, special service package business grew strongly in Spain, Italy, and Portugal. Gross premiums written in this segment advanced by a total of 21.5 percent year on year to €387,752 thousand.

The Group's portfolios comprised 13.8 million policies as of the reporting date (December 31, 2023: 12.3 million). These can be broken down into 9.6 million policies (December 31, 2023: 8.2 million) related to the international business and 4.2 million policies (December 31, 2023: 4.0 million) arising from domestic business. Furthermore, the new unit in the United Kingdom resulted in 8,676 contracts, through which an additional 11.2 million polices were covered. A further 20.6 million insured risks arise from German sports insurance business (property and casualty insurance segment), which are covered via 17 group policies – primarily with state sports associations.

Sales revenue

The sales revenue generated by non-insurance companies in the Group swelled by 20.8 percent, from €44,257 thousand to €53,477 thousand. This growth primarily stemmed from the initial consolidation of ARAG Law Ltd. in the United Kingdom (€5,074.1 thousand), which also provides legal advice services to non-Group companies. The brokerage of insurance contracts to non-Group primary insurers in the United Kingdom and Canada also increased.

Amounts paid out for claims

In the legal insurance business as a whole, claims incurred rose from €703,945 thousand in 2023 to €868,429 thousand in the year under review. Besides the expansion of the volume of business, this was chiefly due to the acquisition of companies in the United Kingdom. Equally, the rise in the frequency of claims and the impact of inflation over the last two years pushed up claims incurred. There was also a tangible increase in amounts paid out for customers in the United States. In the casualty and property insurance business, claims incurred in buildings insurance and liability insurance went up by €62,297 thousand to €229,562 thousand due, above all, to the impact of inflation on the cost of tradespeople and the cost of materials. There were no major storm events in Germany in 2024. However, the expense for major claims rose. In the health insurance business, expenses for claims incurred grew at a faster rate than premiums, increasing by 21.0 percent to €404,275 thousand. The claims ratio in this business deteriorated accordingly from 52.5 percent in 2023 to 54.1 percent in the reporting year. In absolute terms, claims incurred by the Group in the year under review were tangibly higher than in the prior year. The Group claims ratio increased overall from 51.2 percent to 54.6 percent.

Insurance business operating expenses

Insurance business operating expenses in the Group rose by 15.3 percent to €987,690 thousand in 2024 (2023: €856,381 thousand). This increase was attributable to the Group's continual expansion and to the effect of inflation on staff costs and operating costs. The Group also continued to invest in its workforce and processes in order to support the strong growth. On the back of a strong rise in premiums, the cost ratio decreased from 36.4 percent in 2023 to 35.9 percent in the reporting year. The Group's combined ratio increased to 90.6 percent (2023: 87.6 percent) due to the factors affecting the amounts paid out for claims.

Underwriting result

The ARAG Group's underwriting result dropped sharply from €137,632 thousand in 2023 to €96,117 thousand in 2024, but this was still very high. A sum of €4,039 thousand was added to the equalization provision (2023: €12,699 thousand). As in previous years, the core legal insurance business was by far the most profitable Group segment, generating an underwriting profit of €75,721 thousand (2023: €107,521 thousand). The underwriting result of the overall non-life insurance business (legal insurance and casualty and property insurance) was at a high level once again in 2024, amounting to a profit of €69,397 thousand (2023: €113,191 thousand). In the health insurance business, the underwriting result improved from €24,441 thousand in 2023 to €26,720 thousand in 2024.

Gains and losses on investments

The Group's net gains on investments improved tangibly year on year. One of the main reasons for this was the increase in current income from the larger investment portfolio. Gains and losses on investments were also supported by restructuring measures for private equity funds and infrastructure funds, which generated gains on disposals. In contrast to previous years, ordinary income was not reinvested in institutional funds in 2024. Overall gains and losses on investments – including the share of gains and losses contained in the underwriting account – amounted to net gains of €161,504 thousand (2023: €121,490 thousand). Of this total, €64,876 thousand was assigned to the underwriting result (2023: €59,140 thousand).

Other net income/expense

The net expense reported under other net income/expense improved from €64,201 thousand in 2023 to €55,724 thousand in 2024. This decrease was due to a decline in pension and other post-employment benefit expenses.

Profit/loss from ordinary activities

Overall, the huge improvement in net gains on investments, which more than made up for the decline in the underwriting result, provided a further boost to profit from ordinary activities. The latter rose from €136,467 thousand to €140,973 thousand.

Net extraordinary income/expense

There was no extraordinary income or expense in either 2024 or 2023.

Tax expense

Income taxes amounted to an expense of €61,423 thousand (2023: €46,358 thousand). Together with miscellaneous taxes, the total tax expense came to €65,050 thousand (2023: €50,288 thousand).

Net income for the year

Considering the economic conditions and financial key performance indicators, the Company's overall business performance was very positive in 2024.

After deduction of taxes, consolidated net income came to €75,923 thousand (2023: €86,179 thousand). Of this sum, €867 thousand was attributable to non-controlling interests (2023: €965 thousand).

Comparison of business performance with the forecast

The comparison of business performance in 2024 with the forecasts made in the outlook and opportunity report shows that the forecast growth in gross premiums written was in fact achieved. At 17.5 percent, the rate of increase in premiums was at the upper end of the rate anticipated in the forecast in the 2023 annual report of more than 10 percent.

In line with the prior-year forecast, the claims ratio increased from 51.2 percent to 54.6 percent as a result of inflationary effects in the legal insurance business and the casualty and property insurance business, a rise in the frequency of claims in the legal insurance business, and medical inflation in the health insurance business. A marginal increase in the claims ratio of around 1 percentage point had been anticipated in the forecast from 2023.

Contrary to the forecast in the prior year, the cost ratio (acquisition costs and administrative expenses) decreased from 36.4 percent in 2023 to 35.9 percent in the reporting year. This decrease was due to higher growth and the associated economies of scale. In 2023, the cost ratio had been expected to rise slightly in 2024.

Gains and losses on investments fared much better than forecast. This was not so much due to macroeconomic conditions being hard to predict but more to the restructuring of investment management for private equity funds and infrastructure funds being brought forward. Ordinary income was also higher as a result of distributions from institutional funds. All in all, net gains on investments were significantly higher than expected at €161,504 thousand.

In line with the forecast, profit before tax was slightly higher year on year and therefore remained at a very encouraging level.

Legal insurance

The legal insurance segment represents the ARAG Group's core business and is the most profitable insurance segment. Sustained increases in direct insurance business in Germany, together with the continuation of the growth trajectory in international markets, resulted in the segment's premium income rising by 16.7 percent compared with 2023 to €1,653,099 thousand. Growth was especially tangible in 2024 thanks to the continual expansion of the German direct legal insurance business and to ARAG Legal Expenses Insurance Company Limited in the United Kingdom being integrated into the Group. The increase in premiums was due to the inclusion of the gross business of the new UK company in the international legal insurance segment. The German business includes inward reinsurance business of ARAG SE's headquarters from non-German primary insurers outside the Group. This business is brokered by the Group's inhouse intermediaries. It increased by 13.5 percent year on year, from €55,100 thousand in 2023 to €62,541 thousand in 2024. In the international business, the markets in the United Kingdom, Scandinavia, Austria, and Spain provided particularly strong growth impetus, whereas the market in the United States contracted marginally.

Claims incurred in the whole of the legal insurance segment rose from €703,945 thousand to €868,429 thousand. The claims ratio for the segment went up from 49.9 percent to 53.3 percent. A rise in the frequency of claims in the German business and inflation in the international business led to the increase in claims incurred and in the claims ratio. The cost ratio improved slightly from 41.7 percent to 41.5 percent on the back of the business growth, in spite of investment in the workforce and processes and higher commissions in the inward reinsurance business. The underwriting profit for the whole of the legal insurance segment declined from €107,521 thousand to €75,721 thousand as a result of expenses for claims incurred.

Net gains on investments in the legal insurance segment surged from €69,972 thousand to €104,702 thousand due to high levels of realized falls in value in the prior year and to the restructuring of private equity investments and infrastructure investments in the reporting year. In contrast to previous years, some ordinary income from institutional funds was distributed, resulting in a higher level of ordinary income overall. Other net income/expense amounted to a net expense of €37,580 thousand. The year-on-year improvement (€49,548 thousand) was mainly due to lower pension and other post-employment benefit expenses following a rise in the average interest rate for the past ten years used for discounting.

The segment generated profit from ordinary activities of €142,843 thousand (2023: €127,946 thousand).

The Group's international legal insurance business recorded growth of 20.7 percent in the year under review. Gross premiums written exceeded the €1 billion mark for the first time and amounted to €1,041,207 thousand, compared with €862,681 thousand in 2023. This item includes the sales revenue of ARAG Legal Expenses Insurance Company Limited in the United Kingdom, which was newly integrated into the Group. This company contributed €132,129 thousand to the increase in premiums in the legal insurance business. The majority of the sales revenue generated by the branch of ARAG Allgemeine Versicherungs-AG in the Republic of Ireland (€8,707 thousand) is also included here.

Notable drivers of growth in the international legal insurance business were the branches in Austria with 12.5 percent, Spain with 3.3 percent, Belgium with 9.0 percent, the Netherlands with 5.5 percent, and Italy with 5.4 percent. In the United States, a slight decline in premiums of 1.1 percent was registered while, in Scandinavia, premium growth of 13.8 percent was generated due to the expansion of major policies.

Claims incurred in the international legal insurance business rose in the reporting year. They were impacted by inflation-induced increases in attorney fees. The claims ratio went up considerably, from 43.1 percent in 2023 to 46.5 percent in the reporting year.

The combined ratio in the international legal insurance business increased from 86.5 percent to 89.8 percent due to the claims trend.

Against a backdrop of crisis, the legal insurance business in Germany is benefiting from a sustained high level of consumer demand for products offering protection. New business is strong and there was only a very low level of lapses/cancellations in the portfolio. Premium income rose by 10.4 percent year on year. Based on an increased policy portfolio comprising an additional 104,322 policies in the German direct business, premium growth stood at 10.1 percent. The inward reinsurance business of ARAG SE's headquarters in Germany from non-Group units recorded a rise of 13.5 percent. The total income from gross premiums written in German legal insurance amounted to €611,892 thousand (2023: €554,059 thousand).

The claims ratio in the German legal insurance business went up from 60.5 percent in 2023 to 64.9 percent in 2024. The rise was mainly attributable to a higher frequency of reported claims and a more negative trend in claims incurred but not reported. However, claims incurred rose from €333,955 thousand in 2023 to €391,037 thousand in the year under review, not least due to the strong growth in business.

The net cost ratio declined slightly to 38.7 percent in 2024 (2023: 39.0 percent).

An amount of €24,662 thousand was added to the equalization provision for the inward reinsurance business (2023: €3,553 thousand). This increase was due to the reinsurance treaty between ARAG Legal Insurance Expenses Company Limited and ARAG SE's headquarters being taken into account for the first time. This resulted in a reversal of the equalization provision in the international legal insurance business segment amounting to €14,994 thousand, whereas €9,694 thousand had been added to the provision in 2023.

Overall, the German legal insurance business ended the year with an underwriting loss of €44,613 thousand, contrasting with a marginal profit of €533 thousand in the prior year.

Casualty and property insurance

Overall, gross premiums written in the casualty and property segment went up by 21.5 percent year on year to €387,752 thousand (2023: €319,042 thousand). A particular growth driver in this regard was the initial consolidation of ARAG Legal Expenses Insurance Company Limited in the United Kingdom, which operates travel assistance insurance business and consequential loss insurance business in addition to legal insurance business. Its contribution came to €34,955 thousand. The German casualty and property insurance business recorded a rise in premium income of 6.2 percent (2023: 4.5 percent). However, this was to a very large extent due to index and premium adjustments in residential buildings and home contents insurance. Premiums from the legal-insurance-related special service package business are allocated to the international casualty and property insurance segment. The premiums written for this business line increased to €137,415 thousand (2023: €83,240 thousand). The travel assistance insurance business recorded premium growth of €14,600 thousand in Spain. This class of insurance also picked up again in Portugal, growing by 19.6 percent.

Despite the absence of major storms, the German business, in particular, saw a rise in its claims ratio that was due to inflation. In travel assistance business, which is managed by ARAG SE's international branches in other countries, the number of claims climbed as a result of strong growth. The claims ratio of the business contributed by ARAG Legal Expenses Insurance Company Limited does not differ materially from the rest of the international casualty and property insurance. Taking account of the reinsurers' share, claims incurred in the casualty and property segment as a whole amounted to €229,562 thousand and were thus significantly above the prior-year level of €167,265 thousand. The claims ratio went up from 54.8 percent to 61.6 percent.

The expansion of business outside Germany and the index increases in Germany led to economies of scale, reducing the cost ratio compared with the prior year from 43.0 percent to 41.1 percent. Underwriting profit before the equalization provision declined from €5,121 thousand in 2023 to a loss of €11,952 thousand in the reporting year. This was due to the considerable increase in claims incurred in Germany. After a reversal of the equalization provision amounting to €5,629 thousand (2023: €548 thousand), the underwriting loss amounted to €6,323 thousand, whereas the equivalent prior-year figure had been a profit (2023: €5,670 thousand). Net gains on investments increased substantially from €7,305 thousand in 2023 to €13,072 thousand in 2024. The increase arose because of write-downs in the prior year and gains on disposal following the restructuring of private equity funds and infrastructure funds in the reporting year. Ordinary income also increased as a result of partial distributions of ordinary income from institutional funds. After deducting the net expense under other net income/expense of €2,785 thousand (2023: €4,257 thousand), the casualty and property insurance segment delivered a profit from ordinary activities of €3,963 thousand (2023: €8,718 thousand).

Health insurance
Gross premium income in the health insurance segment once again rose significantly in 2024, advancing by 17.4 percent to a total of €748,713 thousand. The growth was primarily driven by full-coverage health insurance business, where premiums from new business increased by 24.5 percent year on year. The number of policyholders in the entire health insurance segment increased from 743,208 as of December 31, 2023 to 766,678 as of December 31, 2024. The growth continues to stem primarily from new business. Price adjustments were extremely moderate, at just under 1 percent of monthly premiums written. Health insurance thus retained its position as the ARAG Group segment with the highest sales revenue in Germany in 2024.

Amounts paid out for claims rose by 21.0 percent to €404,275 thousand as a result of the growth in business and the associated rise in the number of claims. The addition to the actuarial reserve (including the change in the lapse provision) amounted to €219,211 thousand, a substantial increase compared with the equivalent figure of €182,539 thousand in 2023. Due to the strong growth, insurance business operating expenses climbed by 14.9 percent year on year to €157,726 thousand. The lion's share of the rise was attributable to acquisition costs, which increased by 16.9 percent to €144,213 thousand. The cost ratio decreased nonetheless from 21.6 percent in 2023 to 21.1 percent in 2024. The underwriting result in 2024, a profit of €26,720 thousand, exceeded the profit of €24,441 thousand in the prior year. Due to the generation of additional income from equity investments in connection with the restructuring of private equity and infrastructure investments in the reporting year, gains and losses on investments increased from a net gain of €59,140 thousand to a net gain of €64,876 thousand. Gains and losses on investments are assigned in full to the underwriting account. Policyholders' share of profits came to 81.0 percent (2023: 82.2 percent).

After taking into account the sundry income and expense items and the addition to the provision for bonuses and rebates, profit before tax increased to €19,802 thousand (2023: €18,557 thousand). The health insurance segment thus once again contributed to the sound consolidated profit before tax.

Services and asset management
This segment brings together Group companies that provide core services other than straightforward insurance business for the benefit of both Group companies and third parties. Their activities include IT services, legal advice services in other countries, services for the brokerage of insurance contracts outside the ARAG Group, and the central emergency telephone service for ARAG customers. The segment also consists of the holding companies, including ARAG Holding SE. The insurance brokerage firm in the Group, Cura Versicherungsvermittlung GmbH, and the insurance agents for the UK, Australian, and Canadian reinsurance business are also assigned to this segment. Due to the structure of the four companies in the United Kingdom that joined the Group at the start of 2024, the segment's internal sales revenue went up considerably and can be clearly seen in the segment. The sales revenue generated by the non-insurance companies with third parties and the other segments in the Group rose from €92,199 thousand in 2023 to €172,787 thousand in 2024. The insurance brokerage business in the United Kingdom with non-Group primary insurers was another reason for the increase, with sales revenue of €21,815 thousand (2023: €19,044 thousand). After adjustment for the sales revenue generated in the service companies from business with Group companies in other Group segments, the remaining sales revenue generated from third parties came to €53,477 thousand (2023: €44,257 thousand). Profit before tax amounted to €63,155 thousand (2023: €60,719 thousand). The improvement was due to higher commission income from insurance brokerage and to additional business in connection with legal advice for non-policyholders in the United Kingdom.

Financial position

The objective of the financial management system is to ensure that the Company holds adequate financial resources and manages its liquidity such that it is able to satisfy its obligations arising from the insurance business at all times and to exceed, rather than simply satisfy, the regulatory requirements concerning the capital adequacy of insurance entities.

In addition to current bank balances and cash on hand of €296,175 thousand (December 31, 2023: €322,650 thousand), the Company has investments at its disposal that can be sold on the capital and financial markets at short notice, thus ensuring that the Company is able to satisfy its payment obligations at all times. A high level of excess cash is also routinely generated through current business, which provides additional liquidity or increases the investment portfolio further (see the cash flow statement).

The subordinated liabilities that had still existed as of the end of the prior year had comprised a registered bond with a value of €30,000 thousand that matured on July 29, 2024. It was repaid as per the contractual conditions in the reporting year. Due to the Group's very high solvency, no new registered bond was issued.

Net assets

The breakdown of investments by asset class was as follows:

Investments breakdown

(€'000/%)	Dec. 31, 2024		Dec. 31, 2023	
Land and buildings	170,125	2.7%	174,716	3.0%
Affiliated companies and equity investments	22,689	0.4%	21,213	0.4%
Lending to affiliated companies and equity investments	3,750	0.1%	3,750	0.1%
Equities and investment fund shares/units	2,174,097	34.0%	1,967,028	33.8%
Bearer bonds	3,011,721	47.1%	2,466,349	42.4%
Loans secured by mortgages or land charges and fixed-income receivables	0	0.0%	0	0.0%
Registered bonds	563,519	8.8%	618,519	10.6%
Promissory notes, loans	301,331	4.7%	392,644	6.7%
Sundry lending	67	0.0%	86	0.0%
Bank deposits	85,910	1.3%	111,348	1.9%
Other investments	0	0.0%	0	0.0%
Deposits with ceding insurers	63,797	1.0%	65,433	1.1%
Total	**6,397,006**	**100.0%**	**5,821,086**	**100.0%**

Further information on the changes in investments and the fair values as of the balance sheet date can be found in the breakdown of investments shown in the notes to the consolidated financial statements. The volume of investments designated for permanent use in the insurance business is shown in the disclosures on accounting policies in the notes to the consolidated financial statements.

Overall, the Company continues to be able to satisfy all obligations under existing insurance contracts at all times.

Equity
Overall, the equity of the ARAG Group came to €791,918 thousand as of the reporting date (December 31, 2023: €719,388 thousand).

The Group has subscribed capital of €200,000 thousand, statutory reserves of €18,839 thousand, and other revenue reserves of €511,550 thousand. Equity also comprises currency translation differences of €11,819 thousand and the negative difference pursuant to section 309 (1) of the German Commercial Code (HGB) (unrevised) of €36,000 thousand from the offsetting of goodwill from initial consolidation directly in equity.

The Group's net assets, financial position, and results of operations are strong and stable. The insurance companies in the Group always generate a high level of earnings and have comfortable liquidity reserves to act as a cushion in any unexpected situations. Consolidated equity has been rising for many years.

Corporate governance declaration

Targets for the proportion of women in management functions
The ARAG Group firmly believes in the importance of equality and diversity. The development of female managerial staff at all levels is therefore a key priority. The Group endeavors to continually and permanently increase the proportion of women at the first two management levels below the Management Board as well as on the Management Board itself and on the Supervisory Board.

Thanks to ARAG employees, sales partners, customers, and the Works Council
The members of the senior management of all Group companies thank all employees and sales partners for their hard work and dedication, and customers for the trust they have placed in the Group companies. They also extend their thanks to the employee representatives on the Works Councils and their committees for the close and constructive cooperation.

IV. Outlook, Opportunity and Risk Reports

Outlook and opportunity report

According to the forecast produced by the insurance markets commission of the German Insurance Association (GDV), the German insurance markets will continue to generate robust growth in 2025 despite global economic and political uncertainty. This growth will stem from downstream, inflation-related increases in premiums and persistently high demand for innovative and risk-related products.

The GDV believes that premium income in Germany could rise by around 5.0 percent across all insurance segments in 2025. As the economic outlook entails a high level of volatility, legal insurance, in particular, can give customers and consumers peace of mind. The GDV anticipates growth of 4.0 percent in premium income in this segment in 2025. For the casualty and property insurance segment as a whole, the association is forecasting a substantial increase in premiums of 7.5 percent. In private health insurance, the experts are also projecting a rise of 7.5 percent.

Digitalization continues to offer substantial opportunities. The integration of technologies such as artificial intelligence and machine learning mean that it is possible to set up much more efficient administrative channels and, above all, facilitate and develop customer contact, regardless of the time of day or where the parties are located. The huge volumes of data available to insurance companies allow them to perform even more precise risk assessments, offer more personalized policies, or improve their recognition of emerging trends.

The sustainable transformation of the economy and society continues to be one of the defining challenges for the insurance industry, along with digitalization. In terms of regulation, the insurance industry and the banking industry will play a pivotal role.

With its focus on legal insurance and health insurance, the ARAG Group is well positioned for the future in these times of major upheaval and far-reaching global turmoil. The ARAG 5>30 strategy program, which the Group launched at the end of 2022, specifies five key areas of action that set out the Group's strategic direction in the period up to 2030.

In light of the persistent political and economic upheaval on both a global and a local level, the ARAG Group believes that the outlook for business performance remains positive. The development of artificial intelligence and its introduction into day-to-day life will help to improve customer-facing activities and make them more efficient. The tools and support offered by ARAG SE's insurance products will appeal to existing and potential customers. This is especially true of legal insurance as it caters particularly well to people's requirements. The ARAG Group offers a comprehensive portfolio of legal protection solutions, which it continually develops in order to continue meeting the particular needs of private customers and small and medium-sized businesses. According to the findings of a survey by the Swiss Re Institute, insurance penetration for property insurance is 9.3 percent in the United States. It is lower in Europe, and just 3.4 percent in Germany. As trends from the United States are often replicated in Europe, this means that there is further potential for growth in premiums – especially in legal insurance.

The Group works with a market leading provider of legal insurance, an outstanding health insurer, and two casualty and property insurers in Germany, cooperates with a single respective casualty and property insurer in the United States, Scandinavia, and the United Kingdom, and works with branches for legal insurance and casualty and property insurance business as well as various insurance operating companies across Europe. Sharing knowledge across borders provides important impetus for the Group when it comes to designing products with customers in mind.

To reduce the impact of volatile capital markets on the valuation of investments, the ARAG Group established an additional centrally administrated fund structure for private equity investments and infrastructure investments in Germany in 2024. This harnesses the opportunities arising from trends in different regions and markets while mitigating any risks that occur by diversifying and spreading investments. In conjunction with the fund of funds construction that was established in the prior year for managing fixed-income securities, these steps can smooth out gains and losses on investments.

Under the ARAG 5>30 strategy program, the ARAG Group's gross premium income is projected to increase to €3 billion by 2030. Accordingly, the Group is anticipating further strong premium growth across the entire legal insurance business in 2025. The ongoing growth process seen in direct business across all units and in inward reinsurance business at the headquarters in Düsseldorf and at the international branches in recent years will continue to play a key role.

In casualty and property insurance, the Group will focus on strategic core segments in its private customers business. The sports insurance business will continue to provide needs-based insurance cover for organizations offering recreational and high-performance sports activities. However, the potential trend toward frequent extreme weather events poses an elevated level of risk from natural disasters, meaning that claims ratios are likely to be more volatile going forward.

In the health insurance market, business sentiment is deteriorating significantly because the trend toward rising costs is becoming entrenched. For supplementary health insurance, however, the business outlook is brighter. Based on the Group's successful expansion in recent years, continuing to strengthen the full-coverage health insurance business will play a key role in strategic planning – despite the market being flat on the whole. For the next two years, the growth trajectory in the health insurance business is expected to continue, accompanied by steady earnings and profit.

The ARAG Group is highly internationalized thanks to its network of branches and equity investments. The Group will continue to diversify its business across markets on the back of steady expansion in existing markets and the acquisition of business in new countries. This approach opens up a wide range of opportunities that would otherwise not be available in a single isolated market.

ARAG's excellent international diversification makes it more independent of the trends in individual national markets. Germany is ARAG's home market and continues to be extremely important to the Group. This applies in particular to the legal insurance business, which remains the ARAG Group's core business. Strong growth in the legal insurance business market is a high priority and serves as a significant point of reference for the international business. The strategy of the ARAG Group for the whole of the legal insurance business is to continue the international diversification of this segment.

The international structure of the ARAG Group is the logical business consequence of its former dependence on a single local market. It makes a virtue of the highly varied economic trends within Europe and around the globe for the benefit of its business. The legal insurance markets across Europe offer major growth potential. ARAG is focusing considerable effort on exploiting this potential with a view to achieving further growth in the Group while taking the particular features of the market in each country into account.

Being a family enterprise, ARAG's plans and actions are focused on the long term.

In view of the current opportunities and risks, the ARAG Group believes it has a stable basis on which to continue to operate successfully and profitably in the international insurance business.

The Group has budgeted premium growth for 2025 that will be around 10 percent lower than at present. No new acquisitions are planned for 2025.

Even without growth by acquisition, gross premiums written are expected to rise sharply in 2025 on the back of the continual growth delivered by the Group's insurance companies in all local markets in Europe and the United States.

The expenses for claims incurred will rise sharply in absolute terms in 2025 due to two factors: the rise in business volume and cost increases resulting from the lingering impact of inflation, including the associated adjustments to collective pay agreements and attorney fees. However, the claims ratio will likely not change compared with 2024.

The cost ratio (administrative expenses), meanwhile, will rise due to the effect of growth and inflation.

The underwriting result before the equalization provision will likely deteriorate somewhat in 2025 as a result of strong growth and the associated costs. The underwriting result after the change in the equalization provision will also be lower overall than in 2024.

The many unresolved crises in Europe and the Middle East, the unpredictable tariff policies of the new US administration, and the direction in Europe following the German parliamentary election make it impossible to reliably estimate gains and losses on investments. Nevertheless, structural changes to the Group's management of investments based on fund-of-funds constructions will help to smooth out the effects of macroeconomic conditions on the performance of investments. Should extreme, previously unknown events materialize, however, performance may turn out very differently. It is currently anticipated that gains and losses on investments will be considerably lower than in the prior year as no large gains on disposals or significant income from equity investments are expected.

Taking into account the discernible opportunities and risks, the ARAG Group forecasts that business performance will be good once again in 2025 albeit with a markedly lower profit before tax.

Risk report

Risk management system

Risk strategy The objective of pursuing a conservative risk and solvency policy, as specified in the business strategy, provides the framework for the structure of the risk strategy. The risk strategy sets out the risk profile of the Group companies and the structure of the individual risk exposures associated with the strategic business objectives. It also describes the tools for ensuring compliance with the prescribed risk-bearing capacity based on the risk appetite specified by the Management Board. Risks are therefore managed in the round, ensuring at all times that the overall risk profile is consistent with the risk strategy. Risks are quantified and risk-bearing capacity is measured in line with the statutory requirements of Solvency II.

Limit system The maximum permitted solvency capital requirement for the Group and its affiliated companies is determined on the basis of the risk appetite and the eligible own funds. Using this maximum requirement, the responsible management boards of the individual insurance companies set an overall limit that is then apportioned to the most important risks and sub-risks. The limit system is reviewed annually. The utilization of the limits is calculated during the year so that an assessment can then be made as to whether further risks can be assumed or if risks need to be reduced. A traffic light system is used, for both risk-bearing capacity and the limits at risk category level. The system enables ARAG to monitor changes in the utilization of limits and initiate corrective measures if necessary.

ORSA The own risk and solvency assessment (ORSA) process verifies that the changes in the most significant individual risks over the next four financial years will remain manageable, thereby ensuring that the ARAG Group continues to meet the objective of the conservative risk and solvency policy over the long term. To this end, the ORSA process determines ARAG's overall solvency requirement and own funds for each planning year, providing an indication of the future coverage requirement. The Management Board is responsible for the annual ORSA process and takes a lead role in ensuring it is carried out.

Independent risk control function The independent risk control function is responsible for implementing the risk management system. This function is carried out by the Group Risk Management Central Department. Group Risk Management is separate from the operational departments with profit-and-loss responsibility up to Management Board level. The Chief Risk Officer is a member of the Management Board of ARAG SE and bears responsibility for the implementation of the risk management system in all Group companies. The system is largely implemented in the form of a risk governance model, through which rules for implementing the risk-relevant processes in the Company are defined in groupwide policies and guidelines. By reporting regularly to the Company's Management Board, the independent risk control function also ensures comprehensive transparency with regard to the risk position and any changes to the risk position.

Operating decisions about whether or not to pursue opportunities and/or take on risk are made in the units with relevant responsibility.

Risk management process The risk management process comprises risk identification, risk analysis, risk assessment, risk management, risk monitoring, and risk reporting.

The aim of risk identification is to identify the emergence of new risks or changes in existing risks at an early stage and to assess them using a standard procedure. For example, risks arising in connection with the development of new markets or the launch of new products are identified, analyzed, measured, and submitted to the Management Board for decision using appropriate cross-functional review processes, such as the new-product process.

To ensure risks are assessed appropriately, the influencing factors determining the relevant exposure on the Solvency II balance sheet are analyzed. These influencing factors are validated to check that they are appropriate for the measurement of risk.

All identified risks are regularly measured. The key element in this process is the solvency capital requirement that is calculated for all downside risk. The purpose is to ensure that unexpected losses are covered. This requirement quantifies the loss from the risk exposures occurring within a specific holding period (one year) and with a specified level of probability (99.5 percent). In addition, a qualitative assessment is carried out in the ORSA process.

Operational management of risk is carried out by the managers and process owners in those departments where the risks occur. Risk management consists of implementing measures to reduce, mitigate, transfer, and diversify risks.

A key element of risk monitoring is examining changes in the risk profile over time, focusing on risk-bearing capacity and utilization of the limits. Risk monitoring takes into account the regulatory and internal requirements regarding minimum cover. The results from the risk monitoring process and the associated recommendations for action are reported to the Management Board promptly and on a continual basis. Unexpected or extreme events can also affect a company's risk profile. Ad hoc reports are submitted if this is the case.

Internal control system The internal control system (ICS) refers to all control and monitoring mechanisms as well as other measures that help to support the effectiveness and profitability of business activities and to identify and minimize risk at an early stage. It also ensures compliance with the applicable laws and regulations, all regulatory requirements, and internal rules.

The ARAG Group structures its ICS in accordance with the 'three lines of defense' model, which the Company also uses:

First line of defense: The first line of defense is formed by all employees and managers in operational roles who are responsible for identifying and evaluating the risks in their area as part of the risk control process.

Second line of defense: The monitoring of the business and central units is carried out by various interdisciplinary functions (the Group Controlling, Legal/Compliance, and Group Risk Management Central Departments and the Actuarial function) that specify standards for the design and monitoring of controls and the handling of risk.

Third line of defense: Under its remit as the internal auditor for the Group companies, the Group Audit Central Department conducts internal audits of the functions in the first and second lines of defense within the ARAG Group. The Group Audit Central Department is also the internal auditor for the Group companies that have contractually appointed it to this role. Following the orders issued by the Management Board, Group Audit examines the operational and organizational structure as well as the ICS for all operating and business processes from a risk perspective.

Risk categories
Underwriting risk and market risk are of considerable significance for the Company, whereas counterparty default risk, liquidity risk, and operational risk are of lesser importance.

Underwriting risk in indemnity, liability, and accident insurance and in legal insurance
Underwriting risk is the risk of a loss arising from inadequate pricing or inadequate assumptions when determining underwriting liabilities. These losses result from various risk types, including:

- Premium/reserve risk: fluctuations in the timing, frequency, and severity of insured events and in the duration of claims settlement and the amount involved in relation to the premiums generated in an insurance period.
- Catastrophe risk and accumulation risk: significant uncertainties regarding pricing and assumptions in respect of the recognition of technical provisions for extreme or exceptional events.
- Lapse risk: adverse changes in the level or volatility of the rates of insurance policy lapses and terminations.

These risks are measured using an internal model. A simulation is used to forecast a level of loss that would only be expected every 200 years. A 1 in 200 year event indicates the one-year loss anticipated with a probability of 99.5 percent. Future claims and/or required additions to reserves are calculated for premium and reserve risk on the basis of historical claims. Losses are simulated in the same way for catastrophe risk and accumulation risk; such losses may arise from natural disasters, large claims caused by people, or accumulation losses in the legal insurance business. Lapse risk is calculated on the basis of past lapse rates. The actual underwriting risk arises from the aggregation of the individual risks, taking diversification effects into account. The methodology used for the internally modelled risks is regularly reviewed using backtesting and validation tests.

The ORSA process identified events that can have a material impact on non-life underwriting risk. Examples include accumulation risk resulting from attorneys driving up the number of legal cases, climate-related natural disasters, and the negative economic impact of geopolitical conflicts.

Measures implemented to restrict the risks include risk limits and various reinsurance programs in the individual Group companies.

Underwriting risk in health insurance Underwriting risk is the risk of a loss or adverse change in the value of insurance liabilities arising from inadequate pricing and inadequate assumptions when determining underwriting liabilities. These losses result from the following three risk components and their associated sub-risks:

1. Risk from health insurance policies that are operated on an actuarial basis comparable to that of indemnity insurance:
   - Premium/reserve risk: fluctuations in the timing, frequency, and severity of insured events and in the occurrence of claims settlement and the amount involved in relation to the premiums generated in an insurance period.
   - Lapse risk (operation on a basis similar to non-life insurance): changes in the level or volatility of the rates of insurance policy lapses, terminations, renewals, and surrenders.

2. Risk from health insurance policies that are operated on an actuarial basis comparable to that of life insurance:
   - Mortality risk: changes in the level, trend, or volatility of mortality rates, where an increase in the mortality rate leads to an increase in the value of insurance liabilities.
   - Longevity risk: changes in the level, trend, or volatility of mortality rates, where a decrease in the mortality rate leads to an increase in the value of insurance liabilities.
   - Disability-morbidity risk: changes in the level, trend, or volatility of disability, sickness, and morbidity rates.

- Expense risk: changes in the level, trend, or volatility of the expenses incurred in servicing insurance or reinsurance contracts.
- Lapse risk (operation on a basis similar to life insurance): changes in the level or volatility of the rates of insurance policy lapses, terminations, renewals, and surrenders.

3. Risk from health insurance policies under which claims are made as a result of catastrophes:
   - Mass accident risk: the risk of having many people in one location at the same time, causing mass accidental deaths, disabilities, and injuries with a high impact on the cost of medical treatment sought.
   - Accident concentration risk: the risk of having concentrated exposures due to densely populated locations, causing concentrations of accidental deaths, disabilities, and injuries in the event of the mass accident scenario described above.
   - Pandemic risk: the risk of having a large number of non-lethal disability and income protection claims and where victims are unlikely to recover as a result of a pandemic.

These risks are measured with the standard formula. Depending on the risk involved, prescribed factors or stress scenarios are used in order to determine their impact on changes in the fair value of the liabilities. One of the methods used by the Company to measure health underwriting liabilities is the inflation-neutral measurement method. The sub-risks determined in this way are aggregated into the three risk components for health insurance. The actual underwriting risk arises from the further aggregation of these three components, taking diversification effects into account.

The ORSA process identified events that can have a material impact on health underwriting risk. These include, for example, the consequences of climate change and the negative economic impact of the war in Ukraine.

The measures implemented to limit the risk include reinsurance and the use of the available opportunities to structure policyholder profit participation and adjust premiums to the extent permitted by law.

The consistency of the insurance business and the adequacy of the claims provisions at all times can be seen in the following disclosures on the changes in the claims ratio for the entire direct insurance business over the last ten financial years.

Changes in claims ratio

Financial year		Claims ratio, gross, total	Profit/loss on settlements
(%)	FY ratio	Financial statements	% of initial reserve
2024	58.5	56.6	2.1
2023	54.9	50.8	4.1
2022	54.2	48.9	5.2
2021	56.1	51.8	4.0
2020	56.4	51.4	4.6
2019	56.2	52.4	3.5
2018	55.1	52.1	2.7
2017	56.0	52.4	3.1
2016	55.9	50.3	4.7
2015	58.0	51.6	6.0

Market risk Market risk is the risk of loss due to adverse changes to market prices of assets, liabilities, and financial instruments. The risk arises directly or indirectly from the following sub-risks:

- Interest-rate risk: changes in the term structure or volatility of interest rates. For example, an assumed increase or decrease of 1 percentage point in the general level of interest rates would increase or decrease the fair value of the fixed-income securities by approximately €276,904 thousand.
- Equity risk: changes in the level or volatility of the market prices of equities. For example, an assumed fall in equities markets of 20 percent would cause a loss in fair value of €117,881 thousand.
- Property risk: changes in the level or volatility of the market prices of real estate.
- Currency risk: changes in the level or volatility of exchange rates.
- Spread risk: changes in the level or volatility of credit spreads over the risk-free interest-rate term structure.
- Migration/default risk: rating changes or changes in the extent of projected defaults. The breakdown of interest-bearing investments by rating is as follows:

Rating class (direct investment and funds)

(Proportion [%] by fair value)	Dec. 31, 2024
AAA	27.4%
AA	19.7%
A	26.6%
BBB	20.4%
BB	3.2%
B	1.4%
CCC	0.4%
CC	0.0%
C	0.0%
D	0.1%
Not rated	0.9%

The breakdown of fixed-income securities is as follows (fair values): Of the fixed-income securities – including securities held indirectly through institutional funds – approximately 33 percent are accounted for by financial services entities, 35 percent by public-sector bonds, and 32 percent by corporate bonds.

These risks are measured with the standard formula. New fair values of investments and liabilities are determined in the stress scenarios for interest rates, share prices, real estate prices, credit spreads, credit ratings/defaults, and exchange rates. The actual market risk arises from the aggregation of the sub-risks and concentration risk, taking diversification effects into account.

The ORSA process identified events that can have a material impact on market risk. They include corrections in the financial markets, the impact of climate change on investments, and negative changes in investments due to the escalation of geopolitical conflicts.

At strategic level, risk is limited by virtue of the fact that market risk limits are taken into account when determining the strategic asset allocation each year. An annual review of the asset/liability management (ALM) situation also ensures that these risk mitigation measures remain effective over the long term. Operational measures to mitigate risk are set out in the investment guidelines.

Counterparty default risk Counterparty default risk in the insurance business largely arises in connection with receivables from reinsurers, credit institutions, policyholders, and insurance brokers. It is the downside risk arising from the unexpected default or deterioration in the credit standing of counterparties and debtors during the next twelve months.

Counterparty default risk is measured with the standard formula. The risk of default on receivables from reinsurers and credit institutions is measured on the basis of the information available and proportionality considerations. The counterparties' individual credit ratings are explicitly used. To measure the risk of default on receivables from policyholders and insurance brokers, a constant factor is applied to the fair value of the relevant exposures on the Solvency II balance sheet.

The measures implemented to limit risk include requirements in respect of the selected reinsurers (such as a minimum rating) and an automated procedure for issuing reminders to recover receivables due from policyholders.

The amount of the receivables due from reinsurers, broken down by external ratings, can be found in the notes to the financial statements. As of the balance sheet date, receivables from policyholders more than 90 days past due amounted to €27,531 thousand (December 31, 2023: €25,083 thousand). The average default rate for these receivables over the last three years as of December 31, 2024 was 23.9 percent (December 31, 2023: 20.6 percent).

Liquidity risk Liquidity risk is the risk that insurance companies are unable to realize investments and other assets in order to settle their financial obligations when they fall due. Liquidity risk is therefore a derived risk: It is a type of investment risk (assets are not liquid) and a type of underwriting risk (insurance benefits due for payment may exceed available liquidity).

Liquidity risk is measured by calculating the monthly excess liquidity cover or liquidity shortfall on a rolling basis. Liquidity planning is updated constantly so that ARAG has early warning of whether it will require liquidity in the coming months. ALM is used to determine the liquidity requirement over the medium to long term.

Risk limitation measures include ALM and rolling liquidity planning.

Operational risk Operational risk is the risk arising from inadequate or failed internal processes or systems, employee misconduct, or unexpected external events that disrupt or even prevent business operations. Operational risk also encompasses legal risk and reputational risk but does not include risks arising from strategic decisions.

The Company uses the standard formula to determine the appropriate solvency capital requirement. Measurement for operational purposes is carried out using an expert assessment on the basis of two dimensions: probability of occurrence and impact. The probability of occurrence describes the likelihood that an operational risk will materialize within a defined period. The second dimension describes the potential impact of the occurrence of an operational risk and is measured in quantitative or qualitative terms. The gross and net values are recorded for each dimension. The gross values are the values before implementation of possible measures to mitigate the risk; the net values are the values after implementation of the chosen measures. Risk limitation measures are specified by the managers concerned on a case-by-case basis. When identifying and evaluating operational risks, the risk managers consider known loss events that are recorded in a loss database. This contains data on all loss events that have occurred and their actual impact. Consequently, the plausibility of subjective estimates can be tested.

The ORSA process identified events that can have a material impact on operational risk. They include cyberattacks, power failures, or risks of a legal nature. Mounting regulations and a potential resulting rise in bureaucracy may tie up resources in the operating business. Penetration (PEN) tests are carried out to prevent cyberattacks. In the event of power failures, technical and organizational measures are taken in order to maintain IT operations and avoid the loss of data. To reduce risks of a legal nature, extensive legislative monitoring has been established in order to identify changes at the earliest opportunity. In addition, internal training is held on an ongoing basis to avoid violations of the law.

Strategic risk Strategic risk arises from strategic business decisions, including business decisions that have not been adapted in line with changes in the economic environment. Such changes include political decisions such as the introduction of a citizens' health insurance scheme and the shortage of skilled workers. Failing to adapt the business model in line with a changed competitive environment (the establishment of new fintechs, insurtechs, and legaltechs and competing business models) may also have a negative impact on existing and new business, as can the increasing use of artificial intelligence by competitors.

In line with the specific nature of the individual risks, individual management measures are put in place as part of the ORSA and are monitored on an ongoing basis.

Overall risk position

The regulatory minimum capital requirement in accordance with the provisions of the German Insurance Supervision Act (VAG) is met in full. Moreover, the eligible own funds are higher than the solvency capital requirements calculated in accordance with VAG.

Over a planning period of three or four years, the risks were assessed for the individual companies using various scenarios (rising costs and claims, impact of climate change on investments and on the underwriting business, changes in bonuses and rebates, loss of parts of the portfolio). The impact on investments was also quantified in line with the 2024 stress test defined by the European Insurance and Occupational Pensions Authority (EIOPA). The results indicate that the solvency capital requirement is expected to be sufficiently covered for the next few years at Group level.

The overall risk position does not currently point to any trends that could jeopardize the continued existence of the Group as a going concern or cause a significant negative impact on net assets, financial position, or results of operations.

V. Sustainability Report

Contents

The limited assurance report of the independent assurance practitioner on the non-financial statement can be found at the end of the annual report under ‘Further Information’.

1 General disclosures

1.1 Basis for preparation

Regulatory background of the sustainability report
This consolidated sustainability report for the reporting date December 31, 2024 is the first to be produced in full accordance with Delegated Regulation (EU) 2023/2772, known as the European Sustainability Reporting Standards (ESRS). As the Federal Republic of Germany had not transposed Directive (EU) 2022/2464 (Corporate Sustainability Reporting Directive [CSRD]) into national law by the end of 2024, ARAG must still apply CSRD. The Group sustainability report was prepared in accordance with the requirements of section 341j (4) of the German Commercial Code (HGB) in conjunction with sections 315b and 315c HGB regarding consolidated non-financial statements. ARAG has decided to publish this report as a consolidated non-financial statement for 2024 that voluntarily and fully applies ESRS as its framework in accordance with section 315c (3) HGB in conjunction with section 289d HGB as part of the group management report. Furthermore, the report fulfills the provisions of Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation) of the European Parliament and of the Council.

Basis of consolidation of the sustainability report
ARAG Holding SE, Düsseldorf, produces a consolidated sustainability report as the ARAG Group's parent company. In financial reporting, consolidation options are exercised so that non-material subsidiaries are not consolidated. ARAG Legal Protection Ltd., Dublin, is not consolidated in financial reporting due to reasons of materiality. However, it is included in this sustainability report. The reporting period covers the year from January 1 to December 31, 2024.

Through its consolidated reporting, ARAG also fulfills the reporting obligations of its subsidiaries, which in their own management reports refer to the exemption and to the overarching sustainability report.

Value chain
The term 'value chain' used in this sustainability report covers activities in own operations, in investments, and in the underwriting business. Upstream and downstream activities are also taken into account.

ARAG's upstream value chain comprises service providers, suppliers providing office infrastructure, and reinsurers offering reinsurance services. Own operations focus on the core functions of all activities related to products and asset management, including underwriting, claims settlement, product development, and marketing. Supporting functions such as HR, IT, strategy, sustainability, and procurement are further integral elements. The downstream value chain primarily comprises insurance activities, including private and corporate customers, and the management of investments.

Sensitive information
ARAG has not made use of the option to omit specific pieces of information corresponding to intellectual property, know-how, or the results of innovation.

Impending developments
ARAG has not made use of the exemption from disclosure of impending developments or matters in the course of negotiation, as provided for in Articles 19a (3) and 29a (3) of Directive 2013/34/EU.

Time horizons
ARAG's reporting is based on the following short, medium, and long-term time horizons:
- Short-term: up to one year, the same as for financial reporting
- Medium-term: more than one year up to five years
- Long-term: more than five years

Where the report deviates from these time horizons, particularly in the context of risk management, this is indicated accordingly.

Value chain estimation, including sources
Where the metrics published in this report include upstream and/or downstream value chain data estimated using indirect sources, such as sector-average data or other proxies, this is clearly indicated at the relevant points. This applies to the disclosures on gross Scope 1, 2, and 3 greenhouse gas (GHG) emissions. For the sake of greater transparency, additional context is provided to explain the informational value of the metrics. Where metrics are based on estimates and subject to measurement uncertainty, this is clearly indicated at the relevant points, and additional context is provided to explain the informational value of the metrics. Unless stated otherwise, the calculation of the metrics contained in this sustainability report has not been validated by an external body.

Disclosures stemming from other legislation or generally accepted sustainability reporting pronouncements
No information has been included in this sustainability report on the basis of other legal provisions or recognized standards and frameworks for sustainability reporting.

Incorporation by reference
ARAG has not incorporated any information by reference in this sustainability report.

1.2 Corporate governance

System of governance
The ARAG Group has structured its system of governance in a way that aims to manage business activities soundly and conservatively in line with the business strategy and the risk strategy. Corporate governance follows the legal requirements of the two-tier system, under which the management and supervisory functions are performed by two separate bodies, the Management Board as the management body and the Supervisory Board as the supervisory body.

The Management Board is responsible for sustainability, with member of the Management Board Klaus Heiermann assuming overall responsibility. He receives day-to-day support from the Chief Sustainability Officer.

As of December 31, 2024, the Management Board of ARAG Holding SE had three members with the following responsibilities:
- Dr. Dr. h. c. Paul-Otto Faßbender: CEO; Equity Investments/Group Audit/Legal/Compliance
- Klaus Heiermann: Brand and Communications/Risk Management and Sustainability Management
- Dr. Sven Wolf: Data Security/Finance/Accounting and Tax/HR

As of December 31, 2024, the Supervisory Board, which is responsible for appointing and monitoring the Company's Management Board, had the following members:
- Gerd Peskes (Chairman)
- Professor Dr. Tobias Bürgers (Deputy Chairman)
- Professor Emeritus Dr. Brigitte Grass

Workers' representatives and other employees are not members of the Supervisory Board. All members of the Management Board have management experience and appropriate theoretical and practical knowledge of the insurance sector, and thus meet the 'Requirements for persons who effectively run the undertaking or assume responsibility for other key tasks' in accordance with section 24 of the German Insurance Supervision Act (VAG).

They have the professional qualifications, knowledge, and experience to manage the Company soundly and prudently.

The members of the Supervisory Board must have the necessary knowledge, skills, and experience to be able to perform their monitoring role. They must always have the expertise needed to adequately monitor and oversee the Management Board of the ARAG Group and to actively support the Company's growth. Each member must therefore understand the Company's business and be able to assess the relevant risks. They must also be familiar with the main statutory requirements applicable to the Company. The individual members are not required to have specialist knowledge. However, they must be capable of identifying when they need to take advice and of obtaining this advice. In any case, the expertise of the Supervisory Board as a whole must cover investments, underwriting, financial reporting, auditing, and sustainability. Having the necessary professional suitability entails undertaking continuing professional development. Before the Annual General Meeting appoints someone to the Supervisory Board, both the potential Supervisory Board member and the Supervisory Board that proposed the candidate are expected to make sure that the potential member is sufficiently qualified.

In addition to the expertise referred to above, the members of the Supervisory Board of ARAG Holding SE must possess adequate knowledge of the ARAG Group's internal organization and further knowledge that enables them to assess the activities carried out by the Management Board of ARAG Holding SE related to satisfying Group-related obligations and requirements. Other essential knowledge includes regulatory requirements in relation to the management of environmental and social affairs, such as reporting requirements for these issues.

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

The Management Board plays a key role when it comes to implementing and monitoring the Company's sustainability targets. The Management Board is responsible for the actions taken to achieve the ARAG 5>30 targets defined in the corporate strategy, which is guided by the ARAG Essentials. In this context, the Management Board makes decisions within its competence and informs the Supervisory Board of any matters with the potential to negatively impact on stakeholders, the environment, or society.

Impacts, risks, and opportunities are identified and evaluated as part of the materiality assessment. The findings and the key impacts, risks, and opportunities are reviewed and approved, and the results are then presented to the Supervisory Board in the Supervisory Board meeting.

Members of the Supervisory Board must have in-depth knowledge, skills, and experience in order to perform the monitoring role at ARAG, particularly in the area of sustainability. They monitor the Management Board in the traditional areas of business, as well as in relation to sustainability matters, including the associated impacts, risks, and opportunities for the Company. The expertise of the Supervisory Board as a whole must cover material topics such as investment, underwriting, financial reporting, auditing, and sustainability. The aim is to ensure that the necessary knowledge related to the material impacts, risks, and opportunities is communicated and that these can be placed in the overall business context. In addition, the members of the Management Board and of the Supervisory Board can turn to external sources to acquire the necessary knowledge.

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

The Management Board member responsible for sustainability regularly attends the meetings of the Supervisory Board, at which he informs Supervisory Board members about forthcoming regulatory obligations, current developments, target achievement, and the handling of these topics in sustainability management in the insurance industry.

Composition of administrative, management, and supervisory bodies

	2024
Number of Management Board members (executive) (head count)	3
Number of Supervisory Board members (non-executive) (head count)	3
Percentage of independent members on the Supervisory Board	100%

Diversity on the Management Board

	2024
Percentage of female Management Board members	0%
Percentage of male Management Board members	100%
Gender split on the Management Board	0%

Diversity on the Supervisory Board

	2024
Percentage of female Supervisory Board members	33.3%
Percentage of male Supervisory Board members	66.7%
Gender split on the Supervisory Board	0.5%

Topical disclosure requirements: G1 – Corporate governance
The Supervisory Board plays a key role when it comes to developing and implementing business conduct policies. It must fulfill its duties according to the law, the articles of incorporation, and the rules of procedure, and continuously advise the Management Board and monitor its work. The Supervisory Board is involved in decision-making processes of fundamental importance to the Company. 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. In addition, all employees in the German companies must attend mandatory training on the topics of conflicts of interest, fair competition, antitrust law, and information security.

Information provided to and sustainability matters addressed by the undertaking's administrative, management, and supervisory bodies

The purpose of the annual materiality assessment is to identify and assess the ARAG Group's material impacts, risks, and opportunities, which are disclosed in the sustainability report. Every year, the materiality assessment's findings, including the sustainability matters identified as not material, are presented to the Management Board by the relevant Management Board member, Klaus Heiermann, and confirmed by the board. Where required, the Management Board can approve appropriate action to manage the identified impacts, risks, and opportunities. Mr. Heiermann also presents the results to the Supervisory Board. The lists of material impacts, risks, and opportunities presented to the Management Board and the Supervisory Board can be found under 'Material impacts, risks, and opportunities and their interaction with strategy and business model'.

Furthermore, the Management Board – primarily the member with responsibility for risk management and sustainability management – continuously monitors regulatory and market-related developments, and ensures that all relevant information about sustainability-related risks and opportunities and the implementation of due diligence are communicated to the Supervisory Board. As a company that takes the long view, ARAG attaches great importance to forward-looking risk management that also factors in emerging risks. These include risks caused by climate change. ARAG considers sustainability risks to be part of existing risk categories. Risks are identified, analyzed, and assessed as part of the existing risk management process, and managed by the relevant process owners. Efforts are made to ensure that the risk strategy is consistent with the corporate strategy, and that compromises are taken into account in this context too. ARAG also takes sustainability risks into account in its own risk and solvency assessment (ORSA). The Management Board is responsible for the annual ORSA process and takes a lead role in ensuring it is carried out.

There are also regular reports on progress with implementing the sustainability strategy and on the outcome of actions that have been decided upon.

Integration of sustainability-related performance in incentive schemes

Remuneration management is an important part of corporate governance. Having members of the governing bodies who are motivated and whose performance is rewarded provides the foundation for ARAG to achieve sustained business success. The Company's remuneration policy also promotes ethical behavior and minimizes risks and misincentives that could damage ARAG and, by extension, its stakeholders too.

The remuneration of the Management Board comprises a fixed basic salary and a variable element set as a percentage of the basic salary. The basic salary is set at a level that ensures the members of the Management Board are not heavily reliant on the variable component. The aim is to prevent the variable component from creating incentives that conflict with the interests of the Company. No share plans or share option programs are offered anywhere in the Group. To ensure that remuneration is attractive and in line with the market, the variable component for members of the Management Board is limited to a maximum of 60 percent of the basic salary and is split into a short-term and a long-term component. In the case of insurance companies and ARAG Holding SE, the long-term component equates to 60 percent of the variable remuneration and is deferred; it also takes into account a potential downward adjustment as a result of exposure to current or future risks. The variable remuneration targets are based on objective Group and company metrics drawn from strategic planning and on individual targets for each member of the respective governing body. The weighting of the targets is defined beforehand.

The ARAG Group has linked remuneration components for the members of the Management Boards of its material operating insurance companies to the implementation of the ARAG sustainability strategy. This affects 10 percent of annual short-term incentives (STI) in the remuneration system. The sustainability strategy covers the following areas: product and performance, underwriting, customer satisfaction, diversity, compliance, and leadership and values. There is also a close link to the sustainability targets of the ARAG 5>30 Group strategy, which focuses on access to justice. No specific targets for reducing greenhouse gases have been set.

Supervisory Board members receive fixed remuneration for their work. If they also take on other tasks within the Group, a decision is made on a case-by-case basis as to whether and how the remuneration from these activities affects their fixed 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 apply to all international branches and subsidiaries. General principles of the remuneration policy, the remuneration structure of the various function groups, the basis for salary adjustments, and the related processes are set out in the remuneration management handbook. The processes are based on systematic market comparisons that are continuously updated. The remuneration of the Group's governing bodies is based on the governing law applicable to the entity in the Group.

Remuneration falls under the remit of Group Human Resources. The Total Rewards Department systematically reviews the Group's remuneration and incentive structures, taking account of ARAG Holding SE's overall objectives. In respect of remuneration in the individual companies, Group Human Resources acts on behalf of the Management Board; in respect of the remuneration for the individual Management Boards, it acts on behalf of the Supervisory Board. The international branches and subsidiaries can also specify additional remuneration rules that are specific to their market.

Climate-related targets are not part of the remuneration structure for members of the administrative, management, and supervisory bodies. Performance is not assessed on the basis of targets for reducing GHG emissions.

Due diligence declaration

The process for fulfilling due diligence obligations with regard to sustainability matters is described below by referencing the information provided in this sustainability report:

Core elements of due diligence	Sections in the sustainability report
Embedding due diligence in governance, strategy and business model	Information provided to and sustainability matters addressed by the undertaking's administrative, management, and supervisory bodies
	Integration of sustainability-related performance in incentive schemes
	Material impacts, risks and opportunities and their interaction with strategy and business model
Engaging with affected stakeholders in all key steps of the due diligence	Information provided to and sustainability matters addressed by the undertaking's administrative, management, and supervisory bodies
	Interests and views of stakeholders
	Description of the process to identify and assess material impacts, risks, and opportunities
Identifying and assessing adverse impacts	Description of the processes to identify and assess material impacts, risks, and opportunities
	Material impacts, risks and opportunities and their interaction with strategy and business model
Taking actions to address those adverse impacts	Topical chapters on actions
Tracking the effectiveness of these efforts and communicating	Topical chapters on actions

Risk management and internal controls over sustainability reporting

The assumption of risk is the core business of an insurance group. This means that its activities aimed at achieving its strategic business objectives naturally involve taking on risks in order to achieve the desired success. To deal with these risks, ARAG has implemented a risk management system consisting of several elements. Chief among these are the risk strategy, the operational risk management process, and the system of limits.

The own risk and solvency assessment process is another element of risk management, which itself comprises the identification, analysis, measurement, management, monitoring, and reporting of risk. The aim is to identify the emergence of new risks or changes in existing risks at an early stage and to assess them using a standard procedure. Sustainability risks are taken into account when looking at existing risk categories.

The ARAG Group has also established an internal control system (ICS). The ICS has a consistent structure throughout the Group, ensuring that the connected systems and reports in the Group can be verified. The ICS is designed to create and maintain compliance with an organizational framework that ensures that statutory and, in particular, regulatory requirements are implemented. The ICS follows the 'three lines of defense' model, which organizes the risks and internal controls of the reporting process. The focus here is on avoiding errors in the way information is presented and disclosed in the reporting process.

Sustainability reporting is integrated into the ICS process. As part of the operational structure defined in ICS, all activities, responsibilities, participating functions, and verifycation procedures for the processes relevant to the ICS are documented using a process and control system. This provides an overview of the process architecture within the ARAG Group. Appropriate controls are put in place based on the identified risks in the process. An annual review and reapproval procedure ensures that all process documenttation is up to date, accurate, and complete. Further controls, such as checking by a second member of staff, are also taken into account. The aim is to avoid or mitigate risks.

The Management Board occupies a special position within the organizational structure because it is responsible for ensuring an orderly and effective system of governance and thus for ensuring that the ARAG Group's risk management system and its ICS are appropriate and effective. This means that the Management Board is directly responsible for the ARAG Group's ICS. The Management Board receives reports regularly and on an ad hoc basis. The results of the risk management process are presented as part of the quarterly risk reporting. A risk/measures inventory is created for operational risks, also on a quarterly basis. The results of the ORSA process are documented in the annual ORSA report. The ICS also includes a reporting process, which ensures that the Management Board is informed about all relevant information and developments. Once the annual approval process has been completed, the Organization reports on the process and control system to the Management Board member with relevant responsibility. This report includes details about how up to date, accurate, and complete the ICS-related processes are, and includes the risks and controls. Every year, the Management Board member then reports this information to the Management Board and senior management team of each company.

1.3 Strategy

ARAG understands the importance of the sustainable transformation of the economy and society. The focus is on sustainable development and structures as the basis of social, economic, and environmental stability. ARAG firmly believes that this comprehensive transformation process will be a success if it is transparent and verifiable, provides rights that can be enforced, and allows everyone to actively participate. As the leading legal insurer worldwide, ARAG can make a valuable contribution to supporting and purposefully driving forward the societal change needed for this sustainable transformation.

Business model
The ARAG Group operates in the fields of legal insurance, casualty and property insurance, and health insurance. It focuses on insurance products and services aimed at both private and small business customers. Internationally, ARAG is targeting potential growth areas in the legal insurance sector. This involves the development and sale of insurance products, as well as claims settlement, in 20 countries.

The Company offers comprehensive services and risk cover with the aim of preventing and managing risks, for example in litigation, health, and pension provision.

ARAG supports consumers in safeguarding and asserting their rights in the areas of work, the home, physical and mental health, education and participation, equal treatment, and privacy, whether analog or digital. In addition, legal insurance can support consumers in legal proceedings relating to environmental offenses. The key customer groups and insurance products mentioned are reflected in the impacts identified as material. There were no material changes related to ARAG's products or customers in 2024.

Headcount of employees by geographical area

	2024
EEA countries	4,881
Non-EEA countries	1,195

Sustainability strategy
For nearly 90 years, ARAG has acted as a risk carrier providing access to justice. This business model promotes equal opportunities for all citizens and strengthens their rights at a time of social and economic change. ARAG endeavors to help consumers and businesses to achieve and comply with environmental goals and standards. In line with its sustainability strategy, ARAG focuses on the following targets:

Integrating a sustainability check in the product development process in the area of **products and services.** This check will become an integral element of product development in order to factor sustainable services and pricing characteristics into the review of existing, and the development of new, legal insurance products. The aim is the sustainable transformation of the product portfolio in the health insurance and casualty and property insurance classes.

On behalf of its **customers**, ARAG assumes responsibility for making future risks and new risks financially manageable. Legal insurance, in particular, plays a significant role in ensuring equal opportunities and access to justice. ARAG is improving this access as the sustainable transformation progresses, and supports consumers in safeguarding and asserting their rights.

Customer satisfaction is a key metric for monitoring the achievement of this ambition. ARAG continually measures the satisfaction of customers and their willingness to recommend the Company, and bases its actions on the findings. The Net Customer Satisfaction Score gauges customers' satisfaction and the Net Promoter Score establishes their willingness to recommend ARAG.

Sustainability matters are identified and factored in for stakeholders and in asset management, risk management, underwriting, and HR management. The aim is to channel capital into sustainable investments without jeopardizing the ability to meet obligations toward customers in the long term.

ARAG's sustainability strategy is closely linked to the ARAG 5>30 corporate strategy and marks the next big step in the Group's development up to 2030. The strategy program comprises five areas of action: Essential Growth, Winning Spirit, Embracing Clients, Driving Purpose, and Smart Insurer. Each area of action has targets that safeguard the Company's independence as a family enterprise:

- **Essential Growth:** ARAG to achieve extraordinary growth and high substantial value
- **Winning Spirit:** Increase attractiveness as an employer and further strengthen performance culture
- **Embracing Clients:** Raise customer satisfaction to a new level through innovative products and inspiring services
- **Driving Purpose:** Combine business model as legal insurer with social sustainability, and reduce carbon footprint
- **Smart Insurer:** Digital by default – transform the mindset regarding digitalization and strengthen the use of AI

Responsibility for product innovations lies with the Sales, Products and Innovation function. New products undergo a clearly defined development process based on insights from sales, claims, legal services, customer service, market research, and customer surveys. Customer feedback and information from market research is systematically incorporated into the product development process.

At present, customer demand for rapid access to justice is rising. ARAG is responding with new offerings, such as a new legal insurance rate scale offering immediate assistance, which is particularly relevant where help is needed in an emergency. Mediation is a mandatory part of all ARAG legal insurance products and facilitates the swift and amicable resolution of legal disputes. In this context, ARAG waives policy exclusions, waiting periods, the exclusion of disputes arising before the policy came into force, and deductibles. ARAG thus makes an important contribution to sustainable development goal (SDG) 16, which aims to strengthen the rule of law and ensure universal access to justice. ARAG's products and services support the Company's visionary founding principle of ensuring access to justice and equal opportunities.

As a rule, ARAG designs its products to be modular and flexible so that they can meet the individual needs of customers. Over 90 percent of products are offered in the versions Basis, Komfort, and Premium, and customers can choose from up to seven different levels of deductible. This enables policyholders to tailor the affordability and level of cover to their particular needs.

The domestic market in Germany is particularly important with regard to sustainability targets. In Germany, ARAG has access to numerous networks and partnerships in the area of sustainability, which facilitates collaboration on projects.

The ARAG sustainability strategy is based on the corporate guidelines, the ARAG Essentials:

“As a family enterprise, the wellbeing of future generations is important to us. Based on these values, ARAG acts in a sustainable manner and embraces its corporate social responsibility.”

This guiding principle is based on the UN Global Compact’s 17 SDGs. ARAG is in a position to contribute directly and indirectly to the achievement of several of these goals.

SDG 16, which calls for the strengthening of the rule of law and universal access to justice, offers the broadest approach for ARAG. Thanks to its founding principle, ARAG has the greatest relevance in this area, both nationally and internationally. SDG 5 and SDG 8, which deal with gender equality and decent work, respectively, directly overlap with ARAG products such as protection from discrimination and legal insurance for employment. SDG 13 directly affects insurance companies as investors and risk carriers, with asset management, risk management, underwriting, product management, and claims management of relevance here. SDG 12 has the potential to have a considerable bearing on ARAG’s business model if environmental rights are defined as consumer rights and insurance products encourage sustainable consumption. SDG 3 is central to the health insurance business, while SDG 17 addresses the principle of good citizenship and calls on companies to voluntarily demonstrate corporate social responsibility, as ARAG does by supporting schools across North Rhine-Westphalia and through its digital education campaigns.

In the environmental arena, ARAG is committed to using natural resources sustainably as an investor, risk carrier, and operator of its own sites. For 90 years, ARAG has acted as a risk carrier providing unrestricted and affordable access to justice, thus helping to level the playing field and boost citizens’ rights. The Company is integrating a sustainability check into its product development process and monitors customer compliance with the ESG standards as part of the underwriting process.

As an investor, ARAG aims to make its investment portfolio greenhouse gas-neutral by 2050, and to cut the carbon intensity of equities and corporate bonds by 25 percent by 2025 and by 40 percent by 2030 compared with 2021. These targets are to be achieved through active portfolio management and comprehensive screening to exclude issuers with high ESG risks. ARAG is also increasingly focusing on sustainable investment.

The sustainable transformation of the economy and society can only be achieved on the basis of social and political stability. In the social sphere, ARAG contributes to social and political stability by making future risks and new risks financially manageable, and by ensuring equal opportunities and access to justice. ARAG supports consumers in safeguarding and asserting their rights in the areas of work, the home, health, education, equal treatment, and privacy.

ARAG avoids partners who do not meet the standards for human rights, decent work, and equal opportunities, and sets great store by compliance with health and safety requirements. In order to review its investment decisions, ARAG uses exclusion lists and ESG approaches in asset and risk management. Internally, ARAG promotes equal opportunities and diversity, irrespective of age, gender, nationality, or life circumstances, and plans to continually increase the proportion of female managers.

With regard to governance, ARAG is subject to comprehensive regulation and transparently publishes its business activities. The ARAG Essentials and Leadership Essentials translate those corporate principles into leadership behavior, and adherence to these principles is a component of management remuneration. Compliance with regulatory requirements is of great importance and is checked annually.

The protection of human rights is a central pillar of ARAG’s business model as a legal insurer, but protection is only effective where the rule of law and its structures support this fundamental consensus.

Due to the nature of ARAG's business, there is generally a very low risk of human rights violations in connection with the services that it purchases. The bulk of the Company's purchasing activities relate to consultancy services and other highly specialized services. The risk is also minimal in the purchasing of goods, as ARAG mainly obtains these from local or regional suppliers. Furthermore, ARAG's purchasing policy is designed to ensure that all offers meet legal requirements, and that statutory minimum requirements relating to occupational health and safety and minimum wages, for example, are always observed.

ARAG began preparing for Germany's new Supply Chain Due Diligence Act (LkSG) in 2022. Direct suppliers and own operations are assessed as part of a risk analysis. A prevention and remediation plan designed to protect the Company from risks in the supply chain has also been developed. A complaints system in line with LkSG was added to the ARAG website too. It allows anyone to openly or anonymously report breaches of human rights or of environmental obligations.

As part of its duty of care, ARAG performs due diligence on all new suppliers to check if they are on sanctions lists of the US Office of Foreign Assets Control, the EU, or the United Nations.

Existing suppliers are automatically checked on a daily basis. If any suspicions arise, the supplier is immediately blocked such that no further orders or payments can be made. Payments by ARAG to countries outside the Single Euro Payments Area (SEPA) are subject to an additional check prior to execution, during which it is also checked whether the country is embargoed. Since January 1, 2024, all orders and framework agreements have included a new clause that explicitly refers to the newly developed ARAG code of conduct for business partners, with which all service providers must comply.

Value chain

As an insurance company, ARAG provides insurance cover. Its own operations include the development of insurance products that meet customer demand. Accordingly, ARAG's value chain comprises the following three areas: upstream value chain, own operations, and downstream value chain. This is what ARAG's own value chain is based on.

Upstream value chain: The upstream value chain primarily includes suppliers and service providers. The services they render are currently categorized into 21 product groups, which include IT, Data Privacy Framework and communications, facilities management, travel and events, financial services, and professional services such as external claims handlers and auditors. The sourcing of services is the responsibility of Group Procurement. The services defined in the purchasing policy, however, can be procured directly by the departments.

Own operations: Own operations cover all management processes, core processes, and support processes that are needed to link the upstream and downstream value chain.

Downstream value chain: Insurance for private and corporate customers includes the insurance products themselves and the existing channels for insurance product brokerage. ARAG's investments also fall into this category.

Interests and views of stakeholders

Important stakeholders
The ARAG Group's most important stakeholders can be divided into different groups, each with their own expectations. The most important stakeholder groups at ARAG include customers, sales partners, and employees. Other important stakeholders are business partners, suppliers, industry associations, regulatory bodies, and media organizations. ARAG maintains an intensive dialogue with these groups as they not only have a significant influence on the Company's success but are also affected by the Company's business activities.

Stakeholder engagement as part of the materiality assessment
Taking the interests of stakeholders into account is a key element in identifying material topics for this sustainability report. Accordingly, their interests were factored into the materiality assessment. ARAG's chosen approach has multiple stages. It involved internal stakeholders putting themselves in the shoes of external stakeholder groups and making assessments from the point of view of these external groups as part of the materiality assessment.

The findings of the materiality assessment were presented to ARAG's Management Board. The Management Board and the Supervisory Board are indirectly informed of the views and interests of affected stakeholders with regard to the Company's sustainability-related impacts through the sustainability report and when approving the strategies and the materiality assessment.

Views and interests of employees
ARAG employees can make a complaint regarding occupational health and safety by contacting the Safety and Security Department or the Talent and Skill Development Department directly. Feedback can be given via the intranet and a central email address too. Concerns can also be raised with ARAGcare employees and in the sessions of the health and safety committee. In addition, employees can contact the Works Council or any member of the managerial staff.

Views and interests of workers in the value chain
The workers in the value chain mainly include the workforce of companies in which ARAG invests. ARAG recognizes the importance of this and has established appropriate processes to protect human rights, in particular.

Views and interests of customers
In line with its corporate mission, ARAG deals with business partners responsibly and puts the needs of the customer first. The Company gauges customer satisfaction and expectations on an ongoing basis through feedback questionnaires and an online platform for customer surveys. In market research, it uses focus groups and comparative studies of holders of multiple policies. Qualitative and quantitative studies are carried out in collaboration with market research companies in order to answer specific questions.

ARAG works with an external institute to examine consumer expectations with regard to preventive healthcare. The Company regularly conducts surveys in its online community, ARAG Denkraum ('thinking space'), on topics such as waiting times and processing times in order to align its operational processes with customer expectations. It also holds discussions with customers on products and processes, with a focus on direct dialogue, and continuously monitors how satisfied customers are with the service they receive over the phone.

This direct and open exchange of views and experiences gives ARAG an unfiltered insight into customer expectations and needs, which it then uses to optimize products, services, and internal processes.

Material impacts, risks and opportunities and their interaction with strategy and business model

The materiality assessment identified a range of impacts on people and the environment, and financial risks and opportunities in the dimensions 'insurance activities', 'own operations', and 'investments'. The following overview lists all impacts, risks, and opportunities identified as material in the course of the materiality assessment. The materiality assessment covers ARAG's entire value chain. The material impacts and risks relate to the five standards E1 – Climate change, S1 – Own workforce, S2 – Workers in the value chain, S4 – Consumers and end-users, and G1 – Corporate governance, and can be assigned to the dimensions 'insurance activities', 'own operations', and 'investments'. The impacts and risks relate to most of the business activities in the Federal Republic of Germany and are mainly located in the Company's own operations and the downstream value chain. The employees are considered the most important input in relation to the impacts, while the insurance products offered represent the most important output. Sales are an essential part of the Company's business activities, especially in relation to customer satisfaction.

The tables show in detail which topics are relevant for ARAG and the specific impacts, risks, and opportunities associated with them. Furthermore, they show whether the impacts, risks, and opportunities relate to own operations or the value chain. They also show whether the impacts are considered positive or negative. No material risks or financial impacts were identified that affect ARAG's financial position, financial performance, or cash flows.

Actions have been put in place for all material impacts. The strategic relevance of such topics is continuously reviewed, as is whether they are to be included in the sustainability strategy if they are not already. This ensures that the strategy and the business model are adapted to the impacts and risks identified as material.

A brief description of each impact, risk, and opportunity can be found in the relevant tables. More detailed information and notes on each topic can be found in the relevant sections in this report.

Material impacts, risks, and opportunities

Impact/risk/ opportunity	Part of the value chain	Applicable standard in ESRS	Positive/negative	Description of the IROs	Time horizon (short-term, medium-term, long-term)
Impact	Own operations	E1 – Climate change	Negative	ARAG contributes to energy consumption through its business.	Short-term
				ARAG's operations generate carbon emissions that have a negative impact on climate change.	Long-term
	Insurance activities	E1 – Climate change	Negative	By offering insurance products, ARAG contributes to the generation of emissions.	Medium-term
			Positive	Contributes to climate change adaptation by offering taxonomy-eligible and taxonomy-aligned products.	Long-term
Risk	Insurance activities	E1 – Climate change	n/a	By covering loss or damage from climate-related risks, ARAG contributes to climate change adaptation through its insurance products. As extreme weather (hail, storms, floods, etc.) becomes more frequent as a result of climate change, there is a risk of higher overall loss events, which might not be reinsured.	Medium-term
				The medium- to long-term forecast is for a gross increase in risks from climate change and that risk mitigation techniques will become disproportionately more expensive. The risk from natural disasters is set to increase and drive the cost of risk mitigation techniques. The risk of being unable to purchase sufficient reinsurance cover is not expected to materialize in the years ahead.	Medium-term
				Fall in new business and increase in lapses due to inflation.	Medium-term
Impact	Investment	E1 – Climate change	Negative	Negative contribution to climate change due to investment in companies that generate emissions.	Short-, medium-, and long-term
Risk	Investment	E1 – Climate change	n/a	Issuers with high ESG risks that could lead to losses.	Medium-term
Impact	Own operations	S1 – Own workforce	Positive	Improvement of working conditions (working time/flexible working, pay [at least to minimum pay-scale standards], work-life balance) has a positive effect on employees and boosts staff retention.	Medium-term
				The rules on workers' participation rights, which go beyond the statutory requirements, have a positive impact on the opportunities for codetermination in day-to-day work.	Medium-term
				The rules on health and safety, which go beyond the statutory requirements, have a positive impact on matters of employee health.	Medium-term
				Actions to combat discrimination in the workplace and promote diversity and gender equality have a positive impact on employees.	Medium-term
				Extensive opportunities for training and further education promote the development of employees' skills and leadership qualities, which also has a positive effect on employees.	Medium-term
			Negative	ARAG holds a wide range of personal data on employees. A data leak could expose this personal data.	Short-term
Risk	Own operations	S1 – Own workforce	n/a	A lack of suitably qualified employees could endanger the Company's long-term viability. This could result in relative inefficiencies and above-average costs for attracting talented individuals.	Medium-term

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→ Material impacts, risks, and opportunities

Impact/risk/opportunity	Part of the value chain	Applicable standard in ESRS	Positive/negative	Description of the IROs	Time horizon (short-term, medium-term, long-term)
Impact	Investment	S2 – Workers in the value chain	Negative	Investment in companies or sectors could have a negative impact on a range of social aspects for workers in the value chain.	Short-, medium-, and long-term
Impact	Insurance activities	S4 – Consumers and end-users	Negative	Possible negative impacts on policyholders due to the potential loss of sensitive customer data	Medium-term
			Positive	Contribution to the health and safety of policyholders	Long-term
				Contribution to legal insurance cover for policyholders	Long-term
Risk	Insurance activities	S4 – Consumers and end-users	n/a	The processing of sensitive personal data involves the risk of unauthorized access to this data, potentially damaging ARAG's reputation and leading to fines.	Medium-term
Impact	Own operations	G1 – Business conduct	Positive	Established policies, values, and the Compliance Guideline have a positive impact on the corporate culture.	Medium-term
				An established and functioning system for protecting whistleblowers has a positive impact on the corporate culture.	Short-term
				An established compliance management system helps to avoid/detect corruption and bribery.	Short-term
				ARAG strives to strengthen democratic institutions and maintain an active dialogue with authorities and policymakers. ARAG represents its interests to government as political and regulatory developments can have a considerable influence on ARAG's business activities.	Medium-term
Risk	Own operations	G1 – Business conduct	n/a	There is a risk of not being able to respond appropriately, and in time, to changes in legislation and case law. A significant risk arising in relation to changes in legislation would have a negative impact on the ARAG Group's costs and reputation. This could result in fines and damage ARAG's reputation.	Medium-term
Impact	Own operations	G1 – Business conduct	Positive	Taking sustainability criteria into account in the risk analysis could have a potentially positive impact.	Medium-term

The findings of the materiality assessment are discussed and evaluated in an overarching workshop with experts on reporting, strategy, and risk to ensure a consistent and appropriate outcome.

The findings of the materiality assessment, including the topics identified as material and not material, are presented to the Management Board for discussion. The Management Board is then asked to confirm the findings of the materiality assessment.

If the Management Board has no objections, it decides on the identified material impacts, risks, and opportunities.

If it has objections, these must be reviewed. The materiality assessment must be adapted accordingly and resubmitted and validated. The outcome is then communicated to the Supervisory Board.

ARAG's risk strategy and the business strategy on which it is based are regularly reviewed, updated, and continuously refined. The findings of the own risk and solvency assessment (ORSA), which forms part of the risk management process, are incorporated into the regular strategy development process. The following are some of the actions taken by the ARAG insurance companies to manage the identified material impacts, sustainability risks, and opportunities:

No current financial impacts by material risks on the financial position, financial performance, or cash flows were identified in the course of preparing this report. Accordingly, no material adjustment to the carrying amounts of the assets and liabilities recognized in the associated annual financial statements is expected.

In the first year, ARAG is making use of the option to omit the anticipated financial effects of the Company's material risks and opportunities on its financial position, financial performance, and cash flows over the short, medium, and long term, including the reasonably expected time horizons for those effects.

As part of the ongoing strategic management of sustainability topics and the delivery of the materiality assessment, ARAG ensures that, among other things, the business model and strategic decisions are reviewed against sustainability matters, and that action is taken accordingly. This contributes to the Company's resilience against unexpected changes, crises, and risks. In the course of the ORSA, which is part of risk management, a detailed analysis of ARAG's risk profile is carried out every year. Specific climate-related physical and transition risks are taken into account through quantitative stress tests. The analysis examines the capacity to assume risk both at the reporting date and across the entire business planning period.

1.4 Impact, risk, and opportunity management

Description of the processes to identify and assess material impacts, risks, and opportunities

General information on the materiality analysis

ARAG carried out a materiality assessment to identify the material topics that provide the content for sustainability reporting. As part of the process, sustainability matters from the topic-specific standards underwent a double materiality assessment. This double materiality assessment covers both the inside-out and the outside-in perspective.

The inside-out perspective determines the Company's actual and potential positive and negative impacts on sustainability matters, directly or indirectly via the value chain. The assessment is based on impact materiality.

The outside-in perspective determines the negative and positive impacts of sustainability matters on the Company's development, performance, and position. Risks and opportunities are assessed with regard to their financial materiality.

A sustainability matter is deemed to be relevant if one or both of these perspectives is material.

Within the basis of consolidation, the upstream and downstream value chain was examined accordingly and incorporated into the materiality assessment. It covers ARAG's own operations, insurance products, and investments. Geographical areas and business relationships were also included, thus taking into account the direct and indirect influence on the impacts.

Description of the materiality assessment process

The materiality assessment process is divided into four steps. The first is to gain a complete understanding of the relevant circumstances (value chain, stakeholders, business activities, and business strategy) in preparation for conducting the materiality assessment. Once the preparations have been completed, the identification of actual and potential impacts and of risks and opportunities begins. A number of approaches to identifying impacts, risks, and opportunities are used. Impacts are initially identified using internal documentation (ARAG 5>30 strategy, ARAG sustainability strategy, ARAG Essentials, annual reports, etc.), and subsequently using the findings of discussions with each department. In addition, publicly accessible databases are consulted during the investment process to determine actual and potential impacts. These include UNEP FI Impact Radar, Encore, and the WWF Biodiversity Risk Filter. The data shows which impacts are associated with the various sectors of industry and are used as the starting point for the workshops. The identification of impacts involved assessing whether they are actual or potential, and whether they are positive or negative. The time horizon was also assessed (short-, medium-, or long-term).

The existing risk management processes and assessment methods, particularly as part of the ORSA, support the identification of material risks. In accordance with the Guidance Notice on Dealing with Sustainability Risks published by the German Federal Financial Supervisory Authority (BaFin), sustainability risks are not a separate risk category, but rather are included as risk drivers within the existing risk categories. Opportunities were identified through desk research along the entire value chain, in a similar way as for impacts.

In a third step, the identified impacts, risks, and opportunities are assessed during workshops in the internal departments affected by the specific topics. The identified impacts, risks, and opportunities are only categorized by their materiality; they are not prioritized any further. The views and interests were incorporated into the materiality assessment with regard to the sustainability matters that affect them. Impacts were assessed based on their scale, scope, and, in the case of negative impacts, on the basis of whether they could be remedied. Where these are potential impacts, the likelihood of occurrence is also assessed. As far as potential negative impacts on human rights are concerned, their severity is a more important factor than the likelihood of occurrence. A scale from one to four was used to determine this. An impact was deemed material if it exceeded a threshold of two.

The process for assessing financial materiality includes the identification of information that is relevant to investors, lenders, and other creditors. This information allows the users of general financial reporting to assess the impacts of sustainability matters on cash flow, development, performance, position, cost of capital, and access to finance. Risks were assessed during a separate workshop, downstream of the identified impacts, in order to also take potential interrelationships between impacts, risks, and opportunities into account. In this context, the likelihood of occurrence and the potential extent of the financial impact were assessed using a scale from one to four. If a risk exceeded a threshold of two, it was deemed to be material. Interrelationships with the impacts were also taken into account by assigning them to the corresponding subtopic and performing a qualitative assessment.

The result of the materiality assessment is presented to the Management Board for discussion, including those topics identified as material as well as those identified as not material. The Management Board is then asked to approve the findings of the materiality assessment. The purpose of approval is to ensure that no material topics are omitted during the materiality assessment. Given the nature of ARAG's business model, no further consultations were held with affected stakeholders or external experts.

The materiality assessment was first carried out in 2023 in preparation for implementing the new sustainability reporting. Accordingly, the process was developed from the ground up at that time. The materiality assessment was reviewed in 2024 on the basis of new insights, but without changing the process. The next review is scheduled for 2025.

Sustainability matters analyzed during the materiality assessment
Significant impacts, risks, and opportunities were identified during the materiality assessment and evaluated with regard to the sustainability matters defined in the reporting standards. Additional sources of information were consulted for certain sustainability matters.

Climate change
The climate change reporting standard covers the sustainability matters 'climate change mitigation', 'climate change adaptation', and 'energy'. The carbon footprint is used to identify the impacts, primarily from GHG emissions, that are associated with these matters. The carbon footprint is calculated in accordance with the Greenhouse Gas Protocol (GHG Protocol). In ARAG's own operations, GHG emissions are generated by the buildings it uses and by its vehicle fleet. ARAG's investments account for the bulk of the total GHG emissions. They are made measurable and comparable by converting the various emissions generated into verified and standardized CO_2 equivalents (CO_2eq). This made it possible to determine the actual and potential impacts of GHG emissions on climate change and to evaluate them in workshops.

The ORSA process is generally used to identify and assess risks. Sustainability risks are not presented as a separate risk category, but rather as risk drivers within the existing risk categories. As part of identifying climate-related risks, an analysis is performed to determine the risk types within which sustainability risks have a particularly strong effect. Scenario analyses are used to identify and assess the physical risks and transition risks of climate change in the upstream and downstream value chain. Based on the potential economic impact, and taking additional sources into account, external data providers determine how loss or damage will develop generally as a result of selected physical events (e.g. floods) in individual countries up to the year 2100. ARAG identifies the risk using the scenarios of the Network for Greening the Financial System (NGFS). NGFS is an alliance of regulators and central banks that aims to facilitate the implementation of scenario analyses for financial institutions by developing specific scenarios that meet regulatory requirements. The data on which the scenarios are based is regularly updated and published. The scenarios for property insurance are based on the Representative Concentration Pathways (RCP) of the Intergovernmental Panel on Climate Change (IPCC). The IPCC is the United Nations body that assesses scientific findings on climate change. These scenarios describe trends in the concentration of GHGs in the atmosphere. As these are possible scenarios rather than forecasts, the scenarios change over time depending on how climate change actually evolves. Key limitations of the NGFS and RCP scenarios are the dependence on scientific progress and trends, the high degree of uncertainty regarding the figures over a long time horizon, and the wide range of potential outcomes. The scenarios do not indicate probabilities, but rather depict the range of possible developments. The assessment is performed by re-evaluating the investment and the technical provisions in each scenario. The analysis of assets involves a geographical differentiation.

Climate change could have a negative impact on the ARAG Group's assets, primarily due to a potential loss in the market value of investments. The financial impacts of **physical risks on assets** (e.g. heat waves, storms, floods) were determined using the following scenarios: physical risks in **investments** were assessed using the 'current policies' scenario, while transition risks were assessed using the 'delayed transition' scenario.

A key driver in both scenarios is the carbon price. This is relevant for all companies as they have to pay it directly, which reduces their profits accordingly. Lower profits can impact on share value and/or on a company's credit rating, and thus reduce the market value of interest-bearing securities. Investments are re-evaluated using a software tool from MSCI, which is regularly updated and expanded.

The 'current policies' scenario assumes that only the currently implemented actions are retained, which results in significant physical risks. Emissions are predicted to increase until 2080, leading to global warming of around 3°C and severe physical risks. These include irreversible changes such as rising sea levels. Pressure on the market value of investments would result primarily from negative financial consequences for ARAG's investees due to the physical effects of climate change. With regard to assets, the losses in the value of shares and issuers of corporate bonds could increase until 2050. This scenario was applied to the share and corporate bond portfolio. Risks and opportunities in the portfolio are measured using a forward-looking and return-based method. The result is the Climate Value-at-Risk (Climate VaR) metric. Climate VaR is an estimate of the present value of an issuer's future climate-related costs and profits in a specific scenario, and is given as a percentage of the issuer's current valuation. The metric reflects costs and profits up to 2100 with the aim of capturing the full breadth of potential climate-related costs. Climate costs result from loss or damage to the company caused by physical climate events (e.g. storms, heat waves, floods, forest fires) and from the company's transition to carbon neutrality. The 'current policies' scenario considers the physical risks and thus the costs resulting from extreme weather events, for example. As of June 30, 2024, there was no significant change in the market value of shares and corporate bonds due to physical risks.

The 'delayed transition' scenario assumes that annual global emissions will not fall by 2030. Subsequently, strict policy measures will be necessary to limit global warming to below 2°C. The market value of the investment would be reduced by the costs that companies have to bear as a result of the transition to a low-carbon economy. Transition risks are the main risk with regard to assets. An analysis of potential losses in the value of investments in the 'delayed transition' scenario shows that losses would increase over time until 2050. As of the reporting date, there was no significant change in the market value of shares and corporate bonds due to transition risks.

Using these scenarios, the physical and transition risks in investments were calculated for time horizons of 5, 10, 15, and 30 years. The endpoint of the scenarios is 2100. They represent the extremes of the NGFS scenarios and are therefore suitable for the isolated quantification of both types of risk. This type of worst-case analysis is the best way to identify any need for action.

A scenario involving global warming of less than 1.5°C was not analyzed, as the transition risks in such a scenario are considered to be less pronounced.

The IPCC's RCP 4.5 and 8.5 are used in **underwriting**. The RCP 4.5 scenario describes a comparatively moderate progression of climate change and takes actions to mitigate climate change into account. It assumes a rise in the global temperature of up to 2.6°C above pre-industrial levels. In contrast, RCP 8.5 represents an extreme scenario and does not take into account any actions to mitigate climate change. This scenario assumes that no further action to mitigate climate change is taken and that fossil fuels are still used frequently. Global warming is expected to rise to more than 4°C above pre-industrial levels by the end of the century, leading to more intense and frequent extreme weather events, which have an impact on claims.

Using these scenarios, the physical risks in underwriting were calculated for time horizons of 5, 15, and 30 years. The endpoint is once again 2100. While transition risks from natural disasters are only indirectly relevant in underwriting, physical risks are more important.

The analysis of various potential trajectories addresses the uncertainty about how the future will unfold and allows for an assessment within one of the intermediate ranges.

The reevaluation of technical provisions is based on data from the Climate Impact Explorer and from a study by Munich Re (2020), an article by Kunz, Mohr & Punge (2018), and the European Severe Weather Database (ESWD). The market value of technical provisions would rise due to the increase in expected future loss or damage. The impacts of physical risks on the insurance business of property insurance companies were analyzed quantitatively for time horizons of 5, 15, and 30 years. While the value of loss or damage as a result of flooding and hailstorms increases in the first time horizon, this tends to tail off in the second time horizon. The expected claims incurred were adjusted in order to assess the impact of flooding and hailstorms. Overall, the scenario analyses clearly show that higher losses due to extreme weather events have a significant impact on the technical provisions of property insurance companies.

Transition risks in the underwriting business are qualitatively identified and assessed in the ORSA. No transition risks were identified that have significant negative impacts.

Physical and transition risks in **own operations** are qualitatively identified and assessed in the ORSA. No physical or transition risks were identified that have significant negative impacts on own operations. Accordingly, no scenario analysis was performed. With regard to own operations, a geographical analysis of ARAG's sites determined that the properties are not affected by physical climate risks.

The short-, medium-, and long-term time horizons follow the definition of the supervisory authority: a period of 5–10 years is selected for the short term, 10–15 years for the medium term, and 15–30 years for the long term. This takes into account the long-term nature of the risks. The objective here is to identify risks at an early stage and derive any potential need for action. The strategic planning horizon is less than five years. Within this timeframe, operational risk is managed through capital allocation plans and, among other things, is based on the duration of fixed-income securities. The focus here is on acute risks.

ARAG uses MSCI's Implied Temperature Rise (ITR) to determine whether assets are compatible with the transition to a climate-neutral economy. The ITR provides a company's implied temperature increase, which is calculated based on a carbon budget allocated according to the company's sector and size, and on the action it has taken to reduce carbon emissions. The achievement of its own targets is also taken into account. Investments with an ITR above 4°C are excluded from direct investments and self-managed institutional pension and fixed-income funds.

The results of the scenario analyses are used to calculate the impact on the coverage ratio and to identify any potential need for action. The analyses did not reveal any need for further action. In addition to the impacts on assets, the impacts of **transition risks on the ARAG Group's financial performance** were also assessed. The coverage ratio serves as the metric for performance. While the fall in the market value of investments reduces the coverage ratio, the requirements of the business policy are still met. The financial performance of the ARAG Group is also assured with regard to the impacts of transition risks. Despite the existing resilience, climate change in particular may necessitate short-term adjustments to the business model, especially in the area of casualty and property insurance due to higher claims payments. Climate change could also lead to short-, medium-, or long-term adjustments to investments. Furthermore, the consequences of climate change and the action taken across the insurance industry to mitigate climate change could lead to changes that may also entail adjustments to the strategy in the long-term.

Further environment-related sustainability topics
A varied approach was taken within the value chain in order to identify impacts, risks, and opportunities related to sustainability matters such as pollution, biodiversity and ecosystems, water and marine resources, and resource use and circular economy. The following sub-topics were taken into account:
- Pollution: pollution of air; pollution of water; pollution of soil; pollution of living organisms and food resources; substances of concern; substances of very high concern; microplastics
- Water and marine resources
- Biodiversity and ecosystems: direct impact drivers of biodiversity loss; impacts on the state of species; impacts on the extent and condition of ecosystems; impacts and dependencies on ecosystem services
- Resource use and circular economy: Resource inflows, including resource use; resource outflows related to products and services; waste

The aforementioned methodology was used to identify actual and potential impacts, risks, and opportunities in own operations and in the upstream and downstream value chain.

As an insurance company, ARAG primarily provides insurance products. Consequently, its **own operations** are essentially not dependent on marine resources or other natural resources, and is not active in geographical regions in which it could have an impact on bodies of water.

No significant impacts, risks, and opportunities were identified in relation to biodiversity, mainly because ARAG does not have sites in or near key biodiversity areas or river catchment areas. The sites are also not material with regard to pollution, and no corrective action was taken. As an insurance company, ARAG is not dependent on biodiversity or on ecosystem services. Furthermore, no significant volumes of waste are generated, which is why these topics are deemed not material from the perspective of own operations.

ARAG's investments are an integral element of the value chain. Publicly accessible data sets were used to identify impacts within these investments. The data shows which impacts are associated with various sectors of industry, but do not relate to individual issuers. Nevertheless, this data provides an objective overview and a basis for discussion among experts. The data-driven analysis examined whether ARAG invests in sectors that typically consume a lot of water or resources, or that have a significant impact on pollution (air, water, soil), biodiversity, or water and marine resources. Since ARAG does not have any significant investments in issuers related to these topics, no material impacts were identified.

The sustainability matters were discussed among experts for the 'insurance activities' dimension. The bulk of ARAG's business activities are concentrated in the Federal Republic of Germany and involve the provision of insurance cover to individuals and to small and medium-sized enterprises. No material impacts in relation to the aforementioned environmental matters were identified in this context.

No consultations were held with affected communities.

No major impacts were identified in any dimension in relation to pollution, biodiversity and ecosystems, water and marine resources, and resource use and circular economy. Based on the materiality assessment, no material risks or opportunities were identified in relation to these topics. The materiality assessment did not consider any systemic risks with regard to biodiversity.

As an insurance company, ARAG must have an effective and appropriate system of governance in place in accordance with the relevant requirements of section 3 VAG. This system of governance is designed to ensure that legal and regulatory requirements are met and that the Company is run soundly and prudently. Risk management is an integral element of ARAG's governance structure. The aspects of the internal governance system and ARAG's business activities were included in the materiality assessment. The criteria of location, activity, and sector used to identify impacts, risks, and opportunities related to business conduct do not differ from those used in the materiality assessment.

2 Environmental information

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

The Taxonomy Regulation (Regulation [EU] 2020/852) provides a classification system for identifying sustainable economic activities and promoting transparency about them. Companies must disclose key performance indicators (KPIs) associated with their taxonomy-related economic activities.

For ARAG, this includes both investing activities and underwriting activities. The underwriting activities are only relevant to non-life and reinsurance business. The Taxonomy Regulation specifies the following six environmental objectives:
1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

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

Insurance
Gross premiums considered taxonomy-eligible relate to certain non-life insurance activities from specific lines of business (LoBs) under Solvency II that provide cover for specific, climate-related hazards:
- LoB 1: medical expense insurance
- LoB 2: income protection insurance
- LoB 3: workers' compensation insurance
- LoB 4: motor vehicle liability insurance
- LoB 5: other motor insurance
- LoB 6: marine, aviation and transport insurance
- LoB 7: fire and other damage to property insurance
- LoB 11: assistance

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

ARAG considers products taxonomy-eligible if they have both a direct and an indirect link to climate-related hazards in the insurance terms and conditions. Following the publication of the act, the individual components of ARAG's products were analyzed with regard to their coverage of climate-related hazards involving temperature, wind, water, or solid mass. The proportion is calculated based on data for the premiums of individual product features provided by the Finance and Accounting Department. Based on this data, it is possible to identify which premiums are directly associated with climate-related hazards. Additional information provided by the international units was also factored in. The allocation of gross premiums from Spain and Portugal to the individual product features was based on the related sales revenue.

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

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

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

Among other things, the product development process incorporates market observations, customer surveys, and the monitoring of the regulatory environment. A full review is also undertaken to determine the extent to which sustainability aspects and/or new or evolving climate-related risks should be included in future generations of products. Adjustments are agreed in close cooperation with ARAG's Chief Sustainability Officer. Climate change is driving the cost and frequency of climate-related loss events. Thanks to their business model, insurance companies have access to a significant volume of relevant claims data that is not available to the authorities and other public bodies to the same extent. In order to derive the greatest benefit from this data, including for the protection of the general public, ARAG shares anonymized data with the authorities.

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

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

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

As a legal insurer, ARAG currently has only a small proportion of products associated with climate risks. Nevertheless, sustainability matters are actively reviewed and integrated during the product development process. This involves continually checking the extent to which climate risks influence the products and whether the risks need to be taken into account. The concept is agreed with ARAG's Chief Sustainability Officer as part of the product development process. Among other things, this involves looking at the taxonomy eligibility criteria. Feedback from Sales and from customers is also factored into the development process with the aim of creating an even more customer-oriented offering. Nevertheless, there are currently no targets for taxonomy alignment.

The proportions have remained the same year on year, mainly because, as a legal insurer, ARAG's legal insurance business accounts for a significant proportion of gross premiums written. As this income is neither taxonomy-eligible nor taxonomy-aligned, it is used only in the metrics' denominator. The following metrics apply to the insurance business in 2023 and 2024.

The underwriting KPI for non-life insurance and reinsurance companies

		Material contribution to climate change adaptation			Do No Significant Harm (DNSH)						
Economic activities (1)		Absolute premiums, 2024 (2)	Proportion of premiums, 2024 (3)	Proportion of premiums, 2023 (4)	Climate change mitigation (5)	Water and marine resources (6)	Circular economy (7)	Pollution (8)	Biodiversity and ecosystems (9)	Minimum safeguards (10)
		(€ million)	(%)	(%)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N
A.1.	**Taxonomy-aligned non-life insurance and reinsurance underwriting activities (environmentally sustainable)**	18.9	0.9	0.9	Y	Y	Y	Y	Y	Y
A.1.1	Of which reinsured	1.1	0.1	0.1	Y	Y	Y	Y	Y	Y
A.1.2	Of which stemming from reinsurance activity	0.0	0.0	0.0	Y	Y	Y	Y	Y	Y
A.1.2.1	Of which reinsured (retrocession)	0.0	0.0	0.0	Y	Y	Y	Y	Y	Y
A.2.	**Taxonomy-eligible, but not environmentally sustainable, non-life and reinsurance underwriting activities (not taxonomy-aligned activities)**	169.0	8.3	8.8						
B.	**Taxonomy-non-eligible non-life and reinsurance underwriting activities**	1,858.5	90.8	90.4						
Total (A.1 + A.2 + B)		**2,046.4**	**100.0**	**100.0**						

Investments

There is growing public interest in sustainable investments, and they are closely associated with the Taxonomy Regulation. The aim is to increase the volume of financing of taxonomy-aligned economic activities overall, although no explicit targets are set for this. The taxonomy eligibility and taxonomy alignment of investments is disclosed below.

Calculation base

The calculation of the KPIs is usually based on total assets, which comprises all investments including intangible assets. For all assets that fall within the scope, the carrying amounts from the consolidated financial statements prepared in accordance with HGB are used. The basis of consolidation used for ARAG Holding SE is the one defined in the consolidated financial statements, which matches the companies consolidated for regulatory purposes. As the basis of consolidation was expanded in 2024, comparability with the metrics disclosed for the previous year is limited accordingly.

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

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

Use of mandatory published information (liquid assets)
The KPIs disclosed are based on the data published by investee companies. The calculation is based the most recent data and KPIs available from the counterparties. No estimates are made in this context.

The published data of the individual counterparties that is required for assessing liquid assets in the public markets segment was obtained from a data provider and used. Where data was not available, other associated data providers or relevant publications were used. Only data available by March 1, 2025 was used. In the case of investments in investment funds, a review of the individual investments within the funds and the issuers behind them – where such information was available – was carried out and the availability of data on taxonomy alignment checked.

Data quality
ARAG has put internal controls in place for checking the data, and information from external data providers is spot-checked and validated. One example is the risk-based, manual review to determine whether counterparties covered by the NFRD have published freely available taxonomy-related metrics. Any discrepancies are reported to the external data providers and corrected.

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

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

Disclosures under Article 8 of the EU taxonomy
In accordance with Annex X of the EU taxonomy, the following tables show the proportion of investments by insurance and reinsurance undertakings that are used to fund taxonomy-aligned or not taxonomy-aligned economic activities. The tables provide a clear overview of the exposures that make up the denominator and numerator upon which the relevant KPIs of the Taxonomy Regulation are based. This provides an insight into the proportion of investments that are directed at, or associated with, the funding of taxonomy-aligned economic activities in relation to the insurance or reinsurance company's total investments. The absolute rise in taxonomy-aligned investments originates primarily in financials and is mainly down to the greater availability and reliability of data. The increased coverage is primarily the result of purchased portfolio elements and certain shifts in assets that must be recorded for the KPI.

The proportion of investments by ARAG in 2024 that are directed at, or associated with, the funding of taxonomy-aligned economic activities in relation to the total investments

Description	Percentage-based metric	Description	Absolute metric
	(%)		(€ million)
The weighted average value of all the investments of insurance or reinsurance undertakings that are directed at funding, or are associated with, taxonomy-aligned economic activities relative to the value of total assets covered by the KPI, with the following weightings for investments in undertakings as listed below:		The weighted average value of all the investments of insurance or reinsurance undertakings that are directed at funding, or are associated with, taxonomy-aligned economic activities, with the following weightings for investments in undertakings as listed below:	
Sales revenue-based:	4.7	Sales revenue-based:	247.2
CapEx-based:	6.5	CapEx-based:	339.7
The percentage of assets covered by the KPI relative to total investments of insurance or reinsurance undertakings (total AuM). Excluding investments in sovereign entities:		The monetary value of assets covered by the KPI. Excluding investments in sovereign entities:	
Coverage ratio:	81.8	Coverage:	5,235.4
Additional, complementary disclosures: breakdown of denominator of the KPI			
The percentage of derivatives relative to total assets covered by the KPI:	0.0	The value in monetary amounts of derivatives:	0.0
The proportion of exposures to financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI:		Value of exposures to financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU:	
For non-financial undertakings:	26.8	For non-financial undertakings:	1,400.7
For financial undertakings:	13.3	For financial undertakings:	698.0
The proportion of exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI:		Value of exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU:	
For non-financial undertakings:	17.9	For non-financial undertakings:	936.3
For financial undertakings:	5.7	For financial undertakings:	300.7
The proportion of exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI:		Value of exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU:	
For non-financial undertakings:	12.8	For non-financial undertakings:	670.4
For financial undertakings:	19.6	For financial undertakings:	1,028.5
The proportion of exposures to other counterparties and assets over total assets covered by the KPI:[1]	27.5	Value of exposures to other counterparties and assets:[1]	1,437.8
The proportion of the insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policyholders:[2]	100.0	Value of insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policyholders:[2]	5,235.4

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→ The proportion of investments by ARAG in 2024 that are directed at, or associated with, the funding of taxonomy-aligned economic activities in relation to the total investments

Description	Percentage-based metric	Description	Absolute metric
	(%)		(€ million)
The value of all the investments that are funding economic activities that are not taxonomy-eligible relative to the value of total assets covered by the KPI:[2]		Value of all the investments that are funding economic activities that are not taxonomy-eligible:[2]	
Sales revenue-based:	41.0	Sales revenue-based:	2,144.0
CapEx-based:	36.8	CapEx-based:	1,927.0
The value of all the investments that are funding taxonomy-eligible economic activities, but not taxonomy-aligned relative to the value of total assets covered by the KPI:[2]		Value of all the investments that are funding taxonomy-eligible economic activities, but not taxonomy-aligned:[2]	
Sales revenue-based:	7.6	Sales revenue-based:	396.0
CapEx-based:	6.9	CapEx-based:	359.4
Additional, complementary disclosures: breakdown of numerator of the KPI			
The proportion of taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI:		Value of taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU:	
For non-financial undertakings – sales revenue-based:	1.6	For non-financial undertakings – sales revenue-based:	82.6
For non-financial undertakings – CapEx-based:	2.9	For non-financial undertakings – CapEx-based:	150.1
For financial undertakings – sales revenue-based:	0.6	For financial undertakings – sales revenue-based:	29.2
For financial undertakings – CapEx-based:	1.0	For financial undertakings – CapEx-based:	54.2
The proportion of the insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policyholders, that are directed at funding, or are associated with, taxonomy-aligned economic activities:		Value of insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policyholders, that are directed at funding, or are associated with, taxonomy-aligned economic activities:	
Sales revenue-based:	4.7	Sales revenue-based:	247.2
CapEx-based:	6.5	CapEx-based:	339.7
The proportion of taxonomy-aligned exposures to other counterparties and assets over total assets covered by the KPI:		The proportion of taxonomy-aligned exposures to other counterparties and assets over total assets covered by the KPI:	
Sales revenue-based:	2.6	Sales revenue-based:	135.4
CapEx-based:	2.6	CapEx-based:	135.4

[1] In Article 5 (3) of the Delegated Regulation of June 27, 2023, exposures to other counterparties became '(...) other counterparties and assets' (cf. Annex 5 (12) and (13)).
[2] Annex X to the Disclosures Delegated Act (DDA) does not call for a separate disclosure of sales revenue-based and CapEx-based metrics at these points. Based on the calculation logic, these metrics would be expected to be disclosed on the basis of sales revenue and CapEx too.

The proportion of investments by ARAG in 2023 that are directed at, or associated with, the funding of taxonomy-aligned economic activities in relation to the total investments

Description	Percentage-based metric	Description	Absolute metric
	(%)		(€ million)
The weighted average value of all the investments of insurance or reinsurance undertakings that are directed at funding, or are associated with, taxonomy-aligned economic activities relative to the value of total assets covered by the KPI, with the following weightings for investments in undertakings as listed below:		The weighted average value of all the investments of insurance or reinsurance undertakings that are directed at funding, or are associated with, taxonomy-aligned economic activities, with the following weightings for investments in undertakings as listed below:	
Sales revenue-based:	5.2	Sales revenue-based:	219.2
CapEx-based:	7.5	CapEx-based:	314.9
The percentage of assets covered by the KPI relative to total investments of insurance or reinsurance undertakings (total AuM). Excluding investments in sovereign entities:		The monetary value of assets covered by the KPI. Excluding investments in sovereign entities:	
Coverage ratio:	72.3	Coverage:	4,217.3
Additional, complementary disclosures: breakdown of denominator of the KPI			
The percentage of derivatives relative to total assets covered by the KPI:	0.0	The value in monetary amounts of derivatives:	0.0
The proportion of exposures to financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI:		Value of exposures to financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU:	
For non-financial undertakings:	17.8	For non-financial undertakings:	752.2
For financial undertakings:	13.0	For financial undertakings:	546.1
The proportion of exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI:		Value of exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU:	
For non-financial undertakings:	15.9	For non-financial undertakings:	670.1
For financial undertakings:	6.0	For financial undertakings:	252.2
The proportion of exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI:		Value of exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU:	
For non-financial undertakings:	17.2	For non-financial undertakings:	723.1
For financial undertakings:	22.0	For financial undertakings:	928.7
The proportion of exposures to other counterparties and assets over total assets covered by the KPI:[1]	30.1	Value of exposures to other counterparties and assets:[1]	1,267.2
The proportion of the insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policyholders:[2]	100.0	Value of insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policyholders:[2]	4,217.3

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→ The proportion of investments by ARAG in 2024 that are directed at, or associated with, the funding of taxonomy-aligned economic activities in relation to the total investments

Description	Percentage-based metric	Description	Absolute metric
	(%)		(€ million)
The value of all the investments that are funding economic activities that are not taxonomy-eligible relative to the value of total assets covered by the KPI:[2]		Value of all the investments that are funding economic activities that are not taxonomy-eligible:[2]	
Sales revenue-based:	19.9	Sales revenue-based:	841.0
CapEx-based:	15.7	CapEx-based:	661.5
The value of all the investments that are funding taxonomy-eligible economic activities, but not taxonomy-aligned relative to the value of total assets covered by the KPI:[2]		Value of all the investments that are funding taxonomy-eligible economic activities, but not taxonomy-aligned:[2]	
Sales revenue-based:	13.6	Sales revenue-based:	574.2
CapEx-based:	17.6	CapEx-based:	740.9
Additional, complementary disclosures: breakdown of numerator of the KPI			
The proportion of taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI:		Value of taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU:	
For non-financial undertakings – sales revenue-based:	4.9	For non-financial undertakings – sales revenue-based:	206.7
For non-financial undertakings – CapEx-based:	6.6	For non-financial undertakings – CapEx-based:	277.9
For financial undertakings – sales revenue-based:	0.3	For financial undertakings – sales revenue-based:	12.5
For financial undertakings – CapEx-based:	0.9	For financial undertakings – CapEx-based:	37.0
The proportion of the insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policyholders, that are directed at funding, or are associated with, taxonomy-aligned economic activities:		Value of insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policyholders, that are directed at funding, or are associated with, taxonomy-aligned economic activities:	
Sales revenue-based:	5.2	Sales revenue-based:	219.2
CapEx-based:	7.5	CapEx-based:	314.9
The proportion of taxonomy-aligned exposures to other counterparties and assets over total assets covered by the KPI:		The proportion of taxonomy-aligned exposures to other counterparties and assets over total assets covered by the KPI:	
Sales revenue-based:	0.0	Sales revenue-based:	0.0
CapEx-based:	0.0	CapEx-based:	0.0

[1] In Article 5 (3) of the Delegated Regulation of June 27, 2023, exposures to other counterparties became '(...) other counterparties and assets' (cf. Annex 5 (12) and (13)).
[2] Annex X to the Disclosures Delegated Act (DDA) does not call for a separate disclosure of sales revenue-based and CapEx-based metrics at these points. Based on the calculation logic, these metrics would be expected to be disclosed on the basis of sales revenue and CapEx too.

Breakdown of the numerator of the KPI by environmental objective (2024)

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

Environmental objective	Percentage-based metric	Breakdown	Percentage-based metric
1. Climate change mitigation[1]			
Sales revenue:	4.5	Transitional activities (sales revenue):	0.2
CapEx:	6.3	Transitional activities (CapEx):	0.4
		Enabling activities (sales revenue):	1.1
		Enabling activities (CapEx):	1.5
2. Climate change adaptation[1]			
Sales revenue:	0.0	Enabling activities (sales revenue):	0.0
CapEx:	0.1	Enabling activities (CapEx):	0.1
3. Sustainable use and protection of water and marine resources[1]			
Sales revenue:	0.0	Enabling activities (sales revenue):	0.0
CapEx:	0.0	Enabling activities (CapEx):	0.0
4. Transition to a circular economy[1]			
Sales revenue:	0.0	Enabling activities (sales revenue):	0.0
CapEx:	0.0	Enabling activities (CapEx):	0.0
5. Pollution prevention and control[1]			
Sales revenue:	0.0	Enabling activities (sales revenue):	0.0
CapEx:	0.0	Enabling activities (CapEx):	0.0
6. Protection and restoration of biodiversity and ecosystems[1]			
Sales revenue:	0.0	Enabling activities (sales revenue):	0.0
CapEx:	0.0	Enabling activities (CapEx):	0.0

[1] The transition activities for environmental objectives 2–6 were deleted in Article 5 (3) of the Delegated Regulation of June 27, 2023 (cf. Annex 5 (11)).

Breakdown of the numerator of the KPI by environmental objective (2023)

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

Environmental objective	Percentage-based metric	Breakdown	Percentage-based metric
1. Climate change mitigation[1]			
Sales revenue:	5.0	Transitional activities (sales revenue):	0.1
CapEx:	7.0	Transitional activities (CapEx):	0.2
		Enabling activities (sales revenue):	0.7
		Enabling activities (CapEx):	1.4
2. Climate change adaptation[1]			
Sales revenue:	0.0	Enabling activities (sales revenue):	0.0
CapEx:	0.0	Enabling activities (CapEx):	0.0
3. Sustainable use and protection of water and marine resources[1]			
Sales revenue:	0.0	Enabling activities (sales revenue):	0.0
CapEx:	0.0	Enabling activities (CapEx):	0.0
4. Transition to a circular economy[1]			
Sales revenue:	0.0	Enabling activities (sales revenue):	0.0
CapEx:	0.0	Enabling activities (CapEx):	0.0
5. Pollution prevention and control[1]			
Sales revenue:	0.0	Enabling activities (sales revenue):	0.0
CapEx:	0.0	Enabling activities (CapEx):	0.0
6. Protection and restoration of biodiversity and ecosystems[1]			
Sales revenue:	0.0	Enabling activities (sales revenue):	0.0
CapEx:	0.0	Enabling activities (CapEx):	0.0

[1] The transition activities for environmental objectives 2–6 were deleted in Article 5 (3) of the Delegated Regulation of June 27, 2023 (cf. Annex 5 (11)).

KPIs for environmental objectives 3–6 (2024)

Environmental objectives 3–6 and new activities	Percentage-based metric		Absolute metric
The proportion of exposures in taxonomy-eligible economic activities according to the Taxonomy Regulation and sections 3.18 to 3.21, and sections 6.18 to 6.20 of Annex I of Delegated Regulation (EU) 2021/2139 and sections 5.13, 7.8, 8.4, 9.3, 14.1, and 14.2 of Annex II of Delegated Regulation (EU) 2021/2139 relative to the value of total assets covered by the KPI:[1]	0.0	The value of exposures in taxonomy-eligible economic activities according to the Taxonomy Regulation and sections 3.18 to 3.21, and sections 6.18 to 6.20 of Annex I of Delegated Regulation (EU) 2021/2139 and sections 5.13, 7.8, 8.4, 9.3, 14.1, and 14.2 of Annex II of Delegated Regulation (EU) 2021/2139 relative to the value of total assets covered by the KPI:[1]	0.4
The proportion of exposures in taxonomy-non-eligible economic activities according to the Taxonomy Regulation and sections 3.18 to 3.21, and sections 6.18 to 6.20 of Annex I of Delegated Regulation (EU) 2021/2139 and sections 5.13, 7.8, 8.4, 9.3, 14.1, and 14.2 of Annex II of Delegated Regulation (EU) 2021/2139 relative to the value of total assets covered by the KPI:[1]	99.9	The value of exposures in taxonomy-non-eligible economic activities according to the Taxonomy Regulation and sections 3.18 to 3.21, and sections 6.18 to 6.20 of Annex I of Delegated Regulation (EU) 2021/2139 and sections 5.13, 7.8, 8.4, 9.3, 14.1, and 14.2 of Annex II of Delegated Regulation (EU) 2021/2139 relative to the value of total assets covered by the KPI:[1]	5,235.0

KPIs for environmental objectives 3–6 (2023)

Environmental objectives 3–6 and new activities	Percentage-based metric		Absolute metric
The proportion of exposures in taxonomy-eligible economic activities according to the Taxonomy Regulation and sections 3.18 to 3.21, and sections 6.18 to 6.20 of Annex I of Delegated Regulation (EU) 2021/2139 and sections 5.13, 7.8, 8.4, 9.3, 14.1, and 14.2 of Annex II of Delegated Regulation (EU) 2021/2139 relative to the value of total assets covered by the KPI:[1]	0.0	The value of exposures in taxonomy-eligible economic activities according to the Taxonomy Regulation and sections 3.18 to 3.21, and sections 6.18 to 6.20 of Annex I of Delegated Regulation (EU) 2021/2139 and sections 5.13, 7.8, 8.4, 9.3, 14.1, and 14.2 of Annex II of Delegated Regulation (EU) 2021/2139 relative to the value of total assets covered by the KPI:[1]	0.0
The proportion of exposures in taxonomy-non-eligible economic activities according to the Taxonomy Regulation and sections 3.18 to 3.21, and sections 6.18 to 6.20 of Annex I of Delegated Regulation (EU) 2021/2139 and sections 5.13, 7.8, 8.4, 9.3, 14.1, and 14.2 of Annex II of Delegated Regulation (EU) 2021/2139 relative to the value of total assets covered by the KPI:[1]	0.0	The value of exposures in taxonomy-non-eligible economic activities according to the Taxonomy Regulation and sections 3.18 to 3.21, and sections 6.18 to 6.20 of Annex I of Delegated Regulation (EU) 2021/2139 and sections 5.13, 7.8, 8.4, 9.3, 14.1, and 14.2 of Annex II of Delegated Regulation (EU) 2021/2139 relative to the value of total assets covered by the KPI:[1]	0.0

[1] Annex X to the Disclosures Delegated Act (DDA) does not call for a separate disclosure of sales revenue-based and CapEx-based metrics at these points. Based on the calculation logic, these metrics would be expected to be disclosed on the basis of sales revenue and CapEx too.

Investments in economic activities in nuclear energy and fossil gas

As of December 31, 2024, ARAG's investments included few investments in nuclear energy and fossil gas. Up-to-date information on exposures in relation to activities in nuclear energy and fossil gas is provided in accordance with Annex III of Delegated Regulation (EU) 2022/1214.

Template 1 – Nuclear and fossil gas related activities

Row		2024
	Nuclear energy related activities	
1.	The undertaking carries out, funds, or has exposures to research, development, demonstration, and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	Yes
2.	The undertaking carries out, funds, or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	Yes
3.	The undertaking carries out, funds, or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	Yes
	Fossil gas related activities	
4.	The undertaking carries out, funds, or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	Yes
5.	The undertaking carries out, funds, or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	Yes
6.	The undertaking carries out, funds, or has exposures to construction, refurbishment, and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	Yes

Template 1 – Nuclear and fossil gas related activities

Row		2023
	Nuclear energy related activities	
1.	The undertaking carries out, funds, or has exposures to research, development, demonstration, and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2.	The undertaking carries out, funds, or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	Yes
3.	The undertaking carries out, funds, or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	Yes
	Fossil gas related activities	
4.	The undertaking carries out, funds, or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	Yes
5.	The undertaking carries out, funds, or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	Yes
6.	The undertaking carries out, funds, or has exposures to construction, refurbishment, and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

Template 2 – Taxonomy-aligned economic activities (denominator) (2024)

			Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
			CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
Row	Economic activities		Amount in million €	%	Amount in million €	%	Amount in million €	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	(Sales revenue)	0.2	0	0.2	0.0	0.0	0.0
		(CapEx)	0.0	0	0.0	0.0	0.0	0.0
2.	Amount and proportion of taxonomy-aligned economic activity referred to in section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	(Sales revenue)	3.5	0.1	3.5	0.1	0.0	0.0
		(CapEx)	14.4	0.3	14.4	0.3	0.0	0.0
3.	Amount and proportion of taxonomy-aligned economic activity referred to in section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	(Sales revenue)	21.2	0.4	21.2	0.4	0.0	0.0
		(CapEx)	7.1	0.1	7.1	0.1	0.0	0.0
4.	Amount and proportion of taxonomy-aligned economic activity referred to in section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	(Sales revenue)	0.0	0.0	0.0	0.0	0.0	0.0
		(CapEx)	2.3	0.0	2.3	0.0	0.0	0.0
5.	Amount and proportion of taxonomy-aligned economic activity referred to in section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	(Sales revenue)	2.4	0.1	2.4	0.1	0.0	0.0
		(CapEx)	2.7	0.1	2.7	0.1	0.0	0.0
6.	Amount and proportion of taxonomy-aligned economic activity referred to in section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	(Sales revenue)	0.2	0.0	0.2	0.0	0.0	0.0
		(CapEx)	2.0	0.0	2.0	0.0	0.0	0.0
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	(Sales revenue)	219.8	4.2	219.8	4.2	0.0	0.0
		(CapEx)	311.2	5.9	309.9	5.9	1.3	0.0
8.	Total applicable KPI	(Sales revenue)	247.2	4.7	247.2	4.7	0.0	0.0
		(CapEx)	339.7	6.5	338.4	6.5	1.3	0.0

CCM = climate change mitigation; CCA = climate change adaptation

Template 2 – Taxonomy-aligned economic activities (denominator) (2023)

Row	Economic activities		Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
			CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
			Amount in million €	%	Amount in million €	%	Amount in million €	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	(Sales revenue)	0.0	0.0	0.0	0.0	0.0	0.0
		(CapEx)	0.0	0.0	0.0	0.0	0.0	0.0
2.	Amount and proportion of taxonomy-aligned economic activity referred to in section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	(Sales revenue)	0.0	0.0	0.0	0.0	0.0	0.0
		(CapEx)	0.4	0.0	0.4	0.0	0.0	0.0
3.	Amount and proportion of taxonomy-aligned economic activity referred to in section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	(Sales revenue)	2.0	0.1	2.0	0.1	0.0	0.0
		(CapEx)	2.9	0.1	2.9	0.1	0.0	0.0
4.	Amount and proportion of taxonomy-aligned economic activity referred to in section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	(Sales revenue)	0.0	0.0	0.0	0.0	0.0	0.0
		(CapEx)	0.2	0.0	0.2	0.0	0.0	0.0
5.	Amount and proportion of taxonomy-aligned economic activity referred to in section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	(Sales revenue)	0.0	0.0	0.0	0.0	0.0	0.0
		(CapEx)	0.2	0.0	0.2	0.0	0.0	0.0
6.	Amount and proportion of taxonomy-aligned economic activity referred to in section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	(Sales revenue)	0.0	0.0	0.0	0.0	0.0	0.0
		(CapEx)	0.0	0.0	0.0	0.0	0.0	0.0
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	(Sales revenue)	217.5	5.2	208.0	4.9	0.5	0.0
		(CapEx)	311.3	7.4	290.2	6.9	1.0	0.0
8.	Total applicable KPI	(Sales revenue)	219.2	5.2	210.0	5.0	0.5	0.0
		(CapEx)	314.9	7.5	293.9	7.0	1.0	0.0

CCM = climate change mitigation; CCA = climate change adaptation

Template 3 – Taxonomy-aligned economic activities (numerator) (2024)

Row	Economic activities		Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
			CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
			Amount in million €	%	Amount in million €	%	Amount in million €	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	(Sales revenue)	0.2	0.1	0.2	0.1	0.0	0.0
		(CapEx)	0.0	0.0	0.0	0.0	0.0	0.0
2.	Amount and proportion of taxonomy-aligned economic activity referred to in section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	(Sales revenue)	3.5	1.4	3.5	1.4	0.0	0.0
		(CapEx)	14.4	4.2	14.4	4.2	0.0	0.0
3.	Amount and proportion of taxonomy-aligned economic activity referred to in section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	(Sales revenue)	21.2	8.6	21.2	8.6	0.0	0.0
		(CapEx)	7.1	2.1	7.1	2.1	0.0	0.0
4.	Amount and proportion of taxonomy-aligned economic activity referred to in section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	(Sales revenue)	0.0	0.0	0.0	0.0	0.0	0.0
		(CapEx)	2.3	0.7	2.3	0.7	0.0	0.0
5.	Amount and proportion of taxonomy-aligned economic activity referred to in section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	(Sales revenue)	2.4	1.0	2.4	1.0	0.0	0.0
		(CapEx)	2.7	0.8	2.7	0.8	0.0	0.0
6.	Amount and proportion of taxonomy-aligned economic activity referred to in section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	(Sales revenue)	0.2	0.1	0.2	0.1	0.0	0.0
		(CapEx)	2.0	0.6	2.0	0.6	0.0	0.0
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	(Sales revenue)	219.8	88.9	219.8	88.9	0.0	0.0
		(CapEx)	311.2	91.6	309.9	91.2	1.3	0.4
8.	Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	(Sales revenue)	247.2	100.0	247.2	100.0	0.0	0.0
		(CapEx)	339.7	100.0	338.4	99.6	1.3	0.4

CCM = climate change mitigation; CCA = climate change adaptation

Template 3 – Taxonomy-aligned economic activities (numerator) (2023)

			Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
			CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
Row	Economic activities		Amount in million €	%	Amount in million €	%	Amount in million €	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	(Sales revenue)	0.0	0.0	0.0	0.0	0.0	0.0
		(CapEx)	0.0	0.0	0.0	0.0	0.0	0.0
2.	Amount and proportion of taxonomy-aligned economic activity referred to in section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	(Sales revenue)	0.0	0.0	0.0	0.0	0.0	0.0
		(CapEx)	0.4	0.1	0.4	0.1	0.0	0.0
3.	Amount and proportion of taxonomy-aligned economic activity referred to in section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	(Sales revenue)	2.0	0.9	2.0	0.9	0.0	0.0
		(CapEx)	2.9	0.9	2.9	0.9	0.0	0.0
4.	Amount and proportion of taxonomy-aligned economic activity referred to in section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	(Sales revenue)	0.0	0.0	0.0	0.0	0.0	0.0
		(CapEx)	0.2	0.1	0.2	0.1	0.0	0.0
5.	Amount and proportion of taxonomy-aligned economic activity referred to in section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	(Sales revenue)	0.0	0.0	0.0	0.0	0.0	0.0
		(CapEx)	0.2	0.1	0.2	0.1	0.0	0.0
6.	Amount and proportion of taxonomy-aligned economic activity referred to in section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	(Sales revenue)	0.0	0.0	0.0	0.0	0.0	0.0
		(CapEx)	0.0	0.0	0.0	0.0	0.0	0.0
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	(Sales revenue)	217.5	99.2	208.0	94.9	0.5	0.3
		(CapEx)	311.3	98.9	290.2	92.2	1.0	0.3
8.	Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	(Sales revenue)	219.2	100.0	210.0	95.8	0.5	0.3
		(CapEx)	314.9	100.0	293.9	93.3	1.0	0.3

CCM = climate change mitigation; CCA = climate change adaptation

Template 4 – Taxonomy-eligible but not taxonomy-aligned economic activities (2024)

			Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
			CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
Row	Economic activities		Amount in million €	%	Amount in million €	%	Amount in million €	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	(Sales revenue)	0.1	0.0	0.1	0.0	0.0	0.0
		(CapEx)	0.0	0.0	0.0	0.0	0.0	0.0
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	(Sales revenue)	0.3	0.0	0.3	0.0	0.0	0.0
		(CapEx)	9.8	0.2	9.8	0.2	0.0	0.0
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	(Sales revenue)	13.6	0.3	13.6	0.3	0.0	0.0
		(CapEx)	3.3	0.1	3.3	0.1	0.0	0.0
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	(Sales revenue)	2.0	0.0	2.0	0.0	0.0	0.0
		(CapEx)	0.2	0.0	0.2	0.0	0.0	0.0
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	(Sales revenue)	10.5	0.2	10.5	0.2	0.0	0.0
		(CapEx)	8.2	0.2	8.2	0.2	0.0	0.0
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	(Sales revenue)	0.2	0.0	0.2	0.0	0.0	0.0
		(CapEx)	2.0	0.0	2.0	0.0	0.0	0.0
7.	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	(Sales revenue)	369.3	7.1	362.4	6.9	6.9	0.1
		(CapEx)	336.0	6.4	334.4	6.4	1.6	0.0
8.	Total amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	(Sales revenue)	396.0	7.6	389.1	7.4	6.9	0.1
		(CapEx)	359.4	6.9	357.8	6.8	1.6	0.0

CCM = climate change mitigation; CCA = climate change adaptation

Template 4 – Taxonomy-eligible but not taxonomy-aligned economic activities (2023)

			Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
			CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
Row	**Economic activities**		**Amount in million €**	**%**	**Amount in million €**	**%**	**Amount in million €**	**%**
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	(Sales revenue)	0.0	0.0	0.0	0.0	0.0	0.0
		(CapEx)	0.0	0.0	0.0	0.0	0.0	0.0
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	(Sales revenue)	0.0	0.0	0.0	0.0	0.0	0.0
		(CapEx)	0.0	0.0	0.0	0.0	0.0	0.0
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	(Sales revenue)	0.0	0.0	0.0	0.0	0.0	0.0
		(CapEx)	0.0	0.0	0.0	0.0	0.0	0.0
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	(Sales revenue)	3.1	0.1	3.1	0.1	0.0	0.0
		(CapEx)	0.4	0.0	0.4	0.0	0.0	0.0
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	(Sales revenue)	10.9	0.3	10.9	0.3	0.0	0.0
		(CapEx)	5.9	0.1	5.9	0.1	0.0	0.0
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	(Sales revenue)	0.0	0.0	0.0	0.0	0.0	0.0
		(CapEx)	0.0	0.0	0.0	0.0	0.0	0.0
7.	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	(Sales revenue)	560.3	13.3	0.0	0.0	0.0	0.0
		(CapEx)	734.6	17.4	0.0	0.0	0.0	0.0
8.	Total amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	(Sales revenue)	574.2	13.6	0.0	0.0	0.0	0.0
		(CapEx)	740.9	17.6	0.0	0.0	0.0	0.0

CCM = climate change mitigation; CCA = climate change adaptation

Template 5 – Taxonomy-non-eligible economic activities (2024)

Row	Economic activities		Amount in million €	%
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	(Sales revenue)	0.4	0.0
		(CapEx)	0.0	0.0
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	(Sales revenue)	1.8	0.0
		(CapEx)	3.0	0.1
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	(Sales revenue)	1.8	0.0
		(CapEx)	1.1	0.0
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	(Sales revenue)	0.0	0.0
		(CapEx)	0.0	0.0
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	(Sales revenue)	2.2	0.1
		(CapEx)	2.2	0.0
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	(Sales revenue)	0.4	0.0
		(CapEx)	0.0	0.0
7.	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	(Sales revenue)	2,137.3	40.8
		(CapEx)	1,920.7	36.7
8.	Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	(Sales revenue)	2,144.0	41.0
		(CapEx)	1,927.0	36.8

CCM = climate change mitigation; CCA = climate change adaptation

Template 5 – Taxonomy-non-eligible economic activities (2023)

Row	Economic activities		Amount in million €	%
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	(Sales revenue)	0.0	0.0
		(CapEx)	0.0	0.0
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	(Sales revenue)	0.1	0.0
		(CapEx)	2.7	0.1
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	(Sales revenue)	1.7	0.0
		(CapEx)	1.2	0.0
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	(Sales revenue)	0.0	0.0
		(CapEx)	0.0	0.0
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	(Sales revenue)	0.0	0.0
		(CapEx)	0.0	0.0
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	(Sales revenue)	0.0	0.0
		(CapEx)	0.0	0.0
7.	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	(Sales revenue)	839.2	19.9
		(CapEx)	657.5	15.6
8.	Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	(Sales revenue)	841.0	19.9
		(CapEx)	661.5	15.7

CCM = climate change mitigation; CCA = climate change adaptation

2.2 Climate change

Transition plan for climate change mitigation
As an insurance company, ARAG wants to make a positive contribution to climate action. To this end, ARAG adopted a sustainability strategy back in 2022, which is set out below. ARAG does not currently have a transition plan. As a transition plan is necessary to achieve carbon reduction targets, such a plan will be developed and adopted within the next two years.

2.2.1 Own operations

ARAG's own operations include activities that cannot be designated as insurance activities or investments. During the materiality assessment, ARAG identified material negative impacts in its own operations:

- ARAG's business generates carbon emissions that have a negative impact on climate change.
- ARAG contributes to energy consumption through its business.

The concepts, actions, and targets for mitigating negative impacts are described below.

2.2.1.1 Concepts

Sustainability strategy
Given its influence on the environment as a financial institution, ARAG defined a sustainability strategy in 2022 that is binding across the Group and for all departments.

Among other things, it covers the management of material sustainability matters in own operations and is based on the United Nations' 17 SDGs and the Global Compact. ARAG's sustainability strategy is centered around three key areas of action. With regard to its own operations, ARAG focuses on its sites where sustainable business practices are being implemented. Emissions from properties used by third parties are reported under Scope 1 and 2 emissions for the first time as of December 31, 2024, resulting in an increase in emissions. ARAG will also start working on a transition plan in 2025. In light of this, the target set will be reviewed and redefined if necessary.

In terms of customer communication, ARAG will go mainly digital in its provision of policy documents and information sheets and in its correspondence. There will be exceptions where the law requires communications to be in paper form. The department dedicated to inhouse environmental measures focuses on reducing GHG emissions in order to reach the target set.

ARAG's sustainability strategy for its own operations relies on the environmentally friendly design of processes. The sustainability matters 'climate action' and 'energy' are addressed accordingly. While the sustainability strategy does not explicitly address climate action, climate change adaptation, energy efficiency, and the use of renewable energies, it does cover the impacts identified by the materiality assessment.

ARAG also carries out an energy audit every four years (2017, 2021, scheduled for 2025 and going forward) in accordance with DIN EN 16247-1 aimed at continually reviewing and improving its energy efficiency. A DIN EN 16247-1 energy audit is a systematic process of inspecting and analyzing a company's energy use and consumption with the aim of identifying and implementing ways to save energy. By carrying out this audit every four years, ARAG ensures that it meets legal requirements while also reducing its energy costs and minimizing its carbon footprint. The results of the audit are made available to the Management Board.

The sustainability strategy applies across the entire ARAG Group. The Management Board as a whole is responsible for achieving the target, while each department is responsible for delivering it. Each international subsidiary is individually responsible for the topics. Monitoring compliance with the strategy is the responsibility of the Management Board as a whole.

Company car policy

The purpose of ARAG's company car policy, which was last updated in July 2024, is to make using and managing company vehicles more efficient and environmentally friendly. The policy defines clear rules and processes for using, maintaining, and procuring vehicles in order to optimize costs, increase safety, and reduce the vehicle fleet's environmental impact. The objective is to convert the fleet to fully electric cars. The company car policy applies to all ARAG Group companies in Germany.

The aim of converting the entire vehicle fleet to electric is to reduce GHG emissions by replacing internal combustion vehicles with more energy-efficient electric ones. The policy only indirectly takes the sustainability matters 'climate action' and 'energy' into account, but it has an influence on the negative impact of the carbon emissions identified in the materiality assessment.

Group Central Services handles the entire fleet administration process, from the procurement and management of company vehicles to monitoring compliance with the company car policy. Overall responsibility lies with the Management Board as a whole. The company car policy is published on the intranet.

2.2.1.2 Actions

ARAG made significant progress with decarbonization in 2022 by switching to green electricity at its main administrative sites. This represents a key lever for significantly reducing carbon emissions. However, since this lever's potential has largely been exhausted, ARAG has identified further decarbonization options. They include improving energy efficiency, promoting sustainable travel, and implementing innovative technologies that reduce the carbon footprint. The ability to deliver on this will depend on the availability and allocation of financial resources. No separate budgets have been set for these actions.

Electrification of the vehicle fleet

The following actions will be taken over the next six years to fully convert the vehicle fleet to all-electric:

ARAG will increase the subsidies for electric vehicles and expand the Company's own charging infrastructure. While electric vehicles accounted for 0.54 percent of the entire vehicle fleet in 2018, this increased to 14.2 percent in 2024. It is not currently possible to quantify the reduction in GHG emissions achieved so far.

The scope of this action is limited to own operations in Germany.

Installation of German Energy Conservation Ordinance (EnEV) kits

By installing electronically operated vents in buildings held for own use that allow for the four smoke extraction shafts of the passenger lifts to be shut tightly, it is possible to keep more heat inside the building in winter and reduce the amount of energy spent on heating. The vents also help to reduce the heat load in summer. This is achieved through temperature-dependent venting of the shaft, which provides further energy savings and increased energy efficiency. Furthermore, if CO_2 levels are high, the vents can be opened and closed to bring in fresh air. The negative pressure load (stack effect) on the fire doors in the lift vestibule is also minimized, thus reducing the susceptibility to faults and the associated costs.

The calculations based on defined average values show that there is considerable potential for savings. However, this is a theoretical calculation as the total heating costs cannot be compared and the actual temperatures in this area cannot be determined precisely. The savings on heating costs can be calculated by assuming an average external temperature of 10°C and an internal temperature of 21°C. By installing four EnEV kits, two for the innermost lifts and two for the outer twin shafts, annual savings of more than 590,000 kWh and a reduction of around 168 tonnes of CO_2 are achievable. It is not currently possible to quantify the reduction in emissions achieved so far. The installation of the EnEV kits began in mid-2024 and is scheduled to be completed by mid-2025.

The scope of this action is limited to own operations in Germany.

Sustainable commuting
More sustainable employee commuting is encouraged by offering a subsidy of up to €50 toward local public transportation and by raising awareness of climate-friendly travel options. ARAG is thus also focusing on climate action and the efficient use of resources. The Company is striving for climate-friendly employee mobility and wants to encourage everyone to adapt their behavior in the face of climate change. While 115 season tickets for local public transportation were issued to the workforce in Germany in 2022, within two years that number had increased almost five-fold. This initiative was launched in May 2023. In 2024, 696 season tickets for local public transportation were issued to the workforce in Germany. The reduction in greenhouse gas emissions is not currently quantified.

The scope of this action is limited to own operations in Germany.

2.2.1.3 Targets

ARAG has not defined any measurable, results-oriented targets for its own operations, including GHG emission reduction targets. However, the effectiveness of the concepts and actions is ensured through the annual process of calculating the carbon footprint.

2.2.2 Insurance products

The ARAG Group operates in the fields of legal insurance, casualty and property insurance, and health insurance (the latter only in Germany). It focuses on insurance products and services aimed at both private and small business customers. Internationally, the ARAG Group is targeting potential growth areas in the legal insurance sector. It does not operate diversified corporate insurance business.

Climate action was identified as material by the materiality assessment:
- Negative impacts in connection with emissions facilitated by offering casualty and property insurance.
- Positive impacts on climate change adaptation by providing cover for loss or damage caused by extreme weather.
- Risk: By covering loss or damage from climate-related risks, ARAG contributes to climate change adaptation through its insurance products. As extreme weather (hail, storms, floods, etc.) becomes more frequent as a result of climate change, there is a risk of higher overall loss events, which might not be reinsured.
- Risk: The medium- to long-term forecast is for a gross increase in risks from climate change and that risk mitigation techniques will become disproportionately more expensive. The risk from natural disasters is set to increase and drive the cost of risk mitigation techniques. There is no indication for the years ahead that purchasing sufficient reinsurance cover will not be possible. However, the reinsurance market is expected to reduce its capacity.

- Risk: More expensive energy causes a recession and higher unemployment, leading to a fall in new business.

The concepts, actions, and targets implemented to manage the impacts are presented below. Climate change adaptation was identified as material in the context of the taxonomy-eligible and taxonomy-aligned activities. For further information, see the chapter 'Disclosures pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)'.

2.2.2.1 Concepts

Sustainability strategy
As a risk carrier, ARAG endeavors to help consumers and businesses to achieve and comply with environmental goals and standards. In addition, the negative impact of contributing to GHG emissions by insuring property – which was identified as material – is to be minimized and managed.

The relevant parameters are defined in the sustainability strategy, which calls for the sustainable use of natural resources. The strategy is the responsibility of the Management Board as a whole. The sustainability strategy does not explicitly address climate action, climate change adaptation, energy efficiency, and the use of renewable energies. Through its sustainability strategy, ARAG endeavors to help consumers and businesses to achieve and comply with environmental goals and standards. The aim is to promote sustainable transformation by reviewing the inclusion of sustainable benefits, services, or pricing features when updating products and developing new ones. In the context of deciding whether to take on business, ARAG also considers it very important that customers, including business customers, comply with environmental, social, and governance (ESG) standards. The design of the sustainability strategy is the responsibility of the individual departments. At the overarching level, the sustainability function is responsible for the implementation of, and compliance with, the strategy.

Underwriting guideline
The underwriting guideline is the basis for acceptance checks in underwriting and is consistent with the Group sustainability strategy. The guideline also defines ARAG's appetite for risk. In this context, ARAG attaches great importance to its customers' compliance with ESG standards, including business customers.

The underwriting policy is further broken down by contracting guidelines at product level. Each insurance company in the ARAG Group has its own underwriting guideline formulated by the central Underwriting & Inward Reinsurance department. The Management Board is responsible for putting a proper system of governance in place, which includes the establishment of internal guidelines and policies. The underwriting guideline of ARAG SE is the responsibility of the member of the ARAG SE Management Board with responsibility for Sales, Products and Innovation. The underwriting guideline for property, liability and accident insurance is the responsibility of the Management Board of ARAG Allgemeine.

The independent Internal Audit function regularly checks that the Company is operating within the requirements set internally and externally. These include internal guidelines, processes, and systems related to corporate management.

2.2.2.2 Actions

The actions taken by ARAG to implement and direct its strategy and manage impacts are explained in greater detail below. The purpose of these actions, which relate to climate change mitigation, is to support the achievement of strategic targets and the associated management of identified impacts. As the actions are ongoing, no specific time horizon has been defined for them.

The Group Sales, Products and Innovation Department is responsible for the transparency of product information. The product development process is the responsibility of the Product and Portfolio Management Department, which is part of Group Sales, Products and Innovation. The Sustainability function is also involved. All of the Group's insurance companies in Germany are covered. Mechanisms used by ARAG include monitoring processes and legal checks to ensure compliance with key laws and regulations in Germany and abroad, as well as stringent approval processes in product development.

Expansion of the product development process
ARAG is linked to the generation of GHG emissions through property insurance and claims settlement. A conscious effort is made to incorporate sustainable benefits, services, and pricing features into new products.

The development of sustainable products and services is integral to the implementation of the sustainability strategy. This is how ARAG aims to support sustainable transformation. New products undergo a clearly defined development process that includes a sustainability check. When developing and refining insurance solutions, ARAG incurporates, among other things, insights from sales, the claims and legal service, customer service, and the needs and wishes of customers. In addition, ARAG draws on information from market research and customer surveys relating to current trends and needs. This ensures that feedback from customers and sales partners is systematically incorporated into the product development process.

The sustainability assessment, which is an integral element of concept development, looks at how sustainable customer behavior is rewarded, how sustainable lifestyles are insured, and how sustainable benefits can be offered in claims settlement.

GHG emissions are to be reduced by incentivizing more sustainable behavior through products and services.

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

In home contents insurance, for example, ARAG encourages repairs over replacement purchases. In the event of a write-off scenario, ARAG will pay up to 130 percent of the replacement value for proven costs of repair.

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

The ability to deliver on this will depend on the availability and allocation of financial resources. No separate budgets have been set for these actions. With regard to products, there are currently no climate change mitigation measures in place that rely on a decarbonization lever. It is currently not possible to determine the expected and actual reduction in GHG emissions.

2.2.2.3 Targets

To date, ARAG has not defined any measurable, results-oriented targets for its insurance products in relation to climate change mitigation and climate change adaptation. Nevertheless, the effectiveness of these concepts and actions is monitored by means of the aforementioned processes.

2.2.3 Investments

The materiality assessment identified the following material impacts and risks with regard to investments:

- Negative contribution to climate change due to investment in companies that generate emissions.
- Risks from investments in issuers with high ESG risks.

2.2.3.1 Concepts

Sustainability matters have played a key role in ARAG's investment management since 2018. By factoring sustainability considerations into its investment decisions, ARAG has added a further dimension to the traditional investment target variables of return, risk, and liquidity.

The policy on using sustainability criteria in investment adds greater detail to ARAG's sustainability strategy with regard to managing investments. The policy is reviewed annually and adapted where necessary, with overall responsibility falling to the relevant member of the Management Board. The negative impacts on society and the environment are minimized through a contribution to climate change mitigation, while the risks arising from climate change are proactively addressed in the portfolio. Specifically, ARAG's materiality assessment identified material, climate-related impacts and risks that inform the sustainability strategy.

ARAG meets its responsibility toward its stakeholders by taking sustainability matters into account in its investments. ARAG sets great store by the sustainability of its investments and is expanding its sustainable portfolio. With this in mind, ARAG integrates sustainability matters into its investment decisions and, through its actions, endeavors to make an active contribution to mastering the challenges of moving to a more sustainable economy. The Company takes an entity-specific approach in this context.

Direct investments
A negative screening filter allows for individual issuers and countries to be excluded from investments. The scope of the filter is limited to ARAG's direct investments and investments in liquid institutional funds.

Climate risks are taken into account in the new investment process by applying metrics from data provider MSCI. The Implied Temperature Rise (ITR) and Environmental Pillar Score Quartile (EPS Quartile) metrics are only applied to investments in corporate bonds and pfandbriefs/covered bonds. Government bonds are exempt from this rule and may continue to be acquired in compliance with the requirements of strategic asset allocation and the exclusion lists.

Infrastructure investments
Decisions on further expanding the commitment to sustainable infrastructure investments will be made in line with the existing alternative investments program. The objective is to not support those seeking to raise capital through investments that contravene standards of human rights, decent working conditions, or equal opportunities, or where the business does not take steps to ensure the ESG-compliant transformation of its activities.

Group Asset Management is responsible for implementing these requirements. Compliance with the investment restrictions set in relation to ESG criteria and the targets for carbon emissions are both monitored. The criteria for new investments are an integral element of the investment proposal created in portfolio management. As part of this process, each new direct investment is checked in advance to determine whether it meets the aforementioned ESG criteria, and any deviations are flagged accordingly. Each new direct investment is approved by the Senior Vice President Asset Management and the Head of Department. Twice a year, Investment Controlling calculates the carbon emissions of the Group's investments and checks the predicted path and the achievement of emission targets.

Real estate
The buildings in ARAG's investment portfolio currently represent a significant source of carbon emissions. Modernizing them can therefore make a considerable contribution to decarbonization. In the future, sustainability criteria will increasingly feature alongside the original criteria in the decision-making process, both for existing and for new-build properties. The overarching aim is to actively shape the energy transition by replacing fossil fuels with renewable energy sources and implementing energy-saving measures. This should reduce climate-related financial risks in property investments.

All investments submitted for a decision must meet the exclusion criteria set for direct investments in real estate; the other sustainability criteria have a positive influence on the overall rating.

Alternative investments
When it comes to alternative investments, ARAG focuses on selecting sustainability-oriented asset managers, irrespective of whether alternative investments are held directly, for example via institutional fund structures. To this end, a sustainability criterion is used in the assessment. The selection process for sustainability-oriented asset managers focuses on the existence of a clear and appropriate ESG strategy, which primarily means the existence and application of a meaningful ESG policy, a regular, documented monitoring system, and transparent reporting to investors.

2.2.3.2 Actions

There are two relevant decarbonization levers in relation to the business portfolio. The first focuses on the customers' transformation (passive lever), the second on the active adaptation of the business portfolio, for example the targeted expansion of new business with low-emission customers (active lever).

One of ARAG's main active levers for achieving its climate targets is the implementation of a negative list that includes environmental aspects by taking environmental metrics into account in investment decisions and the selection of asset managers. One approach to linking the customers' transformation with these active levers is to shape the energy transition in the real estate portfolio by replacing fossil fuels with renewable energy sources and implementing energy-saving measures by factoring positive and negative criteria into investment decisions.

The environmental actions taken by ARAG are listed below. All of the actions below are ongoing and do not follow a defined time horizon.

Negative list
Exclusion criteria based on business lines are the foundation of sustainable investment. This involves applying ARAG-specific minimum standards. With this approach, one or more criteria are defined that exclude investment in certain companies or sectors. The purpose of these criteria is to exclude all assets with severe sustainability risks from ARAG's investment process.

The negative selection process is used as an overlay for the entire portfolio of fungible investments (direct investments and liquid institutional funds). Various criteria are used with regard to climate action. ARAG avoids investing in producers of coal and of unconventional oil and gas with a revenue threshold of at least 10 percent. The Company aims to contribute to climate action by supporting the decarbonization of the value chain.

Companies on the negative list are subject to an investment freeze, with sales still possible, but purchases not. If companies are no longer on the negative list, the investment freeze ends. Issuers whose business activities involve controversial weapons or are linked to child labor must be removed from the portfolio. Furthermore, ARAG undertakes to reduce the affected existing portfolios over a transitional period until 2025 or to hold them until final maturity, but no later than 2030.

The criteria for the exclusion lists are formulated by the Central Group Asset Management Department and adopted by the Group Management Board. The negative list and the country exclusion list are developed by the Investment Controlling Department using an external database (MSCI ESG Manager) and entered into the limit system (SCD Compliance Manager). They are monitored by Investment Controlling in Group Asset Management as part of the established limit monitoring and control processes. Exclusion lists are taken into account during pre-trade checks for new investments and during the screening of existing investments whenever lists are updated. For liquid institutional funds, this process takes places at the level of the investment management company.

Implementation in the new-investment process

Direct investments
In addition to the application of the aforementioned negative lists, another factor in new investment is the target of reducing GHG emissions. Internally, ARAG relies on the forward-looking ITR metric provided by MSCI. The ITR was standardized by the G20 Financial Stability Board's permanent Task Force on Climate-related Financial Disclosures (TCFD) as one of three portfolio alignment metrics and shows the extent to which companies align with global climate targets. It is expressed in degrees Celsius. The model used to calculate the ITR translates the forecast GHG emissions of the companies in a portfolio into an increase in average global temperatures over the coming decades. The ITR metric is an effective way to quantify the challenge of keeping the increase in global average temperature to well below 1.5°C above pre-industrial levels.

In addition, the EPS quartile is used. It forms part of MSCI's ESG rating and is defined as the weighted average of all key issues that come under the environmental pillar of the ESG rating. The EPS quartile indicates the quantile in which the respective company is located in comparison to the sector median. A value of 1 represents the top quantile (100 percent) and 4 the lowest quantile (25 percent). Taking the EPS quartile into account in new investments makes it easy to identify the issuers that have the poorest environmental rating relative to the sector average.

The following rules apply with regard to these two metrics:
- No new investment in companies with an ITR of 4°C or more.
- Companies with an ITR up to 2.5°C are the preferred target for new investment.
- Where a company has an ITR between 2.6°C and 3.9°C, the investment decision will also take the EPS quartile into account. No new investment in companies with an EPS quartile of 4, which puts them in a lower quantile than the sector median.

Taking these two metrics into account internally avoids categorically excluding specific sectors and industries that currently have high carbon emissions but will have an important role to play in decarbonization. This also places a stronger focus on the topic of transition.

The evaluation of new investments using the ITR and the EPS quartile applies exclusively to investments in corporate bonds. Government bonds and pfandbriefs/covered bonds are exempt from this rule and can be acquired in line with the requirements of strategic asset allocation (percentage-based target variable per asset class) and the exclusion lists. Action relating to direct investment is ongoing and does not follow a time horizon.

Liquid institutional funds
As a rule, the carbon footprint of liquid institutional funds is reviewed at the portfolio level every year, or at least every two years. Fund managers are instructed to match ARAG's target for reducing carbon emissions in their portfolios within the specified timeframe. Progress with achieving targets is reported semi-annually during the investment committee meetings.

In addition, further requirements relating to new investment are defined for internally managed institutional funds. Similar to the approach for direct investments, both the ITR and the EPS quartile are factored into new investments in institutional fixed-income funds. The same target values apply as for direct investment.

With regard to decarbonization, special ESG benchmarks will be a factor influencing future investment in equities as part of internally managed institutional funds. A suitable approach is currently in development and is scheduled to be completed as soon as possible.

The aforementioned requirements apply only to institutional funds or segments of liquid institutional funds that include shares or corporate bonds. Government bonds and pfandbriefs/covered bonds are exempt from this rule and can be acquired in line with the requirements of strategic asset allocation (percentage-based target variable per asset class) and the exclusion lists.

Integration into asset manager selection
It is difficult to quantitatively assess ESG aspects for alternative investments (private equity, infrastructure, and real estate) as the underwriting generally involves blind pool risks. There are currently only limited standard disclosure requirements for private market funds, and there is still little to no raw ESG data available at portfolio level.

When integrating ESG criteria into its strategy for alternative investments, ARAG thus focuses on the selection process for sustainability-oriented asset managers and on the existence of a clear and appropriate ESG strategy, which primarily means the existence and application of a meaningful ESG policy, a regular, documented monitoring system, and transparent reporting to investors.

The aforementioned considerations apply regardless of whether alternative investments are held as direct investments or via institutional fund structures, for example. In the case of indirect investment via externally managed institutional funds, this process is carried out within the collaboration between the companies and the investment management company.

Direct investment in real estate

Direct investment in real estate represents a significant proportion of ARAG's investments. Some of this real estate is rented to ARAG subsidiaries and serves as administrative offices. Consequently, some real estate investments are closely linked to ARAG's inhouse environmental measures.

Essential actions in relation to real estate in the portfolio include the implementation of regulatory requirements pertaining to resource consumption and the management of data for greater transparency in line with sustainability reporting obligations.

As the buildings are major sources of carbon emissions at present, modernizing them can make a considerable contribution to decarbonization. Actively shaping the energy transition by replacing fossil fuels with renewable energy sources and implementing energy-saving measures will reduce climate-related financial risks in property investments.

In addition to the financial criteria and those connected to building services, property type, and location, and the associated project, rental, legal, and tax risks, ARAG will increasingly factor sustainability criteria into future decisions, for both existing real estate and new builds.

The sustainability criteria for **new investment in directly held new-builds are listed below**.

Exclusion criteria:

- The following certification or, alternatively, proven readiness for certification not present: German Sustainable Building Council (DGNB) minimum 'gold'; Leadership in Energy and Environmental Design (LEED) minimum 'gold'; Building Research Establishment Environmental Assessment Methodology (BREEAM) minimum 'very good'
- Energy efficiency class A according to the German Buildings Energy Act (GEG) for real estate in Germany, and/or the EU Energy Efficiency Directive (EED), not achieved
- Use of tropical woods and exotic natural stone

Positive screening:

- Proof of conformity with EU taxonomy, primarily environmental objective 1 (climate change mitigation) or 2 (climate change adaptation)
- No unnecessary sealing of the soil surface in forests and in agriculture
- Maximum prefabrication and proof that components can be separated
- Proof that at least 70 percent of building materials can be reused or recycled
- Support for car-free transportation options (local public transportation no more than ten minutes' walk away, sufficient number of cycle stands)
- For residential construction: no displacement of residents, i.e. no luxury refurbishments
- For commercial real estate: no pre-letting to tenants in accordance with 3.1.1. negative list

Below are the sustainability criteria for **new investment in directly held existing real estate**.

Exclusion criteria:

- The following certification or, alternatively, proven readiness for certification not present: DGNB minimum 'silver'; LEED minimum 'silver'; BREEAM minimum 'good'
- Energy efficiency class at least B with the potential to reach A according to the GEG for real estate in Germany, and/or the EED, not achieved

Positive screening:

- Proof of conformity with EU taxonomy, primarily environmental objective 1 (climate change mitigation) or 2 (climate change adaptation)
- Use of, or ability to retrofit, water-saving technology
- Upholding of social standards by counterparties (no social dumping, no social security fraud)

- For residential construction: no displacement of residents, i.e. no luxury refurbishments
- For commercial real estate: no letting to tenants on negative list

All investments submitted for a decision must meet the exclusion criteria set for direct investments in real estate; the other sustainability criteria have a positive influence on the overall rating.

In addition, a topical approach is chosen that results in a rise in specific investments in the allocation of capital. Under the alternative investments program, there are plans to gradually build up a portfolio over the coming years that qualifies as sustainable, has commercial potential, and achieves the documented sustainability targets.

No transition plan is in place for other environmental topics, and, specifically, no dedicated transition plan for biodiversity. These environmental topics are addressed through initial actions and in existing guidance, such as the policy on using sustainability criteria in investment.

The activities relating to ESG risk management cannot be explicitly quantified. Reducing GHG emissions is not a primary objective of risk management. Accordingly, no reliable assertions can be made in this context. Uncertainties regarding emissions, including financed emissions, result from the use of estimates and projections, and from potential changes in the composition of ARAG's portfolio.

The actions described have no end date and are therefore to be considered ongoing. Furthermore, no other action has been taken aimed at achieving the defined emission reduction targets.

2.2.3.3 Targets

The policy on using sustainability criteria in investment adds greater detail to ARAG's sustainability strategy with regard to managing investments. The latest version of the policy was signed off by the Management Board in November 2024. The strategic goals for the Group are defined as follows:

The ARAG Group follows the ESG principle when describing its strategic goals.

ARAG aims to make its insurance investment portfolio greenhouse gas-neutral by 2050. The overarching aim is to limit global warming in the long term, ideally to 1.5°C. To date, there are no defined methods for pursuing and reaching the goal of net zero by 2050. While target setting is considered to be based on science, so far the underlying methodology is not. An update of the methodology is planned, taking into account future regulatory developments and other factors. The target was set in consultation with the Management Board.

With regard to the interim targets adopted in 2022 of reducing financed emissions linked to shares and corporate bonds by 25 percent by 2025, ARAG had already achieved a reduction of 23 percent in 2023. The target relates to the Scope 1 and 2 emissions linked to shares and corporate bonds in which ARAG invests. Interim targets are defined in greater detail in accordance with the requirements of the CSRD.

The financed Scope 1 and 2 emissions linked to shares and corporate bonds (including pfandbriefs/covered bonds) in the investment portfolio are to be reduced by a further 40 percent by 2030 compared with the base year 2023. The benchmark figure in 2023 was 215,000 tCO_2eq and is derived from the calculation of the emission values for the portfolio as of December 31, 2023 without normalization. Should the investment portfolio remain unchanged, this equates to absolute emissions of 130,000 tCO_2eq in 2030. The benchmark figure is based on the portfolio as of December 31, 2023 and the associated emission values.

The target of being greenhouse gas-neutral by 2050 is linked to the commitment of the German Insurance Association. The 40 percent target for 2030 was defined using the expert judgement method.

These interim targets are to be achieved through active portfolio management, the implementation of negative screening, and a greater focus on sustainable liquid and non-liquid investments. Interim targets are reviewed twice a year (mid-year and year-end) and fleshed out in greater detail as science progresses and data becomes available. MSCI has provided ESG data to Group Asset Management since 2022. As there is not yet sufficient data for all investments, and no standard approach to measurement, ARAG will gradually integrate additional relevant asset classes into the climate target in the years to come.

ARAG does not support those seeking to raise capital through investments that contravene standards of human rights, decent working conditions, or equal opportunities, or where the business cannot document any steps it has taken to transform its activities in line with ESG considerations. In order to review its investment decisions, ARAG uses exclusion lists (issuer-specific and country-specific) and integrated ESG approaches with a focus on transition risks.

The adjustment of the basic amount and the inclusion of pfandbriefs in the calculation of financed emissions follows the grouping of investments in the Partnership for Carbon Accounting Financials (PCAF) standard.

Compliance with the investment restrictions set in relation to ESG criteria and the targets for carbon emissions are both monitored by Investment Controlling. The 'carbon footprint process description' document describes the process for calculating the investment portfolio's carbon footprint and analyzing the achievement of strategic targets in the ARAG Group.

All GHG emission reduction targets are adapted to the targets detailed in the section 'Metrics for Scope 1, 2, and 3 emissions'. Consequently, there are no differences with regard to the calculation method and the underlying Scope.

2.3 Metrics

The following table shows ARAG's energy consumption and mix in 2024.

Energy consumption and mix

	2024
(1) Fuel consumption from coal and coal products (MWh)	0.0
(2) Fuel consumption from crude oil and petroleum products (MWh)	3,858.3
(3) Fuel consumption from natural gas (MWh)	744.2
(4) Fuel consumption from other fossil sources (MWh)	0.0
(5) Consumption of purchased or acquired electricity, heat, steam, and cooling, and from fossil sources (MWh)	10,608.5
(6) Total fossil energy consumption (MWh) (calculated as the sum of lines 1 to 5)	**15,210.9**
Share of fossil sources in total energy consumption (%)	**58.4%**
(7) Consumption from nuclear sources (MWh)	**937.9**
Share of consumption from nuclear sources in total energy consumption (MWh)	**3.6%**
(8) Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)	102.0
(9) Consumption of purchased or acquired electricity, heat, steam, and cooling, and from renewable sources (MWh)	9,364.4
(10) The consumption of self-generated non-fuel renewable energy (MWh)	425.0
(11) Total renewable energy consumption (MWh) (calculated as the sum of lines 8 to 10)	**9,891.4**
Share of renewable sources in total energy consumption (%)	**38.0%**
Total energy consumption (MWh) (calculated as the sum of lines 6, 7, and 11)	**26,040.2**

ARAG takes all companies in its basis of consolidation as well as ARAG Legal Protection Ltd., Dublin, into account when determining the energy consumption and mix. Purchased energy (electricity and heat) for buildings held for own use, self-generated heat, refrigerants, purchased cooling, the vehicle fleet (internal combustion engine and electric), fugitive emissions, and consumption related to rented space are all factored in. The scope of the metrics on energy consumption therefore matches the scope for determining Scope 1 and 2 emissions.

Due to time constraints, the primary data for consumption is recorded during the year and extrapolated for the fourth quarter. For buildings held for own use, the primary data for the consumption of purchased energy is usually obtained from supplier invoices. In some instances, meter readings are taken every month. For rented buildings, data from the billing of operating costs and utilities is used. This primarily applies to the Main Branch Offices, the Sales Directorate, and the Sports Offices. Energy consumption also includes the diesel or heating oil used for emergency power generators. The amounts used over the course of a year can be obtained from invoices, as can the vehicle fleet's consumption. Where no primary data is available, estimates and/or invoices from the previous year are used. Each of these is validated.

An energy audit in accordance with DIN EN 16247-1 is carried out every four years to systematically analyze a company's energy consumption and energy efficiency, and to identify potential savings. The next energy audit is scheduled for 2025.

Energy consumption is disclosed for buildings held for ARAG's own use as well as for buildings rented out to third parties. The principle of always using the best possible data source applies to these buildings too. Where possible, actual data is collected in the same way as for buildings held for own use. If ARAG cannot access this data, estimates are used based on energy performance certificates.

Gross Scopes 1, 2, 3 and Total GHG emissions

	Retrospective				Milestones and target years				
	Base year	Comparative	2024	Change	2025	2030	2050	Annual % target / base year
Scope 1 GHG emissions								
Gross Scope 1 GHG emissions (tCO_2eq)	–	–	1,492.0	–	–	–	–	–
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	–	–	0.0	–	–	–	–	–
Scope 2 GHG emissions								
Gross location-based Scope 2 GHG emissions (tCO_2eq)	–	–	3,352.9	–	–	–	–	–
Gross market-based Scope 2 GHG emissions (tCO_2eq)	–	–	4,483.7	–	–	–	–	–
Significant Scope 3 GHG emissions								
Total indirect gross GHG emissions (Scope 3) (tCO_2eq)	–	–	2,469,328.9	–	–	–	–	–
1. Purchased goods and services	–	–	2,517.1	–	–	–	–	–
[Optional sub-category; Cloud computing and data center services]	–	–	0.0	–	–	–	–	–
2. Capital goods	–	–	0.0	–	–	–	–	–
3. Fuel and energy-related activities (not included in Scope 1 or Scope 2)	–	–	2,177.3	–	–	–	–	–
4. Upstream transportation and distribution	–	–	0.0	–	–	–	–	–
5. Waste generated in operations	–	–	82.3	–	–	–	–	–
6. Business travel	–	–	2,794.9	–	–	–	–	–
7. Employee commuting	–	–	4,286.9	–	–	–	–	–
8. Upstream leased assets	–	–	0.0	–	–	–	–	–
9. Downstream transportation	–	–	0.0	–	–	–	–	–
10. Processing of sold products	–	–	0.0	–	–	–	–	–
11. Use of sold products	–	–	0.0	–	–	–	–	–
12. End-of-life treatment of sold products	–	–	0.0	–	–	–	–	–
13. Downstream leased assets	–	–	0.0	–	–	–	–	–
14. Franchises	–	–	0.0	–	–	–	–	–
15. Investments	–	–	2,457,470.6	–	–	–	–	–
Total GHG emissions								
Total GHG emissions (location-based) (tCO_2eq)	–	–	2,474,173.7	–	–	–	–	–
Total GHG emissions (market-based) (tCO_2eq)	–	–	2,475,304.6	–	–	–	–	–

The table above does not currently contain any information for the comparative year as this is the first year in which reporting is based on ESRS. Due to the differing scope of application, there are also no disclosures regarding the base year or the interim targets. ARAG uses a tool provided by ClimatePartner to calculate Scope 1, 2, and 3 emissions.

Scope 1 and 2 emissions

Scope 1 and 2 emissions are calculated on the basis of energy consumption. In the same way as for energy consumption, Scope 1 and 2 emissions encompass the entire basis of consolidation, ARAG Legal Protection Ltd., Dublin, and the buildings rented out to third parties. Within the tool, the energy consumption figures are multiplied with the relevant emission factors.

Scope 1 emissions include emissions from fossil fuels used to heat buildings held for own use or rented out to third parties, from refrigerant losses, and from our own vehicle fleet. Scope 2 emissions include emissions from the consumption of electricity and district heating. A distinction is made between a location-based and market-based calculation. Location-based Scope 2 emissions are calculated based on the average emission intensity of the local power grid. Irrespective of how much electricity a business consumes, its emission footprint is calculated by multiplying the power grid's emissions per kWh with the power consumption of the business. Market-based Scope 2 emissions are calculated based on the average emission intensity of a specific purchase agreement or power supply agreement.

The proportion of market-based Scope 2 emissions linked to bundled instruments in the form of Renewable Energy Certificates (REC) is 35.2 percent. The proportion of contractual instruments not bundled with energy attributes that are used for the sale and purchase of energy is 35.2 percent.

Only energy performance certificates are used for ARAG's property portfolio. Of the emissions presented here, 1,485.2 tCO_2eq of Scope 1 emissions, 4,482.9 tCO_2eq of market-based Scope 2 emissions, and 3,352.5 tCO_2eq of location-based Scope 2 emissions originate within the entities included in the financial basis of consolidation. For reasons of materiality, ARAG Legal Protection Ltd., Dublin, is not consolidated in financial reporting. The Scope 1 emissions of ARAG Legal Protection Ltd., Dublin, amount to 6.8 tCO_2eq, while Scope 2 emissions amount to 0.8 tCO_2eq (market-based) and 0.4 tCO_2eq (location-based).

Scope 3 emissions

In addition to Scope 1 and 2 emissions, ARAG also discloses emissions in all significant Scope 3 categories. The following categories were identified as significant within own operations:

- Purchased goods and services (category 1)
- Fuel and energy-related activities (category 3)
- Waste generated in operations (category 5)
- Business travel (category 6)
- Employee commuting (category 7)
- Financed emissions (category 15)

Category 1 'Purchased goods and services' covers office consumables, inactive ingredients, and the extraction and processing of raw materials. At ARAG, this includes printed matter, office paper, water, external data centers, electronic equipment, and catering. Only office paper is disclosed for the Main Branch Offices, the Sales Directorate, and the Sports Offices.

Category 3 'Fuel and energy-related activities' (not included in Scope 1 or Scope 2) covers upstream emissions from heating and electricity. This includes upstream emissions from purchased fuels and electricity, transmission and distribution losses, the generation of purchased electricity sold to end users, and the extraction and transportation of gas used in the Company. Upstream emissions are automatically recorded by the ClimatePartner tool.

In addition, ARAG records emissions in **category 5 'Waste generated in operations'**, which covers emissions from production waste, business waste, landfill, recycling, and incineration.

Emissions from business travel are recorded in category 6, which covers travel by air, rail, and rental and private vehicles, as well as overnight stays in hotels.

Category 7 'Employee commuting' covers employees' travel habits. The employee commute is calculated based on estimates, and ARAG also factors in emissions generated when employees are working from home.

Gross GHG emissions in **category 15 'Financed emissions'** are one of ARAG's significant Scope 3 categories. Financed emissions are calculated using the PCAF standards. PCAF is a global standard for insurance companies and financial institutions for measuring the carbon emissions of their investment and loan portfolios. The figures in the following table relate to financed emissions:

Greenhouse gas emissions by asset class

2024	Assets covered (carrying amount)	Coverage	Scope 1 and 2 emissions	Scope 3 category 15	Total emissions	Emission intensity	DQS Scope 1&2	DQS Scope 3
	(€'000)	(%)	(tCO_2eq)[1]	(tCO_2eq)	(tCO_2eq)	(tCO_2/€ million)	weighted	weighted
Asset class								
Listed shares & corporate bonds	3,330,440	98.1%	239,877	1,751,445	1,991,322	597.9	2.2	4.0
Unlisted shares & corporate bonds	615,539	100.0%	25,758	95,120	120,878	196.4	2.4	4.0
Government bonds	1,259,605	93.0%	245,323	99,947	345,270	274.1	3.7	4.0
Total	**5,205,584**	**97.1%**	**510,958**	**1,946,512**	**2,457,471**	**472.1**	**2.5**	**4.0**
Other investments (carrying amount in €'000)	1,033,945							

[1] For government bond emissions excluding LULUCF

All transactions of a financing nature recognized in the accounts of entities in ARAG's basis of consolidation for the purposes of commercial law provide the foundation for reported financed emissions. By financing business partners and their economic activities, ARAG also carries a responsibility for the carbon emissions generated by these companies. Therefore, ARAG attributes to itself a proportion of the emissions indirectly caused by the finance it has provided. Emissions from recognized debt and equity financing of companies and financing of the public sector, primarily government bonds, is calculated using the PCAF standard. The financed proportion of the business partner's total Scope 1, 2, and 3 GHG emissions is calculated using the value of the financing in proportion to the business partner's enterprise value in accordance with PCAF.

The standard for calculating financed emissions provides a methodology for certain asset classes, while others are not covered. ARAG only calculates and discloses emissions for asset classes for which there is a methodology, which is why 'no methodology' is stated for certain asset classes. These are primarily investments in funds, securitized products, and the financing of local public-sector entities. With regard to the financing of listed and unlisted companies, emissions are calculated for shares, bonds, and credits. Emissions are also calculated for project finance and, in particular, real estate finance. In the public sector, it is primarily government bonds that are part of the emission inventory.

Alongside the availability of a calculation methodology, data availability also plays an important role in calculating financed emissions. Data of the highest quality is used where available, published directly by the business partners, for example. Primary data is preferred, but is often not available, in which case estimates are used. Where no published information is available, the data is derived for that customer based on sector-specific and/or country-specific average values. As not all underlying data is of the same quality, the weighted PCAF Data Quality Score (DQS) is determined and disclosed for each asset class.

Using the PCAF standard, data sources are rated on a scale of 1 to 5, with published data being rated higher than estimated values. For example, data published by companies is rated as DQS 2, while sector averages are rated as DQS 4.

As estimates are used in some cases to determine the financed carbon emissions, the results are subject to a certain degree of measurement uncertainty. This primarily arises from the fact that, where data is not available, customer-specific data is derived using average values or other approximation methods. In this case, an assumption is made that customers generate sector-specific or country-specific emissions, and an average value is used accordingly. This average might deviate from the actual values.

Over the next few years, the availability and quality of data relating to calculated sector-specific and country-specific average values will continue to improve. An increase in the accuracy of the base data is therefore expected in the future.

The following categories are deemed not significant:

Overview of categories deemed not significant

Category	Reason for non-significance
2. Capital goods	No upstream emissions from the production of capital goods were purchased or acquired in 2024. Accordingly, this category is not relevant for ARAG.
4. Upstream transportation and distribution	As an insurance company, ARAG provides services, not physical products. Accordingly, this category is not relevant for ARAG.
8. Upstream leased assets	ARAG already discloses emissions from the use of assets that were leased in 2024 (generally rented buildings) under Scope 1 and 2 emissions. Accordingly, this category is not relevant for ARAG.
9. Downstream transportation	As an insurance company, ARAG provides services, not physical products. Accordingly, this category is not relevant for ARAG.
10. Processing of sold products	As an insurance company, ARAG provides services, not physical products. Accordingly, this category is not relevant for ARAG.
11. Use of sold products	As an insurance company, ARAG provides services, not physical products. Accordingly, this category is not relevant for ARAG.
12. End-of-life treatment of sold products	As an insurance company, ARAG provides services, not physical products. Accordingly, this category is not relevant for ARAG.
13. Downstream rented/leased assets	ARAG already discloses emissions from the use of assets that were leased to other companies in 2024 (generally buildings rented to third parties) under Scope 1 and 2 emissions. Accordingly, this category is not relevant for ARAG.
14. Franchises	As an insurance company, ARAG does not act as a franchisor. Accordingly, this category is not relevant for ARAG.

Overall, 11.3 percent of Scope 3 emissions were calculated using primary data and 88.7 percent using secondary data.

Insurance-related emissions are not currently measured, but preparations are under way to quantify them in the future. Initial data collection activities and an analysis of calculation methods are in the pipeline and will be validated. Emissions and corresponding reduction targets will be disclosed at a later date to allow time for proper measurement and meaningful targets.

Greenhouse gas intensity

GHG intensity per net revenue	2024
Total GHG emissions (location-based) per net revenue (tCO_2eq/€)	0.0
Total GHG emissions (market-based) per net revenue (tCO_2eq/€)	0.0

GHG intensity is defined as the ratio of a company's GHG emissions to its net revenue. ARAG uses the income statement item 'gross premiums written' in the Group report as the reference figure for net revenue. The greenhouse gas intensity is presented below in terms of Scope 2 emissions calculated using the location-based and market-based methods.

Internal carbon pricing

ARAG does not use an internal carbon pricing system.

3 Social information

3.1 Own workforce

Material impacts, risks and opportunities and their interaction with strategy and business model

Standard S1 – Own workforce applies solely to own operations. Consequently, the materiality assessment only considered impacts, risks, and opportunities within own operations.

The materiality assessment identified material impacts and one material risk related to 'working conditions' and 'equal treatment and opportunities for all'. Furthermore, an impact in the sub-topic 'data protection' within the sustainability matter 'other work-related rights' was deemed material. The material impacts and risks were defined as follows:

- Improvement of working conditions (working time/flexible working, pay [at least to minimum pay-scale standards], work-life balance) has a positive effect on employees and boosts staff retention.
- The rules on workers' participation rights, which go beyond the statutory requirements, have a positive impact on the opportunities for codetermination in day-to-day work.
- The rules on health and safety, which go beyond the statutory requirements, have a positive impact on matters of employee health.
- Actions to combat discrimination in the workplace and promote diversity and gender equality have a positive impact on employees.
- Extensive opportunities for training and further education promote the development of employees' skills and leadership qualities, which also has a positive effect on employees.
- ARAG holds a wide range of personal data on employees. A data leak could expose this personal data.
- A lack of suitably qualified employees could endanger the Company's long-term viability. This could result in relative inefficiencies and above-average costs for attracting talented individuals.

The materiality assessment identified potential negative impacts on employees in relation to data protection.

ARAG differentiates between employees and non-employees. Employees have an employment contract with an ARAG Group company. ARAG also differentiates between types of employee:

- Permanent employees with a fixed-term or open-ended contract
- Interns and student interns/temporary staff
- Trainees and degree apprentices

As all ARAG employees primarily perform their tasks in the office, and these tasks differ only in terms of content, the materiality assessment did not differentiate with regard to the employees' characteristics, their tasks, or the working environment.

The material impacts identified by ARAG affect all employees in the Group. In contrast, non-employees are employed by a third-party and provide services to ARAG mainly in the area of information technology. Due to their small number, they are not affected by these impacts.

The Company did not identify any material opportunities related to its own workforce. Consequently, there are none that are solely relevant to certain groups of employees.

No material impacts on ARAG employees were identified resulting from transition plans to reduce negative impacts on the environment or to implement climate-neutral and more environmentally friendly activities.

As a service provider in the insurance sector, ARAG does not engage in any activities that entail the risk of forced labor or child labor.

3.1.1 Concepts

Group Human Resources (HR) at ARAG can call upon numerous concepts for managing its material impacts in relation to the workforce and for handling material sustainability matters. The HR strategy is aligned with the ARAG 5>30 Group strategy and its targets.

ARAG is an independent, family-led insurer and bases its values-driven culture on its **Integrity Guideline**. The guideline defines how we collaborate within the Group, and details the legal standards and ethical principles that should guide the actions of all employees. It thus fleshes out the ARAG Essentials and supplements ARAG's Compliance Guideline. Breaches of the Integrity Guideline can be reported to an individual's line manager, Group HR, the Works Council, the Compliance Department, or the designated workforce representatives. The Integrity Guideline applies to all employees of the ARAG Group in Germany. Employees are provided with online training on the content of the Integrity Guideline. This training is a firm fixture in the onboarding process for new hires and is just one of the ways in which the Guideline content is communicated. The Integrity Guideline also underlines that ARAG takes a zero-tolerance approach to any form of discrimination based on ethnic origin, color, nationality, gender, religion and world view, disability, sexual orientation, or age.

ARAG has numerous national company agreements in place aimed at providing flexible working conditions. These include the **company agreement on flexible work schedules**. Its purpose is to provide employees with as much scope as possible for arranging their working hours flexibly while still providing a high level of service to our customers. This is primarily designed to promote a better work-life balance. Company agreements on flexible work schedules are in place at the subsidiaries ARAG SE, ARAG Allgemeine, Interlloyd, ARAG Health, ARAG IT, and Cura. Not covered by the company agreement are the subsidiaries' senior executives and employees at the second management level, as well as some employee groups due to specific contractual arrangements or job functions. These employees agree how to arrange their working hours individually with their line manager.

There is also a **company agreement on remote working**. It allows employees in the aforementioned ARAG subsidiaries in Germany to work remotely for between 40 and 80 percent of their weekly hours. Besides offering greater time-related flexibility, the company agreement aims to boost employee satisfaction by allowing employees to strike a better balance between work and personal interests. In addition to these social aspects, the agreement helps to conserve resources by reducing the time spent commuting and thus lowering emissions. Not covered by the company agreement are the subsidiaries' senior executives and employees at the second management level, as well as some employee groups due to specific contractual arrangements or job functions. If their role generally allows remote working, these employees can agree the amount of time they work remotely individually with their line manager.

The **policy on remote working abroad** expands the options of the existing company agreement on remote working by enabling work to be performed from any location. Under this policy, all ARAG Group employees in Germany have the option to work remotely from one of 23 countries across Europe for up to ten days a year. The policy aims to further increase employees' geographical flexibility and their satisfaction.

ARAG also has a **company agreement on remote working while looking after children and caring for relatives** in place at its German insurance companies ARAG SE, ARAG Allgemeine, Interlloyd, and ARAG Health. Its main purpose is to support a better work-life balance by allowing employees with children under the age of twelve or relatives in need of care (provided they are cared for by the employees themselves) to work from home. This is only permitted if the employee's tasks are able to be performed remotely and if it is technically possible and economically viable to set up a workplace at home. In principle, any employee can opt to work remotely as long as the prerequisites defined in the company agreement are met.

The respective management teams have overall responsibility for compliance with, and the implementation of, all company agreements and policies. No specific monitoring processes are in place beyond this.

No changes were made to the aforementioned concepts, guidelines, or policies in 2024.

In addition to the aforementioned concepts, ARAG also focuses on legal provisions with the aim of ensuring that human rights and employee rights are respected. Among other things, ARAG is subject to German employment law, which ensures that the human rights of all employees are respected and protected. When dealing with topics relating to human rights and the environment, ARAG is guided by the 17 SDGs of the UN Global Compact. Strategic approaches and actions are regularly reviewed to ensure continuous improvement.

When it comes to embedding actions relating to the **human rights strategy**, ARAG is guided by the results of the risk analysis of its business. Employees must acknowledge ARAG's expectations in the context of the ARAG Essentials. These expectations are supported by specific processes in purchasing, HR, and compliance. Training programs on the topics of equal opportunities and protection from discrimination are provided to raise awareness among managers with HR responsibilities. In line with International Labour Organization (ILO) standards, ARAG has also developed processes and guidelines for suppliers to enforce respect for human rights in the value chain, including the issues of human trafficking, forced labor, and child labor.

Compliance with the human rights strategy is extremely important to ARAG. In the event of violations, ARAG takes appropriate action to uncover breaches and remedy them. Violations are not tolerated; they are robustly pursued and can have legal consequences, including the termination of employment contracts or business relationships.

In the event of a breach of duties relating to human rights or the environment, ARAG takes immediate and appropriate remedial action. The Company also ensures that the actions taken in its own operations in Germany, and usually also abroad, bring an end to the violations.

Every year, and on an ad hoc basis, the human rights officer carries out a review to gauge the effectiveness of remedial action. The review takes insights from the whistleblowing system into account.

The Management Board of ARAG SE is responsible for the implementation of, and compliance with, the declaration on respect for human rights.

In view of statutory provisions and of the Company's business model and area of business, it is a given that ARAG considers human trafficking, forced labor, and child labor to be prohibited. Consequently, the concepts do not make explicit reference to these topics.

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

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

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

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

Managers at ARAG are allowed to work part-time. The Company supports women’s careers and is boosting the proportion of women at senior management level. ARAG is thus pursuing the long-term goal of increasing the proportion of women in leadership positions until a gender balance has been achieved. To this end, the Company focuses on identifying high-potential female staff in its succession planning, for example.

At international level, the first diversity officers and relevant contact persons were appointed across the Group as part of the strategic ARAG 5>30 targets. The Company is bringing together country-specific initiatives in a community to facilitate the sharing of plans, projects, and results. The aim is to raise awareness across the Group of successful actions to promote diversity and inclusion so that all organizational units can implement them.

Furthermore, a number of decentralized institutions are in place to promote equal treatment in the Group. The representatives for employees with a severe disability, for example, and the workplace representatives are independent points of contact for employees, and employees can always turn to the Works Council. Among other things, these institutions are tasked with preventing, mitigating, and addressing discrimination and unequal treatment, and they offer general points of contacts for employees with a wide range of concerns. Employees can also use a dedicated online portal to anonymously submit complaints that fall within the scope of the German Whistleblower Protection Act (HinSchG).

As an employer pursuant to section 154 of the German Social Code, Book IX (SGB IX), ARAG must fill at least 5 percent of its jobs with people with severe disabilities or equivalent status. Compliance with this quota is checked annually. ARAG is not subject to any other political obligations with regard to inclusion.

Processes for engaging with employees

Codetermination

Employees are involved in processes in a variety of ways so that their perspectives can be taken into account. ARAG complies with all legal requirements with regard to codetermination matters. The Company has a close relationship with the Works Councils and signs company agreements with them as required. This includes weekly meetings at operational level between HR representatives and the chairpersons of the Works Councils of ARAG SE, and regular talks between the Works Councils and the member of the Management Board with responsibility for HR matters. The regular involvement of the relevant Management Board member and the relevant HR representatives (e.g. the Head of People Business Partnering) ensures that the perspectives of employee representatives are factored into strategic corporate decisions.

Group HR and other ARAG departments are regular guests in Works Council meetings, where they present new developments and their impact on the workforce. These are then discussed in the meeting and solutions are developed accordingly.

The regular dialogue between employer and employee representatives, and the participation in Works Council meetings, for example, ensure that ARAG enjoys a close and effective relationship with its employees.

The Works Council provides the workforce with regular, transparent updates via the intranet about the outcome of its meetings and its agreements with the employer, and provides information on the latest topics. In addition, regular works meetings are organized by workers' representatives as a platform for informing the workforce about recent decisions and developments.

To the extent required by law, ARAG pays for training for employee representatives with the aim of giving them the latest insights they need to perform their tasks. The International ARAG SE Works Council meets twice a year. At the request of the stakeholders, members of the Management Board and/or senior managers report on topics relevant to codetermination and engage in a dialogue with workers' representatives.

The Economic Committee of ARAG SE, established in accordance with the German Works Constitution Act, meets every quarter. As firmly established guests, members of the Management Board of ARAG SE report on the Company's current economic performance during these meetings and discuss its future development.

Employee surveys

Voluntary, anonymous employee surveys are also conducted regularly, for example the international corporate culture analysis every two years. ARAG attaches great importance to getting employees on board when making any changes to the corporate culture. In September 2023, the global workforce took part in a third employee survey on the corporate culture. More than 3,100 employees answered questions relating to the corporate culture, The analysis painted a very positive picture overall, confirming the strong and thriving corporate culture throughout the Group. This was the first time that the survey included questions on employee satisfaction and the willingness of employees to recommend the Company. The results reflect the strong connection that employees have to the Company, with 96 percent of respondents stating that they enjoy working at ARAG. The employee Net Promoter Score (eNPS), which measures employee satisfaction, was 33. Despite these very positive figures, ARAG has identified room for improvement in some areas, for example with regard to the flow of information between departments and units. The Group will investigate the causes in order to improve the exchange of information.

Through regular live talks with senior management, ARAG provides a platform for dialogue on current topics and trends during which questions from the workforce can be asked directly.

Further details on the concepts

As an insurance company, ARAG's materiality assessment did not identify any material impacts relating to CO_2 reduction and the transition to cleaner, climate-neutral activities that result in restructuring, job losses, job creation, or similar. Nevertheless, all employees are involved in steps to minimize carbon emissions, such as reducing the volume of printouts or taking up options for a lower-emission commute to work.

Processes to remediate negative impacts and channels for own workforce to raise concerns
There is no general approach to remedial action in the event of negative impacts on the own workforce. However, the relevant committees of employee representatives are involved where necessary in line with legal provisions, primarily the Works Constitution Act. The effectiveness of the actions taken is assessed in dialogue with employee representatives.

A number of decentralized institutions have been established across the Company where the workforce can report concerns, specify requirements, and submit grievances. These include the works councils, the representative committee for employees with severe disabilities, and the workplace representatives. In line with the Works Constitution Act, the works councils represent the interests of all employees. In addition, the representative committee for employees with severe disabilities champions the interests of these employees and offers them advice on a variety of matters, such as integration in the workplace. The workplace representatives are another port of call for employees seeking advice on topics connected to the Integrity Guideline. They enable employees to confidentially reflect on issues they have experienced and problems that have arisen. They also offer confidential advice and support with establishing the facts and taking the next steps. The workplace representatives act as a neutral party. There were three workplace representatives at the Düsseldorf site in 2024, plus another at the site in Munich. ARAG boosts the availability of, and access to, workplace representatives by allowing the role to be performed during working hours, by prioritizing this role over a representative's regular responsibilities, and by enabling the representative to call on external support with handling cases. The workplace representatives also have direct access to senior management and can be contacted via a number of channels, including email, telephone, and an anonymous whistleblowing tool. The workplace representatives provide holiday cover for each other, thus ensuring that at least one of them is available at all times. The representative committee for employees with severe disabilities and the workplace representatives are independent, and are not under the control of the Company when carrying out their duties. Where issues reported to a representative are handled solely by the representative, the management of the case is not monitored or followed up on. Only if Group Human Resources, Compliance, or another department is involved is the responsibility for managing the case shared with, or transferred entirely to, one of these departments.

The works councils, the representative committee for employees with severe disabilities, and the workplace representatives act as points of contact for all employees.

Employees can also use a dedicated online portal to anonymously submit complaints that fall within the scope of the German Whistleblower Protection Act (HinSchG). Since the new Whistleblower Protection Act came into force, employees submitting information obtained in the course of their professional activities have enjoyed legal protection from being disadvantaged at work as a result of their report. This protection still applies if further investigation does not substantiate the report. Any information submitted is processed with the requested level of confidentiality to ensure protection from material negative impacts. The effectiveness of this approach has not yet been reviewed.

The internal and external channel for reporting criminal offences, irregularities, violations of legal provisions and internal regulations, and information on potentially dishonest behavior was set up in cooperation with a service provider. This reporting channel also covers violations that are punishable by a fine, provided that the regulation that has been breached serves to protect life, health, or the rights of employees or their representative bodies. Although lawmakers have not explicitly stipulated the establishment of an anonymous reporting channel, the Company believes it is essential to offer such a communication option. This serves to alleviate any concerns that anyone thinking of submitting a report might have. The reporting channel is published on the website and is open to third parties, which means that reports from former employees and service providers, for example, can also be submitted. Additionally, employees can leave confidential messages in compliance mailboxes. In this case, communication is exclusively via workplace representatives, who are obliged to maintain confidentiality. The information received is treated confidentially and, if so requested by the whistleblower, forwarded anonymously to the competent authorities for the purpose of clarifying and remedying any irregularities. Information forwarded to Group Human Resources is received by the Senior Vice Presidents, who process it in collaboration with the relevant People Business Partner. Where required, the Labor Law Department is also involved.

The platform has also been introduced in units outside of Germany, including Spain, Portugal, Italy, Austria, Belgium, Slovenia, and Norway. All other units have set up compliance mailboxes to facilitate confidential whistleblowing by the workforce, taking account of any relevant local legislation.

In addition to the whistleblowing portal on the ARAG website, there is the option to contact the workplace representatives, the Works Council, and the relevant employees in the central Legal Department and Compliance Department anonymously and directly via dedicated email address, by telephone, or in person.

All employees are informed of the various structures and procedures for reporting concerns and complaints as part of the onboarding process. The online training session on the Integrity Guideline is also part of the onboarding process, during which the workplace representatives are introduced as another point of contact. Beyond this, no separate checks are made as to whether employees are familiar with and trust the aforementioned channels. Employees who submit reports within the meaning of the Whistleblower Protection Act enjoy comprehensive protection from reprisals such as dismissal. In addition, members of the Works Council enjoy special protection from dismissal under the law.

3.1.2 Actions

Group Human Resources and the departmental managers are jointly responsible for managing material impacts and risks related to the own workforce. With this in mind, Group Human Resources produces an annual roadmap of the topics to be prioritized and allocates resources accordingly. As part of this process, Group Human Resources focuses on regular and sufficiently transparent communication with the workforce, for example via the HR topics page in ARAGnet (intranet).

All of the actions below are ongoing and do not follow a defined time horizon.

ARAG Leadership Essentials
The ARAG Leadership Essentials were introduced in 2022 and, together with the ARAG Essentials, contain the guidelines on which our corporate culture is based. The ARAG Leadership Essentials set out the Group's vision of management and collaboration at ARAG and provide direction for senior managers in their actions and their personal development, and the development of their teams. Since 2022, managers have been able to access digital information and live online sessions about the ARAG Leadership Essentials via a digital platform. The Leadership Essentials provide the framework for a new approach to the development of managers and talented employees, and underpin the hiring processes, for example. They are also integrated into the onboarding of new colleagues and form the basis for new management training.

Women in leadership positions
In addition to defining the leadership requirements for the Group's managerial staff, the Company also supports the careers of its female employees and aims for a higher proportion of women at top management level. ARAG is pursuing the long-term goal of increasing the proportion of women in leadership positions until a gender balance has been achieved. To this end, the Company focuses on identifying high-potential female staff in its succession planning, for example. The process of succession planning and identifying high-potential staff takes place every year.

Group Human Resources conducts structured interviews with each Senior Vice President and direct report of the Management Board members, asking a wide range of questions about potential successors and high-potential candidates in each department. Diversity criteria such as gender are also covered. The process concludes with departmental discussions of candidates, attended by the relevant Management Board member, their Senior Vice President/direct reports, and Group Human Resources. Those identified are presented and discussed in order to establish greater transparency and create a pool of potential candidates, while decisions on possible appointments and development steps are also on the agenda. The pool of candidates serves as the basis for the appointment to new management roles.

In order to assess the effectiveness of these actions, the proportion of women at the top two management levels below the Management Board is reviewed annually, and any further action is taken as necessary.

Employee retention

A lack of suitably qualified employees could endanger the Company's long-term viability. This could result in relative inefficiencies and above-average costs for attracting talented individuals. ARAG has taken appropriate steps to minimize this risk. Actions related to the risk of employee turnover primarily include dedicated dialogue formats on the topic of employee retention in the departments. These formats are used to identify highly-skilled employees whose retention within the Company is deemed particularly important. At the same time, an assessment is made of how difficult it would be to replace them. The individuals in this group of employees are tracked. People Business Partners liaise with the departments in this regard, and targeted action is taken as required.

The dialogue is also used to identify personnel in whom vital expertise is concentrated. In this context, People Business Partners advise on how to deal with such scenarios and prevent key expertise from being held by only one person. It is up to the affected departments to implement the recommendations.

Furthermore, improving working conditions has a positive impact on employees and contributes to employee retention. An appropriate remuneration structure is another key element of employee retention. The structure is based on market comparisons, and the availability of information in the insurance market is very good.

Continuing professional development opportunities

Professional development opportunities at ARAG are generally available to all employees. ARAG's support for skills and its range of training and professional development options are based on the needs of the Company and its employees. Training measures are closely related to ARAG's strategy and employees' day-to-day work. All employees in Germany can access the professional development options via the online platform Learn2Develop. ARAG offers a wide range of classroom-based and live online training sessions as well as e-learning courses, with a focus on leadership skills, insurance knowledge, and digital, personal, and social skills.

Strategic management of continuing professional development falls within the remit of Group Human Resources and the People Development Department. They are also responsible for operational implementation together with all managers at ARAG. ARAG Sales Training is responsible for training the brokers in Core Sales, who mainly work for ARAG in accordance with the regulations set out in section 84 of the German Commercial Code (HGB). Each international site is responsible for the content of its continuing professional development options.

Corporate health management – ARAGcare

ARAGcare is a corporate health management program designed to make employees more health-conscious and primarily includes talks and activities promoting preventive care. Employees also have access to a company physician

ARAG offers independent external support through a service provider aimed at relieving the psychological burden on employees. They can approach this provider for support with their particular situation. A regular assessment of mental health risks is also carried out in line with legal requirements. It systematically identifies burdens, and appropriate action is then taken to reduce or remove them.

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.

Primary responsibility for ARAGcare rests with the People 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. The international locations are responsible for their own services.

Processing personal data

Group Human Resources processes a wide range of personal data on the workforce. A data leak could expose this personal data. Every year, the data protection officer in Group Human Resources asks HR employees to check that all stored data that should be deleted has been deleted. This ensures that data is processed in accordance with the General Data Protection Regulation (GDPR). To support this process, Group Human Resources has a policy on the GDPR-compliant processing of personal data in Group Human Resources. Additionally, access permissions to data drives and HR systems are reviewed in line with the need-to-know principle, and adjusted as necessary.

Mandatory online training sessions are in place to reduce or avoid material negative impacts on the workforce related to data protection (GDPR), the prevention of money laundering, and safety at work.

Employees usually have one calendar year to complete the mandatory training, but the deadline may be longer depending on the topic. All employees are informed in good time as soon as it is necessary to complete the training again, and they receive another reminder via the intranet shortly before the deadline.

3.1.3 Targets and metrics

The materiality assessment found that actions to combat discrimination and promote diversity and gender equality in the workplace have a positive impact on employees. ARAG is thus pursuing the long-term goal of achieving a gender balance at the top management levels. In accordance with the requirements of sections 76 (4) and 111 (5) of the German Stock Corporation Act, targets are set every two years for the proportion of women on the Supervisory Board, the Management Board, and the two levels immediately below the Management Board on June 30 of a given year. The achievement of the current targets is reviewed at the same time. The targets were last set in 2023, and there have been no changes since. The next review is scheduled for 2025. The relevant departments or functions set new targets based on existing quotas and known changes without the direct involvement of employees. These new targets are then approved by the appropriate committees.

The following targets were set for the proportion of women at ARAG SE on June 30, 2025:

- Supervisory Board: 11.1 percent
- Management Board: 16.7 percent
- First management level below the Management Board: 33 percent
- Second management level below the Management Board: 39 percent

In 2024, the proportions at ARAG SE were as follows:

- Supervisory Board: 11.1 percent (base year 2023: 11.1 percent)
- Management Board: 16.7 percent (base year 2023: 16.7 percent)

- First management level below the Management Board: 32.4 percent (base year 2023: 27.6 percent)
- Second management level below the Management Board: 39.5 percent (base year 2023: 38.4 percent)

The achievement of these quotas will be checked after June 30, 2025 based on the percentage of women in the defined positions. No further interim targets were defined.

ARAG has not currently set any targets related to the other impacts identified as material.

3.1.4 Metrics

Unless stated otherwise, the following quantitative metrics are as of December 31, 2024. They cover both domestic and international subsidiaries within the reporting scope in accordance with the disclosures about the basis of consolidation of the sustainability report. Given the reference date and the reporting scope, the metrics differ from the disclosures in the notes to the consolidated financial statements.

Characteristics of the Company's employees

Number of employees by gender

Gender	2024
Male	2,405
Female	3,671
Non-binary	0
Not disclosed	0
Total number of employees	6,076

Number of employees in countries with more than 50 employees or at least 10 percent of the Company's total number of employees

	2024
Germany	2,661
UK	906
Netherlands	803
Spain	647

Characteristics of the Company's employees

	Female	Male	Other[1]	Not disclosed	Total
Number of employees	3,671	2,405	0	0	6,076
Number of employees on permanent employment contracts	3,474	2,297	0	0	5,771
Number of employees on temporary employment contracts	195	109	0	0	304
Number of on-call workers	1	0	0	0	1

[1] Gender as specified by the employee themselves.

ARAG defines its employees as active or passive, and discloses their number as a headcount. The following are not included in the figure for the total workforce: members of the Management Board/Managing Directors, apprentices, interns, and those in early retirement or in passive pre-retirement part-time employment. This definition applies to all of the following metrics. The figures for employees are based on year-end values as of December 31, 2024.

Employees either have a permanent or a temporary employment contract. As the majority of employment contracts at ARAG are permanent, the Company makes a considerable contribution to job security.

Employee turnover

	2024
Total employee turnover	585
Rate of employee turnover	9.6%

With regard to disclosures about employee turnover, ARAG considers turnover to include the following:

- Natural turnover (retirement, early retirement due to individual contract, leaving after pre-retirement part-time employment, death)
- Termination by the company (operational reasons, conduct or performance-related reasons, reasons relating to the person)
- Termination by the employee (due to area of work, remuneration, working environment, leaving during/after parental leave, unknown/other reasons)
- Termination by mutual agreement
- Switch to freelancing
- Departure due to sale/outsourcing

Not included are employees whose temporary contract has come to an end. Temporary employees are only included in the numerator in the employee turnover calculation if the employment is terminated early, as the employees will otherwise not have left the company voluntarily or due to dismissal, retirement, or death, but simply because their contract ended.

For the own employee turnover calculation, ARAG determines the aggregate of the number of employees who leave voluntarily or due to dismissal, retirement, or death in service. ARAG uses this figure in the numerator and the total number of employees in the denominator.

Characteristics of non-employee workers

Overview of non-employee workers

	2024
Number of non-employee workers in the Company	160

Non-employee workers includes contract labor. This metric was determined as of December 31, 2024 by querying the relevant departments.

Collective bargaining coverage and social dialogue

Coverage at a glance – collective bargaining and social dialogue

	Collective bargaining coverage		Social dialogue
Coverage rate	Employees – EEA[1]	Employees – Non-EEA countries[2]	Workplace representation (EEA only)[1]
0–19%			
20–39%			
40–59%			
60–79%	Germany		
80–100%	Spain, Netherlands	UK	Spain, Germany, Netherlands

[1] For countries with >50 employees representing >10 percent of total employees.
[2] Estimate for regions with >50 employees representing >10 percent of total employees.

For the year ended December 31, 2024, 74.3 percent of employees in the ARAG Group are covered by collective bargaining.

Furthermore, 85.6 percent have an employee representative. In addition to the national employee representatives, there is also the Works Council of the Societas Europaea (ARAG SE), where representatives of ARAG subsidiaries in EEA countries meet twice a year at the headquarters in Düsseldorf to discuss employee matters at European level. Works councils and similar bodies exist in many European countries. In Norway, representation depends on the union that the individual employee belongs to. There is no employee representation in the USA, Canada, the Republic of Ireland, Greece, Portugal, or Slovenia.

Diversity metrics

Disclosures about the top management level

	2024
Number of employees at top management level	29
Number of female employees at top management level	7
Number of male employees at top management level	22
Proportion of female employees at top management level	24.1%
Proportion of male employees at top management level	75.9%

The calculation of the proportion of women at the top management level below the administrative and supervisory bodies includes members of management boards and senior management at domestic and international ARAG subsidiaries who must report to their company's supervisory body (supervisory board, advisory board, or board of directors) and whose company has employees. This specifically includes:

- Members of the Management Boards of national insurance companies who must report to their respective Supervisory Board (ARAG SE, ARAG Allgemeine, and ARAG Health)
- Members of senior management at national service companies who must report to their respective advisory board (ARAG Service Center, Cura, and Solfin)
- CEOs/Executive Directors of independent international subsidiaries who report to the respective Board of Directors (Republic of Ireland, Canada, Norway, UK, and the USA)

Breakdown of employees by age group

	2024
Breakdown of employees by age group: aged under 30	18.0%
Breakdown of employees by age group: aged 30–50	54.4%
Breakdown of employees by age group: aged over 50	27.6%

Adequate wages

All employees are paid according to applicable reference values or collective agreements. The minimum wage according to law or the collective agreement is factored in when assessing this metric. If no minimum wage has been set, national standard values are used. This is the case in Norway, Sweden, and Denmark.

Social security

All ARAG employees are covered by social protection enshrined in law, protecting them against loss of income due to major life events such as sickness, unemployment, workplace accidents and acquired disability, parental leave, and retirement. Information about social protection was requested from each country in which ARAG operates.

Persons with disabilities

Proportion of persons with disabilities

	2024
Percentage of persons with disabilities within the own workforce	3.8%

The methods used to obtain information about persons with disabilities vary from country to country. In Germany, this information is supplied by the employees voluntarily and recorded in a system. Proof in the form of relevant documentation must be provided for a reported disability.

Other countries where data on persons with disabilities is recorded include Belgium, Greece, Italy, the Republic of Ireland, Austria, Spain, Portugal, Slovenia, the United Kingdom, and the USA. This information is recorded in the respective HR system, in employee files, or in dedicated Excel lists. In the USA, the data is provided voluntarily through a questionnaire in which employees can report whether they identify with a disability.

No data on employee disabilities is recorded in Canada, the Netherlands, Norway, Sweden, and Denmark due to data protection and privacy concerns. Instead, disclosures are based solely on the knowledge of the respective HR manager.

Metrics for training and skills development

Regular performance and career development reviews

	2024
Percentage of employees that participated in regular performance and career development reviews	88.5%
Percentage of employees that participated in regular performance and career development reviews (male)	89.3%
Percentage of employees that participated in regular performance and career development reviews (female)	87.9%

The approach to obtaining these metrics varies from country to country. In Germany, for example, employees and managers are required to have an annual staff appraisal interview that, among other things, focuses on the previous year's performance and accomplishments, assesses the collaboration with the manager and within the team, and looks ahead to the coming year.

The majority of countries that must report, including Germany, Belgium, Italy, the Netherlands, Spain, Portugal, the United Kingdom, and the Republic of Ireland, have IT solutions in place for carrying out performance and career development reviews.

Countries that do not use IT solutions to track these assessments, such as Austria, Slovenia, and Canada, determine the number of completed appraisals by asking the relevant line managers either directly or in the context of the annual bonus payments. Norway, Sweden, and Denmark take an entirely trust-based approach. Managers at HELP receive comprehensive training to ensure that they can carry out their people management tasks properly, including the regular performance and career development reviews.

These three countries deliberately refrain from tracking the number of appraisals held as this would contradict their management approach. As the office in Greece is only small, no performance and career development reviews in accordance with ESRS are carried out here. Instead, the focus is on regular communication between managers and employees. Greece is therefore reported as having a share of 0 percent.

Training hours

	2024
Average number of training hours per employee	19
Average number of training hours per employee (male)	17
Average number of training hours per employee (female)	20

Most countries also use an IT solution to determine the average number of training hours per employee. In countries without access to an IT solution, the employees and managers are asked about the number of training hours completed over the reporting year.

For technical reasons, the average number of training hours per employee in Belgium can only be recorded from 2025 onward, therefore the disclosure for 2024 is zero hours.

Health and safety metrics

Health and safety

	2024
Percentage of people in ARAG's own workforce who are covered by the Company's health and safety management system based on legal requirements and/or recognized standards or guidelines	100.0%
Number of recordable workplace accidents	19
of which employees	19
of which non-employee workers	0
Rate of recordable workplace accidents (workplace accidents per one million hours worked)	2.1
of which employees	2.1
of which non-employee workers	0.0
In relation to the Company's employees, the number of days lost to work-related injuries or deaths resulting from workplace accidents, to work-related ill health, and to deaths resulting from illness	421

All employees of the ARAG Group are covered by their respective national health and safety management system.

The denominator in the calculation of the number of reportable workplace accidents takes the hours worked by all employees into account.

Work-life balance metrics

Family-related leave

	2024
Percentage of employees entitled to take family-related leave	99.5%
Percentage of entitled employees that took family-related leave	7.2%
Percentage of entitled employees that took family-related leave (male)	1.4%
Percentage of entitled employees that took family-related leave (female)	5.8%

ARAG employees are entitled to take family-related leave in line with statutory provisions. Reasons include maternity leave, parental leave, or carers' leave from work. The reported number of employees who took family-related leave is based on the number of employees as of December 31, 2024.

Remuneration metrics

Pay gap and total remuneration

	2024
Gender pay gap	20.4%
Annual total remuneration ratio of the highest paid individual to the median annual total remuneration for all employees (excluding the highest-paid individual)	26.5

When calculating the gender pay gap, the average hourly wage per country and gender is determined in order to ascertain the values for the Group. No factors influencing pay, such as job role or hierarchical level, are taken into account in the analysis of average income by gender, so only an unadjusted gender pay gap is available.

To determine the highest-paid person in the Company and the median of the total annual remuneration of all employees, anonymized salary lists with the total annual remuneration of each employee are requested from all countries. These individual lists are then consolidated to identify the highest paid person and the median, and to calculate the corresponding ratio.

Incidents, complaints, and severe human rights impacts

Reported incidents

	2024
Total number of incidents of discrimination, including harassment, reported in the reporting period	2
Number of complaints filed through channels for the Company's workforce to raise concerns (including grievance mechanisms) and, where applicable, to the National Contact Points for the OECD Guidelines for Multinational Enterprises related to the matters defined in paragraph 2 of this Standard, excluding those already reported in (a) above	0
Total amount of fines, penalties, and compensation for damages as a result of the incidents and complaints disclosed above, and a reconciliation of such monetary amounts disclosed with the most relevant amount presented in the financial statements	0
Number of severe human rights incidents connected to the Company's workforce in the reporting period, including an indication of how many of these are cases of non-respect of the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work, or OECD Guidelines for Multinational Enterprises. If no such incidents have occurred, the Company shall state this	0
Total amount of fines, penalties, and compensation for damages for the incidents described in (a) above, and a reconciliation of the monetary amounts disclosed in the most relevant amount in the financial statements	0

3.2 Workers in the value chain (investments)

Material impacts related to value chain workers

During the materiality assessment, ARAG identified a potential negative impact in relation to workers in the value chain as material. The impact results from investments in companies operating in sectors linked to incidents relating to secure employment, adequate wages, health and safety, gender equality, the employment and inclusion of persons with disabilities, diversity, child labor, and forced labor. The impact affects workers in companies in which ARAG has invested, and thus that operate in ARAG's downstream value chain. Due to the diversification of investments, the impact is not limited to a specific geographical area, sector of industry, or activity. Accordingly, the materiality assessment made no distinction as to whether employees with certain characteristics might be more at risk.

In order to address these potential impacts, ARAG uses a standards-based screening filter to identify companies linked to severe violations in the following relevant areas and then take action to exclude these companies.

3.2.1 Concepts

ARAG wants to be perceived as a responsible company in its asset management activities too, and therefore factors environmental as well as social and corporate governance criteria into its investment decisions. Accordingly, the policy on using sustainability criteria in investment prescribes a negative screening filter that rejects investments in individual issuers and countries on the basis of certain standards, values, and sales revenue. The policy is based on international frameworks such as the International Labour Organization (ILO) standards, including in respect of child labor and forced labor. The negative screening filter provides the basis for dealing with potential negative impacts. Its purpose is to ensure that investments are only made in companies and countries that meet social criteria, thus reducing negative impacts on workers. Companies on the negative list are subject to an investment freeze. Sales are generally still permitted, but further purchases are excluded using business limits. If companies are no longer on the negative list, the investment freeze ends. The employees of investee companies are not directly taken into account. Overall responsibility lies with the relevant member of the Management Board. There were no active border violations in 2024 with regard to the negative list and the country exclusion list.

ARAG does not have any dedicated channels through which workers at companies in which ARAG invests can raise concerns. However, they can use the existing channels, such as the complaints system and the whistleblowing system described under S1 – Own workforce and G1 – Corporate governance.

3.2.2 Actions

The negative screening filter excludes companies that have committed severe violations from investment. That includes the following:

- Breaches of International Labour Organization (ILO) standards, including in respect of child labor and forced labor
- Human rights abuses
- Governance violations (including bribery and fraud)
- Controversial weapons (entities that have any connection whatsoever to cluster munitions, landmines, biological/chemical weapons, depleted-uranium weapons, blinding laser weapons, incendiary weapons, and/or weapons with non-detectable fragments that are subject to UN conventions)

The principles of the United Nations Global Compact are applied in the assessment for the standards-based exclusion of companies from the investment universe. The United Nations Global Compact establishes minimum social and environmental standards.

In addition, a country exclusion list is used. The countries listed and the companies based there (applicable to the 'country of risk' data characteristic) represent an increased risk for ARAG in the area of governance and are thus excluded from investment. The exclusion criteria do not apply to supranational issuers, such as multilateral development banks, that have administrative offices in a country on the exclusion list.

Issuers whose business activities involve controversial weapons and/or child labor must be removed from the portfolio. Furthermore, ARAG undertakes to reduce the affected existing portfolios over a transitional period until 2025 or to hold them until final maturity, but no later than 2030.

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

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

Corruption: Corruption Perceptions Index (CPI) ('weak management' flag)
Countries with a high degree of perceived corruption among politicians and holders of public office, as measured by the CPI. The corruption criterion is met if the CPI is below 40 (on a scale of 0–100) and the assessment is 'weak management'. The CPI is produced annually by the non-governmental organization Transparency International (Berlin) and summarized in a report. The methodology is established and transparent.

Democracy and human rights: Freedom House Index ('not free' status)
Countries with the lowest standards worldwide with regard to democracy and human rights measured by the Freedom House Index, primarily based on the UN Declaration of Human Rights. The democracy and human rights criterion is met if the Freedom House Index is below 34 and the assessment is 'not free'. The Freedom House Index is produced annually by the non-governmental organization Freedom House (Washington) and summarized in the 'Freedom in the World' report. The methodology is established and transparent.

Peace status: Global Peace Index status ('weak management' flag)
Countries with the lowest standards worldwide with regard to security, safety, social cohesion, international collaboration, and militarization, as measured by the GPI. The peace status criterion is met if the GPI has an index value with the assessment 'weak management'. The GPI is produced annually by the Institute for Economics and Peace (IEP) (Sydney) and summarized in the 'Global Peace Index – Measuring peace in a complex world' report. The methodology is established and transparent.

MSCI Government ESG Rating
Countries with the lowest ESG standards worldwide, as measured by the MSCI Government ESG Rating. The Government ESG Rating criterion is met if the MSCI Government ESG Rating is CCC, the lowest possible rating. The MSCI Government ESG Rating is produced regularly, and at least once a year, by data provider MSCI (New York). The methodology is established and transparent.

Sanction status
Countries subject to sanctions by the EU or the UN. The sanction criterion is met if a country is subject to EU or UN sanctions, irrespective of the severity or duration of the individual sanctions.

A strict ban applies, which means that any relevant securities in the portfolio are sold and no new investments may be made.

The exclusion lists are stored in the ARAG portfolio system to enable adherence to be permanently monitored. Any securities that are on the negative list but not subject to an immediate requirement to sell are monitored using portfolio limits. Funds' compliance with the negative list and the country exclusion list is monitored by the investment management company HSBC INKA. The negative list and the country exclusion list are applied directly to ARAG's fungible investments (direct investments and institutional funds). The exclusion lists were produced by ARAG internally without the involvement of workers in the value chain.

ARAG did not receive any reports via its complaints system of human rights issues and incidents connected to its upstream and downstream value chain.

The actions described have no end date and are therefore to be considered ongoing. No separate resources are allocated to the implementation of the actions.

3.2.3 Targets

ARAG has not set any targets related to workers in the value chain. The use of the negative screening filter reduces potential negative impacts and helps to monitor them on an ongoing basis.

3.3 Consumers and end-users (insurance products)

Material impacts related to consumers and end-users
During the materiality assessment, ARAG identified two material positive impacts related to consumers and end-users. By including legal insurance benefits in almost all of its products, ARAG helps customers to assert their rights. With regard to health insurance, ARAG makes a positive contribution through its offering of private health insurance benefits and the associated access to the healthcare system. The potential loss of sensitive customer data was identified as a potential negative impact. The processing of sensitive personal data involves the risk of unauthorized access to this data, potentially damaging ARAG's reputation and leading to fines.

The material impacts affect ARAG's consumers and end-users, who can generally be divided into three main categories based on the insurance benefits offered and the way that the target group is addressed.

The private customer category includes individuals and families who purchase legal insurance, health insurance, and property insurance to protect themselves against everyday risks. Legal expenses insurance is particularly important, as it provides easy access to justice in many areas, including on the road, at work, at home, and in personal matters. Health insurance is another area with strong growth, primarily personal supplementary insurance and full-coverage insurance.

The second category comprises small and medium-sized enterprises (SMEs), the self-employed such as tradespeople and freelancers, and clubs and associations. It includes business customers that use special legal products such as liability insurance and property insurance.

The third category includes people who find themselves in difficult circumstances, as ARAG also specifically offers its services to socially disadvantaged and poorer groups in need of legal insurance.

ARAG does not offer any products that are inherently harmful to people and/or increase the risk of chronic disease. ARAG also does not offer any services that potentially negatively impact people's right to privacy, to have their personal data protected, to freedom of expression, and to non-discrimination; Furthermore, ARAG does not target any products at consumers and/or end-users who are particularly vulnerable to health or privacy impacts or impacts from marketing and sales strategies.

3.3.1 Concepts

The ARAG 5>30 corporate strategy
The ARAG 5>30 corporate strategy comprises five key areas of action. Embracing Clients, for example, focuses on customer satisfaction. The aim is to take customer satisfaction to the next level through innovative products and inspiring services.

Sustainability strategy
ARAG has a positive impact on consumers and end-users by offering legal insurance and health insurance, thus helping to level the playing field and ensure broad access to justice. The overarching purpose of the sustainability strategy is to manage the impacts on consumers and end-users. The Management Board as a whole is responsible for meeting the targets set in the sustainability strategy.

By including legal insurance benefits, ARAG supports customers in safeguarding and asserting their rights. The Company boosts its customers' rights in the essential areas of work, the home, physical and mental health, education and participation, equal treatment, and privacy, whether analog or digital. In addition, legal insurance can support consumers in legal proceedings relating to environmental offenses, making it a highly effective instrument for ensuring that consumers can have a direct influence on sustainable transformation processes.

The strategies are targeted at all customers, whether private or business. ARAG focuses on its customers and places their satisfaction at the heart of its actions, thus unlocking opportunities for long-term success and reliable customer service.

With regard to consumers and end-users, ARAG's sustainability strategy is in line with internationally recognized instruments, including the UN Guiding Principles on Business and Human Rights. The sustainability strategy emphasizes access to justice and promoting a level playing field, in line with the UN's SDG 16 (peace, justice, and strong institutions). Through its legal insurance products, ARAG helps to ensure access to justice.

Data Protection Guideline

For ARAG, digitalization is a customer-focused program of development that is supported by new technological possibilities. The Company is forging ahead with a digital by default approach. The idea is to take a digital first approach for processes and to only use analog processes where they offer an advantage for the customer. As a result of increasing digitalization, and with this approach in mind, ARAG is focusing more and more on data protection and on protection against cyber risks. It is therefore of the utmost importance to ARAG that it safeguards the confidentiality and security of the data it processes in order to maintain the trust of stakeholders, customers, business partners, and employees. ARAG's comprehensive data protection management is based on a set of policies and written procedures that includes the ARAG Information Security Guidelines, the ARAG Information Security Standard, the ARAG Data Protection Guideline, and the ARAG Data Protection Management Policy. These rules are binding for all of the Company's employees. They are reviewed annually and updated as required, and can be accessed via the intranet.

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

Human rights

With regard to upholding human rights in the value chain, their protection has been enshrined as a key component of the corporate strategy. ARAG has taken action aimed at ensuring compliance with the German Supply Chain Due Diligence Act (LkSG). This includes a risk analysis of direct suppliers and the introduction of a complaints system for reporting human rights abuses. Furthermore, ARAG attaches great importance to its customers' compliance with ESG standards, which are also part of the risk assessment. In its underwriting business, ARAG avoids partners who are known to contravene standards of human rights, decent working conditions, or equal opportunities, or where the partners cannot document any steps taken to transform the ESG impact of their business. The Company sets great store by compliance with health and safety requirements.

To date, no incidents have been reported relating to non-respect of the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, or the OECD Guidelines for Multinational Enterprises.

Processes for engaging with consumers and end-users about impacts

ARAG considers it hugely important that its customers are satisfied and that their requirements are taken into account. Their perspectives with regard to the identified positive impacts are incorporated in a number of ways.

The first is during the product development process, where insights from sales, customer service, and the claims and legal service, as well as the needs and wishes of customers are all factored in. In addition, ARAG draws on insights from market research and customer surveys relating to current trends and needs. This ensures that feedback from customers and sales partners is systematically incorporated into the product development process. Insights are derived from this that flow into the formulation of action plans. The collaboration is therefore directly with the customers and indirectly with their representatives.

ARAG measures the satisfaction of its customers and their willingness to recommend the Company, and uses the insights gained to guide its actions. The Group relies on the Net Customer Satisfaction Score (NCSS) to gauge customer satisfaction, while the Net Promoter Score (NPS) measures the customers' willingness to recommend the Company.

The NCSS value was developed by ARAG and is recorded as part of a customer survey. Customers can choose from five answers to the question "How satisfied are you with ARAG overall?". The NPS is recorded using a scale from zero to ten. The aim is to steadily increase the number of satisfied and very satisfied customers. To this end, the NCSS and NPS are continuously recorded and analyzed, with appropriate action taken based on the findings.

A 2023 survey on corporate health insurance, commissioned by ARAG Health, highlights the potential inherent in corporate health insurance for businesses and their employees. ARAG is thus also responding to the perspectives and requirements of small and medium-sized enterprises by further expanding this business line.

The aforementioned actions help to take customers and their views on impacts into account and support the ongoing development of customer centricity and product development. Responsibility for these actions lies with the central Corporate Communications/ Marketing Department.

Processes to remediate negative impacts, and channels for consumers and end-users to raise concerns

ARAG is committed to international guiding principles and the LkSG. This includes actions to respect and uphold human rights, and meeting the Company's obligations to review environmental risks and human rights risks. These risks affect own operations as well as ARAG's direct suppliers. An effective complaints system serves as an early warning system for reporting risks and violations. Violations can also be reported openly or anonymously via a tool on the website in order to avoid or limit loss or damage. ARAG ensures that the complaints system is easy to find for customers too. Procedural rules are also in place to protect anyone who lodges a complaint from negative consequences.

Furthermore, ARAG and its actions are guided by the corporate principles of behaving ethically, with integrity, and within the law. The Company expects the same commitment to these values from its business partners.

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

Negative impacts on customers are also to be prevented in the future. Accordingly, customer surveys and customer satisfaction surveys are consulted, and complaints are taken seriously at all times. ARAG has implemented a code of conduct for business partners of ARAG SE, a complaints system, and the declaration of principles in line with LkSG.

ARAG has a complaints management system on its website. The aim is to identify and remedy negative impacts on customers, who can find all relevant information on the website and submit their complaint online in only a few steps. The following information must be provided:

- The full personal details of the policyholder and, where appropriate, of other insured persons, and details about the type of property and the address of the insured property

- The contract number or claims number
- A description of the matter
- What the desired outcome is
- Where contact with ARAG is made on behalf of someone else, authorization from this person is required.

Information about external contacts, such as the insurance ombudsman and Germany's financial services regulator, BaFin, are also listed.

Complaints are checked once they have been received. ARAG ensures that complaints are handled by specially trained and selected ARAG employees. These employees are duty-bound to be discreet and neutral, are able to operate independently, have received appropriate training, and have sufficient time at their disposal. If the complaint is validated, ARAG takes immediate remedial and preventive action. The employees tasked with handling complaints check that any remedial action has been implemented successfully.

The effectiveness of the complaints system is reviewed regularly and on an ad hoc basis. This process involves mutual monitoring by various hierarchies, including the human rights officer.

3.3.2 Actions

ARAG has taken a range of actions, described in greater detail below, to support positive impacts in the area of health insurance and legal insurance. These actions do not follow a specific time horizon, and their appropriateness is reviewed as required. The Company does not currently have a standardized approach to tracking the effectiveness of actions related to material impacts over the reporting period. No separate budgets are allocated to the implementation of individual actions. Instead, the general resources in terms of personnel and information are made available.

Actions in legal insurance

The 17 SDGs seek to promote socially, economically, and environmentally sustainable development. This is a responsibility that ARAG shares. After all, the United Nations' ambition is a key aspect of the Company's founding principle and is enshrined in its corporate strategy. With this in mind, the first ARAG Day in 2023 provided a format that enabled the Group as a whole to champion rights, equal opportunities, and sustainable social transformation.

During ARAG Day, people across the world are granted access to justice, especially those who have difficulty obtaining legal assistance due to financial or social obstacles. The initiative aims to offer free legal advice to people who find themselves in particularly difficult situations, in line with the vision of improving access to justice for everyone. The ARAG Day is scheduled to take place annually, and was held in September in 2024. Legal systems are crucial, as they provide the foundations needed to manage the comprehensive restructuring of national economies and societies. The ARAG Day emphasizes the Company's commitment to protecting and promoting reliable legal structures in times of change.

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

Actions in health insurance

A range of actions, including preventive action, was taken in relation to health insurance and access to healthcare.

The Roodie app offers adaptive support when searching for suitable healthcare services. Within 48 hours, users can get help with finding physicians and hospitals, including an appointment service and recommendations for suitable specialists. Virtual appointments with doctors are also possible, making it easier to access medical support.

There are extensive offerings for pregnant women and parents, including a midwife search option, online antenatal classes and advice on postpartum recovery, baby massages, and breastfeeding. Classes specifically for expectant fathers are also available.

In the event of psychological difficulties, therapy sessions are offered quickly, with the option of starting therapy after just ten days. Alternatively, psychotherapy can be provided online.

Personalized health coaching is also available, with a coach on hand to provide support with illnesses such as type II diabetes, cardiovascular disease, and chronic pain. For those in need of online nutritional advice, dietitians provide personalized support with challenges such as obesity, diabetes, and allergies.

The ARAG health app is the place to go for a wide range of health concerns. The app also offers pain therapy in the form of personalized exercises that help to prevent and alleviate pain. Patients with prostate cancer can turn to a special therapy app offering 3D pelvic exercises, tips for everyday life, and information on the disease and its treatment. The app also provides support with psychooncological matters.

With regard to oral health, users in southern Germany can arrange prompt dental appointments that are not available to the general public. They can also receive help with finding a dentist or specialist, or with obtaining a second opinion. A no-obligation cost estimate for dental prostheses is offered by the partner Quality Smile Dentallabor. Customers can also benefit from attractive discounts on high-quality hearing aids that cover a range of hearing needs.

The actions described above support faster and easier access to the healthcare system and thus make a positive contribution to healthcare insurance services.

The central Markets, Products, Partner KV Department is responsible for compliance with, and the monitoring of, these actions.

Additional measures include the aforementioned ongoing measurement of customer satisfaction via the Net Customer Satisfaction Score and of the willingness to recommend the Company via the Net Promoter Score. Measuring these two scores helps to assess the results achieved and to derive and manage new actions.

Given that only positive impacts were identified in the areas of legal, health, and life insurance, there are no other processes – beyond those described above – for evaluating and deriving actions in the event of potential or actual negative impacts.

Actions to address data protection

To avoid negative impacts and reduce risks related to data protection, 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. If a breach of data protection is suspected, the data subject can submit a complaint via the aforementioned channels. If the breach is identified internally, the first step is to lodge a complaint with the relevant department. Approaching the Company's Chief Information Security Officer or the responsible data protection supervisory body directly is also an option at any time. Prompt handling ensures that negative impacts are rectified as soon as possible and that remedial action is taken.

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

General and departmental training and information are designed to raise employees' awareness of data protection and thereby continuously improve the level of data protection. The Chief Information Security Officer is responsible for highlighting data protection issues and does so by providing individual advice and training for employees. This is complemented by measures to make employees aware of the issues, mandatory staff training, and the use of internal channels to communicate the latest information. ARAG repeats the basic data protection training for its employees every two to three years, and new employees must complete this as soon as they join the Company. In 2024, ARAG provided tailored inhouse training for employees working in data protection. The Company documents the findings of the data protection training and analyzes them in order to continually optimize this area of instruction.

3.3.3 Targets

ARAG has not defined any measurable, results-oriented targets as defined by ESRS for the identified impacts, as the ambition to improve access to justice worldwide is already enshrined in the sustainability strategy. The Company aims to facilitate access to justice for more than two million customers a year by 2030. No interim targets were defined. The expansion of services such as mediation and out-of-court resolutions will support this. Targets for health insurance and legal insurance are set as part of the sustainability strategy and are the responsibility of the Management Board.

4 Governance information

4.1 Corporate culture and corporate governance policies

For ARAG as an insurance company, compliance with all legal and regulatory provisions is a fundamental prerequisite for retaining its business license and the trust placed in ARAG by customers and other stakeholders. As a result, compliance has a high priority in the Group and across the entire value chain. The corporate culture and the associated values are embedded across the Company through a range of guidelines and training sessions. Compliance with the values and guidelines is intended to promote and validate the corporate culture. Furthermore, the implementation of numerous internal guidelines and processes minimizes the risk of not being able to respond appropriately, or in time, to changes in legislation and case law.

ARAG's insurance companies have a Compliance Guideline, which details the compliance management system in the ARAG organization and defines mandatory values and the levels of behavior expected from all employees. All of the ARAG Group's German insurance companies, including holding companies, adopt their own compliance guidelines. The respective compliance guidelines apply to branches and domestic and international subsidiaries that are not organized as stock corporations. The international stock corporations adopt their own relevant regulations based on the Compliance Guideline and taking applicable national provisions into account.

The Compliance Guideline is derived from the business strategy and the risk strategy, and describes the principles of any assessment and reporting processes that are in place. It informs employees of established communication channels and encourages them to report irregularities. The guideline ensures that the same standards and principles apply for all employees, and that ARAG is able to respond appropriately, and in time, to changes in legislation and case law.

ARAG is an independent, family-owned insurer and bases its values-led culture on its Integrity Guideline. It defines the moral and value-oriented standards that should guide employees' behavior, fleshes out the ARAG Essentials, and supplements ARAG's Compliance Guideline. This guidance goes beyond the legal requirements and emphasizes the importance of ethical conduct, integrity, and a sense of responsibility within the Company. One of the ways in which the contents of the Integrity Guideline are communicated to the employees is through online training, which is also included in the onboarding process for new employees.

The Compliance Guideline and the Integrity Guideline set clear expectations regarding lawful and ethical behavior and integrity in the Company. Their universal applicability promotes a culture of honesty and transparency. The Compliance Guideline and the Integrity Guideline address the establishment, development, and advancement of the corporate culture, and the identification and prevention of corruption and bribery. Overall responsibility lies with the relevant member of the Management Board.

The mandatory training sessions in Germany on compliance and integrity (including on conflicts of interest, competition law, protection of whistleblowers), for example, ensure that all employees have a common understanding of lawfulness and ethics. In addition, at-risk employees receive specific training on money laundering prevention. Data protection is an integral element of regular, separate training, for which the Chief Information Security Officer is responsible.

Where concerns arise as a result of internal or external reports, the procedure for maintaining confidentiality and the anonymity of the whistleblower, as described in S1 – Own workforce, applies. If there are concerns about unlawful behavior, the Compliance function can initiate its own investigative measures and/or commission external parties to conduct an investigation. The Chief Compliance Officer promptly informs senior management and the supervisory bodies about material insights from investigations and about material compliance risks and reputational risks. A compliance risk or reputational risk is considered material if it has the potential to negatively impact on the Company's financial position or commercial or financial performance. The findings of the investigations are also presented in the annual compliance report and communicated to the committees of the Management Board and Supervisory Board. In its report, the Compliance function also sets out whether notifications were received through the whistleblowing system and what measures were taken as a result.

ARAG does not have any policies in place for preventing corruption or bribery in line with the United Nations Convention Against Corruption. There are no plans to introduce a policy in this form. The mandatory compliance training for all employees in Germany includes a module on corruption, bribery, and conflicts of interest. Internal rules also stipulate that no inducements may be offered to, or accepted from, public officials. Among others, the Related Parties Guideline and the Compliance Guideline provide further guidance on conflicts of interest and dealing with inducements from and to third parties. A dedicated process for handling invitations and gifts is also in place.

The internal and external channel for reporting criminal offences, irregularities, violations of legal provisions and internal regulations, and information on potentially dishonest behavior was set up in cooperation with a service provider. Although lawmakers have not explicitly stipulated that the reporting channel must be anonymous, the Company believes it is essential to offer such a communication option. The aim is to alleviate any concerns that potential whistleblowers might have. The reporting channel is published on the website and is open to third parties, which means that reports from former employees and service providers, for example, can also be submitted. Additionally, employees can leave confidential messages in compliance mailboxes. In this case, communication is exclusively via workplace representatives, who are obliged to maintain confidentiality.

All information received is treated confidentially and, if so requested by the whistleblower and legally possible, forwarded anonymously to the competent authorities for the purpose of clarifying and remedying any irregularities. The Compliance function provided the workplace representatives with training on the whistleblowing process and on how the whistleblowing platform works.

The whistleblowing channel has also been introduced in units outside Germany, includeing Spain, Portugal, Italy, Austria, Belgium, Slovenia, and Norway. All other units have set up compliance mailboxes to facilitate confidential whistleblowing by the workforce, taking account of any relevant local legislation.

The implementation of measures to protect own workers who are whistleblowers from retaliation in accordance with the applicable law transposing Directive (EU) 2019/1937 of the European Parliament and of the Council, and of the German Whistleblower Protection Act, is documented in the Whistleblowing Directive.

Incidents of corruption and bribery fall within the scope of the Whistleblower Protection Act. The relevant processes are described in the Whistleblowing Directive. The time limits for processing and responding are based on statutory provisions. External parties may also be called upon to investigate or clarify incidents in order to ensure independence.

Individual departments, such as Data Protection, Safety and Security, and Information Security, develop their own training programs and define the target groups, frequency, and scope for the respective department. Training sessions are entered into the learning management system.

The Compliance function introduced mandatory compliance training and money laundering training (mandatory for certain at-risk groups) in Germany. This training has been integrated into the onboarding process. Sessions cover conflicts of interest, corruption and bribery, antitrust law, and information security. If required, additional learning modules are used to supplement the compliance training.

Once training content has been completed, it is not offered again. Following the expansion of the training modules to include compliance, these individual new modules will once again be made mandatory for the workforce.

ARAG does not categorize employees by risk of corruption. Generally, there is a residual risk of corruption and bribery in all areas of the Company and among all employees. This assessment is not limited to departments and functions that are closely linked to finance and sales. Training on corruption and bribery is mandatory for all employees, irrespective of their function. Accordingly, disclosures are not split into at-risk functions; instead, the number of employees who took part in the training is reported.

Target groups are only broken down in relation to money laundering training. As ARAG SE offers employee loans and advances on sales in relevant amounts, the Company falls within the scope of the German Money Laundering Act. Since this is a very specific area, mandatory training is only offered to employees who deal with these matters, including individual employees in Human Resources, Sales, and Accounting.

Risk assessments are carried out across the Group in order to identify and minimize the risk of breaching sanctions. In addition, an internal process for reporting suspicious transactions and identifying sanctioned individuals was established. Actions aimed at mitigating the risk of breaching sanctions include compliance training for employees, among other things on the subject of antitrust law. This training is integrated into the onboarding process for new employees. Furthermore, lists of dos and don’ts were developed that cover interactions with business partners and at association meetings. Existing training modules can also be rolled out internationally in English, if required. Actions related to data protection and money laundering include monitoring, expert analyses, and training.

Policies for the prevention and detection of corruption and bribery

The Compliance Guideline provides guidance on preventing allegations of and incidents of corruption and bribery, including a dedicated process of verification by a second person. This guidance is integrated and communicated through mandatory compliance training for all employees in Germany, staggered approval processes in purchasing (Authorization Guideline), appropriateness assessments for third-party inducements, and processes for sponsorship and inducements in sales partnerships and partner sales. Incidents can be identified with the help of internal or external reports. A standard process for handling such reports is defined in the Whistleblowing Directive. External law firms may also be involved to ensure the independent investigation and examination of allegations.

The Compliance Guideline also allows for neutral third parties to be commissioned in order to safeguard the independence of any potential investigation.

The Compliance function is responsible for regular and ad hoc reporting to the supervisory bodies.

A SharePoint page has been set up where employees can access guidelines, policies, and other documents of a similar nature. Updates to any of these documents are published on a news page on the intranet. This information is also covered in complementary training.

Compliance training covers:

- Managing conflicts of interest (corruption and bribery),
- Fair competition and antitrust law
- Aspects of IT security.

Training comprises short videos and brief comprehension tasks.

Compliance training is mandatory for all employees and management bodies in Germany. No groupwide rules exist regarding mandatory training. The local Compliance Officers are responsible for assessing and selecting the actions aimed at minimizing compliance risks, while taking applicable local regulatory and legal requirements into account. In addition to this mandatory training, further training modules are available for the Management Board and the Supervisory Board, such as annual mandatory training that, among other things, examines the latest developments in compliance.

Relevant metrics related to corruption and bribery are presented below:

Prevention and detection of corruption and bribery

	2024
Percentage of functions-at-risk covered by training programs	59.1%

Incidents of corruption or bribery

	2024
Number of convictions for violation of anti-corruption and anti-bribery laws	0
Amount of fines for violation of anti-corruption and anti-bribery laws	€0

As no incidents of corruption or bribery have come to light so far, no special action was taken in this regard.

4.2 Management of relationships with suppliers

ARAG carries out an annual risk analysis to identify environmental and human rights-related risks at indirect suppliers. In the first instance, the direct suppliers underwent a general risk assessment that took country-specific and sector-specific risks into account. A variety of environmental and human rights-related indices were consulted for this analysis, including the Children's Rights in the Workplace Index, the Global Slavery Index, and the Environmental Performance Index. ARAG's risk analysis identified the following topics as priority risks:

- Health and safety, primarily inadequate organization of work in terms of hours and breaks
- Unequal treatment, primarily with regard to unequal pay for work of equal value
- Disregard for freedom of association, especially in countries where it is difficult or impossible to form trade unions

Due to the action taken to prevent risks in the relevant areas, the overall risk of environmental violations and human rights abuses is considered low. Nevertheless, ARAG has set itself the target of proactively preventing environmental and human rights-related risks when dealing with suppliers, in accordance with the Supply Chain Due Diligence Act (LkSG), and taken appropriate action:

- Suppliers must acknowledge ARAG's code of conduct for suppliers.
- Suppliers must not use forced labor or child labor.
- Minimization of risk associated with hazardous processes or equipment
- Ensuring that adequate wages are paid, at least at the level of the statutory minimum wage or a living wage
- Equal treatment of all employees, irrespective of nationality, ethnic origin, social background, health status, disability, sexual orientation, age, gender, political opinion, religion, or world view
- Implementation of a purchasing policy that defines the interaction with suppliers

ARAG has established a process for carrying out an ad hoc risk analysis of indirect suppliers. This analysis is activated as soon as ARAG receives evidence of environmental violations or human rights-abuses by an indirect supplier.

ARAG's human rights officer reviews the effectiveness of risk management annually and on an ad hoc basis, and reports at least once a year directly to the Management Board of ARAG SE.

The effectiveness of the aforementioned preventive actions is reviewed regularly and also on an ad hoc basis. This process involves mutual monitoring by various hierarchical levels, including the human rights officer. In this context, ARAG also takes into account information from the whistleblowing system, through which employees and third parties can openly or anonymously report potential violations or risks.

The materiality assessment identified the sub-topic 'Payment practices' as not material, which means that no disclosures are made about related policies.

4.3 Political influence and lobbying activities

As a family enterprise, ARAG attaches great importance to corporate citizenship. Responsibility for topics relating to political influence and lobbying activities lies with the Communications Department, which falls under Klaus Heiermann’s remit. Running a successful legal insurance business requires reliable democratic structures and the rule of law. ARAG’s business operations are shaped to a significant extent by the regulatory and political environment. The Company therefore strives to protect and strengthen democratic institutions that promote active political participation. To this end, operating management company ARAG SE engages in active dialogue with policymakers and public authorities. This political dialogue is conducted by the Speaker of the Management Board and the Chief Representative of ARAG SE. The purpose of the dialogue is to identify topics of relevance to both sides so that different points of view can be examined and discussed at an early stage. The Group companies in Germany and the international subsidiaries are usually members of the relevant trade associations in their country and are actively involved in political discourse. ARAG’s political commitment includes donations to parties represented in parliament at federal and state level in Germany.

In Germany, ARAG primarily calls for the deregulation of the legal market. The focus here is on laws of particular relevance to legal insurers, such as the German Act on Out-of-Court Legal Services (RDG) and the German Federal Lawyers Code (BRAO). In 2024, the Company did not exert any direct influence – i.e. not through the structures of the trade associations – on legislative processes, for example by participating in hearings.

The impacts, risks, and opportunities identified during the materiality assessment are validated by the Management Board. This involves checking that the published disclosures match the material aspects of the Company’s lobbying activities.

ARAG Holding SE is entered in the lobby register of the Bundestag, Germany’s federal parliament, under number R002895.

As of December 31, 2024, the Management Board of ARAG Holding SE had three members. None of the three individuals held a comparable position in the two years prior to their appointment. The résumés of the members of the management and administrative bodies are published on the Company website.

In 2024, ARAG made the following financial and in-kind contributions directly and indirectly:

Financial and in-kind contributions made directly and indirectly

Type of recipient / beneficiary	Financial contributions	In-kind contributions	Country
Political parties	€162,730	€0	Germany

The figures for contributions are the actual amounts paid.

5 Tables

Overview of disclosure requirements for the sustainability statement in accordance with the materiality assessment

Sustainability topic		Paragraph
E1-GOV-3	Integration of sustainability-related performance in incentive schemes	1.2
E1-1	Transition plan for climate change mitigation	2.2
E1-2	Material impacts, risks and opportunities and their interaction with strategy and business model	1.3
E1-2	Policies related to climate change mitigation and adaptation	2.2
E1-3	Actions and resources in relation to climate change policies	2.2
E1-4	Targets related to climate change mitigation and adaptation	2.2
E1-5	Energy consumption and mix	2.2
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	2.2
E1-8	Internal carbon pricing	2.2
S1-SBM-2	Interests and views of stakeholders	1.3
S1-SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	1.3
S1-1	Policies related to own workforce	3.1
S1-2	Processes for engaging with own workers and workers' representatives about impacts	3.1
S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	3.1
S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	3.1
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	3.1
S1-6	Characteristics of the Company's employees	3.1
S1-7	Characteristics of non-employee workers	3.1
S1-8	Collective bargaining coverage and social dialogue	3.1
S1-9	Diversity metrics	3.1
S1-10	Adequate wages	3.1
S1-11	Social security	3.1
S1-12	Persons with disabilities	3.1
S1-13	Metrics for training and skills development	3.1
S1-14	Health and safety metrics	3.1
S1-15	Work-life balance metrics	3.1
S1-16	Compensation metrics (pay gap and total compensation)	3.1
S1-17	Incidents, complaints, and severe human rights impacts	3.1

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→ Overview of disclosure requirements for the sustainability statement in accordance with the materiality assessment

Sustainability topic		Paragraph
S2-SBM-2	Interests and views of stakeholders	1.3
S2-SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	1.3
S2-1	Policies related to value chain workers	3.2
S2-2	Processes for engaging with value chain workers about impacts	3.2
S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	3.2
S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	3.2
S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	3.4
S4-SBM-2	Interests and views of stakeholders	1.3
S4-SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	1.3
S4-1	Policies related to consumers and end-users	3.4
S4-2	Processes for engaging with consumers and end-users about impacts	3.4
S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	3.4
S4-4	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	3.4
S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	3.4
G1-GOV-1	The role of the administrative, management, and supervisory bodies	4.1
G1-1	Corporate culture and corporate governance policies	1.2
G1-2	Management of relationships with suppliers	3.1
G1-3	Prevention and detection of corruption and bribery	4.1
G1-4	Confirmed incidents of corruption or bribery	4.1
G1-5	Political influence and lobbying activities	4.1

Datapoints from other EU legislation

Disclosure requirement and related datapoint		Reference to other EU legislation		Assessment of materiality	If yes: see chapter
ESRS 2 GOV-1	Board's gender diversity, paragraph 21 (d)	**SFDR reference**	Indicator number 13 Table #1 of Annex I	material	1.2
		Benchmark Regulation reference	Delegated Regulation (EU) 2020/1816, Annex II	material	1.2
	Percentage of board members who are independent paragraph 21 (e)	**Benchmark Regulation reference**	Delegated Regulation (EU) 2020/1816, Annex II	material	1.2
ESRS 2 GOV-4	Statement on due diligence, paragraph 30	**SFDR reference**	Indicator number 10 Table #3 of Annex I	material	1.2
ESRS 2 SBM-1	Involvement in activities related to fossil fuel activities, paragraph 40 (d) i	**SFDR reference**	Indicator number 4 Table #1 of Annex I	not material	--
		Pillar 3 reference	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	not material	--
		Benchmark Regulation reference	Delegated Regulation (EU) 2020/1816, Annex II	not material	--
	Involvement in activities related to chemical production, paragraph 40 (d) ii	**SFDR reference**	Indicator number 9 Table #2 of Annex I	not material	--
		Benchmark Regulation reference	Delegated Regulation (EU) 2020/1816, Annex II	not material	--
	Involvement in activities related to controversial weapons, paragraph 40 (d) iii	**SFDR reference**	Indicator number 14 Table #1 of Annex I	not material	--
		Benchmark Regulation reference	Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II	not material	--
	Involvement in activities related to cultivation and production of tobacco, paragraph 40 (d) iv	**Benchmark Regulation reference**	Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II	not material	--
ESRS E1-1	Transition plan to reach climate neutrality by 2050, paragraph 14	**Climate Law reference**	Regulation (EU) 2021/1119, Article 2(1)	material	2.2
	Undertakings excluded from Paris-aligned Benchmarks, paragraph 16 (g)	**Pillar 3 reference**	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book-Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	material	2.2
		Benchmark Regulation reference	Delegated Regulation (EU) 2020/1818, Article 12.1 (d) to (g), and Article 12.2	material	2.3
ESRS E1-4	GHG emission reduction targets, paragraph 34	**SFDR reference**	Indicator number 4 Table #2 of Annex I	material	2.2.1.3
		Pillar 3 reference	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	material	2.2.2.3
		Benchmark Regulation reference	Delegated Regulation (EU) 2020/1818, Article 6	material	2.2.3.3

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→ Datapoints from other EU legislation

Disclosure Requirement and related datapoint		References (SFDR, Pillar 3, Benchmark Regulation, Climate Law)		Assessment of materiality	If yes: see chapter
ESRS E1-5	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors), paragraph 38	**SFDR reference**	Indicator number 5 Table #1 and Indicator number 5 Table #2 of Annex I	material	2.3
	Energy consumption and mix, paragraph 37	**SFDR reference**	Indicator number 5 Table #1 of Annex I	material	2.3
	Energy intensity associated with activities in high climate impact sectors, paragraphs 40 to 43	**SFDR reference**	Indicator number 6 Table #1 of Annex I	not material	--
ESRS E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions, paragraph 44	**SFDR reference**	Indicators number 1 and 2 Table #1 of Annex I	material	2.3
		Pillar 3 reference	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	material	2.3
		Benchmark Regulation reference	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)	material	2.3
	Gross GHG emissions intensity, paragraphs 53 to 55	**SFDR reference**	Indicator number 3 Table #1 of Annex I	material	2.3
		Pillar 3 reference	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	material	2.3
		Benchmark Regulation reference	Delegated Regulation (EU) 2020/1818, Article 8(1)	material	2.3
ESRS E1-7	GHG removals and carbon credits, paragraph 56	**Climate Law reference**	Regulation (EU) 2021/1119, Article 2(1)	not material	--
ESRS E1-9	Exposure of the benchmark portfolio to climate-related physical risks, paragraph 66	**Benchmark Regulation reference**	Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II	material	phased in
	Disaggregation of monetary amounts by acute and chronic physical risk, paragraph 66 (a)	**Pillar 3 reference**	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, paragraphs 46 and 47; Template 5: Banking book – Climate change physical risk: Exposures subject to physical risk	material	phased-in
	Location of significant assets at material physical risk, paragraph 66 (c)			material	phased-in
	Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c)	**Pillar 3 reference**	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, paragraph 34; Template 2: Banking book – Climate change transition risk: Loans collateralized by immovable property – Energy efficiency of the collateral	material	phased-in
	Degree of exposure of the portfolio to climate-related opportunities, paragraph 69	**Benchmark Regulation reference**	Delegated Regulation (EU) 2020/1818, Annex II	material	phased-in
ESRS E2-4	Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water, and soil, paragraph 28	**SFDR reference**	Indicator number 8 Table #1 of Annex I; Indicator number 2 Table #2 of Annex I; Indicator number 1 Table #2 of Annex I; Indicator number 3 Table #2 of Annex I	not material	--

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→ Datapoints from other EU legislation

Disclosure Requirement and related datapoint		References (SFDR, Pillar 3, Benchmark Regulation, Climate Law)		Assessment of materiality	If yes: see chapter
ESRS E3-1	Water and marine resources, paragraph 9	**SFDR reference**	Indicator number 7 Table #2 of Annex I	not material	--
	Dedicated policy, paragraph 13	**SFDR reference**	Indicator number 8 Table #2 of Annex I	not material	--
	Sustainable oceans and seas, paragraph 14	**SFDR reference**	Indicator number 12 Table #2 of Annex I	not material	--
ESRS E3-4	Total water recycled and reused, paragraph 28 (c)	**SFDR reference**	Indicator number 6.2 Table #2 of Annex I	not material	--
	Total water consumption in m^3 per net revenue in own operations, paragraph 29	**SFDR reference**	Indicator number 6.1 Table #2 of Annex I	not material	--
ESRS 2 SBM-3 – E4	Paragraph 16 (a) i	**SFDR reference**	Indicator number 7 Table #1 of Annex I	not material	--
	Paragraph 16 (b)	**SFDR reference**	Indicator number 10 Table #2 of Annex I	not material	--
	Paragraph 16 (c)	**SFDR reference**	Indicator number 14 Table #2 of Annex I	not material	--
ESRS E4-2	Sustainable land/agriculture practices or policies, paragraph 24 (b)	**SFDR reference**	Indicator number 11 Table #2 of Annex I	not material	--
	Sustainable oceans/seas practices or policies, paragraph 24 (c)	**SFDR reference**	Indicator number 12 Table #2 of Annex I	not material	--
	Policies to address deforestation, paragraph 24 (d)	**SFDR reference**	Indicator number 15 Table #2 of Annex I	not material	--
ESRS E5-5	Non-recycled waste, paragraph 37 (d)	**SFDR reference**	Indicator number 13 Table #2 of Annex I	not material	--
	Hazardous waste and radioactive waste, paragraph 39	**SFDR reference**	Indicator number 9 Table #1 of Annex I	not material	--
ESRS 2 SBM-3 – S1	Risk of incidents of forced labor, paragraph 14 (f)	**SFDR reference**	Indicator number 13 Table #3 of Annex I	not material	--
	Risk of incidents of child labor, paragraph 14 (g)	**SFDR reference**	Indicator number 12 Table #3 of Annex I	not material	--
ESRS S1-1	Human rights policy commitments, paragraph 20	**SFDR reference**	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I	material	3.1.1
	Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8, paragraph 21	**Benchmark Regulation reference**	Delegated Regulation (EU) 2020/1816, Annex II	material	3.1.1
	Processes and measures for preventing trafficking in human beings, paragraph 22	**SFDR reference**	Indicator number 11 Table #3 of Annex I	material	3.1.1
	Workplace accident prevention policy or management system, paragraph 23	**SFDR reference**	Indicator number 1 Table #3 of Annex I	material	3.1.1
ESRS S1-3	Grievance/complaints handling mechanisms, paragraph 32 (c)	**SFDR reference**	Indicator number 5 Table #3 of Annex I	material	3.1.1

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→ Datapoints from other EU legislation

Disclosure Requirement and related datapoint		References (SFDR, Pillar 3, Benchmark Regulation, Climate Law)		Assessment of materiality	If yes: see chapter
ESRS S1-14	Number of fatalities and number and rate of work-related accidents, paragraph 88 (b) and (c)	**SFDR reference**	Indicator number 2 Table #3 of Annex I	material	3.1.3
		Benchmark Regulation reference	Delegated Regulation (EU) 2020/1816, Annex II	material	3.1.3
	Number of days lost to injuries, accidents, fatalities, or illness, paragraph 88 (e)	**SFDR reference**	Indicator number 3 Table #3 of Annex I	material	3.1.3
ESRS S1-16	Unadjusted gender pay gap, paragraph 97 (a)	**SFDR reference**	Indicator number 12 Table #1 of Annex I	material	3.1.3
		Benchmark Regulation reference	Delegated Regulation (EU) 2020/1816, Annex II	material	3.1.3
	Excessive CEO pay ratio, paragraph 97 (b)	**SFDR reference**	Indicator number 8 Table #3 of Annex I	material	3.1.3
ESRS S1-17	Incidents of discrimination, paragraph 103 (a)	**SFDR reference**	Indicator number 7 Table #3 of Annex I	material	3.1.3
	Non-respect of UNGPs on Business and Human Rights, ILO principles, and OECD guidelines, paragraph 104 (a)	**SFDR reference**	Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I	material	3.1.3
		Benchmark Regulation reference	Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)	material	3.1.3
ESRS 2- SBM3 – S2	Significant risk of child labor or forced labor in the value chain, paragraph 11 (b)	**SFDR reference**	Indicators number 12 and n. 13 Table #3 of Annex I	material	1.3
ESRS S2-1	Human rights policy commitments, paragraph 17	**SFDR reference**	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I	material	3.2.1
	Policies related to value chain workers, paragraph 18	**SFDR reference**	Indicators number 11 and 4 Table #3 of Annex I	material	3.2.1
	Non-respect of UNGPs on Business and Human Rights, ILO principles, and OECD guidelines, paragraph 19	**SFDR reference**	Indicator number 10 Table #1 of Annex I	material	3.2.1
		Benchmark Regulation reference	Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)	material	3.2.1
	Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8, paragraph 19	**Benchmark Regulation reference**	Delegated Regulation (EU) 2020/1816, Annex II	material	3.2.1
ESRS S2-4	Human rights issues and incidents connected to its upstream and downstream value chain, paragraph 36	**SFDR reference**	Indicator number 14 Table #3 of Annex I	material	3.2.2
	Human rights policy commitments, paragraph 16	**SFDR reference**	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I	material	3.2.2
	Non-respect of UNGPs on Business and Human Rights, ILO principles, and OECD guidelines, paragraph 17	**SFDR reference**	Indicator number 10 Table #1 of Annex I	material	3.2.2
		Benchmark Regulation reference	Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)	material	3.2.2

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→ Datapoints from other EU legislation

Disclosure Requirement and related datapoint		References (SFDR, Pillar 3, Benchmark Regulation, Climate Law)		Assessment of materiality	If yes: see chapter
ESRS S3-4	Human rights issues and incidents, paragraph 36	**SFDR reference**	Indicator number 14 Table #3 of Annex I	not material	--
ESRS S4-1	Policies related to consumers and end-users, paragraph 16	**SFDR reference**	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I	material	3.3
	Non-respect of UNGPs on Business and Human Rights, ILO principles, and OECD guidelines, paragraph 17	**SFDR reference**	Indicator number 10 Table #1 of Annex I	material	3.3
		Benchmark Regulation reference	Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)	material	3.3
ESRS S4-4	Human rights issues and incidents, paragraph 35	**SFDR reference**	Indicator number 14 Table #3 of Annex I	material	3.3
ESRS G1-1	United Nations Convention against Corruption, paragraph 10 (b)	**SFDR reference**	Indicator number 15 Table #3 of Annex I	material	3.3
	Protection of whistleblowers, paragraph 10 (d)	**SFDR reference**	Indicator number 6 Table #3 of Annex I	material	3.3
ESRS G1-4	Fines for violation of anti-corruption and anti-bribery laws, paragraph 24 (a)	**SFDR reference**	Indicator number 17 Table #3 of Annex I	material	4.1
		Benchmark Regulation reference	Delegated Regulation (EU) 2020/1816, Annex II	material	4.1
	Standards of anti-corruption and anti-bribery, paragraph 24 (b)	**SFDR reference**	Indicator number 16 Table #3 of Annex I	material	4.1

Consolidated Financial Statements

I. Consolidated Balance Sheet

Consolidated balance sheet as of December 31 – assets

(€)	Dec. 31, 2024	Dec. 31, 2023
A. Intangible assets		
I. Purchased concessions, industrial and similar rights and assets, and licenses in such rights and assets	11,654,956.12	11,327,675.78
II. Goodwill	46,265,210.19	4,796,746.47
	57,920,166.31	**16,124,422.25**
B. Investments		
I. Land, land rights and buildings, including buildings on third-party land	170,124,683.83	174,715,539.36
II. Investments in affiliated companies and equity investments		
1. Shares in affiliated companies	1,492,284.38	1,492,284.38
2. Investments in associates	18,427,813.36	16,900,798.01
3. Equity investments	2,768,880.10	2,820,253.37
4. Lending to long-term investees and investors	3,750,000.00	3,750,000.00
	26,438,977.84	24,963,335.76
III. Miscellaneous investments		
1. Equities, investment fund shares/units, and other variable-yield securities	2,174,097,479.04	1,967,027,962.44
2. Bearer bonds and other fixed-income securities	3,011,720,737.97	2,466,349,297.76
3. Loans secured by mortgages or land charges and fixed-income receivables	1.00	1.00
4. Miscellaneous lending		
a) Registered bonds	563,518,584.42	618,518,584.42
b) Promissory notes and loans	301,331,216.33	392,644,054.83
c) Sundry lending	66,962.09	86,489.14
	864,916,762.84	1,011,249,128.39
5. Bank deposits	85,909,886.31	111,348,327.08
	6,136,644,867.16	5,555,974,716.67
IV. Deposits with ceding insurers	63,797,203.47	65,432,813.00
	6,397,005,732.30	**5,821,086,404.79**

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→ Consolidated balance sheet as of December 31 – assets

(€)	Dec. 31, 2024	Dec. 31, 2023
C. Receivables		
I. Receivables from direct insurance business		
1. from policyholders	76,553,346.37	76,613,073.86
2. from insurance brokers	173,983,012.66	48,763,181.71
of which from affiliated companies: €74.34 (Dec. 31, 2023: €69.15)		
	250,536,359.03	125,376,255.57
II. Receivables from reinsurance business	67,500,203.89	48,823,037.30
of which from other long-term investees and investors: €57,621.78 (Dec. 31, 2023: €41,747.92)		
III. Miscellaneous receivables	63,984,027.66	46,737,104.48
of which from affiliated companies: €832,328.71 (Dec. 31, 2023: €896,312.87)		
of which from other long-term investees and investors: €198,069.62 (Dec. 31, 2023: €202,647.68)		
	382,020,590.58	**220,936,397.35**
D. Miscellaneous assets		
I. Property and equipment and inventories	28,382,773.14	18,953,659.46
II. Current bank balances, checks and cash on hand	296,175,163.21	322,650,221.80
III. Other assets	26,608,013.11	19,838,753.51
	351,165,949.46	**361,442,634.77**
E. Prepaid expenses and accrued income		
I. Accrued interest and rent	40,973,842.68	34,043,639.53
II. Miscellaneous prepaid expenses and accrued income	22,435,015.36	16,085,096.90
	63,408,858.04	**50,128,736.43**
F. Deferred tax assets	**1,428,092.53**	**577,649.21**
G. Excess of plan assets over pension liabilities	**533,428.50**	**478,806.53**
Total assets	**7,253,482,817.72**	**6,470,775,051.33**

Consolidated balance sheet as of December 31 – equity and liabilities

(€)	Dec. 31, 2024	Dec. 31, 2023
A. Equity		
I. Subscribed capital	200,000,000.00	200,000,000.00
II. Revenue reserves		
1. Statutory reserves	18,838,988.00	17,876,437.00
2. Other revenue reserves	511,549,623.45	437,297,560.68
3. Currency translation differences	11,819,036.64	4,682,405.79
4. Difference pursuant to section 309 (1) HGB	– 35,999,890.82	– 35,999,890.82
	506,207,757.27	423,856,512.65
III. Net income attributable to the Group		
1. Consolidated net income of the controlling interests	75,055,705.80	85,214,613.77
IV. Non-controlling interests		
1. in the capital	9,787,687.34	9,352,284.37
2. in the net income	867,284.82	964,751.83
	10,654,972.16	10,317,036.20
	791,918,435.23	**719,388,162.62**
B. Subordinated liabilities	**0.00**	**30,000,000.00**
C. Technical provisions		
I. Unearned premiums		
1. Gross amount	443,087,479.93	296,615,718.79
2. less: portion for outward reinsurance business	– 527,898.27	– 96,123.40
	442,559,581.66	296,519,595.39
II. Actuarial reserve		
1. Gross amount	2,751,630,471.67	2,532,880,765.49
2. less: portion for outward reinsurance business	0.00	0.00
	2,751,630,471.67	2,532,880,765.49
III. Provision for outstanding claims		
1. Gross amount	2,199,368,982.67	1,871,137,792.46
2. less: portion for outward reinsurance business	– 39,326,351.38	– 33,641,206.19
	2,160,042,631.29	1,837,496,586.27
IV. Provision for performance-based and non-performance-based bonuses and rebates	280,851,340.29	279,708,667.18

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→ Consolidated balance sheet as of December 31 – equity and liabilities

(€)	Dec. 31, 2024	Dec. 31, 2023
V. Equalization provision and similar provisions	165,536,695.97	161,497,991.00
VI. Miscellaneous technical provisions		
1. Gross amount	5,286,265.29	4,828,337.03
2. less: portion for outward reinsurance business	0.00	0.00
	5,286,265.29	4,828,337.03
	5,805,906,986.17	**5,112,931,942.36**
D. Other provisions		
I. Provisions for pensions and other post-employment benefits	285,493,567.10	299,412,919.23
II. Provisions for taxes	19,693,965.96	23,512,572.93
III. Miscellaneous provisions	154,825,106.87	120,460,027.10
	460,012,639.93	**443,385,519.26**
E. Deposits received from reinsurers	**2,863,307.20**	**430.22**
F. Other liabilities		
I. Liabilities from direct insurance business to		
1. policyholders	43,031,144.10	37,857,297.33
2. insurance brokers	55,544,534.44	49,951,930.58
of which to affiliated companies: €14.87 (Dec. 31, 2023: €13.84)		
	98,575,678.54	87,809,227.91
II. Liabilities from reinsurance business	2,322,644.56	2,903,541.29
III. Miscellaneous liabilities	90,754,616.28	73,929,316.35
of which tax liabilities: €34,151,567.48 (Dec. 31, 2023: €25,120,193.79)		
of which social security liabilities: €3,607,380.21 (Dec. 31, 2023: €2,903,696.34)		
of which to affiliated companies: €397,165.89 (Dec. 31, 2023: €304,898.30)		
	191,652,939.38	**164,642,085.55**
G. Deferred income and accrued expenses	**1,128,509.81**	**426,911.32**
Total equity and liabilities	**7,253,482,817.72**	**6,470,775,051.33**

II. Consolidated Income Statement

Consolidated income statement for the period from January 1 to December 31

(€)	2024	2023
I. Underwriting account for casualty and property insurance		
1. Premiums earned net of reinsurance		
a) Gross premiums written	2,040,851,022.07	1,735,782,277.24
b) Reinsurance premiums ceded	– 15,266,234.34	– 14,921,692.41
	2,025,584,787.73	1,720,860,584.83
c) Change in gross unearned premiums	– 23,376,825.39	– 4,604,158.59
d) Change in reinsurers' share of gross unearned premiums	– 424,021.55	– 3,321.52
	– 23,800,846.94	– 4,607,480.11
	2,001,783,940.79	**1,716,253,104.72**
2. Technical interest income net of reinsurance	126,604.00	127,655.00
3. Miscellaneous underwriting income net of reinsurance	2,295,858.87	2,088,696.69
4. Claims incurred net of reinsurance		
a) Payments for claims		
aa) Gross amount	983,071,393.71	805,218,752.80
bb) Reinsurers' share	– 7,183,005.40	– 6,139,285.60
	975,888,388.31	799,079,467.20
b) Change in provision for outstanding claims		
aa) Gross amount	127,144,696.06	69,140,482.32
bb) Reinsurers' share	– 5,041,625.30	2,989,981.00
	122,103,070.76	72,130,463.32
	1,097,991,459.07	**871,209,930.52**
5. Change in sundry net technical provisions		
a) Miscellaneous net technical provisions	– 140,299.12	– 150,191.17
	– 140,299.12	**– 150,191.17**
6. Expenses for performance-based and non-performance-based bonuses and rebates net of reinsurance	500,000.00	0.00
7. Insurance business operating expenses net of reinsurance		
a) Gross insurance business operating expenses	831,501,573.73	720,217,026.01
b) less: commissions received and profit sharing received from outward reinsurance business	– 1,537,328.25	– 1,090,997.00
	829,964,245.48	**719,126,029.01**

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→ Consolidated income statement for the period from January 1 to December 31

(€)	2024	2023
8. Miscellaneous underwriting expenses net of reinsurance	2,174,444.25	2,093,050.07
9. Subtotal	**73,435,955.74**	**125,890,255.64**
10. Change in the equalization provision and similar provisions	– 4,038,704.97	– 12,699,333.99
11. Casualty and property insurance underwriting result net of reinsurance	**69,397,250.77**	**113,190,921.65**
II. Underwriting account for health insurance		
1. Premiums earned net of reinsurance		
a) Gross premiums written	748,712,730.53	637,989,536.80
b) Reinsurance premiums ceded	– 319,727.32	– 317,405.41
	748,393,003.21	637,672,131.39
c) Change in gross unearned premiums	– 1,060,953.41	– 1,018,584.59
d) Change in reinsurers' share of gross unearned premiums	0.00	0.00
	– 1,060,953.41	– 1,018,584.59
	747,332,049.80	**636,653,546.80**
2. Premiums from the gross provision for bonuses and rebates	13,265,951.95	20,013,662.27
3. Income from investments		
a) Income from other investments		
aa) Income from land, land rights and buildings, including buildings on third-party land	4,375,966.10	5,099,805.88
bb) Income from other investments	59,266,095.56	55,507,078.61
	63,642,061.66	60,606,884.49
b) Income from reversals of write-downs	2,422,723.60	6,511,662.64
c) Gains on the disposal of investments	21,983,503.85	25,863,820.49
	88,048,289.11	**92,982,367.62**
4. Miscellaneous underwriting income net of reinsurance	33,807,960.49	23,224,509.46
5. Claims incurred net of reinsurance		
a) Payments for claims		
aa) Gross amount	381,068,265.76	322,828,038.50
bb) Reinsurers' share	0.00	0.00
	381,068,265.76	322,828,038.50

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→ Consolidated income statement for the period from January 1 to December 31

(€)	2024	2023
b) Change in provision for outstanding claims		
aa) Gross amount	23,206,243.12	11,374,047.26
bb) Reinsurers' share	0.00	0.00
	23,206,243.12	11,374,047.26
	404,274,508.88	**334,202,085.76**
6. Change in sundry net technical provisions		
a) Actuarial reserve		
aa) Gross amount	– 218,751,014.18	– 182,484,358.92
bb) Reinsurers' share	0.00	0.00
	– 218,751,014.18	– 182,484,358.92
b) Miscellaneous net technical provisions	– 460,250.00	– 54,234.00
	– 219,211,264.18	**– 182,538,592.92**
7. Expenses for performance-based and non-performance-based bonuses and rebates net of reinsurance	46,761,304.76	54,596,077.33
8. Insurance business operating expenses net of reinsurance		
a) Front-end fees	144,213,215.98	123,364,130.75
b) Administrative expenses	13,512,904.22	13,955,043.40
	157,726,120.20	137,319,174.15
c) less: commissions received and profit sharing received from outward reinsurance business	0.00	– 64,332.97
	157,726,120.20	**137,254,841.18**
9. Expenses for investments		
a) Expenses for the management of investments, interest expense and similar charges and other expenses for investments	7,022,133.51	5,546,496.78
b) Depreciation, amortization and write-downs of investments	8,698,382.27	12,622,066.45
of which write-downs: €7,483,481.77 (2023: €11,378,428.45)		
c) Losses on the disposal of investments	7,451,520.21	15,673,795.53
	23,172,035.99	**33,842,358.76**
10. Miscellaneous underwriting expenses net of reinsurance	4,589,010.89	5,998,922.40
11. Health insurance underwriting result net of reinsurance	**26,720,006.45**	**24,441,207.80**

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→ Consolidated income statement for the period from January 1 to December 31

(€)	2024	2023
III. Non-underwriting account		
1. Underwriting result net of reinsurance		
a) in casualty and property insurance	69,397,250.77	113,190,921.65
b) in health insurance	26,720,006.45	24,441,207.80
	96,117,257.22	**137,632,129.45**
2. Income from investments, unless listed under II. 3.		
a) Income from equity investments	991,274.61	1,121,720.23
of which from affiliated companies: €357,324.00 (2023: €510,867.00)		
b) Income from associates	9,201,951.81	7,666,852.78
c) Income from other investments		
of which from affiliated companies: €90,398.43 (2023: €79,365.60)		
aa) Income from land, land rights and buildings, including buildings on third-party land	21,913,899.27	13,902,521.59
bb) Income from other investments	64,669,955.30	40,836,552.13
	86,583,854.57	54,739,073.72
d) Income from reversals of write-downs	4,674,515.70	8,671,603.17
e) Gains on the disposal of investments	27,980,661.38	48,071,124.78
	129,432,258.07	**120,270,374.68**
3. Expenses for investments, unless listed under II. 9.		
a) Expenses for the management of investments, interest expense and similar charges and other expenses for investments	21,932,015.32	11,860,208.53
b) Depreciation, amortization and write-downs of investments	8,749,562.66	12,515,518.78
of which write-downs: €4,392,461.36 (2023: €8,075,862.70)		
c) Losses on the disposal of investments	1,996,622.83	33,417,132.72
	32,678,200.81	**57,792,860.03**
	96,754,057.26	**62,477,514.65**
4. Technical interest income	– 126,604.00	– 127,655.00
5. Market fees for goods and services provided by non-insurance companies	53,476,994.36	44,256,865.34
6. Cost of goods and services provided by non-insurance companies to generate market fees	49,524,344.10	43,571,061.38
7. Other income	54,342,073.09	29,492,448.53

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→ Consolidated income statement for the period from January 1 to December 31

(€)	2024	2023
8. Other expenses	110,066,200.60	93,693,226.18
of which write-downs on goodwill arising on consolidation: €5,774,692.41 (2023: €1,132,798.20)		
9. Non-underwriting result	**44,855,976.01**	**– 1,165,114.04**
10. Profit/loss from ordinary activities	**140,973,233.23**	**136,467,015.41**
11. Extraordinary income	0.00	0.00
12. Extraordinary expenses	0.00	0.00
	0.00	**0.00**
13. Profit before tax	**140,973,233.23**	**136,467,015.41**
14. Income taxes	61,422,557.69	46,357,561.60
of which resulting from the change in recognized deferred taxes: tax expense of €9,328,103.29 (2023: tax expense of €222,757.32)		
15. Miscellaneous taxes	3,627,684.92	3,930,088.21
	65,050,242.61	**50,287,649.81**
16. Net income for the year	**75,922,990.62**	**86,179,365.60**
17. of which non-controlling interests	– 867,284.82	– 964,751.83

III. Consolidated Cash Flow Statement

Cash flow statement

(€)	2024	2023
Cash flows from operating activities		
Profit for the period	75,922,991	86,179,366
Increase (+)/decrease (–) in technical provisions, net	692,975,044	286,002,818
Increase (–)/decrease (+) in deposits with ceding insurers and in receivables from reinsurance business	– 17,041,557	14,825,686
Increase (+)/decrease (–) in deposits from reinsurers and liabilities from reinsurance business	2,281,980	1,081,669
Increase (–)/decrease (+) in receivables from direct insurance business	– 125,160,103	– 15,609,407
Increase (+)/decrease (–) in liabilities from direct insurance business	10,766,451	11,343,425
Increase (–)/decrease (+) in miscellaneous receivables	– 20,720,497	– 10,420,038
Increase (+)/decrease (–) in miscellaneous liabilities	15,982,203	4,616,080
Change in miscellaneous balance sheet items not related to investing or financing activities	– 527,047,416	– 218,887,927
Other non-cash income and expenses, and adjustment of the profit/loss for the period	11,321,926	29,395,366
Gain (–)/loss (+) on the disposal of investments, property and equipment, and intangible assets	– 40,510,757	– 24,816,680
Expenses for/income from extraordinary items	0	0
Current income tax expense/income	52,094,454	46,134,804
Cash receipts from extraordinary items	0	0
Cash payments for extraordinary items	0	0
Income taxes paid	– 58,410,179	– 58,398,333
Cash flows from operating activities	**72,454,539**	**151,446,829**
Cash flows from investing activities		
Proceeds from disposal of consolidated entities	0	0
Proceeds from disposal of property and equipment	93,836	245,118
Proceeds from disposal of intangible assets	827,135	2,550
Payments to acquire property and equipment	– 9,241,575	– 4,798,709
Payments to acquire intangible assets	– 50,608,993	– 4,436,525
Proceeds from disposal of investments related to fund-linked life insurance	0	0
Payments to acquire investments related to fund-linked life insurance	0	0
Cash receipts from extraordinary items	0	0
Cash payments for extraordinary items	0	0
Cash flows from investing activities	**– 58,929,597**	**– 8,987,565**
Cash flows from financing activities		
Proceeds from capital contributions by shareholders	0	0
Cash payments to shareholders from the redemption of shares	0	0
Cash receipts from extraordinary items	0	0
Cash payments for extraordinary items	0	0
Dividends paid	– 10,000,000	– 10,000,000
Proceeds (+)/cash payments (–) related to miscellaneous financing activities	– 30,000,000	0
Cash flows from financing activities	**– 40,000,000**	**– 10,000,000**
Net change in cash and cash equivalents	– 26,475,059	132,459,264
Effect on cash and cash equivalents of exchange rate movements and remeasurements	0	0
Effect on cash and cash equivalents of changes in the basis of consolidation	0	0
Cash and cash equivalents at beginning of period	322,650,222	190,190,958
Cash and cash equivalents at end of period	**296,175,163**	**322,650,222**

IV. Consolidated Statement of Changes in Equity

Consolidated statement of changes in equity

	Equity attributable to parent entity											
	Subscribed capital				Reserves							
	Subscribed capital	Treasury shares	Uncalled unpaid contributions	Total	Capital reserves			Revenue reserves				Total
(€)	Ordinary shares				Pursuant to sec. 272 (2) nos. 1–3 HGB	Pursuant to sec. 272 (2) no. 4 HGB	Total	Statutory reserves	Reserves provided for by the articles of incorporation	Other revenue reserves	Total	
Balance as of Jan. 1, 2024	**200,000,000**	**0**	**0**	**200,000,000**	**0**	**0**	**0**	**17,876,437**	**0**	**401,297,670**	**419,174,107**	**419,174,107**
Transfers to/withdrawals from reserves				0			0	962,551		74,252,063	75,214,614	75,214,614
Distribution				0			0				0	0
Currency translation				0			0				0	0
Miscellaneous changes				0			0			0	0	0
Changes in the basis of consolidation				0			0			0	0	0
Consolidated net income				0			0				0	0
Balance as of Dec. 31, 2024	**200,000,000**	**0**	**0**	**200,000,000**	**0**	**0**	**0**	**18,838,988**	**0**	**475,549,733**	**494,388,721**	**494,388,721**

Equity attributable to parent entity				Non-controlling interests				Consolidated equity
Currency translation differences	**Retained profits brought forward**	**Consolidated net income attributable to the parent entity**	**Total**	**Non-controlling interests before currency translation differences**	**Currency translation differences attributable to non-controlling interests**	**Profit or loss attributable to non-controlling interests**	**Total**	**Total**
4,682,406	**0**	**85,214,614**	**709,071,126**	**9,324,390**	**27,895**	**964,752**	**10,317,036**	**719,388,163**
		– 75,214,614	0	577,067	0	– 577,067	0	0
		– 10,000,000	– 10,000,000			– 387,685	– 387,685	– 10,387,685
6,993,270			6,993,270		0		0	6,993,270
			0	– 141,664			– 141,664	– 141,664
143,361			143,361	0			0	143,361
		75,055,706	75,055,706			867,285	867,285	75,922,991
11,819,037	**0**	**75,055,706**	**781,263,463**	**9,759,793**	**27,895**	**867,285**	**10,654,972**	**791,918,435**

V. Group Segment Report

Segment reporting – balance sheet

(€'000)	Legal insurance Dec. 31, 2024	Legal insurance Dec. 31, 2023	Casualty and property insurance Dec. 31, 2024	Casualty and property insurance Dec. 31, 2023	Health insurance Dec. 31, 2024	Health insurance Dec. 31, 2023	Services and asset management Dec. 31, 2024	Services and asset management Dec. 31, 2023	Total Dec. 31, 2024	Total Dec. 31, 2023	Consolidation Dec. 31, 2024	Consolidation Dec. 31, 2023	Group total Dec. 31, 2024	Group total Dec. 31, 2023
A. Intangible assets	**11,919**	**11,502**	**0**	**0**	**0**	**5**	**282**	**478**	**12,201**	**11,984**	**45,719**	**4,140**	**57,920**	**16,124**
B. Investments	**3,060,782**	**2,680,867**	**499,034**	**499,994**	**3,381,436**	**3,146,116**	**636,142**	**608,804**	**7,577,394**	**6,935,782**	**– 1,180,388**	**– 1,114,696**	**6,397,006**	**5,821,086**
I. Land and buildings, including buildings on third-party land	52,090	55,056	20,575	21,971	73,917	73,390	26,488	27,251	173,069	177,668	– 2,944	– 2,953	170,125	174,716
II. Investments in affiliated companies and equity investments	574,346	506,740	45,781	50,594	139,019	151,282	444,736	428,091	1,203,883	1,136,706	– 1,177,444	– 1,111,743	26,439	24,963
III. Miscellaneous investments	2,373,285	2,056,133	429,941	424,935	3,168,500	2,921,444	164,919	153,463	6,136,645	5,555,975	0	0	6,136,645	5,555,975
IV. Deposits with ceding insurers	61,061	62,938	2,736	2,495	0	0	0	0	63,797	65,433	0	0	63,797	65,433
C. Miscellaneous segment assets	**522,138**	**449,383**	**23,656**	**20,152**	**100,082**	**94,137**	**151,254**	**69,315**	**797,129**	**632,987**	**1,428**	**578**	**798,557**	**633,564**
Total segment assets	**3,594,839**	**3,141,752**	**522,689**	**520,146**	**3,481,518**	**3,240,258**	**787,678**	**678,596**	**8,386,724**	**7,580,753**	**– 1,133,241**	**– 1,109,978**	**7,253,483**	**6,470,775**
A. Technical provisions	**2,207,879**	**1,824,366**	**423,151**	**357,666**	**3,174,877**	**2,930,900**	**0**	**0**	**5,805,907**	**5,112,932**	**0**	**0**	**5,805,907**	**5,112,932**
I. Unearned premiums	361,039	231,443	62,239	46,425	19,810	18,749	0	0	443,087	296,616	0	0	443,087	296,616
II. Actuarial reserve	0	0	12	13	2,751,619	2,532,868	0	0	2,751,630	2,532,881	0	0	2,751,630	2,532,881
III. Provision for outstanding claims	1,745,407	1,500,005	332,846	273,223	121,116	97,909	0	0	2,199,369	1,871,138	0	0	2,199,369	1,871,138
IV. Provision for bonuses and rebates	0	0	500,000	0	280,351	279,709	0	0	280,851	279,709	0	0	280,851	279,709
V. Equalization provision	102,668	93,000	62,869	68,498	0	0	0	0	165,537	161,498	0	0	165,537	161,498
VI. Miscellaneous technical provisions	1,189	1,065	2,116	2,098	1,982	1,665	0	0	5,286	4,828	0	0	5,286	4,828
VII. Reinsurers' share of technical provisions	– 2,425	– 1,147	– 536,930	– 32,590	0	0	0	0	– 39,854	– 33,737	0	0	– 39,854	– 33,737
B. Miscellaneous segment liabilities	**464,526**	**469,514**	**60,793**	**63,614**	**60,837**	**59,092**	**71,313**	**49,241**	**657,469**	**641,461**	**– 1,812**	**– 3,006**	**655,657**	**638,455**
Total segment liabilities	**2,672,405**	**2,293,880**	**483,945**	**421,280**	**3,235,714**	**2,989,992**	**71,313**	**49,241**	**6,463,376**	**5,754,393**	**– 1,812**	**– 3,006**	**6,461,564**	**5,751,387**
Equity													791,918	719,388
Total equity and liabilities													**7,253,483**	**6,470,775**

Segment reporting – income statement by class of insurance

	Legal insurance		Casualty and property insurance		Health insurance		Services and asset management		Total		Consolidation		Group total	
(€'000)	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
Underwriting income														
Gross premiums written	**1,653,099**	**1,416,740**	**387,752**	**319,042**	**748,713**	**637,990**	**0**	**0**	**2,789,564**	**2,373,772**	**0**	**0**	**2,789,564**	**2,373,772**
Direct insurance business	1,298,477	1,115,026	362,211	306,343	748,713	637,990	0	0	2,409,401	2,059,359	0	0	2,409,401	2,059,359
Inward reinsurance business	354,622	301,714	25,541	12,699	0	0	0	0	380,163	314,413	0	0	380,163	314,413
Reinsurance premiums ceded	– 1,267	– 878	– 13,999	– 14,044	– 320	– 317	0	0	– 15,586	– 15,239	0	0	– 15,586	– 15,239
Change in net unearned premiums	– 22,994	– 4,988	– 807	381	– 1,061	– 1,019	0	0	– 24,862	– 5,626	0	0	– 24,862	– 5,626
Premiums earned net of reinsurance	**1,628,838**	**1,410,874**	**372,946**	**305,379**	**747,332**	**636,654**	**0**	**0**	**2,749,116**	**2,352,907**	**0**	**0**	**2,749,116**	**2,352,907**
Premiums from the gross provision for bonuses and rebates	0	0	0	0	13,266	20,014	0	0	13,266	20,014	0	0	13,266	20,014
Investment income allocated to the underwriting account	0	0	127	128	88,048	92,982	0	0	88,175	93,110	0	0	88,175	93,110
Miscellaneous underwriting income net of reinsurance	1,741	1,623	555	465	33,808	23,225	0	0	36,104	25,313	0	0	36,104	25,313
Total underwriting income	**1,630,579**	**1,412,497**	**373,628**	**305,972**	**882,454**	**772,875**	**0**	**0**	**2,886,661**	**2,491,344**	**0**	**0**	**2,886,661**	**2,491,344**
Underwriting expenses														
Claims incurred net of reinsurance	– 868,429	– 703,945	– 229,562	– 167,265	– 404,275	– 334,202	0	0	– 1,502,266	– 1,205,412	0	0	– 1,502,266	– 1,205,412
Change in sundry net technical provisions	– 124	15	– 16	– 165	– 219,211	– 182,539	0	0	– 219,351	– 182,689	0	0	– 219,351	– 182,689
Expenses for bonuses and rebates	0	0	– 500	0	– 46,762	– 54,596	0	0	– 47,262	– 54,596	0	0	– 47,262	– 54,596
of which performance-based	0	0	0	0	– 46,698	– 54,489	0	0	– 46,698	– 54,489	0	0	– 46,698	– 54,489
of which non-performance-based	0	0	– 500	0	– 64	– 107	0	0	– 564	– 107	0	0	– 564	– 107
Insurance business operating expenses	– 676,639	– 587,798	– 153,326	– 131,328	– 157,726	– 137,255	0	0	– 987,691	– 856,381	0	0	– 987,691	– 856,381
of which front-end fees	– 169,352	– 151,089	– 57,638	– 51,148	– 144,213	– 123,364	0	0	– 371,203	– 325,601	0	0	– 371,203	– 325,601
of which administrative expenses	– 507,197	– 436,709	– 97,315	– 81,271	– 13,513	– 13,955	0	0	– 618,025	– 531,935	0	0	– 618,025	– 531,935
of which reinsurers' share	– 90	0	1,627	1,091	0	64	0	0	1,537	1,155	0	0	1,537	1,155

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→ Segment reporting – income statement by class of insurance

	Legal insurance		Casualty and property insurance		Health insurance		Services and asset management		Total		Consolidation		Group total	
(€'000)	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Investment expenses allocated to the underwriting account	0	0	0	0	– 23,172	– 33,842	0	0	– 23,172	– 33,842	0	0	– 23,172	– 33,842
Miscellaneous underwriting expenses net of reinsurance	0	0	– 2,174	– 2,093	– 4,589	– 5,999	0	0	– 6,763	– 8,092	0	0	– 6,763	– 8,092
Total underwriting expenses	**– 1,545,192**	**– 1,291,728**	**– 385,578**	**– 300,851**	**– 855,735**	**– 748,433**	**0**	**0**	**– 2,786,505**	**– 2,341,012**	**0**	**0**	**– 2,786,505**	**– 2,341,012**
Subtotal	**85,387**	**120,769**	**– 11,950**	**5,121**	**26,719**	**24,442**	**0**	**0**	**100,156**	**150,332**	**0**	**0**	**100,156**	**150,332**
Change in the equalization provision and similar provisions	– 9,668	– 13,248	5,629	548	0	0	0	0	– 4,039	– 12,700	0	0	– 4,039	– 12,700
Underwriting result net of reinsurance	**75,719**	**107,521**	**– 6,321**	**5,669**	**26,719**	**24,442**	**0**	**0**	**96,117**	**137,632**	**0**	**0**	**96,117**	**137,632**
Income from investments	127,019	124,322	19,515	14,034	88,048	92,982	69,163	64,313	303,745	295,651	– 86,265	– 82,398	217,480	213,253
Expenses for investments	– 22,317	– 54,350	– 6,443	– 6,728	– 23,172	– 33,842	– 3,546	– 1,552	– 55,478	– 96,472	– 498	4,709	– 55,976	– 91,763
Gains and losses on investments	**104,702**	**69,972**	**13,072**	**7,306**	**64,876**	**59,140**	**65,617**	**62,761**	**248,267**	**199,179**	**– 86,763**	**– 77,689**	**161,504**	**121,490**
Gains and losses on investments assigned to the underwriting account	0	0	0	0	– 64,876	– 59,140	0	0	– 64,876	– 59,140	0	0	– 64,876	– 59,140
Market fees for goods and services provided by non-insurance companies	0	0	0	0	0	0	172,787	92,199	172,787	92,199	– 119,310	– 47,942	53,477	44,257
Cost of goods and services provided by non-insurance companies to generate market fees	0	0	0	0	0	0	– 168,834	– 91,513	– 168,834	– 91,513	119,310	47,942	– 49,524	– 43,571
Gross profit/loss	**0**	**0**	**0**	**0**	**0**	**0**	**3,953**	**686**	**3,953**	**686**	**0**	**0**	**3,953**	**686**
Other income	42,285	23,107	2,932	1,919	2,232	2,136	6,522	3,093	53,971	30,255	372	– 762	54,343	29,493
Other expenses	– 79,864	– 72,655	– 5,717	– 6,176	– 9,150	– 8,020	– 12,937	– 5,820	– 107,668	– 92,671	– 2,398	– 1,022	– 110,066	– 93,693
Other net income/expense	**– 37,579**	**– 49,548**	**– 2,785**	**– 4,257**	**– 6,918**	**– 5,884**	**– 6,415**	**– 2,727**	**– 53,697**	**– 62,416**	**– 2,026**	**– 1,784**	**– 55,723**	**– 64,200**
Profit/loss from ordinary activities	**142,842**	**127,945**	**3,966**	**8,718**	**19,801**	**18,558**	**63,155**	**60,720**	**229,764**	**215,941**	**– 88,789**	**– 79,473**	**140,975**	**136,468**
Net extraordinary income/expense	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Profit/loss before tax	**142,842**	**127,945**	**3,966**	**8,718**	**19,801**	**18,558**	**63,155**	**60,720**	**229,764**	**215,941**	**– 88,789**	**– 79,473**	**140,975**	**136,468**
Tax expense													– 65,050	– 50,288
Net income for the year													**75,925**	**86,180**
of which non-controlling interests													– 867	– 965

Segment reporting – income statement by source

	Germany		International		Total		Consolidation		Group total	
(€'000)	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Underwriting income										
Gross premiums written	**1,803,230**	**1,427,851**	**1,178,622**	**945,921**	**2,981,852**	**2,373,772**	**– 192,288**	**0**	**2,789,564**	**2,373,772**
Direct insurance business	1,548,356	1,372,706	861,044	686,652	2,409,400	2,059,358	0	0	2,409,400	2,059,358
Inward reinsurance business	254,874	55,144	317,578	259,270	572,452	314,414	– 192,288	0	380,164	314,414
Reinsurance premiums ceded	– 14,475	– 14,493	– 151,814	– 746	– 166,289	– 15,239	150,703	0	– 15,586	– 15,239
Change in net unearned premiums	– 56,404	– 3,784	– 6,890	– 1,842	– 63,294	– 5,626	38,433	0	– 24,862	– 5,626
Premiums earned net of reinsurance	**1,732,351**	**1,409,574**	**1,019,918**	**943,333**	**2,752,269**	**2,352,907**	**– 3,153**	**0**	**2,749,116**	**2,352,907**
Premiums from the gross provision for bonuses and rebates	13,266	20,014	0	0	13,266	20,014	0	0	13,266	20,014
Investment income allocated to the underwriting account	88,175	93,110	0	0	88,175	93,110	0	0	88,175	93,110
Miscellaneous underwriting income net of reinsurance	35,652	24,840	452	473	36,104	25,313	0	0	36,104	25,313
Total underwriting income	**1,869,443**	**1,547,537**	**1,020,370**	**943,806**	**2,889,814**	**2,491,344**	**– 3,153**	**0**	**2,886,661**	**2,491,344**
Underwriting expenses										
Claims incurred net of reinsurance	– 1,035,280	– 787,069	– 467,374	– 418,343	– 1,502,654	– 1,205,412	388	0	– 1,502,266	– 1,205,412
Change in sundry net technical provisions	– 219,265	– 182,725	– 87	36	– 219,352	– 182,689	0	0	– 219,352	– 182,689
Expenses for bonuses and rebates	– 46,761	– 54,596	– 500	0	– 47,261	– 54,596	0	0	– 47,261	– 54,596
of which performance-based	– 46,698	– 54,489	0	0	– 46,698	– 54,489	0	0	– 46,698	– 54,489
of which non-performance-based	– 64	– 107	– 500	0	– 564	– 107	0	0	– 564	– 107
Insurance business operating expenses	– 542,241	– 448,831	– 446,844	– 407,550	– 989,085	– 856,381	1,395	0	– 987,690	– 856,381
of which front-end fees	– 274,177	– 238,322	– 97,026	– 87,279	– 371,203	– 325,601	0	0	– 371,203	– 325,601
of which administrative expenses	– 269,312	– 211,664	– 398,036	– 320,271	– 667,348	– 531,935	49,324	0	– 618,025	– 531,935
of which reinsurers' share	1,248	1,155	48,218	0	49,466	1,155	– 47,929	0	1,537	1,155
Investment expenses allocated to the underwriting account	– 23,172	– 33,842	0	0	– 23,172	– 33,842	0	0	– 23,172	– 33,842
Miscellaneous underwriting expenses net of reinsurance	– 6,763	– 8,092	0	0	– 6,763	– 8,092	0	0	– 6,763	– 8,092
Total underwriting expenses	**– 1,873,482**	**– 1,515,155**	**– 914,806**	**– 825,857**	**– 2,788,288**	**– 2,341,012**	**1,783**	**0**	**– 2,786,505**	**– 2,341,012**
Subtotal	**– 4,039**	**32,382**	**105,565**	**117,949**	**101,525**	**150,331**	**– 1,369**	**0**	**100,156**	**150,331**

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→ Segment reporting – income statement by source

	Germany		International		Total		Consolidation		Group total	
(€'000)	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Change in the equalization provision and similar provisions	– 17,280	1,987	13,241	– 14,686	– 4,039	– 12,699	0	0	– 4,039	– 12,699
Underwriting result net of reinsurance	**– 21,319**	**34,369**	**118,806**	**103,263**	**97,487**	**137,632**	**– 1,369**	**0**	**96,117**	**137,632**
Income from investments	254,563	240,868	49,182	54,783	303,745	295,650	– 86,265	– 82,398	217,481	213,253
Expenses for investments	– 48,032	– 91,051	– 7,446	– 5,421	– 55,479	– 96,472	– 498	4,709	– 55,977	– 91,763
Gains and losses on investments	**206,531**	**149,817**	**41,736**	**49,362**	**248,267**	**199,179**	**– 86,763**	**– 77,689**	**161,504**	**121,490**
Gains and losses on investments assigned to the underwriting account	– 64,876	– 59,140	0	0	– 64,876	– 59,140	0	0	– 64,876	– 59,140
Market fees for goods and services provided by non-insurance companies	60,168	56,054	112,619	36,145	172,787	92,199	– 119,310	– 47,942	53,477	44,257
Cost of goods and services provided by non-insurance companies to generate market fees	– 59,160	– 55,019	– 109,674	– 36,494	– 168,834	– 91,513	119,310	47,942	– 49,524	– 43,571
Gross profit/loss	**1,008**	**1,035**	**2,945**	**– 349**	**3,953**	**686**	**0**	**0**	**3,953**	**686**
Other income	26,530	24,702	27,440	5,553	53,970	30,255	372	– 762	54,342	29,492
Other expenses	– 69,904	– 75,184	– 37,764	– 17,487	– 107,668	– 92,671	– 2,398	– 1,022	– 110,066	– 93,693
Other net income/expense	**– 43,374**	**– 50,482**	**– 10,324**	**– 11,934**	**– 53,698**	**– 62,417**	**– 2,026**	**– 1,784**	**– 55,724**	**– 64,201**
Profit/loss from ordinary activities	**77,969**	**75,598**	**153,163**	**140,341**	**231,132**	**215,940**	**– 90,159**	**– 79,473**	**140,973**	**136,467**
Net extraordinary income/expense	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Profit/loss before tax	**77,969**	**75,598**	**153,163**	**140,341**	**231,132**	**215,940**	**– 90,159**	**– 79,473**	**140,973**	**136,467**
Tax expense									– 65,050	– 50,288
Net income for the year									**75,923**	**86,179**
of which non-controlling interests									– 867	– 965

Notes to the Financial Statements

VI. General Disclosures

ARAG Holding SE is entered in the commercial register of the Düsseldorf local court under the number HRB 66673. Its registered office is ARAG Platz 1, 40472 Düsseldorf, Germany.

The Company prepared these consolidated financial statements for 2024 in accordance with the requirements of the German Commercial Code (HGB) for large corporations. When preparing the financial statements, it also took into account the supplementary provisions applicable to corporations and the additional provisions applicable to insurance companies, the German Insurance Supervision Act (VAG), and the German Regulation on the Accounting of Insurance Undertakings (RechVersV).

Due to currency amounts being presented in thousands, the precise mathematical amounts may differ from those presented as a result of rounding differences. Those differences may affect totals and percentages.

The consolidated financial statements are presented on the basis of financial statement forms 1 and 4 pursuant to section 58 (1) RechVersV. The forms are supplemented to reflect Group-specific characteristics and items relating to non-insurance business.

On December 27, 2023, the German Act to Ensure Global Minimum Taxation for Corporate Groups (Minimum Tax Act [MinStG]) was published in the German Federal Tax Gazette. The aim of MinStG is to ensure a minimum effective tax rate of 15 percent for multinationals, irrespective of the country in which the profits were generated.

If this level of effective tax is not achieved under applicable national tax law (e.g. the Corporate Income Tax Act [KStG] and the Trade Tax Act [GewStG] in Germany), a top-up tax is levied. MinStG applies for the first time to financial years beginning in 2024.

Global minimum tax applies to corporate groups based in the EU with consolidated revenue of at least €750 million in at least two of the four financial years preceding the reporting year. ARAG Holding SE is the tax group parent of the ARAG Group's minimum tax group and is subject to the rules on global minimum taxation.

For a statutory transitional period, simplified rules (temporary safe harbors based on country-by-country reporting) have been introduced. These safe harbors are applied to all companies in the minimum tax group in a tax jurisdiction. One of these safe harbor rules involves the simplified calculation of the effective tax rate on the basis of the pre-tax profit generated and tax expense recognized in the relevant tax jurisdiction.

The top-up tax does not apply to the tax jurisdictions in which the Group companies operate because the simplified effective tax rate of 15 percent was exceeded for 2024. The current tax expense/income under MinStG for 2024 is therefore €0.

The Group has collected and checked all relevant data in accordance with the requirements of MinStG and the OECD guidelines.

In accordance with section 291 (1) HGB, these consolidated financial statements exempt those Group companies that are obliged to prepare consolidated financial statements under section 290 HGB from that obligation.

VII. Disclosures on Accounting Policies

The single-entity financial statements of the entities included in the consolidated financial statements are nearly all prepared in accordance with the same accounting policies used by the ARAG Group. The following accounting principles and valuation requirements arising from the pertinent legislation are applied.

With the exception of associates, the financial statements of Group companies that are not prepared in accordance with the requirements of HGB and RechVersV are reconciled with regard to recognition, presentation, and valuation and brought into line with German accounting standards.

The accounting policies of the associate based in Switzerland differ in detail from German accounting principles. The Swiss associate prepares its financial statements in accordance with the Swiss Code of Obligations (OR). The financial statements are not reconciled because of the largely similar accounting policies, which apply the same principles as those of HGB.

Accounting policies

Intangible assets

Purchased intangible assets are recognized at cost on the balance sheet and reduced by straight-line amortization according to their estimated useful life.

No internally generated intangible assets were recognized on the balance sheet.

Goodwill

Goodwill results partly from accounting for subsidiaries in consolidated financial statements and partly from the subgroup of an entity included in the consolidated financial statements. Initial consolidation of HELP Forsikring AS in 2013 gave rise to goodwill. The useful life was originally set at 15 years because the goodwill was defined as in-force business. Based on experience, useful lives decrease by around 6 to 7 percent per year.

For the goodwill arising from initial consolidation of a service company in Canada in 2021, an estimated useful life of five years was set.

In 2024, additional goodwill arose as a result of the initial consolidation of four companies in the United Kingdom that became part of the ARAG Group following an acquisition. This goodwill is treated as part of the newly consolidated entities and denominated in pound sterling (£). Over its useful life of ten years, which was determined in accordance with prudent business practice, this goodwill will give rise to exchange-rate differences that will be recognized in the income statement.

Land and buildings
Land, land rights and buildings, including buildings on third-party land, are valued at cost less straight-line depreciation and amortization. The useful life of buildings is estimated to be in the range of 40 to 50 years.

Investments in affiliated companies and equity investments
Investments in affiliated companies and equity investments are valued at cost, written down accordingly where permanent impairment has occurred.

Lending to affiliated companies and other long-term investees and investors is recognized at cost, which is generally the same as the nominal amount. The cost is reduced by scheduled principal repayments over the term of the loan.

Investments in associates
Investments in associates are valued at their carrying amount at the time the shares were acquired or at the time of initial consolidation, plus or minus the pro rata amount of changes in equity in subsequent years. Goodwill arising on the consolidation of associates using the equity method no longer exists as this goodwill has already been fully amortized. Accordingly, no amortization or write-downs were recognized on the goodwill of associates in 2024.

Equities, investment fund shares/units, and other variable-yield securities
Securities that have been classified as current assets are valued following the strict principle of lower of cost or market value. If the reasons for a write-down cease to apply, the write-down is reversed to the lower of cost or fair value.

If investments are classified for permanent use in business operations, short-term fluctuations in the market price do not result in changes to the carrying amount due to application of the discretionary principle of lower of cost or market value. Only long-term changes in fair value are recognized.

The fund value is calculated by looking through to the individual components of the fund. Criteria for reviewing long-term changes in the value of fixed-income securities are their credit rating and nominal amount. Comparisons with historical valuation parameters are used for equities. For shares in affiliated companies, in infrastructure investments, and in real estate investments, expert appraisals are obtained from the investment management companies based on the net asset value (NAV) for the quarter prior to the reporting date.

Bearer bonds and other fixed-income securities
Contrary to the principle set forth in section 341b (2) HGB and unless stated otherwise, bearer bonds and other fixed-income securities are treated as fixed assets and therefore the discretionary principle of lower of cost or market value is used. The strict principle of lower of cost or market value is applied to securities without a rating. A write-down to less than the nominal value is considered permanent if there has been a material deterioration in the issuer's credit rating. An indicator of this is if the credit rating has been downgraded by two or more notches since acquisition. If contractually defined payments are in default, permanent impairment can be assumed. Changes in the value of securities denominated in foreign currency as a result of changes in the euro exchange rate are considered permanent. The write-down to fair value is determined using the maturity-dependent probability of default in conjunction with the loss given default. The fair value is used for subsequent measurement until such time as the reason for the write-down no longer applies. If securities are acquired above or below par and held to maturity, the difference between this amount and the nominal value forms a component of cost. It is posted together with the security but treated separately. The difference (a premium or a discount) is amortized over the term of the bearer bond using the effective interest method.

Loans secured by mortgages or land charges and fixed-income receivables, and other investments
Loans secured by mortgages or land charges and fixed-income receivables, and other investments are accounted for at fair value.

Registered bonds; lending to long-term investees and investors
Registered bonds are accounted for at their nominal or redemption amount. Any premiums to be accrued and discounts to be deferred are reclassified to income using the straight-line method over the term to maturity. Any zero-coupon registered bonds are recognized at the lower of amortized cost or fair value.

Promissory notes and loans, and sundry lending
Promissory notes, loans, and sundry lending items are recognized at cost unless permanently impaired. Premiums and discounts are amortized over the term using the effective interest method.

The structured products held in the portfolio of direct investments in registered bonds and promissory notes are simply structured products pursuant to the pronouncement IDW AcP HFA 22 issued by the Main Technical Committee of the Institute of Public Auditors in Germany (IDW).

Bank deposits
Bank deposits are recognized at their nominal amount.

Deposits with ceding insurers
Deposits with ceding insurers are recognized at the nominal value of the collateral furnished to cedants.

Receivables from policyholders in direct insurance business
Receivables from direct insurance business are generally recognized at their nominal amount. Where necessary, non-recoverable receivables from policyholders are written down or are reduced by specific allowances or by a general allowance on the basis of exceeding a predefined due date.

Receivables from insurance brokers in direct insurance business
Receivables from insurance brokers are reduced by specific allowances and, where applicable, a general allowance in the amount of the likely default.

Receivables from reinsurance business
Receivables from reinsurance business are recognized at the amount of the outstanding balances.

Miscellaneous receivables
Miscellaneous receivables are generally recognized at their nominal amount.

Property and equipment and inventories
Property and equipment is recognized at cost and depreciated on a straight-line basis over the standard operating useful life.

Inventories are determined by carrying out regular physical inventory checks. They are valued at cost and reduced by appropriate write-downs to account for storage risk and impaired marketability.

Current bank balances, checks and cash on hand

Bank balances repayable on demand, checks, and cash on hand are recognized at cost. This equates to the nominal amount. Balances are documented in the form of bank statements and cash records. Payment orders that have been issued but not executed as of the reporting date are deducted from the balances for the purposes of the carrying amounts reported on the balance sheet. Bank balances dominated in foreign currency are translated using the middle spot rate as of the reporting date, disregarding both historical cost convention and the realization principle, provided the balances have maturities of no more than one year. Items denominated in foreign currency with longer maturities are valued using the transaction exchange rate or the middle spot rate as of the reporting date where the resulting value is lower than the cost.

Other assets

Other assets are recognized at their nominal amount, which equates to their cost.

Prepaid expenses and accrued income

Prepaid expenses and accrued income are recognized at nominal value and mainly consist of accrued rights to interest that are not yet due in respect of the income period before the balance sheet date and of cash payments expensed after the balance sheet date.

Deferred tax assets and liabilities

If differences arise between the carrying amounts in the HGB financial statements and those in the tax base and these differences are expected to reverse in subsequent years, taxes are recognized in respect of these differences at the time the differences reverse using the entity-specific tax rate. Deferred taxes are calculated by netting the deferred tax assets with the deferred tax liabilities.

Deferred tax assets include the likely tax benefit in subsequent financial years based on the income tax rates expected to apply when differences reverse. If differences arise between the carrying amounts in the HGB consolidated financial statements and those in the tax base as a result of consolidation adjustments and these differences are expected to reverse in subsequent years, deferred taxes are recognized in respect of these differences using separate entity-specific tax rates. This also includes differences for which the timing of the reversal is not yet precisely known or depends on action by the entity concerned, and differences that would only reverse in the event of any liquidation. Deferred tax assets are not recognized in respect of tax loss carryforwards.

The recognized deferred taxes arise from the differences between the HGB financial statements and the tax base. They relate to the following items:

Balance sheet items

	Deferred taxes	
(€'000)	**Dec. 31, 2024**	**Dec. 31, 2023**
Intangible assets	0	0
Investments	2,773	4,587
Receivables	– 411	– 320
Miscellaneous assets	0	29
Prepaid expenses and accrued income	0	0
Technical provisions	– 1,450	– 4,400
Other provisions	516	681
Other liabilities	0	0
Deferred income and accrued expenses	0	0
Loss carryforwards	0	0
Total	**1,428**	**578**

Excess of plan assets over pension liabilities

The excess of plan assets over pension liabilities is the asset balance of pension obligations at present value and the fair value of the securities held to cover these liabilities.

Equity

The Company's share capital is reported as subscribed capital. The revenue reserves comprise the statutory reserves and the other revenue reserves. The revenue reserves also contain currency translation differences, which include differences from the translation of financial statements denominated in currencies other than the euro, because different exchange rates are used to translate amounts recognized for the period and amounts recognized as of the reporting date. Equity is presented separately for the Group's controlling interests (majority shareholders) and its non-controlling interests (minority shareholders). The net income attributable to the Group reported in equity only comprises the majority shareholders' share of net income. The minority shareholders' share is reported separately under non-controlling interests.

Subordinated liabilities

Subordinated liabilities have been issued by way of a private placement to strengthen the own funds used to determine the solvency ratio. The subordinated liabilities are recognized at their repayment amount (= settlement amount). The registered bonds are not tradable in Germany on a regulated market within the meaning of section 2 (5) of the German Securities Trading Act (WpHG). The subordinated liability was repaid on July 29, 2024.

Unearned premiums

Gross unearned premiums for direct insurance business are calculated pro rata on the basis of the premiums and lapses/cancellations posted, less the installment surcharges.

The reinsurers' share of the unearned premiums is determined in accordance with the contractual agreements.

Based on instructions issued by the German tax authorities in 1974, the non-transferable income components are deducted from the unearned premiums in direct insurance business and inward reinsurance business at German Group companies as this reflects common accounting practice in Germany and its application is required by the principles for ensuring proper accounting.

Actuarial reserve

The actuarial reserve for health insurance is calculated individually for each insurance policy in accordance with actuarial principles defined in the technical basis of calculation, applying the underlying data from the insurance policy in question. Moreover, the actuarial reserve also contains transfer amounts received as a result of additions and the transfer amounts still to be surrendered owing to lapses as of the balance sheet date. The average discount rate is 1.94 percent.

The components of premiums from anticipated premium-free children's accident insurance policies are added to the children's accident actuarial reserves. The calculation is carried out using mathematical principles in accordance with the underwriting business plan.

Provision for outstanding claims

The provision for outstanding claims in relation to direct insurance business is recognized separately by event year for claims reported in the financial year concerned and for claims that have occurred up to the balance sheet date but have not yet been reported. The provision for outstanding claims is generally determined individually and measured according to specific requirements.

If there is a high number of open claims with similar risks, group-based valuation approaches are used if individual valuation would be difficult or involve a disproportionate amount of effort.

For after-the-event (ATE) business in the United Kingdom, no provisions are recognized on the basis of individual valuations as this is objectively impossible given the nature of the business. Instead, the obligations from anticipated claims are estimated for a portfolio as a whole on the basis of past experience in accordance with prudent business practice.

General provisions are recognized for claims incurred but not reported and reopened claims on the basis of empirical values.

The benefit reserve for annuities contained in the provision for outstanding claims is calculated individually using actuarial principles and in accordance with the Regulation on the Principles Underlying the Calculation of the Premium Reserve (DeckRV), taking the expenses required for settlement into account.

Claim settlement payments yet to be made were recognized separately when measuring the provision for outstanding claims. This provision is valued in accordance with prudent business practice, taking into account the ongoing need to satisfy the obligations under insurance contracts. Valuation is based on values as of the balance sheet date.

The claims provisions for inward reinsurance business are recognized in accordance with the information provided by the primary insurer. If the information from the primary insurer is clearly insufficient, additional reserves are recognized. They are estimated using actuarial forecasting methods.

The portions relating to outward reinsurance business are calculated in accordance with the stipulations in the reinsurance treaties.

Provisions for performance-based and non-performance-based bonuses and rebates
Provisions for performance-based and non-performance-based bonuses and rebates are recognized pursuant to section 341e (2) no. 2 HGB.

Equalization provision
The equalization provision for the direct insurance and inward reinsurance business is recognized and valued in accordance with section 341h HGB in conjunction with section 29 RechVersV. The calculation is carried out separately for the direct insurance business and for the inward reinsurance business, in each case broken down by class of insurance and Group entity.

Miscellaneous technical provisions
Miscellaneous technical provisions are recognized in the required settlement amount determined in accordance with prudent business practice. Miscellaneous technical provisions with a maturity of more than one year are discounted using the discount rate published by Deutsche Bundesbank for their term to maturity.

The lapse provision (reported under miscellaneous technical provisions) for discontinuation and reduction of risk in direct insurance business was calculated using a lapse rate based on empirical values in the year under review.

Following the annual review, a provision for anticipated losses as required by section 341e (2) no. 3 HGB had to be recognized for composite residential buildings insurance in 2024. The provision required for 2024 came to €38 thousand.

The provision recognized for premium waivers relates to rate scales under which the obligation to pay the premiums is waived for up to five years, e.g. in the event of unemployment. The provision offsets the expenses that are likely to be incurred (claims, costs, commissions) during the period of unemployment. The expected duration of the waiver of premiums is estimated on the basis of internal statistical analysis. The provision for assistance for victims of traffic accidents is, where available, recognized on the basis of the share specified by the German Road Casualty Support Organization, otherwise on the basis of empirical values.

Provisions for pensions and other post-employment benefits
Provisions for pensions and other post-employment benefits are calculated using actuarial principles in accordance with the projected unit credit (PUC) method on the basis of the Heubeck 2018 G mortality tables.

For organizational units in other countries, local mortality tables are used that accurately reflect life expectancy outside Germany.

In addition to current circumstances, future trends in salaries, pensions, and staff turnover are taken into account. The discount rate used is the average interest rate for the past ten years published by Deutsche Bundesbank in accordance with the Regulation on the Discounting of Provisions (RückAbzinsV) for an assumed residual maturity of 15 years. In 2023 and 2024, a discount rate was applied for the valuation as of December 31 based on the average for the past ten years; this rate as of the reporting date was 1.90 percent (December 31, 2023: 1.83 percent). The interest rate used was forecast at the end of the year using market data as of October 1, 2024 and was determined in accordance with RückAbzinsV.

As of December 31, 2024, the difference between the application of the ten-year average and the seven-year average (1.97 percent; December 31, 2023: 1.76 percent) caused an increase in the provision for pensions and other post-employment benefits of €1,757 thousand (December 31, 2023: reduction of €3,005 thousand).

The following actuarial parameters were used to calculate the obligations: pension age: earliest possible age under the German Pension Age Reform Act (RVAGAnpG); annual increase in salaries: 2.50 percent (December 31, 2023: 2.50 percent); annual increase in pension benefits: 2.10 percent (December 31, 2023: 2.40 percent). The level of staff turnover taken into account reflects the generally observable age-dependent average for the industry and has only a minor impact on the settlement value.

The option pursuant to section 28 (1) of the Introductory Act to the German Commercial Code (EGHGB), which permits provisions for pensions and other post-employment benefits not to be recognized for legacy entitlements, has not been exercised.

Securities intended to cover defined benefit obligations are offset, at fair value, against the present value of the obligation.

Provisions for taxes
Provisions for taxes are recognized in the anticipated settlement amount determined in accordance with prudent business practice.

Miscellaneous provisions
The miscellaneous provisions are generally recognized in the amount that is necessary to settle the obligation according to prudent business practice. Their residual maturity is generally less than one year.

Miscellaneous provisions with a maturity of more than one year are discounted using the discount rate published by Deutsche Bundesbank for their term to maturity.

Specific accounting policies are applied to the following key miscellaneous provisions:

Provisions for early retirement obligations

Provisions for early retirement obligations are recognized for those persons with whom individual contractual agreements have been reached. The provisions were calculated in accordance with actuarial principles on the basis of the Heubeck 2018 G mortality tables, applying a discount rate of 1.97 percent (seven-year average; 2023: 1.76 percent) and future salary increases of 2.5 percent per year.

Provision in accordance with the pre-retirement part-time employment agreement

In 2024, a provision in accordance with the pre-retirement part-time employment agreement for the private insurance industry was recognized – in line with the relevant IDW accounting principle – using a maturity-matched discount rate of 1.97 percent (2023: 1.76 percent). Credit balances on employee working hours account models are protected against insolvency in accordance with the German Pre-Retirement Part-Time Employment Act (AltTZG) by means of a fixed liability guarantee from a German commercial bank.

Long-service provision

A long-service provision was recognized in the year under review for long-service awards to be paid to employees. The provision was calculated using the projected unit credit method taking into account death rates pursuant to the Heubeck 2018 G mortality tables and applying a discount rate of 1.97 percent (seven-year average; 2023: 1.76 percent) in accordance with section 253 (2) HGB. The calculation also included staff turnover at an average rate of 1.50 percent and salary increases at a rate of 2.50 percent. The earliest possible pension age under RVAGAnpG was selected as the final age.

In Italy, there are obligations to pay medical expenses for employees leaving the Company upon reaching retirement age, obligations for additional pension benefits for long-serving employees, and obligations to convert severance payments into pension entitlements. The obligations were measured on the basis of actuarial principles using the life expectancy taken from gender-specific table A62, staff turnover until the age of 65 of 3.0 percent, and a discount rate of 1.90 percent (2023: 1.83 percent).

Deposits from reinsurers

Deposits received from reinsurers are accounted for at the nominal value of the collateral received. Their residual maturity is less than one year.

Other liabilities

The liabilities from direct insurance business and the liabilities from reinsurance business are valued at their nominal amount in euros. Liabilities denominated in foreign currency are translated using the exchange rate on the date of the transaction. They are translated again as of the reporting date using the closing rate. If the liabilities have a term of more than one year, they are only reported at the amount translated using the closing rate if this is required under the imparity principle. All non-interest-bearing liabilities are valued at the higher of their nominal amount or settlement value. Miscellaneous liabilities are recognized at their settlement value.

Liabilities of Group companies that prepare their single-entity financial statements in a currency other than the euro are translated using the middle spot rate as of the reporting date, disregarding both the historical cost convention and the realization principle.

Deferred income and accrued expenses

Deferred income and accrued expenses are recognized at their settlement value.

Fair value disclosures pursuant to section 54 RechVersV

Fair values of land, land rights and buildings, including buildings on third-party land
All land with buildings is valued using the income capitalization approach on the basis of the market rents calculated as of the reporting date. Valuation reports are prepared internally and by third parties to determine the fair values. These reports satisfy the requirements of section 55 (3) RechVersV. Each year, new valuation reports are prepared or the existing reports are revised internally based on updated underlying data. In line with the recommendation of the German Insurance Association (GDV), the internal adjustment is carried out using the simplified income capitalization approach.

Fair values for investments in affiliated companies and equity investments
Shares in affiliated companies, equity investments, and shares in fund management companies that invest in infrastructure funds and private equity funds are generally valued using the income capitalization approach.

In the case of companies that predominantly perform services for the ARAG Group or hold investments in the course of investment management, the pro rata net asset value is used as the fair value.

If equity investments and shares are acquired close to the reporting date, the carrying amount is used as the fair value.

Fair values for equities, investment fund shares/units, bearer bonds, and other fixed-income securities
The fair value of publicly traded investment fund shares/units is based on the quoted market price as of the reporting date.

For institutional investment fund shares/units, the fair value is determined in a fund look-through. Equities within the funds are recognized at their quoted market price, whereas fixed-income securities within the funds are recognized at their market value. The fair value of publicly traded investment fund shares/units is based on the quoted market price as of the reporting date.

Shares/units in infrastructure funds, real estate funds, and private equity funds are recognized at their reported NAVs.

The fair values of fixed-income securities are determined using their quoted market prices and the valuation method for this balance sheet line item described above.

Fair values of miscellaneous investments
The market values of securities that are not exchange-traded (registered bonds, promissory notes) are calculated on the basis of the swap curve. This involves determining the discount rate on the swap curve corresponding to the maturity of the security being valued. Any spreads resulting from the structure of the individual security (maturity, collateral, credit rating, etc.) are taken into account as appropriate. The remaining investments are recognized at quoted market price or market value.

Fair values broken down by asset class
The fair values broken down by asset class are shown under ‘Balance Sheet Disclosures – Assets’ in the notes to the financial statements.

VIII. Basis of Consolidation and Consolidation Methods

Basis of consolidation

As of December 31, 2024, 37 entities were included in the consolidated financial statements pursuant to section 301 (1) HGB (December 31, 2023: 34). A total of ten entities (December 31, 2023: ten) were not included in the consolidated financial statements pursuant to section 296 (1) no. 2 HGB because they were deemed to be of minor significance to the presentation of the Group's net assets, financial position, and results of operations. One Group company was consolidated as an associate pursuant to section 311 HGB. As of December 31, 2024, the basis of consolidation excluding associates comprised seven insurance companies (December 31, 2023: six), two service companies in the field of information technology and business organization (December 31, 2023: two), two real-estate management companies (December 31, 2023: two), three investment vehicles (December 31, 2023: three), 17 other service companies (December 31, 2023: 16), and six holding and asset management companies (including the parent company, ARAG Holding SE; December 31, 2023: five).

The following companies are included in the consolidated financial statements:

Name of company	Shareholding (%)
AFI Verwaltungs-Gesellschaft mbH, Düsseldorf	100.00
ALIN 1 Verwaltungs-GmbH, Düsseldorf	100.00
ALIN 2 Verwaltungs-GmbH, Düsseldorf	100.00
ALIN 4 Verwaltungs-GmbH, Düsseldorf	94.01
ALIN 1 GmbH & Co. KG, Düsseldorf	100.00
ALIN 2 GmbH & Co. KG, Düsseldorf	100.00
ALIN 4 GmbH & Co. KG, Düsseldorf	94.01
ARAG 2000 Beteiligungs-Gesellschaft mbH & Co. KG, Düsseldorf	100.00
ARAG 2000 Grundstücksgesellschaft eGbR, Düsseldorf	94.90
ARAG Allgemeine Versicherungs-AG, Düsseldorf	100.00
ARAG Digital Services AS, Oslo/Norway	100.00
ARAG Gesundheits-Services GmbH, Düsseldorf	94.01
ARAG Holding SE, Düsseldorf, Group parent company	100.00
ARAG Insurance Company Inc., Des Moines, Iowa/USA	100.00
ARAG International Holding GmbH, Düsseldorf	100.00
ARAG IT GmbH, Düsseldorf	100.00
ARAG Krankenversicherungs-AG, Munich	94.01
ARAG Law Limited, Caerphilly/United Kingdom	100.00
ARAG Legal Expenses Insurance Company Limited, Caerphilly/United Kingdom	100.00
ARAG Legal Services B.V., Leusden/Netherlands	100.00
ARAG Legal Solutions Inc., Toronto/Canada	100.00
ARAG Liegenschaftsverwaltungs- und Beratungs-Gesellschaft mbH, Düsseldorf	100.00
ARAG Liegenschaftsverwaltungs- und Beratungs-GmbH & Co. Immobilien KG, Düsseldorf	100.00
ARAG LLC, Des Moines, Iowa/USA	100.00
ARAG North America Inc., Des Moines, Iowa/USA	100.00
ARAG plc, Caerphilly/United Kingdom	100.00
ARAG Scandinavia AS, Oslo/Norway	100.00
ARAG SE, Düsseldorf	100.00
ARAG Service Center GmbH, Düsseldorf	100.00
ARAG Services Limited, Caerphilly/United Kingdom	100.00
ARAG Services LLC, Des Moines, Iowa/USA	100.00
ARAG UK Holdings Limited, Caerphilly/United Kingdom	100.00
CUR Versicherungsmakler GmbH, Düsseldorf	100.00
Cura Versicherungsvermittlung GmbH, Düsseldorf	100.00
HELP Forsikring AS, Oslo/Norway	100.00
Interlloyd Versicherungs-AG, Düsseldorf	100.00
SolFin GmbH, Düsseldorf	84.79

The following company is included as an associate:

Name of company	Shareholding (%)
AXA-ARAG Rechtsschutzversicherungsgesellschaft, Zurich/Switzerland	29.17

The following entities are not included in the consolidated financial statements in accordance with section 296 (2) HGB:

Name of company	Shareholding (%)	Equity (€)	Net income/loss for the year (€)
Agencia de Seguros ARAG S. A., Barcelona/Spain	100.00	220,244.01	46,848.87
ARAG Services Australia Pty Ltd, Sydney/Australia	100.00	310,941.13	– 935,497.69
ARAG Services Spain & Portugal S. L., Barcelona/Spain[1]	100.00	658,047.91	46,835.82
ARAG – France S. A. R. L. Assistance et Règlement de Sinistres Automobiles et Généraux, Versailles/France	100.00	18,988.00	0.00
ARAG Legal Protection Ltd, Dublin/Republic of Ireland	100.00	743,422.54	200,442.32
Easy2claim Limited, Caerphilly/United Kingdom (inactive)	100.00	1.21	0.00
Justix GmbH, Düsseldorf	100.00	887,380.73	24,941.26
Prinzregent Vermögensverwaltungs-GmbH, Düsseldorf	100.00	34,700.25	757.20
VIF Gesellschaft für Versicherungsvermittlung mit beschränkter Haftung, Düsseldorf	100.00	179,275.61	147,910.82

[1] Figures from the financial statements as of December 31, 2023.

Procedures of consolidation

The consolidated financial statements are prepared on the basis of the single-entity financial statements of the Group companies. The financial year covered the period January 1 to December 31, 2024 and was identical to the financial year of the consolidated companies.

Up to and including 2010, the accounting for subsidiaries in consolidated financial statements was based on the carrying amount method; the revaluation method used in subsequent years involved subtracting the fair value of the Group's share in the equity at the time of initial consolidation from the cost of the equity investments in the consolidated subsidiaries. If no interim financial statements were available at the time of integration into the Group, this calculation was carried out on the basis of the first set of annual financial statements following the integration. To subtract the equity attributable to the Group at the time of initial consolidation from the cost, the recognized and unrecognized assets and liabilities of the relevant subsidiaries were initially carried over to the acquisition balance sheet at fair value if there was any scope for revaluation. Where there was no further scope for revaluation, the excess of the purchase price over the net assets acquired was recognized as goodwill and amortized over its estimated useful life. This useful life is estimated on an individual basis but is not permitted to exceed 15 years. Where goodwill was allocated to a subsidiary that conducts its business outside the eurozone, that goodwill was translated into the foreign currency using the closing rate on the date of initial consolidation. If a future benefit from goodwill is no longer expected, the remaining amount is written off. No write-offs were recognized in the reporting year.

In the case of subsidiaries that were already included in the consolidated financial statements in 1989 in accordance with section 27 EGHGB or in cases where negative goodwill had arisen on acquisition that had affected the financial statements of the parent company in previous years, there was an offsetting against revenue reserves in earlier years (goodwill arising on consolidation). Goodwill amounts on initial consolidation have not been offset against revenue reserves since 2010 because this is no longer permitted under section 301 (3) HGB and German accounting standard (GAS) 23 nos. 84 and 91. This offsetting no longer had any impact as of December 31, 2024. On deconsolidation of a subsidiary, the proceeds from the disposal are offset against the consolidated (residual) carrying amounts of the assets and liabilities attributable to that subsidiary, including any goodwill that has not already been offset. The share of non-controlling interests in the deconsolidated entity is derecognized in consolidated equity. A subsidiary is deconsolidated when the majority shareholders of the Group cease to have control pursuant to section 290 (2) HGB over the subsidiary.

The investment in the associate is recognized at the proportion of equity attributable to the Group pursuant to section 312 HGB. On initial application, the equity method is based on the values at the time of acquisition or at the time of preparation of the first annual financial statements after the acquisition because interim financial statements are not available. The different valuation of the assets and liabilities in the associate's financial statements compared with the valuation under commercial law is not adjusted for the purpose of applying the equity method because the impact is not material.

Intercompany profit that is required to be eliminated is deducted from the carrying amounts of the affected assets and recognized in the income statement, provided that, overall, the amounts concerned are material to presenting a true and fair view of the net assets, financial position, and results of operations. Group companies' receivables from, and liabilities to, other Group companies are offset against each other. Intragroup reinsurance arrangements are eliminated. Consolidated entities' sales revenue from the provision of goods and services to other consolidated entities is offset against the associated expenses incurred by the providing entity because the reallocation of secondary costs among the consolidated insurance companies means that the offset expenses for the provision of goods and services are already assigned to the correct functional area. Mark-ups included in the offset amounts are deducted under other net income/expense.

Consolidated insurance companies' brokerage services provided to other consolidated insurance companies are performed on the basis of arm's-length terms and conditions that are typical in the market. Commission resulting from brokerage and income from goods and services provided by other Group companies to Group insurance companies are consolidated at the level of the providing entity by offsetting the income against the related expenses.

Currency translation

Balance sheets prepared in foreign currencies are translated into euros using the modified closing-rate method. In this method, assets and liabilities (but not equity items) are translated at the middle spot rate on the balance sheet date. Amounts on the income statement that are recognized for the period are translated at an average of the month-end exchange rates in the reporting year. An amount of €6,993 thousand, representing the proportion attributable to the Group of the difference between the equity items translated at the historical exchange rate and the equity items translated at the closing rate, was transferred to revenue reserves directly in equity (currency translation differences). Currency translation differences that arise as part of the consolidation of intragroup balances are derecognized through the income statement. Intercompany profits are not affected by exchange rates.

Transactions denominated in foreign currency in single-entity financial statements are translated at the spot rate on the date of the transaction. In this case, income and expenses are translated at the same exchange rate used for the balance sheet items concerned. The quoted market price or market value for shares in affiliated companies and equity investments denominated in foreign currency is determined by using the middle spot rate on the reporting date; all other assets are valued using the lower of the exchange rate on the date of payment or the exchange rate on the balance sheet date. In the single-entity financial statements, the sundry assets and liabilities with a residual maturity of up to one year are translated using the middle spot rate on the balance sheet date, disregarding the historical cost convention and the realization principle.

IX. Balance Sheet Disclosures – Assets

Changes in asset items A., B., I. to III. in the financial year

(€'000)		Carrying amount Dec. 31, 2023	Currency translation differences	Additions/ disposals in the basis of consolidation	Additions	Disposals	Reclassifications	Reversals of write-downs	Write-downs	Carrying amount Dec. 31, 2024	Fair value pursuant to sec. 54 RechVersV	Hidden reserve/ undisclosed liability Dec. 31, 2024
A.	**Intangible assets**											
	1. Purchased concessions, industrial and similar rights and assets, and licenses in such rights and assets	11,328	– 285	0	5,251	827	0	0	3,811	11,655		
	2. Goodwill	4,797	2,032	0	45,358	0	0	0	5,922	46,265		
	Total for A.	**16,124**	**1,747**	**0**	**50,609**	**827**	**0**	**0**	**9,733**	**57,920**		
B. I.	**Land, land rights and buildings, including buildings on third-party land**	**174,716**	**88**	**1,543**	**758**	**3,084**	**0**	**2,119**	**6,015**	**170,125**	**335,244**	**165,119**
II.	**Investments in affiliated companies and equity investments**											
	1. Shares in affiliated companies	1,492	0	1,412	0	0	0	0	1,412	1,492	2,430	937
	2. Lending to affiliated companies	0	0	0	0	0	0	0	0	0	0	0
	3. Equity investments	19,721	– 221	0	9,898	7,750	0	2	454	21,197	122,451	101,254
	4. Lending to long-term investees and investors	3,750	0	0	0	0	0	0	0	3,750	3,750	0
	Total for B. II.	**24,963**	**– 221**	**1,412**	**9,898**	**7,750**	**0**	**2**	**1,866**	**26,439**	**128,631**	**102,192**
III.	**Miscellaneous investments**											
	1. Equities, investment fund shares/units, and other variable-yield securities	1,967,028	947	3,704	570,645	363,356	0	142	5,013	2,174,097	2,427,597	253,499
	2. Bearer bonds and other fixed-income securities	2,466,349	11,884	158,017	711,541	336,275	0	4,759	4,554	3,011,721	2,916,474	– 95,247
	3. Loans secured by mortgages or land charges and fixed-income receivables	0	0	0	0	0	0	0	0	0	0	0
	4. Miscellaneous lending											
	a) Registered bonds	618,519	0	0	25,000	80,000	0	0	0	563,519	555,123	– 8,396
	b) Promissory notes and loans	392,644	0	0	2,057	93,445	0	75	0	301,331	292,150	– 9,181
	c) Loans and prepayments for certificates of insurance	0	0	0	0	0	0	0	0	0	0	0
	d) Sundry lending	86	0	0	23	43	0	0	0	67	67	0
	5. Bank deposits	111,348	380	– 60	0	25,758	0	0	0	85,910	85,910	0
	6. Other investments	0	0	0	0	0	0	0	0	0	0	0
	Total for B. III.	**5,555,975**	**13,210**	**161,661**	**1,309,266**	**898,876**	**0**	**4,976**	**9,567**	**6,136,645**	**6,277,320**	**140,675**
	Total for B.	**5,755,654**	**13,077**	**164,617**	**1,319,922**	**909,710**	**0**	**7,097**	**17,448**	**6,333,209**	**6,741,195**	**407,986**
Total		**5,771,778**	**14,823**	**164,617**	**1,370,531**	**910,537**	**0**	**7,097**	**27,181**	**6,391,129**	**6,741,195**	**407,986**

Land and buildings

Write-downs of €443 thousand (2023: €1,739 thousand) were recognized on land in the year under review owing to anticipated permanent asset impairment.

Reversals of write-downs of €2,119 thousand were recognized in the reporting year (2023: €297 thousand) due to the reason for the lower carrying amount no longer applying.

Land and buildings with a carrying amount of €119,593 thousand (December 31, 2023: €121,104 thousand) were used for the Company's own business operations.

Investments in affiliated companies and equity investments

Write-downs of €1,866 thousand were recognized in the reporting year (2023: €1,287 thousand). Reversals of write-downs of €2 thousand were recognized in the reporting year (2023: €31 thousand) due to the reason for the original write-downs no longer applying.

Equities, investment fund shares/units, and other variable-yield securities

The portfolio of investments contains the following investment funds of which more than 10.0 percent is held by the Company:

Disclosures pursuant to section 285 no. 26 HGB

Fund	Type of fund	Investment objective	Carrying amount Dec. 31, 2024	Market value Dec. 31, 2024	Difference	Dividend in 2024
			(€'000)	(€'000)	(€'000)	(€'000)
ARRE	Mixed fund	Increased income	659,271	717,068	57,797	9,066
ALLTRI	Mixed fund	Increased income	168,345	213,533	45,188	993
AKR	Mixed fund	Increased income	669,083	751,304	82,221	0
Universal Invest AI – KV	Mixed fund	Increased income	234,479	234,479	0	0
Universal Invest AI – SE	Mixed fund	Increased income	56,700	57,093	393	0
Universal Invest AI – AA	Mixed fund	Increased income	9,775	9,821	46	0
Total			**1,797,653**	**1,983,298**	**185,645**	**10,059**

Receivables from reinsurance business

The balance of €67,500 thousand (December 31, 2023: €48,823 thousand) arose from current business. The amounts recognized are the outstanding balances.

This item contains receivables of €1,489 thousand due from reinsurers in connection with outward reinsurance business (December 31, 2023: €427 thousand). The breakdown of the receivables is as follows:

Rating class

(€'000)	Dec. 31, 2024
AA+	112
AA	846
A+	217
A	28
A-	285

Miscellaneous receivables

All items under miscellaneous receivables are due within one year.

Prepaid expenses and accrued income

Prepaid expenses and accrued income mainly consist of accrued rights to interest in the income period before the balance sheet date.

This item also contains premiums pursuant to section 341c (2) sentence 2 HGB of €895 thousand (December 31, 2023: €1,208 thousand).

X. Balance Sheet Disclosures – Equity and Liabilities

Equity

Consolidated equity is presented in detail in the consolidated statement of changes in equity. The parent company plans to appropriate an amount of €10,000 thousand from the profits generated in 2024, to be paid as a dividend to the shareholders. In principle, amounts equivalent to net deferred tax assets and assets intended to cover defined benefit obligations, where such assets are valued at a fair value that exceeds cost, are prohibited from being distributed as a dividend under section 268 (8) HGB. Furthermore, section 253 (6) HGB specifies that the difference arising from the measurement of obligations for pensions and other post-employment benefits using the ten-year market discount rate average compared with that based on the seven-year market discount rate average can only be distributed as a dividend from freely available reserves. As these matters are not relevant, or are only partially relevant, to the single-entity financial statements of the parent company ARAG Holding SE and, furthermore, these consolidated financial statements do not serve as the basis for the measurement of any dividend distribution, there is no need to disclose any amounts subject to a restriction on distribution, even though there are circumstances that give rise to a prohibition, in principle, on the distribution of certain amounts as a dividend. In any case, there are sufficient freely available reserves at Group level to satisfy the requirements in full. The articles of incorporation do not include any restrictions on the use of profits.

Technical provisions

Provision for outstanding claims

The provision for outstanding claims, including the portion of the provision for settlement expenses, amounted to €2,160,043 thousand as of December 31, 2024 (December 31, 2023: €1,837,497 thousand). The increase in the provision for outstanding claims gave rise to an expense of €145,309 thousand (2023: €83,505 thousand).

Equalization provision

In accordance with the calculation requirements specified in RechVersV, there was an addition to the equalization provision in a total amount of €4,039 thousand on the basis of the trends in claims and premiums (2023: €12,699 thousand). As a result, the equalization provision amounted to €165,537 thousand as of the balance sheet date (December 31, 2023: €161,498 thousand).

Other provisions

Provisions for pensions and other post-employment benefits

Since 2010, this item has also included the offsetting of pension benefit entitlements under reinsurance in accordance with section 246 (2) sentence 2 HGB. The breakdown of this item as of December 31, 2024 was therefore as follows:

Defined benefit obligations

(€'000)	Dec. 31, 2024	Dec. 31, 2023
Amount required to settle the vested entitlements	312,971	320,729
of which offsetable against pension insurance assets	1,592	1,645
of which offsetable against securities	25,885	19,671
Remaining amount	**285,494**	**299,413**

The settlement value includes a shortfall in pension funds used to cover pension commitments to employees. The shortfall was caused by the long period of low interest rates and amounted to €151 thousand as of December 31, 2024 (December 31, 2023: €96 thousand). This shortfall has been determined in accordance with actuarial principles and reported as a pension obligation.

Provisions for taxes

In 2024, provisions for taxes of €19,694 thousand (December 31, 2023: €23,513 thousand) had to be recognized for tax-related obligations, the reason for or amount of which was not yet known.

Deferred income and accrued expenses

Deferred income and accrued expenses contained discounts on registered bonds pursuant to section 341c (2) sentence 1 HGB of €182 thousand (December 31, 2023: €131 thousand).

XI. Income Statement Disclosures

Because the Group has multiple lines of business, the line items 'Market fees for goods and services provided by non-insurance companies' and 'Cost of goods and services provided by non-insurance companies to generate market fees' have been added to the income statement.

Source of insurance business by premiums written

Of the gross premiums written, a sum of €2,409,400 thousand was attributable to direct insurance business (2023: €2,059,358 thousand) and €380,164 thousand to inward reinsurance business (2023: €314,414 thousand). Premiums from direct insurance business consisted of €1,548,356 thousand from Germany (2023: €1,372,706 thousand), €548,592 thousand from other member states of the European Community and other countries that have signed up to the Agreement on the European Economic Area (EEA) (2023: €496,255 thousand), and €312,453 thousand from non-EEA countries (2023: €190,397 thousand).

The ARAG Group does not operate any insurance business outside Europe, North America, or Australia.

Interest from discounting

Interest income of €9 thousand (2023: €91 thousand) and interest expenses of €255 thousand (2023: €188 thousand) arose from the discounting of provisions with a maturity of more than one year.

Additions to the provision for bonuses and rebates

Expenses for bonuses and rebates net of reinsurance

(€'000)	2024	2023
Expenses for performance-based bonuses and rebates	46,698	54,490
Expenses for non-performance-based bonuses and rebates	564	107
Total expenses	**47,261**	**54,596**

Net extraordinary income/expense

No extraordinary income or expenses arose in the year under review.

Income taxes

The income taxes reported in the income statement included the following: expense of €44,841 thousand (2023: expense of €39,957 thousand) related to the year under review and expense of €7,254 thousand (2023: expense of €6,178 thousand) related to prior years.

At 46.1 percent, the seemingly high income tax rate in relation to profit before tax was attributable to a range of factors. Firstly, the Group operates in a number of countries. Each entity is taxable in its home country based on the taxable income determined according to local regulations. Depending on the loss carryback rules in each country, entities that incur losses may only receive a reduced tax credit or no tax credit at all. Losses are not offset across jurisdictions. The income components of all the entities and permanent establishments included in the consolidation are aggregated within the Group's profit before tax, regardless of the actual applicable jurisdiction. This tends to lead to a higher tax rate as incurred losses actually serve to reduce profit before tax.

Furthermore, tax law in virtually all the countries in which the ARAG Group operates provides for add-ons and deductions that are separate from the financial statements, but that are applied to the profit reported in the tax base in order to determine the actual basis for the assessment of tax. In this process, the tax assessment may disregard (expense and/or income) elements of the consolidated profit before tax. The consolidated tax expense is also affected to a limited extent by the change in the balance of deferred taxes caused by differences between the valuation of assets and liabilities in the HGB financial statements and that in the tax base. This is because the option provided in section 274 (1) sentence 2 HGB to recognize deferred tax assets at the level of the single-entity financial statements is not applied. Lastly, the consolidated tax expense also includes tax refunds and retrospective tax payments for previous years that are unrelated to profit before tax for the reporting period.

In the reporting year, an expense amounting to €344 thousand (2023: expense of €519 thousand) arose from consolidation effects as a result of the change in net deferred taxes, mainly from the revaluation of land at Group level.

The aggregate net deferred tax liability from the different sets of single-entity financial statements arises as a result of variations in the valuations for tax purposes of land, shares in affiliated companies, miscellaneous receivables, technical provisions, the provision for pensions and other post-employment benefits, and miscellaneous provisions. The main deferred tax liabilities arise from variations in the recognition for tax purposes of the equalization provisions in Austria that are recognized only for tax purposes. Deferred taxes are recognized in the single-entity financial statements only if there is not a net asset balance on the balance sheet. The income statement therefore does not include the full change in deferred taxes.

XII. Other Disclosures

Miscellaneous financial commitments and contingent liabilities pursuant to sections 251 and 285 no. 3a HGB

As of the reporting date, the Group had financial commitments that had to be reported in accordance with section 285 no. 3a HGB. Their breakdown was as follows as of December 31, 2024:

Other disclosures – unpaid contributions

(€'000)	Dec. 31, 2024
Foyer-ARAG S.A., Leudelange/Luxembourg	25
Private-equity and infrastructure funds (investment funds)	120,967
ACF V Growth GmbH & Co. KG	136
AXA LBO FUND V Core FCPR	27
AXA LBO FUND V Supplement	8
MEAG Infrastructure Debt Fund S.C.S. SICAV-FIS II	7,422
RREEF Pan European Infrastructure Feeder GmbH & Co. KG	388
Total obligation to pay in capital	**128,973**

The unpaid contributions have not been called up. They are not expected to be called up in the short term. It would be reasonable to expect obligations to pay in capital to be called up by the investment funds (infrastructure funds and private equity funds) and the MEAG infrastructure fund over a period ranging from a few weeks to three years.

Collateral was pledged to secure the obligations arising from two quota share reinsurance treaties with two Canadian primary insurers. Securities with a fair value of €72,057 thousand (C$ 107.5 million; December 31, 2023: C$ 101.5 million) and two bank accounts with a total credit balance equivalent to €2,245 thousand (December 31, 2023: €2,845 thousand) were pledged to the two primary insurers and are not available to cover any underwriting risk other than the underwriting risk for which they are designated as collateral.

To fulfill a rental agreement for an office building in Bristol, the Group is liable to the owner of the building for a nominal amount of £23.4 million. The rental agreement's remaining term runs until December 31, 2028, with an option to extend the agreement until December 31, 2038.

Rental and leasing agreements with varying terms for premises, vehicles, and office equipment as well as for the hardware and software used in a data center that have been entered into outside the insurance business give rise to total annual obligations that are of a standard magnitude for the industry.

The Group is a member of the protection fund for providers of substitutive private health insurance. This protection fund can collect special contributions up to a maximum of 0.2 percent of the total net technical provisions for health insurance, which amounted to €6,350 thousand as of the reporting date (December 31, 2023: €5,862 thousand).

Staff costs

Staff costs

(€'000)	2024	2023
Wages and salaries	392,734	330,133
Social security and other employee benefit expenses	67,439	57,514
Pension and other post-employment benefit expenses	18,882	35,466
Total expenses	**479,056**	**423,113**

Employees

The average number of employees in 2024 was 5,903 (2023: 4,896). This figure is for all of the Group's fully consolidated entities together. Within that total, the insurance companies employed 4,515 people (2023: 4,262). The average number of people employed by all of the administrative entities and service companies was 1,464 (2023: 707).

At the end of 2024, the ARAG Group had 2,661 employees in Germany (December 31, 2023: 2,432). A further 3,487 (December 31, 2023: 2,638) people were employed outside Germany.

Supervisory Board and Management Board remuneration

In the year under review, the parent company's Supervisory Board received remuneration of €385 thousand (2023: €385 thousand) from all Group companies. The remuneration for members of the Management Board came to €1,394 thousand in 2024 (2023: €1,385 thousand). This figure comprises all remuneration paid to members of the Management Board in return for the responsibilities undertaken in the parent company and in the Group companies. No expenses were incurred for remuneration for former members of the Management Board or their surviving dependants. There are no current pensions or vested pension entitlements for former members of the Management Board or their surviving dependants.

Auditor's fees

The consolidated entities incurred expenses for auditor's fees of €1,370 thousand (2023: €1,278 thousand) for the audit of annual financial statements and Solvency II balance sheets. This figure includes the auditor's fees for the parent company and the Group companies. In addition, fees of €417 thousand for audit-related services (2023: €65 thousand) and fees of €84 thousand for other services (2023: €0 thousand) were agreed. As the Company is not entitled to offset input VAT, the VAT is recognized as an expense.

Governing bodies of the Company

The members of the Company's governing bodies are as follows:

Supervisory Board

Gerd Peskes	Chairman; Wirtschaftsprüfer (German Public Auditor), Essen
Professor Dr. Tobias Bürgers	Deputy Chairman; Attorney, Munich
Professor Emeritus Dr. Brigitte Grass	University professor, Cologne

Management Board

Dr. Dr. h. c. Paul-Otto Faßbender	CEO, Düsseldorf
Klaus Heiermann	Cologne
Dr. Sven Wolf	Krefeld

XIII. Report on Post-Balance Sheet Events

There were no events of particular significance.

Düsseldorf, April 30, 2025

ARAG Holding SE

The Management Board

Dr. Dr. h. c. Paul-Otto Faßbender (Chairman)	Klaus Heiermann
Dr. Sven Wolf	

Further Information

I. Independent Auditor's Report[1]

To ARAG Holding SE, Düsseldorf

Opinions

We have audited the consolidated financial statements of ARAG Holding SE, Düsseldorf, and its subsidiaries (the Group), which comprise the consolidated balance sheet as of December 31, 2024, the consolidated income statement, the consolidated statement of changes in equity, and the consolidated cash flow statement for the financial year from January 1 to December 31, 2024, and the notes to the consolidated financial statements, including a summary of the accounting policies. In addition, we have audited the group management report of ARAG Holding SE for the financial year from January 1 to December 31, 2024.

In accordance with German legal requirements, we have not audited the content of those parts of the group management report specified in the 'Other information' section of our auditor's report.

In our opinion, based on the findings of our audit:

- The accompanying consolidated financial statements comply, in all material respects, with the requirements of German commercial law and, in compliance with German accepted accounting principles, give a true and fair view of the net assets and financial position of the Group as of December 31, 2024 and of its results of operations for the financial year from January 1 to December 31, 2024, and
- The accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. Our opinion on the group management report does not cover the content of those parts of the group management report specified in the 'Other information' section.

Pursuant to section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the propriety of the consolidated financial statements and group management report.

Basis for the opinions

We conducted our audit of the consolidated financial statements and group management report in accordance with section 317 HGB and in compliance with the German generally accepted standards for the auditing of financial statements promulgated by the Institute of Public Auditors in Germany (IDW). Our responsibility under these requirements and principles is described in more detail in the 'Responsibility of the auditor for the audit of the consolidated financial statements and group management report' section of our auditor's report. We are independent of the Group entities pursuant to the requirements of German commercial law and the rules governing our profession and we have fulfilled our other German professional obligations in accordance with these requirements. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and group management report.

[1] Note: This is a translation of the German original. Solely the original text in German is authoritative.

Other information

The Management Board and Supervisory Board are responsible for the other information. The other information comprises the following components of the group management report whose content has not been audited:

- The sustainability report, included in section V of the group management report, and
- The corporate governance declaration, included in section III 'Business Performance' of the group management report.

The other information also includes the remaining parts of the annual report. The other information does not include the consolidated financial statements, the disclosures in the group management report whose content has been audited, or our related auditor's report.

Our opinions on the consolidated financial statements and group management report do not cover the other information. We do not therefore express an opinion or any other form of assurance conclusion on this information.

In connection with our audit, our responsibility is to read the aforementioned other information and to consider whether the other information:

- Is materially inconsistent with the consolidated financial statements, the disclosures in the group management report whose content has been audited, or the knowledge that we obtained during the audit, or
- Otherwise appears to be materially misstated.

If, based on the work we have performed in relation to the other information obtained prior to the date of this auditor's report, we reach the conclusion that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibility of the Management Board and Supervisory Board for the consolidated financial statements and group management report

The Management Board is responsible for preparing consolidated financial statements that comply, in all material respects, with the requirements of German commercial law and that, in compliance with German accepted accounting principles, give a true and fair view of the net assets, financial position, and results of operations of the Group. In addition, the Management Board is responsible for the internal controls that it, in compliance with German accepted accounting principles, considers necessary for the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud (i.e. fraudulent financial reporting and misappropriation of assets) or error.

When preparing the consolidated financial statements, the Management Board is responsible for assessing the Group's ability to continue as a going concern. It is also responsible for disclosing matters relating to the Group's continuation as a going concern, where pertinent. In addition, it is responsible for financial reporting based on the going concern basis of accounting, unless there are actual or legal circumstances that preclude this.

Furthermore, the Management Board is responsible for preparing a group management report that, as a whole, provides an appropriate view of the Group's position, is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the Management Board is responsible for such arrangements and measures (systems) that it considers necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The Supervisory Board is responsible for overseeing the financial reporting process used by the Group to prepare the consolidated financial statements and group management report.

Responsibility of the auditor for the audit of the consolidated financial statements and group management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the audit findings, complies with the German legal requirements, and appropriately presents the opportunities and risks of future development, and to issue an auditor's report containing our opinions on the consolidated financial statements and group management report.

Reasonable assurance is a high level of assurance, but not a guarantee, that an audit conducted in accordance with section 317 HGB and in compliance with the German generally accepted standards for the auditing of financial statements promulgated by the IDW will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements, whether due to fraud or error, in the consolidated financial statements and group management report, design and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the overriding of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effecttiveness of the internal control or these arrangements and measures of the Group.
- Evaluate the appropriateness of the accounting policies used by the Management Board and the reasonableness of the estimates made by the Management Board and related disclosures.
- Draw conclusions about the Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether there is material uncertainty surrounding events or circumstances that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that there is material uncertainty, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and group management report or, if such disclosures are not appropriate, to modify our opinion. We draw our conclusions based on the audit evidence obtained up to the date of our auditor's report. However, future events or circumstances may lead to a situation in which the Group is no longer able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that, in compliance with German accepted accounting principles, gives a true and fair view of the net assets, financial position, and results of operations of the Group.

- Plan and perform the audit of the consolidated financial statements to obtain sufficient appropriate audit evidence regarding the financial information of the entities or lines of business within the Group as the basis for forming our opinions on the consolidated financial statements and on the group management report. We are responsible for directing, supervising, and reviewing the audit work performed for the purpose of auditing the consolidated financial statements. We bear sole responsibility for our audit opinions.
- Assess the consistency of the group management report with the consolidated financial statements, its conformity with the law, and the view that it provides of the Group's position.
- Conduct audit procedures in respect of forward-looking statements made by the Management Board in the group management report. On the basis of sufficient appropriate audit evidence, we examine, in particular, the significant assumptions underlying the Management Board's forward-looking statements and assess whether these statements have been correctly derived from these assumptions. We do not express a specific opinion on the forward-looking statements or on the underlying assumptions. There is a substantial unavoidable risk of material discrepancies between future events and the forward-looking statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit as well as significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Cologne, May 2, 2025

KPMG AG
Wirtschaftsprüfungsgesellschaft

Klitsch	Bramkamp
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

II. Limited Assurance Report of the Independent Assurance Practitioner on the Consolidated Non-Financial Statement Contained in the Group Management Report[1]

To ARAG Holding SE, Düsseldorf

Assurance conclusion

We have performed a limited assurance engagement on the consolidated sustainability statement of ARAG Holding SE for the period from January 1 to December 31, 2024. The consolidated sustainability statement is included in a separate section of the group management report. The consolidated sustainability statement was prepared in order to meet the requirements of Directive (EU) 2022/2464 of the European Parliament and of the Council of December 14, 2022 (Corporate Sustainability Reporting Directive, CSRD) and Article 8 of Regulation (EU) 2020/852, as well as sections 315b and 315c of the German Commercial Code (HGB) and section 341j (4) HGB regarding the Company's obligation to prepare a consolidated non-financial statement.

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the accompanying consolidated sustainability statement has not been prepared, in all material respects, in accordance with the requirements of the CSRD, Article 8 of Regulation (EU) 2020/852, sections 315b and 315c HGB, and section 341j (4) HGB regarding the Company's obligation to prepare a group non-financial statement as well as in accordance with the supplementary criteria presented by the Company's executive directors.

[1] Note: This is a translation of the German original. Solely the original text in German is authoritative.

This assurance conclusion includes that nothing has come to our attention that causes us to believe

- that the accompanying consolidated sustainability statement does not comply, in all material respects, with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Company to identify information to be included in the consolidated sustainability statement (the materiality assessment) is not, in all material respects, in accordance with the description set out in the consolidated sustainability statement, or
- that the disclosures in the 'Disclosures pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)' section of the consolidated sustainability statement do not comply, in all material respects, with Article 8 of Regulation (EU) 2020/852.

Basis for the assurance conclusion

We conducted our 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).

The procedures performed in a limited assurance engagement differ in nature and timing from, and are less comprehensive than, those performed in a reasonable assurance engagement. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibility under ISAE 3000 (Revised) is described in more detail in the 'Responsibility of the assurance practitioner for the assurance engagement on the consolidated sustainability statement' section.

We are independent of the Company pursuant to the requirements of European law and German commercial law and the rules governing our profession and we have fulfilled our other German professional obligations in accordance with these requirements. Our auditing firm has applied the requirements for a system of quality control as set forth in the IDW Quality Management Standard issued by the Institute of Public Auditors in Germany (IDW): Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022) and International Standard on Quality Management (ISQM) 1 issued by the IAASB. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our assurance conclusion.

Responsibility of the executive directors and the Supervisory Board for the consolidated sustainability statement

The executive directors are responsible for the preparation of the consolidated sustainability statement in accordance with the requirements of the CSRD and the applicable German legal requirements and other European requirements as well as with the supplementary criteria presented by the executive directors of the Company and for designing, implementing, and maintaining such internal control that they have considered necessary to enable the preparation of a consolidated sustainability statement in accordance with these requirements that is free from material misstatement, whether due to fraud (i.e. fraudulent sustainability reporting in the consolidated sustainability statement) or error.

This responsibility of the executive directors includes establishing and maintaining the materiality assessment process, selecting and applying appropriate reporting policies for preparing the consolidated sustainability statement, as well as making assumptions and estimates and ascertaining forward-looking information for individual sustainability-related disclosures.

The Supervisory Board is responsible for overseeing the process for the preparation of the consolidated sustainability statement.

Inherent limitations in preparing the consolidated sustainability statement

The CSRD and the applicable German legal requirements and other European requirements contain wording and terms that are subject to considerable interpretation uncertainties and for which no authoritative, comprehensive interpretations have yet been published. The executive directors are responsible for the reasonableness of the interpretations of such wording and terms by ARAG Holding SE. As such wording and terms may be interpreted differently by regulators or courts, the legality of measurements or evaluations of sustainability matters based on these interpretations is uncertain.

These inherent limitations also affect the assurance engagement on the consolidated sustainability statement.

Responsibility of the assurance practitioner for the assurance engagement on the consolidated sustainability statement

Our objective is to express a limited assurance conclusion, based on the assurance engagement we have conducted, on whether any matters have come to our attention that cause us to believe that the consolidated sustainability statement has not been prepared, in all material respects, in accordance with the CSRD, the applicable German legal and other European requirements and the supplementary criteria presented by the Company's executive directors, and to issue an assurance report containing our assurance conclusion on the consolidated sustainability statement.

In a limited assurance engagement in accordance with ISAE 3000 (Revised), we exercise professional judgment and maintain professional skepticism. We also:

- Obtain an understanding of the process used to prepare the consolidated sustainability statement, including the materiality assessment process carried out by the Company to identify the disclosures to be reported in the consolidated sustainability statement.
- Identify disclosures where a material misstatement due to fraud or error is likely to arise, design and perform procedures to address these disclosures, and obtain limited assurance to support the assurance conclusion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the overriding of internal controls. In addition, the risk of not detecting a material misstatement in information obtained from sources not within the Company's control (value chain information) is ordinarily higher than the risk of not detecting a material misstatement in information obtained from sources within the Company's control, as both the Company's executive directors and we as practitioners are ordinarily subject to restrictions on direct access to the sources of the value chain information.
- Consider the forward-looking information, including the appropriateness of the underlying assumptions. There is a substantial unavoidable risk of material discrepancies between future events and the forward-looking information.

Summary of the work performed by the assurance practitioner

A limited assurance engagement involves the performance of procedures to obtain evidence about the sustainability information. The nature, timing, and extent of the procedures performed are subject to our professional judgment.

In performing our limited assurance engagement, we:

- Evaluated the suitability of the criteria as a whole presented by the executive directors in the consolidated sustainability statement.
- Inquired of the executive directors and relevant employees involved in the preparation of the consolidated sustainability statement about the preparation process, including the materiality assessment process carried out by the Company to identify the disclosures to be reported in the consolidated sustainability statement, and about the internal controls relating to this process.
- Evaluated the reporting policies used by the executive directors to prepare the consolidated sustainability statement.
- Evaluated the reasonableness of the estimates and related information provided by the executive directors. If, in accordance with ESRS, the executive directors estimate the value chain information to be reported for a case in which the executive directors are unable to obtain the information from the value chain despite making reasonable efforts, our assurance engagement is limited to evaluating whether the executive directors have undertaken these estimates in accordance with ESRS and to assessing the reasonableness of these estimates, but does not include identifying information in the value chain that the executive directors were unable to obtain.

- Made inquiries in relation to selected information in the consolidated sustainability statement.
- Inspected selected individual items of evidence.
- Considered the process for identifying taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the consolidated sustainability statement.

Our engagement, in the performance of which we provided the services described above for ARAG Holding SE, was governed by the General Engagement Terms for Wirtschaftsprüferinnen, Wirtschaftsprüfer, and Wirtschaftsprüfungsgesellschaften (Allgemeine Auftragsbedingungen für Wirtschaftsprüferinnen, Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) dated January 1, 2024 (www.kpmg.de/AAB_2024). By reading and using the information contained in the assurance report, each recipient confirms notice of the provisions contained therein (including the limitation of our liability to €4 million for negligence as stipulated in No. 9 of the General Engagement Terms) and accepts the validity of the General Engagement Terms with respect to us.

Berlin, May 2, 2025

KPMG AG
Wirtschaftsprüfungsgesellschaft

Protze	Wahls
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

III. Report of the Supervisory Board

In the year under review, the Supervisory Board carried out the tasks required of it by law, the articles of incorporation, and rules of procedure and continually monitored and advised the Management Board with regard to its running of the Company. The Management Board provided the Supervisory Board with regular, timely, and comprehensive written and oral reports on the economic situation and the performance of the Company and its subsidiaries, business policy going forward, corporate planning, the risk situation, risk management, and significant individual transactions. The Management Board explained variances between the actual course of business and plans and targets individually, and these were noted by the Supervisory Board. Where management action required the approval of the Supervisory Board by law or other regulations, the Supervisory Board received detailed written information on the matter from the Management Board. The Supervisory Board discussed these reports extensively at its meetings, deliberated on them with the Management Board, and made the necessary decisions. The Supervisory Board was involved in decisions of fundamental importance to the Company.

The Supervisory Board held five ordinary meetings last year, at which it was able to satisfy itself that the Management Board was running the Company properly and appropriately.

The Supervisory Board also received detailed information between meetings on plans and developments of particular importance or urgency to the Company. At the meetings, the Management Board agreed the Company's strategic direction with the Supervisory Board. Progress on implementing the strategy was regularly discussed in the meetings.

The main topics deliberated on during the Supervisory Board meetings included up-to-date reports on the impact of the war in Ukraine (particularly on investments and including compliance with sanctions), the performance of the international branches and Group companies, monitoring to ensure adequate IT security (including cybersecurity), the sustainability strategy of the first-tier and second-tier subsidiaries, and the general capital market environment. The acquisition made by ARAG SE in the UK legal insurance market was also discussed. Another item on the agenda was the discussion of the delayed coming into force of the reporting requirements under the Corporate Sustainability Reporting Directive (CSRD).

In addition, reports were provided on the change to the shareholder structure.

The Supervisory Board also regularly received explanations regarding risk reporting from the Management Board and discussed the risk strategy and the corporate strategy.

Finally, the Supervisory Board held its regular discussion on the appropriateness of the Management Board's remuneration. The planning for the professional development of the Management Board and the Supervisory Board was also covered at the meetings.

No special monitoring measures were required last year. The Supervisory Board believes that the Management Board manages the business lawfully, properly, and appropriately. In particular, the Management Board fulfills its duty of care regarding the Company's continued existence and long-term profitability.

The Supervisory Board reviewed the Company's single-entity financial statements, the consolidated financial statements, and the group management report. To do so, it exercised its powers pursuant to section 111 (2) of the German Stock Corporation Act (AktG) including, but not limited to, inspecting the books and papers of the Company. The review was conducted on the basis of the regular written and oral reports from the Management Board about the business situation and all major transactions and on the basis of the commercial-law accounting regulations.

The scope of the review of all financial statements also covered the accounting options exercised by the Management Board. The findings of the review were as follows:

The Management Board's financial reporting complies with the legal requirements and the provisions in the articles of incorporation. The management report is consistent with the financial statements.

The accounting policy decisions that were made on a discretionary basis were exercised for the benefit of the Company and the Group and took shareholders' interests into account to an appropriate degree. On behalf of the Supervisory Board, KPMG AG Wirtschaftsprüfungsgesellschaft, Cologne, audited the Company's single-entity financial statements and the consolidated financial statements for the year ended December 31, 2024, including the bookkeeping system and the group management report, and issued an unqualified opinion. The auditor's report was presented to the Supervisory Board on time. Having studied the report and on the basis of its own final review, the Supervisory Board agrees with the auditor's opinion. It has no comments to make about the auditor's report.

There are no objections to be raised on the basis of the concluding findings of the review of the financial statements, group management report, and auditor's report. The Supervisory Board also discussed the non-financial statement prepared by the Management Board for ARAG Holding SE and the Group for the period ended December 31, 2024. An auditing firm reviewed this statement to provide the Supervisory Board with limited assurance and expressed an unmodified conclusion. At the meetings, the Management Board explained the documents in detail; the representatives of the auditing firm reported on the main findings of their review and answered additional questions from the members of the Supervisory Board. The Supervisory Board did not express any reservations on completion of its own review.

Düsseldorf, May 5, 2025

ARAG Holding SE

The Supervisory Board

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

IV. Credits

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Thanks
We would like to thank our colleagues and partners for their invaluable support in preparing this report.

Note
Figures in this report are rounded, which may give rise to differences of ± one unit (currency, percent) in some computations.

You can find the latest information about the Group and our products on our website **www.ARAG.com**.

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