

ARAG HOLDING SE

# 2019 facts & figures

## on sustainability



# Introduction

By upholding its founding principle to protect the equal opportunity of all people before the law, ARAG has been contributing to sustainable development – and especially to goal 16<sup>1</sup> of the United Nations' Sustainable Development Goals – throughout its history. On this basis ARAG is committed to the sustainable development of society. One thing is clear for ARAG: As a successful family enterprise, we think and act deliberately long-term.

The well-being and prosperity of future generations is a central concern in this context. To this end, ARAG organizes its activities in a way that is conducive to sustainable development. This means, for example, that sustainability-related opportunities and risks are taken into account in asset management, risk management, underwriting, and human resources

management. In doing so, the company aims to play a part in redirecting capital flows toward sustainable investments without compromising its ability to meet its obligations to customers in the long term. Further objectives are to strengthen ARAG's role as an innovative insurer and employer and to promote corporate social responsibility activities that support sustainability in society.

This facts & figures document provides an overview of the sustainability-related activities and achievements of ARAG with regard to the responsible management of the company, the economy, its employees, the environment, and society. Further details can be found in the company's annual [sustainability report](#).



<sup>1</sup> SDG 16: Peace, justice and strong institutions – Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

# Responsible management

As reflected in its founding principle, ARAG is an internationally successful, innovative quality insurer – family-owned and thus able to operate independently. The corporate culture is shaped by the corporate guidelines, which are known as the ARAG Essentials. These include ARAG’s self-image, its corporate mission, and the six corporate values of openness, pioneering spirit, foresight, fairness, discipline, and drive. These values apply to every individual in the Group and highlight the nature of the organization.

## EU General Data Protection Regulation

ARAG has been in compliance with the stricter rules on data protection that have been in place since the EU’s General Data Protection Regulation (GDPR) came into force on May 25, 2018. This was certified in 2019 as part of an external review conducted by an auditor, which rated the overall implementation of the GDPR as “good to above average”. Most of the minor nonconformities were remedied in the reporting year; the remainder are set to be addressed by the middle of 2020.



## 60 offers for innovative ideas

ARAG’s future initiative ‘#einfachmalanders’ (#doitdifferently) has already supported many creative ideas and curious minds.

# 60

**Long-term target attainment determines 60 percent** of the total variable remuneration granted to Management Board members, while 40 percent is linked to the attainment of short-term economic targets.

## Smart Culture

At ARAG, Smart Culture is the ‘engine’ that is powering its transformation into a smart insurer. The term describes the inherent forces that drive change: the courage to break new ground, the willingness to learn, individual initiative, personal responsibility, and dialog across all levels of the hierarchy. What counts are results – no matter what unconventional or experimental means played a part in achieving them.

# Economy

The ARAG Group is the largest family enterprise in the German insurance industry and is one of the world's three leading providers of legal insurance. As an independent family enterprise, ARAG pursues a long-term strategy and focuses on profitable growth through a conservative risk and solvency policy.

# 19

**ARAG operates in 19 international markets** and maintains a leading position in many countries.

# 54%

**of investments are focused on ESG criteria.**  
The proportion of fungible investments (direct investments and institutional funds) in which ESG factors are systematically taken into account is around 93 percent.

# 1.75

**Sales revenue and premiums of around €1.75 billion** were generated by ARAG in 2019 with more than 4,200 employees.

### Smart Insurer Program

In 2018, ARAG entered into a new stage of development with the launch of the ARAG Smart Insurer Program. The aim of this initiative is to take the multitude of individual digital solutions that the company has already developed and combine them in one comprehensive strategic concept. Based on a pool of 85 individual measures, seven core fields of action were defined and an operational development plan was drafted to help make the company much more customer-centric.



**12 percent growth in online customers**  
in 2019.

**54,000**

**web@ktiv policies**  
have been taken out since the product was launched in 2012.

**Customer-oriented product innovation**

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

**web@ktiv**

web@ktiv is an extensive product portfolio comprising three product lines. It is offered by ARAG for protection against dangers in the cyber sphere. This policy range illustrates the way in which ARAG recognizes and incorporates technological and social change and the associated customer needs. By launching web@ktiv in 2012, ARAG broke new ground in the field of legal insurance for the cyber sphere. In 2019, the company expanded and adjusted the web@ktiv product range for private individuals and the self-employed in order to stay abreast of the rapidly changing digital environment. Even hardware can now be included in the insurance cover.



**Winning its fourth consecutive Plus X Award,**  
ARAG was once again recognized as the most innovative brand in the insurance sector in 2019.

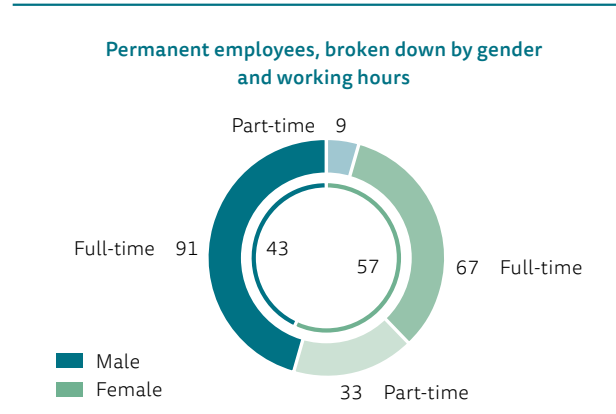
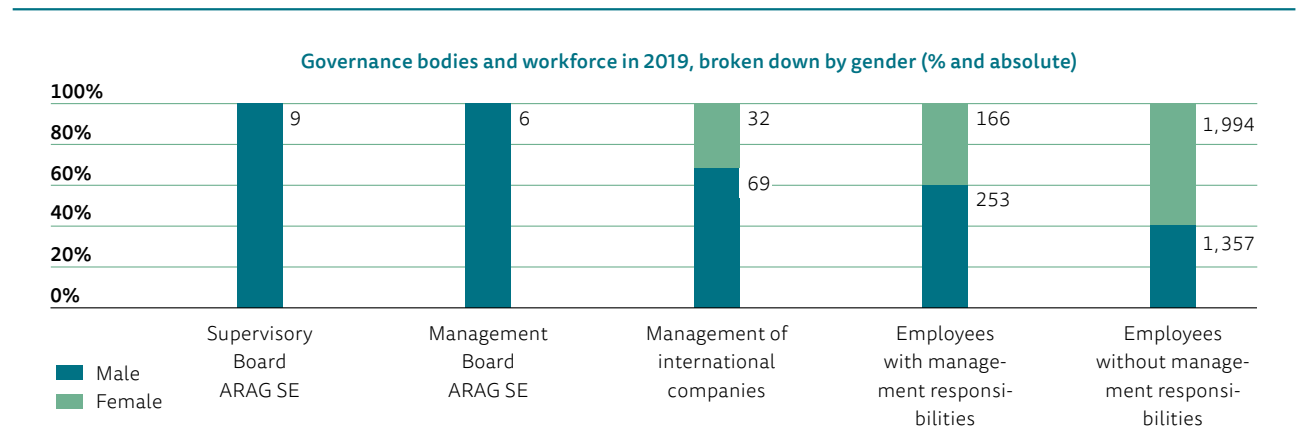
**Legal Experience (LEX) beacon project**

This project is focused on helping ARAG customers and all consumers in Germany and all over the world to address their (legal) issues with customized digital solutions. Here, too, the company is approaching the matter from the customer perspective instead of thinking purely in underwriting terms. Employees from six different departments of the company, such as Corporate Development, IT, Marketing, and Legal Service, are contributing to the LEX project.

# Employees<sup>1</sup>

ARAG is a demanding employer that expects high levels of commitment, dedication, and quality from its staff. In return, it provides employees with a varied, safe, and secure working environment that offers opportunities, fairness, and a forward-looking approach.

<sup>1</sup> Unless otherwise stipulated, employee tables and charts are based on all Group companies in Germany (excluding Justix GmbH) as well as the branches/subsidiaries in Australia, Austria, Belgium, Canada, Denmark, Greece, Italy, the Netherlands, Norway, Portugal, the Republic of Ireland, Slovenia, Spain, Sweden, the UK, and the US.



**68 trainees**  
at various levels were supported in Düsseldorf and Munich and in Core Sales in 2019.

**ARAGcare**

ARAGcare is a corporate health management program designed to make employees more health-conscious.

The ARAGcare program includes, for example:

- regular checkups and campaigns focused on preventing staff getting ill in the first place
- access to a company physician, who offers consultations, eye examinations, free flu vaccinations, and medical advice for travel
- a point of contact for advice on child care, caring for relatives, and professional or personal problems
- manager checkups for managerial staff
- a digital platform through which all services can be booked

15

**workshops for improving mental health**

and reducing mental health risks were conducted by ARAG with employees, Works Council members, and management staff as part of a risk assessment.

**Accidents, illness, and lost days**

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

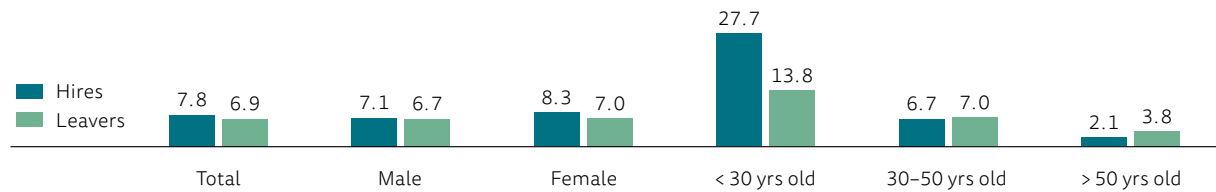
In 2019, no work-related injuries or fatalities were recorded in Germany or at any of the international offices. The figures include temporary employees as well as interns and trainees. The absentee rate is calculated by dividing the number of hours that employees were absent by the total number of contracted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

4,427

**CPD measures**

were documented across the company in Germany (excluding e-learning courses on data protection and occupational health and safety).

**Staff turnover broken down by gender and age (%)**



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

# Society

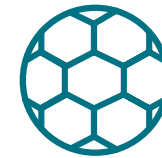
Corporate social responsibility plays a major role at ARAG because responsible activities make a substantial contribution to the success of the business. Customers, business partners, sales partners, and employees are paying increasingly close attention to the additional social benefits that ARAG provides.

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

# 356

## school mediators

at 111 schools had been trained under the 'Conflict Management in Schools' program by April 2020.



## Football training for 20 young people

ARAG supports the Kickwinkel project, which offers 20 refugees under the age of 18 the opportunity to train at a Düsseldorf club twice a week. In addition, tournaments are arranged on a regular basis in which teams from participating project partners compete against one another.

## Raising awareness of online danger

The protection of children and young people against online threats is very important to ARAG. The company believes that the greatest need for action lies in the long-term development of media skills, the provision of information and education, and the prevention and recognition of online bullying and its consequences. In February 2019, ARAG launched the [hass-streichen.de](http://hass-streichen.de) ('crossing out hate') website as part of its proactive approach to tackling cyberbullying. The website provides comprehensive information on the subject.

# €80,000

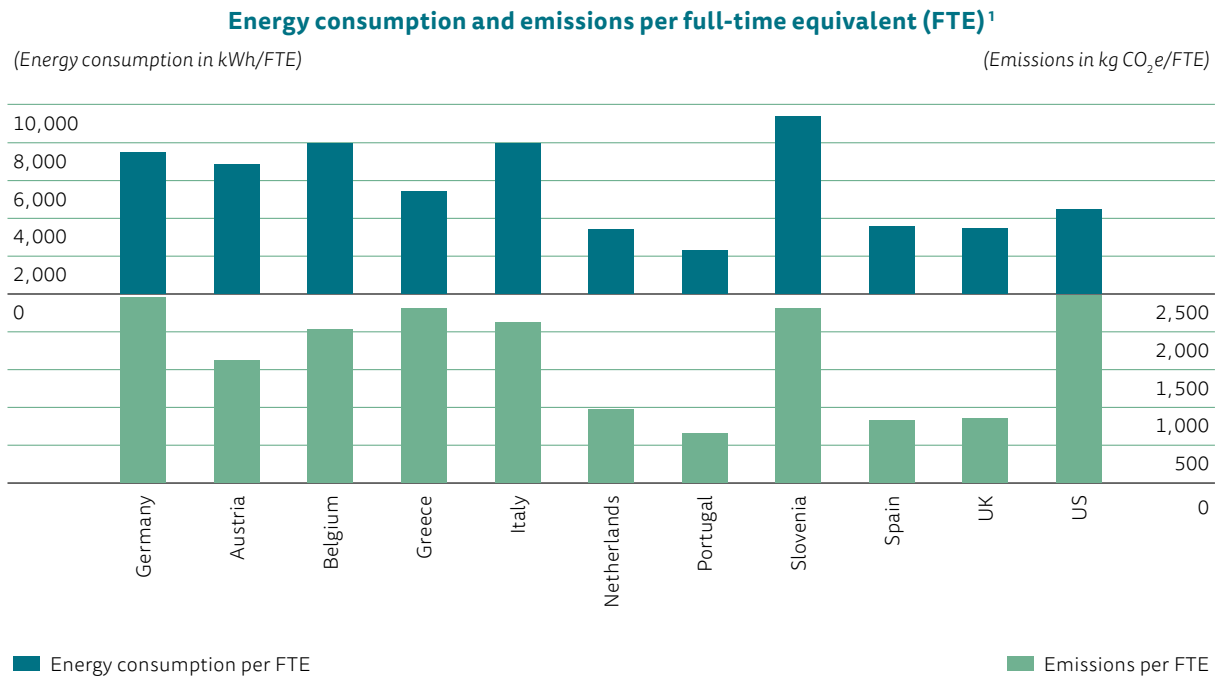
## for political purposes

This political commitment includes donations to parties represented in parliament at federal and state level in Germany.



# Environment

In the field of environmental protection, energy is a topic of particular importance to ARAG because it is a key element of the company's operational continuity management. A consistent energy supply plays a crucial role in maintaining a pleasant office climate in buildings and in guaranteeing availability of the IT infrastructure and IT systems. ARAG is also striving to reduce energy consumption and the associated emissions to the lowest possible level.



<sup>1</sup> The relatively high CO<sub>2</sub> emissions per FTE in Germany are partly due to the fact that ARAG operates a data processing center in Germany. This accounts for around 18 percent of total emissions in that country.

### Energy consumption and greenhouse gas emissions, Germany<sup>1</sup>

	2019	2018	Change
Energy consumption (MWh)	13,161	13,892	- 5%
Electricity	6,860	6,973	- 2%
Heating	6,256	6,871	- 9%
Fuel	44	48	- 9%
Energy consumption (kWh per FTE)	7,451	8,103	- 8%
Greenhouse gas emissions (t CO <sub>2</sub> e) <sup>3</sup>	4,359	4,545	- 4%
Scope 1	564	581	- 3%
Scope 2 <sup>4</sup>	3,795	3,963	- 4%
Emissions (kg CO <sub>2</sub> e per FTE)	2,468	2,651	- 7%

### Energy consumption and greenhouse gas emissions, global<sup>2</sup>

	2019	2018	Change
Energy consumption (MWh)	21,569	22,561	- 4%
Electricity	10,645	10,894	- 2%
Heating	8,676	9,425	- 8%
Fuel	2,248	2,243	0%
Energy consumption (kWh per FTE)	5,796	6,344	- 9%
Greenhouse gas emissions (t CO <sub>2</sub> e) <sup>3</sup>	6,841	7,096	- 4%
Scope 1	1,511	1,552	- 3%
Scope 2 <sup>4</sup>	5,330	5,544	- 4%
Emissions (kg CO <sub>2</sub> e per FTE)	1,838	1,995	- 8%

# 5%

was the reduction in energy consumption achieved by ARAG in 2019 compared with the previous year, despite record summer temperatures in Germany.

- <sup>1</sup> The data refer to the ARAG headquarters in Düsseldorf, the head office of ARAG Krankenversicherungs-AG in Munich, and the approximately 100 local (sales) offices.
- <sup>2</sup> This data is based on the ARAG headquarters in Düsseldorf, the local offices in other parts of Germany, and the branches and subsidiaries in Austria, Belgium, Greece, Italy, the Netherlands, Portugal, Slovenia, Spain, the UK, and the US.
- <sup>3</sup> Calculated according to the guidelines of the WRI/WBCSD Greenhouse Gas Protocol. Scope 1: Greenhouse gas emissions from the operation of heating systems and vehicles, for example. Scope 2: Greenhouse gas emissions from the production of electricity and district heating.
- <sup>4</sup> The greenhouse gas emissions attributed to electricity consumption are based on the location-based method of the Greenhouse Gas Protocol scope 2 standard.

**PARENT COMPANY OF THE ARAG GROUP**

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