SOLVENCY AND FINANCIAL CONDITION REPORT

DOMESTIC & GENERAL INSURANCE EUROPE AG

Company Registration Number: HRB 30859

For the year ended 31 March 2022

TABLE OF CONTENTS

Notes and explanations:

- Solvency Capital Requirement: The final amount of the Solvency Capital Requirement is still subject to supervisory review.
- Rounding: The values presented in the following are automatically rounded. Rounding differences may therefore occur.

DIRECTORS' REPORT

The Directors of DGIEU are responsible for preparing the Solvency and Financial Condition Report ("SFCR") for the year ended 31 March 2022 in accordance with the Federal Financial Supervisory Authority in Germany ("BaFin") rules and Solvency II Regulations ("Solvency II").

We certify that:

1. the SFCR has been properly prepared in all material respects in accordance with the BaFin rules and Solvency II Regulations; and

2. we are satisfied that:

    a. throughout the financial year in question, the Company has complied in all material respects with the requirements of the BaFin rules and Solvency II Regulations as applicable to the Company; and

    b. it is reasonable to believe that, at the date of the publication of the SFCR, the Company has continued to so comply, and will continue to so comply in future.

Approved by the DGIEU Management Board

And signed on behalf of the Board

Idriss Ben Hadj Yahia and Bernhard Blaum

Date: 06 July 2022

SUMMARY

The Solvency and Financial Condition Report is a central element of the Solvency II reporting requirements of insurance companies and serves to create transparency about the economic situation of the Company.

In this SFCR, essential qualitative and quantitative information on Domestic & General Insurance Europe AG ("DGIEU" or "Company") is published.

The present SFCR for the financial year ended 31 March 2022 (“FY22”) is the third SFCR of DGIEU.

DGIEU is a German insurance company, authorised and supervised by BaFin. DGIEU received its regulatory approval from BaFin on 5 April 2019.

All amounts in this report are presented in euros, rounded to the nearest thousand unless stated otherwise, which is DGIEU’s presentation currency.

Essential information on the individual chapters of the SFCR is listed below:

A. Business and Performance

DGIEU is a German regulated insurance company and part of the Domestic & General Group (“Group”). DGIEU is 100% owned by Domestic & General Insurance PLC (“DGI”) located in the UK.

The Group is a leading specialist provider of appliance care services for domestic appliances and consumer electronic products in its home UK market and a specialist provider in several international markets.

The business of DGIEU comprises the EEA business of the Group. Based in Germany, this also includes the insurance business of the branches in Spain, Italy, France, and the UK (solely for the administration of the Republic of Ireland business). DGIEU also serves customers in Portugal, Belgium, Netherlands, Austria, and Poland.

The Company's profit and loss account shows that gross premiums written in the year was €166.758 (FY21: €99.3142k) and earned income in the year was €38.306k (FY21: €-44.646k). The profit before tax was €8.837k (FY21 loss: €-32.561k), due to the following:
The increase in the gross written premiums as well as earned income vs. FY21 is mainly due to the full year impact of the renewal book (which was in DGI until December 2020 and transferred by 31 December 2020, “Part VII transfer”). DGIEU started fully benefiting of that book in FY22.

The local GAAP balance sheet shows the Company's financial position with net assets of €23.610k (FY21: €11.456k).

B. System of Governance

DGIEU's system of governance is effective and proportionate to the nature, scale, and complexity of its activities. DGIEU's organisation ensures that the risks arising from the business model are identified, assessed, and managed.

Based on the Group’s system of governance, DGIEU's system of governance was established in FY20. In FY21 and FY22, DGIEU's system of governance was further developed and refined to reflect the individual needs of the DGIEU business model and to comply with regulatory requirements.

Shortly after the end of FY22, it was announced that there will be a change in the DGIEU Management Board, as the CEO, Mark Bridges, left the company on 6th May 2022. Since this change became effective in FY23, more details on the change will be reported in the next SFCR.

C. Risk Profile

DGIEU has embedded a comprehensive risk management framework, which includes (as a minimum) a bi-annual refresh of its risk profile and quarterly review of Key Risk Indicators relating to its Board-approved risk appetite. Ensuring good customer outcomes is at the heart of DGIEU's business. Due to this focus, the Company sets its risk appetite at an appropriately prudent level to ensure that key risks to customers are identified, managed, and mitigated wherever possible.

DGIEU has implemented a comprehensive risk management process for the identification, analysis, and evaluation of risks.

DGIEU's principal risks (material risks) particularly belong to the following risk categories: Operational Risk, Financial Risk, and Conduct Risk, Strategic Risk and Insurance Risk.

The Company manages these risks through appropriate measures, which are regularly assessed and reviewed.

DGIEU's three most significant risks measured by the Solvency Capital Requirement in the reporting period were as follows:

- Counterparty default risk,
- Non-life underwriting risk,
- Market risk, and
- Operational risk

DGIEU's underwriting risk is managed through underwriting controls, pricing policies, approval procedures for new products and major changes to existing products, regular review of performance and monitoring of emerging issues.

Since FY22, DGIEU utilises Undertaking Specific Parameters ("USPs") in place of the Standard Formula's parameters to ensure its SCR for non-life underwriting risk is more closely aligned to its risk profile.

DGIEU structures the levels of counterparty default risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparties, and monitoring these exposures regularly. DGIEU has a material counterparty risk to DGI in relation to its reinsurance agreement and intercompany lending, which is partly mitigated by DGI's investment grade credit rating and relevant security arrangements. In addition, DGIEU has default risk exposure in relation to banking and investment counterparties.

DGIEU has a very low appetite for market risk on its investment portfolio, with a strong bias towards highly liquid government, supranational and investment grade corporate credit. In FY21, asset management firm London & Capital were appointed to manage DGIEU's investments, which commenced in early FY22. The refreshed investment mandate seeks to carefully allocate funds in order to generate conservative returns within a defined value-at-risk range.

Operational risk arises from inadequately controlled internal processes or systems, human error, or from external events. DGIEU's current risk profile includes the following risk sub-categories of operational risk: Business Continuity, Information Security and Data Protection, People, Outsourcing, Legal & Regulatory and Technology. DGIEU's most important operational risk relates to information security and related cyber risk. DGIEU has embedded a framework of controls to mitigate the risk of non-compliance with its data security and privacy requirements, and regularly review its conformance with relevant international standards.

D. Valuation for Solvency Purposes

DGIEU prepares the solvency balance sheet for the purpose of determining the available own funds. The Company does not benefit from the use of a volatility adjustment or the use of a transitional measure.

DGIEU considers the bases, assumptions and methods used in the valuation of assets and liabilities for solvency purposes to be adequate.

Compared to the last reporting period, there were no significant changes in the methods and assumptions underlying the valuation for solvency purposes.

E. Capital Management

Sufficient capital is retained to ensure financial stability of the Company and to meet regulatory requirements. The capital structure is kept under review to ensure these requirements are met. The DGIEU Management Board regularly reviews the capital position of DGIEU under the European Solvency II directive.

The Company's capital position as of 31 March 2022 is as follows:

	2022 € '000	2021 € '000	Movement € '000
Eligible Own Funds to cover the SCR	25.762	36.087	-10.325
Solvency Capital Requirement (SCR)	10.205	14.347	-4.142
Ratio of Eligible Own Funds to the SCR	252%	252%	-

The SCR effects of not using USPs are shown below:

	2022 Without USPs € '000
Solvency Capital Requirement (SCR)	18.023

DGIEU uses the Solvency II standard model (standard formula) including USPs for premium and reserve risk. Based on this and on its assessment of risk and solvency requirements, it remains well capitalised.

In April 2022, BaFin accepted the use of USPs with effect from 31 March 2022. DGIEU applied for the permission to use USPs, as the solvency capital requirement for DGIEU's insurance business (one segment, moderate risk) can be determined much more appropriately using individually calibrated parameters than using the parameters of the Solvency II standard formula. In its Q4 QRTs, DGIEU used USPs for the first time to determine the solvency capital requirement for both premium and reserve risk.

Compared to the previous FY the Solvency Ratio with USPs remains stable with 252%. The identical Solvency Ratio is due to the fact that both eligible own funds and the SCR have decreased equally.

A. BUSINESS AND PERFORMANCE

A.1 Business

DGIEU is a stock corporation based in Wiesbaden. The registered office address of the Company is Hagenauer Straße 44, 65203 Wiesbaden, Germany.

The Company is registered at the local court in Wiesbaden under the number HRB 30859.

The Company's financial year ends on 31 March.

The principal activity of DGIEU is the provision of appliance care products. The business of DGIEU comprises the EEA business of the Group. Based in Germany, this includes the insurance business the branches in Spain, Italy, France, and the UK (solely for the administration of the Republic of Ireland business). DGIEU also serves customers in Portugal, Belgium, Netherlands, Austria, and Poland.

There is an intra-group reinsurance arrangement between DGIEU and DGI. This reinsurance arrangement ensures a reduction of the insurance risk of DGIEU. DGIEU cedes 90% of premiums and claims to DGI, the reinsurer.

To ensure the mitigation benefit of reinsurance is enjoyed by DGIEU on a Solvency II basis even if the solvency regimes of the UK and EU are not deemed to be equivalent, DGI has sought and received a financial strength rating by a nominated external credit assessment institution (“ECAI”) in FY21.

Group structure

Domestic & General Acquisitions Limited’s (“DGA”) ultimate controlling party is Opal Galaxy Holdings Limited, a company incorporated in Jersey. Opal Galaxy Holdings Limited’s majority shareholder is CVC via CVC Fund VII, with co-investor Luxinva S.A. (an entity wholly owned by the Abu Dhabi Investment Authority (“ADIA”)) owning a minority stake. All entities below Opal Galaxy Topco limited are wholly owned by their parent entity.

DGIEU is wholly owned by Domestic & General Insurance PLC (“DGI”). Domestic & General Group Limited is an UK insurance holding company, and parent of DGI. DGA is the ultimate non-EU insurance holding company.

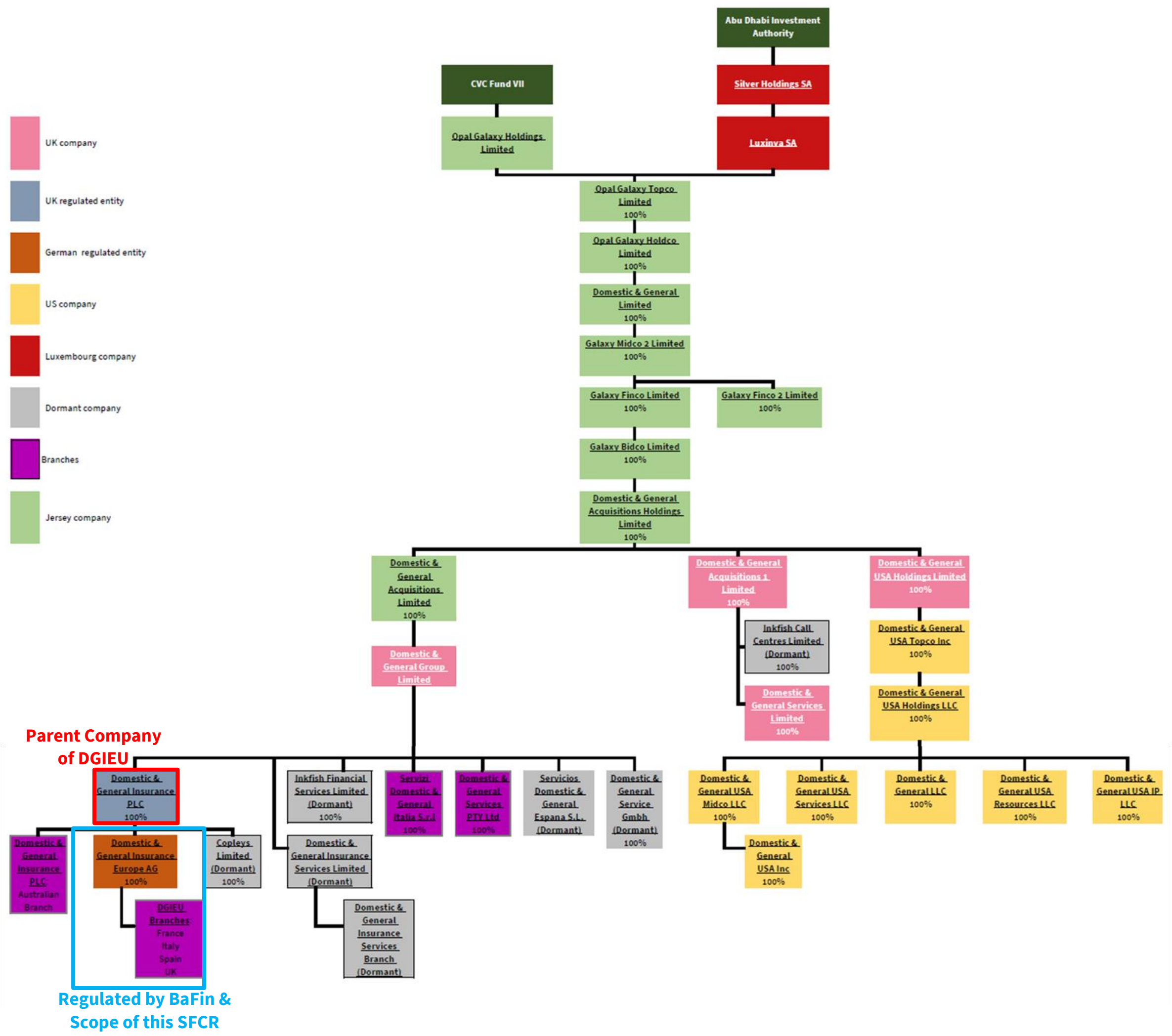
DGI is a UK insurance company, authorised by the PRA and regulated by the FCA and the PRA, and sells insurance products in the UK via its head office in the UK.

DGIEU is a German insurance subsidiary of DGI which sells insurance products in EEA markets.

DGIEU has four branches in Spain, France, Italy, and the UK.

The UK branch has been established in FY21 to carry out activities in respect of Republic of Ireland following the UK’s departure from the European Union. DGIEU does not write any business in the UK.

A condensed version of the organisation chart is shown below:



Supervision

DGIEU is authorised and supervised by BaFin. Details of the competent supervisory authority are listed below:

Address of Bundesanstalt für Finanzdienstleistungsaufsicht
Graurheindorfer Str. 108
53117 Bonn

Alternatively:
Postfach 1253
53002 Bonn

Contact details of Bundesanstalt für Finanzdienstleistungsaufsicht
Fon: 0228 / 4108 - 0
Fax: 0228 / 4108 – 1550

E-Mail: poststelle@bafin.de

Or De-Mail: poststelle@bafin.de-mail.de

For the Group to which DGIEU belongs, the following supervisory authorities are also relevant:

- Prudential Regulation Authority (“PRA”), United Kingdom
- Financial Conduct Authority (“FCA”), United Kingdom
- Australian Prudential Regulation Authority (“APRA”), Australia
- Autorité de Contrôle Prudentiel et de Résolution (“ACPR”), France (for conduct regulation purposes)
- Dirección General de Seguros y Fondos de Pensiones (“DGSFP”), Spain (for conduct regulation purposes)
- Istituto per la Vigilanza sulle Assicurazioni (“IVASS”), Italy (for conduct regulation purposes)
- Central Bank of Ireland (“CBI”), Ireland (for conduct regulation purposes)

External Auditors

The Company’s statutory annual financial statements and the Solvency II balance sheet are audited by Deloitte GmbH Wirtschaftsprüfungsgesellschaft, who can be contacted at Aegidientorplatz 2a, 30159 Hannover, Germany.

A.2 Underwriting performance

DGIEU has identified key performance indicators (“KPIs”) measuring the financial performance and strength of the Company.

DGIEU’s result for FY22 is as follows:

	2022 € '000	2021 € '000	Movement € '000
Gross Premiums Written	166.758	99.314	67.444
Net Earned Premiums	38.306	-44.646	82.953
Net Claims	-10.086	-37	-10.049
Net Insurance Expense	-4.110	36.875	-40.986
Other Technical Expense	-514	-126	-388
Net Investment Expense	-1.420	0	-1.420
Net Operating Income	-13.338	-24.627	11.289
Profit / Loss Before Tax	8.837	-32.561	41.398

Gross Premiums Written (“GPW”) - consists of amounts invoiced in respect of warranty insurance business on a gross of reinsurance basis, net of cancellations and exclusive of Insurance Premium Tax (“IPT”). With 68%, the most significant part of the GPW was generated in Spain and Portugal (“Iberia”) and mainly relates to business from retailers. The increase of GWP vs. FY21 is mainly due to the full year impact of the renewal book (which was in DGI until December 2020 and transferred by 31 December 2020, “Part VII transfer”). DGIEU started fully benefiting of that book in FY22.

Net Earned Premiums - represents the amount of premium recognised in the current year relating to insurance business on a net of reinsurance basis, net of cancellations, in accordance with the earnings patterns applied to each contract. Earnings commence when the policy goes "on-risk". The significant increase of Net Earned Premiums vs. FY21 is mainly due to a FY21 Reinsurance related one off effect in relation to the Part VII transfer and to the FY22 full year impact of the renewal book (transferred by 31 December 2020, “Part VII transfer”), DGIEU started fully benefiting of that book in FY22.In line with the GPW ratio by country, the main part of the earned premium is from Iberia (83,6%).

Claims - the total DGIEU ratio of gross claims incurred in relation to gross premium written is 32,0% (FY21: 26,0%). The net claims in FY21 (€-37k) were significantly impacted by claims reinsured in relation to Part VII transfer, which turn normal in FY22 (€-10.086k).

Net Insurance Expenses – the net insurance expenses include mainly commission expenses and other operating administration costs and cost allocations. This is reduced by the Reinsurance Ceding Commission (FY22: €93.096k; FY21: €105.814k).

DGIEU business has significant acquisition costs, particularly through its call centre, that are recovered through expected future renewals. Since the business started in FY20 without the back-book (which was subject to the Part VII transfer in FY21), DGIEU was not fully benefiting from the profit of that book to offset the acquisition cost weight in FY21. Additionally, DGIEU has taken over the overhead basis of the EEA business, and, whilst there is a contribution by DGI for servicing that back book until December 2020, DGIEU was not sizeable enough to cover completely the cost basis until the Part VII transfer was completed in FY21. As acquisition costs are allowed to be held as an asset in the IFRS balance sheet but are expensed under local GAAP, which impacted the year of Part VII transfer significantly (FY21). In FY22, there are positive mechanisms to alleviate the impact of that (acceleration of earnings), which now impact the FY22 the full year.

Net Investment Expenses - Investment income comprises interest income and realised and unrealised gains and losses on financial instruments at fair value through profit or loss. Net investment expenses increased to €-1.420k (FY21: €0k). This includes investment income (€367k) and charges for the management of investments, interest and other investment expenses. This movement is due to the fact that DGIEU in FY2021 only held deposits with credit institutions and cash.

DGIEU writes extended warranty insurance in Spain, Germany, Portugal, Republic of Ireland, France, Netherlands, Belgium, Italy, Austria, and Poland. With respect to the underwriting performance, the main geographical areas are Iberia (Spain and Portugal) and Germany/Austria.

DGIEU's underwriting performance by main geographical areas for FY22 is as follows:

	TOTAL					Iberia				
	FY22 € 000	FY21 € 000	FY22 %RI; %Ceding	% earned income	FY22 % total	FY22 € 000	FY21 € 000	FY22 %RI; %Ceding	% earned income	FY22 % total
Gross premiums written	166.758	99.314			100,0%	113.558	81.570			68,1%
Reinsurance premium	-152.003	-170.185	91,2%			-104.123	-139.779	91,7%		
Change in gross unearned premiums	22.382	-19.043				20.975	-20.902			
Change in reinsurers' share in gross unearned premiums	1.169	45.267	-5,2%			1.608	49.686	-7,7%		
Net earned premium	38.306	-44.646		100,0%	100,0%	32.018	-29.425		100,0%	83,6%
Gross claims	-53.376	-25.797		-32,0%		-36.251	-17.910		-31,9%	
Claims reinsurers' share	43.290	25.760	81,1%			29.401	17.885	81,1%		
Net claims	-10.086	-37				-6.850	-26			
Gross operating expense	-97.207	-68.939				-68.340	-49.649			
Ceding commission	93.096	105.814	61,2%			64.122	86.909	61,6%		
Net insurance expenses	-4.110	36.875				-4.217	37.260			
Other technical expense	-514	-126		-12,1%		-565	-156		-14,9%	
Balance on the technical account, net of reinsurance	23.595	-7.934				20.386	7.654			
Investment income	367	0				0	0			
Interest and other investment expenses	-1.787	0				-121	0			
Other income	0	7.314				0	3.477			
Other expense	-13.338	-31.941				-4.666	-6.555			
Profit / loss before tax	8.837	-32.561				15.600	4.576			
Tax	-726	-804				-760	-813			
Profit / loss for the financial year	8.111	-33.365				14.840	3.763			

	Germany & Austria					Other				
	FY22 € 000	FY21 € 000	FY22 %RI; %Ceding	% earned income	FY22 % total	FY22 € 000	FY21 € 000	FY22 %RI; %Ceding	% earned income	FY22 % total
Gross premiums written	42.009	13.358			25,2%	11.190	4.386			6,7%
Reinsurance premium	-37.808	-22.890	90,0%			-10.071	-7.516	90,0%		
Change in gross unearned premiums	778	1.847				629	11			
Change in reinsurers' share in gross unearned premiums	-239	-4.391	30,7%			-200	-27	31,9%		
Net earned premium	4.740	-12.076		100,0%	12,4%	1.547	-3.146		100,0%	4,0%
Gross claims	-11.257	-5.204		-26,8%		-5.868	-2.683		-52,4%	
Claims reinsurers' share	9.130	5.197	81,1%			4.760	2.679	81,1%		
Net claims	-2.127	-7				-1.109	-4			
Gross operating expense	-20.815	-13.129				-8.052	-6.161			
Ceding commission	22.874	14.232	60,5%			6.100	4.673	60,6%		
Net insurance expenses	2.059	1.103				-1.952	-1.488			
Other technical expense	66	32		44,8%		-16	-3		-127,1%	
Balance on the technical account, net of reinsurance	4.738	-10.948				-1.529	-4.640			
Investment income	367	0				0	0			
Interest and other investment expenses	-1.636	0				-31	0			
Other income	0	2.228				0	1.608			
Other expense	-7.761	-22.188				-911	-3.198			
Profit / loss before tax	-4.291	-30.908				-2.471	-6.230			
Tax	8	-1				26	10			
Profit / loss for the financial year	-4.283	-30.909				-2.445	-6.220			

68,1% of the gross written premiums and 83,6% of the earned premiums relate to Iberia and mainly comes from large retailer clients. The relatively low proportion of gross premiums written in Germany including Austria (25,2%) is above the proportion of earned income (12,4%) of the total amounts. After Part VII transfer, which was completed by 31 December 2020 in FY21, the complete business for the full year is included in FY22. Gross written premium and Net earned premium ratios reflect the size of the business in the specific country.

Under Solvency II, extended warranty insurance is classified under the Solvency II line of business ”Miscellaneous Financial Loss”. DGIEU has extended, for some products, the coverage offered beyond pure extended warranty by including coverage for damage and theft. Specific reference to extended warranty insurance within the other non-life catastrophe risk guidance (see Annex XII of the Delegated Acts) explicitly clarifies that extended warranty insurance within the Solvency II line of business “Miscellaneous Financial Loss” may also provide additional cover against eventualities such as accidental damage, loss, or theft. Therefore, the entirety of DGIEU’s business has been classified under the Solvency II line of business “Miscellaneous Financial Loss”.

A.3 Investment performance

DGIEU started to invest in other than deposits with credit institutions beginning FY22.

DGIEU investment strategy for FY22 included investment in cash, government bonds, and investment grade corporate bonds within guidelines approved by the Group Investment and Capital Committee; responsible also for DGIEU.

The investment portfolio includes the following categories:

Other Financial Investments	2022 € '000	2021 € '000	Movement € '000
Deposits with credit institutions	16.999	70.931	-53.932
Cash and cash equivalents	1	1	0
Money market funds	30.705	0	30.705
Available for sale financial instruments	0	0	0
Other investments	0	0	0
Total	47.705	70.932	23.227

DGIEU started to invest in financial assets beginning of FY22. This leads to a significant reduction in deposits with credit institutions (€-53.932k), while €30.705k has been invested in money market funds. Another €17.800k was paid to DGI within a new Intercompany loan agreement from DGIEU (Lender) and DGI (Borrower).

DGIEU has only a very low appetite for market risk in its investment portfolio and therefore ensures a well-balanced diversification of its investments.

In FY21, asset management firm London & Capital Limited ("L&C") were appointed to manage DGI and DGIEU's investments and took over management in FY22. L&C were provided with a mandate which seeks to carefully allocate funds in order to generate conservative returns within a defined value-at-risk range (including guidelines on issuer limits, credit quality and maximum duration). Performance and allocation of funds under management will is regularly reviewed to ensure compliance with mandates. Performance is overseen on a regular basis by the Corporate Finance Director and Chief Finance Officer, with oversight by the Investment & Capital Committee.

	2022 € '000	2021 € '000	Movement € '000
Net Investment Expense	-1.420	0	-1.420

Investment income comprises interest income and realised and unrealised gains and losses on financial instruments at fair value through profit or loss. Net investment expenses increased to €-1.420k (FY21: €0k). This includes investment income (€367k) and charges for the management of investments, interest and other investment expenses. This movement is due to the fact that DGIEU in FY2021 only held deposits with credit institutions and cash.

DGIEU held no investments in securitisations at the valuation date.

A.4 Performance of other activities

In FY222, there was no other material income or expense incurred during the reporting period. DGIEU has no material financial lease / operating lease reported within commitments.

A.5 Any other information

The worldwide spread of Covid-19 was declared a pandemic by the World Health Organization (WHO) on 11 March 2020. The European Insurance and Occupational Pensions Authority (EIOPA) has classified this as a "major development". The pandemic is still affecting many aspects of private and professional life. Covid-19 continued to be present in FY 2022. Compared to the last SFCR, there is no further information to report in relation to Covid-19. DGIEU responded well to the pandemic, including in its commercial performance. This risk continues to be monitored through the existing Risk Management Framework.

The Russian military invasion of Ukraine on 24th February 2022 has created uncertainty for the Company, due to the potential for additional operational risk. D&G Group (incl. DGIEU) has completed a risk assessment and identified the following four main areas: (i) supply chain issues (e.g., disruption to supply of appliance parts and replacements), (ii) compliance with sanctions regimes, (iii) increase in external cyber threat, and (iv) impacts to key IT vendors. These risks did not lead to any changes in the risk profile and are therefore classified as not material at the current time. DGIEU does not sell insurance policies or service plans in Russia or Ukraine, nor does it hold investments in securities of Russian or Ukrainian issuers.

DGIEU is aware of the current heightened inflation / cost of living increase risk in the EU. With the Company's financial year commencing from April – March, revised inflation assumptions were incorporated into the financial planning process. The majority of contracts with clients and repair partners contribute to the stability of financial obligations and secure the margin of the DGIEU insurance business. DGIEU continues to monitor delivery of fair customer outcomes through its established governance.

With the Ahrtal flood catastrophe in July 2021, the most expensive natural catastrophe in Germany to date occurred. Although this event represented a significant financial impact for many German insurance companies, it had no impact on the risk profile and business performance of DGIEU due to the product design and the exclusion of natural hazards. In FY22, there was no additional other information that would require reporting.

B. SYSTEM OF GOVERNANCE

B.1 General information on the system of governance

A summary of the DGIEU governance structure is given in the diagram below. Further information on the different bodies and committees, their responsibilities and membership are provided afterwards.

Governance Function	Governance Role & Responsibilities
DGIEU Supervisory Board	• Supervise the DGIEU Management Board (but with no right to instruct or take day-to-day decisions), • Issue Rules and Procedures for the DGIEU Management Board, • Mandate the statutory auditor, • Approve the financial statements, • Consider reserved matters – veto right e.g., acquisition or sale of real property, assumption of guarantees, obligations exceeding a defined amount, and • Appoint (and remove) members of the DGIEU Management Board.
DGIEU Management Board	• Be responsible for proper business organisation, • Manage the Company in accordance with the law, Articles of Association, and the Terms of Reference (manage with the due care and diligence of a prudent and conscientious businessman), • Implement and execute DGIEU's strategy, • Provide direction on day-to-day strategy, • Review Company's risk and issues, • Adhere to regulation and compliance, • Review key people risks and issues, and • Act as escalation point for issues raised by the business.
EMOC	• Executes Company strategy and discusses changes, • Discusses and approves strategic developments and initiatives, • Runs the business in line with Company policies, • Sets up controls to deal with Company risks, • Provides direction on day-to-day strategy, and • Information exchange and alignment with Group Executive Committee.
ECSC	• Setting conduct standards and principles, • Promoting conduct standards and fair treatment of costumers, • Monitoring conduct risks in Service and Claims, Complaints and Quality Assurance, • Reviewing emerging risks and identifying route causes, and • Reviewing cases of misconduct and deciding on future mitigation measures.
EPPGC	• Designing new products or modifying or developing existing products,

	• Developing new channels for existing products, changes to an existing channel, and rollout of an existing product/terms and conditions for a new client, • Overseeing marketing incentives and payment methods for existing products and channels, and • Employing the pricing strategy to calculate product price.
ERCC	• Promoting DGIEU risk and compliance standards throughout the organisation, • Reviewing the status and progress on actions from Compliance monitoring reviews, Internal Audit, External Audit, RCSAs, risk events and regulatory reporting requirements, • Overseeing different aspects of the DGIEU Risk Management Framework, such as KRIs, Risk Events, RCSA results, and risk appetite, • Overseeing the ongoing maintenance of a robust control framework incl. a quarterly review of control results, • Providing executive summaries on Risk and Compliance reviews and analyses and Internal Audit, and • Providing regular horizon scanning updates and agreeing on action owners / business sponsors.

DGIEU Boards

The DGIEU Supervisory Board comprises of Directors who are responsible to the shareholder and other stakeholders for ensuring that the Company is appropriately managed and that it achieves its objectives. The Board meets to determine the Company's strategic direction, to review the operating and financial performance, and to oversee that the Company is adequately resourced and effectively controlled.

DGIEU Supervisory Board (Meetings every six month)	
David Tyler	Chairman
Joe Fitzgerald	Deputy Chairman
Steve Purser	Member

In FY22 there were no changes in the DGIEU Supervisory Board.

The DGIEU Management Board (overseen by the DGIEU Supervisory Board) is ultimately responsible and accountable for ensuring that a sound risk management culture and framework is embedded.

DGIEU Management Board (Meetings every 3 months, other invitees as required)		
Name	**Role**	**Responsibility**
Mark Bridges	Chief Executive Officer ("CEO")	Lead Management overall, Strategy, Sales, Operations, Personnel, Supervisory Board matters
Idriss Ben Hadj Yahia	Chief Financial Officer ("CFO")	Finance and Accounting, Underwriting, Actuarial, Internal Audit
Bernhard Blaum	Chief Risk Officer ("CRO")	Compliance, Risk Management, Data Privacy, CoSec

Shortly after the end of FY22, it was announced that there will be a change in the DGIEU Management Board, as the CEO, Mark Bridges, left the company on 6th May 2022. Since this change became effective in FY23, more details on the change will be reported in the next SFCR.

Some responsibilities for the oversight and monitoring of risk management (including adherence to risk appetite for selected risk categories) are delegated to DGIEU's committees, as reflected in their terms of references.

European Management Operations Committee
The EMOC meets monthly at various DGIEU European sites. Since the Covid-19 pandemic, meetings were held online in most cases. The Committee has the purpose to implement and track progress against the strategy and plans adopted by the Management Board.

Members are to be confirmed by the DGIEU Management Board. Members of the EMOC are the Members of the DGIEU Management Board, International OEM Director, International Operations Director, International Service Director, Head of Channel Marketing, International Programme Director, Country Head of Spain & Retail + Director, HR Director of Business Partnering & Talent, International Business Development Director and International Legal Director. EMOC is chaired by the CEO and organised by the International Manager Regulatory and Governance.

Another meeting of the EMOC members is the regular weekly trading meeting. From mid-March 2020, DGIEU has set up additional regular trading calls with EEA Senior Management to discuss developments regarding Covid-19 and trading performance, to ensure a proper business development and stable operations. Due to Covid-19 developments, the additional trading calls ended in December 2021.

European Product and Pricing Governance Committee
The EPPGC meets bi-monthly and ad-hoc if required. The scope of the EPPGC covers three defined areas of product development as well as pricing application and focusses specifically on the customer impact.

Membership of the EPPGC consists of at least one representative from Marketing and a representative from Compliance. The membership of the EPPGC is as follows: Members of the DGIEU Management Board, the International Legal Director, International OEM Director, International Retail+ Director, International Business Development Director, International Service Director, International Head of Underwriting & Commercial, Group Chief Risk Officer and Head of Compliance DGIEU. The EPPGC is chaired by the Head of Compliance DGIEU and organised by the International Manager Regulatory and Governance.

European Conduct Standards Committee
The ECSC meets quarterly and ad-hoc if required.

The ECSC is chaired by the CRO and organised by the International Manager Regulatory and Governance. Further members of the committee are the members of the DGIEU Management Board, the International Operations Director, International Legal Director, International Service Director, International OEM Director, International Retail+ Director, Director of Contact Centres, Head of Performance & Insights, Group Chief Risk Officer, Head of Compliance DGIEU and International Risk Manager.

European Risk Control Committee (established in FY22)
The ERCC meets monthly.

The ERCC is chaired by the CRO and organised by the International Manager Regulatory and Governance. Further members of the committee are the members of the DGIEU Management Board, the International Operations Director, International Legal Director, International Service Director, International OEM Director, International Retail+ Director, Head of Compliance DGIEU and International Risk Manager.

Key Functions

An insurance company must set up four Key Functions in accordance with the requirements of Solvency II. The DGIEU Management Board has appointed responsible persons for each of the following four Key Functions:

- Risk Management Function according to § 26 Para 8 Insurance Supervisory Law (“VAG”),
- Compliance Function according to § 29 Para 1 VAG,
- Internal Audit Function according to § 30 Para 1 VAG and
- Actuarial Function according to § 31 Para 1 VAG.

Risk Management Function

According to § 26 VAG Para 8, insurance companies must set up an independent Risk Management Function that is structured in such a way that it significantly promotes the implementation of the Risk Management System.

Selected main tasks of the Risk Management Function include:

- Evaluating and reviewing the Risk Strategy,
- Promoting risk awareness,
- Reviewing risk assessment methods,
- Monitoring the Risk Management System (including risk appetite statements and positions, as well as Key Risk Indicators (“KRIs”)),
- Developing, testing, and validating internal models in use for the calculation of DGIEU’s solvency capital requirements*,
- Proposing limits and
- Defining and regular updating of principal risks and key controls.

* DGIEU does not apply an internal model, but the Company uses USPs for the premium and reserve risk.

These main tasks include the following aspects in detail:

- **Coordination:** The Risk Management Function coordinates activities especially relating to Pillar 2 and 3 of Solvency II, in particular Risk Management activities. The Risk Management Function ensures the correct implementation of Risk Management policies and the development of strategies, methods, processes, and procedures for identifying, assessing, monitoring, and controlling risks.
- **Risk control:** The Risk Management Function plays a key role in determining the solvency situation and risk-bearing capacity and carries out the Company's own risk and solvency assessment in cooperation with other specialists and Key Functions.
- **Early warning function:** The Risk Management Function is responsible for identifying risks as early as possible and coordinating proposals for suitable measures.
- **Advice:** The Risk Management Function advises the DGIEU Management Board on all Risk Management issues, including strategic decisions.
- **Monitoring:** The Risk Management Function monitors the effectiveness of the Risk Management System, identifies potential weaknesses, develops proposals for improvement, and reports to the Management Board.
- **Reporting:** The Risk Management Function reports comprehensively to the DGIEU Management Board on the current risk and solvency situation and is responsible for internal and external risk reporting.
- **Training:** To promote the risk culture, the Risk Management Function carries out internal risk management training for the staff.

Bernhard Blaum holds DGIEU’s Risk Management Function and is the responsible member of the Management Board (CRO). The Risk Management Function is operatively managed by the International Risk Manager. This implementation is used to separate functions regarding the workload of operational activities.

The organisation of the Risk Management Function is considered appropriate and effective in accordance with the principle of proportionality.

Compliance Function

According to § 29 Para 1 VAG, insurance companies must have in place an effective internal control system, which includes at least business administration and accounting procedures, an internal control framework, adequate internal reporting structures and a Compliance Function.

Selected main tasks of the Compliance Function include:

- Identifying and assessing compliance risks with regard to both BaFin standards and local regulatory standards for each DGIEU location,
- Setting the DGIEU policy framework for insurance compliance, the internal control framework, financial crime prevention, and other regulatory matters,
- Designing and executing DGIEU compliance controls and monitoring,
- Managing the DGIEU outsourcing framework,
- Managing the DGIEU product governance and oversight procedures,
- Monitoring the Regulatory Horizon / industry news to ensure compliance with applicable laws and regulations, and
- Advising and training both DGIEU business and management functions in compliance matters.

These main tasks include the following aspects in detail:

- **Risk identification and -assessment:** The Compliance Function identifies and assesses the risks associated with the breach of legal requirements ("Compliance risks") on an ongoing basis and provides an annual Compliance report to the DGIEU Management Board.
- **Monitoring / Control testing:** The Compliance Function monitors compliance with legal requirements by executing DGIEU's compliance monitoring programme. The compliance monitoring programme follows a risk-based approach executing each financial year several monitoring reviews as deep dives in particular risk areas of DGIEU. This involves at least the statutes, regulations and regulatory requirements applicable to operating the company's insurance business. Compliance monitoring also assesses and investigates whistleblowing reports as part of the management of the Whistleblowing process according to § 23 Para 6 VAG.
- **Monitoring of Regulatory Horizon / Industry news:** The Compliance Function assesses the potential impact of changes in the legal environment and the industry on the Company ("Horizon scanning").
- **Advice:** The Compliance Function advises both DGIEU business and Management Board on compliance with the laws and regulations that apply to the operation of the insurance business. The Compliance Function ensures the correct implementation of Compliance policies and the development of strategies, methods, processes, and procedures for identifying, assessing, monitoring, and controlling risks.
- **Conduct Standards:** The Compliance Function manages conduct standards, and the CRO as Compliance Function holder is chair of the European Conduct Standards Committee.
- **Training:** To promote Company-wide compliance, the Compliance Function carries out internal compliance training for the staff.

Bernhard Blaum holds DGIEU's Compliance Function and is the responsible member of the Management Board (CRO). The Compliance Function is led and operatively managed by the Head of Compliance DGIEU, to whom an international team of Compliance specialists reports. This implementation is used to separate functions regarding the workload of operational activities.

The organisation of the Compliance Function is considered appropriate and effective in accordance with the principle of proportionality. The adequacy of the implemented framework and procedures was confirmed in FY22 by the Internal Audit function as part of the Compliance Function & Regulatory Adherence audit.

Internal Audit Function

Under Solvency II insurance companies must set up an intendent Internal Audit Function. The audit mandate of the Internal Audit Function relates to the entire business organisation, including outsourced areas and processes.

Selected main tasks of the Internal Audit Function include:

- Auditing the system of governance,
- Ensuring compliance with the audit plan,
- Maintaining independence, and
- Advising the management.

These main tasks include the following aspects in detail:

- **Audit:** The Internal Audit Function reviews and assesses the functionality, effectiveness, and adequacy of the system of governance and reviews all activities and processes of the system of governance, including the other Key Functions (implementation of strategy, efficiency of processes, compliance with internal and external regulations, and reliability of reporting).
- **Surveillance:** The Internal Audit Function supports the DGIEU Management Board in the performance of its supervisory duties.

The Internal Audit Function of DGIEU is outsourced to Grant Thornton LLP (Grant Thornton). Idriss Ben Hadj Yahia is the responsible member of the Management Board (CFO) for the Internal Audit Function.

The organisation of the Internal Audit Function is considered appropriate and effective in accordance with the principle of proportionality.

Actuarial Function

According to § 31 VAG, insurance companies must have an effective Actuarial Function.

Selected main tasks of the Actuarial Function include:

- Validation of technical provisions, including testing against experience,
- Assessment of the appropriateness of the methods used and definition of USPs applied, and
- Assessment of the quality of the data used.

These main tasks include the following aspects in detail:

- **Coordination:** The Actuarial Function coordinates the calculation of technical provisions.
- **Assessment:** The Actuarial Function assesses the adequacy and quality of the underlying data.
- **Monitoring:** The Actuarial Function ensures the appropriateness of the methodologies and assumptions underlying the technical provisions. The Actuarial Function monitors the calculation of the technical provisions.
- **Support:** The Actuarial Function supports the Risk Management Function in the effective implementation of the Risk Management System and the risk and solvency assessment.
- **Reporting:** The Actuarial Function informs the DGIEU Management Board about the reliability and appropriateness of the calculation of technical provisions.

The Actuarial Function is also responsible for reviewing the overall Underwriting policy and the adequacy of reinsurance arrangements and is required to produce annual opinions on each as part of the Annual Actuarial Function Report.

Idriss Ben Hadj Yahia is the responsible member of the Management Board (CFO) for the Actuarial Function. Support of the Actuarial Function is outsourced to Milliman LLP (”Milliman”). At the end of FY22, a transition period from Milliman to Lane Clark Peacock (“LCP”) started. The Actuarial Function support assists with the calculation of the SCR and of the technical provisions, and with DGIEU’s Solvency II reporting requirements.

The Actuarial Function performs its tasks with operational independence.

The organisation of the Actuarial Function is considered appropriate and effective in accordance with the principle of proportionality.

Other risk management issues of DGIEU are dealt with in the following committees at Group level. Information is passed on to the Group by the DGIEU Management Board.

Committees at Group Level:

Audit & Risk Committee ("ARC")
The Audit & Risk Committee is a key governance committee that oversees and manages risk (including regulatory risk). Under its terms of reference, the ARC should meet at least three times a year and in FY22 met five times.

The Committee has an established annual plan of work, and its responsibilities include: review of the appropriateness of the Company's accounting principles and procedures, review of the effectiveness of the audit process and the relationship of the Company with its external auditors, including the level and nature of non-audit services, review of the effectiveness of the internal Audit Function, and review of the effectiveness of the Company's internal controls, in particular, regulatory compliance and risk management.

In parallel, the ARC ensures that all group subsidiaries (across all jurisdictions) are reviewed and monitored and that there are consistent and clearly communicated, effective financial reporting processes, risk frameworks, and Compliance monitoring processes in place.

Remuneration Committee ("REMCO")
The Group Remuneration Committee covers all Group companies including DGI and DGIEU. Under its terms of reference, the Remuneration Committee meets as often as is reasonably required to discharge its responsibilities and, in any case, at least once a year (and met three times in FY22). The Committee has responsibility for determining the overall framework and policy for remuneration of the Chairman, the independent non-executive directors, the executive directors, and senior executives of the Group. The Committee has also oversight of broader workforce remuneration, when setting Executive compensation. The remuneration policy for executive directors and senior management is to ensure they are provided with aligned incentives to encourage appropriate customer outcomes as well as enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Group. The Committee also:

- Approves the design of any performance related pay and bonus schemes,
- Reviews and approves the appointment or termination of employment of any employee whose base salary is in excess of £120.000 (approximately € 130.000),
- Determines the policy for and scope of pension arrangements, service agreements for the Executive Management, termination payments and compensation commitments,
- Reviews and approves the establishment of any pension, retirement, death, disability or life assurance scheme, and
- Oversees any major changes in employee benefit or compensation structures.

Investment & Capital Committee ("ICC")
The ICC covers all Group companies including DGIEU. Under its terms of reference, the Committee meets as often as their role and responsibilities reasonably require and, in any case, at least twice a year (and met two times in FY22). The Committee is responsible for reviewing, directing and evaluating:

- Decisions, performance and risk in relation to the investment of Group funds in financial instruments, bank deposits and similar, with due regard to Solvency II investment guidelines under Prudent Person Principle;

- Capital management considerations, including distribution planning and execution within the Group; and
- Foreign exchange exposures and management within the Group.

A summary of further Group management Governance Committees, roles and responsibilities are outlined below:

Management Committee	Objectives
Executive Committee ("ExCo")	• Manages the day-to-day operation of D&G Group, ensuring D&G's strategy is executed effectively and that key risks are sufficiently managed. • Note: The CEO of DGIEU is member of the Group ExCo.
Group Risk Committee ("GRC")	• Monitors the implementation of D&G Group's risk management framework. • Tracking adherence to risk appetite and changes to the Group's risk profile on a regular basis. • Note: The CEO of DGIEU is member of the GRC.
Solvency II Working Group	• To monitor DGI's/ DGA's/DGIEU's Solvency II capital requirements and compliance with Solvency II requirements.
Data Privacy Working Group	• To oversee compliance with data protection regulations across the Group.

Remuneration

All bonus awards paid to employees are discretionary, even if paid consistently over a period of years; employees do not have an entitlement to receive an annual bonus award. The financial performance of the Company is the key factor in determining the overall level of bonus awards in any given year. Alongside, the performance of each function, together with each individual employees' contribution and behaviours, will influence the amount of each individual annual bonus. When determining and reviewing the amount of individual bonus awards, consideration is given to the relative value of variable remuneration as a proportion of total remuneration, ensuring that in each case the variable element does not represent too large a proportion as to inappropriately incentivise behaviours that may be detrimental. In no case may an individual receive a bonus that is greater than 100% of their base salary.

DGIEU awards all variable remuneration in the form of annual discretionary cash awards. The Company does not operate formulaic criteria for determining the value of individual bonus awards and management has complete discretion to determine the value of individual awards.

The Group (including DGIEU) does not operate individual supplementary pension schemes.

There were no material transactions in FY22 between shareholders, any persons exercising a significant influence on the undertaking and members of the administrative, management or supervisory body.

Additional information on remuneration can be found in the section on the "Remuneration Committee", above. This committee is responsible for the remuneration within all Group companies including DGIEU.

A Group Remuneration Policy is in place that includes information on the following: Definition of remuneration, requirements and implementation at D&G and area of responsibility of the Remuneration Committee. The standards in this Policy are applicable to the whole Group (incl. DGIEU)..

The Remuneration Policy seeks to ensure:

- Transparent and consistent remuneration principles,
- That all employees are appropriately remunerated in accordance with their contractual roles and responsibilities, and
- That the remuneration principles are consistent with the business and risk strategy.

The remuneration system of DGIEU for employees, senior managers, members of the Management Board and Supervisory Board is appropriate, transparent, and geared to the sustainable development of the Company. The general structure of the remuneration policy is in line with the business strategy and the risk strategy derived from it.

There were no additional changes in remuneration and to the Remuneration Policy compared to FY21.

Material transactions

No material transactions took place in the reporting period.

Adequacy of the system of governance

In FY20 DGIEU focused on establishing a robust and proportionate governance framework to ensure compliance with applicable law, regulations, and the expectations of regulators. In FY21 and FY22, DGIEU's system of governance was further developed and refined to reflect the individual needs of the DGIEU business model and to fully comply with regulatory requirements.

B.2 Fit and proper requirements

General Information

DGIEU is committed to ensure that all persons who effectively run the Company or have other key functions are at all times fit and proper within the meaning of Article 273 of Commission Delegated Regulation 2015/35 (“DVO”) in accordance with the applicable Article 24 VAG.

The information in this section is based on the DGIEU Fit & Proper Policy. Fitness refers to professional qualifications, knowledge, and experience to enable sound and prudent management. Propriety means good repute and integrity.

The assessment of whether a person is fit shall include an assessment of the person's professional and formal qualifications, knowledge, and relevant experience within the insurance sector, other financial sectors or other businesses. The assessment shall take into account the respective duties allocated to that person and, where relevant, the insurance, financial, accounting, actuarial, and management skills of the person. According to Article 24 VAG, sufficient management experience can usually be assumed for the performance of management duties if three years of management activity at an insurance company of comparable size and type of business can be proven.

According to EIOPA Guidelines on System of Governance, the following fit requirements apply to the members of the Administrative, Management or Supervisory Body (AMSB).

The AMSB should collectively possess appropriate qualification, experience, and knowledge about at least:

- Insurance and financial markets,
- Business strategy and business model,

- System of governance,
- Financial and actuarial analysis, and
- Regulatory framework and requirements.

The assessment of whether a person is proper shall include an assessment of that person's honesty and financial soundness based on evidence regarding their character, personal behaviour, and business conduct including any criminal, financial, and supervisory aspects relevant for the purposes of the assessment.

Affected Persons and Roles at DGIEU

The fit & proper requirements apply to all persons who effectively run the undertaking or have other key functions. At DGIEU, these include the members of the DGIEU Supervisory Board, DGIEU Management Board and the Authorised Agents of the French, Italian, Spanish and UK (solely for Republic of Ireland business) branches.

The DGIEU Management Board members are also the responsible holders of the four key functions (Compliance Function, Risk Management Function, Internal Audit Function, and Actuarial Function). Furthermore, DGIEU has defined a responsible Outsourcing Manager for the outsourced Internal Audit Function and the Actuarial Function support.

The fit requirements for a key function holder are derived from the descriptions of their responsibilities within the governance system.

In the case of outsourcing of key functions in accordance with Article 266 MaGo and Article 32 VAG, DGIEU complies with BaFin requirements to:

- Apply similar fit and proper procedures in assessing persons employed by the Service Provider or sub–Service Provider to perform an outsourced key function, and
- Designate an Outsourcing Manager within DGIEU with overall responsibility for the outsourced key function who is fit and proper and possesses sufficient knowledge and experience regarding the outsourced key function to be able to challenge the performance and results of the Service Provider.

Pre-Employment Checks

Pre-employment checks are carried out at DGIEU to ensure that the affected persons and roles meet the fit and proper requirements. These include the following:

- References from previous employers,
- Criminal Record Checks (where in line with applicable local employee protection law),
- Assessment of the person’s professional and formal qualifications, knowledge, and relevant experience,
- Professional qualifications and membership checks,
- Highest education verification, and
- Medical questionnaire.

Furthermore, DGIEU carries out pre-employment checks to ensure that the members of the DGIEU Supervisory Board and the DGIEU Management Board collectively possess appropriate qualifications, experience, and knowledge about:

- Insurance and financial markets,
- Business strategy and business model,
- Systems of governance,
- Financial and actuarial analysis, and
- Regulatory framework and requirements.

To ensure compliance with those requirements, DGIEU implemented a "Self-Assessment AMSB Template". This must be completed by members of the DGIEU Supervisory Board and the DGIEU Management Board prior to appointment. After the "Self-Assessment AMSB Template" has been completed, it is to be checked for plausibility by HR based on the above-mentioned documents.

Ongoing Checks

The assessment of the fitness and propriety of the persons who effectively run the Company or hold other key functions, on an on-going basis is also carried out. A periodic re-assessment of ongoing fitness and propriety may, where appropriate, be carried out through e.g., completion of an appropriately worded form and declaration documenting and, where appropriate, reporting and acting any changes to an individual's fitness and propriety from that previously reported.

To ensure compliance with those requirements in the future, DGIEU implemented a "Self-Assessment Template for Regular Review". This is based on the information that is required to be submitted to the supervisory authority (BaFin). This self-assessment must be carried out truthfully by the responsible persons on an annual basis and coordinated by DGIEU HR. After the "DGIEU Self-Assessment Template for Regular Review" has been completed by the persons in scope, it is to be checked for plausibility by HR. Should changes occur during the self-assessment that have a significant impact on the fit and proper requirements and thus on the appointment, the necessary documents that were also required for the initial assessment must be requested again from DGIEU HR.

Regular means on an annual basis. The annual self-assessment should be completed by 31 March each year at the latest. However, if there are indications of a change in fitness and propriety, an ad-hoc review must be carried out.

In addition to the annual "DGIEU Self-Assessment Template for Regular Review", management should undertake criminal records checks and financial integrity and background checks, at least, every three years. For this purpose, every three years, the affected persons and roles are required to submit a criminal record check and an extract from the Central Trade Register to DGIEU HR.

At DGIEU, HR is responsible for these checks (pre-employment and ongoing).

Notification to BaFin (according to article 24 paragraph 1 VAG)

The notification to be made in accordance with VAG and the relevant documents must be submitted to BaFin.

The requirements for notification to BaFin are met by DGIEU. All required documentation was submitted to BaFin. DGIEU Company Secretary ("CoSec") with the support of DGIEU HR is responsible for the compilation and submission of these documents.

B.3 Risk management system including the own risk and solvency assessment

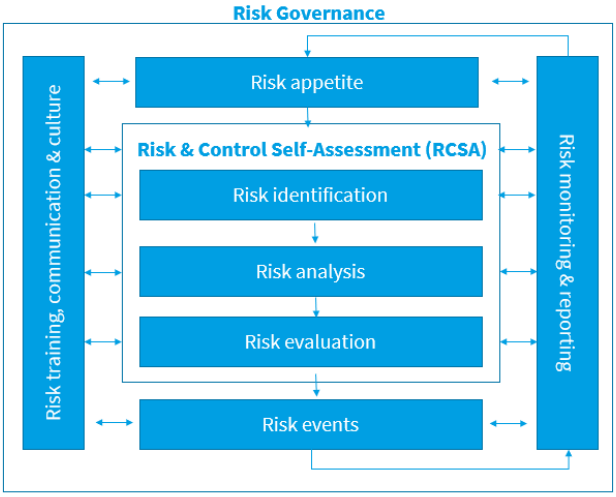
Risk is defined as "uncertain future events which could influence the achievement of DGIEU's objectives". These can be both upside risk (opportunities DGIEU can benefit from) or downside risk (threats to success).

The sum of potential risks that DGIEU could experience are its "risk universe". Those risks identified and assessed by DGIEU form its "risk profile". DGIEU primarily focuses on the downside risks but may also support in the identification and ongoing management of opportunities.

At DGIEU, the principles of risk management are anchored in the Risk Strategy. DGIEU's Risk Strategy is derived from the Business Strategy. The Risk Strategy considers all risks arising from the business model.

The Company has established a risk management and control framework that seeks to protect the business from events that hinder achievement of its objectives and financial performance, including failure to exploit opportunities. The risk management framework identifies potential risks and uncertainties that could have a material impact on performance and puts in place internal processes and controls designed to mitigate each risk.

A summary of the high-level risk management process is shown in the diagram below. Details follow afterwards.



- **Risk Governance:**
    - The DGIEU Management Board is responsible and accountable for ensuring that a sound risk management culture and framework is embedded.

- **Risk Culture:**
    - The DGIEU Management Board sets the ‘Tone from the Top’ in respect of the management of risk.
    - The Risk Management Function supports and guides the development of risk culture, risk behaviours, risk attitudes and risk awareness.

- **Risk Appetite:**
    - All risk decisions and risk taking is undertaken within thresholds that are clearly defined and aligned to the risk profile and risk appetite set by the DGIEU Management Board.
    - DGIEU risk appetite statements identify the risk exposures which DGIEU deems acceptable (in pursuit of its objectives) within clearly articulated tolerance limits across each risk impact type, taking into consideration capital availability.
    - The risk appetite is reviewed in full at least annually by the DGIEU Management Board through a risk acceptance process. The International Risk Manager facilitates this process. The defined risk appetite statements are included in the DGIEU Risk Strategy.

- **Risk Processes and Systems:**
    - DGIEU has a bespoke risk management system (Magique) to record and evaluate risk and associated controls, to log risk events and to track the delivery of actions.
    - The system captures and records the following key criteria –Risk Universe, Risk and Control Self-Assessment, Risk Identification, Risk Evaluation, Risk Monitoring and Risk Reporting.

- **Risk Universe:**
    - Risk Strategy requires that DGIEU can comprehensively articulate its risk universe to capture the risks to which its governance operates.

    - Those risks to which DGIEU could be exposed (its “risk universe”) are categorised into a three-level taxonomy, with Conduct, Strategic, Operational, Financial and Insurance risk being its over-arching risk classes / categories (Level 1). These are then sub-categorised into sub-categories (Level 2) and then again into Library Risks (Level 3). The Library Risks are used to populate bottom-up risk registers and are then aggregated for risk reporting.

- **Risk and Control and Self-Assessment:**
    - The Risk and Control Self-Assessment (“RCSA”) is integral for identifying and analysing risks and evaluating the efficiency and effectiveness of internal controls within DGIEU. The RCSA is a biannual assessment facilitated by the International Risk Manager.

- **Risk Identification:**
    - Risk identification must be completed within the context of DGIEU’s objectives. Threats to DGIEU’s objectives are risks.
    - To be able to identify risks effectively, DGIEU needs to have a view of current and emerging risks across the business (including those driven by internal and external factors).
    - Identified risks will be recorded centrally on the Risk Management System (Magique) and allocated to an appropriate manager or senior manager.

- **Risk Evaluation:**
    - Risks identified are objectively assessed against DGIEU’s risk appetite.
    - Risk measurement and evaluation helps DGIEU to make informed decisions with respect to which risk treatment to adopt and what method to use.
    - Risk evaluation includes estimation of the impact (type and amount) and likelihood, on a “gross” (risk assessment before controls) and “net” (risk assessment after controls) basis.
    - DGIEU uses the “Multi Impact Risk Assessment” by considering six different impact types (customer, reputational, regulatory, financial, operational, and client).

- **Risk Management and Internal Control:**
    - Internal control is defined as any action taken by management, the Board and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved by internal and external parties.
    - The nature, frequency and scope of the internal controls are based on the risks of the relevant Company units and processes. Responsible control performers and owners have all the necessary information available.
    - DGIEU seeks to manage its risks through one – or a blend of – the following risk management techniques: tolerate, treat, transfer, terminate.

- **Risk Events:**
    - Identification and tracking of risk events are essential components of DGIEU’s Risk Management Framework. It enables management to react quickly and comprehensively to both operational losses and to identifying opportunities to mitigate risks.

- **Risk Monitoring:**
    - Monitoring is an ongoing process that assesses the effectiveness and efficiency of risk management and internal control, in its ability to enable the achievement of DGIEU’s objectives within risk appetite.
    - The process of monitoring DGIEU’s risks includes: KRIs, Control Assurance, Horizon Scanning and Monitoring of Changes.

- **Risk Reporting:**
    - Risk reporting is a critical component of ensuring the effective and timely delivery of risk information to support management’s decision making and the necessary disclosures externally including legal and regulatory.

    - Internal Risk Reporting includes: Reporting on the DGIEU risk and control profile on a half-yearly basis, regular risk event reporting, quarterly reporting on KRIs and the reporting of new and emerging risks on an ad-hoc basis.

- **Risk Training and Communication:**
    - Risk training and communication is essential for the delivery of an effective DGIEU risk culture as it drives learning from mistakes, losses and gains, and near misses as an when those events occur.

DGIEU operates a “three lines of defence” model:

<u>1st Line of Defence “1LOD” (Operations and Business Units)</u>

Operational management is responsible for:

- Ensuring that effective and efficient controls are in place and defined, and
- Proactively identifying and disclosing control deficiencies (either through event reporting or effectiveness assessment) and taking appropriate action to ensure that controls achieve their objectives.

Risk Strategy (within the operations and business units) is embedded within the first line of defence from a top-down perspective through the articulation and communication of the Board’s risk appetite and from a bottom-up perspective through the operation of a risk register. Operational management is responsible for identifying and managing risks directly, whilst senior management is responsible for taking the steps necessary to monitor and manage all material risks consistent with the strategic objectives, risk appetite statements and policies.

<u>2nd Line of Defence “2LOD” (Risk, Compliance and Actuarial Function)</u>

Responsible for reviewing the design and operating effectiveness of DGIEU’s key controls as part of their monitoring activities. Risk Management and Compliance are particularly active in their role as business partners to support the decentralized organisation.

Consulting and assurance functions are responsible for ongoing monitoring advice, scanning of the regulatory horizon and facilitating risk management activities. These have some degree of objectivity and independence. This includes the Risk Management, Actuarial and Compliance functions.

<u>3rd Line of Defence “3LOD” (Internal Audit)</u>

Internal Audit is responsible for providing independent assurance over governance, risk management, and internal control, reporting directly to the Board.

Proper and ethical business conduct is embedded into the day-to-day business. There is a strict business framework (incl. purpose, mission, values, and strategic drivers) which senior management and the Board ensure pervades all activities. The Company has established appropriate controls and monitoring over product design, selling processes, customer service, and complaints which underpins low complaints rates and high customer satisfaction.

Information on the implementation and tasks of the Risk Management Function is provided in section B.1, further above.

Own Risk and Solvency Assessment ("ORSA")

The Own Risk and Solvency Assessment is part of the Risk Management System and a link between the three pillars of Solvency II.

The Finance, Actuarial, and the Risk Management team work closely together to ascertain the potential impact on capital of a variety of risk crystallisations through the ORSA process which is used to assess the level of capital that should be retained by the Company. This process considers all the material risks faced by DGIEU and includes stress tests applied to business plan financial projections by varying assumptions for future experience.

The ORSA is usually performed on an annual basis but in accordance with the ORSA Policy, where a significant change or event is planned or occurs, an out-of-cycle ORSA will be performed to assess the level of risk and assist the Board in the decision-making process. No out-of-cycle ORSA was carried out at DGIEU during FY22.

ORSA Process

DGIEU's ORSA Process includes the following:

- Consideration of the business's risk profile, risk tolerance limits, business strategy, business plans and associated projections,
- Demonstration that capital levels and liquidity are in line with the risk profile,
- Demonstration that robust processes exist to identify, measure, monitor, manage, and report risk exposures,
- Consideration of the significance with which the risk profile deviates from the assumptions underlying the Solvency II SCR capital requirement, and
- Evaluation of the appropriateness of the Solvency II standard formula in calculating SCR, in comparison to DGIEU's assessment of its own risks.

The CRO (who is member of the DGIEU Management Board) is responsible for the coordination of the ORSA process, including the preparation of the ORSA report. This ensures the direct involvement of management in the ORSA process. Operational management of these processes is delegated to the International Risk Manager. The DGIEU Management Board oversees the design and implementation of the ORSA, ensuring that the ORSA will be effectively governed. In addition, the DGIEU Management Board is required to approve the annual ORSA report. The Solvency II Working Group at Group level is also part of the approval process to ensure oversight of Solvency II implementation across the Group. The Actuarial Function plays a further central role in the implementation of the ORSA and the evaluation of the underlying methods and assumptions. The Internal Audit function performs an independent review of ORSA processes and ORSA report, as determined by the DGIEU Management Board.

ORSA Report

The ORSA Report is a collaborative project of various departments. The International Risk Manager is responsible for the master file and brings together the input for the various chapters.

DGIEU's ORSA Report contains the following chapters:

1. Executive Summary
2. Business Strategy
3. Risk Management Framework
4. Current Risk Profile and Assessments
5. Own Funds and Regulatory Capital Requirements

6. Appropriateness of the Standard Formula incl. Company-specific Solvency Assessment
7. Stress Testing

Process Review

DGIEU's ORSA process will continue to be regularly reviewed and further refined as necessary, depending on the ongoing consideration of the DGIEU Management Board, the Solvency II Working Group and any relevant changes to DGIEU's risk profile.

All colleagues directly or indirectly engaged in the ORSA process must familiarise themselves with the requirements of the DGIEU ORSA Policy and ensure that their understanding and awareness of the necessary requirements is maintained.

Ongoing Monitoring

Work conducted by the second and third lines of defence provides continuous assurance that key controls that underpin the ORSA are operating effectively. This includes the annual Compliance monitoring program, annual Internal Audit plan, and 2LOD control testing, all of which are risk-based, together with the half-yearly risk reporting from around the business. It also includes regular committee meetings and working groups, including the Data Governance Committee and the Solvency II Working Group, and those committees designed to address predominantly conduct risk issues such as the ECSC and ERCC.

The risk universe and our suite of risk appetite statements, with supporting KRI's, are reviewed periodically to ensure that they accurately reflect the business's risk profile and appetite for each category of risk.

Risk reporting is facilitated through the Risk Management System, Magique, which contains a record of all risk registers and supports the reporting of risk events, controls, and exceptions to risk appetite.

B.4 Internal control system

The DGIEU Management Board has the overall accountability for maintaining DGIEU's systems of internal control and for monitoring its effectiveness, while the implementation of the internal control system is the responsibility of the executive management. Following a risk-based approach, DGIEU's systems of internal control is designed to meet applicable legal and regulatory business conduct requirements and to minimise the risk of failure to achieve business objectives.

The system is designed to:

- Safeguard assets,
- Maintain proper accounting records,
- Provide reliable financial information,
- Identify and manage business risks,
- Monitor both DGIEU-inhouse and outsourced business operations,
- Ensure delivery of suitable and appropriate customer outcomes,
- Maintain compliance with appropriate legislation and regulations on both DGIEU and branch level, and
- Identify and adopt best practices.

The Company has an established governance framework, the key features of which include:

- Terms of Reference for the Management Board's Committees and for other governance committees,
- A clear organisational structure, with documented segregation of duties and delegation of authority from the Board to executive management,

- A policies and procedures framework, which sets out risk management and control standards for DGIEU's operations,
- Defined procedures for the approval of new products and business partnerships, and
- Regular Management Information and reporting to the DGIEU Management Board.

There is an ongoing process for assessing and managing design and operating effectiveness of the internal control system as part of the Risk and Control Self-Assessment, conducted by the 1st Line of Defence and validated by both DGIEU Risk Management and Compliance functions.

Furthermore, as part of the 2nd Line of Defence, the DGIEU Compliance Function performs comprehensive risk assessment of all compliance risks to which the DGIEU is exposed to, flanked by the annual monitoring deep dive reviews across internal and outsourced business operations. Results of these reviews and of the ongoing monitoring of the regulatory horizon / industry news are used as part of a cycle for the identification and assessment of new compliance risks. This cycle of reviews and assessments lead to continuous enhancements of the internal control system, and trainings updates for affected DGIEU employees with regards to compliant insurance operation.

Further information on the responsibilities of the Compliance Function can be found in Chapter B.1, further above.

B.5 Internal audit function

The Internal Audit Function of DGIEU is outsourced to Grant Thornton, which directly reports to the DGIEU CFO, who is the responsible member of the Management Board for the Internal Audit Function.

As the outsourcing of the Internal Audit Function is an important outsourcing for DGIEU, the Company defined an Outsourcing Manager who is responsible for the monitoring and assessing of the outsourcing arrangement.

The Internal Audit Function is an independent, objective assurance and consulting function designed to add value and improve the Company's operations. It helps the Company accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control, and governance processes. The Internal Audit Function provides increased risk coverage and measurable value to the business by identifying and performing assurance and consulting engagements. Internal Audit produces an annual Risk-Based Internal Audit Plan based on a comprehensive risk assessment of all identified auditable units, which is also aligned with the 2LOD's annual Compliance Monitoring Plan. The Internal Audit findings and recommended appropriate courses of action for the enhancement of risk management, internal control, and governance are communicated to the DGIEU Management Board and to the Group ARC for information purposes.

Organisational independence is effectively achieved as the function is outsourced, and reports to the CFO. Furthermore, the Internal Audit Function is free from executive management interference in determining the scope of internal auditing, performing work, and communicating results.

Based on the results of the risk assessment, priority areas are identified. The risk assessment is enhanced with the feedback of the key stakeholders and the use of the risk register created by the business and compiled by the Risk Management Function. Also, the Internal Audit plan is approved by the DGIEU Management Board and revisited regularly to allow flexibility should the risk environment change.

Moreover, the Internal Audit Function promotes action on audit recommendations.

None of the Internal Audit Function staff are employed by the Company.

Further information on the responsibilities of the Internal Audit Function can be found in Chapter B.1, further above.

B.6 Actuarial function

The DGIEU CFO is the responsible member of the Management Board for the Actuarial Function. Support of the Actuarial Function was outsourced to Milliman. During FY22, a transition period from Milliman to LCP started. The Actuarial Function support assists with the calculations of the SCR and technical provision and with DGIEU's Solvency II reporting requirements. It is also responsible for reviewing the overall underwriting policy and the adequacy of reinsurance arrangements and reinsurance strategies and is required to produce annual opinions on each.

As the outsourcing of the Internal Audit Function support is an important outsourcing for DGIEU, the Company defined an Outsourcing Manager who is responsible for the monitoring and assessing of the outsourcing arrangement.

Detailed information on the responsibilities of the Actuarial Function can be found in Chapter B.1, further above.

B.7 Outsourcing

DGIEU is committed to ensuring the outsourcing of business activities or functions is only permitted where DGIEU has satisfied itself, through appropriate due diligence and risk assessment, as to the suitability of the Service Provider. DGIEU must continue to be satisfied as to the ongoing suitability of a Service Provider through ongoing monitoring and oversight and reporting to the DGIEU Management Board. The obligations for oversight of Service Providers cover the whole life cycle of the service provisions, from inception to the end of the contract.

The outsourcing principles and regulations are outlined in the Company's Outsourcing Policy which has been written in accordance with Article 274 DVO and Section 13 MaGo.

DGIEU differentiates between the outsourcing of important insurance functions / activities and any other services, as well as outsourcing arrangements with intra-group or external third-party providers.

The current important outsourcing arrangements are as follows:

Service Provider	Service Provider - Domicile Country	Relationship	Service Description	Outsourcing Rationale	Oversight / Safeguard Measures
Grant Thornton	**UK**	**External 3rd Party**	Coverage of the Internal Audit Function for DGIEU across all European locations.	DGIEU relies on the international experience and expertise of Grant Thornton that the established audit firm applies through an integrated audit approach, combining financial audits with attestations of the effectiveness of the	The outsourced key function service is directly assigned to the CFO of DGIEU. The service provider reports to the CFO about their audit plans, activities, and audit results on a regular basis. Audit plans and activities performed by Grant Thornton are reconciled with the DGIEU's internal control

				internal control systems.	framework on an annual basis to ensure a complete and flawless quality assurance of the insurance business.
TeleMail DirektMarketing & TeleMail GmbH	**Germany**	**External 3rd Party**	Direct advertising and mailing, printing and production, fulfilment, address management, etc.	DGIEU uses the service provider as a specialised telemarketing agency and lettershop, relying on the outsourcer's expertise in targeted direct advertising and efficient mailing processes from address management to dispatch.	DGIEU has agreed with the service provider on key performance indicators that TeleMail applies for their mailing services.
Teleperformance (In & Out S.p.A. // Albania Marketing Service sh.p.k.)	**Italy, Albania**	**External 3rd Party**	Provision of contact centre services for telesales / telemarketing purposes in the DGIEU markets Italy and France. Besides operating activities (e.g., customer service enquires, sales of insurance plans through inbound and outbound telephony)) the service provision includes an integrated quality assurance process on compliant business conduct through evaluation of recorded phone calls.	Teleperformance as a specialised service provider for customer care services maintains a broad network of contact centres in 80 countries. DGIEU utilizes the provider's experience and expertise in customer acquisitions according to the cultural habits, as well as their economies of scale with more than 300'000 employees.	DGIEU has determined the quality assurance standards that Teleperformance applies for their Compliance checks. Furthermore, DGIEU performs independent check the checker controls on the Teleperformance checks. The reporting of the check the checker control results are integral component of DGIEU's quarterly European Conduct Standard Committee.
Tricontes 360 München GmbH and Tricontes Augsburg GmbH	**Germany**	**External 3rd Party**	Provision of contact centre services for telesales / telemarketing purposes in the DGIEU market Germany. Besides operating activities (e.g., customer service enquires, sales of insurance plans through inbound and outbound telephony)) the service provision includes an integrated quality assurance process on compliant business conduct through evaluation of recorded phone calls.	Tricontes is a well-established business partner for customer interaction solutions in Germany. The provider cooperates with multiple insurance companies out of contact centres located in Germany. DGIEU utilizes the provider's experience and	DGIEU has determined the quality assurance standards that Tricontes applies for their Compliance checks. Furthermore, DGIEU performs independent check the checker controls on the Tricontes checks. The reporting of the check the checker control results are integral component of DGIEU's quarterly European

				expertise in customer acquisitions and customer care, offered in compliance with German conduct and data privacy standards.	Conduct Standard Committee.
Quasar S.L.	**Spain**	**External 3rd Party**	Provision of customized websites, landing pages and IT marketing / sales solutions for DGIEU Spanish Branch. To register and sell plans though web registration (also to collect data and permissions for Direct Marketing).	Quasar Informatica provides DGIEU with specialised IT development resources in order to implement and maintain websites and marketing / sales solutions for online sales activities.	DGIEU maintains its own testing and incident management for the IT platform. Testing results and incidents are shared on a regular level with the service provider to monitor service quality and operating effectiveness of the IT software.
Servizi Domestic & General Italia S.r.l.	**Italy**	**Intra-group outsourcing**	The services provided by SDGI include 1. Call centre telephone services // 2. Claims processing and claims handling, including the managing of repair network suppliers // 3. Customer care services including dealing with written customer correspondence and written customer administration requests // 4. Banking and customer payment reconciliations. // 5. Finance management // 6. Local legal and compliance support services // 7. Local human resources services and payroll services // 8. Local support for reporting management information, including complaints, quality // assurance, service levels and operational processes as agreed required by DGIEU Italy from time to time // 9. Local quality assurance services (such as quality and verifications of inbound and outbound telephone sales, rejected claims and customer complaints) // 10. Local facility management and provision of services such as pone, print, post, stationary, office rental, office cleaning, power, and archiving // 11. Any other ad-hoc activities as	Servizi Domestic & General Italia S.r.l. (SDGI), a group company, provides the DGIEU branches with services to support the promotion and administration of its insurance policies to consumers. DGIEU relies in particular on the repair network of suppliers which is managed through SDGI.	SDGI employees who provide services for DGIEU are subject to the same policy standards as in-house resources. Processes are harmonized and quality-assured in line with these standards and the applicable regulatory requirements. Services provided by SDGI are regular components of DGIEU's governance bodies (management board, European Conduct Standard Committee, European Management Operations Committee).

			determined and agreed by the Parties		
Domestic & General Insurance Plc	**UK**	**Intra-group outsourcing**	The services provided by DGI include 1. Executive management services // 2. Customer product / business development services // 3. Marketing support services // 4. Product governance and product support services // 5. Finance and accounting support services // 6. Project management and programme change management services // 7. Business operations delivery support services (including oversight of third party call centre telephony services) // 8. Underwriting support services // 9. Investment management support services // 10. IT Services // 11. Business Continuity Services // 12. Group Legal Services // 13. Group Human Resources Support services // 14. Tax & Finance Consultancy services // 15. Procurement Support services // 16. Claims Administration Services // 17. Claims Management Services // 18. IT Security Services	Domestic & General Insurance Plc (DGI), a group company, provides the DGIEU branches with corporate centre services. DGIEU relies in particular on the experience and the economies of scale of the UK headquarter which also managed the EEA business until end of October 2019.	DGI employees who provide executive management services to DGIEU have solid or dotted reporting lines into the DGIEU Management Board and provide regular status updates in DGIEU's governance bodies (European Conduct Standard Committee, European Management Operations Committee).
Milliman*	**UK**	**External 3rd Party**	Support of the Actuarial Function for DGIEU across all EEA branches / locations.	DGIEU relies on the international experience and specialised expertise of Milliman with regards to Solvency II standards for the Actuarial Function.	The outsourced key function support is directly assigned to the CFO (responsible person for the Actuarial Function) of DGIEU. The service provider reports to the CFO on a regular basis about the calculated technical provisions and the underlying valuation models.
Whirlpool (Bauknecht Hausgeräte GmbH, Whirlpool Italia S.r.l.)	**Germany, Italy**	**External 3rd Party**	Promotion of Whirlpool Germany/Italy repair services for their manufactured household appliances, covering (i) costs related to repair defects after the legal warranty period has expired and (ii) costs related to repair defects caused by accidents within and outside warranty. Additionally, the local service processes in Germany and Italy include the receival of customer claims calls and the due diligence & acceptance of such claims.	Due to the unique knowledge as the Original Equipment Manufacturer, this partner can offer not only effective and sustainable appliance repairs, but also more accurate claims due diligence checks.	In collaboration with the repair partner, DGIEU has defined very specific and detailed KPIs to continuously monitor the provided service and claims quality. The KPIs form part of the contractual agreements and are reported on a regular level to DGIEU. This MI reporting is an integral component of DGIEU's quarterly European

					Conduct Standard Committee.
Electrolux Hausgeräte GmbH	**Germany**	**External 3rd Party**	Promotion of Electrolux repair services for their manufactured household appliances covering (i) costs related to repair defects after the legal warranty period has expired and (ii) costs related to repair defects caused by accidents within and outside warranty. Additionally, the local service process in Germany includes the receival of customer claims calls and the due diligence & acceptance of such claims.	Due to the unique knowledge as the Original Equipment Manufacturer, this partner can offer not only effective and sustainable appliance repairs, but also more accurate claims due diligence checks.	In collaboration with the repair partner, DGIEU has defined very specific and detailed KPIs to continuously monitor the provided service and claims quality. The KPIs form part of the contractual agreements and are reported on a regular level to DGIEU. This MI reporting is an integral component of DGIEU's quarterly European Conduct Standard Committee.

*During FY22, a transition period from Milliman to LCP started.

In order to manage these outsourcing arrangements in a consistent and cohesive manner, DGIEU has introduced an eight steps quality assurance approach throughout the outsourcing lifecycle:

1. **Outsourcing Due Diligence** - Seeking a clear view on the suitability of a Service Provider, supported through reliable evidence,
2. **Outsourcing Risk Assessment** - Classifying and assessing all services and Service Providers, based on risk criteria such as corporate governance, risk management, financial capacity, etc.,
3. **Outsourcing Contracting** - Applying a contractual framework with defined mandatory contents, i.e., to ensure audit and inspection rights,
4. **Outsourcing Approval** - Seeking DGIEU Management Board sign-offs for all intended outsourcings of important insurance activities,
5. **BaFin Notification** (in the event of outsourcings of important insurance activities) - Submitting standardised notifications for outsourcings of important insurance activities through DGIEU Risk & Compliance,
6. **Outsourcing Monitoring** - Ongoing monitoring of important outsourcings with external third parties through contractually agreed KPIs,
7. **Outsourcing Reporting** - Periodic reporting of the KPI results together with any identified service contract breaches and taken actions to the DGIEU Management Board, and
8. **Termination of an Outsourcing** – Rolling back of outsourcing arrangements along pre-approved termination and business continuity concepts.

B.8 Any other material information

There are two key aspects to highlight regarding changes in the system of Governance:

1. Shortly after the end of FY22, it was announced that there will be a change in the DGIEU Management Board, as the CEO, Mark Bridges, left the company on 6th May 2022. Since this change became effective in FY23, more details on the change will be reported in the next SFCR.
2. During FY22, a transition period from the outsourced Actuarial Function support Milliman to LCP started.

There are no other material information, changes or material transactions to report during the reporting period with shareholders, with persons who exercise a significant influence on the Company, and with members of the administrative, management or supervisory body regarding DGIEU’s system of governance.

C. RISK PROFILE

Current Risk Profile

DGIEU performs an ongoing process of risk assessment and reporting to the DGIEU Management Board, based on the risk reporting through the Risk Management Software Magique. The risk profile of DGIEU recorded in Magique is reviewed and updated as part of the biannual Risk and Control Self-Assessment ("RCSA").

The DGIEU risk appetite is reviewed in full at least annually by the DGIEU Management Board. Any proposed changes are subject to approval by appropriate Boards and / or Committees depending on the nature of the change. DGIEU has implemented dedicated qualitative and quantitative risk appetite statements in FY22. These statements have been reviewed by the ERCC and approved by the DGIEU Management Board as part of the DGIEU Risk Strategy.

DGIEU sets its risk appetite at an appropriately prudent level to ensure that key risks to customers are identified, managed, and mitigated wherever possible. The Company focuses its actions on customer satisfaction. Ensuring good customer outcomes is at the heart of DGIEU's business.

The last RCSA for DGIEU was carried out in February 2022. This identified DGIEU risk profile was presented and approved by the DGIEU Management Board in March 2022.

The top 5 risks identified by the Company in the last RCSA were:

- Key Client Relationships,
- Information Security and Data Protection,
- Financial Management,
- Strategic Delivery
- Conduct Risk (esp. Sales & Retention and Financial Crime).

An overview of the risks according to the Solvency II standard formula, their solvency capital requirements and the amount of diversification effects can be found in Chapter E.2, further below.

A summary of the required risk categories, including risk mitigation techniques and uncertainties faced by the Company, is presented below:

C.1 Underwriting risk

The underwriting risk (for DGIEU: non-life insurance risk) is the main component of the Company's SCR, as shown in section E.2.1.

Premium risk is the most significant element of DGIEU's underwriting risk SCR. Other SCR sub-risks of the non-life insurance risk are reserve risk, lapse risk and catastrophe risk.

Non-life insurance risk SCR sub-risks	Description
Premium	The Use of the Solvency II standard formula results in a solvency capital requirement which is significantly higher than statistical analysis of DGIEU's historical loss ratio data suggests, which tends to have a lower level of volatility than the standard formula's parameter. Therefore, USPs are used by DGIEU to better align the SCR to the risk profile. Controls are in place to monitor and

	manage loss ratio volatility, including pricing policies, re-pricing, approval procedures for new products and major changes in existing products, regular performance review and monitoring of emerging issues.
Reserve	Claims are typically short tailed with nearly 95% of claims paid within the same year as the claim being incurred (and less than 0.1% unpaid after 24 months). Therefore, USPs are used by DGIEU to better align the reserve risk SCR to the risk profile.
Lapse	Lapse risk SCR is calculated using the Standard Formula. Governance committees such as the EPPGC regularly review the retention performance of products and take necessary actions to improve where feasible.
Catastrophe	Following Actuarial review, it has been clarified that Catastrophe risk is applicable for the "miscellaneous financial loss" business line (line of business of 12) "other than extended warranty insurance and reinsurance obligations provided that the portfolio of these obligations is highly diversified, and these obligations do not cover the costs of product recalls" (per DVO, Annex XII). DGIEU considers that its portfolio is sufficiently diversified across different appliance types, manufacturers, and appliance age, and contracts with the OEMs, respectively the insurance conditions exempt DGIEU from additional damage costs relating to recalls. DGIEU's catastrophe risk SCR is zero.

Risk description:

Underwriting risk is the potential adverse financial impact that combined claims and repair, acquisition, and administration costs exceed the estimated costs built into the pricing models applied.

The premium risk corresponds to the risk that the premium charged to policyholders will not be sufficient to cover the claims, expenses, commissions, etc. attached to the policies (on an earned basis).

Reserve risk relates to the increase in cost, frequency, or payment lag of existing claims values, including incurred but not reported (IBNR) and incurred but not enough reported (IBNER).

Lapse risk is the risk that expected profits included in future premiums [EPIFP] do not materialise due to the cancellation of in-force business.

The catastrophe risk is a component of the underwriting risk. Catastrophe risks are loss events that occur infrequently but, if they do occur, have a particularly high loss severity and are associated with risk concentrations.

Risk mitigation:

DGIEU's underwriting risk is managed through underwriting controls, pricing policies, approval procedures for new products and major changes to existing products, regular review of performance and monitoring of emerging issues.

Measures used to assess the risk:

In April 2022, BaFin accepted the use of USPs. DGIEU applied for the permission to use USPs, as the solvency capital requirement for DGIEU's insurance business (one segment, moderate risk) can be determined much more appropriately using individually calibrated parameters than using the parameters of the Solvency II standard formula. In its Q4 QRTs, DGIEU used USPs for the first time to determine the solvency capital requirement for both premium and reserve risk.

Premium Risk: The Use of the Solvency II standard formula results in a solvency capital requirement which is significantly higher than statistical analysis of DGIEU’s historical loss ratio data suggests, which tends to have a lower level of volatility than the standard formula’s parameter. Therefore, USPs are used by DGIEU to better align the SCR to the risk profile. Controls are in place to monitor and manage loss ratio volatility, including pricing policies, re-pricing, approval procedures for new products and major changes in existing products, regular performance review and monitoring of emerging issues.

Reserve Risk: Claims are typically short tailed with nearly 95% of claims paid within the same year as the claim being incurred (and less than 0.1% unpaid after 24 months). Therefore, USPs are used by DGIEU to better align the reserve risk SCR to the risk profile.

Lapse Risk: Lapse risk SCR is calculated using the Standard Formula.

Catastrophe Risk: Following Actuarial review, it has been clarified that Catastrophe risk is applicable for the “miscellaneous financial loss” business line (line of business of 12) “other than extended warranty insurance and reinsurance obligations provided that the portfolio of these obligations is highly diversified, and these obligations do not cover the costs of product recalls” (per DVO, Annex XII). DGIEU considers that its portfolio is sufficiently diversified across different appliance types, manufacturers, and appliance age, and contracts with the OEMs, respectively the insurance conditions exempt DGIEU from additional damage costs relating to recalls. DGIEU’s catastrophe risk SCR is zero.

Risk concentration:

DGIEU considers that its portfolio is sufficiently diversified across different appliance types, manufacturers, and appliance age, and contracts with the OEMs, respectively the insurance conditions exempt DGIEU from additional damage costs relating to recalls.

DGIEU has several material clients that if lost would impact DGIEU’s ability to reach new customers in order to sell its products and thereby reducing its customer base for new business. DGIEU protects its position by entering into multi-year contracts with clients but there remain risks.

Material changes over the reporting period:

The non-life insurance risk SCR has decreased significantly from FY21 to FY22 due to the use of USPs for premium and reserve risk.

Stress and scenario tests:

Regular sensitivity analyses are carried out to better understand the impact of risks and risk sensitivities. DGIEU has established processes to undertake stress and scenario testing on an ongoing basis, with testing undertaken at least annually within the ORSA process. Results of the tests improve the DGIEU Management Board’s understanding of risk, influence business decisions, and form a key part of the risk management framework. Stress tests concerning the underwriting risk include tests on loss ratios and claims. DGIEU performs various stress tests as part of the ORSA report, either aimed at reducing new business or renewals, or increasing claims costs. The tests have validated that DGIEU maintains sufficient capital to withstand these shocks.

Additional information:

To ensure the adequate allocation of the Key Entrepreneurial Risk-Taking functions ("KERT functions") of the insurance business and an appropriate profit attribution mechanism between the German DGIEU head office and the DGIEU Spanish Branch in line with the OECD standards, there are local rules for the DGIEU Spanish Branch.

C.2 Market risk

In FY22, DGIEU did investments in corporate, gouvernante and supernatural bonds in its investment portfolio which involve market risks.

Market risk SCR sub-risks	Description
Interest-Rate	This is low for DGIEU due to the short duration of assets & liabilities.
Currency	The Company's currency risk relates to changes in the GBP:EUR currency conversion rate which is used to value the assets and liabilities held in the UK. The Group's Corporate Finance Director regularly reviews exposures and informs the ICC of material exposures.
Equity	DGIEU does not have any equity risk, the equity risk SCR is zero.
Property	Property risk is not considered to be a material risk in DGIEU's SCR.
Spread	Spread risk is the highest risk in DGIEU's market risk SCR. DGIEU's investment strategy is considered to be highly liquid and low risk. The Group's ICC is responsible for setting the investment criteria and monitors adherence and performance regularly.

Risk description:

Market risk is the potential adverse financial impact of changes to interest rates, equity markets, property markets, foreign exchange rates, fixed income spreads, and concentrations in assets.

Interest Rate Risk: Interest rate risk is the potential that a change in overall interest rates will reduce the value of a bond or other fixed-rate investment. As interest rates rise bond prices fall, and vice versa. This risk is measured by a fixed income security's duration, with longer-term bonds having a greater price sensitivity to rate changes. To reduce the risk the diversification is necessary.

Currency Risk: The Company's currency risk relates to changes in the GBP:EUR currency conversion rate which is used to value the assets and liabilities held in the UK.

Equity Risk: Equity risk is a type of market risk that applies to investing in shares. Due to a reduction in the market price of shares reduces the amount of the invested money. DGIEU does not have any equity risk, the equity risk SCR is zero.

Property Risk: Property Risk is the refers to risk events that specifically impact an organization's facilities and other physical infrastructure. Risk events such as fires, adverse weather conditions, and terrorist attacks all fall into the category of property risk. In addition to damaging and destroying physical property, property risk events also have the potential to create stoppages in business operations and material financial losses. Property risk is not considered to be a material risk in DGIEU's SCR.

Spread Risk: Spread risk refers to the risk that the credit spread for a particular investment turns out not to be high enough to justify investing in that particular loan or bond versus other, lower default risk investments, causing the investment to be less worthwhile. Spread risk is the highest risk in DGIEU's market risk SCR. DGIEU's investment strategy is considered to be highly liquid and low risk.

Risk mitigation:

DGIEU has a very low appetite for market risk on its investment portfolio. Market risks can at least partially be moderated by forms of diversification.

Under the investment mandate of DGIEU, potential investments risks (such as likelihood of default, concentration in particular assets, issuers, or geographical area) are managed within a target value-at-risk range to help optimise returns whilst ensuring that the market risk SCR charge remains at an appropriate level.

In addition, the Group's Corporate Finance Director regularly reviews exposures and informs the ICC of material exposures.

Measures used to assess the risk:

DGIEU calculates the market risk according to the Solvency II standard formula.

Risk concentration:

DGIEU's investment strategy is considered to be highly liquid and low risk. Due to a high level of diversification, DGIEU does not see any concentration risk in its market risk profile.

Material changes over the reporting period:

DGIEU has increased investments in government and corporate bonds in FY22, which also has also increased the market risk SCR.

Stress and scenario tests:

Due to the very conservative and highly diversified investment (DGIEU's investment strategy is considered to be highly liquid and low risk), DGIEU has made a conscious decision not to perform a market risk stress test in the ORSA, as a stress of government and corporate bonds would not have let to significant changes in DGIEU's overall risk profile.

Prudent Person Principle

The Group's Investment Risk Policy covers the investable assets of the Group including DGIEU, having been designed to ensure accordance with the Prudent Person Principle and to balance risk and returns. This policy has been approved by the Group ICC and the Boards at Group and DGIEU level.

Under the investment mandate of DGIEU, potential investments risks (such as likelihood of default, concentration in particular assets, issuers, or geographical area) are managed within a target value-at-risk range to help optimise returns whilst ensuring that the market risk SCR charge remains at an appropriate level.

Liquidity and duration targets for investments are also covered by the relevant mandates to ensure that liabilities are matched by liquid assets with an appropriate duration. Detailed cash flow forecasting is performed regularly to help ensure the balance between bank deposits and invested assets is appropriate for cash requirements.

Products sold by DGIEU do not provide index-linked benefits.

Derivatives are not permitted under the current investment mandate of DGIEU.

In FY22 DGIEU has started investments in financial assets.

Other Financial Investments	2022 € '000	2021 € '000	Movement € '000
Deposits with credit institutions	16.999	70.931	-53.932
Cash and cash equivalents	1	1	0
Money market funds	30.705	0	30.705
Available for sale financial instruments	0	0	0
Other investments	0	0	0
Total	47.705	70.932	23.227

In FY21, asset management firm London & Capital Limited ("L&C") were appointed to manage DGI and DGIEU's investments and took over management in FY22. L&C were provided with a mandate which seeks to carefully allocate funds in order to generate conservative returns within a defined value-at-risk range (including guidelines on issuer limits, credit quality and maximum duration). Performance and allocation of funds under management will is regularly reviewed to ensure compliance with mandates. Performance is overseen on a regular basis by the Corporate Finance Director and CFO, with oversight by the ICC.

The ICC on Group level cover also the performance and compliance monitoring of DGIEU.

C.3 Credit risk

Counterparty sub-risks	Description
Type 1 counterparty default risk	DGIEU's type 1 risk includes exposure to investment and banking counterparties and to DGI relating to the reinsurer's share of claims mitigated via an investment grade credit rating of DGI.
Type 2 counterparty default risk	DGIEU's counterparty risk includes exposure on intercompany lending to DGI, mitigated via security arrangements.

Risk description:

Credit risk is the potential adverse financial impact of loss in value of financial assets due to counterparties failing to meet all or part of their obligations.

Type 1 counterparty default risk: DGIEU's type 1 risk includes exposure to investment and banking counterparties and to DGI relating to the reinsurer's share of claims mitigated via an investment grade credit rating of DGI.

The Company has credit risk exposure to its reinsurer, DGI. This exposure arises from outstanding receivables, ceded technical provisions, and the risk-mitigating effect of reinsurance. The risk-mitigating effect of reinsurance reflects the reduction in the SCR for underwriting risk that is achieved via the reinsurance, and the potential for this to increase significantly in the event of a reinsurer default.

The reinsurance agreement was adapted in FY21. Due to adjusted payment conditions the level of reinsurance payables was reduced, and the Company's exposure to reinsurer credit risk increased. In the course of the new contract DGI provides funding to DGIEU through a reinsurance account (or claims fund) equal to the projected next three months of reinsurance claims. There are also protection mechanisms for DGIEU to retain funds if DGI's solvency deteriorates.

The Group's ICC sets limits on investment and banking counterparty exposures and monitors those exposures periodically.

Type 2 counterparty default risk: DGIEU's counterparty risk includes exposure on intercompany lending to DGI (DGIEU set up a new Intercompany loan receivable in FY22 with the parent company DGI (€17,8m)), mitigated via security arrangements. These balances are monitored regularly, and action taken where necessary to manage balances to acceptable levels.

Risk mitigation:

The Company structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparties. Deposits can only be placed with banks or building societies having credit limits approved by the Board. Counterparty exposure is subject to constant review.

Trading and insurance debtors are amounts receivable from policyholders and are by their nature high volume but low value per case. Credit risk exposure is minimal; if the instalment debtor lapses DGIEU cancels the cover provided. Trading and insurance debtors from trading partners are offset by counterclaims from commission payments.

Measures used to assess the risk:

DGIEU calculates the counterparty-default risk according to the Solvency II standard formula.

Risk concentration:

DGIEU has a number of contracts with major long-standing clients, with exposure on the monies owed to DGIEU at any one time. However, DGIEU closely monitors outstanding debt and is in constant dialogue with their clients and is therefore in a position to act swiftly to mitigate any loss in the event of a major client running into financial difficulties.

Material changes over the reporting period:

A material change over the reporting period refers to type 2 counterparty-default risk as DGIEU set up a new Intercompany loan receivable in FY22 with the parent company DGI (€17,8m).

Stress and scenario tests:

DGIEU has established processes to undertake stress and scenario testing on an ongoing basis, with testing undertaken at least annually as part of the ORSA. Results of the tests improve the Board’s understanding of risk, influence business decisions, and form a key part of the risk management framework.

Credit ratings of significant classes of financial assets:

	A rated (or above) Institutions 2022 € '000	Other Institutions 2022 € '000	Unrated 2022 € '000	Total 2022 € '000
Deposits with Credit Institutions	16.481	518	0	16.999
Cash and Cash Equivalents	1	0	0	1
Client Prepayments	0	0	22.586	22.586
Debtors	0	0	8.604	8.604
	16.482	**518**	**31.190**	**48.190**

Deposits with Credit institutions significantly decreased from €70.931k to €16.999k due to the investment strategy, which caused an increase in money market funds.

Client prepayments and debtors are largely excluded from the Solvency II balance sheet on account that they either have no market valuation or are captured within technical provision. Client payments were significantly paid in the Iberian market.

The Company has implemented policies that require appropriate credit checks on potential trade partners before sales commence.

The amount disclosed in the balance sheet for financial assets represents the Company's maximum exposure to credit risk.

Past Due or Impaired Financial Assets

The table below sets out an analysis of the Company's assets, showing those which are past due or impaired. Categories of financial assets for which there are neither past due nor impaired balances have not been included below.

		Debtors 2022 € '000	Debtors 2021 € '000	Movement € '000
Not past due		5.366	3.346	2.020
Past due (days)	0 - 30	3.367	5.360	-1.993
	31 - 60	7	166	-159
	61 - 90	0	38	-38
	Greater than 90	148	124	24
Provision		0	0	0
		8.888	**9.034**	**-146**

The Company's assets (as shown on the face of the balance sheet) include:

	2022 € '000	2021 € '000	Movement € '000
Debtors arising out of Direct Insurance Operations	8.673	8.199	474
Other Debtors	215	275	-60
Other Payments and Accrued Income	22.463	7.271	15.192
	31.351	**15.744**	**15.607**

The Company considers notified disputes, collection experience, contractual arrangements, and credit ratings when determining which assets should be impaired.

C.4 Liquidity risk

Risk description:

Liquidity risk is the possibility that DGIEU does not have sufficient available liquid assets to meet its current or future obligations.

An important aspect of the Company's management of assets and liabilities is ensuring that cash is available to settle liabilities as they fall due. The most significant payments are claims, repair costs, and commissions, the profile of which is highly predictable.

Risk mitigation:

The Company maintains cash and liquid deposits to meet demands on a daily basis.

Measures used to assess the risk:

DGIEU calculates the liquidity risk according to the Solvency II standard formula.

Risk concentration:

DGIEU does not see any liquidity concentration risk.

Material changes over the reporting period:

There are no material changes over the reporting period.

Stress and scenario tests:

Regular sensitivity analyses are carried out to better understand the impact of risks and risk sensitivities. DGIEU has established processes to undertake stress and scenario testing on an ongoing basis, with testing undertaken at least annually within the ORSA process. Results of the tests improve the DGIEU Management Board's understanding of risk, influence business decisions, and form a key part of the risk management framework. Stress tests concerning liquidity risk include tests on high one-off payments such as fines ralted to large data breaches. The tests have validated that DGIEU maintains sufficient capital to withstand these shocks.

Contractual Maturity Analysis:

The table below summarises the maturity profile of the Company's financial liabilities based on remaining undiscounted contractual obligations where the maturity profile is an analysis by estimated timing of the amounts recognised in the balance sheet.

	Claims & Repair Costs 2022 € '000	Claims & Repair Costs 2021 € '000	Creditors 2022 € '000	Creditors 2021 € '000	Total 2022 € '000	Total 2021 € '000
0 - 90 Days	304	737	12.268	5.609	12.572	6.346
91 Days - 1 Year	0	0	1.423	1.589	1.423	1.589
1 - 3 Years	0	0	0	0	0	0
3 - 5 Years	0	0	0	0	0	0
Greater than 5 Years	0	0	0	0	0	0
Total	**304**	**737**	**13.690**	**7.198**	**13.994**	**7.935**

Creditors increased vs. FY21 mainly due to the impact of the full business compared to FY21 (Part VII took place in December 2020).

DGIEU has included expected profit in the (future) premiums ("EPIFP") amounting to €7.033k (FY21: €15.553k).

C.5 Operational risk

Risk description:

Operational risk arises from inadequately controlled internal processes or systems, human error, or from external events. DGIEU's current risk profile includes the following risk sub-categories of operational risk: Business Continuity, Information Security and Data Protection, People, Outsourcing, Legal & Regulatory and Technology.

Risk mitigation:

DGIEU maintains an internal policy for handling operational risk and considers potential operational impacts in all of its risk assessments. Detailed risk registers show that adequate risk controls exist for the most important operational risks and established business areas within DGIEU. These risk registers and controls are regularly monitored and updated within the biannual RCSA.

Measures used to assess the risk:

Operational risks are usually more difficult to quantify, so that their materiality is assessed using a likelihood/impact scoring approach. This allows risks to be ranked in order of their potential impact and by this to focus risk management activities on those risks warranting the greatest attention.

Risk concentration:

DGIEU does not see any operational concentration risk.

Material changes over the reporting period:

There are no material changes over the reporting period.

Stress and scenario tests:

Scenario analyses conducted within the ORSA are based on a range of severe, yet plausible operational risk scenarios to analyse DGIEU's financial soundness in the event of a severe operational risk crystallising, and an on assessment of the available mitigating actions. The ORSA demonstrates that DGIEU is well positioned to withstand severe scenarios and controlled in such a way to limit the likelihood and impact of events of this nature occurring.

C.6 Other material risks

Strategic Risk reflects the continuing changes in market dynamics and its consequent impact on demand for the Company's services. This risk is mitigated by a resilient business model, expertise in chosen markets and product development and innovation.

Conduct Risk is the risk of non-compliance with relevant laws, regulations and standards resulting in poor outcomes for customers. This risk is mitigated by appropriate 1LOD controls, compliance standards and by active monitoring (for example within the ECSC and EPPGC) of product development and treatment of customers to ensure DGIEU meeting all applicable regulations. Further risk mitigation techniques are: involvement of appropriate legal resource and expertise in contract negotiations and dispute resolution, training and competence programmes for staff, strong product design, sales, and customer marketing standards, and specialised expertise in local markets.

The main strategic and conduct risks of DGIEU can be summarised as follows:

Strategic Risks:

- Key Client Relationships: This strategic risk is driven by a potential loss of a key client.

- <u>Strategic Delivery:</u> This risk is mainly driven by the extended warranty regulations in Europe and the related potential impact on DGIEU's strategic objectives.

Conduct Risks:

- <u>Sales and Retention:</u> The sales and retention risk rating has increased in FY22 due to a further refined Compliance risk assessment to meet BaFin requirements and reporting standards.
- <u>Financial Crime:</u> New insurance fraud risks have been added as part of the Compliance risk profile update in the last DGIEU RCSA cycle.

DGIEU will continue to monitor these changes and to define dedicated actions plans where required.

In addition, DGIEU faces further **Risks in the Context of Brexit**:

- DGIEU has identified two risks in relation to Brexit: A potential Brexit tax exposure linked to the Part VII transfer and a risk of non-equivalence which could have an impact on the reinsurance agreement between DGIEU and DGI.

Furthermore, DGIEU addresses **Sustainability Risks**. Sustainability risks are environmental, social, or governance events or conditions, which, if they occur have or may potentially have significant negative impacts on the assets, financial and earnings situation, or reputation of a supervised entity.

BaFin published guidance notice on dealing with sustainability risks in September 2019. In this context DGIEU ensures that sustainability risks are:

- Addressed and documented in an appropriate way (see principle of proportionality),
- Translated into existing risk categories (e.g., operational or insurance risk),
- Taken into account in the risk management system,
- Included in an existing or new strategy document, and
- Considered in the ORSA and Company-specific stress tests.

DGIEU added sustainability risks to its risk profile as part of the RCSAs in FY22.

DGIEU differentiates between physical and transition sustainability risks. Physical risks arise both from individual extreme weather events and their consequences (heatwaves, storm, flood) and from long-term changes in climate and environmental conditions (volatile weather conditions, global warming). Transition risks exist in connection with the change to a low-carbon economy (e.g., political measures or regulatory requirements resulting from these changes).

In FY22, DGIEU has implemented a Framework for the Management of climate-related risks, which has been approved by the DGIEU Management Board as part of the DGIEU Risk Management Framework Policy. In addition, DGIEU's mandatory Risk Management training has been updated to address climate-related risks as well. A climate change scenario is included in DGIEU's ORSA report.

C.7 Any other information

DGIEU carried out stress tests within its ORSA. The Company's latest ORSA was conducted in May/ June 2022, therefore the following findings refer to the ORSA carried out outside the actual reporting period:

DGIEU has stressed 8 scenarios within this ORSA, which includes a reverse stress test. The stress tests (1-7) show that in all circumstances, the regulatory solvency capital requirement (100%) is not breached. Within the reverse stress test (8) the extreme conditions, which were the intent of this test, show at what point the standard capital charge in the Solvency II model is exceeded. The probability '1 in 1.000 years' is supposed for the reverse stress test.

There is no other material information, regarding DGIEU’s risk profile, to report on.

D. VALUATION FOR SOLVENCY PURPOSES

Section D focuses on the Solvency II balance sheet and the valuation of assets and liabilities and shows where these valuations differ to the value in the statutory accounts. For each material class of assets, technical provisions, and other liabilities where there are differences, the following information is provided:

- A description of the bases, methods, and main assumptions used in arriving at the valuation for solvency purposes.
- Quantitative and qualitative explanations of material differences between the bases, methods, and main assumptions used for the valuation for solvency and financial statement purposes.

The Solvency II balance sheet is derived from the Company's German GAAP Financial statement, adjusted for valuation differences and reclassifications where required. The German GAAP financial statements ("financial statements") are prepared in accordance with the "code of commercial law" (Handelsgesetzbuch, HGB), "stock corporation law" (Aktiengesetz), VAG, and the "external accounting regulations for insurance companies" (Verordnung über die Rechnungslegung von Versicherungsunternehmen).

As an insurance company DGIEU prepares the financial statement and management report equal to a large-sized company in accordance to § 341a Abs. 1 HGB.

The GAAP financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, available for sale financial assets, and financial instruments held at fair value through profit or loss. Under Solvency II, assets and liabilities should be valued on a market consistent basis, which is deemed equivalent to fair value under IFRS. For assets and liabilities that are not stated at fair value under GAAP, adjustments are made to bring these in line with Solvency II where necessary. "Fair value" is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between marked participants at the measurement date. It is measured using assumptions that market participants would use in pricing the asset or liability, including assumptions about risk.

Information on investment risk management and liquidity risk management can be found in sections C.2 and C.4 of this SFCR.

The material classes in the solo entity Solvency II balance sheet are shown in the table below.

Summary Solvency II Balance Sheet FY22

	Solvency II €'000	Statutory €'000	Difference €'000
Assets			
Goodwill	0	34.668	-34.668
Intangible Assets	0	1.665	-1.665
Property, Plant and Equipment held for Own Use	2.217	1.371	846
Investments	30.705	31.316	-611
Insurance and Intermediaries Receivables	0	6.399	-6.399
Trade Receivables	1.526	4.786	-3.260
Intercompany Loan Receivable	17.800	17.800	0
Cash and Cash Equivalents	17.000	17.000	0
Reinsurance Premium Provision	38.852	0	38.852
Reinsurance Claims Provision	3.726	0	3.726
Reinsurance Receivables	2.752	2.752	0
Other Assets	0	24.367	-24.367
Total Assets	**114.578**	**142.123**	**-27.545**
Liabilities			
Technical Provisions - Non-Life	15.600	46.934	-31.334
Best Estimate	14.500	0	14.500
Risk Margin	1.100	0	1.100
Debts owed to Credit Institutions	1.810	0	1.810
Insurance and Intermediaries Payables	15.715	13.496	2.219
Payables (Trade, Not Insurance)	0	1.264	-1.264
Provisions other than Technical Provisions	9.982	9.958	24
Reinsurance Payables	29.280	37.622	-8.342
Subordinated Liabilities	7.000	7.000	0
Deferred Tax Liability	15.389	0	16.431
Any Other Liabilities, Not Elsewhere Shown	-857	2.240	-3.097
Total Liabilities	**93.919**	**118.513**	**-23.552**
Excess of Assets over Liabilities	**20.659**	**23.610**	**-3.993**

D.1 Assets

Material Class	
• Deferred Acquisition Costs (DAC)	Deferred acquisition costs are valued at nil for Solvency II purposes. Any future cashflows relating to acquisitions costs are either included in the best estimate technical provisions or under insurance and intermediaries payable amounts in the balance sheet. Under German GAAP, capitalisation of deferred acquisition costs is not permitted. 85% from commissions and other compensation of insurance sales personnel, relating to deferred premiums can be deducted from Unearned Premium Reserve (“UPR”).
• Property, Plant and Equipment held for Own Use	Property, plant and equipment are held at fair value. Plant and equipment which are valued at depreciable value under German GAAP are valued at nil for Solvency II purposes.
• Investments and Cash	Investments are held at fair value where level 1 inputs can be obtained. Level 1 refers to the first level of the Fair Value hierarchy which categorises valuation inputs into three levels. The hierarchy gives the highest priority (Level 1) to quoted prices in an active market and the lowest priority to observable inputs in inactive markets (Level 3). Deposits other than cash equivalents comprise cash balances, call deposits and term deposits with an original term date of less than three months. Cash and cash equivalents comprise any cash which can be accessed in no more than one day. Level 1 inputs Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable from the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). The Company’s investment portfolio is categorised as Level 1 and 2. The Company has no investments which are Level 3. Under German GAAP, investments are valued with acquisition costs or a lower attributed fair value. Cash is accounted with the nominal value.
• Insurance and Intermediaries Receivable	Insurance and intermediary receivables are recognised at fair value. Because these receivables are not yet due, they form part of the cashflows considered in the best estimate technical provision calculation (see D.2). Under German GAAP, insurance and intermediaries receivables are valued with acquisition costs. A lower attributed fair value is considered with a general or specific bad-debt provision.
• Any Other Assets, not Elsewhere Shown	Trade, Other loan receivables and other debtors are recognised at fair value. Other assets include prepayments. Prepayments are valued at nil if it cannot be demonstrated that they have a market value.

Material Class	
	Under German GAAP, other assets are valued with acquisition costs or a lower attributed fair value.
• Deferred Tax Assets	The deferred tax asset in the Company Solvency II balance sheet reflects the net deferred tax asset on a Solvency II basis which uses the valuation rules within the statutory accounts. The difference reflects the deferred tax impact of the revaluations made between German tax GAAP and Solvency II in the other balance sheet line items, primarily the changes to the Technical Provisions. Under German GAAP, deferred tax assets or liabilities calculate the future tax impact of the revaluations made between German GAAP and tax GAAP. For DGIEU no deferred taxes are applicable (§ 274 Abs. 1 Satz 2 HGB).

There are no further assets at DGIEU. Therefore, there are no other items to report on.

D.2 Technical provisions

Technical Provisions – Best Estimate

Best estimate technical provisions by class are as follows:

Best Estimate (FY22) € '000	Premiums Provisions	Claims Provision	Risk Margin	Total
Gross of Reinsurance	10.168	4.332		14.500
Ceded to Reinsurance	38.852	3.726		42.578
Net of Reinsurance	-28.684	606	1.100	-26.978

Best Estimate (FY21) € '000	Premiums Provisions	Claims Provision	Risk Margin	Total
Gross of Reinsurance	20.615	5.607		26.221
Ceded to Reinsurance	41.706	4.734		46.440
Net of Reinsurance	-21.091	872	1.175	-19.043

The main cause of differences in the Solvency II and local GAAP figures between FY21 and FY22 is due to the use of USPs in FY22 vs. no USPs in FY21, impacting especially the premium provisions.

Bases, Methods, and Main Assumptions

The reserves under German GAAP are primarily unearned premium reserves based on earning patterns applied to the premiums written and earned out over the policy length. Solvency II technical provisions are based on a future cash flow basis and the German GAAP provision is removed.

Technical Provisions - Best Estimate

Technical Provisions represent a valuation of the Company's obligations towards policyholders. Under Solvency II these are required to be equal to the probability-weighted average of all future cashflows, taking account of the time value of money.

Best estimate technical provisions are comprised of a claims provision, premium provision, and a risk margin. The claims and premium provisions combined give the expected cost of settling all future claims arising from business that DGIEU is contractually obliged to cover. This includes an allowance for the expenses of both running the Company and of servicing claims such as claims handling staff costs. The risk margin relates to the cost of capital that would be incurred by another entity running off the liabilities while maintaining adequate capitalisation under Solvency II.

The claims provision and premium provision are calculated (and held on the balance sheet) separately for gross of reinsurance and ceded to reinsurance. The risk margin is calculated only based on the net technical provisions. The gross provisions are held as liabilities, while the ceded provisions are held as assets.

The estimation of future income and costs is based on business already written, as well as on business that has not yet incepted, but where the Company is obliged to offer cover, i.e., renewals already offered or quoted (Bound But Not Incepted – BBNI).

The gross claims provision is the discounted best estimate of all future cash-flows relating to claim events which occurred prior to the valuation date. These cash-flows are made up of expected claim payments related to claims which have been incurred and associated claim handling expenses. The level of claim payments includes a loading for Events Not In Data (“ENID”).

The ceded claims provision is calculated as the discounted sum of cash-flows due from the reinsurer relating to claim events which occurred prior to the valuation date. This includes the reinsurer’s share of future claim payments, including those related to ENIDs. It is assumed that the reinsurer does not make payments to DGIEU to cover claims handling expenses related to claims already incurred. This is in contrast to the premium provision, which includes future earned reinsurance commissions. The ceded claims provision is reduced slightly to take account of expected future reinsurer defaults.

The gross premium provision is the discounted best estimate of all future cash-flows relating to future exposure arising from policies that the Company is obligated to cover at the valuation date. The calculation makes assumptions about the levels of future lapses and cancellations. The cash-flows are made up of:

Cash out-flows:

- Claim payments, including those related to BBNI policies. The level of claim payments includes a loading for Events Not In Data (“ENID”),
- Expenses related to claims handling, administration, overheads and investment management,
- Acquisition expenses for BBNI policies, and
- Insurance Premium Tax (“IPT”) on future premium income.

Cash in-flows:

- Future premium income (warranty debtors and tacit renewals) and
- Commission clawback and IPT refunds on expected lapses or cancellations.

The ceded premium provision is calculated as the discounted sum of cash-flows due from the reinsurer relating to future exposure arising from policies that the Company is obligated to cover at the valuation date. The estimates of future cashflows for claims paid by the reinsurer, including those related to ENIDs, are calculated as 90% of the estimates of future cashflows, gross of reinsurance, including those related to ENIDs. It is assumed that all overhead and administration expenses are borne by DGIEU, not the reinsurer, so that no cashflows relating to expenses, which are captured within the gross premium provision, are included within the ceded premium provision. The ceded premium provision also includes cashflows relating to the reinsurer's share of any future premium net of ceding commission.

Technical Provisions – Risk Margin

A further risk margin amount is included within the technical provisions. This is equivalent to the hypothetical amount that an insurance undertaking would be expected to require in order to take over and meet the technical provisions obligations.

The risk margin is defined within Article 77 of the Directive as:

"The risk margin shall be such as to ensure that the value of the technical provisions is equivalent to the amount that insurance and reinsurance undertakings would be expected to require in order to take over and meet the insurance and reinsurance obligations."

The Solvency II Delegated Acts stipulate that the risk margin for the whole portfolio of insurance obligations should be calculated using the following formula:

$$RM = CoC \times \sum_{t \geq 0} \frac{SCR(t)}{(1 + r_{t+1})^{t+1}}$$

where CoC is the Cost of Capital (prescribed at 6%), SCR(t) is the Solvency Capital Required at time t, and rt is the risk-free rate for maturity at time t.

The Company uses the second simplification as referred to in guideline 62 of the document Guidelines on the Valuation of Technical Provisions for the calculation of the risk margin, which is applied as follows:

- To approximate the whole SCR for each future year, undertakings can multiply the SCR at the valuation date by the ratio of the best estimate TPs (i.e., those prior to application of the risk margin) at that future year to the best estimate TPs at the valuation date, providing that it is reasonable to assume that the risk profile will be unchanged over time.
- The SCR considered at the valuation date should include the following risks:
  - Non-life underwriting risk,
  - Reinsurance counterparty default risk, and
  - Operational risk.

The SCRs are then discounted to the valuation date using the prescribed EIOPA yield curve, summed, and multiplied by the Cost of Capital factor (presently 6%) to determine the Risk Margin.

Material Changes in Assumptions

There are no material changes in assumptions to report.

Key Uncertainties

There are many areas of uncertainty within the technical provisions. Estimation techniques are therefore used in the calculation of the ultimate cost of settling both claims that have occurred prior to the balance sheet date, and remain unsettled at the balance sheet date, and claims costs that will arise in relation to events that have not happened at the balance sheet date.

DGIEU uses a bespoke method for calculating fair value Incurred But Not Reported ("IBNR") for extended warranty insurance business. The DGIEU IBNR method accounts for both changes in exposure and differences in the size of projected payment, based on the age of a claim. For DGIEU portfolios, the methodology is based on monthly incremental paid data (i.e., cash flows) related to accident month cohorts, separately for segments defined for the Solvency II Best Estimate calculation. The Actuarial Function has completed a reserve review, independently validating the results of the bespoke approach.

Reconciliation to Statutory Values

€ '000	2022
German GAAP Technical Provision	46.934
Adjustment to Gross Solvency II Best Estimate	-32.434
Gross Best Estimate Liability	**14.500**
Remove Ceded Best Estimate	42.578
Net Best Estimate Liability	**-28.078**
Add Risk Margin	1.100
Solvency II Technical Provision	**-26.978**

€ '000	2021
German GAAP Technical Provision	71.749
Adjustment to Gross Solvency II Best Estimate	-45.527
Gross Best Estimate Liability	**26.221**
Remove Ceded Best Estimate	46.440
Net Best Estimate Liability	**-20.219**
Add Risk Margin	1.175
Solvency II Technical Provision	**-19.043**

The Solvency II technical provisions for the Company are estimated on a best estimate cash flow basis. The primary adjustments to move from a German GAAP to a Solvency II basis are as follows:

Removal of German GAAP Reserves

- Removal of the unearned premium from the starting position of the German GAAP reserves as this is not measured on a cash flow basis and
- Removal of the margins within the German GAAP claims reserves as the Solvency II technical provisions are on a best estimate basis.

Solvency II Specific Adjustments

- Inclusion of claims provision which is the cost of claims for events which have occurred prior to the valuation date, estimated on a future cash flow basis,
- Inclusion of an allowance for expenses which is required to service the run-off of the technical provisions,
- Inclusion of premiums provision which is the future cost arising from policies obligated to at the valuation date,
- Recognition of cash flows relating to business bound before, but incepting after the valuation date,
- Recognition of future cash inflows for existing business less an allowance for policies lapsing,
- The inclusion of an additional cost for Events Not In Data,
- The impact of discounting the cash flows above using the risk-free yield curve, and
- The inclusion of the risk margin as shown separately in the table above.

Adjustments and Simplifications

The Matching Adjustment and Volatility Adjustment have not been applied in the calculation of technical provisions.

The transitional risk-free interest rate term structure as per Article 308c of the Directive has not been applied in the calculation of Technical Provisions.

The transitional deduction as per Article 308d of the Directive has not been applied in the calculation of Technical Provisions of 31 March 2022.

D.3 Other liabilities

Other liabilities represent provisions for estimated costs incurred but not yet billed or paid. Estimates are periodically reviewed and changes are reflected in the income statement as they occur.

Material Class	
• Insurance and Intermediaries Payable	Insurance and intermediaries payables are recognised at fair value. As they have been authorised for settlement, they do not form part of the cashflows considered in the best estimate technical provision calculation. Under German GAAP, insurance and intermediaries payable are valued with the settlement amount.
• Payables (Trade, Not Insurance)	Trade payables include Insurance Premium Tax ("IPT") costs which, as they relate to insurance and intermediary debtors receivable, form part of the cashflows considered in the best estimate technical provision calculation (see D.2). Under German GAAP, Trade payables are valued at the settlement / repayment amount.
• Deferred Tax Liabilities	The deferred tax liability is netted with the deferred tax asset which resulted in a total net deferred tax liability in the Solvency II balance sheet. The difference reflects the deferred tax impact of the revaluations made between German GAAP and Solvency II in the other balance sheet line items, primarily the changes to the Technical Provisions (see D.2). As the Company projected ongoing future taxable profits starting with FY25, the net deferred tax asset is assessed as recoverable. Under German GAAP, deferred tax assets or liabilities calculate the future tax impact of the revaluations made between German GAAP and tax GAAP. For DGIEU no deferred taxes are applicable (§ 274 Abs. 1 Satz 2 HGB).
• Other Liabilities	Other liabilities are measured at fair value and represent provisions for estimated costs incurred but not yet billed or paid. Estimates are periodically reviewed and changes are reflected in the income statement as they occur. Under German GAAP, other liabilities are valued with the expected settlement amount.

There are no further other liabilities at DGIEU. Therefore, there are no other items to report on.

D.4 Alternative methods for valuation

Property has been valued based on a market rent benchmark incorporating characteristics of similar assets.

At the year-end, the Company had annual commitments under non-cancellable operating leases as set out below:

	Land and Buildings 2022 € '000	Land and Buildings 2021 € '000	Movement € '000
Operating Leases which expire:			
within one year	1.088	238	850
within one to five years	1.681	1.516	165
over five years	0	0	0
	2.769	**1.754**	**1.015**

D.5 Any other information

There is no other material information to report.

E. CAPITAL MANAGEMENT

The Solvency Ratio is calculated as the ratio of Eligible Own Funds to the Solvency Capital Requirement (SCR).

There are limits for the calculation of the Solvency Ratio.

The following quantitative limits are set for the Solvency Capital Requirement:

- The allowable amount of Tier 1 own funds must be at least 50% of the Solvency Capital Requirement,
- The allowable amount of Tier 3 own funds must not exceed 15% of the Solvency Capital Requirement,
- The sum of allowable Tier 2 and Tier 3 own funds must not exceed 50% of the Solvency Capital Requirement.

The following quantitative limits shall apply to the Minimum Capital Requirement:

- The allowable amount of Tier 1 own funds must be at least 80% of the Minimum Capital Requirement,
- The allowable amount of Tier 2 own funds must not exceed 20% of the Minimum Capital Requirement.

This section contains reconciliation from the IFRS net assets to the Solvency II excess of assets over liabilities that forms part of Tier 1 Own Funds. The individual material classes of assets, technical provisions, and liabilities are considered in sections D.1, D.2 and D.3, respectively.

The Company's capital position as of 31 March 2022 is as follows:

	2022 € '000	2021 € '000	Movement € '000
Eligible Own Funds to cover the SCR	25.762	36.087	-10.325
Solvency Capital Requirement (SCR)	10.205	14.347	-4.142
Ratio of Eligible Own Funds to the SCR	252%	252%	-

The SCR effects of not using USPs are shown below:

	2022 Without USPs € '000
Solvency Capital Requirement (SCR)	18.023

In April 2022, BaFin accepted the use of undertaking specific parameters ("USPs"). DGIEU applied for the permission to use USPs, as the solvency capital requirement for DGIEU's insurance business (one segment, moderate risk) can be determined much more appropriately using individually calibrated parameters than using the parameters of the Solvency II standard formula. In its Q4 QRTs, DGIEU used USPs for the first time to determine the solvency capital requirement for both premium and reserve risk.

E.1 Own funds

Capital Management Objectives

The Directors' primary objective in respect of capital management is to ensure the Company maintains sufficient financial resources to meet all obligations as they fall due, including meeting the MCR and SCR requirements plus a buffer.

DGIEU has embedded its capital management processes into its normal planning, reporting, and decision-making activities. Capital projections are undertaken each year as part of the budgeting and ORSA processes and also as part of the planning process. The Directors review the capital position of DGIEU each quarter.

The Company is well capitalised under the Solvency II standard model including USPs for premium and reserve risk and on the basis of its ORSA.

Classification of Own Funds by Tier

DGIEU's own funds in its Solvency II balance sheet were made up as follows:

FY22	Tier	Total available own funds to meet the SCR €'000	Total available own funds to meet the MCR €'000	Total eligible own funds to meet the SCR € '000	Total eligible own funds to meet the MCR €'000
Ordinary Share Capital	Tier 1	2.550	2.550	2.550	2.550
Share Premium	Tier 1	250	250	250	250
Reconciliation Reserve	Tier 1	17.859	17.859	17.859	17.859
Subordinated Liabilities	Tier 2	7.000	7.000	5.103	510
Deferred Tax Assets	Tier 3	0	0	0	0
Own Funds		**27.659**	**27.659**	**25.762**	**21.170**

FY21	Tier	Total available own funds to meet the SCR €'000	Total available own funds to meet the MCR €'000	Total eligible own funds to meet the SCR € '000	Total eligible own funds to meet the MCR €'000
Ordinary Share Capital	Tier 1	2.550	2.550	2.550	2.550
Share Premium	Tier 1	250	250	250	250
Reconciliation Reserve	Tier 1	26.287	26.287	26.287	26.287
Subordinated Liabilities	Tier 2	7.000	7.000	7.000	717
Deferred Tax Assets	Tier 3	0	0	0	0
Own Funds		**36.087**	**36.087**	**36.087**	**29.804**

Eligible Own Funds to cover the SCR relate to Tier 1 (FY22: €20.659k; FY21: €29.087k) and Tier 2 (FY22: €5.103k; FY21: €7.000k). There are no conditions attached to elements of those Own Funds. The Tier 2 funds relate to a subordinated loan agreement with Domestic & General Services PTY Ltd., Australia. The decrease of own funds vs. FY21 is mainly due to the decrease in the Reconciliation reserve because of a change in the DGIEU investment structure, movement of the technical provisions and Reinsurance.

There are certain differences between the value of Own Funds under Solvency II and the value of Equity shown in the Company's Financial Statements. These arise due to the difference in valuation of assets and liabilities described in Section D of this report. A reconciliation is shown in the table below.

Reconciliation Between German GAAP and Solvency II Reserves	**2022 € '000**
German GAAP Capital and Reserves	23.610
German GAAP Goodwill	-36.333
Difference in Valuation of Technical Provision Related Items	31.334
Deferred Tax Assets on Solvency II Revaluation Losses	0
Other Valuation Differences	2.048
Difference of Excess of Assets over Liabilities	20.659
Subordinated Liabilities	7.000
Available Own Funds to cover the SCR	**27.659**

Reconciliation Between German GAAP and Solvency II Reserves	**2021 € '000**
German GAAP Capital and Reserves	11.456
German GAAP Goodwill	-41.361
Difference in Valuation of Technical Provision Related Items	44.352
Deferred Tax Assets on Solvency II Revaluation Losses	19.259
Other Valuation Differences	-4.619
Difference of Excess of Assets over Liabilities	29.087
Subordinated Liabilities	7.000
Available Own Funds to cover the SCR	**36.087**

None of the Company's Own Funds are subject to transitional arrangements and the Company has no Ancillary Own Funds.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

DGIEU only writes insurance policies in the miscellaneous financial loss line of business. It uses the Solvency II standard formula including USPs for premium and reserve risk.

	2022 With USPs € '000	2022 Without USPs € '000	2021 € '000	Movement With USPs € '000	Movement Without USPs € '000
SCR	10.205	18.023	14.347	-4.142	3.676
MCR	2.551	4.506	3.587	-1.036	919

E.2.1 Solvency Capital Requirement (SCR)

The Company's SCR split by risk modules as of 31 March 2022 is shown in the table below.

SCR	2022 With USPs € '000	2022 Without USPs € '000	2021 € '000	Movement With USPs € '000	Movement Without USPs € '000
Non-life Underwriting Risk	4.770	11.946	10.407	-5.637	1.539
Market Risk	3.452	3.452	787	2.665	2.665
Counterparty Default Risk	5.538	7.765	8.037	-2.499	-272
Diversification Credit	-3.294	-4.678	-2.970	-324	-1.708
Basic SCR	10.467	18.485	16.261	-5.794	2.224
Operational Risk	3.140	5.546	2.869	271	2.677
Loss absorbing capacity of deferred taxes	-3.402	-6.008	-4.782	1.380	-1.226
SCR	**10.205**	**18.023**	**14.347**	**-4.142**	**3.676**

The reduction in SCR has been mainly driven by the implementation of USPs for non-life premiums risk and non-life reserve risk. DGIEU has also increased investments in government and corporate bonds, which also has also increased the market risk SCR.

E.2.2 Minimum Capital Requirement (MCR)

The Company calculates its linear MCR using the prescribed formula. This is then compared with the absolute floor of the MCR, the MCR cap and the MCR floor. Both the cap and floor are determined using the SCR.

Overall MCR Calculation	2022 With USPs € '000	2022 Without USPs € '000	2021 € '000	Movement With USPs € '000	Movement Without USPs € '000
Linear MCR	2.154	2.154	1.401	753	753
SCR	10.205	18.023	14.347	-4.142	3.676
MCR Cap	4.592	8.110	6.456	-1.864	1.654
MCR Floor	2.551	4.506	3.587	-1.036	919
Combined MCR	2.551	4.506	3.587	-1.036	919
Absolute Floor of the MCR	2.500	2.500	2.500	0	0
Minimum Capital Requirement	**2.551**	**4.506**	**3.587**	**-1.036**	**919**

The decrease of MCR can be explained using USPs in FY22 vs. no USPs in FY21.

E.3 Use of the duration-based equity sub-module in the calculation of the Solvency Capital Requirement

The duration-based equity sub-module has not been used in the calculation of the Solvency Capital Requirement.

E.4 Differences between the standard formula and any internal model used

Not applicable – as no internal model has been used during the reporting period.

E.5 Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement

There have been no instances of non-compliance with the Minimum Capital Requirement or the Solvency Capital Requirement during the period.

E.6 Any other information

No other material information on capital management is available at DGIEU.

ANNEX – QUANTITATIVE REPORTING TEMPLATES

The following templates form part of the published SFCR report:

S.02.01.02	Balance Sheet
S.05.01.02	Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)
S.05.02.01	Premiums, claims and expenses by country
S.17.01.02	Non-life Technical Provisions
S.19.01.21	Non-life insurance claims information
S.23.01.01	Own Funds (solo undertaking)
S.25.01.21	Solvency Capital Requirement – for undertakings on Standard Formula
S.28.01.01	Minimum Capital Requirement

All are in €000's

S.02.01.02 – Solvency II Balance Sheet – 1/2

		Solvency II value
	Assets	C0010
R0030	Intangible assets	
R0040	Deferred tax assets	0
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	2.217
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	30.705
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	0
R0100	*Equities*	0
R0110	*Equities - listed*	
R0120	*Equities - unlisted*	
R0130	*Bonds*	30.705
R0140	*Government Bonds*	10.386
R0150	*Corporate Bonds*	20.320
R0160	*Structured notes*	0
R0170	*Collateralised securities*	0
R0180	*Collective Investments Undertakings*	0
R0190	*Derivatives*	
R0200	*Deposits other than cash equivalents*	0
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	17.800
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	
R0260	*Other loans and mortgages*	17.800
R0270	Reinsurance recoverables from:	42.578
R0280	*Non-life and health similar to non-life*	42.578
R0290	*Non-life excluding health*	42.578
R0300	*Health similar to non-life*	0
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	0
R0320	*Health similar to life*	
R0330	*Life excluding health and index-linked and unit-linked*	
R0340	*Life index-linked and unit-linked*	
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	0
R0370	Reinsurance receivables	2.752
R0380	Receivables (trade, not insurance)	1.526
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	17.000
R0420	Any other assets, not elsewhere shown	
R0500	**Total assets**	114.578

S.02.01.02 – Solvency II Balance Sheet – 2/2

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	15.600
R0520	*Technical provisions - non-life (excluding health)*	15.600
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	14.500
R0550	*Risk margin*	1.100
R0560	*Technical provisions - health (similar to non-life)*	0
R0570	*TP calculated as a whole*	0
R0580	*Best Estimate*	0
R0590	*Risk margin*	0
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	*Technical provisions - health (similar to life)*	0
R0620	*TP calculated as a whole*	
R0630	*Best Estimate*	
R0640	*Risk margin*	
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	0
R0660	*TP calculated as a whole*	
R0670	*Best Estimate*	
R0680	*Risk margin*	
R0690	Technical provisions - index-linked and unit-linked	0
R0700	*TP calculated as a whole*	
R0710	*Best Estimate*	
R0720	*Risk margin*	
R0740	Contingent liabilities	
R0750	Provisions other than technical provisions	9.982
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	15.389
R0790	Derivatives	
R0800	Debts owed to credit institutions	1.810
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	15.715
R0830	Reinsurance payables	29.280
R0840	Payables (trade, not insurance)	0
R0850	Subordinated liabilities	7.000
R0860	*Subordinated liabilities not in BOF*	
R0870	*Subordinated liabilities in BOF*	7.000
R0880	Any other liabilities, not elsewhere shown	-857
R0900	**Total liabilities**	93.919
R1000	**Excess of assets over liabilities**	20.659

S.05.01.02 – Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)

Non-life

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-proportional reinsurance				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
	Premiums written																	
R0110	Gross - Direct Business												166.758					166.758
R0120	Gross - Proportional reinsurance accepted																	0
R0130	Gross - Non-proportional reinsurance accepted																	0
R0140	Reinsurers' share												152.003					152.003
R0200	Net												14.755					14.755
	Premiums earned																	
R0210	Gross - Direct Business												189.140					189.140
R0220	Gross - Proportional reinsurance accepted																	0
R0230	Gross - Non-proportional reinsurance accepted																	0
R0240	Reinsurers' share												150.833					150.833
R0300	Net												38.306					38.306
	Claims incurred																	
R0310	Gross - Direct Business												53.376					53.376
R0320	Gross - Proportional reinsurance accepted																	0
R0330	Gross - Non-proportional reinsurance accepted																	0
R0340	Reinsurers' share												43.290					43.290
R0400	Net												10.086					10.086
	Changes in other technical provisions																	
R0410	Gross - Direct Business																	0
R0420	Gross - Proportional reinsurance accepted																	0
R0430	Gross - Non-proportional reinsurance accepted																	0
R0440	Reinsurers' share																	0
R0500	Net												0					0
R0550	**Expenses incurred**												19.383					19.383
R1200	**Other expenses**																	
R1300	**Total expenses**																	19.383

S.05.02.01 – Premiums, claims, and expenses by country

Non-life

		C0010	C0020	C0030	C0040	C0050	C0060	C0070
		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
R0010			ES	PT	FR	NL	IE	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business	41.777	69.746	43.812	3.483	2.990	2.714	164.523
R0120	Gross - Proportional reinsurance accepted							0
R0130	Gross - Non-proportional reinsurance accepted							0
R0140	Reinsurers' share	37.600	62.827	41.297	3.135	2.691	2.443	149.991
R0200	Net	4.178	6.920	2.515	348	299	271	14.532
	Premiums earned							
R0210	Gross - Direct Business	42.563	85.490	49.043	3.614	2.948	3.388	187.046
R0220	Gross - Proportional reinsurance accepted							0
R0230	Gross - Non-proportional reinsurance accepted							0
R0240	Reinsurers' share	37.841	61.935	40.580	3.187	2.657	2.678	148.878
R0300	Net	4.722	23.556	8.463	427	291	709	38.168
	Claims incurred							
R0310	Gross - Direct Business	11.156	24.738	11.513	1.981	1.522	1.420	52.330
R0320	Gross - Proportional reinsurance accepted							0
R0330	Gross - Non-proportional reinsurance accepted							0
R0340	Reinsurers' share	9.048	20.063	9.338	1.606	1.234	1.152	42.442
R0400	Net	2.108	4.675	2.176	374	288	268	9.888
	Changes in other technical provisions							
R0410	Gross - Direct Business	0	0	0	0	0	0	0
R0420	Gross - Proportional reinsurance accepted							0
R0430	Gross - Non-proportional reinsurance accepted							0
R0440	Reinsurers' share	0	0	0	0	0	0	0
R0500	Net	0	0	0	0	0	0	0
R0550	**Expenses incurred**	6.942	6.835	2.734	2.027	590	-638	18.490
R1200	**Other expenses**							
R1300	**Total expenses**							18.490

S.17.01.02 – Non-life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				Total Non-Life obligation
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0010	**Technical provisions calculated as a whole**												0					0
R0050	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole																	0
	Technical provisions calculated as a sum of BE and RM																	
	Best estimate																	
	Premium provisions																	
R0060	Gross												10.168					10.168
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default												38.852					38.852
R0150	**Net Best Estimate of Premium Provisions**												-28.684					-28.684
	Claims provisions																	
R0160	Gross												4.332					4.332
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default												3.726					3.726
R0250	**Net Best Estimate of Claims Provisions**												606					606
R0260	**Total best estimate - gross**												14.500					14.500
R0270	**Total best estimate - net**												-28.078					-28.078
R0280	**Risk margin**												1.100					1.100
	Amount of the transitional on Technical Provisions																	
R0290	Technical Provisions calculated as a whole																	0
R0300	Best estimate																	0
R0310	Risk margin																	0
R0320	**Technical provisions - total**												15.600					15.600
R0330	**Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total**												42.578					42.578
R0340	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total**												-26.978					-26.978

S.19.01.21 – Non-life insurance claims information

Total Non-life business

Z0020	Accident year / underwriting year	Accident Year

Gross Claims Paid (non-cumulative)
(absolute amount)

		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
	Year					**Development year**							**In Current year**	**Sum of years (cumulative)**
		0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior											0	0	0
R0160	2013	0	0	0	0	0	0	0	0	0	0		0	0
R0170	2014	0	0	0	0	0	0	0	0	0			0	0
R0180	2015	0	0	0	0	0	0	0	0				0	0
R0190	2016	0	0	0	0	0	0	0					0	0
R0200	2017	0	0	0	0	0	0						0	0
R0210	2018	0	0	0	0	0							0	0
R0220	2019	0	0	0	0								0	0
R0230	2020	993	439	0									0	1.433
R0240	2021	20.551	4.250										4.250	24.801
R0250	2022	44.314											44.314	44.314
R0260												**Total**	48.564	70.548

Gross Undiscounted Best Estimate Claims Provisions
(absolute amount)

		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
	Year					**Development year**							**Year end (discounted data)**
		0	1	2	3	4	5	6	7	8	9	10 & +	
R0100	Prior											0	0
R0160	2013	0	0	0	0	0	0	0	0	0	0		0
R0170	2014	0	0	0	0	0	0	0	0	0			0
R0180	2015	0	0	0	0	0	0	0	0				0
R0190	2016	0	0	0	0	0	0	0					0
R0200	2017	0	0	0	0	0	0						0
R0210	2018	0	0	0	0	0							0
R0220	2019	0	0	0	0								0
R0230	2020	1.855	0	0									0
R0240	2021	5.589	0										0
R0250	2022	4.328											0
R0260												**Total**	0

S.23.01.01 – Own Funds (solo undertaking)

Own Funds

	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	2.550	2.550		0	
R0030	Share premium account related to ordinary share capital	250	250		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0070	Surplus funds	0	0			
R0090	Preference shares	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0130	Reconciliation reserve	17.859	17.859			
R0140	Subordinated liabilities	7.000		0	7.000	0
R0160	An amount equal to the value of net deferred tax assets	0				0
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	0	0	0	0	0
R0220	**Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds**	0				
R0230	**Deductions for participations in financial and credit institutions**	0	0	0	0	
R0290	**Total basic own funds after deductions**	27.659	20.659	0	7.000	0
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0				
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	0			0	0
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	27.659	20.659	0	7.000	0
R0510	Total available own funds to meet the MCR	27.659	20.659	0	7.000	
R0540	Total eligible own funds to meet the SCR	25.762	20.659	0	5.103	0
R0550	Total eligible own funds to meet the MCR	21.170	20.659	0	510	
R0580	**SCR**	10.205				
R0600	**MCR**	2.551				
R0620	**Ratio of Eligible own funds to SCR**	252,44%				
R0640	**Ratio of Eligible own funds to MCR**	829,76%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	20.659
R0710	Own shares (held directly and indirectly)	0
R0720	Foreseeable dividends, distributions and charges	
R0730	Other basic own fund items	2.800
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	
R0760	**Reconciliation reserve**	17.859
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	3.379
R0790	**Total Expected profits included in future premiums (EPIFP)**	3.379

S.25.01.21 – Solvency Capital Requirement – or undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	3.452		
R0020	Counterparty default risk	5.538		
R0030	Life underwriting risk	0		
R0040	Health underwriting risk	0		
R0050	Non-life underwriting risk	4.770		
R0060	Diversification	-3.294		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	10.467		

USP Key

For life underwriting risk:
1 - Increase in the amount of annuity benefits
9 - None

For health underwriting risk:
1 - Increase in the amount of annuity benefits
2 - Standard deviation for NSLT health premium risk
3 - Standard deviation for NSLT health gross premium risk
4 - Adjustment factor for non-proportional reinsurance
5 - Standard deviation for NSLT health reserve risk
9 - None

For non-life underwriting risk:
4 - Adjustment factor for non-proportional reinsurance
6 - Standard deviation for non-life premium risk
7 - Standard deviation for non-life gross premium risk
8 - Standard deviation for non-life reserve risk
9 - None

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	3.140
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	-3.402
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	**Solvency Capital Requirement excluding capital add-on**	10.205
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement**	10.205
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	0
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0

	Approach to tax rate	C0109
R0590	Approach based on average tax rate	No

	Calculation of loss absorbing capacity of deferred taxes	LAC DT
		C0130
R0640	LAC DT	-3.402
R0650	LAC DT justified by reversion of deferred tax liabilities	-3.402
R0660	LAC DT justified by reference to probable future taxable economic profit	0
R0670	LAC DT justified by carry back, current year	0
R0680	LAC DT justified by carry back, future years	0
R0690	Maximum LAC DT	-3.402

S.28.01.01 – Minimum Capital Requirement

	Linear formula component for non-life insurance and reinsurance obligations	C0010
R0010	MCR_{NL} Result	2.154

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
R0020	Medical expense insurance and proportional reinsurance	0	
R0030	Income protection insurance and proportional reinsurance	0	
R0040	Workers' compensation insurance and proportional reinsurance	0	
R0050	Motor vehicle liability insurance and proportional reinsurance	0	
R0060	Other motor insurance and proportional reinsurance	0	
R0070	Marine, aviation and transport insurance and proportional reinsurance	0	
R0080	Fire and other damage to property insurance and proportional reinsurance	0	
R0090	General liability insurance and proportional reinsurance	0	
R0100	Credit and suretyship insurance and proportional reinsurance	0	
R0110	Legal expenses insurance and proportional reinsurance	0	
R0120	Assistance and proportional reinsurance	0	
R0130	Miscellaneous financial loss insurance and proportional reinsurance	0	17.657
R0140	Non-proportional health reinsurance	0	
R0150	Non-proportional casualty reinsurance	0	
R0160	Non-proportional marine, aviation and transport reinsurance	0	
R0170	Non-proportional property reinsurance	0	

	Linear formula component for life insurance and reinsurance obligations	C0040
R0200	MCR_{L} Result	0

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
R0210	Obligations with profit participation - guaranteed benefits		
R0220	Obligations with profit participation - future discretionary benefits		
R0230	Index-linked and unit-linked insurance obligations		
R0240	Other life (re)insurance and health (re)insurance obligations		
R0250	Total capital at risk for all life (re)insurance obligations		

	Overall MCR calculation	C0070
R0300	Linear MCR	2.154
R0310	SCR	10.205
R0320	MCR cap	4.592
R0330	MCR floor	2.551
R0340	Combined MCR	2.551
R0350	Absolute floor of the MCR	2.500
R0400	**Minimum Capital Requirement**	2.551

ANNEX – GLOSSARY

ACPR	French Prudential Supervision and Resolution Authority
ADIA	Abu Dhabi Investment Authority
APRA	Australian Prudential Regulation Authority
ARC	Audit and Risk Committee (internal committee)
BaFin	Federal Financial Supervisory Authority in Germany
BPC	Business Planning Committee (internal committee)
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CoSec	Corporate Secretary
CRO	Chief Risk Officer
CVC	CVC Capital Partners
DGA	Domestic & General Acquisitions Limited, the most senior insurance holding company within the Group
DGI	Domestic & General Insurance PLC
DGIEU	Domestic & General Insurance Europe AG
DGSFP	Directorate-General of Insurance and Pension Funds, Spain
DGX	Domestic & General Experience (internal project)
DVO	Commission Delegated Regulation (EU) 2015/35
ECAI	External Credit Assessment Institution
ECSC	European Conduct Standards Committee (internal committee)
EEA	European Economic Area
EIOPA	European Insurance and Occupational Pensions Authority
EMOC	European Management Operations Committee (internal committee)
ENID	Events Not In Data
EPPGC	European Product and Pricing Governance Committee
ExCo	Executive Committee (internal committee)
FATC	Finance and Trading Committee (internal committee)
FCA	Financial Conduct Authority, UK
FY	Financial Year
GRC	Group Risk Committee (internal committee)
Group	Domestic & General Group
GPW	Gross Premiums Written
HGB	German Code of Commercial Law
IBNR	Incurred But Not Reported
ICC	Group Investment & Capital Committee (internal committee)
IPT	Insurance Premium Tax
IVASS	Institute for the Supervision of Insurance, Italy
KPI	Key Performance Indicator
KRI	Key Risk Indicator
MaGo	BaFin’s Minimum Requirements on the System of Governance of Insurance Undertakings
MCR	Minimum Capital Requirement
OEM	Original Equipment Manufacturer
ORSA	Own Risk and Solvency Assessment

PRA	Prudential Regulation Authority, UK
QRT	Quantitative Reporting Template
QA	Quality Assurance
RCSA	Risk and Control Self-Assessment
REMCO	Remuneration Committee (internal committee)
RSR	Regular Supervisory Report
SCR	Solvency Capital Requirement
SFCR	Solvency and Financial Condition Report
T&CIOC	Technology and Change IT Oversight Committee (internal committee)
UK	United Kingdom
UPR	Unearned Premium Reserve
USP	Undertaking Specific Parameters
VAG	German Insurance Supervision Act
VAT	Value Added Tax
VCP	Value Creation Plan
WHO	World Health Organization
1LOD	First Line of Defence
2LOD	Second Line of Defence
3LOD	Third Line of Defence