

2022

UN GLOBAL COMPACT

COMMUNICATION ON PROGRESS

OUR PURPOSE

Make the world a better place, one repair at a time



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CEO's statement

Matthew Crummack



STATEMENT OF CONTINUED SUPPORT BY THE CHIEF EXECUTIVE OFFICER (CEO)

I am pleased to confirm that Domestic & General reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this annual communication on progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture, and daily operations. We also commit to share this information with our stakeholders and employees.

Matthew Crummack
CEO
September 2022



Human Rights Principles

A photograph of two men in an office environment. The man on the left, wearing glasses and a black polo shirt, is speaking and gesturing with his hands. The man on the right, wearing a grey sweater, is smiling and looking at a laptop. They are sitting at a desk with two laptops. The background shows office cubicles and ceiling lights.

“ We want our people to flourish and to build a reputation for ethical business. ”

Human Rights Principles



At Domestic & General, as we work to become increasingly sustainable, we want our people to flourish and to build a reputation for ethical business. We are committed to respecting human rights, and we continue to pursue our anti-modern slavery agenda both within our operations and supply chain, and through our partnerships. Our modern slavery statement sets out Domestic & General's actions to understand all potential modern slavery risks in relation to our business and to put in place steps aimed at ensuring that there is no slavery or human trafficking in our business and supply chains. We recognise that we have a responsibility to take a robust approach to slavery and human trafficking. We are proud of the steps we have taken to combat slavery and human trafficking, albeit we recognise this is an on-going obligation, and we will strive to update our statement on an annual basis with new initiatives and our progress in maintaining strong controls and close oversight of our suppliers. Please see our latest Board approved modern slavery statement:

<https://www.domesticandgeneral.com/modern-slavery>

We have the following policies in place: Whistleblowing, Business & Ethics and Procurement policy, which support our approach to the identification of modern slavery and human trafficking risks and the steps to be taken to prevent slavery and human trafficking in its operation.

Implementation

We know that we're individually amazing, collectively brilliant and trust is at our core. That's why we've set out clear expectations about how we work together to achieve more.

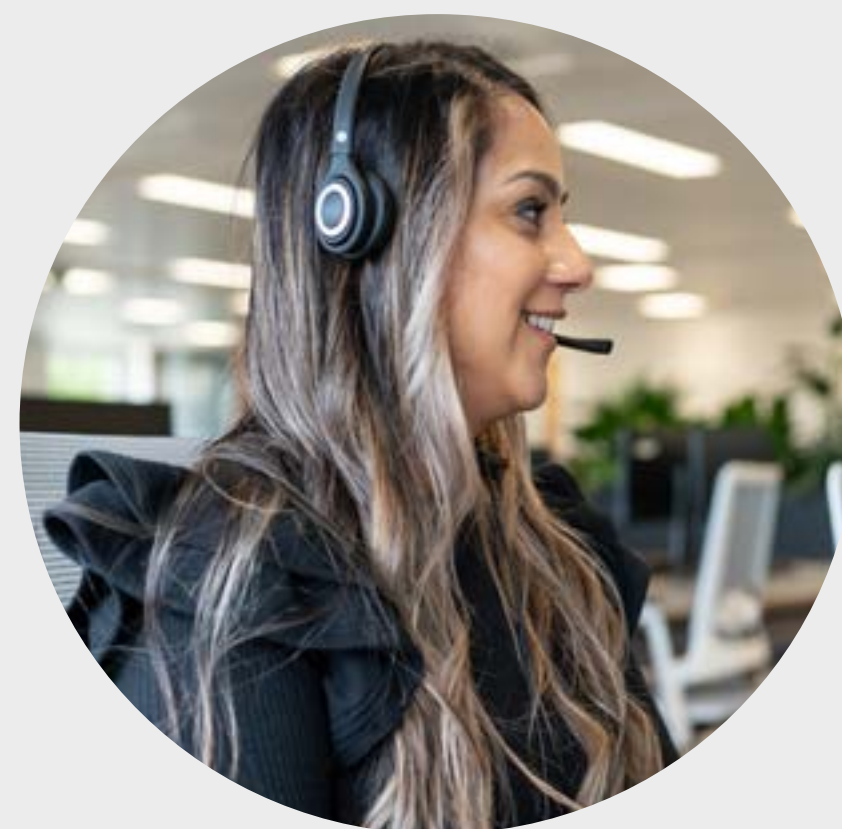
Our People Deal is an adult-to-adult offering about what Domestic & General can do for our people, and what we expect in return as we grow our business together and develop our culture.

The People Deal aligns with our new values and hybrid way of working and outlines a comprehensive offering which provides our people with support in five key areas.

Measure of outcome

We require all our employees to complete training on our Whistleblowing and Modern Slavery Act policy on an annual basis through our online learning centre. This will ensure they are familiar with the policies and understand how to report any concerns, breaches of laws or regulations. Last year we recorded an average of 98% completion rate for both the Whistleblowing and Modern Slavery Act training modules.

As a part of the Supplier Relationship Management process, our Procurement team identifies strategic suppliers within Domestic & General's supply chain and annually reviews their modern slavery statement or related policies. In 2021 there were 24 strategic suppliers identified, out of which 79% had either a Modern Slavery policy or statement in place.



Labour Principles



“ A workplace where everyone is treated with consideration, dignity and respect. ”

Labour Principles

At Domestic & General we strive to provide equal opportunity of employment and we do not tolerate any form of unlawful discrimination of any characteristic prohibited by applicable law. We prohibit any practices that are inconsistent with our commitment to maintaining a workplace in which our employees and contractors, clients, vendors and agents treat each other with consideration, dignity, and respect. We will not tolerate unfair discriminatory behaviour by, between or towards our employees.

We set out clear expectations about how we work together which are outlined in our employee handbook. Additionally, we recently introduced our People Deal, which is an adult-to-adult offering about what Domestic & General can do for our people, and what we expect in return as we grow our business together and develop our culture. The People Deal aligns to our new values and hybrid ways of working and outlines a comprehensive offering which provides our people with support in five key areas- Hybrid working, Company culture, Wellbeing and rewards, Diversity and inclusion and Career development.

Additionally, this year we set up the Working Families group. Our HR team has been working closely alongside this group to raise and explore the various issues impacting working parents which we know disproportionately affect women.

Implementation

We recognised that the COVID-19 pandemic had a huge impact on the mental and physical wellbeing of our employees. Therefore, we introduced our Hybrid Working policy. Our hybrid working approach is contributing to a strong workplace culture and is helping to drive strategic progress. Having first asked people to return to the office for 2-3 days a week, we have now moved to a model of 'everyday flexibility' which empowers our employees to choose whether to work from the office, from home or in a hybrid way. Employees are trusted to determine where they work and are supported with hybrid guidelines, enhanced technology and managers trained in leading remote teams.

In 2020, we held our first virtual panel session on Diversity and Inclusion ('D&I'). During the panel discussion we made a commitment to improve our D&I practices at Domestic & General. We've made great progress in our D&I journey since then. Along with our Women's Network and Working Families Network, we are working towards a culture that enables all employees to openly discuss challenges and break down barriers. We are a member of Change the Race Ratio and a supporter of One Loud Voice. Both foundations are about accelerating diversity in businesses through communication and continual progress.

Our D&I initiatives continued in 2021. We have worked hard to build a workplace where women can thrive. Whilst we are proud of the progress we have made, we

continue to be fully committed to nurturing our female talent. Our new partnership with Women in Data will help us increase female representation in roles traditionally held by men. Through our membership with One Loud Voice, we will help tackle the continuing barriers for women in the UK workforce by encouraging communication and amplifying voices. We remain a signatory to Change the Race Ratio and our senior leaders are committed to taking action to increase racial and ethnic participation. Our partnership with VERCIDA, a diversity and inclusion platform for job seekers, is a tangible way for us to make a difference by employing a truly diverse workforce.



Gender pay gap report 2021

Measure of outcome

Domestic & General has successfully delivered its value proposition of hybrid working and continues to regularly review its employees' engagement and adequacy of its skills and resourcing. We are pleased to see that our employees are adopting the new 'flexible working' and we see improvement in engagement with the different initiatives we have in place such as our regular Lunch and Learn sessions where various topics are being discussed.

We are proud of the ongoing work and new initiatives we have introduced over the past year which contribute to the long-term gender pay gap reduction, particularly given the ongoing challenges of working through the pandemic. We have increased female representation in the Domestic & General Leadership Group and continue to grow our representation of women at senior levels of the organisation. We are pleased to report that we have increased our proportion of female leaders from 26% to 34% from February 2021 to February 2022.

Proportion of female leaders in February 2021

26%

Proportion of female leaders in February 2022

34%

Environmental Principles

“ We are dedicated to continuing our contribution to the United Nation's Sustainability Development Goals. ”



Environmental Principles



We have built strong foundations on which our vision for a purpose-led and sustainable business can grow. We are dedicated to continuing our contribution to the United Nation’s Sustainability Development Goals and our strategic business plan and cultural blueprint are directly linked to the societal ambitions of our customers, clients, and colleagues. We are committed to build on the progress we’ve made since April 2021 and have set up strong foundations for a bolder strategy. We established a partnership with EcoVadis, a trusted provider of business sustainability ratings and we have also created a dedicated Sustainability Committee, which will oversee the work that is carried out by the business and will provide clear direction and agree a level of ambition for our sustainability agenda.

We’ve also undertaken an assessment of our carbon footprint across Scope 1, 2 and 3 emissions with a partner. By the end of the year, we expect to have calculated estimates of our current emission for Scope 1, 2 and 3 which we plan to use to set Science Based Targets (‘SBTs’) with an accompanying action plan.

In 2022 we unveiled the Domestic & General Van for good. This mobile repair café has been launched in partnership with the Reuse Network and will bring repair skills and education to local communities and allow people to dispose of broken appliances in a sustainable manner. Our Van for good is a fully electric vehicle that we will be using to promote community recycling and repair schemes throughout 2022 and beyond.

Implementation

As a responsible business, we have assessed how we match up to key ESG measurements through EcoVadis. In 2021 we were awarded a bronze medal by EcoVadis in recognition of our sustainability achievements across all environmental, social and governance areas. We refreshed this assessment at the start of 2022. Twelve months on we have improved across two quadrants of the assessment: environment and sustainable procurement.

Also, a huge milestone for us this year is our sponsorship of the Birmingham 2022 Commonwealth Games. Birmingham 2022 aims to be the first to create a carbon-neutral legacy. As well as celebrating world-class athletic achievements, Birmingham 2022 has other goals, including bringing people together and being a catalyst for change.

In another step forward on our sustainability journey, in August 2021 we became a friend of the Reuse Network. Reuse is a team of charities that reuse and repair donated white goods and provide them to people in need, usually at affordable prices or through social fund schemes. By working together, we hope to have a meaningful impact on both the environment and individuals’ lives.

We also launched a partnership with onHand in June 2022. onHand is an on-demand volunteering app which enables our teams to take part in volunteering missions that support our communities and directly contribute to CO2 reduction.

Sponsoring the 2022 Commonwealth Games



Supporting communities and reducing CO2



Environmental Principles continued

Streamlined Energy and Carbon Reporting ('SECR') in the UK

Both Domestic & General Services Limited ('DGS') and Domestic & General Insurance PLC ('DGI'), being large UK entities within the Group, meet SECR criteria and are mandated to meet the requirements as set out in the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

Both DGS and DGI operate out of the same UK facilities. DGS is financially responsible in terms of the operational boundary and has therefore confirmed, using the financial control approach, that it is responsible for 100% of the estate's reporting requirements.

Reason for change in emissions

Our emissions reduced in FY22 due to office closures linked to COVID-19. We have rationalised and reduced our office space since COVID-19 which will have an ongoing effect of reducing emissions. That said, we expect our Scope 1 and Scope 2 emissions to increase in FY23 as we embark on a hybrid approach to working and we have our people back in the office to a greater extent.

Scope 3 emissions relating to business travel reduced in FY21 as we stopped travel during national lockdowns. These

increased in FY22 with the full relaxation of these restrictions towards the end of FY22 and we expect this to further increase in FY23.

Methodology

The report follows the SECR guidance and the GHG Protocol - Corporate Accounting and Reporting Standard as the accepted methodology to meet the mandatory requirements. No additional operational elements have been included at this stage. In combination with this, information gathered for the fulfilment of the Energy Savings Opportunity Scheme ('ESOS') has been used.

The UK Government's Greenhouse conversion factors have been used to calculate the carbon emissions. The following table demonstrates the GHG Emissions and Energy Usage Data for this financial year.

Intensity measurement

DGS have chosen tonnes of gross CO₂e per total £m sales revenue as the reported SECR intensity metric. This is a relevant and common business metric and will serve as a consistent comparative for reporting purposes going forwards.

UK GHG emissions & energy use data

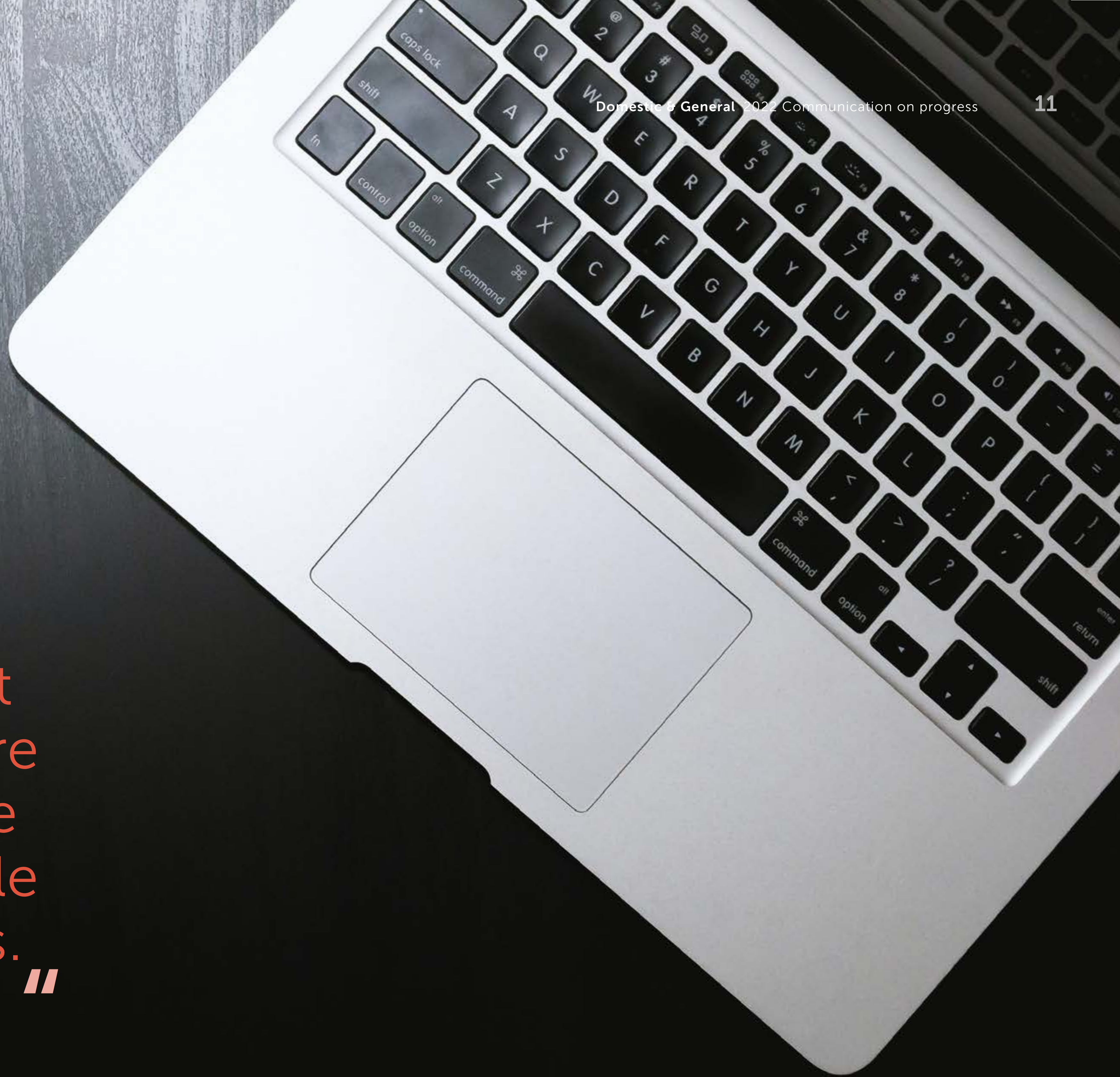
	UK FY22	UK FY21 ¹
Energy consumption used to calculate emissions: /kWh	1.89m	3.17m
Emissions from combustion of gas tCO ₂ e (Scope 1)	46	181
Emissions from combustion of fuel for transport tCO ₂ e (Scope 1)	0	0
Emissions from purchased electricity tCO ₂ e (Scope 2, location-based)	323	501
Emissions from business travel in rental cars or employee-owned vehicles where the company is responsible for purchasing the fuel tCO ₂ e (Scope 3)	28	8
Total gross tCO ₂ e based on above	397	690
Intensity ratio: gross tCO ₂ e per £1,000,000 revenue	1.1	1.9

¹ When reviewing the inventory comparisons to the previous reporting period a discrepancy was found with the emissions totals for 2020-21. Based on this, the previous period has been recalculated to allow for a more accurate comparison.

Anti-Corruption Principles

“ We have robust controls that are balanced to the nature and scale of our business. ”

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Anti-Corruption Principles

At Domestic & General we have the responsibilities to manage money laundering risk and abide by legislation relating to the Proceeds of Crime (including Fraud), Sanctions, and Bribery & Corruption. We understand the importance of having an effective Financial Crime framework in place, with controls that are sufficiently robust, whilst remaining balanced to the nature and scale of Domestic & General's business.

Implementation

Domestic & General's system of governance is proportionate to the nature, scale, and complexity of its activities, ensuring that risks arising from the business model are identified, assessed, and managed and in line with risk appetite tolerances. A Three Lines of Defence Model is in place and is overseen at Group level by the Audit and Risk Committee (ARC).

Three lines of defence

Domestic & General has implemented the 'Three lines of defence' model, comprised of:

First line of defence

Risk management 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 the risk registers.

Risk owners are clearly identified across the business and take responsibility for the risks in their areas.



Second line of defence

The second line of defence includes the functions responsible for ongoing monitoring, advisory, and facilitation of risk management activities, including data privacy, risk management and compliance.



Third line of defence

The Internal Audit function, which reports directly to the Board, is responsible for independent assurance over the efficiency and effectiveness of Domestic & General's governance, risk management and internal control frameworks.

To ensure that all employees are aware of their responsibilities in relation to the detection and prevention of financial crime and the controls, Domestic & General have intended to:

- Deter, detect, and protect the firm from financial crime.
- Promote strong corporate governance to mitigate related financial crime risks.
- Ensure the maintenance of overarching governance structures which ensure ongoing compliance.
- Communicate enterprise-wide expectations surrounding financial crime.
- Identify any risk appetite statements covered by this policy.
- All relevant employees must complete Financial Crime awareness training at least annually, with new hires receiving training within 60 days of onboarding.

Furthermore, Domestic & General staff are required to actively monitor and report instances of concern to their line managers and/or the Financial Risk team and review related controls as effective in bi-annual Risk Control Self Assessments. Day-to-day Risk Managers are critical to providing business insight as most likely to encounter financial crime, as defined in Domestic & General mandatory training.

Measure of outcome

A Financial Crime Assessment is conducted by the Head of Operational Risk and Financial Crime on an annual basis, which consider Domestic & General's risk appetite and the appropriateness and adequacy of the mitigation activities.

Our latest risk assessment carried out in July 2022 highlights that Domestic & General remains within tolerance for Financial Crime exposures. Also, the business has remained focused and pragmatic in its response to threats. Last year Domestic & General introduced sanctions screening as a demonstration of good practice against watch-listed and block-listed customers. In a year of running screening and incorporating Russian Sanctions, no genuine matches were returned.





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