FitchRatings

Insurance
Composite Insurers
Germany

# DEVK Deutsche Eisenbahn Versicherung and Operating Subsidiaries

## Ratings

**DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn**

| | |
|---|---|
| Insurer Financial Strength | A+ |

**Subsidiaries**

| | |
|---|---|
| Insurer Financial Strength | A+ |

Note: See additional ratings on page 8.

**Outlooks**

| | |
|---|---|
| Insurer Financial Strength | Stable |

## Financial Data

**DEVK Deutsche Eisenbahn Versicherung**

| (EURm) | 2023 | 2022 |
|---|---|---|
| Total assets | 25,139 | 23,926 |
| Total equity | 2,721 | 2,597 |
| Total gross written premiums | 4,782 | 4,300 |
| Net combined ratio (%) | 101.3 | 100.6 |
| Net income | 83 | 39 |

Source: Fitch Ratings, DEVK Deutsche Eisenbahn Versicherung

## Applicable Criteria

Insurance Rating Criteria (March 2024)

## Related Research

Echo Ruckerversicherung-AG (July 2024)

German Non-Life Insurance Sector Outlook Revised to 'Improving' (June 2024)

German Non-Life Profits to Recover in 2025 (April 2024)

German Composite Insurers - Peer Review (December 2023)

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## Key Rating Drivers

**Strong Company Profile:** Fitch Ratings' assessment of DEVK Deutsche Eisenbahn Versicherung's company profile reflects DEVK's strong market position in Germany's property and casualty market, its well-diversified earnings across all primary insurance segments in Germany and its international reinsurance business, and its moderate size. DEVK wrote total premiums of EUR4.8 billion in 2023 with total assets of EUR25 billion.

**Very Strong Capitalisation:** Fitch Ratings' assessment of DEVK's capital is driven by the 'Very Strong' score under Fitch's Prism Global model and its group Solvency II (S2) ratio, without transitional measures, of 219% at end-2023 (233% at end-2022). The reduction of the group's S2 ratio was driven by higher equity risk following higher fair values in this asset class at DEVK's life insurer. Fitch expects the group's capitalisation to remain very strong in 2024.

**Motor Profitability Deteriorating:** In 2023, DEVK's Fitch-calculated net combined ratio deteriorated to 101.3% from 100.6% in 2022. This was due to strong claims inflation and increased frequency, especially in motor business. We expect DEVK to keep adjusting prices upwards in response to higher claims costs but the net combined ratio to stay above 100% in 2024 and 2025, as premium adjustments will take time to offset claims inflation.

Fitch's assessment of profitability is based on the group's strong Fitch-calculated net combined ratio on average at 97.8% over 2019-2023. DEVK benefits from its strategic expansion in the reinsurance and German property market, contributing positively to bottom-line results. However, its focus on motor insurance constrains overall profitability.

**Very Strong Reserve Adequacy:** Despite lower than the German market average positive prior-years' reserve adjustments of 2.5% in 2023, DEVK has a long track record of prior-year reserve releases and large claims reserve redundancies.

In 2023, DEVK strengthened its reserves to reflect higher claims inflation and increased frequency, especially in motor and property lines. Fitch believes that DEVK's claims reserving buffers are strong enough for the insurer to withstand competitive pressures in Germany's motor insurance sector without losing market share or its capitalisation being eroded.

**Improved ALM:** The company's duration gap has improved due to a managed shorter liability duration and a slightly longer asset duration, following interest rate movements. This helps stabilise financial performance and liquidity, despite ongoing sensitivity to market yield changes. We consider the improved duration gap and very strong asset/liability management as indicators of robust risk framework.

## Rating Sensitivities

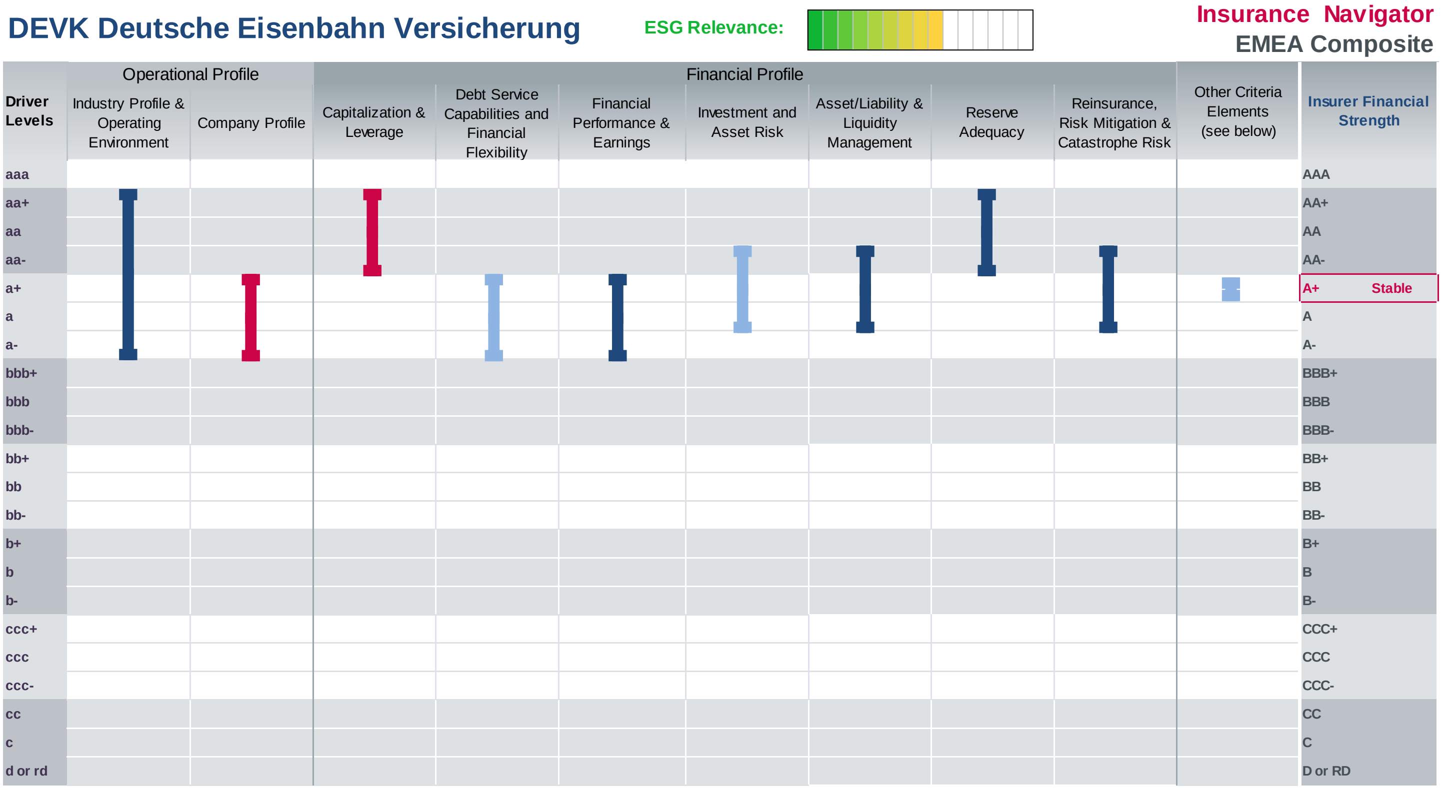
**Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade**

- A substantial improvement in DEVK's business profile

**Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade**

- Sustained material erosion in capital, as reflected, for example, by DEVK's Prism score falling to 'Strong' category
- A deterioration in profitability, as evident by, for example, a combined ratio of 105% or higher on a sustained basis

## Key Rating Drivers — Scoring Summary




| Other Criteria Elements | | | | |
|---|---|---|---|---|
| Provisional IFS | | | | A+ |
| Non-Insurance Attributes | Positive | **Neutral** | Negative | +0 |
| Ownership / Group Support | Positive | **Neutral** | Negative | +0 |
| Transfer & Convertibility / Country Ceiling | Yes | **No** | AAA | +0 |
| **Insurer Financial Strength Rating** | | | | **A+** |

**Bar Chart Legend:**
Vertical Bars = Range of Rating Factor
Bar Colors = Relative Importance
- Higher Influence
- Moderate Influence
- Lower Influence

Bar Arrows = Rating Factor Outlook
- ⇧ Positive
- ⇩ Negative
- ⇳ Evolving
- □ Stable

# Company Profile

## Strong Company Profile

Fitch ranks DEVK's company profile as 'Moderate' compared to that of all other German composite insurance companies due to its 'Moderate' operating scale, 'Moderate' competitive positioning and 'Favourable' business risk profile. Given this ranking, Fitch scores DEVK's company profile at 'a' under its credit factor scoring guidelines.

DEVK's gross written premiums (GWP) grew by 11.2% to EUR4,782 million in 2023. DEVK's premium growth was higher than the company's expected growth and that of some peers. This was due to a strong growth in reinsurance business. Fitch believes that premium growth will continue to be driven by reinsurance business in 2024-2025, due to the group's strategy to expand in this sector.

The group has a strong market position in the motor line, with half of its non-life premiums coming from this business at end-2023. In the life business, DEVK's premium growth has been weak in recent years due to a decline in traditional life products. In 2023, new business remained under pressure and stayed at 2022 level with a change in annual premium equivalent of +0.1%. We expect the growth in life premium to remain weak in the short term due to the continuing difficult market conditions and the company's strategy of prioritising growth in the reinsurance segment.

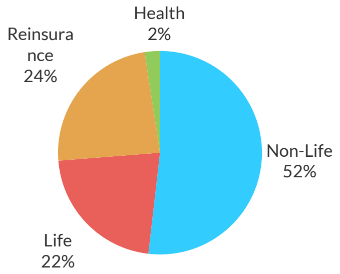
Fitch assess DEVK's corporate governance as 'Neutral'. Our assessment is driven by its group structure, which is in line with the market norms, an independent and effective management board, and transparent and timely financial disclosures. We expect no change in the company's corporate governance.

### Company Profile Scoring Summary

| Assessment | | Sub-Score/impact |
|---|---|---|
| Business profile assessment | Moderate | a |
| Corporate governance assessment | Neutral | 0 |
| Company profile factor score | | a |

Source: Fitch Ratings

### Total Gross Written Premium
(EUR4.8bn, 2023)




Source: Fitch Ratings, DEVK

# Ownership

Fitch regards DVEK's ownership as neutral for its ratings. DEVK is a mutual insurance group headed by DEVK Non-Life and DEVK Life (see page 9). The group also includes several subsidiaries writing business in all lines, including life, pension, liability, health, property and casualty, and reinsurance.

# Capitalisation and Leverage

## Very Strong and Stable Capitalisation

Fitch considers DEVK's capitalisation as very strong as it is shown by its stable 'Very Strong' score in the Prism FBM model, based on end-2023 results. DEVK's capitalisation benefits from its prudent reserving standards as the company's significant reserve redundancies on its balance sheet are considered as capital in our capital model.

Our view of DEVK's capital strength is supported by a very strong regulatory group S2 ratio of 219% at end-2023 (end-2022: 233%), without transitional measures on technical provisions. The deterioration in the S2 ratio in 2023 was driven by higher equity risk following higher fair values in these investments of DEVK Allgemeine Lebensversicherung AG (DEVK-N). DEVK-N's solo entity S2 ratio deteriorated to 184% in 2023 from 254% in 2022, without transitional measures on technical provisions, which is still well above the company's strategic target ratio and very strong in Fitch's view.

We expect DEVK's capital position to remain very strong as we believe the improved market conditions in life segment will boost capital and the persistent challenges of the German motor market will not materially affect capital.

### Financial Highlights

| (x) | End 2023 | End 2022 |
|---|---|---|
| Group solvency ratio[a] (%) | 219 | 233 |
| Non-life net written premium/equity[b] | 1.2 | 1.0 |
| Non-life net leverage | 2.8 | 2.2 |
| Life operating leverage | 11.3 | 10.7 |

[a] Without transitional measures.
[b] Equity including claims equalisation reserve.
Note: Reported on a consolidated basis.
Source: Fitch Rating, DEVK

### Fitch's Expectations

- DEVK's Prism score to be 'Very Strong' and group S2 ratio to decline slightly, but to remain very strong

### Capitalisation Adequacy

PRISM FBM


Source: Fitch Ratings

### Financial Highlights

| | End 2023 | End 2022 |
|---|---|---|
| Prism score | Very Strong | Very Strong |
| Prism total AC (EURm) | 4,938 | 4,467 |
| Prism AC/TC at prism score (%) | 110 | 110 |
| Prism AC/TC at higher prism score (%) | 88 | 84 |

AC – Available capital. TC – Target capital
Note: Reported on a yearly basis.
Source: Fitch Ratings, DEVK

## Debt Service Capabilities and Financial Flexibility

### No Financial Leverage, Strong Financial Flexibility

DEVK had no outstanding debt at end-2023 and we do not expect the company to issue any debt in the medium term. Fitch assesses DEVK group's financial flexibility as strong.

## Financial Performance and Earnings

### Strong Profitability, Pressured by Challenging Motor Market

We consider DEVK's profitability as strong, but we believe its focus on motor insurance constrains overall profitability due to the high competitiveness of the German motor insurance market. We view the increasing earning diversification in DEVK's business as positive for overall profitability.

DEVK reported a strong Fitch-calculated net combined ratio in 2019-2023 of 97.8% on average. However, the Fitch-calculated net combined ratio worsened to 101.3% in 2023 from 100.6% in the previous year, due to persistent claims inflation, especially in the motor business. Consequently, DEVK had non-life underwriting losses of EUR40 million in 2023, before the benefit of equalisation reserves (2022: losses of EUR14 million).

DEVK benefits from its strategic expansion in the reinsurance and German property market, contributing positively to bottom-line results, offsetting the weak motor business partially. We anticipate that DEVK will keep adjusting premiums, along with other measures such as reduction in offered discounts and improved underwriting, to account for higher costs. We expect the net combined ratio to stay above 100% in 2024, but we believe it will improve in 2025 and 2026, as premium adjustments will require time to offset the effects of claims inflation to improve underwriting result.

Operating pre-tax return on equity (ROE) increased slightly to 4.5% in 2023 from 4.1% in 2022. The operating profit increased to EUR113.6 million (2022: EUR99.7 million). The weak underwriting result has been compensated for by the strong improvement in the investment result. We expect the operating ROE to gradually improve until 2026, due to better underwriting results and elevated reinvestment rates supporting investment results.

### Financial Highlights

| (%) | End 2023 | End 2022 |
|---|---|---|
| Fitch-calculated net combined ratio | 101.3 | 100.6 |
| Operating ratio | 95.2 | 95.7 |
| Operating pre-tax return on equity | 4.5 | 4.1 |
| Life asset growth | 3.3 | 1.6 |
| Non-life gross written premium growth | 15.5 | 6.4 |

Note: Reported on a consolidated basis.
Source: Fitch Ratings, DEVK

### Fitch's Expectations

- Fitch-calculated net combined ratio to improve below 100% and operating ROE to recover gradually to around 5%-6% until 2026

## Investment and Asset Risk

### High Exposure to Risky Investments Mitigated by Very Strong Capitalisation

Fitch views DEVK's investment and asset risk as relatively high for its ratings. Equity investments were 8.1% of total investments at end-2023 (end-2022: 8.5%), slightly higher than the German non-life insurance industry's average. We expect the equity portion of the investments to remain higher than the market average in the near future. Despite its relatively high equity investment, DEVK has a strong risky-assets ratio at 80% in 2023 (2022: 84%), which leaves it adequately positioned to withstand equity market shocks, due to the company's very strong capitalisation.

DEVK's fixed-income investments, which comprise about 60% of the group's investments, were of strong credit quality at end-2023. According to the group's consolidated annual report, 53.4% were rated 'AA-' and better, 30.2% were in the 'A' category and 13.8% were in the 'BBB' category. Only 2.6% were unrated or non-investment-grade bonds.

### Financial Highlights

| (%) | End 2023 | End 2022 |
|---|---|---|
| Risky-assets ratio | 80 | 84 |
| Non-investment-grade bonds ratio | 4.6 | 5.4 |
| Return on investment | 2.4 | 1.8 |

Note: Reported on a consolidated basis.
Source: Fitch Ratings, DEVK

### Fitch's Expectations

- Investment risk to remain manageable over the two-year rating horizon due to a stable investment strategy.

## Asset/Liability and Liquidity Management

### Very Strong ALM; Low Liquidity Risk

DEVK's duration gap has improved due to a managed shorter liability duration and a slightly longer asset duration following interest rate movements. In addition, the recent increase in the market interest rate lowered DEVK's reinvestment risk. These developments contribute positively to withstand interest rate fluctuations, ensuring stable financial performance and liquidity, although the company remained sensitive to changes of the market yield. We view the improved duration gap as sustained and ALM as very strong, reflecting the company's robust management practices.

A fixed discount rate is used by life insurers to calculate the actuarial reserve for traditional German life insurance contracts. This discount rate is the guaranteed interest rate (GIR) and the regulator caps the maximum GIR that insurers can offer. The maximum permitted GIR for new business is at 0.25% since 2022, albeit it will be increased to 1% from 2025 onwards. A large part of DEVK's liabilities are from traditional life insurance products with GIR payments to policyholders. Liabilities with GIR can become a negative rating factor in a low interest rate environment. However, we consider DEVK's risk arising from GIR policies as moderate, since about half of its insurance liabilities are related to non-life products or life products with no guarantees.

Fitch considers liquidity risk to be low for DEVK as measured by liquid assets on technical liabilities. The company has reported steady growth in recent years and its liquidity needs are primarily covered by premium income.

### Financial Highlights

| (%) | End 2023 | End 2022 |
|---|---|---|
| Liquid assets/policyholder liabilities (life) | 74.7 | 74.8 |
| Liquid assets/loss and loss adjustment expense reserves (non-life) | 145.1 | 154.5 |
| Cash and cash equivalents/ technical reserves | 2.8 | 2,5 |

Note: Reported on a consolidated basis.
Source: Fitch Ratings

### Fitch's Expectations

- The duration gap to remain very strong due to the company's strategic goal to reduce the gap between assets and liability.

## Reserve Adequacy

### Very Strong Reserve Adequacy

Fitch believes DEVK follows a conservative reserving policy with large claims reserve redundancies as proven by the company's long history of reserve releases.

DEVK reported strong positive prior-year reserve adjustments (PYRAs), averaging 4.6% between 2019 and 2023, but slightly lower than the German non-life market average PYRA of 5.9%. Due to claims inflation and increased frequency, DEVK strengthened claims reserves in 2023 to reflect higher motor and property risks, resulting in a positive, but low PYRA of 2.5% only. We expect DEVK's PYRA to improve in 2024, due to significantly lower reserve strengthening compared with 2023, and to be stronger than the market average in the medium term.

According to DEVK's Solvency and Financial Condition Report at end-2023 and an S2 best estimate calculation, the group's reported reserves based on German GAAP accounting were 183%, which we view as very strong.

### Financial Highlights

| (%) | End 2023 | End 2022 |
|---|---|---|
| Loss reserve development/surplus | -3.4 | -4.4 |
| Loss reserve development/net earned premiums | -2.8 | -3.9 |
| Net technical reserves/net earned premiums | 129.5 | 132.2 |
| Prior-year reserve adjustment/prior-year reserve | -2.5 | -3.4 |

Note: Reported on a consolidated basis. Loss reserve development and prior-year reserve adjustment: a negative number denotes a positive development.
Source: Fitch Ratings, DEVK

### Fitch's Expectations

- No significant reserve strengthening in 2024 and improving PYRA, due to sufficient reserve strengthening in 2023 and 2022.

## Reinsurance, Risk Mitigation and Catastrophe Risk

### Catastrophe Risks Limited by Adequate Reinsurance Programme

DEVK's reinsurance strategy includes ceding larger risks and purchasing adequate excess cover. The company places it reinsurance by group's own reinsurers, and several external reinsurers with a rating of at least 'A-'. Due to hardening conditions in the reinsurance market, the company adjusted its reinsurance programme leading to increased retention. Despite these changes, Fitch considers DEVK's exposure to catastrophe risk to be moderate.

The credit quality of DEVK's reinsurers is strong. The 20 largest reinsurers' ratings by ceded premiums had an average rating of 'A+'.

### Fitch's Expectations

- Reinsurers' credit quality to remain strong despite more difficult market conditions

# Appendix A: Peer Analysis

### Peer Comparison

Click here for a report that shows a comparative peer analysis of key credit factor scoring.

# Appendix B: Industry Profile and Operating Environment

### Industry Profile and Operating Environment (IPOE)

Click here for a link to a report that summarises the main factors driving the above IPOE score.

# Appendix C: Other Rating Considerations

Below is a summary of additional ratings considerations that are part of Fitch's *Insurance Rating Criteria*.

### Group Insurance Financial Strength (IFS) Rating Approach

Fitch views all DEVK-branded entities as 'Core' to DEVK, as defined in the agency's insurance rating methodology, and has applied its insurance group rating methodology to assign an 'A+' IFS rating to these entities, based on a combined group assessment.

Fitch views Echo Re as 'Very Important' to DEVK as it represents the group's reinsurance operations outside Europe. Echo Re's rating incorporates a two-notch uplift from its standalone credit quality (for more details see the separate rating report of Echo Re).

| Name | Type | Rating | Outlook |
|---|---|---|---|
| DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn– DEVK Life-Non | IFS | A+ | Stable |
| DEVK Deutsche Eisenbahn Versicherung Lebensversicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn – DEVK Life | IFS | A+ | Stable |
| DEVK Rueckversicherungs- und Beteiligungs-Aktiengesellschaft – DEVK RE | IFS | A+ | Stable |
| DEVK Allgemeine Versicherungs-Aktiengesellschaft | IFS | A+ | Stable |
| DEVK Allgemeine Lebensversicherungs-Aktiengesellschaft | IFS | A+ | Stable |
| DEVK Rechtsschutz-Versicherungs-Aktiengesellschaft | IFS | A+ | Stable |
| DEVK Krankenversicherungs-Aktiengesellschaft | IFS | A+ | Stable |
| Echo Rueckversicherungs-AG | IFS | A | Stable |

Source: Fitch Ratings, DEVK

### Notching

For notching purposes, Fitch assesses Germany's regulatory environment as being 'Effective' and classified as following a group solvency approach.

### Notching Summary

| |
|---|
| **IFS Ratings** |
| A baseline recovery assumption of 'Good' applies to the IFS rating, and standard notching was used from the IFS anchor rating to the implied operating company IDR. |
| **Operating company debt** |
| Not applicable. |
| **Holding company IDR** |
| Not applicable. |
| **Holding company debt** |
| Not applicable. |
| **Hybrids** |

IFS – Insurer Financial Strength. IDR – Issuer Default Rating
Source: Fitch Ratings

### Debt Maturities

Not applicable.

### Short-Term Ratings

Not applicable.

### Hybrid – Equity/Debt Treatment

Not applicable.

### Hybrids Treatment

Not applicable.

### Recovery Analysis and Recovery Ratings

Not applicable.

### Recovery Ratings

Not applicable.

### Transfer and Convertibility Risk (Country Ceiling)

None.

### Criteria Variations

None.

# Appendix D: Environmental, Social and Governance Considerations

FitchRatings DEVK Deutsche Eisenbahn Versicherung

Insurance Navigator
EMEA Composite

**Credit-Relevant ESG Derivation**

DEVK Deutsche Eisenbahn Versicherung has 7 ESG potential rating drivers

- DEVK Deutsche Eisenbahn Versicherung has exposure to underwriting/reserving exposed to environmental and natural catastrophe risks; impact of catastrophes on own operations or asset quality; credit concentrations but this has very low impact on the rating.
- DEVK Deutsche Eisenbahn Versicherung has exposure to compliance risk; treating customers fairly; pricing transparency; privacy/data security; legal/regulatory fines; exposure to insured and own cyber risk but this has very low impact on the rating.
- DEVK Deutsche Eisenbahn Versicherung has exposure to social responsibility and its effect on brand strength; increased vulnerability due to credit concentrations but this has very low impact on the rating.
- Governance is minimally relevant to the rating and is not currently a driver.

| | | | ESG Relevance to Credit Rating |
|---|---|---|---|
| key driver | 0 | issues | 5 |
| driver | 0 | issues | 4 |
| potential driver | 7 | issues | 3 |
| not a rating driver | 2 | issues | 2 |
| | 5 | issues | 1 |

**Environmental (E) Relevance Scores**

| General Issues | E Score | Sector-Specific Issues | Reference | E Relevance |
|---|---|---|---|---|
| GHG Emissions & Air Quality | 1 | n.a. | n.a. | 5 |
| Energy Management | 1 | n.a. | n.a. | 4 |
| Water & Wastewater Management | 1 | n.a. | n.a. | 3 |
| Waste & Hazardous Materials Management; Ecological Impacts | 2 | Underwriting/reserving exposed to asbestos/hazardous materials risks | Capitalization & Leverage; Financial Performance & Earnings; Reserve Adequacy; Reinsurance, Risk Mitigation & Catastrophe Risk | 2 |
| Exposure to Environmental Impacts | 3 | Underwriting/reserving exposed to environmental and natural catastrophe risks; impact of catastrophes on own operations or asset quality; credit concentrations | Capitalization & Leverage; Financial Performance & Earnings; Reserve Adequacy; Reinsurance, Risk Mitigation & Catastrophe Risk; Investment & Asset Risk | 1 |

**How to Read This Page**
ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.
**The Environmental (E), Social (S) and Governance (G) tables** break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance.
**The Credit-Relevant ESG Derivation** table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to result in a negative impact unless indicated with a '+' sign for positive impact.
**Classification** of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.

**Social (S) Relevance Scores**

| General Issues | S Score | Sector-Specific Issues | Reference | S Relevance |
|---|---|---|---|---|
| Human Rights, Community Relations, Access & Affordability | 1 | n.a. | n.a. | 5 |
| Customer Welfare - Fair Messaging, Privacy & Data Security | 3 | Compliance risk; treating customers fairly; pricing transparency; privacy/data security; legal/regulatory fines; exposure to insured and own cyber risk | Industry Profile & Operating Environment; Company Profile; Reserve Adequacy | 4 |
| Labor Relations & Practices | 2 | Impact of labor negotiations, including board/employee compensation and composition | Company Profile | 3 |
| Employee Wellbeing | 1 | n.a. | n.a. | 2 |
| Exposure to Social Impacts | 3 | Social responsibility and its effect on brand strength; increased vulnerability due to credit concentrations | Company Profile; Investment & Asset Risk; Financial Performance & Earnings; Reinsurance, Risk Mitigation & Catastrophe Risk | 1 |

**Governance (G) Relevance Scores**

| General Issues | G Score | Sector-Specific Issues | Reference | G Relevance |
|---|---|---|---|---|
| Management Strategy | 3 | Operational implementation of strategy | Company Profile | 5 |
| Governance Structure | 3 | Board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal /compliance risks; business continuity; key person risk; related party transactions | Company Profile | 4 |
| Group Structure | 3 | Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership | Company Profile; Ownership | 3 |
| Financial Transparency | 3 | Quality and timing of financial reporting and auditing processes | Company Profile | 2 |
| | | | | 1 |

**CREDIT-RELEVANT ESG SCALE**

**How relevant are E, S and G issues to the overall credit rating?**

| | |
|---|---|
| 5 | Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator. |
| 4 | Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator. |
| 3 | Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator. |
| 2 | Irrelevant to the entity rating but relevant to the sector. |
| 1 | Irrelevant to the entity rating and irrelevant to the sector. |

## ESG Considerations

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit https://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

SOLICITATION & PARTICIPATION STATUS

For information on the solicitation status of the ratings included within this report, please refer to the solicitation status shown in the relevant entity's summary page of the Fitch Ratings website.

For information on the participation status in the rating process of an issuer listed in this report, please refer to the most recent rating action commentary for the relevant issuer, available on the Fitch Ratings website.

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