

**Annual Report  
and Accounts 2021**



We are a motor insurer based in the UK, with a track record of market-leading underwriting performance across the cycle and a diverse, multi-channel distribution strategy.

# We continue to maintain our leading performance



## How to navigate the annual financial statements

### Primary statements

The primary statements are included at the beginning of the annual financial statements and include note references to underlying detailed notes.

### Notes to the financial statements

The notes to the financial statements consist of insurance-specific, financial instrument-specific and risk management notes first, followed by less significant notes thereafter.

## Key financial highlights

We have maintained a combined operating ratio within our target range, despite soft market pricing

£169.3m

Gross written premium

208%

Pre-dividend solvency coverage ratio

£37.2m

Adjusted profit before tax

164%

Post-dividend solvency coverage ratio

79.4%

Combined operating ratio

13.0p

Dividend per share

### ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated and Company financial statements are included in the specific notes to which they relate and are indicated by a blue border and headings on a shaded blue background.

### CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated and Company financial statements, are included in the specific notes to which they relate and are indicated by a red border and headings on a shaded red background.

### RISK MANAGEMENT

Risk management disclosures are indicated by a purple border and headings, with a shaded purple background.

### KPIs

Read more on our key performance indicators on page 17



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# Our Knowledge and Experience

**An experienced senior leadership team supported by an expert and committed management group, delivering a track record of market-leading underwriting profitability across the cycle.**



## Our team

The Group employs a team of 151 individuals operating from a single owned site in Dorking, Surrey, supported by third-party providers performing selected outsourced functions. The Group benefits from a claims team of over 70 employees with more than 700 years of collective experience.

## Flexibility

Our streamlined operating model gives us flexibility in our business. We outsource certain areas where we can leverage partners' size, scale and expertise. This means we also benefit from a flexible pool of resources.



## Controlled growth

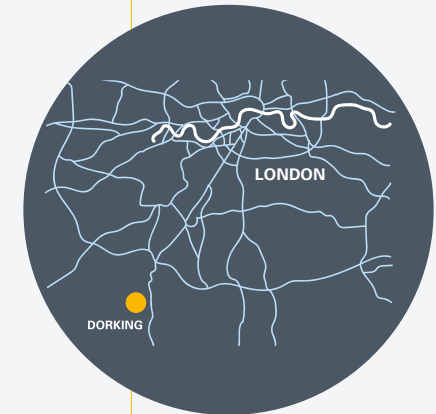
The Group allows its gross written premium to increase or decrease as market conditions allow, while achieving growth across the motor insurance cycle.

Our primary focus is maintaining our profitability. We believe that volume should be an output of disciplined profitable underwriting, and not a target.

**OUR INVESTMENT CASE**  
Details on page 03



## OUR LOCATION



>700

Years' combined experience in the claims team

c.297k

In-force policies

151

Employees

# Our Investment Case

## Generating reliable returns for shareholders

Sabre possesses a number of competitive strengths which have enabled the Group to establish a track record of market-leading underwriting performance, controlled and attractive long-term growth and reliable cash generation.



**We focus on generating sustainable, long-term profitability through:**

**Disciplined** underwriting, targeting a combined operating ratio ("COR") between 70%-80%, so we know that, on average, every policy that we sell will generate profits, increasing the amount of capital available

**Seeking** growth only when market conditions are suitable, and never chasing increases in our top line at the expense of profitability. We seek to enhance growth through developing complementary product offerings and enhancing our core insurance product

**Maintaining** efficient and cost-effective operations, with a strong weighting towards variable costs, which allows us to maintain the right level of business for the prevailing market conditions

**Running** a diverse multi-channel distribution model, which does not rely on the strength of any one particular brand or retail pricing model, but which ensures our product is offered to the widest possible customer base

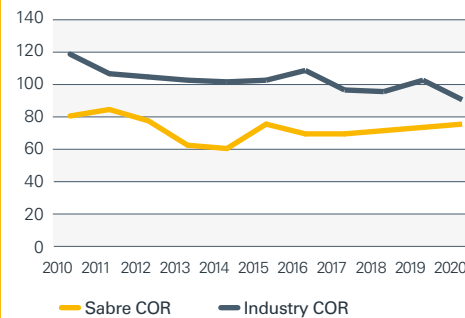
ALL OF THIS MEANS THAT WE HAVE ACHIEVED A...



## Market-beating Combined Operating Ratio

Driving the Group's consistent returns is the focus on high-quality underwriting and delivering consistent, industry-beating CORs, which represent claims and operating expenses as a proportion of our premium (so the lower this is, the more profitable the business).

Combined ratio over time (%)



**READ MORE**  
Chief Executive Officer's review on page 11

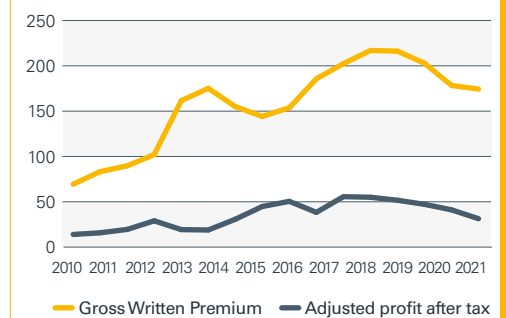


## Which leads to... consistent profitability

Sabre has operated its core strategy for over 18 years, which has resulted in consistent and growing profitability over the long term.

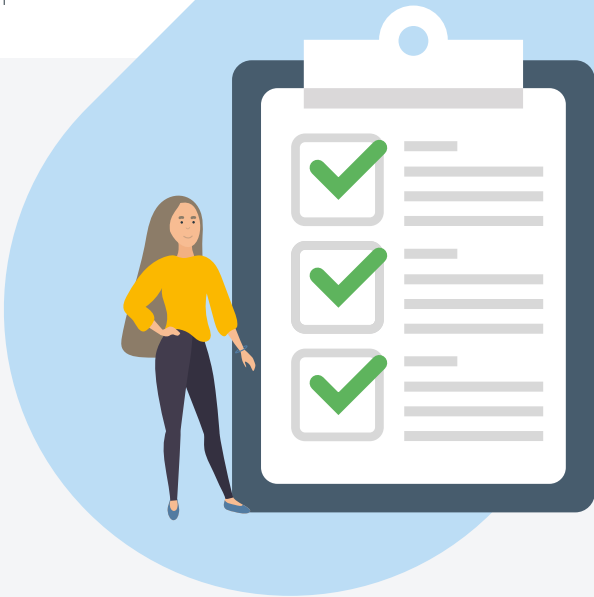
Profit has shown some fluctuations and has dipped over the past few years due to soft market conditions extended by the long impact of COVID-19. Due to the resilience of Sabre's business model and our relentless focus on sustainable profitability we have avoided more severe volatility regardless of market conditions.

Premium and profit over time (£'m)



**READ MORE**  
Our business model on page 16





ALL OF WHICH MEANS THAT WE HAVE MAINTAINED A...

## Robust capital position

In order to ensure resilience of the business under most reasonably foreseeable scenarios, the Group holds significant excess capital. We have set a floor at 140% of our Solvency Capital Requirement ("SCR") (being the level of net assets we are required to hold under the UK's solvency regime), although we tend to operate well in excess of this, allowing maximum operational flexibility and consistent returns to shareholders.

In practice, the reported position is generally ahead of the preferred operating range. This is primarily due to the capital generated in the time between the period end (the point at which capital surplus is calculated) and paying the dividend.

Our focus on COR, prudent risk management and robust capital position allow us to provide ongoing value to shareholders through a...

## Reliable dividend flow

Sabre's core business is fundamentally capital generative. Some capital is used to fund future growth, with the majority of capital generated being returned to shareholders by way of an ordinary and special dividend. Since IPO, the Group's dividend payout ratio has remained above 98.4%\* of earnings.

\*Including the deferred 2019 special dividend as a distribution in respect of the 2019 result.



The Group's focus on long-term profitability is supported by a tight control of risk and efficient use of capital.

### We manage risk through:

**Prudent** use of reinsurance, which limits the amount Sabre has to pay on any one claim and reduces the capital required to be held by the business

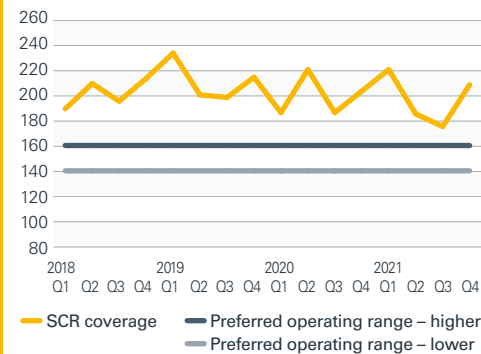
**Operating** a low-risk investment portfolio, the primary purpose of which is to provide capital to support underwriting operations, rather than generate investment returns

**Cautious**, consistent reserving for the cost of claims, to limit the risk of unexpected payouts

**Selective** and cautious investment in new projects, generally with a low initial capital outlay



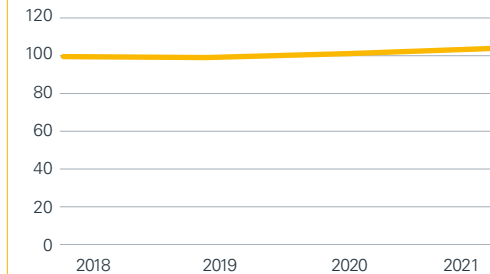
Solvency coverage ratio over time (%)



READ MORE  
Risk Committee report on page 57



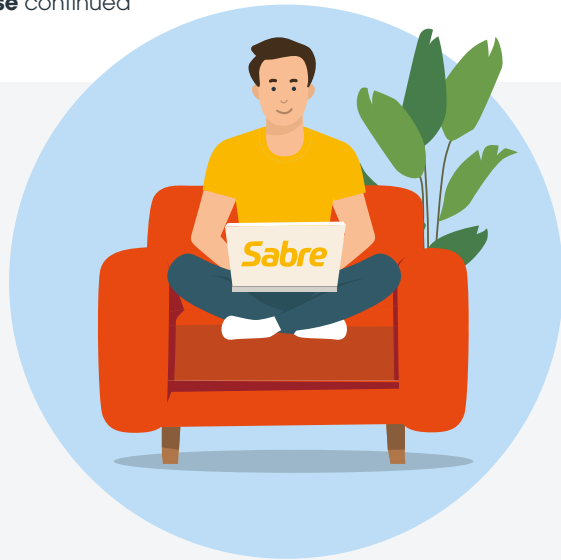
Dividend payout ratio (%)



READ MORE  
Principal risks and uncertainties on page 19



\*Including the deferred 2019 special dividend as a distribution in respect of the 2019 result.



## Strength into the future

Our technology-focused approach to providing insurance positions us well to work alongside or compete with emerging players in the insurance market. We employ all of the following:

- Automated underwriting
- State-of-the-art risk pricing
- Machine learning-enabled processes
- Industry-leading data enrichment
- Use of artificial intelligence throughout the business
- Real-time quote speeds
- Use of Application Programming Interface (API) links to specialist data websites
- Operating a scalable platform for growth

Much like many of the recent entrants to the UK insurance market, we hold a small share of a large market, providing plenty of opportunity to grow when conditions allow.

Sabre's core model, maintaining strong operating margins against a background of changeable market conditions, allows the Group to grow strongly when margin conditions allow, and limit volatility when market conditions are poor. The UK motor insurance market has historically shown cyclical, with periods of low prices followed by significant upwards corrections to premiums. We expect that such pricing corrections are overdue, and that when this happens there is opportunity for significant growth.

Beyond our core operations, we continue to investigate the value of engaging in the provision of adjacent lines of business, which if suitable could further underpin the consistency of returns and lead to further growth in the business.

WE SEE FOUR PILLARS DRIVING OUR POTENTIAL FOR GROWTH IN THE FUTURE:



## Organic growth

**1** Optimising opportunities in our existing core book and exploiting our competitive edge

- High quality underwriting will remain the bedrock of our business, and we will continue to focus primarily on maintaining a COR in our target range and allowing volumes to flex
- This has been fully funded from existing resources and we expect to benefit from 2022
- We continue to see opportunities to further develop our sophisticated rating approach and work with InsurTech partners. We believe that the expected systemic increase in market pricing (the market 'turn') will be supportive of, and underpin, growth in the foreseeable future

**2** Product expansion, launching product variants or adjacent products

- We anticipate reviewing and potentially launching one or two new adjacent products each year over the medium term
- In late 2021 we expanded into motorcycle insurance, through an exclusive underwriting deal with MCE Insurance Ltd
- We have recently partnered with Freeway UK Insurance Services Limited to expand our presence in the taxi insurance market
- Any product launches will utilise our same pricing, claims handling and operational approaches
- It is anticipated that product launches would be into under-served or non-standard areas and will continue to target higher-margin business

## Opportunistic growth

**3** Semi-organic growth, through importing teams or individuals with skills in complementary areas

- Where we identify attractive market opportunities, but feel we lack expertise, we will consider importing individuals or small teams
- May also work with limited 'Managing General Agent' (MGA) opportunities or InsurTech approaches, but only where we can exercise control of underwriting, pricing and technical claims handling

**4** Acquisitions, where we see good value opportunities in areas that would complement our existing operations, bringing differentiated expertise

- We will remain very cautious in our approach here
- We guard our capital jealously
- Any potential acquisition would need to be low risk, complementary to our existing business, avoid undue distraction and represent good value

We have an increasing focus on medium-term growth options but will not allow this to detract our attention from our core business or ability to generate a reliable flow of dividends.

## Growing Our Footprint

In November 2021 and January 2022 we announced two significant new partnerships, which have granted access to the motorcycle insurance market and allowed us to take a strong foothold in the taxi insurance market.

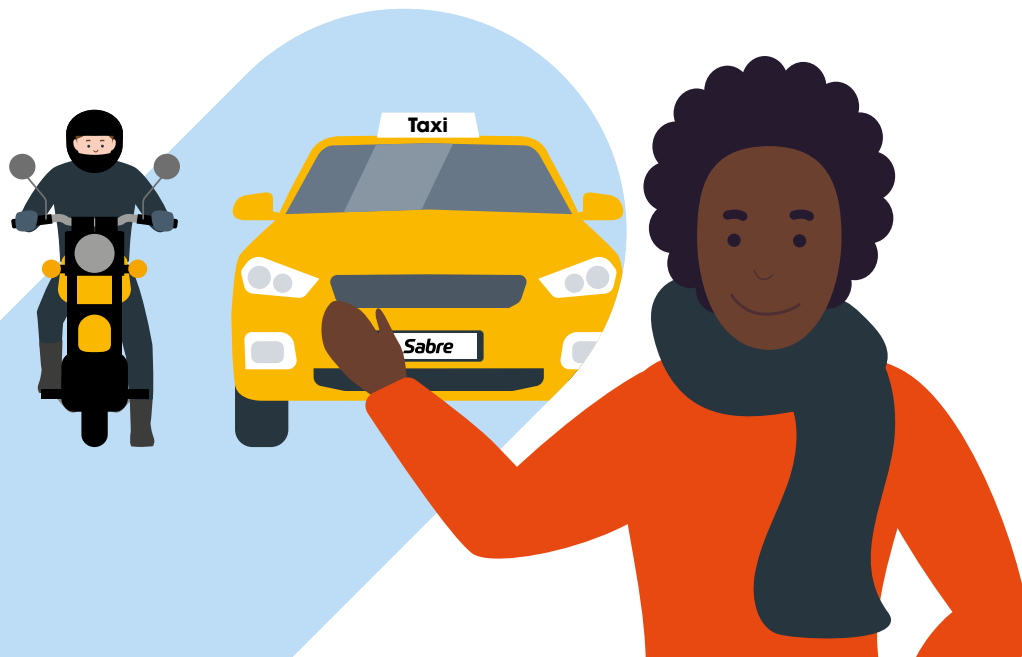
These new partnerships demonstrate how we apply our existing strategy and they satisfy the following criteria:

- An established, experienced and well-respected partner with excellent insight into the market in which they operate
- Access to a market in which Sabre's footprint is minimal, where we have the most to gain from leveraging our partners' expertise
- Allowed access to historical data, to assess the quality and effectiveness of previous underwriting

– Sabre granted pricing controls to ensure we are able to maintain loss ratios within a target range

– We retain control of high-value, personal injury claims, where we can leverage our current skillset

We were able to enter these relationships because of the speed and quality of our execution, and were the preferred partner due to our reputation as experts in pricing techniques, claims handling and managing sustainably profitable businesses.



### Motorcycle



Our partner, **MCE Insurance Ltd ("MCE")**, is an independently owned motorcycle insurance broker based in Northamptonshire. Established in 1975, they have grown into the UK's number one provider of motorcycle insurance, offering technical expertise and an excellent customer experience for riders across the country.

**Estimated size of the motorcycle insurance market in the UK:**

over 1 million

**Total motorcycles in the UK\***

\*Sabre estimate

Prior to entering into an exclusive underwriting agreement with Sabre, MCE sold over 10% of motorcycle policies within the UK. Following re-rating agreed as part of the deal with Sabre, we expect to write approximately £20m of premium with MCE on an annualised basis.

#### What next?

We will work closely with MCE to incorporate elements of Sabre's pricing sophistication across the book, enhancing competitiveness, profitability of the product and future growth.

In February 2022, we increased our footprint in motorcycle insurance through entering a distribution arrangement with **Bennetts**, another major motorcycle insurance broker. This increases our resilience in the sector and enhances the breadth of our coverage.

### Taxi



**Freeway UK Insurance Services Ltd ("Freeway")** have spent c.20 years getting to know the taxi business, understanding taxi drivers and providing taxi insurance for thousands of Uber drivers, hackney carriages, private-hire vehicles and executive cars.

**Estimated size of the taxi insurance market in the UK:**

c.250k

**Total licences in England\***

c.£375m

**Estimated market gross written premium\***

\*Sabre estimate

Freeway has ambitious growth plans, and we are setting our expectation at an annualised gross written premium of approximately £20m for 2022.

#### What next?

We intend to grow our taxi book in partnership with Freeway, building additional pricing sophistication into their taxi book while leveraging their deep market understanding.

## Chair's letter



**“Towards the end of 2021 and at the start of 2022 we successfully entered two exciting new business partnerships, in motorcycle and taxi insurance. We believe these lines of business will help us to grow premium and profits in the coming years”**

**ANDY POMFRET**  
Chair

### Introduction

When I wrote last year's statement I was extremely hopeful that the worst of the COVID-19 pandemic was behind us and that, during 2021, we would see a return to some sort of normality. I couldn't have been more wrong! However, at the time of writing this, there does appear to be light at the end of the tunnel, and the UK, partly thanks to its vaccination programme, looks like returning to a “new normal” in the very near future. Unfortunately, it looks like global events will continue to dominate the headlines over the coming months as the tragic war in Ukraine has polarised the world. Although we operate solely within the UK, the war taken together with the sanctions imposed by the West, make it impossible to predict the impact that these events will have on already stretched supply chains and rising inflation.

For Sabre, 2021 was another challenging year. The impacts of the various lockdowns are discussed in detail elsewhere in this report but I particularly want to thank all our staff for the way they continued to work from home efficiently running all day-to-day aspects of the business. Towards the end of 2021 and at the start of 2022 we successfully entered two exciting new business partnerships, in motorcycle and taxi insurance. We believe these lines of business will help us to grow premium and profits in the coming years. We also believe that rates in the core car business will increase during 2022 as our competitors are forced to adopt more rational pricing behaviour following the implementation of the FCA pricing review and the undeniable cost inflation in claims.

### Strategy

Our strategy remains to price every risk appropriately and maintain a combined operating ratio (COR) within our preferred range of 70 to 80%. Maintaining this discipline has contributed to a small fall in revenue in 2021 and lower profits when compared to 2020, but we continue to believe that maintaining this discipline is important. As we move into 2022 there is evidence from the first couple of months that prices are increasing across the market and, together with the new business lines we have entered, we are confident that 2022 will see an improvement in our premium income and profit.



**READ MORE:**  
Principal risks and uncertainties on page 19



# £13bn

**Value of the UK private motor insurance market**

**Pricing risks accurately to stay competitive**  
Through careful, sophisticated, data-driven pricing of every policy we sell we aim to maintain market-leading margins, driving efficient generation of capital.





The move into motorcycle insurance in partnership with MCE in November 2021 and a new relationship with Bennetts (formally announced today) means we have become a very significant underwriter in the motorcycle insurance market. Together with the taxi partnership with Freeway, which we announced in February 2022, we are confident that these new and expanded business lines will add around £40 million of premium during on an annualised basis, with a small but growing impact on profits in 2022 and subsequent years. These partnerships are a key part of our strategy to add business lines in adjacent sectors of the market which will benefit from our core data analysis and claims management skills. We have been able to add these new business lines at very little cost, and with minimal addition to our direct headcount.

We will continue to seek similar opportunities, but only after we are confident that we have successfully integrated the new business lines into our operating model.

### COVID-19

The last two years have been very difficult for nearly all businesses but, as we move into an environment where COVID-19 is treated as something we have to live with, we are looking forward to having all of our people in the office on a regular basis. Many employees have enjoyed the greater flexibility that some element of working from home gives and at the time of writing we are expecting staff to be in the office four days a week. This provides some flexibility for them but also means that we will gain from the many intangible benefits of having the majority of people in the office for the majority of the week. With a small team of around 150 people in Dorking, all based in a single site, we believe there are many benefits that arise from people working in close proximity to each other, and of course it is vital as a way of helping and mentoring the more junior and new staff, and instilling in them the positive Sabre culture.

### Results and Dividend

The results of the business are covered in some detail in the rest of the Report and Accounts, and in particular in the CEO's and CFO's reports. So in this

statement I will simply summarise the key points as I see them. There were a number of factors that adversely affected premium income in 2021. Sabre normally benefits from those looking for insurance because some event has happened in their life (for example, the purchase of a new car or passing their driving test). The decline in car sales and a lack of driving tests during the pandemic therefore adversely affected premium income in 2021. We also believe that many of our competitors were pricing extremely competitively to acquire as much new business as possible prior to the implementation of the FCA pricing review at the start of 2022. Sabre has never sought to discount new business (when compared to renewal business) and we therefore expect to benefit as the regulator stops competitors using this dubious practice of "price walking". Overall therefore premium was down a little compared to 2020 at £169 million (2020: £173million). Our profit before tax reduced to £37 million (2020: £49 million) as a result of relatively low premiums over the last two years, and business being written at the upper end of out target COR.

In terms of dividend we continue our policy of distributing 70% of profits to shareholders every year and, in addition, distributing by way of a special dividend any further capital that we believe is in excess of that needed to keep our regulatory capital within our preferred range of 140% to 160%. Your shares provided a yield of 6.6% during 2021 (based on the total dividend paid during the year divided by the average daily closing price across the year) which compares to 6.4% in 2020 and 6.2% in 2019. Our Regulatory capital ratio remains strong at 164% after payment of the dividend and we have sufficient capital to support the anticipated growth of the business during 2022.

### Outlook

During 2022 we believe that pricing will increase across the market at least partly in response to the significant claims inflation that we're seeing. Although higher inflation in the UK (and around the world) is the subject of much comment and concern at the moment, claims inflation may be significantly higher, and outside our control. For example, given



We are starting to see premium increases in the market... and we have also applied rate increases in the first months of this year."

the lack of manufacturing in the UK many of the replacement parts for repairs come from abroad, and if the sterling exchange rate falls during 2022 this would only exacerbate the inflation we are seeing. The much-discussed supply chain issues can also cause significant delays in repairs and increase costs accordingly. On a more positive note, we are starting to see premium increases in the market in the early months of 2022 and we have also applied rate increases in the first months of this year.

We also expect to launch a new flexible insurance product in the coming months which will allow customers to buy insurance by the hour or day. Although we don't anticipate that this will be a significant contributor to revenue in the short term it will allow us to develop our own "insuretech" product and learn a great deal more about this market.

As mentioned above we expect to benefit overall from the implementation of the recommendations of the FCA pricing review and we also see no significant operational issues in regards to the whiplash reforms although we are closely watching how claims develop.

### ESG

The Board has spent a great deal of time on these important areas and we have bought in some specialist consultants to help guide our approach. The result of our work is highlighted in the expanded Responsibility and Sustainability section on pages 37 to 45.

### The Board

At the end of October 2021 the chair of our Audit Committee, Catherine Barton, resigned from the board as she took up a new executive role which all parties regarded as a potential conflict with Sabre. I would like to thank Catherine for all the work that she did chairing a technically demanding Committee, responsible amongst other things, for the quality and integrity of the Annual Report and Accounts and overseeing the work of our internal auditors. Catherine has been on the Board since the company floated in 2017 and we all wish her well in her executive career. I would also like to thank Ian Clark for stepping in to chair the Audit Committee on an interim basis along with his role of chairing the Risk Committee. We are currently in the middle of a process where we hope to recruit a non-executive director to take on the role of Audit Committee Chair, and as part of this we are keen to increase the diversity of the board.

Finally, I would like to thank our employees, customers, suppliers, management and other stakeholders who have continued to support us through 2021 and we all hope that 2022 will give us a chance to return to a "new normal". As we do so we will continue to develop the business for the benefit of them and our shareholders.

### ANDY POMFRET

Chair  
21 March 2021

## Market Context

# Underlying market conditions



**READ MORE:**  
How we applied our strategy to market conditions on page 15



How we looked after our employees on page 38



### Cyclicality in the UK motor insurance market

The UK private motor insurance market has historically exhibited pricing cyclicality driven by competitive dynamics, as well as social, economic and regulatory factors.

In times of lower competitive intensity, price levels tend to rise. However, pricing increases typically enhance industry profitability, resulting in industry participants reducing prices to increase volumes and new entrants joining the market.

This increased competition can cause prices to fall, which can reduce underwriting profitability across the industry and may, in turn, lead market participants to reduce volumes or seek to exit the market, reducing competitive intensity and leading to prices rising again.

The pricing cycle can also be impacted by regulatory changes, such as pricing interventions or restrictions on claimant activity.

### Current market conditions

Over the past three years, average insurance premiums have decreased approximately 8%, whereas in our view, the underlying cost of claims has increased by around 7.5% to 8.5% per year. Sabre has increased prices throughout in-line with our expected view of inflation. Because of this, Sabre considers the market to be 'soft' – we believe most policies currently sold by our competitors are under-priced. Historically, pricing has corrected following 'soft' periods, creating 'hard' market conditions.

As Sabre increases its prices to cover our costs, regardless of market prices, we have previously not needed to adjust our prices upwards when the market hardened. As such, we have ceased growth or shrunk slightly under soft market conditions, and grown strongly when market conditions harden.

This is core to our strategy. As the gap between premium pricing and the costs of servicing policies increases, we expect the potential pricing correction to become more substantial.

### Drivers of cost inflation

Costs across the motor insurance industry continue to rise due to increases in:

- The costs of car parts
- The costs of hire vehicles
- Care costs for seriously injured people
- The frequency of thefts, and the value of vehicles stolen
- Industry levies, such as that paid to the Motor Insurance Bureau and into the Financial Services Compensation Scheme, other labour costs and wider economic inflation
- Wage inflation

### Will cost inflation increase or decrease?

It is impossible to project exactly how cost inflation will develop; however, we have identified several factors which will impact costs going forward:

- There is some indication the costs of car parts will continue to rise
- Increasing new and used car prices
- The cost of hire vehicles is impacted by the time taken to carry out repairs. If part availability reduces, costs could rise
- Care cost inflation, which is largely driven by wage inflation for care workers, could rise significantly as the potential pool of care staff from the EU decreases
- The total impact of whiplash reforms enacted in 2021 remains uncertain
- We expect industry levies to continue to rise in line with increases in the expected costs of compensating the victims of uninsured drivers

### What does cost inflation mean for Sabre?

Cost inflation is factored into our policy pricing – we charge an amount based on what we expect to pay out on the policy over the period of that policy (generally 12 months), factoring in our prudent view of inflation. As all of the inflationary factors are market-wide, we expect that market price increases will reflect this inflation, but as discussed earlier, this is likely to come in 'jumps' as the market turns from 'soft' to 'hard'.

# Current market issues

We are within a period of rapid change, throughout politics, the economy, society and technology. Sabre's business model is designed to withstand, adapt to, and thrive within a changing environment.

## COVID-19

COVID-19 remains an important part of everyone's day-to-day lives. While the immediate impacts of restrictions on movement and economic strain are passing, the changes to our lifestyles as we learn to live with COVID-19 and immediate economic shocks persist. Looking back, the Group showed great operational resilience in moving quickly to a 'work from home' model, with no impact on operations or customer detriment. The size of our addressable market was significantly reduced for much of 2020 and 2021, due to the decrease in new drivers coming to market and slowdown in car sales. We held firm to our pricing discipline which, while causing some short-term strain on the top line, allowed the Company to deliver solid returns while putting us in a strong position to grow through the post-COVID recovery.

Traffic volumes were reduced while restrictions on travel were in place, which had a consequent impact on claims frequency. Much of this reduction in claims cost was expected and hence priced into policies, meaning the positive impact on loss ratio was far lower than in 2020.

## Political and legal

The political and legal environment, as it relates to motor insurance, has rarely been so tumultuous. With the introduction of whiplash reform in 2020 and the Financial Conduct Authority's ("FCA") pricing practices legislation which came into force on 1 January 2022, we are seeing the market adapt to a changing regulatory environment. Insurers are now required to offer policies to new customers at the

same price that they are provided to equivalent renewing customers. This effectively prohibits a practice known as 'price walking', where insurers would 'buy' in a customer at a discount and then increase the price considerably at renewal. Sabre has never engaged in this practice, so the reforms have presented no operational issues. However, we suspect many insurers have been offering heavy discounts in the run-up to 1 January 2022, ahead of the implementation of the reform. Conversely, we expect that now the reforms have come into place, new business prices will increase across the motor insurance market, enhancing the competitiveness of our policies.

## Economic

The UK, like much of the rest of the world, has experienced a period of economic turmoil since the outbreak of the global COVID-19 pandemic in 2020. Our conservative and carefully managed investment portfolio has shown great resilience during this period, and our balance sheet has remained strong. We hold significant excess capital such that we can withstand far in excess of a 1-in-200 shock event.

Inflation appears likely to be a factor within the UK for the foreseeable future. We have always operated in a heavily inflationary sector – with the normal cost of claims rising by 7-8% per year – and so are constantly looking ahead to any increases in our cost base and adjusting our policy prices accordingly.

## Social

Social evolution appears to have accelerated over the past few years, with increasing focus on companies acting responsibly and sustainably. We have continued to enhance our disclosure in this area and become increasingly proactive in improving our own impact on the environment. We are aware that the product that we provide enables people to utilise a form of transport which contributes greatly to carbon emissions in the UK. However, we consider that such transport is currently necessary for most people, most of the time. We will evolve along with our customers, continuing to cover more and more zero-emission vehicles and provide products which suit the needs of tomorrow's consumer, such as short-term and flexible insurance.

The past two years have caused many to reflect upon their priorities, looking to address their work/life balance. This has led to the creation of a more inclusive relationship with our employees as we sought to prioritise their wellbeing. We will continue to review our ways of working, having moved to a hybrid working model following our return to the office in 2021.

## Technological

Technological change continues apace, not only in the means of propulsion in vehicles switching from internal combustion to electric, but in the way that insurance is developed, marketed and sold to consumers. We continue to invest in cutting-edge pricing techniques, such as machine learning, as well as partnering with some of the most technologically advanced distributors within the insurance market, ensuring that our policyholders get the fairest price and enjoy the best possible customer experience.



## Chief Executive Officer's Review

# Where next for Sabre?

37.2m

Adjusted profit before tax

£169.3m

Gross written premium



**GEOFF CARTER**  
See Geoff's bio  
on page 48



**GEOFF CARTER**  
Chief Executive Officer

As we moved through the end of 2021 and into January 2022 it was hard to avoid a feeling of déjà vu, with positive premium momentum being enjoyed by the business as well as the ability to put through additional rate increases to start to move back towards the centre of our long-term target combined operating ratio ("COR") range.

This felt very much like January 2020, just before COVID-19 restrictions began their unwelcome two-year impact on many parts of the industry, economy and society.

Whilst we are very aware of the on-going impacts on individuals, and the wider economy, it is with some relief that we feel we can now start to close the chapter on a challenging two years.

As we look into 2022 we are confident that our disciplined adherence to our strategy, specifically giving up volume in favour of maintaining profitability, leaves us well positioned to benefit from several tailwinds.

## Looking back on 2021

We have discussed in results sessions over the last year that it was likely Sabre had been disproportionately impacted by lockdown restrictions, relative to larger mass-market insurers, and that this was largely due to a number of market-wide factors impacting our bias towards new business, over-indexing in younger drivers and resolute determination to maintain pricing discipline.

Casting a long shadow was the forthcoming implementation of the FCA pricing rules, which ban differential pricing between new business and renewals. These rules may make it more difficult to attract new customers in the mass market and it is for this reason we think some competitors used the second half of 2021 as a last chance to gain market share through pricing measures before the rules were implemented, exacerbating the soft market conditions.

Sabre has never engaged in this practice and seeks to price all cohorts of customers to a consistent margin, and overall we expect the FCA rule changes to enhance Sabre's competitiveness through the reduction of substantial discounting on new business across the motor insurance market. Furthermore, Sabre expects to be insulated from the new business acquisition challenge as customers tend to come to us as a result of a life 'event', for example buying a new car, moving house, or picking up a conviction – all of which are reasons to shop around for the most competitive new insurance policy.

Other significant impacts on volumes in 2021 were the restrictions on driving tests for long periods during the first half of the year, resulting in a much-reduced number of new drivers entering the market. Whilst tests are now running at full capacity, it will take some time to clear the backlog but it is encouraging that demand from young drivers to continue to want to learn to drive remains strong.

**During the year we have significantly advanced our thinking around climate change**



A continuing feature is the well-documented low level of car sales driven by supply chain issues, and we hope that this will start to recover during 2022.

The continuing pricing conundrum in 2021 was the impact of lockdowns on traffic volumes and resultant claims. In line with our strategy, we remained very focused on maintaining a scientific and prudent approach to pricing. This meant having to keep a careful eye on the significant underlying claims inflation, and maintaining pricing at the upper end of our 75% to 80% COR corridor, whilst accepting that this disciplined approach may have an adverse impact on volumes.

The net impact of these multiple and intertwined "once in a life-time" events was a 2.3% reduction in premium to £169m (2020: £173m) and a 24.2% reduction in profit before tax to £37.2m (2020: £49.1m). Profit was also very modestly impacted by some natural variation in claim development patterns in December.

It was notable however that premium in the last few weeks of 2021 was very strong, and this momentum has continued into 2022.

During the year we continued to review partnership and M&A opportunities and Identified attractive opportunities to enter the motorcycle market, and to substantially increase our presence in the taxi market.

## Our outlook for 2022 and beyond

2022 is shaping up to be a very different year. On our core car portfolio we can see evidence of market price increases, possibly reflecting the FCA pricing changes, and suspect there will need to be further meaningful rate increases throughout the year by some competitors to close the jaws between several years of claims inflation and the lack of premium inflation. We anticipate inflation pressures to intensify in the year, driven by supply chain issues and wage increases across care and repair networks.

We have seen positive premium momentum coming into the year and have been able to apply significant price increases in anticipation of the



**READ MORE:**  
Principal risks and uncertainties on page 19



expected level of inflation or, if inflation is more benign than expected, to start to move lower in our target COR range whilst continuing to grow premium.

We are excited by the prospects provided by the diversification of our product offering across two complimentary lines of business – motorcycle and taxi. We anticipate these together to deliver around £40m of gross written premium on an annualised basis, materially reducing our overall expense ratio and allowing us to benefit from top line growth whilst enhancing our margin on the core car portfolio. It will of course take a while for the profits from these segments to “earn through” and for the ultimate claims position to become apparent.

We would therefore anticipate significant year-on-year gross written premium growth whilst continuing to deliver a COR towards the upper end of our target COR range.

### Entering new markets

We regularly review a range of new business opportunities, but maintain a high hurdle before we are prepared to commit time or resource into these. Having ‘passed’ on many of these, we identified three opportunities that met our requirements towards the end of 2021.

Two of these opportunities are in motorcycle insurance. We have previously announced our exclusive partnership with MCE Insurance Limited (“MCE”) and are, today, announcing a further distribution agreement with Bennetts Motorcycling Services Limited (“Bennetts”), a motorcycle insurance broker, where we joined as a panel member in February on a soft launch basis.

We consider both MCE and Bennetts to be expert distributors of motorcycle insurance, with specialised skills and approaches. Crucially they have allowed us to partner with businesses with high-quality data and expert insights into the market – this has allowed us to enter at scale with confidence. The existing customer bases for MCE and Bennetts are different and reflect their own experience, data and historic customer profiles.

The other new product is taxi insurance, where we are partnering with Freeway UK Insurance Services Limited (“Freeway”), a long-established and expert distributor/underwriter (as a Managing General Agent) of taxi insurance.

Taxi insurance is a market in which we have been looking to expand our presence, but have been aware we lacked the required underwriting knowledge. We believe the relative skill sets between us and Freeway will allow us to form a powerful partnership in this market.

These partnerships fit our strategy for new business lines, having the following key attributes:

- Large enough to justify us committing time and resource
- Sabre have ultimate control of pricing
- Sabre handle technical claims, specifically personal injury
- A partner with deep expertise in specific market sectors

Future relationships will be judged against these key criteria.

In addition, these particular opportunities have allowed us to diversify into less cyclical adjacent market areas. Importantly our ability to agree terms with these partners was underpinned by our reputation for pricing and an claims expertise, and ability to execute extremely rapidly.

A key priority for 2022 will be to bed in these new product lines and ensure they meet our profitability requirements. We will be cautious about committing to new opportunities until this has happened.

### Other developments

We chose to delay the deployment of our new flexible insurance product due to focusing on the launch of motorcycle and taxi insurance. We now anticipate this going live in Q2 2022 – whilst we will offer this on a direct basis we also believe there are opportunities to work with distribution partners – several have already expressed a keen interest.

In the initial periods we will be operating on a “test and learn” basis rather than seeking to generate extensive volumes.

### Developments in the insurance market

Sabre was fully prepared for the FCA pricing review, and this was implemented within Sabre with the minimum of distraction. Primarily for us the focus was on meeting the enhanced regulatory reporting requirements.

The other key industry development was the Ministry of Justice’s Whiplash Reform Programme. The transition to this new environment has been managed smoothly within Sabre, but has been somewhat disruptive within the industry – indications are that there has been a reduction in the volume of whiplash claims, but it is too soon to understand and assess the impact on the cost of individual small personal injury claims. As expected we are seeing changes in the way in which claims are presented, which possibly seek to circumvent the new rules, for example where a non-whiplash injury is presented as the primary claim. A personal favourite is the sudden prevalence of “Wristlash” injuries.

### Our people

I am extremely grateful for the commitment of our people throughout the various working from home periods. In return we have sought to reward this loyalty through continuing to pay bonuses and award pay-rises despite pressure on our income during the year.

We have been consistent in our view that we need to remain an office-based business in order to maintain our competitive edge. We are currently recruiting for new colleagues for the first time in over two years – our trainees need to be in the office to fully absorb our culture and ways of working, and they need experienced people alongside them to help with this.

We are however mindful of the advantages of providing our employees with some flexibility and are therefore intending to transition to an allowance for one day per week working from home for most people. We currently offer two days per week working from home, to aid in the adjustment back to primarily office-based work.

Other developments include the appointment and training of mental health first-aiders and the

implementation of a new self-service HR system. Our annual employee survey, encouragingly, highlighted many positive areas, as well as some things that could be enhanced that we are actively tackling.

Whilst we are committed to creating and maintaining an inclusive culture and diverse workforce we still have more work to do in this area. We do have some challenges here due to our (fortunately) very low staff turnover and the demographics of Dorking, where our only office is based. In our current recruitment process we are actively seeking to increase our diversity by advertising roles in nearby areas with more diverse populations.

### Our environment

During the year we have significantly advanced our thinking around climate change, in both assessing the associated risks and mapping-out our steps towards net-zero. We have also enhanced our disclosure in order to meet the recommendations set out by the Taskforce on Climate-related Financial Disclosures. This has been led by our CFO, aided by the support of a specialist consultancy. Extensive details on work to date and our plans are included in the Responsibility and Sustainability section of this report.

### Summary

Overall, having had to grit our teeth for over two years and allowed our top line to shrink in order to maintain the strong foundations of our business, we are now looking into 2022 and onwards with real excitement. Market conditions have improved markedly for our core motor product and we are enthused by the prospects for the new taxi and motor products.

I look forward to updating shareholders on our progress throughout 2022 and beyond.

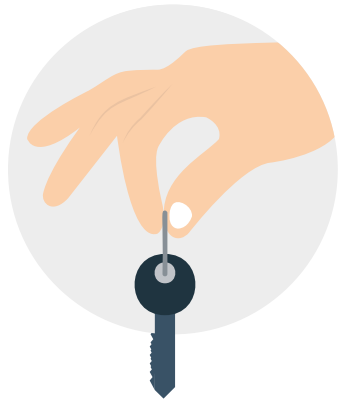


**GEOFF CARTER**  
Chief Executive Officer  
21 March 2021

## Our Values

# Sabre's values underpin our strategy

A FAIR and FOCUSED business



### Fair to customers

At the core of our business sit our customers. Fair treatment of our customers is ingrained in the DNA of our business, be it through provision of high-quality insurance at a fair price for (almost) everyone, fast and efficient handling of claims or high-quality customer administration through our UK-based call centre. Further information on how we work with our customers can be found on page 37.

### Fair to employees

Sabre's greatest asset is the talented group of individuals who keep the business running every day, from the pricing and product teams generating our cutting-edge policies, through to the expert claims team achieving fair customer outcomes while robustly managing fraudulent claims. We strive to place the right people in the right roles at the right time, while maintaining a happy and safe working environment. Further information on how we work with our employees can be found on pages 38 to 40.



### Fair to partners

We enjoy excellent working relationships with all of our partners, including our brokers, key suppliers and outsourced operations. Through the challenging period of the last two years, we have worked closely with our partners to assist in their continued success. Further information on how we work with our partners can be found on page 41.



### Focused on our strategy

Our strategy is simple, clear and well understood by our stakeholders. This is discussed in detail on page 15, but can be distilled further into one thing: focus. Focus on profitability through obsessive management of our pricing and rigorous discipline. Focus on long-term growth by engaging in the right development projects at the right time, drawing on our core strengths. Focus on attracting and retaining top talent to achieve all of this. And, more recently, focus on the wider needs of stakeholders, through our sustainability and responsibility programme, which is discussed in detail on pages 37 to 45.

# Our Strategy




## Our key business principles

**Strong returns and cash generation**

**Market-leading underwriting performance**

**Controlled and attractive growth across the cycle**

**These principles manifest in our five strategic priorities:**

				
1. Disciplined Underwriting	2. Risk Management	3. Controlled Growth	4. Operations	5. Distribution
<p><b>Sabre operates a sophisticated, actuarially-driven pricing strategy utilising an agile proprietary module. Each risk is individually modelled and priced using Sabre's advanced pricing algorithm, built upon years of data collection and expert analysis.</b></p> <p>We maintain a robust and extensive claims management operation, combined with counter-fraud expertise, to ensure that we operate an efficient, transparent and fair process.</p> <p>We hold a unique and extensive catalogue of claims data, compiled from more than 19 years of successful, consistent underwriting. This allows us to price accurately across the UK motor insurance market. Our proprietary data is further enhanced through the use of third-party validation and enrichment.</p> <p>We enter new, complementary markets cautiously and only when adequate margins can be achieved with an acceptable level of pricing certainty.</p>	<p><b>We seek to maintain a conservative approach to risk management, through focusing on allowing acceptable underwriting risk while minimising other risks within the business.</b></p> <p>We maintain sufficient capital to allow operational resilience and meet regulatory requirements under all reasonably foreseeable outcomes. Our target is to hold 140% to 160% of our SCR.</p> <p>We manage our underwriting risk through maintaining absolute discipline in pricing and focusing on our core strength of underwriting UK motor business.</p> <p>Exposure to large individual claims is managed through prudent use of reinsurance. In exchange for a proportion of our income, a panel of high-quality reinsurers takes the cost of any individual loss over £1m.</p> <p>We keep our operations simple, which makes the monitoring of key risk issues straightforward. We hold considerable invested assets to back our underwriting, but do so in very low-risk, primarily government-backed, assets.</p>	<p><b>Throughout its history, Sabre has grown where market conditions allow, without compromising profitability.</b></p> <p>The UK motor insurance market is historically cyclical, with periods of low pricing ('soft' market) followed by market price increases ('hard' market).</p> <p>Sabre aims to underwrite at a broadly consistent margin, irrespective of market conditions. As claims costs are generally inflationary, we will increase our prices year-on-year to cover that cost.</p> <p>Sabre becomes more competitive when the insurance market hardens.</p> <p>We aim to enter any market upturn from a position of strength, where we are able to grow without generating excess operational or capital strain.</p> <p>Volume is an output from disciplined underwriting, and we will not allow it to become a target.</p> <p>We develop complementary products cautiously and enter into new markets where we are confident that we can apply Sabre's abilities in pricing and claims handling.</p>	<p><b>Non-core operations are outsourced, while expertise is retained in-house.</b></p> <p>Generally, volume-dependent administrative tasks are outsourced, allowing maximum operational flexibility.</p> <p>Our team consists of talented people making good decisions every day. We invest in our people, making sure that they have the appropriate training and skills to work well consistently and apply Sabre's core values in everything they do.</p> <p>As we grow, further automation will allow staff costs to remain relatively stable.</p>	<p><b>Brokers account for approximately 66% of the gross written premium in 2021, with the remainder being sold through our direct brands, Insure2Drive and GoGirl.</b></p> <p>The vast majority of motor insurance policies originate through price comparison websites.</p> <p>Broker relationships allow us to leverage their well-established brands, customer relationships and retail pricing capabilities, as well as providing privileged access to certain customer groups.</p> <p>Operating our own direct brands ensures that we can offer our products to those customers not served by traditional brokers, while allowing us a direct line of sight to customer and price comparison site data.</p>



# Our Business Model

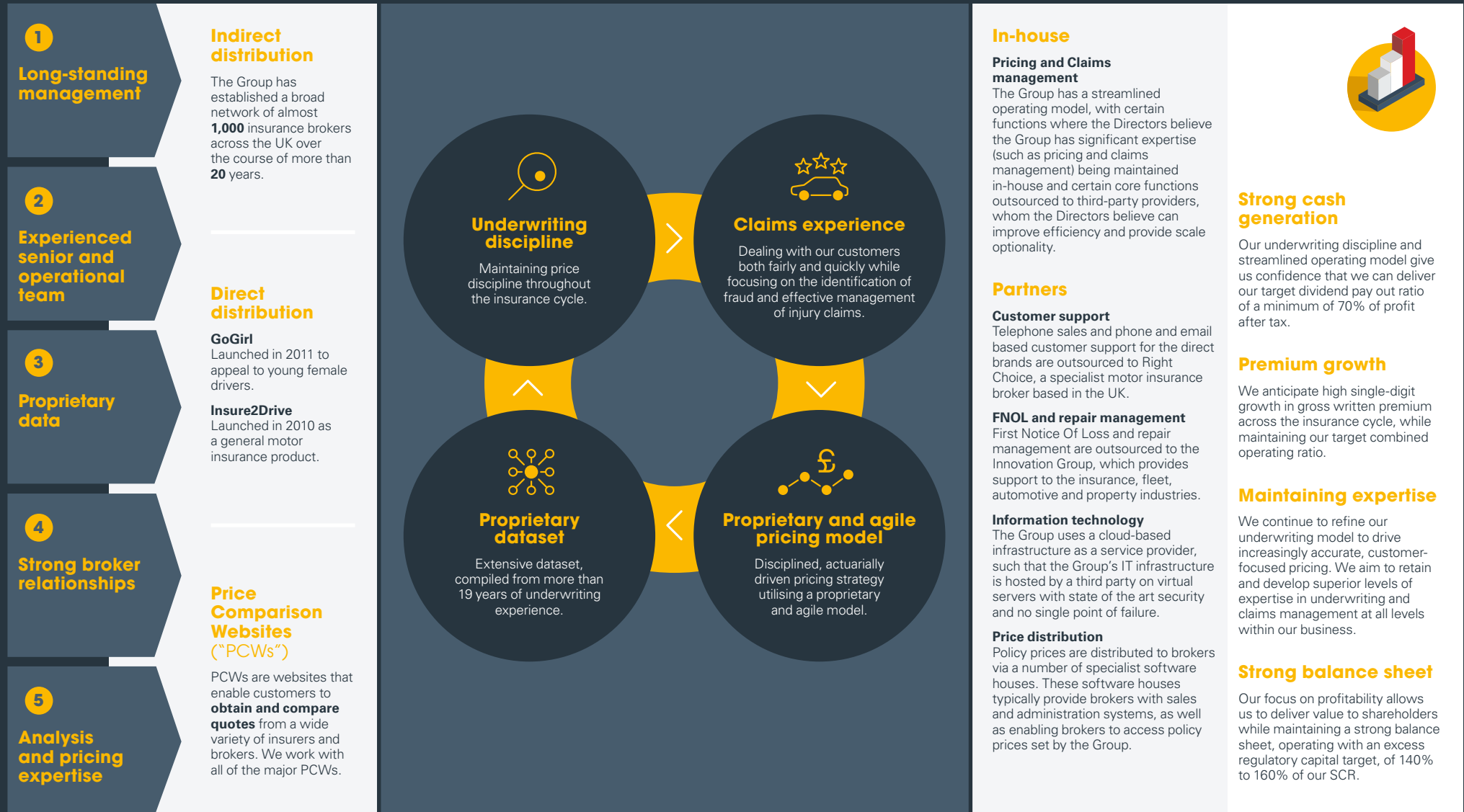
## Our inputs

## Our channels

## How we manage risk

## Our operating model

## Value creation



# Our Key Performance Indicators



## How our KPIs link to Sabre's strategy

Sabre's strategic priorities are outlined on page 15 of this report.

The most fundamental of these is underwriting profitability, and as such Sabre's KPIs focus on measures of profitability – specifically loss ratio, expense ratio, combined operating ratio and adjusted profit after tax. As the Group is focused on managing risk, maintaining an appropriate solvency coverage is important, so Solvency Coverage Ratio is considered a KPI.

The Group monitors its growth, and intends to grow when market conditions allow, as such the level of gross written premium forms a KPI. Effective deployment of capital is also considered an overarching element of Sabre's strategy, which is measured through Return on Tangible Equity.

### PERFORMANCE

For performance on all our KPI's please see CFO's review pages 34 to 36



#### Gross written premium

£'m

£169.3m

2021	169.3
2020	173.2
2019	197.0

#### Definition

The Group's gross written premium (GWP) comprises all premiums in respect of policies underwritten in a particular financial period, regardless of whether such policies relate in whole or in part to a future financial period. The ability to underwrite policies and generate premium is a key measure of the Group's implementation of its strategy, and the Directors believe this measure is an appropriate quantification of how successful the Group is at achieving its strategy.

#### Aim

To maintain growth in GWP when this can be done without compromising the underwriting profitability or broader efficiency of the Group.

#### Net Loss Ratio

%

51.1%

2021	51.1
2020	48.6
2019	51.5

#### Definition

Net loss ratio measures net insurance claims, less claims handling expenses, relative to net earned premium expressed as a percentage.

Net claims incurred is equal to gross claims incurred less claims recovered from reinsurers. Net earned premium ("NEP") is equal to Gross Earned Premium ("GEP") less reinsurance premium ceded during the same period in respect of which NEP is measured. GEP is equal to the sum of GWP and the movement in the unearned premium reserve for a particular period.

#### Aim

To maintain our underwriting discipline such that our loss ratio remains broadly consistent, contributing to a COR of 70% to 80%.

#### Expense Ratio

%

28.3%

2021	28.3
2020	26.7
2019	21.9

#### Definition

The Group's expense ratio is a measure of total expenses (which comprises commission expenses and operating expenses), and claims handling expenses, relative to NEP, expressed as a percentage.

#### Aim

To minimise operating expenditure within the business and optimise the efficiency with which we do business in order to allow for achievement of a COR of 70% to 80%.

#### Combined Operating Ratio

%

79.4%

2021	79.4
2020	75.3
2019	73.4

#### Definition

The Group's COR is the ratio of total expenses (which comprises commission expenses and operating expenses), and net insurance claims relative to NEP, expressed as a percentage.

#### Aim

Sabre seeks to achieve a COR of 70% to 80% on all business underwritten. Accordingly, the loss and expense ratios need to be managed to ensure they contribute to the preferred level of profitability.

**Adjusted profit after tax**  
£'m

£30.1m

2021	30.1
2020	39.8
2019	45.7

**Definition**

The Group's adjusted profit after tax measures profit from operations, net of tax, adjusted to offset the effect of amortisation of intangible assets and exceptional expenses excluding tax which do not relate to the Group's underlying performance (such as fees incurred in connection with acquisitions or capital markets transactions).

**Aim**

This is a function of Sabre's other KPIs and we intend to deliver sustainable profit growth over the medium term.

**Solvency Coverage Ratio**  
%

207.9%

2021	207.9
2020	203.1
2019	213.6

**Definition**

The Group is required to maintain regulatory capital at least equal to its SCR. The SCR is calculated based upon the risks presented by the Group's operations and the various elements of its balance sheet. The Group's solvency coverage ratio is the ratio of the Group's regulatory capital in a particular point in time to its SCR for the same period, expressed as a percentage. Solvency coverage ratio is stated before the final dividend declared in respect of 2020.

**Aim**

To maintain a post-dividend solvency ratio in the range of 140% to 160%, taking into account specific foreseeable requirements for capital.

**Return on tangible equity**  
%

29.2%

2021	29.2
2020	36.0
2019	41.6

**Definition**

The ability to generate profits while maintaining capital at an appropriate level is an important part of the Group's strategy, and the Directors believe that Return on Tangible Equity is an appropriate quantification of how successful the Group is in achieving this strategy. Return on tangible equity is measured as the ratio of the Group's adjusted profit after tax to its average tangible equity over the financial year, expressed as a percentage.

**Aim**

To make efficient use of the capital available to the business and achieve broadly consistent returns year-on-year.

**Profit before tax**  
£'m

£37.2m

2021	37.2
2020	49.1
2019	56.5

**Definition**

Profit before tax as presented on an International Financial Reporting Standards ("IFRS") basis represents the Group's total income, less expenditure, before any tax charges or any other comprehensive income.

**Aim**

Through careful management of expenses and skilled underwriting, we intend to deliver sustainable profit growth over the medium term.

**How our KPIs link to Directors' remuneration**

Director and senior management's remuneration focuses on:

- Profit after tax
- Return on capital
- Total shareholder return
- Personal performance assessments
- Customer service

These performance metrics are directly linked to the Group's performance as measured by the KPIs.

**PERFORMANCE**  
For performance on all our KPIs please see CFO's review pages 34 to 36



# Principal Risks and Uncertainties

## Risk management

Managing risk effectively is central to Sabre's strategy, and is integral to delivering sustainable long-term growth for its investors. The Board is responsible for prudent oversight of the Group's business and financial operations, ensuring that they are conducted in accordance with sound business principles and with applicable laws and regulations, and to ensure fair customer outcomes. This includes a responsibility to articulate and monitor adherence to the Board's appetite for exposure to all risk types. The Board also ensures that measures are in place to provide independent and objective assurance on the effective identification and management of risk, and on the effectiveness of the internal controls in place to mitigate those risks.

The Board has set a robust risk management strategy and framework as an integral element in its pursuit of business objectives and in the fulfilment of its obligations to shareholders, regulators, customers and employees.

The Group's risk management framework is proportionate to the risks that we face. Our assessment of risk is not static; we continually reassess the risk environment in which the Group operates and ensure that we maintain appropriate mitigation in order to remain within our risk appetite. Management recognises that risks must be identified, monitored and mitigated appropriately, to ensure their negative impacts on the Group are minimised, whilst accepting that some elements of risk are core to the operation of the Group, and as such it is important to identify and accept only the

risks which generate a positive return for the Company. To do this, risk is managed in the first line of defence by Management, is reviewed and tested by the second lines of defence – the Risk and Compliance functions and the third line of defence – Internal Audit. Further information regarding the management of risk by the Group can be found in the Risk Committee Report on pages 57 and 58.

## Risk appetite

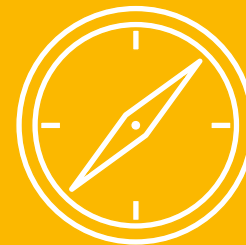
The Board recognises that it is both necessary and desirable for the Group to accept and assume a level of risk in pursuing its strategy, but notes that this must be maintained within acceptable limits. The Group generally is risk averse and operates the business to take advantage of its good utilisation of its operational resources and its strong ability to price risks at a consistently profitable level. The Group does not tolerate risks which impact the Group's key objectives of the preservation of capital and the reliable and consistent performance of the Group. Whilst developing its risk appetite, Management considers its stakeholders, including customers, employees, regulators, shareholders and suppliers.

The Group has adopted a straightforward risk appetite reflective of its continued strategic focus on generating returns through underwriting activity while limiting exposure to all other areas of risk.

The Group's risks are summarised on the following pages:

## Risk area

# Strategic, Governance, Regulatory and Compliance



## Risk appetite

### Governance

The Group aims to operate a simple governance structure, with clear reporting lines and direct accountability. The Group complies fully with the Senior Managers and Certification Regime ('SMCR') and Solvency II ('SII') rules which provide an adequate framework to manage the firm's risk in this regard. In following these rules, the Group ensures that those setting strategy are fit and proper and that the Board is effective.

### Compliance

Sabre aims for complete compliance with all rules and regulations, while minimising the cost to the business of non-value-adding regulatory activities. Key regulatory measures, such as SII, SMCR, FCA Value Measures Reporting, FCA General Insurance ("GI") Pricing Practices, Insurance Distribution Directive, Treating Customers Fairly ("TCF") and Vulnerable Customers Guidance are monitored closely by the Board. Sabre ensures adequate time and resources are dedicated to the resolution of upcoming and emerging regulatory issues to ensure there is minimal risk of non-compliance.

### Internal Audit

Sabre outsources its internal audit function, to enable the Company to benefit from a variety of subject-matter experts. The annual Internal Audit Plan intends to cover all areas of the business within a three-year period. Outstanding audit actions are reported to the Audit Committee who review on a case-by-case basis, however it is expected that all internal audit action points are completed by their deadline.

Risk area

## Insurance



### Risk appetite

#### Underwriting

The Group acknowledges that accepting underwriting risk is core to its business. The Group does, however, aim to ensure that the only material risk accepted by the firm is 'pure' pricing risk and that this risk is kept within an acceptable tolerance. Underwriting risk is managed in particular with reference to the Group's pricing and claims management activity, and through prudent use of reinsurance.

#### Reserving

The Group recognises that the reserves held in respect of incurred claims require a significant degree of judgement, and aims in all circumstances to hold reserves in accordance with the appropriate accounting or regulatory framework. The Group aims to calculate its reserves on a consistent basis over time.

#### Pricing

Pricing is based on the clear objective of achieving a positive margin at all stages of the insurance cycle such that the target combined ratio is better than 80%, although ideally it will be closer to 75%. Sabre will tolerate a lower level of written premiums if market competition conditions dictate prices that are lower than those required by Sabre. The volume of business will be constrained by pricing policy to remain within:

- the Solvency II capital requirement
- the operational capacity available to effectively manage and service the business
- the consequent claims volumes arising therefrom

The emerging risk of climate change is considered in the Group's overall pricing strategy.

#### Reinsurance

The Board will determine the levels of risk retention (reinsurance limits) based on an assessment of the risk frequencies (with reference to the model and other analysis) and will determine the acceptability of the reinsurer based on a strong credit quality and a diversification of the exposure amongst a panel of reinsurers. Advice from the reinsurance broker will also be considered.

In general terms, Sabre will operate a reinsurance strategy that is prudent and defensive by maintaining an attachment point that is lower than the theoretical optimum level so as to protect against higher-than-predicted frequencies of large losses and thus a large cumulative loss pattern. Sabre will consider the credit rating of insurers on its panel and intends to maintain a portfolio of an average of no worse than A+.

#### Claims management

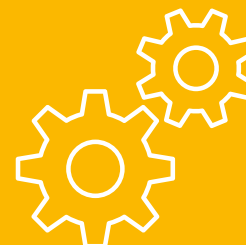
Sabre's claims management function is designed to minimise any risk associated with claims handling, for example improperly compensated claimants, claims fraud and unnecessary delays in claims payments. Sabre manages this risk primarily through providing a robust internal claims training programme and ensuring that overcapacity within the claims team is minimised. Sabre outsources only those operations which are deemed as routine, and are therefore low-risk.

#### Product development

All material product developments, such as the introduction of the new motorcycle product, have an associated project risk assessment which ensures that all developments are carried out within the Company's risk appetite and that any potential deviations from this appetite are known, understood and mitigated where appropriate.

Risk area

## Operations



### Risk appetite

In general, the Group attempts to minimise operational risk across the business through close monitoring of key risk areas including IT and systems, people, regulatory exposure, outsourcing, financial crime, taxation and accounting. The Group aims to comply fully with all applicable laws and regulations, including General Data Protection Requirements ("GDPR"). Supply chain management is seen as key to ensuring operational risk is minimised, particularly where processes are outsourced to a third party. The risk of fraud or error is considered to be pervasive across all business areas, and as such all processes are developed in such a way as to minimise exposure to such risks.

#### IT systems and cyber security

Sabre has a zero-tolerance attitude to risk with regard to the security of sensitive customer and company data, and considers maintaining the integrity of the Group's policy and claims data as paramount. As such, the Group has invested and continues to invest in the enhancement of IT security protocols throughout the business, and Sabre continually monitors and remediates security vulnerabilities using the latest security measures and updates.

#### Counterparty

The Group minimises counterparty risk where possible and monitors the stability and performance of brokers closely. Sabre does acknowledge that in allowing brokers credit terms, there will always be some residual degree of counterparty default risk. Sabre also accepts a degree of default risk on its direct instalment policies, however the rate of default must remain acceptable in the context of the interest rate applied to such policies. The Group aims to hold all material exposures with strongly rated counterparties and to diversify such exposure where possible. Primarily, this relates to the Group's management of its exposure to reinsurance.

Risk area

## Finance and Capital



Risk appetite

### Financial crime

Sabre dedicates considerable resource to the monitoring and rebuttal of fraudulent claims, although this is done on a risk/reward basis. Sabre undertakes processes to ensure that transactions are not undertaken with sanctioned or politically exposed individuals and has no appetite for taking risk in this regard. The Group has zero tolerance for internal financial crime.

### Taxation

Sabre always seeks to pay the correct, fair amount of tax. If in doubt, Sabre will generally take the lower risk/higher-tax approach, where the difference is not significant. In the case of significant technical challenges with regard to taxation, Sabre will engage appropriate external tax specialists. Sabre's Taxation Policy is published on the Group's website and approved by the Board on an annual basis. Processes are designed to minimise the risk of error in the Group's reporting and payment of both direct and indirect taxes.

### Accounting

Sabre maintains straightforward and transparent accounting systems and invests in sufficient resources within the Finance Team to ensure the accuracy and consistency of financial reporting.

### Capital management

The Group's primary capital requirement is to ensure that the Group's assets outweigh its liabilities at all times, that these liabilities can be met through sufficient liquid reserves and that this is the case under all reasonably foreseeable scenarios. This will generally be achieved by the Group adhering to its Solvency Capital Requirement ("SCR"). The Group's policy is to ensure that at all times and under all reasonably foreseeable scenarios, the Group's net assets on a Solvency II basis exceed its SCR. This applies equally to any regulated subsidiary of the Group. It is the current view of management and the Board that this is achieved through maintaining a SCR of at least 140% at all times. All material decisions and all distributions of capital should be made having considered the impact on the Group's SCR.

### Investment management

The Group's investment approach is to maintain suitable levels of liquidity; to preserve the capital; and to invest in low-risk stable investments that attract a coupon that is sufficient to meet any deterioration in the capital value. Proper regard is given to the credit standing of custodians and counterparties. The investment approach is to maintain good liquidity; to preserve the Group's capital and to invest in low risk stable investments that attract a yield that is sufficient to provide a reasonable return on the required capital. Investment guidelines are set to ensure that the Group's investment manager adheres to the Group's investment policy, which expands upon these core guidelines.

Risk area

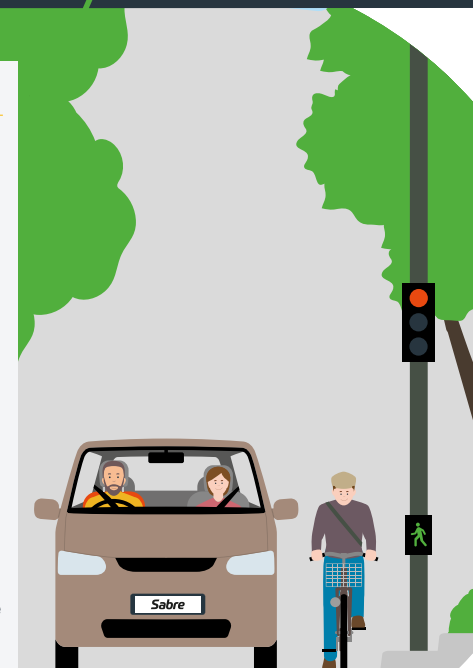
## People



Risk appetite

People are core to Sabre's business, and Management are mindful of the need to maintain a safe and comfortable work environment. Sabre manages its employees in a manner that minimises the risk of employee dissatisfaction through the payment of fair wages and the provision of a healthy work/life balance. Sabre invests in the careful vetting of new employees and carries out continual random and targeted background checks on employees.

Sabre has small Executive and Leadership Teams and does not hire employees into positions where little value would be added to the business. Therefore, there is some key-person risk at the higher levels of the Sabre structure. There are succession plans in place for key employees within the Group.



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about our  
Directors from  
page 47



### Assessment of Principal Risks and Uncertainties

The Directors confirm that they have undertaken a robust assessment of the principal risks and uncertainties that the Group faces – this includes those that threaten the business model, future performance, solvency or liquidity of the Group.

Set out in the following table is an overview of the principal risks the Board believe could threaten the Group's strategy, performance and reputation, and the actions Management take to respond to and mitigate those risks.

All such risks are appropriately captured in the existing risk management framework, and there has been no significant changes to the risk profile of the Group in 2021. All risks have been reconsidered in the context of the COVID-19 pandemic. Particular risk issues considered by the Board during the year include:

- the impact of climate change on Sabre's business and operations
- the ongoing impact of the COVID-19 pandemic
- the continued risks around the UK's exit from the EU
- the impact of the implementing the FCA's review of market pricing
- legal reform around small personal injury claims
- the planned withdrawal of LIBOR (2022)
- the impact of the launch and continued provision of motorcycle insurance
- cyber risks

Each of these issues has been incorporated into the table on the following pages.

Having given both new and evolving risks due consideration, the Directors continue to consider insurance activity to present the most material risk to the Group, in particular the estimation risk of reserving and the ability to price premiums correctly.



### Strategic, Governance, Regulatory and Compliance

Key elements	Description	Mitigation
<b>Strategy</b>	The Board sets an appropriate strategy that delivers value to stakeholders whilst maintaining the financial and operational stability of the Group. Management must implement this strategy in a timely and effective manner. Failure to set and execute an appropriate strategy could result in deterioration in the value of the business and misalignment between Management and the Board.	The Group operates appropriate corporate governance, as described in the Governance Report on pages 50 to 53. Through this, the Board maintains oversight of Management and the Group's performance and financial position.
<b>Regulatory</b>	The Group is subject to a number of regulatory regimes, including prudential regulation by the Prudential Regulation Authority ("PRA") and conduct regulation by the Financial Conduct Authority ("FCA"). This regulation dictates elements of the Group's operational activity such as the manner in which customers are treated and the recruitment and development of employees. The FCA continues to focus on fair market pricing which, while well managed through the Group's risk appetite, nonetheless increases conduct risk for the Group. Failure to comply fully with prevailing regulation can lead to monetary or other sanctions which may impair the Group's ability to function. Recent FCA policy statements on GI Pricing Practices and Value Measures Reporting will result in the Group having to demonstrate it understands its target market and how fair value will be delivered to the end consumer.	The Group has an extremely low appetite for accepting any risk other than that which relates to the underwriting of its insurance policies, and therefore its decision-making reflects this in relation to conduct risk and other regulatory matters. The Group operates a risk management framework which is approved by the Board. The Group monitors legal and regulatory developments in the UK and closely monitors its exposure to regulatory risk. The Group culture ensures the interests of our customers and their fair treatment are paramount. The Group's Head of Compliance reviews and monitors operational activity to ensure regulatory requirements are adhered to. The Group engages with both regulators on all relevant consultations.
<b>Legal</b>	The Group operates within the UK and is therefore primarily subject to the requirements of UK law. Further to those regulatory and data protection laws (discussed separately), the Group is exposed to employment law, Companies Act legislation and tax law. Non-compliance with laws can result in financial sanctions or impair the Group or the Group's Directors' ability to operate effectively.	The Group has established a robust risk and control framework and sets the clear objective to minimise the risk of non-compliance with all laws and regulations. A review of all new material contracts is undertaken.



## Insurance

Key elements	Description	Mitigation	Key elements	Description	Mitigation
<b>Pricing</b>	Failure to price risks effectively can result in worse-than-expected loss ratios or significant unexpected changes in volumes of business written. This includes appropriate estimation of the increasing cost of claims, through both historic trends, such as repair costs, and emerging considerations such as climate change and the impact of legal reforms. The ongoing behavioural changes resulting from COVID-19-related restrictions present a particular challenge in estimating the future cost associated with motor insurance policies.	<p>The Group operates a highly sophisticated pricing model which is built upon fully tested scientific principles. The model is updated only when sufficient data has been collected and analysed to support such a change.</p> <p>Management continually monitors the market for pricing developments, but prioritises maintenance of strong margins over the volume of business written. Expected behavioural changes, such as a reduction in miles driven due to travel restrictions, are projected and built into the Group's pricing models.</p> <p>We consider the impact in the changing profile of physical risks related to climate change in pricing our policies.</p> <p>Changes in the costs of claims settlements which could relate to climate change are captured in our normal-course reviews of policy pricing. The pricing of all new products is carefully assessed and closely monitored by the Chief Actuary and his team.</p>	<b>Reserving</b>	Inappropriate estimation of the ultimate cost of claims incurred can lead to corrections in future periods which could have a detrimental impact on the Group's capital position and profitability. Further, incorrect reserving can lead to errors in the pricing of new policies due to a poor view of the profitability of business already written. Estimates made in relation to inflationary, or potentially inflationary, factors such as legal reform, climate change and the UK's departure from the EU are equally relevant to reserving.	There is a consistent and cautious approach to reserving with a risk margin held above the actuarial best estimate. The Group's actuarial function analyses and projects historic claims development data and uses a number of actuarial techniques to both test and forecast claims provisions. In addition, external actuaries assess the adequacy of the Group's reserves. The Group also commissions an additional independent actuarial review on a triennial basis.
			<b>Large losses</b>	A small number of random very large claims could have a significant impact on the short-term profitability and capital position of the Group.	Reinsurance is purchased on an excess-of-loss basis to limit the impact of large individual losses and catastrophic events.
			<b>Reinsurance</b>	Should reinsurance become unavailable at an acceptable cost, the Group's profit would become considerably more volatile and its capital position would suffer.	The Group ensures that pricing decisions are taken on the basis that the gross loss ratio should be preserved in the long term, such that reinsurers achieve satisfactory returns through their relationship with Sabre. This ensures the greatest possible appetite for reinsurers to renew with Sabre. Sabre maintains an open and transparent relationship with all reinsurers on its panel.
<b>Claims management</b>	A consistent approach to the management of claims is essential for the accurate pricing of policies based upon claims experience and is key to limiting the indemnity cost of such claims.	The Group ensures that all claims employees are appropriately trained in the 'Sabre way' of managing claims, ensuring a fair outcome for both the claimant and the Group. Sabre uses outsourced specialists to deal with the first notification of loss and as such this ensures that the projected volume of claims which will be handled by the business is not in excess of the capacity of skilled claims handlers available to the Claims Team.	<b>Insurance market exposure</b>	The Group operates solely within the UK motor insurance market. The ability to sell policies at an appropriate margin is therefore impacted by new entrants offering discounted policies or irrational behaviour by existing participants.	The Group monitors the impact of its pricing decisions on the volume of business written and has close relationships with key broker partners and other industry bodies. The Group's strategy to maintain profitability over volume dictates that extreme corrective action will not be taken during any short-term reductions in market prices caused by competitor activity.





## Operations

Key elements	Description	Mitigation
<b>IT systems and infrastructure</b>	<p>The Group operates bespoke IT systems and is reliant on the accurate recording, storage and recall of data. Failure of these systems could result in the business being unable to price or process new business, or manage claims effectively. IT systems are supported by a third party and hosted in external data centres. This creates a dependency on these suppliers.</p> <p>The move to remote working as a result of the COVID-19 pandemic restrictions presents an additional layer of risk.</p>	<p>The Group operates a small number of key systems which are overseen by a highly experienced team of bespoke systems specialists. A robust backup and recovery plan is in place to ensure continuity of systems in the event of local system failure.</p> <p>The Group has sought to avoid any identifiable single points of failure, and maintains continuity solutions for all key services.</p> <p>All system and operational changes implemented in response to COVID-19 are fully risk-assessed. Due to the structure of the Group's IT platform, remote working presents a very limited level of additional risk.</p>

Key elements	Description	Mitigation
<b>IT systems and cyber security</b>	<p>Loss of data, including personal data, could lead to significant financial or reputational detriment. Theft of the Group's intellectual property could impact the ability of the Group to compete in the market. This is an area of increasingly complex regulation, including the General Data Protection Requirements ("GDPR"). As with the considerations around IT Infrastructure, the temporary move to remote working presents a potential for increased risk in IT security.</p>	<p>The Group addresses issues such as the GDPR proactively, establishing working groups which report to the Executive Committee where required. The Group takes a zero-tolerance approach to the risk of loss of personal data or its own intellectual property and has a framework of system-level and other operational controls to ensure it is appropriately safeguarded.</p> <p>The Group's remote working capability has been implemented in such a way that the flow of data is unchanged, with employees having limited, remote access to virtual machines.</p> <p>The Company has continual vulnerability scanning in place and permanent remediation plans, as and when required.</p>
<b>Outsourcing</b>	<p>The use of outsourced functions in routine operations, such as customer services, exposes the Group to the practices and procedures prevalent at the outsourced operation.</p>	<p>The Group monitors its outsourced operations closely, through regular audits and monitoring of key performance metrics.</p>
<b>Distribution</b>	<p>While the Group accesses the market through almost all brokers within the UK, much of its business is written through a relatively small number of large brokers. It is therefore particularly exposed to the failure of those brokers.</p>	<p>The Group monitors its exposure to its broker partners on a continual basis and continually reviews the financial stability and solvency of its larger brokers.</p>



## Finance and Capital

Key elements	Description	Mitigation
<b>Interest rate</b>	The Group invests primarily in government-backed securities and other fixed-interest securities and is therefore exposed to the impact of interest rate movements on the value of these investments. The valuation and creditworthiness of such assets can be impacted by macro-economic factors, such as political uncertainty, economic factors driven by the COVID-19 pandemic and the ongoing impact of the UK's exit from the EU.	<p>The investment portfolio is relatively short-term, limiting the impact of interest rate movements on the valuation of invested assets. The maturity profile of these investments is designed to match the pattern of outgoing claims payments, such that on a Solvency II basis the impact of any movement in interest rates is mitigated by a converse movement in the value of claims liabilities, which are discounted on the regulatory balance sheet.</p> <p>The appointment of an investment manager ensures that investment decisions are made on the basis of the most up-to-date and relevant information.</p>
<b>Default</b>	<p>The Group is exposed to counterparty default risk in four main areas: investment assets, amounts due from customers, amounts due from brokers and amounts due from reinsurers. Failure to recover funds due from counterparties could result in write-offs which would reduce profit and damage the Group's capital position. Similarly, excess exposure to poorly rated counterparties can increase Sabre's capital requirement.</p> <p>The creditworthiness of the Group's counterparties has been considered in the context of the economic uncertainty caused by the COVID-19 pandemic. We have not identified any material deterioration in the quality of our financial assets and receivables.</p>	<p>The Group invests primarily in government-backed securities and a diverse selection of highly-rated corporate bonds, which carry a very low risk of default.</p> <p>The Group operates a robust programme of credit control and performs due diligence on broker partners as relationships are entered into and continually through the life of those relationships.</p> <p>The financial security of reinsurers is considered when selecting panel members and reviewed on a regular basis.</p>

Key elements	Description	Mitigation
<b>Liquidity</b>	Inadequate monitoring of liquidity could result in the inability to meet liabilities as they fall due.	The Group maintains sufficient cash reserves at all times to meet its best estimate of short-term liabilities and monitors this position continually. While the Group considers its investment portfolio to consist of actively traded assets and therefore liquid, it ensures that the maturity of its investment portfolio is matched to its ongoing cash requirement.
<b>Capital management and solvency position</b>	If the Group fails to maintain adequate solvency capital, this could result in regulatory intervention which may limit profitability or the ability of the Group to distribute capital. Some issues impact primarily on the solvency position but do not affect the trading result of the Group. The emerging issue of the withdrawal of LIBOR is the most relevant example. This may impact the valuation of the Group's technical provisions, although the timing and effect (if any) are unknown.	The Group has strong governance in place to monitor its solvency position on a continual basis, including forecast solvency and scenario testing, primarily as part of the Group's Own Risk and Solvency Assessment ("ORSA") process. The Group ensures that key elements of judgement, such as reserving, are reviewed by the Audit and Risk Committees and undergo appropriate independent scrutiny.
<b>Financial crime</b>	Financial crime, whether internal or external, could result in material loss of assets and significant reputational risk. Financial crime can include misappropriation of assets or fraudulent activity designed to misrepresent the financial performance or position of the Company. We do not consider that the temporary move to home working has significantly increased our exposure to financial crime.	Ownership and management of operational risks sit with the first line business functions. While substantial internal controls are in place to mitigate the risk of financial crime, the Group considers its culture and 'tone from the top' to be key in raising awareness of external crime and limiting the risk of occurrence of internal financial crime.



## People

Key elements	Description	Mitigation
<b>Employees</b>	The quality of our employees is central to the success of Sabre, and the potential loss of employees or the inability to recruit quality employees may have an adverse impact on the performance of the Group.	<p>The Group seeks to attract, retain and develop its employees by:</p> <ul style="list-style-type: none"> <li>– Running training programmes for those joining the Group</li> <li>– Creating a hardworking and enjoyable workplace</li> <li>– Half-yearly appraisals</li> <li>– Annual pay reviews</li> <li>– Appointment of a Non-executive Director responsible for employees' views</li> </ul> <p>Prior to 2020, the Chief Executive Officer held regular lunches with employees. As remote working continued throughout the majority of 2020 and 2021, the Group has attempted to maintain employee engagement through remote team sessions and Chief Executive Officer presentations.</p>

The Group regularly reviews emerging and ongoing systemic risks, which could have an impact on the Group. During the year the Group identified, reviewed and monitored emerging and ongoing systemic risks and sees the following risks as notable.

## Ongoing Systemic Risks

Key elements	Description	Mitigation
<b>Impact of COVID-19</b>	The global outbreak of COVID-19 presents operational, market, counterparty and insurance risk to the Group.	The Directors continue to monitor these risks closely and take all appropriate steps to manage the impact on policyholders, employees and other stakeholders. This is discussed in more detail in the Chief Executive Officer's Report on pages 11 to 13.
<b>Climate change</b>	The risk of climate change could have a negative impact on the earnings or financial position of the Group. For example, there could be an impact on the cost of claims in the long-term. Further information on this can be found in the Responsibility and Sustainability section of this report on pages 37 to 45.	The Group has appointed the Chief Financial Officer to oversee the management of this risk and its impact on the Company is reviewed at least annually at the Group's Risk Committee. We have sought to integrate the consideration of climate risks within the Group's decision-making processes and continue to improve the clarity and usefulness of our disclosures around climate change. Further information on the Group's considerations relating to the environment and climate change can be found on pages 42 to 45 of this report.
<b>Inflation</b>	Cost inflation is currently high across the UK and global economy. In general, the costs related to insurance claims have experienced inflation of 7% to 8% for several years. We expect this wider inflation to not only increase pressure on claims costs further but also to impact the Group's wider expense base.	In setting insurance premiums and in calculating the expected cost of claims used for setting the Group's insurance liabilities, Sabre uses an up-to-date assessment of the current inflationary environment. We expect market pricing to adapt to this increasing cost base and therefore any price rises applied should have a low impact on our competitiveness in the medium-term. We will continue to monitor and model the changes in costs and adjust our prices accordingly.
<b>Brexit</b>	The risk of economic and/or political uncertainty as a result of the UK leaving the EU.	As a UK-only insurer, the Group believes that Brexit has not had a significant impact on the Group. We continue to monitor the impact of Brexit across the business, particularly on costs such as replacement parts and long-term care.

### War in Ukraine

At the time of writing this report, the war in Ukraine was continuing. Although Sabre is a UK based business, global issues, such as those in Ukraine, can have significant impact on the Group. The Company has reviewed the impact on its risk profile from the crisis and have updated the individual risks relating to the crisis, notably increases in inflation and energy costs, and supply chain issues, as well as identifying the crisis in Ukraine as an emerging risk.

# Viability Statement

The Board considers the Group's financial status and viability on a regular basis as part of its programme to monitor and manage risk. In accordance with provision C.2.2 of the UK Corporate Governance Code 2018, the Directors have assessed the Group's prospects and viability for the three-year period to 31 December 2024, taking into account the Group's current position and the potential impact of the principal risks. The assessment period of three years has been chosen as it is in line with our business planning horizon. This is consistent with the time horizon projected for most scenarios assessed through the Group's Own Risk and Solvency Assessment ('ORSA') process. The cyclical nature of the motor insurance market means that projecting for periods longer than three years creates material uncertainty; however, we do review longer-term strategic developments and emerging risks over longer time periods. The Directors have assessed the same period in their assessment of the Group's status as a going concern.

## Assessing viability

In making their assessment, the Board took into account the potential impact of the principal risks that could prevent the Group from achieving its strategic objectives. The assessment was based on the Group's ORSA process, which brings together management's view of current and emerging risks, with scenario-based analysis and reverse stress testing to form a conclusion as to the financial stability of the Group. Consideration was also given to a number of other individual risks and events. In the Board's estimation these events would not plausibly occur to a level of materiality that would endanger the Group's viability. The assessment also included consideration of any scenarios which might cause the business to breach its solvency requirements which are not otherwise covered in the risk-based scenario testing.

## Conclusion

Based on the consolidated financial impact of the sensitivity analysis and associated mitigating internal controls and risk management actions, as described in detail for each principal risk, the Directors concluded that the Group will be able to operate within its solvency capital appetite and maintain sufficient liquid investments and cash reserves to meet its funding needs over the viability period.

## Consideration of long-term viability

The assessment of principal risks facing the Group and robust downside sensitivity analysis leads the Board to a reasonable expectation that the Group will remain viable, continue in operation and meet its liabilities as they become due over the viability period through to 31 December 2024.

## The impact of COVID-19

COVID-19, and the related response by the UK government, continued to have a material impact on the Group's income and expenditure in 2021, although the impact on overall profitability and balance sheet valuation was not significant. In 2020 we considered the future long- and short-term impacts of the pandemic. Our assessment of the impact in 2021 was supportive of this original analysis. A summary of this is given below.

## Impact on the 2021 financial position and result

The solvency position of the Group and its operating subsidiary was largely unaffected by the outbreak of COVID-19 in the UK. The effect on the Group's solvency position was minimal, and the Group did not need to rely upon the strong solvency position held pre-pandemic. Because of this, and the resilience of the Group's capital generation, the Group remained able to pay dividends during 2021.

The regulatory capital position of the Group and its operating entity is highly correlated to the size of the in-force book. Therefore, financial scenarios which result in a shrinkage in the size of the business involve an inherent reduction in the SCR, which we saw in 2021, albeit offset by some increase in market risk as a result of the new investment portfolio.

The Group's investment portfolio consists of diverse, highly-rated bonds, predominantly government-backed. This portfolio proved to be extremely resilient during the market turmoil of 2020 and 2021 with little negative movement in market value. A small number of bonds have been placed under watch, but their impact on the portfolio is immaterial to the Group's Solvency position.

The Group's Expected Credit Loss ("ECL") provision has also remained stable throughout the year, but management is continuously monitoring the credit quality of the counterparties to which it is exposed.

The Group continuously assessed its SCR during 2021. The Group achieved a solvency coverage ratio of 196% at year end, exceeding the target ratio of 140% to 160% and did not drop below this range throughout the year. Refer to Note 2 of the financial statements for detail on capital management.

The liquidity position of the Group is outlined in Note 6 of the Financial Statements. The short-term liabilities of the Group remain adequately covered by the liquid assets. We continue to monitor the liquidity of our assets and the financial markets, to ensure cash outflows are appropriately matched. All of the Group's cash and cash equivalents are invested in highly liquid money markets and bank deposits.

### Short-term impacts

The short-term impacts of COVID-19 were outlined in our 2020 Annual Report and Accounts. These were:

- The business moved quickly to remote working. This added little cost (and in some cases reduced expenditure) and there were been no detrimental effects on operations since remote working was initiated in 2020.
- Claims costs generally reduced during those periods during which travel was restricted. This adds an element of estimation uncertainty to pricing, in that we price policies to a fixed margin and hence must estimate the total cost of claims across the policy period.
- Heavy price discounting by our competitors, partly as a result of the above, has continued to impact Sabre's competitiveness. Along with this, the 'events' which often drive business towards Sabre, such as learning to drive or buying a new car, occur far less regularly. These factors combined appear to have reduced Sabre's revenue by 20-40% in those months where lockdown was most extreme.

We therefore see the most material risk as being a significant, short-term, drop in premium. We have therefore modelled this as part of our viability assessment.

### Medium and long-term impacts

The medium and long-term effects of COVID-19 are defined by two things – how long it takes for the UK to return to 'normal', and whether the future steady-state is similar to pre-COVID. The key considerations relate to the impact on the overall size of the UK motor insurance market. We see arguments for the size of the market increasing due to a less favourable attitude to public transport, or shrinking should people not return to the same level of travel as pre-COVID-19. In any case, we see any structural change in the market to be gradual and do not expect this to have any material impact on the viability period which we are assessing.

### Viability and going concern due to COVID-19

The Group and its operating entity have considered various stress scenarios related to the pandemic. These risk scenarios indicate that the pandemic will not change the going concern status of the Group and its operating subsidiary. The Group trades from a robust capital position and is expected to remain well capitalised under all reasonable financial and operational stress scenarios.

### The impact of climate change

We discuss the impact of climate change in detail on pages 42 to 45 of this report. We have assessed the short, medium and long-term risks associated with climate change. Given the geographical diversity of the Group's policyholders within the UK and the Group's reinsurance programme, it is highly unlikely that a climate event will materially impact Sabre's ability to continue trading. More likely is that the costs associated with the transition to a low-carbon economy will impact the Group's indemnity spend, as electric vehicles are currently relatively expensive to fix. We expect that this is somewhat, or perhaps completely, offset by advances in technology reducing the frequency of claims, in particular bodily injury claims which are generally far more expensive than damage to vehicles. These changes in the costs of claims are gradual and as such reflected in our claims experience and fed into the pricing of our policies. However, if the propensity to travel by car decreases overall this could impact the Group's income in the long term, but this is not expected to be material within the viability period of three years. We do not consider it plausible that such a decrease would be as severe as the scenarios that we have modelled as part of our viability testing exercise.

### Scenarios modelled and link to principal risks

This table shows some of the key scenarios modelled as part of our viability testing exercise, and the risks to which they most closely relate. Some detail on the types of stresses modelled in each scenario is given below:

- Reserve strengthening: An instantaneous 20% increase in net reserves
- Reinsurer failure: The instantaneous failure of the reinsurer with which we hold the largest recoverable positions
- Significant short-term drop in premium: A 50% drop in premium for a period of three months
- Long-term drop in premium: A 20% annual shrinkage in premium over the viability period
- Increase in expenses: A 25% inflation in operational expenditure
- Drop in income and above-expected claims costs: 10% shrinkage and 10% increase in net loss ratio
- Investment valuations: A 25% decrease in the market value of the corporate bond portfolio

We have also modelled worst-case scenarios which combine these events.

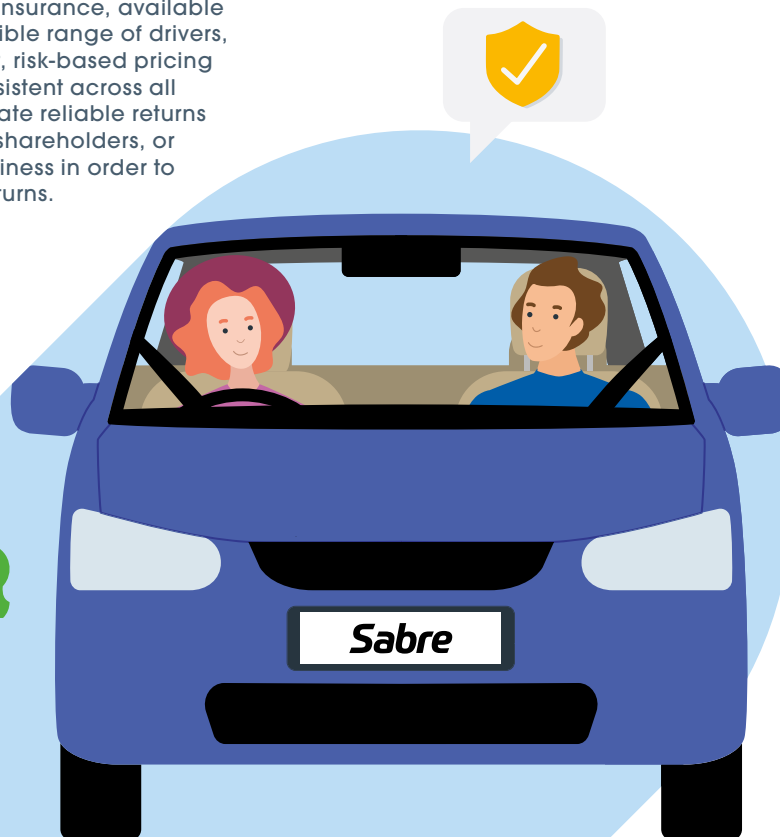
Risk	Scenario						
	Reserve Strengthening	Reinsurer failure	Short-term significant drop in premium	Long-term drop in premium	Increase in expenses	Drop in income and above-expected claims costs	Investment valuations and cash flow
Pricing	✓		✓	✓		✓	
Claims management	✓						
Reserving	✓					✓	
Large losses	✓						
Reinsurance		✓					
Insurance market exposure			✓	✓			
IT systems and infrastructure					✓		
IT security					✓		
Outsourcing					✓		
Distribution			✓	✓			
Default			✓				
Interest rate							✓
Liquidity							✓
Capital management	✓	✓	✓	✓	✓	✓	✓
Financial crime					✓		
Employees					✓		
Climate change				✓			
Brexit	✓				✓		
COVID-19			✓	✓			

## Section 172

# Fair, risk-based pricing and reliable returns

### Our purpose

To provide motor insurance, available to the widest possible range of drivers, based upon a fair, risk-based pricing model that is consistent across all customers. Generate reliable returns and return this to shareholders, or reinvest in the business in order to increase future returns.



### SECTION 172 (1) STATEMENT

This section of the Strategic Report describes how the Directors have had regard to the matters set out in section 172 (1) (a) to (f), and forms the Directors' statement required under section 414CZA of the Companies Act 2006.

#### Stakeholders and our Board

Sabre aims to provide high-quality motor insurance at a fair price, while making attractive returns for its shareholders under any market conditions. This can only be achieved through engagement with, and consideration of, all stakeholders including our employees, customers, suppliers and regulators.

#### Stakeholder engagement

The Board recognises that the needs and relevance of different groups of stakeholders can vary over time, and as such the Board seeks to understand the needs and priorities of each stakeholder as part of its decision-making. This is integral to the way the Board operates.

Pages 31 to 32 of the Strategic Report sets out who our stakeholders are and how our strategy impacts them. We further discuss how we engage with our key stakeholders, and our own employees, on pages 38 to 40 of the Strategic Report.

#### Listening to the needs of stakeholders

Our Board interacts with stakeholders through direct engagement as well as through information provided by Management.

Key engagement activities include:

- Appointing a Non-executive Director to be responsible for direct employee engagement, which involves meeting with employees at all levels within the business throughout the year in order to discuss their concerns, ambitions, and views on the business
- Review and assessment of the results of annual employee surveys
- Engaging with shareholders: at the regular management roadshows, attendance at investor conferences and through meetings with the Chairman
- The Board and management allow time for informal discussions with shareholders before and after the Group's Annual General Meeting. This is an opportunity to interact with smaller, non-institutional shareholders
- Regular supervisory meetings between individual Board members and the Group's regulatory supervisory team, which facilitates wider discussion of the issues facing the insurance industry as a whole, as well as Company-specific matters
- Reports from executive management to the Board on customer service, including complaints root-cause analysis and whether customer service metrics have been met

**Embedding stakeholder interests within our culture**

Through informed discussion at Board level, our Executive Team carries forward stakeholder consideration into and throughout the business. Sabre operates a culture of openness and transparency, with management at all levels working amongst their operational teams, ensuring that the tone from the top is well embedded in the day-to-day operations of the Company.

**Ensuring stakeholder interests are taken into account**

The Board take their responsibilities under Section 172 of the Companies Act very seriously. The Board is aware that the Directors of the Company must act in good faith, and in ways that promote the success of the Company for the benefit of its members, and in doing so have regard to:

- the likely consequences of any decision in the long term
- the interests of the company's employees
- the need to foster the Company's business relationships with suppliers, customers and others
- the impact of the Company's operations on the community and the environment,
- the desirability of the Company maintaining a reputation for high standards of business conduct
- the need to act fairly as between members of the Company

This table demonstrates where further information on how the Board has met these responsibilities is disclosed:

Long-term Results	Strategy p15 Chairman's Letter p7 Market Context p9 CEO's Review p11 to 13 Business Model p16 KPIs p17 to 18 Principal Risks and Uncertainties p19 to 26 CFO's Report p34 to 36 Viability Statement p27 Audit Committee Report p54 to 56 Risk Committee Report p57 to 58
Employees	Business Model p16 CEO's Review p11 to 13 Employees section of the CSR Report p38 to 39 Board Principal Decisions p33 Chairman's Governance Letter p46 Remuneration Committee Report p61 Directors' Remuneration Report p64 Employee Designated NED p38
Stakeholders	Strategy Operations p15 Strategy Distribution p15 Strategic Priorities p15 CEO's Review p11 Business Model p16 CSR Report p37 to 45
Community and Environment	CEO's Review p11 CSR Report p37 to 45 Directors' Report p82
Reputation	Strategy Report p15 CEO's Review p11 Governance Report p50
Fairness for shareholders	Strategy Report p15 Governance Report p50 Remuneration Committee Report p61 Directors' Remuneration Report p71



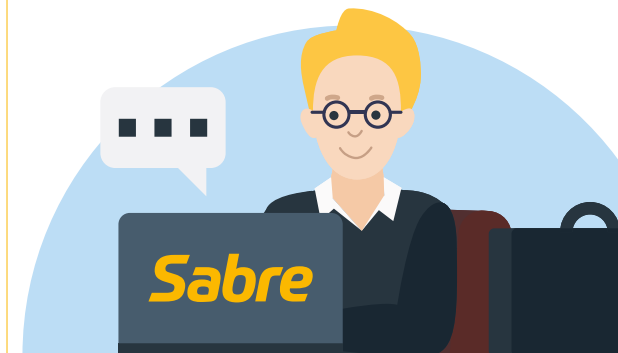
**How s.172 is applied across our stakeholders**

**Shareholders**

- Underwriting performance**  
Delivering consistent and attractive returns on capital.
- Risk management**  
Minimise volatility in result and maximise available capital.
- Growth**  
Increasing value and absolute returns over time.
- Operations**  
Enhancing operational efficiency and minimising cost.
- Distribution**  
A flexible distribution model allows protection of bottom-line throughout the market cycle and responds to emerging customer demand.

**Employees**

- Underwriting performance**  
Stable business model allows for long-term, rewarding careers.
- Risk management**  
Job security in a supportive, culturally sensitive environment.
- Growth**  
Over time, internal opportunities to develop and grow with the business.
- Operations**  
Skills-based operations allow for fulfilling employment. Conformity with best practice.
- Distribution**  
Broker-led distribution retains technical skills in-house.







## Customers

### Underwriting performance

Provide a quote for almost all potential customers, based upon the expected cost to us in providing that policy, irrespective of the individual's shopping or behavioural habits.

### Risk management

Certainty that cover will be honoured and that the Group will retain the means to settle any claims which fall due. Comfort that we operate in line with all applicable laws and regulations.

### Growth

Over time, scale benefits allow lower prices without sacrificing margin.

### Operations

Efficient, consistent service from our claims and front-end administrative units, along with effective operational controls to allow for fast, accurate transactions.

### Distribution

Obtaining a Sabre quote is easy, whether through a broker's branch, price comparison website or direct through our brands, meaning almost everyone has access to a Sabre policy.

## Partners

### Underwriting performance

Cash-positive business makes Sabre a reliable counterparty.

### Risk management

Certainty of liquidity to meet debts as they fall due.

### Growth

Become an increasingly valuable trading partner over time.

### Operations

Make timely, accurate payments to all suppliers.

### Distribution

Fair, consistent terms with our distribution partners.



## Regulators

### Underwriting performance

Only underwrite business that will meet our target margins and generate appropriate regulatory capital.

### Risk management

Maintain capital headroom. Minimise conduct risk and ensure full compliance with legal and regulatory landscape.

### Growth

Grow when the market allows, without sacrificing profitability or capital security.

### Operations

Ensure accurate, timely reporting and close monitoring of regulatory risk areas.

### Distribution

Broker audits and on-boarding processes ensure a fully compliant customer journey.

## Society

### Underwriting performance

Providing access to insurance to as wide a group as possible, reducing the risk of uninsured drivers.

### Risk management

Financial stability and strong balance sheet present lowest possible systemic risk.

### Growth

Increasing employment in the local community, while monitoring our impact on the environment.

### Operations

Ensuring efficient use of resources and managing the Group's impact on our local environment.

### Distribution

Making our product available as widely as possible, at a fair price to all.



### Key Board decisions during the financial year ending 31 December 2021

The Board recognises the importance of making decisions in a manner which ensures that all of the Group's stakeholders are treated consistently and fairly. This can be demonstrated through the below key decisions, which were made by the Board during the financial year ending 31 December 2021.

#### Continued impact of COVID-19 pandemic

The COVID-19 pandemic remained a significant factor in the management of the business during 2021. Having successfully managed the transition from office-based to home-based working during 2020, the Board continued to support the government's rules and guidance in order to keep the workforce safe while, only when appropriate, moving back towards a primarily office-based work environment, with some allowance for hybrid and flexible working. The Board has agreed with Management's view that working from the office provides the best opportunity for innovation, collaboration and recognition, while understanding that the needs and expectations of employees have evolved over the past two years.

The Board also continued to support the ABI customer initiatives. The impact of changing freedoms and behaviours has remained key to the Company's core business model, and the Board has examined closely the impact of lower volumes of quotation activity within the market and continued heavy discounting of motor policies by some competitors during much of the year. The Company's response to these conditions has weighed the primary purpose of the business against the needs of policyholders and the overriding requirement to ensure the Group remains financially stable.

#### Entry into the motorcycle insurance market

During 2021, the Board considers that the Group's overall stability and profitability could be improved through the entry into parallel, complementary lines of insurance. An analysis of motorcycle insurance showed that this market was poorly served by its current underwriters, particularly with respect to the quality of claims handling and the sophistication of policy pricing. Sabre's entry into the market could bring such claims handling experience and pricing expertise, improving the fairness of policy pricing and reducing payments related to fraud and overstated claims, ultimately to the benefit of both the policyholder and the insurer. When an opportunity arose in November 2021 for the Company to replace the previous underwriter supporting the broker MCE Insurance Ltd, the Board was able to approve an extremely fast implementation.

#### Dividend

The Group's dividend policy states that an ordinary dividend will be paid based on 70% of the year's profit after tax, with the potential for additional capital to be distributed by way of a special dividend as appropriate. The Board assesses whether to pay a special dividend on an annual basis once the result for the year is known. This decision is made primarily based upon the financial position of the Group, as demonstrated through its SCR coverage ratio, as well as projected capital needs and the wider economic and market backdrop. The Board considers this to meet the overriding need of all shareholders, customers, staff and our regulators, for the Company to remain a solvent, viable trading entity under all reasonably foreseeable circumstances. The Board also makes a secondary consideration of the expectation of shareholders, understanding that many of the Group's investors hold stock in order to benefit from the strong dividend flow.

During 2021, the Board made the decision to pay a full ordinary and interim dividend in line with the Group's policy, as well as a special dividend reflecting the distribution of excess capital in line with the expectations of most shareholders. The Board was able to make this decision on the basis of significant capital modelling and having gained a good understanding of the economic impact of the COVID-19 pandemic.

#### Strategy

The Group's strategy is well documented within this report, and has changed little in the past two decades. This Board does, however, review the Group's strategy against its best understanding of the needs of key stakeholders. In September 2021, the Board held its annual 'Strategy day', at which the existing strategy was assessed primarily against the needs of shareholders, customers, staff and our regulators. The Board concluded that the needs of our key stakeholders were well met through the current strategy, which remained in line with that disclosed at IPO. The Board considered whether continued market softness should drive a change in strategy, however concluded that the current, focused approach was likely to give the best long-term result for shareholders as well as the best prices for customers and the best level of customer service. In 2020, the Board approved management's proposal that complimentary and parallel lines of expansion could help reduce volatility in the performance of the Group and re-iterated this in 2021. This directly led to the Group's entry into the motorcycle insurance market in November 2021.

## Chief Financial Officer's Review

# Building a strong foundation for growth



### Highlights

	2021	2020
Gross written premium	<b>£169.3m</b>	£173.2m
Net loss ratio	<b>51.1%</b>	48.6%
Expense ratio	<b>28.3%</b>	26.7%
Combined operating ratio	<b>79.4%</b>	75.3%
Adjusted profit after tax	<b>£30.1m</b>	£39.8m
Profit after tax	<b>£30.1m</b>	£39.8m
Solvency coverage ratio (pre-dividend)	<b>208%</b>	203%
Solvency coverage ratio (post-dividend)	<b>164%</b>	155%
Return on tangible equity	<b>29.2%</b>	36.0%



**ADAM WESTWOOD**  
Chief Financial Officer

Having faced four years of soft pricing in motor insurance and operated through unprecedented conditions during the pandemic, we have laid the foundations for the next stage of our journey.

In many ways, the start of 2021 felt very similar to the pandemic-era months of 2020. We experienced continued pressure on premium income through low numbers of potential new customers coming to market – again driven by a lack of new drivers and slow car sales. We also saw continued heavy price discounting in the market, maintaining the soft market conditions which had already extended many months longer than history would suggest should be the case. We held our pricing discipline, reducing prices only to reflect expected savings due to anticipated reductions in traffic volume, but also reflecting continued high levels of claims inflation. Together, these factors contributed to a dip in premium income during the first half of 2021 and into Q3. Alongside this, we saw evidence of further price decreases in the market ahead of the FCA pricing review, implemented from 1st January 2022, which prohibits discounting at new business where this would create a differential between prices for new and renewing customers.

Despite these pressures, the gross written premium for the year was just 2.26% below that written in 2020. This was not only due to growth in the core motor vehicle book towards the end of the year, but also because of the introduction of the motorcycle line of business at the end of November, which generated £3.2m of premium in 2021. The introduction of motorcycle business should provide not only a useful boost to growth in 2022 and beyond, but enhanced resilience against future market downturns.

The net loss ratio, at 51.1%, remains well within our target range. Whereas 2020 benefitted from unexpected reductions in claims frequency during lockdowns, much of this benefit was already 'priced in' to policies earning through 2021, so we would not have expected a similarly low loss ratio this year.

The expense ratio has increased year-on-year, to 28.3%, which is largely a function of decreased net earned premium – in absolute terms expenses excluding commission fell by £2.4m year-on-year. We have also seen a positive trend in expense ratio during 2021, with the full-year ratio falling below that reported at half-year. Should the momentum in policy growth continue into 2022 and beyond, we expect the pressure on expense ratio to decrease significantly.

The Group's profit before and after tax reflects the combined operating ratio for the year of 79.4%. Given the increase in combined operating ratio and decrease in net earned premium, naturally profit for the year fell below that recorded in 2020, albeit reflecting margins within the Group's ambitions.

The Solvency position remains strong, reflecting the year's earnings and benefitting from the lean and uncomplicated balance sheet. We have seen some reduction in the Group's Solvency Capital Requirement year-on-year which is primarily due to a greater allowance for the loss absorbing capacity of deferred taxes, having revised our methodology to bring it closer in-line with usual industry practice. The Board have announced a final ordinary dividend of 4.7p and a special dividend of 4.6p, bringing the total distribution in respect of 2021 to 13.0p. Return on tangible equity was 29.2%, reflective of decreased profit after tax generated through a robust balance sheet.



## New data and rating factors have positively impacted our performance in 2021

READ MORE  
about our  
strategy on  
page 15



### Revenue

	2021	2020
Gross written premium	<b>£169.3m</b>	£173.2m
Gross earned premium	<b>£165.9m</b>	£185.8m
Net earned premium	<b>£145.4m</b>	£165.7m
Other technical income	<b>£2.1m</b>	£2.2m
Customer instalment income	<b>£3.9m</b>	£4.6m
Interest revenue calculated using the effective interest method	<b>£1.2m</b>	£1.4m
Fair value (losses)/gains on debt securities through OCI	<b>(£5.7m)</b>	£2.4m

Having maintained pricing discipline through continued very soft market conditions, it is natural that gross written premium (and the resultant gross earned premium) has reduced in 2021. While this may lead to a short-term reduction in earnings, it provides a strong foundation for growth when market prices harden and significantly reduces the risk of future problems caused by under-pricing. Net earned premium, which allows for the cost of reinsurance ceded, has decreased relative to gross earned premium due to a slight increase in reinsurance rates at the July 2021 reinsurance renewal.

The level of other technical income and instalment income remains broadly proportionate to the amount of direct business written, notwithstanding that instalment income is earned over the life of a financed policy while other income is generally recognised upfront.

Investment return represents the yield on our low-risk portfolio of assets, which continue to be held in a mix of government and government-backed assets and investment grade corporate bonds.

### Operating expenditure

	2021	2020
Gross claims incurred	<b>£105.0m</b>	£104.0m
Net claims incurred	<b>£81.0m</b>	£88.1m
Current-year loss ratio	<b>56.0%</b>	51.2%
Prior-year loss ratio	<b>(4.9%)</b>	(2.6%)
Financial year loss ratio	<b>51.1%</b>	48.6%
Net operating expenses	<b>£41.2m</b>	£44.3m
Expense ratio	<b>28.3%</b>	26.7%
Combined operating ratio	<b>79.4%</b>	75.3%

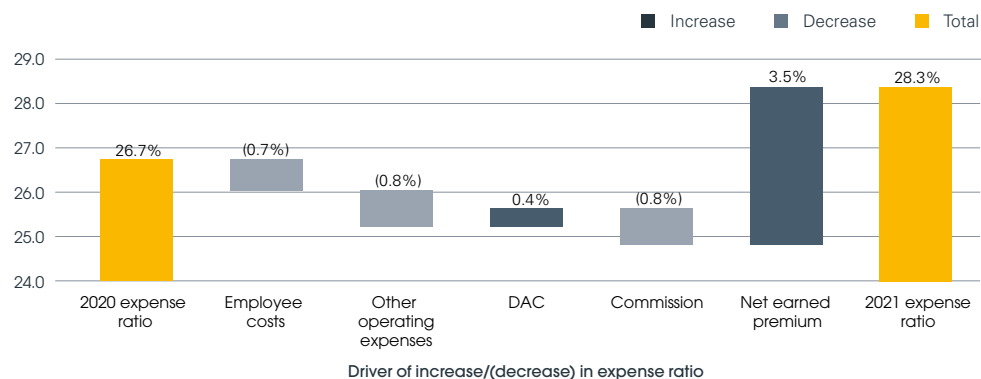
The year's underwriting result is best explained in terms of the current-year loss and prior-year loss ratios, and the expense ratio, which together make up the combined ratio.

The current-year loss ratio, at 56.0%, is 4.8% higher than the 51.2% achieved in 2020. While the 2020 result benefitted from a sudden, unexpected reduction in traffic volumes (and hence claims Cfrequency), much of the benefit of slightly reduced traffic in 2021 was priced in to policies, which ensured customers were not over-charged and Sabre remained competitive. Despite this increase, the current-year loss ratio falls well within our expected range and below that achieved in 2019.

The prior-year loss ratio recorded in 2021 was minus 4.9%, as compared to minus 2.6% in 2020. This represents a return to our normal, expected run-off from prior-year claims following a one-off adjustment made in 2020.

While the Group's expense ratio has increased, this is primarily due to the reduction in net earned premium, over which the ratio is calculated. In absolute terms, expenses excluding commission have decreased by £2.4m in the year, which is partially a result of decreasing variable cost and real-term reduction in fixed costs, the most significant being staff expense.

A waterfall of the expense ratio between 2020 and 2021 is shown below.



The decrease in employee costs is driven primarily by a reduction in the management bonus resulting from the revised bonus 'pool' arrangement implemented in 2021, which significantly reduced management bonus payouts in respect of 2021 and a reduction in share-based payment expenses resulting from the expense related to free shares issued at IPO being fully incurred during 2020. Salary costs benefitted from a smaller inflationary increase than in previous years, along with the continued freeze on most recruitment and a small reduction in staff numbers due to individual resignations. The staff bonus pool was also reduced by c.10% in 2021 as compared to 2020, although this reduction is slightly offset by the increased base salaries on which the bonus is calculated.

Other costs remained stable or reduced year-on-year, with variable elements such as certain IT costs and commission decreasing in-line with policy volumes. Notwithstanding the impact of variable costs, the reduction in net earned premium increased the expense ratio by 3.5%.

The expense ratio calculated by Sabre is 'all-in', in that it includes all operational expenditure, including commission and head office costs incurred by the Group. This is not necessarily consistent with other insurers but gives the most complete picture of the Group's expense base.

### Taxation

In 2021 the Group recorded a corporation tax expense of £7.1m (2020: £9.3m), an effective tax rate of 19.0%, as compared to an effective tax rate of 19.0% in 2020. The effective tax rate approximates to the prevailing UK corporation tax rate. The Group has not entered into any complex or unusual tax arrangements during the year.

### Earnings per share

	2021	2020
Basic earnings per share	<b>12.09p</b>	15.98p
Diluted earnings per share	<b>11.98p</b>	15.82p

Basic earnings per share for 2021 of 12.09p per share is proportionate to profit after tax. Diluted earnings per share is similarly proportionate to profit after tax, taking into account the potentially dilutive effect of the Group's share schemes.

### Cash and investments

	2021	2020
Government bonds	<b>£86.2m</b>	£121.9m
Government-backed securities	<b>£83.9m</b>	£84.2m
Corporate bonds	<b>£64.6m</b>	£40.2m
Cash and cash equivalents	<b>£30.6m</b>	£37.9m

The Group continues to hold a low-risk investment portfolio and cash reserves sufficient to meet its future claims liabilities. This has resulted in a stable yield across the portfolio. As most assets are held to maturity, the yield achieved by the portfolio lags changes in market yield, with funds generally being reinvested on maturity.

### Insurance liabilities

	2021	2020
Gross claims outstanding	<b>£232.5m</b>	£226.5m
Reinsurance assets	<b>£103.6m</b>	£92.0m
Net claims outstanding	<b>£128.9m</b>	£134.5m

The Group's net insurance liabilities continue to reflect the underlying profitability and volume of business written. The slight relative increase in gross insurance liabilities against 2020 was a result of additional large claims being recorded against the continued relatively slow settlement of personal injury claims. The level of net insurance liabilities held remains broadly proportionate to the volume of business written, with a reduction in new claims incurred in 2021 being somewhat offset by increases in the time taken to settle larger claims and expected increases in the costs of settling claims.

### Leverage

The Group continues to hold no external debt. All of the Group's capital is considered 'Tier 1' under Solvency II. The Directors continue to hold the view that this currently allows the greatest operational flexibility for the Group.

### Dividends

The Directors have proposed a total final dividend of 9.3p per share in respect of 2021, consisting of an ordinary final dividend of 4.7p per share and a special dividend of 4.6p per share. The total amount proposed to be distributed to shareholders by way of dividends for 2021 is therefore 13.0p per share, including the ordinary interim dividend of 3.7p per share. Excluding the capital required to pay this dividend, the Group's SCR coverage ratio at 31 December 2021 would be 164%. This is consistent with the Group's policy to pay an ordinary dividend of 70% of profit after tax, and to consider passing excess capital to shareholders by way of a special dividend.

**ADAM WESTWOOD**  
Chief Financial Officer

21 March 2022

## Responsibility and Sustainability

# A responsible and sustainable business

Operating Sabre as a responsible and sustainable business is a key element of our long-term success. We have developed a framework for our actions which forms an important reference point when directing the Group's activities. We are committed to doing our part in building a sustainable future.

### Our responsibility and sustainability framework:



## 1 Our Customers

Sabre's business is built around the customer, with a goal to provide access to fairly priced motor insurance for almost everyone. We want our customers to experience high-quality customer service and peace of mind.

### Pricing

We price all of our policies based upon our estimate of the ultimate cost to us of providing that policy including paying claims, administrative expenses and taking a consistent margin regardless of the premium level. Each uniquely priced policy is based upon our view of the risks presented by it, considering both the person and the vehicle insured. This assessment is based on our bespoke fully-automated pricing model, using our experience represented by many years of claims data. Because we seek to offer premiums to almost everyone, we have generated a deep pool of data, which allows us to provide the best possible, risk-adjusted prices.

During the year, we have ensured that we have priced policies fairly for new and renewing customers, reflecting any expected reduction in our claims costs which would arise through restrictions on travel.

### Customer experience

We strive to ensure an easy, efficient service to all of our customers however they reach us. This could be through our extensive broker network, or directly to us through our own brands, GoGirl and Insure2Drive. This includes providing a straightforward sales process and knowledgeable, well-staffed UK-based call centre. Our call centre has remained fully functional with no significant drop in service levels despite the transfer of many employees to home-working during the year.

### Claims

Most of our business is sold online or through our network of brokers, which means our first contact with customers is often when they make a claim. We understand this can be a stressful process and seek to make it as easy as we can, to provide a 'no hassle' service for honest customers and third parties. Where we believe individuals are making false or exaggerated claims we will defend our position robustly to allow us to continue offering competitive premiums to all of our customers. We engage with excellent partners, with whom we agree a strong suite of service-level parameters, which are monitored regularly, to ensure customers receive great service at all touch points – whether by our own team or outsourced partners.

Our claims team has remained fully operational throughout the year, with the vast majority of the team working effectively from home when required.



2

## Our People

People are key to our success. We seek to create a positive and collaborative working environment for all employees. Our culture requires everyone to operate in an open, honest and professional manner with a work ethic that recognises the importance of work/life balance. The Group operates out of one site in Dorking and, as at 31 December 2021, employed 151 people. We are proud to say that 51% of our employees have been with the Group for ten or more years.

During 2021, all employees phased back to working in the office, at least on a part-time basis. By November 2021, all employees were working within a hybrid model, with working location split between home and the office, with the balance in favour of office. The hybrid model was postponed in December 2021, as the government guidance changed, and employees returned to working from home. The hybrid model was restarted, in line with the government guidance, in February 2022.

Communication is key to fostering a collaborative working environment, with Geoff Carter and the Executive Team conducting employee briefings and Q&A sessions throughout the year. In order to build a greater communication channel for employees to the Board, and in line with best practice, in December 2018 the Board appointed Ian Clark as the designated Non-executive Director to represent employees. Ian holds regular lunches and employee engagement sessions; however, these were postponed whilst the COVID-19 restrictions were in place. It is expected that Ian will resume hosting these sessions during 2022, subject to the government guidelines. Ian feeds back to the Board on his meetings, which gives the Board greater insight on employees' thoughts and feedback. The 'Ask Sabre' facility allows employees to ask

Management questions regarding the business, and to raise any concerns they may have. In addition to this, the Group has a dedicated Whistleblowing Hotline where employees can report any concerns regarding business activity. This is clearly published on the employee intranet. Annual training is provided to all employees regarding whistleblowing. To support employee development, the Group holds appraisals which take place twice a year.

In 2018, the Group introduced an annual all-employee survey, to monitor the culture of the Group. In 2021 employees were asked to complete a questionnaire about their experience of working at Sabre. All employees are encouraged to respond to the annual survey to provide their feedback and opinions. All feedback is collected and provided to the Executive Team for consideration. The response rate to the survey in 2021 was 63%. The Executive Team noted the decline in response rate in the survey from prior years, and are considering ways to increase the response rate. During the most recent employee survey 89% of employees felt that Sabre fostered a culture of respect and understanding, 69% felt they could always give feedback to their Manager and 93% of employees could see themselves working at Sabre in one years' time.

### Code of Conduct and Policies

The Company's Code of Conduct refers to creating a safe and healthy environment for all of our employees and outlines our expectations for proper behaviour and an understanding of the definition and harms related to harassment. Code of Conduct training is provided annually to all employees, and to all new starters on arrival, via the Group's online training platform. The Group's Code of Conduct can be found on our website at [www.sabreplc.co.uk/about-us/code-of-conduct](http://www.sabreplc.co.uk/about-us/code-of-conduct)



Policies are in place to support and develop the Group's employees, all of which are subject to regular review. Examples of these include policies addressing equal opportunities, acceptable behaviour, flexible working, and health and safety. The workforce policies and practices are consistent with the Group's values and support the long-term success of the business through supporting its employees.

### Salaries

Since Sabre was incorporated, we have reviewed and increased salaries year-on-year. We benchmark salaries from the insurance industry, offer competitive salaries and are proud to offer a personal performance bonus plan for all employees.

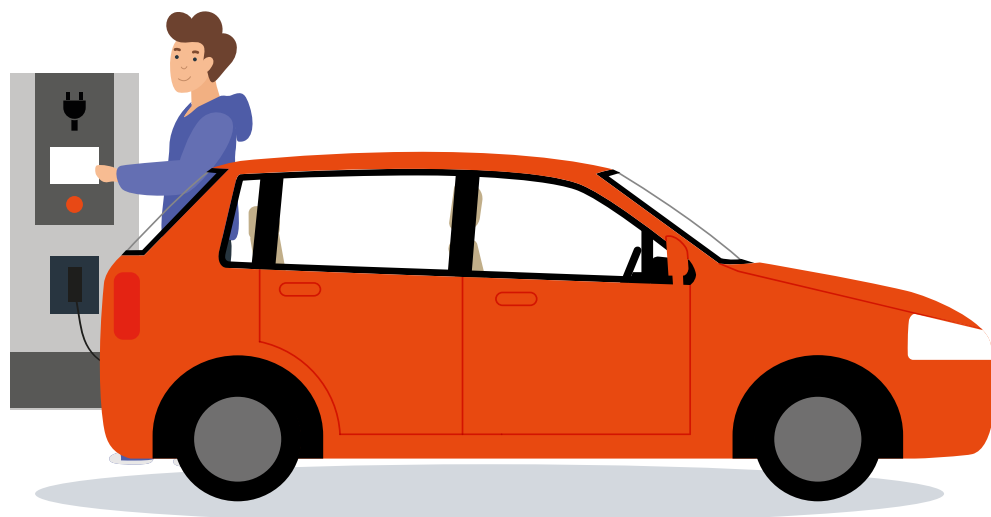
### Employee Share Plans

Sabre operates several share plans to ensure employees are easily able to become shareholders in the Group. At the time of Listing, employees were granted free shares, without performance conditions, in Sabre, through the Company's Share Incentive Plan ("SIP") and Long-Term Incentive Plan ("LTIP"). The final tranche of the LTIP awards vested in 2020, and the free shares granted under the SIP, are now exercisable (although remain liable

for tax for one year). This year the Group launched its fourth Save As You Earn ("SAYE") grant, allowing employees to purchase shares in the Group at a reduced rate. The Group allows employees to contribute the monthly maximum monthly contribution of £500, in line with the maximum allowed under the Plan. Annually, the Company offers a new grant, and the 2021 SAYE saw 36% of employees participate. As at 31 December 2021, 52% of employees were participating in one of the Company's SAYE grants. In 2019, the Group expanded its SIP, allowing employees to purchase Partnership shares to a maximum of £1,800 a year, with the Group matching shares purchased through the plan at a 3:1 ratio. In 2021 25% participated in the SIP.

### Electric Car Scheme

As part of Sabre's commitment to contributing towards a greener environment, in 2021 the Company launched an Electric Car Scheme for employees. Electric cars do not release direct emissions into the environment, resulting in a greener and economic way to commute to the workplace. There is a further benefit of purchasing an electric vehicle through a salary sacrifice scheme as it generates tax savings for the employee.



### Training during the year

The Group operates a compulsory e-training programme for all employees, which focuses on the Company's needs and includes topics such as anti-bribery and corruption, whistleblowing and modern slavery. The Group offers on going training to all employees and external courses for newly promoted employees where appropriate.

#### During 2021 the Company supported employees across different departments with the following qualifications:

- Foundation Insurance Test, Chartered Insurance Institute
  - Diploma in Insurance, Chartered Insurance Institute
  - International Certificate in Financial Services Risk Management, Institute of Risk Management
  - Associate Diploma in People Management, Chartered Institute of Personnel and Development
  - Chartered Management Accountant Qualification, Chartered Institute of Management Accountants
  - Mental Health First Aider, St John Ambulance
  - Mental Health Champions, St John Ambulance
- All of these qualifications are paid for by the Group, which also supports employees studying by giving them time off for their studies.

Due to the COVID-19 pandemic, there were no new starters in the Claims and Policy Operation Teams, however the Company continues to operate the two-year Milestone Training Programmes for these areas. The training provided in the Claims Department is apprenticeship-style learning, offering the individual the opportunity to develop their understanding of the claims handling process or policy operations and to enhance their customer service skills and technical insurance knowledge.

During the last year we have worked hard to ensure all employees felt included and valued despite the unusual circumstances of working at home for a long period of time. Sabre understood that this was a distressing time for some and a very lonely time for others. Communication was key to bringing our employees together. The use of Slack was encouraged for instant team messaging as well as being able to interact between departments. Team Zoom meetings were encouraged to talk about 'non-work-related topics', these were to replicate the CEO lunches and employee get togethers that were no longer able to happen when employees were working at home. In addition to this, team quizzes, games and group exercise sessions were arranged, and virtual yoga classes were organised with a local provider.

Flexible working hours were offered to allow for employees to allow for a better work/life balance. For those employees who were not able to work from home, the office remained open, in line with government guidelines and social distancing.

### Mental Health & Employee Wellbeing

In 2021, the Group made improving employee mental health and wellbeing a firm focus. To support all employees five individuals volunteered to become a Mental Health Champion, and two to become Mental Health First Aiders, all being formally trained by St John Ambulance. The Company also established a Wellbeing Committee to address employee wellbeing concerns and to promote conversations around mental health and wellbeing and provide support where necessary.

2

Number of Mental Health First Aiders

8

Number of Mental Health Champions

All employees are offered an annual Health and Wellbeing Check and flu vaccinations.



### Diversity and Inclusivity

The Group is fully committed to the elimination of unlawful and unfair discrimination and values the differences that a diverse workforce brings to our organisation. We encourage equality and diversity among our workforce, whilst eliminating unlawful discrimination. During the recruitment and interview process we ensure fair, non-discriminatory and consistent processes are followed, and Sabre has a policy of (where practical) advertising all roles internally to allow employees to progress and develop. Sabre also supports working parents through shared parental leave, enhanced maternity and paternity leave and where possible embraces flexible working for our employees.

#### Sabre's Inclusive, Diversity and Equality Policy aims:

- to promote equality, fairness and respect for all our employees
- to ensure that the Group does not discriminate against an individual, specifically due to their age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation
- to avoid all forms of unlawful discrimination

Sabre provides compulsory diversity and inclusiveness training annually to all of our employees. There is an assessment at the end of each training 'module' which must be passed before completion, thus ensuring a level of understanding is reached. These modules are designed to help employees and enable them to understand how their attitudes and behaviour towards each other can have a negative or positive impact on the workforce as a whole.

The Group operates a Religious Holidays Policy, for employees who wish to observe special religious holidays or festivals. All employees, whatever their religion or belief, will be treated equally in this and all respects.

### Gender Pay Gap

Whilst Sabre has fewer than 250 employees, and therefore is not required to submit a formal statement on its gender pay gap, Sabre has committed to publish its Gender Pay Gap Report on an annual basis. Sabre believes that by publishing this information, the Group is ensuring accountability with regard to gender pay. Sabre's Gender Pay Gap Report is available on the Group's website: [www.sabreplc.co.uk/about-us/corporate-governance/gender-pay-gap-report-2022/](http://www.sabreplc.co.uk/about-us/corporate-governance/gender-pay-gap-report-2022/)

Sabre has reviewed employee salaries and can confirm that those employees with the same job titles and similar length of service are paid similar amounts, as illustrated in the Company's Gender Pay Gap 2021.

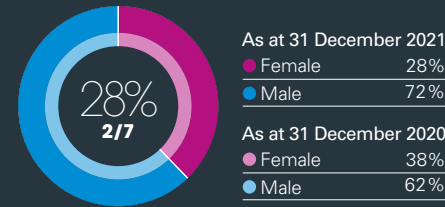
#### Sabre's Approach to Data Protection

Sabre has a GDPR oversight Committee which is chaired by our Data Protection Officer, they meet regularly to review GDPR compliance. The meeting is attended by representatives of all areas of the business, including Compliance and Risk. The standing agenda for the meeting ensures that all breaches are reviewed, emerging risks considered and any follow through training required is identified.

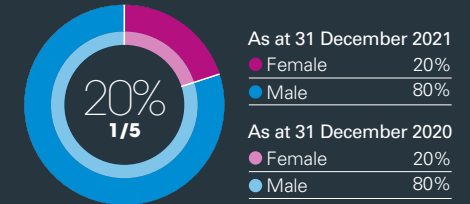
Our employees are trained, at least annually, on Data Protection legislation and the Company's requirements when handling data. This includes online training courses, which include a marked assessment on completion to ensure understanding. Additional ad-hoc training is provided to update on any specific changes or points of interest.

Reporting of Data Protection risks are initially reported to our Data Protection Officer who reports to Ian Clark, Chair of the Risk Committee.

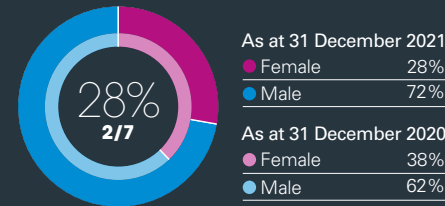
#### Number and % of women on the Board



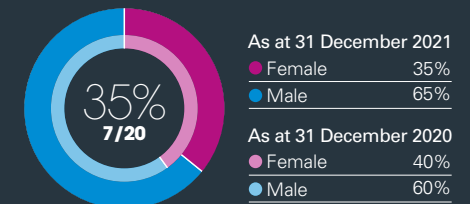
#### Number and % of women on the Executive Committee



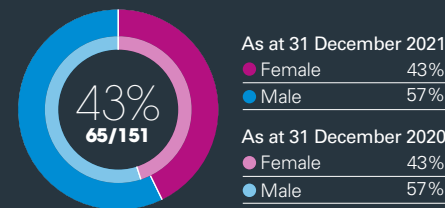
#### Number and % of women on the Leadership Team



#### Number and % of women in senior roles (reporting to members of the Leadership Team)



#### Number and % of women working at Sabre



151  
Employees

57%  
Male

43%  
Female

3

## Our Community

Since 2019, Sabre has operated a charity committee to prioritise and plan fundraising events throughout the year. Our chosen charity is St Barnabas & Chestnut Tree House. Sabre has continued to support these charities throughout the year.

St Barnabas House offers palliative care to people in the local community, both at the hospice and in the comfort of the patient's own home. Chestnut Tree House is a children's hospice caring for over 300 children and young adults with progressive life-shortening conditions.

This year once again the majority of the year was dominated by COVID-19 restrictions. However, Sabre hosted an online quiz, donated food towards the Group's local foodbank and towards the end of the year, Sabre employees raised money by participating in 'Movember'.

By the end of the financial year, Sabre and its employees had raised £7,000 for St Barnabas & Chestnut Tree House. The total donations by the Group and its employees amounted to £23,190, of which £1,010 was raised by employees (2020: £2,535) and £22,180 donated by Sabre (2020: £18,771).

£23,190

Total donation to charity



### Charities we supported in 2021:

African Revival

IGO4 Foodbank

MacMillan

MIND Charity

Movember

NSPCC

RBL

St Barnabus & Chestnut Tree

Stockport Children's Charity

The Change Foundation

4

## Our Partners

Our relationships with partners are designed to be mutually beneficial, fair, and in the best interests of all stakeholders.

### Suppliers

We select our suppliers based upon the value that they can bring to the business and consideration of their core business principles. We consider material suppliers not only in economic terms, but against their governance and environmental credentials.

Commercial terms with our suppliers are negotiated in order to deliver the best value to our shareholders, while also ensuring partners can earn a reasonable profit and sustain a mutually beneficial ongoing relationship. We seek to ensure that all of our suppliers are paid the correct amount, on time.

### Brokers

Approximately 66% of our premium income was sourced through brokers in 2021. Our philosophy when entering into business with brokers is simple: we will provide a fair and sustainable price, available to as many of their customers as possible. In return, they commit to treat their customers fairly, to collect the correct premium from the customer and pass it to us, and to make best efforts to ensure that the policy details provided to us are correct.

We aim to offer fair terms to all brokers, reflecting their long-term profitability to us. We therefore do not offer scheme discounts or other incentives, which might demonstrate preferential treatment in favour of a particular broker.

Our broker on-boarding and audit processes give us the comfort that our brokers are providing customers with a good quality of service while adhering to our high standards.

### Outsourced operations

We engage in several key outsourcing arrangements. In each case, we have developed a fair set of measurable service levels and fee structures designed to deliver best value for both parties. We conduct regular reviews of our key outsourced operations to ensure that they reach the expected levels of employee and customer welfare as well as meeting any regulatory requirements.



5

# Our Environment

Our consideration of the environment falls into two, equally important, categories. Firstly, we must assess, and where possible, mitigate the risks of the changing environment on our business. Secondly, we must consider the impact of our business, both directly and indirectly, on the environment, in particular the impact of greenhouse gas emissions and their contribution to climate change.

We recognise that stakeholders are increasingly interested in both of these issues and as such we look to ensure that we continually review and enhance our efforts and disclosures in these areas, with particular reference to guidance and rules issued by our stakeholders, including the recommendations of the Task Force on Climate-Related Financial Disclosures (“TCFD”) and various statements made by our regulators, and the Streamlined Energy and Carbon Reporting (“SECR”) requirements.

During 2021, we appointed Mazars to assist with our carbon footprint analysis, development of a net-zero roadmap and building out our TCFD disclosures.

### Governance over climate change

The Board takes the ultimate responsibility for identifying and mitigating risks in relation to climate change, and in minimising the Group’s negative impact on the environment. The Board will consider the impact on the Group’s carbon footprint and any other climate-related factors when assessing material strategic or tactical decisions. Climate-related risks and opportunities will form a standard agenda item for the Group’s Risk Committee, with a summary fed back to the Group’s Board. A member of the Board, Adam Westwood (CFO), has been

tasked with taking responsibility for the climate-related strategy and subsequent implementation and reporting. Climate-related risks and opportunities are a standing agenda item for both the Board and Risk Committee and, where appropriate will include updates as to goals and targets set within our net-zero roadmap and any other relevant metrics as they are developed. Further detail on the activities of the Board and Risk Committee can be found in the Governance section of this report on pages 50 to 85.

The management team takes a collegiate approach to the implementation of the Group’s climate goals, with the CFO taking responsibility for leading the overall project. Defined climate-related targets are included within management’s performance objectives. The CFO is assisted by the Group’s Head of IT and Facilities in monitoring and improving the Group’s operational carbon footprint. Information with about climate change is disseminated throughout the Group through the Sustainability Forum, an employee-run Group responsible for assisting the CFO in developing and implementing climate initiatives. The Group’s Environmental Policy forms part of the core induction pack and additional training is delivered as and when necessary.

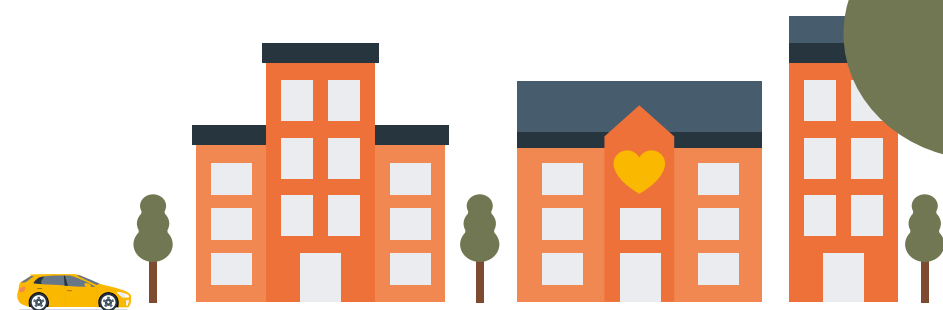
### Strategy for climate change

Climate-related risks and opportunities have been identified and, where appropriate, incorporated into the Group’s risk register. The short, medium and long-term aspects of each risk have been considered.

These risks are summarised in the table below.

Each of these risks has a varying impact of the long, medium and short-term. We define long-term risks as those impacting beyond a 5-year time horizon, medium-term 1 to 5 years and short-term anything impacting within one-year. Although most risks apply from now, with increasing likelihood and severity across subsequent time horizons, we have noted where we believe there may be a more significant step-up in the risk.

Risk/opportunity	Description
<b>Physical operational</b> Primary time horizon: medium-term	The physical risks generated by climate change relate to a changing weather system prevailing over the environment in which we operate. This could include an increase in temperature but is more likely to manifest in an increase in the number and severity of extreme weather events, such as flooding, windstorms, snow and hail.  Operationally, such a change in the weather could impact the ability of employees to attend the office or for the office or other equipment to be able to be used in the ‘normal’ way.  There is the related risk of failure of key IT infrastructure due to extreme weather events in the vicinity of the related hardware.
<b>Physical liability</b> Primary time horizon: medium-term	It appears clear that an increased number of unpredictable extreme weather events will increase the overall cost of claims. While this has much lower potential to have a material impact than in, for example, home insurance, nonetheless this could have a bearing on the cost of claims over time. Our base case scenario is that such events will increase in frequency, but this increase will be slow and over a long period of time, and hence will be reflected in policy pricing across the market in the same way as any other inflationary factor. The more significant risk is that of a more immediate, unexpected and un-priced weather event (such as extreme hail), which could cause significant damage very quickly.



Risk/opportunity	Description
<b>Transitional market reduction</b> Primary time horizon: long-term	The transitional risks (i.e. the impact of moving to a low-carbon economy) are complex. We see the transition as impacting the group in the following ways: <ul style="list-style-type: none"> <li>– An increase in the number of vehicles powered by electricity (or other alternative fuels) as opposed to traditional internal combustion engines</li> <li>– The move away from cars towards mass-transit</li> <li>– A move to car-sharing or using cars for a smaller number of journeys</li> <li>– The introduction of ‘low/ultra-low/no emission zones’</li> <li>– Increased social stigma attached to using a petrol/diesel car</li> <li>– Increased costs of traditional fuel</li> <li>– Introduction of additional carbon taxes</li> <li>– Change to the costs in repairing electric vehicles as compared to petrol cars</li> </ul> We expect that the number of private cars which require insurance (and hence Sabre’s core market) will reduce over time. This could inhibit the Group’s ability to grow and hence requires strategic consideration.
<b>Transitional market change</b> Primary time horizon: medium-term	We expect that that there will be a greater demand for policies which appeal specifically to owners of electric vehicles (the transitional market change risk). We also expect that the cost profile of repairs will change, and hence there is a potential liability cost related to transitional market change. We note that the developments of potential new markets presents both a risk and an opportunity.
<b>Litigation</b> Primary time horizon: long-term	There is a chance that the transition to a low-carbon economy or the occurrence of physical risks could lead to litigation risk. For a Group such as Sabre, which could be seen as ‘contributing’ to the climate problem, we could find ourselves directly litigated against for those impacted negatively by, for example, rising sea levels. Perhaps more likely (but still unlikely) is that litigation is taken in order to stop us being able to undertake our normal-course of business. There is also a potential litigation risk attached to investments which could generate valuation downgrades.
<b>Investments</b> Primary time horizon: long-term	Sabre has an investment portfolio spread across corporate bonds, gilts and government-backed assets. Each individual investment is exposed in some way to the physical and transitional risks related to climate change. Each investment is also an indirect exposure to the carbon footprint of the counterparty. Given the short-tail nature of our investments (average duration c.2 years) the risks attached are far lower than they may be within other large investors, nonetheless we must consider the risk attached to each investment as we enter into it in order to remain alert to our true exposure to climate-related risks.

The impact of climate-related risks and opportunities on Sabre’s business, strategy and financial planning has been assessed and understood. Strategic decision-making takes potential future climate-related risks and opportunities into account, along with the wider stakeholder considerations outlined elsewhere in this report.

The Board intends to take climate-related risks and opportunities into consideration when considering the allocation of capital. ESG credentials are considered within the Group’s investment portfolio, although given the short-term nature of investments held this is relatively light-touch in respect of investments currently held, with greater consideration given to the evolution of the portfolio towards the Group’s net-zero target.

The resilience of the Group’s strategy with respect to climate-related risks has been assessed, with the assistance of a specialist team from Mazars.

Sabre’s exposure to risks associated with climate change has been quantified and stressed under several different scenarios, covering the exposure from investments and insurance liabilities. We have considered each of the above risks in developing our scenario analysis. Of these, the only risks relevant for quantitative modelling at this stage relate to physical liability, as explained in our findings noted below.

Our key findings were that:

1. Sabre’s investments are in cash or short-term (less than five years) fixed interest bonds. Cash carries very little risk from climate change as it is liquid and is not tied up with carbon-intensive activities. Assuming these bonds are held to maturity, then the key investment risk that Sabre carries is if one of the issuers of the bonds default. Sabre’s portfolio is well diversified, and all securities are with carriers with credit rating BBB or above. Furthermore, Sabre’s portfolio is not materially exposed to the key sectors exposed to the largest degree of direct climate change risk. In summary we do not believe that Sabre’s investment portfolio is materially exposed to the risk of climate change.

2. Sabre’s insurance portfolio is a core part of our profit before tax. Sabre provide cover for numerous perils, the key perils exposed to the risk of climate change risk are flood and windstorm. Over the past twelve years windstorm and flood claims have been less than 1% of Sabre’s GEP. Insurance policies are annual contracts that can be repriced as the understanding of risks develops. If a policy generates high claims in one year, Sabre can intervene by declining a renewal or increasing the premium for the next year. Sabre’s portfolio carries some climate-related risk however historically claims from climate-related perils have been low and the risk can be managed by monitoring loss ratios. Therefore, Sabre’s risk from climate-related perils on our insurance portfolio is low.

3. Sabre’s flood capital requirement makes up less than 7% of our total SCR. If Sabre’s flood SCR was uplifted by 20% this would cause less than a 1% increase in Sabre’s total SCR. Therefore, Sabre’s SCR could tolerate some increase in climate capital requirements.

### Managing climate-related risks

A formal risk management process including a risk register is in place, which fully considers climate-related risks and opportunities. The risk register is updated regularly with climate-related risks being added as a standard agenda item during 2022 for the Management Risk and Compliance Forum, following the completion of the climate risks and disclosure review carried out during 2021 and 2022. Where relevant, the Group’s policies are and will be adapted to reflect climate-related risks. Identified climate-related risks are integrated into the Group’s overall risk register and risk management process. Further information on the Group’s risk management processes is provided in the Principal Risks and Uncertainties section of this report on pages 19 to 26 of this report.

### Our investments

Prior to 2020, the Group held its investments almost exclusively in cash and UK government bonds. We consider investment in government bonds to be both a very low-risk environment and a societal

good. During 2020 we modified our investment approach to allow the purchase of non-government bonds as well as agency and supranational investments, albeit with the majority of assets being government-backed. As a result, we introduced a 'climate-friendly' term to our investment agreement whereby 'green' assets should be purchased in favour of less 'green' assets where the assets provide similar returns and profiles. The Company's Investment Committee monitors the 'green' credentials of the investment portfolio through regular reporting by our investment manager, Goldman Sachs Asset Management.

Our influence over entities in which we hold corporate bonds is limited, and we do not hold any equity investments in any entities not directly controlled by the Group. As such, we can exert influence only through our investment choices as described above.

### Our product

The provision of motor insurance, our core operation, is generally environmentally light on a direct basis i.e. excluding any consideration of the environmental impact of the vehicles we insure. Most of our policies are sold online, and administered remotely. However, there are elements of our product offering which can generate a positive impact on the environment. Importantly, we underwrite a significant number of policies for electric and hybrid vehicles. We are happy to take these policies on, and believe that in having done so historically we are able to better price these risks accurately.

23,757.6

Total footprint TCO<sub>2</sub>e

0.59

Operational footprint per employee

### Our metrics and targets

The Group uses its suite of pricing and policy performance information to monitor the impact of climate risks on the business, such as sales volumes, types of vehicles insured, claims frequency and severity and the incidence of severe weather events (which remain immaterial). The primary physical liability risks are therefore monitored and addressed through our normal pricing and reserving processes, while longer-term transitional risks are addressed through monitoring the volumes of our product sold and projecting these volumes into the future. These targets are therefore in-line with our wider corporate objectives, of maintaining our combined operating ratio within our target range through an appropriate response to liability risks while growing the business across the insurance cycle. We do not consider it to be possible, appropriate or strategically relevant to set more granular targets specific targets with respect to climate-related risks and opportunities, beyond those which are disclosed below and relate to our impact on the environment.

The Group has significantly enhanced quantitative climate-related disclosures, with the addition of Scope 3 emissions, stated retrospectively from 2019 onwards. Emissions are contextualised with reference to the Group's employee numbers and gross written premium. We have also taken the opportunity to enhance the accuracy of previously reported figures where possible, and derive a consistent basis for year-on-year comparison.

The Green House Gas ('GHG') emissions data for the Group is set out adjacent, alongside prior years. We are pleased to see the continued decline in our GHG emissions.

We believe our operational activities are consistent with a scenario well-below 2°C, however we have not fully aligned with science-based targets at this stage. We have not set out specific targets with regard to our activities as a holder of invested assets beyond the long-term goal of net-zero emissions across the portfolio by 2050. We

expect to reduce emissions across the portfolio in a controlled manner over time, but must remain somewhat reactive to the net-zero aspirations of investee (and potential investee) entities.

The emissions data is measured in tonnes of carbon dioxide equivalent ("tCO<sub>2</sub>e") and covers:

- i. Scope 1 emissions being direct emissions resulting from combustion of fuel and operation of facilities; and
- ii. Scope 2 emissions being indirect emissions from purchased grid electricity and other energy for own use.
- iii. Scope 3 emissions, being all other indirect emissions which occur in the Group's value chain

Tonnes of CO <sub>2</sub> e/year	2021	2020	2019
Scope 1	41.8	60.5	45.9
Scope 2	42.8	54.2	67.6
Operational footprint	84.6	114.7	113.5
Scope 3	23,673.0	20,280.0	67,654.0
Total footprint	23,757.6	20,394.7	67,767.5
Number of FTE* employees	142	151	157
Operational footprint per employee	0.59	0.76	0.72
Gross written premium	£169m	£173m	£197m
Operational footprint per £m GWP	0.50	0.66	0.57
Building energy usage (KWh)	201,683	232,607	290,115

\*Full-time equivalent ('FTE')

The footprint is calculated in accordance with the GHG Protocol and Carbon Trust ("CT") guidance on calculating organisational footprints. Activity data has been converted into carbon emissions using published emissions factors or appropriate estimation techniques.

GHG emissions have been reported by the three WBCSD/WRI Scopes. Scope 1 includes direct GHG emissions from sources that are owned or controlled by the Company such as natural gas combustion and company owned vehicles. Scope 2 accounts for GHG emissions from the generation of purchased electricity, heat and steam generated off-site. Scope 3 includes all other indirect emissions such as waste disposal, business travel and staff commuting.

All emission sources have been reported on as required under the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended). The reporting period is in line with the Company's financial year, which is the same as the calendar year. In order to provide the most accurate estimate of our GHG emissions, primary (actual) data has been used where it is available, up to date and geographically relevant. Secondary data in the form of estimates, extrapolations and industry averages has been used when primary data is not available. We expect that, as we and our counterparties improve the quality of record-keeping a reporting on GHG emissions, the use of primary data will increase. Given that secondary data is calculated with a considerable degree of conservatism, we expect that increased quality of reporting will reduce the reported levels of GHG emissions.

### Our route to net-zero

We have continued to adjust our ways of working and our working environment to minimise our negative impact on our environment.

The Group has assessed its carbon footprint and concluded that it is appropriate to set a target for net-zero emissions. The target has been set having considered the Group's current footprint along with an assessment the level of influence held by the Group and expected societal trends.

We have set our goal to achieve net-zero emissions by 31 December 2050. This reflects the need for significant change to occur within the Group's supply chain, societal moves towards low-carbon transport and a reduction in the carbon footprint of key investable assets, such as government-backed securities. We have set our targets, which are absolute as opposed to intensity-based, with reference to 2019 as a base year. Performance indicators relate primarily to the completion of activities driving our net-zero roadmap, rather than the resultant quantitatively-measured reduction at this stage, although we will continue to monitor Scope 1, 2 and 3 emissions against our expected reductions over time.

We have set a more immediate goal of 31 December 2030 for the Group to report operational carbon neutrality. This, effectively, is the reduction of the Group's Scope 1 and 2 emissions to zero or, where this is not possible, temporary use of targeted carbon offsetting. We have set out our net-zero roadmap, which is published on the Group's website ([www.sabreplc.co.uk/about-us/corporate-governance/sustainability](http://www.sabreplc.co.uk/about-us/corporate-governance/sustainability)). Management targets set for 2022 and beyond include the achievement of specific activities in relation to this plan. Our baseline position against which the roadmap has been set is 2019, the last full-year not impacted by COVID-19 and related disruption to normal working practice. Since 2019, several activities have already been carried out:

- Switch to automated on/off lighting in order to reduce in-office power usage
- A significant reduction in the use of paper and printing, reducing the waste produced by the Group

- The establishment of a Sustainability Forum, which has enhanced employee engagement in sustainability issues and aided in the generation of our net-zero roadmap
- The introduction of a tax-efficient electric car scheme available to all employees
- The introduction of a 'working from home' day each week for most employees, reducing the impact of travelling to the office

Our roadmap is a 'live' document, which will constantly evolve as we continue to interrogate our activities and the available solutions.

### Statement of compliance with TCFD recommendations

In preparing the Responsibility and Sustainability section of the Annual Report, we have made disclosures consistent with those recommended by the TCFD and intend to achieve full compliance with the recommendations as a consensus view of sufficient and complete disclosure becomes clear. In particular, we note certain areas of potential non-compliance below. All of the relevant disclosures are made within this section of the Annual Report.

The Group is at an early stage in its journey with respect to gaining a full understanding of the impact of climate change on the business. Steps have been taken to ensure that consideration of both the effects of climate change and the Group's impact on the environment is embedded within the Group's culture at all levels. As such, we expect our understanding and the related disclosure to evolve over the coming years. We note the following areas in which we intend to enhance disclosure in future periods:

- **Governance 1a:** Describe the Board's oversight of climate-related risks and opportunities
- **Metrics and Targets 4a:** Organisations should disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process

- **Metrics and Targets 4c:** Organisations should describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets

Sabre is currently working to develop the enhanced metrics that will be used to monitor and report climate-related risks and opportunities to the Board. Sabre is currently working to develop an appropriate tranche of data metrics and targets by which to monitor climate-related risks, beyond GHG emissions. Additionally, Sabre is looking to enhance its existing GHG metrics to include emissions from financial instruments we own.

- **Strategy 2b:** The organisations' disclosures should reflect a holistic picture of the interdependencies among the factors that affect their ability to create value over time

Sabre is developing further climate-related scenario analysis on our underwriting activities which enable us to better describe the impact of climate-related risks and opportunities on our businesses, strategy, and financial planning.

- **Strategy 2c:** Organisations should describe how resilient their strategies are to climate-related risks and opportunities, taking into consideration a transition to a low-carbon economy consistent with a 2°C or lower scenario and, where relevant to the organisation, scenarios consistent with increased physical climate-related risks

As part of the climate-related scenario analysis noted above we will continue to develop our strategy to be resilient to climate-related risks and in particular a low-carbon economy consistent with a 2°C or lower scenario.

## 6

# Our Shareholders

We aim to operate a responsible and sustainable business, while continuing to deliver our core strategy. We engage frequently with our shareholders, who support our efforts to operate a fair and inclusive workspace while minimising any negative impact on our environment.

Over recent years, shareholder expectations have increased significantly as to the level of disclosure required in this area, and a move from passively reporting our status to actively evolving the business in order to show continuous improvement across all areas. In order to achieve this, we appointed the Chief Financial Officer to establish our ESG framework, and to ensure that sufficient, accurate and timely information is provided to stakeholders.



## Chair's Governance Letter



**ANDY POMFRET**  
Chair



### Dear Shareholders,

This report explains Sabre's governance framework, how Sabre applies the provisions of the UK Corporate Governance Code and includes the committee reports from the Audit, Risk, Nomination and Governance, and Remuneration Committees.

The Board is committed to high standards of corporate governance and has worked to ensure application of all of the main principles of the UK Corporate Governance Code. The Board consists of seven Directors who have the appropriate balance of skills, experience, independence and knowledge of the Company to oversee the strategy of the Group, review management performance and set the Company's values and standards to ensure that its obligations to its shareholders and other stakeholders are met. The Company's strategy, culture and purpose are aligned and discussed at every Board meeting. All of the Non-executive Directors who serve on the Board are independent, and further information about our Directors and the experience they bring to the Company is set out on pages 47 to 49 of this Annual Report.

Late in the year, Catherine Barton, Non-executive Director and Chair of the Audit Committee, resigned from the Board, to pursue an executive position with another insurance company. Her resignation was with effect from 26 November 2021, and we wish her all the best in her new role.

The Board have started their recruitment to find an additional Non-executive Director. In the meantime, Ian Clark will chair the Company's Audit Committee. The Audit and Risk Committees, despite temporarily having the same Chair, remain separate committees, with their own schedule of matters and terms of reference.

### Annual General Meeting

Sabre's Annual General Meeting will provide shareholders with the opportunity to vote on the resolutions put to them and, for those shareholders who attend, to ask questions of the Directors, including the Chairs of the Committees. The Notice of Meeting will be sent to shareholders and the result of the Annual General Meeting votes on all resolutions will be published on the Company's website.

We look forward to engaging with you and to meeting shareholders at our forthcoming Annual General Meeting, which will be held at 9:30am on 25 May 2022 at the Company's offices at Old House, 142 South Street, Dorking, RH4 2EU.

**ANDY POMFRET**  
Chair

21 March 2022

# Board of Directors



**ANDY POMFRET**  
Company Chair



\* On appointment as Company Chair  
\*\* Interim basis



**GEOFF CARTER**  
Chief Executive Officer



**ADAM WESTWOOD**  
Chief Financial Officer



**IAN CLARK**  
Non-executive Director



**KAREN GEARY**  
Non-executive Director



**MICHAEL KOLLER**  
Non-executive Director



**REBECCA SHELLEY**  
Senior Independent Director  
and Non-executive Director



**KEY**



Chair of Committee



Audit Committee member



Nomination and Governance Committee member



Remuneration Committee member



Risk Committee member



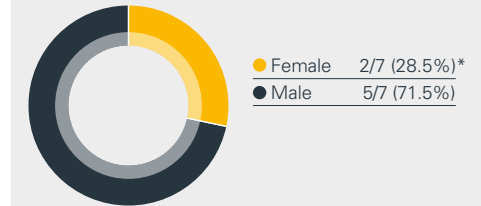
Independent



Non-executive Director responsible for Employee Engagement

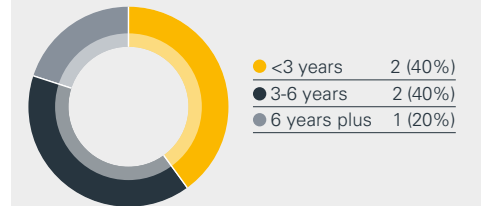
As at 31 December 2021

**Board Gender Diversity**



\* Prior to Catherine Barton's resignation this was Female 3/8 (37.5%) and Male 5/8 (62.5%).

**Chair and Non-executive Directors' Tenure**



Skill and Experience	Number of Directors	% of the Board
Boardroom Experience*	6	85
ESG Experience	4	57
Financial Expertise	4	57
HR Expertise	2	28
International Experience	6	85
Innovation Expertise	3	42
Insurance Industry Experience	6	75
IT/Digital/Cyber Expertise	1	14
Legal Expertise	2	28
Marketing Expertise	4	57
Operation Expertise	4	57
Regulatory Experience	6	85
Risk Management Expertise	6	85

\*experience outside of Sabre, such as Chair, Non-executive Director or Chief Executive Officer





**ANDY POMFRET**  
Company Chair



#### Appointment

Andy Pomfret was appointed Non-executive Director and Senior Independent Director of Sabre Insurance Group plc in February 2018 and Chair of the Company in September 2020.

#### Skills and experience

Andy has extensive experience of working in the financial services sector and with UK listed companies both as an Executive and Non-executive Director. After qualifying as an accountant with KPMG, he spent 13 years with Kleinwort Benson as a corporate financier, venture capitalist and finance director of the investment management and private banking division. In 1999 he joined Rathbone Brothers plc as Finance Director, and then served as Chief Executive Officer from 2004 until 2014. In 2003, he started his non-executive career, joining the board of Beazley plc where he chaired the Audit and Remuneration Committees and was the Senior Independent Director. During the last seven years Andy has been a Non-executive Director of a number of public and private companies, including Sanne plc, Aberdeen New Thai Investment Trust plc, and Miton UK MicroCap Trust plc. He was a founder member of the Prudential Regulation Authority Practitioner Panel and he holds an MA from Queens' College, Cambridge.

\* On appointment as Company Chair

\*\* Interim basis



**GEOFF CARTER**  
Chief Executive Officer

#### Appointment

Geoff Carter was appointed Director and Chief Executive Officer of Sabre Insurance Group plc in September 2017 (when the Company was incorporated) and has been a Director of Sabre Insurance Company Limited since 2015, when he joined as Chief Operating Officer, and became Chief Executive Officer in May 2017.

#### Skills and experience

Prior to joining the Group, Geoff was Chief Executive Officer of Tesco Underwriting Limited and has over 20 years' experience in managing insurance operations. Prior to that, Geoff was employed by Ageas Insurance UK as Managing Director of Ageas Insurance Solutions Limited. He also spent seven years at Churchill Insurance, both prior to and following its acquisition by Royal Bank of Scotland plc ("RBS"), and was subsequently seconded to TescoCompare.com to launch a joint venture between Tesco plc and RBS.

He is a Chartered Insurer and holds a Master of Business Administration from Sheffield Business School and a Postgraduate Diploma in Marketing from the Chartered Institute of Marketing.



**ADAM WESTWOOD**  
Chief Financial Officer

#### Appointment

Adam Westwood was appointed Director and Chief Financial Officer of Sabre Insurance Group plc in September 2017 (when the Company was incorporated), has been a Director and Chief Financial Officer of Sabre Insurance Company Limited since September 2016. Adam joined Sabre as Financial Controller in 2014.

#### Skills and experience

Adam is a qualified chartered accountant, having joined Ernst & Young LLP's insurance audit team in 2006 and qualified as a Chartered Accountant in 2009. Adam has over 10 years' experience of the insurance sector and holds a BSc (Hons) degree in Physics and Business Studies from the University of Warwick.



**IAN CLARK**  
Non-executive Director



#### Appointment

Ian Clark was appointed a Non-executive Director in September 2017 (when the Company was incorporated) and has been a Non-executive Director of Sabre Insurance Company Limited since May 2014.

#### Skills and experience

A chartered accountant, Ian has a strong finance background and significant recent and relevant accounting experience as well as extensive knowledge of the UK insurance market. Ian was a partner in Deloitte and its predecessor firms between 1990 and 2014, where he led the Strategy and Corporate Finance practice for the insurance sector. Ian is a Non-executive Director at Aviva Insurance Limited and is Chair of Mighty Quin Consulting Limited, a company through which he provides strategic advice within the insurance industry.



**KAREN GEARY**  
Non-executive Director



#### Appointment

Karen Geary was appointed as Non-executive Director of Sabre Insurance Group plc in December 2020.

#### Skills and experience

Karen brings over 20 years of executive leadership experience across start-up and listed blue-chip organisations, as well as international HR and business transformation experience across a variety of industries, particularly in Europe and the US. In addition to her role at Sabre, Karen also holds external appointments as a Non-executive Director and Chair of the Remuneration Committee of National Express Group plc, as a Non-executive Director and Chair of the Remuneration Committee of ASOS plc, and as a Non-executive Director and Chair of the Remuneration Committee of PageGroup plc. Karen is a former FTSE100 HR director with an extensive track record in the technology industry. Between 1998 and 2013, Karen was with The Sage Group plc, where she built and led the HR function as Group HR Director and from 2004 was a member of the Executive Committee. Subsequent to this Karen held senior positions with a US based software business, followed by a FTSE 100 software company which she originally joined as Non-executive Director and Chair of the Remuneration Committee. Since 2019 Karen has pursued a non-executive portfolio career.



**MICHAEL KOLLER**  
Non-executive Director



#### Appointment

Michael Koller was appointed a Non-executive Director of Sabre Insurance Group plc in September 2020.

#### Skills and experience

Michael brings extensive experience of working in the financial services sector with both Swiss and UK listed companies, in particular insurance and reinsurance businesses. For the past nine years, Michael was with Prudential plc, where he was Group Risk Director and a member of the subsidiary board Audit and Risk Committees. From 2008 to 2011, Michael was Chief Risk Officer at Aviva Europe, where he was also a member of the European Executive Board. Michael was Group Chief Actuary at Partner Re in 2007–2008 and spent 2005–2007 as Chief Regulatory Officer at Swiss Re. Prior to this, Michael spent 11 years in a number of different roles at Swiss Life including serving as a Chief Risk Officer on the Executive Board. Michael is currently a Non-executive Director at Sanitas AG in Switzerland and is Chief Risk Officer for Amlin AG Zurich. Alongside his executive roles, since 1995, Michael lectures at the Federal Institute of Technology, Zurich (ETHZ) as a titular professor of mathematics. He holds a PhD in Mathematics from ETHZ.



**REBECCA SHELLEY**  
Senior Independent Director  
and Non-executive Director



#### Appointment

Rebecca Shelley was appointed a Non-executive Director of Sabre Insurance Group plc in October 2017 and became Senior Independent Director from September 2020.

#### Skills and experience

Rebecca brings extensive commercial and financial services experience to the Board, as well as her background of market-facing roles at listed companies. Having been Investor Relations and Corporate Communications Director at Norwich Union plc from 1998-2000, Rebecca moved to Prudential plc in 2000, starting as Investor Relations Director, and then became Group Communications Director with a seat on their Group Executive Committee. From 2012 to 2016, Rebecca was the Group Communications Director of Tesco plc and a member of their Executive Committee. During this time she held positions on the board of the British Retail Consortium and was a trustee of the Institute of Grocery Distribution. Most recently Rebecca spent three years at TP ICAP plc as Group Corporate Affairs Director, and was a member of the Global Executive Committee.

She holds a BA (Hons) in Philosophy and Literature from the University of Warwick, and has an MBA in International Business and Marketing from Cass Business School. Rebecca is also a Non-executive Director at Hilton Food Group, Liontrust Asset Management and ARRACO Global Markets.

#### Changes throughout the year:

**CATHERINE BARTON**  
Non-executive Director

#### Appointment and Resignation

Catherine Barton was appointed a Non-executive Director of Sabre Insurance Group plc in October 2017 and left the Board with effect 26 November 2021

#### Skills and experience

Catherine has extensive insurance and actuarial experience. She began her career with Bacon & Woodrow, becoming a fellow of the Institute of Actuaries in 1999, before moving to Deloitte LLP, where she became a partner in 2005 and led the UK and overseas markets retail insurance actuarial team. Between 2010 and 2015, she was a partner within the general insurance actuarial team of Ernst & Young LLP. Catherine worked as Commercial and Finance Director of Bupa's UK business from 2015 to 2017 and as General Manager of Bupa Dental Care in 2018. During 2020-2021 she was Chief Financial Officer of Talbot Underwriting Ltd. She has significant and relevant financial experience gained from these roles and she holds a MA (Hons) degree in Mathematics from the University of Oxford.

# Governance Report

## UK Corporate Governance Code Compliance

The Board is committed to the high standards of corporate governance across the Group and supports the principles laid down in the UK Corporate Governance Code (the 'Code'), as issued by the Financial Reporting Council. The Board considers that the Company was compliant with all of the principles and provisions of the Code during the financial year ended 31 December 2021, apart from the interim appointment of Andy Pomfret to the Audit Committee, whilst the Board recruits an additional Non-executive Director. A copy of the Code is available on the Financial Reporting Council's website at [www.frc.org.uk/directors/corporate-governance-and-stewardship/uk-corporate-governance-code](http://www.frc.org.uk/directors/corporate-governance-and-stewardship/uk-corporate-governance-code)

To ensure the Group remains fully compliant with the principles of the Code, the Board reviews and addresses its training and development needs by attending various seminars and teach-ins from advisers at Board meetings, and in 2021 completed an internal Board Effectiveness Review, which evaluated the performance of the Board, its Committees, and the Company Chair.

## Leadership

The Company Directors and details of their experience and the date of their appointment are set out on pages 48 and 49.

As at 31 December 2021, the Board had seven Directors: The Company Chair, two Executive Directors, and four Non-executive Directors. The independence of the Non-executive Directors is reviewed annually in accordance with the criteria set out within Provision 10 of the Code, and it is confirmed that all of the Company's Non-executive Directors remained independent as at 31 December 2021. Board Directors recognise the need and importance of acting with integrity, and do so in their roles as Directors of the Company.

All of the Directors bring strong judgement to the Board's deliberations. During the year the Board was of sufficient size and diversity that the balance of skills and experience was considered to be appropriate for the requirements of the business. As mentioned in the Chair's Governance Letter, Catherine Barton left the Board in November 2021, and the Board have begun to recruit an additional Non-executive Director to join the Board.

## The Board

The Board is collectively responsible for setting the Company's strategic aims and providing the leadership to put them into effect through the management of the Group's business within the Company's governance framework. It does this by setting the Group's strategy and ensuring that appropriate standards, controls and resources are in place for the Company to meet its obligations, and also by reviewing Management's performance. This includes ensuring that the Company has a Code of Conduct, which sets out the Group's policy of conducting all business affairs in a fair and transparent manner and maintaining high ethical standards in dealings with all relevant parties. The Code of Conduct is available at [www.sabreplc.co.uk/about-us/code-of-conduct/](http://www.sabreplc.co.uk/about-us/code-of-conduct/)

In order to ensure there is a clear division of responsibilities between the Board and the running of the business, the Board has a formal Schedule of Matters and Matters Reserved for the Board, which confirms what decisions are reserved for the Board. These documents are reviewed on an annual basis and include the Group's strategic aims; objectives and commercial strategy; governance and regulatory compliance; structure and capital; financial reporting and controls; internal controls and risk management; major capital commitments; major contracts and agreements; shareholder engagement; remuneration of senior executives; material corporate transactions; and any changes to the Schedule of Matters and Matters Reserved for the Board.

## Governance Framework

### Shareholders

### Chair

The Chair is responsible for the leadership of the Sabre Insurance Group plc Board (the 'Board') and for ensuring that it operates effectively through productive debate and constructive challenge.

### The Board

The Board is responsible for providing leadership to the Group. It does this by setting strategic priorities and overseeing their delivery in a way that is aligned with Sabre's culture and enables sustainable long-term growth, whilst maintaining a balanced approach to risk within a framework of effective controls and taking into account the interests of a diverse range of stakeholders. Decisions and matters which are reserved for the Board, are contained in the Board's Schedule of Matters and Matters Reserved for the Board.

### Board Committees

Each Committee has a set of Terms of Reference, which are agreed by the Board and approved annually. They are all available in the Governance section of Sabre's corporate website at [www.sabreplc.co.uk](http://www.sabreplc.co.uk)

The key responsibilities of each Committee are set out below.

#### Audit Committee

To monitor the integrity of the Group's accounts, and the adequacy and effectiveness of the systems of internal control.

To monitor the effectiveness and independence of the internal and external auditors

The Audit Committee report can be found on page 54.

#### Risk Committee

To monitor and review the effectiveness of the risk management and compliance framework and internal controls.

The Risk Committee Report can be found on page 57.

#### Nomination & Governance Committee

To keep under review the composition, structure and size of, and succession to, the Board and its Committees.  
To provide succession planning for the Executive Team and the Board, leading the process for all Board appointments.  
To evaluate the balance of skills, knowledge, experience and diversity on the Board.

The Nomination and Governance Committee Report can be found on page 59.

#### Remuneration Committee

To set remuneration for all Executive Directors and the Chair.

To oversee the Company's Remuneration Policy and practices and take these into account when setting the policy for Directors' remuneration.

Oversight of wider employee reward policies.

The Remuneration Committee Report can be found on page 61.

### Chief Executive Officer

Responsible for the day-to-day running of the Group's business and performance, and the development and implementation of strategy.

### Executive Team

Supporting the Chief Executive Officer in developing the Group's strategy and its implementation..

## Board Meetings

The Board meets at least six times a year with supplementary ad-hoc meetings as required. There is a planned cycle of activities, managed through the Schedule of Matters and Matters Reserved for the Board, and a formal agenda is prepared for each Board and Committee meeting. Minutes and a follow-up list of matters arising from each Board and Committee meeting are maintained, and reviewed at every meeting. In addition to this, verbal updates are provided by each Committee Chair at the following Board meeting.

## Company Secretary

The Company Secretary acts as Secretary to the Board and to all of its Committees. The appointment or removal of the Company Secretary is a matter for the Board as a whole. The Company Secretary assists the Chair in ensuring that the Board and the Company has the appropriate policies, processes, information, time and resources they need to fulfil their duties and in order to function effectively and efficiently. Aneka Kingan has been the Group's Company Secretary since early 2018.

## Non-executive Directors

Along with the Chair and Executive Directors, the Non-executive Directors are responsible for ensuring the Board and its Committees fulfil their responsibilities. It is the Non-executive Directors' role to provide constructive challenge, strategic guidance, offer their respective specialist advice and hold Management to account. The Non-executive Directors combine broad business and commercial experience, in particular in the financial services and insurance sectors, with independent and objective judgement and they provide independent challenge to the Executive Directors. The balance between Non-executive and Executive Directors enables the Board to provide clear and effective leadership across the Group's business.

## Board Committees

In order to provide effective oversight and leadership, the Board has delegated certain aspects of its responsibilities to the following committees of the Board ("Committees"):

- The Audit Committee
- The Risk Committee
- The Nomination and Governance Committee
- The Remuneration Committee
- The Disclosure Committee

The Terms of Reference of these Committees are approved by the Board, reviewed annually and are available on the Company's website at [www.sabreplc.co.uk/about-us/corporate-governance/](http://www.sabreplc.co.uk/about-us/corporate-governance/)

The Committee Reports are set out on pages 54 to 81. It is noted that the Disclosure Committee did not meet during the year and does not have a Committee Report.

## Board and Committee Meetings

The attendance of Directors at Board and Committee meetings held in the financial year ended 31 December 2021 is illustrated in the table on page 52. During the year the Board reviewed and amended the membership of its Committees, with Ian Clark leaving the Remuneration Committee early in 2021, and upon Catherine Barton's departure, Ian became Chair of the Audit Committee, and Andy Pomfret joined both the Audit Committee and Risk Committee. Details of the membership of each Committee can be found in each relevant Committee Report. The activities of the Board during the year are set out below and the reports from each of these Committees are set out on pages 54 to 81 of this Annual Report.

During the financial year ended 31 December 2021, the Board scheduled and formally met six times, during which it reviewed, discussed and approved:

- the performance of the Company
- the announcement relating to the financial year ending 31 December 2020
- the 2020 Annual Report and Accounts, including the Committee reports, Viability and Going Concern Statements
- the Notice of Meeting and Proxy Form for the 2021 Annual General Meeting
- the 2021 Half Year Results, Q1 and Q3 Trading Statements
- the Company's strategy, including the development of motorcycle insurance
- the payment of the dividends, including the final dividend for the financial year ending 31 December 2020, and an interim dividend for the financial year ending 31 December 2021
- the results of the Company's 2020 Board Effectiveness Review
- the 2022 budget
- the impact of COVID-19 on the Company's financial position and performance, on its employees, on its customers and other stakeholders

## Division of responsibilities

The Chair is primarily responsible for leading the Board, setting its agenda, promoting a culture of openness and debate and monitoring its effectiveness. The Chair is supported by the Senior Independent Director, who acts as a sounding board and serves as an intermediary for the other Directors. Neither the Chair, nor the Senior Independent Director, are involved in the day-to-day management of the Group. Save for the Schedule of Matters and Matters Reserved for the Board, the Chief Executive Officer (with the support of the Executive Team) is responsible for proposing the strategy to be adopted by the Group, running the business in accordance with the strategy agreed by the Board and implementing Board decisions. The Board has approved the clear division of responsibilities between the Chair, Chief Executive Officer and Senior Independent Director, as shown in the table below. The division of responsibilities is reviewed annually.

### Chair

- Sets the Board agenda primarily focusing on strategy, performance, value creation, culture and stakeholders
- Ensures the Board has an effective decision-making process, demonstrating objective judgements and constructive challenge
- Ensures the Board has an appropriate balance of skills, knowledge, experience and diversity
- Leads the induction and development plans for new and existing Board members
- Communicates with major shareholders and ensures the Board understands their views
- Ensures the Board receives accurate, timely and clear information
- Leads the annual Board evaluation

### Senior Independent Director

- Supports the Chair in the delivery of his objectives
- Acts as a sounding board for the Chair and serves as an intermediary for the other Directors
- Is available to shareholders if they have concerns that cannot be resolved through the normal channels
- Works with the Chair and other Directors and shareholders to resolve significant issues where necessary
- Leads the annual performance evaluation of the Chair

### Chief Executive Officer

- Runs the Group's business and delivers its commercial objectives
- Proposes and develops the Group's strategy, in close consultation with the Executive Team, the Chair and the Board
- Implements the decisions of the Board and its Committees
- Ensures operational policies and practices drive appropriate behaviour, in line with the Group's culture
- Leads the communication programme with key stakeholders, including employees.
- Ensures Management provides the Board with appropriate information and necessary resources

In addition, the Board and the Committees regularly received updates, reports and presentations from other senior employees including the Chief Actuary, the Claims Director, the Chief Risk Officer, the Company Secretary, the Head of IT and Business Systems and the Head of Compliance.

This year the Board continued with face-to-face meetings, where possible and in line with the health and safety requirements to ensure that the meetings were COVID-19 compliant. Where this was not possible, due to the government restrictions, safety concerns, and the need for self-isolation, the meetings were held by videoconference.

### Effectiveness

The Board is structured to provide the Company with an appropriate balance of skills, experience, knowledge and independence to enable it to discharge its duties and responsibilities effectively. Given the nature of the Group's business, insurance, actuarial and accounting experience as well as experience of the financial services sector is clearly of benefit and this is reflected in the composition of the Board and its Committees.

### Diversity

The Board recognises that it is vital that it is diverse in its make-up to ensure creative and innovative thinking, improved decision-making and that it leads to better outcomes for the Company. Diversity is a key factor in reviewing the Board's composition and recommending appointments. When recruiting, the Board requires that the headhunters provide diverse shortlists, and ensures that all Board appointments are based on merit. As at 31 December 2021, the Board has two female Directors, out of seven, which is the equivalent to 28.5% of the Board being female, however prior to Catherine Barton's departure, this figure was 37.5%. The Board is looking to address its diversity further in 2022.

### Induction and ongoing professional development

The Board has a thorough induction programme for Directors to participate in upon joining the Board. This programme is monitored by the Chair and is the responsibility of the Company Secretary. Depending upon their qualifications and experience, the programme includes presentations and briefings, meetings with Board Directors, senior Management, and external advisers, and visits to the Company's office in Dorking, Surrey.

The ongoing professional development of the Directors has been reviewed by the Board and its Committees. The Chair reviews and agrees the training and development needs with each of the Directors during each year. Directors have the opportunity to highlight specific areas where they feel their skills or knowledge would benefit from development as part of the Board evaluation process, and are encouraged to continue their own professional development through attendance at seminars and conferences. Directors confirm annually that they have received sufficient training to fulfil their duties.

### Information and advice

Directors are provided with appropriate documentation at least a week in advance of each Board and Committee meeting. The Company uses an online platform to securely and efficiently distribute its Board and Committee papers, which maximises information security and has minimal environmental impact. All Directors have access to the advice and services of the Company Secretary for information and guidance, and she is responsible for ensuring that all Board procedures have been complied with. Directors may also obtain independent professional advice at the Company's expense if they believe it is required in the furtherance of their duties. No such advice was sought by any Director during the year.

### Time commitment

As part of the appointment process and their annual review the Non-executive Directors each confirm that they are able to allocate sufficient time to the Company to discharge their responsibilities effectively and Directors are expected to attend all scheduled Board meetings, relevant Committee meetings, the Annual General Meeting and any general meeting of the Company.

The other public company commitments of the Chair and the other Directors are as indicated in their biographies on pages 48 to 49. Each Director is required to seek permission from the Chair and the Board before accepting additional commitments. This is to ensure that additional appointments are not be a conflict of interest and that the Director will have sufficient time to continue in their role at Sabre. The Board is satisfied that the Chair and each Non-executive Director are able to allocate sufficient time to enable them to discharge their duties and responsibilities effectively.

### Attendance by Directors at scheduled Board and Committee meetings

number attended/number required to attend

Director	Board	Audit Committee	Risk Committee	Nomination & Governance Committee	Remuneration Committee
Catherine Barton*	5/6	4/5	4/5	3/3	–
Geoff Carter	6/6	–	–	–	–
Ian Clark**	6/6	5/5	5/5	3/3	2/2
Karen Geary	6/6	–	–	3/3	4/4
Michael Koller	6/6	5/5	–	3/3	4/4
Andy Pomfret***	5/6	1/1	1/1	3/3	–
Rebecca Shelley	6/6	–	5/5	3/3	4/4
Adam Westwood	6/6	–	–	–	–

\* Catherine Barton left the Board with effect from 26 November 2021.

\*\* Ian Clark left the Remuneration Committee with effect from 1 April 2021.

\*\*\* Andy Pomfret joined the Audit and Risk Committees with effect from 25 November 2021.

Decisions at Board meetings are taken by a majority of the Directors and in the case of an equality of votes the Company's Articles of Association ("Articles") provide that the Chair has a second or casting vote. The Board considers that no single Director can dominate or unduly influence decision-making. During the year, the Chair and the Non-executive Directors met without the Executive Directors, and the Non-executive Directors met without the Chair present.

### Performance evaluation

The Board recognises the importance of evaluating annually the performance and effectiveness of the Board, its Committees, the Chair and individual Directors. During the year a formal annual review of the performance of the Board, its Committees, the Chair and individual Directors was completed. This year the process consisted of an internally facilitated exercise led by the Chair and assisted by the Company Secretary. The questionnaire used as part of the process consisted of questions covering the Board, the Committees and Chair's performance and was completed by all of the Directors of Sabre Insurance Group plc and Sabre Insurance Company Limited (the Group's operating subsidiary). The individual Directors' performance was reviewed by the Chair. It is confirmed that all Directors fully engaged with the process, and it was concluded that the Board, its Committees and the Chair were operating effectively. Following the Board Effectiveness Review the Board decided to continue to focus on building strong relationships between the Board members, notably because of the lack of meetings in person due to the COVID-19 pandemic.

### Appointment of Directors

The Articles provide that Directors may be appointed by the Board or by the Company by ordinary resolution. A Director appointed by the Board may only hold office until the next following Annual General Meeting of the Company after their appointment and is then eligible for election by the shareholders. The Board through the Nomination and Governance Committee has reviewed and adopted the Code recommendation that all Directors should be subject to annual re-election (in compliance with Code Provision 18). During 2021, all of the Directors stood for election or re-election at the Annual General Meeting, and were successful in their appointment or reappointment.

Further details regarding the terms of appointment and remuneration for the Executive Directors and Non-executive Directors are set out in the Annual Report on Directors' Remuneration (on pages 71 to 81) and their service contracts and terms of appointment are available for inspection in accordance with the Code at the Company's office and at the Company's Annual General Meeting.

### Conflicts of interest

The Board has established a procedure to deal with Directors' conflicts of interest which complies with the Company's Articles and the provisions in section 175 of the Companies Act 2006. Schedules of a Director's actual or potential conflicts are compiled based on disclosures made by the Director. These are updated and reviewed on an annual basis in addition to conflicts or potential conflicts being considered at the beginning of Board meetings.

### Accountability

The Board, through the Audit Committee, reviews the Company's financial and business reporting and maintains the Company's relationship with its auditors, the details of which are set out in the Audit Committee Report on pages 54 to 56. Through the Risk Committee, the Board receives reports regarding the Company's risk management, compliance and internal control systems, the effectiveness of the Group's systems of risk management and internal controls. Further details of this are set out in the Risk Committee Report on pages 57 to 58.

### Anti-Bribery and Corruption

As part of Sabre's commitment to preventing bribery and corruption, the Group has an Anti-Bribery and Corruption Policy, which is reviewed and approved annually by the Board.

The Company operates an Anti-Bribery and Corruption Policy to prevent and prohibit bribery, in line with the Bribery Act 2010. The Company will not tolerate any form of bribery by, or of, its Directors, employees, agents or consultants or any person or body acting on its behalf, and no such incidents occurred in the financial year ending 31 December 2021.

The policy covers:

- the main areas of liability under the Bribery Act 2010
- the responsibilities of the Directors, employees and associated persons acting for, or on behalf of, the Company
- the consequences of any breaches of the policy

### Modern Slavery

Sabre annually considers the 2015 Modern Slavery Act. Sabre has a zero-tolerance approach to any form of slavery and human trafficking and confirms to the best of its knowledge that there is no slavery or human trafficking within its supply chain. The Company's Modern Slavery Statement is reviewed and approved by the Board on an annual basis and can be found on the Company's website [www.sabreplc.co.uk/about-us/corporate-governance/modern-slavery-statement](http://www.sabreplc.co.uk/about-us/corporate-governance/modern-slavery-statement)

### Whistleblowing arrangements

The Company has a Whistleblowing Policy, which enables and encourages employees to report in confidence any possible improprieties in either financial reporting or other matters to an external hotline.

### Remuneration

Details of the Directors' remuneration and the work of the Remuneration Committee as required by the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) can be found in the Annual Report on Directors' Remuneration on pages 71 to 81. Although the Company does not formally engage with its employees on executive remuneration, the Board engages with employees via the designated Non-Executive Director for workforce engagement, Ian Clark, who is appointed to represent employee opinions at the Board. Ian leads on ensuring effective engagement with employees and regularly feeds back to the Committee and the Board following his meetings with employees. Although this process does not currently include an active two-way dialogue with the employees on executive pay but the approach is being kept under review.

### Relations with Shareholders

Through this Annual Report and, as required, through other periodic announcements, the Board is committed to providing shareholders with a clear assessment of the Company's position and prospects. The Board recognises the importance of engaging constructively with shareholders and, during the year, the Chief Executive Officer, Chief Financial Officer and Company Secretary continue

to engage with shareholders through investor presentations, conferences and roadshows, ensuring they are up to date with their views. These views are regularly shared with the Board, and the Chair and the Senior Independent Director remain available to meet shareholders separately to discuss any issues or concerns they may have. The Board keeps shareholders informed primarily by way of the Annual Report, Half Year Results, Trading Statements and the Annual General Meeting. This information and other significant announcements of the Group will be released to the London Stock Exchange and will be available on the Company's website [www.sabreplc.co.uk/investors/regulatory-news](http://www.sabreplc.co.uk/investors/regulatory-news)

### Major shareholders

The holdings of our major shareholders can be found on page 83 of this Annual Report.

### Share register

The share register is managed on the Group's behalf by Equiniti who can be contacted at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA or by telephone on 0371 384 2030 or, if dialling internationally, on +44 121 415 7047.

### Annual General Meeting

Notice of the Company's Annual General Meeting for the year ending 31 December 2021 will be sent to shareholders, at least 21 clear days before the meeting. The Annual General Meeting will provide shareholders with the opportunity to vote on the resolutions put to shareholders and, for those shareholders who attend, to ask questions of the Board of Directors, including the Chairs of the Committees. The result of the voting on all resolutions proposed at the Annual General Meeting will be published on the Company's website, post the conclusion of the meeting.

# Audit Committee Report

## COMMITTEE MEMBERS

The membership as at the date of this report together with such members' appointment dates and attendance record for the year ended 31 December 2021 are set out below:

Committee Members	Date of Appointment	Attendance
<b>Ian Clark (Chair)</b> (Chair with effect from 25 November 2021)	April 2020	5/5*
<b>Catherine Barton (Chair)</b> (Chair until 25 November 2021 and left the Committee with effect from 26 November 2021)	April 2020	4/5
<b>Michael Koller</b>	September 2020	5/5
<b>Andy Pomfret</b> (joined the Committee with effect from 25 November 2021)	November 2021	1/1

\* Four as Committee member and one as Committee Chair.

## Committee meetings in 2021

JAN	FEB	MAR	APR	MAY	JUN
●	○	●	○	●	○
JUL	AUG	SEP	OCT	NOV	DEC
●	○	○	○	●	○



**IAN CLARK**  
Audit Committee Chair

## The Audit Committee (the 'Committee')

The Committee comprises at least three Non-executive Directors of the Company, including the Company Chair, all of whom are considered to be free of any relationship that would affect their impartiality in carrying out their responsibilities and were independent as required under Provision 17 of the UK Corporate Governance Code (the 'Code'). Members of the Committee are appointed by the Board, on the recommendation of the Nomination Committee and the Chair of the Committee. The Committee is chaired by Ian Clark who has significant, recent and relevant financial experience.

The Chief Executive Officer, and Chief Financial Officer are invited to attend meetings, unless they have a conflict of interest. In addition, the External Audit Partner, the Internal Audit Partner, the Company Secretary and Head of Internal Audit are invited to attend part or all of the Committee meetings, providing there is no conflict of interest.

Other relevant people from the Company may also be invited to attend all or part of a meeting to provide deeper insight into the Company and its issues. Either immediately prior to the meeting or immediately after the meeting, the Committee meets with either the External Audit Partner or the Internal Audit Partner. These private meetings alternate at each meeting and give the external

parties access to the Committee members. The Committee Chair also meets regularly with both internal and external Audit partners outside of the Committee meetings, and is available to shareholders at the Company's Annual General Meeting.

The Chair of the Committee reports to subsequent meetings of the Board and the Company Secretary acts as Secretary to the Committee. Annually, the Committee reviews its effectiveness.

## Roles and Responsibilities

The Committee in line with its terms of reference meets at least three times a year, and as and when required. The terms of reference of the Committee can be found on the Company's website [www.sabreplc.co.uk/about-us/corporate-governance](http://www.sabreplc.co.uk/about-us/corporate-governance) and are reviewed by the Committee on an annual basis.

In accordance with its terms of reference the Board has delegated to the Committee responsibility for overseeing key areas of responsibility which include the following:

**External audit** – this includes considering and making recommendations to the Board on the appointment of the external auditors (including approving the remuneration and terms of

appointment) as well as reviewing the external auditor's annual audit programme and the results therefrom, reviewing the quality and effectiveness of the audit and reviewing and confirming the policy on non-audit services carried out by the external auditors and auditor independence. The Committee is responsible for managing the relationship with the Company's external auditor, EY, on behalf of the Board. Overall effectiveness of the external audit process is dependent upon communication between the Group and the auditor, which allows each party to raise potential accounting and financial reporting issues as and when they arise, rather than limiting this exchange to only during regularly scheduled meetings.

**Financial and narrative reporting** – this area of responsibility includes monitoring the integrity and compliance of the Company's financial statements and for providing effective governance of the Group's financial reporting, including, but not limited to any formal announcements or publications relating to the Group's financial performance as well as reviewing significant financial reporting issues and judgements made in connection with them.

**Internal Audit** – the Group has a formal process of internal audit, and in 2018 appointed BDO to run the Group’s internal audit programme. BDO performs audits on a rolling basis across the Group over a three-year period. The reports are made available to the Committee, the Chief Executive Officer, Chief Financial Officer, Chief Risk Officer, the Company Secretary, and relevant members of Management. BDO re-confirm their independence on an annual basis.

The primary objective of the function is to systematically and objectively assess: (i) the effectiveness of the business controls over the Group’s operations, financial reporting, risk and compliance areas and (ii) the adequacy of these systems of control to manage business risk and safeguard the Group’s assets and resources. The Committee reviewed and approved the internal audit role and risk-based internal audit plan, and received updates on the internal audit activity and engagement results to help form a view on internal audit effectiveness. Feedback after each audit is obtained from those involved in the audit and fed back to the internal auditor with concerns being raised with the Committee as needed.

**Internal controls** – this includes reviewing the effectiveness of the Group’s system of internal controls and ensuring timely action is taken by management to address matters arising from the internal audit assessments.

**Reserves review** – the establishment of insurance liabilities in respect of reported and unreported claims is the most significant area of judgement within the financial statements. The Committee maintains oversight of the reserving process and assumptions used in setting the level of insurance liabilities, which is assessed by the Group’s actuaries on a quarterly basis.

**Whistleblowing** – reviewing arrangements by which employees may in confidence raise concerns about possible improprieties regarding financial reporting and other matters.

## 2021 and the Committee

For the majority of the year, the Audit Committee, was chaired by Catherine Barton, and upon her departure in late November 2021, Ian Clark became the Audit Committee Chair and Andy Pomfret joined the Committee, on an interim basis. The Committee is required to be chaired by an individual who has appropriate financial expertise, as required by the Code, and the Board considers that Ian has appropriate financial expertise, as Ian is a qualified accountant with significant financial, insurance industry, and director experience.

The Committee was in place throughout the financial year ended 31 December 2021 and met five times. The Chief Executive Officer and the Chief Financial Officer both attended all of the Committee meetings, as did the External Audit and Internal Audit partners. All meetings were minuted by the Company Secretary. The Committee Chair also held regular individual meetings with the Company’s Chief Executive Officer, Chief Financial Officer, the Chief Actuary, the Company’s External and Internal Audit Partners, and the Company Secretary and Head of Internal Audit.

## Activities of the Committee in 2021

During the financial year ending 31 December 2021, the Committee reviewed:

- the accounting issues and significant judgements related to the financial statements
- the appropriateness of key accounting judgements including the sufficiency of insurance liabilities
- the process and stress testing undertaken to support the Group’s viability and going concern statements
- and recommended to the Board the Company’s accounts for the financial year ending 31 December 2020
- the appropriateness of the Group’s accounting policies

- the appointment of the External Auditor and reviewing their plan for the audit of the Group’s financial statements, which included key areas of scope of work, key risks on the financial statements, confirmation of auditor independence and the proposed audit fee.
- the effectiveness of the External Audit Partner, the External Audit Team, their approach to audits, including planning and execution, communication, support and value were assessed and discussed for the financial year ending 31 December 2020. Overall the effectiveness of the external audit process was assessed as performing as expected, and the Committee concluded that during the financial year ending 31 December 2020, the External Auditor continued to demonstrate appropriate qualifications and expertise and has remained independent of the Group. Accordingly, the Committee recommended to the Board that EY be reappointed as the Group’s auditors for a further year, until the end of 2021. The Board accepted this recommendation and a resolution was put to shareholders at the 2021 Annual General Meeting, which was approved by shareholders.
- the Group’s system of controls and its effectiveness using information drawn from a number of different sources including Management, and independent assurance provided by Internal Audit (through its annual audit plan) and the external auditors
- reports from the Company’s outsourced Internal Audit and reviewing and approving their fees
- the Committee’s annual effectiveness report responses and concluded that the Committee was effective

In addition to the above, during the financial year ending 31 December 2021, the Committee:

- approved external audit fees and the policy on non-audit services carried out by the Group’s external auditors
- approved and recommended to the Board, which agreed to recommend to shareholders, the reappointment of EY as the Group’s external auditor
- approved the Committee’s terms of reference and confirmed that the Committee had sufficient resources to enable it to complete its responsibilities
- confirmed to the Board that, based on its review of the 2020 Annual Report and Accounts and internal controls that support the disclosures, the 2020 Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the necessary information for the shareholders to assess the Company’s position and performance and its business model and strategy.

The Committee pays particular attention to matters it considers to be important by virtue of their impact on the Group’s results, the internal control environment or the level of complexity, and matters of judgement or estimation involved in their application to the Consolidated Financial Statements. The main areas of focus for the period under review are set out on the following page:



### External Audit appointment and tender

EY have been the auditors of Sabre Insurance Company Limited and of the previous parent companies of Sabre Insurance Company Limited ('SICL') since 2001. Given that SICL, the principal subsidiary of the Group, is considered a Public Interest Entity ('PIE'), the transitional rules under EU legislation require Sabre Insurance Company Limited to run a tender process for the external audit by 2023, after which SICL will be required to change its external auditors. Under these regulations, the external audit engagement partner is now generally required to rotate every five years. The external audit engagement partner for the financial year ending 31 December 2021, was Stuart Wilson, who was appointed to lead the audit of SICL in 2016. The Committee had previously considered the length of time for which EY had carried out the audit of the main trading subsidiary of the Group and concluded that a competitive tender process should be carried out during 2020. The tender process was initiated with the intention that the new audit firm would carry out the audit for the year ended 31 December 2021, however the process was paused following the outbreak of COVID-19 in the UK as, in the opinion of the Committee and the Board, as it was not possible to run an effective tender process while severe restrictions on travel were in place.

### Non-audit work carried out by External Auditors

The Committee has reviewed and approved a policy regarding non-audit work and fees which requires all non-audit work proposed to be carried out by the external auditors to be pre-authorised by the Committee or, if required urgently between Committee meetings, the Chair of the Committee, in order to ensure that the provision of non-audit services does not impair the External Auditor's independence or objectivity. The total fees for non-audit services must not exceed 70% of the average audit fees billed to the Company by the

The Audit Committee requested that the current audit partner could remain in place to carry out EY's final audit in respect of the year ended 31 December 2021. This will be the partner's fifth year as the engagement partner of the Group and sixth year as the engagement partner of the regulated insurance entity, SICL. The Audit Committee carefully considered the impact of extending the tenure of the partner on SICL beyond the usual five-year period on the overall quality of the audit, and believed that this approach will lead to a higher-quality outcome of both the Group and SICL audits than either running an accelerated tender process or rotating audit partner for a single year.

Following the reduction in restrictions regarding COVID-19, the audit tender process was completed in 2021, and the Committee proposed to the Board that PwC be proposed to shareholders as the next external auditor, with their first audit in respect of 2022. Resolutions regarding PwC and their remuneration will be contained in the Notice of Meeting for the 2022 Annual General Meeting.

external auditor in the past three years. During the year, EY and its subsidiaries charged the Group £379,000 (2020: £405,000) for audit and audit-related services, and received a total fee during the financial year of £459,000 (2020: £483,000). A summary of fees paid to the external auditors is set out in Note 8 to the Consolidated Financial Statements. In the financial year ending 31 December 2021, the external auditors did not undertake any material non-audit work for the Company.

### 1. Valuation of insurance liabilities

The Committee agreed with management's assessment that the most significant area of estimation within the financial statements continues to be the estimation of insurance liabilities. This comprises an estimate of the ultimate cost of claims incurred at the date of the statement of financial position, both reported and not yet reported, along with an estimate of the associated reinsurance recoveries. The Committee reviewed the Company's policy to hold sufficient reserves to meet insurance liabilities as they fall due, plus a risk margin reflective of the uncertainty within such calculation.

The Committee reviewed the Chief Actuary's annual and quarterly reserving reports and challenged the appropriateness of the process, key judgements and assumptions supporting the projection of the best estimate claims expense. The Committee also discussed such matters with the Group's external auditor. The Chair of the Committee met with the Group's Chief Actuary without other members of management present. The Committee noted the inherent uncertainty associated with the estimation of claims costs, in particular with reference to the changes in the legal environment and the impact of historically high levels of claims inflation.

The Committee concluded that the insurance liabilities presented in the financial statements were fairly stated.

### 2. COVID-19

The Committee has discussed in detail the potential impacts of the COVID-19 pandemic, on both the viability of the business and the valuation of its assets and liabilities throughout the year. The Committee is satisfied that there is no material impact on the valuation of assets or liabilities, and that the outbreak, while presenting operational challenges across the industry, does not currently have a material impact on our conclusion as to the viability and going concern of the business. Further information on the impact of COVID-19 on the Company can be found within the Chief Executive Officer's Review and Viability Statement on pages 11 to 13 and 27 to 29.

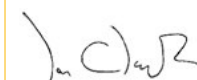
### 3. Implementation of new accounting standards

The Committee reviewed the implementation and key judgements associated with the 2020 implementation of IFRS 9, including consideration of the classification and measurement of financial assets and the disclosure presented within the 2020 Annual Report and Accounts, as approved in March 2021. The Audit Committee continues to monitor the Group's preparedness for the implementation of IFRS 17.

### 4. Other matters

The Committee reviewed certain matters which were individually less significant to the financial statements which will impact the recognition, measurement and disclosure of insurance contracts and financial investments. The Committee also reviewed the extent and adequacy of TCFD disclosures.

On behalf of the Audit Committee



**IAN CLARK**  
Chair of the Audit Committee

21 March 2022

# Risk Committee Report

## COMMITTEE MEMBERS

The membership as at the date of this report together with such members' appointment dates and attendance record for the year ended 31 December 2021 are set out below:

Committee Members	Date of Appointment	Attendance
<b>Ian Clark (Chair)</b>	April 2020	5/5
<b>Catherine Barton</b> (left Committee with effect from 26 November 2021)	April 2020	4/5
<b>Rebecca Shelley</b>	April 2020	5/5
<b>Andy Pomfret</b> (joined the Committee with effect from 25 November 2021)	November 2021	1/1

## Committee meetings in 2021

JAN	FEB	MAR	APR	MAY	JUN
●	○	●	○	●	○
JUL	AUG	SEP	OCT	NOV	DEC
○	○	●	○	●	○



**IAN CLARK**  
Risk Committee Chair

## The Risk Committee (the "Committee")

The Committee comprises of at least three Non-executive Directors of the Company, including the Company Chair, all of whom are considered to be free of any relationship that would affect their impartiality in carrying out their responsibilities and were considered independent as required under Provision 17 of the Corporate Governance Code (the 'Code'), or in the case of the Company Chair considered independent on appointment. Members of the Committee are appointed by the Board, on the recommendation of the Nomination and Governance Committee and the Chair of the Committee. The Committee is chaired by Ian Clark who has significant, recent and relevant risk experience.

The Chief Executive Officer, Chief Risk Officer and Chief Financial Officer are invited to attend meetings, unless they have a conflict of interest. In addition, the Company Secretary, the Head of Compliance and the Data Protection Officer are invited to attend part or all of the Committee meetings, providing there is no conflict of interest. Other relevant people from the Company may also be invited to attend all or part of a meeting to provide deeper insight into the Company and its issues.

Either immediately prior to the meeting or immediately after the meeting, the Committee meets with either the Chief Risk Officer, the Head of

Compliance or the Data Protection Officer. These private meetings alternate at each meeting and give the Chief Risk Officer, Head of Compliance and Data Protection Officer access to the Committee members. The Committee Chair also meets regularly with these individuals outside of the Committee meetings, and is available to shareholders at the Company's Annual General Meeting. The Chair of the Committee reports to subsequent meetings of the Board and the Company Secretary acts as Secretary to the Committee. Annually, the Committee reviews its effectiveness.

## Role and responsibilities

The Committee has a planned cycle of activities, managed through a schedule of matters, to ensure that it addresses its responsibilities in the current financial year. The terms of reference of the Committee can be found on the Company's website at [www.sabreplc.co.uk/about-us/corporate-governance](http://www.sabreplc.co.uk/about-us/corporate-governance) and are reviewed by the Committee on an annual basis. The Committee has a planned cycle of activities, managed through a schedule of matters, to ensure that it addresses its responsibilities in the current financial year. The Committee meets at least three times a year, in line with its terms of reference, and as and when required.

The Board has delegated to the Committee responsibility for monitoring and reviewing the Group's risk management and compliance frameworks, and the controls in place within these frameworks, to ensure that the Group has robust procedures in place. The Committee reviews the effectiveness of the Group's risk management, compliance management and internal control systems, and reports to the Board on these areas. In conducting its reviews, the Committee focuses on material risks, including the determination of the nature and extent of the principal risks, and controls in the context of reports it receives regarding risk management, as well as reports from the Company's Head of Compliance and the Data Protection Officer.

The Committee leads the process for:

**Risk Management** – this includes reviewing and monitoring the effectiveness of the procedures for the identification, assessment and reporting of risk as well as setting, and monitoring adherence to, a risk appetite that defines the nature and extent of the risks that the Group is facing and should be willing to take in achieving its strategic objectives. It also includes oversight of the processes by which risk-based capital requirements, and the Group's solvency position, are determined and monitored.

The Committee further advises the Board on the Company's overall risk appetite, tolerance and strategy, and oversees and advises the Board on the current risk exposures and risk breaches of and by the Company and its risk strategy. In addition to this, the Committee is responsible for the appointment and removal of the Group's Chief Risk Officer, and reviewing their reports and Management's responses to the findings and recommendations.

**Internal Controls** – these are in place and are designed to manage the risks that the Company faces, rather than to eliminate the risk of failure to achieve business objectives. The Risk Committee reviews the effectiveness of the Group's system of internal controls and ensures timely action is taken by management to address matters arising from the risk and compliance assessments.

**Principle Risks and Uncertainties** – details of the Group's principal risks and uncertainties are set out on pages 19 to 26 together with information about the management and mitigation of such risks.

**Compliance** – this includes the appointment and removal of the Company's Head of Compliance, reviewing the Group's compliance policies and procedures to ensure that the Group complies with relevant regulatory and legal requirements, including the arrangements in place for the reporting and investigation of concerns and for ensuring fair customer outcomes, reviewing reports from the Head of Compliance and Management's responses to findings and recommendations, and monitoring the progress and subsequent actions and findings from the Company's Annual Compliance Monitoring Plan.

**Data Protection** – the appointment and removal of the Company's Data Protection Officer, review how the Company meets its obligations under the Data Protection Act, review all reports from the Data Protection Officer and Management's responses to the findings and recommendations.

**Remuneration** – the Committee provides advice to the Remuneration Committee regarding the weightings to be applied to performance objectives relating to the Management's management of risk throughout the year.

### 2021 and the Committee

The Committee was in place throughout the financial year ended 31 December 2021, and met five times through the period. The Chief Executive Officer and the Chief Risk Officer attended, partially or fully, all of the Committee's meetings. The Chief Financial Officer, the Head of Compliance and Data Protection Officer attended meetings during the year. All meetings were minuted by the Company Secretary. The Committee Chair also held regular individual meetings with the Chief Risk Officer, and the Head of Compliance. Upon her resignation from the Company, Catherine Barton left the Committee, and Andy Pomfret joined the Committee with effect from 25 November 2021. The Board were comfortable that the make-up of the Committee ensures that it is fully able to fulfil its duties.

### Activities of the Committee in 2021

During the year, the Committee addressed its responsibilities by:

- reviewing reports from the Chief Risk Officer regarding risk management, including the procedures and plan relating to the management of risk across the Group
- reviewing and approving the risk management framework and risk appetite, the corporate risk registers and the Group's principal risks and uncertainties
- reviewing reports from the Head of Compliance regarding compliance across the Company, including progress against the Compliance Monitoring Plan
- approving the Company's Compliance Manual
- reviewing reports from the Company's Data Protection Officer


- confirming that the Chief Risk Officer, Head of Compliance and Data Protection Officer had fulfilled their obligations regarding their roles
- confirming that Management had fulfilled their obligations regarding the management of the Company's risks
- reviewing regulatory correspondence
- reviewing and recommending to the Board the Company's ORSA
- reviewing the Committee's terms of reference and its Effectiveness Review
- reviewing the annual Committee's evaluation responses and concluded that the Committee was effective
- confirming that the Committee had sufficient resources to enable it to complete its responsibilities

### Sabre's approach to data protection

Sabre has a GDPR oversight Committee which is chaired by our Data Protection Officer, and meets regularly to review GDPR compliance. The meeting is attended by representatives of all areas of the business, including Compliance and Risk. The standing agenda for the meeting ensures that all breaches are reviewed, emerging risks considered and any follow through training required is identified.

Our employees are trained, at least annually, on data protection legislation and the Company's requirements when handling data. This includes online training courses, which include a marked assessment on completion to ensure understanding. Additional ad-hoc training is provided to update on any specific changes or points of interest. Reporting of data protection risks are initially reported to our Data Protection Officer who reports to Ian Clark, Chair of the Risk Committee.

On behalf of the Risk Committee



**IAN CLARK**  
Chair of the Risk Committee

21 March 2022

# Nomination and Governance Committee Report

## COMMITTEE MEMBERS

The membership as at the date of this report together with such members' appointment dates and attendance record for the year ended 31 December 2021 are set out below:

Committee Members	Date of Appointment	Attendance
<b>Andy Pomfret (Chair)</b>	February 2018	3/3
<b>Catherine Barton</b> (left with effect from 26 November 2021)	October 2017	3/3
<b>Ian Clark</b>	September 2017	3/3
<b>Karen Geary</b>	December 2020	3/3
<b>Michael Koller</b>	September 2020	3/3
<b>Rebecca Shelley</b>	October 2017	3/3

## Committee meetings in 2021

JAN	FEB	MAR	APR	MAY	JUN
●	●	●	●	●	●
JUL	AUG	SEP	OCT	NOV	DEC
●	●	●	●	●	●



**ANDY POMFRET**  
Nomination and Governance  
Committee Chair

## The Nomination and Governance Committee (the 'Committee')

All of the Non-executive Directors of the Company sit on the Committee. They are all free of any relationship that would affect their impartiality in carrying out their responsibilities and were independent as required under Provision 17 of the UK Corporate Governance Code (the 'Code'). The Committee is chaired by the Company Chair, Andy Pomfret, unless there is a conflict of interest.

The Chief Executive Officer and Company Secretary may also be invited to attend meetings, unless this presents a conflict of interest. The Committee Chair meets regularly with the Chief Executive Officer outside of the Committee meetings, and is available to answer shareholder questions at the Company's Annual General Meeting.

The Chair of the Committee reports to subsequent meetings of the Board and the Company Secretary acts as the Secretary to the Committee. Annually the Committee reviews its effectiveness.

## Roles and Responsibilities

The Committee has a planned cycle of activities, managed through a schedule of matters, to ensure that it addresses its responsibilities in the current financial year. The terms of reference of the Committee can be found on the Company's website at [www.sabreplc.co.uk/about-us/corporate-governance](http://www.sabreplc.co.uk/about-us/corporate-governance) and are reviewed by the Committee on an annual basis. The Committee meets at least twice a year, in line with its terms of reference, and as and when required.

The Committee leads the process for:

- reviewing the size, structure and composition of the Board
- overseeing succession planning for the Directors and other senior executives, taking into account the challenges and opportunities facing the Group, and the skills and expertise needed on the Board in the future
- reviewing the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace

- reviewing the Group's policy on diversity, setting measurable objectives for board diversity and preparing a policy on how to promote board diversity
- identifying, evaluating and recommending candidates to join the Board
- appointing the Group's Senior Independent Director
- making recommendations to the Board regarding the make-up of the Group's Committees
- making recommendations regarding the election and re-election of the Directors by shareholders

## Diversity

The Committee recognises the importance of diversity, and has ensured that the Company has and maintains a Diversity Policy, however, when recruiting, the Committee ensures that Board appointments are based on merit regardless of gender, social and ethnic backgrounds.

## 2021 and the Committee

The Committee was in place throughout the financial year ended 31 December 2021, and met three times. During the year, all Committee members attended all of the meetings held during their period of appointment to the Committee. The Chief Executive Officer, attended partially or fully at all of the Committee's meetings, and the Company Secretary, attended and minuted each meeting. The Board were comfortable that the make-up of the Committee ensures that it is fully able to fulfil its duties. Upon her resignation from the Company, Catherine Barton left the Committee.

### Activities of the Committee in 2021

During the financial year ending 31 December 2021 the Committee:

- approved the Nomination Committee Report in the Annual Report for the year ended 31 December 2020
- reviewed and recommended the election of Directors at the Company's 2021 Annual General Meeting
- reviewed the ongoing professional development of Committee members and the induction of new Directors
- discussed the balance of skills and experience on the Board and considered if any changes were necessary
- reviewed the talent development and succession plans for the Executive Directors and senior managers
- reviewed and approved the Committee's terms of reference and schedule of matters
- reviewed the annual Committee's evaluation responses and concluded that the Committee was effective
- confirmed that the Committee had sufficient resources to enable it to complete its responsibilities
- discussed environmental, social and governance issues faced by the Company, including diversity
- initiated the search for a new Non-executive Director, following the resignation of Catherine Barton

On behalf of the Nomination and Governance Committee



**ANDY POMFRET**  
Chair of the Nomination and Governance Committee

21 March 2022

# Remuneration Committee Report

## COMMITTEE MEMBERS

The membership as at the date of this report together with such members' appointment dates and attendance record for the year ended 31 December 2021 are set out below:

Committee Members	Date of Appointment	Attendance
<b>Rebecca Shelley (Chair)</b>	October 2017	4/4
<b>Michael Koller</b>	September 2020	4/4
<b>Karen Geary</b>	December 2020	4/4
<b>Ian Clark</b> (left the Committee with effect from 1 April 2021)	October 2017	2/2

## Committee meetings in 2021

JAN	FEB	MAR	APR	MAY	JUN
●	●	●	●	●	●
JUL	AUG	SEP	OCT	NOV	DEC
●	●	●	●	●	●



**REBECCA SHELLEY**  
Remuneration Committee Chair

On behalf of the Board, I am pleased to present to you the Remuneration Committee's Report for the year ended 31 December 2021. Against the continually challenging background of the COVID-19 pandemic, Sabre's Executive Team have delivered on the Group's strategy, generating a credible underwriting result whilst ensuring a solid foundation for future profitable growth as the impacts of COVID-19 subside and the challenging market dynamics outlined in this report begin to stabilise. Since the outset of the pandemic and up to the time of writing this report, the Company did not receive any government assistance or furlough any employees. Furthermore, the Company maintained its dividend payments, in line with shareholder expectations.

This report has been prepared in accordance with the Directors' Remuneration Reporting Regulations for UK incorporated companies set out in Schedule 8 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) and the principles of the UK Corporate Governance Code.

The report is presented in the following sections:

- Remuneration Committee Report and the Remuneration Committee Chair's Annual Statement

- The Company's Directors' Remuneration Policy (the 'Policy'), which was approved by our shareholders at the Company's Annual General Meeting in 2021
- The Annual Report on Remuneration – this sets out the remuneration outcomes for 2021, which is subject to an advisory shareholder vote at the 2022 Annual General Meeting

## The Remuneration Committee (the 'Committee')

The Committee's role is to ensure that the Executive Team is appropriately incentivised to deliver reliable profitability and dividends from its specialist higher margin insurance business, and sustainable growth to shareholders over the long term. The Committee has supported this objective by structuring and deploying remuneration in a cost-effective manner, embedding a clear link between pay and performance in the Group's remuneration framework.

The Committee comprises at least three Non-executive Directors of the Company, all of whom are considered to be free of any relationship that would affect their impartiality in carrying out their responsibilities and are independent as required under provision 17 of the UK Corporate Governance

Code (the 'Code'). Members of the Committee are appointed by the Board, on the recommendation of the Nomination and Governance Committee and the Chair of the Committee. Members of the Committee do not have any personal interests in the topics discussed at the Committee, except as shareholders in the Company. No Director is involved in the decisions setting their own remuneration.

The Company Chair and the Chief Executive Officer are invited to attend meetings, unless they have a conflict of interest, for example the discussion of their own remuneration. In addition, the Company Secretary may be invited to attend part or all of the Committee meetings, providing there is no conflict of interest. Other relevant people from the Company may also be invited to attend all or part of a meeting to provide deeper insight into the Company and its issues. The Committee Chair meets regularly with the Chief Executive Officer and the Company Secretary outside of the Committee meetings, and is available to shareholders to answer their questions at the Company's Annual General Meeting. The Chair of the Committee reports to subsequent meetings of the Board, and the Company Secretary acts as Secretary to the Committee. Annually, the Committee reviews its effectiveness.

## Roles and responsibilities

The Committee, in line with its terms of reference, meets at least twice a year, and as and when required. The terms of reference of the Committee can be found on the Company's website [www.sabreplc.co.uk/about-us/corporate-governance](http://www.sabreplc.co.uk/about-us/corporate-governance) and are reviewed by the Committee on an annual basis. The Committee has a planned cycle of activities, managed through a schedule of matters, to ensure that it addresses its responsibilities in each financial year.

The Board has delegated to the Committee responsibility for ensuring that the Executive Team is appropriately incentivised to deliver sustainable growth to shareholders over the long term. The Committee supports this objective by structuring and deploying remuneration in a cost-effective manner, embedding a clear link between pay and performance in the Group's remuneration framework. The Committee is responsible for setting the Remuneration Policy for the Executive Directors, the Executive Team and the Company's Chair, including pension rights and any compensation payments. It is also responsible for reviewing all share incentive plans and setting and approving the achievement of their performance conditions, as well as reviewing all employee pay arrangements periodically. The fees of the Non-executive Directors are approved by the Company Chair and the Executive Directors.

## Committee advisers

Throughout the financial year ending 31 December 2021, the Committee was advised by Deloitte LLP ('Deloitte'). Advisers from Deloitte may attend the Committee meetings as appropriate, and provide advice on executive remuneration, best practice and market updates. Annually the Committee evaluates the support provided by its advisers. During the year the Committee reviewed the performance of Deloitte, who were subsequently reappointed to advise the Committee for a further year. Deloitte is a founding member of the Remuneration Consultants Group and voluntarily operates under their Code of Conduct in relation to executive remuneration consulting in the UK. As such, the Committee is satisfied that the advice provided by Deloitte is independent and objective.

The total fees paid to Deloitte in relation to the remuneration advice provided to the Committee during the year were £48,750 excluding VAT (2020: £106,300). Fees were charged on a time and materials basis. During the year, the wider Deloitte firm also provided corporate tax advisory services to the Group, and the fees paid for this work are not included in these totals.

## 2021 and the Committee

The Committee was in place throughout the financial year ended 31 December 2021, and was chaired by Rebecca Shelley. Ian Clark left the Committee in early 2021, and there were no further changes to the Committee's composition during the year. Further information on this can be found in the Governance Report on pages 50 to 53. The Board is comfortable that the make-up of the Committee ensures that it is fully able to fulfil its duties.

During the financial year ending 31 December 2021, all Committee members attended all of the meetings held. The Chief Executive Officer and the Company Secretary either partially or fully attended all of the Committee meetings. All meetings were minuted by the Company Secretary.

The Committee held four meetings during the financial year ending 31 December 2021. The Committee Chair also held regular individual meetings with the Chief Executive Officer and the Company Secretary, and engaged with the Company's largest shareholders to discuss proposals for the new Directors' Remuneration Policy.

During 2021, the Committee considered its effectiveness during the year and confirmed that the Committee continued to perform effectively, and had access to sufficient resources to enable it to complete its responsibilities.

## Activities of the Committee in 2021

During the year, the Committee addressed its responsibilities by:

- reviewing and approving the 2021 Remuneration Policy, including consulting with major shareholders on remuneration proposals
- approving the prior year Directors' Remuneration Report, and reviewing shareholder comments and feedback on the report
- reviewing and approving the payment of bonuses under the 2020 Short Term Incentive Plan, including approving 50% of the vested award being deferred to the Company's Deferred Bonus Plan
- setting the award levels and the financial, non-financial and individual performance conditions for the awards made under the 2021 Short Term Incentive Plan, and ensuring that they contained objectives relating to ESG
- setting the grant levels and financial performance conditions for the awards under the 2021 Long Term Incentive Plan
- reviewing and approving the salaries of the Executive Team
- reviewing remuneration across the business to ensure that arrangements continue to align with our strategy and our key principles around remuneration
- reviewing and approving the fees of the Chair
- reviewing the Company's Save As You Earn and Share Incentive Plan employee contribution levels
- approving the Company's Save As You Earn 2021 grant
- reviewing and approving the Committee's terms of reference
- reviewing and publishing the Company's Gender Pay Gap Report
- reducing the Executive Directors' pensions to 7.5%, in line with the average employee pension contribution
- considering the impact of COVID-19 on remuneration-related decisions, including whether or not the Committee should exercise its discretion when determining incentive outcomes

## Implementation of a new Directors' Remuneration Policy

We were pleased that shareholders supported the new Remuneration Policy, with over 94% voting in favour at the Company's Annual General Meeting in May 2021. It is the intention of the Committee that this Policy remains in force for three years from 1 January 2021. The Policy can be found on pages 64 to 70, and was in operation for the LTIP and STIP awards made and granted in 2021.

## Executive remuneration in 2021

The Group has a well-defined strategy, whereby the profitability of business written is prioritised under all market conditions. During 2021, the motor insurance market continued to be a highly competitive environment, with some of the disruptions caused by the COVID-19 lockdowns persisting. Market-wide premium increases continued to lag claims inflation, with price discounts evident among our competitors to reflect lower traffic and claim volumes across the market. The Company also saw some heavy discounting in anticipation of the FCA's Pricing Reforms. Under these conditions, our strategy remained to maintain pricing discipline in order to protect long-term profitability, and therefore sacrifice short-term volumes. Despite these pressures, Sabre achieved a premium level of 2.3% below the prior year, while keeping the combined operating ratio on business written within our preferred range of 70% to 80%. During 2021, and up to the time of writing this report, the Company did not receive any government assistance or furlough any employees.

The Remuneration Committee discussed and approved the remuneration outcomes in respect of 2021 shortly after the year end, and made no amendments to the performance conditions for the annual bonus award or the outstanding LTIP awards.

Following the implementation of the Company's new Remuneration Policy at the 2021 Annual General Meeting, the annual bonus for 2021 was based on a profit pool, of 2% of Profit Before Tax ('PBT'), subject to the achievement of a minimum level of £35m PBT being achieved. The PBT for the year ending 31 December 2021 was £37.2m, and therefore the profit pool available for distribution to

Sabre's Executive Directors and other senior managers for the year was £0.744m. In addition to the financial performance conditions linked to PBT, the awards were subject to additional Group-wide objectives and individual performance objectives.

The Chief Executive Officer and Chief Financial Officer both delivered strong performances against their individual and the Company's strategic objectives. The Committee was able to review extensive evidence of delivery across these combined objectives. In addition to this resilient performance, the Company did not furlough any employees, nor take government support, and maintained the dividend payout ratio in line with expectations. As such, the Committee was satisfied that the annual bonus outcomes, as a percentage of the maximum bonus opportunity for the Chief Executive Officer and Chief Financial Officer, respectively was 33.9% and 29%. Further details on bonus outcomes can be found pages 72 to 74.

Performance under the 2019 Long Term Incentive Plan ('LTIP') was measured against Relative TSR (50% weighting) and EPS growth targets (50% weighting) over a three-year period. Performance against the TSR and EPS targets was below threshold and no payment will be made against either element of the LTIP, and therefore the LTIP awards will vest at 0%. Further information on the 2019 LTIP can be found on page 75.

Overall, the Committee considered that the outcomes under the 2021 STIP and the 2019 LTIP are a fair reflection of the overall performance of the Company and the Executive Directors, and are considered appropriate in the context of the broader stakeholder experience. As such the Committee has determined that no discretionary adjustments were required. The Committee is satisfied that the Policy operated as intended during the financial year, and did not exercise discretion in respect of the Policy or its operation during the year. Further details and the performance conditions for the awards made under the Company's LTIP and STIP can be found on pages 72 and 75.

### Wider considerations regarding reward

When considering the remuneration arrangements for the Executive Directors, the Committee continues to take into account remuneration throughout the Group, and regularly examines the average employee salary, pension and share plan contributions. The Committee is aware of the importance of having an engaged and motivated workforce. To support this, the Committee continues to operate a Save As You Earn ('SAYE') Plan where employees can make a monthly contribution of up to £500, and a Share Incentive Plan ('SIP') where for every three shares an employee purchases, the Company matches with one free share. It is the Committee's intention that both the SAYE Plan and SIP will remain in place for the financial year ending 31 December 2022.

Whilst the Group currently has fewer than 250 employees and so is not required to submit a formal statement on its gender pay gap, our intention is to be transparent. As such, the Committee agreed in 2019 to release the Company's Gender Pay Gap Report. The Committee ensures that the report is updated annually, and it is available on the Company's website <https://www.sabreplc.co.uk/about-us/corporate-governance>.

### Statement of shareholder voting

The following table shows the results of shareholder voting relating to the approval of the Remuneration Policy and the approval of the Remuneration Report at the 2021 Annual General Meeting.

#### 2021 Annual General Meeting resolution to approve the Directors' Remuneration Policy

	Total number of votes	% of votes cast
For (including discretionary)	200,920,076	94.75
Against	11,140,790	5.25
Total votes cast (excluding withheld votes)	212,060,866	100
Votes withheld	7,930,125	n/a
Total votes cast (including withheld votes)	219,990,991	n/a

#### 2021 Annual General Meeting resolution to approve the Directors' Remuneration Report

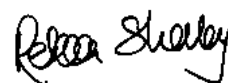
	Total number of votes	% of votes cast
For (including discretionary)	218,352,124	99.26
Against	1,635,213	0.74
Total votes cast (excluding withheld votes)	219,987,337	100
Votes withheld	3,654	n/a
Total votes cast (including withheld votes)	219,990,991	n/a

### Shareholder engagement

Sabre and the Remuneration Committee greatly appreciated the feedback provided throughout the Remuneration Policy review process, and are committed to maintaining an ongoing dialogue with shareholders on issues of remuneration to ensure an open and transparent dialogue. We continue to welcome any feedback you may have, via the Company Secretary, who can be contacted at [anneka.kingan@sabre.co.uk](mailto:anneka.kingan@sabre.co.uk)

I look forward to your support on the resolutions relating to remuneration at the Company's Annual General Meeting in May 2022.

On behalf of the Remuneration Committee



**REBECCA SHELLEY**

Chair of the Remuneration Committee

21 March 2022



# Directors' Remuneration Policy

## The Directors' Remuneration Policy (the 'Policy')

The Executive Directors' remuneration consists of five main components: a base salary, benefits, employer pension contributions, a performance-related annual bonus (Short Term Incentive Plan ('STIP') and Restricted Share Awards made under the Company's Long Term Incentive Plan ('LTIP').

Directors are also entitled to participate in both the all-employee share plans on the same basis as other Group employees. Detail in relation to each of these elements is set out in the Policy Table on pages 64 to 67.

In designing the Company's Remuneration Policy, the Committee has been guided by the three following principles:

### 1 Cost-effectiveness

Sabre intends to pay no more than is necessary to attract, retain and incentivise high-calibre management, whilst also aligning the interests of employees with those of shareholders and, where appropriate, other key stakeholders.

### 2 Pay for performance

Performance-related pay will, potentially, make up a significant proportion of the Executive Directors' remuneration packages and will be assessed based on stretching targets.

### 3 Long-term alignment

There will be an appropriate balance of remuneration to the delivery of longer-term performance targets. In determining the Company's Remuneration Policy, the Committee has taken into account the relevant regulatory and governance principles.

## UK Corporate Governance Code

The following table summarises how, in designing the Company's Remuneration Policy and its implementation in 2021, the Committee has addressed the principles set out in Provision 40 of the UK Corporate Governance Code.

Principle	How the Committee has addressed this
<b>Clarity</b> Remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.	The Committee is committed to providing clear and transparent disclosure of Sabre's executive remuneration arrangements. As part of the Remuneration Policy review undertaken in 2020 and 2021, we consulted extensively with shareholders in order to ensure their feedback was fully considered. Furthermore, Ian Clark is the designated Non-executive Director for workforce engagement and actively engages with employees, and feeds back to the Committee and the Board on his meetings in order to provide insight on employees' views.
<b>Simplicity</b> Remuneration structures should avoid complexity and their rationale and operation should be easy to understand.	In designing the remuneration framework, the Committee sought to avoid complexity by ensuring compensation arrangements are straightforward and easily understood.  Our remuneration framework comprises fixed pay, an annual bonus and a LTIP and is well understood by both participants and our key stakeholders.
<b>Risk</b> Remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated.	The Committee is satisfied that the remuneration structure does not encourage excessive risk taking and incorporates a number of features that align remuneration outcomes with risk. These include deferral under the bonus plan, the two-year post-vesting holding periods under the LTIP and personal shareholding guidelines that apply both in-employment and post-employment. Furthermore, the Committee has the discretion to reduce variable pay outcomes where appropriate, and malus and clawback provisions apply to both the annual bonus and LTIP awards.
<b>Predictability</b> The range of possible values of rewards to individual Directors and any other limits or discretions should be identified and explained at the time of approving the policy.	The Remuneration Policy outlines the threshold, target and maximum levels of pay that Executive Directors can earn in any given year over the three-year life of the approved Remuneration Policy. Actual incentive outcomes will vary depending upon the level of achievement against specific performance measures and underpins.
<b>Proportionality</b> The link between individual awards, the delivery of strategy and the long-term performance of the Company should be clear. Outcomes should not reward poor performance.	The Committee is comfortable that the Remuneration Policy does not reward poor performance and that the range of potential payouts are appropriate and reasonable. The Committee has discretion to adjust incentive outcomes where they are not considered to appropriately reflect underlying performance. Furthermore, payments made under the incentive plans are subject to the achievement of performance measures and underpins which are directly linked to the Group's strategy and KPIs.
<b>Alignment of culture</b> Incentive schemes should drive behaviours that are consistent with Company purpose, values and strategy.	The performance measures for the annual bonus and the award of Restricted Share Awards are directly linked to the Group's strategy, objectives and values.

## 2021 Directors' Remuneration Policy

Sabre Insurance Group's Directors' Remuneration Policy as set out in this report (the '2021 Directors' Remuneration Policy') was approved by shareholders at the Company's Annual General Meeting on 14 May 2021, with a vote of 94.75% in favour. The Committee intended the policy to be simple and clear, linking the Company's strategy and performance with the Directors' remuneration, reflecting the insurance industry's cyclical nature, and is compliant with corporate governance best practice.

The Remuneration Policy was developed taking into account the Committee's requirements that it:

- be simpler and more transparent
- reward performance against a balanced mix of financial and non-financial performance metrics, which reflect the interests of all stakeholders
- reflect that, although the business is cyclical in nature, the focus of the Executive Team is to protect the dividend and to deliver attractive returns to shareholders. We consider that a Remuneration Policy that offers a narrower, but more predictable, range of performance and reward outcomes would be more aligned to Sabre's positioning as an 'income stock'
- more closely align the remuneration of the Executive Team with the business's profit generation at different parts of the insurance cycle, rather than achievement against the annual budget
- encourages long-term share ownership and aligns with the creation of shareholder value
- mitigates risk by ensuring the Committee has the ability to apply discretion to ensure that the award levels are appropriate, and that the Committee has the ability to apply clawback and/or malus if required
- comply with corporate governance best practice

## Policy table

### Salary

To attract, incentivise and retain Executive Directors of a high calibre, and to reflect their responsibilities and experience.

Operation	Maximum opportunity	Performance measures
<p>Base salaries will be reviewed at least annually, taking into account the scope and requirements of the role, the performance and experience of the Executive Director and the individual's total remuneration package.</p> <p>Account will also be taken of remuneration arrangements at Sabre's peer companies (and other companies of an equivalent size and complexity), for other Group employees, and the impact of any base salary increases on the total remuneration package.</p> <p>Any salary increases are normally effective from 1 April, each year, in line with the broader workforce.</p>	<p>The Committee has decided not to set an overall maximum monetary opportunity or increase. However, the Committee intends that Executive Directors' salary increases will normally be in line with salary increases offered to the wider employee population.</p> <p>There are however specific circumstances in which the Committee could award increases outside this range which may include:</p> <ul style="list-style-type: none"> <li>– a change in the Executive Director's role and/or responsibilities</li> <li>– performance and/or development in role of the Executive Director</li> <li>– a significant change in the Group's size, composition and/or complexity</li> <li>– a significant change in market practice</li> </ul> <p>Where an Executive Director has been appointed to the Board at a below-market starting salary, larger increases may be awarded as their experience develops, if the Committee considers such increases to be appropriate.</p>	n/a

### Benefits

To provide a benefits package to recruit and retain Executive Directors of a high calibre and to promote the wellbeing and health of the Directors, enabling them to focus on the Company.

Operation	Maximum opportunity	Performance measures
The Committee's policy is to provide Executive Directors with competitive levels of benefits, taking into consideration the benefits provided to Sabre's employees and the external market. Benefits currently include (but are not limited to) life insurance and private medical insurance. If an Executive Director is required to relocate as a result of his/her duties the Company may provide the Executive Director with additional benefits such as assistance with relocation, travel, accommodation or education allowances or professional tax advice, along with any associated tax liabilities.	As the costs of benefits are dependent on the Executive Director's individual circumstances, the Committee has not set a maximum monetary value. However, in approving the benefits paid, the Committee will ensure that they do not exceed a level which is, in the Committee's opinion, appropriate given the Executive Director's particular circumstances.	n/a

### Pension

To provide a pension package for the Executive Directors.

Operation	Maximum opportunity	Performance measures
The Group may make employer pension contributions to a registered pension plan (or such other arrangement the Committee considers has the same economic effect) set up for the benefit of each of the Executive Directors. Alternatively, an Executive Director may be awarded some/all of the contribution as an equivalent cash allowance in lieu of pension contributions.	For incumbent Executive Directors, pension contribution levels will not exceed 17% of an individual's salary, less Employer National Insurance Contribution in 2021. From 1 January 2022, the maximum pension contribution for incumbent Executive Directors will be aligned with the average employee company pension contribution (currently 7.5% of salary). For any new Executive Director appointments, the maximum pension contribution will be aligned with the average employee company pension contribution (currently 7.5% of salary).	n/a

### Short Term Incentive Plan ('STIP') – Annual Bonus and Deferred Bonus Plan ('DBP')

To incentivise and reward the delivery of annual corporate and/or individual financial and non-financial targets, and to align the interests of Executive Directors with shareholders through the deferral of a portion of the bonus into shares.

Operation	Maximum opportunity	Performance measures
The Committee will use a bonus pool for each financial year of the Company. Annual bonus outcomes will be determined by the Committee after the end of each financial year. In exceptional circumstances the Committee may use its discretion to adjust the formulaic outcome of the performance targets to reflect corporate and individual performance during the year. The Committee may defer a proportion of any bonus award (no more than 50%) into a share award under the DBP. DBP awards will normally vest on the second anniversary of grant (or such other date as the Committee determines on grant). Malus and clawback provisions will apply (see page 68)	The maximum bonus opportunity for Executive Directors is 150% of base salary.	Use of a bonus pool funding approach. The bonus pool will be calculated as a percentage of Profit Before Tax ('PBT'), subject to a minimum level of PBT being achieved. The size of the pool will be capped at 2% of PBT in any financial year. 70% of the bonus to be based on financial objectives, with 30% based on non-financial objectives.

### Long Term Incentive Plan ('LTIP') – Restricted Share Awards ('RSA')

To incentivise and reward delivery of the Group's longer-term strategic objectives for the business and ensure alignment with shareholders.

Operation	Maximum opportunity	Performance measures
Awards are structured as conditional rights or nil-cost awards or nil-cost options, to receive free shares on vesting. Shares will normally vest after three years, subject to continued employment and the Remuneration Committee's assessment, with an additional two-year holding period, meaning that shares are not released until five years from award grant. If the Company does not meet one or more of the underpins at the date of vesting, then the Committee would review whether or not it was appropriate to reduce the number of shares that vest under the award. The Committee's general discretion to adjust vesting levels, depending on performance and unforeseen circumstances, and any other appropriate reason will also apply. Dividend equivalents in respect of the value of dividends which would have been received during the vesting period and any holding period may be paid in shares or in cash in respect of the number of shares which vest. Malus and clawback provisions will apply (see page 68).	The maximum awards are 75% of base salary for the Chief Executive Officer and 60% of base salary for the Chief Financial Officer.	Restricted Share Awards are subject to one or more underpins over a period of three financial years commencing with the year in which the awards are granted. These underpins are designed to ensure that an acceptable threshold level of performance is achieved and that vesting is therefore warranted. The underpins applying to each award will be determined by the Committee each year and the Committee may use different performance underpins for each award, if deemed appropriate. Underpins will be set taking into account the business strategy and to ensure that failure is not rewarded. Underpins may include financial measures such as the maintaining of a minimal Solvency ratio or a capital return measure. Non-financial measures may also be used, including those related to risk or regulatory matters. Vesting of awards will also be subject to overarching Committee discretion.

### All Employee Share Plans

To align the Executive Directors with the wider workforce.

Operation	Maximum opportunity	Performance measures
<p>Executive Directors are eligible to participate in any all-employee share plans in place, which are operated in line with HMRC requirements.</p> <p>These are currently a share acquisition and free share plan, known as the UK Share Incentive Plan ('SIP'), and a savings-related share option plan, known as the Save As You Earn ('SAYE') Plan.</p>	<p>Participation in the Group's all-employee share plans will be subject to any applicable maximum limits as set by HMRC.</p>	<p>n/a</p>

### Shareholding guidelines

To align the interests of the Executive Directors and shareholders to the success of the Company.

Operation	Maximum opportunity	Performance measures
<p>The Executive Directors are expected to build and maintain a shareholding equivalent to at least 200% of their base salary. This should be achieved within a reasonable timeframe from the adoption of this Policy or their appointment.</p> <p>Shares which may be used to satisfy this requirement include all beneficially-owned shares and vested share awards subject to a holding period.</p> <p>To support the implementation of this measure, Executive Directors are required to retain 50% of any share awards vesting (after settling any tax liability) until the 200% requirement is met.</p> <p>Post-cessation of employment, the Executive Directors are expected to maintain a minimum shareholding of 200% (or their actual shareholding if lower) for a period of two years. This arrangement will be administered through a nominee account.</p> <p>The post-employment guideline applies to shares from incentive awards that have been granted from the date of the adoption of this Policy.</p>	<p>n/a</p>	<p>n/a</p>

### Non-executive Directors' Fees

To attract Non-executive Directors of an appropriate calibre and with sufficient experience to ensure the effective management of the Company.

Operation	Maximum opportunity	Performance measures
<p>Fee levels will normally be reviewed (though not necessarily increased) annually. Fees will be set with reference to the time commitment and responsibilities of the position, and any increases reflective of any increases given to the wider employee population.</p> <p>Additional fees may be paid for additional responsibilities (such as chairing a Board Committee, membership of a Committee, or acting as the Senior Independent Director), or for an increased time commitment during the year.</p> <p>Each Non-executive Director will be entitled to be reimbursed for all reasonable costs incurred in the course of his/her duties, including travel and accommodation expenditure, along with any related tax liabilities.</p> <p>The fee for the Chair will be determined by the Committee.</p> <p>Fees for Non-executive Directors will be determined by the Chair and the Executive Directors.</p> <p>Total fees will not exceed the limit set out in the Company's Articles of Association.</p>	<p>There is no prescribed maximum fee or annual increase.</p>	<p>n/a</p>

### Prior arrangements

The Board reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the Policy set out on the prior pages where the terms of the payment were agreed (i) before the Policy came into effect; or (ii) at a time when the relevant individual was not a Director of the Group and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Group. For these purposes 'payments' includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' at the time the award is granted.

### Selection of performance conditions

For the Short Term Incentive Plan ('STIP'), the Committee believes that a mix of financial and non-financial targets is most appropriate. Strategic and personal objectives may be included where appropriate to ensure delivery of key business milestones. Targets are set by the Committee taking into account internal and external forecasts.

For the Long Term Incentive Plan ('LTIP'), under which it is proposed to grant awards of restricted shares, awards will be subject to performance underpins. The underpins selected by the Committee will be based on measures considered to be most reflective of the overall financial stability and performance of the Company, and therefore aligned with shareholder value creation.

### Terms common to the DBP and LTIP

Awards under the DBP and LTIP may:

- be granted as conditional share awards or nil-cost options or in such other form that the Committee determines has the same economic effect
- have any performance conditions applicable to them amended or substituted by the Committee if an event occurs which causes the Committee to determine an amended or substituted performance condition would be more appropriate and not materially less difficult to satisfy
- incorporate the right to receive an amount (in cash or additional shares) equal to the value of dividends which would have been paid on the shares under an award that vests up to the time of vesting (or, where the award is subject to a holding period, the end of that holding period). This amount may be calculated assuming that the dividends have been reinvested in the Company's shares on a cumulative basis be settled in cash at the Committee's discretion be adjusted in the event of any variation of the Company's share capital or any demerger, delisting, special dividend or other event that may materially affect the current or future value of the Company's shares

### Malus and clawback

Malus and clawback provisions apply to all awards granted under the STIP and LTIP. These provisions may be invoked at the Committee's discretion at any time prior to the third anniversary of the grant of a cash bonus or DBP award, or to the fifth anniversary of the grant of an LTIP award. In these circumstances, the Committee may reduce or impose additional conditions on an award or require that the participant returns some or all of the value acquired under the award.

The Committee has the discretion to invoke these provisions where there has been:

- a material misstatement of any Group member's audited accounts
- a corporate failure
- intervention from a regulator
- an error in assessing the relevant performance conditions or the information or assumptions on which the award was granted or vested
- misconduct on the part of the Executive Director
- serious reputational damage to, or a material failure of risk management by, a member or business unit of the Group

Within the period beginning on:

- in the case of LTIP awards, from the grant of the award and ending on the fifth anniversary of the date of grant
- in the case of STIP (cash bonus and DBP awards), the start of the financial year in respect of which the award is granted and ending on the third anniversary of the date of grant

The Board will retain the discretion to calculate the amount to be recovered, including whether or not to claw back such amount gross or net of any tax or social security contributions applicable to the award.

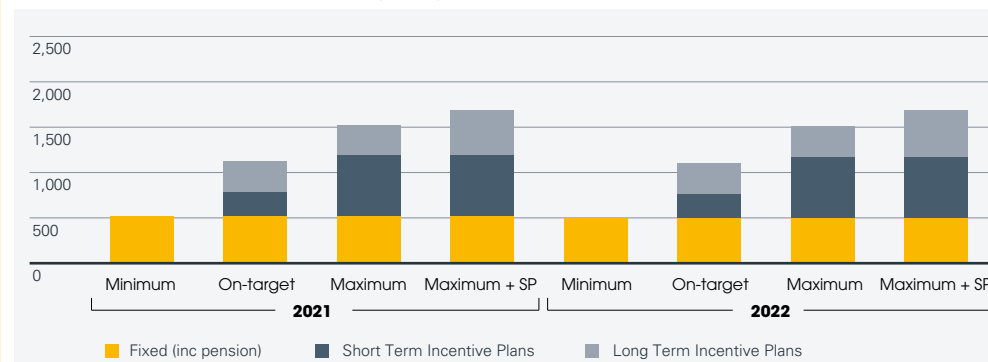
### Remuneration scenario charts

The charts below illustrate the potential remuneration for each of the Executive Directors, using a range of assumptions, for the forthcoming year. The charts show the potential value of the current Executive Directors' remuneration under four scenarios: minimum, on-target, maximum and maximum plus share price growth (which assumes a 50% increase in share price over the LTIP vesting period).

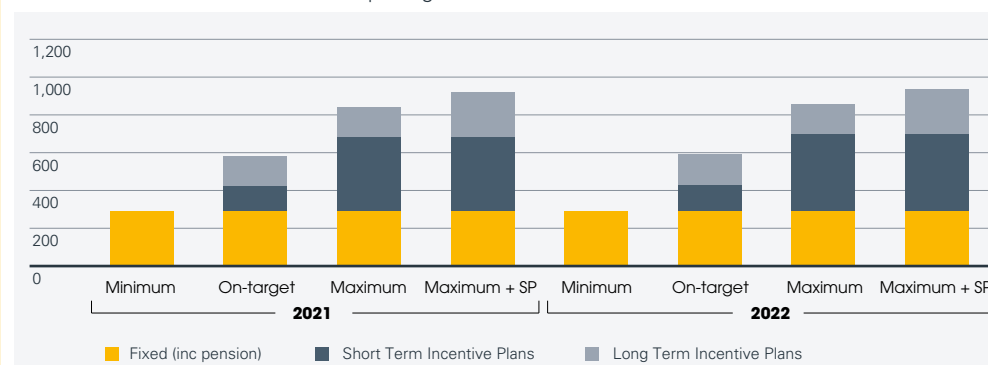
The following assumptions have been made in creating the charts below:

Pay scenario	Basis of calculation
Minimum	Fixed pay only consisting of salary, benefits and pension
On-target	Fixed pay, plus the relevant mid performance payout from the bonus pool and Restricted Share Award
Maximum	Fixed pay, plus the maximum performance payout from the bonus pool (capped at 150%) and Restricted Share Award
Maximum plus share price growth	Fixed pay, plus the maximum performance payout from the bonus pool (capped at 150%) and restricted share awards plus share price growth of 50% over the Restricted Share Award vesting period

Chief Executive Officer's remuneration package:



Chief Financial Officer's remuneration package:



These graphs are for illustrative purposes. They include the LTIP grants in the form of Restricted Share Awards, which will be made in 2022 but will not vest until 2025.

### Remuneration Policy for new Executive Directors

The Committee intends to set any new Executive Director's remuneration package in line with the Policy outlined earlier in this section. In recognition of the changes in the corporate governance environment, the Committee will align the Company's pension contributions for any newly appointed Executive Director with those of the average employee. For the financial year ended 31 December 2020, the average Company employee pension contribution was 7.5%, and whilst this Policy is in place, 7.5% is the maximum pension contribution to be given to an Executive Director, with effect 1 January 2022.

When determining the design of the total package in a recruitment scenario, the Committee will consider the size and scope of the role, the candidate's skills and experience and the market rate for such a candidate, in addition to the importance of securing the preferred candidate. In some circumstances, the Board may be required to take into account common remuneration practices in another country and, if applicable, may consider awarding payments in respect of relocation costs. In line with the Policy, in relation to annual bonus and LTIP awards, maximum variable remuneration will not exceed 225% for the Chief Executive Officer and 210% for the Chief Financial Officer as a % of salary.

In the event that Sabre wishes to hire a candidate with unvested long-term incentives accrued at a previous employer, which would be forfeited on the candidate leaving that company, the Committee retains the discretion to grant awards with vesting on a comparable basis to the likely vesting of the previous employer's award. The LTIP Rules have been drafted to permit the grant of recruitment awards on this basis to an individual (which will not be counted towards the annual 75% LTIP limit and which will be subject to such vesting schedules and performance conditions (if any) as the Committee may determine). If it is not possible or practical to grant recruitment awards under the LTIP, the Committee may rely on the provisions of Listing Rule 9.4.2 to grant the awards. For internal candidates, LTIP awards granted in respect of the prior role would be allowed to vest according to their original terms, or adjusted if appropriate to take into account the appointment.

For the appointment of a new Chair or Non-executive Director, the fee would be set in accordance with the Policy. The length of service and notice periods would be set at the discretion of the Committee, taking into account market practice, corporate governance considerations and the skills and experience of the particular candidate at that time.

### Service agreements and exit payment policy

In line with the UK Corporate Governance Code Provision 18, all Directors are subject to re-election annually at the Company's Annual General Meeting.

Director	Date of appointment	Notice period
Geoff Carter	21/11/2017	12 months
Adam Westwood	21/11/2017	12 months
Andy Pomfret	28/02/2018	3 months
Ian Clark	04/10/2017*	3 months
Karen Geary	07/12/2020	3 months
Michael Koller	01/09/2020	3 months
Rebecca Shelley	04/10/2017	3 months

\* Ian Clark was appointed to the Sabre Insurance Group plc Board as a Non-executive Director upon its IPO, however had been a Non-executive Director of Sabre Insurance Company Limited since May 2014.

Shareholders may inspect the Executive Directors' contracts or the Non-executive Directors' letters of appointment at the Company's registered office, and these contracts and letters of appointment are also available for shareholders to review at the Company's Annual General Meeting.

Both Geoff Carter and Adam Westwood have written service contracts with the Company with no fixed end date, but which are terminable by either the Company or the Executive Director on not less than twelve months' notice.

In the event notice is given to terminate an Executive Director's contract, the Company may make a payment in lieu of notice equal to the value of the Executive Director's salary for the notice period. Any such payments may be made, at the Committee's discretion, as a lump sum or in instalments, subject to mitigation by the Executive Director. It is the Committee's intention that the service contracts for any new Executive Directors will contain equivalent provisions. In the event that

an Executive Director leaves the Group, entitlement they have to any variable pay will be determined in accordance with the relevant incentive plan rules.

The Chair and each of the independent Non-executive Directors have a notice period of three months and may receive fees in respect of any notice period.

### Short Term Incentive Plan ('STIP') – Annual Bonus and Deferred Bonus Plan ('DBP')

Executive Directors will not have any automatic entitlement to a bonus for the financial year in which they leave the Group. Where an Executive Director leaves the Group, as a result of their ill-health, injury, disability or redundancy, or their employing company or business is sold out of the Group, or in such other circumstances as the Committee determines (but excluding gross misconduct), (known as 'Good Leaver Reasons'), the Executive Director will typically remain eligible for their annual bonus award, which will normally be time pro-rated to reflect the proportion of the financial year served. Any such bonus may be paid out in such proportions of cash and share awards as the Committee considers appropriate. For other leavers, rights to awards under the annual bonus will be forfeited.

Unvested DBP awards will normally lapse when an Executive Director leaves the Group. However, if an Executive Director's departure is a Good Leaver Reason, as set out above, their award will normally vest on the original vesting date, although the Committee has the discretion to allow awards to vest earlier if the Committee considers it appropriate.

### Long Term Incentive Plan ('LTIP') – Restricted Share Awards

Unvested LTIP awards, including Restricted Share Awards following the amendment of the plan rules at the Annual General Meeting, will also normally lapse when an Executive Director leaves the Group. However, if the Executive Director's departure is as a result of a Good Leaver Reason, their LTIP awards will normally vest (and be released from any applicable holding period) on the original timetable set, although the Committee has the discretion to accelerate the vesting and release of awards.

The extent to which unvested LTIP awards vest in these circumstances will be determined by the Committee, taking into account the extent to which the relevant performance conditions or underpins have, in its opinion, been satisfied (over the original performance period, where the vesting of the award is not being accelerated) and, unless the Committee determines otherwise, the proportion of the performance period that has elapsed at the time the Executive Director leaves.

If an Executive Director leaves the Group holding vested LTIP awards which are subject to a holding period, these awards will normally be released at the end of the original holding period, unless the Committee allows the holding period to be shortened. However, if the Executive Director is dismissed for gross misconduct, all his or her LTIP awards will lapse.

If an Executive Director dies, their DBP and LTIP awards will normally vest (and be released from any holding periods) as soon as reasonably practicable after their death. The extent to which unvested LTIP awards vest in these circumstances will be determined by the Committee in the same way as for other Good Leaver Reasons described above.

The Committee reserves the right to make any other payments in connection with a Director's cessation of office or employment where the payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement of any claim arising in connection with the cessation of a Director's office or employment. Any such payments may include but are not limited to paying any fees for outplacement assistance and/or the Director's legal and/or professional advice fees in connection with his cessation of office or employment.

### Change of control

In the event of a change of control of the Company, LTIP and DBP awards will normally vest and be released early. The proportion of any unvested LTIP awards which vest will be determined by the Committee, taking into account the extent to which it determines that any performance conditions and underpins have been satisfied at the time, and, unless the Committee determines otherwise, the proportion of the performance period that has elapsed. DBP awards will normally vest in full.

Alternatively, the Board may permit an Executive Director to exchange their awards for equivalent awards of shares in a different company (including the acquiring company). If the change of control is an internal reorganisation of the Group or in other circumstances where the Committee considers it appropriate, Executive Directors may be required to exchange their awards.

If other corporate events occur such as a winding-up of the Company, demerger, delisting, special dividend or other event which, in the opinion of the Committee, may materially affect the current or future value of the Company's shares, the Committee may determine that awards will vest and be released on the same basis as for a change of control.

### Consideration of shareholder views and employment conditions

The Committee will consult with major shareholders prior to any significant changes to the Policy and will continue to value their views when deciding on future executive remuneration strategy. In developing and reviewing the Remuneration Policy, the Committee was mindful of the views of the Company's shareholders and remuneration arrangements for employees.

The Committee proactively sought feedback from shareholders when developing the Policy, and seeks feedback from shareholders when considering any significant changes to remuneration for the Executive Directors. The Committee took on board the feedback received from shareholders during the consultation regarding the new Remuneration Policy for 2021, and modified the proposals in response to the feedback received.

In setting the Policy, the Committee was led by the same principles which determined all employee remuneration: cost-effectiveness, pay for performance and long-term alignment.

These principles evidence themselves in all employee remuneration as follows:

- **Cost Effectiveness** – As with the Directors, in setting compensation across the Group, Sabre intends to pay no more than is necessary to attract, retain and incentivise high-calibre individuals, setting remuneration competitively but not excessively
- **Pay for Performance** – Many full-time Group employees are eligible to participate in some form of share-based incentive. Key individuals below Board level have been invited to participate in the LTIP, in order for there to be alignment between senior management and the Executive Directors' objectives
- **Long-term Alignment** – In line with our philosophy of encouraging our workforce to be investors in the Group, all eligible employees were offered an award of free shares under the Share Incentive Plan ('SIP'). The Company operates both a Save As You Earn ('SAYE') Plan and a SIP to further facilitate employee investment in the Group and their long-term alignment

Although the Committee did not formally engage with the workforce on the alignment of executive remuneration with the wider company pay policy, the Board engages with the workforce via the designated Non-executive Director for workforce engagement, Ian Clark, who appointed to represent employee opinions at the Board. Ian leads on ensuring effective engagement with the workforce and regularly feeds back to the Committee and the Board following his meetings with employees. This process does not currently include an active two-way dialogue with the workforce on executive pay but the approach is being kept under review.

The Committee appreciates the importance of an appropriate relationship between the remuneration levels of the Executive Directors, the Executive Team, managers and other employees within the Group. As such, when reviewing and determining pay for Executive Directors, the Committee takes into account the level and structure of remuneration, as well as salary budgets, for other employees in the Group. Moreover, as a result of the implementation of the all-employee share plans referred to above, many of the Group's employees are Sabre shareholders and therefore have the opportunity to express their views through the same means as any other shareholder.

# Annual Report on Directors' Remuneration

This section of the Directors' Remuneration Report sets out the remuneration paid to Sabre's Directors in respect of the year ending 31 December 2021.

In line with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended in 2013) the following parts of the Annual Report on Directors' Remuneration are audited:

- the single total figure of remuneration for each Director, including pension entitlements, STIP and LTIP outcomes for the financial year ended 31 December 2021
- Share plan awards granted during the year ended 31 December 2021
- Directors' external appointments
- Payments to past Directors and payments for loss of office
- Directors' shareholdings and share interests

All other parts of the Annual Report on Directors' Remuneration are unaudited.

## Single figure of remuneration (audited)

The table below sets out the total remuneration received by Executive Directors and Non-executive Directors in respect of the financial year ended 31 December 2021.

	£'000s																	
	Salary/fees		Taxable Benefits <sup>1</sup>		Pension		Total fixed pay		Short Term Incentive Plan <sup>2</sup>		Long Term Incentive Plan <sup>3,4</sup>		Other <sup>5</sup>		Total variable Pay <sup>6</sup>		Total Remuneration <sup>7</sup>	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
<b>Executive Directors</b>																		
Geoff Carter	439	432	3	2	66	65	508	499	224	336	0	281	1	1	225	618	733	1,117
Adam Westwood	258	254	2	1	22	20	282	275	113	198	0	127	0	1	113	326	395	601
Executive Director Total	697	686	5	3	88	85	790	774	337	534	0	408	1	2	338	944	1,128	1,718
<b>Non-executive Directors</b>																		
Andrew Pomfret	150	97 <sup>8</sup>	–	–	–	–	150	97	–	–	–	–	–	–	–	–	150	97
Catherine Barton <sup>9</sup>	70	70	–	–	–	–	70	70	–	–	–	–	–	–	–	–	70	70
Ian Clark <sup>10</sup>	73	71	–	–	–	–	73	71	–	–	–	–	–	–	–	–	73	71
Karen Geary <sup>11</sup>	60	4	–	–	–	–	60	4	–	–	–	–	–	–	–	–	60	4
Michael Koller <sup>12</sup>	60	20	–	–	–	–	60	20	–	–	–	–	–	–	–	–	60	20
Rebecca Shelley <sup>13</sup>	80	73	–	–	–	–	80	73	–	–	–	–	–	–	–	–	80	73
Non-executive Director Total	493	335	–	–	–	–	493	335	–	–	–	–	–	–	–	–	493	335
<b>Total</b>	<b>1,190</b>	<b>1,021</b>	<b>5</b>	<b>3</b>	<b>88</b>	<b>85</b>	<b>1,283</b>	<b>1,209</b>	<b>337</b>	<b>534</b>	<b>0</b>	<b>396</b>	<b>1</b>	<b>2</b>	<b>338</b>	<b>944</b>	<b>1,621</b>	<b>2,153</b>

1 Taxable benefits include private medical insurance and payment in lieu of holiday not taken.

2 Awards made under the STIP are paid for performance over the relevant financial year. Details of the performance targets and performance against the targets for the 2021 STIP awards are detailed on pages 72 to 74, and details of the performance targets and performance against the targets for the 2020 STIP awards are detailed in the Annual Report and Accounts for the year ended 31 December 2020. Consistent with the terms of the 2021 Remuneration Policy, 50% of the bonus earned in relation to the financial year ended 31 December 2021 is deferred into the Company's shares for two years, with the balance payable in cash. These shares will be held in the Sabre Group Employees' Share Trust and are not subject to any further performance conditions.

3 Awards made under the LTIP are paid for performance over the period 1 January 2019 to 31 December 2021. The awards for the LTIP 2019 did not meet the performance conditions, and therefore did not vest. Details of the performance targets and performance against the targets for the 2019 LTIP awards are detailed on page 75.

4 The LTIP values for the financial year ending 31 December 2020 have been restated using the share price on the vesting date of 12 April 2021 at £2.5973. A total of 93,144 shares vested for Geoff Carter and 41,915 shares vested for Adam Westwood. In addition to this dividend equivalents were paid. The total remuneration for the financial year ending 31 December 2020 has been updated accordingly.

5 The Company operates a Share Incentive Plan ('SIP') which is open to all employees. 'Other' is the value of matching SIP shares attributable to the year. In 2020, Geoff Carter and Adam Westwood participated in the SIP up to the maximum extent permitted by HMRC. The Company

offers a 1:3 match for partnership shares purchased by employees and the calculation for value is based on the shares bought by the Company on behalf of the individual and the share price as at 31 December 2020 of £2.765. In 2021, Geoff Carter participated in the SUP up to the maximum extent permitted by HMRC. The calculation for value is based on the shares bought by the Company on behalf of the individual and the share price as at 31 December 2020 of £1.838.

6 Comprising STIP, LTIP and any Other relevant variable remuneration.

7 Comprising of total fixed pay and total variable pay and other remuneration as set out in footnote 5.

8 Andy Pomfret became Chair with effect from 1 September 2020, and his fee was pro-rated in line with time served in this position during the financial year 2020.

9 Catherine Barton left the Board with effect from 26 November 2021, but was paid for the remainder of the year, and until 31 January 2022, in line with her service contract which allows for payment of a three-month notice period.

10 Ian Clark became Chair of the Risk Committee with effect from April 2020, and his fee was pro-rated in line with time served in this position during the financial year.

11 Karen Geary joined the Board with effect from 7 December 2020, and her fee was pro-rated in line with time served during the financial year ending 31 December 2020.

12 Michael Koller joined the Board with effect from 1 September 2020, and his fee was pro-rated in line with time served during the financial year ending 31 December 2020.

13 Rebecca Shelley became Senior Independent Director with effect from 1 September 2020, and her fee was pro-rated in line with time served in this position during the financial year.



## Base salary

The annual salary paid to the Executive Directors with effect from 1 April 2021, is shown in the table below.

Base Salary	Annual salary (£) with effect 1 April 2021
Geoff Carter	440,862
Adam Westwood	259,331

During the year, the Committee reviewed Executive Director salaries, taking into account the individual's role and experience and pay for the broader employee population. Details of the salaries that will apply in 2022 are provided on page 80 and 81.

## Pension

Geoff Carter and Adam Westwood received pension contributions of 17% and 10% of their base salaries respectively. Details of the pension contributions that will apply in 2022 are provided on page 80.

## 2021 Short Term Incentive Plan

### Framework and outcomes for the financial year ended 31 December 2021

For the financial year ended 31 December 2021, the Executive Directors were eligible to participate in the Company's Short Term Incentive Plan ('STIP'), which was based on a bonus pool funding approach, calculated as 2% of Profit Before Tax ('PBT'), subject to a minimum hurdle of £35m PBT being achieved. For 2021, the maximum annual bonus opportunity was 150% of salary for Geoff Carter and 150% of salary for Adam Westwood. The STIP was based 70% on attainment against financial targets (PBT) and 30% attainment against non-financial targets, split equally between non-financial Company-wide objectives, including strategy, customer, ESG, people, the development of the business, risk and compliance, and individual non-financial objectives.

Performance Measure	Weighting
Profit Before Tax	70%
Non-financial Company-wide objectives, including strategy, customer and partners, ESG, people, development of business, risk and compliance	15%
Non-financial objectives relating to the individual	15%

PBT performance for the year ending 31 December 2021 was £37.2m, and therefore the profit pool available for distribution to the Executive Directors and other senior leaders for the year was £0.744m (being 2% of PBT). Based on the allocation formula, the Executive Directors were eligible to receive £0.348m of the bonus pool, with the CEO being entitled to a maximum of 31.1% of the pool, and the CFO 15.7% of the pool, dependent on the delivery of non-financial targets as set out below. Each director's share of the bonus pool, before any adjustment for personal or company performance, is agreed provisionally at the start of the performance year, based primarily on that individual's base salary and maximum bonus potential.

The non-financial targets set for the Company, and the non-financial individual personal targets for Geoff Carter and Adam Westwood and the Committee's assessment of their performance against them are detailed on the following page, with as much clarity as possible whilst protecting company competitive advantages and respecting contractual confidentiality. The non-financial targets for the Company were determined by the Committee to have been achieved at 90%, and the non-financial individual performance objectives detailed below for both Geoff Carter and Adam Westwood were determined by the Committee to have been achieved at 90% and 90% respectively.

### Non-financial Company-wide objectives

The Committee believes that responsibility for the wider business objectives is shared equally amongst the Executive Team, and a consistent score will be given unless specific examples of over/under performance are identified. Taken holistically the Committee considered a score of 90% against these objectives to be appropriate.

Non-financial measure	Weighting as a % of total bonus opportunity	Performance	Detail of Performance	Actual bonus payable as a % of total bonus opportunity
<p><b>Strategic Focus</b></p> <p>Maintaining focus on retaining COR position within target range through analysing and adapting to emerging market conditions</p>	15%	90%	<p>The Company successfully retained a rigorous focus on maintaining COR performance despite challenging market conditions caused by a continuing soft market and COVID-19 related lockdowns. These lockdowns reduced available volume in the market through reduced car sales and driving tests, as well as impacting traffic and claim patterns. The Company delivered a COR for 2021 of 79.4%, within the target range. This resulted in a necessary sacrifice of volume, but leaves the business well placed for growth in 2022 onwards. Further information on this year's strategic focus can be found on pages 2 to 6.</p>	13.5%
<p><b>Customer and Partners</b></p> <p>Maintain a high-quality service in direct and outsourced processes, ensuring customers are dealt with fairly.</p>		<p>SLAs, complaints and partner service levels are monitored in detail on a monthly basis. These have confirmed all services have been delivered well, and are within required service levels. Complaints are reviewed at an individual level by the Executive Team on a six-monthly basis, with independent monitoring by the Head of Compliance, and action plans agreed for any thematic issues. Complaints have remained low throughout 2021 and compare very favourably to peer groups. The Board have reviewed available industry publications such as FOS uphold rates compared to peers.</p> <p>A particular focus in 2021 was on identifying vulnerable customers, with these complaints being highlighted to the Board and Executive Team to ensure they had been handled appropriately. Complaints from these customers were very low, but appropriate identification and resolution was apparent.</p> <p>The Committee considered results here were particularly creditable given the extensive home-based working for much of the year. Further information on Customer and Partners can be found on page 32.</p>		
<p><b>Environmental, Social and Governance</b></p> <p>Continue to enhance our approach to ESG requirements, with an increased focus on environmental impacts and stakeholder expectations.</p>		<p>Excellent progress has been made in this area, with a full report and environmental road map contained in this Report on pages 42 to 45.</p>		
<p><b>People</b></p> <p>Maintain Sabre's position as a great place to work, ensuring colleagues have an appropriate work/life balance, are able to develop in their careers and strive to ensure Sabre's success.</p>		<p>During the year, there was strong focus on colleague wellbeing throughout the COVID-19 impacted year. Specific examples included maintaining full employment despite lower business volumes, maintaining normal pay rises and bonuses and regular contact points to ensure colleagues were able to work effectively from home. Further information on Sabre's People can be found on pages 38 to 40.</p>		
<p><b>Development of the Business</b></p> <p>Maximising market opportunities</p>		<p>Strong progress was evident in this area. The quotability footprint for Van was expanded in the period with a commensurate increase in volume. Several M&amp;A opportunities were reviewed, and rejected as either not providing value for money or being a good fit with strategy/operations. Motorcycle was a notable success with a deal being agreed with MCE Insurance in the year that has allowed Sabre to enter the motorcycle market at scale with an expert partner. Further information on the Development of the Business can be found on page 6.</p>		
<p><b>Risk and Compliance</b></p> <p>Comply with existing and emerging regulatory requirements, and successfully manage risk and compliance across the Group.</p>		<p>During the year, there were no regulatory interventions, and there have been positive reports from the outsourced Internal Audit regarding risk, governance and compliance. Further information on the risks the Company faces can be found on pages 19 to 26.</p>		

**Non-financial objectives relating to the individual**

Geoff Carter	Weighting as a % of personal/strategic bonus opportunity	Commentary on performance	Actual performance
<b>Objectives</b>			
Ensure progress of the agreed strategic developments initiatives, with a specific focus on medium term growth opportunities	25%	Successful focus on maintaining strong foundations for the business (funding strength and COR performance) whilst reviewing development opportunities. A material new partnership on motorcycle announced and launched in year, representing both earnings growth and entry into a new market segment. A new Flexible insurance product was developed in the year and will launch in 2022, with partners lined up to benefit from this technology.	22.5%
Ensure Executive Team's continued effectiveness and positive engagement with the Board as certain senior roles transition.	25%	Successful promotion of new Chief Actuary with a 'no politics' culture retained across the high performing Executive Team. Positive engagement with Board maintained, as evidenced by the Board Effectiveness Review.	25%
Ensure a successful modernisation of the HR operational model and implementation of post-COVID return to work arrangements.	25%	A new HR model introduced in year which continues to mature. Included within this was a move to an automated HR system (including expenses submission and holiday management). Positive employee engagement, evidenced by employee survey, maintained despite the challenges of predominantly home-based working for many employees in the year.	20%
Ensure positive relationships are maintained with key stakeholders, specifically including the PRA, covering analysts and key investors.	25%	Evidence of positive relationships with investors and analysts confirmed via independently obtained feedback following results sessions and investor roadshows. Several constructive conversations with the PRA on industry topics during the year with positive feedback received from regulators on the Company approach.	22.5%
Total % of personal/strategic objectives	100%		90%
<b>Adam Westwood</b>			
<b>Objectives</b>			
Progress IFRS 17 implementation project to include sign-off on key judgements, draft accounts and disclosures, and external assurance where necessary	25%	Strong progress with draft papers, pro-forma accounts and external review completed.	22.5%
Further enhance automation within Finance, in both transactional processing and reporting	25%	Good progress, including automating the payroll and employee portal. Automated claims payments with cheque payments now rare with system-based cheque production retired.	20%
Maintain strong relationships with analysts and investors, ensuring that guidance is clear and well understood	25%	Strong relationships maintained with analysts, validated by independently gathered feedback. Number of covering analysts increased from 7 to 9.	22.5%
Build a carbon-neutral roadmap for the Company, which includes a staged transition and ambitious yet achievable targets	25%	Roadmap approved by Board in year, with details contained in the 2021 Report and Accounts on pages 42 to 45.	25%
Total % of personal/strategic objectives	100%		90%

## Committee Chair's commentary on Executive Directors' personal performance

Sabre is predominantly a technical underwriting and claims management business. The Company strategy is therefore centred on maintaining a Combined Operating Ratio ('COR') between 70% and 80% throughout all market conditions, treating volume as an output not a target. The strategy does not currently envisage material product development, merger and acquisition activity or territorial expansion, although during the year the Company expanded its product lines to include motorcycle cover. As such, the Committee considers the effective implementation of the strategy to be characterised by the quality of ongoing pricing, claims management and underwriting activity, and primarily assesses Executive performance against these measures.

As outlined in this report, 2021 was a challenging year for motor insurers, with a number of regulatory reviews and ongoing competitive market conditions, in addition to the continued impact of COVID-19. Within this context, the Committee considers the 2021 results to be creditable, with particular reference to COR targets being achieved, whilst accepting that this would deliver lower premium levels. The Company remained forthright in assessing a claims inflation rate of around 7.5 to 8.5% throughout 2021, with many competitors only latterly referencing these levels. Furthermore, the Company did not receive any Government assistance or furlough any employees during the year and has maintained the payment of the dividend, in line with the Company's dividend policy.

Based on the bonus pool available for distribution amongst the Executive Directors and other senior managers, the Committee concluded that awards of 33.9% to the Chief Executive Officer and 29% to the Chief Financial Officer of the maximum opportunity of 150% of salary should be made. The Committee believes that the annual bonus outcomes are a fair reflection of individual and Company performance in the year and the overall shareholder experience, and therefore has not exercised its discretion to adjust the awards. In line with the Remuneration Policy, 50% of the annual bonus awards will be deferred into Company shares for a period of two years.

## Long Term Incentive Plan ('LTIP')

### Vesting of awards under the LTIP in the financial year ended 31 December 2021

Shortly prior to Admission, shareholders approved the introduction of the Sabre 2017 LTIP. The second award under the 2017 LTIP was granted in 2019 based on performance over three years up to 31 December 2021. Under the plan, an award of 125% of salary was made to Geoff Carter and 100% of salary to Adam Westwood. The LTIP was based 50% on Relative TSR targets and 50% on EPS growth targets.

The range of targets set and performance against the targets is detailed below:

Financial measure	Weighting as a % of total LTIP opportunity	Threshold	Target	Stretch	Actual Performance	Actual LTIP payable as a % of total LTIP opportunity
Relative TSR vs. FTSE 250, excluding investment trusts and companies in the extractive industries	50%	Median	Straight-line vesting	Upper quartile	Below Threshold	0%
Earnings Per Share ("EPS")	50%	54.5p	60.6p	66.7p	46.4p	0%

The Committee reviewed the formulaic outruns of the LTIP and chose not to use any discretion to amend the vesting outturn. Based on the performance of the awards against their performance conditions, the awards granted under the 2019 LTIP should not vest.

### Granting of awards under the LTIP in the financial year ended 31 December 2021

In line with the Company's 2021 Directors' Remuneration Policy, both Geoff Carter and Adam Westwood were granted awards (75% and 60% of salary respectively) under the Company's LTIP during the financial year ended 31 December 2021. The awards were granted in the form of restricted shares awards, and in line with the Remuneration Policy, the awards will vest after three years from the date of grant, followed by an additional holding period of two years from the date of vesting.

Awards were made subject to the following underpins:

- Maintaining a solvency ratio in excess of 140%
- Achieving a Return of Tangible Equity in excess of 10%
- No material regulatory censure
- Overall Committee discretion

If the Company does not meet one or more of the underpins at the date of vesting, then the Committee will review whether or not it would be appropriate to reduce the number of shares, including to zero, that vest under the award. Vesting of awards will also be subject to the Committee's overarching discretion in order to ensure that outcomes reflect the underlying performance of the Company and the broader stakeholder experience.

### Details of the LTIP Awards granted on 21 May 2021:

Executive Director	Basis of award	Face value	Shares over which awards were granted <sup>1</sup>	Performance underpin	Period over which underpin assessed
Geoff Carter	75% of salary	£330,647	126,539	Subject to the underpins detailed on page 75	3 years from 1 January 2021
Adam Westwood	60% of salary	£155,599	59,548	Subject to the underpins detailed on page 75	3 years from 1 January 2021

<sup>1</sup> The number of shares granted was calculated on the average share price of the five working days immediately preceding the date of grant of £2.613 as conditional awards.

### External appointments (audited)

Neither of the Executive Directors currently holds a paid external appointment. All appointments must first be agreed by the Board and must not represent a conflict of their current role.

### Payments to past Directors (audited)

Catherine Barton resigned from the Board in November 2021, and was paid until 31 January 2022, in line with the notice period in her letter of appointment. There were no other payments to past Directors in the year.

### Payments for loss of office (audited)

There were no payments to Directors for loss of office in the year.

### Sourcing of shares and dilution limits

The terms of the Group's share plan set limits on the number of newly issued shares that may be issued to satisfy awards. In accordance with guidance from the Investment Association, these limits restrict overall dilution under all plans (the LTIP, the DBP, the Save As You Earn ("SAYE") Plan, the Share Incentive Plan and any other employee share scheme adopted by the Group) to under 10% of the Company's issued share capital over a ten-year period. Furthermore, the LTIP and DBP set a further limitation that not more than 5% of the Company's issued share capital may be issued in any ten-year period on discretionary plans. As at 31 December 2021, Sabre was operating within these limits.

### Share awards and other outstanding share awards granted during the year ending December 2021 (audited)

Details of awards granted during the year are detailed below.

#### Long Term Incentive Plan ('LTIP')

Director		Holding on 1 January 2021	Granted during the Year	Option price (£)	Exercised during the year	Lapsed	Market price at exercise date (£)	Holdings on 31 December 2021	Date of grant	Share price on date of grant (£)	Vesting date	Gain on exercise (£)
Geoff Carter	2018	186,289	0	n/a	93,144	93,145	2.5973	0	21 June 2018	2.68	At a date agreed by the Committee, which is after the release of the results for the year ended 31 December 2020	241,923
	2019	183,575	0	n/a	0		n/a	183,575	11 April 2019	2.894	At a date agreed by the Committee, which is after the release of the results for the year ended 31 December 2021. An additional two-year holding period applies to these awards, once vested	n/a
	2020	193,819	0	n/a	0	0	n/a	193,819	23 April 2020	2.804	At a date agreed by the Committee, which is after the release of the results for the year ended 31 December 2022. An additional two-year holding period applies to these awards, once vested	n/a
	2021	0	126,539	n/a	0	0	n/a	126,539	21 May 2021	2.613	At a date agreed by the Committee, which is after the release of the results for the year ended 31 December 2023. An additional two-year holding period applies to these awards, once vested	n/a
	<b>Total</b>	<b>563,683</b>	<b>126,539</b>	<b>n/a</b>	<b>93,144</b>	<b>93,145</b>	<b>n/a</b>	<b>503,933</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>n/a</b>
Adam Westwood	2018	83,830	0	n/a	41,915	41,915	2.5973	0	21 June 2018	2.68	At a date agreed by the Committee, which is after the release of the results for the year ended 31 December 2020	108,866
	2019	86,388	0	n/a	0		n/a	86,388	11 April 2019	2.894	At a date agreed by the Committee, which is after the release of the results for the year ended 31 December 2021. An additional two-year holding period applies to these awards, once vested	n/a
	2020	91,208	0	n/a	0	0	n/a	91,208	23 April 2020	2.804	At a date agreed by the Committee, which is after the release of the results for the year ended 31 December 2022. An additional two-year holding period applies to these awards, once vested	n/a
	2021	0	59,548	n/a	0	0	n/a	59,548	21 May 2021	2.613	At a date agreed by the Committee, which is after the release of the results for the year ended 31 December 2023. An additional two-year holding period applies to these awards, once vested	n/a
	<b>Total</b>	<b>261,426</b>	<b>59,548</b>	<b>n/a</b>	<b>41,915</b>	<b>41,915</b>	<b>n/a</b>	<b>237,144</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>n/a</b>

### Deferred Bonus Plan ('DBP') – Granted during the financial year ending 31 December 2021

Director	Number of shares granted during the year	Share price used at date of grant <sup>1</sup> (£)	Face value of award at grant <sup>2</sup> (£)	Date of grant	Release date
Geoff Carter	69,610	2.415	168,109	30 March 2021	30 March 2023
Adam Westwood	40,947	2.415	98,888	30 March 2021	30 March 2023

1 The share price of £2.415 represents the average share price of the five working days immediately prior to the date of grant.

2 Represents 50% of the 2020 Short Term Incentive Plan award that was deferred into shares.

### Save As You Earn ('SAYE') Plan

Director	Holding on 1 January 2021	Granted during the year	Option price (£)	Exercised during the year	Lapsed	Market price at exercise date (£)	31 December 2021	Date of grant	Share price on date of grant (£)	Exercisable period	Gain on exercise (£)	
Geoff Carter 2018	4,293	–	2.096	4,293	–	2.555	0	24 May 2018	2.650	1 July 2021 to 31 December 2021	1,971	
	2019	3,174	–	2.268	–	n/a	3,174	30 April 2019	2.660	1 July 2022 to 31 December 2022	n/a	
	2020	808	–	2.226	–	n/a	808	12 May 2020	2.840	1 July 2023 to 31 December 2023	n/a	
	2021	0	4,680	1.923	–	n/a	4,680	21 April 2021	2.690	1 July 2024 to 31 December 2025	n/a	
	<b>Total</b>	<b>8,275</b>	<b>4,680</b>	<b>n/a</b>	<b>4,293</b>	<b>–</b>	<b>n/a</b>	<b>8,662</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>n/a</b>
Adam Westwood	2018	4,293	–	2.096	4,293	–	2.555	0	24 May 2018	2.650	1 July 2021 to 31 December 2021	1,971
	2019	–	–	n/a	–	–	n/a	–	–	–	n/a	
	2020	–	–	n/a	–	–	n/a	–	–	–	n/a	
	2021	0	9,360	1.923	–	–	n/a	9,360	21 April 2021	2.690	1 July 2024 to 31 December 2025	n/a
	<b>Total</b>	<b>4,293</b>	<b>9,360</b>	<b>n/a</b>	<b>–</b>	<b>–</b>	<b>n/a</b>	<b>9,360</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>n/a</b>

### Share Incentive Plan ('SIP')

Director	Purchased during the year	Granted during the year in the form of matching and dividend shares	Total gained during the year	Exercised during the year	Lapsed	Granted in prior years	Holding as at 31 December 2021	Vesting date	Gain on exercise (£'000)
Geoff Carter	760	373	1,133	–	–	1,515	2,648	Shares can be exercised with effect from the third anniversary of their grant	n/a
Adam Westwood	n/a	58	58	–	–	920	978	Shares can be exercised with effect from the third anniversary of their grant	n/a

## Directors' shareholdings and share interests (audited)

To further align Executive Directors with shareholders, Executive Directors are required to build up substantial interests in the Company. Executive Directors are expected to build and hold a shareholding with a value of at least 200% of their base salary. To support the implementation of this measure, Executive Directors are required to retain 50% of any share awards vesting (after settling any tax liability) until the 200% requirement is met. The Executive Directors have both met their respective shareholding requirements.

Post-cessation of employment, Executive Directors are expected to maintain a minimum shareholding of 200% of their base salary (or their actual shareholding, if lower) for a period of two years. To enforce this requirement, vested shares are held in a nominee account.

Shareholding requirements and the number of

shares held by Directors during the year and as at 31 December 2021 are set out in the table below:

Director	Number of unvested shares subject to performance/underpins as at 31 December 2021	Number of unvested shares not subject to performance as at 31 December 2021 <sup>1</sup>	Number of shares held under the Deferred Bonus Plan as at 31 December 2021	Number of shares held as at 31 December 2021	Number of shares held as at 31 December 2020	Shareholding requirement as a % of salary	Shareholding as a % of salary achieved at 31 December 2021 <sup>2</sup>
<b>Current Directors</b>							
Geoff Carter	503,933	11,310	128,503	1,591,165	1,555,372	200%	664%
Adam Westwood	237,144	10,338	75,268	658,320	658,320	200%	466%
Andy Pomfret	n/a	n/a	n/a	81,278	81,278	n/a	n/a
Ian Clark	n/a	n/a	n/a	303,006	265,761	n/a	n/a
Karen Geary	n/a	n/a	n/a	0	0	n/a	n/a
Michael Koller	n/a	n/a	n/a	0	0	n/a	n/a
Rebecca Shelley	n/a	n/a	n/a	15,521	7,794	n/a	n/a
<b>Directors served during the year, but are no longer on the Board</b>							
Catherine Barton	n/a	n/a	n/a	n/a	7,797	n/a	n/a

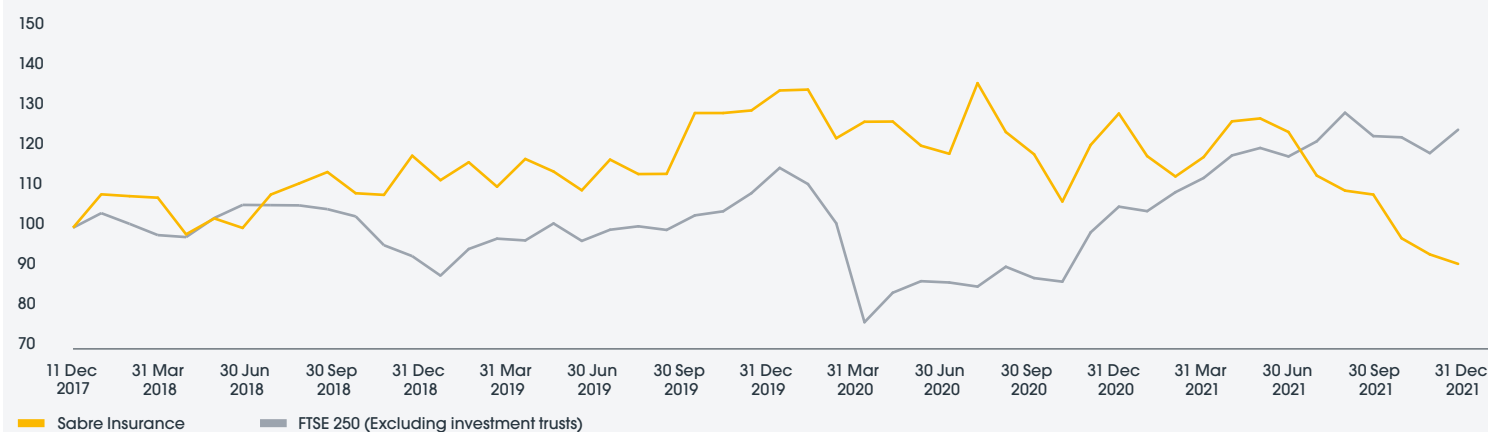
1 These awards relate to share options and share awards under the Company's SIP and SAYE Plans.

2 Calculated using a share price of £1.838 (as at 31 December 2021).

## Company performance – Relative Total Shareholder Return

The graph below shows Sabre's relative Total Shareholder Return ('TSR') performance from Admission to 31 December 2021 against the TSR performance of the FTSE 250 Index (excluding investment trusts and companies in the extractive industries). This is a broad equity market index which the committee considers to be the most appropriate comparator

TSR performance vs. FTSE 250 excluding investment trusts since IPO



The following table shows the Chief Executive Officer's remuneration for current and prior years:

	2021 (\$)	2020 (\$)	2019 (\$)	2018 (\$)	2017 (\$)
Single figure of remuneration	733K	1,110K	821K	760K	251K
Annual bonus payout (as a % of maximum opportunity)	33.9%	62.2%	63.1%	73.0%	n/a
LTIP vesting (as a % of maximum opportunity)	0%	50%	n/a	n/a	n/a

### Percentage change in remuneration of Directors and employees

The table below shows the percentage change in salary, taxable benefits and annual bonus, for the Directors who served on the Board compared to an average employee of the Company against the prior year for the financial years 2021 and 2020.

	2020 to 2021			2019 to 2020		
	Salary/fees	Taxable benefits	Annual Bonus	Salary/fees	Taxable benefits	Annual bonus
Geoff Carter	1.6%	34.2%	-63.2%	3.2%	0%	0%
Adam Westwood	1.6%	59.9%	-71.0%	4.2%	0%	103.1%
Andy Pomfret*	55.2%	n/a	n/a	38.1%	n/a	n/a
Catherine Barton**	0%	n/a	n/a	0%	n/a	n/a
Ian Clark	3.2%	n/a	n/a	-11.6%	n/a	n/a
Karen Geary***	1371.7%	n/a	n/a	n/a	n/a	n/a
Michael Koller***	200%	n/a	n/a	n/a	n/a	n/a
Rebecca Shelley****	9.1%	n/a	n/a	4.8%	n/a	n/a
Average of all employees	2.1%	8.1%	-27.6%	2.2%	-1.4%	15.4%

\* The change in Andy's salary from 2019 to 2020 relates to the increase in his salary, upon his appointment as Company Chair, and the change in salary from 2020 to 2021 is due to him completing a whole financial year in this position.

\*\*Left the Board with effect from 26 November 2021

\*\*\*Appointed during the financial year ending 31 December 2020, therefore no figures for 2019 to 2020. On an annualised basis, Karen Geary and Michael Koller's salaries changed by 0% between 2020 and 2021.

\*\*\*\*The change in Rebecca's salary from 2019 to 2020 relates to the increase in her salary, upon appointment as Senior Independent Director, and the change in salary from 2020 to 2021 is due to her completing a whole financial year in this position.

### Arrangements for the wider workforce

The Committee seeks to align the remuneration of the Executive Directors and Senior Management with consistency in reward practices throughout the Group. In 2018, the Committee increased the maximum monthly contribution under the SAYE Plan and expansion of the SIP to include employee contributions, which is matched by the Company at a 3:1 ratio. These changes came into effect in the financial year ended 31 December 2019. All employees receive a salary at or above the National Living Wage, and all employees are eligible to receive a performance-related bonus. The Company did not receive any Government assistance or furlough any employees during the year, and maintained payment of the Company's dividend, in line with the Company's Dividend Policy.

### Chief Executive Officer Ratio

The ratio compares the total remuneration of Geoff Carter, the Chief Executive Officer, as set out in the Directors' Remuneration Report, against the remuneration of the median employee, as well as employees in the lower and upper quartiles. We will build up our reporting of these figures over time to cover a ten-year rolling basis. The ratios were calculated using the Option A methodology, which uses the pay and benefits of all UK employees. The Company has chosen Option A as it uses the full-time equivalent pay and benefits for all UK employees during the year, and is therefore a more accurate representation of employee pay. The employee pay data used was based on the total remuneration of all of Sabre's full-time employees as at 31 December 2021. The Chief Executive Officer's pay is as per the single total figure of remuneration for 2021, as disclosed earlier on this page. Employee full-time equivalent salaries have been calculated by grossing-up the salary and bonus payments received by employees by the number of hours worked with reference to a 35-hour week.

### Total Pay

	Chief Executive Officer's total pay (\$'000)	25th percentile	50th percentile	75th percentile
<b>2018</b>				
Pay ratio		30.4:1	18.6:1	11.7:1
Remuneration values	760	25,000	40,772	64,755
<b>2019</b>				
Pay ratio		33.3:1	19.2:1	12.3:1
Remuneration values	821	24,643	42,651	66,846
<b>2020</b>				
Pay ratio		42.3:1	25.6:1	16.2:1
Remuneration values	1,109	26,196	43,273	68,283
<b>2021</b>				
Pay ratio		23.9:1	16:1	10.6:1
Remuneration values	733	30,635	45,927	68,868



## Salary

	Chief Executive Officer's salary (£'000)	25th percentile	50th percentile	75th percentile
<b>2018</b>				
Pay ratio		17:1	11:1	6.9:1
Remuneration values	400	23,497	36,325	57,869
<b>2019</b>				
Pay ratio		19.9:1	12.9:1	8.7:1
Remuneration values	419	21,088	32,452	48,149
<b>2020</b>				
Pay ratio		19.3:1	12.6:1	8.7:1
Remuneration values	432	22,386	34,378	49,743
<b>2021</b>				
Pay ratio		16.1:1	10.9:1	7:1
Remuneration values	439	27,222	40,216	63,008

The Committee has considered the pay data and believes that the median pay ratio is consistent with the pay, reward and progression policies for the Company's UK employees. The Chief Executive Officer's single figure of remuneration increased in 2021 relative to 2020 due to the annual increase in salary provided during the year.

## Relative importance of spend on pay

The following table illustrates total remuneration for all employees compared to distributions to shareholders in respect of the last two financial years.

Measure	2021	2020
Total employee remuneration <sup>1</sup>	£12.3m	£13.4m
Shareholder distributions	£38.4m <sup>2</sup>	£43.9m <sup>3</sup>

1 Total employee cost.

2 Includes dividends paid during the financial year ending 31 December 2021.

3 Includes dividends paid during the financial year ending 31 December 2020.

## Implementation of the Policy in 2022

The below sets out how the Committee intends to operate the Remuneration Policy for the year ending 31 December 2022.

### Salaries

The Executive Directors' salaries were reviewed during the year. The Committee decided to increase Geoff Carter's salary 4%, which was slightly below the average increase given to employees across the Group. The Committee decided to increase Adam Westwood's salary by 8% to reflect the significant increase in his experience, his development and his performance, since his salary was set at IPO four years ago. The revised salaries, with effect from 1 April 2022, are £458,496 for Geoff Carter, and £280,000 for Adam Westwood. The Committee was comfortable setting base salaries at these levels given the size of the roles and the experience and calibre of the individuals. As per the Policy, the Committee will continue to review salaries on an annual basis, and may make further increases in future years, in line with the Policy.

	Salary as at 1 April 2022	Salary as at 31 December 2021	Increase
Geoff Carter	£458,496	£440,862	4%
Adam Westwood	£280,000	£259,331	8%

### Benefits

The Executive Directors will receive life insurance and private medical care.

### Pension

Pension contributions made to the Executive Directors will be reduced to align with the average employee rate of 7.5% of salary with effect from 1 January 2022.

### Short Term Incentive Plan

In line with the Directors' Remuneration Policy, the Committee will use a bonus pool funding and allocation approach for awards in 2022 for the Short Term Incentive Plan. The pool will be calculated as a percentage of Profit Before Tax ('PBT'), subject to a minimum level of PBT being achieved. For 2022, if £35m of PBT is achieved, a pool of 2% of PBT will be available.

The Executive Directors will be eligible to receive STIP awards of up to 150% of salary in 2022. Awards will be subject to the following performance measures:

Performance measure	Weighting
Profit Before Tax	70%
Non-financial Company-wide objectives, including strategy, customer and partners, ESG, People, development of business, risk and compliance	15%
Non-financial objectives relating specifically to the individual	15%

Specific performance targets will not be disclosed at this time due to the commercially sensitive nature of the objectives. Full retrospective disclosure of the targets, and performance against them, will be included in next year's Annual Report on Directors' Remuneration.

### Long Term Incentive Plan

Long Term Incentive Awards in 2022 will be made under the Company's LTIP in the form of restricted shares. When considering grant levels each year, the Committee will take into account share price performance over the preceding year. The Committee currently intends to award the Chief Executive Officer an award equivalent to 75% of salary, and the Chief Financial Officer will receive an award equivalent to 60% of salary. In line with the Policy, awards will vest after three years, with an additional holding period of two years.

Awards granted in 2022 will be subject to the following underpins:

- maintaining a Solvency ratio in excess of 140%
- achieving a Return on Tangible Equity in excess of 10%
- no material regulatory censure – relating to the Executive Director's time in office
- overall Committee discretion

If the Company does not meet one or more of the underpins at the date of vesting, then the Committee would review whether or not it was appropriate to reduce the number of shares, including to zero that vest under the award. Vesting of awards will also be subject to the Committee's overarching discretion in order to ensure that outcomes reflect the underlying performance of the Company and the broader stakeholder experience.

### Chair and Non-executive Director Fees

During the year, the Committee reviewed the Chair's fee in light of the time commitment required of the role, and agreed to increase the fees 4%, which was slightly less than the average employee increase, with effect 1 April 2022.

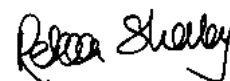
During the year, the Chair, Chief Executive Officer and Chief Financial Officer reviewed the Non-executive Directors', Committee Chair and Senior Independent Director's fees in light of the time commitment required of the role, and agreed to increase the Non-executive Directors' fees by 4%, which was slightly less than the average employee increase, with effect 1 April 2022.

The fees which will apply in 2022 are as follows:

Role	Fee (£) 2022	Fee (£) 2021
Chair fee (all-inclusive fee)	156,000	150,000
Non-executive Director base fee	62,400	60,000
Senior Independent Director fee	10,400	10,000
Committee Chair fee	10,400	10,000
Designated Employee Representative Non-executive Director	3,120	3,000
Committee member fee	n/a	n/a

The Chair and Non-executive Directors' fees for the financial year ended 31 December 2022 are therefore:

Director	Reason for fee	Total annual fee (£)
Andy Pomfret	Company Chair	156,000
Ian Clark	Non-executive Director Audit Committee Chair Risk Committee Chair Designated Non-executive Director for Employee Engagement	86,320
Karen Geary	Non-executive Director	62,400
Michael Koller	Non-executive Director	62,400
Rebecca Shelley	Non-executive Director Senior Independent Director Remuneration Committee Chair	83,200



### REBECCA SHELLEY

Chair of the Remuneration Committee on behalf of the Board

21 March 2022

# Directors' Report

The Directors' Report for the period ended 31 December 2021 comprises the report set out on pages 82 to 84 and the Directors' and Officers' Responsibility Statement on page 85 together with the following sections of this Annual Report:

## The Strategic Report

Pages 2 to 45 which comprise:

- the Chair's Letter on pages 7 to 8
- the Chief Executive Officer's Review on pages 11 to 13
- the Principal Risks and Uncertainties on pages 19 to 26
- the Viability Statement on pages 27 to 29
- the Chief Financial Officer's Review on pages 34 to 36
- the Responsibility and Sustainability Report on pages 37 to 45

## The Governance Report

Pages 46 to 84 which comprise:

- the Chair's Governance Letter on page 46
- the Governance Report on pages 50 to 53
- the Committee Reports on pages 54 to 63
- the Directors' Report on pages 82 to 84

## Corporate structure and principal activity

The Group's principal and only trading subsidiary is a motor insurance underwriter. Sabre Insurance Group plc is a public company limited by shares and was incorporated in England and Wales on 21 September 2017 with registered number 10974661. Its registered office and principal place of business is at Sabre House, 150 South Street, Dorking, Surrey RH4 2YY. The Group has no branches.

The Group is the holding company of the Sabre group of companies. Details of the Group's subsidiaries are set out in Note 2 of the Parent Company Financial Statements contained in this Annual Report.

## Directors

The Directors who served throughout the year are as follows:

### Executive Directors

Geoff Carter – Chief Executive Officer

Adam Westwood – Chief Financial Officer

### Non-executive Directors

Andy Pomfret – Chair

Catherine Barton (resigned with effect from 26 November 2021)

Ian Clark

Karen Geary

Michael Koller

Rebecca Shelley

The members of the Board of Directors, their biographical details and the dates of their appointment are set out on pages 48 to 49 of this Annual Report.

### Appointment and replacement of Directors

The appointment and replacement of Directors is governed by the Group's Articles, the Companies Act 2006 (the "Companies Act") and related legislation. The Articles provide that Directors may be appointed by ordinary resolution of the shareholders or by the Board. The Board has decided to comply with best corporate governance practice, and all Directors will seek re-election at each Annual General Meeting. In addition to any powers of removal conferred by the Companies Act, the Group may by special resolution remove any Director before the expiration of his period of office.

The Nomination and Governance Committee is responsible for overseeing the recruitment of Directors and recommending appointments for approval by the Board of Directors.

[Further details regarding the appointment and replacement of Directors are set out in the Governance Report on pages 50 to 53 and the Nomination and Governance Committee Report on pages 59 to 60.

### Executive Directors' service contracts

Executive Directors are employed under the terms of their service contracts. Details of the effective dates of the service contracts for the current Executive Directors as well as their compensation are set out in the Annual Report on Directors' Remuneration on pages 71 to 81 and the contracts are available for inspection by shareholders at the Group's registered office.

### Non-executive Director appointments

Non-executive Directors are appointed pursuant to a letter of appointment. Such appointments are for an initial period of three years, which is renewable. A Non-executive Director's appointment is terminable by the Non-executive Director or the Group by giving written notice. Details of the effective dates of the letters of appointment for the current Non-executive Directors as well as their fees are set out in the Annual Report on Directors' Remuneration on pages 71 to 81 of the Annual Report and the terms of appointment are available for inspection by shareholders at the Group's registered office.

### Powers

Subject to the provisions of the Articles, the Companies Act and related legislation, and any directions given by special resolution of the shareholders, the business of the Group shall be managed by the Board, which may exercise all the powers of the Group including the Group's powers to borrow money and to issue new shares.

### Directors' indemnities

Each of the Group's Directors has been granted a qualifying third-party indemnity pursuant to which the Group agrees to indemnify the Directors against any liabilities that they may incur as a result of their office as Director, to the extent permitted by the Companies Act.

### Directors' and Officers' liability insurance

Directors' and Officers' liability insurance is provided for all Directors of the Group.

### Compensation for loss of office

The Group does not have arrangements with any Director that would provide compensation for loss of office or employment resulting from a takeover, except that provisions of the Group's share plans may cause options and awards granted under such plans to vest on a takeover. Further information is provided in the Annual Report on Directors' Remuneration on pages 71 to 81 of this Annual Report.

No such payments were made during the financial year ended 31 December 2021.

### Articles of Association

The Group may alter its Articles by special resolution of the shareholders at a general meeting of the Group. The Articles are available on the Group's website at [www.sabreplc.co.uk](http://www.sabreplc.co.uk).

### Shares

#### Share capital

The Group has one class of ordinary voting shares in issue.

As at 31 December 2021, the issued share capital of the Group comprised 250,000,000 ordinary shares of £0.001 each, all of which are fully paid ("ordinary shares").

#### Rights and obligations attaching to shares

The rights and obligations attached to the Group's shares are governed by the Articles and prevailing legislation. Each Ordinary Share ranks equally and carries the same rights to receive all shareholder documentation (including notices of general meetings), attend, speak and vote at general meetings, and participate in any distribution of income or capital. All shareholders entitled to attend and vote at a general meeting may appoint a proxy or proxies to attend, speak and vote in their place. None of the Ordinary Shares carry any special rights with regard to control of the Group and there are no specific restrictions on voting rights, save where the Group is legally entitled to impose such restrictions (for example, where the shareholder is in default of an obligation to the Group). Major shareholders have the same voting rights per share as all other shareholders.

### Restrictions on transfer

There are no restrictions on the transfer or holding of shares in the Company other than (i) as set out in the Articles; and (ii) certain restrictions which may from time to time be imposed by laws and regulations and pursuant to the Listing Rules of the Financial Conduct Authority (the "Listing Rules") whereby Directors and certain officers and employees of the Group require approval to deal in the Ordinary Shares in accordance with the Group's share dealing policies and the Market Abuse Regulation.

### Power to allot and purchase shares

By a resolution passed at the Annual General Meeting (the "Meeting") of the Group on 14 May 2021, the Group was granted a general authority to allot Ordinary Shares up to the lower of (i) an aggregate nominal amount of £83,333 and (ii) 33.33% of the Group's Ordinary Share capital. At the Meeting, the Group was also granted authority to allot shares up to the lower of (i) an aggregate nominal amount of £166,666 and (ii) 66.67% of the Group's Ordinary Share capital by way of a rights issue to ordinary shareholders in proportion to their existing shareholdings (with such amount to be reduced to the extent that the general authority is utilised (if any)).

The Company also received authority to allot shares for cash on a non-pre-emptive basis up to the lower of (i) an aggregate nominal amount of £12,500 and (ii) 5% of the Group's Ordinary Share capital. As at the date of this report, no shares have been issued under these authorities. These authorities will expire at the conclusion of the 2022 Annual General Meeting and, accordingly, the Board is proposing to renew these authorities at that Annual General Meeting.

The Group was granted authority by its shareholders at the General Meeting to purchase up to the lower of (i) 25,000,000 Ordinary Shares and (ii) 10% of the Company's maximum ordinary share capital immediately following the Listing. This authority will expire at the conclusion of the 2022 Annual General Meeting. During 2021, no shares were bought under this authority. The Board is proposing to renew this

authority at the 2022 Annual General Meeting, however the Company does not have any current intention to purchase any of its own Ordinary Shares.

### Directors' interests in shares

The Directors who held office during the financial year ending 31 December 2021 had the following interests (including family interests) in the Ordinary Shares of the Company:

Name of Director	31 December 2021	31 December 2020
Catherine Barton*	n/a	16,912
Geoff Carter	1,591,165	1,555,372
Ian Clark	303,006	265,761
Karen Geary	0	0
Michael Koller	0	0
Andy Pomfret	81,278	81,278
Rebecca Shelley	15,521	7,794
Adam Westwood	658,320	658,320

\* Catherine Barton left the Board with effect from 26 November 2021.

The Directors, as employees and potential beneficiaries, have an interest in 961,042 shares held by the Sabre Insurance Group Employee Benefit Trust (offshore) and the Group's SIP Trust (onshore) as at 31 December 2021. As at 31 December 2021, the Sabre Insurance Group Employee Benefit Trust held 843,725 Ordinary Shares and the Group's SIP Trust held 266,304 Ordinary Shares. It is anticipated that these shares, that have not already been allocated, will be used to satisfy awards made under the Group's employee incentive plans. Further details regarding the Group's employee incentive plans can be found in the Annual Report on Directors' Remuneration on pages 71 to 81.

There were no changes in the interests of Directors between 31 December 2021 and 21 March 2022 (the latest practical date, prior to the release of this Annual Report). In line with the Group's Remuneration Policy, half of the value received under the Group's Bonus Plan by Geoff Carter and Adam Westwood for the year ended 31 December 2021 will be deferred into shares, held in the Sabre Insurance Group Employee Benefit Trust.

### Major interests in shares

Information on major interests in shares notified to the Company under the Disclosure Guidance and Transparency Rules ("DTRs") of the UK Listing Authority is published via a Regulatory Information Service and on the Company's website [www.sabreplc.co.uk/investors/regulatory-news](http://www.sabreplc.co.uk/investors/regulatory-news)

At 31 December 2021, the Company had been notified, in accordance with Chapter 5 of the DTRs, of the following voting rights in respect of 3% or more of the issued share capital of the Company.

Company Name	Current Shareholdings	%
Aviva plc and its subsidiaries	24,947,347	9.98
Axa Investment Managers	12,597,136	5.04
Companies owned by Old Mutual plc	12,870,464	5.14
Kayne Anderson Rudnick Investment Management, LLC	24,975,000	9.99
Mawer Investment Management Limited	12,793,280	5.11
M&G PLC	11,867,810	4.74
Ninety One UK Limited	12,493,014	5.00
Unicorn Asset Management Limited	12,050,000	4.82

During the period between 31 December 2021 and 21 March 2022, being the latest practicable date prior to publication of this Annual Report, the following changes to the above table occurred:

Date of transaction	Shareholder	Number of ordinary shares	% of voting rights	Change
17/02/2022	Kayne Anderson Rudnick Investment Management, LLC	22,491,416	8.99	Decrease

### Results and dividends

The audited accounts for the year ended 31 December 2021 are set out on pages 93 to 157. The Group profit for the year after tax was £30.1m (2020: £39.8m).

The Directors recommend a final dividend of 4.7p (2020: 6.8p) and a special dividend of 4.6p (2020: 4.9p).

The total dividend for the financial year ending 31 December 2021, including the proposed special dividend and interim dividend paid in 2021 is 13p (2020: 21.1p).

### Significant agreements and change of control

The Group is not a party to any material agreements that would take effect, alter or terminate upon a change of control of the Group.

### Employees and Communities

Less than 250 individuals were employed by the Company in each week during the financial year to which this Annual Report relates (further details regarding the Company's employees are set out in the Responsibility and Sustainability section of this report on pages 37 to 45 of this Annual Report).

### Environment and Emissions

Information on the Group's greenhouse gas emissions is set out in the Responsibility and Sustainability section on pages 37 to 45 of this Annual Report. Adam Westwood is the Executive Director responsible for Environmental, Social and Governance issues.

## Research and Development

The Group does not undertake any material activities in the field of research and development.

## Financial instruments and risk management

The Group's financial risk management objective and policies, including information about its use of financial instruments, are contained in Notes 2 – 4 of the Consolidated Financial Statements on pages 100 – 125 of this Annual Report.

## Events after the balance sheet date

Refer to Note 22 of the Consolidated Financial Statements on page 147 for information on events after the balance sheet date.

## Charitable and political donations

The donations made by the Group to the charities referred to on page 41 of this Annual Report amounted, in aggregate, to £22,180 (2020: £18,771). The Group made no political donations during the year (2020: £0).

## Annual General Meeting

The Annual General Meeting is the Company's principal forum for communication with shareholders and the Directors will be available to answer shareholders' questions at the meeting. The 2022 Annual General Meeting will be held at 9:30am on Wednesday 25 May 2022. Full details about the 2022 Annual General Meeting, including the venue and explanatory notes, will be contained in the Notice of Annual General Meeting which will be sent to shareholders in a separate document. The Notice of Annual General Meeting will set out the resolutions to be proposed at the Annual General Meeting and an explanation of each resolution. All documents relating to the Annual General Meeting will be available on the Company's website at [www.sabreplc.co.uk/investors/annual-general-meeting](http://www.sabreplc.co.uk/investors/annual-general-meeting)

## Independent auditor

The auditor of the Company, EY, has agreed to resign following the completion of their 2021 audit of the Company, its subsidiaries and related regulatory returns. Following a tender process which was completed during the year, the Directors have proposed to appoint PwC as auditor following EY's resignation. PwC has indicated their willingness to take office, and resolutions to appoint PwC and to fix their remuneration will be proposed at the 2022 Annual General Meeting. Further information on the audit tender process can be found in the Audit Committee Report on pages 54 to 56.

## Statement of disclosure of information to the auditor

Each of the Directors who held office at the date of the approval of this Annual Report confirms that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act.

## Requirements of Listing Rule 9.8.4R

Information to be included in the Annual Report and Accounts under Listing Rule 9.8.4R can be found as follows:

Listing Rule	Description	Page
9.8.4 (4) R	Details of long term incentive schemes required by Listing Rule 9.4.3	75
9.8.4 (12) R	Details of dividends waived	139
9.8.4 (13) R		

## Supplier payment policy

The Group's policy is to agree payment terms with suppliers when entering into each transaction to ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. Trade creditors of the Group (consolidated) at 31 December 2021 were 7 days (2020: 13 days) based on the average daily amount invoiced by suppliers during the year.

## Going concern

The Board has considered the business activities of the Group and the factors likely to affect its future performance as well as the Group's principal risks and uncertainties, including the Directors' statement on the viability of the Group over a three-year period which is set out in the Strategic Report on page 28 of this Annual Report. On the basis of these considerations, the Directors have a reasonable expectation that the Group has adequate resources to continue in operation for at least the next 12 months to 31 March 2023 and that therefore it is appropriate to adopt a going concern basis for the preparation of the financial statements.

By order of the Board



**ANNEKA KINGAN**  
Company Secretary

21 March 2022

# Directors' and Officers' Responsibilities Statement

## Responsibility and accountability

The Directors are responsible for preparing the Annual Report and the Group financial statements in accordance with applicable United Kingdom law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the Group and Parent Company financial statements in accordance with UK-adopted international accounting standards, comprising International Accounting Standards ("IAS") and International Financial Reporting Standards ("IFRSs"), and the requirements of the Companies Act 2006. Under company law, the Directors must not approve the Group's Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and the Company for that period.

Under the Financial Conduct Authority's Disclosure Guidance and Transparency Rules, Group Financial Statements are required to be prepared in accordance with UK-adopted international accounting standards.

In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information

- provide additional disclosures when compliance with the specific requirements in UK-adopted international accounting standards is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance
- in respect of the Group Financial Statements, state whether UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- in respect of the Parent Company financial statements, state whether UK-adopted international accounting standards, have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the Financial Statements on the going concern basis unless it is appropriate to presume that the Company and the Group will not continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the Company and the Group Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Governance Report that comply with that law and those regulations. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Directors' responsibility statement (DTR 4.1)

Each of the Directors, whose names and functions are listed on page 47 of this Annual Report, confirms that, to the best of their knowledge:

- the consolidated financial statements, prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the parent Company and undertakings included in the consolidation taken as a whole
- the Annual Report, including the Strategic Report, includes a fair review of the development and performance of the business and the position of the Company and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face

- they consider the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy

This Responsibility Statement was approved by the Board of Directors on 21 March 2022 and is signed on its behalf by:



**GEOFF CARTER**

Chief Executive Officer



**ADAM WESTWOOD**

Chief Financial Officer

# Independent Auditor's Report to the members of Sabre Insurance Group plc

## Opinion

In our opinion:

Sabre Insurance Group plc's consolidated financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's profit for the year then ended;

- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK adopted international accounting standards as applied in accordance with section 408 of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Sabre Insurance Group plc and its subsidiaries (collectively 'the group') and the parent company financial statements which comprise:

Group	Parent company
Consolidated Statement of Comprehensive Income for the year then ended	
Consolidated Statement of Financial Position as at 31 December 2021	Statement of Financial Position as at 31 December 2021
Consolidated Statement of Changes in Equity for the year then ended	Statement of Changes in Equity for the year then ended
Consolidated Statement of Cash Flows for the year then ended	Statement of Cash Flows for the year then ended
Related notes 1 to 22 to the financial statements, including a summary of significant accounting policies	Related notes 1 to 10 to the financial statements, including a summary of significant accounting policies

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with section 408 of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independence

We are independent of the group and parent in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting the audit.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting of accounting included:

- We obtained management's going concern assessment, including cash forecasts for the going concern period which covers the period up to 31 March 2023. The Group has modelled a number of adverse scenarios in their cash forecasts in order to incorporate unexpected changes to the forecasted liquidity of the Group.
- We assessed the appropriateness of the factors and assumptions included in each modelled scenario used by management to support their going concern assessment. We considered the appropriateness of the methods used to calculate their solvency position and determined through inspection and testing of the methodology and calculations that the methods utilised were appropriately sophisticated to be able to make an assessment for the group.
- We independently stressed assumptions used by management in their assessment which included the impact of failure of reinsurers, significant downturn in investment return, deterioration of loss reserves, substantial decrease in profitability of future business written to assess the impact on the Group's solvency and liquidity position and consider the impact of climate change on future cash flows.

- We considered the mitigating factors included in the forecasts that are within control of the Group. This includes review of the Group's non-operating cash outflows and evaluating the Group's ability to control these outflows as mitigating actions if required.
- We reviewed the results of management's reserve stress testing exercise as well as performed our own independent reverse stress testing in order to identify what factors would lead to the Group utilising all liquidity during the going concern period.
- We reviewed the Group's going concern disclosures included in the annual report in order to assess that the disclosures were appropriate and in conformity with the reporting standard.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period up to 31 March 2023.

In relation to the group and parent company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

#### **Overview of our audit approach**

Key audit matters	Valuation of Outstanding Claims (Gross and Net of Reinsurance)
Audit scope	We performed an audit of the complete financial information of Sabre Insurance Company Limited the whole Group Function (consisting of all other entities within the Sabre Group) The components where we performed full audit procedures accounted for 100% of Profit before tax, 100% of Revenue and 100% of Total assets.
Materiality	Overall group materiality of £1.4m which represents 5% of profit before tax ('PBT')

#### **An overview of the scope of the parent company and group audits.**

##### **Tailoring the scope**

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, we have selected Sabre Insurance Company Limited, which is the principal trading entity within the Group, and Group function which consists of all other group entities (Sabre Insurance Group plc, Binomial Group Limited, Barbados TopCo Limited, Barb IntermediateCo Limited, Barb Midco Limited, Barb Bidco Limited and Barb Holdco Limited '). We performed an audit of the complete financial information of Sabre Insurance Company Limited and Group function ("full scope components"), which were selected based on their size or risk characteristics, representing 100% of profit before tax, gross written premium and assets.

We considered the group's entity-level and financial controls as well as the consistency of the group's operations and processes throughout the year despite the periods of hybrid working across the organisation due to COVID-19 when determining our audit scope at both a group and entity level. We did not however identify any inconsistencies in the control environment arising as a result of working remotely and thus our risk assessment remained unchanged.

All audit work performed for the purposes of the audit was undertaken by the Group audit team.

##### **Climate change**

There has been increasing interest from stakeholders as to how climate change will impact Sabre. The Group has determined that the most significant future impacts from climate change on their operations will be from investment portfolio management, underwriting portfolio management and exposure risk appetite management. These are explained on pages 42 to 45 in the required Task Force for Climate related Financial Disclosures, which form part of the "Other information," rather than the audited financial statements as explained below. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated.

As explained in the Basis of Preparation note governmental and societal responses to climate change risks are still developing, and are interdependent upon each other, and consequently financial statements cannot capture all possible future outcomes as these are not yet known. The degree of certainty of these changes



may also mean that they cannot be taken into account when determining asset and liability valuations and timing of future cash flows under the requirements of International Financial Reporting Standards. As explained in the basis of preparation management believe that reasonably possible changes arising from climate risks would not have a material impact on asset and liability valuations at the year-end date.

Our audit effort in considering climate change was focused on validating this assertion, through considering the potential effects of climate risks on asset values and associated disclosures where values are determined through modelling future cash flows. We also challenged the Directors' considerations of climate change in their assessment of going concern and viability and associated disclosures.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p><b>Valuation of Outstanding Claims (£228.6m gross and £125.0m net of reinsurance , PY comparative £222.9m gross and £130.9m net of reinsurance).</b></p> <p><i>Refer to the Audit Committee Report (page 56); Accounting policies (page 107); and Note 3.1 of the Consolidated Financial Statements (page 108)</i></p> <p>Management is required to make an estimation of Insurance liabilities both gross and net of reinsurance (which includes both IBNR and outstanding loss reserves).</p> <p>This estimate consists of a provision for additional development of the insurance liabilities reported by insureds, as well as a provision for claims which have occurred, but which have not yet been reported.</p> <p>There is a risk that inappropriate assumptions or projections are used in determining the insurance liabilities including assumptions used in the estimation of potential exposure to Periodic Payment Orders. This could lead to these liabilities not falling within a reasonable range of possible estimates, resulting in a misstatement in the financial statements.</p> <p>Additionally, insurance liabilities will be affected by the level of inflation in the future as claims are settled. General inflation is currently higher than it has been for the last several years and this is likely to feed into claims settlements particularly through higher costs of vehicle parts and replacement vehicles. There is a risk that the projections used by management are based on the past claims settlement environment and do not reflect the higher outlook for inflation in the future. Notified claims reserves are subject to manipulation, as up until the closure of a case reserve, an element of estimation is required to account for these liabilities. These balances, by nature, are also subject to a risk of management manipulation. Given the magnitude of the balance, a small manipulation of an assumption could have a significant impact on the financial statements.</p> <p>Furthermore, the valuation of insurance liabilities depends on complete and accurate data used in the actuarial process as this data is used to form expectations about future claims.</p>	<p>Utilising EY actuarial specialists as part of our team, we performed the following procedures:</p> <p><b>Control design and implementation:</b> We gained a detailed understanding of the end to end reserving and case reserve process and assessed the design and implementation of key controls within the process, in respect of initiation and setting of case reserves.</p> <p><b>Market knowledge and benchmarking:</b> We evaluated management's methodology against market practice and challenged management's assumptions and their assessment of major sensitivities, based on our market knowledge and industry data where available.</p> <p><b>Independent re-projections and sensitivity analysis:</b> We independently re-projected the Insurance liabilities on both a gross and net of reinsurance basis, we investigated differences between our projections and those of management. We then considered whether the insurance liabilities held as at 31 December 2021 fall within a reasonable range of possible estimates.</p> <p>Additionally, we have reviewed management's potential exposure to Periodic Payment Orders, we and assessed key assumptions used by management in their model for reasonableness.</p> <p><b>Inflation:</b> We assessed key assumptions and methodology used by management in their model for reasonableness, including the approach to allowing for claims inflation and their explicit assumptions for claims inflation. In our independent projections of claims data, we considered whether management's assumptions were consistent with the most recent data periods showing high inflation. Furthermore, we tested that the overall implied inflation rates resulting from management's assumptions and methodology were consistent with our view of future motor claims inflation, considering the economic outlook for 2022.</p> <p><b>Test of details:</b> To assess the completeness and accuracy of the paid, reinsurance recoveries and incurred claims data used to project insurance liabilities, we re-performed reconciliations between the claims paid, reinsurance recoveries and outstanding data recorded in the policy administration systems and the data used in the actuarial calculations.</p> <p>For a sample of paid and outstanding claims we corroborated the gross and net of reinsurance claims to supporting 3rd party evidence. For paid claims this included claim notifications, which we traced back to bank payment. For reinsurance recoveries we re-performed calculations and agreed terms back to the underlying Reinsurance contracts. For a sample of outstanding claims, we obtained supporting calculations and 3rd party correspondence to corroborate the year-end balances. We also held discussions with claims handlers to further understand the background of the claims.</p>	<p>We consider that Management's judgements in respect of the valuation of insurance liabilities are reasonable. The group's booked insurance liabilities lie within what we consider to be a reasonable range of estimates.</p> <p>In addition, we consider that the disclosures made are satisfactory, and they provide information that assists in understanding the uncertainty inherent in the valuation of insurance liabilities.</p>

## Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

### Materiality

*The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.*

We determined materiality for the Group to be £1.9 million (2020: £2.4 million): which is 5% of profit before tax. We base our materiality on Profit before tax as this is the key metric used by management in measuring and reporting on the performance of the business. This provided a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

We determined materiality for the Parent Company to be £5.8 million (2020: £5.8million), which is 1% (2020: 1%) of net assets. Although higher than the group's materiality threshold, the Parent company primarily holds the investments in Group entities and, therefore, net assets is considered to be the key focus for users of the financial statements and thus we deem this appropriate basis to use.

We calculated materiality at the planning stage of the audit and then during the course of our audit, we reassessed initial materiality based on profit before tax for the year ended 31 December 2021.

### Performance materiality

*The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.*

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2020: 75%) of our planning materiality, namely £1.4 million (2020: £1.8 million). Our objective in adopting this approach is to ensure that total uncorrected and undetected audit difference do not exceed our materiality of £1.4 million for the financial statements as a whole.

### Reporting threshold

*An amount below which identified misstatements are considered as being clearly trivial.*

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.1 million (2020: £0.1 million), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

### Other information

The other information comprises the information included in the Annual Report set out on pages 1 to 85 and 155 to 160, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the group and company's compliance with the provisions of the UK Corporate Governance code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 28;
- Directors' explanation as to its assessment of the company's prospects, the period this assessment covers and why the period is appropriate set out on page 53;
- Directors' statement on fair, balanced and understandable set out on page 85;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 22;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 57; and
- The section describing the work of the audit committee set out on page 54 to 56.

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 85, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined below, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the group and management.

- We obtained a general understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the direct laws and regulations related to elements of company law and tax legislation, and the financial reporting framework. Our consideration of other laws and regulations that may have a material effect on the financial statements included permissions and supervisory requirements of the Prudential Regulation Authority ('PRA'), the Financial Conduct Authority ('FCA'), and the UK Listing Authority.
- We understood how Sabre Insurance Group plc is complying with these legal and regulatory frameworks by making enquiries of management, internal audit and those responsible for legal and compliance matters. We also reviewed correspondence between the Group and regulatory bodies, reviewed minutes of the Board Committee, Risk Committee and attended the Audit Committees and gained an understanding of the Group's approach to governance demonstrated by the Board's approval of the Group's governance framework.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by considering the controls that the Group has established to address risks identified by the group or that otherwise seek to prevent, deter or detect fraud. We also considered areas of significant judgement, including complex transactions, performance targets, external pressures and the impact these have on the control environment and their potential to influence management to manage earnings or influence the perceptions of investors and stakeholders. Where this risk was considered to be higher i.e. within the valuation of insurance gross and net liabilities accounts, we performed audit procedures to address the identified fraud risk as detailed in the key audit matters above. Procedures included an assessment of the consistency of operations and controls in place within the group as they transitioned to a hybrid working model throughout a large proportion of 2021; we made enquiries with management both in person and via the use of video conferencing as well as performed analytical review procedures to assess for unusual movements throughout the year. These procedures to address the risk identified, also incorporated unpredictability into the nature, timing and/or extent of our testing, challenging assumptions and judgements made by management within their forward-looking information. Additionally, we tested manual journals, to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on our understanding we designed our audit procedures to identify non-compliance with such laws and regulations impacting the group. Our procedures involved making enquiry of those charged with governance and senior management for their awareness of any non-compliance of laws or regulations; inquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees both at a group; inquiring about the Group's methods of enforcing and monitoring compliance with such policies; and inspecting significant correspondence with FCA, PRA and UK Listing Authority Rules
- The Group operates in the insurance industry which is a highly regulated environment. As such the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of specialists where appropriate.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Other matters we are required to address**

- We were appointed by the company on 8 March 2018 to audit the financial statements for the year ending 31 December 2017 and subsequent financial periods.
- The period of total uninterrupted engagement including previous renewals and reappointments is 5 years, covering the years ending 31 December 2017 to 31 December 2021.
- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting the audit.
- The audit opinion is consistent with the additional report to the audit committee.

### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **STUART WILSON (SENIOR STATUTORY AUDITOR)**

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

21 March 2022

1. The maintenance and integrity of the Sabre Insurance PLC web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# Consolidated Profit Or Loss Account

for the year ended 31 December 2021

	Notes	2021 £'k	2020 £'k
<b>Gross written premium</b>		<b>169,322</b>	173,235
<i>Less: Reinsurance premium ceded</i>		<b>(21,233)</b>	(20,390)
<b>Net written premium</b>		<b>148,089</b>	152,845
<i>Less: Change in unearned premium reserve</i>			
Gross amount	3.1.1	<b>(3,426)</b>	12,527
Reinsurers' share	3.1.1	<b>779</b>	335
<b>Net earned premium</b>		<b>145,442</b>	165,707
Interest income on financial assets using effective interest rate method	4.8	<b>1,210</b>	1,417
Net fair value losses on derecognition of financial assets measured at fair value through OCI		<b>(16)</b>	–
Instalment income		<b>3,924</b>	4,607
Other operating income	7	<b>2,098</b>	2,171
<b>Total income</b>		<b>152,658</b>	173,902
Insurance claims	3.4	<b>(104,984)</b>	(104,043)
Insurance claims recoverable from reinsurers	3.4	<b>23,969</b>	15,933
<b>Net insurance claims</b>		<b>(81,015)</b>	(88,110)
Finance costs	5.2	<b>(16)</b>	(13)
Commission expenses		<b>(12,942)</b>	(14,287)
Operating expenses	8	<b>(21,486)</b>	(22,370)
<b>Total expenses</b>		<b>(34,444)</b>	(36,670)
<b>Profit before tax</b>		<b>37,199</b>	49,122
Tax charge	10	<b>(7,059)</b>	(9,324)
<b>Profit for the year attributable to ordinary shareholders</b>		<b>30,140</b>	39,798
Basic Earnings Per Share (pence per share)	19	<b>12.09</b>	15.98
Diluted Earnings Per Share (pence per share)	19	<b>11.98</b>	15.82

The attached notes on pages 98 to 147 form an integral part of these financial statements.

# Consolidated Statement of Comprehensive Income

for the year ended 31 December 2021

	Notes	2021 £'k	2020 £'k
<b>Profit for the year attributable to ordinary shareholders</b>		<b>30,140</b>	39,798
<i>Items that are or may be reclassified subsequently to profit or loss</i>			
Fair value (losses)/gains on debt securities	4.9	(5,658)	2,436
Realised losses transferred to profit or loss account		16	–
Tax credit/(charge)		1,069	(463)
		<b>(4,573)</b>	1,973
<i>Items which will not be reclassified to profit or loss</i>			
Revaluation losses on owner-occupied properties	9.1	–	(165)
Tax credit		–	31
		–	(134)
<b>Total other comprehensive (loss)/income for the year</b>		<b>(4,573)</b>	1,839
<b>Total comprehensive income for the year attributable to ordinary shareholders</b>		<b>25,567</b>	41,637

The attached notes on pages 98 to 147 form an integral part of these financial statements.

# Consolidated Statement of Financial Position

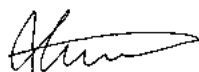
as at 31 December 2021

	Notes	2021 £'k	2020 £'k
<b>Assets</b>			
Goodwill	14	156,279	156,279
Property, plant and equipment	9.1	4,066	4,174
Right-of-use asset	9.2	187	189
Reinsurance assets	3.1	112,312	99,921
Deferred tax assets	11	820	–
Deferred acquisition costs	3.1.2	13,791	14,791
Insurance receivables	3.2	38,003	33,976
Loans and other receivables	4.4	74	84
Current tax assets		–	369
Prepayments, accrued income and other assets	13	821	868
Financial investments	4.1	234,667	246,281
Cash and cash equivalents	4.5	30,611	37,904
<b>Total assets</b>		<b>591,631</b>	<b>594,836</b>
<b>Equity</b>			
Issued share capital	15	250	250
Own shares		(2,257)	(1,494)
Merger reserve		48,525	48,525
FVOCI reserve		(2,363)	2,210
Revaluation reserve		831	831
Share-based payments reserve		1,841	1,817
Retained earnings		205,900	214,261
<b>Total equity</b>		<b>252,727</b>	<b>266,400</b>
<b>Liabilities</b>			
Insurance liabilities	3.1	232,516	226,546
Unearned premium reserve	3.1	90,776	87,350
Lease liability	5.1	193	194
Deferred tax liability	11	–	125
Insurance payables	3.3	7,115	6,246
Trade and other payables	5.3	5,831	5,530
Current tax liabilities		580	–
Accruals		1,893	2,445
<b>Total liabilities</b>		<b>338,904</b>	<b>328,436</b>
<b>Total equity and liabilities</b>		<b>591,631</b>	<b>594,836</b>

The attached notes on pages 98 to 147 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 21 March 2022.

Signed on behalf of the Board of Directors by:



**ADAM WESTWOOD**

Chief Financial Officer



# Consolidated Statement of Changes in Equity

for the year ended 31 December 2021

	Notes	2021 £'k	2020 £'k
<b>ORDINARY SHAREHOLDERS' EQUITY – at 1 January</b>	15	250	250
<b>At 31 December</b>		250	250
<b>OWN SHARES – at 1 January</b>	16	(1,494)	(1,061)
Net movement in own shares		(763)	(433)
<b>At 31 December</b>		(2,257)	(1,494)
<b>MERGER RESERVE – at 1 January</b>	17	48,525	48,525
<b>At 31 December</b>		48,525	48,525
<b>FVOCI RESERVE – at 1 January</b>	17	2,210	–
Implementation of IFRS 9 “Financial Instruments”		–	237
<b>FVOCI RESERVE – adjusted at 1 January 2020</b>		2,210	237
Fair value (losses)/gains on debt securities		(5,658)	2,436
Realised losses transferred to profit or loss account		16	–
Tax credit/(charge)		1,069	(463)
<b>At 31 December</b>		(2,363)	2,210
<b>REVALUATION RESERVE – at 1 January</b>	17	831	965
Revaluation losses on owner-occupied properties		–	(165)
Tax credit		–	31
<b>At 31 December</b>		831	831
<b>SHARE-BASED PAYMENT RESERVE – at 1 January</b>	17	1,817	1,362
Settlement of share-based payments		(1,051)	(1,193)
Charge in respect of share-based payments		1,075	1,648
<b>At 31 December</b>		1,841	1,817
<b>RETAINED EARNINGS – at 1 January</b>		214,261	217,376
Implementation of IFRS 9 “Financial Instruments”		–	(237)
<b>RETAINED EARNINGS – adjusted at 1 January 2020</b>		214,261	217,139
Share-based payments		(115)	1,193
Profit for the year attributable to ordinary shareholders		30,140	39,798
Ordinary dividends paid		(38,386)	(43,869)
<b>At 31 December</b>		205,900	214,261
<b>Total equity at 31 December</b>		252,727	266,400

The attached notes on pages 98 to 147 form an integral part of these financial statements.

# Consolidated Statement of Cash Flows

for the year ended 31 December 2021

	Notes	2021 £'k	2020 £'k
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax for the year		37,199	49,122
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	9.1	136	176
Depreciation of right-of-use assets	9.2	249	252
Share-based payment – equity-settled schemes	16	1,075	1,648
Investment return	4.8	(1,507)	(1,680)
Interest on lease liability	9.2	16	13
Expected credit loss	4.6	16	23
Impairment loss on owner-occupied buildings	9.1	–	65
<b>Operating cash flows before movements in working capital</b>		<b>37,184</b>	<b>49,619</b>
<i>Movements in working capital:</i>			
Change in reinsurance assets		(12,391)	(15,990)
Change in deferred acquisition costs		1,000	1,420
Change in insurance receivables		(4,027)	3,778
Change in loans and other receivables		10	(53)
Change in prepayments, accrued income and other assets		47	2,759
Change in insurance liabilities		5,970	14,379
Change in unearned premium reserve		3,426	(12,527)
Change in insurance creditors		869	237
Change in trade and other payables		301	(936)
Change in accruals		(552)	1,239
<b>Cash generated from operating activities before investment of insurance assets</b>		<b>31,837</b>	<b>43,925</b>
Taxes paid		(5,988)	(14,673)
<b>Net cash generated from operating activities before investment of insurance assets</b>		<b>25,849</b>	<b>29,252</b>
Interest and investment income received		4,273	7,115
Net proceeds from the sale, maturity and purchases of invested assets		3,191	14,325
<b>Net cash generated from operating activities</b>		<b>33,313</b>	<b>50,692</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of property, plant and equipment	9.1	(28)	(12)
<b>Net cash used by investing activities</b>		<b>(28)</b>	<b>(12)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of principal portion of lease liabilities	9.2	(264)	(264)
Net cash used in acquiring and disposing of own shares		(1,928)	(433)
Dividends paid	12	(38,386)	(43,870)
<b>Net cash used by financing activities</b>		<b>(40,578)</b>	<b>(44,567)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(7,293)</b>	<b>6,113</b>
Cash and cash equivalents at the beginning of the year		37,904	31,791
<b>Cash and cash equivalents at the end of the year</b>	4.5	<b>30,611</b>	<b>37,904</b>

# Notes to the Consolidated Financial Statements

for the year ended 31 December 2021

## Corporate information

Sabre Insurance Group plc is a company incorporated in the United Kingdom and registered in England and Wales.

The address of the registered office is Sabre House, 150 South Street, Dorking, Surrey, RH4 2YY, England.

The nature of the Group's operations is the writing of general insurance for motor vehicles and motorcycles. The Company's principal activity is that of a holding company.

## 1. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated and company financial statements are included in the specific notes to which they relate. These policies have been consistently applied to all the years presented, unless otherwise indicated.

### 1.1. Basis of preparation

The financial statements of the Company have been prepared in accordance with UK-adopted international accounting standards, comprising International Accounting Standards ("IAS") and International Financial Reporting Standards ("IFRS"), and the requirements of the Companies Act 2006. Endorsement of accounting standards is granted by the UK Endorsement Board ("UKEB").

The financial statements are prepared in accordance with the going concern principle using the historical cost basis, except for those financial assets that have been measured at fair value. The preparation of the financial statements necessitates the use of estimates, assumptions and judgements that affect the reported amounts in the statement of financial position and the statement of profit or loss and other comprehensive income. Where appropriate, details of estimates are presented in the accompanying notes to the consolidated financial statements.

As the full impact of climate change is currently unknown, it is not possible to consider all possible future outcomes when determining the value of assets, liabilities and the timing of future cash flows. The Group's view is that any reasonable impact of climate change would not have a material impact on the valuation of assets and liabilities at the year-end date.

The financial statements values are presented in pounds sterling (£) rounded to the nearest thousand (£'k), unless otherwise indicated.

The Group presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in the respective notes.

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously.

As permitted by IFRS 4 "Insurance Contracts", the Group continues to apply the existing accounting policies that were applied prior to the adoption of IFRS, with certain modifications allowed by the standard effective subsequent to adoption for its insurance contracts.

### 1.2. Going concern

The consolidated annual financial statements have been prepared on a going concern basis. The Directors have a reasonable expectation that the Group has adequate resources to continue in operation for at least the next 12 months to 31 March 2023 and that therefore it is appropriate to adopt a going concern basis for the preparation of the financial statements.

In making their assessment, the Directors took into account the potential impact of the principal risks that could prevent the Group from achieving its strategic objectives. The assessment was based on the Group's ORSA, which brings together management's view of current and emerging risks, with scenario-based analysis and reverse stress testing to form a conclusion as to the financial stability of the Group. Consideration was also given to what the Group's considers its principal risks which are set out in the "Principal Risks and Uncertainties" section on pages 19 to 26. The assessment also included consideration of any scenarios which might cause the Group to breach its solvency requirements which are not otherwise covered in the risk-based scenario testing.

We have assessed the short, medium and long-term risks associated with climate change. Given the geographical diversity of the Group's policyholders within the UK and the Group's reinsurance programme, it is highly unlikely that a climate event will materially impact Sabre's ability to continue trading. More likely is that the costs associated with the transition to a low-carbon economy will impact the Group's indemnity spend, as electronic vehicles are currently relatively expensive to fix. We expect that this is somewhat, or perhaps completely, offset by advances in technology reducing the frequency of claims, in particular bodily injury claims which are generally far more expensive than damage to vehicles. These changes in the costs of claims are gradual and as such reflected in our claims experience and fed into the pricing of our policies. However, if the propensity to travel by car decreases overall this could impact the Group's income in the long term, but this is not expected to be material within the viability period of three years. We do not consider it plausible that such a decrease would be as severe as the scenarios that we have modelled as part of our viability testing exercise.

## 1. ACCOUNTING POLICIES CONTINUED

### 1.3. New and amended standards and interpretations adopted by the Group

#### Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

Following completion of the second part of the IASB's two-phased project, amendments were issued in August 2020 (adopted for use in both the UK and EU in January 2021) and effective for financial years beginning on or after 1 January 2021.

The amendments address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to:

- changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities; and
- hedge accounting.

There was no impact on amounts reported for prior years as a result of adoption.

### 1.4. New and amended standards and interpretations not yet effective in 2021

A number of new standards and interpretations adopted by the UK which are not mandatorily effective, as well as standards interpretations issued by the IASB but not yet adopted by the UK, have not been applied in preparing these financial statements. The Group does not plan to adopt these standards early; instead it expects to apply them from their effective dates as determined by their dates of UK endorsement. The Group is still reviewing the upcoming standards to determine their impact:

- IFRS 17: "Insurance Contracts" (IASB effective date: 1 January 2023)
- IFRS 10 and IAS 28: Amendment: "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" (IASB effective date: optional)

#### IFRS 17 – "Insurance Contracts"

The effective date for IFRS 17 is 1 January 2023. IFRS 17 will change the way insurance contracts are accounted for and reported. Revenue will no longer be equal to premiums written but instead reflect a change in the contract liability on which consideration is expected. On initial assessment the major change will be on the presentation of the statement of profit or loss, with premium and claims figures being replaced with insurance contract revenue, insurance service expense and insurance finance income and expense. IFRS 17 also has additional disclosure requirements.

IFRS 17 prescribes a comprehensive model, the general model, which requires entities to measure an insurance contract at initial recognition as the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin. The fulfilment cash flows are remeasured on a current basis each reporting period. The unearned profit (contractual service margin) is recognised over the coverage period.

IFRS 17 also provides a simplification to the general model, the premium allocation approach ("PAA"). This simplified approach is applicable for certain types of contracts, including those with a coverage period of one year or less. The liability for remaining coverage is similar to the current premium reserve profile recognised over time. The principles of the general model remain applicable to the liability for incurred claims.

All contracts issued by the Group are for one year or less and the Group expects to apply the PAA model to all insurance contracts written.

The Group is continuously assessing the impact of the design decision and relevant accounting policy choices. The Group's assessment of the requirements of the standard against current data, processes and valuation models does not indicate a material impact on the Group's financial results.

## 2. RISK AND CAPITAL MANAGEMENT

### 2.1. Risk management framework

The Sabre Insurance Group plc Board is responsible for prudent oversight of the Group's business and financial operations, ensuring that they are conducted in accordance with sound business principles and with applicable laws and regulations, and ensure fair customer outcomes. This includes responsibility to articulate and monitor adherence to the Board's appetite for exposure to all risk types. The Board also ensures that measures are in place to provide independent and objective assurance on the effective identification and management of risk and on the effectiveness of the internal controls in place to mitigate those risks.

The Board has set a robust risk management strategy and framework as an integral element in its pursuit of business objectives and in the fulfilment of its obligations to shareholders, regulators, customers and employees.

The Group's risk management framework is proportionate to the risks that we face. Our assessment of risk is not static; we continually reassess the risk environment in which the Group operates and ensure that we maintain appropriate mitigation in order to remain within our risk appetite. The Group's Management Risk and Compliance Forum gives management the regular opportunity to review and discuss the risks which the Group faces, including but not limited to any breaches, issues or emerging risks. The Forum also works to ensure that adequate mitigation for the risks the Group is exposed to, are in place.

### 2.2. Underwriting risk

The principal risk the Group faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

The Group issues only motor insurance contracts, which usually cover a 12-month duration. For these contracts, the most significant risks arise from severe weather conditions or single catastrophic events. For longer-tail claims that take some years to settle, there is also inflation risk.

Refer to Note 3.5 for detail on these risks and the way the Group manages them. Note 3.5 also includes the considerations of COVID-19 and climate change. Further discussion on climate change can be found in the "Principal Risks and Uncertainties" section on pages 19 to 26 and the "Responsibility and Sustainability" section on pages 37 to 45.

### 2.3. Credit risk

Credit risk reflects the financial impact of the default of one or more of the Group's counterparties. The Group is exposed to financial risks caused by a loss in the value of financial assets due to counterparties failing to meet all or part of their obligations. Key areas where the Group is exposed to credit default risk are:

- Failure of an asset counterparty to meet their financial obligations (Note 4.6)
- Reinsurer default on presentation of a large claim or dispute of cover (Note 3.6)
- Reinsurers default on their share of the Group's insurance liabilities (Note 3.6)
- Default on amounts due from insurance contract intermediaries or policyholders (Note 3.6)

The following policies and procedures are in place to mitigate the Group's exposure to credit risk:

- A Group credit risk policy which sets out the assessment and determination of what constitutes credit risk for the Group. Compliance with the policy is monitored and exposures and breaches are reported to the Group's Risk Committee
- Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year by the Board of Directors and are subject to regular reviews. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment
- The Group sets the maximum amounts and limits that may be advanced to corporate counterparties by reference to their long-term credit ratings
- The credit risk in respect of customer balances incurred on non-payment of premiums or contributions will only persist during the grace period specified in the policy document or trust deed until expiry, when the policy is either paid up or terminated. Commission paid to intermediaries is netted off against amounts receivable from them to reduce the risk of doubtful debts

Refer to Notes 3.6 and 4.6 as indicated above for further information on credit risk.

## 2. RISK AND CAPITAL MANAGEMENT CONTINUED

### 2.4. Liquidity risk

Liquidity risk is the potential that obligations cannot be met as they fall due as a consequence of having a timing mismatch or inability to raise sufficient liquid assets without suffering a substantial loss on realisation. The Group manages its liquidity risk through both ensuring that it holds sufficient cash and cash equivalent assets to meet all short-term liabilities, and matching the maturity profile of its financial investments to the expected cash outflows.

Refer to Note 6 for further information on liquidity risk.

### 2.5. Investment concentration risk

Excessive exposure to particular industry sectors or groups can give rise to concentration risk. The Group has no significant investment in any particular industrial sector and therefore is unlikely to suffer significant losses through its investment portfolio as a result of over-exposure to sectors engaged in similar activities or which have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

A significant part of the Group's investment portfolio consists primarily of UK Government bonds and government-backed bonds, therefore the risk of government default does exist, however the likelihood is extremely remote. The remainder of the portfolio consists of investment grade corporate bonds. The Group continues to monitor the strength and security of all bonds.

Refer to Note 4.2 for further information on investment concentration risk.

### 2.6. Operational risk

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Group cannot expect to eliminate all operational risks, but by operating a rigorous control framework and by monitoring and responding to potential risks, the Group is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the Group's strategic planning and budgeting process.

### 2.7. Capital management

The Board of Directors has ultimate responsibility for ensuring that the Group has sufficient funds to meet its liabilities as they fall due. The Group carries out detailed modelling of its assets and liabilities and the key risks to which these are exposed. This modelling includes the Group's own assessment of its capital requirements for solvency purposes.

The Group has continued to manage its solvency with reference to the Solvency Capital Requirement ("SCR") calculated using the Standard Formula. The Group has developed sufficient processes to ensure that the capital requirements under Solvency II are not breached, including the maintenance of capital at a level higher than that required through the Standard Formula. The Group considers its capital position to be its net assets on a Solvency II basis and monitors this in the context of the Solvency II SCR.

The Group aims to retain sufficient capital such that in all reasonably foreseeable scenarios it will hold regulatory capital in excess of its SCR. The Directors currently consider that this is achieved through maintaining a regulatory capital surplus of 140% to 160%. As at 31 December 2021, the Group holds significant excess Solvency II capital.

## 2. RISK AND CAPITAL MANAGEMENT CONTINUED

### 2.7. Capital management continued

The Group's IFRS capital comprised:

	As at 31 December	
	2021 £'k	2020 £'k
<b>Equity</b>		
Issued share capital	250	250
Own shares	(2,257)	(1,494)
Merger reserve	48,525	48,525
FVOCI reserve	(2,363)	2,210
Revaluation reserve	831	831
Share-based payments	1,841	1,817
Retained earnings	205,900	214,261
<b>Total</b>	<b>252,727</b>	<b>266,400</b>

The Solvency II position of the Group both before and after final dividend is given below:

	As at 31 December	
	2021 £'k	2020 £'k
<b>Pre-dividend</b>		
Total tier 1 capital	110,114	122,500
SCR	52,955	60,327
Excess capital	57,159	62,173
Solvency coverage ratio (%)	208%	203%

	As at 31 December	
	2021 £'k	2020 £'k
<b>Post-dividend</b>		
Total tier 1 capital	86,864	93,250
SCR	52,955	60,327
Excess capital	33,909	32,923
Solvency coverage ratio (%)	164%	155%

## 2. RISK AND CAPITAL MANAGEMENT CONTINUED

### 2.7. Capital management continued

The following table sets out a reconciliation between IFRS net assets and Solvency II net assets before final dividend:

	As at 31 December	
	2021 £'k	2020 £'k
<b>Adjusted IFRS net assets</b>	<b>96,448</b>	110,121
Unearned premium reserve	<b>90,776</b>	87,350
Deferred acquisition costs	<b>(13,791)</b>	(14,791)
Solvency II premium provision	<b>(64,011)</b>	(60,674)
IFRS risk margin <sup>(1)</sup>	<b>11,229</b>	11,643
Discount claims provision	<b>2,209</b>	(57)
Change in life reserves	<b>(1,903)</b>	(227)
Solvency II risk margin	<b>(7,638)</b>	(7,961)
Change in deferred tax	<b>(3,205)</b>	(2,904)
<b>Solvency II net assets</b>	<b>110,114</b>	122,500

(1) In line with industry practice, the IFRS risk margin is an explicit additional reserve in excess of the actuarial best estimate which is designed to create a margin held in reserves to allow for adverse development in open claims.

The adjustments set out in the above table have been made for the following reasons:

- **Adjusted IFRS net assets:** Equals Group net assets on an IFRS basis, less Goodwill.
- **Removal of unearned premium reserve and deferred acquisition costs:** The unearned premium reserve must be added back as premium and deferred acquisition costs must be removed as they are not deferred under Solvency II.
- **Solvency II premium provision:** A premium reserve reflecting the future cash in and out flows in respect of insurance contracts is calculated and this must be discounted under Solvency II.
- **IFRS risk margin:** Solvency II reserves must reflect a true “best estimate” basis. Therefore, the IFRS risk margin is removed from the claims reserve.
- **Discount claims provision:** The provision held against future claims expenditure for claims incurred is discounted in the same way as the Solvency II premium provision.
- **Solvency II risk margin:** The Solvency II risk margin represents the premium that would be required were the Group to transfer its technical provisions to a third party, and essentially reflects the SCR required to cover run-off of claims on existing business. This amount is calculated by the Group through modelling the discounted SCR on a projected future balance sheet for each year of claims run-off.
- **Change in deferred tax:** As the move to a Solvency II basis balance sheet increases the net asset position of the Group, a deferred tax liability is generated to offset the increase.



## 2. RISK AND CAPITAL MANAGEMENT CONTINUED

### 2.7. Capital management continued

Sabre Insurance Group plc's SCR, expressed on a risk module basis, is set out in the following table:

	as at 31 December 2021			as at 31 December 2020		
	£'k	£'k	£'k	£'k	£'k	£'k
Interest rate risk			3,359			3,706
Equity risk			–			–
Property risk			956			956
Spread risk			4,965			4,748
Currency risk			1,082			1,073
Concentration risk			–			–
Correlation impact			(3,449)			(3,560)
<b>Market risk</b>			<b>6,913</b>			<b>6,923</b>
Counterparty risk			3,403			2,386
Underwriting risk			51,985			53,236
Correlation impact			(6,422)			(5,991)
<b>Basic SCR</b>	<b>55,879</b>			<b>56,554</b>		
Operating risk	6,515			6,677		
Loss absorbing effect of deferred taxes	(9,439)			(2,904)		
<b>Total Solvency Capital Requirement</b>	<b>52,955</b>			<b>60,327</b>		

The total Solvency Capital Requirement ("SCR") is primarily driven by the underwriting risk element, which is a function of the Group's net earned premium (or projected net earned premium) and the level of reserves held. Therefore, the SCR is broadly driven by the size of the business.

The Group's capital management objectives are:

- to ensure that the Group will be able to continue as going concern
- to maximise the income and capital return to its equity

The Board monitors and review the broad structure of the Group's capital on an ongoing basis. This review includes consideration of the extent to which revenue in excess of that which is required to be distributed should be retained.

The Group's objectives, policies and processes for managing capital have not changed during the historical period.

### 3. INSURANCE LIABILITIES AND REINSURANCE ASSETS

#### ACCOUNTING POLICY

Claims incurred include all losses occurring through the year, whether reported or not, related handling costs and any adjustments to claims outstanding from previous years. Significant delays are experienced in the notification and settlement of certain claims, particularly in respect of liability claims, the ultimate cost of which cannot be known with certainty at the balance sheet date. Reinsurance recoveries (or amounts due from reinsurers) are accounted for in the same period as the related claim.

#### A. Provision for claims outstanding

The provision for claims outstanding is based on information available at the balance sheet date. Significant delays are experienced in the notification and settlement of certain claims and accordingly the ultimate cost of such claims cannot be known with certainty at the balance sheet date. Subsequent information and events may result in the ultimate liability being less than, or greater than, the amount provided. Any differences between provisions and subsequent settlements are dealt with in the profit or loss account. Claims provisions are not discounted, with the exception of Periodic Payment Orders (“PPOs”), which are discussed more fully in the “Critical accounting estimates and judgements” section in Note 3.

The provision for claims outstanding includes the following:

- Claims Incurred and Reported (individual case estimates)
- Claims Incurred but Not Reported (“IBNR”)/Claims Incurred But Not Enough Reported (“IBNER”)
- Claims Handling Provision

#### (i) Claims Incurred and Reported (individual case estimates)

When claims are initially reported, case estimates are set at fixed levels based on previous average claims settlements. As soon as sufficient information becomes available, the case estimate is amended by a claim handler within the Claims Department to reflect the expected ultimate settlement cost of the claim, including external claims handling costs. The case estimate will be amended throughout the life of a claim as further information emerges. Case estimates generally do not allow for possible reductions in our liability due to contributory negligence, favourable court judgments or settlements until these are known to a high probability. Because of this, the outstanding case reserve recorded is generally greater than the probability-weighted likely settlement amount of the claim.

#### (ii) Claims Incurred But Not Reported (“IBNR”)/Claims Incurred But Not Enough Reported (“IBNER”)

The Claims IBNR provision consists of two elements:

- **IBNR** – An amount in respect of claims incurred but not yet recorded on the policy administration system (“pure” IBNR), which is typically a “positive”
- **IBNER** – An adjustment to open case reserves, booked at a portfolio level, which converts the open reserve recorded on our underwriting system to a true “best estimate” basis. If the case reserves held are in excess of a “best estimate” basis, this will result in a “negative” IBNER. If the case reserves are below a ‘best estimate’ basis, this will result in a “positive” IBNER

The Group refers to these collectively as “IBNR” and unless stated otherwise, when referring to IBNR this always include both elements.

These reserves are calculated using standard actuarial modelling techniques such as chain ladder and Bornhuetter-Ferguson methods. The IBNR adjustment is set after considering the results of these statistical methods based on, inter alia, historical claims development trends, average claims costs and expected inflation rates.

#### (iii) Claims Handling Provision

A provision for claims handling costs is estimated based on the number of outstanding claims at the balance sheet date and the estimated average internal cost of settling claims.

### 3. INSURANCE LIABILITIES AND REINSURANCE ASSETS CONTINUED

#### B. Provision for unexpired risks

Provision is made for unexpired risks when, after taking account of an element of attributable investment income, it is anticipated that the unearned premiums will be insufficient to cover future claims and expenses on existing contracts. The expected claims are calculated having regard to events which have occurred prior to the balance sheet date. Unexpired risk surpluses and deficits are offset when business classes are managed together and a provision is made if an aggregate deficit arises.

At each reporting date, a liability assessment is performed to ensure the adequacy of the claims liabilities net of deferred acquisition costs and unearned premium reserves. In performing this assessment, current best estimates of future contractual cash flows and claims handling expenses are used. Any deficiency is immediately charged to the statement of profit or loss, initially by writing off deferred acquisition costs and subsequently by establishing a provision for losses arising from the liability assessment ("unexpired risk provision"). There is currently no unexpired risk provision.

#### C. Deferred acquisition costs

Deferred acquisition costs represent a proportion of commission and other acquisition costs that relate to policies that are in force at the year end. Deferred acquisition costs are amortised over the period in which the related premiums are earned. Such costs are identified as being directly attributable to the acquisition of business, or are indirectly attributed to acquisition activity through an allocation exercise.

#### D. Gross written premiums

Gross written premiums comprise all amounts during the financial year in respect of contracts entered into regardless of the fact that such amounts may relate in whole or in part to a later financial year. All premiums are shown gross of commission payable to intermediaries (where applicable) and are exclusive of taxes, duties and levies thereon. Insurance premiums are adjusted by an unearned premium reserve which represents the proportion of premiums written that relate to periods of risk subsequent to the balance sheet date.

#### E. Unearned premium reserve ("UPR")

Unearned premiums are those proportions of the premiums written in a year that relate to the periods of risk subsequent to the balance sheet date. They are computed principally on a daily pro-rata basis.

### RISK MANAGEMENT

Refer to Notes 3.5 and 3.6 for detail on risks relating to insurance liabilities and reinsurance assets, and the management thereof.

### 3. INSURANCE LIABILITIES AND REINSURANCE ASSETS CONTINUED

#### CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

##### Valuation of insurance contracts

The three key elements impacting the valuation of insurance contracts are:

##### i. Claims reserves

For the valuation of insurance contracts, estimates are made both for the expected ultimate cost of claims reported at the reporting date, consisting of a reserve for claims incurred and reported, and an estimate of the sufficiency of these reserves (through the calculation of an Incurred But Not Enough Reported (“IBNER”) estimate, and for the expected ultimate cost of claims incurred, but not yet reported (“IBNR”), at the reporting date). It can take a significant period of time before the ultimate claims cost can be established with certainty.

##### ii. Outstanding claims

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornhuetter-Ferguson methods. The main assumption underlying these techniques is that the Group’s past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is analysed by accident years and types of claim. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, climate change, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

##### iii. Periodic Payment Orders (“PPO”)

Liability claims may be settled through a PPO, established under the Courts Act 2003, which allows a UK court to award damages for future loss or any other damages in respect of personal injury. The court may order that the damages either partly or fully take the form of a PPO. To date, the Group has three PPOs within its reserve for claims incurred and reported. Reinsurance is applied at the claim level, and therefore as PPOs generally result in a liability in excess of the Group’s reinsurance retention, the net liability on acquisition of a PPO is not significantly different to that arising in a non-PPO situation. Management will continue to monitor the level of PPO activity. Where management expect the total probability-weighted cash flows for actual and potential PPOs to generate a net outflow following settlement of reinsurance recoveries, this is reflected within the IBNR calculation.

The Group’s insurance liabilities and reinsurance assets are summarised below:

	Notes	2021 £'k	2020 £'k
Outstanding claims	3.1	232,516	226,546
Unearned premium reserve	3.1.1	90,776	87,350
Deferred acquisition costs	3.1.2	(13,791)	(14,791)
Reinsurance assets	3.1	(112,312)	(99,921)
Receivables arising from insurance and reinsurance contracts	3.2	(38,003)	(33,976)
Payables arising from insurance and reinsurance contracts	3.3	7,115	6,246
<b>Total</b>		<b>166,301</b>	<b>171,454</b>

A reconciliation between the opening and closing balances is provided in Note 3.7.

3. INSURANCE LIABILITIES AND  
REINSURANCE ASSETS CONTINUED

3.1 Insurance liabilities and reinsurance assets

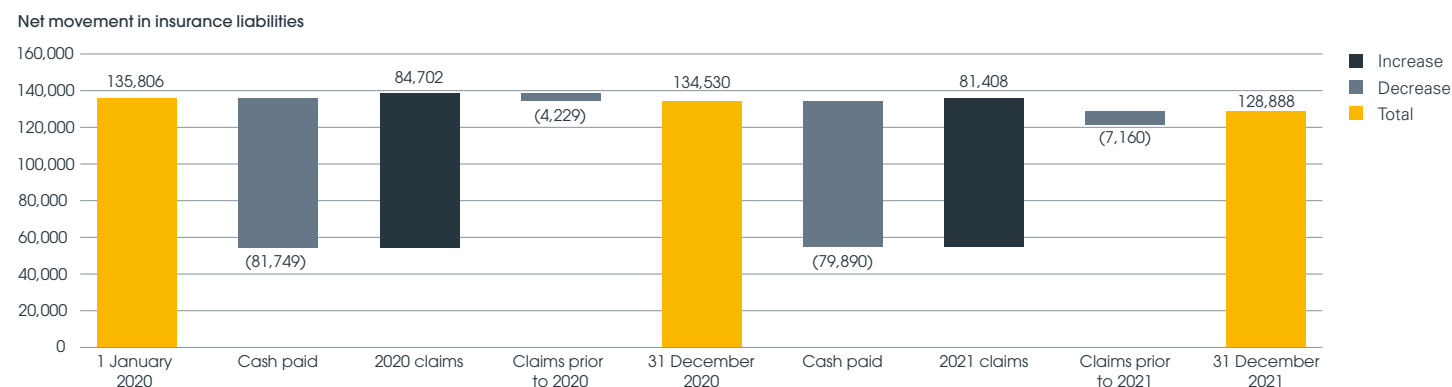
	Notes	2021 £'k	2020 £'k
<b>GROSS</b>			
Claims incurred and reported		309,892	313,164
Claims incurred but not reported		(81,272)	(90,267)
Claims handling provision		3,896	3,649
<b>Outstanding claims liabilities</b>	3.1.1	<b>232,516</b>	226,546
Unearned premium reserve	3.1.1	90,776	87,350
<b>Total insurance liabilities – Gross</b>		<b>323,292</b>	313,896
Expected to be settled within 12 months (excluding UPR)		112,975	100,794
Expected to be settled after 12 months (excluding UPR)		119,541	125,752
<b>RECOVERABLE FROM REINSURERS</b>			
Claims incurred and reported		(127,812)	(123,440)
Claims incurred but not reported		24,184	31,424
<b>Outstanding claims liabilities</b>	3.1.1	<b>(103,628)</b>	(92,016)
Unearned premium reserve	3.1.1	(8,684)	(7,905)
<b>Total reinsurers' share of insurance liabilities</b>		<b>(112,312)</b>	(99,921)
Expected to be settled within 12 months (excluding UPR)		(43,546)	(33,541)
Expected to be settled after 12 months (excluding UPR)		(60,082)	(58,475)
<b>NET</b>			
Claims incurred and reported		182,080	189,724
Claims incurred but not reported		(57,088)	(58,843)
Claims handling provision		3,896	3,649
<b>Outstanding claims liabilities</b>	3.1.1	<b>128,888</b>	134,530
Unearned premium reserve	3.1.1	82,092	79,445
<b>Total insurance liabilities – Net</b>		<b>210,980</b>	213,975

### 3. INSURANCE LIABILITIES AND REINSURANCE ASSETS CONTINUED

#### 3.1.1 Movement in insurance liabilities and reinsurance assets

	2021			2020		
	Gross £'k	RI share £'k	Net £'k	Gross £'k	RI share £'k	Net £'k
<b>CLAIMS AND CLAIMS HANDLING EXPENSES</b>						
Claims incurred and reported	313,164	(123,440)	189,724	290,963	(97,788)	193,175
Claims incurred but not reported	(90,267)	31,424	(58,843)	(82,565)	21,427	(61,138)
Claims handling provision	3,649	–	3,649	3,769	–	3,769
<b>Total at the beginning of the year</b>	<b>226,546</b>	<b>(92,016)</b>	<b>134,530</b>	<b>212,167</b>	<b>(76,361)</b>	<b>135,806</b>
Cash paid for claims settled in the year	(92,247)	12,357	(79,890)	(82,027)	278	(81,749)
Increase in liabilities						
– arising from current year claims	89,480	(8,072)	81,408	100,944	(16,242)	84,702
– arising from prior year claims	8,737	(15,897)	(7,160)	(4,538)	309	(4,229)
<b>Total at the end of the year</b>	<b>232,516</b>	<b>(103,628)</b>	<b>128,888</b>	<b>226,546</b>	<b>(92,016)</b>	<b>134,530</b>
Claims incurred and reported	309,892	(127,812)	182,080	313,164	(123,440)	189,724
Claims incurred but not reported	(81,272)	24,184	(57,088)	(90,267)	31,424	(58,843)
Claims handling provision	3,896	–	3,896	3,649	–	3,649
<b>Total at the end of the year</b>	<b>232,516</b>	<b>(103,628)</b>	<b>128,888</b>	<b>226,546</b>	<b>(92,016)</b>	<b>134,530</b>

Amounts due from reinsurers in respect of claims already paid by the Group on the contracts that are reinsured are included in Note 3.2.



	2021			2020		
	Gross £'k	RI share £'k	Net £'k	Gross £'k	RI share £'k	Net £'k
<b>UNEARNED PREMIUM RESERVE</b>						
At the beginning of the year	87,350	(7,905)	79,445	99,877	(7,570)	92,307
Charged to the profit or loss account	3,426	(779)	2,647	(12,527)	(335)	(12,862)
<b>Total at the end of the year</b>	<b>90,776</b>	<b>(8,684)</b>	<b>82,092</b>	<b>87,350</b>	<b>(7,905)</b>	<b>79,445</b>

### 3. INSURANCE LIABILITIES AND REINSURANCE ASSETS CONTINUED

#### 3.1.2 Movement in deferred acquisition costs

	2021 £'k	2020 £'k
<b>DEFERRED ACQUISITION COSTS</b>		
At the beginning of the year	14,791	16,211
Net decrease during the year	(1,000)	(1,420)
<b>Total at the end of the year</b>	<b>13,791</b>	<b>14,791</b>

#### 3.2 Receivables arising from insurance and reinsurance contracts

##### ACCOUNTING POLICY

Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortised cost, using the effective interest rate method. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the profit or loss account.

	2021 £'k	2020 £'k
Due from brokers and intermediaries	17,954	11,374
Due from policyholders	20,139	22,702
Less: provision for impairment of broker and intermediary receivables	(90)	(100)
<b>Total at the end of the year</b>	<b>38,003</b>	<b>33,976</b>

The carrying value of insurance and other receivables approximates to fair value. There are no amounts expected to be recovered more than 12 months after the reporting date.

#### 3.3 Payables arising from insurance and reinsurance contracts

##### ACCOUNTING POLICY

Payables are recognised when due. Reinsurance payables represent premiums payable to reinsurers in respect of contracts which have been entered into at the date of the financial position.

	2021 £'k	2020 £'k
Insurance creditors	1,244	1,034
Amounts due to reinsurers	5,871	5,212
<b>Total at the end of the year</b>	<b>7,115</b>	<b>6,246</b>

Payables arising from insurance and reinsurance contracts are expected to be settled within 12 months. The carrying value of payables approximates fair value.

### 3. INSURANCE LIABILITIES AND REINSURANCE ASSETS CONTINUED

#### 3.4 Insurance claims

	2021			2020		
	Gross £'k	RI share £'k	Net £'k	Gross £'k	RI share £'k	Net £'k
Movement in claims provision	97,970	(23,969)	74,001	96,525	(15,933)	80,592
Movement in claims handling provision	247	–	247	(119)	–	(119)
Claims handling expenses allocated	6,767	–	6,767	7,637	–	7,637
<b>Net insurance claims</b>	<b>104,984</b>	<b>(23,969)</b>	<b>81,015</b>	104,043	(15,933)	88,110

#### 3.4.1 Claims development tables

The presentation of the claims development tables for the Group is based on the actual date of the event that caused the claim (accident year basis).

#### Gross outstanding claims liabilities

Accident year	2012 £'k	2013 £'k	2014 £'k	2015 £'k	2016 £'k	2017 £'k	2018 £'k	2019 £'k	2020 £'k	2021 £'k	Total £'k
<b>Estimate of ultimate claims costs</b>											
At the end of the accident year	103,139	84,939	75,649	103,599	111,518	165,707	120,077	126,981	101,965	89,233	
– One year later	103,989	70,567	65,639	90,133	100,935	131,803	108,089	122,663	97,953		
– Two years later	94,297	63,197	62,039	82,537	94,294	123,651	107,988	127,225			
– Three years later	65,313	79,845	60,301	79,845	91,336	122,674	113,257				
– Four years later	97,170	68,763	59,149	77,095	90,789	124,128					
– Five years later	94,150	64,290	58,367	77,038	92,629						
– Six years later	88,795	63,153	58,718	77,469							
– Seven years later	88,016	63,088	58,438								
– Eight years later	87,295	63,213									
– Nine years later	87,301										
Current estimate of cumulative claims	87,301	63,213	58,438	77,469	92,629	124,128	113,257	127,225	97,953	89,233	
Cumulative payments to date	(83,662)	(59,810)	(57,779)	(74,441)	(87,991)	(79,963)	(89,530)	(92,946)	(55,416)	(35,534)	
<b>Liability recognised in balance sheet</b>	<b>3,639</b>	<b>3,403</b>	<b>659</b>	<b>3,028</b>	<b>4,638</b>	<b>44,165</b>	<b>23,727</b>	<b>34,279</b>	<b>42,537</b>	<b>53,699</b>	<b>213,774</b>
2011 and prior											<b>14,846</b>
Claims handling provision											<b>3,896</b>
<b>Total</b>											<b>232,516</b>



### 3. INSURANCE LIABILITIES AND REINSURANCE ASSETS CONTINUED

#### 3.4 Insurance claims continued

#### Net outstanding claims liabilities

Accident year	2012 £'k	2013 £'k	2014 £'k	2015 £'k	2016 £'k	2017 £'k	2018 £'k	2019 £'k	2020 £'k	2021 £'k	Total £'k
<b>Estimate of ultimate claims costs</b>											
At the end of the accident year	89,901	77,316	74,609	97,288	104,808	106,478	111,433	115,011	85,723	81,161	
– One year later	81,403	64,071	65,639	85,814	93,664	96,446	99,649	111,550	81,882		
– Two years later	75,938	59,301	60,953	81,164	87,824	91,806	98,641	111,347			
– Three years later	73,606	57,739	59,741	77,869	85,243	91,179	99,071				
– Four years later	74,304	56,947	59,008	76,409	84,995	88,545					
– Five years later	72,731	56,892	58,259	76,254	84,891						
– Six years later	76,624	56,593	58,481	76,011							
– Seven years later	72,296	56,572	58,198								
– Eight years later	72,237	56,685									
– Nine years later	72,249										
Current estimate of cumulative claims	72,249	56,685	58,198	76,011	84,891	88,545	99,071	111,347	81,882	81,161	
Cumulative payments to date	(72,531)	(54,495)	(57,561)	(74,353)	(82,161)	(79,848)	(86,493)	(90,198)	(55,187)	(35,534)	
<b>Liability recognised in balance sheet</b>	(282)	2,190	637	1,658	2,730	8,697	12,578	21,149	26,695	45,627	<b>121,679</b>
2011 and prior											<b>3,313</b>
Claims handling provision											<b>3,896</b>
<b>Total</b>											<b>128,888</b>

The 2012 negative net liability reflects a reinsurance recovery due to the Group for a claim payment made by the Goup at the end of December 2021.

#### 3.5 Underwriting risk

The principal risk the Group faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

The Group issues only motor insurance contracts, which usually cover a 12-month duration. For these contracts, the most significant risks arise from severe weather conditions or single catastrophic events. For longer-tail claims that take some years to settle, there is also inflation risk.

The above risk exposure is mitigated by diversification across a large portfolio of policyholders and geographical areas within the UK. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across policyholders. Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of the Group. The Group further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities.

The Group purchases reinsurance as part of its risk mitigation programme. Reinsurance ceded is placed on a non-proportional basis. This non-proportional reinsurance is excess-of-loss, designed to mitigate the Group's net exposure to single large claims or catastrophe losses. The current reinsurance programme in place has a retention limit of £1m, with no upper limit. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded reinsurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Group's placement of reinsurance is diversified such that it is not dependent on a single reinsurer. There is no single counterparty exposure that exceeds 25% of total reinsurance assets at the reporting date.

### 3. INSURANCE LIABILITIES AND REINSURANCE ASSETS CONTINUED

#### 3.5 Underwriting risk continued

##### Key assumptions

The principal assumption underlying the liability estimates is that the Group's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example: one-off occurrence; changes in market factors such as public attitude to claiming; economic conditions; and internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgement is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

Other key circumstances affecting the reliability of assumptions include variation in interest rates and delays in settlement.

##### Sensitivities

The motor claim liabilities are primarily sensitive to the reserving assumptions noted above. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear.

The table shows the impact of a 10% increase in the gross loss ratio applied to all underwriting years which have a material outstanding claims reserve, and a 10% increase in gross outstanding claims across all underwriting years, taking into account the impact of an increase in the operational costs associated with handling those claims.

	Decrease in profit after tax		Decrease In total equity	
	2021 £'k	2020 £'k	2021 £'k	2020 £'k
<b>At 31 December</b>				
Insurance risk				
Impact of a 10% increase in gross loss ratio	(7,921)	(9,945)	(7,921)	(9,945)
Impact of a 10% increase in gross outstanding claims and claims provision	(8,710)	(8,971)	(8,710)	(8,971)

A substantial increase in individually large claims which are over our reinsurance retention limit, generally will have no impact on profit before tax. The table shows the impact of a 10% increase on a net basis.

	Decrease in profit after tax		Decrease In total equity	
	2021 £'k	2020 £'k	2021 £'k	2020 £'k
<b>At 31 December</b>				
Insurance risk				
Impact of a 10% increase in net loss ratio	(9,739)	(12,239)	(9,739)	(12,239)
Impact of a 10% increase in net outstanding claims and claims provision	(10,440)	(10,897)	(10,440)	(10,897)

##### COVID-19

Management has evaluated the short-term impact of COVID-19 on the Group's earnings and capital position, and has assessed the risks associated with this. The most material risk in the short term is a significant drop in premium. Expectations regarding claims frequency and changes in claims costs and settlement patterns have been considered in calculating the Group's insurance liabilities.

##### Climate change

Management has assessed the short, medium and long-term risks which result from climate change. The short-term risk is low. Given the geographical diversity of the Group's policyholders within the UK and the Group's reinsurance programme, it is highly unlikely that a climate event will materially impact the Group's ability to continue trading. More likely is that the costs associated with the transition to a low-carbon economy will impact the Group's indemnity spend in the medium term, as electronic vehicles are currently relatively expensive to fix. This is somewhat, or perhaps completely, offset by advances in technology reducing the frequency of claims, in particular bodily injury claims which are generally far more expensive than damage to vehicles. These changes in the costs of claims are gradual and as such reflected in the Group's claims experience and fed into the pricing of policies. However, if the propensity to travel by car decreases overall this could impact the Group's income in the long term.

Further discussion on climate change can be found in the "Principal Risks and Uncertainties" section on pages 19 to 26 and the "Responsibility and Sustainability" section on page 37 to 45.

### 3. INSURANCE LIABILITIES AND REINSURANCE ASSETS CONTINUED

#### 3.6 Insurance related credit risk

Key insurance related areas where the Group is exposed to credit default risk are:

- Reinsurers default on presentation of a large claim or dispute of cover
- Reinsurers default on their share of the Group's insurance liabilities
- Default on amounts due from insurance contract intermediaries or policyholders

Sabre uses a large panel of secure reinsurance companies. The credit risk of reinsurers included in the reinsurance programme is considered annually by reviewing their credit worthiness. Sabre's largest reinsurance counterparty is Munich Re. The credit risk exposure is further monitored throughout the year to ensure that changes in credit risk positions are adequately addressed.

The following tables demonstrate the Group's exposure to credit risk in respect of overdue insurance debt and counterparty creditworthiness. Unearned premium reserve ("UPR") is excluded as there are no credit risks inherent in them.

#### Overdue insurance related debt

	Neither past due nor impaired £'k	Past due 1-90 days £'k	Past due more than 90 days £'k	Assets that have been impaired £'k	Carrying value in the balance sheet £'k
<b>At 31 December 2021</b>					
Reinsurance assets (excluding UPR)	103,628	–	–	–	103,628
Insurance receivables	37,840	163	–	–	38,003
<b>Total</b>	<b>141,468</b>	<b>163</b>	<b>–</b>	<b>–</b>	<b>141,631</b>

	Neither past due nor impaired £'k	Past due 1-90 days £'k	Past due more than 90 days £'k	Assets that have been impaired £'k	Carrying value in the balance sheet £'k
<b>At 31 December 2020</b>					
Reinsurance assets (excluding UPR)	92,016	–	–	–	92,016
Insurance receivables	33,821	155	–	–	33,976
<b>Total</b>	<b>125,837</b>	<b>155</b>	<b>–</b>	<b>–</b>	<b>125,992</b>

#### Exposure by credit rating

	AAA £'k	AA+ to AA- £'k	A+ to A- £'k	BBB+ to BBB- £'k	BB+ and below £'k	Not rated £'k	Total £'k
<b>At 31 December 2021</b>							
Reinsurance assets (excluding UPR)	–	72,498	31,130	–	–	–	103,628
Insurance receivables	–	–	–	–	–	38,003	38,003
<b>Total</b>	<b>–</b>	<b>72,498</b>	<b>31,130</b>	<b>–</b>	<b>–</b>	<b>38,003</b>	<b>141,631</b>

	AAA £'k	AA+ to AA- £'k	A+ to A- £'k	BBB+ to BBB- £'k	BB+ and below £'k	Not rated £'k	Total £'k
<b>At 31 December 2020</b>							
Reinsurance assets (excluding UPR)	–	66,492	25,524	–	–	–	92,016
Insurance receivables	–	–	–	–	–	33,976	33,976
<b>Total</b>	<b>–</b>	<b>66,492</b>	<b>25,524</b>	<b>–</b>	<b>–</b>	<b>33,976</b>	<b>125,992</b>

3. **INSURANCE LIABILITIES AND  
REINSURANCE ASSETS CONTINUED**

**3.7 Reconciliation of opening to closing balances**

The below table reconciles the opening and closing balances of insurance liabilities and reinsurance assets.

	2021 £'k	2020 £'k
<b>Insurance liabilities and reinsurance assets – at the start of the year</b>		
Outstanding claims	226,546	212,167
Unearned premium reserve	87,350	99,877
Deferred acquisition costs	(14,791)	(16,211)
Reinsurance assets	(99,921)	(83,931)
Receivables arising from insurance and reinsurance contracts	(33,976)	(37,754)
Payables arising from insurance and reinsurance contracts	6,246	6,009
	<b>171,454</b>	<b>180,157</b>
<b>Profit or loss account movements</b>		
Net earned premium	(145,442)	(165,707)
Current year net incurred claims	81,408	84,702
Movement in prior year net incurred claims	(7,160)	(4,229)
Claims handling expenses	6,767	7,637
Change in deferred acquisition costs	1,000	1,420
	<b>(63,427)</b>	<b>(76,177)</b>
<b>Cash flow movements</b>		
Premiums received	165,505	176,974
Reinsurance premiums paid	(20,574)	(20,114)
Claims and other claims expenses paid	(86,657)	(89,386)
	<b>58,274</b>	<b>67,474</b>
	<b>166,301</b>	<b>171,454</b>
<b>Insurance liabilities and reinsurance assets – at the end of the year</b>		

## 4. FINANCIAL ASSETS

### RISK MANAGEMENT

Refer to the following notes for detail on risks relating to financial assets:

Investment concentration risk – Note 4.2

Credit risk – Note 4.6

Liquidity risk – Note 6

The Group's financial assets are summarised below:

	Notes	2021 £'k	2020 £'k
Debt securities held at fair value through other comprehensive income	4.1.1	234,667	246,281
Loans and receivables	4.4	74	84
Cash and cash equivalents	4.5	30,611	37,904
<b>Total</b>		<b>265,352</b>	<b>284,269</b>

### 4.1 Debt securities at fair value

#### 4.1.1 Debt securities held at fair value through other comprehensive income

##### ACCOUNTING POLICY – FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE

###### Classification

The Group classifies the following financial assets at fair value through other comprehensive income ("FVOCI"):

- Debt securities

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated at fair value through the profit or loss account ("FVTPL"):

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets
- The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding on specified dates

###### Recognition and measurement

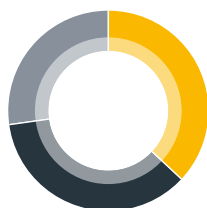
At initial recognition, the Group measures debt securities through other comprehensive income at fair value, plus the transaction costs that are directly attributable to the acquisition of the financial asset. Debt securities at FVOCI are subsequently measured at fair value.

###### Impairment

At each reporting date, the Group assesses debt securities at FVOCI for impairment. Under IFRS 9 a "three-stage" model for calculated Expected Credit Losses ("ECL") is used, and is based on changes in credit quality since initial recognition. Refer to Note 4.6.

#### 4. FINANCIAL ASSETS CONTINUED

##### Investment concentration – by type



● Government bonds	36.73%
● Government-backed securities	35.74%
● Corporate bonds	27.53%

##### Investment concentration – by area



● United Kingdom	48.90%
● Europe	35.04%
● North America	16.06%

The Group's debt securities held at fair value through other comprehensive income are summarised below:

	2021		2020	
	£'k	% holdings	£'k	% holdings
Government bonds	86,192	36.73%	121,859	49.48%
Government-backed securities	83,878	35.74%	84,210	34.19%
Corporate bonds	64,597	27.53%	40,212	16.33%
<b>Total</b>	<b>234,667</b>	<b>100.00%</b>	<b>246,281</b>	<b>100.00%</b>

#### 4.2. Investment concentration risk

Excessive exposure to particular industry sectors or groups can give rise to concentration risk. The Group has no significant investment concentration in any particular industrial sector and therefore is unlikely to suffer significant losses through its investment portfolio as a result of over-exposure to sectors engaged in similar activities or which have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

A significant part of the Group's investment portfolio consists primarily of UK Government bonds and government-backed bonds, therefore the risk of government default does exist, however the likelihood is extremely remote. The remainder of the portfolio consists of investment grade corporate bonds. The Group continues to monitor the strength and security of all bonds.

The Group's exposure by geographical area is outlined below:

	Government bonds £'k	Government-backed securities £'k	Corporate bonds £'k	Total £'k	% holdings
<b>At 31 December 2021</b>					
United Kingdom	86,192	105	28,460	114,757	48.90%
Europe	–	55,786	26,446	82,232	35.04%
North America	–	27,987	9,691	37,678	16.06%
<b>Total</b>	<b>86,192</b>	<b>83,878</b>	<b>64,597</b>	<b>234,667</b>	<b>100.00%</b>

	Government bonds £'k	Government-backed securities £'k	Corporate bonds £'k	Total £'k	% holdings
<b>At 31 December 2020</b>					
United Kingdom	121,859	10,505	17,922	150,286	61.02%
Europe	–	61,018	15,727	76,745	31.16%
North America	–	12,687	6,563	19,250	7.82%
<b>Total</b>	<b>121,859</b>	<b>84,210</b>	<b>40,212</b>	<b>246,281</b>	<b>100.00%</b>

#### 4. FINANCIAL ASSETS CONTINUED

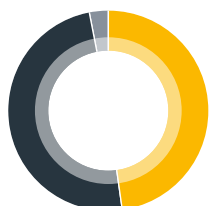
##### 4.2. Investment concentration risk continued

###### Government-backed - by type



● Agency	58.40%
● Supranational	41.60%

###### Corporate bonds – by industry



● Financial	47.43%
● Industrial	49.33%
● Utilities	3.24%

The Group's exposure by investment type for government-backed securities and corporate bonds is outlined below:

At 31 December 2021	Agency £'k	Supranational £'k	Total £'k
Government-backed securities	48,987	34,891	83,878
% of holdings	58.40%	41.60%	100.00%

At 31 December 2021	Financial £'k	Industrial £'k	Utilities £'k	Total £'k
Corporate bonds	30,642	31,863	2,092	64,597
% of holdings	47.43%	49.33%	3.24%	100.00%

At 31 December 2020	Agency £'k	Supranational £'k	Total £'k
Government-backed securities	59,309	24,901	84,210
% of holdings	70.43%	29.57%	100.00%

At 31 December 2020	Financial £'k	Industrial £'k	Utilities £'k	Total £'k
Corporate bonds	21,863	16,160	2,189	40,212
% of holdings	54.37%	40.19%	5.44%	100.00%

## 4. FINANCIAL ASSETS CONTINUED

### 4.3. Fair value

#### ACCOUNTING POLICY

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date, or in its absence, the most advantageous market to which the Group has access at that date.

The Group measures the fair value of an instrument using the quoted bid price in an active market for that instrument. A market is regarded as active if transactions for the asset take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from the stock exchange or pricing service, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the closing bid price.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements are based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Group's view of market assumptions in the absence of observable market information.

IFRS 13 requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement.

Disclosure of fair value measurements by level is according to the following fair value measurement hierarchy:

- **Level 1:** fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities
- **Level 2:** fair values measured using valuation techniques for all inputs significant to the measurement other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- **Level 3:** fair values measured using valuation techniques for any input for the asset or liability significant to the measurement that is not based on observable market data (unobservable inputs)

#### Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from the stock exchange or pricing service, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the closing bid price. These instruments are included in Level 1 and comprise only debt securities classified as fair value through other comprehensive income.

#### Level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant input required to fair value an instrument is observable, the instrument is included in Level 2. The Group has no Level 2 financial instruments.

#### Level 3

If one or more of the significant inputs are not based on observable market data, the instrument is included in Level 3. The Group has no Level 3 financial instruments.



## 4. FINANCIAL ASSETS CONTINUED

### 4.3. Fair value continued

The following table summarises the classification of financial instruments:

	Level 1 £'k	Level 2 £'k	Level 3 £'k	Total £'k
<b>As at 31 December 2021</b>				
<b>Assets held at fair value</b>				
Financial investments	234,667	–	–	234,667
<b>Total</b>	<b>234,667</b>	<b>–</b>	<b>–</b>	<b>234,667</b>
<b>As at 31 December 2020</b>				
<b>Assets held at fair value</b>				
Financial investments	246,281	–	–	246,281
<b>Total</b>	<b>246,281</b>	<b>–</b>	<b>–</b>	<b>246,281</b>

#### Transfers between levels

There have been no transfers between levels during the year (2020: no transfers).

### 4.4. Loans and receivables

#### ACCOUNTING POLICY

##### Classification

The Group classifies its loans and receivables as at amortised cost only if both of the following criteria are met:

- The asset is held within a business model whose objective is to collect the contractual cash flows
- The contractual terms give rise to cash flows that are solely payments of principle and interest

##### Recognition and measurement

Loans and receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for expected credit losses.

##### Impairment

The Group measures loss allowances at an amount equal to lifetime ECL. To measure the expected credit losses, loans and receivables have been grouped based on shared credit risk characteristics and the days past due to create the categories namely performing, underperforming and not performing. The expected loss rates are based on the payment profiles of receivables over a period of 36 months before year end. The loss rates are adjusted to reflect current and forward-looking information on macro-economic factors, such as the socio-economic environment affecting the ability of the debtors to settle the receivables. Receivables that are 30 days or more past due are considered to be “not performing” and the default rebuttable presumption of 90 days prescribed by IFRS 9 is not applied.

##### Performing

Customers have a low risk of default and a strong capacity to meet contractual cash flows.

##### Underperforming

Loans for which there is a significant increase in credit risk. A significant increase in credit risk is presumed if interest and/or principal repayments are past due.

##### Not performing

Interest and/or principal repayments are 30 days past due.

#### 4. FINANCIAL ASSETS CONTINUED

##### 4.4. Loans and receivables continued

The Group's loans and receivables comprises of:

	2021 £'k	2020 £'k
Other debtors	76	86
Provision for expected credit losses	(2)	(2)
<b>Total</b>	<b>74</b>	<b>84</b>

The estimated fair values of loans and receivables are the discounted amounts of the estimated future cash flows expected to be received.

The carrying value of loans and receivables approximates fair value. Provision for expected credit losses are based on the recoverability of the individual loans and receivables.

	ECL rate %	ECL method £'k	Gross £'k	Provision opening balance £'k	(Released)/ raised in the period £'k	Provision closing balance £'k	Net £'k
<b>At 31 December 2021</b>							
Performing	2.5%	Lifetime	76	(2)	–	(2)	74
Underperforming	25.0%	Lifetime	–	–	–	–	–
Not performing	50.0%	Lifetime	–	–	–	–	–
<b>Total</b>			<b>76</b>	<b>(2)</b>	<b>–</b>	<b>(2)</b>	<b>74</b>

	ECL rate %	ECL method £'k	Gross £'k	Provision opening balance £'k	(Released)/ raised in the period £'k	Provision closing balance £'k	Net £'k
<b>At 31 December 2020</b>							
Performing	2.5%	Lifetime	86	–	(2)	(2)	84
Underperforming	25.0%	Lifetime	–	–	–	–	–
Not performing	50.0%	Lifetime	–	–	–	–	–
<b>Total</b>			<b>86</b>	<b>–</b>	<b>(2)</b>	<b>(2)</b>	<b>84</b>

The forward-looking information considered was deemed to have an immaterial impact on expected credit losses.

##### 4.5. Cash and cash equivalents

###### ACCOUNTING POLICY – CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and deposits held on call with banks. Cash and cash equivalents are carried at amortised cost.

	2021 £'k	2020 £'k
Cash and cash equivalents	30,611	37,904
<b>Total</b>	<b>30,611</b>	<b>37,904</b>

Cash and cash equivalents include money market funds with no notice period for withdrawal.

The carrying value of cash and cash equivalents approximates fair value. The full value is expected to be realised within 12 months. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9 the identified impairment loss was immaterial.

## 4. FINANCIAL ASSETS CONTINUED

### 4.6. Credit risk

#### ACCOUNTING POLICY

##### Impairment of financial assets

At each reporting date, the Group assesses financial assets measured at amortised cost and debt securities at FVOCI for impairment. Under IFRS 9 a “three-stage” model for calculated Expected Credit Losses (“ECL”) is used, and is based on changes in credit quality since initial recognition as summarised below:

##### Performing financial assets

- Stage 1: From initial recognition of a financial asset to the date on which an asset has experienced a significant increase in credit risk relative to its initial recognition, a stage 1 loss allowance is recognised equal to the credit losses expected to result from its default occurring over the earlier of the next 12 months or its maturity date (“12-month ECL”).
- Stage 2: Following a significant increase in credit risk relative to the initial recognition of the financial asset, a stage 2 loss allowance is recognised equal to the credit losses expected from all possible default events over the remaining lifetime of the asset (“Lifetime ECL”). The assessment of whether there has been a significant increase in credit risk, such as an actual or significant change in instruments external credit rating; significant widening of credit spread; changes in rates or terms of instrument; existing or forecast adverse change in business, financial or economic conditions that are expected to cause a significant change in the counterparty’s ability to meet its debt obligations; requires considerable judgement, based on the lifetime probability of default (“PD”). Stage 1 and 2 allowances are held against performing loans; the main difference between stage 1 and stage 2 allowances is the time horizon. Stage 1 allowances are estimated using the PD with a maximum period of 12 months, while stage 2 allowances are estimated using the PD over the remaining lifetime of the asset.

##### Impaired financial assets

- Stage 3: When a financial asset is considered to be credit-impaired, the allowance for credit losses (“ACL”) continues to represent lifetime expected credit losses, however, interest income is calculated based on the amortised cost of the asset, net of the loss allowance, rather than its gross carrying amount.

##### Application of the impairment model

The Group applies IFRS 9’s ECL model to two main types of financial assets that are measured at amortised cost or FVOCI:

- **Other receivables**, to which the simplified approach prescribed by IFRS 9 is applied. This approach requires the recognition of a Lifetime ECL allowance on day one.
- **Debt securities**, to which the general three-stage model (described above) is applied, whereby a 12-month ECL is recognised initially and the balance is monitored for significant increases in credit risk which triggers the recognition of a Lifetime ECL allowance.

ECLs are a probability-weighted estimate of credit losses. The probability is determined by the estimated risk of default which is applied to the cash flow estimates. On a significant increase in credit risk, from investment grade to non-investment grade, allowances are recognised without a change in the expected cash flows (although typically expected cash flows do also change) and expected credit losses are rebased from 12-month to lifetime expectations.

The measurement of ECLs considers information about past events and current conditions, as well as supportable information about future events and economic conditions.

##### Presentation of impairment

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognised in the profit or loss account and accounted for as a transfer from OCI to profit or loss, instead of reducing the carrying amount of the asset.

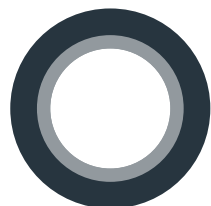
##### Write-offs

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of the amount being recovered. This is generally the case when the Group concludes that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

#### 4. FINANCIAL ASSETS CONTINUED

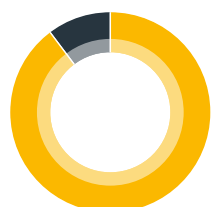
##### 4.6. Credit risk continued

###### UK Government bonds



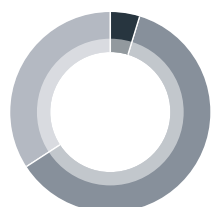
● AAA	0.00%
● AA+ to AA-	100.00%
● A+ to A-	0.00%
● BBB+ to BBB-	0.00%
● BB+ and below	0.00%
● Not rated	0.00%

###### Government-backed securities



● AAA	89.77%
● AA+ to AA-	10.23%
● A+ to A-	0.00%
● BBB+ to BBB-	0.00%
● BB+ and below	0.00%
● Not rated	0.00%

###### Corporate bonds



● AAA	0.00%
● AA+ to AA-	4.84%
● A+ to A-	61.02%
● BBB+ to BBB-	34.14%
● BB+ and below	0.00%
● Not rated	0.00%

##### Exposure by credit rating

	AAA £'k	AA+ to AA- £'k	A+ to A- £'k	BBB+ to BBB- £'k	BB+ and below £'k	Not rated £'k	Total £'k
<b>At 31 December 2021</b>							
UK Government bonds	–	86,192	–	–	–	–	86,192
Government-backed securities	75,294	8,584	–	–	–	–	83,878
Corporate bonds	–	3,128	39,417	22,052	–	–	64,597
Loans and other receivables	–	–	–	–	–	74	74
Cash and cash equivalents	368	51	30,192	–	–	–	30,611
<b>Total</b>	<b>75,662</b>	<b>97,955</b>	<b>69,609</b>	<b>22,052</b>	<b>–</b>	<b>74</b>	<b>265,352</b>
<b>At 31 December 2020</b>							
UK Government bonds	–	121,859	–	–	–	–	121,859
Government-backed securities	61,649	12,164	10,397	–	–	–	84,210
Corporate bonds	–	2,087	20,094	18,031	–	–	40,212
Loans and other receivables	–	–	–	–	–	84	84
Cash and cash equivalents	20,957	63	16,884	–	–	–	37,904
<b>Total</b>	<b>82,606</b>	<b>136,173</b>	<b>47,375</b>	<b>18,031</b>	<b>–</b>	<b>84</b>	<b>284,269</b>

With exception of loans and other receivables, all the Company's financial assets are investment grade (AAA to BBB).

#### 4. FINANCIAL ASSETS CONTINUED

##### 4.6. Credit risk continued

##### Analysis of credit risk and allowance for ECL

The following table provides an overview of the allowance for ECL provided for on the types of financial assets held by the Group where credit risk is prevalent.

	Gross carrying amount £'k	Allowance for ECL £'k	Net amount £'k
<b>At 31 December 2021</b>			
Government bonds	86,192	(8)	86,184
Government-backed securities	83,878	(4)	83,874
Corporate bonds	64,597	(52)	64,545
Loans and other receivables	74	(2)	72
Cash and cash equivalents	30,611	–	30,611
<b>Total</b>	<b>265,352</b>	<b>(66)</b>	<b>265,286</b>
<b>At 31 December 2020</b>			
Government bonds	121,859	(10)	121,849
Government-backed securities	84,210	(2)	84,208
Corporate bonds	40,212	(36)	40,176
Loans and other receivables	84	(2)	82
Cash and cash equivalents	37,904	–	37,904
<b>Total</b>	<b>284,269</b>	<b>(50)</b>	<b>284,219</b>

##### 4.7. Interest rate risk – financial assets

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group to fair value interest risk. Currently the Group holds only fixed rate securities.

The Group's interest risk policy requires it to manage the maturities of interest-bearing financial assets and interest-bearing financial liabilities. Interest on fixed interest rate instruments is priced at inception of the financial instrument and is fixed until maturity.

The Group has a concentration of interest rate risk in UK Government Bonds and other fixed-income securities.

The analysis that follows is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax and equity. The correlation of variables will have a significant effect in determining the ultimate impact on interest rate risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear.

Note that the Group's investment portfolio has been designed such that the cash flows yielded from investments match the projected outflows inherent primarily within the claims reserve. While these insurance liabilities are shown on an undiscounted basis under IFRS, their economic value will move broadly in line with the underlying assets.

The impact of any movement in market values, such as those caused by changes in interest rates, is taken through other comprehensive income and has no impact on profit after tax.

	Decrease in profit after tax		Decrease in total equity	
<b>At 31 December</b>	<b>2021</b> £'k	<b>2020</b> £'k	<b>2021</b> £'k	<b>2020</b> £'k
Interest rate				
Impact of a 100-basis point increase in interest rates on financial investments	–	–	(3,861)	(1,958)

#### 4. FINANCIAL ASSETS CONTINUED

##### 4.8. Investment income

###### ACCOUNTING POLICY

Debt instruments classified as FVOCI are measured using the effective interest rate which allocates the interest income or interest expense over the expected life of the asset or liability at the rate that exactly discounts all estimated future cash flows to equal the instrument's initial carrying amount. Calculation of the effective interest rate takes into account fees payable or receivable that are an integral part of the instrument's yield, premiums or discounts on acquisition or issue, early redemption fees and transaction costs. All contractual terms of a financial instrument are considered when estimating future cash flows.

	2021 £'k	2020 £'k
<b>Interest income on financial assets using effective interest rate method</b>		
Interest income from debt securities	1,507	1,680
Investment fees	(308)	(331)
Interest income from cash and cash equivalents	11	68
<b>Total</b>	<b>1,210</b>	<b>1,417</b>

##### 4.9. Net gains/(losses) from fair value adjustments on financial assets

###### ACCOUNTING POLICY

Movements in the fair value of debt instruments classified as FVOCI are taken through the OCI. When the instruments are derecognised, the cumulative gain or losses previously recognised in OCI is reclassified to profit or loss.

	2021 £'k	2020 £'k
<b>Profit or loss</b>		
Realised fair value losses on debt securities	(16)	–
<b>Realised fair value losses on debt securities reclassified to profit or loss</b>	<b>(16)</b>	<b>–</b>
<b>Other Comprehensive Income</b>		
Unrealised fair value (losses)/gains on debt securities	(5,674)	2,415
Expected credit loss	16	21
<b>Unrealised fair value (losses)/gains on debt securities through other comprehensive income</b>	<b>(5,658)</b>	<b>2,436</b>
<b>Net (losses)/gains from fair value adjustments on financial assets</b>	<b>(5,674)</b>	<b>2,436</b>

## 5. FINANCIAL LIABILITIES

The Group's financial liabilities are summarised below:

	Notes	2021 £'k	2020 £'k
<i>Financial liabilities at amortised cost</i>			
Lease liabilities	5.1	193	194
Trade and other payables, excluding insurance payables	5.3	5,831	5,530
<b>Total</b>		<b>6,024</b>	<b>5,724</b>

### 5.1. Lease liability

	2021 £'k	2020 £'k
<b>As at the beginning of the year</b>	<b>194</b>	<b>194</b>
<i>Cash movements</i>		
Lease payments	(264)	(264)
<i>Non-cash movements</i>		
Lease extension during the year	247	251
Interest	16	13
<b>As at 31 December</b>	<b>193</b>	<b>194</b>
Current	193	194
Non-current	–	–

### 5.2. Finance costs

#### ACCOUNTING POLICY

Finance costs are recognised using the effective interest method.

	2021 £'k	2020 £'k
Interest on lease liabilities	16	13
<b>Total</b>	<b>16</b>	<b>13</b>

### 5.3. Trade and other payables, excluding insurance payables

#### ACCOUNTING POLICY

Trade and other payables, including accruals, are recognised when the Group has a present obligation arising from past events, the settlement of which is expected to result in an outflow of economic benefits from the Group. Trade and other payables are carried at amortised cost.

	2021 £'k	2020 £'k
Trade and other creditors	321	1,345
Other taxes	5,510	4,185
<b>Total</b>	<b>5,831</b>	<b>5,530</b>

## 6. LIQUIDITY RISK

Liquidity risk is the potential that obligations cannot be met as they fall due as a consequence of having a timing mismatch or inability to raise sufficient liquid assets without suffering a substantial loss on realisation. The Group manages its liquidity risk through both ensuring that it holds sufficient cash and cash equivalent assets to meet all short-term liabilities, and matching the maturity profile of its financial investments to the expected cash outflows.

The liquidity of the Group's insurance liabilities and supporting assets is given in the tables below.

At 31 December 2021	Total £'k	Within 1 year £'k	1-3 years £'k	3-5 years £'k	5-10 years £'k	Over 10 years £'k
Reinsurance assets, excluding UPR <sup>(1)</sup>	103,628	43,546	34,496	18,393	7,193	–
Government bonds	86,192	27,313	22,845	35,001	1,033	–
Government-backed securities	83,878	8,479	64,752	10,647	–	–
Corporate bonds	64,597	2,203	14,034	48,360	–	–
Loans and other receivables	74	74	–	–	–	–
Cash and cash equivalents <sup>(2)</sup>	30,611	30,611	–	–	–	–
<b>Total</b>	<b>368,980</b>	<b>112,226</b>	<b>136,127</b>	<b>112,401</b>	<b>8,226</b>	<b>–</b>

At 31 December 2021	Total £'k	Within 1 year £'k	1-3 years £'k	3-5 years £'k	5-10 years £'k	Over 10 years £'k
Insurance liabilities, excluding UPR <sup>(1)</sup>	232,516	112,975	75,661	32,848	11,032	–
Insurance payable	7,115	7,115	–	–	–	–
Lease liabilities	193	193	–	–	–	–
Trade and other payables	5,831	5,831	–	–	–	–
<b>Total</b>	<b>245,655</b>	<b>126,114</b>	<b>75,661</b>	<b>32,848</b>	<b>11,032</b>	<b>–</b>

(1) Unearned premiums are excluded as there are no liquidity risks inherent in them.

(2) Includes money market funds with no notice period for withdrawal.

At 31 December 2020	Total £'k	Within 1 year £'k	1-3 years £'k	3-5 years £'k	5-10 years £'k	Over 10 years £'k
Reinsurance assets, excluding UPR <sup>(1)</sup>	92,016	33,541	34,203	17,654	6,618	–
UK Government bonds	121,859	60,861	43,158	14,019	3,821	–
Government-backed securities	84,210	–	17,338	66,872	–	–
Corporate bonds	40,212	–	6,763	31,263	2,186	–
Loans and other receivables	84	84	–	–	–	–
Cash and cash equivalents <sup>(2)</sup>	37,904	37,904	–	–	–	–
<b>Total</b>	<b>376,285</b>	<b>132,390</b>	<b>101,462</b>	<b>129,808</b>	<b>12,625</b>	<b>–</b>

At 31 December 2020	Total £'k	Within 1 year £'k	1-3 years £'k	3-5 years £'k	5-10 years £'k	Over 10 years £'k
Insurance liabilities, excluding UPR <sup>(1)</sup>	226,546	100,794	82,568	33,113	10,071	–
Insurance payables	6,246	6,246	–	–	–	–
Lease liabilities	194	194	–	–	–	–
Trade and other payables	5,530	5,530	–	–	–	–
<b>Total</b>	<b>238,516</b>	<b>112,764</b>	<b>82,568</b>	<b>33,113</b>	<b>10,071</b>	<b>–</b>

(1) Unearned premiums are excluded as there are no liquidity risks inherent in them.

(2) Includes money market funds with no notice period for withdrawal.



## 7. OTHER OPERATING INCOME

### ACCOUNTING POLICY

Other operating income consists of marketing fees, commissions resulting from the sale of ancillary products connected to the Group's direct business, and other non-insurance income such as administrative fees charged on direct business. Such income is recognised once the related service has been performed. Typically, this will be at the point of sale of the product.

	2021 £'k	2020 £'k
Marketing fees	463	834
Fee income from the sale of auxiliary products and services	196	113
Administration fees	1,439	1,224
<b>Total</b>	<b>2,098</b>	<b>2,171</b>

## 8. OPERATING EXPENSES

	Notes	2021 £'k	2020 £'k
Employee expenses	8.1	12,338	13,518
Property expenses		331	394
IT expense including IT depreciation		5,125	4,965
Other depreciation		33	45
Industry levies		5,000	5,170
Policy servicing costs		2,282	2,463
Other operating expenses		2,189	3,055
Expected credit loss on financial assets		16	23
Impairment loss on owner-occupied properties	9.1	-	65
<b>Before adjustments for deferred acquisition costs and claims handling expenses</b>		<b>27,314</b>	<b>29,698</b>
<i>Adjusted for:</i>			
Claims handling expense reclassification		(6,767)	(7,637)
Movement in deferred acquisition costs		939	309
<b>Total operating expenses</b>		<b>21,486</b>	<b>22,370</b>

## 8. OPERATING EXPENSES CONTINUED

### 8.1. Employee expenses

#### ACCOUNTING POLICY

##### A. Pensions

For staff who were employees on 8 February 2002, the Group operates a non-contributory defined contribution Group personal pension scheme. The contribution by the Group depends on the age of the employee.

For employees joining since 8 February 2002, the Group operates a matched contribution Group personal pension scheme where the Group contributes an amount matching the contribution made by the staff member.

Contributions to defined contribution schemes are recognised in the profit or loss account in the period in which they become payable.

##### B. Share-based payments

The fair value of equity instruments granted under share-based payment plans are recognised as an expense and spread over the vesting period of the instrument. The total amount to be expensed is determined by reference to the fair value of the awards made at the grant date, excluding the impact of any non-market vesting conditions. At the date of each statement of financial position, the Group revises its estimate of the number of equity instruments that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the profit or loss account, and a corresponding adjustment is made to equity over the remaining vesting period. The fair value of the awards and ultimate expense are not adjusted on a change in market vesting conditions during the vesting period.

##### C. Leave pay

Employee entitlement to annual leave is recognised when it accrues to employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date.

The aggregate remuneration of those employed by the Group's operations comprised:

	2021 £'k	2020 £'k
Wages and salaries	9,417	9,568
Issue of share-based payments	1,075	1,648
Social security expenses	1,193	1,460
Pension expenses	475	511
Other staff expenses	178	331
<b>Before adjustments for deferred acquisition costs and claims handling expenses</b>	<b>12,338</b>	13,518
<i>Adjusted for:</i>		
Claims handling expense reclassification	(5,239)	(5,696)
Movement in deferred acquisition costs	535	(26)
<b>Employee expenses</b>	<b>7,634</b>	7,796

## 8. OPERATING EXPENSES CONTINUED

### 8.2 Number of employees

The table below analyses the average monthly number of persons employed by the Group's operations.

	2021	2020
Operations	124	130
Support	30	31
<b>Total</b>	<b>154</b>	<b>161</b>

### 8.3 Directors' remuneration

Amounts paid to Directors are disclosed within the "Annual Report on Director's Remuneration" on pages 71 to 81.

### 8.4 Auditors' remuneration

The table below analyses the Auditor's remuneration in respect of the Group's operations.

	2021 £'k	2020 £'k
Audit of these financial statements	124	110
Audit of financial statements of subsidiaries of the Group	255	295
<b>Total audit fees</b>	<b>379</b>	<b>405</b>
Fees for non-audit services – Audit-related assurance services	80	78
<b>Total non-audit fees</b>	<b>80</b>	<b>78</b>
<b>Total auditor remuneration</b>	<b>459</b>	<b>483</b>

The above fees exclude irrecoverable VAT of 20%.

## 9. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of owned and leased assets that do not meet the definition of investment property.

	2021 £'k	2020 £'k
Property, plant and equipment – owned	4,066	4,174
Property, plant and equipment – leased (Right-of-use assets)	187	189
<b>Total</b>	<b>4,253</b>	<b>4,363</b>

### 9.1. Owned assets

#### ACCOUNTING POLICY

##### A. Owner-occupied property

Owner-occupied properties are held by the Group for use in the supply of services or, for its own administration purposes.

Owner-occupied property is held at fair value, with subsequent revaluation gains taken through other comprehensive income. A fair value assessment of the owner-occupied property is undertaken at each reporting date with any material changes in fair value recognised. Owner-occupied property is also revalued by an external qualified surveyor, at least every three years. Owner-occupied land is not depreciated. As the depreciation of owner-occupied buildings is immaterial and properties are revalued every three years, no depreciation is charged on owner-occupied buildings.

##### B. Fixtures, fittings and computer equipment

Fixtures, fittings and computer equipment are stated at historical cost less accumulated depreciation and impairment charges. Historical cost includes expenditure that is directly attributable to the acquisition of property and equipment.

Depreciation is calculated on the difference between the cost and residual value of the asset and is charged to the profit or loss account over the estimated useful life of each significant part of an item of fixtures, fittings and computer equipment, using the straight-line basis.

*Estimate useful lives are as follows:*

Fixtures and fittings	5 years
Computer equipment	5 years

The assets' residual values and useful lives are reviewed at each statement of financial position date and adjusted if appropriate. An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the assets and are included in profit or loss before tax.

Repairs and maintenance costs are charged to the profit or loss account during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits from the existing asset will flow to the Group.

## 9. PROPERTY, PLANT AND EQUIPMENT CONTINUED

### 9.1. Owned assets continued

	Owner-occupied <sup>(1)</sup> £'k	Fixtures and fittings £'k	Computer equipment £'k	Total £'k
<b>Cost/Valuation</b>				
<b>At 1 January 2021</b>	<b>4,250</b>	<b>235</b>	<b>825</b>	<b>5,310</b>
Additions	–	5	23	28
Disposals	–	–	–	–
Revaluation	–	–	–	–
<b>At 31 December 2021</b>	<b>4,250</b>	<b>240</b>	<b>848</b>	<b>5,338</b>
<b>Accumulated depreciation and impairment</b>				
<b>At 1 January 2021</b>	<b>425</b>	<b>185</b>	<b>526</b>	<b>1,136</b>
Depreciation charge for the year	–	33	103	136
Disposals	–	–	–	–
Impairment losses on revaluation	–	–	–	–
<b>At 31 December 2021</b>	<b>425</b>	<b>218</b>	<b>629</b>	<b>1,272</b>
<b>Carrying amount</b>				
<b>As at 31 December 2021</b>	<b>3,825</b>	<b>22</b>	<b>219</b>	<b>4,066</b>
<b>2020</b>				
	Owner-occupied <sup>(1)</sup> £'k	Fixtures and fittings £'k	Computer equipment £'k	Total £'k
<b>Cost/Valuation</b>				
<b>At 1 January 2020</b>	<b>4,415</b>	<b>235</b>	<b>813</b>	<b>5,463</b>
Additions	–	–	12	12
Disposals	–	–	–	–
Revaluation	(165)	–	–	(165)
<b>At 31 December 2020</b>	<b>4,250</b>	<b>235</b>	<b>825</b>	<b>5,310</b>
<b>Accumulated depreciation and impairment</b>				
<b>At 1 January 2020</b>	<b>360</b>	<b>140</b>	<b>395</b>	<b>895</b>
Depreciation charge for the year	–	45	131	176
Disposals	–	–	–	–
Impairment losses on revaluation	65	–	–	65
<b>At 31 December 2020</b>	<b>425</b>	<b>185</b>	<b>526</b>	<b>1,136</b>
<b>Carrying amount</b>				
<b>As at 31 December 2020</b>	<b>3,825</b>	<b>50</b>	<b>299</b>	<b>4,174</b>

(1) In the prior year the opening and closing balances of the valuation of owner-occupied properties were disclosed net of historic impairments. Historic impairments are now separately disclosed.

The Group holds two owner-occupied properties, Sabre House and The Old House, which are both managed by the Group. In accordance with the Group's accounting policies, owner-occupied buildings are not depreciated. The properties are measured at fair value which is arrived at on the basis of a valuation carried out on 1 December 2020 by Hurst Warne and Partners LLP. The valuation was carried out on an open-market basis in accordance with the Royal Institution of Chartered Surveyors' requirements, which is deemed to equate to fair value. While transaction evidence underpins the valuation process, the definition of market value, including the commentary, in practice requires the valuer to reflect the realities of the current market. In this context valuers must use their market knowledge and professional judgement and not rely only upon historical market sentiment based on historical transactional comparables.

## 9. PROPERTY, PLANT AND EQUIPMENT CONTINUED

### 9.1. Owned assets continued

The fair value of the owner-occupied properties was derived using the investment method supported by comparable evidence. The significant non-observable inputs used in the valuations are the expected rental values per square foot and the capitalisation rates. The fair value of the owner-occupied properties valuation would increase (decrease) if the expected rental values per square foot were to be higher (lower) and the capitalisation rates were to be lower (higher).

The fair value measurement of owner-occupied properties of £3,825k (2020: £3,825k) has been categorised as a Level 3 fair value based on the non-observable inputs to the valuation technique used.

The following table shows reconciliation to the closing fair value for the Level 3 owner-occupied property at valuation:

	2021 £'k	2020 £'k
<b>Owner-occupied</b>		
<b>At 1 January</b>	<b>3,825</b>	4,055
Revaluation losses	–	(165)
Impairment losses	–	(65)
<b>At 31 December</b>	<b>3,825</b>	3,825

Revaluation losses are charged against the related revaluation reserve to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of the same asset. Any additional losses are charged as an impairment loss in the profit or loss account. Reversal of such impairment losses in future periods will be credited to the profit or loss account to the extent losses were previously charged to the profit or loss account.

The table below shows the impact a 15% decrease in property markets will have on the Company's profit after tax and equity:

	Decrease in profit after tax		Decrease in total equity	
	2021 £'k	2020 £'k	2021 £'k	2020 £'k
<b>At 31 December</b>				
<b>Owner-occupied property</b>				
Impact of a 15% decrease in property markets	(131)	(131)	(465)	(465)

#### Historical cost model values

If owner-occupied properties were carried under the cost model (historical costs, less accumulated depreciation and impairment losses), the value of owner-occupied properties in the balance sheet would have been £2,845k (2020: £3,074k).

## 9. PROPERTY, PLANT AND EQUIPMENT CONTINUED

### 9.2. Leased assets

#### ACCOUNTING POLICY

##### Right-of-use assets

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying assets or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

##### Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprises the following:

- Fixed payments, including in-substance fixed payments
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable under a residual value guarantee
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

##### Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group has one lease contract for computer equipment used in its operations, with the exception of short-term leases and leases of low-value underlying assets. This lease is reflected on the balance sheet as a right-of-use asset and a lease liability. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see Note 9.1).

Leases of computer equipment generally have lease terms between zero and five years. The lease payments are fixed and the lease is not linked to revenue or annual changes in an index (such as the Consumer Price Index ("CPI")).

The right-of-use asset can only be used by the Group and the Group cannot sub-lease the asset. The Group is prohibited from selling or pledging the underlying assets as security. The lease may only be cancelled by incurring a termination fee. The Group's obligations under the lease are secured by the lessor's title to the leased assets. No lease contracts require the Group to maintain certain financial ratios.

9. PROPERTY, PLANT AND EQUIPMENT  
CONTINUED

9.2. Leased assets continued

The table below describes the nature of the Group's leasing activity by type of right-of-use asset recognised on balance sheet:

Right-of-use asset	No of assets leased	Range of remaining term	Average remaining lease term	No. of leases with extension options	No. of leases with option to purchase	No. of leases with variable payments linked to an index	No. of leases with termination options
Computer equipment	1	0 to 1 years	0.75 years	1	–	–	–

**Right-of-use assets**

Additional information on the right-of-use assets by class of assets is as follows:

	Computer equipment £'k	Total £'k
<b>As at 1 January 2021</b>	189	189
Additions	247	247
Depreciation	(249)	(249)
<b>As at 31 December 2021</b>	187	187
	Computer equipment £'k	Total £'k
<b>As at 1 January 2020</b>	189	189
Additions	252	252
Depreciation	(252)	(252)
<b>As at 31 December 2020</b>	189	189

The right-of-use assets are included in the same line items as where the corresponding underlying assets would be presented if they were owned.



## 9. PROPERTY, PLANT AND EQUIPMENT CONTINUED

### 9.2. Leased assets continued

#### Lease liabilities

Lease liabilities are presented in the statement of financial position as follows:

	2021 £'k	2020 £'k
<b>As at 1 January</b>	<b>194</b>	194
Additions	247	251
Accretion of interest	16	13
Payments	(264)	(264)
<b>As at 31 December</b>	<b>193</b>	194
Current	193	194
Non-current	–	–

The maturity analysis of lease liabilities is disclosed in Note 6.

The following are the amounts recognised in the profit or loss account:

	2021 £'k	2020 £'k
Depreciation expense of right-of-use assets	249	252
Interest expense on lease liabilities	16	13
Expenses relating to short-term leases (included in IT expenses)	–	–
Expenses relating to low-value assets (included in other operating expenses)	14	14
Variable lease payments	–	–
<b>Total</b>	<b>279</b>	279

The Group had total cash outflows for leases of £278k in 2021 (2020: £278k). The Group had no non-cash additions to right-of-use assets or lease liabilities. The Group has not entered into any lease agreements which have not yet commenced.

The Group has no lease contracts that contains variable payments.

The Group's lease contract expired in October 2020. Under the lease contract, the Group can extend the lease for 12 months. At the extension date, the contract no longer contains a termination option and management has the option to extend the lease every year for another 12-month period. Given the uncertainty of the impact of COVID-19 at the extension dates, management extended the lease for 12 months in 2020 and another 12 months in 2021. No decision on extending or terminating the lease in 2022 has yet been taken.

## 10. TAX CHARGE

### ACCOUNTING POLICY

The taxation charge in the profit or loss account is based on the taxable profits for the year. It is Group policy to relieve profits where possible by the surrender of losses from Group companies with payment for value.

	2021 £'k	2020 £'k
<b>Current taxation</b>		
Charge for the year	6,935	9,452
	6,935	9,452
<b>Deferred taxation (Note 11)</b>		
Origination and reversal of temporary differences	124	(128)
	124	(128)
Current taxation	6,935	9,452
Deferred taxation (Note 11)	124	(128)
<b>Tax charge for the year</b>	<b>7,059</b>	<b>9,324</b>

Tax recorded in other comprehensive income is as follows.

	2021 £'k	2020 £'k
Current taxation	–	(31)
Deferred taxation	(1,069)	463
	(1,069)	432

The actual income tax charge differs from the expected income tax charge computed by applying the standard rate of UK corporation tax of 19.00% (2020: 19.00%) as follows:

	2021 £'k	2020 £'k
Profit before tax	37,199	49,122
Expected tax charge	7,068	9,333
Effect of:		
Expenses not deductible for tax purposes	6	2
Adjustment of deferred tax to average rate of 19%	–	(24)
Other permanent difference	–	7
Adjustment in respect of prior periods	(99)	–
Income/loss not subject to UK taxation	8	7
Other Income Tax Adjustments	76	(1)
<b>Tax charge for the year</b>	<b>7,059</b>	<b>9,324</b>
Effective income tax rate	<b>18.98%</b>	18.98%

## 11. DEFERRED TAX CHARGE

### ACCOUNTING POLICY

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception.

Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

	Provisions and other temporary differences £'k	Depreciation in excess of capital allowances £'k	Share-based Payments £'k	Fair value movements in debt securities at FVOCI £'k	Total £'k
<b>At 1 January 2020</b>	19	(41)	232	–	210
(Debit)/Credit to the profit or loss	2	17	115	(6)	128
(Debit)/Credit to other comprehensive income	–	–	–	(463)	(463)
<b>At 31 December 2020</b>	21	(24)	347	(469)	(125)
(Debit)/Credit to the profit or loss	(2)	(2)	(114)	(6)	(124)
(Debit)/Credit to other comprehensive income	–	–	–	1,069	1,069
<b>At 31 December 2021</b>	<b>19</b>	<b>(26)</b>	<b>233</b>	<b>594</b>	<b>820</b>
				<b>2021</b> £'k	<b>2020</b> £'k
Per statement of financial position:					
Deferred tax assets				846	368
Deferred tax liabilities				(26)	(493)
				<b>820</b>	<b>(125)</b>

From 1 April 2023, The Finance Act 2021 increases the UK corporation tax from 19% to 25%. This means that for any temporary differences expected to reverse on or after 1 April 2023, the new tax rate of 25% will be relevant. The Group has adjusted deferred tax balances accordingly. The impact of this adjustment on the deferred tax balances is not material.

## 12. DIVIDENDS

### ACCOUNTING POLICY – DIVIDEND DISTRIBUTION

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's financial statements in the period in which the Board of Directors approves the dividend.

	2021		2020	
	pence per share	£'k	pence per share	£'k
<b>Amounts recognised as distributions to equity holders in the period</b>				
Interim dividend for the current year	3.7	9,218	9.5	23,680
Final dividend for the prior year	11.7	29,168	8.1	20,190
	<b>15.4</b>	<b>38,386</b>	17.6	43,870
<b>Proposed dividends</b>				
Final dividend <sup>(1)</sup>	9.3	23,250	11.7	29,250

(1) Subsequent to 31 December 2021, the Directors declared a final dividend for 2021 of 9.3p per ordinary share. This dividend will be accounted for as an appropriation of retained earnings in the year ended 31 December 2021 and is not included as a liability in the Statement of Financial Position as at 31 December 2021.

The trustees of the employee share trusts waived their entitlement to dividends on shares held in the trusts to meet obligation arising on share incentive schemes, which reduced the dividends paid for the year ended 31 December 2021 by £114k (2020: £130k).

## 13. PREPAYMENTS, ACCRUED INCOME AND OTHER ASSETS

	2021 £'k	2020 £'k
Prepayments and accrued income	821	868
<b>Total</b>	<b>821</b>	<b>868</b>

The carrying value of prepayments, accrued income and other assets approximates to fair value. There are no amounts expected to be recovered more than 12 months after the reporting date.

## 14. GOODWILL

On 3 January 2014 the Group acquired Binomial Group Limited, the parent of Sabre Insurance Company Limited, for a consideration of £245,485k satisfied by cash. As from 1 January 2014, the date of transition to IFRS, goodwill was no longer amortised but is subject to annual impairment testing. Impairment testing involves comparing the carrying value of the net assets and goodwill against the recoverable amount

The goodwill recorded in respect of this transaction at the date of acquisition was £156,279k. There has been no impairment to goodwill since this date, and no additional goodwill has been recognised by the Group.

The Group performed its annual impairment test as at 31 December 2021 and 31 December 2020. The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. As at 31 December 2021 and 31 December 2020, the Group's securities were traded on a liquid market, therefore market capitalisation could be used as a definitive indicator of market capitalisation.

### Key assumptions

Market capitalisation of the Company as at 31 December 2021 was £459,500k (2020: £691,250k).

The group has identified one Cash Generating Units ("CGUs") for which goodwill has been fully allocated to. The Group has assessed the recoverable amount of the CGU as its "value-in-use". Value-in-use is defined as the present value of the future cash flows expected to derive from the CGU and represents the recoverable amount for the CGU.

#### 14. GOODWILL CONTINUED

We have used a dividend discount model to estimate the value-in-use, wherein dividend payments are discounted to the present value. Dividends have been estimated, based on forecasted financial information, over a four-year forecast period, with a terminal value applied therein. The key assumptions used in the preparation of future cash flows are: premium growth rates, implied combined ratio, dividend payout ratio, discount rate and long-term growth rate.

The key assumptions used in the calculation for the value in use is set out below

- Premium growth rate in line with the Group’s view on claims inflation
- Combined Operating Ratio towards the upper end of the Group’s target range
- Dividend payout ratio in line with dividend policy and past payouts
- Discount rate of 7.1%, being a calculated cost of capital using market rate returns of Sabre and FTSE 350 Insurers over the past 4 years
- Long-term growth rate beyond 4 years of 2%

These calculations use post-tax cash flow projections based on the Group’s most recent capital models. As the value-in-use exceeds the carrying amount, the recoverable amount remains supportable.

The Group has conducted sensitivity testing to the recoverable amount, which provided additional assurance that goodwill is not deemed to be impaired.

- Premium growth rate within the first 4 years – Sensitivity analysis has been used to assess the impact of variance in the premium growth rate on the value-in-use calculation. Average premium growth rate was flexed by +5% and -5%. Within these ranges, the value-in-use exceeds the carrying amount and thus the recoverable amount remains supportable.
- Combined Operating Ratio – To assess the impact of reasonable changes in the combined operating ratio on our base case impairment analysis and headroom, we flexed the combined ratio by +10% and -10%. Within this ranges, the value-in-use exceeds the carrying amount and thus the recoverable amount remains supportable.
- Dividend payout ratio – To assess the impact of reasonable changes in the dividend payout ratio on our base case impairment analysis and headroom, we flexed the average dividend payout ratio by +10% and -10%. Within this ranges, the value-in-use exceeds the carrying amount and thus the recoverable amount remains supportable.
- Discount rate – To assess the impact of reasonable changes in the dividend payout ratio on our base case impairment analysis and headroom, we flexed the average discount rate by +2% and -2%. Within this ranges, the value-in-use exceeds the carrying amount and thus the recoverable amount remains supportable.
- Long term growth rate – To assess the impact of reasonable changes in the long-term growth rate on our base case impairment analysis and headroom, we flexed the long-term growth rate by +2% and -2%. Within this ranges, the value-in-use exceeds the carrying amount and thus the recoverable amount remains supportable.

#### 15. SHARE CAPITAL

	2021 £'k	2020 £'k
<b>Authorised share capital</b>		
250,000,000 ordinary shares of £0.001 each	250	250
<b>Issued ordinary share capital (fully paid up):</b>		
250,000,000 ordinary shares of £0.001 each	250	250

All shares are unrestricted and carry equal voting rights.

As at 31 December 2021, The Sabre Insurance Group Employee Benefit Trust held 866,855 (2020: 604,239) of the 250,000,000 issued ordinary shares with a nominal value of £866.86 (2020: £604.24) in connection with the operation of the Group’s share plans. Refer to Notes 16 and 17 for additional information on own shares held.

## 16. SHARE-BASED PAYMENTS

The Group operates equity-settled share-based schemes for all employees in the form of a Long-Term Incentive Plan (“LTIP”), Deferred Bonus Plan (“DBP”) and Share Incentive Plans (“SIP”), including Free Shares and Save As You Earn (“SAYE”). The shares are in the ultimate parent company, Sabre Insurance Group plc.

	Free shares donated at listing			Shares bought/(sold) on open market			Total
	Number of shares	Average price (pence)	£	Number of shares	Average price (pence)	£	£
<b>As at 31 December 2019</b>	540,583	0.001	541	395,587	268.073	1,060,461	1,061,002
Shares purchased	–	–	–	145,621	297.443	433,140	433,140
Shares disposed	(38,961)	0.001	(39)	–	–	–	(39)
Shares vested	(438,591)	0.001	(439)	–	–	–	(439)
<b>As at 31 December 2020</b>	63,031	0.001	63	541,208	275.975	1,493,601	1,493,664
Shares purchased	–	–	–	<b>928,186</b>	<b>256.295</b>	<b>2,378,897</b>	<b>2,378,897</b>
Shares disposed	–	–	–	<b>(176,672)</b>	<b>255.443</b>	<b>(451,296)</b>	<b>(451,296)</b>
Shares vested	<b>(39,901)</b>	<b>0.001</b>	<b>(40)</b>	<b>(448,997)</b>	<b>259.367</b>	<b>(1,164,550)</b>	<b>(1,164,590)</b>
<b>As at 31 December 2021</b>	<b>23,130</b>	<b>0.001</b>	<b>23</b>	<b>843,725</b>	<b>267.463</b>	<b>2,256,652</b>	<b>2,256,675</b>
<b>In thousands</b>			<b>£'k</b>			<b>£'k</b>	<b>£'k</b>
As at 31 December 2020			–			1,494	1,494
<b>As at 31 December 2021</b>			–			<b>2,257</b>	<b>2,257</b>

As at 31 December 2021 there were NIL (2020: NIL) exercisable shares outstanding.

The Group recognised a total expense in the profit or loss for the year ending 31 December 2021 of £1,075k (2020: £1,648k), relating to equity-settled share-based plans.

### Long-Term Incentive Plan (“LTIP”)

The LTIP is a discretionary share plan, under which the Board may grant share-based awards (“LTIP Awards”) to incentivise and retain eligible employees.

#### LTIP Awards – Awards with performance conditions

The LTIP with performance conditions is a discretionary share plan, under which the Board may grant share-based awards (“LTIP Awards”) to incentivise and retain eligible employees. The vesting of LTIP Awards may (and, in the case of an LTIP Award to an Executive Director other than a Recruitment Award, will) be subject to the satisfaction of performance conditions. Any performance condition may be amended or substituted if one or more events occur which cause the Board to consider that an amended or substituted performance condition would be more appropriate and would not be materially less difficult to satisfy.

LTIP Awards which are subject to performance conditions will normally have those conditions assessed as soon as reasonably practicable after the end of the relevant performance period and, to the extent that the performance conditions have been met, the LTIP Awards will vest either on that date or such later date as the Board determines. LTIP Awards (other than Recruitment Awards) granted to the Executive Directors will normally be subject to a performance period of at least three years. LTIP Awards (other than Recruitment Awards) which are not subject to performance conditions will normally vest on the third anniversary of the date of grant or such other date as the Board determines.

The LTIP Awards issued by the Group for 2019 and 2020 have two performance metrics with a 50%/50% weighting, being Total Shareholder Return (“TSR”) and Earnings Per Share (“EPS”).

16. SHARE-BASED PAYMENTS  
CONTINUED

The Group's TSR is compared to the TSR of the constituents of the FTSE 250 Index (excluding investment trusts and extractive industries). The TSR tranche will vest in accordance with the following schedule:

TSR performance	2020 LTIP grant	2019 LTIP grant
	Vesting (% max)	
Below median	0%	0%
Median (Threshold)	25%	25%
Between median and upper quartile	Straight-line	Straight-line
Upper quartile (Stretch)	100%	100%

The Group's EPS performance is the Groups cumulative EPS over the performance period.

EPS performance	2020 LTIP grant
Below 48.6p	0%
48.6p (Threshold)	25%
Between threshold and target	Straight-line
54.0 (Target)	60%
Between target and stretch	Straight-line
66.7p or higher (Stretch)	100%

EPS performance	2019 LTIP grant
Below 54.5p	0%
54.5p (Threshold)	25%
Between threshold and target	Straight-line
60.6p (Target)	60%
Between target and stretch	Straight-line
66.7p or higher (Stretch)	100%

Shares granted under the 2018 LTIP vested on 12 April 2021.

The following table lists the inputs to the model used to value the remaining two LTIP plans for the year ended 31 December 2021. The TSR fair value of the awards granted is measured using the Monte Carlo method and the Black-Scholes model is used for the EPS fair value. The amount recognised as an expense under IFRS 2 is adjusted to reflect the actual number of share awards that vest.

	2020 LTIP grant	2019 LTIP grant
<b>Weighted average fair value per award at grant date</b>	<b>226 pence</b>	206 pence
Share price at grant date	282 pence	288 pence
Expected term	<b>4.43 years</b>	4.51 years
Expected volatility <sup>(1)</sup>	<b>30.09%</b>	23.26%
Expected exercise price on outstanding awards	<b>NIL</b>	NIL
Grant-date TSR performance of the Group	<b>(2.73%)</b>	8.54%
Average risk – free interest rate	<b>0.10%</b>	0.81%

(1) Volatility has been estimated using the historical daily average volatility of the share price of similar companies to Sabre over a period of time. This assumption has no impact on the fair value of the EPS tranche, as the Awards were granted with a nil-cost exercise price.

16. SHARE-BASED PAYMENTS  
CONTINUED

Shares granted under the LTIP with performance conditions have a three-year vesting period. The Leadership Team Awards are subject to a two-year post-vesting holding period. To reflect the lack of liquidity of the two-year holding period, a discount rate of 15.40% for the 2020 LTIP grant and 11.85% for the 2019 LTIP grant has been applied in determining the fair value of the grants to the Leadership Team.

The tables below detail the movement in the LTIP:

	LTIP without performance conditions		LTIP with performance conditions	
	Number and WAEP <sup>(1)</sup>		Number and WAEP	
	Number	£	Number	£
<b>Outstanding at 1 January 2021</b>	–	NIL	1,935,124	NIL
Granted	–	NIL	–	NIL
Forfeited	–	NIL	(499,442)	NIL
Vested	–	NIL	(286,323)	NIL
<b>Outstanding at 31 December 2021</b>	–	NIL	1,149,359	NIL

(1) Weighted average exercise price – as a proxy for fair value.

	LTIP without performance conditions		LTIP with performance conditions	
	Number and WAEP		Number and WAEP	
	Number	£	Number	£
<b>Outstanding at 1 January 2020</b>	274,539	NIL	1,217,394	NIL
Granted	–	NIL	717,730	NIL
Forfeited	–	NIL	–	NIL
Vested	(274,539)	NIL	–	NIL
<b>Outstanding at 31 December 2020</b>	–	NIL	1,935,124	NIL

**LTIP Awards – Restricted Share Awards (“RSA”)**

From 2021 the Group will no longer issue awards under the LTIP Awards with performance conditions, but instead will issue restricted share awards.

The RSA is structured as nil-cost rewards, to receive free shares on vesting. Shares will normally vest three years after grant date, subject to continued employment and the satisfaction of pre-determined underpins. Awards are also subject to an additional two-year holding period, so that the total time prior to any potential share sale (except to meet any tax liabilities arising from the award) will generally be five years.

The total number of shares awarded under the scheme was 441,684 (2020: NIL) with an estimated fair value at grant date of £1,170k (2020: NIL). The fair value is based on the average closing share price of the five trading days before the grant date.

The awards granted during the year ending 31 December 2021 are subject to the following underpins:

- Maintaining a solvency ratio in excess of 140%
- Achieving a Return of Tangible Equity in excess of 10%
- No material regulatory censure
- Overall Committee discretion

Future dividends are accrued separately and are not reflected in the fair value of the grant.



## 16. SHARE-BASED PAYMENTS CONTINUED

### Deferred Bonus Plan (“DBP”)

To encourage behaviour which does not benefit short-term profitability over longer-term value. Directors and some key staff were awarded shares in lieu of a bonus, to be deferred for two years, using the market value at the grant date. The total numbers of shares awarded under the scheme was 278,084 (2020: 220,130) with an estimate fair value of £672k (2020: £621k). Of this award, the number of shares awarded to Directors and PDMRs was 247,007 (2020: 200,065) with an estimated fair value of £597k (2020: £564k). Fair values are based on the share price at grant date. All shares are subject to a two-year service period and are not subject to performance conditions.

Future dividends are accrued separately and are not reflected in the fair value of the grant.

The DBP is recognised in the profit or loss account on a straight-line basis over a period of two years from grant date.

### Share Incentive Plans (“SIPs”)

The Sabre Share Incentive Plans provide for the award of free Sabre Insurance Group plc shares, Partnership Shares, Matching Shares and Dividend Shares. The shares are owned by the Employee Benefit Trust to satisfy awards under the plans. These shares are either purchased on the market and carried at fair value or issued by the parent company to the trust.

### Matching Shares

The Group has a Matching Shares scheme under which employees are entitled to invest between £10 and £150 each month through the share trust from their pre-tax pay. The Group supplements the number of shares purchased by giving employees 1 free matching share for every 3 shares purchased up to £1,800. Matching shares are subject to a three-year service period before the matching shares are awarded. Dividends are paid on shares, including matching shares, held in the trust by means of dividends shares. The fair value of such awards is estimated to be the market value of the awards on grant date.

In the year ending 31 December 2021, 6,987 (2020: 7,366) matching shares were granted to employees with an estimated fair value of £13k (2020: £20k).

As at 31 December 2021, 16,838 (2020: 9,851) matching shares were held on behalf of employees with an estimated fair value of £31k (2020: £27k). The average unexpired life of Matching Share awards is 1.1 years (2020: 1.8 years).

### Save as You Earn (“SAYE”)

The SAYE scheme allows employees to enter into a regular savings contract of between £5 and £500 per month over a three-year period, coupled with a corresponding option over shares. The grant price is equal to 80% of the quoted market price of the shares on the invitation date. The participants of the SAYE scheme are not entitled to dividends and therefore dividends are excluded from the valuation of the SAYE scheme.

Estimated fair value of options at grant date:

SAYE 2019: 41p  
SAYE 2020: 71p  
SAYE 2021: 55p

The following table lists the inputs to the Black-Scholes model used to value the awards granted in respect of the 2021 SAYE scheme.

	<b>2021 SAYE</b>
Share price at grant date	<b>254.50 pence</b>
Expected term	<b>3 years</b>
Expected volatility <sup>(1)</sup>	<b>28.49%</b>
Continuously compounded risk-free rate	<b>1.5%</b>
Continuously compounded dividend yield	<b>6%</b>
Strike price at grant date	<b>192.3 pence</b>

(1) Volatility has been estimated using the historical daily average volatility of the share price of the Group for the year immediately preceding the grant date.

## 17. RESERVES

### Own shares

Sabre Insurance Group plc established an Employee Benefit Trust (“EBT”) in 2017 in connection with the operation of its share plans. The investment in own shares as at 31 December 2021 was £2,257k (2020: £1,494k) The market value of the shares in the EBT as at 31 December 2021 was £1,593k (2020: £1,671k)

### Merger reserve

Sabre Insurance Group plc was incorporated as a limited company on 21 September 2017. On 11 December 2017, immediately prior to the Company’s listing on the London Stock Exchange, Sabre Insurance Group plc acquired the entire share capital of the former ultimate parent company of the Group, Barbados TopCo Limited (“TopCo”). As a result, Sabre Insurance Group plc became the ultimate parent of the Sabre Insurance Group. The merger reserve resulted from this corporate reorganisation.

### FVOCI reserve

The FVOCI reserve records the unrealised gains and losses arising from changes in the fair value of debt securities at FVOCI. The movements in this reserve are detailed in the consolidated Statement of Comprehensive Income.

### Revaluation reserve

The revaluations reserve records the fair value movements of the Group’s owner-occupied properties. Refer to Note 9 for more information on the revaluation of owner-occupied properties.

### Share-based payments reserve

The Group’s share-based payments reserve records the value of equity settled share-based payment benefits provided to the Group’s employees as part of their remuneration that has been charged through the income statement. Refer to Note 16 for more information on share-based payments.

## 18. RELATED PARTY TRANSACTIONS

Sabre Insurance Group plc is the ultimate parent and ultimate controlling party of the Group. The following entities included below form the Group.

Name	Principle Business	Registered Address
Binomial Group Limited	Intermediate holding company	Sabre House, 150 South Street, Dorking, Surrey, United Kingdom, RH4 2YY
Sabre Insurance Company Limited	Motor insurance underwriter	Sabre House, 150 South Street, Dorking, Surrey, United Kingdom, RH4 2YY
Barbados TopCo Limited	Non-Trading	Floor 2, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 4LY
Barb IntermediateCo Limited	Non-Trading	26 New Street, St Helier, Jersey, JE2 3RA
Barb MidCo Limited	Non-Trading	26 New Street, St Helier, Jersey, JE2 3RA
Barb BidCo Limited	Non-Trading	26 New Street, St Helier, Jersey, JE2 3RA
Barb HoldCo Limited	Non-Trading	26 New Street, St Helier, Jersey, JE2 3RA
<b>Other controlled entities</b>		
EBT – UK SIP	Trust	Ocorian, 26 New Street, St Helier, Jersey, JE2 3RA
The Sabre Insurance Group Employee Benefit Trust	Trust	Ocorian, 26 New Street, St Helier, Jersey, JE2 3RA

No single party holds a significant influence (>20%) over Sabre Insurance Group plc.

Both Employee Benefit Trusts (“EBTs”) were established to assist in the administration of the Group’s employee equity-based compensation schemes. UK registered EBT holds the all-employee Share Incentive Plan (“SIP”). The Jersey-registered EBT holds the Long-Term Incentive Plan (“LTIP”) and Deferred Bonus Plan (“DBP”).

While the Group does not have legal ownership of the EBTs and the ability of the Group to influence the actions of the EBTs is limited to a trust deed, the EBT was set up by the Group with the sole purpose of assisting in the administration of these schemes, and is in essence controlled by the Group and therefore consolidated.

During the period ended 31 December 2021, the Group donated no shares to the EBTs (2020: NIL).

### Key Management compensation

Key Management includes Executive Directors, Non-executive Directors and other senior management personnel. Further details of Directors’ shareholdings and remuneration can be found in the “Annual Report on Director’s Remuneration” on pages 71 to 81.

## 19. LINE OF BUSINESS ANALYSIS

The Group provides only two products to clients, which are motor vehicle insurance and motorcycle insurance, which are written solely in the UK. The Group has no other lines of business, nor does it operate outside of the UK. Other income relates to auxiliary products and services, including marketing and administration fees, all relating to the motor insurance business. The Group does not have a single client which accounts for more than 10% of revenue.

	2021			2020		
	Motor vehicle £'k	Motorcycle £'k	Total £'k	Motor vehicle £'k	Motorcycle £'k	Total £'k
<b>Profit or Loss Account information</b>						
Gross written premium	166,091	3,231	169,322	173,235	–	173,235
Less: Reinsurance premium ceded	(21,203)	(30)	(21,233)	(20,390)	–	(20,390)
<b>Net written premium</b>	<b>144,888</b>	<b>3,201</b>	<b>148,089</b>	<b>152,845</b>	<b>–</b>	<b>152,845</b>
Gross written premium	166,091	3,231	169,322	173,235	–	173,235
Less: Change in unearned premium reserve	(485)	(2,941)	(3,426)	12,527	–	12,527
<b>Gross earned premium</b>	<b>165,606</b>	<b>290</b>	<b>165,896</b>	<b>185,762</b>	<b>–</b>	<b>185,762</b>
Reinsurance premium ceded	(21,203)	(30)	(21,233)	(20,390)	–	(20,390)
Less: Change in unearned premium reserve	779	–	779	335	–	335
<b>Reinsurance premium payable</b>	<b>(20,424)</b>	<b>(30)</b>	<b>(20,454)</b>	<b>(20,055)</b>	<b>–</b>	<b>(20,055)</b>
<b>Net earned premium</b>	<b>145,182</b>	<b>260</b>	<b>145,442</b>	<b>165,707</b>	<b>–</b>	<b>165,707</b>

The Group started writing motorcycle business on 8 November 2021. Due to the immaterial contribution to the Group's overall results and limited claims development experience, the Group does not deem it suitable to currently provide additional disclosure beyond premium information.

In 2020 the Group had only one line of business, being motor vehicle insurance. As a result, no comparative information for 2020 is provided as all income and expenses relating to this one market segment. The Group only operates in the UK with information being reported to the chief operating decision makers and the Board done on an aggregated UK basis. No geographical segmentation is disclosed.

## 20. EARNINGS PER SHARE

### Basic earnings per share

	After tax £'k	2021 Per share pence	After tax £'k	2020 Per share pence
Profit for the year attributable to equity holders	30,140	12.09	39,798	15.98

### Diluted earnings per share

	After tax £'k	Weighted average number of shares £'k	2021 Per share pence
Profit for the year attributable to equity holders	30,140	249,221	12.09
Net share awards allocable for no further consideration		2,320	(0.11)
<b>Total diluted earnings</b>		<b>251,541</b>	<b>11.98</b>

	After tax £'k	Weighted average number of shares £'k	2020 Per share pence
Profit for the year attributable to equity holders	39,798	249,113	15.98
Net share awards allocable for no further consideration		2,452	(0.16)
<b>Total diluted earnings</b>		<b>251,565</b>	<b>15.82</b>

## 21. CONTINGENT LIABILITY

In 2019 HMRC issued a determination in relation to the 2015 corporation tax filing of a subsidiary of the Group, which is currently dormant. In Q2-2021 further determinations were received in respect of 2016 and 2017 on the same basis. These asserted that the interest rate applied on intercompany debt, and the resultant allowable expense, was inconsistent with transfer pricing rules and was excessive. The excess interest per the determinations is £6.5m, tax relief for which equates to a reduction in the Group's overall tax liability of £1.3m. The Directors obtained professional advice both at the time the returns were filed and subsequent to the determinations, and are satisfied that the Group's application of transfer pricing rules was correct. As such, appeals have been raised against the determinations. The Board does not consider it likely that the subsidiary will be required to resubmit its 2015, 2016 or 2017 filings.

## 22. EVENTS AFTER THE BALANCE SHEET DATE

Other than the declaration of a final dividend as disclosed in Note 12, there have been no material changes in the affairs or financial position of the Company and its subsidiaries since the statement of financial position date.

# Parent Company Statement of Financial Position

as at 31 December 2021

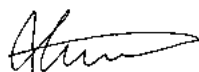
	Notes	2021 £'k	2020 £'k
<b>Assets</b>			
Investments	2	580,963	579,889
Debtors	4	128	81
Prepayments		204	168
Cash and cash equivalents		915	745
<b>Total assets</b>		<b>582,210</b>	580,883
<b>Equity</b>			
Issued share capital	5	250	250
Own shares		(2,257)	(1,494)
Merger reserve		369,515	369,515
Share-based payments reserve		1,841	1,817
Retained earnings		212,794	210,449
<b>Total equity</b>		<b>582,143</b>	580,537
<b>Liabilities</b>			
Creditors: Amounts falling due within one year	3	–	183
Accruals		67	163
<b>Total liabilities</b>		<b>67</b>	346
<b>Total equity and liabilities</b>		<b>582,210</b>	580,883

No income statement is presented for Sabre Insurance Group plc as permitted by section 408 of the Companies Act 2006. The profit after tax of the parent company for the period was £40,846k (2020: £45,284k).

The attached notes on pages 151 to 153 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 21 March 2022.

Signed on behalf of the Board of Directors by:



**ADAM WESTWOOD**  
Chief Financial Officer

# Parent Company Statement of Changes in Equity

for the year ended 31 December 2021

Notes	2021 £'k	2020 £'k
<b>ORDINARY SHAREHOLDERS' EQUITY – at 1 January</b>	<b>250</b>	250
<b>At 31 December</b>	<b>250</b>	250
<b>OWN SHARES – at 1 January</b>	<b>(1,494)</b>	(1,061)
Net movement in own shares	<b>(763)</b>	(433)
<b>At 31 December</b>	<b>(2,257)</b>	(1,494)
<b>MERGER RESERVE – at 1 January</b>	<b>369,515</b>	369,515
<b>At 31 December</b>	<b>369,515</b>	369,515
<b>SHARE-BASED PAYMENT RESERVE – at 1 January</b>	<b>1,817</b>	1,362
Settlement of share-based payments	<b>(1,051)</b>	(1,193)
Charge in respect of share-based payments	<b>1,075</b>	1,648
<b>At 31 December</b>	<b>1,841</b>	1,817
<b>RETAINED EARNINGS – at 1 January</b>	<b>210,449</b>	207,743
Share-based payments	<b>(115)</b>	1,291
Profit for the year	<b>40,846</b>	45,284
Ordinary dividends paid	<b>(38,386)</b>	(43,869)
<b>At 31 December</b>	<b>212,794</b>	210,449
<b>Total equity at 31 December</b>	<b>582,143</b>	580,537

# Parent Company Consolidated Cash Flow Statement

for the year ended 31 December 2021

	2021 £'k	2020 £'k
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit after tax for the year	40,846	45,284
<b>Operating cash flows before movements in working capital</b>	<b>40,846</b>	45,284
<i>Movements in working capital:</i>		
Change in debtors	(47)	(81)
Change in prepayments	(36)	(135)
Change in trade and other payables	(183)	(1,304)
Change in accruals	(96)	163
<b>Net cash generated from operating activities</b>	<b>40,484</b>	43,927
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net cash used in acquiring and disposing of own shares	(1,928)	(433)
Dividends paid	(38,386)	(43,870)
<b>Net cash used by financing activities</b>	<b>(40,314)</b>	(44,303)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>170</b>	(376)
Cash and cash equivalents at the beginning of the year	745	1,121
<b>Cash and cash equivalents at the end of the year</b>	<b>915</b>	745

# Notes to the Parent Company Financial Statements

for the year ended 31 December 2021

## 1. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated and company financial statements are included in the specific notes to which they relate. These policies have been consistently applied to all the years presented, unless otherwise indicated.

### 1.1 Basis of preparation

These financial statements present the Sabre Insurance Group plc company financial statements for the period ended 31 December 2021, comprising the parent company statement of financial position, parent company statement of changes in equity, parent company statement of cash flows, and related notes.

The financial statements of the Company have been prepared in accordance with UK-adopted international accounting standards, comprising International Accounting Standards ("IAS") and International Financial Reporting Standards ("IFRS"), and the requirements of the Companies Act 2006. Endorsement of accounting standards is granted by the UK Endorsement Board ("UKEB").

In accordance with the exemption permitted under section 408 of the Companies Act 2006, the Company's income statement and related notes have not been presented in these separate financial statements.

The financial statements are prepared in accordance with the going concern principle using the historical cost basis, except for investment properties and those financial assets that have been measured at fair value.

The financial statements values are presented in pounds sterling (£) rounded to the nearest thousand (£'k), unless otherwise indicated.

The accounting policies that are used in the preparation of these separate financial statements are consistent with the accounting policies used in the preparation of the consolidated financial statements of Sabre Insurance Group plc as set out in those financial statements.

As permitted by section 408 of the Companies Act 2006, the statement of comprehensive income of the parent company is not presented. The additional accounting policies that are specific to the separate financial statements of the Company are set out below.

## 2. INVESTMENTS

The Company's financial assets are summarised below:

	2021 £'k	2020 £'k
Investment in subsidiary undertakings	580,963	579,889
<b>Total</b>	<b>580,963</b>	<b>579,889</b>

### 2.1 Investment in subsidiary undertakings

#### ACCOUNTING POLICY – INVESTMENT IN SUBSIDIARY UNDERTAKINGS

Investment in subsidiaries is stated at cost less any impairment.

	2021 £'k	2020 £'k
<b>As at 1 January</b>	<b>579,889</b>	578,143
Additions	1,074	1,746
<b>As at 31 December</b>	<b>580,963</b>	579,889

The only operating insurance subsidiary of the Company is Sabre Insurance Company Limited, from which the value of the Group is wholly derived, as there are no other trading entities within the Group. The Company performed its annual impairment test as at 31 December 2021 and 31 December 2020. The Company considers the relationship between the Group's market capitalisation and the book value of its subsidiary undertakings, among other factors, when reviewing for indicators of impairment. As at 31 December 2021 and 31 December 2020, the Company's securities were traded on a liquid market, therefore market capitalisation could be used as an indicator of value.



## 2. INVESTMENTS CONTINUED

### Key assumptions

During the year, the Group's market capitalisation has fallen below the book value of the Company's subsidiary undertakings. The Directors have considered the reduction in market capitalisation as an indicator of impairment. Market capitalisation of the Company at 31 December 2021 of £459,500k (2020: £691,250k).

The Group has calculated the recoverable amount of the subsidiaries using an assessment of "value-in-use".

We have used a dividend discount model to estimate the value-in-use, wherein dividend payments are discounted to the present value. Dividends have been estimated, based on forecasted financial information, over a four-year forecast period, with a terminal value applied therein. The key assumptions used in the preparation of future cash flows are: premium growth rates, implied combined ratio, dividend payout ratio, discount rate and long-term growth rate.

The key assumptions used in the calculation of the recoverable amount is set out below

- Premium growth rate in line with the Group's view on claims inflation
- Combined Operating Ratio towards the upper end of the Group's target range
- Dividend payout ratio in line with dividend policy and past payouts
- Discount rate of 7.1%, being a calculated cost of capital using market rate returns of Sabre and FTSE 350 Insurers over the past 4 years
- Long-term growth rate beyond 4 years of 2%

These calculations use post-tax cash flow projections based on the Group's most recent capital models. As the value-in-use exceeds the carrying amount, the recoverable amount remains supportable.

The company has conducted sensitivity testing to the recoverable amount, which provided additional assurance that goodwill is not deemed to be impaired.

- Premium growth rate within the first 4 years – Sensitivity analysis has been used to assess the impact of variance in the premium growth rate on the value-in-use calculation. Average premium growth rate was flexed by +5% and -5%. Within these ranges, the value-in-use exceeds the carrying amount and thus the recoverable amount remains supportable. The amount by which the premium growth rate must change is 16%, after incorporating any consequential effects of that change on the other variables used within our base case impairment analysis, in order for the units recoverable amount to be equal its carrying amount
- Combined Operating Ratio – To assess the impact of reasonable changes in the combined operating ratio on our base case impairment analysis and headroom, we flexed the combined ratio by +10% and -10%. Within this ranges, the value-in-use exceeds the carrying amount and thus the recoverable amount remains supportable.
- Dividend payout ratio – To assess the impact of reasonable changes in the dividend payout ratio on our base case impairment analysis and headroom, we flexed the average dividend payout ratio by +10% and -10%. Within this ranges, the value-in-use exceeds the carrying amount and thus the recoverable amount remains supportable.
- Discount rate – To assess the impact of reasonable changes in the dividend payout ratio on our base case impairment analysis and headroom, we flexed the average discount rate by +2% and -2%. Within this ranges, the value-in-use exceeds the carrying amount and thus the recoverable amount remains supportable.
- Long term growth rate – To assess the impact of reasonable changes in the long-term growth rate on our base case impairment analysis and headroom, we flexed the long-term growth rate by +2% and -2%. Within this ranges, the value-in-use exceeds the carrying amount and thus the recoverable amount remains supportable.

The subsidiary undertakings of the Company are set out on the next page. Their capital consists of ordinary shares which are unlisted. In all cases, the Company owns 100% of the ordinary shares, either directly or through its ownership of other subsidiaries.

## 2. INVESTMENTS CONTINUED

Name of subsidiary	Place of incorporation	Principal activity
<b>Directly held by the Company</b>		
Binomial Group Limited	United Kingdom	Intermediate holding company
Barbados TopCo Limited	Guernsey	Non-trading company
Barb IntermediateCo Limited	Jersey	Non-trading company
Barb MidCo Limited	Jersey	Non-trading company
Barb BidCo Limited	Jersey	Non-trading company
Barb HoldCo Limited	Jersey	Non-trading company
<b>Indirectly held by the Company</b>		
Sabre Insurance Company Limited	United Kingdom	Motor insurance underwriter

The registered office of each subsidiary is disclosed within Note 18 of the consolidated Group accounts.

## 3. CREDITORS

	2021 £'k	2020 £'k
Due within one year		
Creditors	–	183
<b>As at 31 December</b>	<b>–</b>	<b>183</b>

## 4. DEBTORS

	2021 £'k	2020 £'k
Due within one year		
Amounts owed to Group undertakings	126	81
Other debtors	2	–
<b>As at 31 December</b>	<b>128</b>	<b>81</b>

## 5. SHARE CAPITAL AND RESERVES

Full details of the share capital and the reserves of the Company are set out in Note 15 and Note 17 to the consolidated financial statements.

## 6. DIVIDEND INCOME

### ACCOUNTING POLICY – DIVIDEND INCOME

Dividend income from investment in subsidiaries is recognised when the right to receive payment is established.

## 7. RELATED PARTY TRANSACTIONS

Sabre Insurance Group plc, which is incorporated in the United Kingdom and registered in England and Wales, is the ultimate parent undertaking of the Sabre Insurance Group of companies.

The following balances were outstanding with related parties at year end:

	2021 £'k	2020 £'k
<b>Due from</b>		
Sabre Insurance Company Limited	126	81
<b>Total</b>	<b>126</b>	<b>81</b>

The outstanding balance represents cash transactions effected by Sabre Insurance Company Limited on behalf of its parent company, and will be settled within one year.

## 8. SHARE-BASED PAYMENTS

Full details of share-based compensation plans are provided in Note 16 to the consolidated financial statements.

## 9. RISK MANAGEMENT

The risks faced by the Company, arising from its investment in subsidiaries, are considered to be the same as those presented by the operations of the Group. Details of the key risks and the steps taken to manage them are disclosed in Note 3 to the consolidated financial statements.

## 10. DIRECTORS AND KEY MANAGEMENT REMUNERATION

The Directors and key management of the Group and the Company are the same. The aggregate emoluments of the Directors and the remuneration and pension benefits payable in respect of the highest paid Director are included in the Directors' Remuneration Report in the Governance section of the Annual Report and Accounts.

# Appendix – Financial Reconciliations

as at 31 December 2021

## Adjusted Profit Before Tax

	2021 £'k	2020 £'k	2019 £'k
Profit before tax	37,199	49,122	56,479
<i>Add:</i>			
Amortisation of intangible assets	–	–	–
Exceptional items	–	–	–
<b>Adjusted profit before tax</b>	<b>37,199</b>	<b>49,122</b>	<b>56,479</b>

## Adjusted Profit After Tax

	2021 £'k	2020 £'k	2019 £'k
Profit after tax	30,140	39,798	45,711
<i>Add:</i>			
Amortisation of intangible assets	–	–	–
Exceptional items	–	–	–
Tax on exceptional items	–	–	–
<b>Adjusted profit after tax</b>	<b>30,140</b>	<b>39,798</b>	<b>45,711</b>

## Net Loss Ratio

	2021 £'k	2020 £'k	2019 £'k
Net insurance claims	81,015	88,110	101,990
<i>Less:</i> Claims handling expenses	(6,767)	(7,637)	(7,558)
<b>Net claims incurred</b>	<b>74,248</b>	<b>80,473</b>	<b>94,432</b>
Net earned premium	145,442	165,707	183,238
<b>Net loss ratio</b>	<b>51.1%</b>	<b>48.6%</b>	<b>51.5%</b>

### Expense Ratio

	2021 £'k	2020 £'k	2019 £'k
Total expenses	34,444	36,670	32,507
<i>Plus:</i> Claims handling expenses	6,767	7,637	7,558
<b>Net operating expenses</b>	<b>41,211</b>	<b>44,307</b>	<b>40,065</b>
Net earned premium	145,442	165,707	183,238
<b>Expense ratio</b>	<b>28.3%</b>	<b>26.7%</b>	<b>21.9%</b>

### Combined Operating Ratio

	2021 £'k	2020 £'k	2019 £'k
Total expenses	34,444	36,670	32,507
Net insurance claims	81,015	88,110	101,990
	115,459	124,780	134,497
Net earned premium	145,442	165,707	183,238
<b>Combined operating ratio</b>	<b>79.4%</b>	<b>75.3%</b>	<b>73.4%</b>

### Solvency Coverage Ratio – Pre-Dividend

	2021 £'k	2020 £'k	2019 £'k
Solvency II net assets	110,114	122,500	127,086
Solvency capital requirement	52,955	60,327	59,495
<b>Solvency coverage ratio – pre-dividend</b>	<b>207.9%</b>	<b>203.1%</b>	<b>213.6%</b>

### Solvency Coverage Ratio – Post-Dividend

	2021 £'k	2020 £'k	2019 £'k
Solvency II net assets	110,114	122,500	127,086
<i>Less:</i> Final dividend	(23,250)	(29,250)	(20,250)
Solvency II net assets (post-dividend)	86,864	93,250	106,836
Solvency capital requirement	52,955	60,327	59,495
<b>Solvency coverage ratio – post-dividend</b>	<b>164.0%</b>	<b>154.6%</b>	<b>179.6%</b>

### Return on Tangible Equity

	2021 £'k	2020 £'k	2019 £'k
IFRS net assets at year end	252,727	266,400	267,417
<i>Less:</i>			
Goodwill at year end	(156,279)	(156,279)	(156,279)
Closing tangible equity	96,448	110,121	111,138
Opening tangible equity	110,121	111,138	108,869
Average tangible equity	103,285	110,630	110,004
Adjusted profit after tax	30,140	39,798	45,711
<b>Return on tangible equity</b>	<b>29.2%</b>	<b>36.0%</b>	<b>41.6%</b>

### Dividend Payout Ratio

	2021 £'k	2020 £'k	2019 £'k
Adjusted profit after tax	30,140	39,798	45,711
Dividend declared in respect of the financial year	32,500	53,000	32,000
2019 deferred special dividend	–	(13,000)	13,000
Effective dividend declared in respect of the financial year	32,500	40,000	45,000
<b>Dividend payout ratio</b>	<b>107.8%</b>	<b>100.5%</b>	<b>98.4%</b>

# Shareholder Information

## Shareholder Profile as at 31 December 2021

Balance Ranges	Total Number of Holdings	Percentage of Holders	Total Number of Shares	% Issued Capital
1-100	12	3.30%	671	0.00%
101-1,000	42	11.54%	23,059	0.01%
1,001-10,000	92	25.27%	371,578	0.15%
10,001-100,000	84	23.08%	3,008,877	1.20%
100,001-1,000,000	87	23.90%	28,063,150	11.23%
1,000,001-999,999,999	47	12.91%	218,532,665	87.41%
<b>Totals</b>	<b>364</b>	<b>100.00%</b>	<b>250,000,000</b>	<b>100.00%</b>

Party Type	No Of Holders	% of Holders within Type	Balance	% Issued Capital
Male	34	9.34%	468,774	0.19%
Nominee	221	60.71%	199,488,008	79.80%
Bank	2	0.55%	2,120	0.00%
Limited Company	67	18.41%	42,121,622	16.85%
Other Organisation	29	7.97%	7,806,314	3.12%
Female	11	3.02%	113,162	0.05%
<b>Total</b>	<b>364</b>	<b>100.00%</b>	<b>250,000,000</b>	<b>100.00%</b>

Party Type	No Of Holders	% of Holders within Type	Balance	% Issued Capital
Private Individuals	45	12.36%	581,936	0.23%
Nominee Companies	221	60.71%	199,488,008	79.80%
Limited & Public Limited Companies	67	18.41%	42,121,622	16.85%
Other Organisations & Banks	31	8.52%	7,808,434	3.12%
<b>Total</b>	<b>364</b>	<b>100.00%</b>	<b>250,000,000</b>	<b>100.00%</b>

## Share Price

London Stock Exchange, pence per 0.01 pence share

Highest	286.00p
Lowest	175.00p

## Financial Calendar

Full Year Results	22 March 2022
Trading Update	25 May 2022
Annual General Meeting	25 May 2022
Half Year Results	26 July 2022
Trading Update	13 October 2022

## Dividend Calendar

### 2021 Final Dividend Payment Dates\*

Ex-dividend date	28 April 2022
Record date	29 April 2022
Payment date	1 June 2022

### 2022 Interim Dividend Payment Dates\*\*

Ex-dividend date	18 August 2022
Record date	19 August 2022
Payment date	22 September 2022

\* subject to shareholder approval

\*\* dates and dividend not yet finalised

## Shareholder Queries

### Share dealing services

Enquiries relating to shareholdings, such as the transfer of shares, change of name or address, lost share certificates or dividend cheques, should be referred to the Company's Registrar at:

Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA.

Shareholder helpline is 0371 384 2030 (UK), +44 121 415 7047 (International) and 0371 384 2255 (Mini Com).

Lines are open 9.00am to 5.00pm, Monday to Friday, excluding Bank Holidays in England and Wales.

For telephone share dealing call 0345 603 7037 between 8.00am and 4.30pm, Monday to Friday.

For internet dealings log onto [www.shareview.co.uk/dealing](http://www.shareview.co.uk/dealing)

### Dividend mandates

Shareholders who wish dividends to be paid directly into a bank or building society should contact the Company's Registrar, Equiniti Limited, for a dividend mandate form. This method of payment removes the risk of delay or loss of dividend cheques in the post and ensures that your account is credited on the due date.

### Electronic communications

Shareholders can elect to receive shareholder documents electronically by registering with Shareview at [www.shareview.co.uk](http://www.shareview.co.uk). This will save on printing and distribution costs, creating environmental benefits. When you register, you will be sent an email notification to say when shareholder documents are available on our website and you will be provided with a link to that information. When registering you will need your shareholder reference number which can be found on your share certificate or proxy form. Please contact Equiniti Limited if you require any assistance or further information. Equiniti Limited's shareholder helpline is 0371 384 2030 (UK), +44 121 415 7047 (International) and 0371 384 2255 (Mini Com). Lines are open 9.00am to 5.00pm, Monday to Friday, excluding Bank Holidays in England and Wales.



### Cautionary note regarding forward-looking statements

This Annual Report includes statements that are forward-looking in nature. Forward-looking statements involve known and unknown risks, assumptions, uncertainties and other factors which may cause the actual results, performance or achievements of the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Except as required by the Listing Rules, Disclosure and Transparency Rules and applicable law, the Company undertakes no obligation to update, revise or change any forward-looking statements to reflect events or developments occurring on or after the date of this Annual Report.

### Website

The corporate website address is [www.sabreplc.co.uk](http://www.sabreplc.co.uk)

The investor section of the website includes:

- Regulatory news
- Share price information
- Financial results announcements

### Registered office

Sabre House  
150 South Street  
Dorking  
Surrey  
RH4 2YY

Registered in England and Wales. Registered number 10974661

### Directors, advisers and other information

#### Directors

Andrew Pomfret  
Geoff Carter  
Ian Clark  
Karen Geary  
Michael Koller  
Rebecca Shelley  
Adam Westwood

#### Company Secretary

Anneka Kingan

#### Auditor

Ernst & Young LLP  
25 Churchill Place, London, E14 5EY

#### Company Brokers

Barclays Bank plc  
1 Churchill Place, London, E14 5LB  
Numis Securities Limited  
45 Gresham St, London, EC2V 7BF  
Peel Hunt LLP  
100 Liverpool Street, London, EC2M 2AT

#### Principal Bankers

National Westminster Bank plc  
14 High St, Dorking, RH4 1AX  
Lloyds Bank plc  
120-124 High St, Dorking, RH4 1BB

#### Public Relations

Tulchan Communications Group Limited  
85 Fleet Street, London, EC4Y 1AE

#### Solicitors

Dickson Minto W.S.  
16 Charlotte Square, Edinburgh, EH2 4DF