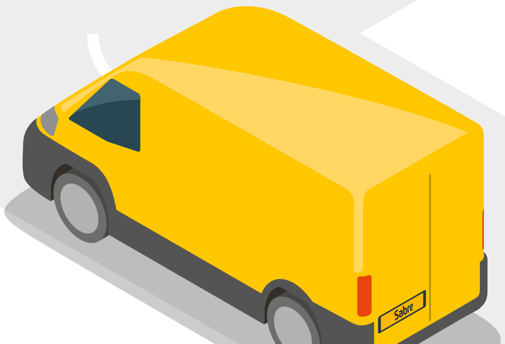
Annual Report and Accounts 2022

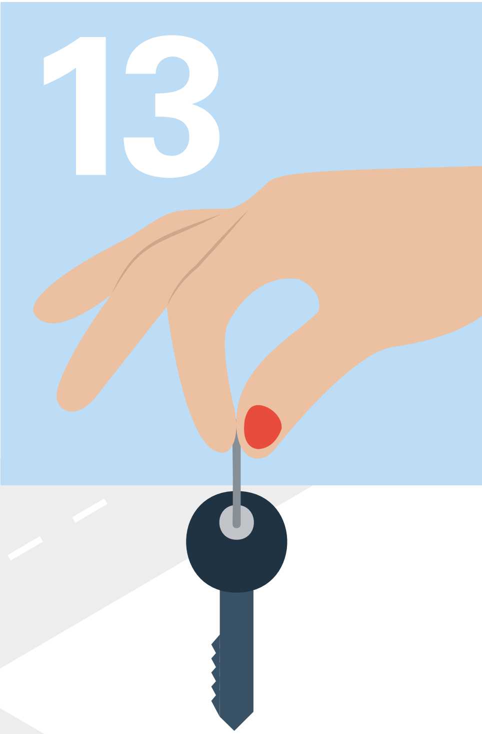
Keeping our customers on the road



Sabre
INSURANCE GROUP

Contents

Find out about how our values underpin our strategy



Hear from Sabre's Chair, Andy Pomfret

Check Sabre's financial results for the year

SABRE ONLINE:
sabreplc.co.uk

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.

Introduction

We are rising to meet the challenge.

Sabre Insurance Group is a UK-based motor insurer, providing fairly priced policies to a wide range of customers with a particular focus on those who are less well served by mass-market insurers. We benefit from our pricing expertise, experience and vast historical data in the more 'specialist' areas of the market.

2022 presented a fresh challenge to the insurance market, with rapid inflation requiring immediate adjustments to pricing and significantly increasing claims costs. Sabre's agile model and tightly controlled feedback loops allowed fast and accurate re-pricing of policies, limiting the impact of inflation and providing a strong base from which the business can grow.

Key financial highlights

The business returned to growth in 2022 due to the introduction of motorcycle business and the expansion of our taxi insurance product. The combined operating ratio was high by historic standards, a result of the rapid increase in inflation during the year and strain generated through the rapid growth of the two new products.

£171.3m
Gross written premium

161%
Pre-dividend solvency coverage ratio

£12.8m
Profit before tax

154%
Post-dividend solvency coverage ratio

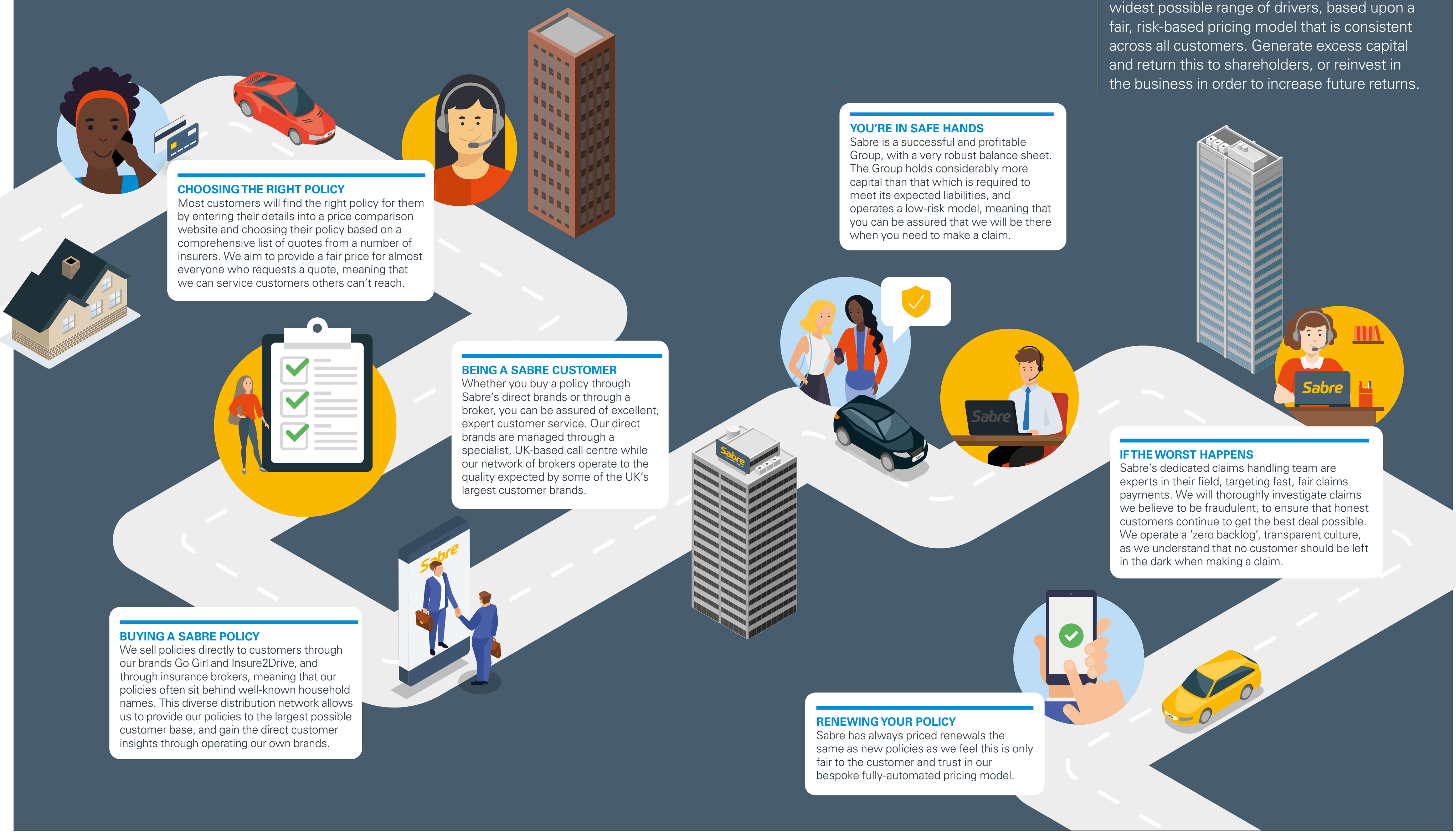
96.0%
Combined operating ratio

4.5p
Dividend per share

The Sabre journey:
How we support our customers

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 excess capital and return this to shareholders, or reinvest in the business in order to increase future returns.



CHOOSING THE RIGHT POLICY

Most customers will find the right policy for them by entering their details into a price comparison website and choosing their policy based on a comprehensive list of quotes from a number of insurers. We aim to provide a fair price for almost everyone who requests a quote, meaning that we can service customers others can't reach.

BEING A SABRE CUSTOMER

Whether you buy a policy through Sabre's direct brands or through a broker, you can be assured of excellent, expert customer service. Our direct brands are managed through a specialist, UK-based call centre while our network of brokers operate to the quality expected by some of the UK's largest customer brands.

BUYING A SABRE POLICY

We sell policies directly to customers through our brands Go Girl and Insure2Drive, and through insurance brokers, meaning that our policies often sit behind well-known household names. This diverse distribution network allows us to provide our policies to the largest possible customer base, and gain the direct customer insights through operating our own brands.

YOU'RE IN SAFE HANDS

Sabre is a successful and profitable Group, with a very robust balance sheet. The Group holds considerably more capital than that which is required to meet its expected liabilities, and operates a low-risk model, meaning that you can be assured that we will be there when you need to make a claim.

IF THE WORST HAPPENS

Sabre's dedicated claims handling team are experts in their field, targeting fast, fair claims payments. We will thoroughly investigate claims we believe to be fraudulent, to ensure that honest customers continue to get the best deal possible. We operate a 'zero backlog', transparent culture, as we understand that no customer should be left in the dark when making a claim.

RENEWING YOUR POLICY

Sabre has always priced renewals the same as new policies as we feel this is only fair to the customer and trust in our bespoke fully-automated pricing model.

Our Investment Case

A resilient business model in an uncertain world

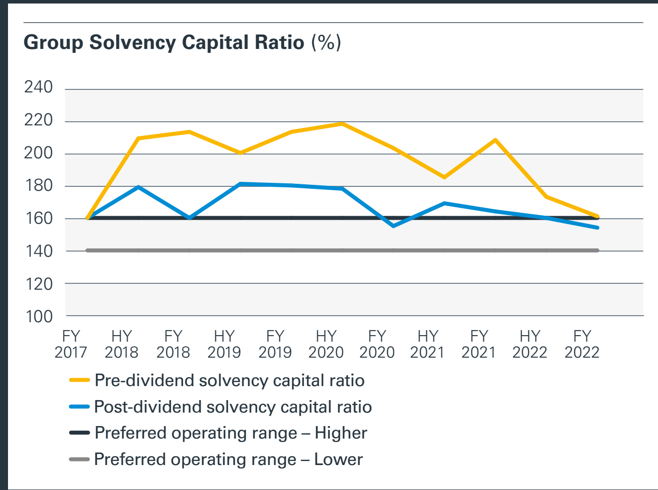
Sabre's business is positioned to perform well in the current environment. The Group possesses a number of competitive strengths which have enabled a long-term track record of market-leading underwriting performance, reliable cash generation and attractive growth where market conditions are favourable.

Whilst rapid and unexpected inflation in 2022 reduced profits in the short-term, the Group's sharp focus on underwriting means that we expect a strong recovery into 2023 and beyond.

A Resilient Business

Sabre operates a highly disciplined approach to underwriting, targeting a combined operating ratio below 80%. This is a target margin high above industry norms and means that even in years where costs are significantly greater than expected, the Group has been able to deliver an underwriting profit.

Importantly, our underwriting discipline means that we have taken pricing action early where market conditions change, meaning that future claims costs are fully covered and underwriting performance is expected to recover quickly from the one-off shock caused by the unexpected, rapid inflation in 2022.



READ MORE
Chief Executive Officer's review on page 10

Motor insurance is a compulsory purchase for motorists.

As a specialist provider, primarily in non-standard markets, Sabre has a defensive position.

The Group is required to hold excess capital, which is known as its Solvency Capital Requirement ("SCR"). In addition, the Group prefers to hold net assets, on a regulatory basis, at between 140%-160% of this requirement. This means the Group holds a significant excess of assets over liabilities, providing a strong balance sheet able to withstand the most extreme foreseeable shocks.

READ MORE
Our business model on page 16

Attractive and diversified markets that offer significant growth opportunities

Sabre's market share of c. 303k policies represents a very small share of the total motor insurance market, leaving considerable scope for market share growth when market conditions become favourable. This growth is expected to be generated in each of our three main business areas:

Motor vehicle – Our core historic market, in which we exercise high-quality underwriting to achieve market-leading margins

Taxi – A market we expanded into in 2022, having linked with an expert partner, allowing for rapid growth into the sector

Motorcycle – We entered this market at scale in 2021 and expect to grow our footprint and continue to enhance the quality of underwriting as we gain experience in the sector

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Risk Committee report on page 65

Reliable Dividend Flow

Sabre's core business is fundamentally capital-generative. Some capital is used to fund future growth, while the majority of capital generated by the Group has historically been 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.

2022 has been a challenging year for the industry and for Sabre, with unprecedented levels of inflation impacting in-year earnings. However, the Group has continued to pay a dividend to shareholders, equivalent to 111% of 2022 profit after tax.

READ MORE
Principal risks and uncertainties on page 19

Low-Risk and Capital-Light

The Group manages risk in order to reduce volatility in the result and limit the amount of regulatory capital required to be held, while balancing this against maximising earnings generation.

While the Group holds significant financial investments, these are invested in relatively low-risk and capital-light assets, primarily government-backed assets and highly rated corporate bonds. These assets are the fuel used to power the Group's exceptional target underwriting returns, rather than being a major source of income. In this way investment volatility is reduced and Management's focus remains fully on generating and protecting underwriting returns.

Reinsurance is used to limit exposure to individual large claims. Sabre purchased cover from reinsurers such that for any claim over £1m, the amount above £1m is met by the reinsurer. This reduces year-on-year volatility and the capital that the Group is required to hold.

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Risk Committee report on page 65

Optimised for Growth

The Group operates a technologically-focused approach to underwriting excellence, and is constantly optimising pricing opportunities while deploying best-in-class underwriting and claims teams.

We will consider entering new partnerships or executing acquisitions where we see good value opportunities in areas which would complement our operations, bringing differentiated experience (such as the MCE and Freeway relationships).

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Chair's letter

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. To generate excess capital and return this to shareholders, or reinvest in the business in order to increase future returns.

ANDY POMFRET
Chair

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

Introduction

I introduced my statement last year on the hopeful note that the worst of the COVID-19 pandemic was behind us and was looking forward to returning to a “new normal” in the near future. While, happily, I had been proved right in my optimism in that regard, we had only just started to see the emergence of the tragic war in Ukraine and were yet to see or understand the full impact on the economy both here in the UK and around the World. I suggested that events would have a bearing on already stretched supply chains and rising inflation, however the extent to which costs were impacted created a shock to us and across the motor insurance industry.

Motor insurance is in itself, of course, about estimating the costs attached to a policy, which may not come to pass for several years after a policy is sold. So, a rapid and unexpected increase in costs would inevitably have an immediate impact on our earnings, as was the case in 2022. This, along with the natural strains generated through running-in the motorcycle and taxi businesses, led to a result for the year which was, by Sabre’s high standards, disappointing. However, the Group’s clear strategy ensured that appropriate actions were taken to limit the impact and provide a solid base from which the Group can grow.

Strategy

Our strategy remains to price every risk appropriately to maintain a target combined operating ratio across the Group. This has the advantage of not only generating strong profits and a robust balance sheet in normal circumstances, but also of providing significant headroom to absorb one-off shocks to profitability such as that experienced in 2022. While the Group’s profitability may have suffered, the Group nonetheless generated a positive underwriting result against an industry backdrop where many, or perhaps most, competitors endured underwriting losses.

It is our view that despite some recent price increases, motor insurance remains materially under-priced in the UK, as was the case throughout 2022. Given our pricing discipline, we have seen market share reduce in the motor line as our price increases have continued to outpace the industry – although we expect to benefit from that when industry pricing corrects. Despite this, we have grown the business year-on-year, achieved through the Group’s motorcycle product and the significant expansion of its taxi business, both of which we discussed in detail in last year’s report. I expect that in the coming years these will contribute meaningfully to profit, having been a slight drain in 2022.

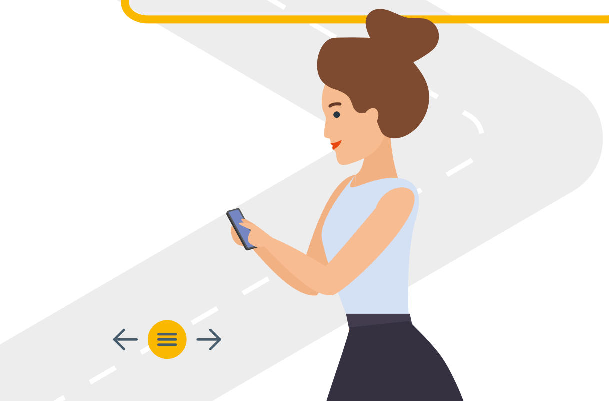
Inflation and the cost of living

I have already discussed how inflation has impacted our underwriting performance during the year through increasing the cost of claims. The effects of rapid, significant increases in inflation have been much wider-reaching, and we have been mindful of this as we have made strategic and operational decisions during the year. As outlined in this report we have supported our people through appropriate "cost of living" allowances and bonuses.

We have considered the needs of our customers throughout. We are obliged to raise our policy prices in line with inflation – that is core to our strategy and in line with our values – however, we have continued to be mindful of vulnerable customers and have sought to support our customers through both quick and efficient services and ensuring that we fulfil our consumer duty in respect of all products, in particular where we provide premiums on finance.

Of course, the current economic environment also impacted our balance sheet, with the value of bonds held across our portfolio subject to significant decline. However, we have matched our asset and liability position, meaning that there was little impact on our regulatory balance sheet and, as we generally hold all of our bonds until maturity, we do not expect to realise any losses as a result. Consequently, we should see a gradual increase in the yield across our investment portfolio over time.

> We took decisive pricing and reserving action when rapid inflation took hold"



Result and dividend

The results of the business are covered in some details in the rest of the Report and Accounts, and in particular in the CEO's and CFO's reports. So, I will avoid duplicating the points here.

I am encouraged that the Management Team identified issues early and took assertive corrective action. This positions us well for a rapid recovery and future success.

In spite of profit falling below our expectations, we have recognised that the Group ended the year with a strong balance sheet and excess capital. Our dividend policy is to distribute 70% of profit after tax by way of an ordinary dividend and, in addition, to pay a special dividend comprising any further capital in excess of that which we consider required to keep our regulatory capital within our preferred range of 140% to 160%. I am pleased to note that we have declared a total dividend of 4.5p in respect of 2022. Less the interim dividend of 2.8p already paid, this means that we will distribute a further 1.7p by way of a special dividend.

Outlook

Set against a challenging year, our outlook is positive. We took decisive pricing and reserving action when rapid inflation took hold, and as such expect an improvement to our loss ratios into 2023. We have also taken significant pricing action on the motorcycle and taxi lines, which includes not only price increases but also enhancements to the sophistication of underwriting, which means we expect improvements in the loss ratios across those lines. It is our hope and expectation that the early signs of industry-wide price increases seen towards the end of 2022 continue, and allow for a meaningful recovery of the Group's motor market share.

ESG

The Board continues to spend a great deal of time on these important areas. The result of our work is highlighted in the Responsibility and Sustainability section Pages 38 to 49.

The Board

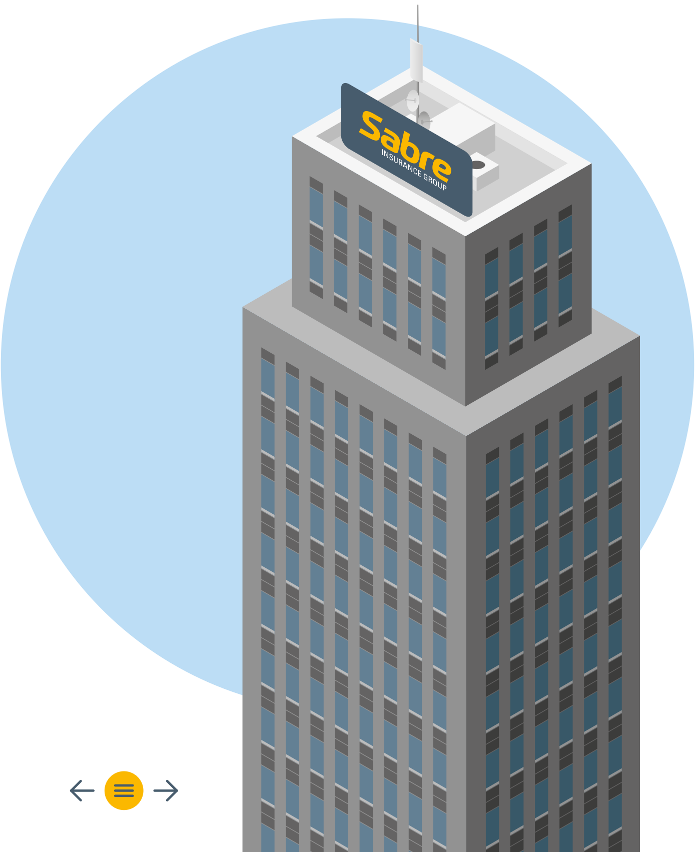
I would like to thank Ian Clark for stepping in as interim chair of the Audit Committee at the end of 2021. I am pleased to confirm that we have recruited a new Non-executive Director, Alison Morris, to the Board and that she has been appointed as Chair of the Audit Committee. We are currently undergoing a process to recruit an additional Non-executive Director to the Board. We remain aware of the benefits of bringing increased diversity to the Board and are keen to increase diversity where possible.

Finally, I would like to thank our employees, customers, suppliers, Management and other stakeholders who have continued to support us in 2022. I look forward to continuing to develop and grow the business for their, and our shareholders, benefit.

ANDY POMFRET
Chair
13 March 2023

Market Context

Underlying market conditions



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

Since December 2018, average motor insurance premiums have decreased by 2.4% across the industry, whereas we believe that the costs associated with claims have increased significantly, with inflation in claims costs at approximately 5% per year in 2018, increasing to inflation at approximately 12% per year in the last quarter of 2022. Clearly, the compound impact of inflation has not been met by industry price increases. Despite some evidence that prices have increased in recent months, we do not consider that these increases are sufficient to cover current levels of inflation or to compensate for historic inflation. Therefore we consider that the market remains 'soft', although prices are potentially entering a 'hardening' part of the cycle. Historically, pricing has corrected following 'soft' periods, creating 'hard' market conditions.

In 2022, we introduced significant price increases in order to meet the sudden, unexpected increase in the level of overall cost inflation. Having taken this action, Sabre can continue to make more modest increases reflecting current inflation with no significant additional upward adjustment. As such, we expect to increase in competitiveness as market prices fully correct to reflect inflation.

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

In previous years, we have described why claims cost inflation was significantly ahead of wider economic inflation. Now, we continue to see evidence that claims costs across the motor insurance industry are rising, but against a backdrop of wider economic inflation. Key elements of inflation include:

- The costs of car parts
- The costs of hire vehicles and extended hire periods
- Care costs for seriously injured people
- The increased 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
- Wage inflation

Will cost inflation increase or decrease?

It is not possible to predict 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
- Used car prices are showing some evidence of stabilisation
- The cost of hire vehicles is impacted by the time taken to carry out repairs. If part availability increases, costs could reduce
- 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 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 transitions from 'soft' to 'hard'. As we saw in 2022, sudden unexpected increases in inflation can negatively impact profitability. Similarly, lower than expected inflation can be beneficial to earnings.

Current market issues

Sabre's business model is designed to withstand, adapt to, and thrive within a changing environment.

Political and regulatory

In our previous Annual Report and Accounts, we commented that the environment, in so far as it relates to motor insurance, had rarely been so tumultuous. We cited the introduction of whiplash reform in 2020 and the run-up to the FCA's pricing practices legislation which came into force on 1 January 2022. By comparison, 2022 has seen a period of 'bedding-in' of these rules, as insurers have adapted to operating in the new environment. We have seen adjustment to market pricing as a result of the FCA's pricing practices review, which effectively stopped insurers charging more for renewed business than for an equivalent new customer (known as 'price walking' – a practice Sabre did not employ). We still consider the impact of whiplash reforms to be uncertain. Whilst we have seen some reduction in the frequency of certain types of claim, the overall impact on costs of personal injury claims has not yet settled, with a firm precedent yet to be set. We continue to be cautious on this.

Wider uncertainty has been a feature of 2022's political landscape, with several changes within the government casting a long shadow over the legislative agenda. We have seen relatively little impact of this on those issues directly related to motor insurance, notwithstanding the overall impact on the economic environment discussed later.

There continues to be continued regulatory focus on Consumer Duty, and on policing recently enacted rules such as the pricing review. We have complied fully with all current requirements, none of which required significant strategic or operational change within the business. We present a statement of compliance on page 50 of this Report.

Economic

During 2022, economic issues moved from a rather technical subject to an everyday talking point impacting everyone's lives in a meaningful way. For Sabre, and much of the insurance market, the two significant economic factors remain inflation and interest rates. Inflation has been discussed at some length throughout this Report, with costs rising across the claims spend and operational costs, such as salaries and maintenance of the Group's IT network. The increase in interest rates has contributed to the yields on low-risk assets increasing considerably. This means that the market value of these assets reduces – meaning purchasers of those assets can generate better returns. A consequence of this is that the market value of Sabre's investments has reduced. This has little real-world impact, as these assets are all bonds which the Group holds to maturity, meaning the cash flows from these bonds are known at purchase and are not affected by temporary reductions in their value. The impact on the Group's regulatory balance sheet strength is also small, as while the value of the Group's asset portfolio has declined, the Group's liabilities have been discounted to reflect the time value of money – and the impact of this discounting is inherently linked to risk-free yields.

Social

2022 saw a shift in social dynamics, with the realisation that it is unlikely that wage inflation will meet increasing household costs, and that the difference could be significant. With a potentially material impact on the spending power of households, all companies must consider the impact that their actions will have on society, as well as the impact that this societal change will have on them. Sabre has always aimed to price its policies fairly, not exploiting any group of customers while fairly reflecting increased costs. This is underlined in the Group's adherence to the robust Consumer Duty rules with which we will continue to comply with fully. Selling a product that is effectively compulsory, rather than being reliant on discretionary spend, means that Sabre has historically shown great resilience during periods where customer spending power has reduced. In addition, the Group's exceptionally strong controls over claims spend has mitigated increases in fraudulent behaviour, which is sometimes a feature of a challenging economic environment.

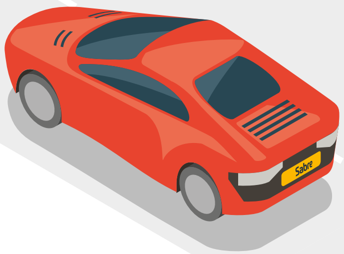
We do our best to support customers in financial difficulty, whilst providing easy access to fairly priced insurance for everyone.

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.

COVID-19

From an operational perspective, the impact of COVID-19 is now minimal. The new ways of working introduced during the pandemic have been implemented in various forms as 'business as usual', with a hybrid working model and far greater use of teleconferencing being just two examples. The motor insurance market appears to have settled, in terms of traffic volumes, but supply chains continue to be under pressure not just from the fallout from COVID-19, but also Brexit and now the war in Ukraine. Motor insurance pricing appears to be showing some adjustment to post-COVID conditions, with price increases reflecting the return to 'normal' behaviours.



Chief Executive Officer's Review

Delivered growth and profitability despite challenging market conditions. Well-positioned to recover margins, whilst growing further, thanks to assertive rating and response and focused strategy.

GEOFF CARTER
Chief Executive Officer

£171.3m
Gross written premium

£12.8m
Profit before tax

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

Reflecting on my Review in the 2021 Annual Report, I was struck by the sense of optimism as we looked into 2022. We had remained consistent in our strategy of margin over volume, meaning that Sabre started to emerge from the trough of a cyclical soft market and on-going Pandemic issues with strong foundations in place. However, our industry – and many others – have since been impacted by the unforeseen, once-in-a-generation geopolitical event and subsequent extraordinary period of inflation.

The impacts of the rapid increase in inflation were as significant for motor insurance as the impact of the pandemic. While we addressed the inflationary impacts early and assertively – ahead of many of our peers – this backdrop has still led to a disappointing performance by our own standards. We do believe that our prompt action restricted some of the potentially very significant financial impacts from the rapid, unprecedented inflation, and we believe that Sabre will recover fairly rapidly towards our target levels of performance whilst still being able to capitalise on some exciting growth opportunities.

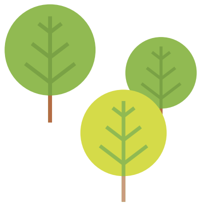
Looking back on 2022

The market backdrop has made 2022 a frustrating year. In the early stages of the year we saw market price increases emerging, which we believe was in response to the FCA pricing review. However, this encouraging positive trend was interrupted by events out of our control.

At the start of Q2 the unfortunate events in Ukraine led to the now well-publicised but unexpected and rapid increase in underlying cost inflation. We, along with the rest of the market, were then faced with a combination of challenges, either directly due to the conflict or as a residual consequence from either the pandemic or Brexit. These included:

- Inability to source parts for repairs, driving extended repair times and consequent increases in car hire costs
- Lack of new car supplies driving up used car prices – dramatically increasing the cost of theft and total losses
- Severe shortage of staff in the car repair and healthcare industries resulting in cost increases
- The need to reflect increased healthcare costs across all open claim reserves
- The fact that polices over the past 12 months had been priced against claims inflation assumptions which proved to be too low
- Other increases in overhead costs across the Group's operations

This required a one-off adjustment to our reserves and an increase in our (by market standards) already high claims inflation assumption.



Throughout, we have stuck rigorously to our underlying philosophy that to ensure long-term success, volume must be an output not a target. We have continued to have focus on ensuring all polices are priced correctly for the current environment. In order to meet rises in the cost of claims, we have increased prices by nearly 30% in 2022, and by over 50% since January 2020.

In 2022 we continued to expand our position in the motorcycle and taxi insurance markets through partnerships with MCE and Bennetts, and Freeway Insurance respectively. We regularly review new business opportunities but have a very high hurdle for returns before committing resources to them. These partnerships increase our long-term growth opportunities while maintaining margin discipline.

We saw benefits, in premium growth terms, from our new motorcycle and taxi partnerships in 2022. In some ways the timing was slightly unfortunate, in that we did not expect these to generate a significant contribution to profit in the first year, but did not anticipate the concurrent profit challenges on our motor book in the initial year of these relationships as well as the claims inflation impacts on these portfolios.

While we knew elements of the motorcycle book required extensive re-underwriting and pricing to get to a sustainably profitable level, the scale of this was greater than anticipated and so the product performed below expectations. However, our re-underwriting efforts have to date been successful and the product is now on a firm pathway to profitability in 2023. In conjunction with MCE insurance, we have since launched an innovative subscription (pay-by-mile) product for motorcyclists.

The taxi portfolio got off to a slightly slower than assumed start as our partner needed to re-platform their administration systems and they share our philosophy of writing for profit not volume in a difficult market. This re-platforming exercise is now complete and we focussing on capitalising on the growth opportunities ahead as rates in this market increase.

The overall impact of reduced 'core' motor volume meant these first-year products were a greater than planned proportion of our total business – putting additional pressure on the overall loss ratio.

Given the extraordinary market challenges the business had to operate within, I am pleased with the motor loss ratio of 61%, and the progress we have made in setting up motorcycle and taxi for a sustainable, profitable, future.

Looking forward

Whilst the previous section is perhaps a little downbeat, that is not at all how we feel as a business as we look ahead to 2023.

We anticipate that 2022 loss ratios across the market will be seen, in retrospect, as a speedbump rather than the start of a trend.

At the end of 2022, we were writing new business across the portfolio at around our target COR, with significantly improved expected loss ratios for bike and taxi.

Our very early call on inflation and immediate pricing actions to correct this, regardless of the effect on volumes, means we anticipate a relatively rapid bounce back towards our target normal levels of profitability through 2023 and into 2024, albeit that inflation will provide some overhang in 2023.

Whilst some encouraging signs of market price increases started to emerge towards the end of 2022, we expect that the market will still need to implement further substantial increases to achieve underwriting profitability, and while the timing is uncertain, we expect this will provide attractive opportunities for organic growth. Indeed, this is supported by our volumes in the most recent weeks of 2023, which have been encouraging.

The irrational pricing decisions of some market participants means our motor premium at the end of 2022 was a little less than planned, which will clearly impact both 2023 earned premium and consequently our expense ratio.

In 2022 we reviewed numerous new partnership opportunities, however we always have a very high hurdle before we commit resources and are especially wary of distraction in what is still a complicated market. We will continue to review potentially attractive additional distribution routes going forward, but our primary focus is on our current portfolios.

For our core motor product, we currently occupy less than 1% of the market. We believe this position will provide additional medium-term growth opportunities.

New developments

It is extremely pleasing that we are making great progress with the deployment of two important new initiatives – insurer hosted pricing and re-platforming our direct administration system. Both of these are on schedule to be rolled out in Q3 this year, and are being implemented entirely by our own teams without any consultancy support or spend.

Insurer hosted pricing has been a feature of the market for broker-based insurers for several years, being introduced to speed up rate deployments by avoiding 'software house' rate change processes. We have deliberately waited until now to carry out this initiative – as we had no interest in rapid price changes to manage volumes – and by waiting we have seen costs and implementation challenges reduce significantly. Following implementation, we will be able to begin the roll-out of more complex rating models that have been developed by our pricing team.

Our existing direct administration platform has served us well for many years, but lacks customer self-service functionality. Our ambition following roll-out is to transition the vast majority of customer interactions online, and invest the operational savings into pricing.

Market – Continuing uncertainty

There are still areas of ongoing uncertainty and opportunity.

Coming into early 2023 we have maintained a prudent view of claims inflation, with a current forward-looking assumption of 8% to 10%. For clarity, this is on top of our relatively high assumptions in previous years, so others may experience higher cost inflation from a lower assumed base. There are reasons to suspect some elements may soften as the year develops, such as used car prices or parts availability, but there is limited evidence of this so far. Conversely, care costs may inflate further, and it feels unlikely that repair costs will reduce dramatically.

We will maintain a cautious approach here – we were amongst the first to spot adverse trends developing and will apply equal rigour to spotting opportunities.

The recent Court of Appeal decision on mixed injury cases, and subsequent ABI-facilitated decision to seek leave to appeal to the Supreme Court, means there is a risk of an elongated period of uncertainty for the total costs of small injury claims. We will maintain our conservative view on the benefits of these reforms pending clarity.

We believe the 1 January 2023 motor reinsurance renewals (ours was at 1 July 2022) resulted in average increases in the range of 15% to 20% across the broader market. We will monitor developments and reflect any likely cost changes in reinsurance in our pricing.

People

Our people have shown considerable commitment during the recent challenging years, for which we are extremely grateful, and we have sought to reciprocate. We maintained full employment during the pandemic and have continued to pay the annual Christmas and performance bonuses. Additionally, we paid all staff an £800 cost of living allowance over the winter period.

We continue to enjoy excellent engagement scores, and very low levels of turnover.

During 2022 we have been actively recruiting in anticipation of future growth opportunities, which has also created a need for several promotions.

Customers

During the recent periods we have remained focused on supporting customers both through the COVID-19 challenges and the emerging cost of living crisis. We have ensured our processes are appropriate for customers who may find themselves in vulnerable circumstances.

In addition, we stepped in to offer cover to customers of MCE Insurance following the previous underwriter being placed into administration and policies cancelled.

Environmental, social and corporate governance ("ESG")

We have continued to make excellent progress in this important area. Full details of our environmental and social reporting are contained in the Sustainability and Responsibility report. We have enhanced our corporate values, including a key value measure of 'Fair to the Planet'. Alongside this we have taken several significant steps to improve our impact on the environment, including a full refurbishment of our head office. This investment will significantly enhance the working environment for our people, and help us take further steps towards our net-zero ambitions. We have also continued to support a number of charities.

Summary

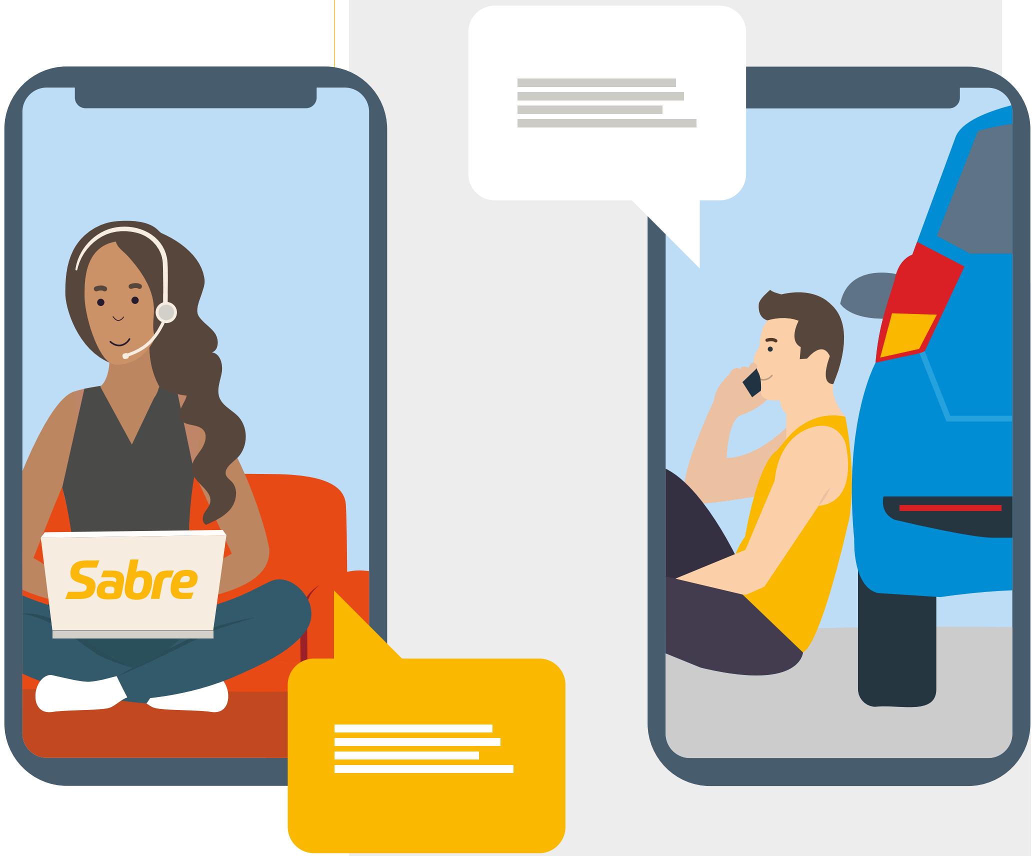
While 2022 was a challenging year in terms of result, I am delighted that we have maintained extremely firm foundations whilst delivering growth and underwriting profit. We have demonstrated our strong solvency position and proposed a special dividend – and have positioned ourselves well for growth as many competitors seek to address their own performance. I believe our 2022 performance will look creditable in market terms and rebound quicker than many others.

We anticipate that market price changes, as well as our own development initiatives will support organic growth.

I very much hope to be able to report strong progress along these lines next year.

GEOFF CARTER
Chief Executive Officer
13 March 2023

During the recent periods we have remained focused on supporting customers both through the COVID-19 challenges and the emerging cost of living crisis.



Our Values

Sabre's values underpin our strategy

A FAIR and FOCUSED business

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 40 to 42.

Fair to the planet

We recognise that all organisations, big and small, have a responsibility to act in the best interests of our environment and society as a whole. We have set out a road map to net zero, which includes making changes now to minimise the impact of our business on climate change. We believe that companies can be a force for good, and through our Charity Committee we support local organisations who we believe make a real difference to people's lives. Further information on our climate commitments can be found on pages 44 to 49 and a summary of our charitable programme can be found on 43.

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 39.

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 44.

Focused on our strategy

Our strategy is simple, clear and well understood by our stakeholders. This is discussed in detail on page 14, 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 44 to 49.

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

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.

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.

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.

We enter new, complementary markets cautiously and only when adequate margins can be achieved with an acceptable level of pricing certainty.

2. Risk Management

We seek to maintain a conservative approach to risk management, through focusing on allowing acceptable underwriting risk while minimising other risks within the business.

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.

We manage our underwriting risk through maintaining absolute discipline in pricing and focusing on our core strength of underwriting UK motor business.

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.

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.

3.Controlled Growth

Throughout its history, Sabre has grown where market conditions allow, without compromising profitability.

The UK motor insurance market is historically cyclical, with periods of low pricing ('soft' market) followed by market price increases ('hard' market).

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.

Sabre becomes more competitive when the insurance market hardens.

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.

Volume is an output from disciplined underwriting, and we will not allow it to become a target.

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.

4. Operations

Non-core operations are outsourced, while expertise is retained in-house.

Generally, volume-dependent administrative tasks are outsourced, allowing maximum operational flexibility.

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.

As we grow, further automation will allow staff costs to remain relatively stable.

5. Distribution

Brokers account for approximately 71% of the gross written premium in 2022, with the remainder being sold through our direct brands, Insure2Drive and GoGirl.

The vast majority of motor insurance policies originate through price comparison websites.

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.

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.

Case study

Hailey's story

Hailey's car insurance was due to be renewed next month, and she was worried that her renewal premium would be too expensive.

★★★★★

Really helpful and fast service

My car was written off ... I was covered by Go Girl. They offered a cheaper premium than anyone else and were extremely helpful with my claim. It was dealt with quickly and after I was informed my car would be written off I received the money quickly too.

GO GIRL
CAR INSURANCE

Estimated size of the female insurance market in the UK:

c.304k

live policies

Hailey was 20 years old, had passed her driving test last year and had recently had an accident, all of which Hailey expected would contribute towards a higher premium.

Hailey used a price comparison website to compare the different prices in the market. To Hailey's surprise, Go Girl Insurance came up with the cheapest price, which she thought was very reasonable given her previous accident and limited driving experience. Although she was unfamiliar with the brand, Hailey decided to buy the Go Girl Insurance policy.

After almost a year of trouble-free driving, Hailey was involved in an accident where she drove into the rear of a third party. She was very shaken up by this accident and knew that she was at fault. Hailey reported this accident to Go Girl Insurance immediately, as she wanted to get her car fixed as soon as possible and knew it can take a long time for these things to resolve.

After receiving the notification that Hailey had been involved in an accident, Go Girl's expert claims department contacted Hailey. After making sure that Hailey was okay, they requested some information to gain a better understanding of what had happened. Go Girl's claims handlers quickly put the wheels in motion to send an engineer out to look at Hailey's car.

The damage suffered meant that Hailey's car was deemed a "total loss" as engineers were unable to repair the vehicle for less than the cost of a replacement. Go Girl Insurance contacted Hailey to discuss her options and Hailey decided that she would like to be paid the pre-accident value of the vehicle so that she could start looking for a new car as soon as possible. Hailey was very worried that she was going to be offered an extremely low value and that Go Girl Insurance would take a long time to pay out the money.

Go Girl Insurance calculated the value of Hailey's vehicle and made an offer to Hailey within four days of the accident date. Hailey was over the moon with Go Girl Insurance's valuation of the vehicle. Hailey accepted the offer from Go Girl and the money was paid into her account the next day. It was only five days in total from the day of the accident to the date that Hailey received the money.

Our Business Model

Our inputs

1 **Long-standing management**

2 **Experienced senior and operational team**

3 **Proprietary data**

4 **Strong broker relationships**

5 **Analysis and pricing expertise**

Our channels

Indirect distribution

The Group has established a broad network of almost **1,000** insurance brokers across the UK over the course of more than **20** years.

Direct distribution

Go Girl
Launched in 2011 to appeal to young female drivers.

Insure2Drive
Launched in 2010 as a general motor insurance product.

DriveSmart
Launched in 2022, short-term, flexible policies sold direct to customers.

Price Comparison Websites ("PCWs")

PCWs are websites that enable customers to **obtain and compare quotes** from a wide variety of insurers and brokers. We work with all of the major PCWs.

How we manage risk

Underwriting discipline

Maintaining price discipline throughout the insurance cycle.

Claims experience

Dealing with our customers both fairly and quickly while focusing on the identification of fraud and effective management of injury claims.

Proprietary and agile pricing model

Disciplined, actuarially driven pricing strategy utilising a proprietary and agile model.

Proprietary dataset

Extensive dataset, compiled from more than 19 years of underwriting experience.

Our operating model

In-house

Pricing and Claims management
The Group has a streamlined operating model, with certain functions where the Directors believe the Group has significant expertise (such as pricing and claims management) being maintained in-house and certain core functions outsourced to third-party providers, whom the Directors believe can improve efficiency and provide scale optionality.

Partners

Customer support
Telephone sales and phone and email based customer support for the direct brands are outsourced to Right Choice, a specialist motor insurance broker based in the UK.

FNOL and repair management
First Notice Of Loss and repair management are outsourced to the Innovation Group, which provides support to the insurance, fleet, automotive and property industries.

Information technology
The Group uses a cloud-based infrastructure as a service provider, such that the Group's IT infrastructure is hosted by a third party on virtual servers with state of the art security and no single point of failure.

Price distribution
Policy prices are distributed to brokers via a number of specialist software houses. These software houses typically provide brokers with sales and administration systems, as well as enabling brokers to access policy prices set by the Group.

Specialist Distribution
We distribute our motorcycle and taxi products primarily through established brokers, who bring valuable insight into the sector.

Value creation

Strong cash generation

Our underwriting discipline and streamlined operating model give us confidence that we can deliver our target dividend pay out ratio of a minimum of 70% of profit after tax.

Premium growth

We anticipate high single-digit growth in gross written premium across the insurance cycle, while maintaining our target combined operating ratio.

Maintaining expertise

We continue to refine our underwriting model to drive increasingly accurate, customer-focused pricing. We aim to retain and develop superior levels of expertise in underwriting and claims management at all levels within our business.

Strong balance sheet

Our focus on profitability allows us to deliver value to shareholders while maintaining a strong balance sheet, operating with an excess regulatory capital target, of 140% to 160% of our SCR.

Key Performance Indicators

PERFORMANCE
For performance on all our KPI's please see CFO's review pages **35** to **37**

How our KPIs link to Sabre's strategy

Sabre's strategic priorities are outlined on page 14 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.

Gross written premium
£'m

£171.3m

2022	171.3
2021	169.3
2020	173.2

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
%

68.7%

2022	68.7
2021	51.1
2020	48.6

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
%

27.3%

2022	27.3
2021	28.3
2020	26.7

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 %

96.0%

2022	96.0
2021	79.4
2020	75.3

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

£10.1m

2022	10.1
2021	30.1
2020	39.8

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
%

161.4%

2022	161.4
2021	207.9
2020	203.1

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 2022.

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
%

12.4%

2022	12.4
2021	29.2
2020	36.0

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

£12.8m

2022	12.8
2021	37.2
2020	49.1

Definition
Profit before tax as presented 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.

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

PERFORMANCE
For performance on all our KPI's please see CFO's review pages **35** to **37**

RECONCILIATION TO IFRS MEASURES
A reconciliation between IFRS and non-IFRS measures is given on pages **170** to **172.**

How our KPIs link to Directors' remuneration

Executive Directors' and senior management's remuneration is based on both financial and non-financial measures, with a primary focus on the financial performance of the Group. This is achieved through a 'profit pool' whereby participants are entitled to a maximum bonus equal to a percentage of the Group's adjusted profit before tax, which is then modified according to performance against individual performance goals. The Group's Long-Term Incentive Plan is underpinned by measures which include return on tangible equity and solvency coverage ratio. Each of the KPI's either contribute towards the Group's profit or report the Group's resultant capital position and are therefore aligned with this remuneration approach.

Principal risks and Uncertainties

Risk management

Managing risk effectively is core 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, employees and suppliers.

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, it is important to identify and accept only the risks which generate a positive return for the Group. To do this, risk is managed in the first line of defence by Management, is reviewed and challenged 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 65 and 66.

The Board recognises that it is both necessary and desirable for the Group to assume and accept an adequate 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 whilst limiting exposure to all other areas of risk.

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

Risk area

Insurance

Risk appetite

Underwriting
Sabre acknowledges that accepting underwriting risk is core to its business. Sabre does, however, aim to ensure that the only material risk accepted by the Group 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.

Pricing
Pricing is based on the clear objective to achieve 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%. It is recognised that some new products may take some time to achieve the target combined ratio. 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; and
- the operational capacity available to effectively manage and service the business and the consequent claims volumes arising there from.

Reserving
The Group sets reserves at an Actuarial Best Estimate ("ABE") of expected total claims cost, plus an appropriate risk margin/adjustment. Risk margin is defined as the amount carried in excess of the case reserves and claims incurred but not reported ("IBNR"); it is a buffer against volatility.

As the Group recognises that the reserves held in respect of incurred claims require a significant degree of judgement, when setting these it aims to:

- hold reserves in accordance with the appropriate accounting or regulatory framework.
- calculate its reserves on a consistent basis over time.

Reinsurance
The Board will determine the levels of risk retention (reinsurance limits) based on an assessment of the risk frequencies (with reference to the capital model and any other relevant 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 (excess over which the cost is picked up by the reinsurer) that is lower than the theoretical optimum level so as to protect against higher than predicted frequencies of large losses and thus a greater than predicted impact to net claims cost.

Claims management
Sabre's claims management function is designed to minimise any risk associated with claims handling. Sabre manages this risk primarily through providing strong controls, authority levels, rigorous review processes and a robust internal claims training programme and ensuring that under-resourcing within the claims team is not reached. Sabre outsources only those operations which are deemed as routine, and are therefore low-risk.

Product development
All material product developments have a project risk assessment completed, ensuring that related risks are identified and where possible mitigated.

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 regulation, 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 infrastructure

Sabre has a zero-tolerance approach to risk with regard to the security of sensitive customer and Group data, and considers maintaining the integrity of the Group's policy and claims data as paramount. As such, the Group is prepared to invest in the ongoing enhancement of IT security protocols throughout the business. Sabre recognises that cyber threats evolve and the Group has implemented mechanisms to continually monitor for cyber threats to the business. This is complemented by continual training for our employees to ensure all methods of cyber-attack are kept front of mind when dealing with customer data.

Outsourced operations

The Group outsources various business services/activities such as management of financial investments, elements of claims handling and information technology services. Sabre have consistent monitoring and elements of executive reporting in place to ensure our material outsourcers maintain their required level of performance.

New material outsourcers undergo an initial assessment process which promotes good decision making and enables Sabre to support the business and protect its customers.

The aim of this process is to minimise the following risks:

- Customer detriment
- Financial damage
- Reputational weakness/harm
- Failure to meet legal and regulatory requirements
- Insufficient Data security controls
- Inadequate contractual protection

Sabre is willing to accept the risk of working with third parties and material outsourcers for core business activities.

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 having considered the commercial financial benefits of pursuing and investigating potentially fraudulent activity. We will not tolerate any breach of financial crime laws and regulations (e.g. bribery, corruption, and money laundering, sanctions, or tax evasion facilitation) that apply to our business and the transactions we undertake. We do not tolerate transactions with any sanctioned individuals. We allow commercial transactions with politically exposed persons (PEPs) insofar as they meet our general underwriting acceptance criteria.

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 strategy 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. Sabre takes a zero-tolerance approach to deliberate facilitation of tax evasion in any country and has procedures in place to prevent it. We also expect the same from our employees and third parties providing services for or on our behalf.

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. Sabre has zero tolerance for material inaccuracies in financial reporting, whether generated through fraud or error.

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 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 an SCR of at least 140% at all times. All material decisions and all distributions of capital will be made having considered the impact on the Group's solvency capital ratio.

Investment management

The Group's investment approach is to maintain good liquidity; to preserve 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. Proper regard is given to the credit standing of custodians and counterparties. 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. Sabre has no tolerance for loss of invested assets through fraud or error. The Group has no tolerance for entering into transactions with legally prohibited counterparties.

Resilience and financial standing

The Group considers its resilience from both an operational and capital perspective. Aside from managing current and projected capital to within appropriate levels, we assess our operations throughout the business to identify processes which are key to the business and for which failure of such processes would cause significant harm to either the business or its customers. Where such processes are identified, we ensure that sufficient controls and continuity plans are in place to mitigate the risk. We also carefully manage the Group's exposure to material counterparties and set robust levels of liquidity for the Group.

Counterparty

Sabre minimises counterparty risk where possible and monitors the stability and performance of brokers closely. Sabre would refuse to do business with a broker were it to appear to display evidence of financial distress, rather than accept an increased risk of default, however Sabre does acknowledge that in allowing brokers credit terms, there will always be some residual degree of counterparty default risk. Sabre does accept 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 gains on 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 reinsurers.

Risk area

Governance and Compliance

Risk appetite

Governance

The Group aims to operate a simple governance structure, with clear reporting lines and direct accountability. Sabre complies fully with the Senior Managers Certificate Regime and Solvency II ("SII") rules which provide for an adequate framework to manage the Group's risk in this regard. In following these rules, the Group ensures those setting the strategy are fit and proper and that the Board is sufficiently diverse and effective. Sabre will obey the spirit and letter of the laws and regulations which applies to it, including the UK Corporate Governance Code. Where it does not comply with the UK Corporate Governance Code, a full explanation will be provided.

Compliance

Sabre aims for complete compliance with all rules and regulations, whilst minimising the cost to the business of non-value adding regulatory activities. Key regulatory measures, such as:

- Solvency II
- Senior Managers and Certification Regime
- Insurance Distribution Directive
- FCA Fair Value
- FCA General Insurance Pricing Practices
- FCA Vulnerable Customers Guidance
- FCA / PRA Operational Resilience
- FCA Consumer Duty

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. Sabre will obey the spirit and letter of the laws and regulations which applies to it, notably regarding compliance, set by the Prudential Regulatory Authority ("PRA") and Financial Conduct Authority ("FCA").

Risk area

People

Risk appetite

People are central to Sabre's business, and management are mindful of the need to maintain a safe and comfortable work environment. Sabre manages employees in a manner which minimises the risk of dissatisfaction through the payment of fair wages and the provision of a healthy work-life balance. Sabre vets new employees and carries out continual random background checks on employees. Sabre complies with the spirit and letter of the laws and regulations which applies to it regarding its employees.

Risk area

Macro Risks

Risk appetite

Economic disruption

The Group operates solely within the UK, and as such is subject to risks pertaining to the economic and political stability within the country. In the past year, both national and global events have resulted in high interest rates, high inflation and some political uncertainty, all of which are factored into the Group's risk management framework.

Climate and ESG

Sabre recognises that the size and nature of climate-related risks is changing globally and within the UK. The impact of this is assessed with regard to both the Group's insurance products and the operations of the Group itself. Furthermore, we continue to see risks attached to other societal factors, such as lack of diversity. We see risk not only in the effectiveness of the Group's operations and profitability, but also in the increased legal and regulatory requirements, and stakeholder expectations.

Assessment of Principal Risks and Uncertainties

The Directors confirm that they have undertaken a robust assessment of the principal risks and uncertainties, and emerging risks 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.

Particular risk issues considered by the Board during the year include:

- increase in interest rates and inflation
- the implementation of new products – motorbike and taxi
- IFRS 17 implementation
- changes regarding Consumer Duty
- the impact of climate change on Sabre's business and operations
- cyber security
- increased cost of living and the impact on customers and employees

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.

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, have a significant impact on the Group. The Group has reviewed the impact on its risk profile from the crisis and has updated the individual risks accordingly, notably increases in inflation and energy costs, and supply chain issues.

The following table shows the main risk categories and the way Sabre assesses and controls them:

Insurance

Key elements	Description	Mitigation
Pricing Change from prior year: ↑	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 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. 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. We consider the impact in the changing profile of physical risks related to climate change in pricing our policies. 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.
Claims management Change from prior year: ↑	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.

CHANGE
↑ Increase ↓ Decrease ↔ No change

Insurance

Key elements	Description	Mitigation
Reserving Change from prior year: ↔	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, and climate change 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, the External Auditors assess the adequacy of the Group's reserves.
Large losses Change from prior year: ↔	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.
Reinsurance Change from prior year: ↔	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.

Operations

Key elements	Description	Mitigation
IT systems and infrastructure Change from prior year: ↔	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.	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. The Group has sought to avoid any identifiable single points of failure, and maintains continuity solutions for all key services.
IT systems and cyber security Change from prior year: ↑	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 GDPR.	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. 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. The Group has continual vulnerability scanning in place and permanent remediation plans, as and when required.
Outsourcing Change from prior year: ↔	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.	The Group monitors its outsourced operations closely, through regular audits and monitoring of key performance metrics.
Distribution Change from prior year: ↔	Whilst the Group accesses the market through brokers throughout 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.	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.

CHANGE
↑ Increase ↓ Decrease ↔ No change

Finance and Capital

Key elements	Description	Mitigation
Interest rate Change from prior year: ↑	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 and economic factors.	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. The appointment of an investment manager ensures that investment decisions are made on the basis of the most up-to-date and relevant information.
Counter Party Change from prior year: ↔	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. The creditworthiness of the Group's counterparties has been considered in the context of the economic uncertainty. We have not identified any material deterioration in the quality of our financial assets and receivables.	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. 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. The financial security of reinsurers is considered when selecting panel members and reviewed on a regular basis.
Liquidity Change from prior year: ↔	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. Whilst 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.

Key elements	Description	Mitigation
Capital management and solvency position Change from prior year: ↔	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 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.
Financial crime Change from prior year: ↔	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.	Ownership and management of operational risks sit with the first line business functions. Whilst 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.
Taxation Change from prior year: ↔	Sabre is liable for a number of taxes in the UK including corporation tax, insurance premium tax, value added tax and payroll taxes. The Group would be subject to sanction or penalties if these taxes are misreported due to error or poor judgement.	The Group's operations are straightforward, entirely within the UK, and the Group does not operate any form of tax avoidance. Where areas of complexity are identified, or new material transactions are entered into, the Group will engage external tax advisors. The Group's annual corporation tax calculations and returns are reviewed by external tax advisors.

CHANGE
↑ Increase ↓ Decrease ↔ No change

Governance and Compliance

Key elements	Description	Mitigation
Compliance Change from prior year: ↔	The Group is subject to the PRA and FCA regulatory regimes, including prudential regulation by the PRA and 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, whilst 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 FCA Consumer Duty which comes into effect on the 31 July 2023 will mean the Group has a regulatory responsibility to deliver good outcomes for retail customers.	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 the PRA and FCA regulators on all relevant consultations. The Group in accordance with regulatory requirements has appointed a Non-executive Director to be the Consumer Duty Champion. The Group's Head of Compliance is overseeing the implementation of FCA Consumer Duty requirements across the business.
Legal Change from prior year: ↔	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.

People

Key elements	Description	Mitigation
Employees Change from prior year: ↑	The quality of our employees is central to the success of Sabre, and the potential loss of employees or the inability to recruit quality and diverse employees may have an adverse impact on the performance of the Group.	The Group seeks to attract, retain and develop its employees by: – Creating a hardworking and enjoyable work environment – Induction process – On the job training – Appraisals – Annual pay reviews – Benefits and discounts – Community involvement/initiatives – Employee roundtables with the CEO – Appointment of a Non-executive Director who is responsible for engagement with employees

Macro Risks

Key elements	Description	Mitigation
Inflation Change from prior year: ↑	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, but we saw this increase to c.12% during 2022. 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.
Climate change Change from prior year: ↑	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 due to an increase in the number of extreme weather events or the transition to electric vehicles. Further information on this can be found in the Responsibility and Sustainability section of this report on pages 38 to 49.	The Group has appointed the Chief Financial Officer to oversee the management of this risk and its impact on the Group 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 44 to 49 of this report.

CHANGE
↑ Increase ↓ Decrease ↔ No change

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 2025, 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 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.

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 2025.

The impact of inflation

The current economic environment is one of unexpectedly high inflation, of an uncertain persistency, along with volatile investment markets and higher interest rates than in the preceding few years. We have considered the impact of this on the 2022 result as well as the Group's performance and position across the planning horizon.

Impact on the 2022 financial position and result

The immediate impact of the rapid rise in inflation during H1 2022 was twofold. Firstly, the cost of claims already incurred was deemed to be greater than previously expected, which led to an increase in the associated claims liabilities. Secondly, the expected cost of claims not yet incurred on policies already in-force increased, meaning that the achieved loss ratios in the current year is worse than expected. Both of these are natural consequences of the estimation involved in selling a product for which the true cost cannot be known for a number of years. These contributed to the Group's high (by historic standards) loss ratio, however the headroom with which the Group usually operates meant that an underwriting profit was achieved and hence capital strain was limited.

The high interest rates and devaluing of UK-based assets during 2022 had a direct impact on the bonds held within the Group's investment portfolio, which are held at market value. The Group's investment portfolio consists of diverse, highly rated bonds, predominantly government-backed. As the Group operates a 'buy and hold' strategy, market value movements are taken through 'other comprehensive income' and unwind during the life of the bond, meaning that the overall returns are unaffected by short-term market value movements. The Group's Solvency II balance sheet was largely unaffected by the reduction in market values as this was offset by an increase in discount rates applied to claims liabilities.

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 2022. The Group achieved a solvency coverage ratio of 161% at year end, in line with 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

We have taken appropriate pricing action to ensure, as far as is possible, that policies written today will achieve the Group's target loss ratios. However, we expect there to be a tail consequence of the rapid inflation into 2023, which means that 2023's expected loss ratio is likely to remain above historic norms, albeit improved from 2022.

A second-order impact of high inflation is on the volumes of business written by the Group. Where Sabre seeks to meet the costs of claims through increasing prices, generally it does so ahead of the rest of the insurance market, creating short-term pressure on volumes. While we expect overall market pricing to correct, the nature and extent of such a correction is uncertain, and as such the level of premium written by Sabre could remain somewhat suppressed during 2023.

Medium and long-term impacts

While we expect inflation pressures to decrease during 2023 and beyond, we do consider there to be considerable uncertainty in the level and persistency of inflation over the medium-term. We will continue to price our policies cautiously to allow for elevated levels of inflation and will maintain a low-risk, diversified balance sheet to mitigate volatility in the investment markets.

Viability due to inflation

The Group and its operating entity have considered various stress scenarios related to inflation. These risk scenarios indicate that the current economic environment will not change the viability 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 44 to 49 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 position
- Significant short-term drop in premium: A 50% drop in premium for a period of three months
- Increase in expenses: A 25% inflation in operational expenditure
- Above-expected claims costs: 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.

	Scenario					
Risk category	Reserve strengthening	Reinsurer failure	Short-term significant drop in premium	Increase in expenses	Above-expected claims costs	Investment valuations and cash flow
Underwriting	✓		✓		✓	
Pricing	✓		✓		✓	
Reserving	✓				✓	
Reinsurance		✓				
Claims management	✓					
Product development	✓				✓	
IT systems and infrastructure			✓	✓		
Counterparty	✓					
Outsourcing				✓		
Financial crime				✓		
Taxation				✓		
Accounting	✓					
Capital management	✓	✓	✓	✓	✓	✓
Investment management						✓
Resilience and financial standing	✓	✓	✓		✓	
Governance	✓					
Compliance			✓	✓		
People				✓		
Climate change	✓		✓	✓	✓	
Economic disruption	✓	✓			✓	✓

Section 172 Statement

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. To generate excess capital 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.

Page 33 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 Chair
- 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	Our strategy p14 Chair's Letter p6 Market Context p8 CEO's Review p10 to 12 Business Model p16 KPIs p17 to 18 Principal Risks and Uncertainties p19 to 28 CFO's Report p35 to 37 Viability Statement p29 to 30 Audit Committee Report p62 to 64 Risk Committee Report p65 to 66
Employees	Business Model p16 CEO's Review p10 to 12 Employees section of the CSR Report p40 to 42 Board Principal Decisions p34 Chair's Governance Letter p52 Remuneration Committee Report p69 to 71 Directors' Remuneration Report p78 to 87 Employee Designated NED p60
Stakeholders	Strategy Operations p14 Strategy Distribution p14 Strategic Priorities p14 CEO's Review p10 to 12 Business Model p16 CSR Report p38 to 49
Community and environment	CEO's Review p10 to 12 CSR Report p38 to 49 Directors' Report p88 to 90
Reputation	Strategy Report p14 CEO's Review p10 to 12 Governance Report p56 to 61
Fairness for shareholders	Strategy Report p14 Governance Report p56 to 61 Remuneration Committee Report p69 to 71 Directors' Remuneration Report p78 to 87

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
Providing 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 underwriting business that will meet our target margins and generate appropriate regulatory capital.

Risk management
Maintaining capital headroom. Minimising conduct risk and ensure full compliance with legal and regulatory landscape.

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

Operations
Ensuring 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 ended 31 December 2022

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 ended 31 December 2022.

Inflation and economic uncertainty

The war in Ukraine, mixed with other local and global factors, created an environment of significant economic uncertainty and high inflation. The high-inflation environment presented a number of challenges:

- The Board was satisfied that the Group's low-risk approach to investments and asset-liability matching sufficiently mitigated the risk of asset volatility on the balance sheet. The Board reviewed the Group's investments to identify any bonds which were exposed to the conflict in Ukraine, or linked to Russia. None were identified
- Directly, costs incurred in servicing insurance contracts (claims costs) increased significantly and unexpectedly. The Board acted to ensure the financial stability of the firm by challenging Management's assessment of future claims costs within the Group's claims reserves
- The Board supported Management's actions to increase policy pricing in line with inflation. While this would inevitably lead to increased costs to consumers, the Board considered the potential downsides of under-pricing policies to be far more significant
- The Board approved an £800 'cost of living' allowance paid to all staff in instalments from Q3 2022, to help ease the burden of increased energy and food costs
- The Group's reinsurance programme was renewed on expiring terms, significantly limiting the impact of volatility in the costs of long-term care

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 2022, 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. While the interim dividend was paid in line with the Group's policy, the Board noted that the distribution was in excess of the level of capital generated during the first half of 2022. However, having reviewed the strength of the balance sheet and detailed capital modelling prepared by Management, the Board was satisfied that such a distribution was appropriate and in line with the expectations of the Group's stakeholders.

Strategy

The Group's strategy is well documented within this report, and has changed little in the past two decades. This Board does continually review the Group's strategy against its best understanding of the needs of key stakeholders. In September 2022, 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. 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. The Board considered that the entry into motorcycle and expansion into taxi insurance would bring useful resilience to the Group's result, once the products had fully bedded-in, but that the motor business should remain the Group's key priority and most likely area of material growth.

Chief Financial Officer's Review

High target margins allow headroom for unexpected events

ADAM WESTWOOD
Chief Financial Officer

Highlights

	2022	2021
Gross written premium	**£171.3m**	£169.3m
Net loss ratio	**68.7%**	51.1%
Expense ratio	**27.3%**	28.3%
Combined operating ratio	**96.0%**	79.4%
Adjusted profit after tax	**£10.1m**	£30.1m
Profit after tax	**£10.1m**	£30.1m
Solvency coverage ratio (pre-dividend)	**161%**	208%
Solvency coverage ratio (post-dividend)	**154%**	164%
Return on tangible equity	**12.4%**	29.2%

In my 2021 report, I highlighted the strong basis for growth that had been set through prudent underwriting and cautious management throughout the pandemic. This year, the same caution has allowed Sabre to generate underwriting profit despite unprecedented economic challenges.

When the impact from the invasion of Ukraine fed through into rapid inflation in the UK economy, it was clear that all insurers would face a significant headwind in profitability. An insurance product by nature reflects the insurer's best guess of the total cost of claims attaching to that policy, which may not be fully realised for years after the policy has expired. So, a rapid increase in costs will inevitably mean that policies already sold will achieve less than planned profit margins, and claims already recorded but not settled would cost more than expected, leading to deterioration in prior-year reserves. This event occurred after an already extended period of under-pricing in the motor insurance market. Sabre was not immune to the effects of this, but was well-placed to face into the challenge because:

– While the motor insurance market had been systemically under-priced for several years, Sabre had met increasing costs of claims with policy price increases, meaning that the Group was on the 'front foot' when further pressures emerged.

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

- Sabre's core margins were sufficient to absorb deterioration and still generate an underwriting profit.
- Sabre is an agile business with short feedback loops and a sharp focus on motor insurance costs. As soon as we identified the impact of rapidly increasing inflation, pricing action was taken. The effects of this pricing action show through the second half of 2022 and should support a strong recovery into 2023 and beyond.

Beyond the core motor book, we saw rapid growth in the motorcycle and taxi lines during 2022, having entered into material partnership arrangements in November 2021 and February 2022 respectively. Given the infancy of these lines of business we did not expect a significant contribution to profit in the first year, however we had planned to absorb this through increased volumes in the core motor book. Such increased volume did not materialise in 2022, a direct result of Sabre's decisive pricing action set against the wider industry's slow response to inflation – the Group again trading volume for resilience and long-term profitability. The introduction of less profitable bike and taxi business set against lower than expected volumes in motor therefore had a clear negative contribution to the Group's net loss ratio.

The expense ratio has decreased year-on-year, to 27.3%, which has resulted from an increased net earned premium and continued tight control of costs.

The Group's profit before and after tax reflects the combined operating ratio for the year of 96.0%. The year-on-year decrease in profit is almost entirely attributable to the increase in net loss ratio.

The Board have announced a special dividend of 1.7p, bringing the total distribution in respect of 2022 to 4.5p. This is reflective of the Board's confidence in the strength of the Group's uncomplicated balance sheet. Return on tangible equity was 12.4%, the reduction from the prior-year a result of the Group's lower profit.

Revenue

	2022	2021
Gross written premium	**£171.3m**	£169.3m
Gross earned premium	**£178.2m**	£165.9m
Net earned premium	**£153.2m**	£145.4m
Other technical income	**£1.8m**	£2.1m
Customer instalment income	**£3.3m**	£3.9m
Interest revenue calculated using the effective interest method	**£1.4m**	£1.2m
Fair value (losses)/gains on debt securities through OCI	**(£14.2m)**	(£5.6m)

The trend of reducing overall premium for the last few years has reversed, with the Group increasing written premium year-on-year. Beyond the headline figure, the motor line did not grow during 2022 as anticipated, due to persistent market under-pricing in an extraordinary inflationary environment. However, the motorcycle line generated significant additional income of £23.1m (2021: £3.2m), while taxi contributed £13.3m (2021: £1.5m) to the top line.

Other sources of income remained proportionate to the amount of business written through the Direct channel, which had become proportionately smaller during 2022 due to the introduction of the motorcycle and taxi lines, both of which are sold exclusively through brokers.

Investment income, which reflects the effective interest across the Group's 'buy and hold' bond portfolio, increased a little as reinvestments were made at higher returns. We expect the yield to continue to increase in the current environment as bonds gradually mature and are reinvested at higher rates. We have included a breakdown of investments by maturity on page 139.

While market value losses have been recorded across the bond portfolio, we do not expect these losses to crystalise as the bonds are held to maturity and will pull to their par value. The Group does not hold any non-cash financial investments outside of this portfolio and so is not exposed to movements in equity or property markets.

Operating expenditure

	2022	2021
Gross claims incurred	**£125.9m**	£105.0m
Net claims incurred	**£112.8m**	£81.0m
Current-year loss ratio	**67.9%**	56.0%
Prior-year loss ratio	**0.8%**	(4.9%)
Financial year loss ratio	**68.7%**	51.1%
Net operating expenses	**£41.8m**	£41.2m
Expense ratio	**27.3%**	28.3%
Combined operating ratio	**96.0%**	79.4%

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, and split between motor, bike and taxi. Given the infancy of the bike and taxi lines, their impact on prior-year losses is negligible.

	2022				2021
	Motor	**Motorcycle**	**Taxi**	**All lines**	All lines
Net earned premium	**£132.9m**	**£15.1m**	**£5.2m**	**£153.2m**	£145.4m
Net claims incurred, excluding claims handling expenses	**£81.7m**	**£17.9m**	**£5.6m**	**£105.2m**	£74.2m
Current-year loss ratio	**60.4%**	**118.0%**	**112.8%**	**67.9%**	56.0%
Prior-year loss ratio	**1.1%**	**0.4%**	**(6.0%)**	**0.8%**	(4.9%)
Financial year loss ratio	**61.5%**	**118.4%**	**106.8%**	**68.7%**	51.1%

The underwriting result can be considered in the context of three key numbers: the prior-year loss ratio, the current-year motor loss ratio and the motorcycle and taxi loss ratios. Taking each in turn:

- The prior-year motor loss ratio, which is usually negative and reflects the run-off of margins on previously incurred but not settled claims, was positive in 2022, which means that reserve strengthening was in excess of any margin run-off. This strengthening was required to reflect the increase in expected costs due to the high-inflation environment. This should not be required in future periods (notwithstanding further rapid unexpected inflation) as claims recorded since this adjustment inherently reflect the new cost environment.
- The current-year motor loss ratio has increased by c.4% against the same in 2021. This increase is a result of inflation generating increased costs on policies which were written prior to March 2022, along with normal volatility in the current-year result.
- In-year performance for motorcycle and taxi business has been slightly disappointing, with significant pricing action taken during the year, which we anticipate to bring these loss ratios down materially in 2023.

The Group's expense base has remained well under control, despite inflationary pressures – although we expect these to feed through as contracts are renewed over the next few years. Such increases are factored into our current policy pricing. The reduction in expense ratio is largely due to increasing net earned premium year-on-year.

Taxation

In 2022 the Group recorded a corporation tax expense of £2.6m (2021: £7.1m), an effective tax rate of 20.7%, as compared to an effective tax rate of 19.0% in 2021. 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

	2022	2021
Basic earnings per share	**4.06p**	12.09p
Diluted earnings per share	**4.03p**	11.98p

Basic earnings per share for 2022 of 4.06p 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

	2022	2021
Government bonds	**£87.2m**	£86.2m
Government-backed securities	**£80.8m**	£83.9m
Corporate bonds	**£61.3m**	£64.6m
Cash and cash equivalents	**£18.5m**	£30.6m

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

	2022	2021
Gross insurance liabilities	**£257.4m**	£232.5m
Reinsurance assets	**£106.3m**	£103.6m
Net insurance liabilities	**£151.1m**	£128.9m

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 2021 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, and reflects inflationary increases in the cost of 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 and solvency

The Directors have proposed a total final dividend of 1.7p per share in respect of 2022. The total amount proposed to be distributed to shareholders by way of dividends for 2022 is therefore 4.5p per share, including the ordinary interim dividend of 2.8p per share already paid. The total ordinary dividend due to be paid according to the Group's policy is entirely covered by the interim dividend, therefore the entire final dividend is considered 'special' according to the Group's policy. Excluding the capital required to pay this dividend, the Group's SCR coverage ratio at 31 December 2022 would be 154% 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

13 March 2023

Responsibility and Sustainability

A responsible and sustainable business

Operating Sabre as a responsible and sustainable business is a key element of our long-term strategy. 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.

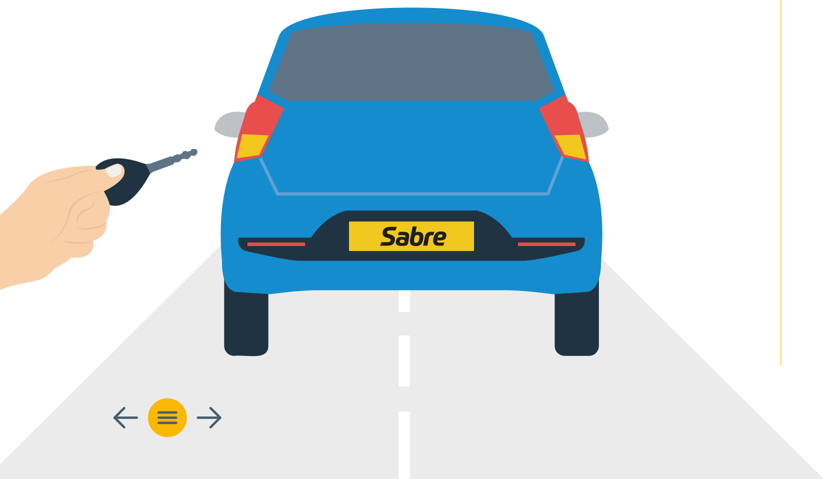
Our responsibility and sustainability framework:

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.



Customer experience

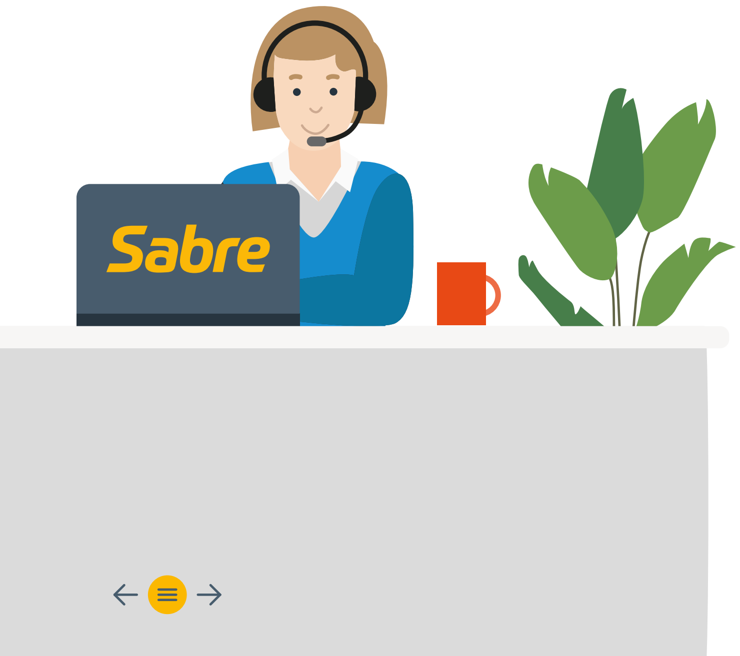
We strive to ensure an easy, efficient service to all of our customers however they reach us. This could be through our extensive broker network, or directly to us through our own brands, Go Girl and Insure2Drive. This includes providing a straightforward sales process and knowledgeable, well-staffed UK-based call centre.

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 clams 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 People

Our people are core to the success of the Group, and we seek to create a positive and collaborative working environment for all of our employees. Sabre's culture provides our employees with an open, honest and professional working environment which recognises the importance of a healthy work/life balance. The Group operates from a single site in Dorking, Surrey and as at 31 December 2022 employed 153 people. We are pleased to say that over 52% of our employees have been with the Group for ten or more years, which is an increase from 51% last year.



Communication with employees

Sabre encourages internal communication through a two-way dialogue between the Leadership Team and employees. Throughout the year we have:

- hosted regular 'CEO lunches', where Geoff Carter hosts a lunch with teams across the Group
- held 'Listen & Learn' sessions, where Karen Geary, the Non-executive Director responsible for employee engagement hosted Q&A sessions with employees
- continued to use 'Ask Sabre', an email facility, which allows employees to raise questions regarding the business
- held employee-wide presentations at Full Year and Half Year by Geoff Carter to update employees on the Group's financial results and answer any questions they may have in relation to the result announcements to the market
- operated a Company Suggestions Box which is a facility to post suggestions anonymously
- completed an Employee Satisfaction Survey, this is sent yearly to all employees to allow them a safe space to provide feedback anonymously to the Leadership Team
- held twice yearly appraisals for all employees. These are held in a one to one setting with the employee and manager
- operated a dedicated Whistleblowing Hotline through which employees can report any concerns anonymously and provided annual training and regular reminders regarding whistleblowing

In addition to the above, during 2022 we implemented the below to further support our employees:

- introduced an Employee Portal, which allows employees an element of self-service as well as a communication function
- overhauled the employee appraisal process to increase transparency for employees regarding performance and development
- streamlined HR processes and implemented a new employee database
- introduced Happiness Surveys, a survey sent monthly to all employees to score their happiness from one to ten to help monitor employee morale and wellbeing

Employee policies & Code of Conduct

Policies are in place to support and develop our employees. Examples of these include policies addressing equal opportunities, acceptable behaviour, flexible working, and health and safety. The policies and practices are consistent with the Group's values and support the long-term success of the business through supporting its employees. During 2022 all employee policies were reviewed to ensure that they were fit for purpose. All employee policies are available through the employee portal which allows for easier access and greater transparency.

The Company has a Code of Conduct, which outlines expected behaviours of employees. It further requires all employees to understand the definition of, and the harms related to harassment. Training related to expected employee conduct is required to be completed annually, and by all new joiners.

Employee survey

Since 2018 the Group launched an annual Satisfaction Survey to all employees to monitor the culture of the Group. In 2022 the all-employee Satisfaction Survey was issued again to assist with understanding how employees are feeling about their work and the Company. All employees are encouraged to provide feedback, this assists the Company with increasing engagement, productivity and retention. As a consequence of previous surveys, the new benefits platform was introduced as was the hybrid working model. The response rate to the survey this year was 57% (2021: 63%) and showed that our employees feel valued, foresee themselves working here in a years' time and reaching their full potential.

Remuneration

Sabre provides remuneration to its employees through salaries, bonuses, benefits, pensions and all-employee share plans as detailed below:

Salaries

All employee salaries are reviewed annually. During the review, a benchmarking exercise is completed comparing roles within the insurance industry to those in the Group, to ensure fair salaries for current employees.

Bonus

Employees are also eligible to receive a performance-related annual bonus as a reward for achieving the objectives and tasks set during their appraisals. During the year 100% of eligible employees received a performance-related bonus. During the year the Company also paid each employee a net Christmas bonus of £1,000.

Benefits

The Company operates a generous benefits package including holidays, pensions, private healthcare, salary extras employee portal, eye tests, yearly flu jabs, performance bonus, a life assurance policy, and support towards professional qualifications.

During 2022, Sabre implemented a formal hybrid working model whereby all employees are able to work from home for a maximum of two days per week. This model allows employees to retain the benefits of working from home, which were highlighted during COVID-19 lockdowns, while maintaining a collaborative, primarily office-based culture.

During 2022, the Group introduced free private health insurance to its employees: this covers not only the medical side but also employee health and wellbeing. This is offered through incentives to exercise more, a selection of discounted gym memberships, dietary advice, free workshops such as how to stop smoking to mental health advice to promote a healthier lifestyle. All of the incentives are rewarded with lifestyle points which can be exchanged for instant discounts, from free cups of coffee to discounted spa breaks. The year also saw the introductions of our salary extras platform; this provides employees with discounts for a number of supermarkets, retailers or days out, which is especially helpful during the cost of living crisis. Through the platform employees can apply for an interest free technology loan with an additional discount of 5.5%.

As part of Sabre's commitment to contributing towards a greener environment, the Group offers 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. The Group also offers a cycle to work scheme to all employees, this has a tax saving benefit to the employee and they can typically save between 24-42% of the cost of a bike and or accessories.

Pensions

The Company operates a pension scheme with a maximum matching employer contribution of up to 10% (grade dependent) for all new employees and also continues to operate a non-contributory policy scheme for eligible employees. 98% of employees participate in a Company pension.

All-employee share plans

Sabre operates two all-employee share plans, which allow employees an easy and cost-effective route to become shareholders in the Group. At the time of listing, employees were granted free shares in Sabre, without performance conditions through the Company's Share Incentive Plan ("SIP") and Long-Term Incentive Plan ("LTIP"). The final tranche of these LTIP awards vested in 2020. The SIP has been exercisable since December 2020, and in December 2022 the shares became exercisable without attracting tax. In 2019, the Group expanded the 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 1:3 ratio. In 2022 23% participated in the SIP.

In 2022, the Group launched its fifth 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, and provides the maximum discount of 20% when the option price is set. The 2022 SAYE grant saw 32% of employees participate. As at 31 December 2022, 48% of employees were participating in one of the Company's SAYE grants.

Training

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 ongoing training to all employees and external courses for newly promoted employees where appropriate.

During 2022 the Group provided training for 20 of its managers, through a two-day course provided by an external provider. The content was bespoke, covering topics from effective appraisals, time management as well as effective communication. The Group recognises the importance of investing and nurturing its people to create effective managers who can influence their teams and contribute towards the Group's success. It is planned to hold a Women's Leader Training Event in early 2023, which has been designed to better equip our female employees with the tools to navigate challenges within the workplace and to develop the critical leadership skills to effectively guide, influence and mentor others.

During 2022, the Company supported employees 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
- Foundation Certificate 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
- First Aid Qualification, St John Ambulance

All of these qualifications are paid for by the Group, employees are further supported through the provision of study leave.

Employee wellbeing

The Group invests significantly into employee wellbeing, whether this is overall mental health, the physical or emotional health or the economic health of our people. The Group constantly strives to provide support and resources to create an open and collaborative environment in which to work. This is supported by our mental health champions and first aiders.

Number of Mental Health First Aiders:

2

Number of Mental Health Champions:

7

Cost of Living Support

The significant increase in the cost of living, experienced by many in 2022 impacted wellbeing across the Group. To help support our employees with the sudden increase in the cost of living, the Group awarded a cost of living allowance to be paid to all employees (outside of the Executive Team) over the five months from October 2022 to February 2023. Also, Sabre arranged financial wellbeing seminars to inform employees around all aspects of financial wellbeing from debt management, savings accounts, mortgage rates explained as well as a separate session which looked at the options around retirement and pensions. The sessions were split by age group and were specific to the individual's needs. Over 29% of employees attended a financial wellbeing seminar.

Inclusivity, diversity and equality

The Group is committed to the elimination of unlawful and unfair discrimination and values the differences that a diverse workforce brings to our organisation. We encourage inclusivity, diversity and equality 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.

Equality, diversity and inclusivity policy

Sabre's equality, diversity and inclusivity 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 employees. There is an assessment at the end of each training, 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: https://www.sabreplc.co.uk/about-us/corporate-governance/gender-pay-gap-report-2022

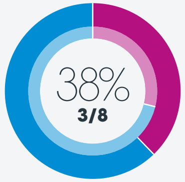
Sabre has reviewed employee salaries and can confirm that those employees with the same job titles and similar length of service are paid similar amounts, as illustrated in the Company's Gender Pay Gap 2023.

Sabre's approach to Data Protection

Sabre has GDPR Oversight Committee (the 'Committee') which is chaired by our Data Protection Officer. The Committee meets regularly to review GDPR compliance. The Committee is attended by representatives from across the business, including Compliance and Risk, and the Executive Team. A standing agenda for the meeting ensures that all breaches are reviewed, emerging risks considered, and any further actions or training is identified. The Data Protection Officer reports to the Chair of the Risk Committee, and provides the Risk Committee with a regular update regarding GDPR and any breaches or issues relating to GDPR.

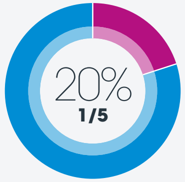
Employees are trained, at least annually, on data protection legislation and the Company's requirements when handling data. This includes online training courses, which include a marked assessment on completion to ensure understanding. Additional ad-hoc training is provided to update on any specific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

Number and % of women on the Board



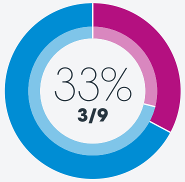
	As at 31 December 2022		As at 31 December 2021	
Female	3	38%	2	29%
Male	5	63%	5	71%
Total	**8**	**100%**	**7**	**100%**

Number and % of women on the Executive Team**



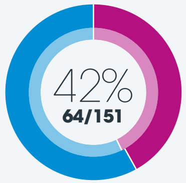
	As at 31 December 2022		As at 31 December 2021	
Female	1	20%	1	20%
Male	4	80%	4	80%
Total	**5**	**100%**	**5**	**100%**

Number and % of women on the Leadership Team**



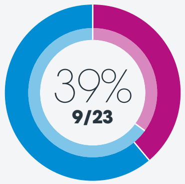
	As at 31 December 2022		As at 31 December 2021	
Female	3	33%	2	29%
Male	6	67%	5	71%
Total	**9**	**100%**	**7**	**100%**

Number and % of women working for Sabre



	As at 31 December 2022		As at 31 December 2021	
Female	64	42%	65	43%
Male	87	58%	86	57%
Total	**151**	**100%**	**151**	**100%**

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



	As at 31 December 2022		As at 31 December 2021	
Female	9	39%	7	35%
Male	14	61%	13	65%
Total	**23**	**100%**	**20**	**100%**

**Includes directors of subsidiaries

Our community

Since 2019, Sabre has operated a Charity Committee to prioritise and plan fundraising events throughout the year. Our chosen charities are St Barnabas & Chestnut Tree House. Sabre has continued to support them and a number of other 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 has continued to see the effects of COVID-19 but as restrictions eased Sabre were able to start hosting charity events once more. A staff party which saw employees gather for food, cocktails and music was well supported. A raffle was held at the event to raise money for St Barnabas & Chestnut Tree House. Sabre continued to support both local and national charities throughout 2022. Dorking Foodbank being a local charity in which both monetary and food donations were made in December.

By the end of the financial year, Sabre and its employees had raised £6,385 for St Barnabas & Chestnut Tree House. The total donations by the Group and its employees amounted to £23,713, of which £2,316 was raised by employees (2021: £1,010) and £21,397 donated by Sabre (2021: £22,180).

£23,713

Total donation to charity

Charities we supported in 2022:

- African Revival
- Breast Cancer Research
- Children in Need
- Easy Surrey Domestic Abuse Services
- Insurance against Dementia
- MacMillan
- Prostate Cancer UK
- St Barnabas & Chestnut Tree
- Stem4
- Stockport Children's Charity
- The Special Lioness
- Ukraine Humanitarian Appeal
- Young Minds

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 71% of our premium income was sourced through brokers in 2022. 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.

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 issue 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 2022, we worked with Mazars to assist with our carbon footprint analysis and climate-related risk assessment.

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 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. Adam has received training from a specialist team at Mazars, to assist him in this role. 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 56 to 91.

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. Climate-related targets, including progress towards the Group's net-zero target, are included within Management's (including Executive Directors') performance objectives, which feed directly into remuneration. The CFO is assisted by the Group's Head of IT and Facilities in monitoring and improving the Group's operational carbon footprint. Information 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 five-year time horizon, medium-term one to five 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
Physical operational 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. We have assessed this risk under a number of scenarios and concluded there is a low probability of such events occurring until at least 2090. We do not consider any of our key locations to be exposed to high-impact weather-related events and therefore no preventative action is required.
Physical liability 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. We primarily manage this risk through our insurance pricing mechanisms, including short feedback loops between our claims and pricing teams.
Transitional market reduction 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: – An increase in the number of vehicles powered by electricity (or other alternative fuels) as opposed to traditional internal combustion engines – The move away from cars towards mass-transit – A move to car-sharing or using cars for a smaller number of journeys – The introduction of 'low/ultra-low/no emission zones' – Increased social stigma attached to using a petrol/diesel car – Increased costs of traditional fuel – Introduction of additional carbon taxes – Change to the costs in repairing electric vehicles as compared to petrol cars. 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. Sabre's competitiveness and policy count are monitored by management, and shifts in types of insured vehicle are closely monitored by the pricing team.
Transitional market change 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.
Litigation 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. While there is little direct mitigation available, the management team ensure that they remain up to date with regard to legal and regulatory developments in this area.
Investments 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. We have designed our investment guidelines to limit exposure to particularly damaging industries.

The impact of climate-related risks and opportunities on Sabre's business, strategy and financial planning has been assessed and understood, as outlined above. 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 takes 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. We have previously assessed the risks related to physical liability on a quantitative basis, as explained in our findings noted below. This year, we have enhanced our analysis through a detailed review of our physical operational risk, also discussed below.

Our key findings, which are consistent with those identified in our previous analysis, 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 provides cover for numerous perils and the key perils exposed to the risk of climate change risk are flood and windstorm. Over the past 12 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 2% 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.

With regard to physical operational risk, we have considered the exposure of the Group's head office, outsourced customer service location and two key data centres to heatwaves, heavy precipitation and a rise in sea level. Along with this, we have considered our insured risks by postcode, and so have enhanced our physical liability risk analysis through this exercise. We have considered this in the context of three Shared Socioeconomic Pathways ('SSP's), being:

- SSP 1 "sustainability pathway", generally the best-case scenario where warming is below 1.5oC by the end of the century after a brief overshoot. This is consistent with the Paris Agreement target
- SSP2 "middle of the road pathway" approximately in-line with Nationally Determined Contribution emissions levels, thereby representing our current path
- SSP5 "fossil fuelled development pathway", generally the worst-case scenario with emission levels and warming projected to be very high

Across the UK, there is a clear upward trend for all extreme heat indicators. Compared to baseline results, for both heatwave frequency and duration, the initial increase is slow before rapidly increasing towards 2090. Heatwave frequency increases consistently across all postcodes covered. Extreme precipitation indicators show less consistent trends across the UK, with fluctuations under SSP2 and SSP5 particularly evident. 62 of our insured postcodes are included in the 'severe' sea level rise category, however the percentage risk category varies greatly. For Sabre's four operational sites, only one is at risk from sea-level rise, albeit at 'moderate' risk by the year 2100.

This analysis has confirmed that there is no raised level of short or medium-term operational risk in respect to climate change, and has highlighted that exposure to climate-related events should be considered when making long-term decisions about the Group's operational structure. It has also confirmed that there is no immediate concern regarding concentration risk of insured vehicles within high-risk zones.

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 included as a standard agenda item during 2022 for the Management Risk and Compliance Forum. Where relevant, the Group's policies are 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 28 of this report.

Our investments

When Sabre diversified from gilts into corporate bonds, 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. In 2022, we introduced a further restriction on investment into certain organisations whose activities were not consistent with our ESG outlook. 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.

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 at this time to set more specific targets with respect to climate-related risks and opportunities, beyond those which are disclosed below.

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 greenhouse 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_2e") and covers:

i. Scope 1 emissions being direct emissions resulting from combustion of fuel and operation of facilities

ii. Scope 2 emissions being indirect emissions from purchased grid electricity and other energy for own use

iii. Scope 3 emissions, being other indirect emissions which occur in the Group's value chain

Tonnes of CO_2e/year	2022	2021	2020
Scope 1	–	41.8	60.5
Scope 2	42.9	42.8	54.2
Operational footprint	42.9	84.6	114.7
Scope 3, excluding insured emissions	22,673.0	23,673.0	20,280.0
Total footprint, excluding insured emissions	22,715.9	23,757.6	20,394.7
Number of FTE* employees	154	142	151
Operational footprint per employee	0.28	0.59	0.76
Gross written premium	£171m	£169m	£173m
Operational footprint per £m GWP	0.25	0.50	0.66
Building energy usage (KWh)	200,237	201,683	232,607

* 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.

Separately, for the first time in 2022, we report an estimated footprint related to our insurance operations, in line with the Partnership for Climate Accounting Financials ("PCAF") guidelines. This is not currently included within our assessment of Scope 3 emissions. The total relevant carbon emissions across our insured vehicles is estimated to be 50,391 tCO_2e/yr as at 31 December 2022 (2021:54,621 tCO_2e/yr).

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. The most significant element within Scope 3 emissions is the investment portfolio, which contributed 11,223 tCO_2e/yr to 2022 emissions (2021: 14,760 tCO_2e/yr). For the first time we disclose separately the weighted average carbon intensity across the portfolio, which was 39.6 tCO_2e/\$MM as at 31 December 2022 (2021: 45.4 tCO_2e/\$MM).

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 and 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.

How we decide what to measure

Our disclosures are designed to provide information that we consider will be useful and relevant to stakeholders. We aim to identify the issues that are most important to them and consequently also matter to our own business. Our management team with appropriate Board Committee oversight, choose what we measure and publicly report in this section. 'Materiality' is considered to be the threshold at which issues become sufficiently important to our investors, us and other stakeholders that they should be publicly reported. We are also informed by stock exchange listing and disclosure rules. We know that what is important to our stakeholders evolves over time and we plan to continue to assess our approach to ensure we remain relevant in what we measure and publicly report.

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 quantitively-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). 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. In our last Annual Report and Accounts, we detailed a number of actions which had been carried out since 2019. In 2022, we made further progress through:

- Maintenance and review of our solar panel estate, increasing efficiency by c.25%
- Commencement of a full building refurbishment which includes a replacement of the air conditioning system and windows, which will contribute to a significant reduction in emissions
- Implementation of tighter restrictions on our investment portfolio

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

Statement of consistency with TCFD recommendations

In preparing the Responsibility and Sustainability section of the Annual Report, we have made disclosures consistent, or partially consistent where noted, with those recommended by the TCFD and intend to achieve full consistency with the recommendations as a consensus view of sufficient and complete disclosure becomes clear. In particular, we note certain areas of potential inconsistency below. All of the relevant disclosures are made within this section of the Annual Report. The Company has considered the consistency of these disclosures against the TCFD's Guidance for All Sectors and Supplemental Guidance for Insurance Companies, and considers them to be consistent.

The Group remains 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:

- **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 organisation to manage climate-related risks and opportunities and performance against targets

  Sabre has introduced additional climate-related metrics, such as weighted average carbon intensity, across the investment portfolio and insurance-related emissions. The Group currently has not set specific short-term targets for each of these metrics, beyond an overall objective to reach 'Net Zero' as set out in the Group's Net Zero Roadmap, which can be located at https://www.sabreplc.co.uk/about-us/corporate-governance/sustainability/. Note that this roadmap does not form part of our TCFD disclosure.
- **Strategy 2b:** The organisation's disclosures should reflect a holistic picture of the interdependencies among the factors that affect their ability to create value over time

  We have now extended our analysis to cover insured risks and operational risks with regard to climate change. While this goes some way to ensuring consistency with this objective, we note that a holistic statement about the interdependencies of these factors along with their impact on value creation should be enhanced and disclosed in more detail in future reports.

The table below lists the TCFD's 11 recommendations and where they are addressed within this report.

Recommendation	Where addressed and whether consistent with TCFD requirements
Governance	
a. Describe the board's oversight of climate-related risks and opportunities.	Risk Committee report, page 65 *Consistent*
b. Describe management's role in assessing and managing climate-related risks and opportunities.	'Managing Climate-Related Risks', Page 24 *Consistent*
Strategy	
a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	'Strategy for Climate Change', Page 45 *Consistent*
b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	'Strategy for Climate Change', Page 45 *Partially consistent*
c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	'Strategy for Climate Change', Page 45 *Consistent*
Risk management	
a. Describe the organization's processes for identifying and assessing climate-related risks.	'Managing Climate-Related Risks', Page 24 *Consistent*
b. Describe the organization's processes for managing climate-related risks.	'Managing Climate-Related Risks', Page 24 *Consistent*
c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	'Managing Climate-Related Risks', Page 24
Metrics and targets	
a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	'Our Metrics and Targets', page 48 *Partially consistent (see above)*
b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks	'Our Metrics and Targets', page 48
c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	'Our Metrics and Targets', page 48 *Partially consistent (see above)*

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.

FCA Consumer Duty

Sabre recognises the importance of a firm's culture and purpose in its ability to be able to deliver good outcomes for customers.

The FCA introduced their Consumer Duty policy statement which sets the standard of care that firms should give to customers in retail financial markets. It is designed to ensure firms put consumers at the heart of their business and focus on delivering good outcomes for customers. The Consumer Duty consists of a new Principle, three cross-cutting rules and four outcomes.

Governance

Sabre has put in place a robust governance process:

– in September 2022 the Board approved the Company's implementation plan and appointed Karen Geary, Independent Non-executive Director, as Consumer Duty Champion.

– the Head of Compliance meets individually each month with the Company Chair, Consumer Duty Champion and the Chair of the Risk Committee.

– consumer Duty is reported on at the Company's Leadership, Executive and Risk Committees during the year.

Implementation

Regulatory requirements come into force on the 31 July 2023 in respect of new and existing products. A thorough implementation programme is in place:

– a framework has been built that will provide the Board with assurance that customers will be receiving good outcomes.

– the Company's Head of Compliance is responsible for ensuring the regulatory requirements are fully implemented.

– a detailed gap analysis to identify any policies and processes across the business which require alignment has been conducted.

– our products are designed to meet the demands and needs of our target market and deliver fair value to the end consumer.

Monitoring

Monitoring and training will be key to assuring customers are receiving good outcomes:

– all employees will complete annual mandatory training on Consumer Duty and this along with existing training in other key regulatory areas will support the delivery of good customer outcomes.

– management Information will be used to determine the value, benefits and outcomes received by the customers of our products.

FCA Consumer Duty

Principle 12

A firm must act to deliver good outcomes for retail customers

↓

3 Cross-Cutting Rules

A firm must act in good faith towards retail customers

A firm must enable and support retail customers to pursue their financial objectives

A firm must avoid causing foreseeable harm to retail customers

↓

4 Outcomes

Product and Services

Price and Value

Consumer Understanding

Consumer Support

↓

Products | Governance | Monitoring

↓

Training | Management Information

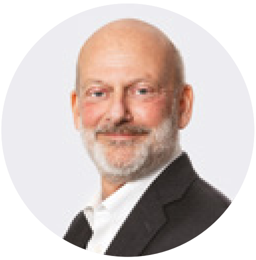
↓

Processes

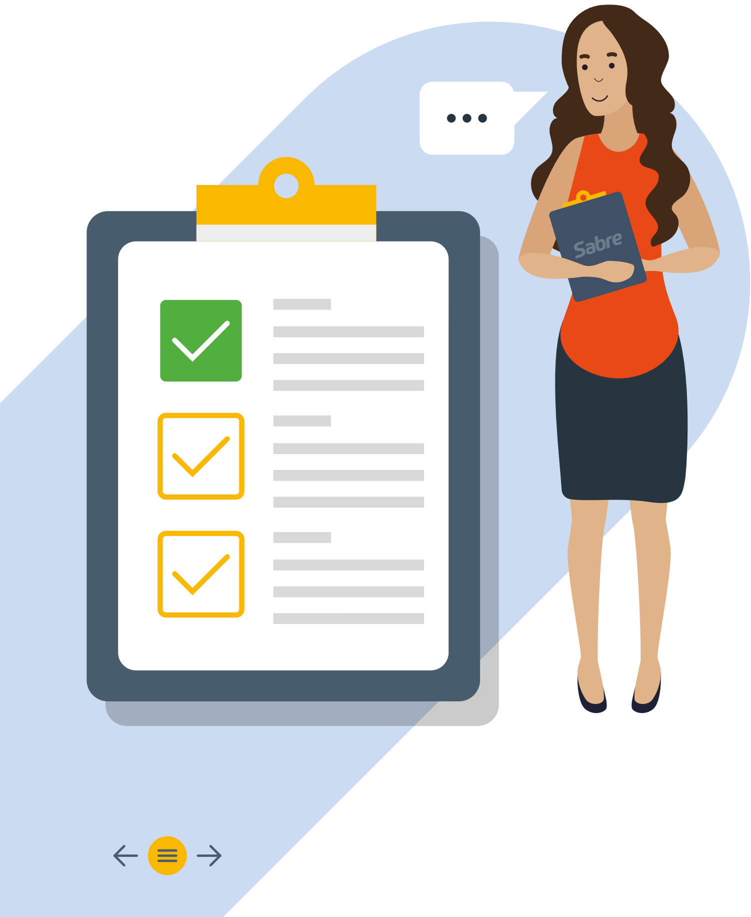
Consumers

Corporate Governance

Chair's Governance Letter



ANDY POMFRET
Company 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 Group's strategy, culture and purpose are aligned and discussed at every Board meeting.

The Board consists of eight Directors who have the appropriate balance of skills, experience, independence and knowledge of the Group to oversee the strategy, review management performance and set the Group's values and standards to ensure that its obligations to its shareholders and other stakeholders are met. 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 Group is set out on pages 53 to 55 of this Annual Report.

During the year, we welcomed Alison Morris as a Non-executive Director, who was subsequently appointed Chair of the Audit Committee. Further information regarding the process for this appointment can be found in the Nomination and Governance Committee Report, on pages 67 to 68. Ian Clark, who was appointed Chair of the Audit Committee on an interim basis, stepped down from this role and remains Chair of the Risk Committee. We recognise that Ian has served as an Independent Non-executive Director of Sabre Insurance Group since its listing, but that he has also served as an Independent Non-executive Director of Sabre Insurance Company Limited, the Group's operating subsidiary company since 2014, and therefore will no longer be seen as independent, as defined in the UK Corporate Governance Code from May 2023. However, Ian's contribution to the Group and knowledge of the insurance industry is significant, and therefore I have asked him to remain as a Non-executive Director of Sabre Insurance Group for at least a further year, whilst the Board searches for an additional Non-executive Director. The Board has begun this search, and in the meantime Ian will remain as Chair of the Risk Committee and will stand for re-election as a Non-executive Director at the Group's Annual General Meeting.

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 Group's website.

We look forward to engaging with you and to meeting shareholders at our forthcoming Annual General Meeting, which will be held at 9:30 am on Thursday 25 May 2023 at the Group's offices at Old House, 142 South Street, Dorking, RH4 2EU.

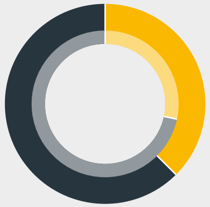
ANDY POMFRET
Chair

13 March 2023

Board of Directors

As at 31 December 2022

Board Gender Diversity



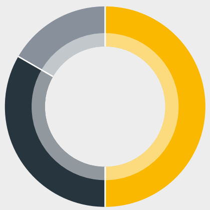
2022

Female	3/8 (37.5%)
Male	5/8 (62.5%)

2021

Female	2/7 (28.5%)
Male	5/7 (71.5%)

Chair and Non-executive Directors' Tenure



<3 years	3 (50.0%)
3-6 years	2 (33.3%)
6 years plus	1 (16.6%)

Directors' skills and experience matrix

Skills and experience	Number of Directors	% of the Board
Boardroom Experience (outside of Sabre) – Chair, CEO, NED, Audit, REM, NOM	6	75
ESG Experience	6	75
Financial Expertise	6	75
HR Expertise	3	37.5
International Experience	6	75
Innovation Expertise	3	37.5
Insurance Industry Experience	7	87.5
IT/Digital Expertise	3	37.5
Cyber Expertise	2	25
Legal Expertise	1	12.5
Marketing Expertise	3	37.5
Operation Expertise	3	37.5
Regulatory Experience	6	75
Risk Management Expertise	5	62.5

KEY

Chair of Committee

A Audit Committee member

N Nomination and Governance Committee member

R Remuneration Committee member

RI Risk Committee member

S Senior Independent Director

I Independent

E Non-executive Director responsible for Employee Engagement

ANDY POMFRET

Company Chair

N I*

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 eight 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

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 and spent seven years at Churchill Insurance. 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. Geoff is also a Director of the Motor Insurance Bureau and active in ABI committees.

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 15 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

RI A N I*

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. Ian is Chair of the Risk Committee.

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, a charity trustee of African Revival and the Worshipful Company of Insurers and is Chair of Mighty Quin Consulting Limited, a company through which he provides strategic advice within the insurance industry.

* Ian was deemed independent during the financial year ended 31 December 2022, and the Board recognises that he will lose his independence with effect from May 2023, having served nine years on the Sabre Insurance Company Limited Board.

KAREN GEARY
Non-executive Director

RI N R E I

Appointment
Karen Geary was appointed as Non-executive Director of Sabre Insurance Group plc in December 2020 and is the Non-executive Director responsible for employee engagement and the Board's Consumer Duty Champion.

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. 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.

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 and as a Non-executive Director and Chair of the Remuneration Committee of PageGroup plc. Her previous non-executive roles include MicroFocus plc and ASOS plc.

MICHAEL KOLLER

Non-executive Director

A N R I

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. 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 has lectured at the Federal Institute of Technology, Zurich (ETHZ) as a titular professor of mathematics. He holds a PhD in Mathematics from ETHZ.

ALISON MORRIS

Non-executive Director

A RI N I

Appointment

Alison Morris was appointed as Non-executive Director of Sabre Insurance Group plc in May 2022. Alison is the Chair of the Audit Committee.

Skills and experience

Alison is a chartered accountant and brings extensive recent and relevant experience of the financial services sector as well as detailed and specialist knowledge of accounting and auditing practice and the audit market. Alison was a partner in PwC's financial services audit practice from 1994 until the end of 2019. She has led external audits and internal audit projects across the financial services sector in the FTSE 100 and FTSE 250 and held a number of leadership roles within PwC, including sitting on the executive management team which led their audit practice. She is a Non-executive Director and Audit Committee Chair of Paragon Banking Group plc and of M&G Group Limited, part of the M&G plc group. Until recently she was Non-executive Director and Audit Committee Chair of Vanquis Bank Limited, part of the Provident Financial Group plc. Alison holds an MA in Economics with International Studies from the University of St Andrews.

REBECCA SHELLEY

Senior Independent Director and Non-executive Director

S R RI N I

Appointment

Rebecca Shelley was appointed a Non-executive Director of Sabre Insurance Group plc in October 2017 and became Senior Independent Director in September 2020. Rebecca is Chair of the Company's Remuneration Committee.

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 and Liontrust Asset Management.

Governance Report

The Board is collectively responsible for setting the Group's strategic aims and providing the leadership to put them into effect through the management of the Group's business within the Group'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 Group to meet its obligations, and also by reviewing Management's performance. This includes ensuring that the Group 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

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, while 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

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 62.

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 65.

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 67.

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 69.

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.

The Board and Leadership

The Group Directors and details of their experience and the date of their appointment are set out on pages 53 to 55.

As at 31 December 2022, the Board consisted of eight Directors: The Group Chair, two Executive Directors, and five 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 Group's Non-executive Directors remained independent as at 31 December 2022. It is noted that Andy Pomfret, Group Chair was considered independent on appointment. Board Directors recognise the need and importance of acting with integrity, and do so in their roles as Directors of the Group. 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.

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 its Committees, apart from the Risk Committee which is minuted by the Head of Compliance. 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 Group have the appropriate policies, processes, information, time and resources they need to fulfil their duties and in order to function effectively and efficiently. Anneka Kingan has been the Group's Company Secretary since 2018.

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 Management) 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	Senior Independent Director	Chief Executive Officer
– 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	– 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	– 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

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 Terms of Reference of these Committees are approved by the Board, reviewed annually and are available on the Group's website at www.sabreplc.co.uk/about-us/corporate-governance

The Committee Reports are set out on pages 62 to 87.

Board and Committee meetings

The attendance of Directors at Board and Committee meetings held in the financial year ended 31 December 2022 is illustrated in the table across the page. During the year, the Board reviewed and amended the membership of its Committees. As a consequence of this review, Alison Morris upon her appointment to the Board joined the Audit and Risk Committees, and the Nomination and Governance Committee later in the year. Following this, and subsequent to approval by the PRA and FCA, Alison became Chair of the Audit Committee with effect from 25 August 2022. During the year, Karen Geary was appointed to the Risk Committee, and subsequently Andy Pomfret left the Risk Committee. In addition, following the appointment of Alison to the Audit Committee, Andy Pomfret left the Audit Committee. It is noted that Andy had only been appointed to these committees on a short term basis, following the resignation of Catherine Barton, Non-executive Director, in November 2021, and while the Board sourced and appointed a suitable additional Non-executive Director. 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 62 to 87 of this Annual Report.

During the financial year ended 31 December 2022, the Board scheduled and formally met six times, during which it reviewed, discussed and approved:

- the financial performance of the Group
- the 2021 Annual Report and Accounts, including the Committee reports, Viability and Going Concern Statements and the RNS of the results for the financial year which ended on 31 December 2021
- the Notice of Meeting and Proxy Form for the 2022 Annual General Meeting
- the 2022 Half-Year Results, Q1 and Q3 Trading Statements
- the Group's strategy, including the continued development of the motorcycle and taxi insurance products
- the payment of the dividends, including the final dividend for the financial year which ended on 31 December 2021, and an interim dividend for the financial year which ended on 31 December 2022
- the results of the Group's 2021 Board Effectiveness Review, and the external review of the Board for 2022
- the 2023 budget

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, the Head of Compliance and the Head of HR.

During the financial year ended 31 December 2022, the Board met an additional two times to discuss the Half Year Trading Update and Half Year Results.

Effectiveness

The Board is structured to provide the Group 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.

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
Geoff Carter	6/6	–	–	–	–
Ian Clark	6/6	5/5	5/5	3/3	–
Karen Geary	6/6	–	5/5	3/3	4/4
Michael Koller	6/6	4/5	–	3/3	3/4
Alison Morris*	4/4	3/3	3/3	–	–
Andy Pomfret**	6/6	3/3	1/1	3/3	–
Rebecca Shelley	6/6	–	5/5	3/3	4/4
Adam Westwood	6/6	–	–	–	–

* Alison Morris joined the Audit and Risk Committees with effect from the 24 May 2022 and joined the Nomination and Governance Committee with effect from 1 October 2022.

** Andy Pomfret left the Risk Committee with effect from 27 January 2022 and the Audit Committee with effect from 24 May 2022.

Decisions at Board meetings are taken by a majority vote of the Directors and in the case of an equality of votes the Group'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.

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 Group. Diversity is a key factor in reviewing the Board's composition and recommending appointments. When recruiting, the Board requires that executive search agencies provide diverse shortlists, and ensures that all Board appointments are based on merit. As at 31 December 2022, the Board has three female Directors out of eight, which is the equivalent to 37.5% of the Board being female. Further information on Sabre's approach to diversity and inclusion can be found on page 42 of this report.

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, external advisers, and visits to the Group'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 Group uses an online platform to distribute its Board and Committee papers securely and efficiently, 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 Group'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 Group 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 Group.

The other public company commitments of the Chair and the other Directors are as indicated in their biographies on pages 53 to 55. 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 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.

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 externally facilitated exercise sponsored by the Chair and assisted by the Company Secretary. The review concluded that the Board was effective and to continue being so, it was agreed to introduce an additional strategy day during the year. It was further agreed that alongside the existing formal meetings between Non-executive Directors and Executive Directors outside of the meeting cycles, there would be an increase in the informal contact between the Non-executive Directors and Executive Directors.

Appointment of Directors

The Articles provide that Directors may be appointed by the Board or by the Group by ordinary resolution. A Director appointed by the Board may only hold office until the next Annual General Meeting of the Group following 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 2022, 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 78 to 87) and their service contracts and terms of appointment are available for inspection in accordance with the Code at the Group's office and at the Group's Annual General Meeting.

Conflicts of interest

The Board has established a procedure to deal with Directors' conflicts of interest which complies with the Group'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 Group'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 62 to 64. 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 65 to 66.

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 Risk Committee. The Policy is designed to prevent and prohibit bribery, in line with the Bribery Act 2010. The Group 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 2022 financial year.

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 Group's Modern Slavery Statement is reviewed and approved by the Board on an annual basis and can be found on the Group's website www.sabreplc.co.uk/about-us/corporate-governance/modern-slavery-statement

Whistleblowing arrangements

The Group 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. The Group's Whistleblowing Policy is reviewed and approved by the Audit Committee on an annual basis.

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 78 to 87. 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. During the year Karen Geary replaced Ian Clark as the Non-executive Director for workforce engagement. Karen regularly meets with employees, and provides feedback on her meetings to the Board. This process does not currently include an active two-way dialogue with the employees on executive pay but this 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 Group's position and prospects. The Board recognises the importance of engaging constructively with shareholders and, during the year, the Chief Executive Officer and the Chief Financial Officer continued 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. During the year the Group Chair also met with the Group's shareholders. In addition to these meetings, the Group 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 Group's website www.sabreplc.co.uk/investors/regulatory-news

Major shareholders

The holdings of our major shareholders can be found on page 89 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 ('AGM')

Notice of the Group's AGM for the 2022 financial year will be sent to shareholders at least 21 clear days before the meeting. The AGM 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 AGM will be published on the Group's website, post the conclusion of the meeting. Further information on the Group's AGM can be found on page 90.

Statement of Corporate Governance

Compliance with Code provisions

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 most of the principles and provisions of the Code during the financial year ended 31 December 2022. It notes that during the year, prior to the appointment of Alison Morris as a Non-executive Director, Andy Pomfret sat on both the Audit and Risk Committees, which is non-compliant with Provision 25 of the Code. Andy's appointment to both committees allowed there to be sufficient skills and experience on both the Audit and Risk Committees, following the resignation of Catherine Barton, as a Non-executive Director in late 2021. Andy left the Risk Committee in January 2022 when Karen Geary joined it, and left the Audit Committee when Alison joined the Board and the Committee, ensuring that the Committees were compliant with the Code for the remainder of the year. The Board notes that it did not engage with employees regarding executive remuneration pay levels, and therefore is not compliant with Provision 41 of the Code, but notes that the Board does regularly engage with employees through the appointment of a Non-executive Director responsible for employee engagement, who meets regularly with employees and provides feedback to the Board on employee views. It would be this mechanism that the Company would use to seek engagement with employees regarding executive remuneration pay levels.

To ensure the Group remains 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 2022 completed an external Board Effectiveness Review, which evaluated the performance of the Board, its Committees, and the Company Chair.

Principles of the Code

Board Leadership and Company Purpose	Section of the Annual Report
A. A successful Company is led by an effective and entrepreneurial Board, whose role is to promote the long-term sustainable success of the Company, generating value for shareholders and contributing to wider society.	Governance Report (Pages 56 to 61)
B. The Board should establish the Company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All Directors must act with integrity, lead by example and promote the desired culture.	Strategic Report (Pages 2 to 50)
C. The Board should ensure that the necessary resources are in place for the Company to meet its objectives and measure performance against them. The Board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.	Directors Remuneration Policy (Pages 72 to 77) Principal Risks and Uncertainties (Pages 19 to 28)
D. In order for the Company to meet its responsibilities to shareholders and stakeholders, the Board should ensure effective engagement with, and encourage participation from, these parties.	Governance Report (Pages 56 to 61)
E. The Board should ensure that workforce policies and practices are consistent with the Company's values and support its long-term sustainable success. The workforce should be able to raise any matters of concern.	Responsibility and Sustainability (Pages 38 to 49)

Division of Responsibilities	Section
F. The chair leads the Board and is responsible for its overall effectiveness in directing the Company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the chair facilitates constructive Board relations and the effective contribution of all Non-executive Directors, and ensures that Directors receive accurate, timely and clear information.	Governance Report (Pages 56 to 61)
G. The Board should include an appropriate combination of executive and Non-executive (and, in particular, independent Non-executive) Directors, such that no one individual or small group of individuals dominates the Board's decision-making. There should be a clear division of responsibilities between the leadership of the Board and the executive leadership of the Company's business.	Governance Report (Pages 56 to 61)
H. Non-executive Directors should have sufficient time to meet their Board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold management to account.	Governance Report (Pages 56 to 61)
I. The Board, supported by the Company Secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.	Governance Report (Pages 56 to 61)

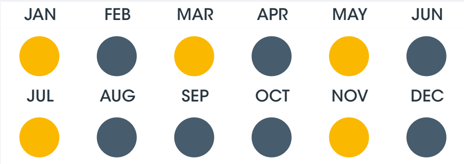
Composition, Succession and Evaluation	Section
J. Appointments to the Board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained for Board and senior management. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.	Governance Report (Pages 56 to 61) Nomination and Governance Committee Report (Pages 67 to 68)
K. The Board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the Board as a whole and membership regularly refreshed.	Governance Report (Pages 56 to 61)
L. Annual evaluation of the Board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each Director continues to contribute effectively.	Governance Report (Pages 56 to 61)

Audit, Risk and Internal Control	Section
M. The Board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions and satisfy itself on the integrity of financial and narrative statements.	Audit Committee Report (Pages 62 to 64)
N. The Board should present a fair, balanced and understandable assessment of the Company's position and prospects.	Audit Committee Report(Pages 62 to 64)
O. The Board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the Company is willing to take in order to achieve its long-term strategic objectives.	Principal Risks and Uncertainties (Pages 19 to 28) Risk Committee Report (Pages 65 to 66)

Remuneration	Section
P. Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success. Executive remuneration should be aligned to Company purpose and values, and be clearly linked to the successful delivery of the Company's long-term strategy.	Remuneration Committee Report (Pages 69 to 71)
Q. A formal and transparent procedure for developing policy on executive remuneration and determining Director and senior management remuneration should be established. No Director should be involved in deciding their own remuneration outcome.	Remuneration Committee Report (Pages 69 to 71)
R. Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of Company and individual performance, and wider circumstances.	Remuneration Committee Report (Pages 69 to 71)

Audit Committee Report

Committee meetings in 2022



● Meeting occurred
● No meeting took place

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 2022 are set out below:

Committee Members	Date of Appointment to the Committee	Attendance
Alison Morris (Chair) (joined the Committee with effect from May 2022) (Chair with effect from August 2022)	May 2022	3/3*
Ian Clark (Chair until August 2022)	April 2020	5/5**
Michael Koller	September 2020	4/5
Andy Pomfret (left the Committee with effect from May 2022)		3/3

* Two as Committee Member and one as Committee Chair
** Four as Committee Chair and one as Committee member

ALISON MORRIS
Audit Committee Chair

The Audit Committee (the "Committee")

The Committee comprises of at least three Non-executive Directors of the Group, 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 and Governance Committee and the Chair of the Committee. The Committee is chaired by Alison Morris, who has significant, recent and relevant financial experience. During the year Alison took over as Committee Chair from Ian Clark, who also has significant, recent and relevant financial experience.

The Company Chair (when not a member of the Committee), Chief Executive Officer, Chief Financial Officer and Chief Actuary 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 Group may also be invited to attend all or part of a meeting to provide deeper insight into the Group and its issues. The Board considers that the membership of the Audit Committee is appropriate and has skills and competencies relevant to the role of the Committee and the insurance sector.

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 Group'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 Group's website 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 plan and the results therefrom, reviewing the quality and effectiveness of the audit, approving the policy on non-audit services carried out by the external auditors and reviewing auditor independence. The Committee is responsible for managing the relationship with the Group's external auditor, PwC, 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 Group's financial statements and for providing effective governance over the Group's financial reporting, 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. During the year, the effectiveness of Internal Audit was reviewed, and it was concluded that it remained effective. This review incorporated a questionnaire along with ongoing informal feedback and discussion at the Committee.

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 are 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. The Committee receives any whistleblowing reports and reports matters raised to the Board.

2022 and the Committee

The Committee was in place throughout the financial year ended 31 December 2022, and met five times through the period. The Audit Committee was chaired by Ian Clark, until the appointment of Alison Morris who joined the Committee with effect from 24 May 2022 and became Chair on 25 August 2022. Andy Pomfret left the Committee with effect from 24 May 2022. 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 Alison has the appropriate financial expertise, as Alison is a qualified accountant with significant financial services and director experience. All members of the Committee attended all of the meetings, apart from Michael Koller who missed one meeting.

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 members of Management, the Group's External and Internal Audit Partners, and the Company Secretary and Head of Internal Audit. 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 ended 31 December 2022, the Committee reviewed:

- the accounting issues and significant judgements related to the financial statements;
- the appropriateness of key accounting judgements including the adequacy of insurance liabilities;
- the appropriateness of the Group's accounting policies;
- the process and stress testing undertaken to support the Group's viability and going concern statements;
- recommended to the Board the Group's Annual Report and Accounts;
- the appointment of the external auditor and 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 transition plan presented by the incoming external auditor, with particular focus on any divergence in risk assessment or approach from that which was presented by the outgoing external auditor;
- the effectiveness of the incoming external auditor informally during the year, ahead of a formal assessment following completion of the first year-end audit, which will be carried out in 2023;
- 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 Group's outsourced internal audit and reviewing and approving their fees; and
- the Committee's annual effectiveness report responses and concluded that the Committee was effective.

Furthermore, the Committee approved:

- the external audit fees and the policy on non-audit services carried out by the Group's external auditors;
- and recommended to the Board, which agreed to recommend to shareholders, the appointment of PwC as the Group's external auditor. It is noted that the shareholders of the Group approved the appointment at the Annual General Meeting, held in May 2022;
- the Committee's terms of reference and confirmed that the Committee had sufficient resources to enable it to complete its responsibilities;
- and confirmed to the Board that the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the necessary information for the shareholders to assess the Group's position and performance and its business model and strategy.

Key Matters considered by the Committee during the year:

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 year were:

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 Group'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 specifically considered the impact of recent high levels of inflation on the level of insurance liabilities held.

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 reviewed Management's rationale for the level of risk margin recorded within the claims reserves, which was set at 8% of outstanding claims reserves as at 31 December 2022 (2021: 10%). 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. Implementation of accounting standards

The Committee reviewed the proposed implementation and key judgements associated with the upcoming implementation of IFRS 17, including consideration of the classification and measurement of insurance assets, liabilities and transactions. The Committee also considered the appropriate level of disclosure required in the 2022 Annual Report and Accounts related to the implementation of the new standard.

3. Parent Company Investment in Subsidiary

The Committee reviewed Management's valuation of the investment in subsidiary held by the Group's parent company, having noted the significant reduction in the Group's market capitalisation during the year. The Committee considered the assumptions made in the discounted cash flow model used to support the valuation within the accounts, as well as the disclosure made on pages 167 and 168 of the financial statements.

4. Internal controls

During the year, the Committee reviewed the adequacy and effectiveness of the controls that underpin the Group's financial reporting control framework which is part of the wider internal controls system and addresses financial reporting risks. The key procedures, which the Directors have established include: an annual budgeting process with periodic forecasting; reporting of financial and solvency capital information to the Board on a monthly basis; reporting on specific matters including updated key risks, investments and taxation; liquidity monitoring; and an anti-bribery and corruption policy. The Committee also considered Management's processes and controls for identifying and responding to the risk of fraud, and considered the second line of defence review of controls and reports from Internal Audit. Any control weaknesses that these procedures identify are monitored and addressed in the normal course of business. The Committee noted that there were no fraud-related events or actions to suggest that fraud might have a material impact on the financial statements.

5. Going concern and viability

The Committee considered the going concern assumptions and viability statement in the 2022 Annual Report and Accounts, valuation of assets and impairment reviews and clarity of disclosures. In assessing the viability of the Group the Committee considered the liquidity and capital position of the Group over the period to 31 December 2025 under a range of scenarios which had been selected to reflect the key risks faced by the Group. Further information on this can be found in the Viability Statement on page 29. In assessing the going concern of the Group, the Committee considered the financial forecasts and liquidity for a period of one year from the date of the approval of this Annual Report.

6. Fair, balanced and understandable

The Committee reviewed and concluded that the Annual Report and Accounts taken as a whole were fair, balanced and understandable and provided sufficient information to enable the reader to assess the Group's position, performance, business model and strategy.

7. Task force for Climate-Related Financial Disclosures ("TCFD")

The Committee reviewed the disclosures made in accordance with the TCFD recommendations as part of its review of the Annual Report and accounts.

External auditor appointment

PwC were appointed as external auditor in accordance with the plan set out in the prior Annual Report and Accounts, and have presented their first audit opinion in respect of the year ended 31 December 2022. Resolutions regarding the appointment of PwC and their remuneration were contained in the Notice of Meeting for the 2022 Annual General Meeting and both resolutions, were approved by 100% of shareholders.

Non-audit work carried out by external auditors

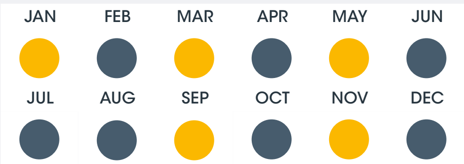
The Committee reviewed and approved a policy regarding non-audit work and fees which requires all non-audit work proposed to be carried out by the external auditors to be pre-authorised by the Committee or, if required urgently between Committee meetings, the Chair of the Committee, in order to ensure 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 Group by the external auditor in the past three years. During 2021, EY and its subsidiaries charged the Group £379,000 for audit and audit-related services, and received a total fee during the financial year of £459,000. Their work ended with effect 25 May 2022. From their appointment on 25 May 2022 PwC and its subsidiaries charged the Group £440,000 (2021: n/a) for audit and audit-related services, and received a total fee during the financial year of £519,000 (2021: n/a). A summary of fees paid to each external auditor is set out in Note 8.4 to the Consolidated Financial Statements. In the financial year ended 31 December 2022, the external auditors did not undertake any material non-audit work for the Group.

On behalf of the Audit Committee

ALISON MORRIS
Chair of the Audit Committee
13 March 2023

Risk Committee Report

Committee meetings in 2022



● Meeting occurred
● No meeting took place

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 2022 are set out below:

Committee Members	Date of Appointment to the Committee	Attendance
Ian Clark (Chair)	April 2020	5/5
Alison Morris (joined the Committee with effect from May 2022)	May 2022	3/3
Karen Geary	January 2022	5/5
Rebecca Shelley	April 2020	5/5
Andy Pomfret (left the Committee with effect from January 2022)	November 2021	1/1

IAN CLARK
Risk Committee Chair

The Risk Committee (the "Committee")

The Committee comprises of at least three Non-executive Directors of the Group, all of whom are considered to be free of any relationship that would affect their impartiality in carrying out their responsibilities and are considered independent as required under Provision 17 of the Corporate Governance Code (the "Code"), or in the case of the Group's 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 Group may also be invited to attend all or part of a meeting to provide deeper insight into the Group 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 Group's Annual General Meeting. The Chair of the Committee provides an update of the Committee's activities at subsequent meetings of the Board. The Head of Compliance usually acts as Secretary to the Committee, as the Company Secretary is also the Chief Risk Officer. Annually, the Committee reviews its effectiveness, which is then reported to the Board.

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 Group's website at www.sabreplc.co.uk/about-us/corporate-governance and are reviewed by the Committee on an annual basis. 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 ensuring that the Group has robust processes and procedures in place for the identification and management of risk. This includes the monitoring and reviewing the Group's risk management and compliance frameworks, and their controls, and ensuring that there is adequate processes for the identification, evaluation and mitigation of the risks faced by the Group. 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. These include reports from the Chief Risk Officer, the 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 Group's overall risk appetite, tolerance and strategy, and oversees and advises the Board on its risk strategy and current risk exposures. 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.

Risk controls – these are in place and are designed to mitigate the risks that the Group faces, rather than to eliminate the risk of failure to achieve business objectives. The Risk Committee ensures timely action is taken by Management to address matters arising from the risk and compliance assessments.

Principal risks and uncertainties – details of the Group's principal risks and uncertainties are set out on pages 19 to 28 together with information about the management and mitigation of such risks.

Compliance –reviewing the Group's compliance policies and procedures to ensure that the Group complies with relevant regulatory and legal requirements

Data protection – the appointment and removal of the Group's Data Protection Officer, review how the Group 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 Executive Team's management of risk throughout the year.

2022 and the Committee

The Committee was in place throughout the financial year ended 31 December 2022, 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 certain meetings during the year. All meetings were minuted by either the Head of Compliance or the Company Secretary. The Committee Chair also held regular individual meetings with the Chief Risk Officer and the Head of Compliance. Upon her appointment to the Board, Alison Morris joined the Committee with effect from 24 May 2022. Andy Pomfret left the Committee with effect from 27 January 2022. The Board is comfortable that the make-up of the Committee ensures that it is fully able to fulfil its duties.

During the year, the Committee addressed its responsibilities by:

- confirming that Management had fulfilled their obligations regarding the management of the Group's risks;
- 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 Group, including progress against the Compliance Monitoring Plan;
- approving the Group's Compliance Manual;
- reviewing reports from the Group's Data Protection Officer;
- confirming that the Chief Risk Officer, Head of Compliance and Data Protection Officer had fulfilled their obligations regarding their roles;
- reviewing regulatory correspondence;
- reviewing and recommending to the Board the Group's ORSA;
- reviewing the Committee's terms of reference;
- reviewing the annual Committee's evaluation responses and concluded that the Committee was effective; and
- confirming that the Committee had sufficient resources to enable it to complete its responsibilities.

Specific discussions were had by the Committee on:

- Cyber security
- Inflation
- UK economic distress
- FCA's Retail Pricing Review act and its impact on the Group
- FCA Consumer Duty – for further information on this, please see page 50

Sabre's approach to Data Protection

Sabre has a GDPR oversight Committee which is chaired by the 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 Group'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
13 March 2023

Nomination and Governance Committee Report

Committee meetings in 2022

● Meeting occurred
● No meeting took place

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 2022 are set out below:

Committee Members	Date of Appointment to the Committee	Attendance
Andy Pomfret (Chair)	February 2018	3/3
Ian Clark	September 2017	3/3
Karen Geary	December 2020	3/3
Alison Morris*	October 2022	0/0
Michael Koller	September 2020	3/3
Rebecca Shelley	October 2017	3/3

* Alison was appointed to the Committee with effect from October 2022.

ANDY POMFRET
Nomination and Governance Committee Chair

The Nomination and Governance Committee (the "Committee")

The Committee comprises of at least three Non-executive Directors of the Group, 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"). However, for the financial year ended 31 December 2022, all of the Non-executive Directors of the Group sat on the Committee. The Committee is chaired by the Group 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 Group'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 Group's website at 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; and
- 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 Group has and maintains a Diversity Policy (for further information on diversity at Sabre, see page 42), however, when recruiting, the Committee ensures that Board appointments are based on merit regardless of gender, social and ethnic backgrounds.

2022 and the Committee

The Committee was in place throughout the financial year ended 31 December 2022, and met three times. 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, 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. During the year, the Committee agreed to appoint an additional Non-executive Director to the Board after the resignation of Catherine Barton. To do this, the Committee employed Ridgeway Partners, an external search consultancy, to source suitable candidates. The process was led by Andy Pomfret, with the Committee reviewing the potential candidates and several Board Directors interviewing the final shortlist of potential candidates. The Committee recommended to the Board that Alison Morris be appointed as Non-executive Director with effect 1 May 2022. Following her appointment and subject to her receiving regulatory approval, the Committee agreed that Alison Morris would be appointed as Audit Committee Chair. Regulatory approval was received in August 2022, and upon which, Alison was appointed as Audit Committee Chair.

Process followed for the appointment of the Non-executive Directors during 2022

Candidate requirements

The Committee reviewed the experience and skills of the existing Board directors, and considered what additional skills would be beneficial for the Board to enable it to drive the business forward. From this a skills criteria list for the candidates was drawn up.

Appointment of an external search agency

Several external search agencies were considered, and the Committee appointed Ridgeway Partners, an independent external search agency, with no other connection to the Group, to find the suitable candidates. It was felt Ridgeway Partners was the most appropriate agency, as they had worked with the Group on its past two Non-executive Director appointments, therefore understanding the Group and Board dynamics well.

Search process

Ridgeway Partners produced a long list of candidates, which were reviewed by members of the Committee, and a short list of candidates were interviewed by several Board Directors, including the Chair, the Senior Independent Director, and also the Chief Executive Officer and Chief Financial Officer.

Appointment of new Non-executive Director

All interviewers provided feedback on the candidates to the Committee, which discussed the merits of each candidate against the skills criteria list. From this discussion, the Committee proposed to the Board that Alison Morris be appointed to the Board. Following Alison's acceptance of her appointment, the Committee reviewed which committees it would be appropriate for her join and appointed Alison to the Audit and Risk Committees with immediate effect, and the Nomination and Governance Committee later on in 2022.

During the financial year which ended on 31 December 2022 the Committee:

- approved the Nomination and Governance Committee Report in the Annual Report for the year ended 31 December 2021;
- reviewed and recommended the election and re-election of Directors at the Group's 2022 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 Team 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, governance and diversity issues faced by the Group; and
- appointed Karen Geary as the Non-executive Director responsible for employee engagement with effect 1 April 2022. During the year Karen was also appointed as the Group's Consumer Duty Champion.

On behalf of the Nomination and Governance Committee

ANDY POMFRET
Chair of the Nomination and Governance Committee
13 March 2023

Remuneration Committee Report

Committee meetings in 2022

● Meeting occurred
● No meeting took place

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 2022 are set out below:

Committee Members	Date of Appointment to the Committee	Attendance
Rebecca Shelley (Chair)	October 2017	4/4
Michael Koller	September 2020	3/4
Karen Geary	December 2020	4/4

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 2022. Sabre's Executive Team responded swiftly to unprecedented economic conditions through immediate, appropriate action, in order to preserve the future profitability of the business, while laying a solid foundation for growth. The Company has continued to return capital to shareholders in-line with the Group's dividend policy.

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")
- The Annual Report on Remuneration

The Policy was approved by shareholders at the Company's Annual General Meeting in 2021, and the Remuneration Committee Report, the Remuneration Committee Chair's Annual Statement and the Annual Report on Remuneration, which sets out the remuneration outcomes for 2022 is subject to an advisory shareholder vote at the 2023 Annual General Meeting.

The Remuneration Committee (the "Committee")

The Committee comprises of 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. All meetings are minuted by the Company Secretary, unless there is a 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 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

For the financial year that ended on 31 December 2022, the Committee appointed Deloitte LLP ("Deloitte") to provide advice regarding remuneration. 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 £17,000 excluding VAT (2021: £48,750). 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. The fees paid for this work are not included in these totals.

2022 and the Committee

The Committee was in place throughout the financial year ended 31 December 2022, and met four times through the period. The Remuneration Committee was chaired by Rebecca Shelley and all Committee members attended all of the meetings held, apart from Michael Koller, who was unable to attend one meeting. Each meeting was minuted by the Company Secretary. The Chief Executive Officer and the Company Secretary either partially or fully attended all of the Committee meetings. The Committee Chair also held regular individual meetings with the Chief Executive Officer and the Company Secretary.

The Board is comfortable that the make-up of the Committee ensures that it is fully able to fulfil its duties.

During 2022, 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.

During the year, the Committee addressed its responsibilities by:

- approving the prior-year Directors' Remuneration Report
- reviewing and approving the application of the 2021 Remuneration Policy to the financial year ended 31 December 2022
- reviewing and approving the payment of bonuses under the 2021 Short Term Incentive Plan ("STIP"), including approving 50% of the vested award being deferred to the Company's Deferred Bonus Plan ("DBP")
- setting the award levels and the financial, non-financial and individual performance conditions for the awards made under the 2022 STIP and ensuring that they contained objectives relating to ESG
- setting the grant levels and underpins for the awards under the 2022 LTIP
- reviewing and approving any changes to the salaries of the Executive Team
- reviewing remuneration across the Company to ensure that arrangements continue to align with our strategy, our key principles around remuneration and culture
- reviewing and approving the fees of the Chair
- reviewing the Company's SAYE and SIP employee contribution levels
- approving the Company's SAYE 2022 grant
- reviewing and approving the Committee's terms of reference
- reviewing and publishing the Company's Gender Pay Gap Report

Executive remuneration in 2022

The Group has a well-defined strategy, whereby the profitability of business written is prioritised under all market conditions. During 2022, following an extended period where market-wide premium increases continued to lag claims inflation, the entire market experienced sudden, unexpected inflation across the entire cost base, including current and expected claims expenditure. By nature this impacted in-year profitability, however management took immediate, appropriate pricing action to ensure that the impact was limited primarily to the 2022 result. This robust pricing action, taken against a backdrop of pervasive under-pricing in the market, meant that volumes in the motor vehicle book remained supressed during 2022 although overall volumes grew following the launch of the new Motorcycle and Taxi portfolios.

The Remuneration Committee discussed and approved the remuneration outcomes in respect of 2022 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 2022 was based on a profit pool of 2% of Profit Before Tax ("PBT"), subject to the achievement of a minimum level of £35m PBT. The Chief Executive Officer and Chief Financial Officer both delivered good performances against their individual and the Company's strategic objectives, and the Committee was able to review extensive evidence of delivery across these combined objectives. However, as the minimum level of £35m PBT was not achieved there was no payment of the STIP in respect of the 2022 financial year. Further details on bonus outcomes can be found pages 79 to 80.

Performance under the 2020 Long Term Incentive Plan ('LTIP') was measured against Relative TSR (50% weighting) and EPS 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, therefore the LTIP awards will vest at 0%. Further information on the 2020 LTIP can be found on page 81.

Overall, the Committee considered that the outcomes under the 2022 STIP and the 2020 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 79 to 81.

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, motivated and fairly paid workforce. To support this the Committee receives regular updates on remuneration of the Company's employees. The Committee and Company were cognisant of the increased cost of living. To help support our employees with the increase in the cost of living, the Group paid a Cost of Living Allowance of £800 to all employees (outside of the Executive Team) over the five months from October 2022 to February 2023 and arranged financial wellbeing seminars to inform employees around all aspects of their financial wellbeing from debt management, savings accounts and mortgage rates explained, as well as a separate session which looked at the options around retirement and pensions.

During the year the Company reviewed and increased the starting salaries for trainees, and the Company confirms that the Real Living Wage is paid to all full-time employees. As in prior years, during the year the Company gave employees pay rises during the year, within a range of 3.5% and 4.4% (excluding specials) and at an average of 4.1% (excluding specials), paid an employee performance bonus to all employees, and a Christmas bonus of £1,000. In addition, the Group introduced free private health insurance to its employees, which also provides discounted gym memberships, dietary advice, and free workshops promoting a healthier lifestyle and good mental health, and paid employees outside of the Executive Team the Cost of Living Allowance, as discussed previously in this report. Also introduced was a salary extras platform, which provides employees with discounts for a number of supermarkets, retailers or days out, and a technology loan scheme.

The Company continues to operate a SAYE Plan where employees can make a monthly contribution of up to £500 and a 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 2023. During 2022, the free shares granted at the Company's IPO under the Company's SIP award, became available for employees to exercise tax-free.

While 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, in 2019 the Committee made a commitment 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 2022 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**

2022 Annual General Meeting resolution to approve the Directors' Remuneration Report

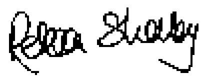
	Total number of votes	% of votes cast
For (including discretionary)	217,681,169	99.85
Against	318,601	0.15
Total votes cast (excluding withheld votes)	217,999,770	87.20
Votes withheld	5,611	n/a
Total votes cast (including withheld votes)	**218,005,381**	**n/a**

Shareholder engagement

Sabre and the Remuneration Committee 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. During 2023, I will meet with shareholders to discuss the development of a new Remuneration Policy, which will be put to shareholder vote in 2024.

I look forward to your support on the resolutions relating to remuneration at the Company's Annual General Meeting in May 2023.

On behalf of the Remuneration Committee



REBECCA SHELLEY
Chair of the Remuneration Committee
13 March 2023

Directors' Remuneration Policy

The Directors' Remuneration Policy (the 'Policy')

The Director's Remuneration Policy was approved by shareholders at the 2021 Annual General Meeting ('AGM'), and will be in place for the financial years which ended on 31 December 2021, 31 December 2022 and the year that will end on 31 December 2023. In line with the requirement to seek approval of the Directors' Remuneration Policy every three years, it is expected that the Company will return to shareholders to seek approval of a Directors' Remuneration Policy at the 2024 AGM. The current Directors' Remuneration Policy is provided in this section for shareholder information and is available on the Company's website at www.sabreplc.co.uk/about-us/corporate-governance/remuneration-committee/

The Executive Directors' remuneration consists of five main components: a base salary, benefits, employer pension contributions, a performance-related annual bonus STIP and Restricted Share Awards made under the Company's 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 72 to 77.

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, while 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.

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

Principle	How the Committee has addressed this
Clarity 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. Further information* – Karen Geary was appointed as the designated Non-executive Director for workforce engagement during 2022, replacing Ian Clark who had served in the role since 2020. Karen actively engages with employees and feeds back to the Committee and the Board on her meetings in order to provide insight on employees' views.
Simplicity 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. Sabre's remuneration framework comprises fixed pay, an annual bonus and a LTIP and is well understood by both participants and our key stakeholders.
Risk 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. Further information* – The Risk Committee reviews the Executive Team's management of risk during the year and advises the Remuneration Committee as appropriate, prior to the Committee approving any awards of payment of bonuses.
Predictability 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.
Proportionality 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.
Alignment of culture 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 RSAs are directly linked to the Group's strategy, objectives and values.

* This further information was not included in the original policy, but is included to provide further information and transparency regarding how the Committee has addressed the requirements under the UK Corporate Governance Code.

Sabre Insurance Group's Directors' Remuneration Policy as set out in this report (the "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 compliance 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 is 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
- complies with corporate governance best practice

Remuneration 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
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. 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. Any salary increases are normally effective from 1 April, each year, in line with the broader workforce.	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. There are specific circumstances in which the Committee could award increases outside this range which may include: – a change in the Executive Director's role and/or responsibilities – performance and/or development in role of the Executive Director – a significant change in the Group's size, composition and/or complexity – a significant change in market practice 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.	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.	Prior to 2022, for incumbent Executive Directors, pension contribution levels would not exceed 17% of an individual's salary, less employer national insurance contribution. From 1 January 2022, the maximum pension contribution for incumbent Executive Directors was 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 76).	The maximum bonus opportunity for Executive Directors is 150% of base salary.	Use of a bonus pool funding approach. The bonus pool is calculated as a percentage of 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 76).	The maximum awards are 75% of base salary for the Chief Executive Officer and 60% of base salary for the Chief Financial Officer.	RSAs 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
Executive Directors are eligible to participate in any all-employee share plans in place, which are operated in line with HMRC requirements. 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.	Participation in the Group's all-employee share plans will be subject to any applicable maximum limits as set by HMRC.	n/a

Shareholding guidelines

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

Operation	Maximum opportunity	Performance measures
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. Shares which may be used to satisfy this requirement include all beneficially-owned shares and vested share awards subject to a holding period. 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. 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. The post-employment guideline applies to shares from incentive awards that have been granted from the date of the adoption of this Policy.	n/a	n/a

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
Fee levels will 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. 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. 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. The fee for the Chair will be determined by the Committee. Fees for Non-executive Directors will be determined by the Chair and the Executive Directors. Total fees will not exceed the limit set out in the Company's Articles of Association.	There is no prescribed maximum fee or annual increase.	n/a

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 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 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 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 2021, the average Company employee pension contribution was 7.5%, and while 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 of a percentage 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 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
Alison Morris	01/05/2022	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, but 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 12 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 prorated 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 ("RSAs")

Unvested LTIP awards, including RSAs 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 Remuneration Policy implemented in 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 SIP. The Company operates both a 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 Company's employees via the designated Non-executive Director responsible for employee engagement. Karen Geary was appointed to this position by the Board during 2022, taking over from Ian Clark. Karen leads on ensuring effective engagement with the workforce and regularly feeds back to the Committee and the Board following her meetings with employees. This process does not currently include an active two-way dialogue with the workforce on executive pay but this 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 which ended on 31 December 2022 (the "2022 financial year").

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 2022
- share plan awards granted during the financial year ended 31 December 2022
- 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 2022.

£'000s

	Salary/fees		Taxable benefits[1]		Pension[2]		Total fixed pay		Short term incentive Plan[3]		Long term incentive Plan[4]		Other[5]		Total variable Pay[6]		Total Remuneration[7]	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Executive Directors																		
Geoff Carter	454	439	3	3	30	66	487	508	0	224	0	–	9	1	9	225	496	733
Adam Westwood	275	258	2	2	20	22	297	282	0	113	0	–	1	–	1	113	298	395
Executive Director total	**729**	**697**	**5**	**5**	**50**	**88**	**784**	**790**	**0**	**337**	**0**	**–**	**10**	**1**	**10**	**338**	**794**	**1,128**
Non-executive Directors																		
Andrew Pomfret	155	150	–	–	–	–	155	150	–	–	–	–	–	–	–	–	155	150
Ian Clark[8]	81	73	–	–	–	–	81	73	–	–	–	–	–	–	–	–	81	73
Karen Geary[9]	64	60	–	–	–	–	64	60	–	–	–	–	–	–	–	–	64	60
Michael Koller	62	60	–	–	–	–	62	60	–	–	–	–	–	–	–	–	62	60
Alison Morris[10]	45	n/a	–	–	–	–	45	n/a	–	–	–	–	–	–	–	–	45	n/a
Rebecca Shelley	82	80	–	–	–	–	82	80	–	–	–	–	–	–	–	–	82	80
Non-executive Director total	**489**	**423**	**–**	**–**	**–**	**–**	**489**	**423**	**–**		**–**	**–**	**–**	**–**	**–**	**–**	**489**	**423**
Total	**1,218**	**1,120**	**5**	**5**	**50**	**88**	**1,273**	**1,213**	**0**	**337**	**0**	**0**	**10**	**1**	**10**	**338**	**1,283**	**1,551**

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

2 As an element of pension is received as cash in lieu, the amount awarded is reduced below the allowed percentage to reflect the additional national insurance cost borne by the Group.

3 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 2022 STIP awards are detailed on pages 79 to 80. Details of the performance targets and performance against the targets for the 2021 STIP awards are detailed in the Annual Report and Accounts for the year ended 31 December 2021. Consistent with the terms of the 2021 Remuneration Policy, 50% of the bonus earned in relation to the financial year ended 31 December 2022 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.

4 Awards made under the LTIP are conditional awards, and paid for performance over the period 1 January 2020 to 31 December 2022. The awards for the LTIP 2020 did not meet the performance conditions, and therefore did not vest. Details of the performance targets and performance against the targets for the 2020 LTIP awards are detailed on page 81.

5 The Company operates a SIP which is open to all employees. 'Other' is the value of matching SIP shares attributable to the year. The Company offers a 1:3 match for Partnership Shares purchased by employees. In 2021, Geoff Carter participated in the SIP up to the maximum extent permitted by HMRC. Adam Westwood did not participate in the SIP in 2021. 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 2021 of £1.838. In 2022, Geoff Carter and Adam Westwood participated in the SIP 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 2022 of £1.064.

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 6.

8 Ian Clark was appointed Audit Committee Chair on an interim basis between 25 November 2021 and 25 August 2022, and his fee is prorated in line with the time served in the position during the 2022 financial year. In addition, with effect from 1 April 2022, Ian Clark stopped being the Non-executive Director responsible for employee engagement and again his fee was prorated in line with the time served in the position during the 2022 financial year.

9 With effect from 1 April 2022, Karen Geary became the Non-executive Director responsible for employee engagement and her fee was prorated in line with the time served in the position during the 2022 financial year.

10 Alison Morris joined the Board with effect from 1 May 2022 and became Audit Committee Chair with effect from 25 August 2022. Her fee was prorated in line with the time served in the positions during the 2022 financial year.

Base salary

The annual salary paid to the Executive Directors with effect from 1 April 2022, is shown in the table below.

Base salary	Annual salary (£) with effect 1 April 2022
Geoff Carter	£458,496
Adam Westwood	£280,000

In late 2021, the Committee reviewed Executive Director salaries for the 2022 financial year, taking into account the individual's role and experience and pay for the broader employee population. The Committee decided to increase Geoff Carter's salary by 4%, which was 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. Details of the salaries that will apply in 2023 are provided on page 86 and 87.

Pension

In late 2021, the Committee reduced the Executive Directors' pension allowance to align with the average employee rate with effect 1 January 2022. During the 2022 financial year, Geoff Carter and Adam Westwood received pension contributions of 7.5% of their base salaries respectively, in line with the average employee rate. Details of the pension contributions that will apply in 2023 are provided on page 86.

Short Term Incentive Plan ('STIP')

Framework and outcomes for the financial year ended 31 December 2022

For the financial year ended 31 December 2022 the Executive Directors were eligible to participate in the Company's STIP, which was based on a bonus pool funding approach, calculated as 2% of PBT, subject to a minimum hurdle of £35m PBT being achieved. For 2022 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 achievement against financial targets (PBT) and 30% achievement 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 2022 financial year was £12.7m, therefore the minimum hurdle was not met and the profit pool was not available for distribution to the Executive Directors. The Committee reviewed the Company and individual performance in the year, and determined not to exercise its discretion to override the target threshold of £35m or to adjust bonus outcomes.

The non-financial targets set for the Company, 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 while 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 93.75% and 91.87% respectively. However, as the PBT performance threshold for the 2022 financial year was not reached, awards under the STIP did not vest.

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 by any one individual are identified. Taken holistically, the Committee considered a score of 75% against these objectives to be appropriate.

Non-financial measure	Weighting as a % of total bonus opportunity	Performance	Commentary on performance	Actual bonus payable as a % of total bonus opportunity
Strategic Focus Maintaining focus on retaining a Combined Operating Ratio ('COR') position within target range and optimising volumes as market dynamics play out following the implementation of the FCA pricing reforms and anticipated hardening market.	15%	75%	Maintained firm focus on the Company strategy, as evidenced by early call regarding inflation and corrective action on pricing and reserving which is intended to protect the COR delivery into the future. However, the Committee noted that this was not able to mitigate the impacts of such a rapid increase in inflation in the year that the inflation hit.	n/a
Customer and Partners Maintain a high-quality service in direct and outsourced processes, ensuring customers are dealt with fairly.			Clear evidence of high-quality service through KPIs on internal and external outsourced functions. Progress made with further enhancements in identifying vulnerable customers and modifying processes appropriately.	
Environmental, Social and Governance Continue to enhance our approach to ESG requirements, with an increased focus on environmental impacts and stakeholder expectations.			Strong progress made in ESG, notably the implementation of the Task Force on Climate Related Financial Disclosures ('TCFD'). Further information on the Company's ESG Strategy can be found on pages 44 to 49.	
People 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 and ensure a successful return to primarily office-based working.			During the year there have been continued enhancements for employees, as discussed in the 'Our People' Report on pages 40 to 42. Management have continued strong engagement and communication with employees through the year, and the positive impact of this has been seen in employee polls.	
Development of the Business Ensure that the new material product areas (Motorcycle and Taxi) are embedded effectively into the business operations and perform in line with expectations.			The Motorcycle and Taxi products are now fully embedded into the Company's Claims and Financial processes. It is noted that the Motorcycle product required further focus to get it to a sustainable profit level, and both products are now writing within profitability targets.	
Risk and Compliance Comply with existing and emerging regulatory requirements, and successfully manage risk and compliance across the Group.			The Company has a good relationship with its regulators and has made strong progress on meeting the requirements of the Operational Resilience and Consumer Duty regulations. The Company received a positive audit on its work relating to the implementation of the FCA's Pricing Principals Requirements.	

Non-financial objectives relating to the individual

Geoff Carter	Weighting as a % of personal/strategic bonus opportunity	Commentary on performance	Actual performance
Objectives			
Ensure progress of the agreed strategic developments initiatives, with a specific focus on ensuring the business maintains strong underwriting foundations alongside medium term growth opportunities.	25%	Maintained firm focus on the Company strategy, as evidenced by early call regarding inflation and corrective action on pricing and reserving. However, the Committee noted that this was not able to mitigate the impacts of inflation in the year that the inflation hit. It was agreed by Management to sacrifice volumes, to protect the long term interest and success of the business.	90%
Ensure Executive Team continued effectiveness and positive engagement with the board.	25%	The Board considered that the engagement between Management and the Board had remained strong throughout the year, notably their fast responses regarding the corrective action to deal with inflation.	100%
Ensure the business effectively embeds new product areas (Motorcycle and Taxi) and specifically build relationships with new key partners to ensure mutually beneficial developments.	25%	The Motorcycle and Taxi products are now fully embedded into the Company's Claims and Financial processes. It is noted that the Motorcycle product required further focus to get it to a sustainable profit level, and both products are now writing within profitability targets.	100%
Ensure positive relationships are maintained with key stakeholders, specifically including the PRA, covering analysts and key investors.	25%	The Company has a good relationship with its regulators and has made strong progress on meeting the requirements of the Operational Resilience and Consumer Duty regulations. The Company received a positive audit on its work relating to the implementation of the FCA's Pricing Principals Requirements. Geoff has also maintained good relations with the Company's analysts, and presented at a number of investor conferences.	85%
Total % of personal/strategic objectives	100%		93.75%

Adam Westwood	Weighting as a % of personal/strategic bonus opportunity		Actual performance
Objectives			
Continue to 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 implementation on track and limited external support required	95%
Further enhance automation within Finance, in both transactional processing and reporting.	25%	The Finance Team continue to increase their efficiency with further enhancements being made to the Team and increasing levels of automation, including IFRS 9 analysis and journal postings, segmental reporting by product line and the implementation of Employment Hero, enhancing the automation of payroll reporting.	85%
Maintain strong relationships with analysts and investors, ensuring that guidance is clear and well understood.	25%	The Company has a good relationship with its regulators and has made strong progress on meeting the requirements of the Operational Resilience and Consumer Duty regulations. The Company received a positive audit on its work relating to the implementation of the FCA's Pricing Principals Requirements. Adam has maintained good relations with the Company's investors and analysts, with regular dialogue throughout the year.	90%
Continue the development of a carbon-neutral roadmap for the Company, which includes a staged transition and ambitious yet achievable targets.	12.5%	Strong progress made in ESG, notably the implementation of the Task Force on Climate Related Financial Disclosures ('TCFD'). Further information on the Company's ESG Strategy can be found on pages 44 to 49.	100%
Ensure financial accounting and reporting for new product areas (Motorcycle and Taxi) is effectively implemented.	12.5%	Both products are now fully embedded in the financial processes and are working as required.	95%
Total % of personal/strategic objectives	100%		91.87%

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 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, 2022 was a challenging year for motor insurers, with the unexpected rapid increase in inflation having increased the costs associated with policies already written and therefore impacted the Group's COR. This, along with the first-year performance of the motorcycle and taxi lines generated a reduction in profit year-on-year, albeit with the business having returned to growth for the first time since 2017. Within this context, the Committee considers the 2022 results to be acceptable and in the market context, creditable. Management identified the increasing levels of inflation quickly, and took rapid, appropriate action in response, allowing the Group to expect a return to higher levels of profitability in the coming year.

The Committee believes that the annual bonus outcomes are a fair reflection of Company performance in the year and the overall shareholder experience, and therefore has not exercised its discretion to adjust the awards.

Long Term Incentive Plan ("LTIP")

Vesting of awards under the LTIP in the financial year ended 31 December 2022

Shortly prior to Admission, shareholders approved the introduction of the Sabre 2017 LTIP. The third award under the 2017 LTIP was granted in 2020 based on performance over three years up to 31 December 2022. 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	Maximum	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%	48.6p	54p	59.4p	32.13p	0%

The Committee reviewed the formulaic outcomes 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 2020 LTIP should not vest.

Granting of awards under the LTIP in the financial year ended 31 December 2022 (audited)

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 2022. The awards were granted in the form of restricted shares awards (as conditional 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, 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 7 April 2022:

Executive Director	Basis of award	Face value	Shares over which conditional awards were granted[1]	Performance underpin	Period over which underpin assessed
Geoff Carter	75% of salary	£343,947	145,802	Subject to the underpins detailed above	1 January 2022 to 31 December 2024
Adam Westwood	60% of salary	£167,998	71,216	Subject to the underpins detailed above	1 January 2022 to 31 December 2024

1 The number of shares granted was calculated on the average share price of the five working days immediately preceding the date of grant of £2.359 as conditional awards.

External appointments

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 with their current role.

Payments to past directors and payments for loss of office (audited)

As disclosed in the 2021 Annual Report and Accounts, Catherine Barton resigned from the Board in November 2021 and a payment of £5,833 was made to her in the 2022 financial year in line with the three months' notice period in her letter of appointment. No other payments were made to past directors or in respect of loss of office during the year.

Sourcing of shares and dilution limits

The terms of the Group's share plans 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 SAYE Plan, the SIP 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 2022 Sabre was operating within these limits.

Vested share awards and outstanding share awards granted during the 2022 financial year (audited)

Details of awards granted during the year are detailed below.

Long Term Incentive Plan ("LTIP")

Director		Holding on 1 January 2022	Granted during the Year	Option price (£)	Exercised during the year	Lapsed	Market price at exercise date (£)	Holding on 31 December 2022	Date of grant	Share price on date of grant (£)	Vesting date	Gain on vesting (£)
Geoff Carter	2019	183,575	0	n/a	n/a	183,575	n/a	0	11 April 2019	2.894	n/a	n/a
	2020	193,819	0	n/a	n/a	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 and the third anniversary of grant. An additional two-year holding period applies to these awards, once vested. These are conditional share awards.	n/a
	2021	126,539	0	n/a	n/a	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 and the third anniversary of grant. An additional two-year holding period applies to these awards, once vested. These are conditional share awards.	n/a
	2022	0	145,802	n/a	n/a	0	n/a	145,802	07 April 2022	2.359	At a date agreed by the Committee, which is after the release of the results for the year ended 31 December 2024 and the third anniversary of grant. An additional two-year holding period applies to these awards, once vested. These are conditional share awards.	n/a
	Total	**503,933**	**145,802**	**n/a**	**n/a**	**183,575**	**n/a**	**466,160**	–	–	–	**n/a**
Adam Westwood	2019	86,388	0	n/a	n/a	86,388	n/a	0	11 April 2019	2.894		n/a
	2020	91,208	0	n/a	n/a	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 and the third anniversary of grant. An additional two-year holding period applies to these awards, once vested. These are conditional share awards.	n/a
	2021	59,548	0	n/a	n/a	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 and the third anniversary of grant. An additional two-year holding period applies to these awards, once vested. These are conditional share awards.	n/a
	2022	0	71,216	n/a	n/a	0	n/a	71,216	7 April 2022	2.359	At a date agreed by the Committee, which is after the release of the results for the year ended 31 December 2024 and the third anniversary of grant. An additional two-year holding period applies to these awards, once vested. These are conditional share awards.	n/a
	Total	**237,144**	**71,216**	**n/a**	**n/a**	**86,388**	**n/a**	**221,972**	–	–	–	**n/a**

Deferred Bonus Plan ("DBP") – Granted related to the 2022 financial year

Director	Number of shares granted during the year	Share price used at date of grant[1] (£)	Face value of award at grant[2] (£)	Date of grant	Release date
Geoff Carter	47,557	2.359	112,187	7 April 2022	7 April 2024
Adam Westwood	24,008	2.359	56,635	7 April 2022	7 April 2024

1 The share price of £2.359 represents the average share price of the five working days immediately prior to the date of the grant and the award is a conditional award.

2 Represents 50% of the 2021 STIP award that was deferred into shares.

Save As You Earn ("SAYE") Plan

Director		Holding on 1 January 2022	Granted during the year	Option price (£)	Exercised during the year	Lapsed	Market price at exercise date (£)	Holding as at 31 December 2022	Date of grant	Share price on date of grant (£)	Exercisable period	Gain on exercise (£)
Geoff Carter	2019	3,174	0	2.268	0	3,174	n/a	0	30 April 2019	2.660	1 July 2022 to 31 December 2022	0
	2020	808	0	2.226	0	808	n/a	0	12 May 2020	2.840	1 July 2023 to 31 December 2023	n/a
	2021	4,680	0	1.923	0	4,680	n/a	0	21 April 2021	2.690	1 July 2024 to 31 December 2024	n/a
	2022	0	3,970	1.813	0	0	n/a	3,970	26 April 2022	2.11	1 July 2025 to 31 December 2025	n/a
	Total	**8,662**	**3,970**	**n/a**	**0**	**8,662**	**n/a**	**3,970**	**–**	**–**	**–**	**n/a**
Adam Westwood												
	2019	0	0	n/a	0	0	n/a	0	–	–	–	n/a
	2020	0	0	n/a	0	0	n/a	0	–	–	–	n/a
	2021	9,360	0	1.923	0	9,360	n/a	0	21 April 2021	2.690	1 July 2024 to 31 December 2025	n/a
	2022	0	0	n/a	0	0	n/a	0	–	–	–	n/a
	Total	**9,360**	**0**	**n/a**	**0**	**9,360**	**n/a**	**0**	**–**	**–**	**–**	**n/a**

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 2022	Vesting date	Gain on exercise (£'000)
Geoff Carter	1,236	642	1,878	n/a	n/a	n/a	4,526	Shares can be exercised with effect from the third anniversary of their grant	n/a
Adam Westwood	780	406	1,186	n/a	n/a	n/a	2,164	Shares can be exercised with effect from the third anniversary of their grant	n/a

During the period between 31 December 2022 and 12 March 2023, being the latest practicable date prior to publication of this Annual Report, the following changes to the above table occurred:

- Geoff Carter purchased an additional 294 shares under the Share Incentive Plan ('SIP') and was awarded an additional 98 shares in the form of matching shares, taking the number of unvested shares not subject to performance as at 12 March 2023 to 4,918.

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 2022 are set out in the table below:

Director	Number of unvested shares subject to performance/ underpins as at 31 December 2022	Number of unvested shares not subject to performance as at 31 December 2022[1]	Number of shares held under the Deferred Bonus Plan as at 31 December 2022	Number of shares held as at 31 December 2022	Number of shares held as at 31 December 2021	Shareholding requirement as a % of salary	Shareholding as a % of salary achieved at 31 December 2022[2]
Current Directors							
Geoff Carter	466,160	8,496	117,167	1,609,317	1,591,165	200%	373%
Adam Westwood	221,972	2,164	64,955	686,267	658,320	200%	261%
Andy Pomfret	n/a	n/a	n/a	174,278	81,278	n/a	n/a
Ian Clark	n/a	n/a	n/a	303,006	303,006	n/a	n/a
Karen Geary	n/a	n/a	n/a	0	0	n/a	n/a
Alison Morris	n/a	n/a	n/a	9,282	n/a	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	17,271	15,521	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 £1.06 (as at 31 December 2022).

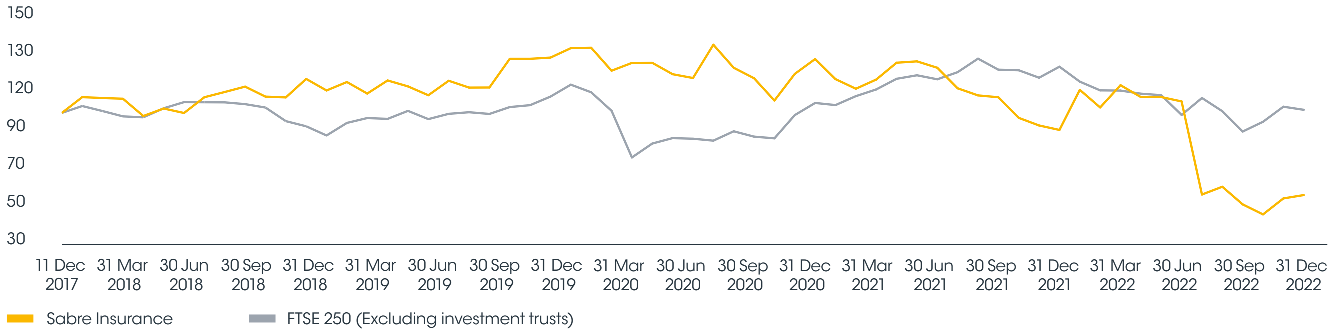
During the period between 31 December 2022 and 12 March 2023, being the latest practicable date prior to publication of this Annual Report, the following changes to the above table occurred:

- Geoff Carter purchased an additional 294 shares under the Share Incentive Plan ('SIP') and was awarded an additional 98 shares in the form of matching shares, taking the number of unvested shares not subject to performance as at 12 March 2023 to 4,918.

Company performance – relative total shareholder return ("TSR")

The graph below shows Sabre's relative TSR performance from Admission to 31 December 2022 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



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 2022 and 2021.

	2021 to 2022			2020 to 2021			2019 to 2020		
	Salary/fees	Taxable benefits	Annual bonus	Salary/fees	Taxable benefits	Annual bonus	Salary/fees	Taxable benefits	Annual bonus
Geoff Carter	3.3%	11.8%	-100.0%	1.6%	34.2%	-63.2%	3.2%	0%	0%
Adam Westwood	6.4%	25.1%	-100.0%	1.6%	59.9%	-71.0%	4.2%	0%	103.1%
Andy Pomfret[1]	3.3%	n/a	n/a	55.2%	n/a	n/a	38.1%	n/a	n/a
Ian Clark[2]	11.0%	n/a	n/a	3.2%	n/a	n/a	-11.6%	n/a	n/a
Karen Geary[3]	6.7%	n/a	n/a	1371.7%	n/a	n/a	n/a	n/a	n/a
Alison Morris[4]	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Michael Koller[5]	3.3%	n/a	n/a	200%	n/a	n/a	n/a	n/a	n/a
Rebecca Shelley[6]	2.5%	n/a	n/a	9.1%	n/a	n/a	4.8%	n/a	n/a
Average of all employees	0.3%	102.4%	0.3%	2.1%	8.1%	-27.6%	2.2%	-1.4%	15.4%

1 The increase in Andy Pomfret's salary from 2020 to 2021 is due to him completing a whole financial year in this position as Company Chair.
2 Changes in Ian Clark's salary reflect him being appointed as Audit Committee Chair in January 2022 for an interim period, and stepping down with effect from April 2022 as the Non-executive Director responsible for employee engagement
3 Change in Karen Geary's salary reflect her being appointed as the Non-executive Director responsible for employee engagement in April 2022. Karen Geary was appointed to the Board during the year which ended on 31 December 2020, and the annualised basis of her salary change from 2020 to 2021, was 0%.
4 Alison Morris was appointed during the 2022 financial year, and therefore no figures for 2020 to 2021 are included. On an annualised basis, Alison Morris' salary changed by 0% between 2021 and 2022.
5 Michael Koller was appointed to the Board during the year which ended on 31 December 2020, and the annualised basis of his salary change from 2020 to 2021, was 0%.
6 The change in salary for Rebecca Shelley from 2020 to 2021 is due to her completing a whole financial year in the position as Senior Independent Director, which she was appointed to in 2020.

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.

During 2022, all employees received a salary at or above the National Living Wage and were eligible to receive a performance-related bonus. In addition to this, the Company paid a Christmas bonus to all employees (apart from the Executive Directors), of net value of £1,000. Further, to support employees in the current difficult external environment, all employees, apart from the Executive Team, received a cost of living payment of £800, which was paid over a period of five months from October 2022. The Company maintained payment of the Company's dividend in line with the Company's Dividend Policy.

Chief Executive Officer's single figure of remuneration

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

	2022 (£)	2021 (£)	2020 (£)	2019 (£)	2018 (£)	2017 (£)
Single figure of remuneration	496k	733k	1,110k	821k	760k	251k
Annual bonus pay out (as a % of maximum opportunity)	0%	33.9%	62.2%	63.1%	73.0%	n/a
LTIP vesting (as a % of maximum opportunity)	0%	0%	50%	n/a	n/a	n/a

Chief Executive Officer's 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 Full Time Equivalent ('FTE') employee, as well as FTE 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 FTE 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 2022. The Chief Executive Officer's pay is as per the single total figure of remuneration for 2022, as disclosed earlier in this report. Employee full-time equivalent salaries have been calculating 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
2019				
Pay ratio	821	33.3:1	19.2:1	12.3:1
Remuneration values		24,643	42,651	66,846
2020				
Pay ratio	1,109	42.3:1	25.6:1	16.2:1
Remuneration values		26,196	43,273	68,283
2021				
Pay ratio	733	23.9:1	16:1	10.6:1
Remuneration values		30,635	45,927	68,868
2022				
Pay ratio	496	16.3:1	11.3:1	7.9:1
Remuneration values		27,905	40,306	57,552

Salary

	Chief Executive Officer's salary (£'000)	25th percentile	50th percentile	75th percentile
2022				
Pay ratio	454	18.4:1	12.6:1	8.9:1
Remuneration values		24,653	36,188	50,846

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.

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	2022	2021	Change
Total employee remuneration[1]	£12.5m	£12.3m	£0.2m
Shareholder distributions	£30.1m	£38.3m[2]	(£8.2m)

1 Total employee cost.
2 Includes dividends paid during the financial year which ended on 31 December 2021.

Implementation of the Policy in 2023

The below sets out how the Committee intends to operate the Remuneration Policy for the year ending 31 December 2023.

Salaries

The Executive Directors' salaries were reviewed during the year. The Committee decided to increase Geoff Carter and Adam Westwood's salaries by 5.5%, which was less than the average employee increase. The average salary increase for employees was 6.04%, with a range between 5.2% and 8.2%, ensuring the lowest paid employees received the greatest increase.

The revised salaries, with effect from 1 April 2023, are £483,713.28 for Geoff Carter, and £295,400 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, took into account the experience of employees across the Group, and were conscious of the cost of living crisis and increase in inflation. 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 2023	Salary as at 31 December 2022	Increase
Geoff Carter	£483,713	£458,496	5.5%
Adam Westwood	£295,400	£280,000	5.5%

Benefits

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

Pension

Pension contributions made to the Executive Directors are aligned with the average employee rate of 7.5% of salary as at effect from 1 January 2022, and this rate will be used for pension contributions to the Executive Directors in 2023.

Short Term Incentive Plan ("STIP")

In line with the Directors' Remuneration Policy, the Committee will use a bonus pool funding and allocation approach for awards in 2023 for the STIP. The Committee reviewed the bonus pool structure for 2023 and felt that, in recognition of the structural industry changes as a result of COVID-19 and subsequent high inflation period, some amendments were required to the way the bonus pool is structured to ensure the STIP remained a core tool to support the motivation and retention of our Executive Directors going forward.

In line with the Policy, the pool will continue to be calculated as a percentage of PBT, subject to a minimum level of PBT being achieved. For 2023, if 10% Return On Tangible Equity ('ROTE') is achieved, a pool of 1.5% of PBT will be available for the Executive Directors. The maximum bonus opportunity for Executive Directors will remain 150% of salary. There will be a second pool for Senior Managers separate to the pool available to Executive Directors.

The Executive Directors will be eligible to receive STIP awards of up to 150% of salary in 2023. 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 ("LTIP")

LTIP awards in 2023 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 these will vest after three years, with an additional holding period of two years.

Awards granted in 2023 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 the Committee will 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

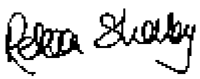
The range of salary increases for employees was between 5.2% and 8.2%, and the average salary increase was 6.04%. The Committee reviewed the Chair's fee in light of the time commitment required of the role and agreed to increase the fees by 5.5%, which was less than the average employee increase, with effect 1 April 2023. 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 5.5%, which was less than the average employee increase, with effect 1 April 2023.

The fees which will apply in 2023 are as follows:

Role	Fee (£) 2023	Fee (£) 2022
Chair fee (all-inclusive fee)	164,580	156,000
Non-executive Director base fee	65,832	62,400
Senior Independent Director fee	10,972	10,400
Committee Chair fee	10,972	10,400
Designated Employee Representative Non-executive Director	3,291	3,120
Committee member fee	n/a	n/a

The Chair and Non-executive Directors' fees for the financial year ended 31 December 2023 are therefore:

Director	Reason for fee	Total annual fee (£)
Andy Pomfret	Company Chair	164,580
Ian Clark	Non-executive Director Risk Committee Chair	76,804
Karen Geary	Non-executive Director Designated Non-executive Director for Employee Engagement	69,123
Alison Morris	Non-executive Director Audit Committee Chair	76,804
Michael Koller	Non-executive Director	65,832
Rebecca Shelley	Non-executive Director Senior Independent Director Remuneration Committee Chair	87,776



REBECCA SHELLEY
Chair of the Remuneration Committee on behalf of the Board
13 March 2023

Directors' Report

The Directors' Report for the period ended 31 December 2022 (the "2022 financial year") comprises the report set out on pages 88 to 90 and the Directors' and Officers' Responsibility Statement on page 91 together with the following sections of this Annual Report:

The Strategic Report

Pages 2 to 50 which comprise:

- the Chair's Letter on page 6
- the Chief Executive Officer's Review on pages 10 to 12
- the Principal Risks and Uncertainties on pages 19 to 28
- the Viability Statement on pages 29 to 30
- the Chief Financial Officer's Review on pages 35 to 37
- the Responsibility and Sustainability Report on pages 38 to 49

The Governance Report

Pages 51 to 91 which comprise:

- the Chair's Governance Letter on page 52
- the Biographies pages 53 to 55
- the Governance Report on pages 56 to 61
- the Committee Report on pages 62 to 87
- the Directors' Report on pages 88 to 90
- the Statement of directors' responsibilities on page 91

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

Ian Clark

Karen Geary

Michael Koller

Alison Morris

Rebecca Shelley

The members of the Board of Directors, their biographical details and the dates of their appointment are set out on pages 53 to 55 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 their 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 56 to 61 and the Nomination and Governance Committee Report on pages 67 to 68.

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 78 to 87 and the contracts are available for inspection by shareholders at the Group's registered office and at the Group's Annual General Meeting.

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 78 to 87 of the Annual Report and the terms of appointment are available for inspection by shareholders at the Group's registered office and at the Group's Annual General Meeting.

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 78 to 87 of this Annual Report.

No such payments were made during the financial year ended 31 December 2022.

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

Shares

Share capital

The Group has one class of ordinary voting shares in issue.

As at 31 December 2022, 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 25 May 2022, 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 2023 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 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 2023 Annual General Meeting. During 2022, no shares were bought under this authority. The Board is proposing to renew this authority at the 2023 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 2022 financial year had the following interests (including family interests) in the Ordinary Shares of the Company:

Name of Director	31 December 2022	31 December 2021
Geoff Carter	1,609,317	1,591,165
Ian Clark	303,006	303,006
Karen Geary	0	0
Michael Koller	0	0
Alison Morris	9,282	n/a
Andy Pomfret	174,278	81,278
Rebecca Shelley	17,271	15,521
Adam Westwood	686,267	658,320

The Directors, as employees and potential beneficiaries, have an interest in 880,914 shares held by the Sabre Insurance Group Employee Benefit Trust (offshore) and the Group's SIP Trust (onshore) as at 31 December 2022. As at 31 December 2022, the Sabre Insurance Group Employee Benefit Trust held 1,431,576 Ordinary Shares and the Group's SIP Trust held 301,608 Ordinary Shares. It is anticipated that these shares, which 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 78 to 87.

There were no changes in the interests of Directors between 31 December 2022 and 13 March 2023 (the latest practical date, prior to the release of this Annual Report).

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 Group's website www.sabreplc.co.uk/investors/regulatory-news.

At 31 December 2022, 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	%
Aberforth Partners LLP	12,915,737	5.17
Aviva plc and its subsidiaries	24,947,347	9.98
Axa Investment Managers	12,291,762	4.92
Companies owned by Old Mutual plc	12,870,464	5.14
FMR LLC	12,546,431	5.01
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
Wellington Management Group LLP	11,983,350	4.79
Unicorn Asset Management Limited	12,050,000	4.82

During the period between 31 December 2022 and 13 March 2023, 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
11/01/2023	Gresham House Asset Management Ltd	12,704,600	5.08%	Increase

Results and dividends

The audited accounts for the year ended 31 December 2022 are set out on pages 92 to 172. The Group profit after tax for the year was £10.1m (2021: £30.1m).

The Directors recommend a final dividend of 0p (2021: 4.7p) and a special dividend of 1.7p (2021: 4.6p).

The total dividend for the 2022 financial year, including the proposed special dividend and interim dividend paid in 2022 is 4.5p (2021: 13.0p).

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

Fewer than 250 individuals were employed by the Group in each week during the financial year to which this Annual Report relates (further details regarding the Group's employees are set out in the Responsibility and Sustainability section of this report on pages 38 to 49 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 38 to 49 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 109 to 137 of this Annual Report.

Events after the balance sheet date

Refer to Note 22 of the Consolidated Financial Statements on page 162 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 43 of this Annual Report amounted, in aggregate, to £23,713 (2021: £22,180). The Group made no political donations during the year (2021: £0).

Annual General Meeting

The Annual General Meeting is the Group's principal forum for communication with shareholders and the Directors will be available to answer shareholders' questions at the meeting.

The 2023 Annual General Meeting will be held at 9:30am on Thursday 25 May 2023. Full details about the 2023 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 Group's website at www.sabreplc.co.uk/investors/annual-general-meeting

Independent auditor

The auditor of the Group, PwC, has indicated their willingness to continue in office, and resolutions to re-appoint PwC and to fix their remuneration will be proposed at the 2023 Annual General Meeting.

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	82
9.8.4 (12) R 9.8.4 (13) R	Details of dividends waived	151

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 2022 were 6 days (2021: 7 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 29 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 2024 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

13 March 2023

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and Accounts 2022 and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and the Company financial statements in accordance with UK-adopted international accounting standards.

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

Each of the directors, whose names and functions are listed on pages 53 and 55 of this Annual Report confirm that, to the best of their knowledge:

- the Group and Company financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities and financial position of the Group and Company, and of the profit of the Group; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

This Responsibility Statement was approved by the Board of Directors on 13 March 2023 and is signed on its behalf by:

GEOFF CARTER
Chief Executive Officer
13 March 2023

ADAM WESTWOOD
Chief Financial Officer
13 March 2023

Financial Statements

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.

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.

Independent auditors' report to the members of Sabre Insurance Group plc

Report on the audit of the financial statements

Opinion

In our opinion, Sabre Insurance Group plc's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2022 and of the group's profit and the group's and company's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the Consolidated and Parent Company Statements of Financial Position as at 31 December 2022; the Consolidated Profit or Loss Account and Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Changes in Equity, and the Consolidated and Parent Company Statements of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in Note 8.4, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Our audit approach

Context

In addition to forming this opinion, in this report we have also provided information on how we approached our first year of audit, and details of the significant discussions that we had with the Audit Committee.

Overview

Audit scope

- Our audit scope has been determined to provide coverage of all material financial statement line items; and
- In designing our audit, we have considered the impacts that climate change could have on the Group, including the physical and transitional risks which could arise. In particular, we have assessed the impacts on reporting of the commitments related to climate change which the Group has made.

Key audit matters

- Valuation of the provision for gross claims incurred but not reported ('IBNR') and gross claims incurred but not enough reported ('IBNER') (together 'IBNR') reserves (group)
- Valuation of Investment in Subsidiaries (parent)

Independent Auditor's Report to the members of Sabre Insurance Group plc continued

Materiality

- Overall group materiality: £1.65m based on 5% of the three year average group profit before tax.
- Overall company materiality: £5.8m based on 1% of net assets.
- Performance materiality: £1.24m (group) and £4.4m (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the 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) identified by the auditors, including 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, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Valuation of the provision for gross claims incurred but not reported ('IBNR') and gross claims incurred but not enough reported ('IBNER) (together 'IBNR') reserves (group) Refer to Note 3 *Insurance Liabilities and Reinsurance Assets*, specifically the accounting policy and Note 3.1, of the Consolidated financial statements. The valuation of IBNR reserves involves a significant degree of judgement. The liabilities are based on the estimated ultimate cost of all claims incurred but not settled at 31 December 2022, whether reported or not, together with the related claims handling costs. If the case estimates are initially held in excess of a best estimate, this will result in a negative IBNER. A range of methods may be used to determine these provisions. Underlying these methods are a number of explicit or implicit assumptions relating to the expected settlement amount and settlement patterns of claims. This includes assumptions relating to the settlement of personal injury lump sum compensation amounts. Additionally, IBNR reserves will be affected by the level of inflation, both future and current, as claims are settled. General inflation is currently higher than it has been for several years and has impacted claims settlements through higher costs of vehicle parts and replacement vehicles. Claims settlements are also likely to be impacted by future inflation particularly through higher costs of care for injury associated claims.	In performing our audit work over the valuation of claims IBNR reserves we have used actuarial specialists as part of our team to conduct elements of the testing. Our procedures included: – Understanding management's process and controls related to claims IBNR reserves; – Testing the underlying data to source documentation on a sample basis; – Developing independent point estimates for certain larger or higher risk classes as at 30 September 2022 and performing roll-forward testing to 31 December 2022; – Performing a methodology and assumptions review of the Periodic Payment Order ('PPO') reserves; – For inflation, testing management's assessment of future inflation within the claims IBNR reserves by comparing to our own independent estimate; and – Assessing the disclosures in the financial statements. Based on the work performed and evidence obtained, we consider the methodology and assumptions used to calculate the claims IBNR reserves to be appropriate.
Valuation of Investment in Subsidiary undertakings (parent) Refer to Note 2.1 *Investment in subsidiary undertakings* of the Parent Company financial statements. In the Company's statement of financial position, investment in subsidiary undertakings are reported at cost less any impairment. The investment in subsidiary undertakings is the largest asset on the parent company's statement of financial position. The impairment analysis involves a significant degree of judgement.	In respect to the carrying value of investment in subsidiary undertakings our procedures included: – Assessing investment in subsidiary undertakings for indication of impairment considering our understanding of the business; – Challenging and testing management's valuation of the subsidiary undertakings including reviewing the appropriateness of the assumptions, sensitivity analysis, and testing the underlying source data used in management's valuation; and – Assessing the disclosures in the financial statements. Based on the work performed and the evidence obtained, we consider the carrying value of investment in subsidiary undertakings to be appropriate.

Independent Auditor's Report to the members of Sabre Insurance Group plc continued

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Based on the output of our risk assessment, along with our understanding of the Sabre Insurance Group structure, we performed a full scope audit over Sabre Insurance Company Limited.

The impact of climate risk on our audit

We have made enquiries of management in order to understand the extent of the impact of climate change risks and the commitments made by the Group in the Group's financial statements. As part of this, we have reviewed management's assessment of climate risk. We have also made enquiries to understand, and performed a risk assessment in respect of, the commitments made by the Group and how these may affect the financial statements and the audit procedures that we perform. We have assessed the risks of material misstatement to the financial statements as a result of climate change and concluded that for the year ended 31 December 2022, the main audit risks are related to consistency of disclosures included within the Annual Report and 'other information' including the Task Force on Climate-related Financial Disclosure ('TCFD') disclosures. As a result of this assessment, we concluded that there was no impact on our key audit matters.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – group	Financial statements – company
Overall materiality	£1.65m.	£5.8m.
How we determined it	5% of the three year average group profit before tax	1% of net assets
Rationale for benchmark applied	In determining our materiality, we considered financial metrics which we believed to be relevant, and concluded, consistent with prior year, that Group profit before tax was the most relevant benchmark. For the year ended 31 December 2022, we have determined that a 3-year average of this metric is most appropriate as it normalises the impact of one off events such as the current year inflation shock and provides more consistency.	In determining our materiality, we considered financial metrics which we believed to be relevant and concluded that net assets was the most appropriate benchmark.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The group consists primarily of one component, Sabre Insurance Company Limited to which we allocated materiality of £1,649,549.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £1.24m for the group financial statements and £4.4m for the company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £82,560 (group audit) and £291,000 (company audit) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Independent Auditor's Report to the members of Sabre Insurance Group plc continued

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining the Directors' Going Concern assessment and challenged the rationale for the downside scenarios adopted and material assumptions made using our knowledge of Sabre's business performance, review of regulatory correspondence and obtaining further corroborating evidence;
- Considered management's assessment of the regulatory Solvency coverage and liquidity position; and
- Considered information obtained during the course of the audit and publicly available market information to identify any evidence that would contradict management's assessment of going concern.

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's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

In relation to the directors' 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.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information, which includes reporting based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the Annual Report on Directors' Remuneration to be audited has been properly prepared in accordance with the Companies Act 2006.

Independent Auditor's Report to the members of Sabre Insurance Group plc continued

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

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 and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group and company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

In addition, 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 and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Independent Auditor's Report to the members of Sabre Insurance Group plc continued

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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's and the 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 company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to regulatory principles, such as those governed by the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companys Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management bias in accounting estimates and judgemental areas of the financial statements as shown in the 'Key Audit Matters'. Audit procedures performed by the engagement team included:

- Discussions with the Board, management, and Internal Audit function including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluation and testing of the operating effectiveness of management's controls designed to prevent and detect irregularities;
- Reviewing relevant meeting minutes including those of the Board of Directors, Audit, Risk, Nomination and Remuneration Committees;
- Identifying and testing journal entries based on risk criteria;
- Challenging assumptions and judgements made by management in their significant accounting estimates, for example, in relation to the valuation of the provision for gross claims incurred but not reported and gross claims incurred but not enough reported ('IBNR') reserves, and the investment in subsidiary;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and
- Attendance at Audit Committee meetings.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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.

Independent Auditor's Report to the members of Sabre Insurance Group plc continued

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements and the part of the Annual Report on Directors' Remuneration to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 25 May 2022 to audit the financial statements for the year ended 31 December 2022 and subsequent financial periods. This is therefore our first year of uninterrupted engagement.

Other matter

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements will form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report will be prepared using the single electronic format specified in the ESEF RTS.

PHILIP WATSON (SENIOR STATUTORY AUDITOR)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

13 March 2023

Consolidated Profit or Loss Account

for the year ended 31 December 2022

	Notes	2022 £'k	2021 £'k
Gross written premium	19	**171,257**	169,322
Less: Reinsurance premium ceded		**(26,456)**	(21,233)
Net written premium		**144,801**	148,089
Less: Change in unearned premium reserve			
Gross amount	3.1.1	**6,918**	(3,426)
Reinsurers' share	3.1.1	**1,499**	779
Net earned premium		**153,218**	145,442
Interest income on financial assets using effective interest rate method	4.8	**1,374**	1,210
Net fair value gains/(losses) on derecognition of financial assets measured at fair value through OCI		**22**	(16)
Instalment income		**3,300**	3,924
Other operating income	7	**1,784**	2,098
Total income		**159,698**	152,658
Insurance claims	3.4	**(125,893)**	(104,984)
Insurance claims recoverable from reinsurers	3.4	**13,094**	23,969
Net insurance claims		**(112,799)**	(81,015)
Finance costs	5.2	**(5)**	(16)
Commission expenses		**(12,942)**	(12,942)
Operating expenses	8	**(21,202)**	(21,486)
Total expenses		**(34,149)**	(34,444)
Profit before tax		**12,750**	37,199
Tax charge	10	**(2,643)**	(7,059)
Profit for the year attributable to ordinary shareholders		**10,107**	30,140
Basic earnings per share (pence per share)	20	**4.06**	12.09
Diluted earnings per share (pence per share)	20	**4.03**	11.98

The attached notes on pages 105 to 162 form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2022

	Notes	**2022 £'k**	2021 £'k
Profit for the year attributable to ordinary shareholders		**10,107**	30,140
Items that are or may be reclassified subsequently to profit or loss			
Fair value losses on debt securities	4.9	**(14,207)**	(5,658)
Realised (gains)/losses transferred to profit or loss account		**(22)**	16
Tax credit		**3,563**	1,069
Total other comprehensive loss for the year		**(10,666)**	(4,573)
Total comprehensive (loss)/income for the year attributable to ordinary shareholders		**(559)**	25,567

The attached notes on pages 105 to 162 form an integral part of these financial statements.

Consolidated Statement of Financial Position

as at 31 December 2022

	Notes	2022 £'k	2021 £'k
Assets			
Goodwill	14	**156,279**	156,279
Property, plant and equipment	9.1	**3,996**	4,066
Right-of-use asset	9.2	**–**	187
Reinsurance assets	3.1	**116,526**	112,312
Deferred tax assets	11	**4,384**	820
Deferred acquisition costs	3.1.2	**13,354**	13,791
Insurance receivables	3.2	**31,427**	38,003
Loans and other receivables	4.4	**7**	74
Current tax assets		**1,255**	–
Prepayments, accrued income and other assets	13	**1,278**	821
Financial investments	4.1	**229,158**	234,667
Cash and cash equivalents	4.5	**18,502**	30,611
Total assets		**576,166**	591,631
Equity			
Issued share capital	15	**250**	250
Own shares		**(2,810)**	(2,257)
Merger reserve		**48,525**	48,525
FVOCI reserve		**(13,029)**	(2,363)
Revaluation reserve		**831**	831
Share-based payments reserve		**2,407**	1,841
Retained earnings		**186,322**	205,900
Total equity		**222,496**	252,727
Liabilities			
Outstanding claims	3.1	**257,443**	232,516
Unearned premium reserve	3.1	**83,858**	90,776
Lease liability	5.1	**–**	193
Insurance payables	3.3	**5,981**	7,115
Trade and other payables	5.3	**5,005**	5,831
Current tax liabilities		**–**	580
Accruals		**1,383**	1,893
Total liabilities		**353,670**	338,904
Total equity and liabilities		**576,166**	591,631

The attached notes on pages 105 to 162 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 13 March 2023.

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 2022

	Notes	2022 £'k	2021 £'k
ORDINARY SHAREHOLDERS' EQUITY – at 1 January	15	**250**	250
At 31 December		**250**	250
OWN SHARES – at 1 January	16	**(2,257)**	(1,494)
Net movement in own shares		**(553)**	(763)
At 31 December		**(2,810)**	(2,257)
MERGER RESERVE – at 1 January	17	**48,525**	48,525
At 31 December		**48,525**	48,525
FVOCI RESERVE – at 1 January	17	**(2,363)**	2,210
Fair value losses on debt securities		**(14,207)**	(5,658)
Realised (gains)/losses transferred to profit or loss account		**(22)**	16
Tax credit		**3,563**	1,069
At 31 December		**(13,029)**	(2,363)
REVALUATION RESERVE – at 1 January	17	**831**	831
At 31 December		**831**	831
SHARE-BASED PAYMENT RESERVE – at 1 January	17	**1,841**	1,817
Settlement of share-based payments		**(1,037)**	(1,051)
Charge in respect of share-based payments		**1,603**	1,075
At 31 December		**2,407**	1,841
RETAINED EARNINGS – at 1 January		**205,900**	214,261
Share-based payments		**447**	(115)
Profit for the year attributable to ordinary shareholders		**10,107**	30,140
Ordinary dividends paid		**(30,132)**	(38,386)
At 31 December		**186,322**	205,900
Total equity at 31 December		**222,496**	252,727

The attached notes on pages 105 to 162 form an integral part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 December 2022

	Notes	2022 £'k	2021 £'k
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax for the year		**12,750**	37,199
Adjustments for:			
Depreciation of property, plant and equipment	9.1	**108**	136
Depreciation of right-of-use assets	9.2	**187**	249
Share-based payment – equity-settled schemes	16	**1,603**	1,075
Investment return, including realised net fair value gains and losses on financial assets		**(1,590)**	(1,507)
Interest on lease liability	9.2	**5**	16
Expected credit loss	4.6	**(34)**	16
Operating cash flows before movements in working capital		**13,029**	37,184
Movements in working capital:			
Change in reinsurance assets		**(4,214)**	(12,391)
Change in deferred acquisition costs		**437**	1,000
Change in insurance receivables		**6,576**	(4,027)
Change in loans and other receivables		**67**	10
Change in prepayments, accrued income and other assets		**(457)**	47
Change in insurance liabilities		**24,927**	5,970
Change in unearned premium reserve		**(6,918)**	3,426
Change in insurance creditors		**(1,134)**	869
Change in trade and other payables		**(826)**	301
Change in accruals		**(510)**	(552)
Cash generated from operating activities before investment of insurance assets		**30,977**	31,837
Taxes paid		**(4,479)**	(5,988)
Net cash generated from operating activities before investment of insurance assets		**26,498**	25,849
Interest and investment income received		**3,383**	4,273
Proceeds from the sale and maturity of invested assets		**37,734**	68,178
Purchases of invested assets		**(48,214)**	(64,987)
Net cash generated from operating activities		**19,401**	33,313
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment	9.1	**(38)**	(28)
Net cash used by investing activities		**(38)**	(28)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of principal portion of lease liabilities	9.2	**(198)**	(264)
Net cash used in acquiring and disposing of own shares		**(1,142)**	(1,928)
Dividends paid	12	**(30,132)**	(38,386)
Net cash used by financing activities		**(31,472)**	(40,578)
Net decrease in cash and cash equivalents		**(12,109)**	(7,293)
Cash and cash equivalents at the beginning of the year		**30,611**	37,904
Cash and cash equivalents at the end of the year	4.5	**18,502**	30,611

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

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 Group 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 2024 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 considers its principal risks which are set out in the Principal Risks and Uncertainties section on pages 19 to 28 of the Strategic Report. 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.

1. ACCOUNTING POLICIES continued

1.2. Going concern continued

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.

1.3. New and amended standards and interpretations adopted by the Group

Amendments to IFRS

The following amended IFRS standards became effective for the year ended 31 December 2022:

- Annual Improvements to IFRS 2018–2020
  - Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a First-time Adopter
  - Amendment to IFRS 9 Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Financial Liabilities
  - Amendment to IFRS 16 Leases – Lease Incentives
  - Amendment to IAS 41 Agriculture – Taxation in Fair Value Measurements
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to the Conceptual Framework (Amendments to IFRS 3)

None of the amendments have had a material impact to the Group.

1.4. New and amended standards and interpretations not yet effective in 2022

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.

Notes to the Consolidated Financial Statements continued

1. ACCOUNTING POLICIES continued

1.4. New and amended standards and interpretations not yet effective in 2022 continued

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.

The next steps for the Group are to incorporate changes required in the internal management and financial statement reporting process to report its results under IFRS 17 and finalise the accounting policies and methodologies for the transitional approach that will be applied. Management does not expect the transition to have a significant impact on the Group's future profit or the net asset value.

Transitional Accounting
We intend to apply IFRS 17 fully retrospectively. As we intend to operate all contracts under the premium allocation approach, we expect the impact at transition to be limited.

DAC
Under IFRS 4, the Company deferred some of the cash flows from operational expenses which were identified as acquisition costs. Under IFRS 17 the Company will assess those cash flows arising from the cost of selling, underwriting and starting a group of insurance contacts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contacts to which the group belongs. We expect the total annual expenditure deferred under IFRS 17 to be lower than that under IFRS 4. As a result, we expect the deferred acquisition cost asset to be lower under IFRS 17, which will reduce net assets on transition date. We expect this to be partially off-set by discounting of insurance liabilities. We do not expect a significant impact on the earnings profile of the Company, given the decrease in total deferred costs will be offset by a decrease in the run-off of opening deferrals.

Reserving for outstanding claims liabilities
While there are some technical differences in the approach to reserving between IFRS 4 and IFRS 17, we do not expect that there will be a material difference in practice between the reserves held under the two bases, with the exception of discounting and the application of a risk adjustment, which are discussed below.

Discounting
Under IFRS 4 the measurement of the liability for outstanding claims for non-life business is not discounted. Under IFRS 17, the Company will recognise income and expenses at recognition and as a result of changes in the carrying amount of the liability for incurred claims due to:

- Insurance service expenses – for the increase in the liability because of claims and expenses incurred in the period, excluding any investment components
- Insurance service expenses – for any subsequent changes in fulfilment cash flows relating to incurred claims and incurred expenses
- Insurance finance income or expenses – for the effect of the time value of money and the effect of financial risk

Fulfilment cash flows are adjusted to reflect the time value of money and financial risks related to those cash flows. The adjustment is made by discounting estimated future cash flows. The discount rate applied to fulfilment cash flows will be calculated at the reporting date. The Company will use the IFRS 17 'top-down' approach to determine the appropriate discount rates for insurance contracts based on a yield curve that reflects the current market rates of return implicit in a fair value measurement of a reference portfolio of assets.

Risk adjustment
Under IFRS 4 the Company applied a risk margin to its liabilities for outstanding claims. Under IFRS 17 the Company will replace the risk margin with a risk adjustment for non-financial risk. This risk adjustment represents the compensation that the Company requires for bearing the uncertainty about the amount and timing of cash flows that arise from non-financial risk. Non-financial risk is risk arising from insurance contracts other than financial risk, which is included in the estimates of future cash flows or the discount rate used to adjust the cash flows. The risks covered by the risk adjustment for non-financial risk are insurance risk and other non-financial risks such as lapse risk and expense risk.

Notes to the Consolidated Financial Statements continued

1. ACCOUNTING POLICIES continued

1.4. New and amended standards and interpretations not yet effective in 2022 continued

The risk adjustment for non-financial risk for insurance contracts measures the compensation that the Company would require to make it indifferent between:

- Fulfilling a liability that has a range of possible outcomes arising from non-financial risk; and
- Fulfilling a liability that will generate fixed cash flows with the same expected present value as the insurance contracts

The impact of replacing the IFRS 4 risk margin with the IFRS 17 risk adjustment is expected to have an insignificant impact on the net assets of the Company.

Reinsurance

The Company does not run a complex reinsurance programme and one holds a single group of 'loss occurring' reinsurance contracts, having a coverage period of less than one year. Under IFRS 17 the company will use the premium allocation approach, adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued.

Under IFRS 17 a group of reinsurance contracts held is recognised from the earliest of the following:

- The beginning of the coverage period of the group of reinsurance contracts held; and
- The date on which the Company recognises an onerous group of underlying insurance contracts if the Company entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

The Company does not expect any of the underlying contracts to be onerous and will recognise the group of excess-of-loss reinsurance contracts at the beginning of the coverage period, in-line with current treatment under IFRS 4 and no impact on the net asset value of the Company on transition to IFRS 17.

Defined IFRS 17 terms:

Contractual service margin – A component of the carrying amount of the asset or liability for a group of insurance contracts representing the unearned profit the entity will recognise as it provides insurance contract service under the insurance contracts in the group.

Coverage period – The period during which the entity provides insurance contract services. The period includes the insurance contract services that relate to all premiums within the boundary of the insurance contract.

Fulfilment cash flows – An explicit, unbiased and probability-weighted estimate (ie expected value) of the present value of the future cash outflows minus the present value of the future cash inflows that will arise as the entity fulfils insurance contacts, including a risk adjustment for non-financial risk.

Liability for incurred claims ("LIC") – An entity's obligation to:

a) Investigate and pay valid claims for insured events that have already occurred, including events that have occurred but for which claims have not been reported, and other incurred insurance expenses; and

b) Pay amounts that are not included in (a) and that relate to:

   i. insurance contract services that have already been provided; or

   ii. any investment components or other amounts that are not related to the provision of insurance contract services and that are not in the liability for remaining coverage

Liability for remaining coverage ("LRC") – An entity's obligation to:

a) investigate and pay valid claims under existing insurance contracts for insured events that have not yet occurred (ie the obligation that relates to the unexpired portion of the insurance coverage); and

b) pay amounts under existing insurance contracts that are not included in (a) and that relate to:

   i. insurance contract services not yet provided (ie the obligations that relate to future provision of insurance contract services); or

   ii. any investment components or other amounts that are not related to the provision of insurance contract services and that have not been transferred to the liability for incurred claims

Notes to the Consolidated Financial Statements continued

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 under-estimation of the expected costs attached to a policy or a claim, for example through unexpected inflation of costs or single catastrophic events..

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 climate change. Further discussion on climate change can be found in the Principal Risks and Uncertainties section on pages 19 to 28 of the Strategic Report and the Responsibility and Sustainability section on pages 38 to 49.

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)

2. RISK AND CAPITAL MANAGEMENT continued

2.3. Credit risk continued

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.

2.4. 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.

The Group's portfolio has a significant concentration of UK debt securities and therefore is exposed to movements in UK interest rates.

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.

Notes to the Consolidated Financial Statements continued

2. RISK AND CAPITAL MANAGEMENT continued

2.7. Capital management continued

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 2022, the Group holds significant excess Solvency II capital.

The Group's IFRS capital comprised:

	As at 31 December	
	2022 £'k	2021 £'k
Equity		
Issued share capital	**250**	250
Own shares	**(2,810)**	(2,257)
Merger reserve	**48,525**	48,525
FVOCI reserve	**(13,029)**	(2,363)
Revaluation reserve	**831**	831
Share-based payments	**2,407**	1,841
Retained earnings	**186,322**	205,900
Total	**222,496**	252,727

The Solvency II position of the Group both before and after final dividend is given below:

	As at 31 December	
Pre-dividend	**2022 £'k**	2021 £'k
Total tier 1 capital	**91,191**	110,114
SCR	**56,516**	52,955
Excess capital	**34,675**	57,159
Solvency coverage ratio (%)	**161%**	208%

	As at 31 December	
Post-dividend	**2022 £'k**	2021 £'k
Total tier 1 capital	**86,941**	86,864
SCR	**56,516**	52,955
Excess capital	**30,425**	33,909
Solvency coverage ratio (%)	**154%**	164%

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	
	2022 £'k	2021 £'k
IFRS net assets	**222,496**	252,727
Less: Goodwill	**(156,279)**	(156,279)
Adjusted IFRS net assets	**66,217**	96,448
Unearned premium reserve	**83,858**	90,776
Deferred acquisition costs	**(13,354)**	(13,791)
Solvency II premium provision	**(53,581)**	(64,011)
IFRS risk margin(1)	**10,764**	11,229
Discount claims provision	**11,663**	2,209
Change in life reserves	**1,047**	(1,903)
Solvency II risk margin	**(7,752)**	(7,638)
Change in deferred tax	**(7,671)**	(3,205)
Solvency II net assets	**91,191**	110,114

(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 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 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.

Notes to the Consolidated Financial Statements continued

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 2022			as at 31 December 2021	
	£'k	£'k	£'k	£'k	£'k	£'k
Interest rate risk			**5,548**			3,359
Equity risk			**–**			–
Property risk			**956**			956
Spread risk			**3,264**			4,965
Currency risk			**1,112**			1,082
Concentration risk			**–**			–
Correlation impact			**(3,660)**			(3,449)
Market risk		**7,220**			6,913	
Counterparty risk		**2,333**			3,403	
Underwriting risk		**52,421**			51,985	
Correlation impact		**(6,129)**			(6,422)	
Basic SCR	**55,845**			55,879		
Operating risk	**6,372**			6,515		
Loss absorbing effect of deferred taxes	**(5,701)**			(9,439)		
Total SCR	**56,516**			52,955		

The total 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 a 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 year.

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.

Notes to the Consolidated Financial Statements continued

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.

Notes to the Consolidated Financial Statements continued

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 reserve

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. The claims reserve consists of an actuarial best estimate and an appropriate, explicit risk margin. The Board has set the explicit risk margin at 8% of the net best estimate claims reserve (2021: 10%). The risk margin has been set having considered short-term volatility in claims experience and having assessed estimation uncertainty within the reserving process. Since the last reporting period, the Group has carried out additional mathematical modelling on effective confidence intervals within the reserving process, which, along with our assessment of the impact of inflation, has contributed to the selection of risk margin.

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 the 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 four 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 gross outstanding claims liabilities and the related reinsurance recoverable.

Notes to the Consolidated Financial Statements continued

3. INSURANCE LIABILITIES AND REINSURANCE ASSETS continued

The Group's insurance liabilities and reinsurance assets are summarised below:

	Notes	2022 £'k	2021 £'k
Outstanding claims	3.1	**257,443**	232,516
Unearned premium reserve	3.1.1	**83,858**	90,776
Deferred acquisition costs	3.1.2	**(13,354)**	(13,791)
Reinsurance assets	3.1	**(116,526)**	(112,312)
Receivables arising from insurance and reinsurance contracts	3.2	**(31,427)**	(38,003)
Payables arising from insurance and reinsurance contracts	3.3	**5,981**	7,115
Total	3.7	**185,975**	166,301

A reconciliation between the opening and closing balances is provided in Note 3.7.

Notes to the Consolidated Financial Statements continued

3. INSURANCE LIABILITIES AND REINSURANCE ASSETS continued

3.1 Insurance liabilities and reinsurance assets

	Notes	2022 £'k	2021 £'k
GROSS			
Claims incurred and reported		**327,334**	309,892
Claims incurred but not reported		**(74,115)**	(81,272)
Claims handling provision		**4,224**	3,896
Outstanding claims liabilities	3.1.1	**257,443**	232,516
Unearned premium reserve	3.1.1	**83,858**	90,776
Total insurance liabilities – Gross		**341,301**	323,292
Expected to be settled within 12 months (excluding UPR)		**106,486**	112,975
Expected to be settled after 12 months (excluding UPR)		**150,957**	119,541
RECOVERABLE FROM REINSURERS			
Claims incurred and reported		**(124,477)**	(127,812)
Claims incurred but not reported		**18,134**	24,184
Outstanding claims liabilities	3.1.1	**(106,343)**	(103,628)
Unearned premium reserve	3.1.1	**(10,183)**	(8,684)
Total reinsurers' share of insurance liabilities		**(116,526)**	(112,312)
Expected to be settled within 12 months (excluding UPR)		**(31,936)**	(43,546)
Expected to be settled after 12 months (excluding UPR)		**(74,407)**	(60,082)
NET			
Claims incurred and reported		**202,857**	182,080
Claims incurred but not reported		**(55,981)**	(57,088)
Claims handling provision		**4,224**	3,896
Outstanding claims liabilities	3.1.1	**151,100**	128,888
Unearned premium reserve	3.1.1	**73,675**	82,092
Total insurance liabilities – Net		**224,775**	210,980

Notes to the Consolidated Financial Statements continued

3. INSURANCE LIABILITIES AND REINSURANCE ASSETS continued

3.1 Insurance liabilities and reinsurance assets continued

3.1.1 Movement in insurance liabilities and reinsurance assets

			2022			2021
	Gross £'k	RI share £'k	Net £'k	Gross £'k	RI share £'k	Net £'k
CLAIMS AND CLAIMS HANDLING EXPENSES						
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
Total at the beginning of the year	**232,516**	**(103,628)**	**128,888**	226,546	(92,016)	134,530
Cash paid for claims settled in the year	**(93,353)**	**10,379**	**(82,974)**	(92,247)	12,357	(79,890)
Increase in liabilities						
– arising from current year claims	**124,604**	**(20,640)**	**103,964**	89,480	(8,072)	81,408
– arising from prior year claims	**(6,324)**	**7,546**	**1,222**	8,737	(15,897)	(7,160)
Total at the end of the year	**257,443**	**(106,343)**	**151,100**	232,516	(103,628)	128,888
Claims incurred and reported	**327,334**	**(124,477)**	**202,857**	309,892	(127,812)	182,080
Claims incurred but not reported	**(74,115)**	**18,134**	**(55,981)**	(81,272)	24,184	(57,088)
Claims handling provision	**4,224**	**–**	**4,224**	3,896	–	3,896
Total at the end of the year	**257,443**	**(106,343)**	**151,100**	232,516	(103,628)	128,888

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.

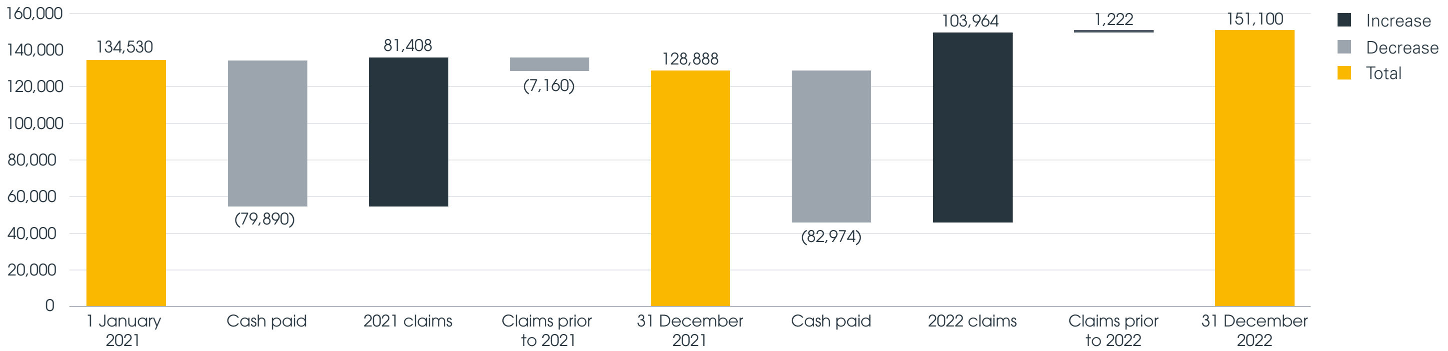
Notes to the Consolidated Financial Statements continued

3. INSURANCE LIABILITIES AND REINSURANCE ASSETS continued

3.1 Insurance liabilities and reinsurance assets continued

3.1.1 Movement in insurance liabilities and reinsurance assets continued

Net movement in insurance liabilities (£'k)



	2022			2021		
	Gross £'k	**RI share £'k**	**Net £'k**	Gross £'k	RI share £'k	Net £'k
UNEARNED PREMIUM RESERVE						
At the beginning of the year	**90,776**	**(8,684)**	**82,092**	87,350	(7,905)	79,445
Written in the year	**171,257**	**26,456**	**197,713**	169,322	21,233	190,555
Earned in the year	**(178,175)**	**(27,955)**	**(206,130)**	(165,896)	(22,012)	(187,908)
Total at the end of the year	**83,858**	**(10,183)**	**73,675**	90,776	(8,684)	82,092

3.1.2 Movement in deferred acquisition costs

	2022 £'k	2021 £'k
DEFERRED ACQUISITION COSTS		
At the beginning of the year	**13,791**	14,791
Additions	**27,699**	28,643
Recognised in the profit or loss account	**(28,136)**	(29,642)
Total at the end of the year	**13,354**	13,791

Notes to the Consolidated Financial Statements continued

3. INSURANCE LIABILITIES AND REINSURANCE ASSETS continued

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.

	2022 £'k	2021 £'k
Due from brokers and intermediaries	**14,334**	17,954
Due from policyholders	**17,093**	20,139
Less: provision for impairment of broker and intermediary receivables	**–**	(90)
Total at the end of the year	**31,427**	38,003

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.

	2022 £'k	2021 £'k
Insurance creditors	**1,471**	1,244
Amounts due to reinsurers	**4,510**	5,871
Total at the end of the year	**5,981**	7,115

Payables arising from insurance and reinsurance contracts are expected to be settled within 12 months. The carrying value of payables approximates fair value.

Notes to the Consolidated Financial Statements continued

3. INSURANCE LIABILITIES AND REINSURANCE ASSETS continued

3.4 Insurance claims

	2022 Gross £'k	2022 RI share £'k	2022 Net £'k	2021 Gross £'k	2021 RI share £'k	2021 Net £'k
Movement in claims provision	**117,953**	**(13,094)**	**104,859**	97,970	(23,969)	74,001
Movement in claims handling provision	**327**	**–**	**327**	247	–	247
Claims handling expenses allocated	**7,613**	**–**	**7,613**	6,767	–	6,767
Net insurance claims	**125,893**	**(13,094)**	**112,799**	104,984	(23,969)	81,015

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	2013 £'k	2014 £'k	2015 £'k	2016 £'k	2017 £'k	2018 £'k	2019 £'k	2020 £'k	2021 £'k	2022 £'k	**Total £'k**
Estimate of ultimate claims costs											
At the end of the accident year	84,939	75,649	103,599	111,518	165,707	120,077	126,981	101,965	89,233	124,277	
– One year later	70,567	65,639	90,133	100,935	131,803	108,089	122,663	97,953	87,555		
– Two years later	63,197	62,039	82,537	94,294	123,651	107,988	127,225	88,755			
– Three years later	65,313	60,301	79,845	91,336	122,674	113,257	125,608				
– Four years later	68,763	59,149	77,095	90,789	124,128	115,403					
– Five years later	64,290	58,367	77,038	92,629	124,264						
– Six years later	63,153	58,718	77,469	96,596							
– Seven years later	63,088	58,438	77,480								
– Eight years later	63,213	58,361									
– Nine years later	63,271										
Current estimate of cumulative claims	63,271	58,361	77,480	96,596	124,264	115,403	125,608	88,755	87,555	124,277	
Cumulative payments to date	(59,880)	(58,203)	(75,753)	(89,434)	(87,759)	(94,578)	(101,313)	(61,066)	(53,419)	(42,496)	
Liability recognised in balance sheet	3,391	158	1,727	7,162	36,505	20,825	24,295	27,689	34,136	81,781	**237,669**
2012 and prior											**15,550**
Claims handling provision											**4,224**
Total											**257,443**

Notes to the Consolidated Financial Statements continued

3. INSURANCE LIABILITIES AND REINSURANCE ASSETS continued

3.4 Insurance claims continued

3.4.1 Claims development tables continued

Net outstanding claims liabilities

Accident year	2013 £'k	2014 £'k	2015 £'k	2016 £'k	2017 £'k	2018 £'k	2019 £'k	2020 £'k	2021 £'k	2022 £'k	**Total £'k**
Estimate of ultimate claims costs											
At the end of the accident year	77,316	74,609	97,288	104,808	106,478	111,433	115,011	85,723	81,161	103,637	
– One year later	64,071	65,639	85,814	93,664	96,446	99,649	111,550	81,882	81,826		
– Two years later	59,301	60,953	81,164	87,824	91,806	98,641	111,347	80,602			
– Three years later	57,739	59,741	77,869	85,243	91,179	99,071	111,121				
– Four years later	56,947	59,008	76,409	84,995	88,545	100,853					
– Five years later	56,892	58,259	76,254	84,891	88,690						
– Six years later	56,593	58,481	76,011	84,987							
– Seven years later	56,572	58,198	76,578								
– Eight years later	56,685	58,146									
– Nine years later	56,813										
Current estimate of cumulative claims	56,813	58,146	76,578	84,987	88,690	100,853	111,121	80,602	81,826	103,637	
Cumulative payments to date	(54,565)	(57,986)	(75,567)	(83,091)	(83,597)	(91,210)	(96,127)	(60,751)	(53,419)	(42,496)	
Liability recognised in balance sheet	2,248	160	1,011	1,896	5,093	9,643	14,994	19,851	28,407	61,141	**144,444**
2012 and prior											**2,432**
Claims handling provision											**4,224**
Total											**151,100**

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 only issues motor insurance contracts, which usually cover a 12-month duration. For these contracts, the most significant risk which arises is under-estimation of the expected costs attached to a policy or a claim, for example through unexpected inflation of costs or single catastrophic events.

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.

Notes to the Consolidated Financial Statements continued

3. INSURANCE LIABILITIES AND REINSURANCE ASSETS continued

3.5 Underwriting risk continued

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. Refer to Note 3.6 for insurance-related credit risk.

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 is not 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, including inflation, 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. We have considered the impact of excess inflation in setting the threshold for this sensitivity analysis.

	Decrease in profit after tax		Decrease in total equity	
At 31 December	**2022 £'k**	2021 £'k	**2022 £'k**	2021 £'k
Insurance risk				
Impact of a 10% increase in gross loss ratio	**(9,315)**	(7,921)	**(9,315)**	(7,921)
Impact of a 10% increase in gross outstanding claims and claims provision	**(10,078)**	(8,710)	**(10,078)**	(8,710)

Notes to the Consolidated Financial Statements continued

3. INSURANCE LIABILITIES AND REINSURANCE ASSETS continued

3.5 Underwriting risk continued

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	
At 31 December	**2022 £'k**	2021 £'k	**2022 £'k**	2021 £'k
Insurance risk				
Impact of a 10% increase in net loss ratio	**(11,597)**	(9,739)	**(11,597)**	(9,739)
Impact of a 10% increase in net outstanding claims and claims provision	**(12,239)**	(10,440)	**(12,239)**	(10,440)

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 28 and the Responsibility and Sustainability section on pages 38 to 49.

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. 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. 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.

Notes to the Consolidated Financial Statements continued

3. INSURANCE LIABILITIES AND REINSURANCE ASSETS continued

3.6 Insurance related credit risk continued

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

At 31 December 2022	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
Reinsurance assets (excluding UPR)	106,343	–	–	–	106,343
Insurance receivables	31,364	63	–	–	31,427
Total	137,707	63	–	–	137,770

At 31 December 2021	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
Reinsurance assets (excluding UPR)	103,628	–	–	–	103,628
Insurance receivables	37,840	163	–	–	38,003
Total	141,468	163	–	–	141,631

Exposure by credit rating

At 31 December 2022	AAA £'k	AA+ to AA- £'k	A+ to A- £'k	BBB+ to BBB- £'k	BB+ and below £'k	Not rated £'k	Total £'k
Reinsurance assets (excluding UPR)	–	71,318	35,025	–	–	–	106,343
Insurance receivables	–	–	–	–	–	31,427	31,427
Total	–	71,318	35,025	–	–	31,427	137,770

At 31 December 2021	AAA £'k	AA+ to AA- £'k	A+ to A- £'k	BBB+ to BBB- £'k	BB+ and below £'k	Not rated £'k	Total £'k
Reinsurance assets (excluding UPR)	–	72,498	31,130	–	–	–	103,628
Insurance receivables	–	–	–	–	–	38,003	38,003
Total	–	72,498	31,130	–	–	38,003	141,631

Notes to the Consolidated Financial Statements continued

3.7 Reconciliation of opening to closing balances

The below table reconciles the opening and closing balances of insurance liabilities and reinsurance assets.

	2022 £'k	2021 £'k
Insurance liabilities and reinsurance assets – at the start of the year		
Outstanding claims	**232,516**	226,546
Unearned premium reserve	**90,776**	87,350
Deferred acquisition costs	**(13,791)**	(14,791)
Reinsurance assets	**(112,312)**	(99,921)
Receivables arising from insurance and reinsurance contracts	**(38,003)**	(33,976)
Payables arising from insurance and reinsurance contracts	**7,115**	6,246
	166,301	171,454
Profit or loss account movements		
Net earned premium	**(153,218)**	(145,442)
Current year net incurred claims	**103,964**	81,408
Movement in prior year net incurred claims	**1,222**	(7,160)
Claims handling expenses	**7,613**	6,767
Change in deferred acquisition costs	**437**	1,000
	(39,982)	(63,427)
Cash flow movements		
Premiums received	**178,060**	165,505
Reinsurance premiums paid	**(27,817)**	(20,574)
Claims and other claims expenses paid	**(90,587)**	(86,657)
	59,656	58,274
Insurance liabilities and reinsurance assets – at the end of the year		
Outstanding claims	**257,443**	232,516
Unearned premium reserve	**83,858**	90,776
Deferred acquisition costs	**(13,354)**	(13,791)
Reinsurance assets	**(116,526)**	(112,312)
Receivables arising from insurance and reinsurance contracts	**(31,427)**	(38,003)
Payables arising from insurance and reinsurance contracts	**5,981**	7,115
	185,975	166,301

Notes to the Consolidated Financial Statements continued

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	2022 £'k	2021 £'k
Debt securities held at fair value through other comprehensive income	4.1.1	**229,158**	234,667
Loans and receivables	4.4	**7**	74
Cash and cash equivalents	4.5	**18,502**	30,611
Total		**247,667**	265,352

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.

Notes to the Consolidated Financial Statements continued

4. FINANCIAL ASSETS continued

4.1 Debt securities at fair value continued

4.1.1 Debt securities held at fair value through other comprehensive income continued

The Group's debt securities held at fair value through other comprehensive income are summarised below:

	2022 £'k	**2022 % holdings**	2021 £'k	2021 % holdings
Government bonds	**87,151**	**38.1%**	86,192	36.8%
Government-backed securities	**80,753**	**35.2%**	83,878	35.7%
Corporate bonds	**61,254**	**26.7%**	64,597	27.5%
Total	**229,158**	**100.0%**	234,667	100.0%

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 does not have direct exposure to Ukrainian and Russian assets.

The Group's exposure by geographical area is outlined below:

At 31 December 2022	**Government bonds £'k**	**Government-backed securities £'k**	**Corporate bonds £'k**	**Total £'k**	**% holdings**
United Kingdom	**87,151**	**101**	**25,942**	**113,194**	**49.4%**
Europe (excluding UK)	**–**	**48,295**	**25,972**	**74,267**	**32.4%**
North America	**–**	**32,357**	**9,340**	**41,697**	**18.2%**
Total	**87,151**	**80,753**	**61,254**	**229,158**	**100.0%**

At 31 December 2021	Government bonds £'k	Government-backed securities £'k	Corporate bonds £'k	Total £'k	% holdings
United Kingdom	86,192	105	28,460	114,757	48.9%
Europe (excluding UK)	–	55,786	26,446	82,232	35.0%
North America	–	27,987	9,691	37,678	16.1%
Total	86,192	83,878	64,597	234,667	100.0%

Notes to the Consolidated Financial Statements continued

4. FINANCIAL ASSETS continued

4.2. Investment concentration risk continued

The Group's exposure by investment type for government-backed securities and corporate bonds is outlined below:

At 31 December 2022	Agency £'k	Supranational £'k	Total £'k
Government-backed securities	**37,989**	**42,764**	**80,753**
% of holdings	**47.0%**	**53.0%**	**100.0%**

At 31 December 2022	Financial £'k	Industrial £'k	Utilities £'k	Total £'k
Corporate bonds	**31,229**	**28,121**	**1,904**	**61,254**
% of holdings	**51.0%**	**45.9%**	**3.1%**	**100.0%**

At 31 December 2021	Agency £'k	Supranational £'k	Total £'k
Government-backed securities	48,987	34,891	83,878
% of holdings	58.4%	41.6%	100.0%

At 31 December 2021	Financial £'k	Industrial £'k	Utilities £'k	Total £'k
Corporate bonds	30,642	31,863	2,092	64,597
% of holdings	47.5%	49.3%	3.2%	100.0%

4.3. Fair value

ACCOUNTING POLICY

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, 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 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.

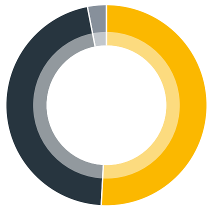
Investment concentration – by type

Government bonds	38.1%
Government-backed securities	35.2%
Corporate bonds	26.7%

Investment concentration – by area

United Kingdom	49.4%
Europe (excluding UK)	32.4%
North America	18.2%

Corporate bonds – by industry



Financial	51.0%
Industrial	45.9%
Utilities	3.1%

Notes to the Consolidated Financial Statements continued

4. FINANCIAL ASSETS continued

4.3. Fair value continued

Disclosure of fair value measurements by level is according to the following fair value measurement hierarchy:

- **Level 1:** fair value is based on quoted market prices (unadjusted) in active markets for identical instruments as measured on reporting date
- **Level 2:** fair value is determined through inputs, other than quoted prices included in Level 1 that are observable for the assets and liabilities, either directly (prices) or indirectly (derived from prices)
- **Level 3:** fair value is determined through valuation techniques which use significant 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.

The following table summarises the classification of financial instruments:

As at 31 December 2022	Level 1 £'k	Level 2 £'k	Level 3 £'k	Total £'k
Assets held at fair value				
Financial investments	**229,158**	–	–	**229,158**
Total	**229,158**	–	–	**229,158**

As at 31 December 2021	Level 1 £'k	Level 2 £'k	Level 3 £'k	Total £'k
Assets held at fair value				
Financial investments	234,667	–	–	234,667
Total	234,667	–	–	234,667

Transfers between levels

There have been no transfers between levels during the year (2021: no transfers).

Notes to the Consolidated Financial Statements continued

4. FINANCIAL ASSETS continued

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.

The Group's loans and receivables comprises of:

	2022 £'k	2021 £'k
Other debtors	7	76
Provision for expected credit losses	–	(2)
Total	**7**	74

The estimated fair values of loans and receivables are the discounted amounts of the estimated future cash flows expected to be received.

Notes to the Consolidated Financial Statements continued

4. FINANCIAL ASSETS continued

4.4. Loans and receivables continued

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.

At 31 December 2022	ECL rate %	ECL method £'k	Gross £'k	Provision opening balance £'k	(Released)/ raised in the period £'k	Provision closing balance £'k	Net £'k
Performing	**2.5%**	**Lifetime**	**7**	**(2)**	**2**	**–**	**7**
Underperforming	**25.0%**	**Lifetime**	**–**	**–**	**–**	**–**	**–**
Not performing	**50.0%**	**Lifetime**	**–**	**–**	**–**	**–**	**–**
Total			**7**	**(2)**	**2**	**–**	**7**

At 31 December 2021	ECL rate %	ECL method £'k	Gross £'k	Provision opening balance £'k	(Released)/ raised in the period £'k	Provision closing balance £'k	Net £'k
Performing	2.5%	Lifetime	76	(2)	–	(2)	74
Underperforming	25.0%	Lifetime	–	–	–	–	–
Not performing	50.0%	Lifetime	–	–	–	–	–
Total			76	(2)	–	(2)	74

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, deposits held on call with banks and money market funds. Cash and cash equivalents are carried at amortised cost.

	2022 £'k	2021 £'k
Cash and cash equivalents	**18,502**	30,611
Total	**18,502**	30,611

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.

Notes to the Consolidated Financial Statements continued

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.

Notes to the Consolidated Financial Statements continued

4. **FINANCIAL ASSETS** continued

4.6. **Credit risk** continued

Exposure by credit rating

At 31 December 2022	AAA £'k	AA+ to AA- £'k	A+ to A- £'k	BBB+ to BBB- £'k	BB+ and below £'k	Not rated £'k	Total £'k
UK Government bonds	–	87,151	–	–	–	–	87,151
Government-backed securities	80,031	722	–	–	–	–	80,753
Corporate bonds	–	2,839	41,235	17,180	–	–	61,254
Loans and other receivables	–	–	–	–	–	7	7
Cash and cash equivalents	5,340	52	13,110	–	–	–	18,502
Total	**85,371**	**90,764**	**54,345**	**17,180**	**–**	**7**	**247,667**

At 31 December 2021	AAA £'k	AA+ to AA- £'k	A+ to A- £'k	BBB+ to BBB- £'k	BB+ and below £'k	Not rated £'k	Total £'k
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
Total	75,662	97,955	69,609	22,052	–	74	265,352

With exception of loans and other receivables, all the Company's financial assets are investment grade (AAA to BBB).

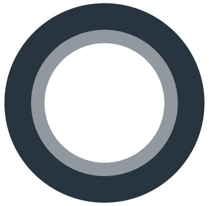
Analysis of credit risk and allowance for expected credit loss

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.

At 31 December 2022	Gross carrying amount £'k	Allowance for ECL £'k	Net amount £'k
Government bonds	87,151	(3)	87,148
Government-backed securities	80,753	(2)	80,751
Corporate bonds	61,254	(27)	61,227
Loans and other receivables	7	–	7
Cash and cash equivalents	18,502	–	18,502
Total	**247,667**	**(32)**	**247,635**

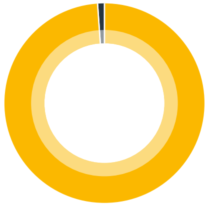
At 31 December 2021	Gross carrying amount £'k	Allowance for ECL £'k	Net amount £'k
Government bonds	86,192	(8)	86,184
Government-backed securities	83,878	(4)	83,874
Corporate bonds	64,597	(52)	64,545
Loans and other receivables	74	(2)	72
Cash and cash equivalents	30,611	–	30,611
Total	265,352	(66)	265,286

UK government bonds



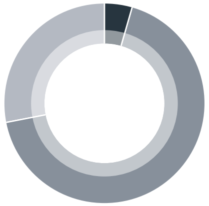
AAA	0.0%
AA+ to AA-	100.0%
A+ to A-	0.0%
BBB+ to BBB-	0.0%
BB+ and below	0.0%
Not rated	0.0%

Government-backed securities



AAA	99.1%
AA+ to AA-	0.9%
A+ to A-	0.0%
BBB+ to BBB-	0.0%
BB+ and below	0.0%
Not rated	0.0%

Corporate bonds



AAA	0.0%
AA+ to AA-	4.6%
A+ to A-	67.3%
BBB+ to BBB-	28.1%
BB+ and below	0.0%
Not rated	0.0%

4. FINANCIAL ASSETS continued

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, as far as possible, the projected outflows inherent primarily within the claims reserve.

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	
At 31 December	**2022 £'k**	2021 £'k	**2022 £'k**	2021 £'k
Interest rate				
Impact of a 100-basis point increase in interest rates on financial investments	**–**	–	**(1,940)**	(3,861)
Impact of a 200-basis point increase in interest rates on financial investments	**–**	–	**(3,881)**	(5,781)

Notes to the Consolidated Financial Statements continued

4. **FINANCIAL ASSETS** continued

4.8. Investment income

ACCOUNTING POLICY

Investment income from 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.

	2022 £'k	2021 £'k
Interest income on financial assets using effective interest rate method		
Interest income from debt securities	**1,567**	1,507
Investment fees	**(293)**	(308)
Interest income from cash and cash equivalents	**100**	11
Total	**1,374**	1,210

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 OCI. When the instruments are derecognised, the cumulative gain or losses previously recognised in OCI is reclassified to profit or loss.

	2022 £'k	2021 £'k
Profit or loss		
Realised fair value gains/(losses) on debt securities	**22**	(16)
Realised fair value gains/(losses) on debt securities reclassified to profit or loss	**22**	(16)
Other comprehensive income		
Unrealised fair value losses on debt securities	**(14,175)**	(5,674)
Movement in expected credit loss	**(32)**	16
Unrealised fair value losses on debt securities through other comprehensive income	**(14,207)**	(5,658)
Net losses from fair value adjustments on financial assets	**(14,185)**	(5,674)

5. OTHER LIABILITIES

The Group's other liabilities are summarised below:

	Notes	2022 £'k	2021 £'k
Other liabilities at amortised cost			
Lease liabilities	5.1	–	193
Trade and other payables, excluding insurance payables	5.3	**5,005**	5,831
Total		**5,005**	6,024

5.1. Lease liability

	2022 £'k	2021 £'k
As at the beginning of the year	**193**	194
Cash movements		
Lease payments	**(198)**	(264)
Non-cash movements		
Lease extension during the year	–	247
Interest	**5**	16
As at 31 December	–	193
Current	–	193
Non-current	–	–

5.2. Finance costs

ACCOUNTING POLICY

Finance costs are recognised using the effective interest method.

	2022 £'k	2021 £'k
Interest on lease liabilities	**5**	16
Total	**5**	16

Notes to the Consolidated Financial Statements continued

5. FINANCIAL LIABILITIES continued

5.3. Trade and other payables, excluding insurance payables

ACCOUNTING POLICY

Trade and other payables are recognised when the Group has a contractual obligation to deliver cash or another financial asset to another entity, or a contractual obligation to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity. Trade and other payables are carried at amortised cost.

	2022 £'k	2021 £'k
Trade and other creditors	**657**	321
Other taxes	**4,348**	5,510
Total	**5,005**	5,831

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, as far as possible, the maturity profile of its financial investments to the expected cash outflows.

The liquidity of the Group's insurance and financial liabilities and supporting assets is given in the tables below:

At 31 December 2022	**Total £'k**	**Within 1 year £'k**	**1-2 years £'k**	**3-4 years £'k**	**5-10 years £'k**	**Over 10 years £'k**
Reinsurance assets, excluding UPR(1)	**106,343**	**31,936**	**26,290**	**25,330**	**22,787**	**–**
Government bonds	**87,151**	**14,463**	**26,470**	**38,992**	**7,226**	**–**
Government-backed securities	**80,753**	**5,119**	**69,693**	**5,941**	**–**	**–**
Corporate bonds	**61,254**	**4,426**	**44,514**	**12,314**	**–**	**–**
Insurance receivables	**31,427**	**31,427**	**–**	**–**	**–**	**–**
Loans and other receivables	**7**	**7**	**–**	**–**	**–**	**–**
Cash and cash equivalents(2)	**18,502**	**18,502**	**–**	**–**	**–**	**–**
Total	**385,437**	**105,880**	**166,967**	**82,577**	**30,013**	**–**

At 31 December 2022	**Total £'k**	**Within 1 year £'k**	**1-2 years £'k**	**3-4 years £'k**	**5-10 years £'k**	**Over 10 years £'k**
Insurance liabilities, excluding UPR(1)	**257,443**	**106,486**	**77,890**	**44,025**	**29,042**	**–**
Insurance payable	**5,981**	**5,981**	**–**	**–**	**–**	**–**
Trade and other payables	**5,005**	**5,005**	**–**	**–**	**–**	**–**
Total	**268,429**	**117,472**	**77,890**	**44,025**	**29,042**	**–**

Management have considered the liquidity and cash generation of the Group and are satisfied that the Group will be able to meet all liabilities as they fall due.

(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.

Notes to the Consolidated Financial Statements continued

6. LIQUIDITY RISK continued

At 31 December 2021	Total £'k	Within 1 year £'k	1–2 years £'k	3–4 years £'k	5–10 years £'k	Over 10 years £'k
Reinsurance assets, excluding UPR[1]	103,628	43,546	34,496	18,393	7,193	–
UK 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	–	–
Insurance receivables	38,003	38,003	–	–	–	–
Loans and other receivables	74	74	–	–	–	–
Cash and cash equivalents[2]	30,611	30,611	–	–	–	–
Total	406,983	150,229	136,127	112,401	8,226	–

At 31 December 2021	Total £'k	Within 1 year £'k	1–2 years £'k	3–4 years £'k	5–10 years £'k	Over 10 years £'k
Insurance liabilities, excluding UPR[1]	232,516	112,975	75,661	32,848	11,032	–
Insurance payables	7,115	7,115	–	–	–	–
Lease liabilities	193	193	–	–	–	–
Trade and other payables	5,831	5,831	–	–	–	–
Total	245,655	126,114	75,661	32,848	11,032	–

(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.

	2022 £'k	2021 £'k
Marketing fees	**384**	463
Fee income from the sale of auxiliary products and services	**261**	196
Administration fees	**1,139**	1,439
Total	**1,784**	2,098

Notes to the Consolidated Financial Statements continued

8. OPERATING EXPENSES

	Notes	2022 £'k	2021 £'k
Employee expenses	8.1	**12,536**	12,338
Property expenses		**428**	331
IT expense including IT depreciation		**5,043**	5,125
Other depreciation		**17**	33
Industry levies		**5,913**	5,000
Policy servicing costs		**2,164**	2,282
Other operating expenses		**2,665**	2,189
Expected credit loss on financial assets		**(34)**	16
Before adjustments for deferred acquisition costs and claims handling expenses		**28,732**	27,314
Adjusted for:			
Claims handling expense reclassification		**(7,613)**	(6,767)
Movement in deferred acquisition costs		**83**	939
Total operating expenses		**21,202**	21,486

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. Depending on the plan, the fair value of equity instruments granted is measured on grant date using an appropriate valuation model or the market price on grant date. 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.

8. OPERATING EXPENSES continued

8.1. Employee expenses continued

The aggregate remuneration of those employed by the Group's operations comprised:

	2022 £'k	2021 £'k
Wages and salaries	**8,988**	9,417
Issue of share-based payments	**1,603**	1,075
Social security expenses	**1,213**	1,193
Pension expenses	**508**	475
Other staff expenses	**224**	178
Before adjustments for deferred acquisition costs and claims handling expenses	**12,536**	12,338
Adjusted for:		
Claims handling expense reclassification	**(5,860)**	(5,239)
Movement in deferred acquisition costs	**92**	535
Employee expenses	**6,768**	7,634

8.2. Number of employees

The table below analyses the average monthly number of persons employed by the Group's operations.

	2022	2021
Operations	**123**	124
Support	**28**	30
Total	**151**	154

8.3. Directors' remuneration

Amounts paid to Directors are disclosed within the "Annual Report on Director's Remuneration" on pages 78 to 87.

8.4. Auditors' remuneration

The table below analyses the Auditor's remuneration in respect of the Group's operations.

	2022 £'k	2021 £'k
Audit of these financial statements	**180**	124
Audit of financial statements of subsidiaries of the Group	**175**	255
Audit fees in relation to IFRS 17 transition	**85**	–
Total audit fees	**440**	379
Fees for non-audit services – Audit-related assurance services	**79**	80
Fees for non-audit services – Other non-audit services	–	–
Total non-audit fees	**79**	80
Total auditor remuneration	**519**	459

The above fees exclude irrecoverable VAT of 20%.

Notes to the Consolidated Financial Statements continued

9. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of owned and leased assets that do not meet the definition of investment property.

	2022 £'k	2021 £'k
Property, plant and equipment – owned	**3,996**	4,066
Property, plant and equipment – leased (Right-of-use assets)	**–**	187
Total	**3,996**	4,253

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. Increases in the carrying amount of owner-occupied properties as a result of revaluations are credited to other comprehensive income and accumulated in a revaluation reserve in equity. To the extent that a revaluation increase reverses a revaluation decrease that was previously recognised as an expense in profit or loss, such increase is credited to income in profit or loss. Decreases in valuation are charged to profit or loss, except to the extent that a decrease reverses the existing accumulated revaluation reserve and therefore such a decrease is recognised in 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. Valuation is at highest and best use. Owner-occupied property is also revalued by an external qualified surveyor, at least every three years. UK properties do not have frequent and volatile fair value changes and as such, more frequent revaluations are considered unnecessary, as only insignificant changes in fair value is expected.

Owner-occupied land is not depreciated. As the depreciation of owner-occupied buildings is immaterial and properties are revalued every three years by an external qualified surveyor, 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 renovations will flow to the Group.

Notes to the Consolidated Financial Statements continued

9. PROPERTY, PLANT AND EQUIPMENT continued

9.1. Owned assets continued

	Owner-occupied £'k	Fixtures and fittings £'k	Computer equipment £'k	Total £'k
Cost/Valuation				
At 1 January 2022	4,250	240	848	5,338
Additions	–	27	11	38
Disposals	–	(226)	(450)	(676)
Revaluation	–	–	–	–
At 31 December 2022	4,250	41	409	4,700
Accumulated depreciation and impairment				
At 1 January 2022	425	218	629	1,272
Depreciation charge for the year	–	17	91	108
Disposals	–	(226)	(450)	(676)
Impairment losses on revaluation	–	–	–	–
At 31 December 2022	425	9	270	704
Carrying amount				
As at 31 December 2022	3,825	32	139	3,996

All items disposed where either donated to charity or recycled at £NIL.

	Owner-occupied £'k	Fixtures and fittings £'k	Computer equipment £'k	Total £'k
Cost/Valuation				
At 1 January 2021	4,250	235	825	5,310
Additions	–	5	23	28
Disposals	–	–	–	–
Revaluation	–	–	–	–
At 31 December 2021	4,250	240	848	5,338
Accumulated depreciation and impairment				
At 1 January 2021	425	185	526	1,136
Depreciation charge for the year	–	33	103	136
Disposals	–	–	–	–
Impairment losses on revaluation	–	–	–	–
At 31 December 2021	425	218	629	1,272
Carrying amount				
As at 31 December 2021	3,825	22	219	4,066

Notes to the Consolidated Financial Statements continued

9. PROPERTY, PLANT AND EQUIPMENT continued

9.1. Owned assets continued

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.

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).

Management has performed a fair value assessment of the owner-occupied property which includes a review of current market rental costs. Expected rental costs per square foot are above the rates as at the date of the last external valuation and do not indicate a decrease in the fair value of the owner-occupied property.

The fair value measurement of owner-occupied properties of £3,825k (2021: £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:

Owner-occupied	2022 £'k	2021 £'k
At 1 January	**3,825**	3,825
Revaluation losses	**–**	–
Impairment losses	**–**	–
At 31 December	**3,825**	3,825

The fair value of owner-occupied includes a revaluation reserve of £800k (2021: £800k) (excluding tax impact) and is not distributable.

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	
At 31 December	2022 £'k	2021 £'k	2022 £'k	2021 £'k
Owner-occupied property				
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 £2,816k (2021: £2,845k).

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 comprise 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.

Notes to the Consolidated Financial Statements continued

9. **PROPERTY, PLANT AND EQUIPMENT** continued

9.2. **Leased assets** continued

Right-of-use assets

Additional information on the right-of-use assets by class of assets is as follows:

	Computer equipment £'k	**Total £'k**
As at 1 January 2022	**187**	**187**
Additions	**–**	**–**
Depreciation	**(187)**	**(187)**
As at 31 December 2022	**–**	**–**

The Group's right-of-use asset has expired during 2022 and no new lease for IT equipment has been entered into. The right-of-use asset has therefore been derecognised.

	Computer equipment £'k	Total £'k
As at 1 January 2021	189	189
Additions	247	247
Depreciation	(249)	(249)
As at 31 December 2021	**187**	**187**

Lease liabilities

Lease liabilities are presented in the statement of financial position as follows:

	2022 £'k	2021 £'k
As at 1 January	**193**	194
Additions	**–**	247
Accretion of interest	**5**	16
Payments	**(198)**	(264)
As at 31 December	**–**	193
Current	**–**	193
Non-current	**–**	–

Notes to the Consolidated Financial Statements continued

9. PROPERTY, PLANT AND EQUIPMENT continued

9.2. Leased assets continued

The following are the amounts recognised in the profit or loss account:

	2022 £'k	2021 £'k
Depreciation expense of right-of-use assets	**187**	249
Interest expense on lease liabilities	**5**	16
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	**–**	–
Total	**206**	279

The Group had total cash outflows for leases of £212k in 2022 (2021: £278k). The Group had no non-cash additions to right-of-use assets or lease liabilities. The lease contract expired during 2022.

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.

	2022 £'k	2021 £'k
Current taxation		
Charge for the year	**2,644**	6,935
	2,644	6,935
Deferred taxation (Note 11)		
Origination and reversal of temporary differences	**(1)**	124
	(1)	124
Current taxation	**2,644**	6,935
Deferred taxation (Note 11)	**(1)**	124
Tax charge for the year	**2,643**	7,059

Notes to the Consolidated Financial Statements continued

10. TAX CHARGE continued

Tax recorded in other comprehensive income is as follows:

	2022 £'k	2021 £'k
Current taxation	–	–
Deferred taxation	(3,563)	(1,069)
	(3,563)	(1,069)

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% (2021: 19.00%) as follows:

	2022 £'k	2021 £'k
Profit before tax	12,750	37,199
Expected tax charge	2,423	7,068
Effect of:		
Expenses not deductible for tax purposes	9	6
Adjustment of deferred tax to average rate of 23.5%	(2)	–
Other permanent difference	–	–
Adjustment in respect of prior periods	9	(99)
Income/loss not subject to UK taxation	6	8
Other Income Tax Adjustments	198	76
Tax charge for the year	**2,643**	7,059
Effective income tax rate	20.73%	18.98%

Notes to the Consolidated Financial Statements continued

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
At 1 January 2021	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
At 31 December 2021	19	(26)	233	594	820
(Debit)/Credit to the profit or loss	**(19)**	**6**	**20**	**(6)**	**1**
(Debit)/Credit to other comprehensive income	**–**	**–**	**–**	**3,563**	**3,563**
At 31 December 2022	**–**	**(20)**	**253**	**4,151**	**4,384**

	2022 £'k	2021 £'k
Per statement of financial position:		
Deferred tax assets	**4,404**	846
Deferred tax liabilities	**(20)**	(26)
	4,384	820

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.

Notes to the Consolidated Financial Statements continued

12. DIVIDENDS

ACCOUNTING POLICY

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividend is approved.

	2022		2021	
	pence per share	£'k	pence per share	£'k
Amounts recognised as distributions to equity holders in the period				
Interim dividend for the current year	2.8	6,960	3.7	9,218
Final dividend for the prior year	9.3	23,172	11.7	29,168
	12.1	30,132	15.4	38,386
Proposed dividends				
Final dividend (1)	1.7	4,250	9.3	23,250

(1) Subsequent to 31 December 2022, the Directors declared a final dividend for 2022 of 1.7p per ordinary share. This dividend will be accounted for as an appropriation of retained earnings in the year ended 31 December 2022 and is not included as a liability in the Statement of Financial Position as at 31 December 2022.

The trustees of the employee share trusts waived their entitlement to dividends on shares held in the trusts to meet obligations arising on share incentive schemes, which reduced the dividends paid for the year ended 31 December 2022 by £118k (2021: £114k).

13. PREPAYMENTS, ACCRUED INCOME AND OTHER ASSETS

	2022 £'k	2021 £'k
Prepayments and accrued income	1,278	821
Total	1,278	821

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

ACCOUNTING POLICY

Goodwill has been recognised in acquisitions of subsidiaries and represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. Goodwill is stated at cost less any accumulated impairment losses.

Impairment of goodwill

The Group perform an annual impairment review which involves comparing the carrying amount to the estimated recoverable amount and recognising an impairment loss if the recoverable amount is lower than the carrying amount. Impairment losses are recognised through the profit or loss account and are not subsequently reversed.

The recoverable amount is the greater of the fair value of the asset less costs to sell and the value in use.

The value in use calculations use cash flow projections based on financial budgets approved by management.

14. GOODWILL continued

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 2022 and 31 December 2021. 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.

Key assumptions

The market capitalisation of the Company as at 31 December 2022 had reduced to £266,000k from £459,500k at 31 December 2021. This provided an indication that the underlying value had been impaired, and therefore the Directors carried out an impairment assessment based on the Cash Generating Units ("CGUs") within the Group.

The group has identified one CGU, for which goodwill has been fully allocated. 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.

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 and terminal growth rate applied. The key assumptions used in the preparation of future cash flows are: plan-period financial performance, dividend payout ratio, long-term growth rates and discount rate.

The key assumptions used in the calculation for the value in use is set out below

- Plan period financial performance set in-line with the Group's expectations
- Dividend payout ratio in line with the Group's strategy
- Long-term growth rate beyond the plan period of 2%
- Discount rate of 9.5%, being a calculated cost of capital using market rate returns of Sabre and comparable insurers

These calculations use post-tax cash flow projections based on the Group's 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, in order to understand the relevance of these various factors in arriving at the value in use.

- Dividend within the plan period – To assess the impact of reasonable changes in performance on our base case impairment analysis and headroom, we flexed the dividend within the plan period by +10% and -10%. In doing so, the value in use varied by approximately 10.0% around the central scenario.
- 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 +1% and -1%. In doing so, the value in use varied by approximately 7.1% around the central scenario.
- 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%. In doing so, the value in use varied by approximately 13.0% around the central scenario.
- When applying these stressed factors, no scenario suggested an impairment of goodwill would be required.

Notes to the Consolidated Financial Statements continued

15. SHARE CAPITAL

	2022 £'k	2021 £'k
Authorised share capital		
250,000,000 ordinary shares of £0.001 each	**250**	250
Issued ordinary share capital (fully paid up):		
250,000,000 ordinary shares of £0.001 each	**250**	250

All shares are unrestricted and carry equal voting rights.

As at 31 December 2022, The Sabre Insurance Group Employee Benefit Trust held 1,431,576 (2021: 866,855) of the 250,000,000 issued ordinary shares with a nominal value of £1,431.58 (2021: £866.86) 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)	£	£
As at 31 December 2020	63,031	0.001	63	541,208	275.975	1,493,601	1,493,664
Shares purchased	–	–	–	928,186	256.295	2,378,897	2,378,897
Shares disposed	–	–	–	(176,672)	255.443	(451,296)	(451,296)
Shares vested	(39,901)	0.001	(40)	(448,997)	259.367	(1,164,550)	(1,164,590)
As at 31 December 2021	23,130	0.001	23	843,725	267.463	2,256,652	2,256,675
Shares purchased	**–**	**–**	**–**	**807,981**	**141.293**	**1,141,621**	**1,141,621**
Shares disposed	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Shares vested	**(23,130)**	**–**	**(23)**	**(220,130)**	**267.463**	**(588,766)**	**(588,789)**
As at 31 December 2022	**–**	**–**	**–**	**1,431,576**	**196.253**	**2,809,507**	**2,809,507**

In thousands	£'k	£'k	£'k
As at 31 December 2021	–	2,257	2,257
As at 31 December 2022	**–**	**2,810**	**2,810**

As at 31 December 2022 there were NIL (2021: NIL) exercisable shares outstanding.

The Group recognised a total expense in the profit or loss for the year ended 31 December 2022 of £1,603k (2021: £1,075k), relating to equity-settled share-based plans.

Notes to the Consolidated Financial Statements continued

16. SHARE-BASED PAYMENTS continued

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 2020 has two performance metrics with a 50%/50% weighting, being Total Shareholder Return ("TSR") and Earnings Per Share ("EPS").

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
Below median	0%
Median (Threshold)	25%
Between median and upper quartile	Straight-line
Upper quartile (Stretch)	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%

16. SHARE-BASED PAYMENTS continued

Shares granted under the 2019 LTIP did not meet the required performance measures and shares granted under the plan were forfeited in 2022.

The following table lists the inputs to the model used to value the remaining LTIP plan for the year ended 31 December 2022. The TSR fair value of the award 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
Weighted average fair value per award at grant date	226 pence
Share price at grant date	282 pence
Expected term	4.43 years
Expected volatility[(1)]	30.09%
Expected exercise price on outstanding awards	NIL
Grant-date TSR performance of the Group	(2.73%)
Average risk – free interest rate	0.10%

(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.

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 has been applied in determining the fair value of the grant to the Leadership Team.

Notes to the Consolidated Financial Statements continued

16. SHARE-BASED PAYMENTS continued

The tables below detail the movement in the LTIP:

	LTIP with performance conditions	
	Number and WAEP	
	Number	£
Outstanding at 1 January 2022	1,149,359	NIL
Granted	–	NIL
Forfeited	(541,079)	NIL
Vested	–	NIL
Outstanding at 31 December 2022	608,280	NIL

(1) Weighted average exercise price – as a proxy for fair value.

	LTIP with performance conditions	
	Number and WAEP	
	Number	£
Outstanding at 1 January 2021	1,935,124	NIL
Granted	–	NIL
Forfeited	(499,442)	NIL
Vested	(286,323)	NIL
Outstanding at 31 December 2021	1,149,359	NIL

LTIP Awards – Restricted Share Awards ("RSA")
From 2021 the Group no longer issues awards under the LTIP Awards with performance conditions, but instead issues RSAs.

The RSAs are 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 540,574 (2021: 441,684) with an estimated fair value at grant date of £1,238k (2021: £1,170k). 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 ended 31 December 2022 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.

Notes to the Consolidated Financial Statements continued

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 171,234 (2021: 278,084) with an estimate fair value of £404k (2021: £672k). Of this award, the number of shares awarded to Directors and Persons Discharging Managerial Responsibilities ("PDMRs") was 144,659 (2021: 247,007) with an estimated fair value of £341k (2021: £597k). 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 (shares bought by employees under the matching scheme), Matching Shares (free shares given by the employer to match partnership shares) and Dividend Shares (shares bought for employees with proceeds of dividends from partnership 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 ended 31 December 2022, 12,317 (2021: 6,987) matching shares were granted to employees with an estimated fair value of £13k (2021: £13k).

As at 31 December 2022, 28,826 (2021: 16,838) matching shares were held on behalf of employees with an estimated fair value of £31k (2021: £31k). The average unexpired life of Matching Share awards is 1.5 years (2021: 1.1 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 2020: 71p
SAYE 2021: 55p
SAYE 2022: 40p

The following table lists the inputs to the Black-Scholes model used to value the awards granted in respect of the 2022 SAYE scheme.

	2022 SAYE
Share price at grant date	216 pence
Expected term	3 years
Expected volatility[1]	31.0%
Continuously compounded risk-free rate	1.5%
Continuously compounded dividend yield	6%
Strike price at grant date	181.3 pence

(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.

Notes to the Consolidated Financial Statements continued

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 2022 was £2,810k (2021: £2,257k). The market value of the shares in the EBT as at 31 December 2022 was £1,523k (2021: £1,593k).

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 revaluation 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.

Notes to the Consolidated Financial Statements continued

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(1)	Non-Trading	Floor 2, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 4LY
Barb IntermediateCo Limited(2)	Non-Trading	26 New Street, St Helier, Jersey, JE2 3RA
Barb MidCo Limited(2)	Non-Trading	26 New Street, St Helier, Jersey, JE2 3RA
Barb BidCo Limited(2)	Non-Trading	26 New Street, St Helier, Jersey, JE2 3RA
Barb HoldCo Limited(2)	Non-Trading	26 New Street, St Helier, Jersey, JE2 3RA
Other controlled entities		
EBT – UK SIP	Trust	Ocorian, 26 New Street, St Helier, Jersey, JE2 3RA
The Sabre Insurance Group EBT	Trust	Ocorian, 26 New Street, St Helier, Jersey, JE2 3RA

(1) In process of liquidation
(2) Dissolved in February 2023

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 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 2022, the Group donated no shares to the EBTs (2021: NIL).

Key Management compensation

Key Management includes Executive Directors, Non-executive Directors and Directors of subsidiaries which the Group considers to be senior management personnel. Further details of Directors' shareholdings and remuneration can be found in the "Annual Report on Director's Remuneration" on pages 78 to 87.

The aggregate amount paid to Directors during the year was as follows:

	2022	2021
Remuneration	**1,894**	2,317
Contributions to defined contribution pension scheme	**7**	3
Shares granted under LTIP	**864**	692
Total	**2,765**	3,012

Notes to the Consolidated Financial Statements continued

19. SEGMENT INFORMATION

The Group provides short-term motor insurance to clients, which comprises three lines of business, motor vehicle insurance, motorcycle insurance and taxi 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.

	Note	Motor vehicle £'k	Motorcycle £'k	Taxi £'k	2022 Total £'k
Profit or Loss Account information					
Gross written premium		134,903	23,062	13,292	171,257
Less: Reinsurance premium ceded		(21,440)	(3,694)	(1,322)	(26,456)
Net written premium		113,463	19,368	11,970	144,801
Gross written premium		134,903	23,062	13,292	171,257
Less: Change in unearned premium reserve		19,260	(5,236)	(7,106)	6,918
Gross earned premium		154,163	17,826	6,186	178,175
Reinsurance premium ceded		(21,440)	(3,694)	(1,322)	(26,456)
Less: Change in unearned premium reserve		184	960	355	1,499
Reinsurance premium payable		(21,256)	(2,734)	(967)	(24,957)
Net earned premium		132,907	15,092	5,219	153,218
Insurance claims, excluding claims handling expenses		(88,266)	(24,253)	(5,761)	(118,280)
Insurance claims recoverable from reinsurers		6,522	6,385	187	13,094
Net insurance claims		(81,744)	(17,868)	(5,574)	(105,186)
Net loss ratio		61.5%	118.4%	106.8%	68.7%
Segment reinsurance assets		106,519	6,385	3,622	116,526
Segment insurance liabilities		(297,873)	(26,299)	(17,129)	(341,301)
Segment net insurance liabilities		(191,354)	(19,914)	(13,507)	(224,775)

Other than reinsurance assets and insurance liabilities, the Group does not allocate, monitor or report assets and liabilities per business line and does not consider the information useful in the day-to-day running of the Group's operations. The Group also does not allocate, monitor, or report other income and expenses per business line.

Notes to the Consolidated Financial Statements continued

19. SEGMENT INFORMATION continued

	Note	Motor vehicle £'k	Motorcycle £'k	Taxi £'k	Restated 2021 Total £'k
Profit or Loss Account information					
Gross written premium		164,582	3,231	1,509	169,322
Less: Reinsurance premium ceded		(21,019)	(30)	(184)	(21,233)
Net written premium		143,563	3,201	1,325	148,089
Gross written premium		164,582	3,231	1,509	169,322
Less: Change in unearned premium reserve		(622)	(2,941)	137	(3,426)
Gross earned premium		163,960	290	1,646	165,896
Reinsurance premium ceded		(20,814)	(238)	(181)	(21,233)
Less: Change in unearned premium reserve		574	208	(3)	779
Reinsurance premium payable		(20,240)	(30)	(184)	(20,454)
Net earned premium		143,720	260	1,462	145,442

'Taxi' was not shown as a separate line of business in the 2021 Annual Report and Accounts, as it was not considered to be a separate, material element of premium income. Following the partnership with Freeway, premium from the provision of taxi insurance has increased significantly and as such it is now considered both useful and relevant to disclose this separately. The 31 December 2021 business lines have been restated to split Taxi from Motor vehicle.

The Group did not report claims information per business line in prior years as the contribution of motorcycle and taxi business lines were considered immaterial and a breakdown of claims numbers was not considered meaningful.

Notes to the Consolidated Financial Statements continued

20. EARNINGS PER SHARE

Basic earnings per share

	2022 After tax £'k	2022 Per share pence	2021 After tax £'k	2021 Per share pence
Profit for the year attributable to equity holders	**10,107**	**4.06**	30,140	12.09

Diluted earnings per share

	After tax £'k	Weighted average number of shares £'k	2022 Per share pence
Profit for the year attributable to equity holders	**10,107**	**248,865**	**4.06**
Net share awards allocable for no further consideration		**1,880**	**(0.03)**
Total diluted earnings		**250,745**	**4.03**

	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)
Total diluted earnings		251,541	11.98

21. CONTINGENT LIABILITY

In the 2021 Annual Report and Accounts, the Group disclosed a contingent liability regarding a contested determination in relation to the 2015, 2016 and 2017 corporation tax filings of a subsidiary of the Group, which is currently dormant. During 2022 HMRC accepted the Group's appeal against their determination and as such, the matter is now fully closed with no change in the tax position of the Group.

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 2022

	Notes	**2022 £'k**	2021 £'k
Assets			
Investments	2	**450,000**	580,963
Debtors	4	**3**	128
Prepayments		**211**	204
Cash and cash equivalents		**861**	915
Total assets		**451,075**	582,210
Equity			
Issued share capital	5	**250**	250
Own shares		**(2,810)**	(2,257)
Merger reserve		**236,949**	369,515
Share-based payments reserve		**2,407**	1,841
Retained earnings		**212,581**	212,794
Total equity		**449,377**	582,143
Liabilities			
Creditors: Amounts falling due within one year	3	**1,607**	–
Accruals		**91**	67
Total liabilities		**1,698**	67
Total equity and liabilities		**451,075**	582,210

No income statement is presented for Sabre Insurance Group plc as permitted by section 408 of the Companies Act 2006. The loss after tax of the parent company for the period was £103,094k (2021: £40,846k profit after tax).

The attached notes on pages 166 to 169 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 13 March 2023.

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 2022

	Notes	2022 £'k	2021 £'k
ORDINARY SHAREHOLDERS' EQUITY – at 1 January		**250**	250
At 31 December		**250**	250
OWN SHARES – at 1 January		**(2,257)**	(1,494)
Net movement in own shares		**(553)**	(763)
At 31 December		**(2,810)**	(2,257)
MERGER RESERVE – at 1 January		**369,515**	369,515
Transfer from retained earnings		**(132,566)**	–
At 31 December		**236,949**	369,515
SHARE-BASED PAYMENT RESERVE – at 1 January		**1,841**	1,817
Settlement of share-based payments		**(1,037)**	(1,051)
Charge in respect of share-based payments		**1,603**	1,075
At 31 December		**2,407**	1,841
RETAINED EARNINGS – at 1 January		**212,794**	210,449
Share-based payments		**447**	(115)
Profit for the year		**(103,094)**	40,846
Transfer to merger reserve		**132,566**	–
Ordinary dividends paid		**(30,132)**	(38,386)
At 31 December		**212,581**	212,794
Total equity at 31 December		**449,377**	582,143

Parent Company Statement of Cash Flows

for the year ended 31 December 2022

		2022 £'k	2021 £'k
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit after tax for the year		**(103,094)**	40,846
Adjustment for:			
Impairment of subsidiary	2.1	**132,566**	–
Operating cash flows before movements in working capital		**29,472**	40,846
Movements in working capital:			
Change in debtors		**124**	(47)
Change in prepayments		**(7)**	(36)
Change in trade and other payables		**1,607**	(183)
Change in accruals		**24**	(96)
Net cash generated from operating activities		**31,220**	40,484
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash used in acquiring and disposing of own shares		**(1,142)**	(1,928)
Dividends paid		**(30,132)**	(38,386)
Net cash used by financing activities		**(31,274)**	(40,314)
Net (decrease)/ increase in cash and cash equivalents		**(54)**	170
Cash and cash equivalents at the beginning of the year		**915**	745
Cash and cash equivalents at the end of the year		**861**	915

Notes to the Parent Company Financial Statements

for the year ended 31 December 2022

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 2022, 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 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.

Notes to the Parent Company Financial Statements continued

2. INVESTMENTS

The Company's financial assets are summarised below:

	2022 £'k	2021 £'k
Investment in subsidiary undertakings	**450,000**	580,963
Total	**450,000**	580,963

2.1 Investment in subsidiary undertakings

ACCOUNTING POLICY – INVESTMENT IN SUBSIDIARY UNDERTAKINGS

Investment in subsidiaries is stated at cost less any impairment.

	2022 £'k	2021 £'k
As at 1 January	**580,963**	579,889
Additions	**1,603**	1,074
Impairment	**(132,566)**	–
As at 31 December	**450,000**	580,963

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 2022 and 31 December 2021. 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 2022 and 31 December 2021, the Company's securities were traded on a liquid market, therefore market capitalisation could be used as an indicator of value.

The Group performed its annual impairment test as at 31 December 2022 and 31 December 2021. 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.

Having carried out this assessment the Board concluded, on the basis of the cautious assumptions outlined below, that the value of the investment in subsidiary should be set at £450,000k (2021: £580,963k). This impairment has been taken to the parent company profit or loss account, and transferred to the merger reserve. There is no impact on the distributable capital available to the Group or Sabre Insurance Group plc as a result of this adjustment.

Key assumptions

The market capitalisation of the Company as at 31 December 2022 had reduced to £266,000k from £459,500k at 31 December 2021. This provided an indication that the underlying value had been impaired, and therefore the Directors carried out an impairment assessment.

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 growth rate applied. The key assumptions used in the preparation of future cash flows are: plan-period financial performance, dividend payout ratio, long-term growth rates and discount rate.

Notes to the Parent Company Financial Statements continued

2. INVESTMENTS continued

2.1 Investment in subsidiary undertakings continued

The key assumptions used in the calculation for the value in use is set out below:

- Plan period financial performance set in-line with the Group's expectations
- Dividend payout ratio in line with the Group's strategy
- Long-term growth rate beyond the plan period of 2%
- Discount rate of 9.5%, being a calculated cost of capital using market rate returns of Sabre and comparable insurers

These calculations use post-tax cash flow projections based on the Group's 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, in order to understand the relevance of these various factors in arriving at the value in use.

- Dividend within the plan period – To assess the impact of reasonable changes in performance on our base case impairment analysis and headroom, we flexed the dividend within the plan period by +10% and -10%. In doing so, the value in use varied by approximately 10.0% around the central scenario.
- 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 +1% and -1%. In doing so, the value in use varied by approximately 7.1% around the central scenario.
- 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%. In doing so, the value in use varied by approximately 13.0% around the central scenario.

Name of subsidiary	Place of incorporation	Principal activity
Directly held by the Company		
Binomial Group Limited	United Kingdom	Intermediate holding company
Barbados TopCo Limited(1)	Guernsey	Non-trading company
Barb IntermediateCo Limited(2)	Jersey	Non-trading company
Barb MidCo Limited(2)	Jersey	Non-trading company
Barb BidCo Limited(2)	Jersey	Non-trading company
Barb HoldCo Limited(2)	Jersey	Non-trading company
Indirectly held by the Company		
Sabre Insurance Company Limited	United Kingdom	Motor insurance underwriter

(1) In process of liquidation

(2) Dissolved in February 2023

The registered office of each subsidiary is disclosed within Note 18 of the consolidated Group accounts.

3. CREDITORS

	2022 £'k	2021 £'k
Due within one year		
Creditors	**–**	–
Amounts due to Group undertakings	**1,607**	–
As at 31 December	**1,607**	–

Notes to the Parent Company Financial Statements continued

4. DEBTORS

	2022 £'k	2021 £'k
Due within one year		
Amounts due from Group undertakings	–	126
Other debtors	3	2
As at 31 December	**3**	128

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:

	2022 £'k	2021 £'k
Due (to)/from		
Sabre Insurance Company Limited	(1,607)	126
Total	**(1,607)**	126

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.

Financial Reconciliations

as at 31 December 2022

Adjusted Profit Before Tax

	2022 £'k	2021 £'k	2020 £'k
Profit before tax	**12,750**	37,199	49,122
Add:			
Amortisation of intangible assets	–	–	–
Exceptional items	–	–	–
Adjusted profit before tax	**12,750**	37,199	49,122

Adjusted Profit After Tax

	2022 £'k	2021 £'k	2020 £'k
Profit after tax	**10,107**	30,140	39,798
Add:			
Amortisation of intangible assets	–	–	–
Exceptional items	–	–	–
Tax on exceptional items	–	–	–
Adjusted profit after tax	**10,107**	30,140	39,798

Net Loss Ratio

	2022 £'k	2021 £'k	2020 £'k
Net insurance claims	**112,799**	81,015	88,110
Less: Claims handling expenses	**(7,613)**	(6,767)	(7,637)
Net claims incurred	**105,186**	74,248	80,473
Net earned premium	**153,218**	145,442	165,707
Net loss ratio	**68.7%**	51.1%	48.6%

Financial Reconciliations continued

Expense Ratio

	2022 £'k	2021 £'k	2020 £'k
Total expenses	**34,149**	34,444	36,670
Plus: Claims handling expenses	**7,613**	6,767	7,637
Net operating expenses	**41,762**	41,211	44,307
Net earned premium	**153,218**	145,442	165,707
Expense ratio	**27.3%**	28.3%	26.7%

Combined Operating Ratio

	2022 £'k	2021 £'k	2020 £'k
Total expenses	**34,149**	34,444	36,670
Net insurance claims	**112,799**	81,015	88,110
	146,948	115,459	124,780
Net earned premium	**153,218**	145,442	165,707
Combined operating ratio	**96.0%**	79.4%	75.3%

Solvency Coverage Ratio – Pre-Dividend

	2022 £'k	2021 £'k	2020 £'k
Solvency II net assets	**91,191**	110,114	122,500
Solvency capital requirement	**56,516**	52,955	60,327
Solvency coverage ratio – pre-dividend	**161.4%**	207.9%	203.1%

Solvency Coverage Ratio – Post-Dividend

	2022 £'k	2021 £'k	2020 £'k
Solvency II net assets	**91,191**	110,114	122,500
Less: Final dividend	**(4,250)**	(23,250)	(29,250)
Solvency II net assets (post-dividend)	**86,941**	86,864	93,250
Solvency capital requirement	**56,516**	52,955	60,327
Solvency coverage ratio – post-dividend	**153.8%**	164.0%	154.6%

Financial Reconciliations continued

Return on Tangible Equity

	2022 £'k	2021 £'k	2020 £'k
IFRS net assets at year end	**222,496**	252,727	266,400
Less:			
Goodwill at year end	**(156,279)**	(156,279)	(156,279)
Closing tangible equity	**66,217**	96,448	110,121
Opening tangible equity	**96,448**	110,121	111,138
Average tangible equity	**81,333**	103,285	110,630
Adjusted profit after tax	**10,107**	30,140	39,798
Return on tangible equity	**12.4%**	29.2%	36.0%

Dividend Payout Ratio

	2022 £'k	2021 £'k	2020 £'k
Adjusted profit after tax	**10,107**	30,140	39,798
Dividend declared in respect of the financial year	**11,250**	32,500	53,000
2019 deferred special dividend	**–**	–	(13,000)
Effective dividend declared in respect of the financial year	**11,250**	32,500	40,000
Dividend payout ratio	**111.3%**	107.8%	100.5%

Shareholder Information

Shareholders

Shareholder Profile as at 31 December 2022

Balance Ranges	Total Number of Holdings	Percentage of Holders	Total Number of Shares	% Issued Capital
1-100	10	3.37%	469	0.00%
101-1,000	32	10.77%	16,096	0.01%
1,001-10,000	58	19.53%	255,024	0.10%
10,001-100,000	69	23.23%	2,640,319	1.06%
100,001-1,000,000	76	25.59%	24,897,785	9.96%
1,000,001-999,999,999	52	17.51%	222,190,307	88.88%
Totals	**297**	**100.00%**	**250,000,000**	**100.00%**

Party Type	No Of Holders	% of Holders within Type	Balance	% Issued Capital
Male	35	11.78%	341,004	0.14%
Female	12	4.04%	15,803	0.01%
Nominee	194	65.32%	212,812,437	85.12%
Bank	1	0.34%	72	0.00%
Limited Company	26	8.75%	27,018,973	10.81%
Other Organisation	29	9.76%	9,811,711	3.92%
Total	**297**	**100.00%**	**250,000,000**	**100.00%**

Party Type	No Of Holders	% of Holders within Type	Balance	% Issued Capital
Private Individuals	47	15.82%	356,807	0.14%
Nominee Companies	194	65.32%	212,812,437	85.12%
Limited & Public Limited Companies	26	8.75%	27,018,973	10.81%
Other Organisations & Banks	30	10.10%	9,811,783	3.92%
Total	**297**	**100.00%**	**250,000,000**	**100.00%**

Share Price during the financial year ending 31 December 2022

London Stock Exchange, pence per 0.01 pence share

Highest	238.5p
Lowest	82.8p

2023 Financial Calendar

Full Year Results	14 March 2023
Trading Update	25 May 2023
Annual General Meeting	25 May 2023
Half Year Results	27 July 2023
Trading Update	12 October 2023

2023 Dividend Calendar

2022 Final Dividend Payment Dates*	
Ex-dividend date	20 April 2023
Record date	21 April 2023
Payment date	1 June 2023

2023 Interim Dividend Payment Dates**	
Ex-dividend date	17 August 2023
Record date	18 August 2023
Payment date	20 September 2023

* subject to shareholder approval
** dates and dividend not yet finalised

Shareholder Queries

General Shareholder Queries

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 8.30am to 5.30pm, Monday to Friday, excluding Bank Holidays in England and Wales.

Registrar Share Dealing Service

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

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. 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 8.30am to 5.30pm, 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.

Shareholder Information continued

Website

The corporate website address is

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
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Registered in England and Wales. Registered number 10974661

Directors, advisers and other information

Directors
Andy Pomfret – Chair

Geoff Carter

Ian Clark

Karen Geary

Michael Koller

Alison Morris

Rebecca Shelley

Adam Westwood

Company Secretary
Anneka Kingan

Auditor
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