IMPORTANT: You must read the following before continuing. The following applies to the Offering Memorandum following this page (the "**Offering Memorandum**"), and you are therefore required to read this carefully before reading, accessing or making any other use of the Offering Memorandum. In accessing the Offering Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

THE OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED OTHER THAN AS PROVIDED BELOW AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. THE OFFERING MEMORANDUM MAY ONLY BE DISTRIBUTED OUTSIDE THE UNITED STATES TO PERSONS THAT ARE NOT U.S. PERSONS AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"). ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITIES IN ANY JURISDICTION. THE SECURITIES DESCRIBED IN THE OFFERING MEMORANDUM HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS.

Confirmation of your Representation: In order to be eligible to view the Offering Memorandum or make an investment decision with respect to the securities described in the Offering Memorandum, you must be a person other than a U.S. person (within the meaning of Regulation S under the Securities Act) who is outside the United States. By accepting the email and accessing the Offering Memorandum, you shall be deemed to have represented to Morgan Stanley & Co. International plc (the "**Sole Lead Manager**") that you are not, and that any customer represented by you is not, a U.S. person; the electronic mail address that you have given to us and to which this email has been delivered is not located in the U.S., its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any State of the United States or the District of Columbia; and that you consent to delivery of the Offering Memorandum by electronic transmission.

You are reminded that the Offering Memorandum has been delivered to you on the basis that you are a person into whose possession the Offering Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Offering Memorandum to any other person.

Any materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the potential offering be made by a licensed broker or dealer and the Sole Lead Manager or any affiliate of the Sole Lead Manager is a licensed broker or dealer in that jurisdiction, any offering shall be deemed to be made by the Sole Lead Manager or such affiliate on behalf of esure Group plc in such jurisdiction.

Under no circumstances shall the Offering Memorandum constitute an offer to sell or the solicitation of an offer to buy any securities in any jurisdiction. Recipients of the Offering Memorandum who intend to subscribe for or purchase the securities are reminded that any subscription or purchase may only be made on the basis of the information contained in the Offering Memorandum. The Offering Memorandum may only be communicated to persons in the United Kingdom ("**UK**") in circumstances where section 21(1) of the Financial Services and Markets Act 2000 (as amended) ("**FSMA**") does not apply.

The Offering Memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Sole Lead Manager, any person who controls the Sole Lead Manager, or any of its directors, officers, employees, agents or affiliates accepts any liability or responsibility whatsoever in respect of any difference between the Offering Memorandum distributed to you in electronic format and the hard copy version available to you on request from the Sole Lead Manager.

The Notes are not intended to be offered, sold or otherwise made available, and should not be offered, sold or otherwise made available, to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended) ("**MiFID II**"); or (ii) a customer within the meaning of the Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No. 1286/2014 on key information documents for packaged and retail and insurance-based investment products (the "**EU PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended ("**EUWA**"); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of UK domestic law by virtue of the EUWA ("**UK MiFIR**"). Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Professional investors and ECPs only target market

Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Conduct of Business Sourcebook, and professional clients, as defined in UK MiFIR; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer's target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

OFFERING MEMORANDUM

esure Group plc

(Incorporated with limited liability in England and Wales with registered no. 07064312)

£100,000,000
12.000 per cent. Reset Subordinated Notes due 2033

Issue price: 100.000 per cent.

The £100,000,000 12.000 per cent. Reset Subordinated Notes due 2033 (the "**Notes**") are issued by esure Group plc ("**esure**" or the "**Issuer**") and constituted by a trust deed to be dated on or about 20 June 2023 (as amended or supplemented from time to time, the "**Trust Deed**") between the Issuer and the Trustee (as defined in "*Terms and Conditions of the Notes*" (the "**Conditions**", and references herein to a numbered "**Condition**" shall be construed accordingly)).

This Offering Memorandum does not comprise a prospectus for the purposes of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") or Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended ("**EUWA**") (the "**UK Prospectus Regulation**").

Application has been made to the Irish Stock Exchange plc, trading as Euronext Dublin ("**Euronext Dublin**") for the Notes to be admitted to the Official List and to trading on the Global Exchange Market of Euronext Dublin (the "**GEM**"). The GEM is not a regulated market for the purposes of Directive 2014/65/EU (as amended) ("**MiFID II**") or Regulation (EU) No. 600/2014 as it forms part of UK domestic law by virtue of the EUWA ("**UK MiFIR**"). This Offering Memorandum constitutes listing particulars for the purpose of such application and has been approved by Euronext Dublin.

The Notes will bear interest on their principal amount from (and including) the Issue Date to (but excluding) 20 December 2028 (the "**Reset Date**") at a fixed rate of 12.000 per cent. per annum and thereafter at the Reset Rate of Interest (which will be determined as further provided in the Conditions). Interest will be payable (subject to the following proviso) on the Notes semi-annually in arrear on 20 June and 20 December (each, an "**Interest Payment Date**") in each year commencing on 20 December 2023; provided that the Issuer will be required to defer any payment of interest which is otherwise scheduled to be paid if (i) such payment cannot be made in compliance with the solvency condition described in Condition 2.2 (the "**Solvency Condition**") or (ii) a Regulatory Deficiency Interest Deferral Event (as defined herein) has occurred and is continuing, or would occur if such interest payment were made (save as otherwise permitted by the Relevant Regulator pursuant to Condition 5.2). Any interest so deferred shall, for so long as the same remains unpaid, constitute "**Arrears of Interest**". Arrears of Interest will not themselves bear interest,and will be payable as provided in Condition 5.2 and 5.3.

Unless previously redeemed or purchased and cancelled, the Notes will mature on 20 December 2033 (the "**Maturity Date**") and shall be redeemed on the Maturity Date, subject to the satisfaction of the Solvency Condition and to no Regulatory Deficiency Redemption Deferral Event (as defined herein) having occurred or occurring as a result of such redemption. Prior to any notice of redemption before the Maturity Date or any substitution, variation or purchase of the Notes, the Issuer will be required to have complied with relevant legal or regulatory requirements including as to notifications to, or consent or non-objection from, (in each case, if and to the extent required) the Relevant Regulator (as defined herein) and to be in continued compliance with Regulatory Capital Requirements (as defined herein) applicable to it. Subject to that, to the Relevant Rules, to satisfaction of the Solvency Condition and to no Regulatory Deficiency Redemption Deferral Event having occurred, the Notes may be redeemed at the option of the Issuer before the Maturity Date upon the occurrence of certain specified events relating to taxation or a Capital Disqualification Event (as defined herein), or otherwise at the option of the Issuer in certain limited circumstances pursuant to Condition 6.5 and 6.6 on any day falling in the period commencing on (and including) 20 June 2028 and ending on (but excluding) the Reset Date, or if, at

any time after the Issue Date, 80 per cent. or more of the aggregate principal amount of the Notes originally issued has been purchased and cancelled, at their principal amount together with any accrued but unpaid interest to (but excluding) the date of redemption and any Arrears of Interest (as defined herein).

In addition, the Issuer will, in certain circumstances, also have the right to substitute the Notes for, or vary the terms of the Notes so that they remain or become, Qualifying Tier 2 Securities, as described in *"Terms and Conditions of the Notes - Redemption, Substitution, Variation, Purchase and Options"*.

The Notes will be direct, unsecured and subordinated obligations of the Issuer, ranking *pari passu* and without preference amongst themselves, and will, in the event of the winding-up of the Issuer or in the event of an administrator of the Issuer being appointed and giving notice that it intends to declare and distribute a dividend, be subordinated to the claims of all Senior Creditors (as defined herein) of the Issuer.

The Notes will be issued in registered form in principal amounts of £100,000 and integral multiples of £1,000 in excess thereof. The Notes will be represented by a global certificate (the "**Global Certificate**") registered in the name of a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**") on or about the Issue Date. Individual certificates ("**Certificates**") evidencing holdings of Notes will be available only in certain limited circumstances described under "Overview of the Notes while in Global Form".

An investment in the Notes involves certain risks. Prospective investors should have regard to the factors described under the section headed "Risk Factors" in this Offering Memorandum. The Notes will not be rated on issue.

The Issuer shall only have the right to redeem or purchase the Notes in accordance with the Conditions. Holders of the Notes ("Noteholders") will have no right to require the Issuer to redeem or purchase the Notes at any time.

Sole Lead Manager

Morgan Stanley

The date of this Offering Memorandum is 16 June 2023

The Issuer accepts responsibility for the information contained in this Offering Memorandum. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Offering Memorandum is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "Documents Incorporated by Reference").

No person has been authorised to give any information or to make any representation other than those contained in this Offering Memorandum in connection with the issue, sale, listing and admission to trading of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or Morgan Stanley & Co. International plc acting as the Sole Lead Manager (the "**Sole Lead Manager**"). Neither the delivery of this Offering Memorandum nor the issue, sale, listing and admission to trading of the Notes in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Offering Memorandum has been most recently amended or supplemented, or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Offering Memorandum has been most recently amended or supplemented.

Save for the Issuer, no other person has separately verified the information contained herein. To the fullest extent permitted by law, neither the Sole Lead Manager nor BNY Mellon Corporate Trustee Services Limited (the "**Trustee**") accepts any responsibility for the contents of this Offering Memorandum or for any other statement made or purported to be made by the Trustee or the Sole Lead Manager or on its behalf in connection with the Issuer or the issue, sale, listing and admission to trading of the Notes. The Trustee and the Sole Lead Manager disclaim all and any liability to any investor whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Memorandum or any such statement. Neither this Offering Memorandum nor any other information supplied in connection with the Notes is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Trustee or the Sole Lead Manager that any reader of this Offering Memorandum or any other information supplied in connection with the Notes should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Offering Memorandum or any other information supplied in connection with the Notes and its purchase of Notes should be based upon such investigation as it deems necessary. Neither the Trustee nor the Sole Lead Manager undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Offering Memorandum nor to advise any investor or potential investor in the Notes of any information coming to the attention of the Sole Lead Manager or Trustee.

Restrictions on marketing and sales

The Notes are not intended to be offered, sold or otherwise made available, and should not be offered, sold or otherwise made available, to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of the Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No. 1286/2014 on key information documents for packaged and retail and insurance-based investment products (the "**EU PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended) ("**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the

Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Professional investors and ECPs only target market

Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Conduct of Business Sourcebook, and professional clients, as defined in UK MiFIR; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer's target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

Restrictions on marketing and sales in the United States and to U.S. persons

The distribution of this Offering Memorandum and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Memorandum comes are required by the Issuer and the Sole Lead Manager to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended, the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States. The Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")) except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act.

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S. For a description of these and certain further restrictions on offers and sales of Notes and on distribution of this Offering Memorandum, see "Subscription and Sale".

The Notes have not been approved or disapproved by the United States Securities and Exchange Commission, any State securities commission in the United States or any other United States regulatory authority, nor has any of the foregoing authorities passed upon or endorsed the merits of the offering of Notes or the accuracy or the adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offence in the United States.

Singapore SFA Product Classification

In connection with Section 309B of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are "prescribed capital markets products" (as defined in the CMP Regulations 2018) and are Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

General restrictions on marketing and sales

This Offering Memorandum does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Sole Lead Manager to subscribe for, or purchase, any Notes.

Currencies

In this Offering Memorandum, unless otherwise specified, all references to "pounds", "sterling", "£", "p" or "pence" are to the lawful currency of the United Kingdom.

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Important Information

Cautionary note regarding forward-looking statements

This Offering Memorandum includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Offering Memorandum and include, but are not limited to, statements regarding the intentions of the Issuer and its consolidated subsidiaries (the "**Group**"), beliefs or current expectations concerning, among other things, the Group's business, results of operations, financial position, prospects, dividends, growth, strategies and the asset management business.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the actual results of the Group's operations, its financial position and dividends, and the development of the markets and the industries in which the Group operates may differ materially from those described in, or suggested by, the forward-looking statements contained in this Offering Memorandum. In addition, even if the Group's results of operations and financial position, and the development of the markets and the industries in which the Group operates, are consistent with the forward-looking statements contained in this Offering Memorandum, those results or developments may not be indicative of results or developments in subsequent periods. A number of risks, uncertainties and other factors could cause results and developments to differ materially from those expressed or implied by the forward-looking statements factors discussed in the section of this document headed "Risk Factors".

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this Offering Memorandum reflects the Group's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group's business, results of operations, financial condition, prospects, dividends, growth, strategies and the asset management business. Investors should specifically consider the factors identified in this Offering Memorandum, which could cause actual results to differ, before making an investment decision. Subject to any obligations under admission to trading rules of the GEM (as amended from time to time), the Issuer undertakes no obligation publicly to release the result of any revisions to any forward-looking statements in this Offering Memorandum that may occur due to any change in the Issuer's expectations or to reflect events or circumstances after the date of this Offering Memorandum.

Presentation of Financial Information

Unless otherwise indicated, financial information in this Offering Memorandum and the information incorporated by reference into this Offering Memorandum is presented in pounds sterling and has been prepared in accordance with IFRS as adopted by the UK.

The financial information presented in a number of tables in this Offering Memorandum and the information incorporated herein has been rounded to the nearest whole number or the nearest decimal. Therefore, the sum of the numbers in a column may not conform exactly to the total figure given for that column. In addition, certain percentages presented in the tables in this Offering Memorandum and the information incorporated herein reflect calculations based upon the underlying information prior to rounding, and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

References to the "**UK Solvency II Legislation**" in this Offering Memorandum and the information incorporated herein are to the Directive on the taking up and pursuit of the business of insurance and reinsurance (Solvency II) (2009/138/EC) and implementation measures in respect thereof, establishing a new regime in relation to solvency requirements and other matters affecting the financial strength of insurers and reinsurer, as amended and as it forms part of UK domestic law by virtue of the EUWA.

Third party information

The Issuer confirms that all third-party data contained in this Offering Memorandum and the information incorporated herein has been accurately reproduced and, so far as the Issuer is aware and able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading.

Where third-party information has been used in this Offering Memorandum and the information incorporated herein, the source of such information has been identified.

No profit forecast

No statement in this Offering Memorandum is intended as a profit forecast and no statement in this Offering Memorandum should be interpreted to mean that earnings per ordinary share of the Issuer (a "**Share**") for the current or future financial years would necessarily match or exceed the historical published earnings per Share.

Insurance Group Parent

References in this Offering Memorandum and the information incorporated herein to the "**Insurance Group Parent Entity**" are to the Issuer, or any other subsidiary or parent company of the Issuer which from time to time constitutes the highest entity in the relevant insurance group for which supervision of group capital resources or solvency is required (whether or not such requirement is waived in accordance with the Relevant Rules (as defined in the Conditions)) pursuant to the regulatory capital requirements in force from time to time. References to the "**Insurance Group**" are to the Insurance Group Parent Entity and its subsidiaries (as such term is defined under section 1159 of the Companies Act, "**Subsidiaries**").

Notes may not be a suitable investment for all investors

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of the investment in light of its own circumstances. In particular, each potential investor should (a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Offering Memorandum, any applicable supplement and the information incorporated herein or therein; (b) have access to and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio; (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency; (d) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Notes are complex financial instruments. An investment in the Notes may be considered by investors who are in a position to be able to satisfy themselves that the Notes would constitute an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Notes unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Alternative Performance Measures ("APMs")

This Offering Memorandum contains certain financial metrics which the Issuer considers to constitute APMs and which are provided in addition to the financial performance measures established by International Financial Reporting Standards ("**IFRS**"). APMs in this Offering Memorandum include return on tangible equity, trading profit, in-force policies and non-underwritten revenue streams. The Issuer believes the APMs provide investors with meaningful, additional insight as to underlying performance of the Issuer. An investor should not consider non-IFRS financial measures as alternatives to measures reflected in the Group financial information, which has been prepared in accordance with IFRS. In particular, an investor should not consider such measures as alternatives to profit after tax or any other performance measures derived in accordance with IFRS or as an alternative to cash flow from operating activities as a measure of the Group's activity. The Group's non-IFRS financial measures may not be comparable with similarly titled financial measures reported by other companies.

Stabilisation

In connection with the offering of the Notes, Morgan Stanley & Co. International plc in its capacity as the Sole Lead Manager (the "**Stabilising Manager**") (or persons acting on behalf of the Stabilising Manager) may over-allot Notes or effect transactions to support the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilisation action.

Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but must end no later than the earlier of 30 days after the Issue Date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) in accordance with all applicable laws and rules.

Documents Incorporated by Reference

This Offering Memorandum should be read and construed in conjunction with the information set out in the table below.

Such documents shall be incorporated in, and form part of, this Offering Memorandum, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Offering Memorandum to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Memorandum. Those parts of the documents incorporated by reference in this Offering Memorandum which are not specifically incorporated by reference in this Offering Memorandum are either not relevant for prospective investors in the Notes or the relevant information is included elsewhere in this Offering Memorandum. Any documents themselves incorporated by reference in the documents incorporated by reference in this Offering Memorandum shall not form part of this Offering Memorandum.

Copies of documents incorporated by reference in this Offering Memorandum are available on the website of the Issuer at https://www.esuregroup.com/investors and are available free of charge at the office of the Principal Paying Agent at 160 Queen Victoria Street, London, EC4V 4LA, United Kingdom.

Reference Document	Information incorporated by reference	Page number in the reference document
esure Group plc Annual Report and Accounts for the year ended 31 December 2022		
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Overview of the Principal Features of the Notes

The following overview refers to certain provisions of the terms and conditions of the Notes and the Trust Deed and is qualified by the more detailed information contained elsewhere in this Prospectus. Terms which are defined in "Terms and Conditions of the Notes" below have the same meaning when used in this overview, and references herein to a numbered "Condition" shall refer to the relevant Condition in "Terms and Conditions of the Notes".

Issue	£100,000,000 12.000 per cent. Reset Subordinated Notes due 2033.
Issuer	esure Group plc.
Trustee	BNY Mellon Corporate Trustee Services Limited
Principal Paying Agent	The Bank of New York Mellon, London Branch
Registrar and Transfer Agent	The Bank of New York Mellon SA/NV, Dublin Branch
Agent Bank	The Bank of New York Mellon, London Branch
Status and Subordination	The Notes will constitute direct, unsecured and subordinated obligations of the Issuer and will rank *pari passu* and without any preference among themselves. The rights and claims of the Noteholders against the Issuer are subordinated in a winding-up of the Issuer in accordance with Condition 2.1 and the provisions of the Trust Deed.
Solvency Condition	Except in a winding-up, all payments in respect of the Notes (including, without limitation, payments of interest, Arrears of Interest and principal) will be conditional upon the Issuer satisfying the solvency condition described in Condition 2.2 (the "**Solvency Condition**"), and no amount will be payable in respect of the Notes until the same can be paid in compliance with the Solvency Condition.
Interest	The Notes will bear interest on their principal amount: (i) from (and including) the Issue Date to (but excluding) the Reset Date at the Initial Interest Rate; and (ii) for the Reset Period thereafter, at the Reset Rate of Interest, payable, in each case, (subject as provided under "*Deferral of Interest*") below) semi-annually in arrear on each Interest Payment Date.
Interest Payment Dates	20 June and 20 December of each year, commencing on 20 December 2023.
Deferral of Interest	The Issuer will (save as otherwise permitted by the Relevant Regulator pursuant to Condition 5.2) be required to defer any payments of interest on the Notes which would otherwise be due on any Interest Payment Date if (i) such payment cannot be made in compliance with the Solvency Condition or (ii) a Regulatory Deficiency Interest Deferral Event has occurred and is continuing or would occur if such payment of interest was made on such Interest Payment Date. The deferral of interest as described above will not constitute a default under the Notes for any purpose. "**Regulatory Deficiency Interest Deferral Event**" means any event (including, without limitation, where an Insolvent Insurer Winding-up has occurred and is continuing and any event which causes any Solvency Capital Requirement or Minimum Capital Requirement applicable to the Issuer, all or part of the Insurance Group (which part includes the Issuer and at least one other member of the Insurance Group) or any insurance undertaking within the Insurance Group to be breached and such breach is an event) which under UK Solvency

	II Legislation and/or under the Relevant Rules means that the Issuer must defer payment of interest (or, if applicable, Arrears of Interest) in respect of the Notes (in order that the Notes qualify, and/or on the basis that the Notes are intended to qualify, as Tier 2 Capital under UK Solvency II Legislation). See Condition 5.1.
Arrears of Interest	Any interest in respect of the Notes not paid on an Interest Payment Date due to the occurrence of a Regulatory Deficiency Interest Deferral Event or due to the operation of the Solvency Condition will, so long as the same remains unpaid, constitute "**Arrears of Interest**". Arrears of Interest will be payable, in whole or in part, at any time at the option of the Issuer (subject to Condition 2.2 and to satisfaction of the Regulatory Clearance Condition and provided that a Regulatory Deficiency Interest Deferral Event is not subsisting and would not occur upon payment of the same) upon notice to Noteholders, and in any event all Arrears of Interest will (subject, in the case of (a) and (c) below, to Condition 2.2 and to satisfaction of the Regulatory Clearance Condition) become payable upon the earliest of the following dates: (a) the next Interest Payment Date which is not a Mandatory Interest Deferral Date; or (b) the date on which an order is made or a resolution is passed for the winding-up of the Issuer (other than an Approved Winding-up) or the date on which any administrator of the Issuer gives notice that it intends to declare and distribute a dividend; or (c) the date fixed for any redemption or purchase of Notes by or on behalf of the Issuer or any of its Subsidiaries pursuant to Condition 6. No interest will accrue on Arrears of Interest. See Condition 5.3.
Redemption at Maturity	Unless previously redeemed or purchased and cancelled, the Issuer will, subject as provided under "*Deferral of Redemption*" below, redeem the Notes on 20 December 2033 at their principal amount together with any Arrears of Interest and any other accrued and unpaid interest to (but excluding) such date.
Deferral of Redemption	Save as otherwise permitted by the Relevant Regulator pursuant to Condition 6.1(d), the Issuer will be required to defer any scheduled redemption of the Notes (whether at maturity or if it has given notice of early redemption in the circumstances described below under "*Early Redemption at the Option of the Issuer upon the occurrence of a Tax Event or a Capital Disqualification Event*", "*Redemption at the option of the Issuer*" or "*Clean-up redemption at the option of the Issuer*") if (i) the Notes cannot be redeemed in compliance with the Solvency Condition, (ii) a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or would occur if the Notes were redeemed; (iii) (if then required) regulatory consent has not been obtained or redemption cannot be made in compliance with the Relevant Rules at such time; or (iv) redemption would otherwise breach the provisions of the Relevant Rules which apply to obligations eligible to qualify as Tier 2 Capital. In the event of any deferral of redemption of the Notes, the Notes will become due for redemption only in the circumstances described in Condition 6.1. The deferral of the redemption of the Notes as described above will not constitute a default under the Notes for any purpose.

"**Regulatory Deficiency Redemption Deferral Event**" means any event (including, without limitation, where an Insolvent Insurer Winding-up has occurred and is continuing and any event which causes any Solvency Capital Requirement or Minimum Capital Requirement applicable to the Issuer, all or part of the Insurance Group (which part includes the Issuer and at least one other member of the Insurance Group) or any insurance undertaking within the Insurance Group to be breached and such breach is an event) which under UK Solvency II Legislation and/or under the Relevant Rules means that the Issuer must defer or suspend repayment or redemption of the Notes (in order that the Notes qualify, and/or on the basis that the Notes are intended to qualify, as Tier 2 Capital under UK Solvency II Legislation).

Early Redemption at the Option of the Issuer upon the occurrence of a Tax Event or a Capital Disqualification Event

The Issuer may, subject to certain conditions and upon notice to Noteholders, at any time elect to redeem the Notes, at their principal amount together with Arrears of Interest (if any) and any other accrued and unpaid interest to (but excluding) the date of redemption, if a Tax Event or Capital Disqualification Event has occurred and is continuing.

A "**Tax Event**" will occur if:

(a) as a result of a Tax Law Change (as defined in Condition 6.3(a)), in making any payments on the Notes, the Issuer has paid or will or would on the next payment date be required to pay Additional Amounts (as defined in Condition 8) on the Notes and the Issuer cannot avoid the foregoing in connection with the Notes by taking measures reasonably available to it; or

(b) as a result of a Tax Law Change, in respect of the Issuer's obligation to make any payment of interest on the next following Interest Payment Date, (x) the Issuer would not be entitled to claim a deduction in respect of computing its taxation liabilities in the Relevant Jurisdiction, or such entitlement is materially reduced; or (y) the Issuer would not to any material extent be entitled to have such deduction set off against the profits of companies with which it is grouped for applicable UK tax purposes (whether under the group relief system current as at the Reference Date or any similar system or systems having like effect as may from time to time exist), and in each such case the Issuer cannot avoid the foregoing in connection with the Notes by taking measures reasonably available to it.

A "**Capital Disqualification Event**" shall be deemed to have occurred if at any time, as a result of any change to the Relevant Rules (or change to the interpretation by any court or authority entitled to do so on or after the Reference Date) the whole or any part of the principal amount of the Notes is no longer capable of counting as Tier 2 Capital for the purposes of (i) the Issuer on a solo, group or consolidated basis or (ii) the Insurance Group on a group or consolidated basis, except where such non-qualification is only as a result of any applicable limitation on the amount of such capital (other than a limitation derived from any transitional or grandfathering provisions under the Relevant Rules). See Conditions 6.2, 6.3 and 6.4.

Redemption at the option of the Issuer

The Issuer may, subject to certain conditions and upon notice to Noteholders, redeem all (but not some only) of the Notes at their principal amount together with Arrears of Interest (if any) and any other accrued and unpaid interest to (but excluding) the date of redemption, on any day falling in the period commencing on (and

	including) 20 June 2028 and ending on (but excluding) the Reset Date. See Condition 6.5.
Clean-up redemption at the option of the Issuer	If, at any time after the Issue Date, 80 per cent. or more of the aggregate principal amount of the Notes originally issued (and for these purposes any Further Notes issued will be deemed to have originally been issued) has been purchased and cancelled, then the Issuer may, subject to certain conditions and upon notice to Noteholders, at its option, redeem all, but not some only, of the remaining Notes at any time at their principal amount together with Arrears of Interest (if any) and any other accrued and unpaid interest to (but excluding) the date of redemption. See Condition 6.6.
Substitution and Variation	The Issuer may, subject to certain conditions and upon notice to Noteholders, at any time elect to substitute the Notes for, or vary the terms of the Notes so that they remain or become (as applicable), Qualifying Tier 2 Securities if, immediately prior to the giving of the relevant notice to Noteholders, a Tax Event or Capital Disqualification Event has occurred and is continuing.
Additional Amounts	Payments on the Notes will be made without deduction or withholding for or on account of the Relevant Jurisdiction, unless such withholding or deduction is required by law. If any such withholding or deduction is required by law, the Issuer will pay such additional amounts in relation to interest (including, without limitation, Arrears of Interest) (but not, for the avoidance of doubt, in relation to payments of principal) as shall be necessary in order that the amounts received by the Noteholders after such withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of the withholding or deduction ("**Additional Amounts**"), subject to some exceptions, as described in Condition 8. "Relevant Jurisdiction" means the United Kingdom or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and/or interest on the Notes.
Enforcement	If default is made for 14 days or more in the payment of any interest (including, without limitation, Arrears of Interest) or principal due in respect of the Notes or any of them, the Trustee in its discretion may, and if so requested by Noteholders of at least one quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to its being indemnified and/or secured and/or prefunded to its satisfaction), institute proceedings for the winding-up of the Issuer and/or prove in the winding-up or administration of the Issuer and/or claim in the liquidation of the Issuer for such payment, but may take no further or other action to enforce, prove or claim for any such payment. No payment in respect of the Notes or the Trust Deed may be made by the Issuer pursuant to Condition 10.1, nor will the Trustee accept the same, otherwise than during or after a winding-up of the Issuer or after an administrator of the Issuer has given notice that it intends to declare and distribute a dividend, unless the Issuer has given prior written notice (with a copy to the Trustee) to, and received consent or non-objection from, the Relevant Regulator which the Issuer shall confirm in writing to the Trustee.
Form and Denomination	The Notes will be issued in registered form and represented upon issue by a registered global certificate which will be registered in the name of a nominee for a common depositary for Clearstream Banking S.A. and Euroclear Bank SA/NV on the Issue Date. Save in limited

	circumstances, Notes in definitive form will not be issued in exchange for interests in the registered global certificate. The Notes will be issued in denominations of £100,000 and integral multiples of £1,000 in excess thereof.
Admission to trading	Application has been made for the Notes to be admitted to the official list of Euronext Dublin and for the Notes to be admitted to trading on the GEM of Euronext Dublin. The GEM is not a regulated market for the purposes of MiFID II.
Ratings	The Notes will be unrated on issue and the Issuer does not currently intend to seek a rating in respect of the Notes.
Governing Law	The Notes and the Trust Deed, and any non-contractual obligations arising out of or in connection therewith, will be governed by and construed in accordance with English law.
UK MiFIR Product Governance	Solely for the purposes of the manufacturer's product approval processes, the manufacturer has concluded that: (i) the target market for the Notes is eligible counterparties and professional clients only; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate.
PRIIPs/UK PRIIPs Regulation	No PRIIPs Regulation or UK PRIIPs Regulation key information document has been prepared as the Notes are not available to retail investors in the EEA or the UK.
Selling Restrictions	The European Economic Area, Hong Kong, Italy, Singapore, the United States, and the United Kingdom.
ISIN	XS2631268401
Common Code	263126840

Risk Factors

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

Any of these risk factors, individually or in the aggregate, could have an adverse effect on the Group and the impact each risk could have on the Group is set out below.

Factors which the Issuer believes may be material to assess the market risks associated with the Notes are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with the Notes for other reasons, and the Issuer does not represent that the statements below regarding the risks of holding the Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Memorandum (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.

Defined terms used in the following risk factors, unless otherwise stated, have the meaning given to them in the Conditions set out below in the section entitled "Terms and Conditions of the Notes".

1. Risks relating to the Issuer and to the Group

1.1 The Group operates in a highly competitive environment where the growth of price comparison websites has increased price competition to attract and retain customers, new market entrants have in the past implemented aggressive pricing policies and growth targets, certain competitors have greater resources than the Group, and technological changes may present competitive risks

Beyond regulatory considerations, including raising and maintaining adequate levels of capital for its underwriting activities, there are relatively few barriers to entry for businesses seeking to compete with the Group's private motor and home insurance product lines, or with its insurance intermediary services. Developments in the general insurance industry, in particular the existence of price comparison websites (also known as aggregators), have made it easier for consumers to compare the prices and terms offered by various insurance providers. Price comparison websites have also enabled the entry into the market of small and niche private motor and home insurers by allowing them to reach a large number of potential customers without incurring significant upfront marketing costs. The importance of price comparison websites (in particular, as the predominant retail distribution channel for motor insurance policies and as an increasingly important retail distribution channel for home insurance policies) has led, at times, to increased price competition to attract and retain target customers (see as further described in Section 1.26 of these Risk Factors).

In the past, the Group has faced increased competition from new entrants into the market, including those with substantial new capital or those looking to leverage the status of recognised and trusted brands. For example, a number of supermarkets offer private motor, home and other general insurance through underwriting arrangements with insurers. In addition, new entrants to the general insurance market have in the past implemented aggressive pricing policies to achieve market penetration and gain market share. Lower pricing of policies by competitors seeking aggressive growth targets within the Group's target underwriting risk market for motor and/or home policies could lead to a reduction in the volume of policies written by the Group and/or force the Group to lower its pricing to compete. Either of these outcomes may have a material adverse effect on the Group's operating margins and underwriting results and therefore on the ability of the Issuer to fulfil its obligations under the Notes.

Some of the Group's principal and potential competitors have greater resources than the Group. To the extent such insurers were to target the segments of the motor and home insurance markets in which the Group operates or which it targets, competition for customers could become more intense, which may cause the average premium rates for private motor insurance and home insurance to fall and/or the expense of acquiring and properly servicing and retaining each customer to increase. For example, in the context of home insurance, mortgage lenders and banks may have greater resources than the Group and generally benefit from having recognised and trusted brands and early access to homeowners and potential home insurance

customers through the mortgage application process. The Group may incur additional costs in seeking to attract customers from such competitors and may have to lower its home insurance premiums to attract such customers. Either of these outcomes, if they were to arise, could have a material adverse effect on the Group's results of operations, financial condition and prospects and therefore on the ability of the Issuer to fulfil its obligations under the Notes.

1.2 **The Group's business is concentrated in the UK private motor and home insurance markets and is therefore particularly vulnerable to adverse developments in these markets (including material increases in the cost of claims and changes in the regulatory, legislative or judicial landscape)**

The Group's primary business is underwriting motor and home insurance. 87 per cent. and 13 per cent. of the Group's gross written premiums for the financial year end 31 December 2022 were generated from private motor insurance policies and home insurance policies, respectively.

Adverse developments in the markets for private motor and home insurance could cause the Group's results of operations or financial condition to suffer materially. Such developments may arise from a change in the applicable regulatory or legislative regime or in the approaches of regulators or judges who apply that regulation or legislation such that this leads, for example, to an increase in compensation awards or legal costs for personal injury claims or a decreased ability to evaluate risk. Sections 1.4 to 1.10 of these Risk Factors describe the material legal and regulatory risk factors that affect the Group.

The Group's business and the Group's results of operations may also be affected by adverse cost trends. In particular, factors which negatively affect cost trends for private motor insurance include:

- increased bodily injury or third-party property damage claims, which could be caused by, among others, an increased propensity of third parties to claim, increased size or severity of claims, and increased fraud associated with staged accidents, falsified claims or other fraudulent reporting;
- increased propensity of severe bodily injury claims to settle using periodical payment orders ("**PPOs**"), which exposes the Group to further earnings-related inflation as well as additional mortality, investment income and reinsurance risks;
- increases in the costs of medical care (for example, as a result of enhancements in medical knowledge and techniques as well as the increasing use of rehabilitation, resulting in the increased life expectancy of catastrophic injury victims, with expensive medical and rehabilitation regimes required for longer periods);
- the exposure of motor insurance reserves to retrospective and prospective legal changes through court awards and/or judgments;
- increases in cost of provision of replacement cars due to use of credit hire arrangements, changes to the motor insurance products required as the sharing economy develops and the risk shifts from driver to vehicle;
- inflation within the general economy such as energy cost and salary inflation;
- inflation in motor repair costs and motor parts costs (including as a result of the UK's withdrawal from the European Union ("**EU**"), as well as increases in used car prices; uncertainty of the outcome or impact of potential regulatory or legislative changes as a result of current investigations or initiatives or potential future initiatives;
- inflation in the cost of medical treatment and care;
- the increased cost of repairing vehicles as they become more technologically advanced;
- changes in the frequency of motor accidents due to potential changes in the economy, changes in fuel prices and technological changes to vehicles and roadways, including automated driving, or social or driving habit changes, for example, as a result of the impact of the COVID-19 pandemic or due to an increase in car-sharing; and

- the potential for one or more reinsurers to fail, change their risk appetite or alter the nature, pricing or terms of their reinsurance cover, such as removing unlimited personal injury cover.

In the medium to long term, there is the potential for material disruption to the motor insurance market and the Group from new developments in vehicle technology including but not limited to autonomous vehicles, electric/hydrogen vehicles, connected cars, and disintermediation, the provision of insurance by motor manufacturers and the requirement for manufacturers of autonomous vehicles to be liable for accidents, as well as the potential cyber risks associated with autonomous vehicles (for example, malfunctions and hacking attacks). See further detail on autonomous vehicles in Section 1.19 of these Risk Factors.

The occurrence or persistence of any of these factors could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Factors which negatively affect cost trends for private home insurance include:

- increases in the costs of repairs and building work;
- inflation in home contents goods;
- the occurrence of severe weather events, climate change, and increased unpredictability of weather patterns and climatic conditions, including associated events such as landslip and subsidence, and their impact on the costs of reinsurance; and
- changes in customer behaviours, for example, as a result of the COVID-19 pandemic.

The Group will not always be able to predict accurately the impact on the Group's business, prospects, results of operations and financial position of future legislation or regulation or changes in the enforcement, interpretation or operation of existing legislation or regulation. Changes in government policy, legislation or regulatory interpretation or enforcement applying to companies in the financial services and insurance industries in any of the markets in which the Group operates may adversely affect the Group's underlying profitability, its product range, distribution channels, capital requirements and, consequently, results and financing requirements. This could have a material adverse effect on the Group's results of operations, financial condition and prospects and therefore on the ability of the Issuer to fulfil its obligations under the Notes.

1.3 **Cyclical market patterns (including in relation to the economy, weather, competition and underwriting capacity in the insurance and reinsurance industries), some of which are unpredictable, may lead to cyclical fluctuations and volatility in the Group's results of operations or financial condition**

Historically, the general (and, in particular, motor) insurance industry has been subject to cyclical patterns, some of which are unpredictable. In the past, this has caused significant cyclical fluctuations and volatility in the results of operations of general insurers. Many of the factors contributing to these cyclical patterns are beyond the control of any insurer, such as changes in the economic environment (including an economic downturn), the timing, location or severity of weather-related and catastrophic events, increases or decreases in the levels of insurance and reinsurance underwriting capacity in the industry and increases or decreases in levels of competition. The Group is exposed to the cyclical effects of such developments, including the need to increase or decrease policy prices to remain profitable and/or competitive, which could have a material adverse effect on the Group's business and the Group's results of operations or financial condition. Cyclicality may be made more acute if such developments coincide with each other.

The performance of the UK private motor insurance market as a whole has tended to fluctuate in cyclical patterns characterised by periods of significant competition in pricing and underwriting terms, which is known as a ''soft'' insurance market, followed by periods of lessened competition and increasing premium rates, known as a ''hard'' insurance market. In response to inflation rates rising during 2021 and 2022, customers' behaviours might shift as they adapt to the heightened cost of living, for example by a decline in the number of customers buying new vehicles and requiring new insurance policies or becoming more price-sensitive in

their choice of insurer. This demonstrates the way in which the Group can be exposed to macro-trends in terms of the pricing of its products.

Although an individual company's financial performance is dependent on its own specific business characteristics, the profitability of most private motor insurance companies tends to follow this cyclical market pattern, with profitability generally increasing in hard markets and decreasing in soft markets. If the private motor insurance industry softens significantly over the short to medium term, the Group's profitability may be materially adversely affected. Over the longer term, the unpredictability and competitive nature of the motor and home insurance industries may lead to significant period-to-period and year-to-year volatility in the Group's results of operations, financial condition and prospects and therefore on the ability of the Issuer to fulfil its obligations under the Notes.

1.4 **The Group is subject to extensive regulatory supervision and may, from time to time, be subject to enquiries or investigations that could divert management time and resources and result in fines, sanctions, variation or revocation of permissions and authorisations, reputational damage or loss of goodwill**

The conduct of the Group's business is subject on an ongoing basis to significant regulatory supervision. Insurance underwriting and insurance intermediary services are activities that are highly regulated in the UK and such regulation is still largely based on requirements contained in relevant EU directives despite the UK's withdrawal from the EU. To carry out such activities, the Group is required to hold and maintain certain licences, permissions and authorisations (such as permissions from the Prudential Regulation Authority (the "**PRA**") and Financial Conduct Authority (the "**FCA**") to conduct insurance activities in the UK under the FSMA, and to comply on an ongoing basis with applicable rules and regulations. These laws and regulations (and the interpretations thereof) cover a wide variety of areas and may change, and the imposition of stricter laws and regulations could affect the Group's profitability or increase the Group's compliance burden.

The PRA and the FCA have wide powers to supervise and intervene in the affairs of insurance companies (which are authorised by the PRA but supervised by the PRA and the FCA), and have broad supervisory powers dealing with all aspects of the business activities of such entities including, among other things, the authority to grant and, in specific circumstances, to vary or cancel permissions and authorisations. The FCA has similar supervisory powers with respect to insurance intermediaries (which are authorised and supervised by the FCA). The FCA may also consider firms' culture and governance, operational resilience, management of regulatory change, the general insurance distribution chain, vulnerable customers, affordability as it relates to consumer credit, complaint handling and the appropriate establishment of customers' demands and needs. The PRA has continued to focus on its financial risk framework, and the associated pillars of reserving, solvency, pricing, reinsurance and investments.

Regulatory supervision is a feature of the insurance industry landscape. The PRA, the FCA or the UK Information Commissioner's Office (the "**ICO**"), which is responsible for the regulation of data privacy, as appropriate, may from time to time make enquiries of the Group regarding its compliance with particular regulations governing the operation of its Group's business. The Group believes that it dedicates sufficient resources to its compliance programme for each of its regulated business activities. The Group endeavours to respond to regulatory enquiries in an appropriate way and to take corrective action when warranted. In the past, and in common with many other UK financial services firms, this has included providing undertakings to the FCA to revise contract terms where necessary, for example, with the Group's requirement to apply for authorisation as a claims management company in 2020. However, there can be no assurance that these efforts will eliminate the risk that the PRA, the FCA or the ICO could find that the Group has failed to comply with applicable regulations or has not undertaken corrective action as required. It is also possible that the Group may attract increased attention from the PRA, the FCA and the ICO as it grows.

Further, as the regulatory approach of the PRA and the FCA evolves, there may be further changes to the nature of, or policies for, prudential regulation and conduct of business supervision, including as a result of the withdrawal of the UK from the EU, which could lead to a period of uncertainty for the Group. Such changes in legislation or regulation or actions by these or other regulatory bodies could result in increased compliance costs for the Group, which

may result in reduced competitiveness against certain participants in the relevant markets. Regulatory authorities have broad powers over many aspects of the Group's business - including marketing, selling and pricing practices, product development and structures, data and records usage and management (including customer financial and personal data), systems and controls, health and safety, capital requirements, permitted investments, corporate governance and senior management accountability - and have the ability to impose restrictions on the future growth of the Group's business. Generally speaking, financial services regulators are concerned with the Group's financial stability in order to protect financial markets and consumers.

The FCA can conduct industry-wide investigations into certain products, selling practices or other aspects of UK insurers' businesses. Following an investigation, the FCA may determine that the Group has failed to comply with applicable regulations or, following such a determination, has not undertaken corrective action where required. The Competition and Markets Authority (the "**CMA**"), either alone or jointly with the FCA, may also conduct investigations into the competition in markets for certain insurance products and impose sanctions on firms.

The impact of the Group being found to be non-compliant by any such enquiry and/or investigation is difficult to assess or quantify. Failure to comply with existing or future laws or regulations, including regulations relating to the sale of insurance products, claims handling, operational and business controls and protection of customer data, could lead to regulatory investigations or censure, the imposition of significant fines or other financial penalties, including compensation orders, prohibition on operations and other penalties. Failure to comply with data protection laws specifically could also potentially lead to regulatory censure, in particular by the ICO (see further Risk Factor 1.28). Any non-compliance or perception on the part of contractual counterparties, customers or regulators that the Group is non-compliant with relevant laws and regulations may lead to cancellation of existing contracts or impair the Group's ability to win future business or result in a decrease in demand for the Group's products and services. Any violation, or perceived violation, of the laws or regulations applicable to the Group may give rise to penalties or requirements to reimburse being imposed upon the Group. Enquiries or investigations could result in adverse publicity for, or negative perceptions regarding, the Group. Such enquiries or investigations could also affect the Group's relations with current and potential customers, as well as divert management's attention away from the day-to-day management of the Group's business. This could have a material adverse effect on the Group's reputation, business, financial condition, results of operations and prospects, and therefore on the ability of the Issuer to fulfil its obligations under the Notes.

The Group collects, retains and processes confidential information in its systems regarding its business dealings, including personal data of its customers, third-party claimants, business contacts and employees, as part of the operation of its business. The Group must therefore comply with data protection and privacy laws and industry standards in the UK. Those laws and standards impose certain requirements on the Group in respect of the collection, use, processing and storage of such personal information. For example, under UK data protection laws and regulations, when collecting personal data, certain information must be provided to the individual whose data is being collected. This information includes the identity of the data controller, the purpose for which the data is being collected and any other relevant information relating to the processing. If data collected by the Group is not processed accurately and in accordance with notifications made to, or obligations imposed by, data subjects, regulators, other counterparties or applicable law, the Group faces the risk of regulatory censure, fines, reputational damage and financial costs, including by the ICO.

The Group is also required to comply with data protection and privacy laws and industry standards in the UK, and in some cases, it might have to comply with overseas data protection and privacy laws that have extra-territorial application, such as those of the EU. This includes compliance with the General Data Protection Regulation (EU) 2016/679 as it forms part of UK domestic law by virtue of the EUWA ("**UK GDPR**"), which came into effect on 25 May 2018. The UK GDPR imposes a higher compliance burden in the industry on companies who retain customer data and may impair ability to use data. Companies and organisations must ensure that they process personal data while having adequate measures in place to protect an individual's rights in respect of that data, which may significantly increase the cost of non-

compliance, both in terms of potential financial penalties and broader reputational damage. See further Risk Factor 1.28.

The Group could be exposed to changes in laws and/or regulations that can be applied retrospectively to policies written in prior years. Conceivably this could include insurance market wide customer redress for certain policy types, customer groups, premiums, or fees/charges.

Government policy, legislative and regulatory requirements and interpretations thereof may change and become more onerous or constraining, and may weaken or eliminate markets in which the Group operates. The Group cannot predict any such changes with certainty and may be unable to respond effectively to changes in government policy, legislation or regulation. Any such changes may require the Group to change its strategy, marketing, business or operational practices or otherwise make adaptations to its products or services in the relevant market, which may further increase its costs or result in reduced revenues. The Group may be unable to pass on any increase in regulatory compliance costs to its customers, thereby causing a decline in its margins. If the Group does seek to pass on such costs to its customers, this may reduce the price competitiveness of, and hence customer demand for, the Group's products and services. Any such changes may have a material adverse effect upon the Group's business, financial condition, results of operation and prospects, and therefore on the ability of the Issuer to fulfil its obligations under the Notes.

1.5 **The new FCA general insurance pricing practices could have a significant impact on the Group's business**

The FCA completed a market study in 2021 into how general insurance firms charge their retail customers for home and motor insurance, which was finalised in a report which was published in May 2021, introducing changes to the regulatory regime. The FCA's rules provide, amongst other things, market wide restrictions on renewal pricing exceeding the equivalent new business price, additional reporting requirements and an enhanced framework for the assessment of fair value. The FCA's focus on fair value, as outlined in its policy statement 20/9, published in September 2020, included further rules to report and publish data on value measures, alongside new product governance requirements.

The FCA's new General Insurance Pricing Practices on systems and controls, product governance, premium finance provisions and related changes came into force on 1 October 2022, and on 1 January 2022 for the pricing and auto-renewal remedies, reporting provisions and related changes (the "**FCA GIPP**"). The Group has implemented a trading strategy in light of the FCA GIPP but the full impact of the FCA GIPP on the market is unknown and the behaviour of the Group's competitors in response to the future change in the regulatory landscape will be difficult to predict.

The longer term impacts of the FCA GIPP on the market and customer behaviour are unclear. Some of the potential market scenarios could lead to a material decrease in the Group's profitability as a result of lower income. They may also have a significant impact on the Group's ability to increase market share if, for example, the effect of FCA GIPP is to reduce the willingness of customers to switch insurer at renewal. Any increase in the cost of compliance with, or decrease in income as a result of, the ultimate policy implementations stemming from the FCA GIPP could have a materially adverse impact on the Group's business, financial condition, results of operations and prospects, and therefore on the ability of the Issuer to fulfil its obligations under the Notes. Failure to fully comply with FCA GIPP could also lead to the imposition of fines by the FCA on the Group and a requirement to compensate customers.

1.6 **An increased regulatory focus on climate change could have an impact on the Group's business and assets in its investment portfolio**

Regulators are increasingly seeking to develop regulations that are directly and indirectly focused on sustainable finance and climate change.

In October 2022, the Bank of England and the PRA held a conference to facilitate discussion on the complex issues associated with adjusting the capital framework to take account of climate-related financial risks with the aim of providing more guidance on its approach to climate and capital by the end of 2022. The Bank of England does not think capital frameworks should be used to address the causes of climate change. However, as set out in the PRA's Climate Change Adaptation Report 2021, and, as with any other risk, the Bank of England noted that

the capital framework could be a useful tool within the broader regulatory frameworks to ensure that PRA-regulated firms are resilient to climate risks.

Such regulatory focus on the issue of sustainable finance and particularly the risks that climate change could have on the safety and soundness of firms and the stability of the financial system may accelerate actions of market participants, which may in turn have an impact on the availability and attractiveness of certain securities. Regulatory requirements in relation to sustainable finance may reduce the value of the Group's investment portfolio and the return that it generates, as well as negatively impacting the Group's liquidity, and therefore on the ability of the Issuer to fulfil its obligations under the Notes.

1.7 **In addition to the extensive regulatory supervision described in Section 1.4 of these Risk Factors, the Group is also subject to wide-ranging legal requirements, changes to which may result in additional compliance costs and diversion of management time and resources. Failure to comply with such requirements may result in investigations, prosecution, disciplinary action, fines, reputational damage and the revocation of the Group's licences, permissions or authorisations**

The conduct of the Group's business is subject to significant legal requirements and their interpretation, enforcement and development could adversely affect the Group's business and the Group's results of operations and/or financial condition.

Among other things, insurance laws and regulations applicable to the Group:

- include regulatory requirements covering financial resources, governance and accountability, risk assessment and management, supervision, reporting and public disclosure, as set out in the Solvency II Directive (2009/138/EC) ("**Solvency II**") as amended and as implemented into UK domestic law pursuant to the PRA Rulebook published by the PRA;
- regulate transactions undertaken, including transactions with affiliates and intra-Group guarantees;
- affect the licensing of insurers and intermediaries (and their management);
- regulate the rating methodology and pricing of insurance policies;
- regulate the sale, marketing and content of insurance policies;
- regulate the management of various distribution channels;
- limit the right to cancel or refuse to renew policies;
- limit the types and amounts of investments made by the Group;
- require reinsurance, underwriting, or involuntary assignments of high-risk policies;
- regulate the right to withdraw from markets or terminate involvement with intermediaries; and
- restrict the payment of dividends or other distributions (including payment of interest on the Notes).

The Group's consumer credit-related activities (which relate to the option for customers to pay in instalments) are regulated by the FCA, and are subject to a stringent regulatory regime. There is therefore a pricing risk attached to such activities, including as to the enforceability of credit agreements.

Failure by the Group to comply with applicable law and/or regulation could lead to investigation of the Group by, and/or onerous requests for information from, the PRA and FCA and other governmental bodies, disciplinary action, prosecution, the imposition of fines, or the variation or revocation of the licences, permissions or authorisations the Group requires to conduct the Group's business. This could have a material adverse effect on the Group's business and the Group's results of operations or financial condition and could also harm its reputation.

Laws, regulations, policies, accounting rules and practices currently affecting the Group may change at any time, including as a result of investigation and regulatory activity by one or more governmental, supervisory and/or enforcement authorities, in ways which may have a material

adverse effect on the Group's business and the Group's results of operations or financial condition and could lead to litigation. As at the date of this Offering Memorandum, certain legislation remains pending in the UK which may have an impact on the Group's operations by increasing compliance and operational costs, if implemented. Such legislation includes the Digital Markets, Competition and Consumer Bill, which was introduced on 25 April 2023 and is intended to introduce consumer protections, and the Data Protection and Digital Information Bill, which was introduced on 18 July 2022 and is going through the relevant parliamentary approvals. The Insurance Distribution Directive (EU) 2016/97 ("**IDD**") (as incorporated into UK domestic law pursuant to the EUWA) regulates insurance distribution. In the UK the majority of the IDD provisions were transposed by the FCA by way of amendments to the FCA's Handbook of Rules and Guidance. The IDD has wider application than its predecessor, the EU Insurance Mediation Directive (2009/92/EC) and covers organisational conduct and business requirements for insurance and reinsurance entities and introduced requirements in new areas such as product oversight and governance. In addition, the senior managers and certification regime came into effect on 10 December 2018 for insurers and from December 2019 for FCA solo regulated firms and is comprised of a senior manager regime, a certification regime and conduct rules which replaced the previous approved persons regime and senior insurance managers regime. The regulatory regime aims to (i) ensure regulated firms have a clear and effective governance structure and (ii) enhance the accountability and responsibility of certain senior people at such firms. See "*Regulatory Overview*" for further details.

In respect of general insurance, the FCA's principle of "treating customers fairly" ("**TCF**") is focused on product design, clarity of disclosure, claims handling and systems and controls. The FCA has noted that in particularly competitive areas of insurance, such as motor and household insurance, given the focus on price, insurers must be especially vigilant to ensure that consumers are aware of the extent of policy coverage and ensure that areas such as claims-handling procedures are highlighted prior to any purchase of insurance. The FCA noted in its finalised guidance on the fair treatment of vulnerable customers (FG21/1) the importance of the TCF principle in relation to vulnerable customers accessing insurance products. Further developments to the TCF principle may result in increased cases of non-compliance and subsequent regulatory compliance risk for the Group.

On 14 May 2021, the FCA published a consultation paper (CP21/13) proposing to introduce a new "Consumer Duty" on firms who provide services to retail clients, that would set higher expectations for the standard of care that firms provide to consumers. On 7 December 2021, the FCA published a second consultation and feedback statement on the Consumer Duty (CP21/36), following which the FCA published its policy statement summarising responses and making new rules on 27 July 2022 (PS22/9) with guidance set out in FG 22/5.

Firms now have until 31 July 2023 to fully implement such rules for new and existing products or services and until 31 July 2024 for closed products or services. Firms should have agreed their Consumer Duty implementation plans by October 2022 and there was a deadline of April 2023 for relevant manufacturers to share key information with relevant distributors. The Group has processes in place to effectively implement the new regulations within these deadlines, but its operational impact and cost of compliance could negatively affect the Group.

Regulatory issues and disputes may arise from time to time from the way in which the insurance industry has sold or administered an insurance policy or the way in which they have treated policyholders or customers, either individually or collectively. In the UK, such disputes are typically resolved by the Financial Ombudsman Service ("**FOS**") or, failing this, through litigation. However, the FCA may intervene directly where larger groups or matters of public policy are involved. There have been several industry-wide issues where the FCA has intervened directly, such as the widespread mis-selling of payment protection insurance. The FCA has also carried out industry wide thematic reviews of specific products or processes with which it has concerns.

In addition to any changes impacting the Group's business, the Group may face increased compliance costs due to the need to set up additional compliance controls or the direct cost of such compliance because of changes to applicable insurance laws or regulation. This may also require management to divert significant time and attention to the implementation of such changes and/or transitional arrangements, potentially to the detriment of the day-to-day running of the Group's business. The Group cannot predict the timing, form or extent of any future legal, regulatory, accounting or tax initiatives or prospective or retrospective legislative or court

decisions impacting the Group's business or the Group as a whole. This could have a material adverse effect on the Group's results of operations, financial condition and prospects and therefore on the ability of the Issuer to fulfil its obligations under the Notes.

1.8 **The Group is required to comply with capital adequacy requirements, failure to do so could have a material adverse effect on the Group's business**

The Group is required to maintain a minimum level of regulatory capital in excess of the value of its insurance-related and other liabilities to comply with certain regulatory requirements. These requirements as regards solvency are set out in more detail in "*Regulatory Overview*" below. If the Group is unable to meet its solvency capital requirements and minimum capital requirements under Solvency II (the "**Regulatory Capital Requirements**"), the PRA may intervene and require the Group to take certain steps to restore its regulatory capital to acceptable levels, for example, by requiring the Group to cease to write or reduce writing new business. The PRA might also enforce additional capital to be held if, in the PRA's view, the standard formula solvency capital requirements do not reflect the Group's risk profile appropriately. Previous examples in the industry where this has been the case include reinsurance structures, specifically those including profit commission arrangements, material exposure to PPOs, or excessive operational risk. The Group might also need to re-allocate capital across its business, increase prices, increase reinsurance coverage or adopt a new investment strategy, including by making significant changes to its investment portfolio.

While the Group is currently able to meet its Regulatory Capital Requirements, changes in legislation, regulation, regulatory requirements or market conditions may result in the Issuer being unable to do so in the future. This could lead to the PRA limiting or revoking the permissions which the Group requires to carry out insurance business, which could materially impact the Group's results of operations or its financial position. The limited scope of the Group's business may result in the Group not being able to benefit from levels of diversification.

In addition, the Group's capital position could be adversely affected by a number of factors that erode its capital resources, impact the quantum of risk to which it is exposed or reduce the value of its assets. The assets of the Group include property investments. If the valuation of these properties was to decline materially in future periods due to negative developments in the UK real estate market or reductions in the Group's requirements for such properties, the Group may be exposed to a reduction in its regulatory capital resources, which in turn may reduce the Group's financial flexibility and have a material adverse effect on its businesses, financial condition, results of operations and prospects in future periods and therefore on the ability of the Issuer to fulfil its obligations under the Notes.

The Group has set a target operating rate for its Solvency Coverage Ratio of between 140 and 160 per cent. This range is considered typical for insurance businesses and allows the Group to maintain appropriate levels of own funds well in excess of the regulatory requirement Should the Group's Solvency Coverage Ratio fall outside of the target operating range, the Group could be at risk of non-compliance with its capital adequacy requirements. However, the Group maintains a series of capital management actions that can be used to improve solvency coverage in times of stress, and the annual Own Risk & Solvency Assessment ("**ORSA**") process considers a selection of stress events and the utilisation of these capital management actions, which in turn informs the level of the target operating range.

1.9 **The Group may require additional capital in the longer term, depending on factors including proposed regulatory changes, underwriting performance and fluctuations in fixed income and equity markets. Such additional capital may not be available or may only be available on unfavourable terms**

The Group's capital requirements depend on many factors, including any unanticipated regulatory changes to capital requirements, the Group's ability to write new business successfully and its ability to establish premium rates and reserves at levels sufficient to cover losses.

Insurers in the UK are required to maintain a minimum level of assets in excess of their liabilities. These regulatory requirements apply to individual insurance subsidiaries on a stand-alone basis and in respect of the Group as a whole. Fluctuations in fixed income and equity markets could, directly or indirectly, affect the levels of regulatory capital held by the Group. An inability to meet Regulatory Capital Requirements in the longer term may lead to intervention

by the PRA which, in the interests of customer security, could be expected to require the Group to take steps to restore regulatory capital to acceptable levels, potentially by requiring the Group to raise additional funds through financings or to reduce or cease to write new business.

The Group calculates regulatory solvency requirements using the standard formula methodology set out in the PRA Rulebook. In the ordinary course, a regular assessment of the ongoing appropriateness of the standard formula for the business is undertaken and discussed with the PRA. There is a risk that elements of the business model, including the use of material reinsurance arrangements, particularly those with profit commission arrangements, could lead to adjustments being required to the standard formula resulting in a need for increased capital to meet regulatory solvency requirements.

Any equity or debt financing required in the longer term to meet any increased capital requirements, if available at all, may be on terms that are not favourable to the Group. Disruptions, uncertainty or volatility in the debt capital markets may also limit the Group's access to capital required to operate its business. Such market conditions may limit the Group's ability to satisfy statutory capital requirements, generate premiums and investment income to meet liquidity needs, and access the capital necessary to grow the business. As such, the Group may be forced to delay raising debt capital or bear an unattractive cost of capital which could decrease profitability and significantly reduce financial flexibility. If the Group cannot, in the longer term, obtain adequate capital on favourable terms or at all, the Group's business or the Group's financial condition or operating results could be adversely affected, which could therefore affect the ability of the Issuer to fulfil its obligations under the Notes.

1.10 **The Solvency II Directive, and any UK-specific changes made to it, may require an increase in the Group's capital**

Solvency II, which governs insurance industry regulation and prudential capital requirements in the EU, including associated Implementing Technical Standards and guidelines, became effective in EU member states on 1 January 2016 (and forms part of retained EU law in the United Kingdom, pursuant to the implementation thereof in the PRA Rulebook).

In the UK, on 17 November 2022, the UK government published a consultation response setting out reforms to the Solvency II regulatory regime following the UK departure from the EU and the fact that the UK is no longer bound by EU law. The Financial Services and Markets Bill, which is currently being scrutinised by the UK parliament, is intended to repeal retained UK law and permit a new Solvency UK framework by which insurance and reinsurance entities are regulated in the UK.

The review has continued during 2023, with a first consultation on the reforms expected in the summer of 2023. The UK government is considering reforms to ensure that the regime is better tailored to support the unique features of the UK insurance sector and regulatory approach. The specific areas HM Treasury is considering for reform include: the risk margin, the matching adjustment, the solvency capital requirement, consolidated group solvency capital requirement calculation, transitional measure on technical provisions (TMTP) calculation, reporting requirements, the mobilisation of new insurance firms and the transition from LIBOR to OIS rates. HM Treasury launched Phase II of the Financial Services Future Regulatory Framework Review in October 2020 to determine how the overall approach to regulation of financial services needs to adapt to the UK's new position outside the EU. A substantial transfer of powers and responsibilities to regulators may impact the Group's regulatory capital requirements.

The PRA has published and continues to publish consultations and supervisory statements that set out its expectations relating to elements of the Solvency II regime, including its consultation paper published on 7 November 2022 which set out proposed changes to streamline regulatory reporting and disclosure requirements for insurers as part of its wider package of Solvency II reforms. As a result of these consultations, a number of these supervisory statements have been issued or updated and the PRA has indicated that further consultations are likely with two separate consultations expected in June and September 2023.

Any changes to the UK Solvency II regime could result in increased solvency requirements for the Group, with an adverse effect upon the Group's business, financial condition, results of operation and prospects, and therefore on the ability of the Issuer to fulfil its obligations under

the Notes. See Sections 1.7 to 1.9 of these Risk Factors and the section "*Regulatory Overview"* below for further detail on the application of the rules under Solvency II.

1.11 **Adverse litigation outcomes, an increase in the use of periodical payments orders, the impact of the Civil Liability Act and/or a change in the Ogden Tables used to determine the discount rate for litigation settlements could result in higher costs of claims for the Group**

The Group, in common with the insurance industry in general, has been involved in, and expects to continue to be involved in, legal proceedings that may be costly irrespective of the outcome and that could divert management's attention from running the Group's business. In the ordinary course of the Group's insurance activities, it is routinely involved in legal, mediation and arbitration proceedings with respect to liabilities which are the subject of policy claims.

To the extent that legal decisions increase court awards, the impact of which may be applied prospectively or retrospectively, the provisions the Group makes for claims may prove insufficient to cover actual claims, claim adjustment expenses or future policy benefits. As a result, the Group may have to increase its claims provisions and incur a charge to its earnings. This could have a material adverse effect on the Group's results of operations and/or financial condition.

The cost of claims could rise significantly above historical or expected levels to the extent that claims for personal injuries are determined or settled with PPOs. PPOs are effectively annuity payment orders that can be established by the courts to settle large personal injury and care claims (as an alternative to lump sum payments) resulting from motor accidents or home liability claims. They add an increased risk (i.e. mortality) which can increase the uncertainty of the total cost and, as a result of the indexation allowance built into reinsurance treaties being generally lower than the indexation allowance built by the courts into PPO claim settlements (generally based on the Annual Survey of Hours and Earnings (ASHE) index), reinsurance may not cover the full costs of such claims.

The use of PPOs in the market to settle some personal injury claims makes the estimation of claims and premium reserves more complex and uncertain. Since PPOs involve periodic payments during the entire lifetime of an injured person, an increased range of assumptions is required to estimate risk exposure. It may be difficult to set accurate reserves due to uncertainties over life expectancy, inflation, investment income, payment patterns and the likelihood of open claims to settle as a PPO. Though the Group's exposure to PPOs to date has been limited, such claims tend to be large and are expected to pay out over a long period, which increases the uncertainties discussed above.

The Group bears the risk that the cost of claims may ultimately be higher than projected. To compensate for this uncertainty, the Group may have to divert additional funds towards loss provisioning. Further, if the Group has reinsured such exposure, the Group may bear: (i) a credit risk in relation to the reinsurer; and (ii) the risk that the Group may need to account for excess amounts as a result of the rate of inflation during the term of the PPOs being greater than any cap on indexation contained in any such reinsurance policy's terms.

If personal injury claims are determined or settled with lump sum payments, such payments are calculated in accordance with the Ogden discount rate (the "**Ogden Tables**"). The Ogden Tables contain a discount rate that is set by the UK government and that is applied when calculating lump sum awards in bodily injury cases. The Ogden discount rate was originally reduced from 2.5 per cent. to minus 0.75 per cent in March 2017, regardless of whether the insurance to which the claim relates was priced on that basis. The rate was then increased from minus 0.75 per cent. to minus 0.25 per cent. on 15 July 2019. The current discount rate came into force on 5 August 2019.

A change in the discount rate used in the Ogden Tables, whether as a result of the UK government's current review or any future review, could affect all relevant claims settled after that date, regardless of whether the insurance to which the claim relates was priced on that basis or not (or occurred after that date or not). In particular, a reduction in the Ogden discount rates will increase lump sum payments to UK personal injury claimants. The next review of the Ogden Tables is likely to begin in the second half of 2024. It is possible the review will result in dual or multiple rates to reduce the risks of over/under compensation. A switch to dual or multiple rates may increase the complexity and cost of claim settlements. A reduction in, and/or

or a switch to, dual or multiple rates may have a material adverse effect on the Group's business and the Group's results of operations or financial condition.

The Civil Liability Act 2018 and associated "whiplash reforms", which were implemented on 31 May 2021, have influenced the way low value personal injury claims following road traffic accidents are managed. The reforms aimed to prevent whiplash claims being settled without a medical assessment and introduced new fixed compensation amounts, with the intention of having a positive effect on the insurance industry by reducing costs associated with lower-value whiplash claims. As at the date of this Offering Memorandum, a test case regarding the valuation of low value motor claims involving whiplash and non-whiplash ("**mixed**") injuries is awaiting leave to appeal to the Supreme Court in respect of a Court of Appeal judgment published on 20 January 2023, which concluded that mixed injuries should be quantified separately. Uncertainty remains as to the outcome of this test case and the general lack of precedent decisions on the interpretation of the Civil Liability Act 2018 has meant that uncertainty surrounding the implications of the Civil Liability Act 2018 on the market remains. This uncertainty could affect the Group's operations and financial condition. The treatment of secondary injuries under the new regime and the reaction of claims management companies ("**CMCs**") or solicitors to the reforms, for example by claiming for injuries other than whiplash, are particularly uncertain.

1.12 **The Group may be exposed to fines, penalties, reputational damage and the potential loss or revocation of permissions or authorisations if it fails to identify and eliminate potential mis-selling practices**

If the Group, or any third party outsourced services provider used by the Group, fails to identify and eliminate potential mis-selling practices, or to effectively manage and reduce the risk of mis-selling, the Group may be exposed to financial and reputational risk.

If disputes arise in relation to the way in which an insurance policy or product was sold or administered by the Group or in relation to the fair treatment of customers by the Group they may, if not successfully resolved, be dealt with by the FOS and/or the FCA.

The Group may be subject to investigations conducted or commissioned by the FCA, which could result in regulatory fines or penalties and the Group may be required to improve its systems and controls and/or its business policies and practices, which could include making changes to sales processes, withdrawing products, or providing restitution to affected customers. The FCA has powers that could be used to require the Group to make these changes. In addition, the Group's brands and reputation may be affected if such customers seek redress publicly, either through the courts or otherwise or if the FCA decides to publicly censure any member of the Group. The Group may suffer such brand and reputational damage even in circumstances where allegations of mis-selling by customers and/or consumer groups are not ultimately upheld. The FCA (or the PRA, as appropriate) could also vary or withdraw the Group's permissions or authorisations, or vary or withdraw the permissions held by individual employees of the Group. Any of these could have a material adverse effect on the Group's business and the Group's results of operations and/or financial condition, and therefore on the ability of the Issuer to fulfil its obligations under the Notes.

1.13 **The Group may suffer from increased charges, financial loss, penalties and reputational damage if tax rates, tax laws or HMRC's published practice change, or if the Group fails to manage tax risks adequately**

Changes in tax rates, tax laws or HMRC's published practice, or changes in or interpretation of or misinterpretation of the law or HMRC's published practice, or any failure to manage tax risks adequately could result in increased charges, financial loss, penalties and reputational damage, which may have an adverse effect on the Group's financial condition. In particular, any changes to, withdrawal of or change in the application of, the current UK VAT exemption that applies to insurance activities may affect the Group's outsourcing costs. The Group cannot predict the impact of future changes in tax rates, tax laws or HMRC's published practice on its products or the Group's business. Such changes and/or the introduction of new tax legislation could have a material adverse effect on the Group's business and the Group's results of operations and/or financial condition and therefore on the ability of the Issuer to fulfil its obligations under the Notes.

1.14 **The Group's underwriting performance may be affected if it fails to make an accurate assessment of the risks it assumes, including any failure to collect and analyse data, to develop, test and apply accurate rating formulae, to promptly recognise and monitor claim trends, to identify and prevent fraud and/or to project severity and frequency of claims with accuracy**

The Group's results of operations and financial condition depend on its ability to underwrite and set rates and prices accurately for its targeted spectrum of risks. Rate adequacy is necessary to generate sufficient premiums to cover losses and underwriting expenses and to earn profit on its own underwriting. If the Group fails to assess accurately the risks that it assumes, it may fail to establish adequate premium rates, which could result in the Group making losses from its underwriting activities. Such losses could have a material adverse effect on the Group's business or the Group's results of operations and/or financial condition.

In order to price its products accurately, the Group must collect and properly analyse a substantial volume of data; develop, test and apply appropriate rating formulae; promptly recognise and closely monitor trends; identify and prevent fraud; and project both severity and frequency of losses with reasonable accuracy. The Group's ability to do these successfully and, as a result, price its products accurately, is subject to a number of risks and uncertainties, including:

- the availability of and ability to use sufficiently reliable data, particularly for electric vehicles and newer types of vehicles that the Group does not have in its policy or claims history (for example, hybrid and hydrogen vehicles);
- appropriate analysis of available data;
- uncertainties inherent in estimates and assumptions generally;
- the selection and application of appropriate rating formulae or other pricing methodologies;
- unanticipated or inconsistent court decisions, legislation or regulatory action;
- changes in the Group's claims settlement practices, which can influence the amount paid on claims;
- changes in frequency, latency or severity of claims; and
- changes over time in consumer behaviour and habits.

Accurate pricing of motor insurance is subject to a number of specific uncertainties, including:

- the ongoing effects of the UK's withdrawal from the EU;
- changing driving and other consumer patterns, which could adversely affect both frequency and severity of claims;
- increases in the number and severity of bodily injury claims;
- increases in cost of provision of replacement cars due to use of credit hire arrangements;
- inflation in motor repair costs, motor parts prices and used motor prices, adversely affecting motor physical damage claim severity; and
- macro-economic factors, including inflation and increase energy costs.

Accurate pricing of home insurance is subject to a number of specific uncertainties, including:

- increases in the costs of repairs and building work;
- inflation in home contents goods; and
- weather patterns and climatic conditions, as well as catastrophes.

Such risks may result in the Group's pricing being based on inadequate or inaccurate data or inappropriate analyses, assumptions or methodologies, and may cause the Group to estimate incorrectly the frequency and severity of claims. As a result, the Group could under-price risks,

which could negatively affect its loss ratio, or the Group could overprice risks, which could reduce its business volume and competitiveness.

Underwriting is a matter of judgement involving important assumptions about matters that are inherently unpredictable and beyond the Group's control and for which historical experience and probability analysis may not provide sufficient guidance. Notwithstanding the risk mitigation and underwriting controls employed, one or more catastrophic or other loss events could result in claims that substantially exceed the Group's expectations, which may have a material adverse effect on the Group's results of operations, financial condition and prospects and therefore on the ability of the Issuer to fulfil its obligations under the Notes.

1.15 **The underwriting and/or management of insurance risks is subject to a number of uncertainties and variable factors, and any changes in these factors or any failures in the Group's estimation techniques, assumptions or loss-mitigation actions may result in the Group's claims and premium reserves not adequately covering actual claims**

The Group's claims and premium reserves may prove to be inadequate to cover the actual claims made. The Group is subject to underwriting risk, representing the uncertainty in the profitability of business written due to variability in the value and timing of claims and premium rates. The underwriting and/or management of insurance risks is, by its nature, subject to uncertainty and there can be no assurances that the Group's estimation techniques, assumptions or loss-mitigation actions will result in provisions being sufficient. This can impact historic as well as future exposures.

Among other issues, the uncertainties under insurance contracts include:

- uncertainty whether an event has occurred which would give rise to a customer suffering an insured loss;
- uncertainty about the extent of policy coverage and limits applicable;
- uncertainty about the amount of insured loss suffered by a customer as a result of the event occurring;
- uncertainty over the timing of a settlement to a customer for a loss suffered; and
- uncertainty over the level of claims expenses to be incurred.

In addition to the inherent uncertainty of having to make provision for unreported claims, there is also uncertainty regarding the eventual outcome of the claims that have been reported as at the end of the accounting period, but remain unsettled. This includes claims that may have occurred but have not yet been reported to the Group (either in full or at all) and those that are not yet apparent to the customer (either in full or at all). Claims provisions do not therefore represent an exact calculation of liability, but rather are estimates of the expected cost of the ultimate settlement of claims. As a consequence of these uncertainties, the eventual cost of settlement of outstanding claims and unexpired risks can vary substantially from initial estimates.

As a consequence of the uncertainty inherent in estimating and providing for insurance liabilities, estimation techniques need to be applied to determine the appropriate provisions. The estimation of insurance liabilities involves the use of judgements and assumptions that are specific to the relevant insurance risks and the particular type of insurance risk covered. These estimates are based on actuarial and statistical projections and assumptions, including the time required to learn of and settle claims, of facts and circumstances known at a given time, as well as estimates of trends in claims severity. The estimates are also based on other variable factors, including changes in the legal and regulatory environment, results of litigation, changes in medical costs, the cost of repairs and replacement and general economic conditions. The Group's earnings depend significantly upon the extent to which the Group's actual claims experience is consistent with the projections and the assumptions it uses in setting claims reserves and subsequent premium levels. Changes in the trends or other variable factors, such as inflation and interest rates, used to produce these estimates could result in claims in excess of relevant claims provisions. Consequently, actual claims and related expenses paid may differ from estimates reflected in the claims provisions in the Group's financial statements.

To the extent claims provisions are insufficient to cover actual losses or loss adjustment expenses, the Group may have to add to these claims provisions and may incur a charge to

the Group's earnings. Conversely, if the Group's premiums and claims provisions are too high as a result of an over-estimation of risk, the Group may become uncompetitive, leading to a loss of customers and market share. This could have a material adverse effect on the Group's results of operations, financial condition and prospects and therefore on the ability of the Issuer to fulfil its obligations under the Notes.

1.16 **The Group and its operations are based in the UK and are therefore vulnerable to any deterioration in UK economic, market and fiscal conditions (which may affect sales volumes and lead to increased fraud) or political developments**

The Group is based in the UK and only sells its products to customers in England, Scotland and Wales. The Group is therefore exposed to the economic, market, fiscal, regulatory, legislative, political and social conditions in the UK and to changes in any of these conditions. In addition, the Group is exposed to the incidence and severity of catastrophic events in the UK, whether natural or man-made, and weather events, even if not rising to the level of catastrophes, can lead to volatility in the Group's results of operations due to concentration of its home insurance business in the UK.

Economic conditions have been volatile in the UK since 2008, even more so since the UK's withdrawal from the EU in 2020, pursuant to developments in relation to the global impact of the COVID-19 pandemic, Russia's invasion of Ukraine in February 2022, increasing interest rates during 2022 and the general high-inflation macro-environment, and it is possible that further deterioration in these conditions or a long-term persistence of these conditions might result in a downturn in new business and sales volumes of the Group's products, an increase in claims, and a decrease of its investment return, which, in turn, could have a material adverse effect on the Group's business, prospects, results of operations and financial position.

Under the terms of the EU Withdrawal Agreement, the UK withdrew from membership of the EU on 31 January 2020 and following a transition period, the UK formally left the EU on 31 December 2020. Most rights and obligations associated with membership of the EU have ceased to apply to the UK, including passport rights provided under the Solvency II regime.

Despite the implementation of the EU-UK Trade and Cooperation Agreement on 1 January 2021, where most rights and obligations associated with membership of the EU ceased to apply to the UK, including passport rights provided under the Solvency II regime, there remains uncertainty as to how the agreement will continue to affect relations between the UK and the EU. This includes in relation to the legal rights and obligations for businesses in certain services industries not covered by the EU-UK Trade and Cooperation Agreement. Such uncertainty could negatively impact business and consumer confidence in the UK.

Uncertainty also remains as to what further trade agreements may or may not be agreed with key non-EU countries to supersede such arrangements previously subject to EU trade agreements. A significant amount of EU law in matters ranging from employment law to data protection to competition and financial regulation is currently embedded in UK law either as a result of EU regulation directly applicable in the UK or from UK regulations implementing EU directives. As more time elapses since the UK's departure from the EU, the possibility of legislative divergence increases, and it is still unclear what impact the UK's withdrawal from the EU will have on the UK legal and regulatory landscape in the future, which could in turn have a significant impact on the Group's business. As set out in Section 1.10 of these Risk Factors, certain areas of divergence are already being contemplated. This could reduce insurance sales and the value of the Group's investment portfolio.

Any deterioration in the UK economic and financial market conditions, whether as a result of the UK's departure from the EU or otherwise, may:

- cause financial difficulties for the Group's suppliers and reinsurers, which may result in their failure to perform as planned and, consequently, create delays in the delivery of the Group's products and services;
- result in inefficiencies due to the Group's deteriorated ability to forecast developments in the markets in which it operates and failure to adjust its costs appropriately;
- cause reductions in the future valuations of the Group's investments and assets and result in impairment charges related to goodwill or other assets due to any significant

underperformance relative to its historical or projected future results or any significant changes in its use of assets or its business strategy;

- result in increased or more volatile taxes, which could negatively impact the Group's effective tax rate, including the possibility of new tax regulations, interpretations of regulations that are stricter or increased effort by governmental bodies seeking to collect taxes more aggressively;
- result in increased customer requests for reduced pricing and reduced renewal rates;
- result in increased incidences of fraud among both customers and the Group's employees; and
- result in increased consumer indebtedness (including as a result of increased inflation) that results in policyholders not being able to fund insurance products purchased from the Group.

A worsening of economic conditions within the UK may lead to a decrease in subscribers to the Group's insurance products and roadside assistance services, and generally result in customers terminating their relationship with the Group. Therefore, a weak economy or negative economic development could have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

Spending on recreational travel and roadside assistance services is discretionary and price sensitive. Conditions reducing disposable income or consumer confidence, such as those caused by the heightened cost of living or a further continued increase in interest rates (which, among other things, is likely to cause consumers to incur higher monthly expenses under mortgages), unemployment rates, direct or indirect taxes, fuel prices or other costs of living, may therefore lead to customers opting for lower cost products and services, or reducing or stopping their spending on recreational travel and roadside assistance services. These conditions may be particularly prevalent during periods of economic downturn or market volatility and disruption, such as amidst the COVID-19 pandemic. These factors may have a material adverse effect on the Group's results of operations, financial condition and prospects and therefore on the ability of the Issuer to fulfil its obligations under the Notes.

1.17 **The Group's business is exposed to the effects of climate change, including changing weather patterns, climatic conditions and catastrophes. The unpredictability of these factors may result in differences between actual experience and the Group's assumptions on pricing and risk, leading to unexpected increases in the frequency and severity of claims incurred by the Group**

The frequency and severity of claims incurred by the Group is affected by the incidence of adverse weather events and catastrophes.

Climate change may result in the Group's pricing being based on inadequate or inaccurate data or inappropriate assumptions, and may cause the Group to incorrectly estimate future increases in the frequency and severity of claims. As a result, the Group could under-price risks, which could negatively affect its loss ratio, or the Group could overprice risks, which could reduce its business volume and competitiveness.

Severe weather events like rainstorms, flooding, windstorms and storm surge, snowstorms, hailstorms, subsidence and freeze events represent a material risk to the Group and may cause significant damage to vehicles and homes, particularly in heavily populated areas where there is a commensurate concentration of risk. Such extreme weather can lead to an increase in the frequency and severity of motor and home insurance claims suffered by the Group.

Weather-related events cannot be predicted with accuracy, and UK weather patterns and conditions in recent years have created additional unpredictability and uncertainty about risk exposure and future trends. As a result of the uncertainty and unpredictability of weather patterns and climatic conditions, the Group's assumptions regarding weather-related events may turn out to be incorrect in the future. Since the Group's assumptions on weather-related events and climatic conditions are a factor in the pricing of policy premiums and in its reserving practices and reinsurance arrangements, an increased incidence of such events in any one year or over a number of years could have a material adverse effect on the Group's business and on the Group's results of operations or financial condition. For example, the Group's trading

loss of £6.5 million in 2022 in relation to its home business reflected several adverse weather events and subsidence following a dry summer in 2022. The Group's assumptions on the impact of weather-related events and climatic conditions on the Group's business may also be affected by other external factors beyond its control. For example, in relation to home insurance, government initiatives or policies relating to flood control and the cover offered to properties at risk of flood, and changes to the funding or resourcing of such initiatives or policies, may result in increased pricing risk for the Group.

The Group seeks to reduce its exposure to flood risks by participating in government-sponsored schemes such as "Flood Re", a levy-based system aimed at ensuring flood insurance in flood risk areas remains affordable and available, by guaranteeing cover to high risk properties using a pool of capital from which to settle flood claims. However, the Group's efforts to reduce, appropriately price, or set appropriate underwriting terms for, its exposure may not be successful. In addition, government or industry schemes, such as those relating to flood control, are subject to change which could result in pricing risk if the Group is unable to price its products appropriately or result in reputational risk if the Group is suddenly forced to change its pricing or policy coverage.

An increase in extreme global weather-related events may negatively impact reinsurers, which in turn could reduce capacity in the UK's home and motor reinsurance markets. This may lead to increased reinsurance costs or a reduction in the Group's ability to place reinsurance, exposing the Group to greater weather related risks. This could have a material adverse effect on the Group's results of operations, financial condition and prospects and therefore on the ability of the Issuer to fulfil its obligations under the Notes.

Apart from covering adverse weather events, certain elements of the Group's insurance products also provide cover for losses from catastrophes. While the Group seeks to reduce its exposure to such events through reinsurance, the incidence and severity of catastrophes are inherently unpredictable, and a single catastrophe or multiple severe catastrophes in any one period could have a material adverse effect on the Group's results of operations, financial condition and prospects and therefore on the ability of the Issuer to fulfil its obligations under the Notes.

1.18 **Factors outside the Group's control, including economic conditions, cyclical and social trends and the general business and regulatory environment, may affect revenues from additional services (in particular in relation to additional insurance products)**

There are risks that the revenues from additional services may not develop as expected. Economic conditions, cyclical trends and the general business and regulatory environment could also have an impact on the growth of additional services. Customers may be less likely to acquire optional additional insurance products in an economic downturn.

The Group has established procedures and controls designed to ensure that additional insurance products are transparent, offer genuine protection to customers and are sold in compliance with applicable laws and regulations, including regulatory codes of conduct. However, there is no assurance that such procedures and controls will operate effectively or that the FCA will find them to be adequate. If such procedures and controls fail to operate as intended, or if the FCA finds them to be inadequate, the Group may be required to redesign or withdraw one or more of its additional insurance products, to provide customer redress, and to review and improve its procedures and controls and ultimately could be subject to a variation or revocation of its permissions. The Group may also be subject to public censure or other disciplinary action by the FCA. Any of these outcomes may have a material adverse effect on the Group's reputation and results of operations.

Other factors beyond the Group's control that may affect the development of additional insurance products include actions taken by competitors and market and consumer reaction to new products and/or services. These factors may have a material adverse effect on the Group's results of operations, financial condition and prospects and therefore on the ability of the Issuer to fulfil its obligations under the Notes.

1.19 **Advances in vehicle technology may impact pricing and disrupt the demand for the Group's products**

Advances in vehicle technology, such as electric and autonomous vehicles, and other innovations such as usage-based methods of determining premiums or technologies that facilitate ride-sharing, can impact pricing, and could materially disrupt the demand for the Group's products from current customers. The Group's competitive position could be impacted by its ability to deploy technology that collects and analyses a wide variety of data points so as to make underwriting or claims decisions. If the Group is unable to adapt to changes in technology and the increased competitive risks they create, then it could have a material adverse effect on the Group's business, financial condition and the results of its operations and therefore on the ability of the Issuer to fulfil its obligations under the Notes.

1.20 **The Group's investment returns are exposed to risks including interest rate, equity price and credit risks, as well as the risk of a general economic downturn, and the Group may be unable to realise its investments and other assets in order to settle its financial obligations when they fall due**

Investment returns, both positive and negative, affect the Group's overall profitability. The Group is exposed to market risk from open positions in interest rate and equity products, all of which are exposed to general and specific market movements. Certain investments are less liquid than others and the Group's ability to manage its portfolio may be affected by its ability to exit certain positions in a timely basis. The primary risks that the Group faces due to the nature of its investments and liabilities are interest rate risk (arising primarily from investments in fixed interest securities), spread risk (arising primarily from investment in corporate bonds and debt funds), and equity price risk (as a result of the Group's holdings in equity investments, classified as financial assets at fair value through profit or loss). The Group is also exposed to concentration risk. Adverse movements in interest rates, credit spreads or the equity markets and contractual non-performance in respect of, or changes in the creditworthiness of, invested assets could have a material adverse effect on the Group's business or the Group's results of operations and/or financial condition.

Fluctuations in interest rates and credit spreads affect returns on and the market values of the Group's fixed income investments. Generally, investment income will be reduced during sustained periods of lower interest rates as higher yielding fixed income securities are redeemed prior to their maturity date, mature or are sold and the proceeds reinvested at lower rates. During periods of rising interest rates, as has been the case in 2022 and 2023, prices of fixed income securities tend to fall with the result that, if sold, they can lead to realised losses. Although the investment yields are now improving, the Group's investment portfolio has been adversely affected by the volatility arising from the movements in interest rates in 2022 and 2023.

The Group's investment returns are also susceptible to changes in general economic conditions, including changes that impact the general creditworthiness of the issuers of debt securities and equity securities held in the Group's portfolios. ESG ratings have begun to emerge in recent years in relation to the Group's underlying assets (including financial investments), meaning that the valuation of the Group's investments and liabilities may fluctuate as these ESG ratings continue to evolve.

Investment returns are consequently volatile. The value of the Group's fixed income securities may be affected by changes in the credit rating of the issuer of such securities. When the credit rating of the issuer of a debt security falls, the value of that debt security may also decline. In addition, changes in the credit rating of an issuer may affect the yield on such debt securities. If the credit rating of the issuer falls to a level that would prevent the Group from holding securities issued by that issuer, pursuant to regulatory guidelines or internal investment policies, the resulting disposal may lead to a significant loss on the Group's investment. Furthermore, it is possible that an issuer may default on such securities, which could lead to a total loss by the Group on its investment.

The Group also has exposure to credit risk in relation to reinsurers, policyholders, investment counterparties including investments in "Direct Lending" funds, and debt securities, if there is a loss or adverse change in the financial situation resulting from fluctuations in the credit standing of any counterparties or debtors. As part of the Group's supplier management process, credit exposures to third parties are regularly monitored and controlled. However, a counterparty default could create an immediate loss or a reduction in future profits, and such losses could

have adverse impacts on the Group's business, financial condition, results of operations and prospects.

Liquidity risk is the risk that the Group, although solvent, either does not have sufficient financial resources available to enable it to meet its obligations as they fall due, or can secure them only at excessive cost. This could adversely affect the Group's business, financial condition, results of operations and prospects.

From time to time, the Group uses hedging, forward contracts and derivative instruments to reduce its exposure to adverse fluctuations in interest rates and foreign exchange rates. Any failure by any of the Group's counterparties to discharge their obligations or to provide adequate collateral could have a material adverse effect on the Group's business or the Group's results of operations and/or financial condition, and therefore on the ability of the Issuer to fulfil its obligations under the Notes.

1.21 **The Group's brands, reputation and goodwill may be affected by factors including litigation, employee misconduct, operational failures, regulatory investigations, negative publicity, poor performance and changes to its commercial relationships with price comparison websites**

The Group's brands and reputation underpin its customer and market perception. The Group operates in an industry where integrity, trust and confidence are paramount and is consequently exposed to risks including: products not performing as expected, litigation, failure or default by counterparties or recommended suppliers, employee misconduct, operational failures, adverse regulatory investigations, negative publicity or press speculation (including widespread adverse social media commentary), disclosure of confidential information and inadequate services, among other factors. In addition, customer perception of the Group's brands and environmental, social and governance ("**ESG**") factors may vary and adversely affect the Group's reputation, and accordingly, its financial position. Such eventualities could impact the Group's brands or reputation causing loss of consumer confidence and customers which could in turn have a material adverse effect on the Group's results of operations and/or financial condition. In particular, as price comparison sites are a major distribution channel for the Group, any failure of such price comparison sites to perform as expected may also affect the Group's reputation and business and any adverse change in arrangements with such price comparison sites may affect the Group's brand penetration and branding strategy.

1.22 **The Group is dependent on its senior management team as well as certain other key personnel and may face operational challenges as well as challenges in recruiting and retaining suitable personnel if such persons leave the Group's business**

The Group's success will depend on its ability to attract and retain executives and personnel. In the insurance industry, there is competition for highly qualified professional executives and the Group may face challenges in recruiting and retaining suitable personnel. The Group's management team have made a significant contribution to the growth and success of the business and are expected to continue to do so.

The unanticipated loss of members of the senior management team, or any delay in replacing any of them, may require substantial expense and may have a material adverse effect on the Group's business.

In addition, the PRA and FCA are responsible for the supervision of individuals with significant influence over the key functions of an insurance business, such as finance, audit, risk and other significant management functions, and such individuals must be approved by the PRA and/or FCA before they may take up those responsibilities. The PRA and/or FCA will only approve individuals for such functions if they are satisfied that they have appropriate qualifications and/or experience and are fit and proper to perform those functions, and may withdraw its approval for individuals whom it deems are no longer fit and proper to perform those functions. If the Group were unable to attract and retain, or obtain PRA and/or FCA approval for, directors and highly skilled personnel, and to retain, motivate and train its staff effectively, this could adversely affect its competitive position, which could in turn result in an adverse effect to its business, prospects, results of operations and financial position.

Moreover, if the Group were to fail to recruit or retain significant numbers of staff, the Group's ability to handle an increasing workload could be adversely affected, potentially affecting

development and growth of the business. In addition, the Group may suffer a decrease in the quality of customer facing activities, which may have a material adverse effect on the Group's results of operations and/or financial condition and therefore on the ability of the Issuer to fulfil its obligations under the Notes.

1.23 **The Group is exposed to changes in the behaviour of its customers, changes in the markets in which it operates, and risks relating to the transformational changes being made by the Group**

The Group is exposed to changes in the behaviour of its customers and the markets in which it sells its insurance products and its success is dependent to a large extent on management's ability to anticipate, react to and take advantage of such changes. For example, changes in lifestyle, technology (such as home automation, telematics and driverless cars), regulation, or taxation could significantly alter customers' actual or perceived need for insurance and the types of insurance sought. Such changes may also result in higher customer turnover and lower retention rates. The increased complexity of vehicle technology has increased and may continue to increase the cost of motor claims and the level of specialist skills and technology required to effect repairs. These changes could have a material adverse effect on the Group's results of operations, financial condition and prospects and therefore on the ability of the Issuer to fulfil its obligations under the Notes.

Changes in technology could also give rise to new types of entrants into the insurance and/or insurance sales markets, for example, pay-as-you-go motor insurance, electric vehicles and vehicle automation, or the development of new distribution channels, such as through social media, may require further adaptation of the Group's business and operations. Such changes could result in reduced demand for the Group's products and require the Group to expend significant energy, resources and expenditure to change its product offering, build new risk and pricing models, modify and renew its operating and IT systems and/or retrain or hire new people. These changes could have a material adverse effect on the Group's results of operations, financial condition and prospects and therefore on the ability of the Issuer to fulfil its obligations under the Notes.

The Group is exposed to risks arising from transformational changes within the Group itself relating to digital investment and product diversification. For example, the transformational changes being made by the Group will require the migration of policy and customer records from legacy IT systems to new IT systems. Such changes will also involve the integration of new IT systems. Failure of the Group's new IT system to perform as anticipated, an inability to migrate all policies and customer records, or a failure of the new system during transition could have a material adverse effect on the Group's results of operations, financial condition and prospects and therefore on the ability of the Issuer to fulfil its obligations under the Notes.

1.24 **The Group may not be able to manage its underwriting risk successfully through reinsurance arrangements if risk appetites change and reinsurers withdraw their products or increase prices, or if reinsurers fail to meet their payment obligations**

An important element of the Group's risk management strategy is to purchase reinsurance, thereby transferring exposure to certain risks to others through reinsurance arrangements. The Group currently uses the reinsurance markets primarily to limit its risk, to support its growth and to manage its capital more efficiently. The Group has historically relied on excess of loss reinsurance agreements to maintain its exposure to loss at or below a level that is within the capacity of its capital resources, and has more recently used loss portfolio transfer combined with adverse development cover (the "**LPT**") and quota share reinsurance for capital efficiency purposes.

The Group is exposed to the cyclical nature of the reinsurance industry. This may adversely affect the pricing and availability of reinsurance, as well as its terms and conditions. Changes in risk appetite among reinsurers may result in changes in price or willingness to reinsure certain risks, which could have a material adverse effect on the Group's results of operations or financial condition.

In private motor reinsurance, an increase in PPOs to settle bodily injury claims or sustained levels of high inflation could lead to increases in the price of reinsurance. Further changes in the price of motor reinsurance or willingness to provide motor reinsurance may develop if PPOs and the liabilities attached to such orders increase. Increasingly, reinsurers are seeking to

mitigate the risks associated with PPOs by introducing policy provisions which force the insurer and reinsurer into a commutation of the claim on pre-agreed terms ("compulsory capitalisation clauses"). The use of compulsory capitalisation clauses can have a negative impact on the amount which the insurer is able recover from the reinsurer. Such terms may become market standard in the reinsurance industry.

In home insurance, changes in the frequency and costs of worldwide weather events may impact reinsurers' willingness to provide the level of cover desired by the Group at an appropriate price or at all.

If reinsurers do not offer to renew their products and services, in whole or in part, for any reason, there is a risk that the Group may be unable to procure replacement cover for any reinsurance agreements terminated at rates and terms equivalent to those of the terminated cover and that the Group may be exposed to un-reinsured losses during any interim period between termination of the existing agreements and the start of any replacement cover.

While reinsurance makes the assuming reinsurer liable to the Group to the extent of the risk ceded, it does not discharge the Group from its primary obligation to pay under an insurance policy for losses incurred. The Group is therefore subject to credit risk with respect to its current and future reinsurers. The insolvency of any reinsurers or their inability or refusal to pay claims under the terms of any of their agreements with the Group could therefore have a material adverse effect on the Group. Collectability of reinsurance is largely a function of the solvency of reinsurers. While the Group reviews the credit rating of the reinsurers it selects, a reinsurer's insolvency or inability or unwillingness to make payments under the terms of a reinsurance arrangement could have a material adverse effect on the Group's results of operations, financial condition and prospects and therefore on the ability of the Issuer to fulfil its obligations under the Notes.

1.25 **Growing sophistication in fraud techniques and/or any failure by the Group to identify and prevent fraud could affect the profits of the Group if, as a result of such fraud, claims incidence and average payouts increase or policy sales decrease**

The Group is exposed to actual and attempted financial crime activity. Insurance fraud may rise during a recession and is an important consideration for the Group's industry. The Group is at risk both from customers who misrepresent or fail to provide full disclosure in relation to the risk against which they are seeking cover before such cover is purchased, and from customers who fabricate claims and/or inflate the value of their claims.

The Group is also at risk from members of its staff who undertake, or fail to follow procedures designed to prevent, fraudulent activities.

If the Group does not provide effective training to employees working within its claims department, does not continue to work with the UK Insurance Fraud Bureau in developing counter-fraud measures or otherwise fails to implement or sustain an effective counter-fraud strategy, the ability of the Group to combat fraud could be adversely affected. In addition, there can be no guarantee that the Group's proactive anti-fraud measures will be successful in the prevention or detection of fraud. A failure to combat the risks of fraud effectively could adversely affect the profits of the Group as claims incidence and average payouts could increase. Further, such costs may have to be passed on to customers in the form of higher premium levels, which could result in a decrease in policy sales. The costs and losses associated with internal and external fraudulent activities may require higher premiums and lower policy sales, and may therefore have a material adverse effect on the ability of the Issuer to fulfil its obligations under the Notes.

1.26 **The Group's business uses price comparison websites to distribute most of its products. The loss of business provided in this way or a change in the Group's arrangements with price comparison websites could lead to decreased brand visibility and fewer sales of new policies, while the sustained growth of price comparison websites may exert downward pricing pressures on the Group**

In common with the majority of its competitors, the Group uses price comparison websites for sales of its products. In 2022, 90 per cent. of the Group's new business was distributed via the top four UK price comparison websites. The remaining business for motor and home insurance in 2022 was generated through direct telephone and website sales.

On 16 November 2020, the FCA published a letter addressed to the chief executive officers of all price comparison websites, setting out the FCA's view of the key risks of harm that price comparison websites pose to their consumers or the market in which they operate. The FCA noted that price comparison websites should be more proactive in their response to regulatory change and their associated obligations. As price comparison websites come under increased scrutiny from regulatory bodies, there is a risk that the Group's market will be affected. If competitive pressures compel the Group to reduce prices, its operating margins and underwriting results may be materially adversely affected.

Any failure by the Group to maintain its commercial relationships with existing price comparison websites, or a failure to build relationships with new entrants to the market, could have a material adverse effect on the Group's results of operations and/or financial condition. The Group does not have exclusivity arrangements in place with these price comparison websites and as a result they quote policies and offer products of other insurance companies as well, with no obligation to give priority to the Group's products and services. The successful distribution of the Group's insurance products therefore depends on their placement on price comparison websites, and the Group competes with other insurers and brokers to attract new business on these websites.

The results of the Group's operations could also be adversely affected by changes in the commercial arrangements with price comparison websites, such as increases in the fees charged to the Group, changes in fee charging practices, changes in search algorithms used by the price comparison website, and/or changes in the basis on which renewals of business sourced through price comparison websites have been dealt with to date. As price comparison websites become more dominant in the market, this risk will increase, and competition for home insurance customers is expected to intensify in coming years as a higher percentage of policies are acquired through price comparison websites. This trend mirrors the shift in motor insurance distribution. This trend may be accelerated in a recessionary environment where pressure on consumer spending encourages consumers to shop more for the best price.

In addition, a growth in the number and size of price comparison websites and the increased use of price comparison websites by consumers could lead to downward pricing pressures on the Group. If the Group lowers its premiums to compete with other insurers quoted on price comparison websites, the Group's profitability and results of operations could be adversely affected.

The Group uses price comparison websites to create the initial relationship with its customers. It relies, to some extent, on customers acquired in this way renewing their policies with it directly rather than going back to price comparison websites at renewal. To the extent that this changes and results in the Group paying higher fees to price comparison websites, the Group's results of operations could be adversely affected.

As an industry, price comparison websites themselves face a number of risks to their businesses, including:

- changes in law or regulation making it unlawful or impractical to continue to run their businesses in the current manner. Such changes could result from regulatory investigations into the industry. The enhanced regulatory focus on price comparison websites could have a negative effect on price comparison websites' businesses;
- changes in customer perception of price comparison websites being a trusted market place, for example following the loss or misuse of personal data from any price comparison website;
- insurers ceasing to sell products through price comparison websites resulting in price comparison websites being less popular with consumers;
- insurer retention rates improving, in particular, for renewals;
- the technology used by price comparison websites becoming obsolete or incapable of properly comparing insurance products as they develop in complexity;
- damage or interruption to price comparison websites from power loss, telecommunications failures, computer viruses, attacks or other attempts to harm its systems;

- changes to the current distribution landscape or the emergence of other distribution channels, including, for example, the use of search engines or potential use of social media platforms for sales and distribution;
- competition among price comparison websites and from other insurance intermediaries;
- changes to the information supplied on price comparison websites with increased focus on product coverage and customer reviews and how this could impact the Group;
- changes in internet practices resulting in price comparison websites being less able to market their websites; and
- new rules restricting pricing of renewals of policies and an increased regulatory focus on the way that price comparison websites engage with firms, which may have a negative impact on the commercial relationship between the Group and price comparison websites (see further Section 1.5 of these Risk Factors in the context of the FCA GIPP).

These risks may result in price comparison websites ceasing to be able to operate their businesses or changing the manner in which they operate their businesses. This may in turn affect the ability of the Group to generate sales, result in higher product marketing and distribution costs, lead to decreased brand visibility and loss of market share, exert downward pricing pressures on the Group, or require the Group to review and revise the way it sells or markets its products. This could have a material adverse effect on the Group's results of operations, financial condition and prospects and therefore on the ability of the Issuer to fulfil its obligations under the Notes.

1.27 **Changes to IFRS which affect insurance companies may adversely affect the Group's financial results**

The Group's accounts are prepared in accordance with the current IFRS applicable to the insurance industry. Changes to IFRS for insurance companies have been proposed in recent years and further changes may be proposed in the future. Following the UK's withdrawal from the EU the applicability of changes to IFRS are now subject to a UK endorsement process.

On 18 May 2017, the International Accounting Standards Board (the "**IASB**") published IFRS 17 Insurance Contracts, effective from 1 January 2021. In March 2020 the IASB deferred the effective date to 1 January 2023, and in June 2020, published amendments which are aimed at assisting companies to implement the standard and making it easier for them to explain their financial performance. IFRS 17 was approved for adoption by the UK Endorsement Board on 16 May 2022. The effective date of UK-adopted IFRS17 is 1 January 2023.

This new standard introduces significant changes to the statutory reporting of insurance entities that prepare financial statements according to IFRS, changing the presentation and measurement of insurance contracts, including the effect of technical reserves and reinsurance on the value of insurance contracts.

The Group has undertaken significant work in relation to the implementation of IFRS17 with the majority of key judgements and the quantification of those judgements finalised. However, the final quantification of the new standard's impact on the Group's financial statements remains unknown pending finalisation of certain remaining accounting judgements and the consequential impact on results modelling. IFRS17 is expected to give rise to differences on the timing of recognition of profitability which will also impact the net asset value on adoption.

The Group will also apply IFRS9 for the first time on 1 January 2023. The new standard brings significant changes to the accounting for financial instruments. Whilst the Group expects the impacts of IFRS9 to be limited, it is expected that it will reduce the Group's net equity.

These and any other changes to IFRS that may be proposed in the future, may require a change in the reporting basis of future results or a restatement of reported results, and could adversely affect the Group's business, prospects, results of operations and financial position and therefore on the ability of the Issuer to fulfil its obligations under the Notes.

1.28 **Any failure in the Group's websites, computer and data processing systems, whether as a result of actions taken by third parties, failure to develop or adopt necessary**

technology, malicious attacks or inadequate business continuity planning, could affect the Group's business and the Group's reputation, results of operations and financial condition

The Group's business is dependent upon the successful functioning of the Group's websites as well as the IT underlying its websites and other operations, most of which are supported by third party providers. In addition, the Group's current primary insurance administration system ("**TIA**") is approaching the end of its working life, and is in the process of being replaced by a new system ("**EIS**"). EIS has no track record of use in the UK and the Group is therefore exposed to the risk that the system will encounter process failures that the Group is not equipped to deal with. In addition, the implementation of EIS could incur costs for the Group which are higher than expected, and there may be risks associated with the implementation timing, causing delays and disruptions within the Group's IT systems, and an adverse effect on the Group's financial position and operations.

These processes and systems may not operate as expected, may not fulfil their intended purpose or may be damaged or interrupted by failure of a third party supplier, third party supplier error, terrorist acts, natural disasters, telecommunications and network failures, power losses, physical or electronic security breaches, fraud, identity theft, process failures, increases in usage, human error, computer viruses, computer hacking, malicious employee attacks or similar events. Any failure of the Group's IT and communications systems and/or third-party infrastructure on which the Group relies could lead to significant costs and disruptions that could materially adversely affect the overall operational or financial performance of the business as well as harm the Group's reputation and/or attract increased regulatory scrutiny. Certain of the Group's IT, telephony and operational support functions are outsourced to third parties but remain critical to the Group's business, such as the maintenance of applications and systems. The Group is reliant on the continued performance, accuracy, compliance and security of all these service providers. There can be no assurance that third parties will be willing and able to perform their obligations in accordance with the terms and conditions of their contracts and arrangements with the Group. In addition, if the contractual arrangements with any third-party providers are terminated, the Group may not find an alternative outsource provider or supplier for the services, on a timely basis, on equivalent terms or without significant expense or at all. Any such disruption could have a material adverse effect on the Group's results of operations and/or financial condition, and therefore on the ability of the Issuer to fulfil its obligations under the Notes.

The Group relies on its computer and data processing systems for critical elements of its business process, including entry and retrieval of individual risk details, pricing and reserving, premium and claims processing, monitoring aggregate exposures and financial and regulatory reporting. No assurance can be given that the Group will be able to continue to design, develop, implement or utilise, in a cost-effective manner, information systems that provide the capabilities necessary for the Group to compete effectively. Any failure to adapt to technological developments could mean that the Group fails to increase or maintain its share of the online insurance market and this may have an adverse effect on the Group's business and future prospects, and therefore on the ability of the Issuer to fulfil its obligations under the Notes.

Attacks on, or the failure or substantial degradation of, the Group's websites or its computer and data processing systems could interrupt the Group's operations or materially impact its ability to conduct business or otherwise adversely affect its reputation. Such attacks could include, for example, phishing attempts and ransomware. Material flaws or damage to the websites or the system, if sustained or repeated, could result in the loss of existing or potential business relationships, compromise the Group's ability to pay claims in a timely manner or give rise to regulatory implications, which could result in a material adverse effect on the Group's business and the Group's results of operations and financial condition, and therefore on the ability of the Issuer to fulfil its obligations under the Notes.

In addition, the Group is exposed to the risk that the personal data it controls could be wrongfully accessed, copied, destroyed and/or used, whether by employees, malware groups or other third parties, or otherwise lost or disclosed or processed in breach of data protection regulations. If the Group or any of the third-party service providers on which it relies fail to process, store or protect such personal data in a secure manner or if any such theft or loss of personal data were otherwise to occur, the Group could face liability under data protection laws. This could also result in damage to the Group's brands and reputation as well as the loss of

new or repeat business, and/or the Group incurring a large fine, any of which could, to the extent not mitigated by the Group's disaster recovery and business continuity contingency plans, have a material adverse effect on the Group's business, prospects, results of operations and financial position. In addition, in the event of a data loss the Group could also face enforcement action from the FCA, as any loss/unauthorised access to data could be construed as a failure of the Group's systems and controls. A security breach of the Group's computer or other systems could damage its reputation or result in liability or regulatory action. The Group might be required to spend significant capital and other resources to protect against such breaches or to alleviate problems caused by such breaches. Any publicised compromise of security could deter transactions involving the transmission of confidential information, including personal data. There is also a risk that the implications of needing to adhere to the GDPR standard definition of consent in respect to obligations in privacy and electronic communications regulations could impact the Group's use of cookies in relation to marketing, customer insight and other activities.

In recent years, there has been an increased interest in and use and development of artificial intelligence, including in relation to using advanced technologies to enhance decision making and productivity, lower costs and optimise customer experiences, for example via machine learning and by collecting data about individual customers' behaviours to create risk profiles. While such technologies are still emerging, their use and potential reach is not yet known and might be limited in future by regulatory bodies and by new legislation, or be subject to improper use by cyber "hackers". The Group might be required to expend significant resources on the implementation of artificial intelligence to support its operations, which is later impacted by new legislation, or to keep up with its competitors in the insurance market who use such artificial intelligence technology to disrupt the market. Further, the Group's insurance coverage might not adequately compensate it for material losses that could occur due to disruptions to its service as a result of failure of its websites or systems.

Following an increased use within the Group of remote working, there has consequently been greater reliance on the Group's IT systems since 2020. Any failure to manage IT, data privacy or information security risks may have a material adverse effect on the ability of the Issuer to fulfil its obligations under the Notes.

1.29 **The Group is exposed to payment processing risks, including increases in interchange and other fees, actions taken by third parties that disrupt the Group's operations, failure by the Group to fully comply with rules and standards governing payment processing, and system failures and security breaches**

The Group pays interchange and other fees for card payments, which may increase over time and raise operating costs and lower margins. The Group relies on third parties to provide payment processing services, and it could disrupt the Group's operations if these companies become unwilling or unable to provide these services. The Group is also subject to payment card association operating rules, certification requirements, Payment Card Industry Data Security Standards, Payment Services Directive identity confirmation requirements and rules governing electronic funds transfers which could change or be reinterpreted to make them difficult or impossible to comply with. In the future if the Group fails to comply with these rules or requirements, such lack of compliance may result in the Group being subject to fines and/or higher transactions fees, and in extreme cases, the Group may lose its ability to accept credit or debit card payments from customers.

Any failure of the Group's payment processing systems, whether caused by a systems failure or otherwise, will adversely affect the Group's income in the short term and may result in it losing customers which may have an adverse effect on the Group's financial condition and future prospects. In addition, there can be no assurance that advances in computer capabilities or other events or developments will not result in a compromise or breach of the processes used by the Group to protect customer transaction data. If any such compromise or breach were to occur, it could have an adverse effect on the Group's business and the Group's reputation, future prospects, financial condition and/or results of operations, and therefore on the ability of the Issuer to fulfil its obligations under the Notes.

1.30 **Protecting the Group's intellectual property could involve costly and time- consuming measures or litigation, and failure to prevent the use of the Group's intellectual property**

by third parties could adversely affect the Group's business and future prospects of the Group

The Group holds a portfolio of registered UK and European trade marks which protect the names and logos of the *esure*, *Sheilas' Wheels* and *First Alternative* brands along with some related slogans and other products, such as the "esure Flex" product (as further described in "*Description of the Issuer*" below). Although the Group has taken steps to reduce the risks of intellectual property infringement by third parties against the Group, including instructing trade mark attorneys to operate a watch service to identify applications for trademarks similar to those which protect the names and logos of *esure*, *Sheilas' Wheels* and *First Alternative*, such steps may be inadequate. In addition, third parties may independently discover the Group's trade secrets and proprietary information or systems, and, in such cases, the Group may not be able to rely on any intellectual property rights to prevent the use of such trade secrets, information or systems by such parties. Costly and time-consuming litigation could be necessary to determine and enforce the scope of the Group's proprietary rights and the outcome of such litigation could not be guaranteed. Failure to prevent the use of such secrets, information or systems by such third parties could adversely affect the Group's business and future prospects of the Group.

1.31 **The interests of Bain Capital Private Equity may conflict with those of Noteholders**

The Group is wholly owned by Blue (BC) Bidco Limited, a wholly owned subsidiary of funds advised by Bain Capital Private Equity ("**Bain**"). Bain is a private investment firm with global private equity funds, which partners with management teams to invest across a number of industries. Bain has, directly or indirectly, the power to affect the Group's legal and capital structure as well as the ability to elect and change the Group's management, to approve other changes to its operations and to influence the outcome of matters requiring action by the Group's shareholders. Bain's interests in certain circumstances may conflict with the interests of Noteholders, particularly if the Group encounters financial difficulties or is unable to pay its debts when due. For example, Bain could vote to cause the Group to incur additional indebtedness. Bain is in the business of making investments in companies and may acquire and hold interests in businesses that compete directly or indirectly with the Group. Bain may also pursue acquisition opportunities that are complementary to the Group's business and, as a result, those acquisition opportunities may not be available to the Group. In addition, Bain has held, holds or may hold interests in suppliers or customers of the Group. Bain and its affiliates could also have an interest in pursuing divestitures (including one or more divestitures of all or part of the Group's business or sales of the Group's shares which would result in changes to the Group's shareholding structure), financings, dividend distributions or other transactions that, in its judgment, could enhance its equity investments, although such transactions might involve risks to holders of the Notes. If such a conflict of interest were to occur, the Group's legal and capital structure and financial position might change, and so affect the ability of the Issuer to fulfil its obligations under the Notes.

2. **Risks relating to the structure of the Notes**

2.1 **The Issuer may redeem the Notes at par before maturity in certain circumstances, and an investor may not be able to reinvest the redemption proceeds at as effective a rate of return as that in respect of the Notes**

The Notes may, subject as provided in Condition 6, be redeemed before the Maturity Date at the sole discretion of the Issuer in the event of certain specified events:

(a) at any time in the event of certain changes to the tax treatment of the Notes or payments thereunder due to a change or amendment to or proposed change or proposed amendment to, applicable law or regulation or the official interpretation thereof;

(b) at any time in the event of a Capital Disqualification Event;

(c) at any time if 80 per cent. or more of the aggregate principal amount of the Notes originally issued (including, for this purpose, any Further Notes) have been purchased and cancelled,; or

(d) on any date falling in the period from (and including) 20 June 2028 to (but excluding) the Reset Date,

in each case at their principal amount together with interest accrued but unpaid to (but excluding) the date of redemption and any Arrears of Interest, provided that any such redemption will only be made following compliance with the Regulatory Clearance Condition and in compliance with the Regulatory Capital Requirements and as further provided in Conditions 6.1 and 6.2.

The circumstances in which an early redemption right may arise pursuant to Conditions 6.3 or 6.4 may be difficult to predict. The redemption features of the Notes are likely to limit their market value. During any period when the Issuer has the right to elect to redeem the Notes, or if there is a perception in the market that any such right has arisen or may arise, the market value of the Notes will generally not be expected to rise substantially above the price at which they can be redeemed.

The cash paid to investors upon such a redemption may be less than the then current market value of the Notes or the price at which investors purchased the Notes. Subject to the contractual and regulatory restrictions on doing so set out in the Conditions, the Issuer might be expected to redeem the Notes when its cost of borrowing for an instrument with a comparable regulatory capital treatment at the time is lower than the interest payable on them. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest payable on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in the light of other investments available at that time.

2.2 **The Notes are unsecured and subordinated obligations of the Issuer. On a winding-up of the Issuer, investors in the Notes may lose their entire investment in the Notes**

The Issuer's payment obligations under the Notes will be unsecured and will be subordinated (i) on a winding-up of the Issuer and (ii) if an administrator is appointed to the Issuer and gives notice that it intends to declare and distribute a dividend and, in each case, will rank junior to the claims of all policyholders and other unsubordinated creditors of the Issuer and to claims in respect of any subordinated indebtedness of the Issuer other than indebtedness which ranks, or is expressed to rank, *pari passu* with or junior to the Notes. Accordingly, the assets of the Issuer would be applied first in satisfying all senior-ranking claims in full, and payments would be made to holders of the Notes, *pro rata* and proportionately with payments made to holders of any other *pari passu* instruments (if any), only if and to the extent that there are any assets remaining after satisfaction in full of all such senior-ranking claims. If the Issuer's assets are insufficient to meet all its obligations to senior-ranking and *pari passu* creditors, the holders of the Notes will lose all or some of their investment in the Notes.

There is no restriction on the amount of securities which the Issuer may issue and which rank senior to, or *pari passu* with, the Notes and, accordingly, the Issuer may at any time incur further obligations (including by issue of further debt securities) which rank senior to, or *pari passu* with, the Notes. Consequently there can be no assurance that the current level of senior or *pari passu* debt of the Issuer will not change. The issue of any such securities may reduce the amount (if any) recoverable by Noteholders on a winding-up of the Issuer.

If the Issuer's financial condition deteriorates such that there is an increased risk that the Issuer may be wound-up or enter into administration, such circumstances can be expected to have a material adverse effect on the market price of the Notes. Investors in the Notes may find it difficult to sell their Notes in such circumstances, or may only be able to sell their Notes at a price which may be significantly lower than the price at which they purchased their Notes. In such a sale, investors may lose some or substantially all of their investment in the Notes, whether or not the Issuer is wound up or enters into administration.

Although the Notes may pay a higher rate of interest than comparable notes which are not subordinated, there is a material risk that an investor in the Notes will lose all or some of its investment should the Issuer become insolvent.

2.3 **Payments of interest on, and redemption of, the Notes must in certain circumstances be deferred by the Issuer**

The payment obligations of the Issuer under the Notes are conditional upon (i) there being no breach of the Solvency Condition (as described in Condition 2.2) at the time of such payment and no such breach occurring as a result of such payment, (ii) in the case of the payment of

interest, there being no Regulatory Deficiency Interest Deferral Event at the time of such payment and no such event occurring as a result of such payment, save as otherwise exceptionally permitted by the Relevant Regulator pursuant to Condition 5.2, (iii) in the case of the redemption of the Notes, there being no Regulatory Deficiency Redemption Deferral Event at the time of such payment and no such event occurring as a result of such payment, save as otherwise exceptionally permitted by the Relevant Regulator pursuant to Condition 6.1(d), (iv) in the case of the redemption of the Notes, such redemption not breaching the provisions of the Relevant Rules which apply to obligations eligible to qualify as Tier 2 Capital, and (v) in the case of the redemption of the Notes, notification to, or consent or non-objection from, the Relevant Regulator (to the extent then required by the Relevant Regulator or the Relevant Rules). Any amounts of principal, interest, Arrears of Interest and any other amounts in respect of the Notes which cannot be paid on the scheduled payment date by virtue of such provisions must be deferred by the Issuer, and non-payment of the amounts so deferred shall not constitute a default under the Notes or the Trust Deed for any purpose, including enforcement action against the Issuer.

Any interest in respect of the Notes so deferred will, so long as the same remains unpaid, constitute Arrears of Interest. Arrears of Interest will not themselves bear interest. The holders of the Notes have no right to require payment of Arrears of Interest, and Arrears of Interest will become payable only at the discretion of the Issuer (subject always to the Issuer being permitted to make such payment, as further described in Condition 5.3) or upon the earliest of the dates set out in Condition 5.3(a) to (c).

If redemption of the Notes is deferred, the Notes will only become due for redemption in the circumstances described in Condition 6.1.

The circumstances in which a Regulatory Deficiency Interest Deferral Event or a Regulatory Deficiency Redemption Deferral Event may occur are dependent upon the solvency position of the Issuer and/or the Insurance Group under the other requirements of UK Solvency II Legislation and/or the Relevant Rules. Events which constitute a Regulatory Deficiency Interest Deferral Event or a Regulatory Deficiency Redemption Deferral Event could include, without limitation:

(a) the winding-up or administration of any insurance undertaking within the Insurance Group where the claims of the policyholders of such insurance undertaking may or will not be met; and

(b) any event which causes any Solvency Capital Requirement or Minimum Capital Requirement applicable to the Issuer, all or part of the Insurance Group (which part includes the Issuer and at least one other member of the Insurance Group) or any insurance undertaking within the Insurance Group to be breached,

where such event is an event which under UK Solvency II Legislation and/or the Relevant Rules means that the Issuer must defer payments on the Notes in order that the Notes qualify and/or on the basis that the Notes are intended to qualify, as Tier 2 Capital under UK Solvency II Legislation.

Any actual or anticipated deferral of interest or redemption can be expected to have a material adverse effect on the market price of the Notes. Investors in the Notes may find it difficult to sell their Notes in such circumstances, or may only be able to sell their Notes at a price which may be significantly lower than the price at which they purchased their Notes. In such a sale, investors may lose some or substantially all of their investment in the Notes. In addition, as a result of the deferral provisions of the Notes, the market price of the Notes may be more volatile than the market prices of other securities or instruments that do not require deferral of interest or principal, and may be more sensitive generally to adverse changes in the Issuer's financial condition.

2.4 **The terms of the Notes may be modified, or the Notes may be substituted, by the Issuer without the consent of the Noteholders in certain circumstances, subject to certain restrictions**

In the event of certain specified events relating to taxation or if the Notes cease to qualify as Tier 2 Capital of the Issuer, the Issuer may (subject to certain conditions) at any time substitute

all (but not some only) of the Notes for, or vary the terms of the Notes so that they remain or become (as applicable), Qualifying Tier 2 Securities, without the consent of the Noteholders.

Qualifying Tier 2 Securities must, among other things, have terms not materially less favourable to holders than the terms of the Notes, as reasonably determined by the Issuer in consultation with an independent investment bank of international standing or independent financial adviser of international standing. However, there can be no assurance that, due to the particular circumstances of a holder of Notes, such Qualifying Tier 2 Securities will be as favourable to a particular investor in all respects or that, if it were entitled to do so, a particular investor would make the same determination as the Issuer as to whether the terms of the Qualifying Tier 2 Securities are not materially less favourable to holders than the terms of the Notes. The Issuer bears no responsibility towards the Noteholders for any adverse effects of such variation or substitution (including, without limitation, with respect to any adverse tax consequences suffered by any Noteholder).

2.5 **The terms of the Notes may be modified with the consent of specified majorities of the Noteholders at a duly convened meeting, and the Trustee may consent to certain modifications to the Notes, or substitution of the Issuer, without the consent of the Noteholders**

The Trust Deed constituting the Notes contains provisions for calling meetings of Noteholders (which need not be a physical meeting and instead may be by way of conference call, including by use of a videoconference platform) to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. The Trust Deed constituting the Notes also provides that, subject to the prior consent of the Relevant Regulator being obtained (to the extent that such consent is required), the Trustee may (except as set out in the Trust Deed), without the consent of Noteholders, agree to certain modifications of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or to the substitution of another company as principal debtor under the Notes in place of the Issuer in the circumstances described in Condition 11.

2.6 **Restricted remedy for non-payment when due**

In accordance with the current requirements for Tier 2 Capital, the sole remedy against the Issuer available to the Trustee or (where the Trustee has failed to proceed against the Issuer as provided in the Conditions) any Noteholder for recovery of amounts which have become due in respect of the Notes will be the institution of proceedings for the winding-up of the Issuer and/or proving in such winding-up or administration and/or claiming in the liquidation of the Issuer. In particular, a deferral of payments as described in Section 2.3 of these Risk Factors shall not constitute a default under the Notes or the Trust Deed for any purpose, including enforcement action against the Issuer.

2.7 **The Issuer is a holding company and Noteholders are structurally subordinated to the creditors of the Issuer's subsidiaries**

The Issuer is the parent company of the Group. The operations of the Group are conducted by operating subsidiaries of the Issuer. Accordingly, creditors of a subsidiary would have to be paid in full before sums would be available to the shareholders of that subsidiary and thereafter (by the payment of dividends to the Issuer) to Noteholders in respect of any payment obligations of the Issuer under the Notes. As the equity investor in its subsidiaries, the Issuer's right to receive assets upon their liquidation or reorganisation will be effectively subordinated to the claims of creditors of its subsidiaries.

The Conditions do not limit the amount of liabilities that the Issuer's subsidiaries may incur. In addition, the Issuer may not necessarily have access to the full amount of cash flows generated by its operating subsidiaries, due in particular to legal or tax constraints, contractual restrictions and the relevant subsidiary's financial and Regulatory Capital Requirements.

2.8 **Changes to UK Solvency II Legislation may increase the risk of deferral of payments or the occurrence of a Capital Disqualification Event**

UK Solvency II Legislation requirements may change as a result of any changes made to the UK regulatory regime following the end of the transition period associated with the UK's exit

from the European Union, the nature and extent of which changes in particular remain uncertain as at the date of this Prospectus or changes to the way in which the Relevant Regulator interprets and applies existing requirements to the UK insurance industry. Any such changes, either individually and/or in aggregate, may lead to further unexpected requirements in relation to the calculation of the Issuer's or the Insurance Group's Solvency Capital Requirement and Minimum Capital Requirement, and such changes may make the Issuer's or the Insurance Group's regulatory capital requirements more onerous. Such changes that may occur in the UK Solvency II Legislation subsequent to the date of this Prospectus and/or any subsequent changes to such rules and other variables may individually and/or in the aggregate negatively affect the calculation of the Issuer's or the Insurance Group's Solvency Capital Requirement and Minimum Capital Requirement and thus increase the risk of deferral of payments of interest and/or principal or the occurrence of a Capital Disqualification Event and subsequent redemption of the Notes by the Issuer.

2.9 **The Issuer may not be liable to pay certain taxes**

All payments by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Relevant Jurisdiction (as defined in the Conditions), unless the withholding or deduction is required by law. In that event, in respect of payments of interest (but not principal or any other amount), the Issuer will (subject to certain customary exceptions) pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders in respect of payments of interest after the withholding or deduction shall equal the amounts which would have been receivable in respect of interest on the Notes in the absence of such withholding or deduction.

Potential investors should be aware that neither the Issuer nor any other person will be liable for or otherwise obliged to pay, and the Noteholders will be liable for and/or pay, any tax, duty, charge, withholding or other payment whatsoever which may arise as a result of, or in connection with, the ownership, any transfer and/or any payment in respect of the Notes, except as provided for in the Conditions.

In particular, the Notes do not provide for payments of principal to be grossed up in the event withholding tax of the Relevant Jurisdiction is imposed on repayments of principal. As such, the Issuer would not be required to pay any Additional Amounts under the terms of the Notes to the extent any withholding or deduction applied to payments of principal. Accordingly, if any such withholding or deduction were to apply to any payments of principal under the Notes, Noteholders may receive less than the full amount due under the Notes and the market value of the Notes may be adversely affected.

2.10 **The terms of the Notes contain very limited covenants**

There is no negative pledge in respect of the Notes. The Issuer is generally permitted to sell or otherwise dispose of any or substantially all of its assets to another corporation or other entity under the terms of the Notes. If the Issuer decides to dispose of a large amount of its assets, investors in the Notes will not be entitled to declare an acceleration of the maturity of the Notes, and those assets will no longer be available to support the Notes.

In addition, the Notes do not require the Issuer to comply with financial ratios or otherwise limit its ability or that of its subsidiaries to incur additional debt, nor do they limit the Issuer's ability to use cash to make investments or acquisitions, or the ability of the Issuer or its subsidiaries to pay dividends, repurchase shares or otherwise distribute cash to shareholders. Such actions could potentially affect the Issuer's ability to service its debt obligations, including those of the Notes.

2.11 **The interest rate on the Notes will be reset on the Reset Date, which may affect the market value of the Notes**

The Notes will initially accrue interest at the Initial Interest Rate to, but excluding, the Reset Date. From, and including, the Reset Date, the interest rate will be reset to the Reset Rate of Interest (as described in Condition 4). This Reset Rate of Interest could be less than the Initial Interest Rate, which could affect the amount of any interest payments under the Notes and the market value of an investment in the Notes.

As the Notes bear interest at a fixed rate (reset on the Reset Date), an investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

3. Risks Relating To The Notes Generally

3.1 Change of law

The Conditions are based on English law and regulation in effect as at the date of issue of the Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law, regulation or administrative practice after the date of issue of the Notes.

3.2 The Notes are denominated in integral multiples

The Notes have denominations consisting of a minimum principal amount of £100,000 (the "**Specified Denomination**") plus integral multiples of £1,000 in excess thereof. Therefore, it is possible that the Notes may be traded in the Clearing Systems in amounts in excess of the Specified Denomination that are not integral multiples of such Specified Denomination. In such a case a Noteholder, who as a result of trading such amounts, holds a principal amount of less than the Specified Denomination in their account with the relevant clearing system at the relevant time would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the Specified Denomination such that its holding amounts to a Specified Denomination. Further, a Noteholder who, as a result of trading such amounts, holds an amount which is less than the Specified Denomination in their account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

If definitive Notes are issued, Noteholders should be aware that definitive Notes which have a denomination that is not an integral multiple of the Specified Denomination may be illiquid and difficult to trade.

3.3 The Notes may fall within the scope of bail-in or other resolution powers if a recovery and resolution regime for insurers is implemented in the UK

The Insurance Group is subject to regimes governing the recovery, resolution or restructuring of insurance companies and, as the scope and implications of these regimes are still evolving, it is unclear how in the future this might affect the Group.

On 20 July 2022, the Financial Services and Markets Bill (the "Bill") was introduced to Parliament. The Bill includes proposals to enhance the court's current power to write-down the value of an insurer's contracts and financial contracts. The proposals include a write-down power whereby His Majesty's Treasury ("**HMT**") or the PRA or an insurer, a shareholder of an insurer or a policyholder or other creditor of an insurer (in each case, with PRA consent) can apply to the court for an order to direct that one or more of an insurer's liabilities is reduced on terms specified in the order. The court would be able to make a write-down order if it is satisfied that the insurer is, or is likely to become, unable to pay its debts (within the meaning of the Insolvency Act 1986) and making the order is reasonably likely to lead to a better outcome for the insurer's policyholders and other creditors (taken as a whole) than not making the order. A write-down order may not be made in respect of "excluded liabilities", which would include liabilities such as short-term liabilities, liabilities to pay for goods and services, certain secured liabilities and certain liabilities to employees and pension schemes.

If the write-down power is enacted as proposed in the Bill and if the financial condition of a UK insurance undertaking in the Insurance Group were to deteriorate, it is possible that a write-down order could be made in respect of liabilities of that insurance undertaking. The making of a write-down order could have a material adverse effect on the Insurance Group's reputation, business and prospects.

If the Bill is adopted, there is a risk that (depending on the final form of the legislation) the Notes would fall within the scope of "bail-in" powers which may be exercised by the resolution authority pursuant to such regime in order to reduce or defer the liabilities of the Issuer or the Insurance Group. In the event of such a bail-in, Noteholders may lose some or all of their investment in the Notes. In addition, if the Issuer's financial condition deteriorates, or is perceived to

deteriorate, the existence of these powers could cause the market value and/or the liquidity of the Notes to decline more rapidly than would be the case in the absence of such powers.

In addition to the Bill, in January 2023, HMT published a consultation paper on introducing a dedicated Insurer Resolution Regime (IRR) in the UK to provide resolution authorities greater tools to stabilise distressed insurers and minimise risks to the wider financial sector and public funds. Under current proposals, the Bank of England as the proposed dedicated resolution authority, would be granted broad powers to stabilise failing insurers including by restricting, modifying, limiting or writing down its unsecured liabilities, including its policyholder liabilities subject to the satisfaction of certain resolution conditions. The proposed regime would apply to insurance holding companies as well as to UK-incorporated insurance companies and reinsurers. The IRR is broader than the proposals under the Bill and would potentially expand the toolkit for managing insurers in financial distress. The consultation closed for responses on 20 April 2023. If the IRR, once enacted, were to have an adverse effect on the Issuer and its operations, the Issuer's financial condition may deteriorate, or be perceived to deteriorate, negatively affecting the market value and/or the liquidity of the Notes.

3.4 Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

4. Risks Related To The Market Generally

4.1 The secondary market generally

The Notes have no established trading market when issued, and one may never develop. If a market does develop it may not be liquid. In addition, the Notes will be unrated on issue, and the Issuer does not expect to seek a credit rating for the Notes at any time, which may limit the liquidity of the Notes in the secondary market. Illiquidity may have a severely adverse effect on the market value of the Notes as the Notes are publicly traded securities which may from time to time experience significant price and volume fluctuations that may be unrelated to the operating performance of the companies that have issued them. Such volatility may be increased in an illiquid market including in circumstances where a significant proportion of the Notes are held by a limited number of initial investors.

If the Issuer's financial condition deteriorates such that there is an increased risk that the Issuer may be wound-up or enter into administration, or if at any time there is any actual or anticipated deferral of interest or redemption in accordance with the Conditions, such circumstances can be expected to have a material adverse effect on the market price of the Notes. Investors in the Notes may find it difficult to sell their Notes in such circumstances, or may only be able to sell their Notes at a price which may be significantly lower than the price at which they purchased their Notes. In such a sale, investors may lose some or substantially all of their investment in the Notes.

4.2 Exchange rate risks and exchange controls

The Issuer will pay principal and interest on Notes in sterling. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than sterling. These include the risk that exchange rates may significantly change (including changes due to devaluation of sterling or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to sterling would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

4.3 Interest rate risks

Investment in the Notes, which bear a fixed rate of interest (reset on the Reset Date) involves the risk that changes in market interest rates after the issue date may adversely affect the value of the Notes.

In particular, a holder of a security with a fixed interest rate is exposed to the risk that the price of such security falls as a result of changes in the current interest rate on the capital market (the "**Market Interest Rate**"). Potential movements in the Market Interest Rate over the life of the Notes are difficult to predict. While the nominal rate of a security with a fixed interest rate is fixed for a specified period, the Market Interest Rate typically changes on a daily basis. As the Market Interest Rate changes, the price of such security is likely to change in the opposite direction. If the Market Interest Rate increases, the price of such security typically falls, until the yield of such security is approximately equal to the Market Interest Rate. If the Market Interest Rate falls, the price of a security with a fixed compensation rate typically increases, until the yield of such security is approximately equal to the Market Interest Rate. Investors should be aware that movements of the Market Interest Rate can adversely affect the price of the Notes and can lead to losses for the Noteholders if they sell the Notes.

4.4 **Risk that investors will have to rely on the procedures of Euroclear and Clearstream, Luxembourg for transfer, payment and communication with the Issuer**

The Notes will be represented by a Global Note Certificate (as defined in the Trust Deed). While the Notes are represented by the Global Note Certificate, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg and will receive and provide any notices only through Euroclear or Clearstream, Luxembourg.

While the Notes remain in global form, the Issuer will discharge its payment obligations under the Notes by making payments to the order of the registered holder as nominee for the common depositary for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in the Notes must rely on the procedures of Euroclear or Clearstream, Luxembourg to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Notes held through Euroclear or Clearstream, Luxembourg.

Terms and Conditions of the Notes

The following are the Terms and Conditions of the Notes, substantially as they will appear on the Notes in definitive form (if issued).

The £100,000,000 12.000 per cent. Reset Subordinated Notes due 2033 (the "**Notes**", which expression shall, unless the context otherwise requires, include any further notes issued pursuant to Condition 15 and forming a single series with the Notes) of esure Group plc (the "**Issuer**") are constituted by a trust deed dated 20 June 2023 (as may be amended or supplemented from time to time) (the "**Trust Deed**") between the Issuer and BNY Mellon Corporate Trustee Services Limited (the "**Trustee**", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the holders of the Notes. These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the forms of the Notes referred to below. An Agency Agreement dated 20 June 2023 (as may be amended or supplemented from time to time) (the "**Agency Agreement**") has been entered into in relation to the Notes between the Issuer, The Bank of New York Mellon SA/NV, Dublin Branch as registrar (the "**Registrar**", which expression includes any successor registrar appointed from time to time in connection with the Notes), the Trustee, The Bank of New York Mellon, London Branch as principal paying agent and the transfer agents named therein (the "**Transfer Agents**", which expression includes any successor or additional transfer agents appointed from time to time in connection with the Notes) and The Bank of New York Mellon, London Branch as initial agent bank (the "**Agent Bank**", which expression includes any successor agent bank appointed from time to time in connection with the Notes). The principal paying agent and any other paying agent(s) for the time being appointed under the Agency Agreement are referred to below respectively as the "**Principal Paying Agent**" and the "**Paying Agents**" (which expression shall include the Principal Paying Agent). Copies of the Trust Deed and the Agency Agreement (i) are available for inspection during usual business hours at the registered office for the time being of the Trustee (presently at 160 Queen Victoria Street, London, EC4V 4LA) and at the specified office of each of the Paying Agents or (ii) may be provided by email to a Noteholder requesting a copy from the Principal Paying Agent, in each case upon such Noteholder providing satisfactory proof of a holding of Notes, and subject to the Principal Paying Agent being supplied by the Issuer with electronic copies.

The Noteholders (as defined below) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

1. Form, Denomination and Title

The Notes are issued in registered form, in denominations of £100,000 and integral multiples of £1,000 in excess thereof (each, an "**Authorised Denomination**").

2. Status

2.1 Ranking

The Notes constitute direct, unsecured and subordinated obligations of the Issuer and rank *pari passu* and without any preference among themselves. In the event of the winding-up of the Issuer (other than an Approved Winding-up) or the appointment of an administrator of the Issuer where the administrator has given notice that it intends to declare and distribute a dividend, the payment obligations of the Issuer under or arising from the Notes and the Trust Deed, including any Arrears of Interest and any damages awarded for breach of any obligations in respect of the Notes, shall be subordinated in the manner provided in the Trust Deed to the claims of all Senior Creditors of the Issuer, but shall rank at least *pari passu* with all other subordinated obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 2 Capital and all obligations of the Issuer which rank or are expressed to rank *pari passu* therewith ("***Pari Passu* Securities**") and shall rank in priority to the claims of holders of: (i) all obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 1 Capital and all obligations of the Issuer which rank or are expressed to rank *pari passu* therewith (including, without limitation, by virtue of the operation of any grandfathering provisions under any Relevant Rules); and (ii) all classes of share capital of the Issuer (together, the "**Junior Securities**").

2.2 Solvency Condition

Without prejudice to Condition 2.1, all payments under or arising from the Notes and the Trust Deed shall be conditional upon the Issuer being solvent at the time for payment by the Issuer, and no amount shall be payable under or arising from the Notes and the Trust Deed unless and until the Issuer could make such payment and still be solvent immediately thereafter (the "**Solvency Condition**").

For the purposes of this Condition 2.2, the Issuer will be "**solvent**" if (i) it is able to pay its debts owed to Senior Creditors and *Pari Passu* Creditors as they fall due and (ii) its Assets exceed its Liabilities. A certificate as to the solvency of the Issuer signed by two Authorised Signatories or, if there is a winding-up or administration of the Issuer, by two directors or authorised signatories of the liquidator or, as the case may be, the administrator of the Issuer shall be treated and accepted by the Issuer, the Trustee, the Noteholders and all other interested parties as correct and sufficient evidence thereof and the Trustee shall be entitled to rely on such certificate without further enquiry and without liability to any person.

2.3 **Set-off, etc.**

Subject to applicable law, no Noteholder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer arising under or in connection with the Notes and each Noteholder shall, by virtue of being the holder of any Note, be deemed to have waived all such rights of set-off, compensation or retention. Notwithstanding the preceding sentence, if any amount owing to any Noteholder by the Issuer is discharged by set-off, such Holder shall, unless such payment is prohibited by applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer or, in the event of its winding-up or administration, the liquidator or administrator, as appropriate of the Issuer for payment to the Senior Creditors in respect of amounts owing to them by the Issuer, and, until such time as payment is made, shall hold an amount equal to such amount in trust for the Issuer, or the liquidator or administrator, as appropriate, of the Issuer (as the case may be), for payment to the Senior Creditors in respect of amounts owing to them by the Issuer and accordingly any such discharge shall be deemed not to have taken place.

As used in this Condition 2, the expression "**obligations**" includes any direct or indirect obligations of the Issuer and whether by way of guarantee, indemnity, other contractual support arrangement or otherwise and regardless of name or designation.

The provisions of this Condition 2 apply only to the payment of principal and interest in respect of the Notes and nothing in this Condition 2 or Condition 10 shall affect or prejudice the payment of the fees, remuneration, costs, expenses or liabilities of the Trustee or the rights and remedies of the Trustee in respect thereof which will not be subordinated in any manner.

On a winding-up of the Issuer, there may be no surplus assets available to meet the claims of the Noteholders after the claims of the parties ranking senior to the Noteholders (as provided in Condition 2) have been satisfied.

3. **Register, Title and Transfers**

3.1 **Register**

The Registrar will maintain a register (the "**Register**") in respect of the Notes in accordance with the provisions of the Agency Agreement. In these Conditions, the "**Holder**" of a Note means the person in whose name such Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and "**Noteholder**" shall be construed accordingly. A certificate (each, a "**Note Certificate**") will be issued to each Noteholder in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register.

3.2 **Title**

The Holder of each Note shall (except as otherwise required by law) be treated as the absolute owner of such Note for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Note Certificate) and no person shall be liable for so treating such Holder.

3.3 **Transfers**

Subject to Conditions 3.6 and 3.7 below, a Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the specified office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; provided, however, that a Note may not be transferred unless the principal amount of Notes transferred and (where not all of the Notes held by a Holder are being transferred) the principal amount of the balance of Notes not transferred are Authorised Denominations. Where not all the Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Notes will be issued to the transferor in accordance with Condition 3.4 below.

3.4 **Registration and delivery of Note Certificates**

Within five business days of the surrender of a Note Certificate in accordance with Condition 3.3 above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Notes transferred to each relevant Holder at its specified office or (as the case may be) the specified office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, "**business day**" means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its specified office.

3.5 **No charge**

The transfer of a Note will be effected without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

3.6 **Closed periods**

Noteholders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Notes or during the period following delivery of a notice of a voluntary payment of Arrears of Interest in accordance with Condition 5.3 and Condition 16 and ending on the date referred to in such notice as having been fixed for such payment of Arrears of Interest.

3.7 **Regulations concerning transfers and registration**

All transfers of Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Trustee and the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of such regulations.

4. **Interest**

4.1 **Interest Rate and Interest Payment Dates**

Subject to Condition 2.2 and Condition 5, each Note bears interest on its outstanding principal amount:

(a) from (and including) the Issue Date to (but excluding) the Reset Date at the Initial Interest Rate; and

(b) for the Reset Period thereafter, at the Reset Rate of Interest,

payable, in each case, semi-annually in arrear on 20 June and 20 December of each year, the first payment to be made on 20 December 2023 (each an "**Interest Payment Date**"). The first payment shall be in respect of the period from (and including) the Issue Date to (but excluding) 20 December 2023, and thereafter for each successive period from (and including) an Interest Payment Date to (but excluding) the next Interest Payment Date.

4.2 **Interest Accrual**

Each Note will cease to bear interest from (and including) its due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment, in which event interest shall continue to accrue as provided in the Trust Deed.

4.3 **Calculation of Interest**

Where it is necessary to compute an amount of interest in respect of any Note, such interest shall be calculated on the basis of (a) the actual number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Issue Date) to (but excluding) the relevant payment date divided by (b) the product of (i) the actual number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Issue Date) to (but excluding) the next (or first) scheduled Interest Payment Date and (ii) two.

Interest shall be calculated per £1,000 in principal amount of the Notes (the "**Calculation Amount**") by applying the rate of interest referred to in Condition 4.1 to such Calculation Amount, multiplying the resulting figure by the day count fraction described in the immediately preceding paragraph and rounding the resultant figure to two decimal places (with 0.005 being rounded up). The amount of interest payable in respect of a Note shall be calculated by multiplying the amount of interest per Calculation Amount determined as aforesaid by the specified denomination of such Note and dividing the resulting figure by £1,000.

4.4 **Determination of Reset Rate of Interest**

The Agent Bank will, as soon as practicable after 11.00 a.m. (London time) on the Reset Determination Date, subject to receipt from the Issuer of the bid and offered price of the Benchmark Gilt as provided by the Reset Reference Banks (if any), determine the Reset Rate of Interest in respect of the Reset Period. The determination of the Reset Rate of Interest by the Agent Bank shall (in the absence of manifest error) be final and binding upon all parties.

4.5 **Publication of Reset Rate of Interest**

The Agent Bank shall cause notice of the Reset Rate of Interest determined in accordance with this Condition 4 in respect of the Reset Period to be given to the Trustee, the Principal Paying Agent, the Registrar, each of the Transfer Agents, any stock exchange on which the Notes are for the time being listed or admitted to trading and, in accordance with Condition 16, the Noteholders, in each case as soon as practicable after its determination but in any event not later than the fourth Business Day thereafter.

If the Notes become due and payable pursuant to Condition 10, the Reset Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated by the Agent Bank in accordance with this Condition 4 but no publication of the Reset Rate of Interest need be made unless the Trustee otherwise requires.

4.6 **Agent Bank**

The Issuer will maintain an Agent Bank. The name of the initial Agent Bank is set out in the preamble to these Conditions.

The Issuer may, with the prior written approval of the Trustee, from time to time replace the Agent Bank with another leading investment, merchant or commercial bank or financial institution of international repute. If the Agent Bank is unable or unwilling to continue to act as the Agent Bank or fails duly to determine the Reset Rate of Interest in respect of the Reset Period as provided in Condition 4.4, the Issuer shall forthwith appoint another leading investment, merchant or commercial bank or financial institution of international repute approved in writing by the Trustee to act as such in its place. The Agent Bank may not resign its duties or be removed without a successor having been appointed as aforesaid.

4.7 **Determinations of Agent Bank Binding**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4, by the Agent Bank, shall (in the absence of manifest error) be binding on the Issuer, the Agent Bank, the Trustee, the Principal Paying Agent, the Registrar, the Transfer Agents and all Noteholders and (in the absence of wilful default or gross negligence) no liability to the Noteholders, the Trustee or the

Issuer shall attach to the Agent Bank in connection with the exercise or non-exercise by it of any of its powers, duties and discretions.

5. Deferral of Payments

5.1 Mandatory Deferral of Interest

Subject as provided in Condition 5.2, payment of interest on the Notes will be mandatorily deferred on each Mandatory Interest Deferral Date. The Issuer shall notify the Trustee and the Principal Paying Agent in writing and notify the Noteholders in accordance with Condition 16 no later than five Business Days prior to an Interest Payment Date (or as soon as reasonably practicable if a Regulatory Deficiency Interest Deferral Event occurs less than five Business Days prior to an Interest Payment Date) if a Regulatory Deficiency Interest Deferral Event has occurred and is continuing or if a Regulatory Deficiency Interest Deferral Event would occur on the Interest Payment Date if payment of interest was made (provided that, for the avoidance of doubt, any delay in giving such notice shall not result in such interest becoming due and payable on the relevant Mandatory Interest Deferral Date).

A certificate signed by two Authorised Signatories confirming that (a) a Regulatory Deficiency Interest Deferral Event has occurred and is continuing, or would occur if payment of interest on the Notes were to be made or (b) a Regulatory Deficiency Interest Deferral Event has ceased to occur and/or payment of interest on the Notes would not result in a Regulatory Deficiency Interest Deferral Event occurring, shall be treated and accepted by the Trustee, the Noteholders and all other interested parties as correct and sufficient evidence thereof and the Trustee shall be entitled to rely on such certificate without liability to any person and without any obligation to verify or investigate the accuracy thereof.

Notwithstanding any other provision in these Conditions or in the Trust Deed, the deferral of any payment of interest on a Mandatory Interest Deferral Date in accordance with this Condition 5.1 or in accordance with Condition 2.2 will not constitute a default by the Issuer and will not give Noteholders or the Trustee any right to accelerate repayment of the Notes.

5.2 Waiver of Deferral of Interest by the Relevant Regulator

Notwithstanding Condition 5.1, the Issuer shall not be required to defer a payment of interest (including any Arrears of Interest) on a Mandatory Interest Deferral Date or any other date if and to the extent that:

(a) deferral of interest would (but for this Condition 5.2) be required only by virtue of Condition 5.1 and the applicable Regulatory Deficiency Interest Deferral Event occurs (or would, upon the making of such interest payment, occur) solely as a result of non-compliance with the applicable Solvency Capital Requirement;

(b) the Relevant Regulator has exceptionally waived the deferral of the relevant interest payment (in whole or in part) and has provided the Issuer with written confirmation of the same;

(c) payment of the relevant interest payment (or the relevant part thereof permitted by the Relevant Regulator to be made) would not further weaken the solvency position of the Issuer or the Insurance Group; and

(d) the Minimum Capital Requirement will be complied with immediately following the making of such interest payment (or the relevant part thereof permitted by the Relevant Regulator to be made), if made.

A certificate signed by two Authorised Signatories confirming that the conditions set out in this Condition 5.2 are met shall be treated and accepted by the Trustee, the Noteholders and all other interested parties as correct and sufficient evidence thereof and the Trustee shall be entitled to rely on such certificate without liability to any person and without any obligation to verify or investigate the accuracy thereof.

5.3 Arrears of Interest

Any interest in respect of the Notes not paid on an Interest Payment Date as a result of the obligation on the Issuer to defer pursuant to Condition 5.1 or due to the operation of the Solvency Condition contained in Condition 2.2, together with any other interest in respect of the

Notes not paid on an earlier Interest Payment Date shall, so long as the same remains unpaid, constitute "**Arrears of Interest**". Arrears of Interest shall not themselves bear interest.

Any Arrears of Interest may (subject to Condition 2.2 and to satisfaction of the Regulatory Clearance Condition, be paid in whole or in part at any time (provided that at such time a Regulatory Deficiency Interest Deferral Event is not subsisting and would not occur if payment of such Arrears of Interest was made) upon the expiry of not less than 14 days' notice to such effect given by the Issuer to the Trustee and the Principal Paying Agent in writing and to the Noteholders in accordance with Condition 16, and in any event will become due and payable (subject, in the case of (a) and (c) below, to Condition 2.2 and to satisfaction of the Regulatory Clearance Condition in whole (and not in part) upon the earliest of the following dates:

(a) the next Interest Payment Date which is not a Mandatory Interest Deferral Date; or

(b) the date on which an order is made or a resolution is passed for the winding-up of the Issuer (other than an Approved Winding-up) or the date on which any administrator of the Issuer gives notice that it intends to declare and distribute a dividend; or

(c) the date fixed for any redemption or purchase of Notes by or on behalf of the Issuer or any of its Subsidiaries pursuant to Condition 6.

6. Redemption, Substitution, Variation, Purchase and Options

6.1 Redemption

(a) Subject to Condition 2.2, Condition 6.1(b) below and to satisfaction of the Regulatory Clearance Condition, and provided that such redemption is permitted under the Relevant Rules applicable from time to time to the Issuer (on the basis that the Notes are intended to qualify as Tier 2 Capital under the UK Solvency II Legislation), unless previously redeemed or purchased and cancelled as provided below each Note shall be redeemed on the Maturity Date at its principal amount together with Arrears of Interest, if any, and any other interest accrued to (but excluding) the date of redemption in accordance with these Conditions.

(b) No Notes shall be redeemed on the Maturity Date pursuant to Condition 6.1(a) or prior to the Maturity Date pursuant to Condition 6.3, Condition 6.4, Condition 6.5 or Condition 6.6 if a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or would occur if redemption is made on, if Condition 6.1(a) applies, the Maturity Date or, if Condition 6.3, Condition 6.4, Condition 6.5 or Condition 6.6 applies, any date specified for redemption in accordance with such Conditions.

(c) If the Notes are not to be redeemed on the Maturity Date pursuant to Condition 6.1(a) or on any scheduled redemption date pursuant to Condition 6.3, Condition 6.4, Condition 6.5 or Condition 6.6 as a result of circumstances where:

(i) a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or would occur if the Notes were redeemed on such date;

(ii) the Solvency Condition would not be satisfied on such date and immediately after the redemption;

(iii) the Relevant Regulator does not consent to the redemption (to the extent that consent is then required by the Relevant Regulator or the Relevant Rules) or the Relevant Regulator objects to the redemption or such redemption otherwise cannot be effected in compliance with the Relevant Rules on such date; or

(iv) redemption would otherwise breach the provisions of the Relevant Rules which apply to obligations eligible to qualify as Tier 2 Capital;

the Issuer shall notify the Trustee and the Principal Paying Agent in writing and notify the Noteholders in accordance with Condition 16 no later than five Business Days prior to the Maturity Date or the date specified for redemption in accordance with Condition 6.3, Condition 6.4, Condition 6.5 or Condition 6.6 as applicable, (or as soon as reasonably practicable if the relevant circumstance requiring redemption to be deferred arises, or is determined, less than five Business Days prior to the relevant redemption date).

(d) Notwithstanding Condition 6.1(c), but subject to Condition 2.2, the Issuer shall be entitled to redeem the Notes (to the extent permitted by the Relevant Rules) on the Maturity Date pursuant to Condition 6.1(a) or on any scheduled redemption date pursuant to Condition 6.3, Condition 6.4, Condition 6.5 or Condition 6.6, if:

(i) deferral of redemption would (but for this Condition 6.1(d)) be required only by virtue of Condition 6.1(c)(i) and the applicable Regulatory Deficiency Redemption Deferral Event occurs (or would occur if the Notes were redeemed on such date) solely as a result of non-compliance with an applicable Solvency Capital Requirement;

(ii) the Relevant Regulator has exceptionally waived the deferral of redemption and has provided the Issuer with written confirmation of the same;

(iii) all (but not some only) of the Notes being redeemed at such time are, or are to be, exchanged for a new issue of Tier 1 Capital or Tier 2 Capital instruments of the same or higher quality than the Notes (which, for the avoidance of doubt, will include (without limitation) a redemption funded out of the proceeds of one or more issues of Tier 1 Capital or Tier 2 Capital of the same or a higher quality than the Notes); and

(iv) each relevant Minimum Capital Requirement will be complied with immediately following such redemption, if made.

A certificate signed by two Authorised Signatories confirming that the conditions set out in this Condition 6.1(d) are met shall be treated and accepted by the Trustee, the Noteholders and all other interested parties as correct and sufficient evidence thereof and the Trustee shall be entitled to rely on such certificate without liability to any person and without any obligation to verify or investigate the accuracy thereof.

(e) If redemption of the Notes does not occur on the Maturity Date or, as appropriate, the date specified in the notice of redemption by the Issuer under Condition 6.3, Condition 6.4 Condition 6.5 or Condition 6.6 as a result of Condition 6.1(b) above or the Relevant Regulator does not consent to the redemption (to the extent that consent is then required by the Relevant Regulator or the Relevant Rules) or the Relevant Regulator objects to the redemption or such redemption otherwise cannot be effected in compliance with the Relevant Rules on such date, subject (in the case of (i) and (ii) below only) to Condition 2.2 and to the satisfaction of the Regulatory Clearance Condition, such Notes shall be redeemed at their principal amount together with Arrears of Interest, if any, and any other interest accrued to (but excluding) the date of redemption, upon the earliest of:

(i) (in the case of a failure to redeem due to the operation of Condition 6.1(b) only) the date falling 10 Business Days after the date the Regulatory Deficiency Redemption Deferral Event has ceased (unless, on such tenth Business Day, a further Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or redemption of the Notes on such date would result in a Regulatory Deficiency Redemption Deferral Event occurring, in which case, unless the further deferral of redemption is waived by the Relevant Regulator pursuant to Condition 6.1(d)(iii)), the provisions of Condition 6.1(b), Condition 6.1(c), Condition 6.1(d) and this Condition 6.1(e) shall apply *mutatis mutandis* to determine the due date for redemption); or

(ii) the date falling 10 Business Days after the Relevant Regulator has agreed to the repayment or redemption of the Notes (including, without limitation, where the Relevant Regulator has exceptionally waived deferral of redemption pursuant to Condition 6.1(d)(ii)); or

(iii) the date on which an order is made or a resolution is passed for the winding-up of the Issuer (other than an Approved Winding-up) or the date on which any administrator of the Issuer gives notice that it intends to declare and distribute a dividend.

(f) If Condition 6.1(b) does not apply, but redemption of the Notes does not occur on the Maturity Date or, as appropriate, the date specified in the notice of redemption by the

Issuer under Condition 6.3, Condition 6.4, Condition 6.5 or Condition 6.6 as a result of the Solvency Condition not being satisfied at such time and immediately after such payment, subject to the Regulatory Clearance Condition, such Notes shall be redeemed at their principal amount together with accrued interest and any Arrears of Interest on the tenth Business Day immediately following the day that:

(i) the Issuer is solvent for the purposes of Condition 2.2; and

(ii) redemption of the Notes would not result in the Issuer ceasing to be solvent for the purposes of Condition 2.2,

provided that if on such Business Day specified for redemption a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing, or would occur if the Notes were to be redeemed, or if the Solvency Condition would not be satisfied on such date and immediately after the redemption, then (unless the further deferral of redemption is waived by the Relevant Regulator pursuant to Condition 6.1(d)(ii)) the Notes shall not be redeemed on such date and Condition 2.2 and Condition 6.1(e) shall apply *mutatis mutandis* to determine the date of the redemption of the Notes.

(g) A certificate signed by two Authorised Signatories confirming that (i) a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing, or would occur if redemption of the Notes were to be made or (ii) a Regulatory Deficiency Redemption Deferral Event has ceased to occur and/or redemption of the Notes would not result in a Regulatory Deficiency Redemption Deferral Event occurring or (iii) that any of the circumstances described in Condition 6.1(c)(ii), (iii), or (iv) apply, shall be treated and accepted by the Trustee, the Noteholders and all other interested parties as correct and sufficient evidence thereof and the Trustee shall be entitled to rely on such certificate without liability to any person and without any obligation to verify or investigate the accuracy thereof.

(h) Notwithstanding any other provision in these Conditions or in the Trust Deed, the deferral of redemption of the Notes in accordance with Condition 2.2 or this Condition 6 will not constitute a default by the Issuer and will not give Noteholders or the Trustee any right to accelerate repayment of the Notes or take any other action under the Notes or the Trust Deed.

6.2 **Conditions to Redemption, Substitution, Variation or Purchase**

(a) Any redemption, substitution, variation or purchase of the Notes is subject to the Issuer having complied with relevant legal or regulatory requirements including the Regulatory Clearance Condition and being in continued compliance with the Regulatory Capital Requirements applicable to it at the relevant time and, in the case of a redemption or purchase that is within five years of the Reference Date (to the extent required by the Relevant Rules at the relevant time) either:

(i) such redemption or purchase being funded out of the proceeds of a new issuance of capital of at least the same quality as the Notes;

(ii) in the case of any redemption pursuant to Condition 6.3 or 6.4, the Relevant Regulator being satisfied that the Solvency Capital Requirement will be exceeded by an appropriate margin immediately after such redemption (taking into account the solvency position of the Issuer and the Insurance Group, including by reference to the Issuer's and the Insurance Group's medium-term capital management plans); and

(A) in the case of any such redemption following the occurrence of a Tax Event, the Issuer having demonstrated to the satisfaction of the Relevant Regulator that the applicable change in tax treatment is material; or

(B) in the case of any such redemption following the occurrence of a Capital Disqualification Event, the Relevant Regulator considering that the relevant change in the regulatory classification of the Notes is sufficiently certain; and

(C) in either case, the Issuer having demonstrated to the satisfaction of the Relevant Regulator that such change was not reasonably foreseeable as at the Reference Date.

(b) A certificate signed by two Authorised Signatories confirming such compliance shall be treated and accepted by the Trustee, the Noteholders and all other interested parties as correct, conclusive and sufficient evidence thereof and the Trustee shall be entitled to rely on such certificate without further enquiry and without liability to any person and without any obligation to verify or investigate the accuracy thereof.

(c) In the case of a redemption that is within five years of the Reference Date of the Notes, the Issuer shall deliver to the Trustee a certificate signed by two Authorised Signatories stating that it would have been reasonable for the Issuer to conclude, judged at the Reference Date, that the circumstance entitling the Issuer to exercise the right of redemption was unlikely to occur. Such certificate shall be treated and accepted by the Trustee, the Noteholders and all other interested parties as correct, conclusive and sufficient evidence thereof and the Trustee shall be entitled to rely on such certificate without further enquiry and without liability to any person and without any obligation to verify or investigate the accuracy thereof.

6.3 **Redemption, Substitution or Variation Due to Taxation**

If immediately prior to the giving of the notice referred to below:

(a) as a result of a change in or proposed change in, or amendment or proposed amendment to, the laws or regulations of a Relevant Jurisdiction, including any treaty to which such Relevant Jurisdiction is a party, or any change in the application or official interpretation of such laws, including a decision of any court or tribunal, or any interpretation or pronouncement by any relevant tax authority that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position in relation to similar transactions or which differs from any specific written confirmation given by a tax authority in respect of the Notes, which change or amendment (x) (subject to (y)) becomes, or would become, effective on or after the Issue Date, or (y) in the case of a change in law, is or is expected to be, enacted on or after the Reference Date (each a "**Tax Law Change**"), in making any payments on the Notes, the Issuer has paid or will or would on the next payment date be required to pay Additional Amounts on the Notes and the Issuer cannot avoid the foregoing in connection with the Notes by taking measures reasonably available to it; or

(b) as a result of a Tax Law Change, in respect of the Issuer's obligation to make any payment of interest on the next following Interest Payment Date, (i) the Issuer would not be entitled to claim a deduction in respect of computing its taxation liabilities in the Relevant Jurisdiction, or such entitlement is materially reduced; or (ii) the Issuer would not to any material extent be entitled to have such deduction set against the profits of companies with which it is grouped for applicable UK tax purposes (whether under the group relief system current as at the Reference Date or any similar system or systems having like effect as may from time to time exist) and, in each such case, the Issuer cannot avoid the foregoing in connection with the Notes by taking measures reasonably available to it,

then the Issuer may:

(x) subject to Condition 2.2, Condition 6.1(b) and Condition 6.2 and having given not less than 30 nor more than 60 days' notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 16, the Noteholders (which notice shall be irrevocable), redeem in accordance with these Conditions at any time all, but not some only, of the Notes at their principal amount, together with Arrears of Interest, if any, and any other interest accrued to (but excluding) the date of redemption in accordance with these Conditions; provided that, in the case of a Tax Law Change which is a proposed amendment or a proposed change only, no such notice of redemption shall be given earlier than 90 days prior to: (i) the earliest date on which the Issuer would be required to pay such Additional Amounts (in the case of a redemption pursuant to Condition 6.3(a)); or (ii) the first Interest Payment Date on which the eventuality set out

in Condition 6.3(b)(i) or Condition 6.3(b)(ii), as applicable, would materialise (in the case of a redemption pursuant to Condition 6.3(b)), as applicable; or

(y) subject to Condition 6.2 (without any requirement for the consent or approval of the Noteholders) and having given not less than 30 nor more than 60 days' notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 16, the Noteholders (which notice shall be irrevocable), substitute at any time all (but not some only) of the Notes for, or vary the terms of the Notes so that they remain or become, Qualifying Tier 2 Securities, and the Trustee shall (subject to the following provisions of this paragraph (y) and subject to the receipt by it of the certificates of the Authorised Signatories referred to below and in the definition of Qualifying Tier 2 Securities) agree to such substitution or variation. The Trustee shall at the request and expense of the Issuer use its reasonable endeavours to assist the Issuer in the substitution or variation of the Notes for or into Qualifying Tier 2 Securities provided that the Trustee shall not be obliged to participate or assist in or agree to any such substitution or variation of the Notes for or into Qualifying Tier 2 Securities if the terms of the securities into which the Notes are to be substituted or are to be varied or such substitution or variation impose, in the Trustee's opinion, more onerous obligations or duties upon it or exposes it to liabilities or reduces its protections. If the Trustee does not so participate or assist or agree as provided above, the Issuer may, subject as provided above, redeem the Notes as provided above.

Prior to the publication of any notice of redemption, substitution or variation pursuant to this Condition 6.3 the Issuer shall deliver to the Trustee (A) a certificate signed by two Authorised Signatories stating that the relevant requirement or circumstance referred to in Condition 6.3(a) or Condition 6.3(b) applies and (B) an opinion from a nationally recognised law firm or other tax adviser in the UK or (as applicable) the applicable Relevant Jurisdiction experienced in such matters to the effect that the relevant requirement or circumstance referred to in Condition 6.3(a) or Condition 6.3(b) applies (provided that, for the avoidance of doubt, such opinion need not provide any confirmation as to whether the Issuer could avoid the occurrence of the applicable change in tax treatment by taking measures reasonably available to it). Such certificate and opinion shall be treated and accepted by the Trustee, the Noteholders and all other interested parties as correct, conclusive and sufficient evidence thereof and the Trustee shall be entitled to rely on such certificate and opinion without further enquiry and without liability to any person and without any obligation to verify or investigate the accuracy thereof. Upon expiry of such notice the Issuer shall (subject to Condition 6.2 and, in the case of a redemption, to Condition 2.2 and Condition 6.1 either redeem, vary or substitute the Notes, as the case may be.

In connection with any substitution or variation in accordance with this Condition 6.3, the Issuer shall comply with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or admitted to trading.

6.4 **Redemption, Substitution or Variation at the Option of the Issuer due to Capital Disqualification Event**

If immediately prior to the giving of the notice referred to below a Capital Disqualification Event has occurred and is continuing, then:

(a) the Issuer may, subject to Condition 2.2, Condition 6.1(b) and Condition 6.2 and having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 16, the Trustee and the Principal Paying Agent (which notice shall be irrevocable), redeem in accordance with these Conditions all, but not some only, of the Notes at any time. The Notes will be redeemed at their principal amount, together with Arrears of Interest, if any, and any other interest accrued to (but excluding) the date of redemption in accordance with these Conditions; or

(b) the Issuer may, subject to Condition 6.2 (without any requirement for the consent or approval of the Noteholders) and having given not less than 30 nor more than 60 days' notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 16, the Noteholders (which notice shall be irrevocable), substitute at any time all (and not some only) of the Notes for, or vary the terms of the Notes so that they remain or become, Qualifying Tier 2 Securities, and the Trustee shall (subject to the following provisions of this paragraph (b) and subject to the receipt by it of the certificate of the

Authorised Signatories of the Issuer referred to below and in the definition of Qualifying Tier 2 Securities) agree to such substitution or variation. The Trustee shall at the request and expense of the Issuer use its reasonable endeavours to assist the Issuer in the substitution or variation of the Notes for or into Qualifying Tier 2 Securities provided that the Trustee shall not be obliged to participate or assist in any such substitution or variation or agree to the terms of the securities into which the Notes are to be substituted or are to be varied if such substitution or variation imposes, in the Trustee's opinion, more onerous obligations or duties upon it or exposes it to liabilities or reduces its protections. If the Trustee does not so participate or assist or agree as provided above, the Issuer may, subject as provided above, redeem the Notes as provided above.

Prior to the publication of any notice of redemption, substitution or variation pursuant to this Condition 6.4 the Issuer shall deliver to the Trustee a certificate signed by two Authorised Signatories stating that a Capital Disqualification Event has occurred and is continuing as at the date of the certificate. Such certificate shall be treated and accepted by the Trustee, the Noteholders and all other interested parties as correct, conclusive and sufficient evidence thereof and the Trustee shall be entitled to rely on such certificate without liability to any person and without any obligation to verify or investigate the accuracy thereof. Upon expiry of such notice the Issuer shall (subject to Condition 6.2 and, in the case of a redemption, to Condition 2.2 and Condition 6.1 either redeem, vary or substitute the Notes, as the case may be.

In connection with any substitution or variation in accordance with this Condition 6.4, the Issuer shall comply with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or admitted to trading.

6.5 **Redemption at the option of the Issuer**

Subject to Condition 2.2, Condition 6.1(b) and Condition 6.2 and the Issuer having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 16, the Trustee and the Principal Paying Agent (which notice shall be irrevocable), the Issuer may, at its option, redeem in accordance with these Conditions all, but not some only, of the Notes at their principal amount, together with Arrears of Interest, if any, and any other interest accrued to (but excluding) the date of redemption in accordance with these Conditions, on any day falling in the period commencing on (and including) 20 June 2028 and ending on (but excluding) the Reset Date.

Prior to the publication of any notice of redemption pursuant to this Condition 6.5 the Issuer shall deliver to the Trustee a certificate signed by two Authorised Signatories confirming compliance with the relevant requirements set out above. Such certificate shall be treated and accepted by the Trustee, the Noteholders and all other interested parties as correct, conclusive and sufficient evidence thereof and the Trustee shall be entitled to rely on such certificate without liability to any person and without any obligation to verify or investigate the accuracy thereof. Upon expiry of such notice the Issuer shall (subject to Condition 6.2 and Condition 2.2 and Condition 6.1) redeem the Notes.

6.6 **Clean-up redemption at the option of the Issuer**

Subject to Condition 2.2, Condition 6.1(b) and Condition 6.2 and the Issuer having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 16, the Trustee and the Principal Paying Agent (which notice shall be irrevocable), if, at any time after the Issue Date, 80 per cent. or more of the aggregate principal amount of the Notes originally issued (and for these purposes any Further Notes issued pursuant to Condition 15 will be deemed to have been originally issued) has been purchased and cancelled, then the Issuer may, at its option redeem in accordance with these Conditions all, but not some only, of the remaining Notes at any time at their principal amount, together with Arrears of Interest, if any, and any other interest accrued to (but excluding) the date of redemption in accordance with these Conditions.

Prior to the publication of any notice of redemption pursuant to this Condition 6.6 the Issuer shall deliver to the Trustee a certificate signed by two Authorised Signatories confirming compliance with the relevant requirements set out above. Such certificate shall be treated and accepted by the Trustee, the Noteholders and all other interested parties as correct, conclusive

and sufficient evidence thereof and the Trustee shall be entitled to rely on such certificate without liability to any person and without any obligation to verify or investigate the accuracy thereof. Upon expiry of such notice the Issuer shall (subject to Condition 6.2 and Condition 2.2 and Condition 6.1) redeem the Notes.

6.7 **Purchases**

Subject to Conditions 2.2 and 6.2, the Issuer and any of its Subsidiaries may, at any time, purchase Notes in the open market or otherwise and at any price.

6.8 **Cancellation**

All Notes purchased by or on behalf of the Issuer or any of its Subsidiaries may (at the option of the Issuer or the relevant Subsidiary) be held, reissued, resold or surrendered for cancellation. All Notes surrendered for cancellation, together with all Notes redeemed by the Issuer, shall be cancelled forthwith. Any Notes so redeemed or surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

6.9 **Trustee Not Obliged to Monitor**

The Trustee shall not be under any duty to monitor whether any event or circumstance has happened or exists within this Condition 6 and will not be responsible to Noteholders for any loss arising from any failure by the Trustee to do so. Unless and until the Trustee has actual knowledge of the occurrence of any event or circumstance within this Condition 6, it shall be entitled to assume that no such event or circumstance exists.

7. **Payments**

7.1 **Method of Payment**

(a) Payments of principal and interest (including, without limitation, Arrears of Interest) shall be made on the date scheduled for payment to the persons shown on the Register at the close of business on the date falling 15 days before the due date in respect of such payment (the "**Record Date**"). Payment of principal and interest (including, without limitation, Arrears of Interest) will be made by transfer to the registered account of the relevant Noteholder.

(b) Payments of principal and interest (including, without limitation, Arrears of Interest) due at the time of redemption of the Notes will only be made against surrender of the relevant Note Certificates at the specified office of any of the Paying Agents.

(c) For the purposes of this Condition 7.1, a Noteholder's registered account means the sterling account maintained by or on behalf of it with a bank that processes payments in sterling, details of which appear on the Register at the close of business on the Record Date.

7.2 **Payments subject to Fiscal Laws**

All payments will be subject in all cases to (a) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 and (b) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto.

7.3 **No commissions**

No commissions or expenses shall be charged to the Noteholders in respect of any payments made in accordance with this Condition 7.

7.4 **Appointment of Agents**

The Principal Paying Agent initially appointed by the Issuer and its specified office are listed below. Subject as provided in the Agency Agreement, the Principal Paying Agent, the Agent Bank and the Paying Agents act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder. The Issuer reserves its right, subject

to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents, provided that it will:

(a) at all times maintain a Principal Paying Agent, an Agent Bank, a Registrar and a Transfer Agent; and

(b) at all times maintain such other agents as may be required by any stock exchange on which the Notes may be listed.

Notice of any termination or appointment and of any changes in specified offices of any of the Agents shall promptly be given to the Noteholders by the Issuer in accordance with Condition 16.

7.5 **Non-Business Days**

If any date for payment in respect of any Note is not a Business Day, the Holder shall not be entitled to payment until the next following Business Day nor to any interest or other sum in respect of such postponed payment. In these Conditions, "**Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business:

(a) (in the case of this Condition 7) in the place where such Note is presented for payment; or

(b) in any other case, in London.

7.6 **Partial Payments**

If the amount of principal or interest which is scheduled to be paid on the Notes is not paid in full, the Registrar will annotate the Register with a record of the amount of principal or interest in fact paid.

8. **Taxation**

All payments of principal and interest (including, without limitation, Arrears of Interest) by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by a Relevant Jurisdiction, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts in relation to interest (including, without limitation, Arrears of Interest) (but not, for the avoidance of doubt, in relation to payments of principal) as shall result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required by law to be made ("**Additional Amounts**"), except that no such Additional Amounts shall be payable with respect to any Note:

(a) *Other connection*: presented for payment by or on behalf of a Noteholder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of the Noteholder having some connection with the Relevant Jurisdiction other than the mere holding of the Note; or

(b) *Lawful avoidance of withholding*: presented for payment by or on behalf of, a Noteholder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any person who is associated or connected with the Noteholder for the purposes of any tax complies with any statutory requirements or by making or procuring that any such person makes a declaration of non residence or other similar claim for exemption to any tax authority in the place where the relevant Note is presented for payment; or

(c) *Presentation more than 30 days after the Relevant Date*: presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the Noteholder would have been entitled to such Additional Amounts on presenting it for payment on the thirtieth day; or

(d) *Any combination*: where such withholding or deduction arises out of any combination of paragraphs (a) to (c) above.

As used in these Conditions, "**Relevant Date**" in respect of any Note means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly

withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

References in these Conditions to interest (including, without limitation, Arrears of Interest) shall be deemed to include any Additional Amounts that may be payable under this Condition or any undertaking given in addition to or in substitution for it under the Trust Deed.

9. **Prescription**

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest including, without limitation, Arrears of Interest) from the appropriate Relevant Date in respect of them.

10. **Events of Default and Enforcement**

10.1 **Rights to institute and/or prove in a winding-up**

Notwithstanding any of the provisions below in this Condition 10, the right to institute winding-up proceedings is limited to circumstances where payment has become due and is not duly paid. Pursuant to Condition 2.2, no principal, interest or any other amount will be due on the relevant payment date if the Solvency Condition is not satisfied, at the time of and immediately after any such payment. In the case of any payment of interest in respect of the Notes, such payment will be deferred and will not be due if Condition 5.1 applies and in the case of payment of principal, such payment will be deferred and will not be due if Condition 6.1(b) applies or the Relevant Regulator does not consent to the redemption (to the extent that consent is then required by the Relevant Regulator or the Relevant Rules), the Relevant Regulator objects to the redemption or such redemption otherwise cannot be effected in compliance with the Relevant Rules on such date.

If default is made for a period of 14 days or more in the payment of any interest (including, without limitation, Arrears of Interest) or principal due in respect of the Notes or any of them, the Trustee in its discretion may, and if so requested by Noteholders of at least one quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to its having been indemnified and/or secured and/or prefunded to its satisfaction), institute proceedings for the winding-up of the Issuer and/or prove in the winding-up or administration of the Issuer and/or claim in the liquidation of the Issuer for such payment, but may take no further or other action to enforce, prove or claim for any such payment. No payment in respect of the Notes or the Trust Deed may be made by the Issuer pursuant to this Condition 10.1, nor will the Trustee accept the same, otherwise than during or after a winding-up of the Issuer or after an administrator of the Issuer has given notice that it intends to declare and distribute a dividend, unless the Issuer has given prior written notice (with a copy to the Trustee) to, and received consent or non-objection from, the Relevant Regulator, which the Issuer shall confirm in writing to the Trustee.

10.2 **Amount payable on winding-up or administration**

If an order is made by the competent court or resolution passed for the winding-up of the Issuer (other than an Approved Winding-up) or an administrator of the Issuer gives notice that it intends to declare and distribute a dividend, the Trustee at its discretion may, and if so requested by Noteholders of at least one quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to its being indemnified and/or secured and/or prefunded to its satisfaction), give notice to the Issuer (or, as applicable, the administrator or liquidator) that the Notes are, and they shall accordingly forthwith become, immediately due and repayable at the amount equal to their principal amount together with Arrears of Interest, if any, and any other accrued and unpaid interest, and the claim in respect thereof will be subject to the subordination provided for in Condition 2.1.

In addition, any other amounts in respect of the Notes (including any damages awarded for breach of any obligations under these Conditions or the Trust Deed) in respect of which the Solvency Condition was not satisfied on the date upon which the same would otherwise have become due and payable will be payable by the Issuer in a winding-up or administration of the

Issuer, and the claim in respect thereof will be subject to the subordination provided for in Condition 2.1. Such claims shall not bear interest.

10.3 **Enforcement**

Without prejudice to Condition 10.1 or Condition 10.2 above, the Trustee may at its discretion and without further notice institute such proceedings or take such steps or actions against the Issuer as it may think fit to enforce any obligation, term, condition or provision binding on the Issuer under the Trust Deed or the Notes (other than any payment obligation of the Issuer under or arising from the Notes or the Trust Deed including, without limitation, payment of any principal or interest (including, without limitation, Arrears of Interest) in respect of the Notes and any damages awarded for breach of any obligations) but in no event shall the Issuer, by virtue of the institution of any such proceedings or the taking of such steps or actions, be obliged to pay any sum or sums (in cash or otherwise) sooner than the same would otherwise have been payable by it. Nothing in this Condition 10.3 shall, subject to Condition 10.1, prevent the Trustee instituting proceedings for the winding-up of the Issuer, proving in any winding-up of the Issuer and/or claiming in any liquidation of the Issuer in respect of any payment obligations of the Issuer arising from the Notes or the Trust Deed (including without limitation, payment of any principal or interest (including, without limitation, Arrears of Interest) in respect of the Notes and any damages awarded for any breach of any obligations under the Notes or the Trust Deed).

10.4 **Entitlement of the Trustee**

The Trustee shall not be bound to take any of the actions referred to in Condition 10.1, Condition 10.2 or Condition 10.3 above to enforce the obligations of the Issuer under the Trust Deed or the Notes or any other action under or pursuant to the Trust Deed unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding and (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

10.5 **Right of Noteholders**

No Noteholder shall be entitled to proceed directly against the Issuer or to institute proceedings for the winding-up or claim in the liquidation of the Issuer or to prove in such winding-up unless the Trustee, having become so bound to proceed or being able to prove in such winding-up or claim in such winding-up, fails or is unable to do so within 60 days and such failure or inability shall be continuing, in which case the Noteholder shall have only such rights against the Issuer as those which the Trustee is entitled to exercise as set out in this Condition 10.

10.6 **Extent of Noteholders' remedy**

No remedy against the Issuer, other than as referred to in this Condition 10, shall be available to the Trustee or the Noteholders, whether for the recovery of amounts owing in respect of the Notes or under the Trust Deed or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Notes or under the Trust Deed.

11. **Meetings of Noteholders, Modification, Waiver and Substitution**

11.1 **Meetings of Noteholders**

The Trust Deed contains provisions for convening meetings of Noteholders (including by way of conference call or by use of a videoconference platform) to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee or Noteholders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be one or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons holding Notes or representing Noteholders whatever the principal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia* (a) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Arrears of Interest on the Notes, (b) to reduce or cancel the principal amount of the Notes, (c) to reduce the rate or rates of interest or Arrears of Interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any interest amount in respect of the Notes, (d) to vary the

currency or currencies of payment or denomination of the Notes, (e) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, (f) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, or (g) to modify Condition 2, in which case the necessary quorum shall be one or more persons holding or representing not less than two-thirds, or at any adjourned meeting not less than one-third, in principal amount of the Notes for the time being outstanding.

The Trust Deed also provides that a written resolution executed by or on behalf of the holders of not less than three-quarters in principal amount of the Notes outstanding who would have been entitled to vote upon it if it had been proposed at a meeting at which they were present shall take effect as if it were an Extraordinary Resolution duly passed at such a meeting.

The agreement or approval of the Noteholders shall not be required in the case of any variation of these Conditions and/or the Trust Deed made in the circumstances described in Condition 6.3 or Condition 6.4 in connection with the substitution or variation of the Notes so that they remain or become Qualifying Tier 2 Securities, and to which the Trustee has agreed pursuant to the relevant provisions of Condition 6.3 or Condition 6.4, as the case may be or in the case of any mandatory substitution pursuant to Condition 11.4(b). Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed).

11.2 **Modification of the Trust Deed or the Agency Agreement**

The Trustee may agree, without the consent of the Noteholders, to (a) any modification of any of these Conditions and the provisions of the Trust Deed or the Agency Agreement that is in the opinion of the Trustee of a formal, minor or technical nature or is made to correct a manifest error, and (b) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of these Conditions and the provisions of the Trust Deed or the Agency Agreement that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders.

Any such modification, authorisation or waiver shall be binding on the Noteholders and such modification shall be notified to the Noteholders as soon as practicable thereafter.

11.3 **Regulatory Clearance Condition**

Any modification to these Conditions or any other provisions of the Trust Deed will (to the extent then required by the Relevant Regulator or the Relevant Rules) be subject to the Issuer having notified the Relevant Regulator of such modification or waiver and satisfaction of the Regulatory Clearance Condition.

11.4 **Substitution**

(a) *Discretion to agree to substitution*: The Trust Deed contains provisions permitting the Trustee to agree, subject to (A) such substitution not being, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders and (B) certain additional conditions set out in the Trust Deed being satisfied, but without the consent of the Noteholders:

(i) to the substitution of a successor in business of the Issuer in place of the Issuer or any previous substitute under this Condition 11.4 as principal debtor under the Trust Deed and the Notes; or

(ii) if the Issuer is not or ceases to be the Insurance Group Parent Entity, to the substitution of the Insurance Group Parent Entity in place of the Issuer or any previous substitute under this Condition 11.4 as principal debtor under the Trust Deed and the Notes,

any such substitute, and any substitute pursuant to a Newco Scheme as described below, being a "**Substituted Obligor**".

Any such substitution (including for the avoidance of doubt any change referred to in Condition 11.4(c)) shall be subject to the Issuer having complied with the Regulatory Clearance Condition.

(b) *Mandatory substitutions*: If a Newco Scheme occurs, the Issuer may, without the consent of the Noteholders, at its option, procure that (pursuant to the Newco Scheme or otherwise) Newco is substituted under the Notes and the Trust Deed as Issuer in place of the Issuer (or any previous substitute therefor under this Condition 11.4), and upon such substitution all references to "the Issuer" hereunder will be construed as references to Newco and the obligations of the Issuer (or the relevant previous substitute) as issuer under the Notes and the Trust Deed will, without any further formality (including, without limitation, the execution of any agreement or deed) be terminated.

Subject to the provisions of the Trust Deed, the Trustee shall (at the request and expense of the Issuer) use its reasonable endeavours to co-operate with the Issuer (including, but not limited to, entering into such documents or deeds (if any) as may be necessary) to give effect to such substitution but the Trustee shall not be obliged to do so if such substitution imposes in the Trustee's opinion, more onerous obligations or duties upon it or exposes it to liabilities or reduces its protections.

Any such substitution (including for the avoidance of doubt any change referred to in Condition 11.4(c)) shall be subject to the Issuer having complied with the Regulatory Clearance Condition.

(c) *Change in law*: In the case of any substitution pursuant to this Condition 11.4, the Trustee may agree, without the consent of the Noteholders, to a change of the law governing the Notes and/or the Trust Deed, provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.

(d) *Notice to Noteholders*: Any substitution pursuant to this Condition 11.4 shall be binding on the Noteholders and the Issuer will give notice of such substitution to the Noteholders in accordance with Condition 16 as soon as reasonably practicable following such substitution.

12. **Entitlement of the Trustee**

In connection with any exercise of its functions (including but not limited to those referred to in Condition 11), the Trustee shall have regard to the interests of the Noteholders as a class and the Trustee shall not have regard to the consequences of such exercise for individual Noteholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory. In connection with any such exercise as aforesaid, no Noteholder shall be entitled to claim, whether from the Issuer, the Substituted Obligor or the Trustee or any other person, any indemnification or payment in respect of any tax consequence of any such substitution or any such exercise upon any individual Noteholders except to the extent already provided in Condition 8 and/or any undertaking given in addition thereto or in substitution therefor pursuant to the Trust Deed.

13. **Indemnification of the Trustee**

The Trust Deed contains provisions for the provision of indemnification, security and prefunding to the Trustee and for its relief from responsibility, including provisions relieving it from taking any steps or action, including instituting any proceedings, unless indemnified, secured or prefunded to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

14. **Replacement of Note Certificates**

If any Note Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Registrar upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Note Certificates must be surrendered before replacements will be issued.

15. **Further Issues**

The Issuer may, from time to time, without the consent of the Noteholders, create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding Notes (such Notes, "**Further**

Notes") or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes. Any further securities forming a single series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other series where the Trustee so decides.

16. **Notices**

All notices to the Noteholders will be valid if mailed to them at their respective addresses in the Register maintained by the Registrar. The Issuer shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed. Any notice shall be deemed to have been given on the second day after being so mailed or on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

17. **Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

18. **Definitions**

As used herein:

"**Additional Amounts**" has the meaning given to it in Condition 8;

"**Approved Winding-up**" means a solvent winding-up of the Issuer solely for the purposes of a reconstruction or amalgamation or the substitution in place of the Issuer of a successor in business of the Issuer, the terms of which reconstruction, amalgamation or substitution (i) have previously been approved in writing by the Trustee or by an Extraordinary Resolution and (ii) do not provide that the Notes shall thereby become payable;

"**Arrears of Interest**" has the meaning given to it in Condition 5.3;

"**Assets**" means the unconsolidated gross assets of the Issuer, as shown in the latest published audited balance sheet of the Issuer, but adjusted for subsequent events, all in such manner as the Directors may determine;

"**Authorised Denomination**" has the meaning given to it in Condition 1;

"**Authorised Signatory**" has the meaning given to it in the Trust Deed;

"**Benchmark Gilt**" means, in respect of the Reset Period, such United Kingdom government security customarily used at the time of selection in the pricing of new issues with a similar tenor having an actual or interpolated maturity date on or about the Maturity Date as the Issuer (on the advice of an investment bank of international repute) may determine to be appropriate following any guidance published by the International Capital Market Association at the relevant time (if any);

"**Business Day**" has the meaning given to it in Condition 7.5;

"**Calculation Amount**" has the meaning given to it in Condition 4.3;

a "**Capital Disqualification Event**" shall be deemed to have occurred if at any time, as a result of any change to the Relevant Rules (or change to the interpretation of the Relevant Rules by any court or authority entitled to do so on or after the Reference Date) the whole or any part of the principal amount of the Notes is no longer capable of counting as Tier 2 Capital for the purposes of (i) the Issuer on a solo, group or consolidated basis or (ii) the Insurance Group on a group or consolidated basis, except where such non-qualification is only as a result of any applicable limitation on the amount of such capital (other than a limitation derived from any transitional or grandfathering provisions under the Relevant Rules);

"**Directors**" means the directors of the Issuer;

"**European Economic Area**" or "**EEA**" means the countries comprising the European Union together with Norway, Liechtenstein and Iceland;

"**EUWA**" means the European Union (Withdrawal) Act 2018;

"**Extraordinary Resolution**" has the meaning given in the Trust Deed;

"**FSMA**" means the UK Financial Services and Markets Act 2000, as amended from time to time;

"**Further Notes**" has the meaning given to it in Condition 15;

"**Holder**" has the meaning given to it in Condition 3.1;

"**Insolvent Insurer Winding-up**" means:

(i) the winding-up of any insurance undertaking within the Insurance Group; or

(ii) the appointment of an administrator of any insurance undertaking within the Insurance Group,

where the claims of the policyholders of the insurance undertaking which is in winding-up or administration may or will not be met (and for these purposes, the claims of policyholders shall include all amounts to which policyholders are entitled under applicable legislation or rules relating to the winding-up of insurance companies to reflect any right to receive or expectation of receiving benefits which policyholders may have);

"**Insurance Group**" means the Insurance Group Parent Entity and its Subsidiaries;

"**Insurance Group Parent Entity**" means, as of the Issue Date, the Issuer, and thereafter, the Issuer or any Subsidiary or parent company of the Issuer which from time to time constitutes the highest entity in the relevant insurance group for which supervision of group capital resources or solvency is required pursuant to the Regulatory Capital Requirements in force from time to time;

"**insurance undertaking**" has the meaning given to it in the Relevant Rules;

"**Interest Payment Date**" has the meaning given to it in Condition 4.1;

"**Initial Interest Rate**" means 12.000 per cent. per annum;

"**Issue Date**" means 20 June 2023, being the date of the initial issue of the Notes;

"**Junior Securities**" has the meaning given to it in Condition 2.1;

"**Liabilities**" means the unconsolidated gross liabilities of the Issuer, as shown in the latest published audited balance sheet of the Issuer, but adjusted for contingent liabilities and for subsequent events, all in such manner as the Directors may determine;

"**Mandatory Interest Deferral Date**" means each Interest Payment Date in respect of which a Regulatory Deficiency Interest Deferral Event has occurred and is continuing or would occur if payment of interest was made on such Interest Payment Date;

"**Maturity Date**" means 20 December 2033;

"**Minimum Capital Requirement**" means the Minimum Capital Requirement of the Issuer, the minimum consolidated group Solvency Capital Requirement or other minimum capital requirements relating to the Issuer or the Insurance Group (as applicable) referred to in the Relevant Rules in each case to the extent applicable to the Issuer or the Insurance Group at the relevant time pursuant to the Relevant Rules;

"**Newco**" has the meaning ascribed to it in the definition of Newco Scheme;

"**Newco Scheme**" means a scheme of arrangement or analogous proceeding ("**Scheme of Arrangement**") which effects the interposition of a limited liability company ("**Newco**") between the shareholders of the Issuer immediately prior to the Scheme of Arrangement (the "**Existing Shareholders**") and the Issuer; provided that (i) only ordinary shares or units or equivalent of Newco or depositary or other receipts or certificates representing ordinary shares or units or equivalent of Newco are issued to Existing Shareholders; (ii) immediately after completion of the Scheme of Arrangement the only holders of ordinary shares, units or equivalent of Newco or, as the case may be, the only holders of depositary or other receipts or certificates

representing ordinary shares or units or equivalent of Newco, are Existing Shareholders holding in the same proportions as immediately prior to completion of the Scheme of Arrangement; (iii) immediately after completion of the Scheme of Arrangement, Newco is (or one or more wholly-owned Subsidiaries of Newco are) the only shareholder of the Issuer; (iv) all Subsidiaries of the Issuer immediately prior to the Scheme of Arrangement (other than Newco, if Newco is then a Subsidiary of the Issuer) are Subsidiaries of the Issuer (or of Newco) immediately after completion of the Scheme of Arrangement; and (v) immediately after completion of the Scheme of Arrangement the Issuer (or Newco) holds, directly or indirectly, the same percentage of the ordinary share capital and equity share capital of those Subsidiaries as was held by the Issuer immediately prior to the Scheme of Arrangement;

"**Noteholder**" has the meaning given to it in Condition 3.1;

"**Note Certificate**" has the meaning given to it in Condition 3.1;

"***Pari Passu* Creditors**" means creditors of the Issuer whose claims rank, or are expressed to rank, *pari passu* with the claims of the Noteholders, including (without limitation) holders of *Pari Passu* Securities;

"***Pari Passu* Securities**" has the meaning given to it in Condition 2.1;

"**pounds**" "**sterling**", "**£**", "**p**" or "**pence**" means the lawful currency of the UK;

"**Proceedings**" has the meaning given to it in Condition 19;

"**Qualifying Tier 2 Securities**" means securities issued directly by the Issuer or indirectly and guaranteed by the Issuer (such guarantee to rank on a subordinated basis equivalent to that referred to in Condition 2 and in the Trust Deed) that:

(i) have terms not materially less favourable to a holder than the terms of the Notes (as reasonably determined by the Issuer in consultation with an independent investment bank of international standing or independent financial adviser of international standing, and provided that a certification to such effect (including as to the consultation with the independent investment bank or independent financial adviser and in respect of the matters specified in (ii) and (iii) below) signed by two Authorised Signatories shall have been delivered to the Trustee (upon which the Trustee shall be entitled to rely absolutely without liability to any person and without any obligation to verify or investigate the accuracy thereof) prior to the issue or, as appropriate, variation of the relevant securities);

(ii) (subject to (i) above) shall (1) contain terms which comply with the then current requirements of the Relevant Rules in relation to Tier 2 Capital; (2) bear the same rate of interest from time to time applying to the Notes and preserve the same Interest Payment Dates; (3) contain terms providing for the deferral of payments of interest and/or principal only if such terms are not materially less favourable to an investor than equivalent terms contained in the terms of the Notes; (4) rank *pari passu* with the Notes; (5) provide for the same Maturity Date and preserve the obligations (including obligations arising from the exercise of any rights) of the Issuer as to redemption of the Notes, including (without limitation) as to the timing of, and amounts payable upon, any such redemption; (6) preserve any existing rights under these Conditions to any accrued interest and any Arrears of Interest and any other amounts which have not been paid; and

(iii) are listed or admitted to trading on the Global Exchange Market of the Irish Stock Exchange plc trading as Euronext Dublin or such other regularly operating, internationally recognised stock exchange in the United Kingdom or the EEA as selected by the Issuer and approved by the Trustee;

"**Record Date**" has the meaning given to it in Condition 7.1;

"**Reference Date**" means the later of (i) the Issue Date and (ii) the latest date (if any) on which any Further Notes have been issued pursuant to Condition 15;

"Register" has the meaning given to it in Condition 3.1;

"**Regulatory Capital Requirements**" means any applicable capital resources requirement or applicable overall financial adequacy rule (or equivalent) required by the Relevant Regulator, as any such requirement or rule is in force from time to time;

"**Regulatory Clearance Condition**" means, in respect of any proposed act on the part of the Issuer, the Relevant Regulator having approved, granted permission for, consented to, or provided a non-objection in writing and having not withdrawn its approval, permission or consent to, such act (in any case only if and to the extent such approval, permission, consent or non-objection is required by the Relevant Regulator, the Relevant Rules or any other applicable rules of the Relevant Regulator at the relevant time);

"**Regulatory Deficiency Interest Deferral Event**" means any event (including, without limitation, where an Insolvent Insurer Winding-up has occurred and is continuing and any event which causes any Solvency Capital Requirement or Minimum Capital Requirement applicable to the Issuer, all or part of the Insurance Group (which part includes the Issuer and at least one other member of the Insurance Group) or any insurance undertaking within the Insurance Group to be breached and such breach is an event) which under UK Solvency II Legislation and/or under the Relevant Rules means that the Issuer must defer payment of interest (or, if applicable, Arrears of Interest) in respect of the Notes (in order that the Notes qualify, and/or on the basis that the Notes are intended to qualify, as Tier 2 Capital under UK Solvency II Legislation);

"**Regulatory Deficiency Redemption Deferral Event**" means any event (including, without limitation, where an Insolvent Insurer Winding-up has occurred and is continuing and any event which causes any Solvency Capital Requirement or Minimum Capital Requirement applicable to the Issuer, all or part of the Insurance Group (which part includes the Issuer and at least one other member of the Insurance Group) or any insurance undertaking within the Insurance Group to be breached and such breach is an event) which under UK Solvency II Legislation and/or under the Relevant Rules means that the Issuer must defer or suspend repayment or redemption of the Notes (in order that the Notes qualify, and/or on the basis that the Notes are intended to qualify, as Tier 2 Capital under UK Solvency II Legislation);

"**Relevant Date**" has the meaning given to it in Condition 8;

"**Relevant Jurisdiction**" means the United Kingdom or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject to tax in respect of payments made by it of principal and/or interest on the Notes;

"**Relevant Regulator**" means the UK Regulator or such successor or other authority having primary supervisory authority with respect to prudential matters in relation to the Issuer, the Insurance Group and/or the Insurance Group Parent Entity;

"**Relevant Rules**" means, at any time, any legislation, rules, regulations or expectations set forth in applicable published supervisory statements (whether having the force of law or otherwise) then applying to the Issuer, the Insurance Group Parent Entity or the Insurance Group relating to own funds, capital resources, capital requirements, financial adequacy requirements or other prudential matters (including, but not limited to the characteristics, features or criteria or any of the foregoing) and without limitation to the foregoing, including (to the extent then applying as aforesaid) the UK Solvency II Legislation and any legislation, rules, regulations or expectations set forth in applicable published supervisory statements of the Relevant Regulator relating to such matters; and references in these Conditions to any matter, action or condition being required or permitted by, or in accordance with, the Relevant Rules shall be construed in the context of the Relevant Rules as they apply to Tier 2 Capital and on the basis that the Notes are intended to continue to have the characteristics of Tier 2 Capital under the Relevant Rules notwithstanding the occurrence of a Capital Disqualification Event;

"**Reset Date**" means 20 December 2028;

"**Reset Determination Date**" means the second Business Day prior to the Reset Date;

"**Reset Margin**" means 7.489 per cent. per annum;

"**Reset Period**" means the period from (and including) the Reset Date to (but excluding) the Maturity Date;

"**Reset Rate of Interest**" means, in respect of the Reset Period, the rate of interest determined by the Agent Bank on the Reset Determination Date as the sum of:

(i) the Reset Reference Rate in respect of the Reset Period (expressed as a rate per annum); and

(ii) the Reset Margin;

"**Reset Reference Banks**" means five brokers of gilts and/or gilt-edged market makers selected by the Issuer;

"**Reset Reference Rate**" means, in respect of the Reset Period, the gross redemption yield (as calculated by the Agent Bank in accordance with generally accepted market practice at such time, on a semi-annual compounding basis (rounded up (if necessary) to four decimal places) of the Benchmark Gilt in respect of the Reset Period, with the price of the Benchmark Gilt for the purpose of determining the gross redemption yield being the arithmetic average (rounded up (if necessary) to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the bid and offered prices of such Benchmark Gilt quoted by the Reset Reference Banks at 11.00 a.m. (London time) on the Reset Determination Date on a dealing basis for settlement on the next following benchmark gilt dealing day in London. Such quotations shall be obtained by or on behalf of the Issuer and provided to the Agent Bank. If at least four quotations are provided, the Reset Reference Rate will be determined by reference to the rounded arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two or three quotations are provided, the Reset Reference Rate will be determined by reference to the rounded arithmetic mean of the quotations provided. If only one quotation is provided, the Reset Reference Rate will be determined by reference to the rounded quotation provided. If no quotations are provided, the Reset Reference Rate will be 4.511 per cent. per annum;

"**Senior Creditors**" means (a) creditors of the Issuer who are unsubordinated creditors of the Issuer including all policyholders of the Issuer (for the avoidance of doubt, the claims of policyholders shall include all amounts to which policyholders are entitled under applicable legislation or rules relating to the winding-up of insurance companies to reflect any right to receive or expectation of receiving benefits which policyholders may have) and (b) other creditors of the Issuer whose claims are, or are expressed to be, subordinated to the claims of other creditors of the Issuer (other than those whose claims are in respect of instruments or obligations which constitute, or would but for any applicable limitation on the amount of any such capital constitute, (i) Tier 1 Capital or (ii) Tier 2 Capital, or whose claims otherwise rank, or are expressed to rank, *pari passu* with, or junior to, the claims of the Noteholders);

"**Solvency Capital Requirement**" means the solvency capital requirement of the Issuer or the group solvency capital requirement of the Insurance Group referred to in the Relevant Rules (howsoever described or defined in the Relevant Rules) or any other solvency capital requirement, group solvency capital requirement or any other equivalent capital requirement relating to the Issuer or the Insurance Group (other than the Minimum Capital Requirement) howsoever described or defined in the Relevant Rules in each case to the extent applicable to the Issuer or the Insurance Group at the relevant time pursuant to the Relevant Rules;

"**Solvency Condition**" has the meaning given to it in Condition 2.2;

"**Subsidiary**" has the meaning given to it in section 1159 of the Companies Act 2006 (as amended from time to time);

"**Substituted Obligor**" has the meaning given to it in Condition 11.4;

"**successor in business**" means, with respect to the Issuer, any body corporate which, as the result of any amalgamation, merger, reconstruction, acquisition or transfer:

(i) owns beneficially the whole or substantially the whole of the undertaking, property and assets owned by the Issuer or a successor in business of the Issuer prior thereto; or

(ii) carries on, as successor of the Issuer or a successor in business of the Issuer, the whole or substantially the whole of the business carried on by the Issuer or a successor in business of the Issuer prior thereto;

"**Tax Event**" means an event of the type described in Condition 6.3(a) or 6.3(b);

"**Tax Law Change**" has the meaning given to it in Condition 6.3(a);

"**Tier 1 Capital**" has the meaning given to it for the purposes of the Relevant Rules from time to time;

"**Tier 2 Capital**" has the meaning given to it for the purposes of the Relevant Rules from time to time;

"**UK Regulator**" means the UK Prudential Regulation Authority or any successor UK regulatory authority having prudential supervisory responsibilities with respect to the Issuer, the Insurance Group and/or the Insurance Group Parent Entity;

"**UK Solvency II Legislation**" means the Commission Delegated Regulation (EU) No. 2015/35 as retained in the United Kingdom, with certain amendments, under EUWA and related legislation, the Solvency 2 Regulations 2015/575 as amended (including by the Solvency 2 and Insurance (Amendment, etc.) (EU Exit) Regulations 2019/407) and the FSMA, and any other applicable legislation of the United Kingdom relating to the prudential regulation and supervision of insurance and reinsurance firms and insurance groups, and any legislation modifying, supplementing or replacing any such legislation from time to time, in force and applicable to the Issuer and/or the Insurance Group; and

"**United Kingdom**" or "**UK**" means the United Kingdom of Great Britain and Northern Ireland.

19. **Governing Law and Jurisdiction**

(a) *Governing law:* The Trust Deed and the Notes and any non-contractual obligations arising out of or in connection with the Trust Deed and the Notes are governed by, and shall be construed in accordance with, English law.

(b) *Jurisdiction*: The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed or the Notes and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed or any Notes ("**Proceedings**") may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of the courts of England in respect of any such Proceedings (but this is without prejudice to the rights of the Trustee or the Noteholders to commence Proceedings in any jurisdiction and/or concurrent Proceedings in one or more jurisdictions to the extent permitted by law).

Overview of the Notes while in Global Form

The following provisions apply to the Notes whilst they are represented by the Global Certificate, some of which modify the effect of the Conditions.

1. **Relationship of Accountholders with Clearing Systems**

   Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system ("**Alternative Clearing System**") as the holder of a Note represented by a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the holder of the Global Certificate and in relation to all other rights arising under the Global Certificate, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by the Global Certificate and such obligations of the Issuer will be discharged by payment to the holder of the Global Certificate in respect of each amount so paid.

2. **Cancellation**

   Cancellation of any Note following its redemption or purchase by the Issuer or any of the subsidiaries of the Issuer will be effected by reduction in the aggregate principal amount of the Notes in the register of Noteholders and shall be duly endorsed (for information purposes only) on the schedule to the Global Certificate.

3. **Payments**

   Payments of principal and interest in respect of Notes represented by the Global Certificate will be made to the registered holder of the Global Certificate. Upon payment of any principal or interest, the amount so paid shall be endorsed by or on behalf of the Registrar on behalf of the Issuer on the schedule to the Global Certificate.

   Principal and interest shall be payable in accordance with the Conditions, save that the calculation of interest will be made in respect of the total aggregate principal amount of the Notes represented by this Global Certificate.

   Distributions of amounts with respect to book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent required by the Registrar, to the cash accounts of participants in Euroclear, Clearstream, Luxembourg or any Alternative Clearing System in accordance with the relevant clearing system's rules and procedures.

   All payments in respect of the Notes whilst they are represented by the Global Certificate will be made to, or to the order of, the person whose name is entered in the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where "**Clearing System Business Day**" means Monday to Friday (inclusive) except 25 December and 1 January.

4. **Meetings**

   The registered holder of the Global Certificate shall be treated as having one vote in respect of each £1,000 principal amount of Notes represented by the Global Certificate. The Trustee may allow to attend and speak (but not to vote unless such person is a proxy or a representative) at any meeting of Noteholders any accountholder (or the representative of any such person) of a clearing system with an interest in the Notes represented by the Global Certificate on confirmation of entitlement and proof of his identity.

5. **Notices**

   So long as all of the Notes are represented by the Global Certificate and it is held by or on behalf of a clearing system, notices to Noteholders will be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for notification as required by the Conditions. A notice will be deemed to have been given to accountholders on the first Business Day following the day on which such notice is sent to the relevant clearing system for delivery to entitled accountholders.

Whilst any of the Notes are represented by the Global Certificate, notices to be given by a Noteholder will be given by such Noteholder (where applicable) through Euroclear, Clearstream, Luxembourg or any Alternative Clearing System and otherwise in such manner as the Trustee and the relevant clearing system may approve for this purpose.

6. **Exchange**

Owners of beneficial interests in the Notes in respect of which the Global Certificate is issued will be entitled to have title to the Notes registered in their names and to receive individual Certificates if Euroclear, Clearstream, Luxembourg or any Alternative Clearing System is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so.

In such circumstances, the Issuer will cause sufficient Certificates to be executed and delivered to the Registrar and the Transfer Agent for completion, authentication and despatch to the relevant Noteholders within 14 days following a request therefor by the registered holder of the Global Certificate. A person with an interest in the Notes represented by the Global Certificate must provide the Registrar and the Transfer Agent with (A) a written order containing instructions and other such information as the Issuer, the Transfer Agent and the Registrar may require to complete, execute and deliver such Certificates; and (B) a certificate to the effect that such person is not transferring its interest in the Global Certificate.

7. **Transfer**

Notes represented by the Global Certificate will be transferable only in accordance with the rules and procedures of Euroclear, Clearstream, Luxembourg or any Alternative Clearing System (as the case may be).

8. **Trustee's Powers**

In considering the interests of Noteholders, the Trustee may, to the extent it considers it appropriate to do so in the circumstances, (A) have regard to such information as may have been made available to it by or on behalf of Euroclear, Clearstream, Luxembourg or any Alternative Clearing System or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of Notes and (B) consider such interests on the basis that such accountholders were the holders of the Notes represented by the Global Certificate.

9. **Enforcement**

For the purposes of enforcement of the provisions of the Trust Deed, the persons named in a certificate of the holder of the Notes represented by the Global Certificate shall be recognised as the beneficiaries of the trusts set out in the Trust Deed to the extent of the principal amount of their interest in the Notes set out in the certificate of the holder as if they were themselves the holders of Notes in such principal amounts.

10. **Electronic Consent and Written Resolution**

While any Global Certificate is registered in the name of any nominee for Euroclear, Clearstream, Luxembourg or any Alternative Clearing System, then:

(a) Approval of a resolution proposed by the Issuer or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than three-quarters in principal amount of the Notes outstanding (an "Electronic Consent" as defined in the Trust Deed) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting which is a special quorum resolution), take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders whether or not they participated in such Electronic Consent. The Principal Paying Agent shall confirm the result of voting on any Electronic Consent in writing to the Issuer and the Trustee (in a form satisfactory to the Trustee) (which confirmation may be given by email), specifying (as of the deadline for the Electronic Consent): (i) the outstanding principal amount of the Notes and (ii) the outstanding principal amount of the Notes in respect of which consent to the resolution has been given in accordance

with this provision. The Issuer and the Trustee may rely and act without further enquiry on any such confirmation from the Principal Paying Agent and shall have no liability or responsibility to anyone as a result of such reliance or action. The Trustee shall not be bound to act on any Electronic Consent in the absence of such a confirmation from the Principal Paying Agent in a form satisfactory to it; and

(b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Trust Deed) has been validly passed, the Issuer and the Trustee shall be entitled to rely on consent or instructions given in writing directly to the Issuer and/or the Trustee, as the case may be, by accountholders in the clearing system with entitlements to such Global Certificate or, where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held, whether such beneficiary holds directly with the accountholder or via one or more intermediaries and provided that, in each case, the Issuer has obtained commercially reasonable evidence to ascertain the validity of such holding and has taken reasonable steps to ensure that such holding does not alter following the giving of such consent or instruction and prior to the effecting of such amendment. Any resolution passed in such manner shall be binding on all Noteholders, even if the relevant consent or instruction proves to be defective.

(c) As used in this paragraph, "commercially reasonable evidence" includes any certificate or other document issued by Euroclear, Clearstream, Luxembourg or any Alternative Clearing System, or issued by an accountholder of them or an intermediary in a holding chain, in relation to the holding of interests in the Notes. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EasyWay system or Clearstream, Luxembourg's Xact Web Portal) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. Neither the Issuer nor the Trustee shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

Business Description

DESCRIPTION OF THE ISSUER

1. Introduction

The Issuer was incorporated and registered in England and Wales on 3 November 2009 under the Companies Act as a private company limited by shares with the name Yellow Buyer Limited and was registered under number 07064312. On 15 February 2010, the Issuer changed its name to esure Group Holdings Limited. On 26 February 2013, the Issuer was re-registered as a public limited company and changed its name to esure Group plc.

The principal legislation under which the Issuer operates is the Companies Act, FSMA and the rules, regulations and guidance made thereunder, including (but not limited to) the rules and guidance contained in the PRA and FCA Handbooks and the PRA Rulebook (for further detail, please see "*Regulatory Overview*").

The head office and registered office of the Issuer is The Observatory, Castlefield Road, Reigate, Surrey RH2 0SG. The telephone number is +44 (0)173 722 2222.

History

The Group was founded in 2000 with financial backing from Halifax plc (which became part of HBOS Group in 2001). In July 2001, the Group launched the esure brand, which focused on low risk customers (such as those with at least four years' "no claims discount") who were targeted through a dual focus on direct internet and telephone sales. The Group's esure-branded home insurance offering was also launched in September 2001.

The Sheilas' Wheels brand was launched in 2005 through its well-recognised commercials featuring three pink-clad singers and the "Sheilamobile". Sheilas' Wheels-branded home insurance was subsequently launched in 2008.

The Group started to distribute its products through Confused.com and MoneySuperMarket.com from 2006 onwards, and made a strategic investment in GoCompare.com in March 2015. In November 2016, GoCompare.com demerged from the Group and listed separately on the London Stock Exchange.

In December 2018, the Group was acquired by Blue (BC) Bidco Limited for £1.2 billion, a wholly owned subsidiary of funds advised by Bain Capital Private Equity.

Overview

The Group has the ambition to be the UK's leading digital insurer centered on its intention of "fixing insurance for good". The Group had over 2.3 million motor and home insurance policies in-force as at 31 December 2022 and is one of the UK's leading providers of motor and home insurance products through the *esure*, *Sheila's' Wheels* and *First Alternative* brands, as well as "*esure Flex*" which launched in 2022.

The table below provides certain information with respect to the Group as at and for each of the years ended 31 December 2022 and 31 December 2021:

	FY 2022	**FY 2021**
In-force policies (millions)[1]	2.32	2.54
Turnover (£ million)	836.0	907.7
Gross written premiums (£ million)	735.7	807.6
Trading profit (£ million)[2]	47.9	84.8
Profit/(Loss) after tax (£ million)	(29.1)	7.7
Solvency Coverage Ratio (per cent.)	149	188

The Group's business is presented in two main reportable segments: Motor and Home, including additional insurance products underwritten by the Group and related non-underwritten additional services, including travel insurance. The Group also incurs costs in its "Central"

[1] In-force policies constitutes an alternative performance measure ("**APM**").
[2] Trading profit/loss constitutes an APM.

segment, which amounted to £45.0 million for the year ended 31 December 2022 (2021: £42.2 million) and reflect primarily the Group's Head Office functions and facilities costs.

Motor

The Group's principal underwriting business is the sale of motor insurance policies in the UK, and motor underwriting makes up 74 per cent. of the Group's in-force policies. Policies are sold primarily under the Group's strong and widely recognised "*esure*" and "*Sheilas' Wheels*" brands, and distributed primarily through the four principal UK price comparison websites as well as direct sales via website and telephone channels.

The Group has historically taken a conservative approach to insurance underwriting targeting customers with a statistically low underwriting risk profile and placing a strong emphasis on measures to monitor the underwriting risk exposure and overall risk profile of the Group's in-force policy books. In recent years, cautious expansion of the underwriting footprint has been undertaken using internal and external data sources and sophisticated modelling techniques. Extensive management information is examined and tracked by the Group's management team and this analysis underpins a highly focused and disciplined approach to underwriting, pricing and decision making.

The Group responded to recent market pressures with a disciplined approach to pricing, with new business rates increasing by over 30 per cent. over the course of the year ended 31 December 2022 – significantly ahead of the Group's view of the market average. As a result the Group saw a 10.9 per cent. decline in the in-force policies in the motor book as of 31 December 2022 compared to 31 December 2021.

This segment incorporates the revenues and expenses directly attributable to the Group's motor insurance underwriting activities inclusive of additional insurance products underwritten by the Group and related non-underwritten additional services.

For the year ended 31 December 2022, gross written premiums for the business segment were £639.3 million and trading profit was £99.4 million[3]. Contribution from additional services revenue within this was £99.7 million[4]. The decrease in trading profit for this segment for the year ended 31 December 2022 compared to the year ended 31 December 2021 was driven primarily by increased claims frequency following two years impacted by restrictions relating to the COVID-19 pandemic, combined with high inflation leading to higher claims costs and weak pricing conditions in the market.

Home

The Group has offered home insurance since September 2001 (shortly after the launch of the motor insurance business) and is a key part of the Group's strategy to place a greater focus on diversifying beyond motor insurance. The development of the Group's home insurance business has increased in part due to the significant growth of price comparison websites as a distribution channel for home insurance policies, together with the Group's own focus on the price comparison website channel. Home underwriting makes up 26 per cent. of the Group's in-force policies.

The Group targets home market segments with a statistically low underwriting risk profile, seeking to actively manage exposure to limit flood, subsidence and storm risks.

The Group also offers a range of additional home insurance products underwritten by other insurers to supplement the core home insurance cover provided by its home insurance policies, including home emergency cover. As with its motor insurance business, the Group also generates revenues from the provision of other additional services to its home insurance policyholders, including via income from interest on policies that pay by instalments, and administration and cancellation fees.

For the year ended 31 December 2022, gross written premiums for the business segment were £96.4 million and trading loss was £6.5 million[5]. Contribution from additional services revenue within this was £15.4 million. The reduction in profit as compared to the year ended 31 December 2021 reflected significantly increased weather-related claims with storms in the first

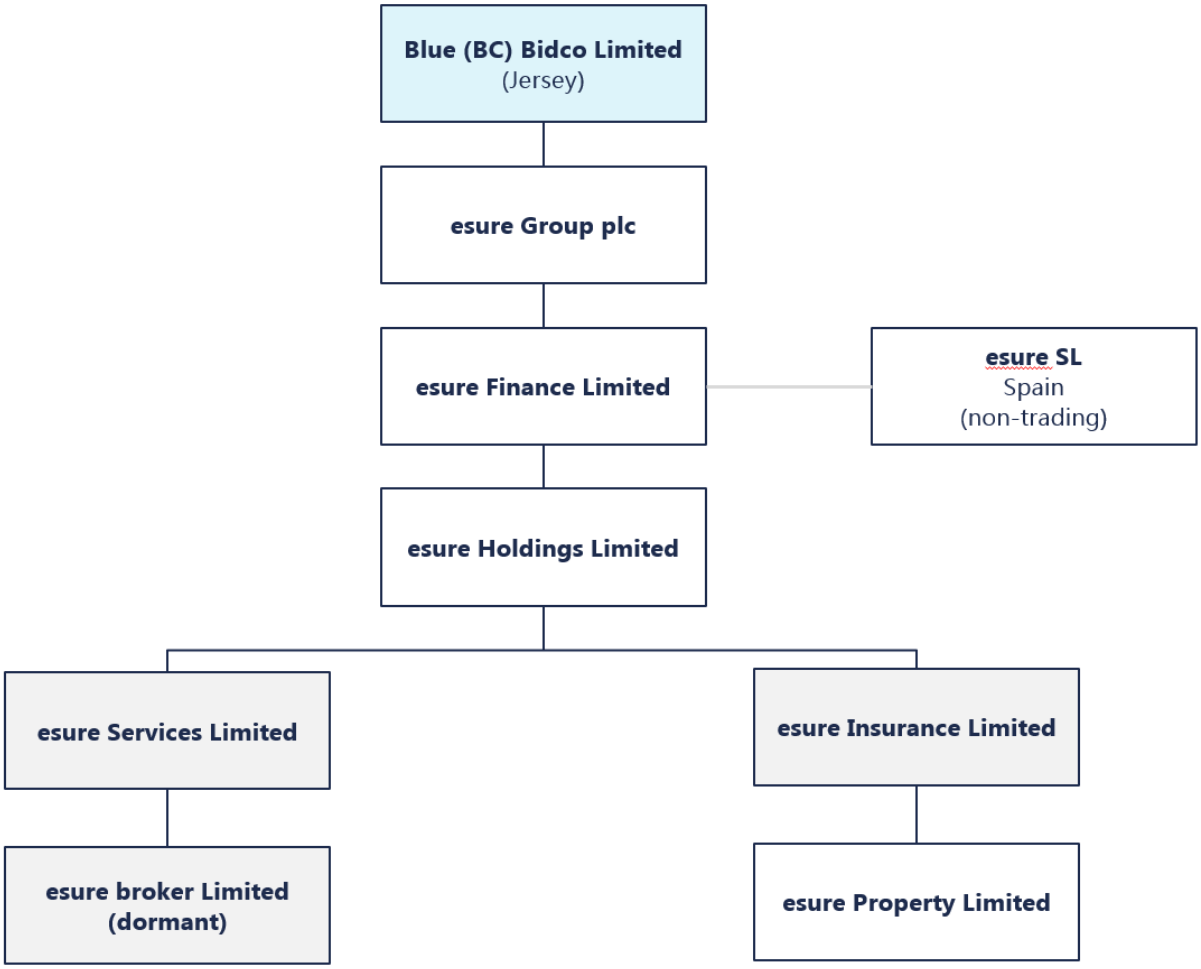
[3] Source: CEO Statement Annual Report and Accounts for the year ended 31 December 2022.
[4] ***Additional services revenue*** means instalment interest income plus other income, less other operating expenses.
[5] Source: CEO Statement Annual Report and Accounts for the year ended 31 December 2022.

three months of 2022 (Dudley, Eunice and Franklin), the dry weather over the year leading to a surge for subsidence claims and a severe freeze in December 2022. The combination of these events resulted in weather related claims exceeding the Issuer's expectation of long term average which has impacted the loss ratio by 14.6 percentage points. Market pricing was also relatively weak as a number of new entrants to the market deployed pricing levels well below historical norms to build their market share.

2. **Organisational Structure of the Group**

The Issuer is the holding company of the Group. Included within the Group's assets are its investments in Group companies. Its income and profits principally derive from subsidiary companies in the form of dividends.

The following table shows the Group structure including all operating companies. All ownerships shown are 100%:



3. **Motor insurance**

Under the Road Traffic Act 1988, it is a criminal offence to drive a car for personal purposes on public roads in the UK without having insurance to cover legal liabilities for injuries to others and damage to third party property. Despite the relatively limited statutory requirement of ''third party liability'' insurance, the vast majority of private drivers in the UK opt for comprehensive cover.

The performance of the UK private motor insurance market as a whole has tended to fluctuate in cyclical patterns characterised by periods of significant competition in pricing and underwriting terms followed by periods of lessened competition and increasing premium rates.

In the UK, private motor insurance products are marketed and distributed to the public either directly or through some form of intermediary. The internet is one of the most important

distribution channels for private motor insurance, in particular as a result of the growth of price comparison websites. The relatively commoditised nature of motor insurance products make them well suited to internet sales and the speed of the process, ease of usage and competitive pricing make using the internet and, in particular, price comparison websites, attractive to customers, with an estimated 87 per cent of motor insurance customers in the market gained through price comparison websites in 2022.[6]

The motor insurance market and its market participants are overseen and supervised by various regulatory bodies (predominantly the FCA, the PRA and the CMA). Further information on the regulatory regime applicable to the Group can be found in the section entitled "Regulatory Overview".

4. **Home insurance**

Historically, home insurance customers have been less price conscious and less likely to change their insurance provider than personal motor insurance customers. However, in recent years, there has been greater consumer awareness of the availability of, and value benefits on offer from, alternative providers of home insurance and increased distribution of home insurance products through price comparison websites (with an estimated 69 per cent. of home insurance customers in the market gained through price comparison websites in 2022).[7]

Home insurance performance has not typically experienced as much cyclicality as motor insurance. Instead, profitability is more correlated with the occurrence of severe weather events which are unpredictable. Premium rates are set with an expectation of a certain level of weather-related claims, but claims costs will tend to be higher when severe weather occurs. The UK experienced several storm events in 2022, as well as subsidence following a dry summer, and a severe freeze event in December 2022, reflected in the Group's trading loss of £6.5 million for this segment in 2022 compared to a profit of £19.0 million in 2021.

The home insurance market and its market participants are overseen and monitored by various regulatory bodies (predominantly the FCA, the PRA and the CMA). Further information on the regulatory regime applicable to the Group can be found in the section entitled "Regulatory Overview".

5. **Competitive Strengths**

The Group has a number of key strengths which underpin the Group's core motor and home underwriting businesses.

Experienced management team

The Group has a strong senior management team with experience from both the insurance sector and other consumer and digital businesses. The senior management team is supported by its Board, which is led by Andy Haste, the Group's Chairman, who has over 40 years' experience in financial services. David McMillan, the Group's Chief Executive Officer, has over 20 years' experience in the UK insurance industry, and Peter Bole, the Group's Chief Financial Officer has over 20 years' experience in finance leadership roles within the Banking and Insurance sectors.

Innovation and technology

The Group is establishing a modern cloud-based and modular technology platform to introduce new functionality, event-based architecture, simple configuration and enhanced efficiency. See further the section titled "Digital Leadership" below.

Strong and widely recognised brands

The esure and Sheilas' Wheels brands are well established personal lines brands in the UK. The esure brand was launched in 2001 and became one of the UK's fastest growing motor insurance brands through its iconic "Calm Down Dear" advertising campaigns and its focus on offering cheaper premiums to customers with higher accumulated "no claims discounts". The Sheilas' Wheels brand was launched in 2005 and was initially aimed at female policyholders.

Strong financial and capital position

[6] Source: Curinos Ltd's ebenchmarkers analysis.
[7] Source: ABI 2022 data.

The Group's financial position reflects a prudent reserving policy, a conservative investment portfolio and capital in excess of the minimum regulatory requirement.

In addition, the Group meets the requirements of the Solvency II regime, which sets out a prudential framework for the regulation and supervision of insurance companies, and is described further in the section entitled "Regulatory Overview".

6. **Strategic Framework**

The Group provides motor and home insurance products and services to mainland UK customers through two core brands – esure and Sheilas' Wheels. The Group's strategic framework is focused on the Group's purpose to "fix insurance for good" and in doing so, deliver growth, quality and long term returns. The objective is to build on the Group's insurance heritage with innovation, insights and data, to meet the evolving needs and expectations of the Group's customers.

The Group's "Game Changer" strategy, as described further below, comprises four strategic pillars: Digital Leadership, Enhancing Value, Exceptional Culture and A Greener and Safer World. The "Game Changer" strategy also encompasses the "Blueprint" programme, which was launched in late 2020 in order to improve the Group's cost-efficiency and digital capabilities.

Digital Leadership

The Group uses proprietary data combined with scale machine learning models to enhance its digital capability across the business, and has invested in a technology ecosystem to underpin its role as a digital insurer. With data at the heart of its strategy, the Group has built a forensic understanding of its customers and the insurance risks that it underwrites. Pivotal to this is the Group's ability to integrate with third parties in the insurance environment, which has been showcased in the Group's "omnichannel" customer service support model (described below). The Group has twin focal points of attracting strong talent to further develop its data science capabilities, together with using a range of advanced machine learning models across the business, from pricing and claims to customer-facing activities. These focal points support the Group's aim to provide excellent customer service and stable underwriting performance.

Machine learning also helps the Group to prevent fraud, as its models identify higher likelihood fraud cases, which are then assessed by specialist fraud teams. Such models have proven to be more predictive than traditional processes, delivering commercial benefits to the Group.

In 2022, the Group launched a new operating platform, which spans the entire customer lifecycle, lowering unit cost for the Group and provides an enhanced customer and colleague experience. The "esure Flex" product was launched on this new platform in 2022, which aims to provide a digital-first customer support model to eradicate typical customer "pain points". The Group partnered with Amazon Connect to implement cloud-native technology across all customer channels, covering multiple value streams including service, claims and sales. The Group's customer service channels have been fully integrated with its online portal, offering chatbot, live chat and voice chat in one place (known as an "omnichannel"), meaning that customers can interact with employees more easily, and ensuring that customer information is gathered in one platform to enable prompt resolution of customers' requests. As of the date of this Offering Circular, 94 per cent. of esure Flex assisted sales and service journeys start online. For the year ended 31 December 2022, 54 per cent. of inbound contacts were digital.

The Group has also worked on transforming its end-to-end claims experience, including making the following changes, to increase its ability to support its customers:

- incorporating a digital first notification of loss form with adaptive questions and pre-populated responses informed by previous interactions with customers, intended to minimise customer effort when making a claim;
- automated ingestion of claims into the Group's technology platform and auto-assignment of claims; and
- the introduction of customer led self-serve damage assessment, enabling automatic repair or total loss assessment, and automatic valuation and settlement offers to customers.

Enhancing Value

The Group is focused on delivering better outcomes for its customers, rewarding their loyalty and providing end-to-end claims experience together with high levels of customer service. The Group combines digital customer journeys with human service to ensure it maintains its levels of customer service, which in turn strengthens its position and success as a business.

Customer research and data are central to the Group's work, and the esure Flex product contributes to this in recognising each customer's specific needs, enabling customers to tailor the Group's products to better fit their requirements. As at the date of this Offering Memorandum, over 125,000 esure Flex policies have been written.

Exceptional Culture

The Group believes that it is enhanced by colleagues with a proven track record in highly technologically advanced industries, and recognises that it is people who are the Group's strength. The Group's culture is centred on an approach of teams continually testing, learning and optimising work products, driving a culture of innovation.

In 2022, the Group has continued to diversify its team, including a new inclusion and diversity agenda committed to work to a target of 33 per cent. female members in its senior team by the end of 2024.

"A Greener and Safer World"

The Group works hard to inspire its customers and colleagues to make more sustainable choices, as well as promoting awareness of the importance of road safety, and is focused on reducing its impact on the environment by driving down carbon emissions in line with science-based targets aimed at limiting global warming to 1.5ºC (see further information in the section titled "Environment, Social and Governance Matters" below). The Group's partnership with the road safety charity "Brake" shows its commitment to supporting campaigns for safer roads, cleaner traffic, and families affected by road traffic accidents.

In 2022, the Group made a number of efforts across different initiatives to reduce its impact on the environment and disclosed its climate targets, activities, progress and plans. Further details are set out in the section titled "Environment, Social and Governance Matters" below.

Claims

The Group's claims team is responsible for supporting the Group's customers at their time of need, handling 128,983 claims in 2022[8]. The team seeks to deliver a strong customer experience and cost-effective claims management, and the Group was awarded the Claims Customer Care Award by Insurance POST in 2022.

Focus on underwriting performance

Underwriting discipline is founded on:

- a highly experienced insurance underwriting team, deep analytical capability, extensive data and advanced modelling tools and techniques;
- the active monitoring and management of underwriting risk exposure;
- continued data development and enrichment; and
- tight risk control at policy inception and renewal, including:
    - anti-fraud measures in the Group's sales, policy management and claims functions; and
    - active management of segment exposure.

Underwriting performance is a key driver of the Group's capital requirements, and its control is therefore a key foundation for delivering value.

[8] Source: verified by esure TIA and EIS platforms.

Targeted growth

The number of privately licensed cars for use on the roads in the UK was approximately 29.7 million at the end of the third quarter of the financial year 2022[9], and as at such date, the Group insured approximately 5.9 per cent of the market. In 2022, the Group had a market share of approximately 2.9 per cent. of the home insurance market.[10]

The Group seeks to acquire and retain customers via excellent customer service, keen pricing and its strong brands. The Group's relational net promoter score ("**rNPS**") was 31.3 for the financial year 2022 (2021: 31). rNPS is a measure of overall customer sentiment and engagement with the Group, calculated by asking a random, representative sample of the Group's customers how likely they are to recommend the Group to others, on a scale of 1-10.

The Group pursues targeted growth within market segments where it sees the opportunity for profitable expansion. There may be periods when market conditions are not conducive to near term growth and, in those circumstances, the Group takes a long-term view and is prepared to demonstrate pricing discipline at the expense of short term growth.

Environmental, Social and Governance Matters ("ESG")

The Group's updated ESG policy for 2022 aims, among other things, to:

- ensure ESG factors are considered in all strategic decisions to ensure the sustainability of the Group's business model;
- promote clear and transparent ESG reporting;
- monitor ESG factors in the Group's risk appetite statements to ensure appropriate risk management of ESG factors; and
- link remuneration to ESG factors to ensure accountability.

The Group has set targets aligned with the ABI Climate Action Roadmap, which are designed to align the scale of emissions reductions required to limit warming to 1.5ºC. This includes achieving (i) net zero across scope 1 and 2 emissions by 2025; (ii) a 50 per cent. Reduction in scope 3 emissions by 2030; and (iii) net zero across scope 1, 2 and 3 emissions by 2050.

In 2022, the Group took a number of steps to meet its targets, including:

- defining its Climate Strategy and setting two key priorities: to reduce emissions across all areas of the business, and to inspire change among customers and colleagues to encourage and support more sustainable choices;
- developing its Responsible Investment Policy to meet investment portfolio carbon intensity goals;
- developing an electric vehicle strategy to recognise the importance of helping customers transition to electric vehicles;
- using recycled non-safety parts (such as vehicle doors, tailgates, lights and bumpers) to maintain a focus on more sustainable motor repairs; and
- investing in global initiatives to offset the Groups' prior year scope 1 and 2 emissions.
- The Group achieved an 85.9 per cent. reduction in its scope 1 and 2 emissions against its 2013 base line in 2022, and its total scope 1 and 2 GHG emissions and emissions intensity reduced between 2021 and 2022 by 49.7 per cent. The financial year ending 21 December 2022 was the Group's first full year of using 100 per cent. renewable energy, having switched to renewable energy in October 2021.

The Group has invested in a range of programmes for its people, including apprenticeship opportunities and talent programmes. The Group is also a supporter of several charities whose work directly impacts the insurance industry, including AutoRaise, a charity that helps develop talent and reverse the skills shortage within the vehicle repair industry.

[9] Source: Department for Transport and Driver Vehicle Licensing Agency.
[10] Source: internal esure Group estimate.

7. **The Group's business performance**

The table below provides certain information with respect to the Group as at and for each of the years ended 31 December 22 and 31 December 2021:

	FY 2022	FY 2021
Trading profit (£ million)[11]	47.9	84.8
Profit/(Loss) before tax (£ million) ……	(42.2)	5.2
Return on tangible equity ("**ROE**") (per cent.)[12]……..	12.7	23.7

Motor

	FY 2022	FY 2021
Gross written premiums (£ million)	639.3	701.5
Trading profit (£ million).....	99.4	108.0
In-force policies (million).....	1.72	1.93

In 2022, the Group prioritised a reduction in the risk profile of business written and an increase in underlying pricing adequacy over volume, increasing rates by 21.8 per cent. over the year, ahead of market average. This strategy was followed against the backdrop of the UK motor insurance market experiencing weak profitability in 2022 as market pricing was slow to respond to a combination of increased claims frequency (following a period significantly impacted by COVID-19-related restrictions) and high inflation.

Home

	FY 2022	FY 2021
Gross written premiums (£ million)	96.4	106.1
Trading profit/(loss) (£ million)	(6.5)	19.0
In-force policies (million)	0.61	0.61

The Group has offered home insurance since September 2001 (shortly after the launch of the motor insurance business) and is a key part of the Group's strategy to place a greater focus on diversifying beyond motor insurance. The growth of the Group's home insurance business has increased in part due to the significant growth in recent years of price comparison websites as a distribution channel for home insurance policies, together with the Group's own focus on (and experience in) the price comparison website channel.

In recent years, cautious expansion of the underwriting footprint has been undertaken using internal and external data sources and sophisticated modelling techniques. Extensive management information is examined and tracked by the Group's management team and this analysis underpins a highly focused and disciplined approach to underwriting, pricing and decision making.

Investment strategy

The Group derives income from its investment portfolio. The Group deploys a conservative investment strategy with the primary objective of capital preservation, and makes significant allocations to liquid asset classes, which the Group believes are sufficient to meet its needs,

[11] ***Trading profit*** is calculated as the net earned premium (FY 2022: £405.1 million; FY 2021: £443.2 million) plus investment income (FY 2022: £19.6 million; FY 2021: £19.1 million) plus instalment income (FY 2022: £50.7 million; FY 2021: £53.9 million) plus other income (FY 2022: £71.3 million; FY 2021: £62.7 million) less net incurred claims (FY 2022: £322.3 million; FY 2021: £315.2 million), claims handling costs (FY 2022: £33.1 million; FY 2021: £29.0 million) insurance expenses (FY 2022: £135.9 million; FY 2021: £133.8 million) and other operating expenses (FY 2022: £7.5 million; FY 2021 £16.1 million). This constitutes an APM.

[12] ***Return on tangible equity*** is calculated as the adjusted return (FY 2022: 27.2; FY 2021: 59.9) divided by tangible equity (FY 2022: 214.7; FY 2021: 253.1). Adjusted return is calculated as trading profit (FY 2022: £47.9 million; FY 2021 £84.8 million) less unwind of discount on long-term reinsurance liabilities (FY 2022: £3.5 million; FY 2021 £3.6 million) less interest expense on 10 year subordinate Notes (FY 2022: £8.8 million; FY 2021: £8.8 million) less notional expense for rT1 capital had it accrued interest in the year as opposed to being classified as equity under IFRS (FY 2022: £4.5m; FY 2021; £1.9 million). Tangible equity is calculated as total equity (FY 2022: £312.8 million; FY 2021 £321.2 million) less rT1 capital (FY 2022: £72.8 million; FY 2021 £36.4 million) less intangible assets (FY 2022: £25.3 million; FY 2021 £31.7 million). This constitutes an APM.

even in a stress scenario. The majority of the Group's investment portfolio is allocated to high quality fixed-income asset classes.

The Group's Financial Risk Committee, chaired by the Chief Financial Officer, performs regular reviews of the strategy and the strategic asset allocations to ensure that it remains appropriate. Oversight of the Investment Strategy is undertaken by the Board Risk Committee which is chaired by an Independent Non-Executive Director.

The Group has total financial investments and cash and cash equivalents of £1,143.9 million[13], which are allocated as follows:

Asset	**FY 2022 (per cent.)**
Government bonds……	31
Corporate bonds……	42
Collectives	22[14]
Cash……...	5
Derivatives……	0.4

Of the Group's total investment portfolio, £1,064.6[15] million is invested in assets that are exposed to credit risk or are cash and cash equivalents. The credit ratings of these assets are as follows:

Rating	**FY 2022 (per cent.)**
AAA……..	22
AA……	31
A……	18
BBB……...	22
Below BBB / Not Rated	7

The Group's trading profit from its investment portfolio was £19.6 million as at 31 December 2022 (2021: £19.1).

8. Financial Information

8.1 Summary Financial Information

Group results for the period ended 31 December 2022:

- Loss before tax of £42.2 million (FY 2021: profit of £5.2 million). The Group's decrease in profit before tax reflects £61.3 million of expenditure related to the Group's Blueprint transformation programme, and a further £10.6 million of exceptional investment losses resulting from volatility in the investment markets. It also reflects market pressures on pricing, increased inflation impacting claims costs and extreme weather events.
- In-force policies decreased 8.7 per cent. to 2.32 million (FY 2021: 2.54 million), primarily driven by motor in-force policies decreasing 10.9 per cent. to 1.72 million (FY 2021: 1.93 million), reflecting the Group's response to market pressures on profitability, with motor rates increasing significantly.

[13] On a Solvency II valuation basis, as per the 2022 SFCR quantitative reporting template S.02.01.02, excluding holdings in related undertakings and participations, including cash and cash equivalents.
[14] Collectives includes a diversified set of assets across several funds, comprising a mixture of infrastructure equity, debt and fixed income, and deposits with credit institutions.
[15] On an IFRS valuation basis, per 2022 Annual Report and Accounts, note 17.3.

- Gross written premiums fell 8.9 per cent. to £735.7 million (FY 2021: £807.6 million), reflecting lower volume and continued improvement in the Group's risk profile of its motor book, offset by the increase in core rate strength.
- Combined operating ratio increased 10.8 percentage points to 111.9 per cent. (FY 2021: 101.1 per cent.).
- Trading profit decreased to £47.9 million (FY 2021: £84.8 million) as a result of severe weather and subsidence claims, inflation and increased motor claims frequency.
- Profit/(loss) after tax was a loss of £(29.1) million (FY 2021: £7.7 million).
- The Group's ROE fell 11 per cent to 12.7 per cent (FY 2021: 23.7 per cent).
- Additional services revenue streams totalled £114.5 million (FY 2021: £100.6 million)[16].

8.2 Investments and Cash

Investment and Cash Analysis[17]

Investment holdings as at:

	As at 31 Dec 2022	As at 31 Dec 2021
	£ million	**£ million**
Financial investments designated at Fair Value through Profit or Loss ("**FVTPL**").....		
Shares and other variable-yield securities and units in unit trusts.....	85.8	79.4
Debt securities and other fixed income securities	134.0	167.7
Deposits with credit institutions.....	89.7	296.4
Financial investments held for trading.....		
Derivative financial instruments.....	4.2	3.9
Financial investments at FVTPL	**313.7**	**547.4**
AFS financial assets……		
Debt securities and other fixed income securities……..	798.3	665.5
Shares in unquoted equity investments	0.7	1.8
Total financial investments	**1,112.7**	**1,214.7**
Loans and receivables……		
Insurance and other receivables	258.8	257.0
Cash and cash equivalents.....	38.4	94.1
Total financial assets	**1,409.9**	**1,565.9**

[16] ***Additional services revenue streams*** are calculated as the sum of instalment interest (FY 2022: £50.7 million; FY 2021: £53.9 million), other income (FY 2022: £71.3 million; FY 2021: £62.7 million) and other operating expenses (FY 2022: £(7.5) million; FY 2021: £(16.1) million). The main components of other income include: brokerage and commission income (FY 2022: £19.3 million; FY 2021: £15.1 million); profit commission from reinsurers (FY 2022: £21.7 million; FY 2021: £16.5 million) and claims and related income (FY 2022: £9.5 million; FY 2021: £7.8 million). This constitutes an APM.

[17] On an IFRS valuation basis, 2022 Annual Report and Accounts, note 17.1.

Cash flow

	FY 2022	FY 2021
	£ million	**£ million**
Cash and cash equivalents at beginning of the period	**94.1**	**45.3**
Net cash generated from: Operating activities.....	(27.4)	(1.7)
Investing activities	(10.2)	(10.8)
Financing activities	(18.1)	61.3
Net increase/(decrease) in cash and cash equivalents	(55.7)	48.8
Cash and cash equivalents at the end of the period.....	**38.4**	**94.1**

8.3 Capital

Capital Management

The Group maintains a capital structure consistent with the Group's risk profile and the regulatory and market requirements applicable to its business.

The Group's objectives in managing capital are:

- to remain within the Group's Solvency Coverage Ratio target operating range of 140-160 per cent;
- to satisfy its obligations to policyholders and applicable regulatory requirements;
- to maintain financial strength to support business growth;
- to match the profile of its assets and liabilities, taking account of the risks inherent in the business; and
- to retain financial flexibility by maintaining strong liquidity and access to capital markets.

The Group's capital resources consist solely of items that are eligible to be treated as capital for regulatory purposes.

Solvency Capital Requirements

The Group's Solvency Coverage Ratio was 149 per cent. at 31 December 2022 (2021: 188 per cent.).[18] The Group's eligible own funds at 31 December 2022 were £389.6 million (2021: £497.1 million). The decrease is largely driven by the continued investment in the Blueprint programme. The Solvency Capital Requirement has decreased to £260.7 million (2021: £264.3 million), reflecting the development of the Group's business over the year, including reinsurance arrangements and movement in the investment portfolio.

	FY 2022	FY 2021
Own funds (£ million)	389.6	497.1
Restricted Tier 1 (£ million)	51.8	72.8
Unrestricted Tier 1 (£ million)	207.4	298.1
Tier 2 (£ million)	130.3	126.2

[18] ***Solvency Coverage Ratio*** means total own funds as a percentage of the Solvency Capital Requirement.

Solvency Capital Requirement (£ million)	260.7	264.3
Solvency Coverage Ratio (per cent.)	149	188

The Group uses a variety of metrics to monitor its capital position, including the Solvency Coverage Ratio, a measure which compares the Group's own funds to its regulatory solvency capital requirement. Own funds consist of (i) Tier 1 capital, which is driven by shareholder's funds and the £75,000,000 Fixed Rate Reset Perpetual Restricted Tier 1 Contingent Convertible notes issued by the Issuer in 2021 and (ii) Tier 2 capital, which is driven by subordinated debt. From time to time, the Group's own funds may benefit from a profit commission receivable under the Group's quota share contracts with third parties. As at 31 December 2022, the Group's own funds included a profit commission related to reinsurance contracts which was £17.4 million (2021: £25.9 million).[19]

The Group's restricted Tier 1 capital availability reduced during 2022, reducing the Solvency Coverage Ratio by 3 percentage points between the financial year end 2021 and 2022. As unrestricted Tier 1 capital increases, it will be worked back into the Group's capital position.

There was no loss absorbency of deferred taxes ("**LADT**") within the Group's Solvency Coverage Ratio as at 31 December 2022, but the Group expects LADT to return over time as the Blueprint programme is completed and market rating improves.

As at 31 December 2022, the Group's Solvency Coverage Ratio was 149 per cent. On 16 May 2023, certain private equity funds advised by Bain Capital Private Equity, LP and its affiliates provided an additional £30 million in equity to the Group (the "**Bain Capital Contribution**"); had this equity been in place at 31 December 2022, it is estimated that the Solvency Coverage Ratio would have been 163 per cent on a pro forma basis.

9. **Pricing**

The pricing of premiums for new and renewal business is overseen by a multi-disciplinary pricing team, which monitors premium levels, the risk mix and loss ratios of the Group's in-force books, new and renewal business volumes, and market and general business trends.

Pricing levels are determined based on a wide range of data, both internal and external, which is analysed through the Group's internally developed risk and pricing models. The output of this analysis is used by the pricing team to make judgements regarding the risk weighting of the various factors within the rating algorithms that are ultimately used to generate premium quotes. The data used is continually refined and adapted to meet changing business needs and market trends.

A key part of the pricing process is the constant review of modelled and actual outcomes of business written (new and renewal), both at rating factor level and at segmental level. Regular updates of risk and pricing models and rating relativities are undertaken to ensure that the pricing team has an up-to date view of risk. This enables the pricing team to quickly identify opportunities and potential issues. The Group has a rating engine that enables changes to be made to the rating algorithm on a daily basis, when required, which also enables the pricing team to reduce the time to market of pricing changes.

10. **Claims Management**

The Group employs strategies to ensure the claims are paid in a timely manner, including:

- delivering fair customer outcomes through a combination of defined processes that are cost effective, efficient and compliant, executed by qualified and experienced specialists;
- technical oversight of claims indemnity performance utilising data for trend analysis and external benchmarking validation tools;
- data and analytics used to monitor and inform claims handling strategies and tactics;

[19] Own funds are as stated in the Group's Solvency II balance sheet.

- working in partnership with specialist suppliers to seek to deliver fair customer outcomes;
- a network of motor repairers and household suppliers offering services to customers to control hire cost and legal fees;
- a lawyer network to maximise on the Group's 'know your opponent' litigation strategies;
- anti-fraud strategies to check fraudulent claims and new business applications working with the Insurance Fraud Bureau and Insurance Fraud Enforcement Department; and
- working with the Group's underwriting, pricing and actuarial teams to identify and report trends and act accordingly.

11. **Reserving**

The Group holds claims reserves, to cover the future cost of settling claims that have occurred prior to and at the balance sheet date, whether already known to the Group or not yet reported, net of associated reinsurance recoveries. The Group's reserves are assessed by an internal actuarial function and independently benchmarked by an external third party.

The ultimate costs and expenses of the claims for which these reserves are held are subject to a number of material uncertainties. As time passes between the reporting of a claim and the final settlement of the claim, circumstances can change that may require established reserves to be adjusted either upwards or downwards. Factors such as changes in the legal environment, results of litigation, propensity of personal injury claims, changes in medical and care costs, and costs of vehicle and home repairs can all substantially impact overall costs and expenses of claims, and cause a material divergence from the bases and assumptions on which the reserves were calculated. These factors can cause actual developments to vary materially from the projections and assumptions on which the Group's technical reserves were calculated. The impact of increased inflation in 2022 has led to an increase in the level of uncertainty around the reserves held as at 31 December 2022. In addition, the impact of the Civil Liability Act (for further detail, please see "*Regulatory Overview*") on claims continues to develop and has led to levels of uncertainty in reserving.

Given this uncertainty, the Group looks to maintain a consistent and prudent reserving philosophy and the Group's policy is to hold sufficient provisions, including those to cover claims which have been Incurred But Not Reported ("**IBNR**") to meet all liabilities and pay these as they fall due, with an appropriate margin over projected ultimate claims costs.

12. **Reinsurance**

The Group purchases reinsurance as a risk transfer mechanism to mitigate risks that are outside the Group's appetite for individual claim or event exposure and to reduce the volatility caused by large individual and accumulation losses. By doing so, the Group protects its capital and the underwriting result of each line of business.

The Group has in place non-proportional excess of loss reinsurance programmes for its Motor and Home underwriting activities. The purpose of these programmes is to provide cover for both individual large losses for Motor and Home and accumulation losses arising from natural and other catastrophe events for Home. Motor and Home reinsurance treaties are in place covering all years in which the Group has underwritten policies.

Since 2019, the Group has introduced new reinsurance arrangements to enhance capital availability, including the use of a loss portfolio transfer and adverse development cover (LPT/ADC) and a quota share agreement which is beneficial for the Group's ROE, as the Group retains 100 per cent. of higher margin non-underwritten revenue streams. As at 31 December 2022, the LPT/ADC cover is still active; the 2019, 2020 and part of the 2021 quota share agreements have been commuted. The LPT relates to a number of accident years and has protected 85 per cent. of the Group's motor liabilities relating to reserves for accidents prior to the half year ending 30 June 2019. The LPT is not considered to be part of the trading activities of the Group. The Group's current quota share agreement accounts for 40 per cent of business in each of the Group's Motor and Home segments for 2022, and has reduced the Group's overall capital requirement. The Group also has an excess of loss programme to protect against downside risk, which (for 2023) includes deductibles of £1 million for the Group's motor segment and £12.5 million for the home segment. The motor excess of loss programme covers

risks attaching during the twelve month period from January 2023 to December 2023 and is unlimited, and the home programme covers losses during the twelve month period from July 2022 to June 2023 and has a limit of £205 million. The home programme retention is broadly the equivalent of a one-in-five year event. Both programmes are 100 per cent. placed, apart from 30 per cent of the £1 million excess £1 million layer on the motor excess of loss programme.

The Group's reinsurance programmes are reviewed on an annual basis and capital modelling is used to identify the most appropriate structure and risk retention profile, taking into account the Group's business objective of minimising volatility and the prevailing cost and availability of reinsurance in the market.

Counterparty credit risk is a key consideration when the Group enters into reinsurance treaties, with a risk appetite that no more than 20 per cent. of the programme is below the credit rating of A- and there are internal policies on the level of ceded premium to reinsurers in the same corporate group or otherwise linked.

The credit ratings of the Group's reinsurers are actively monitored for any deterioration in outlook or rating, and the Group has the option of removing a reinsurer from its property catastrophe reinsurance treaties if their credit rating falls below the minimum requirement.

13. **Risk Management**

The Group's board of directors (the "**Board**") is responsible for prudent oversight of the Group, ensuring that it is conducted in accordance with sound business principles and within applicable law and regulation. The Board is responsible for agreeing the strategic risk statements and setting the risk appetite for the Group's business. It ensures that an appropriate framework of identification, measurement, control and acceptance of risks is in place.

The Group's risk management framework and ORSA processes are proportionate to the risks that the business faces. The risk strategy, appetite and framework are articulated in a suite of policies covering material risks within the business. Each of these policies is subject to annual review and approval.

The Group's risk management strategy integrates risk assessment and evaluation into the Group's business operations, planning and capital management. The risk appetite statements are aligned to the Group's current strategy and business model and form a key element of the Group's business monitoring, planning and strategic decision making.

Risk Governance

In accordance with recognised good practice, the Group operates a "three lines of defence" governance framework, with the business functions in the first line responsible for day- to-day management of risks and controls. The risk management function and an associated regulatory risk and compliance function sit in the second line, responsible for the maintenance of the risk management framework, for the independent oversight and challenge of the Group's business' assessment and reporting of risk exposures within that framework and for independent and objective reporting of risk exposures. The third line is provided by an independent internal audit function. The Group's risk governance is overseen by a Risk function headed by the Chief Risk Officer, a member of the Group Executive Team reporting to the Chief Executive Officer, with independence assured through direct and separate access to the Chair of the Risk Committee.

The Group has a number of committees which address specific aspects of prudent management:

- the Audit Committee: ensures that the Group maintains a strong internal control environment and provides effective governance over the Group's financial reporting processes, the internal audit function and external auditors. The Committee maintains oversight of the Group's systems of internal controls and risk management activities;
- the Risk Committee: provides oversight of and advice to the Board on the current risk exposures and future risk strategy of the Group, including the development and implementation of the Group's Risk Management systems and Framework and the Group's approved risk appetite; and

- the Remuneration Committee: oversees remuneration arrangements and make decisions on behalf of the Board for Executive and Material Risk Takers remuneration.

The risk strategy, framework and appetite are articulated in a suite of policies covering all risk types and supported by detailed procedural documents. Each of these documents is subject to annual review and approval by the Board.

The senior management of the Group are responsible for the day-to-day management of the business operations of the Group and for ensuring that the risk and control strategy, framework and culture are understood and observed at every level of the organisation.

The Group also has:

- a group executive committee, chaired by the Chief Executive Officer, responsible for the overall management of the Group, driving its vision and strategy and ensuring the organisational culture leverages diversity, industry knowledge and customer insight.
- a financial risk committee, chaired by the Chief Financial Officer, charged with oversight of the capital and financial risks including regular reviews of the investment strategy and the strategic asset allocations to ensure that they remain appropriate, reviewing existing and proposed reinsurance arrangements and monitoring financial risks that the Group is exposed to;
- a reserving committee, chaired by the Chief Financial Officer, which provides oversight of the internal and external reserving process, and recommends reserve levels and reserving policy to the Group's Audit Committee;
- a conduct risk and customer committee, chaired by the Chief Customer Officer, which provides oversight and challenge to decision making in respect of activities and processes related to customer and conduct risks; and
- a security and information risk committee, chaired by the Chief Technology Officer, which provides oversight, strategic direction and challenge to decision making in respect of activities and processes related to data protection (including cyber security), information systems and operational resilience risks.

Risk reporting

The risk management framework is designed to ensure that the Board and the Group's various risk committees can receive timely and appropriate reporting on the Group's exposure to existing and emerging risks in each of the core risk categories – underwriting, market, credit, solvency and liquidity, operational, change and conduct risk. Strategic risks and the reputational consequences of other risk exposures are considered alongside this risk reporting.

As part of its risk management framework the Board has set strategic risk objectives and risk appetite statements which align to the strategy and enterprise risk management framework and inform the way the Group addresses risk within the business. These objectives provide the basis for the Group's strategic decision making and business planning, and are split into key risk themes with supporting key risk indicators which incorporate a range of quantitative and qualitative measures of risk, against which the actual or planned exposures and uncertainties are monitored. This monitoring is reflected in regular reporting to the executive committees (referred to above), the Risk Committee and the Board.

A key strand of the Group's risk management strategy is the integration of risk assessment and evaluation into the Group's business planning and capital management processes. The Group's capital model has been used for several years both to calibrate the Group's view of the capital required to protect the business and to provide decision support for such exercises as the annual reinsurance renewals.

The Group also implements an ORSA policy, which outlines the Group's approach to the management of risk and solvency on a forward-looking basis. It is supported by a number of processes and procedures. Key elements include:

- Risk Strategy and Appetite: defining how the Group considers the risks that it faces in delivering on its strategic objectives;

- Capital Management: maintaining a capital structure consistent with the risk profile and the regulatory and market requirements of the business; and
- Risk Management and Internal Control Framework: confirming that the overall risk management and control framework is operating adequately and effectively, allowing the Group to identify, assess, manage, monitor and report on risks across the business.

14. Employees

The average number of employees, including Directors, and excluding temporary employees and contractors, during each period was:

	Year ended 31 Dec 2022	Year ended 31 Dec 2021
Operations	1,075	1,160
Support	577	563
Total average number of employees	**1,652**	**1,723**

The Group's primary asset is its people. The service the Group provides to its customers rests in the hands of the employees and is improved when they are engaged and motivated. This starts with the Group's recruitment approach and the environment, rewards, training and policies offered to employees in making the Group a great place to work.

The Group recognises and rewards its employees with a wide range of benefits and initiatives, and to assist with the cost of living issues that have arisen in 2022, the Group offered a five month acceleration of base salary increases for junior colleagues, a one-off bonus to employees earning £40,000 and below, and free meals in the office between November and January.

15. Information Technology Infrastructure

Customers increasingly engage digitally, with 54 per cent. of inbound contacts now digital. The Group's information technology infrastructure and systems therefore underpin the Group's business. As such, the Group strives to ensure that its information technology infrastructure and systems are kept up to date with evolving technology and meet the requirements and needs of the Group's staff and customers.

The availability and performance of all the Group's core information technology systems, including the primary insurance administration system ("**TIA**"), has historically been strong and capacity has been managed well within industry standards. TIA is approaching the end of its working life, and accordingly, the Group has initiated the Blueprint Programme to undertake a full upgrade of the Group's technology infrastructure. As part of this, the Group is replacing TIA with a new system ("**EIS**"), and as at 31 December 2022, more than 54,000 policies were live on EIS.

The security of the Group's systems is regarded by the Group as being of paramount importance. As a result, an internal information technology security team is responsible for and monitors all related activities. To date, no material information technology security breaches have occurred to the Group's systems.

16. Intellectual Property

The Group holds a portfolio of registered UK and European trademarks which protect the names and logos of the *esure*, *Sheilas' Wheels* and *First Alternative* brands along with some related slogans.

The Group actively protects its trademark portfolio and instructs its trademark attorneys to operate a watch service to identify applications for similar trademarks. The Group regularly takes action to oppose the registration of similar trademarks and to enforce its rights against third party infringers.

While other branding materials such as slogans, logos, colours and designs are not registered, some protection may be afforded by unregistered design rights, unregistered trademarks and copyright. The Group currently owns one UK patent.

The key websites for the Group's brands all have current domain name registrations held by or on behalf of the Group. Registrations for a number of domain names which are similar to the names of the Group's key websites or are related to advertising campaigns undertaken by the Group are also held by or on behalf of the Group.

Customer databases created internally are owned by the Group.

There are currently no outstanding intellectual property infringement actions involving any member of the Group as defendant or any charges over any intellectual property rights held by the Group.

17. **Management**

Directors of the Issuer

The Directors and their principal functions within the Issuer, together with a brief description of their principal business activities outside the Issuer, are set out below. The business address of each of the Directors (in such capacity) is The Observatory, Castlefield Road, Reigate, Surrey RH2 0SG.

Name	**Role**	**Other significant appointments**
Andy Haste	Chairman	• None
David McMillan	Chief Executive Officer	• None
Peter Bole	Chief Financial Officer	• None
Andrew Birrell	Independent Non-Executive Director	• Independent non-executive director of Sun Life Financial of Canada (UK), Sanlam Group and Sanlam Life; and • Senior Adviser to Sixth Street Partners
Elisabeth Ling	Independent Non-Executive Director	• Member of AI Ethics Steering Committee at Digital Catapult
Peter Shaw	Independent Non-Executive Director	• None
Elke Reichart	Independent Non-Executive Director	• Member of the Supervisory Board of Suse SA • Member of the Supervisory Board of Bechtle AG
Robin Marshall	Non-Executive Director	• Non-executive director of the UK's Ministry of Defence; and • Partner, Bain Capital Private Equity
Philip Loughlin	Non-Executive Director	• Partner, Bain Capital Private Equity (Consumer/Retail Verticals, and Financial Services)
Luca Bassi	Non-Executive Director	• Partner, Bain Capital Private Equity, Co-Head of the Technology, Financial and Business Services Vertical
James Stevens	Non-Executive Director	• Managing Director, Bain Capital Tech Opportunities (Technology, Financial and Business Services)

Conflicts of interest

There are no conflicts of interest between the duties of the Directors listed above to the Issuer and their private interests or other duties.

Regulatory Overview

The Group's direct insurance and insurance mediation businesses are primarily subject to the laws of the constituent parts of the UK and also regulation imposed by or under FSMA. The Group's principal subsidiary, esure Insurance Limited, is authorised and regulated under FSMA as an insurance company; esure Services Limited is authorised and regulated under FSMA as an insurance intermediary. Esure Insurance Limited holds permissions in respect of certain consumer credit-related regulated activities, and esure Services Limited holds broker permissions in respect of credit broking activities. In 2020, the Group applied to become an FCA-authorised CMC. CMCs are required to comply with regulatory sourcebooks as further detailed below.

FSMA confers on the FCA and the PRA broad supervisory powers over many aspects of the Group's insurance business, each of which has the potential to affect, among other things, the Group's marketing and selling practices, advertising, product development structures, premium rates, policy forms, claims and complaint handling practices, data and records management, systems and controls, controlled function holders, capital adequacy and permitted investments.

The following discussion considers the main features of the UK regulatory regime for insurance businesses as it applies to the Group.

Insurance companies in the UK are dual-regulated, which means that they are authorised, prudentially regulated and supervised by the PRA, and regulated for conduct of business purposes by the FCA. Companies which carry on insurance mediation activities are authorised, supervised and regulated for both prudential and conduct of business purposes by the FCA.

The PRA is a subsidiary of the Bank of England, and is responsible for the micro-prudential regulation of insurance companies, banks and certain large investment firms. The PRA has a specific "insurance objective" of contributing to the securing of an appropriate degree of protection for insurance policyholders.

The FCA regulates the conduct of every authorised firm. Its "operational objectives" are to protect and enhance confidence in the UK financial system by protecting consumers, protecting and enhancing the integrity of the UK financial system, and promoting effective competition in the interests of consumers. The FCA also has a "strategic objective" of ensuring that relevant markets function well.

The Financial Policy Committee, a body that operates within the Bank of England, is responsible for the macro-prudential regulation of the entire financial services sector but does not supervise individual firms.

Under the Financial Services Act 2012, the PRA has powers that can be applied directly to "qualifying parent undertakings" where those parent undertakings are not themselves regulated. These could potentially be applied to the Company, given that it has a PRA-authorised subsidiary. Further, the FCA has new early intervention powers which enable it to intervene directly in the market and make product intervention rules with the aim of preventing harm to consumers (for example, the FCA could make rules to restrict the Group's promotion of a particular product to certain types of consumers).

The CMA is responsible for promoting competitive markets and tackling unfair behaviour. It is an independent non-ministerial department. The CMA does not supervise individual firms but has an important consumer protection role including responsibilities that cover protecting people from unfair trading practices and investigating entire markets if it believes there are competition or consumer problems. The CMA encourages government and other regulators to use competition effectively on behalf of consumers and has the power to carry out regulatory appeals on certain issues.

Authorisation to carry on regulated activities in the UK

Subject to certain exemptions provided in FSMA, under section 19 of FSMA no person may carry on a regulated activity in the UK unless appropriately authorised to do so by the FCA and the PRA (as applicable) under Part 4A of FSMA (a "**Part 4A Permission**"). Regulated activities include the activity of effecting or carrying out contracts of insurance (referred to in this "*Regulatory Overview*" section as carrying on the business of an "insurance company"), for which the PRA is the appropriate regulator, and insurance mediation activities, including dealing as agent, arranging, advising on deals, or assisting in administration and performance in relation to a contract of insurance (referred to in this "*Regulatory Overview*" section as carrying on the business of an "insurance intermediary"), for which the FCA is the appropriate regulator. Exemptions under FSMA include, in respect of insurance mediation activities, an exemption for appointed representatives who have been validly appointed.

In order to grant a Part 4A Permission, the appropriate regulator must determine that the applicant meets the requirements of FSMA, including certain "threshold conditions". The threshold conditions are the minimum conditions which must be satisfied (both at the time of authorisation, and on an ongoing basis) in order for a firm to gain and continue to have permission to carry on the relevant regulated activities under FSMA. Dual-regulated firms must meet both the PRA and the FCA threshold conditions. These relate to matters including the applicant's legal form, whether the applicant has adequate resources (both financial and non- financial) to carry on its business and whether, having regard to all the circumstances (including whether the applicant's affairs are conducted soundly and prudently), the applicant is a fit and proper person to conduct the relevant regulated activities.

The Part 4A Permission contains a description of the activities that an authorised firm is permitted to carry on. When granting a Part 4A Permission, the appropriate regulator may impose such limitations and requirements as it considers appropriate.

Once authorised, in addition to continuing to meet the threshold conditions, firms must comply with the high-level FCA Principles for Businesses and, where applicable, the PRA's Fundamental Rules, as well as other rules in the PRA Handbook and the FCA Handbook, as introduced below.

The FCA Handbook and PRA Rulebook

The standards that the FCA requires firms to maintain are set out in the FCA Handbook. The PRA Rulebook sets out the PRA's rules and other provisions. It is supplemented by PRA Supervisory Statements, which set out guidance on the application of the rules.

The FCA Handbook and the PRA Rulebook each comprise a number of sourcebooks which set out the rules which apply to the firms that they respectively regulate and supervise.

The most relevant sourcebooks (and parts thereof) for the Group's subsidiaries undertaking FSMA regulated insurance business and insurance mediation business are currently the Senior Management Arrangements, Systems and Controls Sourcebook ("**SYSC**"); the General Prudential Sourcebook ("**GENPRU**"), the Prudential Sourcebook for Insurers ("**INSPRU**") and the Interim Prudential Sourcebook for Insurers ("**IPRU (INS**)"), which together contain prudential rules; the Insurance: (Conduct of Business) Sourcebook ("**ICOBS**"), and the Claims Management: (Conduct of Business) Sourcebook ("**CMCOB**") which contain certain conduct of business requirements, including in relation to CMCs; and the Prudential Sourcebook for Mortgage and Home Finance Firms and Insurance Intermediaries ("**MIPRU**"), which is relevant for insurance intermediaries. The Consumer Credit sourcebook ("**CONC**"), which also contains conduct of business requirements, is relevant to the Group's consumer credit-related regulated activities. Rules and ongoing requirements applicable to FCA-authorised firms are contained in the FCA Handbook. The FCA's Dispute Resolution: Complaints Sourcebook ("**DISP**") outlines how complaints should be dealt with by firms and the FOS, and the FCA Product Intervention and Product Governance Sourcebook ("**FCA PROD**") sets out the FCA's statement of policy on making temporary product intervention rules in order to improve firms' product oversight and governance processes.

Conduct of business rules

The COBS and ICOBS rules apply to every authorised firm carrying on the regulated activities to which they relate. These rules regulate the day-to-day conduct of business standards to be observed by authorised firms in carrying on those regulated activities.

The scope and range of obligations imposed on an authorised firm under the COBS and ICOBS rules vary according to the scope of the firm's business and the nature of its clients. Generally speaking, however, the obligations imposed on an authorised firm by the COBS and ICOBS rules will include the need to provide clients with information about the firm, meet certain standards of product disclosure, ensure that promotional materials which it produces are clear, fair and not misleading, assess suitability when advising on certain products, manage conflicts of interest, report appropriately to its clients and provide certain protections in relation to client assets. These sourcebooks implement the Insurance Distribution Directive ("**IDD**") in the UK, which is maintained following the UK's withdrawal from the EU by the Insurance Distribution (Amendment) (EU Exit) Regulations 2019.

The IDD (as amended) sets standards for the distribution of insurance products. It replaced the previous Insurance Mediation Directive (2002/92/EC). The IDD only sets minimum standards – this means that firms must also comply with relevant local law and regulations to the extent that they set standards higher than the IDD (in the UK, this includes the standards and rules set out in the FCA Handbook). The IDD aims to enhance protection for customers buying both general and long term insurance

products. It also aims to ensure that customers are protected irrespective of the distribution channel used to access an insurance product and to promote competition on equal terms between distributors of insurance products.

The IDD contains requirements for the authorisation of (re)insurance intermediaries. A range of additional requirements applying to those firms are also extended to (re)insurers which are involved in the distribution of insurance products. In particular, the IDD imposes specific rules on distributors to act in the best interests of their customers and to ensure that information provided to customers is clear, fair and not misleading. It also includes rules on product oversight and governance, transparency and conflicts of interests.

In the UK, the Insurance Distribution (Regulated Activities and Miscellaneous Amendments) Order 2018 (the "**IDD Order**") has transposed the IDD into UK law, and amended the relevant provisions of FSMA and RAO. The IDD Order came into force on 1 October 2018.

CONC sets out the conduct of business requirements for firms carrying on consumer credit activities. Many of the provisions in CONC carry forward repealed provisions of the Consumer Credit Act 1974 (as amended) ("**CCA**"). The Group's consumer credit-related regulated activities are also subject to the retained provisions of the CCA, which include, for example, pre and post-contractual obligations, such as requirements to ensure that documentation complies with prescribed form and content specifications.

In addition, esure Insurance Limited is a member of the ABI. The ABI is a trade association that issues non-binding guidance relevant to insurance firms, including a good practice guide for firms offering insurance online to consumers and a code of practice for assisting third parties who have been in an accident with the insurer's policyholder.

Prudential standards

It is a fundamental requirement of the PRA's prudential rules that PRA-authorised firms maintain adequate financial resources. This requirement and the obligation for an insurance company (but not an insurance intermediary) to carry out a risk-based assessment of its own capital requirements are contained in the PRA Rulebook for Solvency Firms. Rules relating to the calculation of capital resources by an insurance intermediary are contained in MIPRU. Provisions relating to the requirement to manage risks in general and details relating to the management of particular types of risk are set out in INSPRU and SYSC. The rules in SYSC also require a firm's senior managers to ensure that, among other things: (i) their firm's employees have suitable skills, knowledge and expertise; and (ii) their firm has in place appropriate compliance, record keeping and audit systems.

Treating Customers Fairly ("TCF")

The TCF is an important priority of the FCA. The emphasis of this initiative is on achieving fair outcomes for customers. The FCA has wide-ranging powers to take enforcement action against both firms and individuals (for example, against senior management if it considers that they have failed in their responsibilities) for breach of the TCF principle, including where it finds that a firm's systems or actions cause actual or potential consumer detriment.

New consumer duty

The new consumer duty will add to the FCA's Principles for Business, operating alongside the TCF principle mentioned above. TCF focuses on the need for firms to pay due regard to the interests of their customers and treat them fairly, however the new consumer duty goes further and requires firms to demonstrate to the FCA the effectiveness of their frameworks through delivery of good outcomes for the consumer.

FCA general insurance pricing practices

In September 2020, the FCA published its proposals for consultation on general insurance pricing practices, which came into force on 1 October 2021. The FCA's proposals included remedies to tackle market practices that (i) result in the progressive charging of loyal customers more than new customers; and (ii) discourage customers from switching insurers. The FCA published a final policy statement at the end of May 2021 setting out new reporting and governance requirements about value measures, rules relating to systems and controls, and product governance, with provisions intended to ensure effective competition and appropriate consumer protection in this area. These provisions came into force on 1 October 2021, and further pricing and auto-renewal remedies, reporting provisions and related changes came into force on 1 January 2022.

Solvency II

Solvency II as amended sets out a prudential framework for the regulation and supervision of insurance companies. Solvency II was implemented on 1 January 2016 as the capital adequacy regime for the European insurance industry. It establishes a set of EU-wide capital requirements and risk-management standards with the aim of increasing protection for policyholders. The UK's membership of the EU came to an end on 31 January 2020 following the ratification by the UK and the EU of the Withdrawal Agreement. Under the terms of EUWA, the UK entered into a transition period which ended on 31 December 2020. During this period, EU law, including Solvency II requirements, continued to apply in the UK in the same way as it was applied prior to the UK's exit. Following the end of this transitional period, the PRA issued a temporary transitional direction which allowed UK insurers and UK based insurance groups to continue to apply Solvency II rules in the same way as these rules were applied before 31 December 2020. This transitional direction was in place for 15 months after 31 December 2020 until 31 March 2022. That period has now expired and firms are expected to comply in full with all onshoring changes.

The European Insurance and Occupational Pensions Authority ("**EIOPA**") has issued supervisory standards, recommendations and guidelines intended to enhance convergent and effective application of Solvency II and to facilitate cooperation between national supervisors. EIOPA guidance is not binding on supervisory authorities although there is a 'comply or explain' requirement in relation to the guidance. The PRA has generally confirmed that it intends to comply with this guidance.

One of the key aims of Solvency II was to introduce a harmonised prudential framework for insurers promoting transparency, comparability and competitiveness amongst European and United Kingdom insurers. Solvency II has three pillars that have guided how the Group manages risk and how it reports to regulators, policyholders and shareholders:

- Pillar I relates to the quantitative requirements and introduces a risk based methodology to calculating the Group's solvency capital requirement ("the **Solvency Capital Requirement**"). Insurers are required to calculate the level of capital required based on their unique risk profile;
- Pillar II incorporates qualitative governance requirements, including the way the risk management function operates within the business and how key systems and controls are documented and reviewed; and
- Pillar III relates to enhanced and standardised disclosure requirements, including increased transparency of the risk strategy and risk appetite of the business.

Solvency II classifies different forms of capital into three 'tiers' which distinguish between forms of capital based on its ability to absorb losses. Tier 1 capital, such as common equity and retained earnings, is the highest quality of capital and must be able to absorb losses on a day-to-day, 'going-concern' basis. Tier 2 capital, such as subordinated debt, is of a lower quality and only needs to absorb losses on insolvency. Tier 3 capital is the lowest quality of capital permitted and has only limited loss-absorbing capacity.

Under Solvency II, firms must hold eligible own funds covering both the Solvency Capital Requirement and Minimum Capital Requirement (as defined below). The 'Own Funds' Part of the PRA Rulebook, supplemented by the Solvency II Regulation, sets out the capital resources that are deemed to be eligible for these purposes, while provisions relating to the Solvency Capital Requirement and Minimum Capital Requirement are set out in the 'Solvency Capital Requirement' and 'Minimum Capital Requirement' Parts of the PRA Rulebook. The 'Technical Provisions' Part of the PRA Rulebook requires firms to establish adequate technical provisions with respect to all of their insurance and reinsurance obligations towards policyholders. The 'Investments' part sets out the risk-management requirements that insurers must follow when investing their assets, including those held to cover technical provisions, while the 'Valuation' part sets out overriding standards that firms must comply with when valuing assets and liabilities.

As well as calculating the Solvency Capital Requirement, insurers must also calculate the minimum capital requirement ("**Minimum Capital Requirement**"). The Minimum Capital Requirement is the quantity of capital below which policyholders would be exposed to an unacceptable level of risk which would result in withdrawal of the insurer's authorisation by the regulator. Together, the Solvency Capital Requirement and Minimum Capital Requirement act as trigger points in the 'supervisory ladder of intervention' introduced by Solvency II.

The Issuer is subject to certain ongoing reporting requirements set out in the 'Reporting' Part of the PRA Rulebook, which implements Pillar 3 of Solvency II. Firms are under a general requirement to submit to the PRA information necessary for the PRA's supervision of the firm. In practice, this involves the submission of an annual report on a firm's solvency and financial condition, known as a solvency and financial condition report ("**SFCR**"). The required content includes details of the firm's Solvency Capital Requirement and Minimum Capital Requirement. In addition to the annual SFCR, an insurance or reinsurance undertaking must disclose on an ongoing basis the nature and effects of any major developments that significantly affect its prior disclosures.

Whilst the Solvency II regime has been implemented in UK law, the UK is reviewing the regime with a view to tailoring it to suit the insurance activities carried on in the UK. On 17 November 2022, the UK government published a consultation response setting out reforms to the Solvency II regulatory regime following the UK's departure from the EU and the fact that the UK is no longer bound by EU law. The Financial Services and Markets Bill, which is currently being scrutinised by the UK parliament, is intended to repeal retained UK law and permit a new Solvency II framework by which insurance and reinsurance will be regulated in the UK. The amended regime will affect the regulatory requirements applicable to the Group. The PRA is expected to consult on more detailed technical proposals on reform of the UK Solvency II regime later this year.

The Approved Persons regime

An authorised firm is required to obtain approval from the appropriate regulator for any individual who carries on any specific "controlled function", such as, for example, executive and non-executive directors and persons responsible for risk management, internal audit or compliance. These individuals are known as "Approved Persons" and must comply with a set of principles which largely mirror the FCA's Principles for Businesses.

The FCA or the PRA will only approve an individual to undertake a controlled function if that individual is assessed to be a fit and proper person. In particular, the relevant regulator must be satisfied as to the person's honesty, integrity and reputation, competence and capability for the role that the person is to assume in the firm, and their financial soundness.

Senior Management, Systems and Controls

Solvency II requires insurers to ensure that all persons who effectively run a firm, or otherwise hold key functions, have adequate professional qualifications, knowledge and experience to enable sound and prudent management and are of good repute and integrity. The Senior Managers and Certification Regime ("**SMCR**") implements this requirement, and other requirements under Solvency II relating to the fitness and propriety of key employees.

Under the SMCR, an authorised insurer is required to obtain the PRA or FCA's approval for any individual who carries on a specific "senior management function" ("**SMF**") in relation to that insurer. SMFs are specified by the PRA or the FCA; SMFs specified by the PRA (including chief executive officers and persons responsible for a firm's risk, audit or actuarial functions) require PRA approval, and SMFs specified by the FCA (including the chair of the nomination committee and the compliance oversight function) require FCA approval. In addition to this, firms must notify the PRA of all individuals who are not SMF holders ("**Senior Managers**"), but are nevertheless responsible for certain key functions ("**key function holders**").

The SMCR also contains a certification regime for staff employed in roles that do not entail the performance of SMFs but could nonetheless pose a significant risk of harm to their firm or its customers ("**certification roles**"). This includes all key function holders. A firm is responsible for ensuring that no employee performs a certification role without having been certified as fit and proper by the firm (on recruitment and then on an annual basis). Since 10 December 2019, all employees performing certification roles in relation to insurers have required certification.

The SMCR contains a conduct regime for Senior Managers and other employees. There are two tiers of conduct rules, contained in both the PRA Rulebook and the FCA Handbook. Some of these rules apply only to Senior Managers; some apply to Senior Managers and non- executive directors; and others apply to the majority of employees within the firm.

Senior Managers are also subject to a statutory duty of responsibility, which enables the PRA and the FCA to hold them accountable if a breach of a regulatory requirement takes place in their area of responsibility and the senior manager fails to take reasonable steps to prevent or stop the breach.

The FCA's Senior Management Arrangements, Systems and Controls Sourcebook in the FCA Handbook also contains rules on the apportionment of significant responsibilities among an insurer's directors and other senior managers and, more generally, the systems and controls that insurers are required to have in place. In particular, firms must take reasonable care to establish and maintain effective systems and controls for compliance with applicable regulatory requirements and for countering the risk that they might be used to further financial crime.

Change of control of authorised firms

Under s.178 of FSMA, a person who has decided to acquire or increase its "control" over a UK firm authorised and regulated under FSMA is required to notify the appropriate regulator of that decision and to receive approval from the appropriate regulator before becoming a "controller" or increasing its interest in such a firm to or above certain thresholds. A person must also notify the appropriate regulator when the transaction which results in that increase takes place. Any acquisition of control over the Company would be subject to this regime.

A proposed "controller" for the purposes of the controller regime is any natural or legal person (or such persons "acting in concert") who decides to acquire or increase, directly or indirectly, their control over a UK authorised firm (including a UK insurance company or insurance intermediary).

"Control" over a UK authorised firm is acquired if the acquirer:

- holds 10 per cent. or more (20 per cent. or more if the authorised firm is an insurance intermediary) of the shares or voting rights in that company or in its parent undertaking; or
- is able to exercise significant influence over the management of the firm by virtue of the acquirer's shares or voting power in the company or its parent undertaking.

Increases in control of an insurance company require the consent of the PRA where they reach thresholds of 20, 30 and 50 per cent. of the shares or voting power in the firm or its parent. Increases in control of an insurance intermediary beyond the 20 per cent. threshold do not require the consent of the FCA. Reducing or proposing to reduce control below the relevant threshold also gives rise to an obligation to notify the appropriate regulator.

The PRA must, within 60 working days from the date on which it receives a notification (provided it has received all the necessary information) either approve, or notify the applicant that it does not approve, the acquisition of or increase in control. In reaching its decision, the PRA is required to consult with the FCA and the FCA may require the PRA to reject the application or impose conditions on the approval of the application in certain circumstances. The FCA or PRA will not approve any new controller or any increase of control without being satisfied that the controller is financially sound and suitable to be a controller of, or acquire increased control of, the insurance company or insurance intermediary.

Breach of the notification and approval regime imposed by FSMA on controllers is a criminal offence attracting potentially unlimited fines

Enforcement and Supervision

The PRA and the FCA have powers to take a range of enforcement action, including the ability to sanction companies and individuals carrying out controlled functions within them.

The FCA has various disciplinary and enforcement powers, including the power to: withdraw a firm's authorisation; cancel, vary or withdraw a firm's permissions; suspend firms or individuals from undertaking regulated activities; impose restitution orders where persons have suffered loss; and fine, censure, or impose other sanctions on firms or individuals who breach relevant rules. The FCA can also formally investigate a firm, require firms to produce information or documents, or require a firm to provide a "skilled persons" report under sections 166 and 166A of FSMA.

In addition to its disciplinary and enforcement powers, the FCA can prosecute certain criminal offences under FSMA and other legislation. The FCA also has various powers in relation to market abuse, including the power to sanction persons who commit market abuse.

The FCA has powers in relation to the administration and winding-up of authorised firms under FSMA.

Breaches by authorised firms of certain rules in the FCA Handbook can also give certain private persons who suffer loss as a result of the breach a right of action against the breaching firm for damages.

The FCA has concurrent powers to enforce competition law prohibitions in relation to the provision of financial services. The FCA is also granted the powers to refer market investigation references to the CMA for in depth investigation if it identifies a feature or features of a market which give rise to potentially anti-competitive effects. The decision to bring a case ultimately rests with the CMA and will be resolved at that level.

In addition to the above, the FCA has the power to impose sanctions on an authorised person that is found to have committed market abuse and it has the power to institute criminal proceedings for offences under: (i) FSMA or any statutory instruments made under it (except certain provisions for which the PRA is the relevant regulator); (ii) the insider dealing provisions of the Criminal Justice Act 1993 (as amended); and (iii) certain provisions contained in anti-money laundering and counter-terrorist financing legislation.

Complaints and compensation

Insurance companies and insurance intermediaries, along with all other firms regulated by the PRA and the FCA, and certain other unregulated businesses, are under the compulsory jurisdiction of the FOS which has been set up under FSMA. Authorised firms must have appropriate complaints handling procedures but, where these are exhausted, the FOS provides for dispute resolution in respect of certain categories of customer complaints brought against applicable firms by individuals and small business customers.

The FOS provides an additional route to customers bringing complaints in the courts and is empowered, upon determining a dispute in favour of a customer, to order a firm to pay fair compensation for any loss or damage it caused to the customer, or to direct a firm to take such steps in relation to the customer as the FOS considers just and appropriate, irrespective of whether a similar award could be made by a court. The limits that apply to FOS claims have been steadily increasing over time and earlier this year, the FCA confirmed that the limit for compensation that can be awarded by the FOS will be raised from £375,000 to £415,000 for complaints made after 1 April 2023 relating to acts or omissions on or after 1 April 2019 – an increase of over 10 per cent. The introduction of the Consumer Duty will require co-operation between the FCA and the FOS and, as such, the FOS has stated that it is working with the FCA to ensure a consistent and complimentary approach. The FOS is funded by levies and case fees payable by firms covered by the FOS.

The Financial Services Compensation Scheme ("**FSCS**") provides compensation to certain categories of customers who suffer losses as a consequence of the inability of a regulated firm to meet its liabilities arising from claims made in connection with regulated activities. The FSCS is funded by means of levies on all its participating financial services firms, including insurance companies and insurance intermediaries.

The Motor Insurers' Bureau ("**MIB**") was set up in 1946 to provide a way of compensating the victims of uninsured or untraced motorists. Every insurance company underwriting compulsory motor insurance is obliged, by virtue of the Road Traffic Act 1988, to be a member of MIB and to contribute to its funding. The amount that each member contributes is calculated by means of a formula and is relative to the level of gross premium income generated by the member.

Money laundering and other financial crime

All FSMA authorised firms are required to undertake certain administrative procedures and checks, which are designed to prevent money laundering. SYSC contains rules which require firms to take reasonable care to establish and maintain effective systems and controls for countering the risk that the firm might be used to further financial crime. For these purposes, financial crime includes any offence involving fraud or dishonesty, misconduct in, or misuse of information relating to, a financial market or handling the proceeds of crime, as well as bribery and corruption offences. One of the FCA's statutory objectives is to protect and enhance the integrity of the UK financial system which includes, among other things, reducing the opportunity for the UK financial system to be used for purposes connected with financial crime. On 11 April 2023 the UK government introduced a new offence into the draft Economic Crime and Corporate Transparency Bill to provide for a corporate "failure to prevent fraud" offence. This reflects the UK government's current focus on corporate culture and the prevention of fraud. The draft legislation is still at committee stage in the House of Lords and its commencement date has not yet been stated.

Data protection

The data protection regime in the United Kingdom consists of the UK GDPR and the Data Protection Act 2018 ("**DPA**"), each of which came into force in the UK on 25 May 2018. This regime regulates the manner in which natural persons' personal data is obtained, maintained and used by organisations, including the Issuer. Personal data includes any information relating to natural persons who (i) can be identified, or who are identifiable, directly from the information in question or (ii) who can be indirectly identified from that information in combination with other information.

The Issuer is required to comply with the UK GDPR and DPA and any breach could give rise to criminal or civil liability and other enforcement action by the Information Commissioner's Office, the body responsible for enforcement of each of the UK GDPR and DPA.

Recent developments

Sustainability

Sustainability, and in particular climate change, is a growing source of regulatory intervention and pressure. The PRA has set out expectations that insurers should be identifying and managing the financial risks from climate change and responsibility for doing so should be allocated at board level, including its March 2023 report on climate-related risks and their links to regulatory capital frameworks. Similarly, management of sustainability risks is increasingly expected to be addressed in annual reports and other disclosures. Sustainability risk management is also increasingly important when seeking to raise finance, as lenders and investors are scrutinising firms' risk management in relation to environmental, social and governance issues.

Customers in financial difficulty

On 11 January 2023, the FCA published a consultation paper on insurance guidance for supporting customers in financial difficulty (CP23/1). The proposed new guidance will apply to all firms subject to ICOBS and relates to both retail and commercial customers of non-investment insurance policies. It will also apply to all customers in financial difficulty, regardless of their reasons for being so (not just those in financial difficulty due to the COVID-19 pandemic). The FCA considers that this guidance is important as it has seen the levels of insurance product ownership decrease between 2020 and 2022. The aim of the guidance is to reduce the impact of financial difficulty on customers; help them maintain an appropriate level of insurance they can afford; and reduce the risk of customers losing appropriate insurance cover that is important to them. The proposed guidance will form a new section in ICOBS (ICOBS 2.7), building on ICOBS 2.5.-1R (the customer's best interests rule), as well as the consumer duty obligations in PRIN 2A and Principle 12.

Post-implementation review of loyalty penalty remedies

The FCA has been concerned for some time about the issue of long-standing customers being charged more for some financial products than new customers. It plans to carry out a longer term evaluation to understand the effect on the market, which it envisages starting in the first half of 2024. By that time, it will be able to assess the impact of the pricing remedies on customers after at least two renewals, and three renewals for some consumers. To facilitate this, it may need to collect additional data from firms over and above existing reporting requirements.

New consumer duty

On 27 July 2022, the FCA published a policy statement (PS22/9) setting out its final rules for the new consumer duty, which is designed to set higher expectations for the standard of care firms give consumers. The new consumer duty will require firms to assess and evidence the extent to which, and how, they are delivering good outcomes for customers. Implementation of the new consumer duty in the FCA Handbook is resulting in changes to the Glossary, the Principles for Businesses (PRIN), the Code of Conduct sourcebook (COCON), General Provisions (GEN) and the Product Intervention and Product Governance sourcebook (PROD), which apply to esure. The FCA is introducing into PRIN a new Statement of Principle 12: consumer principle, which requires firms to act to deliver good outcomes for retail customers. This Principle will replace Principles 6 (Customers' interests) and 7 (Communications with clients) for retail business covered by Principle 12 (though Principles 6 and 7 will continue to apply to firms carrying on business outside scope of the consumer duty, for example, business with certain SMEs and wholesale business). From the end of July 2023, the consumer duty will apply to all new products and services, and all existing products and services that remain on sale or open for renewal. From the end of July 2024, the consumer duty will come fully into force and apply to all closed products and services.

Use of Proceeds

The net proceeds of the issue of the Notes are expected to be used for the general corporate purposes of the Group, including to refinance the Group's existing £125,000,000 6.75% 10-year Tier 2 Subordinated Notes issued on 19 December 2014.

Taxation

I. United Kingdom Taxation

The comments below, which apply only to persons who are beneficial owners of the Notes, are of a general nature and are based on the Issuer's understanding of current United Kingdom law and HMRC published practice which may not be binding on HMRC, describe only the United Kingdom withholding tax treatment of payments in respect of the Notes and certain information reporting requirements. They are not exhaustive. They do not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of Notes. Prospective holders of Notes who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom are strongly advised to consult their own professional advisers.

The Notes issued will constitute "quoted Eurobonds" within the meaning of section 987 of the Income Tax Act 2007 (the "**Act**"), provided they are and continue to be listed on a Recognised Stock Exchange, within the meaning of section 1005 of the Act as it applies for the purposes of section 987 of the Act. The Irish Stock Exchange is a Recognised Stock Exchange for these purposes. Securities will be treated as listed on the Irish Stock Exchange if they are officially listed in Ireland and admitted to trading on the Irish Stock Exchange. While the Notes are and continue to be quoted Eurobonds, payments of interest by the Issuer on the Notes may be made without withholding or deduction for or on account of United Kingdom income tax.

In other cases, absent any other relief or exemption (such as a direction by HMRC that interest may be paid without withholding or deduction for or on account of tax to a specified Noteholder following an application by that Noteholder under an applicable double tax treaty), an amount must generally be withheld on account of income tax at the basic rate (currently 20 per cent.) from payments of interest on the Notes.

The references to "interest" in this United Kingdom Taxation section mean "interest" as understood in United Kingdom tax law, and in particular any premium element of the redemption amount of any Notes redeemable at a premium may constitute a payment of interest subject to the withholding tax provisions discussed above. In certain cases, the same could be true for amounts of discount where Notes are issued at a discount. The statements above do not take account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation.

II. FTT

On 14 February 2013, the European Commission published a proposal (the *Commission's Proposal*) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the *participating Member States*). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

The Commission's Proposal has not yet been implemented. However, the Commission has stated that if no agreement was reached by the participating Member States by the end of 2022, the Commission would make new proposals. The Commission stated that it would endeavour to make any such proposals by June 2024, with a view to introduction in 1 January 2026. However, at the current time the status of the participating Member States' negotiations, and the scope and timing of any new proposals by the Commission, remain unclear.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

III. FATCA Withholding

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "**foreign financial institution**" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer will be a foreign financial institution for these purposes. A number of jurisdictions (including the United Kingdom) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a

foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding is not expected to apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in U.S. Federal Register. Noteholders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes.

Subscription and Sale

The Sole Lead Manager has agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe (or procure the subscription) for the Notes at 100 per cent. of their principal amount less commissions. In addition, the Issuer has agreed to reimburse the Sole Lead Manager for certain of its expenses in connection with the issue of the Notes. The Subscription Agreement entitles the Sole Lead Manager to terminate it in certain circumstances prior to payment being made to the Issuer.

United States

The Notes have not been and will not be registered under the Securities Act, and the Notes may not be offered or sold within the U.S. or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S.

The Sole Lead Manager has represented and agreed that, it will not offer or sell the Notes (i) as part of its distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of any identifiable tranche of which such Notes are a part, within the U.S. or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the U.S. or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meaning given to them by Regulation S.

In addition, until 40 days after the commencement of the offering, an offer or sale of the Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Prohibition on Marketing and Sales of Notes to EEA Retail Investors

The Sole Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area. For the purposes of this provision the expression "**retail investor**" means a person who is one (or more) of the following:

(a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

(b) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

United Kingdom

Prohibition of Sales to UK Retail Investors

The Sole Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Memorandum in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision the expression "**retail investor**" means a person who is one (or more) of the following:

(a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA; or

(b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR.

Other regulatory restrictions

The Sole Lead Manager has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the UK.

Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Offering Memorandum or of any other document relating to the Notes be distributed in the Republic of Italy, except:

(a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 2 of the Prospectus Regulation and any application provision of Legislative Decree No. 58 of 24 February 1998, as amended (the "**Financial Services Act**") and Italian *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") regulations; or

(b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation, Article 34-*ter* of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time, and the applicable Italian laws.

Any offer, sale or delivery of the Notes or distribution of copies of the Offering Memorandum or any other document relating to the Notes in the Republic of Italy under (a) or (b) above must:

(a) be made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 20307 of 15 February 2018 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the "**Banking Act**"); and

(b) comply with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

Hong Kong

The Sole Lead Manager has represented and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) to persons whose ordinary business is to buy or sell shares or debentures (whether as principal or agent); or (ii) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO; or (iii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**CWUMPO**") or which do not constitute an offer to the public within the meaning of the CWUMPO; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Singapore

The Sole Lead Manager has acknowledged that this Offering Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Sole Lead Manager has represented and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended

from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA,

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

General

No action has been or will be taken in any country or any jurisdiction by the Sole Lead Manager or the Issuer that would permit a public offering of the Notes, or possession or distribution of this Offering Memorandum or any other offering or publicity material relating to the Notes, in any country or jurisdiction where action for that purpose is required. The Sole Lead Manager has agreed that it shall comply (to the best of its knowledge and belief, having made reasonable enquiries) in all material respects with all applicable laws and regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers the Notes or has in its possession or distributes the Offering Memorandum or any such other material relating to the Notes, in all cases at its own expense. The Sole Lead Manager has also undertaken to ensure that no obligations are imposed on the Issuer or the Sole Lead Manager in any such jurisdiction as a result of any of the foregoing actions. The Issuer and the Sole Lead Manager will have no responsibility for, and the Sole Lead Manager has agreed to obtain any consent, approval or permission required by it for, the acquisition, offer, sale or delivery by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in or from which it makes any acquisition, offer, sale or delivery. The Sole Lead Manager has not been authorised to make any representation or use any information in connection with the issue, subscription and sale of the Notes other than as contained or incorporated by reference in this Offering Memorandum or any amendment or supplement to it.

General Information

General

1. Application has been made to Euronext Dublin for the Notes to be admitted to the Official List of Euronext Dublin and to trading on the GEM with effect from the Issue Date.

2. The Issuer has obtained all necessary consents, approvals and authorisations in the United Kingdom, in connection with the issue and performance of the Notes. The issue of the Notes was authorised by resolutions of the board of directors of the Issuer passed on 18 May 2023 and resolutions of a sub-committee of the board of directors at a meeting held on 31 May 2023.

3. The yield to (but excluding) the Reset Date of the Notes is 12.000 per cent. per annum, calculated on a semi-annual basis. The yield is calculated as at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

4. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy L-1855 Luxembourg.

No Significant Change and No Material Adverse Change

5. Save as disclosed in this Offering Circular on page 87 in relation to the Bain Capital Contribution as further described in the section titled "Solvency Capital Requirements", since 31 December 2022, there has been no significant change in the financial or trading position of the Issuer and its subsidiaries.

6. Since 31 December 2022, there has been no material adverse change in the prospects of the Issuer and its subsidiaries.

Documents on Display

7. For so long as the Notes are admitted to the Official List and to trading on the GEM, hard copies of the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the office of the Principal Paying Agent at 160 Queen Victoria Street, London EC4V 4LA, United Kingdom:

   (a) the Agency Agreement;

   (b) the Trust Deed; and

   (c) the Memorandum and Articles of Association of the Issuer.

8. For so long as the Notes are admitted to the Official List and to trading on the GEM, electronic copies of the following documents will be available on the website of Euronext Dublin at https://live.euronext.com and will be available for inspection at the office of the Principal Paying Agent at 160 Queen Victoria Street, London EC4V 4LA, United Kingdom.

   (a) a copy of this Offering Memorandum;

   (b) any supplements to this Offering Memorandum; and

   (c) the documents incorporated by reference therein.

Auditor

9. Deloitte LLP of 1 New Street Square, London EC4A 3HQ, United Kingdom, which is a member of the Institute of Chartered Accountants in England and Wales ("ICAEW") and is registered to carry on audit work by the ICAEW, have audited and rendered an unqualified audit report on the accounts of the Group for the year ended 31 December 2022.

   KPMG LLP of 15 Canada Square, London E14 5GL United Kingdom, which is a member of the ICAEW and is registered to carry on audit work by the ICAEW, have audited and rendered an unqualified audit report on the accounts of the Group for the year ended 31 December 2021.

Litigation

10. There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), during the 12 month period

preceding the date of this Offering Memorandum which may have, or have had in the recent past significant effects on the financial position or profitability of the Issuer taken as a whole.

Sole Lead Manager transacting with the Issuer

11. The Sole Lead Manager and certain of its affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and their affiliates in the ordinary course of business. In addition, in the ordinary course of its business activities, the Sole Lead Manager and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. The Sole Lead Manager or its affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Sole Lead Manager and its affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes. The Sole Lead Manager and its affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Security Codes

12. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records). The International Securities Identification Number (**ISIN**) is XS2631268401, the common code is 263126840, the Financial Instrument Short Name (**FISN**) is ESURE GROUP PLC/EUR NT 20330614 SU and the Classification of Financial Instruments (**CFI**) is DBFXFR. The Legal Entity Identifier (**LEI**) of the Issuer is 213800KOI3F5LM54PT80.

THE ISSUER

esure Group plc
at its registered office:
The Observatory
Castlefield Road
Reigate
Surrey RH2 0SG
United Kingdom

SOLE LEAD MANAGER

Morgan Stanley & Co. International plc
25 Cabot Square
Canary Wharf
London E14 4QA
United Kingdom

TRUSTEE

BNY Mellon Corporate Trustee Services Limited
160 Queen Victoria Street
London
EC4V 4LA

United Kingdom

PRINCIPAL PAYING AGENT

The Bank of New York Mellon, London Branch
160 Queen Victoria Street
London
EC4V 4LA

United Kingdom

REGISTRAR AND TRANSFER AGENT

The Bank of New York Mellon SA/NV, Dublin Branch
Riverside Two
Sir John Rogerson's Quay
Grand Canal Dock
Dublin 2
Ireland

AUDITORS TO THE ISSUER

Deloitte LLP
1 New Street Square
London EC4A 3HQ
United Kingdom

LEGAL ADVISERS TO THE ISSUER

in respect of English law

Freshfields Bruckhaus Deringer LLP
100 Bishopsgate
London EC2P 2SR
United Kingdom

TO THE SOLE LEAD MANAGER AND TRUSTEE

in respect of English law

Allen & Overy LLP
One Bishops Square
London E1 6AD
United Kingdom