

SAGA PLC (THE COMPANY)

TERMS OF REFERENCE OF THE NOMINATION COMMITTEE OF THE BOARD OF DIRECTORS OF THE COMPANY

adopted by the Board on 20 September 2016

The following are the terms of reference of the Nomination Committee (the “Committee”) of Saga plc (the “Company”) and its subsidiaries (together, the “Group”).

1. MEMBERSHIP

- 1.1 The Committee shall comprise at least three members. A majority of the members of the Committee shall be independent non-executive directors. If the board of the directors of the Company (the “Board”) decides that a member of the Committee is no longer independent and as a result a majority of the members of the Committee are not independent non-executive directors, that member will cease to be a member of the Committee.
- 1.2 The Board shall appoint the chair of the Committee (the “Chair”) who shall either be the Chairman of the Board or an independent non-executive director. In the absence of the Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting. The Chairman of the Board shall not chair the Committee when it is dealing with the matter of succession to the chairmanship.
- 1.3 Only Committee members have the right to attend and vote at Committee meetings. However, the Committee may invite any directors or other executives of the Company, including the Group Chief Executive Officer, or any external professional advisors or others to attend all or part of any meetings as and when appropriate. An executive will not attend when their own nomination is under discussion.
- 1.4 Members of the Committee shall be appointed by the Board. Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three year periods, provided that the majority of the Committee members remain independent.

2. SECRETARY

- 2.1 The Company Secretary (the “Secretary”), or his or her nominee, shall act as secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

3. QUORUM

- 3.1 The quorum necessary for the transaction of business shall be two members of the Committee (both of whom must be independent non-executive directors).

- 3.2 A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise any or all of the authorities, powers and discretions vested in or exercisable by the Committee.
- 3.3 All of the members of the Committee may participate in a meeting of the Committee by means of a conference telephone or any communication equipment which allows all persons participating in the meeting to hear each other. A member of the Committee so participating shall be deemed to be present in person at the meeting and shall be entitled to fully participate and be counted in the quorum accordingly.

4. FREQUENCY OF MEETINGS

- 4.1 The Committee shall meet at least twice a year and at such other times as otherwise required.

5. NOTICE OF MEETINGS

- 5.1 Meetings of the Committee shall be called by the Secretary at the request of the Chair.
- 5.2 Unless otherwise agreed by all Committee members, notice of each meeting confirming the venue, date and time and dial-in details (if required), together with an agenda of items to be discussed and supporting papers, shall be forwarded to each member of the Committee, and to other attendees as appropriate and all other non-executive directors as soon as practicable, and in any event no later than five working days before the date of the meeting. The notice period shall be reduced only with the consent of all of the Committee members.

6. MINUTES OF MEETINGS

- 6.1 The Secretary, or his or her nominee, shall minute the proceedings and decisions of Committee meetings, including the names and job titles of those present and in attendance.
- 6.2 The members of the Committee shall, at the beginning of each meeting, declare the existence of any conflicts of interest arising and the Secretary, or his or her nominee, shall minute them accordingly.
- 6.3 Draft minutes of Committee meetings shall be circulated promptly to the Chair and, once agreed, to all members of the Committee and to all other members of the Board, unless in the opinion of the Chair it would be inappropriate to do so.

7. ANNUAL GENERAL MEETING

- 7.1 The Chair shall attend the annual general meeting of the Company prepared to respond to any shareholder questions on the Committee's activities and responsibilities.

8. AUTHORITY

8.1 The Committee is authorised:

- 8.1.1 to obtain, at the Company's expense (within the limits authorised by the Board from time to time), outside legal or other professional advice on any matters within its terms of reference and to invite persons giving such advice to attend Committee meetings;
- 8.1.2 to undertake any activity within its terms of reference;
- 8.1.3 to seek any information from any group employee or contractor that it requires to perform its duties;
- 8.1.4 to call any group employee or contractor to be questioned at a committee meeting, as and when required; and
- 8.1.5 delegate any of its powers to one or more of its members or the Secretary.

9. RESPONSIBILITIES

The Committee shall:

- 9.1 Regularly review the structure, size and composition (including the skills, knowledge, independence and experience and diversity) of the Board and make recommendations to the Board with regard to any changes.
- 9.2 Give full consideration to succession planning for directors and other senior executives in the course of the work of the Committee, taking into account the challenges and opportunities facing the Company and its Group, and the skills and expertise that will, therefore, be needed on the Board in the future, to ensure progressive refreshing of the Board.
- 9.3 Keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace.
- 9.4 Keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates.
- 9.5 Be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise.
- 9.6 Before an appointment is made by the Board, the Committee will evaluate the balance of skills, knowledge, independence and experience and diversity on the Board, and, in light of this evaluation prepare a description of the role and capabilities required for a particular appointment and expected time commitment (including, for the appointment of a chairman of the Board, an assessment of the time commitment expected, recognising the

need for availability in the event of crises - a proposed chairman's other significant commitments should be disclosed to the Board before appointment and any changes to the chairman's commitments should be reported to the Board as they arise and their impact explained in the next annual report).

- 9.7 To require existing directors and proposed appointees to the Board to disclose any other business interests that may result in a conflict of interest and require him/her to report any future business interests that could result in a conflict of interest.
- 9.8 Ensure that on appointment to the Board, non-executive directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside Board meetings. A proposed non-executive director's other significant commitments should be disclosed to the Board before appointment, with a broad indication of the time involved and the Board should be informed of subsequent changes as they arise.
- 9.9 Review the time required from non-executive directors annually. Performance evaluation should be used to assess whether the non-executive directors are spending enough time to fulfil their duties.
- 9.10 Ensure that the terms and conditions of the appointment of a non-executive director shall be made available for inspection at the Company's offices during normal business hours and at the Company's annual general meeting.
- 9.11 Review the results of the Board performance evaluation process that relate to the composition of the Board.
- 9.12 Ensure that the evaluation of the Board is externally facilitated at least every three years. The external facilitator shall be identified in the annual report and a statement made as to whether the external facilitator has any other connections with the Group.
- 9.13 Work and liaise as necessary with all other Board committees.
- 9.14 The Committee shall also make recommendations to the Board concerning:
 - 9.14.1 formulating plans for succession for both executive and non-executive directors and in particular for the key roles of the chairman of the Board and the Chief Executive Officer;
 - 9.14.2 suitable candidates for the role of senior independent director;
 - 9.14.3 membership of the Audit Committee, the Remuneration Committee, the Risk Committee and any other Board committees as appropriate, in consultation with the chair of those committees;
 - 9.14.4 the re-appointment of any non-executive director at the conclusion of their specified term of office having given due regard to their performance and ability to

continue to contribute to the Board in the light of the knowledge, skills and experience required;

9.14.5 the re-election by shareholders of any director under the annual re-election provisions of the UK Corporate Governance Code (the “Code”) having due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required and the need for progressive refreshing of the Board (particularly in relation to directors being re-elected for a term beyond six years); and

9.14.6 any matters relating to the continuation in office of any director at any time including the suspension or termination of service of an executive director as an employee of the Company subject to the provisions of the law and their service contract.

9.15 Ensure the Group HR Director has direct access to the Board Chairman, Committee Chair and Committee.

10. PROCEDURES FOR APPOINTING DIRECTORS

10.1 In identifying suitable candidates, the Committee shall:

10.1.1 use open advertising or the services of external advisers to facilitate the search;

10.1.2 consider candidates from a wide range of backgrounds; and

10.1.3 consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to that position, and with due regard to the benefits of diversity on the Board, including gender.

10.2 A short list of candidates will be provided to members of the Committee and the Group Chief Executive Officer (and other directors if appropriate), for their comments and to enable them to suggest other candidates.

10.3 In the case of non-executive directors, the Chair, one other Committee member and the Group Chief Executive Officer will meet short listed candidates selected by the Committee. If the Chair wishes to proceed with the selection process, the candidate(s) will then be invited to meet all Committee members. In relation to the appointment of an executive director, some or all of the Committee’s members will meet the candidate(s) selected for interview.

10.4 The Committee will decide whether to recommend a candidate to the Board for appointment.

11. REPORTING RESPONSIBILITIES

- 11.1 The Chair shall (verbally or otherwise) report formally to the Board on the Committee's proceedings after each meeting of the Committee on all matters within its duties and responsibilities.
- 11.2 The Committee shall make whatever recommendation to the Board it deems appropriate on any area within its remit where action or improvement is needed. Any recommendation of the Committee shall take effect only if approved by the Board.
- 11.3 The Committee shall produce a report to be included in the Company's annual report and accounts about its activities, the process used to make appointments and an explanation as to whether external advice or open advertising has not been used. Where an external search agency has been used, it shall be identified in the annual report and a statement made as to whether it has any connection with the Company.
- 11.4 The report referred to in 11.3 above should include a statement of the Board's policy on diversity, including gender, any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives.

12. OTHER MATTERS

- 12.1 The Committee shall:
- 12.1.1 have access to sufficient resources in order to carry out its duties, including access to the Secretary for assistance as required on all Committee matters;
 - 12.1.2 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members, and if a member wishes to attend specific training, the member may notify the Company Secretary who shall record and progress such request and take steps to ensure that such training is made available to the relevant member;
 - 12.1.3 give due consideration to laws and regulations, the provisions of the Code and the requirements of the Financial Conduct Authority's Listing, Prospectus and Disclosure and Transparency Rules and any other applicable Rules, as appropriate;
 - 12.1.4 arrange for periodic reviews of its own performance of its own performance and its terms of reference, at least annually, to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval; and
 - 12.1.5 oversee any investigation of activities which are within its terms of reference.

These terms of reference were reviewed and approved by the Board on 20 September 2016.