TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

April 2022

In accordance with Listing Rule 9.8.6 (8), we are disclosing our alignment with the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations.

This is Saga's first annual TCFD report. It sets out our actions and progress against the four pillars of the TCFD framework; governance, strategy, risk management, and metrics and targets.

In the past 12 months, we have established an appropriate governance approach for overseeing climate-related risks and opportunities and have identified the risks facing Saga below.

We will focus in the next reporting cycle on reviewing our metrics and targets, further assessing the impact of these on our strategy and assessing the effectiveness of the key management actions to mitigate risks. We will explain how we have complied with the recommendations in our 2023 Annual Report and Accounts.

Governance

Our Board of Directors has responsibility over our risk management framework, including climate-related risk, monitoring the effectiveness of the Group's risk management and control systems. The Board established the Risk and Audit Committees, each composed of three independent Non-Executive Directors, to oversee the principal risks, tolerance thresholds and control framework.

The Risk Committee meets to discuss the Group's overall risk tolerance, strategy and ability to detect new risks, including those related to climate change, which is reflected as one of Saga's principal risks. The Committee Chair reports recommendations to the Board, together with an annual report outlining principal risks and uncertainties, how they are identified, and mitigating actions. Also reporting to the Board, the Audit Committee monitors the integrity of the Group's financial statements as well as working with the Risk Committee to oversee the efficacy of internal control systems. The Board commits to including climate-related risk formally on the Board agenda including an oversight of emissions performance, embedding climate resilience and risk management, as well as oversight of the wider ESG strategy as it develops. We recognise that the responsibility for ESG, including financial risks associated with climate change, is the responsibility of all Board members.

Established in 2020, our Environmental, Social and Governance (ESG) Taskforce meet regularly to discuss and monitor climate-related issues, employee engagement and operational activities related to sustainability and climate change. The work of the Taskforce informs the principal risk on climate change, which is the responsibility of the Executive Leadership Risk Committee. This ensures oversight, review of performance and action is delivered through our organisation. As an active lead of the Taskforce, the Chief Risk and Compliance Officer has been directly tasked with ESG delivery, including climate-related risks and climate strategy performance.

The Remuneration Committee has decided to align Executive Leadership Team incentives with progress on climate-related goals, starting with 2022/23 objectives.

Strategy

We engaged our Travel and Insurance businesses separately to provide a comprehensive and robust analysis to identify and assess climate-related risks and the resilience of our businesses to manage the links between our climate-related risks and opportunities and our business strategy. We will be setting targets for our overall emissions reduction during 2022, with a commitment to reduce our contribution to climate change. This is a key management control for some of our climate-related risks, such as our reputational, energy and market risks.

Initial assessment of the climate-related risks and opportunities for both our Insurance and Travel businesses were determined over three different time horizons: short, medium and long-term. These are listed below with a particular focus on short-term risks and opportunities.

Our Group strategy or financial plan, or a low-carbon transition plan, will reflect those risks accordingly. We will also assess the current controls and processes in place to mitigate and manage our climate-related risks, as well as capture our climate opportunities. We will also assess where we need to strengthen our approach to climate risk management as long-term resilience through control improvement and action plans to embed climate into everyday business decision-making and planning.

Saga acknowledges that climate risk and climate strategy are interrelated and should be managed in unison. The ESG Taskforce will take the next steps in 2022 to review climate resilience and control effectiveness to ensure an integrated approach to climate strategy and climate risk.

Short-term risks and opportunities: 2021-2023

At the Group level, our business faces several short-term transition risks. However, it's worth noting that the first two of these short-term risks will only emerge if Government's are decisive with policy change. Otherwise, these short-term risks will become significant long-term risks:

1. Our Travel business will face short-term risks including increased fuel costs and financial strain on Saga's key third-party partners (such as airlines) as carbon taxation is used to drive climate transition, particularly on fossil-based fuels.
2. Direct and indirect carbon pricing and cost pass-on within the supply chain could reduce Saga's financial returns as upstream supply materials costs increase, specifically on energy and fuel-intensive materials.
3. Saga's market valuation may be impacted by investors challenging Saga's commitment to, or progress on, climate-change commitments.

In the short-term, as a Group, we have the following climate-related opportunities:

1. The Travel business can achieve a high ESG profile by responding to customers' interest in climate-related issues and by demonstrating a responsible and sustainable approach to ESG. This has the potential to enable increased investment capacity through new green financing opportunities.
2. For our ships, and our operations specifically, we can achieve increased climate leadership as well as a reduction in our carbon footprint by collaborating with new low carbon partners and exploring and taking advantage of fuel-efficient technologies.
3. We can reduce our exposure to the rising price of carbon by reducing our carbon footprint and contribution to climate change through, for example, utilising technology to optimise fuel consumption on our ships; implementing energy efficient air handling in our Enbrook office hub; and changing our colleague car scheme to hybrid or electric cars only.

Medium-term risks and opportunities: 2024-2035

According to our initial risk analysis, the Travel business faces the medium-term risk of increasing emissions regulations introducing burden on Cruise and Tour Operations suppliers and financial burden on Saga. Our Insurance business faces several more climate-related risks from 2024-2035: - for example seasonal diseases started, or accelerated, by climate drivers could impact payout for medical and travel insurance products as well as an increase in payouts for insured assets, and supply chain products covered in Saga's current and future policies (such as smart home technologies), damaged by climate-related extreme weather. The impacts of these include Saga's ability to quickly repair or replace insured physical assets, suppliers' ability to service the claim's replacement (especially given the rate of technological change in sustainable vehicles), and increased costs of products driving up the cost for Saga to repair or replace underlying insured assets.

Long-term risks and opportunities: 2036-2050

Our analysis indicated that both sides of our business will face climate-related physical risks which will materialise in the long-term. For Saga Travel, incidents of climate-related diseases might disrupt office-based and on-site operations, similar to the experiences of COVID-19. Additionally, acute events like extreme weather or chronic changes like sea level rises may damage critical supply chain locations used by our cruises including ports, airports or sightseeing tours causing disruption to operations, requiring Saga to cancel or reschedule trips resulting in revenue loss or increased costs. This same extreme weather damage could also affect the destinations for our holidays, food/beverage supply or entertainment, therefore limiting or changing our product offerings to our customers, potentially resulting in the loss of revenue for the Travel business. Linked to our short-term reputational risks, Saga will also face the long-term risk of changing consumer trends around low carbon travel options, shrinking the potential market for Saga if not addressed.

For our operations, physical risks, such as storms, may damage Saga's own offices, disrupting business operations and warmer temperatures, inducing a wetter climate, particularly in the UK, increase the likelihood of floods and damages to property.

Looking to long-term climate-related opportunities, the Insurance business has the opportunity to collaborate with low carbon partners, meeting partnership requirements from an ESG and climate perspective and increasing the company's profile. Our Travel business could transform and adapt to climate change drivers of risks, creating company-wide, long-term resilience. The opportunity to be an industry leader will help Saga to mitigate market risk as well as capture the growing demand for low carbon travel and sustainable tourism. This could result in increased revenues and market share whilst being an active participant in the sustainable tourism market with a unique selling proposition and the opportunity to invest in low carbon travel research and innovation to support the long-term climate transition of the travel industry.

Risk management

To determine the risks detailed above, we carried out workshops and consulted with experts which enabled us to identify and assess the risks and opportunities we are faced with. Short, medium and long-term climate change risks are now managed as a principal risk for the Group.

The work we have commissioned has deepened our understanding, and we aim to continue maturing the framework and our mitigation responses over time.

Metrics and targets

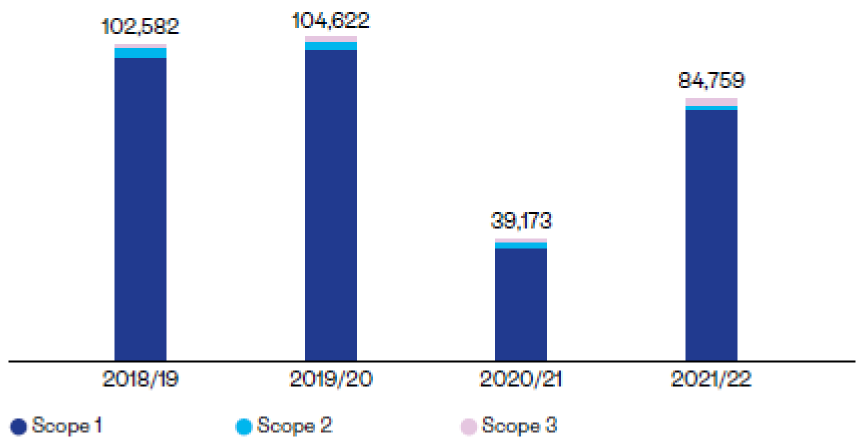
We understand the critical importance of delivering sustainable growth and we have taken steps to measure our current impact on the environment and set targets to mitigate this. Our Energy and Carbon Statement has been prepared in accordance with our regulatory obligation to report greenhouse gas (GHG) emissions which can be found in the ESG section of our 2022 Annual Report and Accounts when it is published in May 2022. To ensure transparency and accuracy, we also commit to having our carbon footprint verified by a third party and our 2021 Carbon Disclosure Project report can be found on our corporate website (www.corporate.saga.co.uk/media/1498/saga-cdp-submission-2021.pdf).

During the reporting period 1 February 2021 to 31 January 2022, our measured Scope 1 and 2 emissions (location-based) totalled 82,374 tCO_2e and reported Scope 3 emissions totalled 2,385 tCO_2e. This can be seen in more detail in our 2022 Annual Report and Accounts.

We will be setting clear targets for our carbon and GHG emissions, aligned to our business strategy. While year on year our Scope 1 and 2 emissions have increased by 118%, this can largely be attributed to an increase in marine fuel consumption by Saga's cruise ships as travel restrictions due to COVID-19 have been lifted, causing travel to significantly increase.

Emissions scope	2021/22 emissions (tCO_2e)	2020/21 emissions (tCO_2e)
Scope 1	80,993	36,187
Scope 2 (location-based)	1,381	1,654
Scope 2 (market-based)	3	8
Total Scope 1 and 2	**82,374**	**37,841**
tCO_2e per £m trading EBITDA	1,263	481
Scope 3	2,385	1,333
Total Scope 1, 2 and 3 (location-based)	**84,759**	**39,173**

2021/22 GHG emissions progress (Scope 1, 2 and 3 tCO_2e)



The energy savings of 94 tCO_2e have been achieved through building management systems to optimise heating and cooling and through our colleague engagement programme which delivers communications and training to colleagues in order to encourage them to reduce energy, water use, waste and to minimise travel. We use external campaigns such as Plastic Free July, World Environment Day and Recycling week to maximise these communications and provide tips and share best practice around our buildings and at home.

We are proud of our progress so far, purchasing 97% of our electricity from a 100% renewable supply from Haven Power, significantly reducing our Scope 2 emissions under market-based reporting. As in previous years, the dual reporting of our emissions demonstrates that we are making efforts to reduce our climate impact through the purchase of electricity generated from cleaner sources, but we recognise we are only at the start of our journey.

During 2022, alongside our climate targets and carbon footprint, we intend to formalise climate risk and opportunity monitoring metrics to ensure we are effectively managing and mitigating our climate risks to reduce financial impact as well as capturing our climate opportunities to strengthen our long-term business resilience.