

Saga plc
Audit and Risk Committee Terms of Reference
 adopted by the Board on 27 January 2026

Purpose	<p>The Audit and Risk Committee (the Committee) is a Committee of the Saga plc (the Company) Board of Directors (the Board). Its principal role is to monitor the integrity of the Company and its subsidiaries (together, the Group) financial statements, to establish and maintain the effectiveness of, the risk management, internal control framework and to monitor the effectiveness, performance, objectivity and independence of the internal and external auditors.</p> <p>In addition, the Committee is responsible for reviewing and confirming to the Board that the Group carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.</p>
Reports to	<p>The Board, via the Committee Chair (the Chair) and Internal Audit and Assurance Director (IAAD), who will report on the Committee's proceedings after each meeting and will make recommendations to the Board where necessary.</p> <p>The reports to the Board will include reference to how it has discharged its responsibilities, including (when appropriate):</p> <ul style="list-style-type: none"> • The significant issues that it considered in relation to the financial statements and how these were addressed; • Its assessment of the effectiveness, independence and objectivity of the Company's external auditor and of the external audit process and its recommendation on the appointment or reappointment of the external auditor; • Its assessment of the effectiveness of the internal audit process; and • Any other issue on which the Board has requested the Committee's opinion.
Membership	<ul style="list-style-type: none"> • At least three members, all of whom shall be independent non-executive directors and where possible shall include at least one member of the Remuneration Committee. • Appointments shall be for a period of up to three years, extendable for up to two further periods of up to three years. • At least one member shall have significant, recent and relevant financial experience and with competence in accounting and/or auditing. • Members shall have appropriate knowledge, skills and expertise to fully understand risk appetite and strategy. • Members collectively shall have relevant risk expertise and competence relevant to the sectors in which the Company operates. • The Chair of the Board shall not be a Committee member.
Chair	<ul style="list-style-type: none"> • The Chair shall be appointed by the Board. • In the absence of the Chair and/or an appointed deputy, the remaining Committee members present shall elect one of themselves as Chair. • The Chair shall attend the Company's AGM prepared to respond to any shareholder questions on the Committee's activities and responsibilities. • The Chair should engage with shareholders on significant matters related to the Committee's areas of responsibility.
Secretary	<p>The Company Secretary, or their nominee, (the Secretary) shall act as secretary of the Committee and will ensure timely delivery of papers to enable full and proper consideration to be given to the issues.</p>
Quorum	<p>Two Committee members, at least one of whom should have significant, recent and relevant financial experience.</p>
Attendance	<ul style="list-style-type: none"> • Only Committee members can attend and vote at Committee meetings.

	<ul style="list-style-type: none"> Regular attendees invited to the meeting include the Group Chief Financial Officer (Group CFO), the IAAD, the external auditor and the Group Financial Controller. Directors or other executives of the Company or other representatives of the risk function, compliance, and internal and external audit or any external professional advisors may be invited to attend all or part of any meetings at the discretion of the Chair.
Frequency	<ul style="list-style-type: none"> The Committee shall meet at least three times a year. Outside of the formal meeting programme, the Chair will maintain a dialogue with key individuals involved in the Company's governance.
Notice	<ul style="list-style-type: none"> Shall be given to each member and attendees at the request of any of its members, the external audit lead partner or the IAAD. Where possible, notice shall be given at least five working days before the date of the meeting.
Minutes	<ul style="list-style-type: none"> Shall be prepared by the Secretary. Draft minutes shall be circulated promptly to the Chair and once agreed, to all Committee members and other Board members, unless the Chair considers it inappropriate to do so.
Review	At least annually, review performance and terms of reference, to ensure the Committee is operating at maximum effectiveness and recommend any changes to the Board for approval.
Duties	<p>The Committee shall consider any matters relevant to the Committee's remit that are referred to it by the Board or Board committees. The Committee shall:</p> <p>1. Financial Reporting</p> <p>1.1. Monitor the integrity of the Company's financial statements, including its annual and half-yearly reports, preliminary results announcement and any other formal financial performance announcements (as requested by the Board), reviewing and reporting to the Board on significant financial reporting issues and judgements which they contain having regard to matters communicated to it by the external auditor or internal audit.</p> <p>1.2. In particular, the Committee shall review and challenge where necessary:</p> <p>1.2.1. the consistency of application of and any changes to, significant accounting and treasury policies both on a year on year basis and across the Company and Group;</p> <p>1.2.2. the methods used to account for significant or unusual transactions where different approaches are possible;</p> <p>1.2.3. whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;</p> <p>1.2.4. the clarity and completeness of disclosure in the Company's financial reports and the context in which statements are made;</p> <p>1.2.5. all material information presented with the financial statements, such as the strategic report, the corporate governance statements relating to the audit and to risk management and the internal control and risk management statement; and</p> <p>1.2.6. the effectiveness of the Group's financial reporting procedures.</p> <p>1.3. The Committee shall review any other statement requiring Board approval which contains Group financial information first, where to carry out a review prior to Board approval would be practicable and consistent with any prompt reporting requirements</p>

	<p>under any law or regulation including the Listing Rules or Disclosure Guidance and Transparency Rules sourcebook.</p> <p>1.4. Where the Committee is not satisfied with any aspect of the proposed financial reporting by the Company, it shall report its views to the Board.</p> <p>2. Narrative reporting</p> <p>2.1. Review the content of the annual report and accounts (ARA) and advise the Board on whether, taken as a whole, it is fair, balanced, and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.</p> <p>2.2. Review the assumptions on which the assessment of statement of going concern are based and confirm to the Board whether it is considered appropriate.</p> <p>2.3. Confirm to the Board whether it is reasonable to expect that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, drawing attention to any qualifications or assumptions as necessary and recommend to the Board a viability statement.</p> <p>3. Internal controls</p> <p>3.1. Keep under review and assess the adequacy and effectiveness of the Company's internal financial controls and internal control systems.</p> <p>3.2. Review and recommend to the Board the internal controls statements to be included in the ARA.</p> <p>4. Compliance, fraud and speak up procedures</p> <p>4.1. Review the adequacy and security of the Company's arrangements for its colleagues and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.</p> <p>4.2. Review the Group's procedures for detecting fraud and systems and controls for the prevention of bribery and approve financial crime policies.</p> <p>4.3. Review and recommend to the Board any changes to the Group's Speak Up procedures and Policy.</p> <p>5. Internal audit Function</p> <p>5.1. Approve the appointment or termination of appointment of the IAAD.</p> <p>5.2. Review and approve the budget for the internal audit function.</p> <p>5.3. Review and approve the role, mandate and charter of the internal audit function. Ensure the function has unrestricted scope and the necessary resources (including skills and experience) and access to information to enable it to fulfil its mandate effectively and commensurate with the risks of the Group. Ensure the function is equipped to operate in accordance with appropriate internal audit professional standards and is free from management or other restrictions.</p> <p>5.4. Review and approve the annual internal audit work plan and any proposed amendments, to ensure alignment with Group strategy and principal risks and uncertainties.</p> <p>5.5. Ensure that the internal audit function evaluates the effectiveness of risk, compliance and finance functions as part of its internal audit plan.</p> <p>5.6. Receive periodic (at least once a year) assurance from internal audit on its third line of defence review of the functioning of the risk management framework.</p> <p>5.7. Assess the effectiveness of the internal audit function, and as part of this assessment:</p>
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- 5.7.1. meet with the IAAD at least once a year without management present to discuss their remit and any issues arising from the internal audit reviews and the effectiveness of the function;
 - 5.7.2. receive a report on the results of the internal audit's work on a periodic basis;
 - 5.7.3. review and monitor management's responsiveness to the internal audit's findings and recommendations and actions taken by management to implement internal audit's recommendations; and
 - 5.7.4. monitor the role of the Company's internal audit function (including its quality, experience and expertise), in the context of the Company's overall risk management system.
- 5.8. Consider whether an independent, third party review of processes is appropriate.

6. Risk Management Function

- 6.1. Consider and approve the remit of the risk management function, ensuring it has adequate resources and access to information to perform its function effectively and in accordance with relevant professional standards. The Committee shall also ensure the function has adequate independence from management and other restrictions.
- 6.2. Review promptly all reports on the Group from the IAAD, such reports to include a review of the risk team and its performance.
- 6.3. Review and monitor management's responsiveness to the findings and recommendations of the IAAD.
- 6.4. Meet with the IAAD at least once a year without management present to discuss the IAAD's remit and any issues arising from risk reviews.

7. IAAD

- 7.1 The IAAD is accountable to the Committee. The scope of the IAAD includes both the internal audit and risk management functions.
- 7.2 The IAAD has direct access to the Chair of the Board, Chair and Committee.
- 7.3 The Chair shall (taking into account the views of the Group CFO):
 - 7.3.1 be accountable for setting the IAAD's objectives and for appraising their performance, independence, objectivity and tenure; and
 - 7.3.2 recommend the remuneration of the IAAD to the Remuneration Committee, and ensure that the remuneration of the IAAD and other members of the risk team:
 - (i) is structured to avoid conflicts of interest;
 - (ii) does not impair independence and objectivity; and
 - (iii) is not directly or exclusively linked to the short-term performance of the Group.

8. Risk appetite, tolerance, strategy and assessment process

- 8.1. Oversee the current and future risk exposures, risk strategy, and establish and maintain the effectiveness of the risk management framework (including risk appetite and associated stress testing, risk policy, key processes and controls, business continuity, and the promotion of a risk aware culture throughout the Group.)
- 8.2. Advise the Board on the Group's overall risk appetite, tolerance and strategy, taking account of the current and prospective macroeconomic and financial environment.

- 8.3. Consider and recommend to the Board the nature and extent of the principal and emerging risks that the Group is willing to take in achieving its strategic objectives.
 - 8.4. Advise the Board on the likelihood and impact of principal risks materialising, and the management and mitigation of principal risks to reduce the likelihood of their incidence or their impact.
 - 8.5. In relation to risk assessment:
 - 8.5.1. keep under review the Group's overall risk assessment processes that inform the Board's decision making, ensuring both qualitative and quantitative metrics are used;
 - 8.5.2. review regularly and approve the parameters used in these measures and the methodology adopted; and
 - 8.5.3. set a standard for accurate and timely monitoring of large exposures and certain risk types of critical importance.
 - 8.6. Review the Group's capability to identify and manage new risk types, ensuring a supportive risk management culture and reward system is embedded and maintained throughout the Group, in conjunction with the Remuneration Committee.
 - 8.7. Advise on proposed strategic transactions including acquisitions or disposals when requested by the Board, ensuring that a due diligence appraisal of the proposition is undertaken, focusing on risk aspects and implications for the risk appetite and tolerance of the Group and seeking independent external advice where appropriate.
- 9. Effectiveness of the risk management and internal control systems**
- 9.1. Review material breaches of risk appetite limits, black or red rated risks, or incidents/ near misses with a significant customer, brand or commercial impact and the adequacy of proposed action.
 - 9.2. Keep under review the effectiveness of the Group's risk management systems, and review and recommend to the Board the statements to be included in the annual report concerning risk management.
 - 9.3. Review (at least annually) a report from the IAAD on the effectiveness of risk management operations.
- 10. Executive remuneration**
- Provide qualitative and quantitative advice to the Remuneration Committee on risk weightings to be applied to performance objectives incorporated in executive remuneration.
- 11. Compliance, thematic reviews, subsidiaries and Board Committees**
- 11.1. Consider (by exception) or note a nil return (on an annual basis) the adequacy and effectiveness of the Company's anti-money laundering systems and controls.
 - 11.2. Review of breaches of regulation that are reportable to a regulator (or equivalent), including health and safety.
 - 11.3. Conduct deep dives into areas of risk associated with delivery of strategy, and consider any other matters relevant to the Company's risk management as requested by the Board or Board committees.
- 12. Other**
- 12.1. When requested by the Board, conduct post-investment reviews.

13. External Audit

- 13.1. Consider and make recommendations to the Board, to be put to shareholders for approval at the AGM, in relation to the appointment, re-appointment and removal of the Company's external auditor.
- 13.2. Ensure that at least once every ten years the audit services contract is put out to tender to enable the Committee to compare the quality and effectiveness of the services provided by the incumbent external auditor with those of other audit firms. In accordance with the Corporate Governance Code (the **Code**), the Committee is to lead the tender process and ensure that all tendering firms have necessary access to information and individuals during the tendering process. The Committee should recommend two possible audit firms to the Board with a justified preference for one of them. Where the Company has not completed a competitive tender process in five consecutive financial years, the Committee shall determine in which financial year it is in the best interest of the Company's members to next complete a competitive tender process and provide a relevant explanation in the Committee report in accordance with the Statutory Auditors and Third Country Auditors Regulations 2016.
- 13.3. If an external auditor resigns, investigate the issues leading to this and decide whether any action is required.
- 13.4. Oversee the relationship with the external auditor, which includes (but is not limited to):
 - 13.4.1. approving their remuneration, including both audit and non-audit services fees, and ensuring that the level of fees is appropriate to enable an effective and high-quality audit to be conducted;
 - 13.4.2. approving their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
 - 13.4.3. assessing annually their independence and objectivity taking into account relevant UK law, regulation, the ethical standards and other professional requirements and the relationship with the external auditor as a whole, including any threats to the external auditor's independence and the safeguards applied to mitigate those threats including the provision of any non-audit services;
 - 13.4.4. satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the external auditor and the Company which could adversely affect the external auditor's independence and objectivity;
 - 13.4.5. ensuring that the employment of former employees of the Company's external auditor, will take into account relevant ethical standards and any legal requirements, and monitoring the implementation of such standards;
 - 13.4.6. monitoring the provision of non-audit services by the external auditor, in accordance with the Auditor Independence Policy (see 6.9), and assessment of whether non-audit services have a direct or material effect on the audited financial statements;
 - 13.4.7. assessing annually the external auditor's qualifications, expertise and resources and the effectiveness of the audit process (including an assessment of the audit quality, the auditor's handling of key judgements, and the auditor's response to questions from the Committee) taking into account the relevant professional and regulatory requirements, which shall include a report from the external auditor on their own internal quality procedures and steps taken by the external auditor to respond to changes in regulatory and other requirements;

	<p>13.4.8. seeking to ensure co-ordination between the external auditor and the activities of the internal audit function; and</p> <p>13.4.9. evaluating the risks to the quality and effectiveness of the financial reporting process and including consideration of the risk of the external auditor's withdrawal from the market.</p> <p>13.5. Meet regularly with the external auditor (including once at the planning stage before the audit and once after the audit at the reporting stage) and, at least once a year, meet without management present, to discuss the external auditor's remit and any issues arising from the audit.</p> <p>13.6. Discuss with the external auditor the factors that could affect audit quality and review and approve the annual audit plan, ensuring that it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team.</p> <p>13.7. Review the audit findings with the external auditor. This shall include but not be limited to, the following:</p> <p>13.7.1. a discussion of any major issues, difficulties or reservations which arose during the audit;</p> <p>13.7.2. key accounting and audit judgements;</p> <p>13.7.3. levels of errors identified during the audit;</p> <p>13.7.4. the effectiveness of the audit process including the external auditor's explanation of how the risks to audit quality were addressed;</p> <p>13.7.5. the external auditor's view of their interactions with senior management;</p> <p>13.7.6. the basis for the going concern assumption; and</p> <p>13.7.7. compliance with relevant financial reporting standards and relevant financial and governance reporting requirements.</p> <p>13.8. Review the management letter and management's response to the external auditor's findings and recommendations.</p> <p>13.9. Develop, approve and implement policy on Auditor Independence, including the following:</p> <p>13.9.1. approval of non-audit services by the Committee and specifying the types of non-audit service to be pre-approved;</p> <p>13.9.2. threats to the external auditor's independence and objectivity and any safeguards in place;</p> <p>13.9.3. monitoring the employment of the external auditor's employees and former employees;</p> <p>13.9.4. the nature of the non-audit services;</p> <p>13.9.5. whether the external audit firm is the most suitable supplier of the non-audit service;</p> <p>13.9.6. the fees for the non-audit services, both individually and in aggregate, relative to the audit fee;</p> <p>13.9.7. the criteria governing compensation;</p> <p>13.9.8. monitoring the external auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related regulatory requirements; and</p> <p>13.9.9. monitoring the Group's use of other external audit firms.</p>
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Annual Report	<p>The Committee shall produce a report to be included in the Company's ARA about its activities and issues in relation to the financial statements which the Committee deems significant and the Company's risk management and strategy. This should contain:</p> <ul style="list-style-type: none"> • How the Committee has addressed the effectiveness of the external audit process and how auditor independence and objectivity are safeguarded; • The significant issues that the Committee considered in relation to the financial statements and how these issues were addressed, having regard to matters communicated to it by the auditor; • The significant matters that have informed the Board's assessment of whether the Company is a going concern and the inputs to the Board's viability statement; • A statement from the Committee on whether it is satisfied that the internal audit function has the appropriate resources; • A statement of compliance with the provisions of the Statutory Audit Services for Large companies Market Investigation (Mandatory Use of Competitive Tender Process and Audit Committee Responsibilities) Order 2014. • A report of its activities and the Company's risk management and strategy to contain: <ul style="list-style-type: none"> a. a description of principal risks; b. what procedures are in place to identify emerging risks; and c. an explanation of how they are managed or mitigated. <p>The directors' report in the ARA should set out risk management objectives and policies including in relation to financial instruments.</p>
Authority	<ul style="list-style-type: none"> • Undertake any activity within its terms of reference; • Approve policies listed in Schedule A (and any amendments); • Recommend policies listed in Schedule B (and any amendments) to the Board; • Seek any information, it requires from any colleague/director of the Group in order to perform its duties; • Obtain, at the Company's expense (within the limits authorised by the Board of the Company from time to time), external legal or other professional advice on any matter within its terms of reference where required and invite persons giving such advice to attend Committee meetings; • Request the attendance of any colleague at a Committee meeting; and • Delegate any of its powers to one or more of its members or the Secretary.
Governance and Process	<p>The Committee shall:</p> <ul style="list-style-type: none"> • Have access to sufficient resources to carry out its duties, including access to the Secretary and other Group functions for assistance. • Be advised of the overall levels of insurance for the Group with the exception of Directors' liability insurance which is a matter for the Board. • Be provided with appropriate and timely training, including an induction programme for new members. Committee members may request specific training where required. • 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 sourcebook and any other applicable rules, as appropriate. • Monitor the co-ordination of the internal and external auditors. <p>Conflicts of interest:</p> <ul style="list-style-type: none"> • At the beginning of each meeting, all Committee members shall declare the existence of any conflicts of interest arising. • Any member declaring an interest may speak and be counted in the quorum for that business at the Chair's discretion, subject to the Company's Articles of Association.
Standing Agenda	<ul style="list-style-type: none"> • Welcome/Declaration of Interests • Internal Audit and Assurance Director's Report: Risk • Internal Audit and Assurance Director's Report: Audit

	<ul style="list-style-type: none"> • External Reporting (Group Finance Report) • External Audit Effectiveness (Auditor Report) • Minutes of last meeting(s)/matters arising • Speak Up report (annually, or by exception) • Governance Matters/ policies for approval • Subsidiary Audit and Risk Committee Chair summaries • Appendices – rolling work plan.
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Schedule A

List of Policies for Committee Approval:

Reviewed annually:

- Auditor Independence Policy (as per Financial Reporting Council requirements).

Reviewed every 3 years (or sooner if material changes required):

- Internal Audit Charter
- Anti-Bribery & Anti-Corruption Policy
- Financial Crime (Anti-Fraud, Anti-Money Laundering & HM Treasury)
- Transfer Pricing Policy

Schedule B

List of Policies for Recommendation to the Board reviewed every 3 years (or sooner if material changes required):

- Risk Policy
- Speak Up Policy