

**Saga plc**  
**Risk Committee Terms of Reference**  
 adopted by the Board on 27 January 2023

Purpose	<ul style="list-style-type: none"> <li>The Risk Committee (the Committee) is a Committee of the Saga plc (the Company) Board of Directors (the Board). It assists the Board with articulating and developing its risk management strategy and providing oversight of risk across the Company and its subsidiaries (the Group).</li> <li>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.</li> </ul>
Reports to	The Board, via the Committee Chair (the Chair) and Internal Audit and Assurance Director (the IAAD) who shall report on the Committee's activities after each meeting and make recommendations to the Board where necessary.
Membership	<ul style="list-style-type: none"> <li>At least three members, all of whom shall be independent non-executive directors and shall include at least one member of the Audit Committee and/or Remuneration Committee.</li> <li>Appointments shall be for a period of up to three years, extendable for up to two further periods of up to three years.</li> <li>Members shall have appropriate knowledge, skills and expertise to fully understand risk appetite and strategy</li> <li>Members collectively shall have relevant risk expertise and have competence relevant to the sector in which the Company operates.</li> <li>The Chair of the Board shall not be a Committee member.</li> </ul>
Chair	<ul style="list-style-type: none"> <li>The Chair shall be appointed by the Board.</li> <li>In the absence of the Chair and/or an appointed deputy, the remaining Committee members present shall elect one of themselves as chair.</li> <li>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.</li> </ul>
Secretary	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.
Quorum	Two Committee members.
Attendance	<ul style="list-style-type: none"> <li>Only Committee members can attend <u>and</u> vote at Committee meetings.</li> <li>Directors or other executives of the Company, 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.</li> </ul>
Frequency	The Committee shall meet at least three times a year.
Notice	<ul style="list-style-type: none"> <li>Shall be given to each member and attendees at the request of any of its members or at the request of the IAAD if they consider a meeting necessary.</li> <li>Where possible notice shall be given at least five working days before the date of the meeting.</li> </ul>

<p>Minutes</p>	<ul style="list-style-type: none"> <li>• Shall be prepared by the Secretary.</li> <li>• 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.</li> </ul>
<p>Review</p>	<p>At least annually, review performance and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes to the Board for approval.</p>
<p>Duties</p>	<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> <ol style="list-style-type: none"> <li>1. Risk appetite, tolerance, strategy and assessment process             <ol style="list-style-type: none"> <li>1.1. Oversee the current and future risk exposures, risk strategy, and develop and monitor the effectiveness of the risk management and internal control 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.)</li> <li>1.2. Advise the Board on the Group's overall risk appetite, tolerance and strategy, taking account of the current and prospective macroeconomic and financial environment.</li> <li>1.3. 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.</li> <li>1.4. 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.</li> <li>1.5. In relation to risk assessment and subject to overlap with the Audit Committee:                 <ol style="list-style-type: none"> <li>1.5.1. 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;</li> <li>1.5.2. review regularly and approve the parameters used in these measures and the methodology adopted; and</li> <li>1.5.3. set a standard for accurate and timely monitoring of large exposures and certain risk types of critical importance.</li> </ol> </li> <li>1.6. 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 Audit and Remuneration Committees.</li> <li>1.7. 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.</li> <li>1.8. When requested by the Board, conduct post-investment reviews.</li> </ol> </li> <li>2. Effectiveness of the risk management and internal control systems             <ol style="list-style-type: none"> <li>2.1. 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.</li> </ol> </li> </ol>

- 2.2. 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.
- 2.3. Review (at least annually) a report from the IAAD on the effectiveness of risk management operations.
3. Executive remuneration
 

Provide qualitative and quantitative advice to the Remuneration Committee on risk weightings to be applied to performance objectives incorporated in executive remuneration.
4. Compliance, thematic reviews, subsidiaries and Board Committees
  - 4.1. 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.
  - 4.2. Review of breaches of regulation that are reportable to a regulator (or equivalent), including health and safety.
  - 4.3. 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.
5. CRO and risk management function
  - 5.1. 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.
  - 5.2. Recommend to the Board the appointment and/or removal of the IAAD.
  - 5.3. Review promptly all reports on the Group from the IAAD, such reports to include a review of the risk team and its performance.
  - 5.4. Review and monitor management's responsiveness to the findings and recommendations of the IAAD.
  - 5.5. Ensure the IAAD shall be given the right of unfettered direct access to the Chair of the Board, Chair and Committee and is accountable to the Committee.
  - 5.6. 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.
  - 5.7. The Chair shall (taking into account the views of the Group Chief Financial Officer and Committee members):
    - 5.7.1. review the objectives of the IAAD and appraise his/her performance against those objectives. This appraisal should consider the independence, objectivity and tenure of the IAAD; and
    - 5.7.2. 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.
Annual Report	<ul style="list-style-type: none"> <li>The Committee shall produce a report of its activities and the Company's risk management and strategy to be included in the Company's annual report (the ARA). This should contain:             <ol style="list-style-type: none"> <li>a description of principal risks;</li> <li>what procedures are in place to identify emerging risks; and</li> <li>an explanation of how they are managed or mitigated.</li> </ol> </li> <li>The directors' report in the ARA should set out risk management objectives and policies including in relation to financial instruments.</li> </ul>
Authority	<ul style="list-style-type: none"> <li>Undertake any activity within its terms of reference;</li> <li>Seek any information, it requires from any colleague/director in order to perform its duties;</li> <li>Obtain, at the Company's expense (within the limits authorised by the Board 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;</li> <li>Request the attendance of any colleague at a meeting of the Committee; and</li> <li>Delegate any of its powers to one or more of its members or the Secretary.</li> </ul>
Governance and Process	<p>The Committee shall:</p> <ul style="list-style-type: none"> <li>Have access to sufficient resources to carry out its duties, including access to the Secretary and other Group functions for assistance.</li> <li>Be provided with appropriate and timely training, including an induction programme for new members. Committee members may request specific training where required.</li> <li>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.</li> </ul> <p>Conflicts of interest:</p> <ul style="list-style-type: none"> <li>At the beginning of each meeting, all Committee members shall declare the existence of any conflicts of interest arising.</li> <li>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.</li> </ul>
Standing Agenda	<ul style="list-style-type: none"> <li>Welcome/Declaration of Interests</li> <li>Group Risk Report</li> <li>Minutes of last meeting(s)/matters arising</li> <li>Any other business</li> <li>Appendices – latest annual planner and rolling work plan.</li> </ul>