

Saga plc Internal Audit Charter

September 2026

This Charter constitutes the Internal audit Mandate as defined by the Global Internal Audit Standards and is approved annually by the Board through the Audit and Risk Committee. The Charter will be reviewed at least annually to confirm continuing appropriateness.

Internal Audit Mandate – Mission and purpose

The Mandate defines the purpose, authority and responsibility of the internal audit activity and establishes the internal audit functions position within the organisation at Saga plc (**business**), it authorises unrestricted access to records, personnel and physical properties relevant to the performance of engagements and defines the scope of internal audit activities. The charter is owned by the Internal Audit and Assurance Director (**IAAD**) and approved by the Audit and Risk Committee of Saga plc and business unit Audit Committees.

The objective of Internal Audit (**IA**) is to help protect the assets, reputation, and sustainability of the organisation by providing independent, reliable, valued, and timely assurance to the Board and Executive Management. This is done by acting as a reliable third line in assessing and reporting on the effectiveness of the governance, risk management and control frameworks within the business, and assisting management to identify significant risks and remedial actions necessary to improve the internal risk and control environment.

Commitment

IA are committed to adhering to the Global Internal Audit Standards (**GIAS**) and will assess and report on conformance with the GIAS as part of the annual Quality Assurance Improvement Programme (**QAIP**), including:

- **Promoting continuous improvement and value creation:** IA will proactively identify opportunities for operational efficiency, cultural enhancement, and strategic alignment through its assurance and advisory work, supporting Saga's long-term sustainability.
- **Strengthening stakeholder engagement:** IA will maintain structured and transparent communication with key stakeholders, including Executive Management, regulators, and external auditors, to ensure responsiveness and alignment with stakeholder expectations.
- **Reinforcing ethical standards:** All IA activities will be underpinned by a strong ethical foundation, with emphasis on integrity, confidentiality, objectivity, and due professional care. These principles will be actively promoted through training and performance evaluation.
- **Leveraging technology and data analytics:** IA will maintain sufficient capability, including use of SME co-source, to evaluate significant technology, cyber, data governance and artificial intelligence risks relevant to the organisation.
- **Advocating positive culture:** IA will foster an inclusive culture in team composition, stakeholder engagement, and all audit activities.

Scope and activities

IA acts as the third line within Saga's three-line risk management framework. All activities of the business fall within the scope of IA's remit and there are no restrictions on the scope of IA's work.

IA undertakes the following high-level activities, objectively and independently from management:

- Assessing and reporting (to the plc Audit and Risk Committee and business unit Audit and Risk Committees, and to management as appropriate) on the effectiveness of the design and operation of the framework of controls which enable risk to be assessed and managed.
- Assessing and providing assurance on the effectiveness of governance arrangements, including Board oversight, decision making processes, organisational culture, accountability and ethical conduct.
- Assessing organisational culture through audit assignments and thematic reviews and report the output (to the plc Audit and Risk Committee and business unit Audit and Risk Committees, and to management as appropriate).
- Assessing the adequacy and effectiveness of other internal control functions such as, Conduct Risk, Group-wide Risk Management and Finance.
- Investigating and reporting on cases of suspected financial crime and colleague fraud and malpractice, at the request of management.
- Undertaking designated advisory projects for management, provided they do not threaten IA's actual or perceived independence from management. IA may provide advisory services where requested, provided such activities do not assume management responsibility and appropriate safeguards are in place to preserve independence and objectivity.

IA is responsible for performing these activities effectively and efficiently, but it is not responsible for setting Saga's risk appetite or for the effectiveness of the framework of controls.

Responsibilities

Responsibilities of the Audit and Risk Committee

The Committee:

- assesses the effectiveness of IA
- approves the Internal Audit Charter
- approves the risk-based audit plan
- approves the IA budget and resource model
- reviews the IAAD appointment, performance, remuneration and removal
- supports the independence of IA
- receives reports on significant controls, risk and governance matters
- oversees the QAIP and external quality assessments

Responsibilities of the IAAD:

- developing and delivering an agile annual audit plan using an appropriate risk-based methodology and including consideration of strategic objectives, principal risks, regulatory expectations, emerging risks, organisational change, culture, resilience, technology and stakeholder expectations. The plan will be discussed with Executive Management before being submitted to the plc Audit and Risk Committee and subsidiary Audit Committees for review and approval;
- establishing a risk-based methodology, maintaining appropriate methodologies and technology, ensuring staff competence, managing performance, and continuously improving the effectiveness of IA;
- providing periodic reports from the results of the annual audit plan engagements to the plc and business unit Audit Committees summarising the status of the audit plan, the results of audit activities, details of significant issues identified;
- Communicating to the Audit and Risk Committee any significant limitations relating to budget, resources, skills, technology, access or scope that may impair the effectiveness of IA;
- monitoring follow-up action taken by management to remedy weaknesses identified by IA. Further assurance work, known as 'Issues Assurance', will be undertaken to ensure that appropriate and effective action has been taken to address all 'High' rated issues and a judgmental selection of 'Medium' rated issues;
- maintaining a professional audit team with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this Charter;
- maintaining a close relationship and sharing relevant information with internal control functions and the appointed external auditors;
- evaluating specific operations at the request of the Audit Committee or Management, or as appropriate, with adjustment of the audit plan to ensure adequate coverage of new and emerging risk arising from changes in market conditions, regulation, business strategy and known significant incidents. Approval for changes will be sought from the Saga plc and business unit Audit Committees;
- managing, maintaining, and communicating the QAIP in compliance with the Institute of Internal Auditors standards; and
- ensuring that every activity, including out-sourced activities, and every entity of the business falls within the audit universe of the IA function.

Co-source assurance

IA will utilise co-source arrangements, where subject matter expertise is required to deliver a specific audit assignment. The IAAD or Head of Internal Audit will retain oversight, responsibility and control throughout the execution and delivery of the audit assignment.

Independence and objectivity

IA colleagues will always be objective, constructive and not be influenced by personal, business or other issues, which may impair impartiality in accordance with the GIAS. The IAAD, Head of Internal Audit and colleagues of the IA Department are specifically not authorised to:

- perform any operational duties for the business or its affiliates;
- initiate or approve accounting transactions external to the IA Department;
- direct the activities of any colleagues not employed by IA, except to the extent such colleagues have been appropriately assigned to audit teams or to otherwise assist; or
- set the risk appetite for the business or impose risk management processes.

The IAAD's primary reporting line is to the Chair of the plc Audit and Risk Committee for accountability, direction, and independence. The plc Audit and Risk Committee Chair is responsible for the appointment, removal, and recommended remuneration of the IAAD. The IAAD has a secondary reporting line to Saga plc's Group Chief Financial Officer, for administrative purposes.

If IA's independence or objectivity is impaired, the details of the impairment will be reported to the Board, plc Audit and Risk Committee Chair, and the Chair of the appropriate business unit Audit Committees. IA maintains a Conflicts of Interest register, which details any potential conflicts faced by any member of the IA team, along with the mitigating action that will be taken to avoid these conflicts from crystallising. The register is reviewed periodically by Group Risk.

The IAAD and IA function will remain objective in the evaluation and assessment of internal audit engagements to carry out their duties in a professional, unbiased, and fair manner.

Relationship with other assurance functions

IA will consider the work of other assurance functions within Saga as well as the external auditors and the business' regulators, when determining the scope of IA activity in any business area.

Through the exercise of informed judgement, the IAAD is responsible for determining how much reliance can be placed on the work of other assurance functions following a thorough evaluation of the effectiveness of that function in relation to the area under review.

The IAAD will establish and maintain an open and transparent relationship with the business's regulatory authorities, and external auditors.

Professional standards

It is mandatory for all IA colleagues to comply with the:

- Saga Values;
- Global Internal Audit Standards, the Chartered Institute of Internal Auditors (**CIIA**) Code of Ethics embedded within the Standards, applicable regulatory requirements and the Saga Internal Audit Methodology;
- Applicable legal and regulatory requirements;
- CIIA 'Effective Internal Audit in the Financial Services Sector' guidance, to the extent determined by the Saga plc Audit and Risk Committee; and
- Saga IA methodology.

The IAAD will report periodically to the Audit and Risk Committee regarding IA's conformance to the GIAS.

Rights of access and authority

IA derives its authority from the Board via the plc Audit and Risk Committee. IA colleagues are authorised to:

- have unrestricted and prompt access to all information, functions, records, property, and colleagues anywhere within Saga relevant to their role; and
- have uninhibited right of access to the Chair of the plc Audit and Risk Committee, the Chairs of the business unit Audit Committees and to Saga plc's Group Chief Executive Officer.
- In exceptional circumstance, where management do not agree with potential exceptions identified by IA outside of the agreed risk appetite, these will be escalated by the IAAD to the Audit and Risk Committee.

The IAAD has the right to attend and observe all, or part of, Board and Executive Committee meetings if considered relevant or necessary to attend.

Internal Audit effectiveness assessment

The business Audit Committee will assess the performance of the IA function on behalf of the Board using agreed performance measures. To aid this assessment, IA will maintain a QAIP that covers all aspects of the IA activity.

The QAIP will include ongoing monitoring activities, periodic self-assessments and independent external assessments. Results, improvement actions and conclusions regarding conformance with the Global Internal Audit Standards will be reported to the Audit and Risk Committee.

In addition, an external assessment of the effectiveness of the function will be completed at least every five years, unless in exceptional circumstances, which will be agreed by the Chair of the Audit and Risk Committee.

Lynn Fournier
Internal Audit and Assurance Director