Terms of reference (“ToR”)

Audit and Risk Committee

Version 2.1

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Sage

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1. Administration

1.1 The Audit and Risk Committee (the "Committee") is a committee of the Board of Directors (the "Board") of The Sage Group plc. (the "Company") from which it derives its authority and to which it regularly reports.

1.2 For details of the history of changes made to this document since its creation, please see Appendix 1.

2. Purpose and objective

2.1 A Committee of the Board with delegated authority to oversee the Group's financial reporting, ESG reporting, risk management and internal control procedures and the work of its internal and external auditor.

3. Authority

The Committee should carry out the duties below for the Company, its major subsidiary undertakings and the Group as a whole, as appropriate. In fulfilling its duties referred to in paragraph 3, the Committee may take account of information and assurance provided by the Company's executives , its external and its internal auditors, while exercising its own independent judgement and challenge.

3.1 **Financial Statements**

3.1.1 The Committee shall monitor the integrity of the financial statements of the Company, including its annual and interim reports, preliminary results' announcements and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgements which they contain. The Committee shall also review financial statements, and any other financial information contained in certain other documents, such as announcements of a price sensitive nature.

3.1.2 The Committee shall review and challenge where necessary:

3.1.2.1 The consistency of, and any changes to, accounting policies both on a year-on-year basis and across the Group;

3.1.2.2 The methods used to account for significant or unusual transactions where different approaches are possible;

3.1.2.3 Whether the Company has followed appropriate accounting policies and standards and made appropriate estimates and judgements, taking into account the views of the external auditor;

3.1.2.4 Significant adjustments, estimation or uncertainty resulting from the audit;

3.1.2.5 The clarity and completeness of disclosure in the Company's financial reports and the context in which statements are made;

3.1.2.6 All material information presented with the financial statements, such as the

strategic report and the corporate governance statement relating to the audit and risk management;

3.1.2.7 The going concern assumption;

3.1.2.8 The Viability Statement assumptions; and

3.1.2.9 Compliance with London Stock Exchange and other legal and financial reporting requirements.

3.1.3 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.

3.2 Internal Controls and Risk Management Framework

The Committee shall:

3.2.1 Review management's and the internal auditor's reports on the adequacy and effectiveness of the Company's risk management and internal control framework, including the associated practices and reporting arrangements;

3.2.2 Monitor the Company's risk management and internal control framework and, at least annually, review and report to the Board on its effectiveness, covering all material controls, including financial, operational, reporting and compliance controls;

3.2.3 Review and oversee management's process for identifying, assessing and determining the Company's material controls, ensuring that such controls remain appropriately aligned with the Company's principal risks, risk appetite and strategic objectives;

3.2.4 Review any statement in the Company's annual report and accounts on the Company's risk management and internal control framework prior to approval by the Board, including:

3.2.4.1 the description of how the Board has monitored and reviewed the effectiveness of the Company's risk management and internal control framework;

3.2.4.2 the declaration of effectiveness of material controls as at the balance sheet date; and

3.2.4.3 the description of any material controls that have not operated effectively, together with the action taken or proposed to improve them and to address previously reported issues.

3.2.5 Oversee and seek suitable assurance regarding:

3.2.5.1 The risk exposure of the Company, including risks to the Company's business model, and solvency and liquidity risks;

3.2.5.2 The Company's capability to identify and manage new and emerging risks and enable a robust assessment of such risks;

3.2.5.3 The Company's capability to identify, assess and manage its principal risks; and

3.2.5.4 The Company's ability to reduce the likelihood of principal risks materialising and the impact on the business of risks that do materialise.

3.2.6 The EVP Chief Risk Officer (CRO) shall have direct access to the Chair of the Committee and the Board, and shall be appointed or removed in consultation with the Committee.

3.3 Risk Appetite, Tolerance and Strategy

The Committee shall:

3.3.1 Consider, review and monitor the Company's overall risk appetite and culture, tolerance (including stress testing) and strategy, and assess the level of risk the Company is willing to take in order to achieve its long-term strategic objectives;

3.3.2 Monitor and review the adequacy and effectiveness of the Company's procedures and systems established to identify, assess, manage, monitor, and mitigate risk;

3.3.3 Advise the Board on the likelihood and the impact of principal risks materialising, and the management and mitigation of principal risks to reduce the likelihood of their incidence or their impact; and

3.3.4 Advise the Board on the risk aspects of proposed changes to the Group's overall strategy and strategic transactions.

3.4 Whistleblowing, Anti-Bribery, Corruption and Fraud

3.4.1 The Committee shall monitor and report back to the Board on the adequacy and security of the Group's arrangements for all colleagues to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters, including bribery and corruption. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action; and

3.4.2 The Committee shall review and report back to the Board on the Group's procedures, systems and controls for the prevention and detection of bribery, fraud and corruption and receive reports on non-compliance with Group policy in this area from the Company Secretary and ensure that arrangements are in place to investigate any such matters, through independent third-parties where appropriate.

3.5 ESG

3.5.1 The Committee shall monitor the integrity, accuracy and consistency of the Sustainability and ESG non-financial disclosures of the Group, specifically those related to the Task Force on Climate-Related Financial Disclosures (TCFD), Global Reporting Initiative (GRI) principles and the relevant Sustainability Accounting Standards Board (SASB) metrics adopted by the Group.

3.5.2 The Committee shall review and challenge where necessary:

3.5.2.1 The appropriateness of the processes and controls in place for collating, assessing and verifying the data relevant to such disclosures; and

3.5.2.2 Whether the level of assurance being provided over such disclosures is

appropriate;

3.5.3 Recommend to the Board the approval of disclosures made against the frameworks as set out in 3.5.1 as appropriate, in the Company's annual report and accounts.

3.5.4 Where the Committee is not satisfied with any aspect of the proposed ESG reporting by the Company, it shall report its views to the Board.

3.6 **Internal Audit**

The Committee shall:

3.6.1 Approve the appointment and removal of the VP Assurance who shall have direct access to the Chair of the Committee and the Board;

3.6.2 In the event that the internal audit function is provided by a third-party, approve their appointment or, as the case may be, removal;

3.6.3 Develop and recommend to the Board the Company's policy in relation to the provision of non-audit services by any third-party internal auditor and ensure that the provision of such services does not impair the third-party internal auditor's independence or objectivity and complies with all relevant governance and regulatory requirements;

3.6.4 Consider and approve the charter of the internal audit function. The Committee shall also ensure that the internal audit function is adequately resourced and has appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards. The Committee shall also ensure the function has adequate standing, is free from undue management influence and has an unrestricted scope;

3.6.5 Review and approve the internal audit planning process, annual plan to ensure it is aligned to the key risks of the business, and the internal audit cost/fees;

3.6.6 Receive reports on the results of the internal auditor's work on a periodic basis;

3.6.7 Review and monitor management's responsiveness to the findings and recommendations of the internal auditor;

3.6.8 Monitor and assess the role and effectiveness of the internal audit function;

3.6.9 Determine whether it is satisfied that the quality, experience, and expertise of internal audit is appropriate for the business; and

3.6.10 Meet the head of internal audit at least once a year, without management being present, to discuss their remit and any issues arising from the internal audits carried out.

3.7 **External Audit**

The Committee shall:

3.7.1 Consider and make recommendations to the Board, to be put to shareholders for approval at the Annual General Meeting, as regards the appointment, re-appointment

and removal of the Company's external auditor and shall ensure that key partners within the appointed firm are rotated every five years in accordance with relevant ethical and professional guidance. The appointment of the external auditor shall be considered regularly by the Committee and in any event at not less than five- year intervals. A 'qualifying' tender process will be undertaken within 10 years of appointment and a maximum permitted term of 20 years enforced.

3.7.2 Consider and announce the future date of, and put out to tender, the audit services contract in line with the provisions of the FRC's Audit Committees and the External Audit: Minimum Standard (the "Minimum Standard"), as referred to in the UK Corporate Governance Code 2024 (the "Code"), and as required by relevant legislation. The Committee shall oversee the selection process, compare the quality and effectiveness of the services offered by the incumbent auditor and other audit firms, and ensure that all tendering firms have the access to information and individuals necessary for the duration of the tender process.

3.7.3 Ensure that any incoming audit firm which has performed any design or implementation relating to financial reporting controls, procedures or systems, does not commence as auditor until 12 months after that work has been completed.

3.7.4 Upon completion of the audit tender process, recommend to the Board a first and second choice auditor.

3.7.5 If an auditor resigns, investigate the issues leading to this and decide whether any action is required.

3.7.6 Meet with the external auditor at least twice each year: once at the planning stage, when the scope of the audit will be considered, and once following the audit at the reporting stage. Each member of the Committee may, at their discretion, meet or correspond with the external auditor for the purposes of the Committee. The Committee may delegate attendance at such meetings to one or more of its members. In addition, the Committee shall meet with external auditor at least once a year, without management being present, to discuss the auditor's remit and any issues arising from the audit.

3.7.7 Oversee the relationship with external auditor, including (but not limited to):

3.7.7.1 The independence and objectivity of the external auditor taking into account relevant UK law and regulation, the FRC Revised Ethical Standard December 2024 (the "Revised Ethical Standard ") and other professional requirements;

3.7.7.2 The consideration and recommendation of the terms of engagement and audit remuneration for audit and non-audit services and ensure the level of fees is appropriate to enable an effective and high-quality audit to be conducted. Consideration should include the fees for the non-audit services, both individually and in aggregate, relative to the audit fee;

3.7.7.3 To agree with the Board a policy on the employment of former employees of the Company's auditor taking into account the Revised Ethical Standard and agree with the Company's auditor a policy on the employment of former employees of the Company, and then monitor the implementation of these policies;

3.7.7.4 To monitor the auditor's compliance with relevant ethical and professional

guidance on the rotation of audit partners and the level of fees paid by the Company and seek annually from the auditor information about its polices and processes for maintaining independence and monitoring compliance with relevant requirements; and

3.7.7.5 To assess annually the qualifications, expertise and resources of the external auditor and the effectiveness of the audit process.

3.7.8 Review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement.

3.7.9 Review with the external auditor the findings of their work, including any major issues that arose during the course of the audit and have subsequently been resolved and those issues that have been left unresolved; key accounting and audit judgements; levels of errors identified during the audit, obtaining explanations from management and, where necessary the external auditors, as to why certain errors might remain unadjusted.

3.7.10 Assess the effectiveness of the audit process at the end of the audit cycle, including an assessment of the quality of the audit, the handling of key judgments by the auditor and the auditor's response to questions from the Committee.

3.7.11 Ensure that the auditor's management letters and management's responses are reviewed.

3.7.12 Review the audit representation letters before consideration by the Board, giving particular consideration to matters that relate to non-standard issues.

3.7.13 Develop and recommend to the Board the Company's policy on the nature and provision of non-audit services by the external auditor, and ensure that the provision of such services does not threaten or impair the external auditor's independence or objectivity and complies with all relevant governance and regulatory requirements.

3.7.14 Consider the risk of the withdrawal of the Company's present auditor from the market.

3.7.15 Disclose the nature and extent of any interaction (if any) with the FRC's Corporate Reporting Review Team.

3.7.16 Disclose the significant issues and information about the findings, together with any remedial actions taken by the auditor or the Committee, if relevant, following an FRC Audit Quality Review Team Inspection.

3.8 **Other Matters**

The Committee shall:

3.8.1 Have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required.

3.8.2 Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members.

3.8.3 Give due consideration to laws and regulations, the provisions of the Code, the expectations of the Minimum Standard, and the requirements of the UK Listing Rules,

Prospectus Regulation Rules, and Disclosure Guidance and Transparency Rules, TCFD and any other applicable rules, as appropriate.

3.8.4 Be responsible for co-ordination of the internal and external auditor.

3.8.5 Oversee any investigation of activities which are within these ToR and to give the final decisive action in relation to any questions or issues arising from those activities.

The Committee is authorised:

3.8.6 To seek any information it requires from any employee of the Company in order to perform its duties, and all employees are directed to co-operate with any request made by the Committee.

3.8.7 To obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference and to secure the attendance of such advisers if it considers such attendance necessary.

3.8.8 To call any employee to be questioned at a meeting of the Committee as and when required.

3.8.9 To publish in the Company's annual report and accounts, details of any issues that cannot be resolved between the Committee and the Board.

4. Membership

4.1 The members of the Committee shall be appointed by the Board on the recommendation of the Nomination Committee of the Board in consultation with the Chair of the Committee and shall comprise of a Chair and at least two other members, all of whom are independent non- executive directors. The Chair of the Board shall not be a member of the Committee.

4.2 Whilst the Committee itself will be made up entirely of independent non-executive directors, other individuals, such as other non-executive directors. executive directors and the internal auditor may be invited to attend as and when appropriate but invitees will have no right of attendance. The external auditor will be invited to attend meetings of the Committee on a regular basis.

4.3 Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three-year periods or as agreed by the Board, provided the member remains independent.

4.4 The Board shall appoint the Chair of the Committee from its number who shall be an independent non-executive director. In the absence of the Chair of the Committee and/or an appointed deputy, the remaining members present shall elect one of the members present to chair the meeting.

4.5 At least one member of the Committee shall have significant recent and relevant financial experience and at least one shall be competent in accounting and/or auditing. Also, all members shall possess a range of relevant sector and/or business experience and expertise necessary to meet the Committee's responsibilities.

4.6 The Committee will apply a two-year moratorium on the appointment of senior personnel from the incoming auditor to the Committee, including former senior personnel of the auditor who,

at the time they worked at the audit firm, had connections with the audit tender pursuit and/or engagement team.

4.7 If a regular member is unable to act due to absence, illness or any other cause, the Chair of the Committee may appoint another director of the Company to serve as an alternate member, having due regard to maintaining the membership of the Committee as consisting only of independent non-executive directors.

4.8 Care should be taken to minimise the risk of any conflict of interest that might be seen to give rise to an unacceptable influence. Keep under review conflicts of interest or any potential conflict of interest, if the Committee considers this to be necessary.

5. Roles and Responsibilities

5.1 The Company Secretary, or their nominee, shall act as the Secretary of the Committee.

6. Frequency of Meetings and Quorum

Frequency

6.1 The Committee shall meet not less than four times a year to consider, inter alia, the interim and annual report and accounts, such meetings to be held at appropriate intervals and to coincide with key dates in the Company's financial reporting cycle. The Committee shall meet at such other times as the Chair of the Committee shall require.

6.2 The Committee shall meet the lead external audit partner at least once a year, without management being present, to discuss their remit and any issues arising from the external audit. In addition, the external auditor shall have direct access to the Chair of the Board and the Committee.

6.3 External auditor or internal auditor or the CRO may request to meet with the Committee with or without the presence of management if they consider that a meeting is necessary.

Quorum

6.4 The quorum necessary for the transaction of business shall be two members. A duly convened meeting of the Committee at which a quorum is present, in person or by electronic means, telephone, or other agreed communication facility, shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

7. Meeting Operations

Notice of Meetings

7.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Chair or any member thereof or at the request of external or internal auditor, or at the request of the CRO if they consider it necessary.

7.2 Unless otherwise agreed, notice of each meeting, confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive directors no fewer than five working days prior to the date of the meeting. Supporting papers shall be sent to the Committee members and to such other attendees, as appropriate, at the same time.

Minutes of Meetings

7.3 The Secretary or their nominee shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.

7.4 The Secretary should ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

7.5 Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, all members of the Board, unless it would be inappropriate to do so in the opinion of the Chair of the Committee.

8. Reporting Requirements

8.1 The Committee shall prepare its report for inclusion in the annual report and accounts. The Committee shall also review and recommend to the Board the additional disclosures for which the Board is responsible, specifically including:

8.1.1 A summary of the role of the Committee;

8.1.2 The names and qualifications of all members of the Committee in the period;

8.1.3 The number of Committee meetings and attendance by each member;

8.1.4 How the Committee has discharged its responsibilities;

8.1.5 How the Committee has addressed the matters set out in the Minimum Standard;

8.1.6 The significant issues that the Committee considered in relation to the financial statements and how these issues were addressed;

8.1.7 An explanation of how it has assessed the independence and effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor, information on the length of tenure of the current audit firm and when a tender was last conducted;

8.1.8 An explanation of how it has assessed the effectiveness of internal audit, and how it has satisfied itself that the quality, experience and expertise of the function is appropriate for the business;

8.1.9 If the external auditor provides non-audit services, an explanation of how auditor objectivity and independence are safeguarded;

8.1.10 An explanation of how the Committee has monitored and reviewed the effectiveness of the Company's risk management and internal control framework and the procedures for

managing or mitigating the Company's principal and emerging risks, having regard to the matters set out in paragraphs 3.2.4.1 to 3.2.4.3 above.

8.1.11 A statement that the directors considered their responsibility in preparing the annual report and accounts, and state that they consider the annual report and accounts taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

8.2 The Chair shall report formally to the Board on the Committee's proceedings after each meeting on all matters within its duties and responsibilities and on how it has discharged those responsibilities. This report shall include:

8.2.1 The significant issues that it considered in relation to the financial statements and how these issues were addressed;

8.2.2 Its assessment of the effectiveness of the external audit process and its recommendation on the appointment or reappointment of the external auditor; and

8.2.3 Any other issues on which the Board has requested the Committee's opinion.

8.3 In the light of its other duties, the Committee shall make whatever recommendations to the Board it deems appropriate.

8.4 The Chair of the Committee shall attend the Annual General Meeting and be prepared to respond to any shareholder questions on the Committee's activities.

9. Committee Performance and ToR Review

9.1 The ToR is subject to annual review and approval by the Committee.

9.2 On a regular basis and at least annually, the Committee shall review its performance and constitution to ensure it is operating at maximum effectiveness.

9.3 Make publicly available the Committee's ToR by placing them on the Company's website.

Approved by the Board: 17 November 2026

Appendix 1

Change Control

Version	Author of Change	Effective Date	Details of Change
1.0	Lauren Foster	August 2016	Update on to new template
1.1	Johnny Stephens	September 2016	September A&RC approved amends
1.2	Vicki Bradin	September 2017	Annual A&RC review
1.3	Vicki Bradin	February 2019	Annual ARC review
1.4	Vicki Bradin	September 2019	Review to incorporate UK Corporate Governance Code 2018 revisions
1.5	Vicki Bradin	February 2020	Annual review – no changes recommended
1.6	Vicki Bradin	May 2021	Annual review – document refreshed to align with The Chartered Governance Institute's model terms of reference for both audit and risk committees
1.7	Vicki Bradin	May 2022	Annual review – document refreshed to include ESG oversight
1.8	Vicki Bradin	May 2023	Annual review – minimal changes recommended
1.9	Vicki Bradin	14 May 2024	Annual review – no changes recommended
2.0	Vicki Bradin	13 May 2025	Annual review – to incorporate UK Corporate Governance Code 2024 revisions
2.1	Vicki Bradin	17 November 2026	Annual review – to include changes under provision 29 of UK Corporate Governance Code 2024

