

SANTANDER UK PLC
(the Ring-Fenced Bank (“RFB”))

BOARD NOMINATION AND GOVERNANCE COMMITTEE
(the “Committee”)

TERMS OF REFERENCE

Approved by the Company Secretary with effect from 1 January 2024 (under authority delegated by the Board of Directors of Santander UK plc (the “**Board**”) on 15 December 2023).

1. PURPOSE

1.1. The purpose of the Committee is to:

- 1.1.1. Lead the process for Board and Board committee appointments and oversee succession planning for the Board and senior management positions.
- 1.1.2. Oversee the evaluation of the performance and composition of the Board and Board committees.
- 1.1.3. Monitor the governance arrangements for the RFB, its subsidiaries and subsidiary undertakings (together the “**RFB Sub-group**”) and make appropriate recommendations to the Board to ensure that those arrangements remain adequate.

2. RESPONSIBILITIES

2.1. Board Composition and Succession Planning

- 2.1.1. Regularly review the structure, size and composition (including the skills, knowledge, experience, independence and diversity) of the Board and its Board committees and make recommendations to the Board with regard to any changes, taking into account the Skills and Diversity matrix, any legislative or regulatory requirements and any internal governance requirements affecting RFB.
- 2.1.2. Give full consideration to succession planning for Directors and other senior management positions, taking into account the challenges and opportunities facing the RFB Sub-group, and the skills, expertise, independence and diversity needed on the Board in the future, the length of service of Board members, the need for its membership to be regularly refreshed or to ensure compliance with prospective legislation or regulation.
- 2.1.3. Review the internal criteria and procedures for the selection and suitability assessment of senior management positions and receive reporting on their nomination and removal from office.
- 2.1.4. Satisfy itself that plans are in place for orderly succession for appointments to the Board and senior management positions, promoting the development of a diverse pipeline for succession, having regard to diversity in its broadest sense.

2.2. Board and Senior Management Position Appointments

- 2.2.1. Be responsible for identifying, nominating and recommending for approval by the Board, candidates to fill Board vacancies as and when they arise, considering any regulatory requirements.
- 2.2.2. Prior to any appointment to the Board, evaluate the balance of skills, knowledge, experience and diversity on the Board and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates, the Committee shall:

- i) at its discretion, use open advertising or the services of external advisers to facilitate the search;
- ii) consider candidates from a wide range of backgrounds; and
- iii) consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board, taking care that appointees have enough time available to devote to the position.

2.2.3. For the appointment of a Chair or Non-Executive Director, the Committee should prepare a job specification, including the time commitment expected. A proposed Chair or Non-Executive Director's other significant commitments should be disclosed to the Board before appointment and any changes to those commitments should be reported to the Board as they arise.

2.2.4. Ensure that, on appointment to the Board, Non-Executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside Board meetings.

2.2.5. Keep under review the number of external appointments held by each Director, ensuring they are able to dedicate sufficient time to their role, and ensuring that any new additional external appointments are approved in advance by the Board before being accepted.

2.2.6. Where necessary for the purpose of meeting Banco Santander, S.A. Group's requirements, consider and nominate for the approval by the Board, candidates considered suitable to fill key senior management positions (as listed in the Subsidiary Governance Model and Guidelines for Subsidiaries ("GSGM")).

2.2.7. The Committee shall also make the following recommendations to the Board concerning:

- i) membership of the Board committees in consultation with the Chair of those committees;
- ii) the annual re-election of Directors (and their specific role) at the shareholders general meeting having given due regards to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and expertise required and the length of service of the Board as a whole and its membership being regularly refreshed;
- iii) any matters relating to the continuation in office of any Director at any time, including the suspension or termination of services of an Executive Director as an employee of the RFB subject to the provisions of the law and their service contract; and
- iv) the appointment of any Executive Director to the RFB.

2.3. Board and Board Committee Effectiveness

2.3.1. Oversee the evaluation of the performance of the Board and Board committees (including the performance of individual Directors), recommending actions to address any findings and oversee the implementation and progress of any resulting action plans.

2.3.2. Review annually the time commitment required from Non-Executive Directors including the Chair and Senior Independent Director. Performance evaluations should be used to assess whether the Non-Executive Directors are devoting sufficient time to the fulfilment of their duties.

2.4. Induction and Training and Development

2.4.1. Oversee an appropriate induction programme for all new Directors to ensure that they are fully informed about matters concerning the RFB Sub-group to enable them to discharge their duties and responsibilities as a Director.

- 2.4.2. Consider any ongoing training and development needs for both the Board as a whole and individual directors.
- 2.5. Corporate Governance
- 2.5.1. Support and advise the Board in relation to corporate and internal governance matters, as well as the periodic review of the corporate governance system of the RFB Sub-group.
- 2.5.2. Review and recommend to the Board for approval any changes to the RFB Sub-group's corporate governance framework.
- 2.5.3. Make recommendations to the Board, and regularly review progress against, measurable objectives that the Board has set in respect of Board diversity and inclusion.
- 2.5.4. Review and recommend to the Board for approval the Chair's report on Corporate Governance for inclusion in the Annual Report and Accounts.
- 2.5.5. In relation to governance documents to be owned by the Board (including but not limited to policies, frameworks or governance models), the Committee is authorised to consider and approve any new, or material changes to existing, Board owned governance documents. Materiality will be determined by the Committee Secretary in consultation where necessary with the Committee Chair. All other changes to Board owned governance documents may be approved by the relevant Executive Committee member. Any governance documents approved under this authority will be notified to the Committee or to the Board as appropriate.
- 2.6. Subsidiary Governance
- 2.6.1. For significant RFB subsidiaries¹, the Committee shall:
- i) review and endorse any subsidiary board appointments, prior to formal approval by the subsidiary board;
 - ii) have oversight of any effectiveness reviews undertaken; and
 - iii) through the Corporate Governance Office, set minimum standards of governance for RFB subsidiaries, ensuring that consideration is given to best practice principles, appropriate to the size and complexity of each entity.
- 2.7. Conflicts of Interest
- 2.7.1. Require any prospective Non-Executive Directors to disclose any other business interests that may result in a conflict of interest and to report any future business interests that could result in a conflict of interest.
- 2.7.2. Consider and, if appropriate, recommend to the Board the authorisation of situational conflicts of interest of directors and potential directors. When considering the authorisation of these situations, the Committee will have regard to the possible time required to fulfil this, and all other outside commitments notified by the director, and whether it could impede the Director from spending sufficient time to fulfil his/her obligations to the RFB.
- 2.7.3. Keep under review, at least annually, potential conflicts of interest of Directors disclosed to the RFB and develop appropriate processes for managing such conflicts if the Committee considers this to be necessary.
- 2.8. The Committee Chair shall seek engagement with stakeholders on significant matters related to the Committee's areas of responsibility as they see fit.

¹ Defined as Tier 1 subsidiaries as set out in the Santander UK Subsidiary Governance Framework.

3. MEMBERS

- 3.1. The Committee shall comprise at least three members, all of whom shall be Non-Executive Directors, and at least one of whom shall be a designated PRA senior management function holder for the RFB².
- 3.2. Members of the Committee shall be appointed by the Board upon the recommendation of the Committee.

4. ATTENDEES

- 4.1. Only the members of the Committee have the right to attend Committee meetings, but the other RFB Non-Executive Directors are entitled to observe any meetings at their discretion.
- 4.2. The standing attendees shall be the Chief Executive Officer and the Company Secretary.
- 4.3. The Committee Chair retains the discretion to invite any other individual to attend for all or part of any meeting as a presenter or observer (subject to any conflicts of interests).

5. CHAIR

- 5.1. The Chair of the Board will chair the Committee.
- 5.2. In the absence of the Committee Chair, or in situations where the Committee Chair is precluded from chairing a meeting due to a conflict of interest, the remaining members present shall elect one of the Independent Non-Executive members to chair the meeting.

6. QUORUM

- 6.1. The quorum necessary for the transaction of business shall be two members, one of whom shall be an Independent Non-Executive Director (“**INED**”)³.

7. AUTHORITY

- 7.1. The Committee is a committee of the Board from which it derives its authority and to which it regularly reports⁴.
- 7.2. The Committee may sub-delegate all or any of its responsibilities as it sees fit, including without limitation, to a sub-committee established for a specific purpose or by delegating authority to the Chair or any other member.
- 7.3. The Committee is concerned with the business of the RFB Sub-group within the scope of its Terms of Reference and has the authority to obtain such information as it may require from any Director, officer or employee of the RFB Sub-group or Santander UK Group Holdings plc (the “**HoldCo**”) and its subsidiaries and subsidiary undertakings (together the “**HoldCo Group**”).

8. SECRETARY

² The designated director (approved by the RFB Board from time to time in respect of Conflict Matters as defined by the Santander UK Corporate Governance Framework) cannot be an employee or director of any other member of the RFB's group, other than a ring-fenced affiliate or Santander UK Group Holdings plc.

³ INED has the meaning set out at section D.2.(ii) (B) of the Santander UK Group Framework.

⁴ The Committee has delegated authority from the Board to undertake the role and responsibilities prescribed in these terms of reference.

- 8.1. The Committee Secretary shall be a member of the Corporate Governance Office as agreed with the Committee Chair.

9. MINUTES

- 9.1. The Committee Secretary shall minute the proceedings of Committee meetings, which shall be circulated promptly to all members of the Committee, once agreed by the Committee Chair (subject to any actual or potential conflicts of interest restricting such circulation).

10. NOTICE AND FREQUENCY OF MEETINGS

- 10.1. The Committee shall meet at least four times a year at appropriate times as determined by the Committee Chair and otherwise as required. Meetings of the Committee and the HoldCo Board Nomination and Governance Committee may be held concurrently where it is considered appropriate to do so.
- 10.2. Meetings of the Committee shall be convened by the Committee Secretary at the request of the Committee Chair or any of the Committee's members.
- 10.3. 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 and, as appropriate, any other person required to attend, not later than five business days before the date of the meeting. Supporting papers shall be sent to Committee members at the same time.

11. ADVICE

- 11.1. The Committee is authorised to obtain any information it requires from any employee of the HoldCo Group in order to perform its duties and, at the RFB's expense, obtain external legal or other professional advice on any matter within its Terms of Reference. The Committee is also authorised to select, appoint and set the terms of appointment for any external advisers to the Committee.

12. GENERAL MATTERS

- 12.1. The Committee shall:
 - 12.1.1. Have access to sufficient resources to carry out its duties, including access to external advisers and the Corporate Governance Office for assistance as required, and shall ensure the proper involvement of such functions as are necessary to ensure that the Committee is appropriately advised.
 - 12.1.2. Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.
 - 12.1.3. Give due regard to relevant legislation, guidelines, best practice guidance, industry practice and developing trends affecting issues within the Committee's remit.
 - 12.1.4. Oversee any investigation of activities which are within its Terms of Reference.
 - 12.1.5. Ensure that a periodic evaluation of the Committee's own performance is carried out.
 - 12.1.6. Promote the success of the RFB Sub-group for the benefit of its shareholders, whilst having due regard to its wider stakeholder group (including employees, regulators, communities, customers, and suppliers), as set out in the Companies Act 2006. During its deliberations, the Committee shall consider the long-term consequences of its decisions, and the need to act to deliver good customer outcomes, foster good relationships, demonstrate acts of fairness, maintain a reputation of high standards of business conduct and mindfulness of environmental impacts.

12.1.7. Work and liaise as necessary with all other committees of the Board. Where there is a perceived overlap of responsibilities, the respective committee chairs shall have discretion to determine the most appropriate committee to fulfil the obligation.

13. REPORTING RESPONSIBILITIES

13.1. The Committee Chair (or their elected nominee) shall report to the Board on the Committee's proceedings after each meeting.

13.2. The Committee shall, where appropriate, make recommendations to the Board on any area within its remit.

14. CHANGES TO THE TERMS OF REFERENCE

14.1. These Terms of Reference shall be reviewed annually by the Committee and any proposed amendments will be recommended to the Board for approval.