

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

**BOARD OF DIRECTORS**  
**(the “Board”)**  
**TERMS OF REFERENCE**

Approved by the Board on 30 December 2019.

**1. SCOPE**

- 1.1 The Board is the main decision-making body of the RFB.
- 1.2 The Board considers strategic issues and risks. It has overall responsibility for management of the business and affairs of the RFB, the establishment of the RFB strategy and capital raising and allocation.
- 1.3 The Board monitors and oversees the RFB's operations, ensuring competent and prudent management, sound planning, proper procedures for the maintenance of adequate accounting and other records and systems of internal control, and for compliance with statutory and regulatory obligations.
- 1.4 The Board is collectively responsible to the shareholder for the long-term success of the RFB, exercising all of the powers of the RFB, subject to any relevant laws and regulations and in accordance with the Articles of Association. In particular, the Board will take into account the Directors' duties contained in the Companies Act 2006 ('CA 2006').

**2. RESPONSIBILITIES**

- 2.1 The Board is responsible for:
  - 2.1.1 Reviewing, approving and guiding corporate strategy, major plans of action, risk appetite and policies, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance; and overseeing major capital expenditures, acquisitions and disposals;
  - 2.1.2 Monitoring the effectiveness of the RFB's governance arrangements and practices, making changes as needed to ensure the alignment of the RFB's governance framework with current best practices;
  - 2.1.3 Appointments to the Board, including the Chief Executive Officer, the Chief Financial Officer and the Head of Retail, and to the Board's Committees, ensuring such appointments are effected in accordance with the appropriate governance process;
  - 2.1.4 Monitoring and managing potential conflicts of interest of management, Board members, shareholders, external advisors and other service providers, including misuse of corporate assets and abuse in related party transactions; and
  - 2.1.5 Overseeing the process of external disclosure and communications.
- 2.2 The Board is also responsible for all other matters of such importance as to be of significance to the RFB because of their strategic, financial or reputational implications or

consequences. Non-Executive Directors' fees are determined by the Board Chair and Chief Executive Officer.

2.3 A formal schedule of matters reserved to the Board is in place.

### **3. MEMBERS**

3.1 The Board must include a minimum of three Double Independent Non-Executive Directors<sup>1</sup> (Double INEDs"). One Double INED shall be the Senior Ring-Fencing Director<sup>2</sup> ("SRD") for the RFB. Double INEDs may identify potential conflict matters and the Double INEDs, acting by majority, may veto any decision by the RFB Board which is a "conflict matter" (defined at the end of this document).

### **4. ATTENDEES**

4.1 Only members of the Board have the right to attend the Board's meetings. The Board Chair retains the discretion to invite any other individual to attend all or part of any meeting (subject to managing any conflicts of interest).

### **5. CHAIR**

5.1 Upon recommendation of the Board Nomination Committee, the Board shall appoint the Chair of the Board.

5.2 The Double INEDs, acting by majority, may decide that the person performing the SRD function for the RFB chairs the RFB Board for a matter identified as a conflict matter.

5.3 The SRD will convene and lead a Board meeting twice yearly to ensure that arrangements to identify and manage conflicts of interest between the RFB Group and other members of the Santander UK Group are operating effectively.

### **6. QUORUM**

6.1 The quorum for the transaction of business shall be two members, one of whom shall be an INED<sup>3</sup> who will chair the meeting. If a conflict matter is to be considered a Double INED is also required. A majority of INEDs are required for a meeting with an odd number of members to be quorate. A duly convened meeting of the Board at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Board.

### **7. SECRETARY**

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<sup>1</sup> Double Independent Non-Executive Directors are those RFB INEDs that are a senior management function holder for the RFB and not also an employee or director of any other member of the RFB group other than an RFB affiliate

<sup>2</sup> The SRD is a Double INED with additional responsibility for maintaining the integrity of the RFB by: chairing the RFB Board, if requested to do so by the Double Independent Board members, in the event that they decide, by a majority, that this is necessary to consider a conflict matter; and chairing twice yearly, RFB-only Board meetings to ensure that arrangements to identify and manage conflicts of interest between the RFB Group and other members of the Santander UK Group are operating effectively

<sup>3</sup> INED has the meaning set out at section D.2.(ii) (B) of the UK Group Framework dated 5 December 2019

The Board shall appoint the Company Secretary. The Company Secretary or, in their absence, the alternate nominated by the Chair shall attend all Board Meetings.

## **8. MINUTES**

- 8.1 The Company Secretary shall minute the proceedings of the meeting, which shall be circulated promptly to all members of the Board for approval (subject to any actual or potential conflicts of interest restricting such circulation).

## **9. NOTICE AND FREQUENCY OF MEETINGS**

- 9.1 The Board should meet sufficiently regularly to discharge its duties effectively. The Board shall meet with such frequency and at such times as it may determine. It is expected that the Board shall meet at least six times per year. The Board shall meet separately from the board of directors of Santander UK Group Holdings plc at least twice a year.
- 9.2 Meetings of the Board shall be called by the Secretary at the request of any of its members. Unless otherwise agreed. Notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed and supporting papers, shall be forwarded to each member of the Board no later than five calendar days before the date of the meeting. These will be provided to all Directors whether or not they are able to attend the meeting.

## **10. ADVICE**

- 10.1 The Board may obtain any such information as it may from time to time require from any employee of the RFB Group in order to perform its duties and, at the RFB's expense, obtain outside legal or other professional advice on any matter within its responsibilities. The Board is also authorised to select, appoint and set the terms of appointment for any external advisers to the Board.

## **11. CHANGES TO THE TERMS OF REFERENCE**

- 11.1 These Terms of Reference shall be reviewed by the Board at least once a year. Changes to the Board's Terms of Reference must be approved by the Board.

## **12. Conflict matters:**

- 12.1 A conflict matter means any matter for decision where the interests of the RFB conflict or may conflict with any other member of the RFB's group (other than an RFB affiliate) in a way that could adversely affect:

- (1) the financial or non-financial resources of the RFB in a material way;
- (2) the sustainability of the RFB's business model;
- (3) the continuous provision in the United Kingdom of core services as defined in section 142C of the Financial Services and Markets Act 2000 (FSMA) or
- (4) the ability of the RFB to meet any ring-fencing provision as defined in section 142A(5) of FSMA.