

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

BOARD RESPONSIBLE BANKING COMMITTEE
(the “Committee”)

TERMS OF REFERENCE

Approved by the Board of Directors of Santander UK Plc (the “Board”) on 26 January 2022.

1. AUTHORITY

- 1.1 The Committee is a committee of the Board from which it derives its authority and to which it regularly reports¹.
- 1.2 The Committee may sub-delegate any of its responsibilities as it sees fit, including, without limitation, to a sub-committee established for a specific purpose or by delegating any authority to the Chair or any other member.
- 1.3 The Committee is concerned with the business of the RFB, its subsidiaries and subsidiary undertakings (together the “RFB Sub-group”) and has the authority to obtain such information as it may require from any Director, officer or employee of the RFB Sub-group or the Santander UK Group Holdings plc (the “HoldCo” and together with its subsidiaries and subsidiary undertakings “HoldCo” Group”).

2. PURPOSE

- 2.1 The purpose of the Committee is to assist the Board in its approach to its aspiration to be a responsible bank, including its approach to ESG matters and the RFB Sub-group’s Conduct and Compliance Risks, by making recommendations on, and monitoring the implementation of, the RFB Sub-group’s strategic ambition to be a sustainable, customer centric and responsible bank with particular reference to its key stakeholders including its customers, people, regulators and government, communities and the environment.

(“Conduct and Compliance Risks” refers to risks relating to Conduct, Compliance, Fraud, Reputation, Data Protection, Competition, Regulatory and certain Legal matters within the Risk Appetites and Risk Framework set by the Board.)

3. RESPONSIBILITIES

The responsibilities of the Committee are to:

3.1 Responsible banking design and assurance

- 3.1.1 review and agree the RFB Sub-group’s overall ambitions, objectives and framework to deliver its aspirations as a responsible bank including relating to:
 - (i) acting responsibly in the RFB Sub-group’s core business activities as they impact its key stakeholders, including customers, shareholders, colleagues, suppliers, the wider community and the environment and any other stakeholders the Committee considers relevant to its purpose.

¹ The Committee has delegated authority from the Board to undertake the role and responsibilities prescribed in these terms of reference.

- (ii) activities in the wider community that build on and support the long-term sustainability of the RFB Sub-group's core business and deliver its intention to act responsibly.
- 3.1.2 review the RFB Sub-group's progress against its responsible banking Key Performance Indicators ("KPIs") and related publicly stated targets, and its approach to annual reporting and assurance of responsible banking performance.
- 3.1.3 review, in co-ordination with the Board Risk Committee, as appropriate, the RFB Sub-group's responsible banking exposures to ensure risk exposures are fully considered and within risk appetite.
- 3.1.4 review the procedures in place to ensure that significant responsible banking-related regulation is identified and addressed, and assess the adequacy of the Group's response to, and reporting of, any breaches.
- 3.1.5 monitor emerging responsible banking-related issues that require board-level oversight and/or investor engagement and related tactical initiatives. Monitor how the RFB Sub-group's responsible banking activities are reflected in stakeholder measures of reputation and trust as a responsible business, and provide oversight of the development of the RFB Sub-group's internal and external responsible banking narrative.
- 3.1.6 report its conclusions and recommendations to the Board, escalating any issues as appropriate.

3.2 Customers

The Committee shall make recommendations to the Board, and oversee the implementation, in respect of the RFB Sub-group's Responsible Banking-related customer strategy, including customer outcomes. This includes to:

- 3.2.1 receive reports and updates as to the fair treatment of RFB Sub-group customers, including by reviewing and challenging management on key management information related to customer experience, customer journeys, service levels, complaints data, outcomes and remediation.
- 3.2.2 receive reports and updates as to the RFB Sub-group's delivery of its financial inclusion and vulnerable customer agendas.

3.3 People and culture

The Committee shall make recommendations to the Board, and oversee the embedding and monitoring, in respect of the people strategy and culture of the RFB Sub-group (excepting remuneration-related matters and Board and Executive Succession which are within the remit of other Board Committees). This includes to:

- 3.3.1 debate and recommend to the Board the RFB Sub-group's people strategy and culture.
- 3.3.2 oversee the implementation of the people strategy.
- 3.3.3 monitor the embedding of the RFB Sub-group's culture, including its purpose, values and behaviour.

- 3.3.4 scrutinise the results of any material thematic culture trend reviews, including identified cultural drivers at an organisational level and their associated action plans and changes in policy and working practices.
- 3.3.5 satisfy itself that colleagues are appropriately engaged, including by receiving reports on engagement with colleagues undertaken by the Senior Ring-Fencing Director (“SRD”).
- 3.3.6 satisfy itself that people-focused policies and practices (not related to pay) are consistent with the Company’s values and support its long-term sustainable success, including in relation to diversity, inclusion and wellbeing, and that these policies are being implemented and embedded appropriately.
- 3.3.7 satisfy itself that the colleagues are enabled to raise any matters of concern, including by receiving workforce feedback on engagement and culture.

3.4 Conduct and Compliance Risks

The Committee shall oversee Conduct and Compliance Risks on behalf of the Board. This includes to:

- 4.4.1 oversee Conduct and Compliance Risk including key emerging risk issues, lessons learned and anticipated risks. The Committee shall consider any significant actions in response to substantive regulatory developments and market developments as well as responses to consultations, market studies, thematic reviews and requests for input on Conduct and Compliance Risk matters, which may have a material impact on the RFB Sub-Group.
- 4.4.2 satisfy itself that adequate and effective control processes and policies are in place to manage and measure Conduct and Compliance Risks including customer outcomes.
- 4.4.3 receive updates on regulatory matters, including on engagement with regulators and government in relation to material regulatory developments or risk matters and regulatory consultations and calls for input relevant to the operation of the RFB sub-Group’s business.
- 4.4.4 receive updates on fraud-related risks including fraud transformation updates, prevention and detection MI and fraud related complaints.
- 4.4.5 review and consider Internal Audit Reports and Conduct Monitoring findings relevant to the responsibilities of the Committee, when considered necessary.
- 4.4.6 receive reports and updates from the Head of Investigations in relation to thematic findings in relation to internal investigations together with updates on developments in key internal investigations.

4.5 Reputation

The Committee shall oversee reputational and brand matters on behalf of the Board. This includes to:

- 4.5.1 receive updates on reputation and how this impacts the RFB Sub-group’s brand and market position.
- 4.5.2 receive reports on brand and reputation tracker metrics.

- 4.5.3 review the RFB Sub-group's reputational risk profile in line with the RFB Sub-group's risk appetite including consideration of emerging risks.
- 4.5.4 oversee the process for identifying, managing and overseeing reputational risk.
- 4.5.5 review and challenge Management actions to address any reputational risks identified.

4.6 Environment

The Committee shall oversee certain environmental matters on behalf of the Board, recognising the environmental risks are predominantly in the scope of the Board Risk Committee's Terms of Reference. This includes to:

- 4.6.1 debate, recommend to the Board and oversee the RFB Sub-group's approach to responding to global issues of environmental sustainability and climate change.
- 4.6.2 receive updates on progress towards achieving its climate strategy ambitions, including monitoring the development and implementation of the framework to align to the financial services sector's commitment to deliver net zero emissions by 2050, and to deliver any intermediate targets, consistent with that plan.
- 4.6.3 in co-ordination with the Board Risk Committee, assess the RFB Sub-group's exposure in managing risks from Climate Change and, where relevant, other environmental sustainability issues, as appropriate.

4.7 Communities

The Committee shall oversee communities and social mobility matters on behalf of the Board. This includes to:

- 4.7.1 Debate, recommend to the Board and oversee the implementation of the RFB Sub-group's Communities agenda, including in respect of any ambitions to partner with charitable or other not-for-profit organisations (including universities and the RFB's charitable foundation) and support social mobility.

4.8 Suppliers

The Committee shall oversee responsible banking-related supplier matters (other than those related to financial crime controls) on behalf of the Board. This includes to:

- 4.8.1 receive periodic updates on the health and effectiveness of supplier relations and related supplier topics.
- 4.8.2 oversee the design and effectiveness of policies and controls in place aimed at ensuring the RFB Sub-group partners only with ethical suppliers who, for example, comply with appropriate human rights standards and support the Real Living Wage.

4.9 Other responsible banking matters

- 3.6.1 review the RFB Sub-group's human rights and anti-modern slavery approach.
- 3.6.2 review material responsible banking-related business standards and policies, including those relating to operations, underwriting and investment.

4. MEMBERS

- 4.1 The Committee shall comprise at least two members, and all members shall be Independent Non-Executive Directors². At least one member shall be an RFB Double Independent³ Non-Executive Director.
- 4.2 Members of the Committee shall be appointed by the Board (upon the recommendation of the Board Nomination Committee) and in consultation with the Committee Chair.

5. ATTENDEES

- 5.1 Only members of the Committee have the right to attend Committee meetings. Standing attendees shall include the Board Chair, Chief Executive Officer, the Company Secretary, Chief Customer Officer (“CCO”) Everyday Banking, the CCO Homes, Head of Consumer Interaction, the Chief Legal and Regulatory Officer, the Chief Risk Officer, the Director of Corporate Communications and Responsible Banking, the Director of Conduct and Compliance (and / or their appointed nominees).
- 5.2 The Committee Chair retains the discretion to invite any other individual to attend for all or part of any meeting as presenter or observer (subject to any conflicts of interest).

6. CHAIR

- 6.1 Upon recommendation of the Board Nomination Committee, the Board shall appoint the Committee Chair who shall be an Independent Non-Executive Director. In the absence of the Committee Chair and / or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

7. QUORUM

- 7.1 The quorum necessary for the transaction of business shall be two members one of whom must be a Double Independent Non-Executive Director. A duly convened meeting of the Committee 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 Committee.
- 7.2 In the event that a consensus cannot be reached by the Committee, its members will have the right to escalate the decision directly to either the Board or the Board Chair.

8. SECRETARY

- 8.1 The Committee Secretary shall be a member of the Secretariat, as agreed with the Committee Chair.

9. MINUTES

- 9.1 The Committee Secretary shall minute the proceedings of the meeting, which shall be circulated promptly to all members of the Committee, once agreed by the

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

³ 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.

Committee Chair, and to all members of the Board (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 Responsible Banking Committee may be held concurrently where it is considered appropriate to do so but at least twice each year the Committee shall consider separately from the HoldCo Board Responsible Banking Committee matters specific to the RFB alone.
- 10.2 Meetings of the Committee shall be convened by the Committee Secretary at the request of the Committee Chair or any of its 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 and to other attendees as appropriate, at the same time.

11. ADVICE

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

12. GENERAL MATTERS

The Committee shall:

- 12.1 have access to sufficient resources to carry out its duties, including access to external advisers for assistance as required;
- 12.2 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;
- 12.3 give due consideration to laws, regulations and best practice, as appropriate;
- 12.4 oversee any investigation of business activities which are within its Terms of Reference;
- 12.5 ensure that a periodic evaluation of the Committee's own performance is carried out; and
- 12.6 in discharging its responsibilities, the Committee shall give due regard to 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 decisions, and the need to foster good relationships, demonstrate acts of fairness, maintain a reputation of high standards of business conduct and demonstrate mindfulness of environmental impacts.

13. REPORTING RESPONSIBILITIES

- 13.1 The Committee Chair (or their elected nominee) shall report formally to the Board on its proceedings after each meeting.
- 13.2 The Committee shall, where appropriate, make recommendations to the Board on any area within its remit.
- 13.3 As necessary, the Committee shall notify the Board Risk Committee of any material Conduct and Compliance Risk matters that may require consideration in relation to setting and reviewing the RFB Sub-group's Risk Appetite including oversight of remedial action where appropriate.
- 13.4 Provide advice to the Board Remuneration Committee on customer, people and culture targets and performance, advocating for the continued integration of sustainable targets within the incentive framework, as required.
- 13.5 Review external responsible banking-related reporting and disclosure, as required.
- 13.4 if requested to do so by the Board, the Committee shall produce a report to be included in RFB's Annual Report and Accounts, about its activities. The Committee shall also review the statements to be included in the risk management sections of RFB's Annual and Half Yearly Reports relating to Conduct and Compliance Risk and ESG matters, including any ESG supplement.

14. CHANGES TO THE TERMS OF REFERENCE

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