

**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 30 December 2019.

**1. AUTHORITY**

- 1.1 The Committee is a committee of the Board from which it derives its authority and to which it regularly reports.
- 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.
- 1.3 The Committee has authority to investigate any matter relating to the RFB, its subsidiaries and subsidiary undertakings (together the “RFB Sub-group”) within the scope of its Terms of Reference, and to obtain such information as it may require from any Director, officer or employee of the RFB Sub-group or the group headed by Santander UK Group Holdings plc (the “HoldCo Group”).

**2. SCOPE**

- 2.1 The Committee is concerned with the oversight of matters set out in Section 3 - Responsibilities, for the RFB Sub-group.

**3. RESPONSIBILITIES**

- 3.1 The purpose of the Committee is to consider, challenge and support actions being taken by Management to ensure that the business is run in a socially responsible way in the interests of the RFB’s stakeholders, including customers, employees, and communities; and to ensure the RFB’s long-term success.
- 3.2 The Committee shall consider Culture and Operational risks relating to Conduct, Compliance, Fraud, Reputation, Data Protection, Competition, Financial Crime and Legal matters (together, “Conduct and Compliance Risk”) within the Risk Appetites and Risk Framework set by the Board Risk Committee (“BRC”).
- 3.3 Conduct, culture and ethical standards:

The Committee shall:

- 3.3.1. Oversee Conduct and Compliance Risk including key emerging Conduct and Compliance Risk issues, lessons learned and anticipated risks. The Committee shall consider any actions in response to 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. All other aspects of Operational Risk will be overseen by the BRC;

- 3.3.2. Consider whether adequate and effective control processes and policies are in place to manage and measure Conduct and Compliance Risk, fair customer treatment, market abuse and customer outcomes;
- 3.3.3 Receive updates on financial crime compliance measures and risks including money laundering, fraud, bribery and corruption and sanctions compliance;
- 3.3.4 Oversee the culture strategy and review management efforts to embed and maintain the desired culture throughout the RFB in line with the purpose, vision, values and behaviours of the RFB;
- 3.3.5 Oversee thematic culture and conduct trend reviews, including the cultural drivers at an organisational level either identified by the Committee or escalated to it by management, other Board Committees, delegations from the Board or relevant industry bodies and their associated action plans, including changes in policy and working practices;
- 3.3.6 Oversee the operation of the engagement with the workforce mechanisms undertaken by the Senior Ring-Fencing Director (“SRD”).
- 3.3.7 Receive reports from the Chief Legal & Regulatory Officer on the adequacy and effectiveness of the compliance function and oversee the implementation of any necessary remedial action;
- 3.3.8 Review themes arising from customer complaints, whistleblowing and satisfaction metrics, including referrals to the Financial Ombudsman Service, relating to conduct, brand, reputation and culture;
- 3.3.9 Review people policies, codes of conduct and material RFB programmes of activity relating to the responsible treatment of employees including diversity, inclusion and wellbeing, as well as progress against any measurable objectives;
- 3.3.10 Review key themes arising from employee surveys, focus groups and people metrics against the impact on conduct, brand and culture; and
- 3.3.11 Review and consider Internal Audit Reports and Conduct Monitoring findings relevant to the responsibilities of the Committee, when considered necessary.

3.4 Reputation and Corporate and Social responsibility:

The Committee shall:

- 3.4.1 Receive updates on reputation and how this impacts its brand and market position;
- 3.4.2 Receive reports on brand and reputation tracker metrics;
- 3.4.3 Consider the adequacy and effectiveness of Management’s control processes by which reputational risks are identified and managed; and receive reports on key decisions or key events that may give rise to Reputational Risk; and
- 3.4.4 Review the Corporate Social Responsibility Programme and consider its impact on employees, communities, the environment, including Sustainability and climate change, reputation, brand and market positioning.

3.5 Other Matters:

The Committee shall:

- 3.5.1 Have access to sufficient resources to carry out its duties, including access to external advisers for assistance as required;
- 3.5.2 Give due consideration to laws and regulations, as appropriate;
- 3.5.3 Participate in reviews of its performance to ensure it is operating effectively and recommend any changes it considers necessary for approval by the RFB Board; and
- 3.5.4 In the event that any matter falls within the remit of the Committee and another Board Committee, the Committee Chairs shall agree the most appropriate Committee to consider the matter, which shall address all aspects of the matter.

#### **4. MEMBERS**

- 4.1 The Committee shall be made up of at least two members, and all members shall be Independent Non-Executive Directors<sup>1</sup>. At least one member shall be an RFB Double Independent<sup>2</sup> 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 of the Committee shall include the Board Chair, Chief Executive Officer, the Company Secretary, the Head of Retail Banking, the Chief Legal and Regulatory Officer, the Chief Risk Officer, the Director of Corporate Communications, the Director of Conduct and Compliance (and / or their appointed nominees).
- 5.2 The Committee Chair has 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.

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<sup>1</sup> INED has the meaning set out at section D.2.(ii) (B) of the UK Group Framework dated 5 December 2019.

<sup>2</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.

## **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 Committee Chair, and to all members of the Board (subject to any actual or potential conflicts of interest, restricting 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.
- 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, no later than five calendar 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. REPORTING RESPONSIBILITIES**

- 12.1 The Committee Chair or their elected nominee shall report formally to the Board on its proceedings after each meeting.
- 12.2 The Committee shall, where appropriate, make recommendations to the Board that it deems appropriate on any area within its remit.
- 12.3 As necessary, the Committee shall notify the BRC of any material Conduct and Compliance Risk matters that may require consideration in relation to setting and reviewing the RFB Group's Risk Appetite including oversight of remedial action where appropriate.
- 12.4 The Committee shall produce a report to be included in HoldCo's Annual Report and Accounts, about its activities. The Committee shall also review the statements to be included in the risk management sections of HoldCo's Annual and Half Yearly Reports relating to Conduct and Compliance Risk.
- 12.5 The Committee shall work and liaise as necessary with the other Board Committees.

**13. CHANGES TO THE TERMS OF REFERENCE**

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