

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

**BOARD RESPONSIBLE BANKING 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 assist the Board in its approach to the RFB Sub-group<sup>1</sup> being a responsible bank, including its approach to ESG matters and the Conduct and Regulatory Risks<sup>2</sup>. The Committee shall make recommendations on, and monitor the implementation of, the RFB Sub-group’s strategic ambition to be a sustainable, customer centric and responsible bank (referred to as “**Responsible Banking**” or being a “**Responsible Bank**”) with particular reference to its key stakeholders including its customers, employees, regulators and government, communities and the environment.

**2. RESPONSIBILITIES**

The responsibilities of the Committee are to:

2.1. Responsible Banking Design and Assurance

- 2.1.1. 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, investors, employees, suppliers, the wider community and the environment and any other stakeholders the Committee considers relevant to its purpose; and
- 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.

- 2.1.2. Review the RFB Sub-group’s progress against its responsible banking Key Performance Indicators (“**KPIs**”) and related publicly stated targets, and its approach to reporting and assurance of responsible banking performance.

- 2.1.3. 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.

- 2.1.4. Review the controls in place to ensure that significant responsible banking-related regulation is identified and addressed, and assess the adequacy of the RFB Sub-group’s response to, and reporting of, any breaches.

- 2.1.5. Monitor emerging responsible banking-related issues that require board-level oversight and/or investor engagement and related tactical initiatives.

- 2.1.6. 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.

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<sup>1</sup> Comprising the RFB and its subsidiaries and subsidiary undertakings.

<sup>2</sup> Conduct and Regulatory Risks refers to risks relating to Conduct, Fraud, Reputation, Data Protection, Competition, Regulatory and certain Legal matters within the Risk Appetites and Risk Framework set by the Board.

2.1.7. report its conclusions and recommendations to the Board, escalating any issues as appropriate.

## 2.2. Customers

2.2.1. 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 the delivery of good customer outcomes and, in particular, in line with the Consumer Duty (the "**Duty**"), product and service design and distribution, fair value, consumer understanding, consumer support, outcomes monitoring and embedding of the Duty via governance. This includes seeking assurance as to:

- i) the outcomes which RFB Sub-group customers are experiencing, including by reviewing and challenging management on key management information related to customer experience, customer feedback and behaviour, customer outcome testing, customer journeys, service levels, complaints data, fair value, business persistence, colleague conduct insight and remediation; and
- ii) the RFB Sub-group's delivery of its financial inclusion and vulnerable customer responsibilities.

## 2.3. People and Culture

2.3.1. 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:

- i) Debating, recommending to the Board and overseeing the delivery of the RFB Sub-group's people strategy (including Employee Value Proposition ("**EVP**")) and culture with a view to ensuring that the desired culture is inclusive, safe, customer-centric, and aligned with the Consumer Duty;
- ii) overseeing the implementation of the people strategy and EVP;
- iii) monitoring the embedding of the RFB Sub-group's culture, including its purpose, values and desired behaviours and monitoring that the culture is effective in ensuring that the workforce is sufficiently focused on the delivery of good customer outcomes.
- iv) Monitoring workforce engagement and whether the workforce is able to speak up and raise any matters of concern, including by receiving workforce feedback on engagement and culture;
- v) scrutinising the results of any material thematic people and culture trend reviews (including pay gap analyses), and overseeing the delivery of any required action plans and changes in policy and working practices;
- vi) receiving reports on engagement with employees undertaken by the designated Employee Non-executive Director;
- vii) review people-focused policies and practices (not related to pay), including through a lens of ensuring that they are consistent with the Company's values and desired culture and support its long-term sustainable success, including in relation to diversity, inclusion, social mobility and wellbeing, and that these policies are being implemented and embedded appropriately; and
- viii) providing advice to the Board Remuneration Committee on customer, people and culture targets and performance, advocating for the continued integration of robust environmental, social and governance targets within the incentive framework, as required.

## 2.4. Conduct and Regulatory Risks

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

- i) overseeing Conduct and Regulatory Risk including key emerging risk issues, root causes, lessons learned and foreseeable 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 Regulatory Risk matters, which may have a material impact on the RFB Sub-Group;
- ii) monitor that adequate and effective control processes and policies are in place to manage and measure Conduct and Regulatory Risks including risks to the delivery of good customer outcomes and in particular, in line with the Consumer Duty, product and service design and distribution, fair value, consumer understanding, consumer support, outcomes monitoring and embedding of the Duty via governance;
- iii) approving the RFB Compliance Programme and Compliance Monitoring Plan;
- iv) receiving updates on regulatory matters, including on engagement with regulators and government in relation to material regulatory or policy consultations and developments, risk matters and calls for input relevant to the operation of the RFB sub-Group's business;
- v) receiving updates on fraud-related risks and their impact, including the steps being taken to mitigate the impact on the RFB-Subgroup and its customers;
- vi) considering Internal Audit Reports, Employee Conduct Monitoring and Compliance Monitoring findings, and associated action plan delivery, relevant to the responsibilities of the Committee, when considered necessary;
- vii) receiving reports and updates on thematic findings in relation to internal investigations, together with updates on developments in key internal investigations; and
- viii) as necessary, notifying the Board Risk Committee of any material Conduct and Regulatory 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.

## 2.5. Reputation

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

- i) receiving updates on reputation and how this impacts the RFB Sub-group's brand and market position;
- ii) receiving reports on brand and reputation;
- iii) reviewing the RFB Sub-group's reputational risk profile in line with the RFB Sub-group's risk appetite including consideration of emerging risks;
- iv) overseeing the process for identifying, managing and overseeing reputational risk; and
- v) reviewing and challenging Management actions to address any reputational risks identified.

## 2.6. Environment

2.6.1. 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:

- i) debating, recommending to the Board and overseeing the RFB Sub-group's approach to responding to global and national issues of environmental sustainability and climate change;
- ii) receiving 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; and
- iii) in co-ordination with the Board Risk Committee, assessing the RFB Sub-group's exposure in managing risks from Climate Change and, where relevant, other environmental sustainability issues, as appropriate.

## 2.7. Communities and social impact

2.7.1. The Committee shall oversee community and social impact matters on behalf of the Board. This includes to debating, recommending to the Board and overseeing the implementation of the RFB Sub-group's communities and social impact ambitions, including in respect of education and skills and any ambitions to partner with charitable or other not-for-profit organisations (including universities and the RFB's charitable foundation) and support social mobility.

## 2.8. Suppliers

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

- i) receiving periodic updates on the health and effectiveness of supplier relations and related supplier topics; and
- ii) overseeing 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.

## 2.9. Other Responsible Banking Matters

2.9.1. Review the RFB Sub-group's human rights and anti-modern slavery approach.

2.9.2. Review and, where appropriate, approve, material responsible banking-related business standards and policies, including those relating to operations, underwriting and investment.

2.9.3. Review and approve, external responsible banking-related reporting and disclosures, as required.

2.9.4. Review the statements to be included in the risk management sections of RFB's Annual and Half Yearly Reports relating to Conduct and Regulatory Risk and ESG matters, including any ESG supplement.

### **3. MEMBERS**

- 3.1. The Committee shall comprise at least two members, all of whom shall be Independent Non-Executive Directors,<sup>3</sup> and at least one of whom shall be a designated PRA senior management function holder for the RFB<sup>4</sup>.
- 3.2. Members of the Committee shall be appointed by the Board upon the recommendation of the Board Nomination and Governance Committee and in consultation with the Committee Chair.

### **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. Standing attendees shall be the Board Chair, Chief Executive Officer, Company Secretary, Chief Executive Officer, Retail and Business Banking, Chief Compliance Officer, Chief Risk Officer, Director of Communications and Responsible Banking, Chief People Officer and Chief Internal Auditor.
- 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 interest).

### **5. CHAIR**

- 5.1. Upon the recommendation of the Board Nomination and Governance Committee, the Board shall appoint the Committee Chair who shall be an Independent Non-Executive Director.
- 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 themselves to chair the meeting.

### **6. QUORUM**

- 6.1. 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 shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

### **7. AUTHORITY**

- 7.1. The Committee is a committee of the Board from which it derives its authority and to which it regularly reports<sup>5</sup>.
- 7.2. 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 authority to the Chair or any other member.
- 7.3. The Committee is concerned with the business of 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 Santander UK Group Holdings plc (the “**HoldCo**”) and its subsidiaries and subsidiary undertakings (together the “**HoldCo Group**”).

### **8. SECRETARY**

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<sup>3</sup> Independent Non-Executive Director (“**INED**”) has the meaning set out at section D.2.(ii) (B) of the Santander UK Group Framework.

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.

<sup>5</sup> 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 Responsible Banking 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 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 HoldCo 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**

- 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 consideration to relevant legislation, regulation, 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 shareholder, whilst having due regard to its wider stakeholder group (including employees, regulators, communities, customers, other investors 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 demonstrate mindfulness of environmental impacts.

12.1.7. Work and liaise as necessary with all other committees of the Board. Where there is perceived overlap of responsibilities, the respective committee chairs shall have discretion to agree 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 its 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. The Terms of Reference shall be reviewed annually by the Committee and any proposed amendments will be recommended to the Board for approval.