

SHAWBROOK GROUP PLC

NOMINATION COMMITTEE TERMS OF REFERENCE

The following are the terms of reference of the Nomination Committee (the “**Nomination Committee**”) of Shawbrook Group plc (the “**Company**”) and its subsidiaries (together, the “**Group**”).

1. Membership

- 1.1 Members of the Nomination Committee shall be appointed by the board of directors of the Company (the “**Board**”) and shall comprise at least three members.
- 1.2 A majority of the members of the Nomination Committee shall be independent non-executive directors.
- 1.3 The Institutional Directors shall be members of the Committee.
- 1.4 The Board shall appoint the chairman of the Nomination Committee (the “**Chairman**”) who shall be either the chairman of the Board or an independent non-executive director. The Chairman of the Nomination Committee is a Senior Manager Function (SMF13) and appropriate regulatory approval must be obtained before starting the role. In the absence of the Chairman, the remaining members present shall elect one member to chair the meeting. The chairman of the Board shall not chair the Nomination Committee when it is dealing with the matter of succession to the chairmanship.
- 1.5 Appointments to the Nomination Committee shall be for a period of up to three years, which may be extended by no more than two additional three year periods, so long as the director still meets the criteria for membership of the Nomination Committee.
- 1.6 The company secretary (or his or her nominee) shall act as the secretary of the Nomination Committee (the “**Secretary**”) and will ensure that the Nomination Committee receives information and papers in a timely manner to enable full and proper consideration of the issues.

2. Quorum

- 2.1 The quorum necessary for the transaction of business shall be two members of the Nomination Committee, one of whom must be an independent non-executive director.
- 2.2 A duly convened and quorate meeting of the Nomination Committee shall be competent to exercise any or all of the authorities, powers and discretions vested in or exercisable by the Nomination Committee.

3. Frequency of meetings

The Nomination Committee shall meet at least four times a year and at such other times as required. Meetings may be convened by telephone when necessary.

4. Notice of meetings

4.1 Meetings of the Nomination Committee shall be called by the Secretary at the request of the Chairman.

4.2 Unless otherwise agreed, notice of each meeting confirming the venue, date and time, together with an agenda of items to be discussed and supporting papers, shall be forwarded to each member of the Nomination Committee no later than ten business days prior to the meeting, and to other attendees as appropriate, no later than five working days before the date of the meeting. The notice period for a meeting may be reduced to consider urgent business on receipt of written shareholder consent. In these cases 24 hours' notice will be provided with an accompanying agenda and papers for the meeting.

5. Proceedings of the Nomination Committee

5.1 Only Nomination Committee members have the right to attend Nomination Committee meetings. However, the Nomination Committee may invite any directors or other executives of the Company, including the Chief Executive Officer, the Human Resources Director or any external professional advisers, to attend all or part of any meeting as and when appropriate and necessary.

5.2 An executive will not attend when his or her own nomination is being discussed.

6. Minutes of meetings

6.1 The Secretary shall minute the proceedings and decisions of all Committee meetings and record the names of those present and in attendance. Any members with conflicts of interest should declare these at the start of the meeting and the Secretary shall note them for the minutes.

7. Minutes of Nomination Committee meetings shall, once approved made available to all other members of the Board unless it would be inappropriate to do so in the opinion of the Chairman.

8. Annual general meeting

8.1 The Chairman shall attend the annual general meeting of the Company prepared to respond to any shareholder questions on the Nomination Committee's activities and responsibilities.

9. Authority

9.1 The Committee shall act within the authority delegated to it by the Board and under the terms of the Framework Agreement. In the case of a conflict, the terms of the Framework Agreement shall prevail.

9.2 The Nomination Committee is authorised by the Board to:

- (A) undertake any activity within its terms of reference;
- (B) seek any information that it requires from any Group employee or contractor in order to perform its duties;
- (C) obtain, at the Company's expense, external legal or other professional advice on any matters within its terms of reference and to invite those persons to attend meetings of the Nomination Committee; and
- (D) call any Group employee or contractor to be questioned at a meeting of the Nomination Committee, as and when required.

10. Responsibilities

10.1 The Nomination Committee shall:

- (A) regularly review the structure, size and composition (including the skills, knowledge, independence, experience and diversity) required of the Board compared with its current position and make recommendations to the Board with regard to any changes;
- (B) agree a Gender representation for the Board and a policy to implement this.
- (C) give full consideration to succession planning for directors and other senior executives in the course of the work of the Nomination Committee, taking into account the challenges and opportunities facing the Company, and the skills and expertise that will, therefore, be needed on the Board in the future;
- (D) keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
- (E) work and liaise as necessary with all other Board committees;
- (F) ensure Board decision making is not dominated by one Director or a small group of individuals to the detriment of the Bank; and
- (G) Periodically review the Bank's Senior Managers and Certification Regime Recruitment Policy and be responsible for identifying and

nominating for the approval of the Board, candidates to fill board vacancies as and when they arise.

- (H) Oversee the recruitment of new Board and Senior Manager Function holders in accordance with the Bank's Senior Manager and Certification Regime Recruitment Policy.
- 10.2 The Nomination Committee will take into account the provisions of the UK Corporate Governance Code (the "**Code**") and any regulatory requirements that are applicable to the Company.
- 10.3 Prior to any Board or Senior Manager Function appointment, the Nomination Committee will evaluate the balance of skills, knowledge, competencies and experience and, in light of this evaluation, prepare a description of the role and capabilities required for a particular appointment (including a Statement of Responsibilities for Senior Management Function holders). This will also take into consideration the CEO's requirements for the allocation of Senior Manager Functions and prescribed responsibilities plus the use of any approval conditions. This includes for the appointment of a chairman of the Board, an assessment of the time commitment expected, recognising the need for availability in the event of crises – a proposed Chairman's other significant commitments should be disclosed to the Board before appointment and any changes to the Chairman's commitments should be reported to the Board as they arise.
- 10.4 The Nomination Committee shall keep under review the leadership needs of the organisation, both executive and non-executive, to ensure the continued ability of the organisation to compete effectively in the marketplace.
- 10.5 The Nomination Committee will review the time required from directors annually. Performance evaluation is used to assess whether the directors are spending enough time to fulfil their duties and meeting the requirements of the Conduct Rules and any prescribed responsibilities they have been allocated.
- 10.6 The Nomination Committee shall, before the appointment of a director, require the proposed appointee to disclose any other business interests that may result in a conflict of interest and require him/her to report any future business interests that could result in a conflict of interest. The Nomination Committee shall decide whether any conflicts of interest preclude the proposed appointment.
- 10.7 Once the preferred Director candidate has indicated that they accept the offer, the Nomination Committee will seek to obtain a Board recommendation for Parent approval to appoint the candidate as a Director. In the case of a Senior Management Function holder who is not a Director, the Nomination Committee shall decide itself. Any appointment will be subject to FCA/PRA approval with the exception of Notified Non-Executive Director appointments. A proposed non-executive director's other significant commitments should be disclosed and approved by the Board before appointment, with a broad indication of the time

involved, and the Board should be informed of subsequent changes as they arise.

- 10.8 Once Board and Parent approval (where applicable) has been obtained the Nomination Committee will instruct the Company's Human Resources Department to issue a service contract (in the case of Executive Directors or Non-Board Senior Manager Function holders) and formal letter of appointment (in the case of non-Executive Directors) setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside Board meetings for review by the candidate. The service contract or letter of appointment will make clear that the offer is subject to FCA/PRA approval (the exception being Notified Non-Executive Directors for whom only FCA/PRA notification is required). Any questions/negotiations on the drafting of the service contract or letter of appointment will be forwarded to the Nomination Committee for instruction.
- 10.9 For Board appointments, the letter of appointment or service contract should be signed, on behalf of the Bank, by any independent Non-Executive member of the Nomination Committee. Appointments should only take effect once any required FCA/PRA approval is obtained.
- 10.10 As soon as is reasonably practicable after joining the Board, the Nomination Committee will ensure that the new Director undertakes a comprehensive and tailored induction programme in accordance with the Senior Manager Training and Competency Scheme.
- 10.11 Following their appointment, the Nomination Committee will ensure that the terms and conditions of the appointment of a non-executive director shall be made available for inspection at the Company's offices during normal business hours and at the Company's annual general meeting.
- 10.12 The Nomination Committee shall also make recommendations to the Board concerning:
 - (A) formulating plans for succession for both executive and non-executive directors and in particular for the key role of the chairman of the Board and the Chief Executive Officer;
 - (B) suitable candidates for the role of senior independent director;
 - (C) membership of the Audit Committee, the Remuneration Committee and any other Board committees as appropriate, in consultation with the chairmen of those committees;
 - (D) the re-appointment of any non-executive director at the conclusion of their specified term of office having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills, independence, experience and diversity required;

- (E) the re-election by shareholders of any director under the annual re-election provisions of the Code having due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills, independence, experience and diversity required and the need for progressive refreshing of the Board (particularly in relation to directors being re-elected for a term beyond six years);
- (F) any matters relating to the continuation in office of any director at any time including the suspension or termination of service of an executive director as an employee of the Company subject to the provisions of the law and their service contract. In relation to the Compliance Officer and Chief Risk Officer, any action must be approved by the majority of the Board's non-executive directors; and
- (G) the appointment of any director to executive or other office.

10.13 The Nomination Committee shall ensure that the evaluation of the Board is externally facilitated at least every three years, and shall review the results of the Board performance evaluation process that relate to the composition of the Board. The external facilitator shall be identified in the annual report and a statement made confirming whether the external facilitator has any other connections with the Group.

11. Reporting responsibilities

- 11.1 The Chairman shall report formally to the Board on its proceedings after each meeting of the Nomination Committee on all matters within its duties and responsibilities.
- 11.2 The Nomination Committee shall make whatever recommendation to the Board it deems appropriate on any area within its remit where action or improvement is needed. Any recommendation of the Nomination Committee shall take effect only if approved by the Board.
- 11.3 The Nomination Committee shall produce a report to be included in the Company's annual report about its activities, the process used to make appointments and an explanation of whether external advice or open advertising has been used. Where an external search agency has been used, it shall be identified in the annual report and a statement made confirming whether it has any connection with the Company.
- 11.4 The report referred to in paragraph 11.3 above should include a statement of the Board's policy on diversity, including gender diversity, any measurable objectives that it has set for implementing the policy and progress on achieving the objectives.

12. Other matters

- 12.1 The Committee shall:

- (A) have access to sufficient resources to carry out its duties, including access to the company secretariat for assistance as required;
- (B) 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;
- (C) give due consideration to laws and regulations, the provisions of the Prudential Regulation Authority's Rulebook and the Financial Conduct Authority's Handbook, the provisions of the Code and the requirements of the UK Listing Authority's Listing Rules and Disclosure and Transparency Rules and any other applicable rules, as appropriate;
- (D) have regard to regulatory requirements including any applicable rules and guidance issued by regulatory bodies;
- (E) oversee any investigation of activities which are within its terms of reference; and
- (F) arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

These terms of reference were reviewed and approved by the Board on 4 September 2018