

SHAWBROOK GROUP PLC

NOMINATION AND GOVERNANCE COMMITTEE TERMS OF REFERENCE

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

1. Chair

- 1.1 The Chairman of the board of the Company.
- 1.2 In the absence of the Committee Chair the remaining members present shall elect one of themselves to chair the meeting.

2. Membership

- 2.1 Members of the Committee shall be appointed by the board of Directors of the Company (the “**Board**”), subject to the Framework Agreement¹ and shall comprise at least three independent members (the “**Members**”).
- 2.2 The Institutional Directors shall be Members of the Committee.
- 2.3 The Board shall appoint the chairman of the Committee (the “**Chairman**”) who shall be either the chairman of the Board or an independent Non-Executive Director. The Chairman of the Committee is a Senior Manager Function (SMF13) and appropriate regulatory approval must be obtained before appointment.

3. In Attendance (if applicable)

Only Members of the Committee have the right to attend Committee meetings. However, the Committee may at its discretion invite other individuals to attend meetings. In particular, the Chief Executive Officer and the Human Resources Director are usually invited to attend.

4. Quorum

- 4.1 Any two Members, one of whom must be an independent Non-Executive Director.
- 4.2 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.

¹ In the case of a conflict, the terms of the Framework Agreement shall prevail.

5. Frequency of meetings

The Committee shall meet at least four times a year and at such other times as required. Meetings may be convened by telephone or other electronic means (as agreed) when necessary.

6. Secretary

The Company Secretary, or their nominee, shall act as Secretary of the Committee unless the Committee determines otherwise and shall attend each meeting.

7. Notice of meetings

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 Committee no later than five business days prior to 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.

8. Main Responsibilities

The Committee will be responsible for the following:

- 8.1 Keeping the composition of the Board and its Committees under review, leading the process for appointments to the Board and making recommendations to the Board.
- 8.2 Overseeing executive succession planning at a high level to ensure the development of a diverse Senior Management talent pipeline appropriate to the Group's purpose, strategy and culture.
- 8.3 Periodically review the Group's Senior Managers and Certification Regime Recruitment Policy and be responsible for identifying and nominating for the approval of the Board, candidates to fill Senior Management Function vacancies as and when they arise.
- 8.4 Overseeing and monitoring the corporate governance framework of the Group and making recommendations to the Board to ensure that the framework is consistent with best corporate governance standards and practices.
- 8.5 Keep under review the Company's compliance with the UK Corporate Governance Code and recommend to the Board any changes to the Company' corporate governance practices that the Committee considers necessary or desirable.

- 8.6 Monitoring emerging trends in, and consultations on, corporate governance matters, considering their potential effect on the Group's governance arrangements and recommending any relevant changes to the Board as appropriate.
- 8.7 Reviewing and monitoring the Group's approach to subsidiary governance.
- 8.8 Review the time required from Directors annually. Performance evaluations should be used to assess whether the Directors are spending enough time to fulfil their duties.
- 8.9 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 them to report any future business interests that could result in a conflict of interest. The Committee shall decide whether any conflicts of interest preclude the proposed appointment.
- 8.10 Once the preferred Director candidate has indicated that they accept the offer, the Committee will seek to obtain a Board recommendation for Parent approval to appoint the candidate. In the case of a Senior Management Function holder who is not a Director, the Committee shall decide itself. Any appointment will be subject to FCA/PRA approval except for 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.
- 8.11 Once Board and Parent approval (where applicable) has been obtained the 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).
- 8.12 For Board appointments, the letter of appointment or service contract should be signed, on behalf of the Group, by any independent Non-Executive member of the Committee. Appointments should only take effect once any required FCA/PRA approval is obtained.
- 8.13 As soon as is reasonably practicable, the Committee will ensure that the new Director undertakes a comprehensive and tailored induction programme in accordance with the Senior Manager Training and Competency Scheme.
- 8.14 The 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 Chairs 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 UK Corporate Governance Code 2018 (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 a majority of the Board’s Non-Executive Directors; and
- (G) the appointment of any Director to Executive or other office.

9. Governance and Resources

The Committee shall:

- 9.1 have access to sufficient resources to carry out its duties, including access to the Company Secretariat for assistance as required;
- 9.2 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;
- 9.3 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 (in respect of the Company’s listed debt) and any other applicable rules, as appropriate;

- 9.4 oversee any investigation of activities which are within its terms of reference; and
- 9.5 arrange for periodic reviews of its own performance and, annually, review its terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

The Committee is authorised by the Board (subject to the terms of the Framework Agreement) to:

- 9.6 select external consultants to assist the Committee in discharging any of its responsibilities including, but not limited to, searching for candidates for appointment to the Board and Senior Management.
- 9.7 seek any information that it requires from any Group employee or contractor in order to perform its duties;
- 9.8 obtain, at the Company's expense, external legal or other professional advice on any matters within its terms of reference; and
- 9.9 have the right to publish in the Company's Annual Report and Accounts, details of any issues that cannot be resolved between the Committee and the Board.

10. Reporting

The Committee's duties and activities during the year shall be disclosed in the Annual Report and Accounts. The relevant report should include:

- 10.1 the process the Committee has used in relation to Board appointments, its approach to succession planning and how these supports a developing and diverse pipeline;
- 10.2 how the Board evaluation has been conducted, the nature and extent of an external evaluator's contact with the Board and individual Directors (if appropriate), the outcomes and actions taken, and how it has or will influence Board composition.
- 10.3 the gender balance of those in Senior Management and their direct reports;
- 10.4 a statement of the Board's policy on diversity and inclusion, its objectives and linkage to company strategy, how it has been implemented and progress of achieving the objectives including gender diversity, any measurable objectives that it has set for implementing the policy and progress on achieving the objectives;
- 10.5 all other information requirements set out in the legislation, regulation or the Code

The Committee shall make its terms of reference available on the Group's website.

The Committee Chair shall report formally to the Board on its proceedings after each meeting.

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

These terms of reference were reviewed and approved by the Board on 12 May 2020