



SANTANDER UK Product Initiative Approval Policy

May 2015

Policy Owner	Steve Pateman	Approved by	Product Approval and Oversight Committee
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1. Introduction

1.1 Policy Statement

The Product Initiative Approval Policy (the "Policy") of Santander UK plc (the "Company") is a mandatory policy which sets out the procedures which must be followed in a consistent manner before a product or service initiative is launched or changed by the Company and its subsidiaries.

This is to ensure that the key risks associated with the introduction of new product or service initiatives or changes are identified, fully considered and addressed in a controlled manner prior to its launch.

1.2 Purpose

The Policy has been established with the objective to minimise the Group's exposure to conduct, legal, regulatory, or reputational risks in the design, marketing, sales and service of new products and services, as defined within section 2 of Santander UK's Conduct Risk Framework.

It is the responsibility of the Head of each Division and where appropriate Global Businesses to ensure that there are clear and documented procedures and roles and responsibilities for their respective businesses in compliance with the Policy.

It is a mandatory requirement that each Division has a nominated representative who assists each Divisional Head with compliance with the Policy.

1.3 Who does it apply to

The Policy applies to;

- i) Santander UK, its subsidiaries and its Global Businesses, i.e. Santander Insurance UK, Santander Consumer Finance, Santander Asset Management¹, Cater Allen, ANTS and Offshore entities (Jersey and the Isle of Man).
- ii) All Employees of any entity within paragraph 1.3(i).

It should be noted that Global Businesses are required to follow their own defined group reporting and approval requirements which are separate to the requirements detailed within this Policy.

It is important to note that Santander UK Global Businesses are part of the Legal structure of the Company and, therefore, are required to adhere to the Company's Governance, policies and procedures.

Product Office oversees the process for Retail and SCCB and SGBM UK Governance and Control (SGBM UK G&C) oversees the process for Wholesale. Process documents that support this Policy can be found on the SharePoint sites of Product Office and SBGM UKG&C.

1.4 What does the Policy apply to

The Policy applies to all new products and services, changes to existing products (including extensions and modifications), campaigns, and process & service changes, see section 2.1 for full details of coverage.

Where a pilot relating to any of those listed in section 2.1 is proposed as a test and learn concept, the pilot will be subject to the Policy, including products/services through a Third Party.

¹ Where this has an impact on Santander UK customers

The level of governance applied to product or service initiatives will differ depending on the extent and impact of the changes proposed.

In addition this Policy applies to the re-launch of any product that has previously been withdrawn or suspended from sale as described within section 2.1

Where there is any doubt as to whether an initiative described above is covered by the Policy, the initiative should be referred to the Product Office (for Retail and SCCB) or SGBM UK G&C (for Wholesale) for consideration and confirmation of whether it is covered under the Policy.

Whilst there are currently no regulatory rules on Product Governance, this Policy should also be considered in conjunction with:

- FCA (Financial Conduct Authority) papers on Product Design and Conduct Risk including the Business Plan and Risk Outlook;
- the European Banking Authority Guidelines on Internal Governance;
- and publications by the Competition and Markets Authority, which detail the direction and view being taken by the regulator and other bodies regarding the principles of Product Governance.

The consequences of failure to comply with these principles could be far reaching for the Company including poor outcomes for consumers, significant reputational damage, as well as action being taken by the regulator against the Company including enforcement action and significant fines.

1.5 Policy Governance - Approval and Review Frequency

The overarching Policy is Santander Circular C002-2011: Process for the Approval of Products or Services in Santander Group which applies to all Santander products. Each Divisional Product & Initiative Process must conform to this Policy. All previous versions of this Policy are superseded by this Policy.

The owner of the Policy is the Executive Director, Head of UK Banking. The Policy is maintained by the Product Office within UK Banking Operations & Control and will be reviewed and approved at least annually via the Product Approval and Oversight Committee.

Any 'material' change will need to be signed off by the Product Approval and Oversight Committee. Any 'non-material' changes can be signed off by the Managing Director, UK Banking Operations & Control. A 'material' change is a change that will fundamentally alter the spirit of the Policy; a 'non-material' change will have no impact on the overall context of the policy.

1.6 What is it addressing

This Policy is aligned with the overall Risk and Policy Frameworks and achieves the five specific minimum standards set out in the Policy Framework as follows:

- **Comprehensive:**
 - Conduct Risk, Legal Risk, Regulatory Risk, and/or Reputational Risks in the marketing, sales and service of new products and services
- **Communicated:**
 - The Policy is available on the PIAP SharePoint site and any updates will be communicated to Initiative Areas (Product Marketing, T&O, and Change Teams etc.) and Stakeholder areas via email.
- **Understood, Complied with & Effective**
 - If any initiatives do not comply with the Policy and are launched without the appropriate governance they are recorded as breaches and these are shared with Product Approval and Oversight Committee.

- This Policy is supported by process documents which details the process for all entities outlined in section 1.3. There are different documents covering Retail/SCCB and Wholesale and these can be found on the respective SharePoint sites of Product Office and SGBM UK Governance and Control.

2. Policy Details

2.1 Definitions

a) A product, service or activity is considered new if it meets the following criteria:

- It has never been offered by Santander UK, or
- It has never been offered by any Santander Group entity, or
- It has been offered to a customer segment that is different to the one proposed (particularly where the proposed segment is of a lower sophistication than the one the product is currently offered to), or
- Its way of operating has changed significantly, or the intention is to market it under circumstances that are significantly different from those in force when it was approved (including products, services and activities undertaken by Third Parties), or
- It contains several instruments, one of which could be considered as new, or
- A service introduced that involves a referral by Santander to a Third Party, for the Third Party to provide a service and or product to Santander UK customers (see process documents for further details of Third Party requirements), or
- A product that has previously been withdrawn (see process documents for further details of product withdrawals) or
- Stale approvals where a product has been previously approved and its launch date has lapsed will need to be reviewed by Product Office/SGBM UK G&C to determine whether the initiative will need to go back through the governance process, or
- New Santander Global Business Markets or Asset and Liability Committee activities that change the risk profile of Santander UK (e.g. market trading activities or new products or services that require the establishment of new processes for operational, legal, compliance etc)
- Any new plan or process proposed in order to achieve a particular financial or commercial objective. This can include, but is not limited to, the set-up of new structured note, any extension or modification of a treasury product offered to a non MRG (Global Customer) should be considered as a new product including change of purpose, term and index.

b) A change to an existing product or service:

Any permanent change to the existing characteristics of the current product or service or any change to the product eligibility criteria especially if this increases the conduct, legal, regulatory or reputational risk.

In relation to Retail/SCCB, pricing changes which are presented to the UK Pricing Committee for approval, do not fall in scope of this Policy, unless escalated by the UK Pricing Committee where they have identified conduct related risks.

c) Campaign:

A period of time where additional focus, advertising, customer or staff incentives are introduced to increase the level of sales made in a particular product at any one time, or encourage a different customer behaviour than the one the product was originally targeted at. This may include changing a characteristic of the current on sale product temporarily in order to achieve this, or changing an existing process to support an increase in sales volume.

d) Significant Process or Service Change:

A change in the way the sale of the product is made to the consumer or a change in the way in which the product has previously been administered, impacting and/or increasing the level of conduct, legal, regulatory & reputational risks. For example:

- A change to the sales process itself or the system used to make the sale, or
- A change to the distribution channels or authorised sellers able to sell the product, or
- Changes proposed by a Third Party that increase the level of conduct, legal, regulatory and reputational risk, or
- There is the potential for a significant customer and / or reputational impact, or
- The way the customer engages with Santander UK or the companies listed in section 1.3, or
- Automation of a process, or
- Changes to key process parameters such as the cut off for payments and the trading of shares, service level agreements or the basis of calculations and valuations, or
- Where the companies listed in section 1.3 of this policy in-sources, outsources or changes a Third Party relationship increasing the conduct, legal, regulatory and reputational risk, or
- Introduction of new operational requirements and / or IT Development.

2.2 Approval Levels

Product Office/SGBM UK G&C should be engaged when sufficient detail on an initiative exists to determine the level of approval the initiative will be subject to. All new products/services and changes to existing products or services require one of the following three levels of Governance:

- 1. Full UK PIAP** - Approval required from Product Approval and Oversight Committee (PAOC), following approval at divisional level
- 2. Divisional PIAP** - Approval required at divisional level and noted at Product Approval and Oversight Committee (PAOC). The Divisional approval for Retail/SCCB is the UK Banking Product Forum and for Wholesale is the Wholesale Product Forum see the appendix for full Terms of Reference
- 3. PIAP Business as Usual (PIAP BAU)** (Retail & SCCB only) – See Retail/SCCB process document for full details
- 4. Fast Track Process** (Wholesale only) – See Wholesale process document for full details.

A Governance Guidance matrix detailing examples of the different types of initiatives and the required governance for each of these can be found on the PIAP SharePoint site/SGBM SharePoint Site.

2.2.2 Referral to Corporate Marketing Committee (CCC)

If a product or service is deemed new under section 2.1 of the Policy, Product Office/SGBM UK G&C will refer this to Group to consider whether Group approval is required before this can launch. The process under this Policy, including approval from the Product Approval and Oversight Committee, must be followed before Group approval. See process documents for full details of CCC approval.

2.2.3 Referral to Volker Steering Committee

If a product or service is deemed to be covered under the Volker Rules then the business area submitting the proposal must work locally with UK Compliance, Legal and the Local Volker Champion to agree an appropriate Volker Rule Classification and an analysis of proceeding with the proposition versus the conformance requirements with the Volker Rule. This analysis should then be presented back to the Volker Steering Committee and UKBPF/PAOC for approval.

Full details of the types of propositions that Volker Rules apply to can be found in the Volker Procedures on the Risk SharePoint Site.

<http://wss.an.ad.anplc.co.uk/sites/SanA/risk/CentralisedPolicies/default.aspx>

2.3 Sponsor & Stakeholder Review

Each initiative must have an Initiative Sponsor at an Executive level who is responsible for the initiative and for obtaining the necessary sign-offs, including those required under the relevant divisional policies before proceeding through the requirements under this Policy.

It is a mandatory requirement that all new products/services that fall into the scope of the Policy must be referred to the PIAP stakeholders for review and approval. A list of PIAP Stakeholders can be found on the respective SharePoint sites.

Sign-offs subject to caveats are acceptable, subject to the completion of any caveat conditions prior to launch of the product (pre-launch conditions) or soon after the launch (post launch conditions).

Where the launch of an initiative has no impact on a stakeholder area, they must provide a nil return.

2.4 Exceptions Process

In exceptional circumstances, the Company Secretary and Product Office/SGBM UK G&C can authorise the consideration of a new product initiative approval, product withdrawal or campaign under the exceptions process.

This process allows presenting a proposal to Product Approval and Oversight Committee (after all stakeholders' approvals have been obtained) by e-mail without the need to convene an actual meeting; items approved in these circumstances will be ratified in the next Committee.

This process will only be used where the Company Secretary considers the convening of an actual Product Approval and Oversight Committee meeting to be a logistical challenge. This process is only to be used in exceptional circumstances.

In addition, the Company Secretary and Product Office/SGBM UK G&C can agree for an initiative to be approved by presentation of at Product Approval and Oversight Committee without the need to obtain divisional sign off first. This should only take place on extremely rare occasions and it is evidenced that risks are being assessed by all relevant areas in a different format, e.g. functional working groups.

Approval from all PIAP stakeholders will need to be obtained prior to presentation at Product Approval and Oversight Committee. Papers will be circulated to all Product Approval and Oversight Committee attendees with sufficient time in advance, as to allow an informed decision.

UK senior management will always be able to apply judgement to the level of Governance an initiative is required to follow, based on its inherent risks.

2.5 Breaches

A breach to the Policy is defined as the non-compliance to the principles and detailed requirements set-out by the Policy. In general, a breach can fall into four different categories:

- An initiative under the scope of this Policy is developed and / or launched without following the PIAP process; or
- An initiative following PIAP does not comply with all steps defined by the process, e.g. not all stakeholder approvals are obtained prior to launch; or
- The quality with which the process has been adhered to is not appropriate / poor, e.g. not all risks have been identified through Risk & Impact assessment; or

- PIAP pre-defined SLAs are not adhered to, leading to an impact on the development / launch of a new product initiative, e.g. a particular area does not provide sign-off of a new initiative within the pre-agreed timescales.

It is the responsibility of initiative sponsors to comply with the Policy with the support from the Product Office/SGBM UK G&C.

In addition, it is the responsibility of every stakeholder engaged to comply with the Service Level Agreements defined for the process, i.e. perform a robust risk assessment within the pre-defined timescales

It is the responsibility of all stakeholders across the Company to identify and pro-actively report breaches of the Policy to the Product Office/SGBM UK G&C. In addition, by independently overseeing and ensuring adherence to the Policy, the Product Office/SGBM UK G&C will identify breaches.

Where a breach is identified through any means, specific details of the breach must be reported to and documented by the Product Office / SGBM UK G&C including:

- The root cause for the breach
- The date the breach was identified
- Any customer impact as a result of the breach
- Any retrospective actions needed and the dates these were completed breach
- Any learning taken from the breach should be documented and circulated to all PIAP stakeholders if appropriate.

3. Governance

3.1 Policy Governance

Area	Item	Description
Frameworks	Risk type(s) this policy relates to	Credit Risk / Market Risk / Balance Sheet Management Risk / Operational Risk / Conduct Risk / Regulatory Risk / Legal Risk
	Specific risks this policy relates to	Conduct Risk/ Legal Risk/ Regulatory Risk/ Reputational Risk
Approvals	List of stakeholders that reviewed this policy prior to approval	Approved by PAOC Stakeholders
	Name & Date of Committee where policy approved (if applicable)	Product Approval and Oversight Committee 13/05/2015

3.2 Version Control

Version	Date	Author	Owner	Reason
1.0	13/02/2013	Product Office	Jorge De La Vega	Policy created
1.1	21/03/2013	Product Office	Jorge De La Vega	Non material changes
1.2	31/10/2013	Product Office	Jorge De La Vega	Non material changes
1.3	March 2014	Product Office	Jorge De La Vega	Annual Policy Review
2.0	13/05/2015	Andrew Nanson	Steve Pateman	Annual Policy Review

2.1	21/08/2015	Product Office	Steve Pateman	Non material changes. Inclusion of Volker Requirements.
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4. Terms of Reference

4.1 UK Banking Product Forum

SANTANDER UK plc UK BANKING PRODUCT FORUM TERMS OF REFERENCE

1. SCOPE

The Santander UK plc (the "Company") UK Banking Product Forum (the "Forum") is responsible for assessing and challenging proposals for new product initiatives proposed by UK Banking (i.e. Retail and Corporate, Commercial and Business Banking) from a customer, conduct, governance, risk, operational, regulatory, reputational and control perspective and for recommending suitable products and campaigns to the Product Approval and Oversight Committee ("PAOC") for consideration and approval.

2. AUTHORITY

The Forum is a management meeting established under the specific authority of the Head of UK Banking. It is not a collective decision making body. Decisions taken are those of the Forum Chairman acting under the authority delegated by the Head of UK Banking.

3. RESPONSIBILITIES

The key responsibilities of the Forum are to:

- 3.1 Assess UK Banking new product ideas and initiatives and sponsor suitable projects through the Product Initiative Approval Policy ("PIAP"), providing recommendations to PAOC as appropriate;
- 3.2 Review in depth product propositions, marketing campaigns and initiatives (their customer impact and their operational and regulatory feasibility) and act as a filter for consideration of such proposals so that:
 - (i) risks, issues and performance gaps are identified (with mitigating actions agreed), prioritised and highlighted to PAOC as appropriate; and
 - (ii) conduct risk is minimised ensuring Santander UK endeavours to deliver fair customer outcomes;
- 3.3 Provide independent challenge to new product proposals, ensuring that they have been approved by relevant stakeholders and that they can be supported operationally;
- 3.4 Review the submission of any PIAP papers for new product initiatives and approve these before providing the Forum's recommendation to PAOC;
- 3.5 Approve proposed changes to existing product features, including major process changes, and escalate significant changes to PAOC for approval;
- 3.6 Monitor and review ongoing UK Banking product performance from a conduct risk and control perspective, escalating risks/issues to PAOC as appropriate;

- 3.7 Ensure compliance with the both Santander UK and Banco Santander, S.A's Product Initiative Approval Policy.

4. MEMBERS

The Head of UK Banking will determine membership of the Forum. Current Members are:

- Director of UK Banking Risk and Operations (Chair)
- Director of Product Solutions
- Head of Retail Products
- Managing Director, Wealth Management*
- Managing Director, SME UK Banking**
- Managing Director, Corporate Banking**
- Managing Director, Mortgages***
- Director of Service Delivery & Operations
- Managing Director Operations & Control
- Head of Legal, UK Banking
- Director of Compliance
- Managing Director, Customer Experience & Channels
- Deputy Company Secretary
- Director, Operational Risk

* Required to attend for items of relevance to Wealth Management, optional at other times

** Required to attend only for items of relevance to SCCB, optional at other times

*** To attend only for items of relevance to Mortgages, optional at other times

In addition the Director Credit Risk Oversight, Director of Tax and Finance Governance & Control, Deputy Chief Internal Auditor and Director, Learning will be standing attendees. A member of Risk Oversight shall also be entitled to attend.

The Head of UK Banking has a right to attend any meeting of the Forum.

A member may nominate an Alternate to attend on their behalf if they are to be absent and prior notice of such Alternate must be provided to the Forum Secretary. The Alternate must be a DirRed level or a direct report of the absent member.

The Forum Chairman may invite additional attendees, as required.

5. CHAIRMAN

The Forum will be chaired by the Conduct Strategy Director or in his absence, a member nominated by him.

6. QUORUM

The quorum for a meeting shall be a minimum of three members.

7. SECRETARY

The Secretary to the Forum shall be supplied by the Product Office.

8. MINUTES

Minutes of the meetings will be circulated to all members.

9. NOTICE AND FREQUENCY OF MEETINGS

The Forum shall meet fortnightly or such other frequency that the Forum Chairman may determine from time to time. Agendas and papers for each meeting should be circulated three business days in advance of the meeting.

Ad-hoc Forum meetings can be convened at short notice by the Forum Chairman, assuming a quorum is available. Requests for any ad-hoc Forum meeting should be submitted to the Forum Chairman and copied to the meeting Secretary.

Notice of all meetings will be provided to all members whether or not they are able to attend.

Presenters should prepare papers in a clear and concise manner avoiding the use of jargon and acronyms and take into account the dual language requirements of Senior Management and the Parent Company.

10. CHANGES TO THE TERMS OF REFERENCE

Change to the Terms of Reference must be approved by the Head of UK Banking and these must be notified to Secretariat who will be responsible for version control.

4.2 – Wholesale Risk and Impact Forum

SANTANDER UK plc WHOLESALE RISK AND IMPACT FORUM TERMS OF REFERENCE

1. SCOPE

The Santander UK plc (the “Company”) Wholesale Risk and Impact Forum (the “WRIF”) is responsible for assessing and challenging proposals for new products, product extensions, one-off transactions or significant changes to existing products (including major process changes) (“Product Initiatives”), proposed by Santander Global Banking and Markets and Asset and Liability Management (“Wholesale”), from a customer, conduct, governance, risk, operational, regulatory, reputational and control perspective and, where appropriate, recommending such Product Initiatives for consideration and approval to the Product Approval and Oversight Committee (“PAOC”)

2. AUTHORITY

The forum is a management meeting established under the specific authority of the Head of SGBM, UK. It is not a collective decision making body. Decisions taken are those of the Technology & Operations (“T&O”) Head for Global Businesses UK acting under the authority delegated to him/her by the Head of SGBM, UK.

The Governance process for Product Initiatives at WRIF and PAOC does not negate the need for approvals at other relevant committees, including Pricing Committee and risk committees.

3. RESPONSIBILITIES

The key responsibilities of the WRIF are to:

- Approve the Wholesale divisional Product Initiative Approval Policy and ensure that all new products, product extensions, one-off transactions or significant changes to existing products (including major process changes) comply with the policy.
- Assess Wholesale new product ideas and initiatives and sponsor suitable projects through the Product Initiative Approval Process, providing recommendations to PAOC as appropriate.
- Review in depth product propositions and initiatives, acting as a filter for consideration of such proposals so that:

- risk issues, performance and operational gaps are identified (with mitigating actions agreed) and prioritised and highlighted to PAOC as appropriate; and
- conduct risk, reputational risk and operational risk are minimised and Santander UK endeavours to deliver appropriate customer outcomes.
- Provide independent challenge to Product Initiatives, ensuring that they have been approved by relevant stakeholders and that they can be supported operationally.
- Review the submission of any papers for Product Initiatives and approve these before providing the Forum's recommendation to PAOC.
- Approve proposed extensions to existing products and escalate significant changes, including major process changes, where applicable to PAOC as appropriate.
- Monitor and review ongoing Wholesale product performance, escalating any product risks/issues to PAOC as appropriate.
- Review the Product Catalogue ensuring this is in line with any changes in the risk mandates.
- Ensure compliance with both Santander UK and Banco Santander, S.A.'s product approval policies.

4. MEMBERS

The membership will be determined by the T & O Head for Global Businesses UK.
Permanent Members are:

- T&O Head for Global Businesses UK (Chair)
- Head of Wholesale Legal Department
- Head of Wholesale Compliance
- Director of Market Risk
- Head of Credit Risk
- Head of SGBM Middle Office & Control
- Head of Finance, SGBM
- Head of ALM
- Head of Product Office
- Deputy Company Secretary
- Head of Business Operational Risk Management and Review
- Head of Internal Audit Finance & Markets
- Head of Corporate/Commercial Product Marketing¹
- Head of Corporate/Commercial Risk¹

- ¹ Only for products to be sold to SCCB Clients
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The Head of SGBM has a right to attend any meeting of the Forum or to appoint a deputy to attend on his/her behalf. In addition, the Middle Office Head of Compliance & Control and the Head of Risk Oversight Unit - Wholesale will be standing attendees.

A member may nominate an Alternate to attend on their behalf if they are to be absent and prior notice of such Alternate must be provided to the Forum Secretary. The Alternate must be a DirRed level or a direct report of the absent member.

The Forum Chairman may invite additional attendees, as required.

5. CHAIRMAN

The Committee will be chaired by the T&O Head for Global Businesses UK, or, in his/her absence, a member nominated by him.

6. QUORUM

The quorum for a meeting shall be a minimum of three members, which must include a representative from Risk. In respect of Wholesale and SCCB cross divisional proposals, the Head of Corporate/Commercial Product Marketing or the Head of Corporate/Commercial Risk or an appointed alternate of either, must be present when the proposal is considered.

7. SECRETARY

The Secretary of the WRIF will be provided by the Project Management Office.

8. MINUTES

Minutes of the meetings will be circulated by the WRIF Secretary to all members.

9. NOTICES AND FREQUENCY OF MEETINGS

The Forum shall meet once a month, or such other frequency as the Forum Chairman may determine from time to time. Agendas and papers for each meeting, including all relevant analysis for the risk/impact assessment, will be circulated least three days in advance of the meeting.

Ad-hoc forums and meetings can be convened at short notice by the Forum Chairman, assuming a quorum is available. Requests for any ad-hoc Forum should be submitted to the Forum Chairman and copied to the meeting secretary.

Notice of all meetings should be provided to all members whether or not they are able to attend. Presenters should prepare papers in a clear and concise manner avoiding the use of jargon and acronyms and take into account the dual language requirements of Senior Management and the Parent Company.

10. CHANGES TO THE TERMS OF REFERENCE

Changes to the Terms of Reference must be approved by the Head of SGBM, UK and these must be notified to Secretariat who will be responsible for version control.

4.3 - Product Approval Oversight Committee

SANTANDER UK plc

PRODUCT APPROVAL AND OVERSIGHT COMMITTEE

TERMS OF REFERENCE

1. SCOPE

The Santander UK plc (the "Company") Product Approval and Oversight Committee (the "Committee") is responsible for considering and approving customer, conduct, governance, operational, reputational, risk and control aspects relating to the external launch of new products/campaigns and initiatives across all businesses (including and not limited to all UK Banking and Wholesale matters) in accordance with Santander UK's product approval process and for ensuring compliance with the Santander UK Product & Initiative Approval Process. The Committee is also responsible for approving all significant changes to existing product features, including major process changes.

2. AUTHORITY

The Committee is a management committee established under the specific authority of the Chief Executive Officer ("CEO"). It is not a collective decision making body. Decisions taken are those of the Committee Chairman acting under the authority delegated by the CEO.

3. RESPONSIBILITIES

The key responsibilities of the Committee are to:

- 3.1 Ensure the Santander UK Group maintains a comprehensive approval process and policy for the approval of new products which is implemented across all Divisions and Business Areas;
- 3.2 Ensure that independent challenge is (and has been) made to new product/campaign proposals and initiatives prior to launch to ensure that:

- 3.2.1 they have been approved by key stakeholders within the functions and can be supported from a customer perspective and operationally; and
- 3.2.2 all risks associated with new product launches have been appropriately assessed;
- 3.3 Review and approve new business initiatives, product propositions, one-off transactions outside of current mandates, associated marketing campaigns and launches (in terms of their customer perspective and operational viability) after review of the assessment made by each Division/Business Area;
- 3.4 Review and approve all significant changes to existing product features, including major process changes, recommended by the UK Banking Product Forum, the Wholesale Risk and Impact Forum or the Product Office/ Middle office, as appropriate;
- 3.5 Monitor new products, campaigns and initiatives, and track customer outcomes, conduct, governance, operational, reputational, risk and control aspects through post implementation reviews and product watch lists, as appropriate;
- 3.6 Receive updates from other fora where appropriate, on key learnings from ongoing product monitoring and long term product reviews as appropriate, in order to ensure that these can be considered for new product launches and initiatives;
- 3.7 Ensure adherence to all applicable Banco Santander, S.A new product approval policies;
- 3.8 Monitor topical issues in respect of existing products as well as regulatory developments, particularly from a customer conduct perspective and ensure that requisite actions are taken to monitor and maintain high levels of customer service, good customer outcomes and high standards of market integrity;
- 3.9 Consider the conduct risk and customer fairness implications of the development and launch of proposed new products and ensure that good conduct is maintained in terms of direct relationship with customers; and
- 3.10 Review and approve policies established for the control of all new product approvals within the Santander UK Group.

4. MEMBERS

The Committee Chairman will determine membership of the Committee. The current core Members are:

- Chief Financial Officer (Chair)
- Chief Operating Officer
- Chief Risk Officer
- Director of Compliance
- Chief People Officer & General Counsel

The additional Members for UK Banking matters are:

- Head of UK Banking
- MD Operations & Control

The additional Members for Wholesale matters are:

- Head of SGBM, UK
- Chief Risk Management Officer, Wholesale
- Finance Director

- Chief Operating Officer, SGBM UK
- Head of Wholesale and Corporate Compliance
- Head of SGBM T&O

In addition, the Director of UKB Customer Services, the Deputy Company Secretary and Head of Regulatory Affairs, the Conduct Strategy Director, the Chief Internal Auditor, a representative of Legal and the Director of Product Solutions (or their nominee) will be standing attendees. A member of Risk shall also be entitled to attend.

The Director of Corporate Affairs & Marketing will be invited to attend where an item has PR or reputation implications.

A member must nominate an Alternate to attend on their behalf if they are to be absent and prior notice of such Alternate must be provided to the Committee Secretary. The Alternate must be at a DirRed level.

In addition, the Chairman of the Company, any Non-Executive Directors of the Company and any Executive Committee Members are entitled to attend as observers.

Additional attendees will be determined by the Committee Chair.

5. CHAIRMAN

The Committee will be chaired by the Chief Financial Officer, or in his absence, a member nominated by the Chief Financial Officer.

6. QUORUM

The quorum for a meeting shall be a minimum of three members.

7. SECRETARY

A member of Santander UK Legal & Secretariat division will act as Committee secretary.

8. MINUTES

Minutes of the meetings will be circulated to all members.

9. NOTICE AND FREQUENCY OF MEETINGS

The Committee shall meet fortnightly or such other frequency as the Committee Chairman may decide from time to time. Agendas and papers for each meeting should be circulated three days in advance of the meeting. The Committee shall be informed prior to each meeting whether the agenda will be dedicated to either UK Banking matters or Wholesale Banking matters as required.

Adhoc Committee meetings can be convened at short notice by the Committee Chairman, assuming a quorum is available. Requests for any ad-hoc Committee meeting should be submitted to the Committee Chairman and copied to the meeting secretary.

Notice of all meetings will be provided to all members whether or not they are able to attend.

Presenters should prepare papers in a clear and concise manner avoiding the use of jargon and acronyms and take into account the dual language requirements of Senior Management and the Parent Company.

10. CHANGES TO THE TERMS OF REFERENCE

Changes to the Committee's Terms of reference must be approved by the CEO, the Chief Financial Officer, or the Company Secretary and these must be notified to the Secretariat who will be responsible for version control. The Committee's terms of reference will be reviewed regularly as part of the Santander UK Group annual Corporate Governance Review.

11. CHANGE HISTORY

Version 1	Approved by Company Secretary, Head of Corporate Services and HR on 25 January 2012
Version 2	Membership changes approved by the Company Secretary on 6 March 2012
Version 3	Approved by Chief Financial Officer on 21 January 2013
Version 4	Membership change and job title changes approved by Chief Financial Officer on 29 April 2013
Version 5	Corporate Governance Review approved by Stephen Jones on 10 January 2014
Version 6	Membership and job title changes approved by the Company Secretary and General Counsel on 30 May 2014
Version 7	Membership and job title changes approved by the Company Secretary on 6 October 2014
Version 8	Scope, Responsibilities, Membership and Frequency of Meetings changes approved by the Company Secretary on 8 May 2015.