

**Santander UK Group
Holdings plc and
Santander UK plc
INTERNAL AUDIT**

AUDIT CHARTER

June 2026

1) INTRODUCTION

This document contains the Internal Audit Charter for Santander UK Group Holdings plc and Santander UK plc (collectively "Santander UK"), the Ring Fenced Bank Group¹, which defines the purpose, authority, responsibilities and position of the Internal Audit function. This Charter is adapted from the Santander Group Internal Audit Corporate Framework.

2) SCOPE OF APPLICATION AND IMPLEMENTATION

This Charter applies throughout Santander UK and has been approved by the Santander UK Group Holdings plc and Santander UK plc Board Audit Committees ("BACs") and the Santander UK Chief Internal Auditor ("CIA").

3) THE INTERNAL AUDIT FUNCTION: PURPOSE, OBJECTIVES, SCOPE, AUTHORITY, INDEPENDENCE AND OPERATING GUIDELINES

(i) Purpose and Objectives

The Internal Audit Division of Santander UK ("IAD") has adopted the Purpose of Internal Audit as defined by the Institute of Internal Auditors.

The IAD is a permanent function, independent of any other functions or units within Santander UK. The primary purpose of internal audit is to help the board and senior management to protect the assets, reputation and sustainability of the organisation.

Internal auditing strengthens Santander UK's ability to create, protect, and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice, insight, and foresight. Internal auditing enhances Santander UK's:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

Internal auditing is most effective when:

- It is performed by competent professionals in conformance with the Global Internal Audit Standards, which are set in the public interest.
- The internal audit function is independently positioned with direct accountability to the board.
- Internal auditors are free from undue influence and committed to making objective assessments.

¹ The TSB Change in Control was approved on 1 May 2026. They will continue to be subject to their own Charter, with the intention to move to a single Charter once both functions are integrated, which we expect in H1 2027.

(ii) Scope

The scope of the activities of the IAD comprises of:

- All legal entities forming part of Santander UK, over which effective control is exercised or, in the absence of this, there are signed agreements that require Santander UK Internal Audit to provide, partially or in full, audit services and coverage; and
- The separate assets (e.g. investment funds) managed by the entities mentioned in the Introduction, Section 1 above.

Transactions and contracts for services outside the Santander UK perimeter are carried out on an arm's length basis on third-party terms and they are paid for and documented in a Local Service Agreement (LSA).

The scope defined in this section will include, in all cases, any activities, businesses and processes carried out (whether directly or through outsourcing), as well as the existing organisation and, if applicable, any commercial networks.

In addition to the Purpose explained in sub-section (i) above, the IAD may conduct audits of any other investees not included under the preceding points when the Santander Group has reserved itself this right as shareholder.

(iii) Authority and Independence

The IAD's authority is directly empowered by the BACs.

The IAD should have full, free and unrestricted access to any and all information. This access shall include documents, records and applications, physical sites and, if applicable, physical, computer-based and electronic files, as well as the cooperation of employees of Santander UK or external staff, whenever necessary.

The IAD will also have the right of attendance at any senior committees or any other key management decision making fora that the Santander UK CIA considers relevant or necessary. In addition, the CIA has direct and unrestricted access to the Chair of the BACs and, if necessary, to the Chair of the Board.

(iv) Operating Guidelines

The IAD will discharge its responsibilities based on the following principles:

- Independence, objectivity and impartiality;

The IAD's opinions shall be based on objective analysis of the facts, unaffected by any undue influences, pressure or conflicts of interest of any kind.

The IAD may provide advisory services or undertake special projects, provided that:

- i. They do not compromise or undermine its core audit assurance responsibilities;
- ii. They relate to specific issues or processes; and
- iii. They are requested or approved by the Santander UK Board, BACs, the Chief Executive Officer or the Santander Group Chief Audit Executive ("Group CAE").

In all circumstances, whether within the scope of these projects or in its ordinary activity, the IAD shall not undertake the design, implementation or execution of control mechanisms, develop procedures, install systems or prepare records and it shall take the necessary measures to ensure that its independence and objectivity remain uncompromised;

- o Integrity, ethical behaviour and a high degree of confidentiality of any data, records and other information handled and any conclusions.
- o Internal Auditors' shall adhere to the rules of conduct set out in the Santander Group Internal Audit Code of Conduct.

The IAD will establish appropriate procedures to prevent the existence of conflicts of interest that might compromise the performance of its functions and duties;

- o Competent, skilled and professionally qualified auditors. To this end, Internal Auditors shall be engaged in continuous professional development;
- o Quality work, based on objective drawn conclusions, documented and supported by performed audit tests, using uniform criteria, common and suitable methodology and tools. In performing their duties, Internal Auditors must at all times exercise due professional care;
- o Promoting continuous improvement within the organisation, geared towards the creation of value, generating relevant and substantiated reports and supporting management in the units audited in a spirit of mutual collaboration and contribution of measures for improvement with in-depth analysis, proactively and forward-looking, and providing risk-based assurance;
- o Appropriate collaboration with the other existing control functions in Santander UK;
- o Suitable collaboration with external auditors and other external assurance providers, holding regular meetings and sharing information including the results of the reviews performed and audit reports issued;
- o An effective relationship with regulators; and
- o Adherence to the mandatory elements of the Institute of Internal Auditors' International Professional Practices Framework (IPPF) including the Global Internal Audit Standards and the Topical Requirements and the Chartered Institute of Internal Auditors' Internal Audit Code of Practice, Principles on Effective Internal Audit in the Financial Services, Private, and Third Sectors, and the principles established by the Basel Committee on Banking Supervision, June 2012, for Internal Audit functions in banks.

4) REPORTING, ORGANISATIONAL STRUCTURE AND GOVERNANCE

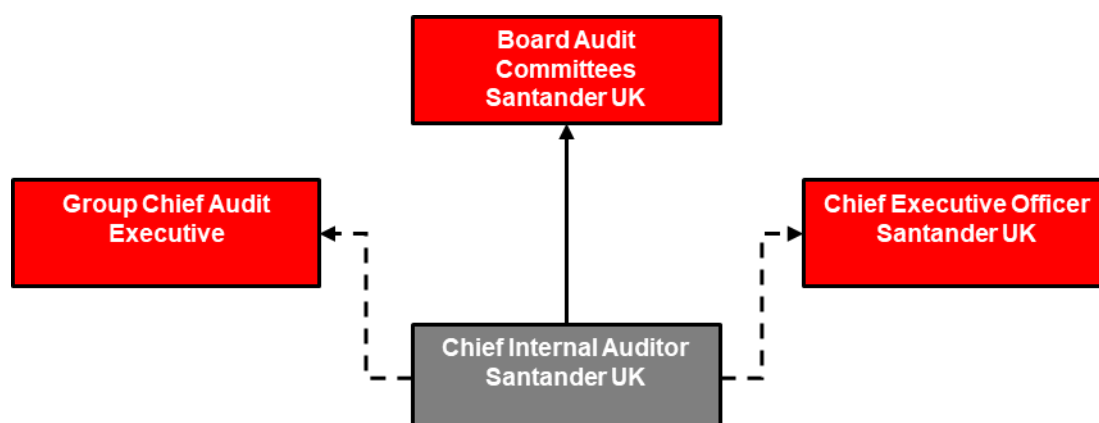
The IAD is part of the Santander Group Internal Audit function.

The CIA has a direct reporting line to the BACs and an administrative reporting line to the Santander UK Chief Executive Officer². In addition, the CIA has a functional reporting line to the Group CAE.

The CIA has ultimate responsibility for the IAD in Santander UK and is appointed by the BACs (subject to approval under the Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA) Senior Managers and Certification Regime) with the endorsement of the Chief Executive Officer of Santander UK and the involvement of the Group CAE, in accordance with the Group Subsidiary Governance Model, and Guidelines for Subsidiaries and the corresponding procedures, subject to being permissible under local law and regulations. Specifically, the Financial Services (Banking Reform) Act 2013 ("the Act") and the ring-fencing rules set out by the PRA and FCA take precedence over the Group Subsidiary Governance Model and Guidelines for Subsidiaries.

The Chair of the BACs is accountable for setting the objectives of the CIA, recommending his or her variable remuneration to the Santander UK Board Remuneration Committee and appraising the performance of the CIA, considering also the views of the Santander UK Chief Executive Officer and Group CAE. The CIA's variable remuneration will be approved jointly by the BACs and the Santander UK Board Remuneration Committee. As required by the Chartered IIA's Internal Audit Code of Practice, the appraisal should consider the independence, objectivity and tenure of the CIA. Where the CIA's tenure exceeds seven years, the BACs should explicitly discuss annually the BACs Chair's assessment of the CIA's independence and objectivity.

The IAD shall be organised with the necessary flexibility to adapt at all times to its circumstances and structure, in order to achieve its objectives with maximum effectiveness and efficiency.



² The administrative reporting line to the local CEO is limited to ensuring, at the highest levels of the organisation, the fulfilment of the function's needs in relation to the sufficiency of human and material resources as dictated by the Internal Audit Corporate Framework, and those related instructions explicitly and implicitly decided by the Audit Committees or the Boards. This administrative reporting line facilitates the human resources and financial management tasks necessary to allow Internal Audit to achieve its objectives and maintain an appropriate position within the organisation.

5) RESPONSIBILITIES

The following is a description of the roles and responsibilities of the functions involved in the matters covered by this Charter. Such roles and responsibilities must be exercised respecting the three lines of defence and the need to achieve collaboration between the Corporation, Subsidiaries and functions. Accordingly, Internal Audit is the third line of defence, independent from any others.

The CIA, in discharge of his or her duties, is responsible for:

- Proposing a suitable Charter to the BACs for the IAD, for its subsequent implementation and for obtaining the necessary approvals. The CIA shall also propose any changes that may be necessary due to periodic reviews of the Charter;
- Designing, implementing and maintaining a suitable methodology that embraces all aspects of audit work and identifies key risks (including emerging and systemic risks) within Santander UK, ensuring coordination with Santander Group Internal Audit methodology;
- Ensuring that every activity within the scope described in section 3(ii), including outsourced activities, and every entity of Santander UK falls within the audit universe of the Internal Audit function;
- The development of a risk-based Audit Plan based on its own evaluation of existing risks in Santander UK, and input from Senior Management and the BACs. The Audit Plan will be coordinated with Group and will be integrated into the Group Internal Audit Plan.

At least once a year, this Audit Plan shall be communicated to Senior Management and submitted to the BACs for review. The BACs will recommend the Audit Plan for approval and the Santander UK Board will provide final approval for the Audit Plan. Approval will be sought from the BACs when it is proposed to add or remove individual audits from the audit plan. Any significant changes to the approved Audit Plan will be communicated to Senior Management and submitted for review and recommendation by the BACs and final approval by the Santander UK Board;

- Delivery of the agreed Audit Plan through the issuance of audit reports and other assurance and monitoring reports.

This includes the notification to the audited units of the audit conclusions and the recommendations, setting of target dates for the implementation of recommendations and monitoring the business' mitigation plans of identified risks and control weaknesses, through the implementation of recommendations.

All Internal Audit reports will be made available to members of the BACs through the Corporate Governance Office.

The IAD shall also report the results of their reviews to the Group Internal Audit, along with the issued recommendations, the extent to which they have been implemented and any other relevant aspect that may arise;

- Periodical consolidated reporting to the BACs and other relevant board committees, and at least annually to the Board. This will include the overall opinions, insights and themes of the audits

carried out, including whether the risk appetite framework is being adhered to and the overall effectiveness of the governance, risk and control framework. In addition, the reporting will include the IAD's performance relative to its Audit Plan and on other matters relating to the Internal Audit function including the IAD's conformance to the mandatory elements of the IIA's IPPF including the Global Internal Audit Standards and Topical Requirements, the Chartered IIA's Internal Audit Code of Practice and other matters as requested by the committees;

- Undertaking all audits, special reviews, reports and commissions requested by the BACs and in accordance with this Charter;
- Carrying out ad-hoc investigations or reviews requested by the Chief Executive Officer and ratified by the BACs;
- Undertaking regular business monitoring through engagement with internal control functions, regular meetings with external audit and sharing the outcome of reports with them. Also, the IAD monitors key strategic developments, partakes in industry forums and working groups and engages with regulatory bodies. In addition, the IAD will be aware of emerging risks resulting from changes in market forces, regulations and economic factors;
- The CIA will attest to the BACs, at least annually, the organisational independence of the internal audit activity. If the IAD's independence or objectivity is impaired, the details of the impairment will be disclosed to the Chair of the BACs;
- Developing and maintaining a quality assurance and continuous improvement programme that covers every aspect of the internal audit activity, including any activity which is outsourced to, or co-sourced with, an external provider, ensuring coordination with Santander Group Internal Audit. This includes an internal quality assurance capability that must be independent of the delivery of audits and it should be able to challenge the IAD's performance, judgement and opinions, enabling the IAD to internally assess its effectiveness;

Additionally, the effectiveness of the IAD shall be evaluated by an independent and qualified team external to Santander UK at least once every five years;

- Communicating to the BACs the results of internal assessments and external assessments conducted at the BACs' or a Regulator's request;
- Ensuring that the IAD's staff have the skills and experience commensurate with the risks of the organisation and are representative of the diversity of the wider organisation. This entails developing and implementing a training plan for staff, recruitment of appropriate skill sets, secondment from other parts of the organisation or co-sourcing with external third parties; and
- Carrying out periodic assessments of the sufficiency of the resources in place and confirming to the BACs, at least annually, the appropriateness of resources of the IAD and adequacy of the budget.

The CIA may rely on a management team consisting of Audit Directors, Heads of Audit and the Head of Business Management to assist in discharging his or her responsibilities under the terms of this Charter.

6) OUTSOURCING OF TASKS

In the event that the IAD is unable to source or supply specialist skills or competence internally, it may source appropriate resources from external experts and consultants. In all cases, the IAD shall retain control over planning, execution and responsibility for its content at all times.

7) KEY PROCESSES

The key processes that enable the IAD to conduct its work properly are detailed below:

- (i) Periodic planning;
 - a. Maintaining the audit universe;
 - b. Identifying and assessing risks;
 - c. Carrying out annual audit planning; and
 - d. Completing a periodic review of the risk assessment and the audit plan;
- (ii) Performing audit work;
 - a. Planning;
 - b. Undertaking audit work and drawing conclusions; and
 - c. Producing and distributing reports;
- (iii) Issues follow up;
- (iv) Reporting to senior management and BACs; and
- (v) Quality Assurance and Continuous Improvement Programme.

These processes are carried out by the IAD, under the terms of this Charter, and in accordance with the Santander Group Internal Audit Corporate Framework.

8) OWNERSHIP, INTERPRETATION, DATE OF VALIDITY AND PERIODIC REVIEW

The Santander UK Boards of Directors, through its BACs, shall be responsible for determining the scope and application of this Charter, based on proposals made by the IAD and Santander Group Internal Audit.

The CIA shall be responsible for the interpretation of this Charter and of all other functions assigned to it herein.

The contents of this Charter shall be reviewed periodically, making any changes or modifications that are deemed necessary. It will be reviewed by the CIA, shared with the Group CAE and submitted to the BACs for approval.

APPENDIX: GLOSSARY OF KEY TERMS

Santander Group or the Group: group of companies comprising Banco Santander, S.A. as the parent company, and the dependent companies over which it has direct or indirect control. For clarification, it comprises the Banco Santander, S.A. parent company, including the Santander Spain organisational units, which are part of said company, and any other unit / subsidiaries of Banco Santander, S.A.

Corporation: all the governing bodies, organisational structures and employees entrusted by Banco Santander, S.A. to exercise oversight and control across the entire Group, including those functions typically associated with the relationship between a parent company and its subsidiaries.

Subsidiary: a dependent company that forms part of the Santander Group or one directly or indirectly controlled by Banco Santander, S.A.

Governing Body: Governance body or group of bodies of a company that are responsible for the supervision and management of the business at the highest level.

Senior management: individuals who exercise executive functions in the entity and who are responsible for the daily management of the entity, and who are accountable to the Governing Body.

Ring-fencing: The Ring-fencing legislation requires each large UK bank to separate its retail banking activity from the rest of its business. Ring-fencing legislation refers to the Financial Services (Banking Reform) Act 2013 ('the Act') and the ring-fencing rules set out by the Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA).

Santander UK: refers to Santander UK plc and Santander UK Group Holdings plc, unless context otherwise requires. The "Santander UK Group" refers to:

- (i) in relation to Santander UK plc, the Ring-Fence Banking Sub-Group; and
- (ii) in relation to Santander UK Group Holdings plc, Santander UK Group Holdings plc and its subsidiaries and subsidiary undertakings.