

# Terms of Reference

<b>Chair</b>	Chairman of the Board of The Royal Bank of Scotland Group plc (“RBSG Board”) or, in his absence, the Senior Independent Director.  The Senior Independent Director will chair the Committee when it is dealing with the appointment of a successor to the Chairman.
<b>Members</b>	<ul style="list-style-type: none"><li>• Chairman of the RBSG Board;</li><li>• Senior Independent Director of the RBSG Board; and</li><li>• At least three further independent non-executive directors of RBSG,</li></ul> Provided always that the Committee will include the chairmen of at least two other Board Committees. Committee chairmanships held by the Senior Independent Director will, for the avoidance of doubt, be deemed to count towards the calculation of this requirement.
<b>Attendees</b>	Chief Governance & Regulatory Officer and Board Counsel
<b>Additional Invitees</b>	Other individuals may attend at the request of the Chairman.
<b>Quorum</b>	Three members, one of whom must be the Chairman of the RBSG Board or the Senior Independent Director.
<b>Meeting Frequency</b>	As required, but not less than four times per year.
<b>Secretary</b>	Corporate Governance and Regulatory Affairs
<b>This Committee receives its authority from</b>	Group N&G operates under delegated authority from the RBSG Board.
<b>Purpose of this Committee</b>	Group N&G will be responsible for: <ol style="list-style-type: none"><li>1. Considering and making recommendations to the RBSG Board in respect of appointments to that Board. In addition, the Committee will make recommendations in respect of membership and chairmanship of Group Board Committees.</li><li>2. Monitoring the governance arrangements of The Royal Bank of Scotland Group plc and its subsidiaries (“RBS Group”) and making recommendations to the RBSG Board to ensure that such arrangements are consistent with best corporate governance standards and practices to allow the RBS Group to operate effectively and efficiently.</li><li>3. Considering and approving appointments to the boards of directors of the RBS Group’s principal subsidiaries and material regulated subsidiaries (“Relevant Subsidiaries”) and fees related thereto.</li><li>4. Considering and making recommendations to the RBSG Board in respect of regulatory and strategic developments relevant to the RBS Group in the markets in which it operates.</li></ol>
<b>Scope of this Committee’s oversight and responsibility</b>	<ol style="list-style-type: none"><li>1. To review regularly and keep the structure, size and composition of the RBSG Board under review, and make recommendations to the RBSG Board in relation to any necessary changes, having regard to the overall balance of skills, knowledge, experience and diversity on the RBSG Board; the length of service of the RBSG Board as a whole; and the requirement to keep</li></ol>

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membership regularly refreshed.

2. To consider RBSG Board succession planning, having regard to the balance of skills, knowledge, experience and diversity needed on the RBSG Board in the future.
3. To prepare a description of the role and capabilities required for each particular Board appointment, following an evaluation of the balance of skills, knowledge and experience and diversity on the RBSG Board.
4. To lead the selection process for new directors, establishing appropriate criteria and recommending suitable candidates to the RBSG Board. Prior to making such recommendation, the chairman of any Board Committee(s) that it is proposed for the candidate to join shall be invited to meet the candidate.
5. To review periodically, and at least every three years, the structure, membership and chairmanship of RBSG Board Committees. When considering succession in relation to RBSG Board Committee chairmen, the incumbent chairman of the relevant Committee shall be consulted.
6. To make recommendations to the RBSG Board concerning re-election of directors under the UK Corporate Governance Code, having due regard to (i) their performance and ability to continue to contribute to the RBSG Board in light of the knowledge, skills and experience required; (ii) their ability to continue to make a contribution to the RBSG Board which is important to the long term success of the company; and (iii) the requirement to regularly refresh the membership of the Board.
7. To monitor the RBS Group's governance arrangements to ensure that they remain appropriate by reference to best practices in corporate governance (having regard to relevant legislation, guidelines, industry practice and developments affecting the RBS Group in the markets where it operates) and make recommendations to the RBSG Board, as appropriate.
8. To review periodically, and at least annually, the arrangements for ensuring that Directors fulfil their responsibilities under the Senior Managers Regime and make recommendations to the RBSG Board, as appropriate.
9. To oversee the induction, training and continuous professional development of Directors.
10. To oversee the annual evaluation of the performance of the RBSG Board and the implementation of any resulting action plan.
11. To develop, review and monitor the implementation of the RBSG Board's inclusion policy.
12. To review and approve policies relating to Directors' expenses, travel and gifts & hospitality.
13. To review and recommend to the RBSG Board for approval any corporate governance materials (related to the work of the Committee) for inclusion in public disclosures or regulatory responses.
14. To review and approve appointments to the boards of directors of Relevant Subsidiaries, having regard to the overall balance of skills, knowledge, experience and diversity on the relevant board.

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**Escalation**

Any matter can, at the discretion of the Chairman, be referred by the Committee to

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the RBSG Board.

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<b>ToR last approved on</b>	Group N&G – 12 February 2019
	RBSG Board – 24 April 2019

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