

These are the Terms of Reference for the Boards of each of Tesco Personal Finance Group plc and Tesco Personal Finance plc ('Tesco Bank') (together 'the Board' and 'the Company')

|                                 |   |
|---------------------------------|---|
| <p><b>Membership</b></p>        | <p>The Board will be comprised of executive directors appropriate to the business; at least one non-executive Director from Tesco PLC; at least two independent non-executive Directors; and the Chair. More than half the Board, excluding the Chair, will be non-executive Directors who have been determined by the Board to be independent in character and judgement.</p> <p>Invitations to attend Board meetings shall be extended to other representatives from within the business as may be required from time to time.</p>  |
| <p><b>Chair</b></p>             | <p>The Chair is appointed by the Board. In their absence, an independent non-executive director shall chair the meeting.</p>  |
| <p><b>Quorum</b></p>            | <p>A quorum shall require the attendance of three members, at least one of whom should be an independent non-executive director. In the event of any deadlocked matter, the Chair of the Board shall have a casting vote.</p>   |
| <p><b>Meetings</b></p>          | <p>Meetings shall be held at least eight times each year, and ad hoc as required.</p> <p>Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, along with the supporting papers, shall be sent to each member of the Board, and any other persons required to attend, giving sufficient time to consider the matter(s) before the date of the meeting.</p> <p>Minutes of meetings shall be circulated promptly to all members and shall be approved by the Board at its subsequent meeting.</p> |
| <p><b>Secretary</b></p>         | <p>Company Secretary or their nominee.</p>  |
| <p><b>Authority</b></p>         | <p>The Board is authorised to obtain at the Company's expense, such external professional advice or request the attendance of external professionals at any of its meetings as it considers necessary</p> <p>The Board shall operate in accordance with the schedule of matters reserved for shareholder (attached as Appendix).</p>  |
| <p><b>Role of the Board</b></p> | <p>The Board has overall responsibility for the management of the business and acts as the main decision-making forum for the Company. It agrees the strategic aims and objectives for the Company and its subsidiaries ('the Group'). It is responsible for the overall leadership of the Group by setting the values and standards, while assessing and monitoring the culture which aligns with its purpose. The Board also monitors the Group's risk management profile and capital adequacy position.</p>  |

|   |   |
|---|---|
|   | <p><b>Key Board responsibilities</b></p> <ul style="list-style-type: none"> <li>• Review progress on implementation of material new products or channels;</li> <li>• Review regular risk monitoring reports, informed by the work undertaken by the Board Audit Committee and the Board Risk Committee;</li> <li>• Management and oversight of the Group’s relationship with regulatory authorities;</li> <li>• Oversight of how Tesco Bank treats customers fairly, including approval of pricing frameworks and principles;</li> <li>• Oversight of compliance with statutory and regulatory obligations;</li> <li>• Consider the balance of interests between shareholders, employees, customers and the community;</li> <li>• Review the annual report on Whistleblowing, in compliance with the Whistleblowing Policy;</li> <li>• Review the overall corporate governance arrangements;</li> <li>• Oversight of Tesco Underwriting Limited; and</li> <li>• Oversight of the delivery by the executive of the annual budget and revised forecasts, Long Term Plan against the Group’s agreed strategic and operational objectives and key financial ratios.</li> </ul>  |
| <p><b>Schedule of Matters Reserved to the Board</b></p> | <p>The Board has set out a Schedule of Matters Reserved for Board decision in order to ensure it has the ability to review significant decisions of the business, and to enable the directors to discharge their duties and retain control over items with a significant impact on the Group. Matters not specifically delegated will be reserved to the Board.</p> <p><b>Strategy and Financial</b></p> <ul style="list-style-type: none"> <li>• Approve the Group’s long term and short-term strategy and review progress and actions towards it;</li> <li>• Approve the annual and interim financial statements;</li> <li>• Approve any distributions to Tesco PLC by the Company having regard to prudence and regulatory requirements;</li> <li>• Approve any significant changes in accounting policies or practices;</li> <li>• Provide parent company guarantees;</li> <li>• Approve the provision of security to a third party over assets;</li> <li>• Approve substantial financial investments;</li> <li>• Approve the prosecution, defence or settlement of litigation; and</li> <li>• Approve Tesco Bank’s Recovery and Resolution Plan.</li> </ul> <p><b>Capital and Liquidity</b></p> <ul style="list-style-type: none"> <li>• Approve an annual Group capital and funding plan, including the annual capital budget</li> <li>• Oversee capital management ratios, capital requirements, target liquidity buffers and stress testing in line with regulatory requirements</li> <li>• Approve any public prospectus or other disclosure which supports a capital market funding activity</li> <li>• Approve the Tesco Bank ILAAP</li> <li>• Approve the Tesco Bank ICAAP</li> </ul> |

### **Risk Management and Internal Controls**

- Approve the Group's Risk Appetite Statements
- Approve key policies identified as Level 1 policies
- Review the Data Protection Officer's reports
- Review the effectiveness of the risk management framework and internal control systems of the Group and approve an appropriate statement for inclusion in the annual report
- Approve the procedures for the detection of external and internal fraud, bribery and corruption.
- Approve the Board level governance framework

### **New Products and Extension (or Reduction) to Activities**

- Approve a material extension or reduction to the Group's activities, including approval of any material new product line or material new product or channel within an existing product line or a removal of a product line
- Approve material Group acquisitions or disposals (subject to any shareholder approvals required)

### **Material Contracts**

- Approve contracts in accordance with the Group's Delegation of Authorities Schedules, or material changes thereto
- Approve material joint ventures or outsourcing arrangements or material changes thereto

### **Appointments and Remuneration**

- Appoint the Chair of the Board (the Chair's remuneration is approved by the Chair of the Tesco PLC Board)
- Appoint and approve the annual fee increases of existing Non-Executive Directors (fees of newly appointed Non-Executive Directors are approved by the Chair of the Tesco PLC Board)
- Appoint and approve the removal of Executive Directors
- Appoint the Chairs and Directors to Board Committees
- Appoint and approve the removal of the Company Secretary
- Approve Tesco Bank's available distribution in relation to any Company bonus plan
- Review certain remuneration matters and provide input to inform the decision making of the Board Remuneration Committee

### **Administration of the Board**

- Approve recommendations to the shareholder regarding changes to the Articles of Association
- Approve resolutions and corresponding documentation to be put forward to shareholders in general meeting
- Approve major changes to the Group's corporate structure
- Approve Directors' actual or potential conflicts of interest
- Approve public documents such as statutory accounts, prospectuses,

|                            |   |
|----------------------------|---|
|                            | <p>securitisation and Pillar 3 documents</p> <ul style="list-style-type: none"> <li>• Approve the Terms of Reference and Schedule of Matters reserved for the Board</li> <li>• Approve the Terms of Reference of the Board Committees</li> </ul>  |
| <b>Delegated Authority</b> | <p>Approve the delegated authorities for expenditure, lending and for other risk exposures including contracting and litigation to any member of the Executive Committee and relevant colleagues (including the power to further delegate) for such time and on such terms as appropriate.</p> <p>The Board may delegate any of its authority for such time and on such terms as it thinks fit to any Committee consisting of one or more Directors</p> <p>The Board may, by power of attorney or otherwise, appoint any person or persons to be the agent of the Company and may delegate to any such person or persons any of its authority for such time and on such terms as it thinks fit.</p> |
| <b>Governance</b>          | <p>The Board shall review its own effectiveness once a year and its Terms of Reference shall be reviewed once a year. Any significant changes required shall be recommended to its shareholders, as appropriate.</p> <p>The Board shall receive relevant reporting at least twice a year from Tesco Underwriting Limited ('TU') on matters including strategy, financial performance and risk management to allow an understanding of decisions made by TU that may have a Group wide impact. This is in addition to the approval of the TU Shareholder Reserved Matters and any items set out in the TU Shareholder Reserved Matters.</p>  |
| <b>Date of last review</b> | May 2021  |