

**SOVEREIGN BANCORP, INC.**

**ETHICS and CORPORATE GOVERNANCE COMMITTEE CHARTER**

**Purpose**

The purpose of the Ethics and Corporate Governance Committee (the "Committee") of the Board of Directors (the "Board") of Sovereign Bancorp, Inc. (the "Company") shall be to (A) monitor, oversee and review compliance by the Company's directors, officers and team members with (i) the Company's Code of Conduct and Ethics, (ii) the Company's Code of Ethics for the Chief Executive Officer and Senior Financial Officers, (iii) the Company's Policy on Personal Securities Transactions, (iv) the Company's Corporate Disclosure Policy, (v) the Company's Policy on Material Non-Public Information and Personal Investing for Directors, Executive Officers and Affiliates, (vi) the Company's Corporate Governance Guidelines and (vii) such other applicable policies of the Company as the Committee or the Board deems necessary or desirable, and (B) to recommend to the Board changes, alterations and modifications to the Corporate Governance Guidelines and Code of Conduct and Ethics applicable to the Company. When exercising its powers, the Committee shall consider the Company's mission, vision and values as an integral element in its decision making process. Acting in accordance with the highest standards of professional and ethical conduct are high priorities of the Company's directors, officers and team members.

**Committee Membership**

The Committee shall consist of no fewer than three directors of the Company. Each member of the Committee shall meet the listing standards relating to independence of the New York Stock Exchange. A majority of the members of the Committee shall constitute a quorum.

**Meetings**

Meetings of the Committee shall be held at least annually and at such additional times as the Committee Chairman or as the Board may require. The Committee shall make reports to the Board when the Committee deems it appropriate or upon request of the Board.

**Committee Authority and Responsibility**

The scope of authority and responsibilities of the Committee are as follows:

1. Making recommendations to the Board with respect to changes, alterations and modifications of (i) the Company's Code of Conduct and Ethics, (ii) the Company's Code of Ethics for the Chief Executive Officer and Senior Financial Officers, (iii) the Company's Policy on Personal Securities Transactions, (iv) the Company's Corporate Disclosure Policy, (v) the Company's Policy on Material Non-Public Information and Personal Investing for Directors, Executive Officers and Affiliates, (vi) the Company's Corporate Governance Guidelines, and

(vii) such other policies of the Company, as the Committee or the Board deems necessary or desirable.

2. Except as set forth in the next sentence, monitoring and reviewing compliance with (i) the Company's Code of Conduct and Ethics, (ii) the Company's Code of Ethics for the Chief Executive Officer and Senior Financial Officers, (iii) the Company's Policy on Personal Securities Transactions, (iv) the Company's Corporate Disclosure Policy, (v) the Company's Policy on Material Non-Public Information and Personal Investing for Directors, Executive Officers and Affiliates, (vi) the Company's Corporate Governance Guidelines, and (vii) such other policies of the Company as the Committee or Board deems necessary or desirable. Monitoring of compliance with the provisions of paragraphs 2 and 3 of the Company's Code of Ethics for the Chief Executive Officer and Senior Financial Officers to the extent the issue relates to accounting and disclosures and regulations of the SEC, the NYSE, the OTS or other bank regulatory authority, and paragraph 4 of such Code to the extent such misrepresentation or omission relates to financial statements or related financial information will be referred to the Audit Committee for action.

3. Except as set forth in the next sentence, serving as the initial reviewing council for allegations of violations of the Code of Conduct and Ethics and violations of the policies identified above, as well as allegations of wrongdoing concerning directors and the chief executive officer; making recommendations to the Board as to whether an internal investigation, outside investigation or some other action should be initiated by the Company and whether the Company should report any information to appropriate federal and/or state regulatory bodies. Allegations of wrongdoing or failure to comply with the provisions of paragraphs 2 and 3 of the Company's Code of Ethics for the Chief Executive Officer and Senior Financial Officers to the extent the issue relates to accounting and disclosures and regulations of the SEC, the NYSE, the OTS or other bank regulatory authority, and paragraph 4 of such Code to the extent such misrepresentation or omission relates to financial statements or related financial information will be referred to the Audit Committee for action.

4. Except as set forth in the next sentence, making recommendations to the Board about responses to communications with regulatory authorities and agencies arising out of inquiries and investigations relating to (i) the Company's Code of Conduct and Ethics, (ii) the Company's Code of Ethics for the Chief Executive Officer and Senior Financial Officers, (iii) the Company's Policy on Personal Securities Transactions, (iv) the Company's Corporate Disclosure Policy, (v) the Company's Policy on Material Non-Public Information and Personal Investing for Directors, Executive Officers and Affiliates, (vi) the Company's Corporate Governance Guidelines, (vii) such other policies of the Company, and (viii) applicable state and federal laws, to the extent the Committee deems necessary or appropriate. Issues relating to inquiries or investigations regarding the quality of financial reports filed by the Company with the SEC or otherwise distributed to the public shall be referred to the Audit Committee for action.

5. Making recommendations to the Board and to management with respect to the interpretation and enforcement of (i) the Company's Code of Conduct and Ethics, (ii) the Company's Code of Ethics for the Chief Executive Officer and Senior Financial Officers, (iii) the Company's Policy on Personal Securities Transactions, (iv) the Company's Corporate Disclosure Policy, (v) the Company's Policy on Material Non-Public Information and Investing for

Directors, Executive Officers and Affiliates, (vi) the Company's Corporate Governance Guidelines, and (vii) such other applicable policies of the Company, as the Committee deems necessary or appropriate. Recommendations with respect to the Company's Code of Ethics for the Chief Executive Officer and Senior Financial Officers may also be made by the Audit Committee.

6. The Committee shall annually review its own performance.
7. Taking such other action as authorized by the Board.

### **Access, Authority and Reliance**

1. In carrying out its responsibilities, the Committee shall have access to all the Company's books, records, directors, officers and team members.
2. The Committee shall have the authority to consult with the Company's counsel. It shall also have the authority to employ any other counsel of its selection, at the Company's expense, should the Committee deem it desirable and appropriate to do so.
3. The Committee, and each member of the Committee in his or her capacities as such, shall be entitled to rely, in good faith, on information, opinions, reports or statements, or other information prepared or presented to them by (i) officers and other employees of the Company or Sovereign Bank, whom such member believes to be reliable and competent in the matters presented, (ii) counsel, public accountants or other persons as to matters which the member believes to be within the professional competence of such person.

### **Confidentiality**

In order to facilitate the full development and examination of issues brought before the Committee and to encourage directors, officers and team members to fully and frankly communicate with the Committee, all proceedings and records of the Committee shall be strictly confidential, except to the extent required by law or regulation or by a court of law.

### **Minutes**

Minutes of each meeting will be compiled by the Company's Corporate Secretary who shall act as Secretary to the Committee, or in the absence of the Corporate Secretary, by an Assistant Corporate Secretary of the Company who is also a member of the Company's internal legal staff or any other person designated by the Committee.