



Terms of Reference Remunerations and Nominations Committee

Swansea Building Society

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The Society is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority,
Reference No. 206066

Terms of Reference

Remunerations and Nominations Committee

Contents

Membership	1
Secretary	1
Quorum	1
Frequency of Meetings	1
Notice of Meetings	1
Minutes of Meetings	2
Annual General Meeting	2
Duties	2-4
Reporting Responsibilities	4
Other Matters	5
Authority	5

Terms of Reference

Membership

- 1 The committee shall comprise at least two members, all of whom shall be independent non-executive directors. The chairman of the board may also serve on the committee as an additional member if he or she was considered independent on appointment as chairman. Members of the committee shall be appointed by the board, on the recommendation of the remunerations and nominations committee.
- 2 Only members of the committee have the right to attend committee meetings. However, other individuals such as the chief executive and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.
- 3 Appointments to the committee are made by the board and shall be for a period of up to three years, which may be extended for further periods of up to three-years, provided the director still meets the criteria for membership of the committee.
- 4 The board shall appoint the committee chairman who shall be an independent non-executive director. In the absence of the committee chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting who would qualify under these terms of reference to be appointed to that position by the board. The chairman of the board shall not be chairman of the committee.

Secretary

The chief executive or his or her nominee shall act as the secretary of the committee.

Quorum

The quorum necessary for the transaction of business shall be two (both of whom must be independent Non-Executive Directors). A duly convened meeting of the committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the committee.

Frequency of Meetings

The committee shall meet at least four times a year and otherwise as required.

Notice of Meetings

- 1 Meetings of the committee shall be called by the secretary of the committee at the request of the committee chairman.
- 2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the committee, any other person required to attend and all other non-executive directors, no later than three working days before the date of the meeting. Supporting papers shall be sent to committee members and to other attendees, as appropriate, at the same time.

Minutes of Meetings

- 1 The chief executive or his nominee shall minute the proceedings and resolutions of all committee meetings, including the names of those present and in attendance.
- 2 Draft minutes of committee meetings shall be circulated promptly to all members of the committee. Once approved, minutes should be circulated to all other members of the board unless it would be inappropriate to do so.

Annual General Meeting

The committee chairman should attend the annual general meeting to answer any shareholder questions on the committee's activities.

Duties

The committee should carry out the duties below for the parent Society as appropriate.

The committee shall

- 1 Determine and agree with the board the framework or broad policy for the remuneration of the society's chairman, non-executive directors, chief executive, the executive directors, the society secretary and such other members of the executive management as it is designated to consider. No executive director or manager shall be involved in any decisions as to their own remuneration.
- 2 In determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code and

associated guidance. The objective of such policy shall be to ensure that members of the executive management of the society are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the society.

- 3 When setting remuneration policy for directors, review and have regard to the remuneration trends across the Society or group.
- 4 Review the ongoing appropriateness and relevance of the remuneration policy.
- 5 Within the terms of the agreed policy and in consultation with the chairman and/or chief executive, as appropriate, determine the total individual remuneration package of the chairman, non-executive directors, each executive director, society secretary and other designated senior executives including bonuses and incentive payments.
- 6 Obtain reliable, up-to-date information about remuneration in other societies. To help it fulfil its obligations the committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary, within any budgetary restraints imposed by the board.
- 7 Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee.
- 8 Approve the design of, and determine targets for, any performance related pay schemes operated by the society and approve the total annual payments made under such schemes.

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- 9 Determine the policy for, and scope of, pension arrangements for each executive director and other designated senior executives.
 - 10 Ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Society, that failure is not rewarded and that the duty to mitigate loss is fully recognised.
 - 11 Oversee any major changes in employee benefits structures throughout the Society or group
 - 12 Agree the policy for authorising claims for expenses from the directors.
 - 13 Regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the board and make recommendations to the board with regard to any changes.
 - 14 Give full consideration to succession planning for directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the Society, and the skills and expertise needed on the board in the future.
 - 15 Keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace.
 - 16 Keep up to date and fully informed about strategic issues and commercial changes affecting the Society and the market in which it operates.
 - 17 Be responsible for identifying and nominating for the approval of the board, candidates to fill board vacancies as and when they arise.
 - 18 Before any appointment is made by the board, evaluate the balance of skills, knowledge, experience and diversity on the board, and, in the light of this evaluation prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates the committee shall
 - i) Use open advertising or the services of external advisers to facilitate the search
 - ii) Consider candidates from a wide range of backgrounds
 - iii) Consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the board, including gender, taking care that appointees have enough time available to devote to the position.
 - 19 For the appointment of a chairman, the committee should prepare a job specification, including the time commitment expected. A proposed chairman's other significant commitments should be disclosed to the board before appointment and any changes to the chairman's commitments should be reported to the board as they arise.
 - 20 Prior to the appointment of a director, the proposed appointee should be required to disclose any other business interests that may result in a conflict of interest and be required to report any future business interests that could result in a conflict of interest.
 - 21 Ensure that on appointment to the board, non-executive directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside board meetings.
 - 22 Review the results of the board performance evaluation process that relate to the composition of the board.

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- 23** Review annually the time required from non-executive directors. Performance evaluation should be used to assess whether the non-executive directors are spending enough time to fulfil their duties. The committee shall also make recommendations to the board.
 - 24** Formulating plans for succession for both executive and non-executive directors and in particular for the key roles of chairman and chief executive.
 - 25** Select suitable candidates for the role of senior independent director.
 - 26** Membership of the audit and remuneration committees, and any other board committees as appropriate, in consultation with the chairmen of those committees.
 - 27** The re-appointment of any non-executive director at the conclusion of their specified term of office having given due regard to their performance and ability to continue to contribute to the board in the light of the knowledge, skills and experience required.
 - 28** The re-election by shareholders of directors under the annual re-election provisions of the Code or the retirement by rotation provisions in the Societies rules, having due regard to their performance and ability to continue to contribute to the board in the light of the knowledge, skills and experience required and the need for progressive refreshing of the board (particularly in relation to directors being re-elected for a term beyond six years).
 - 29** Any matters relating to the continuation in office of any director at any time including the suspension or termination of service of an executive director as an employee of the society subject to the provisions of the law and their service contract.
 - 30** The appointment of any director to executive or other office.
 - 31** Receive minutes & reports from the Health & Safety Management Committee & consider all outputs and actions to ensure all reasonable and practicable steps are taken to maintain a safe and healthy working environment which complies with statutory requirements.
 - 32** Develop strategies for estates and facilities management for the Society for approval by the board and monitor the progress of their implementation and their performance.

Reporting Responsibilities

- 1** The committee chairman shall report to the board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 2** The committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.
- 3** The committee shall produce a report to be included in the society's annual report about its activities, the process used to make appointments and explain if external advice or open advertising has not been used.

Other matters

The committee shall:

- 1 Have access to sufficient resources in order to carry out its duties, including access to the Society secretary for assistance as required.
- 2 Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.
- 3 Give due consideration to laws and regulations the provisions of the Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules and any other applicable Rules, as appropriate.
- 4 Arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the board for approval.

Authority

The committee is authorised by the board to obtain, at the Society's expense, outside legal or other professional advice on any matters within its terms of reference.

