SWANSEA
BUILDING SOCIETY
Established 1923

Terms of Reference
Board of Directors

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

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Terms of Reference Board of Directors

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Terms of Reference

Membership

1 The Board of Directors comprises six Non-Executive directors and three Executive directors elected by the Members. The Board shall elect on an annual basis one of the Non-Executive directors to be Chair and another to be Deputy Chair.

2 Only members of the Board have the right to attend Board meetings. However, other individuals may be invited to attend all or part of any meeting as and when appropriate and necessary.

3 Appointments to the Board shall be for a period of three terms of three years i.e. for nine years. Any non-executive director serving for over nine years is subject to annual re-election by the members.

4 In the absence of the Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

Secretary

The Society secretary or his nominee shall act as the secretary of the Board.

Quorum

The quorum necessary for the transaction of business shall be four members. A duly convened meeting of the Board 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 Board. Attendance is either in person or by remote meeting link.

Frequency of Meetings

The Board shall meet for the dispatch of business as often as it shall find necessary. At present this is monthly with the exception of August.

Notice of Meetings

1 Meetings of the Board shall be called by the secretary of the Society at the request of the Chair or any of its members.

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 Board, any other person required to attend, no later than three working days before the date of the meeting. Supporting papers shall be sent to Board members and to other attendees as appropriate, at the same time.

Minutes of Meetings

1 The secretary or his appointed nominee shall minute the proceedings of all meetings, including recording the names of those present and in attendance.

2 Draft minutes of Board meetings shall be circulated promptly to all members of the Board.

Annual General Meeting

The Board Chair should attend the annual general meeting to answer shareholder questions on the Board's activities.

Delegation of Authority

The Board retains overall overriding decision making authority for the Society. It is, however, supported by sub- committees which support it in ensuring appropriate communications and messages are escalated across the Society.

The relevant Board sub-committees are:

- Remuneration Committee
- Nominations Committee
- Risk Committee
- Audit Committee

More details of the areas of responsibility delegated to each sub- committee are described under Duties below, and in the individual terms of reference for each Committee.

Duties

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

The Board shall:

1 In relation to strategy and planning:
   i. Guide, approve and oversee the strategy of the Society, focusing quarterly on the key delivery components of financial performance, customer experience and outcomes, risk management and controls, and having due regard to sustainability and other ESG related goals.

2 In relation to Performance management:
   i. High level monitoring of the performance of the Society through written reports from executive management and other management information, including key performance indicators.
   ii. Approval of all new initiatives, expenditure for which is also subject to Board approval, in accordance with specified delegated limits.
   iii. High level monitoring of all material change (including material IT change) projects through written reports from executive management and other management information.
   iv. Approval of changes to the details of existing savings and mortgage product types is delegated to the Assets and Liabilities Committee (ALCO) and the Executive, subject to being compliant with stated strategy and policies.

3 In relation to human resources:
   i. Appointment of the Chair, Deputy Chair and Senior Independent Director of the Society Board on an annual basis.
   ii. Consideration of recommendations for the appointment or removal of any Non-Executive Directors of the Society made by the Nominations Committee and approval as appropriate. Any formal appointment will be subject to the prior approval of the FCA and PRA.
   iii. Receipt and approval of a report from the Nominations Committee on succession planning for the Board and senior management of the Society.
   iv. Approval of the recommendation for the appointment or removal of individuals either as Executive Directors of the Society or to any of its Senior Management functions. Any formal appointment will be subject to the prior approval of the FCA and PRA.
   v. Approval of the recommendation for the appointment or removal of the Secretary of the Society.

vi. Approval of the recommendations of the Remuneration Committee in relation to the remuneration and other benefits of the Executive Directors (and other Senior Management) of the Society.

4 In relation to regulatory matters:
   i. High level monitoring and responsibility for legal and regulatory governance of the Society.
   ii. Ongoing review of whether all Approved Persons undertaking Senior Management Functions remain fit and proper to do so.
   iii. Appointment of an individual to act as Senior Management function SMF1 (Chief Executive) for the Society.
   iv. Challenge, review and approve the key regulatory documents on an annual or biennial basis, which includes but is not restricted to, the Internal Capital Adequacy Assessment Process (ICAAP), Risk Management Framework, including Risk Appetite Statement, Stress Testing, Internal Liquidity Adequacy Assessment Process (ILAAP), Consumer Duty Framework, Consumer Duty Annual Board Assessment, Treasury Policy, Solvent Exit Plan, and the Recovery Plan. The Board is ultimately accountable for these policies following consideration and recommendations from the Risk Committee.
   v. Annual review of a report by the Money Laundering Reporting Officer on the Society's compliance with Money Laundering requirements.
   vi. Approval of any changes and at least annual review and reaffirmation of all other Board designated Policy Statements.

5 In relation to procedures:
   i. Annual review and approval of the delegation of authorities.
   ii. Approval of the establishment of any new or disbanding Board sub-committees.
   iii. Approval of the establishment of any new or the disbanding of any existing Board sub-committees.
   iv. Agreement and recommendation to the members of any changes to the Memorandum and Rules of the Society.

6 Approval of capital expenditure over certain designated limits.

7 Consideration of any proposed change in the internal or external auditors to the Society and approval of the remuneration of the internal and external auditors.

Reporting Responsibilities

1 The Board shall take control or request changes to whatever it deems appropriate on any area within its remit where action or improvement is needed.

2 The Board shall produce a report of its activities and the Society's risk management and strategy to be included in the Society's annual report.

Other matters

The Board shall:

1 Have access to sufficient resources in order to carry out its duties, including access to the Society secretariat 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 Oversee any investigation of activities which are within its terms of reference.

5 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 for approval.

Authority

The Board is authorised:

1 To seek any information it requires from any employee of the Society in order to perform its duties.

2 To obtain, at the Society's expense, outside legal or other professional advice on any matter within its terms of reference.

3 To call any employee to be questioned at a meeting of the Board as and when required.

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