

**SWANSEA**  
BUILDING SOCIETY

Established 1923

## **Terms of Reference Remuneration Committee**

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

**Swansea Building Society**

**Head Office**

11-13 Cradock Street, Swansea SA1 3EW  
01792 739100 | [swansea@swansea-bs.co.uk](mailto:swansea@swansea-bs.co.uk)



# Terms of Reference

## Remuneration Committee

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# Terms of Reference

## 1 Membership

- 1.1 The committee shall comprise at least two members, all of whom shall be independent non-executive directors. The chair of the board may also serve on the committee as an additional member if he or she was considered independent on appointment as chair. Members of the committee shall be appointed by the board, on the recommendation of the nominations committee.
- 1.2 Only members of the committee have the right to attend committee meetings. However, other individuals such as the chief executive, finance director, director of risk & compliance, HR manager, and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.
- 1.3 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.
- 1.4 The board shall appoint the committee chair who shall be an independent non-executive director. In the absence of the committee chair 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 chair of the board shall not be chair of the committee.

## 2 Secretary

The chief executive or his or her nominee shall act as the secretary of the committee. Where the discussion is directly relevant to the remuneration of the chief executive, finance director, and director of risk & compliance they will recuse themselves.

## 3 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.

## 4 Frequency of Meetings

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

## 5 Notice of Meetings

- 5.1 Meetings of the committee shall be called by the secretary of the committee at the request of the committee chair.
- 5.2 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.

## 6 Minutes of Meetings

- 6.1 The chief executive or his or her nominee shall minute the proceedings and resolutions of all committee meetings, including the names of those present and in attendance.
- 6.2 Draft minutes of committee meetings shall be sent to the committee chair within reasonable time following the meeting and shall be circulated to all members of the committee and board following approval by the committee chair unless it would be inappropriate to do so.

## 7 Annual General Meeting

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

## 8 Duties

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

The committee shall:

- 8.1 Determine and agree with the board the framework or broad policy for the remuneration of the society's chair, non-executive directors, chief executive, the executive directors, 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.
- 8.2 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.
- 8.3 When setting remuneration policy for directors, review and have regard to the remuneration trends across the Society, the sector and competitor financial services firms.
- 8.4 Review the ongoing appropriateness and relevance of the remuneration policy.
- 8.5 Within the terms of the agreed policy and in consultation with the chair and/or chief executive, as appropriate, determine the total individual remuneration package of the chair, non-executive directors, each executive director, and other designated senior executives including bonuses and incentive payments.
- 8.6 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.

8.7 Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee.

8.8 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.

8.9 Determine the policy for, and scope of, pension arrangements for each executive director and other designated senior executives.

8.10 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.

8.11 Oversee any major changes in employee benefits structures throughout the Society or group.

8.12 Agree the policy for authorising claims for expenses from the directors.

8.13 Keep up to date and fully informed about strategic issues and commercial changes affecting the Society and the market in which it operates.

8.14 Review staff remuneration (including approval of the annual pay review) and related policies and the alignment of incentives and rewards with culture, taking these into account when setting the policy for executive remuneration.

8.15 Review general policies relating to staff and oversee any major changes to employment conditions and staff wellbeing.

## 9 Reporting Responsibilities

9.1 The committee chair shall report to the board on its proceedings after each meeting on all matters within its duties and responsibilities.

9.2 The committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.

9.3 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.

## 10 Other matters

The committee shall:

10.1 Have access to sufficient resources in order to carry out its duties, including access to the Society secretary for assistance as required.

10.2 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.

10.3 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.

- 10.4 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.

## 11 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.

