

### Corporate Governance in Monmouthshire Building Society

This table is intended to support the annual corporate governance report disclosures in the latest Annual Report and Accounts (also available on the Society's website).

The UK Corporate Governance Code seeks to establish best governance practice across the listed sector. As a mutual organisation, the Society is not required to comply with the UK Corporate Governance Code (the Code). However, the Board pays due regard to it when establishing and reviewing the Society's own corporate governance arrangements. This table explains to members how the Society applies the principles in the Code so far as its provisions are relevant to building societies.

The Building Societies Association states that the role of a building society Board is typically seen as one of stewardship, running the Society not just for the benefit of current members, but also for future generations of members. The notion of stewardship demands a long-term perspective on financial stability, customer propositions and investment. Therefore, the focus on the Code on Board's promoting long-term sustainable success supports the Society's mutual ethos.

| Section                                | How the Society complies with each Code Principle   |  | Where can I find out more?  |
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| <b>1. Board leadership and purpose</b> |   |  |   |
| A                                      | The Society is led by an effective and entrepreneurial board, its role is promoting the long-term sustainable success of the Society, generating value for members and contributing to wider society. | <p>The Board is led by the Chair and comprises Non-Executive Directors and Executive Directors. There is a majority of independent Non-Executive Directors.</p> <p>The Board is collectively responsible for the governance of the Society through its decisions and oversight. This facilitates effective and prudent management which in turn promotes the long-term sustainable success of the Society and generates value for members and other stakeholders.</p> <p>The Board recognises that good governance is more than rules, regulations and frameworks and the people on the Board. It extends to embedding the right culture, values and ethics within the</p> | <p>Biographical details of the Board members can be found on the website.</p> <p>A diagram showing the Board and committee structure can be found in the Annual Report and Accounts.</p> <p>A full list of responsibilities for each committee is set out in each Committee's terms of reference,</p> |

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|   |   | <p>Society. High standards of corporate governance at the Society drive informed, collaborative and accountable decision making throughout the organisation.</p> <p>The Board has a formal schedule of matters which are reserved for its consideration.</p> <p>The Board is supported by its committees which make recommendations to the Board on matters delegated to them, particularly in relation to internal control, risk management, financial reporting, governance and remuneration matters. This enables the Board to spend a greater amount of time on strategic and forward-looking matters. The Transformation Oversight Committee was established in March 2024 to oversee transformation within the Society.</p> <p>The Chair of each committee reports to the Board meeting following the committee meeting on the matters discussed and decisions taken and makes recommendations to the Board where necessary. The Directors have full access to the minutes of the committees to ensure transparency, unless it would be inappropriate to do so (for example where an Executive Director's remuneration is being discussed).</p> <p>In addition to the Board Committees there are five management committees, three of which report into the Risk Committee. The Customer and Conduct Committee (established in 2024) and the Executive Committee report to the Board. Committees liaise closely in areas where there is some degree of overlap within the remit of the Committees.</p> | <p>details of which can be found on the Society's website.</p> <p>The work of the Board Committees is set out in their individual reports to members within the Annual Report and Accounts.</p> <p>The Board Committee membership is set in the latest Annual Report and Accounts.</p> <p>The Annual Report sets out how opportunities and risks to the future success of the Society have been considered and addressed, the sustainability of the business model and how governance contributes to the delivery of strategy.</p> <p>A graph is shown in the Annual Report and accounts.</p> |
| B | The board establishes the purpose, values and strategy, and satisfies itself that these and its | The responsibilities of the Board include setting the purpose, values and strategy, ensuring these are aligned to culture,   | More information on the purpose, values and strategy can be found   |

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|   | <p>culture are aligned. All directors act with integrity, lead by example and promote the desired culture.</p>                             | <p>providing the leadership to put them into effect, monitoring performance and reporting to members on their stewardship.</p> <p>The Society's purpose of 'helping members, communities and colleagues to thrive' is supported by the Society's values and strategy and aligns with its mutual status. The Board considers culture and is focused on setting the right tone from the top. All Directors are expected to act with integrity, lead by example and promote the Society's desired culture.</p> <p>The Society's people strategy outlines the vision, aims and activities to be undertaken in relation to culture. Regular updates are provided to the Board on feedback from colleagues (gathered through colleague surveys) as well as cultural insights such as employee turnover and any work-related absences. The Board assesses and monitors culture through these updates and regular reports from HR, Risk &amp; Compliance, Internal Audit and External Audit. These reports include conduct matters and quality assurance reviews which provide information to assist the Board in monitoring the culture within the Society.</p> <p>Directors are required to declare any potential or actual conflicts of interest that could interfere with their ability to act in the best interests of the Society. The Company Secretary maintains a conflicts register, which is a record of actual and potential conflicts. Where a conflict may exist, or a matter concerns a Director individually, that Director will absent themselves from the discussions and will not be part of the decision. The Board reviews director's conflicts.</p> | <p>in the strategic report in the Annual Report and Accounts.</p> <p>More information can be found in the strategic report in the Annual Report and Accounts.</p> <p>The Conflicts Register is reviewed by the Nominations Committee and referred to in their Committee Report contained within the Annual Report and Accounts.</p> |
| C | <p>The necessary resources are in place to meet objectives and measure performance. A framework of prudent and effective controls, has</p> | <p>The Board has established a framework of prudent and effective controls, which enable risk to be assessed and managed.</p>   | <p>More information on financial and non-financial metrics used to measure performance against</p>  |

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|   | <p>been established which enable risk to be assessed and managed.</p>   | <p>The Board has also set appropriate budgets and plans to achieve strategic objectives. A suite of strategic Key Performance Indicators (KPIs) has been established with underlying metrics. These are reviewed by management and the Board to track performance and progress against strategy. Regular reporting on financial and non-financial information is provided to facilitate oversight by the Board.</p> <p>In making decisions to ensure the long-term success of the Society for the benefit of its members, the Board balances the needs of savings and borrowing members. The Board has extensively reviewed the Society's assessment of Capital and Liquidity requirements to ensure the ongoing financial soundness of the Society. The Board continues to monitor the availability of funding (retail and wholesale) to enable the Society to achieve its strategic objectives.</p> | <p>objectives can be found in the Annual Report and Accounts.</p> <p>Information on the control framework can be found within the Risk Committee Report contained within the Annual Report and Accounts.</p>  |
| D | <p>Effective engagement with members and other stakeholders takes place, and participation is encouraged.</p> | <p>The Society recognises the importance of the views and interests of its key stakeholders and the impact they have on the achievement of purpose and strategy. It seeks positive and active engagement with all of those holding an interest in the Society's activities.</p> <p>The Board has identified its stakeholders and keeps these groups under regular review along with the engagement mechanisms in place for them. The Board recognises its role to promote the long-term sustainable success of the Society, generating value for members and contributing to the wider society. The Society has a 'member matters' panel which seeks feedback on key themes and shapes the design of the Society's product and service offering. A colleague forum is in place to support the Board with the voice of the workforce when decisions are made.</p>                                      | <p>Key strategic decisions and actions taken by the Society during the year impacting our key stakeholders are detailed in the Chairs report and the Strategic Report in the Annual Report and Accounts.</p> <p>More information on how the Board engages with stakeholders and how their interests were considered can be found in the Annual Report and Accounts.</p> |

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|   |  | <p>The AGM and other communications with members provide the opportunity for members to give feedback to the Society on any aspect of its activities. Members are given the opportunity to submit questions to the Society in advance or to ask them in person on the day of the AGM.</p> <p>The Company Secretary provides guidance on writing high quality and informative Board papers and reports. All papers are required to include information on the key stakeholder impacts and how these have been taken into account.</p>  |   |
| E   | <p>Workforce policies and practices are consistent with the values and support long-term sustainable success. The workforce is able to raise any matters of concern.</p> | <p>The Board ensures that workforce policies and practices are consistent with the Society's values and support its long-term sustainable success.</p> <p>colleagues are able to raise any matters of concern in confidence and anonymously. The Board receives an annual report on the reports arising from its operation and ensures that arrangements are in place for the proportionate and independent investigation of such matters and for follow-up action if needed. The Chair of the Risk Committee is the Society's whistleblowing champion until August 2024 when the Chair of the Audit Committee will take over. This forms part of the Society's 'Speak Up' arrangements.</p> <p>Employee wellbeing is a key focus, and the Society provides support to employees in several ways. These include access to an Employee Assistance Programme which offers confidential counselling and advice on a wide range of work and personal issues. There is also access to trained mental health first aiders in the Society.</p> | <p>More information on consistency of workforce policies and practices can be found in the Remuneration Committee report in the Annual Report and Accounts.</p> <p>More information on whistleblowing and the Speak Up Policy can be found in the Risk Committee report in the Annual Report and Accounts</p> <p>Details under colleagues in the Corporate Governance Report in the Annual Report and Accounts.</p> |
| <p><b>2. Division of responsibilities</b></p> |  |   |   |

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| F | <p>The chair leads the board and is responsible for its overall effectiveness, demonstrating objective judgement and promoting a culture of openness and debate. The chair facilitates constructive board relations and the effective contribution of all non-executive directors, and ensures that directors receive accurate, timely and clear information.</p> | <p>The Chair of the Board an independent Non-Executive who provides strong, ethical and visible leadership. The roles of the Chair and the CEO are clearly defined and set out in writing.</p> <p>The Chair ensures dialogue which is both constructive and challenging, whilst maintaining mutual respect and openness.</p> <p>The Chair supported by the Company Secretary ensures that the Board receives sufficient information to enable it to discharge its responsibilities. The Board can access the Board-approved policies, the Governance Framework, Committee packs, minutes and other relevant information through its online Board portal.</p>   | <p>Biographical details of the Board members can be found on the website.</p>  |
| G | <p>The board has an appropriate combination of executive and non-executive (and, in particular, independent non-executive) directors, such that no one dominates the board's decision-making. There is a clear division of responsibilities between the leadership of the board and the executive leadership of the Society's business.</p>                       | <p>The Society's Board comprises a majority of independent Non-Executive Directors (including the Chair).</p> <p>The Board has a schedule of retained powers in order to maintain control over the Society's affairs, whilst other matters are delegated to the Executive team or Board Committees.</p> <p>A clear division of responsibilities is in place to ensure that one individual does not have excessive power over decision making. The Chair leads the Board and there is a combination of Executive and independent Non-Executive Directors, with a clear division of responsibilities between the leadership of the Board and the executive leadership of the business. The Non-Executives provide constructive challenge and strategic guidance, offer specialist advice, and hold management to account. The implementation and delivery of the Society's Strategy, as agreed by the Board, and the day-to-day running of the Society is led by the Executive Committee. Responsibilities are set out in writing.</p> | <p>A summary of roles and responsibilities can be found on the website.</p> <p>There is a clear division of responsibilities at the head of the Society which is documented in the Corporate Governance Framework and explained in the Annual Report and Accounts.</p> |

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|   |  | <p>The Chair meets regularly with the Non-Executive Directors without the Executive directors present in order to facilitate a full and frank airing of views. Executive directors are held to account against agreed performance measures. The Senior Independent Director (SID) meets at least annually with the other Non-Executive Directors to appraise the Chair's performance, without the Chair present.</p> <p>The Senior Independent Director is available to act as a sounding board for the Chair and resolve any issues that may arise.</p> <p>The Board considers that all its Non-Executive Directors, including the Chair, are independent and free of any relationship which could materially interfere with the exercise of their judgement. Length of service and whether the Director has recently been an employee of the Society are considered when assessing independence in accordance with the requirements of the Code.</p> | <p>More information on the Senior Independent Director Role is contained within the Corporate Governance Report in the Annual Report and Accounts.</p>  |
| H | <p>Non-executive directors have sufficient time to meet their board responsibilities. They provide constructive challenge, strategic guidance, offer specialist advice and hold management to account.</p> | <p>The letters of appointment for Non-Executive Directors set out the minimum time commitment expected for the role. The time commitment may increase during times of significant change in the Society or the market, or when new strategies and developments are under consideration. The time commitment varies depending on whether the Non-Executive Director also chairs a Committee (in which case it can increase significantly).</p> <p>Prior to appointment, significant commitments are disclosed with an indication of the time involved. Additional external appointments cannot be undertaken without prior approval of the Board</p> <p>Each Director allocates sufficient time to their role in order to discharge their duties effectively. They attend Board and Board Committee meetings, ensuring they are well prepared for each meeting and have a good understanding of the business. All</p>                                   | <p>Directors' other commitments are listed in their Biographical details which can be found on the website.</p> <p>The key areas of focus for the Board during the year are detailed in the Society's strategic report in the Annual Report and Accounts</p> <p>Contained with The Board and Committee Attendance and Membership in the Annual Report and Accounts.</p> |

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|   |   | <p>Directors are expected to attend Board meetings. In the event of circumstances that prevent a Director from attending a meeting the Chair makes sure that any views are passed on and are heard in the meeting. They also complete ongoing training and meet with Executives and other colleagues within the Society, regulators and others as required.</p> <p>The Chair has no other significant commitments, and the leadership of the Board has priority over any other business commitments. There have been no changes to the Chair's other commitments during the year.</p>  |   |
| I | <p>The board, supported by the company secretary, ensures that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.</p> | <p>The full Board meets as often as is necessary to discharge its obligations and to ensure it retains full and effective control over the Society, agreeing policy, strategy and taking decisions on all high-level issues which impact on the organisation whilst closely monitoring management activities.</p> <p>In advance of each meeting, a comprehensive and informative set of papers is provided. Focus and strategic items are considered at the start of the meeting. These are followed by certain regular items at every meeting, such as reports from the Executive and the Chairs of the Board committees, business performance indicators and updates on regulatory matters and business transformation, an action schedule and the minutes of the previous meeting. Agendas also include an item to reflect on emerging risks and opportunities, and the quality of the discussions held.</p> <p>Throughout the year both the Executive and Non-Executive Directors are informed of key developments in the business through regular reports and updates. These are in addition to the reports and presentations that the Board and Board Committees receive as part of their formal meetings.</p> | <p>The Board and committee attendance and membership table in the Annual Report and Accounts sets out the number of meetings.</p> <p>The work of the Board and a typical agenda is set out in the Corporate Governance section of the Annual Report and Accounts.</p> |

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|  |   | <p>The Board ensures that the necessary financial and human resources are in place for the Society to meet its objectives and that business and management performance is reviewed. The Directors have access to the advice of the Company Secretary and, if necessary, are able to take independent professional advice at the Society's expense. The appointment or removal of the Company Secretary and Chief Risk Officer is a matter for the whole Board. The Society has arranged appropriate insurance cover in respect of legal actions against its Directors. All Directors have access to the Society's operations and colleagues.</p> |   |
| <b>3. Composition, succession and evaluation</b> |   |  |   |
| J  | <p>Appointments to the board are subject to a formal, rigorous and transparent procedure, and an effective succession plan is maintained for board and senior management. Both appointments and succession plans are based on merit and objective criteria and, within this context, promote diversity.</p> | <p>A Nominations Committee has been established to lead the process for appointments and ensure plans are in place for an orderly succession to the Board. The Committee oversees the development of a diverse pipeline for succession.</p> <p>The Society uses open advertising and/or an external search consultancy for the appointment of the Non-Executive directors. Where external search consultancies are used these are identified in the Annual Report and Accounts.</p>  | <p>More information on the work of the Nominations Committee, including Board appointments and succession planning, can be found in the Nominations Committee report in the Annual Report and Accounts.</p> |
| K  | <p>The board and its committees have a combination of skills, experience and knowledge. Consideration is given to the length of service of the board as a whole and membership is regularly refreshed.</p>  | <p>Roger Turner was appointed as a Non-Executive Director in September 2015 and was appointed Chair of the Board in August 2022. It was agreed that his tenure be extended by three months, beyond the Code's recommended nine-year term, until December 2024. This was to ensure effective succession planning and retain his skills, experience and knowledge during this time. A robust assessment of his independence was carried out and the Board agreed he remained independent.</p>  | <p>More information on Board composition can be found in the Annual Report and Accounts.</p> <p>More information can be found under election and re-election of</p>   |

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|   |   | <p>The Society puts all directors up for annual re-election at the AGM. Directors are only recommended for election where their contribution is, and continues to be, important to the Society's long-term sustainable success.</p>   | <p>Directors in the Nominations Report in the Annual Report and Accounts.</p>               |
| L   | <p>Annual evaluation of the board considers its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation demonstrates whether each director contributes effectively.</p> | <p>There is a formal and rigorous annual evaluation of the performance of the Board, its Committees, the Chair and individual Directors. Every three years the Board evaluation is externally facilitated. Evaluation of the Board considers the balance of skills, experience, independence and knowledge of the Society on the Board, its composition, diversity and how effectively members work together to achieve objectives, and other factors relevant to its effectiveness.</p> <p>The Chair and Secretary act on the results of the performance evaluation by recognising the strengths and addressing the weaknesses of the Board through an action plan. Each Director engages with the process and takes appropriate action where development needs have been identified.</p> <p>Internal effectiveness reviews are undertaken on an annual basis by the Board and all Committees in the intervening years between the external review.</p> <p>The performance of the Non-Executive Directors is evaluated by the Chair who assesses whether the individual's performance continues to be effective and whether they demonstrate commitment to the role. The performance of the Chief Executive is evaluated by the Non-Executive Directors and the performance of the Executive Directors is evaluated by the Chief Executive. The performance of the Chair is separately assessed by the Directors and coordinated by the Senior Independent Director.</p> | <p>More information on Board evaluation can be found in the Annual Report and Accounts.</p> |
| <p><b>4. Audit, Risk and Internal Control</b></p> |   |   |   |

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| M | <p>The board has established formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions and has satisfied itself on the integrity of financial and narrative statements.</p> | <p>The Board has established an Audit Committee and a Risk Committee, both of which are comprised of independent Non-Executive Directors.</p> <p>The Audit Committee ensures the independence and effectiveness of internal and external audit functions and satisfies itself on the integrity of financial and narrative statements.</p> <p>The Board is responsible for establishing policies and procedures to ensure the independence and effectiveness of its three lines of defence and satisfy itself as to the effectiveness of the internal control environment operating within the Society.</p> <p>In an environment of increasing legal and regulatory requirements there has been increasing complexity and volume on the Board's agenda, which is reflected in an increased focus on governance, risk and the control environment.</p> <p>The Board continues to focus on strengthening the control environment through the Enterprise Risk Management Framework and being kept regularly appraised of regulatory changes, developments and emerging risk themes through regular horizon scanning activity.</p> <p>The Board receives regular reports on changes to legislation, regulation and best practice to ensure it remains up to date with developments and the Society can react to the significant volume of these changes within an ever-challenging market.</p> | <p>More information on how the Board ensures the independence and effectiveness of internal and external audit, and the integrity of financial reporting, can be found within the Audit Committee Report in the Annual Report and Accounts.</p> <p>More information on the work of the Audit Committee and Risk Committee can be found in the relevant Committee Report in the Annual Report and Accounts.</p> <p>The Terms of Reference outlining the roles and responsibilities of the committees can be found on the website.</p> |
| N | <p>The board presents a fair, balanced and understandable assessment of the Society's position and prospects.</p>  | <p>The directors explain in the Annual Report their responsibility for its preparation and provide a declaration regarding whether they consider the annual report and accounts, taken as a whole, is fair, balanced and understandable, and provides the information</p>   | <p>More information on this assessment can be found within the Audit Committee Report in the Annual Report and Accounts.</p>   |

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|                        |   | necessary for members to assess the Society's position, performance, business model and strategy.  |  |
| O                      | The board establishes procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the Society is willing to take in order to achieve its long-term strategic objectives.            | <p>The Board carries out a robust assessment of the Society's emerging and principal risks. The Board monitors and reviews annually the Society's risk management and internal control systems.</p> <p>The Board has evaluated the operational resilience of the Society through business continuity planning, enhancements to its information technology and infrastructure, mitigation of vulnerabilities identified across its important business services and increased governance through the Operational Resilience Forum. The Board has been kept abreast of changes made to processes within the Society to improve resilience and ensure the Society is compliant with regulatory requirements. The Board has received regular updates on the ongoing enhancement of the Society's IT infrastructure, information Security and process automation. The Board reviews the annual Operational Resilience Self-Assessment which provides a robust assessment of the resilience of the Society's important business services to severe but plausible disruption, and the necessary steps to take and investment to make to ensure those services can be recovered before causing intolerable harm to members.</p> | More information on managing risks and internal control oversight can be found within the Risk Committee Report in the Annual Report and Accounts.   |
| <b>5. Remuneration</b> |   |  |  |
| P                      | Remuneration policies and practices are designed to support strategy and promote long-term sustainable success. Executive remuneration is aligned to Society purpose and values, and clearly linked to the successful delivery of long-term strategy. | <p>The Board has established a Remuneration Committee of independent Non-Executive Directors.</p> <p>The Committee has delegated authority for determining the policy for executive director and senior management remuneration and ensures it reflects the time commitment and responsibilities of the role. It will review workforce remuneration and related policies and the alignment of incentives and rewards with culture.</p>   | More information on the work of the Remuneration Committee including how remuneration policies and practices are designed can be found within the Remuneration Committee Report in the Annual Report and Accounts. |

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|   |   | <p>Non-Executive Directors do not receive performance related pay.</p>  | <p>The Chair of the Remuneration Committee until September 2024 was a member of the Committee prior to becoming Chair. When recruiting for the new Chair of Remuneration Committee it will not be possible for them to have served on the Committee prior to becoming Chair. Therefore, someone with good experience of remuneration and Board matters will be sought. A disclosure explaining this will be included in the Annual Report and Accounts for the year ending 30 April 2025.</p> |
| Q | <p>A formal and transparent procedure for developing policy on executive remuneration and determining director and senior management remuneration has been established. No director is involved in deciding their own remuneration outcome.</p> | <p>When determining Executive director remuneration policy and practices, the Remuneration Committee considers clarity, simplicity, risk, predictability, proportionality and the alignment to culture.</p> <p>The remuneration of Non-Executive Directors is determined by the Chair based upon a recommendation from the Executive Directors taking into consideration any Senior Management Function (SMF) accountabilities and does not include any performance-related elements.</p> <p>The Chair's remuneration is determined by the Committee in the Chair's absence.</p> <p>The Remuneration Committee reviews Executive Directors' remuneration annually to ensure that it is reflective of the time</p> | <p>More information on how remuneration policy is developed and determined can be found within the Remuneration Committee Report in the Annual Report and Accounts.</p>   |

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|   |  | commitment and responsibilities of the role and is sufficient to attract, retain and motivate Directors whilst balancing Society finances and supporting the long-term success of the Society.  |  |
| R | Directors exercise independent judgement and discretion when authorising remuneration outcomes, taking account of Society and individual performance, and wider circumstances. | <p>The Committee exercises independent judgement and discretion when deciding remuneration outcomes. Bonus awards given under all Society bonus schemes are at the discretion of the Remuneration Committee and can be deferred or withheld, in appropriate circumstances.</p> <p>Provisions are included that would enable the Society to recover and/or withhold awards and where it would be appropriate to do so.</p> | More information on the exercise of discretion in remuneration outcomes can be found within the Remuneration Committee Report in the Annual Report and Accounts. |