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Corporate Governance Statement FY25

Monzo Bank Holding Group Limited (MBHG)
Monzo Bank Limited (MBL)

References to page numbers in this statement refer to the FY25 Annual Report which you can find here.

Corporate Governance Statement

We remain fully compliant with the Wates Principles of Corporate Governance for Large Private Companies 2018 ('Wates')

Last year, we reported on our compliance with Wates for the first time, in line with our responsibility under The Companies (Miscellaneous Reporting) Regulations 2018. We're pleased to confirm that we've continued to comply with Wates in this year's governance statement and believe that it reflects our commitment to maintain a high and recognised standard of governance.

We've mentioned in previous annual reports that we also look to the UK Corporate Governance Code 2024 (the Code) as a pillar of best practice. Where appropriate, we've continued to benchmark our governance against the Code, the most recent version coming into effect on 1 January 2025. To us, governance goes hand in hand with strategic success, so we'll keep our practices under review to make sure they're proportionate and aligned to our future plans.

Principle 1

An effective board develops and promotes the purpose of a company, and makes sure that its values, strategy and culture align with that purpose

Our mission hasn't changed. We're here to make money work for everyone and it's at the heart of everything we do. Our mission is central to our strategy, goals and collective vision. Our Boards set our strategy and hold management to account on our goals, making sure that both align with our culture, values and long-term aspirations. You can find more information on our Board-approved strategy on page 13.

As reported last year, our Board members continue to role model the shared practices and behaviours that make up our culture. Our culture is key to our long-term success and the Boards, together with the Group RemCo and Group RiskCo, actively consider our culture when making key decisions. This year, the Boards endorsed our culture strategy, which is especially important as we scale internationally. Find more about the work we've done in the People space on page 35.

The Boards continue to put the mission at the centre of their decision making, which you can read more about in our Section 172 statement on page 60.

Principle 2

Effective board composition requires an effective chair and a balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the company.

As Chair of the Boards, Gary Hoffman is responsible for leading the Boards and making sure that they're balanced, diverse, and perform effectively. We talked more about our Board structure, diversity on the Board, and division of responsibilities between the Chair and the CEO earlier in this section (see pages 77).

Each year, the Group NomCo oversees the Board performance review as well as the collective and individual suitability assessment of the Board directors. As we reported last year, our performance and suitability processes are governed by our Board and Senior Manager Suitability Policy, which is Board approved and takes things like conflicts of interest, time commitments, and independence into account. We also work closely with our Governance and Accountability Lead during this time because of the overlap between our internal suitability procedures and regulatory accountability regime requirements (for example, the FCA's Senior Manager and Certification Regime (SMCR)).

Gary Hoffman led our annual performance review supported by the MBHG and MBL Company Secretaries. Similar to last year, each Board member completed a consolidated self-assessment questionnaire covering questions about their Board and Group Board Committee roles (as relevant). The questionnaire took key themes from the previous year's review into account.

In addition, the Chair of the Boards completed a performance review for each Board member in order to complete their individual suitability assessments. The Senior Independent Director completed this for the Chair of the Boards.

Here's what those reviews found.

- The Boards and Group Board Committees were performing effectively.
- The Board directors were collectively and individually suitable, with sufficient time to perform their roles and have value-adding impact.
- The Boards and Group Board Committees had fulfilled their responsibilities during the year.

This year, in addition to our annual Board performance review, we completed a Board capability review (the Capability Review), which an external party facilitated. This review was narrower in scope than a typical performance review, mainly concentrating on the skills, competencies and experience of our current Boards to see how this mapped against our strategic growth plans. The Capability Review helped to identify our strengths as well as some skill gaps. We're using the findings to help inform our forward-looking Board size and structure which needs to align to our strategic goals as a Group.

As a whole, we continually assess Board directors' learning and development needs through our Board performance and Board training plan review cycles. Board members have access to the advice of our Company Secretaries, the Chair of the Boards, and the Senior Independent Director if they need it. They're also able to ask for external legal advice if they need it to help them make key decisions.

We continue to take a forward-looking approach to Board and senior management make-up and succession planning and this remains an area of ongoing focus for the Group NomCo (see more on page 90).

Principle 3

The Board and individual directors should have a clear understanding of their accountability and responsibilities. The Board's policies and procedures should support effective decision-making and independent challenge.

The Boards and committee members continue to act in line with the responsibilities set out in their matters reserved and terms of reference. As a bank, some of our directors also have additional responsibilities under the Senior Manager & Certification Regime. The role profiles and statements of responsibilities of Senior Managers outline their responsibilities.

Our Board members go through a tailored induction plan when they join to help them get a full understanding of their accountabilities as a board member. Each induction plan is designed collaboratively with input from the Chair of the Boards, the Company Secretary, and the incoming director. We actively monitor progress to make sure the plans are completed in good time.

To support effective decision-making, we maintain a set of Board policies and procedures that help inform how we do things. This includes things like how we manage conflicts of interest (set out in our Board Conflicts of Interest Policy) – an area that's becoming increasingly important as we evolve our Group structure. More broadly, we operate within the context of our Group Governance Framework which we talk more about on page 76.

As mentioned earlier, the Boards have adopted a formal schedule of matters reserved for their attention, detailing matters that are considered of significance to Monzo owing to their strategic, financial or reputational importance or consequences. The Boards and their Committees have a forward-looking programme of agenda items scheduled for discussion throughout the year to ensure significant items are discussed at the appropriate time and enough time is allocated. Standard paper templates are used to ensure Directors receive high-quality, clear and timely information to support their oversight, challenge and decision making. Together, these documents help to keep everyone up to date in an efficient and timely way.

The information that flows up to the Boards is supported by an extensive system and control framework the Group AudCo (financial controls) and the Group RiskCo (enterprise risk controls) oversee.

Principle 4

A board should promote the long-term sustainable success of the company by identifying opportunities to create and preserve value, and establishing oversight for the identification and mitigation of risks.

Our Boards and executive team set our strategy in the context of our enterprise risk profile and risk appetite. We have clear processes for setting our strategy, and the goals that'll help us achieve it. This includes a strategy offsite, which we talked about earlier in this section (see page 82).

The Boards and Group RiskCo oversee all of our key risks (both financial and non-financial), as defined in our risk taxonomy and they approve our Group Enterprise Risk Management Framework, making sure it remains effective each year. It's essential that we factor risk into our decision-making processes and the assessment of our strategic opportunities. It's why material product launches or changes are subject to a robust risk assessment which we then share with the Group RiskCo and Boards for review and approval. It's also why the Group RiskCo (on behalf of MBL) annually reviews a summary of our product approvals, to make sure these align with our strategic objectives.

Each year we complete an annual horizon scanning exercise to identify future risks and opportunities. Lots of teams contribute to the exercise, including the executive team and the Boards. We share the findings with the Group RiskCo and factor them into future planning, training and workshops.

At a business level, we have a three lines of defence model which you can find out more about on page 66 along with our principal risks and our overall approach to risk management.

Principle 5

A board should promote executive remuneration structures aligned to the long-term sustainable success of a company, taking into account pay and conditions elsewhere in the company.

We continue to check that our approach to pay aligns with our culture of fairness and transparency. We offer Monzonauts share options (the option to buy Monzo shares at a future date) which aligns pay and reward with long-term business performance. We also believe in having pay and reward policies that help us attract and keep high-quality, diverse people. As a bank, our pay and reward structures need to meet regulatory requirements, especially for our executive team, and we reflect this in our policies and practices.

Our Group RemCo oversees lots of things relating to remuneration, reward, and culture across the Monzo Group. For example, the Group RemCo reviews our people and pay framework every year to make sure that it stays simple, clear and effective at linking rewards to our future success. We also look at our pay data and produce a Gender Pay Gap Report each year, which we publish on our website.

You can find out more about our Group Remuneration Committee, its responsibilities and its activity during the year on page 92.

Principle 6

Directors should foster effective stakeholder relationships aligned to the company's purpose. The board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.

There are lots of ways our Boards take our stakeholders into account when making decisions, from direct engagement with investors to feedback loops in community channels.

One of our key stakeholder groups is our people and we talk more about our approach to our team on page 35. We care about making sure Monzonauts feel heard and have processes in place so that our people can speak about issues openly or anonymously if they need to. Our Group Audit Committee Chair, Fiona McBain, is our Speaking Up Whistleblowing Champion and is our Board-level advocate for making sure we follow our speaking up policies.

We talk about who our key stakeholders are and how the Boards take their interests into account in decisions in our Section 172 statement on page 60.