

monzo

Corporate governance statement FY24

The Boards formally adopted Wates as our corporate governance code in November 2023. Where appropriate, we hold ourselves to a higher standard of governance and look to the UK Corporate Governance Code as a source of best practice guidance for this.

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

*References to page numbers in this statement refer to the FY24 Annual Report which you can find [here](#).



Our governance statement

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

In line with our responsibility under The Companies (Miscellaneous Reporting) Regulations 2018, this is the first year we've had to include a statement of our corporate governance arrangements for the financial year. Our governance statement sets out how we've complied with the principles under the Wates corporate governance code. You can also find the statement on our website.

On Group NomCo's recommendation, the Boards formally adopted Wates as our corporate governance code in November 2023. While Wates is our formal code of corporate governance for FY2024, we'll continue to keep our governance practices under review as we grow. Where appropriate, we hold ourselves to a higher standard of governance and look to the UK Corporate Governance Code 2018²¹ as a source of best practice guidance for this.

²¹ To be superseded by the UK Corporate Governance Code 2024, effective from FY2026.

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 is to make money work for everyone. It's our purpose and is at the heart of everything we do. Our mission informs 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. More information on our strategy from page 14.

In leading Monzo, our directors actively promote the company's success. They role model the shared practices and behaviours that make up our culture which is essential to creating long-term value. Our Boards help establish and embed our culture through ongoing monitoring via the Group Committees. They also meaningfully engage with our colleagues, investors and regulators, as well as other key stakeholders. Our key stakeholders' views influence Board discussions and decision making. This aligns with the duties of our directors under section 172 of the Companies Act 2006. More about this on page 43.

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.

Our Chair, Gary Hoffman, is responsible for leading the Boards and overall board performance.

Each year, overseen by the Group Nomination & Governance Committee, we review the effectiveness and suitability of the directors on the Boards and Group Committees, individually and collectively. Similar to last year, the Board agreed the collective suitability assessments would form part of the Board effectiveness review. We document our approach to individual and collective suitability assessments in the Board and Senior Manager Suitability Policy, which the Boards approve annually.

This year, the Boards approved that the Chair of the Boards should lead the effectiveness review with support from the MBHG and MBL Company Secretaries. Each Board member completed a consolidated self-assessment questionnaire covering questions about their Board role and Group Committee role.

The questionnaire was based on key themes from the previous year's review. In addition, the Chair of the Boards completed a performance review for each Board member to do their individual suitability assessments. The Senior Independent Director completed this for the Chair of the Boards.

The review found that the Boards and Group Committees were performing effectively, collectively suitable, and had fulfilled their responsibilities during the year. Fewer actions came out of this year's review than last year's and we combined any ongoing actions from FY2023/2024 into one Board effectiveness action plan for FY2025.

As well as performing effectively, it's important that our Board members have time to commit to their role, aren't conflicted in their role, and continue to hold the right skills and experience. We also have a Board-approved training plan, developed in consultation with the Boards, in place to support the continued development of our directors. The training plan includes workshops, deep dives and externally facilitated training sessions.

We take a forward-looking approach to Board and senior management make-up and succession planning. We'll continue to build our skills and capabilities in line with our strategy which we talk more about on page 14.

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 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.

We offer all Board members a tailored induction plan when they join to help them get a full understanding of their accountabilities as a board member. The Chair of the Boards designs their induction with support from the Company Secretaries and the director to make sure it's tailored to their individual needs.

We then continually assess their 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 decisions.

We give the Boards timely management information in a clear and comprehensive way because we know it helps them make informed decisions and challenge management constructively and independently. We talk more about this and the interaction between the Boards, the Group Committees and Group ExCo in on How our governance works on page 65.

This year, we also introduced our governance framework which we talk about on page 65. It's Board-approved and documents how we make decisions at the Group, subsidiary and executive level. It's also key in mitigating our firm and governance risk. Together with our governance framework, we have a number of other Board-approved policies, like our Board Operating Protocols, Board and Senior Manager Suitability Policy, Board Diversity Policy, and Board Conflicts of Interest Policy. Together, our suite of board governance documents supports our Boards to fulfil their duties effectively and in a way that meets statutory and regulatory requirements. The Boards review our governance documents at least once a year to make sure they stay fit for purpose.

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 set our strategy in the context of our enterprise risk profile and appetite. We have a risk strategy which the Board approves and monitors along with our business strategy. The risk strategy calls out key risks to our business strategy and outlines how we'll deliver the strategy while staying within our risk appetite and the capabilities we need to manage our risks effectively. The Boards and Group Board Risk Committee oversee all of our key risks, as defined in our risk taxonomy. Risk considerations are crucial to our decision-making processes and assessing strategic opportunities.

We also use a forward-looking approach to risk by monitoring our emerging risks. We do an annual horizon scanning exercise to identify future risks. We then create a deep dive plan covering the most relevant emerging risks for the Group Board Risk Committee to approve.

At a business level, we have a three lines of defence model which you can find out more about on page 49 along with our principal risks and our overall approach to risk management. Also, our Group Audit Committee oversees our internal systems and controls. More information on this is on page 76.

Risk considerations are integral to our decision-making processes and the appraisal of strategic opportunities.

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.

Our approach to remuneration 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 too.

On delegation of the Boards, our Group Remuneration Committee is responsible for developing and overseeing our remuneration policies and practices. This includes things like setting the remuneration of the Chair of the Boards and reviewing our Gender Pay Gap Report. The Group Remuneration Committee reviews our people and pay framework annually to make sure that it stays simple, clear and effective at linking reward to our future success.

You can find out more about our Group Remuneration Committee, its responsibilities and its activity during the year on page 75.

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.

When making decisions, our Boards rely on the engagement they and the business have with its key stakeholders. Some of our key stakeholders include our customers, employees, investors and different regulatory bodies.

We recognise the importance of effective stakeholder engagement and the impact it has on successfully carrying out our strategy. We have a Strategic Advisory Group which we designed to support communication between us and our major investors. We also have an active customer community that shares feedback with us.

For our colleagues, we regularly check in on their wellbeing and morale through surveys. We share the survey results with the Boards and Group RemCo to inform the decisions they make, including updating our benefits, which now include a higher pension contribution and access to enhanced wellbeing support.

The Group Remuneration Committee oversaw the roll out of 'our MAGIC why' (Mission, Action, Growth, Inclusion, Care) – our refreshed employee value proposition which we designed after extensive conversations with our colleagues. Learn more about our employee value proposition and our approach to people on page 25.

We also encourage our colleagues to speak out about issues they see at work, which they can do confidentially if they prefer. Our Group Audit Committee is responsible for approving our Speaking Up policy which governs this process and the Group Remuneration Committee Chair is our Speaking Up Champion.

We recognise the importance of making sure we meet our regulatory responsibilities. Our Chair of the Boards and Group Committee Chairs speak regularly with our regulators and are committed to open communication on key issues.

We talk about our key stakeholders and how they're factored into our Board decision-making processes in our Section 172 Statement on page 43.

