

Website Disclosures
CRD V - ART 96 and CRR ART 450
MONZO BANK LIMITED (MONZO)

Introduction

Monzo Bank Limited (“**Monzo**” or the “**firm**”) is authorised by the Prudential Regulation Authority (“**PRA**”) and regulated by the PRA and Financial Conduct Authority (“**FCA**” together with the PRA, the “**Regulators**”). Monzo’s firm reference number is 730427.

Article 96 of the Capital Requirements Directive V (“**CRD**”) requires that firms which maintain a website explain how they comply with the requirements of Articles 88 to 95 of CRD V, some of which are implemented in the UK via the PRA Rulebook and FCA Handbook. Additionally, Article 450 of the Capital Requirements Regulation (“**CRR**”) requires certain disclosures on Monzo’s remuneration policy.

Certain Article 96 requirements are covered in Monzo’s Annual Report and Accounts for the year ended 28 February 2022 (the “**Annual Report**”) and its Pillar III Disclosures (which are statutory and regulatory requirements, respectively). This document outlines how Monzo complies with the CRD requirements by either providing an explanation or cross-referencing to the relevant sections of the Annual Report and/or Pillar III Disclosures.

The following articles have been considered for disclosure:

Article reference	Content	Applicability
CRD V 88	Governance Arrangements	Applicable
CRD V 89	Country by country reporting	Applicable
CRD V 90	Public disclosure of return on assets	Not applicable
CRD V 91	Management Body	Applicable
CRD V 92	Remuneration Policies	Applicable
CRD V 93	Institutions that benefit from government intervention	Not applicable
CRD V 94	Variable elements of remuneration	Applicable
CRD V 95	Remuneration Committee	Applicable
CRD V 96	Maintenance of a website on corporate governance and remuneration	Applicable
CRR Article 450	Disclosure of remuneration policy	Applicable

Article reference: CRD V 88: Governance Arrangements

Member States shall ensure that the management body defines, oversees and is accountable for the implementation of the governance arrangements that ensure effective and prudent management of an institution, including the segregation of duties in the organisation and the prevention of conflicts of interest.

Those arrangements shall comply with the following principles:

- (a) the management body must have the overall responsibility for the institution and approve and oversee the implementation of the institution's strategic objectives, risk strategy and internal governance;
- (b) the management body must ensure the integrity of the accounting and financial reporting systems, including financial and operational controls and compliance with the law and relevant standards;
- (c) the management body must oversee the process of disclosure and communications;
- (d) the management body must be responsible for providing effective oversight of senior management;
- (e) the chairman of the management body in its supervisory function of an institution must not exercise simultaneously the functions of a chief executive officer within the same institution, unless justified by the institution and authorised by competent authorities.

Member States shall ensure that the management body monitors and periodically assesses the effectiveness of the institution's governance arrangements and takes appropriate steps to address any deficiencies.

Member States shall ensure that data on loans to members of the management body and their related parties are properly documented and made available to competent authorities upon request.

For the purposes of this Article, the term 'related party' means:

- (a) a spouse, registered partner in accordance with national law, child or parent of a member of the management body;
- (b) a commercial entity, in which a member of the management body or his or her close family member as referred to in point (a) has a qualifying holding of 10% or more of capital or of voting rights in that entity, or in which those persons can exercise significant influence, or in which those persons hold senior management positions or are members of the management body.

How Monzo complies with the requirements

Our Board is the main decision making body for Monzo and sets our strategy and standards. It also pays close attention to our culture, values, brand and reputation. It makes sure that we understand and meet our obligations to customers, colleagues and shareholders in a way that promotes our

long-term interests and success. It also has overall responsibility for our governance, risk management and internal control systems.

While we don't have to comply with the UK Corporate Governance Code 2018, we use it as a best practice guide for the implementation of our governance standards. This year we fully reviewed our corporate governance documents in line with the requirements of a Category 2 bank, and identified a number of areas for enhancement. As a result of the review, the Board, as recommended by the Nomination and Governance Committee, approved revised corporate governance documents which came into effect on 1 March 2022.

A number of Board members are designated as Senior Managers under the Senior Managers & Certification Regime ("SMCR"). The role profiles and statements of responsibilities of Senior Managers outline their responsibilities. All our Board members are assessed for fitness and propriety prior to appointment and at least annually thereafter.

On appointment each director is provided a copy of the Board Conflict of Interest Policy which provides guidance around disclosing and managing conflicts of interest. The Board reviews the Conflict of Interest Register at least annually. Procedures are in place to ensure that the Board's management of conflicts of interest and its powers for authorising certain conflicts are operating effectively.

Our Annual Report sets out the key decisions taken by the Board and main activities undertaken by the Committees during the year.

Division of responsibilities

The role of the Chair of the Board ("Chair") is distinct and separate from that of the Chief Executive Officer ("CEO"), with the Chair leading the Board and the CEO managing Monzo's business day to day. The division of responsibilities between the Chair and the CEO is clearly defined and approved by the Board.

The Chair is an independent non-executive director who is responsible for leading the Board. The Chair is responsible for: facilitating and encouraging open and inclusive discussion empowering Board members to challenge issues whilst preventing unnecessary conflict; facilitating informed and critical contribution from directors in discussion and decision-taking; ensuring that the Board can discharge its duties and comply with the statutory and regulatory requirements that affect the Board's functioning and responsibilities. The Chair is also responsible for: ensuring the proper composition and structure of the Board and Board Committees including succession planning; and making recommendations on individual director development to enhance overall Board effectiveness.

The CEO's key responsibilities are to: lead the development and execution of the Board approved strategy; planning and controlling all the day-to-day operational activities of Monzo; managing and developing the senior leadership team; and maintaining Monzo's culture that supports business growth, risk management and good customer outcomes.

Board Committees

To help the Board do its job and to make sure there's independent oversight of internal control and risk management, the Board has set up four standing Board Committees to which it delegates certain responsibilities. The principal Board Committees are the Audit Committee, the Nomination and Governance Committee, the Risk Committee and the Remuneration Committee. All Board

Committees have terms of reference describing the authority delegated to them by the Board. These Board Committees are made up of non-executive directors, with the majority of members being independent non-executive directors. The terms of reference are reviewed and approved by the Board annually.

The Chairs of the Board Committees give the Board updates on the matters discussed at each Board Committee meeting.

Loans to members of the management body

In respect of data on loans to members of the management body. The data is reviewed as part of the year end audit process in order to support information documented in the relevant related party transactions disclosures.

Article reference: CRD V 88 (2) Governance Arrangements - Nominations Committee

Member States shall ensure that institutions which are significant in terms of their size, internal organisation and the nature, scope and complexity of their activities, establish a nomination committee composed of members of the management body who do not perform any executive function in the institution concerned.

The nomination committee shall:

- (a) identify and recommend, for the approval of the management body or for approval of the general meeting, candidates to fill management body vacancies, evaluate the balance of knowledge, skills, diversity and experience of the management body and prepare a description of the roles and capabilities for a particular appointment, and assess the time commitment expected.

Furthermore, the nomination committee shall decide on a target for the representation of the underrepresented gender in the management body and prepare a policy on how to increase the number of the underrepresented gender in the management body in order to meet that target. The target, policy and its implementation shall be made public in accordance with Article 435(2)(c) of Regulation (EU) No 575/2013;

- (b) periodically, and at least annually, assess the structure, size, composition and performance of the management body and make recommendations to the management body with regard to any changes;
- (c) periodically, and at least annually, assess the knowledge, skills and experience of individual members of the management body and of the management body collectively, and report to the management body accordingly;
- (d) periodically review the policy of the management body for selection and appointment of senior management and make recommendations to the management body.

In performing its duties, the nomination committee shall, to the extent possible and on an ongoing basis, take account of the need to ensure that the management body's decision making is not dominated by any one individual or small group of individuals in a manner that is detrimental to the interests of the institution as a whole.

The nomination committee shall be able to use any forms of resources that it considers to be appropriate, including external advice, and shall receive appropriate funding to that effect.

Where, under national law, the management body does not have any competence in the process of selection and appointment of any of its members, this paragraph shall not apply.

How Monzo complies with the requirements

Role of the Board Nominations and Governance Committee

The Nomination and Governance Committee comprises solely non-executive directors and operates as a Committee of the Board. The Chair of the Board is also Chair of the Nomination and Governance Committee. The Nomination and Governance Committee is able to engage independent advisers at the expense of Monzo. The Nomination and Governance Committee is responsible for:

- identifying and recommending to the Board individuals for appointment as directors, having regard to the Board Diversity Policy, the Senior Management and Board Suitability Policy;
- reviewing at least annually the structure, size, composition, the performance of the Board, and the collective suitability of the Board and individual Board members. This involves reporting and making recommendations to the Board for any changes and annually reviewing Monzo's Board and Senior Management Suitability Policy; and
- Reviewing and making recommendations to the Board, at least once a year, in respect of appointments to Board Committees and for Board succession over the longer term in order to maintain an appropriate balance of skills, experience, diversity and independence.

The Nomination and Governance Committee discusses and recommends to the Board for approval our Board Diversity Policy, which sets out our commitment to board diversity in its broadest sense, including skills, geographic and industry experience, background, ethnicity, age and gender to name a few.

A specific aim of our Board Diversity Policy is to have a Board and Executive Committee made up of at least 40% women, which is aligned with the target we committed to as signatories of the Women in Finance Charter. We met this aim in 2021 and exceeded it in 2022: 44% of the Board and Executive Committee combined are women. We're also proud that our Board Audit Committee, Board Risk Committee and Board Remuneration Committee are chaired by women.

Our Board Diversity Policy includes other objectives on recruiting Board members. This is led by our Nomination and Governance Committee and is considered on merit and against objective criteria.

Article reference: CRD V 89 - Country by Country Reporting

From 1 January 2015 Member States shall require each institution to disclose annually, specifying, by Member State and by third country in which it has an establishment, the following information on a consolidated basis for the financial year:

- (a) name(s), nature of activities and geographical location;
- (b) turnover;
- (c) number of employees on a full time equivalent basis;
- (d) profit or loss before tax;
- (e) tax on profit or loss;
- (f) public subsidies received.

Notwithstanding paragraph 1, Member States shall require institutions to disclose the information referred to in paragraph 1(a), (b) and (c) for the first time on 1 July 2014.

By 1 July 2014, all global systemically important institutions authorised within the Union, as identified internationally, shall submit to the Commission the information referred to in paragraph 1(d), (e) and (f) on a confidential basis. The Commission, after consulting EBA, EIOPA and ESMA, as appropriate, shall conduct a general assessment as regards potential negative economic consequences of the public disclosure of such information, including the impact on competitiveness, investment and credit availability and the stability of the financial system. The Commission shall submit its report to the European Parliament and to the Council by 31 December 2014.

In the event that the Commission report identifies significant negative effects, the Commission shall consider making an appropriate legislative proposal for an amendment of the disclosure obligations set out in paragraph 1 and may, in accordance with point (h) of Article 145, decide to defer those obligations. The Commission shall review the necessity to extend deferral annually.

The information referred to in paragraph 1 shall be audited in accordance with Directive 2006/43/EC and shall be published, where possible, as an annex to the annual financial statements or, where applicable, to the consolidated financial statements of the institution concerned.

To the extent that future Union legislative acts for disclosure obligations go beyond those laid down in this Article, this Article shall cease to apply and shall be deleted accordingly.

By 1 January 2021, the Commission, after consulting EBA, EIOPA and ESMA, shall review whether the information referred to in points (a) to (f) of paragraph 1 is still adequate, while taking into account previous impact assessments, international agreements and legislative developments in the Union, and whether further relevant information requirements may be added to paragraph 1. By 30 June 2021, the Commission shall, on the basis of the consultation with EBA, EIOPA and ESMA, report to the European Parliament and to the Council on the assessment referred to in this

paragraph and, where appropriate, submit a legislative proposal to the European Parliament and to the Council.

How Monzo complies with the requirements

Monzo consists of Monzo Bank Limited as the Parent and ultimate controlling entity along with two wholly-owned subsidiaries (collectively 'The Group').

- Monzo Bank Limited is incorporated in the UK and undertakes banking activities as described in our Strategic Report.
- Monzo Support US Inc. is incorporated in the USA. The entity is in the process of being wound up, it has no employees or revenues.
- Monzo Inc. is incorporated in the USA and offers a prepaid card product to customers in the USA.

The following results are by geographical location:

	UK	USA	Total
	£'000	£'000	£'000
Turnover	154,176	64	154,240
Average number of employees	1,863	16	1,879
Loss before tax	114,728	4,292	119,020
Tax on loss	0	0	0
Public subsidies received	95	0	95

Article reference: CRD V 91 - Management Body A

Institutions, financial holding companies and mixed financial holding companies shall have the primary responsibility for ensuring that members of the management body are at all times of sufficiently good repute and possess sufficient knowledge, skills and experience to perform their duties. Members of the management body shall, in particular, fulfil the requirements set out in paragraphs 2 to 8.

Where members of the management body do not fulfil the requirements set out in this paragraph, competent authorities shall have the power to remove such members from the management body.

The competent authorities shall in particular verify whether the requirements set out in this paragraph are still fulfilled where they have reasonable grounds to suspect that money laundering or terrorist financing is being or has been committed or attempted, or there is increased risk thereof in connection with that institution.

2. All members of the management body shall commit sufficient time to perform their functions in the institution.

3. The number of directorships which may be held by a member of the management body at the same time shall take into account individual circumstances and the nature, scale and complexity of the institution's activities. Unless representing the Member State, members of the management body of an institution that is significant in terms of its size, internal organisation and the nature, the scope and the complexity of its activities shall, from 1 July 2014, not hold more than one of the following combinations of directorships at the same time:

- (a) one executive directorship with two non-executive directorships;
- (b) four non-executive directorships.

4. For the purposes of paragraph 3, the following shall count as a single directorship: (a) executive or non-executive directorships held within the same group; (b) executive or non-executive directorships held within: (i) institutions which are members of the same institutional protection scheme provided that the conditions set out in Article 113(7) of Regulation (EU) No 575/2013 are fulfilled; or (ii) undertakings (including non-financial entities) in which the institution holds a qualifying holding.

5. Directorships in organisations which do not pursue predominantly commercial objectives shall not count for the purposes of paragraph 3.

6. Competent authorities may authorise members of the management body to hold one additional non-executive directorship. Competent authorities shall regularly inform EBA of such authorisations.

7. The management body shall possess adequate collective knowledge, skills and experience to be able to understand the institution's activities, including the main risks. The overall composition of the management body shall reflect an adequately broad range of experience.

8. Each member of the management body shall act with honesty, integrity and independence of mind to effectively assess and challenge the decisions of the senior management where necessary and to effectively oversee and monitor management decision-making. Being a member of affiliated companies or affiliated entities does not in itself constitute an obstacle to acting with independence of mind.
9. Institutions shall devote adequate human and financial resources to the induction and training of members of the management body.
10. Member States or competent authorities shall require institutions and their respective nomination committees to engage a broad set of qualities and competences when recruiting members to the management body and for that purpose to put in place a policy promoting diversity on the management body.
11. Competent authorities shall collect the information disclosed in accordance with Article 435(2)(c) of Regulation (EU) No 575/2013 and shall use it to benchmark diversity practices. The competent authorities shall provide EBA with that information. EBA shall use that information to benchmark diversity practices at Union level.
12. EBA shall issue guidelines on *[...various matters relating to suitability, diversity and sufficient time commitment]*.
13. This Article shall be without prejudice to provisions on the representation of employees in the management body as provided for by national law.

How Monzo complies with the requirements

The Nomination and Governance Committee reviews and makes recommendations to the Board, at least once a year, in respect of appointments to Board Committees and for Board succession over the longer term in order to maintain an appropriate balance of skills, experience, diversity and independence. All our Board members are assessed for fitness and propriety prior to appointment and at least annually thereafter.

Time commitment and directorship limits

All directors are expected to allocate sufficient time to their role on the Board in order to discharge their responsibilities effectively. Non-executive directors must confirm they are able to devote sufficient time to meet the expectations of the role as part of their appointment process and at least annually. The Board is satisfied that each non-executive director is able to devote sufficient time to perform their functions and responsibilities effectively, even in periods of particularly increased activity.

Directors have been reminded that they must seek approval from the Chair of the Board, and in the case of the Chair of the Board from the Company Secretary, prior to taking on any additional directorships.

Board training and development

On appointment to the Board and Board Committees, all directors are offered a tailored induction programme. The induction programme is designed by the Chair of the Board, with support from the Company Secretary, and the individual director to make sure it's tailored to their individual needs.

The Chair, with support from the Company Secretary, has overall responsibility for making sure that the directors receive suitable training to help them carry out their duties. The Board approves the annual Board training programme, which is provided through internal meetings, presentations and briefings as well as by external advisers.

Article reference: CRD V 92 Remuneration Policies

A

Member States shall ensure that, when establishing and applying the total remuneration policies, inclusive of salaries and discretionary pension benefits, for categories of staff whose professional activities have a material impact on the institution's risk profile, institutions comply with the following requirements in a manner that is appropriate to their size, internal organisation and the nature, scope and complexity of their activities:

- (a) the remuneration policy is consistent with and promotes sound and effective risk management and does not encourage risk-taking that exceeds the level of tolerated risk of the institution;
- (aa) the remuneration policy is a gender neutral remuneration policy;
- (b) the remuneration policy is in line with the business strategy, objectives, values and long-term interests of the institution, and incorporates measures to avoid conflicts of interest;
- (c) the institution' s management body in its supervisory function adopts and periodically reviews the general principles of the remuneration policy and is responsible for overseeing its implementation;
- (d) the implementation of the remuneration policy is, at least annually, subject to central and independent internal review for compliance with policies and procedures for remuneration adopted by the management body in its supervisory function;
- (e) staff engaged in control functions are independent from the business units they oversee, have appropriate authority, and are remunerated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control;
- (f) the remuneration of the senior officers in the risk management and compliance functions is directly overseen by the remuneration committee referred to in Article 95 or, if such a committee has not been established, by the management body in its supervisory function;
- (g) the remuneration policy, taking into account national criteria on wage setting, makes a clear distinction between criteria for setting:
 - a. basic fixed remuneration, which should primarily reflect relevant professional experience and organisational responsibility as set out in an employee's job description as part of the terms of employment; and
 - b. variable remuneration which should reflect a sustainable and risk adjusted performance as well as performance in excess of that required to fulfil the employee's job description as part of the terms of employment.

For the purposes of paragraph 2, categories of staff whose professional activities have a material impact on the institution's risk profile shall, at least, include:

- (a) all members of the management body and senior management;
- (b) staff members with managerial responsibility over the institution's control functions or material business units;
- (c) staff members entitled to significant remuneration in the preceding financial year, provided that the following conditions are met: (i) the staff member's remuneration is equal to or greater than EUR 500 000 and equal to or greater than the average remuneration awarded to the members of the institution's management body and senior management referred to in point (a); (ii) the staff member performs the professional activity within a material business unit and the activity is of a kind that has a significant impact on the relevant business unit's risk profile.

How Monzo complies with the requirements

We have a Remuneration Policy which clearly sets out our approach to fixed and variable remuneration. It aims to attract, motivate and retain the people we need to achieve our mission of making money work for everyone. We designed the Remuneration Policy to:

- align with our values, inclusive culture, conduct expectations, and support our objectives and long-term interests;
- promote sound and effective risk management in line with our risk appetite and risk tolerances;
- be consistent with the regulatory requirements applicable to us.

Under the Remuneration Policy, colleagues engaged with control functions have their remuneration determined independently from the business they support. Control functions in this case means our colleagues supporting the risk management, internal audit and compliance functions.

The Remuneration Committee reviews and approves the Remuneration Policy at least once a year. They also regularly assess how effectively the policy is being applied in our day-to-day work.

Our Conflict of Interest Policies

These policies and procedures mean that we maintain and operate effective systems and controls. They also help us to identify and manage actual and potential conflicts of interest. We take steps to make sure that no member of the Remuneration Committee or attendee is present when their own remuneration is being discussed.

We have a procedure for identifying our material risk takers (as defined under the relevant regulations) and we review our population of material risk takers on an annual basis. The Remuneration Committee has oversight and approves all elements of the remuneration package of all material risk takers, including the senior officers in the risk management and compliance functions.

Article reference: CRD V 94 Variable elements of remuneration

For variable elements of remuneration, the following principles shall apply in addition to, and under the same conditions as, those set out in Article 92(2):

- (a) where remuneration is performance related, the total amount of remuneration is based on a combination of the assessment of the performance of the individual and of the business unit concerned and of the overall results of the institution and when assessing individual performance, financial and non-financial criteria are taken into account;
- (b) the assessment of the performance is set in a multi-year framework in order to ensure that the assessment process is based on longer-term performance and that the actual payment of performance-based components of remuneration is spread over a period which takes account of the underlying business cycle of the credit institution and its business risks;
- (c) the total variable remuneration does not limit the ability of the institution to strengthen its capital base....

[We have not included the full wording here as it is extremely long but see [here](#) for more information]

How Monzo complies with the requirements

In general, our Remuneration Policy is designed to apply to everyone who works at Monzo, but under the Remuneration part of the PRA Rulebook and the FCA's Dual-regulated firms Remuneration Code (SYSC 19D), there are some further rules we must apply to our remuneration policies and practices for people whose activities have a material impact on our risk profile. These people are known as Material Risk Takers (MRTs).

Material Risk Takers

We see MRTs as individuals whose professional activities have a material impact on the company's risk profile. We identify MRTs in line with the European Banking Authority's regulatory technical standards. In the year to February 2022, we classified 42 team members as MRTs. In July 2021, we obtained shareholder approval to increase the variable pay cap for our MRT population from 100% to 200%.

Link Between Pay and Performance

We designed our performance framework to discourage risk taking outside of our risk appetite. Our feedback cycle includes formal appraisals, identifying areas for personal improvement and development, and performance management. Feedback should cover measurable performance and behaviours including operating within our risk appetite.

Remuneration at Monzo is made up of fixed compensation (salary and benefits) and variable pay in the form of share options, giving our team the opportunity to share in our long-term success.

Option awards vest over a four year period. Adjustments to these awards may occur due to regular assessments of Risk factors which include, but are not limited to the following risk types: Strategic Risk, Financial Risk, Financial Crime Risk, Operational Risk, Compliance & Conduct Risk and Credit Risk. We manage the remuneration of MRTs in line with our overall reward approach. As a proportionality level 3 firm, we apply the Remuneration Code requirements in a way that's proportionate to our size, nature and complexity.

Fixed remuneration

We determine fixed remuneration based on our salary frameworks. Our frameworks reflect the experience and skills that relate to someone's role, the impact on us, and that person's level of responsibility and contribution.

We review the salary levels in the framework every year, benchmarking them against salaries in the broader market. We do review each person's salary at least annually, but we don't necessarily change their salary at each review.

Everyone at Monzo is entitled to private medical insurance, life insurance and pension/retirement savings benefits.

Variable remuneration

Each person's remuneration at Monzo includes share options, which we award them when they join and then at set intervals after their start date. We designed our remuneration framework to have an appropriate balance between fixed and variable pay. RemCo oversees any changes to MRT remuneration.

Share options we grant to new hires follow a standard vesting schedule over a four year period with a one year cliff. A quarter of the award vests after the individual's first anniversary and then the remaining options vest on a monthly basis. This structure differs slightly for MRT grants in order to comply with regulatory requirements. We grant additional share options at set intervals after someone's start date. These share options vest over four years, typically with monthly uniform vesting starting two years after the date we grant them. We granted options under a Company Share Option Plan (CSOP) until April 2020 and after this date under an unapproved share option plan.

Value is currently only realised from share options in the event of an exit event, which not only depends on financial performance but also the overall health of the business (including factors such as having a strong risk and compliance record, customer record etc.). Monzo's share option plan is considered a "Long Term Incentive Plan" (LTIP) for the purposes of the Remuneration Code and Regulations. As per our plan rules, a number of requirements must be taken into account. Options are only granted where all mandatory training is up to date and there are no open disciplinaries. MRT option grants, linked to a minimum 6-month performance period, are subject to specific performance criteria (at the individual, business unit and company level) assessed both prior to grant and prior to vesting. Along with the key risk categories listed earlier in this section, the key financial KPIs used to assess financial performance include Total Revenue, Year on Year growth of Total Revenue, Total Number of Customers, Deposit Balance, Year on Year Growth of Deposit Balance, Capital Surplus, LCR, CET1 Ratio and Leverage Ratio.

The Remuneration Committee, with input from the Risk & Compliance and Finance departments, uses this information to validate the suitability of option awards granting and vesting and based on the above, has the ability to override formulaic outcomes if and when necessary.

Independent Control Functions include all of Monzo's business functions that are related to internal audit, compliance, risk management and financial accounting and control. MRTs aligned under the Independent Control Functions have a separate set of individual objectives that are linked to the performance of the respective control function itself, rather than Monzo's financial performance. The performance assessment of each control function is conducted by individuals who are independent of the business unit being supervised.

With the input from the relevant functions (Audit, Compliance, Finance, Human Resources, Legal, Reward and Risk), the Remuneration Committee will determine whether, to what extent and for which awards Malus and Clawback should be applied, taking into account all factors it determines to be relevant. Both Malus and Clawback will be considered if the Remuneration Committee determines that misconduct or material error, financial downturn, risk failure or misstatement exists. The Clawback period is currently 7 years, which might be extended to 10 years in some circumstances.

We don't use an annual cash-based variable remuneration arrangement.

We treat guaranteed variable remuneration as exceptional and it requires RemCo's approval, which approves it in certain exceptional circumstances at its discretion. For example, where it's needed to secure a candidate for a role and is always limited to the first year of service.

Any payments related to an early termination of contract will reflect performance over time and will not reward failure or misconduct. All termination payments for MRTs need to be approved by the Remuneration Committee.

Article reference: CRR 2 450 Disclosure of Remuneration Policy

Institutions shall disclose at least the following information, regarding the remuneration policy and practices of the institution for those categories of staff whose professional activities have a material impact on its risk profile:

- information concerning the decision-making process used for determining the remuneration policy, as well as the number of meetings held by the main body overseeing remuneration during the financial year, including, if applicable, information about the composition and the mandate of a remuneration committee, the external consultant whose services have been used for the determination of the remuneration policy and the role of the relevant stakeholders;
- information on link between pay and performance;
- the most important design characteristics of the remuneration system, including information on the criteria used for performance measurement and risk adjustment, deferral policy and vesting criteria;
- the ratios between fixed and variable remuneration set in accordance with Article 94(1)(g) of Directive 2013/36/EU;
- information on the performance criteria on which the entitlement to shares, options or variable components of remuneration is based;
- the main parameters and rationale for any variable component scheme and any other non-cash benefits;
- aggregate quantitative information on remuneration, broken down by business area;
- aggregate quantitative information on remuneration, broken down by senior management and members of staff whose actions have a material impact on the risk profile of the institution, indicating the following:
 - the amounts of remuneration for the financial year, split into fixed and variable remuneration, and the number of beneficiaries;
 - the amounts and forms of variable remuneration, split into cash, shares, share-linked instruments and other types;
 - the amounts of outstanding deferred remuneration, split into vested and unvested portions;
 - the amounts of deferred remuneration awarded during the financial year, paid out and reduced through performance adjustments;
 - new sign-on and severance payments made during the financial year, and the number of beneficiaries of such payments;
 - the amounts of severance payments awarded during the financial year, number of beneficiaries and highest such award to a single person;
- the number of individuals being remunerated EUR 1 million or more per financial year, for remuneration between EUR 1 million and EUR 5 million broken down into pay bands of EUR 500 000 and for remuneration of EUR 5 million and above broken down into pay

bands of EUR 1 million;

- upon demand from the Member State or competent authority, the total remuneration for each member of the management body or senior managementFor institutions that are significant in terms of their size, internal organisation and the nature, scope and the complexity of their activities, the quantitative information referred to in this Article shall also be made available to the public at the level of members of the management body of the institution.

How Monzo complies with the requirements

In general, our remuneration policy is designed to apply to everyone who works at Monzo, but under the Remuneration part of the PRA Rulebook and the FCA's Dual-regulated firms Remuneration Code (SYSC 19D), there are some further rules we must apply to our remuneration policies and practices for people whose activities have a material impact on our risk profile. These people are known as Material Risk Takers (MRTs).

Remuneration Policy

This policy covers our approach to remuneration for everyone who works at Monzo, including MRTs. We designed the policy to make sure we're attracting, motivating and retaining the people we need, while meeting our legal and regulatory requirements. It also sets out requirements that keep remuneration and risk taking aligned.

The Remuneration Committee (RemCo) is responsible for and oversees this policy. The Board appoints RemCo, which is made up of three of our independent, non-executive directors and lets it use independent judgement in remuneration matters. RemCo's Terms of Reference set out the committee's duties, which we review annually.

Deloitte LLP has been appointed as the RemCo advisor. The Risk function also has a say in remuneration decisions where appropriate. RemCo meets as needed, but at least twice a year. In the prior performance period (the year to 28 February 2022), the Committee met 9 times.

The RemCo reviews the Remuneration Policy annually to check it's aligned with our business strategy, objectives and values, and compliance with regulatory requirements. We created the policy using these principles.

- Remuneration helps us attract, motivate and retain the people we need for each phase of our growth.
- Remuneration is aligned with our values and our values align with our long-term interests.
- We emphasise fixed pay and share options that vest over the long term to discourage people from taking excessive risks. Share options aim to align our team's interests with our long-term strategy and our mission: to make money work for everyone.
- Remuneration aligns with all legal and regulatory requirements that apply to us.
- Remuneration supports equal pay for equal work, and doesn't discriminate on the basis of non-role related characteristics, like gender, race, sexuality, disability, age or religion.

Link Between Pay and Performance

We designed our performance framework to discourage risk taking outside of our risk appetite. Our feedback cycle includes formal appraisals, identifying areas for personal improvement and development, and performance management. Feedback should cover measurable performance and behaviours including operating within our risk appetite.

Remuneration at Monzo is made up of fixed compensation (salary and benefits) and variable pay in the form of share options, giving our team the opportunity to share in our long-term success. Option awards vest over a four year period. Adjustments to these awards may occur due to regular assessments of Risk factors which include, but are not limited to the following risk types: Strategic Risk, Financial Risk, Financial Crime Risk, Operational Risk, Compliance & Conduct Risk and Credit Risk. We manage the remuneration of MRTs in line with our overall reward approach. As a proportionality level 3 firm, we apply the Remuneration Code requirements in a way that's proportionate to our size, nature and complexity.

Variable Remuneration

Share options we grant to new hires follow a standard vesting schedule over a four year period with a one year cliff. A quarter of the award vests after the individual's first anniversary and then the remaining options vest on a monthly basis. This structure differs slightly for MRT grants in order to comply with regulatory requirements. We grant additional share options at set intervals after someone's start date. These share options vest over four years, typically with monthly uniform vesting starting two years after the date we grant them. We granted options under a Company Share Option Plan (CSOP) until April 2020 and after this date under an unapproved share option plan.

ARTICLE 450 CRR CONTINUED

Template REM1: Remuneration awarded for the financial year

			a	b	c	d
			MB Supervisory function	MB Management function	Other senior management	Other identified staff
1	Fixed remuneration	Number of identified staff	6	6	17	19
2		Total fixed remuneration	£642,083	£2,226,770	£3,134,911	£1,701,649
3		Of which: cash-based	£642,083	£2,226,770	£3,134,911	£1,701,649
UK-4a		Of which: shares or equivalent ownership interests				
5		Of which: share-linked instruments or equivalent non-cash instruments				
UK-5x		Of which: other instruments				
7		Of which: other forms				
9	Variable remuneration	Number of identified staff	6	6	17	19
10		Total variable remuneration	£0	£8,633,665*	£1,711,797	£1,001,536
11		Of which: cash-based	£0	£74,703	£130,500	£500
12		Of which: deferred	£0	£0	£0	£0
UK-13 a		Of which: shares or equivalent ownership interests				
UK-14 a		Of which: deferred				
UK-13 b		Of which: share-linked instruments or equivalent non-cash instruments	£0	£8,558,962*	£1,581,297	£1,001,036
UK-14 b		Of which: deferred	£0	£8,199,390*	£1,310,133	£946,803
UK-14 x		Of which: other instruments				
UK-14 y		Of which: deferred				
15		Of which: other forms				
16		Of which: deferred				
17	Total remuneration (2 + 10)	£642,083	£10,860,434*	£4,846,707	£2,703,185	

* of which £8,552,615 relate to awards made in respect of the prior performance year, before CRD V rules - including the variable pay cap - applied to Monzo.

Template UK REM2 - Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)

		a MB Supervisory function	b MB Management function	c Other senior management	d Other identified staff
	Guaranteed variable remuneration awards				
1	Guaranteed variable remuneration awards - Number of identified staff	0	1	5	1
2	Guaranteed variable remuneration awards - Total amount	£0	£30,000	£172,968	£500
3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap	£0	£0	£0	£0
	Severance payments awarded in previous periods, that have been paid out during the financial year				
4	Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff	0	0	0	0
5	Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount	£0	£0	£0	£0
	Severance payments awarded during the financial year				
6	Severance payments awarded during the financial year - Number of identified staff	0	0	1	0
7	Severance payments awarded during the financial year - Total amount	£0	£0	£150,000	£0
8	Of which paid during the financial year	£0	£0	£150,000	£0
9	Of which deferred	£0	£0	£0	£0
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap	£0	£0	£0	£0
11	Of which highest payment that has been awarded to a single person	£0	£0	£150,000	£0