

Board Governance & Nomination Committee Charter v9.1

Committee Scope

Purpose

The VMUK Board is collectively responsible for promoting the long-term, sustainable success of Virgin Money UK PLC (VMUK or Company) and its subsidiaries (together, the VM Sub-Group). The VMUK Board has delegated responsibility to the Governance & Nomination Committee (G&N / Committee) to (i) keep the VMUK Board's governance arrangements under review and to make recommendations to the Board to ensure that VMUK's governance arrangements are consistent with all applicable law and regulation and any other relevant considerations including the principles and provisions of the UK Corporate Governance Code – July 2018 (Code); (ii) assist the VMUK Board Chair in keeping the composition of the VMUK Board under review, considering and making recommendations to the VMUK Board in respect of VMUK Board and VMUK Board Committee appointments; and (iii) ensure that plans are in place for orderly succession to VMUK Board and senior management positions across the VM Sub-Group.

The VM Sub-Group is part of the Nationwide Building Society (Society) group (Group). The Society is the ultimate parent of the Group and the direct and sole shareholder of VMUK. The board of the Society (Board) is the ultimate decision-making body for all significant Group-wide issues and certain matters material to the VM Sub-Group which are also material to the Group as a whole. The Governance Framework, approved by the Board and the VMUK Board, provides guidance on the Group's governance arrangements and this G&N Committee Charter should therefore be read in conjunction with that document. In particular:

- VMUK directors are required by CA 2006 to, among other things, act in the way that they consider, in good faith would be most likely to promote the success of the Company for the benefit of its shareholders (i.e. the Society) and therefore the VMUK Board will generally take into account the success and soundness of the Society and the Group as part of its decision-making process;
- the G&N Committee will make certain decisions relating to the VM Sub-Group (as set out in the 'Responsibilities' section of this Charter) albeit within the Governance Framework; and
- certain matters which are material to the VM Sub-Group and to the Group as a whole require escalation to the Board for approval as referenced in this Charter.

Except as otherwise defined in this Charter, capitalised terms are defined in the glossary in the Governance Framework.

Authority

The G&N Committee operates under authority delegated from the VMUK Board and is authorised to:

- have adequate access to information and determine the nature, amount, format and frequency of the information which it is to receive;
- have access to sufficient resources and the authority to seek any information it requires from employees of the VM Sub-Group, including the Group Company Secretary, or otherwise in order to fulfil its role and its responsibilities; and
- obtain, at the Company's expense, any appropriate independent external expert advice, including external expert advice on any matter it considers necessary to fulfil its role and responsibilities.

Membership and Attendance

Chair

The VMUK Board Chair is appointed by the VMUK Board on the recommendation of the G&N Committee and with the approval of the Society (via the Board) and on appointment should meet the independence criteria set out in the Code.

The G&N Committee Chair will be the VMUK Board Chair, except when the G&N Committee is dealing with the appointment of the VMUK Board Chair successor in which case, or if the VMUK Board Chair is absent, another independent Non-Executive Director member of the G&N Committee will be Chair.

The G&N Committee Chair will not have a casting vote.

Members

Members are appointed by the VMUK Board on the recommendation of the G&N Committee in consultation with the VMUK Board Chair and with the approval of the Society Nomination & Governance Committee.

The G&N Committee will comprise a majority of independent Non-Executive Directors and as minimum will include the VMUK Board Chair, the VMUK Senior Independent Director (SID) and one other independent Non-Executive Director.

Standing Attendees and Additional Invitees

The G&N Committee Chair has determined that the following members of the management team are appointed as standing attendees:

- Chief Executive Officer
- Group Company Secretary

References to Group in a role title refers to the individuals' role in the VM Sub-Group.

Other individuals may be invited to attend all or part of any meeting for specific items or to make presentations to the Committee.

Pursuant to the terms of the trade mark licence agreement dated 1 October 2014 (as amended, novated and restated from time to time) between Virgin Enterprises Limited (VEL) and VMUK, as amended and restated on 1 October 2024, VEL is entitled to appoint an observer (Board Observer) at each and every meeting of the board of directors (Board) of VMUK and each and any committee of the Board established from time to time. The Group Company Secretary will confirm who has been nominated by VEL to be Board Observer.

Quorum

Two members one of whom must be the G&N Committee Chair or the SID.

Committee Management

Secretary

The Group Company Secretary or delegate shall be secretary.

Meeting Frequency

At least two times per year.

In exceptional circumstances, urgent matters can be circulated for approval or recommendation electronically, at the agreement of the G&N Committee Chair. Sufficient member responses must be received in line with the G&N Committee quorum requirements for a matter to be deemed approved. This written confirmation shall be valid as if it had been passed at a meeting of the G&N Committee and may be made in one or more counterparts.

Minutes of Meetings

The secretary shall minute the proceedings and decisions of all G&N Committee meetings, including recording the names of those present and in attendance.

Draft minutes will be circulated to all G&N Committee members, shared with the VMUK Board and approved at the next meeting of the G&N Committee

Responsibilities

1.0 Composition of the Board and its Committees

1.1 Periodically review the structure, size and composition¹ (including the skills, knowledge, experience and diversity) of the VMUK Board and its committees (in consultation with each committee chair), taking into account the results of the annual VMUK Board evaluation, and make recommendations to the VMUK Board with regard to any changes.

2.0 Succession Planning

- 2.1 Ensure plans are in place for orderly succession to VMUK Board and Executive Committee (Exco) positions and oversee the development of a diverse pipeline for succession, taking into account the challenges and opportunities facing VMUK, and the skills and expertise needed on the VMUK Board in the future; subject to paragraph 3.0, approve appointments to the Exco
- 2.2 Keep under review the leadership needs of the VM Sub-Group, both executive and non-executive, with a view to ensuring the continued ability of the VM Sub-Group to compete effectively in the marketplace.
- 2.3 Keep up-to-date and fully informed about strategic issues and commercial changes affecting the VM Sub-Group and the market in which it operates.
- 2.4 In considering the effectiveness of the succession plans for senior management positions, the G&N Committee shall review at least annually a report on the VM Sub-Group's talent management and development programme.
- 2.5 Make recommendations to the VMUK Board concerning any changes needed to the succession planning process if its periodic assessment indicates the desired outcome has not been achieved.

3.0 Board Appointments and Removals

- 3.1 Be responsible for identifying and nominating for the approval of the VMUK Board, subject to any applicable additional approval by the Society via the Society Nomination & Governance Committee, candidates to fill VMUK Board vacancies when they arise. Prior to making a recommendation to the VMUK Board, proposed appointments (and removals) are to be discussed and proposed with Society stakeholders by reference to the agreed Matrix of Appointments and Removals for the VM Sub-Group.
- 3.2 Before any appointment is made by the VMUK Board, evaluate the balance of skills, knowledge, experience, independence² and diversity on the VMUK Board, and in light of this evaluation, prepare a description of the role and capabilities required for a particular appointment and the time commitment expected (in the case of the VMUK Board Chair, recognising the need for availability in the event of a crisis). In identifying suitable candidates, the G&N Committee shall:
- have regard to the VM Sub-Group's purpose, culture and values and behaviours;
 - have regard to the independence² criteria of the Code;

- carefully consider the benefits of diversity amongst VMUK Board members including age, gender, ethnicity, disability, educational, professional and socio-economic background and other distinctions between directors such as cognitive and personal strengths;
- for Non-Executive Director appointments use open advertising (other than for an extraordinary vacancy arising in the case of the VMUK Board Chair);
- use external advisers to facilitate the search and require that any third party search firm identifies and presents candidates meeting the objective criteria it sets in addition to the broader diversity and inclusion characteristics outlined above ; and
- consider candidates from a wide range of backgrounds.

3.3 Before making any appointment recommendation to the VMUK Board ensure that any proposed appointee:

- meets the independence² criteria of the Code, if they are to be appointed a new independent Non-Executive Director;
- undertakes that they will be able to allocate sufficient time to their proposed role(s) to discharge their responsibilities effectively;
- discloses any other significant time commitments and undertakes that they shall not undertake any additional future commitments without prior approval of the VMUK Board, and if applicable additional approval by the Society via the Society Nomination & Governance Committee. Changes to these commitments, and the time involved, to be reported to the VMUK Board as they arise;
- discloses any business interests that may result in an actual or potential conflict of interest with those of the VM Sub-Group, and if applicable the Group, and undertakes that any future business interests that could result in a conflict of interest must not be undertaken without prior authorisation of the VMUK Board and if applicable additional approval by the Society via the Society Nomination & Governance Committee; and
- where applicable, has satisfied the requirements imposed by the PRA, Financial Conduct Authority (FCA) and any other relevant regulatory authority.

3.4 Ensure that, on appointment to the VMUK Board, Non-Executive Directors receive a letter of appointment setting out clearly the terms and conditions of their appointment including the expected time commitment, committee service and involvement outside VMUK Board meetings (fees for Non-Executive Directors shall be proposed by the VMUK Board Chair to the VMUK Board for approval, and in the case of the VMUK Board Chair shall be approved by the VMUK Remuneration Committee).

4.0 Serving Directors

4.1 Make recommendations to the VMUK Board about:

- the time required from Non-Executive Directors. Performance evaluation should be used to assess whether Non-Executive Directors are spending enough time to fulfil their duties;
- membership of other VMUK Board Committees, in consultation with the chair of those committees;
- the election and re-election by the Society of directors under the annual re-election provisions of the Code or the retirement by rotation provisions in the VMUK Articles of Association, having due regard to their performance and ability, and why their contribution is important to VMUK's long-term sustainable success in light of the skills, experience and knowledge required and the need for progressive refreshing of the VMUK Board, taking into account the length of service of individual directors, the VMUK Board Chair and the VMUK Board as a whole;
- the independence² of Non-Executive Directors having regard to the independence criteria of the Code;
- the re-appointment of Non-Executive Directors at the conclusion of their specified term of office having due regard to their performance and ability to continue to contribute to the VMUK Board in the light of knowledge, skills and experience required and in doing so review the length of time in which each director has been in office and whether their contribution as a director remains effective;
- any matters relating to the continuation in office of any director at any time including the suspension or termination of service of an Executive Director as an employee of the company subject to the provisions of applicable law and their service contract; and
- the appointment of any director to executive or other office.

G&N Committee members must not be present at any meetings and must not participate in any decision or vote on any resolution of the G&N Committee, in relation to their own performance or election, re-election, appointment or removal from any VMUK Board or VMUK Board Committee role.

5.0 Board Evaluation

- 5.1 Set the criteria for and oversee the formal and rigorous annual evaluation of the VMUK Board, its committees and each director (the SID will set the criteria and lead the annual evaluation of the VMUK Board Chair's performance). The evaluation of the VMUK Board should consider the balance of skills, experience, independence, knowledge and diversity and how effectively directors work together. Individual evaluation should demonstrate whether each director continues to contribute effectively and demonstrates commitment to the role (including commitment of time for VMUK Board and committee meetings and any other duties).
- 5.2 Ensure that the conclusions are reported to and reviewed with the VMUK Board Chair and then the VMUK Board; recommend an action plan to the VMUK Board to address areas identified for improvement; oversee the implementation of the action plan and periodically report progress to the VMUK Board.
- 5.3 Review the results of the VMUK Board performance evaluation process that relate to the composition of the VMUK Board, succession planning and the G&N Committee's own performance.

6.0 Corporate Governance

- 6.1 Monitor the VM Sub-Group's corporate governance arrangements to ensure they remain appropriate by reference to best practice, relevant legislation, guidelines, industry practice and developments affecting the VM Sub-Group and make recommendations to the VMUK Board as appropriate.
- 6.2 Develop and recommend to the VMUK Board a VMUK Board Diversity & Inclusion Policy, including a target for the representation of the under-represented gender on the VMUK Board and in relation to broader diversity considerations, monitor implementation of and progress against that policy including any measurable objectives the VMUK Board has set in respect of VMUK Board diversity.
- 6.3 Review and approve policies relating to Non-Executive Directors' travel and gifts & hospitality.

Reporting Responsibilities

Board Updates

After each Committee meeting, the Committee Chair shall report to the VMUK Board and to the Board on decisions made, key discussion items and matters requiring the input and / or approval of the VMUK Board and / or Board as set out in the Governance Framework and in this Charter.

The minutes of each G&N Committee meeting will be made available to the VMUK Board.

Annual Report and Accounts (ARA)

The directors shall be responsible for preparing the Company's Annual Report and Accounts, which shall include any required report of the directors under applicable law or regulation and the G&N Committee will provide input as required.

Committee Governance

The G&N Committee will review its own performance, that of its Chair and of each G&N Committee member on an annual basis.

The G&N Committee Charter will be reviewed at least annually by the G&N Committee and approved by the VMUK Board, however, amendments of a non-material nature (as determined by the G&N Committee Chair) in the period between annual reviews can be approved by the G&N Committee.

The G&N Committee Charter will be made available on the VMUK website.

