

## **Compliance with Website Requirements**

A financial institution that maintains a website is required to set out on that website how it complies with the requirements of the General Organisational Requirements, Senior Management Functions and Remuneration parts of the PRA Rulebook and also certain requirements in the Senior Management Arrangements, Systems and Controls (SYSC) manual of the Financial Conduct Authority (FCA) Handbook.

Details are set out in the Virgin Money UK PLC Annual Report and Accounts for the year ended 30 September 2023 (2023 ARA) and confirms compliance with the regulatory requirements relating to (1) Governance (including Senior Management Functions); (2) Remuneration; and, (3) Reporting. Defined terms used below have the meanings in the 2023 ARA, unless otherwise defined.

### **1. Governance**

#### **The management body (the Board)**

The Board is the principal decision-making body of the Group and is collectively responsible to shareholders for promoting the long-term success of the Company. The Board's role is to provide leadership through effective oversight and review. It sets, and monitors progress against, the Group's strategic priorities and establishes its culture, values, ethics and standards. It sets the Group's risk appetite, monitors operational and financial performance and reporting, ensures the Group is adequately resourced with effective controls and remuneration policies, and that there are appropriate succession planning arrangements in place. Many of these matters are overseen by Committees of the Board.

In order to assist the Board in carrying out its functions and to ensure that there is independent oversight of financial reporting, internal controls, risk management, governance and remuneration matters, the Board delegates certain clearly defined responsibilities to its four principal committees: the Audit Committee, the Governance and Nomination Committee, the Remuneration Committee and the Risk Committee.

In order to retain control of key decisions and ensure there is a clear division of responsibilities at the head of the Company, the Board has identified certain 'reserved matters' that only it can approve. Other matters, responsibilities and authorities have been delegated to its committees and the Chief Executive Officer. The matters reserved to the Board are set out in the Charter for the Board and this, as well as the Charters for each principal Board Committee is available to view on our website (<http://www.virginmoneyukplc.com/about-us/corporate-governance>). The Board has an established framework of delegated financial, commercial and operational authorities, which define the scope and powers of the Chief Executive Officer and of operational management.

The Board has agreed a clear division of responsibilities between the Board Chair and Chief Executive Officer. The Board Chair's priority is to lead the Board, ensure its effectiveness and guide the Board in establishing the culture, value and ethics of the Company and the Chief Executive Officer's priority is to manage the day-to-day running of the Group's business. The roles of the Board Chair, Chief Executive Officer and other Directors are clearly defined so that no single individual has unrestricted powers of decision-making. The Board Charter requires that the role of the Chief Executive Officer and the Board Chair should not be exercised by the same individual. The Board Chair leads the Board and its effectiveness by

organising its business and setting its agendas, ensuring that the Board as a whole plays a full and constructive part, being forward looking, primarily focused on strategy, performance and shareholder value creation. The Chief Executive Officer leads the day-to-day management of the Group's business ensuring its effective running, and is also responsible for developing, coordinating and proposing to the Board all activities to implement the Group's strategy and leading the Executive Leadership Team. The Non-Executive Directors bring an external perspective, knowledge, experience and insight from other industries and are to apply sound judgement and objectivity to the business of the Board. They are responsible for developing and setting the Group's strategy and monitoring its implementation, reviewing the Risk Management Framework, and supporting and constructively challenging Executive Directors, as well as satisfying themselves on the integrity of financial information. All Directors are provided with sufficient resources to undertake their duties and have adequate access to information and documents that are needed to oversee and monitor management decision making.

The size of the Board is considered to be suitable in the context of a highly complex commercial and regulatory operating environment and consists of the appropriate combination of Executive and Non-Executive Directors such that no individual or small group of individuals can dominate the Board's decision making.

The Board Chair leads the training and development of the Board and of individual Directors and regularly reviews and agrees with each Director their individual and collective training and development needs. The Group Company Secretary maintains a training and development log for each Director. For Directors joining the Board, the Board Chair ensures that on appointment each Director receives a full, formal and tailored induction which reflects a Director's skills, experience and Board role. Directors who take on new roles (or change roles) during the year participate in an induction programme tailored to their new or changed role.

The Board has a well-embedded process for reviewing and, where it sees fit as permitted by the Companies Act 2006 and the Company's Articles of Association, approving actual and potential Director conflicts of interest that could compromise the independent judgement of the Board. Prior to a new Director being appointed, potential conflicts of interest are disclosed and assessed to ensure that there are no matters which would prevent the incoming Director from taking the appointment and, during their tenure, Directors are asked to consult with the Group Company Secretary and the Board Chair before taking up any external appointment or responsibilities. Changes to the commitments of Directors are reported to the Governance and Nomination Committee and the Board and all potential conflicts authorised by the Board are recorded in a Register of Directors' Conflicts of Interests which is reviewed by the Board annually. The Board are asked regularly to verify and review any loans to them, or their related parties, by Group companies with the responses properly documented and made available to competent authorities upon request. The Board considers Elena Novokreshchenova, Geeta Gopalan, Darren Pope, and Tim Wade to be independent in character and judgement. Sara Weller is not considered by the Board to be independent as her appointment as a Non-Executive Director is pursuant to the right of Virgin Enterprises Limited to nominate a director under the terms of a Brand Licence Agreement. The Board Chair (David Bennett) was considered independent on appointment.

Non-Executive Directors, including the Board Chair, are required to confirm they are able to allocate sufficient time to meet the expectations of the role as part of their appointment with

the Group. Guidance is provided in respect of the limits on the number of other directorships that they can hold under the requirements of CRD IV. Each Director is required to seek the agreement of the Board before accepting additional commitments that might affect the time the Director is able to devote to his or her role as a Non-Executive Director of the Group. The Board monitors the other commitments of the Board Chair and Directors and is satisfied that they are able to allocate sufficient time to enable them to discharge their duties and responsibilities effectively.

The Board is committed to ensuring that there are effective channels of communication with the Company's shareholders and the Group's website enables access to documents and communications as soon as they are published, including recordings of webcasts and investor presentations.

### **Role of the Virgin Money UK PLC Governance and Nomination Committee**

The Governance and Nomination Committee consists of Non-Executive Directors and the Board Chair and operates as a Committee of the Board.

The Governance and Nomination Committee assists the Board in discharging its responsibilities relating to governance and the composition and make-up of the Board. The Governance and Nomination Committee is responsible for evaluating the balance of skills, experience, independence, knowledge and diversity on the Board, the size, structure and composition of the Board, retirements and appointments of additional and replacement directors and will make appropriate recommendations to the Board on such matters. The Governance and Nomination Committee also leads the process for the periodic evaluation of the performance and effectiveness of the Board, Board committees and individual Directors, considers succession planning, taking into account the skills and expertise that will be needed on the Board in the future and makes recommendations to the Board on the Virgin Money UK PLC Group's corporate governance arrangements to be consistent with best practice and good corporate governance standards.

The Governance and Nomination Committee engages with external recruitment consultants, considers potential candidates and recommends appointments of new Directors to the Board. Before commencing the recruitment process, the Committee evaluates the balance of skills, knowledge, experience, independence and diversity on the Board and, in light of this evaluation, prepares a description of the role and capabilities required. The Governance and Nomination Committee Charter is available on <http://www.virginmoneyukplc.com/about-us/corporate-governance> and is reviewed annually and approved by the Board.

The Board Diversity and Inclusion Policy (Policy) confirms that Board appointments are made on the basis of individual competence and merit taking into account the skills, experience, independence and knowledge required, measured against the objective criteria set by the Governance and Nomination Committee for a particular appointment. Reflecting Virgin Money's broader diversity ambition, the Board is committed to ensuring that its own membership is representative of the diverse societies and communities it operates in. Recruitment of Board members will consider candidates from a wide pool including women, people from a minority ethnic background, those with a disability in addition to drawing on other differences and experiences such as in knowledge and skills; age; educational,

professional and socio-economic background; and cognitive and personal strengths. These differences are considered in determining the optimum composition of the Board.

The Board have considered and approved targets set out in the Policy relating to gender and ethnic diversity. The implementation of the Policy and progress towards achieving the targets is reviewed at least annually. The Board aspires:

- to have a membership comprising at least 40% women Directors;
- to have at least one of the senior Board positions (Chair, Senior Independent Director, Chief Executive Officer or Chief Financial Officer) held by a woman by the end of 2026; and
- to have at least one member of the Board who is from a minority ethnic background<sup>1</sup>.

As at 30 September 2023, when measured against the targets in the Policy which applied for FY23, we met our target to have at least one Director from an ethnic minority background on the Board. Based on current Board composition, the Board recognises that its membership falls short of its 40% target for female representation and that none of the senior Board positions are held by a woman. However, through the succession planning process, the Board remain focused on meeting these targets in the near term while continuing to ensure that Board appointments are based on merit against objective criteria. In addition, the independence and tenure of the Directors on our Board achieves an appropriate balance in the context of UK Corporate Governance Code 2018 requirements. Further details on Board diversity and information on inclusion and gender composition in relation to our wider workforce, including our Extended Leadership Team, can be found on in the VMUK Annual Report and Accounts available at <https://www.virginmoneyukplc.com/investor-relations/results-and-reporting/annual-reports/>.

In line with the Code, an evaluation of the performance of the Board, its Committees, the Board Chair and of individual Directors takes place annually and usually this is externally facilitated at least once every three years. The performance evaluation of the Board Chair is carried out by the Non-Executive Directors, led by the Senior Independent Director, considering the views of the Executive Directors. The annual evaluation is an opportunity to identify ways to improve the efficiency of the Board by maximising strengths and highlighting areas for development as part of the Board's commitment to continuously improve its performance.

An external evaluation was completed in FY23 facilitated by Korn Ferry (UK) Limited (Korn Ferry). The 2023 review was conducted during a period in which the Board was able to reflect on the performance of the business and Board during the COVID-19 pandemic and the emergence into a hybrid working environment. This period coincided with significant changes in the Executive Leadership Team, ongoing integration activity and the continued implementation of Virgin Money's digital-first bank strategy. The review sought the views of Directors on a range of topics including: Board composition and dynamics; succession planning; governance and information; Board responsibilities and overall mandate; and

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<sup>1</sup> defined by reference to categories recommended by the Office for National Statistics (ONS) excluding those listed by the ONS as coming from a White ethnic background - Ethnic group, national identity and religion - Office for National Statistics (ons.gov.uk)

strategy and direction. Korn Ferry concluded that the Board is an effective one and no significant concerns or issues were raised. As part of their report, Korn Ferry set out their recommendations for continuous Board improvement aimed at further strengthening Board effectiveness. These recommendations were a combination of Directors' own suggestions and Korn Ferry's experience of working with other boards and the Governance and Nomination Committee has monitored the progress of the related action plan. Further detail on the FY23 Board effectiveness review can be found in the VMUK Annual Report and Accounts available at <https://www.virginmoneyukplc.com/investor-relations/results-and-reporting/annual-reports/>.

## **2. Remuneration**

The Group, and its subsidiary undertakings comply with the Prudential Regulation Authority's (PRA) Rulebook Remuneration and the Financial Conduct Authority's Senior Management Arrangements, Systems and Controls Handbook (SYSC) 19D. These rules aim to ensure that firms have risk-focused remuneration policies, which are consistent with and promote effective risk management and do not expose them to excessive risk.

The Remuneration disclosures in respect of the 2023 performance year are set out at the end of the remuneration disclosure section of the Virgin Money UK PLC 2023 Pillar 3 Report. These disclosures deliver the requirements of CRR Article 450.

## **3. Reporting**

### **Country –by-country reporting**

In accordance with the Capital Requirements (Country-by-Country Reporting) Regulations 2013, Virgin Money UK PLC sets out the Country-by-Country information in respect of the year ended 30 September 2023 in the Virgin Money UK PLC Annual Report and Accounts (ARA) available at <https://www.virginmoneyukplc.com/investor-relations/results-and-reporting/annual-reports/>.