

Environment & Social Impact

A brighter world

Virgin Money's Purpose is to make people happier about money. And as one of the UK's largest banks, we're committed to driving positive and/or reducing social and environmental impact in everything we do.

To realise our Purpose, we know we need to embed ESG throughout our business. Our social and environmental impacts go way beyond our physical footprint. They include our suppliers, the personal, mortgage and business customers who use our services, communities we're a part of, and our broader industry too.

Embedding ESG across all our business practices and stakeholder relationships means we can realise the long-term opportunities from being a sustainable business and mitigate risks from climate change and social inequality. Together, this benefits us all because if we help others to thrive, then we thrive too.

What we're doing

We take the same approach to ESG as we do to banking: it should be straight-up, heartfelt and relevant.

Our ESG strategy is made up of four big goals, identified as those most material to our business and where we believe Virgin Money can make the greatest impact to the environment and society.

We have an important role to play in the UK's transition to a low-carbon economy. That's why we manage our business in a sustainable, climate-friendly way that benefits the environment. Our approach to climate change is anchored against the four big goals of our ESG strategy, and where we believe Virgin Money can make the greatest impact to the environment and society:

1. Put our (carbon) foot down

We'll reduce the negative impacts of our operations, suppliers and partners on society and the environment: reducing our resource consumption and waste and sourcing renewable energy where the bank is responsible for the supply. We'll also increase engagement with our stakeholders to positively influence their impact.

2. Build a brighter future

We'll empower our customers to take control of their money and we'll deliver products and services that help make a positive impact on society and the environment. By aligning lending to ESG goals through our sensitive sector policy statement and rolling out sustainability benchmarking, we'll increase the number of sustainability leaders we lend to.

3. Open doors

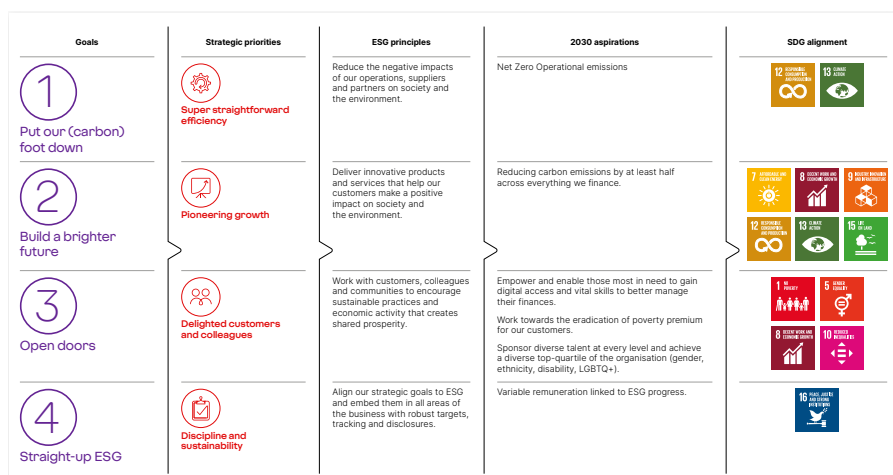
Working with customers, colleagues and communities we'll encourage sustainable practices and economic activity that creates shared prosperity, whether this be through colleague support in local communities, the work of our Virgin Money Foundation or improving the diversity of our team.

4. Straight-up ESG

Our strategic goals are aligned to ESG and embedded in all areas of the business with robust targets, measurement and reporting frameworks. ESG-related objectives are included within our performance management processes, as well as long-term incentives aligned to ESG, the physical and transitional risks associated with climate change and its ongoing impacts on our business.

Aligning our approach with the United Nations Sustainable Development Goals (UN SDG's)

Our ESG strategy and practices are aligned to the United Nations Sustainable Development Goals helping us to understand the most significant ESG indicators for our business, our customers and wider stakeholders, and making a contribution to the following SDGs:



Keeping us on the right track

Our Environment & Social policy forms part of Virgin Money's suite of ESG policies, which are reviewed and updated periodically to protect our customers, colleagues and suppliers and keep us aligned with emerging trends and best practice. Check out our ESG Resources Hub for more information.

We will:

- Comply with all relevant social and environmental laws and regulations and complete all statutory reporting requirements, including reporting on greenhouse gas emissions within the Group Annual Financial Report.
- Consider social and environmental risks as part of risk appetite and frameworks.
- Take action to minimise and continuously improve our direct and indirect operational impacts on society and the environment.
- Set targets and keep improving our social and environmental management/ performance.
- Support customers with products that help them to realise their social and environmental objectives and mitigate risks and challenges.

- Work with stakeholders to further understand our direct and indirect social and environmental impacts.
- Engage employees in delivering our Community Strategy and Sustainability agenda, with practical support to help them play an active part in local communities and in reducing their own environmental footprints.
- Measure and report on social and environmental performance in keeping with relevant national and international standards.

ESG is embedded within our Group governance framework and the Virgin Money board and Executive Leadership team play an instrumental role in leading our ESG strategy. Members of our Leadership Team individually sponsor our ESG goals.

The Chief Executive Officer of Virgin Money UK PLC has delegated responsibility to the Environment Committee to oversee the management of Environmental and Climate Change matters across the bank. Our Sustainability working group – with representatives from all areas of the business – act as custodians of our ESG strategy and drive delivery of all related activities and targets. Working closely with our established Purpose Council, and with escalation into the Environmental Committee, this guarantees our ESG strategy and our Purpose are fully integrated and mutually supportive.

Our environmental and social impacts are largely indirect, arising from the financial services we provide to our business and personal customers. Almost all of our customers and clients do not operate in sensitive sectors and we continually review emerging trends and market data to inform updates for the Sensitive Sectors policy statement as needed.

Our business customers' operations are usually located in the UK, which means most of Virgin Money's activity is UK-based. We do support customers' non-residential lending and some lending to non-UK registered companies – subject to additional risk controls.

ESG risks affect all businesses or are likely to in the future. If we identify sectors where risks are heightened, our appetite for new or further lending may be restricted or limited. These sectors are outlined in our sensitive sectors policy.

Engaging our stakeholders

Virgin Money is committed to engaging with internal and external stakeholders to realise our Purpose and create positive impact through all we do. We talk and listen to a range of stakeholders (including colleagues, customers, peers, shareholders, industry bodies and our communities) to understand their needs and issues, as these relate to our business performance against key ESG matters.

We're also part of different voluntary platforms to communicate progress against our big four goals and contribute to industry best practice.

United Nations' Principles for Responsible Banking (UN PRB)

- As a signatory to the UN PRB, we are committed to aligning our business with the Sustainable Development Goals (SDGs) and the Paris Agreement on Climate Change. We are taking steps to continually improve our impact and contribution to society.

Task Force on Climate-related Financial Disclosures (TCFD)

- We understand the need to more effectively disclose climate-related risks and opportunities through our existing reporting processes and have disclosed in line with the TCFD recommendations.

Partnership for Carbon Accounting Financial (PCAF)

- We've become members of PCAF to work with other UK banks to develop and implement a harmonised approach to assess and disclose the GHG emissions associated with our loans.

Net Zero Banking Alliance

- We became a signatory to the Net Zero Banking Alliance (NZBA) in September 2021 and we are committed to realising the ambitions of the Paris Climate Agreement to support society's low-carbon transition. We've developed and disclosed science-based targets across our priority business sectors, mortgaged portfolio and out operations, aligned to a maximum 1.5 degree temperature rise by 2050 wherever possible.

CDP

- We report annually to the CDP climate change questionnaire. We also ask our suppliers to respond and proactively engage in the DP supplier survey.

More info:

You can find out more about our ESG strategy, our Big Four Goals and our progress to date at <https://www.virginmoneyukplc.com>