

Sanctions and Embargoes

Financial crime is a serious threat to financial services, our customers, the vulnerable and the wider community. That's why Virgin Money is committed to countering it.

Sanctions and embargoes exist to restrict dealings with certain countries, entities and individuals. As a UK bank, we have a duty to comply with sanctions and embargoes put in place by the UK and foreign governments. Our objective is to make sure Virgin Money doesn't do business with any sanctions targets.

Keeping us on the right track

We have appropriate processes, guidance, systems and controls in place, which enable us to identify sanctions targets and take action when required.

Overall accountability for effectively managing the risk sits with the Board, and cascades down to all business units in line with our 'three lines of defence' model.

However, it is the Head of Group Financial Crime Risk, in their role as the Senior Manager Function (SMF17), who assumes responsibility for oversight of the Group's compliance with our obligations.

Along with the Financial Crime Risk team, they maintain our Financial Crime Policy Statement, Policy Standards, and underlying supportive guidance documents. These help us develop and oversee systems and controls to reduce the sanctions and embargoes risk.

The Standards we uphold

To ensure all our colleagues understand their roles and responsibilities around sanctions and embargoes, we have what we call 'Standards'.

These are supported by Group-wide Policy Breach & Exemption Guidance, and apply to the entire Virgin Money Group. That includes our employees, contractors, agency workers, and directors. To help colleagues stay up-to-date, all must complete Financial Crime Risk training at least once a year. As well as sanctions and embargoes, it covers anti-money laundering, counter-terrorist financing, and anti-bribery and corruption.

We also engage stakeholders across the Bank with training sessions, relevant updates, and regular forums to ensure awareness of our obligations, with the focus on financial crime risk management, including sanctions and embargoes.

Our Sanctions and Embargoes Policy Standard contains a number of key principles. Here's a summary:

- We conduct a sanctions and embargoes risk assessment at least once a year. This identifies and assesses the risks associated with the Bank's products, jurisdictional exposure, customers, and delivery channels.
- We operate a 'three lines of defence' model which ensures all duties are properly segregated and controls effectively overseen.
- We assess any sanctions and embargoes risk from customers at the application stage.

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- We screen all our customers (as well as relevant third parties), and appropriate transactions against lists provided by competent authorities. This determines whether any of our customers are subject to sanctions or embargoes, or are involved in activities that could be in breach of them. Where a payment is suspected of being connected to such a customer, it is investigated and either declined, or processed once the risk is eliminated.
- Where any sanctions matches are identified, we ensure that appropriate action is taken in line with regulatory expectations.
- We carry out enhanced due diligence when sanctions or embargoes issues are identified in a customer relationship, then manage them in line with our high-risk customer criteria.
- Policy breaches and exemptions are coordinated through a centralised team, with engagement from the subject-matter experts and policy owners. Where necessary, these breaches and exemptions are reported to senior management.

As a bank, we're completely open about the financial crime-related issues and events we face. Our Financial Crime Risk Forum enables regular engagement and information-sharing between colleagues and functions. Plus any risks can be identified, assessed and tracked within our dedicated risk portal.

The Bank ensures that independent, risk-based oversight and assurance activity is in place across all three lines of defence. This allows us to determine the operational effectiveness of our sanctions and embargoes framework. Plus it facilitates compliance with the relevant legal and regulatory obligations. The periodic and timely collection and analysis of Management Information (MI) is a key element of our oversight, control, and management of business performance.

Our Standards help us make sure that everyone within Virgin Money knows what they are responsible for, and our guidance documents help them understand those responsibilities.

Overall responsibility for how we monitor, manage and mitigate financial crime risk sits with our Board Risk Committee. This responsibility is met with absolute transparency:

1. Each year, a Money Laundering Reporting Officer's Report is submitted to the Board Risk Committee for noting. This includes an overview of how effectively we are managing our sanctions and embargoes risks.
2. Throughout the year, any issues are included in the Group Chief Risk Officer's Report, which is shared with the Board Risk Committee.