

Climate Change

Fight for a greener future

Climate change is one of most urgent challenges the world has ever faced – with far-reaching environmental, societal and economic impacts. The effects will span both physical and transition risks and they'll be felt by all parts of society and stakeholder groups, potentially resulting in financial losses and the disruption of our global economic systems.

Physical risks from climate change might arise from longer-term changes in the climate and weather-related events – including rising average temperatures, heatwaves, droughts, floods, storms, sea-level rise, coastal erosion and subsidence. Transition risks might come from the process of becoming a low-carbon economy.

What we're doing

As one of the UK's biggest banks, we're committed to driving positive social & environmental impact through everything we do. Climate is a key area of focus within our Purpose-led ESG strategy.

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** to reduce the negative impacts of our operations, suppliers and partners on society and the environment.
2. **Build a brighter future** to deliver products and services that help our customers make a positive impact on society and the environment.
3. **Open doors** by working with customers, colleagues & communities to encourage sustainable practices & economic activity that creates shared prosperity.
4. **Straight-up ESG** to align our strategic goals to ESG and embed them in all areas of the business with robust targets, tracking and disclosures.

Straight-up governance

In 2020, we challenged ourselves to become net-zero. Since then, we've brought in energy-efficient, low carbon technologies that have transformed our business operations. We've also developed tools and products to give us information and guidance on how to operate more sustainably, and we've taken our employees, suppliers, customers and clients with us, helping them work towards climate change resilience.

We are signatories to the Net Zero Banking Alliance (NZBA), the banking element of the Glasgow Financial Alliance for Net Zero. As part of this commitment, we've published roadmaps and targets to net-zero carbon emissions across a large proportion of our business and mortgage lending and operational emissions, as per the Paris Climate Agreement objectives and in line with the UK's own 2050 net-zero commitment.

You can read more about our net-zero journey so far in our Annual Report and Accounts.

Working with stakeholders

We know that climate-related risks and opportunities exist across Virgin Money, and might impact our business, customers and clients. That's why we're working with our stakeholders to meet the objectives of the Paris Climate Agreement, and support the transition to a low-carbon economy:

- We're delivering greener propositions to our customers and supporting their financial aspirations and transitions for net-zero.
- We've introduced an Emissions Reduction policy for our highest emitting sub-sectors with the aim of supporting businesses transitioning towards a net-zero economy.
- For our colleagues, we've prioritised flexibility through our A Life More Virgin working model where colleagues can choose where and how they work, encouraging them to reduce travel-related emissions where practical, and prioritising their mental, physical and financial wellbeing.
- We're doing our part by supporting local communities and protecting the environment.
- For our investors, we're trying to be a greener business, providing sustainability as well as strong returns.
- Working with partners and suppliers, we're making sure our supply chains reflect our environmental objectives.
- We're acting on government and regulatory policies and initiatives to support the transition to a sustainable future.

To make sure we're in alignment with, and reacting to, the latest scientific developments on climate change, we'll update our Climate Change Position Statement regularly. This will help us achieve our ESG objectives –tackling climate change is the major one of these – quickly and responsibly.