

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 VMUK Remuneration Committee (Committee) to oversee the remuneration arrangements of the VM Sub-Group, in particular those of the senior management (executive and non-executive where appropriate) and employees covered by the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA) Senior Management Arrangements, Systems and Controls Remuneration Code (Remuneration Code).

The Committee is responsible for (i) providing oversight and advice to the VMUK Board in relation to the VM Sub-Group's Remuneration Policy (Remuneration Policy) and (ii) within the terms of the Remuneration Policy, considering and implementing the remuneration arrangements of the VMUK Board Chair, the Company's executive directors (each an Executive Director), members of the VMUK Executive Committee (Exco), and the Group Company Secretary for approval by the VMUK Board, subject to any applicable additional approval by the Society Remuneration Committee or the Board Chair by reference to the agreed Matrix of Remuneration Arrangements for the VM Sub-Group; (iii) considering and approving the remuneration arrangements of any other senior executives and employees covered by the Remuneration Code whilst having regard for remuneration scales and structure across the VM Sub-Group and taking into account any Group policies and procedures approved by the board of the Society to take effect in 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 VMUK Remuneration 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 VMUK Remuneration 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 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 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 Company Secretary, or otherwise in order to fulfil its role and responsibilities;
- 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; and
- delegate any matter to another committee, sub-committee or person to carry out its responsibilities.

Membership and Attendance

The Committee will be comprised of independent Non-Executive Directors with a minimum membership of at least three independent Non-Executive Directors, including the Committee Chair.

Chair

The Committee Chair is appointed by the VMUK Board on the recommendation of the VMUK Governance and Nomination 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 Committee Chair will have served on a remuneration committee for no less than 12 months prior to appointment as Committee Chair.

The Committee Chair is responsible for ensuring that decisions are fully and cooperatively debated. The Chair will not have a casting vote, and in their absence, an appointed deputy or the members present will elect one of themselves to chair the meeting.

The VMUK Board Chair shall not be Committee Chair, nor chair any meetings, but may be a Committee member providing they were considered independent on appointment.

Members

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

Committee members shall collectively have appropriate remuneration, regulatory and industry knowledge, expertise and professional experience, to ensure that the remuneration structure is aligned with the risk and capital profile of the VM Sub-Group and wider Group.

The appointments of the Committee Chair and Committee members shall be for a period of up to three years or shorter if circumstances dictate, which may be extended for up to two further three-year periods provided the Committee member still meets the criteria for membership of the Committee. Notwithstanding this, where criteria for membership continues to be met, the VMUK Board, with the approval of the Society Nomination & Governance Committee, may resolve to reappoint the Committee Chair or Committee member for additional periods.

Only members of the Committee have the right to attend Committee meetings. However other individuals, as set out below, may be invited to attend for all or part of any meeting, as and when appropriate.

Standing Attendees and Additional Invitees

- Chief Executive Officer
- Group Chief People & Communications Officer (CPCO)
- Head of Reward and Employee Relations
- Group Company Secretary

- Committee Adviser

References to Group in a role title refers to the individual's 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.

No individual shall be involved in any decisions relating to their own remuneration.

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, including the Committee Chair or their appointed deputy in the Committee Chair's absence. The Committee shall make decisions at a meeting by majority of the Committee members voting in favour of an action.

Committee Management

Secretary

The Group Company Secretary or delegate shall be secretary.

The secretary at the request of the Committee Chair, shall ensure the Committee meets with sufficient notice and that the Committee receives papers in a timely manner to enable full and proper consideration to be given to the issues.

Meeting Frequency

At least four times per year. However, any member (including the VMUK Board Chair) or Chief Executive Officer or CPCO may request an ad-hoc meeting.

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

Minutes of Meetings

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

Draft minutes will be circulated to all Committee members and shared with the VMUK Board, unless, exceptionally, it would be inappropriate to do so, and approved at the next meeting of the Committee.

Responsibilities

1.0 Development of Remuneration Strategy and Policy

- 1.1. Determine and recommend to the VMUK Board for approval (subject to any applicable additional approval by reference to the agreed Matrix of Remuneration Arrangements for the VM Sub-Group) the All-Colleague Remuneration Policy(s) that is aligned to the VM Sub-Group strategy; including the VM Sub-Group's Diversity & Inclusion goals and other Environmental, Social and Governance (ESG) priorities, risk appetite, culture, values and long-term interests of customers, employees and other stakeholders and that establishes the parameters of a structured and balanced remuneration package that includes:
 - 1.1.1. performance-based variable rewards (cash and share-based annual bonus plans and long-term incentive plans) that avoid potential conflicts of interest;
 - 1.1.2. core fixed elements (base salary and benefits including pension arrangements) and compensation payments for all colleagues; including all Executive Directors; and
 - 1.1.3. provide oversight of the All-Colleague Remuneration Policy(s) across the VM Sub-Group.
- 1.2. Receive reports from the VM Sub-Group human resources function on the implications of the Remuneration Policy for all protected characteristics groups and act swiftly to address any disparities.
- 1.3. Receive reports from the VM Sub-Group risk function and/or Board Risk Committee of the VM Sub-Group (VMBRC), on the implications of the Remuneration Policy for risk and risk management and receive and consider advice from the VMBRC on risk weightings and adjustments to be applied to performance objectives and remuneration arrangements.
- 1.4. Receive reports from the VM Sub-Group finance function and/or Board Audit Committee of the VM Sub-Group (VMBAC) on the implications of applying the Remuneration Policy arising from the VM Sub-Group's strategy or performance.
- 1.5. Undertake a periodic review, at least annually, of the Remuneration Policy to ensure its adequacy, effectiveness and continued compliance and alignment with the Companies Act 2006, the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended), the Remuneration Code, any other relevant regulatory requirements and the best practice principles of the UK Corporate Governance Code (the Code).
- 1.6. Consider and approve the malus and clawback policy, in alignment with the Society's policies on incentive schemes on risk adjustments, to be applied to any incentive plans of the VM Sub-Group, including historical share awards made to individuals by Virgin Money Holdings (UK) plc (now Virgin Money Holdings (UK) Limited).
- 1.7. Ensure that, at least annually, the implementation of Remuneration Policy is subject to central independent internal review for compliance with the policies and practices adopted by the VMUK Board and any Group policies and procedures approved by the Board to take effect in the VM Sub-Group.
- 1.8. Through the Committee Chair, ensure that the VM Sub-Group maintains contact as required with its principal stakeholders about remuneration, including appropriate regulatory bodies.
- 1.9. Through the Committee Chair, ensure that the VM Sub-Group maintains regular engagement with the Company workforce about remuneration.

2.0 VMUK Exco and VMUK Board Chair's Remuneration

- 2.1 In line with any Group policies and procedures approved by the Board to take effect in the VM Sub-

Group, determine, on appointment to the VM Sub-Group, the terms and conditions of remuneration in respect of the VMUK Board Chair, Executive Directors and each member of the VMUK Exco, comprising basic fee/salary, performance-based variable rewards, benefits including pension and any buy-out of forfeited awards, all where applicable, subject to any applicable additional approval by the Society Remuneration Committee or the Board Chair by reference to the agreed Matrix of Remuneration Arrangements for the VM Sub-Group.

- 2.2 Determine any changes to the remuneration of the VMUK Board Chair, Executive Directors and VMUK Exco members, in line with any Group policies and procedures approved by the Board to take effect in the VM Sub-Group, subject to any applicable additional approval by the Society Remuneration Committee or the Board Chair by reference to the agreed Matrix of Remuneration Arrangements for the VM Sub-Group and giving due regard to the overarching remuneration strategy, pay and employment conditions across the VM Sub-Group as a whole, the risk appetite and culture, the long-term interests of the Society and alignment to the long-term strategic goals of the VM Sub-Group. Changes to the remuneration of the Group Company Secretary are delegated to the CPCO for approval.
- 2.3 Determine, on termination, the compensation payment, if any, due to the VMUK Board Chair, Executive Directors or VMUK Exco members in line with any Group policies and procedures approved by the Board to take effect in the VM Sub-Group subject to any applicable additional approval by the Society Remuneration Committee or the Board Chair as set out by reference to the agreed Matrix of Remuneration Arrangements for the VM Sub-Group and having regard to the circumstances of the termination and terms of the relevant employment contract and performance-based plans and, in relation to any such arrangements, the Committee shall determine and recommend for approval to the VMUK Board and, if applicable, additional approval by the Society Nomination & Governance Committee, the terms of any termination of such employment, ensuring that, in all cases, that failure is not rewarded.

3.0 Material risk takers

- 3.1 Consider and approve the list of all Company employees falling within the scope of Material Risk Taker (MRT) as per the relevant regulatory technical standards and any other regulatory requirements against the VM Sub-Group's risk profile for each financial year and as amended from time to time subject to the agreed matrix of Remuneration Arrangements for the VM Sub-Group.
- 3.2 Oversee the remuneration arrangements of all MRTs in line with the Remuneration Code and as agreed with the regulators. This includes the provision of the design and performance measures of any variable pay scheme operated for MRTs to the Society's Remuneration Committee for review prior to approval by the Committee subject to the agreed matrix of Remuneration Arrangements for the VM Sub-Group.
- 3.3 Approve annually the formal remuneration policy statement (Statement) required under the Remuneration Code and seek and receive assurance that all payments have been made in accordance with the Statement.
- 3.4 Approve the treatment of any deferred awards and any compensation payments on termination for MRTs in excess of such employee's entitlement under their contractual terms, ensuring that, in all cases, that failure is not rewarded.

4.0 Performance-related Remuneration

- 4.1 Review the design of, and determine targets for, any short-term performance-related remuneration schemes operated by the VM Sub-Group, and subject to any applicable additional approval by reference to the agreed Matrix of Remuneration Arrangements for the VM Sub-Group

4.1.1 recommend the annual bonus arrangements to the VMUK Board for approval;

- 4.1.2 approve the rules underpinning such schemes;
 - 4.1.3 determine actual performance against such achievement levels (based upon the annual financial results of the VM Sub-Group, approved by the VMUK Board), in relation to financial targets and non-financial targets as determined in the business plan;
 - 4.1.4 recommend to the VMUK Board for approval the total annual payments made under such schemes; and
 - 4.1.5 subject to VMUK Board approval and review by the Society's Remuneration Committee of the total annual bonus payments, approve the allocation of the annual bonus pools.
- 4.2 Approve the release, at the relevant times, of payments relating to any deferred bonuses and the release of deferred awards under the VM Sub-Group's long-term incentive plans, ensuring all conditions attached to such payments or schemes are satisfied.
- 4.3 Review the design, including any performance conditions, of all long-term incentive schemes to be operated by the VM Sub-Group and:
- 4.3.1 recommend the rules of any new schemes to the VMUK Board for approval;
 - 4.3.2 for any such schemes, each year recommend to the VMUK Board the overall value of such awards, the individual awards to the Executive Directors and VMUK Exco members and the performance conditions and associated achievement levels (as set out in the plan rules) to be used; and
 - 4.3.3 subject to VMUK Board approval and review by the Society's Remuneration Committee of the total bonus payments, approve the allocation of the bonus pools.
- 4.4 Subject to review by the Society's Remuneration Committee, the Committee will approve the approach to measurement of the Company CEO's individual performance.
- 4.5 Seek and receive reports and consider input from the VMBRC to ensure there is appropriate risk input into annual and long-term performance objectives and individual/functional performance assessment. The Committee will also receive input from the VMBRC and Reward Risk Adjustment Committee (RRAC) on any functional bonus pools, the vesting of long-term incentives and all adjustments to any variable pay including performance adjustment, risk adjustment and application of malus and clawback. The Committee will approve risk adjustments following review of i) risk events by the Society's Board Risk Committee and ii) proposed adjustments by the Society's Remuneration Committee.

5.0 Other Responsibilities

- 5.1 Be responsible, for establishing the selection criteria, selecting appointees and setting the terms of reference for any remuneration consultants who advise the Committee, within the budgetary constraints imposed by the VMUK Board, such that these provide adequate financial resources for the Committee to fulfil its obligations.
- 5.2 Determine the approach to remuneration governance and provide oversight of the performance management framework for the VM Sub-Group.
- 5.3 Agree the policy for authorising claims for expenses from the VMUK Non-Executive Directors.
- 5.4 Obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity.
- 5.5 Consider other matters relating to the purpose of the Committee as are referred to it by the VMUK Board.

5.6 Work and liaise as necessary with other VMUK Board committees, ensuring the interaction between committees and with the VMUK Board is reviewed regularly.

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 Committee shall prepare and provide reports on the VM Sub-Group's Remuneration Policy and practices to the VMUK Board and the Board.

The minutes of each 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 Committee will provide input as required.

Other legal or Statutory Reporting

Where applicable, the Committee shall contribute to the production of the Society's Annual Report and Accounts and ensure any other provisions regarding disclosure of information in accordance with relevant legal and statutory requirements in respect of the VM Sub-Group are fulfilled, including, but not limited to

- disclosure requirements described in the Disclosure (CRR) Part of the PRA Rulebook;
- disclosures made under the Companies Act 2006;
- the Code;
- the Large and Medium-Sized Companies and Group (Accounts and Reports) Regulations 2008; and
- any other regulatory requirements

Committee Governance

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

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

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