

# Sustainability Report *2023*



# Welcome

Our 2023 Sustainability Report provides stakeholders with details of our Environmental, Social and Governance (ESG) ambitions and performance over the 2022/23 financial year. Our Sustainability Report is structured around our five Mutual Good Commitments, that articulate our ESG strategy and are set in areas where we believe we can make the most significant, positive impacts for our members and customers, our communities and society as a whole. Our Mutual Good Commitments also demonstrate our alignment to the UN Sustainable Development Goals (SDGs).

## Our Sustainability Report complements our other reporting disclosures:

[Annual Report and Accounts 2023](#)

[Climate-related Financial Disclosures 2023](#)

[Intermediate Net-Zero Ambitions 2022: Basis of Preparation](#)

[Principles for Responsible Banking 2023](#)

[Modern Slavery Act Statement 2023](#)

[Social Investment Impact Report 2023](#)

[Gender and ethnicity pay gaps review 2022](#)

[Our policies and statements](#)

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Helping to achieve safe and secure homes for all

Protecting our customers' financial wellbeing

Supporting progress towards a greener society

Championing thriving communities

Reflecting the diversity of our society

Supporting our colleagues

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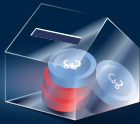


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# Our ESG Highlights

 <p><b>Helping to achieve safe and secure homes for all</b></p>	 <p><b>Protecting our customers' financial wellbeing</b></p>	 <p><b>Supporting progress towards a greener society</b></p>	 <p><b>Championing thriving communities</b></p>	 <p><b>Reflecting the diversity of our society</b></p>
Helped 1 in 7 first time buyers into a home of their own.	Extended our Branch Promise, to remain in every town or city we are in today until at least 2026 <sup>1</sup> .	Committed to a net-zero future, setting intermediate (by 2030) science-based targets.	£9.6 million committed to charitable activities.	Highest-ranked UK high street financial services provider in the 2023 Financial Times' Diversity Leaders list <sup>2</sup> .
Our Helping Hand mortgage enabled first time buyers to borrow up to 20% more compared to standard fixed rate mortgages.	£100 million invested in cost of living support and supermarket shopping cashback <sup>3</sup> .	Reduced Scope 1 CO <sub>2</sub> emissions by 21% in 2022/23 <sup>4</sup> .	£1 million pledged to support our debt partners and charities, in response to cost of living pressures.	Our Race Together employee network awarded the Network Group of the Year award at the Ethnicity Awards 2022.
Awarded the Best First Time Buyer Mortgage Provider at the Moneyfacts Awards 2022.	Supported over 40,000 students through our Money Lessons programme.	Reduced Scope 3 upstream (supplier-generated) CO <sub>2</sub> emissions by 32% in 2022/23 <sup>4</sup> .	Hosted The Big Anti-Bullying Assembly 2022 in partnership with The Diana Award, watched by over 1.1 million children.	Awarded Gold Employer standard by Stonewall for our work on LGBTQ+ inclusion.

<sup>1</sup>In 2022/23 we extended our Branch Promise until 2024. In June 2023, we extended this once again to 2026, providing further reassurance to our customers. More information can be found on page 18.

<sup>2</sup>The Financial Times-Statista ranking of Europe's Diversity Leaders 2023, based on independent surveys of more than 100,000 employees across Europe on their perceptions of their organisations' diversity and inclusion practices.

<sup>3</sup>Includes money invested in our 5% cashback offer on debit card expenditure in supermarkets and convenience stores from February until April 2023 (up to £10 per month), cost of living payments for colleagues, our cost of living customer helpline and our financial health checks in branches.

<sup>4</sup>Compared to a 2021/22 base year. More information can be found on pages 31 and 33 of our [Climate-related Financial Disclosures 2023](#).



# An introduction from Debbie Crosbie the Society's Chief Executive

*As a mutual, founded on a social purpose, we seek to do the right thing for the benefit of our customers, colleagues, communities and the environment.*

Last year, we started our modern mutual journey. Our new strategy articulates our focus, working for the good of our customers and society as a whole. Our five Mutual Good Commitments underpin our environmental, social and governance (ESG) strategy, part of our Beacon for mutual good driver.

We are making good progress in delivering our strategy and demonstrating our mutual difference. In May 2023, we launched The Nationwide Fairer Share – our biggest statement yet about how we use our financial strength to benefit our members. Our Nationwide Fairer Share Payment distributed £344 million of profit to eligible members. The Nationwide Fairer Share Payment, alongside the launch of our Nationwide Fairer Share Bond that rewarded members' loyalty, are both great examples of the difference we make as a mutual.

Over the year, macroeconomic challenges and market pressures have had a real impact on the cost of living for our customers and colleagues. We responded by using our financial strength to invest £100 million in supporting them. This included the cost of providing cashback to current account customers on their supermarket shopping when they made purchases using their debit cards between February and April 2023. It also included cost of living payments for our colleagues and support for customers, including practical support in our branches, a dedicated telephone helpline and an online cost of living hub. This was

in addition to the £1 million we donated to help our debt partners and charities to support more people facing cost of living pressures.

We also found other ways to demonstrate our support for customers. We give our customers choice in how they bank with us and renewed our Branch Promise until at least 2026 because we recognise the value of our branch network to our customers. Since October 2023, we now have the largest single-brand branch network across the UK financial services sector. We remain here for our customers – at home and on the high street.

This year, we also responded to the new Consumer Duty requirements and sharpened our focus on delivering good outcomes for customers.

Nationwide is the world's largest building society and we continue to support international ESG priorities. We are participants of the UN Global Compact and signatories of the UNEP FI Principles for Responsible Banking. These reinforce our commitment to the UN Sustainable Development Goals (SDGs) and net-zero ambitions.

As we develop and implement our new strategy and purpose, we will realise even more opportunities to make a mutual difference.



*Debbie A Crosbie*

**Debbie Crosbie**

Chief Executive



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# Our business model is our mutual difference

## Our Purpose:

*Banking – but fairer, more rewarding, and for the good of society*

We are a building society, not a bank. That means we are owned by our members – our customers who have their current account, mortgage or savings with us. As a major challenger to the shareholder-owned banks, we provide a *good way to bank* for our customers.

Nationwide holds a unique position in UK financial services. As the largest building society, we can deliver the value, service and mutual good to our customers and members that others cannot – making a positive difference for our members and customers, our communities and society as a whole.

We aim to return additional value to our members as owners, through our Nationwide Fairer Share products and payments.

We provide banking products and services to all of our customers, helping them with:



**Managing everyday finances**

**1 in 10<sup>5</sup> of the UK's current accounts are with us.**



**Saving for the future**

**We look after almost £1 in every £10 saved in the UK.**



**Owning a home**

**We are the UK's second largest mortgage provider.**

We also support landlords and those who rely on the private rented sector for their long-term housing needs through our buy to let business, The Mortgage Works.

## Our Society strategy – Our Blueprint for a modern mutual

We are guided by our purpose and have four strategic drivers to help us achieve this. They are:

- More rewarding relationships
- Simply brilliant service
- Continuous improvement
- Beacon for mutual good

More information on our four strategic drivers can be found on page 27 of our [Annual Report and Accounts 2023](#). More information on our progress against our drivers can be found on pages 15-22 of our [Annual Report and Accounts 2023](#).

## Our Environmental, Social and Governance (ESG) strategy

Our ESG strategy is an integral part of our Beacon for mutual good strategic driver.

### Beacon for mutual good

As we go about our business, we will be recognised as a beacon for mutual good. We want to be famous for the meaningful impact we have across customers, communities and society as a whole. We will use our voice to drive positive change and fairer banking practices, and support charitable activities that align with our purpose and ambitions.

We articulate our ESG strategy through five Mutual Good Commitments that support our ambitions. You can find out more about our ESG strategy and Mutual Good Commitments on page 6.

## Our Customer First Behaviours

Our Customer First Behaviours are at the heart of how we work together and ensure that customer outcomes are central to our decision making. They shape our culture, inform everything we do and enable us to deliver on our purpose.

**Say it Straight**

**Push for Better**

**Get it Done**

<sup>5</sup>GACI's Current Account and Savings Database, Stock (February 2023).



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# Our Environmental, Social and Governance (ESG) strategy

Our five Mutual Good Commitments underpin our ESG strategy. These are set in areas where we believe we can make the most significant, positive impacts for our members and customers, our communities and society as a whole. They demonstrate our strategic alignment with the UN Sustainable Development Goals (SDGs) and to our net-zero ambition. Our Mutual Good Commitments are overseen by the Executive Committee and the Board.

## Being a beacon for mutual good

 <p><b>Helping to achieve safe and secure homes for all</b></p>	 <p><b>Protecting our customers' financial wellbeing</b></p>	 <p><b>Supporting progress towards a greener society</b></p>	 <p><b>Championing thriving communities</b></p>	 <p><b>Reflecting the diversity of our society</b></p>
				
<p>We are the second largest mortgage provider in the UK. We have the capability, scale and influence to drive positive change and help more people into safe and secure homes.</p> <p>We have an ambition to increase access to quality homes. We do this by:</p> <ul style="list-style-type: none"> <li>Supporting first time buyers into home ownership</li> <li>Supporting the quality of homes for those that rent</li> <li>Supporting the social housing sector, building a more inclusive society</li> </ul> <p>We also support those in housing need through our long-term partnership with Shelter.</p> <p>More information can be found on pages 7-9.</p>	<p>We seek to support our customers in building their financial resilience, and recognise the financial security this can bring them in the longer-term. We support them in developing good savings habits and helping them become more financially confident in managing their money.</p> <p>We are committed to supporting the financial wellbeing of all our customers, including those in vulnerable circumstances, and we have a range of initiatives in place to achieve this.</p> <p>More information can be found on pages 10-15.</p>	<p>We aim to build a more sustainable world by supporting the UK Government's ambition to achieve net-zero by 2050.</p> <p>We have published highly challenging intermediate (by 2030) science-based targets, aligned to a 2050 net-zero future.</p> <p>We have five pillars to our climate strategy. These can be found on page 16.</p> <p>More information can be found on pages 16-17.</p>	<p>As a mutual, we seek to make a positive difference for our customers, communities and society as a whole. The power of mutuality means we can do more together than we could each do alone.</p> <p>We commit at least 1% of our pre-tax profits each year to charitable activities, largely focused on housing. We also seek to use our voice to drive positive change and fairer banking practices, using our size, influence and values to work for the good of society.</p> <p>More information can be found on pages 18-21.</p>	<p>We are building a fully inclusive Society, that better reflects the diversity of the communities that we serve and represent, and enables our colleagues to thrive and reach their full potential.</p> <p>Having a diverse range of backgrounds, skills and experiences helps us continue to serve our customers in the best way and offer the services and products that are most relevant to them.</p> <p>We have an inclusion, diversity and wellbeing strategy that helps us achieve this, and we measure our progress against a broad range of diversity measures. These can be found on page 45.</p> <p>More information can be found on pages 22-25.</p>

More information on our underlying measures that support our Mutual Good Commitments can be found on pages 43-45. Information more broadly on how we support our colleagues, and engage with our suppliers, which span across multiple Mutual Good Commitments, can be found on pages 26-29 and 30-31 respectively.





# Helping to achieve safe and secure homes for all

We were founded to help people into homes of their own, and this remains important to our strategy today. While we support all our mortgage customers, we provide targeted support to help first time buyers into homes, support the quality of homes for those that rent, and support the provision of affordable housing. More details on our broader lending performance can be found in our [Annual Report and Accounts 2023](#).

## Supporting our customers in navigating through a higher interest rate environment

We recognise the impacts of higher Bank rate faced by mortgage customers on tracker or variable products, or coming off fixed term deals and seeking to remortgage at higher interest rates. In the UK, around 1.6 million homeowners with a fixed rate will see their deal come to an end during 2024<sup>6</sup>.

Through the year, we continued to price competitively and enhanced our online Mortgage Manager service, making it easier for our existing customers to switch product or extend their mortgage term to reduce their mortgage payments. Our existing mortgage customers also have access to rates that are at least as good as those for new customers remortgaging to us, and we have the highest retention of mortgage customers in our peer group<sup>7</sup>.

For some customers, higher interest rates can have a real impact on affordability and their ability to meet their mortgage repayments. We support those struggling with mortgage repayments and encourage our customers to come to us if they have concerns about their current or future financial position, including their mortgage repayments, for information and support, with no impact on their credit score. We offer a range of tailored support through our specialist support team. In addition, in June 2023, we signed up to the Government's Mortgage Charter – a set of industry-wide commitments that give more options and support to people struggling with mortgage payments. We made a number of pledges, including enabling customers coming to the end of their fixed rate deal the chance to lock into a new deal up to six months ahead of their deal maturing, with the opportunity to switch to a better deal right up until their new term starts, should a more suitable one become available. Our customers can also switch to interest-only mortgage payments for six months, or extend their mortgage term to reduce their monthly payments, with the option to switch back within six months if they choose to. Both options can be taken without affordability checks and with no impact on credit score. In addition, we offer a range of alternative, tailored options based on the circumstances faced by individual customers, such as temporary payment deferrals or part interest-part repayment options. Customers can be reassured that they will not be forced to have their homes repossessed for at least 12 months after their first missed payment.

## Helping first time buyers into homes of their own

We believe everyone should have a place fit to call home, and we remain focused on increasing the accessibility of home ownership for first time buyers.

The Building Society Association's monthly property tracker<sup>8</sup> consistently scores two of the most significant challenges faced by first time buyers as raising a deposit and being able to borrow enough to afford a property. Over the last ten years, the average price of a first-time buyer property has increased by 57%, more than double the rate of earnings growth over the same period (of 26%)<sup>9</sup>. As a result, the first time buyer house price to earnings ratio has risen to 5.4, well above the long-run average of around 3.8<sup>9</sup>. One of the consequences of high house prices relative to earnings is that it makes raising the required deposit a significant challenge for prospective first time buyers.

We are working to address these two key challenges. Our Helping Hand mortgage has supported affordability, enabling first time buyers to borrow up to 20% more (up to 5.5 times their salary) compared to standard fixed rate mortgages, on 5 and 10-year fixed rate terms. It extends to 95% loan to value, reducing the pressure on first time buyers of saving for a larger deposit. Last year, our Helping Hand mortgage was chosen by 22% of our new first time buyers and represented 32% of the value of all first time buyer mortgages, reflecting the benefits of its higher loan to income offering. Of these first time buyers, 57% were sole (rather than joint) applicants, compared to 49% using other mortgage products.

<sup>6</sup>UK Finance mortgage data | Insights | UK Finance.

<sup>7</sup>eBenchmarkers residential retention at point of maturity, for the top 6 lenders (May to July 2022 maturities, 3 months post-maturity).

<sup>8</sup>BSA - Building Society Facts & Figures | Statistics | BSA.

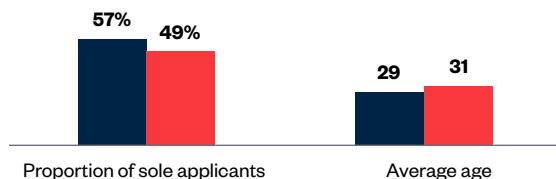
<sup>9</sup>Nationwide calculations based on Nationwide first time buyer house price index and ONS annual survey of hours and earnings. Data based on the 10 year average ending 31 March 2023.



# Helping to achieve safe and secure homes for all (cont.)

Those who benefited from Helping Hand were, on average, two years younger than those using other mortgage products (see chart). We continue to lend responsibly, with robust underwriting checks, and without relying on the Government's 95% mortgage guarantee scheme.

**Our Helping Hand mortgage benefitted younger people and those buying on their own**



■ Our first time buyers with Helping Hand ■ Our other first time buyers

In October 2021, we became the largest lender to participate in the Home Builders Federation's Deposit Unlock scheme. Deposit Unlock makes buying a new home more affordable, enabling home buyers, including first time buyers, to buy a new build home, of up to £750,000, with just a 5% deposit. We also participate in the government First Homes affordable housing scheme, which supports first time buyers in purchasing new build homes below their market value.

We offer first time buyers £500 cashback to help with things like moving costs. In addition, our online step-by-step guide on buying a first home, and educational events on the home buying process provide support for first time buyers.

In recognition of the support we have provided, we were awarded the Best First Time Buyer Mortgage Provider at the Moneyfacts Awards 2022.

## Supporting landlords and helping to provide good quality homes for their tenants

We support landlords and those who rely on the private rented sector for their long-term housing needs through our buy to let business, The Mortgage Works. We play a key role in the sector, with The Mortgage Works being the second largest buy to let lender in the UK.

Over a fifth of the 4.4 million households that rent privately in England endure the poor conditions associated with substandard housing<sup>10</sup>. With many of our own customers in rented accommodation, we seek to enable a private rented sector that works for the mutual good of both landlords and tenants.

Through The Mortgage Works, we support landlords in understanding their responsibilities. We provide help beyond mortgages online, including easily digestible and timely information about changes in legislation and regulations in the private rented sector, and guidance on the maintenance of rental properties. Helping landlords in this way gives them more time to focus on the quality of their properties and the wellbeing of their tenants.

We ensure that the buy to let properties we lend on are compliant with, or exceed, the Decent Homes Standard<sup>10</sup> recommendations, so that tenants can live in safe and decent homes.

We physically inspect the buy to let properties we originate new loans on, to ensure they meet or exceed the Decent Homes Standard and are therefore fit to be immediately let. Properties that do not meet these conditions must complete remediation works prior to us lending on the property.

Further checks are also completed within our assessment, such as ensuring there are no environmental concerns linked to the property and that there is a valid EPC in line with legislation.

We also influence for better outcomes for both landlords and tenants through our lobbying activity. More information can be found on page 9.

## Supporting the social housing sector

Social housing is important for many, often offering an affordable, secure, longer-term tenancy. It is estimated that there are around 1.6 million households with unmet housing needs, that would be best met through social housing<sup>11</sup>. We are proud to have been lending to the social housing sector for over 60 years. With around £5.3 billion of committed lending, we are one of the key lenders to social housing providers across the UK. The homes we are helping to finance are estimated to equate to housing a population of over 300,000 people.

We offer sustainability linked loans for registered social landlords, that reward them with a rate reduction on their loan if they achieve agreed sustainable key performance indicators. Our aim is to encourage registered social landlords to improve the energy efficiency of their portfolios and/or further their positive social impact.

Our relationship managers are experienced in the social housing sector, which means our customers benefit from strong sector knowledge and dedicated customer service.

<sup>10</sup>A Decent Homes Standard in the private rented sector: consultation - GOV.UK (www.gov.uk).

<sup>11</sup>National Housing Federation, People in housing need, December 2021.





# Helping to achieve safe and secure homes for all (cont.)

## Helping those in housing need

We have partnered with the national housing charity, Shelter, for the past 22 years. Our enduring relationship has enabled vital change and support for those impacted by the housing shortage. Last year, we gave £1.2 million through our donation agreement, the largest amount we have ever given in a year. Over the 22 years of our partnership, we have donated more than £8.4 million to Shelter, and our funding has directly enabled the charity to support 143,000 people in housing need.

Our donation has funded several advisers for Shelter's helplines since 2020, and in that time, it has directly enabled the charity to answer over 6,400 calls from people in urgent housing need. This alone prevented 1,000 people from losing their home and helped 1,600 into a home.

Included in our £1.2 million donation agreement, we donated £10 to Shelter for every FlexStudent account opened in August and September 2022, raising a total of £200,000. In addition, over 2022/23, our colleagues, customers and brokers together raised more than £100,000 through various activities to support the Shelter Winter Appeal, and for the fifth year running we sponsored Shelter's Christmas carol service, matching donations on the night of £100,000.

## Using our scale and influence to drive positive change in UK housing

We use our scale and influence to drive positive change across the UK housing market. During the year, we engaged with regulators and policymakers on a range of housing issues and discussions, from mortgage lending, to planning reform, to support for mortgage holders and first time buyers. Through our engagement, we helped to shape and deliver the Government's Mortgage Charter, demonstrating our support for people struggling with mortgage payments, as described on page 7. We continue to call on the

Government for more support for first time buyers, including through increasing the supply of new homes and removing the loan to income cap on lending. We also worked closely with the Secretary of State for Levelling Up, Housing and Communities, and with other lenders to improve access to mortgages for flat owners affected by problems caused by cladding.

We also continue to be a force for positive change in the private rented sector. Together with our partner Shelter, we have successfully pushed for reform to the private rented sector and are pleased to see many of the policy proposals we have supported included in the legislative text of the Renters (Reform) Bill. This has included campaigning for the abolition of Section 21 'no fault' evictions, ensuring renters are protected against eviction unless the landlord has a legitimate reason for doing so. We will continue to work with policymakers, through the Renters (Reform) Bill, on the design and implementation of a property portal landlord database, which will provide improved transparency and information to tenants before they rent a property, and guidance to landlords on their responsibilities.

Nationwide has also campaigned for the Government to make it illegal for landlords to apply blanket bans on renting to people on housing benefit, on the grounds of it being discriminatory, so that so-called 'no DSS' policies are no longer acceptable. In addition, we responded to the Government's consultation on the Decent Homes Standard, which we hope will be implemented through the Renters (Reform) Bill. These changes will make a significant improvement to the rental experiences of millions of people in the UK.

We also work closely with the Nationwide Foundation to support renters. More information can be found on pages 27-28 of our [Social Investment Impact Report 2023](#).

We maintain regular dialogue with the Social Housing Regulator and other key sector stakeholders to contribute on social housing issues and policy, including through the UK Finance Social Housing Panel. Through our partnership with Shelter, we have funded a Policy Officer, helping us to work together on policy and campaigns that make a difference to people in housing need. This includes the Social Housing Regulation Bill, where Shelter is ensuring the Bill is amended to secure key improvements for social tenants.

*"The long-standing partnership between Shelter and Nationwide Building Society – and the extraordinary generosity of Nationwide over so many years – is truly unique in the world of charity partnerships. We're delighted that Nationwide has stood with us for another year in our shared belief that everyone should have a home.*

*The incredible funds this last year have continued to support our emergency helpline, fund some of our policy work and vital cost of living research as Shelter continues to campaign for systemic change.*

*Significantly, after a successful pilot, Nationwide funds have helped Shelter implement our Community Model across England and Scotland. This model focuses on empowering individuals with the knowledge to tackle the housing emergency and to reach others in their communities before they reach crisis point.*

*On behalf of everyone at Shelter – Thank you."*

### **Polly Neate**

CEO of Shelter, with whom Nationwide has a 22-year partnership



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# Protecting our customers' financial wellbeing

We recognise the importance of supporting and protecting our customers' financial wellbeing, including building their financial resilience and helping them to more confidently manage their money, protecting them from economic crime, and providing specialist support for our customers in vulnerable circumstances when they need us most. We support them in a range of ways.

## Supporting our customers through cost of living pressures

As a mutual, supporting our customers through the cost of living pressures has been, and will remain, a priority for us.

We have a number of initiatives to help our customers and we encourage them to come to us if they have any concerns about their current or future financial position. Our branches provide free financial health checks, and our dedicated cost of living helpline makes it easier for customers to speak with us. As at 4 April 2023, we had handled over 4,000 calls through our helpline.

Our cost of living webpage enables customers to access information and self-service options for managing money and budgeting, and to get help with existing debt. We offer personalised support through our specialist support team and, in situations such as where customers have debts across several lenders, we can engage charities, including Citizens Advice, StepChange and PayPlan, to help further.

Last year, we identified 38,000 customers as being potentially most vulnerable to cost of living pressures, based on their overdraft and credit usage. We supported them with an automatic six-month overdraft interest holiday, from December 2022 to June 2023. This has helped them to reduce their borrowing without affecting their credit score.

We also reduced the interest rate for those on persistent debt plans. More information on how we are supporting our mortgage customers can be found on pages 7-9.

Between 9 February and 30 April 2023, our current account cashback offer provided a little more help for our customers through the cost of living challenges. Customers earned 5% cashback on their debit card purchases at a wide range of supermarkets and convenience stores, up to £10 each month.

We also partner with IncomeMax, who offer a service designed to help people maximise their income by finding and claiming the benefits or grants they may be entitled to. This service is provided at no cost to our customers. Since our partnership began in 2013, IncomeMax has helped Nationwide customers access over £1.8 million of additional income. In total, 1,600 customers have used the service and, in over 85% of cases, additional income has been found. We also signpost out to the Money Helper website, which helps customers prioritise their bills and payments, and provides tips on how best to deal with those bills.

## Providing financial education and building financial confidence

We want to support our customers and equip them with the essential knowledge and skills needed to grow their financial and digital confidence. Over 2022/23 we held 30 online education events across a range of topics. They included education on how to recognise scams, and how to use our internet bank and banking app safely. We also ran investment education sessions and events to support first time buyers through the home buying process. And our Money Matters webcasts provided practical help with

managing money through the cost of living challenges. Together, we engaged with around 5,300 attendees through these events. Our education events complement our range of online banking demos.

Research has shown that financial behaviour starts to become shaped between the ages of three and seven, and that having good money skills in teenage years is associated with stronger financial capability in early adulthood<sup>12</sup>. Yet less than half of 11 to 17 year olds feel highly confident managing their money and almost a fifth of 16 and 17 year olds report feeling anxious when thinking about their money<sup>12</sup>. We are working to empower the younger generation with financial and digital education – giving them the knowledge they need to thrive in the future, when it comes to finances, jobs, saving for life moments like buying their first home, and more besides.

In April 2022, we launched our Money Lessons programme, delivered by colleague volunteers to schools across the UK. Money Lessons are helping young people understand how to confidently manage their money, and educating them on budgeting, saving, debt and borrowing, and digital skills, including how to stay safe online. Our colleagues have worked in collaboration with teachers from local schools to create the content for Money Lessons, that is suitable for school year groups 1 to 13.

As at 4 April 2023, we had held Money Lessons in over 400 schools, supporting over 40,000 students and increasing financial inclusion and knowledge. Our Money Lessons also respond to the Money and Pensions Service (MaPS) goal to see two million more children and young people across the UK receiving a more meaningful financial education by 2030 (against a baseline of 2020).

<sup>12</sup>MaPS: Financial Education Guidance for Secondary Schools in England 2021 (moneyandpensionsservice.org.uk).



# Protecting our customers' financial wellbeing (cont.)

We are also a member of UK Finance's Education Committee, collectively seeking to address the financial education gap.

To support financial inclusion, we have adapted the resources for a number of different audiences, including tailoring our material to support students with special education needs. We also adapted the resources so that they could be used to support customers more generally through the cost of living crisis.

*"I just wanted to say a huge thank you for the Year 5 finance session that you delivered last week. The children really enjoyed it and learned so much about different bank accounts, online safety and planning a trip on a budget. I know having spoken to other members of staff and pupils, they have gained a great deal from your time in school."*

*"Sam and Suzanne came to deliver a finance session to my Year 4 class. They delivered a session that was informative, relevant, engaging and well-resourced. The children had lots of opportunities to share, discuss and participate in the activities. The children were clearly very inspired as they shared what they had learned with their parents and continue to refer to the session."*

Feedback from teachers at two of the schools where Nationwide colleagues delivered Money Lessons.

## Encouraging good savings habits

As a mutual we create value for our customers through better pricing and incentives. We launched a number of standout savings products that rewarded loyalty and supported our success through 2022/23, including Member Online Bond and Flex Instant Saver. More on our broader savings performance can be found in our [Annual Report and Accounts 2023](#).

We believe in encouraging good savings habits, and the financial security this can provide customers in the long term. With around 39% of UK households having less than £1,500 in savings (including 13% who have no savings at all)<sup>13</sup>, we find ways to make it easier to save.

Our Start to Save Issue 2 account, aimed at those new to saving, helped over 15,000 people save at least £100 for the first time with us over 2022/23, and over 900 people won £250 in our semi-annual prize draw.

We are also making saving easier through our banking app features, including our Round-Ups and Savings Goal tools. With Round-Ups, customers can round-up their transactions to the nearest pound, and transfer their spare change to their savings account. Our Savings Goal tool enables customers to set a financial goal and calculates how much must be saved on a daily, weekly or monthly basis to achieve this, tracking progress along the way. Over the year, over 230,000 goals were set up by our customers.

In addition, we continued to provide customers signed up to our free SavingsWatch service with notifications of when interest rates changed or when new products were launched.

## Supporting students with our FlexStudent account

Our FlexStudent account supports students over 18 in managing their money while on a full-time course. Last year, students opening the account received £100 cashback and could apply for an interest-free arranged overdraft of up to £3,000. In 2022, our FlexStudent account was listed in the top three student accounts by MoneySavingExpert and selected as the 'best all-rounder' by The Times.

Over the year, we attended student university events to publicise our student account and share advice with students on their rental rights. We provided advice to 17,000 students. Nationwide also donated £10 to Shelter for each account opened, as described on page 9.

## Supporting our vulnerable customers

We are committed to meeting the needs of, and providing good outcomes for, all our customers, including those in vulnerable circumstances. We provide support for customers with a range of vulnerability characteristics.

Our frontline colleagues are trained to recognise signs of vulnerability and to respond to additional needs. Where required, our specialist teams provide dedicated and personalised support to our most vulnerable customers, and we partner with trusted organisations including gambling, debt, and mental health charities where customers require assistance beyond their banking needs.

Our customers are able to share with us their support needs and, with their consent, we can record these on our systems, helping us to adapt our services to respond in the best way when they interact with us.

<sup>13</sup>ONS, Savings and investments, Family Resources Survey, 2021-22, UK (gov.uk).



# Protecting our customers' financial wellbeing (cont.)

We are a founding member of a pilot initiative, the Support Hub, a digital platform built by Experian that enables customers to tell multiple participating firms about their support needs in one process, reducing the need for repeat conversations.

## Helping customers experiencing financial difficulties

Our product and lending criteria are designed to meet customer needs, and we use credit assessments to ensure we lend responsibly, to reduce the risk of customers becoming over-committed.

Where customers are concerned about their current or future financial position, we encourage them to come to us, and offer a range of tailored support through our specialist support team. More on how we support our mortgage customers can be found on page 7. In instances where customers might fall into persistent debt on their credit card (where, over 18 months, the customer has paid more in interest, fees and charges than the payments they have made towards the amount borrowed), or into repeat overdraft usage on their current account (where, over six months, the customer has repeatedly borrowed through their overdraft for 15 or more days each month and has incurred charges), we reach out to support them with steps they can take to resolve the debt, including through payment plans. If a customer is still in persistent debt after 39 months on their credit card, in line with regulatory requirements we suspend their card, to prevent them adding to their debt further.

## Supporting our customers through life events

We seek to provide the best support to customers experiencing challenging life events such as illness, bereavement, and job loss, to help them stay on top of their money when life is tough. When needed, our specialist

support teams work with our most vulnerable customers where their needs cannot be met by everyday banking products and services, to provide tailored support based on their individual circumstances. This includes helping them to assess and manage their finances, and understand the choices available to them.

Where required, we can signpost or refer customers to organisations that can provide additional support and guidance. These organisations include, among others, Macmillan Cancer Support, StepChange and PayPlan for money advice, IncomeMax for understanding benefits support, and Mental Health UK.

In cases where our customers need further daily help in managing their money, we have a range of ways for them to gain support from a third party they trust, ranging from temporary help with simple, everyday banking, to long-term support for their finances.

*We refer customers to organisations that can provide additional support and guidance, such as Macmillan Cancer Support, whom we first partnered with 30 years ago, to support customers diagnosed with cancer.*

*A two-way referral process was introduced so that customers have access to advice and support from Macmillan, and for their everyday banking needs through Nationwide. On average, we provide support for five referrals a month.*

*Since 2015, we have provided specialist financial support to over 1,600 customers impacted by cancer. Through Macmillan's financial guidance service and grants, we have unlocked £399,000 of financial support for our customers.*

## Mental health

We seek to support customers who may be experiencing both money and mental health problems, given the two are often interlinked. We are working with Money and Mental Health Policy Institute (MMHPI) to ensure our products and services are more accessible for people with mental health problems. We are implementing MMHPI's recommendations with an aim to gaining accreditation through their Mental Health Accessible programme.

## Financial and economic abuse

We are committed to supporting our customers affected by financial and economic abuse, to help them take back control of their money. We have been signatories of the UK Finance Financial Abuse Code of Practice since 2018, designed to raise awareness among colleagues and provide best practice in supporting those needing to regain control of their finances. The Code was updated in 2021 to align to the Financial Conduct Authority's (FCA's) Guidance on the Fair Treatment of Vulnerable Customers and the Domestic Abuse Act 2021. Our customer-facing colleagues undertook specialist training on recognising the signs of financial and economic abuse, and supporting customers that disclose their circumstances to us. Our colleagues can make referrals to our specialist support team and to external support organisations and services where required. This includes Money Advice Plus, where we fund a dedicated advisor to support Nationwide customers.

To support our customers and other victim-survivors within our communities, we are rolling out 'safe spaces' across most of our branches. These are dedicated rooms where victim-survivors can safely make contact with specialist domestic abuse support organisations. Posters are displayed in participating branch windows and the Bright Sky app also provides a map of safe space locations.





# Protecting our customers' financial wellbeing (cont.)

We continue to work with UK Finance and other financial service organisations who are signatories, to focus on areas such as coercive behaviour and separation of debt.

## Gambling-related harm

Since 2021, we have partnered with GamCare, the UK's leading support provider for anyone impacted by the harms of gambling. GamCare offers tailored support, including access to GamBan and GamStop, services that enable customers to block their spending and self-exclude themselves from gambling websites and apps. Through our partnership with GamCare, we ran a specialised addiction training programme for colleagues in specialist teams, helping them to identify and support customers impacted by gambling. We also provide referrals and signposting to the National Gambling Helpline, who provide free confidential information, advice and specialist support.

Through our membership of the UK Finance Gambling working group, we have established industry priorities for supporting people impacted by gambling harms, and contributed to industry discussions on the Government's reform of the Gambling Act 2015. In October 2023, we made gambling blocks available to customers. Once a block is activated by the customer, should they wish to remove it, there is a 72-hour cooling off period before the card can be used again for gambling.

## Accessible banking for all

We want our customers to be able to bank with us using their channel of choice. The extension of our Branch Promise until 2026, as described on page 18, supports our ambition. We are improving our mobile banking experience and continue to invest in our core digital services. Last year, we extended the operating hours of our in-app and online

chat, which is now available 24 hours a day, every day of the year. In September 2023, we extended the operating hours of our telephone lines to 8am-8pm Monday to Saturday, and opened on Sundays from 8am-6pm, enabling more of our customers to reach us at a time that suits them. We continue to offer video appointments, adding convenience and flexibility to our customers. And we also provide easy access to cash with our 1,200 free ATMs.

We seek to make our channels accessible and inclusive for all, including for those with disabilities. We have a range of initiatives in place to support our customers with disabilities and make our services more accessible to them.

All branches have power-assisted or automated entrance doors and almost all have level access or wheelchair ramps. All branches have at least one induction loop and we can provide sign-language interpreters for those with hearing difficulties, both in-branch or online through SignVideo. In addition, our Relay UK telephone service provides text-to-speech and speech-to-text services. Following a successful pilot, we are also rolling out a communication tool in selected branches to support customers with difficulties in verbal communication.

We are committed to improving the accessibility of our digital services and work with the Digital Accessibility Centre to check that our website and banking app are accessible. They provide annual reviews, ensuring our website is tested by people with a range of disabilities. Our website and banking app also work with commonly used assistive technologies including speech recognition tools and screen readers.

All newly issued contactless cards for adult accounts have dot and notch features, supporting customers who are blind or partially sighted in distinguishing between cards and in

positioning their cards in cash machines and card readers. We can provide letters in braille, audio or large print and all our ATMs have voice assistance and can be used with headphones, providing easy access to cash.

We also support the sunflower lanyard scheme in our branches, representing hidden disabilities. Our colleagues are trained to identify and support those who may have a hidden disability.

## Financial inclusion

We believe everyone deserves access to banking services to support their financial independence. Yet around 1.2 million adults across the UK are 'unbanked', of which almost one in ten surveyed had tried, unsuccessfully to open a current account with a provider at some point in the past<sup>14</sup>.

We recognise that, due to circumstances or past experience, not everyone will have the standard identification documents to open one of our current accounts. For this reason, we offer a FlexBasic account, our basic current account, for people who do not hold another UK current account nor qualify for one of our other current accounts. We are the third largest provider of such an account in the UK and currently hold over 1 million (almost one in seven) basic bank accounts.

We also make it easier for other, more vulnerable groups to access financial services, where opening a bank account may be more challenging.

For example, through our prisoner banking programme, we assist prisoners in opening accounts ready for their release, supporting them in reintegrating into society.

<sup>14</sup>Financial Lives 2020 survey: the impact of coronavirus (fca.org.uk).



# Protecting our customers' financial wellbeing (cont.)

## Protecting our customers from fraud and scams

We continue to do all we can to protect our customers from fraud. Last year, our fraud defence systems and specialist fraud team together helped prevent £115 million (2022: £97 million) of attempted fraud on card and online transactions. Over 2022/23, we started to remove the requirement for customers to use the card reader to authorise some online and mobile banking transactions, providing more convenience and faster transactions. To help further protect customers, in May 2023 we launched a new verification process for authenticating high-risk transactions biometrically via our mobile banking app. This provides a more secure experience for our customers by analysing digital, physical and cognitive behaviour to distinguish between cybercriminal activity and customer activity, helping identify fraud and identity theft.

In addition to this, our 24/7 Scam Checker Service enables our customers to check their payments with us, before they make them, giving them reassurance if they have concerns. Since its launch in 2021, our Scam Checker Service has prevented a further £6.1 million in potential scams. Information on the number of customers supported through our Scam Checker Service can be found on page 43.

We continued to hold educational events and provide online educational material on recognising and preventing fraud and scams. We engaged in wider campaigns to raise awareness, for example supporting the industry fraud awareness campaign Take Five and with media campaigns on keeping safe from scams. In September 2023, we published research with the Social Market Foundation which investigated the extent of fraud in the UK, its economic and psychological impact on victims, and shed new light

on public attitudes towards key debates on fraud policy. We have used the research to engage stakeholders and policymakers to outline evidence-led approaches to tackling fraud<sup>15</sup>. More information on our collaboration with the wider industry can be found on page 39.

For customers who are impacted by fraud or scams, we deal with each case sensitively, and on an individual basis. Independent benchmarking by the Payment Systems Regulator (PSR) positioned Nationwide as having the second highest reimbursement rate for Authorised Push Payment (APP) fraud losses across the industry, both in terms of the value reimbursed and the percentage of cases reimbursed<sup>16</sup>. We provide tailored aftercare support to impacted customers, including through our partnerships with Independent Age and Victim Support.

## Consumer Duty

Nationwide is committed to ensuring the right customer outcomes are achieved in all circumstances. The FCA's Consumer Duty requirements align strongly with our mutual ethos and values. Our Customer First Behaviours, described on page 36, also ensure customer outcomes are at the heart of our decision making. The Board was regularly engaged on the Society's progress towards implementing the specific requirements of the Consumer Duty, and appointed a Consumer Duty Board Champion to provide challenge and support the embedding of its requirements across the business.

We will continue to provide safe, secure and fair value products and services which meet the needs of customers, clear communications which enable customers to make the right decisions at the right time, and effective support to allow customers to realise the benefits of their products.

## Listening to customer feedback

As a mutual, we are owned by our members (customers with a current account, mortgage or savings with us). We are here to support our customers, including our members, and we value their feedback as it helps us improve our services and offerings further. Our customers can have their say and input through a range of channels, including through our Annual General Meeting (AGM) and Talkback events, where they can hear from, and engage with, Board directors and, at Talkbacks, senior management. Over 2022/23, we held three Talkback events, attended by over 170 customers, and over 300 members attended our AGM. The themes of the topics raised by our members and customers through these events can be found on page 30 of our [Annual Report and Accounts 2023](#).

Our customers can also engage with us through our business operating channels, or through participation in our online Member Connect forum or via social media. Furthermore, each month, we assess on average over 40,000 sales and servicing interactions across our branches, telephone and digital channels, through our customer surveys. Our customers are invited to rate their satisfaction and ease of interaction with us, with the opportunity to leave comments. We use this feedback to help inform our decision making and implement targeted improvements. The Board reviewed customer service and satisfaction data at all its meetings through the year. Our Customer Experience Score, based on the feedback customers provide when they complete our survey, is one of our key performance indicators for 2023/24, as described on page 28 of our [Annual Report and Accounts 2023](#).

<sup>15</sup>Research completed by Social Market Foundation on behalf of Nationwide. The view from the ground: Building a greater understanding of the impact of fraud and how the public view what policymakers should do about it (September 2023).

<sup>16</sup>Payment Systems Regulator, Authorised Push Payment (APP) fraud performance report, October 2023.





# Protecting our customers' financial wellbeing (cont.)

We also work with external, independent bodies to compare our performance against others in the industry. In 2023, we ranked 1st for customer satisfaction among our peer group for the 11th year running<sup>17</sup>.

More information on how we have engaged with, and responded to feedback from each of our key stakeholder groups during the past year, both at a broader Society level and at Board level, can be found on pages 29-35 of our [Annual Report and Accounts 2023](#).

## Addressing complaints

Whilst we strive to deliver good outcomes for all our customers, we know that things can sometimes go wrong. We welcome feedback from customers so that we can put things right and provide a better experience for the future. We aim to investigate all complaints quickly and in a fair way, and undertake root cause analysis to identify the source, learn from our mistakes and provide a remedy. In doing so, we are committed to reducing the number of complaints we receive. All our customer-facing colleagues are given training in handling complaints, helping us to effectively manage the experience the customer has with us when they approach us.

Nationwide maintained a leading position in continuing to receive fewer banking complaints relative to its size in H2 2022 compared to its peers<sup>18</sup>. For every 1,000 banking and credit card accounts, we received 1.52 complaints, representing a 15% reduction compared to H1 2022, of 1.79. For every 1,000 home finance accounts, while Nationwide

maintained a leading position, it received 3.79 complaints (a 17% increase compared to H1 2022, at 3.23). The Mortgage Works, our buy to let subsidiary, received 5.16 complaints for every 1,000 accounts (a 55% increase compared to H1 2022, at 3.33). Increases in ratios were similarly observed across our peers in home finance over the period. In H2 2022, overall complaints to Nationwide reduced by 12% compared to H1 2022.

More information can be found on the [FCA's webpage on complaints data](#).

Complaints identified as being from vulnerable customers are triaged so they can be dealt with as a priority through our urgent complaints process and, where appropriate, ongoing support is provided to the complainant by our specialist support and vulnerability, access and inclusion teams throughout the process.



<sup>17</sup>Lead at March 2023: 3.8%pts, March 2022: 4.6%pts. © Ipsos 2023, Financial Research Survey (FRS), for the 12 months ending 31 March 2013 to 12 months ending 31 March 2023. Results based on a sample of around 47,000 adults (aged 16+). The survey contacts around 51,000 adults (aged 16+) a year in total across Great Britain. Interviews were face to face, over the phone and online, taking into account (and weighted to) the overall profile of the adult population. The results reflect the percentage of extremely satisfied and very satisfied customers minus the percentage of customers who were extremely or very or fairly dissatisfied across those customers with a main current account, mortgage or savings. Those in our peer group are providers with more than 3.3% of the main current account market as of April 2022 – Barclays, Halifax, HSBC, Lloyds Bank, NatWest, Santander and TSB. Prior to April 2017, those in our peer group were providers with more than 6% of the main current account market – Barclays, Halifax, HSBC, Lloyds Bank (Lloyds TSB prior to April 2015), NatWest and Santander.

<sup>18</sup>Complaints data | FCA. Our peer group consists of Barclays, Bank of Scotland, The Co-operative Bank, HSBC, Lloyds Bank, NatWest, Royal Bank of Scotland, Santander, and TSB. The FCA define H2 2022 for Nationwide as data between 5 April 2022 and 4 October 2022. The FCA define H1 2022 for Nationwide as data between 5 October 2021 to 4 April 2022.



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# Supporting progress towards a greener society

## Our climate change strategy

Climate change presents a risk to Nationwide and its customers, and so managing the risk from climate change and supporting progress towards a greener society is core to us being a responsible business.

As a building society, our focus is on providing banking products and services for our customers. We only have very limited corporate lending through small, closed commercial real estate and private finance initiative portfolios, and lending to registered social landlords. Our business model means that our strategy does not involve lending to, or investing in, the fossil fuel industry.

Nationwide is committed to a net-zero future. It is our aspiration to support the UK in achieving its ambition to be net-zero by 2050.

In 2021, we became a member of the Net-Zero Banking Alliance (NZBA) and part of the Glasgow Financial Alliance for Net Zero (GFANZ), committing to playing our part in supporting the transition to a net-zero economy (to achieve an overall balance between greenhouse gas (GHG) emissions produced and taken out of the atmosphere). In December 2022, we set intermediate (by 2030) science-based targets for our scope 1, 2, and 3 emissions, in alignment with this ambition. More on these can be found in our [Intermediate Net-Zero Ambitions 2022: Basis of Preparation](#), and on page 44 of this report.

Our science-based targets are particularly challenging for scope 3 (downstream) residential mortgages, and it is highly unlikely we will achieve these targets without broader government policy changes, and customer and cross-industry action.

We have five pillars to our climate change strategy, as set out to the right. These describe how we engage with stakeholders on climate change.



# Supporting progress towards a greener society (cont.)

## Supporting a just transition to a net-zero economy

As a mutual, and as a member of the Financing a Just Transition Alliance, we believe in supporting a just transition – ensuring that the most vulnerable in society are not disadvantaged, as we transition to a net-zero economy. This aligns closely with our commitments around supporting human rights. For this reason, whilst we are working towards our intermediate (by 2030) science-based targets (including for our mortgage portfolio), we do not intend to negatively select against less energy efficient mortgage properties. We acknowledge, however, that this may impact our ability to achieve our science-based targets.

Our Green Homes Action Group, formed in 2021 of a number of cross-sector leaders with a shared interest in promoting high-quality, affordable retrofit, meets approximately every six months to address some of the barriers to greener homes. The group have called for the Government to do more through seven policy asks that encourage a more comprehensive National Retrofit Strategy, which includes making it fairly financed. Nationwide will continue to engage and influence policymakers to encourage the development of green policies that support wider society in making the changes needed to achieve a just transition to net-zero.

## Our approach to biodiversity

Nationwide does not lend to, or invest in, businesses involved in agriculture, manufacturing, fashion, forestry and animal testing industries (among others). However, we continue to consider our approach to supporting and enhancing biodiversity around our property estate. We have a five-year management action plan in place to support our progress around our head office grounds in Swindon.

We are also encouraged by the growing interest across the industry in taking measurable actions to protect and restore nature. We will use any recommendations made by the Taskforce on Nature-related Financial Disclosures (TNFD) in the consideration of biodiversity-related risks and impacts.

More on our climate change ambitions, environmental impact, strategy, governance, risk management, and metrics and targets can be found in our [Climate-related Financial Disclosures 2023](#).



# Championing thriving communities

## Renewing our Branch Promise

We recognise the value that our high street branches have for our customers, some of whom rely on our branches, or prefer to speak to us face to face.

Between July 2022 and June 2023, over 4.6 million customers visited our branches at least once. Our own research shows that more than 75% of UK consumers value or depend on bank or building society branches<sup>19</sup>, and it also highlighted the inter-generational importance of our branches, from those starting out to those in retirement<sup>20</sup>.

We want to enable our customers to bank with us using their channel of choice, and have therefore extended our Branch Promise, to keep a branch in every town or city we are in today, until at least 2026. This differentiates us from our high street peers and demonstrates our commitment to communities and access to cash.

Since October 2023, we now have the largest single-brand branch network across the UK financial services sector, made up of 605 branches, and at the 2023 Moneyfacts Consumer Awards, we won the Branch Network of the Year award.

In some exceptional circumstances that were beyond our control, and in some towns and cities where we had more than one location, we have closed branches. However, this is kept to a minimum and in 2022/23, only 23 branches were closed.

## Broadening our branch colleagues' skills

Our branch colleagues now serve more of our customers in different ways, including face to face, by phone and through online chat. Following a successful trial, as at 30 September 2023, 142 of our branches (23% of our network) were closed for one or two days each week to enable colleagues to support customers in these other ways. This has helped us to build an increased resilience in our customer service, so that more colleagues can support channels experiencing peaks in demand.

This has also enabled us to maintain our Branch Promise and high street presence within our communities, whilst also retaining our experienced and talented branch customer service colleagues.

## Engaging with our communities

As part of our community engagement through our branches, we invite our customers and colleagues to join one of our eleven regional Community Boards, where they can come together and volunteer their time to award grants to charities (see page 19).

We also organise for MPs to visit their local Nationwide branch, so they can see how we are supporting their constituents. In the second half of 2022/23, we hosted over 30 MPs' visits, often connecting it to a celebration, such as a branch birthday, or to raise awareness of initiatives such as our cost of living initiatives and our Money Lessons programme, highlighting the positive impact of our branches within their communities.

We also reach out to communities during times of crisis. Our Home Insurance Community Support van is deployed to areas experiencing major damage events, allowing our home insurance policyholders to talk to a claims handler face to face, have a hot drink and charge their phone.

*"The British high street needs to change to survive. It needs retailers to commit to being there today, let alone tomorrow.*

*As a mutual, owned by our members, we can do things differently. That's why we renewed our promise to not leave any town or city in which we are based until at least 2026.*

*Branches are about much more than cash and opening accounts. They're supporting older people, people with vulnerabilities, protecting our local high streets and helping people who are worried about their money. With rising costs hitting people hard, that has never been more relevant than it is now. The Promise ensures we provide services to communities.*

*Our customers need our support more than ever and while we can't predict the future, we want to give our customers choice in the way they manage their money with us."*

### **Mandy Beech**

Director of Retail Services, Nationwide

<sup>19</sup>Based on a nationally representative survey of 2,037 UK consumers, carried out by Nationwide in September 2022. 77% of respondents stated they value or depend on branches.

<sup>20</sup>39% of customers in the 'Starting Out' and 'Budgeting Elderly' segments visited our branches at least once in the year (CACI Fresco segment pen portraits).



# Championing thriving communities (cont.)

## Committing 1% of our profits to charitable activities

As voted for by our members in 2007, we commit at least 1% of our pre-tax profits each year to charitable activities<sup>21</sup>, largely focused on housing. In 2022/23, this amounted to £9.6 million (2022: £7.1 million).

The money was split between our own social investment programmes, including funding our long-term partnership with Shelter, the Nationwide Foundation and the internal costs of managing our social investment agenda. Last year, we donated £1 million to our debt partners and charities to help them support more people through the cost of living pressures.

Our social investment programmes focused on housing, and were centred around our three social priorities:

- Helping people into a home
- Preventing people from losing their home
- Supporting people to thrive in their home environment

Within our social investment programmes, we provide grants to local housing charities and projects across the UK. The grants were distributed through our Community Boards under the direction of customer and colleague volunteers.

Over 2023/24, we will review our social investment strategy, ensuring we continue to drive meaningful and positive outcomes for society, that are aligned with our new strategy and business purpose that was launched in 2022/23.

## Awarding Community and Colleague Grants

As part of our 1% pre-tax profit commitment, we awarded £4.3 million (2022: £4.0 million) to support 96 (2022: 94) charitable housing projects through our eleven Community Boards. We have now met our five-year target to donate £22 million in community grants, that we set when the Community Boards were founded. Over 540 projects have benefited and 118,000 people in housing need were supported.

Maureen Wilson and the team at Simon Community Northern Ireland (NI) are helping tackle homelessness head-on in Belfast. The charity provides more than 460 warm, safe beds to people across Northern Ireland who have nowhere else to go.

A grant of more than £48,000 is helping Simon Community NI team with their Women's Advocacy Project. It helps Maureen act as a dedicated advocate for women struggling with their housing in the local area.

*"The aim of this service is to help women feel safe and secure while accessing Simon Community NI temporary accommodation services, empowering and educating women to enable them to make positive decisions that will have an impact on their lives, and help break down any barriers that they may face as women facing homelessness."*

### Maureen Wilson

Women's Advocacy Group Member,  
Simon Community Northern Ireland

In addition, as part of our grant giving programme, our colleagues could apply for a grant on behalf of the charities closest to their hearts. Our Colleague Grants programme awarded £580,000 to 71 registered charities (2022: £501,000 to 59 charities).

In 2022/23, we were proud to award a £10,000 grant to TRIBE Freedom Foundation for the second consecutive year. These funds will go towards expanding their community of anti-slavery advocates and the TRIBE Survivor Financial Empowerment Hub. Our first grant contributed towards their support for the charity Ella's, in opening a new survivor safehouse.

*"Support from the Nationwide colleague grant has had a life-changing impact on the survivors of modern slavery whom we are working to support."*

*It has enabled us to empower greater numbers of survivors with access to safe accommodation and holistic trauma-informed care, helping them to rebuild their lives and overcome their previous exploitation.*

*This has been invaluable during a period in which the number of victims identified across the UK and the world is continuing to rise and the risk of exploitation has been exacerbated by global events including climate change, conflict and the increasing cost of living."*

### Clara Duncan

Head of Impact & Partnerships,  
TRIBE Freedom Foundation

<sup>21</sup>The 1% is calculated based on average pre-tax profits over the previous three years.





# Championing thriving communities (cont.)

More information on our Community Grants and Colleague Grants programmes can be found on pages 7-11 of our [Social Investment Impact Report 2023](#).

## Continuing our partnership with Shelter

We have a long-standing partnership with national housing charity, Shelter. More information on our work with Shelter can be found on page 9 of this report, and on pages 12-13 of our [Social Investment Impact Report 2023](#).

## Supporting the Nationwide Foundation

Each year, of the 1% of pre-tax profits that we commit to good causes, at least a quarter is awarded to the Nationwide Foundation, an independent charity focused on driving systemic changes that enable more people to access decent and affordable homes. In 2022/23 we donated £2.4 million to the Nationwide Foundation.

The Nationwide Foundation's Decent Affordable Homes strategy has three programmes, each of which focuses on changing the UK's housing system. More information can be found on pages 27-28 of our [Social Investment Impact Report 2023](#).

## Encouraging our colleagues to get involved

We encourage our colleagues to take part in fundraising and volunteering activities to support causes close to their hearts.

We enable colleagues to take 14 hours (two days) of paid volunteering leave every year (pro rata for part-time employees) during work hours. Over 13,500 hours were volunteered<sup>22</sup> in 2022/23, 64% of which were taken during

work time, equating to more than £160,000 in paid leave. Health-related charities were the most common type of organisation that our colleagues volunteered with.

Colleagues could also fundraise for charities through our matched funding programme, where we match the donation of any fundraising activity for UK registered charities up to £100 per colleague per year.

Colleagues can also donate directly from their salaries through our Payroll Giving and Every Penny Helps schemes. Through Payroll Giving, they can donate a portion from their monthly pay to charities of their choice. Last year, this equated to £117,000. Through Every Penny Helps, colleagues can donate the last few pence of their monthly pay to one of four charities, with around £28,000 going to Shelter, St Mungo's, Macmillan Cancer Support and Alzheimer's Society.

Our colleagues' fundraising efforts through the year ranged from bake sales to raffles, Movember to marathons, and even a Tour de Cotswolds. Together with our customers, they raised more than £1.6 million over the year. This included an overall donation of more than £100,000 to Macmillan Cancer Support, through cake sales, virtual events and taking part in Macmillan's World's Biggest Coffee Morning.

More information can be found on pages 16-19 of our [Social Investment Impact Report 2023](#)

## Celebrating 10,000 Anti-Bullying Ambassadors with The Diana Award

Over the three years of our partnership with The Diana Award, which launched in September 2020, our aim was to raise awareness of The Diana Award Anti-Bullying Programme and help train 10,000 new Anti-Bullying Ambassadors in 660 primary schools across the UK.

In March 2023, we achieved our target, with over 10,000 Anti-Bullying Ambassadors trained in over 760 schools. Over 200,000 students in these schools will directly benefit from having a trained Anti-Bullying Ambassador, helping to make schools happier and safer places across the country.

Together with The Diana Award, we delivered three annual Big Anti-Bullying Assemblies, which were watched by over four million young people, pledging to put an end to bullying. We also delivered The Positive Post Box campaign, where over 100,000 letters were exchanged between 300 schools, spreading kindness with words of positivity.

<sup>22</sup>Based on hours logged on our volunteering system, from colleague volunteering both inside and outside of working hours.





# Championing thriving communities (cont.)

## Improving digital inclusion within our communities

Digital inclusion makes it easier to access the essential digital skills that make day-to-day life easier and more productive. It also makes it easier for people to start a career in technology. We have been working with a range of partners to support digital inclusion.

For example, we have been an anchor employer with the Swindon and Wiltshire Institute of Technology since 2020. Through them, we have funded essential digital courses for the local community. We hosted our first 'Girls into Tech' event in February 2023 at our Post Building office in London, in collaboration with Lorien, MAMA.codes and TechGirls, to educate and inspire schoolgirls to pursue a career in

technology, regardless of their socio-economic background. We also partnered with BT to support British Science Week in March 2023, providing education for school students on staying safe online, digital banking and careers in technology.

Nationwide is also a signatory of the Tech Talent Charter (TTC), an industry-led membership group backed by the UK Government. The TTC collaborates with employers to drive a greater level of diversity and inclusion in technology roles by equipping them with networks and resources. We are proud to have worked with the TTC to create the Open Playbook, a selection of free tools that bring together best practices, tips and guides around creating an inclusive culture and hiring diverse talent. It is available via the TTC website<sup>23</sup>.



<sup>23</sup>Open Playbook | Tech Talent Charter.



Introduction

Strategy

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Risk management

Metrics and targets

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# Reflecting the diversity of our society

## Our approach to inclusion and diversity

Inclusion is at the heart of our mutual purpose. We seek to build a truly inclusive culture where everyone can thrive and for our Society to reflect the diversity of the communities we serve. We need a diverse range of backgrounds, skills and experiences to help us continue to serve our customers in the best way and offer the services and products that are most relevant to them. When people can be their true selves at work, it makes a happier, more fulfilling workplace, and increases innovation, drives better decision-making and boosts performance. And that means we can do our best by our customers.

Our Board and leadership team are committed to progressing our inclusion and diversity approach. To create a truly inclusive culture, we seek to drive transparency to understand where we are making progress and where we need to improve. Our inclusion measures help us monitor how inclusive our culture is. In April 2023, 84% (2022: 81%) of our colleagues, including 79% (2022: 73%) of our ethnically diverse colleagues, felt everyone had an equal opportunity to thrive, regardless of background.

Our diversity measures, which underpin our Mutual Good Commitment to reflect the diversity of wider society, are reported each month to the Board and the leadership team. More on our performance against these measures can be found on page 45. We continue to build trust with colleagues and improve how we capture diversity data, allowing us to better understand who is applying for job roles, and the impact of our people processes and decision-making on differing demographics in our workforce. In June 2023, we launched an inclusion, diversity and wellbeing dashboard to our leadership team, providing transparency on progress

across our business and putting data into decision-makers' hands to drive accountability and progress. We are also committed to reducing our gender and ethnicity pay gaps. More information can be found in our [gender and ethnicity pay gaps review](#).

We also have a number of other initiatives in place that drive targeted action towards our inclusion and diversity ambitions. We support the 10,000 Black Interns programme, offering paid work experience, and training and development opportunities for candidates. We supported 30 interns in 2022, and increased this to 71 interns in 2023. We also use diverse interview panels to support fairness during recruitment.

We are signed up to the Government's Women in Finance Charter, committing to supporting the progression of women into senior roles. We were one of the first organisations to sign the Government's Race at Work Charter, committing to further supporting the development and career opportunities available to colleagues from ethnically diverse backgrounds. Our branch network has partnered with Ivy House, to support the career development of talented women and people from ethnically diverse backgrounds.

Last year, we partnered with Progress Together, a membership body centred on progression, retention and socio-economic diversity in financial services. With their support and input, we began to gather voluntary socio-economic data from our colleagues in January 2023. This will enable us to benchmark our socio-economic diversity against our peers and inform our future inclusion and diversity priorities.

We also introduced a new social mobility employee network, which became our eleventh employee network. It seeks to break down barriers of social inequality and help all colleagues reach their full potential, irrespective of their background. More on our employee networks can be found on page 23. We added social mobility questions into employee satisfaction surveys to highlight socio-economic diversity, allowing us to do more to ensure everyone has opportunities, regardless of their background.

Our hybrid working approach and range of family friendly policies, including our support for colleagues who are carers (see page 27) support our inclusion and diversity ambitions.

In the 2023 Financial Times' Diversity Leaders list, which surveys more than 100,000 employees on their perceptions of organisations' inclusivity and efforts to promote diversity, we were the highest-ranked UK high street financial services provider for the second year running<sup>24</sup>.

<sup>24</sup>The Financial Times-Statista ranking of Europe's Diversity Leaders 2023, based on independent surveys of more than 100,000 employees across Europe on their perceptions of their organisations' diversity and inclusion practices.



# Reflecting the diversity of our society (cont.)

## Working in partnership with our employee networks

We have eleven employee networks, centred around gender, race and ethnicity, sexual orientation (LGBTQ+), disability, faith and belief, working carers, working families, veterans and reservists, mental health and wellbeing, sustainability, and social mobility.

All our networks come together under the 'Networks United' umbrella, working collectively to foster community and belonging for all network members, and to actively shape supporting initiatives as part of Nationwide's Blueprint for a modern mutual strategy. Together, our networks celebrate and build awareness for inclusion, diversity, equity and sustainability, increasing allyship and understanding across our Society.

Our networks act as a collective employee voice and engage through our inclusion and diversity team and directly with our senior leaders to share insights and challenges, and help shape our inclusion, diversity and wellbeing approach and propositions. More information on colleague wellbeing can be found on page 26.

## Progress and achievements of our employee networks

Our employee networks partner both on internal activity, but also in sharing good practice externally.

Internally, our networks focus on initiatives that support Nationwide's ambition of being an inclusive employer. For example, through our networks, we have introduced trained workplace menopause coaches, as well as healthy mind champions and mental health first aiders, across the Society. We have also driven supportive people policy changes, including introducing new policies on domestic

abuse (see page 26) and on transitioning and change of gender expression, as well as enhancing our becoming a parent policies.

With our networks, we introduced workplace and wellbeing adjustment passports to support colleagues with disabilities or long-term conditions in facilitating a conversation with their line manager on supporting their needs, and providing a record of agreed adjustments that they can take with them if they move roles across the Society. We also rolled out a dyslexia toolkit for colleagues and managers in understanding the positives and challenges around dyslexia, and the support available. We made period products available in branches and admin sites to contribute to the end of period poverty for colleagues. And we ran a webinar with Energy Savings Trust, attended by several hundred colleagues, on how to make our homes more energy efficient to help support colleagues through the cost of living pressures.

Our networks have built awareness of inclusion and diversity through a range of Ask me Anything sessions, covering a diverse range of backgrounds and lived experiences. We also recognised UK Asian Experience Month, Black History Month, George Floyd remembrance day, International Women's Day, International Day of Persons with Disabilities, Social Mobility awareness day, Carers week, Mental Health awareness day, Pride Month, and more, through coordinated events and activities for network members and colleagues across the broader Society.

Together, our employee networks also seek to build inclusivity across our communities. For example, we supplied Pride branding across our branch network to demonstrate inclusivity, and Nationwide was the headline sponsor of Swindon and Wiltshire Pride, leading the parade. We also supported Nationwide's participation in

the sunflower lanyard scheme, which recognises hidden disabilities among colleagues and customers through our branches, so that appropriate support can be put in place, and we built special educational needs (SEN) into our colleague volunteering work on Money Lessons in schools.

Our networks supported MPs in the Houses of Parliament with shaping and progressing the Carer's Leave Bill that was passed in June 2023. And we supported local organisations and other financial sector organisations to set up employee networks.

## Awards and recognition

Through network collaboration, in 2023, Nationwide was certified a Level 3 Disability Confident Leader, the highest achievement under the Disability Confident scheme introduced by the Government's Department for Work and Pensions. Nationwide was also awarded Gold Employer standard by Stonewall for our work on LGBTQ+ inclusion.

Our employee networks have also been recognised for their achievements. Our Race Together (race and ethnicity) network was awarded the Network Group of the Year at the Ethnicity Awards 2022. Our Pride (LGBTQ+) network was shortlisted for British LGBT Network Group of the Year in the British LGBT Awards 2023. Our Minds Matter (mental health and wellbeing) network was awarded the Best New Mental Health Initiative in the InsideOut Awards 2023, alongside Man2Man (our men's mental health group, and subset of the Minds Matter network) which won Best Men's Mental Health Initiative. And our Working Families network won the Best for Supporting Fertility and Pathways to Parenthood award at the Working Families Best Practice Awards 2023.



# Reflecting the diversity of our society (cont.)

## Partnering to accelerate our diversity ambitions

We have a range of social partnerships and commitments that support us in our approach and practices, for driving forward our inclusion and diversity ambitions. These include:

- Armed Forces Corporate Covenant
- Business Disability Forum
- Disability Confident
- Employers Initiative on Domestic Abuse
- Employers for Carers
- Employers with Heart (The Smallest Things premature baby charity)
- Financial Services Skills Commission
- FTSE Women Leaders Review
- If Not Now When
- Inclusive Economy Partnership
- Living Wage Foundation
- Menopause workplace pledge
- Mindful Business Charter
- Progress Together
- Race at Work Charter
- Social Mobility Business Partnership
- Stonewall & Stonewall Workplace Equality Index
- The Valuable 500
- UN Global Compact (including Diversity, Equality and Inclusion Working Group)

- Women in Finance Charter
- Working Families Employer
- 10,000 Black Interns programme

## Our approach to discrimination

We do not tolerate discrimination in any form. We are committed to giving everyone an equal opportunity and to eliminating discrimination, including on the basis of gender, gender reassignment, race, disability, sexual orientation, age, socio-economic background, religion or belief, pregnancy and parental leave, and marital or civil partnership status.

Our internal policies ensure discrimination is not tolerated in our processes and practices, including recruitment, fair treatment at work, processes for grievance and dispute resolution, people change, and for training and development, including promotion opportunities, job moves and performance discussions.

More information can be found in our [discrimination policy statement](#).



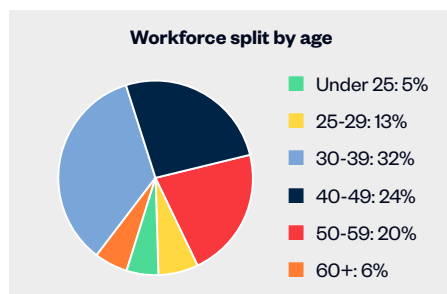
# Reflecting the diversity of our society (cont.)

## Composition of our workforce

As at 4 April 2023, we had around 18,500 permanent employees and around 5,000 contingent workers (consisting of temporary and contract workers).

We offer a choice of working patterns, providing flexibility to our colleagues. Of our permanent employees, 77% work full time. Of the 23% of colleagues working part-time, 93% were female and 7% were male. In total, 35% of female colleagues and 4% of male colleagues work part-time. Our approach to flexible working is supportive of our diversity and inclusion ambitions.

More detail on the composition of our workforce by age is provided below.



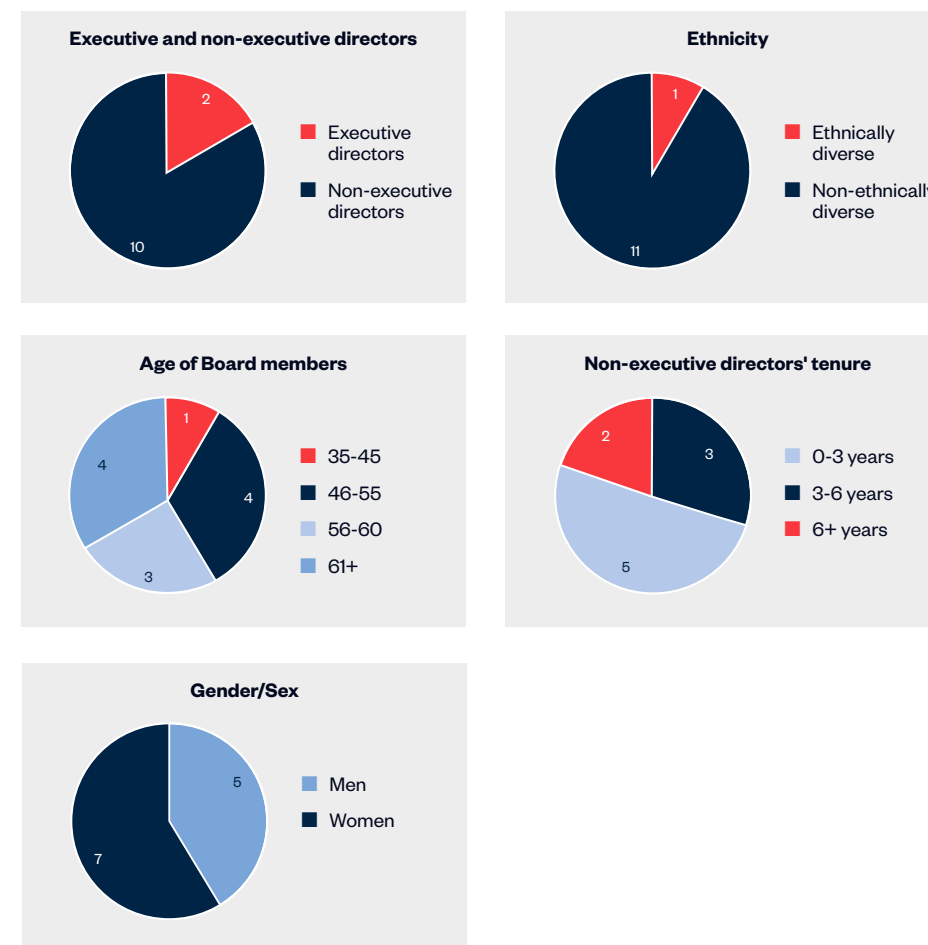
Over the year, our total turnover of colleagues was 12.3% (2021/22: 14.2%), of which 10.0% (2021/22: 10.8%) was voluntary turnover. Our total voluntary turnover of colleagues who had been with Nationwide for less than 12 months, was 24.1% (2021/22: 22.2%).

Our average absence rate over 2022/23 was 3.7% (2021/22: 4.7%). More on our approach to improving attendance can be found on page 38.

## Diversity of the Nationwide Board

It is important that the Board has the right blend of experience, skills and diversity to provide the right level of oversight and challenge of the business. We remain committed to maintaining a diversity of perspectives, experience and backgrounds within senior management and the Board. The composition of the Board exceeds the Listing Rules gender diversity requirement and meets the ethnic diversity requirement.

### Board composition as at 4 April 2023



# Supporting our colleagues

## Our culture

We are committed to building a supportive and inclusive environment for our colleagues. We want to help them to be at their best and to thrive by building a high-performing, purpose-driven culture where they feel supported and valued, and can develop rewarding careers.

Our new strategy (page 5) and Customer First Behaviours (page 36), that form our Blueprint for a modern mutual, will shape our culture and inform everything we do, enabling us to deliver on our purpose.

## Engaging with our colleagues

We measure our culture, and deepen our understanding of colleague experiences, through regular internal surveys. They provide an opportunity for all colleagues to share their views and feedback, in real-time, about what it is like to work at Nationwide, whether they experience the behaviours we set out to achieve, and how they think we are delivering against our strategy. In May 2023, our colleague engagement, of 79%, was 8%pts above the financial services benchmark<sup>25</sup>. The highest scoring components of the survey related to colleagues enjoying work and feeling a connection to Nationwide's purpose.

Insight from our surveys, alongside the insight gathered through our various employee networks (page 23), Nationwide Group Staff Union (NGSU), and through colleague Talkbacks and feedback at hybrid events with Executive and Non-Executive Directors (which over the year discussed important and timely topics, such as our new strategy, senior leadership introductions and organisational structure changes), provides an expansive understanding of colleague sentiment and views.

We also analyse our core people measures, including diversity, attrition, and absence measures, to provide a more complete view and understanding of Nationwide's culture.

Our Board and Executive Committee regularly discuss the outputs of our surveys and colleague feedback to understand what our colleagues really value. This in turn helps to inform and shape strategic decisions and initiatives that drive meaningful change within the Society. We have an independent nominated non-executive director with responsibility for developing an understanding of colleague views and bringing insight to the Board.

## Supporting our colleagues' wellbeing

We have a continuous focus on supporting our colleagues' physical, mental, emotional, social and financial wellbeing.

Our Employee Care helpline is available to all Nationwide employees and dependants, 24/7, and provides a free counselling, health and wellbeing, legal information, and debt support service. All colleagues also have access to our healthcare plan, administered by BUPA, as part of their contractual benefits. Until September 2023, we provided colleagues (plus one of their family members or friends) with free access to Unmind, an independent and dedicated wellbeing app, with tools and training to support them in proactively looking after their mental wellbeing. Since September 2023, we have transitioned to partnering with Gympass, providing a broader wellbeing offering with access to ten health and wellbeing apps, that offer a wider range of health and wellness options.

Our employee mental wellbeing network, Minds Matter, also supports colleagues experiencing mental health problems. Around 80 colleagues across the Society are trained as Healthy Mind Champions, and 40 as Mental Health First Aiders, to provide a supportive, non-judgemental and confidential listening ear, and signposting to further help where needed. We have around 15 menopause coaches trained to support colleagues, and are signed up to the Menopause Workplace Pledge, taking positive action to ensure our workplace is supportive and understanding of anyone affected by menopause. In July 2023, we launched a new policy outlining the support available to colleagues experiencing domestic abuse. This includes access to mental health, legal and financial support services and the ability to change working arrangements and relocate if required. We have a dedicated team of around 10 colleagues trained as Domestic Abuse Allies.

We have also supported our colleagues' financial wellbeing through the cost of living pressures. More information can be found on page 27. Our cost of living initiatives that we offer to customers are also available to any of our colleagues who are customers. In addition, in March 2022, we launched our Colleague Support Housing Package, in partnership with Shelter, for colleagues experiencing housing emergencies. This offers them a loan of up to £1,000 with 0% interest to cover a rental deposit or emergency remedial costs, plus paid time off or flexible working to deal with a housing emergency.

<sup>25</sup>Nationwide colleague engagement figures stated as at May 2023 in line with research provided by Ipsos Karian and Box, including benchmark data. This is based on Ipsos Karian and Box's benchmark data from over 3 million employee responses (across multiple industries) over the last 24 months, and reflects the specific questions contained within Nationwide's index.





# Supporting our colleagues (cont.)

## Family friendly policies

We offer a generous package of family friendly leave. Primary birth parents are entitled to 26 weeks paid leave, with co-parents able to take up to 6 weeks paid leave within the first year of their child's life. We also offer shared parental leave should the main birth parent elect to share some of their paid leave. The same benefits are applicable to adopting and long-term fostering parents and those adopting through surrogacy. We were the first organisation to offer premature baby leave in the UK in 2019 and extended that benefit to the co-parent in the event of hospitalisation of the primary birth parent or baby. We are also proud of our support for colleagues that are also carers, who we provide with up to four weeks unpaid leave in large or small blocks to support with day-to-day activity such as caring for an elderly relative, and up to five days paid family support leave.

Our colleagues are entitled to 25 days holiday, increasing to 30 days per year depending on length of service (excluding public holidays). We award additional one-off days leave for reaching service milestones. We also give our colleagues the option to buy or sell up to an extra 10 days of holiday, and take up to five days paid family support leave, each year. In the unfortunate event of bereavement, we offer four weeks bereavement leave. In addition, we provide time off for medical appointments (including for dependents), including IVF treatment and birth partner support.

Our colleagues can access unpaid short career breaks of up to six months, and still accrue benefits and holiday entitlement, and long career breaks of up to five years. We award colleagues reaching 25 years of service with a one-off, paid six-week sabbatical.

We encourage colleagues to play their part in society and support armed forces reservists and emergency service personnel by offering them up to 15 days and 10 days

respectively of paid leave per year to pursue such activities. Paid leave is also available to those with public duties, such as where they act as a school governor. All colleagues have two days paid volunteering leave. More information on our colleagues' volunteering can be found on page 20.

Flexibility is key to our colleague proposition and we are committed to enabling hybrid working. The majority of our colleagues can work from home in some capacity. We offer a choice of working patterns for many of our roles to accommodate caring responsibilities. Our approach to flexible working is supportive of our diversity and inclusion ambitions.

## Fair and transparent reward

Our rates of pay continue to exceed the real Living Wage Foundation benchmarks. We have been an accredited Living Wage Employer and a Principal Partner of the Living Wage Foundation since 2014, paying the real living wage to both our permanent and contingent workforce. We also encourage our third party suppliers to pay, at a minimum, real living wages and to become accredited Living Wage Employers.

We are committed to paying our colleagues fairly for the work they do, taking into account their experience and skills, and ensuring parity in pay across similar jobs. We carry out regular equal pay audits, checking the pay of people with different characteristics (such as gender and ethnicity) doing the same or similar roles. Our audits continue to show that our pay policies are operating fairly.

Equal pay is different to pay gaps, which measure the difference in earnings between different groups across all roles. More on our gender and ethnicity pay gaps can be found on page 130 of our [Annual Report and Accounts 2023](#) and [on our website](#).

We supported our colleagues, including their financial

wellbeing, through the cost of living pressures. In August 2022, we made a one-off £1,200 cost of living payment to support over 11,000 of our colleagues earning less than £35,000. In addition, in April 2023 we made a further one-off payment of £500 to all colleagues (below executive level), regardless of salary.

We also introduced a new pay package, effective from 1 April 2023, increasing pay three months earlier than normal. This delivered significant increases in pay for colleagues, particularly for those on lower salaries, with the majority of colleagues receiving a 6.5% increase on existing base pay.

Over the year, our Remuneration Committee undertook a detailed review of the performance measures that would apply to our variable pay arrangements in 2023/24. We also refreshed the reward proposition for our wider workforce to ensure it supported the delivery of our new strategy and enabled the Society to differentiate reward outcomes based on colleague performance and behaviours. In addition, in 2023, we granted the first Long-Term Performance Pay (LTPP) awards to our executive directors.

More information on reward can be found in the Report of the directors on remuneration (pages 114-134), in our [Annual Report and Accounts 2023](#). Information on the alignment of remuneration with the delivery of ESG measures can be found on page 35 of this report.

We offer all our colleagues access to a competitive pension scheme to help them plan for the future, alongside a generous life assurance benefit of eight times salary and personal accident insurance of up to three times salary. Colleagues are enrolled into the Nationwide Group Personal Pension (GPP), managed by Aviva. The contributions Nationwide makes into the GPP are among the best in the market, with Nationwide paying 13% of basic salary when an employee pays 4%. Nationwide's contribution rises to 16% when colleagues increase their contribution to 7%.



# Supporting our colleagues (cont.)

As a result, two-thirds of our pension savers contribute more than the minimum 4% required and 97% of our colleagues are saving into the GPP for their future. We work closely with Aviva to make available guidance materials, pension modellers and online educational pension seminars to help our colleagues get the most from their pension. With the support of WEALTH at work, a leading financial wellbeing and retirement specialist, colleagues can access financial health checks and pre-retirement seminars. More on how the GPP seeks to make responsible investments can be found on page 42.

## Continuous performance management

Having a clear focus on personal performance enables our colleagues to develop, and supports the successful delivery of our strategy. Our approach to enabling performance is centred around strong relationships and regular conversations between colleagues and their managers. Effective conversations mean our colleagues can be clear on expectations and priorities, and enables quality time to focus on their development, performance and wellbeing. This, in turn, empowers them to develop their skills and consistently perform at their best.

Colleagues' performance goals are linked to the delivery of our strategy and purpose, and overlaid with a behavioural framework, to focus both on what we do and how we do it. At the end of the year, colleagues receive a performance rating for delivery against both performance goals and behaviours. Each year, colleagues also complete personal development goals, to support their broader learning and development.

In June 2023, we introduced a new Manager Dashboard, enabling people managers to view their team's progress towards their learning and performance goals through the year, better equipping them to manage and support their teams effectively.

## Career development

All our employees have opportunities to grow and develop their careers.

Through talent management, we seek to attract, deploy, develop, and retain our people at all career stages. This maximises our organisational capability, supports individual growth and makes sure we can deliver the best outcomes for our customers and deliver on the Society's goals.

Our strategic workforce planning, and engagement with the Financial Services Skills Commission, has informed our understanding and planning for the skills, including digital skills, that we will need in the future, and we will support the development and upskilling of our people accordingly. Training material is being built into all our key learning offerings. We have also broadened our branch colleagues' skills, so they can serve more of our customers in different ways (see page 18).

Last year, we improved our approach to personal development through our new online learning and opportunities platform, Grow. This offers bite-sized learning across a range of subject matters, and provides links to internal mentors, secondments and job shadowing in the organisation. Grow is key to our learning strategy as it is always 'on' and can support colleagues' learning through their normal course of work. We also launched an internal talent marketplace tool on Grow, where colleagues can update their skills and capabilities, which are then matched to relevant job, secondment, and mentoring opportunities around the Society that support their skills and development areas. Since April 2023, all colleagues have the opportunity to use Grow to support and evidence their development goals.

Over 2022/23, nearly 740,000 total learning hours (equating to, on average, 39 hours per person) were completed. Of these, the key themes were technical and role-specific learning (48% of hours), regulated essential learning (24%) and role-specific new-joiner learning (18%). Over the year, we invested around £210 per head in external training, professional development and coaching.

We provide stretch to those who have the potential and aspire to broaden their leadership skills and knowledge. Leaders in stretch opportunities have bespoke development plans that are dynamic and intended to accelerate their path to success. In 2023, we introduced a new leadership development programme, focused on developing commercial and business leadership skills, and equipping our leaders with the skills they need to develop further, aligned to our new strategy. The breadth of material on Grow enables our leaders to develop their core skills. We have implemented succession plans across several key roles and support our leadership talent pipeline in stretch roles, including supporting them in stepping up to cover vacant roles in high profile areas. We have an aspiration to reach over 2,000 leaders through our leadership development programme by December 2024.

We also support emerging talent, developing those early in their careers. Over 2022/23, we supported 63 colleagues through our graduate programme, 30 colleagues through our Black Interns programme, 43 on apprenticeships and 19 on industrial placements. We also ran our accelerator programme, an 18-month, on-the-job training programme for graduates, recent graduates and career changers who want to develop their way into a career in IT. Over 2022/23, 59 colleagues were supported through our accelerator programme.



# Supporting our colleagues (cont.)

## Managing change

To meet the changing needs of Nationwide and our customers, there will be times when we need to change the way we work or how we are structured. In delivering the change needed to achieve our longer-term strategic ambitions, we are committed to upskilling or redeploying our people where possible. We consult with our colleagues and with the Nationwide Group Staff Union (NGSU) in a transparent way, early in any change process. Our change toolkit supports and empowers our people leaders to undertake people change in an effective, caring and consistent way. We have measures in place to ensure diversity, inclusion, and wellbeing remain a core part of our approach and decision-making.

Our people change approach ensures our colleagues are treated with kindness, are positively engaged, feel a sense of fairness, and are treated with respect. Along the way, we track sentiment and feedback so we can continue to improve our future change approach, to deliver the best outcomes for our colleagues.

## Engaging with colleague representatives

Nationwide recognises the importance of staff representation and believes having access to, and being represented by, a trade union is an important aspect of employee voice. We have a collective bargaining arrangement with the Nationwide Group Staff Union (NGSU), an independent trade union affiliated to the Trade Union Congress. Last year, we extended the right for representation to 99% of our employees.

Although membership of the NGSU is not a condition of employment, we encourage colleagues to support the activities of the NGSU by becoming members. Nearly 60% of our permanent colleagues belong to the NGSU. We

openly communicate the right to join a union on our intranet, provide links to the NGSU website, and publicise and enable a selection of colleague representatives to take time off to attend the NGSU's biennial conference. We also provide dedicated space in our buildings for the NGSU. We allow time for union representative training (up to 8 days per year) and support paid secondments to the union, recognising the value it adds to career development.

Our Recognition Agreement with the NGSU documents our commitment to working in partnership, recognising the NGSU's right to represent its members, and Nationwide's duty to manage the business effectively. The NGSU has negotiation rights over various matters and we consult with them and provide information on a wide variety of aspects of employee matters and engagement, including colleague feedback, career development programmes, equal pay, and inclusion and diversity data. We also proactively engage with the NGSU on our remuneration packages and on changes to our employment policies to ensure our employees are represented and treated fairly. The NGSU attends Nationwide's Health and Safety Committee and provides feedback from its members on all aspects of work-place safety and wellbeing, including stress management. The NGSU have informal discussions with the Society's non-executive directors at least every six months, and a formal meeting with the Board and Executive Committee each year to discuss employee matters. We also provide colleagues with the NGSU contact details in the times that we consult with colleagues.

Within our Recognition Agreement with the NGSU, we have an agreed fair treatment at work approach and, in 2022, introduced a dispute resolution approach to improve resolution of employee grievances. We meet with trade union officers monthly to discuss any concerns relating

to individual cases. In some sensitive internal employee grievances and whistleblowing cases, external advisors have been appointed so that an investigation of any allegations can be completed independently.

More information on our commitment and approach to collective bargaining and trade union membership can be found in our [freedom of association policy statement](#).



# Engaging our suppliers

Nationwide works with around 1,000 suppliers, who help us run and improve our business and deliver quality service to our customers.

We are committed to building a greener, more inclusive, and more ethical supply chain. To support our ambition, we have built sustainable considerations into our procurement and supply chain management processes.

## Our Third Party Code of Practice

It is important to us that our suppliers reflect our values and ambitions. Our Third Party Code of Practice outlines the environmental and social standards we expect our suppliers to uphold, beyond applicable legal requirements. This includes requirements relating to ethical working practices and environmental management. Requirements are tiered based on the size of the third-party organisation. Additional practices are also encouraged. More information can be found in our [Third Party Code of Practice](#), and on page 31 of this report, under Responsible supplier selection.

We conduct regular evidence-based testing of supplier compliance with our Third Party Code of Practice, for material third parties or those that support platinum or gold business lines.

## Our Procurement for Mutual Good programme

Internally, we launched our Procurement for Mutual Good programme in 2020, with the ambition to drive best practice in sustainable procurement. This has enabled us to embed environmental and social considerations into our procurement policies and processes.

We have identified five areas of focus that support our Mutual Good Commitments:

### ***Climate action (to support progress towards a greener society)***

We have set an intermediate (by 2030) science-based target to reduce the emissions across our upstream scope 3 categories 1, 2 and 4 (purchased goods and services, capital goods, and upstream transportation and distribution, respectively) by 42% by 2030 (against a 2021/22 baseline). These categories combined account for around 91%<sup>26</sup> of our total upstream scope 3 emissions. We have been piloting establishing contractual agreements with key suppliers to request that they set, report on, and take action to achieve, their own science-based targets. We aim to make this part of the standard terms for certain contracts in the coming years.

### ***Modern Slavery (to help to achieve safe and secure homes for all)***

We continue to take steps to understand better, and mitigate the risk of, modern slavery within our supply chain. Since 2020, we have run numerous training sessions for colleagues with supply chain responsibilities, with support from the anti-slavery charity Unseen. We conduct enhanced monitoring within certain higher risk areas of our supply chain, for example, through annual EcoVadis assessment or Sedex SMETA audits. More on our approach can be found in our [Modern Slavery Act Statement 2023](#).

### ***Prompt payment (to protect our customers' financial wellbeing)***

Paying our suppliers promptly supports their cashflow and ensures they can, in turn, pay their workers on time. Our standard contractual payment terms are 45 days for businesses with more than 50 employees and we endeavour to pay businesses with less than 50 employees in 10 days.

### ***Social enterprise (to champion thriving communities)***

As a mutual founded on a social purpose, we want to support other organisations founded with a social mission too. In 2018, we became members of the Buy Social Corporate Challenge<sup>27</sup>, a group of businesses committed to collectively spending £1 billion with social enterprises between 2016 and 2026. In 2022, we spent around £90,000 with six social enterprises (both directly and as subcontractors). Our colleagues also spent around £70,000 at the Change Please cafes across our admin sites in 2022, which contributed towards the social enterprise's efforts to support people experiencing homelessness into employment.

<sup>26</sup>Based on 2022/23 data.

<sup>27</sup>Buy Social Corporate Challenge | Social Enterprise UK.





# Engaging our suppliers (cont.)

## **Supply chain diversity (to reflect the diversity of our society)**

In 2022, we joined the Minority Supplier Development Network (MSDUK), the UK's leading supplier diversity advocacy organisation, helping companies such as Nationwide to build a more diverse and inclusive supply chain. In 2022, we worked with three MSDUK certified businesses and one self-identified ethnically diverse business.

## **Responsible supplier selection**

All prospective suppliers, at the point of registration on our procurement system, are asked to attest to whether they can comply with our Third Party Code of Practice and whether they have produced a compliant statement under the UK Modern Slavery Act. If either of the pre-onboarding questions are answered negatively, we investigate and seek to negotiate a plan to close any gaps before the supplier can work with us. Only where certain circumstances apply will a dispensation be granted by our senior procurement team.

In 2022/23, 95% of new suppliers that underwent onboarding due diligence attested to meeting the requirements of our Third Party Code of Practice relevant to their company size. Of the remaining 5%, which consisted of eight suppliers, one had not yet published its latest year's Modern Slavery Act Statement (now resolved) and the remaining seven had not yet monitored and/or set reduction targets against their scope 1 and 2 emissions. Of these, three agreed to close the gaps or were found to have targets after further investigation, one was granted dispensation by the Chief Procurement Officer as a newly separated entity, and the remaining three were part of live tenders and may not be selected.

In 2022, we introduced a 10% minimum weighting for sustainability actions in our supplier tendering process. This ensures we place prominence on sustainability matters at the point of supplier selection. We have a template set of sustainability questions, covering topics such as EcoVadis performance (see below), science-based targets, signatory to sustainability-related organisations or initiatives, sustainability-related governance and training, and actions taken to provide a greener, more inclusive, and more ethical supply chain. These questions are often adapted to relate to the specific good or service.

## **Monitoring the ongoing sustainability performance of our supply chain**

Since 2021, we have partnered with sustainability ratings provider EcoVadis to help us monitor our suppliers' performance across environmental, labour, human rights, ethics, and sustainable procurement activities.

We have been onboarding existing third-party suppliers onto the EcoVadis platform gradually since 2021, prioritising those relationships that are considered material, higher spend, higher contribution to our supply chain emissions, or higher risk from a labour abuse or modern slavery perspective. There is a cost to suppliers for completing the EcoVadis assessment, so we ensure our requests are fair and proportionate to our relationship. As of April 2023, 206 suppliers had been requested to join EcoVadis, and 142 of these, representing around 70% of total procurement spend, had valid scorecards.

We have set a minimum benchmark sustainability rating for suppliers, of 45%, as this is the minimum score on EcoVadis' scoring scale for a supplier's sustainability performance to be considered as 'Good'. Of the 142 suppliers with valid scorecards in April 2023, 16 had an overall score below this

threshold. Suppliers with scores below 45% are requested to improve and are reassessed within 12 months.

In 2022, the average EcoVadis score across Nationwide's suppliers was 59.6%, 14.4%pts higher than the average score across the entire EcoVadis network of 45.2%.

Nationwide has also completed the EcoVadis assessment. Our overall score was 53%, 1%pts higher than the average of rated companies in the financial services sector. In the sustainable procurement theme, we scored 70%, 29%pts higher than the average in our industry.

## **Colleague training on responsible purchasing**

We regularly engage colleagues on supplier-related responsibilities, through our Procurement for Mutual Good programme. We encourage them to consider our Responsible Purchasing Principles, which include avoiding unnecessary consumption; seeking opportunities to reuse, repair and rent; considering social enterprises and diverse-owned suppliers; allowing sufficient time for suppliers to respond to requests; sharing accurate forecasts; and fostering collaborative working relationships, to list a few.

In January 2023, we made responsible purchasing training available to all colleagues, which has been completed by 96% of our Procurement team. This training is designed to help colleagues understand why we must take action to manage the environmental and social impacts of our purchasing and supplier management activities.

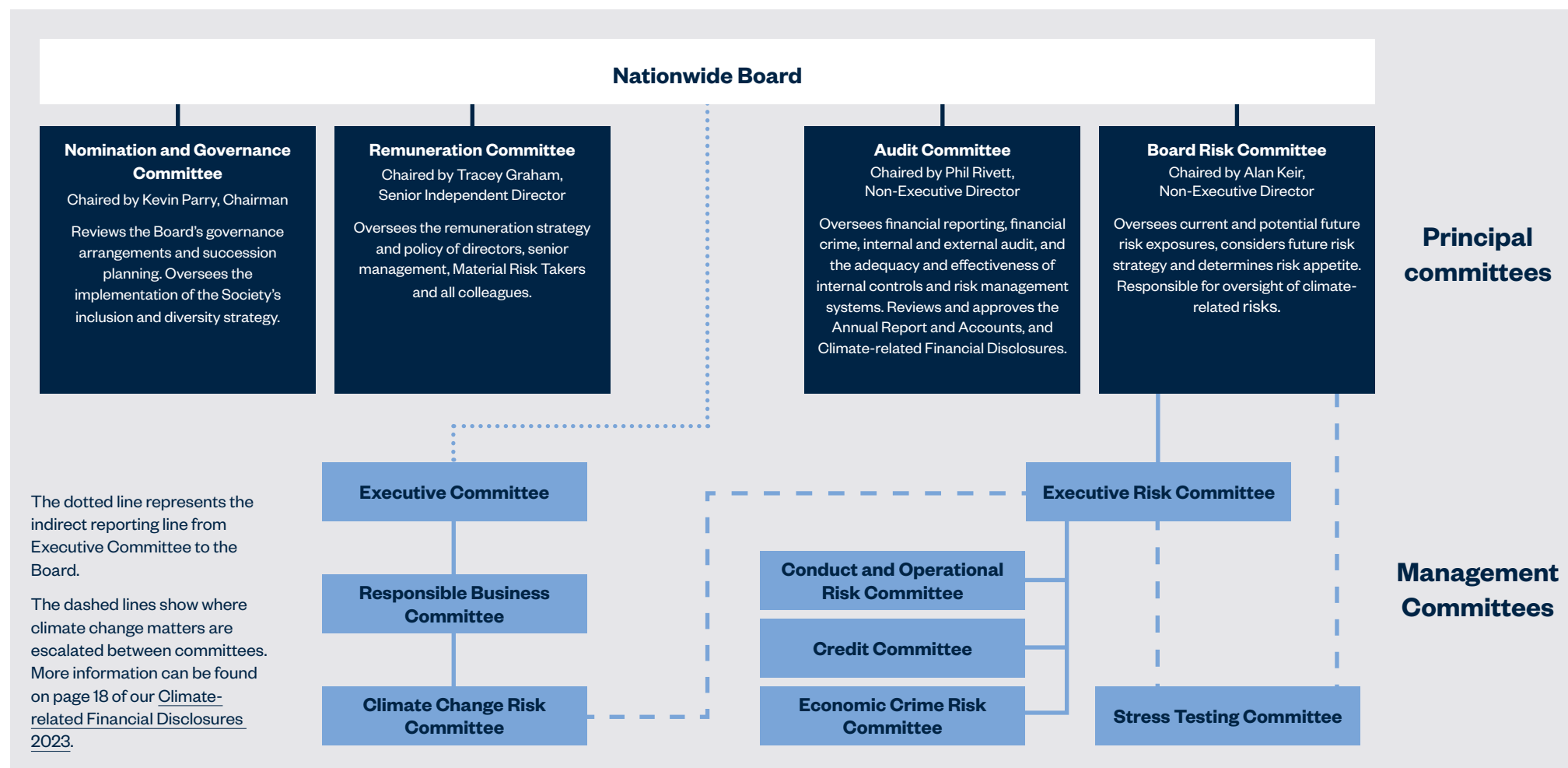
More on our engagement with our supply chain can be found on page 34 of our [Annual Report and Accounts 2023](#).



# Governance

## Nationwide's governance for sustainability-related risks and opportunities

Our well-established governance model provides clear oversight and management of sustainability-related risks and opportunities. It supports us with the delivery of our strategic aim of being a Beacon for mutual good. The Board has responsibility for setting the Society's strategic direction, including our responsible business (ESG) strategy, which is embedded within our Beacon for mutual good strategic driver. The Board also has ultimate accountability for all climate change risk-related matters at Nationwide. It is supported by formal governance committees as shown below, as well as other working groups. Senior Managers Regime (SMR) accountabilities for climate change sit with the Chief Executive Officer (CEO). More information on our broader governance model can be found on pages 78-113, and page 142, of our [Annual Report and Accounts 2023](#). More information on our climate-related governance model can be found on pages 17-22 of our [Climate-related Financial Disclosures 2023](#).





# Governance (cont.)

## Board committees engaged in responsible business matters

The Board approves Nationwide's strategy, including its sustainability-related ambitions.

Throughout 2022/23, the Board was regularly engaged on sustainability-related risks and opportunities. This included approving Nationwide's Consumer Duty implementation plan, for implementing the FCA's Consumer Duty requirements ahead of 31 July 2023, where it continued to receive regular progress updates. It also appointed independent non-executive director, Alan Keir, as the Board's Champion for Consumer Duty. The Board received specific training sessions on the Consumer Duty requirements and on the Board's obligations.

The Board also debated and considered the opportunities and challenges facing Nationwide due to the changing macroenvironment, including cost of living challenges, and it agreed the propositional, financial and strategic response. This included approving the distribution of the Nationwide Fairer Share Payment.

The Board reviewed and approved the publication of Nationwide's [intermediate \(by 2030\) science-based targets](#) for the reduction of its scope 1, 2, and 3 emissions, and the publication of its [Modern Slavery Act Statement 2023](#). In addition, the Board reviewed and discussed the people strategy and remuneration strategy, including its alignment with achieving the Society's overall strategic aims. It also considered gender and ethnicity pay gap reporting for 2022, including the approach to closing the gaps. The Board received updates on progress being made towards our Mutual Good Commitments, and discussed our improved ESG rating agency scores from MSCI, Morningstar Sustainalytics and CDP. It also reviewed progress made on the Society's social investment strategy.

The Society's culture remains a key focus of the Board, in supporting the Society's purpose and the delivery of its strategic ambitions. The Board reviewed regular progress updates on the development of Nationwide's culture, and how colleague sentiment is monitored through various internal engagement surveys and sentiment trackers. The Board has an appointed non-executive director, Tamara Rajah, with specific responsibilities for the Employee Voice in the Boardroom, providing insight on key matters impacting colleagues. Through townhall events hosted by the Chairman, colleagues from across the Society were also able to engage and ask questions directly of non-executive directors.

More information on the Board's engagement with stakeholders, and on its decision-making, can be found on pages 30-39 of our [Annual Report and Accounts 2023](#).

Nationwide's Board is supported by four principal committees that provide oversight and advice on a range of matters, including sustainability-related matters, as described on page 32 of this report, and across pages 100-118 of our [Annual Report and Accounts 2023](#). Several other management-level committees and working groups are also in place to ensure sustainability-related risks and opportunities are managed effectively.

## Our responsible business operating model

Responsible Business Committee (RBC) is the committee accountable for managing Nationwide's responsible business agenda, including progress made against our Mutual Good Commitments and the strategic approach to addressing our climate change and environmental ambitions. It meets every other month and is chaired by the Director of Strategy, Performance and Sustainability, who has day-to-day ownership for Nationwide's responsible business agenda and reports into the Chief Finance

Officer (CFO). The broad membership of the RBC ensures appropriate consideration, monitoring, and management of ESG-related (including climate-related) matters by senior management. Matters at RBC are escalated to the Executive Committee (ExCo) as appropriate.

Nationwide's day-to-day responsible business capability (including for climate change) is managed through the Society's centralised Strategy, Performance and Sustainability team, that sits within the Finance function and is led by the Director of Strategy, Performance and Sustainability. The team drives and coordinates the responsible business agenda.

Ownership for individual progression of aspects related to Nationwide's responsible business agenda sits with specialist senior managers across the business. The centralised Strategy, Performance and Sustainability team works closely with these other specialist teams to deliver Nationwide's responsible business strategy. These specialist teams include: Customer Propositions, Mortgages and Financial Wellbeing, Retail Products, Retail Services, People Strategy, Social Investment, Business Services, Treasury Sustainability, Investor Relations, Policy and Public Affairs, Second Line Risk Oversight, and Audit. These teams provide the relevant information around responsible business-related risks and opportunities to the management-level committees and working groups.



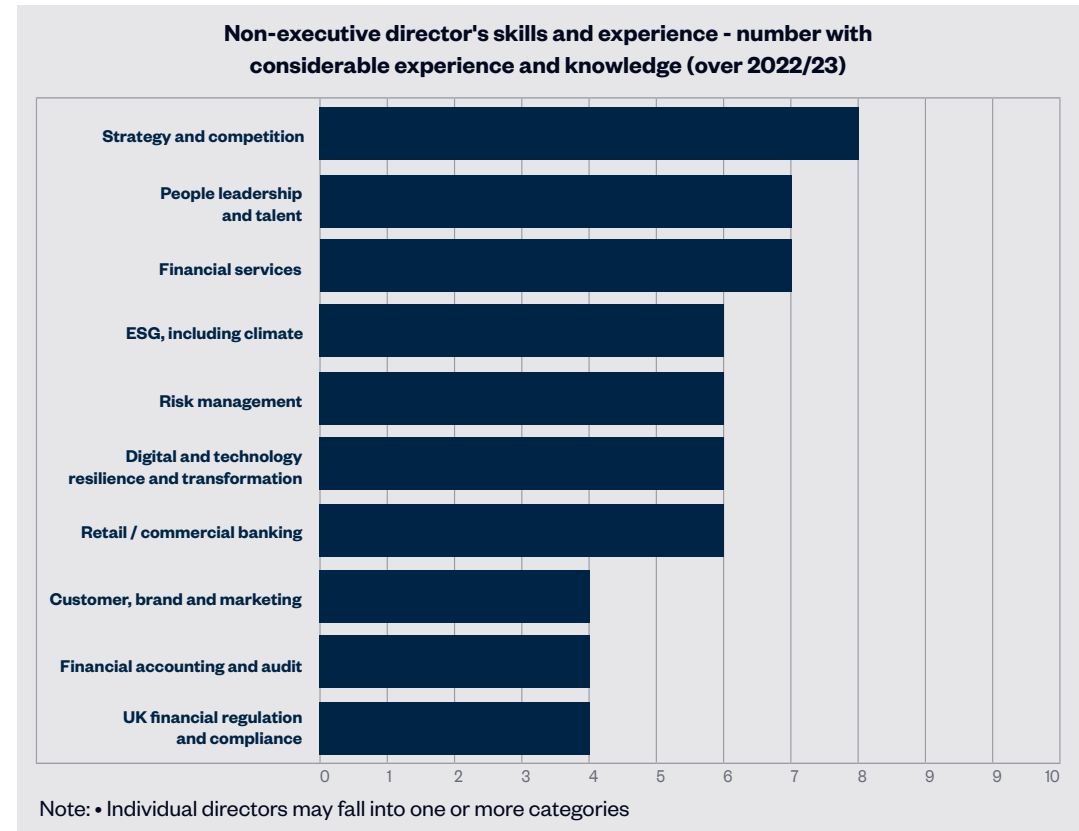
# Governance (cont.)

## Board experience

Our Board of Directors between them have a wealth of experience to support the driving forward of our strategic ambitions, including those related to responsible business. This enables them to give appropriate consideration, challenge and direction to these matters.

In 2022/23, those on the Board with particular expertise around ESG initiatives included:

r	Debbie Klein (independent non-executive director since March 2021) Until July 2023, Debbie was Group Chief Marketing, Corporate Affairs and People Officer at Sky, and was responsible for Sky's corporate social responsibility (CSR) programme, leading Sky's challenge to meet its 2030 net-zero goals approved by the Science Based Targets initiative (SBTi). Debbie's experience in driving the inclusion and diversity strategy at Sky, together with her expertise in sustainability and CSR matters assists in building Nationwide's ESG agenda.
r ri	Gillian Riley (independent non-executive director since April 2022) Gillian previously founded The Scotiabank Women Initiative to strengthen equality and support for women entrepreneurs. She is a champion for diversity and community values, contributing in areas such as health, youth issues and gender equality.
ri a ng	Alan Keir (independent non-executive director since March 2022) Alan was appointed by the Board to the key governance role of Consumer Duty Champion, in readiness for the implementation of the FCA's Consumer Duty, which supports the delivery of good customer outcomes.
	Debbie Crosbie (Chief Executive Officer, Nationwide) Debbie has considerable experience in ESG matters through her role as non-executive director of SSE plc (a leading renewable energy generating and distribution business).
r ri ng	Tracey Graham (senior independent director from July 2023, previously independent non-executive director until July 2023) Tracey has extensive governance experience having served on a number of Boards in a number of senior governance roles. Her experience extends across listed companies and mutual boards and includes acting as a remuneration committee chair and as a senior independent director.
ng	Gunn Waersted (senior independent director until July 2023) Gunn brought to the Board a vast experience of driving large-scale operational change, cultural change and digital transformation programmes to improve customer experience. She was a strong advocate of the need for a strong people culture and creating genuinely diverse organisations. Gunn is also Chair of Obton AS (which develops and operates solar PV parks and administers investments in solar energy and properties).



Key: a Audit Committee ng Nomination and Governance Committee r Remuneration Committee ri Board Risk Committee ■ Indicates Chair of a Committee

In February 2022, Chris Brown was appointed as Board Advisor on Climate Change and the Built Environment, to provide an external perspective and support Nationwide's strategy in transitioning to a net-zero economy. Chris has a wealth of experience across environmental sustainability, green homes and responsible property investment and development. Chris has held a range of executive, board and senior advisory roles, and has a deep understanding of the built environment and the role it plays within broader challenges such as environmental development and retrofitting. Chris was also one of the UK's Built Environment Climate Ambassadors for the COP26 summit in Glasgow, where he championed the development of a Net Zero road map for the UK.

# Governance (cont.)

## Promoting a culture of sustainable banking through remuneration

Our employee Annual Performance Pay (APP) plan is based on a combination of the collective achievement of the Society's shared goals, and individual contribution. It reflects our success in achieving measures that focus on delivering benefits for the mutual good of our customers, ensuring we drive the right culture and behaviours.

In 2023, we granted the first Long-Term Performance Pay (LTPP) awards to our executive directors. The performance measures within the LTPP awards are aligned to the Society's longer-term priorities and provide a clear link with customers' interests and the achievement of our financial and strategic aims, including our sustainability commitments. ESG objectives within the LTPP awards are aligned with the Society's scope 1 and 2 carbon emissions targets, and with diversity targets around gender and ethnicity at senior levels. More information on remuneration for 2022/23, including the structure of the LTPP awards, can be found on pages 114-134 of our [Annual Report and Accounts 2023](#).

## Tax payments and responsibilities

Nationwide is a UK-focused building society; our size and scale mean we play a central role in the UK economy. Our mutual status and values mean we consider the taxes paid and collected on our business operations as an important part of the economic and social contribution we make to the wider society we serve. This governs our approach to, and interactions with, tax authorities. As a result, the Society strives to pay the right amount of tax at the right time, in accordance with legal requirements and consistent with

our strong commitment to social responsibility. In doing so, we aim to follow the spirit as well as the letter of UK tax legislation.

We aim to be recognised as a low risk and compliant business by HMRC and every tax authority with which we engage. The Society adopts a prudent approach to risk management, including tax risk management. Our Enterprise Risk Management Framework sets out our minimum standards and processes for risk management, and a detailed internal Tax Policy is used to manage tax risk across the Society, within this framework.

The Society does not tolerate activities which facilitate tax evasion and we are committed to preventing the facilitation of tax evasion by individuals or businesses associated with our operations. We mitigate these risks by completing initial and ongoing due diligence, risk assessment and screening of our employees, customers, third parties and associated persons. We also assess the risks of tax evasion in any joint venture, mergers and/or acquisitions. We promote a culture of compliance throughout the Society, and our employees are made aware of their anti-tax evasion obligations through mandatory annual online training. This includes how to report any suspicions of tax evasion, and the availability of our whistleblowing channels. More information on whistleblowing can be found on page 38.

In our financial year ended 2023, Nationwide paid a total of around £881 million in tax in the UK. In the same period, Nationwide collected taxes in total on behalf of HMRC of £182 million.

More information can be found in our [taxation strategy](#).

## Respecting human rights

We are committed to promoting respect for human rights across our business operations and value chain and seek to have a positive impact on the customers and communities we serve, on the people we employ, and the third party suppliers we work with.

Our approach to human rights can be found in our [Human Rights Statement and Modern Slavery Act Statement 2023](#). We have a suite of policies that support our approach to human rights, as documented in our Human Rights Statement.



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# Risk management

## Working in a responsible way

Our purpose-led strategy ensures we act responsibly, doing business in a way that positively impacts our customers, employees, and communities, while seeking to reduce our impact on the environment. Our Code of Conduct, Customer First Behaviours, and policies and practices, guide how we work, and are supported by colleague training and our remuneration practices. For remuneration practices specifically, see page 35.

## Our Code of Conduct

Our Code of Conduct ensures we operate in an ethical and sustainable way. It guides colleagues on the standards of conduct and behaviour we expect from them, so that we do the right thing for our customers.

We encourage our colleagues to speak up if they witness or experience actions or behaviours that do not match our values, and provide a range of channels to do this. We also have a well-established whistleblowing policy if colleagues wish to remain anonymous. More information can be found on page 38.

## Our Customer First Behaviours

In April 2023, as part of the launch of our new strategy: 'Our Blueprint for a modern mutual' (page 5), we announced three new Customer First Behaviours:

- Say it Straight
- Push for Better
- Get it Done

They put customers at the heart of how we work together and are the behaviours we all need to display, regardless of where in the Society we work. Together, they will help us to deliver our purpose and strategic drivers, and enable us to deliver against the FCA's Consumer Duty. Our Customer First Behaviours are integral to how our performance will be assessed going forwards. More information can be found on page 28.

## Our policies and practices

We have a suite of controls, policies and practices that support a culture of responsible behaviour among colleagues, and ensure legal and regulatory requirements are met.

Our policies ensure risk is managed in a responsible and sustainable way. They set out how we work and the standards we hold ourselves to, as well as the responsibilities of our employees and our temporary workers and contractors where appropriate. We have a separate supplier policy suite which promotes the values and behaviours expected of our supply chain.

Policies are subject to periodic review and are each overseen by a policy owner. Our policies reinforce the importance we place on good conduct and on each person's accountability for maintaining it. Our people-related policies are agreed in conjunction with the Nationwide Group Staff Union (NGSU).

Our policies include (among others):

- Code of Conduct
- Health and safety
- Speaking up and whistleblowing
- Economic crime (including anti-money laundering, corruption, anti-bribery and sanctions)
- Security (including cyber security)
- Data protection
- Conflicts of interest
- Political involvement
- Responsible products and services
- Responsible marketing
- Responsible investment

These policies are summarised on pages 38-42. Our policies around discrimination, freedom of association, and taxation can be found on pages 24, 29 and 35 respectively. Our broader range of policies and statements can be found on our [Responsible Business webpages](#).



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# Risk management (cont.)

## Training our colleagues

Our suite of training courses supports a culture of responsible behaviour among colleagues.

All colleagues are requested to undertake annual, mandatory training courses across several topics including anti-bribery and corruption; market abuse; conflicts of interest; data protection; information, physical and cyber security; economic crime (including modern slavery and human trafficking); health and safety; and speaking up and whistleblowing.

Colleagues in regulated advice roles, such as our mortgage advisers, are equipped with role-specific qualifications and receive regular updates in training, and are subject to quality checks.

To support the embedding of environmental sustainability into our culture, in 2022 we launched an all-colleague climate change e-learning module, which introduced climate change, climate-related risk, and the UK's net-zero ambition to our colleagues. As at 4 April 2023, around 70% of all Nationwide employees had completed this voluntary training. An ESG information sheet was also developed to support branch colleagues with their understanding of broader sustainability at Nationwide.

Training on how to purchase responsibly is also available on our employee learning platform. More information on our employee learning platform can be found on page 28.

## Effective risk management

Effective risk management is essential to Nationwide's ongoing strength and the delivery of our strategic objectives. As such, we adopt a prudent approach to risk management, keeping our customers' money safe and secure by ensuring that the risks we take in support of our strategy are controlled through a robust risk framework. We operate a

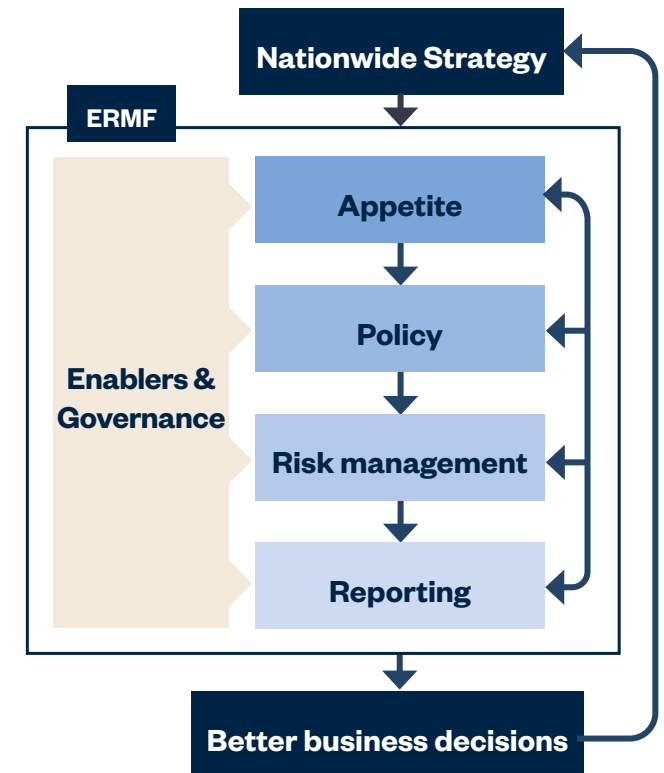
relatively simple business model and operate in lower risk markets to serve our customers' interests and keep their money safe and secure by taking risks we understand and can manage well.

Nationwide operates a Board-approved Enterprise Risk Management Framework (ERMF) to ensure risks are managed in a consistent and rigorous way. This framework defines how risks are managed and sets out the risk management responsibilities of all colleagues within an industry-standard three lines of defence model. This ensures that all risks are appropriately and consistently identified, assessed, managed, monitored, and reported within the first line of defence. Independent oversight and challenge of the Society's risk management practices are provided by the Society's independent Risk function, led by the Chief Risk Officer, whilst the Internal Audit function provides assurance of the effectiveness of our control environment for the Board.

Through the ERMF, the Board formally sets its risk appetite, articulating how much risk it is prepared to take in the pursuit of its objectives. A robust suite of policies and standards translates this appetite into the localised risk management activities and controls that our colleagues operate on a day-to-day basis to protect our customers and their money. The Board and management committees receive regular reporting on the Society's risk profile and key risk metrics to support them in monitoring our position relative to risk appetite.

The ERMF applies to all colleagues, contractors, and outsourced entities, across all business lines, functions, and subsidiaries within Nationwide. Strong risk management enables the Society to achieve its strategic ambitions in a resilient, sustainable, and efficient way, make better business decisions, achieve better outcomes, and prevent foreseeable harm to customers.

There are five core components of our ERMF, namely risk appetite, policy, risk management, reporting, and enablers and governance, which connects our risk management with how we run our business. In combination, these components ensure the ERMF is appropriate and proportionate, and risk management activities (including those related to climate change) are performed consistently and reliably. The high-level structure of the ERMF is summarised in the diagram below.



Further information on the ERMF and its key components can be found on pages 139-142 of our [Annual Report and Accounts 2023](#).





# Risk management (cont.)

## Responsible business-related risk management

Our governance structure for managing environmental and social risks, including the oversight of our progress towards the achievement of our Mutual Good Commitments, is described on page 32 of this report. Our Responsible Business Committee (RBC) is accountable for managing Nationwide's responsible business agenda, which covers both our social and environmental ambitions. RBC also has responsibility for taking and co-ordinating any remedial action needed to support us in achieving our Mutual Good Commitment targets.

## Managing environmental risks

Nationwide identifies, assesses, and manages climate-related risk through the ERMF. Climate change is embedded as a cause to our most significant risks within the ERMF, ensuring climate-related risks are integrated into our overall risk management.

More on our climate-related risk management can be found on pages 23-26 of our [Climate-related Financial Disclosures 2023](#).

## Managing social risks

We have a number of policies in place that ensure risk is managed in a responsible and sustainable way.

A summary of our policies is provided below.

## Health and safety in the workplace

The Board and the Executive Committee are committed to providing a positive and proactive working environment that fully supports the health, wellbeing and safety of our employees, customers and third parties alike. Investing in health and safety and providing good welfare facilities helps

to prevent injuries, accidents and illness.

The financial services sector is traditionally seen as a low-risk industry for health and safety-related issues. However, we recognise accidents, ill health, and incidents can occur and we have appropriate management controls in place to mitigate risks and investigate any occurrences.

In partnership with the Nationwide Group Staff Union (NGSU), we have developed a suite of policies and practices to promote safe and healthy ways of working. Our health and safety policy statement sets out the framework for providing a safe and healthy working environment, and the responsibilities of managers and employees. This is supported by a number of policies and procedures that manage specific risks. All employees are also required to complete mandatory online training on health and safety and fire safety.

Health and safety performance is governed by our Health and Safety Committee, which reports into the Executive Committee and includes representation from the NGSU. External consultants conduct health and safety assurance annually across admin sites and branches, and an audit, every five years, on our management of health and safety, under the managing for health and safety (HSG65) standards.

Our risk management arrangements support us in assessing risks and taking appropriate corrective action to manage hazards, and seek to reduce the number of accidents and absenteeism due to sickness. We ask colleagues to complete risk assessments based on their working environments on an annual basis. These assessments reflect common hazards associated with home, office and hybrid working. We provide a wide range of workplace adjustments where required, to support a diverse workforce. Our wellbeing and workplace adjustment passport

supports colleagues and their managers in having these conversations in a sensitive and supportive way, working together to determine next steps. We also give colleagues access to an online consultation with a qualified ergonomist who can review their workstation set-up.

We work closely with our occupational health provider to find solutions to further improve colleague attendance and support those with a disability or long-term condition, to reduce specific difficulties in the workplace.

We measure our success in health and safety performance through measures such as the number of accidents/incidents (including RIDDOR); compliance with health and safety audits; sickness or absence as a result of psychological or physical injury at work; and the number of enforcement notices.

In 2022, we reported 6 employee RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) incidents (2021: 8). We had no health and safety enforcement action in 2022, and a fire safety audit from a Fire and Rescue Service resulted in no issues identified or actions required.

More information can be found in our [health and safety policy statement](#).

## Speaking up and whistleblowing

We support, promote and encourage our colleagues to speak up whenever they witness or experience actual or potential wrongdoing or misconduct, and want them to feel confident to do so without fear of retaliation.



# Risk management (cont.)

We have arrangements in place for employees, contractors and temporary workers to raise concerns. Concerns can be raised confidentially or anonymously (if preferred) via a range of whistleblowing channels, including an online portal and mobile app, hosted by an independent third party.

All concerns raised are investigated thoroughly, fairly and in accordance with our Society-wide Internal Investigation Guidelines. If we find evidence of wrongdoing, we consider further action, in accordance with HR policies and processes. We do not tolerate instances where individuals are treated differently as a result of raising their concerns and we treat any act of retaliation as a disciplinary matter.

The Board recognises that having effective and trusted confidential whistleblowing arrangements is key in supporting the Society's open and honest culture. Our Whistleblowers' Champion, Phil Rivett, Non-Executive Director and Chair of the Audit Committee, has responsibility for ensuring and overseeing the integrity, independence and effectiveness of Nationwide's policies and procedures relating to whistleblowing. This includes those intended to protect whistleblowers from being victimised or treated differently for raising concerns.

The Board reviews the Society's annual whistleblowing report and the effectiveness of its whistleblowing arrangements. During 2022, a total of 214 concerns were raised, of which 103 were formally investigated as whistleblowing (2021: 182 concerns raised, of which 94 were investigated as whistleblowing). The remainder were investigated utilising other internal channels. Of the 103 whistleblowing allegations, 57% reflected people-related concerns (including bullying and harassment, unacceptable behaviours and resourcing). Where cases were upheld

or partially upheld at the Whistleblowing Committee, appropriate action was taken to address the situation.

More information can be found in our [whistleblowing policy statement](#) and, for third parties, our [external supplier guidance on whistleblowing](#) on our supplier portal.

All employees are required to complete annual, mandatory speaking up and whistleblowing training. Our online learning module has a completion rate of 98%.

## Economic crime

Nationwide is committed to tackling economic crime. We have a range of policies and control standards in place, focused on preventing and minimising economic crime throughout all areas of our business and in our supply chain. Compliance with our policies and procedures is monitored through our three lines of defence model of risk management, risk oversight and audit assurance.

Nationwide has no appetite for conducting or facilitating economic crime in any form, including money laundering, terrorist financing, contravention of sanctions, bribery and corruption, fraud or tax evasion.

Our Money Laundering Reporting Officer (MLRO) is the owner of our economic crime policies and the control standards that support them, and has responsibility for the oversight of Nationwide's compliance with relevant economic crime legislation, rules and industry guidance. The MLRO reports to the Chief Risk Officer (a member of the Executive Committee). Our Audit Committee oversees the effectiveness of the system and control framework for managing our economic crime risks.

We have allocated clear roles and responsibilities for our colleagues and senior managers, including clear escalation routes and a range of whistleblowing channels. All colleagues must undertake annual mandatory training in relation to money laundering, countering terrorist financing, bribery and corruption (including tax evasion), financial sanctions, fraud, market abuse and insider dealing, conduct risk and whistleblowing.

Nationwide completes periodic business-wide risk assessments to establish our inherent economic crime risks, and assess the effectiveness of the systems and controls used to mitigate them. We complete initial and ongoing due diligence, risk assessment and screening of our business relationships, including employees, customers, third parties, and associated persons. Enhanced due diligence and enhanced ongoing monitoring is applied where a relationship is deemed higher risk, in alignment with our regulatory obligations. We have processes in place, including transaction monitoring, to detect, investigate and report suspicious activity. Our supply chain relationships are managed to ensure that they have the equivalent of, or adhere to, Nationwide's anti-bribery and corruption standards.

Nationwide recognises that it cannot tackle economic crime in isolation. We work collaboratively with government, regulators, law enforcement, trade bodies, and our industry peers. We are committed to the UK's Public-Private Partnerships, where we are a member of the Joint Money Laundering Intelligence Taskforce (JMLIT) and the Joint Fraud Taskforce (JFT). We are signed up to the UK Government's fraud sector charter, committing to combatting fraud through a seven-point action plan<sup>28</sup>.

<sup>28</sup>Fraud sector charter: retail banking (accessible version) - GOV.UK ([www.gov.uk](http://www.gov.uk)).



# Risk management (cont.)

We are also actively engaged with the economic crime structures within key industry trade bodies, including UK Finance and the Building Societies Association (BSA).

More information can be found in our [economic crime policy statement](#), and in our [Modern Slavery Act Statement 2023](#).

## Security and operational resilience

We continuously monitor the external landscape to identify potential cyber and fraud threats, whilst operating and maturing our economic crime and cyber controls, to protect our customers and services and to meet our regulatory obligations. Significant effort is put into cyber risk management capabilities, with ongoing investment in the identification of risk, protection of data, detection of attacks and continued testing of response and recovery capability should an attack be successful.

Testing of Nationwide's multi-layered approach to the protection of data is undertaken on an ongoing basis, including the use of techniques and procedures practiced by individuals and organisations that attempt to conduct malicious activity. This provides the Society with confidence in its controls and allows a better understanding of how to prevent future attacks, ensuring technical controls are constantly developed, resource is repositioned, and funding is allocated appropriately.

We continue to work closely with the National Protective Security Authority, the National Cyber Security Centre, other government bodies, and peers in financial services and across the industry. This enables us to remain informed about both the potential threats and responses, while sharing best practice in combatting cyber-crime. Continued collaboration with these bodies ensures that an effective security stance against current threats, as well as emergent threats in a dynamic cyber landscape, is maintained.

The accountable executive for security is the Chief

Security and Resilience Officer, who reports into the Chief Operating Officer (a member of the Executive Committee) and provides regular updates through to the Executive Committee and the Board.

We are independently assessed annually on our cybersecurity maturity, and our external auditors, Ernst and Young, assess our security controls as part of their annual Nationwide Group audit.

## Data protection

Nationwide is committed to protecting the personal data under its control. To ensure this is achieved, three key control frameworks have been implemented which span data privacy, governance and security. Investment in data architecture and technology continues, allowing strategic solutions to be implemented and enabling the Society to store, manage, and protect personal data more effectively in an evolving digital environment. Progress continues to be made on data quality and data processes to improve customer experience and reduce the likelihood of a data breach.

The rapid growth of digitisation, and demand for a better customer experience, leads to greater volumes of data to control and more complex challenges in ensuring that data is used ethically and appropriately, including in relation to emerging developments in artificial intelligence. This requires an evolving set of skills, both to operate and maintain systems and ensure a rigorous focus on customer outcomes and vulnerability. The data governance framework, and the implementation of a new data governance system in the latter half of 2022 have improved confidence in, and understanding of, the business data underpinning key business decisions.

## Conflicts of interest

Nationwide is committed to acting with honesty, integrity and transparency in all its business activities. Our conflicts of interest policy sets out how we identify, prevent or appropriately manage actual or potential conflicts of interest. Our conflicts of interest policy works alongside our gifts and hospitality policy.

## Political involvement

Nationwide is politically neutral and does not support, or seek to influence public support for, any political party. We are politically involved only where we can provide insight and expertise on issues that are in the interests of the Society, its colleagues, and our customers. We regularly engage with our customers and colleagues to understand their thoughts and feedback. More on our engagement with customers and colleagues can be found on pages 30 and 31 of our [Annual Report and Accounts 2023](#).

We are members of groups which carry out political lobbying and campaigning. This includes the Building Societies Association (BSA) and UK Finance. More information on our broader engagement with regulators and policymakers can be found on page 35 of our [Annual Report and Accounts 2023](#). More on our campaigning around safe and secure homes can be found on page 9 of this report.

We have a set of policies that reinforce the integrity of our political engagement activities. Our Conflicts of Interest policy underpins the need for colleagues to maintain separation between their work and political activity. All colleagues undertaking lobbying activity are expected to adhere to internal policies and standards, including our Code of Conduct, and Anti-Bribery and Corruption policy.

More information can be found in our [political involvement statement](#).



# Risk management (cont.)

## Responsible products and services and marketing

We are committed to designing, selling and managing products and services in a responsible, sustainable way. We have a set of policies, tools and processes, including an established governance route, for building products and services that work, are safe, meet customers' needs, and deliver good outcomes.

Our framework means we consider and make informed decisions about matters such as:

- value for money for our customers (including whether the features and benefits are easy to use for the customers for whom they are intended)
- whether our products and services meet the expectations set out in the FCA's guidance on the fair treatment of vulnerable customers
- ensuring our terms and conditions are clear and fair so our customers can understand them, and identify whether products and services are right for them
- pricing our products fairly (with decisions agreed by our Pricing Committee)
- the responsible selling practices we apply, to ensure our products can be distributed safely
- whether there is a climate impact of our products, for example the need for additional resource, processes, or locations that could lead to increased energy outputs

- our strategy for providing ongoing services for our products to keep achieving good outcomes for customers over the lifecycle of the product, and especially at the times that customers need our support the most
- other external factors, such as ensuring we remain responsible and fair and are actively prohibiting anti-competitive behaviours. Our Market Abuse policy further reinforces our commitment to this.

Doing the right thing for our customers is engrained in our mutual values and Customer First Behaviours (see page 36) and reinforced through training and quality checking of processes. Colleagues in regulated advice roles, such as mortgage advisors, are also equipped with role-specific qualifications.

Our responsible marketing policy sets out how we share information with our customers, and the steps we need to take for these communications to be understandable so that customers achieve good outcomes.

We make every effort to ensure our customers have all the information they need in a clear, fair, timely, and not-misleading manner to help them make informed decisions on whether the product is suitable for their circumstances and financial needs. We accommodate a wide range of accessibility needs and preferences for accessing our products and services. More information can be found on page 13.

We have controls in place to ensure that our marketing practices comply with data protection requirements. We prohibit any incentivisation schemes that could drive the wrong behaviours and encourage poor selling practices. Our employee Annual Performance Pay (APP) plan is therefore based on both the Society's overall, and each

individual's, performance, and reflects our success in achieving measures that focus on delivering benefits for the mutual good of our customers, ensuring we drive the right behaviours. We also perform outcomes testing which gauges the suitability of our products for customers, to ensure we achieve good outcomes.

More information can be found in our [responsible products and services policy statement](#) and our [responsible marketing policy statement](#).

## Responsible investment

As a building society, our focus is on providing banking products and services for our customers. Our assets are largely formed of residential mortgages supplemented by a small portfolio of loans to registered social landlords. We have small, closed commercial real estate and private finance initiative portfolios, which are in run off and represent 0.3% of our balance sheet.

Our treasury investment portfolio, held primarily for liquidity purposes, is made up of cash and low risk investments. We do not invest in corporate bonds or equities. As at 4 April 2023, treasury investments represented 21% of our total assets, including cash placed with the Bank of England (which itself represented 46% of our total treasury investments).

In 2020, we committed to holding a minimum amount of environmental, social and governance (ESG) bonds within our treasury portfolio. Nationwide defines ESG bonds as those issued by multilateral development banks and certain green bonds. Multilateral development banks provide financial support to promote economic and social progress in developing countries, thereby advancing the UN Sustainable Development Goals (SDGs).



## Risk management (cont.)

Between April 2020 to April 2023 we committed to trebling our ESG holdings from £0.5 billion to £1.5 billion. We met this target, as reported on page 185 in our [Annual Report and Accounts 2023](#), and we will maintain a minimum holding of £1.5 billion for the financial year 2023/24.

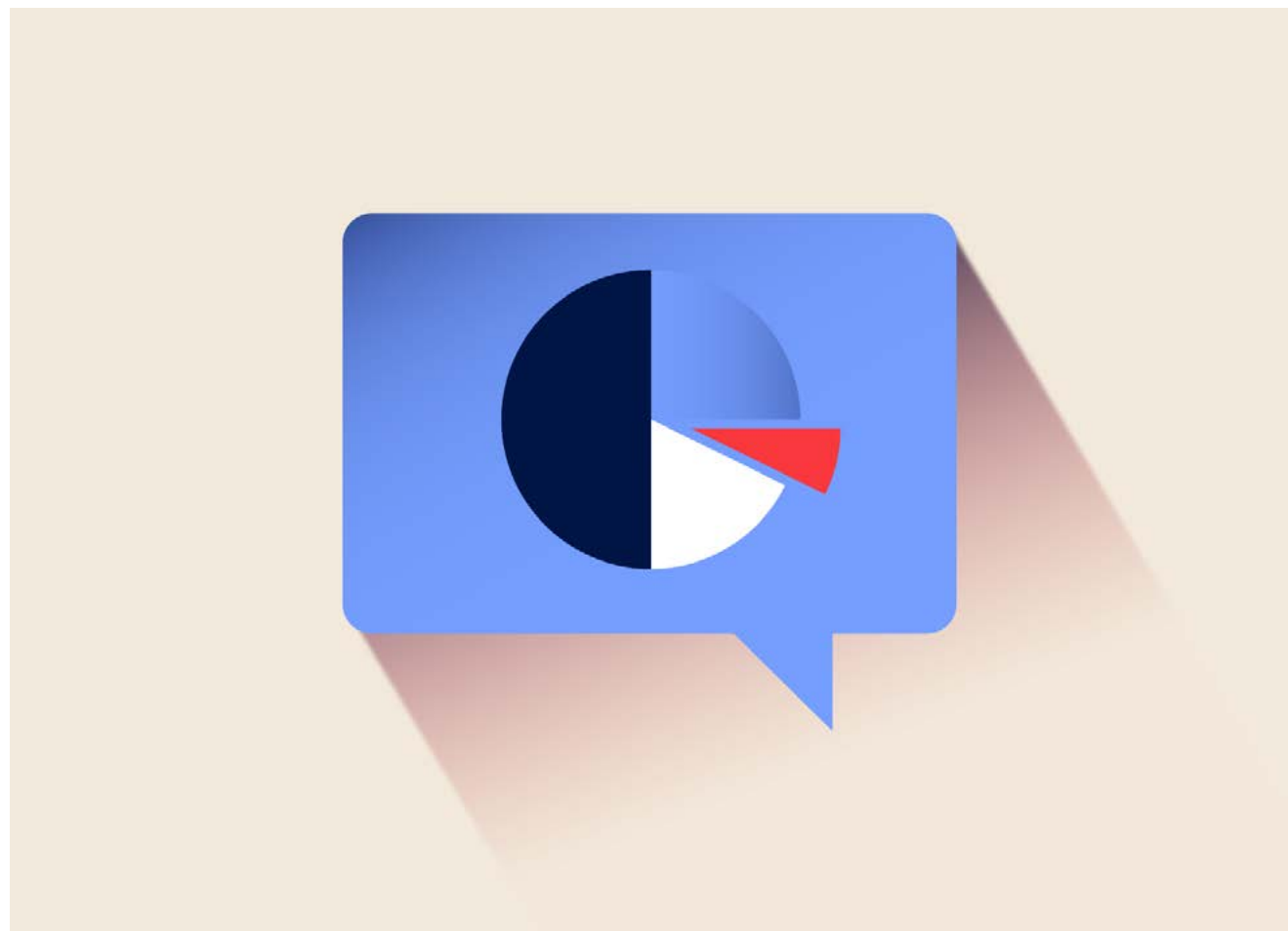
As at 4 April 2023, Nationwide's liquidity portfolio included investments in the following multilateral development banks:

- African Development Bank
- Asian Development Bank
- Council of Europe Development Bank
- European Bank for Reconstruction and Development
- European Investment Bank
- Inter-American Development Bank
- World Bank

More information on our investments can be found in our [responsible investment statement](#).

Environmental considerations also continue to be a key focus for our Nationwide Group Personal Pension (GPP), which is managed by Aviva. In 2022, Nationwide changed the default investment option for members of Nationwide's GPP. Nationwide's Pension Governance Committee regularly reviews the GPP default investment option and agreed to change the underlying equity funds (for scheme members more than 10 years away from their selected retirement age) to invest in companies that adhere better to ESG principles. Colleagues can opt out of the default investment option and make their own investment choices if they so wish. This investment strategy is aligned with Nationwide's climate strategy.

For colleagues who wish to self-select how their pension savings are invested, Aviva offers many ESG and ethical funds to choose from, including a range of Stewardship Funds which are managed to make sure the companies that are being invested in deliver a positive outcome for their customers, suppliers, local communities and the environment.



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# Metrics and targets

We have a number of measures that support our Mutual Good Commitments. Our progress against our measures over 2022/23 is set out over the following pages.

## Helping to achieve safe and secure homes for all

**By 2025, we will help 250,000 people to buy their first home<sup>29</sup>.**

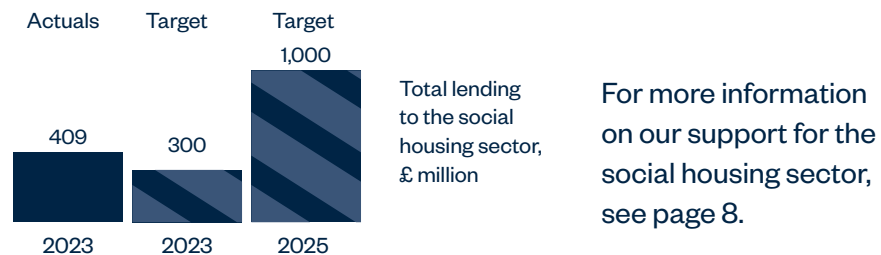


Since setting our target in November 2020, we have helped 196,000 people into their first home, ahead of our cumulative target for 2023.

**We will ensure 100% of our new buy to let lending on rental properties continues to meet the Decent Homes Standard<sup>30,31</sup>.**

All of the properties associated with our new buy to let lending are compliant with, or exceed, the Decent Homes Standard recommendations. For more information on our support for quality rental properties, see page 8.

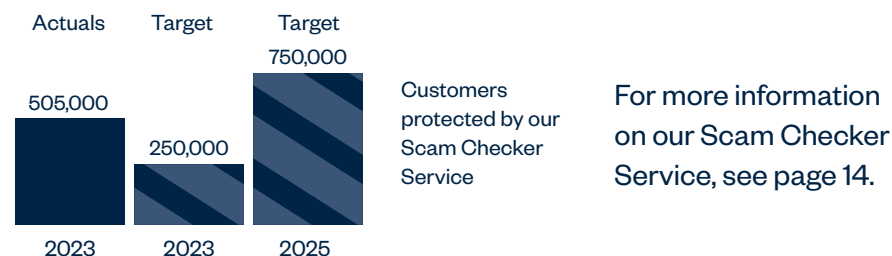
**By 2025, we will have provided £1 billion of new lending to support the social housing sector<sup>32</sup>.**



Since setting our target in March 2022, we have provided £409 million of lending to the social housing sector, ahead of our cumulative target for 2023.

## Protecting our customers' financial wellbeing

**By 2025, we will protect 750,000 customers with our Scam Checker Service<sup>32</sup>.**



Since setting our target in March 2022, we have protected 505,000 people from potential scams through our Scam Checker Service, ahead of our cumulative target for 2023.

<sup>29</sup> Set against a baseline of 30 November 2020.

<sup>30</sup> We physically inspect the buy to let properties we originate new loans on, to ensure they meet or exceed the Standard.

<sup>31</sup> A Decent Homes Standard in the private rented sector: consultation – GOV.UK ([www.gov.uk](http://www.gov.uk)).

<sup>32</sup> Set against a baseline of 31 March 2022.



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# Metrics and targets (cont.)

## Supporting progress towards a greener society

Our Mutual Good Commitment measures reflect our intermediate (by 2030) science-based targets for our scope 1, 2, and 3 emissions. More information can be found in our [Intermediate Net-Zero Ambitions 2022: Basis of Preparation](#). Our measures are:

### Scope 1

**We aim to reduce our scope 1 emissions that we control across our own business operations, in line with our 2030 scope 1 science-based target.**

### Scope 2

**We aim to continue to source 100% renewable electricity for our own operations, in line with our 2030 scope 2 science-based target.**

### Scope 3

**We will aim to reduce our scope 3 emissions for our mortgages, other secured lending activity, and our supply chain, by taking steps to reduce those emissions within our control and encouraging our customers and suppliers to do the same, in line with our 2030 scope 3 science-based target.**

The achievement of these ambitions is only partly within Nationwide's control. Our scope 1 and 2 science-based targets are within our control due to our ability to manage our operational energy usage, actions underway to reduce, or remove, gas usage from our buildings, and the continued procurement of renewable electricity.

Our scope 3 upstream (categories 1, 2 and 4) science-based target is partially within our control. Whilst we own our procurement processes, we recognise we can only influence our suppliers and their ambitions to reduce emissions.

It is highly unlikely that we will achieve our targets for scope 3 downstream category 15 (investments) emissions, particularly for our mortgage portfolio. We have very limited control and influence over government policy, and action by wider society, including our customers, to green UK homes and social housing, which is required to see the reductions in emissions needed to align to our intermediate (by 2030) science-based targets.

Further details on how we are progressing towards our targets can be found on pages 31, 33, and 37-39 of our [Climate-related Financial Disclosures 2023](#).

## Championing thriving communities

**Our Branch Promise: Every town and city which has a branch today will still have one until at least 2026**

In June 2023, we extended our Branch Promise once again, providing reassurance to our customers who rely on our branches, or prefer to speak to us face to face.

In some exceptional circumstances that were beyond our control, and in some towns and cities where we had more than one location, we have closed branches over 2022/23. However, this was kept to a minimum and last year only 23 branches were closed.

For more information on our Branch Promise, see page 18.

**We will commit at least 1% of our pre-tax profits to charitable activities each year<sup>33</sup>**

We have met our target in 2022/23, committing £9.6 million (2021/22: £7.1 million). More information can be found on page 19.

<sup>33</sup>The 1% is calculated based on average pre-tax profits over the previous three years.



# Metrics and targets (cont.)

## Reflecting the diversity of our society

**By 2028, our people will reflect the wider society that we represent**

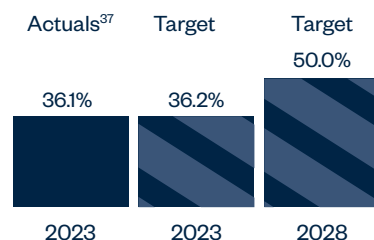
Our seven measures are presented below and span across gender, ethnicity, disability and sexual orientation. We

achieved four of our seven measures to meet by 2023. Further focus is needed to increase representation of Black, Asian, mixed, and other ethnically diverse colleagues in senior roles and across our overall employee population. We are also slightly behind where we planned to be in terms of the proportion of women in our leadership population. We

aim to address this, and further the progress we have made across our other measures, through the delivery of our new strategy, which includes activity to improve social mobility. More information on the work we are doing to progress inclusion and diversity can be found on pages 22-25.

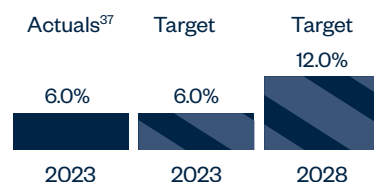
### Gender<sup>34</sup>

#### Leadership population<sup>36</sup>

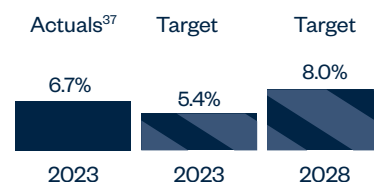


### Disability<sup>38</sup>

#### All employees

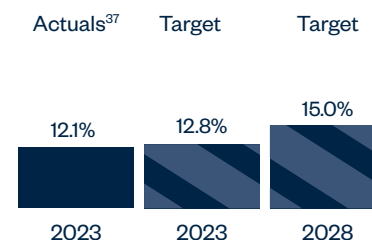


#### Leadership population<sup>36</sup>

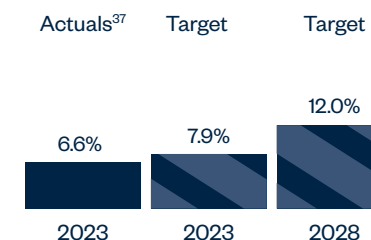


### Ethnicity<sup>35</sup>

#### All employees

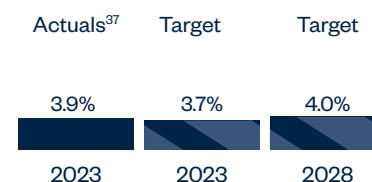


#### Leadership population<sup>36</sup>

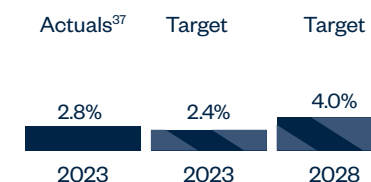


### Sexual Orientation<sup>39</sup>

#### All employees



#### Leadership population<sup>36</sup>



We also report on other statutory diversity measures<sup>40</sup> separately to our Mutual Good Commitments. These are as below:

	Gender <sup>34</sup>	Ethnicity <sup>35</sup>
<b>All employees</b>	60.7% (11,234 females)	12.1%
<b>Senior managers<sup>40</sup></b>	37.6% (35 females)	4.3%

<sup>34</sup>Gender – The figures reflect female representation.

<sup>35</sup>Ethnicity – Figures reflect Black, Asian, mixed and other. Excluded from the % are white majority and minority.

<sup>36</sup>Leadership population – A targeted and broader leadership population comprising around 1,000 of our leaders.

<sup>37</sup>All data as at 4 April 2023, and based upon headcount not FTE (full-time equivalent value) of employees directly employed by Nationwide Building Society.

<sup>38</sup>Disability – Figures reflect those identifying as disabled or as having a long-term health condition.

<sup>39</sup>Sexual Orientation – Figures reflect those identifying as bi-sexual, gay man, gay woman, lesbian and other. Excluded from the % are those identifying as heterosexual.

<sup>40</sup>Statutory measures – We have presented additional measures that are not part of our Mutual Good Commitment targets but are statutory measures based on the Companies Act. Figures are based upon headcount and percentage headcount of each population. Senior manager figures reflect the Companies Act definition of an employee who has responsibility for planning, directing or controlling the activities of an entity or a strategically important part of it, which includes our executive population comprising the Executive Committee and their direct reports.



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# Our ESG rating performance and industry partnerships

We recognise the importance of ESG rating agencies in providing our investors and other stakeholder groups with a holistic view of our sustainability performance. We engage with a number of ESG rating agencies and regularly participate in ESG surveys and assessments to support this. We also partner and engage with a number of industry organisations to further our progress and affect real change.

ESG rating provider and rating scale applied	Our rating	Date of last rating
MSCI Scale: AAA to CCC, AAA as a best possible score	AAA	December 2022
Morningstar Sustainalytics <sup>41</sup> Scale: 0–100, 0 as a best possible score	10.2, Low risk	November 2022
Moody's Analytics Scale: 0–100, 100 as a best possible score	62	July 2023
ISS ESG Scale: A+ to D-, A+ as a best possible score	C+, Prime	September 2023
CDP Scale: A to D-, A as a best possible score	A-	December 2022
S&P Corporate Sustainability Assessment Scale: 0–100, 100 as a best possible score	54	May 2023

## Industry partnerships

We continue to partner, and play an active role, with key organisations to grow our knowledge and create positive change.



United Nations  
Global Compact



Principles for  
Responsible Banking



GFANZ  
Glasgow Financial  
Alliance for Net Zero



TASK FORCE ON  
CLIMATE-RELATED  
FINANCIAL  
DISCLOSURES



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# Glossary of terms

Glossary & Abbreviations	
Item	Description
<b>Building Societies Association (BSA)</b>	The collective voice for all UK building societies, together with some of the larger credit unions. Together, these organisations serve around 25 million customers in the UK.
<b>CDP</b>	A not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts. Nationwide participates in the CDP questionnaire annually.
<b>Climate Financial Risk Forum (CFRF)</b>	A finance industry forum co-chaired by the PRA and FCA, bringing together senior financial sector representatives to share their experiences in managing climate-related risks and opportunities. In 2022, Nationwide participated in the Disclosure, Data and Metrics, and Transition to Net-Zero working groups.
<b>Consumer Duty</b>	The FCA's rules and guidance that set higher and clearer standards of consumer protection across financial services and require firms to ensure that customers receive good outcomes.
<b>Decent Homes Standard</b>	The Government's Decent Homes Standard already sets mandatory minimum quality standards for social homes. The Government has committed to extending these standards to the private rented sector. The Decent Homes Standard for private rented properties seeks to raise housing standards for private renters, providing them with safer, decent quality homes, and bringing their rights into line with those of council and housing associations.
<b>EcoVadis</b>	A sustainability ratings provider, that supports sustainability performance improvement for firms and their value chains. Nationwide partners with EcoVadis to monitor its suppliers' environment, labour, human rights, ethics and sustainable procurement activities.
<b>Financial Conduct Authority (FCA)</b>	The conduct regulator for around 50,000 financial services firms in the UK, committed to ensuring financial markets are honest, competitive and fair.
<b>Glasgow Financial Alliance for Net Zero (GFANZ)</b>	A global coalition of leading financial institutions committed to accelerating the decarbonisation of the economy. It has worked to develop the tools and methodologies needed to turn financial institutions' net-zero commitments into action. Nationwide joined GFANZ in 2021 and is a participant in the Policy Call to Action and Implementation workstreams.
<b>Greenhouse Gases (GHG)</b>	Atmospheric gases that trap heat or longwave radiation in the atmosphere, increasing the temperature of the Earth's surface. There are seven gases considered as part of the GHG Corporate Protocol Standard: carbon dioxide (CO <sub>2</sub> ), methane (CH <sub>4</sub> ), nitrous oxide (N <sub>2</sub> O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF <sub>6</sub> ), and nitrogen trifluoride (NF <sub>3</sub> ). CO <sub>2</sub> makes up the vast majority of these emissions.
<b>Joint Fraud Taskforce (JFT)</b>	A partnership between the UK Government, the private sector and law enforcement, to tackle fraud collectively and to focus on issues that have been considered too difficult for a single organisation to manage alone.
<b>Joint Money Laundering Intelligence Taskforce (JMLIT)</b>	A partnership between law enforcement and the financial sector to exchange and analyse information relating to money laundering and wider economic threats.
<b>Money and Pensions Service (MaPS)</b>	A public body sponsored by the Department for Work and Pensions. It provides free and impartial debt advice, money guidance and pension guidance to members of the public. It also engages with HM Treasury on policy matters relating to financial capability and debt advice. Nationwide's Money Lessons respond to the MaPS goal to see two million more children and young people across the UK receiving a more meaningful financial education by 2030 (against a baseline of 2020).





# Glossary of terms

Glossary & Abbreviations	
Item	Description
<b>Multilateral development banks</b>	Supranational institutions set up by sovereign states, which are their shareholders. They have the common task of fostering economic and social progress in developing countries by financing projects, supporting investment and generating capital for the benefit of all global citizens. Nationwide includes bonds issued by multilateral development banks within its ESG bond holdings.
<b>Net-Zero Ambition</b>	A UK-wide ambition to achieve an overall balance between GHG emissions produced and taken out of the atmosphere, keeping global temperature increases to below 1.5°C. Nationwide became a member of the NZBA in 2021, committing to playing our part in supporting the UK's transition to a net-zero economy by 2050.
<b>Net-Zero Banking Alliance (NZBA)</b>	An industry-led, UN-convened Alliance that recognises the vital role of banks in supporting the global transition of the real economy to net-zero emissions. Nationwide joined the NZBA in 2021, committing to achieving net-zero by 2050 at the latest, and published its intermediate (by 2030) science-based targets in 2022.
<b>Science-based targets</b>	Emissions reduction targets set in line with the latest climate science. Nationwide uses the tools and methodologies of the SBTi for its setting of intermediate (by 2030) science-based targets.
<b>Science-Based Targets Initiative (SBTi)</b>	A partnership between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the Worldwide Fund for Nature (WWF). The SBTi aims to drive ambitious climate action in the private sector by enabling companies to set science-based emissions reduction targets through the provision of industry standard methodologies and tools.
<b>Scope 1 emissions</b>	Direct emissions from owned sources, such as the fuel Nationwide burns to heat its buildings.
<b>Scope 2 emissions</b>	Indirect emissions from the generation and consumption of purchased electricity and heating.
<b>Scope 3 upstream – categories 1-8 – emissions</b>	Indirect upstream emissions that occur in an organisation's value chain. Upstream emissions (GHG Protocol categories 1-8) cover emissions which result from the organisation's supply chain. The categories are: 1. Purchased goods and services; 2. Capital goods; 3. Fuel- and energy-related activities not included in scope 1 and 2; 4. Upstream transportation and distribution; 5. Waste generated in Operations; 6. Business travel; 7. Employee commuting; 8. Upstream lease assets.
<b>Scope 3 downstream – categories 9-15 – emissions</b>	Indirect downstream emissions that occur in an organisation's value chain. Downstream (GHG Protocol categories 9-15) emissions cover emissions resulting from the goods and services provided by the organisation. The categories are: 9. Downstream transportation and distribution; 10. Processing of sold products; 11. Use of sold products; 12. End-of-life treatment of sold products; 13. Downstream leased assets; 14. Franchises; 15. Investments.
<b>Sedex SMETA audit</b>	A type of audit, which helps a business to understand the standards of labour, health and safety, environmental performance, and ethics within its own operations or at a supplier site. It is designed to help protect workers from unsafe conditions, overwork, discrimination, low pay and forced labour. Nationwide conducts enhanced monitoring within certain higher risk areas of its supply chain, which includes a Sedex SMETA audit being carried out at its uniform supplier's factories each year.
<b>Taskforce on Climate-related Financial Disclosures (TCFD)</b>	An industry-led advisory group which helps investors understand their financial exposure to climate risk and disclose this information in a clear and consistent way. Nationwide has been a supporter of the TCFD since 2019 and is committed to following the TCFD disclosure guidelines.



# Glossary of terms

Glossary & Abbreviations	
Item	Description
<b>UK Finance</b>	The collective voice for the UK banking and finance industry. Representing more than 300 firms across the industry, it acts to enhance competitiveness, support customers and facilitate innovation.
<b>United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Responsible Banking (PRB)</b>	UNEP FI brings together a worldwide network of banks, insurers and investors to deliver more sustainable global economies. Its PRB provides a global sustainability framework for the banking industry. As a signatory, Nationwide is committed to aligning its business strategies to global goals such as the UN Sustainable Development Goals (SDGs) and to the UK's ambition to be net-zero by 2050. We completed our first PRB self-assessment in 2022.
<b>UN Global Compact</b>	A voluntary initiative based on CEO commitments to implement universal sustainability principles and to take steps to support UN Sustainable Development Goals (SDGs). As a signatory, Nationwide has reinforced its commitment to social and environmental sustainability and its shared responsibility for a better world.
<b>UN Sustainable Development Goals (SDGs)</b>	A collection of 17 interlinked goals adopted by all UN Member States in 2015, as part of the 2030 Agenda for Sustainable Development. The goals are a shared blueprint for achieving a better and more sustainable future for all. Nationwide's Mutual Good Commitments are most closely aligned to SDG 1 (No poverty), 5 (Gender equality), 7 (Affordable and clean energy), 8 (Decent work and economic growth), 10 (Reduced inequalities), 11 (Sustainable cities and communities), 12 (Responsible consumption and production) and 13 (Climate action).



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# Other information

## Cautions about this report

This report is presented for information and reference purposes only and should not be relied upon or treated as giving investment advice. The information, statements and opinions contained in this report do not constitute a public offer under any applicable legislation, an offer to sell or solicitation of any offer to buy any securities or financial instruments, or any advice or recommendation with respect to such securities or other financial instruments. This report, the information, statements and disclosure included in this report are not formally part of any offering documents and are not contractually binding. This report is not intended to form part of any communication of any offering issued under this report and it is not intended to be an advertisement for the purposes of the UK Prospectus Regulation and investors should not make any investment decisions based on the information included in this report.

Where information contained in this report is based on reviews and analysis of our internal data, that data may derive from management systems separate from those that form part of our financial reporting internal controls framework. Where information is presented from a public or third party source, it has not been independently verified by Nationwide for its completeness, reasonableness or accuracy. Any third party opinion and views disclosed in this report are those of the third parties themselves, and not necessarily of Nationwide.

Whilst reasonable care has been taken in the preparation of this report and that exercise has been carried out in good faith, the information presented within the report is not warranted to be accurate or comprehensive and has not been externally audited. For certain information within the report, preparation has included various key judgements, assumptions and estimates.

Nationwide recognises that sustainability reporting is not yet subject to the same standardised disclosure framework as for traditional financial reporting, and that the sophistication of the models used continues to develop. This may result in non-comparable information or measures between organisations and between reporting periods as disclosure frameworks develop, and interpretations of terms used evolve over time.

## Forward-looking statements

Certain statements in this document are forward-looking with respect to plans, actions, potential actions, goals and expectations relating to the performance of Nationwide, including but not limited to Nationwide's Mutual Good Commitments. Such forward-looking statements can be identified by the use of forward-looking terminology, including but not limited to words such as "aims", "ambition", "believes", "could", "expects", "goal", "intends", "may", "plans", "potential", "seeks", "should", "target", or the inverse of those terms. Although Nationwide believes that the expectations reflected in these forward-looking statements are reasonable in the context of the caveats outlined as of the date hereof, Nationwide can give no assurance that these expectations will prove to be an accurate reflection of actual results, which may differ materially from the plans, actions, potential actions, goals and expectations expressed or implied in these forward-looking statements. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and may be affected by circumstances that are beyond the control of Nationwide including, amongst other things, UK and global economic and business conditions, market-related risks such as fluctuations in interest rates and exchange rates, the impact of competition, changes in customer preferences, risks concerning borrower credit quality, delays in implementing proposals, the timing, impact and other uncertainties of future acquisitions or other combinations within relevant industries, risks relating to sustainability and climate change, the policies and actions of regulatory authorities and the impact of evolving UK and global legislation, regulations and frameworks. Due to such risks and uncertainties, Nationwide cautions readers not to place undue reliance on such forward-looking statements. Nationwide undertakes no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.



