

Third Party Code of Practice 2024

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Introduction

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. Nationwide holds a unique position in UK financial services. As the main challenger to the shareholder-owned banks, we provide a good way to bank for our customers, delivering the value, service and mutual good to our customers and members that others cannot, in line with our purpose:

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

It is important to us that our partners share our values, are committed to operating responsibly, and are transparent regarding their approach.

About this code

This Third Party Code of Practice (“the Code”) sets out the environmental and social standards we expect our third party suppliers to uphold.

When we refer to “third parties”, we mean an organisation that provides goods or services to Nationwide or its subsidiary undertakings. This includes both third parties we have contractual agreements with and those we use from time to time on purchase order terms.

Updates to the code

The Code is reviewed and updated annually. The version control can be found on page 14.

The 2024 update includes the following changes:

- Referencing Nationwide’s commitments as they relate to each expectation within the Code;
- Updating our whistleblowing information (on page 13) and providing a glossary of key terms (on page 15);
- New expectations for small and medium third parties (11-250 employees) to:
 - Review and consider the expectations of large third parties in preparedness for company growth; and
 - Document commitments to actively supporting inclusion, diversity and wellbeing of employees.
- New expectations for large third parties (>250 employees) relating to:
 - Executing a plan to achieve emissions reduction targets, to support the transition to a net-zero economy;
 - Embed inclusion and diversity into people processes, to build an inclusive culture where everyone can thrive.

Implementation

Nationwide requests all third parties agree to comply with this Third Party Code of Practice during onboarding and confirm their continuing compliance at intervals during the relationship.

We ask that you take the time to review the Code in detail, to implement necessary measures to meet the expectations relating to your company size, and to flag to us immediately where you identify any gaps between your company's practices and our expectations. This includes answering the questions we ask about adherence to our Code (for example in Coupa and FSQS by Hellios) accurately. The identification of gaps does not automatically mean we will not work with you, but we will request you close any gaps within an agreed timeframe. Any dispensations would require senior Procurement approval.

From time to time, third parties may be required to evidence that the expectations laid out in the code are met; for example, as part of our third party controls testing. If gaps are found, remediating actions will be requested. Some third parties may also be asked to facilitate on-site visits or audits, in line with agreed audit terms.

Our expectations

To be fair and proportionate in our expectations, our ESG standards are split by those for small and medium organisations (defined as those with 11-250 employees) and for large organisations (more than 250 employees). Micro businesses (up to ten employees) are not required to uphold specific company sustainability standards, given their size. Micro businesses are however expected to review the standards for larger organisations and consider what actions, if any, would be appropriate to take now, in preparedness for company growth.

Environment

At Nationwide, we are committed to	We expect our third party suppliers to	
	Small/Medium (11-250 employees)	Large (>250 employees)
Operating an <u>Environmental Standard</u> which details Nationwide's commitment to try to reduce our impact on the environment , as it relates to our business, operations and supply chain.	Document a commitment or action plan relating to reducing environmental impacts (for example energy, emissions, nature, water and/or waste footprints).	Operate an environmental policy/ statement with a clear commitment to reducing environmental impact (for example energy, emissions, nature, water and/or waste footprints).*
Addressing climate change by: <ul style="list-style-type: none"> Reporting our scope 1, scope 2 and material scope 3 greenhouse gas emissions each year in our <u>climate-related financial disclosures</u>; Utilising emissions calculation methodologies informed by the Greenhouse Gas (GHG) Protocol standards, and seeking to improve accuracy over time; Setting science-based targets informed by the methodology of the Science Based Targets initiative (SBTi); and Taking actions to achieve our targets, as disclosed within our <u>Transition Plan</u>, and publishing progress at least annually. 	Review the expectations for a large organisation and consider what actions, if any, would be appropriate to take now, in preparedness for company growth.	Record and report scope 1 and scope 2 greenhouse gas emissions annually, informed by/aligned to the GHG Protocol.
		Set a quantitative greenhouse gas emissions reduction targets including scope 1 and scope 2.
		Execute a plan to achieve emissions reduction targets, publishing progress annually.

*All policies/statements should be reviewed regularly (e.g. annually or biannually) and approved by a senior representative.

Social

At Nationwide, we are committed to	We expect our third party suppliers to	
	Small/Medium (11-250 employees)	Large (>250 employees)
Recognising the importance of staff representation through our collective bargaining arrangement with the Nationwide Group Staff Union (NGSU) , and encouraging colleagues to become members.	Allow all staff to join or form trade unions.	All staff are able to join or form trade unions, stipulated as part of a policy/ statement.*
Operating a Labour Rights Standard that outlines our intent to support the elimination of all forms of forced and compulsory labour and the effective abolition of child labour .	Prohibit the use of forced or child labour.	No forced or child labour shall be used and no job applicants or workers will be asked to pay recruitment fees, stipulated as part of a policy/ statement.*
Operating a Health & Safety Policy and providing annual training for all colleagues to ensure they're aware of, and prepared for, potential hazards.	Provide a safe and healthy working environment.	Operate a health and safety policy and/or management system with senior management oversight.*
		Provide health and safety training for all staff (for example, during induction or as part of annual learning requirements).
Operating clear internal people policies that cover working hours, overtime, and wages, and that are reflective of good working practices and in accordance with relevant legislative requirements.	Adhere to working hour practices outlined within the Ethical Trading Initiative Base Code or an equivalent recognised international labour standard, including: <ul style="list-style-type: none"> • All staff are provided with written and understandable information about their employment conditions, including hours, wages and pay period, before they enter employment. • Working hours must comply with national laws, industry benchmark standards, collective agreements, and the provisions below, whichever affords the greater protection for workers. • Working hours, excluding overtime, shall be defined by contract and shall not exceed 48 hours per week. • All overtime is voluntary and in line with national law. • All overtime is compensated, either at a premium rate or with time off in lieu. • All staff work no more than 60 hours within a 7 day period, including overtime. Except in circumstances outlined in the ETI Base Code. • All staff are provided with at least one day off within a 7 day period. • Wages and benefits paid for a standard working week meet, at a minimum, national legal standards or industry/country/region benchmark standards (including real living wage benchmarks), whichever is higher. In any event, wages should always be enough to meet basic needs and to provide some discretionary income. • There is no deduction of wages as a disciplinary measure. 	
Remaining a real Living Wage Employer , by paying at least the rates defined by the Living Wage Foundation to meet the cost of living within the UK.		
	The above working hour practices should be evidencable in writing; for example, through template employment contracts or offer letters.	The above working hour practices should be evidencable in a policy/ statement; for example, working hour policies or an employee code of conduct. *

*All policies/statements should be reviewed regularly (e.g. annually or biannually) and approved by a senior representative.

†For organisations operating in the UK, workers shall not on a regular basis be required to work in excess of 48 hours per week, in accordance with Working Time Regulations.

<p>Providing regular and recognised employment relationships for the workforce, with the majority being composed of permanent employees, as disclosed in our Annual Report and Accounts</p>	<p>Ensure the majority of the workforce is employed on the basis of regular and recognised employment relationships, avoiding excessive use of fixed-term contracts or subcontracting.</p>	
<p>Operating a Discrimination Policy Statement outlining our no tolerance approach to discrimination.</p>	<p>Practice no discrimination or harassment on the grounds of race, religion or belief, age, sexual orientation, sex, gender reassignment, marital or civil partnership status, pregnancy and maternity or disability.</p>	<p>Practice no discrimination or harassment on the grounds of race, religion or belief, age, sexual orientation, sex, gender reassignment, marital or civil partnership status, pregnancy and maternity or disability. This should be stipulated as part of a policy/statement.*</p>
<p>Ensuring there are channels that allow staff members, to “Speak Up” in confidence about possible misconduct, wrong-doing and negative behaviours towards others. Enabling anonymous Whistleblowing where desired, including for contractors and temporary workers and third parties.</p>	<p>Adopt clear procedures for all staff to escalate concerns that are fairly and consistently applied to tackle bullying, discrimination, harassment, and mental, physical, or verbal abuse. These should allow for confidential and anonymous reporting.</p>	<p>Adopt clear procedures for all staff to escalate concerns that are fairly and consistently applied to tackle bullying, discrimination, harassment, and mental, physical, or verbal abuse. These should allow for confidential and anonymous reporting. This should be stipulated as part of a policy/statement.*</p>
<p>Providing annual Speak Up training for all colleagues to ensure they are aware of how to escalate concerns.</p>	<p>Provide signposting to staff so they’re aware of how to escalate concerns.</p>	<p>Provide training for all staff so they’re aware of how to escalate concerns (for example, during induction or as part of annual learning requirements).</p>
<p>Continually taking steps to build an inclusive culture where everyone can thrive. This includes operating an internal Inclusion & Diversity Policy; and reporting on our diversity measures and initiatives in our Sustainability Report.</p>	<p>Document a commitment to actively supporting the development of an inclusive and diverse workforce.</p>	<p>Operate a policy/statement with a clear commitment to actively supporting the development of an inclusive and diverse workforce.</p> <p>Embed inclusion and diversity into people processes, such as recruitment and selection, training and development, promotion opportunities or job moves, performance reviews, and communications.</p>
<p>Continuously supporting our colleagues’ physical, mental, emotional, social and financial wellbeing. This includes operating an internal Wellbeing Policy; and a range of initiatives, as disclosed in our Sustainability Report.</p>	<p>Document a commitment to actively supporting staff wellbeing.</p>	<p>Embed wellbeing into people processes, such as colleague benefits and support services, training and development, and communications.</p>

*All policies/statements should be reviewed regularly (e.g. annually or biannually) and approved by a senior representative.

Additional expectations based on the service

Accessible via our [Supplier portal](#), are our [Supplier Policies](#). These provide an overview of what else we expect from our suppliers to address further key areas of risks that Nationwide could be exposed to through its relationships. This is not an exhaustive list and Nationwide reserves the right to update these policies from time to time.

For some relationships, for example where there is a greater ESG risk or opportunity, we may request additional standards are upheld. An example of this could be specifying that packaging materials used are recyclable or that a science-based decarbonisation target is set. These additional standards will be made clear within the specific requirements for the provision of the relevant good/service.

We also request that certain third parties utilise community-based tools to provide us with information on their approach to ESG sustainability and risk-related topics. These tools enable third parties to complete one questionnaire via the tool, that can be shared with multiple firms to obtain the information they need, making for a more efficient data collection process and seeking to minimise third party effort. We may request your company completes the following:

- **[Financial Services Qualification System \(FSQS\)](#)** by Hellios – a standard set of questions agreed by a community of financial institutions, used to collect and maintain information on a supplier’s policies and controls. Suppliers requested to complete the questionnaire annually will depend on the service(s) they provide. Corrective action may be requested where questionnaire responses demonstrate a gap in meeting Nationwide’s policies and control requirements.
- **[EcoVadis](#)** – a sustainability rating system with an evidence-based assessment. Suppliers requested to participate are those Nationwide defines as material, strategic or of high ESG risk. Where requested, suppliers will be expected to complete and refresh the assessment annually, maintaining a valid scorecard for the duration of the relationship and taking any necessary corrective action to meet Nationwide’s benchmark.

Initiatives we promote

Nationwide partners with key organisations and supports cross-industry sustainability initiatives to grow our knowledge and create positive change. Some examples are listed below, though this is not an exhaustive list. We encourage our third parties to consider these and further relevant initiatives that may be appropriate for them to engage with.

[Business Disability Forum](#)

[Carbon Disclosure Project \(CDP\)](#)

[Cyber Essentials standard](#)

[Disability Confident](#) employer

[EcoVadis](#)

[Living Wage Foundation](#)

[MSDUK](#)

[Prompt Payment Code](#)

[Social Enterprise UK](#) and their **[Buy Social Corporate Challenge](#)** or **[Social Procurement Connect initiatives](#)**

[Taskforce on Climate-related Financial Disclosures](#)

[The Employer Pays Principle](#) and **[The Responsible Recruitment Register](#)**

[UN Environment Programme](#)

[UN Global Compact](#)

Whistleblowing

If you are concerned that any actions or decisions contravene the minimum expectations set out in this Code, please contact your relationship manager or business contact. You can raise a concern, confidentially or anonymously, directly through Nationwide's Whistleblowing arrangements. This can be done by:

- Telephoning: **0330 460 5445**
- Emailing: **whistleblowingofficer@nationwide.co.uk**;
- Reporting via the Ethicspoint web portal on **<https://nbs.ethicspoint.com>** (24 hours, seven days a week)
- Writing to: Whistleblowing Officer, First Floor B, Nationwide House, Swindon, SN38 1NW; or contacting the FCA or PRA directly

Nationwide's whistleblowing policy ensures that concerns are appropriately investigated and responded to, to ensure individuals can raise concerns without fear of negative repercussion and with the confidence that their concerns will be fully investigated. Nationwide's whistleblowing mechanisms meets the Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA) requirements.

Contact us

Get in touch to collaborate with us on a responsible business project or to share feedback on our Third Party Code of Practice by emailing our Supply Chain Responsible Business Team at: **businessservicesresponsiblebusiness@nationwide.co.uk**

Version control and approval

Version	Year approved and published	Approver
1.0	2019	Director of Supply Chain Management
2.0	2020	Chief Procurement Officer
3.0	2022	Chief Procurement Officer
4.0	2023	Director of Business Services
5.0	2024	Chief Procurement Officer

Glossary of terms

Item	Description
Due diligence	The detailed examination of a company and its financial records, done before becoming involved in a business arrangement with it.
Ethical Trading Initiative Base Code	An internationally recognised code of labour practice, founded on the conventions of the International Labour Organisation (ILO).
Greenhouse gases	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 ₂), methane (CH ₄), nitrous oxide (N ₂ O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF ₆), and nitrogen trifluoride (NF ₃). CO ₂ makes up the vast majority of these emissions.
Greenhouse Gas (GHG) Protocol	Global standardised frameworks to measure and manage greenhouse gas (GHG) emissions from private and public sector operations, value chains and mitigation actions.
Grievance	An official complaint by an employee that they have been treated unfairly.
Living Wage	A wage that enables workers and their families to meet their basic needs.
Living Wage Foundation	A UK organisation, part of Citizens UK which calculates the real UK Living Wage rate based on the cost of living. Employers paying this wage rate can gain an accreditation from the Foundation.
Science-Based Targets	Emissions reduction targets set in line with the latest climate science.
Science-Based Targets Initiative (SBTi)	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.
Scope 1 emissions	Direct emissions from owned sources, such as the fuel Nationwide burns to heat its buildings.
Scope 2 emissions	Indirect emissions from the generation and consumption of purchased electricity and heating.
Scope 3 downstream emissions	Indirect 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. 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.
Third parties	An organisation that provides goods or services to Nationwide or its subsidiary undertakings. This includes third parties that we have contractual agreements with, as well as those we use from time to time on purchase order terms.
Trade union	An organised association of workers in an organisation; a trade; group of trades; or a profession, formed to maintain and improve their conditions of employment.



Thank you.