

2019/20 UK Modern Slavery Act (2015) Statement

The Modern Slavery Act 2015 (the **Act**) requires certain businesses to outline the steps they have taken in the previous financial year to make sure that no slavery or human trafficking is taking place in their business or in their supply chain.

This statement is made in accordance with section 54 of the Act and applies to Nationwide Building Society (**Nationwide**) and its subsidiaries for the financial year ending in 2020.

This is the fifth such statement Nationwide has published.

About Nationwide

Our Building Society was founded 136 years ago to help our members achieve things together they couldn't achieve alone. 136 years on and we're still motivated by this social purpose, our members are still at the very heart of everything we do. As a mutual, we are owned by and run for our 16.3 million members and they trust us to run their business responsibly, efficiently and ethically.

Nationwide's principle business activities are in providing mortgages, savings and retail banking services to our members.

We employ around 18,000 colleagues and have around 650 branches. Our headquarters are in Swindon and there are 20 other operational sites around the UK.

Nationwide works with approximately 1,300 third party suppliers, providing a range of goods and professional services. These goods and services are mainly provided from the UK, Europe and North America.

Nationwide has a number of subsidiaries providing services as part of its wider business. These include Derbyshire Home Loans Limited, E-Mex Home Funding Limited, Nationwide Syndications Limited, The Mortgage Works (UK) plc and UCB Home Loans Corporation Limited. A full list of Nationwide's subsidiaries can be found in our Annual Report and Accounts.

As a member of Nationwide's group, each subsidiary relies on its parent, Nationwide, for the infrastructure and resources it needs to carry on its business. This includes providing or acquiring all the goods and services, IT and other technology a subsidiary needs to run its business. It also includes providing staff. Nationwide does this for each member of the Nationwide group. No subsidiary sources goods and services for itself. Instead they rely on Nationwide; each subsidiary's supply chains are, effectively, Nationwide's supply chains.

Nationwide has an inherent duty to be responsible with our members' money, in the products and services we offer, in how we engage with our employees, in how we manage our wider social and environmental impact. PRIDE is a statement of the culture, values and principles we strive to live by. It's about how we treat our members and each other. We want people to experience being a part of the community at Nationwide, whether as a colleague, a member, a supplier, an investor, a regulator or a visitor to our Society.

Our PRIDE statements are:

- Putting our members and their money first
- Rising to the challenge
- Inspiring trust
- Doing the right thing in the right way
- Excelling at relationships

You can find out more about Nationwide, its subsidiaries and the structure of the Nationwide group in Nationwide's Annual Report and Accounts. These are available online at nationwideannualreport.co.uk/

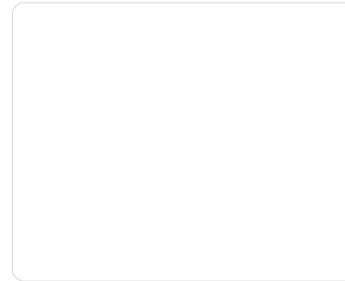
Our commitment

Nationwide is committed to tackling modern slavery throughout our business, our operations and supply chain.

Over the last year, we've continued to reinforce our purpose of building society, nationwide, by enhancing our governance and approach to responsible business. Our Responsible Business Committee focuses on the social and environmental impact we have, through the way we operate, the work and financial opportunities we offer, and the people and communities we touch.

We remain committed to supporting the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption and our newly formed alignment with the UN Global Compact and UN Sustainable Development Goals (SDGs), will help to make us an even stronger force for good.

Nationwide has also partnered with modern slavery charity, Unseen, on our anti-slavery programme. Unseen runs the UK modern slavery helpline, operates safe houses for victims and supports businesses to take action in relation to their business and supply chains. Together, Nationwide and Unseen will take action to mitigate modern slavery risk throughout Nationwide.



Click the logo to visit Unseen's website

Governance

We have a cross-functional Anti-Slavery Working Party which coordinates our approach to addressing modern slavery across the Society. This working party is chaired by our Supply Chain Responsible Business Team and has representation from Anti-Money Laundering (AML), Employee Relations, General Counsel Business & Employment, Retail Risk, Shared Services and Strategy. It meets approximately once a month and feeds into the Responsible Business Committee via our Director of Shared Services.

The Anti-Slavery Working Party is supported by our Sponsor, our Chief Operating Officer (COO) and Leader of our Resilience and Agility Community, who presents this annual statement to our Board for approval.

In order to measure our approach to managing and mitigating modern slavery risk, the Anti-Slavery Working Party carried out a peer review in the final quarter of the 2019/20 financial year. We looked at industry benchmarks, such as the Corporate Human Rights Benchmark and BankTrack's Human Rights Benchmark, as well as guidance from the UK Home Office, the UNEP FI Human Rights Guidance Tool for the Financial Sector and toolkits from the multi-stakeholder initiative StrongerTogether. This enabled us to identify and prioritise the next steps in our anti-slavery programme, some of which are detailed within the 'Our Ambitions' sub-sections of this statement.

We also established a Supply Chain Anti-Slavery Working Party in 2020 to build on our approach to addressing modern slavery in relation to our supply chain. More information can be found in the 'Our suppliers' section of this statement.

Responding to COVID-19

As a Society, we provide a critical service, in a critical industry. We're committed to supporting our members through this challenging period, while doing everything possible to safeguard colleagues.

We recognise that reduced cash flow can lead to an increasing vulnerability to exploitation, such as modern slavery. We have implemented a number of initiatives to support those financially impacted, which include:

- **Payment holidays** on mortgages (including landlord-owned properties), loans, credit cards and interest-free holiday period on overdrafts;
- **An automated payment holiday request process**, making it easier for our members to apply and to minimise service disruption;
- **Penalty-free early access to savings** from fixed term accounts;
- **Our commitment not to repossess homes until at least May 2020** as a result of coronavirus;
- **Encouraging landlords to pass on payment breaks to tenants** to make sure benefits are passed on in a way that's fair and helpful to both landlords and tenants;
- **Additional support for our charity partners**, by donating our TV advertising space to Shelter, paying our normal monthly charity donations as a single lump sum, and increasing our donations;
- **Restrictions removed from community grants** so recipients could make local decisions on where best to focus spending, accepting it may not be on the project originally specified; and
- **New online site to support members** looking to make travel insurance claims.

We maintained our emergency line to ensure members could continue to report lost or stolen cards, fraud or any other security issues at any time, and our Specialist Support team has dedicated services to help vulnerable members.

As a temporary measure to relieve pressure in our Micro, Small and Medium Enterprise (SME) supply base, we set an operational target to make payment to our SME suppliers within 10 working days, to support their cash flow. We spend approximately £171 million with around 700 SME suppliers each year and we're proud to have feedback from many for whom quicker payments has made a difference.

At Nationwide, we've committed to protecting jobs for all our permanent employees, with no compulsory redundancies, until the end of 2020. We've made sure that employees who, for coronavirus related reasons, can't attend the workplace and can't work from home, will continue to receive their normal salary and all those in the vulnerable and extremely vulnerable categories have been supported knowing that they will remain on full pay until at least 30th June 2020.

Ask HR has remained open throughout the outbreak and employees have been able to raise concerns or grievances through either ASK HR or the Speak Up helpline and/or App. We've also worked closely with the Nationwide Group Staff Union representatives to ensure any issues that need addressing can be identified and resolved.

Further information on our response to COVID-19 can be found on pages 37-38 of our [Annual Report and Accounts 2020](#).

Our members

Policies:

Financial Crime Policy

Modern slavery is a crime and any benefits people get from those actions are the proceeds of crime. Nationwide is committed to fighting any type of financial crime, including modern slavery. We have a Financial Crime Policy which sets out the overarching principles and requirements for creating a Society-wide anti-financial crime culture to detect, deter and, where possible, prevent financial crime. This is underpinned by series of Minimum Control Standards to manage our Anti-Money Laundering (AML) and Counter Terrorism Financing (CTF) risks.

This policy is reviewed and approved by the Money Laundering Reporting Officer on an annual basis and was last updated in January 2020.

Due diligence:

A combination of internal member risk assessment, targeted transaction monitoring and screening against external watch lists is used to identify members who present a higher risk of money laundering and terrorist financing, including modern slavery. Our AML team applies Enhanced Due Diligence measures to these members, including ongoing monitoring of the relationship. Relationships deemed outside Nationwide's risk appetite to maintain are exited subject to review and sign-off by senior management.

In 2019, we launched a new process to provide extra support to non-English speaking members. By establishing service alerts, our frontline colleagues have greater visibility of members who may require extra assistance and we can gain valuable insight into what transactions are being completed to help us to protect our members. Such insights can help us to understand where translation capabilities are required, for example, which may deter criminals posing as translators for victims opening accounts, as well as providing a smoother service for our members.

There is a clear escalation process for when suspicious activity is identified and reported. Guidance is provided to Nationwide colleagues to allow all employees to report their suspicions, and suspicions of modern slavery are treated as a priority.

Using our escalation processes, a branch which had identified suspicious ATM activity worked in collaboration with our AML Nominated Officer to use the activity trends to create ATM shutdowns and prevent further losses from the suspected financial crime. They engaged the regional police force and the activity was suspected to relate to modern slavery.

We're sharing our learnings from this case with other banking institutions to prevent this crime across the country. The branch team responsible for leading on this activity received our Members Money Award, demonstrating the importance of tackling modern slavery, protecting our members money and doing the right thing for our communities, nationwide.

Assessing and managing risk:

Risk assessments are completed across Nationwide's product range and channels of operation and consider the extent to which our members could use products to facilitate financial crime. In 2019, risk assessment activities incorporated consideration of modern slavery, particularly in regard to the assessment of higher risk countries and industries. These assessments drive the implementation and operation of effective controls to prevent and detect financial crime.

'Red flag' indicators are developed through a combination of in-house expertise and participation in external working groups. We are a founding member of, and active contributor to, the Joint Money Laundering Intelligence Taskforce, one of whose main priorities is 'understanding and disrupting the funding flows linked to organised crime, human trafficking and modern slavery'. We are a member of the Expert Working Group on Human Trafficking and Organised Immigration Crime and we participate in other JMLIT working groups. This engagement enables us to better understand the various activities and behaviours which might suggest that members are involved in modern slavery or human trafficking, either as a perpetrator or victim.

We're in the process of signing up to a pilot scheme, alongside a number of other financial institutions, to participate in the Traffik Analysis Hub hosted by Stop the Traffik. This will help us to further identify high risk areas to focus on, such as geographic locations of victims of trafficking through the use of intelligence, to assess and manage the risk of our members.

Performance indicators and training:

By sharing knowledge across law enforcement, financial institutions and other organisations through participation in working groups, we have contributed to numerous successes, including the arrest and conviction of criminal gangs and identifying and safeguarding people who have been victims of modern slavery.

Last year, we set out a plan to develop generic modern slavery awareness training for our member-facing teams and more tailored training for high priority member-facing colleagues. During 2019/20, we've prioritised member-facing teams for more detailed training workshops and we've started developing training content and materials. The delivery timeline has been disrupted by the COVID-19 pandemic, but we continue to work with all business areas to ensure that the training is provided as soon as operationally possible.

We also set out a target to utilise our internal communications platforms to raise awareness of modern slavery and red flags and highlight case studies, industry news and outcomes of investigations. We used our internal intranet to engage colleagues across the business and our newsletters to update colleagues in Financial Crime.

Our ambitions:

Nationwide has joined the Swindon and Wiltshire Anti-Slavery Partnership, run by Wiltshire Constabulary alongside numerous governmental bodies and charities in attendance. During the 2020/21 financial year, Nationwide will attend meetings, provide input and utilise information gained from this partnership to help protect our members and the community.

We also plan to continue rolling out modern slavery awareness training to member-facing teams and tailored training for our Specialist Support Teams as soon as operationally possible.

Our people

Policies:

Code of Conduct

Our colleague Code of Conduct Policy includes obligations on employees, temporary workers and contractors as regards Modern Slavery. This sets out our commitment to tackling modern slavery throughout our business and supply chains and the expectations of our colleagues not to take part in or facilitate modern slavery and to report suspicions through the relevant channels. We refer to this part of the Code of Conduct Policy as our Anti-Slavery Policy. It is supported by an Anti-Slavery Standard & Guidance document which provides further details on the standards of behaviour and gives guidance on the actions colleagues should take, or refrain from taking, to comply with the Anti-Slavery Policy

The Code of Conduct Policy is reviewed on a bi-annual basis and was last updated in January 2020. It's owned and approved by our Director of Employee Relations.

Due diligence:

All our employees and contractors are required to go through a vetting process during recruitment which includes making sure they have a right to work in the UK. All verbal and written offers of employment, plus confirmation of start dates, are subject to the candidate providing all required permissions, information and documentary evidence, and the successful completion of all pre-employment screening checks. All pre-employment screening will be conducted by Security Watchdog, our third party supplier. When working with employment agencies, we require complete background checks prior to hire, before personnel are provided access to our sites, systems or data.

There is an independent Trade Union for our colleagues called the Nationwide Group Staff Union. It helps us make sure we're providing additional ways for our colleagues to be heard and gives advice, support and protection if they need it. NGSU has representatives in each area of the business to be a liaison for employees to raise concerns.

Nationwide actively encourages employees to use their voice and provides them with ways to escalate concerns that go against our values, breach of policies or are criminal. If they feel that they'd like to raise a concern in complete confidence or anonymously, they can contact Nationwide's whistleblowing team or one of our external partners. We take these incidents seriously, investigate any concerns raised and where necessary take the appropriate disciplinary action.

Assessing and managing risk:

As a UK financial services organisation, we have a highly skilled workforce at low risk of modern slavery. We have identified teams to prioritise for tailored modern slavery training and will be working with our modern slavery partner, Unseen, to identify further teams for awareness raising activities.

Performance indicators:

We're proud to be a principal partner of the Living Wage Foundation and an accredited Living Wage Employer. The Living Wage is an average rate of pay which is calculated according to the basic cost of living in the UK and separate to the Government's national living wage. The Living Wage applies to all colleagues, contractors and suppliers who work on our sites. The current living wage set by the foundation is £10.75 in London and £9.30 for the rest of the UK, which is well above the Government's national living wage of £8.72. We also offer an employee pension scheme which is among the best in the market.

Training:

Title	Attendees	Date	Description
Anti-Money Laundering	96% of all employees	2019/20	All employees are required to complete mandatory financial crime training, which specifically highlights modern slavery risks.
Title	Attendees	Date	Description
Speak Up	83% of all employees	2019/20	All employees are required to complete mandatory whistleblowing training to understand the processes and reporting expectations.

Title	External Party	Attendees	Date	Description
Ethical Trade & Human Rights Webinar Series	Innovation Forum	Anti-Slavery Working Party	18-19/03/20	Members of our Anti-Slavery Working Party joined Innovation Forum’s Ethical Trade & Human Rights Webinar Series, as the planned two-day conference was postponed due to COVID-19. Speakers from businesses and NGOs shared best practices. Notes were circulated with the Anti-Slavery Working Party and key takeaways presented at the March 2020 meeting.

Our ambitions:
 During the 2020/21 financial year, we’ll identify relevant colleagues within our People & Culture Community for modern slavery training. We’ll also raise awareness of the issue of modern slavery and the steps we’re taking to address it through our internal communications channels, such as our intranet.

Our suppliers

Policies:

Third Party Code of Practice

We have a Third Party Code of Practice which outlines the minimum standards we expect our third party suppliers to uphold, including requirements related to modern slavery.

As of April 2020, the code included the following requirements:

- Third parties will prohibit the use of forced or involuntary labour, through slavery, servitude, forced or compulsory labour, human trafficking or other means. Employment is voluntary and employees retain the right and are able to leave employment when they want.
- Third parties will not use child labour. Employment of young workers shall adhere to local regulations.
- Third parties will ensure that working hours are in accordance with local regulation and industry practices, that employees are allowed at least one day off in each working week and all overtime is carried out on a voluntary basis.
- Third parties will comply with all applicable wage legislation and regulation relevant to the country in which they operate, including those relating to minimum wages, overtime hours and any other elements of compensation. Unauthorised deductions will not be taken from wages.
- Third parties will respect the legal rights of employees to join, or to refrain from joining, worker organisations and associations including trade unions.
- Third parties will not discriminate on grounds of race, religion or belief, age, sexual orientation, sex, gender reassignment, marital or civil partnership status, pregnancy and maternity or disability in its employment practices.
- Third parties will treat all employees with respect and shall not use any form of psychological or physical coercion or harassment.
- Third parties will provide clear disciplinary and grievance procedures that enable employees to raise concerns including bullying and harassment, mental, physical or verbal abuse.

During the 2019/20 financial year, we began updating our Third Party Code of Practice to include additional standards such as upholding the Employer Pays Principle, meaning no worker should pay for a job. The updated Code will be reviewed by our partner, Unseen.

The code is owned by our Supply Chain Responsible Business Team and is approved by our Director of Shared Services. It can be found within the policy section of our Supplier Portal: <https://www.nationwide.co.uk/suppliers/suppliers-home>

Due diligence:

We formed the Supply Chain Responsible Business Team in 2019 to drive progress on environmental, social and ethical topics in relation our supply chain, including modern slavery. We recruited a Responsible Business Consultant with experience in corporate modern slavery reporting who joined the team in 2020 and has since supported the direction and delivery of our programme to eradicate modern slavery throughout our supply chain.

In February 2020, we established a cross-functional Supply Chain Anti-Slavery Working Party to further build on our efforts to eradicate modern slavery throughout our supply chain. The party meets approximately once a month and is chaired by our Senior Supply Chain Responsible Business Manager.

The Working Party established a partnership with Unseen to build on our approach to supplier due diligence. We're collaborating with Unseen to refresh our third party supplier risk assessment and enhance our screening, monitoring and engagement activities. Unseen will also provide tailored training to colleagues with supply chain responsibilities.

We screen our third party suppliers through our Third Party Registration Form and Pre-Qualification Questionnaire (**PQQ**), which each request that suppliers confirm they can comply with our Third Party Code of Practice. In addition, we subscribe to the Financial Supplier Qualification System (**FSQS**), a tool by Hellios used to assess potential third party suppliers across a number of areas including compliance with the Act.

Our standard form supplier agreements include provisions relating to ethical trading and tackling modern slavery. The contractual terms that we seek to agree with our third party suppliers require that they comply with our Third Party Code of Practice, take steps to monitor their own operations and supplier networks for modern slavery, and to report as necessary. For large third party suppliers, this means meeting their own obligations under the Act. Our terms provide that Nationwide will work in support of a supplier in tackling instances of modern slavery that they may uncover, rather than simply ceasing to work with that supplier. We believe that this approach, where suppliers are encouraged to actively seek out and resolve any instance of modern slavery in their business or supply chain without the fear of losing Nationwide's business, is consistent with the approach that the Act promotes.

Assessing and managing risk:

We have refreshed our third party supplier risk assessment. We partnered with Unseen to systematically assess approximately 900 of our third party suppliers based on location, category, materiality and spend band. Unseen created a risk assessment matrix to apply to our third party suppliers, using country-level research by the Global Slavery Index, Verisk, Maplecroft, UN Human Rights Council and Trafficking in Persons Report 2019, as well as sector analysis by the UK Government, Organization for Security and Co-operation in Europe, KPMG and United Nations Office on Drugs and Crime. Additional risk factors, such as political instability and social or civil unrest, were also taken into consideration.

4% of the third party suppliers assessed have primary operations identified as high risk, which included China.

13.2% of the third party suppliers assessed are in categories were identified as high risk. These included construction, facilities, IT hardware and resourcing.

During 2020/21, we'll be investigating the findings of the risk assessment further and engaging with those suppliers identified as potentially higher risk to promote best practice in mitigating and managing modern slavery risk.

Performance indicators:

Last year, we set a target to provide further modern slavery training to Procurement and Supply Chain Management colleagues. To achieve this, we co-hosted Business in the Community's (**BITC**) first ever procurement event with workshops on tackling modern slavery through sourcing and supply chain management, and attended StrongerTogether's Tackling Modern Slavery through Purchasing Practices workshop.

During the financial year we also began planning training for a wider group of colleagues with supply chain responsibilities, partnering with Unseen to develop tailored content. Whilst initial dates for these training workshops have been postponed with the disruption resulting from the COVID-19 pandemic, we still intend to deliver some training within the 2020/21 financial year.

We request all of our third party suppliers comply with our Third Party Code of Practice via our Third Party Registration Form, and where contracts are agreed via our PQQ. In January 2020, a centralised function was created to enhance management and control of the screening process for supplier due diligence at supplier onboarding and required intervals, such as contract renewals. By the end of March 2020, 99%, or 70 of 71, of our third party suppliers onboarded or renewed agreed to comply with our Third Party Code of Practice via our PQQ through this enhanced process. We're reviewing the policies of the remaining third party supplier to ensure they meet our standards.

Approximately 34% of our third party suppliers participate in the FSQS, by Hellios, completing a questionnaire including questions related to modern slavery. Of these, 79.5% state they publish a statement on their website concerning their approach to modern slavery and 18.6% are not obligated to publish a statement under the Act. Nationwide is engaging with the remaining 1.9% of (or 7) third party suppliers to understand their obligations under the Act. One supplier has since shared its statement and the link from its website, another has shared its parent company's statement and two have confirmed they are not obligated under the Act. Conversations are ongoing with the remaining three third party suppliers.

Training:

Title	External Party	Attendees	Date	Description
Sourcing to meet the global goals	Business in the Community (BITC)	4 colleagues including the Director of Shared Services, our Supply Chain Responsible Business Team and Supplier Relationship Manager	25/02/20	We co-hosted BITC's first ever procurement event which included workshops on addressing modern slavery facilitated by representatives from StrongerTogether and the Ethical Trading Initiative. Our Director of Shared Services opened the event by sharing our journey with representatives from 60 companies attending.

Title	External Party	Attendees	Date	Description
Tackling Modern Slavery through Purchasing Practices	Stronger Together	Supply Chain Responsible Business Consultant	14/01/20	Our Supply Chain Responsible Business Consultant attended this one-day workshop by MSI StrongerTogether which presented best practice in addressing modern slavery in procurement and supply. Learnings have been built into our anti-slavery programme.

Our ambitions:
 Our priorities for the 2020/21 financial year are to engage with high risk suppliers on their approach to addressing modern slavery, and to provide training to further colleagues with supply chain-related roles and responsibilities in partnership with Unseen.

Statement review

This statement has been approved by the Board of Nationwide on behalf of Nationwide and each of its subsidiaries, and is signed by:



Chief Executive Officer



Chairman

