

AGM Script 2021

[David at Podium, all others seated]

Good morning and welcome to Nationwide's 2021 Annual General Meeting. My name is David Roberts and I am Chair of the Society, and of today's meeting.

Jason Wright, Society Secretary, has confirmed that the meeting is quorate, so I now declare the meeting open.

Let me start by saying how disappointed I am that we can't meet in person for the second year. Hearing our members' views and answering your questions about how we run our Society are important for the accountability and transparency of the Board. However, as I'm sure you'll appreciate a considerable amount of advance organisation goes into planning an AGM and given the uncertainty back in April - when we had to make a final decision about how to hold this meeting - we didn't know what and if any restrictions would be in place. Therefore, we decided it would be sensible to hold a closed meeting for a second year to protect the health of both our members and our colleagues. I'd like to take this opportunity to welcome members to this livestream event today.

This livestream event with the minimum number of colleague members present in person meets all our statutory obligations whilst minimising risk. We've also reduced the number of directors attending to the absolute minimum. With me here today - at an appropriate distance of course- are Joe Garner, your chief executive; Chris Rhodes, your chief financial officer, Mai Fyfield, non-executive director and Chair of our remuneration committee; Debbie Klein, non-executive director and Jason Wright, Society secretary. Details of our other directors were circulated in your voting papers and are also in our Annual Report and Accounts.

We do have a new and improved online format allowing members to put questions to the Board remotely.

All members have been invited to join the livestream, which will be recorded and available to view after today's event. The vast majority of our employees are also members of the Society, so we have been able to form a quorum by inviting employee-members who work in this building to join the meeting.

We've worked hard to engage with members in other ways despite the restrictions imposed by the pandemic. We held a pre-AGM Member Talkback last week, and in the last year we engaged directly with over 6,000 members, a record. We ran 24 virtual events, including Talkbacks and webinars on subjects such as fraud and investments. We are shortly going to launch a Member Engagement Events hub to give as many members as possible the chance to engage with us.

Before we move on to the formal business of the meeting, I'd like to give you a brief overview of the year, as your Chair. Then Joe, your Chief Executive, will provide a performance update.

The entire panel will take questions live after I have outlined the formal resolutions. As we invited members to submit questions in advance, we know that savings rates, diversity and remuneration are key topics of interest for members. Joe and I will touch on each of these in our presentations.

Let me start with a few brief words about last year.

It was an extraordinarily challenging year. In my four decades in financial services, I cannot recall a year of greater uncertainty or faster change. It was also a year which showed the resilience of the building society mutual model.

Like every individual and organisation, we faced new challenges and I would like to explain how we approached this crisis. One of the perennial challenges for a Board is how to balance a number of competing priorities, and last year this was a more urgent and important task than ever.

Financial services are the lifeblood of an economy and Nationwide is a major financial institution. It was our job to deliver essential financial services on the one hand, and to protect the health and wellbeing of our Society, our colleagues and our members on the other.

We came into the crisis in a strong position. After years of steady and prudent growth, we had 16 million members, a low risk business model and a record of commercial success. That meant we entered the pandemic in a strong financial position. However, the severity of the crisis meant we needed to take action to strengthen our finances and keep our members' money safe.

When the Bank of England cut base rates to a 300-year low, it was sadly inevitable that we had to reduce our rates, and I know how disappointing this was for our savings members. However, I can assure you that it was the right decision for the Society. As you know, our principle is to pay as much as we can afford rather than as little as we can get away with, so as quickly as we were able, we began returning extra value to members.

This decision also meant we could stand by our members, whatever their needs. We offered comprehensive financial support for those facing sudden hardship. Our ethic of care was evident in the personal support many colleagues offered to elderly or vulnerable members who were shielding.

We continued to serve members' mortgages, savings and current account needs and kept the vast majority of our branches open. And whilst it is frustrating that savings rates in the market are at a record low, it is important to remember that mortgage holders have record low rates too. We protected the health and wellbeing of our members and colleagues, adapting quickly to social distancing measures, and swiftly moving new services online.

As well as dealing with all the operational challenges of the last year, it is clear that many of the rapid changes ushered in by the pandemic are here to stay. As a result, we took the opportunity to review and evolve the Society's strategy after successive years of strong growth. This evolved strategy means that for the immediate future, we will continue to focus on building deeper relationships with existing members and demonstrate the value of our mutuality.

Among our values is a commitment to being an inclusive organisation, which reflects the diversity of the wider communities we serve. This is important both in the boardroom and throughout our Society. We are making good progress and meet the Hampton-Alexander and Parker review recommended targets for boardroom diversity. However, there is more to do and the Board is also actively monitoring progress on improving diversity across the Society towards our 2028 goals. Joe will give more detail on this shortly.

The Covid crisis has dominated the past year, but another crisis is looming on the horizon: the global climate. We are taking steps to reduce our impact on the planet, and to encourage our members and suppliers to do likewise, as you will hear from Joe.

Before I hand over to Joe, it would be remiss of me not to mention the high-quality and experienced Board and executive team who have guided the Society through this period. Our leadership team showed exceptional commitment to our members, our Society and our values throughout the period, including a dramatic reduction in pay through both of the last two years. This was the right thing to do in light of the hardships faced by many. I would also like to thank both our Chief Executive and Non-Executive Directors for volunteering to forgo and donate such a significant proportion of their pay and fees. However, as we return towards a more normal future, it is important that we also put our pay on a normal footing, so that we can continue to appropriately retain, reward and attract good quality executives.

I am also grateful to my Board colleagues for their hard work and support this year. We are very sorry to say goodbye today to Rita Clifton, who retires at the end of today's meeting. Rita has been unwavering in her support for our Society and our members over her nine years on the Board.

[Joe move to podium]

Finally, I would like to thank our members and colleagues for their fortitude and flexibility you've shown as we've navigated this unpredictable year together. We have learnt a lot together, and our Society remains very strongly positioned for the future.

Now let me hand over to Joe for his performance review.

[Joe at podium]

[David takes his seat]

[CEO PRESENTATION]

[David at podium]

[Joe takes his seat]

Thank you, Joe. Now I'd like to move to the formal business of the meeting.

We have three ordinary resolutions, and the election and re-election of 11 Directors to consider, as set out in the Notice of Meeting.

The Notice is on a separate leaflet from your Voting Form and was included in your voting pack. The Voting Form sets out the Board's voting recommendations, and I will highlight these in relation to each matter to be considered at today's meeting. Your votes today will also help Shelter, the homelessness charity. We've supported Shelter for 20 years, and raised £6.7 million to fund their frontline services. For every vote cast as a part of this year's AGM we will donate 10 pence. As a result, we are delighted to donate £50,000 to Shelter.

With your agreement, I propose to take the Notice of the Meeting as read.

[PAUSE]

[If anyone objects to this, the Notice of Meeting must be read out in full.]

After I've formally proposed each of the resolutions and the election and re-election of Directors, I will invite all your questions together. This will help the meeting to run more smoothly and will allow more opportunity for open dialogue on any of the agenda items.

Voting will take place after the question and answer session and then I will call for a poll on each resolution and on the election and re-election of Directors.

This will enable the votes of all voting members, including those voting by proxy, to be included in the count by our independent scrutineers, Civica Election Services.

The formal declaration of the results verified by our scrutineers will be published as soon as they are available after the meeting on our website.

[ANNUAL REPORT AND ACCOUNTS]

On behalf of the Board, I propose the first resolution:

“TO RECEIVE THE DIRECTORS’ REPORT, THE ANNUAL ACCOUNTS, THE ANNUAL BUSINESS STATEMENT AND THE AUDITORS’ REPORT FOR THE FINANCIAL YEAR ENDED 4 APRIL 2021.”

The resolution is an ordinary resolution requiring a simple majority. Your Board recommends that you vote “For” this resolution.

[DIRECTORS’ REMUNERATION REPORT]

The second resolution is to approve the Report of the Directors on Remuneration.

On behalf of the Board, I now propose the second resolution:

“TO APPROVE THE DIRECTORS’ REMUNERATION REPORT FOR THE FINANCIAL YEAR ENDED 4 APRIL 2021.”

The resolution is an ordinary resolution requiring a simple majority. Your Board recommends that you vote “For” this resolution.

[RE-APPOINTMENT OF AUDITORS]

The third resolution is to re-appoint the auditors.

On behalf of the Board, I now propose the following resolution:

“TO APPROVE THE RE-APPOINTMENT OF ERNST & YOUNG LLP AS AUDITORS UNTIL THE END OF THE NEXT AGM.”

The resolution is an ordinary resolution requiring a simple majority. Your Board recommends that you vote “For” this resolution.

[ELECTION AND RE-ELECTION OF DIRECTORS]

We now come to the election and re-election of directors.

Our directors bring an enviable mix of skills and experience to the Society, and we actively work to create a Board that is diverse in the broadest sense – in experience, age, gender, ethnicity and background. This diversity makes for better governance; people with different backgrounds and experiences bring new perspectives to our discussions, and improve our ability to challenge and support the Society. Having a mix of established and newer directors also provides the right combination of continuity and challenge to the Society.

I have a number of Board changes to report.

Rita Clifton will retire from the Board at the AGM today after nine years of service. Rita has been an outstanding Director of the Society, and I would like to thank Rita for her commitment and wise counsel over many years.

We have welcomed two new directors who bring new expertise to the Board on two of the most critical issues for the future: the digital world and sustainability issues.

Tamara Rajah joined the Board in September 2020. We are pleased that she has agreed to succeed Mai Fyfield as the designated non-executive director for the employee voice in the boardroom from July 2021.

I would also like to welcome Debbie Klein, an experienced people leader, marketing and communications expert, as a non-executive director from March 2021. Debbie has agreed to join the Remuneration Committee from July 2021.

We are also delighted that Phil Rivett, a non-executive director since 2019, has succeeded Kevin Parry as Chair of the Audit Committee with effect from today.

Details on each Director standing for election and re-election can be found on the AGM Voting Form.

I can confirm that, following a formal performance evaluation, each of the Directors seeking election or re-election continues to be effective, and demonstrates a strong commitment to the role.

As I am one of the Directors seeking re-election this year, I will ask Mai Fyfield, Chair of our remuneration committee, to propose the resolution in relation to my candidacy.

On behalf of the Board, I now propose the following as a separate resolution in respect of each candidate as set out in the Notice of Meeting:

“TO ELECT OR RE-ELECT EACH OF THOSE DIRECTORS OFFERING THEMSELVES FOR ELECTION OR RE-ELECTION” AS FOLLOWS:

TO ELECT DEBBIE KLEIN AND TAMARA RAJAH AS A DIRECTOR AND

TO RE-ELECT MAI FYFIELD, JOE GARNER, ALBERT HITCHCOCK, KEVIN PARRY, CHRIS RHODES, PHIL RIVETT, TIM TOOKEY AND GUNN WAERSTED AS DIRECTORS

Your Board recommends that you vote “For” the election or re-election of each of the Directors.

I will now hand over to Mai

[Mai]

[Mai is seated]

[David takes to his seat]

I confirm that, following an assessment of the Chair’s performance during the year, your Board believes that he continues to perform very effectively as a Director and Chair of the Society.

On behalf of the Board, I propose the following resolution in respect of which your Board recommends you vote “For”:

“TO RE-ELECT DAVID ROBERTS AS A DIRECTOR”

[Hand back to Chair who continues the proceedings]

[David seated]

Thank you, Mai

[QUESTIONS]

At this point, and before the votes, I would like to invite your questions on any of the resolutions which have just been proposed, and also on the election and re-election of Directors.

We have already posted answers to some of our frequently asked questions on our website covering a range of subjects that members have sent in advance or asked at our Member Talkback last week.

If you would like to ask a question, please use the question box below this broadcast to send it through to us here on the panel. When you ask your question, please could you let us know your name, and be as concise as possible, so that as many members as possible can take part. Please could I also ask you to keep your remarks to matters relating to the Society rather than your own individual circumstances.

If we get lots of questions on the same subject, we’ll do our best to combine them into one response to allow us more time to answer other questions.

I will receive questions through to this device, and I will read them aloud so everybody can hear what has been asked.

Now, may I have the first question?

[At the point the last question is asked, David to return to podium]

[FORMAL VOTING]

I NOW DECLARE THAT THE VOTING ON EACH OF THE RESOLUTIONS IN THE NOTICE OF MEETING AND FOR THE ELECTION AND RE-ELECTION OF DIRECTORS WILL BE TAKEN ON A POLL.

Those employee members who are with us today, who have not already voted and are eligible to vote and wish to do so in person, will have been given a voting paper on entering the meeting. The voting paper lists the resolutions and the candidates for election and re-election as Directors.

Please put an 'X' in the appropriate box alongside each resolution and please ensure that you sign your Voting Form.

In the interests of transparency, showing on the screen are the number of proxy votes that I have been asked to cast by members not here today.

The slide shows the number of proxy votes I've been asked to cast 'FOR' and 'AGAINST' each resolution. For those members who gave me discretion to vote as I see fit, I have used that discretion to support the Board's recommendations and voted 'FOR' each resolution. The number of members who have withheld their vote is also disclosed.

Last year our members voted to approve all resolutions by over 90% of votes cast and from the provisional results we expect this year's results to be endorsed.

That concludes the formal business of the meeting.

For those employee-members who are with us today in person, please place your voting papers in the ballot box by the scrutineers table.

The results of the polls on the resolutions and on the election and re-election of Directors will be published as soon as possible on our website once they are available.

Thank you to everyone who has joined us today online. Thank you once more to my colleagues for their extraordinary efforts in the last few months to serve our members in challenging circumstances, and a huge thank you to all our members for the support you've shown the Society over the last year, and for your understanding in dealing with our AGM in unfamiliar circumstances.

We hope to meet you in person next year if circumstances permit, and we hope to confirm the location of our next AGM on our website in due course.

As there is no other business, I declare the meeting closed. Thank you

[CLOSE OF MEETING, FILMING ENDS]

For those of you here, please can I ask you to remain in your seats until a member of the team informs you to exit.