

Principles for Responsible Banking

Reporting and Self-Assessment June 2022

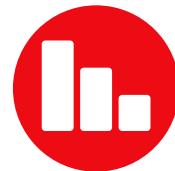


Introduction

Nationwide Building Society became a signatory of the United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Responsible Banking (“the Principles”) in April 2021. We are one of over 270 financial services organisations across the world that are currently signed up to the Principles. This is our first report on our progress towards implementing the Principles, using the reporting and self-assessment template provided by the UNEP FI.

Key features of the Principles				
				
Comprehensive framework addressing the strategic, portfolio and transaction level processes across all of the Society's business areas	Alignment with the UN Sustainable Development Goals and the Paris Climate Agreement	Target-setting in the areas of most significant positive and negative impact	Transparency and accountability through public reporting and review	Guidance, expert advice and peer learning to support implementation

The six Principles for Responsible Banking



Principle 1: Alignment

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.



Principle 2: Impact and target setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.



Principle 3: Clients and customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.



Principle 4: Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.



Principle 5: Governance and culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.



Principle 6: Transparency and accountability

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

Principle 1: Alignment



We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

Reporting and Self-Assessment Requirements	High-level summary of our response	Link(s) to our full response/relevant information
<p>1.1. Describe (high-level) your organisation's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your organisation has operations or provides products and services.</p>	<p>We are a UK-based mutual organisation, owned by and run for our members, who bank, save or have a mortgage with us. We were founded in 1884 to help people save and buy homes of their own and we continue to be driven by this same social purpose today, which we express as <i>building society, nationwide</i>. We are committed to doing business in a responsible and sustainable way – providing mutual benefit with mutual support for the mutual good of all.</p> <p>We are the world's largest building society with over 16 million members. We are the UK's second largest mortgage provider and look after almost £1 in every £10 saved in the UK. We are also a major provider of current accounts; holding one in ten UK current accounts. And we support landlords and those who rely on the private rented sector for their long-term housing needs through our buy to let mortgage business, The Mortgage Works. This also diversifies our income, and helps us give value back to our members, through better mortgage and savings rates and service. In addition, we offer a comprehensive range of wider retail financial services and products, such as credit cards, personal loans, insurance and investments.</p> <p>Being owned by our members, we can think about profits differently from our banking peers as we do not need to pursue profits to pay shareholders dividends. Instead, we balance our need to retain sufficient profit to maintain our financial strength and remain a safe and secure place for our members' money, with providing better value and service to our members. We invest so that our service and propositions continue to meet the needs and expectations of our existing and future members. We also support good causes, giving at least 1% of our pre-tax profits each year to charitable activities, as voted for by our members in 2007, creating a positive impact in our communities. We measure our success on the things that matter most to our members: service, long-term value and financial strength.</p>	<p>Annual report and accounts: Our mutual difference is our business model, pages 4-5</p> <p>Website: <u>How we're building a better society</u></p>

Principle 1: Alignment



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Reporting and Self-Assessment Requirements	High-level summary of our response	Link(s) to our full response/relevant information
<p>1.2. Describe how your organisation has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</p>	<p>Being a responsible business is part of Nationwide's mutual heritage, and we have been committed to doing business in a way that positively impacts our members, employees and communities for over 135 years. Our business model means that our strategy does not involve directly lending to, or investing in, businesses that have a negative impact on the environment, such as those in the fossil fuels industry.</p> <p>As signatories of the UNEP FI Principles for Responsible Banking, we are committed to strategic alignment with the 2015 Paris Agreement and to the United Nation's Sustainable Development Goals (SDGs). Our Chief Strategy and Sustainability Officer, who reports into the Nationwide Leadership Team, has assumed responsibility for ensuring sustainability is embedded within our strategy. Our purpose, <i>building society, nationwide</i>, and ambition to build a stronger, kinder, greener society, naturally supports these goals and drives our strategic decision-making. Our five Mutual Good Commitments support our ambitions and are focused in areas where we believe we can make the most positive difference to our members, communities and wider society. They are centred around:</p> <ul style="list-style-type: none"> • Helping to achieve safe and secure homes for all   • Leading the greening of UK homes    • Supporting our members' financial wellbeing   • Championing thriving communities  • Internally reflecting the diversity of the society that we represent    <p>Nationwide is committed to working towards a net-zero future by 2050 at the latest, having joined the Net-Zero Banking Alliance and Glasgow Financial Alliance for Net Zero.</p>	<p>Climate-related financial disclosures: Strategy, pages 5-15</p> <p>Annual report and accounts: Our Mutual Good Commitments, pages 36-38</p> <p>Website: Our approach to responsible business</p>

Key



SDG1 - No poverty



SDG5 - Gender equality



SDG10 - Reduced inequalities



SDG11 - Sustainable cities and communities



SDG12 - Responsible consumption and production



SDG13 - Climate action

Principle 2: Impact and target setting



We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

Reporting and Self-Assessment Requirements	High-level summary of our response	Link(s) to our full response/relevant information
<p>2.1. Impact Analysis:</p> <p>Show that your organisation has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements:</p> <ul style="list-style-type: none"> a) Scope: The organisation's core business areas, products/services across the main geographies that the organisation operates in have been as described under 1.1. have been considered in the scope of the analysis. b) Scale of Exposure: In identifying its areas of most significant impact the organisation has considered where its core business/its major activities lie in terms of industries, technologies and geographies. c) Context & Relevance: Your organisation has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates. d) Scale and intensity/salience of impact: In identifying its areas of most significant impact, the organisation has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the organisation's activities and provision of products and services. (Your organisation should have engaged with relevant stakeholders to help inform your analysis under elements c) and d)) <p>Show that building on this analysis, the organisation has:</p> <ul style="list-style-type: none"> • Identified and disclosed its areas of most significant (potential) positive and negative impact • Identified strategic business opportunities in relation to the increase of positive impacts/reduction of negative impacts. 	<p>We are a UK building society focused on providing retail financial services to our 16 million members. We have the third largest financial services branch network in the UK, and we also support the private rented sector through our buy to let mortgage business, The Mortgage Works.</p> <p>We continue to advance our understanding of the areas where we can have the most significant potential impact, based on our scope and expertise, as well as our measurement capabilities. Our members are our primary stakeholders, so we engage with them regularly to understand their views, as well as those of our other important stakeholder groups (including buy to let customers and other landlords, colleagues, communities, investors, suppliers, regulators and policy makers), which helps to guide our decision-making and strategy. In forming our five Mutual Good Commitments, that are aligned to our purpose of building society, nationwide and support our strategy, we engaged with a range of stakeholders to understand the material environmental, social and governance (ESG) issues that mattered most to them. Our Mutual Good Commitments help to address the key environmental and societal issues in which we believe we can have the most positive impact and influence, and the targets that underpin these support the UN Sustainable Development Goals. We have since surveyed our stakeholders to gain some insight into whether our Mutual Good Commitments remain relevant to them; we established that they do, but we need to do more to publicise our progress.</p> <p>For example, one of our Mutual Good Commitments is an ambition to lead the greening of UK homes. We are already carbon neutral for all energy use and emissions for our internal operations and we are committed to working towards a net-zero future. With housing accounting for 16% of the UK's total carbon emissions¹, we believe that as the UK's second largest mortgage provider, one of the biggest impacts we can have is reducing the impact on the environment of the homes in our mortgage portfolio. We have published our scope 3 emissions for mortgages; more on how we are doing this can be found in our climate-related financial disclosures. Our participation in scenario analysis, including the PRA's Climate Biennial Exploratory Scenario (CBES) exercise, has also helped us better understand the potential exposures to the financial risks arising from climate change and the results are being used to inform strategic decision-making.</p> <p>In addition, we seek to support the UK in its recovery from the Covid-19 pandemic. Following the publication of our Future of Home report, we have formed four cross-industry action groups to create solutions to housing challenges exacerbated as a result of the pandemic, related to affordability, accessibility and sustainability, where we hope we can drive real, meaningful change.</p>	<p>Climate-related financial disclosures: Strategy, pages 5-15</p> <p>Future of Home: Key insights, pages 6-15</p> <p>Website: Reducing environmental harm</p>

¹ Source: Department for Business, Energy & Industrial Strategy, 2020 UK Greenhouse Gas Emissions, Final Figures (February 2022).

Principle 2: Impact and target setting



We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

Our organisation's conclusion/statement is it has fulfilled the requirements regarding Impact Analysis

We have made good progress in understanding and identifying the different areas where we believe we can make the most significant, positive impacts. We have developed a set of ambitious targets to support this and are committed to delivering against these. We will continue to assess the areas where we can make the most difference, and progress our strategy accordingly.

Principle 2: Impact and target setting



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Reporting and Self-Assessment Requirements	High-level summary of our response	Link(s) to our full response/relevant information
<p>2.2. Target Setting:</p> <p>Show that the organisation has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which address at least two of the identified “areas of most significant impact”, resulting from the organisation’s activities and provision of products and services.</p> <p>Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The organisation should have identified a baseline (assessed against a particular year) and have set targets against this baseline.</p> <p>Show that the organisation has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society’s goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.</p>	<p>We have framed our targets around five Mutual Good Commitments that we launched in November 2020. We track our performance towards these targets and publicly report on this in our Annual Report and Accounts. Twice a year, the Board formally reviews the progress being made. They most closely align to the UN Sustainable Development Goals: SDG 1 (no poverty), SDG 5 (gender equality), SDG 10 (reduced inequalities), SDG 11 (sustainable cities and communities), SDG 12 (responsible consumption and production) and SDG 13 (climate action), as shown below:</p> <ul style="list-style-type: none"> • Helping to achieve safe and secure homes for all (SDG 1, 10) – by 2025, we will... <ul style="list-style-type: none"> - Help 250,000 members to buy their first home - Help 25,000 members use the money built up in their home to live a better retirement - Equip 50,000 landlords with tools to improve tenants’ lives • Leading the greening of UK homes (SDG 11, 12, 13) – by 2030... <ul style="list-style-type: none"> - At least 50% of homes in our mortgage book will be rated EPC C or above - Our business operations, suppliers and commuting will be carbon neutral • Supporting our members’ financial wellbeing (SDG 1, 10) – by 2025, we will... <ul style="list-style-type: none"> - Support 200,000 financially squeezed and struggling members to become regular savers • Championing thriving communities (SDG 11)... <ul style="list-style-type: none"> - Every town and city that has a branch today will still have one until at least January 2023 - We will give at least 1% of our pre-tax profits to charitable activities every year • Internally reflecting the diversity of our society (SDG 5, 10) – by 2028... <ul style="list-style-type: none"> - Our people at every level within the organisation will reflect the society that we represent: We have set our measures around gender, ethnicity, disability and sexual orientation. <p>In 2021, Nationwide joined the Net-Zero Banking Alliance, aspiring to achieve net-zero carbon emissions by 2050 at the latest, and we are developing a set of intermediate science-based targets for our scope 1, 2 and 3 emissions, that will be aligned to a net-zero pathway and based on the methodologies of the Science-based Target Initiative (SBTi).</p>	<p>Climate-related financial disclosures: Metrics and targets, pages 25-35</p> <p>Annual report and accounts: Our Mutual Good Commitments, pages 36-38</p> <p>Website: Our approach to responsible business</p> <p>Website: Reducing environmental harm</p> <p>Website: Reducing waste and resource consumption</p>

Principle 2: Impact and target setting



We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

Reporting and Self-Assessment Requirements	High-level summary of our response	Link(s) to our full response/relevant information
2.2. Target Setting (continued)	<p>We remain conscious of the potential negative impacts of our set targets. As we work towards our ambition to lead the greening of UK homes, we will seek to ensure a just transition by making sure the most vulnerable in society are not left behind as we move to a net-zero future. Through our cross-industry Green Homes action group and Rental action group, we are working on solutions that enable a just transition and support consumers with the costs and processes associated with improving the energy efficiency of their homes. We do not plan to lend exclusively on the most energy efficient properties; our target for 50% of homes being rated EPC C or above by 2030 reflects that, for some, it will not be feasible to improve the energy efficiency of their home within these timescales. We also recognise that not everyone can afford to own a home of their own, but we believe that everyone deserves to have a place to call home, which is why we have included a target to equip 50,000 landlords with tools to improve their tenants' lives.</p> <p>In addition, we measure water and waste consumption across our sites. We continue to divert 100% of our waste from landfill and we have seen a reduction in waste and water consumption this year in comparison to the previous year. More information can be found on page 33 of our climate-related financial disclosures.</p>	

Our organisation's conclusion/statement is it has fulfilled the requirements regarding Target Setting

We have set out clear and transparent SMART targets that underpin our Mutual Good Commitments. We continue to launch initiatives and work collaboratively across industry and with the Government in order to make progress towards achieving these targets and we will continue to report on our progress through our Annual Report and Accounts. More information can be found on pages 36-38 of our Annual Report and Accounts. We are also developing a set of intermediate science-based targets, in line with our net-zero ambition, and a transition plan on how we plan to achieve these. We will update on our future progress as part of our climate-related financial disclosures.

Principle 2: Impact and target setting



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Reporting and Self-Assessment Requirements	High-level summary of our response	Link(s) to our full response/relevant information
<p>2.3. Plans for Target Implementation and Monitoring</p> <p>Show that your organisation has defined actions and milestones to meet the set targets.</p> <p>Show that your organisation has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.</p>	<p>Our Mutual Good Commitments are underpinned by longer-term targets, but where applicable, we also set and report on our progress against in-year targets to ensure we remain on track. We continue to progress initiatives to support us in achieving our targets, and we will continue to report externally on our progress on an annual basis. Our performance towards our targets is monitored by the Responsible Business Committee, which is chaired by the Chief Strategy and Sustainability Officer, and is overseen by the Nationwide Leadership Team and the Board.</p> <p>As we develop our science-based targets, we will also develop our net-zero transition plan to set out how we plan to meet our targets.</p>	<p>Climate-related financial disclosures: Metrics and targets, pages 25-35</p> <p>Annual report and accounts: Our Mutual Good Commitments, pages 36-38</p> <p>Website: Our approach to responsible business</p> <p>Website: Reducing environmental harm</p>

Our organisation's conclusion/statement is it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring

We are committed to being transparent on our progress towards achieving our Mutual Good Commitments, which can be found on pages 36-38 of our Annual Report and Accounts, and we commit to updating on our progress at least annually. We are developing science-based targets along with a net-zero transition plan to set out how we plan to meet these targets and remain aligned to a net-zero pathway. Once our net-zero transition plan is published, we will also report on our progress on an annual basis.

Principle 2: Impact and target setting



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Reporting and Self-Assessment Requirements	High-level summary of our response	Link(s) to our full response/relevant information
<p>2.4. Progress on Implementing Targets</p> <p>For each target separately:</p> <p>Show that your organisation has implemented the actions it had previously defined to meet the set target. <i>Or explain why actions could not be implemented / needed to be changed and how your organisation is adapting its plan to meet its set target.</i></p> <p><i>Report on your organisation's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible and appropriate, organisations should include quantitative disclosures)</i></p>	<p>We have continued to make progress and enhance our reporting on our ESG activities over the year. In 2021, we published our inaugural climate-related financial disclosures, aligned to the recommendations of the Financial Stability Board's Taskforce on Climate-related Financial Disclosures (TCFD), ran our first ESG webinar for investors (September 2021) and launched our Responsible Business pages on our website that describe our approach and activity on ESG topics.</p> <p>Having set our Mutual Good Commitments in November 2020, we began to report on our progress in our 2021/22 Annual Report and Accounts. Initiatives launched in support of our Commitments include, but are not limited to, the following:</p> <ul style="list-style-type: none"> • Launch of a range of mortgage propositions that support first time buyers, by helping to address the challenges of raising a deposit and affordability, namely our Helping Hand mortgage and reintroduction of 95% LTV lending without government support; • Launch of The Landlord Works, our new digital one-stop shop for landlords, helping to support a private rented market that works for the mutual good of both landlords and tenants; • Offering a range of green propositions, supported by our £1 billion green fund, that aim to help members improve the energy efficiency of their homes, including cheaper borrowing when making green home improvements and cashback rewards for members who purchase greener homes; • Launch of our solar panel pilot, that aims to help homeowners move more easily to solar energy; • Signed up to the Net-Zero Banking Alliance and became a member of the Glasgow Financial Alliance for Net Zero, and are developing intermediate science-based targets; • In line with our Branch Promise, diversified the role of our branches to create a flexible workforce that can serve more of our members across multiple channels. 	<p>Climate-related financial disclosures: Metrics and targets, pages 25-35</p> <p>Annual report and accounts: Our Mutual Good Commitments, pages 36-38</p> <p>Website: Reducing environmental harm</p> <p>Website: Inclusion and diversity measures</p> <p>Website: Helping to achieve safe and secure homes for all</p>

Our organisation's conclusion/statement is it has fulfilled the requirements regarding Implementing Targets

We report on our progress towards achieving our Mutual Good Commitments on pages 36-38 of our Annual Report and Accounts, and will continue to publish our progress on an annual basis. We will also continue to develop our approach to tracking our progress, enhancing our measurement capabilities, and enabling us to set future targets.

Principle 3: Clients and customers



We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

Reporting and Self-Assessment Requirements	High-level summary of our response	Link(s) to our full response/relevant information
<p>3.1. Provide an overview of the policies and practices your organisation has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.</p>	<p>We are owned by and run for the benefit of our members and so we act in their interests, always. Our purpose, <i>building society, nationwide</i> and our core mutual values, centred around the acronym PRIDE, directly support our focus on members.</p> <p></p> <p>Putting our members and their money first Rising to the challenge Inspiring trust Doing the right thing in the right way Empowering each other</p> <p>With the very core of our purpose centred around member needs, building responsible relationships and engaging regularly with members are inherent to the way we go about our business.</p> <p>Our Code of Conduct Policy sets out some of the standards of conduct and behaviour we expect from our employees, consistent with our PRIDE values, to ensure we act with honesty and integrity and do the right thing for our members. We encourage our colleagues to speak up if they witness or experience actual or potential actions or behaviours that do not match our values, and have a well-established whistleblowing policy if they wish to remain anonymous.</p> <p>More broadly, we have a robust suite of policies and practices that guide our strategy and promote responsible relationships, supporting our members' financial wellbeing and protecting them from crime. This includes policies and procedures around economic crime, fraud, cyber security and data security. We ensure member need and vulnerability is the lens we use at every stage of the member journey, whether through responsible design and marketing of our products and services, the quality of our service, or our complaint resolution standards and measures. We have standalone policies for responsible marketing, responsible products and services, and member communications to hold us to account. When things go wrong, we take seriously our responsibility to manage member complaints in a way that is fair. We also run mandatory annual training for colleagues on topics that protect our members and Society.</p>	<p>Annual report and accounts: Building PRIDE, pages 20-21; Building a National Treasure, pages 22-24</p> <p>Website: Responsible Lending</p> <p>Website: Human Rights statement</p>

Principle 3: Clients and customers



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Reporting and Self-Assessment Requirements	High-level summary of our response	Link(s) to our full response/relevant information
3.1. Provide an overview (continued)	<p>Our Member TalkBack events and online education events give members the opportunity to gain a greater understanding and ask questions on our products and services, the tools available to them and to help safeguard them against financial crime. Our online education events are targeted at specific member segments, and span across digital education, fraud and scam awareness, supporting first time buyers through the home buying process and providing education on investments and equity release.</p> <p>We also recognise the impact that climate change may have on our members and their homes and have responded with a selection of advice tools and enablers to help them in greening their homes. Sourcing goods and services responsibly and ethically is also important to Nationwide. Our Procurement for Mutual Good programme supports us in driving a greener, more diverse and more ethical supply chain. And our Third Party Code of Practice outlines our expectations across these three pillars.</p>	

Principle 3: Clients and customers



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Reporting and Self-Assessment Requirements	High-level summary of our response	Link(s) to our full response/relevant information
<p>3.2. Describe how your organisation has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.</p>	<p>Climate change could have a significant impact on our members and stakeholders, and we recognise the importance of taking early action to drive the transition towards a low carbon future. Climate change considerations are embedded in our strategic planning; one of our Mutual Good Commitments is an ambition to lead the greening of UK homes, with supporting targets that, by 2030:</p> <ul style="list-style-type: none"> • at least 50% of the homes in our mortgage book will be rated EPC C or above. • our business operations, suppliers and commuting will be carbon neutral. <p>We offer a range of propositions, supported by our £1 billion green lending fund, to help members to improve the energy efficiency of their homes. However, take-up has been slow, highlighting the challenges and barriers to creating greener homes – including the need for stronger commitments and tighter collaboration across industries and the Government.</p> <p>Nationwide is already playing an active role in facilitating these discussions and driving cross-industry collaboration. Our Green Homes action group, formed of 15 leaders from across the housing, construction, financial services and energy sectors, aims to influence and drive solutions that remove the main barriers to reducing the emissions of UK homes. Last year, the Group proposed seven policy asks to the Government to inform a national retrofit strategy for greening homes, which are outlined on page 3 of our climate-related financial disclosures.</p> <p>The launch of our solar panel pilot aims to simplify the solar panel journey and support homeowners in researching and moving to solar energy, including linking them with trusted local suppliers to carry out the work, and providing access to any finance necessary. Our Greener Homes hub on our website also includes useful tips for creating a greener home and outlines green financing options.</p> <p>Our not-for-profit Oakfield housing development in Swindon is creating 239 homes to high environmental standards, which we expect to be EPC A rated. We have worked closely with the local community in the design and planning of the homes and hope that our approach will become a blueprint for thoughtful, sustainable housebuilding, built in the right way with the support of local communities.</p> <p>We are also leading by example with some of our own climate-related operational initiatives, including being carbon neutral for all energy use and emissions from our internal operations since 2020. We continue to send zero waste to landfill and, since 2018, all our electricity has been supplied from renewable sources. Through our Procurement for Mutual Good programme, we are supporting a greener, more diverse and more ethical supply chain. Additionally, we now have the ability to offer sustainability linked loans to our registered social landlord customers, aligned to ESG key performance indicators.</p>	<p>Climate-related financial disclosures: Nationwide's climate change ambition, page 3; Strategy, pages 5-15</p> <p>Annual report and accounts: Building a National Treasure, pages 22-24</p> <p>Website: Greener Homes</p> <p>Website: Procurement for mutual good</p>

Principle 4: Stakeholders



We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

Reporting and Self-Assessment Requirements	High-level summary of our response	Link(s) to our full response/relevant information
<p>4.1. Describe which stakeholders (or groups/types of stakeholders) your organisation has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your organisation's impacts. This should include a high-level overview of how your organisation has identified relevant stakeholders and what issues were addressed/results achieved.</p>	<p>Listening and engaging regularly with our stakeholders is fundamental to the way we do business and ensures we operate in a balanced and responsible way, both in the short and longer-term. Our members are our primary stakeholders, but we also have a number of other important stakeholders who we engage with and consider in our decision-making, including buy to let customers, other landlords and renters, colleagues, investors, suppliers, regulators and policy makers and communities. We are committed to maintaining good communications and building positive relationships with all our stakeholders, and consider this to be the right way to achieve our ambition of being recognised as a responsible, sustainable and caring provider of financial services. Details and examples of how we engage with our stakeholders are reported on pages 26-31 of the Annual Report and Accounts.</p> <p>In forming our five Mutual Good Commitments, we incorporated the views of a wide range of stakeholders – members, non-members, employees, brokers, suppliers and investors – to understand the ESG issues that mattered most to them. In 2022, we ran a second materiality assessment, focused on how these groups perceived us to be progressing against our Mutual Good Commitments and on whether we were still focused in the areas that matter most to them. The results can be found on pages 36-38 of our Annual Report and Accounts.</p> <p>We are also collaborating with different stakeholders through our four cross-industry action groups, that aim to create solutions to address housing-related challenges exaggerated as a result of the pandemic, around the affordability, accessibility and sustainability of homes. Together, we hope to drive real, meaningful change. For example, our Green Homes action group has proposed seven guiding principles to the Government to inform a national retrofit strategy. More information can be found on page 3 of our climate-related financial disclosures.</p> <p>More broadly, we continue to partner, and play an active role, with a number of key organisations to increase our knowledge on important ESG issues and effect real change. Examples of our partnerships and engagements can be found on page 12 of our climate-related financial disclosures. We also engage with Credit and ESG rating agencies to ensure the Society is rated appropriately.</p> <p>Last year, we launched a new employee Green Network, formed from over 350 colleagues, who promote green initiatives and encourage greener lifestyles. The Network led our first Green Colleague Assembly, coinciding with the UN Climate Change Conference (COP26).</p>	<p>Climate-related financial disclosures: Partnering for mutual success, page 12</p> <p>Annual report and accounts: Engaging with our stakeholders, pages 26-31; Our Mutual Good Commitments, pages 36-38</p> <p>Future of Home: Creating a better future for homes, pages 12-15</p>

Principle 5: Governance and culture



We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

Reporting and Self-Assessment Requirements	High-level summary of our response	Link(s) to our full response/relevant information
<p>5.1. Describe the relevant governance structures, policies and procedures your organisation has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.</p>	<p>The Board: The Board sets Nationwide's strategic direction and has ultimate accountability for all climate change risk related matters and our Mutual Good Commitments that form part of our ESG strategy.</p> <p>Risk Committees: The Board Risk Committee (BRC) and Executive Risk Committee (ERC) are responsible for oversight of climate-related risks. Climate change risk is discussed at the ERC quarterly, and at the BRC every six months.</p> <p>Climate: A dedicated Climate Change Risk Committee (CCRC) was established in 2019 to support the maturing approach to climate change risk management. The Committee comprises members from the Risk communities, Financial Planning and Stress Testing, Business Services, Strategy and Treasury teams. It meets monthly and escalates any key climate-related risks and subject matters to ERC and BRC for formal discussion. Its broad membership ensures appropriate consideration, monitoring, and management of climate-related risks by senior management.</p> <p>Responsible Business: Responsible Business Committee (RBC) meets every other month and is chaired by the Chief Strategy and Sustainability Officer. The RBC is charged with establishing Nationwide's responsible business agenda, including progress against our Mutual Good Commitments and the strategic approach to addressing climate change and environmental ambitions. This is covered in 'The Board' section at the start. The CCRC provides input to the RBC and the RBC reports directly into the Nationwide Leadership Team, our executive committee.</p> <p>More information on the discussions and decisions made at CCRC and RBC can be found on pages 16-19 of our climate-related financial disclosures.</p>	<p>Climate-related financial disclosures: Governance, pages 16-19; Risk management, pages 20-24</p> <p>Annual report and accounts: Board leadership and Society purpose, pages 71-75</p>

Principle 5: Governance and culture



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Reporting and Self-Assessment Requirements	High-level summary of our response	Link(s) to our full response/relevant information
<p>5.2. Describe the initiatives and measures your organisation has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.</p>	<p>Culture: Our culture reflects our shared set of values, beliefs and behaviours, which are centred around the acronym PRIDE, and put our members at the heart of our decision-making. For more information on this, see section 3.1 of this report.</p> <p>Code of Conduct: Our Code of Conduct policy sets out some of the standards of conduct and behaviour we expect from our employees, consistent with our PRIDE values, to make sure we act with honesty and integrity and do the right thing for our members. This is supported by our Sharing in Success reward scheme, which is based on the Society's overall performance, and reflects our success in achieving the things that are most important to our members. This ensures we drive the right behaviours and act for the mutual good of our members. We encourage our colleagues to speak up if they witness or experience actual or potential actions or behaviours that do not match our values, and provide a variety of channels for which to do this. We also have a well-established whistleblowing policy if they wish to remain anonymous.</p> <p>Remuneration: As part of the remuneration of Nationwide's most senior leaders, an individual's contribution is considered, including their impact on climate-related activities where relevant. The Nationwide Leadership Team's performance scorecard captures climate-related metrics, which in turn feeds into remuneration outcomes.</p> <p>Other policies: We have a number of policies that support a culture of responsible behaviour among colleagues, including around data privacy and protection, anti-bribery and corruption, security awareness, money laundering, fraud and cyber-enabled crime, conflicts of interest and market abuse, counter-terrorist financing, conduct risk and whistleblowing. Our colleagues undertake mandatory training on member-focused modules on these topics. In 2022, we launched a computer-based climate change training module for all employees, helping raise awareness of the risks and opportunities of climate change.</p> <p>Investment portfolio: Our Treasury investment portfolio is held for liquidity management purposes (in line with UK regulation). It consists of cash and other low-risk investments; we do not invest in corporate bonds or equities. In 2020, we committed to holding a minimum amount of ESG bonds within this portfolio, currently defined as multilateral development banks and certain green-labelled bonds issued by sovereigns and supranational organisations. We have committed to trebling our ESG holdings over three years, starting at £500 million and growing to £1.5 billion by 4 April 2023. We have met our 2022 target of £1.0 billion, as disclosed on page 181 of our Annual Report and Accounts.</p>	Annual report and accounts: Remuneration, pages 103-129

Principle 5: Governance and culture



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Reporting and Self-Assessment Requirements	High-level summary of our response	Link(s) to our full response/relevant information
5.2. Describe continued.	<p>Training: Our Leading for Mutual Good programme was founded in 2016, to provide our leaders with a consistent overview of our leadership approach, based on our 3 'E's: Envision, Empower and Energise. We believe the conditions for sustained excellence are created only through a more rounded and balanced set of values. People perform at their best when they have a clear purpose, feel trusted to contribute, and have the space and encouragement to do so. We also believe in offering the opportunity to leaders in the wider community – to help spread a more collaborative and supportive leadership style. Hundreds of our leaders have completed our Leading for Mutual Good programme, as well as those from charities, law enforcement and the armed forces.</p>	
<p>5.3. Governance Structure for Implementation of the Principles</p> <p>Show that your organisation has a governance structure in place for the implementation of the Principles, including:</p> <ul style="list-style-type: none"> a) target-setting and actions to achieve targets set b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected. 	<p>Our governance structure, as documented in section 5.1 of this report, supports implementation of the Principles, including oversight of our progress towards the achievement of our Mutual Good Commitments and their supporting targets. Our Responsible Business Committee also has responsibility for taking and co-ordinating any remedial action needed to support us in achieving our targets.</p>	<p>Climate-related financial disclosures: Governance, pages 16-19</p> <p>Annual report and accounts: Our Mutual Good Commitments, pages 36-38</p>

Our organisation's conclusion/statement is it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles

Nationwide has a well-established governance structure for ensuring that the activities that support the Principles for Responsible Banking are effectively managed, implemented and overseen.

Principle 6: Transparency and accountability



We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

Reporting and Self-Assessment Requirements	High-level summary of our response	Link(s) to our full response/relevant information
<p>6.1. Progress on Implementing the Principles</p> <p>Show that your organisation has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4).</p> <p>Show that your organisation has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.</p> <p>Show that your organisation has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.</p>	<p>We have continued to enhance our progress and reporting on our ESG activities over the year. In 2021, we published our inaugural climate-related financial disclosures, aligned to the recommendations of the Financial Stability Board's Taskforce on Climate-related Financial Disclosures (TCFD), ran our first ESG-related webinar for investors (September 2021) and launched our Responsible Business pages on our website that demonstrate our approach and activity on ESG topics.</p> <p>In our 2021/22 Annual Report and Accounts, we reported on our progress towards achieving our Mutual Good Commitments and supporting targets, which we first set in November 2020. These are core to our strategy and support the UN's Sustainable Development Goals and UN Principles for Responsible Banking.</p> <p>In 2021, we delivered our Climate Change Risk implementation plan, and in doing so also met the requirements of the Prudential Regulation Authority's (PRA's) Supervisory Statement 3/19 (SS3/19) - Enhancing banks' and insurers' approaches to managing the financial risks from climate change, further enhancing and embedding our capabilities to monitor and manage climate risk. The plan also enabled us to develop and enhance our internal modelling capabilities, including for scenario analysis, which supported our completion of the Bank of England's 2021 Biennial Exploratory Scenario: Financial risks from climate change (CBES). Our scenario analysis has increased our understanding of the impact of climate risk on our Society and our members. We are using the learnings from the scenario analysis to inform our strategic thinking with respect to climate change.</p> <p>In 2021, we joined the Net-Zero Banking Alliance and we are developing a set of net-zero aligned intermediate science-based targets for our scope 1, 2 and 3 carbon emissions, aligned to the methodologies of the Science-based Target Initiative (SBTi). We are also drafting our net-zero transition plan, which will set out how we plan to meet our science-based targets and remain aligned to a net-zero pathway.</p>	<p>Climate-related financial disclosures: Risk management, pages 20-24</p> <p>Annual report and accounts: Our Mutual Good Commitments, pages 36-38</p> <p>Website: Reducing environmental harm</p>

Principle 6: Transparency and accountability



We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

Our organisation's conclusion/statement is it has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking

We have made good progress over the first 12 months in implementing the Principles and are committed to making further progress in the future as they become further embedded within our business.

