

## **Nationwide 2020 AGM – Chair script (16 July)**

Good morning and welcome to Nationwide's 2020 Annual General Meeting. My name is David Roberts and I am Chair of the Society, and of today's meeting.

Mark Chapman, Secretary of our Society, has confirmed that the meeting is quorate, so I now declare the meeting open.

Today's meeting will be very different from our usual AGMs. Although public health measures to contain the coronavirus pandemic are gradually being eased, large gatherings are neither allowed, nor indeed desirable, so we are doing things differently this year.

The AGM is an important day in our calendar, and is an important part of our wish to be transparent and accountable. The Board reports on progress to members; members can put their questions to us directly; and, of course, members vote on key decisions. Although our format is different this year, we have worked hard to make sure we still fulfil all these responsibilities.

Instead of one event, we have a couple.

This livestream event is designed to meet all our statutory obligations. We have 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; Mai Fyfield, non-executive director and Chair of our remuneration committee; and Mark Chapman, Society secretary. Details of our other directors were circulated in your voting papers and are also in our Annual Report and Accounts.

All members have been invited to join the livestream, and it will be available to watch online until 31 August. 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 are sorry we couldn't extend the invitation to our wider membership this year.

Given the circumstances in which we meet, this livestream will be limited to dealing with our statutory business as set out in the Notice of Meeting.

I will give you a very brief overview of the year, but the detailed presentations that I, as your Chair, and Joe, as your Chief Executive, would normally give, will not form part of the meeting. However, they are already available on this livestream website for you to watch or read through.

Our current rules as a Society allow members to watch a livestreamed AGM, but prohibit them from participating in the meeting or asking questions. Amending those rules to allow online participation is one of our resolutions today. However, as the rules mean we cannot take your questions today, we will also be hosting a live virtual Talkback tomorrow to respond to member questions.

We invited members to submit questions in advance, with savings rates, diversity and remuneration emerging as key topics of interest for members. Joe and I will touch on each of these in our detailed presentations. Members will also be able to submit questions live during tomorrow's talkback.

Before we move on to the formal business of the meeting, I'd like to say a few brief words about last year.

In our Review of the Year, which was sent to all members with your voting packs, we describe the successes and challenges of our 2019-20 financial year.

We used our financial strength and mutual purpose to give better value to members, to invest in our service and in our future. We have more members, robust mortgage lending and current account balances are at new highs. We rose to second place for service across all sectors in the most recent UK Customer Satisfaction Index. In other words, by looking after our members, we have grown our business despite quite intense competition.

However, we have faced challenges. Interest rates have remained lower for longer than we thought possible. Competition has increased, and put further pressure on our margins, income – and

inevitably on our profitability. The final month of the year brought the unprecedented challenge of the Covid-19 pandemic.

The pandemic has rocked the health, social and economic foundations of our lives. It has also been a powerful reminder of the human ties that bind us. I for one hope that the spirit of mutual kindness and consideration that has been evident among our colleagues and our members, and wider society, will continue.

It is clear that for many individuals, families and communities, life is going to be very challenging, with significant and enduring impacts on members, colleagues and business.

Our first priority when the pandemic struck was to protect the health of our members, colleagues and communities, while remaining open to provide essential services. Everyone rose to the challenge magnificently. I would like to thank colleagues for the speed and commitment with which they adapted to new ways of working, and I would like to thank our members for respecting the public health guidelines, limiting their visits to essential business, and supporting our Society.

Our second priority has been to protect our members' financial wellbeing as far as we can. We've used our financial strength to offer payment holidays on mortgages and loans, and interest free overdrafts. We've also pledged to help members who experience financial distress as a result of the coronavirus, to keep their homes. We've promised our colleagues that no-one will leave Nationwide as a result of compulsory redundancies this year, and we've sped up payments to suppliers, especially small ones, to help them stay in business. We believe all these measures of mutual support are very much in line with our values as a building society.

However, there will be significant financial, as well as human, costs from the pandemic. We have already recognised a £101m charge for an expected increase in credit losses in last year's accounts. While it is too early to say accurately what the final impact will be, it is clear that we are entering a very tough period economically. There will be pressure on margins and we will need to reduce our

costs. Our goal will be to maintain our financial strength, to support our members through this difficult period, and to take prudent decisions in the long-term interests of the Society, our members and colleagues.

You can watch our more detailed presentations on this livestream website, so now I'd like to move to the formal business of the meeting.

We have four ordinary resolutions, a special resolution and the election and re-election of 10 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.

With your agreement, I propose to take the Notice of 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 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 2020.”

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

Thank you

#### [\[DIRECTORS' REMUNERATION REPORT\]](#)

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

You will see from our remuneration report that we have continued to balance pay restraint with our duty to attract people with the right expertise to run a major financial business.

I would like to draw your attention to changes in remuneration that reflect the exceptionally challenging times our members, and broader society, are facing. Our CEO, Joe Garner has voluntarily taken a 20% cut in combined base salary and pension for 2020/21. None of our broader leadership team will receive a performance related payment for 2019/20, but we have paid a flat rate sum of £1,200 to our broader employee population. The non-executive directors have donated 20% of their net fees from June to December of this year to Shelter, to support vulnerable people impacted by Covid-19. Looking ahead, we have set performance pay opportunities for executive directors next year at one third of their current level. On behalf of the Board, I now propose the second resolution:

“TO APPROVE THE DIRECTORS’ REMUNERATION REPORT (EXCLUDING THE DIRECTORS’ REMUNERATION POLICY) FOR THE FINANCIAL YEAR ENDED 4 APRIL 2020.”

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

#### [\[DIRECTORS' REMUNERATION POLICY\]](#)

The third resolution is to approve the Directors Remuneration Policy, which we have chosen to submit to a vote of members every three years.

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

“TO APPROVE THE DIRECTORS’ REMUNERATION POLICY THE FULL TEXT OF WHICH IS CONTAINED IN THE DIRECTORS’ REMUNERATION REPORT FOR THE FINANCIAL YEAR ENDED 4 APRIL 2020”

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

#### [RE-APPOINTMENT OF AUDITORS]

The fourth 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.

#### [AMENDMENT TO THE RULES OF THE SOCIETY]

The fifth resolution is a special resolution to amend the Rules of the Society as stated in the Notice of AGM.

This resolution is a direct consequence of the coronavirus pandemic, which has highlighted the need to update our Rules for the benefit of members.

The first change we are proposing is to be able to hold meetings allowing both a physical and digital presence of members. Although this rule change will help us at times like the present, we believe that giving members the option to attend meetings online as well as in person will increase member

engagement, allowing those members who can't easily travel to a meeting in person to attend digitally. I would like to stress that, unless there are exceptional circumstances, the intention will be to hold a combination of both physical and online meetings and not an exclusively virtual or online meeting.

The second change is to decrease the number of members required to form a quorum. Again, current Government guidance is making large gatherings of members difficult to achieve and Nationwide has a high quorum requirement when compared to other building societies.

The third change we are proposing is to allow members' appointed attorneys the right to be able to appoint a proxy to cast their vote.

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

“TO CONSIDER AND, IF THOUGHT FIT, PASS A SPECIAL RESOLUTION TO AMEND THE RULES OF THE SOCIETY AS STATED IN THE NOTICE OF AGM”

The resolution is a special resolution requiring at least 75% of votes cast being in favour of the resolution. 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.

We have a strong Board, with a mix of established and newer directors providing the right combination of continuity and challenge to the Society. In the last year, and after over eight years on the Board, Lynne Peacock retired as Senior Independent Director. Mark Rennison also retired after 12 years as the Society's Chief Financial Officer and Tony Prestedge, our deputy CEO, resigned to take up a senior post elsewhere. I would like to thank them all for their commitment and wise counsel to the Society.

Baroness Usha Prashar will retire from the Board at the AGM today, but we are very pleased she has agreed to continue to work with the Society supporting our diversity and community programmes.

We are delighted that Kevin Parry, a director since 2016, has succeeded Lynne as Senior Independent Director, and that Chris Rhodes, an experienced accountant and an executive director since 2009, succeeded Mark as Chief Financial Officer. We are also pleased to welcome Phil Rivett, a very experienced former PwC partner specialising in financial services, as a non-executive director.

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.

I know from the questions we've received that the diversity of our Board, and the Society overall, is as important to members as it is to me. The composition of our Board inevitably fluctuates as individual directors join and leave, and we work constantly to ensure that our Board continues to reflect the diversity of modern Britain. I expect to be able to provide members with a further update on Board composition in the coming weeks.

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 PHIL RIVETT AS A DIRECTOR AND
- TO RE-ELECT RITA CLIFTON, MAI FYFIELD, JOE GARNER, ALBERT HITCHCOCK, KEVIN PARRY, CHRIS RHODES, 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]**

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]**

Thank you, Mai

**[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.

Members 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 behind me 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 similarly endorsed.

That concludes the formal business of the meeting.

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 where, if circumstances permit, we will meet in Newport, Wales, as we intended to this year.

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

**[CLOSE OF MEETING, FILMING ENDS]**