

# Committed to doing the right thing

## Statement from Joe Garner, Chief Executive

Nationwide Building Society was founded on a social purpose, that we express as 'building society, nationwide' – and we are still guided by that purpose today. Being owned by and run for our members, we act in their interests and strive to do the right thing in a responsible way – for the benefit of our members, colleagues, communities and the environment.

We recognise the importance of the role that we play in developing a more sustainable relationship with our communities and environment. In 2019, we declared our commitment to the UN Global Compact and I am pleased to reaffirm our continued support of the Ten Principles of the United Nations Global Compact, which span the areas of Human Rights, Labour, the Environment and Anti-Corruption.

*Joe Garner*

## UN Global Compact: Communication on Progress

We continue to integrate the principles of the UN Global Compact into our business strategy, culture and daily operations. Further information on how we are progressing can be found on our Responsible Business webpages (<https://www.nationwide.co.uk/about/responsible-business/overview>) and, where referenced, on the pages within this Annual Report and Accounts.



### Human Rights: doing the right thing for our members and the way we do business

Our Mutual Good Commitments	Page 36
Human Rights statement	
Modern slavery and human trafficking	
Supporting our members	Page 27
Supporting our people	Page 28
Communities and social investment	Page 29
Supporting our suppliers	Page 30
Supporting policies and processes	
Governance	Page 62



### Anti-corruption: doing the right thing to prevent crime

Protecting our members from crime	Page 19
Fraud and scams	Page 19
Data privacy	
Economic crime	
Modern slavery and human trafficking	
Code of Conduct	
Speaking up and whistleblowing	
Political involvement	



### Labour (our employees): doing the right thing for our employees

Our Mutual Good Commitments	Page 36
Our people	Page 20
Our culture	Page 20
Our Code of Conduct	
Inclusion, diversity and wellbeing	Page 20
Reward and gender and ethnicity pay gaps	Page 21
Reimagining work	
Our suppliers	Page 30
Freedom of association	



### Environment: doing the right thing for the environment and its impact on our members

Our Mutual Good Commitments	Page 36
Climate-related financial disclosures	Page 40
Green homes	Pages 23 and 37
Our operations	
Building a greener supply chain	Page 23
Our partnerships	Page 40
Biodiversity	

## Committed to doing the right thing (continued)

## UN Sustainable Development Goals

As a signatory to the United Nations Principles for Responsible Banking, we are committed to a strategic alignment with the 2015 Paris Climate Agreement and to the UN Sustainable Development Goals (SDGs). Our mutual purpose of 'building society, nationwide' directly supports these goals, and is most closely aligned to the SDGs listed below.



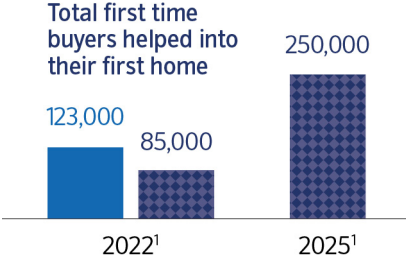
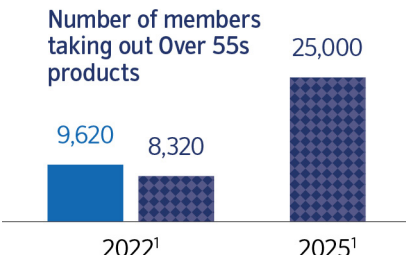



Committed to doing the right thing (continued)

# Our Mutual Good Commitments

## Enabling our members to achieve more together than they can alone, for the mutual good of society

Being a responsible business is part of our 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 mutual difference sets us apart from our peers and we are committed to progressing bold initiatives, represented by five Mutual Good Commitments that we launched in November 2020. These are core to our purpose of *building society, nationwide*. They are embedded within our strategy, overseen by the Nationwide Leadership Team and the Board, and support the UN Sustainable Development Goals.






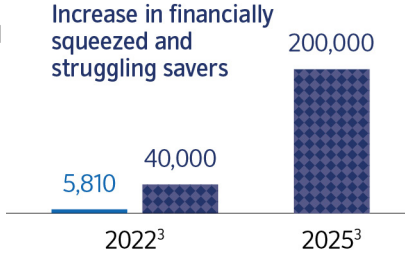

Our Mutual Good Commitments	Our targets	Progress										
<div>Help to achieve safe and secure homes for all</div> <div><div>SDG 1 – No poverty</div><div>SDG 10 – Reduced inequalities</div></div>	By 2025, we will help 250,000 members to buy their first home	Since setting our target in November 2020, we have helped over 123,000 people into their first home, ahead of our cumulative target for 2022. This has been supported by the launch of our market-leading propositions that help address the two main challenges faced by first time buyers, of raising a deposit and being able to borrow enough to afford a property. We will continue to focus our propositions on solving these challenges, extending our support for first time buyers.  For more information on how we are supporting first time buyers, see page 14.	<div>Total first time buyers helped into their first home</div> <div><table><tr><th>Year</th><th>Actual</th><th>Cumulative Target</th></tr><tr><td>2022<sup>1</sup></td><td>123,000</td><td>85,000</td></tr><tr><td>2025<sup>1</sup></td><td>-</td><td>250,000</td></tr></table></div>	Year	Actual	Cumulative Target	2022 <sup>1</sup>	123,000	85,000	2025 <sup>1</sup>	-	250,000
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By 2025, we will help 25,000 members use the money built up in their home to live a better retirement	We were the first high street provider to offer a suite of Over 55s products – Equity Release, Retirement Interest Only and Repayment mortgage products, giving our members the flexibility and expert advice to help find the best way of funding their retirement goals. Our Over 55s webinars have been attended by over 6,000 people since they first launched, and have supported awareness and demand for these products. As a result, the number of members taking out Over 55s products is ahead of our cumulative target for 2022.	<div>Number of members taking out Over 55s products</div> <div><table><tr><th>Year</th><th>Actual</th><th>Cumulative Target</th></tr><tr><td>2022<sup>1</sup></td><td>9,620</td><td>8,320</td></tr><tr><td>2025<sup>1</sup></td><td>-</td><td>25,000</td></tr></table></div>	Year	Actual	Cumulative Target	2022 <sup>1</sup>	9,620	8,320	2025 <sup>1</sup>	-	25,000	
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By 2025, we will equip 50,000 landlords with tools to improve tenants’ lives	In October 2021, we launched The Landlord Works, our digital one-stop-shop for landlords, that provides resources to help them better manage their properties and responsibilities. The cumulative target for 2022 reflects the platform’s relative infancy, and measures the number of landlords signing up to The Landlord Works to access its features, as we expect these landlords to be more committed to supporting better landlord practices. We are in line with our target for 2022 and, as the platform matures, our cumulative targets for each year will increase towards our 2025 target of 50,000 sign ups.  For more information on The Landlord Works, see page 14.	<div>Number of landlords equipped with tools to improve tenants’ lives</div> <div><table><tr><th>Year</th><th>Actual</th><th>Cumulative Target</th></tr><tr><td>2022<sup>1</sup></td><td>1,480</td><td>1,500</td></tr><tr><td>2025<sup>1</sup></td><td>-</td><td>50,000</td></tr></table></div>	Year	Actual	Cumulative Target	2022 <sup>1</sup>	1,480	1,500	2025 <sup>1</sup>	-	50,000	
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Actual Cumulative Target

<sup>1</sup> Actual totals and targets are cumulative from November 2020 when targets were set, to March 2022 and March 2025 respectively.

Committed to doing the right thing (continued)

# Our Mutual Good Commitments (continued)

Our Mutual Good Commitments	Our targets	Progress									
<b>Lead the greening of UK homes</b>  SDG 11 – Sustainable cities and communities  SDG 12 – Responsible consumption and production  SDG 13 – Climate action	<p>By 2030, at least 50% of homes in our mortgage book will be rated EPC C or above</p> <p>By 2030, our business operations, suppliers and commuting will be carbon neutral</p>	<p>At 31 December 2021, 37% of the homes in our mortgage book had an Energy Performance Certificate (EPC) rating of C or above, based on our EPC data. This is modest progress towards our target of at least 50% of homes being rated EPC C or above by 2030. However, our target is ambitious. To achieve it, we will need further government action, for key stakeholders to work together, and for members to do their bit, to collectively create greener homes. We expect some progress from changes in energy efficiency regulations for privately rented properties and from maintaining our share of lending to new builds, which are typically rated EPC B or above. Our green propositions will also support this, although take-up remains low. We continue to explore other innovative propositions for greening UK homes, while seeking a just transition by making sure the most vulnerable in society are not left behind as we move to a net-zero future.</p> <p>For more information, see page 23 and our climate-related financial disclosures on page 40.</p> <p>Nationwide has remained carbon neutral for all energy use and emissions for our internal business operations since April 2020. This has been achieved by using renewable electricity and offsetting our gas and diesel use with Carbon Verified Standard offsets. We are working towards a carbon neutral supply chain. We continue to partner with sustainability consultancy firm Carbon Intelligence to estimate the emissions of our supply chain. This will be used to drive target setting and tracking and support a reduction in the emissions associated with our purchased goods and services.</p> <p>For more information, see page 23 and our climate-related financial disclosures on page 40.</p>									
<b>Support our members' financial wellbeing</b>  SDG 1 – No poverty  SDG 10 – Reduced inequalities	<p>By 2025, we will support 200,000 financially squeezed and struggling members to become regular savers</p>	<p>Around 45% of the UK population is classed as financially squeezed and struggling<sup>1</sup>. In November 2020, we had 637,000 members within this cohort saving regularly with us and aimed to increase this by 200,000 by 2025. We have supported our savers with innovative new products such as Start to Save, alongside banking features such as Impulse Saver and Round ups, and our free SavingsWatch service. However, despite these, due to the difficult external environment, this number has risen only slightly, by around 6,000 to 643,000<sup>2</sup>. Our target is ambitious and we recognise that the current environment makes it more difficult for these members to save; we will consider further ways to support our ambition.</p> <p>For information on Start to Save, see page 15.</p>  <p><b>Increase in financially squeezed and struggling savers</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Actual</th> <th>Cumulative Target</th> </tr> </thead> <tbody> <tr> <td>2022<sup>3</sup></td> <td>5,810</td> <td>40,000</td> </tr> <tr> <td>2025<sup>3</sup></td> <td>-</td> <td>200,000</td> </tr> </tbody> </table>	Year	Actual	Cumulative Target	2022 <sup>3</sup>	5,810	40,000	2025 <sup>3</sup>	-	200,000
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<b>Champion thriving communities</b>  SDG 11 – Sustainable cities and communities	<p>Every town and city which has a branch today will still have one until at least January 2023</p> <p>We will commit at least 1% of our pre-tax profits to charitable activities every year</p>	<p>We maintain our Branch Promise and are creating a flexible branch workforce to further enhance the service we offer to members.</p> <p>For more information, see page 18.</p> <p>As voted for by our members in 2007, at least 1% of our pre-tax profits each year goes to good causes, focused on housing. In 2021/22, this amounted to £7.1 million (2021: £7.4 million).</p> <p>For more information, see page 22.</p>									

<sup>1</sup> Money and Pensions Service UK Strategy for Financial Wellbeing 2020-2030, Financial Resilience Segmentation.

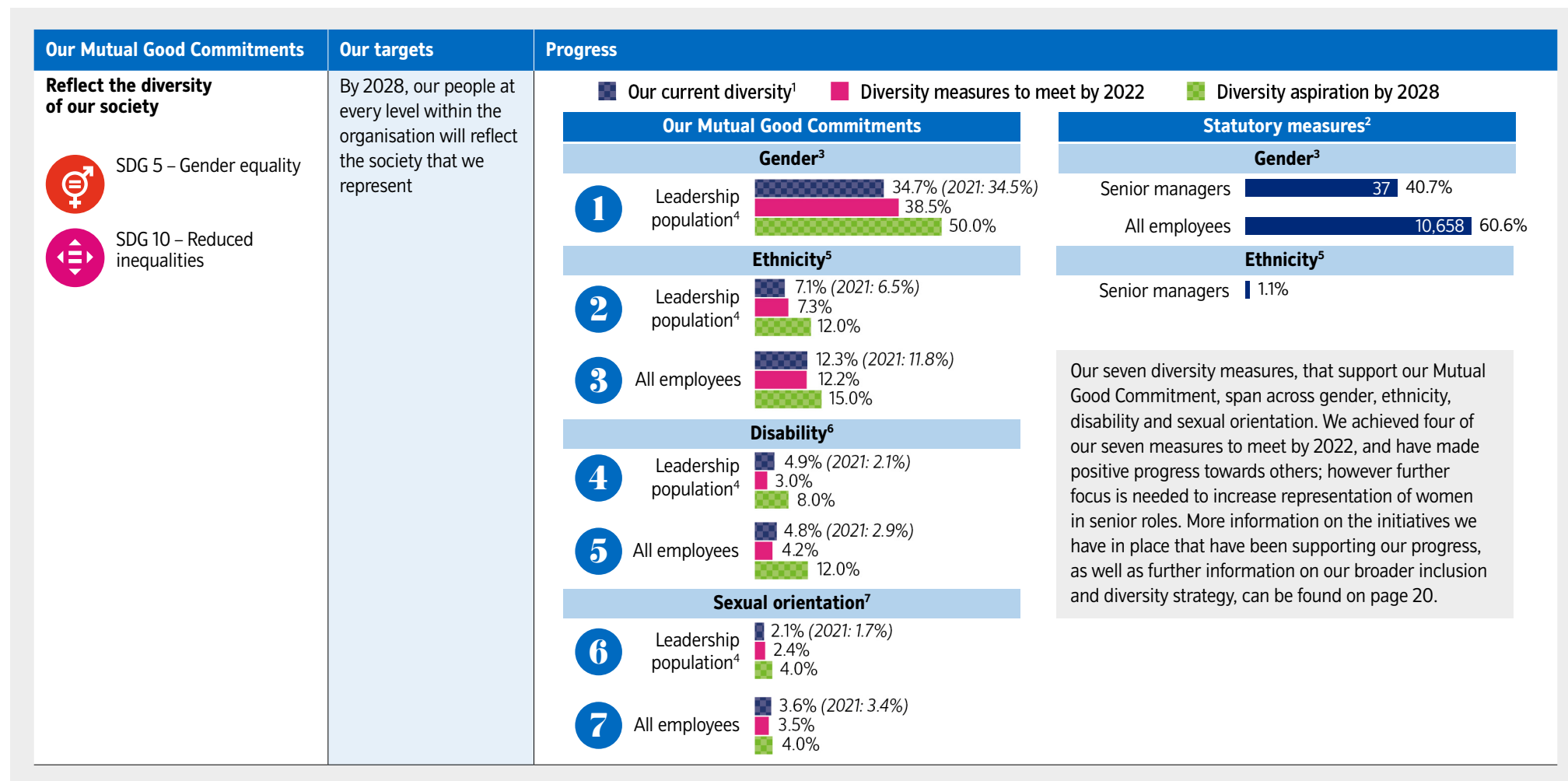
<sup>2</sup> Our overall 200,000 target is calculated on a net growth basis. In calculating our measure, we first apply the CACI Fresco model's definition for the 'squeezed and struggling' segmentation to our own member database. A financially squeezed or struggling member is assessed as becoming a regular saver if, at any point since the target was first set in November 2020, that member has grown their overall savings balance in at least four months out of any six month period prior to the reporting date. Should savers not meet the defined balance growth criteria in future reporting periods, they are excluded.

<sup>3</sup> Actual totals and targets are cumulative from November 2020 when targets were set, to March 2022 and March 2025 respectively.

Actual Cumulative Target

Committed to doing the right thing (continued)

# Our Mutual Good Commitments (continued)



<sup>1</sup> All data as at 4 April 2022, and based upon headcount not FTE (full-time equivalent value) of employees directly employed by Nationwide Building Society.

<sup>2</sup> Statutory measures – We have presented additional measures that are not part of our Mutual Good Commitment targets but are statutory measures based on the Companies Act. Senior manager figures reflect the Companies Act definition of an employee who has responsibility for planning, directing or controlling the activities of an entity or a strategically important part of it, which includes our executive population comprising the Nationwide Leadership Team (NLT) and their direct reports.

<sup>3</sup> Gender – The figures reflect female representation in each of the populations.

<sup>4</sup> Leadership population – A targeted and broader leadership population used in leadership planning and reporting comprising around 1,000 of our leaders.

<sup>5</sup> Ethnicity – Figures reflect Black, Asian, mixed and other. Excluded from the % are white majority and minority.

<sup>6</sup> Disability – Figures reflect those identifying as disabled.

<sup>7</sup> Sexual Orientation – Figures reflect those identifying as bi-sexual, gay man, gay woman, lesbian and other. Excluded from the % are those identifying as heterosexual.