

Citizenship Report

Living on your side

Nationwide's journey
to citizenship
November 2012



On your side

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Introduction

Nationwide is a mutual, which means we are owned by our members not shareholders. With over 160 years of experience meeting our members' needs and as the world's largest building society we are unique. We have over 15 million members, 16,000 employees and 800 branches and sites across the UK. Our approach to citizenship is an extension of our mutual status, driven by our members and employees for the benefit of the people and communities where they live and work.

We hope that each and every one of you will find something in this report that makes you feel proud to be with Nationwide, as Nationwide feels proud to be with you, on your side.

Total
Employees

c16,000

Total
Branches

c800

Total
Members

c15 million

Living on your side

For us, citizenship is about how we can use our products, services, campaigning and community investment collectively to deliver greater social impact. It is also our ability to mobilise our customers, employees and wider stakeholders to work together to achieve our social aims.

Living on your side Citizenship strategy

Our vision is to be the UK's leading retail financial services provider. Being an exemplary corporate citizen is a fundamental part of delivering this vision.

Doing what is right by our members and the communities in which they live goes to the heart of what it means to be a mutual. Our new Living on your side strategy brings to life our promise to be on the side of our members, and gives us the focus and stretching aspirations we need to take a lead in our sector and make a lasting difference to UK society.

Directed by our members

We asked our members what they thought our citizenship strategy should focus on and their direction to us was clear: we should focus on the areas where we have the most expertise and can make the most impact. Those areas were identified as housing, money management and supporting local communities.

And it is easy to understand why these areas were highlighted when you consider that, each year 232,000 new homes need to be built in England alone just to keep up with demand,¹ 28% of households in the UK have no savings² and community charities have seen giving levels fall by 10% since 2008.³ UK society is facing some real challenges and we need to find ways to overcome them.

As a result of this, our Living on your side strategy was born, which sets out three ambitious targets to be delivered by 2017:

- **Your Home:** help 750,000 people into a home of their own
- **Your Money:** empower one million people to start saving
- **Your Community:** invest and unlock £15 million into local communities, as directed by our customers and employees.

Ethical and responsible

In addition to our three targets, Living on your side is also about how we stay true to our mutual values and run our business in a responsible and ethical way. This includes treating our customers fairly and rewarding loyalty – offering a range of products and services to the widest possible market; having an ethical and sustainable supply chain; supporting our employees; reflecting the diversity of our communities in our workplace; and minimising the impact we have on the environment. We will drive forward this responsible and ethical approach through the Your Society stream of our strategy.



These three issues covered almost 60% of areas identified for focus by our customers and members.⁴

1. Government Housing Strategy 2011
2. New Philanthropy Capital
3. NCVO Counting the Cuts 2011
4. Freshminds Research 2011

What it looks like Strategy framework



Led by our Chief Executive, Graham Beale, Living on your side is owned by all our employees, coordinated by a dedicated citizenship team overseen by Group Director, Graeme Hughes, and rolled out by a network of Community Champions within Nationwide. Working groups comprising our key issue experts from across the business will help drive the innovation and new thinking needed within each pillar of the strategy.

“We believe Nationwide is uniquely placed to take a lead on tackling the issues of housing, better money management and communities through the Living on your side initiative. Our mutuality enables us to meet the needs of our members, rather than chase short-term profit for shareholders, and that means we can focus on addressing the issues that really matter to our customers, their families and the communities they live in.”

Graham Beale, Chief Executive
Nationwide Building Society

Living on your side

Citizenship and mutuality

Graeme Hughes, Nationwide's Group Director for People, Customers and Communication and driver of the citizenship strategy, speaks to Ed Mayo, CEO of Co-operatives UK.



ED MAYO SPEAKS TO GRAEME HUGHES

EM: Tell me, why citizenship? How did Nationwide get to the point where it decided 'this is what we want to do'?

GH: Nationwide's been involved with citizenship for a very long time. You can go back to 2007 when 97% of our members voted in favour of us giving at least 1% of our pre-tax profits to good causes. So it's something that's ingrained in our DNA.

EM: What are the key themes you have in taking this forward?

GH: We are a mutual, so we started by asking our members and employees where we could make a difference. The number one theme was to help people make real sense out of money. We've got a real heritage going back 160 years of helping people into safe and secure homes, so that was the second key theme. The last theme is that we are a UK business with over 800 locations across the country, so it was a case of how do you make a difference locally.

EM: So let's start with Your Money. Times are tight out there...

GH: You are absolutely right. It's quite a well-known fact that 30% of the UK have absolutely no savings at all.

EM: No pension, no rainy day, no jam jars, no money under the mattress?

GH: Exactly, there's nothing. So our commitment is that we want to help one million people to start saving over the next five years. It's about using the people we have in our branches in the best possible way, building on the work we have done with schools on financial education.

EM: Tell me about citizenship in terms of Your Home.

GH: The whole idea of mutuality and building societies is that the more you save, the more access to lending we give you. We've had our Save to Buy product up-and-running for a year or so now and this works brilliantly. So how do we extend this sort of thing? That's what we've got to do more of.

EM: So tell me now about the third leg of the citizenship stool, Your Community.

GH: What we are going to be doing is working with our members and our employees to identify local good causes where we can make a big difference.

EM: It's going to be branches that are the lead in this, is that right?

GH: Absolutely, we want to be as locally designed as possible. So I would really encourage everybody to give it everything they possibly can, it's great fun, but more importantly it's what we are and who we are as an organisation and I want that to come through loud and clear.





24% of the issues highlighted by our members and employees for citizenship focus were housing related. Based on this, experts from across Nationwide established where we could have the greatest impact.

It will take development and innovation, but by supporting first time buyers, affordable and social housing, and initiatives to help people stay in their homes we hope to achieve our ambitious goal.

The current situation

Number of households in the UK

27.3 million

Number of new homes needed to be built every year in England alone to keep up with demand, yet only 115,000 were built in 2010¹

232,000

1. Government Housing Strategy 2011

Help
750,000 people
into a home of
their own by

2017

Homes for all

Tackling the housing crisis

All building societies, including Nationwide, were originally set up to help people with home ownership. Over time this has expanded to all areas of the housing market including social housing, private renting and affordable housing.

Homes, therefore, are central to who we are and what we do, so the difficulties currently facing the market matter to us. This is why we believe we have a unique role to play in helping to turn the housing crisis around.

This was backed up by research we carried out with our members, employees and other stakeholders which led to the development of our Your Home approach. Housing was highlighted as one of the key issues we should be addressing through our citizenship strategy, and in particular support for first time buyers.



The UK housing market is facing some tough times

There are currently not enough houses to meet the level of demand; the Office of National Statistics reports that there were 27.3 million households in the UK in 2011 which is expected to grow by an average of 232,000 per year up to 2033. However, only 115,000 were built in 2010.¹

Although Nationwide's year-to-year gross lending grew by 44% between April 2011 and March 2012, gross mortgage lending volumes for the sector as a whole have hardly moved over the last three years and mortgage approvals for home purchases recently touched a three-year low.²

The squeeze on the housing market is resulting in some serious social side-effects. According to Shelter, three million people in the UK are living in poverty due to their housing costs and more than a million children are living in overcrowded conditions.³ With the situation only likely to worsen over the coming years, significant action needs to be taken.

A home to call your own

At Nationwide, we believe that everyone deserves to have a home they can call their own, and we want to play our part in making this happen through Living on your side. Nationwide will use its voice and influence to help shape the housing market to the benefit of consumers and other groups in society.

This is why our goal is to help 750,000 people into a home of their own by 2017.

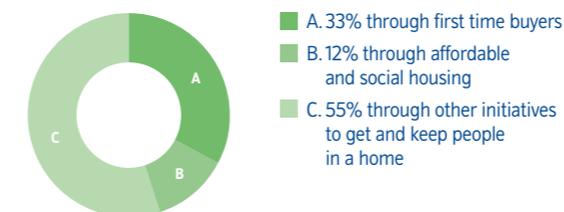
YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE.

1. Government Housing Strategy 2011
2. British Bankers Association 2012
3. Shelter 2012

How we will achieve it

Having a 'home of your own' can be about buying a house, but it can also be about having a safe, warm and comfortable place to live that is rented or provided through social housing.

Therefore, we will focus on helping four key groups: a) first time buyers; b) people in affordable and social housing; c) landlords and tenants in the rental market; d) the homeless and those at risk of losing their homes. To get to our target and deliver the greatest impact we have broken down our goal as follows:



What does Year One look like?

In Year One (2012/13) we intend to help 130,000 people into a home of their own.

We will report back on how we are doing against our target on a quarterly basis via our website, and provide a detailed update of progress and achievements annually through our Living on your side reports.

Nationwide cannot solve these issues alone, but we want to play our part in addressing some of the big problems facing the housing market. To achieve our goal we will be providing a mix of new products, services, simple practical guidance and strategic partnerships with the voluntary sector.



What we have done

Nationwide has long been active within the housing market. The work we have done in this area includes:

First time buyers

In 2011/12 one in four of all our mortgages agreed were with first time buyers, so it is something we are already focusing on.

There are three key ways in which we have tried to help:

- 1) **New innovative products** – like our Save to Buy savings account which allows first time buyers to get a mortgage with a 5% deposit if they save regularly
- 2) **The knowledge to succeed** – through our independent First Time Buyer Guide which helps to demystify the whole process
- 3) **Champions for change** – we have used our size and influence to campaign for things that will make life better for our members – like extending the Stamp Duty holiday and increasing the cash ISA limit to make saving for a deposit easier.

Affordable and social housing

We have been one of the major lenders to social housing associations over the last 20 years and we were the first lender to commit over £9 billion to the affordable housing sector.

In 2009, The Nationwide Foundation,¹ an independent charity of which Nationwide is the sole funder, provided £300k of funding to the Community Land Trust Fund (CLTF). The Community Land Trust is a non-profit, community-based organisation run by volunteers that develops housing or other assets at permanently affordable levels for long-term community benefit.

Homeless people and people at risk of losing their home

Nationwide helps homeowners struggling to keep up with their mortgage payments and works with charities that support homeless people and those at risk of losing their home. Our Mortgage Charter sets out how we work with and assist customers in administering their mortgage during a period of temporary financial difficulties. In addition, our Triage team provides support to those who are not yet in arrears but are having money worries.

A key theme of The Nationwide Foundation's 2009-2012 funding strategy is addressing housing issues among vulnerable groups in the UK.

We have also worked with Shelter for over a decade, funding key community-based services across the UK including the free National Housing Advice Helpline, skills and housing support services and their online Teachers' Centre. Since 2009, with our support, Shelter has helped over 3,000 families, adults and children in housing need.

Rental market: tenants and landlords

It is not just first time buyers who need our help – people wanting to let their property are also part of the solution to the housing crisis, but they often face obstacles which we are working to overcome. Our subsidiary, The Mortgage Works, offers specialist Buy-to-let products for both experienced and first time landlords.

Affordable housing

£9 billion committed to the affordable housing sector

Community Land Trust

£300k of funding to the Community Land Trust provided by The Nationwide Foundation

Shelter

3,000 families, adults and children helped by Shelter with our support

1. The Nationwide Foundation is a registered charity (no 1065552) and has limited liability being a company limited by guarantee registered in England and Wales (no. 3451979).

What we will do next

Nationwide cannot solve these issues alone, but we want to play our part in addressing some of the big problems facing the housing market.

First time buyers

First time buyers are going to be a focus for Nationwide over the course of our five-year Living on your side strategy. We are undertaking research with our Save to Buy customers to give us a better idea of the most important issues around buying a property for the first time. We will continue to invest in first time buyer housing schemes, promote our independent First Time Buyers Guide, and provide innovative new products and services that give customers a pathway to owning their first home.

Through our 800 branches, online and public events we will be exploring initiatives such as holding first time buyer surgeries and creating new 'First Time Buyer Experts' in our branches.

Shelter Helpline

Advisers who can go the extra mile

Gwen is a 27-year-old mum with a seven-month-old baby. She became pregnant at university and managed to finish her degree before she gave birth. The father of her baby left her and she found herself without a place to live. Gwen and the baby had stayed with various relatives for a few weeks, but with families of their own and limited space she couldn't stay for long. Gwen sought support from her local council but was told she was not eligible to be considered homeless.

With nowhere to live and nowhere else to turn, she called the Shelter helpline. The adviser she spoke to called the council but was told a homeless application could not be made as the office was closed. The Shelter adviser then spent the next six hours ringing round while Gwen waited with her baby in a nearby shopping centre.

Eventually, at 8pm, the council agreed to put Gwen in a B&B for the night. Gwen and her baby are now in temporary accommodation.

Affordable and social housing

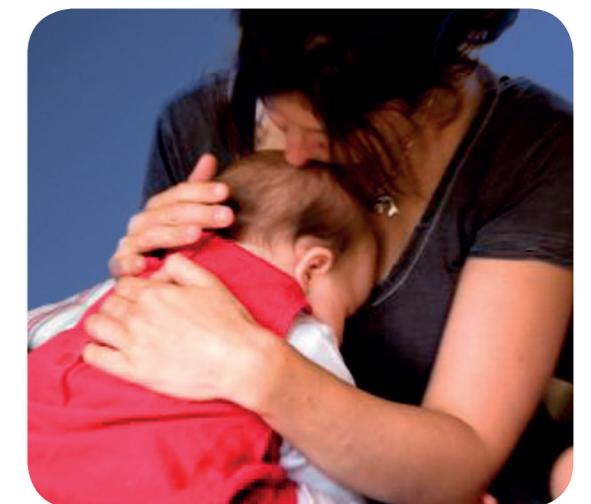
We will continue to support existing schemes such as Equity Share and Shared Ownership and following the Nationwide Foundation's funding of community land trusts, we will explore how we could become a supporter of community land trusts as a commercial proposition.

Homeless and people at risk of losing their home

We have agreed a new four-year strategic partnership with the homeless charity, Shelter, worth £1 million that will be provided through a mixture of Nationwide donations and fundraising by our employees and customers. We will also be adding value to the partnership through skills-based volunteering. The goal of the partnership is to help 16,000 people into a home of their own.

Rental sector: tenants and landlords

Through our subsidiary, The Mortgage Works, we will explore the development of an independent Guide to Letting for landlords and a Buy-to-Let hub to support our intermediaries. We will also look at developing a Guide to Renting for tenants, and to host virtual surgeries for landlords.



Photographer: Andrea Testoni



17% of the issues highlighted by our members and employees for citizenship focus were related to money management. Based on this, experts from across Nationwide established where we could have the greatest impact.

It will take development and innovation, but by focusing on helping young people to become more financially savvy and instilling a savings habit we hope to achieve our ambitious goal.

The current situation

Percentage of households in the UK who do not have any savings¹

28%

Number of people who struggle to meet their bills or credit commitments²

1.5 million

1, 2. New Philanthropy Capital 2011

Empower
1 million people
to start saving
by **2017**

Managing money

Savings for a good night's sleep

The core of our business is that we receive deposits from savers so that loans can be provided to borrowers in the form of mortgages. Helping people to be better at managing their money and championing a savings culture is therefore central to everything we do at Nationwide.

Directed by our members

Feedback from our members and key stakeholders suggested we use our scale and expertise to improve financial capability and help move people out of debt, with a particular focus on young people and young families.

A savings pillow for peace of mind

The issue of personal debt and families lacking the security of a savings pillow is growing, as the wider economic difficulties continue and unemployment remains high. Not only do 28% of households¹ not have any savings, but 1.5 million people struggle to meet their bills or credit commitments.²

Having adequate savings allows people to plan for the future, for the exciting things like getting married or buying a home, but also for the unexpected things like looking after a loved one who falls ill.

Over the next five years, our focus within Your Money will be to change people's attitude towards saving and their ability to do it – particularly young people who are soon to take their first steps into adult life.

This is why our goal is to empower one million people to start saving by 2017.

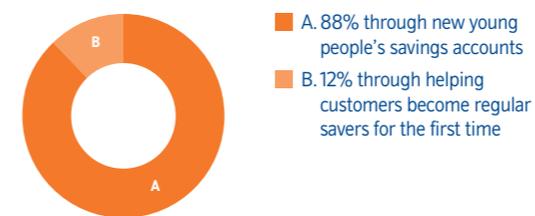


1, 2. New Philanthropy Capital 2011

How we will achieve it

When we say 'start saving', we mean those people who are not saving now. This includes young people who have not yet opened their first savings account.

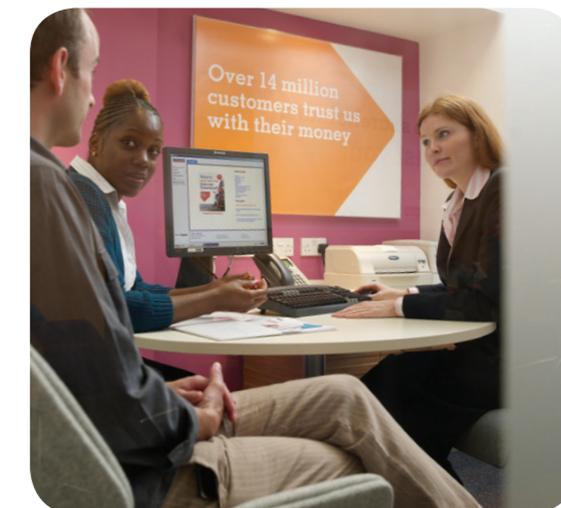
Our aim is to help people save on a regular basis with a particular focus on instilling a savings habit in young people and children which will help them be more money savvy in the future. So the breakdown of our target looks like this:



What does Year One look like?

In Year One (2012/13) the Your Money target is to help 150,000 people to start saving for the first time. To get there we will focus on supporting families to set up savings accounts for their children. We will be researching the innovative use of tools such as social media to help customers secure and grow their finances. We will also work with our charity partner, National Numeracy, to address the poor numeracy levels across the UK.

We will report back on how we are doing against our target on a quarterly basis via our website and provide a detailed update of progress and achievements annually through our Living on your side reports.



What we have done

Helping our customers to be better at managing their finances and build a savings pillow is central to our mutual ethos and origins as a building society.

We have looked to make it easier and more rewarding for customers to save, improved people's understanding and financial skills through education, and worked with charity partners to reach some of the most vulnerable groups in society to tackle the issue of debt. We have pioneered a range of products, services and initiatives over the last few years.

Championing saving

We have led a range of initiatives to drive saving related issues for consumers including campaigning to make the allocation of credit card repayments clearer in 2008, to the development of our seven Savings Promises providing our customers with transparency and clarity about our services and products to help them get the most out of their savings.

Getting into a savings habit in early life is important in helping to make people money savvy in adulthood. We have developed products such as our Smart accounts, to provide instant access savings for 0-17 year olds, and Junior ISAs.

Improving financial education

Many parents are concerned about their children's limited understanding of money management and think some financial education would be of benefit. We agree. In 2008, we launched our financial capability programme on Nationwide Education helping students build their money management skills.

We have also produced a suite of independent Money Guides on borrowing, savings and investments, handling debt and spending wisely which aim to give information and guidance to anyone who needs it.

Helping people out of debt

Nationwide works with a number of charitable organisations to support the most vulnerable people in society who are facing money and debt difficulties.

Citizens Advice Bureau



Our MoneyActive programme, a £3 million partnership with Citizens Advice Bureau, ran from 2009-2012. With this support, MoneyActive offered free financial skills training which was delivered by 1,700 volunteers to over 200,000

people. There have also been over three million visits to the money management pages of adviceguide.org.uk and over 300 of the volunteers entered paid employment, or returned to full time education.

Tackling financial exclusion

The Nationwide Foundation's Money Matters strategy for 2009-12 included the aim to tackle financial exclusion in the UK. Projects ranged from money advice and income maximisation for rurally isolated older people through to a telephone advice service for survivors of domestic abuse seeking to tackle their debts.

Financial training

200,000 people received free financial skills training from MoneyActive

Money management

3 million visits to money management pages of adviceguide.org.uk

What we will do next

The causes of the lack of a savings culture are complex, but as a UK financial services provider we believe we can help to address the problem in three main ways.

Championing saving

Our focus will be on encouraging young people to start saving for the first time. We will make our existing range of savings products more accessible to a wider group of young people and develop innovative product offerings to help more people to start saving. We will explore new ways of encouraging saving, for example by developing creative new saving initiatives, using people's sense of competition and social connections to encourage them to save.

Improving financial education

National Numeracy

Nationwide is a founding partner in a new charity called National Numeracy formed in 2012. The charity has been created to develop and support numeracy skills in the population at large and Nationwide has established a five-year partnership over the course of our Living on your side plan.



Money Advice Trust – Innovation Grants Programme Bristol Debt Advice Centre's 'FUTURE Money' project



John has recently been made redundant and has started to claim contribution-based Job Seekers Allowance; his partner, Anita is seven months pregnant with their first child and on maternity leave. They have just moved into a two bedroom flat with a private tenancy in preparation for the baby. They were unable to afford baby items and furniture so took out credit and consequently came to BDAC for help with their debts.

Their debt adviser completed the FUTURE Money assessment form and identified benefits and tenancies as priority areas where they would benefit from further support. Anita and John have never had to manage a tenancy before so didn't know how to go about setting up household payments. They were helped to set up a Council Tax account, arrange Council Tax Benefit, set up a water account and order an instalment book. They were also referred to BDAC's Energy Advice Project for a home visit.

SchoolsLink

Through our new SchoolsLink programme, we are establishing strategic partnerships with local schools across our 800 branches and administration sites, which will allow our 16,000 employees to deliver financial education sessions in schools using Nationwide Education resources.

In addition, Nationwide is supporting the All Party Parliamentary Group on Financial Education for Young People and helping them with their public inquiry.

Helping people out of debt

We are going to help hundreds of families in debt and with no savings to significantly develop their financial capabilities. We plan to investigate and research why it is that some people – the 'bright spots' – seem able to save, despite their circumstances and we hope to replicate this across the country. We are also committed to supporting the Money Advice Trust over the next two years, providing funding for the National Debtline and Business Debtline.



In addition, they helped with budgeting, devising a calendar system which shows what payments they need to make, to whom and how, so they will be able to clear their debts and manage their incomings and outgoings in the future. This means they can break the cycle of debt and maintain their tenancy for their new family.

Your Community



Invest and unlock
£15 million
into local communities
by **2017**

18% of the issues highlighted by our members and employees for citizenship focus were related to supporting local communities. Based on this, experts from across Nationwide established where we could have the greatest impact.

It will take significant support from our employees and members, but with a focus on volunteering in schools and fundraising for local charities we hope to reach our ambitious goal.

The current situation

Drop in UK charitable giving since 2008¹

10%

Estimated decline in the voluntary sector between 2011-2015²

7.7%

1, 2. NCVO: Counting the Cuts 2011

Tougher times

Nationwide supporting local communities

As a mutual, supporting the local communities where our members live and work goes right back to our roots as a building society.

Directed by our members

Community was one of the main themes that came out of the research we carried out with members, employees and other stakeholders:

- 72% said they would prefer to have more of a say in the charities we support
- 91% of our employees thought we should focus our charitable investment on local communities.



Reaching out to our communities

Times are tougher than ever for local communities. With major social issues such as unemployment and debt, giving levels have fallen by around 10% since 2008 and government funding to the voluntary sector is estimated to decline by 7.7% between 2011 and 2015.¹

We want to make an even bigger difference at a community level, not only through our donations, but also by unlocking the volunteering and fundraising capacity of our 16,000 employees and 15 million customers. With over 800 branches and administration sites we can make a real difference to local communities across the UK.

Over the next five years we want to bring Nationwide, our employees and our customers, closer together to collectively strengthen the local communities where we jointly live and work.

This is why our goal is to invest and unlock £15 million in local communities by 2017, as directed by our members and employees.

1. NCVO: Counting the Cuts 2011

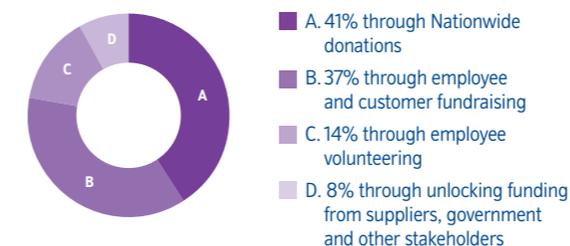
How we will achieve it

We define 'invest' as donations made by Nationwide and 'unlock' as the support we can help to secure through employee and customer fundraising, employee volunteering and funding from our suppliers, government and other stakeholders.

The charities and causes we support through the £15 million will be determined by our customers and employees.

Nationwide will make further charitable contributions in addition to the £15 million. The Nationwide Foundation, to which Nationwide is the sole funder, has distributed almost £29 million of grants to charities since 1997. Our strategic national charity partnerships with Shelter, National Numeracy and Money Advice Trust are not directed by customers or employees, so they are also in addition to the £15 million.

This is how we aim to reach our £15 million goal:



To reach our target over five years we will need to increase the number of employees utilising their 14 hours of volunteering time to 40% from the current 6%.

This year, customers had the opportunity to direct 20% of our donations, this will move up to 70% through new programmes in our branches, online and at our member events.

What does Year One look like?

In Year One (2012/13) the Your Community target is to invest and unlock over £1.7 million in local communities.

To get there we will need at least 15% of our employees to volunteer, our customers and employees to raise over £700,000, and to unlock over £100,000 from our suppliers, government and other stakeholders.

We will report back on how we are doing against our target on a quarterly basis via our website, and provide a detailed update of progress and achievements annually through our Living on your side reports.



What we have done

Working in, and for, our local communities has been important to us since the beginning. Following the endorsement of 97% of the vote at the 2007 AGM we have a commitment for at least 1% of pre-tax profits to benefit good causes each year.

In 2011/12, our community investment contributions were as follows:

- Cash contributions: £2.77 million
- Value of employee volunteering time: £273,000
- In-kind contributions: £75,000
- Management costs: £429,000.

In 2011 we were proud to be awarded a CommunityMark standard by Business in the Community for excellence in community investment. Our community programmes to date include:

Employee involvement

Since 2010 Nationwide has allowed our 16,000 employees 14 hours per year of company time to support their local communities. So far over 29% of employees have registered and over 1,000 have volunteered.

We also have over 100 Community Champions – employees who help inspire colleagues to volunteer and fundraise, as well as organise activities at a local level for their own departments and teams.

Volunteering

1,000 Nationwide employees have volunteered since 2010

Giving customers the vote

Each year since 2005, for every vote cast at our AGM, a donation is made to charity. In 2012, Macmillan Cancer Support was the sole beneficiary and received a donation of over £170,000 following over 850,000 votes from members.

Education and young people

Nationwide Education

Nationwide Education (www.NationwideEducation.co.uk) is our award-winning educational resource for 2–18 year olds, helping young people build important finance and employability skills. We have also supported a range of government schemes around the country – including the Plan 500 initiative in Swindon, and the Work Inspiration Network and Successorize in Northamptonshire.

Charity partnerships

Nationwide has established a number of long-term partnerships to maximise the impact and difference we can make to charities, these include:

- Working in partnership with Macmillan Cancer Support, we have raised £6.2 million for the charity since 1993
- Supporting Disability Sports Events (DSE) to help disabled people participate in sports, since 2000. In 2011/12 we helped DSE reach out to 1,500 disabled swimmers and 2,400 athletes. 62 athletes in the Paralympics GB squad at London 2012 came through Nationwide supported DSE events
- Acting as sole funder of the Nationwide Foundation – an independent charity set up in 1997 that has distributed almost £29 million in grants to charities and good causes. The most recent grant programme focused on financial inclusion and housing for older people and those affected by domestic abuse.

Nationwide Education

35 million hits and downloads on Nationwide Education

What we will do next

We will achieve our goal to invest and unlock £15 million for communities through a variety of activities.

Building employee involvement

We will develop volunteering opportunities to enable our employees at all levels to use their 14 hours of volunteering time per year more easily. In 2012/13 we are launching a City & Guilds qualification for volunteering and have committed to putting 100 employees through the programme in the first year.

Empowering our customers

We will give customers the opportunity to nominate and vote on local charities in branch, online and at our member events.

We will be expanding our Community Match initiative, where customers can vote for a local charity to receive a donation, across our branch network over the next 12 months. A new website and charity voting app will be launched in December allowing customers to get involved online.

Schools and young people

Our ambition is to help 500,000 young people over the course of the five years through a range of schemes, including:

Using our professional skills to help teachers at Nova Hreod school

Nationwide has supported Nova Hreod in Swindon since 2010 with a focus on developing excellence in the school's leadership team. We have provided training to give teachers the opportunity to reflect on their personal and team style, communication, ways of working and areas of improvement.

Julie Tridgell, Principal of Nova Hreod, said: "It is a fantastic opportunity to work with Nationwide employees who have professional skills that my leadership team, teaching staff and students can really learn from. The training and development opportunities provided by Nationwide has had a direct impact on our senior team structures, our ways of working and how we want to secure the organisation's future development. This work in turn will have a direct impact on improving outcomes for young people and raise standards further. I am positive our partnership will have a lasting impact on the standards of this school."

- **SchoolsLink:** We aim to develop 700 local partnerships with schools, where our volunteers will support learning in finance, employability and sustainability
- **Future Citizens:** Working with BBC Children in Need, we are helping pupils raise funds for charity and use the experience to learn about the basics of finance. Their best fundraising efforts will be entered in the Nationwide Future Citizens Award
- **Emerging Talent Programme:** We will be working with universities, careers advisers and social media to make sure our placements, apprenticeships, and work experiences attract a diverse range of talent
- **Plan 500:** We will continue to take the lead on Plan 500, a scheme which aims to help 500 young people into employment in the Swindon area and use the findings and experience to replicate the scheme around our other major sites.

Local approach to charity partnerships

We will develop new partnerships with local charities, voted on by our employees. These will provide a focus for volunteering and fundraising in the area.



Julie Tridgell, Principal of Nova Hreod

We will
stay true to our values
and run our
business in a
responsible
and ethical way

Our mutual values are of vital importance to us, and this means running our business in a way that our members would expect us to – responsibly and ethically. In a world where trust in a great many institutions has been shaken, Nationwide has stayed true to its values. Through our Your Society activities and targets around the workplace, environment and ethical policies we want to build on the trust our members have in us.

The current situation

Trust

in UK business fell from 44% to 38% in the 2012 Edelman Trust Barometer.

Transport

is responsible for the fastest-growing source of greenhouse gas emissions in the UK, with commuter and business travel constituting nearly 40% of all miles driven by car.¹

1. Department for Transport

Zeshan Akram

Customer Account Manager
Nationwide branch in Leyton

Your society

Citizenship in our culture

Living on your side for us means not only achieving our external citizenship goals but also behaving ethically and responsibly within our business. Whether that is how we run our operations, support our employees or the services we provide to our customers, our mutual principles underpin everything we do.

Our people

Our 16,000 employees are what makes Nationwide special, living and breathing our mutual ethos every day through our PRIDE behaviours. To attract and retain a high-quality workforce, we are a champion of diversity and look to create a working environment where employees have the support and tools needed to deliver high performance.

Our environment

Climate change and resource scarcity will be top of the global agenda for the coming decades. Reducing our environmental footprint is not only in the interests of our members and the future of their families, it also benefits Nationwide through tangible cost savings. Our vision to be amongst the best performers in the UK financial services sector is underpinned by challenging targets on issues such as carbon emissions, water and waste.

Our ethics

Transparency, fairness and security inform all our business dealings. We have strict rules around lending responsibly and the development of new products. The success of this approach is reflected in the low numbers of customer complaints upheld by the Financial Ombudsmen Service.

It is not enough to just do it ourselves; we also need to make sure the suppliers we use abide by the same code of conduct and through our local sourcing policy we maximise our economic impact on the local communities around our major sites.

Your Society is the umbrella under which we will drive forward our ethical and responsible approach to business.



Workplace

To be the UK's leading retail financial services provider we need talented and highly motivated employees who stay true to our mutual values in everything they do. To achieve this we strive to create a distinctive Nationwide culture, champion diversity, engage our employees and provide them with development opportunities.

PRIDE

PRIDE is the way we summarise our culture. PRIDE shapes how we conduct ourselves everyday to deliver our promise to our members to provide the kind of experience we want them to have and to make the Nationwide brand stand out to be 'on your side'.

We have a set of PRIDE behaviours aligned with our values which are integrated into the performance of every employee, embedded within our business via our leaders and PRIDE Champions, and recognised through departmental and group-wide PRIDE Awards.



Diversity and inclusion

For us, diversity and inclusion is far more than regulation and legislation – our approach aims to drive a culture of inclusion throughout the organisation. We have made significant progress but recognise there is much more to be done, especially in the areas of gender and ethnicity which will be a focus for us over the coming five years, along with increasing opportunities across a broader age range, creating a welcoming culture for people of all sexual orientations, and ensuring people with disabilities are given appropriate support to achieve at Nationwide.

Getting our employees involved

We value our employees' opinions, so we have online forums and face-to-face 'TalkBack' sessions where they can let our senior managers know what they think and receive an immediate response.

ViewPoint is our annual employee survey which provides insights into how employees feel about working for Nationwide. We also take these opportunities to ask employees what they think about citizenship and how we can do things better.

Training and development – investing in people

We are very proud to be the only financial services organisation in the UK to have achieved the Investors in People Gold Standard, demonstrating that we are committed to employee development and success.

We think developing our people into the future leaders of our business is key to the success of our culture. We invest in identifying and developing key talent and have tailored programmes for employees at all levels which are designed to challenge and push our high performers. Our Development Curve tool helps all employees understand their development needs and enables them to identify transferable skills so that employees can move around the organisation, and get direct access to online learning materials.

Environment

We recognise that as a large company we have an impact on the communities and environments in which we operate.

We want to make sure we are doing the right thing in terms of building a truly sustainable business for our members and employees and a key part of this is protecting our environment. We want to be one of the leading performers of environmental sustainability in the UK financial services sector and have some bold targets to get us there.

Environmental impacts

Our carbon footprint

Energy consumption is our most significant impact given that it results in carbon dioxide emissions. As a result, we have made carbon reduction the main focus of our environmental strategy. In 2011 we worked closely with the Carbon Trust to help us define and calculate our carbon footprint. Our baseline footprint in 2010/11 was 62,270 tonnes of carbon dioxide (CO₂); so now we know what our footprint is we can work to keep it low.

Our travel and transport

Transport is responsible for the fastest-growing source of greenhouse gas emissions in the UK, with commuter and business travel constituting nearly 40% of all miles driven by car.¹ Encouraging travel away from single occupancy can offer real benefits not only to our business and employees, but also to the communities in which we operate. In 2010/11 our employees travelled over 11 million business miles; eight million of these were car miles.

Our water use

Although recent months have seen significant amounts of rainfall across the UK, water is becoming increasingly scarce. 2011 was one of the driest years on record and registered groundwater levels were lower than during the 1976 drought.

Everyone needs to play their part in reducing the amount of water they use. In 2010/11, Nationwide used over quarter of a million cubic meters of water – that's the equivalent of the water used in 100 Olympic swimming pools.

Our waste

In 2010/11 Nationwide produced almost five thousand tonnes of waste from its administration centres and retail branch network. Nationwide has a legal responsibility to ensure it remains compliant and is continually seeking ways to reduce the amount of waste it produces in order to reduce environmental impacts and manage its costs. We already recycle some of our waste but continue to seek alternatives to landfill.

Our Targets

Carbon: To ensure our 2020/21 carbon emissions remain at or below our 2011 baseline levels.

Water: Reduce the water consumption of our operations by 10% by 2015 from our 2011 baseline.

Waste: To achieve zero waste to landfill by 2015.

How we will achieve it

- We have improved our metering and monitoring which has helped us identify and target energy and water waste
- We have offered our employees and their families and friends free home insulation to reduce home energy bills and carbon emissions
- We have improved facilities to encourage more employees to cycle to work

- We have organised awareness-raising campaigns to support Climate Week, Energy Week and World Environment Day
- We will continue to develop a range of facilities to enable our employees to attend business meetings without travelling. We have seen a 55% increase in registered telephone-conferencing users so far
- We recently appointed one of the UK's leading recycling and resource management companies to collect the waste from our branch network and administration centres. From April this year all the waste will be taken to a Materials Recycling Facility (MRF) to be sorted and recycled wherever possible
- We launched our Green Homes Guide which provides practical tips on how our members can improve the energy efficiency of their homes with simple measures.

Solar at Swindon

We have installed solar panels on Nationwide's head office in Swindon which convert sunlight into electricity using simple technology and are increasingly common on domestic roofs. It will save an estimated 20 tonnes of carbon dioxide each year.

Chris Rhodes, Nationwide's Executive Director for Product and Marketing, said: "This is the first time that solar panels have been installed at Nationwide and we are delighted with the result. The innovative mounting design allows the panels to fit neatly against the profile of our head office building and the energy generated will help us to further reduce its carbon emissions and environmental impact."



1. Department for Transport

Ethical policies

Having no shareholders means that rather than trying to maximise short-term profit, we can do the right thing over the long term to derive the greatest benefit for our members.

We do not take shortcuts and we do our best to be transparent and fair in everything we do. We expect all our suppliers to adopt the same high standards of business practice.

Responsible lending

Our approach to lending has always been prudent and sensitive to payment difficulties – a stance reflected in our low level of arrears which stand at around one third of the industry average. We never increase a customer’s credit limit without talking to them first and we are the only lender that enables customers to turn off their ‘reserve limit’ to help control their borrowing.

We were very proud to win the award for ‘Most Responsible Credit Card Lending Practices’ at The Card & Payments Awards 2012 for an unprecedented fifth year in a row.

Customers

Nationwide applies strict criteria to product development. We ensure that new or modified products and services treat customers fairly by providing fair product terms and delivering a first-class customer experience.

Our customers’ satisfaction with our service is vital to us, so much so that we have set up a scheme called ‘Clear Blue Water’ which incentivises employees to provide outstanding customer service and stay ahead of our peers.

We don’t receive many complaints but we take the ones we do receive very seriously, and have a dedicated system called CareSmart to make sure these are investigated and responded to in a timely manner.

Services for everyone

We don’t think people should be excluded from financial services, so we offer a range of products and services to the widest possible market.

We also provide a range of facilities for those with disabilities. Every Nationwide branch carries a ‘Helping Hand’ kit with useful tools for disabled or older customers such as magnifying glasses and pen grips.

Supply chain

At Nationwide we endeavour to partner with organisations that demonstrate a commitment to our mutual values, ethics, policies and standards. This requires a rigorous due diligence process and once a relationship is established, a management framework monitors all aspects of the service. We have a new code of conduct which clearly outlines what we expect and what our suppliers can expect from us. This includes clearly defined terms and prompt payment for services which have earned us Prompt Payment Code certification.

Governance and stakeholders

Citizenship is owned by everyone at Nationwide and led by our Chief Executive, Graham Beale, who chairs the Citizenship Committee which meets quarterly. Working groups, led by subject matter experts within the business, review our progress against targets.

Our dedicated citizenship team manages the programme on a day-to-day basis, with the support of a network of Community Champions around the UK.

Stakeholders

To be able to deliver the best possible value for our members, it is vital that we engage our key stakeholders so we understand the issues, keep abreast of best practice and are able to strive to continually improve every part of our operations. We do this in a variety of ways:

Members

- TalkBacks – regular events giving members the chance to talk to senior members of our board
- Nationwide Connect – more than 5,000 customers that give regular feedback
- Your Voice – online discussion and comment facility

Employees

- ViewPoint – an annual employee survey
- Online forums with senior managers
- Pulsecheck survey – undertaken annually to seek employees’ feedback.

Government

- Active participation in key government schemes and initiatives
- Parliamentary briefings, seminars and meetings on key topics and insights such as Nationwide’s regular Westminster Economic Briefing.

Suppliers

- Engaging potential suppliers as part of our due diligence process with all third parties
- Regular dialogue with suppliers using our Third Party Management Framework once a relationship is established.

Media

- Regular meetings with the media to discuss story ideas and build relationships
- Regular meetings between Executive Directors and the senior members of the media to communicate Nationwide’s strategy, position and successes.







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