

Approved by the Nomination and Governance Committee of Nationwide Building Society (the Society) on  
18 March 2025

## 1. Purpose of Policy

- 1.1 To ensure that the Board of Nationwide Building Society (“the Board”) is composed of persons who collectively:
  - 1.1.1 are fit and proper to direct Nationwide’s business with prudence, integrity and professional skills; and
  - 1.1.2 possess an appropriate range of diverse backgrounds and balance of skills, experience, knowledge and behaviours.
- 1.2 To provide policy guidance on the structure, size and composition of the Board (and its principal committees) and the identification and selection of suitable candidates for appointment to the Board (and its principal committees).
- 1.3 To summarise the specific responsibilities of the Nomination and Governance Committee (the “Committee”) in regard to Board composition and succession, as set out in the Committee Terms of Reference.

## 2. Director Appointments

- 2.1 The Committee reviews and recommends to the Board the appointments of Nationwide Non-Executive Directors and Executive Directors. On recommendation from the Chief Executive Officer and Chief People Officer, the Committee also approves the appointments of Nationwide Executive Committee members, and reviews and recommends to the Board, Group Roles if not captured under Senior Management Function or Executive level appointment matrices.
- 2.2 The Committee ensures that a robust recruitment process is undertaken for all these appointments to deliver fair and effective selection outcomes.
- 2.3 In respect of Board appointments, the Committee ensures that any search agency used has no connection with the Society and that the directorships of appointed Board members are within Prudential Regulation Authority (“PRA”) advised limitations (subject to any waivers received).
- 2.4 If a prospective Non-Executive Director wishes to carry out due diligence on the Group to understand its business and appreciate the time commitment involved in the role, the Society Secretariat will assist with this exercise to the extent that it is reasonable and practicable.
- 2.5 Appointed Board Directors will take office on terms (set out in a service contract or letter of appointment, as appropriate) consistent with the Board Composition and Succession Policy.
- 2.6 In accordance with the recommendation in the UK Corporate Governance Code, Nationwide’s Rules require that Board Directors must be re-elected by the Society’s membership annually. Before re-election, a Non-Executive Director will be subject to a review undertaken by the Nationwide Chair of that Director’s continued effectiveness and independence.
- 2.7 All Board Directors are expected to devote sufficient time to the Group to discharge their responsibilities effectively. A Non-Executive Director’s external directorships should be disclosed to the Board before appointment and included in the Group’s Annual Report and Accounts. Changes to such directorships should be reported to the Board as they arise and will be disclosed in the Annual Report and Accounts for the relevant reporting period.
- 2.8 Any other matters or circumstances (including other business interests) which could result in a Director having a potential or actual conflict of interest should be disclosed to the Board prior to appointment and thereafter as they arise. The Society Secretary manages this process in accordance with a policy agreed by the Board.
- 2.9 Before the re-appointment of Board Directors, the Committee will consider the value of ensuring that the membership of the Board and its principal Committees is refreshed, and that undue reliance is not placed on particular individuals.
- 2.10 The office of Nationwide Chair is filled as appropriate and on an annual basis (under Rule 29(a) of Nationwide’s Memorandum and Rules) on election by the Board.

## 3. Board Composition

- 3.1 The number of Board Directors (determined by the Board under Rule 28 of Nationwide’s Memorandum and Rules) must not be less than eight (including the Chief Executive Officer and the Chief Financial Officer). At least half of the Board excluding the Nationwide Chair should be Non-Executive Directors whom the Board considers to be independent. Other members of the Board should be Executive Directors employed full time by the Group in key senior management positions.

- 3.2 The Board shall include at least one Non-Executive Director potentially having the attributes (but possibly subject to further development) for the office of Nationwide Chair and one Non-Executive Director with recent and relevant financial experience to satisfy the conditions required for Audit Committee members.
- 3.3 On appointment, all Directors must meet the Society's assessment of fitness and propriety and those laid down Financial Conduct Authority ("FCA") and the PRA's assessment for the appointment of Notified Non-Executive Directors or Senior Manager Function holders as applicable. On an annual basis, a fitness and propriety assessment is conducted to determine the ongoing suitability of the Nationwide Chair and Non-Executive Directors. The assessment process covers amongst other things: skills, knowledge, experience, integrity and time commitment.
- 3.4 The Committee will assess Board composition on behalf of the Board and will endeavour to ensure that the Board and its principal Committees have the capabilities required to be effective and oversee the Group's strategic priorities, culture and purpose. This will include an appropriate range and balance of skills, experience, knowledge, behaviours and diversity of thought.

## 4. Board Diversity Statement

- 4.1 The Group is committed to having a diverse and inclusive Board to set the strategy, tone, culture and purpose of the organisation.
- 4.2 The Board is committed to ensuring that it is comprised of a membership which is diverse and reflects the Nationwide members that it represents. It aims to achieve this by ensuring there is diversity of ethnicity, age, gender, disability and sexual orientation, as well as socio-economic, educational and professional backgrounds within the Board's membership. This will be a key determinant of any new appointments. It will also be taken into consideration in the development of a diverse pipeline for succession.
- 4.3 Selecting the best candidate is paramount and all appointments will be based on merit and objective criteria with due regard for the benefits of diversity including diversity on the Board. This approach benefits the effectiveness of the Board by creating diversity of thought and breadth of perspective among Directors.
- 4.4 Subject to paragraph 4.3 above, Nationwide is committed to meeting the three following Board diversity targets set by the FCA:
  - 4.4.1 a minimum of 40% female representation on the Board;
  - 4.4.2 no less than one female in the role of either Chair, Senior Independent Director, Chief Executive or Chief Financial Officer; and
  - 4.4.3 a minimum of one Board Director from a minority ethnic background.
- 4.5 It is recognised that short-term challenges in meeting these targets could arise due to the size of the Board during periods of change. Progress against these targets is reviewed and disclosed in the Group's Annual Report and Accounts.

## 5. Succession

- 5.1 The Committee will give full consideration to succession planning for the Board and executive-level appointments for the Group, taking into account the challenges and opportunities facing the Group and its leadership needs.
- 5.2 The Senior Independent Director will be responsible for the succession process for the Nationwide Chair.
- 5.3 In identifying suitable external board candidates, independent executive search consultants will normally be used. The Group will also develop an internal talent / leadership pipeline.
- 5.4 The Group's commitment to having a diverse and inclusive Board will be a key factor in Board succession planning, both through the development of a diverse pipeline of succession talent, as well as the criteria used by independent executive search consultants when identifying suitable external candidates.
- 5.5 The Committee will undertake a full review of Board talent and succession at least once a year. Delivery of succession plans through appointments and development support will be continuous and proactive.
- 5.6 Talent and succession planning will be undertaken for all senior management roles in the Group and reported to the Board on an annual basis.

## 6. Board Effectiveness

- 6.1 An independent evaluation of the Board's performance will be held at least every three years by an external third-party facilitator. In the interim years, an internal evaluation will be carried out annually. An annual evaluation of the activities of the principal Board committees will also be undertaken along the same lines.

- 6.2 The evaluation of Board performance will also consider diversity of the Board in the context of Board composition.
- 6.3 The Chair should act on the results of the Board's evaluation by recognising the strengths and addressing the weaknesses of the Board and recommending any areas for development. If appropriate, the Chair will propose that new members are appointed to the Board or will seek the resignation of Board Directors.

## **7. Director Development**

- 7.1 On appointment, Directors will participate in a comprehensive and tailored induction programme and will acquire an understanding of the main areas of the Group's business activity through meetings with senior and middle managers.
- 7.2 Performance reviews will be conducted at least once a year with each Director. The Chair will review the effectiveness of the non-executive Directors. The Senior Independent Director will review the effectiveness of the Chair annually. Performance reviews for Nationwide Executive Committee members will be undertaken by the Group Chief Executive Officer.
- 7.3 As part of the review process, Directors will plan relevant development activities to support their future performance and contribution to the Board. Individual development opportunities for Directors will normally include external conferences, seminars, coaching and mentoring. Collective learning needs will be met through subject specific master classes and other leadership development events organised by the Group. Organisational learning will be facilitated through internal networking departmental visits, regular Board updates and the annual Strategy Conference.
- 7.4 Non-executive Directors should maintain sufficient contact with Society members and Group customers to understand their issues and concerns and keep abreast of current member and customer opinion in whatever way is most practical and efficient. This is likely to include attending Nationwide's Annual General Meeting, taking part in Member Engagement activities and visiting branch offices, call centres and admin centres.
- 7.5 Development for identified key talent throughout the Group will also be supported to develop internal capability for succession. This provision will promote diversity and ensure that employees with potential have the opportunity to develop and progress through the corporate pipeline.

## **8. Variation of the Board Composition and Succession Policy**

- 8.1 This policy will be reviewed by the Committee every three years and at such other times as circumstances may require. This policy may only be amended, or its requirements varied, with the approval of the Board.