

1. FINAL Reactive Media Statement.

Nationwide Member Nominated Director

Under the Society's rules, Board directors are responsible for conducting Nationwide's business on behalf of members. The Board therefore considers whether all candidates for election or appointment have the skills, experience and competencies to serve as a director.

The Society's Rules require candidates to supply "evidence of their qualifications, financial and managerial experience, creditworthiness, competence and character" to help the Board in its duty to assess whether the candidate's election would be in the best interests of members.

To determine whether Mr Sherwin-Smith would add value to the Board and to Nationwide's existing extensive member engagement, an assessment was undertaken by an independent global executive search firm and through two separate interviews with four senior Board directors.

At the end of that process, the Board concluded that James Sherwin-Smith did not demonstrate that he had the skills, or experience to serve effectively as a Member Nominated Director.

Specifically, the Board's assessment was that Mr Sherwin-Smith:

- does not have any relevant or practical experience of board-level governance or decision making at a building society or mutual, or in any regulated financial services firm of comparable scale and complexity as Nationwide;
- does not have experience of representing a broad and diverse membership base, or any form of large-scale member advocacy, and
- would not contribute effectively to Board considerations, challenge or oversight on strategy, and the important operational matters and risk management that is required for a firm of Nationwide's scale and complexity.

The Board therefore concluded that Mr Sherwin-Smith would not materially improve Nationwide's current extensive member engagement processes, or Board governance, and that his election would not be in the best interests of the Society and its current and future members. The Board will therefore recommend that members vote against his election as a Member Nominated Director.

Kevin Parry, Chairman of Nationwide said: *"No Board, regardless of whether it is of a mutual or public company, should ever recommend the appointment of a director who does not have the skills and experience necessary to do the job. While our members will have the final decision in this election through the normal voting process used for all directors, Nationwide's Board could not recommend Mr Sherwin-Smith for election following its assessment."*

Notes for editors:

1. **Performance.** Nationwide's industry leading member engagement programme has helped it to remain first for customer satisfaction amongst high street banks for more than 14 years, and it was recently named the Best UK Bank by Forbes and it is the current Which? Banking Brand of the Year. Last week it announced that it had delivered £1.8 billion in member value, had opened over one million personal current accounts and was number one for customers satisfaction among its peer group for the 14th years running.
2. **Assessment Process.** Like all businesses, mutuals have to ensure that candidates for their board can demonstrate the skills and experience needed to undertake this important job. This is particularly important for Nationwide because of its size and complexity, and its significance as a large regulated financial services business.

Nationwide's Rules require candidates seeking election to the Board to supply "evidence of their qualifications, financial and managerial experience, creditworthiness, competence and character" in order for the Board to meet its legal and regulatory obligations.

All mutuals will undertake a process to ensure that individuals have the relevant skills needed for their board, either through a nominations committee or some other interview procedure.

3. **Customer and member engagement.** Nationwide has over 20 million customers and engages regularly with them to ensure that it works in their overall interests. This includes a Member Voice panel of around 5,200 members, which is broadly representative of the Nationwide membership base, and last year Nationwide surveyed over 900,000 of its customers. The Board always considers customer insights and feedback, including older, younger and family members, microbusinesses, and vulnerable customers in all decision making.
4. **Quick Vote.** All building societies and listed companies operate a proxy voting system. Nationwide's proxy voting system, includes a '*Quick Vote*' option that has been in place for more than twenty years and gives members a clear choice to either vote in line with the Board's recommendations, or on each individual resolution.

All of the feedback and research undertaken by Nationwide on the use of *Quick Vote* shows that the vast majority of members fully understand and value the choice that it provides.

Nationwide will continue to use Quick Vote at AGMs because it is fair, transparent and convenient for those members that choose to use it as well as being easy for those who choose to vote on individual resolutions.

5. **Annual General Meeting.** Nationwide's move to online AGMs reversed a decade of declining attendance. As well as increasing attendance, we are able to answer more questions from a broader range of members and removed the travel and cost barriers that in-person AGMs present.

Last year Nationwide had one of the highest AGM attendances in recent years. With just one exception, you would have to go back more than 20 years to see AGM attendances higher than Nationwide has achieved since its switch to an online format.