

Report of the directors on remuneration

For the year ended 4 April 2024

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Dear fellow member,

I am pleased to share the Remuneration Committee’s report for the year ended 4 April 2024. This report includes details of directors’ pay for the year, together with our new forward-looking directors’ remuneration policy and how the Society intends to implement the policy during 2024/25.

Our directors’ remuneration report for the year ended 4 April 2023 received strong support at the 2023 Annual General Meeting (AGM) (with 95% of votes ‘FOR’), and I would like to thank members for their ongoing support. We will be seeking an advisory vote on the directors’ remuneration report for the year ended 4 April 2024 and the new directors’ remuneration policy at the 2024 AGM.

The key matters discussed by the Committee during the year are set out below. I would like to thank my fellow Committee members for their continued support and contribution.

Supporting our wider workforce

Our colleagues are integral to the Society’s success and the Committee’s oversight of remuneration across the workforce has featured prominently on its agenda during 2023/24.

The pay package agreed with the Nationwide Group Staff Union (NGSU) for 2024/25 covers the Society’s wider workforce, excluding our most senior population. Eligible colleagues will receive a salary increase of the greater of 4.5% of current salary or £1,300 (pro-rated), effective from 1 July 2024, and the Society’s minimum salary will increase to £23,000. Around 9,000 colleagues will benefit from the £1,300 minimum increase, making the average total award delivered through the 2024/25 pay package 5.4%, higher than the average of 3.1% for our most senior population, demonstrating our continued investment in lower-earning roles. In combination with the 2022/23 pay package, salaries for eligible colleagues will have increased by at least 11% since April 2023.

Our new directors’ remuneration policy

During 2023/24 the Committee undertook a detailed review of the directors’ remuneration policy to ensure it continues to support the Society’s strategic priorities and is appropriately positioned to recruit, motivate and retain executives of the calibre required to manage a systemically important institution. In conducting this review, the Committee also aimed to ensure strong alignment between reward and our customers’ interests, maintaining a focus on long-term performance.

Overall, the Committee was satisfied the current remuneration structures in place at Nationwide remain fit for purpose, with variable pay for executive directors made up of a mix of short-term (through the Annual Performance Pay (APP) plan) and long-term (through the Long-Term Performance Pay (LTPP) plan) reward.

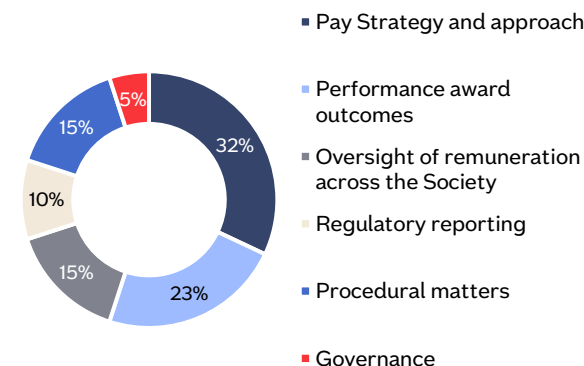
The Committee reviewed competitive market data and the positioning of our executive directors’ total remuneration relative to our peers, which highlighted that the total remuneration opportunity for the Chief Executive Officer (CEO) currently sits substantially below UK banking peers and other firms (both listed and private) of a similar size and complexity. The Committee also considered the Society’s performance since the CEO’s appointment in June 2022 and key performance highlights delivered in this period, including developing a long-term strategy to safeguard the future strength of the Society, and introducing the Nationwide Fairer Share Payment, rewarding our members who have the deepest relationships with us.



Key activities of the Committee:

- Reviewed the directors’ remuneration policy.
- Continued to oversee the remuneration and performance framework for all colleagues.
- Approved performance pay outcomes for 2022/23 and the design of performance pay plans for 2024/25.

How the Committee spent its time in the year



The new directors' remuneration policy is intended to apply for three years to the AGM in 2027. The Committee has updated the policy to increase the maximum LTPP opportunity that may be awarded from 100% to 300% of salary. While this increase will provide headroom to make LTPP awards up to a maximum of 300%, the Committee does not intend to use the full flexibility this year. Reflecting on performance and market positioning, the Committee determined the first LTPP awards granted under the policy will have a maximum opportunity of 190% of salary for the CEO and 100% of salary for the Chief Financial Officer (CFO). The CEO's LTPP award is the maximum award level available under the current remuneration framework, which limits the maximum ratio between total variable pay (including both APP and LTPP) and total fixed pay to 2:1. At this level of award, the CEO's total remuneration opportunity will continue to be positioned behind our peers and other companies of a similar size and complexity, however, the Committee feels that this approach will go some way to addressing the competitive gap.

The Committee believes that the increase to LTPP opportunity is appropriate as it will ensure greater alignment between reward and the successful delivery of our long-term strategy. LTPP awards are subject to performance conditions over a forward-looking three-year period, subject to which any payments will be made in instalments between three and seven years from the grant date. The Committee intends to keep LTPP grant levels under review over the course of the three-year policy to ensure they remain appropriate.

Alongside the change to the LTPP opportunity, the Committee has also introduced an enhanced approach to assessing performance for the executive directors' APP awards for 2024/25, capturing a wider range of the Society's financial and non-financial key performance indicators. A portion of APP awards will continue to be based on individual performance, with the remaining portion based on Society performance measures that apply for all colleagues.

The directors' remuneration policy is set out in full in this report. No other material changes to the policy are proposed.

2023/24 performance and pay outcomes

Annual Performance Pay (APP)

APP outcomes for 2023/24 for all eligible colleagues were determined by reference to consistent Society gateways, performance measures and two separate individual performance ratings, reflecting both delivery and behaviours. The Society gateway measures of profit before tax, leverage ratio and conduct risk were passed in 2023/24 and, as a result of the Society's strong performance in the year, the Committee approved an above target outcome against the APP Society measure scorecard.

For the executive directors, taking account of Society performance and individual contribution, the Committee agreed APP outcomes of 91.88% for the CEO and 86.88% for the CFO. Details of the measures, individual performance assessments and the overall APP awards delivered to our executive directors are set out later in this report.

Long-Term Performance Pay (LTPP)

As described above, the Committee approved the LTPP awards to be granted to the executive directors in 2024, based on a pre-grant assessment of performance delivered in 2023/24. The Committee agreed these awards would be subject to forward-looking performance measures and targets relating to: financial goals, customer satisfaction, Environmental, Social and Governance (ESG) goals, risk and compliance, and transformation objectives linked to the Society's strategic priorities. Further details on the LTPP awards are set out later in this report.

Looking ahead to 2024/25

In the context of the base pay package agreed for the wider workforce, the Committee approved base salary increases of 2.94% for the CEO and 2.48% for the CFO, effective from 1 April 2024, lower than the average percentage increase received by the wider workforce. Further details on the pay arrangements of the executive directors are set out later in this report.

During the year, the Committee noted the publication of the Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA) statement confirming the removal of the regulatory limit on variable pay. We will review the impact of the revised rules during 2024/25 and consider if any changes to our remuneration framework are appropriate.

Member voting on remuneration

This year there will be advisory votes on both the directors' remuneration report and the directors' remuneration policy. Details are set out for your consideration on the following pages. On behalf of the Remuneration Committee, I would like to thank members for their continued support and encourage you to vote in favour of both resolutions.

I hope you find the information in this report clear; if you have any questions please contact me via the Society Secretary.

How the Committee works

Committee Purpose

The Committee is responsible for determining on behalf of the Board the remuneration strategy, the broad policy for remuneration and the specific remuneration packages for the Society Chairman, executive directors, members of the Executive Committee and any other employees who are deemed to fall within scope of the PRA / FCA Remuneration Codes. The Committee also provides oversight and advice to the Board on the appropriateness and relevance of the remuneration policy and pay practices for the workforce across the Society. More detail on the duties and responsibilities of the Committee can be found within its terms of reference (available at [nationwide.co.uk](https://www.nationwide.co.uk)).

Committee meetings

All members of the Committee are non-executive directors of the Society. The Committee held 6 scheduled meetings during the year, and the attendance record of Committee members is set out on page 82 of the Governance report.

Regular attendees of the Committee include the Society Chairman, CEO, Chief People Officer, the Director of Performance & Reward and a partner of Deloitte LLP, in their capacity as independent advisors to the Committee. In no case is any person present when their own remuneration is discussed. The Chair of the Committee reported to the Board on the matters considered at each meeting. Additionally, the Chair attended meetings with the PRA and FCA.

The Committee is supported by the Board Risk and Audit committees on risk-related matters. Further details can be found in the reports of those committees on pages 97 to 107.

Committee performance, skills, and expertise

The performance of the Committee is reviewed annually, along with the Committee's terms of reference and its activities over the previous year, to confirm that these activities align with its remit and purpose, and continue to reflect all applicable governance codes, guidelines, legislation and best practice. As in previous years, in 2023, the performance review was undertaken by the Society's Secretariat function with the assistance of Lintstock Limited, as part of the three-year Board and committee performance review process agreed in 2021. Feedback on the Committee's performance was provided to both the Committee and the Board. The results of the review indicate that the Committee's members are satisfied with the performance and effectiveness of the Committee. The 2023 performance review, including actions and next steps, is described on pages 94 to 95.

Committee advisor

The Committee agreed to retain Deloitte LLP during 2023/24 after a review of its fees and quality of the service provided. The Committee reviews annually all other services provided by Deloitte to ensure they continue to be independent and objective. Deloitte is a founding member of the Remuneration Consultants Group and voluntarily operates under the code of conduct in relation to executive remuneration consulting in the UK. Deloitte's advisory team has no connection with any individual director of Nationwide. Their fees for advice provided to the Committee during 2023/24 were £136,400 (excluding VAT), typically charged on a time-and-materials basis. Deloitte also provided tax, risk, internal audit and consulting services to the Society during 2023/24.

What the Committee did in the year

Pay strategy and approach

One of the main activities of the Committee was to undertake a detailed review of the directors' remuneration policy, following a robust process which sought input from both management and external advisors to develop the policy set out in this report.

The Committee approved the approach to variable pay across the Society for 2024/25, to ensure it continues to support the Society's strategy and purpose, enabling recognition of exceptional colleague performance and customer service.

Performance award outcomes

The Committee approved both the outcome of the APP plan and the grant of LTPP awards in respect of 2022/23. In April 2023 the Committee also made decisions on risk adjustment, including for variable payments due in June 2023.

Oversight of remuneration across the Society

In making executive pay decisions, the Committee took account of remuneration practices across the Society. In addition to information received on Nationwide's wider workforce pay practices throughout the year, the Board received an annual update from the general secretary of the Nationwide Group Staff Union in November 2023 and regular updates from the Employee Voice non-executive director, Tamara Rajah. More information on Board engagement with colleagues can be found on pages 28 to 31.

The Committee also received updates on how remuneration is a part of creating a healthy culture in the workplace and considered how remuneration policies are aligned with the Society's purpose, strategy and values. The Committee considered wider colleague analysis, including pay decisions by diversity characteristic and the outputs of internal survey data on pay and benefits.

Regulatory reporting

The Committee reviewed and approved the report of the directors on remuneration for the year ended 4 April 2023. It also reviewed and approved all relevant remuneration submissions made to the PRA and FCA over the course of the year.

Procedural matters

The Committee agreed the base pay and variable pay arrangements for all employees in scope of the PRA and FCA Remuneration Codes.

Alignment between wider workforce and executive directors' remuneration

Our reward framework is designed to attract, motivate and retain colleagues who are inspired to do their best for our customers every day, and to reward all colleagues fairly across the Society. The framework for executive directors is aligned with the wider workforce except for the LTPP plan. This difference ensures our executive directors have a significant proportion of their remuneration linked to the Society's longer-term priorities.

All colleagues		Executive Committee	
Base salary and pension	Benefits	Annual Performance Pay plan	Long-Term Performance Pay plan
<p>Salaries are set to reflect the work colleagues do and the contribution they make, informed by external market benchmarking and the salary of colleagues doing similar roles. We are a principal partner of the Living Wage Foundation.</p> <p>If our employees contribute 4% of base salary to their pension, we will contribute 13% and match any additional contributions up to a maximum employer contribution of 16%. Executive directors' contributions are aligned to the wider workforce.</p>	<p>We offer a range of contractual benefits specific to role and all colleagues have access to a benefits programme, to help meet personal needs at varying stages of life.</p> <p>Colleagues can make choices to purchase a range of benefits, including protection (will writing, critical illness cover), technology, lifestyle (buying or selling holiday days, discounted gyms, electric cars) and healthcare (cancer screenings, health assessments, private dental cover).</p> <p>Colleagues have access to a range of other benefits which include life assurance and holidays (25-30 days dependent on role and service), as well as access to policies that support family leave, flexible ways of working and wellbeing (including a comprehensive support package to help victims of domestic abuse).</p>	<p>All of our colleagues who meet individual conduct requirements are eligible to participate in the APP plan.</p> <p>Our consistent Society led-performance measures are communicated to all participants, ensuring clear alignment and focus across the Society in delivering against our strategic drivers and for our customers.</p> <p>APP outcomes for the year are linked to the outturn of Society performance measures and individual reward outcomes are differentiated based on colleague performance ratings, reflecting both delivery and behaviours.</p> <p>Awards are generally paid in cash. However, for more senior colleagues, awards are paid in a mixture of cash and an element linked to the Society's core capital deferred shares (CCDS), subject to relevant deferral criteria.</p>	<p>Our executive directors and other Executive Committee members are invited to participate in the LTPP plan. This plan supports the delivery of sustainable customer value, with performance measures aligned to the Society's longer-term priorities and the achievement of our financial and strategic aims, including our sustainability commitments.</p> <p>LTPP awards are deferred over the long-term and will only be paid subject to sustained satisfactory Society and individual performance.</p>

Directors' remuneration policy

This section sets out the new remuneration policy for our executive directors and non-executive directors. We will seek member approval for this policy by way of an advisory vote at the 2024 AGM. The policy is intended to apply for three years to the AGM in 2027 unless amendments to the policy are required, in which case a further advisory vote will be sought. It is intended that no payments to directors will be made outside of this policy.

2024 policy changes

During 2023/24 the Committee undertook a detailed review of the directors' remuneration policy. The Committee focused on whether the policy remains appropriate in the context of evolving regulation and market developments, and continues to enable Nationwide to recruit, retain and motivate the skill sets needed to deliver our strategic priorities and exceptional service to our customers.

The Committee followed a robust decision-making process over a series of meetings, with input sought from the Society's Chairman, the Committee's independent external advisors and management, while ensuring that conflicts of interests were appropriately mitigated. The Committee aimed to ensure strong alignment between reward and the interests of our customers, maintaining a focus on long-term performance, and being appropriately positioned relative to the market. The Committee also assessed the policy against the principles of clarity, simplicity, risk management, predictability, proportionality and alignment to culture.

As discussed in the Committee Chair's letter, under the new policy the maximum LTPP opportunity that may be awarded will increase from 100% to 300% of salary. The increased opportunity takes account of the competitive talent market and will enhance the alignment of reward with the Society's long-term performance, with awards only payable where strong performance for customers has been delivered. In line with regulatory requirements, LTPP awards are paid in instalments over a period of up to seven years following the date of the initial grant, subject to the achievement of performance conditions assessed over the first three years.

The first awards granted under the policy will have a maximum opportunity of 190% of salary for the CEO and 100% of salary for the CFO. These awards will be granted in July 2024. The Committee intends to keep LTPP grant levels under review over the course of the three-year policy to ensure they remain appropriate.

The policy has also been updated to formalise both the removal of the prescribed regulatory limit on the ratio between the variable and fixed components of remuneration, and the changes to our approach highlighted in the Annual Report and Accounts 2023, including the simplification of the structure of the APP plan and modifications to the use of the Society's core capital deferred shares (CCDS) for remuneration purposes. Further details can be found in the policy table below.

Other than the above, and a few minor changes to simplify elements of wording or improve the operation and effectiveness of the policy over its term, it is proposed that the policy remains as approved in 2022.

Remuneration policy for executive directors

Element	Operation	Opportunity	Performance metrics
Fixed pay			
Base salary Supports the recruitment and retention of key talent. Base salaries are market competitive and reflect the size and complexity of the role	Base salaries are normally reviewed on an annual basis. Any changes are normally effective from 1 April.	Base salaries are set taking into account market data for similar roles in comparable organisations. Other factors considered include the individual's skills, experience and performance in the role, additional responsibilities, and the approach being taken on salaries in the wider organisation. There is no maximum base salary.	Not applicable
Benefits Provide a market competitive and cost-effective benefits package as part of fixed remuneration	Benefits may include a car allowance, access to drivers when required, security when required, healthcare and insurance benefits. Business related expenses are also reimbursed, including any associated tax. The Committee retains the right to provide additional benefits depending on individual circumstances, where considered reasonable and appropriate, including but not limited to enable recruitment, retention or relocation.	Benefits are reviewed regularly to ensure they remain appropriate to role and location to assist individuals in carrying out their duties effectively. The value of benefits may vary depending on service providers, cost and market conditions. There is no maximum value to the benefits provided.	Not applicable
Pension Provides post-retirement benefits in a cost-efficient manner	Executive directors may receive a cash allowance and/or contribution to a defined contribution scheme.	Pension allowances are set as a percentage of base salary. The maximum allowance payable is aligned with the maximum pension benefit available to the wider employee population, which is currently 16% of base salary.	Not applicable
Variable pay			
Annual Performance Pay (APP) plan Rewards the achievement of stretching Society, team and individual targets for a single financial year	APP awards are discretionary and determined by the Committee following the end of the one-year performance period, reflecting achievement against targets set. To ensure alignment across the Society, a portion of the awards for executive directors is based on the same Society performance measures as all eligible colleagues. The executive directors may also have a portion of their awards based on the achievement of other Society-wide, strategic and / or individual objectives. Alongside awards under the Long-Term Performance Pay (LTPP) plan, the payment and deferral of APP awards are determined at the time of award and in compliance with regulatory requirements (which currently require that at least 60% of total variable remuneration in respect of any year is deferred for between three and seven years). To the extent the minimum level of deferral is not met via the LTPP award, a proportion of the APP award may be deferred in line with regulatory requirements. Any non-deferred portion is normally paid upfront following the end of the performance year.	The targets reflected in the Society's Plan need to be achieved to generate a 'target' award against the Society measures, and considerably exceeded to generate the maximum award. The normal maximum APP opportunity for the executive directors is 100% of base salary. Normally, 67% of the maximum opportunity is payable for target performance and at the threshold level of performance, 33.5% of the maximum opportunity will be paid. No portion of the award will be paid where threshold performance is not achieved. The award levels above may be varied in exceptional circumstances.	Performance measures and targets are normally set on an annual basis by the Committee. These will normally reflect a mix of financial and non-financial measures, relating to the strategic priorities of the Society as well as regulatory obligations, risk performance and individual performance (including conduct and behaviours).

Element	Operation	Opportunity	Performance metrics
	<p>Awards are normally paid in cash, usually with a minimum of 50% of both the upfront and deferred elements delivered in or linked to the value of the Society's core capital deferred shares (CCDS), or an alternative instrument that, subject to regulatory requirements, is appropriate for use as variable remuneration, and subject to a 12 month retention period. For these purposes, the value of CCDS may be adjusted to remove the impact of long-term interest rates and any other items as agreed by the Committee from time to time to ensure they remain an appropriate instrument for the purposes of remuneration.</p> <p>Participants will be entitled to the value of CCDS distributions (or equivalent) to the extent permitted by regulations. Where distributions (or equivalent) cannot be paid due to regulatory requirements, the number of deferred instruments awarded may be adjusted by reference to an expected yield over the relevant period.</p> <p>The Committee may reduce, freeze, suspend or cancel payments under the APP plan if it believes that outcomes are not representative of the overall performance of the Society (note i).</p>		
<p>Long-Term Performance Pay (LTPP) plan</p> <p>Incentivises sustainable long-term performance and alignment with customer interests</p> <p>Awards are made annually and only pay out where challenging performance measures are met, normally measured over a three-year period</p>	<p>LTPP awards are discretionary and normally granted subject to the achievement of satisfactory performance over the year prior to grant (the initial performance period).</p> <p>Awards are then normally subject to a forward-looking three year performance period from the start of the financial year in which the grant is made.</p> <p>For each forward-looking performance measure, the Committee will determine targets by reference to the Society's Plan that need to be achieved to generate a 'threshold', 'target' and 'maximum' level of award. Performance targets will normally be set annually for each award cycle.</p> <p>The Committee will determine the extent of achievement based on actual performance against the targets set and any other relevant factors the Committee considers appropriate to take account of.</p> <p>Payment of the awards will not start until after the end of the three-year performance period and is subject to the achievement of the performance conditions. The payment of awards will be deferred in compliance with regulatory requirements, which currently apply such that awards will pay out in instalments between three and seven years following the date of the initial grant.</p> <p>Awards are normally paid in cash, usually with a minimum of 50% of any award delivered in or linked to the value of the Society's core capital deferred shares (CCDS), or an alternative instrument that, subject to regulatory requirements, is appropriate for use as variable remuneration, and subject to a 12 month retention period. For these purposes, the value of CCDS may be adjusted to remove the impact of long-term interest rates and any other</p>	<p>LTPP awards may be granted up to a maximum value of 300% of base salary. Maximum opportunities may vary by role.</p> <p>Normally, 67% of the maximum opportunity is payable for target performance and at the threshold level of performance, 33.5% of the maximum opportunity will be paid. No portion of the award will be paid where threshold performance is not achieved. Maximum awards will only be paid where there has been outstanding performance.</p> <p>The award levels above may be varied in exceptional circumstances.</p>	<p>The Committee takes into consideration performance over the initial performance period when determining whether LTPP grants will be made. The pre-grant conditions will normally include an assessment of both Society and individual performance to ensure that the granting of awards is sustainable according to the financial position of Nationwide and justified on the basis of individual performance, conduct and behaviours.</p> <p>Forward-looking performance will be measured against a long-term scorecard normally determined by the Committee on an annual basis and set to align with the long-term objectives of the Society. The measures will normally reflect a mix of financial and non-financial measures drawn from the Society's Plan and be subject to the satisfaction of risk performance and regulatory obligations.</p> <p>The measures used will typically comprise:</p> <ul style="list-style-type: none"> • customer outcomes (to include financial goals); • sustainability (to include Environmental, Social and Governance measures); and • transformation (to include delivery of key strategic milestones). <p>The specific performance measures will be</p>

Element	Operation	Opportunity	Performance metrics
	<p>items as agreed by the Committee from time to time to ensure they remain an appropriate instrument for the purposes of remuneration.</p> <p>Participants will be entitled to the value of CCDS distributions (or equivalent) to the extent permitted by regulations. Where distributions (or equivalent) cannot be paid due to regulatory requirements, the number of deferred instruments awarded may be adjusted by reference to an expected yield over the relevant period.</p> <p>The Committee may reduce, freeze, suspend or cancel payments under the LTPP plan if it believes that outcomes are not representative of the overall performance of the Society (note i).</p>		disclosed in the remuneration report for the relevant year.

Notes:

- i. Discretion, risk adjustment, malus and clawback: In determining variable pay awards, the Committee has the ability to apply independent judgement to ensure that the outcome is a fair reflection of the performance of the Society and the individual over the relevant period. In applying this judgement, the Committee has scope to consider any such factors it deems relevant. The Committee normally takes into account performance against a broad set of financial and non-financial performance measures and considers performance on a risk-adjusted basis, evaluating progress against defined measures within the context of our risk appetite, including conduct risk. This is a formal process, which also includes input and feedback from the Audit and Board Risk committees. In this manner, the Committee has discretion to reduce an executive director's variable pay in relation to risk-related matters. The Committee also retains the discretion to adjust awards made under the APP and the LTPP in line with the discretions within the relevant plan rules, including but not limited to adjusting performance conditions attached to awards for significant items, changes in working patterns, treatment on cessation of employment and treatment in the event of a change of control. In certain circumstances, the Committee has the discretion to operate malus and clawback provisions under the APP and LTPP plans. Such circumstances may include, but are not limited to: participation in, or responsibility for, conduct that results in significant losses; failure to meet appropriate standards of fitness and propriety; employee misbehaviour, fraud, material dishonesty or material error; a material downturn in financial performance; a material failure of risk management; material corporate failure; as well as other circumstances required by regulatory obligations or deemed appropriate by the Committee. Clawback can normally be applied for a period of seven years from the date of award. This may be extended to 10 years in the event of ongoing internal or regulatory investigation at the end of the seven-year period.
- ii. Regulatory changes or resolution: In the event that regulatory standards change, the Committee has discretion to make such changes to our remuneration policy as to ensure regulatory compliance, even if a revised policy has not been put to members for an advisory vote. Any such changes would normally be included in the policy report at the next AGM. This includes any changes as may be considered appropriate in the event of resolution to reflect the nature of the roles and responsibilities in this context and to support the resolution process.
- iii. Prior arrangements: The Committee reserves the right to honour remuneration payments, notwithstanding that they are not in line with the policy set out in this report, where the terms of the payment were agreed in accordance with any previous member-approved policy, before the Society's first member-approved policy came into effect, or at a time when the relevant individual was not a director of Nationwide and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a director of Nationwide.

Choice of performance measures and targets

The performance measures selected for APP and LTPP awards are reviewed and set on an annual basis by the Committee to reflect the priorities of the Society, providing a clear link with customers' interests and our short and long-term financial and strategic aims, as well as our regulatory obligations.

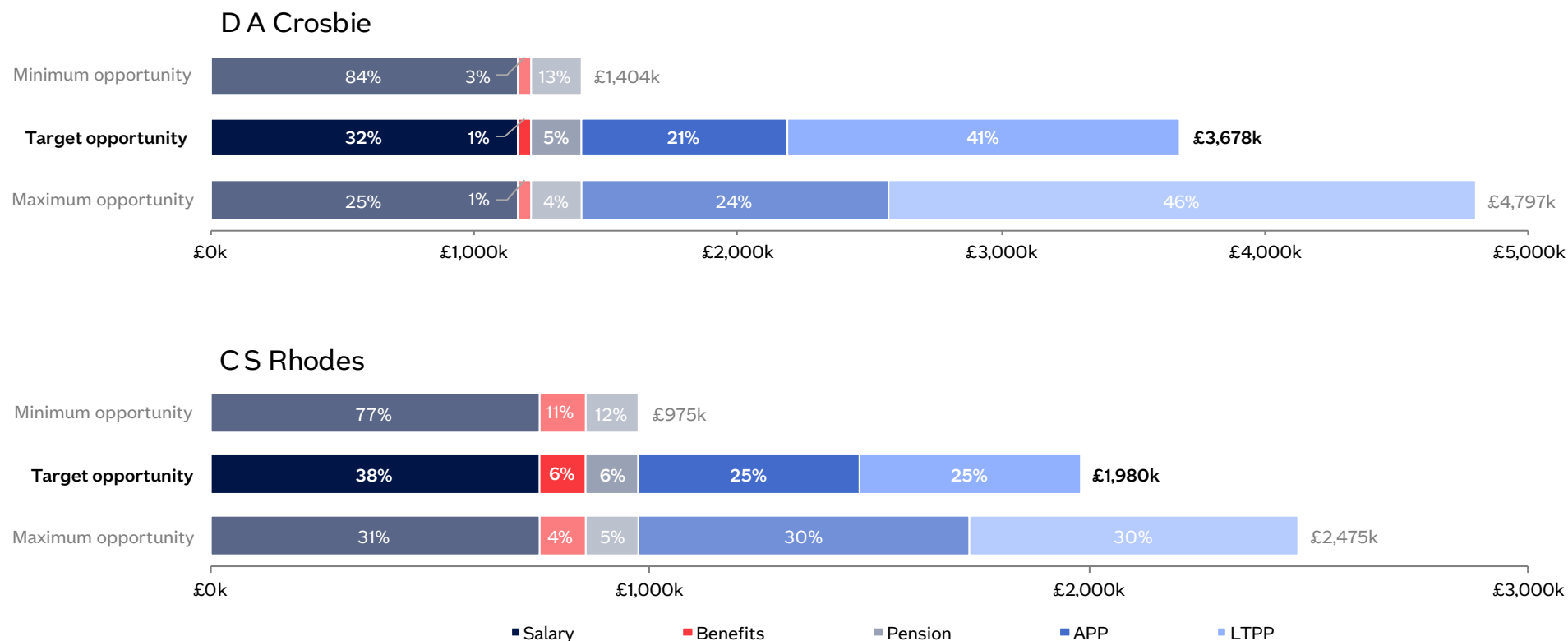
The Committee retains the discretion to amend the performance measures or weightings of performance measures for APP and LTPP awards to take account of the Society's Plan, emerging best practice and regulatory expectations. Normally, no less than 60% of executive directors' APP awards will be based on Society performance measures.

The Committee sets performance targets at a level which it considers appropriately stretching in relation to the Society's Plan and overall risk appetite, taking into account a number of wider factors, including our strategic priorities, the economic environment, and market conditions and expectations. Maximum performance will only be achieved for exceptional performance across all measures.

What our executive directors could earn based on performance

The charts below illustrate the amounts that each of the executive directors could earn in different performance scenarios, including the percentage of the total made up by each element of remuneration, under the proposed remuneration policy. The charts reflect a maximum LTPP opportunity of 190% of salary for D A Crosbie and 100% of salary for C S Rhodes, as will apply for the first awards granted under the policy. The Committee intends to keep LTPP grant levels under review over the course of the three year policy to ensure they remain appropriate, and therefore the values illustrated below may be subject to change; however will not exceed the limits provided under this policy.

A significant proportion of the potential remuneration of the executive directors is payable based on the achievement of stretching performance conditions, and subject to deferral, malus and clawback. No payments relating to LTPP awards will be made until the end of the forward-looking three-year performance period.



Notes:

- i. The charts are based on the following scenarios:
 - Minimum opportunity: only fixed pay elements are payable (base salary, pension and benefits).
 - Target opportunity: fixed pay elements are payable and target APP and LTPP outcomes are achieved.
 - Maximum opportunity: fixed pay elements are payable and maximum APP and LTPP outcomes are achieved.
- ii. The value of benefits for D A Crosbie and C S Rhodes is estimated based on the benefits paid to them in respect of 2023/24, as set out in the single total figure of remuneration table. Additional benefits may arise but will always be provided in line with the approved policy.
- iii. The charts have been prepared using the annual salaries that will apply during 2024/25 and, therefore, APP and LTPP opportunities have been calculated as percentages of these salaries.

Remuneration arrangements throughout the Society

The remuneration policy for our executive directors is designed to align with the remuneration philosophy and principles that underpin remuneration for the wider Society. Within this framework, whilst there are differences in reward opportunity under the APP plan depending on level of seniority, a proportion of the APP for all employees (including the executive directors) is based on consistent Society performance measures. Having consistent goals for a proportion of the award helps make sure everyone works together to put our customers' needs first.

Certain employees, based on their role and seniority, are eligible to participate in the LTPP plan, which provides a clear link between remuneration outcomes and the long-term performance of our most senior population in their stewardship of the Society and overseeing the delivery of the Society Plans.

Consideration of employment conditions elsewhere in the Society

The pay and conditions of all employees are taken into account when determining executive remuneration and the Committee appreciates the importance of this relationship. The Committee reviews base salary levels, other elements of fixed remuneration and details of performance pay plans offered to all employees each year and is always mindful of ensuring that the pay policy for senior roles is consistent with the culture and values of the Society as a whole. Our policy is to offer packages which are competitive with the financial services market in which we operate and to reward individuals for delivering value to customers. The individual elements of remuneration offered, for example benefits provision, may vary between the different roles, reflecting typical market practice. Employees who are members of the Society will be able to vote on the directors' remuneration policy and directors' remuneration report.

Recruitment policy

On the appointment of a new executive director, the Committee will as far as possible determine the ongoing remuneration package in accordance with the policy described in the policy table above. It would aim not to pay more than necessary to secure the right candidate. New appointments will be eligible to be considered for variable pay consisting of an APP and LTPP award (or any other element which the Committee considers appropriate), subject to the maximum opportunity being no more than the maximum ratio of fixed to variable pay in operation within the Society as determined by the Committee from time to time.

The Committee may also consider whether it is necessary to offer any one-off arrangements on the recruitment of a new executive director to replace previously awarded variable remuneration and any other remuneration arrangements forfeited upon leaving a previous employer. In making any such offer, the Committee will seek to ensure that the replacement arrangements are on materially similar terms to the arrangements being forfeited in terms of value and vesting schedule and take into account the extent to which performance conditions applied to the original awards, whilst taking into consideration all regulatory requirements. Where possible, the replacement arrangements will be structured within the parameters of the Society's existing performance pay plans. If necessary, an individually tailored plan may be put in place. In line with regulatory requirements, the replacement arrangements may continue to be subject to malus and clawback provisions, at the discretion of the individual's previous employer. The Committee may award guaranteed variable remuneration in exceptional circumstances for new hires. Such awards would be limited to the individual's first year of employment only. The exceptional circumstances would typically involve a critical new hire and would also depend on factors such as the seniority of the individual and the timing of the hire during the performance year.

Although our intention would be to offer any new director benefits in line with the policy set out in the policy table, if individual circumstances required this, the Committee may consider offering a new recruit such additional benefits as might be required to secure their services. This may include, but is not limited to, travel allowances or relocation expenses for a limited period following their appointment.

On the appointment of a new non-executive director, fees will be on similar terms to those of the existing non-executive directors and in accordance with the policy set out in this report.

Service contracts and policy on payments to departing directors

Executive director	D A Crosbie	C S Rhodes
Service contract effective from	2 June 2022	20 April 2009
Date first appointed to the Board	2 June 2022	20 April 2009

Executive directors' terms and conditions of employment are detailed in their individual contracts or service agreements which include a notice period of 12 months from the Society to the individual and a notice period of 12 months from the individual to the Society for any new executive directors. The terms set out in the service agreements for the current executive

directors do not provide for any payments that are not in line with this policy. Service agreements include a provision for a termination payment in lieu of notice, which will normally be subject to mitigation, up to a maximum of 12 months' base salary and statutory redundancy in the event of redundancy. Such a payment might also cover benefits and pension allowance.

The Society Chairman and non-executive directors are appointed for fixed terms not exceeding three years, which may be renewed subject to their re-election by members at AGMs. There are no obligations in the non-executive directors' letters of appointment that could give rise to remuneration payments or payments for loss of office. The dates of appointment to the Board for the Society Chairman and non-executive directors are set out in the Governance report.

Leaver provisions for executive directors

If an executive director leaves in eligible leaver circumstances (including redundancy, retirement, ill health, death, by mutual consent or any other reason at the discretion of the Committee), they may, subject to approval by the Committee on an individual basis, remain eligible for performance pay awards as described below.

For APP awards:

- Where an executive director leaves during the performance year in eligible leaver circumstances they may, at the Committee's discretion, receive a pro-rata performance award for the period of time served during the current performance period in accordance with the plan rules. Such awards would be subject to deferral, retention, malus and clawback as normal.
- Where an executive director leaves in certain defined eligible leaver circumstances, they will normally be eligible to continue to receive the deferred portion of any outstanding award in full (subject to any risk or performance adjustment, including by way of malus and/or clawback).
- In other eligible leaver circumstances, the treatment of outstanding deferred payments will normally be subject to time-prorating for months served in continued employment over the first four years of the plan cycle, including the initial performance period.

The treatment for eligible leavers of APP awards in respect of performance years prior to 2022/23 will be in accordance with the relevant policy.

For LTPP awards :

- Where an executive director leaves during the financial year prior to the year in which the grant is made, they would normally be ineligible to receive any LTPP award in respect of that year.
- Where an executive director leaves during the forward-looking LTPP performance period in eligible leaver circumstances, awards will normally be pro-rated for time served during the relevant performance period. The extent to which an award will pay out will normally be subject to the achievement of the applicable performance conditions. Such awards would normally remain subject to the deferral, retention, risk and performance adjustment provisions that would otherwise have applied, including malus and clawback.
- Where an executive director leaves in eligible leaver circumstances following the end of the forward-looking LTPP performance period and during the additional deferral or retention period, they will normally be eligible to continue to receive the deferred and retained portions of any outstanding awards in full (subject to any risk or performance adjustment, including by way of malus and/or clawback).

Under both the APP and LTPP plans, the Committee retains the discretion to adjust the proportion of the outstanding or deferred payments that are retained by a leaver based on the facts and circumstances of the departure. Furthermore, following departure, the Committee may still also reduce or cancel payments if it believes that the variable pay plan outcomes are not representative of the overall performance of the Society.

Any variable pay awards subject to deferral or retention periods, as well as any 'in-flight' LTPP awards, will continue to be paid at the usual payment date although the Committee will have discretion to accelerate any payments to the leaving date in exceptional circumstances.

Individuals who leave in other circumstances (e.g. resignation) and are not determined to be 'eligible leavers' would receive only contractual payments to which they are entitled and would not receive any payment in respect of performance pay plans, unless the Committee determines there is a robust case for discretion.

Depending on individual circumstances, the Committee may also make additional payments in connection with an executive director's cessation of office or employment. For example, this may include outplacement costs, legal fees and costs of settling any potential claim where appropriate.

Mitigation

Mitigation means that after leaving Nationwide, should an executive director start employment elsewhere, any outstanding payments in lieu of notice due from Nationwide may be reduced or lapse altogether. The Committee's policy is that payments in lieu of notice should be made in monthly instalments and be subject to mitigation (where contractually enforceable), although the Committee has discretion to waive mitigation if this is considered appropriate in individual circumstances. The current executive director contracts allow for mitigation.

Consideration of member views

At recent AGMs we have received a significant majority vote in favour of our remuneration reports. We are also mindful of views expressed by individual members regarding specific aspects of the policy. When taking decisions on remuneration policy, the Committee is also always conscious of the need to balance members' views whilst ensuring executives are motivated and rewarded to deliver value for our customers.

Remuneration policy for non-executive directors

The table below sets out the remuneration policy for our non-executive directors.

Element	Operation	Opportunity
Society Chair and non-executive director fees Provide a market competitive fee level for the role at Nationwide	The Society Chair's fee is normally reviewed and approved by the Remuneration Committee on an annual basis. Non-executive director fees are normally reviewed and approved by the executive directors and the Society Chair on an annual basis. Any changes are typically effective from 1 April. Non-executive directors are paid a basic fee, with an additional supplement paid for additional roles or responsibilities, including in respect of the Senior Independent Director or Employee Voice role, or for serving on or chairing a Board Committee. Additional fees may be payable for additional time commitment or responsibilities. The Society Chair and non-executive directors do not take part in any performance pay plans or in any pension arrangements. Benefits may be provided if considered appropriate including reimbursement of any reasonable expenses (together with any tax thereon where these are deemed to be taxable benefits).	Fees are set taking into account practice at other organisations as well as the time commitment for the role at Nationwide. There is no maximum level.

Annual report on remuneration for 2023/24

This section provides information on how the directors' remuneration policy, as approved by members at the 2022 AGM, was implemented during 2023/24. A revised policy will be subject to member approval by way of an advisory vote at the 2024 AGM.

Base salary and pension

The effective base salaries in the year for D A Crosbie and C S Rhodes were £1,136,585 and £731,854, respectively. The pension allowance of our executive directors is 16% of salary, which is the maximum benefit available to the wider employee population.

Annual Performance Pay (APP) for 2023/24

APP awards for 2023/24 were aligned with the attainment of challenging strategic and financial measures drawn from the Society's Plan for 2023/24, as set out below. Consistent Society measures applied for all colleagues, including the executive directors, ensuring clear alignment and focus across the Society in delivering for our customers. APP awards were also assessed by reference to two separate individual performance ratings, reflecting both delivery and behaviours.



The maximum potential APP award level for 2023/24 was 100% of base salary for both the CEO and CFO, with 30% of the overall award based on individual performance. An illustration of the pay-out schedule of the executive directors' APP awards can be found on page 129. The Society has the ability to claw back APP awards for up to ten years after they were awarded in certain circumstances.

Outcomes for APP 2023/24

Three gateways must be passed before any payment is made under the plan. The three gateways are based on measures of profit before tax, leverage ratio and conduct risk. These gateways were passed in 2023/24. In determining executive directors' APP outcomes for 2023/24, the Committee assessed the Society's performance against the four measures set out below. The Committee must also be satisfied that there are no significant conduct, risk, reputational, financial, operational or other reasons why awards should not be made, taking into account input from the Board Risk and Audit committees.

Measure	Performance target range: threshold, target and maximum, and performance outcome achieved for 2023/24			Performance pay achieved / Maximum achievable (% of salary paid in 2023/24)	
				D A Crosbie	C S Rhodes
Number of engaged customers	<p>Outcome: 3.53m - Maximum</p>			17.5% / 17.5%	17.5% / 17.5%
Customer experience score (note i)	<p>Outcome: 76.8% - Above threshold</p>			9.38% / 17.5%	9.38% / 17.5%
Total costs (note ii)	<p>Outcome: £2,402m - Maximum</p>			17.5% / 17.5%	17.5% / 17.5%
Heard good things about Nationwide (note iii)	<p>Outcome: 1st - Maximum</p>			17.5% / 17.5%	17.5% / 17.5%
Individual performance element (see further detail below)				30.0% / 30.0%	25.0% / 30.0%
Remuneration Committee discretionary performance and risk assessment The Committee carefully considered the outcomes for the executive directors to ensure they were a fair reflection of performance. This took account of a broad range of factors including the Society's performance against wider key performance indicators and risk factors. Overall, the Committee was satisfied that the outcomes were a fair reflection of performance and no discretionary adjustment was applied.				0%	0%
Total performance pay achieved based on Society and individual performance				91.88%	86.88%
Out of a maximum opportunity (as a % of salary paid in 2023/24) of				100%	100%

Notes:

- Our customer experience score measure is based on a 12-month average score over the 12 months ending 31 March 2024, and is calculated by weighting the aggregated scores across channels, reflecting the way customers interact with us. Digital channels include our mobile banking app, internet bank, webchat and our website ([nationwide.co.uk](https://www.nationwide.co.uk)).
- As per the design of the APP plan, Nationwide's total costs outcome for 2023/24 of £2,422 million was adjusted to £2,402 million for the purposes of determining the APP outcome to exclude employee costs driven by the overall APP outcome being above the target level.
- Based on a study conducted by an international market research company commissioned by Nationwide Building Society. Based on non-customer responses as at the six months ending March 2024. Financial brands included are Nationwide, Barclays, Co-operative Bank, First Direct, Halifax, HSBC, Lloyds, Monzo, NatWest, Santander, Starling Bank and TSB.

For the element based on individual performance, performance was assessed by reference to two separate individual performance ratings, rewarding both delivery against goals set in the context of our strategic drivers and the display of customer first behaviours. The tables below provide an overview of the individual performance for 2023/24 achieved by the CEO and CFO based on their objectives. This assessment is also informed by delivery against the Society's performance scorecard which contains a number of Environmental Social and Governance (ESG) factors, including improving sustainability and our inclusion and diversity measures.

D A Crosbie's and C S Rhodes's 2023/24 achievement of individual objectives		
Objectives	D A Crosbie	C S Rhodes
Financial and operational performance <ul style="list-style-type: none"> Strong and sustainable financial performance. Resilient business operations. 	<ul style="list-style-type: none"> Financial Plan delivered and effective cost management. Record member financial benefit, robust profit performance, and steady progress on operational resilience. Careful management of savings and mortgage pricing to protect the Financial Plan and operational performance balanced with stakeholder engagement and customers' cost of living challenges. 	<ul style="list-style-type: none"> Cost management performance exceeded plan. Record member financial benefit achieved as a result of additional value delivered through savings rates. Capital and liquidity remain above Board Risk Appetite with growth in capital enabling strategic developments. Established strong management of IT costs linked to business service lines and improved Executive Committee and Board visibility of costs.
Strategic development and delivery <ul style="list-style-type: none"> Ambitious and achievable strategy to grow the Society and deliver value for members. Society's Purpose and Blueprint for a modern mutual embedded throughout the Society and driving increased performance. 	<ul style="list-style-type: none"> First phase of ambitious business strategy delivered. Foundations fixed for long-term and sustainable growth. More rewarding relationships prioritised – industry leading current account switching level. 	<ul style="list-style-type: none"> Ambitious Financial Plan with continued focus on delivering value to members through the Fairer Share Payment. Exit criteria for first stage of strategy met and second stage aspirations are included in updated financial plans.
Robust risk and control <ul style="list-style-type: none"> Effective risk and control framework embedded throughout the organisation. Timely resolution of actions and effective conclusion of any regulator interventions. 	<ul style="list-style-type: none"> Significant progress on non-financial risk and strengthening our control environment. Developed and implemented Vulnerable Customer support and readiness for the FCA's Consumer Duty. 	<ul style="list-style-type: none"> Financial controls remain effective, with auditors placing reliance on a growing number of our controls. Projects to streamline staff structures implemented and cost impacts tracked.
Inspiring team and leadership performance <ul style="list-style-type: none"> High performing and effective ExCo team that inspires strategic progress across the Society. Increased leadership capacity and capability at ExCo-1 level. Cultural transformation across the Society in line with business strategy and Blueprint for a modern mutual. 	<ul style="list-style-type: none"> New purpose and Blueprint launched and embedding with good early progress on cultural transformation. Successfully embedded new colleague performance framework to incentivise and drive both delivery and customer first behaviours. 	<ul style="list-style-type: none"> Strong commercial experience and instinct to guide and challenge the rest of Executive Committee. Increased pricing support provided by finance function along with more effective cost engagement, stress testing and planning. Good quality financial reporting work delivered to Audit Committee.
Service excellence and member value <ul style="list-style-type: none"> Recognised for service excellence and member value. Increasing value for members with leading personal financial service products that meet member needs, and all Consumer Duty requirements. 	<ul style="list-style-type: none"> First amongst peer group for customer satisfaction (note i). Delivered Nationwide Fairer Share Bond and Payment Delivered actions to significantly improve customer experience, including new mobile app and retiring the card reader. Branch Promise extended and brand refresh launched successfully. 	<ul style="list-style-type: none"> Inaugural Fairer Share Payment distributed. Overall pricing decisions have supported the delivery of value to members as well as growth in our core markets. Passed a greater proportion of Bank rate increases through to depositors than the market average.

Note:

i. © Ipsos 2024, Financial Research Survey (FRS), for the 12 months ending 31 March 2013 to the 12 months ending 31 March 2024. For more information, see footnote 1 on page 5.

D A Crosbie's and C S Rhodes's 2023/24 achievement of individual objectives (continued)		
Objectives	D A Crosbie	C S Rhodes
Effective Board engagement <ul style="list-style-type: none"> Good engagement between ExCo and Board with strong and effective overall Society governance. 	<ul style="list-style-type: none"> Simplified and improved executive governance to support delivery at pace and reduce complexity. Regular Board engagement with members and feedback to Board from Member Connect Panel and external research. 	<ul style="list-style-type: none"> Sound Board engagement on financial planning, reporting, stress testing and capital and liquidity assessment. Strong financial governance and control, including engagement with Board Risk Committee and Audit Committee.
Impactful stakeholder engagement <ul style="list-style-type: none"> Strong and productive relationships with regulators, governments, political, media and other key stakeholders that help secure the Society's policy objectives. 	<ul style="list-style-type: none"> Positive engagement with regulators and stakeholders to promote Branch Promise, benefits of mutuality, support for homeowners and first-time buyers and customer fraud protection. Society's diversity recognised by the Financial Times-Statista Diversity Leaders list (ranked fourth). 	<ul style="list-style-type: none"> Regular positive engagement with PRA and Bank of England. Positive feedback on stress testing and no material issues raised through external auditor reporting.
Weighting	30%	30%
Outcome	30%	25%

Long-Term Performance Pay (LTPP) awards in respect of 2023/24

LTPP awards in respect of 2023/24 will be granted in July 2024. LTPP awards are discretionary and are granted subject to a pre-grant performance assessment over the year prior to grant based on:

- Individual conduct and performance** – must be satisfactory, including an assessment of individual delivery, behaviours and conduct during the year;
- Leverage ratio and statutory profit before tax** – both gateways must be assessed and passed in respect of the period prior to grant.

After taking into account performance over 2023/24, the Committee agreed to grant D A Crosbie and C S Rhodes LTPP awards of 190% and 100% of base salary, respectively. The Committee is satisfied that the granting of these awards is sustainable according to the financial position of the Society and justified on the basis of individual performance, conduct and behaviours.

The 2023/24 LTPP awards will be subject to a three-year forward-looking performance period commencing 5 April 2024. During this period, performance will be assessed based on a scorecard comprising the elements below. During 2023/24 the Committee reviewed the LTPP performance measures to ensure they remain appropriate. The chosen performance measures continue to be aligned to the Society's longer-term priorities and provide a clear link with customers' interests and the achievement of our financial and strategic aims, including our sustainability commitments. At the end of the three-year performance period the Committee will also satisfy itself that there are no significant conduct, risk, reputational, financial, operational or other reasons why the awards should not be released, taking into account input from the Board Risk and Audit committees. Targets are deemed by the Committee to be commercially sensitive and will be disclosed, along with performance achieved, in the Annual Report and Accounts 2027.

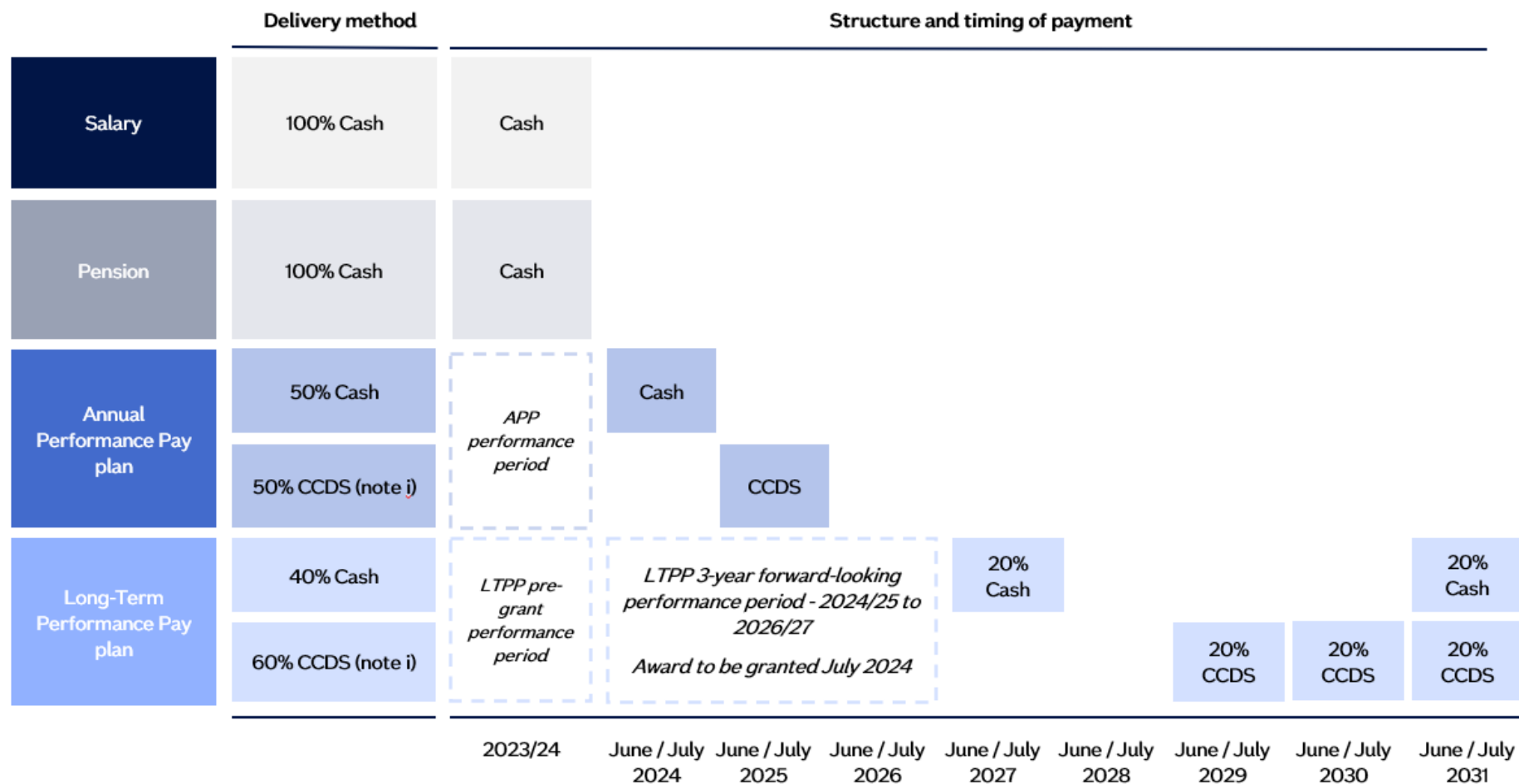
2024/25 – 2026/27 LTPP scorecard		Rationale for inclusion within the scorecard	Weighting
Customer outcomes (financial goals)	Return on equity employed (note i)	Ensuring the Society's continued financial security for the benefit of its customers via efficient profit generation and sustainable balance sheet management over the long term	20%
	Profit before tax		20%
Sustainability	Financial Research Survey (FRS) satisfaction	Rewarding 'best-in-class' customer service	10%
	Environmental, Social and Governance (ESG) objectives	Providing alignment with the Society's Scope 1 and 2 emissions and diversity targets	10%
	Risk and compliance	Ensuring continued focus on the strength of the Society's control environment	20%
Transformation	Basket of measures aligned with strategic objectives	Providing alignment with the Society's long-term strategic priorities	20%

Note:
i. Defined as the return (profit after tax) as a percentage of the minimum amount of capital required to stay above Board Risk Appetite throughout a Bank of England defined stress test.

How awards will be released to executive directors

The illustration below shows how APP and LTPP awards will typically be released to executive directors. Across both APP and LTPP elements, a minimum of 60% will be deferred for between three and seven years. Where the minimum level of deferral is not met via the LTPP award, a proportion of the APP award will be deferred.

For awards in respect of 2023/24, the LTPP will be used to satisfy the minimum deferral requirements for D A Crosbie. For C S Rhodes, a small proportion of his APP award will also be deferred for between three and seven years. In line with the directors’ remuneration policy, 50% of APP and, subject to the achievement of the forward-looking performance measures, 60% of LTPP awards will be linked to the value of the Society’s CCDS, with the balance paid in cash. The CCDS element will be subject to a twelve-month retention period, which is reflected in the timing of payment illustrated below.



Note:
i. All references to CCDS above are payments that are linked to the value of the Society’s CCDS.

Executive directors' remuneration

These disclosures are included in compliance with the Building Societies Act 1986 and other mandatory reporting regulations, as well as the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended), which the Society has voluntarily adopted. The table below shows the total remuneration for each executive director who served during the year ended 4 April 2024.

Amounts of variable remuneration shown below consist of the awards under the APP plan. LTPP awards are subject to the achievement of performance conditions over three years from grant and, to the extent the performance measures are met, details will be included in the relevant directors' remuneration report (for example, any amounts delivered relating to the LTPP awards granted in June 2023 will be disclosed within the Annual Report and Accounts 2026).

Single total figure of remuneration for each executive director				
	D A Crosbie		C S Rhodes	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Salary	1,137	889	732	690
Pension allowance	182	142	117	110
Travel and other taxable benefits (note i)	47	32	105	81
Total fixed remuneration	1,366	1,063	954	881
Annual performance pay	1,044	687	636	496
Total variable remuneration	1,044	687	636	496
Total pay package excluding replacement awards	2,410	1,750	1,590	1,377
Replacement awards (note ii)	-	1,705	-	-
Total pay package including replacement awards	2,410	3,455	1,590	1,377

Notes:

- i. Travel and other taxable benefits include travel, accommodation and other business-related costs for directors, incurred in connection with the performance of their duties, including any tax due under HMRC regulations, as well as medical insurance, car allowance and security. These amounts are included as fixed remuneration for the calculation of the variable pay ratio in meeting our regulatory requirements.
- ii. D A Crosbie succeeded J D Garner as CEO on 2 June 2022. As announced in the Annual Report and Accounts 2022, the Committee agreed to compensate D A Crosbie for the forfeiture of variable pay awards from her previous employment at TSB. In line with regulatory requirements, these replacement awards are not more generous in terms or amounts than she would otherwise have received.

Society Chairman and non-executive directors' remuneration

The total fees paid to each non-executive director who served during the year ended 4 April 2024 are shown below.

Single total figure of remuneration for non-executive directors						
	2024			2023		
	Society and Group fees	Travel and other taxable benefits (note i)	Total fees and taxable benefits	Society and Group fees	Travel and other taxable benefits (note i)	Total fees and taxable benefits
	£'000	£'000	£'000	£'000	£'000	£'000
K A H Parry (Society Chairman)	557	18	575	525	6	531
T Graham (Senior Independent Director) (note ii)	218	19	237	72	4	76
R M Fyfield (note iii)	44	3	47	138	2	140
A Hitchcock	148	23	171	122	9	131
A M Keir	192	20	212	144	10	154
D Klein	119	2	121	100	2	102
S Orton (note iv)	99	3	102	-	-	-
T Rajah	103	1	104	94	-	94
G Riley	150	30	180	95	10	105
P G Rivett	192	1	193	155	1	156
G Waersted (note v)	42	8	50	131	9	140
Total	1,864	128	1,992	1,576	53	1,629
Pension payments to past non-executive directors (note vi)			218			231

Notes:

- i. Taxable benefits for non-executive directors relate to travel, accommodation and other business-related costs in connection with their duties and attendance at Board and committee meetings. Where these expenses are deemed taxable, the Society settles the tax on behalf of the non-executive directors and this is included in the amounts shown. Where a non-UK director is not UK domiciled, their reimbursed cost of travel into and out of the UK is not a taxable benefit.
- ii. T Graham joined the Board on 28 September 2022 and was appointed Chair of the Remuneration Committee on 1 January 2023 and Senior Independent Director on 20 July 2023.
- iii. R M Fyfield stepped down from the Board on 19 July 2023.
- iv. S Orton joined the Board on 1 June 2023.
- v. G Waersted stepped down from the Board on 19 July 2023.
- vi. The Society stopped granting pension rights to non-executive directors who joined the Board after January 1990.

Additional disclosures

CEO remuneration for the past ten years

The table below shows details of the CEO's remuneration for the previous ten years.

Financial year	Total remuneration £'000	Annual performance pay earned as % of maximum available %	Medium term performance pay earned as % of maximum available (note i) %
2023/24	2,410	91.9	-
2022/23 (note ii)	3,455 / 301	77.2 / 42.6	-
2021/22	2,114	67.2	-
2020/21 (note iii)	1,236	72.3	-
2019/20	1,286	-	-
2018/19	2,372	75.1	-
2017/18	2,317	69.5	-
2016/17 (note iv)	3,386	71.9	-
2015/16 (note v)	3,413	75.8	80.8
2014/15 (note v)	3,397	74.4	84.5

Notes:

- i. Medium term performance pay ceased at the end of 2015/16.
- ii. Figures shown for 2022/23 are those relating to D A Crosbie and J D Garner, respectively. D A Crosbie commenced her role as CEO on 2 June 2022. Her total remuneration for 2022/23 was £3,455,452 including the value of replacement awards on joining (£1,704,844). These awards did not form part of ongoing remuneration. The annual performance pay earned by D A Crosbie for 2022/23 was 77.2% of the maximum opportunity. J D Garner stepped down as CEO and from the Board on 1 June 2022. His total remuneration for 2022/23 shown above reflected the period of time he served on the Board. The annual performance pay earned by J D Garner for 2022/23 was 42.6% of the maximum opportunity.
- iii. The performance pay opportunity for 2020/21 was reduced by around two thirds.
- iv. J D Garner commenced his role as CEO on 5 April 2016. His total remuneration for 2016/17 included the value of replacement awards on joining (£1,070,752). These awards did not form part of ongoing remuneration.
- v. The CEO in 2015/16 and 2014/15 was G J Beale. His total remuneration includes annual performance pay awards as well as legacy payouts under the directors' previous medium term pay plan as a result of the transition period between plans.

Comparison of annual change in executive directors' pay with average employee

The following table shows the annual percentage change in remuneration (base salary, benefits and annual performance pay) for each of the executive directors that served during the year ended 4 April 2024 for the last four financial years, compared with the average for all other employees. For the purposes of the below, in the year that an executive director was appointed to or stepped down from the Board, remuneration for that year is annualised to a full-year equivalent for the purposes of comparison.

% change in remuneration		Base salary	Benefits (note i)	Annual performance pay
2022/23 to 2023/24	D A Crosbie (note ii)	6.0%	24.1%	26.2%
	C S Rhodes	6.0%	29.6%	28.2%
	All employees (note iii)	7.2%	2.5%	24.4%
2021/22 to 2022/23	C S Rhodes	3.4%	55.8%	(15.9%)
	All employees (note iii and iv)	3.1%	(0.7%)	1.3%
2020/21 to 2021/22	C S Rhodes (note v)	2.0%	73.3%	208.9%
	All employees (notes iii and v)	3.0%	14.1%	143.1%
2019/20 to 2020/21	C S Rhodes (notes vi and vii)	3.2%	(52.4%)	-
	All employees (notes iii and vii)	3.2%	(5.3%)	41.9%

Notes:

- i. Benefits shown in the table above reflect travel and other taxable benefits and exclude pension allowance.
- ii. D A Crosbie joined the Board on 2 June 2022.
- iii. Data for all employees has been calculated on a full-time equivalent basis and reflects all employees on 1 March of each relevant year, excluding executive directors.
- iv. The average all employee data between 2021/22 and 2022/23 has been restated to reflect an update to the calculation.
- v. The increase in annual performance pay between 2020/21 and 2021/22 is reflective of the return to previous levels of opportunity following a reduction of around two thirds in 2020/21.
- vi. There was no annual performance pay awarded to C S Rhodes for 2019/20 and therefore no percentage change is shown.
- vii. The reduction in benefits between 2019/20 and 2020/21 reflects reduced travel costs in the year as a result of a significant reduction in travel due to the pandemic.

Annual change in non-executive directors' pay

The following table shows the annual percentage change in fees for the Chairman and the non-executive directors that served during the year ended 4 April 2024 for the last four financial years. For the purposes of the below, in the year that a non-executive director was appointed to or stepped down from the Board, fees for that year are annualised to a full-year equivalent for the purposes of comparison.

Non-executive directors (note i)	2022/23 to 2023/24	2021/22 to 2022/23	2020/21 to 2021/22	2019/20 to 2020/21
K A H Parry (note ii)	6.0%	148.8%	47.6%	10.9%
T Graham (note iii)	34.6%	-	-	-
R M Fyfield	(0.7)%	7.8%	(1.5)%	9.2%
A Hitchcock	21.3%	27.1%	2.1%	0.0%
A M Keir (note iv)	33.3%	44.0%	-	-
D Klein (note v)	19.0%	25.0%	17.6%	-
S Orton (note vi)	-	-	-	-
T Rajah (note vii)	9.6%	(5.1)%	5.3%	-
G Riley (note viii)	57.9%	-	-	-
P G Rivett	23.9%	24.0%	14.7%	0.0%
G Waersted	(0.8)%	23.6%	12.8%	0.0%

Notes:

- i. Non-executive directors are not eligible to participate in the annual performance pay plan. Non-executive directors may receive taxable benefits relating to travel, accommodation and other business-related costs in connection with their duties and attendance at Board and committee meetings. These benefits are not included in the table above.
- ii. K A H Parry was appointed Chairman on 1 February 2022.
- iii. T Graham joined the Board on 28 September 2022.
- iv. A M Keir joined the Board on 1 March 2022.
- v. D Klein joined the Board on 1 March 2021.
- vi. S Orton joined the Board on 1 June 2023.
- vii. T Rajah joined the Board on 1 September 2020.
- viii. G Riley joined the Board on 1 April 2022.

Relative importance of spend on pay

The chart below shows the cost of remuneration for all employees of the Society, compared with retained earnings.

Remuneration cost for all employees		
	2023/24	2022/23
	£m	£m
All-employee remuneration	997	918
Retained earnings	1,125	1,478

Payroll costs represent 41.16% (2023: 39.52%) of total administrative expenses. Nationwide's profit after member reward payments and tax for the year was £1,300 million, of which £175 million was paid as distributions to holders of core capital deferred shares and Additional Tier 1 capital, and the remaining £1,125 million is held as retained earnings.

Payments for loss of office

No payments for loss of office were made to any directors in the year ended 4 April 2024.

Payments to past directors

No payments were made to any past directors in the year ended 4 April 2024.

Pay gap reporting

The Society is fully committed to promoting a diverse and inclusive workplace. Pay gaps are the difference in average hourly pay, when comparing different groups of people within an organisation. Our latest gender and ethnicity pay gaps report was published in March 2024 and can be found at [nationwide.co.uk](https://www.nationwide.co.uk), together with an update of progress on our inclusion and diversity ambition, and Women in Finance Charter commitments. Within the report we have again voluntarily published our ethnicity pay gap, comparing the pay of all employees who have identified as black, asian and minority ethnic (ethnically diverse), with the pay for white (non-ethnically diverse) employees across Nationwide.

CEO pay ratio reporting

The table below compares the total remuneration of the CEO against the total remuneration of the median employee and those who sit at the 25th and 75th percentiles (lower and upper quartiles). This reporting will build annually to cover a rolling ten-year period.

The CEO pay ratio for 2023/24 has increased year-on-year. It is noted that the pay ratio for 2022/23 reflected part-year remuneration data for D A Crosbie, who commenced her role as CEO on 2 June 2022, and J D Garner, who stepped down as CEO on 1 June 2022. The increase in ratio is otherwise primarily driven by the CEO's increased Annual Performance Pay outcome for 2023/24, reflecting strong Society and individual performance for the year.

Year	Method	25 th percentile pay ratio	Median pay ratio	75 th percentile pay ratio
2023/24	Option A	78:1	64:1	38:1
2022/23	Option A	71:1	56:1	35:1
2021/22	Option A	80:1	54:1	35:1
2020/21	Option A	51:1	38:1	24:1
2019/20	Option A	53:1	41:1	26:1
2018/19	Option A	99:1	77:1	48:1

The total remuneration and salary values for the 25th, median and 75th percentile employees for 2023/24 are:

	25 th percentile	Median	75 th percentile
Total remuneration	£30,986	£37,832	£63,145
Salary	£21,247	£27,710	£47,599

Supplementary information on the tables above:

- The calculation is based on Option A as set out in the regulations, which is considered to be the most statistically accurate methodology.
- Employee data includes full time equivalent total remuneration for all UK employees as at 1 March 2024. For each employee, remuneration was calculated based on all components of pay including base pay, performance pay for 2023/24, core benefits including medical insurance and car allowance, and pension payments.
- The CEO pay ratio for 2022/23 above excludes the one-off replacement awards granted to D A Crosbie upon her appointment as CEO.
- For 2018/19, 2019/20 and 2020/21, whilst most employees participated in a defined contribution scheme with a fixed maximum employer contribution, there were other pension arrangements in place for some employees, including a defined benefit pension scheme which has been closed to new participants since 2007. Although it would have been possible to recognise a higher value under the defined benefit scheme, in order to ensure accurate year on year comparative data, a fixed value equal to the maximum employer contribution available to the defined contribution scheme members was included for all defined benefit scheme members. From 2021/22 there is only one defined contribution scheme available; therefore, the actual employer contribution value has been used for all employees.
- The Committee has considered the pay data for the three individuals identified for 2023/24 and confirms that the ratios reasonably represent the Society's approach to pay and reward for employees taken as a whole.

Voting at AGM

Resolutions to approve the 2022/23 Report of the directors on remuneration and the current directors' remuneration policy were passed at the 2023 AGM and 2022 AGM, respectively. In each case votes were cast as follows:

Vote	Report of the directors on remuneration (2023 AGM)	Remuneration policy (2022 AGM)
For	503,024 (95.07%)	487,138 (93.53%)
Against	26,079 (4.93%)	33,707 (6.47%)
Withheld	8,081	8,851

Remuneration policy implementation for 2024/25

The directors' remuneration policy is subject to member approval by way of an advisory vote at the 2024 AGM. The policy will be implemented as follows in 2024/25:

Element	Implementation in 2024/25 for executive directors
Base salary	The Committee determined base salaries from 1 April 2024 of: <ul style="list-style-type: none"> • D A Crosbie: £1,170,000 (increase of 2.94%) • C S Rhodes: £750,000 (increase of 2.48%)
Benefits	No change for 2024/25.
Pension	Aligned with the rate available to the wider employee population of 16% of salary – no change for 2024/25.
Annual Performance Pay (APP) plan	<p>For awards made in respect of 2024/25, the target opportunity for D A Crosbie and C S Rhodes will be 67% of salary, with a maximum opportunity of 100% of salary.</p> <p>Performance measures:</p> <ul style="list-style-type: none"> • Awards made in respect of 2024/25 will be subject to stretching performance conditions aligned with our strategic objectives. The Committee has determined an enhanced approach to assessing performance for the executive directors' APP awards for 2024/25 via the introduction of the Executive Scorecard element. Performance measures and weightings are set out below: <ul style="list-style-type: none"> • More rewarding relationships: Number of engaged customers (12.5%) • Simply brilliant service: Customer Experience Score (12.5%) • Continuous improvement: Total costs (12.5%) • Beacon for mutual good: Heard good things about Nationwide (12.5%) • Executive Scorecard: For this element the Committee will assess performance against a comprehensive scorecard capturing a wide range of the Society's financial and non-financial key performance indicators (30%) • The remaining 20% of the award will be assessed based on individual contribution, behaviours and conduct. • Gateway measures based on profit before tax, leverage ratio and conduct risk will also apply.
Long-Term Performance Pay (LTPP) plan	<p>LTPP awards in respect of 2024/25 will be made following the year subject to the achievement of satisfactory Society performance and individual delivery, behaviours and conduct. The Committee intends to keep LTPP grant levels under review over the course of the three-year policy to ensure they remain appropriate. It is intended that any awards made will be subject to a subsequent three-year performance period (2025/26 to 2027/28).</p> <p>Performance measures:</p> <p>Forward-looking performance will be measured against a long-term scorecard determined by the Committee on an annual basis and set to align with the long-term strategic objectives of the Society.</p> <p>The measures for the 2023/24 LTPP awards (for the performance period 2024/25 to 2026/27) can be found on page 128. Targets for the 2023/24 LTPP awards are commercially sensitive and so will be disclosed, along with performance achieved, in the Annual Report and Accounts 2027.</p> <p>Details of the performance measures for the 2024/25 LTPP awards (for the performance period 2025/26 to 2027/28) will be included in next year's remuneration report.</p>

Society Chairman and non-executive directors

The annual review of non-executive director fees for 2024/25 has been undertaken and fees adjusted with effect from 1 April 2024. Fees have been adjusted to ensure they continue to align with the market and also take account of the expected workload for the non-executive directors. The level of adjustment is generally in line with the salary increase awarded to the executive directors and lower than the average percentage increase received by the wider workforce.

Society Chairman and non-executive director fees for 2024/25		
	Annual fees for 2024/25	Annual fees for 2023/24
	£'000	£'000
Society Chairman (note i)	570.5	556.5
Basic fee for non-executive directors	92.0	90.0
Senior Independent Director	38.0	37.0
Chair of the Audit, Board Risk or Remuneration Committee	62.0	60.5
Member of the Audit, Board Risk or Remuneration Committee	29.5	28.8
Member of the Nomination and Governance Committee	13.6	12.8
Employee Voice	13.6	13.3
Member of the Technology Advisory Forum (note ii)	10.0	10.0

Notes:

- i. The Society Chairman's annual fee for 2023/24 has been restated to correct an inaccuracy in the previously reported figure of £565,000.
- ii. The Technology Advisory Forum was established in November 2023 following the 2023 Board performance review, with membership fees payable from January 2024.



Nationwide Building Society

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[nationwide.co.uk](https://www.nationwide.co.uk)