

The Nottingham's Modern Slavery Act Statement 2017

This statement sets out the actions which The Nottingham has taken to understand all potential modern slavery risks related to its business and to put in place steps designed to ensure that no slavery or human trafficking exists either within The Nottingham's business, or within its supply chain. This statement relates to actions and activities during the financial year 1 January to 31 December 2017.

Our Business and Supply Chain

The Nottingham is a top 10 UK building society, providing savings accounts, mortgages, insurance, estate planning, investment advice and estate agency from sixty-seven locations across ten counties. The Nottingham Group comprises The Nottingham Building Society and its subsidiary companies Nottingham Property Services Limited, Nottingham Mortgage Services Limited, Harrison Murray Limited and HM Lettings Limited. In addition to manufacturing its own products, The Nottingham partners with several financial services providers to deliver a wide range of complementary products and services to our members. The Nottingham employs around 700 staff.

The Nottingham sources a range of goods and services from IT hardware to corporate clothing, with an approved supplier list of around 350 companies. Our supply chain for goods and services is not complex, with the majority of procurement being sourced from suppliers based in the UK.

Our Policies

We are committed to conducting ourselves honestly and with integrity; striving for fairness in everything we do, including how we treat our employees. We ensure that all of our staff are aware that they can confidentially report any concerns, including cases of unethical behaviour, and we review every case that is reported and take appropriate action. We have policies in place which ensure our employment practices mitigate the risks identified in the Modern Slavery Act, including:

- Workers are not subject to any forced labour and have the freedom to terminate their employment at any time, without penalty, given the length of notice specified;
- Workers will not be charged any fees for recruitment;
- The confiscation or withholding of any worker identity documents is strictly prohibited;
- Our workplace is free of any form of harsh or inhumane treatment, as outlined in our Dignity at Work Policy and reinforced through staff training;
- All workers, irrespective of their nationality, are treated fairly and equally;
- All workers are paid at least the minimum wage required by law and wages are paid at regular intervals, directly to the member of staff;
- Workers are not required to work in excess of the legally mandated number of hours;
- Any and all overtime is voluntary, and no worker will be required to work overtime under the threat of penalty or dismissal.

Risk Assessments

We understand that our biggest exposure to Modern Slavery is in our supply chains. Throughout 2017 we risk profiled our suppliers which has helped us to focus our efforts where they are most needed. Risk profiling is conducted by the business area utilising the services provided and considers: the country services are provided from; how much we spend with the supplier now and in the future, the length of relationship we have with the third party and the services the supplier is providing.

A Modern Slavery risk assessment is conducted prior to signing a contract with a supplier and at least annually thereafter, or when we are made aware there has been a significant change to the supplier

which may impact the risk to Modern Slavery. We review the assessments to ensure the oversight we have is commensurate to the risk each supplier poses.

Supplier Due Diligence

The Nottingham takes a risk based approach to the due diligence it applies to its third parties and our Modern Slavery Policy sets out the due diligence required to manage identified Modern Slavery risk, this includes:

- Mapping the supply chain to assess geographical risk of modern slavery and human trafficking
- Assessing goods provided against modern slavery and human trafficking risk
- Evaluating the modern slavery and human trafficking risks of all new suppliers
- Conducting third party assessments where modern slavery has been identified as a risk
- Implementing action plans where deficiencies have been identified and working with the third party to ensure improvements are made
- Invoking sanctions against third parties that fail to improve their performance in line with action plans, including the potential termination of the relationship with the supplier.

Performance Indicators

We understand that Modern Slavery risk is not static and we will therefore continue to re-assess our approach.

In order to assess the effectiveness of our approach we will review the following KPIs and report them to The Board through our Operational Risk Committee:

- The proportion of internal policies that have been reviewed in line with the Modern Slavery Act
- The proportion of third parties who have been evaluated against our modern Slavery risk assessment tool
- The number of Modern Slavery breaches that have been reported to us or that have been discovered through our due diligence
- The proportion of controls executed as per our Modern Slavery policy
- The effective, and timely conclusion of any identified issues
- The proportion of relevant staff who have completed Modern Slavery training

Key Actions to Date

Over the last 12 months The Nottingham has:

We Have Improved Governance Policies

- appointed a General Counsel with overall responsibility for Modern Slavery, and who reports into our Executive Committee and Board
- included Modern Slavery into our Governance reporting which ultimately gets reported to The Nottingham's Board
- launched a Modern Slavery Policy
- embedded Modern Slavery into our Third Party Management programme
- reviewed our HR policies to ensure they are aligned with the Modern Slavery Act 2015

Developed our Risk Analysis Programme

- built a picture of the risks our key suppliers pose to provide us with an understanding of the Modern Slavery risks across our business
- included Modern Slavery risk assessments before we enter into a relationship with a new supplier

Provided Awareness Training

- carried out training and awareness to all employees

Improved Compliance

- updated relevant existing legal contracts with suppliers and ensure Modern Slavery provisions are included in all new contracts

Further Steps

In 2018 we will continue to build on the progress we have made during the last year through keeping abreast of developments in the subject and learning from the oversight we conduct on our Third Parties.

This statement was approved by the Board of The Nottingham Building Society.

Signed

David Marlow

Chief Executive, The Nottingham Building Society