“At The Nottingham, we believe in recruiting the best talent for the role and continue to strive to create a diverse and gender balanced employee base, reflective of the communities we serve.”

INTRODUCTION
This gender pay report is based on data taken in April 2018.

We see gender as an integral part of our diversity and inclusion agenda and remain committed to working towards an employee base that is both diverse and gender balanced. Our enduring focus at The Nottingham is to attract, grow and engage enthusiastic and expert team members who are the right fit for the roles we have available.

As a financial services organisation we are aware that there is further work to do to address gender imbalance in our sector, and indeed across society as a whole. We recognise that this will be a long term area of focus and are pleased to report on some positive progress, which we believe is creating the foundation for future success.

GENDER PAY GAP EXPLAINED
Due to the structure of The Nottingham, we are only required to report for a proportion of our business - Nottingham Building Society, which at 5 April 2018 made up over 85% of our employee headcount. Our group also incorporates our Estate Agency and Mortgage Services businesses. As with our 2017 report, we present the group figures alongside the Building Society as we feel this reflects a truer picture of gender pay across our entire organisation.

We are required to calculate and report the average pay gap in two ways. The mean averages the pay rates for all men and women and reports the difference as a percentage. The median takes the middle value in the range of pay rates for all men and all women and reports the difference as a percentage. When calculating pay rates we are required to include basic salary, bonus and certain allowances but exclude overtime or deductions. Where pay is less due to particular reasons like maternity, paternity or sick leave the individual is not included in the pay gap calculation.

OUR RESULTS

<table>
<thead>
<tr>
<th>GENDER PAY GAP</th>
<th>MEAN GENDER</th>
<th>GROUP LEVEL</th>
<th>MEDIAN</th>
<th>GROUP LEVEL MEDIAN</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>35.5%</td>
<td>33.9%</td>
<td>33.7%</td>
<td>33.3%</td>
</tr>
</tbody>
</table>
Our analysis shows that our pay gap is due to the distribution of men and women across the organisation. Almost three quarters of our employees are female and a higher proportion are employed in our lower and middle quartiles. The proportions of females in the upper-middle and upper quartiles indicates that we are making good progress in supporting women at senior levels. We are working to understand more about why we have far fewer men in the lower and lower-middle quartiles, how we can address this and increase the proportions of men across the Group at all levels.

NBS Males Receiving Bonus: 85.87%
NBS Females Receiving Bonus: 87.29%

Group Males Receiving Bonus: 87.39%
Group Females Receiving Bonus: 88.37%

We have a gender bonus gap because more men than women are employed in more senior roles with higher salaries and receive a higher bonus. Our bonus gap is also affected by having more female employees working part time and as bonuses are based on salary earned, they receive less bonus than full time employees in absolute terms.

As with pay we are required to calculate and report the average bonus gap sharing both the mean and median gap.
UNDERSTANDING THE RESULTS

Historically a higher proportion of males have worked in our sector at senior levels and the nature of our branch network means we have traditionally attracted a higher proportion of females to our customer facing and retail roles. 89% of our part time employees are female and over 30% of all female employees work part time, compared to just 5% of our male employees.

We note that our bonus gap has improved from 2017 and have continued our priority to recruit the best talent for the role.

Diversity and gender inequality are key societal issues and we are committed to taking the steps we can to help tackle this issue now so that we can reap the benefits of gender diversity across the organisation in the future.

WHAT STEPS ARE WE TAKING?

As part of our Diversity and Inclusion agenda, we continue to focus on supporting our leadership teams to create the foundation for future success and to position the Society to address gender pay in a workable and sustainable fashion. Here are some of the key steps we have taken:

ENGAGING AND SUPPORTING OUR LEADERS

- Continued commitment to engage all leaders behind the Women in Finance Charter. Our Board level champion has led a new way of encouraging participation and setting up working groups to drive positive change.
- We have invested in our leaders: training and accrediting over 100 recruiting managers in our Licence to Hire Programme, with an emphasis on treating all candidates fairly and objectively and attracting the right candidate for the role and our organisation.
- We relaunched our first line leadership programme, which focuses on the concept of inclusive leadership and less emphasis on policy.
- We launched a new performance management approach, which emphasises how we value the right behaviours as much as what is delivered.
- We upskilled managers to have better performance conversations and, in 2019, will launch new career development resources aimed at supporting both line managers and team members to have quality career development conversations.

EMBEDDING A CULTURE TO SUPPORT STRATEGIC CHANGE

- Our 2018 employee engagement survey – Your Voice Matters – provided us with a highly actionable set of results. We have worked closely with our employees to begin to address the key themes that emerged with regular progress checks to ensure we remain on track.
- In 2018, we introduced our ‘doing the right thing’ culture framework, which underpins our ethos and purpose at The Nottingham – to do the right thing for our members, our team members and our communities. Bringing this to life in a meaningful way that resonates with our people remains an ongoing priority in 2019. We measure our progress through a wide ranging group of metrics and report to the Board twice yearly.
- In 2019 we will redesign our approach to employee reward and recognition with a focus on recognising employees who live by our ‘doing the right thing’ culture and our values.

BUILDING OUR EMPLOYER BRAND

- We continue to work hard to ensure The Nottingham is perceived as a great place to work so that we continually attract talented individuals to be part of our organisation.
- We regularly review and benchmark our total rewards package to ensure we remain competitive in the market place so that we both attract new talent and retain talent within our existing employee base.
- Our commitment to supporting the communities of our branch heartland is ever strong and one of the reasons that, in our recent employee engagement survey, 79% of employees said they are proud to be part of The Nottingham
SOME HIGHLIGHTS:

- We have been a signatory of the Women in Finance Charter since its launch in 2016. The Charter represents our firm commitment to improve gender balance across our organisation and the sector more widely.

- We have consistently met the target we set for Women in Finance, with 39% of our senior roles now occupied by women. This includes the recent appointment of our Director of Member Services – a pivotal role in our organisation, focused on growing our membership, encouraging them to benefit from our services more frequently whilst serving them brilliantly. Our Non Executive Director team is also gender balanced.

- 65% of roles filled internally (in the 10 months to end of October) were by females.

- Employee retention is higher amongst our female employees.

A MEASURABLE APPROACH

- Diversity and inclusion, culture and engagement remain at the heart of our People Strategy objectives for the next 12 months.

- Diversity performance objectives, with a focus on leadership development, remain key priorities for our Executive team.

- All of our policies have been reviewed to ensure that there are no barriers to diversity and inclusion.

FUTURE ASPIRATIONS

Addressing gender pay inequality is a society wide issue and we remain committed to playing our part help in addressing this important issue.

As a financial mutual driven to do the right thing, we believe we have created a firm foundation for future success and are taking the right steps now to overcome any barriers to female progression and pay in the long term.

STATEMENT OF ACCURACY

The information presented in this statement in relation to Nottingham Building Society and The Nottingham Group has been created in line with and to comply with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 in relation to the pay period 5 April 2018.

David Marlow
Chief Executive

March 2019