“At The Nottingham, we are committed to attracting and growing a diverse and gender balanced mix of talent where our team members feel that they belong and know that their contribution is highly valued.”

INTRODUCTION

At The Nottingham, we are committed to building an inclusive culture of equal opportunity where all our team members can thrive in a modern, evolving Society. For our organisation, our gender pay gap is predominantly driven by the composition of our employee base, namely we employ more women than men. A further consideration is the percentage of our female team members who work part-time. Our people strategy details initiatives which are designed to encourage greater diversity and equality in all areas of our business. We are seeing some incremental changes to this, however in line with the financial services industry as a whole, there is still a predominance of women, particularly in the lower two quartiles and part-time roles, and we will continue our efforts to address this over the longer term.

67% of our employee base is female and we have traditionally attracted more women than men into customer facing roles in our branch network. To help address this imbalance, our diversity and inclusion plan is focused on a number of actions, which will be presented later in this report. We remain committed to closing the gap on gender pay and are pleased to present some progress on our steps to achieve this.

OUR GENDER PAY GAP EXPLAINED

We collected our gender pay gap data on 5 April 2019 for the third year of gender pay gap reporting.

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 2019 made up 88% of our employee headcount. Our group also incorporates our Estate Agency and Mortgage Services businesses. As with our 2018 report, we present our group figures alongside our Building Society as we feel this reflects a truer picture of gender pay across our 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.

GENDER PAY GAP

- **NBS MEAN GENDER** 34.8% (35.5% IN 2018)
- **GROUP LEVEL MEAN** 33.7% (33.9% IN 2018)
- **NBS MEDIAN** 35.2% (33.7% IN 2018)
- **GROUP LEVEL MEDIAN** 33.7% (33.3% IN 2018)
PAY QUARTILES

NOTTINGHAM BUILDING SOCIETY

<table>
<thead>
<tr>
<th>Quartile</th>
<th>Men (%)</th>
<th>Women (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upper Quartile</td>
<td>42%</td>
<td>58%</td>
</tr>
<tr>
<td>Upper-Middle Quartile</td>
<td>68%</td>
<td>32%</td>
</tr>
<tr>
<td>Lower-Middle Quartile</td>
<td>81%</td>
<td>19%</td>
</tr>
<tr>
<td>Lower Quartile</td>
<td>77%</td>
<td>23%</td>
</tr>
</tbody>
</table>

THE NOTTINGHAM GROUP

<table>
<thead>
<tr>
<th>Quartile</th>
<th>Men (%)</th>
<th>Women (%)</th>
</tr>
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<tbody>
<tr>
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</tr>
<tr>
<td>Lower-Middle Quartile</td>
<td>81%</td>
<td>19%</td>
</tr>
<tr>
<td>Lower Quartile</td>
<td>79%</td>
<td>21%</td>
</tr>
</tbody>
</table>

SPLIT OF PART-TIME EMPLOYEES

- Lower: 88% Men, 12% Women
- Lower-Middle: 77% Men, 23% Women
- Upper-Middle: 68% Men, 32% Women
- Upper: 79% Men, 21% Women

Ultimately we have no equal pay issue. As can be seen above, our gender pay gap is due to the distribution of men and women across our organisation. If we look at the distribution of men and women across the 4 different pay quartiles, we can see that we have a high proportion of women in the lower two quartiles and a higher proportion of men in our upper quartile. Over two thirds of our workforce is female and 59% of females are employed in the lower two pay quartiles. We also have a predominance of female team members working part-time (27% of employees work part-time - 24% are female and 3% male). We are pleased that the proportion of women in our most senior level roles continues to exceed 40%. We are also starting to see the percentage of men in our lower level roles increase although we recognise we have more work to do to achieve a more even balance by increasing the percentage of men in the lower two quartiles and increasing the percentage of women in the upper two quartiles.

BONUS PAYMENTS

All employees have an opportunity to participate in a bonus scheme and in a challenging financial services market place we are pleased to have been able to pay a bonus to over 90% of our total employee base.

NOTTINGHAM BUILDING SOCIETY

- Lower: 93%
- Lower-Middle: 91%

THE NOTTINGHAM GROUP

- Lower: 94%
- Lower-Middle: 92%

We have significantly reduced the median bonus gender pay gap across both NBS and The Nottingham Group due to restructuring which has resulted in a change in bonus arrangements for some team members and because bonus payments were lower in 2019 due to challenging economic conditions.

Part-time employees receive their bonuses on a pro-rata basis, however the gender bonus gap calculation does not take this into account. As with last year, our bonus gap is affected by having more female employees than male employees working part time and as a result, they receive less bonus than full time employees in absolute terms.

BONUS

<table>
<thead>
<tr>
<th>Category</th>
<th>THE NOTTINGHAM BUILDING SOCIETY</th>
<th>THE NOTTINGHAM GROUP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean Bonus Gender Pay Gap</td>
<td>59% (55.5% in 2018)</td>
<td>51.1% (52.5% in 2018)</td>
</tr>
<tr>
<td>Median Bonus Gender Pay Gap</td>
<td>29.8% (39.4% in 2018)</td>
<td>37.9% (44.8% in 2018)</td>
</tr>
</tbody>
</table>
OUR PROGRESS

In 2019 we have continued to drive our culture of ‘doing the right thing’ for our team members, our members and the communities we serve. A big part of this is valuing diversity, the unique contributions of everyone in our team and providing a safe environment to speak up. This year our diversity and inclusion working group, with representatives across the business, has delivered a broad range of initiatives including:

- Championing a diverse mix of employees for our talent development programmes
- Encouraging the take up of flexible working opportunities
- Ensuring that diverse recruitment selection panels were put in place
- Working with a local university to gain insight into how we can shape our approach to recruitment

In 2019 we created a wider leadership team, increasing the scope of accountability and responsibility of this key group involved in key decision-making in support of the Executive team. This has resulted in broadening the scope of responsibility for a number of senior female leaders. A strong and visible leadership team are central to successfully embedding the improvements we are striving for.

In 2019 we reviewed our approach to identifying and developing talent. We introduced a talent forum process to objectively identify team members with potential for future progression. To support this progression we launched our Elevate leadership programme, encompassing four levels of leadership development. The programme supports individuals aspiring to be leaders right through to senior managers mastering their leadership capability. Formal accreditation is gained through the Chartered Management Institute with the final level of the programme offering the opportunity to study for an MSc in leadership and management. We have actively sought to remove barriers to participation in the programme such as part-time working and this has helped us achieve a minimum of 50% female participation with one of the programmes at 78%.

In addition, in 2019, 69% of internal promotions were female and we continue to champion fair progression opportunities with the development of career pathways, actively promoted through our Your Career Matters initiative.

We continue to be a proud signatory to the Women in Finance Charter. Since its inception in 2016, we committed to a 30% diversity floor for senior management, which we continue to exceed year on year. This year we achieved 42% gender diversity at senior management level, up from 39% last year.

Addressing the gap in our gender pay can only be achieved through fair and inclusive work and pay practices. In our 2019 pay review we implemented a minimum wage of £9.25 per hour, above the Real Living Wage rate at the time and we are committed to ensuring that we track at least the Real Living Wage for our lowest paid roles. All roles are now evaluated using an industry recognised job evaluation and reward benchmarking system, to ensure we are implementing fair pay practices regardless of gender.

Our annual employee survey saw us increase our overall engagement score from 2018 and also highlights that our employees recognise the work we are doing to build a more diverse and inclusive culture which values the unique contributions they make.
SOME HIGHLIGHTS:

✅ We have continued to exceed the 30% floor for gender diversity across our senior leadership population and have committed to increase the floor to 35% this year.

✅ Talent forums have been set up to support the identify and grow talent at The Nottingham. The first forum was delivered in June, with the plan to deliver in quarter 1 each year going forward.

✅ We have seen an uptake of people opting for Shared Parental Leave, which is an opportunity for parents (including adoptive or surrogate parents) to share responsibility for the care of their child.

✅ We have further developed our Diversity and Inclusion Policy in support of our commitment to develop, maintain a culture of equality, diversity and inclusion.

SUMMARY

We are comfortable that our gender pay gap is driven primarily by the imbalance between the number of males and females in our lower two pay quartiles as highlighted in our results.

We recognise that we have far more women than men working in our lower and lower middle pay quartiles. However, we are confident through fair pay practices, that we operate equal pay for jobs of the same value within each quartile.

Average hourly pay in all quartiles is largely on a par if the three male Executive Directors are removed from the calculations. Since the figures were calculated we have improved the gender balance of our Executive Committee.

We remain committed to seeking to increase the proportion of males in the lower and lower middle quartiles and continue the progress of our initiatives to raise female representation in our upper quartile.

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 2019.

David Marlow
Chief Executive

March 2020