Corporate plan

2024–2027



nestpensions.org.uk

Cautionary statement

This document contains statements that are, or may be deemed to be, 'forward-looking statements' with respect to Nest Corporation's financial performance and position. Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as 'anticipates', 'aims', 'due', 'could', 'may', 'will', 'would', 'should', 'expects', 'intends', 'plans' and comparable terminology.

Forward-looking statements are not guarantees of future performance and no assurances can be given with regards to their accuracy. Forward-looking statements may not be realised due to factors including, but not limited to, changes in the economies and markets in which Nest Corporation operates, changes in the regulatory and competition frameworks in which Nest Corporation operates or the impact of legal or other proceedings against Nest Corporation. All forward-looking statements, made in this document or made subsequently, which are attributable to Nest Corporation are expressly qualified in their entirety by the factors referred to above. Nothing in this document should be regarded as a forecast of future financial performance or position.



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CEO's statement

In May 2024, I became Interim CEO of Nest Corporation. What was evident right from the start is the strong sense of purpose that runs deep through Nest's veins, with a real focus on doing all we can to grow our members' savings and make a difference to their lives.

Our journey so far

I am honoured to be picking up the mantle from my predecessors to lead Nest on the next stage of its journey. Nest was set up to bring millions into retirement savings, many for the first time. We are here to serve our more than 13 million members, many of them low to moderate earners, helping them build the financial security they deserve, and ensuring every employer in the UK has access to a high-quality and good-value pension scheme.

Our members' needs shape everything we do, from our investment strategies to our customer service. We understand the pressures our members face, and work to meet their needs through innovative solutions and dedicated support.

More than a third of the UK workforce has a pension pot with Nest, and we now manage more than £40 billion on behalf of our members. We are at an inflexion point. By leveraging our scale, we are able to achieve good value for money in our administration and investments, which in turn supports what we do to help grow our members' pension pots. We want to go further.

We know that our members are facing an uncertain economic outlook and ongoing financial pressures. We want to ensure their journey through retirement is as seamless as their savings journey with Nest. We want to help invest in their jobs, their communities, and the infrastructure they rely on. We are proud that a fifth of our investment is right here, in the UK.

This year marks the first repayment of our government loan.

Nest also continues to undertake public-benefit research via Nest Insight, partnering with employers, product providers, academics and policy makers to find better ways to support the financial wellbeing of low and moderate earners now and in later life.

With the advent of a new Government and the Pensions Review, the industry looks likely to experience significant change. Nest is committed to helping to shape a system which truly meets the needs of the UK's hardworking population.

The road ahead

We have worked with stakeholders to review and refine our purpose - a 'North Star' that will guide us on the journey ahead. Our new purpose 'building financial peace of mind for all' is bold and ambitious about what we can achieve for our members and broader society.

Our purpose is outlined on page 12.

We have developed a new corporate strategy that will see Nest to 2030. We take the responsibility we have to our members seriously and are committed to evolving in ways that keep members at the heart of everything we do. We continue to be committed to our public service obligation to support every employer in the UK that would like to use us.

Our strategy is outlined on page 13 and 14.

I would like to extend my gratitude to our Board, our partners, and our dedicated team for their unwavering commitment to serving our customers. Together, we are building financial peace of mind for all.



Ian Cornelius,
Interim Chief Executive Officer

Key figures 2023/24

as at 31 March 2024

Our members

Growing membership

Nest's total membership has been growing rapidly, and we now look after retirement savings for over 13 million people. Many of Nest's members cycle in and out of the scheme as they change jobs, with the percentage of contributing members growing at a slower rate.

The auto enrolment generation is ageing

As the initial auto enrolment generation ages, Nest's membership profile is changing. The median age of our members, currently 40, has been slowly increasing. By 2035 the largest proportion of members will be in their 40s, and by 2050 Nest expects to have a broadly even spread of members across ages.

How our members work

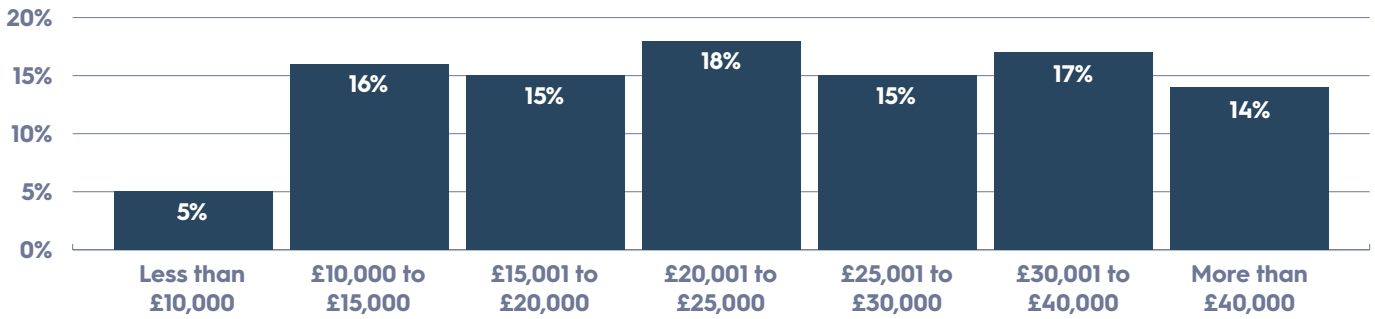
Nest's scheme has a significant proportion of lower and moderate earners. Over a fifth of our members report working part time, and many of our members have high job volatility and low job security.

Saving is challenging

The cost-of-living challenges in recent years have disproportionately impacted those on lower incomes. Around 25% of Nest members report feeling uncomfortable about their financial situation.

Despite these challenges, members have stayed saving, with only around 9% choosing to opt-out. However, for those that do so, financial affordability remains the most significant reason cited, with over 25% of members citing this as a reason.

Salaries of our members



Scheme members



13m
total members

3.8m
are contributing members*

9.2m
are non contributing members**

52%
male

48%
female

0.01% of Scheme membership did not have a gender listed on their Scheme enrolment

* Contributing members are those who made contributions in March of the year under review

** Non-contributing members are members other than contributing members

Our employers and connectors

1.1m
employers

21k
self-employed members*

34k
Nest connectors**



* Where a member has been self-employed and has not since been enrolled by an employer. This will therefore not include members that have left all employers but still retain their self-employed enrolment.

** These are intermediaries, such as accountants and payroll providers, using the Nest Connect service and delegated by an employer to perform some or all of the employer's Scheme account management for them

*** Representing the 93% of employers for which we have regional information

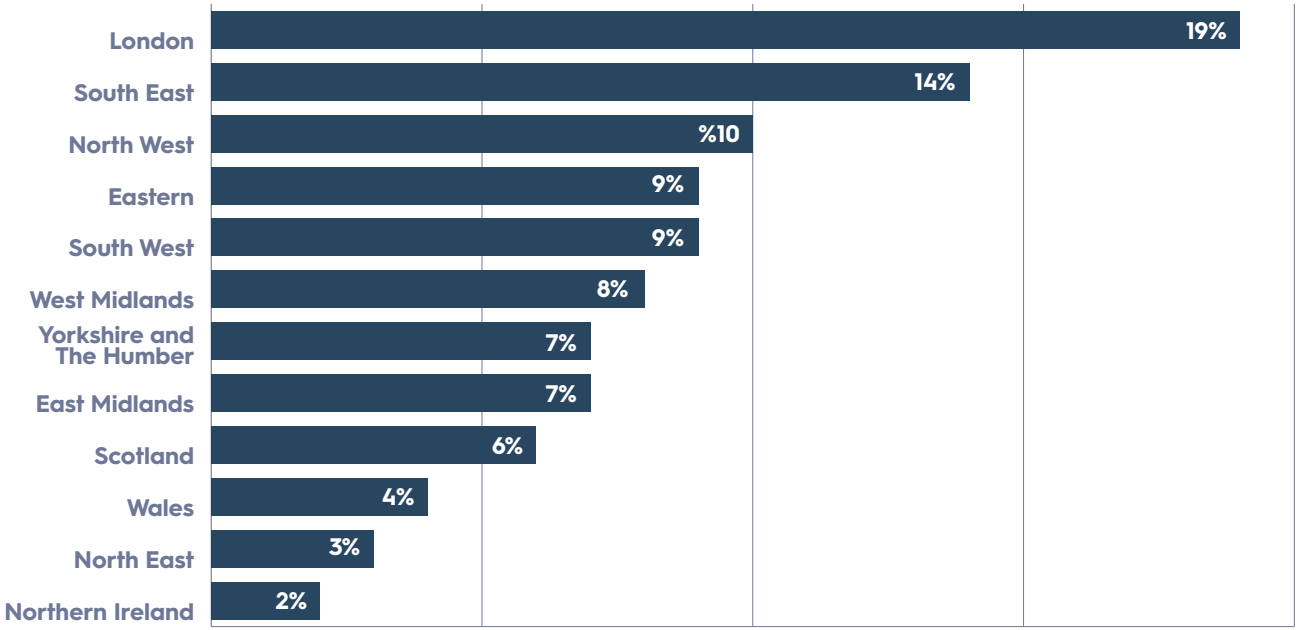
The number of employers enrolled with Nest has grown steadily, although at a slower pace than members. We serve smaller businesses; almost 70% of employers only have 1-4 employees, and over 97% have fewer than 50. Employers are also spread across the UK, with around 80% outside of London, and across multiple industries, with construction, retail, health, and catering and accommodation the most represented industries.

Nest connectors

70%
of Nest Connectors work for companies with 1-4 employees

65%
of Nest Connectors have set up / administer 10 or more organisations

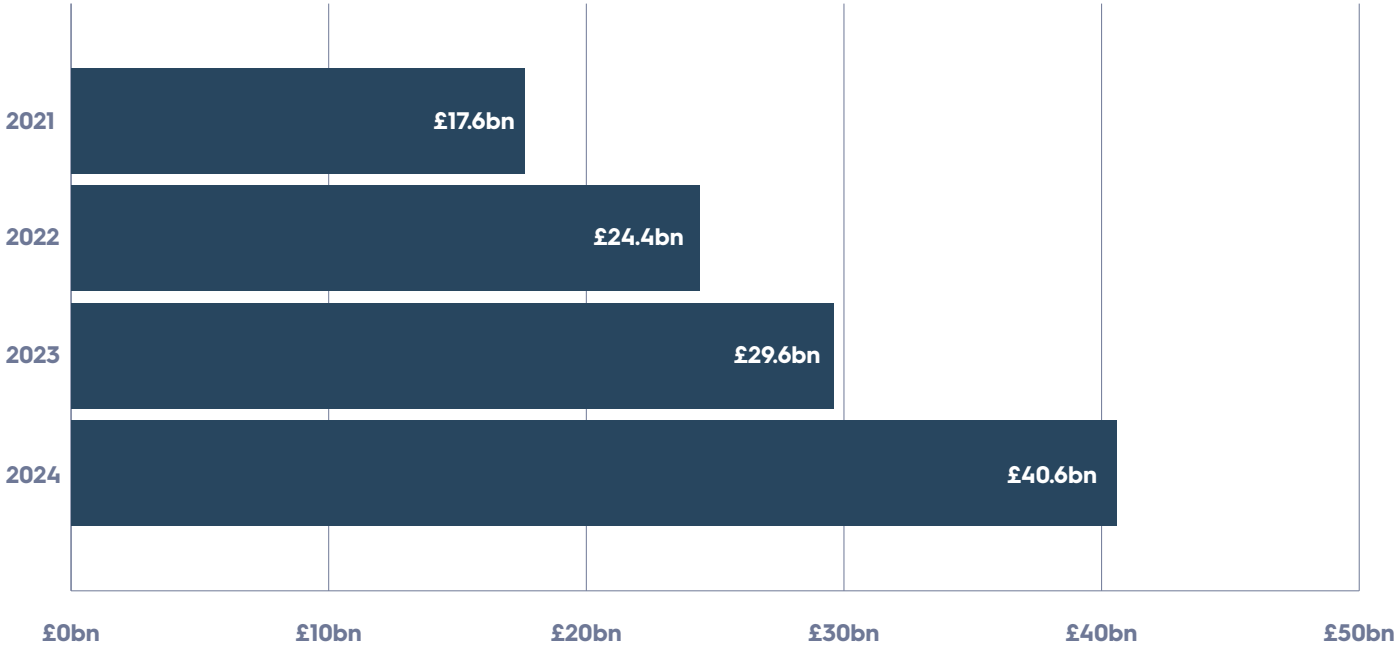
Where our employers are in the UK***



Our Scheme investments

Nest's assets have continued to grow, and we are now investing over £40 billion on behalf of members. We have continued to develop and strengthen our investment proposition. We now have almost half of our assets in climate-aware equities funds and are increasing our investments in the UK (more detail provided on the next slide).

Total Nest assets





Our UK investments

as at 31 December 2024

Increasing our UK investments

Nest has more than £10.6 billion invested in UK assets*

More than a fifth of our investments are based here. Nest members are UK workers and through our £10.6 billion investment we help support their jobs, their communities and the infrastructure they use.

Our UK investments consist of:

- **£3.5bn** corporate bonds to established UK companies, such as BT & Co-op Group
- **£2.7bn** in commercial and residential property across the UK
- **£2.2bn** in cash providing companies with access to capital
- **£1.01bn** in UK infrastructure projects, including fibre networks, social housing and renewable energy
- **£747m** worth of shares in major UK employers, including Sainsbury's and Taylor Wimpey
- **£348m** in government lending (gilts)
- **£168m** in shares of growing UK Businesses (private equity)



* Selected UK assets as at 31 December 2024. Data correct at time of print; however, asset allocations are indicative only and subject to change.

The road ahead

A new purpose

We live in an evolving world. Our members' needs are changing and the environment we work in can be challenging and unpredictable. This affects the financial wellbeing of our members. Nest is also a more mature organisation, operating at significant scale.

Set against this backdrop, we have developed a new purpose.



Building financial peace of mind for all

Building financial peace of mind for all means an active commitment to building a better life after work as well as confidence and contentment through greater financial resilience today.

With this purpose, we aim to lead with:

Inclusion

We are inclusive, open to everyone and treat all fairly and equally. We focus on low to moderate earners, their employers and the businesses that support them, who are not well served by the market.

Value

We use our scale to drive up quality and value in service to our members. Any profit we make is reinvested to help our members.

Impact

We make a broad and positive impact on the world our members live in, and influence the wider world for the better, now and for the long term.

> **"We are bold and ambitious about what we can achieve for our members and for the UK, and we challenge ourselves, our peers and our partners to help do that."**

A new corporate strategy

With our purpose guiding us, Nest has developed a corporate strategy to provide a clear path for the next phase of our journey to 2030.

If current trends continue, by 2030 Nest could be managing assets of £100 billion for more than 18 million members. This scale creates huge opportunities for Nest to do things differently. Those on lower incomes or with lower levels of saving will have access to a level of investment sophistication and a pension which would otherwise be reserved for the affluent. This scale also gives Nest the opportunity to consider how we can influence the wider system to ensure it meets the needs of low to moderate earners.

Nest has worked with partners and experts to think extensively about how our world is changing and what role Nest needs to play to remain relevant and meaningful in the lives of our members, employers and wider stakeholders. This has been a key part of our work to develop our new 2030 corporate strategy.

An overview of our corporate strategy is provided on the following slide.

We are excited for this next phase of Nest's journey and will provide updates in future Corporate Plans.

Nest in 2030*

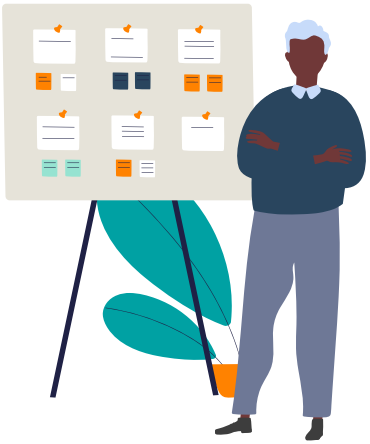
£100bn
assets under management

£20bn
in UK investments

18m
member accounts

* Forecasted projections

"We take the responsibility we have to our members seriously and are committed to evolving in ways that keep members at the heart of everything we do."



Nest's 2030 corporate strategy



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Any return figures are net of the annual management charge and transaction costs but not net of contribution charges. Past performance and any fund objective or target should not be considered as a guarantee of future performance. Return of investment is not guaranteed as the value of investments can go down as well as up. Performance figures are shown at the fund level and do not reflect individual members' pots. The performance of members' pots will be influenced by factors like the timing and size of contributions paid in.

Data may be obtained from third-party weblinks, but these may not be error-free and cannot be verified.

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