Gender pay gap report 2024/25

Representation and compensation as at
31 March 2025

nestpensions.org.uk

Introduction

As our commitment to closing our gender pay gap continues, this latest report outlines the work we've done during the 2024/25 financial year and what still needs to happen to improve on this for the future.

The gender pay gap refers to the percentage difference between average hourly earnings for all men and women. This is not to be confused with equal pay, which looks at whether men and women are being paid differently for doing the same job.

We've seen an increase in our mean hourly gender pay gap over the past 12 months. It's risen from 12.7% to 16.3%, which is an increase of 3.6 percentage points from 2023/24.

Our colleagues

Women make up 53% of our colleagues, up from 51% last year.

Significantly more women than men joined the organisation in the 12 months prior to 31 March – 63% verses 37% – although this is occurring in our lower and lower-mid quartiles.

However, we also had more women than men leave the organisation – 54% verses 46%. We need to improve our data collection in this area to understand the reasons women leave, to ensure we take steps to retain them in the workforce.

There remains little change from last year when it comes to the makeup of our senior leadership team, with the gender split being roughly 50/50. However, there are more women on our executive committee compared to last year; 3 out of 9 members are women compared to 1 in 2023/24.

In order to improve our gender pay gap, amongst other things, we need to:

- focus on building the diversity of our talent pipelines.
- ensure we work hard to attract more women into senior roles.
- continue to ensure a fair and inclusive approach to recruitment.

These and other necessary actions are detailed in this report. Tackling these issues requires a long-term plan to which we're strongly committed.

In the past year, some highlights of our work include the following:

- We trained 13 colleagues as menopause champions, to help ensure we have the capabilities and knowledge in-house to better support anyone going through this.
- We launched our returners programme, providing enhanced support for colleagues who've been on extended leave.
- We reviewed and launched our new recruitment and interview training to support hiring managers to be more consciously inclusive, and improving the candidate experience.

This report shows in more detail what we've been working on and what will happen next.

> **This year's report shows the positive steps we have taken, for example, increasing the gender diversity of our executive committee. However, we must acknowledge our gender pay gap has widened, and therefore further action is required to help address this. Over the next year, we'll continue to be intentional in our approach and ensure we have plans in place to reduce our gender pay gap.**
>
> **Ian Cornelius**
> Interim Chief Executive Officer

What we've done this year

As our commitment to closing our gender pay gap continues, here's what we've done over the past 12 months.

Developing our people

Women at Nest continue to progress internally; it's positive to see there was an equal number of men and women among internal hires.

More women engaged with learning accounts compared to men in 2024/25 – 41% compared to 31%, broadly the same as in 2023/24, when it was 41% and 30% respectively.

We've seen an increase in women rated as 'high potential' – equating to 53% – as part of our regular talent mapping process, which helps us focus on identifying and developing the talent we need for the future and monitoring the strength of our succession pool.

In 2023, we launched our Future Leadership sponsorship programme. The programme was aimed at groups who are underrepresented at senior leadership level. We constantly strive to better reflect the customer groups we serve as we know that everyone benefits from having diversity in decision-making.

Our target was to have at least 2 sponsored individuals develop, progress or achieve another form of personal success. As a result of the programme, a colleague who is a woman from an ethnically diverse background graduated from the award winning **Diversity Project Pathway programme**. This programme focuses on developing the women portfolio managers of the future, supporting their ambitions of moving into a fund management role.

To support our line managers, we improved our approach to learning. We've worked to provide regular in-house training to support line managers, including sessions on psychological safety, inclusive leadership and managing diverse teams, all which aim to create a positive experience for colleagues.

Attracting and recruiting diverse talent

In the last 12 months we've recruited 5 new Board members, 2 of whom are women. This means out of 14 board members, 8 are women (57%). While the appointment of our Board members is a matter for the Department of Work and Pensions (DWP), we've driven as much diversity into our Boardroom as we can, from running webinars on the recruitment to attract diverse candidates, signing up for Board apprentice schemes, and ensuring our candidate packs are considered from a diversity perspective. Diverse representation on our Board enhances our governance framework, enhances our decision making and ensures we are best placed to serve the interests of all our members.

Recently we've been recruiting for several executive committee members and we've taken the opportunity to advertise as widely as possible using specialist recruiters who have well-developed, diverse networks. We've ensured our long – and short-lists include a strong proportion of diverse candidates who are interviewed by diverse panels. This approach has already resulted in an increase in women on our executive committee compared to previous years.

We continued to focus on developing our external platforms to boost our employee brand. For example, we reviewed and redeveloped our LinkedIn page to showcase our commitment and approach to DE&I, to help candidates from all backgrounds and walks of life know they can find allies and a sense of belonging here.

Using data to identify opportunities

Data collection is key to us addressing our pay gaps. We created a DE&I report that includes different data sets, which shows the varying experiences of different demographic groups across the employee lifecycle. This report was shared with the executive team and supported us in creating a set of objectives aimed at addressing the findings and trends to improve the experiences of colleagues.

For the first time we've broken down our pay gaps by directorate, allowing us to understand the areas of the organisation which require focus. Through the development of this data, we've been able to identify the areas of the business with the biggest pay gaps and this, along with other data sets, has allowed us to set specific DE&I objectives for our executive team for the first time.

To strengthen the inclusivity of our processes and procedures, we took part in EY's National Equality Standard (NES) initiative, which is the UK's leading DE&I standard. It supports organisations with tackling inequality and promoting diversity and inclusion. As part of the audit, we were assessed against 3 standards: recruitment and onboarding, data analysis and middle management.

Since then, we've worked hard to address the recommendations provided in the report. This has helped to improve our recruitment and onboarding processes, data collection and how we support managers to ensure we're better prepared to create an inclusive experience for colleagues.

Promoting flexible working

We have a successful hybrid working model which we know brings great benefits to our colleagues. In our most recent colleague survey, the question 'I'm genuinely supported to work in a way that works for me' scored 84% and was the second highest scoring question in the survey.

Taking a lead in our industry

In 2024, Nest signed up to a new pilot called the Trustee Accelerator Programme (TAP). The programme is aimed at giving people with diverse backgrounds and characteristics, and those with little or no pensions knowledge, the training and development to become the next generation of pension trustees. As part of the programme, we recruited an apprentice who is a woman from an ethnically diverse background. Our aim is to support with increasing the diversity of Board members across the industry, whilst ensuring we benefit from the diversity of thought and experience on our own Board.

As part of our commitment to improving gender diversity, we've also committed to signing up to the Women in Finance charter.



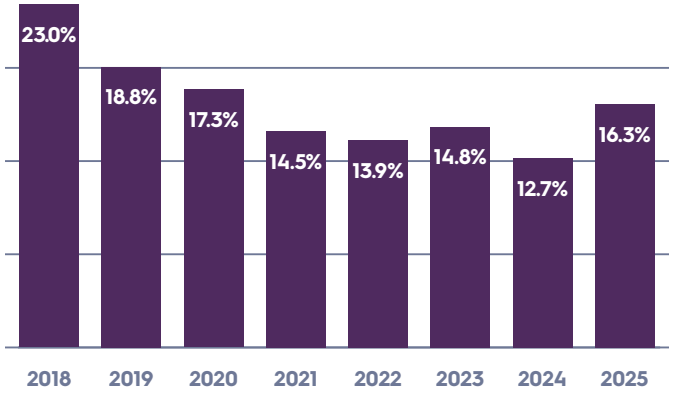
Our gender pay data for 2024/25

We're pleased to continue making this data publicly available. We are committed to closing our gender pay gap and have plans in place to do so.

Mean hourly pay gap

There is a gap of 16.3 percentage points in 2024/25. That works out to be £7.51 per hour.

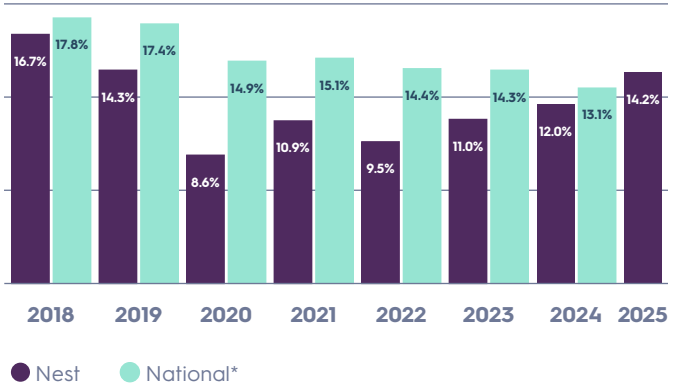
This is an increase of 3.6 percentage points from 2023/24, when the mean gap was 12.7 percentage points and £5.23 per hour. This is due to the greater proportion of women in the lower quartile; 4% more compared to 2024.



Median hourly pay gap

There is a gap of 14.2 percentage points in 2024/25. That works out to be £5.38 per hour.

This is an increase of 2.2 percentage points from 2023/24, when the median gap was 12 percentage points and £4.26 per hour. Since we first reported our gap in 2017, this is a reduction of 12.2 percentage points.



*Source: Office of National Statistics - Gender Pay Gap in the UK 2023

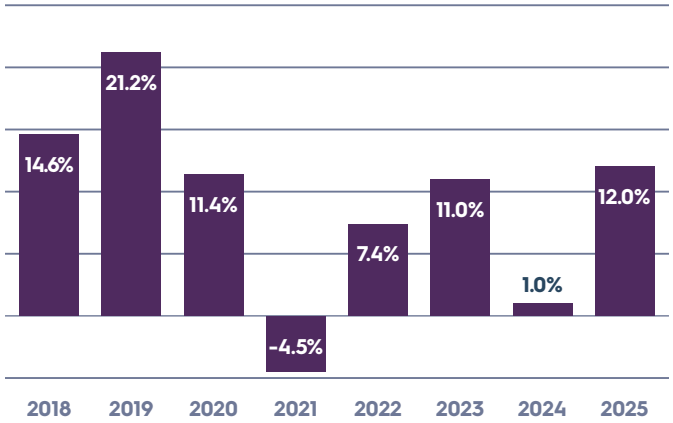
Mean bonus gap

There is a gap of 12 percentage points in 2024/25. That works out to be £306.33.

29 women (69%) and 13 men (31%) received a bonus payment of less than £3,000 in 2024/25. 78% of colleagues who work part-time are women – as bonus pay is pro-rated, this has an impact on the bonus pay gap.

This is an increase of 11 percentage points from 2023/24, when men took home a mean bonus that was higher than women at Nest.

- In 2024/25, we increased the number of women working at Nest and had more women in our workforce overall than men. Women do, however, continue to be over-represented in our lower-quartile roles. This partially accounts for the increase in our mean bonus gap.
- Some of this gap is due to the recruitment of individuals at Nest. More women joined compared to men – 63% verses 37%. A number of these women joined after the bonus cut-off date and were therefore ineligible to receive a bonus, but will be next year if they remain employed at Nest.



Median bonus gap

There is no gap in 2024/25. Women and men at Nest received the same median bonus. This was also the case in 2023/24.

When we first started reporting in 2017, there was also no gap.

0%
2024/25

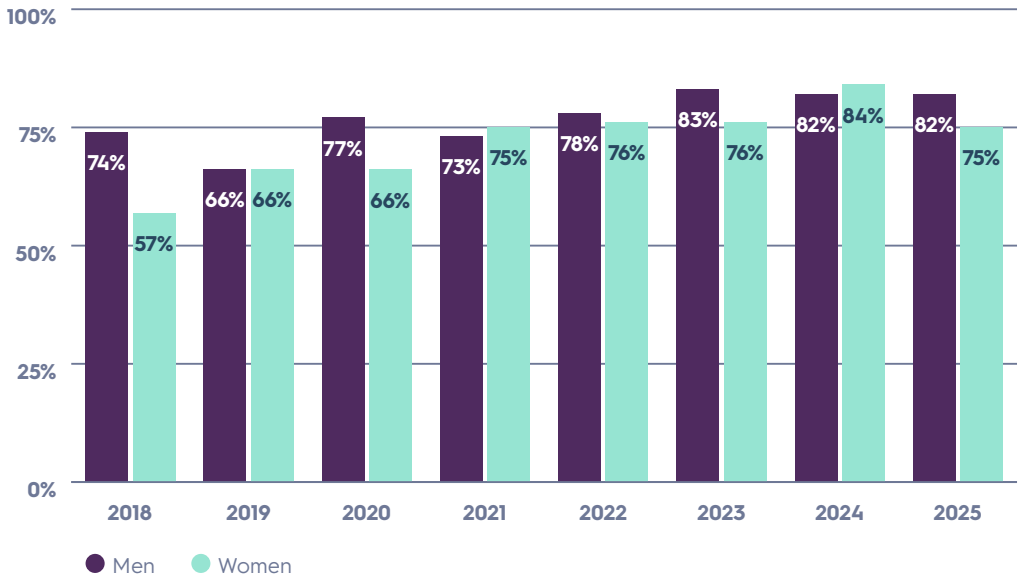


0%
2022/23

Proportion of men and women who received a bonus in 2024/25

In 2024/25, more men received a bonus than women – 82% compared to 75%. This is due to more women joining after the cut-off date which meant they were not eligible this year.

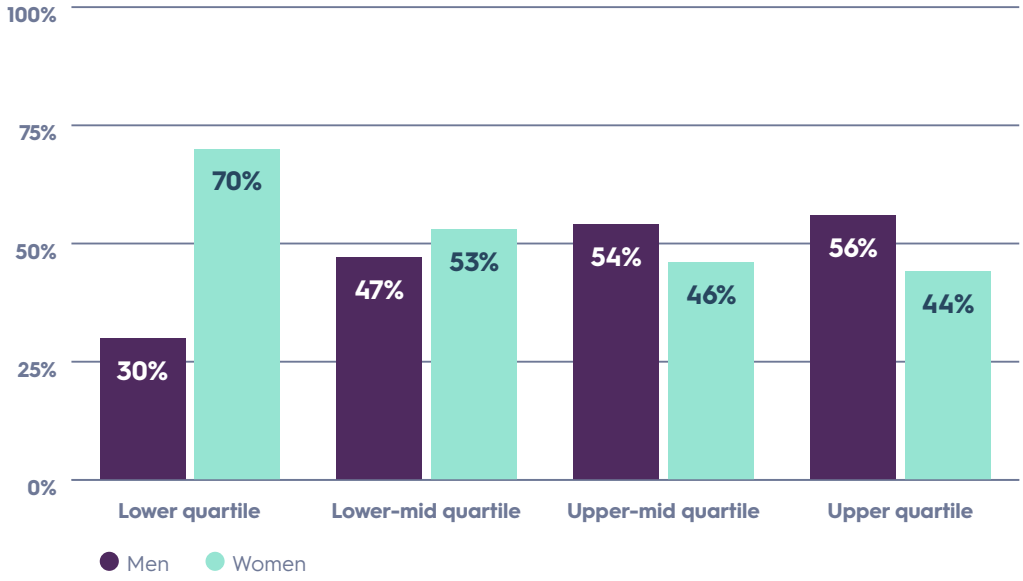
The average proportion who received a bonus over the last 5 years is 80% for men and 77% for women.



Distribution of men and women per pay quartile

Whilst we have a higher proportion of women working at Nest in 2024/25, they continue to be over-represented in the lower quartile. To help close the gender pay gap, we'll aim to increase representation of women in the upper and upper-mid quartiles.

- We'll continue to focus on developing and nurturing our talent to assist progression through the quartiles.
- Our upper and upper-mid quartiles have moved slightly closer to gender parity. However, women are still under-represented in these quartiles, and we're committed to understanding the reasons for this.



What we'll do next

We're committed to continuing our work to close the pay gap and will build on our progress by focussing on meeting our targets and delivering on projects and initiatives we believe will have the greatest impact over the next 12 months.

Putting DE&I front and centre

We'll continue to review our workforce data and diversity targets to ensure we're an organisation that reflects our customer base, across all levels and teams.

Our DE&I business partner will continue to work with our executive committee to ensure all recruitment and succession planning processes are fully inclusive.

Promoting flexible working

To enhance our approach to flexible working, we'll be launching flexible bank holidays. This allows employees to use their annual leave allowance on any day of their choosing, rather than automatically having 8 of their days assigned to the UK national bank holidays. This continues to build on our approach to being an inclusive organisation which allows its colleagues to work in a way that suits them.

Flexibility and empowerment

Over the next few months, the focus will be on having a plan in place to ensure there are development opportunities available to women at Nest. We'll explore the different opportunities available and ensure we continue to develop the talent pipeline of women across the organisation.

We'll support our executive committee and directors around our DE&I programme so they feel enabled to lead the way with clarity and confidence. We'll provide more DE&I training opportunities for line managers on how to be consciously inclusive.

We'll also be launching our job-sharing guidance, which will support:

- colleagues who want to change their working pattern.
- colleagues who work part-time and would like to progress within Nest.
- candidates who would like to work on this basis.

We know women are more likely to be carers or work on a part-time basis. We believe this guidance, along with our continued commitment to promoting flexible working, will enable us to provide greater opportunities for women at Nest, whilst attracting those who choose to work different hours from the traditional 9 to 5.

Improving attraction and recruitment

We'll seek out job boards aimed at attracting applicants from a wide variety of backgrounds. We'll also make sure we set expectations when working with agencies, whilst ensuring our recruitment process is fair and inclusive.

We'll continue our approach to flexible working, ensuring this remains an option for all colleagues to ensure they're able to work in a way that's best for them.

Using data to identify opportunities

We're continuing to review our overall reward proposition to further ensure we manage pay effectively and appropriately. As part of this, we're undertaking an equal pay audit and are committed to addressing any findings.

We'll develop our DE&I report and create a dashboard. This will help us understand the varying experiences of different demographic groups across the employee lifecycle. We'll regularly review this data, working to address areas of opportunity and equality.

Providing support and guidance

Having reviewed our Keep in touch day process, we'll launch updated guidance to support line managers so those who go on family leave have all the support they need.

Striving for more in the wider world

We'll take action where needed as a member of the **30% Club Investor Group**.

We'll use our scale to push for positive change. Our responsible investment team will hold the companies we invest in to account, on gender pay gaps and pay equity ambitions.

Listening and learning from each other

In April, we'll be continuing our series of discussion sessions called Let's talk about... which are open to all colleagues. These are hosted by our DE&I working groups and the April session will be hosted by our gender working group, who'll be leading a discussion about carers. The aim of this is to raise awareness of the challenges faced by colleagues, predominately women, and educate colleagues on how best to support them. We want to keep the conversation around gender equality and inclusion going.

Our gender working group will remain a trusted sounding board for policy decision making and will be empowered to bring further suggestions and opportunities to the table.

We'll use our listening strategy and other data sets to understand and work to improve the experiences of women within the organisation.

> **Attracting, retaining, supporting, developing and promoting women will help us close the gender pay gap. We have made good progress this past year – we recruited almost twice as many women as men, have provided development to more women and we're seeing similar rates of promotion, all of which we expect to help narrow the gap in the future. We're committed to continuing to monitor the pay gap, to ensure the actions we're taking are moving us in the right direction.**
>
> **April Clark**
> Chief People Officer



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