

Statement of investment principles

Implementation statement 2021/22



This statement shows how the Trustee followed and acted on the principles contained in our [Statement of investment principles](#) (SIP).

Every three months, our investment committee carefully checks we're investing for our members in a way that matches what we've set out in our SIP. The Board also conducts a high-level review each year, confirming the investments we're managing are in line with the investment strategy outlined in the SIP.

The SIP was fully reviewed by the Board in March 2020 and remains mostly unchanged since then. It will be formally reviewed by March 2023 as part of our three-year cycle of assessing whether the default strategy and fund choices remain suitable for our membership.

The SIP has recently been updated to reflect:

- › the closure of Nest's Pre-Retirement Fund
- › changes to the default investment strategy for Nest members approaching their Nest retirement date

The Trustee is satisfied all investments during the year were made in accordance with the SIP. This includes the activities listed in this report. Where there may be unfamiliar concepts or terms, we've included a glossary at the end of this document.

Day-to-day management of assets

This part of the SIP aims to ensure the Trustee has clearly defined processes in place to select and monitor external fund managers. The objective of these arrangements is to achieve good outcomes and better value for money for Nest Scheme members.

The Trustee is confident the management of assets and Nest's arrangement with fund managers is sound and continues to operate in members' best interests.

- › Nest conducts quarterly monitoring of all external fund managers to review performance and, where appropriate, renegotiate fees to get better deals for members. Performance against targets is reported to the investment committee.
- › Nest has in place rigorous governance processes to reflect Nest's position as a publicly accountable Scheme, ensuring our stewardship activities and processes are supported and overseen formally by the bodies overseeing Nest's investment activities – the Board and investment committee.
- › In 2021/22, Nest undertook a procurement exercise to appoint fund managers covering private equity, a new type of asset for our portfolio. The procurement followed a thorough process of reviewing written bids and meeting fund managers to identify the managers most likely to meet our members' needs. The shortlisted fund managers were tested on their investment approach and commitment to - and quality of - responsible investing.

- › Nest's investment committee has approved the moving of assets in the global high yield portfolio, managed by JP Morgan, from the previous pooled fund to a segregated mandate, following approval from the investment committee.
- › The investment committee has approved a new policy on securities class actions (SCAs). As a large institutional shareholder, Nest is eligible to be a member of SCAs that seek to recover damages resulting from companies we're invested in which have been involved in fraud or general misconduct. After careful research, we concluded participation in SCAs is in the interests of our members. Our custodian, State Street, will submit quarterly reports on the number of SCA filings and the amount of money recovered for our members.
- › In the past year, we have placed a fund manager on our watchlist due to concerns about their internal controls. Through our monitoring of investment risks associated with environmental, governance and social factors (referred to as ESG risks throughout this statement), we identified that on occasions ESG screens had not been correctly applied to the mandate. We have raised this with the fund manager and are monitoring their progress in rectifying the issue.

As of 31 March 2022, 63% of the Scheme's total portfolio was held in segregated accounts. This has helped to drive down investment costs, improve our control over how the investment fund mandates operate and improve the way we can achieve the objectives of our climate change policy.

Types of assets held

This part of the SIP aims to ensure that when the Trustee invests in different types of assets and financial instruments, they are suitable for all Nest Scheme members at different stages of saving for a pension.

The Trustee is confident the Scheme's assets are mainly invested in regulated markets and that investments in non-regulated markets have been done so for sensible reasons.

- › As of 31 March 2022, 89% of Scheme assets were invested in regulated markets.
- › Since January 2020, Nest Invest has provided authorised advice to the Trustee about new types of assets and the suitability of new fund managers we have appointed.
- › The investment committee approved the inclusion of a new asset class for Nest, private equity. This means Nest can now invest in these types of investments. The Trustee undertook a thorough search for suitable managers that can best meet members' needs, in line with our rigorous fund manager selection process, and two fund managers have been appointed following that procurement.
- › Although some of the Scheme's external fund managers used derivatives in the 12 months to 31 March 2022, the Scheme did not use derivatives directly in 2021/22.
- › During the Scheme year, the investment committee agreed we should start using derivatives to help manage our members' money more efficiently when investing. The use of derivatives is set out in the investment management agreement between Nest Corporation and Nest Invest, and Nest Invest continues to monitor the use of derivatives within the Scheme's portfolio.

The balance between different types of investment

This part of the SIP aims to ensure that the Trustee considers the investment strategies for each of Nest Scheme's fund choices. This includes ensuring the funds aren't overly concentrated in one or similar types of assets, and that we don't have too much money invested in just a few fund managers.

The Trustee is confident the Scheme's portfolio remains appropriately diversified across asset classes, geographical regions and fund managers. It monitors this based on a range of measures.

Over the last few years, the Trustee has further diversified the way we invest for members by increasing the Scheme's allocation to private markets. This allows members to benefit from the additional expected returns available to investors in illiquid assets. Nest holds roughly 10% of the total

amount of money we're managing on members' behalf in private markets. We plan to increase that to around 20% in the next few years.

Liquidity

It is important Nest has access to enough liquid assets to fulfil requests from members who want to withdraw from their pension pots, either because they're retiring, transferring to another scheme, or choosing a different Nest fund. This part of the SIP aims to ensure there is sufficient management of the liquidity of the Scheme's assets.

The Trustee is confident the Scheme's assets are mostly invested in liquid markets and there is sufficient liquidity to manage any member requests to take money out of the Scheme. Although the Scheme will continue to increase its investment into illiquid funds to benefit from the typically strong, long-term performance these can provide, this will be balanced against the need for sufficient liquidity.

Nest already has good liquidity through a strong cashflow, receiving more than £400 million a month in member and employer contributions.

The investment objectives of the SIP have recently been reviewed to consider if we provide the right mix of a growing proportion of illiquid assets for members at different stages of their investing lifecycle. The changes we've made to the SIP will be reported in the next SIP implementation statement.

Realisation of investments

This part of the SIP aims to ensure the Trustee has considered members' long-term needs for later life.

The Trustee is comfortable Scheme funds are positioned appropriately for the level of demand from Nest members approaching retirement, who are likely to withdraw their money from the Scheme.

- › The number of members taking their money at retirement remains very low. This is to be expected given the young age profile of the Scheme's membership.
- › There was little member transfer activity in proportion to the Scheme's membership. Requests for transfers both in and out of the Scheme are being managed effectively.

Risk

This part of the SIP identifies the investment risks the Scheme faces. The Trustee reviews these risks annually and sets out how comfortable we are to take different types of investment risk on behalf of our members. The Trustee has also created an investment risk committee, which meets quarterly to oversee investment risk management activities across the investment process.

The Trustee is confident investment risks are being monitored and managed appropriately in accordance with the Scheme's stated risk appetites. The annual review of the investment performance principal risks has been completed and the Trustee is satisfied the Scheme is managing these risks appropriately.

Here's how the Trustee is managing risk:

- › The Trustee sees climate change as a key risk facing all aspects of the Scheme's approach to investing for members. The [climate change policy](#), implemented in 2020/21, aims to align the Scheme's entire investment portfolio with the goals of the Paris Agreement. In the last year, the Trustee changed the way we invest in emerging market equity and high-yield bonds to ensure we're considering the impact of climate change in these markets. This means around 60% of our total assets are now in climate-aware mandates. Both the policy's implementation and ongoing suitability is reviewed annually by the Trustee.

- › [A new roadmap](#) has been published to outline the progress in reducing the carbon footprint of the Scheme's investment portfolio. The roadmap also sets out future targets and activities to help the Scheme become net-zero by 2050 or sooner.
- › The Trustee has implemented an exclusion of companies that derive more than 20% of their revenues from thermal coal production or power generation, oil sands and arctic exploration of oil and gas. We have updated the climate change policy to reflect that we will not invest in companies that are developing new thermal coal or oil sands projects.
- › In October 2021, new statutory regulation came into force, relating to reporting in line with the [Task Force on Climate-related Financial Disclosures](#) (TCFD) recommendations, to improve both the quality of governance and action taken by trustees to identify, assess and manage climate risk. The Trustee used the 2020/21 TCFD report as a test run for the new disclosure requirements, implementing as much draft statutory guidance as possible ahead of this year's statutory reporting cycle.
- › The 2021/22 TCFD report undertook climate scenario analysis to assess the impacts of physical and transition climate risks on the performance of assets we manage, under different temperature scenarios over the short-, medium-, and long-term.
- › The Trustee has updated its rules on the exclusion policy it has in place for companies involved in the production of tobacco, increasing the exclusion threshold from 5% to 10% of sales. This is to ensure we keep only tobacco manufacturers and producers in scope of the exclusion. The annual review of our [tobacco position](#) and the letters of assurance from relevant fund managers ensures the Trustee is confident the Scheme's tobacco exposure remains at zero weight.
- › The Scheme has joined new initiatives to help review and monitor other risks facing our portfolio which can affect long-term investment performance, including low pay, deforestation, and supermarkets and food manufacturers overly reliant on unhealthy food sales. Further areas of interest and the initiatives we've joined can be found in the responsible investment report 2021/22.
- › The Trustee undertook its annual review of the implementation of the Scheme's [controversial weapons divestment policy](#). Part of this review considered the policy itself and whether it should be expanded to include the manufacture of components found in nuclear weapons. The Trustee is satisfied the current policy is suitable and no changes have been made.
- › All of the Scheme's fund managers were asked to review their approach to screening out controversial weapons over the last year. One fund manager updated their screening criteria. There were no other significant changes required and we're satisfied our fund managers are complying with the agreed exclusion policies.

Further information on how the Trustee manages our ESG priorities can be found in the responsible investment report 2021/22. Our current priorities include:

- › climate change
- › pay and benefits
- › cyber security
- › digital rights
- › diversity on boards
- › food

The Trustee is currently exploring the ESG risks and opportunities found in natural capital and impact investing and may add them to the priority list in the future.

Expected returns on investments

The Trustee sets the investment strategy and objectives for the default Nest Retirement Date Funds and the Scheme's other fund choices for members. This part of the SIP describes how the investment strategy is monitored and assessed against longer- and shorter-term time horizons.

The Trustee is satisfied the Scheme's funds have been invested in a way that has a reasonable expectation of meeting the Scheme's objectives over the long-term.

- › The Trustee has considered and carried out a review examining the various types of assets invested in via our default strategy and other fund choices. This review was last undertaken on 3 February 2022. It explored any risks in meeting long-term investment objectives in the current market and considered whether a diversified approach is likely to yield better results over the long-term than a highly concentrated portfolio. The Trustee is satisfied with the current investment approach in place for the Scheme and its members.
- › The Trustee has reviewed our existing investment objectives and made changes to how the Scheme sets out and delivers on the Nest Retirement Date Funds' investment objectives, where most of our membership are saving.
- › An ongoing review by the Trustee, into the challenge of finding consistent investment returns to meet investment objectives for members, has led to a strategic decision to invest more of our members' money into illiquid assets, and in particular equity infrastructure and private equity. It will take time to implement this strategy, and investment costs are likely to increase as a result. The Trustee believes this is the right approach when traditional sources of investment returns look less attractive over the next ten years.

Responsible investing and stewardship

This part of the SIP sets out the Trustee's beliefs and policies with regards to managing ESG risks. It also sets out where we seek to incorporate Scheme members' views, and how we act as a responsible and watchful asset owner on behalf of our members.

The Trustee is satisfied relevant ESG issues were taken into account in 2021/22. Five people within the investment team research and manage Nest's responsible investment activities.

Over the last year, our responsible investment activities have been wide-ranging:

- › The Trustee produces an annual responsible investment report which includes information on how we implement our voting and engagement policy and act as an active steward of members' money. The [2020/21 responsible investment report](#) is available on our website, and the 2021/22 version will be published later this year. The responsible investment report contains a thorough breakdown of voting behaviour and outcomes, linking the activity to the Nest Scheme's stewardship priorities.
- › Buying shares gives Nest's membership part ownership of that company and usually gives us the right to vote at their annual general meeting (AGM), at which key issues on how the company is run are discussed. The Trustee continues to employ the proxy voting service, Minerva Analytics, to best utilise the voting rights available to the Nest Scheme. Its vote management tools allow the Scheme to efficiently identify shareholder and management resolutions of concern or interest and allow us to vote electronically on them. Minerva Analytics also helps us monitor the voting intentions of our fund managers so we can check they are voting in line with our views, as set out in our voting and engagement policy. The exercise of these votes is published quarterly on our website and annually in our responsible investment report.
- › Over the last year, we cast 5,621 votes at 283 company meetings. We voted against management 46% of the time.
- › The Scheme is eligible to vote at AGMs for a high number of companies. Given the short time period in which AGMs occur, it's not possible to provide detailed analysis for every vote where our fund managers' voting intentions differ from our own policy. We therefore focus on our largest holdings to scrutinise how our fund managers are exercising votes on issues that are most significant to us.
- › During the last voting season, the Trustee overrode our fund managers' voting intentions 241 times to better align our votes with our policy and beliefs. These are listed in the Scheme's responsible investment report, with details on which stewardship priority the vote links to, how we voted and whether we escalated our stewardship activities afterwards. Notable examples include:
 - The Scheme voted in favour of all four alternative independent board directors proposed by the activist shareholder Engine No.1 at Exxon Mobil's 2021 AGM. The four candidates were

proposed for their experience in renewable energy and energy efficiency, to help better prepare the company for the energy transition away from fossil fuels.

- The Scheme voted for a shareholder resolution at Mondelez's 2021 AGM to request the board take into consideration the pay grades of all company employees when setting target amounts for CEO compensation. Benchmarking CEO pay against the pay of the entire workforce, rather than solely against other CEOs, may serve to mitigate high pay disparities which can negatively affect the morale and productivity of employees.
- › The annual review of the Scheme's voting policy has been completed and changes have been made to reflect how we engage with our investee companies. We have strengthened our voting direction for clear-cut principles of corporate governance by changing some voting instructions from 'may vote against' to 'will vote against', and we're supportive of shareholder resolutions working towards a 'just transition'. We have also updated the diversity thresholds to specify our expectation that companies have a minimum of 30% of female directors on corporate boards in developed markets, and at least one director from an ethnic minority background on corporate boards in the UK and US.
- › UBS Asset Management (UBS) leads on engagement with the worst-performing companies in our climate-aware world equity fund, based on carbon emissions. This helps us maximise the effectiveness of our involvement to help reduce the carbon risk our members face. Following a lack of engagement from Exxon Mobil, Imperial Oil, Kepco, Marathon Oil and Power Assets, UBS divested its holdings from all five energy companies in the fund managed for the Scheme.
- › In line with TCFD requirements, scenario reporting is a statutory requirement for pension schemes. The Trustee has procured climate scenario data from Aon that uses various models to predict how our investments will be impacted by different degrees of warming, over different time periods. It's also used to generate debate within the Scheme about how to best manage climate related risks and opportunities. We will carry out scenario analysis at least once every three years.
- › The Scheme participates in wider initiatives to help fulfil our stewardship responsibilities, including being a member of, or signatory to, ShareAction's Good Work Coalition, the Asset Owner Diversity Charter, and Global Canopy's deforestation-free pensions guidance working group. Further examples can be found in Nest's responsible investment report 2021/22.
- › The Trustee has made it easier for Scheme members to review the companies they're invested in through Tumelo, a technology platform embedded within the Scheme's public website. The pilot will run for 12 months, so we can test its success and learn more about how our members are using the service.
- › The Scheme was among the first signatories of the Financial Reporting Council's (FRC) new UK Stewardship Code 2020. The Code comprises 12 principles on reporting stewardship activities and outcomes that asset owners like Nest must demonstrably meet.
- › In December 2021, the Scheme [published a report](#) that looked at a range of evidence on our members and their investment needs and highlighted how this research had influenced the evolution of Nest's investment strategy. We saw strong indications that many of our members are encouraged by the way we invest responsibly and that our approach lines up with members' expectations for a pension provider. The Trustee was reassured by the survey findings, particularly those that indicated our strategy gave members more reason to trust that Nest is investing in their best interests.
- › During the year the Trustee reviewed the Nest Ethical Fund's exclusion policies. Research was used to provide members' views and attitudes, helping inform the decisions taken.
- › The responsible investment team has conducted a training session for the Board on new statutory requirements for trustees on climate-related risk and opportunities. The team focused on Scheme governance and Trustee knowledge and understanding.

Additional investment fund strategy choices

This part of the SIP makes provision for the establishment and oversight of other fund choices within the Scheme.

- › The Trustee has carried out a review of some of the fund choices available to members, bringing together various strands of work from over the past year relating to improving and refining our additional fund choices (outside of the Scheme's default offering) to better meet member needs. This includes changing certain Nest Ethical Fund exclusions, and reviewing other potential investment fund structures on the market to see if they may be more suitable for members in the Nest Ethical Fund and Nest Sharia Fund.
- › Following careful review, the Trustee decided to close the Nest Pre-Retirement Fund choice. It concluded it was no longer a suitable option for Scheme members, particularly following Pension Freedoms and Choice and the movement away from savers having to purchase an annuity. The SIP has been changed accordingly in the Scheme's investment strategy.

Glossary

Asset

Something of economic value that an individual, an organisation, a corporation or a government owns, for example, a piece of property, a share in a company or a building or machinery.

Annual general meeting (AGM)

Most shares in publicly traded companies give their owners a right to vote on some company decisions, including on issues like whether to take over another company or to approve the amount senior executives are paid.

Voting usually takes place at each company's AGM, the yearly gathering of a company's interested shareholders where directors of the company present the company's financial performance and shareholders vote on issues at hand.

(the) Board

Nest Corporation is the Trustee of the Nest Scheme. The Trustee is comprised of up to 15 Board members. The Board members are collectively referred to as the Board of Nest Corporation, or simply the Board. They're supported by an executive team and a range of specialists who aim to make sure Nest works in the way it should. Board members are currently chosen by the Secretary of State for Work and Pensions in line with public appointments guidance that promotes selection on the basis of merit, fairness, and openness.

Climate risk

The potential negative impacts of climate change on an organisation. It includes the potential for adverse effects on lives, livelihoods, health status, economic, social and cultural assets, services (including environmental), and infrastructure due to climate change.

Controversial weapons

The production or sale of cluster weapons, anti-personnel landmines or chemical and biological weapons.

Custodian

This is a financial institution that holds customers' investments for safekeeping. Nest's custodian, State Street, works closely with us to allocate the right savings to the right fund, ensuring all information on what has been invested is accurate.

Default fund

A pension fund into which members are automatically enrolled.

Our default funds, the Nest Retirement Date Funds, are target-date funds where the investment objectives follow a glide path based on how far away the member is from their expected retirement date, year by year.

Diversification

The spreading of investments across different asset classes, markets, sectors, countries, etc. This is done to minimise investment risk. This is an investment application of the everyday term 'don't put all your eggs in one basket'.

Engagement

The process by which investors leverage their position to influence corporate decision-making. An individual or organisation with shareholder ownership has more opportunities for engagement, particularly through voting at company AGMs.

Outside of voting, investors can take a more informal approach by having a dialogue with senior management behind closed doors or making public declarations with open letters, press releases, and collaboration with other investors in industry or issue-specific working groups, like ShareAction.

Environmental, social and governance factors (ESG)

ESG factors are a set of standards used to evaluate a company's behaviour, typically used to screen potential investments.

Environmental factors consider how a company treats the environment, such as their policies on a transition to a low carbon economy. Social factors examine how the company manages relationships with the people it works with, including employees, suppliers, customers, and the communities where it operates. Governance deals with a company's leadership, executive pay, audits, internal controls, and shareholder rights.

We believe that well-run organisations with sound environmental, social practices and good governance have a better chance of long-term success and profitability.

FCA

The Financial Conduct Authority is a financial regulatory body in the United Kingdom. It works to ensure financial markets are honest, fair and effective.

Fund manager

A third party that is responsible for implementing an investment strategy in an asset class or classes and for managing the portfolio of assets in which members' money is invested on their behalf.

Global high-yield bonds

A category of bonds based on their credit rating. These bonds generally pay higher interest rates because they have lower credit ratings than investment-grade bonds. They are also known, somewhat disconcertingly, as junk bonds.

Illiquid assets

An illiquid asset is one that can't be quickly resold without a significant loss in value, for example property or infrastructure projects. Conversely, a liquid asset can be quickly sold without a significant loss in value, like stocks and shares.

Investment management agreement (IMA)

This agreement gives fund managers the authority to invest capital on behalf of investors, and detail a set of investment beliefs that are to be used to guide day-to-day investment decisions and the manager's investment strategy.

Nest's investment beliefs are set out in our [Statement of investment principles](#).

Investment committee

A group that oversees the overall investment strategy and approach of an organisation as well as the investment team.

The Board delegates these powers to Nest's investment committee, whose membership includes members of the Board and independent investment specialists.

Investment return

The amount gained or lost on money invested in assets, usually expressed as a percentage. Annualised investment returns over several years help to demonstrate the longer-term performance of an investment.

Investment risk

Investment risk is the possibility of losing the money you invest. There's a risk than you might not get back what you put in or that you might not earn what you expect to.

Investment risk committee

Nest's investment risk committee meets quarterly to oversee investment risk management activities across the investment process. The committee makes decisions on risk mitigation measures or resolutions, proposals for changes to existing risk limits/targets and the risk management process. The committee aims to support a holistic investment risk management approach. It therefore monitors investment risk management activities across the different teams within our investment risk governance structure and ensures adequate checks and balances are embedded consistently within those activities. Its remit includes reviewing key ESG issues including climate-related risks for Nest portfolios first identified by the responsible investment team, and recent developments in the responsible investment space which could have negative impacts on Nest portfolios.

Investment strategy

The guidelines that lay out future investment goals and the rules and procedures to be used when making investment decisions. Investment strategy evolves in response to changes in the economy and investors' needs. We also prioritise members' needs when evolving our investment strategy.

Liquidity

The ability to move cash into and out of other assets. The liquidity of an asset refers to how easily and how often it can be traded or exchanged. It also means the ability to trade an asset in exchange for cash.

Minerva Analytics

Our proxy voting advisor. They help us monitor the voting intentions of our fund managers and to vote in line with our views set out in our voting and engagement policy. We take investment considerations, research and analysis, and our engagement history into account to inform our voting decisions. We have no hesitation in overriding our fund managers' votes if we disagree with their views.

Nest Ethical Fund

A pension fund for Nest members who have specific concerns about the impact that organisations have on the environment and society, for example in areas such as human rights and fair trade.

Nest Invest

Nest Invest Limited, referred to as Nest Invest, is the name of Nest's investment subsidiary, which was authorised by the FCA as an occupational pension scheme firm in January 2020. It can act on behalf of its client, Nest Corporation, to provide regulated advice, arrange deals and provide instructions to fund managers with regards to the investments in the Scheme's portfolio. The investment team at Nest Invest manages the investment of our members' money. They monitor the performance of our fund managers, consider the opportunities available in different asset classes and assess and implement our responsible investment requirements.

Occupational pension scheme

Occupational pension schemes are regulated by The Pensions Regulator. They're set up to provide retirement benefits for employees.

Pooled funds

A set of money from many individual investors that has been combined for investment purposes. The collective, or 'pooled', investment account lets the investors be treated as a single account holder, enabling them to buy more shares collectively than they could individually. They will often benefit from economies of scale, leading to better prices.

Private equity

Not all companies are listed on the stock market. These are known as privately held companies, with household names like Aldi, IKEA and Mars, the chocolate manufacturers, all falling under this banner, as well as many innovative and growing businesses.

Private equity is a way of investing in these companies, and helps them to raise money for new technology, to acquire other businesses, or just to boost their balance sheet. Privately held companies use this injection of cash to grow and develop without the quarterly scrutiny of the stock markets, which can put pressure on senior management to achieve short term results. Money is typically invested for medium to long periods of time, with private equity managers working closely alongside company management to make the business more profitable in the long-term. As they're not listed on publicly, they're less easy to invest in than ordinary stocks and shares.

Responsible investment

A strategy and practice to incorporate ESG factors in investment decisions.

Securities Class Action (SCAs)

A securities class action, or securities fraud class action, is a lawsuit filed by investors who bought or sold a company's publicly traded securities within a specific period and suffered economic damage because of violations of securities laws.

Securities lending

A mature, well-regulated practice that can be a source of revenue for institutional investors. Investors temporarily lend their securities to borrowers in return for a fee. The 'lender' receives pre-agreed collateral, typically with an additional margin, in the form of other securities or cash before transferring the title of the securities to the borrower. A legal agreement protects the lender's entitlement to all the economic benefits of the lent securities (such as dividends) and, in the unlikely event of the borrower defaulting, the collateral is used to fund the replacement of the securities borrowed.

Segregated mandate

A fund run exclusively for a client, as opposed to a pooled fund.

Statement of investment principles (SIP)

Nest's policies and principles that guide all decisions when managing members' money.

Stewardship

This is the responsible allocation, management and oversight of assets to create long-term value, which also helps bring about sustainable benefits for the economy, the environment and society. Asset owners, like Nest, can sign up to The UK Stewardship Code which sets a certain expectation on how organisations will look after money invested on behalf of their members.

Task Force on Climate-related Financial Disclosures (TCFD)

An organisation that provides a framework on the types of information that companies should disclose to support investors and other stakeholders to allow them to appropriately assess climate risks.

Target-date funds (TDFs)

An age-based fund, where the members invested in each fund are expected to retire in the same year. This approach allows investors to effectively implement an investment strategy that matches the different lifestages members go through.

Trustee

A person, group of people or a company that acts in a specific interest. Nest Corporation is a Trustee of the Nest Scheme and acts in a sole interest of the Scheme's members.