Corporate plan 2022–2025

Helping millions enjoy a better retirement



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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Around one in three working-age people in the UK have a pension pot with Nest. We believe they've earned the opportunity to enjoy a bigger pension in a better world. It's our job to help make that future happen for them.

Helen Dean, CBE
Chief Executive Officer

CEO's statement

These are challenging times for many people. After two years living in a global pandemic, our members and employers have faced increased costs of living and doing business. The war in Ukraine and disruptions to the supply of energy and goods have had a big impact.

We know many of our members are saving for retirement out of a limited budget. Yet, despite the rising costs of living, as a whole contributions into our members' pots have remained stable. Our members are counting on us to be a good steward of their savings. We're committed to continuing to deliver value for money to them through our high-quality investments, low charges, reliable and secure service and expert governance.

We take pride in having provided our services, day in and day out, throughout the pandemic, and winning recognition for our innovative investment strategies. Our customers come first, which is why ensuring security and consistent, high-quality services have been and will continue to be our top priorities over the coming years. In this, the things that make Nest, Nest are our touchstone (**page 7**).

We're in the midst of reviewing our corporate and customer strategies, both to imagine new possibilities as we transform our service to customers and to consider short- and long-term effects of the current economic situation. These strategic reviews are ongoing. We'll share any changes to our strategic framework in future corporate plans.

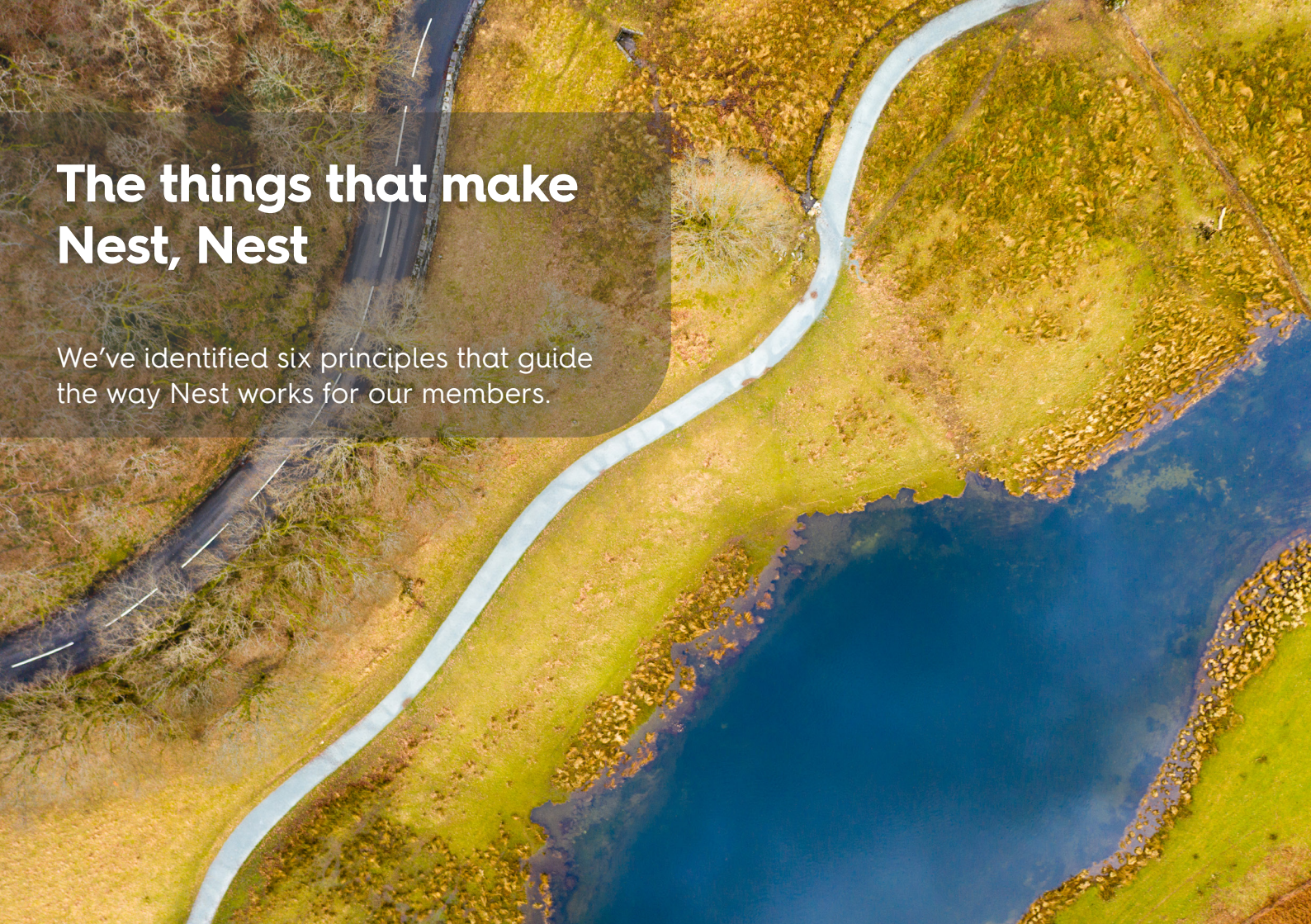
We remain committed to investing responsibly and sustainably because we believe this will deliver the best returns to our members over the long term. We'll continue to take tangible steps towards being a net-zero investor, aiming to have reduced the carbon footprint of our listed equity and fixed income portfolios by 30% by 2025, and by half across all our investments by 2030. For more information see our roadmap at **nestpensions.org.uk/schemeweb/dam/nestlibrary/climate-change-roadmap.pdf**.

We have a public service obligation to support every employer in the UK that would like to use us to provide their workers with a pension, and to ensure that we're delivering value for money to taxpayers as well as our members. During the period 2022–2025 we expect to begin paying back our loan from government, and we'll do so while keeping our management and contribution charges at their current low level.

I'm grateful to Nest's Board for their strategic vision and steadfast representation of members' interests. I'd especially like to thank the outgoing Chair of Nest Corporation, Otto Thoresen, who stepped down from the Board at the end of his term in 2022, and welcome the new Chair, Brendan McCafferty. In its decision-making, the Board is supported by advice from our Employers' Panel and our Members' Panel, whose insights help guide the evolution of our services. I thank the members of these panels for their service. Finally, I must thank Nest's people and partners for everything they're doing to ensure we achieve our goals.

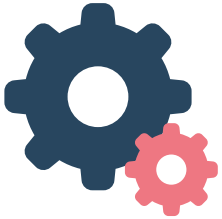
Together, we are dedicated to helping millions of people save more for retirement.

Helen Dean, CBE
Chief Executive Officer



The things that make Nest, Nest

We've identified six principles that guide the way Nest works for our members.



Built around customers' needs and behaviours

We build and deliver a product based on research and an expert understanding of the needs and behaviours of our customers – members, employers and intermediaries such as payroll providers and advisers. We'll use technology and best-in-class communication techniques to engage our customers in a timely, relevant and personal way.



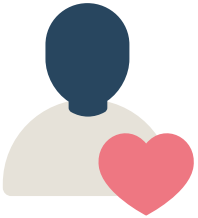
Excellence in investments and governance

We provide excellence in investment practice and governance. We design and oversee expert investment strategies and invest responsibly and sustainably.



Low charges, and open to all employers

We use our scale to keep charges to members as low as possible. We ensure the Nest scheme is available for any employer that wants to use it.



Not for profit

We aspire to operate as a not-for-profit business over the long term. Once our loan from government has been repaid, our aim is that any surpluses generated should be reinvested in the interests of our members.



A broader social purpose

We're here to help millions enjoy a better retirement. Our responsibility is to our members, but also to a broader population of mass-market savers including those already automatically enrolled as well as anyone who could benefit from saving for retirement but currently falls outside of auto enrolment legislation.



An organisation that lives our values

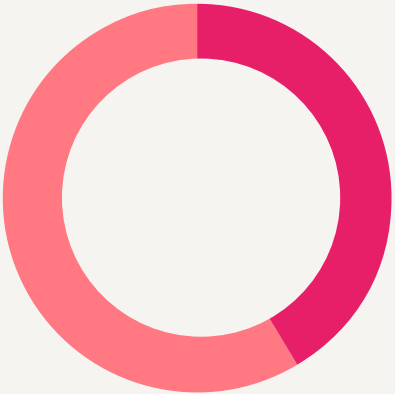
We show the same level of care to our employees as we do to our customers. We champion the scheme's values inside the organisation, making Nest a great place to work.

Key figures 2021/22

as at 31 March 2022



Scheme members



11.1m
total members

4.6m
are active*

6.5m
are inactive**

53%
men

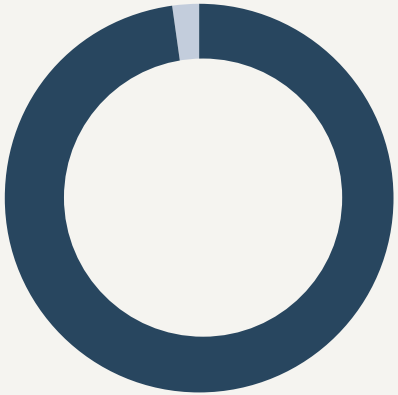
47%
women

0.12% of scheme members did not have a gender listed on their enrolment.

* Active members are members that have contributed into the scheme, and Nest has not been notified by either the employer or the member that they no longer wish to pay in contributions in the future, have opted out or have exited the scheme (that is, retired, died or transferred out).

** Inactive members are Nest scheme members who have not retired, died or opted out but have either left their employment or have chosen to stop contributing.

Scheme employers



98%

of employers using Nest have less than 50 employees

975k

employers

19k

self-employed members

29k

Nest Connectors*

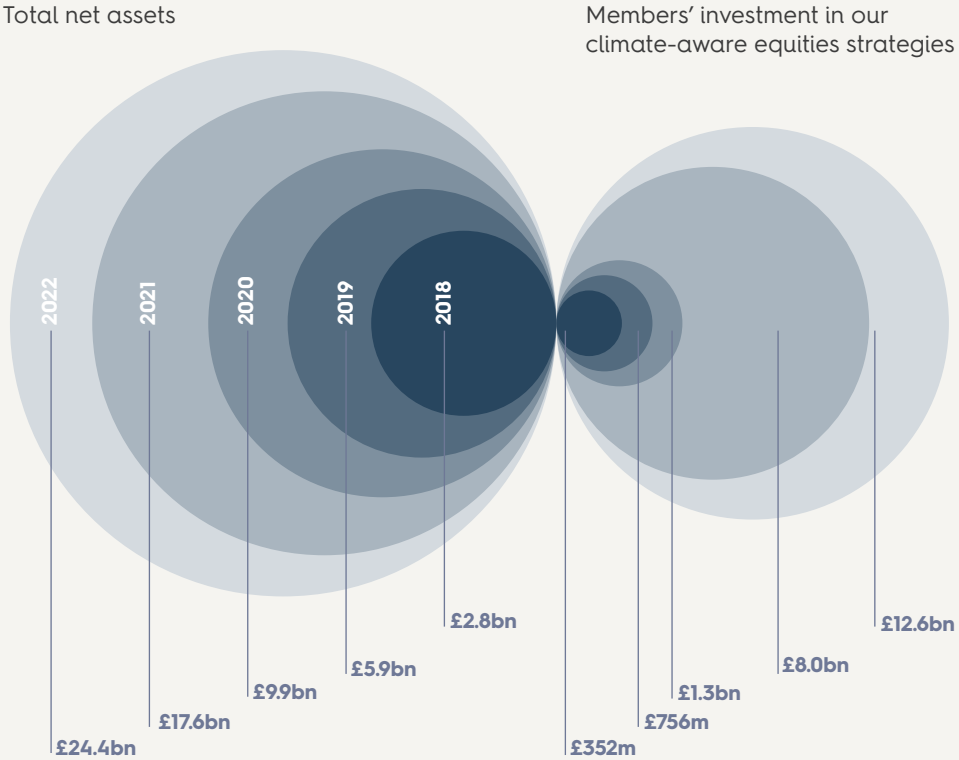
* These are intermediaries, such as accountants and payroll providers, using the Nest Connect service and delegated by an employer to perform some or all of the employer's Nest account management for them.

More than half of our members' total net assets are invested in climate-aware equities strategies

As Nest's total net assets have increased over the years, the proportion allocated to dedicated climate-aware strategies has increased too.

Our climate-aware strategies help to manage climate-related risk by reducing investment in the biggest greenhouse gas and carbon emitters and investing more in green technology like solar and wind farms.

In 2018 we had £352 million or 12.6% of our assets under management invested in climate-aware equities strategies. As at 31 March 2022, we had £12.6 billion or 51.6% invested in this way.



Our business priorities

Our business priorities describe how we'll work towards our purpose of helping millions enjoy a better retirement.



Deliver on our investment objectives

We'll continue to evolve our investment approach and aim to meet all our objectives for investment fund performance and returns. We conduct and draw upon a range of research to understand our members' needs. Our investment strategy and the design of our funds will continue to be shaped by this evidence.

We'll also continue to take actions towards being a net-zero investor by 2050 or earlier. The key steps we'll be taking in the period 2022–2025 are set out in our roadmap to reducing greenhouse gas emissions across our portfolio, see **nestpensions.org.uk/schemeweb/dam/nestlibrary/climate-change-roadmap.pdf**.

Maintain high-quality customer service and protect our customers' assets and data

We were set up to make sure millions of workers can access a good way to save for their future. We must always fulfil our public service obligation to offer a workplace pension scheme to any employer in the UK, big or small, who wants to use us to fulfil their duties to their workers.

We will always have a broad objective to maintain our high-quality services and customer satisfaction levels. We'll continue to enhance our support for members nearing and in retirement.

We'll do all we can to keep our members' assets and data safe from hacks and other threats. As a signatory to The Pensions Regulator (TPR) pledge to combat pension scams, we'll also engage with our members to help them understand how they can better protect themselves.

We'll ensure that we comply with pensions regulations, data privacy and protection laws and other duties to safeguard our customers.

Review our corporate and customer strategies

We have big ambitions for the future and want to make sure those are fully reflected in our strategic framework. That's why we're in the process of reviewing our corporate and customer strategies. We'll also ensure that we have a clear strategic vision for how we'll transform and use our service administration platform to meet our customers' needs, so that we focus our resources in the right areas and for the right reasons.

Continue to build our organisational skills and culture

As an organisation we must continue to build the right skills and culture to support the scheme's growth and members' needs. We'll invest in the development of our people and progress both our wellbeing and our diversity, equity and inclusion strategies. And we'll support all our business priorities by continuing to implement our data insights 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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