Nest,
the National Employment Savings Trust

Corporation annual report and accounts 2024/25

For the period 1 April 2024 to 31 March 2025

Presented to Parliament pursuant to Schedule 1 to the Pensions Act 2008

Ordered by the House of Commons to be printed on 10 July 2025

HC 928

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 it 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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Any enquiries regarding this publication should be sent to us at:

Nest Corporation
10 South Colonnade
Canary Wharf
London E14 4PU

ISBN 978-1-5286-5599-6

E03329704 07/25

Printed on paper containing 40% recycled fibre content minimum

Printed in the UK by HH Associates Ltd. on behalf of the Controller of His Majesty's Stationery Office

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Chapter 1
Performance report

This chapter explains how Nest Corporation operates as Trustee of the Nest Scheme. It sets out our objectives for serving our customers and delivering the Scheme in our members' interests. It also describes how we have worked towards fulfilling these objectives during the 2024/25 financial year.

Performance overview

This section sets out key facts about Nest Corporation's organisation, purpose and objectives. It provides a summary of our performance during 2024/25, including principal risks and our overall financial position.

Chair's statement

Brendan McCafferty, Chair, Nest Corporation

The year in review

Nest continues to manage members' savings in a volatile and changing world. We know that uncertainty causes worry and concern. Members can be reassured that if they keep saving with Nest, they can aim to have peace of mind about their retirement.

As we reflect on recent years, 2024/25 stands out as a pivotal time for Nest, as the board focused not just on today's performance, but on ensuring Nest stays

relevant to member needs, and has a clear plan for the future.

Central to our recent progress was the approval of a new 'purpose statement' and corporate strategy in September, setting a clear direction for how we'll continue to deliver long-term performance and value for our members.

'Building financial peace of mind for all', our revised purpose statement, reaffirms our role as a long-term partner to our members. It recognises that we must accompany them on their financial life journey to retirement: walking with them through the accumulation phase of their retirement plan, supporting them through life's challenges, and advocating for their interests within the broader pension system. Our purpose is not just aspirational, it is a North Star that shapes every decision we make.

The strategy that underpins this purpose sets ambitious goals for the end of the decade. We aim to be a best-in-class pension provider—operating at scale, delivering exceptional value and continuing to achieve investment outcomes that exceed expectations and that are as good as the best. We have set a new ambition for Nest members: to expect the best, and our intent is to deliver the best through our new strategy. It also recognises our role within the wider pension system—helping to influence the industry and shape its future, as a force for good within it.

In a year marked by continued economic volatility and persistent inflationary pressures, our investment approach has remained resilient. Our members' sense of need for security in an uncertain world is perhaps stronger than ever. We have consistently delivered healthy, stable returns while thoughtfully managing investment risk for our diverse membership. Our message to members is simple: ***stay the course***. History shows that long-term saving, particularly through turbulent times, leads to growth and greater financial security. We remain mindful that the cost-of-living crisis continues to be a challenge for many households.

Our performance

As of 31 March 2025, there was circa £50 billion total net assets in the Scheme, of which £10.6 billion was invested in the UK, representing around 21% of total net assets.

Financial markets navigated a complex and shifting landscape in 2024/25, shaped by persistent inflation, changing interest rate expectations, and renewed geopolitical tensions. While easing inflation and strong corporate earnings supported returns, particularly in developed markets, volatility remained a constant theme, with late-year geopolitical developments and trade uncertainties weighing on sentiment.

Despite this backdrop of global uncertainty, performance of our funds has remained positive.

The 2045 Nest Retirement Date Fund, which is designed for members expecting to retire in 2045 and represents the growth phase, had five-year annualised returns of 9.9%. This is well ahead of our long-term objective to achieve investment returns of at least 3 percentage points above inflation. For the same five-year period, inflation was 4.7%, so our long-term objective was to generate investment returns of at least 7.8%.

This year saw a significant increase in registered employers, of which 0.5 million were contributing as at 31 March 2025. However, growth in member numbers has begun to slow, as many of these new employers have fewer than 50 staff. As of 31 March 2025, our 13.8 million members reflect approximately 46% of UK's working population.

Financially, we reached a significant milestone: for the first time, we recorded a modest accounting profit of £11.9m. All our operating expenditure is now covered by income from member fees and charges. We also made our first repayment on the Department for Work and Pensions (DWP) loan – which stands at £1.2 billion. Based on current forecasts, we expect to repay this in full during 2038. We continue to uphold our commitments as a Public Corporation and follow Managing Public Money requirements.

Evolving our investment strategy

We have a forward-looking investment approach that combines global diversification, active risk management, and a strong and steadfast commitment to responsible investing. We are investing on our members’ behalf for decades to come, with the goal of ensuring their future is both secure and sustainable. Nest continues to care about the world our members will retire into.

We continue to evolve our investment strategy in response to an increasingly competitive and geopolitically complex world. Our scale allows us to access private investment markets and alternative asset classes that offer lower volatility and attractive long-term returns.

In September 2024, we announced a new partnership with two other asset owners, Legal & General (L&G) and PGGM, to collectively invest in Build-to-Rent (BTR) properties across the UK. The first site, on Deansgate in Manchester, was publicly confirmed in March 2025, where a brownfield site will be transformed into nearly 500 high-quality rental homes.

We also acquired a 10% equity stake in Industry Super Holdings Pty Ltd, the parent company of global institutional investment manager IFM Investors (IFM). This partnership will help us further scale our private market investment, giving us access to IFM’s global expertise in infrastructure, debt, and private equity, while supporting our ambition to increase our allocation to private markets and unlock new opportunities in the UK and beyond.

We know that investing in the UK is essential to strengthening the economy and supporting the infrastructure that our members rely on every day.

Nest has already invested £10.6bn in the UK and is a proud signatory of the Mansion House Compact, an industry-led initiative supported by government, which brings together major pension schemes to increase investment in UK growth. This agreement marks a significant step toward unlocking greater private market investment, which we fully embrace and is aligned to our investment strategy.

We welcome the shift towards identifying and breaking down barriers to investment. It’s something we are committed to achieving, putting more private market opportunities into the hands of our members.

Listening to our customers

We have begun reshaping the role of our Members’ and Employers’ Panels, recognising the vital insight they provide. With almost 1.6 million registered employers now engaged with us; their voice is as important as that of individual members in shaping our services.

Over the past year, both panels have played a crucial role in helping us understand the evolving needs of our members and employers. They’ve provided valuable input on key areas such as our new corporate strategy, investment principles, and the development of financial wellbeing tools. The Employers' Panel has helped us better understand the experiences of micro and small employers, while the Members' Panel has offered thoughtful feedback on our retirement proposition, transfer trends, and the future of the pension's dashboard.

We've also brought the panels together in joint sessions with our Board and executive committee to explore how their roles can evolve in line with our strategic ambitions. These conversations are helping us ensure that the panels remain a strong, independent voice for those we serve.

At the same time, we have started to build deeper, more meaningful, engagement with our wider membership. Campaigns like our 'Everyday Investor' initiative are helping to demystify how we invest on behalf of members, highlighting the household name businesses, and community projects their money supports. The campaign achieved an estimated 38 million impressions across our social media channels.

Our employers, and the organisations who support them, continue to tell us that Nest is easy to use and responsive to the changing needs of their businesses. The insight and challenge provided by our Panels help us stay focused on what matters most.

Last year, we set out our ambition to develop new scheme and fund administration solutions that would give us deeper insight into our members' needs and help shape the future of our services. Over the past year, we've made strong progress. We continue to work closely with Tata Consultancy Services (TCS) on the implementation of our new scheme administration platform, which will provide the data and flexibility we need to better serve our members and employers. We've also appointed Northern Trust as our new fund administrator and custodian, with implementation planned before the end of the next financial year. These changes are central to our long-term strategy, ensuring we have the right infrastructure in place to deliver a modern, data-driven pension scheme that puts members first.

Governance and stewardship

Strong governance remains at the heart of how we deliver good outcomes for our members. It's built on a foundation of diverse perspectives, experience and challenge. This governance has continued to be a focus this year. We welcomed five new members to the Board, enhancing our expertise in investment, customer experience, and member engagement. This revised composition of the board brings a diverse knowledge base that can support the executive in driving forward the revised corporate strategy.

This year, we also bid farewell to three valued Board members. As noted last year, Helen Dean CBE stepped down as CEO in April 2024 after eight years in role and having been very involved in the design and launch of Nest. We also saw the departure of Chris Hitchen, whose leadership of our investment committee played a pivotal role in shaping our investment philosophy over many years, and Richard Lockwood, our executive Board member and CFO since 2014 who had played an important role in stewarding Nest through its development. I would like to thank Helen, Chris and Richard for their dedication, leadership and the impactful contributions they made during their tenure.

We are committed to being open and inclusive, while remaining focussed on the low to middle income earners we were set up to serve. We aim to support members and employers through propositions that meet their needs, alongside robust investment practice and good returns. The passion and hard work of the talented team at Nest Corporation continue to shape the future of the pensions industry and I want to fully acknowledge their skill and dedication. As the Scheme continues to grow, we will remain focused on our low to middle income earners, and on pursuing our Purpose, always acting in members' best interests and building a pension they can continue to trust.

Forward view

Looking ahead, we are focused on embedding our purpose throughout the organisation. We are preparing to launch our enhanced retirement proposition, a key initiative that will support members as they transition from saving to spending. While still in its early stages, it reflects our broader ambition to be there for members at every step so they can benefit from a whole-of-life service which is truly tailored to them.

Our commitment to diversity and inclusion remains strong. We have set ourselves ambitious, but achievable, targets towards improving diversity within our Board and executive team. During the year, we met our target on the representation of women with eight Board and three executive team members being women. We continue to work towards improving representation from diverse backgrounds, with a minimum of one Board member as having black or black mixed heritage and one executive team member being from an ethnically diverse background. While we acknowledge there is more to do, particularly in Board composition, where we operate within a public appointments process, we remain transparent about our progress and steadfast in our ambition.

With regard to governance, we are strengthening the stewardship of our investment function to ensure it continues to serve members' interests with rigorous oversight, ambition and expert insight and we strive to benefit from global examples of leading practices and investment approaches.

We continue to recognise our unique role in the UK pension system. We are not just a provider. We aspire to be a force for good, influencing the industry and advocating for better outcomes for all savers.

Finally, I would like to say thank you to the DWP and other stakeholders and all my Nest colleagues for your continued hard work and support for Nest and its members.

Brendan McCafferty
Chair, Nest Corporation

CEO's statement

Ian Cornelius, Chief Executive Officer, Nest Corporation

As I mark my first year as CEO, I look back on a period of significant progress and transformation for our organisation, achieved against a backdrop of considerable global uncertainty.

Over the past year, we have experienced geopolitical tensions in a more contested and competitive world. This economic and geopolitical backdrop remains challenging for organisations and our members. Despite these challenges, we have remained focused on delivering our ambitious new purpose: "building financial peace of mind for all".

Performance

2024/25 has been a year of strong performance and meaningful milestones. We recorded a £11.9 million profit for the first time and began repaying our loan from the DWP, a clear signal of our financial maturity. Our total net assets in the Scheme have grown to nearly £50 billion, and we continue to welcome new members.

We remain strongly focused on supporting our members, who are typically low-to-moderate earners and due to retire after 2045. This year we grew our membership to a record 13.8m members as of 31 March 2025 and achieved unprecedented contributions into the Scheme of £8.0bn, a 9.7% increase year-on-year. We also saw a growth in employers using Nest, with over half a million contributing into the Scheme on behalf of their employees at year end. The Scheme has become increasingly sought after for micro and small employers, an important customer base for the Scheme.

Strategy

This year, we launched our 2030 corporate strategy (see **page 45**) — a bold, member-focused plan developed in collaboration with colleagues, the Board, and key stakeholders including the DWP. At the core of our strategy is a vision to be a truly trusted partner for all. We aim to achieve this through four-member-centric goals:

— maximising the value of your pension
— helping you contribute what's best for you
— helping improve your day-to-day financial resilience
— making your money go further in retirement.

Our strategic ambition is to be a best-in-class pension provider, delivering the best possible outcomes to and through retirement. We are focused on building the enablers that will help achieve this ambition: data, technology, brand, people and culture.

Our investment strategy has remained resilient and forward-looking. We delivered strong, risk-adjusted returns[1] while expanding into new asset classes such as timberland and build-to-rent housing. We also took a strategic stake in IFM Investors to enhance our access to UK and global private markets.

We are focussed on building a world class investment capability and proposition. Our strong investment strategy is built on a foundation of responsible investment, not only because it's the right thing to do but because we believe companies which consider environmental, social, and

1 Investment returns over 2024/25 for our Nest 2045 Retirement Date Fund (5.9%) against our objective, CPI+3%, (5.7%).

governance (ESG) risks and opportunities will be better placed to adapt and thrive in changing times.

We were proud to be signatories to both Mansion House 1 and 2, reinforcing our commitment to investing in the UK economy and supporting the communities where our members live and work. Our aspiration to grow our private market allocations reflects our belief in the long-term value these investments can deliver.

Alongside our investment strategy, we've made significant strides forward in enhancing the member experience.

This year, for example, we launched a beta version of our mobile app, improved the way we support people who make a claim after the death of a member, and rolled out a new member portal. These changes are underpinned by a modernised technology platform that will enable greater personalisation and responsiveness in the years ahead. We are also investing in the services and solutions we use to deliver for our employers and connectors.

Dependable access to Scheme services is only possible thanks to the support of our key business partners – our Scheme administrator, Tata Consultancy Services (TCS), and our fund administrator and custodian, State Street Bank and Trust Company (STT). Through the provision of a reliable, high-quality service they enable us to deliver on our purpose. Looking ahead, we are preparing for the transition of our fund administration and custody services to Northern Trust, which will bring enhanced capabilities and further strengthen the infrastructure that supports our long-term ambitions.

We recognise the critical importance of our people in delivering our strategy. This year brought leadership changes, including the departure of our long-serving Chief Financial Officer, Richard Lockwood, to whom we express our gratitude. We've strengthened our executive team with the appointment of April Clark as our first Chief People Officer reflecting our commitment to culture, capability, and transformation. We also appointed Camilla Egginton as Chief Transformation and Strategy Officer to help drive delivery of our 2030 strategy. Post financial year end, we appointed a new Chief Financial Officer, Louise Fitzgerald, and our first Chief Technology and Operations Officer, Femi Bamisaiye.

Diversity and inclusion remain central to who we are. Today, 53% of our workforce is female, and 32% come from diverse ethnic backgrounds. We are proud of this and remain committed to building a truly diverse and inclusive culture that reflects the members we serve.

Investment in the corporation is in line with our business plan and delivery of our new corporate strategy. Staff costs increased by 18% as we increased capacity and capability in the corporation, particularly in the investment team to ensure we are able to deal with the complexity and scale of the growing Scheme.

We also realigned our principal risks and risk appetite to reflect the new strategy and remain confident in our ability to withstand a range of operational and financial scenarios. While we are strong in Responsible Investment, we acknowledge that we have opportunity to do more in areas such as carbon reduction and community engagement, and we are committed to focusing on this.

Our public benefit research arm, Nest Insight, continues to play a vital role helping to better understand the needs and challenges of low and moderate earners. Their work on topics such as pensions adequacy, income volatility and emergency savings has been instrumental in informing policy and practice. We are grateful to the partners who support Nest insight — including BlackRock Foundation, JP Morgan Chase, DWP, and the Money and Pensions Service (MaPS) — for their continued support in this area. I look forward to seeing the impact of Nest Insight's work in the years to come, as it continues to look at ways to boost household financial resilience and explore the link between housing and pensions.

Looking forward

Through its Pension Review the Government has set out a powerful vision for a market in which high-quality, scaled schemes are able to innovate and drive long-term value.

We think our strategy responds well to this vision. By investing in our capabilities, building trust with our members and resolutely focussing on innovation which truly drives value for low-to-moderate earners, we can help shape a landscape which delivers for the UK’s working population.

Thank you to our members, employers, colleagues, and partners for your continued trust and support. Together, we are creating a stronger, more resilient future and building financial peace of mind for all.

Ian Cornelius
Chief Executive Officer,
Nest Corporation

About Nest Corporation

This section details who we are, how we are structured and what we aim to achieve.

What is Nest?

Nest, the National Employment Savings Trust, is a workplace pension scheme established by an Act of Parliament (the Pensions Act 2008) to help support the introduction of auto enrolment.

The Nest Scheme, or the Scheme as we refer to it in this report, is authorised as a master trust by The Pensions Regulator (TPR). A master trust is used by two or more employers to provide benefits in retirement based on the members' contributions into the Scheme and the returns after charges[2] on the investment of that money.

What is Nest Corporation?

Nest Corporation, the Trustee that runs the Nest Scheme, is a public corporation. It's accountable to Parliament through the DWP but is generally independent of government in its day-to-day decisions.

Our purpose

Building financial peace of mind for all.

What we do

We enable our members to save into an established pension scheme. Due to our scale, we are able to offer them an appropriately sophisticated investment strategy

2 We have used the phrase 'after charges' throughout this report when referring to investment returns. The return figures are net of costs and charges including the annual management charge and transaction costs but not the member contribution charge. The transaction costs include both explicit and implicit costs, where applicable. Explicit costs are directly observable, such as broker costs. Implicit costs, such as market impact, are not as clearly visible.

with digital first services. We pride ourselves on our approach to responsible investment.

We will support any employers however large or small and extend our services to self-employed individuals.

Our structure

Nest Corporation is comprised of up to 15 Board members and the Corporation's employees. We refer to our Board members collectively as the Board of Nest Corporation, or simply the Board.

Our customers

We have three key groups of customers:

- **Members:** These are mostly workers who have been enrolled in the Scheme by their employer. They also include self-employed people who have chosen the Scheme for their retirement saving.
- **Employers:** These are organisations that have chosen the Scheme as the pension provider for their workers.
- **Intermediaries:** These act on behalf of employers to advise on or manage their workers' pension contributions. Intermediaries or Nest Connectors include advisers and payroll providers.

All three key groups collectively are referred to as our customers within this report.

Our business model

We work closely with our outsourcing partners to deliver our services, including scheme and fund administration. Our key business partners are noted on page 45.

Our pricing structure is set out by the Secretary of State for Work and Pensions. The Board has set a contribution charge of 1.8% and an annual management charge of 0.3%. The majority of Scheme members are aged 20 to 39 and will be saving into their pension pot for an extended period, these two charges together broadly equate to an effective annual management charge of just under 0.5% over the long-term.

We are funded in part by a loan from government. This will be repaid through our future income, current forecasted repayment date is 2038. We are committed to maintaining consistently low charges while providing high-quality investment practices and robust governance to members.

Our Key Stakeholders

The Corporation's key stakeholders include the DWP, TPR, MaPS the Financial Conduct Authority (FCA), our Scheme and fund administrators, our investment managers, and our Members' and Employers' Panels. We also engage where appropriate with other pensions and financial services providers and we are active members of the Pensions and Lifetime Savings Association (PLSA) and the Association of British Insurers (ABI).

Performance summary

This section summarises our performance during 2024/25

Scheme members

13.8m
total members

3.9m
are contributing members*

9.9m
are non contributing members**

52%
male

48%
female

0.02% of Scheme membership did not have a gender listed on their Scheme enrolment

Scheme employers

517k
contributing employers***

24k
self-employed members****

37k
Nest Connectors*****

98%
of employers using the Scheme that have less than 50 employees

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

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

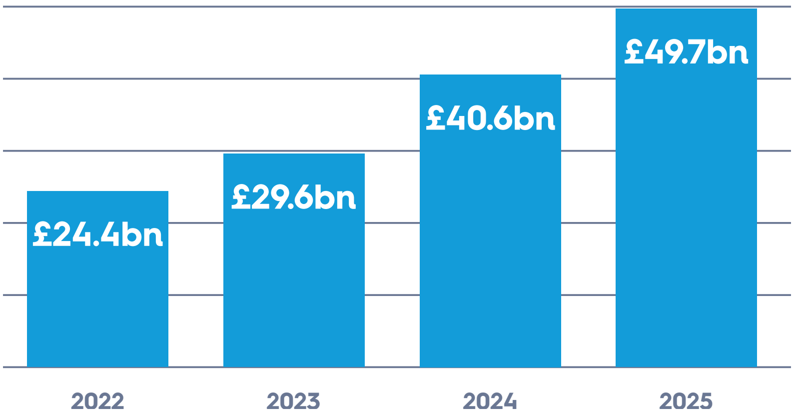
*** Reporting has changed from total employers using the Scheme to the number of contributing employers in March of the year under review.

**** 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.

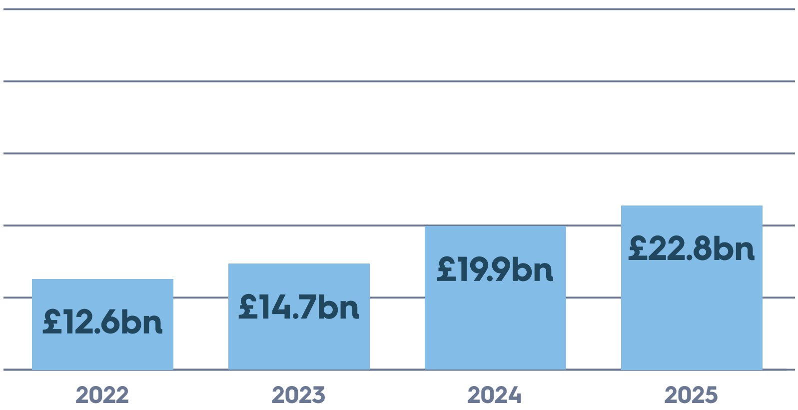
Total net assets

The residual interest in the assets of a pension scheme after deducting its liabilities



Total assets in climate-aware equities fund

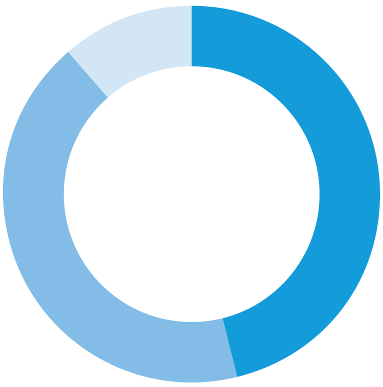
A climate-aware equities fund is an investment strategy that integrates climate-related risks and opportunities into equity selection and portfolio management, supporting Nest's commitment to long-term sustainability and the transition to a low-carbon economy in line with our responsible investment principles.



46%

total assets in climate-aware equities fund

Annual contributions



£8.0bn

total annual contributions

£3.7bn

members

£3.4bn

employers

£0.9bn

tax relief

Maintain high-quality customer service

Deliver a targeted approach to member engagement

38%
of members have registered for online account access

Grow the business in the right way

2k
net new contributing employers joined each month

£663m
new contributions per month

20%
Scheme income growth

£278m
Scheme income

Deliver a good service to the Scheme’s customers

99%
service channels were available more than 99% of the time in 2024/25

75%
member satisfaction†
(from the ‘Voice of the customer’ survey December 2024)

61%
employer satisfaction††
(from the ‘Voice of the customer’ survey March 2025)

† Satisfaction scores are based on those giving a 7–10 score on a 10-point scale and excludes those responding, ‘don’t know’. They are drawn from the most recent annual survey of employers or members. Quarterly surveys, with a smaller respondent base, are also conducted.

†† The annual employer survey in March 2025 was conducted using an online survey method. Before 2021 the survey was conducted by telephone.

Deliver on our investment objectives

Grow assets in a way fit for the Scheme's growing membership

7.2% per annum

ten-year rolling annualised returns in the 2045 Nest Retirement Date Fund††† after annual management charges to 31 March 2025

Continue to build our organisational skills and culture

48%

director-level roles and above held by women

32%

of staff are from an ethnic minority background

††† The Scheme's default fund series, the Nest Retirement Date Funds, is 'lifestyled', where members' assets are managed according to their age as well as how markets are performing. There are four main phases in the lifestyled investment strategy: foundation, growth, consolidation, and post retirement. The 2045 fund, for members expected to retire in 2045, is currently representative of the growth phase, which is where most members' money is invested for the longest period of time.

Principal risks

This section summarises the principal risks in our business environment during 2024/25.

We have a duty to run the Scheme in the best interests of our members. Whilst taking risks is necessary to achieve our goals, it is equally important to assess and mitigate these risks effectively. Critical risks considered material to our development, performance, position or future prospects have been identified, we call these our principal risks. We have established a culture and designed processes to manage these principal risks and uncertainties across our organisation and the Scheme, in line with expectations set out by the Board. We also engage key stakeholders in these processes.

Our principal risks are reviewed on an annual basis, or more frequently if required. The principal risks outlined below were applied for financial year 2024/25. During the year, a zero-based review of principal risks and risk appetite was conducted following the development of our new corporate strategy (see **page 45**). The revised principal risks were approved by the Board in March 2025, and will be applied in the financial year 2025/26.

The principal risks managed and monitored throughout 2024/25 were:

Principal Risk	Risk Description
Customer proposition	Corporation fails to maintain or develop the proposition to meet the needs of our customers and stakeholders and remain competitively positioned.
Investment performance	Scheme investments fail to perform to long-term targets.
Strategy	Our purpose and strategy fails in relation to: a) our purpose, business model, strategy or business priorities are insufficiently responsive to evolving member needs; and/or b) our purpose, business model, strategy or business priorities are insufficiently responsive to broader external change, and/or c) the objectives of our sponsoring department/the government are in conflict with our purpose, strategy or fiduciary duty, and that conflict introduces risk that needs to be managed.
Service delivery	Significant service failure.
Scheme administration	Scheme administration programme fails to deliver the critical success factors (CSFs). Our CSFs for the programme can be found on **page 147**.
Legal and regulatory compliance	Corporation and/or its service providers fail to comply with relevant legal and regulatory requirements for pensions and investments.

Principal Risk	Risk Description
Financial management and performance	Corporation fails to meet its financial objectives, including to remain self-funding within legislative income and cost constraints, and compliant with applicable regulatory funding requirements.

Principal Risk	Risk Description
People	Corporation does not develop and maintain the right people capabilities, capacity and culture to meet the requirements of the organisation.
Data and information management	Data quality is insufficient to enable decision-making.
Cybercrime and information security	Significant loss, unavailability or compromise of data, information or assets.

Going concern statement

As part of the preparation of the 'Corporation annual report and accounts', we need to be satisfied that the Corporation remains a going concern, that is, we have both the intention and the means to continue into the future.

We have assessed three key areas as part of our going concern considerations: income from the Scheme, funding from the DWP, the wider political environment and auto enrolment pensions policy landscape. Following the assessment, we believe although risks remain with regards to market and economic volatility, the Corporation is in a strong financial position. Therefore, it is appropriate to adopt a going concern basis for the Corporation for the reasons set out below.

Income from the Scheme

Our financial position will be affected by any changes in contribution volumes and ongoing investment volatility. However, assessments have been made on the three key areas that impact these long-range financial forecasts. These assessments concluded that we remain in a strong financial position.

We have assessed the resilience of our income from the Scheme with respect to uncertainties in the future economy and sensitivities to modelling assumptions. The Scheme has a very broad range of participating employers, therefore our income from the Scheme is not concentrated in any one sector. Behaviours towards pension savings have remained relatively stable over uncertain times for our members, and the Corporation continues to perform competitively within the auto enrolment market. For these reasons, the revenue from contribution charges is considered to be resilient.

Funding from the DWP

The Corporation was financed in part through a loan agreement with the DWP. The loan liability will be settled through income from Scheme charges. The Corporation produces an updated business plan and long-range financial projections each year. The latest forecast estimates the loan will be repaid to the UK government ahead of the repayment profile outlined within the loan agreement. The updated business plan and associated loan repayment schedule is reviewed and supported by the DWP.

Political environment and wider auto enrolment pensions policy landscape

Automatic enrolment pension policy is supported by a broad national consensus, including employers and trade unions and active support across the political spectrum. The Secretary of State has been provided with powers to facilitate the expansion of auto-enrolment. The implementation approach and timings are subject to consultation and confirmation. As a public corporation, we face risks which could significantly impact our ability to operate. The Corporation, operating as a public corporation, remains out of scope of the current arm's length body (ALB) review with management assessing risks to changes in our operations as a result of the upcoming pensions review as low.

Our public service obligation remains in place to provide a workplace pension scheme to any employer who chooses us.

Performance analysis

This section reviews our performance in more detail. It reports on our performance against each of our strategic priorities in the context of risks and uncertainties during 2024/25. It also includes a review of our finances and information about how we operate a responsible business.

Principal activities

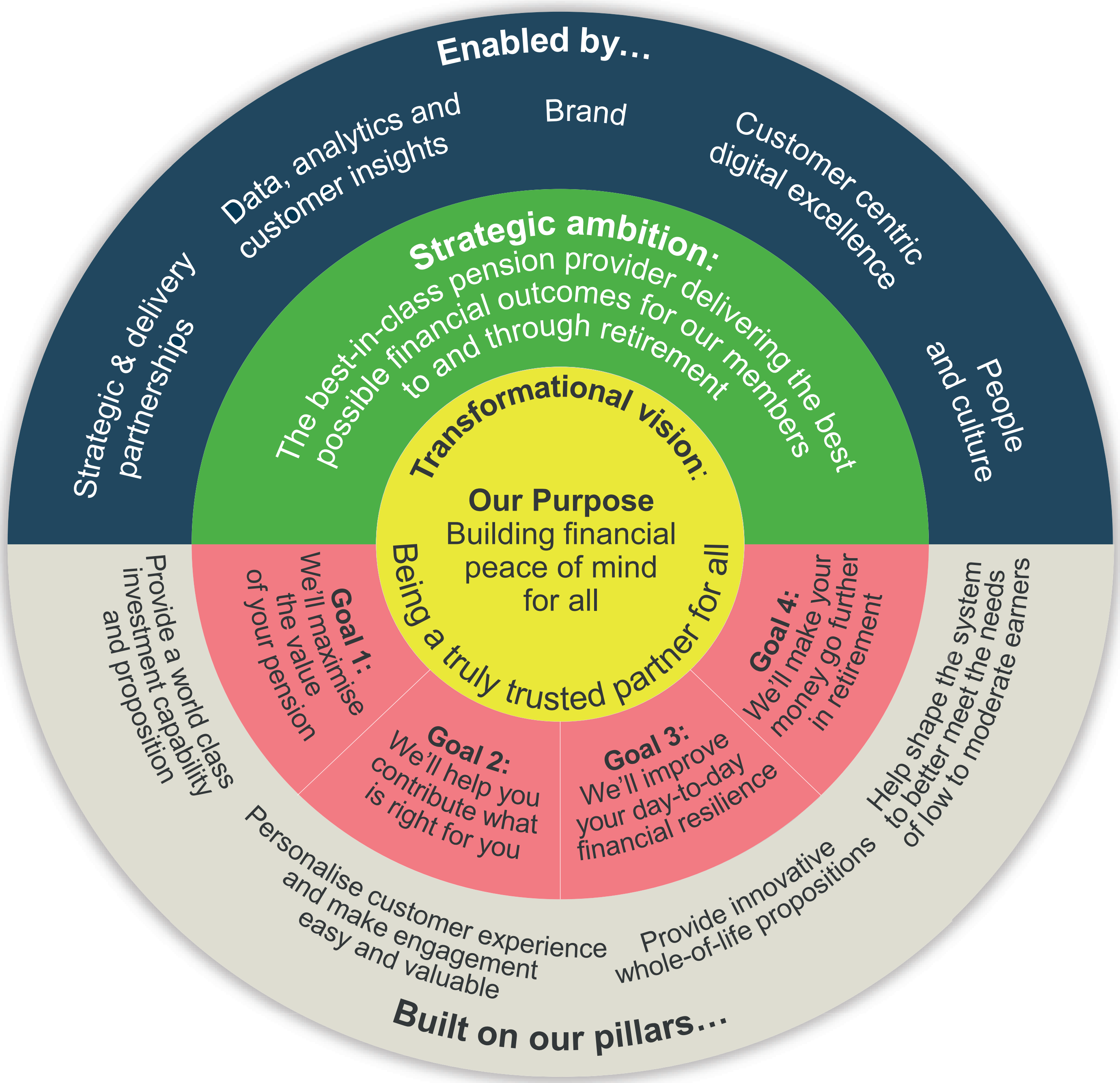
This section details our key business relationships and principal activities during 2024/25. This year we were focused on rolling out our new purpose and corporate strategy, developing our customer proposition and evolving our investment strategy.

The Scheme is a multi-employer workplace pension scheme. We enable millions of members across the UK to build pension savings, working closely with our partners to deliver our services. TCS administer the Scheme and STT provide fund administration and custody services. In May 2024, we announced that, following a competitive tender process, fund administration and custody services would transition from STT to Northern Trust during 2025.

New purpose and corporate strategy

During 2024/25, we have designed a new purpose and corporate strategy. 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.

With our purpose guiding us, we developed a new corporate strategy to provide a clear path for the next phase of our journey to 2030. We worked with partners and experts to think extensively about how our world is changing and what role we need to play to remain relevant and meaningful in the lives of our members, employers and wider stakeholders. Our new corporate strategy embeds goals alongside supporting pillars and enablers to aid our progression towards our strategy, this is outlined in the diagram below.



Throughout the year, our colleagues have integrated the new corporate strategy into our business plans and our ways of working. The strategy is supported by a performance measurement framework enabling us to track our progress towards delivering the outcomes set out in our strategy.

Business growth

Unlike any other occupational pension scheme trustee, we have a public service obligation to accept any employer that wishes to use the Scheme to meet its employer duties under auto enrolment. We also have a duty to accept any self-employed person who wishes to use the Scheme. Employers need to agree to the employer terms and conditions of the Scheme and use the Scheme in line with those terms and conditions. Employer terms and conditions are reviewed at least once a year and as necessary following any changes to relevant legislation.

In 2024/25, our customer base continued to grow, with 2,000 net new contributing employers choosing the Scheme for their workers each month and over 63,000 net new members being enrolled each month. Contributing membership continued to grow over 2024/25, indicating the value members place on saving towards their retirement. We currently forecast our membership to reach over 17 million, with more than £100bn of assets under management, by 2030.

Employers and intermediaries

Since our inception, we have operated the Scheme on a digital-first basis. Much of our support for our customers is delivered through our website and web services. Contributing employers using the Scheme total 0.5 million as at March 2025, a growth of 26,000 from March 2024. The majority of these employers are small and micro enterprises with more than 61% using the services of one of the 37,000 Nest Connectors, such as advisers and payroll providers.

We have significantly increased the number of webinars we've hosted for different segments of our employers and Nest Connectors. We've held webinars almost every month through the year, including topics such as the 'Quarterly investment report', how to avoid late payments, how to run your Nest account, understanding auto enrolment regulations, as well as joint presentations with MaPS.

Investment developments

Financial markets navigated a complex and shifting landscape in 2024/25, shaped by persistent inflation, changing interest rate expectations, and renewed geopolitical tensions. While easing inflation and strong corporate earnings supported returns, particularly in developed markets, volatility remained a constant theme, with late-year political developments and trade uncertainties weighing on sentiment. Despite this backdrop of global uncertainty, the long-term performance of the Scheme's funds has remained positive to long-term targets.

Annualised returns, net of members' annual management charge and transaction charges, for the Nest 2045 Retirement Date Fund, as at 31 March 2025 were:

Period	Actualised annualised returns	Consumer Price Index[3] (CPI) plus 3.0% benchmark
1 year	5.9%	5.7%
5 years	9.9%	7.8%
10 years	7.2%	6.3%

For more information on the Scheme's investments, refer to the 'Scheme annual report and accounts 2024/25'.[4]

3 Consumer Price Index (CPI) is the speed at which the prices of the goods and services bought by households rise or fall. Our benchmark uses the CPI measure rather than alternative measures such as the Consumer Price Index including owner occupiers' housing costs (CPIH).

4 **nestpensions.org.uk/schemeweb/nest/nestcorporation/ library.html**

Other key initiatives

Key initiatives during 2024/25 included:

Implementing our next scheme administration services contract

We continue to implement our next scheme administration services contract with TCS. The transformation will enable us to keep pace with customer needs, technological advancements and aiming to protect members from the ever-changing threats from fraud and cybercrime.

New technical architecture will underpin the service to be delivered, alongside a refresh of all core journeys for our members, employers and intermediaries to support the needs of our customers over the coming years.

Operational commencement date is planned for July 2025.

Progressing our people and culture strategy

During 2024/25, we progressed our people and culture strategy though the appointment of our first Chief People Officer (CPO) from January 2025. As a member of the executive team, the CPO will promote the strategic importance of our people strategy and raise the profile of the programme of work to deliver our new people and culture strategy.

Following a detailed gap analysis, we have now developed a new people and culture strategy, designed to ensure we have the right people capabilities, capacity and culture to meet the requirements of the corporate strategy, by:

- Being clear on our colleague value proposition to build a positive and productive work environment where colleagues feel a sense of belonging which fosters trust, improves collaboration and enhances morale.
- Resetting our reward philosophy and performance management approach. Including how individuals and teams contribute to achieving our strategy.
- Recognising the changing context, we are operating in and developing our risk culture to match our corporate appetite.
- Designing and implementing the right organisational structure and operating model that creates the optimal conditions for collaboration and innovation.
- Enabling leaders and managers to ensure everyone is inspired to do their best work together and clear on what they are expected to achieve and how they will be supported.
- Introducing a new platform – Future Fit – to enable learning and performance management.
- Increasing discipline around reward benchmarking and started developing new organisation design principles.
- Introducing communications and events that start conversations and build engagement.
- Continuing to ensure we have an inclusive environment for our colleagues and our customers, through our diversity, equity and inclusion (DE&I) working groups:
  - Disability and neurodiversity

- Gender
- Interfaith
- LGBTQ+
- Mental health
- Race
- Social diversity

Supporting research and innovation in pensions towards financial peace of mind for all

Nest Insight was established to ensure there was a truly robust public benefit research and innovation centre working to understand and address the challenges facing savers in achieving financial security in the round. Nest Insight takes a holistic approach to exploring the ways that products, policies and services can inclusively support people throughout their lives. We work with policymakers, funders, the financial services industry, employers, academics, stakeholders and others in the UK and internationally to collaborate and innovate, always with real households and real human experiences at the heart of our thinking. The findings are shared widely and freely so that people around the world can benefit from our work.

In 2024/25, Nest Insight advanced this mission by:

- Expanding the impact of its workplace emergency savings programme: Nest Insight has been working with major employers and solution providers on the first major UK trials into an opt-out approach to workplace payroll savings. The results demonstrate the potential to make a difference to the financial resilience of households across the UK. The latest research findings were published in March 2025 with a Westminster event focused on boosting UK savings inclusion.

- Publishing findings from ‘Real accounts’, A landmark study of UK households’ financial lives, which shone a light on the lived experience of income volatility and shared insights on how more inclusive financial products, services and policy can support financial peace of mind for people on irregular incomes.
- Building evidence on the need for a ‘whole life’ approach to financial security for people on low and moderate incomes with new research on pensions adequacy.
- Convening the annual Nest Insight conference in July 2024, with a focus on the next steps for lifelong financial security.

Keep members’ assets and data safe

It is essential that we have appropriate and robust internal controls in place to protect our members’ assets and data. Our controls are also designed to ensure we meet, or exceed, regulatory and legislative obligations.

In 2024/25, we did this by:

- Continuing to enhance and mature the Corporation’s and the Scheme’s cybersecurity capabilities and controls and aligning these capabilities and controls to the US National Institute of Standards and Technology (NIST) Cybersecurity Framework. These controls have been independently audited, and we were found to be operating to a good degree of maturity across all NIST cybersecurity framework domains. The organisation achieved the year end targets set by the risk committee and will continue to measure its cybersecurity controls against a benchmark of financial services.

- Receiving independent audits of the information security management systems operated by us, as well as by our IT managed services provider, and scheme administrator. These continue to be externally validated and certified to the International Organisation for Standardisation (ISO) 27001 standard.
- We continue to fight fraud and improve our processes to protect our members' savings against the evolving threat, with this year seeing the introduction of multi-factor authentication across all customers.
- Receiving and reviewing on an annual basis the AAF 01/20 assurance report from the scheme administrator on the design and compliance of its key controls. This report was based on an annual review commissioned by TCS and conducted by Ernst & Young (EY) in accordance with guidelines issued by the Audit and Assurance Faculty (AAF). This report had no adverse findings, giving us significant assurance regarding TCS's controls environment.

- Receiving and reviewing the latest 05/20 AAF report. This report provides guidance on the governance control procedures established by trustees of master trusts.
- Receiving and reviewing independently tested controls reports in accordance with either the AAF 01/20 standard or the International Standard on Assurance Engagements (ISAE) 3402 standard from our key suppliers of fund management and fund administration services. The fund administration team reviewed these controls reports, ensuring all audit matters raised in relation to fund managers controls were appropriately addressed and delivered a report on them to the audit committee.

Financial review

This section contains an overview of our financial performance, including our income and expenditure and other key developments during 2024/25.

Overview of financial performance

Financial year 2024/25 proved to be our strongest financial performance to date, allowing a positive net income of £11.9m. This positive net income position was reached earlier than anticipated in our business plan. In addition, we started our journey in repaying our loan facility with the government, making our first repayment in October 2024. Our financial performance in 2024/25 supported the delivery of our financial objectives, including to remain self-funding within legislative income and cost constraints, and compliant with applicable regulatory funding requirements.

	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
Income					
Scheme income	127.8	164.5	194.4	231.5	278.2
Grant income	25.4	20.4	15.8	11.4	11.1
Other income	0.7	1.1	3.8	11.7	15.8
Total income	**153.9**	**186.0**	**214.0**	**254.6**	**305.1**
Expenditure					
Staff costs	(29.5)	(29.8)	(31.5)	(30.7)	(36.1)
Depreciation and amortisation	(15.7)	(21.3)	(18.3)	(8.9)	(9.0)
Scheme investment and administration costs	(106.6)	(123.3)	(156.4)	(170.8)	(187.3)
One-off scheme administration costs	–	–	(74.0)	(0.0)	–
Other expenditure	(23.4)	(17.3)	(17.7)	(16.4)	(24.0)
Interest payable	(38.0)	(29.4)	(26.2)	(34.0)	(36.8)
Total expenditure	**(213.2)**	**(221.1)**	**(324.1)**	**(260.8)**	**(293.2)**
Net income / (expenditure) after interest	**(59.3)**	**(35.1)**	**(110.1)**	**(6.2)**	**11.9**

We received record income of £305.1 million, an increase of 20% compared to the prior year total of £254.6 million. The increase was driven predominantly by Scheme income, £278.2 million in 2024/25 compared to £231.5 million in 2023/24. Growth in our Scheme income was supported by continued contributions from our customers. The Scheme's membership grew from 13.0 million as at March 2024 to 13.8 million as at March 2025, an increase of 6%, as employers continued to chose us to help them meet their auto-enrolment requirements. In addition to our growing membership, the average contribution per member also increased, with total contributions for 2024/25 totalling £8.0 billion, up 10% to the prior year total of £7.3 billion. A rise in the Scheme's total net assets, which grew from £40.6 billion as at 31 March 2024 to £49.8 billion as at 31 March 2025, also supported the growth in Scheme income. Strong performance of the UK and global investment markets throughout most of 2024/25 provided above expected market returns.

Other income increased from £11.7 million in 2023/24 to £15.8 million in 2024/25. Other income is predominantly bank interest which grew due to continued high interest rates on an increased level of cash holdings. In comparison, grant income reduced by 2% year on year from £11.4 million in 2023/24 to £11.1 million in 2024/25. Grant income is received mainly in the form of a public service obligation offset payment (PSOOP), the value of this grant is calculated as the difference between the commercial rate of borrowing and the government rate of borrowing on our loan facility. Expiry of loans drawn down between 2017 and 2020 and the subsequent rollover of these loan amounts onto a new agreement at a revised interest rate reduced the level of PSOOP received.

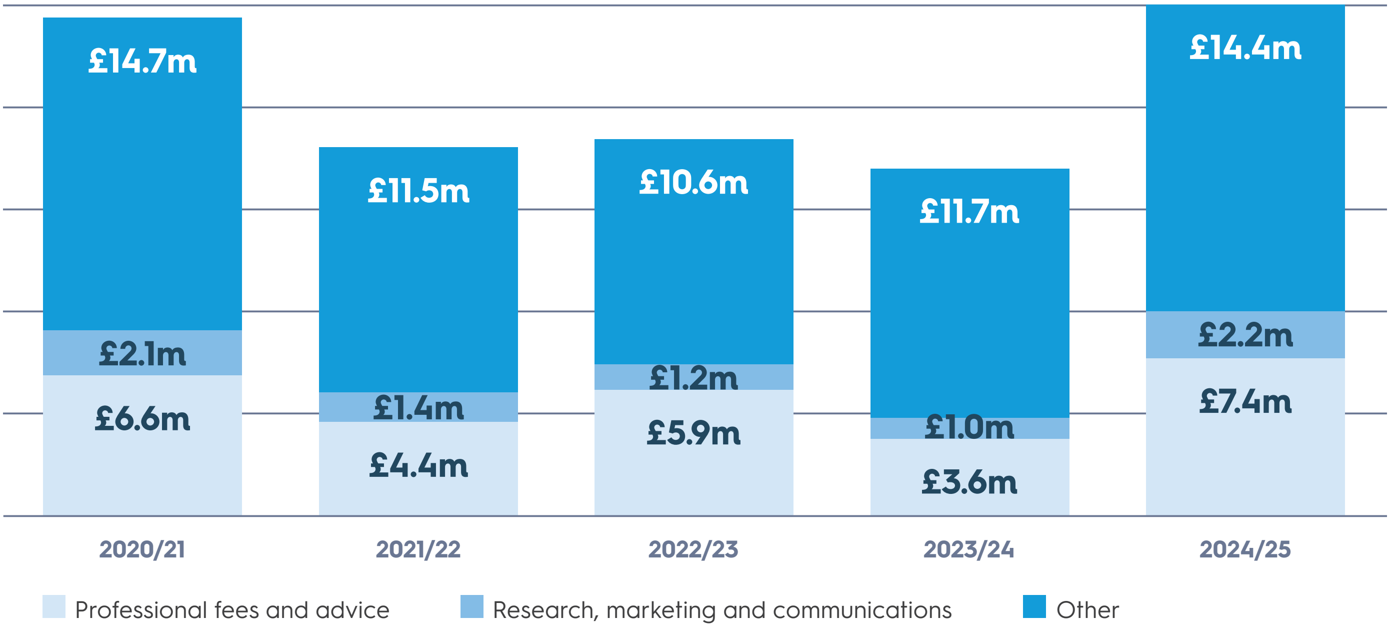
Expenditure over 2024/25 totalled £293.2 million, an increase of 12% to the prior year total of £260.8 million. Growth within the Scheme assets and membership increased Scheme investment and administration costs.

This expenditure rose from £170.8 million in 2023/24 to £187.3 million in 2024/25. We outsource Scheme investment and administration with costs linked to the value of net assets and member volumes.

If current trends continue, by 2030, Scheme net assets will be above £100 billion, supporting more than 17 million members save towards their retirement. To ensure a corporation fit for purpose and able to support our journey towards providing a world class investment capability and proposition, we invested in our staff, with the average number of full-time equivalent (FTE) staff increasing to 351 in 2024/25, compared to 325 in 2023/24. An expanded capacity alongside the evolution of our executive team and the capability of our investment team, led to staff costs increasing by 18% compared to prior year, rising from £30.7 million to £36.1 million.

Other expenditure has also increased, rising from £16.4 million to £24.0 million, a 47% rise. Other expenditure comprises of professional fees and advice, research, marketing and communications and other costs. Collaboration with our strategic partners to deliver our new scheme and fund administration solutions continued throughout the year. Implementation of our new solutions, due for operational commencement in 2025, required an increase in expenditure in professional fees and advice to £7.4 million, compared with £3.6 million in 2023/24. Continued market competition has increased member engagement with the Scheme. With a goal to being a truly trusted partner we have increased our communications designed to engage and inform our members into taking charge of their pension. As a result, expenditure on research, marketing and communications has increased 120% from £1.0 million to £2.2 million.

Other Expenditure



Interest payable increased year on year by £2.8 million to £36.8 million. This is a result of the full year impact on interest payments from the £63.0 million loan drawdown in March 2024, plus the expiry of previous loans taken between 2017 and 2020 and the subsequent rollover of these loan amounts into a new agreement at a higher interest rate. Depreciation and amortisation cost remained broadly in line with prior year increasing slightly from £8.9 million in 2023/24 to £9.0 million in 2024/25.

Delivery plans

This section sets out our current delivery plans, against which we analyse our performance.

We share more information about our forward-looking plans in our corporate plan, which is updated annually and made available on our website.[5]

Whilst implementing our new purpose and strategy, see page 45, we also delivered against our existing delivery plans:

Our customers

- Grow assets in a way fit for the Scheme's growing membership.
- We will agree our new corporate strategy, putting it into action, and improving our offer for our customers.
- We will continue to develop our retirement offering to better support our members in later life.

Our service

- We will develop ways of working that continue to put the customer first.
- In partnership with TCS and Northern Trust, we will put in place a new solution for scheme and fund administration platforms.
- We will work to develop the future business model for Nest Invest.

5 nestpensions.org.uk/schemeweb/dam/nestlibrary/corporate-plan24-27.pdf

Our governance

- We will continue to ensure that the Board, stakeholders and the DWP all support our development, purpose and goals.
- We will continue to develop our governance model for Nest Invest ensuring we continue to effectively manage our members' investments as net assets grow.
- We will continue to review and improve the operation of our Members' and Employers' Panels to ensure customers are our focus.

Our organisation and culture

- We will explore and understand our purpose as an organisation together.
- We will consider how we want our organisational culture to evolve and what we need to do to achieve this.

Performance against delivery plans

This section describes how we delivered against our 2024/25 objectives, including how the economic and business environment affected our performance.

Our customers

Grow assets in a way fit for the Scheme's growing membership

Our overall investment objective, as set out by the Board, is to deliver the best retirement income for our members, growing their savings faster than inflation after charges during a member's working life. This overarching objective, and supporting sub-objectives, can be found in our 'Statement of investment principles' (SIP).[6]

Investment risk should be taken in varying amounts throughout a member's time saving with Nest. We have therefore adopted a series of target date funds called the Nest Retirement Date Funds to deliver the default investment strategy.

Each Nest Retirement Date Fund has an asset allocation that aims to be consistent with the expected amount of

6 nestpensions.org.uk/schemeweb/dam/nestlibrary/SIP-implementation-statement.pdf

investment risk and return that is appropriate for where the member is on their savings journey. This is achieved by varying allocations between growth-seeking, capital preservation and income-seeking assets in our portfolio, as well as varying the allocations to liquid and illiquid assets.

The five portfolio building blocks which are part of our default investment strategy include: Higher Growth, Long-Term Stable Growth, Income Seeking, Capital Preservation, and Longevity Protection.

The building blocks listed above allow for the construction of four broad phases of a member journey in our default Retirement Date Fund, depending on their age:

- Foundation phase
- Growth phase
- Consolidation phase
- Post-retirement income phase

The growth phase is where we expect younger members to spend up to 30 years of their saving's journey. We measure the long-term performance of this phase using a fund in the middle part of the growth phases for a member (the 2045 Nest Retirement Date Fund). The long-term investment objective of a fund in this phase is to outperform inflation (CPI) plus 3% after charges. Long-term performance of the Scheme's funds can be seen within the 'Investment developments' section of the Performance analysis (see **page 48**).

We receive regulated advice on investment strategy from Nest Invest, an occupational pension scheme (OPS) firm which is a wholly owned subsidiary of Nest Corporation and regulated by the FCA. Nest Invest's effectiveness is reviewed and approved by the investment committee on an annual basis.

Key activities over 2024/25 included:

Asset allocation

Throughout the year, we made a series of changes to our strategic asset allocation to help maximise the risk adjusted returns for members. This included:

- In February 2025, we announced the establishment of a new strategic partnership with the global capital investor IFM Investors (IFM). Nest Invest and IFM will develop investment strategies that will enable us to pursue new private market investments, particularly new opportunities in the UK. This new partnership will play an important role as we increase our private market allocation up to 30%.
- We announced a new partnership with L&G and PGGM Investments (PGGM) in September 2024 to collectively invest money into developing build to rent properties across the UK. The first site in Deansgate, Manchester was publicly confirmed during March 2025, in which the current brownfield site will be transformed into nearly 500 rental homes.

- We partnered with Campbell Global to manage a timberland mandate. This will help provide a strategic asset allocation to support our long-term investment strategy and will be part of our expanding private market allocation.
- We concluded that Real Estate Investment Trust (REITs) were no longer required in the real estate portfolio, and instructed the investment manager, Legal & General Investment Management (LGIM), to gradually wind down our exposure. The monies made from selling will be directed to the LGIM Managed Property Fund. This process started in March 2024 and is likely to fully complete by December 2025.
- In November 2024, a change was made to the configuration of the Sharia Fund to ensure members who wish to invest according to Islamic principles have access to a more diversified fund. Previously, the Sharia Fund comprised of one mandate investing in an Islamic Global Equity Index fund. The fund has been enhanced by allocating 30% to sukuks, an Islamic financial certificate similar to a bond, while retaining 70% in equities.

Responsible investment

- Over the last year, we escalated engagement on managing climate and health-related risks across the portfolio. We maintained direct engagement with Barclays and Shell on their respective energy transition strategies and wrote to a number of companies, including Amazon, BP and Walmart, where we voted against management due to governance and sustainability concerns.

- We also escalated our public health agenda through the Healthy Markets Initiative, supporting a shareholder resolution at Nestlé to set a target for increasing sales of healthier products. We also backed resolutions at McDonald's, calling for stronger policies on the use of medically important antibiotics in meat supply chains, in line with growing concerns over antimicrobial resistance (AMR) as a global health threat.
- We joined new investor initiatives over the last year, which help to deliver on our responsible investment priorities. This included co-signing a public investor letter to six of the world's largest food manufacturers, including The Coca-Cola Company and Mondelez, urging greater transparency and disclosure around the health profile of their product portfolios.
- As part of ongoing work with the Investor Alliance for Human Rights, we continued to engage companies on risks related to Uyghur forced labour in the automotive supply chain. This included follow-up meetings with BMW, Tesla and General Motors to assess how they are ensuring compliance with the US Uyghur Forced Labour Prevention Act.
- We are delighted to have retained signatory status to the 'Stewardship code' by the Financial Reporting Council. The 'Stewardship code' continues to set a high

bar for stewardship, and by remaining a signatory we can reassure members we are fulfilling a key part of our stewardship responsibilities.

For more information on developments in our investment strategy, see 'Investment developments' on **page 48**.

Why do we refer to the 2045 fund?

The majority of Scheme members have their pots invested in the Scheme's default strategy, the Nest Retirement Date Funds. The funds in this series are lifestyled[7], where we manage members assets according to their age as well as how markets are performing.

The 2045 fund, for members expected to retire in 2045, is currently representative of the growth phase, which is where most members' money is invested for the longest period of time.

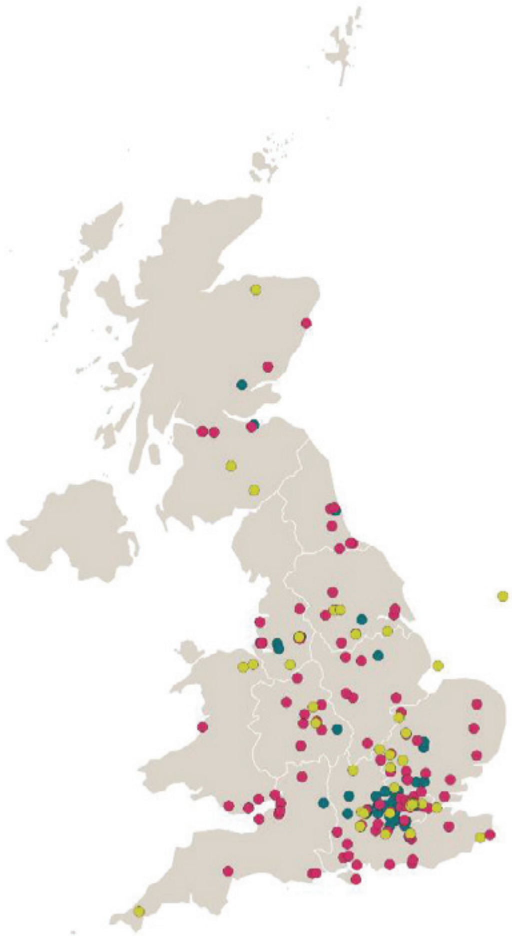
The Nest Retirement 2045 Date Fund is now referenced instead of the 2040 fund, as it better reflects the growth phase of our funds in that stage of the lifecycle. The 2040 fund has progressed further along its path. The asset allocation for all other Retirement Date Funds can be found in the 'Scheme annual report and accounts 2024/25'.[8]

7 **nestpensions.org.uk/schemeweb/nest/investing-your-pension/fund-choices/retirement-date-fund.html**

8 **nestpensions.org.uk/schemeweb/nest/nestcorporation/ library.html**

Our investment in the UK

We had £10.6 billion invested in the UK, representing around 21% of its total assets.



Region	Businesses (Public Equity / Bond)	Private Market assets	Real Estate assets
Scotland	46%	4 (12%)	7
North East	30%	N/A	7
Northern Ireland	27%	N/A	N/A
Yorkshire & The Humber	38%	6 (36%)	7
North West	52%	2 (1%)	11
East Midlands	31%	1 (4%)	6
West Midlands	38%	2 (3%)	11
East of England	40%	4 (3%)	14
Wales	27%	1 (<1%)	5
South West	37%	1 (<1%)	11
South East	62%	8 (14%)	25
London	72%	9 (7%)	17

Key:

Businesses (Public Equity / Bond) operating in the region

For the top 100 public equity and bond holdings in the portfolio, the percentage reflects the proportion of these holdings that maintain a presence in each respective region.

Number of Private Market assets (% of UK investment)

The number of private market assets in each region, with the corresponding percentage reflecting that region's share of total UK private market asset value.

Number of Real Estate assets

Number of real estate assets in each region.

We partnered with The Good Economy (TGE) to explore ways to assess the impact we are having on the UK economy through our investment portfolios. As part of this research, TGE has mapped out the physical assets we have in the UK – see the graph below. We are exploring ways to regularly update this information and how we can share this with members.

Key figures (as of 30 September 2024):

The top 50 UK and top 50 international public equity and bond holdings in our portfolio were analysed. In total, these companies employ 1.26 million people, representing 1 in 21 UK private sector jobs. Two in three of these companies had increased their UK employment over the last three years.

All of our private market investments were found to support areas of national policy helping deliver economic growth. It has invested in 42 Clean Energy and Infrastructure assets, 3 housing investments, and 6 private businesses in priority sectors.

We have agreed our new corporate strategy, putting it into action.

During September 2024, the Board approved our new corporate strategy, providing a clear path for the next phase of our journey to 2030. Supporting our new purpose to 'Build financial peace of mind for all', the new strategy provides clear strategic goals and objectives enabling us to be a truly trusted partner for all.

Following Board approval, time was spent embedding the new strategy within the organisation. Collaborative sessions were held with colleagues. Our risk team performed a zero-based risk review, ensuring our principal risks align to the new strategy. We also evolved our business planning process to support delivery of the new strategy.

We will continue to develop our retirement offering to better support our members in later life.

Through our new corporate strategy, we continued to explore how we help people make their money go further in retirement. During the year, we undertook a programme of research to understand the complex challenges our members face when deciding what to do with their retirement savings. We developed insight into the behaviours and assets of our members aged 55+ and identified the changing shape of retirement our members will experience in the future.

Utilising this insight, we redesigned and evolved our retirement journey, whilst setting out a clear multi year roadmap to enhancing our proposition to members. We are making good progress on designing our flagship retirement solution that will aim to provide income, flexibility, and longevity protection for our members.

Our Service

We will develop ways of working that continue to put the customer first.

We continue to transform our services to meet the evolving needs of our diverse customer base. This year has seen a number of enhancements, intended to improve the experience of Nest members, namely:

- The launch of our first Member Mobile App, which provides our members with access to their Nest pot, with additional features to be added during the coming year to help our members actively manage their account.
- A complete refresh of the Member Portal, including the start of a roadmap to introduce deeper personalisation of key journeys to meet their individual needs.
- Improved cyber and fraud controls including enhanced proactive transaction monitoring and the roll out of multi-factor authentication.

We have also continued to deliver proactive communications designed to engage and inform our members into taking charge of their pension, covering topics such as pot consolidation, benefits of nominating beneficiaries and requesting members to keep their details up to date. Our email campaigns have continued to achieve higher than average engagement levels compared to industry benchmarks.

We launched a new digital campaign targeting disengaged members who have never logged into their online account, using both static and animated digital ads on social media, YouTube and around the web.

Research and policy work to support members' needs

We carry out a range of public affairs work and research to the benefit of our members.

We provide evidence to Parliament, government and industry to help inform pensions policy development.

Our 'Voice of the customer' research programme analyses how our customers utilise the Scheme's services. This helps us to identify future directions for engagement based on our customers' priorities and needs. In addition, we invite members to provide feedback by participating in our online member community, 'Your way'.

In line with our public service obligation, our research and policy work aims to benefit the wider population of people who are or will be reliant on defined contribution (DC) savings to fund their retirement.

Highlights of our policy work in 2024/25 included:

- Representing the views of Scheme members to the PLSA, ABI and Investment Association (IA).
- Working closely with the government and other pension providers to consider how to solve the issue of the proliferation of small and dormant pension pots in the market.

- Responding to government and regulatory consultations on subjects such as helping savers understand their retirement choices, value for money, small pension pots, market consolidation and pension trustee skills.

Separately, our research and innovation centre, Nest Insight, carries out a continuous work programme, collaborating with other pension and financial services providers and academics from around the world on ways to improve people's retirement saving and overall financial resilience. The centre and its programmes are supported by a range of funders.

All of Nest Insight's research findings are made publicly available at **nestinsight.org.uk**.

In partnership with TCS and Northern Trust, we will put in place a new solution for scheme and fund administration platforms.

Implementation of our new scheme and fund administration platforms continued during 2024/25. Working collaboratively with our strategic partners, TCS and Northern Trust, the evolution of our platforms onto modern technical architecture continued. During the implementation we have engaged internal and external experts to ensure we deliver the best outcomes for our members. The programmes of work to deliver the new platforms remain on track with operational commencement due in 2025.

Whilst implementation of our new solution progresses, in partnership with our Scheme administrator, TCS, we continued to deliver a good quality service to our customers during 2024/25, as measured by our key performance indicators:

- Service channels remained available and accessible to customers more than 99% of the time.
- We have set clear standards for service levels for our online and telephone services. Service level agreements were met more than 98% of the time. Customer service calls were answered in 86 seconds on average.
- TCS reported 91% Employer and 88% Member blended Customer Satisfaction for those who interacted with their live support services (telephony, chat etc.).

We also measure the quality of our service through our 'Voice of the customer' annual customer satisfaction surveys.[99]

- 75% member satisfaction (December 2024, compared with 71% in December 2023).
- 61% employer satisfaction (March 2025, compared with 71% in March 2024).
- 62% Nest Connector satisfaction (March 2025 survey, compared with 71% in March 2024).
- Trust pilot score of 4/5.

9 Satisfaction scores are based on those giving a 7-10 score on a 10-point scale and excludes those responding 'don't know'.

Whilst we are pleased to see the increased member satisfaction levels, we acknowledge the year-on-year decline in employer satisfaction and we are undertaking a programme of work to address the root causes of this trend. This forms part of a broader set of initiatives to enhance the employer experience, which will be supported by the implementation of the improved service delivery model under the new contract with TCS, commencing in July 2025.

We will work to develop the future business model for Nest Invest.

As the assets we manage grow, there is a need to move into a broader range of asset classes, particularly private equity. During 2024/25, we have evolved our governance model, systems and organisational structure to support this growth.

Our Governance

It's essential that the decisions we make are in support of better outcomes for our customers and the organisations which support them. In 2024/25 we worked to define the capabilities we will need to do this in a changing, challenging external environment. The new Scheme solution we are delivering with TCS, and our new fund administration platform partners Northern Trust, will help ensure we have the data and insight we need to understand customers evolving needs.

This insight, and a deep understanding of the members we serve, needs to be central to how we make all of our decisions. This year we have done work to understand how our approach needs to evolve, building on the foundation we have already established for applying insight to our Scheme design and investment approach.

As the scale of the Scheme continues to grow, it's important we evolve how our governance works. During the year we have reviewed the governance model for Nest Invest, aimed at protecting the quality of our investment function as net assets increase, and agreed to establish a new customer committee.

Our organisation and culture

We will explore and understand our purpose as an organisation together

- We engaged with colleagues throughout the organisation at all levels to explore our purpose together through focus groups, workshops and the creation of a purpose hub, creating closer connection and more regular communication between our leadership team and our colleagues.
- We continued to work collaboratively with our colleague forum, 'Your voice', who meet regularly with the CEO, the people & culture team and representatives of the Board to share their views on our culture and provide input on organisational changes and initiatives.

- We held a development day for all colleagues in January 2025, together with our Board and key external stakeholders, to launch our corporate strategy, connecting it with our purpose and our impact on members – 91% of colleagues feel inspired about the future of Nest and their part in shaping it as a result (up from 60% in 2023/24), and 92% now see the part they can play in delivering the strategy.

We will consider how we want our organisational culture to evolve and what we need to do to achieve this.

- We continued to develop our culture dashboard, taking into account key indicators that help us to monitor the cultural health of our organisation and to lay the groundwork for a programme of culture change for the next 12-18 months. We established the Nest leadership community, a diverse cohort of senior leaders who each play a key role in translating the strategy into delivery, and in driving engagement and performance throughout the organisation.
- We launched a new initiative ‘Team Time’, led by the Nest leadership community, to improve collaboration and break down silos.
- We continued to prioritise wellbeing of colleagues, with initiatives including mental health training for line managers, training of mental health first aiders from a

diverse range of backgrounds to support all colleagues, including the introduction of menopause champions.

Operating responsibly

As a major financial services organisation, we recognise the broader impact we make at a global, national and local community level. In this section we review how we promote sustainability, support diversity and inclusion and engage with our wider community.

Our purpose is to build financial peace of mind for all. With this purpose we aim to make a broad and positive impact on the world our members live in.

Our commitment to responsible investment is part of this. Evidence shows that well run organisations and markets with sound environmental, social and governance (ESG) practices have a better chance of long-term success and profitability. Responsible investment is the right thing to do for our members, financially.

Investing responsibly can also improve the places where our members live and work and the wider world around them. We engage with companies in which the Scheme is invested, asking them to pay their workers more fairly, make their workplaces safer and put more people from different backgrounds on their boards. We support companies that are cutting carbon emissions and challenge those that aren't.

In each of these areas we have considered how the Scheme's investments are shaping the world into which our members will retire. More information about how we invest responsibly can be found in the 'Responsible Investment' section (see **page 69**) and the 'Scheme annual report and accounts2024/25'.[10]

Here we focus on how we create value in other ways, as a corporation, as an employer, and through our corporate social responsibility (CSR) programme.

Sustainability

We respect the environment in which we operate and aim to make efficient use of natural resources. We continue to adopt more environmentally sustainable ways of working with the aim of reducing our carbon footprint.

We report on the Scheme's performance against the Task Force on Climate-related Financial Disclosures (TCFD). The TCFD recommends that organisations, including those in the financial sector, provide climate related financial disclosures. The most recent TCFD report is made available to Scheme members and other stakeholders on our website.[11]

10 **nestpensions.org.uk/schemeweb/nest/nestcorporation/ library.html**

11 **nestpensions.org.uk/schemeweb/nest/nestcorporation/ library.html**

This detailed TCFD disclosure, highlighting the Scheme's performance provides additional details beyond current government guidance applicable to Nest Corporation. We acknowledge the importance of effective climate-related disclosures and will continue to evolve our reporting and conforming to latest applicable guidance.

Our office is in a modern, energy-efficient building which houses several government bodies. The building's management company controls energy use. The management company employs a dedicated technical manager with responsibility for energy reduction and has a building-wide policy to support effective energy management. An increase in staffing levels (2024/25: 351 average FTE, 2023/24: 325) and a 27% increase in office attendance in 2024/25 compared to 2023/24, led to a 17% rise in total greenhouse gas emissions (scope 2+3).

Emissions have increased at a lower rate than office attendance, due to the success in implementing a number of infrastructure improvements, including the removal of the gas usage within the building through the introduction of a new air source heat pump to supply hot water.

The rise in office attendance contributed to an increase in waste (2024/25: 6.8 tonnes, 2023/24: 5.9 tonnes). Approximately 49% of the building's waste is recycled or reused (2023/24: 30% recycled or reused), demonstrating the success of our sustainability action plan, including campaigns to minimise waste and increase recycling rates. Our carbon dioxide equivalent (CO_2e) emissions from business travel totalled 170.0 tonnes for 2024/25 (2023/24: 154.5 tonnes of CO_2e), the increase was the result of higher levels of air travel.

Going forward, we will focus on maintaining environmentally sustainable working practices as part of our continuing commitment to reduce our carbon footprint.

For further details, see Appendix 2 on **page 283**.

Diversity, equity and inclusion

As we grow and evolve as an organisation, DE&I remains at the heart of what we do, to ensure that we are able to meet the needs of our colleagues and our customers.

As a public corporation, we're governed by the public sector equality duty and, as such, we need to take steps to:

- Eliminate unlawful discrimination, harassment victimisation and any other conduct prohibited by the Equality Act 2010.
- Advance equality of opportunity between people who share a protected characteristic and people who do not share it.
- Foster good relations between people who share a protected characteristic and people who do not share it.

We have done this in a number of ways, including:

- ensuring our policies and guidance are inclusive, as well continuing to annually review our policies, such as our anti-harassment and bullying policy and our diversity, equity & inclusion policy..

- Launching our mandatory DE&I inclusion training, which outlines what discrimination, harassment and victimisation is, how it relates to the Equality Act 2010 and examples and the consequences of not adhering to the act.

Our DE&I ambitions remain the same. It is positive that our colleagues are diverse in many different ways and the diversity of colleagues continue to increase across the organisation.

We aim to ensure that we are an inclusive place for all, as we recognize the importance of this for our colleagues. It is our goal to continue attracting talented individuals from all backgrounds, whilst retaining the talent and future potential that we have internally.

For more information on how we're actively creating a diverse and inclusive working environment and deepening our understanding of the needs of our diverse member base, see the 'Diversity, Equity and Inclusion' section in the Remuneration & Staff section of this report.

Corporate social responsibility

Our CSR programme is focused on supporting charities whose missions resonate with our employees, and on making an impact in communities local to our office in Canary Wharf. We provide our colleagues with up to four days for volunteering each year. Our colleagues provided approximately 430 hours of service to charities or other not-for-profit organisations during 2024/25 through our volunteer leave programme.

Helping Nest's immediate community

Food bank collection and donation

In the lead up to Christmas 2024, we launched a food bank initiative. Donation bins were placed around the office and colleagues were asked to bring in food and toiletries for First Love Foodbank in Tower Hamlets. Towards the end of December, volunteers gathered up the donations, which totalled 4 large crates, and took them to the food bank.

Anti-discrimination, anti-bribery and human rights statement

We respect human rights for all our employees, members and business partners.

Any business that we conduct must comply with the anti-bribery provisions in the Bribery Act 2010. We adhere to all regulations and meet all necessary criteria to avoid corruption.

We ask potential suppliers if they are a relevant commercial organisation as defined by section 54 of the Modern Slavery Act (MSA) 2015. If so, we ask them to assure that they are compliant with the annual reporting requirements contained within that section.

Our contractual terms and conditions state that suppliers shall adhere to the UK's anti-slavery requirements. These requirements are defined as encompassing the MSA 2015 and any subordinate legislation made under that Act, in each case, as amended, superseded or replaced.

We also require suppliers and their subcontractors to notify us in writing of any actual or suspected breaches of anti-slavery requirements within seven days of becoming aware of the breach.

See **page 158** for details of how we adhere to the MSA.

Preparation of the financial statements

Statutory background

The financial statements for 2024/25 are prepared in accordance with the requirements of schedule 1, part 3, paragraph 20 to the Pensions Act 2008, and in the form set out in the ‘Accounts direction’ issued by the Secretary of State for Work and Pensions.

The ‘Accounts direction’ is presented in Appendix 1.

Statutory auditors

The Comptroller and Auditor General is our statutory appointed auditor under the provisions of schedule 1, part 3, paragraph 20 to the Pensions Act 2008.

I have taken all the steps that I ought to take to make myself aware of any relevant audit information and to establish that our auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the entity’s auditor is unaware. During the year we did not make any payments to our external auditors for non-audit work.

Ian Cornelius
CEO, Nest Corporation

26 June 2025

Chapter 2
Accountability report

This accountability report, including the corporate governance report, remuneration and staff report and parliamentary accountability and audit report, has been prepared in accordance with the provisions of the 'Government financial reporting manual' (FReM) and HM Treasury's 'Managing public money' (MPM) annex 3.1. See also Appendix 1, 'Accounts direction' on page 279.

Corporate governance report

This section includes our directors' report, statement of our CEO's responsibilities and governance statement. Our CEO is our Accounting Officer for FReM purposes.

Directors' report

This section describes our Board, committee and panel structure, including the membership of the Board of Nest Corporation and the Board's activities during 2024/25.

The Scheme is a trust-based occupational pension scheme. It was set up as part of the government's workplace pension reforms so that all employers had a pension provider they could use to meet their duties under the auto enrolment system. It was designed for workers who had not previously had access to a high-quality, low-cost pension scheme through their work.

The Scheme is a master trust scheme as defined by the Pension Schemes Act 2017. It is subject to TPR's authorisation and supervisory regime and obtained master trust authorisation from TPR in 2019.

The Scheme has one trustee: Nest Corporation. The Trustee is a public corporation.

Nest Corporation comprises between nine and 15 Board members, including the Chair, and the employees of Nest Corporation. The Board has responsibility for the overall direction of the Trustee.

Given the complexity of running Nest Corporation and the Scheme, the Trustee has established various committees with clearly defined remits and delegated authorities (see **page 119**). In addition, the CEO has been given a broad delegated authority.

Under the 'National Employment Savings Trust Order 2010' (Nest's Order and Rules)[12] the Board receives assistance and advice from a panel that represents members' perspectives of the Scheme (the Members' Panel) (see **page 138**) and a panel that represents participating employers, connectors and intermediaries (the Employers' Panel) (see **page 136**).

The Board consults these panels on matters to do with the operation, development or amendment of the Scheme. It also consults them when specifically required to do so by legislation, for example when making changes to the Nest Rules, the document which sets out how the Scheme is designed and operates.

The Board

As at 31 March 2025, there were 14 Board members, including the Chair. Five new, non-executive Board members were welcomed to the Nest Board during the 2024/25 financial year and one non-executive Board member's term ended during the period. Two executive Board members left the Board during the 2024/25

12 **nestpensions.org.uk/schemeweb/nest/nestcorporation/ how-nest-is-run/order-and-rules.html**

financial year, and one executive Board member joined in May 2024.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1. Brendan McCafferty

Board Member from 1 February 2022

Chair, Nest Corporation from 1 February 2022

Brendan has been in the role as Chair of Nest since February 2022 and has a five-year term. He is focused on preparing Nest to be ready for growth and becoming a £100bn Master trust by 2030, guided by a clear strategy and purpose, and has set the organisational goal of becoming 'Best in Class.' He is also Chair of Leeds Building Society (a £35bn mutual). Brendan was the founding CEO of Flood Re (a Public Body), the UK’s solution to household flood insurance market failure and has been CEO of various large and complex insurance businesses, in a 40-year career. He is a Trustee of Blueprint for Better Business, a charity working with FTSE100 businesses on the power of having organisational Purpose and encouraging business to be a force for good in society. He is also a Trustee of a large church-based charity based in Salford addressing homelessness and poverty. He is a qualified accountant and lives with family in Warrington, in the northwest of England.

2. Myfanwy Barrett, CB

Board Member from 1 July 2021

Chair, Audit committee from 1 February 2023

Myfanwy has served as a non-executive director at The Pensions Ombudsman (TPO) since 2021. She is a qualified accountant (Chartered Public Finance Accountant), and her executive career was in public finance. She was Corporate Director of Finance at Harrow Council and Managing Director of Corporate Services at the House of Commons. She has experience leading a wide range of services, including the Member of Parliaments' Pension Scheme and the Local Government Pension Scheme (LGPS), as well as strategic planning, people, and portfolio management.

Myfanwy is currently also a Director of Plumbing Pensions (UK) Administration Ltd, and a Trustee Director of Shelter and the Whitechapel Gallery.

3. Ian Cornelius

Board Member from 1 May 2024

CEO, Nest Corporation from 14 April 2024

Ian has 25 years' experience working in financial services. He was a Group Board Director at Skipton Building Society from 2012 to 2023 where he held positions of Commercial & Strategy Director for 10 years and then Interim Group CEO.

Prior to his time at Skipton Building Society, Ian held senior leadership roles at Homeloan Management Limited, Virgin Money, Bradford & Bingley and Capital One.

4. Karen Cham

Board Member from 1 July 2019
(reappointed for second term from 1 July 2024)

Karen is Professor of Augmented Intelligence, Digital Transformation Design in the Foresight, Creativity & Decision Making Research Hub, Dept. Strategy, Marketing & Innovation at Kingston Business School. She heads up ‘The BRAINS Lab’ with behavioural scientist, Professor Gaelle Vallee Tourangeau, an interdisciplinary unit dedicated to an inclusive, ethical and sustainable digital future. Her previous role at the University of Brighton was professorial lead for the Connected Futures, a fifth of the University research and enterprise strategy which included digital economy, digital health, complex systems and immersive, simulation and virtualisation. As part of this, she was academic lead of the Digital Catapult Centre Brighton and their '5G Brighton' project, a named part of the UK government’s 5G strategy and the first 5G testbed off a research site aimed at small businesses.

Karen sits on UK5G and is part of the UK Telecoms Innovation Network. Karen is an expert in user experience design and designing for behaviour change. Her research concerns designing for persuasion, emotion and trust, and she specialises in the digital transformation of values at scale and ethical practice. She has worked in e-commerce, fintech, health and care, arts and heritage, games, e-learning, military and defence. In her 28-year career in human-centred design and build her clients have included PlayStation, Diesel, ITV, Topshop, Which?, EY and ?What If! Innovation.

She is a fellow of RSA The royal society for arts, manufactures and commerce and a Women in Games Ambassador as part of Google Women TechMakers.

5. Helen Copinger-Symes

Board Member from 1 June 2023

Helen has over 30 years' experience in the pensions and investment industry, initially in fixed income capital markets, followed by an extensive career in institutional asset management, focusing on UK pension funds.

She has worked for several global investment firms including Deutsche Asset Management, Invesco Perpetual, AllianceBernstein and State Street Global Advisors, in addition to a boutique equity hedge fund. Helen has considerable experience working with defined contribution pension plans, their underlying investment structures and development and is a long-standing advocate of putting pension members' interests first.

In addition to her role at Nest, Helen currently works as a Non-Executive Director of InvestAcc Holdings Limited, a specialist SSIP and SSAS administration business and a Trustee and Chair of the investment committee for DHL (UK) Foundation, overseeing the Foundation's portfolio of assets. She is also a special advisor to Catella APAM's real estate investment trusts fund. Helen previously served as Chair of the Pension SuperFund (PSF) Holdings and PSF Sponsor boards and a Trustee for the Rifles Museum Regimental Trust.

6. Michael Gordon

Board Member from 24 November 2024

Michael brings over a decade of experience as a non-executive director, advisor, and trustee in the investment management and retirement savings sector, alongside more than 30 years of executive expertise in governance, oversight, and leadership within investment management both in the UK and internationally. Presently, Michael serves as an independent director for Yarra Capital Management, which handles investments for superannuation funds and family offices. Since 2021, he has been an advisor to the investment committee and Manager of the Square Peg Global Technology Fund. He also holds the position of investment committee Chair for an international family office.

Previously, Michael was the CEO of Perpetual Investments and held Chief Investment Officer roles at Fidelity International, BNP Paribas Investment Partners, and Schroders Australia. His experience as a non-executive director also includes serving on the Board and chairing the investment committee of Total Risk Management Pty. Limited, a subsidiary of Russell Investments that acts as the trustee for the Russell Investments SuperSolution

Master Trust, a successful Australian defined contribution superannuation fund.

7. Nina Hingorani-Crain

Board Member from 1 June 2023

Chair, Nominations and remuneration committee from 1 June 2024

Nina has had a diverse 25-year career with leadership roles in the public, regulatory, corporate and charity sectors. Her executive career was largely in financial services and includes ten years advising UK and global financial services organisations, followed by ten years in senior roles at the UK's financial regulator, including as Chief of Staff and Principal Private Secretary to the Chair of the Financial Services/ Conduct Authority during the global financial crisis.

After leading the establishment of the Financial Conduct Authority, Nina undertook a six-month secondment to Age UK to inform the strategy of placing consumer needs at the heart of the new regulatory mandate, which laid the groundwork for the regulatory focus on vulnerable customers.

Since 2015, Nina has focused on a non-executive career and has sat on several boards in the public and private sectors. She currently serves on the boards of National Savings & Investments, an NHS Foundation Trust, and the

Institute of Chartered Accountants in England and Wales (ICAEW).

8. Catherine Howarth

Board Member from 24 November 2024

Since 2008, Catherine has been serving as the Chief Executive of ShareAction, a UK-registered charity that advocates for sustainable investment and business practices worldwide. Additionally, she is a member of the Financial Conduct Authority’s sustainable finance committee and HM Treasury's Asset Management Taskforce. Her previous roles include serving on the boards and investment committees of TPT Retirement Solutions (formerly known as The Pensions Trust) and the Scott Trust, which owns The Guardian Media Group. She also founded West London Citizens, a network engaged in addressing social and economic issues, and was the Lead Organiser for the Living Wage Campaign.

Catherine holds the PMI Award in Pension Trusteeship and was recognised as a Young Global Leader by the World Economic Forum in 2014. She also received an OBE in 2022 for her services to sustainability.

9. Sarah Laessig

Board Member from 1 September 2021

Senior Independent Director from 28 July 2022

Chair, Nominations and remuneration committee from 28 July 2022 to 31 May 2024

Chair, Investment committee from 1 June 2024

Sarah Laessig has 25 years' experience in financial services across banking, asset management and pensions. She is a non-executive board member of United Trust Bank, a specialist lender, and JP Morgan Global Growth and Income Investment Trust (JGGI), a FTSE 250 listed investment trust. Sarah's executive banking career at Citigroup included managing businesses across developed and developing markets. She has worked around the world in Eastern Europe, Latin America, Asia, and Africa. Sarah has previously been a Civil Service Commissioner. She is an Ambassador of Women on Boards UK.

10. Nikki Marsh

Board Member from 1 June 2023

Nikki brings over 20 years of senior leadership experience across financial services and the public sector, with a strong track record of championing customer-focused transformation. Her career includes 13 years in financial services, 10 of which were in the mutual sector, and 7 years as a senior civil servant. She has held a range of senior executive roles spanning marketing & communications, digital transformation, and customer experience, with a consistent focus on embedding customer-centric culture within organisations.

Nikki is currently a non-executive director at Penrith Building Society and a qualified executive coach. She is also the co-founder of a tailored coaching programme designed to support aspiring non-executive directors on their journey to board readiness. In addition, she previously served as a trustee for a not-for-profit organisation dedicated to improving care delivery and supporting those working in the care sector.

Her breadth of experience across sectors and functions brings valuable insight and strategic challenge to the Board.

11. Faith Reynolds

Board Member from 24 November 2024

Faith is a recognised consumer expert with significant experience in financial services, consumer engagement, data, and regulation. She currently serves as a non-executive director at Fair4All Finance, promoting financial inclusion through dormant asset distribution. Faith advises the board at TISA (The Investing & Saving Alliance) and recently led ground-breaking research with its members to make investing more inclusive and improve consumer communications. She is the Advisory Board Chair at INFINITY, which aims to catalyse the next generation of university-inspired financial technology commercialisation ventures and the current Advisory Board Chair for UKFin+ which funds academic research collaborations on complex financial services issues using technology. Faith is an expert in Open Banking and Smart Data and is a member of the Advisory Panel for the Electralink Board.

Most recently, Faith was a non-executive director at the Payment Systems Regulator and led strategy and research at tech start-up Amplified Global. Previously, Faith was an Independent Consumer Representative for the Open Banking Implementation Entity, an independent director for Pay.UK's Current Account Switch Service, and a member of the Authorised Push Payment Scams Advisory Group. She also served on the FCA's Financial Services Consumer Panel for a number of years, and initiated Toynbee Hall's financial inclusion efforts earlier in her career.

12. Martin Turner

Board Member from 1 June 2018
(reappointed for second term from 1 June 2023)

Chair, Risk committee from 21 February 2019

Martin has 37 years' experience working within the financial services industry in companies such as Barclays plc and Lloyds Banking Group plc. He has had a broad range of roles, both in the UK and overseas, ranging from front-line customer service and relationship management through to strategy and transformation and IT and operational service delivery.

More recently, he has had group-level accountabilities in the second-line risk function including operational risk, regulatory compliance, internal risk reporting and external risk disclosures. This has included overseeing significant structural reform programmes driven by regulatory and legislative requirements.

Martin retired from full-time executive roles at the end of 2016. He is currently a non-executive director and trustee with AQA Education, where he chairs the audit, risk, and compliance committee.

13. Howard Walpole

Board Member from 24 November 2024

Howard is an experienced actuary with more than 35 years in the insurance industry, holding various risk management positions. His latest role was Interim Chief Risk Officer at Direct Line Group, and he previously served as Chief Risk Officer for Lloyds' Insurance & Wealth division. At Lloyds, he also held roles such as Financial Risk Director and Solvency II Programme Director, dealing with strategic, operational, regulatory, climate-related issues, and M&A activities. Currently, Howard is an Advisory Board Member for the regulatory standards and codes committee of the Financial Reporting Council.

Howard began his career as a consultant at Tillinghast (Willis Towers Watson – now WTW) and held senior positions at Aegon / Scottish Equitable. Alongside his Board and Executive roles, Howard has also served on the audit and risk committee of his local council.

14. Stuart White

Board Member from 24 November 2024

Stuart has over 25 years of executive experience in the investment management industry and currently serves as a Board Director of HSBC Global Asset Management Ltd., the £550 billion asset manager of the HSBC Group. Stuart is a member of the executive management committee and risk management committee, and oversees the firm's global DE&I programme. Stuart is also the CEO and Board Director of HSBC Global Asset Management (UK) Ltd., managing around £150 billion in assets.

Stuart has spent the last 10 years as a Trustee Director of the £37 billion HSBC Bank Pension Trust (UK) Limited (the hybrid defined benefits and defined contributions pension scheme of the HSBC Group), where he chaired the investment committee.

Joining HSBC in 2010, Stuart has held roles such as Global Head of Strategy & Chief of Staff, and CEO, International for HSBC Global Asset Management. Previously, he spent five years at Insight Investment and began his career at Threadneedle Asset Management in 1998.

Stuart holds an MBA from London Business School, the CFA Investment Management Certificate, the CFA ESG Investing Certificate, and the PMI Award in Pension Trusteeship. He is also on the Advisory Board of the Asset Owner Diversity Charter, the Advisory Council of the UK's Diversity Project and the Advisory Council of the UK’s Investment Association and their trade & investment committee.

Board members stepping down during 2024/25

Helen Dean, CBE
Board Member from 1 June 2018 to 30 April 2024.

Chris Hitchen
Board Member from 1 June 2018 (reappointed for second term from 1 June 2023) to 31 May 2024.

Richard Lockwood
Board Member from 1 September 2018 to 31 December 2024.

Register of interests

Board members have registered any interests they hold that may create an actual or potential conflict with their responsibilities to us or the Scheme. Each Board member’s register of interests is published on our website.[13]

Board members also declare conflicts in relation to any items of business at our Board or committee meetings. The

13 **nestpensions.org.uk/schemeweb/nest/nestcorporation/who-runs-nest/trustee-members.html**

executive team also register any interests they hold that may create a potential conflict with their responsibilities.

Statement of CEO's responsibilities

Under schedule 1, part 3, paragraph 20 to the Pensions Act 2008, the Secretary of State for Work and Pensions has directed Nest Corporation to prepare for each financial year a statement of accounts in the form and on the basis set out in the 'Accounts direction' (see Appendix 1, **page 279**). The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Nest Corporation and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements;

- prepare the financial statements on a going concern basis; and
- confirm that the annual report and accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

The Principal Accounting Officer for the DWP has appointed the Chief Executive Officer as Accounting Officer of Nest Corporation. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding Nest Corporation's assets, are set out in Managing Public Money published by the HM Treasury.

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that Nest Corporation's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

Ian Cornelius
CEO, Nest Corporation

26 June 2025

Governance statement

Governance framework

We subscribe to high standards of corporate governance in order to serve the best interests of the Scheme's members and fulfil our obligations as a public corporation.

We have considered the Cabinet Office's 'Corporate governance in central government departments: code of good practice' within our governance framework. During the year, the CFO resigned as a Board member, with effect from 31 December 2024. Between 1 January 2025 and 31 March 2025, our Interim CFO has attended Board meetings although is not appointed to the Board. On appointment of a permanent successor, the CFO will join as a Board member as outlined within the code.

In respect of all other principles of the code which apply to us, there have been no departures.

Accountability

We are accountable to Parliament.

The reporting lines of accountability are through the chair of Nest Corporation to the Secretary of State for Work and Pensions, and through the CEO to the Principal Accounting Officer in the DWP. The CEO reports to the chair of

Nest Corporation on all matters except for those directly related to government fiscal controls, for which he reports to the DWP.

Trustee effectiveness

Effectiveness reviews for the Board and its committees take place on an annual basis. In line with best practice, we engage an external facilitator to conduct an effectiveness review once every three years.

During 2024/25, an internal effectiveness review was undertaken of the Board and its committees. The results were reported to the Board on 26 March 2025. This review provided assurance that the Trustee's governance framework continues to operate effectively, and no material failings or weaknesses were found in reviewing the effectiveness of risk management and internal control systems. The report outlined some recommendations for the future to further enhance the governance framework as the Corporation continues to evolve. The nominations and remuneration committee will oversee the implementation, where appropriate, of key actions arising from the recommendations.

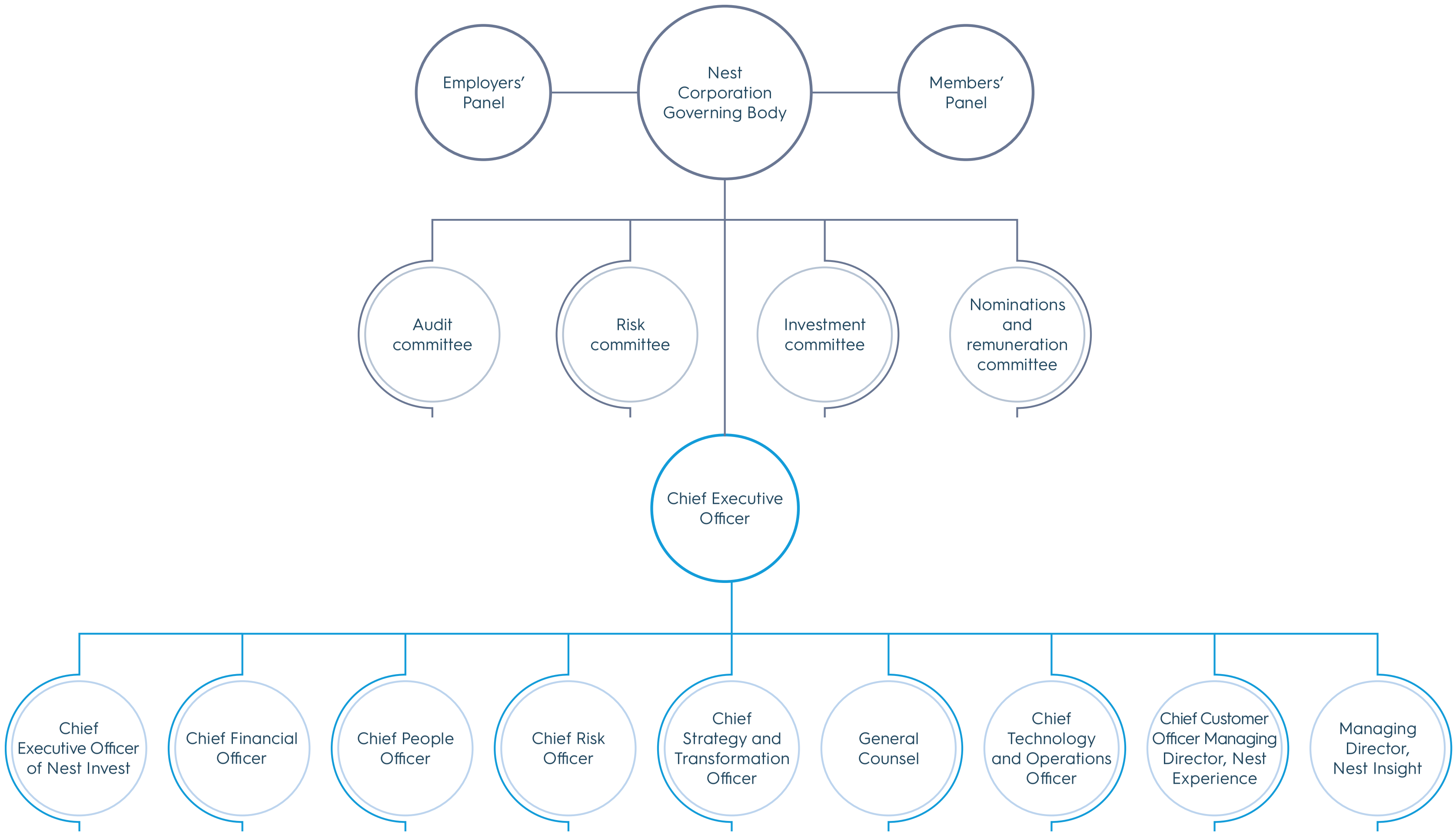
Risk management and internal controls

The Board is responsible for demonstrating high standards of governance at all times, including ensuring that effective risk management and internal control systems are in place. These systems have been in place for the year under review and up to the date of the annual report and accounts. As part of effective risk management, the Board is also responsible for ensuring that any material risks faced by us are regularly identified, evaluated and effectively managed.

To assist it in carrying out its responsibilities, the Board has established a risk committee and an audit committee in line with corporate governance best practice.

Organisational chart

Organisational structure as at 31 March 2025[14]



14 Chief Executive Officer and Chief Financial Officer positions were held on an interim basis as at 31 March 2025, the Chief Technology and Operations Officer position was vacant as at 31 March 2025.

Executive team

Biographies of Nest Corporation's executive team are available online at **nestpensions.org.uk/schemeweb/nest/nestcorporation/who-runs-nest/executive-team.html**

Board members and committees

As at 31 March 2025, the Board had 14 members, consisting of the Chair of Nest Corporation and 13 other Board members. The Board is responsible for setting the strategic direction and objectives for Nest Corporation as Trustee of the Scheme and for representing members' interests.

The Board members are appointed by the Secretary of State for Work and Pensions in line with public appointments guidance which promotes selection on the basis of merit, fairness and openness. A broad range of skills, experience and knowledge are required collectively on the Board. Appointments are also made in line with the Commissioner for Public Appointments' 'Principles of public appointments' and Cabinet Office guidance.

All Board members, including the Chair, were non-affiliated at the time of appointment. This means they have had no current or previous material relationship with Nest Corporation or the Scheme as an employee, officer or contractor and have no connection to a service provider in respect of the Scheme. This is with the exception of the CEO, former CEO and the then CFO, who are or have been employees of Nest Corporation, and Chris Hitchen, who previously served as a Board member of Nest Corporation between 2010 and 2015.

Board members bring a range of experience and skills. Collectively these include investment, pensions, risk, member representation, finance, audit, supply, digital transformation, governance and business management. Biographies of all individuals who were Board members at any point during 2024/25 can be found on **page 96**.

Every Board member completes TPR's trustee toolkit, an online learning programme. New Board members must complete this within their first six months, in addition to a detailed induction programme tailored to their requirements, skills, qualifications and experience. As at 31 March 2025, all Board members, with the exception of two Board members who joined in November 2024, had completed TPR's trustee toolkit.

Each year we carry out a full skills and experience analysis of Board members. This is used to inform and support their future requirements for knowledge and understanding. Once identified, these requirements are met through briefing sessions and individual commitment to ongoing education and training.

During 2024/25, Board members received briefings or training on a number of topics including approaches to risk culture, member segmentation and supporting workers to save (see **page 133**).

To support effective and robust decision-making, the Board had four committees as at 31 March 2025 (see **pages 122 to 128**). The Board and its committees take decisions that affect the Scheme and ensure that we fulfil our obligations as a public corporation. The terms of reference for the Board and its committees are published on our website.[15]

In addition, article 8 of the ‘Nest’s Order and Rules’ sets out the remit for the Employers’ Panel and the Members’ Panel in accordance with the requirements of the Board under the Pensions Act 2008. As requested by the Board, these panels must give assistance and advice about the operation, development or amendment of the Scheme. For further information on the panels, see **page 136**.

A scheme of reserved matters and delegations outlines the matters reserved to the Board as well as delegations to each of the four committees. This document is reviewed on an annual basis by the Board to ensure that decisions are made at the right level and within the right governance forum, and to reflect any new reserved matters relating to new processes. Decisions which are not reserved to the Board, or a committee are within the authority of the CEO, who is responsible for the day-to-day operations and management of the Corporation and the Scheme.

The CEO delegates authority to each member of our executive team and holds them accountable for delivery

15 **nestpensions.org.uk/schemeweb/nest/nestcorporation/ how-nest-is-run/policy-and-procedures.html**

in their remit. To provide oversight of our operations and those of the Scheme, and to provide advice to the CEO on key issues within the CEO's delegated authority, the executive team meets at least monthly, and the CEO provides formal reports at Board meetings.

Audit committee

The audit committee is responsible for monitoring the integrity of the financial statements for the Corporation and the Scheme, and the validity of the assurance given on them. It monitors the internal controls framework and the effectiveness of audit and compliance functions.

During 2024/25, members of the audit committee met seven times. The committee's work included:

- Reviewing the annual report and accounts for Nest Corporation, the Scheme and Nest Invest, recommending their approval to the Board.
- Reviewing the internal and external auditors plans. Overseeing the delivery and effectiveness of the external audit, as well as the implementation of internal audit recommendations.
- Appointing Deloitte as internal auditors for Nest Corporation and the Scheme with effect from 1 April 2024. Reappointing KPMG as the external auditor for the Scheme. Reappointing Grant Thornton as auditors for the Scheme's Tech 05/20 AAF report.

- Approving the annual compliance assurance plan and receiving regular updates on delivery and findings.
- Reviewing the effectiveness of the system for monitoring compliance with laws and regulations.
- Approving the annual Nest Corporation Second Line Assurance Plan, including any recommended changes.
- Reviewing both Nest Corporation's and the Scheme's system of internal controls via our controls report following the Audit and Assurance Faculty's guidance for assurance reporting on master trusts, TECH 05/20 AAF, and recommending their approval to the Board.
- Recommending approval of the statement and compliance process for Nest Corporation's obligations under the MSA to the Board.
- Providing oversight of our arrangements for raising concerns relating to possible wrongdoing in the organisation, including protecting against fraud, approving our breach reporting policy and approving our whistleblowing policy and procedure.
- Recommending and approving changes to the committee's terms of reference.

Risk committee

The risk committee is responsible for advising on overall risk strategy and risk appetite and monitoring their effectiveness. It considers all aspects of risk, and the management of those risks, which could affect Nest Corporation and the Scheme.

During 2024/25, members of the risk committee met four times and had one training session.

The committee's work included:

- Reviewing and challenging key areas of risk with respect to our activities including increasingly sophisticated cyber threats and the overall effectiveness of risk management.
- Providing oversight of the principal risks and risk appetite levels and recommending both for approval to the Board.
- Providing oversight of our risks in relation to the programme to deliver the next scheme administration platform (see **page 77**).
- Reviewing our risk management and policy frameworks and recommending their approval to the Board.
- Approving policies with respect to financial crime and anti-money laundering, anti-bribery and corruption, information security, data protection, records management and business continuity.
- Recommending and approving changes to the committee's terms of reference.

Investment committee

The investment committee is responsible for overseeing the Scheme's investment strategy and any changes to the investment approach or the funds made available to members. The committee also monitors investment performance and operational investment risks. During 2024/25, members of the investment committee met eight times. The committee also met for three workshops and had one training session. The committee's work included:

- Undertaking ad-hoc reviews of the SIP, approval of the derivatives policy and a triennial review of the Nest policy on divestment from controversial weapons.
- Approving the responsible investment annual report and accepting the Section 36 advice provided by Nest Invest.
- Reviewing the strategic asset allocation for the Nest Retirement Date Funds.
- Reviewing and recommending to the Board the annual TCFD report and the SIP implementation statement for the Scheme.
- Reviewing the investment management agreement (IMA) between Nest Corporation and Nest Invest.

Nominations and remuneration committee

The nominations and remuneration committee is responsible for overseeing our remuneration strategies and organisational culture to enable us to attract and retain talented staff with the right capabilities. It also provides oversight of our corporate governance processes by assessing whether governance arrangements are adequate, appropriate and operating effectively.

During 2024/25, members of the nominations and remuneration committee met eight times. The committee's work included:

- Reviewing the results of the annual skills and experience analysis of Board members. Approving recommendations with respect to Board training requirements, succession planning and implications for recruitment of new Board members.
- Reviewing the results of the internal effectiveness review of the Board and its committees and considering recommendations arising from the review.
- Approving the induction programme for five new Board members.
- Supporting the recruitment processes for a permanent CEO of Nest Corporation and a new non-executive chair of Nest Invest.

- Approving changes to the governance framework, including the establishment of a customer committee and the implementation of an enhanced Nest Invest Board.
- Recommending to the Board certain committee membership changes, including the appointment of Sarah Laessig as chair of the investment committee, Nina Hingorani-Crain as chair of the nominations and remuneration committee and Nikki Marsh as chair of customer committee.
- Receiving regular reports from the Director of People and Engagement, and subsequently from the Chief People Officer from January 2025, on people and remuneration matters, including the results of the staff surveys, culture dashboard and progress towards our DE&I strategy.
- Reviewing annual gender and ethnicity pay gap reports.
- Reviewing the performance and approving changes in remuneration of our executive team (including the CEO). Reviewing talent management and succession planning for Nest staff.
- Approving the CEO’s recommended approach to employee remuneration including pay awards and performance related pay.
- Reviewing the annual skills and experience analysis of Panel members and approving the re-appointment of one member of the Employers’ Panel.

- Providing oversight of the recruitment processes and approving the appointment of a new chair and seven new members of the Members' Panel and the appointment of three new members of the Employers' Panel.
- Recommending to the Board certain changes to the Scheme rules, the scheme of reserved matters and delegations and the committee's terms of reference.

Committee membership as at 31 March 2025

Audit committee

Myfanwy Barrett	Chair
Nina Hingorani-Crain	Member
Martin Turner	Member

Risk committee

Martin Turner	Chair
Myfanwy Barrett	Member
Karen Cham	Member
Helen Copinger-Symes	Member
Nikki Marsh	Member

Investment committee

Sarah Laessig	Chair (from 1 June 2024)
Helen Copinger-Symes	Member
Jennie Austin	Special committee member
Katrina Shenton	Special committee member
Jaap van Dam	Special committee member

Nominations and remuneration committee

Nina Hingorani-Crain	Chair (from 1 June 2024)
Karen Cham	Member
Brendan McCafferty	Member
Sarah Laessig	Member
Carol Young	Special committee member

Board members who joined the Board in November 2024 were appointed to committees effective from April 2025 onwards.

Details of meetings attended by Board and committee members

No. of meetings	The Board	Audit committee	Risk committee	Investment committee	Nominations and remuneration committee
Brendan McCafferty	5/6	-	-	-	7/8
Ian Cornelius	6/6	-	-	-	-
Myfanwy Barrett	6/6 (one meeting attended in part)	7/7	4/4	-	-
Karen Cham	6/6	-	3/4	-	5/8 (one meeting attended in part)
Helen Copinger-Symes	6/6	-	4/4	7/8	-
Helen Dean	-	-	-	-	-
Michael Gordon	2/2	-	-	-	-
Nina Hingorani-Crain	6/6 (one meeting attended in part)	7/7	-	-	7/8
Chris Hitchen	1/1	-	-	1/1	-
Catherine Howarth	2/2	-	-	-	-
Sarah Laessig	6/6 (one meeting attended in part)	-	-	8/8	8/8 (one meeting attended in part)

	The Board	Audit committee	Risk committee	Investment committee	Nominations and remuneration committee
Richard Lockwood	5/5	-	-	-	-
Nikki Marsh	6/6	-	4/4	-	-
Faith Reynolds	1/2	-	-	-	-
Martin Turner	6/6	7/7	4/4	-	-
Howard Walpole	2/2	-	-	-	-
Stuart White	2/2	-	-	-	-
Jennie Austin	-	-	-	8/8	-
Jaap van Dam	-	-	-	8/8 (one meeting attended in part)	-
Katrina Shenton	-	-	-	6/8	-
Carol Young	-	-	-	-	6/8

Notes

The Board

Helen Dean resigned as CEO and a Board member with effect from 30 April 2024.

Ian Cornelius, CEO, joined Nest in an interim capacity on the 14 April 2024 and became an interim Board member with effect from 1 May 2024. He was appointed permanent CEO and Board member on the 17 June 2025.

Chris Hitchen resigned as a Board member with effect from 31 May 2024.

Richard Lockwood resigned as a Board member with effect from 31 December 2024.

Michael Gordon joined the Board with effect from 24 November 2024.

Catherine Howarth joined the Board with effect from 24 November 2024.

Faith Reynolds joined the Board with effect from 24 November 2024.

Howard Walpole joined the Board with effect from 24 November 2024.

Stuart White joined the Board with effect from 24 November 2024.

Risk committee

Chris Hitchen stepped down from the committee on 31 May 2024, following his resignation as a Board member.

Investment committee

Chris Hitchen stepped down from the committee on 31 May 2024, following his resignation as a Board member.

Sarah Laessig was appointed as Chair of the committee with effect from 1 June 2024.

Jennie Austin, Jaap van Dam and Katrina Shenton are members of the investment committee but are not Board members.

Nominations and remuneration committee

Sarah Laessig stepped down as Chair of the committee with effect from 31 May 2024.

Nina Hingorani-Crain was appointed as Chair of the committee with effect from 1 June 2024.

Carol Young is a member of the nominations and remuneration committee but is not a Board member.

Board meetings

The Board met six times during 2024/25. Members of the Board also convened for a number of workshops and informal sessions on a range of topics, including one strategy day.

At each Board meeting the chair of the audit, risk, investment and nominations and remuneration committees reported on their committee's work since the Board's previous meeting. Details of Board and committee meetings and attendance can be found on **page 130**.

Committee membership as at 31 March 2025 is set out on **page 129**.

The Board is responsible for agreeing our strategy. It holds the CEO to account for the implementation of our strategy, providing support and challenge as appropriate.

The Board's priority is to provide a robust, stable pension scheme which operates in the best interests of members. It focuses on delivering a good service to customers such as advisers and payroll providers, and meeting our public service obligation to enable any employer to choose the Scheme to meet their auto enrolment duties, as well as to accept self-employed people into the Scheme.

Information on strategy, scheme administration, member volumes and service, investment performance, risk management, internal controls, operational activities and financial performance is received and challenged by the Board during the course of each year. The CEO provided an update at each Board meeting on the key issues on his agenda and significant decisions made within his authority since the Board's previous meeting.

The quality of the information used by the Board to oversee Nest Corporation and the Scheme is reviewed as part of the annual Board effectiveness review. This review helps to ensure that data continues to be appropriate and supports the Board in robust decision-making.

During 2024/25, the Board:

- Approved our long-term financial strategy and projections, three-year business plan, annual budget and all associated funding plans.
- Approved the annual report and accounts for both Nest Corporation and the Scheme.
- Approved the master trust controls assurance report, TECH 05/20 AAF, for the Scheme.
- Approved TPR’s annual supervisory return.
- Approved the risk appetite, principal risks and risk management framework.
- Reviewed and approved our MSA statement.
- Reviewed the annual reports of the Members’ Panel and the Employers’ Panel.
- Approved the annual Task Force on Climate-Related Financial Disclosure Report for the Scheme and Climate Change Policy.
- Approved our five-year corporate strategy.
- Approved the acquisition of a 10% ownership stake in IFM’s holding company.
- Approved the SIP implementation statement and changes to the SIP as well as a fund change.
- Approved the annual assessment of the Scheme’s value for members and the conclusions of this report.

- Reviewed and provided oversight of Nest's purpose-led transformation programme and reviewed delivery of Nest's customer strategy and business priorities.
- Approved plans in relation to the implementation of the retirement proposition and the pensions dashboard.
- Approved changes to the investment management agreement between Nest Corporation and Nest Invest.
- Approved changes to the governance model through the establishment of a new customer committee and implementation of an enhanced Nest Invest Board.
- Reviewed the annual report on the activities and strategy of Nest Insight.
- Reviewed results of the internal Board and committee effectiveness review. Considered recommendations arising from the review.
- Approved changes to committee membership and appointments to the Nest Invest Board.
- Approved the initiation of a consultation on certain changes to the 'Nest's Order and Rules'.
- Approved certain changes to the scheme of reserved matters and delegations and the terms of reference for the Board and its committees.

Employers' Panel

(Panel Chair – Ron Jarman from September 2021)

The Employers' Panel was set up in accordance with the Pensions Act 2008 and 'Nest Order and Rules'.

It represents participating employers by providing advice on the operation, development, and amendment of the Scheme. The panel had 12 members as at 31 March 2025.

During 2024/25, the panel met four times and had two joint sessions with the Members' Panel. The Panel:

- Prepared and presented the Employers' Panel annual report to the Board.
- Completed a programme of work on topics relevant to employers and useful to the Corporation in developing the Scheme's services. This year's programme focused on the employers and connectors segmentation work, research on the micro and small employer group (3-4 employees) who showed elevated levels of dissatisfaction or neutrality towards Nest. Overview of the Corporation's finances in relation to the loan agreement with the DWP and the current forecast for repaying the loan. Understanding of the new corporate strategy as well as financial wellbeing tools being developed for members.
- Provided input on proposed changes to the SIP and changes to the Nest Order and Rules. The Panel was also consulted on changes to a fund choice.
- Attended a joint meeting with members of the Members' Panel, the Board, and the executive team. The meeting explored the evolution of the Panel within the context of the Corporation's new purpose and corporation strategy.

Members’ Panel

(Panel Chair – Catherine Walker from October 2022 to May 2024)

(Interim Panel Chair – David Hilton from May 2024 to October 2024)

(Panel Chair – Charles Pears from October 2024)

The Members’ Panel was set up in accordance with the Pensions Act 2008 and Nest’s Order and Rules to represent the Scheme members and allow them to provide advice on the operation, development, and amendment of the Scheme. The panel had nine members as at 31 March 2025.

During 2024/25, the Panel met four times and had two joint sessions with the Employers’ Panel. The Panel:

- Fulfilled its formal governance functions through consultation on changes to the Scheme rules and by submitting its annual report to the Board and the Secretary of State for Work and Pensions.
- Provided input on proposed changes to the SIP and changes to the Nest Order and Rules. The Panel was also consulted on changes to a fund choice. Considering issues relevant to members in order to provide advice and feedback to the Board and the executive team. This included topics such as retirement proposition, Nest Invest strategic review, pensions dashboard, transfer trends, financial wellbeing tools and Nest’s purpose and the new corporate strategy.

- Attended a joint meeting with members of the Employers' Panel, the Board, and the executive team. The meeting explored the evolution of the Panel within the context of the Corporation's new purpose and corporation strategy.

Determination of disputes

The executive team is responsible for adjudicating disputes related to the Scheme that have reached stage two of the internal dispute resolution (IDR) procedure. Stage two is the final stage of the complaints process for Scheme members.

During 2024/25 the executive considered 93 cases (compared with 66 cases which were considered in 2023/24).

- 14 cases were upheld (15 cases in 2023/24).
- 53 cases were partially upheld (35 cases in 2023/24).
- 26 cases were not upheld (16 cases in 2023/24).

Disputes considered by the executive team related to our transfer out and retirement process; fund investment options and performance; and our contribution collection and reconciliation process. In reviewing the disputes, the executive team implemented a number of changes. This included improvements to the quality of responses from our incidents and complaints team and changes to our policy relating to closure of member accounts following full retirement or transfer out. Members will be given more time to access communications and documentation via our online portal.

In 2024/25, the executive team received information on two cases which had been withdrawn by the complainant before consideration (compared with one case in 2023/24).

The Pensions Ombudsman reported to us that one case reviewed during the year had been escalated to it after stage two (compared with four cases in 2023/24).

Significant control issues

There were no significant internal control issues for inclusion in this ‘Corporation annual report and accounts’ for the year ended 31 March 2025.

Our internal audit and compliance assurance functions prepare reports for the audit committee and the Board which provide evidence of this. We do this in line with annual internal audit and assurance plans approved by the audit committee.

Where any control weaknesses are identified by our reporting activities, appropriate actions are assigned and tracked to ensure they are closed within the appropriate timescale. If closure is not achieved the actions are escalated to the audit committee.

By following these processes, we ensure that any emerging risks can be properly managed and mitigated within acceptable periods of time.

Corporate risk statement

As Trustee of the Scheme, the Corporation must consider risks, uncertainties and opportunities to ensure that we can deliver our strategy. We have an agreed risk appetite statement and have established robust processes to understand, mitigate and manage risks and, in light of economic and other uncertainties, we plan for a range of scenarios.

We also have detailed business continuity and disaster recovery (BCDR) plans in place which have helped ensure robust delivery of services.

The risk committee is responsible for oversight and challenge of the approach to risk management (see **page 38**). Collectively, the members make recommendations to the Board on our enterprise risk management framework, risk appetite and principal risks.

We engage key stakeholders, such as the DWP, TPR, our scheme and fund administrators and our investment managers, in understanding, mitigating and managing risks.

Enterprise risk management framework

Our enterprise risk management framework is reviewed on an annual basis to ensure it remains fit for purpose and takes developments in industry practice into account. It articulates individual and collective accountabilities for risk management, controls management, risk oversight and risk assurance.

Controls management framework

The controls management framework and policy framework sit within the overarching enterprise risk management framework.

Risk appetite

Taking either too much or too little risk could reduce our ability to deliver our strategic objectives and potentially result in failure to deliver them. Our risk appetite sets out the level of risk we are willing to take in pursuit of our strategy and we have defined our risk appetite across categories to inform our decision-making. Our risk appetite framework allows us to prioritise and choose the actions that we have ascertained are most appropriate in response to risks, with the goal of driving better member outcomes.

Our risk appetite has undergone a zero-based review during 2024/25 and was approved by the Board in March 2025.

Principal risks

We take a holistic approach to risk. We define a principal risk as a risk that is considered material to the development, performance, position or future prospects of the Corporation or the Scheme.

We review our principal risks, detailed on **page 38** every year to ensure that they remain appropriate and include newly identified potential and emerging risks. Our principal risks underwent a zero-based review during 2024/25. The outcomes of this review, including updated principal risks, were approved by the Board in March 2025.

Risk monitoring

Risk exposures, performance against risk appetite and principal risks are monitored on a continuous basis. Each business area maintains and regularly reviews an active risk and opportunities document which contains key risks and opportunities.

Changes in principal risks are reported to the executive team and risk committee. Additionally, the Board receives regular information on these risks.

Enterprise risk management framework

The Board

Executive team

The Board and the executive team set the tone from the top and ensure responsibility for risk management is delegated throughout the organisation.

Risk appetite

Expresses the level and type of risk Nest Corporation is willing to accept in delivering our strategic objectives.

Documented in a risk appetite table and accompanying appetite statements.

Policy framework

Outlines the structures and approval levels of Nest Corporation's polices and the supporting governance.

Controls framework

Outlines the key structures of Nest's control environment.

Three lines of defence model

Ensures lines 1, 2 and 3 are aware of their risk responsibilities to the business.

Risk identification, measurement and control

Categorisation and assessment of risks.

Risk monitoring and reporting

A suite of risk metrics and information to support effective decision-making at all levels.

Culture

Embedded within Nest staff, promoting a risk-aware culture by considering actions and behaviours.

Resources and capabilities

Skilled, motivated resources able to support risk management responsibilities.

Key controls and mitigating actions

For each of our principal risks in 2024/25, we have put in place key controls and mitigating actions. These have been in place for the year and up to the date of approval of the annual report and accounts.

Annual risk trend

↓ Risk decreased

↔ Stayed the same

↑ Risk increased

Risk	Link to delivery plans	Description	Key developments
Scheme administration	Our service	There is a risk that the scheme administration programme fails to deliver the CSFs. The CSFs established for the programme are: – Managing our risks. – Enabling a commercially sustainable Nest. – Improving customer outcomes. – Securing value for money. – Delivering services consistent with our values and future capabilities.	The programme continues to transform the experience our customers have with us in collaboration with our scheme administration service partner, TCS. Operations under the new contract will commence during July 2025. Further information on the implementation of the scheme administration service can be found on **page 77**.

Our key control and mitigating activities

- Joint solutions teams have been delivering high-quality service design consistent with the critical success factors which are monitored progress reported against these on a regular basis.
- Appropriate governance is in place to manage the programme and continual review of these governance arrangements to ensure they remain appropriate.
- New technical architecture will underpin the service to be delivered, alongside a refresh of all core journeys for our customers to support their needs over the coming years.
- Following each significant release, we will conduct lessons learned exercises to identify approaches which were effective and opportunities to improve processes for future releases.

Risk	Link to delivery plans	Description	Key developments
Service delivery	Our service	There is a risk of significant service failure.	Risk of significant service failure reduced during 2024/25 as our scheme administration partner, TCS, increased capacity with the introduction of a new contact centre, mitigating risks associated with contact centre responsiveness. Further Information about how the service to our customers performed is discussed on **page 75**.

Risk	Link to delivery plans	Description	Key developments

Our key control and mitigating activities

- We deliver the Scheme through an outsourced business model. Our contracts with key outsourced providers specify service levels that must be maintained to underpin the timely and effective delivery of the Scheme.
- We undertake a monthly capacity review with our scheme administrator TCS, to ensure there is sufficient IT and headcount capacity to cope with the Scheme's predicted growth.
- We review independent assurance reports on the controls our key providers have in place to assure delivery of our customer services.

Risk	Link to delivery plans	Description	Key developments
Cybercrime and information security	Our service	There is a risk of significant loss, unavailability or compromise of data, information or assets.	Cyber criminals and fraudsters are developing ever more advanced means to commit crimes. We must protect against and try to anticipate these developments, to prevent our customers from suffering a significant loss of data or assets. As a digital-first pension provider, we are heavily reliant on information and data to be able to serve the Scheme's members. Ensuring members' data security is key to keeping them safe in retirement and confident in saving with us. In 2024/25, member level rollout of multi-factor authentication (MFA) was completed to add an additional layer of security for our members. Further, a loss of data or assets would damage our reputation in the market and could be subject to fines or sanctions from regulators. Information relating to the key developments in relation to this risk is available on page 53.

Risk	Link to delivery plans	Description	Key developments

Our key control and mitigating activities

- We operate a cyber maturity measurement and benchmarking against the financial services industry using the National Institute for Standards and Technology Cyber Security Framework (NIST CSF) to ensure that we continually improve our cyber security resilience. Targets are set by the CEO on an annual basis and improvements are made to our controls during the year.
- We have a compliance assurance team which conducts exercises to ensure our compliance with the Data Protection Act 2018, Data Protection, Privacy and Electronic Communications (Amendments etc) (EU Exit) Regulations 2019, other amendments and financial crime legislation.
- This team also conducts exercises to ensure our compliance with the ISO 27001:20022.
- Both our own information security management systems and those of our key outsourced providers are scrutinised by an independent auditor to ensure they meet ISO 27001:2022.
- To support cyber resilience, we and our scheme administrator, TCS, regularly conduct penetration testing to assess how robust operations are. Where necessary, additional safeguards against emerging and potential threats are put in place.
- All our colleagues are required to complete annual e-learning modules relating to risk, information security, financial crime and data protection.

Risk	Link to delivery plans	Description	Key developments
Data and information management	Our governance	There is a risk that data quality is insufficient to enable decision-making.	During 2024/25, the Nest Data Platform was launched, and data quality dashboards are used on a monthly basis to highlight data quality issues. Data and information underpin all our work. Ensuring it is appropriately managed results in improved member outcomes through better decision-making and insights. Implementation of the scheme administration solution, with TCS, and our new fund administration platform Northern Trust, will ensure we have the data and insight we need to understand evolving needs of our customers.

Our key control and mitigating activities

- We have a compliance assurance team which conducts exercises to ensure our compliance with the Data Protection Act 2018, Data Protection, Privacy and Electronic Communications (Amendments etc) (EU Exit) Regulations 2019.
- The roles and responsibilities for data owners are clearly set out in the data governance framework which sets out clear accountability and processes.

Risk	Link to delivery plans	Description	Key developments
Legal and regulatory compliance	Our governance	There is a risk that we and/or our service providers fail to comply with relevant legal and regulatory requirements for pensions and investments.	The legal, regulatory and policy landscape for pensions and investments is continuously evolving. If we do not meet legal and regulatory requirements, we could face fines or sanctions. Further information in relation to the performance of this principal risk is included on **page 159**.

Our key control and mitigating activities

- We identify proposed changes in laws, regulations and policy as early as possible and plan ahead as far as possible. Our aim is to prevent such changes from adversely impacting our customers and minimise any associated costs.
- Our compliance management team continuously monitors government pensions legislation, and regulation from TPR and the FCA.
- All our colleagues are required to complete annual e-learning modules relating to financial crime and competition law as well as risk, information security and data protection.

Risk	Link to delivery plans	Description	Key developments
Financial management and performance	Our organisation and culture	There is a risk that we fail to meet our financial objectives, including to remain: – self-funding within legislative income and cost constraints. – compliant with applicable regulatory funding requirements.	Over 2024/25, our income produced a profit for the first time, improving certainty in long-range financial forecasts and the loan repayment schedule. Key outsourcing contracts for our scheme and fund administration platforms have been agreed. These two contracts form a sizeable proportion of our scheme costs which account for two-thirds of our 2024/25 expenditure. Long-term certainty reduces risk within our long-term financial forecasts. However, variability in expenditure still exists with changes in Scheme membership and asset size, although these movements will be mitigated through income changes. Commercial changes within the new scheme administration contract realign expenditure to our income streams. These changes reduce the risk of expenditure, at a member level, exceeding income generated. During the year we began to repay our loan facility with the DWP. Further details of our financial management and performance over the year is included within the 'Financial review' section on **page 57**.

Our key control and mitigating activities

- We generate revenue from our member contribution charges and annual management charges. We aim to be able to meet our obligations under the loan agreement by maintaining a diverse customer base and striving for cost efficiencies.
- Our strategic plan, rolling three-year business plan and annual budgets are reviewed and challenged by members of the Board, which then approves the submission to the DWP. The DWP subjects our plans to additional scrutiny.
- Senior members of our management team meet regularly with the DWP to provide them with information about our finances and value for money for taxpayers. This affords additional oversight.

Risk	Link to delivery plans	Description	Key developments
Investment performance	Our service	There is a risk that our investments fail to perform to long-term targets.	Further information on how the investments performed over the year is discussed on **page 66**. For more information on the Scheme's investments, refer to the 'Scheme annual report and accounts 2024/25'.[16]

Our key control and mitigating activities

- The investment committee oversees the Scheme's investment risks.
- Our SIP is reviewed annually by the investment committee and at least every three years by the Board, or whenever we make a change to our overall investment strategy. The most recent review was conducted in July 2023.
- Our investment funds are diversified across different managers, asset classes and geographic territories. We continually monitor both investment manager and investment portfolio performance and, when and where appropriate, make changes to the Scheme's investment portfolio.
- Climate change will have a material impact on the performance of the Scheme's investments over the longer term. We continue to work towards our climate change policy and ambition to half emissions across our portfolio by 2030 and being net zero by 2050.

16 **nestpensions.org.uk/schemeweb/nest/nestcorporation/ library.html**

Risk	Link to delivery plans	Description	Key developments
People	Our organisation and culture	There is a risk that we do not develop and maintain the right people capabilities, capacity and culture to meet the requirements of the organisation.	Our people risk has increased in 2024/25, due to increase in time to hire new recruits, as we recruit more specialised roles to support the business. In addition, whist we continue to make good progress, we remain below our internal targets set out within our DE&I strategy. Further details on developments in relation to this principal risk can be found on **page 50**.

Our key control and mitigating activities

- A change in the executive team saw the introduction of a Chief People Officer during 2024/25.
- The nominations and remuneration committee oversees our people and culture strategy, which focuses on attracting and retaining the people and skills we need.
- Our approach to wellbeing continues to be developed to support our people. Mental health first aiders are trained from among our colleagues and are available as a resource to everyone in the Corporation and in 2024/25 we introduced menopause champions too.
- Our DE&I strategy includes ambitious targets for increasing the diversity of our staff. These were published in our 'Corporate plan 2024–2027'.[17] All colleagues are required to attend training about DE&I.
- All our staff are required to complete essential e-learning modules, each module has a time-bound re-certification requirement which varies between courses. These courses relate to risk management, financial crime, competition law, information security, data protection, health safety & wellbeing, DE&I, personal identifiable information, crisis management, MPM and recruitment and interviewing. We also encourage and support our people to receive training for professional and leadership development.

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17 nestpensions.org.uk/schemeweb/nest/nestcorporation/ library.html

Risk	Link to delivery plans	Description	Key developments
Customer Proposition	Our customer	There is a risk we fail to maintain or develop the proposition to meet the needs of our customers and stakeholders and remain competitively positioned.	We continue to meet our public service obligation requiring us to accept all employers that wish to use the Scheme to meet their auto enrolment obligations. We could fail to keep our proposition and service aligned to regulatory requirements, or to the changing needs and expectations of our customers. Product innovations have allowed us to create a simple and accessible service that matches the Scheme's processes to the way people work. The Nest app was introduced during 2024/25, and a development roadmap is being devised. Further information relating to the performance of this risk over the year is available on **page 66**.

Our key control and mitigating activities

- We perform regular horizon-scanning activities to monitor market trends and potential competitive challenges. We engage with the wider pensions market and participate in government consultations, industry groups and our seven diversity and inclusion working groups to maintain positive relationships with key stakeholders.
- We work closely with payroll providers to be aware of software changes well in advance so that our web services remain both functional and simple to use.
- The delivery of a new corporate strategy, greater clarity on our purpose and an updated long-term customer strategy provides a framework for delivering an enhanced customer proposition
- We work alongside our scheme administrator to plan, design and build these changes into software systems and processes.
- We work with policymakers, regulators and the wider pensions industry to engage in and contribute to the development of legislative and regulatory changes.
- We systematically assess and monitor our customers' needs through our customer insight programme, which includes regular surveys. Our goal is to capture and address the requirements and expectations of all key customer segments.
- We monitor the ongoing roll-out of new or recently launched products.

Risk	Link to delivery plans	Description	Key developments
Strategy	Our organisation and culture	There is a risk in relation to our purpose and strategy that: – our purpose, business model, strategy or business priorities are insufficiently responsive to evolving member needs; and/or – our purpose, business model strategy or business priorities are insufficiently responsive to broader external change. – The objectives of our sponsoring department/the government are in conflict with our purpose, strategy or fiduciary duty, and that conflict introduces risk that needs to be managed.	We have recently refreshed our purpose and strategy. Further information can be found on **page 45**. The DWP has a wide pensions policy agenda, and the government has an even broader interest in promoting the general health of the UK economy. As the Trustee of a workplace pension scheme, we act in the interests of our members to deliver against our purpose and strategy. These remits and interests often align, but may sometimes generate tensions. As government policy develops, we will continue to fulfil our public service obligation and act in Scheme members' interests.

Our key control and mitigating activities

- We have an agreement with the DWP setting out our operating framework and accountabilities.
- We have a governance structure in place designed to ensure that appropriate decisions can be made, and that the Board acts in Scheme members' interests.

Business continuity

We maintain a robust and integrated approach to crisis management and business continuity, designed to safeguard our colleagues, protect critical assets, and ensure continuity of service.

Our approach is underpinned by regular business impact assessments, executive-level continuity plans, and a dedicated crisis management plan that supports swift decision-making and recovery. These arrangements are reviewed annually by the risk committee and tested through mandatory training and scenario exercises across the organisation. Our approach is aligned with industry standards and includes oversight of third-party providers to ensure resilience across all operations. Our crisis management and business continuity policies and plans were last reviewed by our internal auditors in October 2024.

Personal data related incidents

It is essential that we have appropriate and robust internal controls in place to protect our members' assets and data. Our controls are also designed to ensure we meet, or exceed, regulatory and legislative obligations.

During 2024/25, the Scheme notified the Information Commissioner's Office (ICO) of one personal data related incident. The breach was the result of alteration of personal data. The ICO decided to take no further action due to the particular facts of the case and the remedial measures taken.

Category	Number of breaches reported to the ICO 2024/25	2023/24	2022/23
Alteration of personal data	1	–	–
Unauthorised access	-	1	2
Total	**1**	**1**	**2**

Whistleblowing

We have a whistleblowing procedure which is published on our intranet.

In line with best practice, we also have a whistleblowing hotline service which is run externally. This provides employees with the ability to report any concerns anonymously.

The audit committee reviews and approves our whistleblowing procedures annually. It is satisfied with the approach taken and the effectiveness of our arrangements.

Any whistleblowing concerns are reported and discussed with the audit committee. During 2024/25, zero whistleblowing events were raised, this compares to one in 2023/24.

Modern Slavery Act

We do not condone any activity which constitutes modern slavery or human trafficking under the MSA 2015.

Any commercial organisation in the UK with a turnover in excess of £36 million is required to produce a slavery and human trafficking statement under section 54(9) of the Act.

We have a staff handbook which sets out all the key policies and organisational standards that employees are expected to follow and uphold. Its corporate responsibility statement reflects our commitment to acting ethically and with integrity in all our business relationships. Further information can be found on our website.[18]

We have carried out a risk-based assessment across the organisation to identify the impact of the MSA on our activities and supply chain, as well as potential exposure to modern slavery and human trafficking activity. Our due diligence exercises include contacting our main suppliers to monitor their compliance with section 54 of the MSA by requesting, where applicable, a copy of their published MSA statement. The supplier is asked to notify us of any actual or suspected breaches of modern slavery that have occurred within their organisation in the last 12 months.

As a public corporation, we undertake due diligence when considering taking on new suppliers in accordance with the Public Contracts Regulations 2015.

18 **nestpensions.org.uk**

Internal audit

The internal audit function is independent of the business and has a primary reporting line to the Chair of the audit committee. The function is fully outsourced. In this reporting period the service was provided by Deloitte. The audit committee is satisfied that internal audit has the appropriate resources in place.

Head of Internal Audit opinion

Internal Audit consider that Nest's governance, risk, culture and control framework has been aligned to its current size, inherent risk profile, strategy and complexity and we are not aware of any material control deficiencies which require disclosure within the 2024/25 annual report and financial statements.

Compliance and assurance

The Pension Schemes Act 2017, and the supporting master trust regulations 2018 introduced significant changes to the regulation of master trust pension schemes. TPR supervises authorised master trusts through an annual supervisory meeting, the review of regular data submissions and the provision of an annual supervisory return.

We became an authorised master trust in September 2019. As part of the authorisation process, we demonstrated to TPR that our internal controls and processes met or exceeded the required standard.

Our compliance assurance team is responsible for monitoring compliance against relevant legislative and regulatory requirements. It provides ongoing assurance to the CEO and the Board that Nest Corporation as trustee of the Scheme, as well as our FCA-authorised OPS firm subsidiary, Nest Invest, are compliant with our documented internal controls and statutory and regulatory requirements for pension schemes, and that we maintain controls to govern information security and financial crime prevention.

The compliance assurance team follows an annual plan that is agreed with the audit committee. This plan covers provision of assurance against our internal controls framework, regulation and legislation. It is risk-based and focuses on monitoring our key areas of risk. The service delivery, Scheme assurance and fund administration teams ensure that we receive adequate assurance from external providers where tasks are outsourced.

Our annual controls assurance report against the TECH 05/20 AAF master trust controls assurance report for the period 1 April 2024 to 31 March 2025 has been completed. This framework sets out control objectives for the governance and administration of master trust schemes. Trustees of master trust schemes should be able to demonstrate that their schemes meet these objectives.

Our control owners provide a quarterly attestation to the design and operating effectiveness of all documented controls in their areas of responsibility. The output of the controls attestation is analysed by the enterprise risk team for any further action, if needed, and summarised for the risk committee on a quarterly basis to monitor any thematic control issues.

We are confident that our internal controls and processes continue to demonstrate TPR's required standards.

Complaints to the Parliamentary Ombudsman

There have been zero complaints to the Parliamentary Ombudsman in 2024/25 (zero complaints in 2023/24).

Ian Cornelius
CEO, Nest Corporation

26 June 2025

Remuneration and staff report

The remuneration and staff report sets out the pay and reward policy for our executive team, how the policy was implemented and the amounts awarded to the Board directors.

It also details the composition of our staff and our measures relating to fair pay.

Remuneration report

Remuneration policy

This report has been prepared in accordance with the relevant Employer Pension Notices (EPN), HM Treasury guidance and chapter 6 of the Companies Act 2006, and schedule 8 of Statutory Instrument 2008 No. 410 as interpreted for the public sector.

Non-Executive Board members

The disclosures in this section relate to Board directors. These are the only individuals who make decisions spanning the entire organisation.

Brendan McCafferty was appointed Chair of Nest Corporation by the Secretary of State for Work and Pensions. His appointment began on 1 February 2022.

Under his terms of appointment, he is required to commit to work two days a week for us.

Most other non-executive Board directors are required to commit to working for us for 30 days a year. Board directors are appointed by the Secretary of State for a period of initially between four and five years. In accordance with paragraph 7 of schedule 1 to the Pensions Act 2008, the remuneration of Board directors is determined by the Secretary of State. The terms of appointment allow for extra days to be remunerated on a pro-rata basis.

Other directly employed staff

Our remuneration approach applies to all directly employed staff and consists of:

- A pay and reward policy
- Pension arrangements
- Other benefits

Our pay and reward policy was reviewed in January 2024 in line with civil service guidelines and a review of current market data supplied by external providers. Our pay and reward proposition includes how we approach our annual pay awards, our performance related pay and our performance reviews and staff benefits and recognition.

We continue to evolve our reward and pay proposition with a focus on how we support career development and pay progression. We have benchmarked all roles to enable us to make more data-led decisions around remuneration and develop a clear framework for pay progression. The pay and reward policy does not apply to Board directors.

The nominations and remuneration committee is responsible for advising on the appropriateness of remuneration strategies and sets the remuneration of the CEO. A report on the activities of the committee can be found on page 126 of the 'Governance statement'.

Performance-related pay

The CEO oversees a balanced approach to reward. Every year we aim, subject to affordability, to run a pay review and a discretionary performance related pay scheme to reflect CPI and organisational performance. Alongside this, line managers have the ability to put employees forward for a one-off pay increase based on factors such as performance, growth in role or to reflect market movements in pay.

In 2024/25 the civil service and arm's-length bodies were offered a pay increase of 5%.[19] In line with our pay policy, we choose to pay a CPI increase (4% as of January 2024) to all staff with effect from 1 July 2024. We provided a clear business rationale supported by evidence to the DWP.

Performance related pay for colleagues below CEO level is recommended to nominations and remuneration committee by the CEO based on their view of overall organisational

19 **gov.uk/government/publications/civil-service-pay-remit-guidance-2024-to-2025/civil-service-pay-remit-guidance-2024-to-2025**

performance. There are two levels of performance related pay, one for the director and above, including the CFO, and one for all other levels. The payments reflect organisational performance and the 'performance related pay pot', as a percentage of annual gross salary cost, is determined by the CEO's recommendation based on:

- 2% being for organisational objectives being “partially met”.
- 3% for “met”; and
- 4% for “exceeded”.

The CEO performance related pay is awarded by the nominations and remuneration committee following a review of the previous year’s performance and is a combination of individual and organisational performance as set out in the CEOs performance objectives agreed at the start of each year.

The performance related pay was £4,500 for executive team members and senior leaders and £3,000 for all other staff. Additional caps in line with the DWP’s approach to senior civil service pay bands or equivalents were applied.

Women's compensation[20]

	Mean			Median		
	As at 31 March 2025	As at 31 March 2024	As at 31 March 2023	As at 31 March 2025	As at 31 March 2024	As at 31 March 2023
Hourly pay gap	16%	13%	15%	14%	12%	11%
Performance related pay gap	12%	1%	11%	0%	0%	0%

Gender pay gap

A summary of our most recent gender pay gap report can be found in the table above.

Our average hourly gender pay gap has increased by 3.6% in comparison to last year. Whilst the proportion of women has increased compared to last year, the majority were hired into the lower and lower mid-quartiles. Even though there are now three women on the executive team, up from one last year, the CEO is now a man, whereas this position was held by a woman last year.

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 also due to the recruitment of individuals. More women joined compared to men – 63% verses 37%. A number of these women joined after the bonus cut-off date and were

20 Reported on compensation received from 1 January to 31 December.

therefore ineligible to receive a bonus, but will be next year if they remain employed with us.

Ethnicity pay gap

We voluntarily publish our ethnicity pay gaps as we feel it is important to be transparent about our performance and show our commitment to addressing any disparity. These reports are necessary to identify the scope of work needed, take action, measure progress and drive forward meaningful change.

Our DE&I strategy aims to reduce our ethnicity pay gaps. In the last 12 months we have seen a slight increase in our ethnicity pay gap of 2.2%. This is related to the number of ethnically diverse colleagues who are employed in the lower and lower-mid quartiles, compared to those at senior leadership level. We will continue to work closely with our race working group, our diversity and inclusion business partner and the senior leaders to drive progress towards our targets.

Compensation[20] of employees from ethnic minority background[21]

	Mean			Median		
	As at 31 March 2025	As at 31 March 2024	As at 31 March 2023	As at 31 March 2025	As at 31 March 2024	As at 31 March 2023
Hourly pay gap	25%	23%	21%	22%	22%	18%
Performance related pay gap	14%	14%	22%	0%	0%	0%

Sickness absence

The average amount of time lost to sickness per employee in 2024/25 was 4.0 days (compared with 3.6 days in 2023/24). The increase is driven in part by a longer average duration in long-term sickness absence compared to the prior twelve months. These long-term absences are proactively monitored and managed by line managers and our human resources (HR) team. Last year we reported an increase in mental health cases. This year, instances of mental health related absence decreased by 50%. We believe this is due to a number of actions that we have

21 The Office for National Statistics (ONS) includes White minority populations in its reports on ethnic minority groups. In our analysis of ethnicity pay gaps and representation, we include White British and White minorities in the same, broader category. We believe this will better focus our efforts to improve diversity and inclusion and understand the experiences of people of colour.

taken to ensure that the mental health and wellbeing of our colleagues is a priority, and colleagues are aware about how they can support one another. We introduced new training for line managers to ensure they are aware of how to support their colleagues. We have trained several menopause champions to support colleagues and managers. We have also continued to promote our mental health first aiders, our Employee Assistance Programme and our mental health working group have played a key role in ensuring that we promote positive wellbeing in the workplace.

Pensions

Our staff are offered a direct contribution pension arrangement in the Scheme.

We hold the Pension Quality Mark (PQM) Plus standard. This demonstrates that we offer increased employer contributions for increased employee contributions.

Our default contribution levels are 5.0% gross employee contribution on earnings, with us paying an 8.0% employer contribution, compared to the statutory minimum of 3%.

Employees can increase their contributions as follows:

- 6.0% gross employee contribution is matched by a 9.0% employer contribution from us.
- 7.0% or more gross employee contribution is matched by a 10.0% employer contribution.

The then CEO and CFO are the only individuals included in the remuneration disclosures who are members of the Scheme.

Compensation for loss of office (subject to audit)

One payment in relation to loss off office has been provided for in the 2024/25 financial statements, Richard Lockwood stepped down from the Board on 31 December 2024 and left his position as Chief Financial Officer effective 30 June 2025. In accordance with our redundancy policy, a payment of £85k has been recognised in the 2024/25 accounts and will be paid out in 2025/26 in respect of loss of office. In addition to the payment above, Nest made available outplacement support services to the value of £5k, this was a non-cash contractual offering.

No payments have been made during the year to past Board directors.

Panel Members

Our 12 Employers' and nine Members' Panel members, as 31 March 2025, provide valuable advice and assistance on the performance, development and amendment of the Scheme. Over the course of 2024/25, remuneration to panel members totalled £69k (2023/24 £68k).

Remuneration tables (subject to audit)

The information in the table below has been audited.

	Contract details		Financial Year 2024/25						
Name and Position	**Contract start date**	**Unexpired term as at 31 March 2025**	**Full-year equivalent salary and allowances (£000)**	**Salary and allowances paid (£000)[1]**	**Performance related payments (£000)[2]**	**Pension benefits (to nearest £100)[3]**	**Non cash benefits (to nearest £100)[4]**	**Taxable expenses (to nearest £100)[5]**	**Total (£000)**
Brendan McCafferty Chair	1 February 2022	22 months	90-95	90-95	–	–	–	33,900	120-125
Jennie Austin Investment committee Member (Non-Executive Director)	25 November 2019	2 months	20-25	20-25	–	–	–	1,400	20-25
Myfanwy Barrett Board Member	1 July 2021	15 months	25-30	25-30	–	–	–	2,600	30-35
Karen Cham Board Member	1 July 2019	27 months	25-30	25-30	–	–	–	3,000[6]	25-30
Helen Copinger-Symes Board Member	1 June 2023	38 months	25-30	25-30	–	–	–	–	25-30
Ian Cornelius[11] Chief Executive Officer	1 May 2024	6 months	315-320	295-300	–	29,900	–	300	325-330
Helen Dean Chief Executive Officer[7]	1 June 2018	Stepped down from Board on 30/04/2024	290-295	20-25	–	1,900	–	–	25-30
Michael Gordon Board Member	25 November 2024	32 months	25-30	5-10	–	–	–	–	5-10
Nina Hingorani-Crain Board Member	1 June 2023	38 months	25-30	25-30	–	–	–	–	25-30
Chris Hitchen Board Member	1 June 2018	Left Nest on 31/05/2024	15-20	0-5	–	–	–	300	0-5
Catherine Howarth Board Member	25 November 2024	32 months	25-30	5-10	–	–	–	–	5-10
Sarah Laessig Board Member	1 September 2021	17 months	25-30	25-30	–	–	–	–	25-30

Remuneration tables (subject to audit)

The information in the table below has been audited.

	Contract details		Financial Year 2024/25						
Name and Position	**Contract start date**	**Unexpired term as at 31 March 2025**	**Full-year equivalent salary and allowances (£000)**	**Salary and allowances paid (£000)[1]**	**Performance related payments (£000)[2]**	**Pension benefits (to nearest £100)[3]**	**Non cash benefits (to nearest £100)[4]**	**Taxable expenses (to nearest £100)[5]**	**Total (£000)**
Richard Lockwood Chief Financial Officer[8]	1 September 2018	Stepped down from Board on 31/12/2024	265-270	250-255	0-5	26,500	2,400	700	285-290
Nikki Marsh Board Member	1 June 2023	26 months	25-30	25-30	–	–	–	5,900	30-35
Mutaz Qubbaj Board Member	1 June 2018	Left Nest on 31/05/2023	–	–	–	–	–	–	–
Faith Reynolds Board Member	25 November 2024	44 months	25-30	5-10	–	–	–	1,600	10-15
Katrina Shenton Investment committee Member (Non-Executive Director)	1 September 2023	17 months	25-30	25-30	–	–	–	–	25-30
Martin Turner Board Member	1 June 2018	14 months	25-30	25-30	–	–	–	400	25-30
Jaap van Dam Investment committee Member (Non-Executive Director)	1 January 2020	9 months	15-20	15-20	–	–	–	2,500	20-25
Howard Walpole Board Member	25 November 2024	55 months	25-30	5-10	–	–	–	1,800	10-15
Stuart White Board Member	25 November 2024	32 months	25-30	5-10	–	–	–	–	5-10
Carol Young Nominations and remuneration committee Member (Non-Executive Director)	1 January 2024	21 months	15-20	15-20	–	–	–	–	15-20

1. Board members' terms of engagement allows them to claim for time in excess of their contractual obligation. The 2024/25 figures include overtime worked that was paid after year end.
2. With the exception of the CEO, previous CEO and CFO, Board members do not receive any performance related payments.
3. Pension benefits comprise of employer contributions into the Scheme.
4. Non-cash benefits relates to our cycle to work scheme.
5. Taxable expenses relate to travel and subsistence.
6. Figure includes expenses related to 2023/24 paid in 2024/25.
7. Helen Dean stepped down from the Board and ceased employment with Nest on 30 April 2024.
8. Richard Lockwood stepped down from the Board on 31 December 2024. The remuneration disclosed is mainly in respect of his position as CFO. The figures in the table do not include contractual loss of office payments which can be found on **page 170**.
9. Figures include overtime worked in 2022/23 which was paid in 2023/24.
10. Figure includes expenses related to 2022/23 paid in 2023/24.
11. Ian Cornelius, CEO, joined Nest in an interim capacity on the 14 April 2024 and became an interim Board member with effect from 1 May 2024. He was appointed permanent CEO and Board member on the 17 June 2025.

Remuneration tables (subject to audit)

The information in the table below has been audited.

	Financial Year 2023/24					
Name and Position	**Full-year equivalent salary and allowances (£000)**	**Salary and allowances paid (£000)[1]**	**Performance related payments (£000)[2]**	**Pension benefits (to nearest £100)[3]**	**Taxable expenses (to nearest £100)[5]**	**Total (£000)**
Brendan McCafferty Chair	90-95	90-95	–	–	37,400	125-130
Jennie Austin Investment committee Member (Non-Executive Director)	20-25	20-25	–	–	800	20-25
Myfanwy Barrett Board Member	25-30	25-30	–	–	1,200	30-35
Karen Cham Board Member	25-30	25-30	–	–	2,800[10]	30-35
Helen Copinger-Symes Board Member	25-30	20-25	–	–	1,400	20-25
Ian Cornelius Chief Executive Officer	–	–	–	–	–	–
Helen Dean Chief Executive Officer[7]	290-295	280-285	10-15	22,800	400	315-320

Name and Position	Financial Year 2023/24 Full-year equivalent salary and allowances (£000)	Salary and allowances paid (£000)[1]	Performance related payments (£000)[2]	Pension benefits (to nearest £100)[3]	Taxable expenses (to nearest £100)[5]	Total (£000)
Michael Gordon Board Member	–	–	–	–	–	–
Nina Hingorani-Crain Board Member	20-25	20-25	–	–	–	20-25
Chris Hitchen Board Member	35-40	35-40[9]	–	–	1,000	35-40
Catherine Howarth Board Member	–	–	–	–	–	–
Sarah Laessig Board Member	25-30	25-30	–	–	–	25-30

1. Board members‘ terms of engagement allows them to claim for time in excess of their contractual obligation.
   The 2024/25 figures include overtime worked that was paid after year end.
2. With the exception of the CEO, previous CEO and CFO, Board members do not receive any performance related payments.
3. Pension benefits comprise of employer contributions into the Scheme.
4. Non-cash benefits relates to our cycle to work scheme.
5. Taxable expenses relate to travel and subsistence.
6. Figure includes expenses related to 2023/24 paid in 2024/25.
7. Helen Dean stepped down from the Board and ceased employment with Nest on 30 April 2024.
8. Richard Lockwood stepped down from the Board on 31 December 2024. The remuneration disclosed is mainly in respect of his position as CFO.
   The figures in the table do not include contractual loss of office payments which can be found on **page 170**.
9. Figures include overtime worked in 2022/23 which was paid in 2023/24.
10. Figure includes expenses related to 2022/23 paid in 2023/24.

Remuneration tables (subject to audit)

The information in the table below has been audited.

	Financial Year 2023/24					
Name and Position	**Full-year equivalent salary and allowances (£000)**	**Salary and allowances paid (£000)**[1]	**Performance related payments (£000)**[2]	**Pension benefits (to nearest £100)**[3]	**Taxable expenses (to nearest £100)**[5]	**Total (£000)**
Richard Lockwood Chief Financial Officer[8]	255-260	250-255	0-5	25,400	5,300	285-290
Nikki Marsh Board Member	20-25	20-25	–	–	6,800	25-30
Mutaz Qubbaj Board Member	10-15	0-5	–	–	–	0-5
Faith Reynolds Board Member	–	–	–	–	–	–
Katrina Shenton Investment committee Member (Non-Executive Director)	25-30	25-30	–	–	–	25-30
Martin Turner Board Member	25-30	25-30	–	–	300[10]	25-30

	Financial Year 2023/24					
Name and Position	**Full-year equivalent salary and allowances (£000)**	**Salary and allowances paid (£000)[1]**	**Performance related payments (£000)[2]**	**Pension benefits (to nearest £100)[3]**	**Taxable expenses (to nearest £100)[5]**	**Total (£000)**
Jaap van Dam Investment committee Member (Non-Executive Director)	15-20	15-20	–	–	3,300	20-25
Howard Walpole Board Member	–	–	–	–	–	–
Stuart White Board Member	–	–	–	–	–	–
Carol Young Nominations and remuneration committee Member (Non-Executive Director)	15-20	15-20	–	–	–	15-20

Staff report

Summary of staff costs for 2024/25

The information in this table has been audited.

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Directly employed Staff		
Wages and salaries	29,398	24,820
Social security costs	3,587	3,224
Pension costs	2,429	2,069
Subtotal	**35,414**	**30,113**
Secondees and interim staff	711	611
Total staff costs	**36,125**	**30,724**

We were staffed in 2024/25 by a combination of direct employees and interim staff employed through third – party organisations.

Expenditure on consultancy services and professional services advice during 2024/25 totalled £7,413k (2023/24: £3,575k). Consultancy services were utilised to provide specialised support for enhancement projects to systems, external legal advice, provision of advice related to our corporate strategy, risk assessments and product development.

The information in the FTE average table has been audited.

	Average FTE over 2024/25	Average FTE over 2023/24
Directly Employed Staff	347	321
Panel and committee Members	1	1
Secondees and Interim Staff*	3	3
Average Number of FTE	**351**	**325**

Senior Civil Service Equivalent pay band	Senior Civil Service Equivalent pay ranges	Headcount
1	£76,000 – £117,800	71
2	£98,000 – £162,500	33
3**	£128,000 – £208,100	44

* Due to low values, we've consolidated the secondees and interim staff disclosure.

** Includes eleven members of staff whose pay is in excess of £208,100.

Staff composition and gender analysis[22]

The following table shows the total number and gender breakdown of the Board, executive team and all other staff as at 31 March 2025, excluding secondees and interims.

22 FTE average table presents the average full-time equivalent number across 2024/25, the Staff composition and gender analysis presents the number of staff employed as at 31 March 2025.

	Male	Female	Total
Board members (excl. CEO and CFO)	5	8	13
Panel and committee Members	12	9	21
Executive team (incl. CEO and CFO)	7	3	10
All other staff	165	198	363
Total	**189**	**218**	**407**

Other

Colleague policies

Colleague policies on working practices are available to all colleagues via our intranet and, during the onboarding period, through our applicant tracking system.

Health, safety and wellbeing

We respect all of our colleagues and want to ensure they are safe at work and treated fairly.

We have a health, safety and wellbeing policy that defines responsibilities in this area. Our minimum requirement is to meet standards set out in appropriate health and safety legislation. We aim to exceed these where possible.

Employment practices

Our colleague policies and line managers' hub support our approach to employment issues including recruitment practices, employee practices and how we engage and consult with colleagues. We have several policies that provide information about people management, such as pay policies, standards of colleague behaviour and a dedicated career management and development page on our internal intranet. We also have a recruitment and redundancy policy which is made available to all our colleagues through the intranet.

Although we do not recognise any trade unions, we have established our workforce advisory forum, ‘Your voice’. The forum provided input on matters such as our working practices in the office, engagement and wellbeing initiatives.

Flexible working

We recognise that flexible working can provide benefits to colleagues within the organisation, so we aim to support where possible to manage the balance between work and home life. Our flexible working policy supports colleagues’ needs, taking into account that they may need to work flexible hours or days on an ad hoc, temporary basis or a regular, formal basis.

Our ability to accommodate flexible working practices enables our people to work in an agile way which supports our hybrid working model.

Diversity, equity and inclusion

We aim to be a high performing, diverse organisation which is inclusive for all colleagues. We are made up of colleagues from all different backgrounds, reflecting the demographics of our members:

32%
of our workforce are from an ethnically diverse background

53%
of our workforce are women

48%
Director-level roles and above held by women

22%
Director-level roles and above held by colleague from an ethnically diverse background

11%
Percentage of colleagues with a disability or long-term condition

5%
Percentage of colleagues who are LGBT+

To continually focus on and improve representation and inclusion, we are:

- Using our external presence to show the work that we do and our commitment to inclusion and belonging to help us to attract a diverse range of candidates.
- Working with our external membership organisations to ensure that we follow best practice to improve the

experiences and outcomes for applicants, colleagues and our members.

- Listening to and acting on our colleague surveys, exit interviews, focus groups and other forums such as our employee representative group ‘Your voice’, to understand the experiences of our colleagues and ensuring we take the appropriate actions to address the findings. Monitoring, measuring and reviewing diversity data collected to understand the experiences of those from different groups during the recruitment process and across the wider employee lifecycle to ensure a positive experience for all those that engage with Nest.
- Reviewing and developing our colleague value proposition to ensure we are offering an attractive, well-rounded package focused not only on pay, but also our flexible working offering and other benefits.
- Looking at how we can ensure we’re attracting a diverse range of candidates to join us – this year we updated our careers webpage and created a DE&I page, to help attract diverse talent and show our commitment to inclusion, and created a career development hub for our colleagues.
- Actively encouraging flexible working, including considering part time working and job sharing, for all our roles.
- Working with esteemed partners and industry experts to aim for the highest standards – we are a Disability Confident (level 3) leader and we’re continuing to work

towards being a disability smart organisation, we are signatories to the Women in Finance Charter, and we are an accredited Living Wage employer.

— We report on our gender pay gap, and have been voluntarily reporting on our ethnicity pay gap for a number of years ow as well. For a summary of this year's reports see **page 166**.

We're proud to have received external recognition for our efforts this year. We won the gold award for 'Brilliance in Diversity and Inclusion' at the HR Excellence Awards and we have been shortlisted for four further awards recognising our flexible approach, DE&I initiatives and our family-friendly policies and culture.

To recruit and retain diverse talent, we use our data to understand the experiences of our colleagues and make improvements. In our 2025 colleague survey, 87% of our people agreed that their line manager genuinely cared about their wellbeing, 84% of colleagues agreed that they're supported to work in a way that works for them and 73% of our people agreed that we value diversity. We have memberships with the Business Disability Forum and LGBTQ+ Great.

As part of our DE&I strategy, we set ourselves ambitious targets to work towards improving the diversity of our senior leadership team by the end of 2025. Whilst we have not achieved all of our targets yet, we are proud that we have made good progress and will continue in our efforts to create a diverse and inclusive organisation at all levels and across all areas of the organisation. These targets are based on the working age population demographics of the UK.

Target	As at 31 March 2025
At least one of our executive team to identify as being from an ethnically diverse background	**Not met:** No individuals from an ethnically diverse background on our executive team
A minimum of one of our Board members to identify as black or black mixed heritage	**Not met:** No Board members identifying as Black or Black mixed heritage (note: Appointments to the Board are made by the Secretary of State for Work and Pensions)
A minimum of three of our executive team to be women or gender non-conforming	**Met:** Three members of the executive team were women
A minimum of 50% of our executive team and senior leadership roles to be women or gender non-conforming	**Met:** 50% of our executive team and senior leadership roles were women
At least four of our executive team and senior leadership roles to be held by people with disabilities	**Met:** Four of our executive team and senior leadership roles to be held by people with disabilities

Staff Turnover

Overall turnover for 2024/25 was 12%, (compared with 14% in 2023/24). Whilst the percentage of involuntary turnover remained the same, voluntary turnover decreased. A combination of reduced number of voluntary leavers and an increased headcount has augmented this increase, which is largely due to changes in the economic landscape.

Off-payroll engagements

For all off-payroll engagements as at 31 March 2025, amounting to more than £245 per day and that last for longer than six months:

Number of existing engagements as at 31 March 2025	**4**
of which	
Number that have existed for less than one year at time of reporting	3
Number that have existed for between one year and two years at time of reporting	1
Number that have existed for between two years and three years at time of reporting	–
Number that have existed for between three years and four years at time of reporting	–
Number that have existed for four or more years at time of reporting	–

For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2024 and 31 March 2025, amounting to more than £245 per day and that last for longer than six months:

Number of new engagements, or those that reached six months in duration between 1 April 2024 and 31 March 2025	**1**
of which	
Not subject to off-payroll legislation	–
Subject to off-payroll legislation and determined as in-scope of IR35	1
Subject to off-payroll legislation and determined as out-of-scope of IR35	–
Number of engagements reassessed for compliance or assurance purposes during the year	–
of which	–
Number of engagements that saw a change to IR35 status following review	–

For any off-payroll engagements of Board members with significant financial responsibility between 1 April 2024 and 31 March 2025:

Number of off-payroll engagement of Board members of which	
Number of off-payroll engagements of Board members, and/or, senior officials with significant financial responsibility, during the financial year.	-
Total no. of individuals on payroll and off-payroll that have been deemed "Board members, and/or, senior officials with significant financial responsibility", during the financial year.	17*

* Excludes special committee members.

Exit packages (subject to audit)

Exit packages paid during 2024/25 totalled £193,000. This includes redundancy pay in line with our policy and, where applicable, payment in lieu of notice. In total there were seven leavers during the year who were all made redundant. There were also four other departures who received a payment in lieu of notice (PILON) payment.

Redundancy and other departure costs are paid in accordance with our redundancy policy. Exit costs are accounted for in full in the year of departure.

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
	2024/25	**2023/24**	**2024/25**	**2023/24**	**2024/25**	**2023/24**
<£10,000	1	4	3	1	4	5
£10,000–£25,000	3	13	1	–	4	13
£25,000–£50,000	3	8	–	–	3	8
£50,000–£100,000	–	3	–	–	–	3
£100,000–£150,000	–	–	–	–	–	–
£150,000–£200,000	–	–	–	–	–	–
Total number of exit packages	**7**	**28**	**4**	**1**	**11**	**29**
Total cost*	**£166,000**	**£760,000**	**£27,000**	**£1,000**	**£193,000**	**£761,000**

* Figures are rounded to the nearest thousand.

The table above refers to exit packages paid out during 2024/25. There will be additional departures in 2025/26 where a redundancy consultation process has already been concluded, and a termination payment in line with our policy has been agreed. Redundancy packages for 10 roles were yet to be paid out as at 31 March 2025, these have been recognised within our financial statements, see note 16 to the financial statements.

Highest pay Board member’s pay ratio (subject to audit)

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid Board members in their organisation and the lower quartile, median and upper quartile remuneration of the organisation’s workforce.

In 2024/25, one employee received remuneration in excess of the highest-paid Board member (also one in 2023/24).

Panel and investment committee members dedicate a small period of time each year to their duties. To avoid distortion to our pay data and ratios, remuneration related to these colleagues have been excluded from the disclosures.

Salaries for all colleagues range from £27,000 to £431,000 (2023/24: £27,000 to £385,000). With the salary for the highest paid Board member £318,000.

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

	25th percentile ratio	50th percentile ratio	75th percentile ratio
Year ended 31 March 2025	5.5:1	4.3:1	3.4:1
Year ended 31 March 2024	5.5:1	4.6:1	3.5:1

During 2024/25, our objective to evolve the corporation to support our new purpose and corporate strategy led to the expansion of our senior leadership team, impacting the proportion of senior roles within the organisation. The reduction in the pay ratio for the 50th percentile, and 75th percentile highlights these changes in the organisational structure. Our pay data disclosure outlines growth in remuneration at the 50th and 75th percentile greater than that of the highest paid director.

Alongside our annual pay award and performance related pay, we continue to review our pay ranges annually, including external benchmarking.

Pay data (subject to audit)

	Year ended 31 March 2025		Year ended 31 March 2024	
	Salary £000	Total pay and benefits £000	Salary £000	Total pay and benefits £000
Highest pay director's remuneration	318	318	290	302
25th percentile FTE	54	57	52	54
50th percentile FTE	71	74	64	66
75th percentile FTE	92	95	85	86

In April 2024, Helen Dean stepped down as CEO of Nest Corporation with Ian Cornelius appointed as her replacement. The CEO represents the highest paid director within our 2024/25 analysis, during the financial year no performance related payments were made to the highest paid director.

	Percentage change 2023/24 to 2024/25	
	Salary	Performance related pay
Highest paid director	8.5%	-100%
Year on year increase/(decrease) of average	10%	30%

Parliamentary accountability and audit report

The ‘Parliamentary accountability and audit report’ brings together the key documents demonstrating our accountability to Parliament in relation to this annual report and accounts. It comprises of:

1. Regularity of expenditure

2. Remote contingent liabilities

3. Fees and charges

4. Certificate and report of the Comptroller and Auditor General to the Houses of Parliament

Regularity of expenditure (subject to audit)

HM Treasury’s publication MPM prescribes any losses or special payments in excess of £300,000 should be disclosed.

There have been no individual losses or special payments over £300,000 in 2024/25 (2023/24: none).

There have been no gifts exceeding £300,000 in 2024/25 (2023/24: none).

Remote contingent liabilities (subject to audit)

There are no remote contingent liabilities that we are aware of at the time of signing of the annual report and accounts.

Fees and charges (subject to audit)

There is no charge for employers to set up or use the Scheme. There is also no charge for delegates who are acting on behalf of an employer, for example an intermediary such as a payroll provider that the employer has asked to administer the Scheme for them. The Scheme has the same charge for all members, no matter who their employer is, what their level of contributions is, or which retirement fund they invest in. This charge is made up of two parts: a contribution charge of 1.8% on the value of each new contribution into the member's pension pot, and an annual management charge of 0.3% on the total value of the member's pension pot each year which is calculated on a daily basis and reflected in the unit price.

The Board also assesses value for members each year. This brings together information from investment reports and market data to assess the quality of service provided against the costs and charges applied to members.

For further information on our financial objectives and performance, as well as costs, charges and Scheme income, please see the 'Financial review' on **page 57**.

Ian Cornelius
CEO, Nest Corporation

26 June 2025

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

Opinion on financial statements

I certify that I have audited the financial statements of the National Employment Savings Trust Corporation for the year ended 31 March 2025 under the Pensions Act 2008.

The financial statements comprise the National Employment Savings Trust Corporation's:

- Statement of Financial Position as at 31 March 2025;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted International Accounting Standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the National Employment Savings Trust Corporation's affairs as at 31 March 2025 and its net comprehensive income for the year then ended; and

- have been properly prepared in accordance with the Pensions Act 2008 and Secretary of State directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2024)*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2024*. I am independent of the National Employment Savings Trust Corporation in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the National Employment Savings Trust Corporation's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the National Employment Savings Trust Corporation's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Chief Executive Officer with respect to going concern are described in the relevant sections of this certificate.

Other Information

The other information comprises information included in the Annual Report but does not include the financial statements and my auditor's certificate thereon. The Chief Executive Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Pensions Act 2008.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with Secretary of State directions made under the Pensions Act 2008; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with

the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the National Employment Savings Trust Corporation and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept by the National Employment Savings Trust Corporation or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Trustee Corporation and Chief Executive Officer for the financial statements

As explained more fully in the Statement of Chief Executive Officer's Responsibilities, the Chief Executive Officer on behalf of the Trustee Corporation is responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the National Employment Savings Trust Corporation from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements which give a true and fair view in accordance with Secretary of State directions issued under the Pensions Act 2008;
- preparing the annual report, which includes the Remuneration and Staff Report, in accordance

with Secretary of State directions issued under the Pensions Act 2008; and

- assessing the National Employment Savings Trust Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Chief Executive Officer either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Pensions Act 2008.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the National Employment Savings Trust Corporation's accounting policies, key performance indicators and performance incentives.
- inquired of management, the National Employment Savings Trust Corporation's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the National Employment Savings Trust Corporation's policies and procedures on:
  - identifying, evaluating and complying with laws and regulations;

  - detecting and responding to the risks of fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the National Employment Savings Trust Corporation's controls relating to the National Employment Savings Trust Corporation's compliance with the Pensions Act 2008 and Managing Public Money.
- inquired of management, the National Employment Savings Trust Corporation's head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations;
  - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the National Employment Savings Trust Corporation for fraud and identified the greatest potential for fraud in the following areas: posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the National Employment Savings Trust Corporation's framework of authority and other legal and regulatory frameworks in which the National Employment Savings Trust Corporation operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of National Employment Savings Trust Corporation. The key laws and regulations I considered in this context included the Pensions Act 2008, Managing Public Money, employment law, pensions legislation and tax legislation.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management and the audit committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing

whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies, 3 July 2025
Comptroller and Auditor General

National Audit Office
157-197 Buckingham Palace Road Victoria
London SW1W 9SP

Chapter 3
Financial statements

This chapter includes our statement of comprehensive net income, statement of financial position, statement of cash flows, statement of changes in taxpayers' equity for 2024/25 and notes to the financial statements.

Nest Corporation financial statements

Statement of comprehensive net income (SoCNI) for the year ended 31 March 2025

	Note	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Income			
Members' contribution and annual management charge	2	278,224	231,476
Grant income	3	11,147	11,410
Other income	4	15,762	11,742
Total operating income		**305,133**	**254,628**
Expenditure			
Staff costs	5a	(36,125)	(30,724)
Scheme investment and administration costs	6b	(187,318)	(170,810)
Depreciation and amortisation	6a	(8,971)	(8,883)
Other expenditure	6c	(24,040)	(16,395)
Total operating expenditure		**(256,454)**	**(226,812)**
Net financing expenditure			
Interest payable	7	(36,616)	(33,854)
Interest paid on leasing liabilities	7	(148)	(203)
Total financing expenditure		**(36,764)**	**(34,057)**

	Note	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Net comprehensive income for the year		**11,915**	**(6,241)**
Other comprehensive net income			
Net gain on revaluation of non-current intangible assets	9[i]	3	52
Total comprehensive income for the period		**11,918**	**(6,189)**

Note

During 2024/25, charges in relation to the Scheme and Corporation bank account were reclassified from Scheme investment and administration costs to other expenditure to better reflect expenditure categorisation. The change resulted in £106k of bank changes in prior year, 2023/24, moving between from Scheme investment and administration costs. There is no impact on total operating expenditure or net comprehensive income / expenditure for the year.

i. net gain on revaluation of non-current intangible assets is presented in note 9 to the financial statements as the sum of revaluation for both cost and amortisation.

Statement of financial position (SoFP) as at 31 March 2025

	Note	As at 31 March 2025 £000	As at 31 March 2024 £000
Non-current assets			
Property, plant and equipment	8[i]	1,400	4,364
Right-of-Use – Property	8	9,441	15,176
Intangible assets	9	653	4,771
Prepayments	10a	13,112	1,737
Total non-current assets		**24,606**	**26,048**
Current assets			
Trade and other receivables	10b	11,352	17,193
Other current assets	10c	7	238
Cash and cash equivalents	11	311,964	293,314
Total current assets		**323,323**	**310,745**
Total assets		**347,929**	**336,793**
Current liabilities			
Interest payable	12	(16,187)	(15,066)
Trade and other payables	13	(45,101)	(36,897)
Lease liabilities <1 year	14	(1,002)	(1,395)
Other liabilities <1 year	15a	(1,577)	(1,304)
Provisions for liabilities and charges	16	(355)	–
Total current liabilities		**(64,222)**	**(54,662)**
Total assets less current liabilities		**283,707**	**282,131**
Non-current liabilities			
Lease liabilities >1 year	14	(6,639)	(10,830)
DWP loan	15b	(1,189,047)	(1,195,047)
Provisions for liabilities and charges >1 year	16	(680)	(831)
Total non-current liabilities		**(1,196,366)**	**(1,206,708)**
Total assets less total liabilities		**(912,659)**	**(924,577)**

	Note	As at 31 March 2025 £000	As at 31 March 2024 £000
Taxpayers' equity and other reserves			
General reserve		(916,640)	(928,571)
Revaluation reserve		3,981	3,994
Total equity		**(912,659)**	**(924,577)**

Ian Cornelius
CEO, Nest Corporation

26 June 2025

Note

i. Account is the sum of components within the stated note. For property, plant and equipment the account relates to the sum of furniture and fittings, information technology and Scheme hardware in note 8 of the financial statements. The accounting policies and notes, on **pages 221 to 241** form part of these financial statements. The financial statements on **pages 212 to 220**, including the accounting policies and notes on **pages 221 to 241**, were approved by the Board on 26 June 2025.

Statement of cash flows (SoCF) for the year ended 31 March 2025

	Note	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Cash flows from operating activities			
Total operating expenditure	[i,] 5a,6	(256,454)	(226,812)
Members' contribution and annual management charge	2	278,224	231,476
Public service obligation offset	3	10,848	11,111
Grant Income for non-chargeable costs	3	299	299
Other Income	4	15,762	11,742
Net operating income for the year		**48,679**	**27,816**
Decrease/(increase) in accrued annual management charge	10[ii]	5,948	(2,757)
Decrease in public service obligation offset	10[ii]	373	1,480
Decrease/(increase) in trade and other receivables	10[iii]	938	(341)
Adjustment for non-cash items	20	9,834	7,962
Increase in trade and other payables	[iv,] 13,15a	8,477	7,099
Provisions utilised within the year	16	(149)	–
Provisions created within the year	16	355	(690)
Prepayments in respect of future scheme administration contract	20	(12,638)	(1,704)
Net cash inflow from operating activities		**61,817**	**38,865**
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets	20	(427)	–

	Note	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Payments towards imputed lease liability of TCS assets	20	–	(4,655)
Net cash outflow from investing activities		**(427)**	**(4,655)**
Cash flows from financing activities			
Loan interest		(35,495)	(30,810)
Repayment of leasing liabilities		(1,097)	(1,335)
Interest paid on leasing liabilities	7	(148)	(203)
DWP Loan Drawdown / (Repayment)	19	(6,000)	63,000
Net cash in/(out)flow from financing activities		**(42,740)**	**30,652**
Net Increase in cash and cash equivalents in the period	11	**18,650**	**64,862**
Cash and cash equivalents at the beginning of the period	11	293,314	228,452
Cash and cash equivalents at the end of the period ash and cash		**311,964**	**293,314**

The accounting policies and notes on **pages 221 to 241** form part of these financial statements.

The structure of the statement of cash flows has been revised for 2024/25 to improve reader understanding and relevance of financial information presented. The increase in trade and other receivables presented for year ended 31 March 2024, (£1,618k), has been split between decrease/(increase) in accrued annual management charge, (£2,757k), decrease in public service obligation offset, £1,480k, and Decrease/(increase) in trade and other receivables, (£341k). Prepayments in respect of future scheme administration contract has been reclassified to operating activities, presented within investing activities in prior year.

An increase in frequency in payment during 2024/25 led to a material reduction in accrued annual management charge.

i. Cashflow presented is the sum of components within the stated note.
ii. Cashflow presented is the movement between the balance as at 31 March of the prior year and the balance as at 31 March of the reported period.
iii. Decrease/(increase) in trade and other receivables is calculated as the movement between prepayments, other trade receivables, other prepayments and accrued income, staff loans and other receivables.
iv. Cashflow presented is the movement between the balance as at 31 March of the prior year and the balance as at 31 March of the reported period, summed across the stated notes.

Statement of changes in taxpayers' equity (SoCTE) for the year ended 31 March 2025

	Revaluation reserve £000	General fund £000	Total reserves £000
Total taxpayers' equity as at 1 April 2024	**3,994**	**(928,571)**	**(924,577)**
Changes in taxpayers' equity 2024/25			
Revaluation transfer of disposed assets	(16)	16	–
Net gain on revaluation of non-current intangible assets	3	–	3
Net comprehensive income for the year	–	11,915	11,915
Total changes for 2024/25	**(13)**	**11,931**	**11,918**
Total taxpayers' equity as at 31 March 2025	**3,981**	**(916,640)**	**(912,659)**
Total taxpayers' equity as at 1 April 2023	**4,129**	**(922,517)**	**(918,388)**
Changes in taxpayers' equity 2023/24			
Revaluation transfer of disposed assets	(187)	187	–
Net gain on revaluation of non-current intangible assets	52	–	52
Net comprehensive income for the year	–	(6,241)	(6,241)
Total changes for 2023/24	**(135)**	**(6,054)**	**(6,189)**
Total taxpayers' equity as at 31 March 2024	**3,994**	**(928,571)**	**(924,577)**

The accounting policies and notes on **pages 221 to 241** form part of these financial statements.

Notes to the financial statements

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2024/25 FReM issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of Nest Corporation for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. They have been applied consistently in dealing with items that are considered material to the accounts. We are required, under the Pensions Act 2008, to prepare its accounts for the year ended 31 March 2025, in accordance with the directions made by the Secretary of State for Work and Pensions with the consent of HM Treasury. The Secretary of State has required us to comply with the requirements of the FReM.

These financial statements relate to Nest Corporation as Trustee of the Scheme. The Scheme's accounts are prepared separately.

1.1 Basis of preparation

These financial statements have been prepared on an accrual basis under the historical cost convention, modified to account for the revaluation of non-current assets were material. Figures are presented in pounds sterling and are rounded to the nearest £1,000.

1.2 Going concern

We were established in 2010 to serve as Trustee of the Scheme. Our financing is met mainly through Scheme income, generated through charges to our members, this is supported by a combination of loan and grant income funding supplied through the DWP, which is approved annually by Parliament. In accordance with FReM 2.2.3, we have explained why we have adopted a going concern basis in preparation of these accounts. This can be found in the 'Going concern statement' on **page 41**.

1.3 Changes in accounting policy and disclosures

1.3 a) Changes in accounting policies and standards

There have been no changes to accounting policies and no new standards have been adopted during the financial year 2024/25.

1.3 b) New standards, amendments and interpretations issued but not effective for the financial year 2024/25 and not adopted early

IFRS 17 Insurance Contracts was adopted by HM Treasury from 1 April 2025, replacing IFRS 4 (with limited options for early adoption). Where appropriate IFRS 17 will be applied within our 2025/26 annual report and accounts onwards.

The 2025-26 FReM will include new guidance on accounting for social benefits. The 2025-26 FReM will define social benefits as 'current transfers received by households (including individuals) intended to provide for the needs that arise from certain events or circumstances, for example, sickness, unemployment, retirement, housing, education, or family circumstances.'

In December 2023, HM Treasury released an exposure draft on potential changes to make to valuing and accounting for non-investment assets (e.g. PPE, intangible assets). The following changes to the valuation and accounting of non-investment assets is to be included in the 2025-26 FReM for mandatory implementation:

References to assets being held for their ‘service potential’ and the terms ‘specialised/ non-specialised’ assets are being removed from the FReM. Non-investment assets are instead described as assets held for their ‘operational capacity’. This change has no impact on the valuation basis of non-investment assets, which remains Existing Use Value (EUV).

An adaptation to IAS 16 will be introduced to withdraw the requirement to revalue an asset where its fair value materially differs from its carrying value. Assets are now valued using the one of the following processes:

- A quinquennial revaluation supplemented by annual indexation.
- A rolling programme of valuations over a 5-year cycle, with annual indexation applied to assets during the 4 intervening years.
- For non-property assets only, appropriate indices.
- In rare circumstances where an index is not available, a quinquennial revaluation supplemented by a desktop revaluation in year 3.

The option to measure intangible assets using the revaluation model is withdrawn. The carrying values of intangible assets at 31 March 2025 will be considered the historical cost at 1 April 2025.

No new accounting standards have been adopted early during 2024/25. We will monitor for any new accounting standards or interpretations and apply these when they are effective.

1.4 Accounting estimates and judgements

The development, selection and disclosure of significant accounting estimates and judgements and the application of these judgements and estimates have been discussed and agreed with the audit committee.

Below are the significant accounting estimates and judgements:

1.4 a) Critical judgements in applying Nest Corporation's policies

Following the conclusion of our procurement for the long-term scheme administration contract in June 2023, and subsequent award to TCS, we currently have two ongoing contracts with TCS in relation to scheme administration services.

Contract 1 – The current scheme administration contract is in operation, with services due to cease in June 2025. This arrangement with TCS will end once operation services cease.

Contract 2 – The new scheme administration contract, currently under development with operational services due to commence in July 2025 with an operational period to June 2033.

For contract 1 – Service concession arrangement

The accounting treatment of assets used by TCS to administer the current scheme administration contract, involves judgements about the degree to which we control the services and any significant residual interest. We have interpreted our scheme administration contract with TCS as a service concession arrangement, it is accounted for under IFRIC 12 as interpreted by the FReM. As a result, assets exclusively associated with the contract are reflected in the SoFP.

For contract 2 – Service contract

The new scheme administration contract, awarded to TCS with an operational commencement from July 2025, is considered a service contract. Unlike the existing contract, management has concluded no intangible asset is recognisable, as long-term control of the asset has not yet been evidenced. Therefore, the arrangement is considered as a service contract, with milestone payments made in advance of service operational commencement treated as prepayments where appropriate. Operational expenses will be recognised as expenditure in the periods in which the service is received.

As at 31 March 2025, a prepayment in relation to milestone payments made in advance of service operational commencement of contract 2 is held on the SoFP.

As the implementation of the new scheme administration contract progresses, our accounting policy and judgements in relation to the new scheme administration contract will be continually reviewed.

1.4 b) Critical accounting estimates and assumptions

Revaluation of intangible assets

The FReM interpretation of IAS 38: revaluation of intangible assets requires us to revalue intangible assets to a depreciated replacement cost as a proxy for fair value. As suggested in the FReM, we apply an appropriate index to revalue software licence and software development assets at year-end if the impact is over 1% of the net book value of the relevant asset class. The most suitable proxy for our software licences and software development is the ONS index EWJS: Computers and peripheral equipment.

Software development, Scheme software and software licences

Management's conclusion is that the most appropriate index to use for software development is also EWJS as the best available proxy to establish fair value for IT-related assets.

Asset refresh prepayment

We have adopted the 'prepayment lifecycle approach', which means that a portion of the monthly scheme administration charge paid to TCS is set aside as a prepayment to fund future replacement assets within the life of the current scheme administration service (contract 1). The rate at which the assets are replaced is assessed annually and where the carrying amount of the prepayment is greater than the estimated total of the future assets to be refreshed, the prepayment is impaired. Conversely where the carrying amount is lower, the prospective amounts set aside in future years are adjusted to reflect the change in estimate.

The value of assets to be refreshed over the remainder of the current scheme administration services contract is an estimate, based on the latest available, reliable information provided by TCS.

1.5 Employee benefits

In accordance with IAS 19: employee benefits, all short-term staff costs are accounted for on an accrual basis over the period for which employees have provided services in the year. These short-term benefits largely relate to salaries, performance related pay earnt and not yet paid and accrued leave. Directors' performance related pay is disclosed in the remuneration report when payments to individuals have been determined by the nominations and remuneration committee.

1.6 Pension costs

All eligible employees are auto enrolled in the Scheme, a DC pension scheme with employer contributions matched at various rates. We recognise the employer costs for the Scheme in the period in which they are incurred.

1.7 Taxation

We are treated as a special investment fund. Consequently, all UK-based scheme administration services, investment funds administration services, and investment manager fees are exempt from VAT. Revenue and expenses related to pension research conducted by Nest Insight are subject to VAT. Other revenue, and Scheme income are either exempt from VAT or outside the scope of VAT.

We are registered for VAT and recover a proportion of input tax on administrative expenses directly attributable to its investment management activities. Any irrecoverable VAT is charged to operating expenses.

Our status in relation to taxation will be reviewed during 2025/26.

1.8 Income

In 2024/25 we had three material revenue streams:

1.8a) Scheme income

Scheme income is reflected in the SoCNI in line with IFRS 15: contracts with customers as adapted for the public sector by HM Treasury's FReM guidance.

Nest's relationship with its members is governed by trust law. Through engaging with the Scheme, both parties are committed to perform obligations as outlined within 'Nest's Order and Rules'.

'Nest's Order and Rules' identify two overarching obligations, for which a transaction price can be allocated:

1. Investing contributions made into the Scheme on behalf of members'. Contribution charge of 1.8% is deducted once the contribution is invested.
2. Administering members' pension pots. Annual management charge of 0.3% is deducted based on the value of a member's pension pot.

Contribution charge revenue is recognised once Nest's obligation to invest the contribution is complete. This charge is non-refundable, post member opt-out period.

Annual management charge is calculated and recognised daily to reflect the ongoing day-to-day administration of members' pension pot.

1.8 b) Public service obligation offset payment

Costs not met by income from members are funded by means of loans from the DWP which will subsequently be repayable from the future income. The loans are recognised as a liability within the SoFP, and we pay a commercial rate of interest on these loans.

We receive a grant from the DWP to reduce the interest payable on those loans from the commercial rate to the government rate of borrowing. In line with FReM interpretation of IAS 20, the grant is treated as income. We have a public service obligation to provide a pension service to any employer at a standard charge regardless of the employer's size. The grant income, known as the public service obligation offset payment, is recognised on a monthly basis following the ongoing fulfilment of our public service obligation.

1.8 c) Sponsorship and research revenue

Revenue generated by our in-house research unit, Nest Insight, is recognised once the event stated in the contract or the performance obligation(s) has been satisfied, in line with IFRS 15. With general funding that is not linked to a specific event or deliverable, the revenue will be recognised on a straight-line basis over the period that it has been provided for. Any payment received in advance of the recognition criteria is held as deferred revenue.

Income outside the scope of IFRS 15

Costs associated with the functions of government are not chargeable to Scheme members and are met through grant funding. The amount of grant funding provided is a fixed amount, with the grant value based on management estimates of the expected time spent and costs involved in non – chargeable activities. This estimate has been agreed with the DWP.

The grant income is recognised within each reporting period on fulfilment of our obligation to efficiently conduct any non-chargeable activity, in line with FReM interpretation of IAS 20.

1.9 Loan funding from the DWP

Loan funding was provided by the DWP to meet the Scheme's implementation and running costs until the Scheme reached a suitable scale to be self-funding. Interest is charged at a commercial rate and is determined by the interest rate prevailing at the time of each drawdown. Interest payments are made twice a year, in April and October, and the principal will be repaid in a series of repayments made before or in line with the amortisation schedule in the amended and restated loan agreement signed in March 2019. Loan funding from the DWP is initially recognised at fair value and subsequently measured at amortised cost.

1.10 Property, plant and equipment

All assets under property, plant and equipment are deemed to be short-life or low-value and as permitted by the FReM, have been valued on the basis of depreciated historic cost as a proxy for fair value.

Assets are capitalised where they have an expected useful life of more than one year and where the original cost of the item exceeds our capitalisation threshold of £1,000. Individual items costing less than the capitalisation limit but forming an integral part of a package or pool of items whose total value is greater than £1,000 are also capitalised.

On initial recognition, assets are measured at cost, including costs directly attributable to bringing them into working condition. Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset only when it is probable that future economic benefits associated with the item will flow to us and the cost of the item can be measured reliably.

The above treatment doesn't apply to the right of use assets (see section 1.17).

1.11 Intangible assets

Intangible assets are initially recognised at cost with subsequent measurement at fair value. Where an active market exists for the asset, it is carried at a revalued amount based on fair value at the end of the annual reporting period. Where no active market exists, assets are revalued using appropriate indices to indicate depreciated replacement cost as a proxy for fair value.

Purchased software licences and applications covering a period of more than one year and above the capitalisation threshold of £1,000 are capitalised at cost as intangible assets and subsequently revalued.

Individual items costing less than the capitalisation limit but forming an integral part of a package or pool of items whose total value is greater than £1,000 are also capitalised. If software licences do not meet both criteria, then expenditure is recognised in the SoCNI.

Internally generated software development costs are capitalised when they meet the criteria for recognition set out in IAS 38: intangible assets. We also capitalise software development costs incurred by the current (contract 1) scheme administration contract.

1.12 Depreciation

Depreciation is charged on property, plant and equipment using the straight-line method as this reflects the expected pattern of consumption of economic benefits. The rates used are calculated to write down each asset to its estimated residual value over its expected useful life. The useful economic lives of assets are as follows:

- Furniture and fittings: two to five years or end of lease agreement.
- Information technology and telecoms equipment: three to five years.

- Scheme administration IT hardware assets: seven years or to the end of the current administration contract if shorter.
- Building leases: end of the lease agreement.

Depreciation commences once an asset is available for use and continues until the asset is derecognised, categorised as held for sale or written down to nil value. Depreciation is calculated from the month following that of acquisition or, if later, from the month in which the asset is available for use. No depreciation is charged in the month of disposal.

Residual values and estimated useful economic lives of non-current assets are reviewed annually and adjusted if appropriate at the end of the reporting period. The financial impact is recognised in the SoCNI over the remaining life of the asset.

For any lease recognised under IFRS 16, the right of use asset is depreciated on a straight-line basis from the lease commencement date to the earlier of the useful economic life or the end of the lease term.

1.13 Amortisation

Amortisation is calculated on intangible assets using the straight-line method as this reflects the expected pattern of consumption of economic benefits. The rates used are calculated to write down each asset to its estimated residual value over its expected useful life. The useful economic lives of assets are as follows:

- Software licences: 3 years, or period remaining on licence if less than 3 years.
- Scheme software licences used by TCS for the scheme administration contract: 7 years or until the end of the contract term.
- Scheme developed software: Costs incurred by TCS in developing the software used to administer the Scheme have been amortised over the life of the contract on the grounds that the coding involved will be required to support scheme administration throughout the duration of the contract.

Amortisation commences once an asset is available for use and continues until the asset is derecognised, categorised as held for sale or written down to nil value. Amortisation is calculated from the month following that of acquisition or, if later, from the month in which the asset is available for use. No amortisation is charged in the month of disposal.

Residual values and estimated useful economic lives of non-current intangible assets are reviewed annually and adjusted if appropriate at the end of the reporting period. The financial impact is recognised in the SoCNI over the remaining life of the asset.

For any lease recognised under IFRS 16, the right of use asset is amortised on a straight-line basis from the lease commencement date to the earlier of the useful economic life or the end of the lease term.

1.14 Revaluation and impairment of non-current assets

We carry out an annual valuation review of our non-current intangible assets. Increases in value are credited to a revaluation reserve. Downwards revaluations of revalued assets that do not result from a clear consumption of economic benefits are debited to the revaluation reserve up to the level of depreciated historical cost. Any excess downwards revaluation is charged to the SoCNI

Impairment losses that result from a clear consumption of economic benefit are taken directly to the SoCNI. Where the impairment relates to a revalued asset, the balance on the revaluation reserve to which the impairment would have been charged is transferred to the general reserve to ensure consistency with IAS 36: impairment of assets.

On disposal of a revalued asset, the balance on the revaluation reserve in respect of that asset becomes fully realised and is transferred to the general reserve. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the SoCNI.

All non-current assets are tested annually for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

No impairment to non-current assets recognised in 2024/25.

1.15 Financial instruments

Recognition

Financial assets and financial liabilities which arise from contracts for the purchase and sale of non-financial items (such as goods or services), which are entered into in accordance with our normal purchase, sale or usage requirement, are recognised when, and to the extent to which, performance occurs. All other financial assets and liabilities are recognised when we become party to the contractual provisions to receive or make cash payments.

Derecognition

A financial asset is considered for derecognition when the contractual rights to the cash flows from the financial asset expire, or we have either transferred the contractual right to receive the cash flows from the asset or have assumed an obligation to pay those cash flows to one or more recipients, subject to certain criteria. We derecognise a transferred financial asset if we transfer substantially all the risks and rewards of ownership.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and cash held within a Government Banking Service bank account.

Staff loans

Staff loans are loans that have fixed or determinable payments that are not quoted in an active market.

Staff loans are initially recognised at fair value and are subsequently measured at amortised cost.

Impairment of financial assets

At the end of each reporting period, we assess whether there is impairment to a financial asset or a group of financial assets. This assessment is done using the forward-looking expected credit loss model as prescribed in IFRS 9: financial instruments. The model contains a three-stage approach based on the change in credit quality of financial assets since initial recognition.

No impairment to financial assets occurred in 2024/25.

1.16 Provisions for liabilities and charges

In accordance with IAS 37: provisions, we provide for legal or constructive obligations where the transfer of economic benefit is probable but the timing or amount of the transfer at the end of the reporting period is uncertain. The provision is calculated on the basis of the best estimate of the expenditure required to settle the obligation.

1.17 Leases

For any new contracts entered we consider whether a contract is, or contains, a lease. Where IFRS 16 is to be applied, a right-of-use asset is recognised on the lease commencement date. The right-of-use asset is measured at cost, which is made up of:

- the initial measurement of the lease liability.
- any initial direct costs incurred.

- an estimate of costs to dismantle and remove the asset at the end of the lease.
- any lease payments made in advance of the lease commencement date (net of any incentives received).

The lease liability is measured at the present value of the lease payments that are not paid. The discount rate used will be the interest rate implicit in the lease. If the rate cannot be readily determined our incremental borrowing rate is used.

All potential future leases, with the exception of any short-term or low-value leases, would be reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments are excluded from the initial measurement of the lease liability and asset.

IFRS 16 is not applied to one pre-existing finance lease as set out under service concession arrangements in note 1.18.

1.18 Service concession arrangements

Service concession arrangements are accounted for in accordance with IFRIC 12, as adapted for the public sector context by the FReM. Where we control the services provided and retain a significant residual interest in the asset, the asset is recognised in our SoFP. Contract 1, the current scheme administration contract (expiring June 2025) with TCS meets these conditions and is recognised in the financial statements as a service concession arrangement. The assets comprise of hardware, software licences and developed software.

An IFRIC 12 liability is also recognised reflecting the shortfall between the scheme administration assets we recognise as grantor and cash payments made to TCS.

Over the course of 2023/24, the IFRIC 12 liability in relation to the current scheme administration contract expired with full payments made for assets associated with the existing scheme administration contract. During 2024/25, no asset or liability was held on the SoFP, and no expenses were incurred through the SoCNI in relation to any service concession arrangement.

1.19 Operating segments

Although IFRS 8: operating segments applies in full, we do not have separate operating segments as defined by the standard.

1.20 Subsidiaries and controlled entities

Nest Invest is a wholly owned subsidiary of Nest Corporation and is registered at 1st Floor,

10 South Colonnade, Canary Wharf, London, E14 4PU.

Nest Invest is not consolidated into these financial statements by virtue of 'IAS 8: accounting policies, changes in accounting estimates and errors' which only requires the application of relevant accounting standards when the effect of applying them is material. Nest Invest is not material to the group and therefore IFRS 10, ‘Consolidated financial statements’, has not been applied.

The separate financial statements of Nest Invest are filed with Companies House.

2. Members’ contribution and annual management charges

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Members' annual management charge	135,525	101,615
Members' contribution charge	142,699	129,861
Total	**278,224**	**231,476**

Contribution charges relate to the 1.8% deduction on invested contributions from members of the Scheme and the 0.3% annual management charge on the value of the Scheme investments under management.

3. Grant income

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Public service obligation offset payment	10,848	11,111
Grant income for non-chargeable costs	299	299
Total	**11,147**	**11,410**

Costs associated with the functions of government are not chargeable to Scheme members and are met through grant income funding from the DWP.

Following the European Commission's ruling in July 2010 and subsequently enrolment of members in the Scheme from July 2011, a public service obligation offset payment is due from the DWP. This offset payment has the effect of reducing the cost of servicing the loan to the government cost of borrowing.

4. Other income

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Interest received and receivable	14,535	10,819
Sponsorship and research revenue	1,001	844
Sponsorship and research revenue from DWP	226	79
Total	**15,762**	**11,742**

Interest received and receivable on cash balances we held on deposit with the Government Banking Service relating to the period is treated as income.

The sponsorship and research revenue funds our in-house research and innovation centre, Nest Insight.

Additionally, Nest Insight received a research grant of £226k in 2024/25 (compared with £79k in 2023/24) from the DWP, this research grant is not classified as state aid.

5. Staff numbers and related costs

a) Staff costs

In 2024/25 we were staffed by a combination of direct employees and interim staff employed through third-party organisations. More detailed disclosures in relation to staff is provided on page 179.

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Directly employed Staff		
Wages and salaries	29,398	24,820
Social security costs	3,587	3,224
Pension costs	2,429	2,069
Subtotal	**35,414**	**30,113**
Secondees and interim staff	711	611
Total staff costs	**36,125**	**30,724**

Due to low values, we've consolidated expenditure disclosures for secondees and interim staff.

b) Pension arrangements

We operate one active DC workplace pension scheme for our directly employed staff. The corporation contributed into the pensions of 350 colleagues in March 2025 (compared with 319 in 2024), total number of colleagues in position as at 31 March 2025 equalled 407.

We recognise the employer's costs in the period to which they relate. At 31 March 2025 there was one month's contributions outstanding amounting to £355k (compared with £284k as at 31 March 2024).

6. Depreciation, amortisation and other expenditure

	Note	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
a) Depreciation and amortisation			
Depreciation and amortisation	8,9+	8,971	8,883
Total		**8,971**	**8,883**
b) Scheme investment and administration costs			
Scheme administration expenses		133,629	127,586
Scheme investment costs		53,689	43,206
Scheme administration disposal		–	18
Total		**187,318**	**170,810**
c) Other Expenditure			
Professional fees and advice		7,413	3,575
Information technology and telecoms equipment		4,189	3,810
Legal fees and expenses		3,285	2,871
Accommodation		1,893	1,335
Research, marketing and communications		2,238	1,013
Recruitment and training		1,444	914
Movements in property repair provisions in the year	16	(2)	(352)
Insurance		775	986
Loss on disposal of non-current assets / lease modification	8,9,14+	970	460
Industry engagement		943	811
Travel and subsistence		283	279
Auditor's remuneration – Corporation		150	165

	Note	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Auditor's remuneration – Scheme		188	188
Other running costs		271	340
Total		**24,040**	**16,395**

\+ Expenditure item is the sum of components within the stated note.

Scheme administration expenses shown here are exclusive of £15k (compared with £91k in 2023/24) set aside for asset refresh prepayment in 2024/25.

During 2024/25, changes to account categorisation to better reflect corporation classification of expenditure has led to the restatement within note 6 for year ended 31 March 2024. Reclassified accounts include:

- Scheme and Corporation bank account charges has been reclassified from Scheme investment and administration costs (note 6b) to other expenditure (note 6c). As a result, Scheme administration expenses are restated from £127,692k to £127,586k. Scheme investment and administration costs is restated from £170,916 to £170,810.
- Print costs associated with communications has been reclassified from other running costs to research, marketing and communications. For year

ended 31 March 2024, research, marketing and communications is restated from £989k to £1,013k.

- Support relating to business insurance has been reclassified from professional fees and advice to insurance. For year ended 31 March 2024, professional fees and advice is restated from £3,633k to £3,575k with insurance restated from £928k to £986k.
- As a result of the two reclassifications above, for year ended 31 March 2024, other running costs is restated from £258k to £340k with total other expenditure restated from £16,289k to £16,395k.

7. Interest payable

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Loan interest paid and payable	36,616	33,854
Interest paid on leasing liabilities	148	203
Total	**36,764**	**34,057**

Interest payable relates to interest charged on balances outstanding on the loan from DWP (see note 15b) and interest paid on our lease liability associated with our property right-to-use asset (see note 14).

Our weighted average cost of capital (WACC) is the effective cumulative interest rate on the loan from the DWP. Under the terms of the loan agreement, we borrow at a fixed commercial rate of interest prevailing at the time of each drawdown. We receive a grant from the DWP, PSOOP payment, which effectively reduces the commercial rate to the government borrowing rate. The cumulative WACC at 31 March 2025, net of the grant, is 3.24% (compared with 3.18% at 31 March 2024).

The interest rate applied to the lease liability is the incremental borrowing rate of 1.63%, based on the five-year National Loans Fund rate as at lease inception date (1 April 2022).

8. Property, plant and equipment

Our property, plant and equipment assets comprise of furniture and fittings, information technology. These are used directly by our employees. Purchased scheme hardware is used by TCS for scheme administration, as per our service concessions arrangement.

			Property, plant and equipment				
2024/25	**Note**	**Information technology assets under construction**	**Right-of-use – Property**	**Furniture and Fittings**	**Information technology**	**Scheme Hardware**	**Total**
Cost		**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
As at 1 April 2024		–	18,598	504	1,040	21,391	41,533
Remeasurement	a	–	327	–	–	–	327
Additions		–	–	274	153	24	451
Lease modification	b	–	(5,872)	–	–	–	(5,872)
Disposals		–	–	(4)	(89)	(1,510)	(1,603)
As at 31 March 2025		**–**	**13,053**	**774**	**1,104**	**19,905**	**34,836**
Depreciation							
As at 1 April 2024		–	(3,422)	(368)	(512)	(17,691)	(21,993)
Charged in period		–	(1,420)	(22)	(150)	(3,176)	(4,768)
Lease modification	b	–	1,230	–	–	–	1,230
Disposals		–	–	5	86	1,445	1,536

					Property, plant and equipment		
2024/25	**Note**	**Information technology assets under construction**	**Right-of-use – Property**	**Furniture and Fittings**	**Information technology**	**Scheme Hardware**	**Total**
Cost		**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
As at 31 March 2025		**–**	**(3,612)**	**(385)**	**(576)**	**(19,422)**	**(23,995)**
Net book value at 31 March 2025		**–**	**9,441**	**389**	**528**	**483**	**10,841**
Asset financing:							
Owned		–	9,441	389	528	483	10,841
Net book value at 31 March 2025		**–**	**9,441**	**389**	**528**	**483**	**10,841**

a) The property right of use asset associated with our office building was remeasured following contractual inflationary increases to future rental payments.

b) During 2024/25, a reduction in the office space occupied led to two lease modifications, see note 14 for details.

Impact of the two lease modifications on the net book value of the right-of-use property asset totalled £4,642k.

2023/24	Note	Information technology assets under construction	Right-of-use – Property	Furniture and Fittings	Information technology	Scheme Hardware	Total
		Property, plant and equipment					
Cost		**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
As at 1 April 2023		604	17,483	504	951	21,025	40,567
Remeasurement		–	1,115	–	–	–	1,115
Assets placed into use		(601)	–	–	–	–	(601)
Additions		–	–	–	601	3,218	3,819
Lease modification		–	–	–	–	–	–
Disposals		–	–	–	(512)	(2,852)	(3,364)
Written Off		(3)	–	–	–	–	(3)
As at 31 March 2024		**–**	**18,598**	**504**	**1,040**	**21,391**	**41,533**
Depreciation							
As at 1 April 2023		–	(1,706)	(342)	(838)	(17,771)	(20,657)
Charged in period		–	(1,716)	(26)	(156)	(2,564)	(4,462)
Lease modification		–	–	–	–	–	–
Disposals		–	–	–	482	2,644	3,126
As at 31 March 2024		**–**	**(3,422)**	**(368)**	**(512)**	**(17,691)**	**(21,993)**

2023/24	Note	Information technology assets under construction	Right-of-use – Property	Furniture and Fittings	Information technology	Scheme Hardware	Total
			Property, plant and equipment				
Cost		**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Net book value at 31 March 2024		**–**	**15,176**	**136**	**528**	**3,700**	**19,540**
Asset financing:							
Owned		–	15,176	136	528	3,700	19,540
Net book value at 31 March 2024		**–**	**15,176**	**136**	**528**	**3,700**	**19,540**

9. Intangible assets

Our intangible assets comprise of purchased software licences used directly by our employees, purchased software licences used by TCS for scheme administration and software developed by TCS for scheme administration.

2024/25	Note	Corporation Software Licenses	Scheme Software Licenses	Scheme Developed Software	Total
Cost		**£000**	**£000**	**£000**	**£000**
As at 1 April 2024		379	33,356	80,435	114,170
Additions		–	158	–	158
Disposals		(137)	(704)	–	(841)
Revaluation	a	–	143	351	494
As at 31 March 2025		**242**	**32,953**	**80,786**	**113,981**
Amortisation					
As at 1 April 2024		(379)	(31,176)	(77,844)	(109,399)
Charged in period		–	(1,982)	(2,221)	(4,203)
Disposals		137	628	–	765
Revaluation	a	–	(142)	(349)	(491)
As at 31 March 2025		**(242)**	**(32,672)**	**(80,414)**	**(113,328)**
Net book value at 31 March 2025		**–**	**281**	**372**	**653**

2023/24	Note	Corporation Software Licenses	Scheme Software Licenses	Scheme Developed Software	Total
Cost		**£000**	**£000**	**£000**	**£000**
As at 1 April 2023		691	32,198	79,593	112,482
Additions		–	2,043	–	2,043
Disposals		(303)	(1,256)	–	(1,559)
Revaluation	a	(9)	371	842	1,204
As at 31 March 2024		**379**	**33,356**	**80,435**	**114,170**
Amortisation					
As at 1 April 2023		(677)	(29,654)	(74,832)	(105,163)
Charged in period		(7)	(2,217)	(2,197)	(4,421)
Disposals		304	1,033	–	1,337
Revaluation	a	1	(338)	(815)	(1,152)
As at 31 March 2024		**(379)**	**(31,176)**	**(77,844)**	**(109,399)**
Net book value at 31 March 2024		**–**	**2,180**	**2,591**	**4,771**

a. Intangible assets were revalued to fair value by applying an appropriate Office for National Statistics index. The revaluation or devaluation gain or charge reflects movements in the index since 1 April 2024. The sum is presented within the SoCNI as a net gain on revaluation of non-current intangible assets.

10. Prepayments, trade and other receivables, and other current assets

	As at 31 March 2025 £000	As at 31 March 2024 £000
a) Amounts falling due over one year		
Prepayments > 1 year	115	33
Prepayments in respect of future scheme administration contract >1 year	12,997	1,704
	13,112	**1,737**
b) Amounts falling due within one year		
Accrued annual management charge	4,065	10,013
Accrued public sector obligation offset payment	4,534	4,907
Prepayments in respect of asset refresh <1 year	15	91
Other trade receivables	857	806
Other prepayments and accrued income	536	1,376
Prepayments in respect of future scheme administration contract <1 year	1,345	–
	11,352	**17,193**
c) Other current assets		
Staff loans	7	3
Other receivables	–	235
	7	**238**
Total	**24,471**	**19,168**

Prepayment in respect of future scheme administration contract, £14,342k, has been recognised following completion of initial milestone within the programme of work.

Included in the prepayments is £15k (compared with £91k in 2023/24) for amounts set aside from service charges to fund future scheme asset replacement. As this is a management estimate, the amount set aside is not built up evenly over the life of the scheme administration services contract.

11. Cash

Cash consists of cash held within a Government Banking Service bank account.

	As at 31 March 2025 £000	As at 31 March 2024 £000
Opening balance	293,314	228,452
Net change in cash balances	18,650	64,862
Balance at end of year	**311,964**	**293,314**

12. Interest Payable

	As at 31 March 2025 £000	As at 31 March 2024 £000
Interest payable		
Accrued interest payable to DWP	16,187	15,066
	16,187	**15,066**

13. Trade and other payables

	As at 31 March 2025 £000	As at 31 March 2024 £000
Trade and other payables		
Trade payables	495	357
Accruals	44,063	36,481
Deferred revenue	543	59
	45,101	**36,897**

14. Leases

During 2024/25, we had one lease in operation relating to our office facility, 10 South Colonnade.

The lease liability is measured at the present value of the lease payments that are not paid. The discount rate applied is the incremental borrowing rate of 1.63%, based on the 5-year National Loans Fund rate as at the inception date, 1 April 2022. The associated right-of-use asset additionally includes advanced payments made to the landlord.

Information on the associated right-of-use assets can be found in notes 8 and 9.

No short-term leases or leases of low value are currently in operation. Expenses relating to payments not included within the measurement of the lease can be found within note 6 (accommodation). Variable payments not recognised in the related lease liability are expensed as incurred and include costs associated with usage, such as utilities.

Restrictions imposed on the property lease held include:

- The lease is either non-cancellable or may only be cancelled by incurring a substantive termination fee.
- The lease requires the property to be kept in a good state of repair and returned to its original state at the end of the lease.

The lease liability reflects the full term available under current contract terms, no further extension options exist.

No commitments to leases yet to commence have been made.

Leases held expose us to a liquidity risk if we are unable to meet our obligations as they fall due. We are funded through a mixture of income from members and grant income from government, holding financial reserves to protect against any liquidity risk. The level of indebtedness in which we can enter into is restricted without government approval, further limiting our exposure to liquidity risk.

Minimum payment obligations under finance leases £000s	Not later than one year	Later than one year and not later than five years	Later than five years
As at 31 March 2025			
Principal	1,002	4,171	2,468
Interest	125	332	65
Minimum payment obligation	**1,127**	**4,503**	**2,533**
Present value of Payment	**1,103**	**4,239**	**2,270**
As at 31 March 2024			
Principal	1,395	5,816	5,014
Interest	200	566	173
Minimum payment obligation	**1,595**	**6,382**	**5,187**
Present value of Payment	**1,568**	**6,024**	**4,619**

14a) Lease liability

	As at 31 March 2025 £000	As at 31 March 2024 £000
Current lease liabilities – Property <1 year	1,002	1,395
Non-current lease liabilities – Property >1 year	6,639	10,830
Total	**7,641**	**12,225**

Presentation of the current and non-current lease liabilities balances have been consolidated from previously separated tables (note 14a and 14b) in a single table (note 14a) following the expiry of the IFRIC 12 liability in 2023/24. This change aims to improve clarity through a simplified format of presentation. The consolidation of the tables does not affect the recognition, measurement or totals of the lease liability presented.

Lease modification

During 2024/25, a reduction in the office space occupied led to two lease modifications in April 2024 and October 2024. The relinquished floor space constitutes separate lease components and were therefore accounted for separately. The office space we continue to occupy was not affected by the modification with no change to the terms of the lease in relation to this area.

Modifications to the lease relating to the relinquished areas were accounted for on the effective date of the modification, the tables below outline the pre – and post-modification values of the lease liability and right of use (RoU) asset in relation to our total occupied office space.

Modification 1 – April 2024	**Lease Liability**	**RoU Asset**
Pre modification value	12,224	15,176
Adjustment	(1,933)	(2,304)
Post modification value	10,291	12,872

Modification 2 – October 2024	**Lease Liability**	**RoU Asset**
Pre modification value	9,689	12,092
Adjustment	(1,880)	(2,336)
Post modification value	7,809	9,756

Impact of the lease modifications on the 2024/25 financial statements are presented below.

2024/25 Lease Modification Adjustments	**Note**	**Modification 1**	**Modification 2**	**Total**
Lease liability		1,933	1,880	**3,813**
RoU asset	8	(2,304)	(2,336)	**(4,640)**
Loss on lease modification	6c	371	456	**827**

Loss on lease modification is presented within note 6c *Loss on disposal of non-current assets and lease modification*.

15. Other liabilities

15 a) Current other liabilities

	As at 31 March 2025 £000	As at 31 March 2024 £000
Other taxation and social security	1,222	1,020
Pension costs liability	355	284
Total	**1,577**	**1,304**

15 b) DWP loan

	As at 31 March 2025 £000	As at 31 March 2024 £000
DWP loan	1,189,047	1,195,047
Total	**1,189,047**	**1,195,047**

Loan funding from the DWP is provided to meet the Scheme's implementation and running costs and will subsequently be repaid from charges levied on Scheme members. The interest rate on each loan drawdown is determined by the interest rate prevailing at the time of taking out the loan. At 31 March 2025, the weighted cost of capital on loan funding was 3.24% (compared with 3.18% at 31 March 2024), see note 7. Interest on loans is payable in April and October each year.

16. Provisions for liabilities and charges

	Note	As at 31 March 2025 £000	As at 31 March 2024 £000
Balance at 1 April 2024		**831**	**1,927**
Provided in the year		355	–
Utilised in the year		(149)	(690)
Released in the year		(2)	(406)
Balance at 31 March 2025		**1,035**	**831**
Amounts falling due within one year		355	–
Amounts falling due over one year		680	831
		1,035	**831**

	Property – Dilapidations £000	Restructuring £000	Total £000
Balance at 1 April 2024	**831**	**–**	**831**
Provided in the year	–	355	355
Utilised in the year	(149)	–	(149)
Released in the year	(2)	–	(2)
Balance as at 31 March 2025	**680**	**355**	**1,035**
Amounts falling due within one year	–	355	355
Amounts falling due over one year	680	–	680
	680	**355**	**1,035**

During 2024/25, the provision for liabilities associated with restructuring costs within the Corporation was recognised, alongside an existing provision related to property dilapidation.

The dilapidation liability is based upon our obligation to bring property into a good state of repair at the end of the tenancy in 2032/33. Following the hand back of office space during 2024/25, £149k of the provision was utilised to bring the office space into a state in which the property management company could relet the premises.

Restructuring activities communicated to affected colleagues prior to the reporting date, created a provision based on the best estimate of expenditure required to settle the obligation as at 31 March 2025. The provision is expected to be utilised within financial year 2025/26.

17. Capital and other financial commitments

a) Capital and other financial commitments

	As at 31 March 2025 £000	As at 31 March 2024 £000
<1 Year	83,786	35,230
1-5 Years	346,735	313,308
>5 Years	306,252	390,667
Total	**736,773**	**739,205**

The contracted commitments relate to two contracts associated with the future scheme administration contract (contract 2, see note 1.4a).

b) Commitments under service concession arrangements reflected in the SoFP

Our current contract with TCS for administration of the Scheme (contract 1, see note 1.4a) which has been assessed under IFRIC 12 and recognised as a service concession. As a result, assets used for the contract have been recognised as non-current assets in the SoFP and the liability to pay for these assets has been accounted for as a finance lease. The commitments analysed below reflect advance payments towards milestones, investment decision points' service charges and the imputed interest element.

The obligations under service concession arrangements presented in this note relate to the current scheme administration contract (contract 1) expiring in June 2025.

The long-term contract in relation to the provision of future scheme administration services (contract 2) is considered in note 17a.

Total commitments under service concession arrangements reflected in the SoFP for the following periods comprise:	As at 31 March 2025 £000	As at 31 March 2024 £000
Not later than one year	24,467	94,410
Later than one year and not later than five years	–	27,104
Total gross obligation	**24,467**	**121,514**
Less interest element discount	–	(836)
Present value of obligations	**24,467**	**120,678**

Present value of commitments under service concession arrangements reflected in the SoFP for the following periods comprise:	As at 31 March 2025 £000	As at 31 March 2024 £000
Not later than one year	24,467	94,410
Later than one year and not later than five years	–	26,268
Total present value of obligations	**24,467**	**120,678**

c) Charge to the statement of comprehensive net income and future commitments

The total amount charged to the statement of comprehensive net income in 2024/25 in respect of the service element of this service concession was £133,629k (compared with £127,586k in 2023/24) and the payments to which we are committed (subject to the conditions of the contract, particularly volume levels) are as follows:

	As at 31 March 2025 £000	As at 31 March 2024 £000
Not later than one year	24,467	91,087
Later than one year and not later than five years	–	24,152
Total	**24,467**	**115,239**

18. Financial instruments

	Note	As at 31 March 2025 £000	As at 31 March 2024 £000
Financial assets			
Cash and cash equivalents	11	311,964	293,314
Other receivables	10c	–	235
Staff loans	10c	7	3
Total		**311,971**	**293,552**

The above figures exclude statutory receivables and prepayments and imputed IFRIC 12 liability elements.

	Note	As at 31 March 2025 £000	As at 31 March 2024 £000
Financial liabilities			
DWP loan	15b	1,189,047	1,195,047
Trade payables & deferred revenue	13[i]	1,038	416
Accruals	13	44,063	36,481
Accrued interest payable to the DWP	12	16,187	15,066
Total		**1,250,335**	**1,247,010**

It is, and has been, our policy that no trading in financial instruments is undertaken, nor are they held to change risk.

We have limited exposure to interest rate risk for our loans as the rates are set and fixed on drawdown or rollover for a period of five years.

i. Account is the sum of Trade payables and Deferred revenue within the stated note.

The book value of our financial assets and liabilities as at 31 March 2025 and 31 March 2024 are not materially different from their fair values.

19. Related-party transactions

We are accountable to the Secretary of State for Work and Pensions and classified as a public corporation. DWP is our sponsoring department, and the two bodies are regarded as related parties. During the year, we had a number of material transactions with DWP. These are detailed in the table below:

		Year ended 31 March 2025		Year ended 31 March 2024	
	Note	£000 Income	£000 Expenditure	£000 Income	£000 Expenditure
Loan funding or repayment	15b[i]	–	6,000	63,000	–
Sponsorship and research revenue	4	226	–	79	–
Loan interest	7	–	36,616	–	33,854
Public service obligation offset payment	3	10,848	–	11,111	–
Grant income for non-chargeable costs	3	299	–	299	–
Premium for letter of credit		–	330	–	330
Total		**11,373**	**42,946**	**74,489**	**34,184**

As at 31 March 2025, accrued interest payable to DWP totalled £16.2 million, compared with £15.1 million in 2023/24.

i. Transaction presented is the movement between the balance as at 31 March of the prior year and the balance as at 31 March of the reported period.

This relationship with the DWP includes the provision of:

- Loan funding or repayment. During 2024/25, we made our first repayment on the loan facility of £6m, compared to a drawdown of £63m in 2023/24.
- PSOOP and grant income.
- Grant to fund pension research, through our in-house research and innovation centre, Nest Insight.

During 2024/25, we received income from the Scheme of £278.2 million (compared with £231.5 million in 2023/24). See note 2 to the financial statements.

Nest Corporation is a participating employer in the Scheme. Contributions of £3.9 million (compared with £3.3 million in 2023/24) were payable by us to the Scheme during the period.

No Board directors have undertaken any material transactions with Nest Corporation during the period. Board members pay into the Scheme on general terms.

Disclosure of compensation paid to Board members, expense allowances and similar items paid in the ordinary course of operations are presented within the remuneration and staff report (see **page 162**).

20. Cashflow analysis

	Note	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Non Cash items			
Depreciation and amortisation incl. non-TCS	6a	8,971	8,883
Loss on disposal of non-current assets	6c	970	460
Prepayment asset refresh		(105)	(1,051)
Offset for Lease Liability		–	2,446
Finance credit charge		–	98
Non-cash movement in Dilapidations provision	6c	(2)	(352)
Increase in trade and other payables related to Scheme Assets		–	(2,475)
Other non-cash items		–	(47)
Total Non Cash Items		**9,834**	**7,962**
Purchase of Intangible Assets			
Purchase of furniture and fittings	8	(274)	–
Purchase of IT	8	(153)	–
Total of Intangible Assets		**(427)**	**–**
Payments towards Scheme administration solution			
Total lease liability payments made in the year		–	(4,655)
Prepayments in respect of future scheme administration contract		(12,638)	(1,704)

21. Political and charitable donations

We made no political or charitable donations in 2024/25.

During 2023/24, we donated 342 laptops no longer in use to the Good Things Foundation's National Device Bank.

22. Contingent liabilities

During 2024/25, the Corporation had two ongoing employment tribunal matters relating to two separate claims made during financial years 2023/24 and 2024/25. The first hearing is due to take place during 2025/26, the second hearing is yet to be scheduled. Our legal counsel's view is that in both cases we are unlikely to be found liable. However, the outcome of the hearing is subject to future events outside of our control. If unsuccessful in either case, we estimate damages payable of £43,000 in each case (£86,000 in total). These matters represent a contingent liability.

During 2023/24, the Corporation had one ongoing employment tribunal matter outstanding. Legal counsel's view stated we were unlikely to be found liable, however if unsuccessful in the case estimate damages payable were estimated at £43,000.

23. Events after the reporting period

IAS 10: events after the reporting period requires us to disclose the date on which the accounts are authorised for issue. There were no reportable events after the reporting period. The ‘Corporation annual report and accounts’ were authorised by the CEO for issue on the date of the Comptroller and Auditor General’s audit certificate.

Appendices

Appendix 1

(not subject to audit)

Direction in relation to the annual report and accounts of the National Employment Savings Trust Corporation

Given by the Secretary of State for Work and Pensions, Under Schedule 1 to the Pensions Act 2008.

1. In exercise of the powers conferred by paragraphs 17(2)(b) and 20(2) of Schedule 1 to the Pensions Act 2008 (c.30), the Secretary of State hereby directs the National Employment Savings Trust Corporation (Nest Corporation), as follows:
2. Nest Corporation shall prepare accounts for the 12 month Year ended 31 March 2012, and subsequent financial years, in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual issued by HM Treasury (FReM) which is in force for the financial year for which the accounts are being prepared.
3. These accounts shall be prepared so as to:
    a. give a true and fair view of the state of affairs of Nest Corporation at 31 March 2012 and subsequent financial year-ends, and of the income and expenditure, changes in taxpayers’ equity and cash flows for the financial year then ended, and

   b. provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.

4. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be agreed with the Department for Work and Pensions and HM Treasury.

5. Nest Corporation must disclose in its accounts:

   a. the loan from the DWP and any other loans for which Nest Corporation is responsible for and on behalf of Nest, together with interest charges related to those loans

   b. contracts for scheme services, for example scheme administration, entered into for and on behalf of Nest

  c. receipt of deductions made from members' accounts to contribute to the general costs of the setting up, administration and management of Nest.

6. Nest Corporation's accounts will not consolidate the accounts of the Nest pension scheme.
7. In its annual report, referred to in paragraph 17 of Schedule 1 to the Pensions Act 2008, Nest Corporation is to include the report on Nest Corporation's proceedings during the year.
8. In accordance with paragraph 20 of Schedule 1 to the Pensions Act 2008, Nest Corporation is to

   prepare an annual statement of accounts for Nest Corporation. The accounts will include the certificate and report of the Comptroller and Auditor General on the Nest Corporation Accounts.

   Nest Corporation came into force on 5 July 2010, and simultaneously its predecessor body, The Personal Accounts Delivery Authority (PADA), was wound up. For the financial year 1 April 2010 to 31 March 2011 only, the Annual Report and

   Accounts, referred to in paragraphs 7 and 8 above, will cover the full financial year, incorporating the period relating to PADA. The financial statements will also clearly show a separate wind-up account for PADA for the period 1 April 2010 to 4 July 2010. However, there is no need to prepare a separate SIC or management commentary as these items can be included in the overall accounts and report for Nest Corporation.

9. This Direction revokes and supersedes the Accounts direction issued to PADA on 29 April 2009. This Direction is signed by the authority of the Secretary of State for Work and Pensions.

Jos Joures
3 March 2011

Report and Accounts of the National Employment Savings Trust Corporation

Appendix 2

(not subject to audit)

Overview of environmental performance

Our office is in a modern, energy-efficient building which houses several government bodies. The building's management company oversees energy use, recycling plus food and catering services. The management company employs a dedicated Low Carbon & Sustainability Manager with responsibility for energy reduction and recycling. There is a building-wide policy to support effective energy management. Tenants are not provided with detailed energy data usage as part of the multi-tenant arrangement. The data captured is for the building as a whole, reducing the level of detail we can report on. Our scope 2 emissions are estimated based on the proportion of occupied space we are utilising. Energy data in this report is based on meter readings and the rates provided by the building management company.

During 2024/25, our apportionment of the buildings energy and resource usage was 5.8% of the total, this is based on our occupation share of the building. In line with our continued commitment to adopt more environmentally sustainable ways of working, reducing our carbon footprint and supporting our flexible working policy, we reduced the size of our office during the year. Office space was relinquished back to the building management company in two phases, during April 2024 and October 2024. The reduction in space realigns our office footprint with colleagues attendance into the office, whilst we have reduced the space we occupy, the level of attendance into the office has increased. The number of weekly visits into the office by colleagues rose by 27% year on year, this is in part driven by a growth in staffing levels, the average FTE number increased from 325 to 351 between 2023/24 and 2024/25.

Summary

During 2024/25, the building management company implemented a number of infrastructure improvements, reflecting a continued effort to align with long-term sustainability goals. While these upgrades represent meaningful steps forward, they are part of an ongoing journey rather than a completed transformation.

The building management system was upgraded, offering enhanced control over internal comfort levels and laying the groundwork for more efficient energy use. Although the full impact of this upgrade will become clearer over time, it provides a platform for smarter energy management.

In parallel, lighting systems were replaced with energy-efficient LED fittings to reduce electricity consumption. More significantly, a new air source heat pump was installed to supply hot water, enabling the complete removal of gas usage from the building.

To support future improvements, the building management company has also begun rolling out sub-metering across the site. This initiative will help identify specific areas of energy use and inefficiency, enabling more targeted interventions and better-informed decision-making.

We will continue to collaborate with the building management company supporting the delivery of their sustainability action plan.

Our scope 3 reported emissions data is captured directly from expense claims and contract reporting.

Greenhouse gas emissions

Energy consumption increased during 2024/25 compared to prior year, our apportioned energy usage increased from 639,281 kWh in 2023/24 to 754,033 kWh in 2024/25, an 18% increase. The increase in energy consumption was driven by a rise in electricity usage, a 21% increase year on year, whilst consumption of gas within the office building was completely removed by Q4 2024/25, with annual gas consumption reducing by 61% overall. Building management installed a new air source heat pump completely removing gas usage from the building. As a result, the building now operates entirely on electricity, which is procured under a Zero Carbon for Business tariff, a measure that will reduce the building's operational carbon footprint. Overall, energy consumption has increased at a slower rate than the increase in office attendance, in part due to initiatives implemented by the building management throughout the year, including updating the lighting systems with energy-efficient LED fittings. Our scope 2 emissions relate to gas and electricity emissions from our office building. The increase in energy consumption increased our scope 2 emissions from 135 tonnes CO_2e in 2023/24 to 170 tonnes CO_2e. Our 2024/25 scope 2 emissions are 43% lower than the 2017/18 benchmark (170 v. 296 tonnes CO_2e).

Scope 3 emissions relate to business travel, overall scope 3 emissions increased by 10% in 2024/25 when compared to prior year. Our travel policy requires staff to consider lower carbon options and to only take journeys when necessary and unavoidable. During 2024/25, we saw an increase in flights taken by colleagues, increasing carbon emissions from internation air travel by 10% to prior year. Distance travelled by rail reduced significantly leading to a 44% fall in emissions compared to 2023/24. Reduction in rail travel was driven by fewer visits to our key outsourcing partners and suppliers. Over the same period, we have seen an increase in emissions from private vehicle usage and domestic air travel, in an environment of increasing economic uncertainty maintaining strong relationships with our customers remains vital. Business travel emissions during 2024/25 were 37% lower than in 2017/18.

Overall, our total greenhouse gas emissions (scope 2+3) are 40% below the 2017/18 benchmark. We remain in a strong position to achieve our sub and headline targets to reduce overall greenhouse gas emissions from our 2017/18 benchmark. We will continue to address areas for improvement, working with colleagues to reduce domestic travel and supporting our building management company in achieving its long-term sustainability goals.

Minimising waste

We continue to collaborate with the building management company to support the delivery of their sustainability action plan, including campaigns to minimise waste and increase recycling rates. The success of these initiatives can be seen through the increase in waste recycling rates, which increased from 30% in 2023/24 to 49% in 2024/25.

Whilst the total amount of waste produced has increased by 14% to prior year, this increase is below the rise in office attendance, 27%. Building management continues to send zero waste to landfill, with non-recycled waste sent to a ‘energy from waste’ facility to be incinerated producing refuse derived fuel and therefore an element of energy recovery.

Higher office attendance increased usage of single use plastics, from zero tonnes in 2023/24 to one tonne in 2024/25. Paper usage also increased by 6% to prior year, driven by higher office attendance. However, we remain ahead of our targeted reduction of 50% to the 2017/18 benchmark, with paper usage down 71%.

Sustainable procurement

Nest does not currently have a sustainable procurement policy, however we use the Government Framework for most contracts. For building wide procurement, we are reliant on the building management procurement policies.

Climate change adaptations

Nest has provided a 2017/18 baseline data and continues to provide quarterly data to the DWP Central Assurance Greening Government Commitment team as we work towards achieving Net Zero by 2050 and mitigating climate change.

Use of finite resources

In 2024/25, the normalized water consumption per FTE was 4.22 m^3, a decrease from 4.66 m^3 in 2023/24. However, the overall water consumption only decreased marginally by about 2% compared to the previous year. The improvement in per-FTE consumption is likely influenced by the fact that our apportionment percentage of the building's total water usage remained unchanged, despite a 33% reduction in our occupied office space.

This means that while we occupy less space, we are still being allocated a similar share of the building's total water use, based on the building occupancy. As a result, the water consumption per square meter of office space actually increased by 46%, indicating that our water use intensity relative to space has worsened, as we would expect due to higher increased attendance in the office.

Scope 2 – Water consumption		2017/18 Benchmark	2021/22	2022/23	2023/24	2024/25
Non-financial indicators (m^3)	Water consumption	2,722.0	856.1	1,539.5	1,513.0	1,480.0
Financial indicators (£)	Total water costs[1]	5,089	1,575	4,173	3,873	3,463

Note

1. This figure includes employees, Board members, interims, secondees and panel members.

Environmental performance 2024/25

	Actual performance	Normalising data (per FTE)
Area		
Average annual full-time equivalent staffing figure: 351[1]		
Estate energy and emissions		
GHG emissions from offices	170 tonnes CO_2e	0.48 tonnes CO_2e
Total organisation energy consumption	754,033 kWh	2,148 kWh
Total energy expenditure	£227,696	£648.71
Travel emissions		
CO_2e emissions from business travel[2]	170.0 tonnes CO_2e	0.5 tonnes CO_2e
Total expenditure on business travel	£58,072	£165.45
Waste		
Total waste produced[3]	6.8 tonnes	0.02 tonnes
Total recycled/reused	3.3 tonnes	0.01 tonnes
Total incinerated	3.4 tonnes	0.01 tonnes
Total to landfill[4]	0.0 tonnes	0.00 tonnes
Total waste expenditure	£4,462	£12.71
Consumer Single Use Plastics (CSUP)	0.7 tonnes	0.0 tonnes
Paper		
Total paper usage	1 tonnes CO_2e	0 tonnes CO_2e
Total paper expenditure	£515	£1.47
Water		
Total water consumption	1,480 m^3	4.2 m^3
Total water expenditure	£3,463	£9.87

Notes

1. This figure includes employees, Board members, interims, secondees and panel members.
2. CO_2e means carbon dioxide equivalent, which is a widely accepted standard for measuring emissions from all greenhouse gases.
3. Zero waste associated with ICT.
4. Zero waste was incinerated without energy recovery.

Greenhouse gas emissions (GHG)

The data for scope 2 emissions for 2024/25 is taken as a percentage of the overall data for the building based on our 5.8% occupancy. This provides us with an indication of performance.

Greenhouse gas emissions		2017/18 Benchmark	2021/22	2022/23	2023/24	2024/25
	Scope 2 – Gas and electricity					
	Gas	54.3	3.6	3.0	4.2	1.5
	Electricity – total	241.9	154.1	126.0	130.6	168.1
	Total scope 2	**296.2**	**157.7**	**129.0**	**134.8**	**169.6**
	Scope 3 – Business travel					
Non-financial indicators (tonnes CO_2e)	Private vehicle	16.9	1.2	2.9	1.7	4.6
	Car hire	–	–	–	–	–
	Taxis	0.9	0.2	0.0	0.1	0.1
	Air – International[2]	243.2	–	12.2	147.1	161.3
	Air – Domestic	–	0.3	6.1	0.3	1.0
	Rail	9.0	0.4	6.0	5.3	2.9
	Total scope 3	**270.0**	**2.1**	**27.2**	**154.5**	**169.9**
	Total emissions	**566.2**	**159.8**	**156.2**	**289.3**	**339.5**
	Scope 3 – Paper					
	Paper	2.2	–	0.4	0.6	0.6

Notes

1. The building management company is unable to allocate the electricity costs and usage to green and brown electricity based on the information supplied to them from the electricity suppliers.
2. Disclosure for the 2023/24 Air – international has been updated to reflect data not previously disclosed.

Greenhouse gas emissions		2017/18 Benchmark	2021/22	2022/23	2023/24	2024/25
Related energy consumption in kilowatt hours (kWh)	**Scope 2 – Gas and electricity[1]**					
	Gas	294,854	19,535	18,532	20,732	8,086
	Electricity – total	586,885	725,656	597,022	618,549	745,947
	Total scope 2	**881,739**	**745,191**	**615,554**	**639,281**	**754,033**
	Scope 2 – Gas and Electricity[2]					
	Total scope 2	**85,002**	**115,186**	**157,418**	**137,141**	**227,696**
Financial indicators (£)	**Scope 3 – Business Travel**					
	Private vehicle	29,075	2,243	6,909	8,796	8,258
	Car hire	85	–	–	–	–
	Taxis	7,962	960	272	1,131	1,098
	Air – International[3]	109,252	–	33,509	106,157	124,718
	Air – Domestic		789	9,137	394	769
	Rail	81,501	5,518	28,814	44,854	51,382
	Total scope 3	**227,875**	**9,510**	**78,641**	**161,332**	**186,225**
	Scope 3 – Paper					
	Paper	3,483	25	284	275	515
Volumes of paper in reams	**Scope 3 – Paper**					
	A4	945	15	65	80	80
	A3	30	–	10	–	5

Notes

1. The building management company is unable to allocate the electricity costs and usage to green and brown electricity based on the information supplied to them from the electricity suppliers.
2. The utility figures are cost estimates provided by the building management company to support intergovernmental department reporting against Greening Government Commitments or for departmental or agency sustainability reporting. During 2024/25, the building removed gas usage from the building. As a result, the building now operates entirely on electricity. The building management company provides a consolidated cost estimate for gas and electricity. No gas costs will be included in the estimate from 2025/26 onwards.
3. Disclosure for the 2023/24 Air – international has been updated to reflect data not previously disclosed.

Glossary

AAF	Audit and Assurance Faculty
ABI	Association of British Insurers
ALB	Arms Length Body
BCDR	Business Continuity and Disaster Recovery
BTR	Build-to-Rent
CEO	Chief Executive Officer
CFA	Chartered Financial Analyst
CFO	Chief Financial Officer
CO_2e	Carbon Dioxide Equivalent
CPI	Consumer Price Index
CPO	Chief People Officer
CSFs	Critical Success Factors
CSR	Corporate Social Responsibility
DC	Defined Contribution
DE&I	Diversity, Equity and Inclusion
DWP	Department of Work and Pensions
EPN	Employer Pension Notices
ESG	Environmental, Social and Governance
ExCo	Executive team
FCA	Financial Conduct Authority
FReM	Government Financial Reporting Manual

FTE	Full-Time Equivalent
GPA	Government Property Agency
IA	Investment Association
IAS	International Accounting Standards
ICAEW	Institute of Chartered Accountants in England and Wales
ICO	Information Commissioner's Office
IDR	Internal Dispute Resolution
IFM	IFM Investors
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IMA	Investment Management Agreement
ISAE	International Standard on Assurance Engagements
ISO	International Organisation for Standardisation
L&G	Legal & General Group
LGIM	Legal & General Investment Management
LGPS	Local Government Pension Scheme
MaPS	Money and Pensions Service
MPM	Managing public money
MFA	Multi-factor authentication

MSA	Modern Slavery Act
NIST	US National Institute of Standards and Technology
NIST CSF	National Institute for Standards and Technology Cyber Security Framework
ONS	Office of National Statistics
OPS	Occupational Pension Scheme
PADA	Personal Accounts Delivery Authority
PILON	Payment In Lieu Of Notice
PLSA	Pensions and Lifetime Savings Association
PMI	Pensions Management Institute
PQM	Pension Quality Mark
PSOOP	Public Service Obligation Offset Payment
RoU	Right-of-Use
REITs	Real Estate Investment Trust
SIP	Statement of Investment Principles
SoCF	Statement of cash flows
SoCNI	Statement of comprehensive net income
SoCTE	Statement of changes in taxpayers’ equity
SoFP	Statement of financial position
STT	State Street Bank and Trust Company
TCFD	Task Force on Climate-related Financial Disclosures
TCS	Tata Consultancy Services Ltd

TGE	The Good Economy
TPO	The Pensions Ombudsman
TPR	The Pensions Regulator
WACC	Weighted Average Cost of Capital