Nest, the National Employment Savings Trust

Corporation annual report and accounts 2025/26

HC 353

Nest, the National Employment Savings Trust

Corporation annual report and accounts 2025/26

For the period 1 April 2025 to 31 March 2026

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

Ordered by the House of Commons to be printed on 9 July 2026

HC 353

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.

This publication is available at **gov.uk/official-documents**.

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

Nest Corporation
10 South Colonnade
Canary Wharf
London E14 4PU

ISBN 978-1-5286-6504-9

E03608987 07/26

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

Contents

Chapter 1

Performance report

Performance overview

Executive Summary of Nest Corporation,
Purpose and Outcomes during the financial year.

- → Chairs statement
- → CEO statement
- → Key highlights
- → Nest Corporation – The Trustee of the Nest Scheme
- → 2030 strategy and objectives
- → Going concern

Chair's statement

Brendan McCafferty, Chair, Nest Corporation

Overview and Strategic Context

This has been a pivotal year for Nest, characterised by significant external developments, organisational evolution and continued growth in our membership – now exceeding 14 million members – and total net assets, which reached £62.9 billion.

The introduction of new pensions legislation provides a clear direction of travel for defined contribution (DC) pension schemes. The focus on scale, value for money, investment sophistication and the increasing role of DC provision aligns strongly with Nest's purpose and operating model. As a scheme designed to serve low- to moderate-income earners at scale, we are well positioned to respond to these reforms and to anticipate further policy developments.

Our corporate strategy has continued to evolve accordingly, ensuring we remain focused on delivering strong long-term outcomes for members while building the capabilities required for the future.

Governance

Strong governance remains fundamental to the effective running of the Scheme and the delivery of good outcomes for members.

During the year, we enhanced our governance framework, including further development of the investment governance model through a newly established Nest Invest Board with delegations from Nest Corporation, the Trustee. This provides clearer accountability, improves agility in investment related decision-making and ensures appropriate oversight of increasingly sophisticated investment activity.

We also established a dedicated customer committee, strengthening the Board's oversight of member outcomes and experiences. This committee provides rigorous challenge and assurance that the Scheme delivers quality, value and service consistent with our strategic objectives.

The Trustee continues to invest in its effectiveness through structured development, regular training and robust evaluation processes. Our governance operates within the framework of our role as an arm's-length body of the Department for Work and Pensions (DWP). It is also informed, where appropriate, by the principles of the UK Corporate Governance Code (2024)[1], supporting high standards of stewardship and accountability, although the Code is not directly applicable to Nest and therefore not applied in full. We continue to explore mechanisms to enhance transparency and strengthen engagement with members in how decisions are made.

1 **frc.org.uk/library/standards-codes-policy/corporate-governance/uk-corporate-governance-code/UK Corporate Governance Code 2024**

Value for Members

Delivering value for members remains central to all aspects of the Scheme.

Nest's scale (£62.9 billion total net assets as at 31 March 2026) enables us to operate efficiently, and to invest in capabilities that support improved member outcomes over the long-term. Throughout the year, we have focused on strengthening our investment approach, enhancing member engagement, and ensuring that our operating model delivers high-quality services in a cost-effective manner.

We recognise that value is not solely financial. It is reflected in the quality of the member experience, the effectiveness of communications, and the extent to which members are supported in achieving the best possible retirement outcomes. Our focus on trustworthiness—demonstrated through transparency, ease of use, and accountability—underpins our approach.

Given the ongoing cost-of-living pressures faced by many members, it is particularly important that we continue to deliver value in every aspect of the Scheme. Every pound matters, both in terms of net investment returns and the efficiency with which the Scheme is run.

Investment Performance and Strategy

Over the reporting period, investment markets have performed strongly, and Nest's returns reflect this environment. The Nest 2046 Retirement Date Fund, which is designed for members expecting to retire in 2046 and represents the growth phase, had ten-year annualised returns of 8.5%. This is well ahead of our long-term objective to achieve investment returns of at least 3 percentage points above inflation. For the same ten-year period, inflation was 3.5%, so our long-term objective was to generate investment returns of at least 6.5%.

As a long-term, large-scale investor, we continue to evolve our investment strategy to deliver improved risk-adjusted returns for members. Recognising that achieving outperformance becomes more challenging at scale, we are adapting our approach to ensure that the Scheme remains well positioned.

This includes:

- Increasing sophistication in portfolio composition
- Expanding exposure to private markets, including infrastructure and private credit
- Maintaining a disciplined approach to risk and diversification

In line with the Mansion House Accord, we have also continued to invest in opportunities within the UK, where it is consistent with our fiduciary duty. This reflects both the opportunity to generate returns and the ability to deliver broader benefits to members through investment in the economy in which they live. We currently have £13 billion invested in the UK which represents 21% of the Scheme's assets.

Our long-term investment horizon provides us with a distinct advantage, enabling us to access opportunities that can offer stable returns and reduced volatility over time.

Core Financial Transactions and Administration

The Trustee remains focused on ensuring that core financial transactions are processed promptly and accurately, recognising the importance of this to member confidence and outcomes.

The Scheme continues to operate through a partnership-based delivery model. Key third-party relationships, including those with Northern Trust and Tata Consultancy Services (TCS), play an essential role in the administration and servicing of the Scheme.

During the year, we managed a significant transition in service provision, including the move from State Street to Northern Trust, and entered into a new contract with TCS which enables significant improvements in member experience. These changes were delivered with a strong focus on continuity, control and service quality.

We continue to develop our approach to supplier management, with an increasing emphasis on collaborative relationships that support innovation, efficiency and long-term service improvement.

Member Engagement and Communications

The Trustee recognises that improving member engagement is critical to supporting good outcomes in a changing and challenging pensions landscape.

Traditionally, DC schemes have relied on service models predicated on low member engagement. However, increasing competition and changing member expectations require a more proactive approach. During the year, we have begun to shift towards a model of more active engagement.

This includes investment in brand and awareness activity, alongside improvements to member communications and journeys. However, we recognise that awareness alone is not sufficient. Building trust requires consistent delivery of positive member experiences, underpinned by clear communication, empathy and transparency.

We are continuing to develop our understanding of members' needs and behaviours, and to reflect this in how we design and deliver services. This includes a growing focus on key decision points in members' lives, where engagement and competition are most pronounced.

Retirement Outcomes

A key priority this year has been the further development of Nest's retirement offering.

The introduction of flexi-access drawdown later in 2026, represents a significant step forward, providing members with greater flexibility and placing Nest on a more level footing with competitors.

In parallel, we are developing innovative solutions designed to provide members with greater certainty of income in retirement. These developments are aligned with member preferences, which strongly favour stable and predictable retirement income over variability.

Our approach is guided by our purpose of providing peace of mind in retirement, and we will continue to refine and test these solutions over the coming years.

Costs, Charges and Efficiency

The Trustee continues to focus on managing costs carefully while investing appropriately for the future. Nest Corporation has delivered continued profitability, which is reinvested for the benefit of members. This supports the development of capabilities required to deliver best-in-class services and strengthens the financial resilience of the organisation.

We recognise the importance of maintaining an efficient operating model, particularly in the context of cost pressures faced by members. Ongoing change investment decisions are therefore carefully balanced against the need to deliver value for money.

The Trustee remains mindful of its statutory responsibilities, including stewardship of public funds made available to support the Scheme and continues to monitor its capacity to meet these commitments in a prudent and sustainable manner.

Risk Management and Future Outlook

The external environment remains challenging. Members continue to face cost-of-living pressures and economic uncertainty, while the pensions landscape is evolving rapidly, including an increasingly competitive market for pension savings.

In this context, the Trustee's role is to provide stability and long-term confidence. While short-term challenges are unavoidable, maintaining members saving regularly and consistently is key to delivering good retirement outcomes.

Looking ahead, the Trustee will continue to focus on:

- Responding to regulatory and policy developments
- Enhancing investment capability and governance
- Strengthening member engagement and trust
- Delivering operational excellence and efficiency

We remain confident that Nest is well positioned to navigate these challenges and to continue delivering strong long-term outcomes for our members.

Conclusion

This year has been one of meaningful progress. We have strengthened governance, advanced our strategy, and continued to build a scheme that is resilient, scalable and focused on members.

The Trustee remains committed to its core purpose: to act in the best interests of members and to provide them with confidence and peace of mind in retirement.

Brendan McCafferty
Chair, Nest Corporation

CEO's statement

Ian Cornelius, Chief Executive Officer (CEO), Nest Corporation

A year of progress in a changing environment

As I reflect on the past year, I am proud of the continued progress we have made in advancing our strategic objectives and delivering for our members against a backdrop of significant change in our external environment.

We have operated in a world characterised by ongoing economic and geopolitical uncertainty, increasing competition within the pensions market and a rapidly evolving policy landscape. These conditions continue to present challenges both for us as a corporation and for the customers we serve. Despite this, we have remained firmly focused on our purpose, "building financial peace of mind for all", and on delivering better outcomes for our members on their journey to and through retirement.

We are acutely aware of the challenges our members and employers continue to face, with economic pressures causing financial concerns and pressures for many. It is our job to build and retain their trust, through the quality and relevance of the services we provide and the investment performance we deliver.

Through the year we have continued to transform our proposition, enhance our capabilities and strengthen our core infrastructure. This included successfully completing the transition to our new custodian and fund administrator Northern Trust. In addition, we have continued to strengthen and make significant enhancements to our scheme administration platform provided by our long-term partner, Tata Consultancy Services (TCS). We continue to invest in improving the experience and the proposition we offer to our customers. Member registration rates after enrolment have continued to rise, and we have seen encouraging increases in member engagement.

In this increasingly competitive environment, we cannot take for granted our commercial success, so throughout the year we have continued to build our capacity, capability and develop our culture to ensure continued success in delivery of our strategy. This investment is driven by our vision to be the most trusted pension brand for low to moderate earners. One measure of trust is employers choosing Nest for their automatic enrolment duties, and members continuing to save with us. I am delighted to see the continued growth of the Scheme; this year we reached a record number of members, 14 million, with our highest level of contributing members, 4 million. We received contributions in year of £8.6 billion.

Performance and financial sustainability

2025/26 has been a strong year for Nest, marked by continued growth and a solid financial performance. We delivered record Scheme income, supported by the growth in our membership, and strong investment performance across the assets we manage on behalf of our members. Our financial performance also benefited from lower scheme administration charges due to the introduction of new contractual arrangements with our scheme administrator.

We delivered a profit for the benefit of our members of £40.5 million. As a corporation operating solely in the interests of our members, and with no shareholders, any profit we generate is reinvested. This strengthens our financial sustainability and supports continued investment in the initiatives, services and capabilities needed to deliver the best possible outcomes for current and future members. Total net assets increased to £62.9 billion, reflecting the continued scale and growth of the Scheme and the trust placed in us by our members and employers.

This financial position is fundamental to our ability to deliver for members. Profitability enables us to reinvest in our products and services, improve the customer experience and build the operational and financial resilience required to operate in an increasingly competitive and uncertain environment. In line with our Public Service Obligation, we remain available to all employers, regardless of size, who would like to use us to provide a high-quality pension for their employees. To deliver on this commitment, it is important we have a financially stable and profitable Nest and can offer an appropriately high-quality investment strategy and customer service to all our employers and members.

In response to a changing operating environment, we have strengthened our financial strategy and further developed our commercial approach. Central to this has been a continued focus on Nest Corporation's financial resilience. Our revised framework sets out a prudent and balanced reserves strategy, providing confidence in our ability to meet our operational and financial commitments over the long-term, under both business-as-usual and stressed conditions.

Strategy: embedding and evolving our direction

During the year, we undertook a refresh of our corporate strategy to ensure it remains fit for purpose. While the core elements of the strategy remain unchanged, this process has reinforced its strength and relevance. It has also sharpened our focus and our vision to become the most trusted pensions brand for low to moderate earners.

Increasing competition for members has resulted in a rise in transfer activity across the industry reflecting a maturing auto enrolment market responsive to increased member expectations. These factors, combined with continued economic uncertainty and inflationary pressures, present risks to our growth trajectory, member retention and long-term financial sustainability. We have responded by strengthening our strategic focus on driving member value, enhancing our investment and operational capabilities while maintaining disciplined oversight of risk.

Evolved investment strategy

We have continued to evolve our investment strategy to reflect both the scale of the Scheme and the changing environment in which we operate. Our increasing allocation to private markets, alongside continued investment in the UK, demonstrates our commitment to delivering diversified, long-term returns for members while also supporting UK economic growth and resilience.

Nest signed the Mansion House Accord, joining 16 other major workplace pension providers in a voluntary commitment to invest at least 10 per cent of default fund assets in private markets by 2030, with at least 5 per cent allocated to the UK. Nest is already well ahead of these targets. As at 31 March 2026, more than 19 per cent of our assets were allocated to private markets, and our stated ambition is to increase this to 30 per cent by 2030, a proportion in line with schemes of similar scale around the world.

In May 2025, we finalised our strategic partnership with IFM Investors, becoming the first international owner in IFM's history and joining 15 Australian superannuation funds in its ownership group. Through this partnership, we seeded a new fund with an initial commitment of £450 million, targeting global infrastructure debt opportunities across Europe and the UK. We have also set up new investment strategies through IFM which allow us to support the acquisition of new infrastructure assets and provide capital to companies developing next-generation climate technology.

We extended our private equity partnership with Schroders Capital, committing a further £500 million and bringing our total investment through private equity to around £3 billion, investing in growth sectors including artificial intelligence, healthcare and technology.

Looking towards retirement, we announced our partnership with Rothesay in January 2026 to co-design a bulk deferred annuity, a market first in the UK, as a key building block of our retirement income proposition.

As a major financial services organisation, we recognise the impact of our investment decisions on global, national and local communities, we therefore retain a strong commitment to responsible investment. Investing responsibility also improves the places our members live, work and retire into. We have over £13 billion invested in the UK, around a fifth of the Scheme's assets. These investments provide capital to support UK business, build infrastructure for our communities and support the transition to net zero, all whilst delivering good financial returns for members.

Our investment strategy supports our strategic goal to maximise the value of members' pensions, our focus is on the delivery of consistent returns over the long-term. Over the last 10 years, our default growth funds have performed well – the 2046 Nest Retirement Date Fund, the fund used as proxy for our default investment performance, has delivered annualised returns of 8.5% (net of Nest's annual management charge), outperforming our benchmark of 6.5%.

Improving the member experience remains a central priority

Over the past year, we have continued to enhance our digital services, including our mobile app, member portal and key customer journeys. Our mobile app, which launched in the last year, has continued to form an important connection with our members, developing additional features including biometric authentication and digital payment functionality. We have also invested in strengthening our brand and communications to ensure that members understand the value of their Nest pension and engage more actively with their savings. To achieve this, we worked with our creative partners at Aardman, to bring our brand to life. We launched our first pilot brand advertising campaign in the autumn of 2025. Early indicators have showed positive results in increased member engagement and brand awareness which has supported a subsequent nationwide rollout of the campaign.

A significant milestone this year has been the progress made in developing our retirement proposition. Following legislative change, we are now able to move forward with the development of flexi-access drawdown and plan to implement this by the end of 2026. The next step in our retirements proposition will be our guided retirement solution which will enable us to support members not only in saving, but in achieving a sustainable income in retirement.

Building the organisation for the future

Delivering our strategy requires us to continue to strengthen our organisational capability and ensure we have the people, culture and leadership needed to support our long-term ambitions.

Over the past year, we have invested in our people by increasing capacity and capability in key areas to support growth and transformation. We also introduced a refreshed set of organisational values; boldly together; caring together; and driven together, to reflect the culture we are building as we deliver on our purpose.

Our colleagues remain central to delivering on our strategy. During the year, we continued to strengthen our leadership team, including the appointment of our first Chief Technology and Operating Officer, Femi Bamisaiye, and our new Chief Financial Officer, Louise Fitzgerald. In support of our strategy, we have also evolved our ways of working to help deliver our multi-year transformation portfolio, which is focused on enhancing our proposition and products. Building organisational scale and capability has been essential to deliver our change agenda and ensure we continue to respond effectively to the Government's policy change agenda and wider regulatory and legislative change.

Our progress this year would not have been possible without the commitment, engagement and professionalism of our colleagues. Against the backdrop of a changing and increasingly competitive market, they have successfully delivered a significant change agenda, enhanced our member and customer experience, developed our infrastructure to support a modern, data-driven pension scheme and delivered strong investment performance for our members. I'd like to take this opportunity to thank all of them for the part they have played in a year of real progress and change. I would also like to thank our key strategic partners, TCS, our scheme administrator, and Northern Trust, our new fund administrator and custodian. Both are integral to delivering our strategy and providing a high-quality service for the benefit of our customers and members. I would also like to extend my gratitude to State Street, our first fund administrator and custodian for their valued partnership with us, which came to an end with the transition to Northern Trust in December 2025.

Nest Insight

Nest Insight, the public-benefit research and innovation centre established by Nest, continued to deliver impactful, system-shaping work during the year. Its multi-year programme of research into workplace emergency savings achieved a significant milestone in August 2025, when the Financial Conduct Authority issued a public statement clarifying how employers can offer opt-in payroll savings schemes to their employees. This was followed in November by the publication of the Government's Financial Inclusion Strategy, which included strong support for the scaling of opt-out workplace savings models and announced the creation of a National Coalition for Workplace Savings, to be co-led by Nest Insight alongside the Money and Pensions Service and The Investing and Saving Alliance.

The team published significant new research during the year, including the first findings from its JPMorgan Chase-funded programme on financial resilience, an exploratory two-part project examining the interactions between pension savings and housing, and work on approaches to delivering automatic savings mechanisms for the Self Employed. Internationally, the work attracted recognition at the highest levels, with a presentation to a UN General Assembly event on workplace financial resilience. Nest Insight welcomed the Money and Pensions Service as a new strategic partner during the year, joining the BlackRock Foundation, JPMorgan Chase and Nest as long-term funders of its programme.

Looking ahead

We recognise that many of our members and employers continue to face challenging economic conditions, and that saving for retirement remains difficult for many. In this context, our role in helping members build financial resilience and achieve better outcomes in retirement is more important than ever.

Our strategy is well placed to support this ambition. Our ongoing transformation activity will continue to strengthen our capabilities, build trust in our brand and focus on innovation that delivers enduring value for our current and future members, who represent over a third of the working population in the UK.

We will also continue to play an important role across the UK pensions landscape, helping to shape better outcomes for the UK’s savers by working closely with the Department for Work and Pensions (DWP) and other stakeholders to support the delivery of the Pensions Act and contribute to the important work of the Second Pensions Commission.

With the trust of our members and employers and the commitment of our colleagues and partners, we will continue to build a stronger and more resilient future, delivering on our purpose of building financial peace of mind for all.

Ian Cornelius
Chief Executive Officer,
Nest Corporation

Our values

OUR GOAL
We'll maximise the value of your pension.
Boldly together
We are courageous, creative and collaborative.
OUR GOAL
We'll help you contribute what is right for you.
Caring together
We're empathetic and grounded, curious and honest.
Driven together
We start with trust, take ownership and deliver results.
OUR GOAL
We'll improve your day-to-day financial resilience.

Together, we're building nest

From day one, we've been driven by the bold idea that everyone deserves the best financial outcomes from their first day at work through to a secure retirement.

OUR GOAL

We'll make your money go further in retirement.

We're building financial peace of mind for all.

HOW WE'LL DO IT

Our values and behaviours have been built by us to guide how we work with each other and our partners to raise the bar and step into our future.

One where we act with courage, ambition and empathy to have the tough conversations and deliver more financial peace of mind.

TO THE FUTURE →

WHAT WE'RE DOING

We want to become the best-in-class pension provider to deliver the best possible financial outcomes to our members to and through retirement.

Our strategic ambition is driving our goals, enablers and strategic pillars, which make it clear what we will do to deliver on our purpose.

Nest Corporation

As Trustee for Nest Pension Scheme, we aim to be the 'best-in-class' pension provider delivering the best possible financial outcomes for our members to and through retirement.

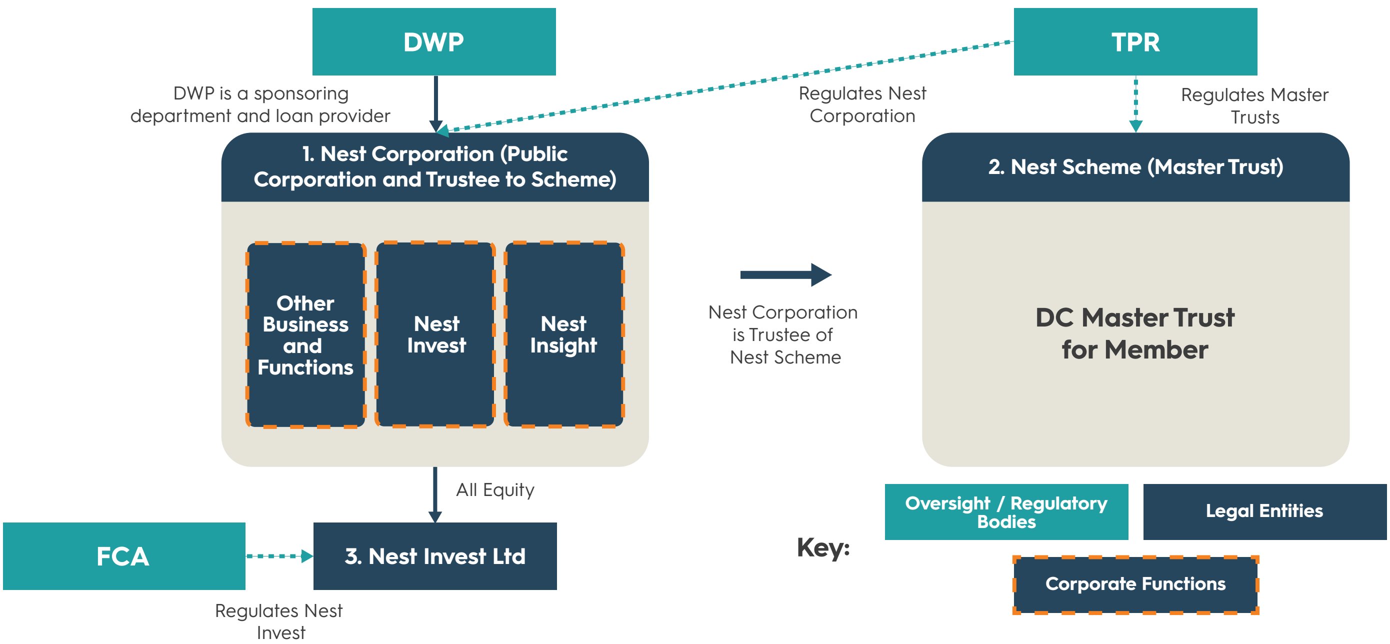
Nest Corporation is the public body behind a workplace pension scheme set up to make saving simple and accessible, focused on lower to moderate earners. Today we're the largest workplace pension in the UK by membership, helping over 14 million people save and managing over £62 billion in assets.

Our Structure

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 within the UK. 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).

Nest Corporation, or the Corporation as we refer to in this report, is the Trustee of the Scheme. The Corporation has one subsidiary, Nest Invest Limited (Nest Invest), an occupational pension scheme (OPS) investment firm which is regulated by the Financial Conduct Authority (FCA). The Corporation receives advice on investment strategy from Nest Invest.

The Corporation is accountable to Parliament through the Department for Work and Pensions (DWP) but is independent of government in its day-to-day decisions.



Our Purpose

Our purpose, building financial peace of mind for all, is why we exist. We were set up to make sure everyone can save for a better life after work, and we recognise that day to day financial resilience is closely related to later life financial outcomes.

With this purpose, we aim to lead with:

- **Inclusion** – We are inclusive, open to everyone and treat all fairly and equally. We focus on low to moderate earners, their employers and the businesses that support them.
- **Value** – We use our scale to drive up quality and value in service to our customers. Any profit we make is reinvested to help our members.
- **Impact** – We make a broad and positive impact on the world our members live in, and influence the wider world for the better, now and for the long-term.

Our Values

Our new values, launched during the year, represent how we strive to work together, amongst ourselves and with our partners, help us make decisions, symbolise how we behave on our best days and represent our common beliefs as a community.

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 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 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.
- **Connectors or 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

As Trustee of Nest Pension Scheme, we work closely with our outsourcing partners to deliver our services, including scheme and fund administration.
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%. We are committed to ensuring we are a resilient master trust which operates at scale, providing high-quality investment practices and robust governance to members.

Our Key Stakeholders

The Corporation's key stakeholders, excluding our customers, include the DWP, TPR, the Money and Pensions Service (MaPS), the FCA, our Scheme and fund administrators, our investment managers and our Members' and Employers' Panels. We also engage where appropriate with other stakeholders including pensions and financial services providers and we are active members of Pensions UK, The Investment Association (IA) and the Association of British Insurers (ABI).

Our Board

Nest Corporation is run by its Board of 15 members and by its employees. We refer to our Board members collectively as the Board of Nest Corporation, or simply the Board. Detail on our Corporate Governance structure is outlined on **page 60**.

2030 strategy and objectives

During the year we reviewed and revalidated our 2030 strategy to ensure it remained fit for purpose in the context of significant external economic, geopolitical and policy change.

Our 2030 strategy guides us on how we deliver on our purpose to build financial peace of mind for all. We remain committed to maintaining and leveraging our scale to deliver value for our members as the UK pensions market evolves and competition increases. Our strategy is built on four strategic pillars with progress tracked through a comprehensive scorecard and monitoring.

Last year we highlighted the Board approval of our 2030 corporate strategy. During this year we revalidated the continued robustness and appropriateness of our strategy despite the changing landscape in which we are operating. During the review, we updated our strategy to include a transformation vision, through which we aspire to be the most trusted pension brand for low to moderate earners.

Throughout the year, we continued to progress against our strategic pillars, investing in areas that offer the maximum impact for members. Over the course of financial year 2025/26, key achievements have included:

Strategic Pillar	Progress during 2025/26
Provide a world-class investment capability and proposition	— Fund administration successfully transitioned to Northern Trust, with minimal disruption to the service provided to our members. — Formed a new strategic partnership with IFM Investors and completed our first UK investments together. — Continued shifting the portfolio toward private markets, with a stated ambition of 30% allocation by 2030 and new mandates such as secured US private credit. — Started procurement for a bespoke ethical equity mandate to improve alignment with member preferences, oversight and transparency. — Broadened long-term diversification through new retirement-income and natural capital investments, while fully exiting Real Estate Investment Trust (REIT) holdings.
Personalise customer experience and make engagement easy and valuable	— New administration contract with TCS went live in July 2025, moving our platform onto modern technological architecture and updating customer journeys to make engagement easy and valuable. Work continues to implement new functionality into financial year 2026/27. — We communicated with members in a way that made complex pension messages clear and engaging, helping to position pensions as a positive part of everyday life. We also encouraged members to take a greater interest in how their money is invested, through channels such as our Everyday Investor campaign. — We strengthened protection of members' assets and data through enhanced cyber controls, independent assurance, multi-factor authentication (MFA) and ongoing fraud prevention measures.
Provide innovative whole of life propositions	— We worked with the DWP to change Nest's order, allowing decumulation and death benefit options to be offered. — We collaborated with our strategic partners to scope and design our flexi-access drawdown solution, with implementation to continue into 2026/27. — We announced our partnership with Rothesay to co-design a bulk deferred annuity, a market first in the UK, as a key building block of our retirement income proposition.
Help shape the system to better meet the needs of low to moderate earners	— We supported Nest Insight, who advanced work on emergency savings, financial resilience, retirement and home ownership and self-employed retirement saving. — Nest Insight also brought together policymakers and industry at the Nest Insight annual conference to help shape a more inclusive financial system. — We continued to strengthen Nest Insight's future direction with an improved governance model for 2026/27 and beyond. — We also actively engaged in relevant policy and regulatory consultations.

Our progress provides a strong platform on which we will continue delivery against our strategy out to 2030.

Risk management

Managing risk helps ensure we are creating as much value for members as we can with the right checks and balances.

Nest is committed to running the Scheme in the best interests of our members. Taking risks is necessary to achieve our goals and we also need to ensure we assess and mitigate these risks effectively. Critical risks considered material to our development, performance, position or prospects have been identified, which we call our principal risks. We have established a culture and designed processes to manage these principal risks and uncertainties across the Corporation and the Scheme, in line with expectations set out by the Board and monitored by the risk committee. The principal risks we managed and monitored throughout 2025/26 were:

↓ Risk decreased ↔ Stayed the same ↑ Risk increased

Principal risk	Risk description	Change in risk during 2025/26
Customer experience and outcomes	Our customer strategy and propositions fail to meet the needs of our customer groups, including delivering the desired outcomes; and/or remain competitive within the market and therefore do not support the financial targets for the Scheme.	↑
Technology	Our technology infrastructure and systems do not deliver resilient, customer-centric digital excellence, now and in the future.	↔
Investment performance	We fail to deliver world-class investment performance, including ESG considerations, that provides good outcomes for members.	↑
External stakeholder relationships	We have significant misalignment with the DWP, wider Government, regulators and/or our wider stakeholder environment.	↓
Service delivery	We fail to deliver a resilient operational service to customers.	↔
Transformational change and innovation	We fail to execute and deliver the successful transformation across our strategic portfolio, at pace.	↑
Third party and outsourced services	Our outsourcing strategy and our trusted strategic and delivery partnerships fail to deliver our corporate strategy and associated benefits.	↔
Financial resilience	We fail to adequately manage our business model and/or finances to meet current or future strategic requirements, expectations or commitments.	↔

Principal risk	Risk description	Change in risk during 2025/26
People and culture	We do not attract, develop and maintain people capabilities, diversity, capacity and culture that both engages and enables colleagues to be accountable and meets the requirements of the organisation, now and in the future.	↓
Data, information and model management	We have inadequate quality or management of data, information and models and/or do not make the best use of our data.	↓
Cyber and information security	We suffer significant loss, unavailability or compromise of data, information or assets.	↑
Geopolitical uncertainty	Nest's performance, business model and reputation are negatively impacted by the escalation of existing or potential adverse actions, disputes, events or threats associated with civil unrest, conflict, war, terrorism, and/or changes in international relations or political administrations.	↑

Our principal risks are reviewed at least annually. The principal risks outlined above applied for financial year 2025/26. This list of principal risks was approved in March 2025 following a zero-based review of principal risks with the 2026 review underway.

Key developments in our principal risks over financial year 2025/26 and associated mitigating actions can be found on **page 74**.

Going concern

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

The 'Corporation annual report and accounts' are prepared on a going concern basis. Our judgement is supported through an assessment of cash flow forecasts for a three-year period from the date on which these financial statements were prepared. The assessment focuses on demonstrating our ability to continue trading, despite geopolitical and economic headwinds impacting Nest's financial position. Consideration is given to:

Operational performance

The Corporation exited the financial year in a strong financial position with higher than forecasted income and cash holdings. During the year we evolved our financial strategy to ensure financial resilience and promote long-term financial health. This strong financial performance, supported by a robust financial plan and a prudent approach to our financial obligations, provides certainty in our ability to continue trading and succeed in an increasingly competitive marketplace.

In the process of evaluating our financial forecasts, we conducted financial stress-testing and sensitivity analysis on future cash flows. These assessments were designed to measure financial performance, solvency and liquidity under a range of stress-test scenarios, including internal, market and wider economic and geopolitical challenges, all closely linked to our principal risks. Alongside this analysis, we identified relevant mitigations that could be implemented to protect our financial standing should circumstances require.

Based on our forecasted financial performance, we are confident in our ability to manage any potential liquidity or funding risks. Accordingly, we can confirm that there are no material uncertainties to report in relation to our operational performance.

Government support

We continue to hold a net liability position on the statement of financial position.

In considering solvency risk, we have assessed whether Government will continue to support us and the wider auto enrolment market and in our ability to continue trading.

The net liability position is driven by a loan liability related to historic support provided by the DWP. The loan will be repaid through income from Scheme charges and our updated financial plan and scenario analysis provides assurance that we retain the liquidity to meet our repayment commitments. The updated business plan and associated loan repayment schedule are reviewed and supported by the DWP.

The Government has made several announcements in recent years confirming its ongoing support for auto enrolment. The recent passing of the Pensions Scheme Act into Law demonstrated a clear direction for improving outcomes for savers encouraging a system built on scale, innovation, competition and value. These outcomes align to our strategic direction, and we continue to ensure we have the capabilities and flexibility needed to succeed.

Overall, our assessment concluded that we have adequate financial resources and wider Government support to continue operations throughout the next three years. It is therefore appropriate that the financial statements be prepared on a going concern basis.

Performance analysis

A detailed view of our performance over the course of financial year 2025/26.

- → Overview of our strategic focus
- → Performance against our strategy
- → Financial review and results
- → Responsible operations

Our strategic focus

Our strategy informs where we are allocating our resources for maximum impact for customers.

Key areas of focus

Provide a world-class investment capability and proposition

World-class investment expertise is essential for generating value for our members. Our size and strong reputation allow us to access high-quality investment managers, deploy capital efficiently and establish long-term positions for sustainable returns.

Our strategic partnerships support our private market objectives (with an ambition of 30% of total asset allocation by 2030) and our decision-making balances strong financial performance with sustainability goals. By enhancing these capabilities, we are managing our growing complexity and ensuring value and security for our members.

Personalise customer experience and make engagement easy and valuable

Trust is built in every interaction. To become the most trusted pension brand for low to moderate earners, we're investing in the quality of the experience we deliver to our customers, including enhanced login, registration and app features to help members engage effectively and make the right choices for them.

Our ambition, combined with the expertise of partner TCS, will also help create seamless, integrated journeys that make members, and their employers and connectors, find engaging with Nest easy and rewarding.

Provide innovative whole of life propositions

We're not stopping at accumulation. We're building retirement propositions that genuinely meet our members' needs. Offering personalised, lifelong support to and through retirement.

Our market-leading, innovative Retirement Blueprint proposition and Guided Retirement Plan are currently under development and will benefit members in the future. Giving members the flexibility and security they need later in life, backed by a broader suite of high-quality tools and services designed to support their financial wellbeing and resilience at every stage.

Help shape the system to better meet the needs of low to moderate earners

Nest shapes the pensions system for low to moderate earners through insight, influence and innovation. In this role, we act with focus, credibility and a shared strategic vision of where we lead, how we influence and how we turn experience and insight into impact.

We work closely with industry and government partners to ensure our members' views are represented, including engaging with the Pensions Commission's forthcoming advice on the future of the system.

Performance against our key areas of focus

It is important for us to be able to monitor, report and challenge our progress against our strategic objectives. During the year, we established a new mechanism for bringing the transparency to the executive team and Board, in the form of our 'Flight Path' reporting. We have made good progress in delivering our objectives against our core pillars, continuing to evolve our investment proposition and capabilities, laying the foundations for our enhanced customer experience and our innovative whole of life service.

Provide a world-class investment capability and proposition

Our overall investment objective 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).[2]

In November 2025, fund administration and custody services were successfully transitioned to Northern Trust following an extensive period of planning and testing. We are delighted to have Northern Trust as a long-term partner that can support us as we grow in size and complexity, offering the services required to help us deliver a world-class investment function on behalf of our members.

Key investment risks should be carefully considered, particularly in relation to where a member is on their savings journey 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 investment risk and return that the Scheme believes is appropriate for that specific cohort of members.

We use five portfolio building blocks in different proportions for each of the Nest Retirement Date Funds. The building blocks are:

- Long-Term Stable Growth
- Capital Preservation
- Higher Growth
- Income Seeking
- Longevity Protection

By varying allocations between growth-seeking, capital preservation and income-seeking assets, as well as varying the allocations to liquid and illiquid assets, through time, we aim to best meet members' different needs throughout their savings journey.

The long-term investment objective of a Retirement Date Fund in its growth phase is to outperform inflation (Consumer Price Index) plus 3% after charges. Long-term performance of the Scheme's funds, net of members' annual management charge and transaction charges for the Nest 2046 Retirement Date Fund, as at 31 March 2026 were:

Period	Actualised annualised returns	Consumer Price Index (CPI) plus 3.0% benchmark
1 year	13.5%	6.3%
5 years	7.3%	8.2%
10 years	8.5%	6.5%

For more information on the Scheme's investments, refer to the 'Scheme annual report and accounts 2025/26'.[3]

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

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

Why do we refer to the 2046 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[4], where we manage members assets according to their age as well as how markets are performing. The 2046 fund, for members expected to retire in 2046, is currently representative of the growth phase, which is where most members' money is invested for the longest period of time. The asset allocation for all other Retirement Date Funds can be found in the 'Scheme annual report and accounts 2025/26'.[5]

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:

- Our strategic partnership with the global capital investor IFM Investors. This involved co-designing new investment opportunities and establishing one new mandate, a new infrastructure debt fund, with more investment opportunities being considered.
- The launch of the infrastructure debt fund will further amplify investments into private markets, including assets in the UK such as UK fibre, wind, waste to energy, bus or rail infrastructure.
- Support for our stated ambition to increase our private market allocation to 30% of the total portfolio by 2030. We are setting up further investment mandates where we can be more intentional in how we allocate money to specific assets in certain geographies. This includes the appointment of Crescent Capital in April 2026 to manage an open-ended mandate investing in secured, first-priority loans to US private companies.
- In February 2026, we began the procurement process for an ethical equity fund mandate. Our growth, in both AUM and maturity, allows greater access to a segregated, custom ethical equity mandate for our Ethical Fund, supporting closer alignment with member preferences, enhanced oversight of ethical policy compliance, and greater transparency. The procurement will be ongoing throughout 2026.
- Nest partnering with Rothesay to develop elements of our new retirement income offering for the defined contribution generation – a bulk deferred annuity product. Once the co-design has been completed successfully, Nest will purchase bulk deferred annuities for cohorts of members from Rothesay. The bulk deferred annuity will pool longevity risk and be a key part of our sustainable income solution for members.
- Further bolstering our ability to deploy money into natural capital by appointing BTG Pactual Timberland Investment Group to implement an investment strategy that provides exposure to sustainably managed timberland across key geographies in the Americas.
- Winding down our position in real estate investment trusts (REITs), which are no longer part of the Scheme's portfolio of assets.

For details on Nest's responsible investment activities over the past year, see our Annual Responsible Investment report.[6] The report includes examples of Nest being good stewards of the assets we own, including voting behaviour at AGMs to work with multi-investor initiatives to challenge poor corporate behaviour.

4 **nestpensions.org.uk/schemeweb/nest/investing-your-pension/fund-choices/retirement-date-fund.html**
5 **nestpensions.org.uk/schemeweb/nest/nestcorporation/library.html**
6 **Responsible investment reports | Nest Pensions**

Our investment in the UK

As of 31 March 2026, we have an estimated £13 billion invested in the UK, representing around a fifth of the Scheme's total net assets. The UK is a major investment market for the Scheme. We recognise that members should have a better retirement income if they spend their accumulation years in employment, contributing to their pension, and that this is far more likely to occur if there is a thriving UK economy. Providing debt and equity capital to allow businesses to grow and investing in infrastructure to support productivity and/or the transition to net zero can achieve the twin objectives of delivering good financial returns for members whilst supporting UK economic growth.

The Scheme has been one of the pioneers for UK defined contribution investing in unlisted assets, much of it in the UK, and will continue to look for ways to use these assets to enhance returns for members both pre- and post-retirement. In particular younger members, who are a long way from retirement, have a high capacity for investing in illiquid assets and the benefits this can bring them. We publish a UK factsheet every quarter to outline the ways in which we allocate money to UK assets. We invest in the UK in a variety of ways, from owning large infrastructure assets to making capital available to UK-based corporates. The insight table below shows the Scheme's UK allocation. To note, some asset classes use older valuations and all amounts are accurate as of the time of publishing the UK factsheet.

We invest in the UK in a variety of ways...

£3.9bn	Corporate bonds to established UK companies, such as AstraZeneca and Admiral Insurance
£3.6bn	Commercial and residential property across the UK
£2.1bn	Providing UK companies with access to cash
£1.3bn	UK infrastructure projects, including fibre networks, social housing and renewable energy*
£1bn	Shares in major UK employers, including Next and Taylor Wimpey
£625m	Government lending (gilts)
£445m	Shares of growing UK Businesses (private equity)

21%

of Nest's investments are in the UK.

£20bn

We expect to have invested £20bn in the UK by 2030.

* All data as of 31 March 2026, except for private market assets which mostly use valuations as of 31 December 2025.

Personalise customer experience and make engagement easy and valuable

In July 2025, we entered the operational phase of the new scheme administration agreement with our strategic partner TCS. The agreement introduced enhanced performance measures with a stronger focus on customers' experience.

From both a contract and operational perspective, the reporting period was characterised by the delivery and embedding of the requirements envisaged under the new contract, including system and process transformation, while maintaining service delivery for customers. We also delivered ongoing changes to the service for our members; including important improvements to our bereavement and transfer journeys, and ongoing development of our member app.

Where planned change created periods of reduced availability, we actively managed customer expectations and communications. A key operational milestone during the year was the transition of fund administration services to Northern Trust. This change required close management of deployment activity and customer communications, including a planned period of delays to processing certain transactions in order to mitigate transition risk.

Following restoration of services, TCS processed the resulting backlog of requests promptly.

Overall, service performance remained broadly positive during the reporting period. TCS met 92% of service levels from April 2025 to February 2026.

Under the new contract, a formal bedding-in period applied from July 2025 to December 2025. Aside from the service levels impacted by the Northern Trust transition in October 2025, disruption across the period was limited. While some service level failures were recorded, we did not observe a corresponding deterioration in customer experience. The revised service level regime is more demanding and, during the bedding-in period, TCS consistently delivered service performance in line with, or exceeding, that experienced under the previous contract.

Transformation activity to improve the platform and service offering will continue into the next financial year. We will continue to work closely with TCS on implementation of the new scheme administration platform, which is expected to provide improved technology infrastructure, data quality and greater flexibility to support members, employers and connectors, who are so essential to the success of auto enrolment.

Provide innovative whole of life propositions

During the year, we have worked closely with the DWP to bring about required amendments to allow us to offer flexi-access drawdown and related retirement and death benefit options. This change in legislation came into force during May 2026.

The Order change is a significant step forward, allowing our members to access the same retirement choices as savers in other pension schemes. Through research we conducted, we know many members want the flexibility to take their tax-free cash up front and then draw a sustainable income, rather than being restricted to lump-sum options. Offering flexi access drawdown is an important step in building a wider set of retirement solutions that work for our diverse membership and support sustainable income in later life. We are working closely with our partners to implement delivery during financial year 2026/27.

We have also taken important steps towards the delivery of our full guided retirement solution, the Blueprint. In early 2026 we announced a partnership with Rothesay to provide bulk deferred annuities as part of the Blueprint solution, ensuring our members will one day have access to a true, tailored, whole-of-life service.

We also recognise that for our members to make choices which work for them, and to engage effectively at necessary points in their savings journey, they need to know who Nest are. So a big part of our delivery this year has focused on launching a nationwide brand campaign. This work has been the result of a close collaboration with external creative partners, moving from early concept development through to testing, refinement and final production. A key milestone has been the innovative partnership with Aardman, whose distinctive storytelling approach has helped translate complex pension messages into a more engaging and accessible format for a broad audience.
The brand campaign aims to reposition pensions as a relevant and positive part of everyday life and members' long-term financial wellbeing. In support of our pilot campaign, launched in September 2025, we utilised extensive user insight and testing to help shape our creative approach. Initial indicators on the success of our brand and member engagement campaigns are positive with an increase in brand awareness within the UK population and an increase in member registrations.

Help shape the system to better meet the needs of low to moderate earners

Nest Insight, a public-benefit research and innovation centre, supports our work to shape the system so that it better meets the needs of low to moderate earners. Nest established Nest Insight in 2016 and is proud to provide ongoing support, alongside other funders including trusts, foundations and public bodies. Nest Insight's mission is to find what really works in supporting low to moderate income households to be financially secure, both today and into retirement. They do this by building a deep understanding of the lived experience of low to moderate income households and by using that insight to identify and drive systems-level change. Nest Insight designs and tests practical solutions in the real world and generates robust evidence about what really works. By engaging closely with industry, employers and policymakers, the team turns that evidence into action, informing decisions, shaping policy and catalysing the adoption of effective solutions at scale to create a more inclusive financial system.

In 2025/26, Nest Insight advanced this mission by:

- Supporting the scaling of workplace emergency savings work through HM Treasury's Financial Inclusion Strategy, regulatory engagement and through the increasing market provision catalysed by Nest Insight's real-world trials.
- Investigating and setting out the scale of the financial resilience challenge in the UK and launching multiple real-world trials to find scalable ways of supporting millions of underserved households.
- Exploring whether and how closer integration between retirement savings and home ownership could better support households to build long-term financial security.
- Continuing work to identify ways to support self-employed people to save for retirement.
- Convening the annual Nest Insight conference in July 2025, with a focus on the next steps for shaping a lifelong financial security system.

Nest Insight has also undertaken significant work to develop its strategy and governance model for 2026/27 and beyond. All of Nest Insight's research and innovation findings are made publicly available at **nestinsight.org.uk**.

Additional performance updates

Our strategy informs where we are allocating our resources for maximum impact.

Building our brand and member engagement

We're committed to enhancing our members' awareness and understanding of Nest and the value of engaging with us to make their pension pots go further.

Our members need to know that with Nest they have a 'pot for life'; that we are there to support them throughout the course of their employment and retirement savings journey.

Over the coming months and years, investment in building our brand will focus on reaching the wider membership we serve, demonstrating that Nest is a trusted name in pensions.

Enhancing the employer and connector experience

We aim not only to be the most trusted pensions brand for low to moderate earners, but also the number one choice for employers and connectors.

In an increasingly competitive and fast-moving market, it's critical that Nest attracts and retains these valuable connections, whose employees stand to benefit from our scheme's scale and value for money.

That's why we're investing in strengthening our Business-to-Business (B2B) relationships and propositions, ensuring positive, customer-focused interactions at every step.

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 2025/26, we did this by:

- Continuing to enhance and mature the Corporation's and the Scheme's cybersecurity capabilities and controls. 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 Corporation achieving 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.
- Continuing to fight fraud and improve our processes to protect our members' savings against the evolving threat.
- Receiving and reviewing an Audit and Assurance Faculty (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 AAF. This report had no adverse findings, giving us significant assurance regarding TCS's controls environment.

- Receiving and reviewing the Scheme's Tech 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.

Enhancing internal and technical capability

Nest's people are its engine room and are central to delivering on our ambitious purpose and core values of acting Boldly Together, Driven Together and Caring Together.

We're deliberately investing in our internal and technical capabilities, including recruiting and developing talent, to ensure our organisation has the necessary skills and tools to execute our strategy.

This includes a focus on fostering a diverse, inclusive workplace culture to drive meaningful performance and growth.

People

Our colleagues are the engine room in delivering on our ambitious purpose. To ensure we have the right skills to execute our strategy we have invested in recruiting and developing our talent, with a focus on fostering a diverse, inclusive workplace culture which drives meaningful performance and growth.

In November 2025, we launched our new values to help guide delivery of our strategy:

Our values represent how we strive to work together, amongst ourselves and with our partners; help us make decisions; symbolise how we behave on our best days; and represent our common beliefs as a community. They are aspirational and represent the culture we're seeking to nurture, to deliver on our purpose. In the same way our strategy shows us what we'll do, our values represent how we're going to achieve our goals.

During September 2025, we also evolved our colleague forum, 'Nest together', previously 'Your Voice', which continue to meet regularly with our executive team, people & culture team and representatives of the Board to share their views and to help shape our culture. The forum provides a space for colleagues to come together, reflect on what's working and what's not, and support meaningful change.

During the year we have also developed our colleague value proposition (CVP), this framework outlines what value colleagues receive from working with us and what's expected of them as a member of our community. The proposition is designed around providing meaning, growth, achievement, wellbeing and belonging and is designed to create the conditions for the best possible working life for our colleagues.

Governance

We are building powerful capabilities that turn our scale and reputation into value for our members. To help us make decisions with confidence, we have continued to evolve our governance to ensure the decisions we make are in support of better outcomes for our customers.

As the value of assets we manage on behalf of our members grows, there is a need to move into a broader range of asset classes, in line with our investment strategy. To support this, our governance model needed to be enhanced, so during the year the Nest Invest Board (NIB) was evolved within our subsidiary Nest Invest. NIB is an independent and robust governance committee designed to enhance our governance reputation and support the delivery of our investment strategy.

To monitor how well our strategy, products and services meet the needs of our customers, we introduced the customer committee. The committee is responsible for overseeing the implementation and evolution of our customer strategy, as agreed by the Board, to ensure services provide value and good outcomes for members.

To maintain focus on delivery of our purpose, vision and strategy, the executive team evolved our executive transformation committee (ETC) during the year. The role of ETC is to oversee all aspects of our transformational goals and programmes and to review key strategic projects. The evolved ETC ensures we will continue to identify opportunities to drive change at pace.

Financial review and summary

Our continued strong financial performance promotes trust in our long-term financial resilience and sustainability.

Financial performance

Delivering our purpose, building financial peace of mind for all, depends on the continued financial sustainability of Nest. The financial year 2025/26 marked the second consecutive year in which we achieved profitability, underscoring our ongoing progress toward financial sustainability. This achievement demonstrates our commitment to delivering long-term profits for our members.

During 2025/26, we delivered a profit of £40.5 million, an increase from £11.9 million achieved in prior year. The growth in profit was achieved through record income and carefully managed expenditure. Our financial performance reflects the continued success of the Scheme, with a record number of people choosing to save with us and strong investment performance on the assets we manage on behalf of our members. The year also reflected the positive impact of efficiency measures that have been introduced, including lower charges associated with scheme administration.

Over time, growth in membership and managed net assets has increased our income, allowing us to move to a net income position. As our financial stability has improved, we have moved away from reliance on Government financial support in the form of new drawdowns from the loan facility, with Scheme income now covering expenditure including investment for the future products and services. Our financial strategy aims to find the optimal balance of protecting Nest's long-term financial health and our commitment to meet financial obligations in respect to repayment of the loan.

	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
Income					
Scheme income[7]	164.5	194.4	231.5	278.2	323.3
Grant income	20.4	15.8	11.4	11.1	9.6
Other income	1.1	3.8	11.7	15.8	14.7
Total income	**186.0**	**214.0**	**254.6**	**305.1**	**347.6**
Expenditure					
Scheme investment and administration costs	(123.3)	(156.4)	(170.8)	(187.3)	(187.8)
Staff costs	(29.8)	(31.5)	(30.7)	(36.1)	(45.2)
Other expenditure	(17.3)	(17.7)	(16.4)	(24.0)	(32.2)
Interest payable	(29.4)	(26.2)	(34.0)	(36.8)	(39.2)
Depreciation and amortisation	(21.3)	(18.3)	(8.9)	(9.0)	(2.7)
One-off scheme administration costs	–	(74.0)	–	–	–
Total expenditure	**(221.1)**	**(324.1)**	**(260.8)**	**(293.2)**	**(307.1)**
Net income / (expenditure) after interest	**(35.1)**	**(110.1)**	**(6.2)**	**11.9**	**40.5**

7 Scheme Income consists of annual management charge (AMC) and contribution charge (CC) income into the Corporation from the Scheme.

Financial resilience

During 2025/26 we revised our financial strategy, maturing our financial management approach in response to changing demands from:

- A shift from loan drawdown to a reliance on income to meet our expenditure, investment and resilience requirements.
- External market changes creating uncertainty in future financial forecasts.
- Evolution in our expenditure and income drivers.

Central to our strategy was establishing clear financial resilience requirements to ensure confidence in our long-term financial stability, promote financial discipline and provide strategic flexibility.
We adopted a stress-testing approach to assess the financial reserves required to navigate severe but plausible downside scenarios. By modelling scenarios built around our principal risks, we were able to determine the optimal level of cash reserves needed to safeguard our financial health well into the future.
We have a commitment to continuously review our financial resilience requirements utilising stress-test scenarios and sensitivity analysis to ensure we adequately manage the trade-off between strategic delivery, meeting our financial commitments as well as maintaining short and long-term financial resiliency. In addition to the financial resilience reserves, we hold a letter of comfort with the DWP providing liquidity in the case the Scheme is required to wind up. This reserve, only accessible in the case of a wind-up event, provides confidence to TPR that members would face only minimal operational impact, with no effect on their investments, if such an event was to occur.

Financial outlook

Our strong financial performance during this financial year provides the foundations of our financial sustainability model, allowing us to invest in our products and services for members and helping us navigate an increasingly uncertain environment. Through our business planning process, we have identified risks from increased competition, a changing market landscape and wider economic and geopolitical uncertainties. Our financial performance allows us to invest in our proposition, helping mitigate the risks outlined above and aid the delivery of the best possible financial outcomes for our members to and through retirement. We can achieve this investment and remain confident in our ability to meet the agreed loan repayments committed within our business planning period, all whilst holding sufficient financial reserves.

Financial highlights

Scheme members

4m
are contributing members

10m
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

532k
contributing employers

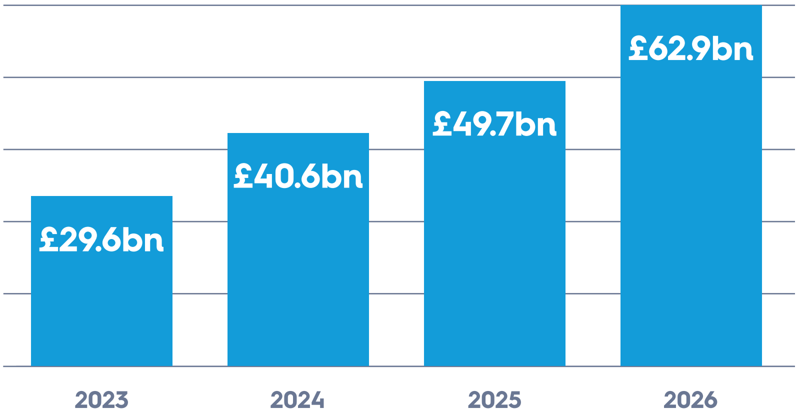
32k
self-employed members

40k
Nest Connectors

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

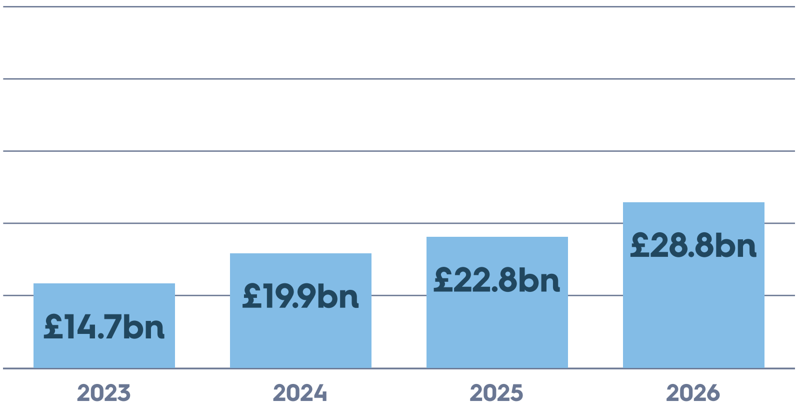
Total net assets

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



Total assets in climate-aware equities as at 31 March 2026

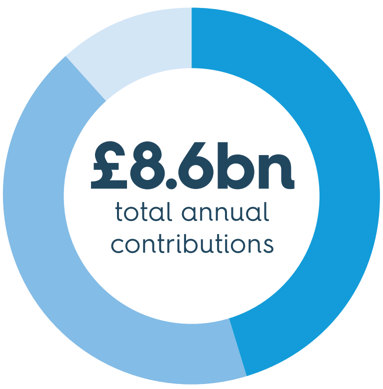
A climate-aware equities fund is an investment strategy that integrates climate-related risks and opportunities into equity selection and portfolio management, supporting Nest's commitment to long-term sustainability and the transition to a low-carbon economy in line with our responsible investment principles.



46%

total assets in climate-aware equities fund

Annual contributions



£3.9bn

members

£3.7bn

employers

£1bn

tax relief

Maintain high-quality customer service

Grow the business in the right way

10k
net new contributing employers joined each month

£713m
new contributions per month – average 2025/26

16%
Scheme income growth

£323m
total Scheme income in GBP

Deliver a good service to the Scheme's customers

99.9%
service channels were available more than 99.9% of the time

77%
member satisfaction

(from the 'Voice of the customer' survey December 2025)*

57%
employer satisfaction

(from the 'Voice of the customer' survey March 2026)**

Deliver on our investment objectives

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

8.5% per annum
ten-year rolling annualised returns in the 2046 Nest Retirement Date Fund*** after annual management charges to 31 March 2026

* 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 2026 was conducted using online survey method. Before 2021 the survey was conducted by telephone.

*** 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 lifestyle investment strategy: foundation, growth, consolidation, and post-retirement. The 2046 fund, for members expected to retire in 2046, is currently representative of the growth phase, which is where most members' money is invested for the longest period of time.

Financial analysis

Income performance

Income totalled £347.6 million over the period, a 14% increase to prior year (£305.1 million). Within this total, scheme income grew year on year with reductions in both grant and other income.

Scheme income split	2024/25 £m	2025/26 £m	YoY mvmt (%)
Contribution charge (CC)	142.7	152.4	7%
Annual management charge (AMC)	135.5	170.9	26%
Total Scheme income	**278.2**	**323.3**	**16%**
Grant income	11.1	9.6	(14%)
Other income	15.8	14.7	(7%)
Total income	**305.1**	**347.6**	**14%**

- Scheme income benefited from a rise in contributions into the Scheme and strong investment performance. In total, £8.6 billion of contributions were received, an increase of 7% to prior year. The growth in contributions were driven by both a rise in contributing membership, increasing by 40k members (4.0 million[8] v. 3.9 million) and a rise in the average contribution per member. Net assets held at the end of the period totalled £62.9 billion, a rise of 26% to prior year (£49.8 billion).
- For the first time, income derived from the AMC exceeded income from the CC, highlighting the maturing Scheme and the growth of net assets achieved since launch. We forecast net assets to continue to grow at a faster rate than contributions, leading to AMC becoming a larger component of our income over time. During the year, we evolved our financial strategy which included consideration for changes in our risk profile associated with change in income structure, including increased exposure to global financial market volatility.
- 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 and the government rate of borrowing on our loan facility. As historic loans rolled over onto the new facilities, the value of PSOOP grants associated with these revised loans was lower, as a result grant income reduced year on year from £11.1 million to £9.6 million.
- Other income primarily comprises interest earned on cash holdings within the Corporation bank account. Over the year, the balance of cash holdings increased from £312.0 million to £357.7 million. Despite this rise in cash holdings, the interest rate applicable to these balances decreased. Consequently, the total other income received over the period reduced from £15.8 million to £14.7 million.

8 Total Scheme membership of 14 million split as 4 million contributing members and 10 million non-contributing members.

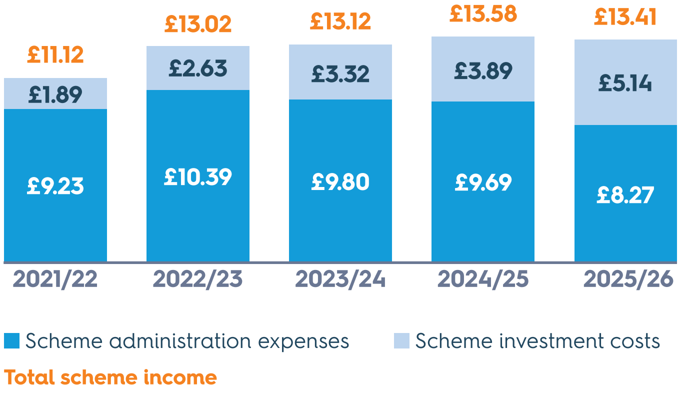
Expenditure overview

Total expenditure totalled £307.1 million during 2025/26, a 5% increase to prior year. We make spending decisions carefully and with full awareness that our expenditure is ultimately borne by members of the Scheme. Whilst cost pressures will remain as the Scheme continues to grow, prudent financial management has allowed us to limit growth in expenditure when compared to income.

Scheme investment and administration costs	2024/25 £m	2025/26 £m	YoY mvmt (%)
Scheme administration expenses	133.6	115.8	(13%)
Scheme investment costs	53.7	72.0	34%
Scheme investment and administration costs	**187.3**	**187.8**	**0%**
Staff costs	36.1	45.2	25%
Other expenditure	24.0	32.2	34%
Interest payable	36.8	39.2	7%
Depreciation and amortisation	9.0	2.7	(70%)
Total Expenditure	**293.2**	**307.1**	**5%**

– Scheme investment and administration costs represents the largest component of our expenditure. These costs represent the administration of services provided to our customers, including our contact centre and back-office services, and costs associated with investing on our members behalf. Expenditure associated with Scheme administration expenses totalled £115.8 million. During the year, we migrated to a new services contract with TCS which offered commercial benefits, reducing the cost per member. Investment costs increased from £53.7 million to £72.0 million. Investment costs are directly linked to the net assets value, which grew by 26%, and the asset classes in which we invest. During the year, we continued to evolve our investment strategy in response to an increasingly competitive and geopolitically complex world. Our scale allows us access to private investment markets and alternative asset classes that offer lower volatility and attractive long-term returns.

Per member cost



– Our strategic ambition is to be a best-in-class pension provider. As the Scheme grows and is projected to exceed £100 billion in net assets by 2030, we have invested throughout the year in our capabilities and capacity. Our colleagues have transformed administration services to better meet customer needs, continued to develop and implement our investment strategy, strengthened our brand, marketing and communications to better engage and inform members, and improved the Corporation's resilience against key operational and financial risks. Reflecting this investment, staff costs rose to £45.2 million, up 25% year on year, and average full-time equivalent staff increased from 351 to 391. Other expenditure, including professional services, consultancy, research, marketing and communications, totalled £32.2 million.

– Interest payable increased to £39.2 million. During the year, loans totalling £185.4 million in value were refinanced onto high-interest rate terms as part of the agreed loan facility with the DWP. Depreciation and amortisation cost reduced significantly during the year, falling from £9.0 million in the prior year to £2.7 million. The reduction was driven by the full depreciation of assets associated with the previous scheme administration service, no intangible assets were recognised in relation to the new administration contract with a prepayment recognised in line with our accounting policies. For more details on this see Accounting estimates and judgements section on **page 103**.

Responsible operations

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 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 'Scheme annual report and accounts 2025/26'.[9]

Here we focus on how we create value in other ways, as a corporation and as an employer.

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

Sustainability

Reporting approach

We are committed to managing Nest Corporation's operational environmental impacts in a proportionate, transparent and evidence-led way. This section covers our corporate environmental performance, while climate-related risks and opportunities affecting the Scheme's investments are reported separately through the Scheme's annual Task Force on Climate-related Financial Disclosures (TCFD) report.[10] We continue to strengthen our reporting in line with public-sector guidance and emerging best practice.

Operational context

Nest Corporation operates from a shared office building, where certain aspects of estate management are controlled centrally. We work with the building manager and our facilities partners to support energy efficiency. This includes infrastructure improvements, such as the replacement of gas-based hot water provision with an air source heat pump, reducing the emissions intensity of building operations.

Application of climate adaptation requirements

Given our limited operational footprint and absence of infrastructure delivery or capital programmes, formal mechanisms such as impact assessments and gateway reviews are not a material feature of our activities. Climate-related governance is applied proportionately, with a focus on operational impacts and investment-related climate risks through TCFD reporting.

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

Environmental performance in 2025/26

Our measured operational environmental indicators increased during 2025/26, reflecting business growth and changes in working patterns. Based on available data, emissions across Scope 1, Scope 2 and those Scope 3 categories measured consistently over the past two years increased by 17% year on year, reflecting movements in the indicators currently within scope of our reporting rather than a complete measure of all emissions sources. This increase was driven by higher levels of activity, including increased staffing, office attendance and business travel. Waste volumes increased slightly to 7.0 tonnes (2024/25: 6.8 tonnes), while recycling improved to 53% (2024/25: 49%). Business travel emissions increased to 284.2 tonnes CO_2e (2024/25: 170.0 tonnes CO_2e), driven by increased domestic and international travel to support delivery and engagement.

Actions and priorities

Key actions during the year included improving energy efficiency, transitioning away from gas-based infrastructure, and strengthening waste management practices. In 2026/27, we will strengthen governance, mature emissions measurement, and improve the quality and completeness of our data. We will work more closely with strategic contract partners and suppliers to reduce operational impacts and embed sustainability into core business processes, including procurement. We will also continue to develop our approach to social sustainability, including volunteering activity, with a focus on delivering positive outcomes for our customers and members.

For further details, see Appendix 2 on **page 128**.

Diversity, equity and inclusion

As we grow and evolve as an organisation, Diversity, equity and inclusion (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, while also reviewing them annually to ensure they reflect our values and support the right culture.
- Providing DE&I training, helping colleagues, managers, and leaders understand what is expected of them, what is not acceptable, and how they can contribute to an inclusive working environment.

Our colleagues are diverse in many different ways so nurturing a truly inclusive working environment is critical. Colleagues perform at their best when they feel seen, valued for who they are and that they belong.

For more information see the 'Diversity, Equity and Inclusion' section in the Remuneration & Staff section (**page 85**) of this report.

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. During the reporting period, no such breaches have been reported to us.
- See **page 76** for details of how we adhere to the MSA.

Preparation of the financial statements

Statutory background

The financial statements for 2025/26 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

30 June 2026

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 127.

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

Board, committee and panel structure, including the membership of the Board of Nest Corporation and the Board's activities during 2025/26.

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 is run by its Board of 15 members and by its employees. 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 62**). In addition, the CEO has been given a broad delegated authority (see more details on **page 61**. Under the 'National Employment Savings Trust Order 2010' (Nest's Order and Rules)[11] the Board receives assistance and advice from a panel that represents members' perspectives of the Scheme (the Members' Panel) and a panel that represents participating employers and connectors (the Employers' Panel) (see **page 69**).

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.

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

The Board

As at 31 March 2026, there were 15 Board members, including the Chair. One new executive Board member, our Chief Financial Officer (CFO) joined in April 2025.

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 £100 billion 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 £35 billion 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 also previously served as a Trustee of Blueprint for Better Business, a charity working with FTSE 100 businesses on the power of having organisational purpose and encouraging business to be a force for good in society.

He also holds an ambassadorial role as Co-Chair of the A4S Asset Owners Chair's Group, a network of chairs of pension funds, their pooling partners, investment committees and endowments focusing on the role of pension fund chairs and Trustees and how they can adapt to, and scale up adoption of, good practice.

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
(reappointed for second term from 1 July 2026)

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, the Whitechapel Gallery and Towner Eastbourne.

3. 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 is Director of 'The BRAINS Lab' founded by leading behavioural and social scientists in the application of their expertise to user research for technology development. 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 her clients have included PlayStation, Diesel, ITV, Topshop, Which?, EY and ?What If! Innovation. She is a fellow of The Royal Society for the Encouragement of Arts, Manufactures and Commerce (RSA) and a Women in Games Ambassador as part of Google Women TechMakers.

4. 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 SIPP 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.

5. Ian Cornelius

Board Member from 1 May 2024

CEO, Nest Corporation from 14 April 2024

Ian has over 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.

6. Louise Fitzgerald

Board Member from 1 April 2025

CFO, Nest Corporation from 14 March 2025

Louise has 26 years' experience working in financial services.

Most recently she was CFO at British Arab Commercial Bank (BACB), a UK bank delivering trade finance and investment expertise to clients in African and Middle Eastern regions. In this role, Louise held the Regulatory SMF2 position, Senior Accounting Officer responsibility, Pension Board Trustee role and was Head of the Finance and Treasury Functions for the bank.

Prior to her time at BACB, Louise held senior roles in finance, treasury, risk and regulatory at various capital markets institutions including Daiwa Capital Markets, JP Morgan, Bear Stearns and Credit Suisse. These institutions allowed Louise to gain experience across a range of different cultures, markets, financial instruments, regulatory landscapes, stakeholder groups and commercial strategies.

7. Michael Gordon

Board Member from 25 November 2024

Michael brings over a decade of non-executive experience in the investment management and retirement savings sector, alongside more than 30 years of senior executive expertise within the industry, both in the UK and internationally.
In addition to his role at Nest Corporation, Michael currently serves as a Director of Nest Invest and sits on the investment committee for an international family office.

His experience as a non-executive director includes six years serving on the Board and chairing the investment committee of Total Risk Management Pty. Limited, the Trustee for the Russell Investments SuperSolution Master Trust, a successful Australian defined contribution superannuation fund.

Between 2017 and 2025 Michael served as an independent director for Yarra Capital Management, which handles investments for superannuation funds and family offices. Between 2021 and 2025 he was an advisor to the investment committee and Manager of the Square Peg Global Technology Fund. He also chaired the Vision Australia Foundation, part of Australia's largest charity for the vision impaired.
As an executive, Michael was the CEO of Perpetual Investments and held Chief Investment Officer roles at Fidelity International, BNP Paribas Investment Partners, and Schroders.

8. 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).

9. Catherine Howarth

Board Member from 25 November 2024

Since 2008, Catherine has been serving as the Chief Executive of ShareAction, a UK-registered charity that advocates for responsible investment and business practices worldwide. Additionally, she is a member of the Financial Conduct Authority's sustainable finance committee. Her previous roles include serving on the Board and investment committee of TPT Retirement Solutions (formerly known as The Pensions Trust).

10. Sarah Laessig

Board Member from 1 September 2021

Senior Independent Director from 28 July 2022

Chair, Investment committee from 1 June 2024 to 30 September 2025

Sarah Laessig has 30 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 (JGGI), a FTSE 250 listed investment trust. Sarah has previously been a Civil Service Commissioner and a non-executive board member at LPPI, a Local Government Pension Scheme fund. 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. She holds an MBA from the Wharton School of the University of Pennsylvania.

11. Nikki Marsh

Board Member from 1 June 2023

Chair, Customer committee from 1 April 2025

Nikki brings more than 20 years of senior leadership experience across financial services and the public sector, with a strong track record of leading customer-focused transformation. Her career spans 13 years in financial services, including a decade in the mutual sector, and 7 years as a senior civil servant. She has held a range of senior executive roles covering marketing and communications, digital transformation, and customer experience, with a consistent focus on strengthening customer outcomes and embedding customer-centric culture.

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 that supports aspiring non-executive directors in developing the skills and confidence needed for board roles. In addition, she previously served as a Trustee of a not-for-profit organisation focused on improving care delivery and supporting professionals working across the care sector.

Her broad cross-sector experience, combined with deep expertise in customer engagement and organisational transformation, brings valuable insight, constructive challenge and a strong customer perspective to the Board.

12. Faith Reynolds

Board Member from 25 November 2024

Faith is a recognised consumer expert with significant experience in financial services, consumer engagement, data, and regulation. Faith advises the board at TISA (The Investing & Saving Alliance). She is a member of Project Nemo which promotes disability inclusion in fintech and an adviser to The Connection Project, where she focuses on digital financial inclusion. Having previously served as the Independent Consumer Representative at Open Banking Limited, she 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 Fair4All Finance and sat on the board at the Payment Systems Regulator. She was previously a member of the FCA's Financial Services Consumer Panel.

13. Martin Turner

Board Member from 1 June 2018
(reappointed for a second term from 1 June 2023, term extended to 31 May 2027)

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.

14. Howard Walpole

Board Member from 25 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 a Board Advisor within the Regulatory Standards Division 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.

15. Stuart White

Board Member from 25 November 2024

Stuart has over 25 years of executive experience in the investment management industry and currently serves as Executive Director at IMPAX Asset Management, a £30 billion specialist asset manager focused on the transition to a more sustainable economy. Stuart also sits on IMPAX's Management Committee, reporting to the CEO and Founder, and is responsible for the global client group, strategy and M&A. Prior to his role at IMPAX, Stuart worked for almost 15 years at HSBC in various roles including as a Board Director of HSBC Global Asset Management Ltd., the £550 billion asset manager of the HSBC Group. Stuart was also a member of the executive management committee and risk management committee and was also the accountable executive for the firm's global DE&I programme. Stuart also spent last 10 years as a Trustee Director of the £37 billion HSBC Bank Pension Trust (UK) Limited (the hybrid defined benefit and defined contribution pension scheme of the HSBC Group), where he chaired the investment committee.

Prior to joining HSBC in 2010, 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 and is a Board Director of Inclusion in Finance (formerly known as the Diversity Project). He was previously on the Advisory Council of the UK's Investment Association and their Trade & Investment Committee.

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.[12]

Board members also declare conflicts in relation to any items of business at our Board or committee meetings. The executive team also register any interests they hold that may create a potential conflict with their responsibilities.

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

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 127**).

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

30 June 2026

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'. During the year, our CFO was appointed to the Board with effect from 1 April 2025. In respect of all other principles of the code which apply to us, there have been no departures.

We have also considered the UK Corporate Governance Code 2024 within our governance framework, which although not a requirement for Nest to comply with, we apply where possible and applicable, recognising the Code represents best practice.

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 2025/26, an internal effectiveness review was undertaken of the Board and its committees. The results were reported to the Board on 24 March 2026. 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.

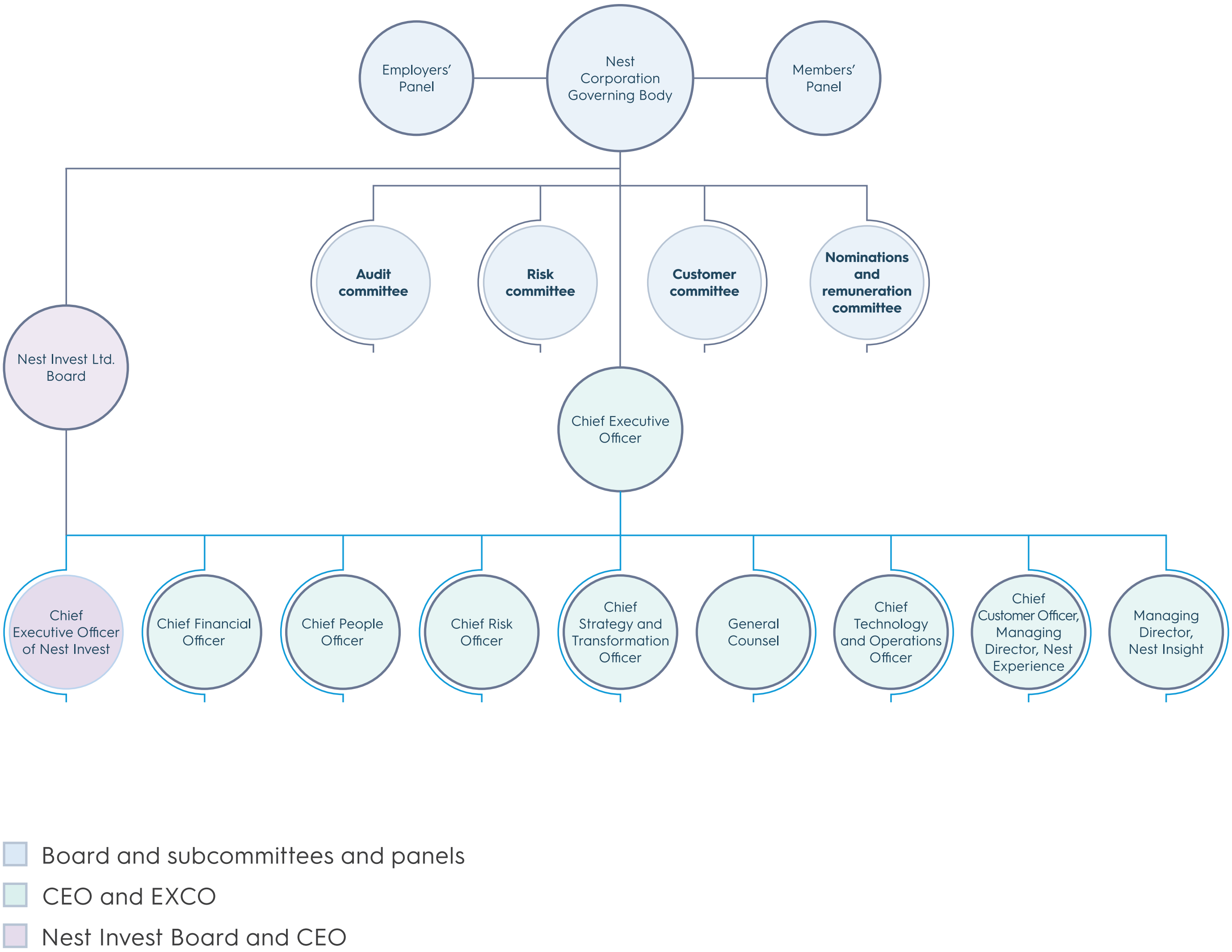
Risk management and internal controls

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. In addition, relevant Board committees oversee risks within their respective remits. For example, the nominations and remuneration committee provides oversight of people and culture related risks, while other committees consider risks relevant to their areas of responsibility. Collectively, this committee structure supports effective oversight, challenge and assurance across the organisation's principal risks and internal control environment.

Organisational chart

Organisational structure as at 31 March 2026



Note

Nest Invest Board is the board of Nest Invest Ltd a wholly owned subsidiary of Nest Corporation. The Board delegates certain investment decision-making and oversight activities to the Nest Invest Board, while retaining overall responsibility for the Scheme's investment strategy.

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 2026, the Board had 15 members, consisting of the Chair of Nest Corporation and 14 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 and the CFO, who are employees of Nest Corporation.

Board members bring a range of experience and skills. Collectively these include investment, pensions, risk, member representation, customer, finance, audit, supply, digital transformation, governance and business management. Biographies of all individuals who were Board members at any point during 2025/26 can be found on **page 52**.

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 2026, all Board members 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 2025/26, Board members received briefings or training on a number of topics including the Pensions Schemes Bill, customer segmentation and customer strategy, subsidiary governance and oversight, artificial intelligence and investment beliefs.

To support effective and robust decision-making, the Board had four committees as at 31 March 2026 (see **page 64**). 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.[13]

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 69**.

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 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.

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

Nest Invest Board

Nest Invest Ltd is a wholly owned subsidiary of Nest Corporation.

During the year, the Nest Board agreed changes to the investment governance model. This resulted in enhanced delegations to the wholly owned subsidiary Nest Invest around investment decision-making and oversight. To support this, a new Investment Management Agreement was signed by the Board of Nest Corporation and the Nest Invest Board. Changes to the composition of the Nest Invest Board were agreed and implemented, including the appointment of an independent Non-Executive Chair, Sally Bridgeland. The Nest Invest Board further comprises of four Directors from the Board of Nest Corporation, three additional independent Non-Executive Directors and one Executive Director. The new model allows for agility of investment decision-making and deep technical investment expertise to support robust decision-making. Within this new structure, the Board of Nest Corporation retains ultimate oversight and control over Nest Invest and has approval over key investment strategic decisions.

Audit committee

The audit committee is responsible for reviewing the integrity of the financial statements for Nest Corporation and the Nest Scheme, overseeing financial management and reporting (including providing assurance on budgetary control), monitoring and reviewing the effectiveness of the internal auditors, and monitoring and reviewing the effectiveness of the external auditors used for the Scheme, Corporation, and the Nest Invest Client Assets Sourcebook (CASS) audit and the AAF audit.

During 2025/26, members of the audit committee met six times, and had one training session. 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.
- Reviewing the effectiveness of the system for monitoring compliance with laws and regulations.
- Reviewing the Nest Corporation business plan ahead of approval by the Board.
- Reviewing both Nest Corporation's and the Scheme's system of internal controls via our controls report following the AAF'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, and approving our whistleblowing policy and procedure.
- Recommending and approving changes to the committee's terms of reference.
- Approving the Nest Corporation tax strategy.
- Approving Nest Corporation's MPM policy and reviewing the effectiveness of its implementation.

Customer committee

The customer committee is responsible for overseeing the implementation of Nest's customer strategy, monitoring the effectiveness of strategies, products and services in meeting the needs of Nest's customers, monitoring the impact to Nest's members of significant regulatory changes and providing assurance that services provided represent value for members. During 2025/26, members of the customer committee met five times. The committee's work included:

- Reviewing Nest's customer strategy implementation plan.
- Recommending the Value for Members report for approval by the Nest Corporation Board.
- Reviewing Nest's tracing and consolidation proposition.
- Reviewing Nest's retention strategy.
- Reviewing Nest's media plan.

Investment committee

The investment committee was disbanded on 1 October 2025 as part of the evolution of Nest's investment governance model and the increased delegated authority over investment decision-making to Nest Invest Board. The investment committee was responsible for overseeing the Scheme's investment strategy and also monitors investment performance and operational investment risks. During 2025/26, the committee met three times during the year. The committee also met for two workshops. The work of the committee during the year included:

- Reviewing the updated Investment Management Agreement between Nest Corporation and Nest Invest and proposed changes to support investment governance evolution.
- Reviewing and recommending to the Board the annual TCFD report and the SIP implementation statement to the Scheme Approving the responsible investment annual report. Reviewing Nest's fund manager selection framework.

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 2025/26, members of the nominations and remuneration committee met nine times. The committee's work included:

- Reviewing the results of the annual skills and experience analysis of Nest Corporation and Nest Invest 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 Nest Corporation Board and its committees, and the Nest Invest Board, and considering recommendations arising from the review. Approving the re-appointment of five members of the Members' Panel and the re-appointment of seven members of the Employers' Panel.
- Overseeing the recruitment process and approving the appointment of a new non-executive chair of Nest Invest, two new special committee member of the audit committee, as well as the composition of the Nest Invest Board.
- Working with the DWP appointment team to progress the re-appointment of two non-executive Nest Corporation Board members with terms due to end in 2026/27. In addition, we oversaw the appointment of directors to the Nest Invest Board.
- Approving changes to the governance model for Nest Insight including establishing a new Oversight Panel.
- Reviewing the new organisational values and recommending to the Board for approval.
- Reviewing the performance and approving changes in remuneration of our executive team (including the CEO). Approving the CEO's recommended approach to employee remuneration including pay awards and performance related pay, as well as changes to the colleague value proposition.
- Recommending to the Board certain changes to the Scheme rules, the scheme of reserved matters and delegations and the committee's terms of reference.
- Reviewing a revised Framework Document with the DWP and recommending to the Board for approval.

Risk committee

The risk committee is responsible for monitoring the effectiveness of Nest Corporation's risk appetite, the internal controls framework, and second line monitoring activity. It also monitors the effectiveness of Nest's Enterprise Risk Management Framework, ensuring it is fit for purpose.

During 2025/26, 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.
- 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.
- Reviewing the effectiveness of the system for monitoring compliance with laws and regulations, and approving the annual Nest Corporation second line assurance plan, including any recommended changes.
- Recommending and approving changes to the committee's terms of reference.

Committee membership as at 31 March 2026

Audit committee	
Myfanwy Barrett	Chair
Nina Hingorani-Crain	Member
Martin Turner	Member
Atula Abeysekera	Special committee member (from 1 January 2026)
Lorna Hinds-Sotomey	Special committee member (from 1 January 2026)

Customer committee	
Nikki Marsh	Chair
Karen Cham	Member
Helen Copinger-Symes	Member
Catherine Howarth	Member
Faith Reynolds	Member
Stuart White	Member

Nominations and remuneration committee	
Nina Hingorani-Crain	Chair
Brendan McCafferty	Member
Sarah Laessig	Member
Stuart White	Member (from 1 April 2025)
Carol Young	Special committee member

Risk committee	
Martin Turner	Chair
Myfanwy Barrett	Member
Karen Cham	Member
Helen Copinger-Symes	Member
Michael Gordon	Member (from 1 April 2025)
Nikki Marsh	Member
Howard Walpole	Member (from 1 April 2025)

Nest Invest Board (in place from 1 October 2025)	
Sally Bridgeland	Chair of Nest Invest Board
Ian Cornelius	Member of Nest Invest Board
Mark Fawcett	Member of Nest Invest Board
Michael Gordon	Member of Nest Invest Board
Sarah Laessig	Member of Nest Invest Board
Howard Walpole	Member of Nest Invest Board
Jennie Austin	Member of Nest Invest Board
Katrina Shenton	Member of Nest Invest Board
Jaap van Dam	Member of Nest Invest Board

Details of meetings attended by Board and committee members

No. of meetings	Role	The Board	Audit committee	Customer committee
Brendan McCafferty	Board Chair	5/5	–	–
Ian Cornelius	EBM & NEBM (NIB)	5/5	–	–
Myfanwy Barrett	NEBM	5/5	6/6	–
Karen Cham	NEBM	4/5	–	2/5
Helen Copinger-Symes	NEBM	5/5	–	5/5
Louise Fitzgerald	EBM	5/5	–	–
Michael Gordon	NEBM & NEBM (NIB)	5/5	–	–
Nina Hingorani-Crain	NEBM	4/5 1/5 partial	6/6	–
Catherine Howarth	NEBM	5/5	–	5/5
Sarah Laessig	NEBM & NEBM (NIB)	5/5	–	–
Nikki Marsh	NEBM	5/5	–	5/5
Faith Reynolds	NEBM	5/5	–	5/5
Martin Turner	NEBM	5/5	5/6	–
Howard Walpole	NEBM	5/5	–	–
Stuart White	NEBM	5/5	–	5/5
Sally Bridgeland	NIB Chair	–	–	–
Mark Fawcett	EBM (NIB)	–	–	–
Jennie Austin	NEBM (NIB)	–	–	–
Katrina Shenton	NEBM (NIB)	–	–	–
Jaap van Dam	NEBM (NIB)	–	–	–
Special committee members				
Atula Abeysekera	SCM	–	1/1	–
Lorna Hinds-Sotomey	SCM	–	0/1	–
Carol Young	SCM	–	–	–

* Excused for one meeting due to a conflict of interest.

Board Chair – Chair of Nest Corporation Board
NIB Chair – Chair of Nest Invest Board
EBM – Executive Board Member
SCM – Special Committee Member
NEBM – Non-Executive Board Member
NEBM (NIB) – NEBM of Nest invest

Notes

The Board

Following a period of interim appointment since 1 May 2024, Ian Cornelius was appointed permanent CEO and Board member on the 17 June 2025. Following a period of interim appointment, Louise Fitzgerald was appointed permanent CFO in June 2025 and appointed as a Board member on 31 December 2025, with retrospective effect from 1 April 2025.

Audit committee

Atula Abeysekera and Lorna Hinds-Sotomey were appointed as special members of the audit committee with effect from the 1 January 2026. They are not Nest Corporation Board members.

Customer committee

Nikki Marsh was appointed as Chair of the customer committee with effect from 1 April 2025. Karen Cham, HelenCopinger-Symes, Catherine Howarth, Faith Reynolds and Stuart White were appointed as members of the customer committee with effect from 1 April 2025.

Risk committee

Michael Gordon and Howard Walpole were appointed as members of the risk committee with effect from 1 April 2025.

Board subcommittees			Subsidiary governance
Nominations and remuneration committee	Risk committee	Investment committee	Nest Invest Board
9/9	–	–	–
–	–	–	5/5
–	4/4	–	–
–	3/4	–	–
–	4/4	1/1	–
–	–	–	–
–	3/4	1/2	5/5
9/9	–	–	–
–	–	–	–
6/9*	–	3/3	5/5
–	4/4	–	–
–	–	–	–
–	4/4	–	–
–	4/4	2/2	5/5
9/9	–	–	–
–	–	–	5/5
–	–	–	5/5
–	–	3/3	5/5
–	–	3/3	4/5
–	–	3/3	4/5
–	–	–	–
–	–	–	–
8/9	–	–	–

Nominations and remuneration committee
Karen Cham stepped down as a member of the nominations and remuneration committee with effect from 1 April 2025. Stuart White was appointed as a member of the nominations and remuneration committee with effect from 1 April 2025. Carol Young is a special member of the nominations and remuneration committee but is not a Nest Corporation Board member.

Investment committee
Helen Copinger-Symes stepped down as a member of the investment committee with effect from 1 June 2025. Michael Gordon and Howard Walpole were appointed as members of the investment committee with effect from 1 June 2025.

Nest Invest Board
As of 1 October 2025, the investment committee was disbanded, and, following delegation from the Nest Corporation Board, the Nest Invest Board now has responsibility for oversight of investment decisions. The three special investment committee members became Non-Executive Directors of Nest Invest.

Board meetings

The Board met five times during 2025/26. Members of the Board also convened for a number of workshops and informal sessions on a range of topics, including two strategy days.

At each Board meeting the chair of the audit, risk, customer, 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 66** committee membership as at 31 March 2026 is set out on **page 64**.

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 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 2025/26, the Board:

- Approved the new Framework Document with the DWP, which comes into effect during financial year 2026/27.
- Approved new organisational values of: Boldly together, Caring together, Driven together.
- Reviewed progress against our 2030 corporate strategy and approved our five-year business plan, annual budget and all associated funding plans, including our financial resiliency and tax strategy.
- Approved changes to the investment governance model including changes to the investment management agreement between Nest Corporation and Nest Invest, providing more delegated authority to the Nest Invest Board in relation to investment management, supporting further agility and technical oversight within the governance framework.
- Approved the appointment of an independent Chair and the independent Non-Executive Board Directors of Nest Invest.
- Approved the annual report and accounts for both Nest Corporation and the Scheme, the TPR's annual supervisory return, our Modern Slavery Act statement and the annual Task Force on Climate-Related Financial Disclosure Report for the Scheme and Climate Change Policy.
- Reviewed the annual reports of the Members' Panel and the Employers' Panel and the annual investment report and approved the SIP implementation statement.
- Approved the annual assessment of the Scheme's value for members (VfM) and the conclusions of this report.
- Reviewed crisis management plans and approved the new enterprise risk management framework.
- Approved a new public-benefit statement for Nest Insight, an updated Memorandum of Understanding between Nest Corporation and Nest Insight, and the establishment of an Oversight Panel.
- Reviewed the results of the internal Board and committee effectiveness review and considered recommendations arising from the review.
- 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 11 members as at 31 March 2026. During 2025/26, 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 re-development of Nest connector 2.0, the fund administration transition and transformation programme, the retirement proposition and the new retirement fund to support decumulation, the pensions review, employer segmentation work, the new employer strategy and developing roadmap, the overall employer related system transition, the development of Nest's Brand campaign, trends in member transfers activities and a dive into the strategy Nest was implementing in managing customer complaints, particularly those raised on social media.
- Provided input on proposed changes to the SIP and changes to the Nest Order and Rules to allow Nest to offer flexi-access drawdown.
- The Panel was also consulted on changes to a fund choice.
- Attended a joint training with the Members' Panel on Nest's charging structure and how it impacts members.
- Attended a joint meeting with members of the Members' Panel, the Board, and the executive team. The meeting explored Nest as a 'best-in-class' pension provider, with a world-class investment capability and proposition and discussed the external environment in which Nest was operating particularly with focus on the Pensions review.

Members' Panel

(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 13 members as at 31 March 2026. During 2025/26, the Panel met five 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 to allow Nest to offer Flexi-access drawdown. 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, transfers trends in the Scheme, member segmentation, Nest's churn benchmarking, member marketing strategy and value proposition, customer lifetime value analysis, the development of Nest's brand campaign and the pensions review.
- The Panel also made contributions to the development of Nest's Transfer Calculator and other innovative tools being developed.
- Attended a training session on the Nest member propositions roadmap and a deep dive into Nest's member base.
- Attended a joint meeting with members of the Employers' Panel, the Board, and the executive team.

Determination of disputes

During 2025/26 the Corporation considered 112 cases (compared with 93 cases which were considered in 2024/25).

- Nine cases were upheld (14 cases in 2024/25).
- 66 cases were partially upheld (53 cases in 2024/25).
- 37 cases were not upheld (26 cases in 2024/25).

Disputes considered by the executive team most commonly related to transfer out and retirement process, administration of accounts and our collection and reconciliation process.

In reviewing the disputes during this period, we implemented a number of changes to address recurring issues. This included:

- **Improvements to complaint and dispute Stage one response quality**, with feedback and training provided to ensure responses fully address all complainant concerns and avoid heavily templated or irrelevant content. The responses have also been changed to clearly state what was or wasn't upheld. We are also in the process of implementing a 'spot checking' process of complaint and Stage 1 cases to better improve the complaints journey at earlier stages.
- **Ongoing work to improve transfer completion letters**, with efforts underway to include disclaimers about potential additional security checks and payment processing timeframes for cases that fall over the Payment Intercept Process (PIP) threshold.
- **Enhancements to internal communication and information sharing**, with incident managers provided feedback to ensure all relevant information is captured on ServiceNow, distribution of additional licences for wider team access, and improved handover processes between teams to reduce repeated conversations with complainants.
- **Improvements to Open Market Option (OMO) and Pension Commencement Lump Sum (PCLS) process knowledge and communication**, with refresher training delivered to contact centre staff following identification of a lack of knowledge across teams. This included clarification that OMO and PCLS requests can now be administered via Origo, a digital service that enables pension providers to process transfers without the need for paperwork, reducing confusion around paper forms versus electronic processes.
- **Improvements to gain/loss calculation turnaround**, with discussions held to ensure critical information is included in resolution letters and that gain/loss outcomes are presented in an understandable format. It was also managed through the complaints Joint Solutions Team (JST) to create a way for tracking post-closure gain/loss requests, which should improve visibility and reduce delays in completing them.
- **Enhanced vulnerable customer identification**, with ongoing work to update and improve vulnerable customer training materials, ensuring all operators can identify and appropriately support vulnerable customers showing indicators of vulnerabilities.

In 2025/26, the executive team received information on four cases which had been withdrawn by the complainant before consideration (compared with two cases in 2024/25).

The Pensions Ombudsman reported to us that 5 cases reviewed during the year had been escalated to it after Stage two (compared with one case in 2024/25).

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 2026, and the Chief Risk Officer assesses the control landscape as robust. Our internal audit function prepares reports for the audit committee which provides evidence of this. We do this in line with the annual internal audit and plan approved by the audit committee. Parallel processes are in place for the risk assurance function; during the year responsibility for oversight of risk assurance processes transferred from audit committee to risk committee.

Where any issues such as control weaknesses are identified by our second or third line risk assurance function, 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 executive team in the first instance and then 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, and during the year we have invested in developing an operational resilience framework. The risk committee is responsible for oversight and challenge of the approach to risk management (see **page 64**). Collectively, the risk committee 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, regulators, 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. The risk framework has been designed taking into account best practice for major UK financial services firms, and complies with the main principles of The Orange Book: Management of Risk.

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 may result in failure to achieve them. Our risk appetite sets out the level of risk we are willing to take in pursuit of our strategy. We have defined our risk appetite across categories to support informed decision-making and prioritisation. The risk appetite framework helps us determine the most appropriate responses to risk, with the objective of supporting better outcomes for members.

Principal risks

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. Our principal risks are detailed on **page 20**. We review our principal risks annually to ensure that they remain appropriate and reflect newly identified potential and emerging risks. Our principal risks were approved in March 2025 following a zero-based review.

Risk monitoring

Risk exposures, performance against risk appetite and principal risks are monitored on a continuous basis. Each business area maintains and continually updates an active risks and opportunities register, which contains key risks and opportunities and details of the way in which risks are controlled.

Risk information is reported regularly to the relevant Board and Executive committees, with the Board receiving routine reporting to support oversight of the organisation's risk profile.

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 developments in risk controls and mitigating actions

For each of our principal risks in 2025/26, we have put in place key controls and mitigating actions. Developments within these controls and mitigations up to the date of approval of the annual report and accounts are noted here.

Annual risk trend

↓ Risk decreased ↔ Stayed the same ↑ Risk increased

Principal risk	Annual trend	Key developments	Mitigations
Customer experience outcomes	↑	Significant improvements in customer experience have been delivered, but the year has seen a step change in the competitive environment. Ensuring our customer strategies and propositions evolve to meet the demands of the market and our customers is vital.	We have refreshed strategies for our Employer and Member propositions and are actively working with our scheme delivery partner to ensure that we deliver the required roadmap of change needed.
Technology	↔	Both Scheme and Corporation environments are robust and have proved resilient.	During the year, we created a new senior role to enhance oversight of these environments. Our technology strategy aligns to our corporate priorities and we continue to monitor system availability and performance.
Investment performance	↑	Markets have been volatile, although they have proved agile, adaptive and resilient.	There has been a focus on rolling out new investment governance arrangements with improved capability to strengthen oversight of our investments.
External stakeholder relationships	↓	There has been increased engagement and collaboration with the DWP throughout the year.	We have strengthened the team responsible for improving the engagement with government and are building functional relationships with DWP.
Service delivery	↔	Service delivery continues to be robust.	We continue to have a dedicated team focused on ensuring good delivery for our customers.
Transformational change and innovation	↑	We have delivered significant volumes of change successfully and have agreed a significant investment for the future.	Business planning, change framework and change governance arrangements have been overhauled to support the significant amount of change we face.
Third party and outsourced services	↔	We successfully transitioned to a new fund administrator and completed the transition to the new scheme administrator contract. We entered our new contract period with the outsourced scheme administration provider.	We now have dedicated ExCo responsibility for oversight of scheme administration. The strategic sourcing function is being reorganised to enhance our third party risk oversight to cover all outsourced partners not just key strategic partners.

Principal risk	Annual trend	Key developments	Mitigations
Financial resilience	↔	We now have a much clearer understanding of our resilience to financial shocks with evolving scenario and stress-testing capability created through the year.	Our new business planning process includes explicit consideration of future financial resilience and improved capability in financial modelling. In addition, this has prompted a review of financial strategy, which will support business resilience.
People and culture	↓	We have successfully conducted extensive recruitment and integrated those new colleagues. Our colleague survey shows improved engagement.	We are overhauling our colleague value proposition, which will include changes to our recruitment infrastructure, reward practices and embedding our relaunched colleague values and behaviours.
Data, information and model management	↓	We have made substantial progress with improving our Scheme data access and have agreed plans to overhaul our approach to that data.	We have strengthened our capability across data analytics including at senior level. We are implementing an improved model governance framework across the Corporation.
Cyber and information security	↑	Rapid advances in AI and technology bring both opportunity and risk. The market is seeing increasingly sophisticated cyberattacks placing pressure on operational resilience. The threat environment continues to evolve rapidly but our defences have proved robust to the changing environment.	We have had external audits under NIST and ISO27001 frameworks which have shown positive results. Nonetheless we continue to evolve our framework to have robust protection of our data, especially in the light of AI-driven cyber risk.
Geopolitical uncertainty	↑	The geopolitical environment has become ever more uncertain, although Nest has proved resilient.	We have a mature risk process in place for managing the impact of geopolitical risk on Nest Invest and routinely consider geopolitical risk in risk assessments.

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.

Data protection

During 2025/26 the Scheme notified the Information Commissioner's Office (ICO) of one personal data related incident. The breach was the result of 'data of wrong data subject shown in client portal'.

	Number of breaches reported to the ICO		
Category	**2025/26**	**2024/25**	**2023/24**
Data of wrong data subject shown in client portal	1	–	–
Alteration of personal data	–	1	–
Unauthorised access	–	–	1
Total	**1**	**1**	**1**

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 2025/26, no whistleblowing events were raised, the same as in 2024/25.

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. Our key policies and organisational values set the standards that colleagues are expected to follow and uphold. Our approach to corporate governance and responsibility reflects our commitment to acting ethically and with integrity in all our activities. Further information on our policies and plans is available on our website.[14]

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 and Procurement Act 2023.

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 considers 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 2025/26 annual report and financial statements.

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

Compliance and assurance

- 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 risk team, led by the Chief Risk Officer, is responsible for monitoring compliance against relevant legislative and regulatory requirements and developing financial services best practice. It provides ongoing assurance to the CEO and the Board, via the risk committee, that we, as Trustee of the Scheme 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. Nest Invest maintains its own risk and compliance teams which have accountability both the Nest Invest CEO and to the Corporation's Chief Risk Officer.
- Included in the assurance activity, the Chief Risk Officer maintains a second-line risk assurance team which follows an annual plan agreed with the risk 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. Where tasks are outsourced the ExCo member with overall accountability for overseeing the outsourcing arrangement ensures that the outsourced service provider provides adequate assurance for control of the outsourcing arrangement. Each ExCo member has made an attestation including this oversight to the Chief Risk Officer, and the CEO has confirmed that in his view the appropriate control environment is in place.
- Our annual controls assurance report against the TECH 05/20 AAF master trust controls assurance report for the period 1 April 2025 to 31 March 2026 has been completed and reported to the audit committee. The AAF 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.
- Control owners provide a regular 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 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 2025/26 (zero complaints in 2024/25).

Ian Cornelius
CEO, Nest Corporation

30 June 2026

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. During the year we have reset our DE&I strategy and targets, to be achieved by 2030.

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 and special committee members. 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 a minimum of 40.5 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 original terms of appointment allowed additional days to be paid on a pro-rata basis. Under the revised terms, any additional remuneration now requires ministerial approval.

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 2026 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 63** of the 'Governance statement'.

Pay and Bonus Awards 2025/26

The Chief Executive Officer oversees a balanced and controlled approach to reward. Each year, subject to affordability and the necessary approvals, Nest operates:

- an annual pay review, and
- a discretionary performance related bonus scheme

Annual pay review 2025

Nest's annual pay policy is linked to January CPI with changes agreed made effective from July, subject to affordability. 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 2025, we chose to pay a CPI increase of 3% (i.e. CPI as of January 2025) to all staff with effect from 1 July 2025.

Performance related pay

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 performance. There are two levels of performance related pay, one for Directors and executive team roles, 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 performance related payment made in June 2025 was £4,500 for Directors and executive team members and £3,000 for all other staff.

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 CEO's performance objectives agreed at the start of each year.

During the year, we have transformed our colleague value proposition which will impact performance related pay for colleagues from financial year 2026/27 onwards.

Pay gap reporting

We report annually on pay gaps for both gender and ethnicity, and these detailed reports can be found on our website.[15] Continued progress has been made in closing Nest's mean gender pay gap, which reduced by 0.8 percentage points to 15.5% in 2025/26. The reduction in our mean gender pay gap reflects both increased recruitment of women into higher paid roles compared to previous years and gradual movement towards more balanced representation across pay quartiles. However, progress remains uneven and fragile, particularly at senior levels and within specific functions.

We have also seen a reduction in our mean ethnicity pay gap, which is now 29.9% (down 2.2 percentage points). This reduction reflects fewer colleagues from ethnically diverse backgrounds being recruited into the lowest paid roles relative to previous years. However, under representation at senior levels continues to drive a gap.

15 nestpensions.org.uk/schemeweb/dam/nestlibrary/gender-pay-gap-report-2025.pdf

Sickness absence

The average amount of time lost to sickness per employee in 2025/26 was 4.4 days (compared with 4.0 days in 2024/25). 97% of sickness absence recorded is short-term (fewer than 28 calendar days), with an average absence duration of 3 days.

There has been a small number of long-term absences, which have been proactively monitored and supportively managed by line managers and our People and Culture team. Absence related to mental health conditions continues to be very low, at 3% of all sickness absences.

Pensions

Our staff are offered a direct contribution pension arrangement in the Scheme. We hold the Pension Quality Mark (PQM) Plus standard, recognising our offer of increased employer contributions for increased employee contributions. Our default contribution levels are 5% gross employee contribution on earnings, with 8% employer contribution (compared to the statutory minimum of 3%). Employees who contribute 6% receive a 9% employer contribution, and employees who contribute 7% or more receive a 10% employer contribution.

The current CEO and CFO of Nest Corporation, and the CEO of Nest Invest 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 of office was made in June 2025. 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 was recognised in the 2024/25 accounts and was 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 other payments have been made during the year to past Board directors.

Panel Members

Our 11 Employers' and 13 Members' Panel members, as at 31 March 2026, provide valuable advice and assistance on the performance, development and amendment of the Scheme. Over the course of 2025/26, remuneration to panel members totalled £75k (2024/25 £69k).

Remuneration tables (subject to audit)

Contract details			
Name and Position	**Contract start date**	**Unexpired term as at 31 March 2026**	**Year**
The Board and subcommittees			
Brendan McCafferty Chair	1 February 2022	10 months	**2025/26** 2024/25
Myfanwy Barrett Board Member	1 July 2021	3 months	**2025/26** 2024/25
Karen Cham Board Member	1 July 2019	15 months	**2025/26** 2024/25
Helen Copinger-Symes Board Member	1 June 2023	26 months	**2025/26** 2024/25
Ian Cornelius** Chief Executive Officer[7]	1 May 2024	49 Months	**2025/26** 2024/25
Louise Fitzgerald Chief Financial Officer	1 April 2025	48 months	**2025/26** 2024/25
Michael Gordon** Board Member	25 November 2024	20 months	**2025/26** 2024/25
Nina Hingorani-Crain Board Member	1 June 2023	26 months	**2025/26** 2024/25
Catherine Howarth Board Member	25 November 2024	20 months	**2025/26** 2024/25
Sarah Laessig Board Member	1 September 2021	5 months	**2025/26** 2024/25
Nikki Marsh Board Member	1 June 2023	14 months	**2025/26** 2024/25
Faith Reynolds Board Member	25 November 2024	32 months	**2025/26** 2024/25
Martin Turner Board Member	1 June 2018	14 months	**2025/26** 2024/25
Howard Walpole** Board Member	25 November 2024	43 months	**2025/26** 2024/25
Stuart White Board Member	25 November 2024	20 months	**2025/26** 2024/25

** There are three Nest Corporation Board members who are also Nest Invest Board members. Their remuneration is shown once under the Nest Corporation Board section of the table.

1. Board directors' terms of engagement allows them to claim for time in excess of their contractual obligation.
2. With the exception of the CEO and CFO, Board directors do not receive any performance related payments.
3. Pension benefits comprise of employer contributions into the Scheme.
4. Non-cash benefits relates to cycle to work scheme.
5. Taxable expenses relate to travel, accommodation and subsistence.
6. Sally Bridgeland was appointed Chair of the Nest Invest Board during the year. Her disclosed salary and allowances paid cover the period from 1 October 2025 to 31 March 2026.
7. Ian Cornelius, CEO joined Nest in an interim capacity on 14 April 2024 and became an interim Board Member with effect from 1 May 2024. He was appointed permanent CEO and Board Member on 17 June 2025.

2025/26						
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)
90–95	**90–95**	**–**	**–**	**–**	**22,200**	**110–115**
90–95	90–95	–	–	–	33,900	120-125
25–30	**25–30**	**–**	**–**	**–**	**1,500**	**30–35**
25–30	25–30	–	–	–	2,600	30–35
25–30	**25–30**	**–**	**–**	**–**	**3,100**	**25–30**
25–30	25–30	–	–	–	3,000[10]	25–30
25–30	**25–30**	**–**	**–**	**–**	**300**	**25–30**
25–30	25–30	–	–	–	–	25–30
340–345	**335–340**	**15–20**	**33,800**	**–**	**1,200**	**390–395**
315–320	295–300	–	29,900	–	300	325–330
245-250	**245-250**	**–**	**25,000**	**–**	**–**	**270-275**
–	–	–	–	–	–	–
25–30	**25–30**	**–**	**–**	**–**	**–**	**25–30**
25–30	5–10	–	–	–	–	5–10
25–30	**25–30**	**–**	**–**	**–**	**–**	**25–30**
25–30	25–30	–	–	–	–	25–30
25–30	**25–30**	**–**	**–**	**–**	**–**	**25–30**
25–30	5–10	–	–	–	–	5–10
30–35	**30–35**	**–**	**–**	**–**	**–**	**30–35**
25–30	25–30	–	–	–	–	25–30
25–30	**25–30**	**–**	**–**	**–**	**5,400**	**30–35**
25–30	25–30	–	–	–	5,900	30–35
25–30	**25–30**	**–**	**–**	**–**	**2,500**	**25–30**
25–30	5–10	–	–	–	1,600	10–15
25–30	**25–30**	**–**	**–**	**–**	**300**	**25–30**
25–30	25–30	–	–	–	400	25–30
25–30	**25–30**	**–**	**–**	**–**	**9,800**	**35–40**
25–30	5–10	–	–	–	1,800	10–15
25–30	**25–30**	**–**	**–**	**–**	**–**	**25–30**
25–30	5–10	–	–	–	–	5–10

8. Mark Fawcett, Nest Invest's CEO, is an Executive Director of the Nest Invest Board. The salary and allowances paid reflects the amount paid from 1 October 2025 to 31 March 2026. He is appointed to NIB by virtue of his position as CEO, Nest Invest, which doesn't have an expiration date.
9. Richard Lockwood stepped down from the Board on 31 December 2024 and left his position as Chief Financial Officer effective 30 June 2025. The performance-related pay has been restated to include bonus amounts in respect of both the 2023/24 and 2024/25 performance years, with payments made in 2024/25 and 2025/26. The remuneration disclosed for 2024/25 has been restated to reflect his time on the Board from April 2024 to December 2024. His salary and allowances are also inclusive of a 24-25 agreed payment in respect of contractual loss of office. See more details on **page 79**.
10. Figure includes expenses relating to 2023/24 paid in 2024/25.

Remuneration tables (subject to audit) continued

Contract details			
Name and Position	**Contract start date**	**Unexpired term as at 31 March 2026**	**Year**
Special committee members			
Atula Abeysekera Audit committee Member (Non-Executive Director)	1 January 2026	33 months	**2025/26** 2024/25
Lorna Hinds-Sotomey Audit committee Member (Non-Executive Director)	1 January 2026	33 months	**2025/26** 2024/25
Carol Young NomRem committee Member (Non-Executive Director)	1 January 2024	9 months	**2025/26** 2024/25
Subsidiary governance – Nest Invest Board**			
Sally Bridgeland Nest Invest Board (Chair of Nest Invest)[6]	1 October 2025	6 months	**2025/26** 2024/25
Jennie Austin Nest Invest Board (Non-Executive Director)	25 November 2019	7 months	**2025/26** 2024/25
Mark Fawcett Nest Invest Board (CEO of Nest Invest)[8]	1 October 2025	See note 8	**2025/26** 2024/25
Katrina Shenton Nest Invest Board (Non-Executive Director)	1 September 2023	15 months	**2025/26** 2024/25
Jaap van Dam Nest Invest Board (Non-Executive Director)	1 January 2020	6 months	**2025/26** 2024/25
Board Members who stepped down			
Helen Dean Chief Executive Officer	1 June 2018	Stepped down from the Board on 30/04/2024	**2025/26** 2024/25
Chris Hitchen Board Member	1 June 2018	Stepped down from the Board on 31/05/2024	**2025/26** 2024/25
Richard Lockwood Chief Financial Officer[9]	1 September 2018	Stepped down from the Board on 31/12/2024	**2025/26** 2024/25

** There are three Nest Corporation Board members who are also Nest Invest Board members. Their remuneration is shown once under the Nest Corporation Board section of the table.

1. Board directors' terms of engagement allows them to claim for time in excess of their contractual obligation.
2. With the exception of the CEO and CFO, Board directors do not receive any performance related payments.
3. Pension benefits comprise of employer contributions into the Scheme.
4. Non-cash benefits relates to cycle to work scheme.
5. Taxable expenses relate to travel, accommodation and subsistence.
6. Sally Bridgeland was appointed Chair of the Nest Invest Board during the year. Her disclosed salary and allowances paid cover the period from 1 October 2025 to 31 March 2026.
7. Ian Cornelius, CEO joined Nest in an interim capacity on 14 April 2024 and became an interim Board Member with effect from 1 May 2024. He was appointed permanent CEO and Board Member on 17 June 2025.

			2025/26			
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)**
15–20	**0–5**	**–**	**–**	**–**	**–**	**0–5**
–	–	–	–	–	–	–
15–20	**0–5**	**–**	**–**	**–**	**–**	**0–5**
–	–	–	–	–	–	–
15–20	**15–20**	**–**	**–**	**–**	**–**	**15–20**
15–20	15–20	–	–	–	–	15–20
70–75	**35–40**	**–**	**–**	**–**	**–**	**35–40**
–	–	–	–	–	–	–
30–35	**25–30**	**–**	**–**	**–**	**700**	**25–30**
20–25	20–25	–	–	–	1,400	20–25
460–465	**220–225**	**–**	**23,200**	**–**	**800**	**245–250**
–	–	–	–	–	–	–
30–35	**25–30**	**–**	**–**	**–**	**–**	**25–30**
25–30	25–30	–	–	–	–	25–30
25–30	**25–30**	**–**	**–**	**–**	**2,800**	**30–35**
15–20	15–20	–	–	–	2,500	20–25
–	**–**	**–**	**–**	**–**	**–**	**–**
290–295	20–25	–	1,900	–	–	25–30
–	**–**	**–**	**–**	**–**	**–**	**–**
15–20	0–5	–	–	–	300	0–5
–	**–**	**–**	**–**	**–**	**–**	**–**
350–355	270–275	5–10	19,800	1,800	700	305–310

8. Mark Fawcett, Nest Invest's CEO, is an Executive Director of the Nest Invest Board. The salary and allowances paid reflects the amount paid from 1 October 2025 to 31 March 2026. He is appointed to NIB by virtue of his position as CEO, Nest Invest, which doesn't have an expiration date.
9. Richard Lockwood stepped down from the Board on 31 December 2024 and left his position as Chief Financial Officer effective 30 June 2025. The performance-related pay has been restated to include bonus amounts in respect of both the 2023/24 and 2024/25 performance years, with payments made in 2024/25 and 2025/26. The remuneration disclosed for 2024/25 has been restated to reflect his time on the Board from April 2024 to December 2024. His salary and allowances are also inclusive of a 24-25 agreed payment in respect of contractual loss of office. See more details on **page 79**.
10. Figure includes expenses relating to 2023/24 paid in 2024/25.

Staff report

Summary of staff costs for 2025/26

The information in this table has been audited.

	Year ended 31 March 2026 £000	Year ended 31 March 2025 £000
Directly employed Staff		
Wages and salaries	36,359	29,398
Social security costs	5,321	3,587
Pension costs	2,899	2,429
Subtotal	**44,579**	**35,414**
Secondees and interim staff	596	711
Total staff costs	**45,175**	**36,125**

We were staffed in 2025/26 by a combination of direct employees and interim staff employed through third-party organisations.

Expenditure on consultancy services and professional services advice during 2025/26 totalled £11,356k (2024/25: £7,413k). 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 Full-time equivalent (FTE) average table has been audited.

	Average FTE over 2025/26	Average FTE over 2024/25
Directly Employed Staff	386	347
Panel and Committee Members	1	1
Secondees and Interim Staff*	4	3
Average Number of FTE	**391**	**351**

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

Senior Civil Service Equivalent pay band	Senior Civil Service Equivalent pay ranges	Headcount
1	£81,000 – £130,000	63
2	£100,000 – £163,000	30
3*	£130,000 – £209,000	26

* Includes thirteen members of staff whose pay is in excess of £209,000.

In the current year, the methodology for determining the Senior Civil Service disclosure has been revised. The updated approach aligns the reporting with roles and responsibilities as described within associated guidance, rather than salary value.

Staff composition and gender analysis[16]

The following table shows the total number and gender breakdown of the Board, executive team and all other staff as at 31 March 2026, excluding secondees and interims.

	Male	Female	Total
Board members (excl. CEO and CFO)	5	8	13
Panel and committee members	16	15	31
Executive team (incl. CEO and CFO)	8	3	11
All other staff	194	219	413
Total	**223**	**245**	**468**

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 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.

16 FTE average table presents the average full-time equivalent number across 2025/26, the Staff composition and gender analysis presents the number of staff employed as at 31 March 2026.

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, 'Nest Together'. The forum provides 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 diverse organisation which is inclusive for all colleagues. We are made up of colleagues from all different backgrounds, reflecting the demographics of our members:

33%
of our workforce are from an ethnically diverse background.

52%
of our workforce are women.

45%
Director-level roles and above held by women.

16%
Director-level roles and above held by colleague from an ethnically diverse background.

13%
of colleagues have a disability or long-term condition.

7%
of colleagues are LGBT+.

Integrating inclusion and equity into how we operate is central to how Nest delivers on its purpose. While senior leaders remain accountable for setting direction and driving progress, achieving meaningful and lasting inclusion requires contribution from everyone across the organisation. This is supported by a data led approach that brings together workforce metrics with insight gathered through colleague feedback, helping us to understand how experiences and outcomes differ across groups. These insights enable us to identify where progress is being made, where barriers remain, and where further action is required. In our 2026 colleague survey, 77% of people agreed that they feel they belong at Nest (an increase of 8% compared to last year) and 83% of colleagues agreed that Nest values diversity (an increase of 10% compared to last year).

By embedding consideration of inclusion, fairness and equity into leadership discussions on performance, capability and potential, and by fostering a culture where all colleagues play an active role, we aim to create an environment that sustains our ambition for equality and inclusion over the long-term.

We take a holistic approach to inclusion across our colleague lifecycle, from attraction and recruitment through to onboarding, development, progression and retention. This reflects our understanding that pay gaps and representation outcomes are shaped over time by organisational systems, processes and behaviours, as well as by the accessibility of roles, our workplace and ways of working, rather than by a single intervention.

Through our wider people and DE&I strategies, we have set clear ambitions to improve gender balance, strengthen disability inclusion and close gaps in experience and opportunity across the organisation. Improving representation and inclusion at senior levels supports better decision-making, brings a wider range of perspectives, and helps ensure we remain effective, resilient and responsive as we continue to evolve.

Progress against these ambitions is monitored through regular analysis of workforce and inclusion data, supported by governance oversight. We recognise that sustainable progress requires long-term commitment, transparency, continuous learning and ongoing engagement with colleagues' lived experiences.

We seek out support and guidance from experts externally too. We are a Disability Confident (level 3) leader, we are signatories to the Women in Finance Charter and the Race at Work Charter and we are an accredited Living Wage employer. We are members of the Business Disability Forum, LGBTQ+ Great, GAIN and Progress Together.

As part of our DE&I strategy, we set ourselves ambitious targets to work towards improving representation and inclusion. Targets that we had set in 2022 for achievement by the end of 2025 were all met or almost met:

Targets 2022-2025	As at 30 September 2025
At least one of our executive team to identify as being from an ethnically diverse background	**Met**
A minimum of one of our Directors to identify as black or black mixed heritage	**Met**
A minimum of three of our executive team to be not male	**Met**
A minimum of 50% of our senior management roles (executive team and directors) who are not male	**Almost met**: Reached 50% earlier in 2025, however 44% at 30 September 2025
At least four of our senior management roles (executive team and directors) to have a disability or be neurodivergent	**Almost met**: Reached 4 earlier in 2025, however the number at 30 September 2025 is 3

In September 2025 we agreed a new set of targets to be achieved by 2030:

Targets 2026-2030	As at 31 March 2026
To have a minimum of 25% of the Nest Leadership community to be from a lower socio-economic background	**Not met**: 15%
To have an even split between men and women within our leadership team	**Almost met**: 45%
To have a minimum of 18% of our leadership team to be from an ethnically diverse background	**Met**: 20%

Targets 2026-2030	As at 31 March 2026
To close the inclusion gap, ensuring there is no more than a 5% gap between colleagues from different groups in the question 'I feel like I belong at Nest'	**Not met**: Average gap is 11%, the gap is no more than 5% for gender and disability, but greater than 5% for caregiver, ethnicity, sexual orientation, religion and socio-economic background

Staff Turnover

Overall turnover for 2025/26 was 12% (compared with 12% in 2024/25). Levels of voluntary turnover and involuntary turnover were the same at 6%.

Off-payroll engagements

For all off-payroll engagements as at 31 March 2026, amounting to more than £245 per day and that last for longer than six months:

Number of existing engagements as at 31 March 2026	1
of which	
Number that have existed for less than one year at time of reporting	1
Number that have existed for between one year and two years at time of reporting	–
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 2025 and 31 March 2026, 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 2025 and 31 March 2026	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 2025 and 31 March 2026:

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.	23

Exit packages (subject to audit)

- Exit packages agreed and accounted for in 2025/26 totalled £586,000 (comparative figures for 2024/25 are also given in the table below). This includes redundancy pay in line with our policy and, where applicable, payment in lieu of notice.
- In line with our corporate strategy (see **page 25**), during the year we strengthened our internal and technical capabilities, including the restructuring of a number of teams within the Corporation. In total there were thirteen leavers during the year who were made redundant. There were also 10 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 package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
	2025/26	2024/25 (restated)**	2025/26	2024/25 (restated)**	2025/26	2024/25 (restated)**
<£10,000	1	2	4	3	5	5
£10,000–£25,000	4	8	4	1	8	9
£25,000–£50,000	6	4	–	1	6	5
£50,000–£100,000	2	2	2	–	4	2
£100,000–£150,000	–	–	–	–	–	–
£150,000–£200,000	–	–	–	–	–	–
Total number of exit packages	**13**	**16**	**10**	**5**	**23**	**21**
Total cost*	**£399,000**	**£462,000**	**£187,000**	**£54,000**	**£586,000**	**£516,000**

* Figures are rounded to the nearest thousand.
** Figures from 2024/25 have been restated to include departures agreed and accounted for in 2024/25.

There will be additional departures in 2026/27 where a redundancy consultation process is ongoing, and a termination payment in line with our policy will be agreed.

Highest paid director's pay ratio (subject to audit)

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

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 £28,000 to £465,000 (2024/25: £27,000 to £431,000), with the salary for the highest paid director £460,000-465,000.

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 2026	8:1	6.2:1	4.9:1
Year ended 31 March 2025	5.5:1	4.3:1	3.4:1

During 2025/26, the organisation undertook structural changes to support its evolving corporate strategy, including the expansion of the senior leadership team. This has increased the proportion of higher-paid roles within the organisation and influenced pay distribution across the workforce.

In addition, the establishment of Nest Invest Board has meant that the CEO of Nest Invest is now recognised as the highest paid director in the organisation. In prior year this disclosure was based on the CEO of Nest Corporation. As a result of this change, there was no individual paid in excess to the highest paid director (compared to one in prior year). This individual was not previously considered as the highest-paid Director in 2024/25, due to differences in role scope and entity-wide influence.

As a result of these factors, pay ratios have increased across all percentiles. While remuneration at the 50th and 75th percentiles has grown, increases in the highest-paid Director's total remuneration, alongside structural changes to leadership, have contributed to a widening of the pay ratios compared to the prior year.

Alongside our annual pay award and performance related pay, we continue to review our pay ranges annually, including external benchmarking. This benchmarking is undertaken against comparable roles within the financial services sector, with a focus on organisations operating in London and South East area.

Pay data (audited)

	Year ended 31 March 2026		Year ended 31 March 2025	
	Salary £000	Total pay and benefits £000	Salary £000	Total pay and benefits £000
Highest pay director's remuneration	460-465	470-475	315-320	315-320
25th percentile FTE	56	59	54	57
50th percentile FTE	74	76	71	74
75th percentile FTE	95	97	92	95

In the current year, the highest paid director is the CEO of Nest Invest, as they are now within scope.
In the prior year, the highest paid director was the CEO of Nest Corporation. As a result, the year-on-year remuneration variance is primarily driven by the change in individuals. The in-year pay award has further contributed to the overall increase.

	Percentage change 2024/25 to 2025/26	
	Salary	Performance related pay
Highest paid director	45.7%	100%
Year on year increase/(decrease) of employee average salary/performance related pay	3.6%	(3.9%)

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 2025/26 (2024/25: none).
- There have been no gifts exceeding £300,000 in 2025/26 (2024/25: none).
- There have been no losses or special payments in aggregate above £300,000 in 2025/26 (2024/25: 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 actual amount charged to each member is dependent on the values of their individual pension post and contributions. The statutory authority for Scheme member charges is the National Employment Savings Trust Order 2010.

The Board also assesses Value for Money (VfM) 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.

In 2025/26, income from these member charges totaled £323.3 million, made up of £152.4 million of contribution charges and £170.9 million of annual management charges. Costs associated with administration expenses during 2025/26 were £115.8 million and investment costs were £72 million, totaling £187.8 million. For further information on our financial objectives, achievements against objectives and performance, as well as costs, charges and income, please see the 'Financial review' on **page 34**.

Ian Cornelius
CEO, Nest Corporation

30 June 2026

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 2026 under the Pensions Act 2008.

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

- Statement of Financial Position as at 31 March 2026;
- Statement of Comprehensive Net Income, 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 2026 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 CEO'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 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, the audit committee and in house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports; and
- 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: **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 2026
Comptroller and Auditor General

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

Chapter 3

Financial statements

Our continued strong financial performance promotes trust in our long-term financial resilience and sustainability.

Nest Corporation financial statements

Statement of comprehensive net income (SOCNI) for the year ended 31 March 2026

	Note	Year ended 31 March 2026 £000	Year ended 31 March 2025 £000
Income			
Members' contribution and annual management charge	2	323,311	278,224
Grant income	3	9,633	11,147
Other income	4	14,663	15,762
Total operating income		**347,607**	**305,133**
Expenditure			
Staff costs	5a	(45,175)	(36,125)
Scheme investment and administration costs	6b	(187,838)	(187,318)
Depreciation and amortisation	6a	(2,673)	(8,971)
Other expenditure	6c	(32,247)	(24,040)
Total operating expenditure		**(267,933)**	**(256,454)**
Net financing expenditure			
Interest payable	7	(39,089)	(36,616)
Interest paid on leasing liabilities	7	(126)	(148)
Total financing expenditure		**(39,215)**	**(36,764)**
Net comprehensive income for the year		**40,459**	**11,915**
Other comprehensive net income			
Net gain on revaluation of non-current intangible assets	9	–	3
Total comprehensive income for the period		**40,459**	**11,918**

The accounting policies and notes, on **pages 102 to 124** form part of these financial statements.

Statement of financial position (SoFP) as at 31 March 2026

	Note	As at 31 March 2026 £000	As at 31 March 2025 £000
Non-current assets			
Property, plant and equipment	8*	806	1,400
Right-of-Use – Property	8	8,429	9,441
Intangible assets	9	–	653
Prepayments with respect of scheme administration	10a	28,995	13,112
Total non-current assets		**38,230**	**24,606**
Current assets			
Prepayments with respect of scheme administration	10b	4,629	1,345
Trade and other receivables	10c	12,532	10,007
Other current assets	10d	13	7
Cash and cash equivalents	11	357,740	311,964
Total current assets		**374,914**	**323,323**
Total assets		**413,144**	**347,929**
Current liabilities			
Interest payable	12	(18,417)	(16,187)
Trade and other payables	13	(71,892)	(45,101)
Lease liabilities <1 year	14	(1,063)	(1,002)
Other liabilities	15a	(2,079)	(1,577)
Provisions for liabilities and charges	16	(239)	(355)
Total current liabilities		**(93,690)**	**(64,222)**
Total assets less current liabilities		**319,454**	**283,707**
Non-current liabilities			
Lease liabilities >1 year	14a	(5,868)	(6,639)
DWP loan	15b	(1,185,047)	(1,189,047)
Provisions for liabilities and charges	16	(739)	(680)
Total non-current liabilities		**(1,191,654)**	**(1,196,366)**
Total assets less total liabilities		**(872,200)**	**(912,659)**
Taxpayers' equity and other reserves			
General reserve		(872,200)	(916,640)
Revaluation reserve**		–	3,981
Total equity		**(872,200)**	**(912,659)**

The accounting policies and notes, on **pages 102 to 124** form part of these financial statements. The financial statements on **pages 98 to 101**, including the accounting policies and notes on **pages 102 to 124**, were approved by the Board on 30 June 2026.

Ian Cornelius
CEO, Nest Corporation

30 June 2026

Notes

* Amount is the sum of components within the stated note. For property, plant and equipment the amount is the sum of furniture and fittings, information technology and Scheme hardware.

** In line with accounting policy, on disposal of revalued assets, the related balance on the revaluation reserve is transferred to the general reserve. All scheme administration assets were disposed of in June 2025 and accordingly the full prior-year revaluation reserve balance has been transferred to the general reserve. Further details are set out in the Statement of changes in taxpayers' equity on **page 101**.

Statement of cash flows (SoCF) for the year ended 31 March 2026

	Note	Year ended 31 March 2026 £000	Year ended 31 March 2025 £000
Cash flows from operating activities			
Total operating expenditure	5a,6*	(267,933)	(256,454)
Members' contribution and annual management charge	2	323,311	278,224
Public service obligation offset	3	9,334	10,848
Other Income	4	14,663	15,762
Grant Income for non-chargeable costs	3	299	299
Net operating income		**79,674**	**48,679**
Decrease/(increase) in accrued annual management charge	10**	(1,525)	5,948
Decrease in public service obligation offset	10**	462	373
(Increase)/decrease in trade and other receivables	10***	(1,429)	938
Adjustment for non-cash items	20	5,307	9,834
Increase in trade and other payables	20****	27,280	8,477
Provisions created within the year	16	298	355
Provisions utilised within the year	16	(355)	(149)
Prepayments in respect of future scheme administration contract	20	(21,826)	(12,638)
Net cash in/(out)flow from operating activities		**87,886**	**61,817**
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets	20	(113)	(427)
Net cash outflow from investing activities		**(113)**	**(427)**
Cash flows from financing activities			
Loan interest	7	(36,859)	(35,495)
Repayment of leasing liabilities		(1,012)	(1,097)
Interest paid on leasing liabilities	7	(126)	(148)
DWP Loan Drawdown / (Repayment)	15b**	(4,000)	(6,000)
Net cash inflow from financing activities		**(41,997)**	**(42,740)**
Net Increase in cash and cash equivalents in the period	**11**	**45,776**	**18,650**
Cash and cash equivalents at the beginning of the period	11	311,964	293,314
Cash and cash equivalents at the end of the period		**357,740**	**311,964**

The accounting policies and notes on **pages 102 to 124** form part of these financial statements.

* Cashflow presented is the sum of components within the stated notes.
** 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.
*** Decrease/(increase) in trade and other receivables is calculated as the movement between prepayments, other trade receivables, other prepayments and accrued income and staff loans.
**** Cashflow presented is the sum of components within the notes 13 and 15a, with an £14k non-cash movement presented in note 20.

Statement of changes in taxpayers' equity (SoCTE) for the year ended 31 March 2026

	Revaluation reserve £000	General fund £000	Total reserves £000
Total taxpayers' equity as at 1 April 2025	**3,981**	**(916,640)**	**(912,659)**
Changes in taxpayers' equity 2025/26			
Revaluation transfer of disposed assets	(3,981)	3,981	–
Net gain on revaluation of non-current assets	–	–	–
Net income after interest	–	40,459	40,459
Total changes for 2025/26	**(3,981)**	**44,440**	**40,459**
Total taxpayers' equity as at 31 March 2026	**–**	**(872,200)**	**(872,200)**
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 assets	3	–	3
Net income after interest	–	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)**

The accounting policies and notes on **pages 102 to 124** 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 2025/26 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 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 2026, 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 through Scheme income, generated through charges to our members 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 22**.

1.3 Changes in accounting policy and disclosures

1.3 a) Changes in accounting policies and standards

- IFRS 17 Insurance Contracts has been adopted from 1 April 2025, as mandated by the FReM, replacing IFRS 4. During the year, there were no transactions or arrangements to which IFRS 17 was required to be applied and, consequently, its adoption has had no impact on the financial statements.
- The 2025 FReM removes the option to apply the revaluation model to intangible assets with effect from 1 April 2025. Nest has adopted the cost model for the subsequent measurement of intangible assets, with carrying values at the transition date treated as deemed historical cost. There is no impact on the financial statements, as the net book value of our intangible assets was nil as at 31 March 2025 and no costs were capitalised during the year.
- The 2025/26 FReM introduces new guidance on the accounting for social benefits, defined as current transfers to households intended to meet needs arising from specific circumstances (such as sickness, unemployment, retirement or family circumstances). The Corporation does not have a present obligation to provide such benefits and therefore the change in accounting policy has no impact on the 2025/26 financial statements.
- The 2025/26 FReM introduces mandatory changes to the terminology and valuation approach for non-investment assets, which are now described as being held for operational capacity. There is no change to the valuation basis, which remains Existing Use Value (EUV).

- An adaptation to IAS 16 removes the requirement to revalue assets where fair value materially differs from carrying value. Assets are valued using quinquennial revaluation with annual indexation, a rolling five year valuation programme with indexation, appropriate indices for non-property assets, or, in rare cases, a quinquennial revaluation supplemented by a desktop revaluation. Due to property, plant and equipment deemed to be low-value or short-life, it is valued on the basis of depreciated historic cost as a proxy of fair value, therefore the adaption to IAS 16 has no impact on the 2025/26 financial statements.
- There have been no further changes to accounting policies, and no new standards have been adopted during the financial year 2025/26.

1.3 b) New standards, amendments and interpretations issued but not effective for the financial year 2025/26 and not adopted early

- The FReM will introduce a change in the accounting treatment of gains or losses arising on absorption. Under the amended requirements, gains or losses on absorption will be recognised directly in reserves, rather than through net expenditure. This change reflects the conclusion that such gains or losses are non-operating in nature and do not represent income or expenditure generated from the entity's activities.
- In addition, an adaptation to IAS 16 will be introduced through the FReM in 2028/29. This amendment will remove the option for entities to consider alternative locations when valuing assets using the depreciated replacement cost (DRC) methodology. Where appropriate, this will be applied within our 2028/29 annual report and accounts.
- IFRS 18 will replace IAS 1 Presentation of Financial Statements and is effective for annual reporting periods beginning on or after the 1 January 2027 in the private sector. The impact of IFRS 18 on the Public Sector is still being assessed, and a decision has not yet been taken on an implementation date.
- IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with reduced disclosure requirements and is effective for annual reporting periods beginning on or after the 1 January 2027 in the private sector. The impact of IFRS 19 on the Public Sector is still being assessed, and a decision has not yet been taken on an implementation date.
- No new accounting standards have been adopted early during 2025/26. 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

For part of the year, we operated scheme administration activities with TCS under two arrangements:

Contract 1 – Scheme administration and operational services ceased on contract expiry in June 2025.

Contract 2 – The current scheme administration contract commenced operational services 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 previous scheme administration contract, involved judgements about the degree to which we control the services and any significant residual interest. We had interpreted this scheme administration contract with TCS as a service concession arrangement, which was accounted for under IFRIC 12 as interpreted by the FReM. As a result, assets exclusively associated with the contract were reflected in the SoFP. The service concession arrangement ended in June 2025. All assets exclusively associated with the arrangement, previously recognised on the SoFP, were fully depreciated over the life of the arrangement and disposed of on contract end. No assets relating to the former service concession arrangement remain recognised at the reporting date.

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. 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 for the scheme solution transformation treated as prepayments where appropriate.

- In prior year, we were holding a prepayment balance on the SoFP in relation to milestone payments made in advance of service operational commencement of contract 2. Following the start of service delivery in July 2025, the release of the prepayment to the SoCNI began on a straight-line basis with a proportional cost recognised in each period that we have access to the technical architecture developed under the contract. Subsequent milestone payments are added to the prepayment balance when paid and expensed over the period in which the related services are received.
- Operational expenses are recognised as expenditure in the periods in which the service is received. 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

Prior to the adoption of the 2025 FReM, Nest applied the revaluation model to intangible assets in accordance with the FReM interpretation of IAS 38, which required remeasurement to depreciated replacement cost as a proxy for fair value. With effect from 1 April 2025, the FReM removed the option to apply the revaluation model to intangible assets, and Nest has adopted the cost model for subsequent measurement. As a result, no revaluation of intangible assets is undertaken.

Asset refresh prepayment

In prior periods, Nest adopted a 'prepayment lifecycle approach' under which a portion of the monthly scheme administration charge paid to TCS was recognised as a prepayment to fund future replacement assets over the life of the scheme administration service (Contract 1). The rate of asset replacement was assessed annually, and the carrying amount of the prepayment was tested against expected future asset refresh requirements. The asset refresh prepayment was fully utilised during the year, following the end of the contract in June 2025. As a result, no asset refresh prepayment is recognised at the reporting date.

Right-of-use asset – office space

Following this year's changes to the interpretation of IAS 16 value in use, we reassessed the appropriateness of the measurement basis applied to the office accommodation right of use asset. The IFRS 16 cost model continues to be considered an appropriate proxy for current value in existing use, as the lease for the office space includes annual rent review mechanisms that update lease payments to reflect market conditions. Accordingly, there has been no change to the right of use measurement methodology this year.

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. The Corporation is dormant for corporation tax purposes.

Our status in relation to taxation is reviewed annually.

1.8 Income

In 2025/26 we had three material revenue streams:

1.8 a) 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:

- Investing contributions made into the Scheme on behalf of members. Contribution charge of 1.8% is deducted once the contribution is invested.
- 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

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

1.8 d) 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 based on 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. Following updates to the FReM, from 1 April 2025, Nest applies the cost model for subsequent measurement. The carrying values at the transition date have been treated as deemed historical cost. This change has had no material impact on the financial statements. Intangible assets are thereafter carried at cost less accumulated amortisation and any accumulated impairment losses. 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 measured at cost less accumulated amortisation and impairment.

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.
- 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**: Three years, or period remaining on licence if less than three years.
- **Scheme software licences used by TCS for the scheme administration contrac**t: These licences were amortised over seven years or until the end of the contract term, reflecting their use in scheme administration. These assets are now fully amortised
- **Scheme-developed software**: Costs incurred by TCS in developing software used to administer the Scheme were amortised over the life of the contract, on the basis that the software was required to support scheme administration throughout the duration of the contract. These assets are now fully amortised.

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

From 1 April 2025, intangible assets are measured using the cost model in accordance with the FReM. The carrying value of intangible assets at that date has been adopted as deemed historical cost. Intangible assets are subsequently measured at cost less accumulated amortisation and impairment losses.

Intangible assets are not revalued. They are reviewed for impairment where there is an indication of impairment, in accordance with IAS 36.

All non-current assets carried at cost 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.

Gains and losses on disposals of non-current assets are recognised in the SoCNI and are calculated as the difference between the disposal proceeds and the asset's carrying amount.

No impairment to non-current assets recognised in 2025/26.

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 2025/26.

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 based on 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.

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 scheme administration contract with TCS, which expired in June 2025, met these conditions and was previously recognised as a service concession arrangement on the SoFP. The assets recognised comprised hardware, software licences and developed software.
- An IFRIC 12 liability was also recognised in prior periods, 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 2025/26, 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 2026 £000	Year ended 31 March 2025 £000
Members' annual management charge	170,868	135,525
Members' contribution charge	152,443	142,699
Total	**323,311**	**278,224**

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 2026 £000	Year ended 31 March 2025 £000
Public service obligation offset payment	9,334	10,848
Grant income for non-chargeable costs	299	299
Total	**9,633**	**11,147**

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

4. Other income

	Year ended 31 March 2026 £000	Year ended 31 March 2025 £000
Interest received and receivable	12,859	14,535
Sponsorship and research revenue	1,686	1,001
Sponsorship and research revenue from DWP	118	226
Total	**14,663**	**15,762**

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 £118k in 2025/26 (compared with £226k in 2024/25) from the DWP, this research grant is not classified as state aid.

5. Staff numbers and related costs

a) Staff costs

In 2025/26 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 84**.

	Year ended 31 March 2026 £000	Year ended 31 March 2025 £000
Wages and salaries	36,359	29,398
Social security costs	5,321	3,587
Pension costs	2,899	2,429
Subtotal	**44,579**	**35,414**
Secondees and interim staff	596	711
Total staff costs	**45,175**	**36,125**

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 408 colleagues in March 2026 (compared with 350 in 2025), total number of colleagues in position as at 31 March 2026 equalled 467.

We recognise the employer's costs in the period to which they relate. At 31 March 2026 there was one month's contributions outstanding amounting to £437k (compared with £355k as at 31 March 2025).

6. Depreciation, amortisation and other expenditure

	Note	Year ended 31 March 2026 £000	Year ended 31 March 2025 £000
a) Depreciation and amortisation			
Depreciation and amortisation	8,9+	2,673	8,971
Total		**2,673**	**8,971**
b) Scheme investment and administration costs			
Scheme administration expenses		115,802	133,629
Scheme investment costs		72,036	53,689
Total		**187,838**	**187,318**
c) Other Expenditure			
Professional fees and advice		11,356	7,413
Information technology and telecoms equipment		4,449	4,189
Legal fees and expenses		2,487	3,285
Accommodation		721	1,893
Research, marketing and communications		7,543	2,238
Recruitment and training		1,894	1,444
Movements in property repair provisions in the year	16	59	(2)
Insurance		1,474	775
Loss on disposal of non-current assets / lease modification	8,9,14+	15	970
Industry engagement		983	943
Travel and subsistence		358	283
Auditor's remuneration – corporation		140	150
Auditor's remuneration – scheme		190	188
Other running costs		578	271
Total		**32,247**	**24,040**

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

7. Interest payable

	Year ended 31 March 2026 £000	Year ended 31 March 2025 £000
Loan interest paid and payable	39,089	36,616
Interest paid on leasing liabilities	126	148
Total	**39,215**	**36,764**

- 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 2026, net of the grant, is 3.23% (compared with 3.09% at 31 March 2025, which has been updated to align with the loan schedule).
- 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).
- Loan interest is invoiced by the DWP on a biannual basis, we paid a total of £36,859k in loan interest during 2025/26 (£35,495k in 2024/25).

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 was used by TCS for scheme administration, under the previous scheme administrative contract.

		Property, plant and equipment				
2025/26	**Note**	**Right-of-use – Property**	**Furniture and Fittings**	**Information technology**	**Scheme Hardware**	**Total**
Cost		**£000**	**£000**	**£000**	**£000**	**£000**
As at 1 April 2025		13,053	774	1,104	19,905	34,836
Remeasurement	a	302	–	–	–	302
Additions		–	–	127	–	127
Disposals		–	(1)	(86)	(19,905)	(19,992)
As at 31 March 2026		**13,355**	**773**	**1,145**	**–**	**15,273**
Depreciation						
As at 1 April 2025		(3,612)	(385)	(576)	(19,422)	(23,995)
Charged in period		(1,314)	(54)	(169)	(483)	(2,020)
Disposals		–	1	71	19,905	19,977
As at 31 March 2026		**(4,926)**	**(438)**	**(674)**	**–**	**(6,038)**
Net book value at 31 March 2026		**8,429**	**335**	**471**	**–**	**9,235**
Asset financing:						
Owned		8,429	335	471	–	9,235
Net book value as at 31 March 2026		**8,429**	**335**	**471**	**–**	**9,235**

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

		Property, plant and equipment				
2024/25	**Note**	**Right-of-use – Property**	**Furniture and Fittings**	**Information technology**	**Scheme Hardware**	**Total**
Cost		**£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
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 as at 31 March 2025		**9,441**	**389**	**528**	**483**	**10,841**

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

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.

2025/26	Note	Corporation Software Licenses	Scheme Software Licenses	Scheme Developed Software	Total
Cost		**£000**	**£000**	**£000**	**£000**
As at 1 April 2025		242	32,953	80,786	113,981
Additions		–	–	–	–
Disposals		(117)	(32,953)	(80,786)	(113,856)
As at 31 March 2026		**125**	**–**	**–**	**125**
Amortisation					
As at 1 April 2025		(242)	(32,672)	(80,414)	(113,328)
Charged in period			(281)	(372)	(653)
Disposals		117	32,953	80,786	113,856
As at 31 March 2026		**(125)**	**–**	**–**	**(125)**
Net book value as at 31 March 2026		**–**	**–**	**–**	**–**

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 as at 31 March 2025		**–**	**281**	**372**	**653**

a. For 2024/25 only, 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 2026 £000	As at 31 March 2025 £000
a) Amounts falling due over one year		
Prepayments	61	115
Prepayments in respect of future scheme administration contract >1 year	28,934	12,997
	28,995	**13,112**
b) Prepayments in respect of future scheme administration falling due within one year		
Prepayments in respect of future scheme administration contract <1 year	4,629	1,345
	4,629	**1,345**
c) Amounts falling due within one year		
Accrued annual management charge	5,590	4,065
Accrued public sector obligation offset payment	4,072	4,534
Prepayments in respect of asset refresh <1 year	–	15
Other trade receivables	1,186	857
Other prepayments and accrued income	1,684	536
	12,532	**10,007**
d) Other current assets		
Staff loans	13	7
	13	**7**
Total	**46,169**	**24,471**

There are no more prepayments set aside from service charges to fund future Scheme asset replacement.

11. Cash and cash equivalents

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

	As at 31 March 2026 £000	As at 31 March 2025 £000
Opening balance	311,964	293,314
Net change in cash balances	45,776	18,650
Balance at end of year	**357,740**	**311,964**

12. Interest Payable

	As at 31 March 2026 £000	As at 31 March 2025 £000
Interest payable		
Accrued interest payable to DWP	18,417	16,187
	18,417	**16,187**

13. Trade and other payables

	As at 31 March 2026 £000	As at 31 March 2025 £000
Trade and other payables		
Trade payables	7,327	495
Accruals	64,175	44,063
Deferred revenue	390	543
	71,892	**45,101**

14. Leases

During 2025/26, 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 note 8.

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 income from our members, 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 2026			
Principal	1,063	4,425	1,443
Interest	113	276	26
Minimum payment obligation	**1,176**	**4,701**	**1,469**
Present value of Payment	**1,102**	**4,234**	**2,185**
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**

14 a) Lease liability

	As at 31 March 2026 £000	As at 31 March 2025 £000
Current lease liabilities – Property <1 year	1,063	1,002
Non-current lease liabilities – Property <1 year	5,868	6,639
Total	**6,931**	**7,641**

There were no lease modifications made during 2025/26.

15. Other liabilities

15 a) Current other liabilities

	As at 31 March 2026 £000	As at 31 March 2025 £000
Other taxation and social security	1,642	1,222
Pension costs liability	437	355
Total	**2,079**	**1,577**

15 b) DWP loan

	As at 31 March 2026 £000	As at 31 March 2025 £000
DWP loan	1,185,047	1,189,047
Total	**1,185,047**	**1,189,047**

Loan funding from the DWP was 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 2026, the weighted average cost of capital on loan funding was 3.23% (compared with 3.09% at 31 March 2025), 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 2026 £000	As at 31 March 2025 £000
Balance at 1 April 2025		**1,035**	**831**
Provided in the year		298	355
Utilised in the year		(355)	(149)
Released in the year		–	(2)
Balance at 31 March 2026		**978**	**1,035**
Amounts falling due within one year		239	355
Amounts falling due over one year		739	680
		978	**1,035**

	Property – Dilapidations £000	Restructuring and settlement £000	Total £000
Balance at 1 April 2025	**680**	**355**	**1,035**
Provided in the year	59	239	298
Utilised in the year	–	(355)	(355)
Released in the year	–	–	–
Balance as at 31 March 2026	**739**	**239**	**978**
Amounts falling due within one year	–	239	239
Amounts falling due over one year	739	–	739
	739	**239**	**978**

The dilapidation liability represents the estimated cost of bringing the property into a good state of repair at the end of the tenancy, which is expected to occur in 2032/33. During the year, the provision increased reflecting updated cost estimates.

During 2025/26, we have utilised the provision recognised as part of last year's accounts related to restructuring activities. Restructuring and settlement 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 2026. The provision is expected to be utilised within financial year 2026/27.

In the restructuring and settlement balance, we also included a liability following the resolution of a matter previously disclosed as a contingent liability.

17. Capital and other financial commitments

a) Capital and other financial commitments

	As at 31 March 2026 £000	As at 31 March 2025 £000
< 1 Year	100,342	83,786
1-5 Years	339,840	346,735
> 5 Years	214,083	306,252
Total	**654,265**	**736,773**

The contracted commitments relate to the scheme administration contract (contract 2, see note 1.4a) and our banking contract.

b) Commitments under service concession arrangements reflected in the SoFP

Our previous contract with TCS for the administration of the Scheme (contract 1, see note 1.4a) was assessed under IFRIC 12 and recognised as a service concession. The obligations under this arrangement expired in June 2025 and are nil at the reporting date.T he long-term contract in relation to the provision of 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 2026 £000	As at 31 March 2025 £000
Not later than one year	-	24,467
Later than one year and not later than five years	-	-
Total gross obligation	**-**	**24,467**
Less interest element discount	-	-
Present value of obligations	**-**	**24,467**

Present value of commitments under service concession arrangements reflected in the SOFP for the following periods comprise:	As at 31 March 2026 £000	As at 31 March 2025 £000
Not later than one year	-	24,467
Later than one year and not later than five years	-	-
Total present value of obligations	**-**	**24,467**

c) Charge to the statement of comprehensive net income and future commitments

The total amount charged to the statement of comprehensive net income in 2025/26 in respect of the service element of this service concession was £30,842k (compared with £133,629k in 2024/25) and there are no more payments to which we are committed to at the end of the reporting period.

	As at 31 March 2026 £000	As at 31 March 2025 £000
Not later than one year	–	24,467
Later than one year and not later than five years	–	–
Total	**–**	**24,467**

18. Financial instruments

	Note	As at 31 March 2026 £000	As at 31 March 2025 £000
Financial assets			
Cash and cash equivalents	11	357,740	311,964
Staff loans	10c	13	7
Total		**357,753**	**311,971**

	Note	As at 31 March 2026 £000	As at 31 March 2025 £000
Financial liabilities			
DWP loan	15b	1,185,047	1,189,047
Trade payables	13	7,327	495*
Accruals	13	64,175	44,063
Accrued interest payable to the DWP	12	18,417	16,187
Total		**1,274,966**	**1,249,792**

* The prior year trade payables balance has been restated, from £1038k to £495k. Deferred revenue has been excluded from financial instruments, with no obligation to pay cash.

It is, and has been, our policy that no trading in financial instruments is undertaken, nor are they held to change risk. Exposure to market risk and credit risk is limited. 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. Sufficient cash reserves are held to promote financial resilience and offset severe but plausible operational and financial risks which would impact liquidity. We actively manage our cashflows to manage liquidity risk.

The book value of our financial assets and liabilities as at 31 March 2026 and 31 March 2025 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 several material transactions with DWP. These are detailed in the table below:

		Year ended 31 March 2026		Year ended 31 March 2025	
	Notes	**£000**	**£000**	**£000**	**£000**
		Income	**Expenditure**	**Income**	**Expenditure**
Loan funding or repayment	15b[i]	–	4,000	–	6,000
Sponsorship and research revenue	4	118	–	226	–
Loan interest	7	–	39,089	–	36,616
Public service obligation offset payment	3	9,334	–	10,848	–
Grant income for non-chargeable costs	3	299	–	299	–
Premium for letter of credit		–	330	–	330
Total		**9,751**	**43,419**	**11,373**	**42,946**

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.

As at 31 March 2026, accrued interest payable to DWP totalled £18.4 million, compared with £16.2 million in 2024/25.This relationship with the DWP includes the provision of:

- Loan funding.
- PSOOP and grant income.
- Grant to fund pension research, through our in-house research and innovation centre, Nest Insight.

During 2025/26, we received income from the Scheme of £323.3 million (compared with £278.2 million in 2024/25). See note 2 to the financial statements. Nest Corporation is a participating employer in the Scheme. Contributions of £4.7 million (compared with £3.9 million in 2024/25) were payable by us to the Scheme during the period (this amount is the combined employer and employee contribution). No Board directors have undertaken any material transactions with Nest Corporation during the period. Board members pay pension contributions into the Scheme on general terms applied to all other members. 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 78**).

During the financial year, the Corporation recognised expenditure of £16,614 relating to Blueprint Trust in respect of professional services provided between April 2025 to June 2025. The Chair of Nest Corporation, Brendan McCafferty, is a Trustee of Blueprint Trust. The total value paid out for the services received between August 2024 to June 2025 was £32,500. Brendan McCafferty was not involved in any decision-making between the parties. No further transactions have been recognised in respect of these services.

20. Cashflow analysis

	Note	Year ended 31 March 2026 £000	Year ended 31 March 2025 £000
Non-Cash items			
Depreciation and amortisation incl. non-TCS	6a	2,673	8,971
Loss on disposal of non-current assets	6c	15	970
Prepayment asset refresh		15	(105)
Decrease in trade and other payables related to Scheme Assets		2,604	–
Other non-cash items		–	(2)
Total Non-Cash Items		**5,307**	**9,834**
Purchase of intangible assets			
Purchase of furniture and fittings	8	–	(274)
Purchase of IT	8	(127)	(153)
Non-cash adjustment for IT purchases		14	–
Total of intangible assets		**(113)**	**(427)**
Payments towards Scheme administration solution			
Prepayments in respect of future scheme administration contract		(21,826)	(12,638)
Payments towards Scheme administration solution		**(21,826)**	**(12,638)**
Adjustment for trade and other payables for non-operating activities			
IT purchases yet to be paid as at 31 March 2026		(14)	–
Total adjustment on trade and other payables		**(14)**	**–**

21. Political and charitable donations

We made no political or charitable donations in 2025/26 or 2024/25.

22. Contingent liabilities

During 2025/26, the Corporation had two ongoing employment tribunal matters relating to two separate claims made during the financial years 2023/24 and 2024/25. These matters were disclosed as contingent liabilities in the 2024/25 financial statements. During the year, both cases were concluded and liabilities of £31,500 and £4,500 were recognised in the 2025/26 financial statements. £31,500 was paid during the year, while £4,500 has been recognised within current liabilities at 31 March 2026.

There are no other contingent liabilities to disclose for 2025/26.

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.

Chapter 4

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:
   - 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
   - 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:
   - 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
   - contracts for scheme services, for example scheme administration, entered into for and on behalf of Nest
   - 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

Appendix 2

(not subject to audit)

Environmental Performance

Reporting context

Nest Corporation operates from a shared, multi-tenant office building, where energy, waste and certain facilities management services are delivered centrally by the building management company. As a result, environmental data is reported at building level and apportioned based on occupied space. During 2025/26, our share of building resource use was 4.6%.

This shared arrangement limits the level of granularity available for reporting. Scope 2 emissions are estimated based on our proportion of occupied space, while Scope 3 emissions are captured for selected categories including business travel and paper usage using internal data.

Operational context and infrastructure

During 2025/26, Nest operated within a reduced office footprint, aligned to hybrid working patterns. While occupied space decreased, office attendance increased by 26% and average staffing levels grew from 351 to 391 FTE.

The building management company implemented improvements to support energy efficiency, including the removal of gas from building operations. This was the first full year in which hot water was supplied by an air source heat pump.

Energy use and Scope 2 emissions

Apportioned energy consumption reduced by 21% year on year, from 754,033 kWh in 2024/25 to 597,651 kWh in 2025/26. This was driven by lower electricity use and removal of gas, alongside reduced office space, partially offset by higher attendance.

Scope 2 emissions decreased from 170 tonnes CO_2e to 117 tonnes CO_2e.

Scope 3 emissions and business travel

Reported Scope 3 emissions, primarily from business travel, increased by 67% compared to the prior year, reflecting higher organisational activity and increased engagement.

International air travel emissions increased by 67%, rail emissions increased significantly, and private vehicle emissions also rose, while domestic air travel decreased. Business travel emissions were 5% higher than the 2017/18 baseline.

Overall greenhouse gas emissions

In the current reporting year, total reported greenhouse gas emissions (Scope 2 and measured Scope 3 categories) were 29% below the 2017/18 baseline. Year-on-year increases reflect higher operational activity and should be considered in the context of partial Scope 3 coverage.

Waste and resource use

Waste volumes increased by 4% to 7.0 tonnes, reflecting increased office attendance. Recycling rates improved to 53% (2024/25: 49%) and no waste was sent to landfill, with residual waste directed to energy-from-waste facilities.

Single-use plastic usage reduced to zero tonnes. Paper consumption increased by 50% year on year but remains 56% below the 2017/18 baseline.

Water consumption

Normalised water consumption per FTE decreased to 4.0 m^3 (2024/25: 4.2 m^3), although overall consumption increased by 6% due to higher occupancy.

Sustainable procurement

Nest does not currently operate a standalone sustainable procurement policy. Procurement is primarily conducted through Government Frameworks, with building-related procurement managed centrally. We will continue to develop our approach in this area.

Climate change and reporting commitments

Nest continues to report environmental performance data under the Greening Government Commitments framework, including provision of quarterly data against the 2017/18 baseline, supporting our ambition to achieve net zero by 2050.

Scope 2 – Water consumption		2017/18 Benchmark	2021/22	2022/23	2023/24	2024/25	2025/26
Non-financial indicators (m^3)	Water consumption	2,722.0	856.1	1,539.5	1,513.0	1,480.0	1,571.0
Financial indicators (£)	Total water costs[1]	5,088.6	1,574.8	4,172.6	3,873.0	3,463.0	5,353.0

Environmental performance 2025/26

Area	Actual performance	Normalising data (per FTE)
Average annual full-time equivalent staffing figure: 391		
Estate energy and emissions		
GHG emissions from offices	117 tonnes CO_2e	0.30 tonnes CO_2e
Total organisation energy consumption	597,651 kWh	1,529 kWh
Total energy expenditure	£151,219	£386.75
Travel emissions		
CO_2e emissions from business travel[2]	154.5 tonnes CO_2e	0.4 tonnes CO_2e
Total expenditure on business travel	£274,102	£701.03
Waste		
Total waste produced[3]	7.0 tonnes	0.02 tonnes
Total recycled/reused	3.7 tonnes	0.01 tonnes
Total incinerated	3.3 tonnes	0.01 tonnes
Total to landfill[4]	0.0 tonnes	0.00 tonnes
Total waste expenditure	£2,952	£7.55
Consumer Single Use Plastics (CSUP)	0.0 tonnes	0.0 tonnes
Paper		
Total paper usage	1 tonnes CO_2e	0 tonnes CO_2e
Total paper expenditure	£650	£1.66
Water		
Total water consumption	1,571 m^3	4.0 m^3
Total water expenditure	£5,353	£13.69

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 2025/26 is taken as a percentage of the overall data for the building based on our 4.6% occupancy. This provides us with an indication of performance.

Greenhouse gas emissions		2017/18 Benchmark	2021/22	2022/23	2023/24	2024/25	2025/26
Non-financial indicators (tonnes CO_2e)	**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	116.9
	Total scope 2	**296.2**	**157.7**	**129.0**	**134.8**	**169.6**	**116.9**
	Scope 3 – Business travel						
	Private vehicle	16.9	1.2	2.9	1.7	4.6	6.0
	Car hire	–	–	–	–	–	0.4
	Taxis	0.9	0.2	0.0	0.1	0.1	0.6
	Air – International	243.2	–	12.2	147.1	161.3	269.2
	Air – Domestic	–	0.3	6.1	0.3	1.0	0.2
	Rail	9.0	0.4	6.0	5.3	2.9	7.7
	Total scope 3	**270.0**	**2.1**	**27.2**	**154.5**	**169.9**	**284.1**
	Total emissions	**566.2**	**159.8**	**156.2**	**289.3**	**339.5**	**401.1**
	Scope 3 – Paper						
	Paper	2.2	–	0.4	0.6	0.6	1.0

Note

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.

Greenhouse gas emissions		2017/18 Benchmark	2021/22	2022/23	2023/24	2024/25	2025/26
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	597,651
	Total scope 2	**881,739**	**745,191**	**615,554**	**639,281**	**754,033**	**597,651**
Financial indicators (£)	**Scope 2 – Gas and Electricity**[2]						
	Total scope 2	**85,002**	**115,186**	**157,418**	**137,141**	**227,696**	**151,219**
	Scope 3 – Business Travel						
	Private vehicle	29,075	2,243	6,909	8,796	8,258	10,443
	Car hire	85	–	–	–	–	767
	Taxis	7,962	960	272	1,131	1,098	6,556
	Air – International	109,252	–	33,509	106,157	124,718	182,150
	Air – Domestic		789	9,137	394	769	1,217
	Rail	81,501	5,518	28,814	44,854	51,382	72,969
	Total scope 3	**227,875**	**9,510**	**78,641**	**161,332**	**186,225**	**274,102**
	Scope 3 – Paper						
	Paper	3,483	25	284	275	515	650
Volumes of paper in reams	**Scope 3 – Paper**						
	A4	945	15	65	80	80	125
	A3	30	–	10	–	5	3

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.

Glossary

Glossary

AAF	Audit and Assurance Faculty
ABI	Association of British Insurers
AMC	Annual Management Charge
BCDR	Business Continuity and Disaster Recovery
CASS	Client Assets Sourcebook
CC	Contribution Charge
CEO	Chief Executive Officer
CFA	Chartered Financial Analyst
CFO	Chief Financial Officer
CO_2e	Carbon Dioxide Equivalent
CPI	Consumer Price Index
CVP	Colleague Value Proposition
DC	Defined Contribution
DE&I	Diversity, Equity and Inclusion
DWP	Department for Work and Pensions
EPN	Employer Pension Notices
ESG	Environmental, Social and Governance
ETC	Executive Transformation Committee
ExCo	Executive team
FAD	Flexi-access drawdown
FCA	Financial Conduct Authority
FReM	Government Financial Reporting Manual
FTE	Full-Time Equivalent
IA	Investment Association
IAS	International Accounting Standards
ICAEW	Institute of Chartered Accountants in England and Wales
ICO	Information Commissioner's Office
IFM	IFM Investors
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
ISAE	International Standard on Assurance Engagements
ISO	International Organisation for Standardisation
JST	Joint Solutions Team
KRI	Key Risk Indicator
LGPS	Local Government Pension Scheme
MaPS	Money and Pensions Service
MFA	Multi-factor authentication
MPM	Managing public money
MSA	Modern Slavery Act
NIB	Nest Invest Board
NIST	US National Institute of Standards and Technology
OMO	Open Market Option
OPS	Occupational Pension Scheme
PADA	Personal Accounts Delivery Authority
PCLS	Pension Commencement Lump Sum
PILON	Payment In Lieu Of Notice
PIP	Payment Intercept Process
PMI	Pensions Management Institute
PQM	Pension Quality Mark
PSOOP	Public Service Obligation Offset Payment
REITs	Real Estate Investment Trust
SIP	Statement of Investment Principles
SMF2	Senior Management Function 2
SoCF	Statement of cash flows
SoCNI	Statement of comprehensive net income
SoCTE	Statement of changes in taxpayers' equity
SoFP	Statement of financial position
SSAS	Small Self-Administered Scheme
SSIP	Self-Invested Personal Pension
TCFD	Task Force on Climate-related Financial Disclosures
TCS	Tata Consultancy Services Ltd
TPO	The Pensions Ombudsman
TPR	The Pensions Regulator
VfM	Value for Members
WACC	Weighted Average Cost of Capital

Nest does not warrant nor accept any responsibility for any loss caused as a result of any error, inaccuracy or incompleteness herein. This content is provided for information purposes only and should not be construed as financial, investment or professional advice or recommendation by Nest.

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

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

Nest Corporation
10 South Colonnade
Canary Wharf
London, E14 4PU
nestpensions.org.uk

E03608987 07/26
ISBN 978-1-5286-6504-9

385 07/26