

Asset Owner Showcase: Nest

Nest is a UK-based defined contribution pension scheme and long-term asset owner, managing approximately £56bn on behalf of over 13 million members. The scheme operates through an outsourced investment model, appointing and overseeing external investment managers across asset classes.

Its scale, membership profile and long-duration liabilities position NEST as a systemically significant institutional investor with a strong focus on long-term market sustainability and member outcomes.

Investment Model

Nest's investment approach is shaped by its role as a large-scale retirement savings provider with a predominantly younger membership base and long investment horizons. The investment structure is externally managed, with oversight and stewardship responsibilities retained centrally.

Nest's responsible investment framework is centred around generating better risk-adjusted returns, coming from the identification and management of ESG risks and opportunities across portfolios, as well as a focus on enhancing long-term returns while reducing material investment risks. This approach stems from three core objectives:

- Better Functioning Markets
 - Support for improved market transparency and governance standards
 - Engagement with market structures and regulation to address systemic risks
- Long-term Wealth Creation
 - Encouraging companies and investment managers to responsibly manage environmental and social impacts
 - Supporting sustainable long-term corporate performance
- Reputational Risk Management
 - Protecting trust and confidence among members
 - Encouraging corporate behaviour aligned with member expectations and broader standards

Stewardship and ESG Approach

Nest employs a multi-channel stewardship model combining advocacy, active ownership, manager oversight and investment decision-making. Stewardship activity is designed to reinforce broader investment beliefs and support long-term market sustainability. Key implementation levers include:

- Manager selection and monitoring

- Direct and collaborative company engagement
- Voting and shareholder resolutions
- Public policy engagement and advocacy
- Research and thematic analysis
- Capital allocation decisions and divestment where appropriate

Key Themes and Commitments

Nest retains a range of strategic sustainability themes which guide both engagement priorities and manager expectations. Key focus areas include:

- Climate change
- Nature, diversity and biodiversity
- Human capital and human rights
- Digital rights and technology
- Health and food systems

Engagement Model

Nest views engagement as a structured, accountable process. Its framework includes:

- Clear objectives aligned to investment beliefs and stewardship priorities
- Documented engagement processes covering issue identification, outreach, dialogue, escalation and outcome tracking
- Transparency of concerns and expectations communicated to companies
- Ongoing assessment of company responsiveness and progress

Escalation Approach

Where engagement fails, escalation mechanisms may include:

- Collaborative engagement initiatives
- Public statements
- Voting against directors
- Filing shareholder resolutions
- Capital allocation decisions where appropriate

Voting Model

Voting responsibilities are generally delegated to external fund managers, although Nest maintains oversight through its own stewardship and central voting framework, against which managers are monitored.

Nest retains the ability to override manager voting decisions within certain large, segregated equity mandates. Where material issues arise, voting activity may be

followed by direct engagement with companies, reinforcing the link between voting, dialogue and stewardship outcomes.

Key Implications for Investee Companies

Nest outlines several practical expectations for investee companies in support of effective long-term engagement:

- Timely and comprehensive disclosure relating to governance, strategy, ESG risks and performance
- Clear explanations surrounding voting outcomes, board decisions and contentious resolutions
- Access to relevant board members and senior executives for material issues
- Willingness to engage directly with long-term asset owners rather than solely through investor relations intermediaries
- Treating asset owners as long-term strategic stakeholders
- Proactive communication regarding emerging risks and strategic developments
- Support for collaborative engagement structures that improve investor alignment and reduce unnecessary engagement burdens

Further Resources

Website
Responsible Investment Report (2024/2025)

Contact

Diandra Soobiah (Director of Responsible Investment):

diandra.soobiah@nestcorporation.org.uk

Tom Sanders (Senior Investment Analyst – Responsible Investment):

tom.sanders@nestcorporation.org.uk

All information in this document reflects Nest's processes as of their presentation in November 2025, conducted by Diandra Soobiah (Director of Responsible Investment) and Tom Sanders (Senior Investment Analyst – Responsible Investment). For further reading, visit the links above or email the team.