



Nest Tax Strategy

Nest Group
(Nest Corporation and Nest Invest Ltd)

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Nest Group Tax Strategy

Background to Nest

Nest Corporation, which operates on a profit for members basis, is the trustee of the National Employment Savings Trust (Nest) occupational pension scheme (the Scheme), a statutory, trust-based arrangement established to provide accessible, low-cost workplace pensions across the UK. The Scheme enables employers to meet their statutory duty to automatically enrol eligible workers into a suitable pension.

The Scheme is overseen by Nest Corporation as an independent Trustee, which provides corporate functions and stewardship. Nest Invest Ltd is responsible for investment execution and management of the scheme's assets. The diagram on page 3 visually shows the following:

- Nest Scheme is a master trust and is regulated by The Pensions Regulator (TPR).
- Nest Corporation, the Trustee to the Scheme, is overseen by the Department for Work and Pensions (DWP) and is regulated by the Pensions Regulator (TPR).
- Nest Invest Ltd, a legal subsidiary of Nest Corporation, is regulated by Financial Conduct Authority (FCA).

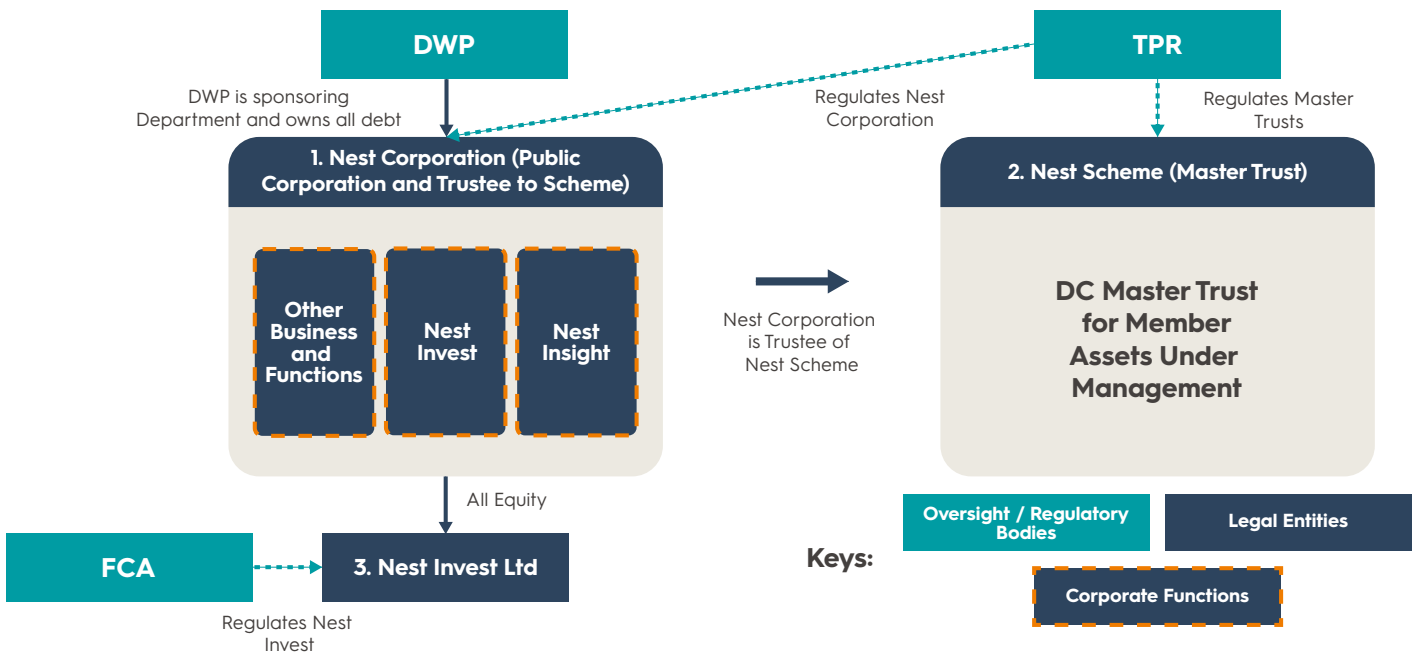
Nest Tax position

As a UK pension arrangement, contributions benefit from tax advantages designed to encourage saving. Investment returns within the Scheme are generally exempt from UK corporation tax, and members are taxed when they receive benefits, aligning taxation with retirement income.

To build well-diversified portfolios, the Scheme invests across a broad range of asset classes and jurisdictions. Consequently, it is subject to the tax laws of the countries in which it invests and complies with all applicable tax laws and regulations in those jurisdictions.

We recognise that taxes fund the public services and infrastructure on which our members and markets depend. Responsible tax conduct is an integral part of our duty of care as stewards of long-term capital. Nest is committed to transparency, to paying the right amount of tax in the right place at the right time, and to integrating tax considerations with our wider stewardship and sustainability objectives.

Nest Group structure and regulatory oversight



Scope, Purpose, and Strategic Alignment

This strategy sets out how Nest governs, manages, and reports tax matters across all activities.

It covers all relevant taxes, including direct and indirect taxes, employment taxes, withholding taxes, information reporting, operational taxes arising from investment structures and corporate operations, as well as taxes relating to our members. The strategy applies to Nest Corporation, Nest Invest Ltd, the Scheme, and their subsidiaries and controlled investment entities (Nest, or **the Group**). It also informs the expectations we place on external managers and service partners acting on our behalf.

The purpose of this strategy is to demonstrate Nest's approach to responsible taxation, robust governance, and clear operating commitments, providing members, regulators, and the public with confidence that Nest's tax affairs are managed ethically, transparently, and in line with best institutional practice.

Our tax strategy is integral to Nest's purpose of **building financial peace of mind for all** and directly supports our ambition to be a **best-in-class pension provider**, delivering the best possible financial outcomes for our members, to and through retirement. Responsible tax conduct underpins the trust placed in us by our members, regulators, and the wider public. By embedding robust tax governance across all our activities, we help maximise value for members, uphold public confidence, and deliver on our strategic goals:

- **Maximising the value of members' pensions** through efficient, ethical stewardship of assets.
- **Supporting members to contribute what's best for them** by ensuring tax advantages are fully realised and communicated.
- **Improving members' day-to-day financial resilience** by maintaining compliance and transparency, supporting the long-term sustainability of the scheme.
- **Making members' money go further in retirement** by minimising unnecessary tax leakage and ensuring all reliefs and exemptions are appropriately claimed.

This tax strategy also supports the four pillars of the Nest Corporate Strategy, particularly our commitment to providing a world-class investment capability and helping shape the system to better meet the needs of low to moderate earners. Tax governance is enabled by strong partnerships, data and analytics, and a culture of accountability and continuous improvement.

Key Tax Principles

Nest's approach to tax is underpinned by the following principles, which guide all our operating processes and commitments:

1. **Integrity and compliance:** We seek to comply with both the letter and the spirit of applicable tax laws in every jurisdiction where we operate or invest. Decisions are supported by accurate facts, sound judgement, and appropriate documentation.
2. **Fiduciary stewardship:** We manage tax to protect members from double taxation and unnecessary tax leakage, consistent with our duty to maximise long-term, risk-adjusted returns without compromising ethical standards.
3. **Transparency:** We communicate our approach clearly and are committed to enhancing public reporting over time.
4. **Proportionality and prudence:** We do not pursue aggressive or artificial arrangements. Where uncertainty exists, we seek positions aligned with legislative intent and, where needed, obtain external advice or advance authority guidance.
5. **Prevention of tax evasion and aggressive tax avoidance:** We maintain robust procedures to prevent Nest from being involved in the facilitation of tax evasion or aggressive avoidance.

These principles form the foundation for our tax governance and operating commitments, ensuring Nest's tax affairs are managed to the highest standards of integrity and responsibility.

Approach to Tax Governance

Board Oversight and Executive Accountability

The Board of Nest Corporation (the Board) is responsible for defining the Group's Tax Strategy and setting the tax risk appetite.

The Nest Invest Board of Directors ensures investment implementation aligns with all aspects of this strategy. Relevant oversight committees receive regular reports on compliance, risks, filings, and regulatory changes.

The Audit Committee provides oversight on tax matters ensuring more detailed challenge and review to help the Board discharge its responsibilities.

The Chief Financial Officer (CFO), supported by the Finance Function is responsible for managing the Group's tax affairs on a day-to-day basis and has responsibilities under a set of defined escalation protocols to the Board and other relevant oversight bodies. The CFO depends on support from Chief People Officer (CPO) on Employment Tax Matters and CEO of Nest Invest on Investment Tax Matters.

Other Corporate Functions such as Investments, Legal and HR Teams will be responsible for their first line activities that may give rise to tax obligations and involve the Finance team for support, guidance and due diligence.

The Group adopts a prudent and transparent approach to tax risk, accepting only those risks that are inherent and unavoidable in international investing, and never those that rely on secrecy, artificiality, or low detection risk.

In embedding the tax strategy and managing its tax affairs the Group deploys the "Three Lines of Defence" as follows.

- **First line:** Finance, Investments, HR, Operations, Legal teams as well as external and outsourced service providers embed and operate tax controls into everyday activities (e.g., due diligence, filings, VAT governance, withholding tax management).
- **Second line:** The Risk & Compliance function monitors the control framework and ensure that the Finance tax risk register aligned with the Nest Active Risk & Opportunities Register and ensures adherence to the approved risk appetite.
- **Third line:** Independent assurance periodically reviews controls and provides validation to the Board and Board of Nest Invest.

We regularly review our tax governance as part of Nest's broader performance framework, ensuring it remains fit for purpose and aligned with our strategic objectives. Where uncertainty arises, we prioritise mitigation through structural clarity, external advice, and proactive engagement with tax authorities.



Level of tax risk the Group is willing to accept

Nest adopts a measured tax risk appetite, consistent with its overall enterprise risk framework.

We accept certain risks inherent in international investing, but not positions that rely on secrecy, artificiality, or low detection risk. When uncertainty arises, we prioritise mitigation, through structural clarity, support from advisors, legal opinions, or direct engagement with tax authorities.

We evaluate tax risk across technical, operational, and regulatory change dimensions, supported by well-defined mitigants. Transactions that could materially harm Nest's reputation, generate penalties, or undermine public confidence fall outside our tolerance thresholds.

Across the full member journey and investment lifecycle, tax considerations are included from inception to exit. Each proposal undergoes structured due diligence to identify, assess and address all key tax risks. Investments are monitored on a rolling basis to confirm ongoing compliance and efficiency, with findings reported through established governance channels. Before exit, all tax exposures and reporting requirements are verified and closed out.

This disciplined approach, supported by standardised controls, documentation and clear approval thresholds, ensures tax governance remains robust, transparent and consistent throughout the life of every investment.



Approach to tax planning

Nest will only undertake ethical, purpose-driven tax planning aligned with commercial and legal substance.

We use available reliefs and exemptions, such as those afforded to pension funds, where intended by law and appropriately disclosed. We will not use arrangements that lack economic rationale, exploit mismatches in tax law, or rely on secrecy jurisdictions.

In evaluating jurisdictions for investment structures, we avoid non-cooperative or opaque jurisdictions, as defined by relevant regulatory bodies, unless a clear business case exists and sufficient local substance is demonstrable. Enhanced scrutiny and senior-level approval are required for such decisions. Jurisdictional discipline is integral to our governance, ensuring that every investment decision can withstand public and regulatory scrutiny.

Our in-house finance team, supported by external experts as necessary, ensures technical robustness. We do not rely on aggressive interpretations or on the probability of non-detection. Where uncertainty exists, we engage with tax advisors, as appropriate, and if/where deemed necessary, with tax authorities proactively to achieve clarity and compliance.

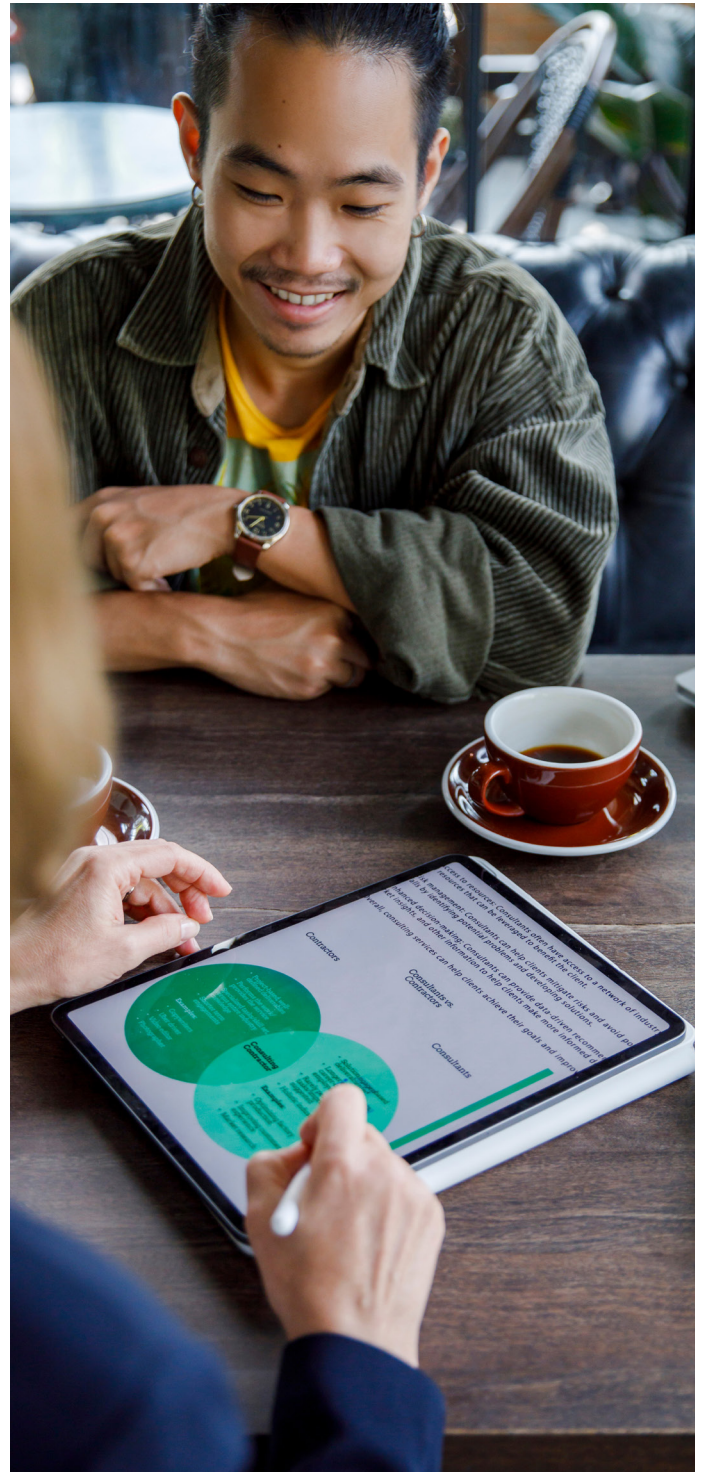


Interaction with tax authorities

We aim to maintain constructive and transparent relationships with tax authorities.

Our approach emphasises early engagement, full disclosure of material facts, and open dialogue to resolve uncertainty. Where legitimate differences in interpretation arise, we defend our position respectfully, grounded in law and policy intent.

We also comply fully with international exchange-of-information regimes and operate procedures that ensure we do not facilitate tax evasion or avoidance by third parties.



Responsible Tax and ESG integration

Responsible tax practice is a key component of Nest's broader environmental, social and governance (ESG) framework.

We recognise that tax behaviours influence societal trust, fiscal resilience, and long-term economic stability, all factors that shape investment outcomes for members. Tax considerations are therefore integrated into stewardship activities, investment monitoring, and manager selection processes.



Stakeholder engagement and continuous improvement

The Group is committed to transparent communication with all stakeholders, including members, regulators, and external partners.

Our tax strategy is reviewed and updated regularly, with input from relevant teams across Nest, to ensure it remains aligned with best practice, regulatory expectations, and our own evolving strategic priorities.

We are also committed to evolving public disclosures, providing insight into governance, aggregate tax contributions, and how our structures align with genuine economic substance. We aim to reflect credible international expectations for stakeholder transparency while remaining proportionate to our context as a UK pension scheme.



Interaction with Investment Managers

External managers and partners play a central role in implementing our investment strategy, and our expectations regarding tax conduct are clear and include the following.

Nest expects:

- Compliance with all relevant tax laws and international transparency standards.
- Use of structures or financing arrangements only when supported by commercial purpose and substance.
- Avoidance of aggressive strategies, including treaty abuse or hybrid mismatches.
- Cooperation in providing accurate, timely information to support our filings and transparency commitments.

Tax considerations are embedded in manager selection and monitoring. Due diligence evaluates each manager's tax governance framework, operational capacity, and history of responsible conduct. Where breaches are serious or not addressed, Nest may suspend commitments or terminate mandates.

We report material findings on manager tax compliance to internal committees and the Board and Board of Nest Invest, ensuring transparency and accountability. Our long-term goal is alignment across our value chain, ensuring our managers share Nest's commitment to responsible and transparent tax practices.



Accessibility

At Nest we are committed to ensuring an inclusive and accessible experience for everyone.

If you have any accessibility requirements in relation to this policy, please contact Nest.

