

# NEST Corporation

## SYNOPSIS GOVERNING BODY MEETING

Date: Thursday 25 January 2018

Venue: Room 8.01, Eagle, Riverside House, 2a Southwark Bridge Road, London SE1 9HA

### Present:

Otto Thoresen, NEST Chair  
Iraj Amiri, Trustee Member  
Ian Armfield, Trustee Member  
Graham Berville, Trustee Member  
Sally Bridgeland, Trustee Member  
Tomas Carruthers, Trustee Member  
Carolyn Dobson, Trustee Member (via telephone)  
Ron Jarman, Trustee Member  
Caroline Rookes, Trustee Member  
Jill Youds, Trustee Member

### In attendance:

Helen Dean, Chief Executive Officer  
Neville Howe, General Counsel and Corporate Secretary  
Senior Analytics Manager (item 6.1-6.2 only)  
Senior Planning and Performance Manager (item 6.1-6.2 only)  
Richard Lockwood, Chief Financial Officer  
Legal Pensions Consultant (item 13.2 only)  
Deputy Corporate Secretary  
Gavin Perera-Betts, Chief Customer Officer (items 1 - 12, 15.5 and 15.6)  
Director of Marketing (item 6.4 only)  
Nick Sex, Chief Operating Officer (items 1 - 12, 15.5 and 15.6)  
Director of Investment Development and Delivery (items 1 - 12, 15.5 and 15.6)  
External Effectiveness Reviewers

### 1. Apologies for Absence

The Chair noted that with all Trustee Members present, no apologies had been received.

### 2. Declaration of interest

Following enquiry from the Chair, there were no new declarations of interest.

### 3. Minutes and Synopses

#### 3.1 Minutes and Synopsis of the Governing Body meeting held on 28 November 2017

Subject to some drafting and clarification amendments, the minutes and synopsis documents of the Governing Body meeting held on 28 November 2017 were **APPROVED**.

### 4. Matters Arising and Action Points

Progress with the completion of actions as shown in the action log was **NOTED** by the Governing Body and the Chief Operations Officer provided an update on his actions.

### 5. Financials, Performance & Investments

#### 5.1 Chief Executive's Report

The Governing Body discussed the CEO's report on developments since the last meeting. The CEO provided an overview of the report and noted that the financials and loan forecast had been covered within the Initial Funding Requirement Forecast and 3-Year resource plan papers under agenda items 6.1 and 6.2.

The CEO provided updates to the Governing Body on:

- i. NEST operations, financials and volumes, including the end of staging in March 2018 and the expected impact of phasing from April 2018;

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- ii. The 2018-19 Corporate Scorecard and the development of the Corporate Reporting Pack;
- iii. The Department for Work and Pension ('DWP') consultation on the draft Occupational Pension Schemes (Master Trust) Regulations 2018; and
- iv. Items included in Service Release 16.

## 5.2 Corporate Reporting Pack

The Corporate Reporting Pack for December 2017 was **NOTED** by the Governing Body and had been discussed as part of agenda item 5.1.

In response to the Chair, the Chief Financial Officer reported that the new Corporate Reporting Pack would be ready for discussion at the May 2018 Governing Body meeting.

## 6. Principal Matters for Discussion and Decision

### 6.1 Initial Funding Requirement Forecast ('IFRF')

The Chief Financial Officer introduced the IFRF paper, which was **NOTED** by the Governing Body.

It was noted that the IFRF had been discussed at the Executive Board ('EB') meeting on 10 January 2018.

The Chair noted that the document was extremely useful and the Trustee Members discussed the content. Graham Berville noted that he had provided oversight of the process on behalf of the Governing Body and had analysed the data and model performance. Trustee Members discussed the uncertainty of phasing, though it was noted that this uncertainty and impact was not unique to NEST and would impact the market as a whole.

Following further discussion, the Governing Body **RESOLVED** to **APPROVE** the latest loan forecast and Initial Funding Requirement Forecast for submission to the DWP ahead of the deadline of 31 January 2018.

### 6.2 3-Year Resource Plan

The Chief Financial Officer introduced the 3-Year Resource Plan. It was reported that this was the culmination of the business planning process which had taken place between September 2017 and January 2018. It was noted that this report was the resourcing plan only and the full business plan would be submitted to the Governing Body in March 2018, to ensure that this was clearly linked to the strategic priorities. The 3-Year Resource Plan was **NOTED** by the Governing Body.

Trustee Members discussed the resource plan and the business planning assumptions.

Following discussion, the Governing Body **RESOLVED** to **APPROVE** the 3-Year Resource Plan for 2018-19 to 2020-21. The Chair noted that it was an extremely useful document.

### 6.3 Statement of Investment Principles ('SIP')

The Director of Investment Development and Delivery noted that the SIP had been reviewed as part of the triennial review process required by law. It was reported that the main changes to the document related to clarification of the relationship and roles of the NEST Investment Committee and Investment Team following completion of an external governance review.

The Governing Body noted that the Employers' Panel and Members' Panel had both reviewed the revised SIP and provided comments, which had been incorporated. Trustee Members noted that this was extremely positive.

It was reported that a more fundamental review of the underlying drivers of the investment approach would take place later in 2018.

Following further discussion, the Governing Body **RESOLVED** to **APPROVE** the revised Statement of Investment Principles for March 2018-2021.

#### 6.4 Value for Members and Costs and Charges

The Chief Customer Officer provided an overview of the Value for Members ('VFM') assessment and information about costs and charges document. It was reported that both documents and information on the processes followed to produce these documents had been discussed at the Audit Committee in December 2017.

It was noted that this assessment covered the period from 1 October 2016 to 30 September 2017, and the previous assessment had covered the reporting period from 1 January 2016 to 31 December 2016. It was noted that the overlap would be for this year only while the reporting period was moved to a date that was more appropriate to NEST.

Subject to some drafting and clarification amendments, the Governing Body **RESOLVED** to **APPROVE**, with effect from 25 January 2018:

- i.* the 'Value for members' assessment, 'Value for members' summary report and 'Information on costs and charges' documents for the period ending 30 September 2017;
- ii.* that NEST should report on this assessment in the Chairman's report in the Scheme Annual Report and Accounts; and
- iii.* the publication of the 'Value for members' summary report.

#### 10. Customers

##### 10.1 Member Service Improvement Programme ('MSIP')

The Chief Operations Officer introduced the report which provided an update on the work to monitor and improve the NEST member experience.

The Chief Operations Officer provided the Governing Body with an overview of the MSIP, including scope, agreed metrics and how this would be tracked. Following further discussion, it was noted that regular updates on MSIP would be provided to the Governing Body.

#### 12. Stakeholders

##### 12.1 DWP Tailored Review Report

The Chief Financial Officer noted that the DWP had almost completed the Tailored Review of NEST Corporation.

RL reported that the document was likely to be published in March 2018 and the final version would be shared with the Governing Body in due course.

#### 13. Regulatory Landscape & Corporate Governance

##### 13.1 NCGB and Committee External Effectiveness Report

The Chair introduced the External Effectiveness Review Report. The report was **NOTED** by the Governing Body. The Chair noted that with the continued growth of NEST, the Governing Body would face a number of challenges and strategic decisions in the coming months and years and an effective Board would be key to ensuring robust decision making.

Representatives from the external supplier joined the meeting and introduced the report, thanking the Trustee Members and Secretariat team for their engagement and helpfulness in the process of completing the effectiveness review. The Governing Body considered the key recommendations within the report and the Chair reported that the full recommendation list and actions would be tracked via the Nominations and Remuneration Committee.

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The Chair noted that the discussion had been extremely useful and would support the Governing Body in preparing for the NEST of the future.

### 13.2 NEST Rules Change

The General Counsel and Corporate Secretary introduced the paper which sought Governing Body approval for the Rules change, following public consultation. It was reported that the amendments outlined within the consultation related to: contractual enrolment; bulk transfers with consent as a joining event; the ability to cease the participation of dormant employers, with notice; and the streamlining of death benefits.

Following further discussion, the Governing Body **RESOLVED** to **APPROVE**, with effect from 25 January 2018:

- i.* The amendments to the NEST Rules described in the consultation regarding: contractual enrolment; bulk transfers with consent as a joining event; the ability to cease the participation of dormant and employers, with notice; and the streamlining of death benefits (and withdrawal of the dependants' annuity option for deaths on or after age 75) to take effect from 6 April 2018;
- ii.* Those amendments to the NEST Rules described in the consultation regarding death benefits; The delegation of authority to the Chair to:
  - sign two determinations, one revoking the existing NEST Rules from 1 April 2018 and adopting the new set of Rules from 1 April 2018 and one subsequently revoking the 1 April 2018 Rules and adopting the new set of Rules from the date of implementation of service release 16;
  - sign each set of new Rules; and
- iii.* The delegation of authority to the CEO to sign off NEST Corporation's response to the consultation.

## 15. Committee & Panel Reports/Minutes

### 15.1 Audit Committee

Iraj Amiri provided the Governing Body with a summary of discussions at the Audit Committee meeting held on 14 December 2017. The draft minutes of the meeting were **NOTED** by the Governing Body.

### 15.2 Risk Committee

Graham Berville provided the Governing Body with a summary of discussions at the Risk Committee meeting held on 23 November 2017. The draft minutes of the meeting were **NOTED** by the Governing Body.

### 15.3 Investment Committee

Sally Bridgeland provided an overview of the Investment Committee meetings held on 23 November 2017 and 19 December 2017. The draft minutes of the meetings were **NOTED** by the Governing Body.

### 15.4 Determinations Committee

Jill Youds provided an overview of the Determinations Committee meeting held on 28 November 2017. The draft minutes of the meetings were **NOTED** by the Governing Body.

### 15.5 Members' Panel

The Chief Customer Officer provided an overview of the Members' Panel meeting on 6 December 2017.

### 15.6 Employers' Panel

The Chief Customer Officer provided an overview of the Employers' Panel meeting on 14 December 2017.

**16. Meeting effectiveness**

The Governing Body discussed the effectiveness of the meeting.

**17. 2018 Board Calendar**

The calendar of items for the Governing Body in 2018 was **NOTED**.

**18. Any Other Business**

**18.1 Propositions Committee**

The Chair noted that as per discussion at the Nominations and Governance Committee on 27 September 2017, it had been agreed that the remit of the Propositions Committee should be reviewed and discussed with Graham Berville as Chair of the Committee, and a recommendation made to the Governing Body.

Following discussion with members of the Executive Team and with Graham Berville, it was recommended that the formal governance role of the Committee should cease. The Chair noted that the work completed by the Committee had been extremely beneficial and would be incorporated into the Governing Body agenda.

Following further discussion, the Governing Body **RESOLVED** to **AGREE**, with effect from 25 January 2018, the termination of the formal NEST Propositions Committee.

Following enquiry from the Chair, there was no other business which any Trustee Member wished to raise.

**19. Date of Next Meeting**

It was reported that the next NCGB meeting was scheduled for 27 March 2018.

# NEST Corporation

## SYNOPSIS GOVERNING BODY MEETING

Date: Tuesday 27 March 2018

Venue: Room 8.01, Eagle, Riverside House, 2a Southwark Bridge Road, London SE1 9HA

### Present:

Otto Thoresen, NEST Chair  
Iraj Amiri, Trustee Member (item 1-6.3 only)  
Ian Armfield, Trustee Member  
Graham Berville, Trustee Member  
Sally Bridgeland, Trustee Member  
Tomas Carruthers, Trustee Member  
Carolyn Dobson, Trustee Member (via telephone)  
Ron Jarman, Trustee Member  
Caroline Rookes, Trustee Member  
Jill Youds, Trustee Member

### In attendance:

Director of Strategy (item 6.5 only)  
Helen Dean, Chief Executive Officer  
Director of Pensions and Tax Law (item 18.2 only)  
Rizwan Hassan, Commercial and Delivery Director (item 6.5 only)  
Neville Howe, General Counsel and Corporate Secretary  
Senior Analytics Manager (item 6.1-6.3 only)  
Senior Planning and Performance Manager (item 6.1-6.3 only)  
Richard Lockwood, Chief Financial Officer  
Director of Fund Administration (item 5.1-5.3 only)  
Deputy Corporate Secretary  
Gavin Perera-Betts, Chief Customer Officer  
Deputy Chief Investment Officer (item 5.1-5.3 only)  
Director of Investment Development and Delivery (items 5.1 - 5.3 only)

### 1. Apologies for Absence

The Chair noted that with all Trustee Members present, no apologies had been received.

### 2. Declaration of interest

Following enquiry from the Chair, there were no new declarations of interest.

### 3. Minutes and Synopses

#### 3.1 Minutes and Synopsis of the Governing Body meeting held on 25 January 2018

Subject to the amendment of one typographic error, the minutes of the Governing Body meeting held on 25 January 2018 were **APPROVED** as a true and accurate record of the meeting.

The Governing Body discussed and **APPROVED** the synopsis of the meeting held on 25 January 2018.

### 4. Matters Arising and Action Points

Progress with the completion of actions as shown in the action log was **NOTED** by the Governing Body.

### 5. Financials, Performance & Investments

#### 5.1 Chief Executive's Report

The Governing Body discussed the CEO's report on developments since the last meeting. The CEO provided an overview of the report and provided updates to the Governing Body on:

- i. NEST operations, financials and volumes;
- ii. The results of the 2017/18 staff survey and discussions on these at the Executive Board;

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- iii. The High Court ruling on 'sleep-over workers' and the impact to NEST;
- iv. The successful retention of the ISO27001 certification by the Information Security Team; and
- v. The impact of phasing.

### 5.2 Corporate Reporting Pack

The Corporate Reporting Pack for March 2018 was **NOTED** by the Governing Body and had been discussed as part of agenda item 5.1.

### 5.3 Chief Investment Officer's Report

In the absence of Mark Fawcett; Chief Investment Officer, The Deputy Chief Investment Officer introduced the report. The Governing Body discussed the report.

The Statement of Investment Principles had now been published externally, following approval by the Governing Body in January 2018.

Sally Bridgeland noted that the Investment Committee would lead a workshop in September 2018 on recent member research, member needs, and how investment could support the delivery of this.

## 6. Principal Matters for Discussion and Decision

### 6.1 Business Planning Papers

The Chief Financial Officer introduced the business planning papers, which covered: the 2018-19 Budget; the proposed 3-year business plan; the Final Funding Requirement Forecast ('FFRF') and an updated Loan Fact Sheet. The 3-Year Business Plan and a version of the FFRF had been submitted and discussed at the January 2018 Governing Body meeting and the updated reports were **NOTED** and the Chief Financial Officer provided an overview of the documents.

It was reported that the NEST Corporate Scorecard for 2018-19 would be submitted to a future meeting of the Governing Body for discussion and there was clear traceability to the budget and business plan.

It was reported that the impact of phasing was still an uncertainty, but this was being tracked on a weekly basis. A full update on phasing would be provided to the Governing Body in June 2018.

Governing Body members discussed the strategic context of the 3-Year Business Plan and how it supported the delivery of the strategic vision and strategic priorities.

Following further discussion, the Governing Body **RESOLVED** to:

- i. **APPROVE** the 2018/19 budget as proposed in this paper and **DELEGATE** final agreement of any carry overs from 2017-18 and DWP cash draw down adjustments between 2017-18 and 2018-19 to the CEO (or CFO in the CEO's absence);
- ii. **APPROVE** the 3-Year Business Plan for 2018-19 to 2020-21; and
- iii. **APPROVE** the latest loan forecast and submission of the Final Funding Requirement Forecast to the DWP ahead of the deadline of 31 March 2018.

The Chair thanked the team for the high-quality papers and work during the annual business planning cycle.

### 6.4 Review of Charge Levels for Transfers

The Chief Customer Officer introduced the report, which provided an overview of a review completed on the charge level for transfers, as agreed by the Governing Body in January 2017.

The NEST Corporation Governing Body **RESOLVED** to **AGREE**, that:

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- i.* The level of the charge on contributions should be maintained at zero where it applies to transfers into the scheme;
- ii.* The AMC should be maintained at 0.3%; and
- iii.* This decision should be reviewed if any new material information became available.

### 13. Regulatory Landscape & Corporate Governance

#### 13.1 Audit Committee Membership

The Chair introduced the report, which outlined proposed changes to the membership of the NEST Audit Committee. The proposed changes were **NOTED** by the Governing Body.

Following discussion, the NEST Corporation Governing Body **RESOLVED** to **AGREE** the proposal that with effect from 27 March 2018:

- i.* Graham Berville; Trustee Member, should be and hereby was, appointed as a member of the NEST Audit Committee; and
- ii.* Caroline Rookes; Trustee Member, should step down as a member of the NEST Audit Committee.

#### 13.2 Trustee Member Recruitment

The Deputy Corporate Secretary provided the Governing Body with an update on the ongoing recruitment process to appoint four new Trustee Members in June 2018. The report was **NOTED** by the Governing Body.

### 14. Statutory & Regulatory Reporting

#### 14.1 CARA/ SARA/ AAF Report Updates

This item would be covered in the May 2018 Governing Body meeting.

### 15. Committee & Panel Reports/Minutes

#### 15.1 Audit Committee

Iraj Amiri provided the Governing Body with a summary of discussions at the Audit Committee meeting held on 15 March 2018. The draft minutes of the meeting would be submitted to the May 2018 Governing Body meeting.

#### 15.2 Risk Committee

Graham Berville provided the Governing Body with an overview of the discussions and decisions at the Risk Committee meeting held on 23 February 2018. The draft minutes of the meeting were **NOTED** by the Governing Body.

#### 15.3 Investment Committee

Sally Bridgeland provided an overview of the Investment Committee meeting held on 20 February 2018. The draft minutes of the meetings would be submitted to the May 2018 Governing Body.

#### 15.4 Nominations and Remuneration Committee

Caroline Rookes provided an overview of the Nominations and Remuneration Committee meeting held on 15 February 2018. The draft minutes of the meeting were **NOTED** by the Governing Body.

#### 15.5 Determinations Committee

Jill Youds provided an overview of the Determinations Committee meetings held on 25 January



2018 and 22 February 2018. The draft minutes of the meetings were **NOTED** by the Governing Body.

#### **15.6 Panel Updates**

The Chief Customer Officer provided an overview of the Members' Panel meeting on 13 March 2018. It was reported that the annual 'four-way' meeting with Panel Chairs, the NEST Chair and CEO, had also recently taken place, and had been an extremely positive meeting.

The Chair noted that Trustee Member attendance at Panel Meetings should continue to be encouraged and consideration would be given to requesting that each Trustee Member attend at least one meeting biennially. Following discussion, it was **AGREED** that the Panel dates should be circulated to all Trustee Members for confirmation on attendance.

#### **16. Meeting effectiveness**

The Governing Body discussed the effectiveness of the meeting.

#### **17. 2018 Board Calendar**

The calendar of items for the Governing Body in 2018 was **NOTED**. The Deputy Corporate Secretary noted that dates for the 2019 meeting would be circulated as soon as possible.

#### **18. Any Other Business**

##### **18.1 April NCGB Meeting**

The Chair noted that as per the discussion, a formal Governing Body meeting would be diarised in April 2018 in relation to the procurement of the new Scheme administration service, and time would then be allocated to Governing Body training.

In response to Jill Youds, the Deputy Corporate Secretary confirmed that training on cyber and information security would be provided to the Governing Body later in the year.

##### **18.2 Master Trust Regulations: Draft Code of Practice 15**

The Director of Pensions and Tax Law joined the meeting to provide an overview of the Pensions Regulator's Code of Practice 15 which had now been published. It was reported that the consultation on the content of the code would be open until 8 May 2018, and Master Trusts would be required to submit the formal application and evidence within six months of 1 October 2018.

It was noted that training would be provided on Master Trust Regulations and a further update on the authorisation process when the Code had been reviewed in detail.

#### **19. Date of Next Meeting**

It was reported that the next NCGB meeting was scheduled for 24 April 2018.

With no further business to discuss, the meeting was closed.

## NEST Corporation

### SYNOPSIS GOVERNING BODY MEETING

Date: Tuesday 24 April 2018

Venue: Room 8.01, Eagle, Riverside House, 2a Southwark Bridge Road, London SE1 9HA

#### Present:

Otto Thoresen, NEST Chair  
Iraj Amiri, Trustee Member  
Ian Armfield, Trustee Member  
Graham Berville, Trustee Member  
Sally Bridgeland, Trustee Member  
Tomas Carruthers, Trustee Member  
Ron Jarman, Trustee Member  
Caroline Rookes, Trustee Member  
Jill Youds, Trustee Member

#### In attendance:

Director of Procurement  
Helen Dean, Chief Executive Officer  
Rizwan Hassan, Commercial and Delivery Director  
Neville Howe, General Counsel and Corporate Secretary  
Richard Lockwood, Chief Financial Officer  
Deputy Corporate Secretary  
Gavin Perera-Betts, Chief Customer Officer

#### 1. Apologies for Absence

The Chair noted that with apologies had been received from Carolan Dobson; Trustee Member.

#### 2. Declaration of interest

Following enquiry from the Chair, there were no new declarations of interest.

#### 3. Principal Matters for Decision

##### 3.1 Publication of the Prior Information Notice and Procurement Discussion Note

The Chief Customer Officer introduced the report, which sought Governing Body approval for the publication of the Prior Information Notice ('PIN') and Procurement Discussion Note ('PDN') related to the procurement of Scheme Administration Services for NEST, via the e-tendering platform Bravo. It was noted that the PIN was an advance notification in the Official Journal of the EU ('OJEU') of a potential procurement, and the PDN contained contextual information about NEST and the future scheme administration services. The papers were **NOTED** by members of the Governing Body.

Governing Body members discussed the detail of the documents presented and provided comments. There was discussion on the process and next steps.

Following further discussion, and subject to the amendment of the PIN and PDN based on the discussions at this meeting, the Governing Body **RESOLVED** to **APPROVE**:

- i.* the issuance of the Prior Information Notice (PIN) for the procurement of NEST Scheme Administration Services in the Official Journal of the European Union (OJEU);
- ii.* the issuance of the accompanying Procurement Discussion Note (PDN) in the NEST e-tendering portal, Bravo; and
- iii.* the delegation to the NEST Chair; Otto Thoresen, and the CEO; Helen Dean, the approval of the final version of both the PIN and PDN to incorporate comments from this meeting, and any necessary final drafting amendments.

The final approved documents would be circulated by email ahead of publication.

#### 4. Any Other Business

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Following enquiry from the Chair, no Trustee Member or anyone present had any other business they wished to raise or discuss.

### **5. Date of the Next Meeting**

Governing Body members noted that the next meeting was scheduled for 22 May 2018.

With no further business to discuss, the Chair closed the meeting.

## NEST Corporation

### SYNOPSIS GOVERNING BODY MEETING

Date: Tuesday 22 May 2018

Venue: Room 8.01, Eagle, Riverside House, 2a Southwark Bridge Road, London SE1 9HA

#### Present:

Otto Thoresen, NEST Chair  
Iraj Amiri, Trustee Member  
Ian Armfield, Trustee Member  
Graham Berville, Trustee Member  
Sally Bridgeland, Trustee Member  
Tomas Carruthers, Trustee Member  
Carolyn Dobson, Trustee Member  
Ron Jarman, Trustee Member  
Caroline Rookes, Trustee Member  
Jill Youds, Trustee Member

#### In attendance:

Director of Strategy (items 6.1 and 6.2 only)  
Dan Davis, Chief Risk Officer  
Helen Dean, Chief Executive Officer  
Mark Fawcett, Chief Investment Officer (items 1 to 7.1 only)  
Neville Howe, General Counsel and Corporate Secretary  
Director of People and Development (item 7.1 only)  
Richard Lockwood, Chief Financial Officer  
Deputy Corporate Secretary  
Director of Pensions and Public Law (item 14.2 only)  
Gavin Perera-Betts, Chief Customer Officer (item 10.1, 15.5 and 15.6 only)  
Director of Customer Engagement (item 10.1 only)  
Director of Compliance (items 13.1 and 13.2 only)  
Nick Sex, Chief Operations Officer  
Senior Strategy Advisor (items 6.1 and 6.2 only)

#### 1. Apologies for Absence

The Chair noted that with all Trustee Members present, no apologies had been received.

#### 2. Declaration of interest

Following enquiry from the Chair, there were no new declarations of interest.

#### 3. Minutes and Synopses

##### 3.1 Minutes and Synopsis of the Governing Body meeting held on 27 March 2018

The minutes of the Governing Body meeting held on 27 March 2018 were **APPROVED** as a true and accurate record of the meeting.

Governing Body members requested some minor drafting amendments. Subject to this, the synopsis of the meeting held on 27 March 2018 was **APPROVED**.

##### 3.2 Minutes and Synopsis of the Governing Body meeting held on 24 April 2018

The minutes of the Governing Body meeting held on 24 April 2018 were **APPROVED** as a true and accurate record of the meeting.

Following discussion, the synopsis of the meeting held on 24 April 2018 was **APPROVED**.

#### 4. Matters Arising and Action Points

Progress with the completion of actions as shown in the action log was **NOTED** by the Governing Body.

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## 5. Financials, Performance & Investments

### 5.1 Chief Executive's Report

The Governing Body discussed the CEO's report on developments since the last meeting. The CEO provided an overview of the report and provided updates to the Governing Body on:

- i. The Prior Information Notice ('PIN') and Procurement Discussion Note ('PDN') for the procurement of the new Scheme administration contract had now been published in the Official Journal of the European Union ('OJEU');
- ii. NEST's operations, financials and volumes;
- iii. Post staging 'business as usual' operations and the impact of phasing;
- iv. The Annual Benefits Statements process;
- v. The Financial Conduct Authority's Retirement Outcomes Review; and
- vi. The relocation of NEST to Canary Wharf.

### 5.2 Corporate Reporting Pack

The Corporate Reporting Pack for May 2018 was **NOTED** by the Governing Body and had been discussed as part of agenda item 5.1.

### 5.3 Chief Investment Officer's Report

The Chief Investment Officer introduced the report, which was **NOTED** by the Governing Body. The CIO provided an overview of the report, including recruitment within the investment team and investment performance in the previous quarter.

The Chair noted that a Trustee Member workshop had been diarised for September 2018 which would be led by the Investment Committee to consider recent member research, member needs, and how investment could support the delivery of this.

## 6. Principal Matters for Discussion and Decision

### 6.1 Strategy Summary

The Director of Strategy introduced the document, which was requested by the Governing Body in November 2017 in order to clarify and bring together in one place the key conclusions reached in the course of work to provide a coherent statement of the current strategy for the Scheme. The document was **NOTED** by the Governing Body.

Following further discussion, the Governing Body noted that there was high level alignment and agreement on the principles outlined within the document and subject to the above points being considered, the Governing Body **RESOLVED** to **APPROVE** the document as a full statement of NEST's current Strategy.

### 6.2 Corporate Plan

The Director of Strategy introduced the draft 2018-2021 Corporate Plan. The document was **NOTED** by the Governing Body.

It was noted that the document would be reviewed in light of feedback received and an updated version would be submitted to the Governing Body for approval ahead of external publication.

## 7. Risk Management and Internal Controls

### 7.1 Biannual Review of Principal Risks and Risk Appetite

The Chief Risk Officer introduced the report, which provided an overview of the performance of the NEST principal risks in relation to risk appetite and tolerance levels, over the last six months. The report was **NOTED** by the Governing Body.

Governing Body members discussed the report.

It was reported that the triennial review of the Principal Risks would be initiated in May 2018 with discussion with the Executive Team. These would then be discussed with Trustee Members and the final output report would be submitted for approval at the November 2018 Governing Body meeting.

Governing Body members discussed each of the Principal Risks in turn.

## 8. Strategy

There were no specific updates for this item as this was covered under agenda item 5.2.

## 9. People

There were no specific updates for this item as this was covered under agenda item 5.2.

## 10. Customers

### 10.1 Biannual Customer Report

The Chief Customer Officer introduced the report, which provided an overview of the performance of the customer engagement directorate in relation to: members; employers; and intermediaries, as well as the broader proposition and external environment. The report was **NOTED** by the Governing Body.

## 11. Operations, Delegations, Outsourcing, IT

### 11.1 Panels and NEST Memorandum of Understanding

The Deputy Corporate Secretary provided an overview of the updated Memorandum of Understanding between NEST Corporation, the Employers' Panel, the Members' Panel, and NEST Chief Executive.

It was reported that the document had been updated to reflect current working practices and operations, and had been reviewed by the CEO, the Chair, and the Chairs of both Panels.

Following discussion, the Governing Body **RESOLVED** to **APPROVE** the Memorandum of Understanding between NEST Corporation, the Members' Panel, Employers' Panel and Chief Executive V2; with effect from 22 May 2018.

## 12. Stakeholders

There were no specific updates for this item as this was covered under agenda item 5.2.

## 13. Regulatory Landscape & Corporate Governance

### 13.1 General Data Protection Regulation ('GDPR') Compliance Report

The Director of Compliance introduced the report which provided assurance on NEST's compliance with the GDPR requirements, which would come into effect on 25 May 2018. The report was **NOTED** by the Governing Body.

### 13.2 Delegation for Master Trust Readiness Review

The General Counsel and Corporate Secretary provided an update on the work to submit an application to The Pensions Regulator ('TPR') as part of the Master Trust Regulation 'readiness review'.

Following further discussion, the Governing Body **RESOLVED** to **APPROVE** the delegation of authority to Neville Howe; General Counsel and Corporate Secretary, to accept the declaration set out within the report and to submit the Master Trust Regulation 'Readiness Review' application to The Pensions Regulator, on behalf of the NEST Trustee, ahead of the deadline of 15 June 2018.

#### 14. Statutory & Regulatory Reporting

##### 14.1 CARA/ SARA/ AAF Report Updates

The Chief Financial Officer provided an update on the production of the 2017-18 Corporation and Scheme Annual Report and Accounts. It was reported that the audits were progressing well and both documents would be submitted to the Governing Body for approval at the Governing Body meeting on 26 June 2018.

##### 14.2 Modern Slavery Act Statement

Following discussion, the Governing Body **RESOLVED** to **APPROVE** the Modern Slavery Act statement for 2017-18, for publication on the NEST website after the publication of the Annual Reports and Accounts; and the delegation of the signing of the statement to the NEST Chair and Chief Executive Officer.

#### 15. Committee & Panel Reports/Minutes

##### 15.1 Audit Committee

Iraj Amiri provided the Governing Body with a summary of discussions at the Audit Committee meeting held on 10 May 2018, including the discussions on the AAF 02/07 report and the update on records management. The draft minutes of the meeting would be submitted to the June 2018 Governing Body meeting.

##### 15.2 Risk Committee

Graham Berville provided the Governing Body with an overview of the discussions and decisions at the Risk Committee meeting held on 10 May 2018. The minutes of the Committee meeting would be submitted to the June 2018 Governing Body meeting.

##### 15.3 Investment Committee

Sally Bridgeland provided an overview of the Investment Committee meeting held on 15 May 2018. Minutes of the meeting would be provided to the Governing Body at the June 2018 meeting.

##### 15.4 Determinations Committee

The minutes of the Committee meetings held on 14 March 2018 and 26 April 2018 were **NOTED** by the Governing Body.

##### 15.5 Members' Panel

The Chief Customer Officer provided an overview of the Members' Panel meeting held on 13 March 2018. The key messages document was **NOTED** by the Governing Body.

##### 15.6 Employers' Panel

The Chief Customer Officer provided an overview of the Employers' Panel meeting held on 12 April 2018. The key messages document was **NOTED** by the Governing Body.

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**16. Meeting effectiveness**

The Governing Body discussed the effectiveness of the meeting.

**17. 2018 Board Calendar**

The calendar of items for the Governing Body in 2018 was **NOTED**.

**18. Any Other Business**

Following enquiry from the Chair, there was no other business which any Trustee Member or anyone present wished to raise.

**19. Date of Next Meeting**

It was reported that the next NCGB meeting was scheduled for 26 June 2018.



# NEST Corporation

## SYNOPSIS GOVERNING BODY MEETING

Date: Tuesday 26 June 2018

Venue: Room 8.01, Eagle, Riverside House, 2a Southwark Bridge Road, London SE1 9HA

### Present:

Otto Thoresen, NEST Chair  
Iraj Amiri, Trustee Member  
Ian Armfield, Trustee Member  
Graham Berville, Trustee Member  
Sally Bridgeland, Trustee Member  
Tomas Carruthers, Trustee Member  
Christopher Hitchen, Trustee Member  
Mutaz Qubbaj, Trustee Member  
Ron Jarman, Trustee Member  
Caroline Rookes, Trustee Member  
Martin Turner, Trustee Member

### In attendance:

Head of Management Accounting (item 6.2 and 6.3 only)  
Dan Davis, Chief Risk Officer (item 6.1 only)  
Helen Dean, Chief Executive Officer  
Director of Finance (item 6.2 and 6.3 only)  
Mark Fawcett, Chief Investment Officer  
Rizwan Hassan, Commercial and Delivery Director (items 1 -5.2 only)  
Neville Howe, General Counsel and Corporate Secretary  
Richard Lockwood, Chief Financial Officer  
Deputy Corporate Secretary  
Gavin Perera-Betts, Chief Customer Officer (items 1 -5.2 only)  
Director of Compliance (item 6.1 only)  
Will Sandbrook, NEST Insight Director (item 6.4 only)  
Nick Sex, Chief Operations Officer

### 1. Apologies for Absence

The Chair noted that apologies had been received from Clive Elphick and Jill Youds.

The Chair formally welcomed Chris Hitchen; Mutaz Qubbaj; and Martin Turner as new Trustee Members following their appointment to the NEST Governing Body. The Chair noted that following agreement that NEST should move to a unitary board structure, Helen Dean had also now been appointed as a Trustee Member, and members of the Governing Body welcomed Helen to her first meeting as a Trustee Member.

### 2. Declaration of interest

Following enquiry from the Chair, there were no new declarations of interest.

### 3. Minutes and Synopsis

#### 3.1 Minutes and Synopsis of the Governing Body meeting held on 22 May 2018

The minutes of the Governing Body meeting held on 22 May 2018 were **APPROVED** as a true and accurate record of the meeting, subject to the correction of some minor typographic errors.

The synopsis of the meeting held on 22 May 2018 was **APPROVED**.

### 4. Matters Arising and Action Points

Progress with the completion of actions as shown in the action log was **NOTED** by the Governing Body.

Action  
Points

## 5. Financials, Performance & Investments

### 5.1 Chief Executive's Report

The Governing Body discussed the CEO's report on developments since the last meeting.

The CEO provided an overview of the report and provided updates to the Governing Body on:

- i. NEST's operations, financials and volumes;
- ii. A case which had been reported to The Pensions Regulator ('TPR') relating to an employer who was systematically opting out workers. The case had now concluded, with seven individuals charged with computer misuse;
- iii. NEST's submission to TPR in relation to the Master Trust Authorisation Readiness Review;
- iv. The Department for Work and Pensions ('DWP') response to the Work and Pensions Select Committee regarding their recommendations on pensions freedoms; and
- v. The Prior Information Event held by NEST in relation to the procurement of the new Scheme Administration contract.

### 5.2 Corporate Reporting Pack

The Corporate Reporting Pack for May 2018 was **NOTED** by the Governing Body, which had been discussed under agenda item 5.1.

### 5.3 Annual Chief Investment Officer's Report

The Chief Investment Officer introduced the annual investment performance report, which was **NOTED** by the EB.

The CIO provided an overview of the report, which included an update on market developments; how NEST had invested during the year, including investment approach and developments; and how the funds had performed.

### 5.4 Post Staging Operations Report

The Chief Operations Officer introduced the report, which had been submitted in response to a direct request from the Governing Body to further understand and provide clarification on NEST's post staging 'business as usual' operations. The report was **NOTED** by the Governing Body.

It was reported that to date, NEST had been focused on delivering staging successfully and minimising associated risks. As staging was now at an end, growth in the overall number of new employers would gradually tail off, and it was expected that employer 'deaths' would start to balance out employer 'births'.

NS provided an update on the Member Service Improvement Programme ('MSIP') and the proposed scope of what would be reviewed as part of this programme.

## 6. Principal Matters for Discussion and Decision

### 6.1 AAF 02/07 Report

The Director of Compliance provided the Governing Body with an overview of the AAF 02/07 process and report for 2017/18.

It was reported that Ian Armfield had provided oversight of the process and report on behalf of the Governing Body. Work had been completed by the NEST team in conjunction with the external auditors to provide assurance around the processes followed and this had been discussed at the Audit Committee.

Iraj Amiri; as Chair of the Audit Committee, noted that the AAF report had been discussed at the Audit Committee meeting earlier in the day and it had been agreed that Ian Armfield would

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review the final version in order to recommend this for final approval.

Following discussion, the Governing Body **RESOLVED** to **AGREE** the delegation of the approval and signing of the final version of the AAF 02/07 report for 2017/18, and the corresponding Letter of Representation to the Chair and CEO.

### 6.2 NEST Corporation Annual Report and Accounts and Letter of Representation

The Chief Financial Officer introduced the Annual Report and Accounts ('ARA') for both the Corporation and the Scheme.

Following further discussion on the Corporation Annual Report and Accounts, the Governing Body **RESOLVED** to:

- i. **APPROVE** the Annual Report and Accounts 2017-18 for NEST Corporation;
- ii. **APPROVE** the Letter of Representation to the NAO and authorise the Chief Executive Officer to sign it; and
- iii. **DELEGATE** authority to the Chief Financial Officer to finalise any typographical changes to finalise the document.

In relation to the Scheme Annual Report and Accounts, the Governing Body **RESOLVED** to:

- i. **APPROVE** the Annual Report and Accounts 2017-18 for the NEST Scheme;
- ii. **APPROVE** the Letter of Representation to KPMG and authorise the Chair to sign it; and
- iii. **DELEGATE** authority to the Chief Financial Officer to finalise any typographical changes to finalise the document.

### 6.3 NEST Scheme Annual Report and Accounts and Letter of Representation

This item was covered under agenda item 6.2.

### 6.4 NEST Insight Annual Report

Will Sandbrook joined the meeting to provide an overview and update on the NEST Insight unit, including planned activity for the coming months. The report was **NOTED** by the Governing Body.

It was reported that the NEST Insight unit was an in-house research and thought leadership brand and was set up in response to requests and approaches to NEST to share experiences, data and research.

WS noted that the Insight Annual Conference would take place on 28 June 2018 and would be the launch of the research into 'How the UK Saves'.

## 12. Stakeholders

### 12.1 Framework Document with the Department for Work and Pensions

The Chief Financial Officer provided an update on the ongoing discussions with the Department for Work and Pensions ('DWP') to refresh the current Framework Document. The review of the document followed a recommendation within the DWP's Tailored Review of NEST which had been completed in March 2018.

## 15. Committee & Panel Reports/Minutes

### 15.1 Audit Committee

IA provided the Governing Body with a summary of discussions at the Audit Committee meeting held on 10 May 2018, and the minutes of the meeting were **NOTED** by the Governing Body.

### 15.2 Nominations and Remuneration Committee

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CR provided an overview of the discussions and decisions at the Nominations and Remuneration Committee meeting on 30 May 2018. The minutes would be submitted to the Governing Body meeting on 24 July 2018.

### **15.3 Determinations Committee**

The minutes of the Determinations Committee meeting held on 22 May 2018 were **NOTED** by the Governing Body. In the absence of Jill Youds; Chair of the Committee, it was agreed that these would be carried forward to the July 2018 meeting.

### **16. Meeting effectiveness**

The Governing Body discussed the effectiveness of the meeting.

### **17. 2018 Board Calendar**

The calendar of items for the Governing Body in 2018 was **NOTED**.

### **18. Any Other Business**

The Deputy Corporate Secretary reported that the NEST staff conference was scheduled for 26 July 2018 and Trustee Members were encouraged to attend.

The Chair noted that Carolan Dobson's term as a Trustee Member would come to an end on 30 June 2018 and this would be her last meeting. The Chair thanked Carolan for all her work during her tenure, in particular as Chair of the Investment Committee.

Following enquiry from the Chair, there was no other business which any Trustee Member or anyone present wished to raise.

### **19. Date of Next Meeting**

It was reported that the next NCGB meeting was scheduled for 24 July 2018.

With no further business to discuss, the meeting was concluded.

# NEST Corporation

## SYNOPSIS GOVERNING BODY MEETING

Date: Tuesday 24 July 2018

Venue: Boardroom, Canary Wharf, 10 South Colonnade, Canary Wharf, London

### Present:

Otto Thoresen, NEST Chair  
Iraj Amiri, Trustee Member (via telephone, items 6.2 - 19 only)  
Ian Armfield, Trustee Member  
Graham Berville, Trustee Member  
Sally Bridgeland, Trustee Member  
Tomas Carruthers, Trustee Member  
Helen Dean, Trustee Member and CEO  
Clive Elphick, Trustee Member  
Christopher Hitchen, Trustee Member  
Ron Jarman, Trustee Member  
Caroline Rookes, Trustee Member  
Martin Turner, Trustee Member  
Jill Youds, Trustee Member

### In attendance:

Helen Dean, Chief Executive Officer  
PWC Consultant (item 5.2 only)  
Director of Finance (items 5.1 and 5.2 only)  
Mark Fawcett, Chief Investment Officer (items 1 to 11 only)  
Jamie Goodfellow, Chair of the Employers' Panel (items 12.1 to 12.3 only)  
Investment Subsidiary Implementation Manager (item 6.2 only)  
David Hilton, Member of the NEST Members' Panel (items 12.1 to 12.3 only)  
Neville Howe, General Counsel and Corporate Secretary  
Director of People and Development (items 5.1 and 5.2 only)  
Director of Fund Administration (items 5.1 and 5.2 only)  
Deputy Corporate Secretary  
Director of Customer Engagement  
Director of Investment Development and Delivery  
Senior Strategy Advisor (item 6.4 only)

#### 1. Apologies for Absence

The Chair opened the meeting and noted that apologies had been received from Mutaz Qubbaj. Iraj Amiri would be joining the meeting late.

#### 2. Declaration of interest

Following enquiry from the Chair, there were no new declarations of interest.

#### 3. Minutes and Synopsis

##### 3.1 Minutes and Synopsis of the Governing Body meeting held on 26 June 2018

The minutes and synopsis of the Governing Body meeting held on 26 June 2018 were **APPROVED** as a true and accurate record of the meeting.

#### 4. Matters Arising and Action Points

Progress with the completion of actions as shown in the action log was **NOTED** by the Governing Body.

#### 5. Financials, Performance & Investments

##### 5.1 Chief Executive's Report

The Governing Body discussed the CEO's report on developments since the last meeting.

Action  
Points

The CEO provided an overview of the report and provided updates to the Governing Body which included:

- i. NEST's operations, financials and volumes;
- ii. The recent office relocation to Canary Wharf, which was now complete and had gone extremely well;
- iii. The impact of phasing on NEST;
- iv. Discretionary Death Benefits, which would be submitted for approval to the Governing Body in September 2018; and
- v. The press launch event on 12<sup>th</sup> July 2018 for the commodities fund.

## 5.2 Corporate Reporting Pack

The Corporate Reporting Pack for June 2018 was **NOTED** by the Governing Body. The General Counsel and Corporate Secretary reported that as per previous discussions, the Executive Team were working on updating and refreshing the report and a prototype of the new Corporate Reporting Pack had been submitted to provide Board members with an opportunity to provide feedback.

The Governing Body discussed the management information provided within the existing version of the report and provided feedback on the proposed data and information to be included within the revised version.

## 6. Principal Matters for Discussion and Decision

### 6.2 Development of Investment Strategy

The Chief Investment Officer introduced the report, which outlined ways in which NEST could develop its investment strategy in order to meet the challenges and investment objectives over the next decade. This had been discussed at both the Executive Board and the Investment Committee. The Chief Investment Officer provided an overview of the recommendation on how NEST should evolve the investment approach. The report was **NOTED** by the Governing Body.

It was noted that discussions with the Investment Committee had recognised the likelihood of NEST being required to establish an authorised subsidiary at some point in the evolution of the strategy and in line with growth in assets under management. The primary discussion around this had therefore focussed on timing and this had been discussed by the EB.

Following further discussion, the Governing Body **RESOLVED** to **AGREE** the proposed evolution of NEST's investment approach as set out within the report, including that a detailed business case for the establishment of an FCA authorised subsidiary should now be developed.

Governing Body members noted that the report was clear, and the arguments had been well presented and compelling.

### 6.3 Higher Risk Fund: Non-Lifestyled Version

The Director of Customer Engagement provided the Governing Body with an overview of the report, which proposed the introduction of a non-lifestyled version of the Higher Risk Fund. The report was **NOTED** by the Governing Body.

Following further discussion, the Governing Body **RESOLVED** to **APPROVE**:

- i. the introduction of a non-lifestyled version of the NEST Higher Risk Fund; and
- ii. the delegation to the CEO to do anything required to give effect to the foregoing.

### 6.4 Corporate Plan 2018 - 2021

The Senior Strategy Advisor introduced the draft Corporate Plan for 2018-2021, which had been revised following feedback at the Governing Body meeting in May 2018. The report was **NOTED**

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by the Governing Body.

It was reported that NEST was required by the DWP to produce a Corporate Plan and publish this externally on an annual basis, and this requirement was formalised as part of the recent Tailored Review of NEST Corporation. Board members discussed the document and provided drafting feedback.

Following further discussion, the Governing Body **RESOLVED** to **AGREE**:

- i. the delegation of the approval of the final version of the Corporate Plan for 2018-2021 to the Chair and CEO, and
- ii. the publication of the final version of the Corporate Plan on the NEST Public Area Website.

Board members thanked the strategy team for their work on the document.

## 9. People

### 9.1 Staff Survey Results

The CEO provided the Governing Body with an overview of the results of the 2018 NEST Staff Survey and the proposed Executive Team actions to respond to the feedback and results. The report was **NOTED** by the Governing Body.

It was reported that NEST had used an external firm this year to redesign the survey and provide NEST with access to benchmarking data. Broadly, there had been improvements on staff engagement over a number of years.

## 12. Stakeholders

### 12.1 Members' Panel Annual Report

David Hilton introduced the Members' Panel Annual Report, which was required to be produced each financial year and sent to the Secretary of State for Work and Pensions. The report was **NOTED** by the Governing Body.

David Hilton provided an overview of the report and noted that the Members' Panel, in seeking to represent the views and needs of all NEST's members, had considered how the auto-enrolment programme and NEST's agenda, should be further developed. It was noted that this had focussed on three key areas: the earnings trigger and the need to either reduce or remove this given that this currently excluded many low paid workers; support for NEST moving to a single annual management charge rather than the current dual structure; and finally, support for NEST being allowed to develop its own retirement solution.

DH thanked the Governing Body and Secretariat team for their work and support during 2017/18. The Chair noted that the regular meetings between the Chair, CEO and Panel Chairs were working well and there had been continued improvement on engagement with the Panels during the year.

The Chair thanked David Hilton and the Members' Panel for their work during the year.

### 12.2 Employers' Panel Annual Report

Jamie Goodfellow introduced the Employers' Panel Annual Report for 2017/18. There was no statutory obligation for this report to be provided, and the Panel had decided that a report was a useful way of informing the Governing Body of the work completed during the year. The report was **NOTED** by Board members.

The Chair reported that the role of the Employers' Panel was less clearly defined than the Members' Panel and had fewer statutory duties and governance obligations. Jamie Goodfellow

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noted that one of the challenges for the Employers' Panel was representing the wide range of diverse views and interests of employers, particularly given the Panel only met four times annually.

Jamie Goodfellow provided an overview of the work of the Panel during the 2017/18 financial year. Largely this had focussed on three key areas: reviewing NEST's large employer proposition and retention; reviewing the challenges for employers due to phasing; and providing the employer perspective on the proposed NEST member engagement strategy.

The Governing Body discussed the report. Jamie Goodfellow thanked the Governing Body and Secretariat team for their support during the year and the Chair thanked JG and the Employers' Panel for their work.

### 12.3 Panel Effectiveness Reports

The Governing Body discussed the results of Members' and Employers' Panel effectiveness review questionnaires for 2017/18. The report was **NOTED** by Board Members.

The Director of Customer Engagement provided an overview of the results. It was reported that the connectivity between the Panels and the Governing Body continued to improve and Jamie Goodfellow noted that the relationship was now significantly closer than previously. The Chair reported that this had been an area of focus and would continue to be, including another joint Panel and Governing Body meeting later in 2018.

Following further discussion, the Chair thanked both David Hilton and Jamie Goodfellow for their attendance at the meeting and for the work of both Panels.

## 13. Regulatory Landscape & Corporate Governance

### 13.1 Committee Memberships

The General Counsel and Corporate Secretary noted that following the recruitment of four new Board members, the Secretariat team were reviewing membership of the five Committees. This would require further review following completion of the annual skills and experience gap analysis in August 2018, and as part of the ongoing succession planning work. However, some initial recommendations had been outlined within the report based on the skillsets which had been sought and recruited against. The report was **NOTED** by the Governing Body.

Following further discussion, the Governing Body **RESOLVED** to **APPROVE**, with effect from 24 July 2018, that:

- i. Clive Elphick; Trustee Member, should be and hereby was appointed as a member of both the NEST Audit Committee and the NEST Risk Committee;
- ii. Martin Turner; Trustee Member, should be and hereby was appointed as a member of both the NEST Audit Committee and the NEST Risk Committee; and
- iii. Christopher Hitchen; Trustee Member, should be and hereby is appointed as a member of the NEST Investment Committee.

## 15. Committee & Panel Reports/Minutes

### 15.1 Audit Committee

Iraj Amiri provided the Governing Body with a summary of discussions at the Audit Committee meeting held on 14 June and 26 June, and the minutes of the 14 June meeting were **NOTED** by the Governing Body.

### 15.2 Risk Committee

Graham Berville provided the Governing Body with a summary of discussions at the Risk Committee meeting held on 10 May, and the minutes of the meeting were **NOTED** by the



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Governing Body.

Martin Turner provided some suggestions for amendments to the minutes and it was noted that these would be discussed at the Risk Committee meeting on 27 July 2018.

### 15.3 Investment Committee

Sally Bridgeland provided the Governing Body with a summary of discussions at the Investment Committee meeting held on 3 July, where Committee members had discussed the evolution of the investment approach as well as the Higher Risk Fund proposal, both of which had been discussed and approved at this meeting. The minutes would be submitted to the next formal Governing Body meeting in October 2018.

### 15.4 Nominations and Remuneration Committee

Caroline Rookes provided the Governing Body with a summary of discussions at the Nominations and Remuneration Committee meeting on 30 May. The minutes of the meeting were **NOTED** by the Governing Body.

### 15.5 Determinations Committee

Jill Youds provided the Governing Body with a summary of discussions at the Determinations Committee meetings on 22 May and 26 June. The minutes of the meetings were **NOTED** by the Governing Body.

The Chair noted that the Determinations Committee was an extremely useful meeting in providing an insight into the operations of the Scheme and Board members were encouraged to attend and listen to the discussions and case details.

### 15.6 Members' Panel

The Members' Panel key messages from the meeting on 12 June were **NOTED** by the Governing Body.

### 15.7 Employers' Panel

The Employers' Panel key messages from the meeting on 7 June were **NOTED** by the Governing Body.

## 16. Meeting effectiveness

The Governing Body discussed the effectiveness of the meeting.

## 17. 2018 Board Calendar

The calendar of items for the Governing Body in 2018 was **NOTED**.

## 18. Any Other Business

Following enquiry from the Chair, there was no other business which any Board Member or anyone present wished to raise.

## 19. Date of Next Meeting

It was reported that the next NCGB meeting was scheduled for 25 October 2018. A strategy day was also diarised for 25 September 2018.

With no further business to discuss, the meeting concluded at 15.50 hours.

**NEST Corporation**

**SYNOPSIS GOVERNING BODY MEETING**

**Date:** Thursday 25 October 2018  
**Venue:** Boardroom, Canary Wharf, 10 South Colonnade, Canary Wharf, London

**Present:**

Otto Thoresen, NEST Chair	OT
Iraj Amiri, Trustee Member	IA
Ian Armfield, Trustee Member (items 6.2 to 19)	IAF
Graham Berville, Trustee Member	GB
Sally Bridgeland, Trustee Member	SB
Helen Dean, Trustee Member and CEO	HD
Chris Hitchen, Trustee Member	CH
Ron Jarman, Trustee Member	RJ
Caroline Rookes, Trustee Member	CR
Martin Turner, Trustee Member	MT
Jill Youds, Trustee Member	JY

**In attendance:**

Head of Financial Crime Prevention and Interim Head of Scheme Assurance and Process Execution (observing only)  
Director of Finance (items 5.1 and 5.2 only)  
NEST Insight Manager (item 6.1 only)  
Dan Davis, Chief Risk Officer  
Helen Dean, Chief Executive Officer  
Director of Business Development (item 6.2 only)  
Mark Fawcett, Chief Investment Officer  
Neville Howe, General Counsel and Corporate Secretary  
Director of People and Development (items 5.1 and 5.2 only)  
Deputy Corporate Secretary  
Director of Customer Engagement (items 5.1, 5.2 and 6.2 only)  
Will Sandbrook, NEST Insight Director (item 6.1 only)  
Nick Sex, Chief Operations Officer  
Research Team Lead (item 6.2 only)

**1. Apologies for Absence** **Action Points**

The Chair opened the meeting and noted that apologies had been received from Clive Elphick, Mutaz Qubbaj, Tomas Carruthers and Richard Lockwood.

**2. Declaration of interest**

Graham Berville noted that he had accepted the position of Non-Executive Director and Chair Elect at Furness Building Society. This had been discussed and approved by the Chair ahead of acceptance.

Chris Hitchen reported that he had accepted two additional external appointments. The first as Chair Elect of The Pension SuperFund and the second as a Non-Executive Director of the Guardian Media Group.

Sally Bridgeland reported that she had been appointed as Trustee of the Royal Air Force Central Fund.

Following enquiry from the Chair, there were no other new declarations of interest.

**3. Minutes and Synopsis**

**3.1 Minutes and Synopsis of the Governing Body meeting held on 24 July 2018**

The minutes of the Governing Body meeting held on 24 July 2018 were **APPROVED** as a true and accurate record of the meeting.

**4. Matters Arising and Action Points**

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Progress with the completion of actions as shown in the action log was **NOTED** by the Governing Body.

### 5. Financials, Performance & Investments

#### 5.1 Chief Executive's Report

The Governing Body discussed the CEO's report on developments since the last meeting.

The CEO provided an overview of the report and provided updates to the Governing Body which included:

- i. NEST's operations, financials and volumes;
- ii. Transfer volumes and processes;
- iii. Staff engagement and the launch of the NEST Leadership Academy; and
- iv. Master Trust Authorisation.

#### 5.2 Corporate Reporting Pack

Neville Howe introduced the first quarterly Corporate Reporting Pack which was **NOTED** by Board Members. Board Members discussed the content and format of the revised pack.

The Governing Body discussed the management information provided within the existing version of the report and provided feedback on the proposed data and information to be included within the revised version.

Neville Howe noted that the feedback would be considered for the next iteration of the report and it was noted that any further feedback on this report should be submitted directly via email.

#### 5.3 Chief Investment Officer's Report

Mark Fawcett introduced the report, which provided an update on investment operations and performance. The report was **NOTED** by the Governing Body.

Mark Fawcett provided the Governing Body with an update on investment performance. There had been a recovery in developed equity markets over recent few months, though emerging markets had struggled in the face of rising trade tensions, a stronger dollar and specific points of stress, although contagion had been limited.

### 6. Principal Matters for Discussion and Decision

#### 6.1 NEST Insight Governance

Will Sandbrook introduced the report, which provided Board Members with an update on the work of the NEST Insight Unit and proposed a new governance approach for the unit. The report was **NOTED** by the Governing Body.

Will Sandbrook reported that the governance approach for NEST Insight had been proposed and agreed when the unit was established and now required review to ensure it continued to provide appropriate assurance and oversight.

The Chair noted that assurance could be provided through his regular discussions with the CEO to ensure there was independent challenge on behalf of the Governing Body at the point of decisions being made on research projects or partnerships.

Following further discussion, the Governing Body **RESOLVED** to **APPROVE**, with immediate effect the proposed revised approach to NEST Insight governance.

#### 6.2 Business Development Report

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The Director of Business Development and NEST's Research Team Lead introduced the report, which had been provided following a request from Board Members for an update on the impact specifically on NEST's employers and intermediaries following changes in the pensions market. The paper also provided an update on NEST's proposals to respond to these changes and challenges. The report was **NOTED** by the Governing Body.

### 9. People

#### 9.1 Annual Health, Safety and Wellbeing Report

Board Members discussed the annual health, safety and wellbeing report, which provided an update and assurance around NEST's health and safety management systems and processes. The report was **NOTED** by the Governing Body.

### 13. Regulatory Landscape & Corporate Governance

#### 13.1 Master Trust Authorisation Update

Neville Howe provided the Governing Body with an update on NEST's preparedness to submit the application for Master Trust Authorisation to The Pensions Regulator ('TPR').

### 15. Committee & Panel Reports/Minutes

#### 15.1 Audit Committee

The minutes of the Audit Committee meeting on 26 June 2018 were **NOTED** by the Governing Body. Iraj Amiri provided the Governing Body with a summary of discussions at the Audit Committee meeting held on 13 September 2018. The minutes of this meeting would be submitted to the November 2018 meeting.

#### 15.2 Risk Committee

Graham Berville provided the Governing Body with a summary of discussions at the Risk Committee meeting held on 27 July and 26 September 2018, and the minutes of the meeting were **NOTED** by the Governing Body.

#### 15.3 Investment Committee

Sally Bridgeland provided the Governing Body with a summary of discussions at the Investment Committee meeting held on 3 July 2018. The minutes of the meeting were **NOTED** by the Governing Body. SB provided Board Members with an update on the discussions at the Committee meeting on 4 September 2018. The minutes would be submitted to the next formal Governing Body meeting in November 2018.

#### 15.4 Nominations and Remuneration Committee

CR provided the Governing Body with a summary of discussions at the Nominations and Remuneration Committee meeting on 9 July 2018 and 26 September 2018. The minutes of the July 2018 meeting were **NOTED** by the Governing Body and the minutes of the September meeting would be provided to the Governing Body at the November 2018 meeting.

#### 15.5 Determinations Committee

JY provided the Governing Body with a summary of discussions at the Determinations Committee meetings on 23 July and 16 August 2018. The minutes of the meetings were **NOTED** by the Governing Body.

#### 15.6 Members' Panel

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The Members' Panel key messages from the meeting on 11 September 2018 were **NOTED** by the Governing Body.

### **15.7 Employers' Panel**

The Employers' Panel key messages from the meeting on 6 September 2018 were **NOTED** by the Governing Body.

### **16. Meeting effectiveness**

The Governing Body discussed the effectiveness of the meeting.

### **17. 2018/ 2019 Board Calendar**

The calendar of items for the Governing Body in 2018 and 2019 was **NOTED**.

### **18. Any Other Business**

RJ provided the Governing Body with an overview of discussions at a recent Public Chairs' Forum event.

Following enquiry from the Chair, there was no other business which any Board Member or anyone present wished to raise.

### **19. Date of Next Meeting**

It was reported that the next NCGB meeting was scheduled for 29 November 2018.

With no further business to discuss, the meeting was closed.

## NEST Corporation

### SYNOPSIS GOVERNING BODY MEETING

Date: Tuesday 29 November 2018

Venue: Boardroom, Canary Wharf, 10 South Colonnade, Canary Wharf, London

#### Present:

Otto Thoresen, NEST Chair  
Iraj Amiri, Trustee Member (item 6.1 to 19 only)  
Ian Armfield, Trustee Member (items 1 to 6 only)  
Graham Berville, Trustee Member  
Sally Bridgeland, Trustee Member (items 1 to 10 only)  
Tomas Carruthers, Trustee Member  
Helen Dean, Trustee Member and CEO  
Clive Elphick, Trustee Member  
Chris Hitchen, Trustee Member  
Ron Jarman, Trustee Member  
Richard Lockwood, Trustee Member and CFO  
Mutaz Qubbaj, Trustee Member  
Caroline Rookes, Trustee Member  
Martin Turner, Trustee Member  
Jill Youds, Trustee Member

#### In attendance:

Dan Davis, Chief Risk Officer (not present for item 6.1)  
Director of Business Development (item 10.1 only)  
Mark Fawcett, Chief Investment Officer (not present for item 6.1)  
Risk Manager (item 7 only)  
Neville Howe, General Counsel and Corporate Secretary  
Head of Member Engagement (item 10.1 only)  
Risk Analyst (item 7 only)  
Deputy Corporate Secretary  
Mark Rowlands, Director of Customer Engagement (item 10.1 only)  
Nick Sex, Chief Operations Officer (not present for item 6.1)

#### CLOSED SESSION

Trustee Members held a closed session ahead of the formal Governing Body meeting.

#### 1. Apologies for Absence

The Chair opened the meeting and noted that with all Board Members present, no apologies had been received.

#### 2. Declaration of interest

The Chair reported that he had been appointed as Chair of the BT Pension Scheme, with the appointment starting in February 2019.

Following enquiry from the Chair, there were no other new declarations of interest.

#### 3. Minutes and Synopsis

##### 3.1 Minutes and Synopsis of the Governing Body meeting held on 25 October 2018

The minutes and synopsis documents of the Governing Body meeting held on 25 October 2018 were **APPROVED** as true and accurate records of the meeting.

#### 4. Matters Arising and Action Points

Progress with the completion of actions as shown in the action log was **NOTED** by the Governing Body.

Action  
Points

## 5. Financials, Performance & Investments

### 5.1 Chief Executive's Report

The Governing Body discussed the CEO's report on developments since the last meeting.

The CEO provided an overview of the report and provided updates to the Governing Body which included:

- i. NEST's operations, financials and volumes;
- ii. Transfer volumes and processes;
- iii. Recent meetings with the Department for Work and Pensions;
- iv. NEST's partnership with the ABI; and
- v. The NEST Insight launch of the sidecar savings trial.

## 7. Risk Management and Internal Controls

### 7.1 Principal Risk Zero-Based Review

Graham Berville, Chair of the Risk Committee introduced the report, which requested approval for the revised Principal Risks following the comprehensive triennial zero-based review which had been undertaken by the Enterprise Risk Team and overseen by the Risk Committee. The report was **NOTED** by the Governing Body.

GB reported that there were ten proposed Principal Risks, and these were risks considered material to the development, performance, position or future prospects of NEST. Board Members discussed the new risks and it was reported that the process had been robust and there had been thorough review and discussion by the Executive Team and the Risk Committee.

Following further discussion and noting the review process already followed, the Governing Body **RESOLVED** to **APPROVE** the revised Principal Risks, as proposed by the Executive Team and Risk Committee, with effect from 29 November 2018.

### 7.2 Risk Management Framework

Board Members discussed the Risk Management Framework, which had been amended following the annual review. The purpose of the Framework was to support the management of risk within NEST by setting out common objectives, processes, and roles and responsibilities in relation to risk. The report was **NOTED** by the Governing Body.

Following discussion, the Governing Body **RESOLVED** to **APPROVE** the revised Risk Management Framework V7.2 with effect from 29 November 2018.

## 10. Customers

### 10.1 Biannual Product and Customer Report

The Director of Customer Engagement introduced the report, which provided Board Members with an update on the performance of the customer engagement directorate, including current and future work to develop NEST's product. The report was **NOTED** by the Governing Body.

### 13.1 Trustee Travel and Expenses Policy

The General Counsel and Corporate Secretary introduced the annual review of the Trustee Travel and Expenses Policy, which was **NOTED** by Board Members.

Following discussion and subject to the above amendment, the Governing Body **RESOLVED** to **APPROVE** the revised Trustee Travel and Expenses Policy V7, with effect from 29 November 2018.

**15. Committee & Panel Reports/Minutes**

**15.1 Audit Committee**

The minutes of the Audit Committee meeting on 13 September 2018 were **NOTED** by the Governing Body. It was noted that an oral update had been provided at the October 2018 Governing Body meeting.

Clive Elphick; Trustee Member, provided an overview of the recent Departmental Audit and Risk Assurance Committee meeting.

**15.2 Risk Committee**

The minutes of the Risk Committee meeting on 26 October 2018 were **NOTED** by the Governing Body. Graham Berville, Chair of the Risk Committee, noted that the focus had been on the Principal Risks which had been discussed under agenda item 7.

**15.3 Investment Committee**

The minutes of the Investment Committee meeting on 4 September 2018 were **NOTED** by the Governing Body.

Mark Fawcett; Chief Investment Officer, provided an overview to Board Members of the Investment Committee meeting on 27 November 2018.

**15.4 Nominations and Remuneration Committee**

Caroline Rookes; Chair of the Committee, provided the Governing Body with a summary of discussions at the Nominations and Remuneration Committee meeting on 22 November 2018. It was reported that the Committee had reviewed the draft internal effectiveness questionnaire which would be circulated for Board Member completion in December 2018. The meeting had also focussed on the recent skills and experience analysis and the implications for training, induction and future Board recruitment.

**15.5 Determinations Committee**

Jill Youds; Chair of the Determinations Committee, provided the Governing Body with a summary of discussions at the Determinations Committee meetings on 11 October 2018. The minutes of the meeting were **NOTED** by the Governing Body.

Jill Youds provided an overview of the Committee meeting on 22 November 2018.

**16. Meeting effectiveness**

The Governing Body discussed the effectiveness of the meeting.

**17. 2019 Board Calendar**

The calendar of items for the Governing Body in 2019 was **NOTED**.

**18. Any Other Business**

RL reported that the discussions between NEST and the Department for Work and Pensions had now concluded on the revised Framework Document. The final draft would be circulated to Board Members for approval.

The Chair reported that the recent joint Panel and Governing Body meeting had been successful, with good attendance and an extremely useful exercise in building relationships between Board and Panel Members.



Confidential

**19. Date of Next Meeting**

It was reported that the next NCGB meeting was scheduled for 13 December 2018.

With no further business to discuss, the meeting concluded at 15.40 hours.