

NEST Corporation Governing Body

Terms of reference



1. Role

- 1.1 The NEST Corporation Governing Body (NCGB) executes the functions¹ set out in the Pensions Act 2008 and the NEST Order and Rules. It cannot delegate matters which set the strategic direction of the organisation; the overall accountability for the trust; decisions in respect of the distribution of trust assets; the setting of investment strategy; and, matters that are vital for the overall security of the scheme assets. It may however delegate processes such as research, the consideration of issues and making of recommendations and the execution of approved decisions to competent persons.
- 1.2 The NCGB's role is to:
- establish the vision, mission and values of NEST Corporation, determining how these will be promoted within the organisation
 - set the strategic direction of NEST Corporation to maximise value for Scheme Members and beneficiaries, selecting strategies to be pursued and deciding the means to implement and support them
 - determine the governance arrangements for NEST Corporation including its committee structure and delegations to committees and the Chief Executive Officer
 - take decisions in line with its statutory functions, fiduciary duties, legal and regulatory requirements and the framework within which public bodies must operate
 - oversee the implementation of strategy and the day-to-day operation of NEST Corporation, holding the executive to account and providing support and challenge as appropriate.

2. Responsibilities

Governance and oversight

- 2.1 Establish the vision, mission and values of NEST Corporation, determining how these will be promoted within the organisation.

¹ Not a defined term but generally understood to include powers and duties

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- 2.2 Establish Committees of the NEST Corporation Governing Body and approve the members and chairs of these committees and changes to their membership, composition and terms of reference².
 - 2.3 Approve delegations to NEST Corporation Committees, Sub-Committees, the Chief Executive Officer and other staff.
 - 2.4 Delegate appropriate levels of authority to the Chief Executive Officer and monitor and evaluate the Chief Executive Officer's implementation of policies, strategies and business plans.
 - 2.5 Appoint the Chief Executive Officer.
 - 2.6 Make and maintain consultation arrangements with members and participating employers.
 - 2.7 Appoint the Chairs and Members of the Employers' and Members' Panels.
 - 2.8 Appoint the Scheme Administrator for Finance Act purposes.
 - 2.9 Take decisions relating to other powers fully reserved to the NEST Corporation Governing Body as set out in the schedule of fully reserved powers.
 - 2.10 Take decisions on matters delegated to committees or to the Chief Executive Officer for recommendation to the NEST Corporation Governing Body as set out in the schedule of delegations, including approval of the Annual Report and Accounts for NEST Corporation and the NEST Scheme³.
 - 2.11 Approve corporate governance policies and changes to these and ensure compliance with regulatory and best practice guidelines and reporting and disclosure requirements for NEST Corporation and the NEST Scheme⁴.
 - 2.12 Approve the Framework Agreement and Memorandum of Understanding with the Department for Work and Pensions and any changes to this⁵.
 - 2.13 Approve changes to NEST Rules and approve responses to consultations on the NEST Order⁶.
 - 2.14 Ensure collective capability to discharge duties effectively through tailored training and development and regular assessment of skills and performance for Trustee Members.
 - 2.15 Determine the strategic options, selecting those to be pursued and deciding the means to implement and support them.
 - 2.16 Approve the Corporate Plan.

² To be recommended by the Nominations and Governance Committee.

³ To be recommended by the Audit Committee.

⁴ To be recommended by the Nominations and Governance Committee.

⁵ To be recommended by the Nominations and Governance Committee.

⁶ To be recommended by the Nominations and Governance Committee. The Trustee must consult on proposed changes to the Rules.

2.17 Approve the Statement of Investment Principles (SIP) and changes to the SIP⁷.

2.18 Approve the overall risk strategy, including risk appetite and tolerance⁸.

Finance

2.19 Approve the funding plan and drawdown mechanisms annually.

2.20 Application of money secured through the funding plan.

2.21 Decide the level of charges for NEST Corporation functions.

2.22 Approve the NEST Corporation budget.

2.21 Approve the borrowing of money (n.b. this requires the consent of the Secretary of State).

2.22 Approve the Annual Report and Accounts for the Corporation and the Scheme.

Oversight

2.23 Determine the monitoring criteria and monitoring processes to oversee the implementation of strategy and the day-to-day operation of NEST Corporation.

2.24 Receive regular reports from the Committees of the NEST Corporation Governing Body and from its Chief Executive Officer.

3. Membership, quorum, attendance, procedures, resources

3.1 The NEST Corporation Governing Body will meet according to a schedule agreed by its Members. Apologies for absence shall be given in advance to the Secretariat. Individuals who are unable to attend are invited to raise any points with the Chairman in advance of the meeting.

3.2 The quorum for the NEST Corporation Governing Body is **five** Trustee Members. A duly convened meeting of the NEST Corporation Governing Body at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in the Governing Body.

3.3 In the absence of the Chairman the Deputy Chair shall chair the meeting. In the absence of both the Chairman and the Deputy Chair the remaining Trustee Members shall elect one of their number to Chair the meeting.

3.4 Decisions will normally be reached by consensus but any Trustee Member may call for a vote. Where necessary voting will be by a show of hands and in any equality of voting the Chair of the meeting shall have a casting vote.

⁷ To be recommended by the Investment Committee, which must first consult the Members' and Employers' Panels.

⁸ To be recommended by the Risk Committee.

4. General powers and duties

- 4.1 The NEST Corporation Governing Body will include a report on its activities in the Annual Reports and Accounts for NEST Corporation and the NEST Scheme.
- 4.2 In line with the Schedule of Reserved Powers, the NEST Corporation Governing Body may seek advice from professional advisers in relation to its functions.
- 4.3 The NEST Corporation Governing Body may delegate to an individual executive such of its delegated powers as it sees fit but must document these delegations.
- 4.4 The NEST Corporation Governing Body may enter into agreements relating to its functions, subject to any limits set out in the Framework Agreement between NEST Corporation and the Department for Work and Pensions and any associated documentation.
- 4.5 The NEST Corporation Governing Body may set its own operating procedures.
- 4.6 The NEST Corporation Governing Body will review and approve individual NEST Corporation policies as set out in the policy list and its terms of reference.
- 4.7 The NEST Corporation Governing Body will determine whether a potential conflict of interest raised by a Trustee Member precludes that Trustee Member participating in a particular discussion or involvement in taking a decision on a particular topic. The NEST Corporation Governing Body must resolve unanimously that a conflict may be disregarded (Pensions Act 2008, the relevant sections refer to “disqualification for acting”, Schedule 1 Section 13(3) - 13(5)).

Version	Approved by:	Effective from:
V1	Trustee	05/07/2010
V2	Trustee	25/04/2013
V3	NEST Corporation Governing Body	19/09/2014