

NEST Corporation

SYNOPSIS NEST GOVERNING BODY MEETING

Date: Thursday 26 January 2017
 Time: 10.30 - 14.15 pm
 Venue: Room 8.01, Eagle, Riverside House, 2a Southwark Bridge Road, London SE1 9HA

Present

Otto Thoresen (Chairman)	OT
Tom Boardman (Deputy Chairman)	TB
Iraj Amiri, Trustee Member	IA
Ian Armfield, Trustee Member	IAF
Graham Berville, Trustee Member	GB
Sally Bridgeland, Trustee Member	SB
Tomas Carruthers, Trustee Member	TC
Carolan Dobson, Trustee Member	CD
Ron Jarman, Trustee Member	RJ
Caroline Rookes, Trustee Member	CR
Karen Silcock, Trustee Member (via phone) (items 6.1- 16 only)	KS
Jill Youds, Trustee Member	JY

In attendance:

Helen Dean, CEO	HD
Richard Lockwood, Executive Director of Finance	RL
Fiona Smith, General Counsel and Corporate Secretary	FS
Nick Sex, Executive Director Change Programmes and Service Management	NS
Gavin Perera-Betts, Executive Director Product and Marketing	GPB
Faye O'Toole, Assistant Corporate Secretary	FO
Julie People, Head of Pensions and Public Law (item 6.3 only)	JP

Action Point

1. Declaration of interest

IAF highlighted that he had been appointed as the Chair of the Institute of Chartered Accountants in England and Wales (ICAEW) AAF 01/06 Working Party.

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

2. Apologies for Absence

The Chairman noted that no apologies had been received and KS would be joining the meeting via telephone as soon as possible.

3. Minutes and synopsis of the Governing Body meeting held on 23 November 2016

The minutes and synopsis of the NCGB meeting on 23 November 2016 were **APPROVED** as a true and accurate record of the meeting.

4. Matters Arising and Action Log

Progress with the completion of actions as shown on the action log was **NOTED**. It was noted that all actions had been completed or updates had been provided.

5. Financials, Performance & Investments**5.1 Chief Executive's Overview**

The CEO introduced her report and provided an update on a number of topics including: retirement solutions and the results of the staff survey for 2016.

5.2 Corporate Reporting Pack

The Corporate Reporting Pack was **NOTED** by the NCGB. The Executive Team provided updates on a number of topics.

5.3 Annual Report and Accounts 2016/17

Following discussion, the proposed process, structure and timetable for the NEST Corporation and NEST Scheme ARAs was **NOTED** by the NCGB.

6. Principal Matters for Decision

KS joined the meeting.

6.2 New Scheme Rules

Following discussion, the NCGB **RESOLVED** to:

- Revoke the existing NEST Rules from 1 April 2017
- Adopt the new set of NEST Rules from 1 April 2017; and
- Delegate authority to the Chairman, and in his absence the deputy chairman, to sign the determination revoking the existing NEST Rules from 1 April 2017 and adopting the new set of Rules from 1 April 2017, and to sign the new set of Rules.

6.3 Charge Level for Transfers

Following discussion, the NCGB **RESOLVED** to:

- Set the level of the charge on contributions to zero where it applies to individual transfers into the scheme from 1 April 2017; and
- Retain the AMC at 0.3%.
- Retain the current minimum transfer value at £50

7. Strategy

There were no further updates for this item.

8. Customers

There were no further updates for this item.

9. Risk Management and Internal Controls

There were no further updates for this item.

10. Stakeholders

There were no further updates for this item.

11. Corporate Governance

11.1 Committee Memberships

Following discussion, the NCGB **RESOLVED** to, with immediate effect:

- Appoint Ron Jarman to the Risk Committee
- Appoint Ron Jarman to the Remuneration Committee
- Appoint Tomas Carruthers to the Propositions Committee

12. Committee Reports

12.1 Audit Committee

The Chair of the Audit Committee provided an update on the discussions and decisions at the meeting held on 15 December 2016. It was reported that the minutes of this meeting would be provided within the NCGB 28 March 2017 meeting papers.

12.2 Risk Committee

The Chair of the Risk Committee provided to the NCGB an overview of the discussions at the Risk Committee meeting on 24 January 2017. It was reported that the minutes of this meeting would be provided within the NCGB 28 March 2017 meeting papers.

12.3 Remuneration Committee

The Chair of the Remuneration Committee provided to the NCGB an overview of the discussions and decisions made at the Remuneration Committee meeting on 9 December 2016. The minutes of the meeting were **NOTED** by Trustee Members.

12.4 Nominations and Governance Committee

The Chairman provided to the NCGB an overview of the discussions and decisions made at the meeting on 28 November 2016. The minutes of the meeting were **NOTED** by Trustee Members.

12.5 Investment Committee

The Chair of the Investment Committee provided to the NCGB an overview of the discussions and decisions made at the Investment Committee meeting on 28 November 2016. It was reported that the minutes of this meeting would be provided within the NCGB 28 March 2017 meeting papers.

12.6 Propositions Committee

The Chair of the Propositions Committee provided to the NCGB an overview of the discussions at the Propositions Committee meeting on 1 December 2016. The minutes of the meeting were **NOTED** by Trustee Members.

12.7 Determinations Committee

The Chair of the Determinations Committee provided to the NCGB an overview of the discussions at the Determinations Committee meeting on 15 December 2016. The minutes of the meeting were **NOTED** by Trustee Members.

12.8 Members' Panel key messages

The Executive Director of Product and Marketing provided to the NCGB an overview of the discussions at the Members' Panel meeting held on 6 December 2016. The key messages of the meeting were **NOTED** by Trustee Members.

12.9 Employers' Panel

The Executive Director of Product and Marketing provided to the NCGB an overview of the discussions at the Employers' Panel meeting held on 14 December 2016. The key messages of the meeting were **NOTED** by Trustee Members.

13. Meeting effectiveness

The effectiveness of the meeting was discussed.

14. 2017 Calendar

The General Counsel and Corporate Secretary highlighted that the 2017 Calendar for the NCGB and Committees was currently under review. This would be discussed with the Chairman, CEO and Committee Chairs and submitted to the next NCGB meeting for information.

15. Any other business

16. Date of next meeting

It was reported that an ad-hoc NCGB meeting had been scheduled for 2 March 2017 10.30-15.00 hours.

With no further business to discuss, the Chairman closed the meeting at 14.15 hours.

SYNOPSIS GOVERNING BODY MEETING

Meeting date: **Thursday 2 March 2017**

Time: **10.30 am - 2.40 pm**

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

Present

Otto Thoresen (Chairman)
Tom Boardman (Deputy Chairman)
Iraj Amiri, Trustee Member
Ian Armfield, Trustee Member
Graham Berville, Trustee Member
Tomas Carruthers, Trustee Member
Ron Jarman, Trustee Member
Caroline Rookes, Trustee Member
Karen Silcock, Trustee Member
Jill Youds, Trustee Member

In attendance

Helen Dean - CEO
Anna-Marie Davis- Interim Deputy Corporate Secretary
Michael Hames - Head of Pensions Law (Item 3.4)
Richard Lockwood - Executive Director of Finance
Fiona Smith - Executive Director General Counsel

1. Declaration of interest

Ian Armfield declared that he had been appointed a Director of Managed Pensions Ltd.

Following enquiry from Otto Thoresen, there were no further declarations of interest.

2. Apologies for Absence

Apologies for absence had been received from Sally Bridgeland and Carolan Dobson.

3. Principal Matters for Discussion and Decision**3.4 Pension Schemes Bill Update**

Michael Hames joined the meeting to present an update on the Pension Schemes Bill 2017 and the implications for NEST.

3.7 Trustee Liability Insurance

FS introduced a brief paper explaining that the Pension Trustees Liability Insurance was due to expire on the 31 March 2017. Following discussion, it was recommended to the NCGB that the current policy and provider be extended by three months. In accordance with the recommendation, it was **AGREED** that the extension to the Pension Trustees Liability Insurance be **APPROVED**.

6. Date of next meeting

10.30 - 15.00 28 March 2017, Riverside House, London SE1 9HA

There being no further business the meeting concluded at 14.09

NEST Corporation

SYNOPSIS OF A GOVERNING BODY MEETING

Date: Tuesday 23 May 2017
 Time: 10.30 - 14.02 pm
 Venue: Room 8.01, Eagle, Riverside House, 2a Southwark Bridge Road, London SE1 9HA

Present:

Otto Thoresen (Chairman)	OT
Tom Boardman (Deputy Chairman)	TB
Iraj Amiri, Trustee Member	IA
Ian Armfield, Trustee Member	IAF
Graham Berville, Trustee Member	GB
Tomas Carruthers, Trustee Member	TC
Carolan Dobson, Trustee Member	CD
Ron Jarman, Trustee Member	RJ
Caroline Rookes, Trustee Member	CR
Karen Silcock, Trustee Member	KS
Jill Youds, Trustee Member	JY

In attendance:

Director of Service Management and Assurance (items 5.1 and 5.2 only)
 Helen Dean, Chief Executive Officer
 Mark Fawcett, Chief Investment Officer (items 1 - 5 only)
 Richard Lockwood, Chief Financial Officer
 Gavin Perera-Betts, Chief Customer Officer (items 5 - 19 only)
 Assistant Company Secretary
 Fiona Smith, General Counsel and Corporate Secretary

Action Point**1. Declaration of interest**

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

2. Apologies for Absence

The Chairman noted that apologies for absence had been received from Sally Bridgeland, though comments had been provided to the Chairman ahead of the meeting.

3. Minutes and Synopses**3.1** The minutes and synopsis of the NCGB meeting held on 28 March 2017 were **NOTED**. The Chairman reported that there were some drafting amendments and typographic errors. Subject to these changes, the NCGB **APPROVED** as a true and accurate record of the meeting.

The General Counsel and Corporate Secretary confirmed that the notes from the April 2017 Strategy Day would be circulated with the June 2017 meeting papers.

4. Matters Arising and Action Log

Progress with the completion of actions as shown on the action log was **NOTED**. It was noted that all actions had been completed or updates had been provided.

5. Financials, Performance & Investments**5.1 Chief Executive's Report**

The Director of Service Management and Assurance joined the meeting.

The Chief Executive Officer provided updates to the Governing Body on:

- NEST operations and volumes, including the impact of the lifting of restrictions on NEST in April 2017;
- The potential implications of the UK General Election in June 2017; and
- The Government's response to the Public Accounts Committee in April in relation to the NEST loan.

5.2 Corporate Reporting Pack

The Corporate Reporting Pack was **NOTED** by the Governing Body.

The Director of Service Management and Assurance provided the Governing Body with an in-depth overview of Scheme operations including the Scheme Administrators delivery against service levels and the Annual Benefit Statement ('ABS') process.

5.3 SIP Investment Approach

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

It was reported that the Investment Committee had reviewed the NEST investment approach at its meeting in February 2017 and agreed that it remained fit for purpose and was fairly reflected in the Statement of Investment Principles ('SIP').

5.4 Quarterly Investment and Risk Map

The Chief Investment Officer noted that the update was being provided in place of the usual quarterly conference call for Trustee Members on the investment risk map and management information pack. The papers were **NOTED** by the Governing Body.

The Chief Investment Officer presented the quarterly investment report and risk map for the quarter ending March 2017 and provided updates on: the impacts of the elections across Europe, economic growth, and asset allocation.

6. Principal Matters for Decision

There were no specific updates for this item.

7. Strategy

There were no specific updates for this item.

8. People

There were no specific updates for this item.

9. Customers

9.1 Bi-annual update - Product and Customer

The Chief Customer Officer introduced the first biannual product and customer update to the Governing Body.

The Governing Body discussed the latest research results and annual benchmarking data for

employers, intermediaries and members, which had been discussed in detail with the Propositions Committee.

10. Risk Management and Internal Controls

There were no further updates for this item.

11. Operations, Delegations, Outsourcing and IT

There were no further updates for this item.

12. Stakeholders

There were no further updates for this item.

13. Regulatory Landscape and Corporate Governance

13.2 Investment Committee Chair Appointment

The Chairman reported that the current Committee Chair intended to stand down with effect from 1 July 2017 in order to aid the transition of the Chairmanship of the Committee in light of the fact that the terms of office for three of the Committee members were due to come to an end in June 2018. The Nominations and Governance Committee had discussed this at their meeting on 9 May 2017 and recommended that Sally Bridgeland, a current Committee member be appointed as Chair of the Committee.

Following discussion, the Governing Body **RESOLVED** that Sally Bridgeland be appointed as Chair of the NEST Investment Committee with effect from 2 July 2017.

14. Statutory and Regulatory Reporting

14.1 ARA and AAF Reports: Process Updates

The Chief Financial Officer provided an update on the production of the NEST Corporation and NEST Scheme Annual Report and Accounts.

The impact of the UK General Election on 8 June 2017 on the timeline was unclear.

15. Committee & Panel reports/minutes

15.1 Appointment of Panel members

The Chief Customer Officer introduced the paper which outlined the recommendation of the Nominations and Governance Committee to appoint three new members to the NEST Members' Panel, and two new members to the NEST Employers' Panel. It was noted that this followed a review of the current composition of both Panels and the recruitment exercise undertaken by The Chief Customer Officer and the Panel Chairs.

Following discussion, the NCGB **RESOLVED** to **APPROVE** that:

- i.* Two new members be appointed to the Members' Panel, with effect from October 2017.
- ii.* One new member be appointed to the Members' Panel, with effect from October 2018.
- iii.* Two new members be appointed to the Employers' Panel, with effect from October 2017.

15.2 Audit Committee

The Chair of the Audit Committee provided an overview of the discussions at the Audit Committee meetings held on 17 March 2017 and 11 May 2017. It was reported that both meetings had focussed on the Annual Report and Accounts.

The minutes of the meeting on 17 March 2017 were **NOTED** by the NCGB. It was reported that the minutes of 11 May 2017 would be submitted for review at the NCGB meeting on 27 June 2017.

15.3 Risk Committee

The Chair of the Risk Committee noted that an overview of the discussions at the Risk Committee meeting held on 17 March 2017 had been provided at the NCGB meeting on 28 March 2017. The minutes of the meeting were **NOTED** by the NCGB.

15.4 Investment Committee

The Chair of the Investment Committee provided an overview of the discussions and decisions at the Investment Committee meeting held on 15 May 2017.

15.5 Remuneration Committee

The Chair of the Remuneration Committee provided an overview of the discussions and decisions made at the Remuneration Committee meetings held on 26 April 2017 and 23 May 2017. The minutes of the April 2017 meeting were **NOTED**. The minutes of the May 2017 meeting would be provided within the NCGB 27 June 2017 meeting papers.

The Committee had discussed the performance of the CEO and accepted the recommendation of the Chairman in relation to both consolidated and non-consolidated awards.

15.6 Nominations and Governance Committee

The Chairman provided an overview of the discussions and decisions made at the Nominations and Governance Committee meeting on 9 May 2017. The minutes of the meeting were **NOTED**.

The Chairman reported that the Committee had agreed the process for the External Board Effectiveness Review which would take place later in 2017.

15.7 Determinations Committee

The Chair of the Determinations Committee provided an overview of the discussions and decisions made at the meetings held on 28 March 2017 and 27 April 2017. The minutes of the meetings were **NOTED**.

15.8 Propositions Committee

The Chair of the Propositions Committee provided an overview of the discussions and decisions made at the meetings held on 2 May 2017. The minutes of the meeting were **NOTED**.

16. Meeting Effectiveness

It was noted that the in-depth update on Scheme operations had also been very useful and

the meeting had been effective.

17. 2017 Calendar

The NCGB considered the 2017 year to view calendar of business for scheduled reporting items. The calendar was **NOTED**. The Chairman reported that the Governing Body Strategy Day would now take place in September 2017.

18. Any other business

18.1 Trustee Liability Insurance

The Governing Body **RESOLVED** that the current Pension Trustees Liability Insurance cover be extended for a 3 month period.

18.2 Trustee Member administration

The Chairman reminded the Governing Body of the processes which they were required to follow in relation to administration and meetings protocol.

18.3 Tom Boardman

The Chairman reported that Tom Boardman's term of office as NEST Trustee Member would come to an end on 31 May 2017 and this would therefore be his last Governing Body meeting. Trustee Members thanked Tom Boardman for his role and significant contribution to NEST during his term.

19. Date of next meeting

The date of the next meeting was 15 June 2017. With no further business to discuss, the Chairman closed the meeting at 14.02 hours.

NEST Corporation

SYNOPSIS: GOVERNING BODY MEETING

Date: Tuesday 27 June 2017

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

Present:

Sally Bridgeland (Chair)	SB
Carolyn Dobson, Trustee Member	CD
Ian Armfield, Trustee Member	IAF
Graham Berville, Trustee Member	GB
Ron Jarman, Trustee Member	RJ
Caroline Rookes, Trustee Member	CR
Karen Silcock, Trustee Member	KS

In attendance:

Head of Retirement Options (item 9.1 only)	
Mark Fawcett, Chief Investment Officer	MF
Richard Lockwood, Chief Financial Officer	RL
Assistant Corporate Secretary	
Gavin Perera-Betts, Chief Customer Officer (items 6 - 19 only)	GPB
Nick Sex, Chief Operating Officer	NS
Fiona Smith, General Counsel and Corporate Secretary	FS
Deputy Chief Investment Officer (item 5.3 only)	

Action Point**1. Declaration of interest**

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

2. Apologies for Absence

The Chair noted that apologies for absence had been received from Otto Thoresen, Iraj Amiri, Jill Youds and Tomas Carruthers. It was noted that Helen Dean; Chief Executive Officer was also unable to attend the meeting.

3. Minutes and Synopses**3.1 Notes of the Governing Body Strategy Day Held on 26 April 2017**

The notes of the Governing Body Strategy Day on 26 April 2017 were **NOTED** by the Governing Body.

3.2 Minutes and Synopsis of the Governing Body meeting held on 23 May 2017

The minutes and synopsis of the NCGB meeting held on 23 May 2017 were **APPROVED** as a true and accurate record of the meeting.

RJ queried whether there had been any further clarification since the UK General Election on the Conservative manifesto commitment to move significant numbers of UK Government Civil Servants and other public servants out of London. The Chief Financial Officer confirmed that there had not.

3.3 Minutes and Synopsis of the Governing Body meeting held on 15 June 2017

The minutes and synopsis of the NCGB meeting held on 15 June 2017 were **APPROVED** as a true and accurate record of the meeting.

The Chief Financial Officer provided the Governing Body with an update on the Annual

Report and Accounts. It was noted that there was still uncertainty on when the reports would be laid in Parliament.

4. Matters arising and action points

Progress with the completion of actions as shown in the action log was **NOTED** by the Governing Body. SB reported that all actions had been completed.

FS noted that in relation to producing synopsis documents, the secretariat team had reviewed this and confirmed that this was best practice for Non-Departmental Public Bodies and was also in line with NEST's principle of transparency.

5. Financials, Performance & Investments

5.1 Chief Executive's Report

In the absence of Helen Dean; Chief Executive Officer, the Chief Financial Officer introduced the CEO's Report.

The Chief Financial Officer provided updates to the Governing Body on:

- i. NEST operations and volumes; including the impact of the lifting of restrictions in April 2017;
- ii. The changes made within the Department for Work and Pensions following the results of the UK General Election, and the potential implications for NEST;
- iii. The ongoing project for procurement of the Scheme Administration contract;
- iv. Staffing changes and team reorganisations within NEST Corporation; and
- v. The proposed re-articulation of NEST's strategic priorities.

5.2 Corporate Reporting Pack

The Corporate Reporting Pack was **NOTED** by the Governing Body.

The Chief Operating Officer reported on the current volumes of transfer form requests for both transfers in and transfers out. It was reported that it was still unclear how many of these requests for forms would translate into actual transfers in or out. The Chief Operating Officer also provided an update on payments into the Scheme since the restrictions on NEST had been lifted in April 2017.

The Chief Financial Officer reported that a review of the content of the Corporate Reporting Pack was being completed in order to ensure that this was appropriate for both the Executive Team and Governing Body. The Governing Body discussed the content needed for Trustee Members to fulfil their duties and to ensure that the management information was at the appropriate level.

5.3 Annual CIO Investment Update

The Deputy Chief Investment Officer joined the meeting.

The Chief Investment Officer introduced the Annual Chief Investment Officers Report. The report was **NOTED** by the Governing Body.

The Chief Investment Officer provided the Governing Body with an overview of NEST's investment performance over the previous year. It was reported that the risk assets had delivered positive returns, and a decision had been taken to reduce exposure to government bonds. There were several procurements during the year and there had been a number of new building block funds.

The Chief Investment Officer provided Trustee Members with an overview of the peer group comparison. It was reported that approaches across the market differed significantly.

Trustee Members discussed work on the horizon within the investment team.

6. Principal Matters for Decision

6.1 Discretion on Death Benefits

The Chief Customer Officer joined the meeting.

The Chief Customer Officer introduced the paper, which proposed that changes to the death benefits rules should be included in the NEST Rules consultation later in 2017.

It was proposed that NEST should consult on: options for exercising discretion on death benefits; and removing the requirement for NEST to offer/select an annuity on behalf of a dependant in cases of deaths on or after age 75 in order to streamline the rules on death benefits so that a lump sum is paid regardless of the age at death.

Trustee Members discussed the options viable for NEST, given the size of the NEST's membership and the complexity of some death cases.

The Governing Body **RESOLVED** to **APPROVE**:

- i. that work on the feasibility and sustainability of options to exercise discretion should continue ahead of the NEST Rules consultation later in 2017; and
- ii. The inclusion in the draft Rules consultation of a proposal to remove the requirement to offer, and in certain circumstances to select, a Dependants' Annuity policy and to streamline the Rules on death benefits, so that a lump sum was paid regardless of the age at death.

7. Strategy

There were no specific updates for this item.

8. People

There were no specific updates for this item.

9. Customers

9.1 Update on Retirement Project

The Head of Retirement Options joined the meeting.

The Chief Customer Officer introduced the report, which was the first update on Retirement Solutions since the Department for Work and Pensions response to the Call for Evidence on NEST: evolving for the future was published. The paper was **NOTED** by the Governing Body.

The Head of Retirement Options noted that discussions with existing market providers had been initiated in order to explore solutions for NEST's members and to understand what products were already available in the market. It was noted that discussions thus far had been positive.

The Chief Customer Officer noted that recent industry discussions suggested that retirement is the biggest issue and concern across the market.

10. Risk Management & Internal Controls

There were no specific updates for this item.

11. Operations, Delegations, Outsourcing, IT

There were no specific updates for this item.

12. Stakeholders

There were no specific updates for this item.

13. Regulatory Landscape & Corporate Governance

13.1 DWP Delegation of Power to the Chair: Trustee Member additional appointments

The General Counsel and Corporate Secretary introduced the report, which was **NOTED** by the Governing Body. It was reported that following discussions with the DWP, it had been agreed that Otto Thoresen; NEST Chair would have delegated authority to approve Trustee Members taking on additional appointments, subject to there being no conflicts of interest.

14. Statutory & Regulatory Reporting

There were no specific updates for this item.

15. Committee & Panel Reports/Minutes

15.1 Audit Committee

In the absence of Iraj Amiri, Chair of the Audit Committee, The Chief Financial Officer provided an overview of the discussions and decisions at the Audit Committee meetings on 1 and 15 June 2017. It was reported that these had largely focussed on the Annual Report and Accounts. A lessons learned process would now be completed and discussed with the Committee.

The minutes of the meeting held on 1 June 2017 were **NOTED** by the Governing Body. It was reported that the minutes of 15 June 2017 would be submitted for review at the Governing Body meeting on 25 July 2017.

15.2 Risk Committee

The Chair of the Risk Committee reported that the Committee had met on 8 June 2017. The Governing Body were provided with an overview of the discussions at the meeting.

The Committee had reviewed a number of NEST's principal risks at the meeting and all would be submitted to the Governing Body in due course in order to inform the setting of risk appetite. The Committee had also reviewed the annual health, safety and wellbeing report, which would be submitted to the Governing Body in July 2017.

The minutes of the Committee meeting held on 8 June 2017 were **NOTED** by the Governing Body.

15.3 Investment Committee

The Chair of the Investment Committee noted that an oral update on the meeting held on 15 May 2017 had been provided to the Governing Body at the meeting held 23 May 2017. It was reported that due to changes in the Secretariat team, the minutes had been delayed but would be submitted for review at the Governing Body meeting on 25 July 2017.

15.4 Remuneration Committee

The Chair of the Remuneration Committee noted that an oral update on the meeting held on 23 May 2017 had been provided to the Governing Body at the meeting held 23 May 2017. The minutes were **NOTED** by Trustee Members.

15.5 Nominations and Governance Committee

The Chair noted that an oral update on the Nominations and Governance Committee had been provided at the meeting on 23 May 2017. The minutes were **NOTED** by the Governing Body.

15.6 Determinations Committee

In the absence of Jill Youds, Chair of the Determinations Committee, the Chair noted that the minutes of the meeting on 23 May 2017 had been provided for information. The minutes of the meeting were **NOTED** by the Governing Body.

16. Meeting effectiveness

The Governing Body discussed the effectiveness of the meeting. It was noted that the meeting had been well chaired and there had been a lot of good discussion over a number of different topics.

17. 2017 Board calendar

The Governing Body **NOTED** the 2017 year to view calendar of business for scheduled reporting items.

18. Any other business

Following enquiry from SB, no Trustee Member had any other business which they wished to raise or discuss.

19. Date of next meeting

The Chair reported that the date of the next meeting was 25 July 2017.

With no further business to discuss, the meeting was closed at 13.25 hours.

NEST Corporation
SYNOPSIS GOVERNING BODY MEETING
Date: Tuesday 25 July 2017 Venue: Room 8.01, Eagle, Riverside House, 2a Southwark Bridge Road, London SE1 9HA

Present:

Otto Thoresen, NEST Chair	OT
Iraj Amiri, Trustee Member (via telephone)	IA
Ian Armfield, Trustee Member	IAF
Sally Bridgeland, Trustee Member (items 1 - 9 only)	SB
Tomas Carruthers, Trustee Member	TC
Carolan Dobson, Trustee Member (via telephone)	CD
Ron Jarman, Trustee Member	RJ
Caroline Rookes, Trustee Member	CR
Karen Silcock, Trustee Member (via telephone)	KS
Jill Youds, Trustee Member	JY

In attendance:

Director of Public Policy and Advocacy (item 7.1 only)
 Director of Service Management and Assurance (items 1 - 5 only)
 Dan Davis, Chief Risk Officer (item 8.1 only)
 Helen Dean, Chief Executive Officer
 Director of Product and Solutions (items 9.1-9.3 only)
 Mark Fawcett, Chief Investment Officer (items 1 - 9 only)
 Rizwan Hassan, Commercial and Delivery Director (item 6.1 only)
 Assistant Corporate Secretary
 Director of Marketing (item 9.4 only)
 Will Sandbrook, Strategy and NEST Insight Director (item 7.1 only)
 Fiona Smith, General Counsel and Corporate Secretary

Action Point**1. Declaration of interest**

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

2. Apologies for Absence

The Chairman noted that apologies for absence had been received from Graham Berville, though comments had been provided to the Chairman prior to the meeting.

The Chairman reported that Karen Silcock had tendered her resignation as Trustee Member of NEST. This was for personal reasons and Karen would be leaving in October 2017. The Chairman thanked KS for her contributions during her time as Trustee Member and in particular as Chair of the Risk Committee.

3. Minutes and Synopses**3.1 Minutes and Synopsis of the Governing Body meeting held on 27 June 2017**

The Chairman noted that the minutes outlined that there were some drafting amendments required. Subject to these amendments, the minutes and synopsis of the Governing Body meeting held on 27 June 2017 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 Chief Executive Officer provided updates to the Governing Body on:

- i. The mobile optimised Public Area Website ('PAW') and the NEST customer journey;
- ii. NEST operations and volumes, and the recent Annual Benefits Statement process;
- iii. The Financial Conduct Authority's interim findings of the Retirement Outcomes Review which looked at how the retirement income market was evolving since the pension freedoms were introduced in April 2015, and the proposed NEST response;
- iv. The NEST Insight conference; and
- v. Investment performance and strategy.

5.2 Corporate Reporting Pack

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

6. Principal Matters for Decision

6.1 Scheme Administrator Contract: NCGB Reserved Matters and Delegations to the CEO

The Commercial and Delivery Director joined the meeting.

Following previous discussions, the Governing Body **RESOLVED** to **AGREE** the reserved matters, structure of delegations, governance and assurance around the procurement of the new Scheme Administration contract, as well as the matters delegated to the NEST Corporation Chief Executive Officer.

The Commercial and Delivery Director left the meeting.

7. Strategy

8. People

8.1 Annual Health and Wellbeing Report

The Chief Risk Officer joined the meeting.

The Chief Risk Officer introduced the annual health, safety and wellbeing report, which had been considered by the Risk Committee at their meeting on 8 June 2017. The report was **NOTED** by the Governing Body.

Trustee Members discussed the number of reported accidents and near misses. It was reported that the Facilities team would be working with the new Corporate Communications and Staff Engagement team to review whether further staff communication to encourage near misses was required.

The Chief Executive Officer provided the Governing Body with an update on the move to 'smart' working. Trustee Members discussed this and it was noted that this would also be a cultural change for NEST employees. It was noted that it would be beneficial for Trustee Members to receive a briefing session on smart working. The Chief Risk Officer noted that this would be arranged.

The Chief Risk Officer left the meeting.

9. Customers

9.1 Members' Panel Annual Report

The Director of Product and Solutions joined the meeting.

The Director of Product and Solutions introduced the Members' Panel Annual Report which would be sent to the Secretary of State and published on the NEST Public Area Website in due course. The report was **NOTED** by the Governing Body.

Governing Body members discussed the report. It was noted that this was a very positive, well drafted report. The Director of Product and Solutions reported that the Members' Panel had now agreed a programme of work for the year and there was clarity on the role of the Panel and a number of areas and topics which the Panel could usefully input into.

Trustee Members noted that feedback should be provided to the Members' Panel on the high quality of the report and Nigel Stanley, Chair of the Members' Panel should be thanked for his input.

9.2 Employers' Panel Annual Report

The Director of Product and Solutions introduced the Employers' Panel Report. It was noted that unlike the Members' Panel Report, there was no statutory obligation for the Panel to produce such a report, but a decision was taken that the Panel would produce this report for Governing Body information as an overview of the Panels activities and meetings over the year. The report was **NOTED** by the Governing Body.

Trustee Members discussed the report. It was noted that a work programme for the Employers' Panel had also been agreed and would be used to ensure that there were clear thematic areas for each Panel to focus on.

The Chairman noted that a monthly update would be sent to all Panel Members from the Chairman. This would be implemented ahead of the October joint Governing Body and Panel Meeting.

9.3 Panel Effectiveness Reviews

The Director of Product and Solutions presented the results of the annual Employers' Panel and Members' Panel Effectiveness Reviews. The scores and comments were **NOTED** by the Governing Body.

The Director of Product and Solutions left the meeting.

9.4 Member Strategy

The Director of Marketing joined the meeting.

The Director of Product and Solutions introduced the Member Strategy report which provided an overview of the proposed approach to reviewing and enhancing the overall NEST member experience, as well as making some specific targeted improvements.

Following discussion, the Governing Body endorsed the proposed approach and NEST Member Strategy.

Sally Bridgeland, Mark Fawcett and the Director of Marketing left the meeting.

10. Risk Management & Internal Controls

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

11. Operations, Delegations, Outsourcing, IT

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

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 Counsel and Corporate Secretary Appointment

The Chief Executive Officer noted that following the resignation of Fiona Smith and the completion of a full recruitment process, it was recommended that Neville Howe be offered the role of General Counsel and Corporate Secretary of NEST.

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

- i.* the recommendation of the CEO that Neville Howe should be offered the role of NEST General Counsel and Corporate Secretary, following the resignation of Fiona Smith; and
- ii.* Helen Dean had authority to confirm the date of transition of powers and responsibility from Fiona Smith to Neville Howe.

13.2 Senior Independent Director Appointment

The Chairman introduced the report which outlined the proposal to appoint Jill Youds as the Senior Independent Director for NEST, with immediate effect. The paper was **NOTED** by the Governing Body.

It was reported that following discussions with all Trustee Members, Jill Youds had been identified as the preferred candidate for the role, and had now agreed to accept the position.

Following further discussion, the Governing Body **RESOLVED** to **AGREE** that with effect from 25 July 2017:

- i.* Jill Youds, Trustee Member, should be and hereby was, appointed as Senior Independent Director of NEST Corporation, for the remainder of her term of office; and
- ii.* The General Counsel and Corporate Secretary was granted delegated authority to carry out any actions necessary to give effect to the foregoing.

13.3 Trustee Handbook

The General Counsel and Corporate Secretary introduced the report. It was noted that work had been completed to refocus the document in order to ensure that the content could be used to support Trustee Members in discharging their duties. The report was **NOTED** by the Governing Body.

Trustee Members considered the proposed content of the new Handbook. Following discussion, the NCGB **RESOLVED** to **AGREE** the new format and purpose of the Trustee Members' Handbook.

13.4 Determinations Committee Terms of Reference

The General Counsel and Corporate Secretary introduced the report which outlined the recommendation of the Determinations Committee and Secretariat that the Committee terms of reference was amended. The paper was **NOTED** by the Governing Body.

Following discussion, the Governing Body **RESOLVED** that with effect from 25 July 2017:

- i.* The Determinations Committee Terms of Reference V3 be **APPROVED** and **ADOPTED**.

14. Statutory & Regulatory Reporting

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

15. Committee & Panel Reports/Minutes

15.1 Audit Committee

The Chairman noted that an oral update on the Audit Committee meeting held 15 June 2017 had been provided to the Governing Body meeting on 27 June 2017. The minutes of the meeting were **NOTED** by the Governing Body.

15.2 Risk Committee

The Chairman noted that an oral update on the Risk Committee meeting held 8 June 2017 had been provided to the Governing Body meeting on 27 June 2017. The minutes of the meeting were **NOTED** by the Governing Body.

15.3 Investment Committee

The Chairman noted that an oral update on the Investment Committee meeting held 15 May 2017 had been provided to the Governing Body meeting on 23 May 2017. The minutes of the meeting were **NOTED** by the Governing Body.

15.4 Determinations Committee

Jill Youds, Chair of the Determinations Committee, provided an overview of the meeting held on 4 July 2017. The minutes of the meeting were **NOTED** by the Governing Body.

15.5 Members' Panel

The Governing Body **NOTED** the key messages of the Members' Panel meeting held on 10 July 2017.

15.6 Employers' Panel

The Chairman noted that an update on the Employers' Panel had been provided as part of agenda item 9. The key messages of the Panel meeting held 17 July 2017 would be submitted to the next Governing Body meeting on 19 October 2017.

16. Meeting effectiveness

The Governing Body discussed the effectiveness of the meeting.

17. 2017 Board calendar

The Governing Body **NOTED** the 2017 year to view calendar of business for scheduled reporting items.

18. Any other business

18.1 Trustee Member Skills and Knowledge Analysis

The General Counsel and Corporate reported that the Secretariat Team would be circulating a skills gap analysis for completion by Trustee Members. The results would be used to inform the training requirements, as well as the skills and knowledge requirements within the next Trustee Member recruitment process.

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

19. Date of next meeting

It was reported that the next formal Governing Body meeting would take place on 19 October 2017.

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

NEST Corporation	
SYNOPSIS GOVERNING BODY MEETING	
Date:	Monday 25 September 2017
Venue:	Room 8.01, Eagle, Riverside House, 2a Southwark Bridge Road, London SE1 9HA

Present:

Otto Thoresen, NEST Chair

OT

Iraj Amiri, Trustee Member

IA

Ian Armfield, Trustee Member

IAF

Graham Berville, Trustee Member (item 3.2, 3.3 and 4 only)

GB

Sally Bridgeland, Trustee Member

SB

Tomas Carruthers, Trustee Member

TC

Ron Jarman, Trustee Member

RJ

Caroline Rookes, Trustee Member

CR

Jill Youds, Trustee Member

JY

In attendance:

Helen Dean, Chief Executive Officer

Mark Fawcett, Chief Investment Officer

Neville Howe, General Counsel and Corporate Secretary

Richard Lockwood, Chief Financial Officer

Assistant Corporate Secretary

Gavin Perera-Betts, Chief Operations Officer

Nick Sex, Chief Customer Officer

Fiona Smith, General Counsel directorate

Action
Point**1. Declaration of interest**

Following enquiry from the Chair, IAF reported that a company for which he was Treasurer had decided to use NEST to meet its automatic enrolment duties. IA noted that a company in which he had a shareholding had also started to use NEST as the pension provider for its employees. The register of interests for both Trustee Members would be updated.

There were no other new declarations of interest.

2. Apologies for Absence

The Chairman noted that apologies for absence had been received from Karen Silcock and Carolan Dobson.

3. Principal Matters for Discussion**3.1 Pension Trustees Liability Insurance**

The Chief Financial Officer introduced the Pension Trustees Liability ('PTL') insurance report and proposed insurance coverage. The report was **NOTED** by the Governing Body.

Following further discussion, the Governing Body **RESOLVED** to **AGREE** the procurement of the Pensions Trustee Liability effective from 1 October 2017.

3.2 Interim Risk Committee Chair

Graham Berville joined the meeting.

The Chair introduced the report, which outlined the proposal to appoint Graham Berville; Trustee Member, as the Interim Chair of the NEST Risk Committee. The report was **NOTED** by the Governing Body.

The Chair reported that following the decision by Karen Silcock to resign her position as Trustee Member of NEST Corporation with effect from 10 October 2017, a new Chair for the Risk Committee was required.

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

- i.* With effect from 25 September 2017, Graham Berville; Trustee Member, should be and hereby was, appointed as Interim Chair of the Risk Committee, for the remainder of his term of office, unless subsequently agreed by the Governing Body; and
- ii.* The requirement outlined within the Risk Committee terms of reference (v3) that the Risk Committee Chair will also be a member of the Audit Committee, would be suspended in this instance and Graham Berville would not automatically be a member of the Audit Committee.

3.3 Panel Recruitment

The Panel Members appointment report was **NOTED** by the Governing Body.

The Chief Customer Officer reported that at the Governing Body meeting on 23 May 2017, three new members of the Members' Panel and two new members of the Employers' Panel were appointed. All appointments were effective from October 2017, except for one member, whose appointment was effective from October 2018. Following this approval, one member of the Members' Panel had resigned. The Chief Customer Officer reported that it was therefore proposed that the appointment initially approved to start in 2018 should be brought forward, and be effective from October 2017.

Following discussion, the Governing Body **RESOLVED** to **AGREE** the proposal that the appointment of the new member to the Members' Panel should be amended to October 2017.

4. Date of the Next Meeting

The Governing Body thanked Fiona Smith for her work in supporting Trustee Members, and for her time at NEST. Trustee Members welcomed Neville Howe as the new General Counsel and Corporate Secretary.

The Chair reported that the next meeting of the Governing Body was scheduled for 19 October 2017.

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

NEST Corporation

MINUTES GOVERNING BODY MEETING

Date: **Thursday 19 October 2017**
Venue: **Room 8.01, Eagle, Riverside House, 2a Southwark Bridge Road, London SE1 9HA**

Present:
Otto Thoresen, NEST Chair OT
Iraj Amiri, Trustee Member IA
Ian Armfield, Trustee Member IAF
Graham Berville, Trustee Member GB
Sally Bridgeland, Trustee Member (items 1 - 15.3 only) SB
Tomas Carruthers, Trustee Member TC
Carolyn Dobson, Trustee Member (via telephone) CD
Ron Jarman, Trustee Member RJ
Caroline Rookes, Trustee Member CR
Jill Youds, Trustee Member JY

In attendance:
Helen Dean, Chief Executive Officer
Mark Fawcett, Chief Investment Officer (items 1 - 9 only)
Rizwan Hassan, Commercial and Delivery Director (items 1 - 5.4 only)
Neville Howe, General Counsel and Corporate Secretary
Richard Lockwood, Chief Financial Officer
Assistant Corporate Secretary
Director of Pensions and Public Law (item 6.1 only)
Gavin Perera-Betts, Chief Customer Officer

**Action
Points**

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 July 2017

The minutes of the Governing Body meeting held on 25 July 2017 were **APPROVED** as a true and accurate record of the meeting.

The Governing Body discussed the purpose and information provided within the synopsis documents and **AGREED** that this should be reviewed and clarified.

Neville
Howe

3.2 Minutes and Synopsis of the Governing Body meeting held on 25 September 2017

The minutes and synopsis of the Governing Body meeting held on 25 September 2017 were **APPROVED** as a true and accurate record of the meeting.

3.3 Notes from the Governing Body Strategy meeting held on 25 September 2017

Subject to drafting amendments, the Governing Body **AGREED** the notes.

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

Public

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

- i.* NEST operations and volumes;
- ii.* NEST Corporation staffing;
- iii.* The Pensions Dashboard project; and
- iv.* The potential impacts of the Fraud Compensation Fund levy for master trusts.

5.2 Corporate Reporting Pack

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

5.3 Transfers Report

The Chief Customer Officer introduced the transfers report which provided an overview of NEST's early experience in supporting transfers in and out of the Scheme, post the lifting of restrictions on NEST in April 2017. The report was **NOTED** by the Governing Body.

The Chair noted that further reporting on transfers should be provided within the Corporate Reporting Pack, including a slide outlining pipeline/ stock and flow detail on transfers in and out.

5.4 Chief Investment Officer's Report

The Chief Investment Officer introduced the report, which would be submitted to the Governing Body on a quarterly basis to provide an in-depth update on investments. It was noted that the report had been discussed at the NEST Investment Committee and the content agreed by the Committee Chair. The report was **NOTED** by Trustee Members.

6. Principal Matters for Decision

6.1 NEST Rules Consultation

The Director of Pensions and Public Law introduced the report, which requested Governing Body approval for a consultation on NEST's Rules. The report was **NOTED** by the Governing Body.

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

- i.* **APPROVE** the draft Rules consultation for publication;
- ii.* **DELEGATE** to the NEST Chair the power to approve a revised version of the Rules consultation, should this be required; and
- iii.* **DELEGATE** to the NEST Chair the approval of the handling plan and press release that will accompany publication.

6.2 Managing Investment Conflicts of Interest

The Chief Investment Officer introduced the proposed Conflicts of Interest Policy. It was reported that the policy was drafted following the discussion at the Governing Body meeting on 2 March 2017, in relation to the potential for conflicts of interest, or the perception of a conflict, to arise from NEST's various roles as an institutional investor, service provider, and public body with specific statutory responsibilities as part of automatic enrolment reforms.

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

- i.* **APPROVE** the Conflicts of Interest Policy in relation to NEST's role as an asset owner and steward;
- ii.* **AGREE** that the policy should be made publicly available; and
- iii.* **APPROVE** the conflicts resolution process set out within the Policy.

6.4 Value for Members Summary document

The Chief Customer Officer presented to Trustee Members the recommendation that a summarised version of the Value for Members ('VFM') report which was previously approved by the Governing Body at the meeting on 28 March 2017, should be published externally.

Trustee Members discussed the summary report. It was noted that the data and information included within the report was not up to date and since the next Value for Members summary report would be ready for publication in March 2018, the Governing Body **AGREED** that the proposed summary document should not be published, and a summary document should instead be published following completion of the next Value for Members assessment.

13. Regulatory Landscape & Corporate Governance

13.1 Trustee Member Travel and Expenses Policy

The General Counsel and Corporate Secretary presented the proposed Travel and Expenses Policy for Trustee Members, which had been reviewed and updated as part of the annual review of the policy.

Following discussion, the Governing Body **AGREED** the policy in principle and noted that, following clarification of some of the processes to claim expenses, the power to approve the final version of the policy should be and hereby was, delegated the NEST Chair.

13.2 Trustee Member Recruitment 2018

The General Counsel and Corporate Secretary introduced the report, which outlined the proposed skills and experience which it was recommended should form the focus of the recruitment process for new Trustee Members in 2018. It was reported that a detailed skills and experience gap analysis had been completed by Secretariat and the results were used to inform the skills required for the recruitment exercise. These had been discussed with the Nominations and Governance Committee at the meeting on 27 September 2017. The report was **NOTED** by the Governing Body.

15. Committee & Panel Reports/Minutes

15.1 Audit Committee

Iraj Amiri, Chair of the Audit Committee provided an overview of the meeting held on 12 September 2017 and the draft minutes were **NOTED** by the Governing Body.

15.2 Risk Committee

As Chair of the Risk Committee, Graham Berville provided a summary of discussions at the Committee meeting on 12 September 2017. The draft minutes were **NOTED** by the Governing Body.

15.3 Investment Committee

As the Chair of the Investment Committee, Sally Bridgeland provided an oral update on the Committee meeting held on 27 September 2017.

15.4 Remuneration Committee

As the Chair of the Remuneration Committee, Caroline Rookes provided an oral update on the Committee meeting held on 12 October 2017. The minutes would be included within the Governing Body meeting papers in November 2017.

15.5 Nominations and Governance Committee

The Chair provided an update on the discussions at the Nominations and Governance Committee meeting on 27 September 2017.

15.6 Determinations Committee

Jill Youds, Chair of the Determinations Committee, provided an overview of the meetings held on 25 July and 10 August 2017. The minutes of the meetings were **NOTED** by the Governing Body. It was reported that the minutes of the meeting on 3 October 2017 would be included within the November 2017 Governing Body papers.

15.7 Propositions Committee

Graham Berville provided an update on the discussions at the Propositions Committee meeting on 21 September 2017. The minutes of the meeting would be provided within the next Governing Body meeting papers.

15.8 Members' and Employers' Panel Report

The Governing Body **NOTED** the key messages of the Members' Panel meeting held on 5 September 2017, and the Employers' Panel meetings on 17 July and 19 September 2017.

16. Meeting effectiveness

The Governing Body discussed the effectiveness of the meeting.

17. 2017 Board Calendar

The Governing Body **NOTED** the 2017 year to view calendar of business for scheduled reporting items. The Chair reported that the 2018 calendar would be included within the November 2017 Governing Body meeting pack.

18. Any Other Business

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 date of the next meeting was 28 November 2017.

NEST Corporation

SYNOPSIS GOVERNING BODY MEETING

Date: Tuesday 28 November 2017

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:

Director of Strategy (item 7.1 only)
Dan Davis, Chief Risk Officer (items 1- 6.2 only)
Helen Dean, Chief Executive Officer
Risk Manager (item 6.1 - 6.2 only)
Mark Fawcett, Chief Investment Officer (items 1 - 6.2 only)
Rizwan Hassan, Commercial and Delivery Director
Neville Howe, General Counsel and Corporate Secretary
Richard Lockwood, Chief Financial Officer
Deputy Corporate Secretary
Director of Pensions and Public Law (item 12.1 only)
Gavin Perera-Betts, Chief Customer Officer
Director of Customer Engagement (item 9.1 only)
Will Sandbrook, Strategy and NEST Insight Director (item 7.1 only)
Nick Sex, Chief Operating Officer

Action
Points

1. Apologies for Absence

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

2. Declaration of interest

Graham Berville reported that he had taken on a Non-Executive Director role with KeyCare insurance. It was noted that this had been escalated to the Chair before the role was accepted, and it had been agreed that there was no conflict of interest. The Department for Work and Pensions (hereinafter 'DWP') had also been made aware of the additional appointment.

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

3. Minutes and Synopses

3.1 Minutes and Synopsis of the Governing Body meeting held on 19 October 2017

Subject to some drafting error amendments, the minutes of the Governing Body meeting held on 19 October 2017 were **APPROVED** as a true and accurate record of the meeting.

Subject to some drafting error amendments, the synopsis of the meeting on 19 October 2017 was **APPROVED** by the Governing Body.

4. Matters Arising and Action Points

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

The Chair noted that in line with a previous action, a summary of the Pension Trustees Liability

insurance coverage at individual Trustee Member level, had been provided. Ian Armfield queried whether coverage would continue past the point of a Trustee Members term. It was noted that this would be confirmed and clarified.

Richard
Lockwood

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 updates to the Governing Body on:

- i. NEST's operations, financials and volumes, including the recently established Member Service Improvement Programme;
- ii. The Department for Work and Pensions ('DWP') Tailored Review progress and expected timelines;
- iii. The proposed relocation of NEST to Canary Wharf;
- iv. NEST Corporation staffing and corporate capability; and
- v. Investment performance.

5.2 Corporate Reporting Pack

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

The CEO reported that as per previous discussions, an updated version of the Corporate Reporting Pack would be provided to the Governing Body in 2018.

6. Risk Management and Internal Controls

6.1 Risk Management Framework

The Chief Risk Officer introduced the Risk Management Framework report. It was reported that the framework had been amended to reflect the detail of NEST's principal risk framework. Both the Executive Board and the Risk Committee had reviewed the updated framework in detail. The report was **NOTED** by the Governing Body.

Following discussion, the Governing Body **RESOLVED** to;

- i. **AGREE** that the Risk Management Framework was fit for purpose; and
- ii. **APPROVE** the Risk Management Framework document (V7) with effect from 28 November 2017.

6.2 Principal Risk and Risk Appetite

Graham Berville introduced the report, which included an update on the process to confirm that NEST's Principal Risks were still fit for purpose, as well as proposals for risk appetite and tolerance levels for each Principal Risk, which required Governing Body approval.

Following further discussion, the Governing Body **RESOLVED** to **AGREE** the risk appetite and tolerance levels for each of NEST's Principal Risks, as set out within the report. It was noted that any additional indicators would be submitted to the Risk Committee.

The Chair thanked the Chief Risk Officer and the Enterprise Risk team for their work on developing the Principal Risks and risk appetite.

7. Strategy

7.1 NEST Future Format

The Director of Strategy reported that at the NCGB strategy day on 25 September 2017, Trustee Members had discussed the future of NEST and it was agreed that further dialogue was required

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at the Governing Body.

Trustee Members discussed the list of qualities outlined within the report of what NEST should always stand for, and the rationale for each. The Governing Body agreed with the qualities outlined, though noted that some changes were required in the drafting.

The Chair noted that the discussion had been extremely useful and there was strong consensus around the core qualities NEST should always stand for.

9. Customers

9.1 Biannual Update on Customer and Product

The Chief Customer Officer introduced the report, which provided an update on the NEST member strategy, and development of the NEST proposition. The report was **NOTED** by the Governing Body.

Trustee Members discussed the impact of phasing and consolidation of schemes. The Chief Customer Officer provided an overview of the recent results from the Voice of the Customer survey for employers, including the survey size and methodology. It was reported that the results of the Annual Benchmarking Survey would be available in the coming weeks.

Trustee Members discussed the transfer volumes. It was noted that it would be useful to include data on how many of the transfers were still outstanding and yet to be completed, in order for the Governing Body to monitor the ageing of transfers.

Gavin
Perera-
Betts

The Chair noted that this had been an extremely useful update and further time would be allocated on the Governing Body agenda for discussion on customers.

12. Regulatory Landscape & Corporate Governance

12.1 NEST Order Consent

The Director of Pensions and Public Law introduced the paper, which requested Governing Body consent for the NEST Order changes proposed by the DWP. It was reported that the DWP consultation included proposed changes to the Order to: allow for new joining events of contractual enrolment and bulk transfer with consent; provide NEST with a duty to carry out research; and provide NEST with discretion to close dormant members zero pots. The report was **NOTED** by Trustee Members.

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

- i.* provide consent to the changes proposed to the NEST Order within the DWP consultation; and
- ii.* delegate to the NEST Chair the approval of any minor changes to the proposed changes which DWP may wish to make post the consultation.

12.2 Scheme of Reserved Powers and Delegations

The General Counsel and Corporate Secretary introduced the report, which sought Governing Body approval for a revised Scheme of Reserved Powers and Delegations. The revised document and approach sought to provide transparency and clarity around decision making, and would be scalable as NEST grew.

Following further discussion, the Governing Body **RESOLVED** to **APPROVE** the Scheme of Reserved Powers and Delegations V8, with effect from 28 November 2017.

12.3 NCGB Training and Succession Planning

The General Counsel and Corporate Secretary provided the Governing Body with an overview of

the report, which provided an update on the proposed approach to Trustee Member succession planning, as well as a draft training plan for the Governing Body in 2018. The Deputy Corporate Secretary reported that the training plan had been devised based on the recent skills and experience gap analysis, as well as the decisions to be taken by the Governing Body during 2018.

Trustee Members discussed the content of the proposed training plan. Subject to some suggested additional items being considered, the Governing Body **RESOLVED** to **APPROVE** the training plan for 2018. It was reported that the Secretariat team would discuss arrangements with the Chair.

12.4 Nominations and Governance Committee and Remuneration Committee Merger

The Chair noted that as per previous discussion at the Governing Body meeting in March 2017, and as recommended in the external governance review report, it was recommended that the Nominations and Governance Committee was merged with the Remuneration Committee.

Following discussion, the Governing Body **RESOLVED** to **AGREE** that with effect from 28 November 2017:

- i. The Nominations and Governance Committee and Remuneration Committee should be and hereby was, merged to form the Nominations and Remuneration Committee;
- ii. Membership of the Committee would be as follows: Caroline Rookes as Chair, and Jill Youds, Otto Thoresen, Ron Jarman, Ian Armfield, and Carolan Dobson as Committee members; and
- iii. The Nominations and Remuneration Committee Terms of Reference V1 was **APPROVED**.

14. Committee & Panel Reports/Minutes

14.1 Risk Committee

As the Chair of the Risk Committee, Graham Berville provided a summary of discussions at the Committee meeting held on 23 November 2017. The draft minutes would be submitted to the Governing Body meeting on 25 January 2018.

14.2 Investment Committee

The minutes of the Committee meeting held on 27 September 2017 were **NOTED** by the Governing Body. As the Chair of the Investment Committee, Sally Bridgeland provided an oral update on the Committee meeting held on 23 November 2017.

14.3 Remuneration Committee

Caroline Rookes reported that an oral update on the Remuneration Committee meeting held on 12 October 2017 had been provided at the Governing Body meeting on 19 October 2017. The minutes of the meeting were **NOTED** by the Governing Body.

14.4 Determinations Committee

Jill Youds provided an overview of the Committee meetings held on 3 October and 1 November 2017. The minutes of the meetings were **NOTED** by the Governing Body.

14.5 Propositions Committee

Graham Berville reported that an oral update on the Propositions Committee meeting held on 21 September 2017 had been provided at the Governing Body meeting on 19 October 2017. The minutes of the meeting were **NOTED** by the Governing Body.

14.6 Panels and Joint Panel/ NCGB Meeting

The Chief Customer Officer noted that an update on the joint meeting between Panel and Trustee Members had been provided to Trustee Members. It was reported that both Panels would

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be agreeing the workplan for 2018 at the December meeting. This would be circulated to Trustee Members in due course to request attendees to the meetings.

15. Meeting effectiveness

The Governing Body discussed the effectiveness of the meeting.

16. 2018 Board Calendar

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

17. Any Other Business

The General Counsel and Corporate Secretary noted that the DWP consultation on the Master Trust Regulations was expected to be published on 30 November 2018. An update would be circulated to Trustee Members as soon as possible.

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 25 January 2018.