



**nest**

# Appointment of Chair of Nest Invest Ltd.

**Candidate Information Pack**

November 2024

[nestpensions.org.uk](https://nestpensions.org.uk)

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# Introduction...

## ...from Brendan McCafferty, Nest Corporation Chair

**Thank you for the interest you've shown in becoming Chair of Nest Invest Limited ('Nest Invest'). It's an important and exciting time for Nest as we deepen and accelerate our investment capability and maturity, and develop strategies to meet the potential of being a financial institution of national importance, in service of our members and the public good.**



## Our Context

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Nest's purpose is 'Building financial peace of mind for all.' We are developing a stronger focus on being a purposeful organisation and as a critical part of that, delivering world class investment outcomes and solutions for Nest members. Since launch in 2011, under Act of Parliament as a Public Corporation, Nest has grown substantially and will responsibly invest c.£50bn of member savings by the end of 2024. Every month, we currently receive over £500 million in new pension contributions. Today, we're one of the largest pension providers in the UK, serving over 13 million members – that's more than one in three of the UK working population.

Nest is unique. We largely serve low to median income earners. We have a Public Service Obligation to accept any employer who wants to use our scheme for automatic enrolment. Over 1.1 million employers have registered with us so far, ranging from one-person sole traders to major supermarkets. That's why we provide a straightforward pensions service that any employer in the country can easily use to meet their legal duties. Our social purpose is hard coded into all that we do.

Nest is entering the next stage of its development. We will soon start producing significant annual surpluses and will no longer need to take additional government funding. Our scale advantage means we can invest in ensuring that members benefit from world class investment solutions, and service, delivered at low cost. We do this in a rapidly changing market, where we have been, and intend to continue to be, a force for good.

Nest Corporation is a public corporation and ensuring we meet our commitments in

managing public money, as well as engaging with government in a positive and open way, will ensure we maintain trust and respect. We operate in a highly complex environment, with multiple stakeholders, often with differing views. As Nest grows, so will the scrutiny and attention, along with our own potential for influence in the pensions system and industry. At the heart of how we respond will be member interest, and our stated purpose. Nest is also a conventionally regulated business.

It is clear how important Nest is to people's lives and their futures, as well as the relevance of Nest to public policy and public interest. As we continue to grow in scale and significance, and the evolving governance structure of the business grows with it, the capabilities and culture, including Nest Invest's role, will be central to our future success.

## Developing our investment strategy

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You would be joining to provide leadership to Nest Invest at a pivotal point in its evolution.

Within this decade, Nest will grow to become one of the largest asset owners in the world, with forecast assets under management of over £100 billion by 2030, and double that by 2040. This growth provides great opportunities to further develop our investment strategy and delivery to provide better outcomes to our members.

To reflect the rapid growth in assets and the increased sophistication of our investment approach, in early 2024, the Nest Corporation Board approved a set of recommendations to evolve Nest Invest, which is the FCA regulated entity within Nest. A key part of these decisions was agreement to set up a unitary governing

board for Nest Invest, with responsibility for the oversight of investment decision-making and the effective running of Nest Invest as a company. You would be the inaugural Chair of this enhanced Nest Invest Board, with responsibility for playing a significant role in the retirement outcomes and financial well-being of millions of people in the UK and stewardship of an organisation of global significance. As a purpose led organisation, the new Nest Invest Chair will need to be committed to Nest's purpose, as well as our broader values and culture. Experience of building strong relationships with multiple stakeholders, and working in a low ego, collegiate way in the best interest of our members, will ensure success in this role.

Nest has made great strides to give our members access to world-class investment outcomes. Nest's investment strategy to date is to use a 'fund-of-funds' model, working with multiple external investment managers with distinct mandates for different asset classes. Through this approach, Nest is able to offer a sophisticated investment strategy designed to navigate market conditions across members' lifetimes, as well as best-in-class asset management services.

Nest has clear and ambitious responsible investment commitments. We aim to be a 'net-zero' investor by 2050 at the latest, with a shorter-term target of halving the carbon footprint of the Scheme's investments by 2030.

However, Nest Invest is just at the start of its journey. Over the term of this appointment, there will be further evolution, both in terms of

the approach to investing and the development of Nest Invest as an organisation. Your leadership will be vital in delivering this.

Not only will you influence millions of lives and futures, you'll also be part of a positive and inclusive culture that reflects our strong values.

## **The importance of diversity, equity and inclusion**

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Diversity, equity and inclusion matters at Nest. We represent millions of workers, so it's important for us to reflect this diversity. It will help to ensure we can develop solutions that meet the needs of a broad membership. We're committed to building a diverse workforce, including at executive and board level. Nest also recognises the importance of diversity of thought and other forms of neurocognitive variation.

Nest believes that people are our greatest asset, and that the diversity of the workforce, as well as an inclusive culture, are essential to our success. This is why Nest welcomes, enhances and celebrates diversity. The more the workforce and Board reflect the membership, the better equipped we will be to understand, and meet, the needs of our members, and the better the decision making will be. For that reason, we encourage candidates from all backgrounds and experiences to apply for this role.

## ...from Mark Fawcett, CEO Nest Invest Ltd

Nest Invest is a highly successful organisation. Guided by our investment beliefs, we have a track record of delivering market-leading risk-adjusted returns since 2011.

We've been able to take a long-term approach to investment due to the demographics of the scheme: around 65% of our members are below the age of 44 and the scheme has strong net in-flows of contributions.



This has meant that we have been able to invest in assets with higher risk premia, particularly equity and illiquidity risk, to deliver higher returns. We have been deploying capital in real estate since 2013 and subsequently added other private market asset classes; private credit, infrastructure equity and most recently private equity. We have an ambitious target to invest 30% of our AUM in private markets well before the end of the decade.

Responsible investment is at the heart of the investment process. As reflected in our investment beliefs, incorporating environmental, social, and governance (ESG) factors into the investment process is a fundamental driver of outcomes. Climate change is one of the biggest risks facing society, and bears particularly strongly on our membership, given the age of many members. Both the physical impacts of climate change and the economic impacts of transitioning to a low-carbon economy affect the investments we make on behalf of our members.

Nest has been at the forefront of innovation in defined contribution investing. We have evolved from relying on pooled funds, to developing segregated mandates where we set investment objectives and constraints for fund managers. We were one of the first defined contribution schemes to add private markets to the asset mix, working with managers to develop new fee models to reduce costs for our members. We have consistently led the market on responsible investment.

We are looking for a Chair who can bring leadership to support Nest Invest into the next stage of its evolution.

As Nest's assets under management grow, we will have access to more complex investment opportunities, which will require stronger oversight to ensure that they are right for our members.

We will need to consider strategic questions such as whether we should evolve the investment implementation approach and begin insourcing elements of asset and security selection, to access markets directly as well as through external managers. Alongside, of course, we will need to further upskill the investment organisation to ensure that we have the skills, capacity and capability to operate effectively.

The direction you bring will be critically important in whether we are able to successfully achieve these objectives.

Thank you for your interest in becoming the Chair of Nest Invest. I look forward to meeting you during the application process.

# Nest Corporation

Nest, the National Employment Savings Trust, is a workplace pension scheme established by an Act of Parliament in 2008 to help support the introduction of auto enrolment.

Nest Corporation is the Trustee of the Scheme, and is a Public Corporation operating at arm's length from the government. We are accountable to Parliament through the Department for Work and Pensions (DWP). It is run as a trust-based scheme on a not-for-profit basis, in the interests of its members.

Nest was set up by the government to give every UK worker somewhere to save after the introduction of auto enrolment. Since then, it's grown to become the largest workplace pension scheme in the country, with more than 13 million members. One in three of the working population is expected to have a Nest pension pot by the late 2020s.

Nest currently manages over £41bn in assets, with an estimated growth of around £6 billion every year and supports over 1 million employers in meeting their auto-enrolment duties.

Nest is funded by a loan from Government which will be repaid through member charges. We will eventually become self-financing as assets under management grow, while providing consistently low charges, high-quality investment practices and expert governance to members.

More information on Nest, its Board and its Executive Committee can be obtained from the [Nest Corporation Annual Report and Accounts and Nest Scheme Annual Report and Accounts](#).

## Nest Invest Ltd.

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Nest Invest Ltd. is a wholly owned subsidiary of Nest Corporation. Nest Invest was authorised as an Occupational Pension Scheme (OPS) firm by the Financial Conduct Authority (FCA) in January 2020 and has been granted permission to perform a range of regulated investment activities.

Nest Invest provides investment advice and investment management services to Nest Corporation, as set out in an Investment

Management Agreement. Nest Invest has no clients apart from Nest Corporation.

Nest Invest carries out a range of investment functions including the following:

- › Research and ongoing monitoring of member demographics and behaviour to inform investment objectives and member lifecycle journey
- › Asset allocation and portfolio risk management
- › Manager selection, monitoring and benchmark development
- › Responsible investment and active ownership
- › Investment communications
- › Fund administration and operations
- › Investment technology and financial modelling

In January 2024, the Nest Corporation Board approved a set of recommendations to evolve Nest Invest, to ensure it can continue to deliver world class investment outcomes. A key part of these decisions was agreement to set up a unitary board for Nest Invest, with responsibility for the oversight of investment decision-making and the effective running of Nest Invest as a company. The Nest Corporation Board also approved recommendations to enhance the operating model for Nest Invest, by bringing in more specialist investment expertise to its support functions, and allowing more autonomy over its budget.

The Nest Corporation Board has discussed the direction of travel for the investment implementation approach – in particular, noting that there may be advantages to our members in Nest Invest bringing some elements of asset and security selection in-house in the future. Consideration of this further evolution can only happen when Nest Invest is in a position to deliver this operationally; reaching this position is a key destination in the journey which the new Chair will need to take Nest Invest on. The new Nest Invest Board's oversight and direction will be crucial to ensuring that Nest Invest is properly equipped for the delivery of our desired investment outcomes. Nest Invest is a high performing organisation, with an innovative ethos and culture, and a track record of bringing positive change to the industry, for the benefit of members. The team has grown to around 50 people and the relationship with the existing Investment Committee Members is strong. We anticipate significant future growth and change



as we evolve the investment strategy, investment business model and operation approach in the future.

Nest Invest has long term strategic partnerships with large as well as boutique investment managers from around the world.

## Investment beliefs

The way we invest is guided by a set of carefully constructed investment beliefs. These describe how the Board and the Executive view financial markets, and are used as a guide to consistent, objective and transparent decision making. The current investment beliefs are set out below. We would expect candidates to have a similar outlook to investing and belief set with regards to how financial markets operate and can be exploited in order to best deliver for our membership. Where candidates fundamentally disagree with these beliefs we would expect to hear compelling arguments and evidence for counter views.

1. **An expert, well-resourced and well-governed in-house investment function will deliver better long term investment outcomes for Nest's members than a wholly outsourced solution.**
  - a. An efficient in-house team provides closer alignment between investment decision making and member needs and aspirations.
  - b. Having a highly skilled fiduciary Board provides effective challenge and oversight and leads to better decision making.
  - c. The functions of Nest's in-house investment team will evolve with our growing scale and range of skills, to continue to deliver innovative investment strategies and excellent value to our members.
  - d. An ambition to be a world class investment organisation will result in better retirement outcomes for our members – international benchmarking is central to this ambition.
2. **Rigorous and careful selection of fund managers, and effective monitoring and evaluation of their activities, provides value to our members.**
  - a. Through the construction of specific mandates and benchmarks we can align fund managers' commercial imperatives to our members' needs.
  - b. We flex our use of external fund managers and the in-house team, and the way in which we access their expertise (co-investments, segregated mandates, pooled funds) based on alignment with members' needs, costs, and internal expertise.
  - c. Our scale and reputation mean we can have a positive effect on fund manager behaviour and ultimately improve industry standards.
3. **Strategic asset allocation is the most important contributing factor to long term performance.**
  - a. Different asset classes have different characteristics, and these vary in different market and economic cycles. We buy assets which improve the chances of meeting our portfolio objectives across these cycles.
  - b. A strategic approach to investing in private markets can exploit opportunities and structures not available in public markets, bringing potential additional returns (including complexity and illiquidity premia) as well as diversification.
4. **Long term investors earn better returns net of costs as they can invest in assets with higher risk premia, notably equity and illiquidity risk. Nest's membership profile means we are well positioned to take advantage of this.**
  - a. As a patient investor, we can invest primarily in assets which will generate a high return in the long term.
  - b. Measuring long term performance is more relevant than measuring short-term noise: we are trying to catch tides, not waves.
  - c. Being long term investors allows us to build more profitable long term partnerships with fund managers and leverage their resource to achieve better value for money for our members. A long term horizon enables the integration and consideration of broader systemic risks and opportunities not afforded to investors with short term horizons.

**5. Our members have different objectives throughout their time investing with us – carefully evaluating the amount and type of investment risk to take to achieve these objectives, coupled with robust risk management, leads to better outcomes.**

a. Risk is much more than just volatility and risk premia are not static over time but fluctuate as a function of investors’ preferences and economic and market conditions; we harness and manage a variety of different risk premia to meet the differing needs of our members at different times.

b. A sensible approach to diversification improves risk-adjusted returns. We diversify across a range of asset classes and across the risk factors driving their performance.

There are limits on the overall risk-reduction achievable from diversification and there are scenarios in which correlation between asset classes increases and diversification may be less effective.

**6. Investors who need to pay out significantly less than the contributions they receive for many decades, can utilise this as an additional source of value.**

a. Taking account of assets’ fundamental values and market prices and deploying capital counter-cyclically provides better long term outcomes.

b. Withstanding short-term investment shocks without being a forced seller, is likely to be advantageous for our members.

c. Active rebalancing in times of market stress adds additional value.

**7. Incorporating and acting upon climate risk and other environmental, social and governance (ESG) factors is a significant driver of investment outcomes.**

a. Integrating sustainability factors into our investment process, from asset allocation and benchmark construction to manager selection and risk management, supports the identification

and ultimately the pricing of ESG risk and opportunity.

b. Capital allocation by investors and corporations can make a difference in how ESG risks play out and is particularly effective when aligned with policy and regulation.

**8. Acting as responsible, long-term stewards and universal owners has a positive and broad impact on member outcomes.**

a. Where portfolios are well diversified, performance is broadly determined by the global economic systems in which investees operate – engaging with companies, fund managers, and policy makers to improve financial markets and influence the long-term health of these systems is in our members’ best interests and part of our fiduciary duty.

b. We consider the impact of our investments as an economic actor in our own right and as part of a wider investor community. We believe we can deliver on our investment objectives and have a net positive impact on externalities that effect members’ investments and retirement outcomes.

**9. Building and maintaining Nest members’ trust in our investment approach throughout their time saving with us will support better retirement outcomes.**

a. Our members have agency as to where, when, and how much they save for their pension – we do not assume inertia is the same as indifference to the investment experience members have, or the way their capital is allocated.

b. Member behavioural as well as socio-economic factors influence how we manage different risk premia at different times – this is complementary to our fiduciary responsibility to achieve the best risk adjusted returns to meet members different investment objectives.

c. As a large institutional investor, we can be increasingly circumspect about where and to whom we allocate members’ capital; consideration of reputational risks and their impact on members’ trust in Nest is a factor in some investment decisions.



- d. Transparency and clear communications about how we invest promotes trust and leads to better member outcomes.

## Investment objectives

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If the investment beliefs capture the ‘how’ for Nest Invest, the investment objective set out the ‘what’ Nest Invest is trying to achieve.

Nest’s overarching investment objective for the default strategy, where over 98 per cent of our members are invested, is:

### Delivering the best retirement income for as many as possible

Nest has selected different types of investments and adjusts the balance between these investments to meet this overarching objective.

To support this overarching objective Nest has also agreed the following supporting sub-objectives which aim to:

- › Grow member savings faster than inflation (CPI) after all charges during a member’s working life.
- › As a member approaches retirement invest to deliver a predictable retirement income.
- › Provide members with a smooth transition between their working and retirement years.
- › Deliver similar outcomes for cohorts with similar contribution histories and similar ages.

We recognise that there will, at times, be tension between these supporting objectives and will seek to find an appropriate balance between them.



## Our values

Everything the Nest group does is enabled by our values of transparency, respect, empowerment and ease.

### Transparency



Nest is transparent about the way it operates and what it does with members' money.

- › Help others understand feedback.
- › Be open to all about the thinking behind decisions.
- › Avoid silos and share information.

### Respect



Nest treats everyone with equal courtesy and consideration, regardless of background, position, race or gender.

- › Address others with courtesy.
- › Treat others with equal consideration regardless of their place within the organisation.
- › Treat others how you would like to be treated.

### Empowerment



Nest empowers people and makes them feel in control. It does this by making it possible for them to take ownership of their involvement with Nest.

- › Allow others to participate in discussions and decision making.
- › Create an environment where people have the opportunity to achieve personal development.
- › Give people time and space to deliver their work.

### Ease

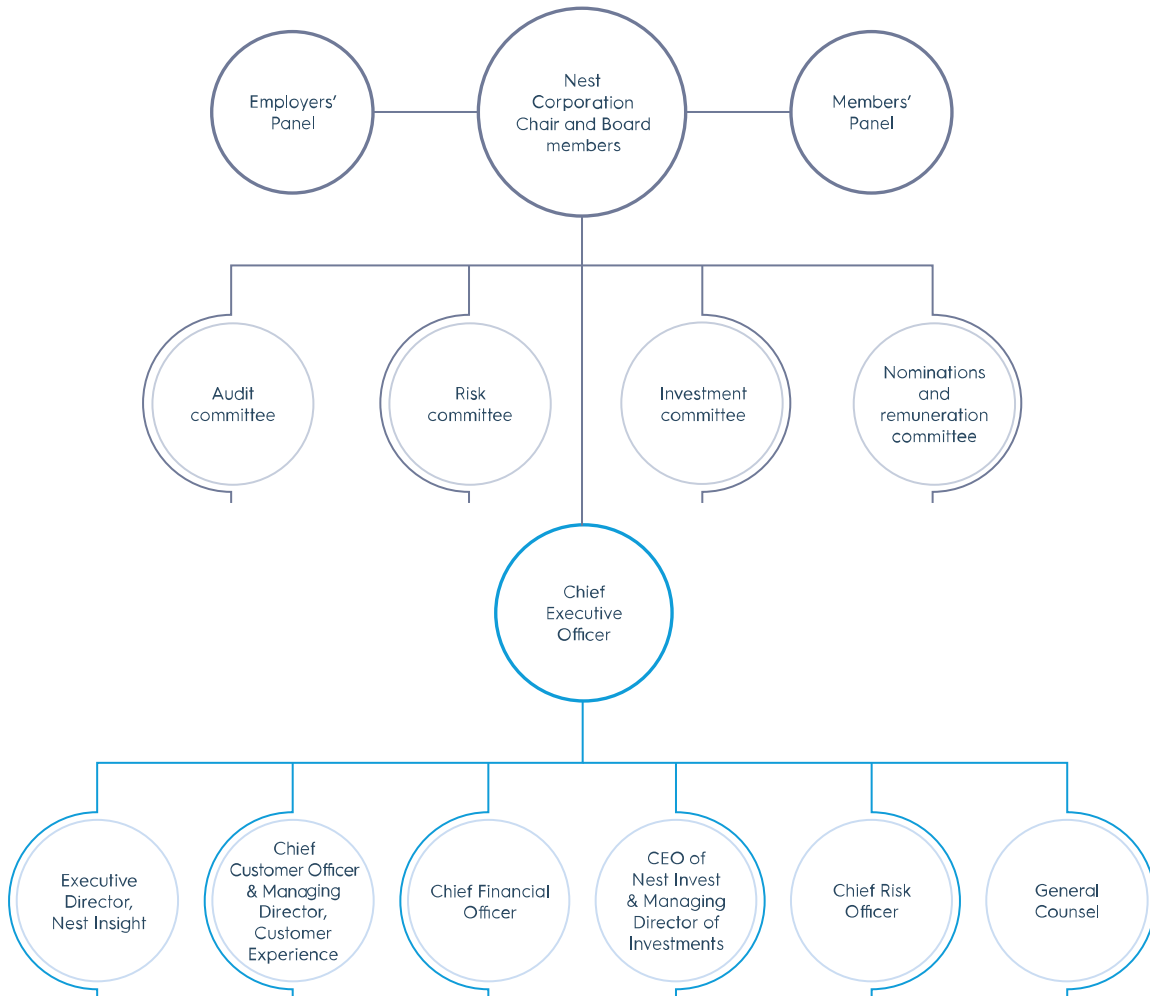


The people who come into contact with Nest should find it easy to understand, easy to use and easy to manage.

- › Reduce over-analysed and over engineered solutions.
- › Remove obstacles and unnecessary barriers and chain of command.
- › Simplify processes, use plain English, clear instructions, user-friendly support system.

# Our Governance

## Nest Corporation Board and Governance Framework



Nest Corporation is the Trustee of the Nest Pension Scheme. The Nest Corporation Governing Body, referred to as the Board, is responsible for governing the organisation, drawing on two key sources of power: The Pensions Act 2008, and the Scheme Order and Rules. When taking a decision, we must be clear that we have the power to do so and the source of that power.

The Board currently has 10 Board Members, who work closely with the CEO and the Executive Committee. The Non-Executive Directors, including the Chair are appointed by the DWP Secretary of State following a public appointments processes. The Nest Chair oversees the governance model, following best practice, supported by the Company Secretary and has a significant role in the relationship with Ministers and government. The Nest Board

owns, and cannot delegate, the strategy of the Corporation. The CEO has responsibility for the day-to-day operations and management of Nest Corporation and the Nest pension scheme. The Board meets around eight times a year and, collectively, the Board is responsible for agreeing and overseeing the implementation of the agreed strategic direction and objectives for Nest Corporation.

The Board also ensures that effective arrangements are in place to provide assurance on risk management, governance and internal control. The Board has established four Committees to support in this role: Audit Committee, Risk Committee, Investment Committee (though this will cease to exist as the evolved Nest Invest Board takes on increased responsibility for oversight of Nest's

investments), and the Nominations and Remuneration Committee.

Under the **National Employment Savings Trust Order 2010**, the Corporation receives assistance and advice from a panel that represents members' perspectives of the scheme (the Members' Panel) and a panel that represents participating employers (the Employers' Panel). Nest Corporation consults these panels on matters to do with the operation, development or amendment of the scheme. It also consults them when specifically required to do so by legislation, for example when making changes to the Nest Rules.

## **Nest Invest Ltd.**

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When the Nest Corporation Board approved the recommendations from a strategic review of the Corporation's investment capability in January 2024, it wanted to ensure that Nest was

capable, ready and equipped with all it would need to be the £100bn AUM organisation it is going to be. This means being world class. The Nest Invest Board will oversee the running of Nest Invest and ensure the delivery of all the services are in line with the Investment Management Agreement and its regulatory obligations. The draft Terms of Reference of Nest Invest Board are provided under annex one of this pack for information. This document outlines the functions of the Nest Invest Board.

The Nest Invest Board will be independent of the Nest Corporation Board. Appointments to the Nest Invest Board will be made by the Nest Corporation Board, in consultation with the Chair of the Nest Invest Board.

The other members of the Nest Invest Board will include Nest Corporation Board Members, the Chief Executive Officer of Nest Corporation, the Chief Executive Officer of Nest Invest, and independent Board Members.

# The role of Chair of the Nest Invest Board

## Role, purpose and person specification

### Role description

Candidates will be expected to:

- › Provide strategic leadership to the Nest Invest Board, including overseeing the formulation of strategy development for Nest Invest Limited and the investment function, for approval by the Corporation CEO, corporation Chair and corporation board, on a strategic cycle to be agreed with the Corporation Chair.
  - › Ensure the effective operation of the Board and corporate governance matters of Nest Invest, including appropriate oversight of the risks and controls frameworks in line with Corporation standards and regulatory requirements.
  - › Oversee the compliance of Nest Invest with FCA regulatory requirements as an Occupational Pension Scheme (OPS) firm and support the management of the FCA relationship.
  - › Promote an appropriate culture in the Nest Invest Board and within the Investment function, aligned to the Corporation target culture and behaviours, but with nuance where required, notably in the setting and achievement of hard measures linked to investment outcomes for members.
  - › Maintain an independent view, and facilitate effective discussions with board colleagues leading to clear outcomes in line with the Corporations investment beliefs and values.
  - › Ensure that the Board's activities align with Nest's purpose, investment objectives for its members, and operating within the decision making framework of Nest's investment beliefs, by leading the Board Members as a team, to meet common goals.
  - › Agree an operational plan for Nest Invest Limited, for recommendation to the Corporation Board for approval.
  - › Work with the CEO of Nest Corporation to set appropriate objectives for the Nest Invest Chief Executive and provide input into performance reporting and appraisal processes.
- › Play a leading role in the recruitment and appraisal of Nest Invest Board members.
  - › Ensure effective reporting of Nest Invest's activities to the Nest Corporation Chair and Board and escalate any cross-cutting issues that require Corporation involvement or decisions.
  - › Monitor the extent to which Nest Invest is meeting its objectives, acting in accordance with its investment beliefs and targets, and provide challenge and support to improve performance, when necessary.
  - › Provide support to the Nest Invest CEO and team, holding them to account and providing constructive challenge on the delivery of investment objectives.
  - › Provide oversight of the management of Nest Invest, in particular with respect to resource allocation, people management, and the quality of support service provision.
  - › Contribute their own professional experience to guide the development of Nest Invest in a way that is supportive, collegiate and adds value.
  - › Where appropriate, support the Nest Chair in engagement with external stakeholders to help build key relationships for Nest Invest.

## What you will need to succeed

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### Essential criteria

- › Experience in overseeing an at scale, FCA or similarly regulated investment entity as a Non-Executive Chair.
- › Experience in either asset management, institutional asset ownership, or possibly investment / actuarial consultancy.
- › Proven experience of strategic investment decision-making, in the context of investment risk, cost and return implications and operational complexity.
- › Experience in implementation of an investment strategy, including associated investment performance; environmental, social and governance (ESG) risk factors, and investment risk management.

- › Experience of working within, and delivering, strong corporate and investment governance arrangements, including recognising the boundaries between executive and non-executive activity.
- › Background in overseeing and challenging investment executive teams to achieve results, with a focus on performance against risk, return, cost and sustainability targets.
- › Experience of oversight and challenge on investment issues in public and private markets.
- › Ability to build consensus, build effective relationships quickly, strong listening skills and ability to work in a low-ego, collaborative way.
- › Strong advocate and expertise in responsible ownership and stewardship – understanding of systemic risks, in particular climate change and implications (including opportunities) for investment strategies.
- › Experience of navigating and facilitating positive culture and relationships between business units and corporate centre functions.
- › Strong evidence of shaping and influencing culture setting in an investment function environment.
- › Experience of managing complex external stakeholder relationships.

### Desirable Criteria

- › CEO or very senior experience of Asset Owner or Asset Management business at scale.
- › Leadership experience of supporting an investment organisation through a period of significant growth in assets under management, including of the transformation of the investment team as they manage this growth.
- › Pensions knowledge, including member engagement, defined contribution investing, retirement products and strategies.
- › An understanding of the particular challenges and opportunities of working in a quasi public sector environment, with keen interest and scrutiny from politicians and a broader stakeholder community.

Diversity is also important to Nest and applicants from a broad range of backgrounds are encouraged, to be reflective of its member and employer base and to provide for richer debates and better decision making.

The person taking up the role will need to be approved by the FCA as a Senior Manager under the FCA's Senior Managers and Certification Regime (SMCR).



# Principal terms and conditions



**Remuneration**  
£72,500 per annum



## Time commitment

You will need to be able to commit to approximately **60 days a year** which includes attending quarterly Board meetings, quarterly workshops, preparation for meetings, training sessions, meeting with the Nest Invest Executive team, and detailed induction within the initial period of your term.

The new structure will take some time to embed and evolve, and the new Chair will need to commit the appropriate time to building relationships and evolving the governance, particularly within the first year. Following completion of the first year in office, a review of remuneration and time commitment will be completed to ensure this remains appropriate, and reflecting the needs and focus of the role.



## Term

An initial term of 3 years, with the potential for reappointment. The role would likely be reappointed for at least one additional three year term subject to review and performance, and in line with best practice, will not exceed a total of three terms.



## Location

Board meetings are usually held at our London offices at 10 South Colonnade, Canary Wharf, London, E14 4PU. A hybrid format may be adopted to allow members to join both remotely via teleconference and in-person.



## Expenses

Reasonable travel and subsistence expenses incurred while performing the role can be claimed, in line with Nest's expenses policy.



## Conflicts of interest

The Chair should avoid situations in which their Nest duties and private interests' conflict or where there could be a perception of conflict. Candidates must declare any personal or business interests which may, or be perceived to, influence your judgments in performing your functions.

## How to apply

The recruitment process is being undertaken by Russell Reynolds Associates (RRA) on behalf of NEST. Please submit your full application by email to [responses@russellreynolds.com](mailto:responses@russellreynolds.com). Please quote the role title and assignment code **2409-082L** in the subject heading of the email. All applications will be acknowledged.

**Your submission should include:**

- A **CV** setting out your career history, with key responsibilities and achievements. Please ensure you have provided reasons for any gaps within the last two years.
- A **Supporting Statement** (no longer than two pages) explaining how you consider your personal skills, qualities and experience provide evidence of your suitability for the role, with particular reference to the criteria in the candidate profile.
- A completed **Diversity Monitoring Form**. We're committed to building a diverse workforce, including at executive and board level. Nest also recognises the importance of diversity of thought and other forms of neurocognitive variation. For that reason, we encourage candidates from all backgrounds and experiences to apply for this role.

Please submit all documents so that the panel will have all the required information on which to assess your application against the criteria in the person specification.

Should you need any adjustments to make the recruitment process more accessible to you, or further information about the process, please contact [responses@russellreynolds.com](mailto:responses@russellreynolds.com)

*Please note that due diligence will be carried out on shortlisted candidates. Candidates should expect this to include searches of previous public statements and social media, blogs or any other publicly available information.*

## Diversity

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Everyone is welcome to apply for our roles, and we are determined to ensure that no applicant or employee receives less favourable treatment because of their age, belief, disability, gender identity, marital status, national origin, pregnancy or caring responsibilities, socio economic background, sex, sexual orientation, religion or race or any other legally protected status.

We also recognise the importance of diversity of thought and other forms of neurocognitive variation.

As a Disability Confident leader, we're part of the guaranteed interview scheme. This means should you meet the minimum criteria for this role, you will automatically be put forward for an interview.

If you have any difficulty in sending your application or need the application pack in an alternative format, or you require any reasonable adjustments please contact: **responses@russellreynolds.com** or **careers@nestcorporation.org.uk** or 02030563971.

## FCA Requirements

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The following FCA requirements apply:

- › It is an FCA requirement for the role holder to pass a fit & proper test undertaken by the firm (Nest Invest Ltd) prior to commencing their role. The fit & proper test will be repeated on at least an annual basis and includes the following checks: qualifications, training, competence, honesty, integrity and sound reputation, financial soundness and criminal record.
- › The role holder is also required to be approved by the FCA as fit & proper by passing fitness and propriety standards set by the FCA. This includes an assessment of personal characteristics, competency, knowledge and experience, and the submission of supporting documentation (role description, CV, answers to suitability questions).
- › The role holder will be trained in and subject to adhere to the FCA Conduct Rules Tiers 1&2, as per the requirements in the FCA's Senior Managers and Certification Regime.
- › Upon FCA approval, the role holder will appear on the Financial Services Register.

# Annex – ToR for Nest Invest Board

The Nest Invest Board is the governing body of Nest Invest Ltd, which is a wholly owned subsidiary of Nest Corporation. Nest Invest is authorised and regulated by the FCA as an Occupational Pension Scheme Firm and provides investment advice and investment management services to Nest Corporation as set out in its Investment Management Agreement with the Corporation. The primary function of the Nest Invest Board is to oversee the running of Nest Invest and ensure its delivery of these services in line with the Investment Management Agreement and its regulatory obligations.

## 1. Role

The role of the Nest Invest Board is to:

- › Ensure the development and delivery of an investment strategy for Nest which meets the member investment objectives set by the Nest Board, through the effective oversight of the investment subsidiary business, Nest Invest.
- › Oversee and monitor the activities of Nest Invest to ensure compliance with its legal obligations and regulatory obligations as an FCA authorised Occupational Pension Scheme (OPS) firm.
- › Oversee and monitor the activities of Nest Invest to ensure compliance with the Investment Management Agreement with Nest Corporation.
- › Oversee and monitor all ancillary services necessary for the delivery of Nest Invest’s investment activities;
- › Oversee the development and implementation of Nest Invest’s business strategy and ensure that the management of Nest Invest is effective through the oversight of its business model, budget, allocation of resources, risk management and controls, provider management and corporate services, in accordance with the legal requirements of directors of a limited company according to the Memorandum and Articles of Association, and relevant legislation and regulation.

## 2. Responsibilities

### Strategic investment decision-making

- › **Recommend** to the Nest Board on a triennial basis, or sooner in the event of any significant change to the investment approach, the investment objectives, investment beliefs, overall investment risk tolerance, and related investment strategy.
- › **Recommend** to the Nest Board on a triennial basis, or sooner in the event of any significant change to the investment approach, the Statement of Investment Principles (SIP).
- › **Approve** permitted asset types for Nest’s investible universe.
- › **Set** Nest’s strategic asset allocation through the **review and approval** on at least an annual basis of the investment constraints (permitted asset allocation limits, liquidity and diversification requirements) for Nest Retirement Date Funds and additional fund strategy choices.
- › **Set** Nest Invest’s quantitative risk appetite, to meet the overall investment risk tolerance, through **approval** of risk parameters specific to asset class and investment style.
- › **Approve** the insourcing of any element of security and asset selection.

### Technical investment decision-making

- › **Approve** the process for direct investment decisions, including the setting and review of parameters within which the executive shall make these decisions.

### Investment policies

- › **Approve** Nest’s strategic investment policies in line with the review schedule (as set out in annex A).

- › **Approve** on an annual basis the investment policy framework as outlined in Annex A.

### Statutory and external reporting

- › **Approve** the annual accounts of Nest Invest Limited, for submission to Nest Corporation and Companies House.
- › **Recommend** to the Nest Board any regulatory or statutory reporting as required within the Scheme of Reserved Matters and Delegations.

### Running of the company, Nest Invest Ltd, and relationship with Nest Corporation

- › **Approve** Nest Invest's Investment Management Agreement (IMA) with Nest Corporation, and **recommend** any changes to the Nest Board.
- › **Recommend** any changes to the business model of Nest Invest to the Nest Board.
- › **Review** the arrangements for carrying out the functions of directors of a limited company, in accordance with the memorandum and articles of association, ensuring compliance with any legal and statutory obligations.
- › **Review** the culture of Nest Invest, and how this supports delivery of the investment strategy.

### Nest Invest Board composition and decision making

- › **Review** regularly the structure, size and composition (including the skills, knowledge, experience and diversity) of the Nest Invest Board and recommend any changes to the Nest NomRem Committee.
- › **Recommend** the succession plans for Nest Invest Board Members, including the Nest Invest Board Chair, to the Nest NomRem Committee.
- › **Review** the recruitment needs and recommend to the Nest NomRem Committee the appointment of new Nest Invest Board members.
- › **Approve** the annual training plan for Nest Invest Board members.
- › **Approve** the Nest Invest Scheme of Reserved Matters and Delegations, and any proposed changes.

### Nest Invest's budget, resources and remuneration

- › **Recommend** on a rolling three year basis, a budget for Nest Invest to the Nest Corporation Board which ensures Nest Invest is appropriately resourced to deliver its contracted services and strategy, and oversee the management of that budget.
- › **Review** the effectiveness of the management of the budget for Nest Invest, including the adherence to the budget envelope, reporting, and the overall management of Nest Invest's resources across all investment activities in enabling it to deliver its contracted services and strategy, and maintain regulatory compliance.
- › **Recommend** remuneration principles for Nest Invest to the Nest Board NomRem sub-Committee.
- › **Review** on at least an annual basis the effectiveness of Nest Invest's remuneration principles for the recruitment and retention of appropriately skilled investment staff.

### Provider management

- › **Approve** the framework for the oversight and management of providers of services to Nest Invest, and **review** on at least an annual basis the effectiveness of provider management.
- › **Review** on at least an annual basis the quality and value of outsourced support services received from Nest Corporation and any other external supplier.

### Compliance and assurance

- › **Review** on at least a quarterly basis an exceptions report on Nest Invest's regulatory compliance, and more detailed reporting as necessary.

- › **Review** on at least an annual basis a summary of Nest Invest’s systems and controls for ensuring compliance with its FCA obligations.
- › **Approve** the annual compliance assurance plan and internal audit plan for Nest Invest.
- › **Approve** the appointment of internal and external auditors, if required.

#### Risk management

- › **Review** on at least a quarterly basis Nest Invest’s risk and operational reporting as required to meet internal governance, statutory and regulatory requirements; and **approve** risk reporting to the Nest Board or its Risk sub-Committee as necessary.

### 3. Membership, Quorum, Attendance, and Procedures

- › The Nest Invest Board will meet per a schedule agreed by the Board Members, but a minimum of four times a year. Apologies for absence shall be given in advance to the Board Secretary. Individuals who are unable to attend are invited to raise any points with the Chair in advance of the meeting.
- › The Nest Invest Board will be made up of independently appointed Board members and representatives from the Nest Board. The Chair of the Board will be independently appointed. The Chief Executive Officers of Nest Corporation and Nest Invest will sit on the Nest Invest Board.
- › The quorum for the Nest Invest Board is four members, which should include at least two independent Non-Executive Board Directors.
- › A convened meeting of the Nest Invest Board at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Nest Invest Board.
- › Meetings may be held via electronic means and attendance via video or teleconferencing shall be deemed to be attendance in person.
- › In the absence of the Chair, the remaining Nest Invest Board members shall elect one of their number to Chair the meeting.
- › Decisions will normally be reached by consensus, but any Board 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.
- › Meetings of the Nest Invest Board shall be called by the Secretary at the request of the Chair.
- › Unless otherwise agreed, notice of each meeting confirming the venue, time and date, shall be forwarded to each member of the Nest Invest Board, and any other person required to attend, no later than five working days before the date of the meeting. In a crisis situation an emergency meeting may be called at shorter notice.
- › The Secretary will ensure that the Nest Invest Board receives information and papers in a timely manner to enable full and proper consideration to be given to the issues. The Secretary shall be responsible for ensuring there are minutes available of the proceedings and resolutions of all Board meetings, including the names of those present and in attendance.

### 4. General powers and duties

- › The Nest Invest Board must ensure that it undertakes appropriate reporting to the Nest Board to meet information, assurance and regulatory requirements, and other reporting as requested.
- › At least annually, the Nest Invest Board will review its effectiveness and Terms of Reference, and recommend any changes to the Nest Board.
- › The Nest Invest Board will produce a report on its activities to include in the Nest Corporation and Scheme Annual Report and Accounts, and for Companies House.
- › The Nest Invest Board will determine whether a potential conflict of interest raised by a Board member precludes that Board member participating in a discussion or involvement in taking a



decision on a topic. The Board must resolve unanimously that a conflict may be disregarded before the individual Board member can participate in the relevant discussion.

- › The Nest Invest Board will have access to sufficient resources in order to carry out its duties, including access to the Board Secretary for assistance, as required.
- › The Nest Invest Board may obtain outside legal or other professional advice in relation to any matters or responsibilities as set out in this Terms of Reference.
- › The Nest Invest Board may delegate to an individual Executive such of its delegated powers as it sees fit but must document these delegations within a Scheme of Reserved Matters and Delegations.
- › The Board may only enter into agreements relating to matters which have been reserved to it.
- › The Board may set its own operating procedures and monitor the effectiveness of its processes in line with its Terms of Reference.

## Annexes

### Annex A – Strategic investment policies

Policy name	Role of Nest Invest Board	Frequency of review
Responsible investment objectives	Approve	Triennial, or when significant change is proposed
Climate change policy	Approve	Triennial, or when significant change is proposed
Securities lending	Approve	Triennial, or when significant change is proposed
Manager selection framework	Approve	Triennial, or when significant change is proposed
Manager monitoring framework	Approve	Triennial, or when significant change is proposed



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