

## **Arrangements**

### **The Role of a Member Nominated Director**

The Trustee of the IBM pension plans is responsible for the administration of the Defined Benefit and Defined Contribution sections of the IBM Pension Plan and the IBM IT Solutions Pension Scheme. The Trustee is IBM United Kingdom Pensions Trust Limited and Member Nominated Directors will be directors of that company. They will also be members of the Trustee Management Meeting, a full committee of the Board, which meets five times per year and is responsible for carrying out the business of the Trustee. Each Member Nominated Director will also be appointed to at least one other committee (e.g. the Investment Committee which meets six times per year).

Member Nominated Directors are expected to attend Trustee meetings, which are generally scheduled up to a year in advance. One week prior to meetings they are sent the papers they need to read and understand. Sufficient time needs to be set aside to prepare for the sometimes complex issues they have to consider at Trustee meetings. They are advised by the Scheme Actuary, legal and investment advisers, and pension experts and must give serious consideration to that advice. They must act in the best interests of all of the members of the IBM pension plans and respect the confidentiality of commercially sensitive information with which they are provided.

Member Nominated Directors will need to understand the IBM pension plans and their role in the plans' administration in order to make informed and proper decisions and be able to safeguard the plans. They will need to be conversant with key plan documentation (e.g. The Trust Deed and Rules). They will also need to understand the law relating to pensions and trusts; the principles relating to the funding of occupational pension schemes; and the principles relating to the investment of assets.

The Trustee must ensure that there are sufficient assets available to meet the liabilities of the Defined Benefit sections of the IBM pension plans. The Trustee is responsible for setting the investment strategy, having taken expert advice and having consulted the Company. The Trustee is also responsible for selecting an appropriate range of investment options for Defined Contribution members. Professional investment managers are appointed to carry out the day-to-day investment of the assets and the Trustee regularly monitors investment performance, and the continuing appropriateness of the investment strategy and investment options available to Defined Contribution members.

The Trustee must ensure that contributions are received on time and that benefits are paid as set out in the Trust Deed and Rules. Records must be kept of all transactions and proper accounts must be maintained. Audited Report & Accounts must be completed on a timely and accurate basis and the membership must be kept informed.

Further information on the role of a Trustee Director can be found on the website of The Pensions Regulator at: [www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)

## **Member Nominated Director Training**

Member Nominated Directors will be provided with the training they will need to fulfil their responsibilities effectively. Training Programmes will be tailored to their individual needs to ensure they have a good understanding of the structure and operation of the IBM pension plans. Induction sessions will cover, amongst other things, their responsibilities in the areas of corporate governance, investment strategy and benefits allocation. They will be encouraged to sit the examination for the “Award in Pensions Trusteeship” which is regarded as providing a good grounding for new Trustee Directors and is sponsored by the Pensions Management Institute. Pensions Trust staff will be available to answer their questions.

## **Member Nominated Director Fees**

Retiree Nominated Directors will be paid a fee of £5000 per year and travelling expenses will be reimbursed.

Employee Member Nominated Directors will be paid a fee; also of £5000 per year to recognise the amount of time and skill that Employee Member Nominated Directors need to put in to fulfil the role effectively. To emphasise this fact and to record the contribution made to the work of the Trustee during the year the Trustee Chairman will, each year, write to the manager of Employee Member Nominated Directors. For the avoidance of doubt the performance of Employee Member Nominated Directors will not be assessed. Employee Nominated Directors will be given time during the working day to attend training programmes and to prepare for and attend Trustee meetings.