

# G.E.C. 1972 Plan

## Pension Consultative Committee

### Constitution and Terms of Reference (together “the constitution”)

*(as approved by telent Limited and SPT on 24 September 2008)*

#### 1 Constitution

- 1.1 The Pension Consultative Committee (the "PCC") described below is the pension consultative committee of the Plan.
- 1.2 The purposes and functions of the PCC are:
- (a) selecting MNDs from the PCC membership;
  - (b) consulting with **telent** and SPT on matters relating to the Plan;
  - (c) assisting **telent** and SPT in the communication of information to members;
  - (d) representing the views of all Plan members in matters relating to members' interests.
- 1.3 So long as (a) above remains a function of the PCC under arrangements made by SPT under the Pensions Act 2004, this constitution can only be altered with SPT's agreement – not to be unreasonably withheld regarding alterations to (b) to (d) above. Subject thereto, **telent** may alter the constitution.
- 1.4 **telent** may disband the PCC but for the purpose of 1.2(a) above it shall give SPT sufficient notice for SPT to put alternative arrangements in place and shall facilitate communication with Plan and/or PCC members for that purpose (to the extent that facilities are dependent on it). If SPT so requests, after such notice the PCC shall remain a body until the next appointment of MNDs but with no remit other than the nomination and selection of MNDs.

#### 2 Membership

- 2.1 The members of the PCC are elected by Plan members every four years.
- 2.2 The usual composition of the PCC is 24 members, with 8 members elected from the active members of the Plan, 8 members elected from the deferred members of the Plan and 8 members elected from pensioner members of the Plan. Where possible the PCC members are elected on a geographical basis as shown in the table below in proportion to the actual geographical distribution of members although if one region cannot fill all spaces they will be filled with candidates from other areas. The detail is set out in the arrangements made by SPT under the Pensions Act 2004. The current arrangements are set out in the appendix to this constitution including at 4(b) that **telent** may, where there are reasonable commercial grounds of potential conflict with its interests, veto the election of any deferred member or require a member changing class of membership to deferred to resign from the PCC.

Region	Active Members	Deferred Pensioners	Pensioners
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<b>North</b>	1	2	2
<b>Midlands</b>	3	3	3
<b>South</b>	1	3	3
<b>Field Force</b>	3	0	0

- 2.3 For deferred pensioners and pensioners the geographical regions are based on home postcode.
- 2.4 The PCC shall elect a Chairman and a Secretary from its members every two years. If more than two candidates are put forward, for either post, the election shall utilise the single transferable vote method from the members present at the meeting
- 2.5 A member may resign by written notice to the Chairman or Secretary.

### **3 Election Process**

- 3.1 The election process for the PCC is in two stages: nominations and then, if there are more nominations than available places, a ballot.
- 3.2 The Pensions Office shall act as Returning Officer responsible for calling for nominations and conducting elections. Sufficient time will be allowed to enable a new PCC to be in place on the fourth anniversary of the outgoing PCC's commencement of office.

#### *Nominations*

- 3.3 Nominations will usually be invited through the Plan newsletter (or other means of communication as determined jointly by SPT and **telent**), which will set out the timetable for the nomination process. Members without internet access, or who so wish, will be given the opportunity to request a personal postal ballot form in the event a ballot is required. Sitting members of the PCC will be eligible for re-nomination via the same process as the nomination of new members.
- 3.4 To be nominated to stand for election to the PCC a member (the "**Applicant**") must write to the secretary of the PCC providing the names, signatures and either Plan membership numbers or national insurance numbers of him/herself and four other Plan members supporting his/her nomination. If the Applicant or his/her supporting members do not provide this information the nomination will be rejected. Members supporting the nomination must be in the same membership category (active, deferred, pensioner) and geographical area as the Applicant and may support only one nomination. The Applicant must submit a brief biography with his/her nomination application to assist other members of the Plan (from the same category of membership and geographical area) in deciding whom to elect. The Applicant must state his/her most recent (and in the case of Active members, current) GEC/Marconi/**telent** business location and unit. Any candidate who is a member of a recognised trade union may, on request, have the union to which they belong indicated on the ballot form.

### *Election process for deferred pensioners and pensioners*

- 3.5 Nominations will be invited through the Plan newsletter (or other means of communication as determined jointly by SPT and **telent**). Within four weeks of nominations closing (or longer if needed to obtain decisions from **telent** &/or SPT under provisions in the appendix) an announcement will be made on the Pensions Office Website saying whether a ballot is required for any region(s)/category(ies) of members. If it is, members who have requested a postal ballot will be sent ballot papers. The ballot will be open for a period to be determined at the time, but not less than 14 days. The results of the ballot will be announced on the Pensions Office website not more than 14 days after the date the ballot closes. If a ballot is not required this will be communicated to members in the subsequent Plan newsletter. The next convenient Plan newsletter (or other means of communication as determined jointly by SPT and **telent**) will also be used to notify members of the results of the ballot, where one is necessary.

### *Election process for active members*

- 3.6 An email or other means of communication, where necessary, will be sent to all active members requesting nominations by a specified closing date. Within four weeks of nominations closing (or longer if needed to obtain decisions from **telent** &/or SPT under provisions in the appendix) an announcement will be made on the Pensions Office website saying whether a ballot is required. If so, the Pensions Office will arrange a secret ballot through a box on each designated site. The results of the ballot (if any) will be announced on the Pensions Office website not more than 14 days after the date the ballot closes.

## **4** Resignation from PCC

Members of the PCC will hold office for a four-year period unless they resign under 2.5 above, or the following applies.

Paragraph 5 of the Appendix applies to a member who changes category or ceases to be eligible for Plan benefits.

## **5** Meetings

- 5.1 The PCC shall meet at least twice in each calendar year. Further meetings may be arranged where, in the opinion of the Chairman or the PCC itself, circumstances merit them or at the request of **telent** or SPT. After a total of four meetings in a calendar year, the expenses of a fifth or subsequent meeting in that year (merited or requested as above), and administrative support, shall not be borne by **telent** unless it has stated that it will provide for that cost and/or support, but **telent** shall not withhold administrative information to facilitate such additional meetings.
- 5.2 Two (or with the Chairman's agreement more) representatives of **telent**, and any director of SPT, shall be entitled to attend any PCC meeting. The PCC shall have discretion to invite any other representatives of **telent**, the Pensions Office or SPT. Any **telent**, Pensions Office or SPT representative wishing to attend must inform the Secretary prior to the meeting. Company-nominated and independent directors of the Trustee Board will also be invited to attend PCC meetings. The PCC may request any such representatives of **telent**, SPT or **telent** Pensions Office to withdraw from a meeting for specific agenda items; agreement to such request will not be unreasonably withheld.
- 5.3 Notice of each meeting of the PCC together with the agenda and supporting papers shall, unless otherwise agreed by the members of the PCC, be circulated not less than two weeks (save in cases of urgency) prior to the date of the meeting. The Pensions Office shall, where appropriate, co-ordinate and provide pensions information. To facilitate this, agendas must normally be forwarded to the Pensions Office at least one month before any meeting.

- 5.4 The quorum necessary for the transaction of business by the PCC shall be 50% of the members of the PCC.
- 5.5 The quorum for a Section of the PCC proposing (to the PCC as a whole) nomination(s) for MND is two thirds of the PCC members of that category (actives, deferreds, pensioners), including those present by telephone. If a Section meeting is inquorate, an email and/or phone call may be sent/made to all that Section's members who are not present. If the meeting of that Section then becomes quorate, it shall be valid notwithstanding that some members may not have responded or been available when emailed/telephoned.
- 5.6 Any procedural matter not covered by this constitution shall be decided (consistently with the constitution, and where relevant the appendix) jointly by the **telent** Head of Pensions and the Chairman of the PCC (or where the Chairman has a personal conflict of interest another member selected by the PCC).
- 5.7 Regular attendance at meetings by each member of the PCC is expected to ensure the effective operation of the PCC. A member who cannot attend a meeting should advise the Secretary prior to the meeting. A member is not allowed to nominate a substitute to attend a meeting. A member who does not attend three consecutive meetings without reasonable cause (as determined by three members nominated by the Chairman and acting by majority) shall be deemed to have resigned their position.
- 5.8 **telent** shall be responsible for providing such facilities as are reasonably necessary, including secretarial facilities and reimbursement of justifiable expenses.
- 5.9 The members of the PCC may participate in a meeting by means of any communication equipment that allows all persons participating in the meeting to hear each other. Any person so participating shall, if the Chairman of the meeting acknowledges the presence of such person at the beginning of the meeting and unless the person has obtained the consent of the Chairman of the meeting to leave, be deemed to be present in person throughout the meeting and shall be entitled to vote and to be counted in a quorum accordingly.
- 5.10 SPT and **telent** jointly shall be entitled to such information (if any) as they may reasonably require regarding the conduct of any meeting (or process) relating to the appointment of an MND by the PCC (but shall not be entitled to information regarding specific votes cast by secret ballot).

### ***Voting***

- 5.11 Questions arising at any meeting (other than the election of the Chairman/Secretary under 2.4 above, and the selection of MNDs to which the single transferable vote applies under section 3 of the appendix) shall be decided by a simple majority of those members of the PCC present and voting.

### ***Written business***

- 5.12 In the absence of a properly convened and quorate meeting of the PCC, any decision (except the nomination and selection of MNDs) may be dealt with in the form of a written resolution issued to all members of the PCC (but not invalidated if the normal process has not resulted in delivery in some cases) signed by at least 75% of all members. Such resolution shall be as effective as a resolution passed at a meeting of the PCC.

### ***Records***

- 5.13 The PCC shall cause minutes of all proceedings and of all written resolutions of the PCC to be entered into books to be designated for the purpose. **telent** must receive from the Secretary

(or, if not at a meeting, the person appointed by the Chairman to act as Secretary) draft minutes within three weeks of meetings and shall return the approved minutes to the Secretary within three weeks of receipt. **telent** shall mark as “confidential” any items within the minutes which due to commercial sensitivity or other reason should not be made public knowledge. **telent** shall not mark items as “confidential” without good reason. The minutes shall then be reviewed at the next available meeting of the PCC and signed by the Chairman. Any such minutes if signed by the Chairman of the meeting at which the proceedings took place or the Chairman of the next following meeting shall be sufficient evidence of the matter to which it relates.

- 5.14 The signed and approved minutes of each meeting of the PCC shall be circulated to all members of the PCC and to **telent**, the Company Secretary of SPT and the Pensions Office as soon as possible after the meeting of the PCC. The minutes, excluding items marked as “confidential”, will be published on the Pensions Office website.

### ***Reporting***

- 5.15 Following each meeting of the PCC, and any business dealt with by written resolution, the Chairman of the PCC (or in his or her absence any other member of the PCC) shall report to the Pensions Office on the matters considered and dealt with by the PCC if no Pensions Office representative is present at the meeting.

### ***Member information***

- 5.16 It is the responsibility of the Pensions Office to answer queries, verify data, publish literature and provide calculations in respect of individual members. No information about an individual member will be disclosed to a PCC member by the Pensions Office, SPT or **telent** without written consent from the member concerned, nor can individual cases be discussed at meetings without such written consent.

### ***Publication***

- 5.17 Statements and articles concerning the Plan may only be published by the PCC with the prior written agreement of **telent** and SPT jointly.

## **6** Selection of member-nominated directors

- 6.1 No later than 17<sup>th</sup> October 2008, a meeting of the PCC shall be held to carry out the procedure for the nomination and selection of MNDs set out in the appendix. Thereafter such meetings will be held no later than four years after the previous such meeting.

- 6.2 The Plan newsletter will be used to notify members of the names of the new MNDs, but SPT shall be at liberty to use some other process simultaneously, or at an earlier time if there is no suitable publication date for the next newsletter.

## **7** Definitions

- 7.1 **MND** means Member Nominated Director or Member Nominated Trustee of the Plan

- 7.2 **Pensions Office** means the administrator of the Plan

- 7.3 **Plan** means G.E.C. 1972 Plan

7.4 **SPT** means the trustee(s) of the G.E.C. 1972 Plan

7.5 **telent** means the Principal Employer of the G.E.C. 1972 Plan

7.6 **Trustee Board** means the board of the corporate trustee, or in the event that there is more than one trustee, the collective meeting of the trustees.

.....(continued page 7 – Appendix re PCC and MND nominations/selection)

## APPENDIX TO PCC CONSTITUTION

(see ref in para 2.2of above )

SPT.07.03.05

(as updated 24.9.08)

### Stanhope Pension Trust Limited

#### MND Selection and PCC Constitution

Amended 24 September 2008

#### 1. Background

As discussed at several SPT Board meetings, the new legislation will only permit continued PCC nomination of MNDs if there is a separate section of the PCC for each of the two classes, actives and pensioners. Each must “adequately represent” their category. That has been discussed in both the Board and the present PCC, resulting in the interim report on 27 September 2006 (Minute 1738) and the Paper SPT.06.19.21 to the 5 December meeting, both recommending direct workplace elections for the actives’ section and cost-effective nomination procedure for the pensioners. In accordance with previous Board discussions, there would also be a section for deferred pensioners (permitted, but not compulsory, under the legislation) on similar lines to the pensioners’.

Accordingly, there would be a single PCC divided into three sections (the “Sections”) one representing each category of member; i.e. Actives’, Pensioners’ and Deferreds’. It is also proposed that each Section will be elected from places allocated between the different regions, as set out below.

This paper makes proposals as to the appointment of members to the PCC and, in particular, the appropriate number of PCC members.

#### Requirements – practical and legal

The following points have emerged from discussion between the delegated Directors and the solicitors:

- As stated in SPT.06.19.21, selection of MNDs by the representative PCC sections from their own number would enable the PCC to act as a training resource for potential MNDs, would be cost-effective, would give a better assessment of candidates before their selection as MND and would give a level of accountability subsequently.
- The Board considers it undesirable to have a large PCC. SPT.06.19.21 proposed that the PCC should have about 24 members, eight in each section, with reasonable flexibility around these numbers. This has been considered again by a number of Directors, bearing in mind that these are small numbers to represent a large body of members. The conclusion remained that for the PCC to act as a useful consultative body, numbers must be kept down. 24 would be acceptable but still on the large side, in the Directors’ opinion.
- In order for each Section to be “adequately representative” it must meet the requirements of proportionality, fairness and transparency, as expected under the Pensions Regulator’s code of practice. The requirement of proportionality is more easily satisfied by larger numbers. However, legal advice indicates that, having

raised the point and obtained the further discussion, it is entirely open to the Board to decide that 24 is a maximum, for the three sections combined, for the efficient working of the arrangement.

- Minute 1738 (27 September) recorded that flexibility would avoid expense of the mid-term elections if a PCC member left. On the other hand, it is important to have a sufficiently broad pool of talent within each Section; numbers must be adequate to ensure this.
- Flexibility is desirable in order to allow the PCC to carry out its functions efficiently.

With these considerations in mind, this paper proposes an appropriate and workable set of rules with regard to PCC numbers.

NB: The Trustee has a duty to implement a system that complies with the Pensions Act. Therefore it will need to see and approve the updated constitution of the PCC, the key section being "Purposes and functions of the PCC".<sup>1</sup>

## 2. Outline: Member Nominated Directors and PCC Members

- The purpose of the process is to select one MND from each Section.
- This will be achieved through selection by a reconstituted PCC normally consisting of 24 members, where possible drawn equally from the three categories of Plan member.
- Selection of MNDs will be carried out through the process below.
- PCC members will be elected using the process below.
- MNDs will serve for a period of 4 years, unless:
  - they resign as an MND;
  - they are removed by a unanimous vote of all other Directors; or
  - they cease to be entitled to a benefit under the Plan (e.g. have taken a transfer).
- PCC members will serve for a period of 4 years, unless:
  - they resign;
  - they are removed by a 75% majority of other members of the PCC; or
  - they cease to be entitled to a benefit under the Plan (e.g. have taken a transfer).
- Initial elections will be held in June 2007, for the appointment of 3 new MNDs on 1 October 2007.<sup>2</sup>
- Elections to be held at 4-yearly intervals

## 3. Procedure for Nominating and Selecting MNDs

The Pensions Act 2004 ("the Act") sets out a process involving two steps:

- nomination*: a process in which at least the active members and the pensioner members are eligible to participate.
- selection*: a process which involves some or all of the members of the scheme.

Each Section of the PCC will nominate, but before the formal nomination the Section will call for proposed nominations (including self-nomination) – see below. The PCC as a whole will then select from the nominees.

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<sup>1</sup> The PCC constitution was updated by **telent** Limited in 2008, with the approval of the Trustee.

<sup>2</sup> Incumbent MNDs were re-elected for a twelve month period from October 2007, under a formal SPT amendment, with new elections to appoint MNDs for a four year period to be held with effect from October 2008.

- MNDs will be drawn from the PCC Membership.
- The aim is to select 1 MND from each category of member – but see the next bullet for situations where there is no candidate.
- If there are no nominations from a category of member, an additional MND will be nominated and selected by and from within the whole PCC, normally (ie if nominees are available) choosing from the remaining category with the largest number of Plan members.
- If there are fewer than 3 PCC Members willing to accept nominations, an MND position will remain vacant until a member of the PCC is willing to accept the role. If there is no impending PCC election, the Board may be under a duty to convene one in which case it would first consult the PCC.
- **telent Limited (telent)**, where there are reasonable commercial grounds of potential conflict with its interests, may veto the selection of a deferred pensioner MND.
- Prior to nomination and selection of an MND, the PCC will attend a training day in order to understand the role of an MND and to enhance the PCC's understanding of the capabilities of its members.
- The PCC will be provided with a description of the role of an MND, and of the capabilities that an MND is required to develop, in order to support the selection process.

#### *Nomination*

- Proposals for nomination will be invited by the Sections of the PCC from within their respective memberships.
- Proposals for nomination will include self-nomination.
- The Sections will each meet to consider whether they wish to ask any (other) individual(s) from within their Section to agree to stand. For this purpose a meeting of the Section will require advance notice and a quorum of two-thirds (present in person or by telephone).
- The Section will, at the same meeting, then formally propose (for forwarding to the PCC as a whole) all the nomination(s) arising from the above.

#### *Selection*

- The PCC will select three MNDS, normally one from each section (see 3<sup>rd</sup> & 4<sup>th</sup> bullet points above) by single transferable vote (by those present and voting) where candidates may vote.

### **4. Procedure for Electing PCC Members**

The Actives', Deferreds' and Pensioners' sections of the PCC will each aim to have 8 PCC Members. The 8 PCC Member places are assigned on a regional basis as set out below.

#### **(a) Actives**

- All active members will be contacted by e-mail requesting nominations.
- All nominations must be supported by 4 other active members.
- Nominations will be on a regional basis as follows:

North	1
Midlands	3
South	1
Field Force	3

- If the total number of nominations is fewer than 12, all nominees will be elected to the PCC (subject to the next bullet where PCC numbers would exceed 24).
- If a region does not fill its quota, they may be filled from other regions.
- If the total number of nominations exceeds 12, (or the PCC total would exceed 24), the Board of SPT shall consult with **telent**, and may, with the agreement of **telent**, determine that no election will be required and all nominees will be appointed to the PCC
- If an election is required it will be single transferable vote/one member one vote.

**(b) Deferred Pensioner/Pensioner**

- A written communication will be sent to all deferred pensioners and pensioners:
  - Informing them of the process;
  - Requesting nominations; and
  - Stating that any election will be via the **telent** Pensions Office website, or on request by post.
- All nominations must be supported by 4 other members in the same category.
- Nominations will be requested on a regional basis as follows:

	Deferred Pensioner	Pensioner
North	2	2
Midlands	3	3
South	3	3

- If a region within a category of member does not fill its quota that may be filled from another region.
- If a category of member does not fulfil its quota (after any reallocation between regions), that may be filled by the other category on the basis set out below at (c) (ensuring the required separate representation: minimum numbers).
- If the total combined number of nominations from deferred pensioner and pensioner members does not exceed 20, all nominees will be elected to the PCC.
- If the total number of nominations exceeds 20, the Board of SPT, after consultation with **telent**, will determine whether an election is required.
- If an election is required, it will be by using the single transferable vote system.
- **telent** may, where there are reasonable commercial grounds of potential conflict with its interests, veto the election of any deferred member (or, on such grounds, require resignation from the PCC where a member changes class to deferred).

**(c) Ensuring the required separate representation: minimum numbers**

- Subject to the next bullet, at the time of the selection of MNDs, the Sections for Actives and Pensioners are each to have a minimum of four PCC Members drawn from the relevant class.
- The Board would have power to permit a Section with fewer than four without a further election.

**(d) Replenishment**

- If the number of PCC members in the Active Section for a geographical region falls below 1, a replacement will be appointed, as follows.
- If there were unsuccessful candidates from that region at the previous election, who are willing to join, the unsuccessful candidate(s) with the most votes will be appointed to fill the available position(s) provided the member is still active in that region.
- If there are no such candidates, an election will be held.
- In any of the Sections, vacancies on the PCC from resignation, death or transfers would not be filled (apart from the above) until the next election.

#### **5. Change of class of membership during term of office – PCC/MND**

If a PCC representative or MND changes their class of membership during their term of office they may complete their term of office, as long as they remain eligible for Plan benefits, and subject to any deferred member remaining acceptable to **telent** regarding potential conflict as stated in 3 and 4(b) above.

#### **6. MNDs to be entitled to attend discussions of all Sections of the PCC**

This is to ensure that once elected, the MNDs are able to hear representations from all categories.

#### **7. Timeline for Initial Selection<sup>3</sup>**

June 1 <sup>st</sup>	Issue written invitations to Deferreds and Pensioners with newsletter
June 1 <sup>st</sup>	E-mail to Active members
June 30 <sup>th</sup>	Deadline for nominations closes
July 7 <sup>th</sup>	Start ballot for active PCC members
July 14 <sup>th</sup>	Determine whether election required for Deferred and Pensioner members
July 21 <sup>st</sup>	Ballot of active members closes
July 21 <sup>st</sup>	Issue postal ballot to Deferreds and Pensioners (if required)
July 21 <sup>st</sup>	Launch election of Deferred and Pensioners on website (if required)
August 7 <sup>th</sup>	Ballot for Deferred and Pensioners Closes
August 14 <sup>th</sup>	Announce results of Deferred and Pensioner members on website
September 14 <sup>th</sup>	Training day for PCC
September 15 <sup>th</sup>	Selection of new MNDs

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<sup>3</sup> In 2007