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Response of the Society of Pension Consultants

11 October, 2002

Introduction to SPC

SPC is the representative body for the providers of advice and services needed to establish and operate occupational and personal pension schemes and related benefit provision. SPC's Members include accounting firms, solicitors, life offices, investment houses, investment performance measurers, consultants and actuaries, independent trustees and external pension administrators. Slightly more than half the Members are consultants and actuaries. SPC is the only body to focus on the whole range of pension related functions across the whole range of non-State provision, through such a wide spread of providers of advice and services.

The overwhelming majority of the 500 largest UK pension funds use the services of one or more of SPC's Members, as of course do many thousands of smaller ones. SPC's growing membership collectively employs some 14,000 people providing pension-related advice and services.

This response has been prepared by our Investment Committee, which mainly comprises fund managers, pension fund performance measurers and pension and investment consultants.

Comments on the Consultation Paper

Acting on the Review

We support the government's view, and your own view, that any action arising from your review should be based on best practice rather than regulation or legislation.

The Society of Pension Consultants

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The Role of Non-Executive Directors

We suggest that an important role for non-executive directors is to act as a conduit for shareholder concerns on the high level operation of the company. In particular, if there is a special role for a "senior independent" non-executive director, this might be it.

In the light of the Myners report, the government expects pension funds to exercise shareholder activism to a greater extent than hitherto. From the point of view of pension funds, therefore, the need for this conduit might increase.

Remuneration Committee

One aspect which might be worthy of further consideration is the question of whether a conflict could potentially arise where a non-executive director is also either an executive director of another company or where both companies share non-executive directors who are therefore potentially influenced in respect of their roles on the Remuneration Committee so that a clique-like environment might develop.

John Mortimer
Secretary

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