

Sir David Walker  
The Walker Review  
C/O HM Treasury  
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Dear Sir David

## **Ernst & Young's response to the Walker Review consultation**

### **INTRODUCTION**

1. Ernst & Young LLP welcomes the opportunity to comment on the *Review of corporate governance in UK banks and other financial industry entities, 16 July 2009* ("the Review").
2. Our interest in the Review stems from our regulatory environment and the services we provide (e.g., audit, accounting, tax and corporate finance). All of our UK activities are supervised by the Institute of Chartered Accountants in England & Wales, with further supervision over certain parts of our business by the Financial Reporting Council ("FRC"), the Financial Services Authority ("FSA") and other regulators.
3. We are interested in the Review's specific recommendations because:
  - We help our diverse client base, which includes banking and other financial institutions (BOFIs), to manage their way through the financial crisis. Also, as a large business in the UK with over 9,500 partners and employees, we are mindful that our people - as well as our clients - have a personal interest in the way BOFIs should be governed.
  - For these reasons we are pleased to reply to your consultation. We have made overall comments on the Review and offered views on individual recommendations which are included in the attached appendix.



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## OVERALL COMMENTS

4. In our opinion the outcome of the Review will help to improve trust and confidence in the way UK BOFIs are governed. It should also help to support the UK's recovery from the financial crisis and, in the longer term, augment our national economy. However, there is no certainty that more effective corporate governance in the UK will automatically prevent a recurrence of the current situation, but the development and acceptance of these measures and similar initiatives elsewhere could perhaps help to reduce the likelihood of another crisis of the same magnitude.

### Context and scope

5. In our view the recommendations cover most of the current issues associated with BOFIs, with the possible exception of two. Firstly, we believe the role and importance of internal audit ought to be included. It should be addressed in the Review to clarify and emphasise the need for (and means of conducting) an effective internal audit, to support the management of risk and decision making at board and committee levels. Secondly, we believe there should be a recommendation on how the UK's regulators (FSA and FRC included) should plan, coordinate and execute their oversight of the measures recommended in the Review, especially if some/all of the resultant principles and regulations are going to reside in or alongside the Combined Code.
6. In addition we believe there is a need for detailed guidance notes. This is essential if all BOFIs are going to understand and accept the implications of the Review's principles - based "comply or explain" approach. This means, in effect, that their non-executive directors ("NEDs") will need to ask the right questions and take appropriate action respectively, if answers are unsatisfactory or not forthcoming.
7. You make a strong case for principles over rules, which we fully support. This is because the former enables companies to apply best practice measures that match their particular circumstances, whereas the latter can create inflexible rules and "box ticking". However, principles only succeed if companies are engaged and willing to comply, and shareholders are willing to accept companies' explanations if they govern themselves and/or report in a way which differs from the Code. For some BOFIs (including their shareholders) this might require extra guidance and persuasion from regulators.
8. For this reason we encourage you to consider how the significance, relevance and means of compliance can be applied to each recommendation. We believe it is important that the implications, for the individual (chairman, director and NED) and BOFI (size, operations and financial services sectors) are clearly understood; otherwise these companies and their boards may be less inclined to comply. Of course it may be the case that the intended outcome of a particular recommendation is more likely to be achieved if its requirements are made by some other means, perhaps as an enforceable rule in a regulation.
9. In this regard it would also be helpful if the potential risks and unintended consequences of each recommendation (or cluster of related recommendations) could be highlighted. For example, a particular group of recommendations might have a disproportionately high impact on one type of BOFI compared with another, relative to the size and/or activity of

that entity (e.g., cost, competitiveness and scope to innovate). Similarly, one recommendation might have varying effects on different individuals, depending on their roles (e.g., higher expectations placed on one category of director compared with another).

10. This issue extends further when consideration is given to the positioning of these recommendations relative to the Combined Code, and whether any one or combination should also apply to companies outside the financial services sector. In our opinion the governance of corporations should be proportionate to the level of systemic risk associated with their operations.
11. For this reason we do not believe that your recommendations should apply to all companies outside the scope of BOFIs, and accordingly there should be no wholesale change to the Combined Code, a view we have already shared with the FRC. However, it could be argued that a minority of companies which provide national infrastructure services (e.g., energy and utilities) pose a systemic risk and should therefore be subject to the ambit of the Review. We encourage companies that might fall into this category to debate this issue further.

#### Functioning and performance of the board

12. In our view the key theme of the Review is the transparency of decision-making on matters of risk, and evidence to demonstrate that decisions are challenged effectively before they take effect. To this end chairmen and NEDs should also ensure relevant information is provided and challenged respectively, before it is used by the executive.
13. To do this effectively we expect that most chairmen and NEDs will need to increase significantly their time commitment, and either bring or access more financial and risk expertise to assess complex information on these matters. In our view many BOFIs will need to overhaul their risk reporting and monitoring systems to meet this requirement. This might require bigger and/or better trained risk management teams, with more support and new technologies which will obviously cost extra time and money. We believe the Review might have underestimated the amount of time and/or level of resource required to do this, based on our experience of working with boards.
14. However, we expect that those BOFIs which make changes to improve further the performance of their boards, might want to evaluate their changes and promote them to investors. The Review makes reference to this and recommends the use of external consultants. In our view the chairman and senior independent director are best placed to gauge the performance of the board, but it should be useful to all concerned if the means they apply to this task are assessed and verified independently every three years.

#### Governance of risk

15. In our opinion the Review is right to call for a stronger governance of risk management, notwithstanding the obligations already placed on BOFIs under the FSA (e.g., Listing Rules), FRC (e.g., Going Concern report) and other regulators and legislation (e.g., s 417, Companies Act 2006, Business Review). For some BOFIs this may require an improvement in their ability to *demonstrate* that they have an *effective* framework in place that *anticipates* and *mitigates* potentially significant adverse events.

16. To achieve this BOFI boards will need to function in a way that will enable them to ensure their enterprise risk function (including the Risk Committee and Chief Risk Officer ("CRO")) have the necessary resource and can remain independent. For some BOFIs this might represent an important and challenging alteration to their operations and information flows. In particular, the task of determining the materiality or significance of risks (e.g., scenario analysis and stress testing) and escalating awareness to inform the appropriate level of decision-makers (so they fully comprehend the situation) could require significant operational changes.

### Remuneration

17. We believe that risk-adjusted incentive payments for board members raise important issues. In our view the link between risks taken and rewards granted needs to become much clearer and more transparent. However, it may be challenging for the risk committee to advise on the application of specific risk adjustments to executive performance objectives and incentive packages. This is because the risks will need to be identified and gauged unambiguously, so they can be measured fairly within the incentive package and quantified relative to the performance of the executives.
18. In our opinion it will become increasingly important for the remuneration and risk committees to reach a balanced view on this matter, which ensures that risks are taken into account without limiting unnecessarily performance rewards and incentives. The increased expectations of regulators and greater intensity of risk awareness, makes the role of senior executives all the more challenging. For this reason it is particularly important at this time that the best talent is recruited, retained and rewarded accordingly. Therefore we encourage you to consider the longer-term outcomes of these recommendations, in addition to the more immediate outputs proposed in the Review.

### Institutional shareholders

19. We welcome the Principles of Stewardship for institutional shareholders, as outlined in the review, but accept that this will require more time and effort on the part of boards to make sure investors get the information they need. The Review outlines how this might be done, with a range of information that seems comprehensive. However, it is unclear which categories of data should be prioritised and how much of that data ought to be disclosed, so we suggest more guidance is provided on this matter.
20. In our view some European BOFIs seem to have got the balance right, and this success could be more widely attained with the introduction of benchmarking. This would also help BOFIs to reappraise the balance between proactive and reactive disclosures of risk information, and which strategy will best serve the interests of investors under particular circumstances.
21. In return, we believe that investors should respond to the voting requests of companies and make their voting records public. They should also scrutinise the business review, directors' report and auditor's statement, and engage with the chairman or senior independent director to raise any concerns. This should include the extent to which a company complies with the Combined Code, with close attention paid to a board's explanations when it has decided not to follow a particular principle(s) of the Code. In our view it is the responsibility

of the investor to challenge a board if its "explanations" are not forthcoming or they are insufficiently detailed.

## SPECIFIC COMMENTS ON THE RECOMMENDATIONS

22. Having outlined our overall comments, we have made observations on a selection of recommendations which, in our view, raise specific issues. These comments are enclosed in the attached appendix, together with indications as to whether we believe individual recommendations need to be revised.

## CONCLUSION

Once the recommendations in the Walker Review are finalised they should help to improve further the role and effectiveness of corporate governance across more BOFIs, especially in regards to the management of risk. These effects should be felt immediately, and the possibility of this affecting other sectors in the longer term should not be overlooked. However, one certainty to come out of this will be the need for more regular and rigorous evaluations of board performance, coupled with higher expectations of risk management professionals to provide consistently high quality information and risk mitigation strategies.

In our view these recommendations, if implemented in the right spirit, should help to contribute towards the many other initiatives which are supporting the UK's recovery from the financial crisis.

Yours sincerely



Robin Heath  
UK Managing Partner  
Regulatory & Public Policy

## APPENDIX – WALKER REVIEW RECOMMENDATIONS

Listed below are observations made by Ernst & Young on a selection of the Review's recommendations which, in our view, raise particular issues. We have also indicated whether specific recommendations need, in our opinion, to be revised.

Recommendations	Agree or Revise	Explanations
(1) To ensure that NEDs have the knowledge and understanding of the business to enable them to contribute effectively, a BOFI board should provide thematic business awareness sessions on a regular basis and each NED should be provided with a substantive personalised approach to induction, training and development to be reviewed annually with the chairman.	Agree	
(2) A BOFI board should provide for dedicated support for NEDs on any matter relevant to the business on which they require advice separate from or additional to that available in the normal board process.	Agree	
(3) NEDs on BOFI boards should be expected to give greater time commitment than has been normal in the past. A minimum expected time commitment of 30 to 36 days in a major bank board should be clearly indicated in letters of appointment and will in some cases limit the capacity of the NED to retain or assume board responsibilities elsewhere.	Revise	We understand that when the Review estimated a minimum time requirement for NEDs, it did not take into account the work already undertaken by NEDs inbetween board meetings. Therefore this recommendation could have unintended consequences; possibly overestimating or underestimating the total amount of time required of NEDs, depending on the type and size of BOFI which employs their services.

Recommendations	Agree or Revise	Explanations
		In many instances we envisage that significantly more than 36 days will be required, if this includes involvement in committees and informal meetings (as well as board meetings).
(4) The FSA's ongoing supervisory process should give closer attention to both the overall balance of the board in relation to the risk strategy of the business and take into account not only the relevant experience and other qualities of individual directors but also their access to an induction and development programme to provide an appropriate level of knowledge and understanding as required to equip them to engage proactively in board deliberation, above all on risk strategy.	Agree	
(5) The FSA's interview process for NEDs proposed for major BOFI boards should involve questioning and assessment by one or more senior advisers with relevant industry experience at or close to board level of a similarly large and complex entity who might be engaged by the FSA for the purpose, possibly on a part-time panel basis.	Revise	Care needs to be taken to ensure the right calibre of FSA staff is used (experience, expertise, and independence) to interview NEDs.
(6) As part of their role as members of the unitary board of a BOFI, NEDs should be ready, able and encouraged to challenge and test proposals on strategy put forward by the executive. They should satisfy themselves that board discussion and decision-taking on risk matters is based on accurate and appropriately comprehensive information and draws, as far as they believe it to be relevant or necessary, on external analysis and input.	Agree	
(7) The chairman should be expected to commit a substantial proportion of his or her time, probably not less than two-thirds, to the business of the entity, with clear	Agree	

Recommendations	Agree or Revise	Explanations
<p>understanding from the outset that, in the event of need, the BOFI chairmanship role would have priority over any other business time commitment.</p>		
<p>(8) The chairman of a BOFI board should bring a combination of relevant financial industry experience and a track record of successful leadership capability in a significant board position. Where this desirable combination is only incompletely achievable, the board should give particular weight to convincing leadership experience since financial industry experience without established leadership skills is unlikely to suffice.</p>	Revise	<p>On balance we believe that leadership skills matter more than technical expertise for chairmen. However, we note that some of the recent BOFI events involved CEOs whose leadership experience was greater than their sector/banking expertise.</p> <p>Perhaps there should be a requirement for boards to make sure that sufficient resource and training is made available, to help chairmen and directors (exec and non-exec) with less sector experience to develop their technical understanding.</p>
<p>(9) The chairman is responsible for leadership of the board, ensuring its effectiveness in all aspects of its role and setting its agenda so that fully adequate time is available for substantive discussion on strategic issues. The chairman should facilitate, encourage and expect the informed and critical contribution of the directors in particular in discussion and decision-taking on matters of risk and strategy and should promote effective communication between executive and non-executive directors. The chairman is responsible for ensuring that the directors receive all information that is relevant to discharge of their obligations in accurate, timely and clear form.</p>	Revise	<p>It would be helpful if guidance could be provided on the potential consequences for a chairman who fails to meet his/her responsibilities. For example, what would be an appropriate course of action if directors made decisions which were not fully informed because board papers were missing or incomplete, or NEDs had not challenged them properly? Moreover, what steps should be taken if a chairman was shown to have disregarded these issues, or not to have taken effective corrective action?</p> <p>This raises the importance of shareholder engagement (via the senior NED) to assess the performance of the chairman. Likewise, the NEDs and chairman need to play an instrumental role in</p>

Recommendations	Agree or Revise	Explanations
		the way the performance of the entire board is evaluated, with the use of an independent means of verification.
(10) The chairman of a BOFI board should be proposed for election on an annual basis.	Revise	<p>This could lead to unintended consequences. For example, shareholders could use the threat of an opposing vote to push through matters which a chairman might have ordinarily rejected.</p> <p>We believe the option should be left open for shareholders to seek a special resolution <i>if/when</i> a vote on the continuation of a chairman is warranted.</p> <p>If the removal of chairmen becomes more frequent (with annual voting) we doubt there would be a sufficient pool of experienced and willing individuals available to take over these posts.</p>
(11) The role of the senior independent director (SID) should be to provide a sounding board for the chairman, for the evaluation of the chairman and to serve as a trusted intermediary for the NEDs as and when necessary. The SID should be accessible to shareholders in the event that communication with the chairman becomes difficult or inappropriate.	Agree	
(12) The board should undertake a formal and rigorous evaluation of its performance with external facilitation of the process every second or third year. The statement on this evaluation should be a separate section of the annual report describing the work of the board, the nomination or corporate governance committee as appropriate. Where an external facilitator is used, this should be indicated in the statement, together with an indication whether there is any other business relationship with the company.	Revise	We believe that shareholders should ensure this does not become a box-ticking exercise, by scrutinising the means as well as the results of these assessments. We recommend a mix of qualitative and quantitative assessments, with input from major shareholders and, if necessary, other third parties (e.g., accountants and management consultants).

Recommendations	Agree or Revise	Explanations
<p>(13) The evaluation statement should include such meaningful, high-level information as the board considers necessary to assist shareholders understanding of the main features of the evaluation process. The board should disclose that there is an ongoing process for identifying the skills and experience required to address and challenge adequately the key risks and decisions that confront the board, and for evaluating the contributions and commitment of individual directors. The statement should also provide an indication of the nature and extent of communication by the chairman with major shareholders.</p>	Revise	<p>The same comments in the box above apply here, and we also advocate the use of sector and role benchmarking techniques.</p>
<p>(14) Boards should ensure that they are made aware of any material changes in the share register, understand as far as possible the reasons for changes to the register and satisfy themselves that they have taken steps, if any are required, to respond.</p>	Revise	<p>We would welcome further clarity on what is meant by "material changes", and what specific "actions" would be required by boards in various circumstances.</p>
<p>(15) In the event of substantial change over a short period in a BOFI share register, the FSA should be ready to contact major selling shareholders to understand their motivation and to seek from the BOFI board an indication of whether and how it proposes to respond.</p>	Revise	<p>This requirement could exceed the remit of a supervisory role, and we believe that shareholders may be disinclined to raise some/all issues directly with the FSA.</p>
<p>(16) The remit of the FRC should be explicitly extended to cover the development and encouragement of adherence to principles of best practice in stewardship by institutional investors and fund managers. This new role should be clarified by separating the content of the present Combined Code, which might be described as the Corporate Governance Code, from what might most appropriately</p>	Agree	

Recommendations	Agree or Revise	Explanations
be described as Principles for Stewardship.		
(17) The present best practice "Statement of Principles – the Responsibilities of Institutional Shareholders and Agents" should be ratified by the FRC and become the core of the Principles for Stewardship. By virtue of the independence and authority of the FRC, this transition to sponsorship by the FRC should give materially greater weight to the Principles.	Agree	
(18) The ISC, in close consultation with the FRC as sponsor of the Principles, should review on an annual basis their continuing aptness in the light of experience and make proposals for any appropriate adaptation.	Agree	
(19) Fund managers and other institutions authorized by the FSA to undertake investment business should signify on their websites their commitment to the Principles of Stewardship. Such reporting should confirm that their mandates from life assurance, pension fund and other major clients normally include provisions in support of engagement activity and should describe their policies on engagement and how they seek to discharge the responsibilities that commitment to the Principles entails. Where a fund manager or institutional investor is not ready to commit and to report in this the position it is taking	Agree	
(20) The FSA should encourage commitment to the Principles of Stewardship as a matter of best practice on the part of all institutions that are authorised to manage assets for others and, as part of the authorisation process, and in the context of feasibility of effective monitoring to require clear disclosure of such commitment on a "comply or explain" basis.	Revise	This may be a requirement more suitable for industry guidance, rather than a regulatory supervisor.

Recommendations	Agree or Revise	Explanations
<p>(21) To facilitate effective collective engagement, a Memorandum of Understanding should be prepared, initially among major long-only investors, to establish a flexible and informal but agreed approach to issues such as arrangements for leadership of a specific initiative, confidentiality and any conflicts of interest that might arise. Initiative should be taken by the FRC and major UK fund managers and institutional investors to invite potentially interested major foreign institutional investors, such as sovereign wealth funds and public sector pension funds, to commit to the Principles of Stewardship and, as appropriate to the Memorandum of Understanding on collective engagement.</p>	Revise	<p>It is not clear why this should only apply to long-only investors. Investor engagement (e.g., voting and general scrutiny of companies) should be encouraged amongst all categories of shareholder. For this reason we suggest that the Institutional Shareholder Committee (ISC) should get closely involved with this, especially since we believe there is a risk that the use of MOUs etc could make the process too bureaucratic and potentially self-defeating.</p>
<p>(22) Voting powers should be exercised, fund managers and other institutional investors should disclose their voting record, and their policies in respect of voting should be described in statements on their websites or in other publicly accessible form.</p>	Agree	
<p>(23) The board of a BOFI should establish a board risk committee separately from the audit committee with responsibility for oversight and advice to the board on the current risk exposures of the entity and future risk strategy. In preparing advice to the board on its overall risk appetite and tolerance, the board risk committee should take account of the current and prospective macro-economic and financial environment drawing on financial stability assessments such as those published by the Bank of England and other authoritative sources</p>	Revise	<p>We recommend that detailed guidance is provided on the role and importance of internal audit. We believe this should be addressed in the Review to <i>clarify</i> and <i>emphasise</i> the need for (and means of conducting) an effective internal audit to support the management of risk and decision making at board and committee levels.</p> <p>We also recommend that a requirement is stated for the board's</p>

Recommendations	Agree or Revise	Explanations
<p>that may be relevant for the risk policies of the firm.</p>		<p>risk appetite and tolerance (indicators and targets), so they can be assessed unambiguously by the Risk Committee (RC).</p> <p>It would also be helpful if clear guidance could be provided on the contribution internal audits make to the RC and CRO, especially in regards to the RC's task of assessing risk appetite and tolerance.</p>
<p>(24) In support of board-level risk governance, a BOFI board should be served by a CRO who should participate in the risk management and oversight process at the highest level on an enterprise-wide basis and have a status of total independence from individual business units. Alongside an internal reporting line to the CEO or FD, the CRO should report to the board risk committee, with direct access to the chairman of the committee in the event of need. The tenure and independence of the CRO should be underpinned by a provision that removal from office would require the prior agreement of the board. The remuneration of the CRO should be subject to approval by the chairman or chairman of the board remuneration committee.</p>	<p>Revise</p>	<p>The board will need to function in a way which will enable it to ensure the BOFI enterprise risk function (including the RC and CRO) have the necessary resource and can remain relatively independent.</p> <p>For some BOFIs this might represent an important change to their operations and information flows, requiring additional guidance which perhaps could be provided by the FSA. However, most BOFIs incorporated in the UK should already be attuned to this task because of their obligations under the FSA (e.g., Listing Rules), FRC (e.g., Going Concern report) and other regulators and legislation (e.g., s 417, Companies Act 2006, Business Review).</p>
<p>(25) The board risk committee should have access to and, in the normal course, expect to draw on external input to its work as a means of taking full account of relevant experience elsewhere and in challenging its analysis and assessment.</p>	<p>Agree</p>	
<p>(26) In respect of a proposed strategic transaction involving acquisition or disposal, it should as a matter of good practice be for the board risk committee to</p>	<p>Agree</p>	

Recommendations	Agree or Revise	Explanations
oversee a due diligence appraisal of the proposition, drawing on external advice where appropriate and available, before the board takes a decision whether to proceed.		
(27) The board risk committee (or board) risk report should be included as a separate report within the annual report and accounts. The report should describe the strategy of the entity in a risk management context, including information on the key exposures inherent in the strategy and the associated risk tolerance of the entity and should provide at least high level information on the scope and outcome of the stress-testing programme. An indication should be given of the membership of the committee, of the frequency of its meetings, whether external advice was taken and, if so, its source.	Agree	
(28) The remit of the remuneration committee should be extended where necessary to cover all aspects of remuneration policy on a firm-wide basis with particular emphasis on the risk dimension.	Agree	
(29) The terms of reference of the remuneration committee should be extended to oversight of remuneration policy and remuneration packages in respect of all executives for whom total remuneration in the previous year or, given the incentive structure proposed, for the current year exceeds or might be expected to exceed the median compensation of executive board members on the same basis.	Agree	
(30) In relation to executives whose total remuneration is expected to exceed that of the median of executive board members, the remuneration committee report should confirm that the committee is satisfied with the way in which performance objectives are linked to the related compensation structures for this group and explain the	Agree	

Recommendations	Agree or Revise	Explanations
principles underlying the performance objectives and the related compensation structure if not in line with those for executive board members.		
(31) The remuneration committee report should disclose for "high end" executives whose total remuneration exceeds the executive board median total remuneration, in bands, indicating numbers of executives in each band and, within each band, the main elements of salary, bonus, long-term award and pension contribution.	Agree	
(32) Major FSA-authorized BOFIs that are UK-domiciled subsidiaries of non-resident entities should include in their reporting arrangements with the FSA disclosure of the remuneration of "high end" executives broadly as recommended for UK-listed entities but with detail appropriate to their governance structure and circumstances agreed on a case by case basis with the FSA. Disclosure of "high end" remuneration on the agreed basis should be included in the annual report of the entity that is required to be filed at Companies House.	Agree	
(33) Deferral of incentive payments should provide the primary risk adjustment mechanism to align rewards with sustainable performance for executive board members and executives whose remuneration exceeds the median for executive board members. Incentives should be balanced so that at least one-half of variable remuneration offered in respect of a financial year is in the form of a long-term incentive scheme with vesting subject to a performance condition with half of the award vesting after not less than three years and of the remainder after five years. Short-term bonus awards should be paid over a three year period with not more than one-third in the first year. Claw back should be used as the means to reclaim amounts in limited circumstances of misstatement	Agree	

Recommendations	Agree or Revise	Explanations
and misconduct.		
(34) Executive board members and executives whose total remuneration exceeds that of the median of executive board members should be expected to maintain a shareholding or retain a portion of vested awards in an amount at least equal to their total compensation on a historic or expected basis, to be built up over a period at the discretion of the remuneration committee. Vesting of stock for this group should not normally be accelerated on cessation of employment other than on compassionate grounds.	Agree	
(35) The remuneration committee should seek advice from the board risk committee on an arm's-length basis on specific risk adjustments to be applied to performance objectives set in the context of incentive packages; in the event of any difference of view, appropriate risk adjustments should be decided by the chairman and NEDs on the board.	Agree	
(36) If the non-binding resolution on a remuneration committee report attracts less than 75 per cent of the total votes cast, the chairman of the committee should stand for re-election in the following year irrespective of his or her normal appointment term.	Agree	
(37) The remuneration committee report should state whether any executive board member or senior executive has the right or opportunity to receive enhanced pension benefits beyond those already disclosed and whether the committee has exercised its discretion during the year to enhance pension benefits either generally or for any member of this group.	Agree	
(38) The remuneration consultants involved	Agree	

Recommendations	Agree or Revise	Explanations
<p>in preparation of the draft code of conduct should form a professional body which would assume ownership of the definitive version of the code when consultation on the present draft is complete. The proposed professional body should provide access to the code through a website with an indication of the consulting firms committed to it; and provide for review and adaptation of the code as required in the light of experience.</p>		
<p>(39) The code and an indication of those committed to it should also be lodged on the FRC website. In making an advisory appointment, remuneration committees should employ a consultant who has committed to the code.</p>	Agree	