

ITS Response to the Pensions Regulator *Conflicts of Interest* Consultation Document

Independent Trustee Services (ITS) welcomes the Pension Regulator (tPR) guidance on *Conflicts of Interest*, but has some reservations that the level of detail could be off putting for lay trustees.

This guidance will help the trustees of those schemes facing complex corporate issues that have become an increasing fact of life for the trustees of most schemes.

The model register, policy/procedure document and declaration in the guidance provides a solid basis for trustees and sponsoring employers to identify and manage conflicts as they arise.

ITS welcomes the acknowledgement in the guidance that independent trustees have a substantial role to play in managing conflicts. In particular that trustee appointments could relate to a specific conflict. For many smaller schemes the appointment of a professional trustee is the simplest and most cost effective way of ensuring compliance in a changing regulatory world.

An area of concern is that trustees of small schemes, with the pressures that they face, may not recognise or identify a potential conflict. One solution to this problem would be to have straightforward guidance, giving clear examples of the most common forms of conflict, and identify sources of advice to avoid/manage conflict, including the full tPR conflict guidance.

Another area that may warrant re-examination is that connected with the "nuclear option" of resignation from a Board. There are circumstances where resignation becomes inevitable, but these are rare and it would be unfortunate if this guidance increased the incidence of trustees, who are potentially conflicted opting to resign rather than managing the conflict.

The view of ITS is that most conflict issues can be managed, provided they are identified early enough and planned for. We would rather have potentially conflicted trustees on board rather than lose their knowledge and input.

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