

4 December 2013

Catherine Woods
 Financial Reporting Council
 Fifth Floor, Aldwych House
 71-91 Aldwych
 London
 WC2B 4HN

Dear Catherine

Please find below, comments on behalf of the Remuneration Committee of Old Mutual plc, on the Financial Reporting Council's Directors' Remuneration Consultation Document.

Clawback arrangements	
Is the current Code requirement sufficient, or should the Code include a "comply or explain" presumption that companies have provisions to recover and/or withhold variable pay?	The existing wording in the UK Corporate Governance Code is adequate. Most companies have introduced or will be introducing clawback arrangements. It is not confined to the financial services sectors.
Should the Code adopt the terminology used in the Regulations and refer to "recovery of sums paid" and "withholding of sums to be paid"?	It is desirable for the Code to distinguish between "recovery of sums paid" and "withholding of sums to be paid". We much prefer the latter as a mechanism for ease of recovery but other companies may prefer a different construct. We note that the latest ABI guidelines distinguish between the two and give the titles of clawback and malus respectively.
Should the Code specify the circumstances under which payments could be recovered and/or withheld? If so, what should these be?	The Code currently uses the language of "exceptional circumstances of misstatement or misconduct". In our opinion that is sufficient.
Are there practical and/or legal considerations that would restrict the ability of companies to apply clawback arrangements in some circumstances?	If the company uses the mechanism of "recovery of sums paid" we see many practical and legal considerations that would restrict the ability to apply clawback arrangements. However, if the assets being clawed back are sums withheld that are yet to be paid the practical and legal considerations are much easier to deal with.
EDs on the Remuneration Committee	
Are changes to the Code required to deter the appointment of executive directors to the remuneration committees of other listed companies?	We question whether the appointment of Executive Directors to the remuneration committee is something that should be deterred. It is not easy to get the best NEDs to serve on a remuneration committee and specifying that EDs should not serve is not helpful. There is, in our opinion, no problem with existing arrangements and serving EDs can bring valuable insights to the business of the remuneration committee. The concerns are very exaggerated and are more theoretical than real. There is no evidence of any abuse. Any change to the code could adversely affect the diversity of the members of the Remuneration Committee.

Old Mutual plc is a public company limited by shares. Incorporated in England and Wales under registered number 3591559. Registered office as above.

Actions if majority vote for remuneration is not substantial	
Is an explicit requirement in the Code to report to the market in circumstances where a company fails to obtain at least a substantial majority in support of a resolution on remuneration needed in addition to what is already set out in the Regulations, the guidance and the Code?	No. Listed companies report the outcome of their voting to The Stock Exchange on the day of or after the relevant meeting. Shareholders are therefore immediately aware of the results of the vote. The process of shareholder consultation is well established and frequently reported upon in the press. Any action could introduce by the back door a "super majority" requirement for a vote that was put into earlier consultation and specifically rejected.
Are there any practical difficulties for companies in identifying and/or engaging with shareholders that voted against the remuneration resolution/s?	Most UK shareholders comply with the Stewardship Code and inform the Company in advance of negative voting intentions.
Other possible changes	
Is the Code compatible with the Regulations? Are there any overlapping provisions in the Code that are now redundant and could be removed?	The Code is compatible with the regulations and does not need to be altered.
Should the Code continue to address these three broad areas? If so, do any of them need to be revised in the light of developments in market practice?	No change to the Code is needed.

Yours sincerely

Paul Forsythe
Secretary
Old Mutual plc Remuneration Committee