Email - Rupert Robson

1 November 2013

Dear Sir/Madam,

I am emailing to respond to the above. I am chairman of Tullett Prebon plc and Charles Taylor plc but the enclosed views are mine and I am not putting them forward as the views of either of these companies.

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?

See answer to third question below.

Should the Code adopt the terminology used in the Regulations and refer to "recovery of sums paid" and "withholding of sums to be paid"?

No comment.

Should the Code specify the circumstances under which payments could be recovered and/or withheld? If so, what should these be?

As is often the case, the regulations are designed to capture the worst cases and fail to take into account the impact on the vast majority of companies. Even 'exceptional misstatement or misconduct' can be a question of interpretation. I would counsel against fettering boards or non-executive directors, as appropriate, in dealing with cases of misstatement and misconduct. There is now a clear reporting requirement in respect of sums paid/withheld and that should be adequate in terms of reporting of outcomes.

Are there practical and/or legal considerations that would restrict the ability of companies to apply clawback arrangements in some circumstances?

Yes.

Are changes to the Code required to deter the appointment of executive directors to the remuneration committees of other listed companies?

The Secretary of State's comment is not supported with good evidence. One has no sense whether the so-called conflict is widely or narrowly perceived or indeed perhaps perceived only by himself. As such, it is hard to see how it can be used as a basis for introducing a rule that may have other ramifications. The table in 13 does not support his assertion. Changes to the Code would probably deter the appointment of EDs to remuneration committees of other companies but it is hard to see that as an unequivocally good thing.

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?

The topic of remuneration is obviously very high profile at the moment and as a result is already taking up a substantial amount of time, in particular time of the chairman, the chairman of the remuneration committee and the CEO. In respect of one of my companies I am now at the tail-end of

a remuneration review involving the EDs of the company, the top 15 shareholders or so, the chairman of the remuneration committee and myself. This exercise has taken around six months and has been distracting during an important year for the company. I do not believe that it is appropriate or proportional to elevate the topic to an even higher plane as implied by the question. Indeed, I would say that in certain cases it would be damaging for the company. It is also inappropriate to elevate this topic to 'substantial majority' territory (let alone 'at least substantial majority', as set out in the question) when the vast majority of corporate governance operates at the simple majority level. I fail to see how this topic could be more important for the board, which would be the result of the change suggested, than, say, the company's strategic direction or its financial performance in the year in question.

If yes, should the Code:

• set criteria for determining what constitutes a ‘significant percentage’;

• specify a time period within which companies should report on discussions with shareholders; and/or

• specify the means by which companies should report to the market and, if so, by what method?

Are there any practical difficulties for companies in identifying and/or engaging with shareholders that voted against the remuneration resolution/s?

Having gone through the exercise now a number of times, it still proves remarkably hard to secure consistent and timely shareholder engagement. I was at a breakfast event recently that comprised a number of FTSE250 chairmen and CEOs. I was surprised that most stated that it was hard to secure shareholder attention for meetings or calls; the exceptions seemed, unsurprisingly, to be FTSE50 companies. One of the reasons that the remuneration review mentioned above has taken some six months is that a substantial number of shareholders did not respond to calls or letters and needed to be chased for their response and views. More than one shareholder told me that they did not think that it was the job of shareholders to pronounce on directors' remuneration and that that was a matter for the board. One encounters further problems when fund managers split their roles between portfolio managers and the corporate governance department; I have encountered fund managers with conflicting views as between these two constituencies. A further problem arises when fund managers sub-contract voting to agencies; more than one agency to whom I have spoken has said that they automatically vote against resolutions on matters that fail to comply in all respects, irrespective of a company's particular circumstances. In other words, such agencies are routinely ignoring the 'comply or explain' principle. None of this is to say that one cannot enage with shareholders on remuneration matters but, right now, such engagement requires a huge amount of time and effort, which inevitably takes away from attention on other matters such as strategy and performance. The analysis to date (and I am afraid to say that includes this consultation paper) does not obviously take account of the costs of many of these proposals.

Is the Code compatible with the Regulations? Are there any overlapping provisions in the Code that are now redundant and could be removed?

No comment.

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 comment.

Regards, Rupert Robson