

**For immediate release**

## **Pension funds demand remuneration reform at Tullet Prebon**

1. The Local Authority Pension Fund Forum (LAPFF) has called on its members to oppose the remuneration report at Tullet Prebon, the UK-based inter-dealer broker.
2. The Forum has identified a global focus list of companies where poor compensation practice and poor performance in other core corporate governance areas are cause for concern over these companies' abilities to generate sustainable returns in the long-term. Tullet Prebon is the third of these companies to be tackled by LAPFF. Recently, the Forum alerted its members to remuneration issues at T. Rowe Price, the US-based financial services holding company, and KBC, the Belgian banking and life assurance group.
3. The Forum believes that in the current global financial and economic crisis, there is more than ever a need to ensure that a company's management focuses not only on the short-term, but also adopts a clearly defined approach to long-term, sustainable value creation. Fundamental to this is the establishment of incentive schemes that appropriately reward managers' performance.
4. The LAPFF chairman, Cllr. Ian Greenwood, wrote to Tullet Prebon's chairman, Keith Hamill, in March setting out the Forum's concerns. These focus in particular on the high salaries compared to the company's peers, accompanied by very high bonuses of up to 308% during the year (2008: 615%), which are in fact uncapped. The company's disclosure on maximum awards and specific performance targets for incentive plans is opaque.
5. Cllr. Greenwood also expressed concern that the overall emphasis on high variable, short-term compensation at Tullet Prebon neglects the importance of creating sustainable long-term value.
6. A response from the company is outstanding to date, which is why the Forum has now alerted its members to the issues at the company.
7. LAPFF chairman Cllr Ian Greenwood said: "The Forum cannot support remuneration schemes that do not clearly link pay and performance, in particular when variable pay makes up a large proportion of total remuneration. Investors want to know not only what measure is used in general terms, but how this measure links to the company's strategy and how stringent performance targets are."

## About LAPFF:

The Local Authority Pension Fund Forum (LAPFF, [www.lapfforum.org](http://www.lapfforum.org)), which was set up in 1991, is a voluntary association of 49 public sector pension funds based in the UK. It exists 'to promote the long-term investment interests of local authority pension funds, and to maximise their influence as shareholders to promote corporate responsibility and high standards of corporate governance amongst the companies in which they invest.' The Forum's members currently have combined assets of over £75 billion.

### For further information contact:

Cllr Ian Greenwood  
Chairman  
Local Authority Pension Fund Forum  
c/o Bradford City Council  
City Hall;  
BRADFORD  
West Yorks BD1 1HY

[Ian.Greenwood@bradford.gov.uk](mailto:Ian.Greenwood@bradford.gov.uk)

Tom Powdrill  
Head of Communications  
PIRC Limited  
(LAPF Forum research and  
engagement partner)  
Tel: 020 7392 7887  
Mobile: 07764 200896  
[TomP@pirc.co.uk](mailto:TomP@pirc.co.uk)