

5 June 2016

FOR IMMEDIATE RELEASE

LAPFF ADVISES REJECTING WPP REMUNERATION REPORT

The Local Authority Pension Fund Forum (LAPFF) has advised its 70 member funds to vote against WPP's remuneration report which is being put to shareholders at the Company's AGM on Wednesday (8 June 2016).

LAPFF's recommendation is based on the company's excessive payments offered to Sir Martin Sorrell, WPP's CEO, which have been consistently increasing, and have reached a record high of £70.4 million this year.

Kieran Quinn, LAPFF Chairman, said: 'Most shareholders will, in the main, accept what they consider a reasonable level of pay for performance. However, with WPP, we consider there are several aspects of the payment which do not reflect this, and we are advising our member funds to oppose the remuneration report on this basis'.

LAPFF's recommendation includes consideration of the following:

Quantum: Sir Martin's pay has increased by 56% p.a. over the past five years. This represents twice the year-on-year average increase in the Company's Total Shareholder Return (TSR) over the same period (28.8%). Such misalignment raises concerns over the level of his total pay and also about the ability and will of the Remuneration Committee to perform its role appropriately.

Fixed versus variable Pay: Sir Martin's total variable pay represents more than 58 times his £1.15 million salary, which is the highest of the sector peer group and in the top 10 highest CEO salaries of the FTSE 100. The ratio between his pay (excluding the long-term element) and the average employee's pay is extremely high at 196:1. In 2015, he also received dividend equivalents of £1.5 million, more than his base salary.

Excessive maximum awards: WPP has granted long-term incentive awards since 2013 under the Executive Performance Share Plan (EPSP). While this plan may be seen as an improvement on the previous 'LEAP' scheme, outcomes are still excessive. The maximum variable award available to the CEO, including the value of the 2016 EPSP grant (974% of salary) and maximum annual bonus opportunity (435% of salary), represents 14 times base salary.

Personal shareholding: Sir Martin holds 1.42% of share capital which is of a size to invalidate many of the assumptions underpinning his bonus and long-term awards. The shares already held should provide him with substantial alignment with other shareholders and an incentive to perform.

ENDS>

5 June 2016



For further information:

Tessa Younger, Engagement Services Manger
PIRC Ltd, (research and engagement partner to
LAPFF)
Mobile: 07507 844 561
Tel: 020 7392 7880
Email: tessay@pirc.co.uk

About the Local Authority Pension Fund Forum

The Local Authority Pension Fund Forum (LAPFF) founded in 1991, is a voluntary association of 70 public sector pension funds based in the UK with combined assets of approximately £175 billion. 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.' www.lapfforum.org PIRC is the Research and Engagement partner to the Forum.