

# Shareholder activist Theo Botha urges vote against Coronation's pay policy

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Shareholder activist Theo Botha is urging shareholders of Coronation Fund Managers to vote against the group's remuneration policy at the annual general meeting (AGM) in February.



Source: [studentbrands.co.za](http://studentbrands.co.za)

The upcoming AGM will be the first time that shareholders will be given an opportunity to vote on the remuneration policy.

Shareholders were previously provided with very little information about remuneration policy and this is set to change too.

AGM votes on remuneration are nonbinding.

Coronation's decision to provide shareholders with some information and allow them to vote on the policy follows two years of dogged engagement by Botha. The decision may also have been influenced by evidence that the Companies and Intellectual Properties Commission has become more active in overseeing the application of the Companies Act.

The act requires companies to disclose details of remuneration paid to directors and prescribed officers.

In its 2015-16 annual report, the commission referred to "high-level conversations" it had held with 20 of the top 40 listed companies on the JSE. It noted a general compliance with the act but said: "There is still room for improvement and [the commission] will take [this] up with the relevant entities that might be in a position to assist in influencing improved disclosure on companies' remuneration policies." Botha says Coronation had still failed to provide shareholders with any information that would allow them to make an informed decision on remuneration policy.

"They've included a 10-page report on the remuneration policy in the latest annual report, but there's little useful information in it. Shareholders should vote against it."

There were no details on key performance indicators or the basis for awarding bonuses.

The 2016 annual report, which was released only on December 20, includes 10 pages devoted to discussion of the remuneration policy. The 2015 report devoted only one page to the policy. However, the latest report is largely descriptive and contains few of the details Botha says are necessary to make an informed decision.

Jock McKenzie, chairman of the remuneration committee, describes Coronation's performance assessment process as "holistic". This, says McKenzie, "enables us to make an assessment of an individual without excessive reliance on mechanistic, quantitative metrics or key performance indicators".

A key aspect of the policy is that employees receive a low fixed salary and, to date, a generous variable portion. This portion is determined by the level of pretax operating profit. The annual variable remuneration is set at a fixed 30% of audited annual consolidated net operating profit before taxation and has been a "cornerstone of the company's success over the past 23 years", McKenzie says.

Coronation CEO Anton Pillay has said the group is involved in a "uniquely people-driven business" that needs to attract world-class talent. Revealing its remuneration policy would compromise its ability to do so.

Botha has spent hours at the past two AGMs trying to convince the board that the lack of disclosure fell foul of regulatory requirements and shareholder needs. Following 2016's AGM, Botha presented Pillay with a Promotion of Access to Information Act request, which was denied by Coronation.

**Source:** *BDpro* via I-Net Bridge

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