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Investors let rip at Barclays Africa payouts

Dissenting voices at annual general meeting vote against the way banking group rewards executives

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Wendy Lucas-Bull. Picture: BUSINESS DAY

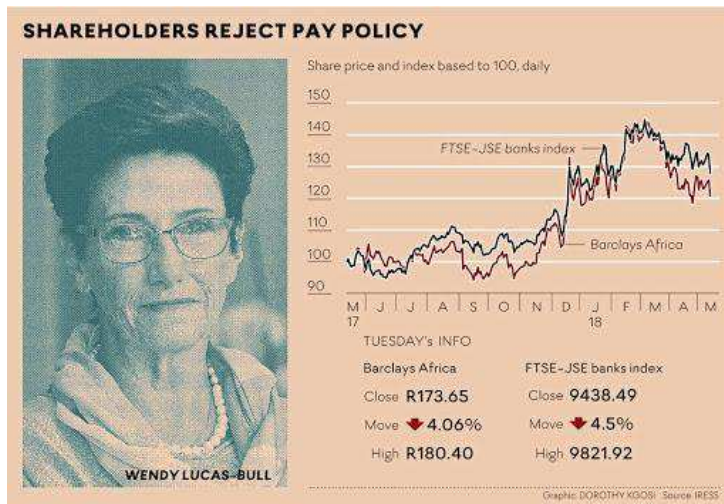
Disgruntled shareholders, including Old Mutual and Allan Gray, voted overwhelmingly against Barclays Africa's pay policy on Tuesday.

The asset managers say the policy is opaque and does not clearly link executive pay with shareholder value-creation.

At the bank's first annual general meeting since the Barclays plc sell-down, investors holding nearly half of the shares represented voted against the way in which the bank implements its remuneration policy.

In terms of the King IV code on corporate governance and JSE listings requirements, companies must subject their remuneration policies, as well as reports detailing the implementation of those policies, to two separate shareholder votes.

Tuesday's vote, although nonbinding, is the first clear indication of how Barclays Africa's minority shareholders feel about the way the group rewards its executives.



At the 2017 annual general meeting, Barclays plc still held 50.1% of the voting rights. This has since been reduced to 14.9%, underlining the extent of dissenting voices. The remuneration policy has been a sore point for years, given that its share price has lagged those of peers.

This suggests executives have not created shareholder value in line with their rewards.

"Paul [O'Flaherty] and I commit to engage further with shareholders and will get back to them on a series of matters that have been raised," Barclays Africa chairwoman Wendy Lucas-Bull said at the meeting.

O'Flaherty is chairman of the remuneration committee.

Of the 76.3% of share capital represented at the meeting, shareholders holding 47.4% voted against the remuneration implementation report. Nearly a quarter (23.5%) voted against the remuneration policy.

It is likely that the Public Investment Corporation, the second-largest single shareholder with 6.16% of shares, countered the pay policy. This could not be confirmed.

Old Mutual Investment Group, which holds a 3.56% share, voted against implementation, as it could not see the link between value creation and executive remuneration, said Robert Lewenson, head of environmental, social and governance engagement.

"The targets which apply to the performance share awards made during 2017 are not disclosed and we couldn't determine the stretch of those targets," Lewenson said.

Long-term performance awards including incentives relating to the Barclays plc separation, made up more than half of total remuneration, yet targets were not disclosed, said Harry Botha, an analyst at Avior Capital Markets. "If the targets are too easy to achieve, it could incentivise management to be overly conservative."

Barclays Africa's executive remuneration was "the worst of the big South African banks" in structure, quantum, disclosure and alignment with shareholders, said Allan Gray portfolio manager Simon Raubenheimer.

Barclays Africa CEO Maria Ramos earned R29.95m in 2017, split evenly between fixed and variable remuneration.

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