

# FGV shareholders vote against directors' remuneration

The board was caught off guard by the AGM's outcome

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How much do FGV directors take home?

KUALA LUMPUR: FGV Holdings Bhd's substantial shareholders re-elected the board of directors but voted against three resolutions related to their remunerations for the financial year ended Dec 31, 2018 (FY18) at its annual general meeting (AGM) that lasted five hours yesterday.

This has puzzled FGV's board given that the substantial shareholders, namely the Federal Land Development Authority (Felda), Koperasi Permodalan Felda Malaysia Bhd (KPF) and the Armed Forces Fund Board (LTAT), did not reveal the ideal amount.

A visibly upset FGV chairman Datuk Wira Azhar Abdul Hamid told the press yesterday that the recent development has put the company in a bind.

"The irony is that the resolutions relating to the re-election of directors were passed but the resolutions relating to directors' fees were all not approved. So in short, the message that the board got was that 'we want you to work but we are not paying you,'" he said.

Asked if the land lease agreement (LLA) between the group and Felda has anything to do with the shareholders' unhappiness, Azhar said that he really did not know why the shareholders had opposed the resolutions.

He added that it has been status quo so far with no formal discussion or renegotiation of the LLA, despite "a lot of talk" regarding the agreement.

NAME OF DIRECTORS	BOARD (RM)	BENEFITS-IN-KIND (RM)	OTHER BENEFITS (RM)	TOTAL (RM)
<b>Non-independent non-executive directors</b>				
Datuk Wira Azhar Abdul Hamid	600,000.00	313,244.35	294,500.00	1,949,275.25
Mohd Hassan Ahmad	31,890.00	1,237.77	30,000.00	82,261.77
Datuk Dr Othman Haji Omar	30,247.00	1,172.64	14,000.00	49,452.64
Datuk Sri Abu Bakar Haji Harun	58,849.00	1,228.40	4,000.00	73,885.40
Datuk Siti Zauyah Md Desa	88,438.00	3,448.49	62,000.00	230,051.49
Datuk Ab Ghani Mohd Ali	90,082.00	3,511.62	24,000.00	143,758.04
Datuk Muzzammil Mohd Nor	-	3,511.62	-	3,511.62
<b>Independent non-executive directors</b>				
Datuk Yusli Mohamed Yusoff	38,466.00	1,502.31	22,000.00	80,184.31
Datuk Mohamed Suffian Awang	120,000.00	4,671.98	70,000.00	262,671.98
Datuk Dr Salmiah Ahmad	120,000.00	4,671.98	44,000.00	193,087.98
Dr Mohamed Nazeem P Alithambi	120,000.00	4,671.98	98,000.00	287,394.98
Datuk Mohd Anwar Yahya	120,000.00	4,671.98	84,000.00	305,811.98
Dr Nesadurai Kalanithi	120,000.00	4,671.98	48,000.00	194,764.98
Datin Hoi Lai Ping	38,466.00	1,502.31	24,000.00	82,577.31
Tan Sri Dr Sulaiman Mahbob	19,726.00	420.28	6,000.00	31,406.28
Datuk Yahaya Abd Jabar	106,192.00	4,136.60	58,000.00	232,208.60
<b>Non-independent executive director</b>				
Datuk Zakaria Arshad	-	216,824.45	38,000.00	1,536,317.90
<b>TOTAL</b>	<b>1,702,356.00</b>	<b>575,100.74</b>	<b>920,500.00</b>	<b>5,738,622.51</b>

Source: FGV's annual report 2018

\*The total sum includes fees for committee members, annual fees from subsidiaries which are stated here due to space constraint

Azhar revealed that the Employees Provident Fund (EPF) has raised concerns on the remuneration amount, especially on the fee payable to the chairman, which he has volunteered to waive (read side story).

He said the board is looking at options to resolve the situation, but it is unclear what the options are.

Meanwhile, Azhar reiterated that the board has worked hard over the

past year in putting through plans to turn around FGV's operations.

"The response we see is that all the efforts made over the past year [were] not appreciated. Maybe the shareholders feel that there are people who can do the job better," he said.

"The board is not here for the directors' fee or whatever. The board came in with open eyes, with full understanding of the challenges

in FGV and had volunteered to go through the hardship of turning around the company," added Azhar.

Minority Shareholders Watch Group (MSWG) said that while the remuneration for the directors was a bit on the high side, it is understandable as FGV is not a typical company.

"FGV is not your typical company, it is a turnaround case. It is a company which is riddled with nu-

merous inherited problems and issues. When FGV normalises, we would expect the remuneration to be at a more normalised level," said MSWG chief executive officer Devanesan Evanson when contacted.

He sees that the unexpected outcome of the AGM has put FGV in a conundrum.

"Does this mean the directors are expected to have worked for free in 2018? Such a situation would not provide sufficient motivation (and this lack of motivation may surface to the detriment of FGV) to the directors to continue discharging their fiduciary duties.

"FGV being a turnaround company would require substantial time investment from the directors and directors have an 'opportunity cost' to their time," said Devanesan.

It is unclear whether there were any engagement between the board and the three shareholders that voted against the resolutions, he added, so one option would be to engage the parties as they would each probably have a figure in mind when it comes to remuneration.

An extraordinary general meeting (EGM) can then be called to approve the revised remuneration.

"EGMs are expensive but this cost must be weighed against the risk of having unmotivated directors on the board because they are not paid, which would ultimately be to the detriment of FGV," he said.