

Shahril's RM71.9m remuneration raises eyebrows

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SAPURA ENERGY BHD

DISCONTENT OVER CEO REMUNERATION

EPF, which opposes Shahril's re-election, considers RM71.92 million payment excessive, says MSWG

ZARINA ZAKARIAH
KUALA LUMPUR
bt@mediaprima.com.my

INSTITUTIONAL investors are unhappy with the remuneration received by Sapura Energy Bhd president and chief executive officer Tan Sri Shahril Shamsuddin.

The remuneration amounting to RM71.92 million was equivalent to about 35 per cent of the company's net profit for the year ended January 31 last year.

Minority Shareholder Watchdog Group (MSWG) general manager Lya Rahman said the remuneration was considered "excessive" by the Employees Provident Fund (EPF), which had voiced its unhappiness over the issue.

"We are seeing a very strong shareholder activism among the institutional funds, particularly when the EPF mooted an idea to oppose Shahril's re-election as

the company's director," she said on the sidelines of Sapura Energy's seventh annual general meeting (AGM), here, yesterday.

"This is the first time we are seeing an active stance taken by the institutional funds," she added.

Six resolutions were tabled for shareholders' approval at the AGM.

"Of particular concern is Resolutions 1, 2, 3 and 4. While we do not agree with EPF's move to oppose Resolution 1, we nevertheless agree to oppose Resolutions 2 and 3," Lya added.

Resolution 1 was related to the re-election of Shahril as eligible director, while Resolutions 2 and 3 were related to the re-election of two independent directors Mohamed Rashdi Mohamed Ghazali and Datuk Muhamad Noor Hamid.

"We oppose the re-election of the independent directors be-

cause every year we keep seeing the same thing happening, especially with the excessive directors remuneration," she said.

According to data from Sapura Energy's latest annual report, Shahril, who owns a 17.44 per cent stake, was paid a salary and related emoluments of RM7.24 million.

He was also awarded with a RM55 million bonus, which was based on the prior year's group performance and achievements, along with RM9.34 million in defined contribution plan and RM348,000 in various benefits-in-kind.

"We are trying to find the logic of awarding the executive director with an excessive package at a time when the company is bleed-

ing losses. We think there was no proper governance carried out," she said.

The corporate governance and intellectual property rights, trademarks and branding fee to Sapura Holdings were among the matters that came under fire as well.

The fees for the use of "Sapura" and "Kencana" brand names amounted to RM43.4 million in the fiscal year 2018.

In the fiscal year, Sapura Energy posted a net loss of RM2.5 billion on back of RM5.89 billion revenue.

EPF holds a 5.21 per cent stake in Sapura Energy. Other institutional investors are Retirement Fund Inc with a 6.35 per cent stake and Amanah Saham Bumi-

putera (6.46 per cent).

In a written reply to MSWG, Sapura Energy said the bonus payment for the financial year 2018 was based on the group's performance and achievements in the previous year as measured by the key performance indicators set by the board.

"No shares were vested to the president and chief executive officer under the Long Term Incentive Plan (LTIP) in the financial year 2018.

"The board of directors is satisfied that its decision made on the bonus and LTIP at that time commensurated with Shahril's performance and contributions to the company. The board also appreciated his voluntary salary reduction for the third year running."

On a query about dividend, Sapura Energy said the board would consider recommending one.



Tan Sri Shahril Shamsuddin