

More say for investors in setting pay

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Shareholders in South African banks are to be given a greater say in remuneration policies governing the pay of top executives and directors.



Parliament's finance committee on Tuesday (13 August) included a clause in the Banks Amendment Bill that requires the remuneration committee of the board of directors to consult with shareholders about the bank's remuneration policies.

The insertion, which was proposed by the Democratic Alliance (DA) and accepted by African National Congress MPs, did not specify how and when this consultation should take place.

Banking Association of SA's chief executive Cas Coovadia would not comment on the change to the bill as he had not yet been briefed about it.

The amendment bill is largely a technical document intended to align the act with the 2008 Companies Act and with the prescriptions of Basel 3, which are intended to strengthen the global capital framework and liquidity standards for banks.

Finance committee chairman Thaba Mufamadi regarded the additional clause by the committee as an "enhancement" rather than an amendment and said it brought the bill into line with the Companies Act with regard to the fiduciary duties of directors. He said Treasury officials were quite amenable to the change.

Mufamadi said committee members believed that there should be more transparency in the relationship between the board and shareholders, as required by the Companies Act.

DA finance spokesman Tim Harris said the party was seeking to change the Companies Act and to give shareholders a greater say over remuneration policies. Harris said the amendment introduced into the Banks Amendment Bill was a step in the right direction.

Source: Business Day via I-Net Bridge