Enough is enough – in defense of executives

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The governance pendulum has slowly but surely swung so far past the point of common sense that it can create unintended negative consequences, wasting precious and limited time, energy, and money.

It becomes even more of an issue when people who have no or very little real business or leadership knowledge & experience become responsible for casting proxy votes at important legal business proceedings, such as an annual general meeting. In addition, it is such a minefield now that these same people are increasingly relying on the 'advice' of an army of external professional advisors, who have unsurprisingly sprung up like mushrooms.

Astral Foods is a JSE listed business with a long-term track record of exemplary executive behaviour and performance. Its key people have spent most of their careers working incredibly hard to create durable shareholder value in the super competitive poultry industry. They have earned the right to be trusted, or at the very least to be given the benefit of the doubt. They take great pride in their work, and they consistently communicate at a world-class standard with all their shareholders.

It therefore came as a surprise to see their executive remuneration policy not just voted against by a few percentages, but in fact voted down at their recent annual general meeting. We know and deeply respect how much considered effort goes into such an important aspect of any business, including canvassing shareholder opinion over the year. Therefore, we can only imagine the frustration these executives must be feeling right now. To us this seems like an unwarranted slap in the face. The JSE rules now force them to have to 'engage with the dissenting shareholders', which drains lots more valuable time, energy and money.

Allegedly someone once said, 'the best argument against democracy is spending 5 minutes with the average voter'.

It is one thing to electronically cast a vote from the comfort and safety of an airconditioned glass office, but we suspect it will be quite another to receive and handle the rightful response in person by the credible executives directly affected thereby.

Interestingly and unsurprisingly, the Astral Foods executive have come out of their corner on this important matter swinging. Enough is enough.

Our work continues...

Daniel Malan
Managing Director & Chief Investment Officer
daniel@perspectiveim.co.za

Perspective Investment Management
www.perspectiveim.co.za

Perspective
Investment Management