

## Proxy Voting Summary—2017 Q4

Proxy View - championing the interests of shareholders.

### Focus on Responsible Investment

At Proxy View we encourage investors to practice good corporate citizenship with an underlying investment strategy that seeks to generate both financial and sustainable value in the long term.

We support investors who aim to achieve this by integrating ethical, environmental, social and governance (EESG) issues into their financial analysis and decision-making processes.

Share-owner stewardship – monitoring and engaging with issuers on matters that may affect long-term value - should be a key element of such a strategy.

As part of our own share-owner stewardship drive we produce a quarterly summary of our proxy voting results, reflecting the way in which we would have voted at issuers' AGMs based on our voting policy. These are available on our website.

Resolutions	Voted		
	For	Against	N/P <sup>1</sup>
Election / re-election of directors	72	29	
Election of audit committee members	30	35	3
Appointment of auditors	4	15	2
Non-executive directors' remuneration	3	17	1
Authority to issue shares		9	12
Authority to issue shares for cash		7	14
Authority to issue preference shares	2		12
Providing financial assistance - S44	6	10	5
Buy-back of issuer's shares		18	3
Executive remuneration – policy	6	13	2
Executive remuneration – report	6	14	1
Amending executive share plans		1	20
Chairman's remuneration	1	2	18
Non-executive directors' fees for ad hoc work	1		20
Amending the MoI	6		15
Issue Pref Shares			21
Providing financial assistance - S45	4	2	15
Issue conversion Shares	4		17
Social / Ethics Committee Report	1		20
Other	10		11

[1] N/P - Indicates resolutions that were not presented to shareholders for consideration.

### Voting Summary

We limit our research to the top 100 issuers by market capital. During the period 1 October to 31 December 2017 we published 21 Pv Standard voting sheets in respect of the issuers shown on the next page.

Our votes for / against the resolutions put to the vote at these shareholders' meetings are shown above. Our detailed comments in respect of each of these categories where we voted against the resolutions, appear below the General overview section.

### General overview

The following types of resolutions put before shareholders remain our top issues of concern:

- **Remuneration policies and reports**, which often reflect poor, inadequate disclosure; KPIs that in several cases cannot be linked to corporate strategies, or reflect moving targets to better suit the interests of the executives from year to year. Seldom do these KPIs stretch the executives, nor do issuers comprehensively report on the outcome of the assessment of executives' performance against the stated KPIs. A few cases exist where a board failed to adhere to the policies approved by shareholders at the last AGM, or to highlight a deviation and requesting shareholders to approved it.
- **Long-serving auditors**, where auditor rotation after 10 years is largely not happening. In our view auditor independence is compromised if the arrangement lasts for a decade or longer. At least IRBA has taken a stance on this matter but it will only apply from 2023.
- **Director independence** remains an important, yet largely ignored matter. We consider a director with more than 9 years' tenure not to be independent anymore, and to retire from a board after 15 years. We also would vote against company executives who return to the board as non-executive directors.

#### 1. Election of Directors

Individuals were found to be 70 years or older.

Over-extended in terms of too many onerous other directorships.

Tenure of 15 years or longer.

Over-extended in terms of too many onerous other directorships and also over 70 years of age.

Tenure of 15 years or longer and also over 70 years of age.

Not considered independent after being on the board for 9 years or longer.

#### 2. Election of audit committee members

Not considered independent after being on the board for 9 years or longer.

Not considered independent, and over-extended in terms

of other directorships

Over-extended in terms of other directorships.

Former executive director of the issuer should not serve on the audit committee.

A non-executive director should not serve on the audit committee

On 3 occasions no resolution for the appointment of audit committee members was considered by shareholders.

### **3. Appointment of auditors**

Auditor of the company for over ten years.

On 2 occasions no resolution for the appointment of auditors was considered by shareholders.

### **4. Authority to issue shares**

Not specifically motivated - shareholders should authorise specific transactions.

On 12 occasions no resolution to authorise the directors to issue shares was considered by shareholders.

### **5. Authority to issue shares for cash**

Not specifically motivated - shareholders should authorise specific transactions.

On 14 occasions no resolution to authorise the directors to issue shares for cash was considered by shareholders.

### **6. Authority to provide financial assistance—Section 44**

We do not support providing financial assistance to natural persons.

On 5 occasions no resolution to authorise the directors to provide financial assistance in terms of the provisions of S44 of the Companies Act, was considered by shareholders.

### **7. Authority to do share buy-backs**

No specific reason given - not in issuer's interests.

On 3 occasions no resolution to authorise the directors buy back the issued shares of the issuer, was considered by shareholders.

### **8. Amending executive share plans**

No claw-back for below par performance exists.

However, it makes sense not to include such a provision, as the beneficiary indirectly owns the shares and only waits for the vesting period to run its course.

### **9. Chairman's remuneration as a separate resolution**

Chairperson's fee is proposed to be more than 150% of the fees of a director.

### **10. Non-executive directors' fees**

In most cases an omnibus resolution is put to the vote, preventing shareholders to vote for / against the fees for a particular position on the board or a committee thereof.

## **Issuers for whom we published Pv Standard reports**

Meeting Date	Issuer
01-Dec-17	African Rainbow Minerals Limited
02-Nov-17	AVI Limited
19-Oct-17	BHP Billiton plc
28-Nov-17	Clover Industries Limited
29-Nov-17	Discovery Limited
27-Oct-17	Distell Group Limited
30-Nov-17	Firststrand Limited
14-Nov-17	Growthpoint Properties Limited
18-Oct-17	Impala Platinum Holdings Limited
24-Nov-17	MMI Holdings Limited
22-Nov-17	Rand Merchant Investment Holdings Limited
29-Nov-17	Remgro Limited
02-Nov-17	Resilient REIT Limited
22-Nov-17	RMB Holdings Limited
17-Nov-17	Sasol Limited
30-Nov-17	Shoprite Holdings Limited
23-Nov-17	South32 Limited
01-Dec-17	Spur Corporation Limited
02-Nov-17	Truworths International Limited
19-Oct-17	Tsogo Sun Holdings Limited
28-Nov-17	Woolworths Holdings Limited

We do not support these omnibus resolutions.

Chairman earns >150% of the fees paid to a director.

### **11. Non-executive directors' fees for ad hoc work**

All found to be in order.

### **12. Executive remuneration policies**

The policy does not provide sufficient information to hold the company to account.

Quantum of annual additions to the bonus pool is not disclosed nor what its current balance is.

The policy is unclear and contains no definitive targets.

The KPIs are not stretching the executives in any way.

The policy is not set out well, and consequently it is not possible to hold the company to account. In addition, the large measure of discretion implies that no firm policy exists.

### **13. Executive remuneration reports**

Shareholder most likely incapable of determining the executive remuneration.

Shareholders are unable to assess the levels of performance achievement by management in respect of both the STI and the LTI targets.

The disclosure and the application of the policy is not clear enough.

Unclear how the manner and extent of the KPIs were applied in arriving at the executive bonuses.

Targets seem clear, but actual payments are not linked to target.

## **14. Amendments to the MoI**

All found to be in order.

## **15. Issuing preference shares**

This resolution did not come before the shareholders at any of the meetings listed above.

## **16. Authority to provide financial assistance—Section 45**

We do not support providing financial assistance to natural persons.

## **17. Issuing conversion shares**

This resolution did not come before the shareholders at any of the meetings listed above.

## **18. Social and Ethics Committee report**

This resolution was only submitted to the shareholders by one issuer.

## **19. Other**

Generally relate to authorising the board and management to implement the resolutions which were carried at the meetings.

## **20. General comments**

We would have voted in favour of a resolution to pay the VAT component of directors' fees.

In respect of a particular issuer we consider the proposed fees payable to members of the Audit committee to be too low.

We would have voted in favour of authorising the Board to agree the remuneration of the auditors.

In respect of a particular issuer we were not in favour of shareholders voting on the appointment and remuneration of an alternate director. We do not believe this to be a matter for the company to be involved with.

In the case where the issuer is a bank, we would have voted in favour of granting the Board the authority to issue shares to meet Basel III requirements.

Would have voted in favour of the appointment of audit committee members who have limited experience to serve on an enlarged committee alongside experience members, as a way to build capacity.

We do not support resolutions where a deputy chairman is paid fees in excess of what an ordinary member of the board earns.

We would have voted in favour of issuing shares for BEE purposes and for providing financial assistance for buying BEE shares to qualifying individuals.

At a general meeting of shareholders we would have voted in favour of a conversion of the par value shares to no-par value shares.

In respect of a particular issuer we would have voted against 2 of the 3 directors put forward for election to the SE Committee in view of their long tenure on the board.

## **Issuer Engagement**

We engaged with MMI Holdings during the quarter under review, focusing on aspects of their executive remuneration policy and report.

## **Call us .....**

Contact us should you need more information about the services we can render, or to assist you in producing a similar voting results summary as part of your responsible investment focus.

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