

HIGH CPO PRICE

DISMAY OVER INCREASE IN FGV PERKS

'Remuneration inappropriate considering tough times being faced by FELDA settlers'

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ECONOMISTS have expressed their dismay at the salary and allowance hikes for FGV Holdings Bhd's chairman and board of directors on the back of sky-high crude palm oil (CPO) prices.

They argued yesterday that the new generous remuneration was inappropriate, considering the rising inflation and tough times faced by FELDA (Federal Land Development Authority) settlers.

Putra Business School Associate Professor Dr Ahmed Razman Abdul Latif said FGV had been reaping huge profits, but this was more due to external factors.

"The same board of directors were there when FGV suffered from losses. The recent huge

profits may be temporary as the CPO price has started to decline," he told the *New Straits Times*.

"Will they reduce the remuneration and benefits when the CPO price becomes lower?"

He said the remuneration did not take into consideration the wellbeing of the minority shareholders, employees and FELDA settlers.

"When compared to other plantation companies listed on Bursa Malaysia, FGV's new remuneration and benefits are higher than its competitors even as its market capitalisation is lower."

Minority Shareholders Watch Group chief executive officer Devanesan Evanson said board members' remuneration should be based on the key performance indicators (KPIs).

"Remuneration should not be based on profitability of the com-

pany. This is because profitability may be a result of external factors over which the board has no control," he said.

As such, he said the board should not take the credit for the profits and use them as a basis for the increased remuneration.

"Similarly, the board should also not be penalised when the CPO price falls and result in a loss to the company. The remuneration should instead correlate to the board members' KPIs, which are within their control," he added.

Universiti Malaya Associate Professor Dr Awang Azman Awang Pawi said the huge increase was not apt when inflation was hitting the masses, and FELDA settlers in particular, hard.

"FGV does not seem to be sensitive to the people's problems. This resolution is inappropriate

when the government wants prudent spending measures. The chairman of (FGV parent) FELDA is a politician and he should be more sensitive to the feelings of the people."

FGV shareholders had passed 13 resolutions at its annual general meeting (AGM) last week, including raising its non-executive chairman's yearly fee to RM480,000, from RM300,000 previously, effective June 24.

Seven other FGV non-executive directors would receive a monthly fee of RM12,500 each until the next AGM, or an increment of RM2,500 per person.

FGV clarified on Monday that it had appointed an independent consultant earlier this year to conduct a review and benchmarking on board remuneration.

It said the board was advised by



Under FGV Holdings Bhd's new remuneration package, non-executive chairman Datuk Dzulkipli Abd Wahab's (inset) yearly fee jumped to RM480,000 from RM300,000 previously, effective on June 24.

