



Friday 29th July 2016

Research Tender

South Africa – historic instances of poor corporate governance and potential future risks

Purpose: We associate South African companies with a high standard of corporate governance, in a global not only GEM context. The JSE and the King codes have influenced this. This generalisation should not, however, leave us with blind spots as to past or future abuses.

We are interested therefore in examples of past misdeeds and/or questionable behaviour of companies/owners/managers (leopards seldom change their spots). We are also interested in obvious weak points of a company's structure that could potentially be exploited in future and which we could seek to engage with companies to remedy.

Requirements:

- i) Covering the last 20 years, analyse previous instances of poor corporate governance (including *attempted* poor governance) in SA companies. Explain not only what happened, but also motivations and personalities involved where appropriate. These shall be most relevant where the respective owners/managers/directors are still in place.
- ii) Assess which companies not only have potential corporate governance weak spots, but also a motivation for exploiting them and/or a history of the company/owner/management engaging in poor governance.

Instances may include, but are certainly not limited to the following:

- a. Voting rights being used against minority interests
- b. Disadvantageous related-party transactions
- c. Egregious remuneration practices
- d. Poor behaviour of MNC owners, e.g. re. royalties
- e. Black economic empowerment as cover for poor behaviour

Detours to be avoided:

- (a) Any explanation of why corporate governance is important
- (b) A lengthy generalised history of corporate governance in SA

- (c) Comments without context [e.g. minorities in all majority-controlled companies are at risk, but not all controlling shareholders have a history of or obvious motivation for exploiting it]

Scope:

No more than twenty pages total.

Examination of at least ten instances of questionable governance and a similar number of cases of potential future harm (with context for why it is possible, not only theoretically possible).

Listed companies with a market cap of US\$750m or more only. One or two exceptions permissible if of unusual interest, or if owners/managers involved are also associated with larger companies.

Tender specifics:

Please submit a proposal by email (maximum of two pages) to ResearchandBrokerManagement@StewartInvestors.com on how you would conduct this research, over what timeframe and for what price. No exclusivity is sought, but commission acknowledgement is required if sharing. Closing date for application: **30th September 2016**.