

SMOKESCREEN SENDS THE WRONG SIGNALS

Pinky Moholi's sudden resignation from Old Mutual sends out all the wrong signals at a time when the life insurer, still wrestling with its unwanted former CEO Peter Moyo, can least afford it.

Moholi, who by one colleague's account was "extremely effective", quit last week, citing "personal reasons".

She is the first casualty from a board that may be starting to buckle from the strain of its acrimonious tussle with Moyo.

The problem is that neither shareholders nor Old Mutual customers are any the wiser as to whether Moholi's decision to leave resulted from a disagreement over the company's strategy to engage Moyo through the courts, or whether it was fear that she may be found in contempt of court, along with the rest of the board, as Moyo's legal team have sought.

Certainly, if the courts rule in favour of Moyo and Old Mutual's directors are declared delinquent in their handling of his dismissal, it will preclude them from serving on any other listed company's board.

Besides having been on Old Mutual's board, Moholi, who was at one stage the Telkom CEO, is a nonexecutive director at both Woolworths and Anglo American Platinum. Her departure may simply be a case of determined self-preservation.

Until now, Old Mutual chair Trevor Manuel has been contemptuous of suggestions that Moyo's axing is beginning to fracture its executive. In a testy exchange with BDTV anchor Alishia Seckam, Manuel described a "unity of purpose" and said: "I certainly don't feel the two-camp story: it may be put out there by people who are now outside of the business and disgruntled but it doesn't match reality."

In Manuel's telling of it, Old Mutual has been a



reluctant participant in the litigation against Moyo, and never wanted a court dispute in the first place.

"The board will not flinch in its responsibilities to see that there is good corporate governance," Old Mutual told BDTV.

"We don't want to drag this thing out forever but it's unclear how this thing will end."

Well, yes, and that's the problem.

Now in its fourth month, the battle between Moyo and Old Mutual is beginning to resemble last year's at-times farcical row between the DA and former Cape Town mayor Patricia de Lille.

In that case, it was clear from the start that the relationship between the two had broken down irreparably. But a legal tug of war raged for the better part of a year and produced few winners, though, ever the survivor, De Lille founded a new political party and snagged a position in President Cyril Ramaphosa's cabinet as public works minister.

It's fair to say that the DA came off worse, and it's not a stretch to argue that the breakdown in its relationship with De Lille damaged it badly in this year's crucial May elections.

There is clearly a lesson for Old Mutual in this.

Moholi's resignation is also a frustrating reminder that when it comes to transparency, JSE-listed companies are still allowed to get away with scant disclosure.

While it's probably wishful thinking that the exchange could enforce regulations that compel company directors to be transparent about their motives, greater disclosure would help quell the febrile speculation that tends to accompany an unexpected board departure.

It is, of course, the job of analysts and media to get to the truth behind a terse stock exchange news statement – but it must be said that listed companies do themselves a disservice by opting to say the bare minimum. **x**