

South African remuneration governance - Integrating the Companies Act, King V, EEA4 and JSE requirements

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1 Introduction

South Africa has entered a significantly more structured phase of remuneration governance following the commencement of the Companies Amendment Act 16 of 2024 on 22 May 2026, particularly the insertion of sections 30A and 30B into the Companies Act 71 of 2008. These provisions introduce binding shareholder oversight over remuneration policy and implementation reporting for **public companies and state-owned companies** (SOEs). This development does not operate in isolation. **It intersects with existing governance and regulatory frameworks**, including the King V Report on Corporate Governance for South Africa 2025, the Employment Equity Act 55 of 1998 (notably EEA4 remuneration reporting), and the Johannesburg Stock Exchange (JSE) Listings Requirements. The result is a multi-layered remuneration governance ecosystem that requires integration rather than parallel compliance. Without integration, entities may well have to deal with inconsistent pay narratives; duplicated analytics; conflicting messaging to stakeholders; and heightened litigation and/or reputational risk.

2 From board discretion to stakeholder accountability

Historically, executive remuneration in South Africa was primarily governed through:

- Board discretion exercised via Remuneration committees;
- King V's voluntary, principles-based governance framework; and
- Disclosure obligations under the JSE Listings Requirements.

While these mechanisms promoted transparency, they did not provide binding shareholder control over remuneration outcomes. The Companies Amendment Act fundamentally changes this balance by introducing:

- A binding remuneration policy approval requirement (s30A); and
- An annual remuneration implementation report subject to shareholder vote (s30B).

This effectively transitions remuneration from an internal governance matter to a shareholder-accountable statutory obligation.

3 The four frameworks shaping remuneration in South Africa

Although the frameworks below overlap in data usage, their legal purposes differ materially:

Framework	Core question	Legal objective	Purpose
Companies Act (ss30A/30B)	Can remuneration be justified to shareholders?	Corporate accountability and governance oversight	This constitutes the legal accountability layer.
King V	Is remuneration fair, responsible and aligned to strategy?	Governance best practice	This is the design philosophy, not the enforcement law.
EEA4	Is remuneration equitable and non-discriminatory?	Employment equity and transformation	This is a labour law compliance and transformation instrument.
JSE Listings	Is remuneration transparently disclosed to the market?	Investor protection and market integrity	This is the market transparency layer for listed companies.

The frameworks above are not duplicative, but rather functionally complementary. A key risk in the new environment is fragmentation of remuneration data and narrative as many organisations maintain separate reporting systems.

5 Pay ratios and internal transparency

One of the more consequential features of the new Companies Act regime is the formalisation of internal remuneration visibility, including:

- highest and lowest paid employees;

- average and median remuneration; and
- pay distribution ratios (including top and bottom percentile comparisons).

While these disclosures may appear technical, they fundamentally change the internal governance dynamic. Remuneration is no longer assessed only at executive level; it is now explicitly contextualised against the broader workforce. This creates a direct interface with EEA4 reporting, which has long required analysis of remuneration differentials, particularly along race and gender lines. Disability related data is unfortunately glaringly absent.

The EEA4 is a labour law instrument designed to address systemic inequality in South African workplace. Section 30B asks whether remuneration outcomes are transparent, explainable, and defensible to shareholders.

6 Towards an integrated remuneration governance model

Best practice increasingly requires a unified remuneration architecture built on a single data foundation. A practical integrated model includes:

- A consolidated payroll and job architecture system feeding all reporting streams.
- Integrated analytics across executive, managerial, and general workforce levels.
- Multi-layer reporting outputs from one dataset generating
 - Governance narrative (King V): remuneration philosophy and design rationale;
 - Statutory reports (Companies Act): policy and implementation report with pay ratios;
 - Equity analysis (EEA4): Gender and race remuneration differentials (as well as disability related); and
 - Market disclosure (JSE): integrated remuneration reporting.

Remuneration Committees must evolve from approval bodies into strategic governance integrators, ensuring alignment between legal compliance, fairness considerations, and performance outcomes. They must ensure a single coherent narrative and defensible actions across all disclosures, particularly where:

- pay disparities are identified under EEA4;
- remuneration outcomes are challenged by shareholders; or
- incentive outcomes diverge from performance expectations.

7 Closing reflection

South Africa's remuneration governance regime now reflects a convergence of corporate governance, labour equity law, and securities regulation. The practical question for Boards is no longer simply whether remuneration is appropriate. It is whether it can withstand simultaneous scrutiny from shareholders, employees, regulators, and the market—using different legal tests, but the same underlying data.

References

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