Remuneration disclosure

June 2026

The Companies Act, 71 of 2008 (Companies Act) was amended to include a clarification on the disclosure of director's remuneration and the inclusion of new requirements for state-owed and public companies to prepare a remuneration report which includes a background statement, a remuneration policy and an implementation report. These sections, although published in 2024, was made effective on 22 May 2026.

On Friday, 22 May 2026, the President made certain sections of the Companies Act effective. These sections deal with remuneration disclosure and the remuneration report.

Forvis Mazars prepared this FAQ document to assist companies to which the changes to the Companies Act applies. Section 9(1) of the Companies Act states that any provision that applies to a public company also applies to state-owned companies.

Director remuneration disclosure (S30(4) and (5)

1. **In terms of section 30(4) of the Companies Act director's remuneration must be disclosed in the annual financial statements. Is there a specific requirement in terms of disclosure?**

   Answer

   Yes, the Companies Act requires that remuneration and benefits received by directors and prescribed officers must be disclosed individually by name.

Section 30(4) prior to clarification	Section 30(4) clarification
Remuneration	Remuneration
Director A Rxxx	Mr John Cook Rxxx
Director B Rxxx	Mr Peter Ndlovu Rxxx

2. **What does section 30A require?**

   Answer

   Section 30A requires all public companies and state-owned companies to prepare a remuneration policy. The remuneration policy must be presented to, and approved by, the shareholders at the annual general meeting (AGM) by ordinary resolution. The policy will remain in force for three years from approval and must be approved every three years thereafter. The policy may be amended prior to the three-year period by ordinary resolution at a shareholders meeting, called for this purpose or an AGM.

Remuneration report (Section 30B)

3. **Section 30B sets out the duty to prepare and present a company's remuneration report to be approved at the AGM. What is included in the remuneration report?**

   Answer

   - The remuneration report must include the following
     - background statement,
     - remuneration policy, and
     - implementation report.

4. **Does the remuneration report impact the annual financial statements (AFS)?**

   Answer

   The remuneration report does not impact the AFS as it does not form part of the annual financial statements. It is a separate report that is included in the notice to the AGM.

5. **Must the remuneration report be audited?**

   Answer

   - The remuneration report, including the implementation report does not form part of the AFS and therefore is not required to be audited under section 30(2)(a).

6. **Does the Companies Act set out what must be included in the implementation report?**

   Answer

   Yes, section 30B requires the implementation report to include:

   - total remuneration received by each director and prescribed officer;
   - the total remuneration of the employee with the highest total remuneration;
   - the total remuneration of the employee with the lowest total remuneration;
   - the average total remuneration of all employees,
   - the median remuneration of all employees and
   - the remuneration gap reflecting the ratio between the total remuneration of the top 5% highest paid employees and the total remuneration of the bottom 5% lowest paid employees of the company.

7. **If the remuneration policy is not approved at the AGM, what must the company do?**

   Answer

   At the next AGM:

   - the policy must be presented again with an explanation of the manner in which shareholders' concerns was taken into account; and
   - the directors serving on the remuneration committee who are not involved in the day-to-day management of the company must stand for re-election as members of the committee once the explanation is presented.

8. **If, at the following AGM, the remuneration report of the previous financial year is not approved by ordinary resolution again, what is the implications?**

   Answer

   The directors serving on the remuneration committee who are not involved in the day-to-day management of the company may continue to serve as directors, provided they successfully stand for re-election at the AGM but they will not be eligible to serve on the remuneration committee for a period of two years thereafter.

9. **Are the requirements in section 30A and 30B new to state-owned and public companies?**

   Answer

   No, public and state-owned companies that applied the IODSA King V™ Report on Corporate Governance (Copyright and trade marks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved) were required to prepare a:

   - background statement,
   - overview of remuneration policy, and
   - implementation report.

Companies were required to obtain separate non-binding advisory votes on the remuneration policy and implementation report as well as setting out a process if 25% of shareholders voted against policy and/or implementation report.

The Companies Act now requires a binding shareholders vote and if the remuneration policy and implementation report is not approved then the steps in questions 7 and 8 must be followed.

10. Are there differences between the directors remuneration disclosure in section 30(5) and section 30B?

Answer

At present there are two notable differences.

- Section 30(5) requires that directors and prescribed officers remuneration must be disclosed for services rendered as directors and prescribed officer of the company or services rendered while being directors or prescribed officers of the company as directors or prescribed officers of any other company within the same group of companies or in connection with the carrying on of the affairs of the company or any other company within the same group of companies.

  Section 30B requires that the remuneration report must include remuneration of the company and not the group.

  Based on the different definitions there might be a difference between what is disclosed in the annual financial statements (S30(4) and (5)) and the implementation report (S30B).

- The definition of remuneration in section 30(6) and 30B is not identical and companies would need to consider whether there is anything that might need to be highlighted.

Transitional requirements

11. Section 30A and 30B became effective on 22nd May 2026. What are the transitional provisions to implement section 30A and 30B?

Answer

There are no transitional provisions. The changes are not linked to the preparation of the annual financial statements but rather to the approval of the remuneration report at the AGM and therefore companies whose year ends have passed but have not yet had their AGM, will have to apply the newly effective sections.

Based on the current interpretation if the notice of the AGM was sent out before 22 May 2026 (the effective date) then public and state-owned companies would not have to apply section 30A and 30B.

Where the notice to the AGM still needs to be distributed, public and state-owned companies will have to apply the requirements of sections 30A and 30B.

Note: Where companies are impacted by the requirements, it is important that the implications are discussed with the company secretary and where required, legal advice obtained.

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