2024 Directors Remuneration and Trends Report

pwc

Introduction

As corporate South Africa is preparing for more candid and robust remuneration disclosures, there has never been a more important time to understand how your organisation's remuneration practices compare to the market and the expectations of stakeholders.

For over 17 years PwC has reported on director remuneration and trends and it is with great pleasure that we present PwC's 2024 Directors Remuneration and Trends Report. This year we have combined our findings for executive and non-executive directors, featuring remuneration data from the Johannesburg Stock Exchange (JSE) Top 200 companies, to help you understand current remuneration trends and provide valuable market insights. A snapshot of executive director total guaranteed pay (TGP), short-term incentive (STI) and long-term incentive (LTI) outcomes, and total remuneration (TR), as well as remuneration voting insights and trends are included in this report. As far as non-executive directors are concerned, proposed fees for chairpersons, deputy chairpersons, lead independent directors, and board members are included.

An in-depth pay analysis of executive and non-executive directors' remuneration segmented by role, size and sector (inclusive of detailed variable pay trends by industry) as well as shareholder voting patterns by industry, is available for purchase and can be requested **here**.

Shareholder support for executive pay increases, despite proxy advisers being more vocal

We do not expect the scrutiny and activism around executive remuneration to subside in the near future. Furthermore, issues that were raised by shareholders and proxy advisors over the past year remain fairly consistent:

- Wider negative stakeholder perceptions of excessive executive pay quantum continue to persist, with pay quantum without adequate underlying performance being one of the primary reasons for non-support in the past year.
- Concerns over the fairness of pay quantum are also emerging in light of South Africa's economic growth and there are growing expectations of the enhanced use (and disclosure) of board discretion to reduce payments when there is a lack of alignment between reward outcomes and company performance.
- Concerns over LTIs awarded without performance conditions, or LTIs that are not subject to a performance period of at least three years.
- Insufficient disclosure and transparency of performance measures and targets. Particularly, we observe increased scrutiny where there is a lack of explanation relating to non-financial metrics.
- The absence, or insufficiency, of context and decision-making processes regarding discretionary adjustments, including extraordinary payments, sign-on and termination payments.
- In line with global trends, there is a continued focus on the simplification of executive pay and non-traditional incentive plans continue to be challenged.

Key findings

1% decrease in CEO median total remuneration (CFO: 2% decrease). The decrease in total remuneration outcomes was predominantly driven by lower STI and LTI outcomes.

Median STI outcomes for both CEOs and CFOs were down by 10% from the previous year.

Median LTI outcome at the CEO and CFO level decreased by 33% and 30%, respectively, from the previous year. This indicates that LTI turnouts have not yet fully recovered, despite many targets being set off of a lower base towards the end of the pandemic.

6% median increase in TGP for CEO (CFO: 4%), signalling a market catch-up to the prior periods of restraint.

The majority of companies increased their chairperson and board member fees after periods of subdued, and in many cases, no increases. Where increases were made, the median increase was inflation-based.

90.8% of remuneration policies were endorsed by 75% or more of shareholders (2023: 86.1%).

84.3% of implementation reports were endorsed by 75% or more of shareholders (2023: 79.5%).

Looking ahead

For the year ahead, organisations will face more of the same scrutiny, as well as new challenges. This includes managing the increased focus on fair pay and wage gaps within existing tight budgets. Additionally, the Companies Act amendments recently introduced will require enhanced pay disclosure by companies to satisfy both regulatory and shareholder requirements. In summary, this includes subjecting the remuneration policy to an ordinary shareholder vote every three years (unless interim material changes occur, which will trigger shareholder approval), while the implementation report is subject to an annual ordinary shareholder vote. In addition, mandatory wage gap disclosures will now be required.

Looking ahead, we believe the following pre-emptive actions can be taken ahead of the changes becoming effective:

Assess the current state

Take stock of where you are. Understand what you must do, what you should do and what would add additional value to your existing policy and disclosure practices.

There may be a need to review your current remuneration framework and policy: assess whether they remain suitable in attracting and retaining key talent and if the policy is robust enough to avoid having to seek shareholder approval thereof, before the expiry of the mandatory three year approval process. In particular, where remuneration policies will become subject to a binding vote every three years, it will be important to consider any changes well in advance.

Focus on shareholder engagement

Once you have assessed the current state of your policy, develop a roadmap to guide your policy and disclosure journey. From a strategic perspective, it will become necessary to review your stakeholder engagement strategy and engage with shareholders early, to disclose the rationale for changes to the remuneration policy.

Proactive engagement with shareholders provides an opportunity to communicate on these matters, and respond to issues raised, even where the guidance supplied by shareholders is not ultimately followed.

Expand the rationale for inclusion of non-financial measures

With the majority of companies now adopting ESG measures in their incentive plans, there is still resistance to accepting diminished results as a return. There will continue to be a greater shareholder focus on the specific metrics that are used to assess performance, and the resulting remuneration outcomes. As additional disclosures raise the bar for setting transparent and defensible targets, you should seek opportunities to leverage a wealth of historical data and predictive analytics to enhance the rigour in setting targets (particularly in the case of non-financial metrics).

Disclose the use of discretion

The policy will need to reflect the operational discretions required (e.g. the ability to set the level of each component of remuneration within a range over the life of the policy) but there will also be a need to exercise discretion to ensure the outcome of the implementation of the policy is fair to both directors and the shareholders, taking into account the overall performance of the company. Companies may wish to consider including an “emergency” discretion clause in their remuneration policy for genuinely unforeseen or exceptional circumstances.

Tell your story with candid disclosure

Use the new reporting structure to tell the story, focusing on areas that investors and other stakeholders identify as important—the disclosure of the wage gap will trigger questions around fair and responsible pay, put more emphasis on pay versus performance at an executive level, and require communication with broader stakeholder groups, including employees. This will require different communication strategies, but also present new opportunities.

Executive director remuneration and trends analysis

Elements of remuneration analysed

This section analyses remuneration paid to the executive directors of the Top 200 companies listed on the JSE. We analysed remuneration elements including TGP, STI, LTI and TR outcomes. The roles analysed include CEO and CFO.

Executive director remuneration snapshot

The information contained in the table reflects the median figures for each of the remuneration elements as at 29 February 2024 (the 2024 reporting period), compared to the 2023 reporting period.

Our analysis shows that CEO and CFO total remuneration levels have marginally decreased year-on-year:

The median TGP for CEOs and CFO increased by 6% and 4%, respectively (compared to 2023).

Annual CEO and CFO STI outcomes for 2024 were 10% lower compared to 2023.

LTI outcomes decreased for CEOs (33%) and CFOs (30%), when compared to 2023.

Overall, TR has decreased by 1% for CEOs and 2% for CFOs, when compared to 2023.

Figure 1: Summary overview (R'000) by role – JSE Top 200

	CEO (R'000)		
	2023	2024	
TGP	7,548	8,002	+ 6%
STI	7,273	6,537	- 10%
LTI	6,229	4,197	- 33%
TR	19,990	19,713	- 1%

	CFO (R'000)		
	2023	2024	
TGP	4,936	5,127	+ 4%
STI	3,763	3,370	- 10%
LTI	2,820	1,986	- 30%
TR	10,821	10,606	- 2%

Total guaranteed pay

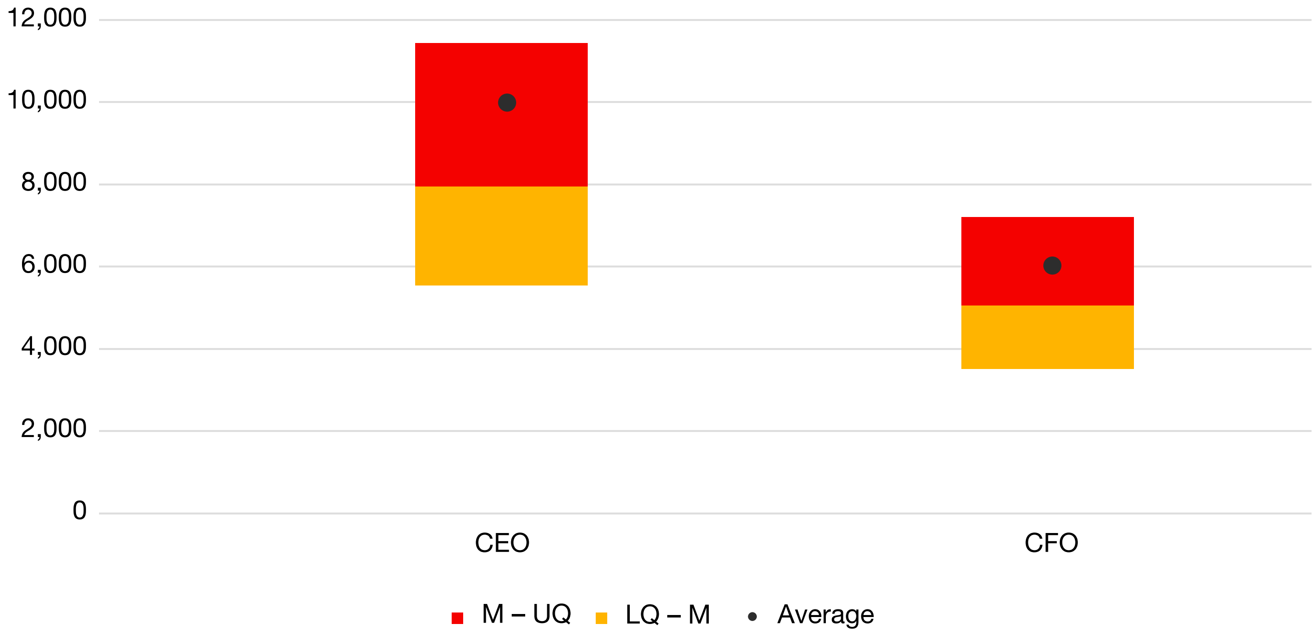
TGP represents the portion of total remuneration that is fixed, made up of basic pay and a cash value attributable to benefits.

Increased fixed pay was observed:

TGPs for CEOs and CFOs increased by 6% and 4%, respectively, from 2023.

The median TGP is reflected as R8,002,000 for CEOs and R5,127,000 for CFOs.

Figure 2: TGP (R'000) by role – JSE Top 200



	CEO	CFO
Upper quartile	11,485	7,255
Median	8,002	5,127
Lower quartile	5,608	3,603
Average	10,068	6,128

Short-term incentives

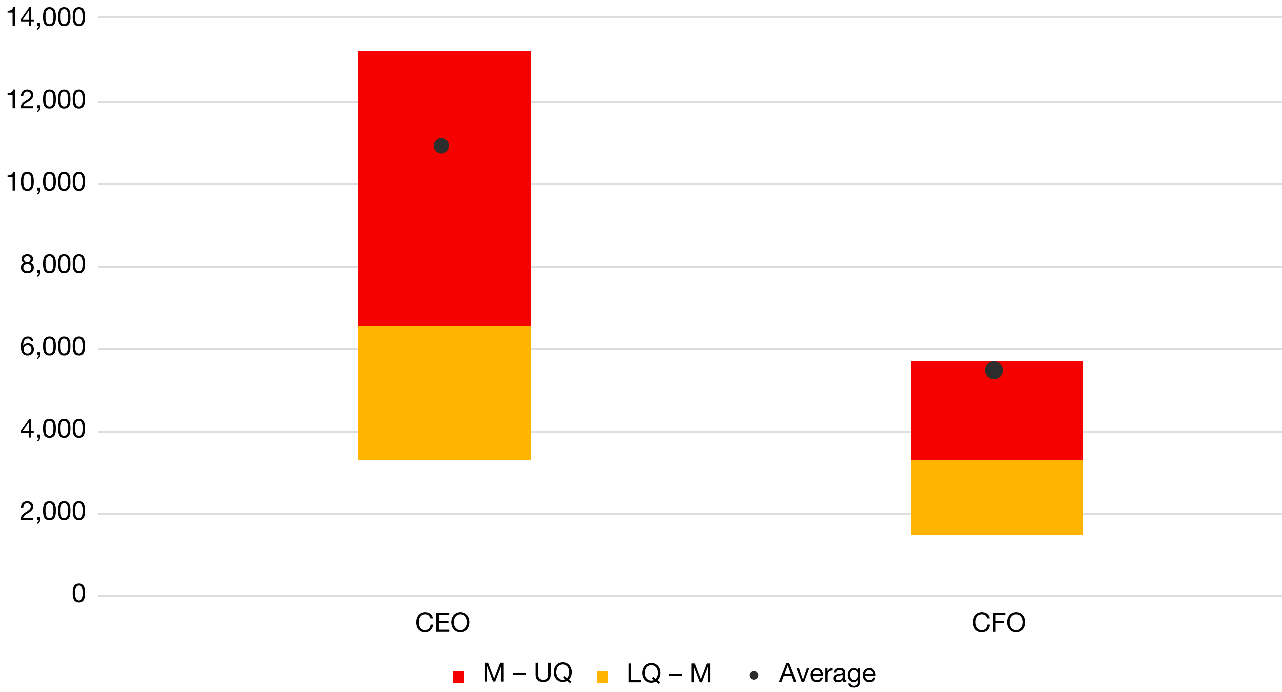
The STI outcome represents the bonus that is earned over the course of a 12-month period.

Overall STI outcomes show a decline from the previous year:

STI outcomes decreased by 10% for CEOs and CFOs, when compared to 2023.

The median STI outcome is reflected as R6,537,000 for CEOs and R3,370,000 for CFOs.

Figure 3: STI outcomes by role – JSE Top 200



	CEO	CFO
Upper quartile	13,217	5,751
Median	6,537	3,370
Lower quartile	3,280	1,566
Average	10,467	5,546

Long-term incentives

The LTI outcome represents the total long-term incentive value that is earned over a period in excess of 12 months.

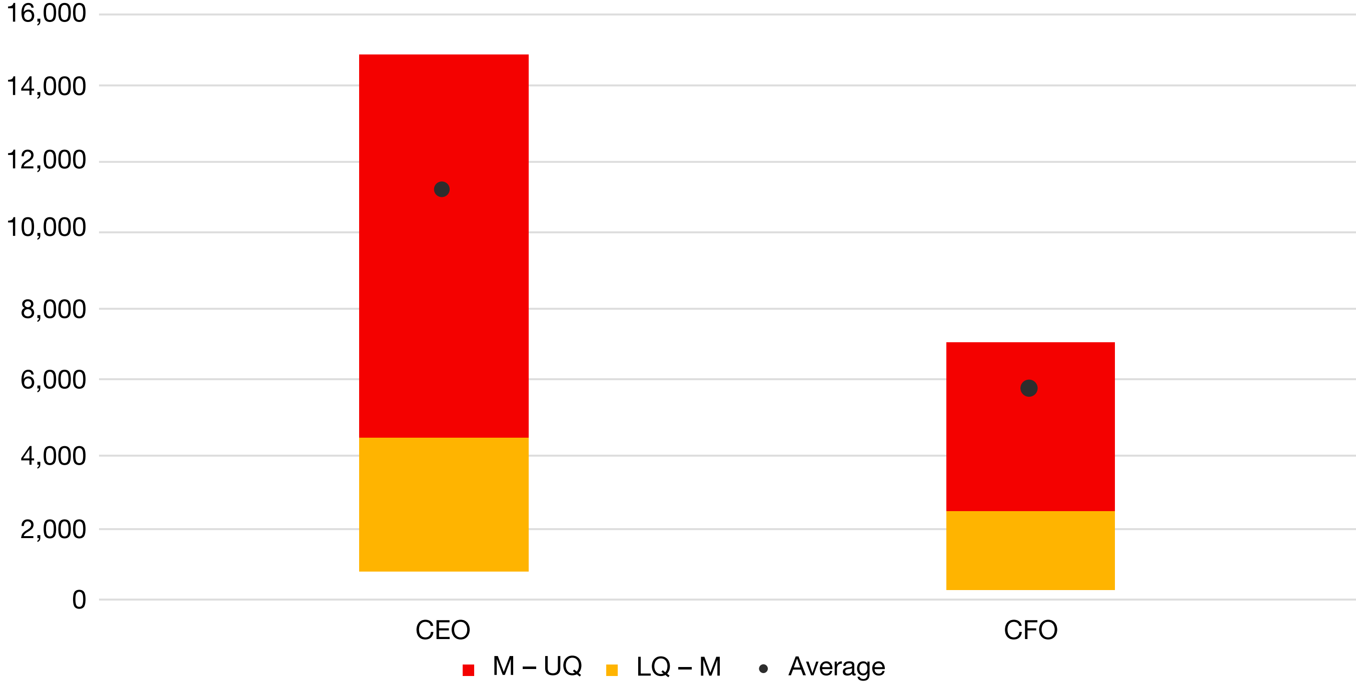
LTI outcomes have decreased significantly compared to the previous year:

LTI outcomes decreased by 33% for CEOs and 30% for CFOs, compared to 2023.

There is a big variance between upper and lower quartile values due to the inclusion of all JSE Top 200 companies.

The median LTI outcome is reflected as R4,197,000 for CEOs and R1,986,000 for CFOs.

Figure 4: LTI outcomes by role – JSE Top 200



	CEO	CFO
Upper quartile	14,382	6,313
Median	4,197	1,986
Lower quartile	214	0
Average	11,212	5,972

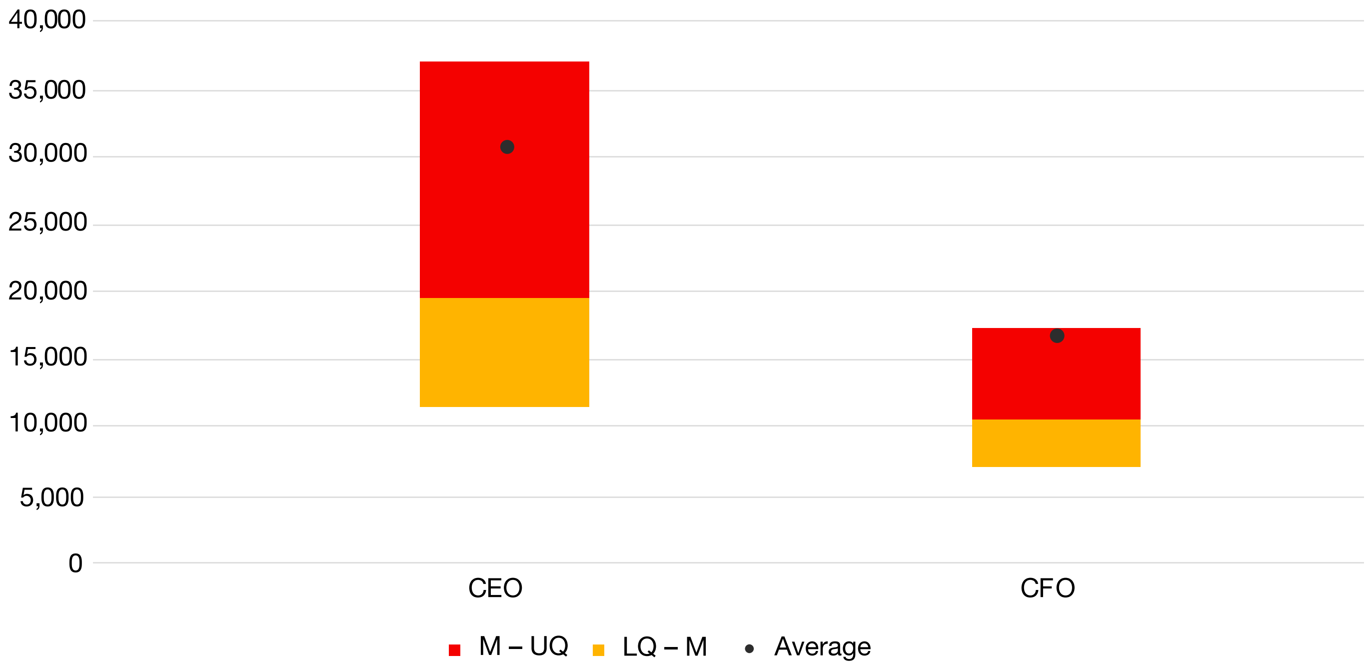
Total remuneration

The median TR for 2024 has marginally decreased compared to the prior period:

- Annual CEO and CFO STI outcomes in 2024 were lower than in 2023.
- LTI outcomes decreased significantly for both CEOs and CFOs.
- Lower incentive outcomes were marginally offset by increases in TGP.
- The median total remuneration is reflected as R19,713,000 for CEOs and R10,606,000 for CFOs.

Total remuneration represents the remuneration received and receivable for the reporting period, comprising: TGP, STI for the relevant performance period and LTI where the performance period ends at the relevant year-end, or retention awards awarded during the relevant financial year. Remuneration is reflected as "receivable" in the final financial year of the applicable performance measurement period. Sign-on and termination payments are excluded from the analysis.

Figure 5: Total remuneration (R'000) by role – JSE Top 200



	CEO	CFO
Upper quartile	37,170	17,506
Median	19,713	10,606
Lower quartile	11,633	6,944
Average	30,741	16,865

Gender representation and wage gap

Executive boards continue to include more males than females:

- Our analysis of gender representation in JSE Top 200 companies shows that only 7% of CEOs and 18% of CFOs are female. This indicates a slight decline from 2023 (CEOs: 8% and CFOs: 20%).

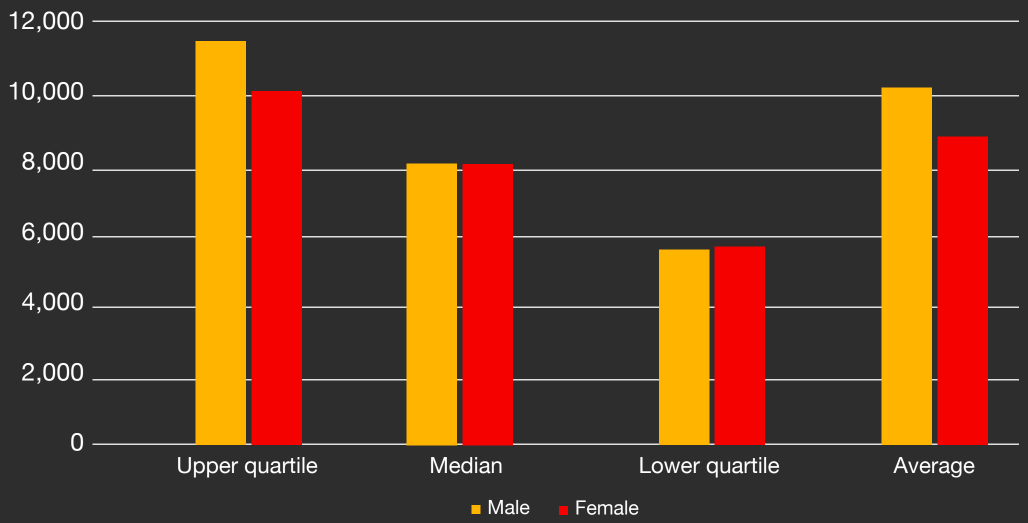
The gender wage gap is closing:

The median wage gap between male and female CEOs of JSE Top 200 companies has decreased from the previous year (from 14% in 2023 to close to 0% in 2024).

- There is still a noticeable difference in TGP earned by male and female CEOs in the upper quartile which results in an average wage gap of 14% in favour of male CEOs.
- Contrary to prior years, the wage gap between male and female CFOs shows that the median TGP for female CFOs is 12% more than that of their male counterparts (in 2023 the median wage gap was 14% in favour of male CFOs). The change in the median wage gap is as a result of the average TGP of female CFOs increasing by 11% in 2024, whereas the average increase in TGP for male CFOs was minimal (1%).

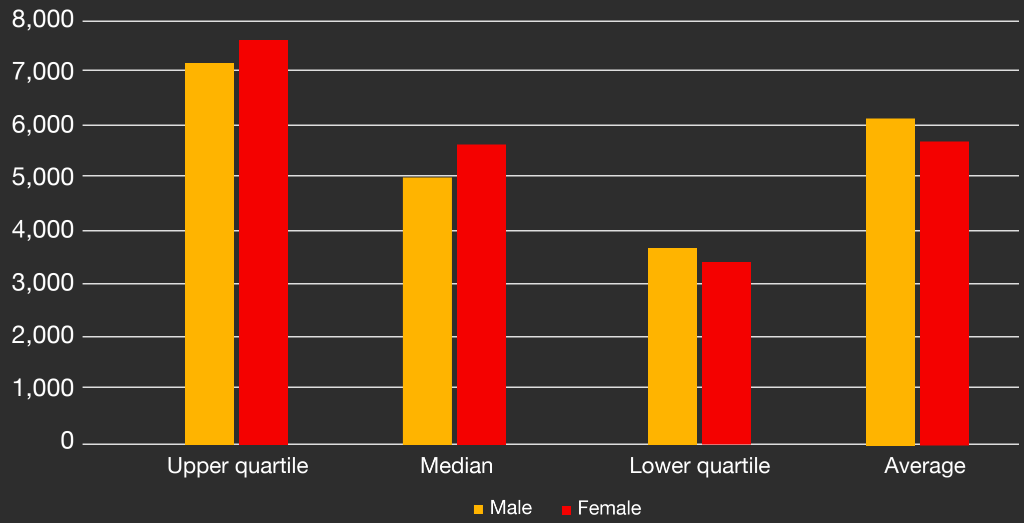
Figure 6: Gender TGP (R'000) wage gap – JSE Top 200 companies

CEO



	Upper quartile	Median	Lower quartile	Average
Male	11,498	8,028	5,561	10,164
Female	10,069	8,002	5,645	8,774
Wage gap	12%	0%	-2%	14%

CFO



	Upper quartile	Median	Lower quartile	Average
Male	7,242	5,072	3,730	6,210
Female	7,684	5,700	3,460	5,769
Wage gap	-6%	-12%	7%	7%

Race representation and wage gap

African, Coloured and Indian/Asian representation at the CEO and CFO levels remains low:

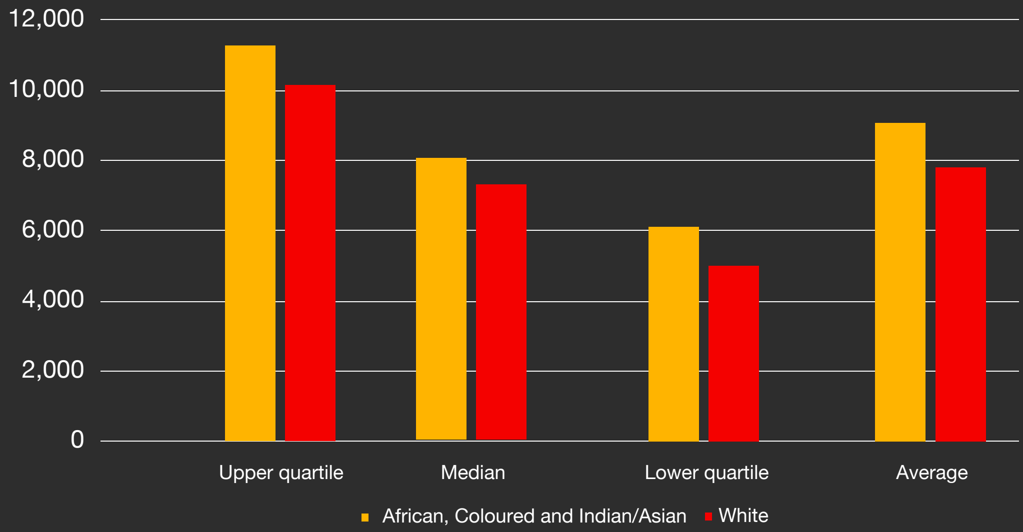
- African, Coloured and Indian/Asian (ACI/A) representation at the CEO level remains low, with a combined representation of 18% (African: 12%, Coloured: 3%, and Indian/Asian: 3%). This remains the same as 2023, although there was a slight increase in African representation (2023: 11%, 2024: 12%) and a slight decrease in Coloured representation (2023: 4%, 2024: 3%).
- African, Coloured and Indian/Asian CFO representation is marginally higher than at CEO level, with a combined 27% (African: 11%, Coloured: 4%, and Indian/Asian: 12%). This represents a 2% increase from 2023 (African: 12%, Coloured: 2%, and Indian/Asian: 11%).

Race wage gap overview:

- The results of the CEO analysis show that African, Coloured and Indian/Asian CEOs are positioned at higher remuneration levels than their White counterparts, with the median wage gap increasing from 1% in 2023 to 9% in 2024.
- On the other hand, African, Coloured and Indian/Asian CFOs earn slightly less than their White counterparts (median wage gap of 4%). This is a decline from the neutral 0% median wage gap observed in 2023.

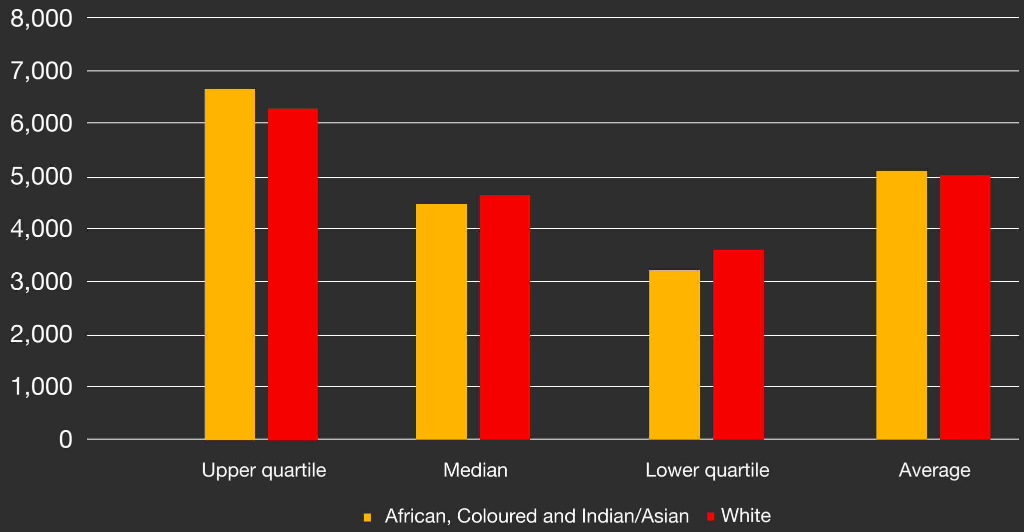
Figure 7: Race TGP (R'000) wage gap – JSE Top 200 companies

CEO



	Upper quartile	Median	Lower quartile	Average
ACI/A	11,270	8,022	6,113	9,076
White	10,144	7,268	5,000	7,807
Wage gap	-10%	-9%	-18%	-14%

CFO



	Upper quartile	Median	Lower quartile	Average
ACI/A	6,666	4,474	3,209	5,103
White	6,300	4,632	3,599	5,017
Wage gap	-5%	4%	12%	-2%

Non-executive director remuneration and trends analysis

This section analyses the fees paid to NEDs of the JSE Top 200 companies. Our analysis is based on the proposed fees as disclosed in the notice of Annual General Meeting and remuneration reports for the 2024 reporting period.

The four categories of non-executive board members analysed in this report are:

- Chairperson
- Deputy chairperson
- Lead independent director (LID)
- Board member

A detailed analysis of the proposed NED fees by size, industry and role (inclusive of committee fees) is contained in the in-depth pay analysis report, which is available for purchase.

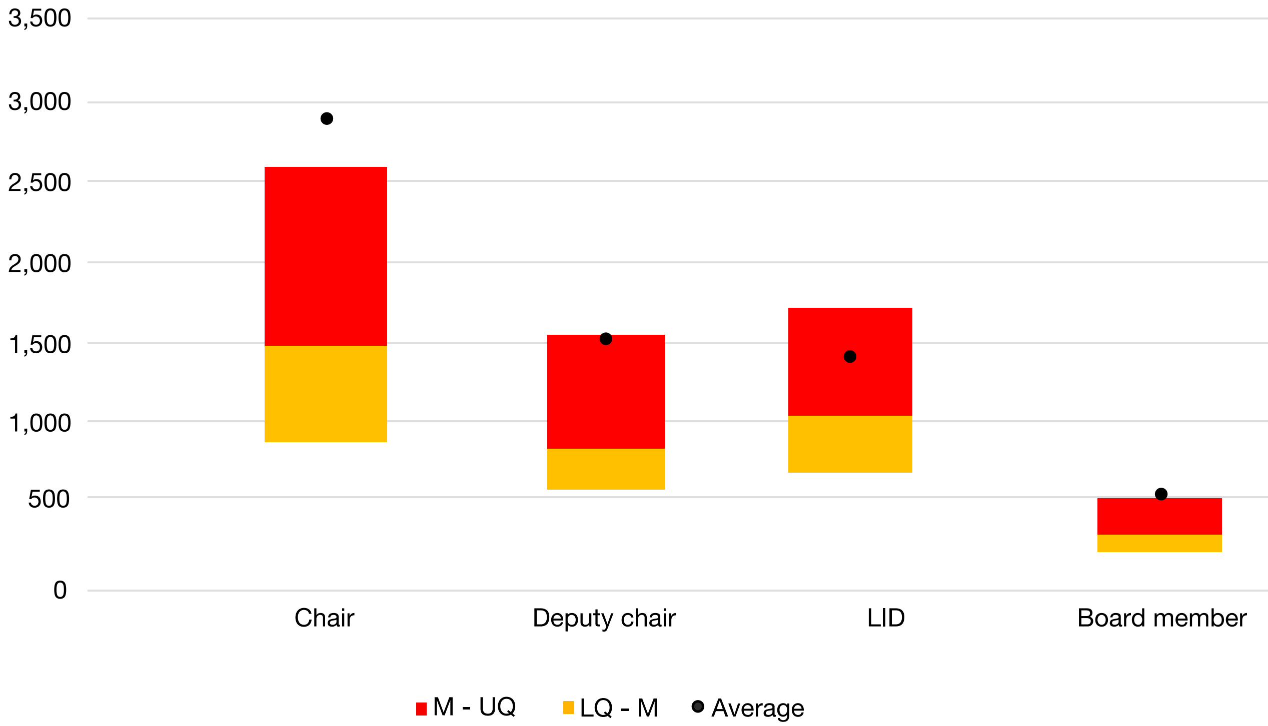
Key findings

Inflationary increases for NEDs:

On average, NED fees increased in line with inflation compared to the prior period.

The median all-inclusive fees for the JSE Top 200 companies' chairpersons, deputy chairpersons, LIDs and board members are illustrated below. The analysis of 2024 median fees reflects a chairperson fee of R1,549,000, deputy chairperson fee of R931,000, LID fee of R1,141,000, and board member fee of R428,000.

Figure 8: JSE Top 200 NED snapshot



	Chair	Deputy chair	LID	Board member
Upper quartile	2,609	1,626	1,776	635
Median	1,549	931	1,141	428
Lower quartile	979	701	790	338
Average	2,898	1,514	1,488	656

Profile of a board

To gain a better understanding of the typical profile of an NED serving on the board of a JSE Top 200 company, we analysed their gender,race, nationality, independence and tenure. The below board profile is based on an average of the data collected across the JSE Top 200 companies.

58% of NEDs earn an **all-inclusive** fee

8 The **average number** of NEDs on a board

5.1 years The **average tenure** of an NED

76% of NEDs are **independent**

64% of NEDs are **male**

80% of NEDs are **South African nationals**

54% being **African, Coloured** or **Indian/ Asian**

AGM voting outcomes and remuneration trends

The AGM voting outcomes for the period under review should be viewed against the backdrop of a challenging operating environment for many companies. Economic factors including high inflation, increasing interest rates, and volatility in energy prices and money markets, alongside geopolitical events exerting pressure on supply chains, have all contributed to rising costs for both companies and their employees. Boards were faced with similar challenges in relation to executive pay and had to balance executive pay outcomes with the experience of all of their stakeholders.

Despite these challenges, we saw a slight improvement in the voting patterns in support of remuneration policies and the implementation thereof. In terms of the JSE Listings Requirements, both the remuneration policy and implementation report are subject to an annual non-binding shareholder vote and should be approved by at least 75% of the shareholders.

AGM voting outcomes: Remuneration policy and implementation report

Overall shareholder support for both the remuneration policy and implementation report has improved:

- Compared to last year, there has been high levels of support for remuneration policies.
- Implementation reports continue to be subject to more scrutiny, but support from shareholders has increased compared to the prior period.
- In addition to the overall improvement in voting outcomes, the percentage of companies who received votes of less than 50% has also decreased. It is noteworthy that the majority of these companies received low levels of support for more than one reporting period.

Figure 9: AGM voting trends – remuneration policy and implementation report (At least 75% support)

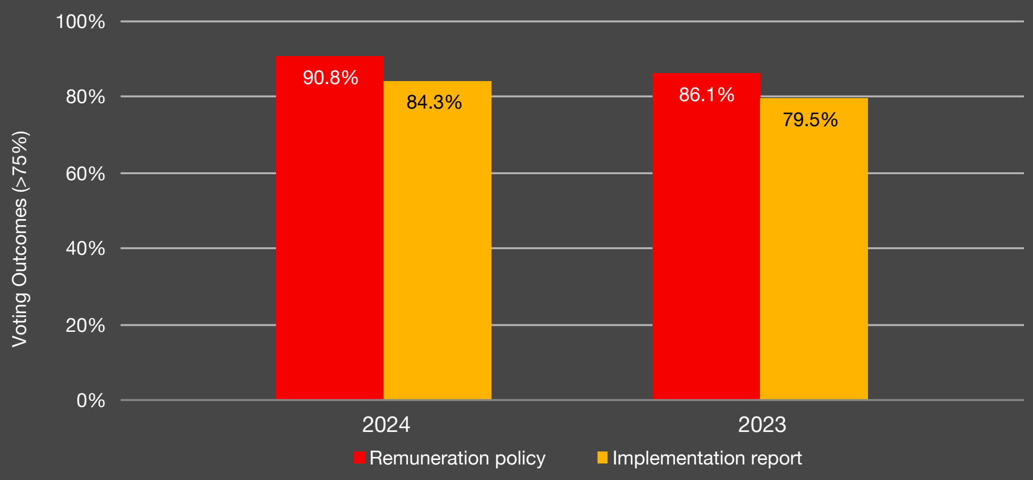
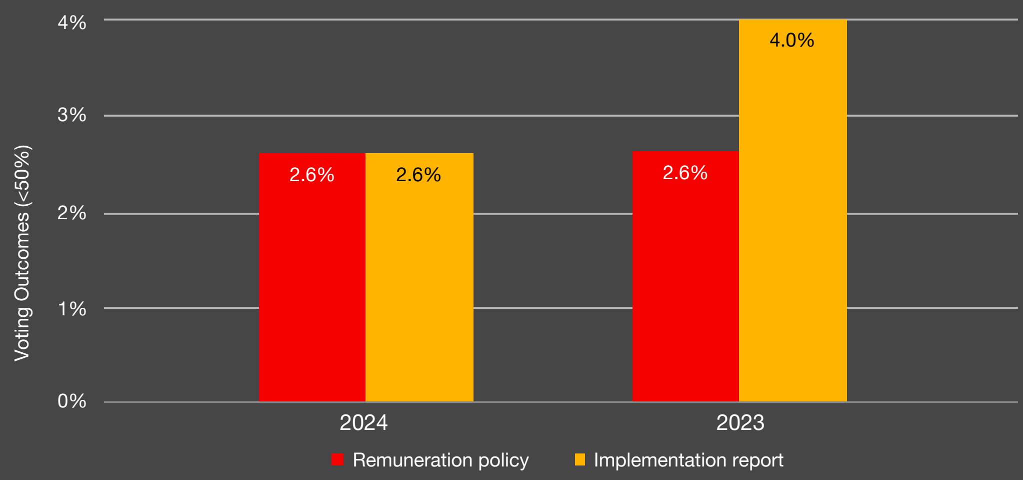
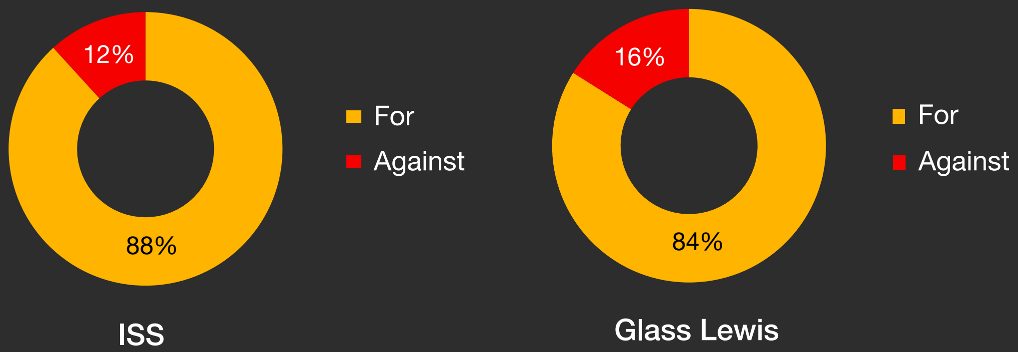


Figure 10: AGM voting trends – remuneration policy and implementation report (Less than 50% support)



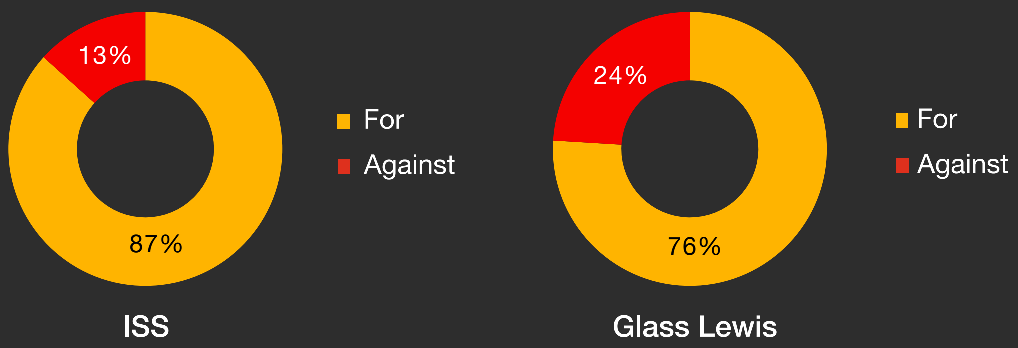
The two major proxy advisors in South Africa, ISS and Glass Lewis, both issued voting recommendations that show slightly lower support for the approval of JSE Top 200 companies' remuneration policies, when compared to 2023. The ISS recommended support for the approval of 88.2% of policies (compared to 91.5% in 2023), and Glass Lewis recommended support for the approval of 83.9% of policies (compared to 85.9% in 2023).

Figure 11: Proxy advisor recommendations – Remuneration policy (2024)



ISS issued voting recommendations that support the approval of a significantly higher number of the JSE Top 200 companies' implementation reports compared to 2023 (2024: 86.7% compared to 2023: 60%). Glass Lewis, however, issued voting recommendations that showed lower support for approval compared to the previous year (2024: 76% compared to 2023: 81.1%).

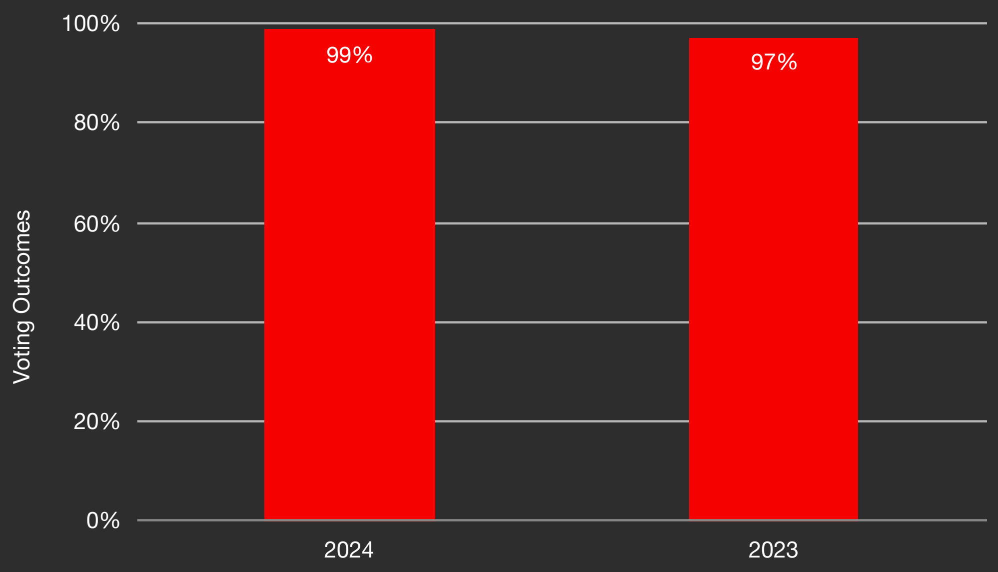
Figure 12: Proxy advisor recommendations – Implementation report (2024)



AGM voting outcomes: NED fees

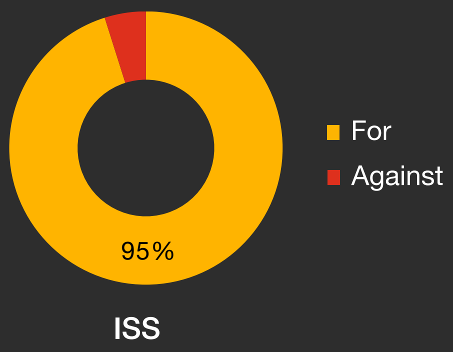
Shareholder support for the NED fees proposed by the JSE Top 200 companies is high and showed an increase from the prior reporting period.

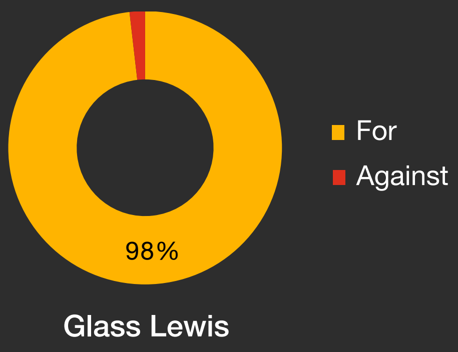
Figure 13: AGM voting trends – NED fees (2024)



The ISS issued voting recommendations that support the approval of proposed NED fees in 95.1% of the resolutions put to vote (2023: 92.9%). Similarly, Glass Lewis recommended support for the approval of the proposed NED fees in 98.2% of the resolutions put to vote (2023: 100%).

Figure 14: Proxy advisor recommendations – NED fees (2024)





Information used in this report

The data in this report has been extracted from publicly available information related to the Top 200 JSE listed companies as at 29 February 2024 (cut-off date) and is valid for the period from 1 March 2023 to 29 February 2024 (the 2024 reporting period). This analysis is based on active directors as at 29 February 2024. In instances where directors have resigned from their roles on or before the cut-off date, they have been excluded from the analyses. Directors appointed after the company's financial year end have also been excluded from the analyses. Where directors are remunerated in a foreign currency, their total guaranteed pay, or fee in the case of a non-executive director, is converted into South African rand at the applicable year end.

Our analysis of NED fees is based on the proposed fees as disclosed in the notice of Annual General Meeting and remuneration reports for the 2024 reporting period.

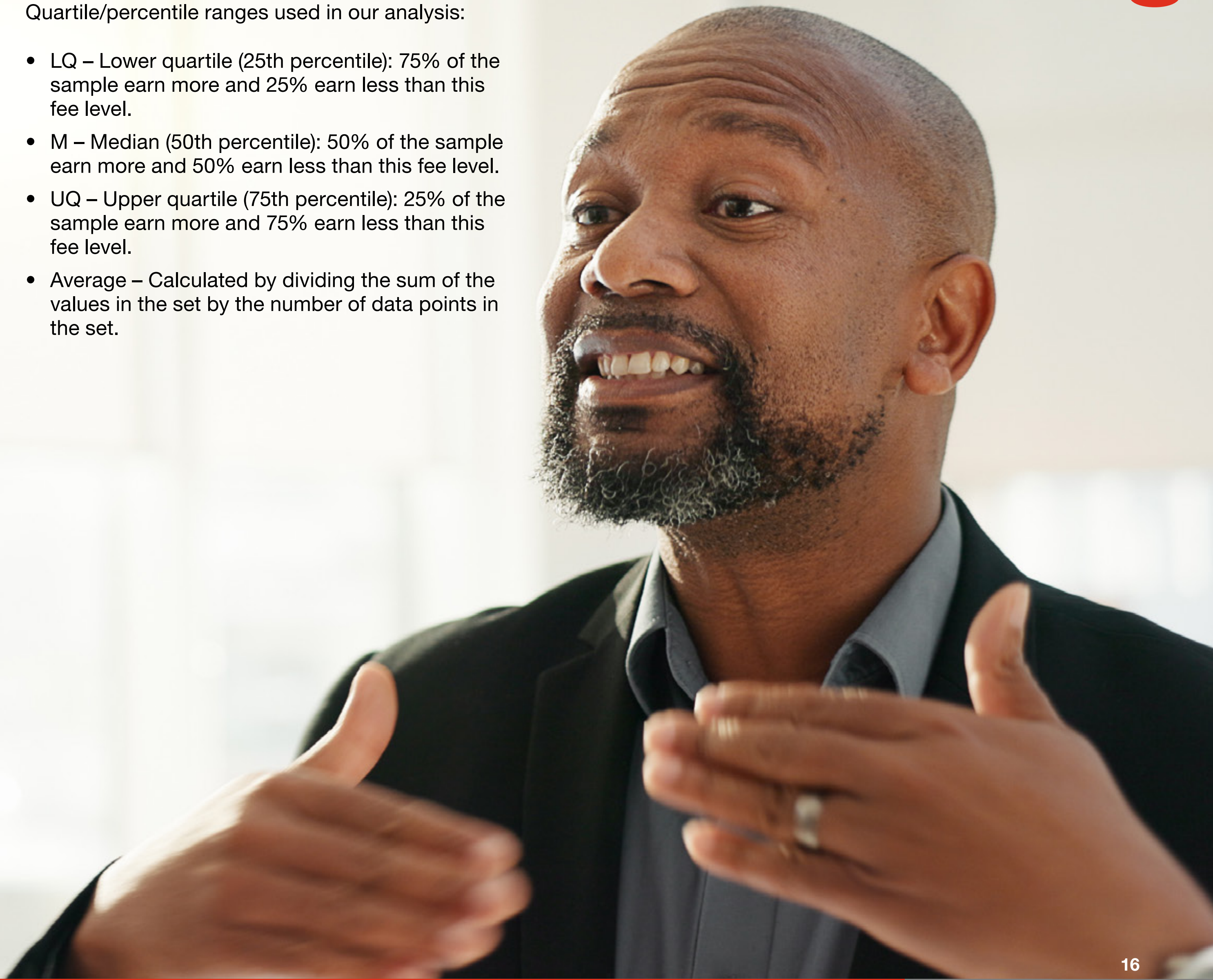
Please note that the analyses presented in this report show high-level indicative ranges of remuneration at a point in time, and are not appropriate to be used as a direct reference point for benchmarking purposes. Year-on-year movements have been provided to illustrate trends, but it should be noted that the constituents of the group used to determine the analysis do not remain consistent year-on-year due to market movements. This analysis excludes preference shares, special purpose listings and suspended companies.

The remuneration outcomes for other executive directors, apart from the CEO and CFO, have not been included in this version of the report, as a result of the wide range of executives included in that grouping.

Presentation of the data

Quartile/percentile ranges used in our analysis:

- LQ – Lower quartile (25th percentile): 75% of the sample earn more and 25% earn less than this fee level.
- M – Median (50th percentile): 50% of the sample earn more and 50% earn less than this fee level.
- UQ – Upper quartile (75th percentile): 25% of the sample earn more and 75% earn less than this fee level.
- Average – Calculated by dividing the sum of the values in the set by the number of data points in the set.



About PwC

At PwC we apply our industry knowledge and professional expertise to identify, report, protect, realise and create value for our clients and their stakeholders. In an increasingly complex world, we help intricate systems function, adapt and evolve to benefit communities and society.

We achieve the aforementioned by being human-led and tech-powered—combining the best of people and technology to identify innovative solutions and opportunities for our clients.

About People and Organisation: Reward

With a global practice stretching over 75 global territories our expert teams have access to global market data and research. This allows us to provide proactive and reactive solutions and updates across people related issues, including but not limited to remuneration and reward, people analytics, employment tax and benefits, workforce capability, HR strategy and change management.

Our South African team (who drafted this report) consists of dynamic, agile and diverse problem solvers.
With our broad range of capabilities and the utilisation of our global data and research, we are able to deliver multifaceted, relevant and bespoke reward solutions.
These solutions are based on strong governance principles which speaks to each client's organisational strategy and provides for value to be added to the future.
Through tech-empowerment, we can transform these solutions into digital products empowering our clients to operate with greater efficiency and versatility.

While our solutions are aligned with international trends and best practice, we remain locally focussed.
We believe that for South Africa to achieve inclusive growth, remuneration structures should reward innovation and growth delivered by executive teams, while remaining rooted in fairness and transparency for all employees.

To this end our team regularly engages with key industry players to ensure our knowledge on current market sentiments and developing trends remain up to date, allowing for proactive application to our client engagements, the addition of value and winning stakeholder approval.

The following page illustrates how our expertise can provide you with multifaceted, relevant and bespoke reward solutions.

Our expertise | your solutions

Your requirements	Total Reward (total guaranteed pay, short-term and long-term incentive)	Variable remuneration (short- and long-term incentives (STIs and LTIs)	Fair pay analysis, implementation & performance condition review and recommendation	Remuneration reporting and Remuneration Committee involvement	Governance (policy and rules setting) and consultation	Additional consulting and advice
Our services	Executive and non-executive director benchmarking	Design and implementation of short- and long-term incentives	Equal pay and gender equality statistical analysis	Technical reporting on share-based payments and employee benefits	Initial public offering and corporate governance reporting assistance	Legal and regulatory compliance matters
	Pay progression models	Performance condition setting, calibration and testing	Calculation and analysis of wage gap ratios including Gini and Palma ratios	Remuneration policy and report drafting or review	Drafting / review of incentive plan rules and award letters	Tax opinions and cross-border incentive plans
	Executive and key talent lock-in analysis	Detailed incentive cost financial modelling and economic impact assessment	Strategic key performance indicators consulting and design	Single figure table (disclosure) review for inclusion in remuneration reports	Malus and clawback policy design and implementation	Stakeholder engagement on variable pay structures and remuneration reporting
		Market practice research and recommendation papers	Fair and responsible policy drafting	Remuneration and other committee meeting attendances	Minimum shareholding requirement policy design and implementation	Assistance with design of carried incentive schemes
				Trends presentations and training		

Acknowledgements

PwC South Africa Reward team

Contacts

Jacques Eybers

PwC South Africa:
Partner
jacques.eybers@pwc.com

Karen Crous

PwC South Africa, Reward:
Tax, Legal and Governance Lead
karen.crous@pwc.com

Mfundo Jula

PwC South Africa, Reward:
Analytics
mfundo.jula@pwc.com

Samkelisiwe Sibindana

PwC South Africa, Reward: Tax, Legal and Governance
samke.sibindana@pwc.com