# Companies Act Amendments (22 May 2026): Statutory Remuneration Framework

New rules on executive pay, remuneration disclosures, and shareholder oversight signed into law.




By Alun Rich

# OVERVIEW AND CONTEXT

### Statutory Remuneration Framework

- President Ramaphosa signed amendments effective 22 May 2026;
- creating a binding statutory remuneration framework for Public and SOC Companies;
- with additional AFS disclosure requirements for all Companies that require an Audit (Including Private and other Companies).

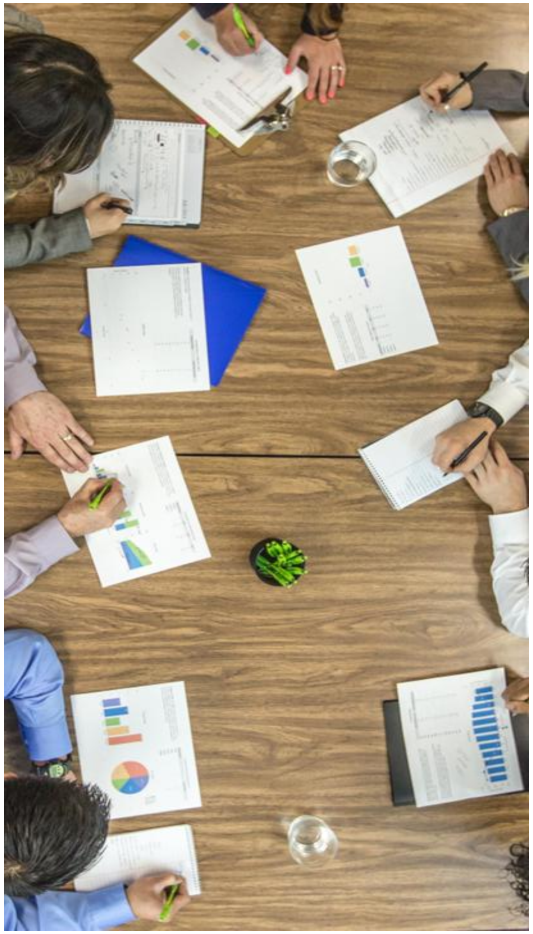
### Governance Accountability Shift

- Stricter rules around executive pay, remuneration disclosures, and shareholder oversight now carry legal force.

### Strategic Compliance Guidance

- Companies must urgently align governance and reporting practices with the new framework.

# OVERVIEW AND CONTEXT



**Public & SOC Companies:**

**Statutory Remuneration Framework**
Remuneration Policy must be approved by shareholders via ordinary resolution at AGMs every three years, or sooner if materially changed.

**Enhanced Disclosure Requirements**
Remuneration Report must include total remuneration for every named director and prescribed officer, plus the remuneration gap ratio between the top 5% and bottom 5% of earners.

**Governance and Compliance Impact**
If a vote on the policy fails, the prior remuneration policy applies until shareholder approval is obtained.

**Private or Other Companies:**

**Annual Financial Statements Disclosure**
Remuneration and benefits for each individual director and prescribed officer (i.e. CEO/CFO) to be specified per person by name in the AFS.

**All:**

Legal, financial, and governance teams must collaborate to ensure compliance with new statutory requirements.

# CORE LEGISLATIVE CHANGES

## BEFORE VS AFTER THE AMENDMENT

### Pre-Amendment Governance

Under King IV, shareholder votes on remuneration were non-binding and advisory, with no enforcement mechanism beyond stakeholder engagement and potential reputational harm.

### Post-Amendment Changes

King V and the proposed JSE Listing Requirements Amendments are aligned with the Companies Act - Shareholder votes are now binding for JSE listed companies, other Public Companies and State-Owned Companies.

### Accountability and Enforcement

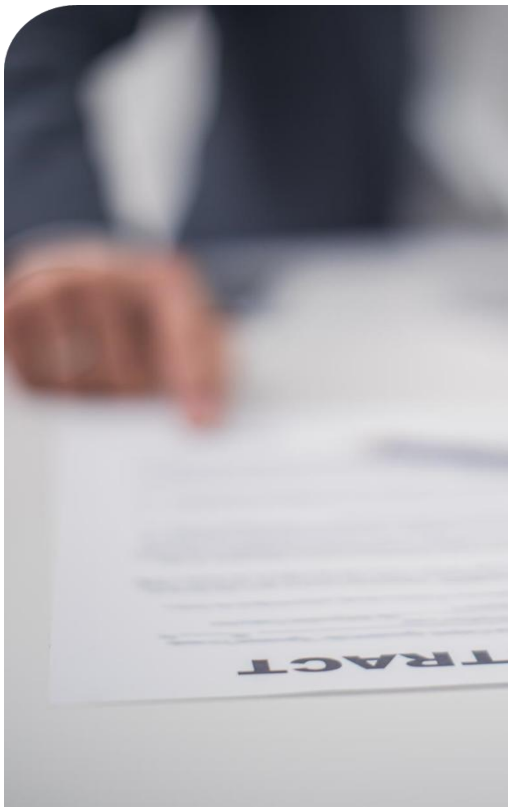
A two-strike rule now bars remuneration committee members for two years after two consecutive AGM rejections.

### Standardised Disclosure

Companies must disclose the pay gap ratio between the top 5% and bottom 5% of earners.

# CORE LEGISLATIVE CHANGES

## KEY LEGISLATIVE CHANGES



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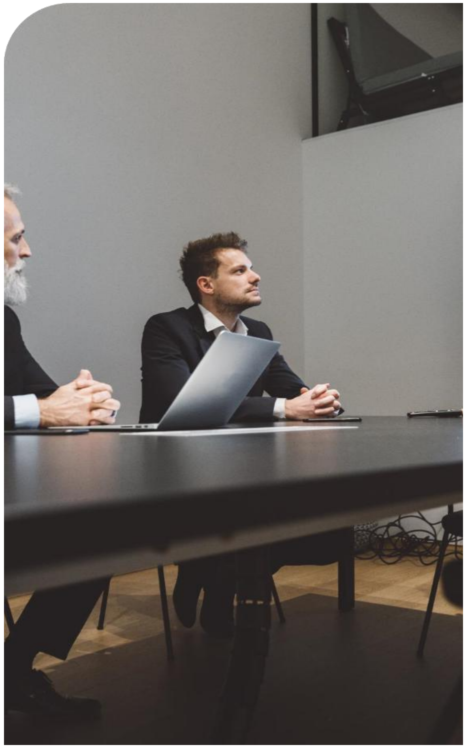
|---|---|
| Public & SOC: | **Remuneration Policy Requirement**<br>Section 30A requires a forward-looking remuneration policy approved by shareholders every three years or when changed materially. |
| Public & SOC: | **Annual Remuneration Report**<br>Section 30B mandates an annual report with a background statement, the policy, and an implementation report, and enforces the two-strike rule. |
| All Companies / Audited AFS: | **Enhanced Disclosure Standards**<br>Section 30(4)(a) now requires named disclosure of remuneration and benefits for each individual director and prescribed officer. |
| Other Changes: | **Centralised Dispute Resolution**<br>Changes to section 166 centralise dispute resolution within the Companies Tribunal for streamlined governance. |

# GOVERNANCE IMPLICATIONS AND ACTIONS

## BOARD ACTIONS REQUIRED



### Align Committee Charters & Workplans

- Reassess the Remuneration Policy and Report.
- Engage with key executives for relevant reporting mechanisms, deliverables and reporting.
- Review & Update Committee Structures and Workplans in line with King V, Companies Act Amendments, JSE Listing Requirements and relevant reporting and disclosure requirements.

### Prepare for Annual General Meetings

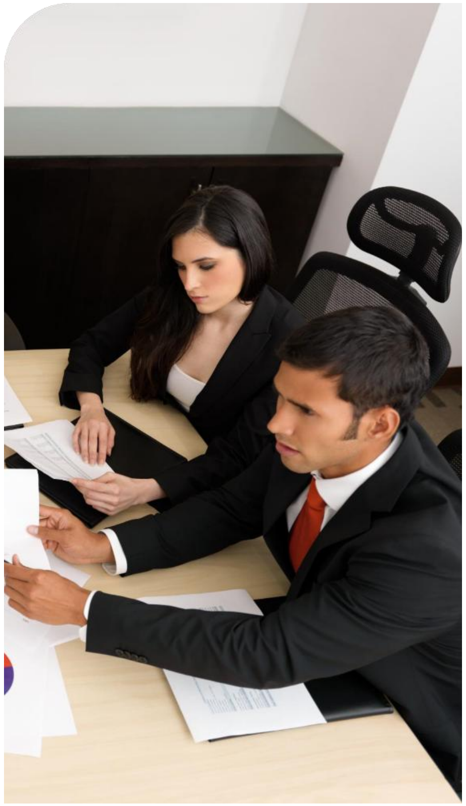
- Update Integrated Reports and AGM Notices to include applicable remuneration resolutions, policy, report, disclosures and shareholder communication.

### Enhance Disclosure & Engagement

- Ensure all Prescribed Officers are Identified & Reported on (Including AFS Disclosures).
- Engage with key stakeholders and advisors with respect to strategy.
- Consider stakeholder engagement strategies prior and post AGM.

# GOVERNANCE IMPLICATIONS AND ACTIONS

## CONCLUSION



### Remuneration as Accountability

Remuneration Reporting, Disclosure and Voting are now binding statutory obligations with immediate effect from 22 May 2026, not merely governance considerations.

### Transparency and Fairness

The two-strike rule and binding votes mean shareholders now have direct power to reshape remuneration committee composition.

### Governance and ESG Integration

Robust governance frameworks, including King V, now integrate legal compliance with ESG and other objectives to drive sustainable value creation.

### Strategic Preparation and Risks

Companies that delay alignment risk governance instability, reputational damage, and shareholder pushback at upcoming AGMs.

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