



BARGAINING BENCHMARKS

Directors' Fees Edition

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Acronyms

CEO	Chief Executive Officer
FES-TUCC	Friedrich Ebert Stiftung Trade Union Competence Centre for Sub-Saharan Africa
LRS	Labour Research Service
LTI	Long-Term Incentives
MNC	Multinational Corporation
PBT	Profit before Tax
STI	Short-Term Incentives
ED	Executive Director
NED	Non-Executive Director



This publication is made possible through the support of the National Skills Fund.

Introduction

Africa has some of the highest income gaps in the world. More specifically, South Africa, the most developed economy on the continent, is often cited as being the most unequal society in the world, with measures like the GINI coefficient¹ consistently being used to describe the extreme levels of income inequality.

According to a study by the International Labour Organisation, South Africa has the highest wage inequality in the world. The study looked at hourly wages in 64 countries.² The report put South Africa, Namibia, Malawi and Tanzania at the top of the list, adding that South Africa currently has a GINI coefficient of wage inequality of 0.639.³ South Africa's GINI coefficient ranges from about 0.660 to 0.696: 'This would make South Africa one of the most consistently unequal countries in the world.'⁴ So, not only is South African society unequal, it is persistently so.

The ILO study puts South Africa's real wage growth at 2.4%. This means that, in real terms, taking inflation into account, wages in South Africa have only grown by 2.4% in the last 10 years. Comparatively, in Zambia this number is 12.1%, and in Senegal 32.3%. South Africa's neighbours, however, have also seen low to no real

¹ The Gini coefficient is a measure used to show income or wealth distribution of a nation's residents. A Gini coefficient of zero expresses perfect equality, while a Gini coefficient of 1 (or 100%) expresses maximum inequality

² city-press.news24.com

³ *Ibid*

⁴ mg.co.za

⁵ Mthethwa, 2019. Bargaining Indicators 2019.

wage growth: Namibia is at 0.4% and Botswana's real wages have declined by 0.7% in the time period.

Over the last year, trade unions in South Africa negotiated above inflation wage increases and raised the minimum wage across industries. However, these achievements competed with the high price increases in the economy. Prices often increase higher than wages, for example, water and other services increased by 11.1%, fuel 8.7% and electricity 7.7% in December 2018. Trade unions managed to secure median wage settlements of 8%.⁵

Within this context, the aim of the directors' fees report is to provide information that proves how remuneration structures within companies exacerbate income inequalities. This is viewed as information that could assist negotiators in bargaining processes. Companies will often use their financial position and decreasing revenue as motivations for why they cannot allow remuneration increases for workers. Through an analysis of director remuneration in 78 South African Multinational Corporations (MNCs) it is illustrated that such statements cannot be defended. Regardless of revenue and profit levels, directors are remunerated generously.

The second objective of this report is to advocate for more intelligent reporting on employees with a view to closing the remuneration gap between directors and workers. It is argued that unless the remuneration gap is clearly visible, it cannot be crossed. Companies under-report on employees to an alarming extent.

KING IV AND WAGE REPORTING

King IV (the set of principles guiding reporting for listed MNCs in South Africa) specifically notes the gap between executive directors' remuneration and that of workers:

Remuneration of directors is one of the most debated topics in the corporate governance arena, due to the tension between stakeholders demanding to understand directors' remuneration and the directors' desire for the privacy of their financial affairs. In line with international developments, remuneration is receiving far greater prominence in King IV (Institute of Directors Southern Africa, 2016).

King IV compels companies to address the gap between executive directors' remuneration and that of workers, noting that executive remuneration should be 'fair and responsible'. King IV improves on its predecessor in addressing not only the



TAKING INFLATION INTO ACCOUNT, **THE RATE AT WHICH WAGES GREW** IN SOUTH AFRICA IN THE LAST 10 YEARS

financial value of executive remuneration, but also compels companies to disclose justification for the amounts awarded. This is in line with international trends regarding remuneration transparency, and this enables stakeholders to make informed assessment of companies in terms of sustained value.

The largest part of directors' remuneration is made up of additional benefits – contrary to how workers get paid. These benefits include pension, medical aid, car allowances and also bonuses linked to performance. Performance bonuses are usually in the form of short-term incentives (STIs) or long-term incentives (LTIs). STIs and LTIs are linked to financial performance – this could include metrics like earnings per share, profit, and revenue or market performance. LTIs are often hard to determine for an outsider as there is a lack of transparency associated with this kind of payment. These kinds of payments can be hidden in longer term share incentives. Some companies exclude LTIs from remuneration packages.

LTIs often make a large percentage of directors' total remuneration. Companies increasingly use bonuses as long-term retention plans where a portion of the bonus earned is deferred, or increase after a certain amount of years (as well as linked to performance conditions). The reporting on this is not clear, and this could prohibit the public as well as unions from seeing the full picture of directors pay.

CEO REMUNERATION

*South African CEOs are among some of the best paid in the world, and earn more than 500 times more than the average South African.*⁶

When ranking CEO salaries around the world, a Bloomberg survey found that South African CEOs were the seventh most highly paid in the world. In South Africa, the average CEO can expect remuneration of ZAR5.4 million per year (according to PriceWaterHouseCoopers). According to this study, this shows an increase of around 4%. Mining sector CEOs earn the most, followed by financial services.⁷

When compared to other sub-Saharan African countries, South African executive directors were paid approximately R1 million more. PwC found that the total guaranteed package for CEOs, which includes bonuses, short term incentives and long-term incentives, were highest at the large mining companies where CEOs receive R16.8 million a year, and CFOs R6.9 million.⁸

APPROACH

The company information provided forms part of the Labour Research Service (LRS) online tool, the SA MNC Database. The database is annually populated with the company finances, operations, geographical spread and remuneration policies of 78 South African MNCs operating across the continent. While it is not a comprehensive sample, it does include a wide range of the top listed

⁶ qz.com ⁷ www.businessinsider.co.za ⁸ www.businessinsider.co.za

companies according to market capitalisation. For the purposes of the directors' fees survey, the company and remuneration figures of the 78 MNCs were extracted and grouped according to 14 economic sectors.

The LRS MNC Database can be found online – the information found in this chapter is available immediately for free download from the LRS website at <http://www.lrs.org.za/mnc> and <http://www.lrs.org.za/mnc/?set=info&fes>

METHODOLOGICAL NOTE

There are currently 399 companies listed on the Johannesburg Stock Exchange (JSE). Our sample includes 78 companies listed on the JSE from 14 sectors, as well as three state owned enterprises (Eskom, Denel and Transnet).

Our sample of 78 companies, focused on specific sectors, tries to take note of some general trends per sector, but also focuses on key companies in each sector in terms of labour. This list has been added to over the last 10 years, and will continue to

evolve as the LRS and its interests and stakeholder needs evolve. In the sample, companies do not disclose directors' fees in a uniform way. The report has drawn and analyses figures in a manner that we believe make them most comparable to each other.

Different sectors have different pressures and outcomes. The report therefore focuses on companies within their sectors as well as across sectors as it is felt this would be most useful for negotiations. This does result in companies of vastly varying sizes being grouped together, which should also be borne in mind when considering remuneration packages.

In some cases, company profit and directors' fees are not disclosed in South African Rand. In these cases, the annual average exchange rate for the financial year in question has been calculated from the currency converter website. These, of course, vary depending on the financial year-end.

It is important to note that we use figures reported in each companies' annual report.

78

COMPANIES WERE SAMPLED FROM 14 SECTORS, INCLUDING THREE STATE OWNED ENTERPRISES

R5.4m

IS THE **AVERAGE REMUNERATION** A CEO CAN EXPECT TO EARN PER YEAR IN SOUTH AFRICA

Remuneration			
SECTOR	YEAR ON YEAR REVENUE (2018-2019)	YEAR ON YEAR PROFIT BEFORE TAX (2018-2019)	AVERAGE ED REMUNERATION (2018-2019)
Banking & Financial Services	40,4%	7,3%	-16,0%
Construction	-0,9%	86,0%	-5,0%
Diversified Holdings	11,3%	-62,4%	-25,0%
Education, Bus, Training & Employment	-1,7%	175,0%	-10,0%
Food & Beverages	4,6%	-23,0%	-30,0%
Health	6,0%	61,0%	-96,0%
Hospitality	-4,7%	3,0%	-30,0%
Industrial	4,2%	-175,0%	-28,0%
Media	-1,7%	-56,0%	8,0%
Mining	-0,3%	-11,0%	-51,0%
Paper & Packaging	-3,4%	-19,0%	-48,0%
Retail	4,4%	-17,0%	-23,0%
Technology & Telecommunications	6,8%	5,6%	-16,0%
Transport	-30,0%	-23,0%	-5,0%

Top Ten CEOs – 2019 Financial Year							
COMPANY NAME	SECTOR	SALARY ZAR	CASH BONUS ZAR	BENEFITS ZAR	OTHER PAYMENTS ZAR	LTI PAYMENT ZAR	TOTAL
Anglo American plc	Mining	25,846,153	31,461,538	8,500,000	5,288,461	145,346,153	216,442,307
BHP Billiton	Mining	25,000,000	9,602,941	16,029,411	6,250,000	59,367,647	116,250,000
GoldFields	Mining	17,779,710	13,237,681	350,724	1,449	63,927,536	95,297,101
Foschini	Retail	4,700,300	8,843,100	916,800	1,088,200	51,595,600	67,144,000
Anglo American Platinum	Mining	9,044,327	18,382,593	1,589,218	1,076,719	35,943,105	66,035,962
Pick n Pay Stores Ltd	Retail	10,140,000	20,640,000	1,210,100	0	32,477,300	64,467,400
Investec	Banking & Financial	7,653,846	1,557,692	1,365,384	19,442,307	33,903,846	63,923,076
Mondi Group	Paper & Packaging	17,822,580	17,487,483	987,225	1,357,064	23,648,564	61,302,919
Bidvest	Diversified Holdings	15,858,000	18,857,000	1,656,000	0	22,900,000	59,271,000
MTN Group	Technology & Telecoms	17,305,000	27,584,000	1,822,000	1,118,000	10,405,000	58,234,000

CEO Average Remuneration (2019)

SECTOR	SALARY ZAR (AVERAGE)	ANNUAL REMUNERATION ZAR (AVERAGE)
Banking & Financial Services	8,167,958	20,490,236
Construction	4,504,833	10,826,833
Diversified Holdings	10,880,750	20,675,250
Education, Bus, Training & Employment	4,846,000	11,378,000
Food & Beverage	6,323,111	10,714,777
Health	5,051,165	7,943,275
Hospitality	6,246,666	10,557,666
Industrial	7,004,075	9,459,613
Media	11,013,188	20,136,376
Mining	11,062,838	22,536,862
Paper & Packaging	11,311,446	18,439,141
Retail	9,013,958	16,023,333
Technology & Telecommunications	12,023,732	29,239,574
Transport	5,549,076	10,368,067
Grand Total	8,133,555	15,773,747

Executive Director Average Remuneration (2019)

SECTOR	TOTAL ANNUAL (AVERAGE)
Banking & Financial Services	17,001,258
Construction	8,799,545
Diversified Holdings	9,962,400
Education, Bus, Training & Employment	8,519,500
Food & Beverage	8,190,000
Health	7,403,540
Hospitality	7,252,000
Industrial	7,154,321
Media	16,406,332
Mining	17,077,293
Paper & Packaging	12,985,236
Retail	9,470,613
Technology & Telecommunications	25,216,591
Transport	8,065,482

Non-executive Director Average Remuneration (2019)

SECTOR	AVERAGE OF TOTAL ANNUAL REM
Media	3,976,568
Banking & Financial Services	1,845,039
Mining	1,752,561
Paper and Packaging	1,370,063
Technology & Telecommunications	1,202,396
Construction	943,810
Diversified Holdings	882,657
Health	880,315
Industrial	873,061
Retail	834,625
Transport	731,714
Food and Beverage	662,868
Hospitality	612,111
Education, Bus Training & Employment	496,000



SECTOR REPORT:

Banking & Financial Services

The banking sector on average maintained an increase in profitability. Nonetheless, the earnings recorded by banks according to analysis by PwC was only an increase in growth of 2.1% compared to a 2018 headline earnings growth of 8%⁹. Banks financial performance is closely linked to that of the economy, therefore with slow economic growth and more consumer pressure, banks expect dampened results.

DIRECTORS' REMUNERATION

Long Term Incentive (LTI) payments constitute the bulk of CEO remuneration followed closely by cash performance bonuses and the salary figures. The highest paid CEO in the 2019 financial year employed by Standard Bank, Sim Tshabalala, received an annual salary of R10,2 million, a cash bonus of R10.5 million and an LTI payment of R29 million and together he received a total remuneration of R50 million.

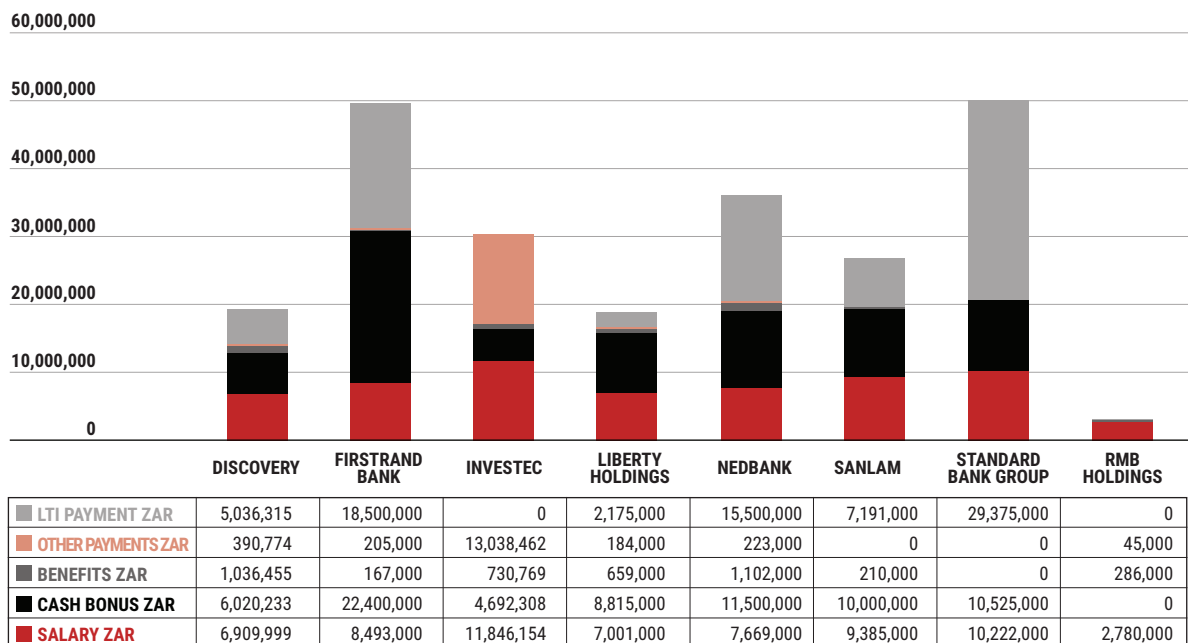
Trailing closely behind was FirstRand Bank's CEO Alex Pullinger taking home R49.7 million in total remuneration comprised of an R8 million salary, R22 million cash bonus and an LTI payment of R18 million.

⁹ Buthelezi, "How Banks were battered in 2019".

On average, salaries for the forty-one executive directors in the sector increased by 11% from R6 million in 2018 to R6,6 million in 2019.

However, the average total annual remuneration – excluding LTI payments, decreased by 16%.

Banking & Financial Sector CEO Remuneration 2019



11%

AVERAGE INCREASE OF SALARIES FOR THE FORTY-ONE EXECUTIVE DIRECTORS IN THIS SECTOR

16%

AVERAGE DECREASE IN TOTAL ANNUAL REMUNERATION, EXCLUDING LTI PAYMENTS

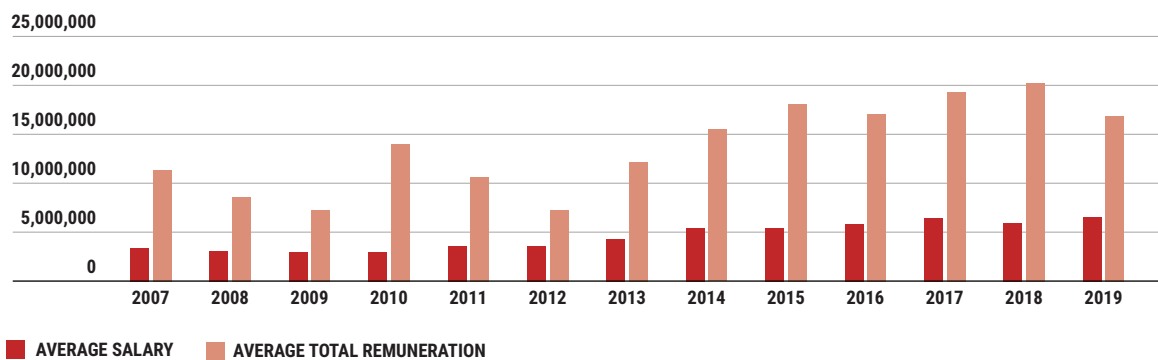
On the non-executive front, the annual average sector remuneration for the 107 directors decreased by 25% from R2,4 million in 2018 to an annual average of R1.8 million. This was partly attributed to lower payments by Discovery to non-executive

directors who were recently appointed to the board and only served a few months following resignations and the retirement of other non-executive directors in the company.

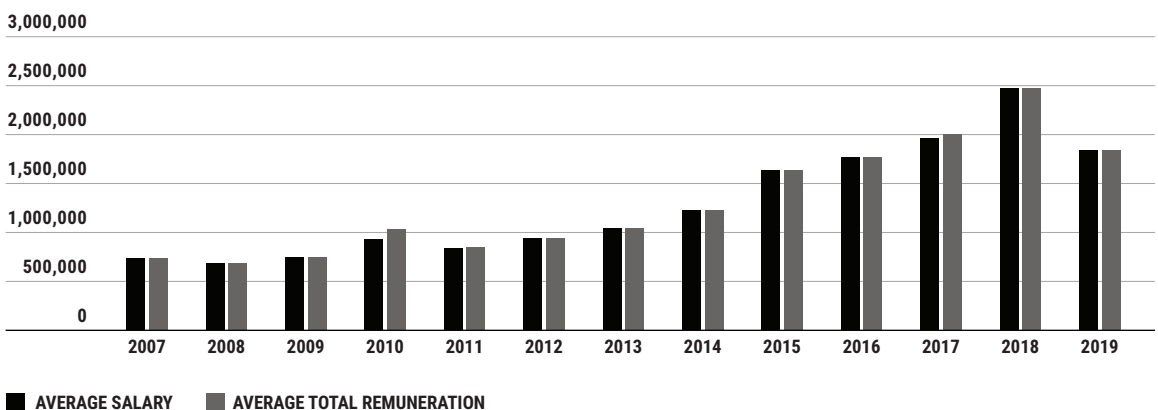


ANNUAL AVERAGE SECTOR REMUNERATION FOR 107 NON-EXECUTIVE DIRECTORS

Banking & Financial Sector ED Average Salary & Total Remuneration 2007 – 2019



Banking & Financial Sector NED Average Salary & Total Remuneration 2007 – 2019



The construction sector continues to report weak economic performance and has been under an environment of increased retrenchments, liquidations and discontinuing of operations.

Group Five delisted from the JSE and is undergoing business rescue, whilst Murray and Roberts is possibly undergoing a group restructuring¹⁰ after it was acquired by a consortium led by Southern Group Palace Group of Companies¹¹. This suggests a trend of more construction companies cutting back on workers or closing operations.

DIRECTORS' REMUNERATION

Murray and Roberts continued to have the highest CEO single figure remuneration with Henry Lass receiving R23,7 million for the 2019 financial year. There was only one LTI payment to CEOs in the construction sector, and that was to Murray and Robert's Lass.



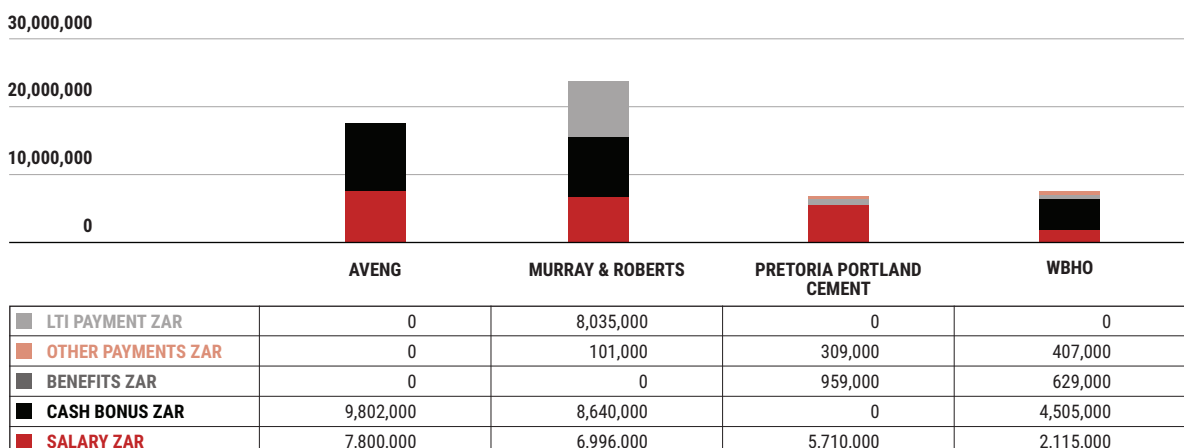
SECTOR REPORT:

Construction

¹⁰ [Concor](#), "Change of ownership and company name".

¹¹ [Engineering news](#), "Southern Palace Group-Led Consortium Acquires Murray & Roberts Infrastructure & Building Businesses".

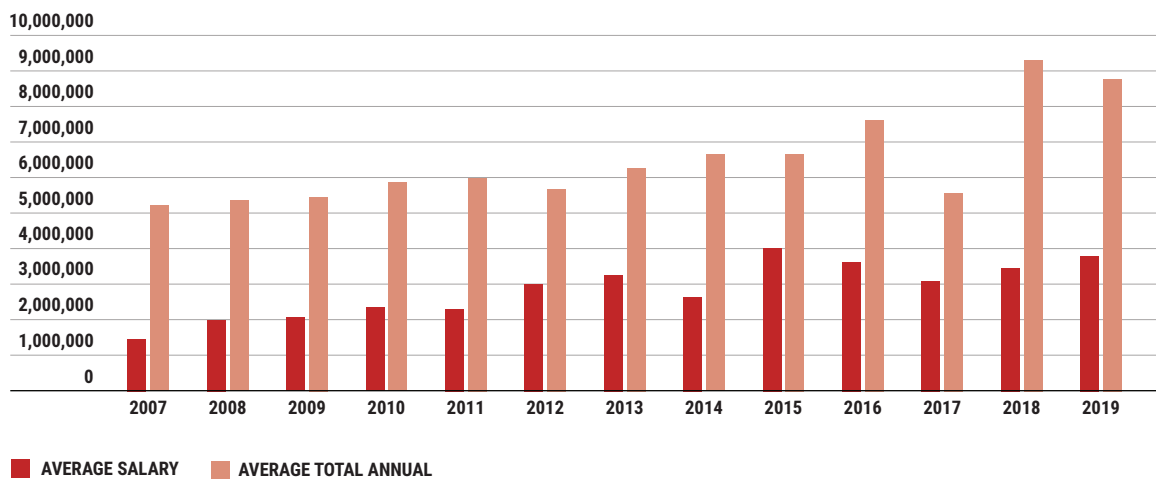
Construction Sector CEO Remuneration 2019



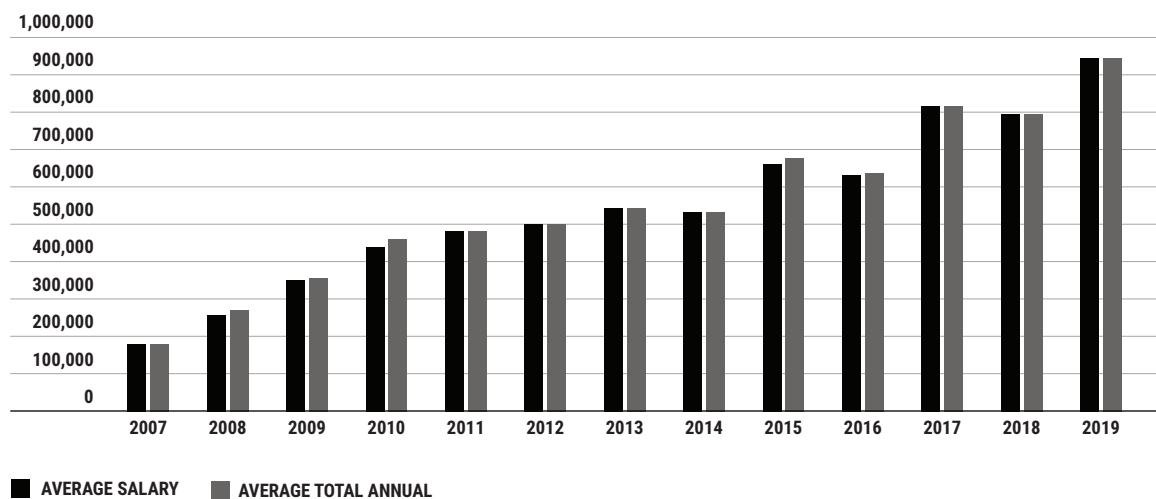
On average, executive directors' salaries in the 2019 year increased by 10% from R3.4 million per year to R3.8 million whilst total remuneration for the 11 directors in the sector decreased by 5% because of fewer benefits paid by Aveng and Murray & Roberts.

Non-executive directors' (NED) remuneration increased by 18% from R793 thousand to R943 thousand annually for the 28 non-execs.

Construction Sector ED Average Remuneration 2007 – 2019



Construction Sector NED Average Remuneration 2007 – 2019



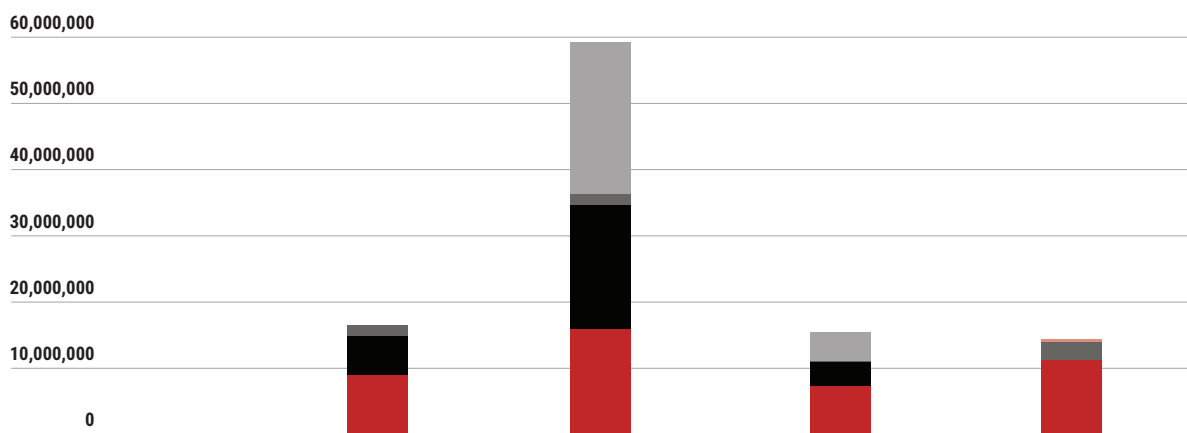
Bidvest reported CEO remuneration for its CEO Lindsay Peter Ralphs of almost ZAR 60 million, including an LTI of ZAR 22.9 million. No other CEO in the group received an LTI. The struggling Remgro paid its CEO over ZAR 11 million in salary. On average, executive director remuneration went down by over 25%. Non-executive director remuneration increased by 11.32%.



SECTOR REPORT:

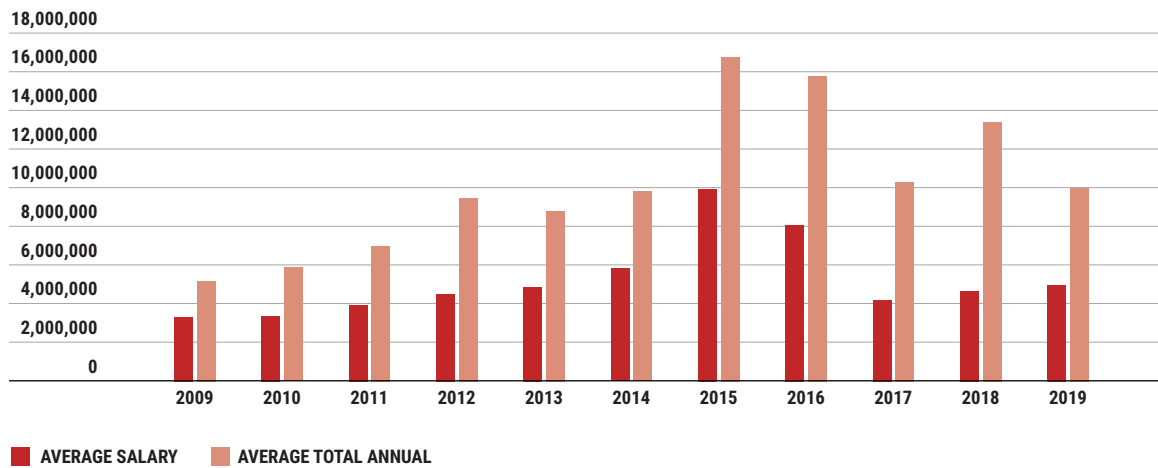
Diversified Holdings

Diversified Holdings CEO Remuneration 2019

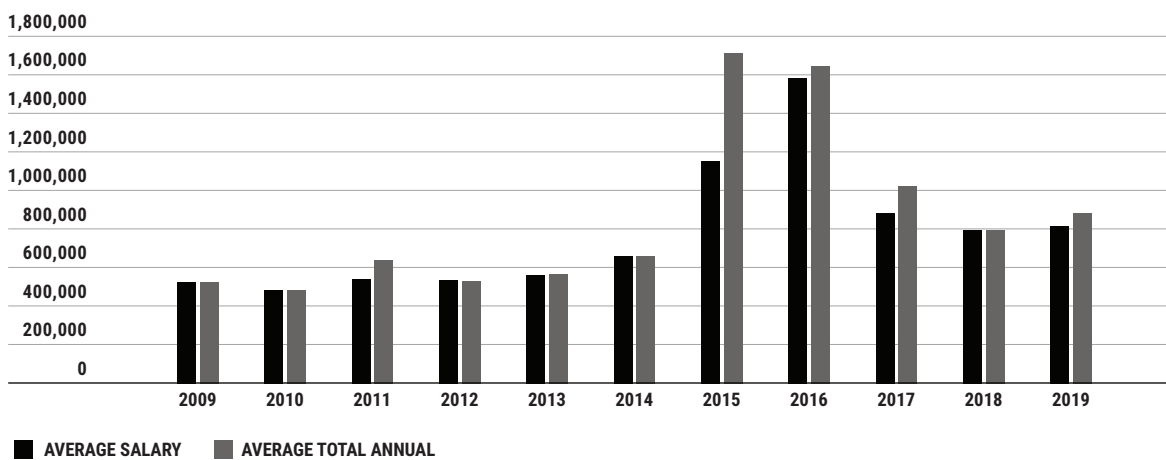


■ LTI PAYMENT ZAR	0	2,290,000	0	0
■ OTHER PAYMENTS ZAR	0	0	4,310,000	368,000
■ BENEFITS ZAR	1,685,000	1,656,000	198,000	2,668,000
■ CASH BONUS ZAR	5,563,000	18,857,000	3,573,000	0
■ SALARY ZAR	9,049,000	15,858,000	7,330,000	11,286,000

Diversified Holdings ED Average Remuneration 2009 – 2019



Diversified Holdings NED Average Remuneration 2009 – 2019



AVERAGE DECREASE IN EXECUTIVE DIRECTOR REMUNERATION IN THE DIVERSIFIED HOLDINGS SECTOR

The Education, Bus, Training & Employment Sector in the support services sector has reported figures indicating that it is bouncing back from a poor performance in the last two financial years of 2017 and 2018. This is indicated by the fact that in 2019 it reached profit levels closer to its average in the years 2014-2016. That is partly attributed to the diversified nature of Adcorp clients and services it offers to different industries.

DIRECTORS' REMUNERATION

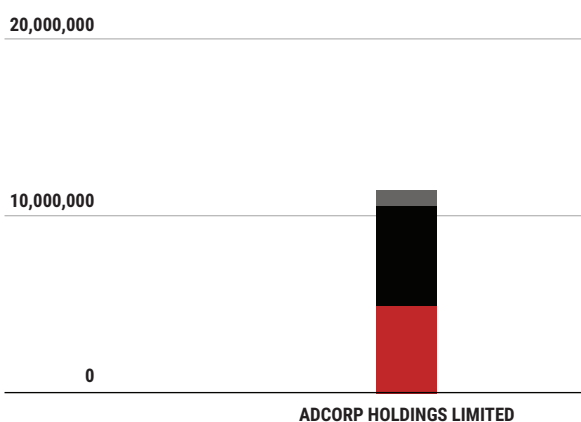
Adcorp's CEO received a total remuneration amount of R11,3 million largely comprised of a cash bonus and annual salary. There was no long-term incentive payment in the 2019 financial year.



SECTOR REPORT:

Education, Bus, Training & Employment

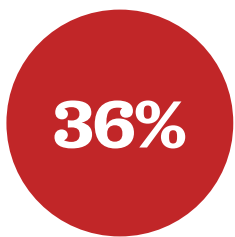
Education & Training Sector CEO Remuneration 2019



LTI PAYMENT ZAR	0
OTHER PAYMENTS ZAR	0
BENEFITS ZAR	957,000
CASH BONUS ZAR	5,575,000
SALARY ZAR	4,846,000

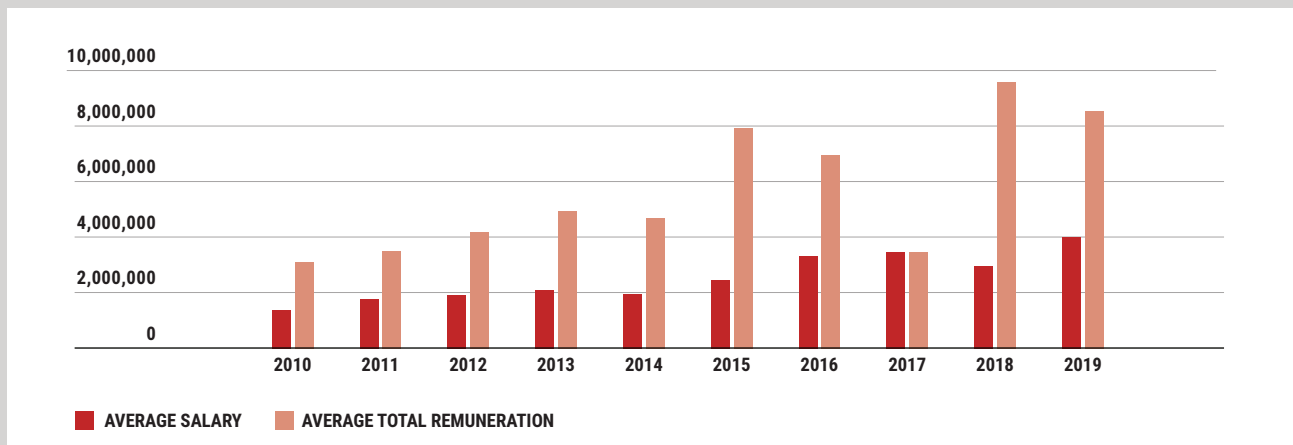
The average salary of the two executive directors in the education, training and employment sector increased by 36% in the 2019 financial year from R2,9 million in 2018 to R4 million in 2019. Total remuneration for executive directors decreased

by 10% from R9,5 million to R8,5 million in the 2019 financial year. On the other hand, non-executive directors' remuneration for the 10 non-executives on average increased by 17% from an annual amount of R422 643 to R600 000.

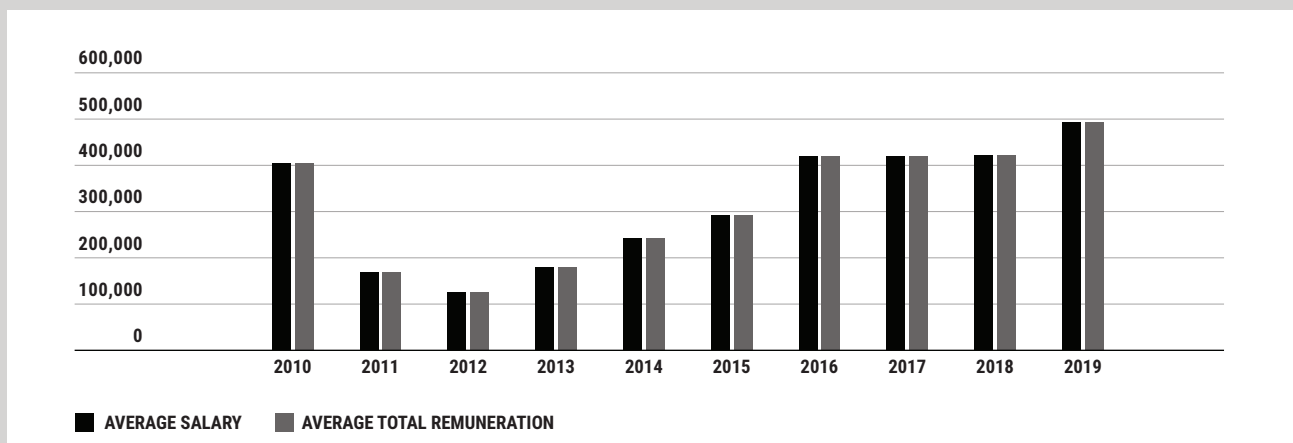


INCREASE IN THE AVERAGE SALARY OF THE TWO EXECUTIVE DIRECTORS IN THIS SECTOR

Education, Bus, Training & Employment ED Remuneration 2010 – 2019



Education, Bus, Training & Employment NED Remuneration 2010 – 2019



The food and beverages sector is highly driven by consumers. Trends are moving towards packaged fast foods and takeout meals¹². Food and beverage production has almost doubled in the past 10 years¹³ indicating a shift toward fast consumption. Established food production will likely grow with these shifting trends towards more packaged foods.

DIRECTORS' REMUNERATION

Anglo-Vaal Industries' CEO Simon Crutchley had the highest total remuneration in the health sector of R38,4 million. This was largely comprised of a long-term incentive payment of R18 million and a cash bonus of R10 million.

¹² www.foodfocus.co.za

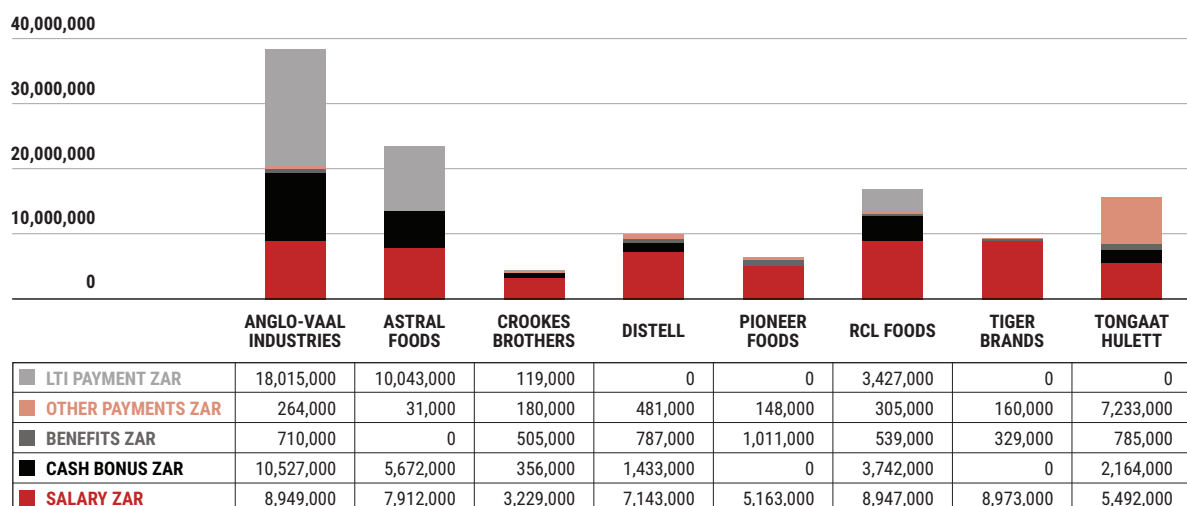
¹³ www.engineeringnews.co.za



SECTOR REPORT:

Food & Beverages

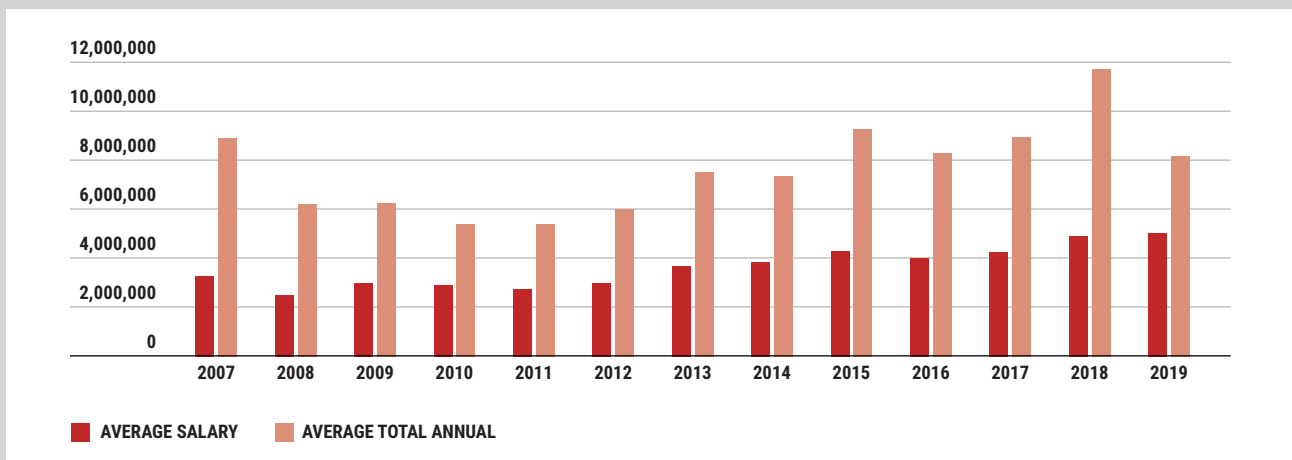
Food & Beverage Sector Annual CEO Remuneration 2019



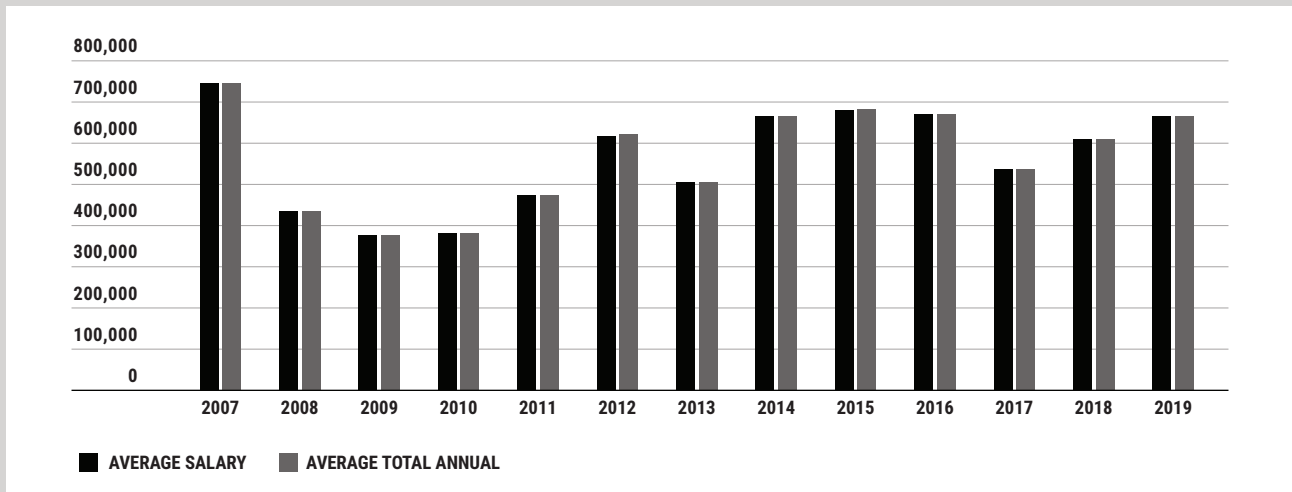
Close behind was Astral Foods CEO Chris Schutte who took home R23 million in the 2019 financial year. On average, total executive directors' remuneration for the 20 executive directors in the

food and beverages sector decreased by 30% owing to decreased LTI payments. Non-executive directors average remuneration for the 76 directors increased by 9%.

Food & Beverage ED Average Remuneration 2007 – 2019



Food & Beverage NED Average Remuneration 2007 – 2019



AVERAGE DECREASE IN THE TOTAL REMUNERATION OF THE 20 EXECUTIVE DIRECTORS' IN THE FOOD AND BEVERAGES SECTOR

The Health Sector experienced a recovery in its profitability in the 2019 financial year as most of the companies in the sector experienced increased profit or reduction in losses.

The pharma group Aspen is the only company which reported a decrease in profit attributed to non-core operations in nutritional business products which were disposed in the latter half of 2019¹⁴. Nonetheless, Aspen remains the largest pharmaceutical manufacturer in South Africa and recently won another tender to supply HIV drugs to the government¹⁵.

Despite providing healthcare to only 20% of the population, the private healthcare sector receives 50% of total healthcare spending and it remains one of the most profitable sectors in South Africa's economy¹⁶. Several South African healthcare companies are expanding their services in the Southern African region¹⁷.



SECTOR REPORT:

Health

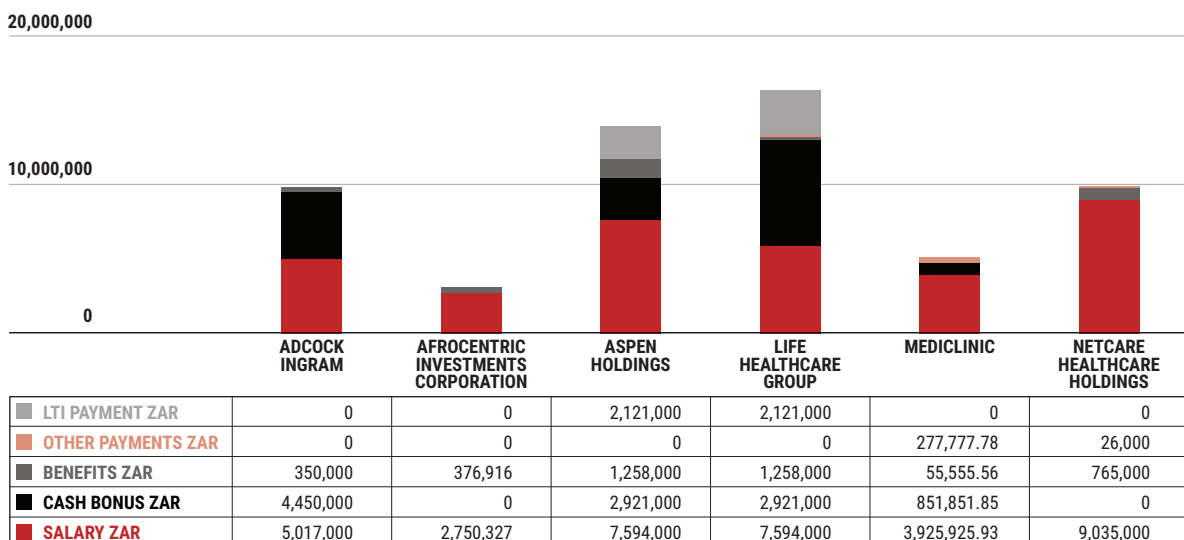
¹⁴ www.news24.com

¹⁶ www.rhbophelo.co.za

¹⁵ www.theafricareport.com

¹⁷ equinetafrica.org

Health Sector Annual CEO Remuneration 2019



DIRECTORS' REMUNERATION

Life Healthcare Group had the highest total remuneration for their Chief Executive Officer Shrey Viranna who took home R16,3 million for the 2019 financial year closely followed by Aspen's CEO Stephen Saad receiving a total remuneration figure of R13 million. Both these two individuals received LTI payments; Aspen and Life Healthcare group were the only companies in the sector which made long term incentive pay-outs.

On average, executive directors' remuneration in the health sector for the 17 directors decreased. The average salary decreased by 12% from R5 million annually in 2018 to R4,4 million in 2019. Moreover, the total executive remuneration figure dropped by 96% from R200 million to R7,1 million. This is attributed to the executive officers of Network Healthcare Limited (Netcare), Friedland and Gibson,

who exercised stock options in 2018 from which the gain was reported as R1 879 268 000 and R753 356 000 respectively in the Remuneration Report¹⁸ of the company's Integrated Report (Netcare, 2018:143). However, we suspect this may be a rounding error in reporting because the similar figures for the 2019 financial year had different arithmetic. The number of shares exercised in 2019 was multiplied by the share price in cents of 26,78 cents – as opposed to 2 659 cents in 2018. Nonetheless, the graphical analysis below uses the amounts as reported.

Non-executive directors' remuneration for the 59 non-execs maintained an upward positive trend as the average increased by 8% from R812 494 to R880 316 in 2019.



12%

AVERAGE **DECREASE OF SALARIES**
FOR THE EXECUTIVE DIRECTORS IN
THIS SECTOR



96%

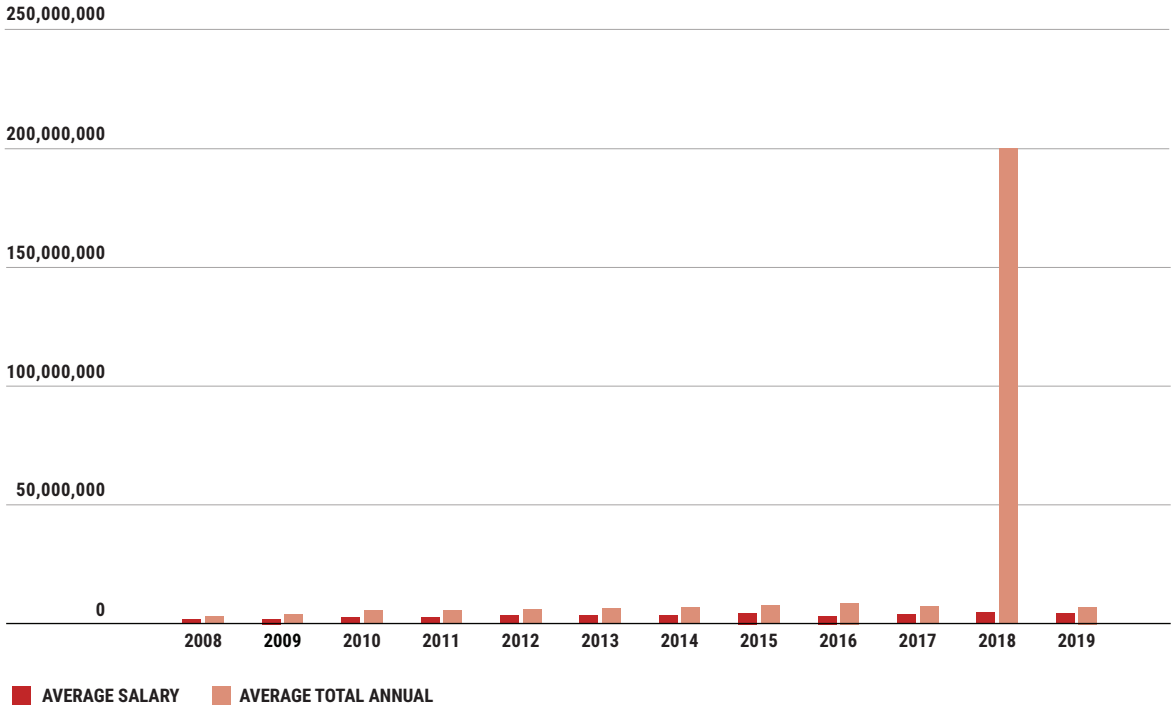
DECREASE OF TOTAL EXECUTIVE
REMUNERATION **FROM R200 MILLION**
TO R7.1 MILLION



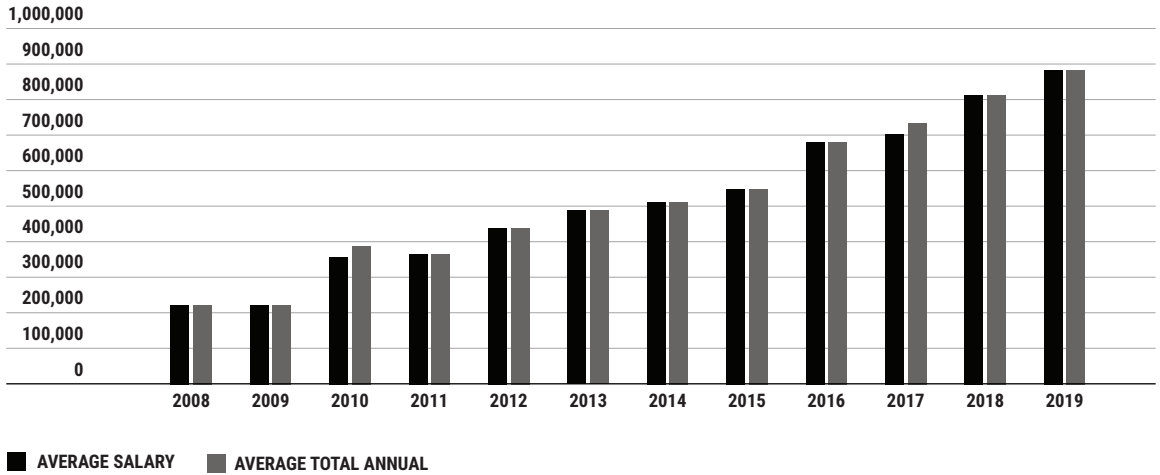
8%

AVERAGE INCREASE OF REMUNERATION
FOR THE **59 NON-EXECUTIVE DIRECTORS**
IN THIS SECTOR

Health ED Average Remuneration 2008 – 2019



Health NED Average Remuneration 2008 – 2019





SECTOR REPORT:

Hospitality

¹⁹ www.pwc.co.za

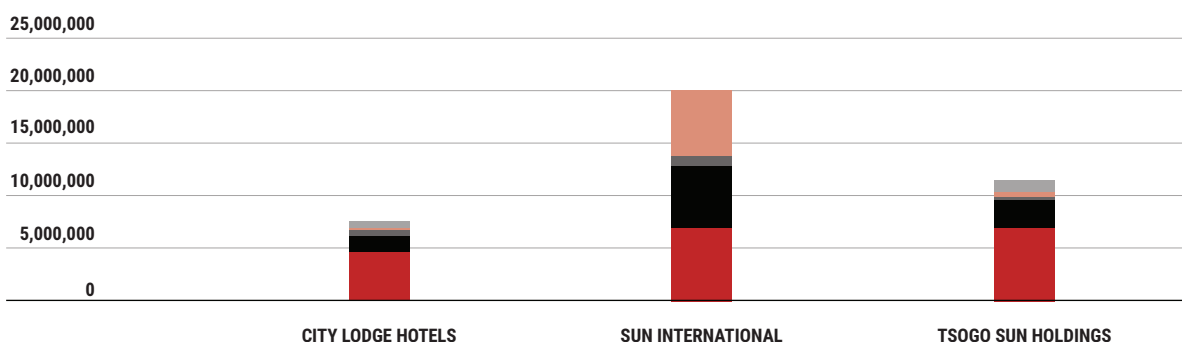
²⁰ partners.24.com

The hospitality industry is intertwined with the broader trends of the travel and tourism industries¹⁹. As a luxury item, the sector is prone to be among the first to suffer the impact of economic setbacks²⁰. The sector created more jobs than mining and manufacturing combined in 2017 and has therefore come to assume a position of economic importance.

DIRECTORS' REMUNERATION

Sun International's CEO Anthony Leeming took home the highest total remuneration in the hospitality sector at R19,8 million. His salary was mostly comprised of a R7 million salary, a cash bonus and long-term incentive payment over R5 million each. Tsogo Sun Holdings' CEO Jacque Booysen took home R11,7 million, and despite his salary being close to Sun International's annual salary, Tsogo Sun's LTI and cash bonus was significantly lower in the 2019 year.

Hospitality Sector CEO Remuneration 2019

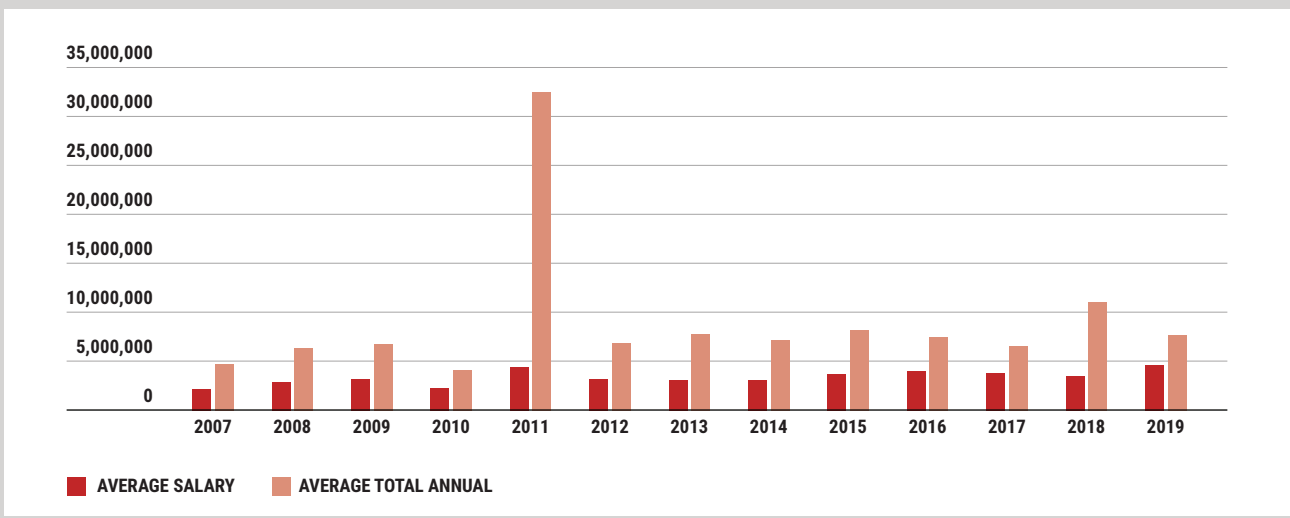


	CITY LODGE HOTELS	SUN INTERNATIONAL	TSOGO SUN HOLDINGS
■ LTI PAYMENT ZAR	676,000	5,464,000	1,138,000
■ OTHER PAYMENTS ZAR	34,000	574,000	484,000
■ BENEFITS ZAR	756,000	961,000	352,000
■ CASH BONUS ZAR	1,351,000	5,849,000	2,562,000
■ SALARY ZAR	4,722,000	7,021,000	6,997,000

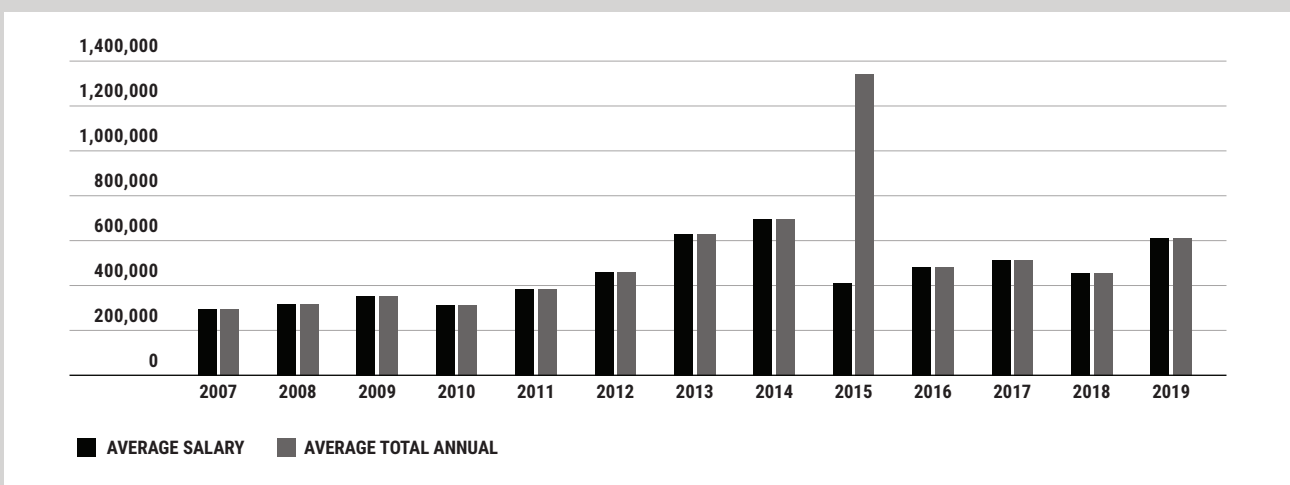
On average, the salaries of executive directors – seven directors in the hospitality sector – increased by 32%. Total remuneration on the other hand decreased by 30% owing to the fact that in 2018 Tsogo Sun Holdings made LTI payments to directors who resigned.

The remuneration of the 27 non-executive directors in the hospitality sector went up by 34% in the 2019 financial year increasing from R454 714 in 2018 to R612 111 in 2019.

Hospitality ED Average Remuneration 2007 – 2019



Hospitality NED Average Remuneration 2007 – 2019



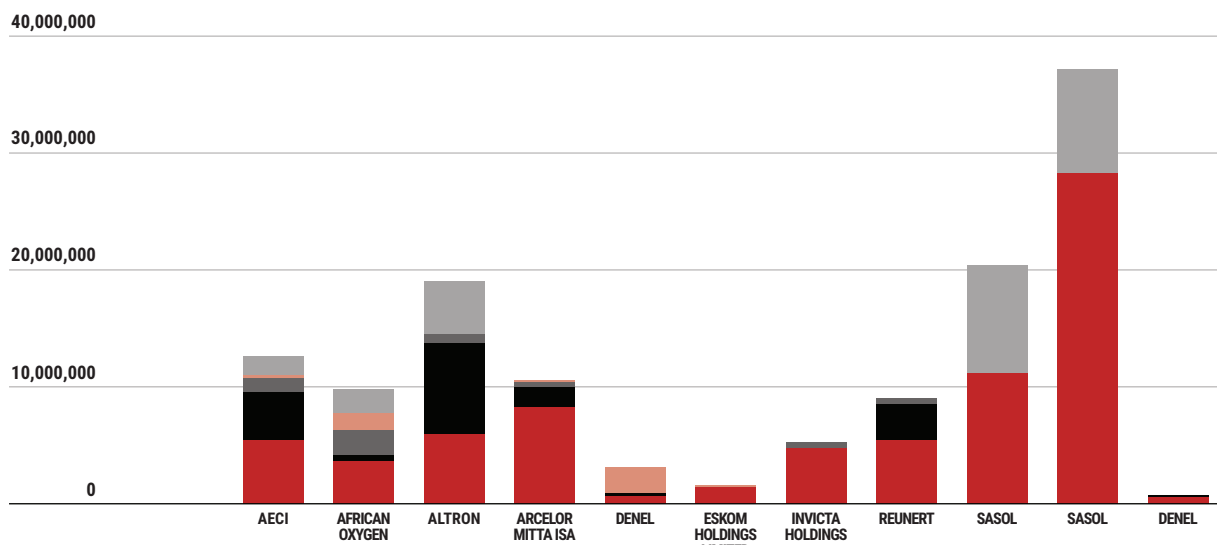


SECTOR REPORT:

South Africa has a strong industrial tradition dating back 150 years. The past few decades, however, have posed challenges to the industry, with external and domestic factors weighing on sector growth. To help revitalise the industry, the government’s industrial strategy has allowed the sector to maintain momentum, with investment incentives and close cooperation with investors helping to offset downside risks

Industrial

Industrial Sector CEO Remuneration 2019



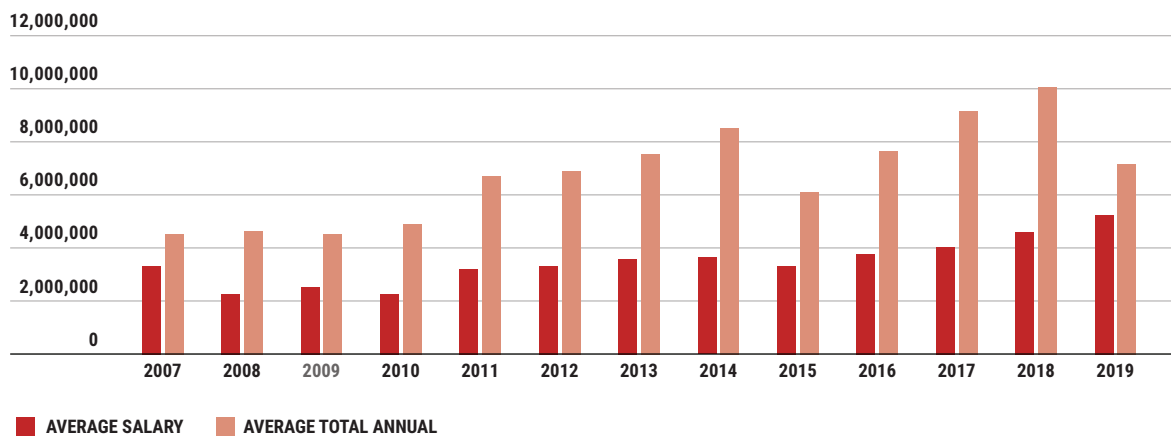
	AECI	AFRICAN OXYGEN	ALTRON	ARCELOR MITTA ISA	DENEL	ESKOM HOLDINGS LIMITED	INVICTA HOLDINGS	REUNERT	SASOL	SASOL	DENEL
LTI PAYMENT ZAR	1,530,000	1,997,000	4,444,000	0	0	0	0	0	9,173,000	8,972,000	0
OTHER PAYMENTS ZAR	214,000	1,379,000	0	63,760	2,124,000	4,000	0	0	0	0	0
BENEFITS ZAR	1,231,000	2,149,000	709,000	521,151	0	0	466,000	463,000	0	0	0
CASH BONUS ZAR	4,146,000	551,000	7,791,000	1,600,000	208,000	0	0	3,205,000	0	0	186,000
SALARY ZAR	5,577,000	3,784,000	6,128,000	8,458,833	885,000	1,649,000	4,952,000	5,490,000	11,237,000	28,163,000	721,000

DIRECTORS' REMUNERATION

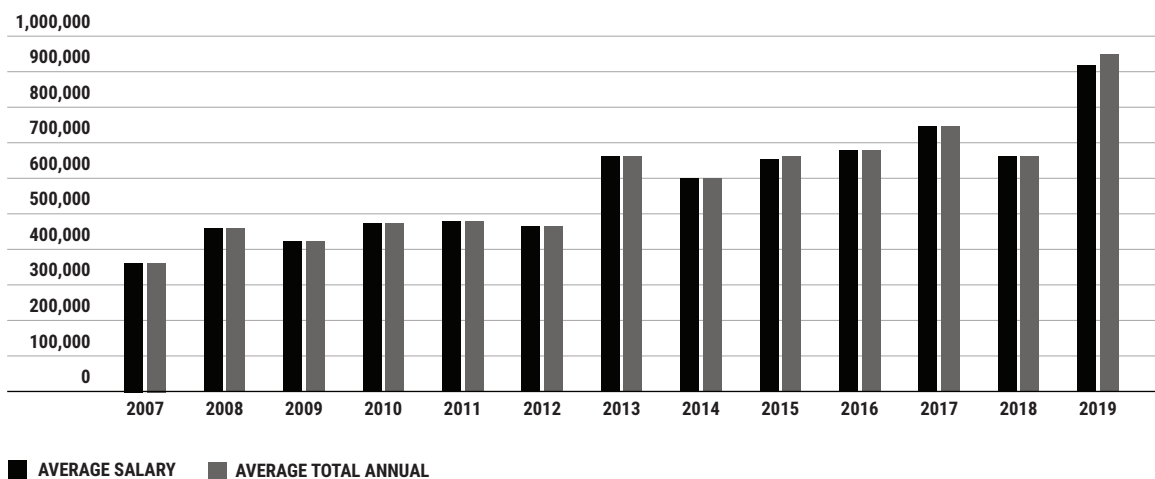
In the industrial sector, CEOs were paid on average ZAR 11.8 million for the year. At the top of this list is Sasol CEOs (joint CEOs) Cornell and Nqwababa with total remuneration of ZAR 37.1million and ZAR 20.4 million respectively.

Executive Director total remuneration decreased by 28.6% in the year on year comparison. Average non-executive remuneration went up from ZAR 661,730 to ZAR 949,815.

Industrial ED Average Remuneration 2007 – 2019



Industrial NED Average Remuneration 2007 – 2019



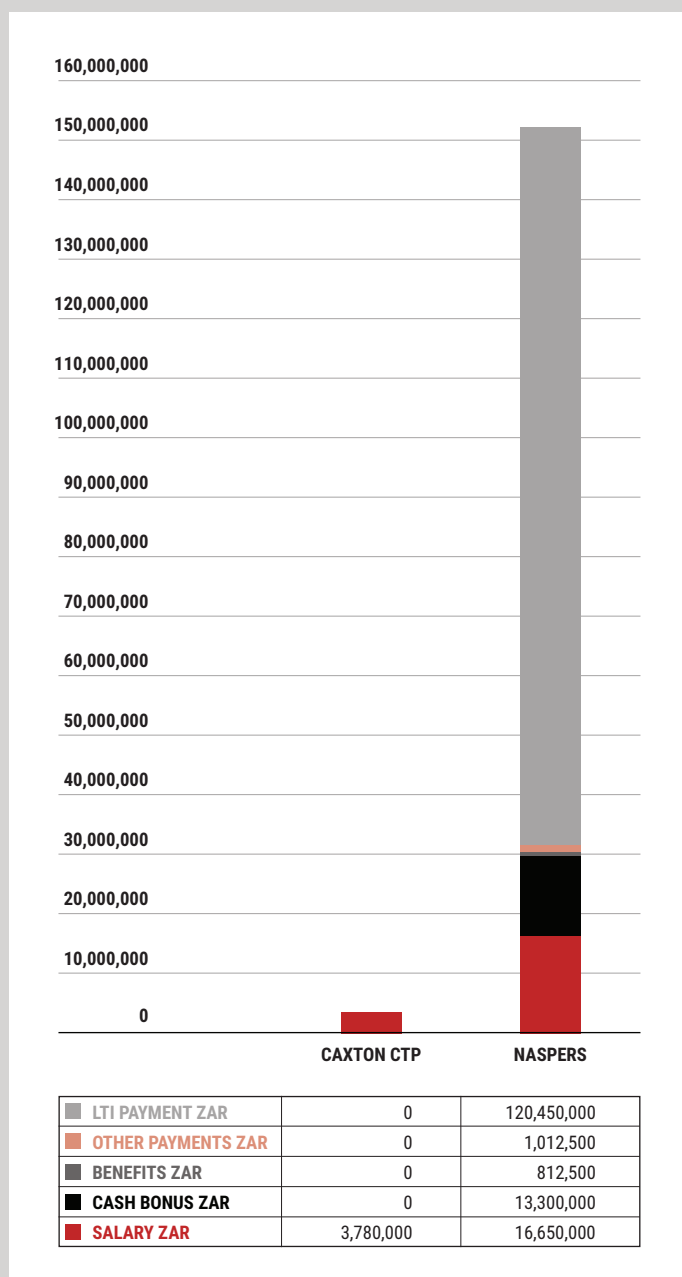


SECTOR REPORT:

Media

South Africa’s media sector is perhaps the largest, and without a doubt the most sophisticated and dynamic, on the continent. The sector includes over 850 print titles, around 250 radio stations, and 16 television providers offering more than 170 channels.

Media Sector CEO Remuneration 2019

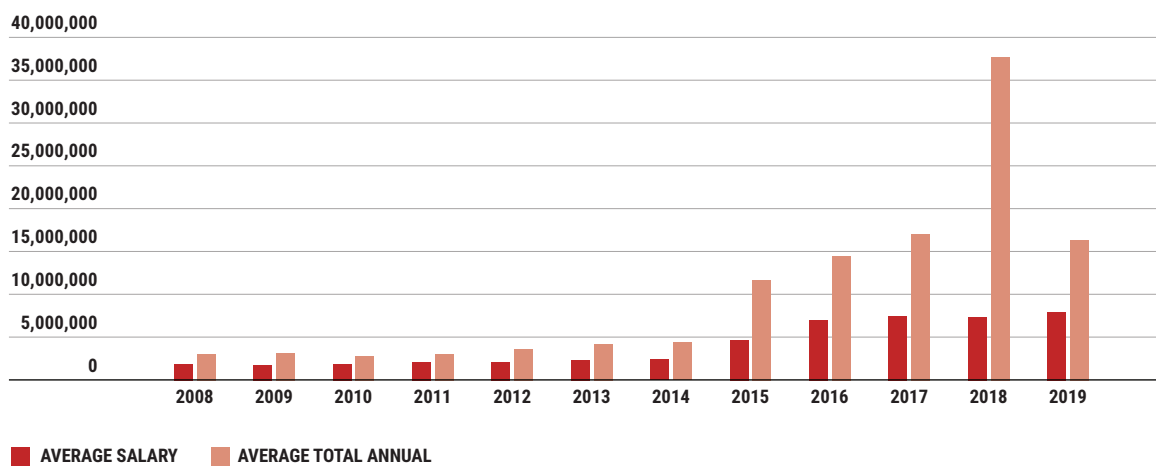


DIRECTORS' REMUNERATION

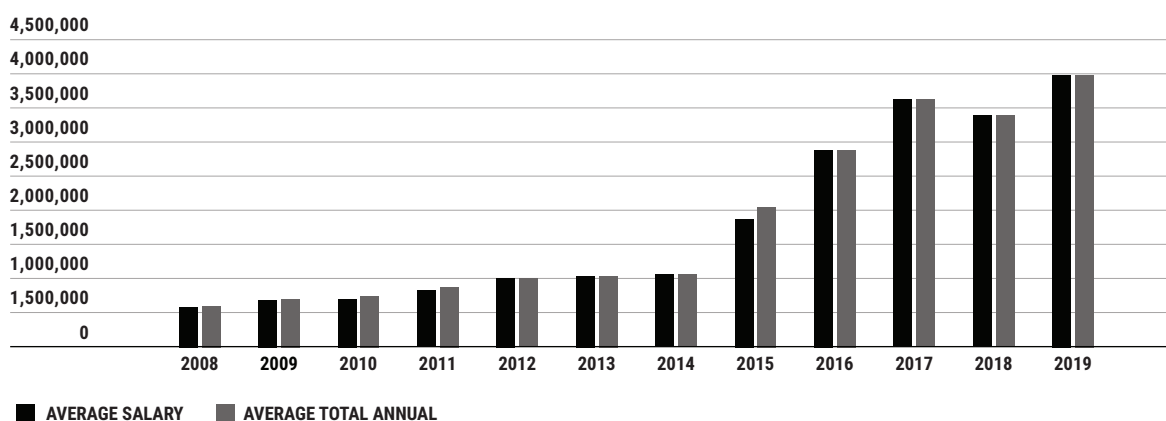
The company that made the largest amount of profit on our list, Naspers, pays its CEO Bob van Dijk accordingly. In the 2019 financial year, van Dijk

was paid total remuneration of over ZAR 36 million. The average executive remuneration increased by 8.05% while the non-executive increased by 17.2%.

Media ED Average Remuneration 2008 – 2019



Media NED Average Remuneration 2008 – 2019



8.05%

AVERAGE INCREASE OF EXECUTIVE REMUNERATION WHILE NON-EXECUTIVE REMUNERATION INCREASED BY 17.2%

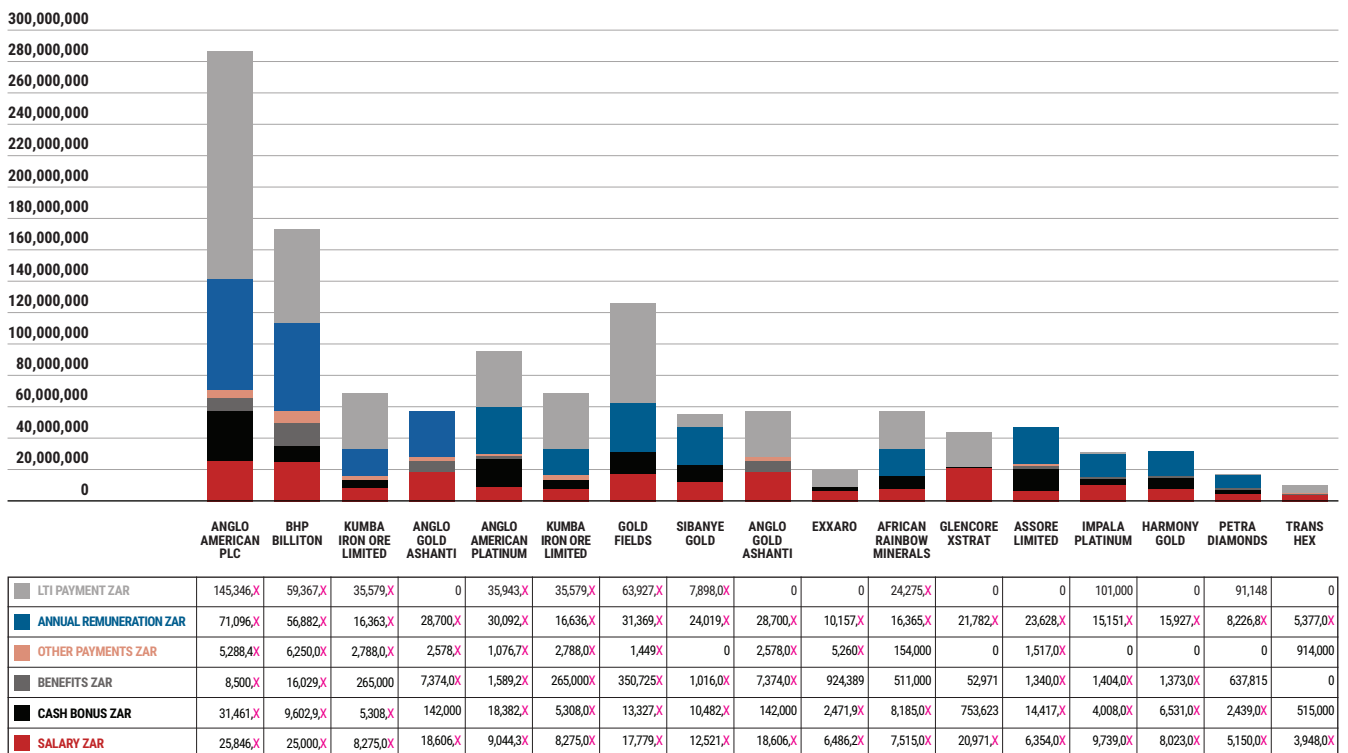


SECTOR REPORT:

In many ways, South Africa’s political, social and economic landscape has been dominated by mining, given that, for so many years, the sector has been the mainstay of the South African economy. Although gold, diamonds, platinum and coal are the most well-known among the minerals and metals mined, South Africa also hosts chrome, vanadium, titanium and a number of other lesser minerals.

Mining

Mining Sector CEO Remuneration 2019

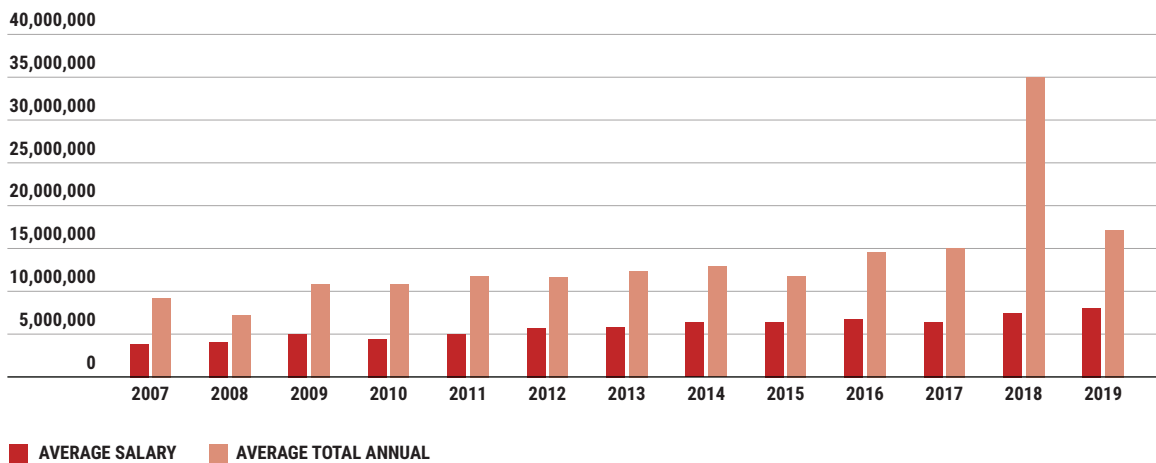


MINING: EXECUTIVE PAY

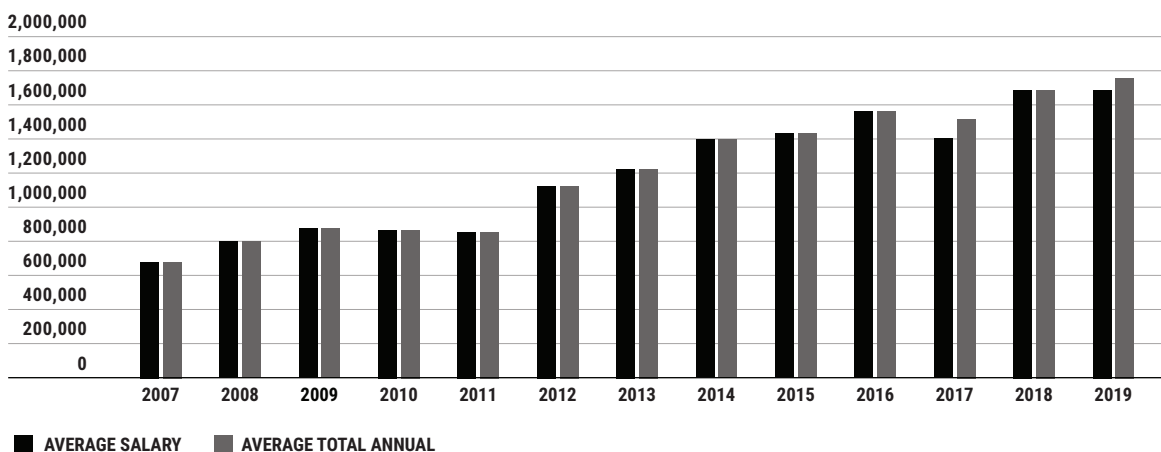
In the mining sector, Anglo American PLC CEO Mark Cutifani was paid an LTI of over ZAR 145 million, bringing his total remuneration to ZAR 216.4 million. BHP Billiton CEO Andrew MacKenzie came in second on this list with

total remuneration of ZAR 116 million. Executive directors in the Mining sector had salary increase of almost 7.1%, while a 4% increase was reported for the average total remuneration for non-executive directors in 2019.

Mining ED Average Remuneration 2007 – 2019



Mining NED Average Remuneration 2007 – 2019





SECTOR REPORT:

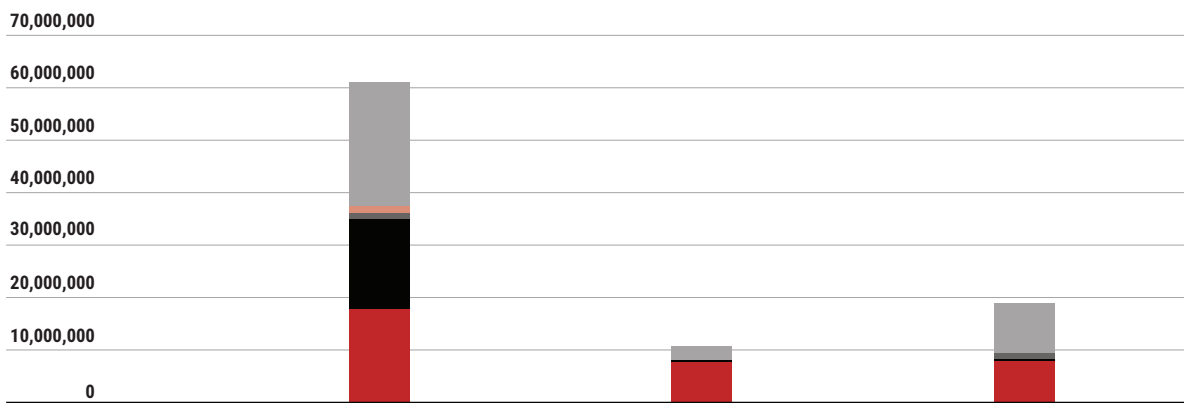
Paper & Packaging

The global paper packaging market was valued at USD 69.91 billion in 2019 and is anticipated to reach USD 88.73 billion by 2025. The increasing consumer consciousness regarding sustainable packaging, as well as the strict regulations imposed by various environmental protection agencies (regarding the use of environment-friendly packaging products) are the factors driving the paper and packaging sector in recent years.

PAPER & PACKAGING: EXECUTIVE PAY

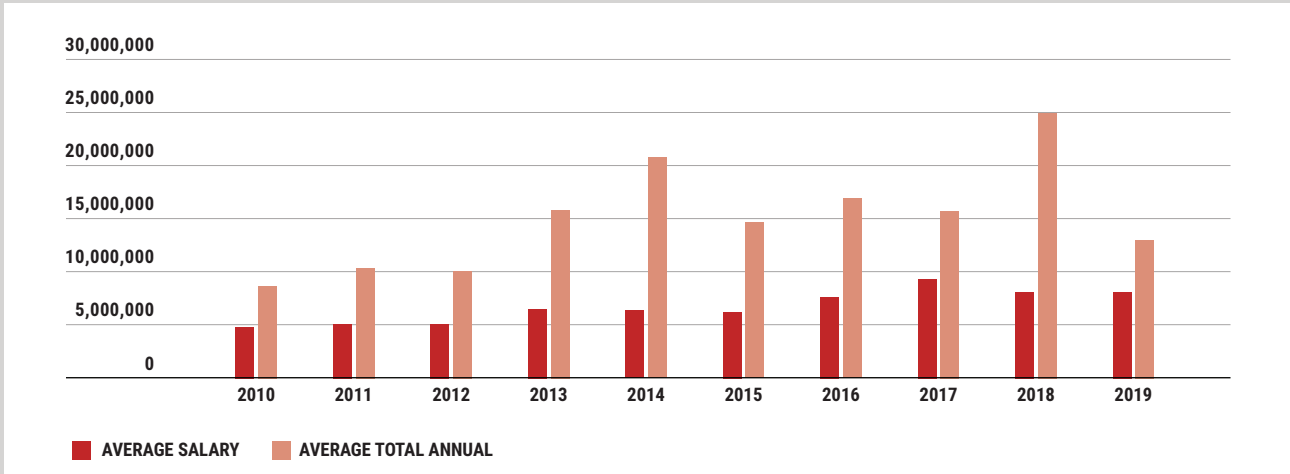
In the Paper & Packaging sector, Mondi Group CEO Oswald was paid an LTI of over ZAR 23 million, bringing his total remuneration to ZAR 61 million. Non-executive remuneration went down on average by about 16%.

Paper & Packaging Sector CEO Remuneration 2019

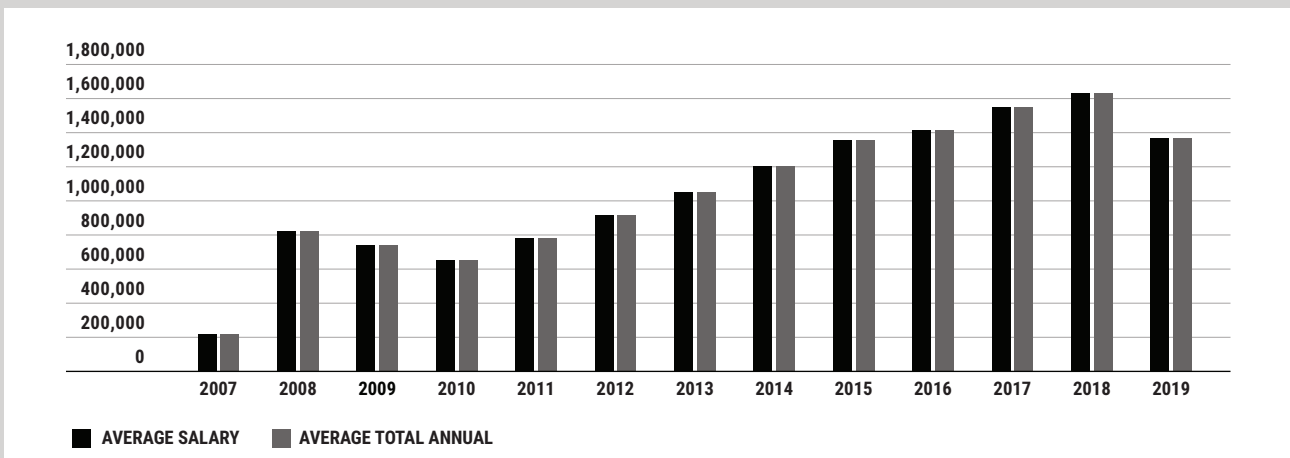


Component	MONDI GROUP	NAMPAK	SAPPI
LTI PAYMENT ZAR	23,648,565	2,669,264	9,482,403
OTHER PAYMENTS ZAR	1,357,065	0	0
BENEFITS ZAR	987,226	21,113	1,228,612
CASH BONUS ZAR	17,487,484	80,406	221,179
SALARY ZAR	17,822,581	8,057,594	8,054,164

Paper & Packaging ED Average Remuneration 2010 – 2019



Paper & Packaging NED Average Remuneration 2007 – 2019



\$69.91b

VALUE OF THE GLOBAL PAPER MARKET IN 2019 WHICH IS ANTICIPATED TO REACH USD 88.73 BILLION BY 2025

16%

AVERAGE DECREASE OF NON-EXECUTIVE REMUNERATION



SECTOR REPORT:

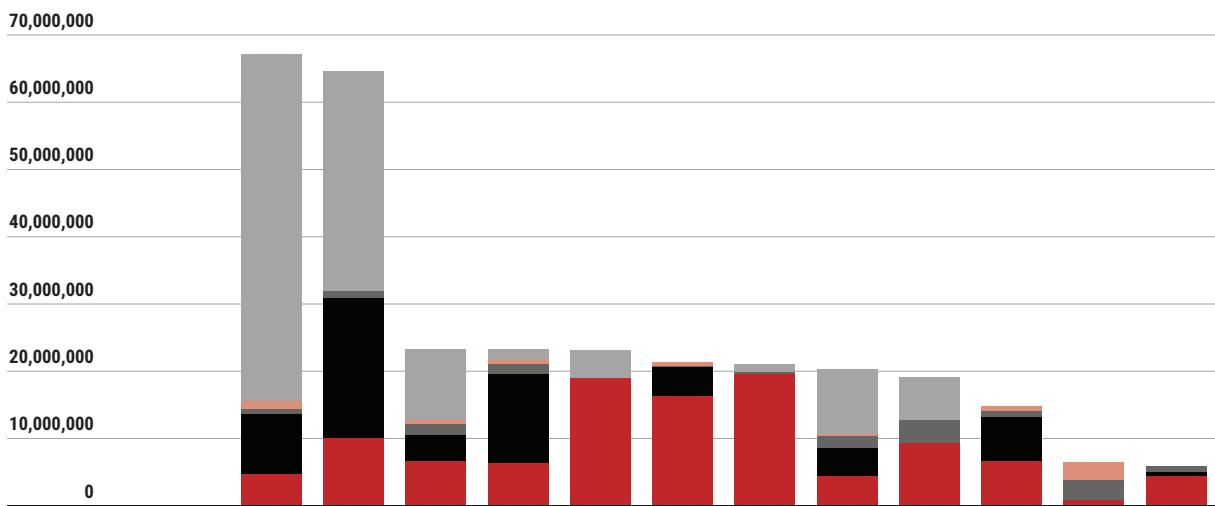
Retail

In our list of sectors and companies covered, retail is the second biggest employer after Mining. This list of nine companies employed 374,502 (up from 364,827) over the course of the 2019 financial year.

DIRECTORS' REMUNERATION

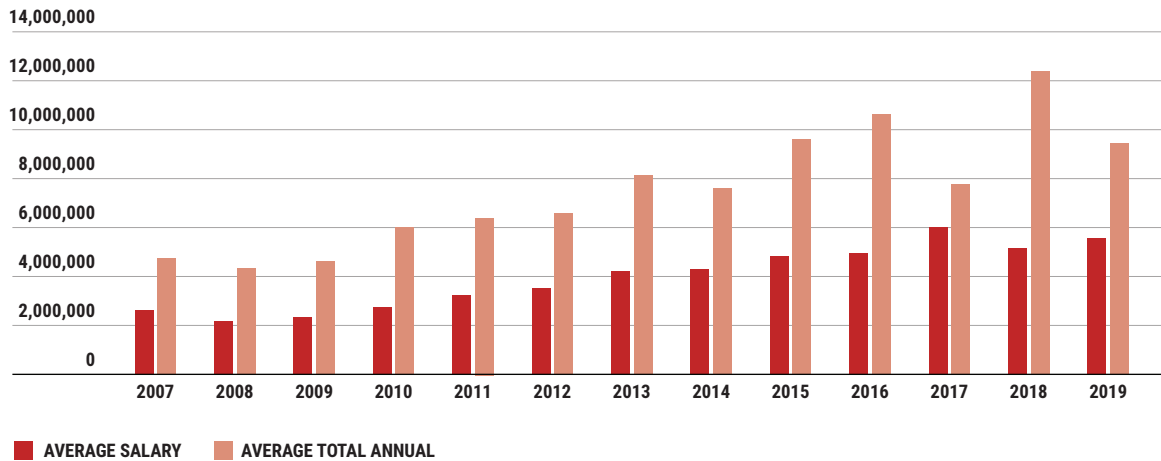
In the retail sector, Foschini CEO Doug Murray received an LTI of over ZAR 50 million, bringing his total remuneration to ZAR 67 million, and making him the top earner in this sector. Pick n Pay CEO Richard Brasher received total remuneration of ZAR 64 million, including an LTI of ZAR 32 million. Shoprite CEO Pieter Engelbrecht was paid ZAR 21 million, with no LTI received in the 2019 financial year. On average CEOs in this sector were paid a salary of ZAR 9 million, and a total remuneration of ZAR 25 million. On average, non-executive director total remuneration went down by 6.27%.

Retail Sector CEO Remuneration 2019

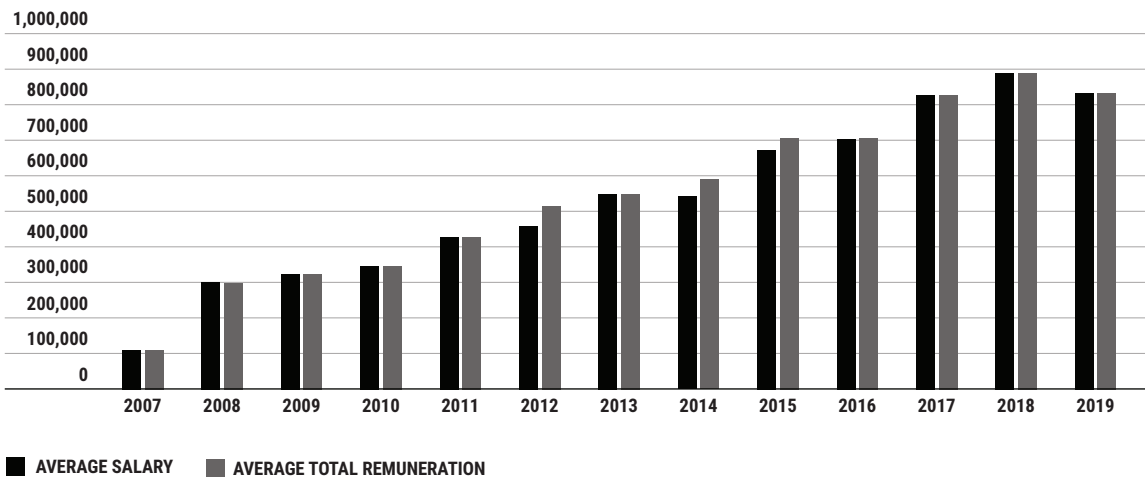


	MURRAY FOSCHINI	BRASHER PICK N PAY STORES LTD	BIRD MR PRICE	THUNSTRÖM FOSCHINI	MOIR WOOLWORTHS	ENGELBRECHT SHOPRITE	HAYWARD MASSMART	BLAIR MR PRICE	MARK TRUWORTHS	O'CONNOR SPAR	SLAPE MASSMART	DE JAGER CASHBUILD
LTI PAYMENT ZAR	51,595,600	32,477,300	10,526,000	1,617,200	3,992,000	0	963,000	9,685,000	6,308,000	0	0	0
OTHER PAYMENTS ZAR	1,088,200	0	554,000	559,900	0	491,000	0	350,000	0	545,000	2,679,000	0
BENEFITS ZAR	916,800	1,210,100	1,820,000	13,586,800	142,000	214,000	476,000	1,856,000	3,338,000	787,000	3,080,000	774,000
CASH BONUS ZAR	8,843,100	20,640,000	3,678,000	13,381,600	0	44,360,000	0	3,862,000	0	625,000	0	509,000
SALARY ZAR	4,700,300	10,140,000	6,648,000	6,268,200	18,907,000	16,130,000	19,514,000	4,573,000	9,383,000	6,735,000	744,000	4,425,000

Retail Sector ED Average Remuneration 2007 – 2019



Retail NED Average Remuneration 2007 – 2019



AVERAGE SALARY CEOs EARNED IN THE RETAIL SECTOR, WITH A TOTAL REMUNERATION OF ZAR 25 MILLION

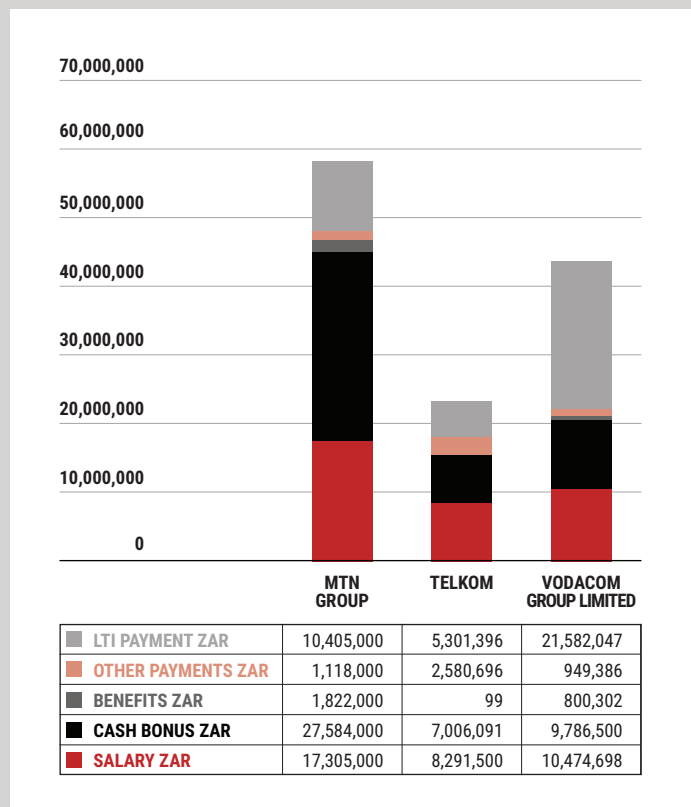


SECTOR REPORT:

Technology & Telecommunications

South Africa’s global ranking for internet speed was at 96 for fixed bandwidth and 60 for mobile broadband²¹. This was despite increasing calls for data prices to fall owing to the increased cost of accessing the internet²². Telecommunications companies MTN and Vodacom continue to play a key role in providing network coverage and control at least 70% of the cellular industry²³. Following the competition commission’s ruling ordering MTN and Vodacom to cut their data prices by 30 to 50 percent, the sector may adjust to these changes in ways which could involve job losses owing to decreasing revenue.

Technology Sector Annual CEO Remuneration 2019



²¹ www.icasa.org.za

²² www.iol.co.za

²³ mg.co.za

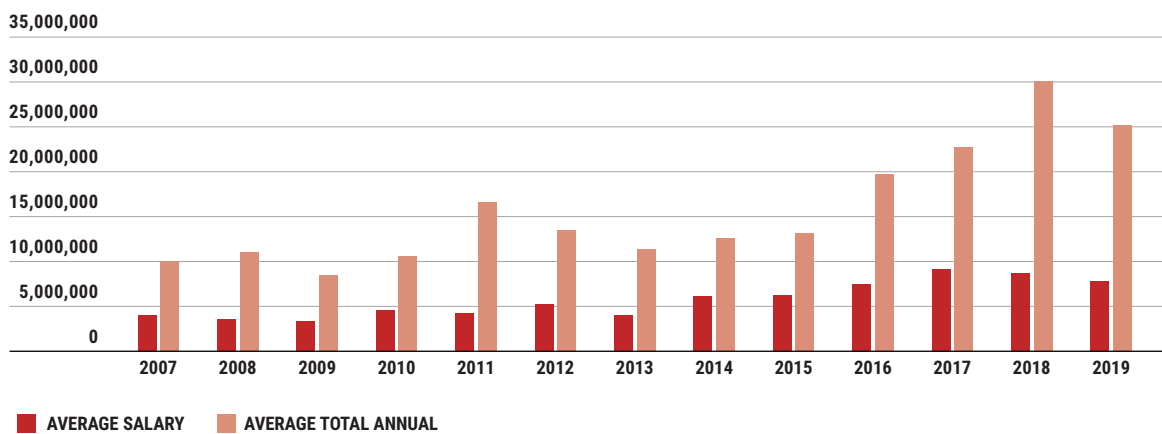
DIRECTORS' REMUNERATION

MTN Group CEO Rob Shutter received total remuneration of R58,2 million in the 2019 financial year. In addition to a R17 million annual salary, he received a cash bonus over R27 million and a long-term incentive payment of R10 million. Vodacom's chief executive officer Aziz Joosub to home R43 million owing to a R21,5 million LTI and a cash bonus and salary of roughly the same amount.

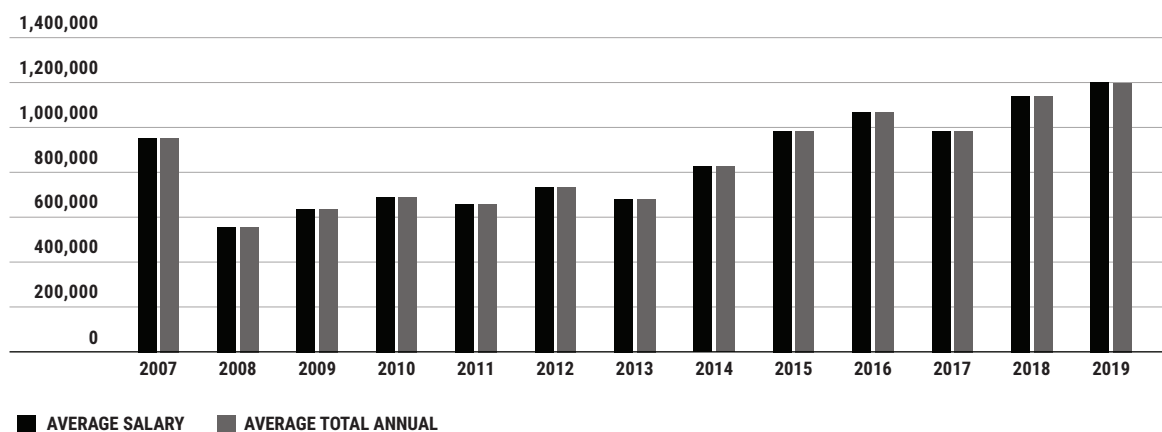
There are seven executive directors in the sector and their average salary decreased by 8% in the 2019 financial year from R8,7 million to R8 million in 2019. Total executive remuneration decreased on average by 16% from R30,1 million to R25,2 million in the current financial year.

Non-executive directors' average remuneration for the 45 non-execs increased by 6% from R1,1 million in 2018 to R1,2 million in 2019.

Technology & Telecommunications ED Average Remuneration 2007 – 2019



Technology & Telecommunications NED Average Remuneration 2007 – 2019





SECTOR REPORT:

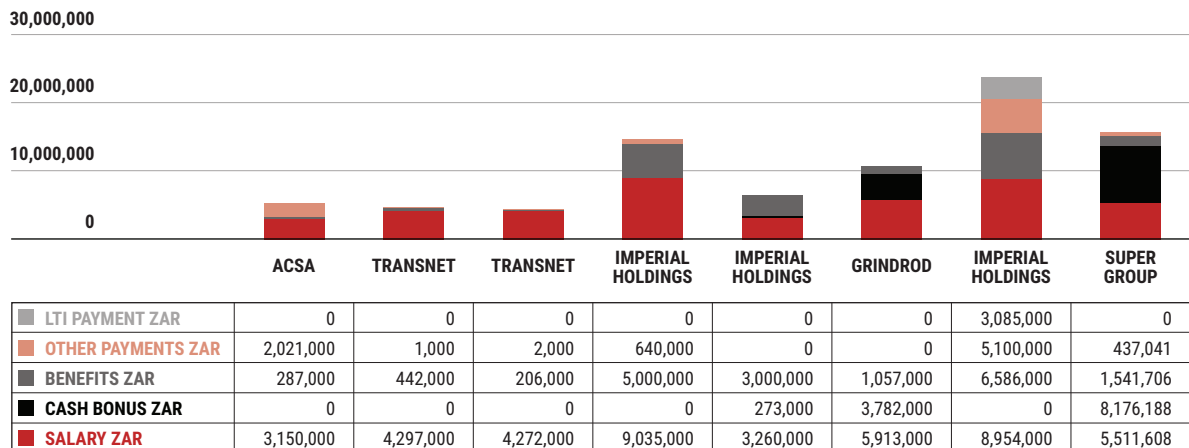
Transport

South Africa’s commercial activity and economic performance are closely linked to its ability to transport goods both within and beyond its borders. Although South Africa’s transport infrastructure is among the best on the continent, lack of investment in recent years has led to high usage costs.

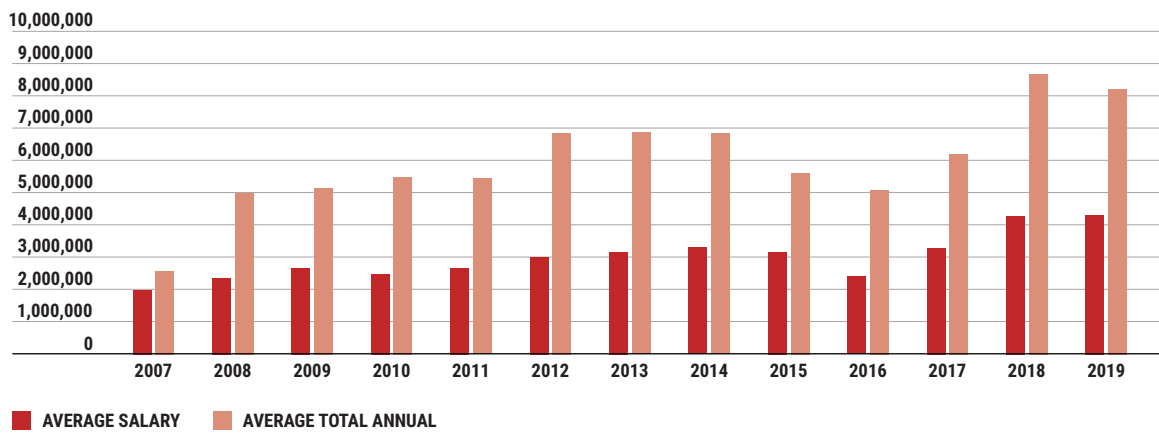
DIRECTORS’ REMUNERATION

In the transport sector, CEOs earned on average total remuneration of ZAR 10.8 million. At the top of this list is Imperial Holdings CEO Mohammed Akoojee who received a total remuneration paycheck of ZAR 23.7 million. Average non-executive remuneration went up by 10.5%, while average executive remuneration went down by almost 5%.

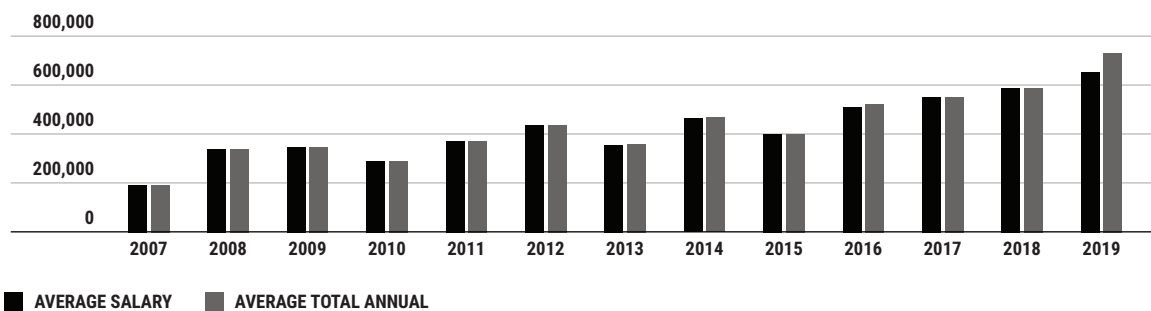
Transport Sector Annual CEO Remuneration 2019



Transport ED Average Salary 2007 – 2019



Transport NED Average Remuneration 2007 – 2019



R10.8m

AVERAGE REMUNERATION CEOs EARNED
IN THE TRANSPORT SECTOR

10.5%

**AVERAGE INCREASE IN NON-EXECUTIVE
REMUNERATION**, WHILE AVERAGE EXECUTIVE
REMUNERATION DECREASED BY ALMOST 5%



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