

Vertical pay gaps at JSE-listed companies



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1. List of abbreviations

CEO	Chief Executive Officer
LTI	Long-term incentive
STI	Short-term incentive
TGP	Total guaranteed pay, i.e., total fixed cost of pay and benefits or “cost to company”.
TR	Total remuneration, i.e., TGP plus STI, LTI and any other cash or non-cash benefits.



2. Introduction

“High levels of inequality mean that large segments of a society may be excluded from economic opportunities, thus limiting both those individual’s outcomes, as well as the aggregate performance of the economy. Such inequality of opportunities is not in line with the aspirations of post-apartheid South Africa as reflected in the Constitution and in the RDP which has been the lodestar of all policy development since 1994. It reflects a loss to society of potential and productivity. People who receive the best opportunities are the ones who are the richest, and these are not necessarily the same as the ones who are the most talented or who would make the best use of such opportunities.”

Inequality Trends in South Africa: A multidimensional diagnostic of inequality¹

As part of Just Share’s work advocating for fair pay and disclosure of pay gaps by JSE-listed companies, we have for several years been asking boards of directors, at annual general meetings, whether they will commit to disclosing the wages of their lowest-paid workers.

Although wage gap disclosure is not yet a legal requirement in South Africa, several JSE-listed companies have started to disclose information relating to vertical wage gaps and internal minimum wages. In this briefing we analyse the most recent sets of disclosures by the following companies:

- Absa Group Limited
- Investec Limited
- JSE Limited
- Nedbank Group Limited
- Old Mutual Limited
- Shoprite Holdings Limited
- Standard Bank Group Limited
- Woolworths Holdings Limited

A common argument against pay gap disclosure in South Africa is that this disclosure will be “taken out of context” or “misinterpreted”.² While there are important differences between sectors which impact levels of pay, Just Share believes that stakeholders can make their own assessments of fairness on a case-by-case basis, and that this disclosure is a crucial first step in understanding and addressing the high labour market inequality that is so damaging to our economy and society.

We commend the companies assessed in this briefing, all of which have voluntarily made these disclosures without being legally required to do so.

¹ Statistics South Africa, 2019

² For example: [Busi Mavuso | Pay gap disclosure will do little to address inequality in SA | Business \(news24.com\)](#)



3. Key messages

- There is currently no prescribed method for the public disclosure of pay ratios in South Africa. Companies are using a wide range of formats and including different elements of remuneration in their pay gap analysis. This makes comparison difficult.
- While the listed companies assessed here disclose what they refer to variously as their internal minimum wage / minimum annual guaranteed package / minimum salary, none of these companies explicitly states what the lowest grade job is that attracts this minimum salary. For Woolworths and Shoprite, the hourly base pay presumably applies to those working in these companies' retail outlets. It is not obvious in other sectors, however, what the lowest grade job is, which means that it is unclear whether these minimum packages apply to unskilled workers.
- None of the assessed companies refers to contract workers.
- Principle 14 of the [King IV Report on Corporate Governance™](#) deals with remuneration governance. Recommended practice 29 requires the remuneration policy to “include provision for ... arrangements towards ensuring that the remuneration of executive management is fair and responsible in the context of overall employee remuneration in the organisation”. However, when assessing the “fairness” of their lowest wages most companies compare these wages to the statutory national minimum wage³ (wage floor), rather than to the fairness of overall remuneration within the organisation, as required by King IV, or to a living wage.⁴
- The use of CEO total guaranteed pay rather than CEO total remuneration to calculate pay ratios obscures the fact that the major portion of executive remuneration is derived from short-term and long-term incentives. It is therefore encouraging to see that some companies (Nedbank, Old Mutual and Investec) are calculating pay gaps using total remuneration.

4. Why wage gap disclosure is important

Statistics SA asserts that “the labour market remains one of the key institutions through which exceptionally high levels of both vertical and horizontal inequality are transmitted”.⁵ In other words, contrary to popular belief, it is not “just” unemployment that contributes to South Africa's status as having the highest inequality in the world.⁶ Exceptionally high levels of real earnings for high earners, together with low wages and no real earnings growth amongst low and median earners, are key drivers of high levels of inequality.

³ In 2022 the prescribed national minimum wage was R23.19 per hour.

⁴ A living wage is defined by the Global Living Wage Coalition as “the remuneration received for a standard workweek by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family”.

[What is a Living Wage? - Global Living Wage Coalition](#)

⁵ Inequality Trends report, 2019, p 70.

⁶ World Bank South Africa Country Climate & Development Report October 2022 p 4.



This has “major consequences for the broader political economy of growth”,⁷ and as such, should be a key focus area for active owners and responsible investors. Substantial pay disparity between the highest- and the lowest-paid employees within an organisation not only reinforces inequality, but also poses a risk to long-term value creation.⁸

Principle 14 of the King IV Report on Corporate GovernanceTM deals with remuneration governance. Recommended practice 29 requires the remuneration policy to “include provision for ... arrangements towards ensuring that the remuneration of executive management is fair and responsible in the context of overall employee remuneration in the organisation”.

Most listed companies make assertions about the fairness of executive remuneration without substantiating their claims through pay gap disclosures or any other relevant evidence (e.g., disclosing internal minimum wages or the lowest grade guaranteed pay for comparative purposes). Furthermore, when assessing the “fairness” of their lowest wages most companies compare these wages to the statutory national minimum wage⁹ (wage floor), rather than to the fairness of overall remuneration within the organisation, as required by King IV, or to a living wage.

This is because, at present, listed companies in South Africa are not legally required to disclose wage gaps or the remuneration of any employees other than directors and prescribed officers. The Companies Amendment Bill [B-2021] (“the Bill”) would, if enacted, require such disclosures.¹⁰ The finalisation of the Bill has however been delayed for a number of years, and corporate lobbying against its requirements has played a significant role in this delay. Nevertheless, as described below, several JSE-listed companies have voluntarily made useful disclosures in this regard.

5. Disclosure of vertical pay gaps

Table 1 below illustrates that each company uses a slightly different methodology for conducting pay gap analysis. This makes comparison difficult.

Old Mutual, Investec, and Nedbank use total remuneration in their wage gap analysis, rather than only using total guaranteed pay. This yields a more realistic pay ratio, as short- and long-term incentives make up the bulk of executive remuneration.

Old Mutual has also used the approach proposed in Section 30A(3)(f) of the Bill, which would require companies to disclose “*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 Inequality Trends report, 2019, p 3.

⁸ JSE Limited Sustainability Disclosure Guidance p 43.

⁹ In 2022 the prescribed national minimum wage was R23.19 per hour.

¹⁰ See Just Share’s comments on the Bill: Comments-on-the-Companies-Amendment-Bill_November-2021.pdf (justshare.org.za)



Table 1: Disclosed vertical pay gaps in 2022 remuneration reports

Company	CEO single-figure remuneration R'000	Internal minimum TGP	Reported vertical wage gaps
Investec Limited	TGP: 10,145 STI: 17,024 LTI: 16,740 Total: 43,909¹¹	Not disclosed	<ul style="list-style-type: none"> • CEO TR vs 25th percentile pay ratio¹² = 159.1x • CEO TR vs median pay ratio = 83.3x • CEO TR vs 75th percentile pay ratio = 43.1x
JSE Limited	TGP: 7,460 STI: 11,330 LTI dividends: 1,878 Total 20,668¹³	Lowest Grade TGP: R419,585 per annum. ¹⁴	<ul style="list-style-type: none"> • CEO TGP vs lowest grade TGP = 17.1x • CEO TGP vs all grades median TGP = 7.4x • CEO TGP + STI vs median TGP & incentives for all grades = 17.1x
Nedbank Group Limited	TGP: 9,656 STI: 17,000 LTI:- Dividends: 6,810 Total: 33,466¹⁵	In 2022 the group's minimum guaranteed package was R190,000 . ¹⁶	<ul style="list-style-type: none"> • CEO TGP vs Nedbank minimum TGP = 51x • CEO TR vs Nedbank minimum TGP = 153x¹⁷
Old Mutual Limited	TGP: 10,011 STI: 11,053 LTI: - Dividends: 1,014 Total: 22,078¹⁸	Minimum annual total guaranteed package (for South Africa-based employees): R180,000 . ¹⁹ *Note that this is effective only 1 April 2023, but the figure for 2022 has not been disclosed.	<ul style="list-style-type: none"> • Single-figure average TGP bottom 5% vs single-figure average TGP top 5% = 12.4x • Single-figure average TR²⁰ bottom 5% vs single-figure average TR top 5% = 19.1x

¹¹ Investec 2022 annual financial statements, p 117.

¹² Investec uses total remuneration to identify the employees at the 25th, 50th and 75th percentiles, and calculates the ratio of CEO pay to the pay of each of those employees.

¹³ JSE 2022 Remuneration Report, p 44.

¹⁴ JSE 2022 Remuneration Report, p 36. The Remco Chair's report (p 4) states that in 2022 Remco approved a 5% increase for staff TGP, and that "for staff earning less than R350,000 per annum, the annual TGP adjustment was significantly above inflation". This appears to refer to TGP which is significantly lower than the reported lowest grade TGP of R419,585 per annum.

¹⁵ Nedbank Group 2022 Governance Report, p 92.

¹⁶ Nedbank Group 2022 Governance Report, p 66.

¹⁷ There appears to be an error in this disclosure as TR (R33,466,000) is 176x minimum TGP of R190,000.

¹⁸ Old Mutual 2022 Remuneration Report, p 3.

¹⁹ Old Mutual 2022 Remuneration Report, p 25.

²⁰ Single figure TR is defined as TGP plus STIs awarded, LTIs vested and dividends paid in the year under review.



6. Disclosure of internal minimum wage

The companies listed in Table 2 do not provide any pay ratio disclosure, but do disclose their internal minimum wage / minimum salary. When they assess the “fairness” of these minimum wages, this is often considered in relation to the national minimum wage²¹ (wage floor), rather than to the fairness of overall remuneration within the organisation, as required by King IV, or to a living wage.

A living wage is defined by the Global Living Wage Coalition as “the remuneration received for a standard workweek by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family”.²²

Table 2: Listed companies disclosing internal minimum wage only (no pay ratio disclosure)

Company	Internal minimum wage
Absa Group Limited	Minimum cost to company: R200,000 per annum. ²³
Shoprite Holdings Limited	Internal minimum wage of R25.10 per hour. ²⁴ ≈ R58,700 per annum This estimated per annum figure assumes a working week of 45 hours (the maximum stipulated in terms of section 9 of the Basic Conditions of Employment Act, 1997), for 52 weeks per year. This annual figure is therefore likely to be more than the average worker earns per annum.
Standard Bank Group Limited	Minimum salary: R215,700 per annum for the fixed pay of unionised general employees. ²⁵
Woolworths Holdings Limited	Hourly base pay for 2022 of R36.55 per hour. ²⁶ ≈ R85,500 per annum This estimated per annum figure assumes a working week of 45 hours (the maximum stipulated in terms of section 9 of the Basic Conditions of Employment Act, 1997), for 52 weeks per year. This annual figure is therefore likely to be more than the average worker earns per annum.

²¹ In 2022 the prescribed national minimum wage was R23.19 per hour.

²² [What is a Living Wage? - Global Living Wage Coalition](#)

²³ Absa Group Limited 2022 Remuneration Report, p 19.

²⁴ Shoprite Holdings Ltd 2022 Integrated Report, p 85.

²⁵ Standard Bank Group 2021 Governance and Remuneration Report, p 71.

²⁶ Woolworths Holdings Limited 2022 Remuneration Report, p 94.



7. Vertical pay gap calculation

In Table 3 below we have calculated vertical wage gaps using the “total annual remuneration of both the highest paid employee and the lowest paid employee” (per available disclosures) in line with disclosure metric S1.2c of the 2022 JSE Limited Sustainability Disclosure Guidance. This enables more accurate comparisons within and across sectors.²⁷

While it is expected that remuneration levels will differ across sectors and occupational levels, and that CEO pay will be significantly higher than the pay of the lowest-paid workers, the magnitude of some of these remuneration gaps, given the socio-economic context of South Africa, should be cause for concern, both from a macro-economic point of view, and from the perspective of whether the lowest-paid workers are remunerated sufficiently to cover their basic needs and those of their families, and to enable them to live in dignity.

None of these companies explicitly states what the lowest grade job is that attracts its disclosed minimum salary. For Woolworths and Shoprite, the hourly base pay presumably applies to those working in these companies’ retail outlets. It is not obvious in other sectors, however, what the lowest grade job is, which means that it is unclear whether these minimum packages apply to unskilled workers. None of the assessed companies refers to contract workers.

Table 3: CEO single-figure remuneration vs disclosed internal minimum pay

Company	CEO single-figure remuneration (ZAR) 2022	Disclosed internal minimum pay (ZAR) 2022	Pay ratio (multiple)
JSE	20,668,000	419,585	49
Old Mutual	22,078,000	180,000*	123
Nedbank	33,466,000	190,000	176
ABSA	46,058,000 ²⁸	200,000	230
Standard Bank	55,694,000 ²⁹	215,700	258
Woolworths	36,133,000 ³⁰	85,500	423
Shoprite	63,458,000 ³¹	58,700	1081

* Old Mutual’s disclosure states “we have agreed to the following effective 1 April 2023: A minimum annual TGP of R180 000 for South Africa-based employees”. However, Old Mutual does not disclose its lowest wage

²⁷ The Companies Amendment Bill suggests that pay ratios should be based on total remuneration, encompassing both short-term incentives (cash and deferred) and long-term incentives (cash or equity-settled), rather than solely guaranteed remuneration.

²⁸ Absa Group Limited 2022 Remuneration Report, p 27.

²⁹ Standard Bank Group 2022 Governance and Remuneration Report, p 92.

³⁰ Woolworths Holdings Limited 2022 Remuneration Report, p 110.

³¹ Shoprite Holdings Ltd 2022 Integrated Report, p 97.



or minimum annual TGP for 2022. We have therefore used the 2023 figure for comparative purposes. Assuming that the 2022 minimum annual TGP is lower than R180 000, the pay ratio for 2022 is in fact larger than 123.

8. Conclusion

JSE-listed companies invariably assert their commitment to fair and responsible remuneration in line with Principle 14 of King IV. However, most of these companies do not disclose the wages of their lowest-paid workers, to enable stakeholders to assess the integrity of this commitment.

For those companies that are making these disclosures, the reported wage disparities between the highest and disclosed lowest-paid workers indicate that there is still much work to be done to fully achieve the ideals of fair and responsible remuneration at JSE-listed entities.

Pay gap disclosures are necessary and important as they provide crucial insights into labour market inequality, and steer informed conversations and a broader understanding of the state of pay disparities and the options available to reduce inequality. This increased transparency also empowers investors to make informed decisions when exercising their voting rights on remuneration policy and implementation reports.

It is encouraging to see that several JSE-listed companies have decided voluntarily to make these disclosures. In future, such disclosures should include:

- more detail about the roles of the employees to whom the disclosed minimum salaries apply; and
- the number of contract workers to whom these disclosures do not apply, and the types of jobs that they perform.

End