

REPUBLIC OF SOUTH AFRICA

**PORTFOLIO COMMITTEE AMENDMENTS
TO**

COMPANIES AMENDMENT BILL

[B 27—2023]

*(As agreed to by the Portfolio Committee on Trade, Industry and Competition
(National Assembly))*

[B 27A—2023]

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AMENDMENTS AGREED TO

COMPANIES AMENDMENT BILL

[B 27—2023]

CLAUSE 1

1. On page 3, from line 3, to omit the heading to clause 1 and to substitute:

“Amendment of section 1 of Act 71 of 2008, as amended by section 1 of Act 3 of 2011, section 111 of Act 19 of 2012 and section 55 of Act 22 of 2022”.
2. On page 3, in line 13, to omit “;” and to substitute “; and”.
3. On page 3, in line 16, to underline the first and second “;”.
4. On page 3, in line 16, to underline “or”.
5. On page 3, in line 18, to omit “; and” and to substitute “.”.
6. On page 3, from line 19, to omit paragraph (c).

CLAUSE 2

1. On page 3, from line 31, to omit subparagraph (ii) and to substitute:

“(ii) **[the]** such later date, if any, as set out in the Notice of Amendment.”.

CLAUSE 4

1. On page 4, in line 14, to omit “no more than”.
2. On page 4, from line 14, to omit “maximum charges” and to substitute “fee”.
3. On page 4, in line 30, to omit “in terms of” and to substitute “**[in terms of], as contemplated in**”.
4. On page 4, in line 30, to insert “₂” after (b).
5. On page 4, in line 32, before “opportunity”, to insert “requester an”.
6. On page 4, in line 33, to omit “to the person making such request” and to substitute “**[to the person making such request]**”.

CLAUSE 5

1. On page 4, in line 41, before “director”, to insert “individual”.
2. On page 4, in line 41, to omit “, or” and to substitute “[, **or**] and”.
3. On page 4, in line 42, to omit “and such individual” and to substitute “both of whom”.

CLAUSE 6

1. On page 4, from line 50, to omit Clause 6 and to substitute:

“Insertion of sections 30A and 30B in Act 71 of 2008

6. The following sections are hereby inserted in the principal Act after section 30:

“Duty to prepare and present company’s remuneration policy

30A. (1) All public companies and state-owned companies must prepare and present for approval a remuneration policy as contemplated in subsection (2).

- (2) The remuneration policy—
- (a) must be presented to and approved by shareholders at the annual general meeting by an ordinary resolution and if not approved must be presented at the next annual general meeting or at a shareholders meeting called for such purpose;
 - (b) will remain in force for a period of three years from approval and must be approved every three years thereafter; and
 - (c) may be amended prior to the end of the three-year period provided that any material amendment can only be implemented after it is approved by the shareholders by an ordinary resolution at a shareholders meeting called for this purpose or at an annual general meeting.

Duty to prepare and present company’s remuneration report

- 30B.** (1) In this section—
- (a) **“total remuneration”** means all salary and benefits received including any employer contributions to benefit funds and any short-term or long-term incentives including share options and incentive awards;
 - (b) **“employee”** means an employee as defined in section 213 of the Labour Relations Act, 1995 (Act No. 66 of 1995); and
 - (c) **“committee”** means the remuneration committee of the company or any other committee of the company responsible for remuneration matters.

(2) Each year all public companies and state-owned companies must prepare a remuneration report in respect of the previous financial year for presentation and approval at the annual general meeting.

(3) The remuneration report must consist of the following parts:

- (a) Background statement;
- (b) a copy of the company’s remuneration policy as contemplated in section 30A(2); and
- (c) an implementation report containing details of:
 - (i) the total remuneration received by each director and prescribed officer in the company;
 - (ii) the total remuneration in respect of the employee with the highest total remuneration;
 - (iii) the total remuneration in respect of the employee with the lowest total remuneration in the company; and
 - (iv) the average total remuneration of all employees, median remuneration of all employees and the remuneration gap reflecting the ratio between the total

remuneration of the top five per cent highest paid employees and the total remuneration of the bottom five per cent lowest paid employees of the company.

(4) If at the annual general meeting the remuneration report is not approved by ordinary resolution as contemplated in subsection (2)—

(a) the committee must, at the next annual general meeting, present an explanation on the manner in which the shareholders' concerns have been taken into account; and

(b) subject to subsection (6), the directors who are not involved in the day-to-day management of the business of the company and who serve on the committee must stand for re-election as members of the committee at the annual general meeting at which the explanation is presented.

(5) Subject to subsection (6), if at the annual general meeting in the year immediately following the year contemplated in subsection (4), the remuneration report in respect of the previous financial year is also not approved by ordinary resolution of shareholders—

(a) the directors who are not involved in the day-to-day management of the business of the company and who serve on the committee may continue to serve as directors provided they successfully stand for re-election at that annual general meeting; and

(b) will not be eligible to serve on the committee for a period of two years thereafter.

(6) The provisions of subsections (4)(b), (5)(a) and (b) do not apply to members of the committee who have served for a period of less than 12 months in the year under review.”.

CLAUSE 7

1. On page 6, in line 6, to omit “form with the prescribed fee, and within the prescribed period” and substitute “[**form with the prescribed fee, and within the prescribed period**] manner”.
2. On page 6, in line 12, to omit “as”.

CLAUSE 9

1. On page 6, in line 47, to omit “a trusted” and substitute “an independent”.
2. On page 6, in line 50, after “a”, to insert “written”.
3. On page 6, from line 50, to omit “or an arrangement or understanding”.

CLAUSE 13

1. On page 8, from line 3, to omit paragraph (ii) and to substitute:

“(ii) it is not reasonably necessary, having regard to the nature and extent of the structures and activities of the company and the public interest, to require the company to have a social and ethics committee;”.
2. On page 8, in line 23, to omit “all” and substitute “the majority of”.
3. On page 8, in line 31, after “is”, to insert “not”.

4. On page 8, in line 44, to omit “and appoint its first members”.

CLAUSE 14

1. On page 9, in line 21, to omit “section” and substitute “sections”.

CLAUSE 19

1. On page 10, in line 47, to omit “b” and to substitute “by”.
2. On page 11, in line 11, to omit “,”.

CLAUSE 21

1. On page 11, in line 46, to omit “the Treasury Regulations” and to substitute “its regulations”.

CLAUSE 23

1. On page, 12, in line 14, to insert “The” before “Financial”.
2. On page, 12, in line 15, to omit the first “the” and substitute “any”.
3. On page 12, in line 29, omit “**‘Financial Reporting Pronouncements’**” and substitute “**financial reporting pronouncements**”.

CLAUSE 24

1. On page 12, from line 34, to omit paragraph (a) and substitute:
“(a) by the insertion after item 30 of the following items:
“**30A.** Duty to prepare and present company’s remuneration policy
30B. Duty to prepare and present company’s remuneration report”;

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