

| PROJECT BRIEF FOR APPROVAL                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |      |        |     |
|--------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|--------|-----|
| Name of project                                              | Literature review on reporting on compensation of employees                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |      |        |     |
| Project timeframe                                            | Commence in Quarter 1 of 2027/28<br>Finalisation in Quarter 4 of 2027/28                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |      |        |     |
| Project manager                                              | N Imam Shah                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |      |        |     |
| Complexity of project                                        | The project is moderate in complexity. It will require a review of practices as well as latest developments and emerging trends on reporting on compensation of employees locally and internationally.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |      |        |     |
| Rating                                                       | Urgency                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | High | Medium | Low |
|                                                              | Impact                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | High | Medium | Low |
|                                                              | Resources required                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | High | Medium | Low |
| PROJECT OVERVIEW                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |      |        |     |
| Area of consideration                                        | Comment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |      |        |     |
| <i>Project outcome</i>                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |      |        |     |
| Project objective                                            | <p>The purpose of the project is to:</p> <ul style="list-style-type: none"> <li>Identify the practices adopted by public sector entities locally and internationally by reviewing the requirements applied by them when reporting information on compensation of employees in their annual reports.</li> <li>Understand the latest developments or emerging trends in reporting information on compensation of employees in the public and private sectors internationally and locally.</li> <li>Identify areas of improvement to respond to the information needs of users of public sector entities' financial statements in reporting information on compensation of employees.</li> </ul> <p>The review is exploratory in nature. It is primarily a literature review, but interactions may be needed with stakeholders to understand users' needs, discuss the findings and consider proposed ways forward.</p> |      |        |     |
| Key issues that need to be addressed as part of this project | <p><i>Scope of the review</i></p> <p>For the purposes of the project, "compensation of employees" includes compensation to persons employed by the entity as well as those persons charged with governance of the entity.</p> <p><u>Areas to be reviewed</u></p> <p>The review will consider the disclosure of compensation of employees in the annual reports of public sector entities locally. The accounting</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |      |        |     |

pronouncements and other applicable reporting requirements will be reviewed to compare the requirements across various jurisdictions.

The review will not assess compliance with the accounting or other reporting requirements. Instead, it will aim to understand disclosure trends to identify best practice in reporting on compensation of employees.

A review of literature on the latest developments and emerging trends on reporting information on compensation of employees in the public and private sectors both locally and internationally will be considered to understand how the future of reporting may be impacted.

Stakeholder engagements may be held to understand users' needs in reporting on compensation of employees, to provide context for the review findings, to identify other practices applied and to consider proposed ways forward. Focused discussions may be conducted to understand the rationale for existing requirements and how they address users' needs.

#### Sources to be considered in the review

The following literature will be considered for information on reporting requirements on compensation of employees:

- Accounting frameworks
- National Treasury's Annual Report Guide
- Legislation/regulations
- Requirements by the JSE and CTSE
- Corporate governance frameworks
- Integrated reporting frameworks
- GRI Standards

Research and similar publications will be considered for information on compensation of employees for the public and private sector both locally and internationally, to identify emerging trends and best practices applied.

#### *Nature of output to be developed*

The output is the presentation of the findings in the form of an Issues Paper to the Technical Committee and Board. The literature review is exploratory and will inform the next steps of the project.

The findings from this review will assist the Board in assessing whether further steps are required to address the information needs of users.

#### *Previous deliberations by the Board*

None.

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|                                                                     | <p><i>Guidance developed by the Secretariat in response to issues raised by stakeholders</i></p> <p>None on disclosure of compensation of employees.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|                                                                     | <p><i>Key issues to be considered</i></p> <p>While the objective is to review reporting requirements and latest developments, and to identify improvements on reporting information on compensation of employees, areas that may warrant specific consideration include the following:</p> <ul style="list-style-type: none"> <li>• Whether there is a need for more detailed disclosure on compensation of employees.</li> <li>• Whether disclosure similar to recently introduced requirements for companies e.g. the highest and lowest salary earners in an entity is considered useful for the public sector.</li> <li>• Considerations for disclosing sensitive information on compensation of employees, including information that may attract significant public or political attention.</li> <li>• To what extent any additional information that is found useful is suited for the financial statements or outside the financial statements.</li> </ul> |
| <b>Environment</b>                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Legislation or regulatory requirements affecting the project</b> | <p>Understand the local requirements of the following in relation to disclosure of compensation of employees:</p> <p>Companies Act;</p> <p>Public Finance Management Act and Regulations;</p> <p>International Integrated Reporting Framework;</p> <p>King V Code on Corporate Governance;</p> <p>Government Finance Statistics Manual;</p> <p>Remuneration frameworks/guidelines;</p> <p>POPI Act;</p> <p>Remuneration of Public Office Bearers Act;</p> <p>Municipal Finance Management Act and any Regulations; and</p> <p>Other legislation and regulation relevant to municipal reporting, for example the Municipal Systems Act.</p> <p><i>*Legislation or regulations of other jurisdictions may also affect the project.</i></p>                                                                                                                                                                                                                           |



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| <b>Existing accounting guidance in the Standards of GRAP, IPSAS or IFRS Accounting Standards</b> | GRAP 25 on <i>Employee Benefits</i> , GRAP 20 on <i>Related Party Disclosures</i> , IPSAS 39 <i>Employee Benefits</i> , IPSAS 20 <i>Related Party Disclosures</i> , IAS 19 <i>Employee Benefits</i> and IAS 24 <i>Related Party Disclosures</i> .                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Practices in other countries</b>                                                              | The Australian Accounting Standards Board completed a review on executive remuneration in 2021.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Use of experts</b>                                                                            | Not considered necessary.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Stakeholders</b>                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Entities in the public sector affected by this project</b>                                    | <p><u>For literature review</u></p> <p>All South African public sector entities that report on compensation of employees.</p> <p><u>To understand users' needs, discuss findings and consider proposed ways forward</u></p> <p>See stakeholders indicated below.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Key stakeholders to be consulted during the development of the project</b>                    | <p>Stakeholder engagements may be held to understand users' needs and to provide context for the review findings.</p> <p>Stakeholder participation will primarily include preparers, auditors, users and other interested parties.</p> <p><u>Preparers</u></p> <p>A representative group of preparers from public entities, local government, Parliament, legislatures, and colleges.</p> <p>Consultants involved in the preparation of financial statements on behalf of these entities.</p> <p>National Treasury: Office of the Accountant-General and provincial treasuries (in their capacity as supporting financial statement preparation).</p> <p><u>Auditors</u></p> <p>Audit firms including AGSA (specifically technical divisions).</p> <p><u>Representatives of auditors and accountants</u></p> <p>Professional bodies (SAICA, CIGFARO, SAIPA, SAIGA and SALGA).</p> <p><u>Users</u></p> <p>South African Reserve Bank.</p> |



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|                                                                                           | <p>National Treasury units (in their capacity as users of information on employee benefits).</p> <p><u>Other</u></p> <p>Department of Cooperative Governance and Traditional Affairs</p> <p>Other stakeholders may need to be consulted to understand the rationale for existing requirements and whether they address users' needs.</p> |
| <b>Key stakeholders to be consulted as part of the <u>public consultation</u> process</b> | No public consultation process is planned for the review.                                                                                                                                                                                                                                                                                |
| <b><i>Linkages</i></b>                                                                    |                                                                                                                                                                                                                                                                                                                                          |
| <b>ASB projects</b>                                                                       | GRAP 20 <i>Related Party Disclosures</i> Review Report                                                                                                                                                                                                                                                                                   |
| <b>IPSASB projects</b>                                                                    | None.                                                                                                                                                                                                                                                                                                                                    |
| <b>IFRS Foundation projects</b>                                                           | The International Sustainability Standards Board is conducting research on human capital to decide whether to pursue a formal standard-setting project on it.                                                                                                                                                                            |
| <b>Local Reforms in public financial management</b>                                       | King V Code on Corporate Governance (effective from 1 January 2026)                                                                                                                                                                                                                                                                      |
| <b><i>Project Plan</i></b>                                                                |                                                                                                                                                                                                                                                                                                                                          |
| <b>Key milestones and timing</b>                                                          | See Annexure A for the roadmap.                                                                                                                                                                                                                                                                                                          |



## Annexure – A road map for the review of compensation of employees

| Milestone |                                          | Timing                                | Stakeholder                                                            | Linkages                                               |
|-----------|------------------------------------------|---------------------------------------|------------------------------------------------------------------------|--------------------------------------------------------|
| 1.        | Results of review and confirm next steps | Q4 2027/28<br>[January to March 2028] | Presented to:<br>- Internal Review<br>- Technical Committee<br>- Board | GRAP 20 <i>Related Party Disclosures</i> Review Report |



| Document management |             |                   |
|---------------------|-------------|-------------------|
| Prepared by:        | N Imam Shah | 10 September 2026 |
| Revised by:         |             |                   |
| Approved by:        | Board       |                   |