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Wage gap should be disclosed in annual reports, says asset manager

May 28, 2014 | Evan Pickworth

The JSE's highest earners are CEOs of multinational firms, seven of whom received total compensation of more than R60m each in 2013, writes Evan Pickworth

THE highest earners on the JSE are dominated by CEOs of multinational companies, with seven CEOs receiving total compensation of more than R60m each during 2013, a report by boutique asset managers Mergence showed on Wednesday.

While levels of income inequality between executives and workers is growing globally, Mergence portfolio manager Brad Preston said it was concerning that South Africa ranked above a number of developed and developing market peers.

He suggested during a press briefing that the pay gap between the CEO and the company's lowest-paid workers be disclosed in the annual reports of JSE-listed companies.

The US is currently debating this issue, with the Securities and Exchange Commission (SEC) voting in September 2013 in favour of disclosing the wage gap between CEOs of public companies and that of their employees.

According to the Statistics SA quarterly employment report, the average total compensation earned by nonagricultural workers in South Africa during 2013 was just less than R180,000 a year. That means the seven highest-paid CEOs on the JSE earned more than 300 times the salary of the average employed South African.

Mergence MD Masimo Magerman said as an "impact investor", the company was interested in both high returns and the social effect of investments.

"We are concerned by the high level of inequality within South African society, and so we need to approach the topic of remuneration within the companies in which we invest our clients' savings, with great care and thought," he said.

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