

2023 ANNUAL GENERAL MEETING

REMUNERATION PRESENTATION





AGENDA

1. Remuneration Governance
2. Trustee Remuneration Policy
 - Remuneration Methodology
 - Remuneration of the Board of Trustees
3. Proposed 2023 Trustee Remuneration
 - Trustees
 - Chairpersons

REMUNERATION GOVERNANCE



- The Board of Trustees is responsible for the development and implementation of a Remuneration Policy for Scheme employees as well as Trustees and Board Committee Members.
- The Board of Trustees has delegated the responsibility of Scheme remuneration oversight to the Remuneration Committee (REMCO).
- Remuneration Committee is constituted of four Trustees, one of whom is the Chairperson of the Board, and two Independent Committee Members.
- The Remuneration Committee is chaired by an Independent Committee Member.

REMUNERATION GOVERNANCE



- **Adoption and Approval of Remuneration**

- Trustee remuneration – presented at this AGM for majority vote by Members, after the approval thereof by the Board of Trustees, on recommendation of the REMCO.

- **Approval of Trustee Remuneration Policy**

- The Remuneration Policy for Trustee and Board Committee Member remuneration for each prospective financial year is reviewed and recommended by the REMCO to the Board for approval and thereafter tabled at the AGM for a non-binding advisory vote by Members.

- **Trustee Remuneration Disclosure**

Trustee Remuneration is disclosed in the following submissions, documents and meetings

- AGM – to the Members of the Scheme
- Council for Medical Schemes – the regulator of medical schemes
- Integrated Report – in the annual financial statements

REMUNERATION METHODOLOGY



- The objective of the remuneration policy for the Board and Board Committees is to provide a legal and policy framework against which all remuneration decisions are made, validated, implemented, approved and reported by the Scheme.
- The DHMS REMCO engaged PwC's Remuneration Practice in 2014 to assist in developing a new remuneration methodology and benchmark applicable to Trustees, taking into account that DHMS is a non-profit organisation, and the guidelines of Circular 41 of 2014 issued by the CMS. This methodology was submitted to the CMS on 24 November 2014.
- The total remuneration paid to Trustees is determined by the following elements and illustrative examples will be provided:
 - Number of meetings planned per year
 - Preparation time for each meeting
 - Duration of meetings
 - Estimated time required between meetings
 - The number of actual meetings attended

REMUNERATION METHODOLOGY



- In terms of the methodology:
 - Trustee remuneration is based on a professional fee and an hourly rate. The fees take into account the fact that the Scheme is a non-profit entity.
 - For 2023 this hourly rate is **R4 260 (excl. VAT)** which Members are required to vote on via ballot: i.e. R6 085 (professional fee) less 30% = R4 260 (hourly rate). This is a **6.7% adjustment** on the 2022 hourly rate.

REMUNERATION METHODOLOGY



- The total annual fees payable to Trustees and Board Committee Members is split into:
 - “Annual Base Fee” (70%)
 - “Fee per Meeting” (30%)
 - Additional amount for unplanned meetings
- The Annual Base Fees and Fees per Meeting payable to Board Committee Members differ from those payable to Trustees insofar as the duration and frequency of their meetings differ from Board of Trustee Meetings.
- For 2023 the policy remains unchanged.
- Trustee and/or Board Committee Member fees are exclusive of VAT. Where Trustees and/or Board Committee Members are registered for VAT, a Tax invoice is issued to the Scheme.

REMUNERATION METHODOLOGY



- **Trustee training**
 - Trustees are NOT paid for attending training or conferences over and above the training fees, travel costs, accommodation and subsistence costs.
- **Consulting fees**
 - Trustees are NOT paid any consulting fees.
- **Incentive programmes**
 - Trustees do not participate in any incentive programmes.
- **Reimbursement of expenses**
 - Trustees are reimbursed all reasonable expenses incurred by them in the performance of their duties as a Trustee.

PROPOSED 2023 TRUSTEE REMUNERATION – CHAIRPERSON OF THE BOARD OF TRUSTEES



The table below provides an overview of the Proposed Board Chairperson’s remuneration for 2023 and uses the methodology outlined in the Remuneration Policy.

| Proposed fee build up for the Remuneration of the Chairperson of the Board of Trustees | |
|---|------------------|
| Additional time requirements and preparation for Board of Trustees Meetings | 20 |
| Attendance at Board of Trustees Meetings | 8 |
| Total number of hours per Board of Trustees Meeting | 28 |
| Number of meetings per year (average) | 7 |
| Total number of hours per year for the Board of Trustees meetings (average) | 196 |
| Proposed 2023 professional hourly rate | R4 260 |
| Total fee for attendance at Board of Trustees meetings (x7) | R 834 960 |

The total fee will vary depending on the actual number of Board meetings attended per year.

The additional time requirements are for matters that require deliberation at the Board of Trustees meetings, matters that arose from previous meetings that require attention and resolution, and Scheme strategic matters which require the Chairperson’s involvement.

PROPOSED 2023 TRUSTEE REMUNERATION – TRUSTEES



The table below provides an overview of the Proposed Trustee remuneration for 2023 and uses the methodology outlined in the Remuneration Policy.

| Proposed fee build up for the Remuneration of Trustees | |
|--|-----------------|
| Preparation for Board of Trustees Meetings | 8 |
| Attendance at Board of Trustees Meetings | 8 |
| Total number of hours per Board of Trustees Meeting | 16 |
| Number of meetings per year (average) | 7 |
| Total number of hours per year for the Board of Trustees meetings (average) | 112 |
| Proposed 2023 professional hourly rate | R4 260 |
| Total fee for attendance at Board of Trustees meeting (x7) | R477 120 |

The total fee will vary depending on the actual number of Board meetings attended per year.

Trustees also serve on Board Committees together with Independent Committee Members, for which they receive remuneration as per the Remuneration Policy.

PROPOSED 2023 TRUSTEE REMUNERATION – CHAIRPERSON OF A BOARD COMMITTEE



The table below provides an overview of the Proposed Board Committee Chairperson’s remuneration for 2023 and uses the methodology outlined in the Remuneration Policy.

| Proposed fee build up for the Chairperson of a Board Committee** | |
|--|-----------------|
| Preparation for Board Committee Meetings | 11 |
| Attendance at Board Committee Meetings | 4.5 |
| Total number of hours per Board Committee Meeting | 15.5 |
| Number of meetings per year (average) | 4 |
| Total number of hours per year for the Board Committee meetings (average) | 62 |
| Proposed 2023 professional hourly rate | R4 260 |
| Total fee for attendance at Board Committee Meetings (x4) | R264 120 |

**The Audit Committee is used as an example.

The total fee will vary depending on the actual number of Committee meetings attended per year.

The additional time requirements are for matters that require deliberation at the Committee meetings, matters that arose from previous meetings that require attention and resolution, and other matters which require the Chairperson’s involvement.