



**2026 ANNUAL GENERAL MEETING**

**REMUNERATION PRESENTATION**

# AGENDA



1. Remuneration Governance Context
2. Trustee Remuneration Policy Framework
  - Remuneration Philosophy & Methodology
  - Proposed Remuneration
3. Proposed 2026 Remuneration
  - Chairperson of the Board of Trustees
  - Trustees
  - Chairpersons of Board Committees

# REMUNERATION GOVERNANCE



- Guided by King V Code principles on fair, responsible and transparent remuneration.
- Compliant with Medical Schemes Act requirements.
- Aligned with Council for Medical Schemes Trustee Remuneration Guidelines.
- 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 independent oversight to the Remuneration Committee (REMCO).
- Board takes final responsibility for policy development and implementation.
- Remuneration Committee is constituted of three Trustees, one of whom is the Chairperson of the Board, and one 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 the current 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 Transparency and Disclosure
  - Trustee Remuneration is disclosed in the following submissions, documents and meetings:
    - AGM - Remuneration Policy to the Members of the Scheme for a non-binding advisory vote
    - AGM - Remuneration rates to Members of the Scheme for a majority vote
    - Council for Medical Schemes - the regulator of medical schemes
    - Scheme's Integrated Report

# REMUNERATION GOVERNANCE

## REMUNERATION PHILOSOPHY



Our approach is designed to:

- Attract and retain high-caliber individuals with exceptional skills.
- Recognise the significant responsibilities and fiduciary risks borne by Trustees.
- Acknowledge the substantial time commitment required.
- Maintain appropriate cost management reflecting our non-profit status.
- Ensure transparency and disclosure to members.

# 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 and has been adopted since then.
- **Calculation of Remuneration:** 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 an hourly rate, determined with reference to appropriate market-related professional fees, discounted by 30% to recognise the Scheme's non-profit status, ensuring fiscally responsible compensation while remaining competitive.
  - For 2026 this hourly rate is **R4 946 (excl. VAT)** which Members are required to vote on via ballot: i.e. R7 065 (professional fee) less 30% = R4 946 (hourly rate). This is a **4.5% adjustment** on the 2025 hourly rate.

# REMUNERATION METHODOLOGY



- The total annual fees payable to Trustees and Board Committee Members are split into:
  - “Annual Base Fee” (70%)
  - “Fee per Meeting” (30%)
  - Additional amount for unplanned meetings.
- For 2026 the policy has been reviewed and updated to align with the principles of the King V Code.
- 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.

# MARKET BENCHMARKING



- The remuneration of Trustees and Board Committee Members is benchmarked periodically through independent review to ensure alignment with market practice and appropriate compensation.
- RemChannel was commissioned in 2024 to conduct a remuneration benchmarking survey.
- RemChannel was unable to benchmark the annual fees paid to Independent Committee Members against any medical scheme comparator group due to the limited data available to it.
- RemChannel has invited DHMS to participate in a comprehensive benchmarking survey including all open and closed schemes to obtain a more informative picture for the industry.
- The remuneration paid to all Trustees and Board Committee Members will be reviewed when the results of the survey become available.

# REMUNERATION METHODOLOGY



## ADDITIONAL CONSIDERATIONS

- **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.
  - Trustees are not remunerated for attendance at meetings in observer capacity.
- **Professional indemnity and fidelity guarantee insurance**
  - Professional indemnity and fidelity guarantee insurance is provided for all Trustees and Board Committee members.

# PROPOSED 2026 TRUSTEE REMUNERATION - CHAIRPERSON OF THE BOARD OF TRUSTEES



The table below provides an overview of the Proposed Board Chairperson's remuneration for 2026, based on the methodology outlined in the Remuneration Policy as presented for voting.

Proposed fee build up for the Remuneration of the Chairperson of the Board of Trustees	
Additional time requirements and preparation per Board of Trustees Meeting (in hours)	20
Attendance at each Board of Trustees Meeting (in hours)	8
Total number of hours per Board of Trustees Meeting	28
Number of meetings per year (average)	8
Total number of hours per year for the Board of Trustees meetings (average)	224
Proposed 2026 professional hourly rate	R4 946
<b>Total fee for attendance at Board of Trustees meetings (x8)</b>	<b>R 1 107 904</b>

*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 2026 TRUSTEE REMUNERATION - TRUSTEES



The table below provides an overview of the Proposed Trustee remuneration for 2026, based on and uses the methodology outlined in the Remuneration Policy.

Proposed fee build up for the Remuneration of Trustees	
Preparation time per Board of Trustees Meeting (in hours)	8
Attendance time pe Board of Trustees Meeting (in hours)	8
Total number of hours per Board of Trustees Meeting	16
Number of meetings per year (average)	8
Total number of hours per year for the Board of Trustees meetings (average)	128
Proposed 2026 professional hourly rate	R4 946
<b>Total fee for attendance at Board of Trustees meeting (x8)</b>	<b>R633 088</b>

*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 2026 TRUSTEE REMUNERATION – CHAIRPERSON OF A BOARD COMMITTEE



The table below provides an overview of the Proposed Board Committee Chairperson’s remuneration for 2026, based on the methodology outlined in the Remuneration Policy.

Proposed fee build up for the Chairperson of a Board Committee**	
Preparation per Board Committee Meeting (in hours)	11
Attendance per Board Committee Meeting (in hours)	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 2026 professional hourly rate	R4 946
<b>Total fee for attendance at Board Committee Meetings (x4)</b>	<b>R306 652</b>

\*\*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.

# CONCLUSION



- We respectfully request your non-binding advisory vote on the remuneration policy and your majority vote in approving the proposed Trustee remuneration rates for the Trustees and Board Committee Members.
- Your input is valued as we strive to maintain the highest governance standards while ensuring responsible stewardship of the Scheme's resources.

# THANK YOU

Discovery Health Medical Scheme

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