



2021 Annual General Meeting

REMUNERATION PRESENTATION

Agenda

1. Remuneration Governance
2. Trustee Remuneration Policy
 - Remuneration Methodology
 - Remuneration of the Board of Trustees
3. Proposed 2020 Trustee Remuneration
 - Trustees
 - Chairpersons
4. Proposed 2021 Trustee Remuneration
 - Trustees
 - Chairpersons

REMUNERATION GOVERNANCE

- ❑ The Board of Trustees is responsible for the development and implementation of a Remuneration Policy for Trustees and Board Committee members.
- ❑ The Board of Trustees has delegated the responsibility of Scheme remuneration oversight to the Remuneration Committee (REMCO).
- ❑ REMCO comprises four Trustees, one of whom is the Chair, and one Independent Committee Member.

REMUNERATION GOVERNANCE

❑ **Adoption and Approval of Remuneration**

- Trustee remuneration – presented at this AGM for majority vote by members, after approval 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.
- It is 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 Trustees and Board Committee Members 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 as well as 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. 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 2020 this hourly rate is **R3 700 (excl. VAT)** which members are required to vote on via ballot: i.e. R5 282 (professional fee) less 30% = R3 700 (hourly rate). This is a 4.1% adjustment on the 2019 hourly rate.
 - For 2021 this hourly rate is **R3 820 (excl. VAT)** which members are required to vote on via ballot: i.e. R5 456 (professional fee) less 30% = R3 820 (hourly rate). This is a 3.3% adjustment on the proposed 2020 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 Trustee Meetings.

- ❑ For 2020 and 2021 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 2020 TRUSTEE REMUNERATION – CHAIR OF BOARD OF TRUSTEES

The table below provides an overview of the Proposed Board Chairperson's remuneration for 2020 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 Trustee Meetings	20
Attendance at Board of Trustee Meetings	8
Total number of hours per Board of Trustee Meeting	28
Number of meetings per year (average)	8
Total number of hours per year for the Board of Trustees meetings (average)	224
Proposed 2020 professional hourly rate	R3 700
Total fee for attendance at Board of Trustee meetings (x8)	R828 800

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 Trustee Meetings, matters that arose from previous meetings that require attention and resolution, and Scheme strategic matters which require the Chair's involvement.

PROPOSED 2021 TRUSTEE REMUNERATION – CHAIR OF BOARD OF TRUSTEES

The table below provides an overview of the Proposed Board Chairperson's remuneration for 2021 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 Trustee Meetings	20
Attendance at Board of Trustee Meetings	8
Total number of hours per Board of Trustee Meeting	28
Number of meetings per year (average)	9
Total number of hours per year for the Board of Trustees meetings (average)	252
Proposed 2021 professional hourly rate	R3 820
Total fee for attendance at Board of Trustee meetings (x8)	R962 640

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 Trustee Meetings, matters that arose from previous meetings that require attention and resolution, and Scheme strategic matters which require the Chair's involvement.

PROPOSED 2020 TRUSTEE REMUNERATION – TRUSTEES

The table below provides an overview of the Proposed Trustees remuneration for 2020 and uses the methodology outlined in the Remuneration Policy.

Proposed fee build up for the Remuneration of Trustees	
Preparation for Board of Trustee Meetings	8
Attendance at Board of Trustee Meetings	8
Total number of hours per Board of Trustee Meeting	16
Number of meetings per year (average)	8
Total number of hours per year for the Board of Trustees meetings (average)	128
Proposed 2020 professional hourly rate	R3 700
Total fee for attendance at Board of Trustee meeting (x8)	R473 600

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 2021 TRUSTEE REMUNERATION – TRUSTEES

The table below provides an overview of the Proposed Trustees remuneration for 2021 and uses the methodology outlined in the Remuneration Policy.

Proposed fee build up for the Remuneration of Trustees	
Preparation for Board of Trustee Meetings	8
Attendance at Board of Trustee Meetings	8
Total number of hours per Board of Trustee Meeting	16
Number of meetings per year (average)	9
Total number of hours per year for the Board of Trustees meetings (average)	144
Proposed 2021 professional hourly rate	R3 820
Total fee for attendance at Board of Trustee meeting (x8)	R550 080

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 2020 TRUSTEE REMUNERATION – CHAIR OF A BOARD COMMITTEE

The table below provides an overview of the Proposed Board Committee Chairperson’s remuneration for 2020 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 2020 professional hourly rate	R3 700
Total fee for attendance at Board Committee Meetings (x4)	R229 400

**The Audit Committee is used as an example.

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 Trustee Meetings, matters that arose from previous meetings that require attention and resolution, and Scheme strategic matters which require the Chair’s involvement.

PROPOSED 2021 TRUSTEE REMUNERATION – CHAIR OF A BOARD COMMITTEE

The table below provides an overview of the Proposed Board Committee Chairperson’s remuneration for 2021 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 2021 professional hourly rate	R3 820
Total fee for attendance at Board Committee Meetings (x4)	R236 840

**The Audit Committee is used as an example.

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 Trustee Meetings, matters that arose from previous meetings that require attention and resolution, and Scheme strategic matters which require the Chair’s involvement.



Thank you