

PROFMED

Trustee Remuneration Details 2020/2021

**Recommendation of the Board of Trustees
to the Annual General Meeting 2020**

**Proposed Trustee Remuneration for 2020/21
Recommendation of the Board of Trustees**

The remuneration of the trustees is determined and recommended by an independent Remuneration Committee. The members of the Remuneration Committee who determined the trustee remuneration for 2020/21 are Mr Desmond Arnold (Chairman), Mr Pierre Marais and Mr John Gardner. The CVs of these committee members are available on the website, www.profmed.co.za.

The Remuneration Committee recommendations for the remuneration of the trustees took cognisance of both the guidelines issued by the Council for Medical Schemes and the King IV recommended practices on remuneration.

For 2020/21, the Board agreed to propose to the Annual General Meeting a 4% increase for all fees, as follows:

Trustee Fees

| <i>Time for duration of and preparation for Board and committee meetings</i> | <i>Per hour rate = R3 300</i> | | <i>Rate per meeting</i> |
|--|--|---|-------------------------|
| Board Meetings | 5hrs (prep) + 5hrs (meeting) = 10hrs x R3 300 per hour | = | R33 000 |
| Committee Meetings | 3hrs (prep) + 3hrs (meeting) = 6hrs x R3 300 | = | R19 800 |
| Base/Retainer Fee | R1 320 per month x 12 months | = | R15 840 per annum |
| Ad hoc Meetings | R3 300 per hour + 1-hour prep | | |

Audit and Risk Committee

| <i>Time for duration of and preparation for meetings</i> | <i>Per hour rate</i> | | <i>Rate per meeting</i> |
|--|---|---|-------------------------|
| Audit and Risk Committee | 4hrs (prep) + 3hrs (meeting) = 7hrs x R3 300 per hour | = | R23 100 |

The amounts reflected are exclusive of VAT*.

Committee Chairmen

Committee chairmen be remunerated an additional 50% of the committee meeting fee.

Chairman of the Board of Trustees

The retainer paid to the Chairman be increased to R835 848 per annum.

***Value Added Tax (VAT)**

SARS issued two Binding General Rulings, numbers 40 and 41, during 2017 to the effect that non-executive directors are not employees but are conducting an enterprise and are liable to charge and account for VAT on their fees if they are registered or obliged to register as VAT vendors. The rulings became effective 1 June 2017. The same principle is applicable to trustees of medical schemes and Profmed consequently is obliged to pay VAT on the fees of trustees who are VAT vendors. Medical schemes may not register for VAT and the Scheme consequently cannot claim VAT refunds from SARS.

*Board of Trustees
8 April 2020*