

PROF MED

Trustee Remuneration Details 2021/2022

**Recommendation of the Board of Trustees
to the Annual General Meeting 2021**

Proposed Trustee Remuneration for 2021/2022 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 2021/2022 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.

It should be noted that although the 2020/2021 trustee remuneration increase of 4% had been approved by the members at the 2020 Annual General Meeting, the trustees elected not to apply the approved increase due to the economic circumstances. The trustees have therefore agreed to propose an effective 0.61% increase in the hourly rates with a 0.76% increase in the monthly retainer for 2021/2022.

For 2021/2022, the Board has therefore agreed to propose to the Annual General Meeting a **cumulative 4.5%** (i.e., an increase of 2.25% per annum) increase for all fees for the past two years, as illustrated below:

Trustee Fees

	2019/2020	2020/2021	2021/2022
<i>Time for duration of and preparation for Board and committee meetings</i>	<i>Per hour rate = R3 175</i>	<i>Per hour rate = R3 300</i>	<i>Per hour rate = R3 320</i>
Board Meetings	5hrs (prep) + 5hrs (meeting) = 10hrs x R3 175 per hour RATE PER MEETING = R31 750	5hrs (prep) + 5hrs (meeting) = 10hrs x R3 300 per hour RATE PER MEETING = R33 000	5hrs (prep) + 5hrs (meeting) = 10hrs x R3 320 per hour RATE PER MEETING = R33 200
Committee Meetings	3hrs (prep) + 3hrs (meeting) = 6hrs x R3 175 per hour RATE PER MEETING = R19 050	3hrs (prep) + 3hrs (meeting) = 6hrs x R3 300 per hour RATE PER MEETING = R19 800	3hrs (prep) + 3hrs (meeting) = 6hrs x R3 320 RATE PER MEETING = R19 920
Base/Retainer Fee	R1 269 per month x 12 months = R15 228 per annum	R1 320 per month x 12 months = R15 840 per annum	R1 330 per month x 12 months = R15 960 per annum
Ad hoc Meetings	R3 175 per hour + 1-hour preparation	R3 300 per hour + 1-hour preparation	R3 320 per hour + 1-hour preparation

Audit and Risk Committee

	2019/2020	2020/2021	2021/2022
<i>Time for duration of and preparation for meetings</i>	<i>Per hour rate = R3 175</i>	<i>Per hour rate = R3 300</i>	<i>Per hour rate = R3 320</i>
Audit and Risk Committee	4hrs (prep) + 3hrs (meeting) = 7hrs x R3 175 per hour RATE PER MEETING = R22 225	4hrs (prep) + 3hrs (meeting) = 7hrs x R3 300 per hour RATE PER MEETING = R23 100	4hrs (prep) + 3hrs (meeting) = 7hrs x R3 320 per hour RATE PER MEETING = R23 240

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 R839 870 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.