

PROF MED

Trustee Remuneration Details 2023/2024

**Recommendation of the Board of Trustees
to the Annual General Meeting 2023**

Proposed Trustee Remuneration for 2023/2024 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 appropriate remuneration for 2023/2024 are Mr Pierre Marais (Chairman), Ms Karuna Naidu and Mr Etienne Steenkamp. The CVs of these committee members are available on the website, www.profmed.co.za.

The Remuneration Committee recommendations for the remuneration took cognisance of both the guidelines issued by the Council for Medical Schemes and the King IV recommended practices on remuneration. The Committee was provided with a detailed benchmark of the Trustees fees and confirmed that the fees are market related and fair.

The Remuneration Committee agreed to recommend to the Board that the trustees, independent committee members and the Chairman of the Board's remuneration be increased by 7.2%, which is based on the weighted average CPI percentage as at 31 December 2022. However, after consideration, the trustees elected not to apply the recommended increase and had agreed to propose an effective 6.2% increase, which was based on CPI less 1%. This increase would equate to approximately R3 715 (rounded off) per hour.

For 2023/2024, the Board has agreed to propose to the Annual General Meeting a **6.2%** increase for all fees, as illustrated below (the numbers have been rounded):

Trustee Fees

<i>Fee for duration of and preparation for Board and committee meetings</i>	<i>2022/2023 Per hour rate = R3 500</i>	<i>2023/2024 Per hour rate = R3 715</i>	<i>2023/2024 Rate per meeting</i>
Board Meetings	5hrs (prep) + 5hrs (meeting) = 10hrs x R3 500 per hour	5hrs (prep) + 5hrs (meeting) = 10hrs x R3 715 per hour	R37 150
Committee Meetings	3hrs (prep) + 3hrs (meeting) = 6hrs x R3 500 per hour	3hrs (prep) + 3hrs (meeting) = 6hrs x R3 715 per hour	R22 290
Audit and Risk Committee	4hrs (prep) + 3hrs (meeting) = 7hrs x R3 500 per hour	4hrs (prep) + 3hrs (meeting) = 7hrs x R3 715 per hour	R26 005
Base/Retainer Fee	R1 400 (rounded-off) per month x 12 months	R1 487 (rounded-off) per month x 12 months	R17 840 per annum
Ad hoc Meetings	R3 500 per hour + 1-hour preparation	R3 715 per hour + 1-hour preparation	

Chairman of the Board

	<i>2022/2023 Annual Retainer based on 5.5%</i>	<i>2023/2024 Annual Retainer based on 7.2%</i>
Board Chairman	R4 028 per hour x maximum of 220 hours = R886 000	R4 277 per hour x maximum of 220 hours = R941 000

The amounts reflected are exclusive of VAT*.

Committee Chairmen

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

*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: 19 April 2023