

PROFMED

Trustee Remuneration Details 2024/2025

**Recommendation of the Board of Trustees
to the Annual General Meeting 2024**

Proposed Trustee Remuneration for 2024/2025 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 E 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 by Price Waterhouse Coopers REMCHANNEL and confirmed that the fees are market related and fair.

The Remuneration Committee agreed to recommend to the Board that the remuneration for trustees, independent committee members and the Chairman of the Board, be increased by 6.2%, which is based on the weighted average CPI percentage as at 31 December 2023. After careful consideration of the economic climate and concerns regarding the affordability of Profmed members, the Trustees decided to rather recommend a lower increase of the weighted CPI less 0.5%. This increase would equate to approximately R3 925 per hour (rounded off).

For 2024/2025, the Board therefore proposes to the Annual General Meeting a **5.7%** 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>2023/2024 Per hour rate = R3 715</i>	<i>2024/2025 Per hour rate = R3 925</i>	<i>2024/2025 Rate per meeting</i>
Board Meetings	5hrs (prep) + 5hrs (meeting) = 10hrs x R3 715 per hour	5hrs (prep) + 5hrs (meeting) = 10hrs x R3 925 per hour	R39 250
Committee Meetings	3hrs (prep) + 3hrs (meeting) = 6hrs x R3 715 per hour	3hrs (prep) + 3hrs (meeting) = 6hrs x R3 925 per hour	R23 550
Audit and Risk Committee	4hrs (prep) + 3hrs (meeting) = 7hrs x R3 715 per hour	4hrs (prep) + 3hrs (meeting) = 7hrs x R3 925 per hour	R27 475
Base/Retainer Fee	R1 487 (rounded-off) per month x 12 months	R1 570 (rounded-off) per month x 12 months	R18 840 per annum
Ad hoc Meetings	R3 715 per hour + 1-hour preparation	R3 925 per hour + 1-hour preparation	

Chairman of the Board

	<i>2023/2024 Annual Retainer</i>	<i>2024/2025 Annual Retainer</i>
Board Chairman	R4 277 per hour x maximum of 220 hours = R941 000	R4 520 per hour x maximum of 220 hours = R994 400

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.