



2019 Annual General Meeting
Remuneration Presentation

Agenda

1. Remuneration Governance

2. Trustee Remuneration Policy
 - Remuneration Methodology
 - Remuneration of the Board of Trustees

3. Proposed 2019 Trustee Remuneration
 - Trustees
 - Chairpersons

Remuneration Governance

- ❑ The Board of Trustees is responsible for the development and implementation of a Remuneration Policy for Scheme employees as well as Trustees and Board Committee members.
- ❑ The Board of Trustees has delegated the responsibility of Scheme remuneration oversight to the Remuneration Committee (REMCO).
- ❑ REMCO constitution – Four Trustees, one of whom is the Chair, and one Independent member.
- ❑ REMCO makes use of independent expert consultants and market benchmarking to assist the Committee in terms of best remuneration practices.

❑ Adoption and Approval of Remuneration

- Trustees remuneration – presented at this AGM for majority vote by members, after the approval thereof 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 Committee to the Board for approval and thereafter tabled at the AGM for a non-binding advisory vote by members.

❑ Trustee Remuneration Disclosure

- AGM – members
- Regulator - Council for Medical Schemes
- Integrated Annual Report



Remuneration Methodology

- ❑ The objective of the remuneration policy for the Board and Board Committees 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 and the guidelines of Circular 41 of 2014 issued by the CMS. This methodology was submitted to the CMS on 24 November 2014.
- ❑ In terms of this 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 2019 this hourly rate is R3 551.61 (excl. VAT) which is reflected in the next slide and which members are required to vote on via ballot:
i.e. R5 073.73 (professional fee) less 30% = R3 551.61 (hourly rate).
- ❑ The total remuneration paid to Trustees is determined by the following elements and 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

- ❑ 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 Board of Trustee Meetings.

- ❑ For 2019, the policy has been updated to clarify the manner in which Trustees and Independent Board Committee members are remunerated for the various forums and meetings that they participate in.

- ❑ 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

- ❑ **Attendance at a Board or Board Committee meeting as an observer**
 - No remuneration is payable

- ❑ **Attendance at an Annual General Meeting (“AGM”) or a Special General Meeting (“SGM”)**
 - Trustees
 - AGM will receive remuneration at the hourly rate for preparation time, as agreed to by the Chair, and the duration of their attendance
 - SGM - will receive remuneration at the hourly rate for preparation time, as agreed to by the Chair, and the duration of their attendance
 - Independent Board Committee Members
 - AGM or SGM - will receive remuneration at the hourly rate for the duration of their attendance

- ❑ **Attendance at Board strategy sessions; other Board Committee strategy sessions; and workshops**
 - Board Strategy session - Trustees and Independent Board Committee members will receive remuneration at the hourly rate for preparation time, as agreed to by the Chair of the Board, and the duration of their attendance
 - For Board Committee Strategy session - will receive remuneration at the hourly rate for preparation time, as agreed to by the relevant Chair, and the duration of their attendance
 - For Workshops - Trustees and Independent Board Committee members will receive remuneration at the hourly rate for preparation time, as agreed to by the relevant Chair, and the duration of their attendance

- ❑ **Attendance at a Board or Board Committee meeting at the request of a Chairperson**
 - Independent Board Committee member invited to attend a Board meeting or Trustee invited to attend a Board Committee meeting - will receive remuneration at the hourly rate for preparation time, as agreed to by the relevant Chair, and the duration of their attendance

Remuneration Methodology

- ❑ Attendance of an Independent Board Committee Chairperson at a Board meeting
 - Such an Independent Board Committee Chairperson will receive remuneration at the hourly rate for preparation time, as agreed to by the Chair of the Board, and the duration of their attendance

- ❑ Attendance of a Trustee and/or Independent Board Committee member at an Ad Hoc meeting
 - Trustees and Independent Board Committee members will receive remuneration at the hourly rate for preparation time, as agreed to by the Chair of the Board, and the duration of their attendance.

- ❑ 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 2019 Trustee Remuneration – Chair of Board of Trustees

The table below provides an overview of the Proposed Board Chairman's remuneration for 2019 and uses the methodology as discussed in the Remuneration Policy.

Proposed fee build up for the Remuneration of the Chairman 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)	7
Total number of hours per year for the Board of Trustees meetings (average)	196
Proposed 2019 professional hourly rate	R3 551.61
Total fee for attendance at Board of Trustee meetings (x7)	R696 115.56

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 2019 Trustee Remuneration – Trustees

The table below provides an overview of the Proposed Board Chairman's remuneration for 2019 and uses the methodology as discussed 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)	7
Total number of hours per year for the Board of Trustees meetings (average)	112
Proposed 2019 professional hourly rate	R3 551.61
Total fee for attendance at Board of Trustee meeting (x7)	R397 780.32

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 2019 Trustee Remuneration – Chair of a Board Committee

The table below provides an overview of the Proposed Board Chairman's remuneration for 2019 and uses the methodology as discussed in the Remuneration Policy.

Proposed fee build up for the Chair of a Board Committee**	
Preparation for Board Committee Meetings	11
Attendance at Board Committee Meetings	4.75
Total number of hours per Board Committee Meeting	15.75
Number of meetings per year (average)	4
Total number of hours per year for the Board Committee meetings (average)	63
Proposed 2019 professional hourly rate	R3 551.61
Total fee for attendance at Board Committee Meetings (x4)	R223 751.43

***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.