



BANKMED

TRUSTEE FEE POLICY

**Incorporating Independent
Committee Members**

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| Version number: | 4 |
| Summary: | This document sets out the policy for fees paid to the Trustees of the Board. |
| Proposed by: | <u>Mr Teddy Mosomothane</u> <u>8 Feb 2018</u> Chief Executive Officer Date |
| Approved by the Remuneration Committee for noting at the Annual General Meeting (AGM): | <u>Mr D Armstrong</u> <u>8 Feb 2018</u> Chairman of the Remuneration Committee Date |
| Effective for the year ending: | <u>31 December 2018</u> Date |
| Next revision date: | <u>21 November 2018</u> Date |
| Policy implementer/ administrator: | Chief Executive Officer |

1. Objectives of the policy

The purpose of this policy is to document Bankmed's approach for fees paid to Trustees for services rendered in their capacity as a Trustee of the Board and of the Board's committees.

2. Scope

Once approved, this policy is applicable to all current Trustees formally appointed to Bankmed's Board and committees.

3. Principles

The following principles underpin Bankmed's approach to Trustee and independent committee member fees:

- 3.1. **Remuneration stance.** Bankmed wishes to remunerate its member-elected and employer-appointed Trustees for their contribution to the Board and its various committees. This will include independent committee members serving on any committee of the Board.

Employer-appointed Trustees may elect not to receive the fee in their personal capacity. In this event, the fee shall either be waived in writing or paid to the respective employer organisation, as directed by the Trustee.

- 3.2. **The quantum of the fee.** In setting the quantum of the fee Bankmed acknowledges:
 - The role of the Trustee is akin to that of a non-executive director. This means that the role of the Trustee is primarily one of strategic oversight dealing with long-term sustainability issues. The normal role of the Trustee is therefore to provide a creative and informed contribution and to act as a constructive critic in looking at the objectives and plans devised by the executive

team. Trustees should not be treated as employees with a 'portfolio' of day-to-day responsibilities for the Scheme.

- Trustees carry personal liability for the oversight role of the Scheme.
- As a medical scheme, Bankmed has a non-profit motive.
- The public interest of providing affordable healthcare.

3.3. **Differentiating the fee.** Fees will typically vary according to the responsibility of the Trustee or committee member. Fees for the Board chair and the committee chair will therefore carry a premium over an ordinary member's fee.

4. The fee structure

4.1. The fee will comprise of an attendance fee per scheduled meeting attended as per the sign-on register.

4.2. Persistent late coming and tardiness shall, at the discretion of the chair, result in non-payment, or pro-rata payment for the meeting fee. Disqualification of attendance fees shall be based on the holistic performance of the Trustee as determined by the chair from time to time.

4.3. A fee will not be paid for non-attendance.

4.4. The fee shall be payable within 10 days of the meeting subject to the timely receipt of evidence of attendance (signed attendance register).

5. Scheduled meetings

5.1. Core meetings shall be scheduled in advance each year.

5.2. The number of core meetings that are expected to be held each year are indicated in Appendix A.

6. Expenses

6.1. Trustees shall be reimbursed for all reasonable expenses incurred by them for attendance at the meetings and the annual strategy session.

6.2. Travel and accommodation requirements for attendance at these meetings shall be co-ordinated by Bankmed.

6.3. Trustees shall be reimbursed for all reasonable and properly-documented travel, meal and accommodation expenses that were incurred for attendance at these meetings. The receipts and documentation associated with these expenses must be submitted to Bankmed's Finance Department.

7. Taxation or statutory deductions

Consistent with the Income Tax Act, of 1962, as amended, fees paid to Trustees shall be subject to applicable withholding tax (if any), in compliance with the latest regulations in this regard.

8. Consulting services

Fees shall not be paid for consulting services performed by any Trustee to the Board or the Scheme, as this impinges on their independence and increases the risk of a conflict of interest, between their independent role as a Trustee and their role as consultant.

9. Conferences

Fees shall not be payable for attendance at conferences, over and above the conference cost as well as accommodation, where applicable.

10. Annual General Meeting (AGM)

- 10.1. The notice of the AGM shall be distributed to the members and the CMS at least 14 days before the AGM.
- 10.2. Trustee fees and all expense reimbursements shall be disclosed in the Annual Financial Statement on an individual Trustee basis, rather than on a 'globular' basis, in order to promote transparency.
- 10.3. The Annual Financial Statement is available to all members.

11. Review of fees

Market trends will normally guide the Remuneration Committee in proposing any increases to the Trustee fees. In addition, the fees shall be benchmarked to similar size restricted medical schemes, from time to time.

12. Monitoring and review of the policy

- 12.1. Adherence to this policy shall be monitored by the CEO's office. Any party found to be in non-compliance with the Trustee Fee Policy will be dealt with in accordance with Bankmed's Disciplinary Policy.
- 12.2. Changes to this policy shall be recommended by the Remuneration Committee.

END

Annexure A: Core meetings per annum

| Committee | Number of core meetings |
|---------------------------|--------------------------------|
| Board of Trustees | 7 ** |
| Audit Committee | 4 |
| Remuneration Committee | 2 |
| Risk Management Committee | 4 |
| Investment Committee | 4 |

**** Board = 4**
Strategy = 1
Benefit Design = 2 max