



MEMORANDUM ON THE: TRUSTEE REMUNERATION POLICY OF BONITAS MEDICAL FUND

2024

The Trustee Remuneration Policy was approved by the Members at the Annual General Meeting (“AGM”) held on 16 August 2023 (“the Policy”). Members were required to approve the following Resolutions at the 2023 AGM:

- To approve the amendment of the definition of “CPI”.
- To approve an increase in the fees of the Chair of the Board above the CPI rate.

In terms of **section 8.3 of the Policy**, the Policy shall be approved by Members at the AGM if there are fundamental changes to the Policy or if increases for such remuneration are above the CPI rate.

Reference to clause 8.3 in the Policy:

“This Policy will be approved by members at the AGM and will only require approval by members at the AGM for subsequent years if there are fundamental changes to the Policy or if increases for such remuneration are above inflation rates.”

As an outcome of the current review process of the Policy there are two matters which require the approval of Members, being:

Resolution 2.1 - Trustee Remuneration Policy: To approve an increase in the fees of the Chair of the Board above the CPI rate.

Resolution 2.2 - Trustee Remuneration Policy: To approve an increase in the fees of the Trustee members of the Managed Healthcare Committee above the CPI rate.

Note: Headline CPI as published by Stats SA as at April 2024 = 5.2%. Therefore 5.2% was utilised as CPI as part of the recommendations illustrated below.

© RESOLUTION 2.1

The Scheme participated in Medical Scheme specific Trustee Remuneration benchmarking research for a second year running. Bonitas were one of five Schemes who participated in the Willis Tower Watson benchmark research recently conducted on the remuneration guidelines for the Board of Trustees and Board Committees of Medical Schemes on 2023/2024 data. Another three Schemes were included as part of the benchmarking exercise by utilising annual report information.

As an outcome, when benchmarking against the Peer Group, it is evident that despite the adjustment in the Chairperson remuneration in the previous period that there is still a material lag when compared to the Peer Group, considering that all the medical schemes that formed part of the Peer Group are smaller in size compared to Bonitas.

The Remuneration Committee, which is an independent body, considered the benchmarking and is therefore recommending continuing with a staggered approach to align the Chairperson’s remuneration over a period of time as opposed to a once-off increase. Therefore, the recommendation regarding the increase in the Chairperson’s remuneration is as set out below:

FEES	AVERAGE PEER GROUP	CURRENT	PROPOSED	CURRENT PER MONTH	PROPOSED PER MONTH
RETAINER	382,622	405,000	465,756	33,750	38,813
FEE PER MEETING	40,455	25,511	29,338	N/A	N/A

Based on the above, Members of the Scheme are required to consider **approving the proposed above CPI increase on the Retainer Fee (15%) and on the Meeting Fee (15%) for the Chairperson of the Board only**. It is to be noted that this extraordinary adjustment does not affect any of the other office bearers or Trustees.

RESOLUTION 2.2

As part of the annual review process of the Trustee Remuneration Policy, Scheme Management conducted benchmarking research with regards to the various Board Committee meeting structures, agendas, average duration of meetings, preparation time etc. for the 2023 calendar period.

The Remuneration Committee, which is an independent body, considered the outcome presented by Scheme Management and based on the time duration and the volume of information for each of the Managed Healthcare Committee meetings, it is recommended that the Managed Healthcare Committee per meeting fee is increased to match the per meeting fee provided for the Audit and Risk Committee. The recommendation regarding the increase in the Managed Healthcare Committee Member remuneration is as set out below:

PER MEETING	CURRENT	PROPOSED	VARIANCE
MANAGED HEALTHCARE COMMITTEE - MEMBER	10,092	15,924*	5,832

* - Fee equivalent to Audit and Risk Committee meeting fee.

Based on the above, Members of the Scheme are required to consider **approving the proposed above CPI increase on the Per Meeting Fee (R5,832 – 57,8%) for the Managed Healthcare Committee Trustee Member only**. It is to be noted that this extraordinary adjustment does not affect any of the other office bearers or other Board Committee Members.

REFER TO THE TRUSTEE REMUNERATION POLICY OF THE SCHEME WITH TRACKED CHANGES AS A SEPARATE DOCUMENT.