

TFG Medical Aid Scheme

Remuneration Policy: Principal Officer, Trustees and Committee Members

1 July 2024

1. Objective

This document sets out the remuneration policy of the TFG Medical Aid Scheme (the "Scheme") applicable to a Principal Officer, Acting Principal Officer, Trustee or Committee Member of the Scheme.

2. Definitions

Board of Trustees: the appointed and elected group of individuals who have overall responsibility for the management of the Scheme.

Base Monthly Fee: A fixed monetary amount (expressed and payable in South African Rand) amount paid per month of service.

Meeting Attendance Fee: A fixed monetary amount (expressed and payable in South African Rand) paid per Official Scheme Meeting attended.

Unofficial Scheme Meeting: Attendance at conferences and attendance at training events.

Official Scheme Meeting: Board of Trustee meetings, Investment Committee meetings, Audit Committee meetings, Ex-gratia meetings, Trustee Strategy Day and Annual General Meetings, which are held in person or remotely (via electronic means) and as scheduled in the Scheme's official annual meeting calendar.

3. Background

The Board of Trustees intends to provide fair remuneration for services provided to the Scheme by a Principal Officer, Acting Principal Officer, Trustee or Committee Member, who is not employed on a permanent basis by the Scheme's participating employer. Remuneration should be fair and reasonable, commensurate with the responsibilities carried, the level of care, skill and expertise required and the degree of attentiveness needed, while not being excessive nor creating an unnecessary or unwarranted financial burden for the Scheme.

The Board of Trustees relies on the following principles for remuneration:

- The Board of Trustees has a responsibility to manage Scheme members' funds in a responsible manner;
- The Board of Trustees requires that Officers of the Scheme have an appropriate level of knowledge, skills and expertise. To ensure that the Board of Trustees has sufficient knowledge, skills and expertise, there may be a need to appoint or elect individuals as officers of the Scheme who are not employed on a permanent basis by the participating employer;

Version 1: Revised June 2018 approved by BoT 19 June 2018

Version 2: Revised Dec 2021 approved by BoT 30 November 2021

Version 3: Revised 1 March 2023

Version 4: Revised 1 July 2024

- This remuneration policy should be aligned with the philosophy, size and strategy of the Scheme. There is a large disparity between the levels of remuneration for different types of medical schemes. The Scheme is a small, restricted membership medical scheme;
- The Council for Medical Schemes and the Registrar of Medical Schemes provide little guidance on officer remuneration, but insist that officer remuneration should be restricted to a “*stipend*”;
- Remuneration should consider the level of risk assumed by officers of the Scheme in fulfilling their responsibilities; and
- The Remuneration Policy must be approved by the Board of Trustees as well as the Audit Committee and specifically reported to members at the Scheme’s Annual General Meeting.

4. Eligibility for a Base Monthly Fee

A Principal Officer or Acting Principal Officer fulfilling the role of a Principal Officer and Chairperson of the Board of Trustees will be eligible for a Base Monthly Fee only if the following applies:

- The Base Monthly Fee has been approved by the Board of Trustees;
- The Principal Officer or Acting Principal Officer fulfilling the role of a Principal Officer and Chairperson of the Board of Trustees is not employed by the participating employer on a full-time basis;
- The Acting Principal Officer is required to fulfil the role of the Principal Officer for the full month to which the Base Monthly Fee applies; and
- The Principal Officer or Acting Principal Officer fulfilling the role of a Principal Officer and Chairperson of the Board of Trustees has attended all relevant official Scheme meetings during the month to which the Base Monthly Fee applies.

5. Eligibility for a Meeting Attendance Fee

A Meeting Attendance Fee will only apply to attendance of Official Scheme Meetings. No Meeting Attendance Fee will be paid for attendance at Unofficial Scheme Meetings. A Meeting Attendance Fee will not be paid for any Official Scheme Meeting or Unofficial Scheme Meeting were attendance is voluntary. Ex Officio attendance at meetings is not considered voluntary.

A Trustee or Committee Member will be eligible for a Meeting Attendance Fee only if the following applies:

- The remuneration has been approved by the Board of Trustees;
- The Trustee or Committee Member is not employed by the participating employer on a full-time basis;
- The Trustee or Committee Member has attended the entire Official Scheme Meeting.

6. Base Monthly Fee

The Base Monthly Fee effective 1 July 2024 will be:

| | Base Monthly Fee |
|-----------------------------------------------------------------------|------------------|
| Principal Officer | R48,000 |
| Acting Principal Officer fulfilling the role of the Principal Officer | R48,000 |
| Chairperson of the Board of Trustees | R6,500 |

7. Meeting Attendance Fee

The Meeting Attendance Fee effective 1 July 2024 will be:

| | Meeting Attendance Fee |
|--------------------------------------|------------------------|
| Board of Trustees Meeting (4 hrs) | R9,000 |
| Audit Committee Meeting (4 hrs) | R9,000 |
| Investment Committee Meeting (2 hrs) | R4,500 |
| Ex-Gratia Committee Meeting (1 hr) | R2,250 |
| Strategy Day (8 hrs) | R12,000 |

Remuneration for time taken for meeting preparation is included in the fixed meeting fee, however individually scheduled workshops/meetings will attract an ad hoc fee of R1,500 per hour. The ad hoc per hour fee may be claimed with the approval of the Chairperson of the Board of Trustees. Any ad hoc fee claimed by the Chairperson is to be approved by the Board of Trustees.

A 25% supplement may be applied to any person chairing an official scheme meeting.

8. Reimbursement for other expenses

Subject to prior approval by the Board of Trustees, reimbursement for travelling and direct expenses reasonably and necessarily incurred as an officer of the Scheme will be considered by the Board of Trustees in accordance with the Scheme's Reimbursement Policy. Cost of training will be paid by the Scheme, subject to prior approval by the Board of Trustees, but no remuneration will be payable for the time taken to complete the training.

9. Performance

By accepting appointment as an officer of the Scheme, a performance contract is concluded between the officer and the Scheme, which contract will stipulate the holding of office is conditional upon ongoing good performance. An effective performance evaluation should be conducted at least annually. Failure by an officer of the Scheme to discharge his or her duties with the level of attentiveness, diligence and integrity required constitutes breach of office and grounds for removal/termination of contract.

While an officer of the Scheme may be appointed for a fixed term, this does not constitute an employment relationship creating rights, obligations and expectations founded in labour law – an officer



of the Scheme who fails to perform to the standard required of him or her has no right to expect compensation for premature loss of office.

10. Fee Increase

The Base Monthly Fee and Meeting Attendance Fee referenced in 6 and 7 above will be reviewed on annual basis from approval of this version of this of the policy.

11. Review

This policy should be reviewed and approved by the Board of Trustees on an annual basis. The remuneration policy applicable as well as remuneration paid during the calendar year prior to said review should be reported to members at the Scheme's Annual General Meeting. Any remuneration paid in terms of this policy should be specified in the Scheme's Monthly Management Accounts and Annual Financial Statements.

12. Approval

The proposed revision to this policy was approved via round robin decision on 21st June 2024 and ratified at the Board of Trustees meeting on 23rd July 2024.

Chairperson of the Board of Trustees

Chairperson of the Audit Committee

2 August 2024

5/08/2024

Date

Date

Ratified by BOT July 2024