

DE BEERS BENEFIT SOCIETY

BOARD COMMITTEE TERMS OF REFERENCE

REMUNERATION BOARD COMMITTEE

Revision no	Review cycle	Effective date
013	At least every two years	25 September 2024



A registered medical scheme
Registration no. 29/4/2/1068

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1. INTRODUCTION

- 1.1. The De Beers Benefit Society (the Society) and the De Beers Pension Fund (the Fund) have historically operated in a shared services environment under a common management structure, with certain shared staff and common conditions of employment. In addition, some Society and Fund Board Committee members are Trustees of both the Society and the Fund.
- 1.2. In view of the above, it has been agreed that, whilst the two entities have independent Remuneration Board Committees and these terms of reference are specific to the Society, it would be sensible (to the extent reasonably possible) for the Remuneration Board Committees to have common members and to hold joint meetings. It is, however, recognised that the Society and the Fund are independent entities and that the respective Boards of Trustees retain the prerogative to accept or reject recommendations made by their respective Remuneration Board Committee in relation to staff conditions of employment, staff remuneration, Trustee remuneration and Board Committee member remuneration.

2. THE OBJECTIVES, RESPONSIBILITIES AND AUTHORITIES OF THE COMMITTEE

The Society's Board of Trustees (the Board) has delegated the following powers and functions to the Committee which the Committee is mandated to exercise in developing recommendations, where relevant, for submission to the Board for approval:

Staff Conditions of Employment and Remuneration

- 2.1. To ensure that the Society remunerates its staff fairly and responsibly by reviewing the conditions of employment and remuneration on a regular basis:
- 2.2. To determine staff salary scales that are market related and will promote the achievement of the Society's overall strategic objectives, and consider and present recommendations to the Board in this regard on an annual basis;
- 2.3. To maintain and review a discretionary performance bonus scheme for all eligible Society staff, aimed at motivating the achievement of the overall organisational objectives, and consider and present recommendations to the Board in this regard on an annual basis;
- 2.4. To consider ways and means of addressing specific staff related challenges such as the retention of key staff, which may be addressed by remuneration and/or conditions of employment related interventions, and to consider and present recommendations to the Board in this regard as and when required; and
- 2.5. To review the outcomes of the implementation of the above.

Trustee and Board Committee Remuneration

- 2.6. To ensure the Society remunerates Trustees and Board Committee members, where applicable, fairly and responsibly; and
- 2.7. To determine remuneration for Trustees and Board Committee members, where applicable and that are market related in comparison to similar remuneration in the medical scheme industry, in accordance with Rules 18.23 and 18.24, advise the Board accordingly regarding these matters, as and when required, and consider and submit recommendations to the Board in this regard. The Board in turn will table a proposal to the Society members at the Annual General Meeting for approval.

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Risk Management

2.8. To identify and evaluate the risks associated with the remuneration of, and conditions of employment applicable to staff and to recommend appropriate mitigating measures thereto to the Board as part of the annual review in the form of a Committee specific risk log.

Other Governance related matters

2.9. To ensure that appropriate policies are:

- adopted in relation to staff conditions of employment, remuneration and other related matters, as well as in relation to Trustee and Board Committee member remuneration; and
- approved in terms of the Society's Signing Authorities and Approval Framework Policy;

2.10. To take account of the principles of Treating Customers Fairly (TCF – hereinafter referred to as Treating Members Fairly (TMF)) (see item 9 below) and to carefully consider the application of TMF principles in the execution of its mandate;

2.11. To review and assess the adequacy of the Committee's Terms of Reference, and to request Board approval for proposed changes; and

2.12. To ensure that the Board remains appropriately informed of the activities of the Committee, including decisions taken and matters concerning the Committee, by briefing the Board at its meetings as required or on an ad-hoc basis when deemed appropriate (see item 5.4 below).

3. MEMBERSHIP AND QUORUM

3.1. The members of the Committee shall be appointed by resolution of the Board from amongst the Trustees or other persons who are not Trustees and shall consist of at least three members. The Chairperson of the Committee will be appointed by the Board from amongst the appointed Committee members, but he or she may not be the Chairperson of the Board and should preferably be a Trustee of the Society and also a Trustee of the De Beers Pension Fund.

3.2. If a vacancy occurs that reduces the number of Committee members to fewer than the minimum as stipulated in item 3.1 above, the vacancy must be filled by the Board within 30 business days after the vacancy arises.

3.3. In the absence of the appointed Chairperson of the Committee, the members present at a meeting of the Committee are required to elect from amongst themselves, under the supervision of the Principal Officer of the Society, an individual to chair the relevant meeting. If the Chairperson is unable to attend the meeting and if possible, he or she should propose a suitable Committee member to chair the meeting and thereafter advise the other Committee members accordingly, where practical. The formal election process, referred to above, will however still be required.

3.4. The appointment of alternates or proxies to act for or on behalf of the Committee members is not permitted;

3.5. The Principal Officer of the Society as well as other Society employees as deemed appropriate by the Committee, shall be invited, ex officio, to attend and to make contributions at all meetings of the Committee but shall not be considered members of the Committee and shall have no voting rights.

3.6. A Committee Secretary shall be appointed by the Committee but shall not be a member of the Committee and shall have no voting rights. The Principal Officer may nominate an alternate in the event of the absence of the appointed Committee Secretary.

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- 3.7. The quorum for the transaction of business by the Committee shall be fifty percent (or, if a fraction arises in the calculation of this number, then it shall be rounded up to the next whole number) of the appointed members of the Committee.
- 3.8. Committee members are appointed by the Board and their tenure is at the sole discretion of the Board. In addition, the Board will review the composition of the Committee on an annual basis.

4. SKILLS, EXPERIENCE AND TRAINING

- 4.1. The Committee requires the Principal Officer to make available to new members of the Committee a suitable induction process which will cover:
- 4.1.1. the role of the Committee, including its Terms of Reference;
 - 4.1.2. an overview of the medical aid industry and in particular the Society's business, identifying the main business, financial dynamics and risks; and
 - 4.1.3. an understanding of the Society Rules and the Medical Schemes Act No 131 of 1998.
- 4.2. Training shall also be provided to existing members of the Committee on an on-going basis as agreed to by the Board.

5. MEETINGS AND PROCEEDINGS

- 5.1. Meetings of the Committee shall be held at least annually. Meetings may also be convened by the Chairperson of the Committee or at the instance of the Board when such further meetings are considered necessary.
- 5.2. Meetings shall be conducted in the same manner as meetings of the full Board and the applicable board governance policies, for example the Board Charter, Trustee and Principal Officer Code of Conduct, Statement of Corporate Governance and the Conflict of Interest, Trustee Remuneration and Travel Policies, will apply.
- 5.3. Written resolutions circulated on a round robin basis shall be considered by the Committee in the same manner as resolutions presented at a meeting of the Committee and the applicable board governance policies, for example the Board Charter, Trustee and Principal Officer Code of Conduct, Statement of Corporate Governance and the Conflict of Interest Policy will apply.
- 5.4. The Chairperson of the Committee shall report on the proceedings of and recommendations and decisions made by the Committee at the next meeting of the Board immediately following a meeting of the Committee. As soon as they are available, the approved minutes of such meetings shall also be published on the confidential Trustee website.

6. ATTENDANCE AT MEETINGS

- 6.1. The Committee shall be entitled to invite any party, in addition to those referred to herein, to attend and be heard at meetings of the Committee. Such party shall have no vote.
- 6.2. Trustees who are not Committee members shall also have the right of attendance with no voting rights. Such attendance shall take place at their own expense unless they are specifically delegated by the Board to attend any specific meeting.

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- 6.3. Eligible Committee members, as well as eligible Trustees who are not Committee members or non-Trustee members of other Board Committees who are specifically delegated by the Board to attend a meeting, will be remunerated in terms of the Society's Trustee Remuneration and Travel Policy where applicable.
- 6.4. The Chairperson of the Committee shall have the sole right to exclude any party from a meeting or from any item on the agenda, should any conflicts of interest be declared or become evident in his/her opinion or for any other reason.

7. ANCILLARY POWERS

- 7.1. The Committee is authorised by the Board to investigate any matter which it, in its sole discretion, considers as falling within the powers delegated to it. The Committee is authorised to seek any information it requires from any Society employee or applicable service provider and such employees or service providers shall comply with any reasonable request made by the Committee.
- 7.2. In terms of corporate governance best practice the Committee is authorised by the Board in its discretion but with due regard to budgetary constraints to:
- 7.2.1. consult with independent specialists or consultants to obtain professional advice;
 - 7.2.2. invite parties with relevant skills and experience to attend meetings on an ad-hoc basis; and
 - 7.2.3. obtain the resources reasonably required for the effective discharge of its responsibilities.

8. CONFIDENTIALITY AND CONFLICTS OF INTEREST

- 8.1. The members of the Committee and attendees at its meetings are required to exercise the Committee's mandate with confidentiality, to treat all documents and information they receive and produce as confidential, and not to discuss any aspect of the Committee's work with anyone outside the Board, other than with relevant members of the Society staff and with the professionals it engages to assist with the performance of its functions.
- 8.2. Committee members are required to avoid conflicts of interest, where possible, and to inform the Committee and the Board of areas of conflict or potential areas of conflict timeously. All members of the Committee must complete annual declaration of interest forms or when new areas of conflict have arisen since the last declaration.

9. TREATING MEMBERS FAIRLY

In recognition of the TMF principles as referred to in item 2.10 above, the fair treatment of members is central to the Society's culture. In exercising its mandate granted to the Committee by the Board, to the extent possible, the Committee shall ensure that decisions taken and recommendations made reflect the Board's commitment to Treating Members Fairly and meet or exceed the desirable "fairness outcomes" in this regard..

10. PERFORMANCE EVALUATION

The Committee's performance will be evaluated by the Board and Board Committee members as part of the Board and Board Committee's annual self-assessment process and progress on the implementation of any actions arising from these evaluations must be reported to the Board.

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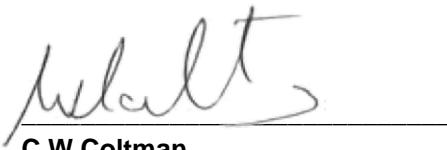
11. REPORTING

The following matters shall be reported on in the Society's Annual Financial Statements and/or in such other reports as may be deemed appropriate by the Board, in terms of the King IV reporting requirements:

- 11.1. The Committee's overall role and associated responsibilities;
- 11.2. The composition of the Committee, including each member's age, qualifications and experience;
- 11.3. Details of external advisors or invitees who regularly attend the Committee meetings;
- 11.4. Key areas of focus during the reporting period;
- 11.5. The number of meetings held during the reporting period and attendance at those meetings; and
- 11.6. Whether the Committee is satisfied that it has fulfilled its responsibilities in accordance with its Terms of Reference for the reporting period.

12. AUTHORISATION AND APPROVAL

Approved by the Board of Trustees.



C W Coltman
Chairperson of the Society

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REVISION HISTORY

Revision no	Description	Date reviewed	Date approved	Minute No.
001	New document	Original	21 September 2011	38.11.8
002	Annual review	October 2012	6 December 2012	61.12
003	Annual review	November 2013	5 December 2013	59.13
004	Annual review	November 2014	4 December 2014	69.14
005	Annual review	November 2015	3 December 2015	57.15
006	Annual review	November 2016	8 December 2016	56.16
007	Annual review	October 2017	7 December 2017	59.17
008	Annual review	October 2018	6 December 2018	68.18
009	Annual review	October 2019	5 December 2019	68.19
010	Annual review	November 2020	3 December 2020	60.20
011	Clarifying the requirement when a vacancy must be filled within 30 business days.	25 February 2022	7 April 2022	08.22.1.1
012	Biennial review and alignment of terminology with other Society governance and policy documents.	September 2022	28 September 2022	33.22.1.1
013	Biennial review	September 2024	25 September 2024	35.24.1.1