Proposed 2026/2027 annual fee increases for Board of Trustees

Introduction

The purpose of this report is to provide the Remuneration and Social Ethics Committee ("REMSEC") proposed 2026/2027 annual fee increases for the Board of Trustees.

In terms of the Board of Trustees (BoT) Remuneration Policy, REMSEC undertakes to review the remuneration of the Board Members on an annual basis. The recommended fee increase should be presented to the Annual General Meeting (AGM) for approval.

The annual fee is reviewed annually to minimize inflationary effects on the remuneration of the BoT. The guiding principles include transparency, market related remuneration, affordability, and sustainability.

Background

In 2021, the BoT remuneration structure was reviewed and approved by the members of the Scheme. The following principles informed the BoT remuneration structure:

- The remuneration structure should be a combination of a retainer fee and a per meeting fee.
- As per the Scheme's pay philosophy, position the remuneration at the 35^{th} percentile and progressively adjust the remuneration over a period of time towards the 50^{th} percentile subject to competence and performance.

The remuneration of the BoT was consequently placed at the 35^{th} percentile.

BOT fee increase 2022 - 2025

BOT FEE INCREASE - 2022 to 2025		
YEAR	**INCREASE**	**NOTES**
2022	5.50%	CPI-linked increase
2023	0%	No increase
2024	Board Chair 6% Deputy Chair and 40.5% Trustees aligned closer to the 80% tolerance band	REMchannel benchmark conducted. Trustees were below the recommended tolerance band of 80% to 120%. Fees falling below 80% should be adjusted within this range.
2025	0%	PWC benchmarked conducted. Based on the Scheme's pay philosophy to progressively adjust the remuneration over a period of time towards the 50th percentile subject to competence and performance, REMSEC proposed that BOT fees be placed on the 50th percentile to align with the other 12 closed schemes. BOT resolved to defer the proposed fee increase to 2026.

2026 Annual fee increase

The REMSEC, noting the BoT resolution in 2025 to defer the fee increase to 2026 and the high costs associated with benchmarking (R 132,250 in 2025) for these positions, proposed that an inflationary increase of 4,2% be applied to the 2025 benchmarked fee increases. Table 1 below, reflects the recommended increases for 2026:

Table 1: Position all Board Members to 100% of the 50th percentile with a 4,2% inflationary increase for 2026

Role	Current Fees	Compa-Ratio	50th Percentile	Recommended increase (50th percentile plus 2026 inflation)	Total proposed costs	New Compa-Ratio
Chair	R206 238	71%	R289 330	R301 482	R301 482	100%
Deputy Chair	R144 364	68%	R213 165	R222 118	R222 118	100%
Board Trustee	R126 326	79%	R159 537	R166 238	*R1 329 900	100%
Total cost:					**R 1 853 500**	

Notes:

- *** 8 trustees x R166 238 = R1 329 900**

The financial impact of this proposal will be R492 288 per annum. This increase will be affordable and within the Scheme's budget.

Recommendation to AGM

The REMSEC would like to recommend the following annual fees for 2026:

- Board chair – R301 482
- Board deputy chair – R222 118
- Board trustees – R166 238

REMSEC Chair

PN Qwabe