

## **Agenda Item 8: Director Remuneration**

### **Peoplecare Health Limited - Annual General Meeting on 20 November 2024**

#### **Ordinary Resolution 3 – Approval to Increase Non-Executive Directors’ Remuneration Pool.**

To consider and, if thought fit, to pass the following Resolution as an ordinary resolution:

“That, for the purposes of Clause 11.2 of the Constitution, members approve the increase of the maximum total aggregate amount of fees payable to non-executive Directors from \$495,000 to \$615,000 per annum on the terms and conditions set out in the Explanatory Memorandum”.

#### **EXPLANATORY MEMORANDUM**

This Explanatory Memorandum has been prepared to provide information which the Directors believe to be material to members in deciding whether to pass the Resolution.

#### **General**

The Company's Constitution provides that the maximum amount of Approved Fees (Non-Executive Director Fee Pool) to be paid to the Directors will be determined, and may be varied, by ordinary resolution of the Members. The Non-Executive Director Fee pool is currently \$495,000 per annum which was last increased by Members approval in 2021. This resolution seeks the approval of Members to increase the Non-Executive Director Fee Pool to \$615,000 per annum for the purposes of Clause 11.2 of the Constitution.

#### **Rationale for the Increase**

The Company undertakes regular reviews of the fees paid to Non-Executive Directors to ensure that the Company maintains the ability to pay Non-Executive Directors remuneration at a level that is commensurate with market rates and as necessary to attract and retain directors of the highest calibre. The performance, duties and responsibilities of each director, along with a market comparison supported by independent expert advice from remuneration specialists are all considered as part of the review process.

The proposed Non-Executive Director Fee pool took into consideration a number of external remuneration surveys which compared current remuneration of the Company's Non-Executive Director's against other health funds, similar sized organisations in the profit to member and not for profit sectors along with other ASX listed organisations.

The Company is proposing to increase the Non-Executive Director Fee Pool to align with the outcomes from the McGuirk Consulting 2024 Mutual Financial Board Remuneration survey, which identified the median remuneration level paid by the 18 participating mutual health insurers in 2024. This base fee is then adjusted for superannuation guarantee changes and indexed by 3.1% per annum for three years to line up to the next proposed Director Fee pool increase that will be put to members in 2027.

In recent years there have been considerable additional demands placed on directors due to increased regulatory requirements from APRA including the introduction of several Prudential Standards that now apply to Private Health Insurers in addition to a number of new Standards



coming into effect over the next 12 months which will require increased Board oversight and governance to adhere to these additional regulatory requirements. The increased remuneration pool will also enable an additional Associate Director to be appointed to assist with the increasing Board workload and to provide for Director succession planning.

Due to the demands placed on directors the level of remuneration needs to be sufficient to attract highly qualified and committed directors. An increase to the Non-Executive Director Fee Pool was last approved by members at the 2021 Annual General Meeting of the Company.

It is in members' interests to remunerate directors appropriately in order to attract the best calibre of person to serve on the Board of your Health Fund. Remuneration should reward directors for the time they dedicate to, and the value they add to the organisation, as well as reflecting their extensive duties and the legal liability assumed on behalf of Members.