

CALL FOR NOMINATIONS

to serve as a Trustee on the Board of Discovery Health Medical Scheme ("DHMS"/"the Scheme")



THIS NOTICE IS A CALL FOR NOMINATIONS IN RESPECT OF DISCOVERY HEALTH MEDICAL SCHEME'S ("DHMS"/"THE SCHEME") 2022 TRUSTEE ELECTIONS.

Members of the Scheme need to elect three Trustees to the Board of Trustees ("Board") at the 2022 Annual General Meeting ("AGM") of the Scheme. COVID-19 protocols permitting, the AGM will take place on 23 June 2022 at the Hilton Hotel Ball Room, 138 Rivonia Road, Sandton, Gauteng. Alternatively, if COVID-19 risks dictate, the AGM may be held virtually.

In terms of the Scheme Rules, the Board may appoint a Nomination Committee to assess all nominees against the eligibility criteria described in the Scheme Rules. If appointed, the Nomination Committee will oversee the nomination, vetting of nominees and election processes until finalisation of the voting results after the AGM.

The Board may also appoint an independent third party service provider to assist the Nomination Committee in carrying out its functions. The Board of Trustees has appointed Deloitte & Touche ("Deloitte") as an Independent Electoral Body ("IEB") to assist the Nomination Committee.

The IEB is responsible for the following nomination, electoral and voting activities:

- Call for nominations;
- Receiving and vetting of nominations;
- Preparation of a final candidate list;
- Receiving and vetting of proxies; and
- Overseeing the actual election which will be conducted at the AGM.

The Board of Trustees hereby invites nominations for candidates ("nominees"), from amongst the Members of the Scheme, to stand for election to serve as Trustees on the DHMS Board. The Scheme Rules specify that at least half of the total number of Trustees must be elected by Members from amongst Members of the Scheme. **Member in this context and in terms of the Scheme Rules, refers to a person who is admitted as a Member in terms of these Rules but does not include a Dependant.**

Nominees must be nominated by Members from amongst Members of the Scheme. A nomination form must be duly completed and signed by:

- A Member who nominates ("nominator") another Member to stand for election; and
- The Member who has been nominated ("nominee") to stand for election, thereby signifying his/her acceptance of the nomination and consent to stand for election.

Please note: Only Members who are in good standing with DHMS on the date and time of closing of the call for nominations at 12:00 (midday) on 14 February 2022, are eligible to nominate Members to stand for election. Good standing includes a Member's contributions being up to date.

As the IEB, Deloitte will assist the Nomination Committee to evaluate all nominees against the provisions of the Medical Schemes Act 131 of 1998 as amended ("Act"), the Scheme Rules and eligibility criteria.

Should a nominee be duly elected as a Trustee, the names of such duly elected Trustees will be published on the Scheme's webpage.

All nominations must be submitted using this prescribed nomination form and all requirements contained in the form must be satisfied to avoid the nomination being disqualified. All nomination forms must be delivered to the IEB, either by hand, post or email. Please consider potential delays you may experience using the South African postal services which could result in your nomination form not reaching the IEB before the closing date and time, 12:00 (midday) on Monday, 14 February 2022.

Please note: Nomination forms cannot be delivered to DHMS. Any nomination form delivered to DHMS will be disqualified.

QUALIFICATION CRITERIA

Nominees must be fit and proper to stand for election and to serve on the Board. Fit and proper refers to the eligibility of a person to hold an important position of trust in an entity such as a medical scheme in terms of the Act and the Scheme Rules.

Kindly note the following Scheme Rules, which should guide your decision on whom to nominate. Extracts of the Scheme Rules and the Act are provided below for your information. A full set of the Scheme Rules is available on www.discovery.co.za.

Rule 17.1 (Rule 17.1)*

17.1 | The affairs of the Scheme must be managed according to these Rules by a Board of Fit and Proper persons (i.e. persons with the requisite character, integrity, skill, competence, financial soundness and ability to exercise a fiduciary duty) of at least five and a maximum of eight persons. A Trustee shall serve a term of three years and shall be eligible for re-election or re-appointment. Such Trustees shall not serve more than two consecutive terms.

Retiring Trustees are eligible for re-election or re-appointment, provided that no person shall serve more than two consecutive terms. Notwithstanding this however, a person will be entitled to serve more than two terms in his lifetime provided that there is at least a twelve month interval between the end of the second consecutive term and the commencement of the next term.

Rule 17.4 (Rule 17.4)**

17.4 | At least half of such Trustees must be elected by Members from amongst Members.

Rule 17.6 (Rule 17.6)**

17.6 | Persons so elected/appointed must disclose annually all interests they have in relation to the Scheme/related entities.

Rule 17.7 (Rule 17.7)**

17.7 | The following persons are not eligible to serve as members of the Board:

17.7.1 | a person under the age of 21 years;

17.7.2 | an employee, director, officer, consultant, or contractor of the Administrator or the Scheme or of the holding company, subsidiary, joint venture or associate of that administrator or any other medical scheme administrator or provider of managed care services to a medical scheme;

17.7.3 | a broker;

17.7.4 | a person, including a legal person, associated with the administrator and/or the provider of managed care services to the Scheme;

17.7.5 | the principal officer of the Scheme;

17.7.6 | any employee of the Scheme;

17.7.7 | the Auditor of the Scheme;

17.7.8 | the legal advisors of the Scheme and of the Administrator of the Scheme;

17.7.9 | an employee, director, officer, consultant or contractor of, or any person associated with, a community pharmacy, a wholesale pharmacy, a group of pharmacies, a manufacturer of medicines and/or complementary medicines, a manufacturer of medical devices and/or medical consumables, distributor and/or wholesaler of medicines, complementary medicines, medical devices or medical consumables;

17.7.10 | an employee, director, officer, consultant or contractor of a private hospital, or hospital owning or operating group, or a pathology laboratory, or pathology owning or operating group;

17.7.11 | an employee, director, officer, consultant, contractor or person associated with a supplier of goods or services (including a relevant health service), to the Scheme or its administrator or to the holding company, subsidiary, joint venture or associate of its administrator, where the supply of such services and goods forms a significant percentage of the supplier's business (in excess of 25% of gross revenue shall be deemed to be "a significant percentage" of the supplier's business);

17.7.12 | a person holding a Trusteeship of any other medical scheme or schemes; and

17.7.13 | a person who by virtue of holding public or other office is in a position of actual or potential conflict of interest with the Scheme.

Rule 17.8 (Rules 17.8 and 17.9)**

17.8 | Nominations to fill vacancies, signed by the nominator and nominee in good standing, signifying his consent to stand for election, must be submitted to the Scheme# by no later than 90 days prior to the Annual General Meeting. The election must be conducted amongst the Members present at the Annual General Meeting of the Scheme (Rule 17.8).

Because Deloitte has been appointed by the Board as the IEB, all nominations to fill vacancies must be submitted to the IEB only.

The Board may appoint a nomination committee to assess all nominees against the eligibility criteria described in Rule 17.7 above. The Board may appoint an independent third party service provider to assist the nomination committee in carrying out its functions (Rule 17.9).

Rule 17.15 (Rule 17.16)**

17.15 | A nominee ceases to be a nominee, or a member of the Board ceases to hold office if:

- 17.15.1** | he becomes mentally ill or incapable of managing his affairs;
- 17.15.2** | he is declared insolvent or has surrendered his estate for the benefit of his creditors;
- 17.15.3** | he is convicted, whether in the Republic or elsewhere, of theft, fraud, forgery or uttering of a forged document or perjury;
- 17.15.4** | he is removed by the court from any office of trust on account of misconduct;
- 17.15.5** | he is disqualified under any law from carrying on his profession;
- 17.15.6** | if elected by Members of the Scheme, he ceases to be a Member of the Scheme;
- 17.15.7** | he absents himself from 3 consecutive meetings of the Board without the permission of the chairperson; or
- 17.15.8** | he is removed from office by the Council in terms of Section 46 of the Act.

**The Rules referenced are the registered 2020 Discovery Health Medical Scheme Rules. For ease of reference, the corresponding provisions as set out in the 2022 Scheme Rules, which are subject to the annual submission and registration process by the Council for Medical Schemes, have been included in brackets.*

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THE ROLE AND DUTIES OF TRUSTEES

The duties of Trustees are described in the Scheme Rules and in the Medical Schemes Act 131 of 1998, as amended ("Act").

RULES OF THE SCHEME

Rule 18: Fiduciary Duties of the Board of Trustees

- 18.1** | The Board is responsible for the strategic oversight and sound management of the Scheme, in terms of these Rules.
- 18.2** | The Board must act with due care, diligence, skill and in good faith.
- 18.3** | Members of the Board must avoid conflicts of interests, and must declare any interest they may have in any particular matter serving before the Board.
- 18.4** | The Board must apply sound business principles and ensure the financial soundness of the Scheme.
- 18.5** | The Board shall appoint a principal officer to manage the day-to-day affairs of the Scheme, who is fit and proper to hold such office and who may appoint any staff which in its opinion is required for the proper execution of the business of the Scheme. The Board shall delegate the collective management responsibilities to the principal officer and determine the terms and conditions of service of the principal officer and of any person employed by the Scheme. The principal officer so appointed shall execute the Board's decisions.
- 18.6** | The Chairperson must preside over meetings of the Board and ensure due and proper conduct at meetings.
- 18.7** | The Board must cause to be kept such minutes, accounts, entries, registers and records as are essential for the proper functioning of the Scheme.
- 18.8** | The Board must ensure that proper control systems are employed by and on behalf of the Scheme.
- 18.9** | The Board must ensure that adequate and appropriate information is communicated to the Members regarding their rights, benefits, contributions and duties in terms of the Rules.
- 18.10** | The Board must take all reasonable steps to ensure that contributions are paid timeously to the Scheme in accordance with the Act and the Rules.
- 18.11** | The Board must take out and maintain an appropriate level of professional indemnity insurance and fidelity guarantee insurance.
- 18.12** | The Board must obtain expert advice on legal, accounting, actuarial, clinical and business matters as required, or on any other matter of which the members of the Board may lack sufficient expertise.
- 18.13** | The Board must ensure that the Rules and the operation and administration of the Scheme comply with the provisions of the Act and all other applicable laws.
- 18.14** | The Board shall ensure that the Scheme complies with applicable laws and considers adherence to non-binding rules, codes and standards.
- 18.15** | The Board must take steps to ensure the integrity of all documents, data and information transferred to the new administrator and/or managed care organisation, in the event of one being appointed.
- 18.16** | The Board must take all reasonable steps to protect the confidentiality of medical records concerning any Member or Dependant's state of health.
- 18.17** | The Board must cause to be kept in safe custody, in a safe or strong room at the registered office of the Scheme or with any financial institution approved by the Board, any mortgage bond, title deed or other security belonging to or held by the Scheme, except when in the temporary custody of another person for the purposes of the Scheme.
- 18.18** | The Board must make such provision, as it deems desirable, and with due regard to normal practice and recommended guidelines pertaining to retention of documents, for the safe custody of the books, records, documents and other effects of the Scheme.
- 18.19** | The Board shall disclose annually in writing to the Registrar, any payment or considerations made to them in that particular year by the Scheme.
- 18.20** | The Board shall ensure that the Scheme is and is seen to be a responsible corporate citizen.
- 18.21** | The Board shall cause to be done a Board effectiveness self-assessment and such other periodic assessments as it may deem appropriate, at least every second year, with due regard to best practice and recommended guidelines so as to improve the Board's effectiveness.
- 18.22** | The Board shall ensure that every existing and newly appointed or elected Board member undergoes Trustee training in the form of induction training, which could include the attendance of an accredited skills programme.

THE MEDICAL SCHEMES ACT 131 OF 1998, AS AMENDED

Section 57 - General provisions on governance

- 01** | Every medical scheme shall have a Board of Trustees consisting of persons who are fit and proper to manage the business contemplated by the medical scheme in accordance with the applicable laws and the rules of such medical scheme.
- 02** | At least 50 per cent of the members of the Board of Trustees shall be elected from amongst members.
- 03** | A person shall not be a member of the Board of Trustees of a medical scheme, if that person is —
- (a) an employee, director, officer, consultant or contractor of the administrator of the medical scheme concerned, or of the holding company, subsidiary, joint venture or associate of that administrator; or
 - (b) a broker.
- 04** | The duties of the Board of Trustees shall be to —
- (a) appoint a principal officer who is a fit and proper person to hold such office and shall within 30 days of such appointment give notice thereof in writing to the Registrar;
 - (b) ensure that proper registers, books and records of all operations of the medical scheme are kept, and that proper minutes are kept of all resolutions passed by the Board of Trustees;
 - (c) ensure that proper control systems are employed by or on behalf of the medical scheme;
 - (d) ensure that adequate and appropriate information is communicated to the members regarding their rights, benefits, contributions and duties in terms of the rules of the medical scheme;
 - (e) take all reasonable steps to ensure that contributions are paid timeously to the medical scheme in accordance with this Act and its rules;
 - (f) take out and maintain an appropriate level of professional indemnity insurance and fidelity guarantee insurance;
 - (g) obtain expert advice on legal, accounting and business matters as required, or on any other matter of which the members of the Board of Trustees may lack sufficient expertise;
 - (h) ensure that the rules, operation and administration of the medical scheme comply with the provisions of this Act and all other applicable laws; and
 - (i) take all reasonable steps to protect the confidentiality of medical records concerning any member's state of health.
- 05** | Any notice required or permitted to be given to a medical scheme in terms of this Act shall, if given to the principal officer, be deemed to have been duly given to the medical scheme.
- 06** | The Board of Trustees shall —
- (a) take all reasonable steps to ensure that the interests of beneficiaries in terms of the rules of the medical scheme and the provisions of this Act are protected at all times;
 - (b) act with due care, diligence, skill and good faith;
 - (c) take all reasonable steps to avoid conflicts of interest; and
 - (d) act with impartiality in respect of all beneficiaries.
- 07** | A person shall not be a principal officer of a medical scheme if that person is—
- (a) an employee, director, officer, consultant or contractor of the administrator of the medical scheme concerned, or of the holding company, subsidiary, joint venture or associate of that administrator; or
 - (b) a broker.
- 08** | The members of the Board of Trustees shall disclose annually in writing to the Registrar any payment or considerations made to them in that particular year by the medical scheme.