

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) 2020 Trustee elections.

Members of the Scheme need to elect two Trustees at the Annual General Meeting (AGM) of the Scheme, which shall take place on 25 June 2020 at the Hilton Hotel Ball Room, 138 Rivonia Road, Sandton, Gauteng.

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. The Board may appoint an independent third party service provider to assist the Nomination Committee in carrying out its functions. The Board of Trustees has appointed PricewaterhouseCoopers Advisory Services (Pty) Ltd (PwC) as the Independent Electoral Body (IEB) to assist the Nomination Committee, who will oversee the nomination process from a governance perspective.

PwC has been appointed in the capacity of the IEB in respect of the following electoral processes and voting activities:

- the call for nominations;
- receiving and vetting of nominations;
- receiving and vetting of proxies; and
- overseeing the actual election which will be conducted at the AGM to be held on 25 June 2020.

The Board of Trustees hereby invites nominations for candidates (nominees) from amongst the Principal Members of the Scheme, to stand for election to serve 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. A Member in this context refers to a Principal Member of the Scheme.

As the first step towards carrying out the elections, nominees must be nominated by Members from amongst Members. A nomination form must be duly completed and signed by:

- a Principal Member who nominates (nominator) another Principal Member to stand for election; and
- the Principal Member who has been nominated (nominee) to stand for election, thereby signifying his/her consent to stand for election.

Please note: Only Principal Members who are in good standing (contributions are up to date as at 06 March 2020) with the Scheme are eligible to nominate Principal Members to stand for election. PwC 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.

Please also note: 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 fulfilled to avoid the nomination being disqualified. Because the Scheme has appointed PwC as its IEB, all nomination forms must be delivered to the IEB, either by hand or email.

Nomination forms cannot be delivered to the DHMS Office. Any nomination forms delivered to DHMS' office either by hand, e-mail or by fax will not be considered.

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.

Rule 17.3* (Rule 17.6)

17.3 | Retiring members of the Board 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 17.2)

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

Rule 17.6* (Rule 17.4)

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

Rule 17.7* (Rule 17.5)

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;

* Rule 17 of the registered 2019 Discovery Health Medical Scheme Rules is subject to approval by the Council of Medical Schemes. For ease of reference, the corresponding provisions as set out in the registered 2018 Scheme Rules have been included in brackets.

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* (Rule 17.7)

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 Scheme¹ by no later than 90 days prior to the Annual General Meeting. The Board may appoint a nomination committee to assess all nominees against the eligibility criteria described in Rule 17.7 (* Rule 17.5) above. The Board may appoint an independent third party service provider to assist the nomination committee in carrying out its functions. The election must be conducted amongst the Members present at the Annual General Meeting of the Scheme.

* Rule 17 of the registered 2019 Discovery Health Medical Scheme Rules is subject to approval by the Council of Medical Schemes. For ease of reference, the corresponding provisions as set out in the registered 2018 Scheme Rules have been included in brackets.

¹ Because PwC has been appointed by the Board as the IEB, all nominations to fill vacancies must be submitted to the IEB only.

| 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 managed care organisation.
- 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 an annual Board effectiveness self-assessment and such other periodic assessments as it may deem appropriate, 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/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 percent 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.