

**Minutes of the 26th Annual General Meeting of Discovery Health Medical Scheme (“DHMS”/“the Scheme”)
streamed live from The Forum, 1 Discovery Place, Sandton and broadcasted virtually using the Lumi Global
Platform on 31 August 2021 at 09:00**

1. Welcome and Quorum

The Chairperson of the Board of Trustees (“Board”), Mr Neil Morrison, welcomed all present to the 26th Annual General Meeting (“AGM”) of Discovery Health Medical Scheme (“DHMS”/“the Scheme”).

The Chairperson confirmed that the Board appointed Deloitte & Touche (“Deloitte”) as an independent third-party service provider to, among other things, oversee the voting and election processes at the AGM. He called upon Mr Leon Knoetze, Associate Director from Deloitte, to confirm the number of Principal Members (“Members”) virtually present at the meeting.

Mr Knoetze addressed the meeting and indicated that, in terms of the Scheme Rules, at least 15 Principal Members should be present in person or virtually at the meeting to declare the meeting quorate. He referenced the screen which displayed the number of participants in the meeting and noted that the reference to “Shareholder” represented and meant a Principal Member of the Scheme who registered to attend the meeting.

The meeting was declared quorate, with 144 Principal Members present.

The Chairperson proceeded to declare the meeting quorate, with 144 Principal Members present at the opening of the meeting. A delegate from the Council for Medical Schemes (“CMS”) was acknowledged and welcomed to the meeting.

The Chairperson highlighted the following regarding navigating the virtual platform:

- The agenda and other relevant information could be found on the information tab on the platform, which could be accessed by clicking on the “i” icon.
- Questions would be dealt with through the chat functionality and should be posted timeously to be dealt with after each presentation. The platform did not make provision for questions to be posed verbally.
- Members were advised to post questions in another official language. Interpreters were available to assist as far as possible to interpret such questions or queries.
- All relevant documents were available on the documents tab, which included an instructional video on how to navigate the platform.
- The chat functionality was not to be used to report technical issues or queries such as sound or connection problems and those were to be addressed via the Lumi support email address: supportza@lumiglobal.com.

The Chairperson noted that, as the meeting is being conducted virtually, due accommodation for voting had been made by the Scheme. Members of the Scheme were required to vote on five resolutions, which includes the election of two Trustees.

The Chairperson commented that, as provided for in the Scheme Rules, the Board appointed an Independent Nomination Committee (“NomCo”) to oversee the nomination and election process as well as Deloitte to serve as an Independent Electoral Body (“IEB”) in terms of the Scheme Rules to assist the NomCo in carrying out its functions.

The Chairperson requested Mr Knoetze to explain the voting process.

Mr Knoetze elaborated on the role and activities of the IEB in the context of the AGM. In its capacity as the IEB, Deloitte was responsible for the following electoral process and voting activities:

- a. Call for nominations:
 - Call for nominations opened on 20 April 2021 and closed on 24 May 2021, 99 calendar days prior to the AGM.
- b. Receiving and vetting of nominations:
 - Nominations received via email in a designated email inbox or in hard copy at designated Deloitte offices were independently vetted against the eligibility criteria, as set out in the Scheme Rules.
- c. Preparation of the candidate list for NomCo approval:
 - The vetting results for all nominees were presented to and approved by the NomCo. The distribution of the final approved candidate list together with the Notice convening the AGM was completed on 30 July 2021, 32 days prior to the AGM.
 - All Members were provided with a link to register from 30 July 2021 until 27 August 2021 to attend the virtual AGM as either a Principal Member or as a guest.
 - Registrations were vetted by the IEB in terms of the Scheme Rules, which prescribes that only Members in good standing will be permitted to participate in the meeting on proof of identity. Access credentials were provided to only approved Principal Members.
 - As at the closing date of 27 August 2021, the IEB had approved the registration of a total of 741 members.
- d. The receiving and vetting of proxies:
 - The Scheme Rules provide that every Member who is in good standing and who is present at the Scheme's AGM has the right to vote or may appoint another Member who is in good standing, as a Proxy to attend, speak or vote on their behalf. That Principal Member may complete and sign a proxy appointment form in which he/she may nominate another Principal Member of DHMS to attend, speak and vote in his/her stead.
 - Requests for proxy appointment forms were received by the IEB via email in a dedicated email inbox or through the call centre. All proxies were vetted to ensure compliance with the Scheme Rules prior to proxies being confirmed as valid.
 - Prior to the commencement of the AGM, Lumi allocated the valid number of proxy votes to proxy holders on the virtual platform. This was duly observed and verified by the IEB.
- e. Overseeing the actual election at the AGM.
 - Members of the Scheme are required to vote on five Resolutions.
 - Only Principal Members and proxy holders in attendance virtually will be able to cast their vote.
 - The Chairperson will declare the voting open, after which the polling icon will appear. The matters to be voted on and the available voting options will be displayed. Principal Members and proxy holders may then commence with casting their vote.
 - Split voting is available for proxy holders and Mr Knoetze explained the process to cast a split vote.
 - Members were informed that Single votes are not permitted to be split.
 - Mr Barrington Maggot has withdrawn his candidacy and is no longer available for election. Mr Maggot's name has been removed from the list of candidates on the voting platform.
 - Voting can be performed at any time during the meeting until voting closes at 16:00 on the day of the AGM. Members were reminded that their last choice would be submitted at that point. The polling icon would no longer be visible, and no further votes would be accepted.
 - Members would still be able to send messages and view the webcast whilst the poll is open.

Mr Knoetze asked if there were any questions with regards to the nomination process or the candidate list.

A Member, Sikander Abdool Haq Kajee, questioned how many proxies were approved.

Mr Knoetze confirmed that a total number of 782 proxies were approved.

The Chairperson confirmed that there were no further questions and declared voting open.

Confirmation of the Agenda

The Chairperson presented the agenda of the meeting and called upon Members to approve and second the agenda. Nicky Lakay proposed the approval of the agenda, and Natasha Roopa seconded the proposal. The agenda was duly confirmed.

The agenda for the meeting was as follows:

1. Welcome and quorum
2. Minutes of the 2019 Annual General Meeting – for approval
3. Minutes of the 2021 Special General Meeting – for approval
4. Tabling of the 2019 and 2020 Integrated Report, including the Scheme's Annual Financial Statements for the financial years ended 31 December 2019 and 31 December 2020
 - 4.1. Presentation by the Principal Officer of Discovery Health Medical Scheme
 - 4.2. Presentation by the CEO of Discovery Health (Pty) Limited, the Administrator and Managed Care Organisation of Discovery Health Medical Scheme
5. Governance
 - 5.1. Discovery Health Medical Scheme Trustee Remuneration Policy and approval of the 2020 and 2021 Trustee Remuneration
 - 5.2. Appointment of Auditors
6. Motions
7. General
8. Voting and closure of the AGM
 - 8.1. 2020 and 2021 Trustee Remuneration
 - 8.2. Non-binding Advisory vote on the Trustee Remuneration Policy
 - 8.3. Appointment of Auditors
 - 8.4. Motions
 - 8.5. Election of Trustees

2. Confirmation of the Minutes of the 2019 Annual General Meeting (for the financial year ended 31 December 2019 and 31 December 2020)

The Chairperson referred Members to the copy of the minutes of the 2019 AGM, which were included in the documents tab on the virtual platform. The Chairperson stated that the Board of Trustees considered the minutes and regarded them as an accurate reflection of the proceedings of the AGM held in June 2019.

There were no further questions and the Chairperson continued with the confirmation of the minutes of the 2019 Annual General Meeting.

Lindsay Baker proposed the approval of the minutes, and Raquel Jardim seconded the proposal. The minutes were thus duly approved.

3. Confirmation of the Minutes of the 2021 Special General Meeting

The Chairperson referred Members to the copy of the minutes of the 2021 Special General Meeting ("SGM"), which were included in the documents tab on the virtual platform. The SGM dealt with the amalgamation with Quantum

Medical Aid Society (“QMAS”). The Chairperson stated that the Board of Trustees considered the minutes and regarded them as an accurate reflection of the proceedings of the SGM held in March 2021.

Esté Whyte proposed the approval of the minutes, and Selwyn Kahlberg seconded the proposal. The minutes were thus duly approved.

4. Tabling of the 2019 and 2020 Integrated Reports, including the Scheme’s Annual Financial Statements for the financial years ended 31 December 2019 and 31 December 2020

The Chairperson referred to Rule 25.1.5 of the Scheme Rules, which require the financial statements to be laid at the meeting.

There were no questions raised regarding the Annual Financial Statements.

4.1 Presentation by the Principal Officer of Discovery Health Medical Scheme

Ms Mbewu offered gratitude and thanked Members for their continued support through the pandemic by maintaining their medical scheme membership.

A copy of the presentation was made available to Members through the virtual platform. The following aspects were highlighted to Members:

Managing the Impact of COVID-19

- Since the insurgence of COVID-19, in March 2020, the Scheme's insights have shown a surge in infections, increased COVID-19 hospitalisation and mortality as well as an increased demand for COVID-19 related support.
- The lockdown restrictions, which were introduced in March 2020 have led to a reduction in health seeking behaviour.
- The Scheme covered 1.6 million tests through benefits offered to Members. 45 000 Members tested positive and required follow up care, in particular hospitalisation, in order to treat their COVID-19 symptoms. The Scheme also introduced a Pulse Oximeter benefit for high-risk members, of which 33 000 Members made use of the opportunity.
- From a preventative care perspective, 29% of eligible beneficiaries have already received one dose of the vaccine.
- Health-seeking behaviour continues to decline, particularly the registration for depression, which has declined by 20%, whilst breast cancer screening has declined by 55% and diabetes management by 27%. The net DHMS claims expenditure was 11% lower in 2020 due to the reduction in health-seeking behaviour.

A short video highlighting how the Scheme has supported its Members throughout the COVID-19 pandemic, was presented to Members.

Ms Mbewu continued with her presentation and elaborated on the bolstering of the Scheme's surplus.

- The 11% bolstering afforded the Scheme the opportunity to implement unique initiatives in support of its Members, particularly in providing some form of financial relief. The most critical one of these was the contribution freeze implemented by the Scheme which afforded Members the opportunity to enjoy the same level of contribution for the first six months of 2021 as what they would have been paying in 2020. The contribution freeze resulted in a R2.2 billion worth of savings for Scheme Members, which enabled Members to continue to experience affordable care. The 2021 contribution increase was based on a weighted average of 2.95%, the lowest weighted average contribution increase for the industry for 2021.

- In 2020, the Scheme provided contribution support to its Members, enabling Members with positive Medical Savings Account balances to utilise available funds in lieu of their contribution payments. Some concessions were provided to SMEs, enabling them to defer their contribution payments to a later date. This concession amounted to R206 million.
- The Scheme was the first to launch the COVID-19 WHO Global Outbreak Benefit, which provided benefits aimed at testing, out-of-hospital treatment, isolation and high risk management at home.
- The top 10 highest individual member claims paid in the past 12 months amounted to R72 million.

Improving Quality of Care

- Mental wellbeing has become one of the critical aspects of healthcare, particularly during the COVID-19 pandemic. Enhancements made to the Mental Wellbeing Programme further support the mental wellbeing of Members throughout their mental wellness journeys. The Diabetes Care Programme was enhanced to improve the outcomes for Members living with diabetes.

Ensuring the Best Value Healthcare

- Members benefit through the Scheme continuously reducing administration expenditure, which is among the lowest in the industry. In 2019, the Scheme was ranked seventh lowest out of 20 open schemes.
- For every R1 spent on managed care and administration fees in 2019, Members of the Scheme derived R2.03 in value. This assessment is further reviewed independently by Deloitte.
- The Scheme saved R423 million in fraud savings and recoveries in the 2020 financial year as a result of Discovery Health's internal fraud measures, which benefit Members through a 1% lower contribution increase every year.
- In 2019, the Scheme delivered a net healthcare result of R135 million which was bolstered by the net investment income of R1.757 billion, resulting in a net surplus of R1.563 billion for the year.
- In 2020, the Scheme delivered a net healthcare result of R7.45 billion, which was bolstered by the net investment income of R1.92 billion, resulting in a net surplus of R9.006 billion for the year. This surplus afforded the Scheme the opportunity to introduce the financial relief mechanisms that Members were able to enjoy.
- The Scheme experienced a decline in membership during 2020 as a result of COVID-19, with a membership base of 2.76 million beneficiaries as at the end of 2020. The Scheme has, however, maintained its market share, and grew to 57.1%.
- The Scheme has R28.2 billion in reserves, which equates to a solvency ratio of 36.9%.

Building a Better Healthcare System for All

- The governance structure of the Scheme ensures accountability, appropriate governance structures, and proper monitoring and oversight activities.
- The Scheme ensured sustainability and improved services levels during 2020, as indicated by a continued reduction in the complaints to the Council for Medical Schemes by Members. The Scheme achieved a Member Perception Score of 8.74 out of 10 and an Overall Perception Score of 9.06 out of 10.
- The Scheme acts in accordance with the principles of responsible corporate citizenship and has supported and participated in the Health Market Inquiry, culminating to the release of the final report. The Scheme also participated in industry discussion relating to the Low Cost Benefit Options Framework, to ensure the expansion of accessibility to medical scheme coverage and the reach of the private healthcare sector.
- The Scheme fully supports the principles of National Health Insurance and a solution that supports universal healthcare coverage for all South Africans.

4.2 Presentation by the CEO of Discovery Health (Pty) Limited

Dr Noach acknowledged those who faced illness and suffering and offered his condolences to those who suffered loss as a result of COVID-19.

A copy of the presentation was made available to Members through the virtual platform. The following aspects were highlighted to Members:

Review of Past Performance

- The medical scheme industry performance in South Africa is reflective of global healthcare trends. R10.6 billion in operating surpluses were generated across the industry by the end of the third quarter of 2020, with a 7.3 percentage point increase in the capital reserves of medical schemes across the entire industry. This ultimately leads to a much stronger capital solvency or reserving position for medical schemes.
- The Scheme demonstrated outlier performance in 2019 and 2020 as it increased its market share to 57.1% and built up R27.5 billion in reserves, which is above the statutory requirement of 25%.
- DHMS new growth indicates a 13% increase in good quality lives (healthier and younger) joining the Scheme, with the average age of younger new joiners being 25.7. 6.3% of new joiners have chronic conditions.
- External survey results reflect improvements in overall customer sentiment during 2020, with Discovery Health and Discovery Health Medical Scheme being preferred by brokers, providers and employer groups.
- Results of a global benchmarking exercise indicated that Discovery Health outperformed the benchmarks for Discovery Health Medical Scheme in relation to customer effort scores, Member based research, first call resolution and response time.

Member Support throughout COVID-19

- Discovery Health Medical Scheme has spent R7.9 billion on looking after its Members throughout the COVID-19 pandemic.
- Discovery Health has contributed to the national fight against COVID-19 by delivering more than 800 000 vaccinations across the country, of which 420 000 was administered at Discovery Health vaccination sites. In partnership with Vodacom, all South Africans were afforded access to Discovery Health's virtual healthcare platform free of charge. Discovery Health also supported the Solidarity Fund and developed South Africa's COVID-19 contact tracing app, which was donated to the government.
- The vaccine navigator on the Discovery Connected Care Platform was launched, and supports the end-to-end vaccination journey from vaccination appointments to management on site. A non-official digital vaccination certificate is also available on this platform.
- Part of Discovery Health's strength that has shown during COVID-19, has been its ability to deliver very smart and quick analytics, across the Discovery Health data environment, which allows one to look at specific analytics quickly. This includes a COVID-19 insights hub, which is available on the Discovery Health website.
- Discovery Health supported the South African Medical Research Council, who have done vaccine efficacy and safety analysis on the Johnson and Johnson vaccine programme in South Africa, by making its data available, properly consented and protected, and with support from Discovery Health Medical Scheme, to allow the Medical Research Council to publish world first, world leading evidence on the safety and efficacy of the Johnson and Johnson vaccine. The results were astounding and showed that it is indeed very safe, and is indeed highly effective, including against the Delta variant. This has been supported by an inordinate number of webinars and media engagements. It is important to educate the public and share data and information.
- Dr Noach shared a note from Mr Paul Deppi, who has been a Member of the Scheme for the past 18 years. This was one example of the lengths Discovery Health Medical Scheme and Discovery Health would go in order to ensure excellence for its Members in extreme conditions.

A video about the Discovery Health brand was presented to Members.

Trends Impacting Healthcare in 2021 and Beyond

- Dr Noach shared five emerging global and local healthcare trends:
 - The impact of Long COVID and importance of wellness for resilience.

- o The importance of access and affordability of healthcare.
- o The move from traditional places of care to non-traditional places of care with more care being delivered remotely across digital ecosystems.
- o Focus on quality through Value Based Care.
- o Emphasis on the health of populations, particularly those living with chronic illness.

The Chairperson thanked Ms Mbewu and Dr Noach for their presentations.

Members were afforded the opportunity to pose questions relating to the above presentations. The Chairperson advised that individual queries relating to personal benefits would be dealt with through the Scheme's contact centre and not at the AGM.

- a. Dr Max Price asked whether the minutes should not reflect the vote and decision.

The Chairperson commented that the vote occurs after the meeting, and as such, they will not form part of the business of the meeting, and would therefore not be reflected in the minutes of the meeting.

Ms Mbewu commented that to ensure that results on all votes, resolutions and elections are known to Members, they will be published on the Scheme website for Members to have sight of. Members will also be notified as soon as the results are available on the website.

- b. Andrew Bytheway commented that the Integrated Report has a focus on compliance and control, but little on the management of opportunity, especially technology and information systems related opportunities and asked what is being done to identify, assess and deliver benefits for all stakeholders, including employees, partners, as well as Members.

Ms Mbewu commented that the Scheme views all its strategic initiatives on an annual basis to determine which should be highlighted in the Integrated Report. From an IT governance perspective, the Scheme, through the Board, has mandated the Risk Committee with oversight over IT governance aspects of the Scheme. In this regard, the Chief Information Officer of Discovery Health reports on matters of IT governance and strategic initiatives at every Risk Committee meeting. The Chief Security Officer of the Discovery Group is invited to Risk Committee meetings when required, to give feedback relating to IT security related aspects such as cyber risk.

Ms Mbewu continued to highlight the different committees and their responsibilities such as opportunities relating to innovative solutions from a healthcare perspective which would be dealt with by the Scheme's Clinical Governance Committee. Various tools in place, specifically at a Scheme level, were explained to Members.

- c. Dr Max Price asked for an explanation of the basis or principles involved in calculating the value derived by Members from each R1 expenditure to Discovery Health.

Ms Mbewu commented that the calculation is in place in order to understand and properly interrogate and ensure that the Scheme receives benefit from money spent on Discovery Health, in receiving both administration services and managed care services from Discovery Health. She explained that services are assessed and the calculation is the benefit derived, divided by the amount spent for these services.

She further provided an example of what gets calculated and stated that some of the key matrix and components that are assessed as part of this calculation is savings which have accrued to the Scheme in

the tariffs that are negotiated on behalf of the Scheme by Discovery Health on an annual basis, to ensure that the tariffs are as low as possible whilst delivering the healthcare outcomes required by the Scheme.

d. Charley Cain posed the following questions:

1. Why the Scheme is considering a continuous monitoring benefit for diabetes and not approving particular medication for diabetes.

Dr Noach commented that continuous glucose monitoring (“CGM”) is an emerging technology that provides much more precision in the management and measurement of diabetes. This monitor is worn with a small needle implanted underneath the skin that continuously measures glucose levels in the area just under the skin, allowing for a more precise understanding of glucose levels as opposed to the finger prick test intermittently.

He explained that Discovery Health Medical Scheme was the first medical scheme in the market to launch a continuous glucose monitoring benefit. It was launched with a specific device, with careful negotiation with the provider of that device to ensure that it was affordable and sustainable for the Scheme, and at the same time delivered a cost-effective and high-quality solution for diabetic Members. The device does represent quite a big cost in the management of diabetes, though the mindset of Discovery Health Medical Scheme and the role of Discovery Health as the managed care provider is very much around thinking about the long-term impact of diabetes.

Regarding the approval of particular medication for diabetes, Dr Noach commented that formularies in general are updated every two years at Discovery Health Medical Scheme and this is done in close co-operation and conversation with leading societies.

2. Whether Members can expect more contribution holidays given the healthy surplus and the dire economic situation prevailing in our country.

Dr Noach commented that the Scheme conducts detailed actuarial reviews, from both internal actuaries at Discovery Health and external independent actuaries and makes decisions based on those actuarial valuations around contribution increases, and potentially also freezing contribution increases. The Scheme, through its various subcommittees and the Board of Trustees, ultimately will consider the financial situation of the Scheme to make that decision.

A contribution holiday, or a delay in the increase, uses available solvency, but does not affect that equation between contributions and claims.

He further advised that Discovery Health Medical Scheme has a benefit update and launch in September this year to financial advisors, where the contributions for 2022 will be covered and discussed.

3. What the Scheme is doing to reduce the drain of the Comprehensive and KeyCare options.

Dr Noach commented that, in a community-rated environment, Members can move between different Scheme options. As the medical scheme pricing has changed over the years, people are choosing different options, and at times, cheaper options. The sacrifice people make when they choose a cheaper plan option is that they do of course forego some of the benefits on the higher plan option. As long as, on a consolidated basis, and on a plan-by-plan basis, the plans and pricing of the Scheme are considered sustainable, the Scheme continues offering 22 or 23 plan options to its Members and to allow movement between these plan options.

The drain of the Comprehensive and KeyCare options is consequently not of major concern to the Scheme as it is a trend linked to affordability in the case of the Comprehensive Plan and will be monitored carefully in the context of ensuring that the Scheme remains sustainable.

- e. Dr Max Price asked what proportion of the increase in 2021 was due to the merger with QMAS.

Ms Mbewu commented that the proportion of the Members which joined the Scheme through QMAS, had not been incorporated in the numbers for 2021 as the amalgamation only took effect from 01 August 2021, as approved by the Council for Medical Schemes.

- f. Charley Cain requested consideration of the Flexi scheme as offered by FedHealth to better help Members from a cashflow perspective in these trying times.

The Chairperson commented that the request or suggestion is not related to the business of the AGM and can be referred to a consultant outside of the meeting.

- g. Charley Cain suggested a drive in the next few years to attract young lives to sustain the Scheme.

Dr Noach commented that Discovery Health supports the sustainability of the Scheme, and importantly, keeps contributions down. In its role in supporting Discovery Health Medical Scheme, Discovery Health endeavours to market favourably to young and healthy Members.

- h. Siphon Hlatshwayo asked how one goes about obtaining assistance from Discovery relating to a self-quarantine site if one has tested positive for COVID.

Ms Mbewu commented that the Scheme continuously reviews the benefits offered and whether they serve a purpose, including during the period of COVID. The isolation facility benefit is one of those that the Scheme has re-assessed, and due to the lower than expected uptake of this benefit and balancing that with the cost associated to the Scheme, it was decided to discontinue the benefit.

- i. Kevin Fraser asked whether DHMS is willing to accept an operating shortfall as deferred medical treatment is taken back, given there was such a large surplus from 2020, so that the reserve growth is brought back in line with pre-COVID rates, or whether premiums would be increased to have a continuous surplus.

The Chairperson commented that this question has been answered previously by Dr Noach in response to Charley Cain.

- j. Charley Cain asked what the percentage of Members over 65 were.

Ms Mbewu commented that, as at the end of the 2020 financial year, just under 11% of Members were over 65.

- k. Siphon Hlatshwayo asked what support is provided to Members at home.

Ms Mbewu reiterated that not everyone who is COVID-19 positive or received a positive test result requires the same kind of support. The support that is given to members is specific to their clinical requirements.

- i. Charley Cain asked whether Telehealth should not reduce cost to patients and make healthcare more accessible. Even without COVID-19, Telehealth is the way to go and that the Scheme should conduct a ROI going forward.

Dr Noach commented that Telehealth has a distinct advantage in respect of both accessibility and affordability of care and is very relevant to the way patients access and pay for their care, as well as the sustainable costs of delivering care. There is economic work being conducted in this regard.

- m. Rev James Juma asked how the Scheme would realize a holistic care of the Member by providing Psycho-Spiritual interventions across COVID-19, cancer, etc. treatment trajectories and to what extent Psycho-Spiritual professionals are part of the decision-making process in the Scheme.

Ms Mbewu commented that, from the Scheme's perspective, the decision on which professionals are utilised should be balanced in a manner that is equitable and fair, in line with the constitutional requirements of the country. The Scheme ensures that it is not deemed to be prejudiced against race, gender or religion.

The Scheme pays for and utilises the services of health professionals, recognised and registered with the various bodies in South Africa. If a practitioner is registered and has a practice number, the Scheme can engage with that specific professional.

- n. Theodore Pass asked whether Members' rights to decline vaccines in favour of other health and lifestyle measures, would be respected, rather than resorting to coercive or punitive measures.

Ms Mbewu commented that the Scheme does not resort to coercive and punitive measures. Schemes do not look at the risk associated with a specific member in deriving the contribution that a specific member needs to pay, but use the basis of community rating, as enshrined in the Medical Schemes Act.

- o. Carmen Hollander asked how Discovery Health would improve service delivery in real time in a respectful manner in understanding the intersectionality of persons with illnesses.

The Chairperson commented that the Scheme endeavours to respect its Members and display as much empathy and congruence as possible with whatever conditions they are facing.

- p. Dr Max Price commented that his previous question relating to whether the minutes should reflect the vote and decision referred to the approval of the minutes of the Special General Meeting, which did not reflect the outcomes.

Ms Mbewu commented that the same principle as with the AGM is followed in that a summary of the SGM voting results were published on the Discovery website.

- q. Norman Khoza commented that there has been limited community-based involvement, interventions and engagement to improve health awareness amongst underprivileged communities and asked whether the Scheme envisages undertaking community-based awareness drives, which could include community parks, physical fitness programmes, young people health activities, etc. He also commented that the Scheme should also promote non-pharmaceutical interventions such as good ventilation on top of the vaccination drive and support.

Dr Noach commented that unemployment has peaked and economies were affected worldwide due to lockdowns. Medical Schemes are Non-profit Organisations and function as mutual funds, holding Members' money in trust for the purposes of paying claims, not for corporate or community social investments.

Discovery Health, on the other hand, has a vibrant corporate social programme and is making significant investments in community upliftment, physical fitness and education related, through the Discovery Foundation.

- r. Abigale Kandengwa asked how dentistry and diabetes related issues on network medical aids could be assisted with, as network dentists are normally very far but one has to book an appointment and only visit network dentists.

Dr Noach commented that Members who chooses a network plan, receives the ability to pay a lower contribution but at the same time has to accept that the way the network plans are priced, and in order to keep them affordable, they must, by definition, support only a network of contracted providers.

When these networks are designed and presented to DHMS for approval, Discovery Health endeavours to ensure and coverage is as broad as possible. Sophisticated geo spatial tools are used to understand the demographics and location of Members on a particular plan and overlay the network being built to ensure these are well matched.

Dr Noach further stated that the Council for Medical Schemes has given a guideline insofar as prescribed minimum benefit access is concerned, and that the provider should be within 50 to 70 kilometers of access to be considered reasonable and accessible for Members. In respect of an emergency, Members can visit any emergency unit, which emergency visit will be paid even if the provider is not on the network provider list. The "find a provider" tool on the Discovery website and app allows Members to use their own location to find the closest provider to them in a particular discipline.

- s. Naomi Louwrens asked how new technical options/ways of checking information would be made available to Members who don't have technical skills (older clients) or modern cell phones.

Dr Noach commented that the service strategy of Discovery Health to support the DHMS Members must always be a multi-channel strategy. Whilst channels were developed to support instant messaging, social media issues that are raised, instant messaging and live chat on the website via the app or via the web, Discovery Health will always retain the most basic of telephonic channels, and for that matter, written correspondence channels to ensure multi-channel support is provided.

- t. Sikander Kajee asked whether there is anything specific that prevents allowing people to vote via an electronic platform, other than lodging a proxy or attending the AGM, i.e. specific CMS rules or constitutional prohibition.

The Chairperson commented that DHMS endeavours to obtain the maximum involvement of all Members. When physical meetings were held, DHMS encouraged participation.

5. Governance

5.1 Discovery Health Medical Scheme Trustee Remuneration Policy and Trustee Remuneration

The Chairperson invited the Chairperson of the DHMS Remuneration Committee, Mr Dave King, to present the Scheme's Trustee Remuneration and associated Policy for 2020 and 2021.

Mr King presented the Agenda for his presentation as follows:

1. Remuneration Governance
2. Trustee Remuneration Policy
 - Remuneration Methodology
 - Remuneration of the Board of Trustees
3. Proposed 2020 Trustee Remuneration
 - Trustees
 - Chairpersons
4. Proposed 2021 Trustee Remuneration
 - Trustees
 - Chairpersons

Mr King explained that the proposed Trustee remuneration for both 2020 and 2021 will be discussed as no AGM was held in 2020, which resulted in remuneration levels remaining unchanged as Trustees were remunerated as last agreed at the 2019 AGM.

Remuneration Governance

- The Board of Trustees is responsible for the development and implementation of a Remuneration Policy for the Trustees and Board Committee members.
- The Board of Trustees in turn delegate the responsibility of oversight to a Remuneration Committee ("RemCo"), which comprises four Trustees, one of whom is the Chairperson and one Independent RemCo member.
- Trustee remuneration is presented to this AGM for majority vote by the Members.
- Approval of the Scheme's Remuneration Policy that is tabled at the AGM will take place by means of a non-binding advisory vote.
- Trustee remuneration is disclosed at the AGM, Council for Medical Schemes and in the Integrated Report.

In terms of the Remuneration Methodology, the Scheme engaged the PricewaterhouseCoopers' Remuneration Practice in 2014 and developed a unique methodology with benchmarking practices, and various features as approved by the CMS in adherence to the guidelines of Circular 41 of 2014.

- This fundamental methodology has not changed and is based on an hourly rate that is applied to the number of meetings per year, preparation time for each meeting, the duration of meetings, estimated time required between meetings and the number of actual meetings attended.
- The proposal to the Members in attendance at the AGM, was that the rate for 2020 is increased from 2019 by 4.1%, which is CPI, to yield an hourly rate of R3 700 excluding VAT. The proposal for 2021 was to increase the rate by a further 3.3%, which is also CPI, to R3 820 per hour excluding VAT.
- Where a Trustee is VAT registered, VAT invoices are issued. If a Trustee is not VAT registered, payments are made without consideration to VAT.
- The annual base fee and fee per meeting is calculated based on a full year's meeting quota and is split as follows: 70% base fee, which is paid quarterly in arrears, and a 30% meeting fee, which is paid each month after the relevant meetings have been conducted, if they were conducted.
- The remuneration policy remains unchanged for 2020 and 2021.

- Trustees are not remunerated to attend training or conferences, are not paid consultation fees and do not participate in incentive programmes, but are reimbursed reasonable and direct expenses incurred by them in the performance of their duties.

Proposed 2020 and 2021 Chairperson of the Board and Trustee Remuneration

Mr King outlined the proposed 2020 remuneration for the Chairperson of the Board of Trustees. It was proposed that the Chairperson be remunerated for 224 hours of work for 8 Board meetings (28 hours required per meeting) at R3 700 per hour, totalling R828 000 for the year. Mr King emphasised that, should the Chairman of the Board be a member of another Committee, then he or she would be eligible to earn fees for attending those Committee meetings as well. The same principle for 2021 is applied but escalated by a further 3.3%.

It was further proposed that Trustees be remunerated for 144 hours of work for 9 Board meetings (16 hours required per meeting) at R3 820 per hour for 2021, totalling R550 080 for the year. Mr King emphasised that the hourly rate is the same for all Trustees and remuneration is therefore dependent on the number of meetings and preparation time required.

Members were afforded the opportunity to pose questions relating to the above presentation.

- a. Onalenna Ditshepi asked why DHMS approves either the consultation or medical medication for PMB applications, and never both. Surely consultation will usually be followed by a script for PMB conditions. In addition, with mental health issues on the rise, what DHMS is doing to ensure that Alzheimer's disease is on the PMB list.

Ms Mbewu commented that it is important to note that the list of PMBs is a function that is governed and overseen by the Council for Medical Schemes. From a consultation perspective, there is a prescribed list of conditions, which are deemed to be PMBs. From a medication perspective, not all medication which treats those PMB events are deemed PMB level of care, resulting in payment for the consultation but not the medication, as the specific treatment plan for the specific member does not meet PMB level of care.

Regarding Alzheimer's as a PMB, Ms Mbewu reiterated that the list is governed by the Council for Medical Schemes, which is gazetted. The Scheme and Discovery Health are part of various working groups, one of which looks at PMBs.

Dr Noach commented that for every condition that is approved for reimbursement as a prescribed minimum benefit, there is a basket of care that is allocated to that condition, which baskets of care must comply with the Medical Schemes Act and associated regulations minimum requirements. These baskets of care typically include three elements, namely a diagnostic element for the diagnosis of the condition, a treatment element in respect of the healthcare professionals, and a treatment element in respect of medicines and other surgical devices that may be needed.

- b. A member asked whether the Trustee rates market related to other medical schemes, especially during these tight economic times.

Adv John Butler commented that it is important to make sure that the remuneration paid to Trustees is fair. The way that the formula works is that a survey is conducted for non-executive directors, and the Trustees take independent advice on that figure, which is discounted by 30% to derive the Scheme's figure. Specific matches to every other medical scheme are not done as the formula produces the fairest outcome.

- c. Charley Cain asked whether the quarterly payments in arrears are included in the template calculations.

Mr King commented that quarterly payments are included in the template calculation, which includes the full build up and full annual fee, which is then further resolved into a 70% component and a 30% component. The 70% part is paid quarterly in arrears, and the 30% is paid monthly after the relevant meetings have taken place.

- d. Judith Cornell asked why Discovery Health Medical Scheme pays such very high fees to Trustees, as the proposed Trustee fee for 2021 amounts to over R30 000 a day, even taking account of the amount of unpaid time for training.

Adv John Butler commented that the proposed fee for a Trustee to serve on the Board of Trustees of DHMS is based on research done by an external company and what the market pays non-executives, which in this case is discounted by 30%. As to whether that is taken holistically, a sensible amount to pay a Trustee, bearing in mind you want to attract appropriately skilled Trustees, the rates are considered fair.

- e. Paul Johl asked whether it is not concerning that the Chairman is allocated 20 hours of preparation, but a Committee member is only allocated 8 hours.

Dr Suzette Brynard commented that the Chairperson has more preparation to do than Committee members as he oversees all the issues to be considered before, during and after the meetings. Effort cannot be equal between the Trustees and the Chairperson.

Based on the information provided, Mr King proposed that the remuneration for Trustees be approved for the 2020 and 2021 financial years respectively. Mr King also proposed that Scheme Members express their views on the Scheme's Remuneration Policy for Trustees, as recommended by the Remuneration Committee and approved by the Board. The Trustee Remuneration Policy will be put to the meeting for a non-binding advisory vote and voting was carried out through the polling function on the virtual platform.

5.2 Appointment of the Auditors

The Chairperson proposed that PricewaterhouseCoopers be re-appointed as auditors for the 2021 financial year on recommendation by the Audit Committee and as approved by the Board.

6. Motions

The Chairperson reported that the Principal Officer has not received any valid motions, so no motions will be put to this meeting.

7. General

The Chairperson requested Members to raise further questions, if any. No further questions were raised.

8. Voting and closure of the AGM

The Chairperson reminded Members that voting on all five resolutions, including the election of two Trustees will be open until 16:00 on 31 August 2021, after which the polling function will close and no further votes will be accepted.

The Chairperson thanked the Scheme Office, led by Ms Mbewu, Discovery Health, led by Dr Ryan Noach, all members of the Board of Trustees, including NomCo and the IEB. He also thanked the CMS as the Regulator and his fellow Trustees.

The Chairperson thanked Members for their attendance and declared the AGM formally closed.