

2019

DISCOVERY HEALTH MEDICAL SCHEME
FRAMEWORK FOR THE
NOMINATION AND ELECTION
OF TRUSTEES

APRIL 2019

1. Background

Succession planning, in the context of Discovery Health Medical Scheme (“DHMS”) and the Board, relates specifically to ensuring that at all times there are experienced Trustees serving on the Board. The Rules allow for the election and appointment of Trustees in order to ensure the appropriate balance of skills and experience and to facilitate staggered rotation, continuity and succession in the event of expiry of Trustee terms.

The Rules of DHMS provide as follows:

DHMS Rule 17.4 * (Rule 17.2)

At least half of such Trustees must be elected by members from amongst members (Section 57(2) of the Medical Schemes Act - At least 50 per cent of the members of the Board of Trustees shall be elected from amongst members).

DHMS Rule 17.5 * (Rule 17.3)

The balance of the Trustees may be elected by members, or appointed by incumbent Trustees, provided that the Trustees appointed in terms hereof by the incumbent Trustees shall at any given time not exceed three Trustees.

** The Rules referenced are the 2019 Discovery Health Medical Scheme Rules, which are subject to the annual submission and registration process by the Council for Medical Schemes. The corresponding provisions as set out in the registered 2018 Rules have been included in brackets.*

Based on the above Rules and the appointment terms of the current Board of Trustees, DHMS proposes to conduct elections in 2019 to elect three Trustees.

PricewaterhouseCoopers Advisory Services (Pty) Ltd (“PwC”), which has run/dealt with the nominations and election processes for a number of medical schemes, including the 2016 and 2017 DHMS elections, has been identified as the independent third party service provider to assist the Nomination Committee with the nominations process and as the Independent Electoral Body (“IEB”), to assist with the elections process.

This document provides a high level overview of the proposed processes to be followed by DHMS for the 2019 Trustee elections. The following processes, relating to the 2019 Trustee election and AGM, will be outsourced to PwC:

- The Trustee nominations and vetting processes;
- The proxy appointment process; and
- The election process on the day of the AGM.

2. 2019 Nomination and Election of Trustees

It is envisaged that in 2019 no material changes to the 2017 nomination and electoral processes will be required.

3. Details of the Current Process

3.1 Nomination Committee

The Nomination Committee (“NomCo”) is constituted:

- When a Trustee is to be appointed to the Board; or
- In the event of Trustee elections.

The NomCo comprises of three independent members, who are independent of the Board and Board Committees.

The NomCo will oversee the nomination process from a governance perspective and will have the authority to challenge the independent third party service provider on the final list of candidates. Nominees’ eligibility will be decided upon by the NomCo, in terms of the Medical Schemes Act 131 of 1998, read with the Scheme Rules. The NomCo will also present the final candidate list to the Board.

3.2 Establishment of a Steering Committee

A Steering Committee (“SteerCo”) will assist in managing the procedural aspects of the nomination process, i.e. the drafting and dispatch of all communication material to members, etc. The SteerCo will consist of representatives from the independent third party service provider. Representatives from the Scheme Office and all other relevant parties may also be invited to attend meetings as the need arises.

3.3 Design of the forms by the independent third party service provider and DHMS’ involvement

The independent third party service provider will design the necessary correspondence, including the content of the nomination form.

DHMS will be responsible for the branding of the nomination form prior to circulation to all members. In this regard, the independent third party service provider will be responsible for ensuring that a sufficient number of nomination forms are printed and posted to members (members who do not have email addresses) or emailed to those members whose chosen communication method is email.

In order to achieve this, however, the independent third party service provider will rely on DHMS and Discovery Health (Pty) Ltd (“DH”) for the provision of member information, limited to the member information required to ensure circulation of nomination correspondence in a timely manner. The exchange of information will be governed in terms of a separate data governance framework to ensure compliance with confidentiality provisions and the provisions of the Protection of Personal Information Act in this exchange of data.

The nomination forms can also be accessed on the DHMS webpage, or requested from the independent third party service provider and must be returned to the independent third party service provider only.

The duly completed nomination form, together with the required documentation as stipulated on the rules for completion of the nomination form, is required to reach the independent third party service provider by no later than 12:00 (midday) on Friday, 08 February 2019. Nomination forms received after this date and time will not be considered.

The nomination form, together with the required documents should be submitted to the independent third party service provider either by:

- o Fax at **012 749 8150**;
- o Email (in PDF format) to **DHMSelection2019@za.pwc.com**; or
- o Physically delivered, in an envelope clearly marked **DHMS 2019 Trustee Elections, for the attention of Ms Boitumelo Lekoko - Director: Forensic Services**, to any of the following PwC offices:
 - PwC Bloemfontein, 61 Second Avenue, Westdene, Bloemfontein
 - PwC Cape Town, 5 Silo Square, V&A Waterfront, Cape Town
 - PwC Durban, 34 Richefond Circle, Ridgeside Office Park, Umhlanga Ridge, Durban
 - PwC East London, Acacia House, Palm Square Business Park, Bonza Bay Road, Beacon Bay, East London PwC eMalahleni (Witbank), Ground Floor WCMAS Building, corner of OR Tambo and Susanna Streets, eMalahleni
 - PwC Gauteng, 4 Lisbon Lane, Waterfall City, Jukskei View
 - PwC Kimberley, Roylglen Office Park, PwC Building, corner of Welgevonden Avenue and Memorial Road, Kimberley
 - PwC Lichtenburg, Marnel Building, corner of Stoltz and Bantjies Streets, Lichtenburg
 - PwC Mahikeng, 32 Jones Close, Leopard Park, Mmabatho, Mahikeng
 - PwC Middelburg, 11 Dolerite Crescent, Suite D, Middelburg
 - PwC Nelspruit, Block 5, Riverside Office Park, Aqua Street Nelspruit, Mbombela
 - PwC Pietermaritzburg, Block C, 21 Cascades Crescent, Cascades, Pietermaritzburg
 - PwC Port Elizabeth, PwC Building, Ascot Office Park, 1 Ascot Road, Port Elizabeth
 - PwC Robertson, 3 Church Street, Robertson
 - PwC Secunda, Kiewiet Office Park, Block A, corner of Kiewiet and Walter Sisulu Streets, Secunda
 - PwC Stellenbosch, Capital Place, 15-21 Neutron Avenue, Technopark, Stellenbosch
 - PwC Welkom, Nedbank Building, 2nd Floor, Suite 204, 10 Ryk Street, Welkom or
 - PwC Worcester, corner of Mountain Mill and Eastlake Roads, Worcester

The abovementioned PwC offices will only be open between 08:00 and 16:30, Mondays to Fridays, excluding Saturdays, Sundays and public holidays.

All nominations must be submitted using the prescribed nomination form and all requirements contained in the form must be fulfilled. Failure to complete the nomination form as prescribed may result in disqualification. Because the Scheme has appointed PwC as its independent third party service provider, all nomination forms must be delivered directly to PwC only either by hand, email, or by fax, as indicated in the rules for completion of the nomination form.

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.

All queries that relate to the nomination and electoral processes must be directed to PwC only, at telephone number **012 429 0150** or email: **DHMSelection2019@za.pwc.com**. PwC will be the only party that will respond to any queries related to the nomination and electoral processes.

3.4 Vetting criteria and process

3.4.1 The independent third party service provider is responsible for the vetting of nominees

Subsequent to the close of the call for nominations at 12:00 (midday) on Friday, 08 February 2019, the independent third party service provider will undertake a vetting process to ensure that the candidates to stand for election or be appointed to the Board, where relevant, are fit and proper. During the vetting process, each nominee will be subject to strict vetting criteria.

The vetting criteria will be based on the provisions contained in the Medical Schemes Act and Scheme Rules. Further to the Rules, additional criteria to be used in respect of the vetting process include:

- Credit checks;
- Criminal checks;
- ID number verification;
- Qualification verification;
- Assessment of information held by the Council for Medical Schemes; and
- Tax clearance check.

Any criteria in addition to the above will be discussed and agreed to.

3.4.2 Nominee to be notified prior to disqualification

Prior to the disqualification of any nominee, the independent third party service provider will consult with and provide the nominee with an opportunity to supply any information as it relates to his/her disqualification.

3.4.3 Draft candidate list to the NomCo and final candidate list to Board

A draft candidate list will be presented to the NomCo for review and discussion. The NomCo has the authority to challenge the list with the independent third party service provider. Nominees' eligibility will be decided upon by the NomCo, in terms of the Medical Schemes Act 131 of 1998, read with the Scheme Rules. Thereafter a final candidate list will be compiled and presented to the Board by the NomCo and independent third party service provider.

The NomCo shall oversee the nomination process implemented by the independent third party service provider, and their tabulation of eligibility of nominees assessed in terms of the eligibility criteria as contained in Sections 17.6 * (17.4), 17.3 * (17.6) and 18 of the Scheme Rules as it relates to the election of Trustees, and present the outcome thereof to the Board.

** The Rules referenced are the 2019 Discovery Health Medical Scheme Rules, which are subject to the annual submission and registration process by the Council for Medical Schemes. The corresponding provisions as set out in the registered 2018 Rules have been included in brackets.*

3.4.4 Candidate introduction process

After the vetting process and the finalisation of the candidate list, a candidate introduction process will be undertaken by the independent third party service provider.

The aim of the introduction process is to inform candidates of the roles and responsibilities of a Trustee, in order for them to fully appreciate and understand what will be expected of them, should they be elected into office.

The content of this introduction process includes, but is not limited to:

- Introduction to DHMS;
- Fiduciary responsibilities;
- Regulatory and legislative requirements;
- Time commitments;
- Remuneration; and
- Examples of where Boards have failed and why.

3.5 Proxy appointment form

The independent third party service provider will design the necessary correspondence, including the content of the proxy appointment form.

DHMS will be responsible for the branding of the proxy appointment form.

The independent third party service provider will ensure that the proxy appointment forms include relevant built-in security features and unique identification numbers in order to ensure adequate controls and to limit the risk of manipulation of the proxy appointment process.

3.5.1 Proxy appointment process

Availability of proxy appointment forms

The proxy appointment form will only be available on request from PwC only at telephone number **012 429 0150** or email: **DHMSelection2019@za.pwc.com**. PwC will be responsible for ensuring that the proxy appointment forms are emailed/faxed to those members who have requested forms.

Proxy appointment forms may also be collected from any of the following PwC offices:

- PwC Bloemfontein, 61 Second Avenue, Westdene, Bloemfontein
- PwC Cape Town, 5 Silo Square, V&A Waterfront, Cape Town
- PwC Durban, 34 Richefond Circle, Ridgeside Office Park, Umhlanga Ridge, Durban
- PwC East London, Acacia House, Palm Square Business Park, Bonza Bay Road, Beacon Bay, East London
- PwC eMalahleni (Witbank), Second Floor WCMAS Building, corner of OR Tambo and Susanna Streets, eMalahleni
- PwC Gauteng, 4 Lisbon Lane, Waterfall City, Jukskei View
- PwC Kimberley, Royleglen Office Park, PwC Building, corner of Welgevonden Avenue and Memorial Road, Kimberley
- PwC Mahikeng, 32 Jones Close, Leopard Park, Mmabatho, Mahikeng
- PwC Nelspruit, Block 5, Riverside Office Park, Aqua Street Nelspruit, Mbombela
- PwC Pietermaritzburg, Block C, 21 Cascades Crescent, Cascades, Pietermaritzburg
- PwC Port Elizabeth, PwC Building, Ascot Office Park, 1 Ascot Road, Port Elizabeth
- PwC Robertson, 3 Church Street, Robertson
- PwC Stellenbosch, Capital Place, 15-21 Neutron Avenue, Technopark, Stellenbosch or
- PwC Worcester, corner of Mountain Mill and Eastlake Roads, Worcester

The abovementioned PwC offices will only be open between 08:00 and 16:30, Mondays to Fridays, excluding Saturdays, Sundays and public holidays.

Proxy appointment forms have to be completed and submitted to PwC only. However, it should be noted, that no bulk requests from members will be entertained.

Proxy collection/drop-off sites

PwC will establish proxy appointment form collection/drop-off sites across the country. These offices will be in the following areas:

- PwC Bloemfontein, 61 Second Avenue, Westdene, Bloemfontein
- PwC Cape Town, 5 Silo Square, V&A Waterfront, Cape Town
- PwC Durban, 34 Richefond Circle, Ridgeside Office Park, Umhlanga Ridge, Durban
- PwC East London, Acacia House, Palm Square Business Park, Bonza Bay Road, Beacon Bay, East London
- PwC eMalahleni (Witbank), Second Floor WCMAS Building, corner of OR Tambo and Susanna Streets, eMalahleni
- PwC Gauteng, 4 Lisbon Lane, Waterfall City, Jukskei View
- PwC Kimberley, Royleglen Office Park, PwC Building, corner of Welgevonden Avenue and Memorial Road, Kimberley
- PwC Mahikeng, 32 Jones Close, Leopard Park, Mmabatho, Mahikeng
- PwC Nelspruit, Block 5, Riverside Office Park, Aqua Street Nelspruit, Mbombela
- PwC Pietermaritzburg, Block C, 21 Cascades Crescent, Cascades, Pietermaritzburg
- PwC Port Elizabeth, PwC Building, Ascot Office Park, 1 Ascot Road, Port Elizabeth
- PwC Robertson, 3 Church Street, Robertson
- PwC Stellenbosch, Capital Place, 15-21 Neutron Avenue, Technopark, Stellenbosch or
- PwC Worcester, corner of Mountain Mill and Eastlake Roads, Worcester

A dedicated fax line and email address (where proxy forms have been requested via email or where a request is made to send in a completed proxy form via e-mail) in order to receive and collate all original proxy appointment forms, have been established:

- Fax at 012 749 8150;
- Email (in PDF format) to DHMSselection2019@za.pwc.com.

Proxy vetting process

The independent third party service provider will vet all proxy appointment forms received and will address the following in relation to the appointer and appointee:

- Whether the appointer and appointee are both registered Principal Members of DHMS; and
- Whether the membership contributions of both the appointer and appointee are paid up to date.

All proxy vetting is to be completed prior to the AGM

The appointment of proxies shall close seven days prior to the AGM and all proxy appointment forms will be vetted within the said seven-day period. In order to achieve this, the independent third party service provider will rely on DHMS and DH for the provision of member information, limited to the member information required to verify proxy appointment forms. The exchange of information will be governed in terms of a separate data governance framework to ensure compliance with confidentiality provisions and the provisions of the Protection of Personal Information Act in this exchange of data.

3.6 Trustee election

The Trustee election will take place at the AGM, which will be held on 20 June 2019.

3.6.1 Ballot papers

Prior to the AGM, the IEB will design the layout of the ballot papers, including relevant built-in security features and unique identification numbers to minimise the risks associated with tampering or manipulation of the ballot papers.

3.6.2 Process at the AGM

The IEB will work with the Scheme Office to secure the venue for the AGM, including implementing all information technology requirements for voter registration and voting on the day, setting up for voter registration, that voting stations and safekeeping of ballots are in place, as well as any other requirements as may be necessary to ensure a successful meeting and election process.

During the course of the AGM, the IEB will:

- Verify that members in attendance are eligible to vote;
- Ensure that all ballot papers are secured to ensure that they are not tampered with or manipulated prior to the election process;
- Provide an appropriate number of electoral officers to assist with the electoral process;
- Monitor the completion of the ballot papers by the members in attendance to ensure that there is no undue influence on members when casting their votes; and
- Seal the ballot boxes at the conclusion of the electoral procedure.

3.7 Post-election results and reporting

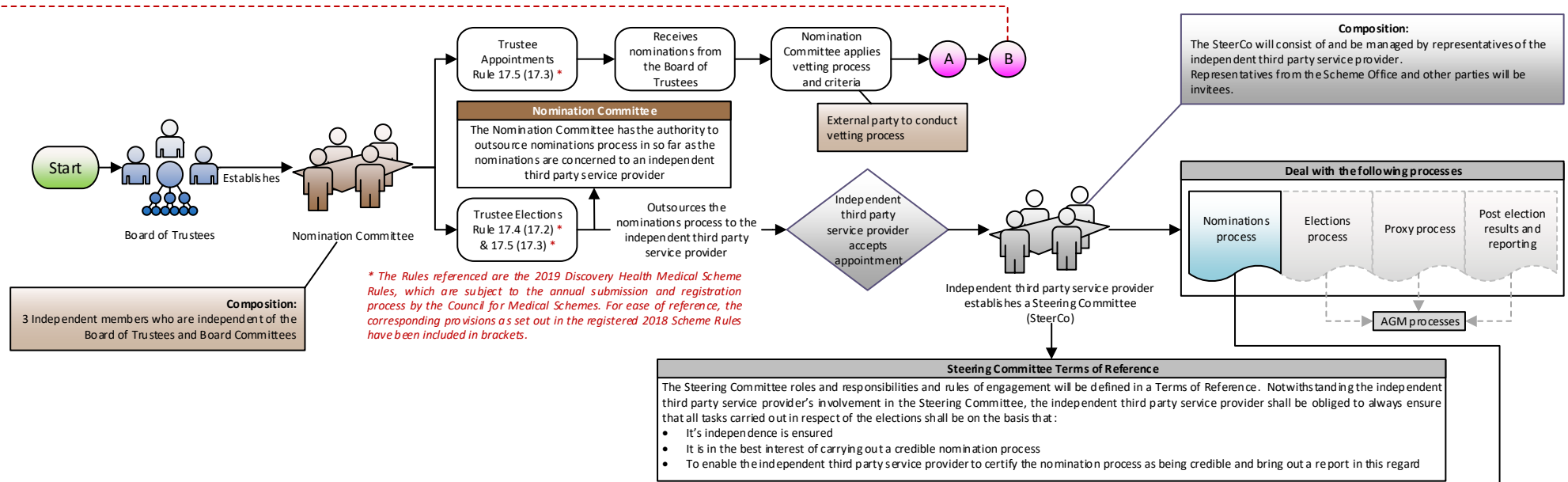
After the election process on the day, the IEB will:

- Review all completed ballot papers in order to remove any spoilt ballot papers – this includes ballot papers that have more than the maximum number of votes indicated and any blank ballot papers;
- Count all valid ballot papers;
- Compile the election results;
- Report on the compliance to the Scheme Rules of the elections as well as any deviation and/or transgression of the process;
- Make available to the Scheme the names of the successful candidates;
- Communicate with each candidate whether they were successful or not; and
- Make available individual results to the candidate upon request.

The IEB shall be obliged to produce a close-out report to the Board of Trustees in which the processes followed during the election shall be set out in full detail. The report shall also certify that the elections were conducted in compliance with the Scheme Rules.

2019 Election Process – Managed by PwC

Function



Function

