

# DE BEERS BENEFIT SOCIETY

## BOARD COMMITTEE TERMS OF REFERENCE

### BENEFITS REVIEW BOARD COMMITTEE

Revision no	Review cycle	Effective date
014	At least every two years	25 September 2024



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<b>Organisation</b>	De Beers Benefit Society (the Society)				
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## TABLE OF CONTENTS

1.	INTRODUCTION.....	3
2.	THE OBJECTIVES, RESPONSIBILITIES AND AUTHORITIES OF THE COMMITTEE .....	3
3.	MEMBERSHIP AND QUORUM .....	5
4.	SKILLS, EXPERIENCE AND TRAINING .....	6
5.	MEETINGS AND PROCEEDINGS .....	6
6.	ATTENDANCE AT MEETINGS .....	6
7.	ANCILLARY POWERS .....	7
8.	CONFIDENTIALITY AND CONFLICTS OF INTEREST .....	7
9.	TREATING MEMBERS FAIRLY .....	7
10.	PERFORMANCE EVALUATION .....	7
11.	REPORTING.....	7
12.	AUTHORISATION AND APPROVAL .....	8
	REVISION HISTORY .....	9

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## 1. INTRODUCTION

The Board of Trustees (Board) of the De Beers Benefit Society (the Society) has established a Benefits Review Board Committee (the Committee) to:

- annually review and recommend medical benefits to be provided to the Society's beneficiaries;
- recommend the monthly contributions payable by eligible beneficiaries, taking guidance from the Society's agreed reserve management strategy and lead sustainability indicators, as well as the Medical Insurance Risk Management Policy; and
- determine the contribution and benefit increases for the ensuing benefit year.

The process followed to arrive at the recommendations to the Board with regard to the above includes a review of the trends in the costs of medical benefits paid for the current and previous years against contributions received, the Society's funding levels, including but not limited to the assumed net investment income earned on its reserves, its operating costs, its operational and overall strategy, its lead sustainability indicators and related industry developments. The Committee will also review and propose interim contribution increases, benefit changes and any other actions to the Board for approval as may be required.

## 2. THE OBJECTIVES, RESPONSIBILITIES AND AUTHORITIES OF THE COMMITTEE

The primary objective of the Committee is to review and recommend to the Board the medical benefits to be provided to beneficiaries and the contributions payable. The responsibilities and authorities delegated by the Board to the Committee are as follows:

### Consulting Firm and Society Actuary

- 2.1 To recommend to the Board the appointment/termination of an appropriate actuarial and benefit consulting firm, unless the Committee is expressly mandated to make the appointment/termination;
- 2.2 To recommend to the Board the appointment/termination of a specific individual as the Society Actuary;
- 2.3 To ensure that an agreement with the actuarial and benefit consulting firm is implemented and maintained in terms of industry best practice;
- 2.4 To oversee the relationship between the Society and the consulting firm, and obtain assurance from Society Management that the agreed service levels are maintained and regularly monitored;
- 2.5 To ensure that the Committee has sufficient oversight of the due diligence reviews and/or performance evaluation(s) conducted on the actuarial and benefit consulting firm, by utilising a suitable questionnaire for this purpose, and advise the Board of any areas of concern that may be identified through these reviews; and
- 2.6 To ensure that the appropriate actuarial advice in discharging the Committee's duties, as outlined in this document and where relevant, is obtained.

### Review of Benefits Provided, Contribution Levels and Sustainability

- 2.7 To ensure that the actuaries provide a forward-looking medium-term (at minimum three years) review of the Society's sustainability and value for money proposition in terms of the benefits provided and the contribution levels. This review is to be done prior to the modelling of the benefit and contribution increases for the ensuing year;
- 2.8 To review key factors impacting on contributions and benefits such as projected Consumer Price Inflation (CPI), industry cost trends, changes in the Society's demographic profile, exchange rate impact, investment return assumption (as recommended by the Investment Board Committee on advice from the Society's asset consultants) administration expenditure, current risk transfer arrangements and commercial reinsurance

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contracts, legislative changes and the latest Council for Medical Schemes (CMS) guidelines with regard to contribution increase and benefit changes;

- 2.9 To review year to date and projected claims experience, including underwriting gains or losses, as well as current reserve levels against an agreed strategy that determines the desired reserve levels;
- 2.10 To determine and review the Society's reserve management strategy, and present proposed amendments to the Board for consideration;
- 2.11 To consider the effectiveness and efficiency of the use of pricing guidelines such as but not limited to medicine formularies, Mediscor Reference Pricing (MRP) and Formulary Reference Pricing (FRP Plus) and Disease Risk Management (DRM) Programmes for the treatment of chronic conditions and to formulate recommendations to the Board in this regard, as required;
- 2.12 To review the current benefits reflected in Annexure B to the Rules, to assess these against the background of the above considerations and the Society's reserve management strategy, to benchmark these benefits against industry best practice, and to propose changes to the benefit structure to the Board from time-to-time;
- 2.13 To ensure compliance with the Prescribed Minimum Benefit (PMB) regulations in relation to the benefit structure proposed;
- 2.14 To review and advise the Board as and when appropriate on any benefit related issues that may arise from time to time, such as the use of advanced medical technological interventions or new treatment modalities;
- 2.15 To consider and advise the Board on the impact of any benefit changes made and of the impact of the key factors listed in item 2.8 above on the required contribution levels and to make a recommendation to the Board on the proposed annual benefit and contribution increases for the ensuing year;
- 2.16 To mandate the Chairperson of the Committee and Principal Officer to engage the Principal Employer regarding any proposed contribution increase prior to making a recommendation to the Board and, when appropriate, the Society's sustainability;
- 2.17 To review the need for a supplementary (interim) contribution increase, if required, and to formulate proposals to the Board in this regard; and
- 2.18 To recommend any rule amendments arising from the above to the Board for approval.

## **Relevant Healthcare Service Provider Arrangements**

- 2.19 To consider the effectiveness and efficiency of the prevailing risk transfer arrangements and commercial reinsurance contracts entered into by the Society and to recommend to the Board whether or not the Society should enhance, enter into or terminate any risk transfer arrangements or commercial re-insurance contracts;
- 2.20 To consider the effectiveness and efficiency of the prevailing managed healthcare, medical consulting and other healthcare services' arrangements entered into by the Society and to recommend to the Board whether or not the Society should enhance, enter into or terminate any of these arrangements; and
- 2.21 To consider new and review existing Designated Service Providers (DSPs) and Preferred Provider Networks arrangements, ensuring that:
  - A transparent and fair selection/review process is followed;
  - Fair and appropriate contractual arrangements between the Society and the relevant service providers are in place;
  - Dispute resolution processes, in terms of disputes between the contracting parties and/or Society beneficiaries, are in place; and
  - The agreed pricing structure is fair and transparent.

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## Society Policies and Risk Management

2.22 With regard to the Society's Medical Insurance Risk Management Policy:

- To regularly review the policy;
- To consider recommendations made by the Society Actuary and Society Management regarding any proposed amendments to the policy and present such proposed amendments to the Board for consideration; and
- To ensure that the policy is approved in terms of the Society's Signing Authorities and Approval Framework Policy; and

2.23 To identify and evaluate the risks associated with this Committee and to recommend appropriate mitigation measures to the Board as part of the annual review in the form of a Committee specific risk log.

## Other Governance Matters

2.24 To review and assess the adequacy of the Committee's Terms of Reference and to request Board approval for proposed changes;

2.25 To take account of the principles of Treating Customers Fairly (TCF – hereinafter referred to as Treating Members Fairly (TMF)) (see item 9 below) and to carefully consider the application of TMF principles in the execution of its mandate; and

2.26 To ensure that the Board remains appropriately informed of the activities of the Committee, including decisions taken and matters concerning the Committee, by briefing the Board at its meetings as required and on ad-hoc basis when deemed appropriate.

## 3. MEMBERSHIP AND QUORUM

3.1 The members of the Committee shall be appointed by resolution of the Board from amongst the Trustees or other persons and shall consist of at least three members. The Chairperson of the Board shall be the Chairperson of the Committee.

3.2 If a vacancy occurs that reduces the number of Committee members to fewer than the minimum as stipulated in item 3.1 above, the vacancy must be filled by the Board within 30 business days after the vacancy arises.

3.3 In the absence of the appointed Chairperson of the Committee, the members present at the meeting of the Committee are required to elect from amongst themselves, under the supervision of the Principal Officer of the Society, an individual to chair the relevant meeting. If the Chairperson is unable to attend the meeting, and if possible, he or she should propose a suitable Committee member to chair the meeting and thereafter advise the other Committee members accordingly, where practical. The formal election process referred to above, will however still be required.

3.4 The appointment of alternates or proxies to act for or on behalf of the Committee members is not permitted.

3.5 The Principal Officer of the Society as well as other Society employees and the Society Actuary, as deemed appropriate by the Committee, shall be invited, ex officio, to attend and to make contributions at all meetings of the Committee but shall not be considered members of the Committee and shall have no voting rights.

3.6 A Committee Secretary shall be appointed by the Committee but shall not be a member of the Committee and shall have no voting rights. The Principal Officer may nominate an alternate in the event of the absence of the appointed Committee Secretary.

3.7 The quorum for the transaction of business by the Committee shall be fifty percent (or, if a fraction arises in the calculation of this number, then it shall be rounded up to the next whole number) of the appointed members of the Committee.

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3.8 Committee members are appointed by the Board and their tenure is at the sole discretion of the Board. In addition, the Board will review the composition of the Committee on an annual basis.

## 4. SKILLS, EXPERIENCE AND TRAINING

4.1 The Committee requires the Principal Officer to make available to new members of the Committee a suitable induction process which will cover:

4.1.1 the role of the Committee, including its Terms of Reference;

4.1.2 an overview of the medical scheme industry and in particular the Society's business, identifying the main business, financial dynamics and risks; and

4.1.3 an understanding of the Society's Rules/Rulings and the Medical Schemes Act No 131 of 1998.

4.2 Training shall also be provided to existing members of the Committee on an on-going basis as agreed to by the Board.

## 5. MEETINGS AND PROCEEDINGS

5.1 Meetings of the Committee shall be held at least annually. Meetings may also be convened by the Chairperson of the Committee or at the instance of the Board when such further meetings are considered necessary.

5.2 Meetings shall be conducted in the same manner as meetings of the full Board and the applicable board governance policies, for example the Board Charter, Trustee and Principal Officer Code of Conduct, Statement of Corporate Governance and the Conflict of Interest, Trustee Remuneration and Travel Policies, will apply.

5.3 Written resolutions circulated on a round robin basis shall be considered by the Committee in the same manner as resolutions presented at a meeting of the Committee and the applicable board governance policies, for example the Board Charter, Trustee and Principal Officer Code of Conduct, Statement of Corporate Governance and the Conflict of Interest Policy, will apply.

5.4 The Chairperson of the Committee shall report on the proceedings of and recommendations and decisions made by the Committee at the next meeting of the Board immediately following a meeting of the Committee. As soon as they are available, the approved minutes of such meetings shall also be published on the confidential Trustee website.

## 6. ATTENDANCE AT MEETINGS

6.1 The Committee shall be entitled to invite any party, in addition to those referred to herein, to attend and be heard at meetings of the Committee. Such party shall have no vote.

6.2 Trustees who are not Committee members shall also have the right of attendance with no voting rights. Such attendance shall take place at their own expense unless they are specifically delegated by the Board to attend any specific meeting.

6.3 Eligible Committee members, as well as eligible Trustees who are not Committee members or non-Trustee members of other Board Committees who are specifically delegated by the Board to attend a meeting, will be remunerated in terms of the Society's Trustee Remuneration and Travel Policies, where applicable.

6.4 The Chairperson of the Committee shall have the sole right to exclude any party from a meeting or from any item on the agenda, should any conflicts of interest be declared or become evident in his/her opinion or for any other reason.

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## 7. ANCILLARY POWERS

- 7.1 The Committee is authorised by the Board to investigate any matter which it, in its sole discretion, considers as falling within the powers delegated to it. The Committee is authorised to seek any information it requires from any Society employee or applicable service provider and such employees or service providers shall comply with any reasonable request made by the Committee.
- 7.2 In terms of corporate governance best practice the Committee is authorised by the Board in its discretion but with due regard to budgetary constraints to:
- 7.2.1 consult with independent specialists or consultants to obtain professional advice;
  - 7.2.2 invite parties with relevant skills and experience to attend meetings on an ad-hoc basis; and
  - 7.2.3 obtain the resources reasonably required for the effective discharge of its responsibilities.

## 8. CONFIDENTIALITY AND CONFLICTS OF INTEREST

- 8.1 The members of the Committee and attendees at its meetings are required to exercise the Committee's mandate with confidentiality, to treat all documents and information they receive and produce as confidential, and not to discuss any aspect of the Committee's work with anyone outside the Board, other than with relevant members of the Society staff and with the professionals it engages to assist with the performance of its functions.
- 8.2 Committee members are required to avoid conflicts of interest, where possible, and to inform the Committee and the Board of areas of conflict or potential areas of conflict timeously. All members of the Committee must complete annual declaration of interest forms or when new areas of conflict have arisen since the last declaration.

## 9. TREATING MEMBERS FAIRLY

In recognition of the TMF principles referred to in item 2.25 above, the fair treatment of members is central to the Society's culture. In exercising its mandate granted to the Committee by the Board, to the extent possible, the Committee shall ensure that decisions taken and recommendations made reflect the Board's commitment to Treating Members Fairly and meet or exceed the desirable "fairness outcomes" in this regard.

## 10. PERFORMANCE EVALUATION

The Committee's performance will be evaluated by the Board and Board Committee members as part of the Board and Board Committee's self-assessment process and progress on the implementation of any actions arising from these evaluations must be reported to the Board.

## 11. REPORTING

The following matters shall be reported on in the Society's Annual Financial Statements and/or in such other reports as may be deemed appropriate by the Board, in terms of the King IV reporting requirements:

- 11.1 The Committee's overall role and associated responsibilities;
- 11.2 The composition of the Committee, including each member's age, qualifications and experience;
- 11.3 Details of external advisors or invitees who regularly attend the Committee meetings;
- 11.4 Key areas of focus during the reporting period;
- 11.5 The number of meetings held during the reporting period and attendance at those meetings; and

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11.6 Whether the Committee is satisfied that it has fulfilled its responsibilities in accordance with its Terms of Reference for the reporting period.

## 12. AUTHORISATION AND APPROVAL

Approved by the Board of Trustees.



CW Coltman  
Chairperson of the Society



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## REVISION HISTORY

Revision no	Description	Date reviewed	Date approved	Minute No.
001	New document	-	21 September 2011	38.11.8
002	Annual review	October 2012	6 December 2012	61.12
003	Annual review	March 2013	20 March 2013	7.13
004	Annual review	November 2013	5 December 2013	58.13
005	Annual review	November 2014	4 December 2014	69.14
006	Annual review	November 2015	3 December 2015	57.15
007	Annual review	November 2016	8 December 2016	56.16
008	Annual review	November 2017	7 December 2017	59.17
009	Annual review	October 2018	6 December 2018	68.18
010	Annual review	October 2019	5 December 2019	68.19
011	Annual review	November 2020	3 December 2020	60.20
012	Clarifying the requirement when a vacancy must be filled within 30 business days.	6 April 2022	7 April 2022	8.22.1.1
013	Biennial review and alignment of terminology with other Society governance and policy documents.	30 August 2022	28 September 2022	33.22.1.1
014	Biennial Review	4 September 2024	25 September 2024	35.24.1.1