

DE BEERS BENEFIT SOCIETY

**MINUTES OF THE ONE HUNDRED AND THIRTY THIRD (133rd)
ANNUAL GENERAL MEETING OF MEMBERS
HELD ON 18 MAY 2022 AT 12H00 AS A VIRTUAL MEETING
ON THE GOTOWEBINAR PLATFORM**

PRESENT:

Mr. C Coltman (Chairperson)

Thirty-Four (34) members present via GoToWebinar virtual platform

Twenty-Six (26) members represented by the Chairperson via proxy

BY INVITATION:

Mr. Kwena Mokoatedi from the Council for Medical Schemes

IN ATTENDANCE:

Mr. S Mathonzi	Principal Officer
Mr. K Badenhorst	Chief Operating Officer
Mrs. A Le Roux	Society Manager (<i>who acted as Scrutineer of the proxies and voting</i>)
Mr. D Datnow	Secretarial and Communications Manager
Mrs. C Motto Ros	Secretarial and Communications Assistant

APOLOGIES:

Mr. Roger Ketley

Mr. Dinesh Bhana

Mr. Gavin Beevers

Ms. Christine Bond

1. INTRODUCTION

Mr. Datnow explained in detail how the virtual meeting would be conducted, advised the members present how they could participate in the meeting, place questions/comments and vote when called upon to do so.

2. WELCOME, APOLOGIES AND QUORUM

The Chairperson of the Society, Mr. Coltman, welcomed all present to the 133rd Annual General Meeting (AGM) and the third AGM to be held virtually which had been resolved by the Board of Trustees in terms of the Society Rules.

The Chairperson advised the meeting of the apologies as recorded, that he held 26 valid signed proxy forms and as there were 34 registered members present online at the start of the meeting that the necessary quorum existed, and that the meeting was therefore properly constituted in terms of the Society Rules.

The Chairperson further advised the meeting that in terms of Rule 27.3 that voting would be by way of ballot using the screen that would be displayed at the appropriate time, and as no motions had been lodged and placed before the AGM in terms of Rule 26.1.8 that the agenda as distributed would remain unchanged.

3. NOTICE OF MEETING

Following a proposal by the Chairperson that was seconded by Mrs. Moodaley the members **RESOLVED** that the notice convening the meeting be taken as read.

4. MINUTES

It was noted that the minutes of the 132nd Annual General Meeting held on 19 May 2021 had been made available to members.

Following a proposal by the Chairperson that was seconded by Mr. Wiese the members **RESOLVED** to:

- confirm and approve the minutes as tabled as a true and accurate reflection of what transpired at the meeting; and
- that the Chairperson sign the minutes.

5. ACCOUNTS, REPORTS AND CONFIRMATION OF TRUSTEE ACTIONS

It was noted that the Financial Statements, the Board of Trustees' Report and the Auditors' Report for the year ended 31 December 2021 had been made available to members.

Following a proposal by the Chairperson, that was seconded by Mrs. Cader, the members **RESOLVED** that the Financial Statements, the Board of Trustees' Report and the Auditor's Report for the year ended 31 December 2021, as tabled be taken as read.

5.1 Chairperson's Report

The Chairperson delivered an overview of the Society's activities during 2021 and its financial position as at the end of 31 December 2021, focusing on the following:

At a Glance

The Chairperson expressed that:

- we certainly were living in unusual times as the members participated in this, the third AGM of the Society in the 133rd year of its existence;
- reflecting on 2021 evoked mixed feelings, and although he was saddened by the ongoing impact of the Covid-19 pandemic, he was heartened by the role that the Society could again play in helping its beneficiary in managing their health;
- the one thing that he was certain of amid this pandemic was that the Society would do whatever it reasonably could to make the working environment safe for its staff and to continue to serve its beneficiaries as the Society had done in the past; and
- the Russian invasion of Ukraine had also created further uncertainty around the world. While expressing his sorrow for the humanitarian impact and loss of human life, he was pleased to report that the Society (at this stage) would in all likelihood be insulated against the potential financial impact this conflict might have, other than some potential short-term volatility in the investment markets, since the Society had no direct or indirect investment holdings in Russia.

Impact of Covid-19

The Chairperson noted that:

- the impact of Covid-19 was evident in the Society's records, with more than a

hundred of its beneficiaries having lost their lives to it by 28 February 2022, and on behalf of the Board and Society Management extended his sincerest condolences to their bereaved families;

- many beneficiaries contracted the disease and utilised their Society benefits to cover treatments related to Covid-19 infections and complications during the year under review;
- the pandemic had an impact on people's emotional and general well-being; and
- the pandemic also had a financial impact on the Society over the past year. Whereas the hard lockdown during most of 2020 resulted in far lower expenditure in relation to elective surgeries and hospital admissions, and even routine medical consultations, the Society experienced a marked increase in claims during 2021 as the vaccine rollouts gained momentum and the restrictions were relaxed. This resulted in increased year-on-year expenditure in many of the healthcare categories. Despite this, the relevant healthcare claims were 14% less than budgeted. As at 28 February 2022 the Society had incurred Covid-19 related healthcare costs of R38.7 million since the start of the pandemic. This amount reflects not only what was spent on beneficiaries who became ill and needed treatment, but also what the Society had covered in terms of vaccines, with almost 3 700 beneficiaries having received at least one dose of the vaccine by 28 February 2022.

Covid-19 Vaccines

On the topic of Covid-19 vaccines the Chairperson noted that:

- vaccination programmes worldwide showed that Covid-19 vaccines had a definite effect in terms of reducing potential fatalities;
- he was heartened by how many beneficiaries (including Society Trustees and staff) have already been vaccinated;
- experts now also recommend the use of booster doses to improve protection against Covid-19 infections and to prevent the resulting potential health complications; and
- in view of the above he would therefore like to encourage any eligible beneficiaries who have not yet gone for their vaccination (including the booster dose) to do so without delay.

Member App

One of the highlights of the year under review had been the launch of the Society's very own Member App:

- with more than 1 240 beneficiaries having downloaded and registered on the Member App to date; and
- the Chairperson encouraged beneficiaries who had not yet downloaded the Member App to do so without delay.

Relevant Healthcare Expenditure (Claims)

In terms of claims the Chairperson highlighted the following key ratios:

- Net claims expressed as a percentage of contributions for the year, increased to 104.1% (2020: 94.1%). This compared very favourably with the industry average as per the Council for Medical Schemes' (the Council's) 2020 Annual Report of

81.4% across all schemes, and contributing to this favourable outcome amongst other things, was that the Society's administration costs were lower than the industry average; and

- of the total net claims incurred in 2021, hospitals comprised 41% (2020: 39%), specialists 28% (2020: 28%), medicines 15% (2020: 17%), general practitioners 4% (2020: 4%), dentists and dental specialists 3% (2020: 3%), and other benefit types 9% (2020: 9%)

Accumulated Funds and Solvency Ratio

The Society's accumulated funds had increased to R629.5 million (2020: R605.8 million) and its solvency ratio to 187.1% (2020: 182.1%) as at 31 December 2021.

The Chairperson confirmed that the Board was cognisant of the fact that the Society's solvency ratio was substantially higher than the minimum of 25% required by the Medical Schemes Act of South Africa (the Act) and that it was also more than the Society's risk-based capital requirement, as determined by the Society Actuary, which was reassuring, given:

- the current regulatory framework;
- a rapidly evolving South African healthcare environment;
- the ongoing Covid-19 pandemic;
- corporate activity within the De Beers Group (De Beers);
- the increasing average age of beneficiaries of 49.9 years against 49.8 in 2020 and the industry average of 33.4 years; and
- the increasing pensioner ratio of 35.1% and the industry average of 8.9%.

Membership

During 2021 the Society provided benefits to an average of 8 765 (2020: 9 142) beneficiaries. The geographical spread being as follows: Northern Cape (26%), Western Cape (23%), Gauteng (16%) and Limpopo (19%). The remaining beneficiaries are spread across the remainder of South Africa and abroad (16%).

The Society had experienced a further decrease in its membership and dependant ratio during the year under review because of the on-going organisational restructuring within De Beers and member choice in relation to the registration of dependants.

The Society had 4 608 (2020: 4 739) principal members as at 31 December 2021, with a monthly average of 4 660 (2020: 4 823) for the year. The dependant ratio as at 31 December 2021 was 1: 0.87 (2020: 1: 0.89).

Since the membership of the Society was directly affected by any corporate activity within De Beers, the Society continued to monitor any announcements made in this regard and interacted with the principal employer to evaluate the potential impact of such activity on the Society's membership. The Society had received a notification from the Employer on 23 March 2022 advising that employees who were members of the National Union of Mineworkers (NUM) and met certain criteria would be given an opportunity to either move from the Society to Umvuzo Health or back to the Society until 31 May 2022.

Governance and Compliance

The Chairperson emphasized that the Society and the Board remained fully committed to the application of those practices, philosophies and governance outcomes contained in the King IV Code of Corporate Governance (King IV) that were applicable to the Society. The Society's King IV Application Report, which explains:

- How the Society had applied or not applied the principles set out in King IV;
- What actions were still required in terms of applying a specific principle; and
- Where it was impossible to implement a practice or where such implementation was inappropriate;

was available on the Society's website.

Looking to the Future

Lifestyle diseases (chronic conditions such as high blood pressure, cholesterol and diabetes) had become an increasing healthcare burden over the past decades. It was becoming clear that Covid-19 also posed potential long-term health implications. The Society was therefore exploring the introduction of a disease risk management programme, which would aim to identify and support beneficiaries who were at risk of developing chronic conditions, suffering complications because of their existing chronic condition(s) or experiencing an advancement of their existing chronic condition(s). The Chairperson noted that he was hoping to expand on this initiative in his next report.

The Chairperson further noted that the Board of Trustees, in consultation with the Society Actuary, continued to carefully monitor and consider the sustainability of the Society on an on-going basis. This involved regular actuarial modelling, aimed at taking steps to inter alia limit the impact that the changing membership demographic and associated claiming trends may have on the Society's future sustainability. In view of the results of these on-going evaluations the following notable initiatives, aimed at ensuring that the Society remained a viable and sustainable option for the foreseeable future, had been introduced over the years:

- Implementing changes to the Society's investment strategy in order to maximise the investment returns earned on the Society's reserves;
- Network hospitals, pre-authorising hospital admission requests and case managing selected hospitalisation cases;
- Chronic medicine programme managed by Mediscor;
- Designated service provider (DSP) or preferred provider arrangements for the supply of chronic medication (Dischem), oncology treatment (ICON) and optometry benefits (PPN); and
- As mentioned above, the pending implementation of a Disease Risk Management Programme for chronic conditions.

Furthermore, the modelling conducted during the year under review again confirmed that the benefits provided by the Society, contribution levels and administration costs all remain competitive, and were in the majority of cases better than the average open medical schemes in the industry. Based on the current circumstances of the Society, the Board remained of the opinion that the Society offered value for money to its members and continued to remain sustainable as a self-administered restricted scheme.

Communication

The Chairperson reminded the meeting that:

- important information was regularly communicated to members directly by letter and through the Society's publications, such as the Benefit Beat and Member Guide;
- additional electronic communication via the Newsflashes was also used to

communicate information in a quick and efficient manner to members who had an email address, which could also be viewed on the Member App; and

- members with access to the internet of the variety of useful, up-to-date and relevant information that was available on the Society's website (www.dbbs.co.za).

In Conclusion

I Chairperson wished to thank Society Management for their diligence and excellent service delivery during yet another challenging year, as well as his fellow Trustees and non-Trustee Board Committee members for their ongoing support and dedication, and indicated to the meeting that the Board would continue to do its utmost to be there for the members in their time of healthcare need.

The Chairperson invited attendees to ask any questions or to make any comments concerning his overview, the Board of Trustees' Report, the Auditors' Report and the Financial Statements.

No questions or concerns were raised by the members present.

5.2 2021 Financial Statements and Reports

Following a proposal by the Chairperson that was seconded by Mrs. Langenhoven the members **RESOLVED** that:

- the Financial Statements, the Board of Trustees' Report and the Auditors' Report for the year ended 31 December 2021, as tabled, be adopted; and
- all matters undertaken and discharged by the Trustees during the year under review on behalf of the Society, as disclosed in above-mentioned reports, be confirmed and ratified.

6. APPOINTMENT OF AUDITORS

It was noted that:

- in terms of Rule 25.1 the members had to approve the appointment of auditors for the year ending 31 December 2022 (ensuring year); and
- the Board of Trustees on the recommendation of the Audit and Risk Board Committee had recommended that PricewaterhouseCoopers be re-appointed as the Society's auditors for the ensuing year.

Following a proposal by the Chairperson, based on the above recommendation and seconded by Mrs. Chan Yan, the members **RESOLVED** to re-appoint PricewaterhouseCoopers as the Society's auditors for the ensuing year.

7. TRUSTEE REMUNERATION POLICY AND ATTENDANCE FEES

It was noted that the Trustee Remuneration Policy, as recommended by the Board of Trustees for approval, had been made available to members.

It was further noted that:

- in terms of Rule 18.25 the members were empowered to determine the rate at which eligible Trustees and Board Committee members may be remunerated by the Society; and
- the Board of Trustees had recommended that the attendance fee (remuneration)

payable to eligible Trustees and Board Committee members be increased by 7.0% from R5 175 to R5 540 per meeting attended effective from 1 January 2022.

Following a proposal by the Chairperson that was seconded by Mr. Boraine the members **RESOLVED**, on the recommendation of the Board of Trustees:

- to approve the Trustee Remuneration Policy as tabled; and
- that the attendance fee (remuneration) payable to eligible Trustees and Board Committee members, in accordance with Rule 18.25, be increased by 7.0% to R5 540 per meeting attended effective from 1 January 2022.

8. CLOSURE

Since there being no further business to transact, the Chairperson thanked those present for their attendance and declared the meeting closed.

CONFIRMED: _____

CHAIRPERSON: _____

SECRETARY: _____

