

CONFIDENTIAL**DE BEERS BENEFIT SOCIETY****MINUTES OF THE ONE HUNDRED AND THIRTY FOURTH (134th)
ANNUAL GENERAL MEETING OF MEMBERS
HELD ON 13 JULY 2023 AT 12H00 AS A VIRTUAL MEETING
ON THE GOTOWEBINAR PLATFORM****PRESENT:**

Mr. C Coltman (Chairperson)

Thirty-Six (36) members present via GoToWebinar virtual platform

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

BY INVITATION:

Ms. Lezanne Vice - Enslins Auditors (*who acted as Scrutineer of the proxies and voting process*)

IN ATTENDANCE:

Mr. S Mathonzi	Principal Officer
Mr. K Badenhorst	Chief Operating Officer
Mrs. A Le Roux	Society Manager
Mr. D Datnow	Secretarial and Communications Manager
Mrs. C Motto Ros	Secretarial and Communications Assistant

APOLOGIES:

Mrs. Van Jaarsveld

Mrs. Chan Yan

Mrs. Peypers

1. INTRODUCTION

Mr. Datnow explained in detail how the virtual meeting would be conducted, and 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

Mr. Coltman welcomed all members present, the representatives from Society Management and Ms. Lezanne Vice from Enslins Auditors (the Society's internal auditors who would be acting as the independent scrutineer of the voting results of the various motions which will be placed before the meeting) to the 134th Annual General Meeting (AGM) and the fourth to be held virtually.

The Chairperson advised the meeting:

- of the apologies as recorded;
- that the Board of Trustees, in terms of the Society Rules, had resolved at their April 2023 Board meeting that this AGM be held as a virtual meeting over the internet;
- that he had been informed by Enslins Auditors that 26 valid proxy forms had been received from members who were unable to attend the AGM, appointing him as their proxy;

- that there were 36 registered members present online, and as the necessary quorum existed that the meeting was therefore duly constituted in terms of the Society Rules;
- that no valid notices of motion were lodged for this meeting in terms of the Rule 26.1.8; and
- that in terms of Rule 27.3 voting would be by way of ballot using the screen that would be displayed at the appropriate time on attendees' computer screens, smartphones or other mobile devices.

The Chairperson informed the meeting that the Society had received a few questions from members regarding the proposed implementation of National Health Insurance (NHI), which would be dealt with under "General".

3. NOTICE OF MEETING

Following a proposal by the Chairperson, which was seconded by Ms. Joseph, the members **RESOLVED** that the notice convening the meeting be taken as read.

4. MINUTES

It was noted that the minutes of the 133rd Annual General Meeting held on 18 May 2022 had been made available to members.

Following a proposal by the Chairperson, which was seconded by Ms. Middleton, the members **RESOLVED** to:

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

5. REPORTS, ACCOUNTS AND CONFIRMATION OF TRUSTEE ACTIONS

It was noted that the Society's Financial Statements, the Board of Trustees' Report, and the Auditors' Report for the year ended 31 December 2022, including the notice of this meeting, had been made available to members by the Principal Officer in accordance with Rule 26.1.2.

Following a proposal by the Chairperson, which was seconded by Mr. Johnson, the members **RESOLVED** that the Society's Financial Statements, the Board of Trustees' Report and the Auditors' Report for the year ended 31 December 2022, as submitted, be taken as read.

5.1 Chairperson's Report

The Chairperson informed the meeting that:

- Society Management and the Board of Trustees remained committed to delivering on maintaining and improving members' overall health; and
- the purpose of his report was to highlight to members the Society's goals and objectives and confirmed the Society's performance against such during 2022.

The Chairperson delivered an overview of the Society's activities during 2022 and its financial position as at the end of 31 December 2022, focusing on the following:

At a Glance

The Chairperson noted that 2022 saw life returning to some sense of normality, allowing both the Society and members a renewed focus on health.

Disease Risk Management Programme

The Chairperson reported that he was excited to inform members that the Society had successfully introduced a Disease Risk Management (DRM) Programme aimed at identifying and supporting beneficiaries with certain identified chronic conditions.

The Chairperson encouraged members and their dependants who had received a treatment plan from the Society for a chronic condition to make use of this opportunity to improve their health outcomes.

Sustainability of the Society

The Chairperson noted that:

- despite a spike in inflation and healthcare costs, he was pleased to report that for the third consecutive year, the Trustees had approved a 5.9% contribution increase, which was substantially below the average open medical schemes over the same period;
- the impact of the above was that the Society was able to provide members with comprehensive benefits at significantly lower cost than these schemes; and
- the Society's strategy was not to make a profit, but rather to utilise its reserves of approximately R626 million along with various other initiatives (such as the DRM programme) to manage the Society in the best interests of all members, which had enabled the Society to keep the contribution increases below inflation over the last three years while remaining financially sound and sustainable.

Impact of Developments in South Africa

The Chairperson stated that:

- power cuts, as a result of load shedding implemented by Eskom, had severely impacted many businesses across South Africa during 2022. The Society, however, experienced limited disruptions to its operations due to it having a well-maintained on-site generator in place as a backup; and
- the power cuts and South Africa's Grey-listing, combined with rising inflation and interest rates, also did not help and left a mark on the local investment markets. During 2022, the FTSE/JSE All Share Index (ALSI) returned 3.6% and cash returned 5.2%. Fortunately, the Society's investments were largely immunised against this, thanks to its adopted investment strategy and level of reserves. The Society's investment return for 2022 was 7.5%.

Utilisation of Benefits (Claims)

In terms of claims, the Chairperson highlighted that:

- During 2022 the Society continued to experience an increase in the utilisation of routine out-of-hospital healthcare services (such as dentistry and specialist visits), as well as elective surgeries that resulted in an increase in hospital admissions, as the claiming patterns across the healthcare industry returned to some sort of 'normality' (commonly referred to as pre-Covid-19 levels). As a result of this:
 - the total claims incurred during 2022 were generally higher than in 2021; and
 - the Society's total claims incurred for 2022, expressed as a percentage of contributions, increased to 112.5% compared to 104.1% in 2021. This compared very favourably with the industry average as calculated by the Council for Medical Schemes (CMS) of around 90.9%; and
- of the total claims incurred in 2022, hospitals comprised 41%, specialists 28%, medicines 15%, general practitioners 4%, dental 3% and other benefit types 9%.

Membership

Focusing on membership, the Chairperson reported that:

- during 2022 the Society provided benefits to an average of 8 400 beneficiaries located primarily in the Northern Cape (25%), Western Cape (24%), Gauteng (16%) and Limpopo (18%), with the remaining beneficiaries being spread across the remainder of South Africa and abroad (17%); and
- the corporate activity within De Beers Group during 2022 had an insignificant impact on the Society's membership, with the most recent move of the DBSSA operations from Kimberley to Johannesburg, resulting in a loss of only 7 beneficiaries.

The Chairperson also provided the meeting with an update on the notification that the Society had received 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 or back to the Society until 31 May 2022. A total of 36 members had opted to join Umvuzo Health.

Financial Results and Position

The Society reflected a loss of only R4 million for 2022 against a budgeted loss of R21 million, which was R17 million better than budget after incorporating investment income.

The Society's accumulated funds as at 31 December 2022 decreased by R4 million to R626 million, but still maintained an extremely healthy solvency ratio of 183%.

The Chairperson confirmed that the Board of Trustees remain cognisant of the fact that the Society's solvency ratio was:

- substantially higher than the minimum of 25% required by the Medical Schemes Act (the Act); and
- in excess of the Society's risk-based capital requirement of 60%, as determined by the Society Actuary.

This was, however, particularly reassuring in view of the current regulatory framework and a rapidly evolving South African healthcare environment, as well as the ever-increasing average age of the Society's beneficiaries of 51 years (2021: 49 years) and the pensioner ratio of 38% (2021: 35%), both of which were significantly higher than the industry average of 34 years and 9% respectively.

Non-healthcare Expenditure

During 2022, the Society spent 7.5% (2021: 7.1%) of contributions on non-healthcare expenditure (administration), compared to the industry average as per the CMS 2021 Annual Report of 8.7% for all medical schemes.

Governance and Compliance

The Chairperson emphasised 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. The Society's King IV Report, which explained:

- how the Society had applied or not applied the principles of the King IV Report;
- what actions were still required in terms of identifying specific principles; and
- if it was not possible to implement a practice or where such implementation was inappropriate.

were available on the Society's website.

The Chairperson informed the meeting that:

- the Society's certificate of compliance with administration standards applicable to self-administered schemes was unconditionally renewed by the CMS, which should provide members with a further sense of comfort that the Society was well-managed in their best interests. The certificate was valid until 9 December 2025; and
- the CMS had conducted a routine inspection in terms of the Act for the purpose of monitoring the Society's compliance with the Society Rules, the Act, the Regulations and other applicable legislation for the period 1 January 2019 to 31 March 2022. Some recommendations were made in the draft report issued by the CMS, which Society Management had responded to comprehensively. The final report from the Council was awaited.

Acknowledgements and Looking Ahead

The Chairperson thanked the Trustees, non-Trustee Board Committee members, staff, service providers and Society Management for their support, guidance and dedication in the dealings with the Society's members and its affairs during 2022 and, thanked them in advance for the year that lay ahead.

The Chairperson concluded his report by noting that:

- 2023 would no doubt be another year in which the Society would have to face various challenges and uncertainties from numerous sources, but believed that the Society was well positioned to manage these; and
- the Society would also continue to monitor and keep members updated on developments/changes in the regulatory environment and the South African healthcare system, such as NHI.

5.2 2022 Financial Statements and Reports

As no comments or questions were forthcoming from the meeting on the Chairperson's Report, the Society's Financial Statements, the Board of Trustees' Report and the Auditors' Report for the year ended 31 December 2022 the Chairperson proposed, which was seconded by Ms. Rossouw, that these reports and all matters undertaken and discharged by the Trustees during the year under review on behalf of the Society as disclosed in such be adopted and ratified respectively.

The members **RESOLVED** that:

- the Society's Financial Statements, the Board of Trustees' Report and Auditors' Report for the year ended 31 December 2022, as submitted, be adopted; and
- all matters undertaken and discharged by the Trustees during the year under review on behalf of the Society, as disclosed in the above-mentioned reports, be confirmed and ratified.

6. APPOINTMENT OF AUDITORS

It was noted that:

- in terms of Rule 25.1, the members were required to approve the appointment of the Society's auditors for the year ending 31 December 2022 and to hold office until the next AGM (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. August, 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 the Rule 18.25 members were empowered to determine the rate at which eligible Trustees and non-Trustee Board Committee members be remunerated by the Society; and
- the Board of Trustees had recommended that the attendance fee payable to eligible Trustees and Board Committee members per meeting attended be increased by 8.5% from R5 540 to R6 011 effective from 1 January 2023.

Following a proposal by the Chairperson, which was seconded by Mrs. Jooste, the members on the recommendation of the Board of Trustees **RESOLVED**:

- to approve the Trustee Remuneration Policy as submitted; and
- that the attendance fee (remuneration) payable to eligible Trustees and Board Committee members, in accordance with Rule 18.25, be increased by 8.5% to R6 011 per meeting attended effective from 1 January 2023.

8. GENERAL

8.1 NATIONAL HEALTH INSURANCE (NHI)

The Chairperson responded as follows to the enquiries received from members regarding the proposed implementation of NHI prior to the meeting:

- The recent adoption of the NHI Bill by the National Assembly had raised a few questions with regard to:
 - the Society's view of the Bill;
 - its impact on members and the Society; and
 - the Society's action plan regarding this matter going forward.
- Despite the adoption of the Bill, it was important for members to note that the following still needed to happen:
 - The NHI Bill must first be considered by the National Council of Provinces (NCOP);
 - any proposed amendments to the Bill by the NCOP, would need to be referred back to the National Assembly for consideration; and
 - the President still needed to approve the Bill.
- However, in general:
 - Based on the current Bill and other available information, it was unclear what role medical schemes would ultimately have in NHI, as the definition of complementary and top-up cover was not clearly defined in the Bill. Without this clarity, it was almost impossible for medical schemes at this stage to propose and/or anticipate changes

that may be required to their benefit design in order to comply with this particular provision of the Bill; and

- The NHI Bill and proposed implementation plans in its current form, did not provide the medical scheme industry, nor its members, with enough detail of the workings of the healthcare sector should NHI be implemented.
- In conclusion:
 - Based on the current available information, the Society did not foresee any major changes to the private healthcare system in the foreseeable future;
 - As a member of the Health Funders Association (HFA) the Society had participated in various engagements leading up to the drafting of the NHI Bill and would continue to do so and engage with the HFA on this matter; and
 - Following the AGM, the Principal Officer would distribute a Newsflash to all members regarding NHI and would continue to keep members informed as and when more concrete clarity became available.

9. CLOSURE

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

CONFIRMED: _____

CHAIRPERSON: _____

SECRETARY: _____