

CONFIDENTIAL**DE BEERS BENEFIT SOCIETY**

**MINUTES OF THE ONE HUNDRED AND THIRTY FIFTH (135th)
ANNUAL GENERAL MEETING OF MEMBERS
HELD ON 24 JULY 2024 AT 12H00 AS A VIRTUAL MEETING
ON THE GOTOWEBINAR PLATFORM**

PRESENT:

Mr. C Coltman (Chairperson)

Twenty-Nine (29) members present via the GoToWebinar virtual platform

Fifteen (15) 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
Ms. Boitumelo Thole	Secretarial and Communications Assistant

APOLOGIES:

Mr. Ketley

Mrs. Prinsloo

Mr. Macleod

1. INTRODUCTION

Mr. Datnow provided a detailed explanation on how the virtual meeting would be conducted, and advised the attendees on how to participate, ask questions or make comments, and vote when prompted 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 would be placed before the meeting) to the 135th Annual General Meeting (AGM) and the fifth to be held virtually.

The Chairperson advised the meeting:

- of the apologies as recorded;
- that the Board of Trustees (the Board or Trustees), in terms of the Society Rules, had resolved at their April 2024 Board meeting that this AGM would be held as a virtual meeting via the GoToWebinar platform;
- that he had been informed by Enslins Auditors that 15 valid proxy forms had been received from members who were unable to attend the AGM, appointing him as their proxy;

- that there were 29 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.

3. NOTICE OF MEETING

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

4. MINUTES

It was noted that the minutes of the 134th Annual General Meeting held on 13 July 2023 had been made available to members.

Following a proposal by the Chairperson, which was seconded by Mrs. Moodley, the members **RESOLVED** that:

- the minutes submitted be confirmed and approved as a true and accurate reflection of what transpired at the meeting; and
- the Chairperson be authorised to 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 (AFS) and the Report of the Board of Trustees for the year ended 31 December 2023, including the notice of this meeting, had been made available to members by the Principal Officer in accordance with Rule 26.1.2.

The Chairperson informed the meeting of a delay in the go-live of the Council for Medical Schemes' (CMS) Annual Statutory Return (ASR) system due to the implementation of IFRS 17 and the subsequent changes required to the system. He further informed the meeting that:

- the CMS ASR system went live on 11 July 2024 and that the Society had until 23 August 2024 to complete their submission;
- it was common cause that the external auditors sign off the AFS and the ASR at the same time, which may result in changes to the AFS; and
- once the AFS and ASR had been signed, members would be notified, and the signed AFS (including the external auditors' report) would be published on the Society's website.

Following a proposal by the Chairperson, which was seconded by Mrs. Muller, the members **RESOLVED** that the Society's Financial Statements and the Report of the Board of Trustees for the year ended 31 December 2023, 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 its performance against such during 2023.

The Chairperson delivered an overview of the Society's activities during 2023 and its financial position as at 31 December 2023, focusing on the following:

Disease Risk Management Programme

The Chairperson reported that the Disease Risk Management (DRM) programme launched in 2022 and which identifies and support beneficiaries with certain identified chronic conditions, continued to gain traction with 4 229 beneficiaries currently being registered on the programme. The most prevalent conditions were high blood pressure (3 337 registered beneficiaries) and high cholesterol (2 105 registered beneficiaries)

The Chairperson encouraged members and their registered dependants, with any of the 25 chronic conditions, to ensure their conditions were registered to improve their health outcomes.

International Financial Reporting Standard (IFRS 17)

The Chairperson stated that, in the ongoing effort to remain complaint and transparent:

- The Society had implemented IFRS 17, which came into effect on 1 January 2023 and had replaced IFRS 4;
- IFRS 17 was a new insurance accounting standard which established a unified accounting model for all insurance contracts under IFRS;
- The Society's contracts with members, provided insurance coverage for healthcare expenditure that fell within the scope of IFRS 17. This included comprehensive in-hospital, chronic and day-to-day cover; and
- The Society had chosen to apply IFRS 17 retrospectively, resulting in the restatement of certain comparative figures.

He reassured the meeting that, despite the significant changes to the terminology and presentation in the financial statements due to the new standard, there had been no change to the Society's operations, business model and the processes in fulfilling its obligations to members according to the Society Rules.

NHI Bill

In terms of the NHI Bill, the Chairperson emphasised that:

- President Cyril Ramaphosa had signed the National Health Insurance (NHI) Bill into law on 15 May 2024;
- there was no immediate impact on the Society membership, the benefits members and their registered dependants were receiving in terms of the Society Rules or the current healthcare system, as the Bill had not yet been promulgated.
- the current healthcare system remained in place and existing laws still applied; and
- the Board of Trustees, in collaboration with industry bodies like the Health Funders Association (HFA) and Society Actuary (Insight Actuaries and Consultants), would continue to monitor developments and ensure that the best outcomes for the Society's members and stakeholders were achieved.

Sustainability of the Society

The Chairperson noted that:

- despite a spike in inflation and relevant healthcare costs (claims), he was pleased to report that for the third consecutive year, the Trustees had approved a 5.9% contribution increase in contributions for 2023, 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 the average open medical scheme; and
- the Society's strategy was not to make a profit, but rather to utilise its reserves of approximately R630 million along with various other initiatives (such as the DRM programme) to keep contribution increases in line with inflation, whilst balancing the risk of increasing claims, ensuring that the Society acted in the best interests of all members and remained financially sound and sustainable.

Utilisation of Benefits (Claims)

The Chairperson highlighted that the Society had experienced an increase in the utilisation of routine out-of-hospital healthcare services (such as general practitioner and specialist visits), as well as elective surgeries which had led to an increase in hospital admissions, as claiming patterns across the healthcare industry had returned to pre-Covid-19 levels. As a result, claims incurred in 2023:

- had been higher than in 2022; and
- expressed as a percentage of contributions had increased to 116.2%, up from 112.5% in 2022. This was favorable compared to the industry average of 94.0% for all schemes, as reported by the CMS in its 2022/23 Annual Report.

Of the total claims incurred in 2023, hospitals had accounted for 40%, specialists 30%, medicines 14%, general practitioners 4%, dentists and dental specialists 3% and other benefit types 9%.

Membership

Focusing on membership, the Chairperson reported that:

- the Society had experienced a further decrease in its membership and dependant ratio during 2023 and had provided benefits to an average of 8 032 beneficiaries located primarily in the Northern Cape (24%), Western Cape (24%), Gauteng (17%) and Limpopo (18%), with the remaining beneficiaries being spread across the remainder of South Africa and abroad (17%); and
- as of 31 December 2023, there were 4 314 principal members, down from 4 429 in 2022, with a monthly average of 4371. The dependant ratio was also down to 1:0.83 from 1:0.85 in 2022.

The Chairperson updated the meeting on an announcement in May 2024 by Anglo American Plc (Anglo) of its intention to separate De Beers from Anglo. He reiterated that based on the current available information and engagements with De Beers, indications were that this would not have a significant impact on the Society in the short- to medium-term.

Mr. Dellas asked the Chairperson what his views were on the potential long-term impact on the Society. The Chairperson responded by stating that the long-term impact was likely to be minimal, provided that the acquiring entity maintained the current arrangement and relationship with the Society and shared similar objectives. More detail would become available once the demerger from Anglo was finalised.

Reserves, Solvency Ratio and Financial Results

The Chairperson confirmed that:

- the Society reflected a net surplus for the year of R2.8 million versus a budgeted deficit of R18.8 million (2022: deficit of R3.8 million) after incorporating investment and other income;
- the return on investments for 2023 was 10.6% (2022: 7.5%);

- the reserves had increased by 0.5% to R628.5 million (2022: R625.7 million) and its solvency ratio had decreased to 180.8% (2022: 183.1%) as at 31 December 2023; and
- the Board of Trustees remained 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 the Society's risk-based capital requirement of 80%, as determined by the Society Actuary. This was, however, particularly reassuring in view of:
 - the current regulatory framework;
 - a rapidly evolving South African healthcare environment; and
 - the ever-increasing average age of the Society's beneficiaries from 50.8 years in 2022 to 51.2 years in 2023 and pensioner ratio from 37.6% in 2022 to 39.4% in 2023, both of which were significantly higher than the industry averages of 33.9 years and 9.3% respectively as per the CMS 2022/23 Annual Report.

Non-healthcare (Administration) Expenditure

The Chairperson highlighted that during 2023, the Society spent 7.4% (2022: 7.2%) of contributions on non-healthcare expenditure (administration expenditure), compared to the industry average of 9.0% for all medical schemes and 11.5% for open schemes, as per the CMS 2022/3 Annual Report.

Emergency Medical Transport and Evacuation Services

The Chairperson informed the meeting that:

- the Society had maintained a fixed-fee capitation agreement with ER24 for emergency medical transport and evacuation services in 2023;
- a fee of R3.4 million had been paid to ER24 for the year;
- had this agreement not been in place, the total cost for emergency medical transport and evacuation services, based on the ER24's private client rates, would have been R4.2 million; and
- the fixed-fee capitation agreement would be replaced with a fee-for-service agreement during 2024 with no disruption in the services and increase in cost to members.

Governance and Compliance

The Chairperson emphasised that, aligned to the Society's commitment to good corporate governance, the Board of Trustees remained fully committed to the application of those practices, philosophies and governance outcomes contained in the King IV Code of Corporate Governance (the Code) and other supplementary codes applicable to the Society. The Society's Corporate Governance Application Report, which explained:

- how the Society had applied or not applied the principles set out in the Code and other supplementary codes;
- what actions were still required in terms of applying a specific principle; and
- where it was not possible to implement a practice or where such implementation was inappropriate.

was available on the Society's website.

The Chairperson further informed the meeting that the Society's certificate of compliance with administration standards applicable to self-administered schemes was unconditionally renewed by the CMS and was valid until 9 December 2025. This should provide members with a further sense of comfort that the Society was well-managed in their best interests.

Members' contact details

The Chairperson urged members to contact the Society to update their contact details should such had changed and in particular if they had acquired or changed their email address. This would help reduce reliance on the Society's reliance on the postal service, save costs and enhance the delivery of time-sensitive information to members.

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 2023 and, thanked them in advance for the year that lay ahead.

The Chairperson concluded his report by noting that:

- 2024 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 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 2023 Financial Statements (2023 AFS) and Reports

As no comments or questions were forthcoming from the meeting on the Chairperson's Report (dealt with under Minute 5.1 above), the Society's 2023 AFS and the Report of the Board of Trustees for the year ended 31 December 2023 the Chairperson proposed, which was seconded by Ms. Teisi, 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 and the Report of the Board of Trustees for the year ended 31 December 2023, 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 2023 and to hold office until the next AGM (ensuing 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 which was seconded by Ms. Pieters, the members **RESOLVED** that PricewaterhouseCoopers be re-appointed 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 the Board of Trustees had recommended that the attendance fee payable to eligible Trustees and Board Committee members be increased from R6 011 to R6 456 effective from 1 January 2024.

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

- the Trustee Remuneration Policy, as submitted, be approved in terms of Rule 19.21; and
- the attendance fee (remuneration) payable to eligible Trustees and Board Committee members be increased to R6 456 per meeting attended effective from 1 January 2024, in terms of Rule 18.25.

8. GENERAL

No issues of a general nature were raised by members.

9. CLOSURE

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

CONFIRMED: _____

CHAIRPERSON: _____

SECRETARY: _____