

DE BEERS BENEFIT SOCIETY

MINUTES OF THE ONE HUNDRED AND THIRTY SIXTH (136th) ANNUAL GENERAL MEETING OF MEMBERS HELD ON 25 JUNE 2025 AT 12H00 AS A VIRTUAL MEETING ON THE GOTOWEBINAR PLATFORM

PRESENT:

Mr. C Coltman (Chairperson)

Thirty-Five (35) members present via the GoToWebinar virtual platform

Fourteen (14) members represented by the Chairperson (13) and Mr. Datnow (1) via proxy

BY INVITATION:

Mr. C. Mitchelson – PricewaterhouseCoopers (PwC)

Ms. L 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. B Thole	Secretarial and Communications Assistant
Mr. B Maleho	Council of Medical Schemes (CMS - observer)

APOLOGY:

Mr. R Ketley

1. INTRODUCTION

Mr. Datnow outlined the procedures for conducting the virtual meeting, including guidance on participant engagement, submission of questions or comments, and the voting process.

2. WELCOME, APOLOGIES AND QUORUM

Mr. Coltman welcomed all members present, the representatives from Society Management, Mr. Clinton Mitchelson from PwC, Mr. Boikanyo Maleho from the CMS and Ms. Lezanne Vice from Enslins Auditors to the 136th Annual General Meeting (AGM) and the sixth to be held virtually. He noted that Ms. Vice would act as the independent scrutineer of the voting process of the various motions that would be placed before the meeting as well as announce the results of the recently completed member Trustee elections.

The Chairperson advised the meeting:

- of the apologies as recorded above;
- that the Board of Trustees (the Board or Trustees), in terms of the Society Rules, had resolved at their April 2025 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 14 valid proxy forms had been received from members who were unable to attend the AGM, appointing himself (13 members) and Mr. Datnow (1 member) as their proxy;
- that there were 35 registered members present online, and as the necessary quorum

existed the meeting was therefore properly constituted in terms of the Society Rules;

- that no valid notices of motion were lodged for this meeting in terms of Rule 26.1.8; and
- that in terms of Rule 27.3 voting would be by way of ballot using the online platform 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 and seconded by Mrs. May, the members **RESOLVED** that the notice convening the meeting be taken as read.

4. MINUTES

It was noted that the minutes of the 135th Annual General Meeting held on 24 July 2024 had been made available to members.

Following a proposal by the Chairperson, which was seconded by Mrs. Siamisang, 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 2024, 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 Ms. Griffiths, the members **RESOLVED** that the Society's Financial Statements and the Report of the Board of Trustees for the year ended 31 December 2024, as submitted, be taken as read.

5.1 Chairpersons 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 2024.

The Chairperson delivered an overview of the Society's activities during 2024 and its financial position as at 31 December 2024, focusing on the following:

De Beers Restructuring

The Chairperson reiterated that, based on the current information and ongoing engagements with De Beers, the Board remained confident that there would be no significant impact on the Society in the short term. He assured members that the Society was committed to closely monitoring any developments and would continue to act in the best interests of its members, keeping them informed as soon as any new and material information arose.

Member Trustee Elections

The Chairperson highlighted that the process to elect four member Trustees was concluded at the end of April 2025 and that successful candidates would be announced at a later stage by Ms. Vice from Enslins Auditors, who served as the official electoral officer for the elections.

Disease Risk Management Programme (DRM)

Focusing on the DRM programme, the Chairperson highlighted that the DRM was launched in 2022 and continued to deliver positive results in managing chronic conditions and diseases more effectively. He noted that in the year under review, associated hospitalisation costs were lower, which contributed to improved health outcomes for approximately 60% of beneficiaries who participated in the DRM programme. He highlighted that the lower hospitalisation costs had played a pivotal role in enabling the Society to maintain annual contribution increases for 2024 and 2025 in line with inflation without reducing benefits.

The Healthcare Landscape

The Chairperson addressed the recent approval of the National Health Insurance (NHI) Act in May 2024, noting it was a key issue impacting all medical schemes. While the NHI was intended to provide universal healthcare to all South Africans, its phased rollout had created significant uncertainty within the private healthcare and medical scheme sectors.

He confirmed that, as a member of the Health Funders Association (HFA), the Society was actively monitoring the situation and remained committed to securing the best possible outcome for members and other stakeholders. The Chairperson informed members that the HFA had lodged Court Application Documents in June 2025, on behalf of the Society and other medical schemes, as part of a legal challenge to the NHI Act. The HFA was mandated to institute, prosecute, and defend any related legal proceedings. He stated that a Newsflash on the update of the NHI was distributed to members and was also available on the Society's website.

The Chairperson further highlighted the rising cost of healthcare in South Africa, driven by medical inflation, increased service provider fees, and technological advancements. He expressed concern over the growing burden of chronic diseases, largely due to lifestyle factors and an ageing population. This trend was particularly relevant to the Society, given its ageing membership and high prevalence of chronic conditions among beneficiaries. Members were assured that the Society would continue to monitor all developments closely and provide updates as new and material information became available.

Fraud Waste and Abuse

The Chairperson highlighted that fraud, inefficient resource use, and the excessive or improper use of medical services remained ongoing challenges for medical schemes, accounting for an estimated 10% to 15% of total claims paid annually.

He emphasised the importance of member vigilance in assisting the Society in addressing those issues. Members were encouraged to review their monthly benefit statements and to report any suspicious activity to the Society for further investigation.

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 a result, claims incurred in 2024:

- had been higher than in 2023;
- expressed as a percentage of contributions had increased to 121.4%, up from 116.1% in 2023; and
- the Society's reserves decreased by 4.2%, compared to a budgeted decrease of 4.8%.

Of the total claims incurred in 2024, hospital costs accounted for 40%, specialists 31%, medicines 13%, general practitioners 4%, dentists and dental specialists 3% and other benefit types 9%.

Membership

The Chairperson reported that in 2024, the Society provided benefits to an average of 7 636 beneficiaries. These beneficiaries were primarily based in the Northern Cape (24%), Western Cape (24%), Limpopo (17%), and Gauteng (17%), with the remaining 17% residing elsewhere in South Africa and abroad.

He noted a continued decline in both membership and the dependant ratio, attributed to ongoing organisational restructuring within De Beers as well as member choices regarding the registration of dependants.

As at 31 December 2024, the Society had 4 144 principal members, with a monthly average of 4 218 principal members for the year. The dependant ratio stood at 1:0.80. The average age of the Society's beneficiaries had increased from 51.2 years in 2023 to 52.5 years in 2024 and there had been an increase in the pensioner ratio from 39.4% in 2023 to 41.9% in 2024, both of which were significantly higher than the industry averages of 34.2 years and 9.6% respectively.

Reserves, Solvency Ratio and Financial Results

The Chairperson confirmed that:

- the Society reflected a net deficit for the year of R26.4 million versus a budgeted deficit of R35.9 million after incorporating investment and other income;
- the return on investments for 2024 was 9.3% (2023: 10.6%);
- the Society's reserves decreased to R602.1 million (2023: R628.5 million) and its solvency ratio decreased to 170.9% (2023: 180.8%) as at 31 December 2024; 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.

The Chairperson emphasised that the Society had no shareholders and operated for the benefit of its members. In line with its Reserve Management Strategy, the Board approved contribution increases of 6.00% for 2024 and 5.45% for 2025. As a result, the Society's contributions remained 15% to 20% lower than comparable open medical schemes.

Non-healthcare (Administration) Expenditure

The Chairperson highlighted that during 2024, the Society spent 8.2% (2023: 8.9%) of contributions on non-healthcare expenditure (administration costs), compared to the industry average of 9.0% for all medical schemes and 11.2% for open schemes.

Emergency Medical Transport and Evacuation Services

The Chairperson confirmed that:

- the Society had maintained a fixed-fee capitation agreement with ER24 for emergency medical transport and evacuation services in 2024; and
- a fee of R3.7 million had been paid to ER24 for the year and 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 R4.9 million.

Employer Grant for Pensioners

The Chairperson provided an update on the Employer grant for pensioners, explaining that this subsidy was paid by DBCM following the termination of membership for employees of Finsch and Kimberley Mines after the mines were sold in September 2011 and January 2016, respectively. These members were retained as pensioner members of the Society.

To mitigate the financial impact of these members on the Society, DBCM subsidises any annual cross-subsidy deficit. The subsidy amount is determined annually by the Society's Actuary and amounted to R20.2 million for 2024.

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 particular practice or where such implementation was inappropriate.

The Chairperson noted that all Compliance and Governance reports were available on the Society's website.

Sustainability

The Chairperson noted that the Board closely monitored the Society's sustainability and, to further support this oversight, an Ad Hoc Sustainability Board Committee was established at the Board meeting held in December 2024. The Committee was tasked to actively monitor the factors that could impact the Society's medium to long term sustainability and oversee any actions that may arise from them.

Members' contact details

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

Member Application (App)

The Chairperson encouraged all members and their dependents to download the Society Member App on their mobile devices. The App offered convenient access to important features, including the submission of claims, tracking their status, authorising chronic medication prescriptions, and checking available benefit limits, among others. The Chairperson further noted that a helpful Member App guide was available on the website to assist members in navigating the App's functions and making full use of its benefits.

Acknowledgements and Looking Ahead

The Chairperson expressed appreciation to the Board of Trustees, non-Trustee Board Committee members, Society staff, service providers, and Society Management for their support, guidance, and dedication in serving the Society's members and managing its affairs during 2024 and further thanked them in advance for their continued commitment in the year ahead.

The Chairperson concluded his report by noting that:

- 2025 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.

5.2 2024 Financial Statements (2024 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 2024 AFS and the Report of the Board of Trustees for the year ended 31 December 2024, the Chairperson proposed 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 motion was seconded by Ms. Joseph.

The members **RESOLVED** that:

- the Society's Financial Statements and the Report of the Board of Trustees for the year ended 31 December 2024, 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 2025 and to hold office until the next AGM (ensuing year); and
- the Board of Trustees on the recommendation of the Society's Audit and Risk Board Committee recommended that PricewaterhouseCoopers be re-appointed as 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 456 to R6 734 effective from 1 January 2025.

Following a proposal by the Chairperson, which was seconded by Ms. Starr, 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 734 per meeting attended effective from 1 January 2025, in terms of Rule 18.25.

8. APPOINTMENT OF MEMBER-ELECTED TRUSTEES

Ms. Vice from Enslins, the Society's Electoral Officer for the Member-Elected Trustee Elections, announced the election results by presenting the names of the successful candidates namely:

- Mr Dinesh Bhana (re-elected);
- Mr Arthur Hewett (re-elected);
- Mr Roger Ketley (re-elected); and
- Mr Wayne Smerdon (re-elected).

Following a proposal by the Chairperson, seconded by Mrs. Joseph, the meeting accepted the results of the Member-Elected Trustee elections, conducted in accordance with Rule 18.5 and announced by Enslins Auditors. The appointments were accordingly confirmed in terms of Rule 18.2.

The Chairperson congratulated the Member-Elected Trustees on their re-election.

9. GENERAL

No issues of a general nature were raised by members.

10. 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: _____