

FRAMEWORK FOR THE NOMINATION AND ELECTION OF TRUSTEES

DISCOVERY HEALTH MEDICAL SCHEME

MAY 2022



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Background

Succession planning, in the context of Discovery Health Medical Scheme (“DHMS”/“the Scheme”) and the Board, relates specifically to ensuring that at all times there are experienced Trustees serving on the Board. The Rules allow for the election and appointment of Trustees in order to ensure the appropriate balance of skills and experience and to facilitate staggered rotation, continuity and succession in the event of expiry of Trustee terms.

The Rules of DHMS provide as follows:

DHMS Rule 17.4

At least half of such Trustees must be elected by members from amongst members (Section 57(2) of the Medical Schemes Act - At least 50 per cent of the members of the Board of Trustees shall be elected from amongst members).

DHMS Rule 17.5

The balance of the Trustees may be elected by members, or appointed by incumbent Trustees, provided that the Trustees appointed in terms hereof by the incumbent Trustees shall at any given time not exceed three Trustees.

Based on the above Rules and the appointment terms of the current Board of Trustees, DHMS proposes to conduct elections in 2022 to elect three Trustees.

Deloitte & Touche (“Deloitte”) has been identified as an Independent Electoral Body (“IEB”) to assist the Nomination Committee with the nominations processes.

This document provides a high-level overview of the proposed processes to be followed by DHMS for the Trustee elections. The following processes, relating to the Trustee elections and 2022 Annual General Meeting (“AGM”), will be outsourced to Deloitte:

- The Trustee nominations and vetting processes;
- Preparation of a final candidate list;
- The proxy appointment and vetting processes; and
- The election process on the day of the AGM.

2022 Nomination and Election of Trustees

The Scheme needs to conduct an election in 2022 for members to elect three members to serve on the Board of Trustees.

It is envisaged that in 2022 no changes to the 2021 nomination and electoral processes will be required to make provision for electoral processes to take place via a virtual platform on account of the COVID-19 pandemic.

Details of the current process

Nomination Committee

The Nomination Committee (“NomCo”) is constituted in the event of Trustee elections.

The NomCo comprises of three independent members, who are independent of the Board and Board Committees.

The NomCo will oversee the nomination process from a governance perspective and will have the authority to challenge the IEB on the final list of candidates. Nominees’ eligibility will be decided upon by the NomCo, in terms of the Medical Schemes Act 131 of 1998, read with the Scheme Rules. The NomCo will also present the final candidate list to the Board.

Establishment of a Steering Committee

A Steering Committee (“SteerCo”) will assist in managing and facilitating the administrative aspects of the nomination process, i.e. the drafting and dispatch of all communication material to members, etc. The SteerCo will consist of representatives from the IEB and representatives from the Scheme Office and all other relevant parties may also be invited to attend meetings as the need arises.



Design of the forms by the IEB and DHMS' involvement

The IEB will draft the necessary correspondence for approval by the NomCo, including the content of the nomination form and the notice calling for nominations ("nominations correspondence").

DHMS will be responsible for the branding of the nomination correspondence and for ensuring that a sufficient number of nomination forms are printed and posted to members (members who do not have email addresses) or emailed to those members whose chosen communication method is email.

The nomination forms can also be accessed on the DHMS webpage or requested from the IEB and must be returned to the IEB only.

The duly completed nomination form, together with the required documentation as stipulated on the rules for completion of the nomination form, is required to reach the IEB by no later than **12:00 (midday) on Monday, 14 February 2022**. Nomination forms received after this date and time will not be considered.

The nomination form, together with the required documents should be submitted to the IEB either by:

- Email (in PDF format) to za_dhmselections2022@deloitte.co.za; or
- Posted, in an envelope clearly marked **DHMS 2022 Trustee Elections, for the attention of Mr Leon Knoetze, Associate Director: Risk Advisory**, to the following postal address:
 - PO Box 578, Cape Town, 8000, South Africa
(Please consider potential delays you may experience using the South African postal services which could result in your nomination form not reaching the IEB before the closing date and time, 12:00 (midday) on Monday, 14 February 2022)
- Physically delivered, in an envelope clearly marked **DHMS 2022 Trustee Elections, for the attention of Mr Leon Knoetze, Associate Director: Risk Advisory**, to any of the following Deloitte offices:
 - Deloitte Johannesburg, 5 Magwa Crescent Waterfall City, Waterfall, Johannesburg, Gauteng 2090
 - Deloitte Cape Town, The Ridge, 6 Marina Road, Portwood District, V&A Waterfront, Cape Town, 8000
 - Deloitte Durban, DTT Place, No.2 Pencarrow Crescent, Pencarrow Park, La Lucia Ridge Office Estate, La Lucia, Durban, KwaZulu Natal, 4051

The abovementioned Deloitte offices will only be open between 08:00 and 16:30, Monday to Friday, excluding Saturday, Sunday and public holidays.

All nominations must be submitted using the prescribed nomination form and all requirements contained in the form must be satisfied. Failure to complete the nomination form as prescribed may result in disqualification. All nomination forms must be delivered directly to the IEB either by hand, email or post as indicated in the rules for completion of the nomination form.

Nomination forms cannot be delivered to DHMS. Any nomination form delivered to DHMS will be disqualified.

All queries that relate to the nomination and electoral processes must be directed to Deloitte only, at telephone number **0800 362 555** or email: za_dhmselections2022@deloitte.co.za. Deloitte will be the only party that will respond to any queries related to the nomination and electoral processes.

Vetting criteria and process

The IEB is responsible for the vetting of the nominees

Subsequent to the close of the call for nominations at **12:00 (midday) on Monday, 14 February 2022**, the IEB will undertake a vetting process, and present the results to the NomCo, in order for the NomCo to evaluate all nominees against the provisions of the Medical Schemes Act 131 of 1998, as amended, read with the Scheme Rules. The NomCo will decide on the nominees' eligibility to stand to be elected to the Board. During the vetting process, each nominee will be subject to strict vetting criteria.



The vetting criteria will be based on the provisions contained in the Medical Schemes Act 131 of 1998 and Scheme Rules. Further to the Rules, additional criteria to be used in respect of the vetting process include:

- Credit checks;
- Criminal checks;
- ID number verification;
- Qualification verification;
- Assessment of information held by the Council for Medical Schemes; and
- Tax clearance check.

Any criteria in addition to the above will be discussed and agreed to.

Nominee to be notified prior to disqualification

Prior to the disqualification of any nominee, the IEB will consult with and provide the nominee with an opportunity to supply any information as it relates to his/her disqualification.

Draft candidate list to the NomCo and final candidate list to the Board

A draft candidate list will be presented to the NomCo for review and discussion. The NomCo has the authority to challenge the list with the IEB. Nominees' eligibility will be decided upon by the NomCo, in terms of the Medical Schemes Act 131 of 1998, read with the Scheme Rules. Thereafter a final candidate list will be compiled and presented to the Board by the NomCo and IEB.

The NomCo shall oversee the nomination process implemented by the IEB, and their tabulation of eligibility of nominees assessed in terms of the eligibility criteria as contained in Sections 17.1, 17.4, 17.7, 17.8 and 17.16 of the Scheme Rules as it relates to the election of Trustees, and present the outcome thereof to the Board.

Candidate introduction process

After the vetting process and the finalisation of the candidate list, a candidate introduction process will be undertaken by the IEB.

The aim of the introduction process is to inform candidates of the roles and responsibilities of a Trustee, in order for them to appreciate and understand what will be expected of them, should they be elected into office.

The content of this introduction process includes, but is not limited to:

- Introduction to DHMS;
- Fiduciary responsibilities;
- Regulatory and legislative requirements;
- Time commitments;
- Remuneration; and
- Examples of where Boards have failed and why.

Proxy appointment form

The IEB will draft the necessary correspondence, including the content of the proxy appointment form.

DHMS will be responsible for the branding of the proxy appointment form.

The IEB will ensure that the proxy appointment forms include relevant built-in security features and unique identification numbers in order to ensure adequate controls and to limit the risk of manipulation of the proxy appointment process.

Proxy appointment process

Availability of proxy appointment forms

The proxy appointment form will be available on request from Deloitte only via telephone number **0800 362 555** or email: **za_dhmselections2022@deloitte.co.za**. Deloitte will be responsible for ensuring that the proxy appointment forms are emailed to those members in good standing who have requested forms.



Proxy appointment forms have to be completed and submitted to Deloitte only. However, it should be noted, that no bulk requests from members will be entertained. Furthermore, the IEB will only consider proxy form requests received from the proxy giver and communication relating to the proxy appointment request will be directed to the proxy giver only.

Proxy collection/drop-off sites

Deloitte will establish proxy appointment form collection/drop-off sites across the country. These offices will be in the following areas:

- Deloitte Johannesburg, 5 Magwa Crescent Waterfall City, Waterfall, Johannesburg, Gauteng 2090
- Deloitte Cape Town, The Ridge, 6 Marina Road, Portsworld District, V&A Waterfront, Cape Town, 8000
- Deloitte Durban, DTT Place, No.2 Pencarrow Crescent, Pencarrow Park, La Lucia Ridge Office Estate, La Lucia, Durban, KwaZulu Natal, 4051

The abovementioned Deloitte offices and call centre will only be open between 08:00 and 16:30, Monday to Friday, excluding Saturday and Sunday.

A dedicated email address (through which proxy forms can be requested via email or to which completed proxy forms can be sent via e-mail in PDF format) in order to receive and collate all original proxy appointment forms, has been established: **za_dhmselections2022@deloitte.co.za**.

All proxy forms must reach the IEB by no later than **09:00 on 16 June 2022**. Any proxy forms received after this date and time will be invalid.

Proxy vetting process

The IEB will vet all proxy appointment forms received and will *inter alia* address the following in relation to the appointer and appointee:

- Whether the appointer and appointee are both registered Principal Members of DHMS;
- Whether the membership contributions of both the appointer and appointee are paid up to date;
- Whether the proxy appointment form is signed by both the appointer and appointee; and
- Whether the proxy appointment form is a duplicate or photocopy of a form that has already been submitted.

All proxy vetting is to be completed prior to the AGM

The appointment of proxies shall close seven days prior to the AGM and all proxy appointment forms will be vetted within the said seven-day period. In order to achieve this, the IEB will rely on DHMS and DH for the provision of member information, limited to the member information required to verify proxy appointment forms. The exchange of information will be governed in terms of a separate data governance framework to ensure compliance with confidentiality provisions and the provisions of the Protection of Personal Information Act in this exchange of data.

Trustee election

The Trustee election will take place at the AGM, which will be held virtually on 23 June 2022.

Process at the AGM

The IEB will work with the Scheme Office to secure the virtual meeting platform for the AGM, including implementing all requirements for voter registration and voting on the day, as well as any other requirements as may be necessary to ensure a successful meeting and election process.

The IEB will verify that registered members are eligible to vote.



Post-election results and reporting

After the election process on the day, the IEB will:

- Review all votes and verify the results:
 - Confirm that the extract report records a quantum of votes equal to the quantum of votes registered as observed at the time of closing the votes;
 - Identify and record “spoilt” votes (spoilt votes are votes returned “blank” or votes returned that do not record the information as requested per the Lumi voting platform registration instructions);
 - Verify the validity of unspoilt votes cast by members or their represented proxy by tracing the member details to the DHMS webservice, by using the AGM web-based partner portal to confirm that the members that voted are Principal Members of the Scheme and in good standing (member contributions are up to date); and
 - Record and declare the results of votes either as “in-favour” or “against” or “abstain” for each specific resolution and present the vote result to the Scheme.
- Report on the compliance to the Scheme Rules of the elections as well as any deviation and/or transgression of the process;
- Make available to the Scheme the names of the successful candidates;
- Communicate with each candidate whether they were successful or not; and
- Make available individual results to the candidate upon request.

The IEB shall be obliged to produce a close-out report to the Board of Trustees in which the processes followed during the election shall be set out in full detail. The report shall also certify that the elections were conducted in compliance with the Scheme Rules.



Trustee election process flow

