

BOT CODE OF CONDUCT

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1. Statement

The purpose of this Code of Conduct is to govern both the ethical and legal conduct of the Trustees of Fedhealth Medical Scheme.

2. Introduction

The Trustees of the Scheme acknowledge that –

2.1 The objective of the Scheme is to provide sustainable medical cover in terms of the registered Rules of the Scheme to their members by undertaking liability to or in respect of the Scheme's beneficiaries and their dependants ("beneficiaries") in return for a contribution or premium.

2.2 While their primary duty is to ensure the financial stability of the Scheme, they are also in a position of trust and must therefore ensure that –

2.2.1 they remain fit and proper to hold the position of Trustee for the duration of their term;

2.2.2 they act honestly and in good faith in their deliberations, decisions and all other actions pertaining to their role as a Trustee with the best interests of the Scheme and its beneficiaries in mind at all times;

2.2.3 their personal interests and their duty to the Scheme are not brought into conflict;

2.2.4 they uphold ethical standards in all their activities. Trustees are required to subscribe, individually and as a body, to the principles of honesty, truthfulness, transparency and integrity and to exercise their duties and responsibilities in a fit and proper manner;

2.2.5 they diligently apply their minds to all matters when exercising their duties in their capacity as a Trustee;

2.2.6 ethical risks are incorporated in the Scheme's Risk Management process and that the Board provides effective leadership based on an ethical foundation.

3. Disclosure requirements

- 3.1 Where there is a potential conflict of interest between a Trustee's personal interests and his or her duty to the Scheme, this must immediately be disclosed, verbally or in writing to all fellow Trustees at the first available opportunity.
- 3.2 Each Trustee agrees to comply with and be bound by the legal guidelines on responsibility for acting in the best interest of the Scheme and preventing conflicts of interest attached hereto as annexure "A".
- 3.3 For purposes of disclosure, conflict of interest is defined as '*a situation in which a Trustee and/or his/her immediate family has a private or personal interest sufficient to appear to influence the objective exercise of the Trustee's official duties*'.
- 3.4 Any conflict of interest that has been disclosed to the Trustees must be assessed by the Board on its own merits taking into account the nature, extent, necessity, benefits derived, degree of conflict and any other material information relevant to the disclosed interest.
- 3.5 In the event that the Board of Trustees is not comfortable with the alleged conflict of interest, it will be the Board's decision as to whether to permit it or not.
- 3.6 To maintain the integrity of the Board, Trustees are encouraged to refrain from any potential conflict of interest without first obtaining the specific minuted approval of the Board of Trustees.
- 3.7 Trustees must ensure that they do not obtain or receive, directly or indirectly, a personal profit, gain or benefit as a result of their relationship with the Scheme. Where required by the terms of the Scheme's Gift Policy for Trustees and the Principal Officer and/or Chairperson of the Scheme, the acceptance or intended acceptance of a gift must be disclosed at the first available opportunity.
- 3.8 Each Trustee agrees to comply with and be bound to the terms of the Scheme's Gift Policy attached hereto as annexure "B".

4. Skills development and assessment

- 4.1 Every Trustee is entitled to receive such training and orientation, at the expense of the Scheme if necessary, as is necessary or desirable in order for that Trustee to fulfil his or her responsibilities effectively. To further promote transparency, all Trustees are required to list on the Agenda of each Board meeting their attendance at training courses, seminars and other events related to the medical industry, the cost thereof and who was responsible for such cost.
- 4.2 Trustees must ensure that their skills and experience as Trustees are, to the extent possible, passed on to new Trustees.
- 4.3 Trustees are required to take part in a peer review every second year.
 - 4.3.1 Each Board Committee Chairperson reviews the Trustees as well as any independent members on his or her committee.
 - 4.3.2 The Chairperson and Vice Chairperson of the Board and the Principal Officer review the performance of each committee.

5. Fiduciary duty

- 5.1 To ensure compliance, Trustees must govern the Scheme in terms of the Scheme Rules, the Medical Schemes Act and all other applicable legislation.
- 5.2 Trustees look after money that belongs to other people (all stakeholders who rely on the Board to protect the Scheme and its moneys by acting with due care, diligence and skill) and have a fiduciary responsibility to protect the money contributed to the Scheme by beneficiaries; the investments of the Scheme; the accumulated reserves of the Scheme; and any other moneys held by or on behalf of the Scheme and their members.
- 5.3 The Trustees acknowledge that information about the Scheme, the beneficiaries, the service providers and the proceedings of the Trustees is

confidential and may not be disclosed to a third party, unless there is a contrary duty in law to do so.

- 5.4 Trustees must be satisfied that proper control systems have been put in place by the Board and third parties that provide services to the Board to ensure that accurate financial records are kept on behalf of the Scheme; that the administration and management of the Scheme is in accordance with the Rules of the Scheme; and that proper registers, books and records of all operations of the Scheme are kept.
- 5.5 Trustees must obtain expert advice on any medical, pharmaceutical, legal, financial, accounting and/or business matter impacting on the Scheme or its operations of which the Board of Trustees may lack sufficient expertise.
- 5.6 Trustees must ensure that there is competent, independent auditing of the accounts and books of the Scheme.
- 5.7 Trustees must ensure that there is equitable and fair treatment of all beneficiaries of the Scheme.
- 5.8 Trustees must ensure that adequate and appropriate information is communicated to members regarding their rights, benefits, contributions and duties in terms of the Rules of the Scheme. Members must be given full information on their contributions and benefits on joining the Scheme and at the beginning of every benefit year. They must also be supplied with detailed statements of account on a regular basis.
- 5.9 Trustees must apply their minds to the structure of the various options offered by the Scheme and ensure a balance between the contributions set at the beginning of each calendar year and the benefits to which members will be entitled. Trustees must also ensure that the structure of the options is fair to beneficiaries, and that there is no discrimination, as set out in the Medical Schemes Act.
- 5.10 Trustees must take all reasonable steps to protect the confidentiality of medical records concerning a beneficiary's state of health. Trustees should, at all times, be impartial and observe confidentiality. Where Trustees need to exercise their discretion on a matter, this discretion must be exercised consistently, taking into account the specific circumstances of each case.

6. Administrative issues

Trustees must ensure that proper Minutes of meetings of the Board and its Board Committees are kept and that a Register of Resolutions and Policy Decisions made by the Board are kept and regularly updated.

7. Breach of duty

7.1 If a Trustee should breach this Code of Conduct or act in contravention of any of the responsibilities imposed on him or her by the Rules of the Scheme or the Medical Schemes Act or any other applicable legislation then the Board should take such action as it considers appropriate.

7.2 Each Trustee acknowledges that they may be sanctioned, whether in the form of censure, suspension subject to any terms determined by the other Trustees, or expulsion from office, for any breach of this Code; and that any such sanction may only be imposed after that Trustee accused of such breach has been furnished with the opportunity to defend himself or herself.

7.3 Where a Trustee knows of, or suspects, that a violation has occurred, he or she must report, in person or in writing, to the Chairman of the Board. The Board shall not allow any retaliation against a Trustee who acts in good faith in reporting alleged violations.

7.4 It shall be the responsibility of the Chairman of the Risk and Legal Committee, in consultation with the Chairman of the Board and the Principal Officer, to decide whether a formal hearing should be held as an appropriate response to a breach or act detailed in 7.1 above, and, if so, to decide on the venue and time of such a formal hearing, to nominate the persons who will be invited to participate in the hearing, and to appoint a chairman from the Trustee body or an independent chairman with legal qualifications. The Trustee who is alleged to have breached the Code shall be given reasonable notice of the venue and time of the meeting, shall be entitled to be present at the hearing and shall be entitled to have representation if he or she so chooses.

8. Social media conduct

The Board fully acknowledges and recognises the emergence and influence of social media and electronic communications, as well as the rights of individuals to actively participate in the undertaking of such activities. The goal of electronic communication from the Scheme is to cultivate an environment wherein the usage of electronic media contributes to the overall welfare and productivity of the Scheme. Additionally, the Scheme desires that our social media channels portray our internal culture through the use of posts, blogs, videos, pictures, events and more in real time.

However, it is in the Scheme's best interests that certain guidelines be set in the usage of social media and other electronic communication methods, especially when the usage of such mediums directly affect the Scheme processes. It is for that purpose that the Scheme will draft and wilfully uphold this Social Media and Electronic Communications Policy (attached hereto as Annexure "C"), which will be communicated to all service providers and will be binding on the Board.

9. Transparency

The Board recognises that sound corporate governance practices are essential for integrity, accountability and fairness, which define the Scheme's ethical culture and this sets the ethical tone for the Scheme, which is consistent with the Scheme's values:

- Respect
- Honesty
- Trust
- Determination
- Passion
- Empowerment
- Ownership
- Empathy.

This Code of Conduct, as amended from time to time, shall be posted on the Fedhealth website (www.fedhealth.co.za).

10. Code of Conduct declaration

I, _____[insert trustee name]_____, have read, understand and agree to abide by the Code of Conduct of Fedhealth Medical Scheme Board of Trustees and I understand that such adherence is a condition of my appointment as a Trustee.

Signed this _____ day of _____, 20_____.

Signature