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## 1. Statement

The purpose of this Code of Conduct is to govern both the ethical and legal conduct of the Officers of the Scheme (“the Officers”), including but not limited to Trustees and the Principal Officer (“PO”) of Fedhealth Medical Scheme (“the Scheme”).

For purposes of this policy Officers of the Scheme means the Trustees, Principal Officer and Audit Committee members (inclusive of independent committee members).

## 2. Introduction

The Officers 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 in return for a contribution or premium.
- 2.2. While the Officers 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 their respective positions 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 roles as Officers, 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. The Officers 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 the Officers;
  - 2.2.6 ethical risks are incorporated in the Scheme’s Risk Management process and that the Officers provides effective leadership based on an ethical foundation.

## 3. Disclosure requirements

- 3.1. Where there is a potential conflict of interest between the Officers' personal interests and their duty to the Scheme, this must immediately be disclosed, verbally or in writing to all fellow Officers at the first available opportunity.
- 3.2. Each Officer 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 an Officer and/or his/her immediate family has a private or personal interest sufficient to appear to influence the objective exercise of the Officer's official duties'.*
- 3.4. To maintain integrity, Officers are encouraged to refrain from any potential conflict of interest without first obtaining the specific minuted approval of the Trustees.
- 3.5. The Officers 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 Officers, the acceptance or intended acceptance of a gift must be disclosed at the first available opportunity.
- 3.6. Any potential conflict of interest that has been disclosed to the Officers must be assessed by the Officers 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.
- 3.7. In the event that the Officers determine that the interest conflict, the Board must decide whether the conflicted Officer should:
- 3.7.1. Resign as a member of the Board or cease participating in the activity that conflicts with his/her duty to the Scheme.
  - 3.7.2. Recuse him/herself from discussions and decisions regarding the conflict.
- 3.8. The Officers agree to comply with and be bound by the terms of the Scheme's Gift Policy attached hereto as annexure "D".

#### **4. Skills development and assessment**

- 4.1. Officers are entitled to receive such training and orientation, at the expense of the Scheme, as is necessary or desirable in order for them to fulfil their responsibilities effectively. To further promote transparency, all Officers are required to inform the Scheme of their attendance at training courses, seminars and other events related to the medical industry, the cost thereof and who was responsible for such cost in order to update the Training Register.

4.2. Officers must ensure that their skills and experience are, to the extent possible, passed on to new Officers as the case may be.

4.3. The Officers are required to take part in a review of the Scheme's Board of Trustees (BOT) and sub-committees, as well as the Chair of the Board and the PO as set out below. The evaluations are conducted under the auspices of the Remuneration Committee.

4.3.1 BOT and sub-committees evaluations: Every second year, alternating between the BOT and sub-committees.

4.3.2 Chair and PO evaluations: Every year

## 5. Fiduciary duty

5.1 To ensure compliance, the Officers must govern the Scheme in terms of the Scheme Rules, the Medical Schemes Act and all other applicable legislation.

5.2 The Officers look after money that belongs to other people (all stakeholders who rely on the Officers 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:

5.2.1 by beneficiaries;

5.2.2 the investments of the Scheme;

5.2.3 the accumulated reserves of the Scheme;

5.2.4 and any other moneys held by or on behalf of the Scheme and their members.

5.3 The Officers acknowledge that information about the Scheme, the beneficiaries, the service providers and the proceedings of the Officers is confidential and may not be disclosed to a third party, unless there is a contrary duty in law to do so.

5.4 Officers must be satisfied that proper control systems have been put in place by them and third parties that provide services to them 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 The Officers must obtain expert advice on any medical, pharmaceutical, legal, financial, accounting and/or business matter impacting on the Scheme or its operations of which they may lack sufficient expertise.

- 5.6 The Officers must ensure that there is competent, independent auditing of the accounts and books of the Scheme.
- 5.7 The Officers must ensure that there is equitable and fair treatment of all beneficiaries of the Scheme.
- 5.8 Officers 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 Officers 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. Officers 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 Officers must take all reasonable steps to protect the confidentiality of medical records concerning a beneficiary's state of health. They should, at all times, be impartial and observe confidentiality. Where they need to exercise their discretion on a matter, this discretion must be exercised consistently, taking into account the specific circumstances of each case.

## **6. Access to Member personal information by Officers**

Officers are not permitted to gain access to the following member information through the Administrator:

- Name and membership number
- Email address
- ID Number
- Contact details.

## **7. Administrative issues**

Officers 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.

## **8. Breach of duty**

- 8.1. If the Officers 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.

- 8.2. If an Audit Committee member should breach this Code of Conduct or act in contravention of any of the responsibilities imposed on him or her in terms of the Terms of Reference, then the Chairperson of the Committee or the Board of Trustees should take such action as is considered appropriate.
- 8.3. Each Officer 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 Officer accused of such breach has been furnished with the opportunity to defend himself or herself.
- 8.4. Where an Officer knows of, or suspects, that a violation has occurred, he or she must report, in person or in writing, to the Chairperson of the Board. The Board shall not allow any retaliation against an Officer who acts in good faith in reporting alleged violations.
- 8.5. It shall be the responsibility of the Chairperson of the Risk and Legal Committee, in consultation with the Chairperson of the Board, to decide whether a formal hearing should be held as an appropriate response to a breach or act detailed in 8.1 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 chairperson from the Trustee body or an independent chairperson with legal qualifications. The Officer 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.

## 9. Social media conduct

The Officers fully acknowledge and recognise 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 "E"), which will be communicated to all service providers and will be binding on the Officers.

## 10. Transparency

The Officers recognise 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 core values:

- **Stewardship:**

To hold ourselves accountable for the responsible use of membership funds.

- **Excellence:**

To identify and exceed expectations in the delivery of our service and products.

- **Integrity:**

To maintain the high standards of ethical behaviour in our communications, actions and relationships. Where appropriate questions are raised regarding actions which are not consistent with our core values.

- **Professionalism:**

Decision making is rooted in fact-based (and where relevant) expert advice. Professional expertise from varying disciplines is used to test and challenge personal opinions.

- **Innovation:**

To consider and go beyond conventional ideas and approaches so that positive change can flourish in delivering a cost-effective service to our members.

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

## 11. Fit and Proper Requirement in respect of Officers

11.1 Section 57 of the Act provides that Trustees and the Principal Officer must be *fit and proper* to manage the business of the Scheme in accordance with the applicable law and the rules of the Scheme. Rule 17 of the Scheme Rules also states that the affairs of the Scheme must be managed by persons fit and proper to be trustees.

11.2 Officers must ensure that they remain fit and proper to hold their position for the duration of their term, (clause 2.2.1 above).

11.3 Officers are bound by the Fitness and Proprietary provisions detailed in Annexure B and C of this Code of Conduct.

## 12. Code of Conduct declaration for Officers

I, \_\_\_\_\_, have read, understand and agree to abide by the Scheme Officers Code of Conduct and I understand that such adherence is a condition of my appointment as an Officer.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
Signature

## Annexure A – Conflict of Interest Policy

### Fedhealth medical scheme legal guidelines on responsibilities for acting in the best interests of the Scheme and preventing conflicts of interest

A fiduciary duty is a legal relationship of confidence or trust between two or more parties. Examples of persons who owe such a duty to another are an agent (to his or her principal) and a director (to his or her company).

A medical scheme is owed a fiduciary duty by its board (“**Board**”) and each of its Officers. This document deals with the fiduciary duties of acting in the best interests of the Scheme and preventing conflicts of interest.<sup>1</sup>

This document has been drafted with reference to the following:

- the Medical Schemes Act;<sup>2</sup>
- the Companies Act;<sup>3</sup>
- the King Code on Governance in South Africa – **King III** (2009) and **King IV** (2016);
- Protection of Personal Information Act<sup>4</sup>
- relevant South African case law.

Save in respect of those duties which are prescribed by law, it is the Officers’ duty, if it believes it to be in the best interests of the Scheme, to override a recommended practice, but then to explain why the chosen practice was applied and give the reasons for not applying the recommended practice.

#### 1. The Officers should act in the best interests of the Scheme<sup>5</sup>

- 1.1. The Officers should always act in the best interests of the Scheme and the foundation of each decision should be intellectual honesty, based on all the relevant facts. Every decision should be a rational business one taking into account relevant information at the time.

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<sup>1</sup> Other fiduciary duties of the Board and its trustees towards the Scheme include: not exceeding the limitations of the powers allocated to it/them, maintaining an unfettered discretion, exercising its/their powers in accordance with the purposes for which they were conferred and to not take corporate opportunities or secret profits.

<sup>2</sup> 131 of 1998.

<sup>3</sup> 71 of 2008.

<sup>4</sup> 4 of 2021

<sup>5</sup> Adapted from, *inter alia*, Principle 2.14 of King III. Note that in terms of King III, these principles should be applied to all other entities, regardless of the framework under which these entities have been established, subject to any specific standards required.

1.2. The Officers shall lead in an ethically and responsible manner through the transparent promotion of Scheme objectives.<sup>6</sup>

1.3. The Officers shall act with due care, diligence, skill and good faith.<sup>7</sup>

1.4. The Board has collective authority and decision-making powers, but Officers have individual responsibility.

1.5. Each Officer has:

1.5.1. a duty to exercise a degree of care, skill and diligence that would be exercised by a reasonably diligent individual who has both:

1.5.1.1. the general knowledge, skill and experience that may reasonably be expected of an individual carrying out the same functions as are carried out by an Officer in relation to the Scheme; and

1.5.1.2. the general knowledge, skill and experience of that Officer; and

1.5.2. a fiduciary duty to act in good faith and in a manner that the Officer reasonably believes to be in the best interests of the Scheme.

1.6. Failure to properly perform these duties may render an Officer personally liable to pay monetary damages, whereas the failure to perform certain statutory duties may result in an Officer facing criminal liability.

1.7. Individual Trustees, the PO or the Board as a whole should be entitled, at the expense of the Scheme, to take independent professional advice in connection with their duties, if they deem it necessary, but only after following a process agreed by the Board.

## **2. The Board and its Officers should manage conflicts of interests<sup>8</sup>**

2.1 The Board shall take all reasonable steps to avoid conflicts of interest.<sup>9</sup>

2.2 The personal interests of an Officer, or persons closely associated with that Officer, should not take precedence over those of the Scheme.

2.3 Certain conflicts of interest are so fundamental that these should be avoided. Other conflicts (whether real or perceived) should be disclosed timeously and in full detail to the Board.

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<sup>6</sup> Adapted from, *inter alia*, Principle 1 and 14 of King IV

<sup>7</sup> Section 57(6)(b) of the Medical Schemes Act.

<sup>8</sup> Adapted from, *inter alia*, Principle 2.14.4 of King III. Note that in terms of King III, these principles should be applied to all other entities, regardless of the framework under which these entities have been established, subject to any specific standards required.

<sup>9</sup> Section 57(6)(c) of the Medical Schemes Act.

- 2.4 The Chairperson of the Board (“**Chairperson**”) should be independent and free of conflicts of interest on appointment and this role should not be fulfilled by the Principal Officer (“**PO**”).
- 2.5 The Scheme may however have sound reasons for appointing a Chairperson who does not meet all the criteria for independence and should be prepared to justify its decision in terms of good corporate governance principles. In such an event the Board should appoint a lead independent Trustee to assist the Board in dealing with any actual or perceived conflicts of interest that arise in these or future circumstances.<sup>10</sup>
- 2.6 The Chairperson should manage conflicts of interest. It is not sufficient merely to table a register of interests. All internal and external legal requirements must be met. The Chairperson should ask affected Officers to recuse themselves from discussions and decisions in which they have a conflict, unless they are requested to provide specific input, in which event they should not be party to the decision.
- 2.7 If an Officer has a personal financial interest in respect of a matter to be considered by the Board, or knows that a related person<sup>11</sup> has a personal financial interest in the matter, the Officer:
- 2.7.1 must disclose the interest and its general nature before the matter is considered at the meeting;
  - 2.7.2 must disclose to the meeting any material information relating to the matter, and known to the Officer;
  - 2.7.3 may disclose any observations or pertinent insights relating to the matter if requested to do so by the other Officers;
  - 2.7.4 if present at the meeting, must leave the meeting immediately after making any disclosure contemplated in paragraph 2.7.2 or 2.7.3;
  - 2.7.5 must not take part in the consideration of the matter, except to the extent contemplated in paragraphs 2.7.2 or 2.7.3;
  - 2.7.6 while absent from the meeting in terms of the above:
    - 2.7.6.1 A Trustee is to be regarded as being present at the meeting for the purpose of determining whether sufficient Trustees are present to constitute the meeting; and
    - 2.7.6.2 A Trustee is not to be regarded as being present at the meeting for the purpose of determining whether a resolution has sufficient support to be adopted; and

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<sup>10</sup> Adapted from Principle 2.16 of King III.

<sup>11</sup> In terms of section 2 of the Companies Act: (a) an individual is related to another individual if they: (i) are married, or live together in a relationship similar to a marriage; or (ii) are separated by no more than two degrees of natural or adopted consanguinity or affinity; and (b) an individual is related to a juristic person if the individual directly or indirectly controls the juristic person, as determined in accordance with section 2(2) of the Companies Act.

- 2.7.7 An Officer must not execute any document on behalf of the Scheme in relation to the matter unless specifically requested or directed to do so by the Board.<sup>12</sup>
- 2.8 The PO should not be a member of the Remuneration or Audit Committees, but should attend by invitation. POs should, however, recuse themselves when conflicts of interest arise, particularly when their performance and remuneration are discussed.
- 2.9 As part of a due diligence exercise in relation to sourcing appropriately skilled and experienced Officers and ensuring that they are appropriately independent, the onus is on the individual Officer to determine whether he or she has the requisite capability to make a meaningful contribution and that he or she is free from apparent or actual conflicts.
- 2.10 The Scheme may not enter into an administration contract with a party in which any employee, or Officer has a direct or indirect financial interest.<sup>13</sup>
- 2.11 A person shall not be a member of the Board if that person is:<sup>14</sup>
- 2.11.1 a person under the age of 21 years;
  - 2.11.2 an employee, director, officer, consultant, or contractor of the Administrator or the Scheme or of the holding company, subsidiary, joint venture or associate of that Administrator;
  - 2.11.3 a broker;
  - 2.11.4 a person, including a legal person, associated with the Administrator of the Scheme;
  - 2.11.5 the PO of the Scheme; and
  - 2.11.6 the Auditor of the Scheme.
- 2.12 In principle,<sup>15</sup> a Trustee may also hold a position as director on the board of a company. If a Trustee does accept such a position, he or she is required to keep confidential any confidential information which he or she acquires as a Trustee or director, as the case may be. The person may not disclose confidential information about the Scheme to the company, even though the company could benefit from such information, or vice versa. The person would furthermore be required to act in good faith in what he or she believes is in the best interests of both the Scheme and the company.

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<sup>12</sup> See section 75 of the Companies Act.

<sup>13</sup> BN 73 of 30 June 2004: Notice of declaration of undesirable business practice in terms of section 61 (1) of the Medical Schemes Act.

<sup>14</sup> In terms of rule 17.7 of the Rules.

<sup>15</sup> A trustee/director may, however, be precluded from doing so in terms of his or her contract with the scheme or the company, or in terms of the articles of the company.

# Annexure B – Fitness and Proprietary of an Officer Policy

## 1. Introduction

- 1.1 This document sets out the framework against which the following persons are assessed as Officers:
  - 1.1.1 persons nominated for election to the Board of Trustees, to determine their eligibility to stand for election to serve on the Board “**Nominee**”; and
  - 1.1.2 persons currently serving as Trustees of the Board to determine their continued eligibility to serve on the Board (“Current Trustee”).
  - 1.1.3 Principal Officer (acting or permanent)

## 2. Definitions

- 2.1. “**fit**” relates to competence and ability to do the job of an Officer; and
- 2.2. “**proper**” relates to an Officer’s character and integrity (i.e. suitability to do the job).

## 3. Legislative framework

- 3.1. The following form part of this framework:
  - 3.1.1. Medical Schemes Act 131 of 1998 (“**the Act**”);
  - 3.1.2. Fedhealth Medical Scheme Rules registered 1 January 2011 (as updated from time to time (“**Scheme Rules**”);
  - 3.1.3. Companies Act 71 of 2008;
  - 3.1.4. King Codes on Corporate Governance – King III (2009) and King IV (2016);
  - 3.1.5. Protection of Personal Information Act 4 of 2021;
  - 3.1.6. Applicable South African legislation and case law
  - 3.1.7. Council for Medical Schemes Proposed Fit and Proper Standards for Principal Officers and Trustees Discussion Document of October 2008 “**CMS Fit and Proper Standards**”.

## 4. Principles

- 4.1. The fundamental principles governing the Officers in terms of the CMS Fit and Proper Standards are summarised as follows:

#### **4.1.1. Honesty, integrity and reputation**

The Officers must possess the character, diligence, honesty, integrity and judgement to perform their duties of Trustees or Principal Officer.

#### **4.1.2. Competence and capability**

The Officers demonstrate the appropriate skill, knowledge and competence in fulfilling the managerial and professional responsibilities in the conduct of their duties, in order for them to make informed decisions in the best interests of beneficiaries within a sound governance framework.

#### **4.1.3. Financial Soundness**

The Officers must demonstrate ability to manage their own financial affairs properly and prudently, in order to provide confidence in their ability to manage the financial affairs of others.

### **5. Qualification as an Officer**

- 5.1. The Act and the Scheme Rules clearly set out who does not qualify to be an Officer.
- 5.2. Over and above the criteria set out in the Act and Scheme Rules, a person who has been disqualified or is prohibited from being a director of a company in terms of the Companies Act shall not qualify to be an Officer.
- 5.3. Before becoming an Officer candidates need to be vetted in line with the Scheme's Vetting Policy set out in Annexure C, to ensure that they qualify as an Officer.

### **6. Evaluation of Officers' fitness and propriety**

- 6.1. Officers will be evaluated on a regular basis to determine if they are still fit and proper to hold their positions, in line with the Scheme's Vetting Policy set out in Annexure C.
- 6.2. In addition to the above, the evaluation process will include a satisfactory performance review, which may occur every 2 years.

### **7. Action against Officers who are no longer fit & proper**

- 7.1. The provisions of Scheme Rule 17.9 shall apply, where relevant to all Officers.
- 7.2. Any other acts or omissions by an Officer that could be deemed to potentially bring the Scheme to disrepute will be immediately reported to the Registrar of Schemes, who will deliberate on the matter and provide the Scheme with a recourse.

## Annexure C – Vetting Policy

### 1. Statement

The purpose of this policy is to ensure that there is a consistent and thorough process of vetting for the following persons:

- Nominated candidates;
- Elected Trustees;
- Appointed Trustees;
- Principal Officer; and
- Independent Audit Committee members.

to ensure their suitability to work as officers of the Scheme.

### 2. Introduction

4.1. The Medical Schemes Act 131 of 1998 (“the Act”) provides that Trustees and Principal Officers of medical schemes must be fit and proper persons to hold their positions for the duration of their terms. They are required to:

- 2.1.1 act honestly and in good faith in their deliberations;
- 2.1.2 make decisions and that their actions pertaining to their roles as Trustees are in the best interests of the Scheme and its beneficiaries at all times;
- 2.1.3 ensure that their personal interests and their duty to the Scheme are not brought into conflict and they uphold ethical standards in all their activities; and
- 2.1.4 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.

- 4.2. Section 57 (7) of the Act provides a list of persons that may not serve as a Principal Officer. The appointment process will ensure that such a person is not appointed.

### 3. Scope

3.1 This policy will be effective from the date of adoption by the Board of Trustees.

3.2 This policy is applicable to –

3.2.1 Nominated candidates

3.2.1.1 at nomination stage

3.2.2 Trustees;

3.2.2.1 as and when they come up for election<sup>16</sup>;

3.2.2.2 who are appointed;

3.2.3 Principal Officer;

3.2.3.1 a newly appointed PO/ every 3 years thereafter.

3.2.4 Independent Audit Committee members

3.2.4.1 a newly appointed independent Audit Committee member/every 3 years thereafter.

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<sup>16</sup> “*Election*”: standing as a candidate at the Scheme’s Annual General Meeting (“AGM”) for a position as a Trustee on the Board of Trustees.

## 4. Procedure

- 4.1 The CMS' Personal Vetting Questionnaire and Declaration form will be completed, in respect of the elected Trustees (including appointed Trustees) confirming that such Trustee is aware of the Scheme's vetting policy and the vetting process. The Trustee must accept that satisfactory vetting is an essential requirement to serve as a Trustee of the Scheme.
- 4.2 The vetting process will be carried out as follows:
- 4.2.1 Nominated candidate: prior to election as a Trustee i.e. at nomination stage via XDS (refer to par. 4.3);
  - 4.2.2 Appointed Trustees prior to appointment via XDS (refer to par. 4.3);
  - 4.2.3 Appointed and elected Trustee: after confirmation as Trustee, via the CMS' Personal Vetting Questionnaire and Declaration form (refer to par. 4.4)
  - 4.2.4 Principal Officer: at appointment, via the XDS and the CMS' Personal Vetting Questionnaire and Declaration form and every three years thereafter;
  - 4.2.5 Independent Audit Committee Members: on appointment, via the XDS system and the CMS' Personal Vetting Questionnaire and Declaration form and every three years thereafter.
- 4.3. Information relating to nominated candidates will be verified against the Xpert Decision System (XDS) credit information bureau. This verification will include amongst others:
- 4.3.1. credit checks/status of the candidate;
  - 4.3.2. confirming if there are no court judgements, orders, rulings or findings against the candidate;
  - 4.3.3. solvency status of the candidate.
- 4.4. The CMS' Personal Vetting Questionnaire and Declaration form will focus on, but not be limited to, the following:
- 4.4.1. Personal information of the candidate;
  - 4.4.2. Details of academic qualifications;
  - 4.4.3. Details of spouse or life partner if applicable;
  - 4.4.4. Employment history;
  - 4.4.5. Details of previous Trusteeships;
  - 4.4.6. How the candidate was nominated/appointed;
  - 4.4.7. Solvency status of the candidate;
  - 4.4.8. Previous convictions if any;

- 4.4.9. Existence of pending legal proceeding initiated by the candidate or against the candidate;
  - 4.4.10. Ownership of a business that has gone into liquidation;
  - 4.4.11. Any previous dismissals from employment positions;
  - 4.4.12. Any declarations of mental incapacity;
  - 4.4.13. Existence of any judgements, rulings and orders against the candidate;
- 4.5. The successfully elected/newly appointed Trustee will receive a letter confirming election or appointment of the Trustee and setting out the terms of his/her appointment.
- 4.6. The provision of any false information on the vetting questionnaire that has an impact on the Trustee's fit and proper standing, may be grounds for reporting the relevant Trustee to the CMS.
- 4.7. A register of the vetted Trustees and/or Principal Officer will be kept by the Scheme for auditing purposes.

## **5. References**

- 5.1. The Scheme will seek references to obtain objective and factual information to support the appointment decision. A minimum of two written favourable references shall be required prior to an offer of appointment being made.

## **6. Review**

The policy will be reviewed and updated every year by the Risk & Legal Committee.

## **Annexure D – Gift Policy**

### **1. Purpose of the policy**

This document sets out the policy of the Scheme applicable to each Trustee, the Principal Officer and all employees of Fedhealth (collectively referred to as “Scheme Personnel”) in respect of any gift, as defined above.

The purpose of this policy is to determine appropriate conduct in relation to any gift offered to or received by Scheme Personnel. In this way the governance of the Scheme is intended to be demonstrated as one of integrity, independence and accountability.

In accordance with this policy, Scheme Personnel should never solicit a gift or gifts for personal gain.

### **2. Gifts**

For the purpose of this policy a gift is defined as any present, tangible object or service, entertainment, entry or attendance to any sporting event, accommodation, transport, trip or excursion provided or offered for less than its arm’s length market value in circumstances that could reasonably be assumed as having been so provided or offered as a result of the potential recipient’s perceived ability to influence Scheme decisions.

### **3. Declaration**

Scheme Personnel should make declarations to the Board of Trustees of the Scheme (“the Board”) of all gifts, as defined above. In the event of a gift exceeding R1 000 in value, such gift must be entered in the Gifts Register, at the monthly BOT meeting. The register is held by the Scheme Secretary.

### **4. When prior Board approval required**

In the event of a gift exceeding R1 000 in value, such gift should be declared to the Board prior to acceptance. Where the monetary value of a gift is not known, the brand name of the gift should be given as an indication of its worth.

No subsidised overnight transport or accommodation must be accepted without the prior approval of the Board.

In the event of uncertainty as to the value, appropriateness, potential offence by the offer or external perception as to the intention behind the offer, the intended recipient should consult with the Board prior to acceptance of a gift.

The independent members of the Audit Committee will require Board of Trustees approval before any gifts are accepted by them.

## 5. Gifts from third party service providers

Scheme Personnel as well as their family members may not accept gifts, no matter what the value, from any third party service provider (including the Administrator).

The following exceptions are applicable:

- Advertising matter of limited commercial value, for example desk calendars or diaries
- Occasional business entertaining such as lunches, cocktail parties or dinners
- Occasional personal hospitality such as tickets to local sporting events or theatres provided that the cost of any travel or accommodation is approved by the Board.

## 6. Non-compliance with this policy

Non-compliance with this policy will result in:

- a. Disciplinary action being taken against employees of the Scheme (including the Principal Officer)
- b. The appropriate action being taken against Trustees, as non-compliance constitutes a breach in the Officers Code of Conduct.

## **Annexure E – Social Media Policy**

### **1. Statement**

The purpose of this policy is to promote the acceptable use of social media to the benefit of the Fedhealth Medical Scheme (hereinafter referred to as “the Scheme”) brand and prevent a negative impact on the Scheme on social media platforms.

### **2. Introduction**

The Scheme 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 interest 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.

### **3. Principles**

The following principles apply to the professional use of social media on behalf of the Scheme as well as personal use of social media when referencing the Scheme.

1. The Officers and employees need to know and adhere to their respective Code of Conducts, and other approved policies, when using social media in reference to the Scheme.
2. The Officers and employees should be aware of the effect their actions may have on their images, as well as on the Scheme’s image. Any information that is posted or published may be public information for a long time, which can financially impact the Scheme.
3. The Officers and employees should be aware that the Scheme may observe content and information made available through social media, therefore each Officer and employee should use their best judgement in posting material that is neither inappropriate nor harmful to the Scheme, its Officers, employees or members.
4. The Officers and employees are not to publish, post or release any information that is considered confidential or not public. If there are questions about what is considered confidential, this should be prior discussed with the Board before anything is posted by an Officer or employee.

5. Social media networks, blogs and other types of online content sometimes generate press and media attention or legal questions; these should be referred to the authorised Scheme's spokespersons.
6. If an Officer and/or employee find or encounter a situation while using social media that threaten to become antagonistic, they should disengage from the dialogue in a polite manner and refer the matter to the Scheme's spokespersons.

#### **4. Policy review**

The policy should be reviewed by the Risk and Legal Committee on an annual basis, where after the policy will go to the Board for ratification.