

18 August 2020

## ALLIANCE-MIDMED TRUSTEE ELECTIONS POLICY-GUIDELINE

### 1. PURPOSE

This policy guide broadly outlines the processes and procedures to ensure fair Board of Trustee elections for the Alliance-Midmed Medical Scheme. This document is not intended to provide a comprehensive checklist for Trustee elections or conduct. The References cited elsewhere will be used to decide specific matters that are not pertinently discussed.

### 2. REFERENCES

- a. Medical Schemes Act
- b. Alliance-Midmed Medical Scheme Rules – Annexure I
- c. Scheme Code of Conduct and Ethics
- d. King Governance Codes
- e. Companies Act.

### 3. PRINCIPLES

- a. Elections are overseen by an Elections Committee.
- b. Processes and procedures are designed to promote transparency.
- c. Trustees are not remunerated.
- d. Trustees are elected from amongst the membership and may include members/dependants.
- e. The Scheme avoid constituency or block representation.
- f. A simple process is followed where the persons with the most votes are appointed.
- g. A fitness test is performed at appointment.
- h. The Scheme policies, codes, and the legislation are referenced as guides and will be used to decide specific issues not pertinently referenced.
- i. Ensuring fair elections is a priority
- j. Consensus is the preferred method resolving differences and disputes.
- k. Once the Elections Committee heard a complaint, their decision will be final.
- l. Access for all members to vote for their trustees is essential.
- m. Elections are held separate from the AGM processes to ensure all members are given an opportunity to vote.
- n. The Scheme will focus on accessible virtual and electronic processes to achieve maximum exposure to members.
- o. Members are provided with detailed information on the process, the requirements to be a trustee and nominees who qualify will be given the opportunity to provide members with their profile, including relevant qualifications and experience, the venues, and procedures.
- p. Review this document at least six months prior to elections.



## 4. THE PROCESS

The elections process consists of three phases:

### 4.1 Nomination Phase

- nominate fellow Scheme members, virtually and in-person, and agree with them that they are available to serve as a trustee. A Nominees List will be published after the nominees are informed and briefed regarding the trustee role and responsibilities and they must confirm their willingness to serve as a trustee nomination is automatically cancelled. Checks and verifications are performed and are then transferred, in surname-alphabetical order to an official Ballot List.

### 4.2 Election Phase

members vote for the candidate/s of their choice. During the election phase, virtually, and in-person, care is taken to provide opportunity for members to vote. A “roving” in-person Ballot Station is made available at venues more convenient to members and out-of-area votes can also be cast. Interim elections may be called where there are insufficient names for the Trusteeship.

### 4.3 Appointment Phase

The process of announcing and appointment of both the elected and appointed trustees.

- Ballots are counted and verified.
- Possible complaints and disputes are heard and decided.
- The documentation process of formal appointment is finalised.
- Conclusion of this phase is the scheduling of training, handover meetings and the first meeting of the newly appointed Board of Trustees.



## ANNEXURE I: EXCERPT FROM THE SCHEME RULES:

### 17 GOVERNANCE

- 17.1** The affairs of the Scheme shall be managed according to these Rules by a Board consisting of six persons who are fit and proper to be Trustees.
- 17.2** Three Trustees shall be appointed by the employer, (hereinafter referred to as the "**employer representatives**"); and
- 17.3** Three Trustees (who shall be members of the Scheme), shall be elected by members in accordance with Rule 17.8 (hereinafter referred to as the "**member representatives**").
- 17.4** The employer and member representatives shall hold office for a period of 3 (three) years.
- 17.5** Retiring members of the Board shall be eligible for re-election or re-appointment, as the case may be, provide that a member may not hold office for more than 5 (five) terms, calculated from the date of his election or appointment with effect from 2018 or thereafter: -
- 17.5.1** provided that such Board member may resign at any time by giving written notice to the Board of his intention to resign as a member of the Board; and
- 17.5.2** provided further that such Board member shall be obliged to resign if he ceases to be a member of the Scheme.
- 17.6** Persons so elected/appointed shall disclose at every meeting all interests they have in relation to the Scheme.
- 17.7** The following persons are not eligible to serve as members of the Board:
- 17.7.1** a person under the age of 21 years;
- 17.7.2** an employee, director, officer, consultant or contractor of the administrator of the Scheme or of the holding company, subsidiary, joint venture or associate of that administrator;
- 17.7.3** a broker;
- 17.7.4** any employee of the Scheme;
- 17.7.5** the Principal Officer of the Scheme; and
- 17.7.6** the authorised auditor of the Scheme.
- 17.8** Member representatives shall be elected as follows:



- 17.8.1** the Scheme shall make available nomination forms to members of the Scheme 2 (two) months prior to the election date which falls in July of every third year. Each member shall be entitled to nominate one member of the Scheme for members' election to the Board, (including continuation members) at the employer. The person so nominated shall confirm acceptance of his nomination. The nomination form shall be completed and returned to the Scheme on or before a date to be determined by the Board;
- 17.8.2** the Scheme shall prepare a list of nominees as soon as possible after the return date and the list shall be displayed at the time offices of the employers and furnished to continuation members. All nominees shall inform the Principal Officer after the nomination list is first displayed or mailed, whether or not they accept the nomination. If a nominee does not inform the Principal Officer one way or the other, the nomination shall be considered as withdrawn;
- 17.8.3** voting for members of the Board shall take place by members of the Scheme at the sites of the employers at such times and dates as may be determined by the Board from time to time. The Board may make such arrangements, as it may deem appropriate to enable members who cannot attend, to cast their votes.
- 17.8.4** Board members shall be elected from the full membership list without establishing sub-groups.
- 17.9** When a Trustee vacancy arise due to such member resigning in terms of Rule 17.5 or ceasing to hold office in terms of Rule 17.11 and/or Rule 17.29, the vacancy will be filled by the qualifying member who amassed the next most votes during the previous trustee election process.
- 17.10** The Scheme must inform the Registrar of the persons so elected and/or appointed within 30 (thirty) days of such elections/appointments.
- 17.11** A prospective nominee cannot hold office, or a current member of the Board shall cease to hold office if:-
- 17.11.1** he /she is in terms of any other legislation, declared mentally ill or incapable of managing his/her affairs;
- 17.11.2** he is declared insolvent or has surrendered his estate for the benefit of his creditors;
- 17.11.3** he is convicted, whether in the Republic or elsewhere, of theft, fraud, forgery or uttering of a forged document or perjury;
- 17.11.4** he is removed by the Court from any office of trust on account of misconduct;
- 17.11.5** he is disqualified under any law from carrying on his profession;
- 17.11.6** he ceases to be a member of the Scheme;
- 17.11.7** he absents himself from three consecutive meetings of the Board without the permission of the chairperson;
- 17.11.8** he is removed from office by the Council in terms of Section 46 of the Act or any other legislation;
- 17.11.9** he is removed from office in terms of Rules 17.29 or 17.31.



- 17.12** save for the provisions of Rule 17.11.6, the provisions of Rules 17.11.1 to 17.11.7 apply *mutatis mutandis* to the Principal Officer, except that the Principal Officer must be any person who meets the fit and proper requirements of the Rules and the Act.
- 17.13** The chairperson must be elected by members of the Board from among itself after each Trustee election process.
- 17.14** Should the chairperson resign or cease to be a member of the Board or be removed from office on a vote of no confidence by the Board, the Board shall fill the vacancy thus created for the remaining period for which the previous incumbent was elected.
4. All medical schemes are, therefore, required to notify CMS in writing (20 days before commencing with a call for elections in terms of rules) of a date on which they intend to hold trustee elections. The notification shall-
- a. state the date on which the trustee elections are to be held;
  - b. contain a framework, with a timeline that illustrates conformance with time periods in rules of a medical scheme, that the medical scheme will follow to convene and hold a meeting;
  - c. state measures that a scheme intends to put in place to ensure independent, free, fair and credible elections. This includes measures taken to protect and secure the venue on the day of the meeting.
  - d. The notification shall also contain a budget estimate that a medical scheme plans to expend in the conducting and holding of the trustee elections.