

# Code of Conduct

## Fedhealth Medical Scheme

(Hereinafter referred to as “the Scheme”)

### 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 objectives 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 and opportunities 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 to all fellow Trustees at the first available opportunity.
- 3.2 Each Trustee agrees to comply with and be bound to the Conflict of Interest Policy 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 their immediate family have 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 duty of the Board to obtain independent legal advice on the issue.
- 3.6 To maintain the integrity of the Board, Trustees are encouraged to refrain from any potential conflict of interest without first obtaining the approval of the Board of Trustees through a special resolution.
- 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 Board’s Gifts Register 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 The members of the Board of Trustees shall disclose annually in writing to the Registrar any payment or considerations made to them in that particular year by the medical scheme.
- 3.9 Each Trustee agrees to comply with and be bound to the terms of the Fedhealth Gift Register 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.
- 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 This 3600 Evaluation is conducted on a committee basis.
  - 4.3.2 Each Committee Chairperson reviews the Trustees on his or her committee.
  - 4.3.3 The Chairperson and Vice Chairperson of the Board and the Principal Officer review the performance of the committee.
  - 4.3.4 The performance of the Board itself is assessed by an independent expert.

#### **5. FIDUCIARY DUTY**

- 5.1 Trustees must govern the Scheme in terms of the Scheme Rules and the Medical Schemes Act.
- 5.2 Trustees look after money that belongs to other people (the beneficiaries, 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 are 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 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; and they have the responsibility of signing off the annual financial statements of the Scheme.
- 5.7 Trustees just 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 must 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 on the basis of ethnicity, age or gender.
- 5.10 Trustees must take all reasonable steps to protect the confidentiality of medical records concerning a beneficiary's state of health. Where a Trustee interacts directly with a member, he or she should 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**

- 6.1 The Board is required to take out and maintain professional indemnity and fidelity guarantee insurance.
- 6.2 Trustees must ensure that proper Minutes of meetings of the Board and its sub-committees are kept and that a Register of Resolutions and Policy Decisions made by the Board is kept and regularly updated.
- 6.3 It is incumbent upon Trustees to ensure that the rules, operation and administration of the Scheme complies with the provisions of the Medical Schemes Act and all other applicable legislation and considers adherence to non-binding rules, codes and standards.

## **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 in terms of the Rules of the Scheme or the Medical Schemes Act, then the Board should take such action as it considers appropriate.
- 7.1.1 The Legal, Risk and Governance Committee shall cause an investigation to be made of any reported violation and shall oversee an appropriate response, including corrective, preventative or disciplinary action.
- 7.1.2 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, subject to 7.1.3.
- 7.1.3 Each Trustee further acknowledges that at all times they may be sanctioned in terms of the remedies provided in the Medical Schemes Act.
- 7.2 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 and the Chairman of the Legal, Risk and Governance Committee. The Board shall not allow any retaliation against a Trustee who acts in good faith in reporting alleged violations.
- 7.3 It shall be the responsibility of the Chairman of the Legal, Risk and Governance 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, as outlined 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. TRANSPARENCY**

- 8.1 This Code of Conduct shall be posted on the Fedhealth website ([www.fedhealth.co.za](http://www.fedhealth.co.za)). It shall be the responsibility of the Legal, Risk and Governance Committee to propose updates to the Code of Conduct when and where circumstances demand to the Board, and on ratification by the Board, to ensure that updates are posted on the website.

## **9. LEGISLATIVE FRAMEWORK**

- 9.1 Medical Schemes Act;
- 9.2 King III;
- 9.3 CMS – Proposed Corporate Governance Guidelines