AMS ANGLO MEDICAL SCHEME

Fifty Sixth Annual General Meeting

Minutes of the Meeting

Date / time: **Wednesday, 21 May 2025 at 10:00**
Location: **Virtual AGM hosted on Zoom**

1. Welcome and quorum

Present

Board of Trustees (the Board)

Dr F Fox (FF)	Member Trustee (Chairman)
Mr J Coetzer (JC)	Employer Trustee
Mrs C Elliott (CE)	Member Trustee
Mr N Mason-Gordon (NM-G)	Member Trustee
Ms S Hosking (SH)	Member Trustee
Dr C Mbekeni (CM)	Member Trustee
Mr C Barrett (CB)	Employer Trustee
Mr J Liston (JL)	Employer Trustee
Mr H Thompson (HT)	Employer Trustee
Mr N Mamabolo (NM)	Employer Trustee
Mrs B van der Bijl (BvdB)	Employer Trustee
Mr R Moodley (RM)	Employer Trustee

Head Office

Mrs J le Roux (JlR) (PO)	Principal Officer
Ms Y Landsberg (YL)	Scheme Secretary

Invitees

Discovery Health (DH)

Ms D Voges (DV)	Fund Manager
Mr M Jacobs (MJ)	Head: In-house Finance
Ms M Kapong (MK)	Fund Co-Ordinator
Ms I De Villers (IDV)	Actuary

3One

Ms J van Eeden (JvE)	Actuarial Manager
Mr C Yssel (CY)	Director & Consulting Actuary

Members

69 Members of the Scheme	As per attendance register

Proxies

The following proxies were received	21 in favour of the Chairman 3 in favour of Colleen Elliott 6 in favour of Joe Coetzer 1 in favour of James Liston 1 in favour of Bridget van der Bijl 1 in favour of Mary Farrell 1 in favour of DCG Murray

Apologies 106 apologies were received.

Opening and apologies

The Principal Officer (PO), Mrs Julia le Roux, introduced herself and welcomed members, guests and invitees to the fifty-sixth Annual General Meeting (AGM) of the Anglo Medical Scheme (AMS).

The PO noted potential pitfalls of virtual meetings and advised participants to log back into the meeting should they lose connectivity.

In compliance with Scheme Rule 27.5, the Chairperson determined that voting would be conducted by way of a poll using a secure voting tool provided by LUMI, the company appointed to scrutinise and provide the audit trail of all attendees and votes cast. The meeting was informed about the etiquette and navigation of the virtual meeting room, as well as the voting process on LUMI. The PO explained that each member in good standing was entitled to one vote on each motion. For the vote to count, the member had to be present in the meeting or had to have ceded their right to vote to a nominated proxy who had to be present. The system would not allow duplicate votes. No questions were raised.

The PO introduced the Board of Trustees (the Board).

The Chairperson opened the fifty-sixth Annual General Meeting of the AMS and, as it had been confirmed that 69 members in good standing were present, declared the meeting quorate and duly constituted in terms of Rule 26.1.3. 106 apologies were received, noted and accepted. The meeting was informed about the proxies received.

2. Notice of meeting

The Scheme had complied with Scheme Rule 26.1.2 by giving members at least 14 days' notice of the meeting. The Chairperson proposed that the Notice of Meeting be taken as read, which was *agreed*.

3. Minutes of the previous Annual General Meeting

The minutes of the fifty-fifth Annual General Meeting held on 22 May 2024, published on the Scheme website and sent to members electronically, were *confirmed* by the meeting and signed by the Chairperson as an accurate record of the proceedings.

4. Matters arising from the minutes of the previous meeting

The Chairperson raised the only matter arising from the minutes of the fifty-fifth AGM wherein there was a query raised on the Scheme to consider the appointment of a second auditor for National Health Insurance (NHI) implementation. The Board resolved that the Scheme continue to operate on a business-as-usual basis and didn't believe a second auditor was required at this time. It was noted that the NHI had faced a number of legal challenges from various industry bodies. There was recognition that the NHI Act would likely take 10 years or longer to be implemented in a phased approach. The matter was considered closed.

5. Report of the Board of Trustees, the auditors, and the Annual Financial Statement of the Anglo Medical Scheme for the year ended 31 December 2024

The Chairperson stated that a summary of the 2024 Annual Report (AR) was published in the April 2025 Special Edition of the MediBrief. The full AR was published on the Scheme's website and was obtainable from the PO on request. It was also available in the electronic AGM meeting pack sent to all members who had confirmed their attendance at this meeting.

The Chairman reported that the membership had remained stable with a slight overall decline of 1% in membership. The Value Care Plan (VCP), however, continued to experience growth; with an increase of 11% in membership. The Scheme continued to perform better than budget with a small operating surplus on the Standard Care Plan (SCP) and VCP. The Managed Care Plan's (MCP) performance was, however, more in line with

the budget with a significant operating deficit. This was offset by the investment income and movements in unrealised gains.

CPI was 4.4% at the end of 2024 and as at March 2025 was 2.7% with medical inflation, generally, trending at between 2% and 3% above CPI.

Over the 12 months, the Scheme's total investment portfolio (including the member savings money market portfolio) had earned a net return of 11.4%, outperforming inflation by 8.4%. Over both the 3- and 5-year periods the Scheme's net real return was around 4% p.a., beating the target real return of 3.5% p.a. However, the Scheme was still lagging the target over 7 and 10 years. Whilst this was a disappointing result, it was important to note that over these periods the only local asset class to deliver (gross) real returns was in excess of 3.5% p.a. was SA bonds (4.7% p.a. over 7 years and 3.7% p.a. over 10 years) - SA equities only returned 1.8% p.a. and 2.0% p.a. real over these periods respectively. Global equities had delivered the highest real returns by far over both periods; however, the Scheme was precluded from investing in this asset class until 2020 and could now still only have a moderate exposure (15% of "excess assets") to global equity in terms of the exemption from the Council.

The Scheme's comprehensive income had increased to R272.4 million up on the 2023 surplus of R271.9 million and the reserving ratio had increased from 474.97% in 2023 to 491.54% as at the end of 2024.

The approach adopted to assessing the Scheme's long-term funding obligations was adjusted for 2024 in that the assumption for contribution increases was adjusted to CPI plus 1% and would be subject to annual review. This was the primary driver in a slight reduction in the Long-Term Funding (LTF) ratio from 141.8% to 138.7%. The two other main drivers impacting this ratio was the claims costs and investment returns. Even a small percentage variation in either component had a sizable impact on the ratio when extended over the full 15- to 20-year period. Despite the slight reduction in the LTF ratio, the long-term obligations remained comfortably funded, coupled with an expectation of improving value-for-money for members versus market norms, into the future.

He thanked the Investment Committee for their dedication and diligence in striving to improve returns within acceptable risk parameters and relevant regulations.

The Scheme's average age of 41.3 was significantly higher than the medical scheme industry average of approximately 34. This would generally lead to a higher burden related to claims expenditure, and lower value for money through higher contribution rates to meet the expected cost. However, despite this, the Scheme's benefit options had been independently assessed to provide very favorable value. Through the application of its in-house actuarial value for money measurement approach, 3ONE Consulting Actuaries had quantified that each of AMS's individual benefit options offer value for money was 7% to 21% above industry averages. When each of AMS's options was measured against a basket of 8 similar industry options, the AMS options performed within the top 3 options in each case with respect to value for money.

The Scheme's responsible approach towards funding and its strong financial position had therefore enabled members to enjoy very favorable value for money, despite its relatively older age profile.

The high contribution increases announced by open medical scheme for 2024 and 2025 was to bring their pricing back to sustainable levels. Since the pandemic, many medical schemes had underpriced contribution increases to return the reserves which were built during the pandemic to members.

AMS had been conservative in the pricing post the pandemic to ensure the sustainability of the Scheme. Together with the actuaries, there had been an annual consideration on the impact of a contribution increase of lower than CPI+3% on the long-term funding to ensure that the funding ratio remained above 100%. Due to AMS's strong financial position, it was able to provide members with a contribution increase closer to CPI in 2024 and 2025 and also include certain benefit improvements without impacting the sustainability of the Scheme.

The Chairperson introduced Mr Marius Jacobs (MJ), Head: In-house Finance from Discovery Health (DH), who took the meeting through the salient points of the 2024 Annual Financial Statements (AFS).

MJ reported that the Board had confirmed its responsibility and integrity in presenting a fair set of Statements and had adopted and applied the principles of good governance as set out in the King Reports.

The AFS had been prepared in accordance with International Financial Reporting Standards (IFRS17), which was implemented 1 January 2023. This was now the mandatory standard for the industry which would impact the financial reporting and influence the interpretation of the AFS report. He pointed out the new insurance accounting standard and definitions versus the previous reporting.

The Scheme had received an unmodified audit opinion from PWC, the Scheme's external independent audit firm.

MJ referred to the Income Statement, noting the net insurance and investment result of R303 million. The Scheme budgeted for an annual operating deficit and ended the period with a net healthcare deficit of R32 million, but an overall net surplus of R272 million, after inclusion of investment income. Underlying factors to the Scheme's R272 million surplus were:

- Investment remained constant at 11.4% for 2024;
- Non-healthcare expenses at 5.7% for 2024;
- Claims ratio increased to 112% compared to110% in 2023; and
- Total assets total was at R4.1billion.

The Investment Committee reviewed the investment strategy quarterly and aimed to maximise the returns at an acceptable level of risk. It was noted that the investment returns had trailed the benchmark and were worse than budget during the period under review. WTW remained the Scheme's investment advisor. MJ concluded with a summary of the Scheme's investment performance and allocations and noted that returns were expected to remain in the single digits for the next few years.

The Chairman thanked MJ and, as there were no questions raised, proposed the Report of the Board of Trustees, the report of the Auditors and the AFS for the year ended 31 December 2023, as approved by the Board on 9 April 2024, be taken as read and adopted. This was *agreed*.

6. Appointment of the auditors in terms of the Rules of the Scheme

The Chairman noted that the Board of Trustees had conducted a review of the external auditor as part of good governance practice in 2024 as the incumbent, PriceWaterhouseCoopers had been appointed as the external auditor in 2018.

Five auditing firms were invited to participate, of which 3 firms had elected to participate. The incumbent was also given an opportunity to provide its fee proposal and based on professional proficiency and considering the value for money proposition, the Audit Committee recommended to the Board of Trustees the appointment of Deloitte for the 2025 financial year.

The Board of Trustees agreed to recommend to the meeting that Deloitte be appointed as the AMS external auditor for the 2025 financial year.

In terms of section 36 of the Medical Scheme's Act and Rule 25.1, The Chairman asked that it be resolved that Deloitte & Touche be appointed the Auditor of the Scheme from the conclusion of this meeting until the conclusion of the next AGM.

The meeting ***resolved***, by way of an electronic poll on LUMI, that Deloitte be appointed as the Scheme's audit firm for the 2025/26 audit period. No member present at the meeting dissented and the Chairman declared Deloitte & Touche duly appointed.

7. Election of a Disputes Committee

The Chairman reported that, in terms of Rule 28.2, a Disputes Committee was required to be elected at each AGM. Members of the Disputes Committee could not be members of the Board of Trustees, members of a Regional Committee, employees of the administrator or officers of the Scheme. He thanked the members of the 2024 Disputes Committee for making themselves available to serve on the Disputes Committee for the period under review.

The following nominations had been received for the ensuing year and a short CV on each nominee had been provided in the meeting pack sent on 6 May 2025:

Bongani Bhengu
David Mbuli
Philip Laubscher

As there were no additional nominations received, there was no need to vote. There being no objections, the nominees were elected to the Disputes Committee for the ensuing year.

8. Trustees for the ensuing year

The Chairperson noted that the meeting had been informed of the changes to the Board for the year under review and the Trustees for the ensuing year had been announced at the beginning of the meeting.

The Chairperson stated that, in line with good corporate governance, he would report on the 2025 Trustee fees. The increase was set at 5%, in line with CPI.

Employer Appointed Trustees no longer received fees, previously ceded to their respective Employers, and only Pensioner Trustees received fees in their personal capacity.

The Chairperson provided the detailed fee structure. There being no questions nor objections, the matter was closed.

9. Matters placed before the Principal Officer for discussion

There were three questions placed before the PO by C Murray:

Question 1 was noted:

AMS's April Medibrief states members over 65 years cost R90 999 on average during the 2024 year. Please advise the average Claims UNPAID to over 65 members during 2024. The total amount of claims unpaid to pensioners and all members would also be of interest.

The PO's response:

We have performed an analysis of the Managed Care Plan and Standard Care Plan and defined a shortfall as the difference between the amount claimed and the amount paid. The average pensioner out of pocket amount for 2024 was R5 881 for in-hospital claims and,
R7 709 for out-of-hospital claims. We have noted that a smaller proportion of pensioners experienced shortfalls for in-hospital claims. As part of the Scheme's annual benefit review process, we consider the utilisation of benefits and where appropriate increase the benefits.

Question 2 was noted:
Since retiring 21 years ago I have watched AMS's surplus/reserves grow and grow to R4bn now due largely to the Employers' pre-funding payments made to protect the Scheme from its high pensioner ratio. The Trustee Board appears to have consistently failed to use any of the reserves for the benefit of pensioners (or indeed any members) in spite of the fact that members who caused the high pensioner ratio in the early 2000's must surely now be gone or on their 'last legs'. This is an obvious miscarriage of justice!

Can our Trustees not ab initio focus on reducing AMS's unpaid claims by using surplus reserves effectively?

The PO's response:
There are still many of the pensioners that you mention in the Scheme. It is estimated that the last of them will have left the Scheme by 2035. The Scheme currently has a pensioner ratio of 23.2%, which is likely to increase as more members retire and fewer younger members join. This compares against the industry pensioner ratio of 9.4% published for the 2023 financial year. The reserves were specifically created to equalise this ratio and cushion members against the increases in contributions resulting from the aged membership profile and anti-selection created by corporate activity.

In terms of the Medical Schemes Act No 131 of 1998, all members must be treated fairly, and all members must benefit from the reserves held by the Scheme.

The Regulations provide:
"4(4) A medical scheme must not in its rules or in any other manner structure any benefit option in such a manner that creates a preferred dispensation for one or more specific groups of members or to provide for the creation of ring-fenced net assets by means of such benefit option or to transfer accumulated pro rata net assets of such option to another medical scheme."

As a result of the use of the reserves, all member contributions are lower than they would have been had there been no surplus reserve. The Scheme had an operating deficit of R96.1 million before considering the investment income. This operating deficit was due to the aging profile of the Managed Care Plan accounting for an operating deficit of R113.6 million which was reduced by the operating surpluses on the Standard Care and Value Care Plans.

The Scheme continues to utilise its reserves to keep contributions below the market-related contribution rates. In 2024, the Scheme adjusted its assumption for contribution increases to CPI plus 1%. This was the primary driver in a slight reduction in the Long-Term Funding (LTF) ratio from 141.8% to 138.7%. This assumption is subject to annual review.

In addition, the Trustees annually review the benefits and consider the utilisation of benefits. In 2024, the Trustees increased the dentistry limit on the Managed Care Plan by 14.9% and introduced an optometry risk benefit. In 2025, the trustees continued to increase the out of hospital benefit on the Managed Care Plan with the addition of two General Practitioner visits which are funded from risk after the personal medical savings is depleted. The introduction of these changes is intended to reduce 'unpaid claims'. In addition, an evaluation of our 2024 Plans found that the Managed Care Plan delivered 21% greater benefit value per contribution Rand spent compared to average industry alternatives. Similarly, the Standard Care Plan provided an 11% higher value compared to competing options, while the Value Care Plan offers 7% more value than the lowest income-band options available from competitors. This has been achieved at a lower contribution rate than is charged for similar benefits in the open market and is enabled by the use of the reserves.

Question 3 was noted:
Please also advise the definition of 'allowable expenses' for IT3(f) certificates for SARS new medical reporting.

The PO's response:
The terms 'Allowable' and 'Qualifying' medical expenses are used interchangeably. 'Allowable medical expenses' is a general term that may refer to expenses eligible for tax relief.

'Qualifying medical expenses' is the specific, defined term used in the Income Tax Act. It refers to expenses that meet detailed criteria set out in the Income Tax Act and SARS guidelines, and only these qualify for the Additional Medical Expenses Tax Credit.

For a medical expense to qualify, it must satisfy the specific criteria outlined in section 3.3.1 of the SARS Guide on the Determination of Medical Tax Credits. Not all submitted claims meet these requirements.

In the Comprehensive Guide to the ITR12 Income Tax return for Individuals Revision 37 (available on the SARS website but attached for ease of reference), under paragraph 8.1.9 it provides that certain medical expenses not reflected on any medical certificate may be claimed under source code 4034 in the year of assessment in which it was actually paid.

The PO briefly reported on the operations of the Scheme noting the help of the third-party administrators in delivering the exceptional service to members. She reported on the service levels of Discovery Health on the SCP and MCP. Kaelo Prime Cure's services performed on VCP were also noted. She highlighted that no complaints were lodged by members at the Council for Medical Schemes in 2024. In the latest CMS report for the period ending December 2023, 2 046 new complaints had been lodged against medical schemes or other entities. She noted that the focus remained on providing members with even greater care and service. In addition to the Head Office staff assisting members, she noted assistance by Client liaison Officers in all the provinces. She highlighted the 3 highest claims paid from risk and encouraged members as well as their dependants to go for annual screening and relevant vaccinations.

In closing, the PO thanked the dedicated AMS team at the administrators, Client Liaison Officers and the AMS Head Office staff members for their passion and willingness to go the extra mile when assisting members.

10. Closure

In closing, the Chairperson indicated that the Board of Trustees had consistently made decisions in the interests of the long-term betterment of all members, almost 75% of whom were current employees of participating employers and would continue to do so.

The Chairperson thanked the administrators, Discovery Health, Trustees, Committee Members, Anglo Medical Scheme Head Office staff and consultants, 3One and Willis Towers Watson for their services during 2024. He extended thanks to the team who arranged the meeting and the technical support, specifically YL and the LUMI team.

As all the business on the agenda had been dealt with, the Chairperson thanked everyone for their attendance and formally declared the meeting closed.

11. General

The Chairman welcomed questions and encouraged members to email the PO for any further questions where written response would be given.

Questions raised:
From Carel de Jager around the confusion of the processes taking over CDE. Lazic also enquired on the CDE program and why it was stopped. James Davis needed clarity on CDE as it had appeared that utilized practitioners were still available.

The PO explained that short notice of termination of services had been received from CDE indicating that they had decided not to continue with their services to all their clients. She

explained members could continue to consult with the same doctors but would not be able to receive their medication from the doctor and instead would have to obtain their medicine from the pharmacy. She welcomed members with problems to contact the Head Office for further assistance. She indicated that DH had been appointed, and they had a GP network which if members used the GP network would allow access to enhanced benefits. The PO informed members that a communication had been sent out to the members on the CDE programme.

Question from Carel de Jager:
He was concerned about Anglo moving out of South Africa and the uncertainty of the contribution sustainability:

The Chairman responded that Anglo American would continue to pay contributions for members residing in South Africa and noted that this was an employer query and not a Scheme query. The PO added that the Scheme continued to be financially sustainable.

A member enquired what CDE stood for?
In response, the PO noted that it stood for The Centre for Diabetes and Endocrinology.

A member enquired if the Scheme would cover the cost of Ozempic for diabetics?
The PO indicated that this would be patient dependant. A motivation from the doctor would be required and clinical protocols for diabetes management would apply.

A request to circulate the minutes as soon as possible rather than await the next AGM was agreed and no further questions were raised.

Confirmation of minutes

Chairperson: …… Date: TBA May 2026