

Code of Conduct

VERSION	DATE	AUTHOR	RATIONALE
0.1	06-Mar-23	M Beneke	Incorporate requirements of the MSA, common law fiduciary duties, attempt to define fit and proper conduct, relevant provisions/processes from the Companies Act and the King Report on Corporate Governance for South Africa, 2016
0.2.2	14-Mar-23	M Beneke	Alignment with the 1/4/22 rules of the Society, harmonisation with the Trustee Election and Appointment Policy

Reviewed and approved by the Board of Trustees on 23 March 2023

Glossary

Administrator - the administrator (as that term is defined in section 1 of the MSA) of the Society	4
Affiliate - holding company, subsidiary, joint venture or associate	4
AGM - annual general meeting of the members of the Society	6
Bill of Rights - as set out in Chapter 2 of the Constitution	4
BOT - Board of Trustees of the Society.....	3, 5, 6, 7, 8, 9, 10
Broker - as defined in section 1 of the MSA.....	4
CMS - Council for Medical Schemes	3, 4, 6
Code - this Code of Conduct.....	1, 3, 4, 8, 9, 10
Companies Act - Companies Act 71 of 2008, as amended.....	4
Confidential Information - all information that comes to the attention of the trustee, committee member, or officer of the Society regarding the Society, its trustees, committee members, officers, beneficiaries, employees or suppliers by virtue of such engagement by the Society which is not within the public domain, regardless of format and whether the relevant information is specifically designated as "confidential" or not	8, 9
Constitution - Constitution of the Republic of South Africa, 1996, as amended.....	3, 4, 8
Ethics Policy - the Ethics Policy of the Society as approved by the BOT and amended from time to time	6, 7
Fit and Proper Assessment - the fit and proper assessment of the CMS, as amended from time to time	4
King IV - King Report on Corporate Governance for South Africa, 2016	3
MSA - Medical Schemes Act 131 of 1998, as amended.....	3, 4, 8
PFI - personal financial interest as that term is defined in section 1 of the Companies Act	5, 6, 7
Registrar - Registrar of Medical Schemes	3
Rules - the rules of the Society, as amended	3, 8
Society - BP Medical Aid Society	3, 4, 5, 6, 7, 8, 9, 10
South Africa - Republic of South Africa.....	3
Trustee Remuneration Policy - the Trustee Remuneration Policy of the Society as approved by the BOT from time to time	6

1. Background

- 1.1 The Society is registered as a medical scheme with the CMS in terms of the provisions of the MSA.
- 1.2 In conducting the business of a medical scheme, trustees, committee members, and officers are required to:
 - 1.2.1. be fit and proper to conduct the business of a medical scheme; and
 - 1.2.2. protect the interests of beneficiaries in terms of the medical scheme's rules and the MSA.
- 1.3 As such, the Society is accountable not only to the Registrar and the CMS but also to the beneficiaries of the Society and as such is obliged to comply with all applicable laws including the Constitution to ensure that it conducts itself as a responsible corporate citizen.
- 1.4 The Society is committed to ensuring compliance with corporate governance best practices as outlined in King IV.

2. Purpose

This Code seeks to articulate the behaviours required of all trustees, committee members, and officers of the Society and, once approved by the BOT shall be read in conjunction with all applicable legislation (including the MSA), the Rules and the policies and procedures approved by the BOT from time to time.

3. Application

- 3.1 This Code is incorporated into the terms of appointment of any trustee and committee member and officer of the Society.
- 3.2 The Society shall seek to incorporate the provisions of this Code into any agreements concluded between the Society and suppliers and employees, as relevant.

4. Eligibility

- 4.1 Aside from meeting the eligibility requirements in terms of the Rules and a competency assessment as contemplated in paragraph 10.1, a trustee, committee member, and/or officer of the Society shall not be eligible for appointment as such if the candidate:
 - 4.1.1. is not a principal member in good standing of the Society;
 - 4.1.2. lacks legal capacity for whatever reason including being an unemancipated minor;
 - 4.1.3. is an unrehabilitated insolvent;
 - 4.1.4. is disqualified under law from carrying on any profession;

- 4.1.5. is not permanently resident in South Africa;
 - 4.1.6. has been convicted of a dishonesty crime including theft, fraud, forgery and perjury;
 - 4.1.7. is an employee, director, officer, consultant or contractor of the Administrator or is an Affiliate of the Administrator;
 - 4.1.8. is a Broker;
 - 4.1.9. has been declared delinquent in terms of the Companies Act;
 - 4.1.10. is prohibited by public regulation from being a director;
 - 4.1.11. has been removed as a trustee by the CMS in terms of section 46 of the MSA;
 - 4.1.12. has been found to have been involved in improper or disgraceful conduct relating to a medical scheme in terms of section 16 of the MSA.
- 4.2 It is a material term of the terms of appointment of each trustee, committee member, and officer of the Society that the provisions of this Code are complied with and that such trustee, committee member and/or officer of the Society continues to remain in compliance with this Code and to remain fit and proper for the duration of his or her term of office.
- 4.3 Without limiting the generality of paragraph 4.2, a trustee, committee member, and/or officer of the Society shall be obliged to complete the Fit and Proper Assessment and any other due diligence requirements of CMS or the Society as reasonably required by the Society from time to time.
- 4.4 Additionally, the Society may, from time to time during the term of office of such trustee, committee member, and/or officer, require that person to supply additional information and/or confirmation, whether for due diligence purposes or otherwise within a reasonable time of such request.
- 4.5 All trustees, committee members, and officers of the Society shall be required to attend governance training arranged by the Society from time to time.

5. Required standards of conduct

- 5.1 A trustee, committee member, and/or officer of the Society shall conduct themselves in a manner which does not bring the Society, its trustees or committee members into disrepute.
- 5.2 Without limiting the generality of paragraph 5.1, trustees, committee members, and officers of the Society shall give effect to the rights enshrined in the Bill of Rights in their dealings with each other and with any third parties including not discriminating against anyone, ensuring the protection of the inherent dignity of a person and respecting each person's privacy subject to any limitations imposed by the Constitution or any law of general application as contemplated in section 36 of the Constitution. These constitutional rights shall apply horizontally between trustees, committee members, and officers of the Society as well as vertically in respect to every beneficiary of the Society, its employees and its suppliers.

5.3 The conduct of the trustees, committee members, and officers of the Society are a reflection of the conduct of the Society itself and if a trustee, committee member, or officer of the Society breaches any of these provisions, this shall entitle, but not oblige, the Society to remove such trustee, committee member, or officer in terms of paragraph 11. If such officer of the Society is an employee, the removal of the person as an officer of the Society shall not affect the employment of that officer by the Society, subject to applicable laws and the prevailing policies and procedures of the Society.

6. Collective responsibility

6.1 The BOT and committees assume collective responsibility for the oversight and management of the Society; the role of trustees and committee members being similar to non-executive directors of a company. The BOT shall accordingly be accountable for all decisions taken by it in the execution of its duties; even where such duties have been delegated.

6.2 The BOT and the committees shall exercise their governance roles and responsibilities in a transparent manner.

7. Integrity

7.1 Trustees, committee members, and other officers of the Society shall act in the utmost good faith in all their dealings with each other and with or in relation to the Society including the duty to:

7.1.1. act in the best interests of the Society;

7.1.2. maintain unfettered and independent discretion in decision-making which incorporates the exercise by such trustee, committee member, or officer of his or her independent judgment, with the obligation to act positively to protect the interests of the Society;

7.1.3. communicate material information at the earliest opportunity;

7.1.4. exercise powers for purpose;

7.1.5. not to exceed limitations of powers;

7.1.6. prevent conflicts of interests including by disclosing interests in contracts concluded by the Society as contemplated in paragraph 7.2; and

7.1.7. not to misappropriate corporate opportunities for the Society to the unfair advantage of that trustee, committee member, or officer of the Society or any Related Person. This duty encompasses the duty not to compete with the Society and to account for secret profits generated by that trustee, committee member, or officer of the Society.

7.2 The BOT shall be responsible for managing any PFI or other conflict of interests situation that may arise proactively.

- 7.3 Without limiting the generality of paragraph 7.2, no trustee, committee member, or officer of the Society shall take improper advantage of any situation that arises to the prejudice (financial or otherwise) of the Society and to this end shall:
- 7.3.1. annually declare his or her interests in writing to the Society;
 - 7.3.2. whenever a decision needs to be made within the governance structure of the Society, if a conflict of interests has been identified (including any PFI), the nature and extent of such interests are to be declared in writing and are to be minuted at a meeting of the BOT or any committee prior to any decision on the matter being made;
 - 7.3.3. disclose in advance to the BOT or that committee the nature of any PFI and shall provide the BOT or that committee with all material information, pertinent insights, or observations except where prevented from doing so to avoid a breach of any confidentiality obligation whether arising in law or pursuant to the conclusion of a contract;
 - 7.3.4. following the disclosure contemplated in paragraph 7.3.3, the trustee or committee member shall leave the meeting and shall not participate in the consideration of that matter. For clarity, although that trustee or committee member shall be deemed to be in attendance for quorum purposes, the vote of that trustee or committee member shall be disregarded for voting purposes; and
 - 7.3.5. the trustee or committee member who has disclosed a PFI or any other conflict of interests shall not be authorised to conclude that transaction on behalf of the Society.
- 7.4 Without limiting the generality of paragraph 7.1.2 and recognising the importance of the independence of trustees and committee members, the remuneration of trustees and committee members paid by the Society shall be dealt with in terms of a Trustee Remuneration Policy approved by the BOT and tabled at the AGM for approval by the members. In addition, the BOT shall procure that a remuneration report is submitted to the members at AGM as part of the Annual Financial Statements and that this is submitted to the CMS on an annual basis.
8. **Ethical conduct**
- 8.1 Trustees, committee members, and officers of the Society are obliged to act ethically beyond mere legal compliance and are required to comply with the Ethics Policy.
 - 8.2 Trustees, committee members, and officers of the Society shall, in all their dealings in relation to the Society, at all times act with honesty and integrity towards each other and with other stakeholders of the Society.
 - 8.3 Key ethical risks shall be identified by the BOT (including ethical risks associated with the interaction of the Society, its trustees, committee members, and officers with internal and external stakeholders and the broader society) and the executive management of the Society shall implement measures to reduce or eliminate those risks which shall be documented by executive management and shall be monitored by the BOT.

- 8.4 The Ethics Policy shall be published on the Society's website and its principles shall be incorporated into agreements concluded by the Society with suppliers and employees.
- 8.5 Training on the Ethics Policy shall be provided as part of employee induction and training programmes.
- 8.6 The BOT shall ensure that appropriate mechanisms have been implemented to deal with protected disclosures made by whistle-blowers.

9. Fairness

- 9.1 In executing their governance role and responsibilities, the trustees, committee members, and officers of the Society shall:
 - 9.1.1. consider the impact of the Society's activities on stakeholders including beneficiaries of the Society; and
 - 9.1.2. consider the impact of the Society's activities on the natural environment, future generations and society in general.

10. Competence

- 10.1 The BOT shall assess the competency of all candidates for the position of trustees, committee members, and officers of the Society as part of the due diligence to be conducted by the Society prior to the appointment of such persons with the aim of verifying their experience, qualifications, knowledge and professional conduct.
- 10.2 Trustees, committee members, and officers of the Society are obliged to act with proper care and diligence in undertaking their duties. Without limiting the generality of the foregoing, a trustee, committee member, or officer of the Society is required to:
 - 10.2.1. act with the standard of diligence and care reasonably expected of a person carrying out the same functions as that trustee, committee member, or officer and with the general knowledge of that particular trustee, committee member, or officer;
 - 10.2.2. take reasonably diligent steps to become informed about a matter prior to participating in the decision-making process including identifying any possible PFI or other conflict of interests and ensuring that such PFI or conflict is disclosed to the BOT or the committee, as the case may be, as contemplated in paragraph 7.3;
 - 10.2.3. when participating in decision-making at any level within the Society's governance structure, a trustee, committee member, or officer of the Society shall make that decision based on actual knowledge or shall conduct a reasonable investigation in the circumstances to inform him or herself regarding that matter. Nothing shall prevent a trustee, committee member or officer of the Society from relying on the feedback of:
 - 10.2.3.1. a committee of which that trustee, committee member, or officer of the Society is not a member;

- 10.2.3.2. an employee of the Society whom that trustee, committee member, or officer of the Society reasonably believes to be reliable and competent; or
- 10.2.3.3. the opinions, information, recommendations or statements of a professional including the Society's legal counsel, accountants, and other professionals.
- 10.3 When participating in the decision-making of the Society, a trustee, committee member or officer of the Society shall ensure that he or she rationally believes the decision to be in the best interests of the Society.

11. Good corporate citizen

The trustees, committee members, and officers of the Society shall ensure that Society is viewed as a good corporate citizen including by ensuring compliance with all applicable laws including the Constitution and the MSA, the Rules, leading standards, and adheres to this Code and its approved policies.

12. Confidentiality

- 12.1 Every trustee, committee member, and officer of the Society:
 - 12.1.1. acknowledges that the Confidential Information that he or she may have acquired, or which may have come to his or her attention pursuant to him or her being appointed as a trustee, committee member, or officer of the Society is a valuable, special, and unique asset of the Society and that the confidentiality of such Confidential Information may be protected in terms of applicable law;
 - 12.1.2. shall keep secret and confidential and shall not disclose the Confidential Information to any person without the prior written consent of the Society, which consent may be withheld in the sole and absolute discretion of the BOT;
 - 12.1.3. shall not use the Confidential Information for his or her own benefit other than pursuant to this Code or in the performance of his or her duties as a trustee, committee member, or officer of the Society; and
 - 12.1.4. shall employ reasonable measures in order to protect the Confidential Information and shall securely store the Confidential Information in whatever medium or format so that only trustees, committee members, and officers of the Society may access same.
- 12.2 If a trustee, committee member, or officer of the Society is compelled in law to disclose the Confidential Information (or any of it) to any third party:
 - 12.2.1. he or she shall, if permitted by applicable law to do so, immediately notify the Society to enable the Society to either consent to such disclosure or to seek an appropriate order preventing such disclosure;
 - 12.2.2. if the Society has consented to such disclosure or a court of competent jurisdiction has ordered such disclosure:

- 12.2.2.1. the trustee, committee member, or officer of the Society shall only disclose the Confidential Information that is directly relevant to the purpose for which it is sought and shall not disclose all the Confidential Information; and
- 12.2.2.2. such disclosure of the Confidential Information shall not mean that the Confidential Information so disclosed is no longer protected by this paragraph 12 which shall remain protected by this clause 12 despite such disclosure provided that:
 - 12.2.2.2.1.1. such Confidential Information is not publicly available without the person seeking access to such Confidential Information being entitled thereto in terms of any applicable access to information laws; and
 - 12.2.2.2.1.2. such Confidential Information not being generally available to the public without undue effort.
- 12.3 If a trustee, committee member, or officer of the Society becomes aware of any loss or unauthorised use or disclosure of the Confidential Information, he or she shall immediately notify the Society thereof in writing. The trustee, committee member, or officer of the Society shall use reasonable endeavours to assist the Society to remedy such unauthorised use or disclosure at his or her own cost.
- 12.4 The disclosure by the Society of any Confidential Information to a trustee, committee member, or officer of the Society shall not:
 - 12.4.1. grant a license to such trustee, committee member, or officer of the Society to use the Confidential Information;
 - 12.4.2. transfer any proprietary rights in and to the Confidential Information to such trustee, committee member, or officer of the Society; or
 - 12.4.3. grant a right of access to the Confidential Information in terms of any applicable access to information laws by the Society to such trustee, committee member, or officer of the Society.
- 12.5 Within 7 days of the date on which a trustee, committee member, or officer of the Society ceases to be a trustee, committee member, or officer of the Society, such trustee, committee member, or officer of the Society shall:
 - 12.5.1. return all Confidential Information to the Society in whatever format;
 - 12.5.2. expunge all Confidential Information from electronic media without retaining copies of same;

provided that all Confidential Information in the possession of a trustee, committee member, or officer of the Society shall remain protected by this paragraph 12 despite the termination of such trustee, committee member, or officer's term of office with the Society and shall remain protected by this paragraph 12 regardless of whether the Confidential Information was disclosed before or after the production of any draft of this Code and/or its approval by the BOT.

12.6 This paragraph 12 shall supersede and replace the provisions of any confidentiality and/or non-disclosure agreement concluded between trustee, committee member, and/or officer of the Society prior to the date of approval of this Code or any version thereof, once approved by the BOT.

13. Consequences of not complying with this Code

13.1 If a trustee, committee member, or officer of the Society breaches any of the provisions of this Code, the BOT shall be entitled, but not obliged, to remove that trustee, committee member, or officer provided that such trustee, committee member, and/or officer shall:

13.1.1. simultaneously with notification to the BOT, receive a copy of the notice to the BOT relating to the removal of that trustee, committee member, and/or officer including a statement setting out the reasons for the resolution with sufficient specificity to permit the trustee, committee member, and/or officer to prepare and present a response to the BOT; and

13.1.2. be afforded a reasonable opportunity to make a presentation to the BOT in person or through a representative before the resolution is put to the vote but shall not be entitled to participate in the vote on that resolution.