



Administrator: Medscheme Holdings (Pty) Ltd

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19 November 2021

Dear Member

Withdrawal of the Notice of Termination of Company Contributions to the MBMed Medical Aid Fund

Our previous letters to members on this topic of 25 August, 16 September 2021, and 12 October 2021 refer.

At a Special Board Meeting on the 8 November 2021, the Board of Management of the MBMed Medical Aid Fund extensively reviewed the numerous concerns and objections it has received from many members concerning the intended medical scheme benefit changes planned by the Daimler Group of Companies in South Africa (Mercedes-Benz South Africa Ltd, Mercedes-Benz Financial Services South Africa (Pty) Ltd and Daimler Trucks and Buses Southern Africa (Pty) Ltd) effective 1 January 2022.

In particular, the Board noted the following:

- Many hourly-paid employee members of MBMed have expressed opposition to converting from MBMed to Sizwe Medical Fund, have asserted that they had not given NUMSA a mandate to enforce membership of Sizwe, and in fact reject a compulsory move to Sizwe.
- In the opinion of the Board, neither Sizwe, nor any of the affordable plans in Discovery Health Medical Scheme, match the chronic medicine benefits of MBMed. MBMed provides funding for eighty-eight chronic conditions in addition to those prescribed under legislation. Further, MBMed maintains that, unless the proposed Sizwe options match the chronic medicine of MBMed, the terms of the Agreement between NUMSA and AMEO are not met, and the changes should not be allowed to proceed.
- The Fund has been reliably advised that Medical practitioners across the Buffalo City Metro, where many members are resident, generally do not claim directly from Sizwe but expect their patients, who are Sizwe members, to pay cash and claim a refund from the scheme. If implemented, this will have a significant negative impact on many people.
- More than 180 pensioner members of MBMed communicated their concerns and objections on the intended medical aid changes to the Group of Companies and demanded a delay in implementation for their concerns to be fully addressed.
- Many members have raised concerns and objections to being obliged to join either Discovery Health Medical Scheme or Sizwe Medical Fund without being given the option to remain in MBMed.
- Many members have expressed frustration and dissatisfaction at the information, communication and consultation process being implemented by Mercer Marsh Benefits - which is largely seen as a Discovery Health and Sanlam Gap Cover marketing exercise and not a proper consultative process between the Companies and affected employees and pensioners.

The MBMed Board of Management resolved, at its Special Meeting on the 8 November 2021, to urge the Group of Companies to halt all implementation steps until all unresolved matters have been thoroughly reviewed - and ideally resolved by consensus - between the Companies and affected employees and pensioners. In urging delay, the Fund strongly recommended that if any changes do indeed proceed, that these are only implemented in January 2023, following a comprehensive, legally compliant process actively driven by the Companies.

The Board further resolved to request that the Companies consider equally extending the delay to the plans to move Daimler Trucks and Buses Southern Africa employees out of MBMed on 1 January 2022.

MBMed reiterated to the Companies that the Fund is in a good financial position, with a competitive benefit offering, and a long and proud history of serving the Group, and generations of its employees, its pensioners, and their families.

The Board of Management advised that until the many concerns and objections of its members are fully and satisfactorily addressed, the Companies should continue participation in the MBMed Medical Aid Fund.

MBMed Medical Aid Fund further advised the Group of Companies that it remains committed to finding workable solutions in partnership and to the benefit of all its members.

On the 18 November 2021, MBMed received notice from Mercedes-Benz South Africa Ltd and Mercedes-Benz Financial Services (Pty) Ltd that the two Companies have withdrawn and cancelled the Letter of Termination of Contributions and will continue to pay Company subsidies for employee and pensioner members of the Fund, according to existing Subsidy Policy, for the duration of 2022.

The Fund was also provided with the attached Company Notice which the Companies requested the Fund to also share which provides more detail on ongoing processes.

The MBMed Board of Management confirms that benefits and contributions for 2022 have been fully planned and submitted to the Council for Medical Schemes for approval. The Fund will go into 2022 with good reserves, responsibly invested, approximating 60% of contribution income – which is well above the statutory minimum of 25% and above the Fund's own risk-based threshold of 50%.

The second half of 2021 has been tumultuous for the Fund and its members. We trust that 2022 will bring increased stability.

Member Guides for 2022 will be published and distributed in December 2021.

Yours in Good Health

MBMed Board of Management



Mercedes-Benz

Company Notice

Notice of Continuation for Company Participation in the MBMed Medical Aid Fund



Mercedes-Benz South Africa Ltd and Mercedes-Benz Financial Services South Africa (Pty) Ltd would like to provide an update on the previously communicated changes to the current medical aid arrangements. As you may recall, the Company, together with other OEMs concluded a National Bargaining Forum (NBF) agreement to establish the industry medical aid solution. The solution would have resulted in all hourly paid employees being moved to the industry medical aid scheme.

Over the past few weeks there has been extensive communication campaigns aimed at communicating the new industry medical aid as well as plans to move all our monthly paid colleagues and pensioners to Discovery Health Medical Scheme. Following the communication sessions, there has been numerous questions or concerns that have come to management's attention, which require further extensive consultations/communication to enable a smooth transition to the new medical aid arrangements. Similarly, there has been concerns raised by hourly paid colleagues, which are currently been considered by the NBF Management Committee (MANCOM). We expect that the NBF MANCOM will in due course, provide clarity on the next steps regarding the industry medical aid.

In light of these developments Mercedes-Benz South Africa Ltd and Mercedes-Benz Financial Services (Pty) Ltd have decided to continue participation in the current MBMED Medical Aid for 2022. This means that MBMED will continue operations for 2022, which will provide the companies sufficient time to consider and address the concerns raised by employees and pensioners in the last few weeks. The two Companies have confirmed to the Fund that its medical aid scheme subsidy regulation will remain in place as per the current medical aid arrangements with qualifying pensioners receiving a 60% subsidy and employees receiving either a 60% or a 50% subsidy according to the MBMed income bands.

Message sent on behalf of Human Resources