

**MINUTES OF THE 50th ANNUAL GENERAL MEETING OF PROFMED
HELD AT 15:30 ON TUESDAY, 1 JUNE 2021
VIA VIDEOCONFERENCE**

	NAME	TITLE	
PRESENT:	Ms M M Geringer	Chairman (Exiting) and Member	
	Mr G R Anderson	Trustee and Member	
	Adv J J Crouse	Trustee and Member	
	Prof W M Gumede	Trustee and Member	
	Mr G S Harvey	Trustee (Re-Appointed) and Member	
	Ms N E Jandrell	Trustee (New Appointment) and Member	
	Mr M Jeena	Trustee and Member	
	Dr A P Newell	Trustee and Member	
	Dr S J Velzeboer	Trustee and Member	
		Mr A D Andrews	Member
		Mr D Banford	Member
		Mr R Barichiev	Member
		Ms S Bassudev	Member
		Mr N Battersby	Member
		Ms U Bennett	Member
		Mr G Blieden	Member
		Mr M Bradshaw	Member
		Ms H S Brits	Member
		Mr W Burger	Member
		Ms B Carozzo	Member
		Mr M Bradshaw	Member
		Mr D G Catton	Member
		Mr D Chiba	Member
		Ms A Cloete	Member
		Ms L Ferriera	Member
	Mr M De Freitas	Member	
	Mr F de Jonge	Member	
	Ms L de Klerk	Member	
	Ms W du Plessis	Member	
	Ms L Dury	Member	
	Mr D Gallagher	Member	
	Mr P Gichuru	Member	
	Mr C Gopaldass	Member	
	Ms C Gouws	Member	
	Mr M Heath	Member	
	Ms C Heckroodt	Member	
	Ms A Hendriks	Member	
	Ms H Holtzhausen	Member	
	Mr J Immink	Member	
	Ms E Khwinana	Member	
	Ms S M Labuschagne	Member	
	Ms J Lacy	Member	
	Ms Z Lekgothoane	Member	
	Ms L Marimuthu	Member	
	Ms N Mashaba	Member	
	Dr K V Moodley	Member	
	Mr N Moshesh	Member	
	Ms Z Mtimkulu	Member	
	Mr J Narshai	Member	
	Ms N Ndlovu	Member	
	Mr P Nkosi	Member	
	Ms N Nxumalo	Member	
	Ms D Nyoni	Member	
	Mr M Nzimande	Member	
	Dr Y Omar Carrim	Member	
	Mr T Paige-Green	Member	
	Dr D Pienaar	Member	
	Mr D Polovin	Member	
	Ms E L Prins-van den Berg	Member	
	Ms L B Simpson	Member	
	Mr M V Spinner	Member	

NAME	TITLE
Mr I Smit	Member
Mr J P Snyman	Member
Ms T Stemmet	Member
Mr R N Theunissen	Member
Mr W van Brakel	Member
Ms D van Dyk	Member
Mr F van Molendorff	Member
Ms E van Myk	Member
Ms N van Rooyen	Member
Mr P H van Vuuren	Member
Mr H van den Berg	Member
Ms M Venter	Member
Ms E Venter	Member
Ms E Victor	Member
Ms L Wilken	Member

BY INVITATION:	Mr D C Arnold	Chairman of the Remuneration Committee
	Ms C Volschen	PwC (Scheme Auditors)
	Ms M de Klerk	BDO (Independent Audit Scrutineers)
	Ms T Weston	BDO (Independent Audit Scrutineers)
	Ms B Tshele	Council for Medical Schemes (CMS)
	Ms B Motsepe	PPSHA

IN ATTENDANCE:	Mr C W Comrie	Principal Officer and Member
	Ms T Murugan	Scheme Secretary and Member

APOLOGIES:	Mr C Cawood	Member
	Mr J Prinsloo	Chairman of the Profmed Audit and Risk Committee

NUMBER OF PROXIES: 0

1. WELCOME AND OPENING REMARKS

- 1.1. The Chairman welcomed all to the 50th Annual General Meeting (AGM) of Profmed (the Scheme) and advised that in terms of Rule 28.1.3 of the Rules of the Scheme, the Chairman of the Profmed Board of Trustees should preside as Chairman at the Annual General Meeting of Profmed. She would therefore preside as Chairman of this Annual General Meeting.
- 1.2. The Chairman informed the meeting that it was an incredible accomplishment to note the origins of Profmed which had started with only a few dentists, more than 60 years ago, and had now grown to more than 36 000 families. As the 50th AGM was celebrated, the Scheme acknowledged the contributions of all its members to the success that was Profmed.
- 1.3. The Chairman extended a special welcome to the Profmed Board of Trustees, who were attendance along with the Independent Auditors, PwC, as well as Mr Arnold the Chairman of the Remuneration Committee, and the other Committee members, who were also attending. The Chairman also acknowledged the attendance of Mr Smit the CEO of PPS, as well as Ms Bassudev the CEO of PPSHA, the Scheme's Administrator, along with other Scheme management and staff.
- 1.4. The Chairman informed the meeting that the minutes of the last annual general meeting was available for inspection and if members would like a copy, they could e-mail their request to profmed.agm2021@bdo.co.za or visit the Scheme's website. Also, a link to the minutes was provided in the Q&A section on the right-hand of the screen.

2. CONSTITUTION OF THE MEETING

The Chairman stated that she had been informed that proper notice had been given of the meeting in terms of Rule 28.1.4 and that such notice of the meeting had been available for inspection by members. As a quorum was present in terms of Rule 28.1.5 of the Rules of the Scheme, the meeting was therefore properly constituted for the purposes of passing resolutions.

3. PURPOSE OF THE MEETING

- 3.1. The purpose of the meeting was set out in the Notice convening the meeting, which was called for the following purposes:
 - 3.1.1. Resolution for the adoption of the Annual Financial Statements for the year ended 31 December 2020 (including the reports of the trustees, Audit and Risk Committee and the auditor).
 - 3.1.2. Resolution for the re-appointment of PricewaterhouseCoopers Inc. (PwC) as the auditors of Profmed for the 2021/2022 year.
 - 3.1.3. Resolution for the acceptance of the Profmed Remuneration Policy by means of a non-binding advisory vote.
 - 3.1.4. Resolution for the approval of the remuneration of trustees for the period 2021/2022.
 - 3.1.5. To announce the appointment of two (2) trustees in accordance with Rule 20.1.3 of the Rules of Profmed.
 - 3.1.6. To transact such other business as may be transacted at an annual general meeting.

4. INTRODUCTION

- 4.1. The Chairman stated that, in terms of Rule 28.1.4 of the Rules of the Scheme, the Notice convening the meeting would be taken as **READ**.
- 4.2. The Chairman stated that, in terms of Rule 29.4 of the Rules of the Scheme, a poll had been taken in respect of each resolution and voted upon.
- 4.3. The Chairman indicated that independent auditors had been appointed to act as scrutineers for the purpose of the polls and that she would announce the results at the end of the meeting.

5. CHAIRMAN'S REPORT

- 5.1. The Chairman gave a report on the 2020 financial period of the Scheme and the following was noted:
 - 5.1.1. The Chairman reported that when reviewing 2020, it had been impossible not to view the year through the lens of COVID-19 and the consequent lockdown, which had paralysed South Africa and the world. The pandemic had affected every aspect of life and changed how we lived our lives and how the Scheme conducted its business. It had crushed the hopes and plans of many, but it had also created opportunities that had not existed before. Through it all, the human spirit had triumphed. Ubuntu had taken on new meaning as South Africans had rallied together to spread goodwill across the nation in very difficult times.
 - 5.1.2. The Chairman informed the members that the Scheme had paid tribute to the healthcare workers who had placed themselves at risk daily to treat and nurse those suffering with the virus. The Scheme was privileged that a large majority of these healthcare workers were members of the Scheme and thanked them for the sacrifice they made, and continue to make, to fight the devastating effects of the virus. To the families of the members who had lost the battle against the disease, the Scheme and the Board had offered their deepest condolences.

The pressures of the pandemic were brought to bear on the Board of Trustees, the Scheme staff, and all the Scheme's contracted outsourced providers. The volatile experience in 2020 had required additional engagement by trustees. The Principal Officer and Executive Office staff had worked closely with industry experts to determine the best way forward in the best interest of members and to understand the impact of the virus on the Scheme. A big achievement had been the Annual General Meeting, which had been conducted via a virtual meeting platform, which had enabled greater member involvement. It had also proved to be a success with members and had opened the way for future general meetings to be more inclusive.
 - 5.1.3. Regarding the service to stakeholders, the Chairman indicated that the rigours of social distancing had created a unique set of challenges, however, she was pleased to report that the Scheme and all its contracted outsourced partners had adapted well and quickly to the "new normal" of working remotely. The Scheme staff, and that of the Administrator, PPSHA, and all its partners, had rose to the challenge and as was befitting of a scheme for professionals, had exceeded themselves in going above and beyond the call of duty to maintain excellent service levels to members and stakeholders. The biennial member satisfaction survey had once again yielded positive results, with 77% of members indicating they were satisfied with the service from the Scheme, which was higher than the industry benchmark. The results were not without some negative comments, which

the Scheme took seriously, and management was undertaking an assessment of the areas highlighted by members with a view to implementing improvements

- 5.1.4. Regarding the financials, the Chairman reported that after investment return, the Scheme had a surplus of R139 million, which had been R122 million more than budget. This had been the first time since 2017 that the Scheme had shown a surplus however, the surplus in 2020 must be understood in context. As a result of COVID-19 and the consequent lockdown and social distancing measures implemented, elective surgeries had been cancelled and members had chosen to forego non-emergency out-of-hospital treatment, which had vastly reduced the Scheme's claims experience. Although, the Scheme had incurred claims for COVID-19-related hospital admissions, testing and consultations, this cost had been much lower than the normal claims patterns.

These reserves, however, would be much needed to fund the COVID-19 vaccine, which continued to create uncertainties in respect of cost. It was still unknown what medical schemes would be required to fund for the vaccine and whether it would be necessary to be vaccinated once-off or annually and it was imperative that members' funds were utilised in the most efficient and cost-effective manner. The Scheme supported the government's vaccine roll-out plan and continues to work with other medical schemes and industry representative bodies to find an equitable and fair way for the entire private sector to participate in the funding of the vaccine.

- 5.1.5. In terms of keeping the record straight, the Chairman advised that the Board of Trustees continued to ensure that the Scheme was governed strictly in accordance with best practice governance principles. The Corporate Governance page on the website provided greater insight into the Scheme's governance practices and the Corporate Governance section of the Board of Trustees report contained on page 12 of the Annual Integrated Report provided further information on the governance structures of the Scheme. In solidarity with the members who had experienced financial hardship as a result of the pandemic, the Board of Trustees had taken a decision to not implement the trustee fee increases approved at the Annual General Meeting in June 2020. The Board had also approved a relief programme to assist members experiencing financial difficulty.

- 5.1.6. Regarding the Scheme's exciting new brand, the Chairman informed the members that since Profmed's registration as a medical scheme in 1969, the Profmed brand has always been synonymous with excellence and efficiency. The history was integral to who the Scheme was and created the platform from which the Scheme pioneered into the future. The face and nature of professionals were changing, and the new brand embraced that change, and its elegant design set Profmed apart in the market.

- 5.1.7. The Chairman advised that the Scheme continued to grow although the marketing budget had remained unchanged over the last two years, the marketing efforts had increased and created a significant audience within our target market. As a result of this, it was most pleasing to report that the Scheme grew yet again in membership, even in the face of the adverse conditions the economy had faced in 2020. Thanks to the commitment of the Scheme's New Business division, the Scheme grew by 1 278 members, a net growth rate of 3.7%. This was a significant achievement, which had been bolstered by the work of our Retentions team, who had very ably and professionally assisted members to better understand the value of remaining members of the Scheme.

- 5.1.8. In closing, the Chairman stated that while the African proverb, "If you want to go fast, go alone. If you want to go far, go together", was very appropriate for the year under review, she believed that the Scheme and the trustees had not only went further in 2020 but had done so faster. This was attributable to the teamwork that was evident in every aspect of the Scheme. At this point, the Chairman took the opportunity to thank her colleagues on the Board of Trustees. Their commitment to the success of Profmed and to the members was unwavering.

The Chairman also took the opportunity to thank the Principal Officer and the management of the Scheme for their support and efficiency, and the professionalism with which they conduct the business of the Scheme. As well as to the management and staff of the Administrator, PPSHA, and to all the contracted outsourced providers, thank you for being great ambassadors of the Profmed brand.

The Chairman informed the members that her term of office as a trustee of Profmed came to an end at this AGM. It had been a privilege to serve the members of Profmed and to work with trustees and management of such high calibre. 2020 had taught us that change and the unexpected were inevitable, but with the right team, what seems insurmountable could be achieved.

6. ANNUAL FINANCIAL STATEMENTS

- 6.1. The Chairman indicated that the Scheme's annual financial statements for the year ended 31 December 2020 (including the reports of the trustees, and the Audit and Risk Committee) were included in the Annual Integrated Report, which had been made available to all members. The highlights of the Scheme's results had also been

made available to all members and would take the annual financial statements as read. The Chairman indicated that any related queries relating to these annual financial statements would be responded to at the end of the meeting and that representatives from the Scheme's external auditors, PwC, and the Chief Financial Officer from the Scheme's Administrator, were in attendance and would assist in responding to any questions in this regard.

6.2. The Chairman informed the meeting that the auditor has reported on the financial statements and the accounts examined by them and their comments had been included in the annual financial statements and would be taken as read.

6.3. The Chairman proposed that the Annual Financial Statements for the year ended 31 December 2020 (including the reports of the trustees, the Audit and Risk Committee and the auditor) be adopted. This motion was seconded by Mr Jeena. It was agreed to by a majority of fifty-nine (59) votes in favour, one (1) against and twelve (12) abstentions that the Annual Financial Statements for the year ended 31 December 2020 be adopted.

7. APPOINTMENT OF AUDITORS

The Chairman proposed that PricewaterhouseCoopers Inc. be re-appointed as the auditors of Profmed for 2021/2022 and was seconded by Mr Harvey. It was agreed to by a majority of fifty-five (55) votes in favour, nine (9) votes against and six (6) abstentions, that PricewaterhouseCoopers Inc. be re-appointed as auditors to Profmed for 2021/2022.

8. ACCEPTANCE OF THE PROFMED REMUNERATION POLICY

The Chairman proposed that the acceptance of the Profmed Remuneration Policy be adopted. This motion was seconded by Ms Gouws. It was agreed to by a majority of fifty-five (55) votes in favour, five (5) against and twelve (12) abstentions to accept the Profmed Remuneration Policy.

9. APPROVAL OF THE REMUNERATION OF THE TRUSTEES

The Chairman proposed that the remuneration of trustees for the period 2020/2021 be approved and was seconded by Ms van Dyk. It was agreed by a majority of fifty-one (51) votes in favour, six (6) against and fifteen (15) abstentions, to approve the Remuneration of Trustees for 2021/2022.

10. APPOINTMENT OF TRUSTEES

10.1. The Chairman stated that the Scheme had eight (8) trustees of which four (4) were elected by members and the other four (4) were appointed by the Board.

10.2. The Chairman informed the meeting that there had been two (2) vacancies on the Board of Trustees for appointed trustees, and there had been two (2) nominees to fill these positions. The nominees, in alphabetical order, had been:

1. Mr G S Harvey
2. Ms N E Jandrell

10.3. The Chairman announced the re-appointment of Mr Harvey for his second term of office and the appointment of Ms Jandrell for her first term of office, to fill the two vacancies on the Board for appointed trustees. The Chairman welcomed Ms Jandrell to the Board.

11. MOTIONS

11.1. In terms of RULE 28.1.8 of the Rules of Profmed, a motion had been received with regard to the appointment of external auditors for which a resolution has already been approved by members.

11.2. The Chairman informed the meeting that Dr Moodley, a Profmed member had proposed that PwC's services as auditors of Profmed be terminated and that BDO Auditors be appointed as the auditors of Profmed for the current financial year 2020/2021. The motion as submitted by Dr K V Moodley had been as follows:

1. PwC has been the Auditors of Profmed for 24 years;
2. Evidence given by PwC confirming:
 - A) that it had a 1-year contract with SAA but continued to provide services for 5 years, securing an irregular tender to the value of R69 million; and
 - B) failed to report governance and compliance failures as required under the Public Finance Management Act (PFMA) taking full responsibility for this failure.

3. The adverse findings by the Financial Reporting Council (UK) with a sanction of severe reprimand and a fine of £6.5 MILLION, in 2019.
- 11.3. The Chairman further informed the meeting that Dr Moodley had been informed that, as there was already a resolution tabled at the AGM, and voted on by members, the members had already participated in the appointment of the external auditors. The following additional information had been provided to Dr Moodley:
1. The period for which an auditor was appointed was not limited in terms of current regulation. In 2023 mandatory rotation of auditors has been scheduled to come in for the first time. The recommendation to reappoint PwC had been reviewed and proposed by an independent Audit and Risk Committee made up of leaders in the audit industry, and who were all independent of PwC).
 2. PwC was interrogated regarding the adverse findings which has plagued the audit industry in general and to local and international deficiencies found where PwC were appointed as auditors. During the March 2021 Audit and Risk Committee meeting, PwC had provided reports relating to the Independent Regulatory Board for Auditors' (IRBA) review of PwC, as well as confirmation of the quality standards maintained and reinforced by PwC. The Committee had satisfied itself with the standard of work performed for Profmed and the quality standards maintained by PwC.
 3. The Profmed rules states that the appointment of an external auditor required this appointment to be proposed by the Audit and Risk Committee. Furthermore, the Council for Medical Schemes required a competitive process to be undertaken when changing auditors and therefore Dr Moodley's proposed approach to appoint BDO without an appropriate observance of these processes was not valid
- 11.4. The Chairman reported that Dr Moodley had not accepted the Scheme's response to his motion, and it was therefore being tabled for voting by the members present.
- 11.5. The Chairman reiterated Dr Moodley's motion, which was for PwC's services as auditors of Profmed to be terminated and that BDO Auditors be appointed as auditors of Profmed for the current financial year 2020/2021. The Chairman informed the members that a vote on the motion would be done in the meeting.
- 11.6. The Chairman requested members to cast your vote in the poll window that would appear on their screen, and it should be noted that there would be a time limit to vote.
- 12. ADJOURNMENT**
- 12.1. The Chairman informed the members that in order for the votes to be audited, the meeting would adjourn for approximately 15 minutes and requested the members to remain connected to the meeting during this time.
- 12.2. After the adjournment, the Chairman welcomed the members back to the meeting and reported on the results of the poll vote, which were as follows: sixteen (16) votes in favour; forty-two (42) votes against and seven (7) against. The Chairman confirmed that the motion was not passed and that the audited results of the poll would be verified against the members' who and their membership status.
- 13. GENERAL**
- 13.1. The Chairman informed the members that the meeting was now open for questions and comments and if any member had any questions, it could be posted in the Q&A section of the screen. The Chairman confirmed that that all questions raised would form part of the minutes of the meeting and where time did not permit answering them today, they would be reviewed by the Board of Trustees at the Board meeting tomorrow.
- 13.2. Regarding the motion in terms of the re-appointment of PwC, the Principal Officer informed the members that it was the view of the Board that mandatory audit rotation did come into effect for the financial years of medical schemes and other corporates from 2024. Hence, the Board had agreed to conduct an evaluation process during the latter part of this year to appoint an alternative auditor. It was very apparent that the Scheme was with the current external auditor for 24 years. However, this relationship was independent and evaluated by the Scheme's Audit and Risk Committee on an annual basis hence all the disclosures and interrogations regarding both the perceived deficiencies of PwC had been addressed and responded to in detail by the Audit and Risk Committee.
- 13.3. Dr Moodley enquired as to why could the resolution not be voted on at the meeting since it was possible to take a poll at the meeting as there more than three (3) times the number of members present than those who had voted. The Scheme Manager responded that in terms of Rule 29.4, the Chairman must determine the

mechanism for voting. If meetings were attended in person, the Chairman must determine whether the voting must be by ballot or by a show of hands. In the event of the votes being equal, the Chairman, if he was a member, had a casting vote in addition to his deliberative vote. The conditions for voting were communicated to members already 21 days prior to the AGM, in terms of legislation. Motions were only submitted seven (7) days prior to the AGM and were dealt with at the meeting in terms of the Rules of the Scheme.

- 13.4. Dr Moodley enquired as to whether the decision of the Audit and Risk Committee had been taken before or after the regulators sanction and who were the external advisors. The Principal Officer responded that the Audit and Risk Committee had reviewed the Independent Regulatory Board for Auditors (IRBA) report and took cognisance of all recent reports regarding deficiencies in the audit industry and specifically relevant to PwC. The Audit and Risk Committee members were the external advisors and they were all listed in the Annual Integrated Report, which was available on the Scheme's website.
- 13.5. Dr Moodley indicated that the summary of the financial report stated that was a drop in the net growth of members and that there was an increase in the number of resignations and enquired as to what the reasons were for the decrease in members and number of resignations. The Scheme Manager responded that this had been due to the lockdown, which had created difficult economic circumstances for members. The Principal Officer added that it was a Scheme success story for many years. In 2019, the Scheme had launched its EDO options, specifically the Savvy options, where it had experienced an increase in membership, with net growth being at 4%. When compared to the industry, the Scheme had been leading in terms of the proportional growth target. In 2020, with the impact of COVID-19, the markets had been strained, there had been financial pressures on members and the Scheme was of the view that its growth targets were too ambitious however, the membership growth target had been exceeded. The achievement of 3.7% net growth in 2020 had been an amazing accomplishment considering the impact COVID-19 had on the members. The Scheme had noted that many members were experiencing financial difficulties due to the pandemic. However, many members had remained on the Scheme and noted the value of having medical aid cover during this pandemic. The financial difficulties of members had manifested into the 2021 year and despite there being a small net growth until the end of June 2021, the Scheme was expecting this year's membership growth to be stagnant.
- 13.6. The Principal Officer informed the members that during September 2021, the Scheme would be digitally launching its 2022 benefits. The Scheme would also have more clarity on the COVID-19 vaccination roll-out strategy. Currently, the Scheme had paid for approximately 150 vaccination claims from members and Scheme encouraged all members to register for the vaccine and be vaccinated when scheduled to.
- 13.7. Dr Moodley indicated that Prof Gumede was an expert on governance and was a Scheme trustee and enquired whether Prof Gumede was satisfied that PwC's governance failure in respect of the South African Airways (SAA) saga as sufficient reason for their non-appointment. The Principal Officer responded that the Board of Trustees, which included the views of Prof Gumede had all agreed to the recommendation to the AGM to reappoint PwC.
- 13.8. Mr Catton enquired as to why did the Scheme not fund the COVID-19 pre-admission test, when a test was required before entering a hospital for a procedure. The Scheme Manager responded that these tests were considered to be "routine testing", which did not form part of the Prescribed Minimum Benefit (PMB) entitlement.
- 13.9. Mr Polovin indicated that he believed that PPS' communication to members about the COVID-19 vaccinations programme had been disappointing, e.g., news items about walk-ins and where to obtain them had been non-existent. The Scheme Manager responded that the list of vaccine sites was available on the EVDS system. This list was constantly being updated and it was best that Mr Polovin consult this list to find a site close to him. However, it should be noted that the EVDS system would direct a person to a vaccination site when their vaccination was scheduled by government.
- 13.10. Ms Khwinana requested that the names of trustees be forwarded to her and enquired whether it was gender sensitive and reflected the demographics of South Africa. The Scheme Manager responded that the names of the trustees were on the Scheme's website on the Corporate Governance page and posted the relevant link for the member to access.
- 13.11. Ms Khwinana stated that there were too many male trustees with only one black male on the Board of Trustees and enquired whether this could be changed as there many capable female members that could serve on the Board. The Scheme Manager replied that the Scheme encouraged members to nominate trustees when vacancies occurred and the Principal Officer added that the Scheme welcomed the nominations of female trustees and hoped that Ms Khwinana would stand in the upcoming elections scheduled at the end of 2021 for 2022.

14. CLOSURE

There being no further business to transact, the Chairman thanked the members for their attendance and declared the meeting closed at 16:35.

Signed as a correct recording of the proceedings of the minutes of the 50th Annual General Meeting held on 1 June 2020:

CHAIRMAN

DATE

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