MINUTES OF THE 51st ANNUAL GENERAL MEETING OF PROFMED HELD AT 15:15 ON WEDNESDAY, 1 JUNE 2022 IN THE PROFMED BOARDROOM & VIA VIDEOCONFERENCE

	NAME	TITLE
PRESENT:	Dr A P Newell	Chairman (Exiting) and Member
	Mr G R Anderson	Trustee (Exiting) and Member
	Mr H P du Toit	Trustee (Re-Elected) and Member
	Adv J J Crouse	Trustee (Re-Elected) and Member
	Prof W M Gumede	Trustee and Member
	Mr G S Harvey	Trustee and Member
	Ms N E Jandrell	Trustee and Member
	Mr M Jeena	Trustee and Member
	Dr S J Velzeboer	Trustee and Member
	Dr J Welgemoed	Trustee (Newly Elected) and Member
	Mr A D Andrews	Member
	Ms S Bassudev	Member
	Ms U Bennett	Member
	Ms H S Brits	Member
	Ms B Carrozzo	Member
	Ms A Cloete	Member
	Mr D de Bude	Member
	Mr F de Jonge	Member
	Ms L de Klerk	Member
	Ms T du Plessis	Member
	Ms W du Plessis	Member
	Ms L Dury	Member
	Mr R Essa	Member
	Ms L Ferriera	Member
	Ms L Ferriera	Member
	Ms M M Geringer	Member
	Mr C Gopaldass	Member
	Ms C Gouws	Member
	Ms C Heckroodt	Member
	Ms A Hendriks	Member
	Ms A Hoffman	Member
	Ms E Hoffman	Member
	Ms S M Labuschagne	Member
	Ms J Lacy	Member
	Dr F Laurens	Member
	Ms Z Lekgothoane	Member
	Ms L Marimuthu	Member
	Ms N Mashaba	Member
	Mr B Mosiane	Member
	Ms D Nyoni	Member
	Dr Y Omar Carrim	Member
	Ms N Shabangu	Member
	Ms N Singh	Member
	Mr I Smit	Member
	Ms J Smith	Member
	Mr J P Snyman	Member
	Mr A Snyman	Member
	Ms T Stemmet	Member
	Dr F M Sukati	Member
	Mr R N Theunissen	Chairman of the Audit and Risk Committee and Member
	Dr K Tibana	Member
	Ms R Uys	Member
	Mr W van Brakel	Member
	Mr H van den Berg	Member
	Ms D van Dyk	Member
	Mr F van Molendorff	Member
	Ms N van Rooyen	Member
	Ms M Venter	Member
	Mr I Vyer	Member

	NAME	TITLE
BY INVITATION:	Mr J S Gardner	Chairman of the Remuneration Committee
	Ms C Drummond	PwC (Scheme Auditors)
	Ms C Volschenk	PwC (Scheme Auditors)
	Ms M de Klerk	BDO (Independent Audit Scrutineers)
	Ms T Weston	BDO (Independent Audit Scrutineers)
	Ms L Holthauzen	PPSHA Staff Member
	Mr T Leonard	PPSHA Staff Member
	Ms A Ramdhani	PPSHA Staff Member
IN ATTENDANCE:	Mr C W Comrie	Principal Officer and Member
	Ms T Murugan	Scheme Secretary and Member
APOLOGIES:	Ms E L Prins-van den Berg	Member
NUMBER OF PROXIES:	0	

1. WELCOME AND OPENING REMARKS

1.1. The Chairman welcomed all to the 51st 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. He would therefore preside as Chairman of this Annual General Meeting.

1.2. 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 Garnder, the Chairman of the Remuneration Committee, and Mr Theunissen, the Chairman of the Audit and Risk Committee, as well as 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.

1.3. 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.agm2022@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 he 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 2021 (including the reports of the trustees, Audit and Risk Committee and the auditor).

3.1.2. Resolution for the appointment of Deloitte as the auditors of Profmed for the year-ending 31 December 2023.

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 2022/2023.

3.1.5. To announce the election of three (3) trustees in accordance with Rule 20.1.2 of the Rules of Profmed.

3.1.6. To transact such other business as may be transacted at an annual general meeting.

3.2. The Chairman informed the meeting that should a member want to access the documents pertaining to the resolutions, a URL link to the Scheme's website has been provided in the Q&A section on the right-hand side of the screen.

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 he would announce the results at the end of the meeting.

5. CHAIRMAN'S REPORT

5.1. The Chairman gave a report on the 2021 financial period of the Scheme and the following was noted:

5.1.1. The Chairman reported that the past two years had been challenging for all South Africans. Medical schemes had played an integral role in managing the impact that the coronavirus had on South Africa. Profmed's philosophy of being there for its members ensured that its members had access to the best and most appropriate treatment available. Many of the members who had contracted the virus had required hospitalisation and had benefited from life-saving treatment. The healthcare workers of South Africa had bravely and tirelessly attended to the needs of the members. Many of these healthcare workers were Profmed members themselves. In fact, healthcare workers constituted over 50% of Scheme's membership.

The Chairman further reported that during 2021, as the vaccine programme had been rolled out by Government, the Scheme's members had peace of mind that their vaccination and related costs would be funded. An effective vaccination programme would hopefully reduce the intensity of the disease, the transmissibility, and the chances of subsequent waves due to new variant infections. The Omicron and Pi variants had proven to be highly virulent but with less severe symptoms and a lower hospitalisation rate. It remained to be seen how the virus would impact us going forward. The Board and management regularly consulted with medical experts to ensure that the Scheme remained abreast of the most critical information in order for the Scheme to respond appropriately.

5.1.2. Regarding service, the Chairman indicated that the easing of the lockdown restrictions in 2021, had allowed for the staff of the Scheme's Administrator to return to the office. This had been implemented in a safe and controlled manner to ensure the wellbeing of staff and compliance with lockdown regulations. The impact of COVID-19 on the Scheme's call centre staff led to intermittent staff shortages, which had consequently affected the service levels. However, every effort had been made by the call centre staff to alleviate the frustration experienced by members and providers, and the service levels had quickly returned to their usual high levels, as reported by the Scheme's caller rating system.

As a medical scheme for professionals, the Board was committed to maintaining high service standards for the members. In 2021, the Scheme had embarked on a process to identify opportunities to enhance its member experience. A strategy had been approved by the Board and the key elements were being rolled out in 2022. The Board looked forward to seeing the fruits of this and to providing the members and stakeholders with a superior specialised service experience.

5.1.3. Regarding the financial position, the Chairman stated that the cost of claims had increased significantly with the claims ratio increasing from 82.2% in 2020 to 94.5% in 2021. COVID-19 had been the most significant factor that drove this increase, with over R120 million paid out for hospitalisation, medicines, PCR testing and vaccines. Pre-admission PCR testing cost the Scheme a further R8.2 million. The claims experience had also been driven by members accessing treatment previously foregone in 2020. The number of high-cost cases had significantly increased, with 283 cases costing over R350 million. Once again COVID-19 had contributed to this high claims expenditure.

Global and local investment markets had recovered well from the lows of 2020, and the returns in 2021 were a credit to the Board's long-term investment strategy. The investment income of R168 million had contributed to the Scheme ending off 2021 with a surplus of R49 million, R88.7 million better than budget, and with a solvency ratio of 41.4%. The operating loss for 2021 had been R23.9 million over budget and the Board had already implemented a long-term strategy to ensure that the Scheme remained a sustainable scheme. Political and economic uncertainty and the many unpredictable healthcare variables would need to be addressed in the future. Financial constraints in 2021 had resulted in many of the Scheme's members buying down to more affordable options but continuing to claim for high-cost treatment. This behaviour had led to contributions being R15 million lower than budget. This was further evident in the preference of new members who joined the Scheme's more affordable options.

Profmed's non-healthcare expenditure (NHE) for the 2021 year was 10.9% of net contribution income. The Board had resolved to reduce the Scheme's NHE to below 10% within the next five years and agreed on a strategy to achieve this. Amongst other savings, attendance by trustees at Board committee meetings had been streamlined to reduce meeting attendance fees but without compromising the necessary oversight required. Negotiation of below inflation increases by the management of the Scheme with healthcare providers had been a focus for a number of years already. The Principal Officer, Craig Comrie, had achieved much in this regard and the Board commends him for this. Management would continue to engage with healthcare providers, and contracted outsourced partners, with a view to containing fee increases as well as the costs of healthcare services.

5.1.4. Regarding the future of Profmed, the Chairman indicated that that together with the Scheme's marketing agency, the marketing budget had been optimised to ensure the best return on investment of the Scheme's marketing efforts, ensuring the Scheme reached its target market in the most cost-effective manner but without compromising the brand and values. The medical scheme industry had experienced little growth for a number of years, but Profmed's membership grew by 1.4% in 2021. The Scheme's New Business and Marketing teams worked in close collaboration to ensure Profmed was top of mind amongst eligible professionals within its target market. Attracting young professionals was essential to ensure the sustainability of the Scheme. Profmed continues to attract the desired age demographic, and this was evidenced by Profmed's average membership age having remained constant since 2015.

5.1.5. The Chairman further indicated that the coronavirus pandemic had a significant psychological, physical and financial impact on the world. The trajectory of the virus and its effects were still unknown, the level of impact appeared to be decreasing. While it had a very high level of transmissibility, the Profmed experience of Omicron had not been as devastating as its earlier variant. A sense of hope, optimism and normality appears to be surfacing; however, people were still struggling with the after-effects of the pandemic. Not forgetting the tragedies of the past two years, the Scheme eagerly looked forward to rising to meet the opportunities that lay ahead. The Profmed team was focussed on propelling the Scheme, its brand and its membership into the future where, together, we would make a difference. The Government's National Health Insurance plans were undergoing interrogation. Profmed supported a universal healthcare system for all South Africans but the lack of detail on how the NHI model would be financed remained a concern.

5.1.6. The Chairman advised the meeting that Profmed was an excellent medical scheme that was well managed, offered rich benefits and was adaptable to changes in the healthcare environment. This would not be possible without the exceptionally professional and experienced members of the Board and management of the Scheme.

5.1.7. The Chairman took the opportunity to thank his fellow trustees for their dedication to ensuring the sound governance of the Scheme and for sacrificing of their personal time to do so. The Chairman applauded the Principal Officer and management for the enthusiasm and commitment with which they served Profmed, its members and all its stakeholders. The Profmed team had gone above and beyond the call of duty under very difficult circumstances. The Board was also appreciative of the services provided by the Scheme's Administrator, PPS Healthcare Administrators (PPSHA), who had aligned themselves with the ethos of Profmed to provide service excellence to the Scheme's members and stakeholders, as well as of the various managed care and contracted outsourced providers who managed the benefits offered by the Scheme.

5.1.8. In closing, the Chairman informed the meeting that he had served Profmed as a trustee for nine years, and that this was his last year as Chairman of the Board. His tenure as a trustee ended on the conclusion of this Annual General Meeting. He was confident that the passion and dedication with which the trustees, management and staff served Profmed would ensure its success and growth into the future.

6. ANNUAL FINANCIAL STATEMENTS

6.1. The Chairman indicated that the Scheme's annual financial statements for the year ended 31 December 2021 (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 2021 (including the reports of the trustees, the Audit and Risk Committee and the auditor) be adopted. This was seconded by Mr Jeena. It was agreed to by a majority of ninety-four (94) votes in favour, three (3) against and nine (9) abstentions that the Annual Financial Statements for the year ended 31 December 2021 be adopted.

7. APPOINTMENT OF AUDITORS

The Chairman proposed that Deloitte be appointed as the auditors of Profmed for the year-ending 31 December 2023. This was seconded by Mr Harvey. It was agreed to by a majority of ninety-four (94) votes in favour, four (4) votes against and eight (8) abstentions, that Deloitte be appointed as auditors to Profmed for the year-ending 31 December 2023.

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 Debbie van Dyk. It was agreed to by a majority of eighty (80) votes in favour, five (5) against and twenty-one (21) 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 2022/2023 be approved and was seconded by Ms Heckroodt. It was agreed by a majority of seventy-four (74) votes in favour, six (6) against and twenty-six (26) abstentions, to approve the Remuneration of Trustees for 2022/2023.

10. ELECTION 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 three (3) vacancies on the Board of Trustees for elected trustees, and there had been fourteen (14) nominees to fill these positions. The nominees, in alphabetical order, had been:

1. Dr L Brown
2. Adv JJ Crouse
3. Dr AKA Dasoo
4. Mr HP du Toit
5. Mr NH Hablutzel
6. Dr E Heppel
7. Dr F Laurens
8. Mr NJ le Roux
9. Dr M Matfield
10. Adv NJ Melville
11. Adv HB Smalberger SC
12. Mr AD Soonder
13. Dr KU Tibana
14. Dr J Welgemoed

10.3. The Chairman announced the re-election of Adv Crouse, for his second term of office and Mr du Toit for his third term of office as well as the election of Dr Welgemoed, for her first term of office. The Chairman welcomed the trustees to the Board.

11. MOTIONS

The Chairman informed the meeting that there were no valid motions submitted.

12. GENERAL

12.1. 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.

12.2. Mr Snyman requested a brief explanation on the measures that the Scheme had in place to counter the financial losses experienced by the Scheme. The Principal Officer responded that the annual financial statements had reflected the financial loss experienced by the Scheme and that the reasons for these losses were due to the effects of the COVID-19 related claims. In some other medical schemes, the effects of the COVID-19 claims had been offset by members not accessing elective surgeries or going into hospital for medical procedures. In the Profmed context, many of the members were healthcare professionals, and were impacted much more by COVID-19, the claims paid since the pandemic were above R300 million for COVID-19 related costs. These costs included treatment in-hospital, PPE, COVID-19 testing and vaccinations. In terms of managing the operating losses, the Scheme together with its actuaries, annually reviewed the benefit structures, to ensure that the benefits were still relevant for the members and contribution increases were only adjusted where required. The Scheme currently has a five-year plan to curtail the operating losses and break-even. The plan also provided an opportunity for the Scheme to reduce the premium increases year-on-year and hence, there was a positive outlook for the future in reducing financial loss. The financial losses experienced were offset by the investment returns gained during 2021, which had a stellar performance return. The Scheme would also offset future claim losses utilising the investment returns. This has been carefully considered in terms of the five-year plan.

12.3. The Principal Officer informed Mr Snyman that he could further engage with him regarding any of the financial information as well as provide more detailed information from the Scheme's actuaries, if required by Mr Snyman.

13. CLOSURE

There being no further business to transact, the Chairman thanked the members for their attendance and declared the meeting closed at 15:55.

Signed as a correct recording of the proceedings of the minutes of the 51st Annual General Meeting held on 1 June 2022:

Gavin St Harvey
11/10/2022 13:45:56(UTC+02:00)

CHAIRMAN

11/10/2022

DATE