

PULAMED MINUTES OF THE ANNUAL GENERAL MEETING OF THE MEMBERS

HELD ON 2ND DECEMBER 2022

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**PULA MEDICAL AID FUND MINUTES OF THE ANNUAL GENERAL MEETING OF THE
MEMBERS HELD ON 2ND DECEMBER 2022, AT 0900HRS, AT AVANI GABORONE RESORT &
CASINO, AT PHUDZI RESORT IN LETLHAKANE & VIRTUALLY VIA ZOOM**

PRESENT

M Mothibatsela	(MM)	Chairman
B Thipe	(BT)	
G Mahlaka	(GM)	
K Moswela	(KM)	
L Meyer	(LM)	
N Ralebala	(NR)	
I Dipholo	(ID)	
O Sebonego	(OS)	
A Masunga	(AM)	
P De Silva Committee	(PDeS)	Chairman of the Finance, Audit & Risk

PRINCIPAL OFFICER'S OFFICE (PO)

K Mapitse	(DKM)	(Principal Officer (PO))
N Otsogile	(NO)	(Recording)
M Mphoeng	(MaM)	
S Malefho	(SM)	
K Phaladi	(KP)	
B Sankoloba	(BS)	
P Ebineng	(PE)	
G Matlapane	(GaM)	

GENERAL MEMBERSHIP

38 members attended in person in Gaborone
15 members attended in person in Letlhakane
22 proxies
33 members attended virtually

ADMINISTRATORS - AFA BOTSWANA (PTY) LTD

L Andries
T Motsie

EXTERNAL AUDITORS – DELOITTE & TOUCHE

C Ramatlapeng (CR)

The meeting was called to order at 0902hrs.

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1. NOTICE AND CONSTITUTION OF THE MEETING

The notice of the meeting having been circulated was taken as read and noted. With a quorum present the meeting was duly constituted.

2. APOLOGIES FOR NON-ATTENDANCE

There were no apologies for non-attendance.

3. ADOPTION OF THE AGENDA

The agenda was **ADOPTED** on proposal by members, Dr. Bricks and seconded by Mr. Beni Beni.

4. CHAIRMAN'S OPENING REMARKS

The Chairman welcomed all present to the meeting and thanked them for their attendance. He acknowledged and thanked members who attended the meeting virtually via Zoom and those live from Letlhakane. He informed the meeting that the Fund will continue making the Annual General Meeting (AGM) proceedings available virtually to ensure inclusion and participation of all members across the country.

5. CONFIRMATION OF THE MINUTES OF THE ANNUAL GENERAL MEETING HELD ON 3RD DECEMBER 2021

The minutes of the AGM held on the 3rd December 2021 having been duly circulated were taken as read. The minutes were approved as a true record of the proceedings on proposal by Thato Mosenene and Elizabeth Motlogelwa.

a) Matters Arising from the minutes of the previous AGM held on 3rd December 2021:

i. Item 5 a. i) – to roll out a Wellness and Chronic Disease Management Program

It was reported that the implementation of the programme was underway, emphasising that the Fund was working very hard to ensure delivery of a Wellness App and that the App would be delivered in Q3 2023. On chronic disease management, the AGM was informed that the Fund had waived the 10% co-payment on medications for Members registered on the Fund's chronic disease programme.

6. CONSIDERATION AND ADOPTION OF THE REPORT OF THE BOARD OF TRUSTEES TO THE MEMBERS FOR THE YEAR ENDED 30TH JUNE 2022

The Chairman reported to the AGM that at the 2023 AGM, four (4) Trustees, including

himself, would retire or would have retired. He assured Members that the Board Succession Plan was underway and that nominations of the new Trustees would be brought to the AGM before they are engaged.

Mr. Beni Beni thanked the Chairman and the outgoing Trustees for having served the Fund diligently for 10-12 years. He implored the said Trustees not to undo the good work they did for the Fund and requested them to duly handover and to avoid returning to serve in one form or another e.g., as employees or consultants of the Fund.

Mr. Beni Beni sought clarity on King IVTM Principle #7 and its applicability by the Fund. Specifically, he sought to understand how diverse the Board of Trustees was and whether the Fund was meeting its target in relation to this Principle. Furthermore, Mr. Beni Beni sought clarity on voting by Pulamed service providers stating that from face value, he believed that large service providers such as the Administrator should not vote during the AGM, especially on issues they may find themselves conflicted in.

Responding to Mr. Beni Beni, the Chairman confirmed that the Fund adopted King IVTM in 2019. He clarified that the Board comprises of both independent and employer group representative Trustees. He informed the Members that in terms of diversity, the Board had a vast variety of skill sets and was balanced in terms of age and gender balance.

Responding on whether service providers could vote, the Chairman informed the Members that persons who are eligible to vote are Members of the Fund in good standing, as such service providers can vote in their capacity as Members. He however clarified that in instances where there is conflict or an interest in matters up for voting, such interest must be declared by the respective service providers.

The Chairman highlighted the following salient points from the Annual Report for appreciation by Members:

- The year under review was extremely challenging for the Fund as it witnessed a 33% increase in healthcare costs because of COVID-19 related claims, along with post-COVID-19 deferred medical treatments, culminating in an unprecedented operating deficit of P45 million.
- Despite the challenging operating environment, Pulamed managed to register a year-on-year membership growth of 7.8%.
- The Fund's claims ratio closed the year at 99% indicating an increase from the 79% the prior year.

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- Interest income for the year stood at P8.6M compared to P7.8M the previous year whilst the fair value gain on financial assets at fair value through profit or loss was P331K compared to a loss of P4.8M the prior year.
- Pulamed remains committed to the highest standards of corporate governance as espoused in the King Code of Ethics (King IV). In addition, the Fund remains compliant with the regulatory and oversight requirements of the Non-Bank Financial Institutions Regulatory Authority ("NBFIRA") and Botswana Accountancy Oversight Authority ("BAOA").

It was **RESOLVED** that the Board of Trustees report to Members for the year ended 30th June 2022 be and is hereby adopted on proposal by Mr. Beni Beni and Mr. Tebogo Motsie.

7. CONSIDERATION AND ADOPTION OF THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022 AND THE REPORT OF THE EXTERNAL AUDITORS

Members of the Fund were referred to the Audited Financial Statements for the year ended 30th June 2022 on pages 49 – 82 of the AGM Report. The Fund's External Auditors, Deloitte & Touche were present, and Members were encouraged to direct any questions on the Audited Financial Statements to them.

The Chairman however highlighted that the Fund closed the year with a deficit of P45M, which indicated that Members' claims were paid. He highlighted that despite the loss, the Fund was able to review some benefits and undertake the re-brand exercise from Pula Medical Aid Fund to "Pulamed, Hello Life!" He closed by stating that notwithstanding the challenging environment, the Fund had done well operationally.

Mr. Beni Beni expressed reservations with the Fund's investments. He highlighted that the AGM Report indicates that the investments held with the asset manager did not meet the CPI+3% target as per the Fund's Investment Policy Document (IPD). He further expressed that should all the Fund's reserves be held as stocks, the Fund may be unable to meet its obligation to pay healthcare costs should the markets crash. He opined that the Fund was operating a very expensive and risky investment model that may ultimately affect Members' contributions. He suggested that the Fund consider delegating a lot more responsibility of the funds held by the asset manager to the PO's office for short-term placements.

The Board noted the concerns raised by Mr Beni Beni and highlighted that capital markets generally have risks associated with them. It was however clarified that the Fund's investment strategy will be improved further by regulations from the Regulator which would prescribe ratios of how or what form of investments the

Fund can venture into. On the risks associated with capital markets, Members were assured that the Fund has been conservative in so far as investments were concerned. On giving the PO's office additional sums to invest and manage, the Board informed the meeting that the current structure of having an asset manager and an asset consultant is premised on good governance – segregation of duties. It was further added that the role of Management should be to run and ensure the smooth operation of the Fund's operations and not to run a semi-investment firm.

There being no further questions on the Audited Financial Statements, the Annual General Meeting **RESOLVED** that the audited Annual Financial Statements for the year ended 30th June 2022 be and are hereby adopted on proposal by Mr. Fidelis Emoh and seconded by Mr. Oscar Chiwira.

8. CONSIDERATION AND RATIFICATION OF REMUNERATION PAID TO TRUSTEES FOR THE YEAR ENDED 30TH JUNE 2022

On behalf of the Board of Trustees and in line with the approved fee structure for Trustees, the Chairman requested that the membership ratify the amount of BWP1,752,500 paid to the Trustees for the year ended 30 June 2022.

Mr. Beni Beni enquired on why the Trustees' fees of the prior year were much higher than the current year, to which the Chairman responded by stating that normally the Fund would follow a strict meeting calendar, but where there are market changes, the Board would have no choice but to meet in order to respond to market demand. To this end, the Chairman cited the COVID-19 pandemic which necessitated the Board to meet on a frequent basis that it normally would.

It was **RESOLVED** that the amount of BWP1,752,500 paid to the Trustees during FY2021/2022 be and is hereby approved on proposal by Mr. Beni Beni and seconded by Ms. Lejana Mogabala.

9. CONSIDERATION AND APPROVAL OF REMUNERATION PAID TO THE INDEPENDENT EXTERNAL AUDITORS OF THE FUND FOR THE YEAR ENDED 30TH JUNE 2022

The Chairman reported that during the period under review, the external auditors, Deloitte & Touche were paid BWP474,880 for the FY2021/22 audit, which amount was proposed to the Annual General Meeting for approval.

The Annual General Meeting **RESOLVED**, on proposal by Mr. Ernest Mugo and seconded by Mr. Beni Beni, that the fees paid to the Fund's external auditors amounting to BWP474,880 for the FY2021/22 external audit be and are hereby approved.

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10. APPOINTMENT OR RE-APPOINTMENT OF EXTERNAL AUDITORS OF THE FUND FOR THE ENSUING YEAR

The Chairman reported that in terms of the Pula Medical Aid Fund Rule Book, Members must appoint an external auditor who shall be a body corporate, at each Annual General Meeting to hold office from the conclusion of that Annual General Meeting until the conclusion of the next Annual General Meeting.

The Board recommended that members approve the re-appointment of Deloitte and Touche as external auditors of the Fund from the conclusion of the 2022 AGM until conclusion of the 2023 AGM at a fee to be agreed.

It was **RESOLVED** on proposal by Mr. Beni Beni and seconded by Mr. Ernest Mugo approves that Deloitte and Touche be re-appointed as external auditors of the Fund from conclusion of the 2022 AGM until conclusion of the 2023 AGM at a fee to be agreed upon.

11. PROPOSED RULE AMENDMENTS

Proposed Rule amendments were presented to the Members as shared on page 44-48 of the AGM pack.

It was **RESOLVED** that the Annual General Meeting hereby approves the proposed Fund Rule amendments on proposal by Mr. Mmiliili Kenneth and seconded by Mr. Wilson Nduka.

12. MEETING CLOSURE

There being no other business to discuss, the Chairman declared the formal business of the meeting closed at 1045hrs. The Chairman invited Mr. Richard Mafila Malesu, who had a proposed member motion to take the floor and present his motion.

13. MEMBER MOTION

Mr. Malesu presented his motion to the Members and argued that the International Travel Insurance as provided for in the Rule Book is discriminative in that the Gold cover (P25 000 000) excludes only three (3) countries being Lesotho, South Africa and Eswatini (limiting cover to these countries to only P1 000 000) while travel to the remaining African countries and the rest of the world is covered for P25,000,000.00. Mr. Malesu added that there is no justification to have a huge disparity for a ratio of P25,000,000 Medical Cover of Gold to P1, 000, 000 Medical Cover of Silver only applied to Lesotho, South Africa and Eswatini from the whole of the African continent and the world at large.

The Member further argued that the price difference to purchase the Silver and Gold covers is at the most an additional P60 or less than P100 whereas the disparity in benefit is huge considering that most of Pulamed Fund members get specialised medical care in South Africa compared to any other country.

Mr. Richard Malesu further argued that the rationale that existing medical cover for Pulamed Members in these three countries is adequately covered is ill conceived because, the comparative advantage derived from the additional medical cover from Travel Insurance is risk-based thinking that would outsource the risk and transfer medical costs from Pulamed to the travel insurance. Mr. Malesu highlighted that the silver cover excludes key elements such as hijacking, kidnap, and wrongful detention, which he argues could become medical emergencies, which could be better covered by Travel Insurance and not have reliance on the Pulamed cover.

The Member argued further that Travel Insurance was also intended to cover the convenience of travelling, be it by vessel or related transportation. He highlighted that others travelling on vacation to places, such as Malawi or Zimbabwe benefit from cancelled flights or loss of baggage, hijacked transport etc., which means members travelling for medical reasons to South Africa are disadvantaged and instead find themselves having to subsidise or absorb the costs for better cover for those on vacation.

Responding to the Member motion, Mr. Anthony Masunga, a Pulamed Trustee stated that he was seeing the motion for the first time and believed that the motion had to be deliberated upon through the Fund's governance structures.

It was **RESOLVED** that the member motion brought by Mr. Richard Mafila Malesu will be subjected to governance processes and feedback on the matter will be shared with Mr. Malesu and subsequently with the membership at the 2023 Annual General Meeting.

Verified by the membership and signed by the Chairman on this _____ day of _____ 2023

M MOTHIBATSELA

CHAIRMAN