



POLMED

OUR INVESTMENT OUR HEALTH OUR FUTURE



2022 INTEGRATED REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022



POLMED WALK-IN CENTRES



1 CAPE TOWN
Shop 6, 9 Long Street, Cnr Long and Waterkant Street, Cape Town

2 GQEBERHA
Block 6, Greenacres Office Park, 2nd Avenue, Newton Park, Port Elizabeth

3 EAST LONDON
Unit 5, 8 Balfour Rd, Vincent East London

4 BLOEMFONTEIN
Medical Suites 4 and 5, Middestad Medical Suites, First Floor, Middestad Centre, Cnr Charles and West Burger Streets, Bloemfontein

11 LEPHALALE
Shop 6, Bosveld Boulevard Park, Cnr Joe Slovo and Chris Hani Street, Onverwacht, Lephalale

6 KATHU
Shop 18D Kameeldoring Plein Building, Cnr Frikkie Meyer and Rooisand Road

7 MAHIKENG
Mega City, Shop 118, Ground Floor, East Gallery, Mahikeng

8 KLERKSDORP
Medicover Building, Shop 11, 22 Knowles Street, Witkoppies, Klerksdorp

9 ROODEPOORT
Shop 21 and 22, Flora Centre (Entrance 2), Cnr Ontdekkers and Conrad Road, Roodepoort

10 VEREENIGING
27 Grey Avenue, Vereeniging

5 KIMBERLEY
Shop 76, North Cape Mall, Rooydens, Kimberley

12 POLOKWANE
Checkers Centre, Shop 2, Ground Floor, Cnr Hans van Rensburg and Grobler Street, Polokwane

13 DURBAN
Ground Floor, 102 Stephen Dlamini Road, Musgrave, Durban

14 NELSPRUIT
Shop 11, City Centre Mall, Cnr Andrews Street and Madiba Drive, Nelspruit

15 PRETORIA
Nedbank Plaza, Shop 17, Ground Floor, 361 Steve Biko Street, Arcadia, Pretoria

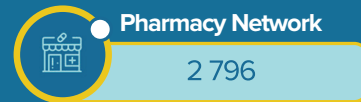
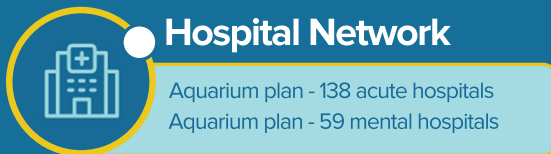
16 RUSTENBURG
Shop 23, Lifestyle Square, Beyers Naude Drive, Rustenburg

POLMED OPERATIONAL STATS

DASHBOARD INFORMATION

POLMED

AVERAGE AGE	28,58 Years
AVERAGE BENEFICIARY AGE ABOVE 65 YEARS	3.9%
PENSIONER RATIO	3,64% (defined as beneficiaries over 60 years)
AVERAGE ACCUMULATED FUNDS PER MEMBER AS AT 31 DECEMBER 2022	R49532 (uses the audited funds figure)



Health Screening Tests conducted at POLMED Health and Wellness Events 2022

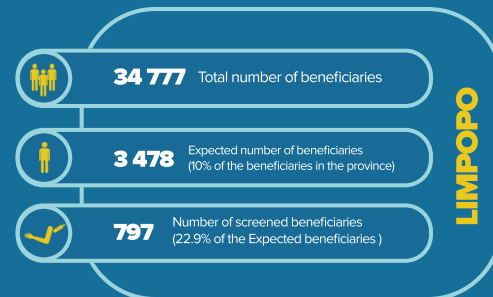
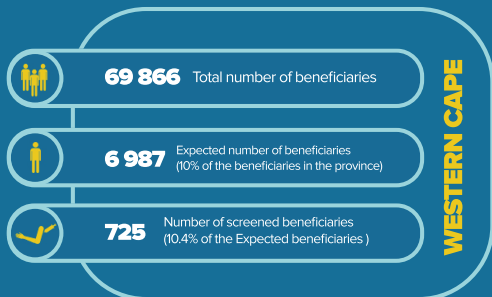
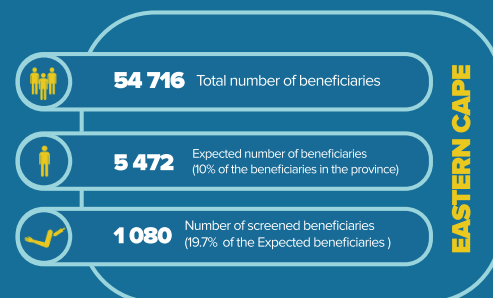
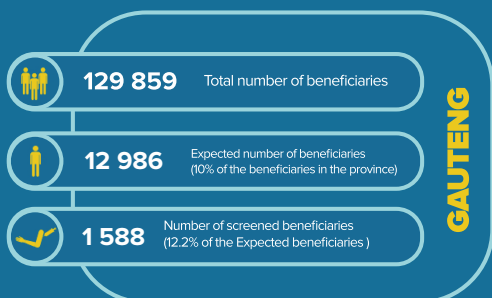


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General Information & Organisational Overview

South African Police Service Medical Scheme (POLMED/the Scheme) is a closed medical scheme registered under the Medical Schemes Act (MSA) (Act 131 of 1998). With the VISION 'Healthy members for a safer South Africa', the Scheme's MISSION is to enable quality healthcare for South African Police Service (SAPS) members and their dependants in a cost-effective manner. POLMED members are its guiding light, as it strives to uphold the highest ethical standards across the organisation in all its dealings.

The Scheme's values are underpinned by the African philosophy of Ubuntu – I am because we are. This provides a foundation to care, respond, collaborate, and respect members in all health states. By living these values, the Scheme's Trustees and Employees endeavour to build trusting relationships with all stakeholders with whom they engage.

POLMED Overview

The going concern assumption of the Scheme is assessed on a yearly basis by the Audit and Risk Committee and the Board of Trustees and were as follows:

Background

As per IAS1:25, when financial statements are being prepared, the management must evaluate if the entity can continue as a going concern. Unless the management intends to liquidate the entity or has no other choice, the entity must prepare financial statements on a going concern basis, as per IAS1:25.

While assessing if the going concern assumption is appropriate, the management considers all available information about the future, including at least, but not limited to, twelve months from the end of the reporting period, as per IAS1:26.

Going Concern Assessment

Financial Performance

The current assets of the Scheme exceeded current liabilities on the balance sheet date at a ratio of 2.80:1. Based on the above ratio, it is evident that the Scheme can cover more than double its short-term debt.

The Scheme's investment policy ensures that the investment portfolio consists of 60% sustainability bucket and 40% liquidity bucket assets. As at the year-end, R2bn of the liquidity bucket was held as cash and money market portfolio and the remaining instruments can be liquidated in the short term. As of 31 December 2022, the Scheme's solvency ratio is 71%, which is above the 25% required by the Medical Schemes Act.

Funding

A key consideration for the going concern assumption for the Scheme is the contribution grant received from the employer. The employer committed R9,009 billion contribution income for the 2023/2024 SAPS financial year. Furthermore, a R200,880 million once-off contribution for additional recruits in excess of natural attrition was committed. The Scheme members consist of active and continuation members.



In the 2024 budget, members are expected to contribute 29% of the total contribution income, and the employer is expected to contribute 71% in the form of an employer grant. The Scheme collects contributions from active members through PERSAL (payroll) deductions by the employer, and continuation members pay via debit order or direct deposit. The Scheme monitors the Board approved Debt Policy applicable to member and provider debt.

Industry and Regulations

Management considered the possible impact of National Health Insurance (NHI) on the Scheme's operations for the coming 12-month period. The NHI Bill is not expected to come into effect until 2030.

Management further considered contingent liabilities and their possible impact on the financial statements. None of these contingent liabilities are expected to have a material impact on the Scheme's cashflow or its ability to continue as a going concern.

International Financial Reporting Standards (IFRS) 17 will be effective from 1 January 2023, and it will affect how insurance contracts are accounted for. However, this will not have an impact on the operating model of the Scheme or any of the above going concern assumptions. Grey listing presents no immediate impact on the Scheme. However, in the longer term, it may result in higher yields in the fixed income markets due to market participants ascribing more risk to SA investments. Given the Scheme's strong financial position, it could withstand the positive or negative impact on its fixed income portfolio should yields deteriorate.

Business Continuity

The Scheme has a Business Continuity Plan to ensure operational continuity in case of any disruption. The plan covers all areas of the Scheme's people, processes, systems, and it is monitored by the Scheme's Risk department.

Terms of Registration

South African Police Service Medical Scheme (POLMED/the Scheme) is a restricted medical scheme, registered in terms of the Medical Schemes Act of South Africa, No 131 of 1998, as amended (the "Act") under registration number 374. POLMED is not for profit entity.

Benefit Options within the Scheme

The Scheme offers two benefit options to the employees of the South African Police Service, both without a savings component. These are:

- ✓ Marine Plan; and
- ✓ Aquarium Plan

Board of Trustees and Principal Officer - Qualifications and Training



ST NKOSI
BoT Chairperson

QUALIFICATIONS

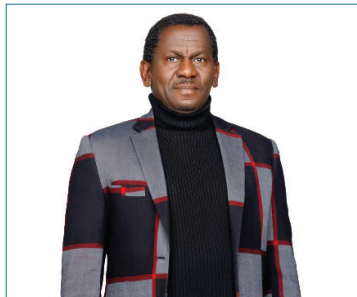
- ✓ National Diploma - Police Administration
- ✓ Certificate – Human Resource Management
- ✓ B TEC in Policing
- ✓ LLB
- ✓ Masters in Theology (current)

Medical Scheme Training Attended: 2022

- ✓ Benefit Design Training
- ✓ Principles of Universal Healthcare Coverage

Other Training Attended

- ✓ CMS Induction
- ✓ BHF/WitsTrustee Development
- ✓ Risk Management
- ✓ Media Relations
- ✓ Ethics Management
- ✓ Governance



TNL NGWENYA
Deputy Chairperson

QUALIFICATIONS

- ✓ Labour Relations Diploma
- ✓ Post Graduate Diploma – Labour Law
- ✓ Certificate – Enhancing Performance Management and Labour Relations in the Public Sector
- ✓ Certificate of Competence – Faculty of Humanities/Wits school of social Sciences
- ✓ Certificate – Corporate Governance

Medical Scheme Training Attended: 2022

- ✓ Benefit Design Training
- ✓ Principles of Universal Healthcare Coverage

Other Training Attended

- ✓ Explosives Expert (training – SAPS college)
- ✓ Basic Police Training
- ✓ Detective Learning Programme (SAPS college)
- ✓ SSSBC – Negotiations Training
- ✓ Finance for Non-Financial Managers
- ✓ POPCRU – Leadership Course
- ✓ ILO Training – Social Dialogue



N KHAUOE
Principal Officer

QUALIFICATIONS

- ✓ Bachelor of Theology
- ✓ Bachelor of Human Resource Management
- ✓ MBA
- ✓ MAP
- ✓ ND Personnel Management
- ✓ ND Nursing

Medical Scheme Training Attended: 2022

- ✓ Benefit Design Training
- ✓ Principles of Universal Healthcare Coverage

Other Training Attended

- ✓ Nomadic Leadership Programme
- ✓ UCT Leadership Programme
- ✓ Nine Conversations in Leadership Programme

**MV PHIYEGA****QUALIFICATIONS**

- ✓ Post Graduate Diploma Business Management
- ✓ MA – Social Science
- ✓ BA – Social Science
- ✓ BA – Social Work
- ✓ Executive Management Development Programme
- ✓ Finance for Non-Financial Managers

** Member of the South African Council for Social Service Professions

Medical Scheme Training Attended: 2022

- ✓ Benefit Design Training
- ✓ Principles of Universal Healthcare Coverage

Other Training Attended

- ✓ Finance for Non-Financial Managers

**RP NTSIME****QUALIFICATIONS**

- ✓ National Higher Certificate – Policing
- ✓ Industrial and Labour Relations

Medical Scheme Training Attended: 2022

- ✓ Benefit Design Training
- ✓ Principles of Universal Healthcare Coverage

Other Training Attended

- ✓ Negotiations Skills Training
- ✓ Basics Ambulance Assistance
- ✓ Basic Police Training
- ✓ Detective and Fraud Training
- ✓ Scene Management
- ✓ Diversity Training
- ✓ Strategic Risk Assessment Training

**PA MABOTJA****QUALIFICATIONS**

- ✓ SAPS Basic Learning Programme
- ✓ Higher Certificate – Accounting

Medical Scheme Training Attended: 2022

- ✓ Benefit Design Training
- ✓ Principles of Universal Healthcare Coverage

Other Training Attended

- ✓ Women Leadership Development
- ✓ Strategic Risk Assessment Training

**KL MOENG****QUALIFICATIONS**

- ✓ Certificate - International Tourism
- ✓ Certificate – Labour Relations
- ✓ Certificate in Project Management
- ✓ Diploma – Human Resource Management
- ✓ Bachelor of Business Administration (Current)
- ✓ National Higher Certificate in Policing

Medical Scheme Training Attended 2022

- ✓ Benefit Design Training
- ✓ Principles of Universal Healthcare Coverage

**Z SKADE****QUALIFICATIONS**

- ✓ Bachelor of Law
- ✓ Advanced Diploma – Labour Law
- ✓ Programme and Project Management
- ✓ Public and Development Management
- ✓ Post Graduate Diploma – Labour Law

Medical Scheme Training Attended 2022

- ✓ Benefit Design Training
- ✓ Principles of Universal Healthcare Coverage

**PP DIMPANE****QUALIFICATIONS**

- ✓ Bachelor of Commerce in Accounting & Commerce
- ✓ Bachelor of Business Administration (Hons)

Medical Scheme Training Attended 2022

- ✓ Benefit Design Training
- ✓ Principles of Universal Healthcare Coverage

Other Training Attended

- ✓ GIBS Trustee Leadership Development Programme
- ✓ Diversity Training
- ✓ Trustee Development BHF/WITS



SW CHAMANE

QUALIFICATIONS

- ✓ LLB (NQF level 8)
- ✓ Diploma in Public Administration



BP TEMBA

QUALIFICATIONS

- ✓ Advanced Programme/Certificate – Human Resource Management
- ✓ WHO – Modules in Occupational Health
- ✓ Certificate – Advanced Trauma Management
- ✓ BA – Psychology
- ✓ BA Degree – Educational Management
- ✓ Diploma – Secondary Teacher
- ✓ Masters in Psychology
- ✓ Postgraduate Diploma in Sexuality Education
- ✓ Bachelor of Education (Honours)

** Registered Psychologist - Registered with the HPCSA

Medical Scheme Training Attended: 2022

- ✓ Benefit Design Training
- ✓ Principles of Universal Healthcare Coverage



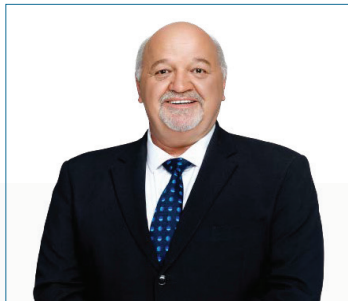
SJ KWENA

QUALIFICATIONS

- ✓ National Diploma – Police Administration
- ✓ National Diploma – Policing
- ✓ BA – Police Science
- ✓ B Luris
- ✓ Human Resource Management Degree

Medical Scheme Training Attended: 2022

- ✓ Benefit Design Training
- ✓ Principles of Universal Healthcare Coverage



AJ GERBER

QUALIFICATIONS

- ✓ Baccalaureus Commercii
- ✓ Baccalaureus Legum
- ✓ SAPS Officers Course
- ✓ Financial Course
- ✓ Trainers Course
- ✓ Negotiations Course

Medical Scheme Training Attended: 2022

- ✓ Benefit Design Training
- ✓ Principles of Universal Healthcare Coverage

Other Training Attended

- ✓ Financial Course
- ✓ Trainers Course
- ✓ Negotiations Course



MV KWETEPANE

QUALIFICATIONS

- ✓ Diploma – Anti-Corruption and Business Crime Investigation
- ✓ Computer Certificate

Medical Scheme Training Attended: 2022

- ✓ Benefit Design Training
- ✓ Principles of Universal Healthcare Coverage

Independent Committee Members

AGM



BJ XIMBA

QUALIFICATIONS

- ✓ National Diploma in Policing



V SIMELANE

QUALIFICATIONS

- ✓ Diploma in Labour Relations Management
- ✓ Diploma in Human Relations Management



ML LETEBELE

QUALIFICATIONS

- ✓ National Diploma in Policing



IN MOLEFE

QUALIFICATIONS

- ✓ Post Graduate Diploma Labour law
- ✓ M-TECH in Policing
- ✓ B-TECH in Policing
- ✓ National Diploma Registration of Deeds

ARC



K SKHOSANA

QUALIFICATIONS

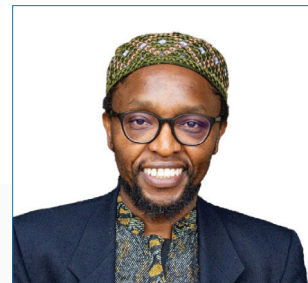
- ✓ Chartered Accountant (SA)
- ✓ B. Com



Z SAMSAM

QUALIFICATIONS

- ✓ Chartered Accountant (SA)
- ✓ B. Com
- ✓ M. Com



M MATHIBELA

QUALIFICATIONS

- ✓ B.Sc. (Actuarial Science)

Financial Highlights



MEMBERSHIP

Average number of members for the year:

Marine: 2022: 110 467 (**2021:** 115 307)
4.2% decrease in members YoY

Aquarium: 2022: 66 699 (**2021:** 58 694)
13.6% increase in members YoY

Scheme:

2022: 177 166 (**2021:** 174 002)

1.8% increase in members YoY



CONTRIBUTION INCOME

Contribution income for the year:

2022: R 12,17 billion
2021: R 11,66 billion

4.32% YoY growth

Gross contribution income split:

	2022	2021
Members	29,27%	29,39%
Employer	70,73%	70,61%



CLAIMS EXPENDITURE

Relevant healthcare expenditure for the year:

2022: R 10,75 billion

2021: R 10,48 billion

2,5% YoY growth

Relevant healthcare expenditure as a % of risk contributions (claims ratio)

	2022	2021
Marine	89,57%	87,67%
Aquarium	84,12%	99,58%
Scheme	88,40%	89,94%



NON-HEALTHCARE EXPENDITURE

Average non-healthcare expenditure per beneficiary per month:

	2022	2021
Marine	R87	R85
Aquarium	R57	R54
Scheme	R74	R73

Non-healthcare expenditure as a % of risk contributions

2022: 3,61%

2021: 3,74%

0,13 pp improvement YoY



SUNDRY INCOME

Once-off contributions received during the year:

R 566,8 million once-off contributions to cover COVID-19 expenses of SAPS serving members

R 155,6 million once-off contribution for the enlistment of additional new recruits in excess of natural attrition.



INVESTMENT INCOME

Investment Income earned during the year:

2022: R576,4 million

2021: R393,5 million

46,48% YoY growth

Return on investments as a % of investments:

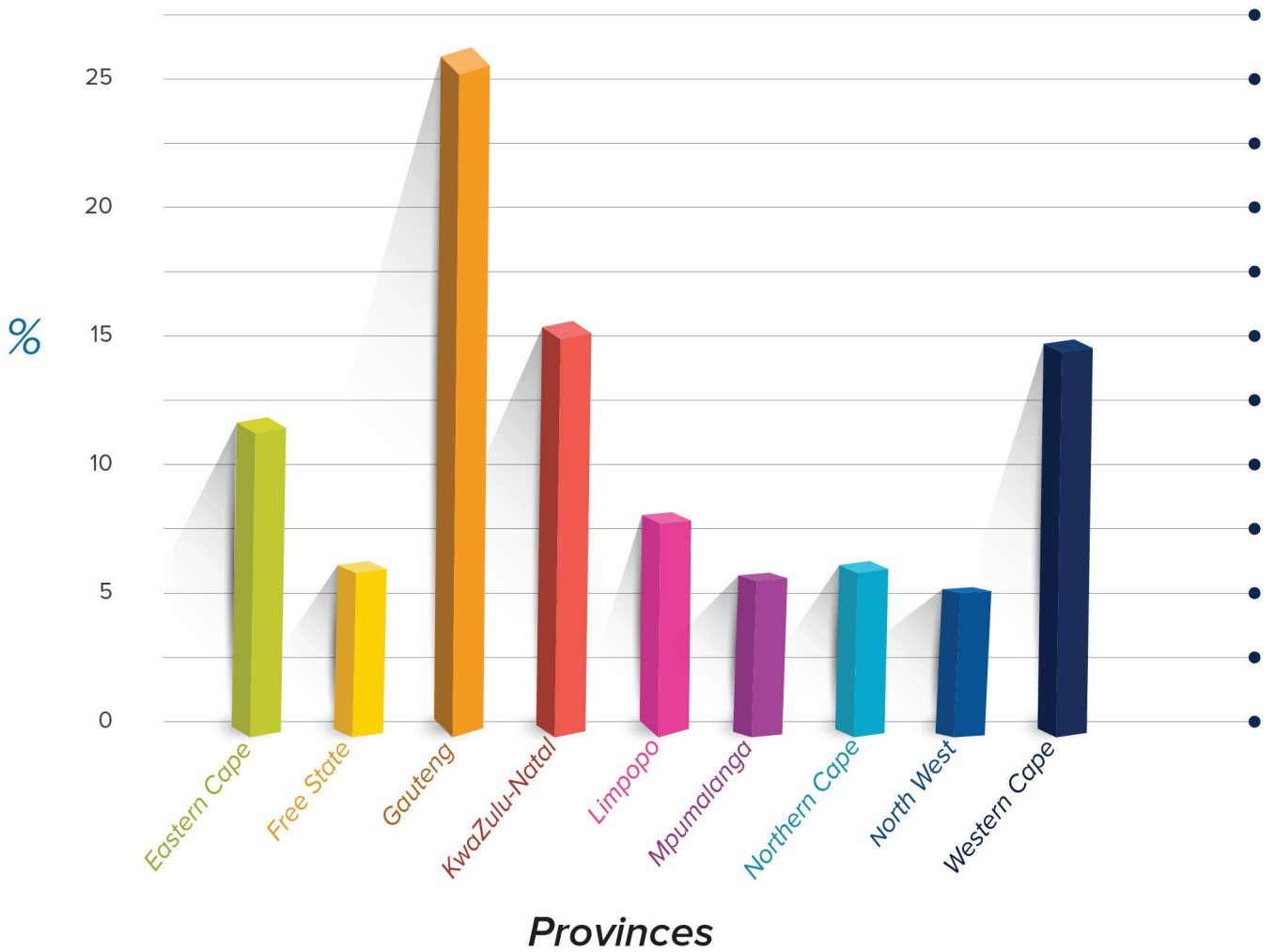
2022: 6,58%

2021: 7,00%

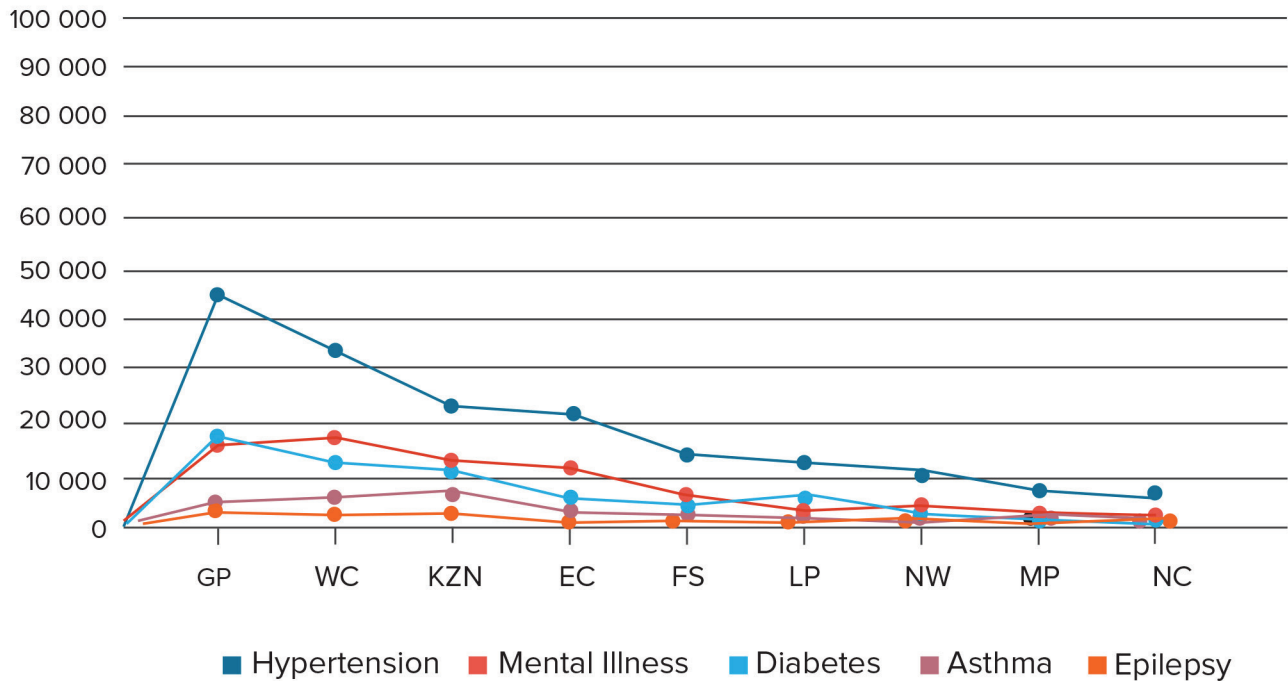
Membership Profile

	MARINE PLAN	AQUARIUM PLAN	TOTAL MEMBERSHIP
Principal Members	109,192	69,617	178,809
Dependants	174,868	137,107	311,975
Beneficiaries	284,060	206,724	490,784

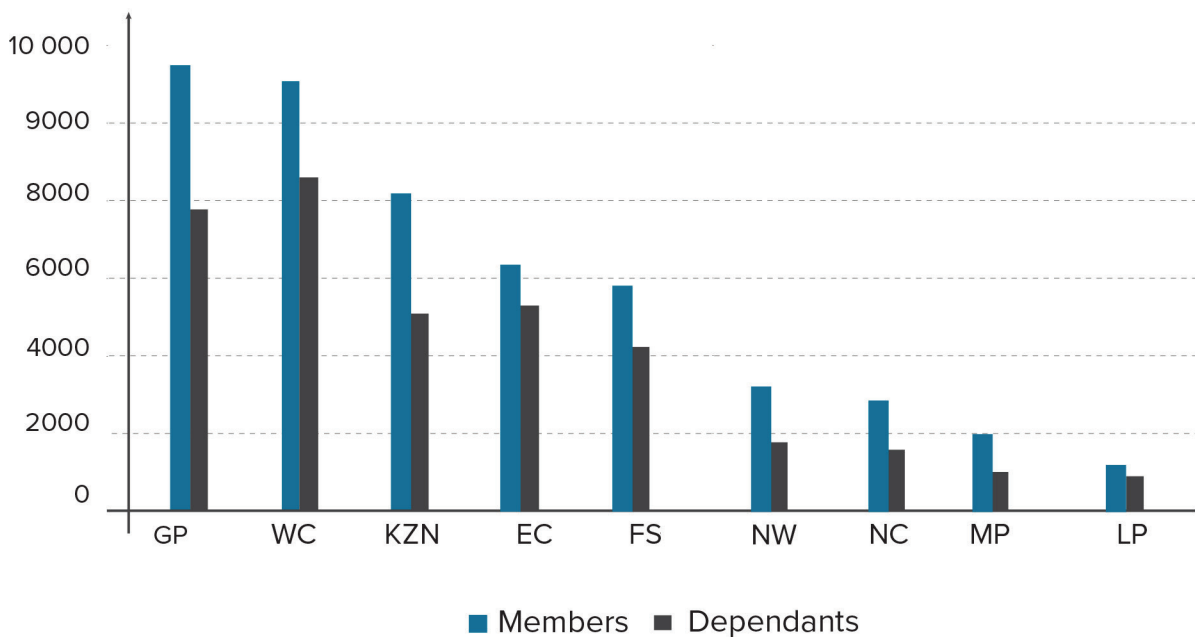
Principal Members Per Province



National Top 5 prevalent conditions for all Beneficiaries



Prevalence of Mental Disorders per Province





Chairperson's Statement

The year 2022 has been a rollercoaster ride of chaos and hope for the Republic of South Africa. The Minister of Finance, in his 2023 Budget Speech, acknowledged the significant risks and uncertainties faced by the economy. Bold and difficult trade-offs are required to get from where we are now to where we want to be in the future. The call to do more with less is loud and clear.

In the midst of global crises challenges such as Climate Change, Financial, and Ecological Crises, POLMED continues to face these challenges head-on. The severe floods in April and May 2022 reminded us of the impact of climate change, happening as the world is still grappling with the economic after effects of the COVID-19 pandemic.

While POLMED welcomes the highest solvency ratio ever obtained, there is a sense of foreboding as soaring claims are expected to catch up due to delayed access to healthcare. POLMED continues to monitor healthcare claims to anticipate circumstances that may cause the value of the healthcare liability to be greater than the contribution income collected to fund the liability.

In order to remain sustainable and reinvent itself, POLMED is revising its business model of healthcare delivery to do more with less. The strategy is to make a radical shift to a cutting edge digital-health integrated management platform.

This will involve a paperless capturing capability and a cardless initiative to improve the member onboarding experience and increase efficiency. These initiatives will also assist in combatting fraud, waste and abuse that contribute to medical schemes' inflation.

As a responsible corporate citizen, POLMED has support structures in place to assist members adversely affected by climate-related disasters. The Scheme's internship programme accommodates children of the Scheme members who have lost their lives in the line of duty. POLMED is committed to sustainability principles and is continuously looking to accelerate its programmes to enhance its impact and commitment.

In conclusion, while 2022 has been a challenging year, POLMED has proved its resilience and is in a stronger financial position than ever before. With reserves of R8.7 billion and a solvency of 71%, the Scheme is ready to invest in the future and embrace digital transformation to bridge the gap between chaos and hope.

Mr TNL Ngwenya

Mr TNL Ngwenya took over the responsibility of Chairperson of the Board in July 2022 until November 2022, when Mr Nkosi was elected as the new Chairperson.



Principal Officer's Foreword

As we reflect on the past year, it is clear that we have all faced unprecedented challenges. Societal and political pressures, coupled with a global pandemic, have created a difficult environment for us all. Despite this, I am delighted to report that POLMED has weathered the storm and emerged stronger than ever.

In 2022, we achieved an impressive solvency ratio of 71%, an increase of 16,45% compared to the previous year. This has allowed us to realise a net surplus of R2.29 billion after investment and other comprehensive income. This achievement is a testament to our commitment to financial stability and responsible management.

However, we recognise that our success is not solely measured by financial performance. We are dedicated to serving our members and improving their overall wellbeing. In response to the daily pressures faced by SAPS members, we have placed a significant focus on mental health initiatives. Our POLMED Health Symposium has been a thrilling success, providing high-calibre expert speakers and personal testimonials to address the top prevalent conditions of their workforce, with a specific focus on mental wellness.

We are excited to announce that this initiative will be rolled out to each province to further assist and support our members.

We have risen to the occasion when our Kwa-Zulu Natal members were affected by devastating floods. Our initiative to provide care packages and psychological assistance to over 100 affected members highlighted our commitment to supporting and caring for our members and dependants.

As we move forward, we will continue to strive for excellence in all areas of our operations. We are committed to being a compliant and well-governed scheme. We are grateful for the unwavering support of our members, the Board of Trustees, key stakeholders and all POLMED staff throughout 2022.

Thank you for your continued support in POLMED.

Ms N Khaue

Scope of the Report

The Scheme's Integrated Report 2022 will cover the financial period from January 1, 2022, to December 31, 2022. This report is a crucial tool for POLMED to communicate with its stakeholders, providing them with an overview of the business model and the strategies implemented to achieve the Scheme's objectives.

The report also encompasses a comprehensive review of the past year's performance. It will cover a range of factors that impact the Scheme, from financial and economic to social issues, all of which help to shape the future direction of POLMED. Furthermore, the report aims to focus on issues that have a significant impact on the Scheme's operations and its stakeholders.

With this report, the reader will have an in-depth understanding of POLMED's business, performance, the strategy. Get ready to dive into the details and learn all about the Scheme's journey towards achieving its goals.



Reporting Framework

The Reporting Framework adopted by the Board of Trustees is designed to meet the highest standards of Corporate Governance for Medical Schemes, as outlined in the prestigious King IV report.

We take great pride in complying with the MSA, POLMED's registered Rules, the South African Institute of Chartered Accountants (SAICA), Accounting Guidelines for Medical Schemes and the International Financial Reporting Standards (IFRS) to generate accurate and reliable financial statements.

With our commitment to transparency and excellence, you can trust that our reporting will always be at the required standard.

STATEMENT BY THE BOARD OF TRUSTEES

The POLMED Trustees present to you the Annual Financial Statements for the year that ended on December 31, 2022. As your trusted stewards, we are responsible for ensuring that the statements accurately reflect the financial position of the Scheme, in compliance with the International Financial Reporting Standards (IFRS) and the Medical Scheme's Act, No 131 of 1998, as amended.

Our Administration partner, Medscheme Holdings (Pty) Ltd, has maintained proper accounting records that enable us to confidently state that the information contained in the Annual Financial Statements fairly represents the results of the Scheme's operations for the year and its financial position at year-end.

We have used the most appropriate accounting policies, supported by reasonable and prudent judgments and estimates, to ensure transparency and accountability.

We continuously strive to operate in an adequately controlled environment, regularly reviewing our risk management and internal control procedures to provide reasonable assurance that our assets are safeguarded, and risks are managed.

This is to assure you, our esteemed members, that we prioritise your interests and the financial stability of the Scheme. We are pleased to announce that the external auditors, PricewaterhouseCoopers Inc., have audited the Annual Financial Statements in accordance with the International Standards on Auditing and have reported on its fair presentation. We have also adopted the going-concern basis in preparing the Annual Financial Statements and based on our forecasts and available cash assets, we have no reason to believe that the Scheme will not be a going concern in the foreseeable future.

In summary, rest assured that your trust in us is not misplaced. Our commitment to maintaining proper accounting records and transparency in financial reporting is unwavering. We hope that these Annual Financial Statements further support the viability of the Scheme.

Thank you for your continued support.

Materiality Themes and Matters

POLMED believes in providing its members and stakeholders with nothing but the most accurate and reliable information. As a responsible organisation, we understand the importance of contributing to the integrity of our Annual Integrated Report.

That is why our Board of Trustees has identified the materiality themes and matters that significantly impact our Scheme's ability to create value for our members, ensuring that we continue to operate sustainably.

Our materiality assessment process allows us to identify and report on matters that substantively affect our ability to create value. We define material matters as those that contribute to significant economic, environmental, and social outcomes or those that could influence the decisions of our stakeholders.

Rest assured that the material matters disclosed in this report are based on regulatory obligations, internal financial and non-financial reports, and voluntary disclosure standards. We take pride in being transparent and accountable, and believe that our stakeholders deserve nothing less.



PART A ANNUAL GENERAL MEETING PACK

Notice of The Annual General Meeting

Consistent with the prescripts of Section 29(1)(m) of the Medical Schemes Act, 1998 (Act 131 of 1998) read with Rule 26.1 of the South African Police Service Medical Scheme (POLMED) Rules, notice is hereby given that the Annual General Meeting of the members of POLMED will be held at **Church Unlimited in Mpumalanga Province on Thursday, 13 July 2023 at 10h00.**

Please note that registration will commence at 07h30.

Agenda of the Annual General Meeting

AGM AGENDA: 13 JULY 2023			
NO.	AGENDA ITEM	SPEAKER	ACTION
1	Opening and Welcome	Chairperson	Noting
1.1	Opening Prayer	Captain Ndlovu (Chaplain)	Noting
1.2	SHE representative	Mr. Berto Vin - Loo	Noting
1.3	Welcome address: Mpumalanga PC	Lieutenant General Manamela	Noting
1.4	National Commissioner	General SF Masemola	Noting
2	Attendance and confirmation of the quorum (Rule 26.1.3)	Mr. S Cele	Noting
3	Confirmation of agenda	AGM	Approval
4	Confirmation and adoption of the minutes of the previous AGM held on 14 July 2022, Durban, KZN Province	AGM	Approval
5	Matters arising	Chairperson	Noting
6	Introduction: Trustees, Officials and Stakeholders	Chairperson	Noting
7	Chairperson's remarks	Chairperson	Noting
8	Consideration of Integrated Report and Financial Statements for the year ending 31 December 2022		
8.1	Highlights of the Integrated Report (Rule 26.1)	Principal Officer	Noting
8.2	Highlights of the Annual Financial Statements (Rule 26.1.1.1)	Mr. Samsam (Independent Chairperson of Audit and Risk Committee)	Approval
8.3	Independent Audit Report	PwC (External Auditors)	Approval
9	Appointment of External Auditors (Rule 26.1.1.2)	Mr. Samsam (Independent Chairperson of Audit and Risk Committee)	Approval
10	Trustees' Remuneration (Rule 18.24)	Principal Officer	Approval
10.1	Review Trustee Remuneration Policy	Independent AGMC Member	Approval
10.2	Trustee Remuneration	Independent AGMC Member	Approval
11	Motions (Rule 26.1.6)	Chairperson	Approval
12	Trustee Election Process	Elections Agency	Noting
13	Validation of Trustee Elections	Independent Auditors	Noting
14	Announcement of Election Results	Elections Agency	Noting
	Closure	Chairperson	Noting

AGM Attendance



ATTENDANCE AND MOTIONS

In accordance with POLMED Rules, attendance at the AGM will be limited to Principal members in good standing (whose contributions are not in arrears), officers of the Scheme and relevant stakeholders who are formally invited by the Scheme to attend.

A quorum of 50 members, as prescribed by POLMED Rule 26.1.3, is required to ensure that the AGM proceeds.

As a result, members are required to confirm their attendance by means of an “RSVP” if they intend to attend the AGM. RSVPs must reach POLMED by Wednesday, 12 July 2023.

Please note that once we reach the capacity allowed for the venue, no further reservation will be accepted. RSVPs must be e-mailed to 2023agm@polmed.co.za OR call 012 818 7549 to confirm your attendance. Seats will be reserved for members who confirm their attendance.

Members attending the AGM must bring or provide their membership cards and any of the following identification documents:

- ✓ A South African ID book or Smart ID card;
- ✓ A South African Driver’s License; or
- ✓ A Passport

Submissions of Motions

The Rules of POLMED require that notices of motions must be placed before the AGM and reach the Principal Officer no later than 7 days prior to the date of the meeting.

Below is a guideline that will help a member to construct a motion in line with Rule 26.1.6. of the Scheme rules.

- 1 Only a Principal Member in good standing can submit a motion.
- 2 All motions should be duly proposed and seconded (co-signed) in support that the matter be placed on the agenda of the meeting (AGM)
- 3 Such motions should be concise and free from ambiguity, so that all present may clearly understand their importance. It should be worded such that a definite decision hereon can be arrived at within the scope of the notice convening the meeting and within the powers of the meeting to decide.
- 4 A motion that is vague and ambiguous in its terms may be rejected.
- 5 A motion shall not deal with matters affecting the operations of the Scheme or those that are outside the scope or competency of the AGM and must be for the benefit and/ or in the interest of the Scheme and its members.
- 6 All motions received by the Principal Officer will be based on the above guidelines and only valid competent motions will be tabled at the AGM.

MOTIONS CAN BE SUBMITTED AS FOLLOWS:



E-mailed to:

POLMEDmotions@POLMED.co.za



Posted to The Principal Officer,
P O Box 14812, Hatfield, Pretoria, 0028



Hand delivered to Block A, Crestway Office Park,
20 Hotel Street, Persequor Park, Lynnwood,
0081, in an envelope clearly marked for the
attention of The Principal Officer, POLMED.

Motions must have reached the Principal Officer by no later than 17:00 on Thursday, 06 July 2023. Any motions received after this date and time will be invalid.

Your support towards the 2023 POLMED AGM will be highly appreciated.

MS N KHAUOE
Principal Officer

Minutes of The 2022 POLMED Annual General Meeting

1. Opening and Welcome

The Deputy Chairperson of the Board of Trustees ("BoT"/"Board"), Mr Ngwenya welcomed all attendees and declared the meeting officially open at 10:00.

Mr Ngwenya further welcomed all the stakeholders, the BoT, the Principal Officer ("PO"), the POLMED Executive Team and most importantly, the members of POLMED.

1.1 Opening Prayer

Captain Duma, opened the meeting with the prayer and a short message from the book of John chapter 13 verse 34.

1.2 Safety, Health and Environmental ("SHE") Representative

The SHE representative, Ms Dubazane took the meeting through the evacuation procedure and pointed out all the emergency exit points of the building.

1.3 Welcome Address: KZN PC

Maj Gen Makhoba, on behalf of Lt. General Mkhwanazi, the Provincial Commissioner (PC) of KZN who had to attend to other urgent engagements with the Minister, welcomed all POLMED delegates, stakeholders and the Scheme members in KZN.

Maj Gen Makhoba encouraged all in attendance to proceed with the meeting in good spirit and that all decisions made during the meeting must be in the best interest of the members of the Scheme.

The value of the Scheme to members was noted and an appreciation for the Scheme leadership was also expressed. All attendees were further encouraged to enjoy the good environment in the city.

1.4 National Commissioner

The Deputy Chairperson highlighted that the National Commissioner, General Masemola, was invited to the meeting and had confirmed his attendance, however due to other urgent engagement with the Minister of Police, Honourable Cele will join the meeting later in the day and address the AGM.

The Deputy Chairperson requested that upon arrival of the National Commissioner, his address to the AGM will then be prioritised and further that upon his entrance, all members must stand.

Capt. Johnson moved, and Capt. Bagolo seconded the proposal.

2. Attendance and Confirmation of Quorum (Rule 26.1.3)

The Deputy Chairperson called upon the Executive: Legal, Compliance and Scheme Secretary (Ms Xaxa) to confirm if the required quorum was constituted for the AGM to convene. Subsequently, Ms Xaxa observed the protocol and reported that in terms of the Scheme Rule 26.1.3, a minimum of 50 (fifty) members was required to form a quorum. At 10h00, 212 (two hundred and twelve) members were in attendance, thus a quorum had been met and therefore the Deputy Chairperson declared the meeting opened.

The Deputy Chairperson further called upon Mr Ntsime to report on the AGM Proxies for the meeting. Mr Ntsime highlighted the following:

- ✓ Background - A principal member who is eligible to attend and vote at the AGM is entitled to appoint a proxy to attend, speak and on a poll vote in his/her stead.
- ✓ Rule 27.1 and 27.2 of the Scheme Rules regarding a proxy were read out to the Members.
- ✓ The notice for AGM Proxies was distributed to members on 13 June 2022. The Scheme received two (2) AGM proxies from members.

As per the review process conducted by the Scheme on the proxies received, both proxies have met the Scheme requirements as stipulated in the Proxy Form. Both the proposer and the appointed proxy are members in good standing as per the validation conducted by the Scheme.

The AGM noted the report.

3. Confirmation of Agenda

The Deputy Chairperson presented the agenda included in the Integrated Report ("IR") and invited members to propose inputs, additions and/or amendments, move and second the adoption of the agenda.

Mr Mbhele requested that the proposed closing time of the meeting be included on the agenda. The Deputy Chairperson subsequently responded that the Board did not want to limit the time of the members to engage on items on the agenda whilst not wanting the meeting to be prolonged unnecessarily. Therefore, the Board resolved not to include time on the agenda.

Mr Mbhele moved, and Mr Mazangwana seconded the adoption of the agenda.

4. Confirmation and Adoption of The Minutes Of The Previous AGM Held on 16 September 2021 In North West Province

The Deputy Chairperson presented the 2021 AGM minutes for adoption. He further highlighted that, a day prior to the AGM, the Board received comments on the 2021 AGM minutes from Mr Gous.

In line with the Protection of Personal Information Act, Act 4 of 2013, the Board refrained from distributing the comments received from Mr Gous to members and resolved to project, in his presence, the comments at the AGM for consideration by members.

Whilst the Deputy Chairperson was reading the comments received from Mr Gous to the members, Mr Thobakgale raised a point of order wherein he highlighted that the comments received from Mr Gous should not take precedence over the adoption of the minutes as that would be procedurally unfair.

The AGM further noted that Mr Gous did not follow the proper channels of the Scheme when sending his comments as provided for in the POLMED rules.

Mr Thobakgale further indicated that he has read the minutes in their totality and was comfortable with the contents therein. The minutes were adopted subject to the following amendment:

- ✔ Item 8, para (d) of the minutes – It must be clear in the minutes that Mr Margerman being referred to in the minutes is from Northern Cape.

Mr Thobakgale moved, and Mr Johnson seconded the adoption of the minutes.

Mr Johnson highlighted that the issues raised by Mr Gous were not for the AGM to resolve and that should a particular member have comments on the minutes, those should be raised as motions to the AGM.

Mr Mbhele supported the comment from Mr Johnson, further requesting that the matter of Mr Gous be declared closed.

- ✔ Notice of AGM to members be circulated 90 days prior to the meeting. In the same notice the Scheme will call for Motions to be placed before the AGM.
- ✔ Motions which are to be placed before the AGM must reach the Principal Officer not later than 60 days prior to the date of the AGM.

RESOLUTION 01 OF 14 JULY 2022 OF AGM
THE AGM RESOLVED THAT the proposed rule amendments on AGM Motions are approved. **Ms Masuku moved, and Mr Mthyeti seconded the proposal.**

5.b Reconsideration of motions and sourcing of a legal opinion (Item 6)

The Deputy Chairperson presented the feedback on action item 6 (Reconsideration of motions and sourcing of a legal opinion) stating that the Scheme obtained legal opinion and the conclusion is as follows:

- ✔ In respect of motions relating to the remuneration of Trustees, the AGM has the necessary jurisdictional competencies to raise the issues, however, the AGM has no jurisdictional competence to deal with the remuneration of the Principal Officer as the matter falls within the competency of the Board. Issues relating to “loss of critical staff” is operational for which the AGM has no competency whatsoever.

The information that gave rise to the motions submitted by Mr Gous was acquired improperly and in violation of both Rule 31 of the Scheme Rules and Promotion of Access to Information Act 2 of 2000.

The Scheme was not able to institute any legal action due to lack of sufficient information or evidence to institute any disciplinary action against any employee. Investigating the source of leakage of privileged information is not cost-effective under the circumstances. The legal advice to the Scheme is to take necessary measures to ensure that employees understand and abide by the Scheme’s Code of Ethical Conduct.

5. MATTERS ARISING

The Deputy Chairperson presented the matters arising from the 2021 AGM, highlighting that action items 1, 3 and 5 of the matters arising were completed

5.a Proposed Rule Amendment on AGM Motions

The Deputy Chairperson called upon Mr Ximba to present proposed rule amendment relating to AGM motions. Mr Ximba highlighted the following :

- ✔ Rule 26.5 - To remedy the circulation of motions not being included in the AGM pack, the Scheme proposes the amendment to its Rules.

5.c Drastic Increase in number of Board meetings between 2019 and 2022 (Item 1)

The Deputy Chairperson presented the feedback on action item 1 of the competent motions (Board of Trustees: Drastic Increase in number of Board meetings between 2019 and 2020) and highlighted the following:

- ✔ This motion is within the competency of the AGM and therefore, is accepted.
- ✔ During the financial year ended in December 2020, the Board held 18 meetings, 9 of which were special Board meetings and 4 were in relation to other critical issues such as the Board Strategy Session, Pre-AGM deliberations, AGM and Post-AGM meetings.
- ✔ It is important to understand that the Board may be confronted with certain pertinent matters that affect the interests of Members or sustainability of the Scheme at any point in time. In this regard, the Board may be required to hold special meetings as per Rule 18.13.2 to deal with the issues at hand. For example, during 2020, the Board had to call for such extraordinary meetings to respond to certain key instructions from the Registrar regarding 2 of the Scheme's critical tenders and curatorship related matters, several Council for Medical Schemes (CMS) instructions, meeting with the Chairperson and Registrar of CMS.
- ✔ The Principal Officer has no authority to deal with certain matters, only the Board.

5.d Allegations regarding submission of proxies (Item 7)

The Deputy Chairperson presented feedback on action item 7 (Allegations regarding submission of proxies) and highlighted that the Scheme investigated the allegation and it is evident that the call for proxy was sent to members and that the proxy form was placed on the Scheme's website on the 1st of September 2021.

5.e Proposed Rule Amendment on AGM Proxies

The Deputy Chairperson called upon Mr Ximba to present the proposed rule amendment on proxies. Mr Ximba highlighted the following: The proposed amendment is intended to streamline the proxy process. Of note for the Members is the proposed amendment to rule 27.3:

"27.3 The instrument appointing the proxy shall be in writing, in a form determined by the Board and shall be signed by a Member and the person appointed as the proxy.

The Board shall have the discretion to determine the maximum number of permissible proxies per Member and such number shall be specified in the Proxy form circulated to Members."

RESOLUTION 02 OF 14 JULY 2022 OF AGM

THE AGM RESOLVED THAT the proposed rule amendments on AGM Proxies is approved. *Mr Lusenda moved, and Mr Mkhontwane seconded the proposal.*

5.f Proposed Rule Amendment on the composition of the Board

Lastly, the Chairperson called upon Mr Ximba to present the proposed rule amendment relating to the composition of the POLMED Board. Mr Ximba highlighted the following:

- ✔ During this review process, the Scheme found itself in a conundrum, particularly in respect of amending Rules 18.2.2 and 18.2.3, as the Rule places the burden solely on the Board by emphasising that it (the Board) must take all reasonable steps in ensuring that its composition broadly reflects the composition of the membership of the Scheme as far as race and gender is concerned.
- ✔ Thus, in amending the Rules, the Board might be challenged on failing to ensure broad representativity and adhering to the demographics of the Scheme membership.
- ✔ Member election is the members' prerogative and right. Therefore, the Board has no other measure / instrument to ensure representativity other than, utilising the criteria proposed below:

Having accepted the motions as competent, the Board requested Scheme management to engage the members to permit the Scheme to amend the Rules as follows:

"18.2.2 For the purposes of these Rules it is accepted that the membership of the Scheme consists of:

18.2.2.1 a minimum 40% Female Members; and
18.2.2.2 70% Black (which includes Coloured and Indian) Members and 30% White Members.

18.2.3 The Board must endeavour to have at least one (1) Black Member (as set out in Rule 18.2.2.2), and at least one (1) White Member elected as Continuation Members of the Board."

Mr Thobakgale disagreed with the proposed rule amendment of Rule 18.2.2 and proposed that the Rule remains as is, at 50% males and 50% females and do away with the issue of race.

Following various views from Members, regarding Rule 18.2.2, the Deputy Chairperson requested that the Annual General Meeting Committee ("AGMC") invite members to provide their comments in relation to Rule 18.2.2 or submit motions that can be thoroughly dealt with by the Board. The proposal that the AGMC invite members to provide their comments in relation to Rule 18.2.2 was moved by Mr Mazangawana and seconded by Mr Mpinga.

6. Introduction: Trustees And Officials

The Deputy Chairperson introduced the following officials:

PROVINCIAL COMMISSIONERS (PCS)

Lt Gen Patekile (Western Cape)
Lt Gen Hadebe (Limpopo)
Lt Gen Manamela (Mpumalanga)

LABOUR UNIONS

2nd Vice President I Magerman (SAPU)
Deputy President K Masemola (POPCRU)
Mr T Ntsele (POPCRU Treasurer)

BOARD OF TRUSTEES (BoT)

Mr AJ Gerber	Mr ST Nkosi
Mr SJ Kwena	Ms R Phiyega
Ms KL Moeng	Ms MV Kwetepane
Mr Z Skade	Mr BSJ Muller
Mr RP Ntsime	Ms PA Mabotja
Ms HK Senthumule	

INDEPENDENT COMMITTEE MEMBERS

Mr V Simelane	Mr BJ Ximba
Mr Zukisani Samsam	Mr ML Letebele

CMS REPRESENTATIVE

Mr V Pullen

PRINCIPAL OFFICER AND EXECUTIVE TEAM

Ms N Khauoe (Principal Officer)
Dr J Makkink (COO)
Ms V Xaxa (E: LCSS)
Mr M Pretorius (E: FP)

The Principal Officer reports to the Board and is responsible for the management of operational matters of the Scheme and oversees the Operations, Strategy and Risk, Finance and Procurement, Corporate Services, and Legal, Compliance and Scheme Secretariat Departments.

Business Model

The PO explained that 29% of Scheme funding was from member contributions and 71% was from employer contributions. She further explained that the Scheme follows an outsourced business model. Medscheme is the current Scheme Administrator. Chronic Medicines is managed by Scriptpharm. Optical Benefit is outsourced to Preferred Provider Negotiators ("PPN"), and Emergency Medical Services is now outsourced to ER24, to which members applauded.

Funding Model

The PO illustrated the funding model to the members and indicated that, like most funders in South Africa, POLMED followed a fee-for-service payment model to providers. Two exceptions were the capitation agreements with PPN relating to optometry benefits, as well as with Scriptpharm in terms of Chronic medication benefits.

POLMED Strategic Pillars

The meeting noted that the Board has three strategic Pillars: Sustainability; Quality Health Care; and Stakeholder Relations. National Health Insurance ("NHI") was flagged as a risk because the Scheme has no control over its role in the South African Police Services (SAPS).

Approved Strategic Initiatives over the remainder of the 5 years

At the Strategy session held in September 2021, the Board approved a strategic initiative wherein POLMED would change its business model from fully fledged insurance model to a Health Maintenance Model (HMM).

Wellness

The eight components of wellness that POLMED will be exploring are physical, social, emotional, spiritual, intellectual, occupational, financial and environmental. These would be driven using big data.

Key Challenges

The PO highlighted that the medical inflation was rising above CPI, the burden of disease has quadrupled, there was rapid increase in the use of drugs and technology and there was a variable quality of care and value for patients.

Current Board of Trustees

Subsequent to the year end, there were changes in the composition of the Board whereby a new Deputy Chairperson was appointed and some of the designated members were replaced. The list of the current Board was as introduced by the Deputy Chairperson.

Trustee Considerations

The PO highlighted that there was expenditure for Board fees which related to the frequency of meetings and reasons thereof as highlighted in the IR, travel, accommodation, data expenses and training and conferencing.

Assurance Providers

The meeting noted that POLMED has an Audit and Risk Committee which is mainly constituted by independent members who rely on the Internal and External auditors as well as Independent Actuaries as Assurance Providers.

7. Integrated Report And Financial Statements For The Year Ending 31 December 2021

7.1 Highlights of the Integrated Report (Rule 26.1)

The PO presented the highlights of the Integrated Report which included the following salient features:

Governance Structure

The PO outlined the Governance structure of POLMED and indicated that the Scheme belongs to its members and is governed by the Board, with the following 7 (seven) sub-committees:

- ✓ Audit and Risk Committee
- ✓ AGM Committee
- ✓ Board Tender Committee
- ✓ Human Resources and Remuneration Committee
- ✓ Clinical Governance Committee
- ✓ Investment Committee
- ✓ Complaints and Dispute Resolutions Committee

Membership Growth

The PO reported that for the period between 2000 to 31 December 2021, POLMED Members, Dependants and Beneficiaries increased by 42,65%, 55,9%, and 50.9% respectively. The total contribution increase over the years was graphically illustrated in the IR and explained by the PO.

Grant Contributions Overtime

The PO explained the schematic graph to the members and explained that increase in healthcare inflation in the period between 2000 to 31 December 2021, has been higher than the increase in the grant since inception.

GP Hopping on POLMED

The PO reported on the number of different GPs visited by the beneficiaries for the period 2018-2021. It was highlighted that there was significant GP hopping of 12% of lives in the Marine plan and 15% in the Aquarium Plan Unique GPs that were consulted. It was further noted that GP hoppers have higher claims.

Healthcare Expenditure

The PO outlined claims by beneficiaries and explained the chart that reveals that Principal members account for 35,10% of membership but represent the highest claimers at 57,70% of all claims while Child dependants represent 47,70% of membership and represent 16,10% of all claims.

Stakeholder Management

The PO demonstrated the list of key stakeholders which included Members, SAPS, CMS, Associations and Employee Representatives, the Administrator, Bankers, Investment Consultants, Actuaries, Managed Care Services; Internal and External Auditors respectively.

Risk Management

The following residual risk were noted as high:

- ✔ Impact of NHI implementation
- ✔ Drastic Reduction in Solvency Levels
- ✔ Health Pandemics
- ✔ Cyber Threats, Data, and Information Breaches
- ✔ Outdated Technology Infrastructure.

Fraud Waste and Abuse

Members were urged to check their statements and report suspicious claims. Members were also requested not to engage in fraudulent activities.

COVID-19 Update

The PO encouraged members to continue observing Covid-19 protocol to the extent possible and continue to protect themselves against Covid-19. Members who have not vaccinated were also encouraged to vaccinate.

Notwithstanding, most members were vaccinated. The PO further highlighted that the Scheme communicated with its members on multivitamins and responded to the media and CMS on multivitamins.

Smoke Free Journey

The PO encouraged members who need assistance to stop smoking to participate in the GoSmokeFree service, which was a fully supported, pharmacy-led stop smoking programme with 6 once a week, one-on-one sessions with a trained GoSmokeFree advisor.

Healthy Living

Members were encouraged to exercise healthy living habits by eating a healthy diet, exercising, and drinking lots of water.

Monkeypox

The PO highlighted that Monkeypox has become a buzzword on social media and even mainstream news recently. Factually correct information is available for members to know about Monkeypox.



Following the presentation of the PO, the members commended the PO and the Board for taking care of members. However, concern was raised in relation to the wellness of the beneficiaries over the age of 25 to 30 years old, highlighting that this matter was raised at the previous AGM and therefore, the Board was implored to go back and robustly deliberate on this matter.

The presence of the National Commissioner was honoured at 13h10. The members raised further concern on the increment of dependant contributions from 21% to 30% and requested the Board to also deliberate on this matter. Perhaps the Board should consider using the funds in reserves or the grant contribution from the employer to assist in minimising the mental health issues and subsidise the members' contribution increment in this regard.

The members requested that the BoT continue with the distribution of multivitamins for Covid-19 for at least a further 6 months as this initiative assisted the members during the pandemic and continues to assist. The Scheme was requested by members to distribute flyers in relation to Monkeypox to the members to raise awareness.

In relation to the vacuum that exists between the Aquarium and Marine Plan, the Board was requested to consider options on how to minimise the vacuum in this regard.

7.b Address from The National Commissioner of Police: The Honourable GEN SF Masemola

Gen Masemola ("NC") addressed the AGM and welcomed the Deputy Chairperson of the Board, Board members, Stakeholders, members, Heads of labour organisations, CMS, and Provincial Commissioners present.

The NC highlighted various health and lifestyle issues that affected POLMED members. The NC thanked the Board and its Chairperson for the good work. He further expressed appreciation for the Scheme's response to Covid-19 outbreak as it had a significant effect on POLMED members and their families. The NC encouraged the Board to continue taking care of the wellbeing of members.

The NC expressed pride in the vaccination drive that the Scheme implemented on Covid-19. He commended POLMED leadership for the resourceful initiative and for prioritising member wellness and that of the employees of POLMED. Furthermore, he noted a healthy relationship between the SAPS and POLMED. The NC encouraged the meeting to find lasting and practical solutions to the discussions of the day as well as challenges at hand. **The NC left the meeting at 13h49.**

7.c Highlights of the Annual Financial Statements (Rule 26.1.1.1) (Independent Chairperson of the Audit and Risk Committee)

In line with Rule 26.1.1.1, the Independent Chairperson of the Audit and Risk Committee (ARC), Mr Samsam presented the Annual Financial Statements (“AFS”) for the Financial Year ended 31 December 2021, focusing on the Statement of Comprehensive Income and the Statement of Financial Position.

Mr Samsam highlighted that a further reduction in the claims ratio in 2021 and the containment of non-healthcare cost have resulted in the solvency ratio of the Scheme improving from 47,85% in 2020 to 54,61% in 2021.

Further, the Scheme achieved a net surplus for the year driven by an improvement in the claims’ ratio from 90,53% in 2020 to 89,94% in 2021, and improved investment income (11,35% improvement on 2020).

There has been an improvement in all key ratios over the three-year period from 2019 to 2021, except for the slight increase in the hospital expenditure ratio which increased by 2,2% per person per member (pppm) due to the increased healthcare utilisation compared to 2020.

Total member funds have increased by 25% in 2021 and accumulated funds grew by 26,9%. The main driver was the recovery in the market during 2021 on the low returns experienced during the peak of the COVID pandemic in 2020. Mr Samsam confirmed that the Scheme was solvent, with solvency has improved from the previous year. The Scheme is in good financial standing and has built reserves of approximately R6,4 billion.

7.d Independent Auditor’s Report (Rule 26.1.1.1)

Mr Mabaso, the PwC external auditor validated the presentation from the ARC Chairperson, confirming that the Scheme attained an unqualified Audit Opinion. Mr Mbhele congratulated the Scheme for achieving unqualified Audit opinion.

RESOLUTION 03 OF 14 JULY 2022 OF AGM

THE AGM RESOLVED THAT the Integrated Report and the Annual Financial Statements for the Financial Year ended 31 December 2021 be adopted. Mr Mbhele moved and Mr Thobakgale seconded the adoption of the AFS.

8. APPOINTMENT OF EXTERNAL AUDITORS (RULE 26.1.1.2)

The External Auditors were recused from the meeting at 14h10.

Mr. Samsam highlighted that the Medical Schemes Act 131 of 1998 as amended (the Act) governs the appointment of Schemes’ external auditors. Section 36 (1) of the Act states that: “A medical scheme shall appoint at least one auditor”. Section 36 (2) of the Act states that: “The appointment of an auditor shall not take effect unless it has been approved by the Registrar, subject to such conditions as he may deem fit.”

It was noted that PwC were appointed as external auditors in 2021 on a 5-year contract and has served for one year of that contract to date.

The ARC and Board were satisfied with the professional service offered so far and, PwC is still eligible to be reappointed in terms of the Scheme’s procurement policies and the IRBA guidelines. As per requirements of the Act, the Scheme should appoint external auditors at the AGM subject to confirmation by CMS.

With the professional service offered to date, there was no reason to terminate the engagement with the current auditors. The ARC, therefore, (through the Board) recommended the appointment of PwC as continuing auditors as per their 5 year-contract.

RESOLUTION 04 OF 14 JULY 2022 OF AGM

THE AGM RESOLVED to appoint PwC to be the external auditors of the Scheme for the ensuing Financial Year: 2022. Mr Mazangwana moved, and Mr Motho seconded the appointment of the PwC as the External Auditors of the Scheme for 2022/2023 Financial Year.

9.a Review Trustee Remuneration Policy

9. Trustee Remuneration (Rule 18.24)

The Board was recused from the meeting at 14h20.

The Board did not take part in this agenda item. The item was therefore chaired by the PO who called upon Mr Simelane from the AGM Committee to present on this item. Mr Simelane observed protocol and highlighted the following:

In line with the principles of good governance and CMS guidelines, the Trustees are remunerated for their services as per the Trustee Remuneration Policy of the Scheme. The purpose of the Trustee Remuneration Policy was to ensure that POLMED remunerates its Trustees and Board committee members in a fair manner.

This Policy must be approved by Members at an AGM following a review by the Scheme since it was last reviewed and approved by the members at the 2015 AGM. The Policy in its current state was sufficient for the Scheme requirements and was in line with the regulatory requirements and good governance principles.

The Policy was therefore tabled, considered, and was now recommended by the member-elected representatives of the AGM Sub-Committee, as the Board cannot consider nor approve its remuneration, as there was a direct conflict of interests in this regard.

RESOLUTION 05 OF 14 JULY 2022 OF AGM

THE AGM RESOLVED THAT the Trustee Remuneration Policy be approved. Mr Thobakgale moved, and Mr Sithole seconded the resolution.

9.b Proposed Trustee Remuneration for 2022/2023

The PO called upon Mr Simelane, an independent member of the AGM Committee, to present the report on the proposed Trustee Remuneration. Mr Simelane highlighted the following:

POLMED's Fee structure for Trustees and BoT Committee takes into consideration the contribution, preparation, and meeting attendance. The fee is reviewed annually in line with the Consumer Price Index (CPI).

The Scheme does not remunerate Trustees or Board Committee members for attendance of training or conferences. Trustees or Board Committee members are reimbursed for all reasonable expenses incurred by them during the performance of their duties.

It was therefore recommended that the Members approve the Trustees Remuneration for 2022/2023 Financial Year CPI adjustment of 5,9%.

One member proposed approval of the fee adjustment, another member from Limpopo raised an opposing view. The latter view was based on the argument that the Board failed to implement the last AGM resolution that members' beneficiaries who are over the age of 25 be covered up until the age of 30. Therefore, the CPI adjustment will not affect the Board but would affect the member contribution.

Mr Mbhele highlighted that much as the concern raised was appreciated by members, there were some members who opposed the view raised above, highlighting that the Board has been tasked to go and explore options on how members' dependants could be covered up to the age of 30 and that this matter not be factored in the increment of the Trustees Remuneration as there also needs to be reliance and confidence that the Trustees will continue to serve the Board and the Scheme competently.

As there seemed to be strong opposing views on the matter, it was requested that the matter be put to a vote. Subsequent to the voting process and scrutineering of the votes received on the matter, the results were as follows:

- ✓ Members supporting the Trustee Remuneration: 153
- ✓ Members not supporting the Trustee Remuneration: 17

RESOLUTION 06 OF 14 JULY 2022 OF AGM

THE AGM RESOLVED THAT the proposed Trustee remuneration increase by a CPI of 5.9% be approved.

The Board returned to the meeting at 14h53.

10. AGM MOTIONS (RULE 26.1.6)

The Deputy Chairperson called upon Mr Ntsime to present the Motions. Mr Ntsime highlighted the following:

- ✓ Motions are designed to allow members to bring matters / issues of concern to the Scheme's attention, except matters that deal with both contributions and benefits (Rule 26.1.1.4). Motions are submitted in accordance with Rule 26.1.6 of the POLMED Rules and must be clear, concise, and free from ambiguity, duly supported by an explanatory memorandum and a background giving rise to such a proposed motion.
- ✓ The notice for AGM Motion was distributed to members on 10 June 2022. The due date for members to submit motions was 07 July 2022 at 17h00, in line with the provisions of the POLMED Rules. Motions that were received after above deadline as per the POLMED were not considered during the review process of the Scheme.
- ✓ The Scheme received thirteen (13) motions from members, one (1) of which was late (after the deadline). As per the review process conducted by the Scheme on the motions received, all motions were deemed incompetent to serve before the AGM as they were of operational nature. All motions have been responded to by the Scheme and accordingly referred to the Scheme's operations department for consideration and processing.

The AGM noted the report and further noted that there were no competent motions submitted for consideration at the 2022 AGM.

11. CLOSURE

The Chairperson thanked all in attendance for their time, peaceful participation, and display of unity. There being no other business to discuss, the 2022 AGM was declared adjourned at 15h02.

Chairperson

Date



2022 Annual General Meeting Resolutions

RESOLUTIONS TAKEN AT THE MEETING	
5.a	The AGM approved the proposed rule amendments on AGM Motions
5.e	The AGM approved the proposed rule amendments on AGM Proxies
7	The AGM adopted the Integrated Report and the Annual Financial Statements for the Financial Year ended 31 December 2021
8	The AGM appointed PwC as the external auditors of the Scheme for the ensuing Financial Year
9.a	The AGM approved the Trustee Remuneration Policy
9.b	The AGM approved the proposed Trustee remuneration CPI adjustment of 5.9%

Matters Arising From 2022 Annual General Meeting

No	ACTION	STATUS UPDATE
1	PROPOSED RULE AMENDMENT ON AGM MOTIONS	
	The AGM resolved that the proposed rule amendments on AGM Motions are approved. <i>(Item 5.a of the AGM of 14 July 2022)</i>	All approved rules were submitted to CMS for consideration.
2	PROPOSED RULE AMENDMENT ON AGM PROXIES	
	The AGM resolved that the proposed rule amendments on AGM Proxies are approved. <i>(Item 5.e of the AGM of 14 July 2022)</i>	All approved rules were submitted to CMS for consideration.
3	INTEGRATED REPORT	
	The Board was implored to go back and robustly deliberate on the concern raised by members in relation to the wellness of the beneficiaries over the age of 25 years old to 30 years old considering that many adult dependants had to be removed due to unaffordability reasons. <i>(Item 7.a of the AGM of 14 July 2022)</i>	The BoT approved the recommendation that for offspring adult dependants below the age of 30yr, contributions will be subsidised as of 1 January 2023.
	The members raised further concern on the increment of dependant contributions from 21yr to 30yr and requested the Board to also deliberate on this matter. Perhaps the Board should consider using the funds in reserves or the grant contribution from the employer to assist in minimising the mental health issues and subsidise the members' contribution increment in this regard. <i>(Item 7.a of the AGM of 14 July 2022)</i>	The BoT approved the recommendation that for offspring adult dependants below the age of 30yr, contributions will be subsidised as of 1 January 2023.
	The Board was requested to continue with the distribution of multivitamins for Covid-19 for at least a further 6 months as this initiative assisted the members during the pandemic and continues to assist. <i>(Item 7.a of the AGM of 14 July 2022)</i>	As of 1 January 2022, multi-vitamins are readily available and funded by POLMED.

	The Scheme was requested by members to distribute flyers in relation to Monkeypox to the members to raise awareness. (Item 7.a of the AGM of 14 July 2022)	POLMED distributed communication to members in relation to Monkeypox, the information has also been loaded on POLMED’s website for ease of access.
4	INTEGRATED REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 DECEMBER 2021	
	The AGM resolved that the Integrated Report and the Annual Financial Statements for the Financial Year ended 31 December 2021 are adopted. (Item 7 of the AGM of 14 July 2022)	AFS and IR were adopted, and no changes were required.
5	APPOINTMENT OF EXTERNAL AUDITORS (RULE 26.1.1.2)	
	The AGM resolved to appoint PwC as the external auditors of the Scheme for the ensuing Financial Year. (Item 8 of the AGM of 14 July 2022)	The appointment of PwC was confirmed by the Scheme on the CMS portal and the draft AGM minutes were loaded by the deadline of 23 September 2023. Letter of appointment has been sent to PwC on 10 August 2022.
6	REVIEW TRUSTEE REMUNERATION POLICY	
	The AGM resolved to approve Trustee Remuneration Policy. (Item 9.a of the AGM of 14 July 2022)	Completed, policy signed off by the Deputy Chairperson on 29 July 2022.
7	PROPOSED TRUSTEE REMUNERATION FOR 2022/2023	
	The AGM resolved to approve Trustee Remuneration adjustment by a CPI of 5.9%. (Item 9.b of the AGM of 14 July 2022)	The 5,9% adjutment in fees was implemented for all meetings after the AGM approval.

1	PROPOSED RULE AMENDMENT ON THE COMPOSITION OF THE BOARD	
	The AGM rejected the proposed rule amendment and further resolved that Rule 18.2.2 remains as is. Members to be invited/engaged to provide comments to this rule. (Item 5.f of the AGM of 14 July 2022)	The Board delegated the AGMC to oversee the matter, the committee further requested management to meet with the concerned parties. A consensus has been met and we await approval from AGMC and the Board.



Trustee and Independent Members’ Remuneration Policy

Owner	Legal, Compliance and Scheme Secretariat
Version	1
Approved by	ANNUAL GENERAL MEETING COMMITTEE (“AGMC”)
Effective date	1 July 2022
Audit date	As per audit cycle
Applicable to	All POLMED Trustees and Independent Members
Policy champion	Principal Officer
Related documents	

Definitions

Adhoc / Special Meeting

Meetings scheduled to address or accomplish a specific matter in addition to the pre-scheduled meetings.

AGM

Annual General Meeting.

AGMC

Annual General Meeting Committee

Board of Trustees

Means the Board of Trustees (BoT) charged with the oversight of the affairs of the Scheme, which have been appointed in line with Rules of the Scheme.

Board Committee

Committee established by the BoT to assist in the execution of its duties, powers and authorities.

Board Committee Members

Means advisors/ professionals appointed to the Board Committees but are not Trustees.

CMS

The Council for Medical Schemes.

Independent Committee Members

Persons who are not Trustees that get appointed to the Board committees, including persons envisaged in section 36(11) of the MS Act.

MS Act

Medical Schemes Act 131 of 1998.

Pre-Scheduled Meeting

Meetings scheduled by the BoT in line with the BoT Charter on an annual basis and form part of the meeting roster.

Scheme

Means South African Police Service Medical Scheme (POLMED) registered in line with the Medical Schemes Act.

Trustee

Member of the Board of Trustees.

Purpose

The purpose of this policy is to document the POLMED’s approach for the fees paid to Trustees and Independent Committee Members in the capacity as members of the Board of Trustees and Committee members.

Context and Background

POLMED strives, through its remuneration policies, to provide an ethical business framework for the establishment of protocols to remunerate high calibre people equitably and responsibly to effectively govern the Scheme’s operations and safeguard members’ interests.

The provision of the Scheme’s remuneration policies that are respectively applicable to the Board of Trustees (“Board”) and Independent Committee Members of the Scheme relate to and uphold the obligations of the following legislation and regulations:

- ✓ Medical Schemes Act 131 of 1998, as amended, (“the Act”) and the Scheme Rules
- ✓ Council for Medical Schemes Guidelines for Trustee Remuneration (“the Guidelines”).
- ✓ King IV Report on Corporate Governance for South Africa 2016 (“King IV Code”).

POLMED shall refer to the applicable provisions of the King IV Code for matters that are not covered in the scope of or are not addressed in the Act, the Scheme Rules, and the Guidelines.

Objective

The objective of this remuneration policy is to provide a legal and policy framework against which the Trustees' and Independent Committee Members' remuneration decisions are made, validated, implemented, approved and reported by the Scheme. The Scheme has put in place the necessary governance structures, measures, and procedures to ensure that those charged with the fiduciary responsibility of formulating and upholding the provisions of policies discharge their duties with due care and skill and are accountable to the Scheme in this regard.

Scope

This policy is applicable to all Trustees and Independent Committee Members.

Responsibilities

The Board is responsible for the development and implementation of a remuneration policy for the Trustees and Independent Committee members. Furthermore, the Board is responsible for strategic oversight and to review the implementation of strategy by the Executive Management, and to ensure that effective mechanisms and controls are in place to protect the interests of the members of the Scheme.

The Principal Officer of the Scheme is responsible for the day-to-day running of the Scheme with the aim of maximising value for members and other stakeholders.

The role of the AGMC is to make recommendations to the Board regarding the Trustees' and Independent Committee Members' remuneration strategy, policies and practices of the scheme.

The Board will consider the recommendations and:

- ✔ May refer any aspect of the report back to the AGMC for further investigation and clarification.
- ✔ Should the recommendations be acceptable to the Board the latter shall instruct the Principal Officer to place the recommendations in the notice and agenda for the forthcoming AGM.

Furthermore, the Principal Officer will be responsible for ensuring adherence to this policy.

Fee Structure

POLMED fee structure is designed to recognise the important strategic oversight role of Trustees and Board Committee members and their fiduciary duties to ensure the long-term sustainability of the Scheme while balancing the interests of all members in an equitable way.

The fee comprises an attendance fee as per scheduled meetings of the Board and Board Committees.

The fee structure recognises the contribution of Trustees and Independent Committee Members in terms of their knowledge, skills, expertise and time commitments and includes the following elements:

- ✔ Trustees and Independent Committee Members are entitled to remuneration in respect of services rendered in their capacity as members of the Board or Board Committees.

- ✔ Fees are based on the market related fees charged by professionals across the medical scheme industry and will be benchmarked and adjusted annually based on CPI.
- ✔ Trustees and Independent Committee Members hold non-executive status within the Scheme and are therefore, in terms of the Scheme's remuneration policy and in accordance with best practice corporate remuneration governance, not permitted to be paid consulting fees for consulting services rendered or to participate in any incentive programmes of the Scheme. This ensures that Trustees and Independent Committee Members are able to act independently of any personal interest when making a fiduciary decision for or on behalf of the Scheme.
- ✔ Where Trustees and Independent Committee Members attend conferences or training events as part of their role, the Scheme will pay the training fees, as well as travel, accommodation and subsistence costs where applicable.
- ✔ The Scheme does not remunerate Trustees or Independent Committee Members for attendance of training or conferences.
- ✔ No payment is to be made for travel time to meetings.
- ✔ Non-attendance of scheduled meetings shall result in non-payment of fees.
- ✔ Trustees and Independent Committee Members are required to provide the scheme with their personal particulars including banking details in order for the payment to be effected.
- ✔ The fees payable for the attendance of pre-scheduled meeting are set out in Appendix A.

Calculation of The Remuneration of Trustees and Independent Committee Members

The total remuneration paid to Trustees or Independent Committee Members is determined by the following elements:

- ✔ Number of meetings planned per year.
- ✔ Preparation time for each meeting.
- ✔ Estimated time required for meetings.
- ✔ The number of actual meetings attended.

Specifically, the Chairperson of the Board or a Committee is required to make additional preparations for meetings and is expected to attend to various requirements between meetings as an inherent part of the role. His or her fees provide for the additional time spent.

Reimbursement/ Expenses

Trustees or Independent Committee Members will be reimbursed for all reasonable expenses incurred by them in the performance of their duties as a Trustee or Board Committee member.

In order to be reimbursed for travel expenses, the Trustees or Independent Committee Members must submit all supporting documentation (e.g., tax invoices etc.) of the travel expenses he/she is claiming. Reimbursement payments are reviewed and approved by the Executive: Finance and Procurement and/or the Principal Officer. Travel and accommodation requirements for the scheduled meetings will be coordinated by the Scheme in accordance with the scheme policies.

Adoption and Approval of The Trustee and Independent Members Remuneration Policy

This remuneration policy for Trustees and Independent Committee Members must be approved by the members at an AGM. A copy of this policy will be available when it is due for review or as and when required. Should circumstances arise where this policy needs to be revised, the AGMC will draft the changes and submit these to the Board for consideration. In the event of a change to the policy, the changes will be highlighted on the document that is made available for inspection and approval by members at the AGM. All decisions regarding Trustee and Board Committee fees shall be properly recorded/ minuted at the AGMC, BoT and the AGM.

Remuneration

Trustee Honoraria

Board of Trustee Meeting

Attendance at Trustee and Sub-Committee meetings

TRUSTEE MEMBER	BOARD OF TRUSTEE MEETINGS		AUDIT & RISK COMMITTEE MEETINGS		HUMAN RESOURCE AND REMUNERATION COMMITTEE MEETINGS		CLINICAL GOVERNANCE COMMITTEE MEETINGS		INVESTMENT COMMITTEE MEETINGS		CDRC COMMITTEE MEETINGS		BTC COMMITTEE MEETINGS		AGM COMMITTEE MEETINGS		OTHER ADHOC MEETINGS	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B
V Kwetepane	11	11	-	-	-	-	5	5	-	-	-	-	-	-	1	1	-	-
KL Moeng	11	11	-	-	-	-	-	-	2	2	2	2	7	6	-	-	1	1
PA Mabotja	11	11	-	-	-	-	-	-	2	2	2	2	7	7	-	-	-	-
BSJ Muller	9	7	-	-	-	-	-	-	4	3	-	-	-	-	3	2	-	-
TNL Ngwenya	11	11	-	-	5	5	5	5	-	-	-	-	7	5	3	3	13	12
ST Nkosi	11	11	-	-	-	-	-	-	-	-	4	3	-	-	-	-	-	-
A Gerber	11	11	-	-	-	-	-	-	-	-	4	4	7	7	-	-	2	2
NP Lushaba	-	-	-	-	-	-	-	-	1	1	-	-	-	-	-	-	-	-
MV Phiyega	11	8	3	3	2	2	-	-	-	-	3	2	-	-	-	-	-	-
HK Senthumule	11	10	2	2	-	-	5	5	-	-	-	-	-	-	-	-	-	-
FN Vuma	3	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9	9
RP Ntsime	11	10	-	-	5	5	-	-	4	4	-	-	7	7	3	3	-	-
Z Skade	11	10	2	2	3	3	-	-	-	-	1	1	-	-	3	3	1	1
SJ Kwena	11	11	3	3	-	-	5	3	-	-	-	-	7	7	-	-	-	-
B Temba	5	5	-	-	-	-	-	-	1	1	-	-	-	-	-	-	-	-
P Dimpane	7	7	-	-	-	-	-	-	2	2	-	-	-	-	-	-	-	-
SJ Nelson	2	2	-	-	-	-	-	-	1	1	-	-	-	-	-	-	-	-

The schedule below sets out the attendance by the Independent Audit and Risk Committee members at Committee meetings

MEMBERS	AUDIT AND RISK COMMITTEE MEETINGS	
	A	B
Z Samsam	5	5
JK Skhosana	5	5
F Mathibela	3	3

The schedule below sets out the attendance by the Independent Annual General Meeting Committee members at Committee meetings

MEMBERS	ANNUAL GENERAL COMMITTEE MEETINGS	
	A	B
IN Molefe	3	3
ML Letebele	3	3
V Simelane	3	3
BJ Ximba	3	3

YEAR 2022	FEES FOR MEETING ATTENDANCE	TRAINING AND CONFERENCE	TRAVEL AND LODGING	DATA COSTS	TOTAL
	R	R	R	R	R
MV Kwetepane	300,200	22,346	131,475	2,047	456,068
KL Moeng	349,782	29,845	227,013	2,047	608,687
PA Mabotja	350,482	29,845	118,645	2,047	501,019
BSJ Muller	194,001	13,261	55,055	3,387	265,704
TNL Ngwenya	659,154	5,618	129,029	2,827	796,628
ST Nkosi	267,710	20,759	42,562	2,632	333,663
AJ Gerber	377,174	20,760	165,626	2,047	565,607
NP Lushaba	11,863	1,762	29,676	491	43,792
MV Phiyega	246,280	13,261	61,396	2,047	322,984
HK Senthumile	279,850	13,260	32,476	2,047	327,633
FN Vuma	284,708	24,099	68,039	894	377,740
RP Ntsime	444,034	13,260	64,277	2,047	523,618
Z Skade	325,386	5,617	61,597	1,837	394,437
SJ Kwena	374,908	20,760	73,866	1,842	471,376
BP Temba	113,067		7,186	1,394	121,647
PP Dimpane	163,592	16,583	21,337	1,242	202,754
SJ Nelson	52,790			931	53,721
Total	4,794,784	251,036	1,289,255	31,806	6,367,078

YEAR 2021	FEES FOR MEETING ATTENDANCE	TRAINING AND CONFERENCE	TRAVEL AND LODGING	DATA COSTS	TOTAL
NP Cupido	263,264	12,123	54,610	2,131	332,488
AJ Gerber	68,806	2,400	10,913	1,755	83,874
EG Groenewald	11,363			149	11,512
SJ Kwena	194,800	10,912	4,956	2,053	212,721
MV Kwetepane	92,530	2,400	31,920	1,755	128,605
PA Mabotja	413,470	15,144	86,927	3,096	518,637
KL Moeng	321,067	14,523	98,181	3,096	436,867
BSJ Muller	378,881	12,123	37,873	3,170	432,047
SJ Nelson	496,183	12,123	12,245	3,200	523,751
TNL Ngwenya	793,394	18,294	149,799	3,096	964,583
ST Nkosi	341,220	12,744	3,613	3,096	360,673
RP Ntsime	647,789	12,744	31,612	3,096	695,241
RD Orsmond	260,784	12,123	128,355	1,341	402,603
MV Phiyega	604,623	12,744	11,123	3,816	632,306
HK Senthumile	470,518	12,123	7,634	4,206	494,481
Z Skade	383,427	12,744	89,704	3,567	489,442
BP Temba	354,527	1,212	7,815	1,341	364,895
Fn Vuma	554,971	11,412	4,612	3,595	574,590
Total	6,651,977	187,888	771,892	47,559	7,659,316

PART B: POLMED LEGISLATIVE AND OTHER MANDATES

POLMED is a medical scheme for a security service as contemplated by Chapter 11 of the Constitution of the Republic of South Africa. The South African Police Service Act, 1995 as amended is the legislation contemplated by section 199 of the Constitution to regulate the affairs of members of the SAPS.

Section 24 of the South African Police Service Act, 1995 provides for establishment of POLMED. Regulation 30 to the South African Police Service Act, 1995 established POLMED in 1981. Concomitant to the provisions of the South African Police Service Act, 1995 is the Safety and Security Sectoral Bargaining Council Agreement 4 of 1999.

In 2000, POLMED registered in terms of section 24 of the Medical Schemes Act, 1998 (Act 131 of 1998) and became subject to the Financial Institutions (Protection of Funds) Act, 2001, as well as the Financial Sector Regulation Act, 2017.

Legislative Environment

Governance

Governance is a crucial aspect of the Scheme, and the Board of Trustees is responsible for ensuring that the Scheme's service providers and management act in the best interest of the members. Adhering to the principles of fairness, openness, integrity and accountability, the Scheme is committed to maintaining a transparent and ethical relationship with all stakeholders.

The Board of Trustees holds regular meetings to assess the Scheme's performance and address various key issues. Discussions on policy, strategy, and performance are held with a critical, informed, and constructive approach.

The Board of Trustees has adopted the principles of corporate governance outlined in the King IV Report, which are applicable to medical schemes, ensuring that the Scheme operates with the highest standards of governance practices.

Prescribed minimum Benefits (PMBs)

PMBs are a defined list of diagnoses that all medical aids are compelled to reimburse, irrespective of the benefit option a member chooses. In POLMED's case, whether a beneficiary is in Marine or Aquarium plans, treatment for PMB diagnoses must be paid for by the scheme.

The question arises as to the minimum level of care that a funder is compelled to pay for PMB diagnoses. The answer to that question is that, in relation to PMB diagnoses, funders cannot provide a level of care that is lower than what is available in the state sector. Funders like POLMED provide benefits in excess of the state sector level of care to its members, per PMB diagnosis.

The second point that is important to highlight in relation to PMBs is that, in terms of Regulation 8 of the Medical Schemes Act, funders are compelled to reimburse providers (doctors and other healthcare professionals) fees at cost when they are being treated for a PMB diagnosis. This provision places an enormous financial risk on funders in that healthcare professionals can essentially charge funders excessive tariffs to treat patients with PMB diagnoses.

However, in order to mitigate this risk, Regulation 8 further includes a provision that allows funders to develop provider networks where tariffs and other service level agreements can be negotiated and contracted on. This allows funders to reimburse network providers at the negotiated rates, irrespective of whether the diagnosis is PMB-related or not.

POPIA Regulations

The Scheme successfully completed its POPIA Assessment Project. As part of this process, the Scheme finalised a comprehensive Privacy Policy for its members and provided staff with awareness training to ensure that everyone understands the important regulations surrounding personal data protection.

In addition to these measures, the Scheme incorporated POPIA related clauses into its contracts, including non-disclosure agreements and policies, to ensure that all parties are aware of their responsibilities regarding the handling of sensitive information.

Overall, these efforts demonstrate the Scheme's commitment to protecting the privacy and security of its members' personal information. With these measures in place, members can trust that their data is in good hands and that the Scheme is doing everything possible to safeguard their privacy.

Medical Schemes Amendment Bill

Since National Health Insurance (NHI) will have implications for medical schemes, a draft Medical Schemes Amendment Bill was published for comment at the same time as the NHI Regulations in June 2018.

The Medical Schemes Amendment Bill contains proposals to improve scheme governance, tighten broker fees (not applicable to the Scheme), and expand PMBs to include more primary healthcare benefits.

External Environment

POLMED operates in a dynamic and evolving environment.

Response to the Universal Health Coverage Goals and National Health Insurance

The Universal Health Coverage (UHC) goals and National Health Insurance (NHI) are essential initiatives in South Africa to ensure that every citizen has access to quality healthcare. However, when it comes to members of the SAPS an ethical response would be to offer them a restricted medical scheme that caters to their unique needs.

SAPS members are exposed to various risks and dangers daily, putting their lives on the line to protect the nation. Therefore, it is only fair that they receive specialised medical care that recognises and addresses the challenges they face.

SAPS members work in highly stressful and traumatic environments, dealing with a wide range of emergencies, from accidents to crime scenes. They also face physical risks, including physical assaults and exposure to infectious diseases.

As such, their medical needs are unique and require specialised attention from medical professionals with extensive experience in dealing with such cases.

The nature of their profession and the risks they face on a daily basis make it difficult for them to access medical care in the same way as ordinary citizens. For this reason, it is ethically sound to offer SAPS members a restricted medical scheme that caters to their specific needs.

Providing a medical scheme that caters to SAPS members' needs would also help to ensure that they are healthy and fit to perform their duties effectively.

The nature of their work is physically and emotionally demanding, and they need to be in good health to handle the demands of their profession.

A restricted medical scheme would guarantee that they receive timely and adequate medical care and attention, thus reducing the risk of long-term health complications that could compromise their ability to serve the nation. In conclusion, SAPS members play a crucial role in maintaining law and order in South Africa.

SAPS members face unique challenges and risks, which justify the need for a restricted medical scheme that caters to their specific needs.

Such a scheme ensures that members receive specialised medical care that recognises and addresses the challenges they face, thus enabling them to perform their duties effectively.

An ethical response to the Universal Health Coverage goals and National Health Insurance would be to recognise the unique needs of SAPS members and provide them with a specialised medical scheme that caters for their needs.



Value Creating Business Model

Operational Progress Update On POLMED’s Board Of Trustee Approved Strategic Initiatives

During the September 2021 Strategy Session, POLMED’s Board of Trustees took a bold step and approved a game-changing strategic initiative. POLMED is transforming its business model from a traditional insurance scheme to a more innovative approach that includes incorporating aspects of a Health Maintenance Organisation (HMO). This strategic shift will have a significant impact on the Scheme and the health outcome of members. Details are outlined below:

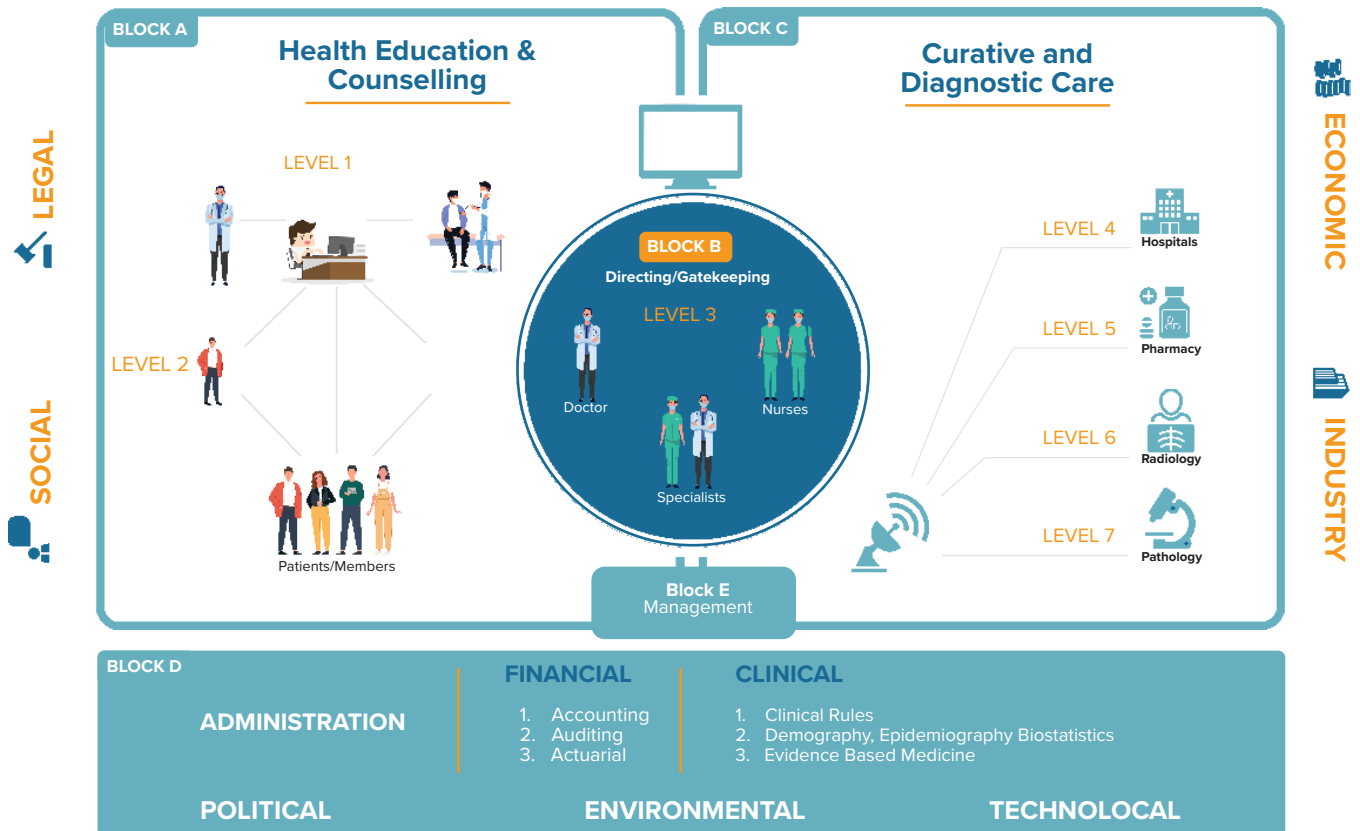


Fig 1

Above provides a schematic view of the strategic changes that POLMED has implemented to introduce aspects of a Health Maintenance Organisation (HMO) over the next three to five years.

Block C

Demonstrates the current “hospicentric” health insurance model that POLMED and most other medical aids in the country are implementing. In this model most of the Scheme’s attention and focus is to ensure provider networks are in place where appropriate tariffs have been negotiated and evidence-based funding protocols are being implemented.

Although Block C will remain critical to ensure our members have access to appropriate medical care, more and more attention will be given to services included in Block A as depicted above.

Block A

Represents the “non healthcare” components of patient management which are generally included in an HMO model. In order to fully implement the HMO model, POLMED went on

a recruitment drive to identify and appoint clinically trained and experienced employees that will fully implement the Board of Trustees’s strategy.

For the strategy to be a success, a close-knit working relationship between POLMED, SAPS Employee Health and Wellness (EHW), POLMED’s managed care/administrator, and SAPS appointed Health Risk manager is crucial. Although the project commenced in 2022, the full roll out plan is currently underway as per the approved calendar with all external Stakeholders.

We have a member engagement project which kicked off in the latter part of 2022, consisting of four engagement levels. Firstly, we have briefed all nine Provincial Commissioners and their management teams on each province’s members’ clinical profiles in a deidentified format. Next, we are engaging with station commanders and members based on their clinical profiles to create effective communication plans that help them manage their chronic ailments and identified clinical risks.

In 2023 we have commenced with wellness screenings in five provinces to clinically screen members and their dependants for underlying clinical ailments. This will ensure early detection and registration on the various disease risk management programmes that POLMED offers.

Wellness Centre Feasibility Assessment

As POLMED transitions to a wellness and preventive focused scheme (Fig 1 above), it is vital to ensure that the strategic goals of the Scheme namely, scheme sustainability, quality healthcare for members, and sound relationships with stakeholders are not neglected in the process.

POLMED used to prioritise curative and diagnostic interventions over prevention and member wellness, resulting in a rise in healthcare spending, particularly in hospital patient management. However, to achieve our vision of “Healthy members for a safer South Africa,” POLMED is transitioning towards a more preventive approach with a focus on overall member wellness. This shift is a crucial step towards promoting a healthier population and reducing healthcare costs in the long run.

Feasibility Assessment

The Board of Trustees at POLMED is on a mission to provide their members with the best possible care. To achieve this, they’ve requested a comprehensive feasibility study to explore the possibility of developing Wellness Centres. This study covered all the necessary aspects of the project, including legislative and regulatory considerations, best practice principles, and financial models. The BoT appointed a service provider to conduct the feasibility study of establishing Wellness Centres and considered various factors such as the needs of POLMED’s members best practices, and sound research to launch and roll out these centres.

To ensure that all the necessary stakeholders’ feedback were incorporated into the study, the following stakeholders were consulted: EHW, POPCRU, SAPU, SAPS HRD, Department of Health, Medscheme, and POLMED management.

The feasibility assessment provides detailed feedback on the proposed Wellness Centres, including implementable options, associated benefits and risks, financial models, projected timelines, and the services that will be available at the centres. With this study, POLMED is committed to providing its members with the best possible care, and the development of Wellness Centres is a step in the right direction.

Situational analysis as reported in the Feasibility assessment report:

- ✔ SAPS employees are continuously exposed to stressful situations,
- ✔ POLMED claims experience shows that there is a high prevalence of psychiatric conditions amongst SAPS employees,
- ✔ Claims for mental health are significantly higher for women in SAPS as compared to men,
- ✔ Women make up only 31% of total SAPS employees,
- ✔ Continuous stress can cause police officers to be burnt out, thereby negatively affecting their families,
- ✔ Absenteeism is high within SAPS - 1 000 000 hours per year have been lost to absenteeism alone.

In November 2022, the Board of Trustees convened to discuss the feasibility assessment report and the proposed proof of concept models. While the discussions were fruitful, the BoT members requested a workshop in early 2023 to delve further into the proposed proof of concept for wellness centres.

This provided an opportunity to address the questions and points raised by the Board in greater detail. As the project progresses, more details will be shared and get ready for an exciting journey!

The following 2022 AGM resolutions have successfully been implemented:

- ✔ That monthly contributions be raised for the first three (3) Child dependants only.
- ✔ For financially dependant offspring dependants between the ages of 25yr and 30yr, subsidised contributions rather than unsubsidised rates.

The financial benefit that members are deriving from these resolutions is substantial and will assist many families. The actuarially calculated projected savings to members per above mentioned categories for 2023 is:

Three Child contribution rule = R35.5 million

Subsidised contribution rate = R103.5 million

Various scenarios for Member contribution increases that are implementable in 2023 were considered by the BoT. Factors including mitigating anti selection of members buying down from Marine to Aquarium plan have also been included in the decision-making process. POLMED’s average contribution increase for the financial year 2023/2024 is 4.7% which is lower than CPI of 6.9% for 2022. The average 2023 contribution increase amongst medical aids in the country is 5.4%. Considering POLMED’s average increase of 4.7% is demonstrable that the BoT is serious in trying to keep POLMED’s annual contribution increases as low as possible, but still be compliant to the Medical Schemes Act. ie. that both Marine and Aquarium plans are self-sustaining with claims ratios lower than 100%.

Human Capital

In 2022, the Human Resources team was hard at work implementing a new organisational structure that had been given the approval by the Board of Trustees back in 2021. It was a challenging year, but the team managed to fill a total of 20 vacancies across various departments. When the year ended, the staff count was at 45, including temporary staff and interns. The majority of the new employees were brought on board to fill much-needed roles in Senior Management and Management positions. All in all, it was a year of growth, development, and positive change for the organisation. Looking ahead to the coming year, our team is committed to executing the resourcing strategy and plan that we developed in 2021. Our top priority is to ensure that the Scheme is fully staffed with talented individuals who share our vision and values. That’s why our recruitment efforts will be in full swing, as we search for exceptional candidates to join our team.

But we are not just focused on filling seats. We are also dedicated to building a high-performance culture that fosters growth and innovation. To do this, we conducted an employee engagement survey to gain insight into what motivates our employees and how we can better support them. We’re also enhancing our performance management policies and practices to ensure that our team members have the tools and resources they need to succeed. With these efforts, we’re confident that we’ll continue to attract and retain top talent and achieve even greater success in the years to come.

Employment Equity

POLMED is a dynamic and forward-thinking organisation that has undergone a remarkable transformation over the years. With over 60% of its workforce comprised of women, POLMED is a shining example of gender equality in the workplace. Our Executive Committee (EXCO) boasts a balanced gender ratio of 40% male and 60% female - a true testament to our commitment to diversity and inclusion.

POLMED is not only leading the way in gender diversity but is also fully compliant with its Employment Equity Plan, as required by the Department of Labour.

Employee Development

At POLMED, we believe in investing in our employees' growth and development. We take this responsibility very seriously, and we've implemented a range of programs to ensure that our team members have access to the resources they need to thrive in their careers.

From academic and formal training to personalised coaching programmes, we tailor our offerings to meet the unique needs and goals of each employee. We also recognise the importance of giving back to our community and supporting those in need. That's why we've established an internship programme specifically for orphans of SAPS fallen heroes, providing them with valuable work experience and opportunities for personal and professional growth.

At POLMED, we're committed to empowering our employees and creating a culture of continuous learning and development. We believe that by investing in our team members, we're not only supporting their individual success, but also building a stronger, more resilient organisation.

Environment Social and Governance

Energy efficiency has become an essential aspect of sustainable development for organisations worldwide and especially in South Africa given the country's energy constraints.

POLMED, which has taken a significant step towards reducing its energy consumption by obtaining an Energy Performance Certificate for its Head Office.

The certificate is issued in terms of South African National Standard 1544:2014, Energy performance certificates for buildings, and indicates how much energy is being used to operate the office.

SANS 1544:2014 is a standard that provides guidelines for the development of Energy Performance Certificates (EPCs) for buildings. The aim of this standard is to provide a standardised method of measuring and reporting the energy performance of buildings in South Africa.

The building's energy performance is measured by its energy consumption per square meter per year, which is 63 kWh/ (m2.a). This is a relatively low energy consumption rate when compared to other commercial buildings and can be classified as very energy efficient.

POLMED strives to continue to reduce its energy consumption and reduce the environmental impact of its activities. (Refer to Cert:1 next page)

POLMED is a medical scheme that is committed to providing its members and beneficiaries with quality healthcare services. The Scheme understands that its members rely on them for support during difficult times, which is why they strive to continuously care for all beneficiaries. This commitment was evident in April 2022 when Kwa-Zulu Natal province experienced devastating floods. The Scheme and stakeholders provided care packages to over 100 affected members, along with psychological assistance. This initiative was driven by the Board, which played a crucial role in providing aid and support to members in need.

POLMED's governance framework is robust in relation to its decision-making processes, including issues such as Board composition, Trustee and Executive remuneration, and transparency in promoting resilience and sustainability. The Scheme continues to provide an update on progress to implement sustainable practices and create value for all stakeholders.

POLMED is not just a medical scheme but a community of stakeholders that is committed to providing quality healthcare services, support and assistance when needed most.

ESG



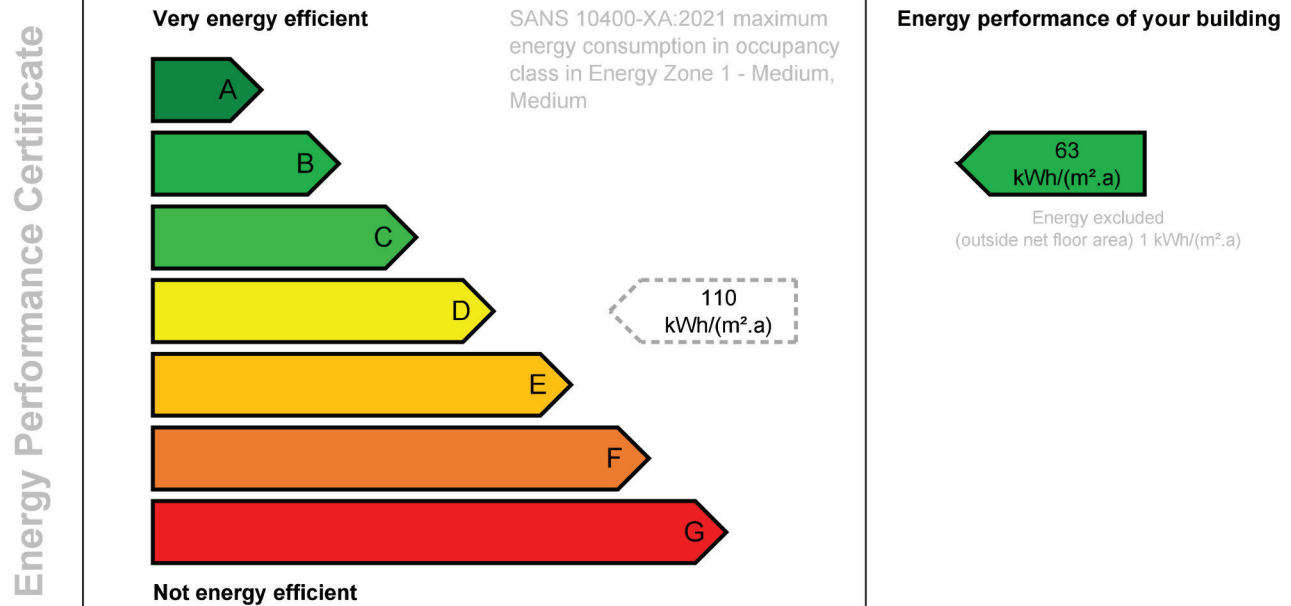


Energy Performance Certificate for Buildings

Polmed House
 20 Hotel Street, Persequor
 Pretoria
 Gauteng
 0020

Certificate Number: EPC-SA -00352-2023

This certificate is issued in terms of SANS 1544:2014, Energy performance certificates for buildings, and indicates how much energy is being used to operate this building. The energy performance of the building is based on measured energy performance and is compared to the maximum energy consumption provided for in SANS 10400 XA:2021.



Building Information:
 Owner: South African Police Service Medical Scheme
 Occupancy class/es: G1 - Offices
 Number of floors: 4
 Net floor area: 3191
 Year of construction: 2011
 Building plan approval: 2011
 Occupancy certificate: N/A
 Year of last major renovation: N/A
 Energy zone: 5 - Low, Medium
 Cadastral information: ERF 20, Persequor Ext 5

Administrative Information:
 Accredited body: UJ M&V And EPC Team
 Accreditation nr: EPC0005
 Assessor name: Oluwadayomi Akinsooto
 Date of issue: 2023-03-10
 Valid until: 2028-03-09
 Record nr: 20230310108

Carrier	Type	From (date)	To (date)	Energy [kWh]	Net Floor Area	Performance [kWh/m ²]	Exclusions Performance [kWh/m ²]
Electricity	Eskom	2021-12-01	2022-11-30	203 372	3 191	63	1



Technical Signatory: O. Akinsooto



EPC 0005

Cert:1

Supply Chain Management (SCM)



The Supply Chain Management team is important for achieving the objectives of the Scheme as they procure goods and services in a market competitive manner and ensure that POLMED sources the best products and services available.

Strategic Partnerships with Service Providers

The Scheme has a centralised Supply Chain Management department to align with its strategy and create an efficient system.

The SCM department conducts quarterly Supplier Due Diligence to keep the Scheme’s supplier database up-to-date and over 70% of their service providers are compliant with legislative documents.

The SCM department facilitated the successful Board Tender Committee process to appoint a Medicine and Pharmacy management provider for the 2023 benefit year.

POLMED values their partnerships with service providers and aims to improve together to provide the best possible care for their clients.

2022 SCM Audit Outcomes

The SCM department achieved a clean audit for its Supply Chain Management function in 2022, which is testament to the organisation’s progress and commitment to complying with the Scheme’s SCM Policy.

This achievement underscores POLMED’s dedication to excellence and commitment to ensuring the highest standards of SCM practices, setting an example for other organisations in

the industry to follow. We are confident that it will continue to lead the way in providing exceptional SCM services, delivering value to clients and positively impacting the industry.

B-BBEE Commitments

POLMED is committed to transformation, particularly in terms of B-BBEE. We conducted a gap analysis in 2022 to identify areas of improvement, and will focus on addressing these gaps through implementing initiatives to ensure BBBEE commitment.

We exceeded our target of spending more than 60% of non-healthcare costs on empowering suppliers, with 80% spent in 2022.

POLMED is dedicated to making a positive impact in the communities it serves.



SCM Future Objectives

Our SCM function is evolving into a world-class unit that will revolutionise the way we deliver healthcare services to our members. We are committed to ensuring sustainable healthcare delivery through the implementation of best practices in SCM applications.

Marketing and Stakeholder Engagement

POLMED hosted a successful Annual General Meeting (AGM) on the 14th of July 2022 in KwaZulu-Natal (KZN). This prestigious event was well attended by the Scheme's members and stakeholders.

The Scheme continued to serve its members by participating in wellness events and wellness screenings in various provinces ensuring quality and accessible healthcare for members.

The Scheme implemented weight loss and smoking cessation initiatives in 2022; these unique activities were intended to empower and equip members to promote a healthy lifestyle. Members in need of these programmes were urged to sign up, enrolled and are continuously monitored. 187 members were registered on the weight loss programme. The clinical impact on members that registered on the programme are being monitored.

POLMED welcomed 9633 new recruits that have joined the force across the country.

In October 2022, the Scheme hosted a health symposium for its members and stakeholders. The event was held at the Elangeni Conference Centre in KwaZulu-Natal.

The line-up of speakers included Ms. N Khaue, the POLMED Principal Officer, Professor M Chetty, Chairman of the IPA Foundation, SAPS Senior Management, South African Police Union (SAPU) and Police and Prisons Civil Rights Union (POPCRU) representatives, to name a few in attendance.

Lastly, POLMED conducted a member survey which allowed members to express their expectations on benefits and service delivery.

The survey is intended to improve the overall Scheme service delivery. The survey was specifically focusing on the following topics:

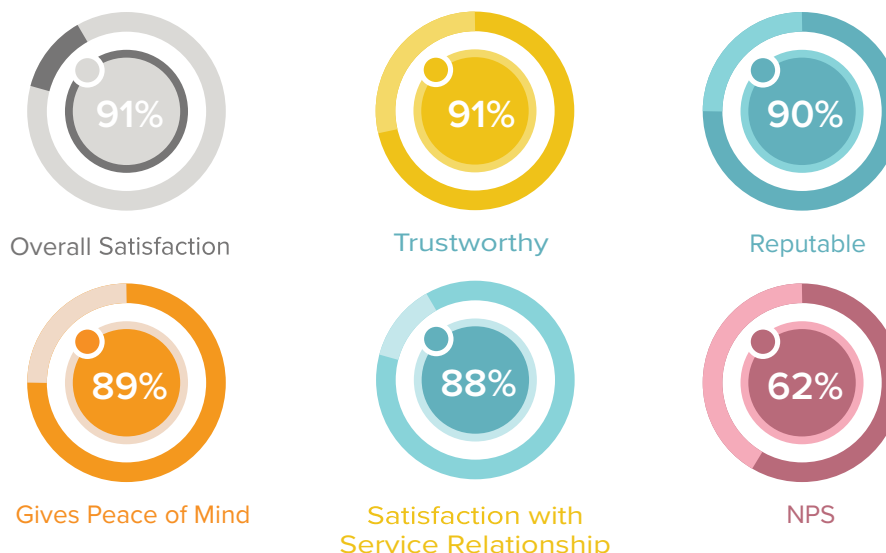
- ✓ Overall satisfaction with POLMED
- ✓ Satisfaction with POLMED's communication efforts
- ✓ First Call Resolution performance
- ✓ Unpacking POLMED's administrative service performance
- ✓ Unpacking satisfaction with POLMED's offer
- ✓ Net Promoter Score (NPS)

The overall insights from this survey indicated the following:

- ✓ The brand delivers very well on its brand promise. Many members recognise that their contributions are reasonable, however, there is a common theme that co-payments are too high, and there is an expectation that the amount of co-payments members are liable for should be addressed.
- ✓ Currently a large portion of members display a high level of brand trust, POLMED has built up a reputation for having members' interest at heart and giving them peace of mind, which is good as both aspects are imperative for highly satisfied customers.
- ✓ Focus is however needed when it comes to the brand relationship with members, as some are feeling forced into a relationship with POLMED, which could signal a problem with the cost-benefit element.
- ✓ The majority of members are satisfied with service delivery, with a small component concerned about the progress of claims processing and pre-authorisation requests.

The Scheme has engaged the Administrator to initiate the interventions that will improve the increase of the lowest score card, the Net Promoter Scores (NPS), this includes enhancement of digital platforms to improve member education, the onboarding process and preauthorisation status update.

Key Performance Indicator



COVID-19 Impact

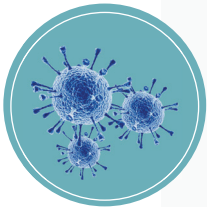


The COVID-19 pandemic has been one of the most challenging and disruptive events of the last decade. However, in 2021, things started to take a turn for the better, as the majority of Scheme beneficiaries began to receive vaccinations against the virus.

These vaccinations proved to be highly effective, providing a high level of protection against the virus and significantly reducing the risk of serious illness or death. As a result, the number of COVID-19 cases started to decline, and many countries began to lift restrictions on travel, gatherings, and other activities. By 2023, it was clear that the COVID pandemic had eased significantly.



As of 31 December 2022, a cumulative number of 86 805 unique Beneficiaries contracted COVID-19 as from March 2020. In the same period, 1 821 Beneficiaries unfortunately demised due to complications. R2.3billion was spent to treat and manage patients' COVID-19 complications that required medical treatment.



The fifth wave of COVID-19 occurred in 2022, and the variant was highly transmissible, however, it was not as severe as previous waves. This was mainly due to the fact that 209 450 unique Beneficiaries were vaccinated, and many other Beneficiaries developed natural immunity.



As a result, the risk of COVID transmission was greatly reduced, and the cost of COVID-related healthcare had decreased by 80% from the previous year. This was a significant relief for healthcare systems and governments around the world, which had been struggling to cope with the financial and logistical demands of fighting the pandemic.

Therefore, the demand for isolation support significantly reduced and POLMED converted the isolation facility at the Training College in Tshwane into a Primary care facility for the Trainees.

Despite these positive developments, it is important to remain vigilant and continue to take precautions against COVID-19. While the risk of transmission may have decreased, the virus is still present in many communities around the world, and new variants may emerge that could be more infectious or more resistant to current vaccines. By continuing to follow basic public health measures such as practicing social distancing, and getting vaccinated, we can help to ensure that the COVID pandemic continues to ease.

Testimonials

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I'm Healthier and Happier



In 2018, I felt a lump in my left breast. At first, I did not take it seriously. In February 2019, I went to the Doctor, and he confirmed that I have breast cancer. My breast tumour had higher levels of a protein known as HER2, which the Doctor confirmed is the most vigorous type of cancer. I was confused, scared, and became depressed. I was young and terrified about losing my breast. POLMED arranged counselling for me to help me cope with my life situation.

At the end of 2019, I decided to go for an operation. It was a 14-hour operation-both my breasts were removed to manage the risk and implants were immediately inserted through re-construction in the same operation. I underwent more chemotherapy and counselling sessions post-surgery; today I am only taking one pill and my life is great. I am healthier and happier. I would not be where I am today if POLMED had not been on my side during this ordeal.

Regards, Sergeant Sharon Stoffel

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POLMED Cares for us Members



I have been a member of POLMED since 2009. The Scheme has been taking care of my medical needs without any hesitations. I have never experienced any major challenge about medical interventions when consulting with various providers who are under the POLMED network. When it comes to payments of both prescribed and non-prescribed medication, the Scheme pays the service providers within a short period as well as consultation fees.

During COVID-19 I have seen how POLMED cares about us members because we were given multivitamins to boost our immune system. The multivitamins played a critical role to me since I was using them often and as a result, I had never tested positive for COVID-19 even though I was in contact with colleagues who had COVID in several encounters but still did not get it.

Currently I have got 3 dependants under me with a very reasonable contribution and if I have to compare with other medical schemes, POLMED is one of the most affordable Schemes. My dependant partner who recently gave birth was very impressed with the entire maternity services she has received until her delivery. After registering for maternity benefit, she was able to get enough consultations with her gynaecologist.

Regards: Captain Victor Demana

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POLMED Fully Paid For All My Surgeries

Dear POLMED,

I would like to humbly show and appreciate the relationship that I have with you as a member. I hear most of my colleagues complaining about outstanding payments, however I will advocate for POLMED that is it not true. I had multiple surgeries done since 2003 and I have never paid out of pocket for any services i.e., laboratories, medication, physicians, ENTs etc.

In a nutshell, the 20 years that I have been diagnosed I never received rejections for payments. Basically, my medical aid pays for everything with such low contributions. I know this because I have friends and we talk about such. POLMED has bought me a new life and I live to tell this testimony #POLICEENGAGEMENTDEPARTMENT.

Regards: Sergeant SP Masia

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Keep Saving People's Lives

I was diagnosed with the terminal stage of LUPUS in August 2010, Doctors told me that there was little they can do to save my life. I was admitted in hospital for two months, went through many medical checks and treatment protocols. Doctors were shocked by my recovery and a year later I conceived my beautiful daughter –this is when Doctors said I couldn't conceive anymore. LUPUS is a very tricky disease to manage, I must watch what I eat, my friend calls it a disease of the rich. Dedication, Determination and Discipline (Triple D) are my keywords.

Today I am stable on treatment and psychological support, thank you POLMED and EHW for all the support, keep on doing great things in saving other's lives. Through the Scheme I am today a LUPUS warrior and a LUPUS Ambassador.

Regards: Sergeant Mamasedi May

”

We wish to thank our valued members for sharing their personal stories and giving consent to POLMED to publish these testimonies.

PART C: ETHICS AND GOVERNANCE REVIEW

Principle 2 of the King IV Code emphasises the importance of establishing an ethical culture within an organisation.

The governing body plays a crucial role in setting the tone at the top and ensuring that the organisation operates in an ethical manner. To support this principle, the BoT has implemented various policies and regulatory frameworks. One of the key policies is the Code of Ethical Conduct Policy, which outlines the expectations for ethical behaviour by all trustees and employees.

This policy provides guidelines for ethical decision-making and sets the standards for conduct within the organisation. The BoT has also established a Whistle-blower Ethics Hotline, which is managed by Deloitte. This hotline is an important mechanism for employees and other stakeholders to report any unethical behaviour or violations of company policies.

The BoT recognises that whistle-blowers play an essential role in promoting transparency and accountability within the organisation. By providing a safe and confidential means for reporting, the Whistle-blower Ethics Hotline encourages

employees to speak up and report any concerns they may have. In addition to these policies, the BoT has also developed Charters for its sub-committees and trustees. These charters outline the roles and responsibilities of each committee and trustee and provide guidance on how they should conduct themselves. The charters also emphasise the importance of ethical behaviour and require Trustees and committee members to adhere to the Code of Ethical Conduct Policy.

Finally, the BoT requires all Trustees and employees to make annual declarations regarding their compliance with the Code of Ethical Conduct Policy.

This declaration serves as a reminder of the organisation's commitment to ethical behaviour and helps to ensure that all employees and trustees are aware of their responsibilities. Overall, the BoT's policies and regulatory frameworks are designed to support the establishment of an ethical culture within the organisation. By setting the tone at the top and providing guidance and support for ethical behaviour, the BoT is committed to promoting transparency, accountability, and integrity in all aspects of its operations.

Governance Structure

The Scheme belongs to its members and is governed by the Board of Trustees as follows:

BOARD OF TRUSTEES
Audit and Risk Committee
AGM Committee
Board Tender Committee
Human Resources and Remuneration Committee
Clinical Governance Committee
Investment Committee
Complaints and Dispute Resolution Committee

STATEMENT OF CORPORATE GOVERNANCE BY THE BOARD OF TRUSTEES

The Board of Trustees is a vigilant body that convenes regularly to oversee the performance of all service providers. They address a multitude of critical issues and ensure that discussions around policy, strategy, risk, and performance are not only constructive but also well-informed.

The Board has the right of accessing the counsel of the Principal Officer and the Executive in Legal Services. In complex matters, they may also seek independent advice from professionals, which the Scheme will bear the expense of, to aid their decision-making process.

The business structure of the Scheme:

PRINCIPAL OFFICER

- ✓ Operations
- ✓ Strategy and Risk
- ✓ Legal, Compliance and Scheme Secretariat
- ✓ Finance & Procurement
- ✓ Corporate Services

In addition, specialist partners conduct the following services:

- ✓ Administration
- ✓ Managed Healthcare
- ✓ Internal Audit
- ✓ Investment and Actuarial Services

BOARD OF TRUSTEES: BOARD COMPOSITION

The Board of Trustees consists of 14 members as follows:

- ✓ Seven (7) Trustees designated by the National Commissioner of SAPS
- ✓ Seven (7) Trustees who are elected by members of the Scheme through an election process conducted and overseen by an independent body, and which must include two (2) continuation members.

The Board of Trustees is required to take all reasonable steps to ensure that its composition broadly mirrors the composition of the membership of the Scheme as far as race and gender are concerned.

POLMED Current Board of Trustees as at April 2023

TRUSTEE	CAPACITY	APPOINTMENT DATE	TERM ENDED DATE
Mr ST Nkosi (Chairperson)	Designated	01 Aug 2021	31 July 2026
Mr TNL Ngwenya (Deputy Chair)	Elected	03 Dec 2020	AGM 2023
Mr AJ Gerber	Elected	16 Sep 2021	AGM 2026
Mr SJ Kwena	Designated	01 Aug 2021	31 July 2026
Ms MV Kwetepane	Elected	16 Sep 2021	AGM 2026
Ms PA Mabotja	Elected	03 Dec 2020	AGM 2023
Ms KL Moeng	Elected	03 Dec 2020	AGM 2023
Ms BP Temba	Designated	08 July 2022	07 July 2027
Ms PP Dimpane	Designated	01 June 2022	31 May 2027
Ms MV Phiyega	Elected	03 Dec 2020	AGM 2023
Mr Z Skade	Designated	18 Jan 2021	17 Jan 2024
Mr RP Ntsime	Designated	20 Oct 2020	19 Oct 2023
Mr BSJ Muller	Elected	03 Dec 2020	28 March 2023
Ms HK Senthumule	Designated	01 Aug 2021	10 January 2023
Mr S Chamane	Designated	11 January 2023	10 January 2028

Specific functions and responsibilities as stipulated in the Board Charter have been delegated to Board Committees with defined terms of reference set out in their respective instructions. The Board Committees are indicated below:

AUDIT AND RISK COMMITTEE (ARC)

MEMBER	CAPACITY	APPOINTMENT/TERM END DATE
Mr Z Samsam	Chair/Independent Member	Appointed 01 Jan 2022 (2nd Term)
Mr FM Mathibela	Independent Member	Appointed 07 Apr 2022
Mr K Sikosana	Independent Member	Appointed 14 Feb 2022
Ms MV Phiyega	Trustee	Appointed 12 May 2022
Mr SJ Kwena	Trustee	Appointed 12 May 2022
Ms HK Senthumule	Trustee	Term ended 12 May 2022
Mr Z Skade	Trustee	Term ended 12 May 2022

CLINICAL GOVERNANCE COMMITTEE (CGC)

TRUSTEE	CAPACITY	APPOINTMENT/TERM END DATE
Mr TNL Ngwenya	Chairperson	
Mr SJ Kwena	Trustee	
Ms MV Kwetepane	Trustee	
Ms HK Senthumule	Trustee	

INVESTMENT COMMITTEE (IC)

TRUSTEE	CAPACITY	APPOINTMENT/TERM END DATE
Mr RP Ntsime (replaced Mr Nelson as the Chair)	Chairperson	Appointed 11 May 2022
Ms PA Mabotja	Trustee	Appointed 12 May 2022
Ms PP Dimpane	Trustee	Appointed 22 Jun 2022
Ms BP Temba	Trustee	Appointed 11 Oct 2022
Mr NP Lushaba	Trustee	Term ended 01 Jun 2022
Mr BSJ Muller	Trustee	
Mr SJ Nelson	Trustee	Term ended 30 Mar 2022
Ms KL Moeng	Trustee	Term ended 12 May 2022

HUMAN RESOURCE AND REMUNERATION COMMITTEE (HRREMCO)

TRUSTEE	CAPACITY	APPOINTMENT/TERM END DATE
Mr Z Skade (replaced Ms Phiyega as the Chair)	Chairperson	Appointed 12 May 2022
Ms MV Phiyega	Trustee	Term ended 12 May 2022
Mr RP Ntsime	Trustee	
Mr TNL Ngwenya	Trustee	

COMPLAINTS AND DISPUTE RESOLUTION COMMITTEE (CDRC)

TRUSTEE	CAPACITY	APPOINTMENT/TERM END DATE
Mr ST Nkosi	Chairperson	Appointed 15 Jun 2022
Ms MV Phiyega	Trustee	Appointed 12 May 2022
Ms KL Moeng	Trustee	Appointed 12 May 2022
Mr Z Skade	Trustee	Term ended 12 May 2022
Mr AJ Gerber	Trustee	

ANNUAL GENERAL MEETING COMMITTEE (AGMC)

TRUSTEE	CAPACITY	APPOINTMENT/TERM END DATE
Mr TNL Ngwenya	Chairperson	
Mr BSJ Muller	Trustee	Appointed 12 May 2022
Ms MV Kwetepane	Trustee	Appointed 11 Oct 2022
Mr Z Skade	Trustee	Appointed 12 May 2022
Mr BJ Ximba	Independent Member	
Mr ML Letebele	Independent Membe	
Ms IN Molefe	Independent Member	
Mr V Simelane	Independent Member	
Mr RP Ntsime	Trustee	

BOARD TENDER COMMITTEE (BTC)

TRUSTEE	CAPACITY	APPOINTMENT/TERM END DATE
Mr RP Ntsime	Chairperson	Appointed 21 Apr 2022
Mr AJ Gerber	Trustee	Appointed 21 Apr 2022
Mr SJ Kwena	Trustee	Appointed 21 Apr 2022
Ms PA Mabotja	Trustee	Appointed 21 Apr 2022
Ms KL Moeng	Trustee	Appointed 21 Apr 2022
Mr TNL Ngwenya	Trustee	Appointed 21 Apr 2022



Board Committees' Highlights for 2022

Audit and Risk Committee (ARC)

Chairperson's Statement

As the Audit and Risk Committee Chairperson, it is my pleasure to present this report for inclusion into the Integrated Report for the financial year ended December 2022.

Despite the macro-economic challenges prevalent in our country during the year, POLMED remained resilient and has continued to provide exceptional service to its members in line with the Vision and Mission Statements

The ARC is constituted in terms of section 36 of the Medical Schemes Act, 1998 (the Act) and its responsibilities, as entrenched in the Audit and Risk Committee Charter, are aligned to the objectives of the Audit Committee as outlined in the Act, and include inter alia:

- ✓ Assisting the Board of Trustees (BoT) in its evaluation of the adequacy and efficiency of the internal control systems, accounting practices, information systems and auditing processes applied by the Scheme or its Administrator.
- ✓ Facilitating and promoting communication regarding the above matters among the BoT, the Principal Officer, and the Administrator of the scheme.
- ✓ Recommending measures that the Committee believes may improve the objectivity and credibility of the financial statements and reports concerning the affairs of the Scheme; and
- ✓ Advising on any matter referred to the Committee by the BoT.

Audit and Risk Committee Responsibilities

The Committee reports that it has complied with its responsibilities arising out of the relevant Act.

The Committee adopted appropriate formal term Terms of Reference, as its Audit and Risk Committee Charter, regulated its affairs in compliance with the Term of Reference and discharged all its responsibilities as contained therein.

Review of the effectiveness of the system of Internal Controls

The review of the effectiveness of the system of internal controls by the Committee is informed by the internal audit reports, the external auditors and management. Management is responsible for the development and the maintenance of an efficient and effective system of internal controls.

The Committee is satisfied that the audit function is operating effectively and that it has addressed the risks pertinent to the Scheme and its audits.

No significant findings have been made by the auditors to indicate a breakdown of the system of internal controls during the year. Weaknesses in internal controls identified by the assurance providers continue to be addressed by management.

Risk Management

POLMED follows an enterprise-wide risk management methodology. This process of identifying risks ensures that the entire risk universe of Scheme is covered. The identification and gathering of risks delineate between strategic and operational risks in order to assign the required level of management focus to the risks identified.

The strategic risks are elevated to the BoT through the Risk Management Committee and the Audit and Risk Committee and it is the responsibility of these Committees to ensure that management strategies adopted towards the various risks are aligned to the approved organisational approach. Operational risks are constantly monitored based on their frequency and likely impact to ensure that controls are adapted based on the risk exposure for each.

The Internal audit function supports the risk management process through following a risk-based approach in developing an appropriate Internal Audit plan in order to provide assurance on the effectiveness of risk mitigating measures and reporting to the Audit and Risk Committee.

The Committee has satisfied itself that the risk management process of POLMED is effective and efficient to ensure that strategic and operational risks are identified and managed. In this regard, I would like to highlight the following:

- ✓ Appointment of the new internal auditors
- ✓ Appointment of the Risk Officer
- ✓ Review of the Strategic Risk Register
- ✓ Adequate combined assurance processes were in place
- ✓ Positive Operational and Financial performance

Evaluation of Financial Statements

The committee has:

- ✓ Reviewed and discussed the audited financial statements to be included in the annual report with Management and the Principal Officer which were thereafter reported to the Board of Trustees;
- ✓ Reviewed the External Auditors management report and management's response thereto;
- ✓ Reviewed changes in accounting policies and practices
- ✓ Reviewed the Scheme's compliance with legal and regulatory provisions; and

External Auditors Report

The Audit and Risk Committee met with PwC, the external auditors, to review the audit process and address any unresolved issues. They also reviewed the implementation plan for audit issues from prior years and are satisfied that they have been addressed.

The Committee accepts the conclusions of the external auditors on the annual financial statements and recommends that they be accepted and read with the report of the external auditors.

Mr Z Samsam

HRREMCO

Chairperson's Statement

The Board of Trustees is accountable for the Remuneration Policies for the Scheme, but the Human Resources and Remuneration (HRREMCO) is responsible for overseeing POLMED's remuneration practices. The Board of Trustees follows HRREMCO's recommendations to establish remuneration policies that guarantee fair, competitive, and aligned practices for all Scheme employees.

POLMED understands that attracting and retaining skilled employees requires market-related remuneration, which is why the Scheme uses the Peromnes job evaluation and classification tool to evaluate positions and benchmark salaries with Deloitte and Touche's expert guidance. Ethical and responsible corporate citizenship demands no less, and the Scheme's remuneration policy is testament to their commitment to these values.

As part of the Scheme's value proposition on remuneration, the Scheme ensures that the employee salaries do not fall below the market inflation by implementing annual inflation-based salary adjustments. This is coupled with an annual performance-based bonus to all qualifying employees. In line with the Scheme's objective of driving a high-performance culture, HRREMCO is pleased to confirm that the remuneration policies are compliant and successful in achieving their objectives. To ensure continued relevance and improvement, these policies undergo review every three years.

Key highlights for the committee:

- ✓ Appointment of the Committee Chairperson
- ✓ Finalisation of the Predetermined Bonus Pool
- ✓ Policy Compendium
- ✓ Staff Performance Review and Bonus for 2022
- ✓ Staff Annual Increase for 2023
- ✓ Implementation of the Organisational Design Plan

Mr Z Skade



Investment Committee

Chairperson's Statement

During 2022 POLMED has made significant progress towards our investment goals and objectives, and I am delighted to share with you the highlights of our successes.

We have added a new Equity Manager to our asset managers with an initial R500 million mandate. Their expertise and experience will be invaluable as we continue to diversify our portfolio and seek out new investment opportunities, while also supporting our transformational mandate and targets.

Furthermore, the Scheme renewed its Equity Hedge strategy over a third of the total equity exposure, ensuring that we protect our long-term equity returns in a volatile market. This has served the Scheme well and it gives us the confidence to navigate market risk in the short term in 2023.

The Committee also conducted a thorough review of the Scheme's Investment Policy Statement (IPS) to ensure that the investment strategy supports the Scheme strategy and risks are adequately managed. We are confident that the Investment strategy is appropriate, and the Scheme will continue to use the IPS to guide future investment decisions.

The Scheme also renewed its s35(8) CMS Exemption for a further 3-year period from November 2022, ensuring we are compliant to the Medical Scheme's Act.

During 2022 Internal Audit reviewed the Scheme's Investment Management processes and governance were reviewed with a positive outcome. The report confirms that our investment strategies and processes are sound and that we are achieving our goals. We will continue to use this report to refine our strategies and make even better investment decisions in the future.

Finally, and most importantly, we have achieved a positive return on investment and exceeding the benchmark - a true testament to the hard work and dedication of the POLMED team. This achievement reflects the Scheme's commitment to excellence and our unwavering focus on achieving our investment goals.

Key highlights for the committee:

- ✓ Additional Bond Manager
- ✓ Renewal of Equity Hedge
- ✓ Equity Linked Note
- ✓ Review of IPS
- ✓ CMS Exemption
- ✓ Investment Management Internal Audit Report
- ✓ Review of the Investment Consultants Performance
- ✓ Positive Return on Investment

Mr RP Ntsime

CDRC

Chairperson's Statement

During 2022, the Committee ensured that its work was compliant with the approved Workplan and Charter. In addition, the Committee executed its responsibility to monitor compliance with applicable legislative and regulatory framework, in particular, the Medical Schemes Act, the Scheme Rules and its Policies.

The Committee also played a critical role in ensuring that the rule amendments as approved by the Board of Trustees are submitted to CMS. Furthermore, the Committee took note of the AGM's resolution regarding the amendment of Rule 18.2 and ensured that an external legal opinion is sought to allow the Board to provide a well-informed proposal to the members.



The Scheme's complaints report largely indicated that members were concerned about short payments, rejected claims and hospital authorisations. Efforts are ongoing to ensure the proper integration of services at the managed healthcare level to address the highlighted areas of concern. The Committee continues to monitor all the litigation matters and are satisfied that they are progressing very well. The Committee is also comfortable that the interests of both the Scheme and the members are protected.

Despite the Road Accident Fund's court case regarding a directive intended to reject the payment of past medical expenses by members who are covered by medical schemes, POLMED continued to take all reasonable measures to ensure recovery of such past medical expenses as required by the Scheme Rules.

The overall stakeholder relations are aligned to the internal set targets. We are pleased with the strong relations built and maintained across our stakeholder universe.

The ethics survey was successfully completed, and the results were shared with POLMED employees and later rolled out in a form of themes at the Board meetings and Sub-Committees. This is aimed at inculcating a culture of ethical conduct throughout the Scheme, with the Board sending the message from the top.

Key highlights for the committee:

- ✓ Monitoring of the Section 43 Enquiries
- ✓ Implementation of the Ethics Assessment
- ✓ Recommendations
- ✓ POPIA Compliance
- ✓ Successful Stakeholder Engagements
- ✓ Rule Amendments
- ✓ Positive Motor Vehicle Accidents Recoveries
- ✓ Improved communication to members complaints

Ms MV Phiyega

Clinical Governance Committee (CGC) Chairperson's Statement

2022 Clinical Governance Committee highlights

The CGC is an advisory committee to the Board of Trustees and not an executive committee. The Committee has an objective independent role, operating as overseer and making recommendations to the Board of Trustees for its final decision.

As Chairperson of the CGC, I would like to thank the BoT for their continued support to CGC during 2022. The Scheme would not have achieved the results it did, had it not been for the continued support the Board of Trustees demonstrated to CGC in implementing innovative managed care solutions to optimise healthcare delivery to our members.

Key highlights that were achieved by the diligent work of the CGC members are:

- ✓ Wellness Centres Feasibility Study
- ✓ Primary care facility at Tshwane training college
- ✓ Successful conclusion of Managed Care and Admin Agreements
- ✓ Successful conclusion of appointing a Medicine management and Pharmacy network service provider
- ✓ Successful implementation of a two-anchor hospital network for Aquarium plan in 2022
- ✓ Successful conclusion of appointing a two-anchor hospital network for Aquarium plan (2023 to 2025)
- ✓ Aquarium plan has independently been identified as the most cost-effective benefit option in the country.

Mr TNL Ngwenya

Annual General Meeting Committee (AGMC)

Chairperson's Statement

Remuneration Policy for Trustees and Committee members Policies

The Board oversees the remuneration strategy, policy, and practices of the Scheme and has delegated the responsibility of overseeing the Trustees' and Independent Members' Remuneration Policy to the Annual General Meeting Committee (AGMC).

The AGMC is responsible for investigating the remuneration practices of similar enterprises to establish market rates for Trustees and Board Committee Members. The Trustee Remuneration Policy provides principles guiding the trustees' and independent members' remuneration philosophy and defines the remuneration procedures.

The remuneration methodology considers the guidelines of Circular 41 of 2014 issued by the Council for Medical Schemes (CMS) and the benchmark applicable to Trustees. Trustee and Committee Members' remuneration is disclosed through the Scheme's AGM, to the CMS, and in the Scheme's Integrated Report in accordance with Regulation 6A to the MS Act.

Key highlights for the committee:

- ✓ Successful 2022 AGM
- ✓ Approval of Trustee Remuneration Policy
- ✓ Approval of Trustee Remuneration Increases for 2022
- ✓ Continuous engagements with members on the proposed Rule Amendments

Mr TNL Ngwenya



Risk Management

The Trustees oversee risk management in the Scheme, which includes monitoring, contract review, and maintenance of risk registers. Risks are identified and reviewed annually, with strategic actions monitored monthly. The Scheme uses a risk framework and maintains a risk register for all identified risks, which are monitored at various levels. The internal audit function is outsourced to PKF (VGA) Advisory Services, and the Auditors report to the Audit and Risk Committee.

APPROACH TO RISK MANAGEMENT

The Board of Trustees recognises the importance of risk management in corporate governance and strategy formation. The Scheme uses an integrated approach aligned with international best practice frameworks such as ISO 31000 and COSO ERM, with a focus on emerging risks and opportunities in the healthcare industry. Managing risks enables the Scheme to anticipate and respond to changes and make well-considered decisions under uncertainty. The Risk Framework is reviewed annually to ensure alignment with business needs and governance responsibilities and is applied by the Board, management, and employees to achieve strategic objectives.

Risk Oversight

Board of Trustees

Overall accountability for the direction of risk management and risk mitigation strategies.

Audit and Risk Committee

Oversight of the risk and compliance management framework and controls on behalf of the Board.

Risk Steering Committee

Overall accountability for the control and management of risk. Individual executives accountable for specific risks.

The ARC is assisted by the Risk Steering Committee in discharging of its duties relating to risk governance. The Risk Steering Committee, chaired by the Principal Officers (PO), comprises all Executives (EXCO) and Senior Management (MANCO) and oversees, directs, and holds management accountable for implementing effective risk management and compliance policies and frameworks.

Strategy and Risk Management Function

Overall responsibility for the coordination and implementation of the risk management process.



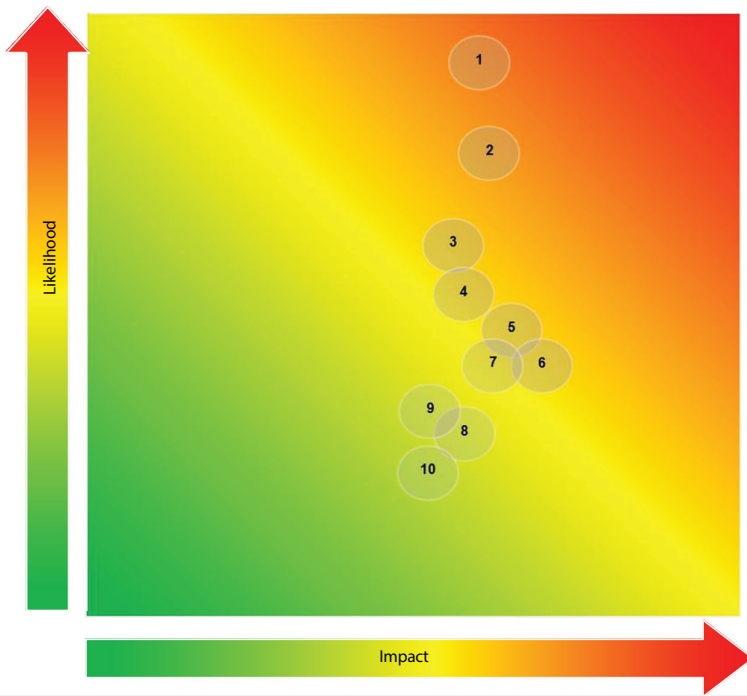
The risk management process involves identifying and assessing risks at both a strategic and operational level. The Scheme ERM function facilitates an annual review of risks with the BoT and Executives, as well as with each divisional unit. The Scheme's risk exposure level is measured against formalised risk appetite statements that are aligned with its strategic objectives. Risk appetite and tolerance are core considerations for risk response plans, and the Audit and Risk Committee receives quarterly feedback on risk-related activities.

COMBINED ASSURANCE

The Scheme follows the "three lines of defence" model to ensure that internal and external assurance providers adequately address material risks. The Board of Trustees evaluates the effectiveness of risk management and approves the combined assurance strategy. The ARC ensures a coordinated approach to all assurance activities and monitors the appropriateness of the model. The Combined Assurance Forum reviews risk profiles and recommends the combined assurance plan to the ARC. The Scheme's combined assurance report is presented annually to the ARC to ensure completeness and the Board's comfort with the level and type of assurance obtained.

TOP STRATEGIC RISKS

The heat maps below illustrate the Scheme's top strategic risks based on residual risk gap. The residual risk gap rating is the difference between the exposure that remains after all mitigating measures have been implemented and the level of risk that can be tolerated. External factors beyond management's control such as the macro-economic environment are key contributors to the current high residual gap ratings.



Top Strategic Risk Themes are listed below together with the mitigation controls in place and the links to our strategic objectives

	RISK THEME	STRATEGIC OBJECTIVE	MITIGATION
1	ICT Capability	Support quality healthcare services to members through effective Scheme governance	<ul style="list-style-type: none"> ✓ Sourcing ICT skills ✓ ICT Steering Committee ✓ Key projects implementation
2	Strategic Objectives for next 5 years	Support quality healthcare services to members through effective Scheme governance	<ul style="list-style-type: none"> ✓ Feasibility study of strategic themes
3	System availability	Optimisation of non-healthcare costs to drive wellness and healthy lifestyle investments	<ul style="list-style-type: none"> ✓ Daily monitoring of systems ✓ Systematic upgrading of systems and networks
4	Impact of NHI implementation	Support quality healthcare services to members through effective Scheme governance	<ul style="list-style-type: none"> ✓ Positioning for the Scheme to attain a special dispensation as part of security cluster ✓ Continuous engagement within the Scheme and stakeholders
5	Affordability of contributions by members	Containment and optimisation of healthcare costs	<ul style="list-style-type: none"> ✓ State grant increase negotiations ✓ Continued engagements with stakeholders and providing support accordingly
6	Change in member profiles e.g., ageing, health needs	Support quality healthcare services to members through effective Scheme governance	<ul style="list-style-type: none"> ✓ Clinical health risks insights ✓ Interventions strategies
7	POPI Act compliance	Support quality healthcare services to members through effective Scheme governance	<ul style="list-style-type: none"> ✓ Continuous training and awareness ✓ Continuous Review of the Scheme's policies and processes
8	Cybersecurity and data integrity	Support quality healthcare services to members through effective Scheme governance	<ul style="list-style-type: none"> ✓ Cyber security and awareness training session ✓ Independent Vulnerability assessment
9	Business process automation	Support quality healthcare services to members through effective Scheme governance	<ul style="list-style-type: none"> ✓ Key strategic business process automation projects ✓ Regular Project meetings
10	Information security	To position a data-led delivery-model that promotes wellness, preventative care, primary care, and self management	<ul style="list-style-type: none"> ✓ ICT Security Policy ✓ ICT Security controls ✓ Information Classification Standard

Insurance Risk Management

The Scheme assumes the risk of loss from members and dependants due to covered health perils. We manage insurance risk through benefit limits, approval procedures, risk transfer arrangements, and monitoring emerging issues. We use internal risk measurement models, sensitivity analysis, scenario analysis, and stress testing to assess and monitor insurance risk exposures.

The Scheme has developed an insurance underwriting strategy to diversify the type of insurance risks accepted and achieved a sufficiently large population of risks to reduce the variability of the expected outcome. The strategy is set out in the annual business plan, which specifies benefits, contributions, and risk concentrations.



The Scheme assumes the risk of the loss from members and their dependants which would be brought about by the covered health perils.

The Scheme ensures that these risks are managed in a manner consistent with the legal/regulatory universe governing medical schemes, financial institutions, and health/medical practice formations.

The Scheme mitigated risks through several methods including internal risk measurement models, sensitivity analysis, scenario analysis and stress testing

Internal Control Systems: Internal Control

The Scheme has internal controls and systems in place to ensure the reliability of its financial statements and to protect its assets. These controls are based on established policies and procedures and are implemented by trained personnel with appropriate segregation of duties. The Scheme also has a formal internal audit function that reports regularly to the Audit and Risk Committee.



Principal Officer's Overview

Principal Officer and Executive Team

The Scheme's executive structure consists of the Principal Officer (Chief Executive Officer) and Executives as shown in the organogram below:



MS. N KHAUOE
Principal Officer



MS. N MANYONI
Chief of Staff



MR. M MDLALOSE
Acting Executive:
Corporate Services



MR. M PRETORIUS
Executive: Finance
and Procurement



MS. J MOTAPOLA
Acting Executive:
Legal Compliance
and Scheme
Secretariat (Legal
Services)



MR. S CELE
Acting Executive:
Legal Compliance
and Scheme
Secretariat (Policy
and Regulatory
Compliance)





DR. J MAKKINK
Chief Operations
Officer

Compliance with Laws and Regulations



The Scheme maintains internal controls and systems designed to provide reasonable assurance as to the integrity and reliability of the Annual Financial Statements and to safeguard, verify, and maintain accountability for its assets adequately. Such controls are based on established policies and procedures and are implemented by trained personnel with the appropriate segregation of duties. A formal internal audit function exists at the Scheme and the Administrator, with regular reporting to the Audit and Risk Committee.

Below is the list of non-compliance matters as reported by external Auditors under the reporting period:

 NATURE AND IMPACT OF NON-COMPLIANCE	 MANAGEMENT COMMENT				
<p><i>Non-compliance with Section 26(7) - Contributions not received within three days:</i></p> <p><i>In terms of Section 26(7) of the Medical Schemes Act 131 of 1998, as amended, all subscriptions or contributions shall be paid directly to a medical scheme no later than three days after payments thereof becoming due.</i></p>	<p>Contributions are receivable from the employer, South African Police Services, and continuation members. Continuation members' contributions are collected via debit orders and cash payments</p> <p>In accordance with the Scheme's Debt Policy, the late paying members are contacted and informed of the requirement of the Medical Scheme Act and POLMED Rule 13.3. Failure of the member to settle outstanding contributions will result in suspension and termination of Scheme membership</p>				
<p>Non-compliance with Section 35(8)(c) of MSA - Investments in employers & Administrators</p> <p>In terms of Section 35(8) of the Medical Schemes Act 131 of 1998, as amended, a Scheme should not have any shares in an employer who participates in the medical scheme or any administrator or any agreement associated with the medical scheme.</p> <p>As at 31 December 2022, the Scheme had indirect holdings in the following entities:</p> <table border="0"> <tr> <td>Discovery Ltd -</td> <td>R 30,053,326</td> </tr> <tr> <td>Momentum Metropolitan Holdings Ltd -</td> <td>R 30,128</td> </tr> </table>	Discovery Ltd -	R 30,053,326	Momentum Metropolitan Holdings Ltd -	R 30,128	<p>The Council for Medical Schemes has granted the Scheme an exemption from Section 35(8)(a) and (c) of the Medical Schemes Act for a period of 3 years, effective 01 December 2019 until 30 November 2022. A further exemption has been granted by the Council for Medical Schemes, for a period of 3 years, from 01 December 2022 to 30 November 2025.</p> <p>The exemption is granted subject to the following conditions: The Scheme continues to take steps to avoid conflicts of interest; The investments, which constitute the subject matter of this exemption application continue to be managed by an independent investment manager with no influence from the Scheme or its officers. The Scheme will be required on an annual basis to submit declarations from investment managers stating that no conflict of interest exists between themselves and the prohibited investment entities; and The Scheme conducts a comprehensive quarterly analysis on total assets to ensure that the investments do not exceed the limitations set out in Annexure B.</p>
Discovery Ltd -	R 30,053,326				
Momentum Metropolitan Holdings Ltd -	R 30,128				
<p><i>Claims should be paid within 30 days after the date Non-compliance with Section 59(2) of the MSA - on which they were received.</i></p> <p>In terms of Section 59(2) of the Medical Schemes Act of 1998, as amended, a Scheme shall settle all claims due within thirty (30) days of receipt.</p> <p>As part of the claims processing function a claim may be placed in PDI (Personal Discrepancy Intervention) status where the assessor or the system validation rules identifies the claim as incomplete. The claim is captured in full but remains unpaid until the claim error is resolved either through interaction with the provider or through system validation review.</p>	<p>The Administrator has implemented eligibility and validation rules to verify all claims before payment is issued to members or providers. Section 59(2) rules that a Scheme shall settle all claims due within thirty (30) days of receipt, where the claims are both valid and complete.</p>				

Compliance with Laws and Regulations

Below is the list of non-compliance matters as reported by external Auditors under the reporting period:

 NATURE AND IMPACT OF NON-COMPLIANCE	 MANAGEMENT COMMENT
<p><i>Non-compliance with scheme rules - Claims paid for terminated members: claims with treatment dates after membership end date</i></p> <p><i>In terms of rule 12.1 of the Scheme's rules, a member may terminate his membership of the Scheme by giving 30 days written notice to the Scheme. All rights to benefits of the member and his dependants shall cease on termination, except for claims in respect of services rendered up to and, including the date of termination. This notice period may be waived by the Board in substantiated cases. Rule 12.2 of the Scheme's rules states that a member ceases to be a member of the Scheme on the date of notification of termination that he ceases to be an employee, and all the rights to benefits shall cease, except for claims in respect of services rendered prior thereto. Section 4.1.3 of the debt policy makes provision for a member's termination date to be backdated in respect of direct paying members. The employer provided late notification of an employee's termination to the Scheme. The membership on the Scheme was backdated to coincide with the employer's termination date.</i></p>	<p>The Administrator has ensured that a serving member ceases to be a member of the Scheme on the date of receipt of the termination notification from the employer.</p> <p>The employer will pay the member's contributions up until the date of termination. For the period between the date of termination at the employer and the action date of the termination of membership from the Scheme, the contribution debt will be recouped from the member.</p>
<p><i>Non-compliance with regulation 6(2) and (3) of the Medical Schemes Act on notifying members of unacceptable claims</i></p> <p><i>In terms of Regulation 6(2) of the Medical Schemes Act 131 of 1998, as amended, a Scheme that is of the opinion that a claim is unacceptable for payment, must inform both the member and the relevant health care provider within 30 days after receipt of such claim that it is unacceptable for payment and the reasons for such an opinion should be stated.</i></p> <p><i>Regulation 6(3) of the Medical Schemes Act 131 of 1998, as amended, states that after the member and the relevant health care provider have been informed as referred to in subregulation (2), such member and provider must be afforded an opportunity to correct and resubmit such claim within a period of sixty days following the date from which it was returned for correction. The non-compliance relates to paper claims which was received via the query management process. The attachments within the query could not be accessed due to password protections. The query was closed without the provider or the member being notified.</i></p>	<p>The claims relating to these queries has been processed and settled by the Scheme.</p>



Fraud, Waste and Abuse

Fraud, Waste and Abuse remains a major concern. Industry recovery rate is on average 25%. However, POLMED has based on scientific data set the recovery rate at 40%. During 2022, the Scheme achieved a recovery rate of 39,3%, slightly below target of 40%.

LOSS ASSESSMENT VALUE BY MONTH

MONTH	2021 R	2022 R
January	8,402,403	16,690,949
February	7,522,784	9,914,972
March	17,916,779	17,801,387
April	12,930,002	11,368,547
May	16,976,258	17,781,312
June	21,519,762	14,842,989
July	16,354,912	15,514,890
August	15,380,968	28,742,272
September	19,583,684	20,634,609
October	13,722,701	14,108,319
November	18,575,638	12,634,278
December	7,781,683	14,396,027
TOTAL	176,667,576	194,430,552

RECOVERIES VALUE BY MONTH

MONTH	2022 R	RECOVERY %
January	4,034,325	24%
February	4,890,415	49%
March	7,147,955	40%
April	4,748,669	42%
May	7,008,983	39%
June	7,154,194	48%
July	6,742,470	43%
August	7,177,610	25%
September	6,840,178	33%
October	7,155,032	51%
November	5,167,331	41%
December	8,420,134	58%
TOTAL	76,487,295	39%

Board Secretariat

The Board of Trustees at POLMED takes governance seriously, utilising Committees, Charters, and Policies as part of their oversight framework. These are regularly reviewed to ensure compliance with changing business needs, and the Charters help inform the Annual Work Plans directing the agendas and matters discussed at Board meetings.

Policies and procedures approved by the Board guide day-to-day operations, ensuring compliance with relevant legislation and streamlining internal processes. Various policies regulate conflicts of interest, including the Declaration of Interest Policies for Trustees and Employees. The medical scheme laws also prohibit the use of information obtained while acting as a Scheme officer for personal gain or knowingly causing harm.

The Board and its committees meet regularly and as needed to accomplish their goals. The meetings are well-planned, facilitated by the Principal Officer, and managed by respective committee chairpersons. Meeting packs are electronically dispatched in advance to allow for proper preparation and meaningful deliberation of matters. Members and attendees of the Board and its committees declare their interests at the start of all formal meetings in support of the requirement to disclose personal financial interest in matters to be considered. The Scheme Secretariat maintains these declarations together with minutes and other resolutions of the Board to ensure compliance with the record-keeping requirements of the Medical Schemes Act and the Financial Institutions (Protection of Funds) Act.

The Charters and work plan alignment has led to streamlined and efficient meeting processes. In 2021, POLMED averaged more than four meetings per committee per year, which has been reduced to an average of four meetings in 2022, resulting in reduced meeting costs compared to the previous year. POLMED is committed to ethical, effective, and responsible leadership throughout the scheme. As custodians of governance, the Board continuously works to ensure appropriate governance structures, processes, and procedures are in place to enable value creation.



PART D: FINANCIAL PERFORMANCE

Extract of The Audited Financial Statements For The Year Ended 31 December 2022

South African Police Service Medical Scheme (POLMED)
(Register Number: 374)

ANNUAL FINANCIAL STATEMENTS STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2022

	NOTE	2022 (R)	2021 (R)
ASSETS			
Non-Current Assets		7,036,779,211	4,747,189,532
Property and Equipment	3.1	46,718,160	39,523,092
Intangible Asset	3.2	7,737,933	-
Investments			
Financial assets at fair value through profit or loss	4	3,040,525,284	1,559,652,730
Financial assets at fair value through other comprehensive income ("OCI")	5	3,941,797,834	3,148,013,710
Current Assets		2,588,820,904	2,445,764,427
Investments			
Financial assets at fair value through profit or loss	4	735,540,956	596,486,372
Financial assets at fair value through other comprehensive income ("OCI")	5	1,320,942,480	1,291,885,250
Insurance and other receivables	6	167,175,751	214,141,331
Cash and cash equivalents	7	365,161,717	343,251,474
Total Assets		9,625,600,115	7,192,953,959
FUNDS AND LIABILITIES			
Members' Funds		8,729,905,795	6,461,717,937
Accumulated funds		8,775,307,612	6,482,737,154
Investments at fair value through other comprehensive income reserve		(45,401,817)	(21,019,217)
Current Liabilities		895,694,320	731,236,022
Outstanding claims provision	8	521,824,214	425,359,454
Insurance and other payables	9	370,831,37	303,285,874
Employee benefits obligations	10	3,038,731	2,590,694
Total Funds And Liabilities		9,625,600,11	7,192,953,959

South African Police Service Medical Scheme (POLMED) (Register Number: 374)

ANNUAL FINANCIAL STATEMENTS STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	NOTE	2022 (R)	2021 (R)
Risk Contribution Income	11	12,165,537,120	11,661,372,074
Relevant Healthcare Expenditure		(10,754,850,977)	(10,488,031,416)
Net claims incurred		(10,526,870,109)	(10,291,418,535)
Risk claims incurred	12	(10,611,168,722)	(10,354,173,492)
Third party claims recoveries	13	84,298,663	62,754,957
Net expense on risk transfer arrangements	14	(47,377,848)	(33,392,357)
Risk transfer arrangement premiums paid		(732,148,277)	(945,523,753)
Recoveries from risk transfer arrangements		628,190,037	843,882,546
Profit share arising from risk transfer arrangements		56,580,392	68,248,850
Accredited managed healthcare services (no risk transfer)	15	(180,603,020)	(163,220,524)
Gross Healthcare Result		1,410,686,143	1,173,340,658
Administration expenditure: benefit management services	16	(44,370,973)	(44,373,992)
Administration fees and other operating expenses	17	(389,782,127)	(389,041,176)
Net impairment losses on insurance and other receivables	19	(5,091,140)	(2,788,539)
Net healthcare result		971,441,903	737,136,951
Other income		1,352,583,345	659,259,878
Investment income	20	576,484,346	393,512,409
Other realised and unrealised gains and losses	21	42,704,704	150,828,000
Sundry income	22	733,394,295	114,919,469
Other expenditure		(31,454,790)	(21,264,359)
Asset management fees	24	(32,562,061)	(23,597,977)
Net impairment changes on investments	19	1,107,271	2,333,618
Net income for the year		2,292,570,458	1,375,132,470
Other comprehensive income	21	(24,382,600)	(82,851,726)
Debt instruments at fair value through OCI – change in fair value		(57,658,860)	(121,673,984)
Debt instruments at fair value through OCI – reclassified to profit or loss		33,276,260	38,822,258
Total Comprehensive Income For The Year		2,268,187,858	1,292,280,744

South African Police Service Medical Scheme (POLMED)
(Register Number: 374)

ANNUAL FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN MEMBERS' FUNDS AND RESERVES FOR THE
YEAR ENDED 31 DECEMBER 2022

	NOTE	ACCUMULATED FUNDS	INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME RESERVE	TOTAL MEMBERS' FUND
		(R)	(R)	(R)
Balance as 1 January 2021		5,107,604,684	61,832,509	5,169,437,193
Total Comprehensive Income	21	1,375,132,470	(82,851,726)	1,292,280,744
Net income for the Year		1,375,132,470		1,375,132,470
Realised gains on disposal of investments held through fair value through other comprehensive income			38,822,258	38,822,258
Unrealised losses on revaluation of investments held through fair value through other comprehensive income			(121,673,984)	(121,673,984)
Balance as at 31 December 2021		6,482,737,154	(21,019,217)	6,461,717,937
Total Comprehensive income	21	2,292,570,458	(24,382,600)	2,268,187,858
Net income for the year		2,292,570,458		2,292,570,458
Realised gains on disposal of investments held through fair value through other comprehensive income			33,276,260	33,276,260
Unrealised losses on revaluation of investments held through fair value through other comprehensive income			(57,658,860)	(57,658,860)
Balance As At 31 December 2022		8,775,307,612	(45,401,817)	8,729,905,795

Principal Officer's Consideration

For the year under review, the Principal Officer's consideration amounted to R6,961,566. Considerations include short-term employee benefits, post-employment pension and medical benefits, performance bonus, termination benefits, and office expense.

Non-Healthcare Cost Industry Comparison

On 20 October 2022, the Council for Medical Schemes released its Industry report for 2021. One of the notable highlights of the report is the comparison of POLMED’s non-healthcare expenditure between the 2021 and 2020 reporting years, with benchmarking against 58 restricted schemes. This comparison provides an insightful benchmark for POLMED’s performance compared to its peers in the industry.

Non-healthcare Expenditure and a % of Gross Contribution Income	2021	2020
POLMED	3,7	3,9
Restricted Schemes - Average	7,3	7,1
Restricted Schemes - Median	6,2	6,2

- ✓ POLMED’s non-healthcare expenditure as a % of Gross Contribution Income is 50% lower than the industry average for 2021. The industry average increased from 7,1% to 7,3% from 2020 to 2021, while POLMED’s ratio decreased by 5%.
- ✓ POLMED’s non-healthcare expenditure as a % of Gross Contribution Income is also 40% lower than the median for industry.
- ✓ In 2022, POLMED’s non-healthcare expenditure as a % of Gross Contribution Income ratio improved further to 3,6% from 2021

Non-healthcare Expenditure per average member per month	2021	2020
POLMED	208	199
Restricted Schemes - Average	264	252
Restricted Schemes - Median	272	256

- ✓ POLMED’s non-healthcare expenditure per average member per month is 21% lower than the industry average for 2021 and 24% lower than the industry median.
- ✓ In 2022, POLMED’s non- healthcare expenditure per average member per month improved further by 2% to R 204 from R 208 in 2021



Overview of the Scheme's Key Initiatives Over the Years

Over the past five years the Scheme has implemented several cost containment interventions to improve its Solvency (reserve) levels. Medical aids are required to have a minimum Solvency level of 25%. However, based on an independent actuarial risk-based assessment that was performed in 2018, the BoT approved a strategic minimum risk-based Solvency level of 40%.

The following cost containment interventions were implemented over the last five years and have proven to be effective in achieving POLMED's targeted solvency levels:

- ✓ Pneumonia 1 day hospital admission funding protocol
- ✓ Acute medication Formulary enhancement
- ✓ Conservative Back and Neck rehabilitation programme
- ✓ Radiology profiling and provider engagement
- ✓ Pathology enhanced funding protocols
- ✓ Diagnostic arthroscopy for osteoarthritis
- ✓ Oncology/chemotherapy, funding protocol differentiation between Aquarium vs Marine plan
- ✓ Implementation of Alternative Reimbursement Models, where fee structures have been renegotiated with provider groups as an alternative to fee for service funding arrangements. The risk with fee for service payment models is that it incentivises patient volumes rather than clinical outcomes
- ✓ Implementation of co-payments for all non-clinical essential caesarean sections
- ✓ Development and successful implementation of hospital networks
- ✓ Implementation of a Chronic medication capitation agreement
- ✓ Expansion of all the provider networks to curb excessive expenditure especially in relation to PMBs
- ✓ Implementation of GP nomination and care coordination

A summary of POLMED's Solvency level improvement over the last five years is:

- ✓ 2018 – 43.2%
- ✓ 2019 – 39.9%
- ✓ 2020 – 48.3%
- ✓ 2021 – 53.2%
- ✓ 2022 – 71.1%

The improved results have enabled POLMED to limit members' annual contributions increases to the minimum however, annual benefits were maintained or increased where clinically indicated.




TOP FAQ'S

01 | 

Has my suspension been lifted? Is my membership active?

An SMS will be sent to confirm that the suspension has been lifted and that membership is active.

02 | 


What benefits do I have for a mammogram? What do my preventative care/allied health benefits entail?

- ✓ A mammogram will be paid from the Preventative Benefit for women aged 40 to 69, every two years.
- ✓ If needed outside the guidelines, a motivation letter needs to be sent to polmedspecialcases@polmed.co.za.
- ✓ The mammogram will be paid from Basic Radiology if approved.
- ✓ The Preventative Benefit allows for risk assessment tests to ensure the early detection of conditions that may be completely cured or successfully managed if treated early. All services as per the specified benefit to be covered from the in-hospital benefits and will not deplete your out-of-hospital benefits.
- ✓ Allied health services and alternative healthcare providers, biokineticists, chiropractors, chiropodists, dieticians, homeopaths, naturopaths, orthoptists, osteopaths, podiatrists, reflexologists and therapeutic massage therapists' benefits will be paid for clinically appropriate services.
- ✓ This benefit is ONLY available for Marine members.

03 | 

Why do members need to be referred by a GP to a Specialist?

- ✓ There is a growing trend of fragmented care, where a number of our beneficiaries are receiving duplicate treatment from multiple doctors and providers. This leads to poor patient experience and unsatisfactory outcomes. Resulting in claims short payment and depletion of out of hospital (OOH) benefits.
- ✓ The GP referral process ensures that our members receive appropriate and effective care.
- ✓ It also helps to ensure that their benefits last longer by avoiding duplication of tests and consultations with specialists for concerns that can be managed by a GP.
- ✓ In an effort to enhance the coordination of care, members are required to obtain a referral number from their GP before consulting with certain specialists.

04 | 

What happens to a specialist claim if a member did not obtain a referral?

- ✓ On Marine a R1000 co-payment applies, and on Aquarium a 30% co-payment applies. The co-payment will be payable by the member to the specialist. It is not refundable by the Scheme.
- ✓ To allow for unforeseen circumstances, POLMED allows 2 Specialist visits per beneficiary per year without a referral.

05 | 

Do members need a referral for all Specialists?

The short answer is, No.

POLMED approved the following exceptions for both Marine and Aquarium plans, where the member does not have to obtain a specialist referral:

- ✓ Gynaecologist
- ✓ Psychiatrist
- ✓ Oncologist
- ✓ Ophthalmologist
- ✓ Nephrologist
- ✓ Dental Specialist

POLMED Success Story



Kehilwe Phepheng

Kehilwe, a Key Relationship Manager in the Member Experience and Engagement Department at POLMED, has a good story to tell when it comes to the benefits of a healthy lifestyle. Kehilwe's weight loss journey started in September 2015, when he weighed a whopping 110kg. He encountered numerous health problems, which included high cholesterol levels, fatigue, and sleep apnea to name a few.

Through healthy eating and exercise, he managed to lose 18kg in a period of three (3) months. Eight (8) months later, he took part in and completed his 1st Comrades Marathon. To date, he has completed four (4) Comrades marathons.

In 2019, he was voted by his fellow running Club members as the Runner of the Year and Best Pacer of the Year at the Runners of Hope Awards Ceremony.

He now lives a healthy lifestyle, which includes benefits such as a normal Body Mass Index (BMI), normal sleep and breathing, and high self-esteem.

HYPERTENSION THE SILENT KILLER



POLMED
OUR INVESTMENT OUR HEALTH OUR FUTURE

KNOW YOUR NUMBERS

BLOOD PRESSURE CATEGORY	SYSTOLIC (upper number)	DIASTOLIC (lower number)
Normal	≤120	≤80
Elevated	120 - 129	<84
Hypertension	130-139	85-89
Severe Hypertension	≥140	≥90

CONSULT YOUR DOCTOR IF YOUR BLOOD PRESSURE IS ABOVE THE NORMAL RANGE

RISK FACTORS

High salt diet



Physical inactivity



Obesity or overweight



Alcohol abuse



Smoking



SIGNS AND SYMPTOMS

Chest pains



Shortness of breath



Nosebleeds



Headaches



Dizziness



Blurry Vision



Palpitations



LIFESTYLE CHANGES TO MANAGE AND PREVENT HIGH BLOOD PRESSURE



Reduce salt to <5g per day



Eat fruits and vegetables regularly



Eat less saturated and trans fat



Get active and maintain a healthy weight



Stop smoking



Reduce alcohol



Manage stress

If you have any questions or need more information, please call POLMED on 0860 765 633 (select the option for the Disease Management Programme) or WhatsApp POLMED at 060 070 2547 or send an email to polmeddiseaseman@medscheme.co.za with your membership number and contact details.

YOUR MENTAL HEALTH MATTERS MAKE IT YOUR PRIORITY



CONTRIBUTING FACTORS THAT CAN AFFECT YOUR MENTAL HEALTH:



Trauma



History of abuse



Genetic Factors



Family history



Excessive use of alcohol or drugs



Feelings of loneliness or isolation

SOME OF THE TYPES OF MENTAL HEALTH CONDITIONS:



Substance abuse



Depression



Post-Traumatic Stress Disorder (PTSD)



Suicidal thoughts



SIGNS AND SYMPTOMS OF AFFECTED MENTAL HEALTH



Low or no energy



Feeling helpless or hopeless



Eating too much



Sleeping too much



Suicidal thoughts



Feeling disconnected



Alcohol and drug abuse



Feeling worried, angry, or scared



Shouting or fighting with family and friends



Inability to cope with daily problems or stress

TIPS TO IMPROVE YOUR MENTAL HEALTH:



Maintain a healthy diet



Connect with others



Get 8 hours of sleep



Exercise regularly and stay active



Take time out for things you enjoy



Ask for help

Talk to us: Contact POLMED Client Service Call Centre on 0860 765 633 or WhatsApp POLMED at 060 070 2547 or send an email to polpsych@medscheme.co.za



POLMED ZA



polmed_za



060 070 2547



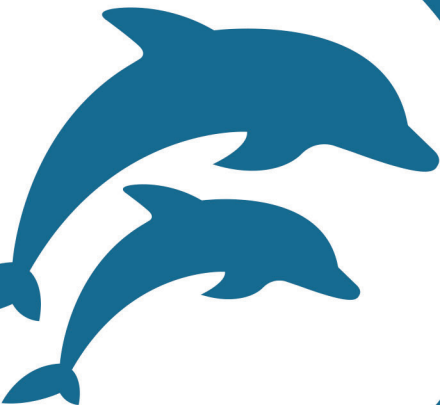
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0860 765 633 OR 0860 POLMED
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