



SIZWE HOSMED
MEDICAL SCHEME
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SIZWE HOSMED MEDICAL SCHEME

(IN CURATORSHIP)

SPECIAL GENERAL MEETING (SGM)

PROPOSED AMENDMENTS TO RULES 19.1.1.2.1 AND 19.1.1.2.2 – COMPOSITION OF THE BOARD OF TRUSTEES AND APPOINTMENT OF PROFESSIONAL TRUSTEES

1. PURPOSE

To seek members' consideration and approval of the proposed amendments to Rules 19.1.1.2.1 and 19.1.1.2.2 of the Scheme's registered Rules, relating to the composition of the Board of Trustees and the appointment of professional trustees, respectively.

2. BACKGROUND AND MOTIVATION

The Scheme has undertaken a review of its governance framework, including the composition of the Board of Trustees and the provisions regulating the appointment of professional trustees, to ensure that the governance structure remains appropriate to the Scheme's current membership profile and operational requirements.

The Scheme's membership has reduced significantly from approximately 45,000 members historically to approximately 9,000 members currently. In light of this reduction, it is proposed that the number of Elected Trustees be reduced from nine (9) to six (6).

In addition, Rule 19.1.1.2.2 currently provides for the appointment of professional trustees by the newly Elected Trustees after the 2024 elective AGM. As the reference to the 2024 elective AGM is time specific and relates to a past event, it is proposed that the wording be amended to provide for the appointment of professional trustees by the Elected Trustees without reference to that particular AGM.

The proposed amendments seek to promote a proportionate, streamlined and practical governance framework while maintaining appropriate member representation, professional expertise, effective collective oversight and accountability.

The proposed amendments do not diminish the fiduciary duties or statutory responsibilities applicable to members of the Board of Trustees.

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2.1 CURRENT RULE 19.1.1.2.1

Rule 19.1.1.2.1 currently provides as follows:

“At least 9 (nine) members of the Board shall at all times be members of the Scheme nominated and elected by members of the Scheme at an annual general meeting (‘Elected Trustees’).”

2.2 PROPOSED AMENDMENT TO RULE 19.1.1.2.1

It is proposed that Rule 19.1.1.2.1 be amended by replacing the words “9 (nine)” with “6 (six)”, so that the rule reads as follows:

“At least 6 (six) members of the Board shall at all times be members of the Scheme nominated and elected by members of the Scheme at an annual general meeting (‘Elected Trustees’).”

2.3 CURRENT RULE 19.1.1.2.2

Rule 19.1.1.2.2 currently provides as follows:

“A maximum of 3 (three) professional trustees (‘Appointed Trustees’) shall be appointed by the newly Elected Trustees after the 2024 elective AGM. The Elected Trustees shall give consideration to the following factors in selecting the Appointed Trustees:”

2.4 PROPOSED AMENDMENT TO RULE 19.1.1.2.2

It is proposed that Rule 19.1.1.2.2 be amended by removing the words “newly” and “after the 2024 elective AGM”, so that the rule reads as follows:

“A maximum of 3 (three) professional trustees (‘Appointed Trustees’) shall be appointed by the Elected Trustees. The Elected Trustees shall give consideration to the following factors in selecting the Appointed Trustees:”

The proposed amendment is intended to remove the time specific reference to the 2024 elective AGM and ensure that the provision is framed in a manner that is not tied to a past election cycle.

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3. RATIONALE FOR THE PROPOSED AMENDMENTS

The proposed amendments are intended to:

1. Align the composition of the Board with the Scheme's current membership profile.
2. Promote a more efficient and streamlined governance structure.
3. Facilitate effective and timely collective decision making.
4. Reduce unnecessary governance and administrative costs.
5. Maintain appropriate member representation and oversight.
6. Provide for the appointment of professional trustees without reference to a specific past elective AGM.
7. Support effective governance through an appropriate balance between elected member representation and professional expertise.
8. Support the restoration and continuation of effective member-elected governance.

4. PROPOSED RESOLUTION FOR ADOPTION

IT IS PROPOSED THAT:

The members of Sizwe Hosmed Medical Scheme consider and approve the proposed amendments to Rules 19.1.1.2.1 and 19.1.1.2.2 of the Scheme's registered Rules, as follows:

4.1 Amendment to Rule 19.1.1.2.1

That the reference to "9 (nine)" Elected Trustees be replaced with "6 (six)", so that the rule reads:

"At least 6 (six) members of the Board shall at all times be members of the Scheme nominated and elected by members of the Scheme at an annual general meeting ('Elected Trustees')."

4.2 Amendment to Rule 19.1.1.2.2

That the words "newly" and "after the 2024 elective AGM" be removed, so that the rule reads:

"A maximum of 3 (three) professional trustees ('Appointed Trustees') shall be appointed by the Elected Trustees. The Elected Trustees shall give consideration to the following factors in selecting the Appointed Trustees:"

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Upon approval by the members, the proposed amendments shall be submitted for the applicable regulatory approval and registration in accordance with the Medical Schemes Act 131 of 1998 and the Scheme's registered Rules.

5. RECOMMENDATION

Members are requested to consider and approve the proposed amendments to Rules 19.1.1.2.1 and 19.1.1.2.2 to reduce the number of Elected Trustees from nine (9) to six (6) and remove the outdated reference to the 2024 elective AGM in the provision governing the appointment of professional trustees, in the interests of a proportionate, efficient and sustainable governance structure that supports appropriate member representation, professional expertise and accountability.

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