

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a virtual special general meeting ("SGM") of The Federated Employers Mutual Assurance Company (RF) Proprietary Limited will be held by way of electronic participation only on 02 March 2021, commencing at 08h30, for the purpose of conducting the following business:

- to authorise the Company to donate an amount of R100 million (one hundred million rand) in relation to the COVID-19 vaccine rollout.

IMPACT OF COVID-19 ON THE SGM

As a consequence of the impact of the COVID-19 pandemic, limitations are placed on public gatherings under the Disaster Management Act, 57 of 2002. As a socially responsible corporate citizen, the Company will conduct the SGM entirely by way of electronic participation, in accordance with the provisions of section 63(2) of the Companies Act as read with clause 14 of the Company's memorandum of incorporation.

ELECTRONIC ATTENDANCE AND PARTICIPATION

The Company will be hosting the virtual SGM via the Zoom online platform in order to facilitate electronic participation and voting by shareholders. Any shareholder (or a representative or proxy for a shareholder) who wishes to participate in and/or vote at the virtual SGM by way of electronic participation, must register before the 1st March 2021 for this meeting on this link [FEM Special General Meeting - Zoom](#).

Please contact either the Company Secretary by sending an email to lizwillis@ejaysecretarial.co.za, or the Chief Financial Officer by sending an email to yusufbo@fema.co.za by 08h30 on 01 March 2021, for any assistance or to submit a proxy.

Shareholders may still register/apply to participate in and/or vote electronically at the virtual SGM after this date, provided, however, that those shareholders are verified (as required in terms of section 63(1) of the Companies Act) and are registered at the commencement of the meeting. All shareholders are entitled to attend and participate via the use of the electronic platform. In terms of section 63(1) of the Companies Act, any person participating in the meeting must present reasonably satisfactory identification and the person presiding at the meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as a shareholder or as a representative or proxy for a shareholder) has been reasonably verified.

Shareholders of the Company who wish to participate in the virtual SGM should provide such identification when making application to so participate.

1. The cost of electronic participation in the virtual SGM is for the expense of the participant and will be billed separately by the participant's own service provider.
2. The participant acknowledges that the electronic communication services are provided by third parties and indemnifies the Company against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the electronic services, whether or not the problem is caused by any act or omission on the part of the participant or anyone else. In particular, but not exclusively, the participant acknowledges that he/she will have no claim against the Company, whether for consequential damages or otherwise, arising from the use of the electronic services or any defect in it or from total or partial failure of the electronic services and connections linking the participant via the electronic services to the virtual SGM. The Company cannot guarantee there will not be a break in electronic communication that is beyond the control of the Company.

RECORD DATES, ELECTRONIC VOTING AND PROXIES

The board of directors of the Company (the "Board") has determined that the record date for the purpose of determining which shareholders of the Company are entitled to receive notice of the virtual SGM was 12 February 2021 and the record date for purposes of determining which shareholders of the Company are entitled to participate in and vote at the virtual SGM is 23 February 2021 (Record Date). Accordingly, only shareholders who are registered in the register of members of the Company on 23 February 2021 will be entitled to participate in and vote at the virtual SGM.

The shareholders and any other persons who are not shareholders but who are entitled to exercise any voting rights in relation to the resolutions to be proposed at the virtual SGM (irrespective of the form, title or nature of the securities to which those voting rights attach) are entitled to attend the virtual SGM in person or by proxy, and may appoint a proxy to exercise the voting rights attached to different securities held by the shareholder. A proxy need not be a person entitled to vote at the meeting.

A form of proxy, containing the relevant instructions for its completion, is enclosed for the use of such shareholders who wish to be represented at the virtual SGM. Completion of a form of proxy will not preclude such shareholder from attending and voting (in preference to that shareholder's proxy) at the virtual SGM. Forms of proxy must be completed and emailed to the Company Secretary, at lizwillis@ejaysecretarial.co.za at any time before the appointed proxy exercises any shareholder rights at the virtual SGM.

Shareholders who are participating via the electronic platform or by proxy at the virtual SGM shall have one vote for every share held or represented.

RATIONALE FOR THE PROPOSAL OF THE ORDINARY RESOLUTION

On 11 March 2020, the World Health Organization (WHO) declared the novel coronavirus (COVID-19) outbreak a global pandemic. This pandemic has prompted numerous research institutes and companies to develop vaccine candidates targeting this novel disease. To bring this pandemic to an end, a large share of the world needs to be immune to the virus. The safest way to achieve this is with a vaccine.

Several vaccines have been developed and tested in recent months, where the administration of vaccines has mainly been done by wealthier countries. As of 8 February 2021, 131.5 million doses of COVID-19 vaccine have been administered worldwide based on official reports from national health agencies.

The South African government has commenced its vaccine rollout program. Government has made a call to the private sector to assist with the vaccine rollout funding given the country's current fiscal constraints.

The purpose of this virtual SGM is to propose to the shareholders of FEM the approval of a vaccine rollout funding contribution by FEM as part of an initiative that also includes other entities within the COVID environment.

The South African government will target 67% of South Africans in its initial rollout during 2021/22, which equates to approximately 40 million people and accounts for all adults. This rollout will be done in a phased approach, where healthcare workers will be vaccinated first, followed by a second phase which includes essential workers; persons in congregate settings; persons over the age of 60 years and persons over the age of 18 years with co-morbidities. The third phase of the rollout will cover all adults not vaccinated within the first two phases.

A subsequent rollout to target the population under the age of 18 years is likely to be performed during 2022, the details of which are unclear at this point.

The potential cost of funding the vaccine rollout has been modelled by Business for South Africa (B4SA) which is a joint initiative between business and government. This is an evolving space that has seen a downward revision of the potential vaccine rollout costs since the initial projections were done in 2020. Based on the information presented by B4SA in January 2021, the vaccine rollout is expected to cost between R9.8 billion and R12.5 billion in total (excluding any funding for adverse events support). These costs will be shared between the South African Government, medical schemes as well as business and private donors.

The projected costs are based on assumptions in relation to the vaccine mix. The costs have been determined based on 3 scenarios of the vaccine mix which looks at a low, realistic, and high cost scenario. On a realistic basis, it is expected that the vaccine will cost R129,33 per person per dosage excluding vaccine administration costs.

The total cost for the vaccine is expected to be within the range of R9.8 billion to R12.5 billion, where medical aids will pay for the vaccine of their members, as well as to fund additional non-members, equal to the number of medical aid members (i.e. funding on a 1-1 basis). This amounts to approximately R3.1 billion to R4 billion contribution towards the funding by medical aids.

Given this commitment, the funding gap for government amounts to R6.7 billion to R8.4 billion.

Government has called on business to assist with funding, where some sizeable donations have already been made to date.

FEM's proposed contribution towards the funding of the vaccine rollout takes into account the following:

- Ensuring that our contribution should at least cover employees in the construction sector who are employed by FEM policyholders. This is approximately 300 000 individuals on a conservative basis (acknowledging that some of them will have medical aid and are thus catered for). Using the same

assumptions as per the B4SA modelling, vaccinating 300 000 people could cost R57 million (excluding administration costs)

- Extending our possible contribution beyond the FEM base in support of social solidarity especially in relation to those who may not have medical aid and are thus dependent on government
- Ensuring that the contribution does not jeopardise FEM's financial sustainability

Based on the current financial position of FEM, the Board of FEM believes that a donation of R100 million should be considered. This is sizeable enough to make a meaningful contribution to society, while at the same time not jeopardising the solvency and financial stability of the company.

Projections have been done to confirm that a donation to this sum will not have any significant impact to our solvency capital requirement ratio.

As at 31 December 2020, based on draft results before the impact of the year end actuarial valuation, FEM had total assets of R7.4 billion with a net asset value of R4.2 billion, with a solvency capital requirement cover ratio of 1.88.

ORDINARY RESOLUTION NO. 1

To consider and, if deemed fit, pass the following resolution as an Ordinary Resolution:

To authorise the Company to donate an amount of R100 million (one hundred million rand) in relation to the COVID-19 vaccine rollout.

RESOLVED THAT, the Shareholders hereby approve that an amount of R100 million (one hundred million rand) be donated to the COVID-19 vaccine rollout.

ORDINARY RESOLUTION NO. 2 – Directors' authority to implement resolutions

To consider and, if deemed fit, pass the following resolution as an Ordinary Resolution

Authorisation of directors

RESOLVED THAT any one director of the Company or the Company Secretary be and is hereby authorised to do all such things and sign all such documents as may be necessary for or incidental to the implementation of the Ordinary Resolution passed at this SGM.

For Ordinary Resolutions number 1 and 2 to be passed, they must be supported by more than 50% (fifty percent) of the voting rights exercised on the resolutions.

ATTENDANCE, VOTING AND PROXIES AND ELECTRONIC PARTICIPATION

A member entitled to attend and vote at the virtual SGM is entitled to appoint one or more proxies to attend, speak and vote in his/her stead, subject to the general instructions attached to this notice. Any proxy so appointed need not be a member of the Company. Proxy forms should, for administrative reasons, be received at the email address as included in this virtual SGM notice of the Company at least 48 hours, excluding Saturdays, Sundays and public holidays, before the appointed time of the SGM. Section 63(1) of the Companies Act requires that a person wishing to participate in the virtual SGM (including any representative or proxy) must provide satisfactory identification (such as identity documents, driver's licences or passports) before they may participate in the meeting.

Voting at the virtual SGM will be conducted electronically and every shareholder will have 1 (one) vote for every share held. Each Shareholder present or represented by way of proxy will be entitled to vote the number of shares held or represented by them. Shareholders which are companies and wish to participate in the virtual SGM may authorise any person to act as their representative at the meeting.

For the convenience of registered members of the Company, a form of proxy is enclosed herewith.

By order of the board
E J Willis
Company Secretary
15 February 2021

Registered office
2nd Floor, Oxford & Glenhove,
114 Oxford Road
2198 Houghton Estate

Proxy Form

**THE FEDERATED EMPLOYERS MUTUAL
ASSURANCE COMPANY (RF) PROPRIETARY LIMITED**
Registration Number: 1936/008971/07

For use at the virtual special general meeting (“SGM”) of the company to be held on 02 March 2021 at 08h30. I/We, the undersigned, hereby appoint:

1. or failing him/her
2. the Chairman of the meeting
as my/our proxy to act for me/us at the virtual SGM of the company to be held on 02 March 2021, or at any adjournment or postponement thereof, and to vote for me/us as follows:

Item	Policy Number	Number of shares		
		For	Against	Abstain
1. Ordinary Resolution No. 1 : Authorisation of a donation amounting to R100 million (one hundred million rand) in relation to the COVID-19 vaccine rollout.				
2. Directors' authority to implement resolutions				

(see note 2)

.....
Signature

.....
Date

.....
Company Name, Member name and address

Notes:

1. A member entitled to attend and vote at the meeting may appoint a proxy, or proxies, to attend, speak and vote on his/her behalf. A proxy need not be a member of the company.
2. A member's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that member in the appropriate box provided. Failure to comply with the above will be deemed to authorise the Chairman of the virtual SGM, if the Chairman is the authorised proxy, to vote in favour of the resolutions of the meeting, or any other proxy to vote or to abstain from voting at the meeting as he deems fit.
3. Unless already recorded by the company, a power of attorney under which the proxy form is signed must accompany the proxy form. A proxy form or other documents appointing a representative of a body corporate in terms of Section 58 of the Companies Act must be signed by a duly authorised officer and be accompanied by a certified copy of the relevant instrument of authority.
4. A member who has appointed a proxy may personally attend the meeting and vote to the exclusion of any such proxy or proxies.
5. Proxy forms must reach the under mentioned e-mail address not less than forty-eight hours before the appointed time of the meeting:

Company Secretary – Elizabeth Willis by e-mail at lizwillis@ejaysecretarial.co.za