

The WCBS Annual General Meeting of Members

Wednesday, 11 September 2024 at

WCBS Head Office, 3 Oude Molen Road, Ndabeni Cape Town

MINUTES

1. WELCOME

Michelle Vermeulen welcomed the donor representatives, board members, staff, and Themis Company Secretarial Services (as company secretary) attending the 2024 Annual General Meeting, whereafter she handed over the meeting to the chairman of the board, PJ Veldhuizen.

2. GOVERNANCE REPORT (by PJ Veldhuizen (“PJ”), Chairman of the board)

PJ welcomed all those in attendance and initiated the meeting by emphasising the board's adherence to the Corporate Best Practices as set out in the Companies Act, and the King Codes.

He reported significant changes at board level during the preceding year, including the resignation of Roger Ramsbottom as a director and the decision of Paul Slack, who had served as Chairman of the board, to not stand for re-election as a director. PJ confirmed he, as the former Vice-Chairman, has since assumed the role of Chairman of the board, with Andrea Huggett stepping in as Vice-Chairman. He expressed appreciation for Paul's leadership and acknowledged his invaluable contributions, noting that Paul had played a critical, albeit often unseen, role in the organisation's success. PJ expressed hope that both Paul and Roger would remain involved in some capacity.

PJ then introduced and welcomed Dr. Mandla Moyo, CEO of the Sports Science Institute, to the board. He highlighted Dr. Moyo's impressive credentials, including his MBA and substantial financial expertise, which PJ felt would further strengthen the board.

Reflecting on the board's dynamics, PJ praised the robust discussions and the high level of preparedness among its members, noting that differences of opinion are common at board meetings, which is healthy for the WCBS and fosters well-reasoned decisions by the board. He also complimented the board's strong attendance, and the thoughtful questions raised during meetings, particularly by members like Greg and Nicky, who regularly present to the board.

PJ went on to summarise key highlights of the year. He celebrated the successful completion of the first full year in the WCBS's new building, noting minimal challenges and uninterrupted workflow. He thanked the staff for their exceptional efforts in ensuring this smooth transition. Another achievement he noted was the successful participation of 100 staff members in the ISBT Congress in Cape Town.

He also acknowledged the improvement in blood stocks compared to previous years, attributing this to the dedication of blood donors and clinic staff.

Furthermore, PJ highlighted the establishment of a new fixed-site clinic and the relocation of the Tygerberg Hospital Blood Bank as exciting developments.

Before handing over the meeting to Greg Bellairs, PJ extended his gratitude to the staff, his fellow board members, the donor representatives, and the donors themselves, recognising that without their collective efforts, the WCBS's success would not be possible.

3. QUORUM AND MINUTES OF 2023 AGM (by Greg Bellairs ("Greg"), CEO and Chief Medical Director)

Greg expressed his appreciation for PJ's introduction and extended a warm welcome to all attendees. Greg then confirmed that the meeting had achieved quorum. Out of a total of 567 donor representatives within the governance structure, proxies had been received from 44 individuals, with an additional 17 attending in person. This represented 10.76% of the total members entitled to vote, exceeding the quorum requirements for both ordinary and special resolutions.

He noted that the minutes from the previous year's AGM had been available on the WCBS's website for quite some time and invited any comments on the minutes and, seeing none, called for a proposal and seconding of the minutes. Michelle Vermeulen proposed, and Andrea Huggett seconded, the adoption of the minutes.

4. THE DIRECTORS' REPORT (by Greg)

Greg summarised the key highlights of the 2023/2024 year, structured around the WCBS's strategic pillars:

4.1. Compliance Pillar

Greg confirmed the WCBS's continued adherence to legislation and its successful SANAS (South African National Accreditation System) accreditation, noting excellent results at all blood donor sites, as well as a high health and safety accreditation score which is among the highest recorded amongst companies in the Western Cape. He further noted that this is indicative of the WCBS's clinics being very safe places to work at and to donate blood.



4.2. Sufficiency Pillar

Greg acknowledged improvements compared to the prior year, noting that while challenges remained, platelet and plasma product availability had improved, and that only on two occasions had red blood cell products briefly dipped below the desired minimum threshold.

4.3. Sustainability Pillar

Greg highlighted that the new building should serve to provide the WCBS with a good base of operations for the next two decades, depending on growth requirements, and that the building would soon be outfitted with solar technology which would mitigate the effects of potential load shedding and reduce reliance on expensive fossil fuels.

Greg further informed that the WCBS's financial position reflects a surplus, ensuring the organisation can sustain its ongoing operations, cover maintenance costs, and support necessary expansions.

Turning to donor statistics, Greg reported that there were approximately 72,000 active blood donors during the 2023/2024 financial year, and from them, 143,000 whole blood donations were collected, averaging just over two donations per donor annually. Additionally, 5,000 source plasma donations and 3,600 platelet donations were received.

He encouraged donor representatives to promote blood donation within their communities and to advocate for the benefits of becoming source plasma or platelet donor, which allow for more frequent donations and quicker achievement of donation milestones.

Greg advised that the WCBS has introduced several enhancements to the donor experience, including the introduction of a digital donor questionnaire which would allow donors to complete the questionnaire on their personal devices 24 hours prior to attending a clinic, which will serve to improve the management of donor deferrals and donor safety.

Greg continued by highlighting the WCBS's ongoing initiative of ferritin testing for all blood donors which he emphasised is a significant public health advancement, further contributing to donor safety.

He highlighted that advancements in ferritin testing now allow the WCBS to increase the donation frequency for donors over the age of 65. Previously, concerns about the risks associated with older individuals donating more than four times a year were a limitation, but with the improved technology, these concerns have been mitigated.

He briefly addressed measures taken to reduce donor fainting incidents, including the implementation of all 3 recognised measures to minimise the chances of such incidents occurring, being (i) applied muscle tension techniques, (ii) hydration with water or juice, and (iii) the provision of salty snacks, and confirmed that the last of the 3 measures had been implemented during the preceding financial year by providing donors with pretzels.

Greg acknowledged that, despite the successes of the WCBS, it still faces certain ongoing challenges, including budgetary constraints in the state sector affecting blood sales. However, he noted that the board expected and planned for such a reduction in sales. He further went on to emphasise that the WCBS is struggling to increase the percentage of blood donors in the Western Cape to above 1% of the population, which percentage remains at 0.96%, and impressed upon the donor representatives that any assistance they can offer in this regard would be greatly appreciated.

Greg concluded his report by expressing gratitude to the blood donor representatives and members for their ongoing support. He acknowledged their crucial roles in managing donor panels, serving as vital links to communities of blood donors, and participating in the governance of the WCBS.

5. APPOINTMENT OF DIRECTORS (by Greg)

Greg explained that there were six resolutions on the ballot form on which the donor members would be required to vote, which resolutions included voting on the three non-executive directors standing for reappointment, namely PJ, Vernon Louw, and Dumisani Ndebele. Greg expressed his confidence in their reappointment, noting their long-standing contributions to the board.

Greg then mentioned that Paul Slack, after 20 years of service, including 12 years as Chairman of the board, had elected not to stand for reappointment as a director. Although Paul was not present, Greg spoke briefly about his invaluable contributions to the board, especially from a business and financial perspective, and mentioned that a function would be held to honour him more fully.

Greg then introduced a new nominee for non-executive director, Kelly Mareé de Kock (“Kelly”), who had been nominated by Terri-Ann April (a donor representative from the Prescient Panel). Greg confirmed the validity of the nomination and asked Kelly to stand so that the attendees could recognise her. He proceeded to outline Kelly’s extensive credentials, work experience and academic achievements.

Greg concluded by encouraging donor representatives to cast their votes thoughtfully and then handed over the meeting to Nicky du Toit.



6. FINANCIAL STATEMENTS FOR 2023/2024 (by Nicky du Toit (“Nicky”), CFO and Corporate Services Director)

Nicky welcomed everyone warmly and reminded them of the importance of their collective mission—saving lives and supporting the community—and set the stage for the financial review.

6.1. Financial Capital in-and outputs

Nicky highlighted that the total revenue and investment returns for the preceding financial year reached R570 million, a figure that reflected both the WCBS’s growth and effective management practices.

Nicky noted that personnel costs remained the largest expense totalling R261 million for the 513 staff. She also pointed out that capital expenditure had decreased substantially, from R100 million in the previous year to R28 million, largely due to the completion of the WCBS new building.

Further, Nicky emphasised the strength of the WCBS’s equity position, which stands at R440 million. Nicky illustrated the importance of this figure by explaining that it represented the difference between assets (R547 million) and liabilities (R107 million). The debt-to-equity ratio of 0.24, she noted, was significantly below the industry benchmark of 2, a testament to the WCBS’s fiscal prudence and sustainability.

6.2. Fleet and kilometres travelled

Nicky explained that the WCBS’s fleet of 63 vehicles, had completed 20,448 trips, covering approximately 2.8 million kilometres in service of the WCBS’s objectives.

6.3. Total Turnover and breakdown of sales figures

Nicky provided an overview of the WCBS’s turnover for the preceding year, which totalled R554 million. She highlighted that the organisation is predominantly driven by red blood cell (“RBC”) sales, which accounted for 59% of the total turnover, generating R329 million. Platelet sales contributed 19% (R106 million), while plasma sales made up 13% (R69 million). The WCBS’s services contributed 3% (R16 million), with other costs accounting for the remaining 6% (R34 million). She noted that while RBC sales had slightly decreased compared to the previous year, this fluctuation was within the expected range and driven by variable demand from healthcare providers.

6.4. Breakdown of sale sectors

Nicky elaborated on the WCBS's sales distribution across different sectors. She advised that the private sector accounted for R320 million of the turnover (57.76%), while the state sector contributed R193 million (34.84%), and plasma sales to the National Bioproducts Institute amounted to R41 million (7.4%).

6.5. Breakdown of Expenses

Nicky reported that the total expenses of the WCBS for the preceding year was R531 million, which was comprised by: Personnel Cost R261 million (49.1%), Collection Costs R53.4 million (10%), Testing Costs R56.3 million (11%), Product Cost R64.2 million (12%), Admin Costs R52.6 million (9.9%), Repairs and Maintenance R19.4million (4%), Depreciation R22.3 million (4%), and Other Costs R2.3million (0.43%).

6.6. Risks

Nicky addressed the risks which the WCBS faces, emphasising that power outages are a continuing concern but that fewer outages had been experienced in recent months, which reduced reliance on diesel for generators and saved on fuel costs. She also mentioned that the recent drop in fuel prices had provided further financial relief. Nicky further highlighted the importance of the rand-to-dollar exchange rate, explaining that the WCBS secures forward cover for the next financial year to mitigate currency risk, and that the WCBS managed to take out less forward cover than initially budgeted, which also contributed to cost savings.

6.7. Budget Assumptions 2024/2025

Nicky expanded on the WCBS budget for 2024/2025, noting that it is grounded in prudent assumptions and an anticipated 1% average sales volume decrease.

6.8. Review of the current financial year so far

Nicky provided an overview of the current financial year's performance, focusing on the year-to-date sales for the first four months. She reported that actual sales amounted to R197 million, an 8.8% improvement over the prior year's R181 million for the same period. Nicky noted that trading expenses stood at R59 million, a 5.3% increase above the preceding year's R56 million. Despite this increase, the higher sales resulted in a net positive outcome, with income exceeding expenditure.

She went on to highlight Other Income, which improved by 6.3%, rising from R4.7 million to R5 million. Operating expenses also saw an 8% increase, reaching R121 million compared to the preceding year's R112 million. However, Nicky pointed out that the organisation's surplus remained strong, standing at R21.7 million, a 25% improvement over the R18 million recorded during the same four-month period of the preceding year. Concluding on a positive note, she opened the floor for any questions concerning the financials, none were raised.

7. APPOINTMENT OF AUDITORS FOR 2024/2025 (by Nicky)

Nicky moved on to the topic of auditor appointments for the 2024/2025 financial year. She explained that a tender process had been conducted in 2021, during which Ernst & Young ("EY"), were reappointed for a further three-year term which concludes in 2024. She went on to advise that the board decided not to conduct another tender process for the 2024/2025 financial year but to retain EY for this period. Nicky further advised the WCBS intends to again implement a tender process for the 2025/2026 financial year, and requested the vote be approved to appoint EY as the organisation's auditors for the upcoming financial year.

8. REMUNERATION OF NON-EXECUTIVE DIRECTORS

Nicky explained that the board members' remuneration had been increased by 6%, which was in line with the staff salary increases (also 6%) and performance-based adjustments. Nicky kindly requested that the members vote in favour of this same increase for the non-executive directors.

9. CLOSURE

Greg opened the floor for questions to any of the speakers, none were raised. Greg thanked everyone for attending and for ensuring that the meeting ran smoothly.