

NOTICE: 59th BESTMED MEDICAL SCHEME ANNUAL GENERAL MEETING

The 59th Bestmed Medical Scheme Annual General Meeting (AGM) will take place at 08:45 on Thursday, 22 June 2023. To ensure the participation of all members irrespective of their geographical location, we will be hosting the AGM virtually via the link below:

<https://www.events.bestmed.co.za/>

Please note that registration will take place from 08:00 and AGM proceedings will commence from 08:45 to 11:30.

The agenda of the 59th Bestmed Medical Scheme AGM is as follows:

1. Opening and welcome
2. House rules for the virtual event format
3. Finalisation of agenda
4. Minutes of the previous AGM held on 23 June 2022
5. Chairperson's report
6. Financial statements and auditor's report
7. Appointment of auditors for 2023
8. Motions received in terms of rule 26.1.4
9. Proposed increase in Trustee Remuneration for 2023-2024
10. Member voting
11. Closure

In support of agenda item 9, the following three documents are attached to this notice:

1. The *Trustee Remuneration Policy* (including Annexure A indicating the proposed fees payable in 2023-2024). The content in the body of the Policy remains unchanged from what was approved by the members at the 2022 AGM. The Policy is attached to provide members with context to Annexure A which encapsulates the effect of the proposed 8.9% increase to the fees approved in 2022.
2. The *Trustee Remuneration Policy (including proposed amendments)* to Annexure A is also included – this version incorporates the proposed changes to Annexure A.
3. *Explanatory note*: the third document is an explanatory note which relates to the proposed amendments to Annexure A (i.e. proposed increase to the Trustee remuneration for 2023-2024).

Members can access Bestmed's Highlights of the Financial Statements (HFS) on the website via this link: <https://www.bestmed.co.za/about-bestmed/governance#!annualreports>. This document contains Bestmed's financial highlights, operational progress, reports from the Chief Executive Officer/Principal Officer and the Chairperson, as well as the 2022 AGM minutes. The main highlights for the year ended 31 December 2022 are also presented in a summarised version at the end of this notification.

You are kindly reminded to apply to the Scheme, via the contact details provided in the last paragraph of this notification, if you would like to inspect or make extracts of the full set of Annual Financial Statements.

Members who wish to submit a motion(s) for the AGM are requested to also kindly email the relevant information to bestmed-agm@bestmed.co.za by no later than Thursday, 8 June 2023.

All members attending the AGM will be required to provide their membership and identification numbers upon successful registration via the online platform. Instructions on how to log in to the virtual meeting, register and vote can be obtained via email request to bestmed-agm@bestmed.co.za. Please note that all voting for motions and other matters will be done via the virtual platform. Only members in good standing will be allowed to attend, participate in and vote at the AGM.

Should you wish to attend the AGM or have any queries, please contact Ilana Verveen by email at bestmed-agm@bestmed.co.za, phone at 0860 002 378 (Monday to Friday: 08:00 – 16:00) or by post to PO Box 2297, Arcadia, Pretoria, 0001, South Africa. **Please RSVP for the 59th AGM by Tuesday, 13 June 2023.**

Personally Yours,



Leo Dlamini
Chief Executive Officer and Principal Officer

BESTMED MEDICAL SCHEME ANNUAL FINANCIAL STATEMENTS

Highlights for the year ended 31 December 2022

The 2022 results illustrate Bestmed Medical Scheme's ("the Scheme") unwavering commitment to ensuring that the best interests of its members are considered in maintaining a healthy financial position by delivering on its brand promise of being *Personally Yours*.

The following are key contributors to ensuring the financial sustainability of the Scheme:

- **Membership:** The Scheme's principal membership increased during the 2022 financial year, for a fourth consecutive year, and the Scheme ensured the sustainability thereof by maintaining the competitiveness of its benefit options and managing its service levels well.
- **Benefits and Limits:** The Scheme manages its costs prudently through benefit sub-limits, clinical protocols, designated service provider agreements and general financial processes. During 2022, the Scheme announced a competitive weighted average contribution increase in line with the trend of average contribution increases industry-wide returning to pre-pandemic levels due to higher claims ratios.
- **Managed Healthcare Services Providers:** The Scheme engages healthcare providers to assist in the management of Managed Healthcare programmes, which include disease management, network management, hospital benefit management, dental benefits management, HIV management and pharmaceutical benefit management. Each one of these programmes contributes extensively towards managing the risk of increased benefit utilisation and claim costs to the Scheme.
- **Risk Management:** The Scheme has an effective risk management process whereby risks are monitored and flagged, and the necessary corrective actions and/or mitigating controls are

implemented where risks have been identified. A reporting structure is in place to report any material risks to the Board of Trustees.

- **Investment Strategy:** The Scheme has an effective investment strategy that focuses on maximising returns, but also safeguarding capital.

The financial highlights for 2022 are as follows:

- **Net Healthcare Results:** -R173.7m (2021: R51.9m).
- **Non-healthcare Expenses as a percentage of Risk Contributions:** 8.66% (2021: 8.35%).
- **Investment Income:** R250.7m (2021: R294.3m)
- **Net Deficit:** -R3.4m (2022 Net Surplus: R288.9m)
- **Total Comprehensive Income:** R3.8m (2022: R357.8m)
- **Total Member Funds:** R3.47bn (2021: R3.4bn) with a solvency of 41.67% (2021: 45.68%), 16.67% above the statutory solvency requirement of 25%. The resultant average accumulated funds per average member as at 31 December was R30 244 (2021: R33 256).
- **Cash cover of Risk Benefits:** 7.8 months (2021: 8.7 months), which ensures that sufficient cash exists to cover unforeseen and extraordinary high-cost claims, such as the 2020 COVID-19 pandemic.