

Dear Valued Member,

We look forward to hosting you at Bestmed's 61st Annual General Meeting (AGM) on Thursday, 26 June 2025.

One of the agenda items to be presented at the upcoming AGM is trustee remuneration. In line with regulatory requirements, Bestmed must provide its members and the Council for Medical Schemes (CMS) with detailed information on the principles and structure of trustee remuneration ahead of the meeting. This ensures that members are equipped with the necessary context to make an informed decision when proposed amendments to the Board of Trustees Remuneration Policy are tabled and subjected to a vote at the AGM.

1. OVERVIEW

The Board of Trustees plays a critical role in the effective governance and strategic direction of medical schemes. Trustees are entrusted with fiduciary responsibilities that include ensuring financial sustainability, regulatory compliance, risk oversight and member advocacy. Their duties have become increasingly complex and demanding in light of heightened regulatory scrutiny, greater member expectations and evolving healthcare industry dynamics. In recognition of their vital contribution, it is imperative that trustee remuneration is appropriately benchmarked and adjusted annually to remain competitive within the broader industry landscape.

2. BESTMED'S BOARD OF TRUSTEES CONTRIBUTION TO SCHEME SUCCESS

2.1 Membership growth

Bestmed has demonstrated continuous membership growth over six consecutive years in an industry that has been stagnant in terms of growth. We are proud of this achievement which reflects the Scheme's stability and strong reputation in the market.

In addition to the membership growth, Bestmed's average age has been decreasing year-on-year, showing that the Scheme has been able to attract younger members.

2.2 Scheme's Good Governance and standing with the Council for Medical Schemes (CMS)

Bestmed is currently accredited with the CMS for both Administration and Managed Care without any conditions. This is testament to the good governance of the Scheme, which is overseen by the Board.

2.3 Bestmed's Financial Status

Although Covid-19 changed the industry and brought about challenges with exceptionally high utilisation post the pandemic, the Scheme's Board was challenged with tough decisions and was able to guide the Scheme to return to a positive Net Healthcare Result in 2024.

3. FEE ADJUSTMENT TRENDS AND COMPETITIVE POSITIONING

Aligning an annual increase with inflation is a common industry practice. However, this conservative approach, though fiscally prudent, limits Bestmed's ability to attract and retain experienced and capable trustees at a time when regulatory and operational demands on Boards are intensifying.

Furthermore, when benchmarking the trustee remuneration of all schemes using the CMS Financial Performance Industry Report, published on 21 May 2025 for the 2023 financial year, Bestmed shows the lowest average remuneration per trustee and the second lowest total remuneration.

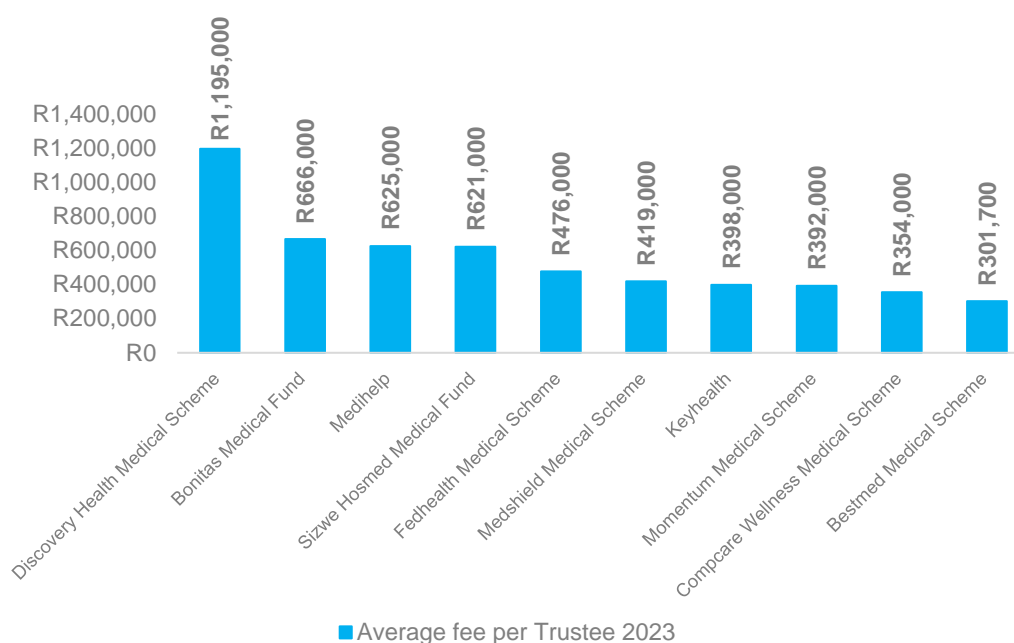


Figure 1: Average Trustee Remuneration in 2023

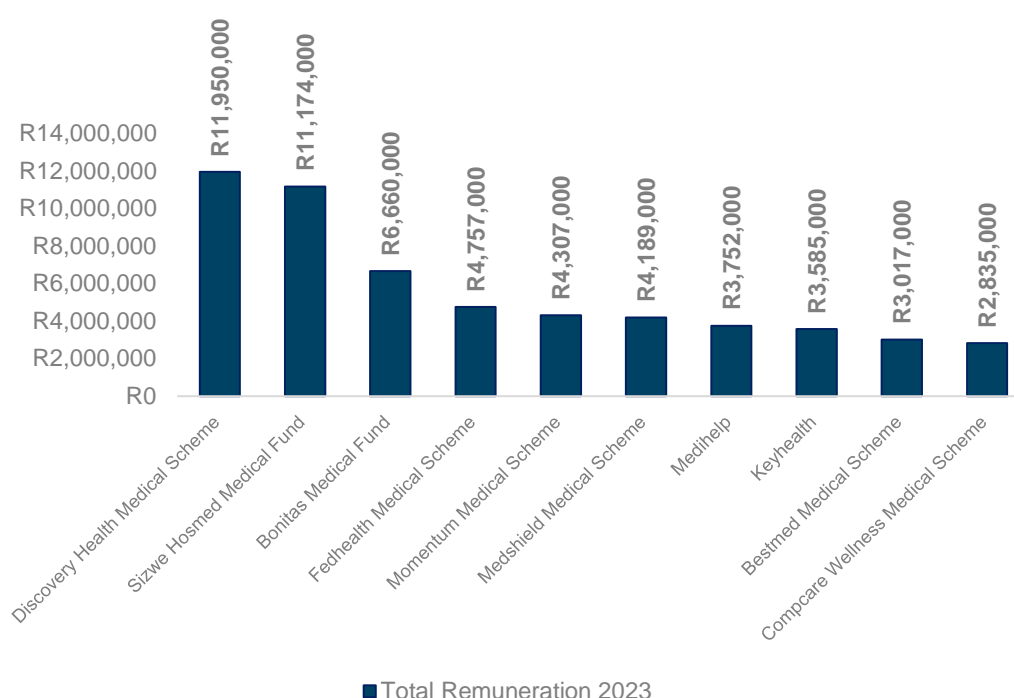


Figure 2: Total Trustee Remuneration in 2023

Under-compensation of the Board of Trustees poses a tangible risk to the Scheme's governance quality, as trustees are increasingly expected to provide strategic leadership, oversee complex compliance requirements and dedicate substantial time to their responsibilities.

A 7.5% increase for 2025/2026 is a measured and responsible step toward narrowing this disparity. It reflects a modest, yet necessary, progression toward market alignment, ensuring Bestmed can remain competitive in recruiting and retaining high-calibre trustees, while upholding its commitment to sound governance and long-term sustainability for its members.

The financial impact of the proposed increase of 7.5% is outlined in **Table 1** below. The table is extracted from **Annexure A** of the Bestmed Trustee Remuneration Policy (attached).

Table 1: Financial impact of the proposed 7.5% increase in trustee remuneration for 2025-2026

ACTIVITY	2024/2025	2025/2026
	Remuneration	Remuneration
		Proposed 7,50%

Fees payable on a per meeting attended.		
Preparation for and attendance of Board meetings	21,434	23,042
Preparation for and attendance of Board committee, sub-committee or task group meetings	12,814	13,775

Additional percentage payable to the chairperson or acting chairperson for the planning, preparation, chairing and minutes of a meeting	50%	50%
Additional percentage payable to the vice-chairperson for assisting the chairperson with the planning, preparation and general support for meetings	20%	20%
Additional fee for travelling more than 100 km to attend any meeting as a compensation for the additional time spent on Bestmed business	2,147	2,308

Fees payable on a per day attended basis

Preparation for and attendance of Board of Trustees Strategic Planning Session	24,650	26,499
External workshops and training events	Limited to cost of the external workshop and training event as well as accommodation costs, subject to approval of the chairperson and vice-chairperson of the Board	Limited to cost of the external workshop and training event as well as accommodation costs, subject to approval of the chairperson and vice-chairperson of the Board

Fees payable on an hourly basis

Attendance of special meetings of the board or Board committees with a limited agenda and a duration of not more than 2 hours	8,500	9,138
Attendance of the following pre-approved activities in the best interest of Bestmed (it specifically excludes meetings trustees might have in their individual capacity to prepare for meetings or develop insight in the business of the Scheme, including attendance of meetings on their own initiative) (maximum to not exceed 8 hours per day)		

committee meetings of which the trustee is not a standing member	4,251	4,570
meetings with senior management regarding Board and sub-committee matters in the execution of specifically assigned and minuted tasks		
meetings with the registrar's office, other medical schemes or service providers as part of a Bestmed delegation		
Annual General Meeting or special general meetings of Bestmed		
Internal training events/workshops		

Monthly Retainers		
Chairperson	5,950	6,396
Vice-chairperson	4,251	4,570

Thank you for taking the time to consider the information included in this document. We look forward to your attendance and participation in making the 2025 AGM a success.

Personally Yours,

Bestmed Medical Scheme