

Dear Valued Member,

We look forward to hosting you at Bestmed's 62nd Annual General Meeting (AGM) on Thursday, 25 June 2026.

One of the agenda items to be presented at the 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

Trustees of Bestmed Medical Scheme fulfil a critical fiduciary and governance function in terms of the Medical Schemes Act and oversight by the Council for Medical Schemes (CMS).

Their responsibilities include:

- protecting member funds and ensuring long-term financial sustainability of the Scheme.
- overseeing strategy, benefits design, and contribution setting.
- ensuring compliance with an increasingly complex regulatory environment.
- providing oversight of risk, audit, and governance frameworks.
- acting in the best interests of members at all times.

The role requires specialised expertise, independence and significant time commitment. Trustees carry personal accountability and are expected to make high-impact decisions in a highly regulated and evolving healthcare funding environment.

2. BESTMED BOARD OF TRUSTEES' CONTRIBUTION TO SCHEME SUCCESS

2.1 Membership growth

Bestmed has achieved sustained membership growth over seven consecutive years, despite operating in an industry that has largely remained stagnant. This performance reflects the Scheme's stability and the strength of its reputation in the industry.

In addition, the Scheme's average member age has been decreasing year on year, indicating a successful attraction of younger members and a positive shift in the overall risk profile.

2.2 Scheme's good governance and standing with the Council for Medical Schemes (CMS)

Bestmed is currently accredited by the CMS for both Administration and Managed Care, without any conditions. This serves as clear evidence of the Scheme's strong governance practices, underpinned by effective oversight from the Board.

2.3 Bestmed's financial status

Through exceptional management, the Scheme achieved a positive net healthcare result in 2025 and was able to apply one of the lowest annual increases in the industry for 2026, while still increasing benefits.

3. FEE ADJUSTMENT TRENDS AND COMPETITIVE POSITIONING

Bestmed operates within the same regulatory and fiduciary framework as all open schemes, with trustees carrying equivalent statutory responsibilities. However, despite this comparable governance accountability, Bestmed's average trustee remuneration remains below that of similarly sized open medical schemes.

It should be noted that the CMS reports Bestmed's average annual remuneration per trustee as R342 000, based on a calculation using 12 trustees. However, adjusting for the actual number of 10 active trustees during the year – taking into account that two trustees exited and were replaced – results in a revised average of approximately R411 000 per trustee.

Bestmed has the second lowest average remuneration per trustee and falls within the bottom half of total remuneration across similarly sized open medical schemes.

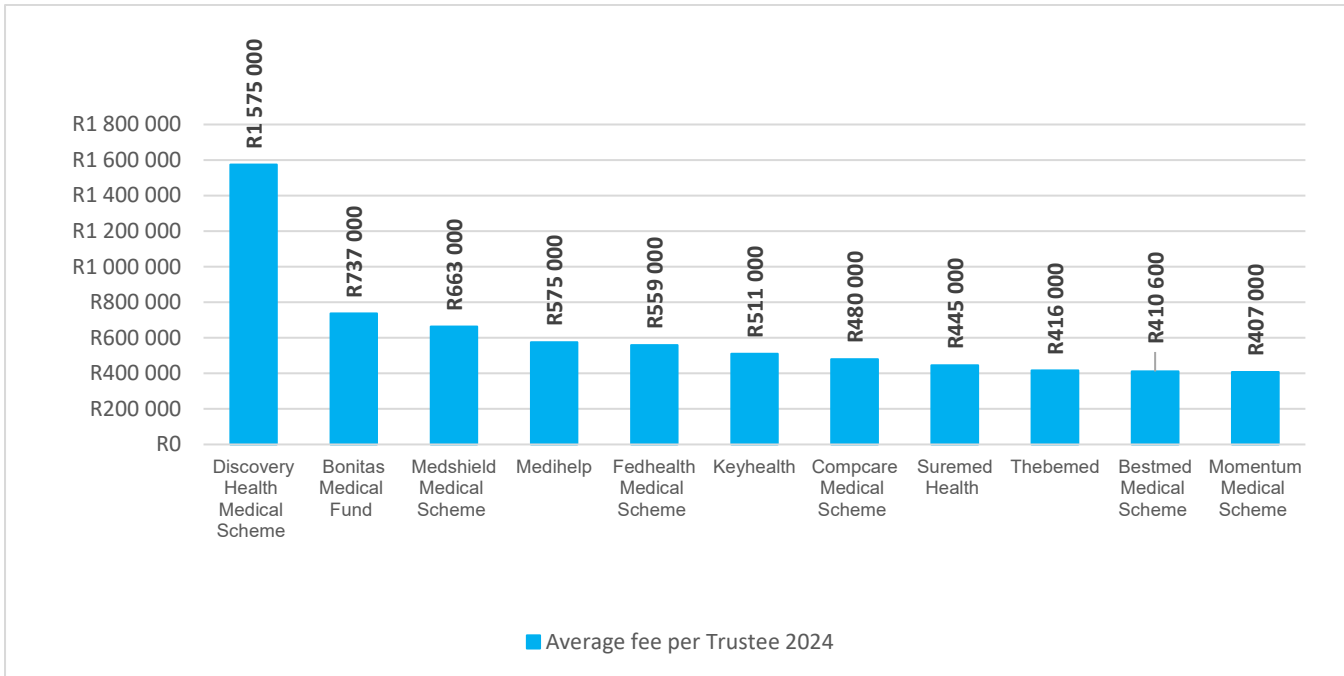


Figure 1: Average trustee remuneration in 2024

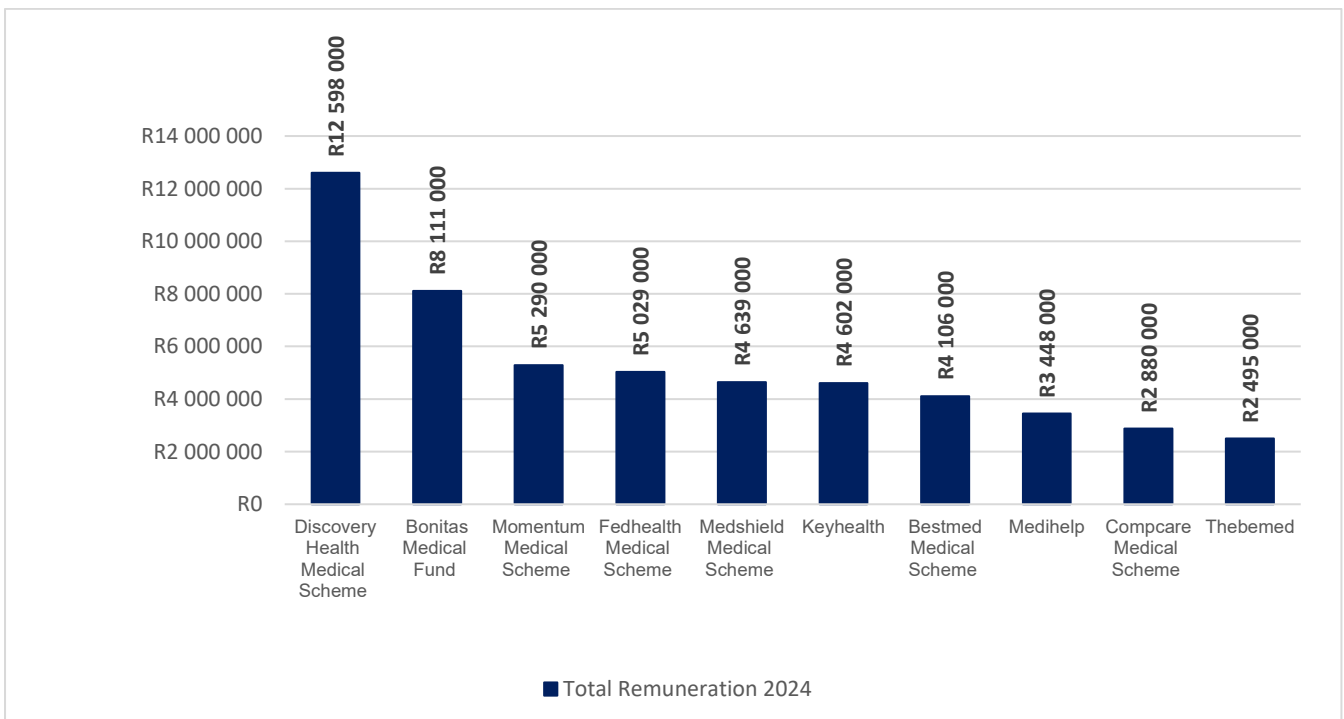


Figure 2: Total trustee remuneration in 2024

Therefore, below-market remuneration presents a potential risk to the attraction and retention of suitably qualified, independent trustees, as well as the continuity of institutional knowledge.

In this context, an adjustment to trustee remuneration is warranted to address the current market positioning gap progressively, ensure fair recognition of trustee responsibilities, and align remuneration with increasing regulatory demands and time commitments. This will support the continued strength, credibility, and effectiveness of the Scheme’s governance framework relative to its peers.

A 6.8% increase for 2026/2027, aligned with the annual contribution adjustment applied for 2026, represents a balanced and responsible step toward reducing this disparity. It signals a measured, yet necessary, move toward market alignment, enabling Bestmed to remain competitive in attracting and retaining high-calibre trustees, while continuing to uphold strong governance and long-term sustainability for its members.

The financial impact of the proposed increase of 6.8% 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 6.8% increase in trustee remuneration for 2026-2027

ACTIVITY	2025/2026 Remuneration	2026/2027 Remuneration Proposed 6.80%
Fees payable on a per meeting attended basis		
Preparation for and attendance of Board meetings	23 042	24 609
Preparation for and attendance of Board committee, sub-committee or task group meetings	13 775	14 712
Additional percentage payable to the chairperson or acting chairperson for the	50%	50%

ACTIVITY	2025/2026 Remuneration	2026/2027 Remuneration Proposed 6.80%
planning, preparation, chairing and minutes of a meeting		
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	2 308	2 465
Fees payable on a per day attended basis		
Preparation for and attendance of Board of Trustees Strategic Planning Session	26 499	28 301
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	9 138	9 759

ACTIVITY	2025/2026 Remuneration	2026/2027 Remuneration Proposed 6.80%
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 not to exceed 8 hours per day)	4 570	4 881
Committee meetings of which the trustee is not a standing member		
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	6 396	6 831
Vice-chairperson	4 570	4 881

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 2026 AGM a success.