

**PICK N PAY MEDICAL SCHEME  
CHAIRPERSON'S REPORT  
for the year ended 31 December 2025**

---

As Chairperson of the Board of Trustees, I have pleasure in presenting my report for the year ended 31 December 2025.

It remains the Board of Trustees' priority to ensure that, whilst continuing to provide our members with a comprehensive and competitive benefit offering, the Scheme remains financially viable, thereby ensuring its long-term sustainability. Pick n Pay Medical Scheme remains committed to ensuring that its contributions are competitive, without compromising on the quality of care that you and your families receive.

The various Sub-Committees, which include Risk and Audit, Investment, Clinical and Ex Gratia, have continued to provide expert insight and guidance on the issues relating to the running of the Scheme, whilst holding the best interests of the members at heart.

The Scheme remains financially sound with a reserve ratio of 143.3% as at 31 December 2025. These reserves are well in excess of the legislated targets, but appropriate for the long-term sustainability of our Scheme.

Legislative developments are continuously and closely monitored with the aim of pre-empting and minimising the impact on the Scheme.

**Financial performance**

During 2025 the Scheme paid out R261,191,617 in claims and claims-related expenses. The Trustees, as well as the Administrator and Actuaries, continue to keep a close eye on claims expenditure.

The reserve ratio of 143.3% remains higher than the requirement of the Council for Medical Schemes (CMS), but can be attributed mainly to the surprisingly good claims experience at the end of 2025, as well as the excellent return on investments.

Including investment returns during the year, the Scheme made a net profit of R129,5 million for the year ended 31 December 2025. The Scheme remains financially sound and is able to meet its commitments in terms of the payment of claims.

**Investments**

Detailed information regarding the Scheme's investment performance for 2025 is provided in your Annual General Meeting (AGM) pack. We would, however, like to remind you of the following at this point:

- In managing the Scheme's investments, the Board of Trustees has an Investment Committee constituted of five suitably qualified individuals. The Committee is assisted by representatives from the Scheme's Administrator, our Actuarial Consultants and Willis Towers Watson, the Scheme's Investment Consultants. The actions of the Committee are governed by the Investment Committee Charter and the Statement of Investment Principles (SIP) and any changes to these two documents require approval from the Board of Trustees.
- The SIP outlines rules regarding what the Scheme can and cannot invest in, including asset classes, amongst others. In addition to the SIP, the Scheme's investments are governed by Regulation B of the Medical Schemes Act of 1998 that details specific limitations on certain asset classes.
- The Scheme's investment strategy is to maximise the return on its investments on a long-term basis at an appropriate level of risk. The investment strategy takes into consideration constraints imposed both by legislation and by the Board of Trustees. This policy is reviewed annually, taking cognisance of compliance with the Act, the risk returns of the various investment instruments and available surplus funds that ideally should be invested elsewhere so as to maximise the investment return.

*Continued overleaf*

**PICK N PAY MEDICAL SCHEME  
CHAIRPERSON'S REPORT  
for the year ended 31 December 2025 (continued)**

---

**Membership**

Membership of the Scheme has decreased by eight principal members during 2025. The average age of beneficiaries increased to 32.1 and the pensioner ratio increased to 5.4%.

**Contribution increases**

Benefit and contribution design takes place during the month of August each year to ensure the rule amendments are submitted to CMS in line with the legislative deadline of 30 September. At the time of benefit design, the long-term financial projections of Pick n Pay Medical Scheme were not favourable. It was evident at the time that the majority of members needed financial relief. It was noted that a 0% contribution increase was required to assist Pick n Pay employees in 2026.

The Board of Trustees approved a 0% contribution increase for Pick n Pay Medical Scheme for 2026, which was met with much gratitude by the majority of Pick n Pay Medical Scheme members.

**Benefit changes**

In order to facilitate the 0% contribution increase, the Trustees had no option at the time but to reduce benefits for 2026. The Medical Spending Account (MSA) allocation was therefore reduced from 20% to 15% for 2026 and the insured conservative dentistry benefit of R2,900 per family was removed. A sub-limit was also implemented on over-the-counter (OTC) medication in an effort to assist members with the management of the reduced MSA allocation.

Six months later, due to the exceptional return on investments, the Scheme was able to make the decision to remove the OTC sub-limits with effect from 1 April 2026 and to re-implement the insured conservative dentistry benefit of R2,900 per family. Members who had already had conservative dentistry claims paid from their MSAs between 1 January and 31 March, had the claims reallocated to the insured conservative dentistry benefit.

Benefit design is never an easy task, as each medical scheme beneficiary has their individual medical needs. It is not possible to provide benefits to suit each individual's personal needs. The Board must make decisions for the Scheme's membership as a whole and still ensure that the Scheme remains financially stable.

We would like to assure you that our members' interests are always top priority during the benefit design process.

**A moment of appreciation**

On behalf of the Pick n Pay Medical Scheme, I would like to thank the following people/organisations:

- Ms Dawn Theron, our Principal Officer;
- our colleagues on the Board of Trustees and the various Sub-Committees for their commitment and leadership;
- the management and staff at Momentum Health for the efficient manner in which they managed the day-to-day affairs of the Scheme;
- the management and staff of our managed care provider, ER24 Emergency Medical Services, for the efficient manner in which they managed the ambulatory services;
- the management and staff of our value-added services partners – Ambledown Gap Cover, HealthSaver and Multiply – for the efficient manner in which they managed the additional products offered to our members;
- our Medical Advisor, Dr Martin Bailey, for his continued dedication and commitment to the Scheme;
- our Actuarial Consultants, NMG Consultants and Actuaries, for their invaluable contributions throughout the year;
- Willis Towers Watson for their assistance and guidance in managing our investments;
- the External Auditor, BDO South Africa Incorporated, for the manner in which they conducted their audit;
- the Registrar for Medical Schemes and his staff for their assistance during the year;

**PICK N PAY MEDICAL SCHEME  
CHAIRPERSON'S REPORT  
for the year ended 31 December 2025 (continued)**

---

**A moment of appreciation (continued)**

- all other service providers; and
- our members for their continued efforts in proactively managing their health and wellness, thereby ensuring the wellbeing of the Pick n Pay Medical Scheme.



**HELEN DE LIGHT  
CHAIRPERSON**