

Annual Integrated Report 2024





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1. Reading this report



Reporting suite

Integrated Report (IR) 	The IR provides information on our internal and external operating environment, strategy, risks and opportunities, performance, governance and prospects. Financial and non-financial information is provided and explained. To meet stakeholder information needs holistically, the report includes information on material financial, healthcare, and environmental, social and governance (ESG) performance objectives and outcomes, demonstrating outcomes in respect of all six capitals. The IR includes the annual Board report issued to members under the registered Rules of GEMS and Council for Medical Schemes (CMS) requirements. The Board report includes information that must be disclosed by the Board of Trustees (governance and remuneration report, page 130, and an extract from the 2024 annual financial statements, page 118)
Annual Financial Statements (AFS) 	Our AFS discloses our financial performance, including a statement of financial position, statement of profit or loss and other comprehensive income and a statement of cash flows.
Annual General Meeting (AGM) pack 	The AGM pack provides the information set out under the registered Rules of GEMS and CMS requirements. It includes the draft agenda for the upcoming AGM and the rules governing the agenda-setting process. This includes the timeframe for agenda item submission and the minutes of the AGM held on 31 July 2024. The AGM pack is accessible to registered members only.

The full suite of reports is distributed electronically to members. Where members have opted out of electronic communication, an abridged version is printed and posted with the AGM meeting pack.

Reporting scope and boundary

This IR is addressed to the members of the Government Employees Medical Scheme (GEMS), the Minister for the Public Service and Administration (MPSA) and the internal and external stakeholders of GEMS.

It covers the GEMS financial year from 1 January 2024 to 31 December 2024. The Scheme's last published IR was the 2023 annual integrated report of October 2024, which is available on the Scheme's website at www.gems.gov.za.

Navigating this report

CAPITALS

-  Financial capital
-  Intellectual capital
-  Human capital
-  Social and relationship capital
-  Manufactured capital
-  Natural capital

MATERIAL MATTERS

-  Member-centricity
-  Organisational culture
-  Strategic partnerships and collaboration
-  Strategic stakeholder management
-  Financial sustainability
-  Technology and innovation
-  Operating model efficiency
-  Scenario planning
-  Brand positioning
-  Burden of disease

KEY STAKEHOLDERS

-  Members and registered dependants
-  Employees
-  Government represented by the MPSA
-  The Public Sector Coordinating Bargaining Council (PSCBC) and trade unions
-  Healthcare providers and their associations
-  Providers of professional operational services, service provider network (SPN), actuaries and other professional service providers
-  Applicable regulators and supervisory bodies
-  Communities affected by broad-based black economic empowerment (BBBEE), other ESG activities and information put out by GEMS
-  Medical schemes industry through the Board of Healthcare Funders (BHF)

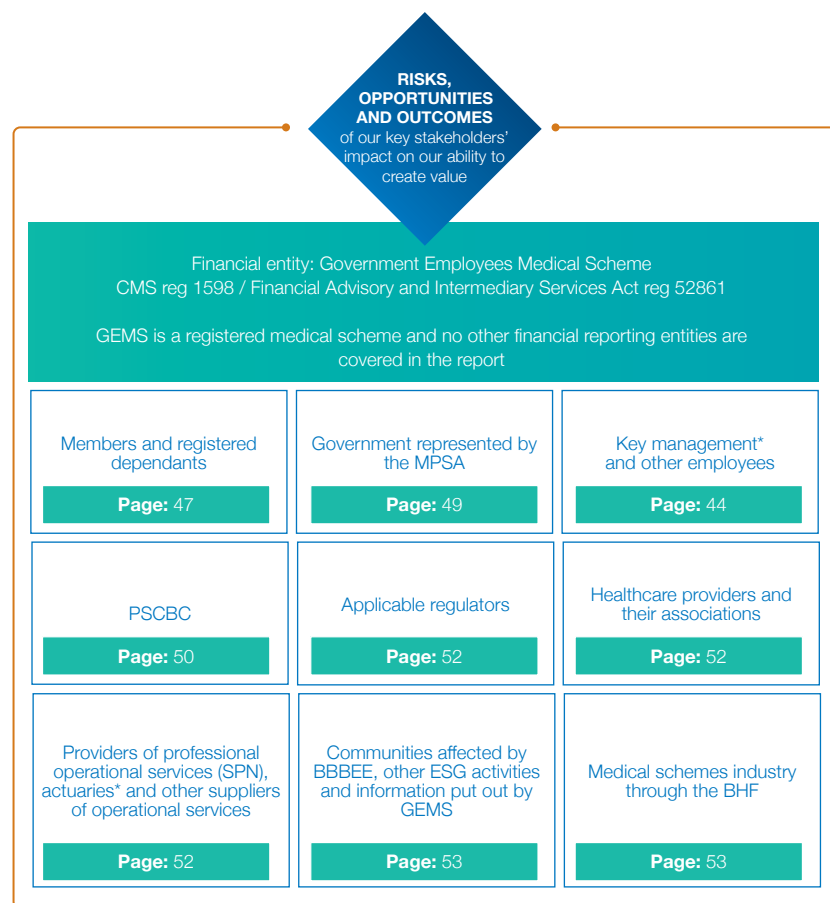
STRATEGIC OBJECTIVES

- Strategic Objective 1:**
Be an organisation that is effective in communication and decision-making, responsive to its changing environment and strives to create value for its key stakeholders.
- Strategic Objective 2:**
Maintain the Scheme's financial strength while driving transformation and sustainability through the optimisation of natural, social and relationship, intellectual, human, and operational capitals.
- Strategic Objective 3:**
Support the progressive realisation of UHC through solutions such as the NHI, strategic purchasing, insourcing of capabilities and other key elements of integrated and coordinated care.
- Strategic Objective 4:**
Be an agile, data-driven scheme that leverages research, information, technology and platforms to manage risk, create disruptive innovations and contribute to clinically appropriate, socially responsible and cost-effective interventions to improve member health.
- Strategic Objective 5:**
Retain and grow membership through organic and inorganic streams.
- Strategic Objective 6:**
Be a good corporate citizen, prevent or reduce negative impacts on the environment and function as an ethical, caring, innovative leader in the South African healthcare sector.

STRATEGIC RISKS

- Strategic Risk 1:**
Unable to secure a competitive advantage across broad-based black economic empowerment (BBBEE) scenarios
- Strategic Risk 2:**
Inadequate stakeholder inclusivity to realise Scheme strategic competitive advantage
- Strategic Risk 3:**
Inadequate strategic coverage and growth
- Strategic Risk 4:**
Ineffective operating model and capabilities for the Scheme strategic future
- Strategic Risk 5:**
Inadequate alignment of Scheme culture to the strategic future
- Strategic Risk 6:**
Negative aggregate impact of Scheme strategy on financial sustainability
- Strategic Risk 7:**
Inadequate business resilience

Figure 1 Reporting boundary



**Related parties for financial reporting*

There were no significant changes during the reporting period in the size, structure, boundaries or GEMS supply chain. The procurement process that led to contracts with all but one of the current providers of core operational services was finalised in 2022 and new provider contracts started on 1 January 2023. Significant contracts for operational services are concluded for contract periods of three to five years.

The time periods referred to in the report are:

Short term	1-5 years
Medium term	5-10 years
Long term	10+ years

Restatement of information reported in the 2023 Annual Integrated Report:

No material restatement of the disclosures in previous reports is contained in this report.

External assurance: Non-financial audit

A limited assurance engagement was conducted on selected key performance indicators (KPIs), (page 87) for the year ended 31 December 2024, and its outcome is presented on page 174. A summary of the findings appears on page 174, with the assurance opinion available as Appendix 1 to this report.

Reporting framework

Reporting follows the GEMS Integrated Reporting Policy, which requires adherence to the Integrated Reporting Framework¹, the Medical Schemes Act (MSA), the registered Rules of GEMS, the South African Institute of Chartered Accountants (SAICA) Accounting Guidelines for Medical Schemes and the King IV Report on Corporate Governance for South Africa 2016 (King IV). The information papers issued by the Integrated Reporting Committee of South Africa provide important guidance and we continuously align our reporting to these.

Our commitment to integrated reporting

Supported by the Audit Committee, the Board of Trustees acknowledges our responsibility for the integrity of the annual integrated report.

The Board approved the GEMS Integrated Reporting Policy, which is applied by management in developing the IR.

The Board approved the GEMS statement of value creation, preservation and erosion and the prioritised material matters that formed the basis in developing the 2024 annual integrated report on recommendation of the Audit Committee.

This report is presented in accordance with the IR Framework.

The Board applied its collective mind to the report's preparation and presentation and approved the report on 24 April 2025.

- Dr Nomzamo Tutu (Chairperson)
- Siyabulela Thomas Tsengiwe (Deputy Chairperson)
- Nkobane Constance Ntshane
- Dr Izak Jacobus van Zyl
- Dr Johannes Frederik Smit
- Pierre Francois de Villiers
- Lebohang Precious Khumalo
- Dr Hendrik Pieter Punt
- Alvin Phumudzo Rapea
- Neville Pulane Ndumo
- Adv Sibongile Sigodi
- Dr Mpho Mashoto Johannes Rabada

¹ International Financial Reporting Standards (IFRS) Foundation Integrated Reporting Framework, 2021

Reporting materiality

Material matters are issues that substantively affect, or have the potential to affect, the GEMS strategy, governance practices, performance and prospects over the short, medium and long-term. The standard process followed by GEMS to identify, evaluate and prioritise material matters is demonstrated on page 174.

Table 1: Material matters prioritised for reporting in line with our materiality determination process:

Material matter	Our reporting on the matter	Relevant capitals for GEMS	Section of the report
MM 01 Member-centricity: Our members-first agenda means that member interests are at the core of the GEMS business	- The value we seek to create for members - The 2024 member satisfaction survey outcome at end-2024, contribution increases for 2025, contribution savings on the Emerald Value option (EVO) and our non-healthcare costs for 2024 - How we understood and responded to member needs, interests and expectations in 2024 - Our strategic focus on innovation - Inadequate strategic coverage and growth - Our performance against Be an organisation that is effective in communication and decision-making, responsive to its changing environment, and that strives to create value for its key stakeholders, and Retain and grow membership through organic and inorganic streams	 	Our business model, page 42 Management of key relationships, page 46 Strategy and resource allocation, page 68 Managing risks and opportunities, page 74 Principal Officer's overview of performance, page 88

Material matter	Our reporting on the matter	Relevant capitals for GEMS	Section of the report
MM 02 Organisational culture: We seek the alignment of GEMS employees to the GEMS values and reward their loyalty and motivation for implementing the GEMS strategy	- The value that we seek to create for employees - Our top employer certification, investment in building human capital and other business model outcomes - How we understood and responded to employee needs, interests and expectations in 2024 - Inadequate alignment of Scheme culture to strategic future - Our performance against Maintain the Scheme's financial strength while striving for transformation and sustainability through optimisation of the natural, social and relationship, intellectual, human, and operational capitals - Governance and management of ethics - Employee engagement in our 2024 innovation project - How we incentivise demonstrated alignment to building an appropriate GEMS organisational culture	 	Business model outcomes, page 42 and Principal Officer's report on performance, page 88 Management of key relationships, page 46 Managing risks and opportunities, page 74 Principal Officer's overview of performance, page 88 Governance report (ethics), page 153 Strategy and resource allocation, page 68 Remuneration report, page 162
MM 03 Strategic partnerships and collaboration: GEMS partnering in and beyond the health ecosystem for value creation over the medium and long term, including for the ongoing achievement of real BBBEE	- The value that we seek to create for stakeholders in government - How we responded to the needs, interests and expectations of stakeholders in government - Our strategic approaches to NHI implementation scenarios - Our revised insourcing strategy and key Board decision in 2024 - Inadequate stakeholder inclusivity to realise the Scheme's strategic competitive advantage	 	Business model outcomes, page 42 Management of key relationships, page 46 Strategy and resource allocation, page 68 Managing risks and opportunities, page 74

Material matter	Our reporting on the matter	Relevant capitals for GEMS	Section of the report
MM 04 Strategic stakeholder management: Building the GEMS capability to achieve stakeholder inclusiveness as stakeholders are regarded as having intrinsic value for decision-making in the best interests of GEMS	02 Inadequate stakeholder inclusivity to realise the Scheme's strategic competitive advantage - The status of our stakeholder relationships - Our arrangements for managing and governing stakeholder management	 	Managing risks and opportunities, page 74 Management of key relationships, page 46 Governance report (stakeholder management), page 161
MM 05 Financial sustainability: Optimising the use of the GEMS pool of funds and exploring new sources of funding over the long term	- Our national scale financial strength rating of AA+(za) - Our stakeholders' needs, interests and expectations for financial strength 06 Negative aggregate impact of the Scheme's strategy on financial sustainability - Financial performance for 2024 - Performance outlook	 	Chairperson's message, page 32 Business model, page 42 Managing risks and opportunities, page 74 Principal Officer's overview of performance, page 88, and annual financial statements 2024, page 120
MM 06 Technology and innovation: Setting up the infrastructure, systems, software and analytical capabilities to support the implementation of the GEMS strategy	- Our investment in intellectual capital and outcomes - How information and communications technology (ICT) infrastructure and optimisation support the achievement of our medium- and long-term strategy 04 Ineffective operating model and capabilities for the Scheme's strategic future and Inadequate business resilience 07 - Our performance against 04 Be an agile, data-driven scheme - Our arrangements for managing and governing information and technology		Business model, page 42 Strategy and resource allocation, page 68 Managing risks and opportunities, page 74 Principal Officer's overview of performance, page 88 Governance report (information and technology), page 152

Material matter	Our reporting on the matter	Relevant capitals for GEMS	Section of the report
MM 07 Operating model efficiency: GEMS is transitioning to a streamlined integrated service delivery model to achieve better outcomes	- Our business activities and outsourced member services 04 Ineffective operating model and capabilities for the Scheme's strategic future - Our Board's decision to revise the insourcing programme - Performance against 04 Be an agile, data-driven scheme that leverages research, information, technology and platforms to manage risk, create disruptive innovations and contribute to clinically appropriate, socially responsible and cost-effective interventions to improve member health	   	Organisational overview, page 23 Managing risks and opportunities, page 74 Strategy and resource allocation, page 68 Governance report (key board focuses), page 136 Principal Officer's overview of performance, page 88
MM 08 Scenario planning: Holistically assessing external factors such as NHI implementation scenarios that may affect the Scheme's ability to create value in the short-, medium- and long term	01 Unable to secure a competitive advantage across NHI scenarios - Our strategic framework and identified NHI implementation scenarios	 	Chairperson's message, page 32 Managing risks and opportunities, page 74 Strategy and resource allocation, page 68

Material matter	Our reporting on the matter	Relevant capitals for GEMS	Section of the report
MM 09 Brand positioning: Improving the GEMS brand visibility by positive contribution to members, stakeholders and society and as an indispensable partner to government and others	- What sets GEMS apart from the medical schemes industry - The value we seek to create for stakeholders - How we understand and respond to stakeholder needs, interests and expectations - Our corporate citizenship activities in 2024 - Inadequate stakeholder inclusivity to realise the Scheme's strategic competitive advantage and : Inadequate strategic coverage and growth - Our 2024 healthcare provider survey outcome - Performance against Be a good corporate citizen, prevent or reduce negative impacts on the environment and function as an ethical, caring and innovative organisation in the South African healthcare sector	 	Organisational overview, pages 20 and 21 Managing risks and opportunities, page 74 Business model, page 42 Management of key relationships, page 46 Corporate citizenship, page 56 Strategy and resource allocation, page 68 Principal Officer's overview of performance, page 88
MM 10 Burden of disease: Managing and measuring disease burden through business activities such as active disease management and product development to mitigate its impact on beneficiaries and on sustainability	- Our increasing claims experience, claims costs and healthcare needs of members - Claims management programme savings and healthcare management outcomes - Our strategy for achieving healthcare quality outcomes - Negative aggregate impact of Scheme strategy on financial sustainability - Performance against Maintain the Scheme's position of financial strength while striving for transformation and sustainability through the optimisation of natural, social and relationship, intellectual, human, and operational capitals. Applicable KPI performance information - Performance outlook - Our main claims trends in 2024	 	Chairperson's message, page 32 Business model, page 42 Strategy and resource allocation, page 68 Managing risks and opportunities, page 74 Principal Officer's overview of performance, page 88

Report feedback and questions

- General member questions: Call centre: 0800 004 367.
- AGM-related questions: enquiries@gems.gov.za for the attention of Pierre Roux.
- Stakeholder questions: david@gems.gov.za for the attention of David Makgalo.
- Media questions: media@gems.gov.za for the attention of Munene Khoza.



2. GEMS in 2024

This overview provides important information on our key business indicators, purpose, vision, mission and values. We cover our products (and how they compare in the market), services, business activities, organisational structure and operating circumstances in 2024.

GEMS is a medical scheme, registered in terms of the Medical Schemes Act, No 131 of 1998. It is South Africa's largest restricted membership medical scheme, holding 51% of the restricted scheme market share, and the second largest scheme in the overall market.

A SNAPSHOT OF OUR KEY BUSINESS INDICATORS

*Access is expressed in terms of geographical coverage and/or cost coverage. Geographical coverage measures the % of members within a specified distance from a network provider. Cost coverage measures the Scheme's spending on a network category compared to overall spend on that category.

PROVIDER (HEALTHCARE) LIAISON OFFICERS:

3 800
healthcare providers
visited nationally

CONTRIBUTION INCOME:
R57 939 585 137
(2023: R51 312 492 442)

INSURANCE
SERVICE EXPENSE:
R63 491 316 309
(2023: R54 270 278 703)

GEMS EMPLOYEES:
464
(SPN and other contractors
excluded)
(2023: 441)

PRINCIPAL MEMBERS:
880 563
(2023: 844 791)

NON-HEALTHCARE
COSTS:
5.59%
(2023: 5.68%)

REGISTERED
DEPENDANTS:
1 513 491
(2023: 1 429 880)

CLIENT LIAISON
OFFICERS:
100 300
members served nationally

TOTAL LIVES COVERED:
2 394 054
(2023: 2 274 672)

RESERVE RATIO:
31.14%
(2023: 42.41%)

Our healthcare networks
have been developed over
time to meet criteria of
cost efficiency, beneficiary
access* and quality of care.
At the end of 2024 the
networks consisted of:

PHARMACIES:
2 947
(geographic
coverage 91.39%)
(2023: 2 874
with geographic
coverage of 91.1%)
Geographic
coverage = % of
members within
10km of a network
pharmacy

OPTICAL:
4 068
optometrists (geographic
coverage of 89.90% and cost
coverage of 99.90%)

DENTAL:
3 374
dentists (geographic coverage
91.90% and cost coverage of
99.91%) (2023: 3 335 dentists
with geographic coverage
of 96.7% and cost
coverage of
99.97%)

HOSPITALS:
444
facilities
(2023: 431)

CHRONIC
BACK AND NECK
REHABILITATION
NETWORK:
131
facilities across all
nine provinces

GENERAL
PRACTITIONER:
8 072
(geographic coverage 96%)
(2023: 7 729 with geographic
coverage
of 96.7%)

SPECIALISTS:
4 776
specialists across six
disciplines
(2023: 4 410 specialists
across six disciplines)

RENAL DIALYSIS
(CLINICAL
TECHNOLOGY):
127
(geographic
coverage 96.5%)
(2023: 121 with
geographic coverage
= 96.2%)
Geographic coverage
= % of members
within 50km of a
renal dialysis network
provider)

EMERGENCY MEDICAL
SERVICES:
215
providers (geographic
coverage of 83.45% and cost
coverage of 90.36%)
(2023: 193 providers with
a geographic coverage of
70.40% and cost coverage of
88.29%)

The GEMS purpose, vision, mission and values:



Our member product offering

GEMS offers five main benefit options and one efficiency-discounted option based on the Emerald option. Our benefit option design process is a key business activity and is a value driver aligned to our strategy.

The benefit options were designed using a rigorous analytical approach considering CMS requirements, member affordability, our strategic direction, stakeholder engagement inputs and results, and benefit design assessment.

Table 2: Our benefit options summarised

Option	Short description				
Tanzanite One 	Developed with the PSCBC, this entry-level option provides members with comprehensive benefits, including access to both private and public hospital facilities, subject to a designated hospital network and specific care coordination requirements including family practitioner nomination and specialist referrals. It covers out-of-hospital services such as consultations with general practitioners, dental and optometry services, maternity care at private facilities and in-hospital treatment at the GEMS designated hospital network consisting of public and private hospitals. <table> <tr> <td>Average family* contribution after subsidy for 2024</td><td>R142 (2023: R115)</td></tr> <tr> <td>% of GEMS beneficiaries at 31 December 2024</td><td>26.5% of beneficiaries were enrolled on this option (2023: 22.8%)</td></tr> </table>	Average family* contribution after subsidy for 2024	R142 (2023: R115)	% of GEMS beneficiaries at 31 December 2024	26.5% of beneficiaries were enrolled on this option (2023: 22.8%)
Average family* contribution after subsidy for 2024	R142 (2023: R115)				
% of GEMS beneficiaries at 31 December 2024	26.5% of beneficiaries were enrolled on this option (2023: 22.8%)				
Beryl 	A highly affordable entry-level option that provides comprehensive out-of-hospital benefits through a network of primary healthcare providers, along with in-hospital coverage at both public and private hospitals. <table> <tr> <td>Average family* contribution after subsidy for 2024</td><td>R1 162 (2023: R1 024)</td></tr> <tr> <td>% of GEMS beneficiaries at 31 December 2024</td><td>10.9% of GEMS beneficiaries were enrolled on this option (2023: 9.6%)</td></tr> </table>	Average family* contribution after subsidy for 2024	R1 162 (2023: R1 024)	% of GEMS beneficiaries at 31 December 2024	10.9% of GEMS beneficiaries were enrolled on this option (2023: 9.6%)
Average family* contribution after subsidy for 2024	R1 162 (2023: R1 024)				
% of GEMS beneficiaries at 31 December 2024	10.9% of GEMS beneficiaries were enrolled on this option (2023: 9.6%)				
Ruby 	This option provides comprehensive in- and out-of-hospital benefits through a personal medical savings account, a hospital benefit and a block benefit. <table> <tr> <td>Average family* contribution after subsidy for 2024</td><td>R2 394 (2023: R2 043), with 20% allocated to the personal medical savings account</td></tr> <tr> <td>% of GEMS beneficiaries at 31 December 2024</td><td>14.0% of beneficiaries were enrolled on this option (2023: 14.8%)</td></tr> </table>	Average family* contribution after subsidy for 2024	R2 394 (2023: R2 043), with 20% allocated to the personal medical savings account	% of GEMS beneficiaries at 31 December 2024	14.0% of beneficiaries were enrolled on this option (2023: 14.8%)
Average family* contribution after subsidy for 2024	R2 394 (2023: R2 043), with 20% allocated to the personal medical savings account				
% of GEMS beneficiaries at 31 December 2024	14.0% of beneficiaries were enrolled on this option (2023: 14.8%)				
Emerald 	This higher-end option provides comprehensive coverage with access to care at the member's chosen provider, subject to benefits and Scheme Rules. <table> <tr> <td>Average family* contribution after subsidy for 2024</td><td>R3 147 (2023: R2 739)</td></tr> <tr> <td>% of GEMS beneficiaries at 31 December 2024</td><td>31.0% of beneficiaries were enrolled on this option (2023: 36.2%)</td></tr> </table>	Average family* contribution after subsidy for 2024	R3 147 (2023: R2 739)	% of GEMS beneficiaries at 31 December 2024	31.0% of beneficiaries were enrolled on this option (2023: 36.2%)
Average family* contribution after subsidy for 2024	R3 147 (2023: R2 739)				
% of GEMS beneficiaries at 31 December 2024	31.0% of beneficiaries were enrolled on this option (2023: 36.2%)				
Emerald Value 	This is an efficiency-discounted sub-option of Emerald offering reduced membership fees for members who comply with care coordination requirements, including family practitioner nomination and specialist referrals, while utilising the Scheme's designated hospital network. <table> <tr> <td>Average family* contribution after subsidy for 2024</td><td>R2 324 (2023: R1 983)</td></tr> <tr> <td>% of GEMS beneficiaries at 31 December 2024</td><td>16.6% of beneficiaries were enrolled on this option (2023: 15.2%)</td></tr> </table>	Average family* contribution after subsidy for 2024	R2 324 (2023: R1 983)	% of GEMS beneficiaries at 31 December 2024	16.6% of beneficiaries were enrolled on this option (2023: 15.2%)
Average family* contribution after subsidy for 2024	R2 324 (2023: R1 983)				
% of GEMS beneficiaries at 31 December 2024	16.6% of beneficiaries were enrolled on this option (2023: 15.2%)				
Onyx 	This is a premium benefit option that provides extensive coverage, with day-to-day benefits funded from rich risk benefits and no network restrictions. <table> <tr> <td>Average family* contribution after subsidy for 2024</td><td>R4 571 (2023: R4 099)</td></tr> <tr> <td>% of GEMS beneficiaries at 31 December 2024</td><td>1.05% of beneficiaries were enrolled on this option (2023: 1.2%)</td></tr> </table>	Average family* contribution after subsidy for 2024	R4 571 (2023: R4 099)	% of GEMS beneficiaries at 31 December 2024	1.05% of beneficiaries were enrolled on this option (2023: 1.2%)
Average family* contribution after subsidy for 2024	R4 571 (2023: R4 099)				
% of GEMS beneficiaries at 31 December 2024	1.05% of beneficiaries were enrolled on this option (2023: 1.2%)				

(*) In this context, a family is defined as a member, an adult dependant and a child dependant

A medical scheme of choice:

How our options compare on member value offering for each Rand spent on contributions:

We use our size and reach to negotiate competitive rates with service providers and healthcare providers. An annual analysis is conducted of the benefit options available in the market, particularly those that are compatible with the GEMS options.

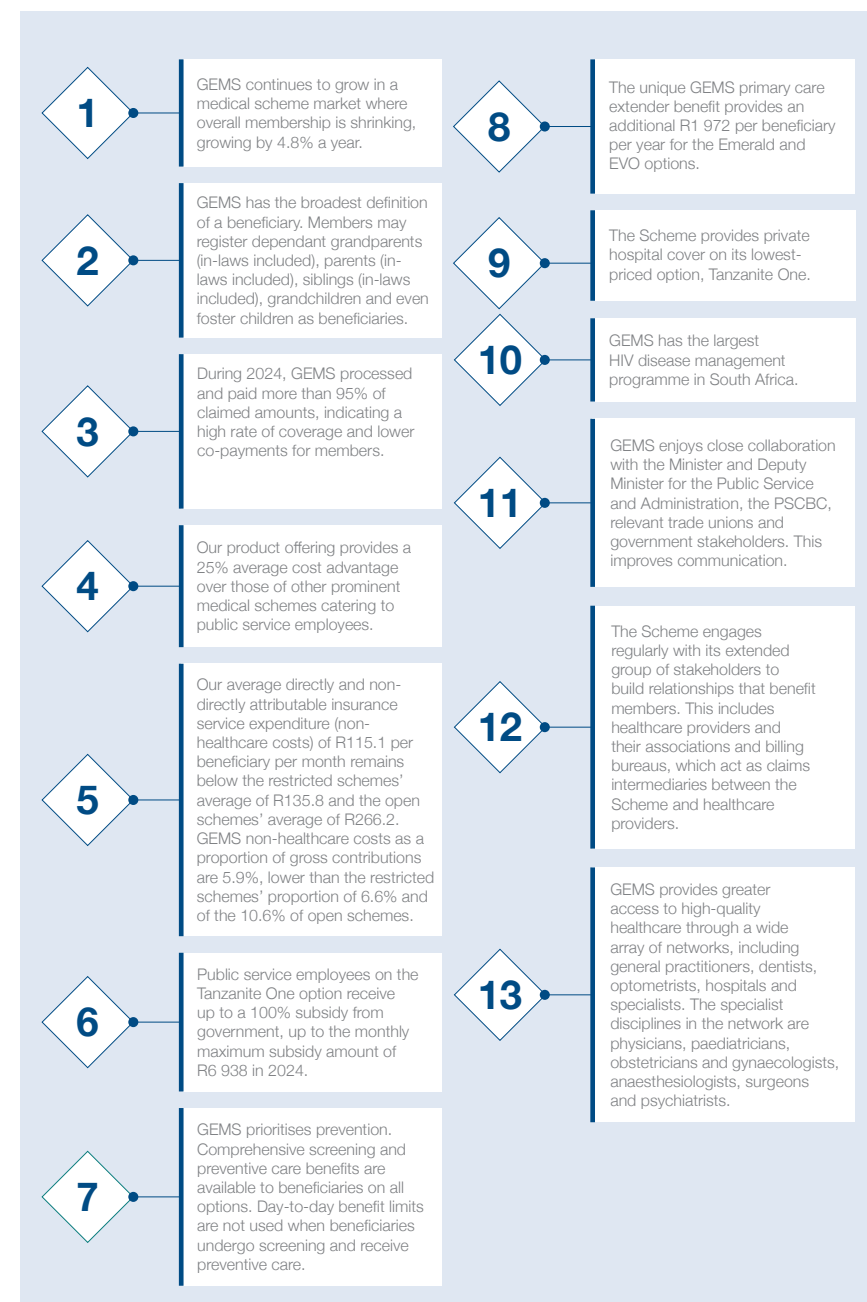
The table below compares the calculated value of GEMS options to those of competing options. For instance, GEMS Tanzanite One members receive, on average, a 97% discount for every Rand spent on contributions (after allowing for the public service subsidy) compared to the competing options. Overall, each of the GEMS options was found to be more cost-effective than competing options. The average relative value for money of GEMS options is 67% higher than that of the competing options. Where competing options had income bands, the GEMS exposure was used to adjust and weigh the relative differences against the compared options.²

Table 3: GEMS average affordability in 2024

Option	% difference between GEMS average family contribution and average family contribution of competing schemes <u>before</u> subsidy	% difference between GEMS average family contribution and average family contribution of competing schemes <u>after</u> subsidy
 Tanzanite One	38%	97%
 Beryl	12%	70%
 Ruby	2%	57%
 Emerald	26%	59%
 Emerald Value	34%	72%
 Onyx	26%	53%
All	25%	67%

² The assessment looks at open and restricted medical schemes, taking into account variations in income bands. To establish the average family contribution, we start by calculating the average contribution for each income band. A weighted average contribution is then calculated based on the distribution of GEMS membership in each income band for that option. The same method is used for competing options to ensure that we compare apples with apples. We assume that the GEMS option and its competitors have similar distribution of members across income bands.

Other key differentiators:



Where and how to find us

The Scheme's head office, GEMS Vutomi House, is at the Menlyn Maine Precinct, 124 Mercy Avenue, Tshwane.

Member services are provided from our expansive member servicing and communication platforms:

Table 4: Accessible member contact points

Face to face	Telephonic services	Online services
18 walk-in centres - two per province. Find the street addresses on page 223	Call centres operating across the SPN on 0800 004 367 (toll-free)	enquiries@gems.gov.za complaints@gems.gov.za
Our Client Liaison Officers visit members at work. We have client liaison offices in all nine provinces, Find addresses on page 222	Find contact details on page 222	The GEMS Member App and Portal are hosted on the GEMS website. Information on accessing and downloading is on the back cover
Our Provider Liaison Officers visit healthcare providers	Find contact details on page 222	PLO@gems.gov.za

Figure 2: The activities performed under our business model drive value creation



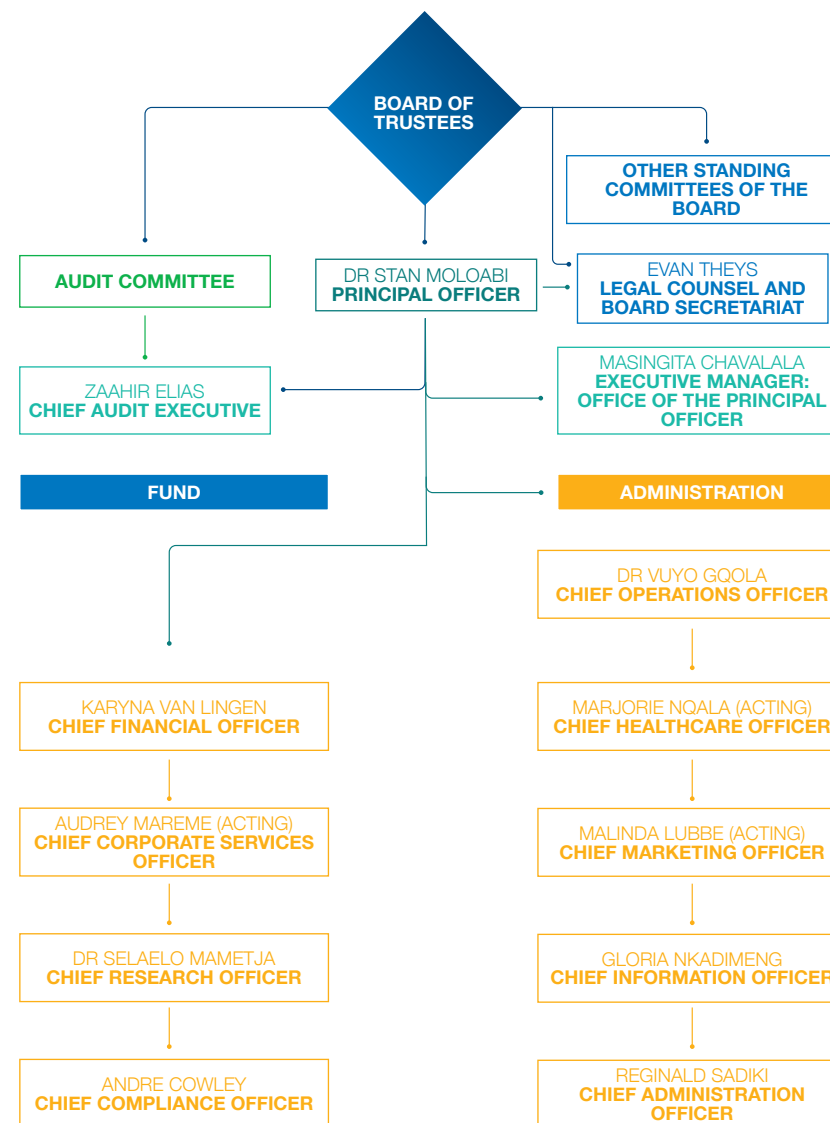
Outsourced member services

Our member services (administration and managed care) and contracted healthcare provider network are supported by effective procurement and contract management processes. Routine and periodic assurance is obtained on compliance with the GEMS Supply Chain Management Policy and Provider Performance Management Policy:

Table 5: Our contracted service providers

Category	Contracted services	Service provided in 2024 by:
SPN for member services	Member acquisition and financial advisory services	Assegai Strategic Investments
	Administration for members, claims, correspondence and enquiries management	Metropolitan Health Corporate
	Administration for contribution and debt collection	Medscheme Holdings
	Managed care services:	
	General managed care services	Medscheme Holdings
	Pharmaceutical benefit management	Performance Health – Medikredit JV
	Pharmacy network management provider	Universal Health
	Strategic clinical advisory services	Insight Health Solutions
	Optical management	Opticlear
	Dental management	Dental Information Systems (Pty) Ltd
Healthcare provider services	Emergency medical evacuation dispatch services	Europ Assistance Worldwide South Africa (Pty) Ltd
	Out-of-hospital care - Specialist networks - Primary networks (general practitioner network, optometry network, dental network, pharmacy network, emergency medical services, chronic back and neck rehabilitation network)	Information on the GEMS healthcare networks is available from www.gems.gov.za
	In-hospital care: Hospital network applicable to Tanzanite One and EVO	Information on contracted hospitals is available from www.gems.gov.za
	Courier pharmacy services	Medipost Courier Pharmacy Marara Courier Pharmacy

Figure 3: The GEMS leadership structure at end-2024:



The positions of chief corporate services officer, chief healthcare officer and chief marketing officer became vacant during 2024. Senior managers are acting in the positions.

For information on our Board of Trustees go to page 138, the Executive Committee, page 179, and Management Committee, page 182.

External operating environment in 2024

Important developments in our external operating environment were considered to determine their possible impact on our ability to create value. A summary of key trends and issues is in Table 6.

Macro-environment challenges that applied in 2023 mostly continued in 2024 and South Africa's economic, political and social challenges continue to mirror global challenges. Slow and uneven economic growth, increasing the cost of living, have created discontent both globally and locally. These were still driven primarily by supply-side shocks such as high oil and food prices due to long-term economic consequences of the Covid-19 pandemic and global geopolitical tensions. The global economic activity still fell short of its pre-pandemic levels, especially in emerging market and developing economies, and there are widening divergences among regions due to conflicts, civil unrest, extreme weather events and disruptions in the production of commodities such as oil, as reported by the International Monetary Fund (October 2024). Global and local interest rates remained high for most of 2024 and continued to exert further pressure on consumers. The South African real gross domestic product forecast for 2024 remained unchanged at a lower 1% despite the notable absence of loadshedding and some market-friendly initiatives by the government of national unity established in the middle of 2024, as reported by the Bureau for Economic Research (October 2024). This is also evidenced by the seemingly stubborn official unemployment rate of 31.9% by the fourth quarter of 2024 and the expanded unemployment rate 41.9%, as reported by Statistics South Africa (Stats SA). National Treasury estimates that expected government revenue between 2025/26 and 2026/27 will fall short of the 2024 budget by R343.7 billion. The constrained fiscus has the potential to negatively affect future adjustments of GEMS members' medical assistance subsidy provided by the government. The International Monetary Fund forecasts global gross domestic product growth to remain stagnant at 3.2% for both 2024 and 2025, while the local forecasts are 1.1% and 1.5% for 2024 and 2025, respectively. Given the constraints and as part of National Treasury's efforts to reduce government expenditure relative to gross domestic product and control the growth in the wage bill, and its implementation of the early retirement programme, government employment is expected to remain stagnant in 2025 and bounce back by a mere 0.5% in 2026, depicting a challenging future macro-operating environment for GEMS and the medical schemes industry.

The focus of policymakers remains economic growth stimulation. Other priorities include ongoing trials in some state-owned enterprises, rising national debt, increasing fiscal imbalances and the systemic risk of loadshedding continuing, which will hinder the country's recovery.

Transformation, diversity, social inclusion and stemming corruption and fraud remain burning issues.

Key trends and issues

Key trends and issues shaping the medical schemes industry were considered in the development of our annual performance plan for executing the GEMS strategy and are summarised below. Our response is represented by intersecting strategic priorities forming part of the GEMS strategic framework (page 69) and related risks and opportunities. These priorities are pursued through functional strategies and strategic projects and programmes to achieve financial, healthcare and corporate governance objectives and outcomes.

Table 6: Responding to key external factors

External operating environment	GEMS capitals mainly affected, including those potentially affected, in the short-, medium- and long term	Our response
Legal and regulatory		
National Health Insurance Act and implementation: The NHI Act was signed into law on 15 May 2024. Phase 1 of implementation is underway, presenting a significant regulatory change that will affect the Scheme's strategy and future role in the healthcare system. Section 33 of the Act limits the role of medical schemes under NHI. Based on the interim arrangements of the Act, it can be expected that the package of benefits that may be funded by medical schemes will be reduced over time. Various factors contribute to uncertainty about NHI implementation timelines, such as healthcare budget cuts, the Gauteng High Court ruling declaring sections of the National Health Act requiring a "Certificate of Need" unconstitutional, which poses a challenge to the NHI's control over healthcare distribution and divided views on implementation at government level following the formation of the government of national unity.	Financial Social and relationship Intellectual	Strategic priority: Our strategic priority to build fit-for-purpose capabilities to align to universal health coverage (UHC) and NHI is pursued through the GEMS insourcing of capabilities project Material matter: Scenario planning Strategic risk #1: Unable to secure a competitive advantage across NHI scenarios
The significant open industry regulatory matter relating to the Section 59 Investigation: After the response of the medical schemes industry to the Section 59 Investigation Interim Report, the Investigation Panel held additional public hearings in June 2023, followed by new requests for information, including data from affected parties. In November 2023, the panel released revised statistical findings on which affected parties were asked to respond and comment. These parties responded by 31 January 2024. It's unclear when the final report will be released. This issue affects relationships in the medical schemes industry and the brand and reputation of medical schemes.	Social and relationship	Strategic priority: Stakeholder satisfaction: We seek to enhance member satisfaction, strengthen key stakeholder relationships and communicate benefits to members Material matter: Brand positioning Strategic risk #2: Inadequate stakeholder inclusivity to realise Scheme strategic competitive advantage

Social		
Poverty and inequality: Poverty is high in South Africa, with more than 55% of the population living below the poverty line. This contributes to health problems including malnutrition, infectious diseases and chronic conditions. In addition, it limits access to high-quality healthcare, as many people cannot afford to pay for medical care or transportation to healthcare facilities.	Social and relationship Financial	Strategic priority: Support the realisation of UHC through initiatives such as strategic purchasing, which seeks to eliminate co-payments, making healthcare affordable. Material matter: Member-centricity and burden of disease Strategic risk #3 Inadequate strategic coverage and growth
Education and literacy: Education and literacy are challenges, with significant disparities among different socioeconomic groups. Lower education and literacy levels hinder individuals' ability to make informed choices about their health, understand medical information and navigate the healthcare system effectively.	Social and relationship Financial	Strategic priority: Stakeholder satisfaction: enhance member satisfaction, strengthen key stakeholder relationships and communicate benefits to members. Our initiatives for preventive care, healthcare management, marketing of products/options and member engagement all contribute to member health education. Material matter: Member-centricity Strategic risk #2: Inadequate stakeholder inclusivity to realise Scheme strategic competitive advantage
Public health		
The impact of Covid-19 and its potential after-effects for public health, together with climate change and food quality concerns, are expected to continue, with the ultimate magnitude unknown. Funders are more sensitised to pandemics, which is expected to continue, informed by global mobility, poverty, sanitation, access to healthcare and progress against the United Nations Sustainable Development Goals (SDGs)	Financial capital	Strategic priorities: 1. Financial strength: Maintain a financially healthy scheme compliant with regulations. 2. Healthcare strategic purchasing. Material matter: Burden of disease Strategic risk #6: Negative aggregate impact of Scheme strategy on financial sustainability

Economic		
The cost of healthcare in South Africa has been steadily increasing, outpacing inflation and straining both the public and private healthcare systems. This trend is driven by factors including the ageing population, increasing prevalence of chronic diseases and rising cost of medical technology. This is worsened by slow economic growth, high unemployment and persistently high inflation, which saw continued high interest rates during 2024 that constrained the household budgets of medical scheme members.	Financial Social and relationship	Strategic priorities: 1. Financial strength: Maintain a financially healthy scheme compliant with regulations. 2. Healthcare strategic purchasing – eliminate co-payments. Our fraud, waste and abuse prevention and mitigation activities form part of our claims risk activities. Material matter: Financial sustainability Strategic risk #6: Negative aggregate impact of Scheme strategy on financial sustainability
Despite significant progress in recent years, South Africa faces significant disparities in access to high-quality healthcare driven largely by socioeconomic factors, with poorer communities having less access to affordable and high-quality healthcare services.	Social and relationship	Strategic priorities: Our strategic priorities advance affordability and membership growth. Material matter: Member-centricity Strategic risk: #3 Inadequate strategic coverage and growth
Political		
• Ongoing focus is needed to maintain and build new constructive relationships given the political leadership changes of 2024. • Public service employee wage negotiations. • BBBEE and transformation have not been adequately addressed, requiring ongoing investment by entities in the medical schemes industry.	Social and relationship Financial	Strategic priorities: 1. Stakeholder satisfaction: Enhance member satisfaction, strengthen key stakeholder relationships and communicate benefits to members. 2. BBBEE transformation: Creating shared value. 3. Social responsibility: Support the communities in which we do business (aligned to SDG3). Material matter: Brand positioning Strategic risk #2: Inadequate stakeholder inclusivity to realise scheme strategic competitive advantage

Information and technology		
• Covid-19 intensified the need for digital member-experiences and a digitally enabled workforce. A key role of digitisation is to achieve cost efficiencies while driving business transformation. • In 2024, the adoption of technological advancements in the medical industry rapidly increased. The rise of digital health platforms and virtual consultations transformed healthcare delivery. Advancements in diagnostics, robotics and artificial intelligence have also created opportunities for innovation and improved patient care. • Advances in analytics help organisations better understand evolving member needs and preferences and support an increasing focus on risk. • Cybercrime is becoming ever more prevalent, facilitated by growing digitalisation, rapid developments in technologies, reliance on cloud services, a shift to remote working and the impact of a shortage of cybersecurity skills in South Africa.	Social and relationship Intellectual	Strategic priority: ICT infrastructure optimisation: Advance IntelliGEMS as a strategic enabler. Material matters: Technology and innovation Strategic risk #7: Inadequate business resilience





3. Chairperson's message

Chairperson's message

In this section, we provide a snapshot of the state of GEMS, information on the key challenges and uncertainties we encounter and their implications for our future performance.

We reached the current five-year strategic plan midterm in 2024. The Board conducted a midterm review with Scheme management to confirm the appropriateness of our strategic objectives and the plans to achieve them. We confirmed our commitment to be a strategic partner in UHC in South Africa and identified focuses for ensuring that strategic priorities and objectives are achieved. The prioritised list of material matters in this report, connected to strategic risks, is representative of these focus areas.

Our short-, medium- and long-term strategies are closely linked to three key scenarios that consider different trajectories for NHI rollout: Initial NHI implementation (one to five years), partial NHI implementation (five to 10 years) and full NHI implementation (10+ years). Our approach remains sensitive to potential changes in these time periods. We discuss this in more detail in the strategy and resource allocation section of the report.

We continued dealing with the aftermath of Covid-19 in 2024, apparent in the Scheme's increasing claims experience, claims costs and increasing healthcare needs of members. The claims loss ratio increased from 89% in 2019 to 96% in 2022, 102% in 2023 and 106.18% in 2024. Hospital admission rates across most options are now more closely in line with pre-Covid-19 levels while the cost of healthcare has increased over time. While these trends are widely observed across the medical schemes industry, they are expected to continue in the medium term given the Scheme's demographic profile and burden of disease. More than 43% of the Scheme's principal members are living with one or more chronic conditions. Claim costs incurred by members living with three chronic conditions are generally more than double the costs of those with just one condition. Also notable is the continuous increase in mental health claims costs for more members than was the case pre-Covid-19.

Financial sustainability considerations means that we had to continue the trajectory of higher contribution increases that commenced in 2023. The average increases announced from 2020, for the 2021 financial year onwards were 2021: 6.8%, 2022: 2.02%, 2023: 5%, 2024: 9.5% and 2025: 13.4%. The Scheme finance strategy seeks balancing contribution increases, co-payment structures and benefit design while wide-ranging claims risk and other cost management initiatives are in place.

During 2024, the Board met with members at special events additional to the annual general meeting and with key stakeholders. We strive to build high-quality relationships as these are important for value creation. Meetings with the Minister and/or Deputy Minister for the Public Service and Administration were held quarterly. The Board identified an urgent need to attend to the relationship with the PSCBC after receiving a presentation from the council's deputy chairpersons. The GEMS SPN and its subcontracted BBBEE partners are in many instances the face of GEMS service delivery. The Board liaised with these parties to ensure that the achievement of stretch BBBEE targets was maintained and that BBBEE objectives were met. It is important that BBBEE partners shoulder their allocated workload and are empowered by meaningfully contributing to the Scheme's operations. In our engagements with them, we thoroughly tested this aspect and gave them the opportunity to raise concerns where their participation was not at the required level.

Annual general meeting

The 2024 annual general meeting was held on 31 July 2024, with members in attendance virtually. All motions placed before the meeting for resolution were adopted. The Board and Principal Officer held meaningful discussions with attendees. We will continue to hold these meetings virtually, as they allow participation from all parts of the country.

Board of Trustees

The terms of our former Chairperson, Dr Millie Hlatshwayo, and of Billy Manoko ended in February 2024. The Minister appointed new trustees in 2024 to fill all vacancies and we welcomed Siyabulela Thomas Tsengiwe, Alvin Phumudzo Rapea, Neville Pulane Ndumo, Adv Sibongile Sigodi and Dr Mpho Mashoto Johannes Rabada to the Board.

For member-elected trustees, an unscheduled vacancy arose when Marthinus Brand resigned on 31 December 2023. The vacancy is filled for the unexpired portion of the term by Dr Henk Punt, who was the candidate with the second-most votes in the Scheme's most recent trustee election (held in 2021). Our next trustee election will be held before September 2025.

Key outlook information

Global Credit Rating Company (GCR) has maintained the Scheme's previous national scale financial strength rating of AA+(za), with the outlook: stable. In making its decision, GCR cited the Scheme's strong business profile and sustained healthy financial profile, supported by sound reserve levels and liquidity. Our consistent credit rating assures members and stakeholders that the Scheme has sufficient funds to meet and pay claims in a volatile and uncertain future.

The highest insurer financial strength rating assigned by the GCR is AAA.



Appreciation

I sincerely thank the members for continuing to entrust us with their healthcare coverage and for serving in the public sector, making an important contribution to South Africa. I thank you, too, for attending the annual general meeting and for engaging with us at other Scheme events. Your ongoing participation in member satisfaction surveys and in using the Scheme's compliments and complaints channels is essential for us to improve services and benefits.

I thank the Honourable Minister Mzamo Buthelezi, Minister for the Public Service and Administration, Honourable Noxolo Kiviet (former MPSA), Honourable Sharon Kekana, Deputy Minister for the Public Service and Administration, Honourable Dr Chana Pilane-Majake (former Deputy MPSA) and Yoliswa Makhasi (Director-General of the Department of Public Service and Administration) and department officials for constructive discussions and guidance during the year.

My sincere appreciation goes to PSCBC Chairperson, Ingrid Dimo, Deputy Chairpersons Aubrey Zungu (labour), Mompoti Galorale (employer) and General Secretary Frikkie de Bruyn for enabling us to understand the real issues experienced by members. We look forward to working with the PSCBC to create value in our journey to UHC. We recognise the leadership and wisdom of the unions admitted to the PSCBC, the National Department of Health and National Treasury, as we constantly seek enduring partnerships to achieve national health objectives.

GEMS trustees again demonstrated willingness to deal with complex decisions and always sought the best way to protect members' interests. The Board continued introspective discussion to strengthen GEMS' corporate governance. Thank you, trustees, for your hard work and support in stakeholder meetings.

The chairpersons of the Board committees continued their immense contributions in 2024 to strengthening corporate governance across the Scheme. I acknowledge Pierre de Villiers (Risk, Social and Ethics Committee), Dr Izak van Zyl (Human Resources and Remuneration Committee) and Constance Ntshane (Oversight Committee on Special Projects and

Programmes). The term of the independent chairperson of the Audit Committee, Joe Lesejane, ended on 31 December 2024. Joe provided valuable input and support during his tenure, particularly in the establishment of a strong internal forensic investigation capability and response to the lessons learnt during the 2016/17 tender corruption investigations. His frank and forthright advice, guidance and expertise bolstered our assurance functions and corporate governance. We are excited to work with Rene van Wyk, our new independent chairperson of the Audit Committee. Also deserving of mention are Aziza Galiel and Prithish Dala, who served on the Audit Committee as independent committee members.

Dr Stanley Moloabi led the GEMS team through a period of adjustment, continually demonstrating excellence in 2024. As always, the Board acknowledges his expertise, visible leadership, steadfast loyalty to GEMS and the groundwork done for building a scheme capable of thriving in the future. We will continue to support him and the entire GEMS team.

I am grateful to Exco, staff of GEMS and the SPN for implementing the GEMS strategy and the considerable competencies made available to the Scheme.

Without the strategic relationships we have built with the healthcare sector — including healthcare practitioner societies, hospital groups, pharmacy and pathology groups and claims-switching bureaux — we would not have successful networks, improved health outcomes and enhanced benefits and member services. Your involvement is greatly appreciated.

Finally, I thank and congratulate the members of the GEMS Integrated Reporting Steering Committee, representing all GEMS business divisions. GEMS won for the second consecutive year the public sector category of the Chartered Governance Institute of Southern Africa and JSE Integrated Reporting Awards 2024. We are proud of this achievement, while noting that our corporate reporting process will be re-assessed in 2025 in line with new sustainability reporting developments.

The Board is satisfied with the Scheme's operational results for the period ending 31 December 2024 and is confident that the team will continue the tradition of excellence in many areas and meet performance targets where expectations are not yet fully satisfied.



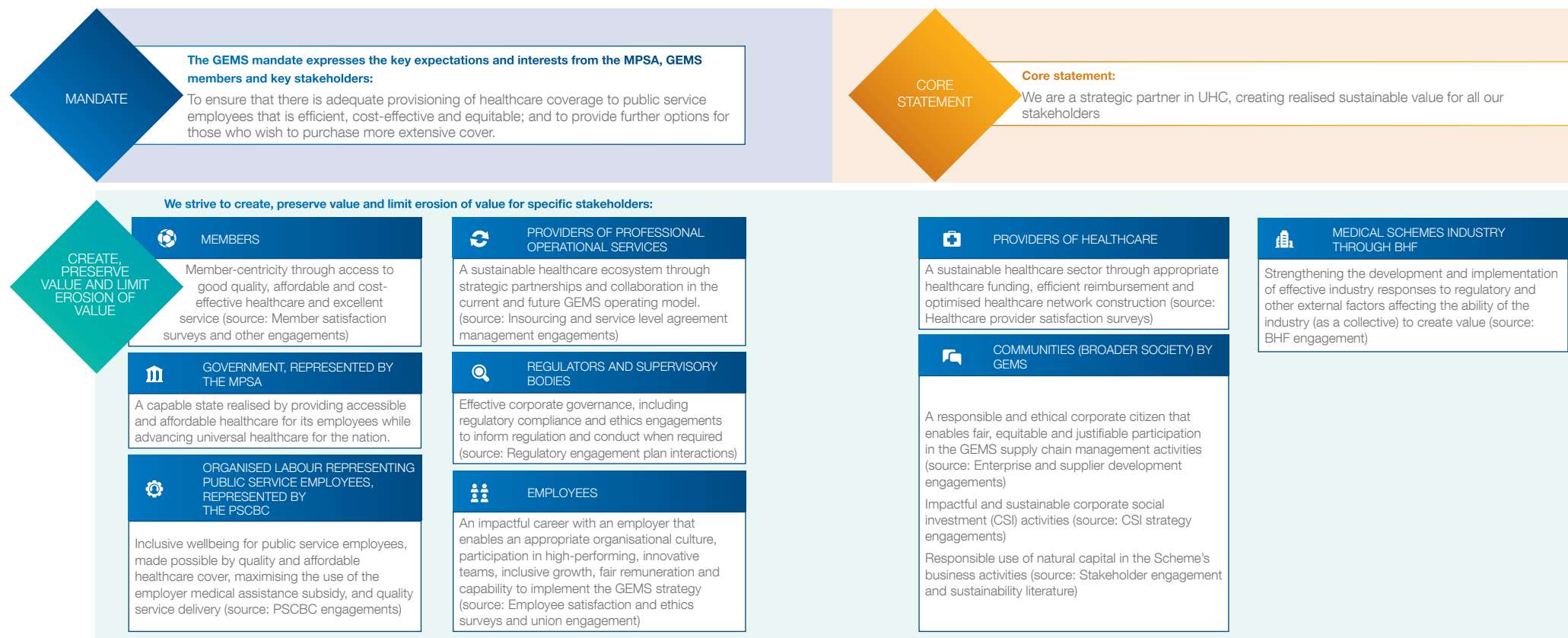


4. Creating value through the GEMS business model

In this section, we outline the GEMS value creation imperatives and how they were met in 2024 through our business model.

We strive to create and preserve value, and further to limit the erosion of value, recognising that value creation has two interrelated aspects, namely value created for GEMS itself and value created for others and society:

Figure 4: The value that we seek to create for our key stakeholders



Through our business activities, we use and transform financial, social and relationship, intellectual, human, manufactured and natural capital to create value for our members and stakeholders. Capitals are stocks of value that are increased, decreased or transformed through the activities of organisations. Financial capital, for example, is increased when an organisation makes a profit, while the quality of human capital is improved when employees become better trained.³

More information on our main business activities, being the core of our value-creation process, is provided in the organisational overview on page 20.

³ International Financial Reporting Standards (IFRS) Foundation Integrated Reporting Framework, 2021

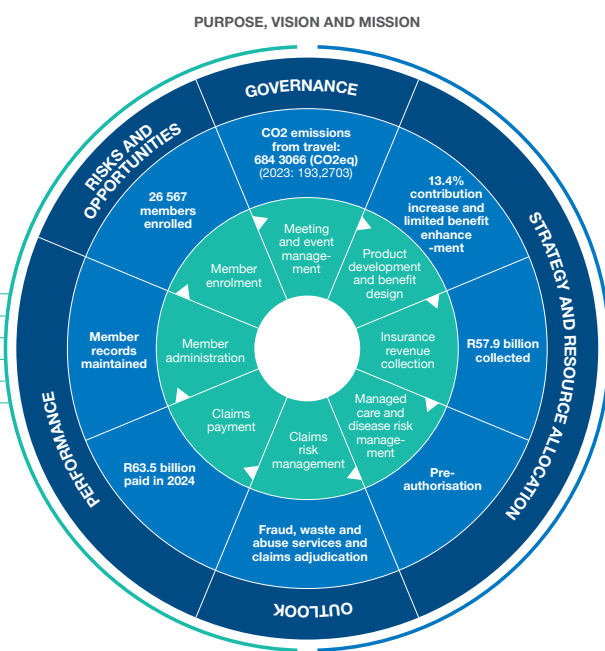
GEMS VALUE-CREATING BUSINESS MODEL

OUR SIX CAPITALS

ENABLE VALUE BUILDING ACTIVITIES THAT CREATE...

VALUE FOR OUR STAKEHOLDERS AND ENSURE SUSTAINABILITY

DESCRIPTION	INPUTS
FC FINANCIAL CAPITAL The pool of funds available to GEMS, which includes insurance income (contribution collection), medical assistance subsidies, invested funds and accumulated surplus	- Insurance revenue: R57 970 123 168 (2023: R51 312 492 442) - Invested funds: R24 472 970 201 (2023: R27 848 158 527)
IC INTELLECTUAL CAPITAL GEMS knowledge-based intangibles, including our proprietary (IntelliGEMS) and licenced technologies and software, tacit knowledge, policies and procedures and clinical protocols. Governance ability and skills	- Insourcing of capabilities (Transaction Advisory Panel) costs: R1 335 196 (2023: R6 475 717) - Product development (actuarial) costs: R1 274 737 (2023: R1 418 715) - Accredited managed care services spend: R1 291 137 431 (2023: R1 173 086) - Trustee and independent committee member remuneration: R14 820 745 (2023: R14 025 000) - EWRP: R12 756 964 (2023: R0) - Chatbot: R254 438 (2023: R0) - Complaints ombud system: R581 000 (2023: R0)
HC HUMAN CAPITAL Our peoples' competencies, capabilities, experiences, including their motivations to innovate including their ability to align with and support the GEMS governance framework, risk management approach and ethical values; ability to understand, develop and implement the GEMS strategy, loyalty and motivations for improving the GEMS processes, services and products, including ability to lead, manage and collaborate.	- Training investment: R9 092 486 professional development spend, 2.41% of payroll – target ± 1% (2023: R7 572 377 (professional development spend 2.45% of payroll – target ±1.5%)) - Employee remuneration: R439 106 983 (2023: R413 533 796) - Recruitment spend: R4 686 900 (2023: R2 085 257 (incl vetting costs))
SC SOCIAL AND RELATIONSHIP CAPITAL The desired shared norms, common values and behaviours between GEMS and stakeholders, key stakeholder relationships, mutual trust and willingness to engage stakeholders, the GEMS brand and reputation, the GEMS social licence to operate	- Prevention and screening claims cost: R866 000 (2023: R780 000) - Wellness event costs: R31 437 638 (2023: R14 913 011) - Stakeholder management: Preparation and meetings - Total measured procurement spend 2024: R3 946 773 659 (2023: R3 444 264 989) - Supplier development costs: R978 580 with 11 beneficiaries (2023: R329 246) - Developing supplier procurement spend: R32 000 000 (2023: R25 670 611) - Enterprise development cost: R1 167 528 with 26 beneficiaries (2023: R329 246) - PLD expansion - Ex gratia benefits awarded: R414 339 480 (2023: R343 870 891)
MC MANUFACTURED CAPITAL The buildings, equipment and infrastructure owned and rented by GEMS, the GEMS SPN and providers of healthcare	- Head office improvement/modification costs: R778 073 (2023: R0) - Head office building equipment costs: R1 028 745 (2023: R0) - CLO office space rental: R4 718 000 (2023: R4 031 000) - ICT infrastructure and application investment: R6 907 105 - ICT network connectivity costs: R3 718 006 - Internet service provider costs: R29 192 262 (of which R2 617 860 – cyber security costs) - SPN contracted global fee: R3 114 237 837 (2023: R2 795 544 017) - Healthcare provider infrastructure (e.g. hospitals)
NC NATURAL CAPITAL Our environmental stewardship with respect to our consumption of energy, water and paper in conducting business activities	- Energy consumption: 612 470 kWh (2023: 504 229 kWh) (R2 000 000) - Water consumption: 5 424 KL (2023: 7 405 KL) (R76 726) - Recycling waste management fee: (2023: R144 759) R150 384 - Utumi House: Energy efficient building with water preservation system



OUTCOMES	STAKEHOLDERS AFFECTED
FC FINANCIAL CAPITAL - Global Credit Rating: (2024: AA+(Z+)/Outlook: Stable) maintained from 2023 - Investment returns: R 3 047 080 610 — average percentage return of 12.19% (2023: R2 373 616 264 -average percentage return of 9.47% (up from 6.47% for 2022)) - Claims management programme savings: 2024: R318 900 904 (2023: R609 000)	
IC INTELLECTUAL CAPITAL "IntelliGEMS" (EWRP) with intellectual capital captured including GEMS policies and procedures. - Member app and portal maintained - New member servicing capabilities deployed for complaint management and enquiries - Good governance outcomes achieved	
HC HUMAN CAPITAL - Employees on performance improvement remained 1% in 2024 (2023: 1%), all have formally concluded the programme with great success - Employee turnover movement from 4.3% in 2023 to 3.26% in 2024 - Top Employer Award (Certified Excellence in Employee Practices) for fourth consecutive year - Employee wellness maintained - RE5 training for CLO: Certification of 36, up from 19 60.75% — employees trained with Scheme funding approval	
SC SOCIAL AND RELATIONSHIP CAPITAL 59% (against target of 65%) of healthcare quality outcomes above industry average on predetermined HCA metrics (2023: 59%) - Average contribution increase of 13.4% for 2025 (9.5% for 2024) - Member and provider satisfaction scores improved - Quality of PSCBC relationship deteriorated - HIV target exceeded 92.5-92.5-92.5% (2023: 94.7-92.81-95.36%) - Uptake of the GEMS practitioner app/portal by over 28 000 registered healthcare providers - Average BBBEE level for GEMS SPN: Level 1 The overall outcome resulted in increased participation of BBBEE-controlled entities directly and indirectly within the GEMS supply chain. - Reduced non-healthcare costs to 5.59% (2023: 5.68%)	
MC MANUFACTURED CAPITAL - Enablement of Scheme operations and hybrid working model - Beneficiary and healthcare provider access to services and information - Employee access to resources - Information security maintained	
NC NATURAL CAPITAL - Five-star-rated green building by the Green Building Council South Africa - Waste to recycling instead of landfill: 1 132 tons (2023: 4 792 tons)	

LEGEND:

● Value creation ● Value preservation ● Value erosion

5. Managing key relationships



In this section, we explain how we leverage relationships to create value and explore the outcomes of this work for 2024.

Strategic objective 2: Be an organisation that is effective in communication and decision-making, responsive to its changing environment and strives to create value for its key stakeholders

Key outcomes in 2024

Complex groupings of internal and external stakeholders inform our multifaceted approach to managing key relationships. We use externally assessed and internal surveys to gauge stakeholder satisfaction and trust. The quality of our relationships with entities such as the MPSA and PSCBC is determined through direct engagement at senior managerial and Board levels. These are discussed in Board meetings and initiatives are identified to strengthen relationships. Our key relationship outcomes for 2024:

- **Beneficiaries of GEMS (members and registered dependants):** The GEMS-initiated member satisfaction survey administered by Citizen Surveys indicated that member satisfaction remained stable at 80% (target 85%) and the net promotor score increased from 77% to 88% at the end of December 2024.
- **Employees:** GEMS achieved a score of 77.2% in the Top Employer Institute TE24 survey, an increase of 5% over the previous year. GEMS remains a certified top employer.
- **MPSA:** Most of our engagements take place with the Deputy MPSA and the relationship is durable, transparent and constructive with ongoing reciprocal support.
- **Labour unions representing public service employees, represented by the PSCBC:** Although the relationship is robust, improving it was prioritised in 2024 after Board engagement with top PSCBC representatives.
- **Providers of healthcare and associated parties:** The annual GEMS-initiated provider satisfaction survey shows a significant improvement over the past two years, with a score for 2024 of 86%. Around eight in 10 providers were satisfied with the efficiency of the pre-authorisation process (79%), the claims process (85%) and the claim payment period (87%). Satisfaction levels among GEMS network providers remain higher than for non-network providers (94% vs 84%). Areas needing improvement are satisfaction with aspects of the query management process.
- **Providers of professional operational services:** The Scheme's relationship with contracted providers remains largely positive with operational model efficiency issues receiving ongoing attention. The weighted average global service level agreement (SLA) adherence percentage for 2024 is 97.6%, exceeding the targeted adherence rate of 95%.
- **Regulators and supervisory bodies:** Appropriate regulatory distance is achieved and maintained with the regulators to whom we report.
- **Communities:** Engagement is driven mainly through CSI and supplier and enterprise development initiatives. The relationship is constructive and positive.
- **Medical schemes industry through BHF:** The relationship is mainly positive with active participation by GEMS on the Board of the BHF. However, the situation becomes strained when BHF takes action seen as contrary to the objectives of the government, such as legal challenges to government policy.

 Members and registered dependants (beneficiaries)	
Our reasons for prioritising beneficiaries	Needs and expectations
GEMS funds healthcare for members and their registered dependants in line with the stated GEMS mandate	Affordable member contributions Low or no co-payments Excellent service – paying claims correctly and on time, responsiveness to complaints and queries Effective healthcare network distribution Clear and timeous communication A sustainable medical scheme
Our approach and response in 2024: Member-centricity is a material matter	
Our benefit design and business processes are informed by cost drivers such as benefit use, claims ratio, member out-of-pocket payments, disease burden and distribution of beneficiaries across benefit options.	
In 2024, we managed all cost drivers through efficient claims management initiatives, active disease risk management, product development, strategic healthcare purchasing and value-based alternative reimbursement models.	
We communicated the benefits of moving to options based on care coordination and healthcare networks, such as EVO and Tanzanite One, where interventions have significantly driven down costs.	
Our fraud, waste and abuse management capabilities are advanced and were fully used to change inappropriate claiming behaviour.	
We measure non-healthcare costs and this includes carefully monitoring the cost implications of strategic and operational decisions and implementation.	
We continue to reduce member out-of-pocket expenditure through interventions such as member education, strategic healthcare purchasing and healthcare networks.	
We apply SLA management to achieve operational excellence and use member communication channels such as complaints@gems to identify and address service failures and identify successes to be built upon. Root cause analysis is done and SLA penalties applied. Complaints management reporting is done at Board committee level. Areas for improvement identified through member satisfaction surveys are addressed by the GEMS Service Management Forum with monitoring by Scheme management.	
Our healthcare networks meet accessibility criteria. Additional measures are implemented to enable access where a contracted hospital network has geographic gaps. We continuously improve the geographic coverage of our healthcare networks to ensure sufficient access to healthcare services.	
Our member content development and communication channels are constantly reviewed by management and the Board, using member satisfaction surveys and assessment against industry leaders. Continuous improvement is practised and new and accessible digital channels are made available.	
We create demonstrable value for stakeholders through our business model to achieve long-term sustainability. We subject our benefits and pricing to independent assessment and remain highly ranked on the value-for-money index compared to similar open and closed medical schemes.	



Employees

Why our employees matter	Needs and expectations
Collectively, our employees enable, perform and manage the business activities at the core of the GEMS business model. Their competency, participation in development and training, motivation and loyalty directly influence value creation, preservation and erosion in all six capitals.	An appropriate ethical culture and fair people practices Fair remuneration and recognition Career progression opportunities Training opportunities to meet current and future skills and competency requirements A healthy work environment
Our response in 2024: Organisational culture is a material matter	
We foster an ethical culture through training on the GEMS Code of Ethics and Business Conduct, implementing policies on ethical behaviour and fair grievance procedures. Our people practices are designed to be fair and transparent and to promote diversity and inclusion.	
Benchmarking ensures market-related compensation and benefits. Our performance management principles promote merit-based recognition.	
We enable career progression using development programmes, succession planning and internal hiring. We enjoyed high participation rates in career development programmes in 2024.	
Training needs analyses were done to identify current and future skills requirements. A LinkedIn learning platform for upskilling and on-the-job training opportunities was made available.	
We promote a healthy work environment through wellness programmes, employee assistance, office ergonomics, leave policies and two-way communication.	
Employees participated in the GEMS 2024 innovation project. 52 innovation submissions were received which is a participation rate of 11.5%.	



Government, represented by the MPSA. Other key government stakeholders are National Treasury and national and provincial health departments

Why we strive to meet the government's requirements	Needs and expectations
GEMS is registered as a restricted membership scheme under the MSA, with membership eligibility determined by employment. Under the Rules of GEMS, the 'employer' is defined as the Government of the Republic of South Africa represented by the MPSA. In this capacity, the Minister is affected by the activities, outputs and outcomes of GEMS.	Sustainable contribution increases, ensuring that GEMS remains affordable for public service employees Achieving the appropriate diversity balance on the Board of Trustees A clear demonstration that GEMS limits fraud, waste and abuse Defining a role for GEMS in the broader public sector, including partnering with the NHI Fund. Our strategic focus has shifted from being a blueprint for NHI to being a strategic partner in the realisation of UHC An expanded CSI programme to assist communities and demonstrate GEMS' potential to uplift society
GEMS is the vehicle used by the government for providing equal access to affordable healthcare cover for public service employees, with GEMS membership contributions subsidised by the government to encourage take-up.	
The Scheme is governed by an independent Board of Trustees in keeping with the MSA. In view of the Minister's significant interest and influence in the affairs of GEMS, s/he, or a delegated official, appoints 50% of the GEMS Board of Trustees.	
National Treasury allocates funding towards the medical assistance subsidy of public service employees.	
The National Department of Health is central to setting up NHI.	
Provincial health departments provide healthcare services, including for GEMS members on the Tanzanite One option.	
Our response in 2024	
Our stated strategic ambition is to be a strategic partner in pursuit of UHC. Our strategy is designed to achieve this overall objective.	
We regularly provided the Deputy Minister and Department of Public Service and Administration with information on progress against KPIs and financial results. We participated in quarterly meetings with the department and National Treasury to share information and support.	
To determine contribution increases, we carefully evaluated usage trends, healthcare inflation, member ageing, economic factors affecting members and the regulatory requirement to maintain a reserve ratio of 25%.	
We have previously submitted requests to the CMS for exemption from Section 57(2) of the MSA. Such an exemption would enable the introduction of Scheme Rules prescribing diversity requirements for member-elected trustees. For employer-appointed trustees, GEMS Rules already require the appointment of six trustees to mirror the demographic composition of members. The exemption request and appeal were declined, and we have exhausted this avenue. Changes to the GEMS trustee election process for ease of access and encouraging greater participation by members are now our focuses.	
Fraud, waste and abuse are addressed systematically, in accordance with policy approved at Board level and using dedicated resources at GEMS and the SPN.	
In 2024, we provided hands-on support to provincial public hospitals to submit claims on time and correctly. We have demonstrably assisted public hospitals in increasing revenue by reducing claims rejection rates for valid claims.	



Labour unions representing public service employees, represented in the PSCBC

Why a high-quality relationship with the PSCBC is imperative

The employer medical assistance subsidy is set through the PSCBC collective bargaining process. Achievement of GEMS strategic objectives for health outcomes, member affordability and member satisfaction is aligned with the PSCBC objective of sound labour relations. Partnering with the PSCBC improves the GEMS value offering due to the unions' proximity to and understanding of public service employee needs and expectations

Needs and expectations

Significantly lower annual contribution increases to prevent public servants' annual salary increases from being allocated towards higher membership fees and balancing the reserve ratio target with affordability and benefit adequacy

A revised benefit design process for real stakeholder inclusivity

A board composition that mirrors the demographic distribution of the GEMS membership and reforming the trustee election rules, systems and processes to ensure member access and participation.

Simple, clear and consistent member communication

Improved communication between GEMS and the PSCBC and strengthening of the relationship

Our approach and response in 2024

The PSCBC's dissatisfaction around the membership fee increases for 2024 caused a temporary relationship deterioration in 2024. After Board-level engagement, a joint workshop was held to bring engagement back on track. These efforts will continue in 2025.

Our benefit design process includes stakeholder engagement to inform on the considerations underlying benefit design and pricing decisions. We understand the inherent tension with key stakeholders on issues of contribution increases and benefit richness as part of the checks and balances needed in fair democracy.

We carefully evaluated utilisation trends, healthcare inflation, member ageing, economic factors affecting members and the regulatory requirement to maintain a reserve ratio of 25% in determining the contribution increases for 2024.

We have previously submitted requests to the CMS for exemption from Section 57(2) of the MSA. Such an exemption would enable the introduction of Scheme Rules prescribing diversity requirements for member-elected trustees. For employer-appointed trustees, GEMS Rules already require the appointment of six trustees to mirror the demographic composition of members. The exemption request and appeal were declined, and we have exhausted this avenue. Changes to the GEMS trustee election process for ease of access and encouraging greater participation by members are now our focuses.

Our member communication capabilities in respect of content development and channels are kept under review by management and the Board, using member satisfaction surveys and assessments against industry leaders. Our approach is one of continuous improvement. Where possible, we work with the unions active in the public service to message members on key matters.



Providers of healthcare and associated parties

Why healthcare providers are important to us

The competency and motivation of healthcare providers to deliver evidence-based, value-for-money healthcare services, to avoid fraud, waste and abuse and to form part of the GEMS healthcare networks significantly affect our ability to create value. Healthcare providers are a key interface with members.

Provider associations facilitate effective bilateral communication with providers.

Claims-switching bureaus contribute to claims payment efficiency and combatting fraud, waste and abuse

Needs and expectations

Fast and correct claims reimbursement

Access to participation in GEMS processes for setting up healthcare networks

Resolution of issues underlying the Section 59 Investigation in fraud, waste and abuse management

Collaboration on improved benefit offering and establishing sustainable and value-based reimbursement initiatives

Our approach and response in 2024

We have established dedicated liaison for healthcare providers known as GEMS Provider Liaison Officers. The function is being rolled out gradually to all provinces. In 2024, the resource extended to Eastern Cape and Free State, taking the total number of provinces covered to six.

We continuously improve pre-authorisation processes and have introduced an online platform for healthcare providers to access the Scheme's medical advisers for clinical matters requiring funding decisions.

We communicate the benefits of joining the GEMS Practitioner App/Portal and, by end-2024, more than 28 000 registered practitioners were participating.

Biannual strategic and quarterly operational engagements were held with healthcare provider associations, specialists' management groups and hospital groups. We extract value from participation in healthcare conferences, symposiums and health indabas.

We hosted healthcare provider summits in Limpopo, Eastern Cape and KwaZulu-Natal, with various healthcare provider disciplines attending. Countrywide roadshows were held for pharmacy and emergency medical services.

A dedicated session on fraud, waste and abuse formed part of our engagements.



Providers of professional operational services

Why are they important?	Needs and expectations
The GEMS operational model mainly rests on outsourced operations. Our SPN is the primary contact point for members and the quality of services provided determines member satisfaction levels. The organisations contracted to provide operational and advisory services form part of the intellectual capital available to GEMS.	Clear and attainable SLAs with effective SLA management
The SPN infrastructure is a significant part of GEMS manufactured capital	Open and effective communication channels, including SLA query/dispute resolution
	Opportunities for strategic collaboration in improving the efficiency of the Scheme's service model
	Participation in GEMS management forums and processes to assist in SLA adherence and high-quality service provision

Our approach and response in 2024

In 2024, contractual obligations were reviewed, adjusted, agreed to and signed between the Scheme and service providers. Robust compliance management principles were taken into consideration when monitoring SLAs.

Collaborative, interdivisional meetings/forums were held with the SPN to explore operational efficiencies to achieve member satisfaction survey targets. Important outcomes of collaboration with the SPN include implementation of the application programming interface for benefit confirmation and implementation of toll-free member call centre numbers currently underway.



Regulators and supervisory bodies

Why are they important?	Needs and expectations
GEMS is a registered medical scheme and financial services provider. Registration under applicable legislation gives GEMS its licence to operate and must be maintained. GEMS is subject to a range of legislation with regulation by entities such as the Competition Commission, National Consumer Commissioner, the CMS, Financial Sector Conduct Authority and Information Regulator. Ongoing legislative compliance and cooperation benefit industries and environments where the Scheme can make an impact and inform its regulatory engagements	Effective corporate governance, including regulatory compliance and ethics
	Fast response times to regulatory queries and matters referred for information and solution, such as CMS complaints
	Adoption of IFRS 17 (new accounting standard) for 2023 2023 and 2022 annual financial statements comparatives

Our approach and response in 2024

We prioritise proactive compliance and actively manage the risk of non-compliance. Our policies, procedures and organisational structure for the governance and management of compliance are well established and enable us to exceed our compliance index performance target.

We applied the new accounting standard retrospectively in 2024 in the annual financial statements for the 2023 reporting period. The Scheme achieved an unqualified audit for the 2023 reporting period and the CMS did not raise any issues about the application of the principles of the new standard.

GEMS did not attract regulatory penalties nor fines in 2024. We responded to all CMS and Information Regulator enquiries within the allocated timeframes.

We maintain constructive relationships with key regulators, the CMS, Financial Sector Conduct Authority and Information Regulator.



Communities (broader society)

Why are they important?	Needs and expectations
We embrace corporate citizenship. GEMS is an integrated part of the broader South African society	Fair, equitable and justifiable participation in the GEMS supply chain management activities
	Impactful and sustainable CSI activities
	Responsible use of natural capital in the Scheme's business activities

Our approach and response in 2024

Supplier development: We have implemented focused supplier development initiatives for qualifying, existing at 51% black-owned small businesses. This includes training and an advice centre.

We designed a focused socioeconomic development programme that will create impact and sustainability for black disadvantaged communities in high member concentrated areas.

We increased the SPN BBBEE sub-contracting targets to strive for all contracts to be at the 30% sub-contracting target

We carried out a community support programme within the limitations of the MSA. Beneficiaries included facilities for people living with disabilities, a City of Johannesburg primary healthcare facility, identified public hospitals, homes for the aged, a hospice for people living with HIV/Aids and schools.



Medical schemes industry through the BHF

Why are they important?	Needs and expectations
Several medical schemes, administrators and managed care organisations are BHF members. Through our membership we access industry insights, regulatory updates and strategic engagements to navigate the evolving healthcare landscape. Platforms such as the BHF annual conference facilitate industry-wide collaboration. The BHF coding system and regulatory compliance support assist the Scheme in ensuring seamless claims processing and adherence to industry standards.	Industry collaboration and information sharing on issues such as fraud, waste and abuse
	Support for and participation in the BHF annual conference
	Input into the development of industry responses to draft legislation, regulatory action and legal matters
While we operate independently in executing our mandate, our relationship with BHF strengthens our ability to contribute meaningfully to healthcare transformation and enhances our capacity to deliver value-driven healthcare solutions to our members	

Our approach and response in 2024

We participated in the BHF structures and forums focused on UHC, research, health systems strengthening and health forensics management (fraud, waste and abuse).

We provided input and support on key industry issues by exception, while staying aligned to the government's NHI policy.

We attended and participated fully in the BHF annual conference in May 2024 to leverage our industry relationships.



6. Corporate citizenship

The Board of Trustees set the direction for how corporate citizenship should be approached and addressed by approving an ESG framework and implementation roadmap. The implementation is phased and is still at an early stage. Full implementation will result in ESG integration throughout the GEMS business model. Our integrated and sustainability reporting will follow suit.

Disclosures on our corporate citizenship outcomes are included in various sections of the report. Below is a condensed view of our practices based on the leading business practices of Principle 3 of King IV.

Responsible investment is addressed in the investment note in the performance section of the report, page 114.

Table 7: Our corporate citizenship activities summarised

Strategic objective 2: Maintain the Scheme's position of financial strength, while driving towards transformation and sustainability through the optimisation of the other capitals namely natural, social and relationship, intellectual, human and manufactured capital.						
Strategic objective 6: Be a good corporate citizen, prevent or reduce negative impacts on the environment and function as an ethical, caring and innovative organisation in the South African healthcare sector.						
	Our policies	Key focuses 2024		Monitoring and addressing outcomes	Planned future focuses	Link to other sections of the report
Workplace	The Human Resources and Remuneration Committee supports the Board in overseeing and monitoring sound people management at GEMS. Our well-staffed and competent Corporate Services Division implements Board-approved policies and supporting procedures to ensure that GEMS remains at the forefront of people practices. The Board monitors performance against KPIs under strategic objective 2.					
Fair remuneration	- Job Evaluation Policy - Employee Remuneration Policy - Performance Management Policy	- Incentive structure review - Market benchmarking - Goal-alignment process - Manager training programme		We monitor achievement of the Scheme's Remuneration Policy objectives. Appropriate remuneration surveys are done annually, enabling the Board to address pay gaps.	- Ongoing monitoring of pay gaps - Competitive compensation - Rewards linked to performance - Retention strategies	Business model, page 42 Remuneration report, page 162
Employment equity	- Recruitment and Selection Policy - Employment Equity Policy	- Succession planning for critical roles - Diversity and inclusion training programme - Review of policies and procedures - Expanded learning management system		The Scheme's human resources practices are measured using independent assessments such as the Top Employer Institute TE24 survey. This is done to identify the impact of our people practices and policies on employee wellbeing and engagement, allowing improvements to build a healthy and sustainable workforce.	- Culture transformation initiative - Address engagement survey findings - Expand wellness programmes	Principal Officer's overview of performance, page 92 figure 13 Our people, page 178

Strategic objective 2: Maintain the Scheme's position of financial strength, while driving towards transformation and sustainability through the optimisation of the other capitals namely natural, social and relationship, intellectual, human and manufactured capital.

Strategic objective 6: Be a good corporate citizen, prevent or reduce negative impacts on the environment and function as an ethical, caring and innovative organisation in the South African healthcare sector.

	Our policies	Key focuses 2024		Monitoring and addressing outcomes	Planned future focuses	Link to other sections of the report
Health and safety	• Leave Policy • Occupational Health and Safety Policy • Facilities Management Policy • Smoke-free Facilities Policy • Flexible Work Arrangements Policy • HIV and Aids Policy • Substance Abuse Policy	• Promotion of health screening and wellness resources • Provision of mental health support services • Wellness challenges/incentives • Implemented a smoke-free facilities programme • Promotion of flexible work arrangements • Initiated ergonomic improvements • Developed emergency and continuity plans		The Scheme's human resources practices are measured using independent assessments such as the Top Employer Institute TE24 survey. This is done to identify the impact of our people practices and policies on employee wellbeing and engagement, allowing improvements to build a healthy and sustainable workforce.	• Proactive risk management • Health and wellness programmes • Remote work policies • Psychological safety culture and awareness building initiatives	Managing key relationships, page 48
Dignity	• Employee Relations Policy • Harassment and Discrimination Policy • Internal Communication Policy • Social Media and Digital Platforms Policy	• Harassment and discrimination training • Introduction of anonymous reporting channels • Diversity and inclusion initiatives • Internal communications survey • Social media policy updates			• Mediation and conflict resolution • Employee engagement surveys • Employee mentoring • Bias mitigation in hiring and promotion activities • Anti-bullying campaign • Customised ethics training for employees	Managing key relationships, page 48 Managing risks and opportunities, page 82
Development	• Learning and Development Policy • Talent Management and Employee Value Proposition Policy	• Leadership development programme • Cross-training initiatives • Succession planning framework to develop employees for senior positions • Implementation of the employed business management learnership (12 employees) for some of the Scheme's semi-skilled staff. This provides theoretical business knowledge and enables GEMS to apply their learning practically at work		We measure the Scheme's development of employees' skills in line with future skills needed	• Innovation and continuous improvement to respond effectively and seize new opportunities • Effective change management practices to ensure smooth transitions during transformation and adaptation • Critical skills audit to identify skills to support UHC and NHI partnerships	Business model, page 42 Principal Officer's overview of performance, page 92 figure 13 Managing risks and opportunities, page 74

Strategic objective 2: Maintain the Scheme's position of financial strength, while driving towards transformation and sustainability through the optimisation of the other capitals namely natural, social and relationship, intellectual, human and manufactured capital.

Strategic objective 6: Be a good corporate citizen, prevent or reduce negative impacts on the environment and function as an ethical, caring and innovative organisation in the South African healthcare sector.

	Our policies	Key focuses 2024		Monitoring and addressing outcomes	Planned future focuses	Link to other sections of the report
Economy	The Risk, Social and Ethics Committee supports the Board in overseeing and monitoring the intentional promotion of sustainable transformation through GEMS' supply chain management activities. The Scheme's supply chain management function includes specialist BBBEE management knowledge and expertise. The committee monitors the outcomes of the Scheme's ethics management and fraud, waste and abuse management activities. The Scheme's ethics management plans, fraud, waste and abuse management plans and internal investigations are implemented by specialised functions in the Scheme. The Audit Committee evaluates the effectiveness of the Scheme's systems and processes for managing fraud, waste and abuse and is responsible for overseeing internal fraud and corruption investigations while maintaining independence. The Board monitors performance against KPIs under strategic objectives 2 and 6					
Economic transformation	• BBBEE Policy • Supply Chain Management Policy	• We implemented a three-year plan aimed at achieving a compliant BBBEE contributor status, while maintaining compliance with the MSA • We introduced focused supplier development initiatives for qualifying 51% black-owned small businesses • We identified suitable enterprises that are at least 51% black-owned and small businesses that would receive enterprise development support as part of building future businesses that can add value to the healthcare industry • We designed a focused socioeconomic development programme that will create impact and sustainability for black disadvantaged communities in high member concentrated areas • We increased SPN BBBEE sub-contracting targets. In this we strive for all contracts to be at the 30% sub-contracting target • We focused attention on ensuring that new bidders are providing accurate and credible BBBEE certifications, to reduce fronting/fraud risk		We apply the Scorecard for Special Enterprises (Statement 004, No 38766) as the governing framework to implement and measure GEMS in this area. We measure the improvement in the GEMS BBBEE strategy to promote economic transformation. In this, we need to improve on the number of code elements that have an improved score compared to the previous year	• Achieving a compliant BBBEE contributor status, which will result in the Scheme spending and implementing transformation initiatives • Increasing visibility and access to small businesses as well as key stakeholders (black disadvantaged communities)	Business model, page 42 Principal Officer's overview of performance, page 92 figure 14

Strategic objective 2: Maintain the Scheme's position of financial strength, while driving towards transformation and sustainability through the optimisation of the other capitals namely natural, social and relationship, intellectual, human and manufactured capital.

Strategic objective 6: Be a good corporate citizen, prevent or reduce negative impacts on the environment and function as an ethical, caring and innovative organisation in the South African healthcare sector.

	Our policies	Key focuses 2024		Monitoring and addressing outcomes	Planned future focuses	Link to other sections of the report
Prevention, detection and response to fraud, waste and abuse and corruption	- Conflict of Interest Policy - Ethics Policy - Gifts and Hospitality Policy - Vetting Policy - Non-audit and Consulting Services Policy - Fraud and Corruption Policy (covering Scheme officers and employees) - Fraud, Waste and Abuse Policy (covering medical scheme claims), including measures stipulating sanctions	- We expanded ethics communication, training and awareness to healthcare providers, members and SPN - Expanded lifestyle audits internally - For fraud, waste and abuse claims investigations focused on an increasing exposure to exorbitant general practitioner billing for claims by members on the Tanzanite 1 and Beryl options, due to the structuring of benefits on these options		Ethics culture risk: We measure the Scheme's progress towards achieving a sound ethical culture. Outcomes are addressed under an annual ethics management plan We measure the savings achieved through the Scheme's interventions to mitigate fraud, waste and abuse claims. Healthcare providers and members are engaged and/or sanctioned based on forensic investigation outcomes. Sanctions stipulated under the Scheme's policies are applied following internal forensic investigations	- Ethics surveys informing communication and training and awareness that is audience specific - Enhancing the Scheme's capability to manage fraud, waste and abuse for heightened detection and response, including stakeholder awareness initiatives	Business model, page 42 Governance of ethics, page 153, and compliance, page 155 Principal Officers overview of performance, page 100 figure 27 Managing risks and opportunities, page 83
Society	The Risk, Social and Ethics Committee supports the Board in overseeing and monitoring the Scheme's adherence to the regulatory framework for consumer protection. The Scheme has a dedicated and specialised compliance function serving as a centre of excellence and business liaison (proactive compliance initiatives and compliance testing). The committee also monitors the Scheme's community development initiatives. The GEMS stakeholder management function performs day-to-day management of community-development activities. Our specialised BBBEE management resources provide input to this work. The Board monitors performance against KPIs under strategic objective 6					
Consumer protection, including protection of member rights and entitlements	- Compliance Policy - Complaints and Compliments Management Policy (complaints being a source of identifying non-compliance) - Code of Ethics and Business Conduct (includes protection of human rights) - Protection of Personal Information Policy - Service Provider Non-performance Management Policy - Stakeholder Management Policy	- Compliance: Refer to the section dealing with the governance and management of compliance, page 155 - Member complaints: We addressed key issues that surfaced in the monthly and quarterly member satisfaction surveys to address non-compliance in our call centres and claims processing and payment operations. This work is driven by the GEMS Service Management Forum - We reported material non-compliance incidents and/or issues and information concerning the solution thereof - We expanded listening, marketing and member education channels - We focus on SLA compliance by the GEMS SPN.		We measure the effectiveness of the Scheme's compliance management processes to detect, prevent and remedy non-compliance to legislation aimed at protecting members and consumers. Through member satisfaction surveys, we seek to understand the experiences, expectations and perceptions of members at various touchpoints and service delivery areas. We measure and report complaints at a granular level, to implement focused interventions, ensuring Scheme-wide adherence to member rights and entitlements. SLA adherence is monitored and enforced with Board level intervention to support Scheme management where required	- Compliance: Refer to the section dealing with the governance and management of compliance, page 155 - Member complaints: We will focus on the effective use of digital platforms, personalised communication and targeted health programmes to foster greater member engagement, which among others, assists in identifying compliance issues - We continue our focus on operational challenges that may affect member rights and entitlements.	Business model, page 42 Managing risks and opportunity, page 74 Governance and management of ethics, page 153, and compliance, page 155

Strategic objective 2: Maintain the Scheme's position of financial strength, while driving towards transformation and sustainability through the optimisation of the other capitals namely natural, social and relationship, intellectual, human and manufactured capital.

Strategic objective 6: Be a good corporate citizen, prevent or reduce negative impacts on the environment and function as an ethical, caring and innovative organisation in the South African healthcare sector.

	Our policies	Key focuses 2024		Monitoring and addressing outcomes	Planned future focuses	Link to other sections of the report
Community development	- Corporate Social Investment and Donations Policy - Marketing and Sponsorship Policy	- We implemented the GEMS community support programme aimed at maintaining and improving healthcare facilities, facilities for persons with disabilities, HIV and Aids hospices and homes for the aged - We provided donations and sponsorships aimed at marketing the GEMS value offering and simultaneously supporting government schools in underserved areas with school shoes and sanitary and dignity packs.		We measure the number of community initiatives that aligns to UN SDG3 – good health and wellbeing. Our annual programme is then set to achieve a target for the year.	Implementing a holistic community support programme that demonstrably supports UN SDG3	Business model, page 42 Managing key relationships, page 53 Principal officers overview of performance, page 99, figure 25
Environment	The Risk, Social and Ethics Committee supports the Board in overseeing and monitoring the Scheme's outputs and outcomes achieved under its Environmental Management Policy. GEMS' facilities management function in the Corporate Services Division reports on this area.					
Pollution and waste disposal	- Environmental Management Policy - Facilities Management Policy - Occupational Health and Safety Policy - Travel Policy	Continued implementing the 2024 GEMS environmental management plan and reporting progress		We measure the CO ² emissions from the use of Scheme vehicles, use of electricity, air travel, car rentals, paper and water. We set CO ² emission reduction targets and identify appropriate targets to reduce our impact on the environment	Strengthening our waste management activities to effectively reduce waste to landfill	Business model, page 42

7. Strategy and allocation of resources

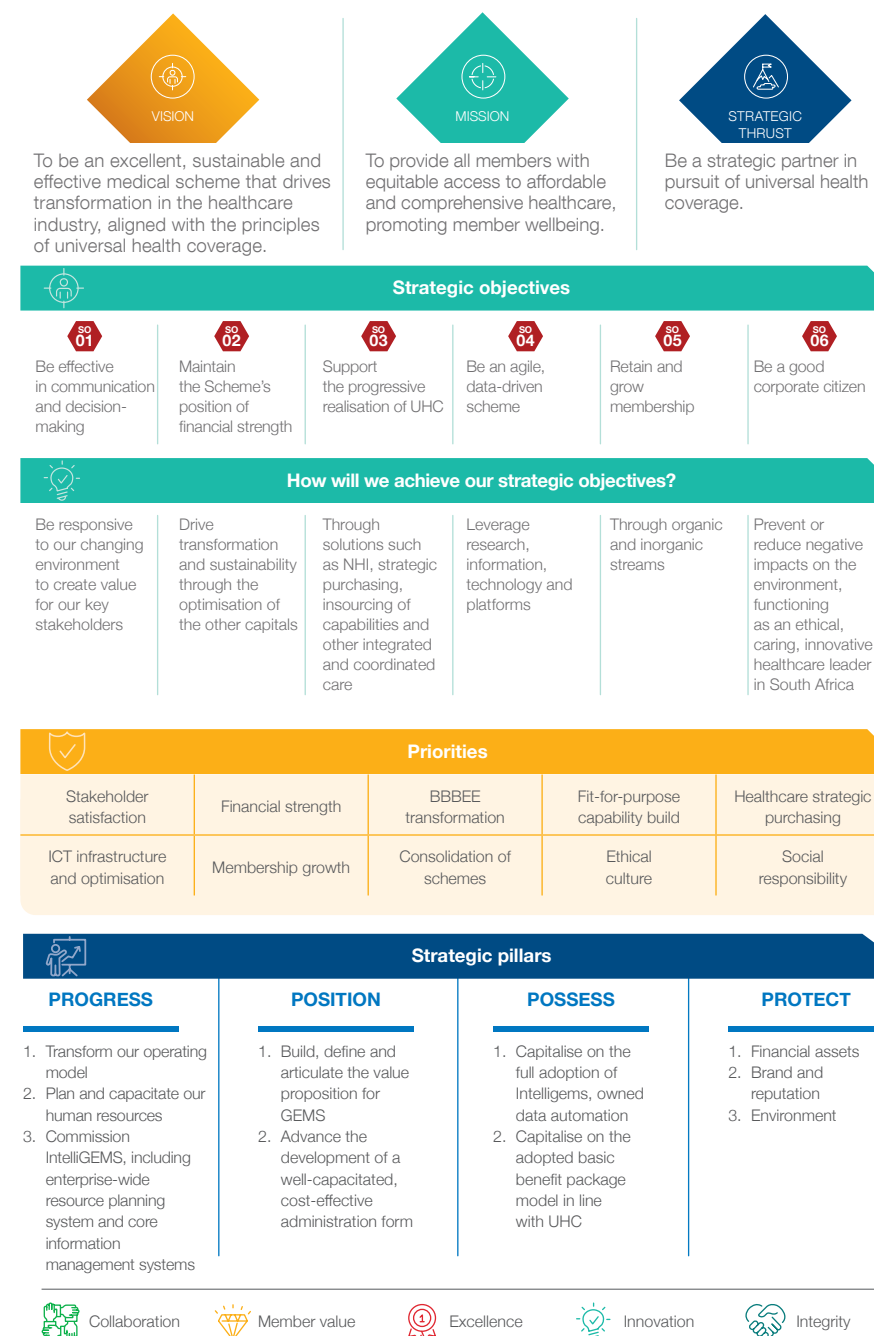


In this section, we disclose where we are going and how we plan to get there.

Our strategic framework

The GEMS strategic framework aligns functional strategies and strategic projects and programmes to support the Scheme strategy in pursuing UHC through strategic partnerships. It ensures clarity on the prioritisation of initiatives for successful execution. These strategies and programmes leverage our competitive advantages (our market-leading Tanzanite One basic benefit option and affordable access to high-quality healthcare for all our members) and build competitive advantage across governance, financial and healthcare objectives.

Figure 6: Strategic framework



Transitioning from the previous strategic cycle, the GEMS 2022 to 2026 strategy was approved by the Board of Trustees in December 2021 and has since evolved with the changes in internal and external environmental factors, such as the policy environment, including NHI developments. The current risk-led strategy aspires to transform GEMS from a fragmented, outsourced delivery model to a competitive future-proof business model pursuing UHC.

Strategy review

GEMS conducted a midterm review in 2024 to ensure that its 2022 to 2026 strategy remained aligned with the evolving landscape of UHC. Given the dynamic healthcare environment, including regulatory shifts to NHI and economic pressures affecting affordability, the review was essential in assessing the Scheme's progress, identifying challenges and refining strategic approaches. By evaluating financial sustainability, operational efficiencies and stakeholder engagement at the midpoint of the strategic cycle, we sought to proactively adjust our initiatives to maintain our relevance, resilience and effectiveness in advancing UHC. The review assessed the Scheme's achievements, challenges and opportunities for enhancement. Through extensive performance analysis, stakeholder engagement and environmental assessment, the exercise ensured that the strategy remained relevant. Key achievements in the first half of the cycle include strengthened financial stability, enhanced governance and compliance frameworks and the implementation of innovative healthcare initiatives. GEMS maintained financial reserves, improved operational efficiency and introduced targeted healthcare interventions such as value-based reimbursement models and preventive care strategies. Additionally, significant strides were made in stakeholder engagement, branding and digital transformation, including data analytics to enhance service delivery.

Despite these advancements, several challenges were identified, necessitating strategic recalibrations. Affordability concerns and regulatory uncertainties around NHI posed risks to membership retention and financial sustainability. Organisational culture and leadership alignment were also highlighted as areas requiring improvement, with a focus on internal and external communication and fostering a more agile and innovative work environment. The need for continued investment in digital health solutions and cybersecurity measures was cited.

The review also assessed readiness for eventualities assumed in each of the three strategic scenarios and their alignment to the strategy. Our strategy is closely linked to three key NHI scenarios. As mentioned in the Chairperson's report, these are initial, partial and full implementation. GEMS focuses on membership growth, service excellence and financial sustainability while adapting to emerging NHI frameworks. For partial implementation, the Scheme strategically diversifies its offerings, enhances digital healthcare solutions and refines

its operational model to remain competitive. Should full implementation materialise, GEMS will provide technical advisory services, complementary healthcare solutions and strategic partnerships to align with NHI objectives. By linking the strategy to the three scenarios, GEMS ensures flexibility, resilience and sustainability regardless of the pace and extent of NHI implementation.

Into the second half of the GEMS strategy cycle, a renewed focus on agility, stakeholder collaboration and technological innovation will be pivotal. By integrating the review's insights and recommendations, the Scheme aims to remain a resilient and adaptive healthcare partner, committed to delivering high-quality, affordable medical services to its members while aligning with the goals of South Africa's evolving healthcare system.

Resource allocation

As the Scheme must remain well-resourced and equipped to position itself effectively, all strategic programmes to strengthen internal capabilities have been revised. Additionally, a comprehensive stakeholder engagement approach has been developed to enhance relationships with key NHI role-players, showcase GEMS' capabilities and successful experiences in healthcare partnerships and support the full NHI implementation.

2025 focus and beyond

The mid-term review recommended several strategy refinements. Financial sustainability efforts will be reinforced by optimising pricing strategies and bolstering fraud detection. Healthcare initiatives will align benefits with NHI principles while enhancing cost efficiency and member experience. Governance and compliance measures will be reinforced through improved risk management and adherence to ESG standards. Organisational culture transformation programmes will be implemented to foster a collaborative and high-performance work environment.

Innovation

Innovation, one of GEMS' five core values, is essential for continued relevance and sustainability. This involves fostering new ideas and approaches to deliver exceptional value to members and stakeholders. Through strategies that maximise creativity and problem-solving, we will establish a clear path aligned with our existing business strategy.



8. Managing risks and opportunities

In this section, we provide detailed disclosures on risks and opportunities that affect our ability to create value and explain how we treat them.

Arrangements for governing and managing risk in GEMS

King IV Principle 11: The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.

The Board retains accountability for the governance of risk and is committed to its effective management in pursuit of strategic objectives. It, therefore, is responsible for compliance with the Scheme Risk Management Policy. It oversees the management of all strategic risks by considering quarterly reports detailing the risk and control environment, including significant changes and allocation of adequate resources to remediate them.

The GEMS Risk, Social and Ethics Committee oversees the management of all Scheme risks on behalf of the Board through the comprehensive risk management annual workplan. The committee also oversees the risk management strategy, which builds capacity and capabilities in risk management governance and processes to enable the strategy. It includes assessment of the effectiveness and efficiency of risk management processes, working closely with the Audit Committee.

The Board committees consider quarterly reports on the risks within their ambit. This includes monitoring significant changes in the risk environments as well as the implementation and progress of risk mitigation plans.

The GEMS Exco is the owner of risks and entrenches risk management, supported by the enterprise risk management function, which is the owner of the risk management framework and is responsible for entrenching a risk management culture and facilitating risk management and integration across the business. The effectiveness of risk management is assessed periodically by the GEMS internal audit function. Risk management is subjected to regular independent risk management maturity assessment.

Enterprise risk management function key focuses 2024:

- Strengthening risk management capacity
- Strengthening skills development and training
- Strengthening risk management systems and tools to deliver.

Planned areas of future focus

- Achievement of and maintaining an optimal risk management maturity level

Risk management commitment

At GEMS, we embrace risk management to ultimately create exceptional value for our stakeholders. We assume risk responsibly because it enables the GEMS strategy towards UHC. We furthermore understand that managing risks effectively opens opportunities otherwise not possible – GEMS views risks and opportunities holistically.

We understand our responsibility to balance risk and reward while pursuing goals. The Scheme is firmly committed to robust risk management as a fundamental pillar to business sustainability. Operating in the medical scheme sector in South Africa, GEMS is exposed to financial, political, legal, regulatory, technology, health and other risks that could potentially affect goal achievement.

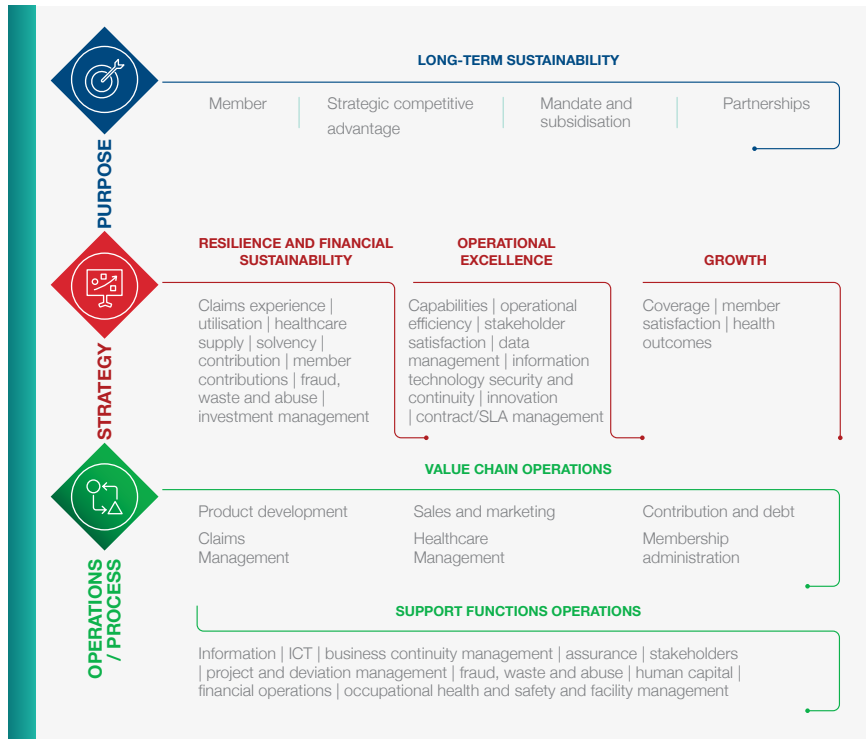
Risk management is continuous, an integrated part of day-to-day activities and strategy. It is proactive and systematic, built on robust principles and practices in a risk-intelligent entity. It informs our decisions and actions to deal with and benefit from uncertainties that may arise in the pursuit of goals. We call it our risk-led approach.

Risk management strategy

GEMS' strategy is to manage risks that may affect business sustainability in internal and external environments. Our risk management process, also covering our outsourced service providers, enables us to manage the GEMS risk profile within our risk appetite. Through combined assurance, our management and Board of Trustees transparently report on our performance to stakeholders.

Our risk universe illustrates the risk environment in which we operate which constitutes the sources of risks to which we may be exposed. This represents the minimum scope of application of our risk management processes and is segmented into three levels, namely purpose, strategy and operational realities. We continuously review and update the risk universe as an accurate representation of our strategic and operating environments. We anchor each identified risk in the relevant operational, strategic and purpose activity to enable decision-makers to contextualise and understand the interrelationships between our activities and the risks we face.

Figure 7



Risk appetite, tolerance and risk-bearing capacity demarcate various levels of risk that allow GEMS to escalate and deal with risk aligned to the delegation of authority. Risk appetite constitutes the amount of risk that the Scheme is willing to take in pursuit of significant goals, which, if breached, may detract from achieving strategic objectives and targets. Risk tolerance represents the level of risk that, if breached, may materially harm the Scheme's reputation and delivery on its mandate. Risk-bearing capacity represents the maximum risk that the Scheme can accommodate, which, if breached, may lead to catastrophic demise and depletion of Scheme capitals. We recognise the importance of aligning our risk universe and risk appetite metrics with our impact on the six capitals (financial, manufactured, intellectual, human, social and relationship and natural). It allows us to deal with risk appropriately depending on severity. These are reviewed periodically and submitted to the Board for approval.

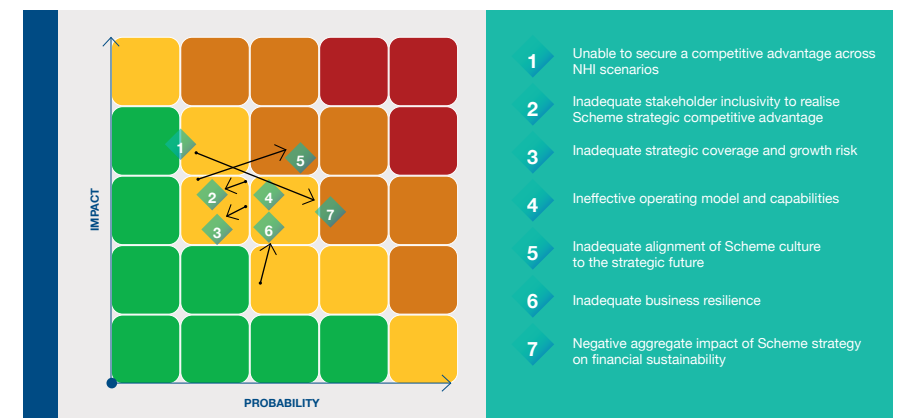
In executing the risk management strategy, GEMS takes deliberate action to mitigate risks to within acceptable limits. Risk mitigation is an integral part of the Scheme's strategy execution and resource allocation. It ensures robust and realistic management of risk, enabled by adequate, prioritised resources.

Top risks facing the Scheme

These are monitored by the Board and its committees. What is illustrated is movement from 2023 to 2024. All top risks are adequately managed, with only two of the seven top risks slightly exceeding the risk tolerance levels at end-2024 (amber risks). These two risks are closely monitored and mitigating actions have been identified to remedy them. These top risks are priorities where risk controls are monitored actively for effectiveness and assessed continuously for possible improved and additional risk controls.

Risk levels are on a residual basis considering the effectiveness of risk mitigations.

Figure 8: Risk heatmap



#1 Unable to secure a competitive advantage across NHI scenarios	
Strategic objective: 3: Support the progressive realisation of UHC, through solutions such as the NHI, strategic purchasing, insourcing of capabilities and other key elements of integrated and coordinated care.	
Capitals:   	Horizon: Medium- to long term
Associated opportunity: By mitigating this risk the Scheme will be fully positioned for its strategic future, across the strategic scenarios	
Summarised risk landscape The risk level, which does not exceed Scheme risk tolerance levels, shows downward pressures, and a decrease in risk rating is indicated. Progress on additional risk mitigations is considered partially satisfactory. The risk is materially informed by the progress (and related uncertainty) around NHI. Factors such as the country's economic landscape, affordability, health insurance products conducting business of a medical scheme, challenging regulatory environment, complexity of such a large fund and healthcare infrastructure readiness all have an impact on progress. It is expected that full implementation will be phased in over several years and materially affect the exact shape and extent of implementation. Since the promulgation of the Act, there have been two observations: The implementation of the NHI will take time, and there are and will most likely be opportunities in future to cooperate on how the government and the current healthcare sector interact and co-exist. The Scheme strategically positions itself along three themes: 1. To be an excellent medical scheme, growing its membership organically towards full coverage, and inorganically through widening of eligibility and consolidation of public sector schemes. This is supported by good member satisfaction, excellent corporate governance, financial sustainability, competitively priced products and a wide range of innovative benefit options. 2. To innovate its offering for improved delivery and laying the foundation for diversified products and services. The innovation programme has commenced with good internal support. 3. To be a strategic partner to the NHI Fund, providing services to a segment of the population, complementary cover and specialised administration and managed care services to the NHI Fund. This requires strengthening in the stakeholder engagement, while progressing insourcing of capabilities through partnerships with managed care organisations and administrators.	
Key risk treatment programmes and activities: • Stakeholder engagement • UHC research • UHC forum to coordinate the Scheme UHC strategy, research and alignment with strategic programmes • Service management programme • Product development • Insourcing of capabilities programme	

#1 Inadequate stakeholder inclusivity to realise Scheme strategic competitive advantage	
Strategic objective: 1: Be an organisation that is effective in communication and decision-making, responsive to its changing environment and strives to create value for its key stakeholders. 6: Be a good corporate citizen, prevent or reduce negative impacts on the environment and function as an ethical, caring, innovative leader in the South African healthcare sector.	
Capitals: 	Horizon: Short- and medium term
Associated opportunity: By mitigating this risk, the Scheme will align and optimally balance the expectations of all stakeholders, thereby ensuring ongoing support, a strong GEMS brand, regulatory compliance and customer-orientated solutions.	
Summarised risk landscape This risk level, which does not exceed Scheme tolerance levels, is experiencing downward pressures, and a decrease in risk rating is indicated. Progress on additional risk mitigations is considered partially satisfactory The Scheme has substantially reversed the low member satisfaction trend. Certain service areas remain in need of improvement (enquiries) while the Scheme substantial contribution for 2025, after multiple years of highly supportive low increases, will put strain on member satisfaction. The relationship with the PSCBC remains key and is receiving priority attention. Healthcare providers, bureaux and professional association relationships remain at excellent levels and should be maintained. The CMS Section 59 Investigation on unfair treatment of healthcare practitioners during fraud, waste and abuse processes remains open and is a reputation risk. Excellent compliance performance supports strong relationships across the wide range of regulators. This is amid intense scrutiny, which is normal for the industry and business of the Scheme. Service provider relationships remain positive, with good performance, albeit with isolated incidents of non-performance. The relationship must be strengthened, inter alia through the partnership models in the insourcing of capabilities. The relationship with stakeholders related to the Scheme UHC future, requires strengthening.	
Key risk treatment programmes and activities • Stakeholder engagement strategy and plan • Marketing, brand and reputation management • Service management programme • Product development • Integrated regulator approach	

#3 Inadequate strategic coverage and growth	
Strategic objective:	
5: Retain and grow membership, through organic and inorganic streams.	
Capitals:  	Horizon: Short-, medium- and long term
Associated opportunity:	
By mitigating this risk the Scheme will ensure a strong growth performance in terms of the current mandate, expanded mandate, diversified product and service portfolio. It will also ensure that Scheme growth is sustainable.	
Summarised risk landscape	
The risk, which does not exceed the Scheme tolerance levels, shows downward pressures and a reduction in risk rating is indicated. Progress on additional risk mitigations is considered partially satisfactory.	
The Scheme has experienced membership growth levels ahead of budget and also significantly better than in prior years, but is still falling short of covering all mandated public servants. A particular achievement is the successful implementation of the Tanzanite One option, which is showing significant growth. The member satisfaction levels improved slightly after a concerning downward trend, stabilising at +-80% (target of 85%) for the three months ending September 2024, thereafter improving to 85% for October 2024. This positive trend unfortunately reversed from November, and saw the satisfaction levels end the year at 79% (December 2024). The risk function is closely monitoring this to understand the root causes as well as to explore potential mitigations. Dips in member satisfaction must be arrested to prevent slow growth or even loss of membership. Here, affordability remains a key consideration amid the difficult economic climate.	
The Scheme balances growth and financial sustainability. This has resulted in weighing the introduction of underwriting controls and late joiner penalties not previously introduced. These are proposed as necessary to ensure that the Scheme's financial position is protected and that undesirable behaviour is mitigated. This could have an impact on growth or the pace thereof.	
Expected contribution increases may cause some members to consider affordability, which may result in buy-downs or at worst, terminations. Notable contribution increases are likely industry-wide due to reserving requirements and increased healthcare benefit utilisation experienced.	
While significant growth and progress is noted for Tanzanite One (mostly new members), the risk of buy-downs remains as a priority focus given the attractive benefit proposition of this option – this is discussed robustly at forums such as product development. Growth in membership and growth in claims are being monitored closely.	
The Scheme has not progressed on inorganic growth through consolidation of public sector schemes. The strategy related to consolidation of public sector schemes is under consideration.	
Encouraging growth has been obtained through expansion of eligibility evident in Health Squared, Legal Aid, the Special Investigating Unit, Border Management Authority and Healthcare Professionals Council of South Africa.	
The growth opportunities associated with the Scheme's diversified product and service portfolio are yet to be determined as the Scheme embarks on strategies related to diversification.	
The Scheme's attention is set on maintaining superior operational and service excellence to retain and grow members numbers and leverage the Scheme's fortuitous size.	
Key risk treatment programmes and activities:	
- Member acquisition programme related to current mandate - Member acquisition programme related to consolidation of public sector schemes and widening of eligibility - Member acquisition related to the diversified product and service portfolio	

#4 Ineffective operating model and capabilities for the Scheme strategic future	
Strategic objective:	
4: Be an agile data-driven scheme that leverages research, information, technology and platforms to manage risk, create disruptive innovations and contribute towards clinically appropriate, socially responsible and cost-effective interventions, to improve the health of our members.	
Capitals:  	Horizon: Medium- to long term
Associated opportunity:	
By mitigating this risk, the Scheme will enable competitive advantage for its strategic future through developing and possessing class-leading capabilities in people, systems and processes.	
Summarised risk landscape	
The risk, which does not exceed the Scheme tolerance levels, shows downward pressures, and a decrease in risk rating is indicated. Progress on additional risk mitigations is considered partially satisfactory.	
The current operating model, even though fragmented and outsourced, can support the Scheme's current mandate, expanded mandates and consolidation. The Scheme is progressing insourcing the remainder of core operating functions, but only where this will result in a competitive advantage, through partnership with administrators and managed care organisations. A key focus area is optimisation of the operating model, through development of a target operating model, continuation of the service management programme, the innovation programme and consolidation (reducing fragmentation) of outsourced services.	
For diversified products and services, the sourcing approach will consider partnership models, build operate transfer and internal development approaches. The Scheme must also consider alternative healthcare insurance products and services.	
This revised insourcing strategy has reduced the programme execution complexity and risk, by narrowing the components to be insourced to only those areas where the Scheme can attain competitive advantage. The insourcing approach reduces risk by considering strategic partnerships with managed care organisations and administrators. The challenges relating to the execution remain – readiness for change (cultural aspect) as well as capacity and competence to execute.	
Key risk treatment programmes and activities:	
- Optimisation of the Scheme's current operating model - Adapting the Scheme operating model for strategic competitive advantage - Programme execution approach and governance	

#5 Inadequate alignment of Scheme culture to the strategic future	
Strategic objectives: 4: Be an agile data-driven scheme that leverages research, information, technology and platforms to manage risk, create disruptive innovations and contribute towards clinically appropriate, socially responsible and cost-effective interventions, to improve the health of our members. 1: Be an organisation that is effective in communication and decision-making, responsive to its changing environment and strives to create value for its key stakeholders.	
Capitals:  	Horizon: Short- to medium term
Associated opportunity: By mitigating this risk, the Scheme will ensure a robust culture aligned to the strategic ambitions. Culture is recognised by the Scheme as being an enabler of strategy and competitive advantage.	
Summarised risk landscape The risk, which exceeds the Scheme tolerance levels, shows downward pressures and a slight decrease in risk rating is indicated. Progress on additional risk mitigations is considered partially satisfactory. Establishing and actively working towards instilling a desired culture is at the forefront of ensuring that the Scheme capabilities (mostly in the form of human capital) are harnessed towards common goals or a common vision. An ethical culture remains the cornerstone of good corporate governance. It refers specifically to establishing a strong ethical culture in the Scheme internal, healthcare provider, service provider and claims environments. Several ethics-related interventions have been introduced, with a significant portion thereof driven by the Scheme's ethics function. While these are proving to be helpful internally and externally, there are still some perceptions that there is more to be done in respect of an ethical culture – better ways of assessing this consistently are required to determine the true ethical culture landscape. An entrepreneurial and innovation culture is essential, where the Scheme will be required to continuously improve its current processes and products, building on many successes since inception. The Scheme risk-based diversified business model also requires a strong entrepreneurial and radical innovation mindset. Successes already include the innovation programme and product development and service management process, where innovative products and processes have been realised. The revised strategy is founded on the need for competitive advantage, acknowledging that the Scheme will face substantial competition going forward. This will require a high-performance culture. The Scheme strategy will bring about substantial changes to its business and operating models. These changes are large scale and complex, which requires a resilience to change culture. Awareness of ESG impacts is an integral part of the Scheme culture, where a framework has been developed to achieve ESG integration.	
Key risk treatment programmes and activities: • Organisational culture programme • Strengthening the ethics environment • Strengthening the high-performance culture • Strengthening the innovation culture • Strengthening the resilience to change culture	

#6 Negative aggregate impact of Scheme strategy on financial sustainability	
Strategic objective: 2: Maintain the Scheme's position of financial strength, while driving towards transformation and sustainability through the optimisation of the other capitals, namely natural, social and relationship, intellectual, human and operational capitals.	
Capitals: 	Horizon: Short- and medium term
Associated opportunity: By mitigating this risk, the Scheme will maintain financial sustainability while successfully implementing the substantial strategic portfolio.	
Summarised risk landscape The risk, which does not exceed the Scheme tolerance levels, shows neutral pressures and no change in risk rating is indicated. Progress on additional risk mitigations is considered satisfactory. While the Scheme reserve ratio is well above the CMS required levels, the Claims Management Forum has noted increased and increasing claims trends that, if not normalised, will notably affect reserving for the 2025 year. The reserve ratio reduced significantly from 42.4% at the end of 2023, to 32.34% at the end of 2024 (against a forecast of ~31.8%). The budget set for 2025 (inclusive of the proposed contribution increase of 13.4%) will see the reserve ratio at slightly above 25% if there are no significant variances to major budgeted lines. This once again highlights the importance of the forum and related workstreams and initiatives. The risks highlighted during the benefit design process that have the largest impact on financial sustainability are: Mis-projection of utilisation and mis-projection of contribution income. These ultimately affect the budget risk (financials) and the reserve ratio. At a budgeted contribution increase level, the reserve ratio is maintained at slightly above the regulatory minimum of 25%. The Scheme fraud, waste and abuse management programme continues to be highly effective, with substantial savings achieved. The Scheme continues to benefit from favourable tariffs, low medicine price increases, generic medicine substitution, device pricing, alternative reimbursement models and the effective claims management programme interventions. Scheme reserves have grown, with a substantial investment portfolio. With the increase in equity market exposure, the Scheme is experiencing high volatility in returns, yet remains firmly on track with its increased return long-term investment strategy. Investment returns substantially supplemented the financial position of the Scheme during 2024 – this trend would be helpful in navigating the next two years where the Scheme will look towards maintaining and strengthening the reserve ratio. The substantial insourcing of capabilities programme may have significant impact on capital and operating costs. This must be mitigated through the diligent feasibility and deal-making phases of the programme and is managed through a risk-adjusted insourcing strategy.	
Key risk treatment programmes and activities: • Alternative reimbursement models • Sourcing initiatives • Claims management programme • Demographic profile analysis • Insourcing of capabilities financial impact analysis • Investment performance management • Contribution and debt management	

#7 Inadequate business resilience

Strategic objective:

4: Be an agile data-driven scheme that leverages research, information, technology and platforms to manage risk, create disruptive innovations and contribute towards clinically appropriate, socially responsible and cost-effective interventions, to improve the health of our members.

Capitals:  

Horizon: Short and medium term

Associated opportunity:

By mitigating this risk, the Scheme will ensure that service delivery by the Scheme and its SPN is resilient against interruptions and thereby safeguard leading member and provider satisfaction.

Summarised risk landscape

The risk, which exceeds Scheme tolerance levels, shows downward pressures and a slight decrease in risk rating is indicated. Progress on additional risk mitigations is considered partially satisfactory.

The significant outsourced operating model means that the ICT infrastructure is found at head office as well as the Scheme SPN, with substantial potential exposure to interruption. The Scheme recognises the need to expand the business resilience perspective, such that it is not primarily focused on only the ICT components (current status). This is expected to be a focus area in the coming months. The Business Continuity Policy was recently reviewed and deemed appropriate – work being planned will mostly be around the business impact analyses, business continuity plans, integration with SPN plans and testing.

Cybercrime remains a substantial business threat and is especially pronounced because of the Scheme's information intensive nature. A cyber event can lead to interruptions and loss of private information. This is a risk that will always be deemed persistent and a threat even where good control progress is made and the focus will be on increasing independent verifications of control effectiveness to supplement, and validate internal assessments. Enhancements to the information technology control assurance universe have been requested and are underway, with the Scheme looking to adopt the COBIT 2019 framework.

The effects of climate change are visible, with differing weather patterns and significant weather events noted from time to time, but also more frequently.

Other substantial interruption events include civil unrest, natural disasters and pandemics. The risk and impacts of loadshedding have subsided. However this is a risk that has historically proven to be rather volatile.

The Scheme is subject to the Protection of Personal Information Act. Breach of confidential information poses substantial financial exposure. This is exacerbated by the fact that some of this information may relate to prominent public figures.

The impact of a potential usable water supply crisis is something the Scheme will have to analyse – proactive assessment of backup water facilities at all major Scheme offices could result in savings before demand increases, pushing up prices as experienced during the height of loadshedding.

Work is underway to embed a comprehensive and coordinated business continuity management programme throughout the entire value chain. Testing of this programme will be key to ensuring no blind spots should a material disruption occur. External assistance is currently being sought to ensure a comprehensive and holistic business continuity management review and profile across the Scheme (inclusive of the SPN).

Key risk treatment programmes and activities:

- Information security management system programme
- Cybercrime and professional indemnity insurance
- Business continuity management programme
- Protection of Personal Information Act compliance programme





9. Principal Officer's overview on performance and performance outlook

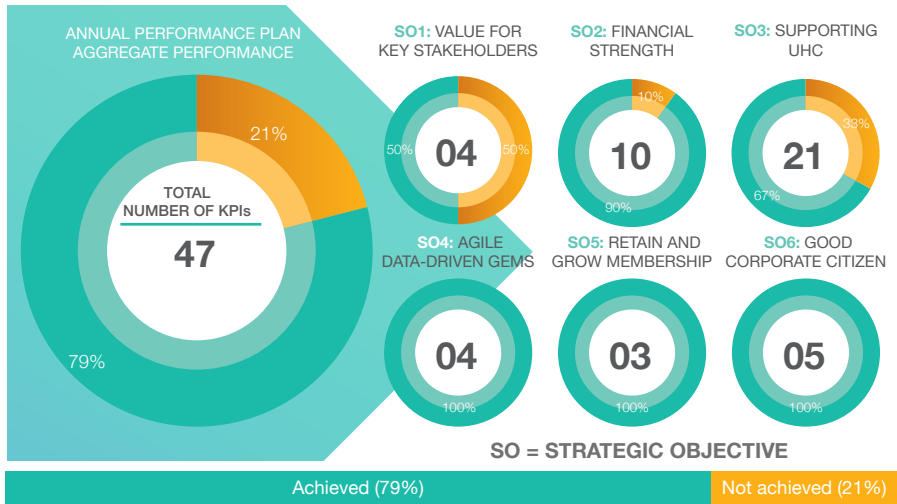
This section discusses quantitative and qualitative aspects of our performance. To fully contextualise this, we share details against set expectations such as our claims experience (from page 104).

Our success depends not only on our ability to minimise downside impacts but on our success in capitalising on potential opportunities for value creation in an uncertain future. The key risks and opportunities that could have a material impact on our ability to achieve our strategic objectives and create value are aligned to the strategic risk register and outlined from page 65.

Summary of progress against the GEMS annual performance plan for 2024:

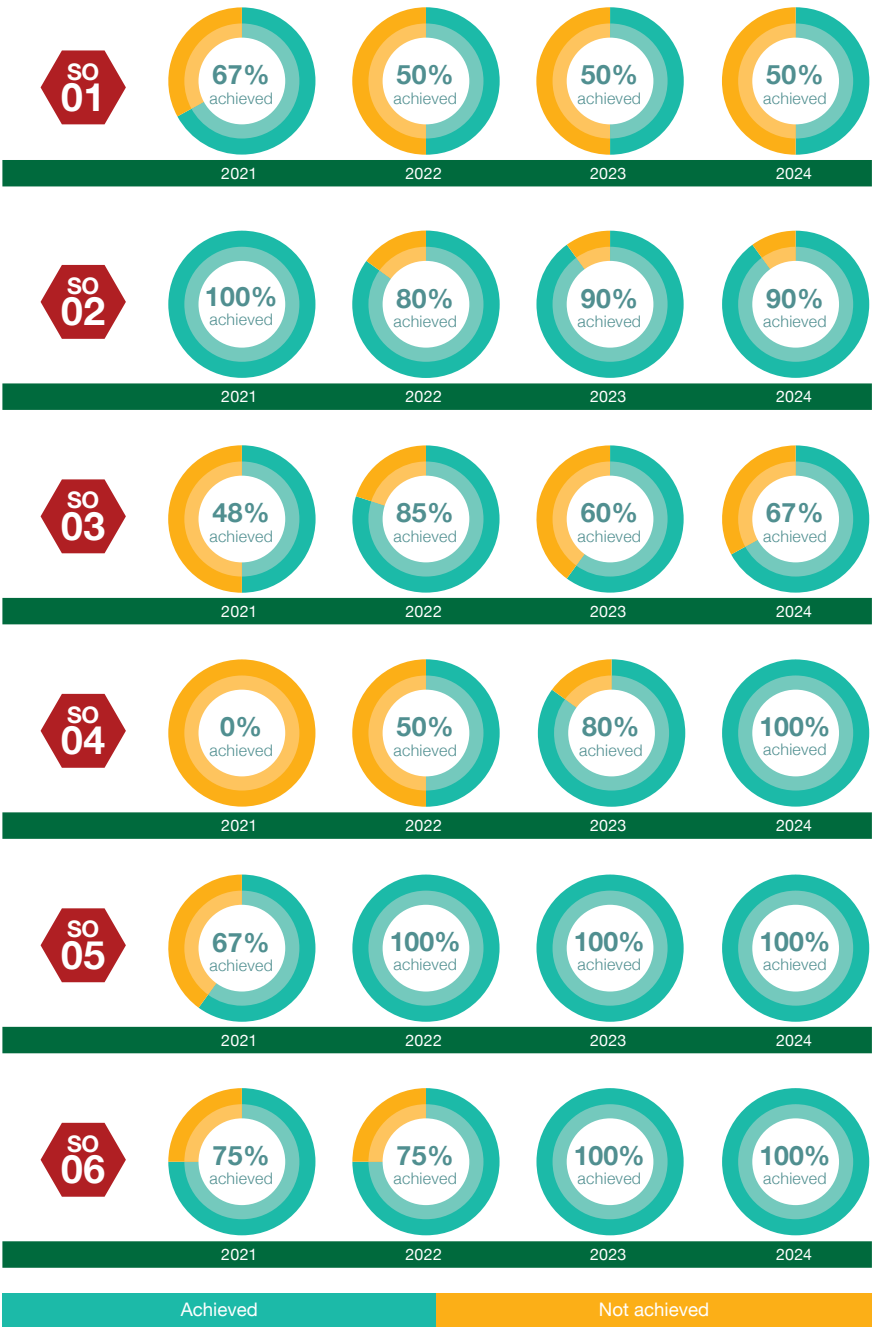
For 2024, our summarised performance against the GEMS annual performance plan shows that 79% (2023: 65%) of targets were met.

Figure 9: 2024 annual performance plan progress



Over the past four years, we made significant progress against the GEMS strategic objectives, evident in key performance areas and KPIs.

Figure 10: Linking past and current performance



Targets are set and approved by the Board of Trustees as part of the annual strategy and performance plan review. Here, performance in 2024 on selected KPIs is linked to previously reported performance from 2021 (the final year of the previous strategic cycle) to demonstrate positive and/or negative progression. This enables us to identify and drive improvement initiatives for non-performing areas while maintaining positive results in performing areas.

To achieve accuracy and reliability, reporting adheres to the GEMS KPI specification manual, which aligns each metric to its strategic objective and key risk area. The manual describes the indicator, method and type of calculation and data source. An extract of the manual is in Appendix 2.

STRATEGIC OBJECTIVE 1: An organisation that is effective in communication and decision-making.

Figure 11: Value for key stakeholders

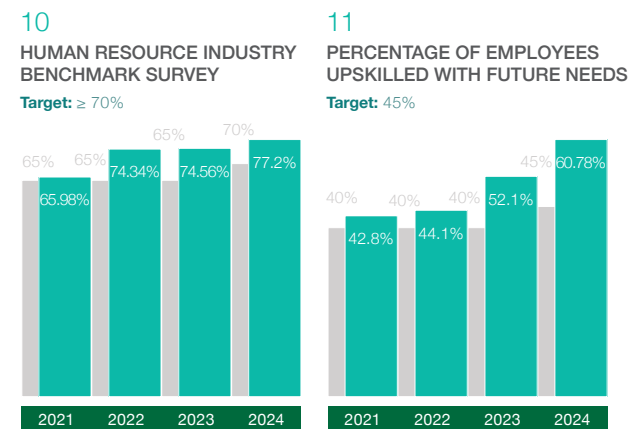


STRATEGIC OBJECTIVE 2: Maintain the organisation’s position of financial strength:

Figure 12: Financial strength



Figure 13: People empowerment



KPI 10: External assurance obtained for 2024 performance results

Figure 14: BBBEE



* Not measured

STRATEGIC OBJECTIVE 3: Support the progression of UHC

Figure 15: Product value proposition

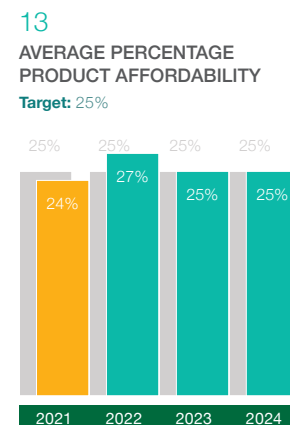
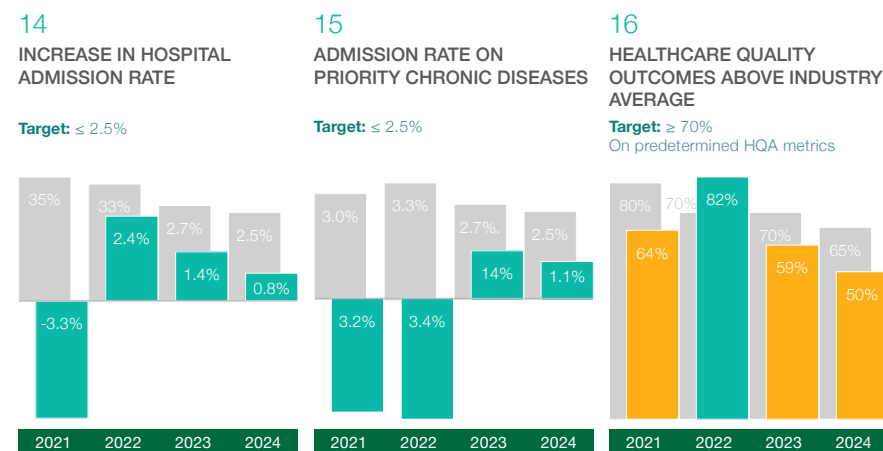


Figure 16: Clinical risk indicators



KPI 16: External assurance obtained for 2024 performance results

Healthcare quality outcomes reporting is retrospective in nature, meaning that 2024 reporting covers the 2023 full-year performance. This is due to data availability and ensuring that all claims and chronic authorisations for the year are factored in, considering a delay with claims, where the full year's claims are deemed to be fully covered by the end of April of the following year

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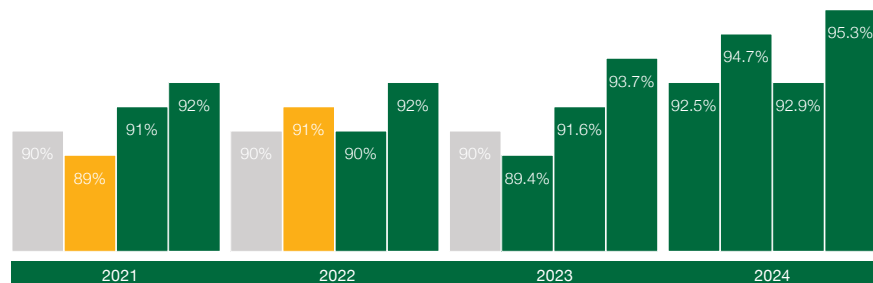
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Figure 17: Clinical risk indicators

17

ACHIEVEMENT OF WHO HIV TARGETS

Target: 92.5 — 92.5 — 92.5



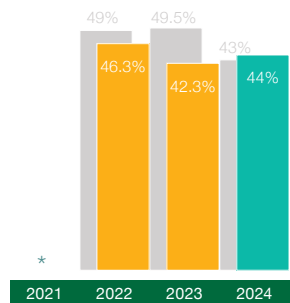
GEMS 2024 targets

- The **first 92.5%** At least 92.5% of Scheme members living with HIV know their HIV status
- The **second 92.5%** At least 92.5% of Scheme members (enrolled on HIV disease management programme) who know their HIV status are on treatment
- The **third 92.5%** At least 92.5% of Scheme members (enrolled on HIV disease management programme) on treatment have a suppressed viral load

18

EFFECTIVE COVERAGE SCORE

Target: 49.5%

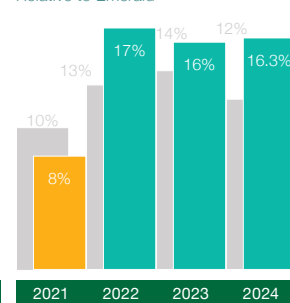


* Not measured

19

REDUCTION IN RISK-ADJUSTED HOSPITAL COVER PER ADMISSIONS ON EVO

Target: 12%
Relative to Emerald



20

REDUCTION IN CASE MIX ADJUSTED HOSPITAL COST PER ADMISSION FOR TANZANITE ONE

Target: ≥ 12%

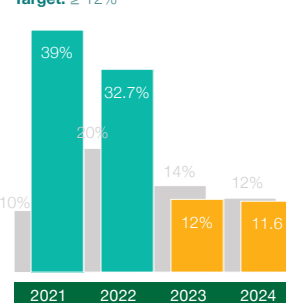
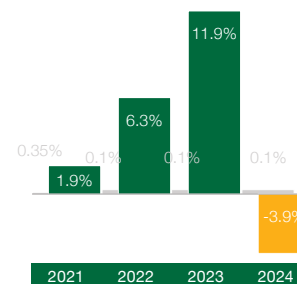


Figure 18: Healthcare strategic purchasing

21

ANNUAL REDUCTION IN SOURCING COSTS

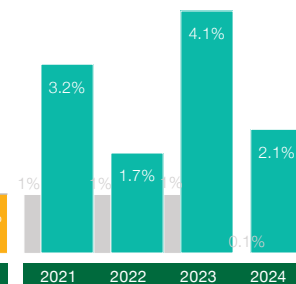
Target: ≥ 0,1%
(medicine, tariffs, devices) costs



22

INCREASE IN MEDICINE SPEND RELATIVE TO SEP INCREASES

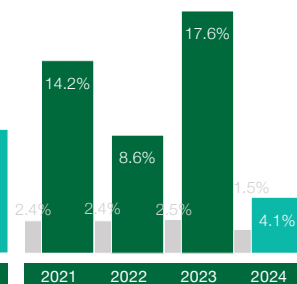
Target: 0.1%



23

SAVINGS IN APPLIANCES AND PROSTHESES SOURCING COSTS

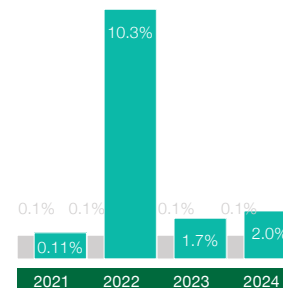
Target: ≥ 1,5%



24

TARIFFS ACHIEVED BELOW BUDGET

Target: ≥ 0,1%



KPI 24: External assurance obtained for 2024 performance results

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Figure 19: Healthcare strategic purchasing

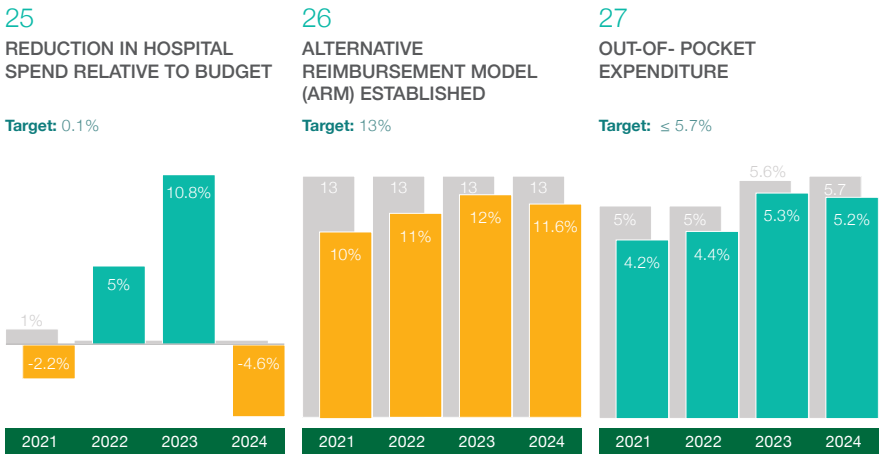


Figure 20: Healthcare strategic purchasing

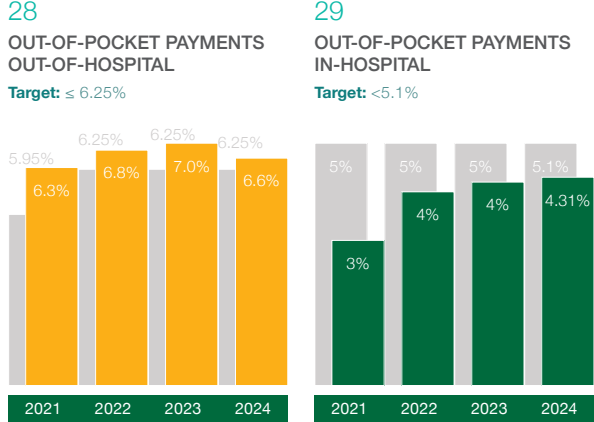
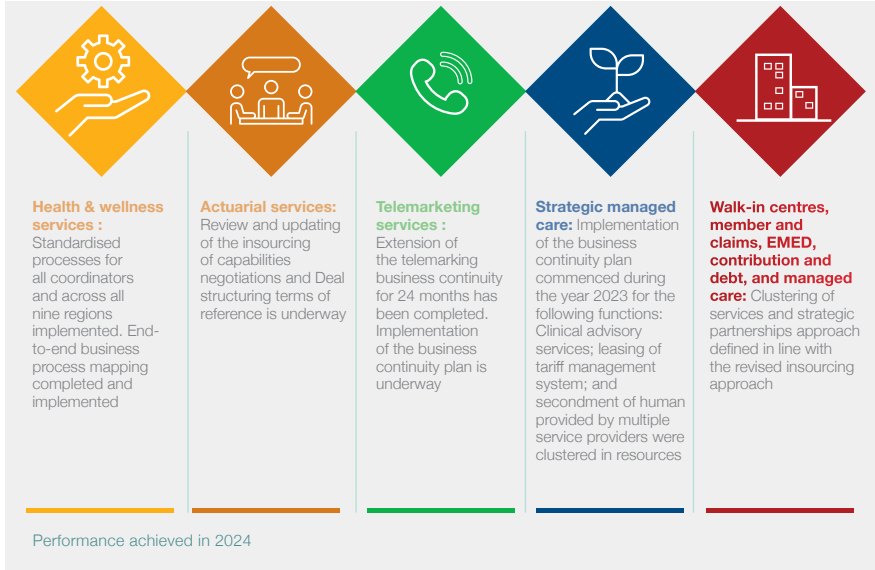


Figure 21: Fit-for-purpose capability build

30
PERCENTAGE PROGRESS ON IMPLEMENTATION OF NEW OPERATING MODEL
Target: Define and complete 2024 programme milestones



STRATEGIC OBJECTIVE 4: Be an agile, data-driven scheme

Figure 22: Automation, data management, analytics, business intelligence and digital first

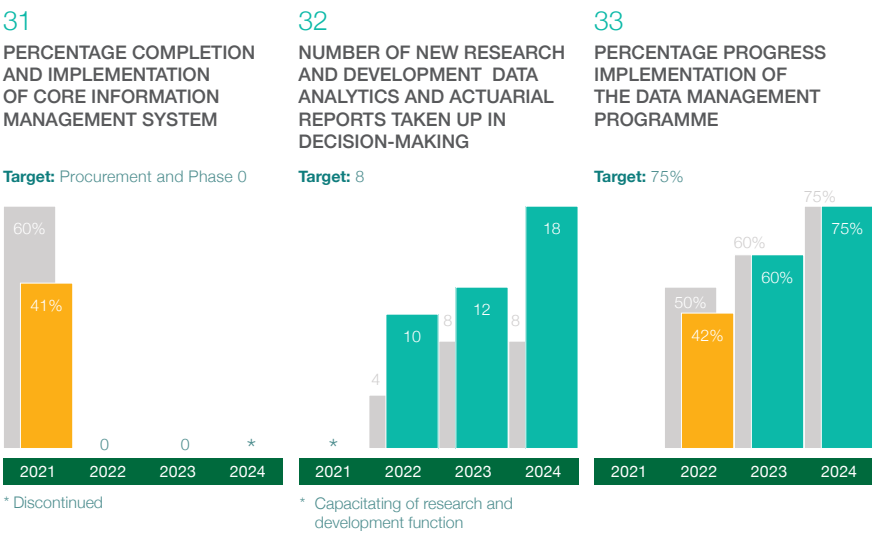
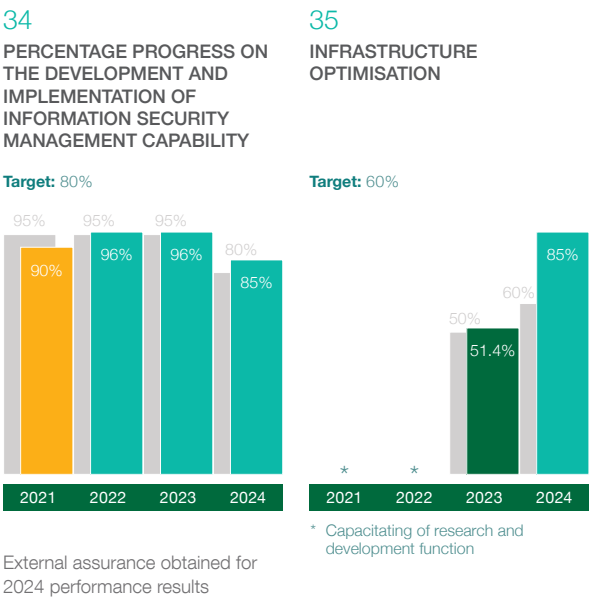
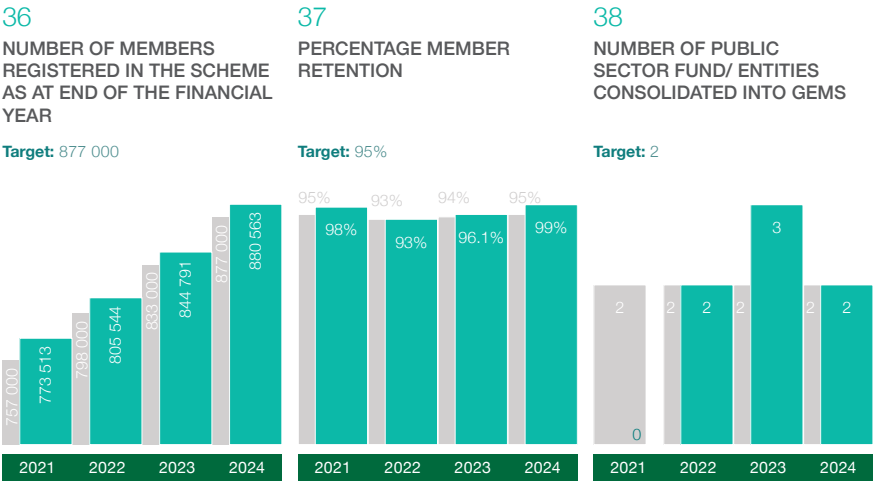


Figure 23: Cyber and system security | optimal and agile ICT infrastructure



STRATEGIC OBJECTIVE 5: Retain and grow membership

Figure 24: Sustainable member growth



STRATEGIC OBJECTIVE 6: Be a good corporate citizen

Figure 25: Social responsibility



Figure 26: Robust government and compliance

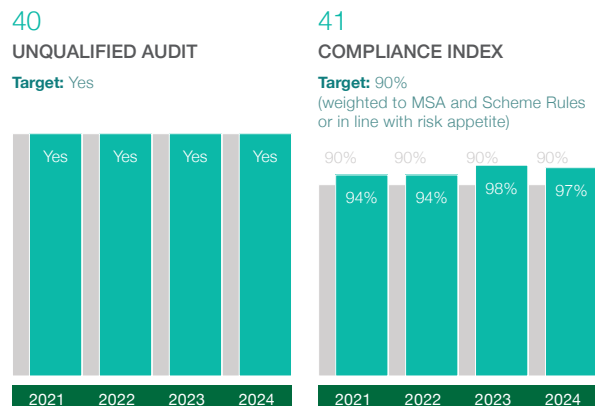


Figure 27: Ethical culture



External assurance obtained for 2024 performance results

A combined view of our short-term performance outlook is represented by material matters, external factors and the effectiveness and progress of risk mitigations:

Table 8: Performance outlook

Key result area	Achieving our targets and maintaining performance through effective strategic risk management and performance management		
	Material matter/ applicable external factor	Strategic risk	Key risk treatment and performance improvement activities
Value for key stakeholders KPIs 1 to 4	MM 01 MM 04	SR 02	Enhance member experience by improving product perception and service experience. Leverage and cement the current stakeholder engagements to direct product and service delivery. Continuously monitor the quality of stakeholder relationships.
Financial strength KPIs 5 to 9	MM 05 Economic factors	SR 06	Build on the strengths of the claims management programme. Continued investment performance management. Ongoing fair and consistent responses to fraud, waste and abuse to safeguard Scheme reserves. Implement the risk-adjusted insourcing strategy.
People empowerment KPIs 10 and 11	MM 02	SR 05	Maintain the Scheme's top employer accreditation. Continue to leverage existing cultural elements in ethical, innovation, resilience to change and high-performance cultures. Implement a holistic culture transformation strategy and plan.
BBBEE KPI 12	MM 03 MM 06 Poverty and inequality Education and literacy	SR 02	Continue to create shared value through the GEMS BBBEE strategy, including recruitment of interns in rural areas, training of Client Liaison Officers on wealth management, implementation of strategies through the Supply Chain Management Policy, including BBBEE subcontracting requirements on all major scheme contracts and the implementation of reporting systems and software to better track and monitor BBBEE projects.

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Key result area	Achieving our targets and maintaining performance through effective strategic risk management and performance management		
	Material matter/ applicable external factor	Strategic risk	Key risk treatment and performance improvement activities
Product value proposition KPI 13	MM 05 MM 10 Economic factors	SR 03	Continue managing trade-offs among benefit comprehensiveness, product affordability and contribution increase pressures brought about by reserving requirements and increased healthcare benefit use.
Clinical risk indicators KPIs 14 to 20	MM 10 Public health factors	SR 06	Continue innovative approaches and value-based care: Care-coordination, reimbursement arrangements, healthcare networks and active disease risk management, which also manages healthcare costs.
Healthcare strategic purchasing	MM 05 MM 03 Economic factors	SR 01	Pursue innovative healthcare strategic purchasing initiatives.
Fit-for-purpose capability build	MM 07	SR 04	Build internal capabilities to align with UHC and NHI. Implement revised approach to insourcing modelled on NHI implementation scenarios. Insourcing of capabilities remains a key strategic project. Enhance operating model to deliver superior service to members and realise efficiencies.
Automation, data management analytics, business intelligence and digital first	MM 07 MM 06	SR 04	Strengthen information technology systems and data management capabilities.
Cyber- and system security	MM 02 MM 06	SR 07	Continue key risk treatment programmes, including information security management system programme. Ongoing user awareness and training. Adopt industry-recognised frameworks to manage cyber-risks.
Optimal and agile ICT infrastructure	MM 06	SR 07	Advance IntelliGEMS as a strategic enabler through the GEMS ICT strategy and portfolio of ICT projects.

Key result area	Achieving our targets and maintaining performance through effective strategic risk management and performance management		
	Material matter/ applicable external factor	Strategic risk	Key risk treatment and performance improvement activities
Sustainable membership growth	MM 05 Poverty and inequality	SR 03	Advance membership acquisition and retention strategy. Our marketing remains focused on growing GEMS membership and encouraging member movement to our flagship products, Tanzanite One and EVO. Build marketing campaigns on our understanding of public service employees to promote membership growth.
Social responsibility	MM 09 MM 03 Poverty and inequality	SR 02	Maintain existing corporate citizenship activities and programmes, while implementing the GEMS framework for ESG integration.
Robust governance and compliance	MM 09 Legal and regulatory	SR 02	Compliance strategy implemented through annual compliance coverage plan. Combined assurance.

Claims experience

The claims ratio has increased steadily, driven primarily by a rise in hospital admission rates, higher expenditure on prescribed minimum benefit (PMB) claims and the escalating costs of allied healthcare services. The increase in admission rates is evident across most admission types, indicating a systemic trend rather than one linked to a category. In-hospital professional fees have increased the most significantly among all claims categories, driven largely by the higher hospital admission rate.

Furthermore, the claims ratio is influenced by both claims and contributions. The recent trend in claims ratio also reflects a normalisation of healthcare costs to pre-pandemic levels while contributions remain lower due to lower increases in recent years.

Figure 28: GEMS claims ratio from 2019 to 2024

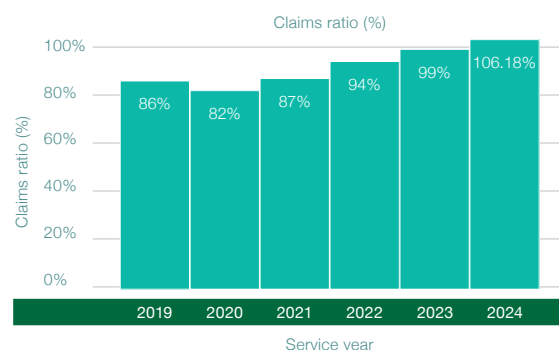


Figure 29: Year-on-year in-hospital and out-of-hospital claims per life per month

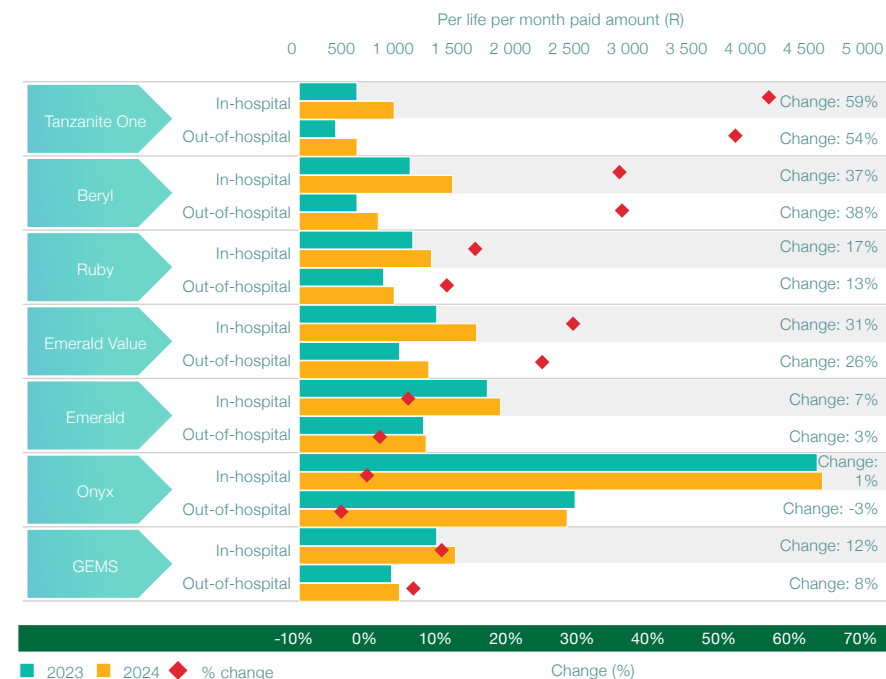
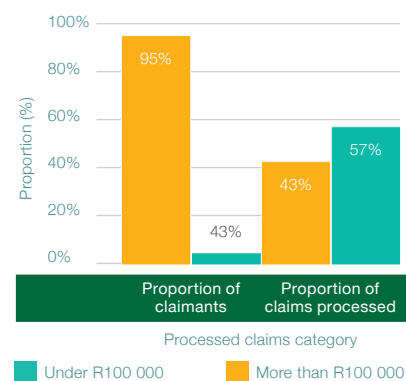


Table 9: Processed claims in millions (R) for GEMS from 2019 to 2024

	2019	2020	2021	2022	2023	2024	% Increase
Hospital fees	13 088	12 889	15 302	15 914	17 985	21 387	18.9%
Day-to-day	6 012	6 305	7 166	7 573	8 445	10 030	18.8%
Medication	5 254	5 599	5 907	6 281	6 179	6 727	8.9%
In-hospital professional fees	10 405	10 799	12 634	14 812	17 857	21 434	20.0%
Total	34 759	35 592	41 010	44 580	50 465	59 578	18.1%

There has been substantial growth across all claim categories, with total claims having increased by 18.1% in 2024 from 2023. Processed claim numbers rose from R50.465 billion in 2023 to R59.578 billion in 2024, reflecting higher use of healthcare services and healthcare inflation.

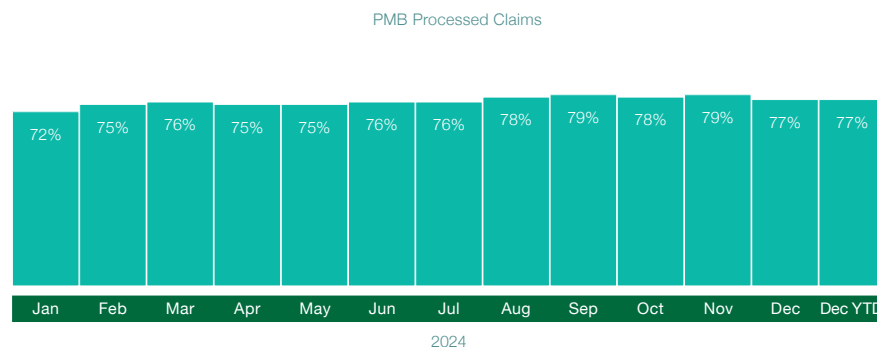
Figure 30: Proportion of claimants and claims processed by claim size, highlighting distribution of healthcare costs among GEMS members



Approximately 94.7% of claimants submitted claims under R100 000, which accounted for only 42.8% of the total claims processed. The claims of just 5.3% of claimants exceeded R100 000 but contributed 57.2% of total claims. This imbalance underscores the heavy financial burden of high-cost claimants, with a small proportion of members accounting for most healthcare expenses.

PMB claims above the Scheme rate

Figure 31: Percentage of processed claims attributed to PMBs



The amount paid for PMB claims in 2024 was R45.8 billion (2023: R33.1 billion). The amount paid above available benefits was R2.97 billion (2023: R2.62 billion). The average monthly percentage was 6.5% above Scheme benefits. PMB claims accounted for 77% of total claims paid.

Reserve ratio

Figure 32: The Scheme's reserve ratio trend from 2019 to 2024

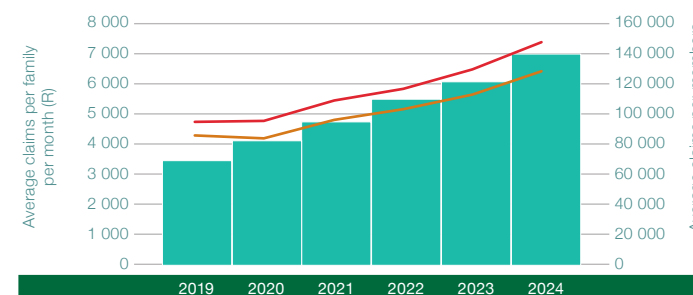


In 2024, the reserve ratio declined to 31.14%, returning to near pre-Covid levels after an accelerated increase from 31% in 2019 to a peak of 49% by 2022, driven primarily by reduced healthcare utilisation during the Covid-19 period. This decline was a strategic decision to use reserves in support of members facing economic hardships, achieved through minimal contribution increases, particularly in 2021 and 2022. Going forward, the reserve ratio will be maintained in alignment with statutory minimum requirements.

EVO

EVO was introduced as a cost-effective alternative to Emerald, offering similar benefits, the only difference being provider networks and managed care protocols. Through our efforts to transition members from Emerald to EVO, the membership base and number of dependants on the latter have grown steadily.

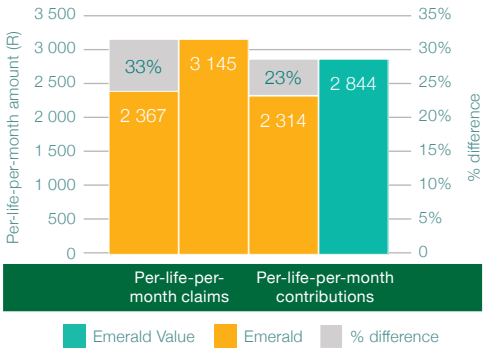
Figure 33: Average number of beneficiaries on EVO since its establishment in 2017 and average monthly claims incurred per family for both EVO and Emerald



The number of members on EVO has grown at an annualised rate of 15% over the past five years. Due to the cost efficiencies of care coordination on the option, the average claim per family was 15% lower than that on the Emerald option in 2024.

On average, EVO demonstrates a 33% reduction in claims per life per month compared to Emerald, due primarily to the impact of care coordination interventions. Additionally, the average contributions on EVO are 23% lower than those on Emerald on a per-life-per-month basis. This reflects positive outcomes, as the lower claims indicate more efficient healthcare usage within EVO, while the reduced contributions suggest cost savings for beneficiaries.

Figure 34: Average contribution collected and claims paid on EVO and Emerald per life per month.

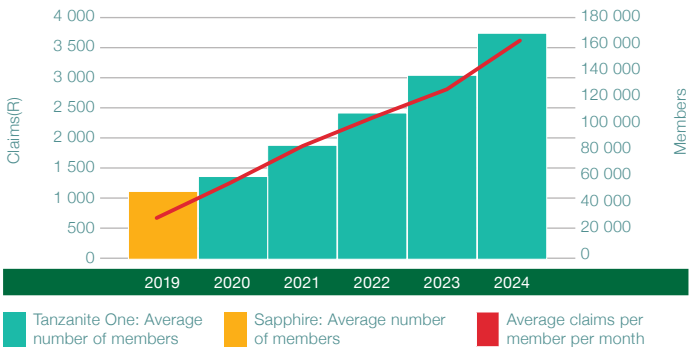


Tanzanite One

Introduced in 2020 to replace Sapphire, Tanzanite One's member numbers increased from 50 664 in 2019 to 181 141 in 2024, accounting for 26% of Scheme beneficiaries and making it the second-largest option.

On average, Tanzanite One members have the Scheme's largest families and the lowest prevalence of chronic conditions. The number of processed claims per member rose from R692 in 2019 to R3 635 in 2024, reflecting the enhanced benefit enrichment.

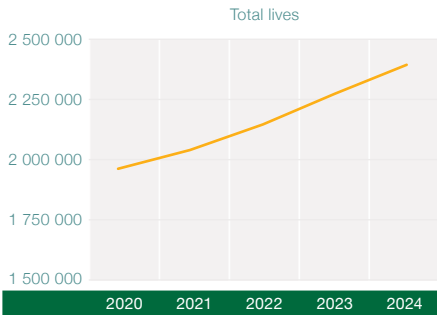
Figure 35: Tanzanite One growth



Scheme growth

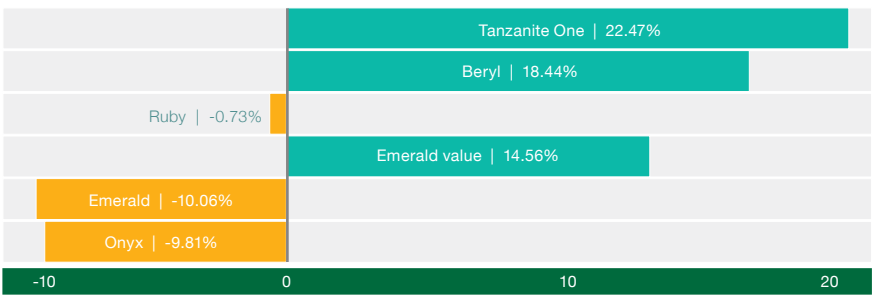
The Scheme was covering nearly 2.4 million lives by end-2024. This reflects a positive trend in its reach and impact, indicating enhanced access to healthcare services for a growing number of beneficiaries over time.

Figure 36: Continued sustainable growth



Tanzanite One, Beryl and EVO grew in membership for the year. The membership of Emerald and Onyx decreased, with Ruby showing signs of a decline. Emerald's performance can be attributed to the Scheme's promotion of EVO for its reduced contribution through efficiencies achieved through care coordination. The high mortality rate, particularly among pre-92 members, accounts for the decline in Onyx membership.

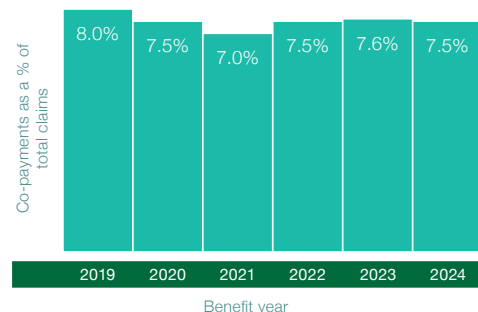
Figure 37: Membership movement across the options for 2024



Co-payments

We consistently interact with healthcare providers and conduct member education initiatives to minimise co-payments, which financially strain members.

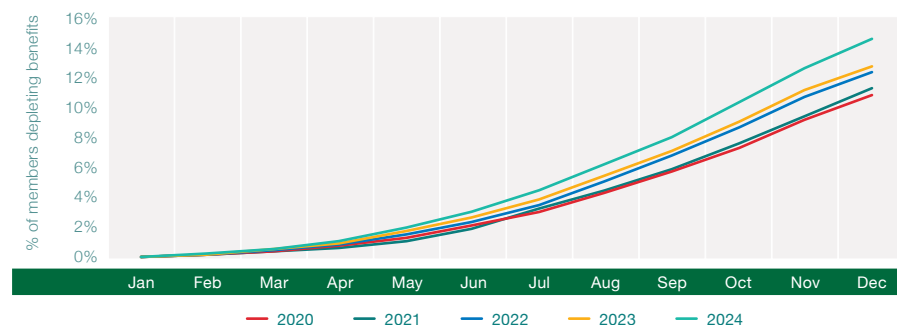
Figure 38: Co-payments as a portion of membership claims over time



Out-of-pocket expenses

The Scheme continually enhances benefits to reduce member out-of-pocket expenses. The portion of claims paid out of pocket increased slightly in 2024 compared to 2023.

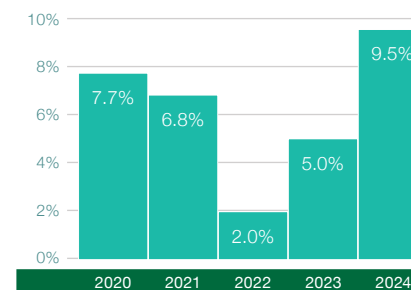
Figure 39: Proportion of GEMS members who depleted their benefits



Contribution increases

GEMS' strong financial position and healthy reserves over years have allowed it to continue to offer exceptional value through higher cover. Contribution increases are structured carefully to balance member affordability with the Scheme's long-term sustainability. In addition, the Scheme remains attentive to the economic climate and the affordability challenges of its members.

Figure 40: Historic contribution increases of the Scheme from 2020 to 2024



Financial performance

Total insurance revenue grew by 12.9% to R57.9 billion (2023: R51.3 billion), driven by an increase in the number of lives covered. Insurance service expenses rose by 14.5% to R63.5 billion (2023: R54.3 billion), due primarily to higher costs associated with hospital services, in-hospital professionals and allied healthcare services. Other expenditures increased by 10.7% to R1.2 billion (2022: R1.1 billion), reflecting both the rise in covered lives and the impact of inflation.

Investment income increased 23.9%, reaching R3.0 billion (2023: R2.4 billion). The Scheme's investment returns exceeded its target of CPI+3.5%, highlighting the effectiveness of its investment strategies.

The net deficit for the financial year stood at R3.6 billion (2023: R845 million). Under IFRS 17's principle of mutualisation, accumulated reserves are classified as an insurance contract liability for future members. As a result, the net deficit is transferred to this liability and this transfer appears at the bottom of the statement of comprehensive income as 'amount attributable to members'.

Table 10: Per-member cost analysis

	Tanzanite One		Beryl		Ruby	
	2024	2023	2024	2023	2024	2023
Number of registered new members	28 204	26 567	15 210	12 814	9 250	11 345
Number of resigning members	4 731	4 412	3 874	3 249	5 209	4 681
Chronic prevalence of beneficiaries	9,24%	8,12%	16,40%	15,72%	20,01%	18,37%
Average number of members during the year	168 465	137 597	88 398	75 061	126 526	124 504
Number of members as at 31 December 2024	181 141	150 163	95 279	80 491	128 121	127 758
Number of beneficiaries as at 31 December 2024	633 839	517 561	261 047	220 404	334 269	336 685
Dependant ratio to members as at 31 December 2024	3,50	3,45	2,74	2,74	2,61	2,64
Insurance revenue (IR) pabpm	938	826	1 509	1 348	1 925	1 706
Insurance service expense (ISE) pabpm	1 716	1 553	2 192	1 955	2 302	2 031
Relevant healthcare expenditure incurred pabpm	1 663	1 503	2 124	1 892	2 231	1 966
Directly attributable insurance service expenses (DAE) pabpm	53	50	67	63	71	66
Insurance Service Expense (ISE) ratio	183%	188%	145%	145%	120%	119%
Relevant healthcare expenditure ratio	177%	182%	141%	140%	116%	115%
Directly attributable insurance service expenses (DAE) ratio	6%	6%	4%	5%	4%	4%

EVO		Emerald		Onyx		Total Scheme	
2024	2023	2024	2023	2024	2023	2024	2023
8 223	8 281	9 948	13 020	267	315	71 102	72 342
4 773	4 379	11 853	13 050	1 154	1 431	31 594	31 202
37,02%	28,41%	29,69%	34,12%	78,42%	75,80%	23,21%	23,73%
137 970	120 184	322 557	346 063	17 855	19 495	861 772	822 904
144 604	125 591	314 137	341 935	17 281	18 853	880 563	844 791
398 342	347 719	741 402	824 366	25 195	27 937	2 394 094	2 274 672
2,75	2,77	2,36	2,41	1,46	1,48	2,72	2,69
2 209	1 993	2 935	2 596	5 689	5 167	2 018	1 880
2 180	1 934	2 544	2 221	4 119	3 613	2 209	1 988
2 113	1 871	2 466	2 149	3 992	3 496	2 141	1 924
67	62	78	72	127	117	68	64
99%	97%	87%	86%	72%	70%	109%	106%
96%	94%	84%	83%	70%	68%	106%	102%
3%	3%	3%	3%	2%	2%	3%	3%

Investment report

The Finance and Investment Committee was set up by the Board of Trustees to assist the Scheme with investment oversight.

The committee utilises external investment experts to assist in developing an appropriate investment strategy and monitoring investment performance and risks.

The investment strategy was set with the primary objective of ensuring that invested capital is preserved, optimum liquidity position is maintained and investment returns are optimised within the constraints of the Scheme's risk profile. The strategy also aims to ensure that investment income earned on invested assets provides a margin against unexpected adverse operating results limiting the impact on the operating results.

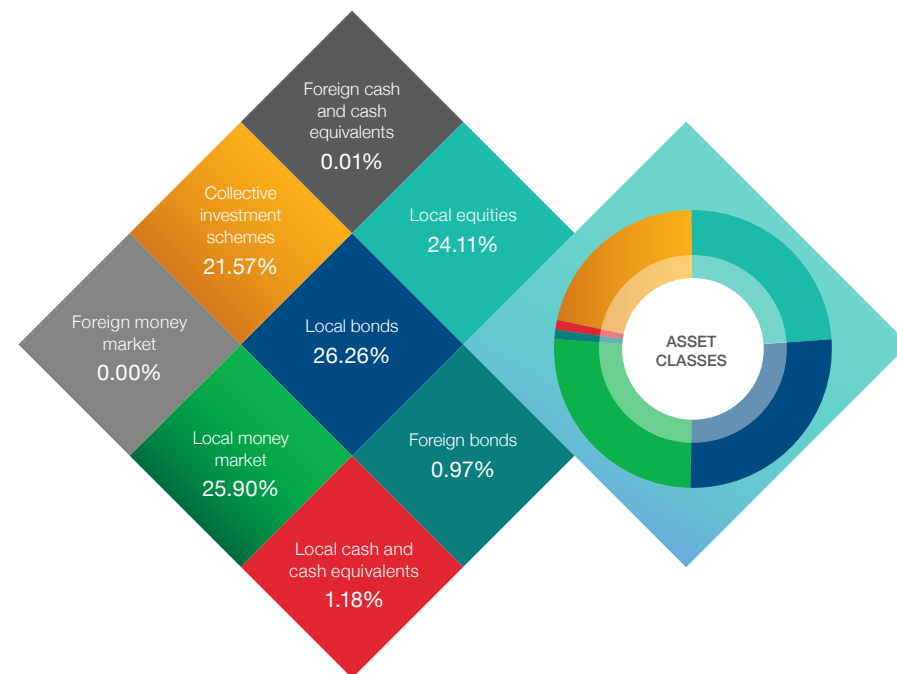
The strategy was formulated with full cognisance of the regulatory framework and compliance with all aspects of regulations 29 and 30 of the MSA and its Annexure B.

Strategic asset allocation

The Scheme's investment portfolio is adequately diversified and managed to preserve capital and optimise returns within the approved risk appetite. The strategic asset allocation is reviewed annually to ensure appropriateness in the light of prevailing market conditions and investment strategy targets. The annual review is done in collaboration with the Scheme's investment consultants (page 220).

The strategic asset allocation for 2022 to 2025 emphasises growth by increasing exposure to equity markets to achieve a long-term investment target of CPI+3.5%. This approach accounts for healthcare inflation and the Scheme's capacity to bear risk, aligning with a prudent risk management framework. To ensure liquidity for short-term liabilities, a portion of the portfolio is allocated to money market instruments and cash reserves.

Figure 41: Strategic asset allocation



The Scheme's investment portfolio demonstrated resilience amid the inherent volatility of financial markets. It delivered an absolute return of R3.0 billion in 2024 (2023: R2.4 billion), an average return of 12.19% (2023: 8.57%), surpassing the long-term target of CPI+3.5%.

This strong performance in 2024 was driven by stability in electricity supply, easing inflation and political certainty following the formation of the new government post the 2024 elections. These factors fuelled a substantial rally in fixed-income and equity markets, triggered by positive investor sentiment.

Table 11: Investment values and average effective interest rates for the year ended 31 December 2024

Asset	2024 '000	2023 '000	2024 return on investment %	2023 return on investment %
Current accounts	2 412 287	1 077 150	6.63%	6.46%
Call accounts	2 014 941	2 817 594	8.15%	7.95%
Cash and call accounts with asset managers	405 623	283 305		
Asset managers	18 980 417	23 669 097	*11.00%	*8.16%
Total	23 813 268	27 848 158	12.19%	9.47%

*The return represents the total average return from funds invested with asset managers and includes the amount classified as cash and call accounts managed by asset managers

Conclusion

The Scheme remains committed to its long-term investment strategy, refraining from shifting to short-term cash holdings during periods of market volatility. A deliberate allocation towards growth assets has delivered strong returns, contributing significantly to the positive performance in 2024. The investment return target for 2025 remains set at CPI+3.5%, with the strategy implemented efficiently while effectively managing associated risks. The Scheme maintains rigorous oversight of its asset managers, collaborating with investment consultants to ensure compliance with investment mandates. A priority is the proactive identification, assessment and mitigation of potential downside risks that could influence the Scheme's invested assets.

While GEMS is not classified as an institutional investor, it adheres to the principles and best practices of the Code for Responsible Investing in South Africa. The Investment Committee annually reviews alignment with the code. The Scheme's asset managers follow ESG processes in their approach to investing and are all signatories to the United Nations Principles of Responsible Investing.



10.

Statement of responsibility and extract from 2024 annual financial statements



The Board of Trustees is responsible for the preparation, integrity and fair presentation of the GEMS annual integrated report and financial statements. The statements have been prepared in accordance with IFRS and the MSA and include amounts based on judgments and estimates by management.

Accounting policies applied by the Scheme are informed by and updated, when required, according to CMS circulars, the Annual Medical Schemes Accounting Guide issued by SAICA and the latest IFRS developments. The trustees consider that, in preparing the annual financial statements, they have used the most appropriate accounting policies, consistently applied them and supported their application with reasonable and prudent judgments and estimates.

The Board adopted the King IV Report on Corporate Governance for South Africa and the Scheme applies the practices where appropriate to the business of a medical scheme and its trustees.

The trustees are satisfied that the information contained in the annual integrated report fairly presents the results of operations for the year and the financial position of the Scheme at year-end. The trustees also prepared the other information in the report and are responsible for both its accuracy and consistency with the annual financial statements.

The trustees ensure that adequate accounting records are maintained and that they disclose with reasonable accuracy the financial position of the Scheme, which enables them to ensure that the annual financial statements comply with legislation.

The trustees are also responsible for internal controls that enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining an effective system of risk management.

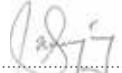
GEMS operates in a well-established control environment that is thoroughly documented and regularly reviewed. This environment incorporates risk management and internal control procedures designed to provide reasonable, but not absolute, assurance that assets are safeguarded and that risks facing the business are assessed and controlled.

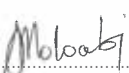
The going-concern basis has been adopted in preparing the annual financial statements. Based on forecasts and available cash resources, the trustees have no reason to believe that the Scheme will not be a going concern in the foreseeable future. These annual financial statements support the Scheme's viability.

The Scheme's external auditor, BDO South Africa Incorporated and RAIiN Chartered Accountants consortium, audits the statements against international auditing standards and its unqualified report is presented with the Scheme's annual financial statements.

The annual financial statements for 2024 were approved by the Board of Trustees on 24 April 2025 for distribution to members and are signed on its behalf by:


.....
Dr Nomzamo Tutu
Chairperson


.....
Siyabulela Thomas Tsengiwe
Deputy Chairperson


.....
Dr BOS Moloabi
Principal Officer

2 May 2025

The financial information below has been extracted from and is in agreement with the annual financial statements of the Scheme for the 2024 financial year. The full annual financial statements can be found at www.gems.gov.za or by calling 0800 004 367.

Annual financial statements for the year ended 31 December 2024
Statement of financial position

	Note(s)	2024 R '000	2023 R '000
ASSETS			
Intangible assets	5	13 874	836
Property and equipment	3	246 907	251 555
Right-of-use assets	4	11 204	3 880
Financial assets at fair value through profit or loss	7	18 980 417	23 669 097
Other receivables	6	1 062 731	365 172
Cash and cash equivalents	8	4 832 851	4 179 061
Total Assets		25 147 984	28 469 601
LIABILITIES			
Insurance contract liability to members	10	19 640 936	23 234 746
Lease liabilities	4	11 303	3 802
Insurance contract liabilities	14	5 297 536	5 057 127
Other payables	9	198 209	173 926
Total Liabilities		25 147 984	28 469 601

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Statement of responsibility
and extract from 2024
Annual Financial Statements

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Annual financial statements for the year ended 31 December 2024
Statement of profit or loss and other comprehensive income

	Note(s)	2024 R '000	2023 Restated R '000
Insurance revenue	12	57 939 585	51 312 492
Insurance service expenses	12	(63 491 316)	(54 270 278)
Insurance service result		(5 551 731)	(2 957 786)
Other income		3 140 030	3 188 743
Investment income	17	3 046 592	2 457 459
Sundry income	18	93 438	731 284
Other expenditure		(1 182 110)	(1 075 973)
Asset management services expenses		(80 276)	(83 842)
Finance costs		(589)	(463)
Other operating expenses	15	(1 101 245)	(991 668)
Loss before the amount attributable to members		(3 593 811)	(845 016)
Amount attributable to members		3 593 811	845 016
(Loss)/Profit for the year		-	-
Other comprehensive income for the year		-	-
Total comprehensive income for the year		-	-

Annual financial statements for the year ended 31 December 2024
Statement of cash flows

	Note(s)	2024 R '000	2023 R '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from members and providers		59 861 244	53 782 711
Cash paid to providers, members and employees		(66 222 301)	(56 331 861)
Cash used in operating activities	21	(6 361 057)	(2 549 150)
Finance costs paid		(589)	(463)
Net cash used in operating activities		(6 361 646)	(2 549 613)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	3	(10 190)	(4 215)
Proceeds from sale of property, plant and equipment	3	28	7
Purchases of intangible assets		(13 592)	-
Purchases of financial assets		(21 611 399)	(24 477 328)
Proceeds from disposal of financial assets		26 102 794	24 974 980
Interest received on cash and cash equivalents		113 249	96 951
Realised gains on financial assets at fair value through profit or loss		871 921	87 888
Interest received on financial assets at fair value through profit or loss	17	1 429 269	1 578 249
Dividends received	17	137 497	292 303
Net cash from investing activities		7 019 577	2 548 835
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments on lease liabilities	4	(4 141)	(3 572)
Net increase/(decrease) in cash and cash equivalents		653 790	(4 350)
Cash and cash equivalents at the beginning of the year		4 179 061	4 183 411
Cash and cash equivalents at the end of the year	8	4 832 851	4 179 061

11. Audit Committee report



We are pleased to present our report for the financial year ended 31 December 2024.

The Audit Committee's mandate requires it to adhere to high-quality corporate accountability standards, oversee the quality of the financial reporting process and control systems, and maintain a high degree of integrity in both the external and internal audit processes. For the 2024 financial year, Audit Committee meetings were held via a hybrid model, which the Board has approved as a way of working.

The committee reviewed the annual integrated report and considered all factors that may affect its integrity. The Scheme's internal and external auditors reviewed selected key performance measures included in the report to confirm that they were reliable and did not conflict with the financial information in the report.

Significant matters considered in the annual financial statements

A going-concern basis was adopted to prepare the annual financial statements. Based on forecasts and available cash resources, the Audit Committee has no reason to believe that the Scheme will not be a going concern in the foreseeable future. These annual financial statements support the viability of the Scheme.

We have reviewed and discussed the audited 2024 annual financial statements with the external auditor and management, and we believe that they comply, in all material respects, with Medical Schemes Act No 131 of 1998 and International Financial Reporting Standards. The committee received assurance that sound financial controls are in place and that fraud and ICT risks related to financial reporting have been adequately addressed.

External auditor independence and quality

The committee was involved in the appointment of the external auditor and, following its assessment of the auditor, was satisfied that the appointment complied with Section 36(3) of the Medical Schemes Act No 131 of 1998, as amended.

The committee approved the external auditor's engagement letter, audit plan and budgeted fees for the year ended 31 December 2024. The Scheme maintains a Non-audit Services and Consulting Services Policy, which describes prohibited services by the external auditor and services requiring prior approval of the Audit Committee.

We are satisfied that the Audit Committee approved limited assurance of selected key performance indicators included in this integrated report and that the Scheme's external auditor did not perform prohibited work during the 2024 financial year. The newly appointed audit partners from the BDO and RAIN consortium began their duties in 2024. In a positive step towards ensuring accountability, the auditors provided assurance that the internal governance processes at the audit firms effectively support and demonstrate their claims to independence.

Effectiveness of the Chief Audit Executive and arrangements for internal audit

The Scheme's Chief Audit Executive reports functionally to the Audit Committee and administratively to the Principal Officer. The Principal Officer assesses the executive's performance in consultation with the Audit Committee. To this end, the Principal Officer and

Audit Committee Chairperson sign off the performance scorecard. The internal audit function has an appropriate and formal charter, which was approved by the Audit Committee in 2024. We are satisfied that the Scheme's internal audit function is independent and has the skills and resources to perform its duties.

To fulfil the internal audit mandate, the Scheme's Internal Audit Division uses in-house resources and specialists from a panel of internal audit service providers when necessary. The internal audit team submits quarterly reports to the Audit Committee detailing assurance results and progress against strategic objectives.

Design and implementation of internal financial controls

The Scheme's internal audit function reviewed the design and operating effectiveness of internal financial controls, with the overall objectives of the controls tested being achieved. Controls tested by internal audit did not identify any failures that led to material financial errors or losses, fraud or corruption. Based on this assurance, we are satisfied that the finances and systems of internal control are appropriately managed.

Furthermore, the external auditors issued an unqualified opinion that the 2024 annual financial statements are a fair reflection that the Scheme's activities and accounting practices have been applied appropriately. In alignment with the International Standard on Assurance Engagements 3402, assurance reports were obtained from the auditors of the service providers associated with the Scheme's administrators. The findings presented in these reports indicated a commendable level of compliance, with no material exposure to the Scheme identified.

Key focuses during the reporting period

In 2024, the committee prioritised the oversight of cybersecurity controls and focused on supply chain activities. This strategic emphasis reflects a commitment to enhancing operational integrity and safeguarding Scheme systems against potential risks.

The committee receives reports from internal audit on implementation progress of forensic investigation recommendations management (including those stemming from the 2017 tender investigation).

The Scheme's first fraud risk management strategy and plan was formulated in 2021 to reduce and/or prevent negative impact and financial loss caused by fraud and corruption. The plan is dynamic and continuously evolving, considering changes in the Scheme's environment and promoting an anti-fraud and corrupt culture. The fraud and corruption risk management plan is reviewed and updated annually or when changes to the forensic environment are identified. The plan provides an overview of the GEMS approach to the prevention and detection of fraud and corruption. It aims to effectively prevent and detect fraud and corruption within the Scheme through various initiatives and by fostering a culture of integrity and ethics.

Effectiveness of the Chief Financial Officer and the finance function

The committee evaluated the expertise, resources and experience of the Scheme's finance function. It concluded that the Chief Financial Officer and the finance team possess the necessary skills and competence. Throughout the financial year, financial reporting maintained a high standard, which is supported by an unqualified opinion from the external auditors.

Combined assurance

The Chief Audit Executive of the Scheme oversees its combined assurance model. During the review period, GEMS engaged various assurance providers, including the internal audit functions of its network of service providers. The Audit Committee received reports throughout the financial year, which offered insights into the coverage and assurance activities provided by these providers. Areas needing remediation were identified and then monitored for resolution. The mapping of the combined assurance model has been reviewed and will continue to be assessed regularly to ensure that all key issues affecting the Scheme are addressed and that sufficient assurance coverage is maintained. Based on submissions from internal audit, the Audit Committee is confident in the effectiveness of the combined assurance arrangements. In the future, the term 'aligned assurance' will replace 'combined assurance' to better reflect a contemporary approach to assurance coverage.

Conclusion

The committee recommends that the Board of Trustees approve the annual financial statements. We fulfilled the responsibilities outlined in our charter during this reporting period. We appreciate the Board's continued support.



Rene van Wyk
Audit Committee Chairperson
02 May 2025





12. Governance and remuneration

Statement of corporate governance

GEMS is committed to the principles and practices of fairness, openness, integrity and accountability in all dealings with its stakeholders. The Board conducts all its affairs ethically and within a recognised framework comprising the Rules of GEMS, the GEMS governance framework, the GEMS Board Charter and Scheme policies.

The Scheme acknowledges its role in the medical schemes industry as well as its responsibilities to each beneficiary and the community. The Scheme recognises that sustainability is achieved only through strong relationships with all stakeholders and responsible management of risk.

TRANSPARENCY AND ETHICS

The Scheme has adopted a stakeholder-inclusive approach to corporate governance and is bound by mandates and principles of treating members fairly. The close stakeholder relationship and the election and appointment of the Board of Trustees by the members and the employer allow the Scheme to recognise the concerns and objectives of stakeholders in decision-making.

The Board of Trustees acknowledges that the perception of stakeholders affects the reputation of the Scheme. Therefore, clear and open communication with stakeholders enhances the Scheme’s reputation. The trustees have produced a holistic and reliable integrated report to illustrate both the financial and non-financial performance of the Scheme.

BOARD OF TRUSTEES

The Board of Trustees is responsible for the stewardship and governance of the Scheme. The trustees are elected and appointed by the members of the Scheme and the employer (MPSA) respectively according to the provisions of the MSA, as amended, and the Rules of the Scheme. The trustees are representatives of the Scheme’s members and are legally responsible for the Scheme’s management and strategic direction on behalf of the members. The Board meets regularly and monitors the performance of the Scheme’s employees, administrators and other contracted service providers. The Board addresses issues and ensures that discussion of strategy, policy, risk management, fraud management and operational performance are critical, informed and constructive. The affairs of the Scheme are managed according to the Rules of the Scheme and adhere to all aspects of governance required by the MSA, as amended. The Board is committed to the principles of the King IV Report on Corporate Governance for South Africa.

The Board resolved to hold its effectiveness assessment every year from 2024. The chairperson meets with individual trustees one-on-one during the induction training of new trustees and should the need arise.

All trustees have access to the Principal Officer and, where appropriate, may seek independent professional advice at the expense of the Scheme.

INTERNAL CONTROLS

Management and the administrators of the Scheme maintain internal controls and systems to provide reasonable assurance of the integrity and reliability of the financial statements and to safeguard, verify and maintain accountability for its assets. Such controls are based on established policies and procedures and are implemented by trained personnel with appropriate segregation of duties.

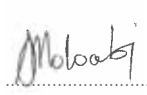
As part of its annual audit plan, the GEMS internal audit function performs an independent analysis of the controls of the Scheme and those of service providers.

The Board-appointed Risk, Social and Ethics Committee, consisting of Board members and attended by senior Scheme management, assesses the risk register and plans to mitigate risks. This committee reports to the Board of Trustees independently.

Annually, the Board assesses risks facing the Scheme and determines their impact and likelihood through development of a strategic risk register. Once the register is approved by the Board, monitoring of the implementation of mitigation measures and internal controls takes place at least quarterly. No event or item came to the attention of the Board of Trustees during the year that indicates any material breakdown in the functioning of key internal controls and systems.


Dr Nomzamo Tutu
Chairperson


Siyabulela Thomas Tsengiwe
Deputy Chairperson


Dr BOS Moloabi
Principal Officer

02 May 2025

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Structures and processes for governance

An independent Board of Trustees forms the core of the Scheme's corporate governance structure and is ultimately accountable and responsible for the performance and affairs of the Scheme.

The GEMS Board Charter defines the governance parameters within which the Board operates, sets out the role, responsibilities and duties of the Board and trustees collectively, and certain roles and responsibilities incumbent on trustees. The charter is aligned to the provisions of the MSA, as amended, its regulations, the registered Rules of GEMS and the King IV Report on Corporate Governance for South Africa. The full charter and King IV application register are available at www.gems.gov.za.

The Board of Trustees reviews its and its Board committees' effectiveness, and its role and that of its chairperson. This previously took place every second year, with the most recent review concluded in 2024. This review found that the Board and its committees were functioning effectively. From 2024, the Board effectiveness assessment takes place annually.

The Board is responsible for providing strategic guidance and oversight to the Scheme.

Figure 42: Performance and outcomes monitoring by the Board of KPIs and risks



Table 12: Complementary committee responsibilities

Responsibility	Committees
Compliance management	Risk, Social and Ethics Committee
	Audit Committee
Risk management effectiveness, monitoring of top risks	Risk, Social and Ethics Committee
	Audit Committee
	All standing committees depending on risk
Fraud, waste and abuse management, monitoring of outcomes and impacts (for example on healthcare providers)	Risk, Social and Ethics Committee
	Audit Committee
	Clinical Governance and Administration Committee (healthcare provider relationships)
Stakeholder management, monitoring of outcomes and quality of relationships	Clinical Governance and Administration Committee
	Risk, Social and Ethics Committee
Oversight of strategic programmes and projects including insourcing and ICT projects	Oversight Committee on Strategic Projects and Programmes
	Clinical Governance and Administration Committee
	Finance and Investment Committee

A five-year strategic plan and annual performance plan give effect to the Board's responsibility to govern the affairs of the Scheme by directing the activities of the Principal Officer, management and employees. These provide effective oversight through which performance can be monitored and ensure that the business of the Scheme operates efficiently and effectively. The Scheme's five-year strategic plan for 2022 to 2026 was approved by the Board, which monitored its implementation through quarterly reports from Scheme management on achievements against performance areas. Throughout 2024, the Board was appraised of the status of the business through standardised presentations covering key business indicators, including membership growth, financial performance and stakeholder engagement.

Table 13: Board focuses for 2024 and beyond

The Board's main focus was better aligning functional strategies with NHI implementation strategies, market conditions and the Scheme's performance against the KPI targets of the strategic plan.			
Board major focuses and decisions for 2024	Capitals affected	Link to material matters	Stakeholders affected
The Board continued face-to-face engagements with members at provincial roadshows, which began in 2023. These are part of the Board's ongoing focus on the GEMS brand positioning, which depends on the quality of interaction with members and communication capabilities			
The Board considered an in-depth analysis of challenges to the achievement of the desired organisational culture and the potential solutions. It will monitor the implementation of an organisational culture strategy in 2025			

The Board's main focus was better aligning functional strategies with NHI implementation strategies, market conditions, and the Scheme's performance against the KPI targets of the strategic plan.

Board major focuses and decisions for 2024	Capitals affected	Link to material matters	Stakeholders affected
The quality of stakeholder relationships: The Board approved a new integrated stakeholder management strategy and engagement plan in September 2024. Part of this was initiating a relationship reset with the PSCBC based on the needs for mutual responsiveness, alignment of interests and effective communication		 	 
The Board reassessed the Scheme's insourcing programme and approved a revised version considering the NHI implementation scenarios and the Board's renewed focus on strategic partnerships and collaboration in an NHI future	 	 	 

Performance targets are reviewed annually by the Board based on changing realities and interrelated plans such as the business plans approved for the Scheme by the Registrar of Medical Schemes from time to time.

The Board of Trustees governs the management of risk and a formal risk management process is in place in accordance with the Scheme's approved Risk Management Policy. The approach to risk management and the governance of risk is discussed on page 74 of the report.

The Board monitored the implementation of approved strategic and operational risk mitigation measures and the Scheme's changing risk environment during 2024 through quarterly and ad hoc reports from Scheme management. The Board is comfortable that residual risks were managed throughout the year and that risk assessments and mitigations to safeguard Scheme and member interests were effective.

The Board's approach to the governance of technology and information (page 152), ethics and compliance (pages 153 and 155) and stakeholder management (page 161) shows that value created for members is protected.

King IV Report on Corporate Governance for South Africa 2016:

The Board of Trustees formally adopted the King IV Report on Corporate Governance for South Africa 2016 (King IV) from 1 January 2018 through a Board resolution. Based on a CMS recommendation, the Scheme uses the governance and compliance instrument, an online tool developed by The Global Platform for Intellectual Property, to assess whether recommended King IV principles are applied.

The most recent full assessment was conducted in 2022 and found that King IV principles are satisfactorily applied in the Scheme's business practices.

The explanation of our business practices is available at www.gems.gov.za.

Board members and meetings

The Board consists of 12 trustees as follows: six (50%) elected by Scheme members and six (50%) appointed by the MPSA.

Table 14: Our trustees in 2024

Name	Elected or appointed	Qualifications and expertise	GEMS Board committees in 2024 ¹	Other significant positions/roles in 2024
Dr Millicent 'Millie' Sebayitseng Hlatshwayo Board Chairperson until 19 February 2024 (9 January 1964)	Appointed, tenure started 20 February 2018 and ended 19 February 2024	BSc (Medunsa); MBChB (Medunsa) Expertise: Clinical care, business administration and leadership	Clinical Governance and Administration Human Resources and Remuneration	Panel member: Gauteng Infrastructure Financing Agency; consultant: Government Pensions Administration Agency; private practice and OR Tambo Travel Clinic Memberships/affiliations: South African Medical Association, Health Professions Council of South Africa, Institute of Directors South Africa (IoDSA), The Ethics Institute (TEI)
Rakgama Andries 'Billy' Manoko Board Deputy Chairperson (2023 to 19 February 2024) (6 June 1966)	Appointed, tenure started 20 February 2018 and ended 19 February 2024	BProc; LLB; admitted attorney Expertise: Legal, business administration and leadership	Audit Clinical Governance and Administration Oversight on Strategic Projects and Programmes Relationship-by-Objective Task Team	Founder and managing director: Manoko & Associates Inc Attorney Memberships/affiliations: IoDSA, TEI
Dr Nomzamo Tutu Board Chairperson (19 February 2024 to date) (12 December 1965)	Appointed, 30 July 2020, tenure ends 29 July 2026	MBChB; BSc; Postgraduate Diploma: Occupational Health; Postgraduate Diploma: HIV/Aids Management in the World of Work. Expertise: Clinical care, investment	Audit Finance and Investment Oversight on Strategic Projects and Programmes	Member of KwaZulu-Natal Provincial Planning Commission Directorships in various private companies Memberships/affiliations: SAMA, South African Society of Occupational Medicine, IoDSA, TEI

¹ The Board periodically revises membership of standing committees. Board members may serve on up to three standing committees while serving on temporary committees from time to time

Name	Elected or appointed	Qualifications and expertise	GEMS Board committees in 2024 ¹	Other significant positions/roles in 2024
Nkobane Constance 'Conny' Ntshane Board Deputy Chairperson (19 February 2024 to 20 September 2024) (17 May 1974)	Elected, tenure started on 25 September 2019 and ends on 24 September 2025	BA Honours: Social Work – University of South Africa (Unisa); certificates: Gender excellence – University of Pretoria (UP); employee assistance programme – UP; employee wellness programme – UP; Postgraduate Diploma: Public Health – UP Expertise: Employee wellness, project management, member advocacy	Finance and Investment Oversight on Strategic Projects and Programmes	Department of Health Mpumalanga – wellness manager Memberships/affiliations: IoDSA, TEI
Siyabulela Thomas Tsengiwe Board Deputy Chairperson (20 September 2024 to date) (21 December 1967)	Appointed, 25 January 2024, tenure ends 24 January 2030	BCom; BEd; Masters in Management in Public and Development Management; Master of Arts in Applied Ethics for Professionals Expertise: Strategy, leadership management, strategy formulation and implementation, research, negotiations, policy planning and development, conflict and communication management, reporting, project management	Audit Committee Finance and Investment Oversight on Strategic Projects and Programmes	Serves on iKamvelihle Development Trust, Memberships/affiliations: IoDSA, TEI
Dr Izak Jacobus 'Kobus' van Zyl (31 January 1951)	Elected, tenure started 30 July 2020 and ended 28 July 2021 Re-elected from 29 July 2021 to 28 July 2027	BMil; BCom Honours Personnel Management; MBA; PhD Industrial Economics; Industrial Relations Development Programme Expertise: Labour relations, dispute resolution	Finance and Investment Human Resources and Remuneration Risk, Social and Ethics	Retired from: Department of Employment and Labour as chief director: labour relations in 1996 Memberships/affiliations: IoDSA, TEI

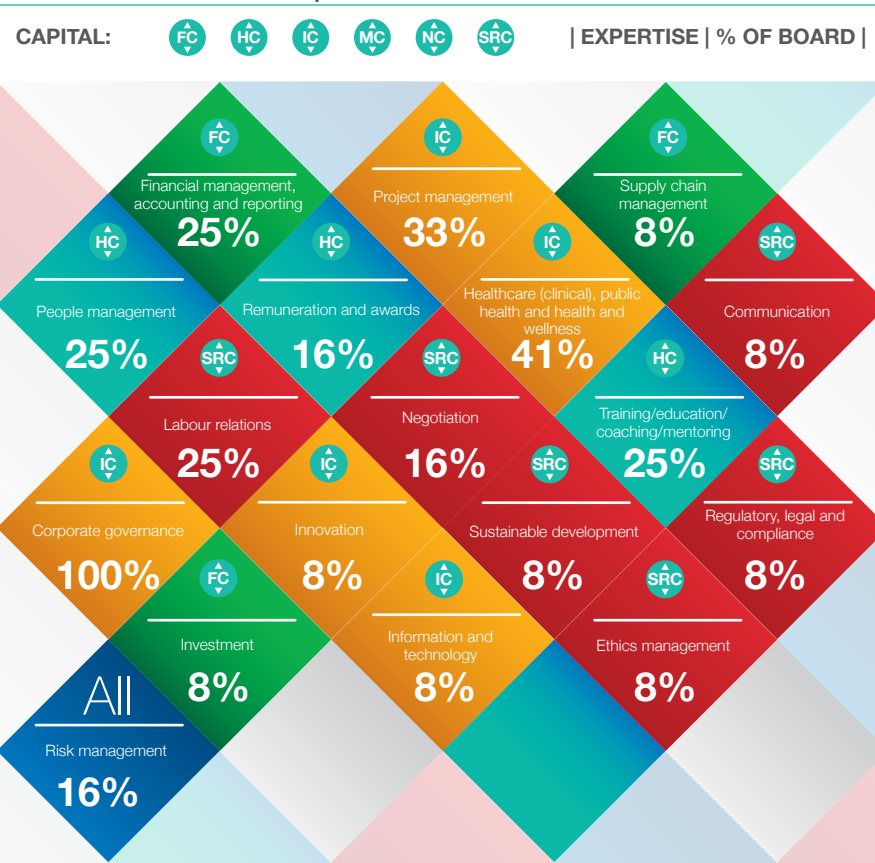
Name	Elected or appointed	Qualifications and expertise	GEMS Board committees in 2024 ¹	Other significant positions/roles in 2024
Dr Johannes Frederik Smit (22 July 1951)	Elected, tenure started 30 July 2021 and ends 28 July 2027	BCHD: Dentistry – UP; Dental Public Health – UP; Public Health Administration – UP Expertise: Clinical care (dentistry), administration and leadership, governance, ethics	Clinical Governance and Administration Risk, Social and Ethics	Retired from senior management: National Department of Health Serving on HPCSA and Allied Health Professions Council of South Africa Memberships/affiliations: IODSA, TEI
Pierre Francois de Villiers (25 June 1960)	Elected, tenure started 30 August 2021 and ends 29 August 2027	NND Engineering Studies – Ekurhuleni Technical and Vocational Education Training College; Teachers Diploma – UP; BEd and Med – University of Johannesburg Expertise: Governance and ethics, member advocacy	Finance and Investment Risk, Social and Ethics Oversight on Strategic Projects and Programmes	Retired from Department of Higher Education and Training as chief education specialist (curriculum development) Memberships/affiliations: IoDSA, TEI
Lebohang Precious Khumalo (25 March 1980)	Elected, tenure started 30 August 2021 and ends 24 September 2025	Diploma: Clinical Nursing Science; Diploma: General Nursing; Advanced Certificate: Project Management – University of KwaZulu-Natal; Advanced Certificate: Healthcare Management – Foundation for Professional Development; Postgraduate Diploma: Health Systems Management – Executive Leadership Expertise: Clinical care, business administration, leadership, member advocacy	Clinical Governance and Administration Human Resources and Remuneration Relationship-by-Objective Task Team	Chief executive officer: Bertha Gxowa Hospital Nursing professional Memberships/affiliations: IoDSA; TEI

Name	Elected or appointed	Qualifications and expertise	GEMS Board committees in 2024 ¹	Other significant positions/roles in 2024
Dr Hendrik 'Henk' Pieter Punt (25 May 1953)	Elected, tenure started 22 February 2024 and ends 24 September 2025 (took over from Martinus Cornelis Brand, who resigned on 31 December 2023)	Primary Teachers Diploma, Teachers' Diploma (Handwork): Paarl Teachers College, BA., BEd; MEd and PhD: Stellenbosch University Expertise: Business administration and leadership, education, member advocacy	Clinical Governance and Administration Human Resources and Remuneration	Education consultant: training team of South African Teachers' Union Temporary headmaster: Private high school in Somerset West Memberships/affiliations: IoDSA, TEI
Alvin Phumudzo Rapea (29 June 1964)	Appointed, 25 January 2024, tenure ends 24 January 2030	BCom: University of Limpopo; Postgraduate Diploma in Management – Wits Business School; Diploma: Labour Law: Graduate Institute of Management and Technology; Certificate in Executive Coaching: University of Cape Town Expertise: Labour relations, coaching, mentoring	Human Resources and Remuneration Risk, Social and Ethics Oversight on Strategic Projects and Programmes	Director: Tshivhambe Trading Memberships/affiliations: IoDSA, TEI
Neville Pulane Ndumo (28 January 1963)	Appointed, 25 January 2024, tenure ends 24 January 2030	BA AccSc; Certificate: Taxation, EDP; Masters Business Leadership – Unisa Expertise: Finance	Audit Committee Finance and Investment Risk, Social and Ethics	District treasurer: Methodist Church of Southern Africa Memberships/affiliations: IoDSA, TEI
Adv Sibongile Sigodi (13 December 1957)	Appointed, 16 September 2024, tenure ends 15 January 2030	LLB, BProc, LLM – University of KwaZulu Natal; International Legal Studies: Georgetown University Law Center in Washington DC; International Women's Human Rights Expertise: Legal – human rights, constitutional, local government law	Audit Committee Human Resources and Remuneration Risk, Social and Ethics	Retired Memberships/affiliations: IoDSA, TEI

Name	Elected or appointed	Qualifications and expertise	GEMS Board committees in 2024 ¹	Other significant positions/roles in 2024
Dr Mpho Mashoto Johannes Rabada (17 June 1970)	Appointed, 16 September 2024, tenure ends 15 January 2030	MBA: Surrey University (United Kingdom), Dissertation: Health Economics and Healthcare Financing; BA: Medicine, MBBCh - University of the Witwatersrand Expertise: Sustainable development, public health, occupational medicine, strategic management	Clinical Governance and Administration Oversight on Strategic Projects and Programmes	Health and business consultant: Department of Health Memberships/affiliations: IoDSA, TEI

Note: Trustees' qualifications are verified through the Scheme's annual vetting procedure.

Table 15: Combined Board expertise and skills



Board meetings and engagements in 2024:

The GEMS Board of Trustees held 31 meetings and engagements during 2024 (2023: 52), including one strategic planning meeting (2023: one); one annual general meeting (2023: one) and three workshops (2023: five). All meetings and engagements were hybrid, with most delegates attending in person:

- 25 January 2024 (special in-committee meeting);
- 22 February 2024 (quarterly meeting);
- 12 to 13 February 2024 (Board of Trustees induction programme – three new MPSA appointees);
- 11 to 13 March 2024 (meeting with SPN/BBBEE partners);
- 14 March 2024 (22 February 2024 in-committee Board of Trustees meeting continuation);
- 23 April 2024 (quarterly meeting);
- 24 April 2024 (in-committee meeting and NHI meeting preparations);
- 17 May 2024 (special Audit Committee meeting);
- 27 June 2024 (interim meeting);
- 30 July 2024 (quarterly meeting – annual general meeting preparation meeting);
- 16 September 2024 (Risk identification and assessment workshop and special in-committee meeting);
- 17 to 19 September 2024 (annual strategic planning meeting);
- 20 September 2024 (interim meeting to consider benefit design recommendations);
- 22 and 23 October 2024 (Board of Trustees induction programme for two new MPSA appointees);
- 24 October 2024 (quarterly meeting);
- 19 November 2024 (Board Charter workshop);
- 20 November 2024 (independent effectiveness assessment and enneagram workshop);
- 25 November 2024 (PSCBC meeting preparation and special MPSA meeting);
- 3 December 2024 (interim meeting: Key approvals required for 2024);
- 4 December 2024 (in-committee meeting).

Stakeholder engagements

The Board of Trustees held four stakeholder engagements (2023: 12) with the Minister/Deputy Minister for the Public Service and Administration (2023: five); one stakeholder symposium (2023: one), one PSCBC meeting (2023: five) and three member makgotla/provincial roadshows (2023: five):

- 21 May 2024 (George provincial roadshow);
- 23 May 2024 (KwaZulu-Natal provincial roadshow);
- 14 June 2024 (Limpopo-Polokwane provincial roadshow);
- 17 July 2024 (MPSA meet-and-greet with new MPSA Inkosi Mzamo Buthelezi);
- 26 and 27 September 2024 (GEMS stakeholder symposium);
- 14 November 2024 (urgent PSCBC meeting);
- 29 November 2024 (special MPSA meeting).

Affiliates and conferences

- 4 to 8 May 2024 (BHF conference);
- 5 to 8 November 2024, 41st African governance conference.

Board task teams

After an independent review of the Tokiso Report, relationship-by-objective meetings were held in 2022/23 Scheme-wide, including at Board level. The relationship-by-objective task team met twice in 2024 (2023: 13) to wind down the committee's work and handed over its operations to the Risk, Social and Ethics Committee to continue with strategic culture and transformation.

30. 16 April 2024 (Relationship-by-Objective Task Team);
31. 12 July 2024 (Relationship-by-Objective Task Team).

For the year ended 31 December 2024, the task team members were:

- LP Khumalo (trustee, elected, tenure started 30 August 2021);
- P de Villiers (trustee, elected, tenure started 30 August 2021);
- MJ Lesejane (tenure started 1 January 2018 and ended 31 December 2024).

Standing committee structure and responsibilities

The Board of Trustees has established its own governance practices and standing committee structure that comply with governance and regulatory requirements. These committees fulfil key roles in ensuring good corporate governance.

The standing committee structure is based on:

- Statutory requirements.
- The King IV Report on Corporate Governance.
- The GEMS strategic plan for accountability and strategic oversight framework.
- The GEMS operating model.
- Cost effectiveness and value-for-money considerations.

The committees are mandated by the Board through written terms of reference on membership, authority and duties. A standing committee responsibility matrix clarifies and demarcates committees' responsibilities.

The standing committees meet at least quarterly, as indicated in the planner approved for each year. Committee meetings are attended by Scheme management in keeping with Board requirements.

The membership of the standing committees, number of meetings and primary responsibilities are shown below:

Audit Committee

The Audit Committee is mandated by the Board of Trustees by a written Audit Committee Charter on membership, authority and duties. The committee's charter was reviewed and approved by the Board of Trustees in December 2023 for 2024.

The Audit Committee assists the Board of Trustees in its evaluation of the adequacy and efficiency of internal control systems, accounting practices, financial reporting processes, financial and other reporting risks, information systems, oversight of assurance provided over external reports other than financial statements and oversight of combined assurance processes applied by the Scheme and its SPN. The committee considers and recommends

the appointment of external auditors and monitors and reports on their independence. It also appoints, performance assesses and/or dismisses the Chief Audit Executive, approves the annual internal audit plan and annually reviews and approves the internal audit charter.

Committee composition, including members' qualifications and experience:

The committee consists of five members, two of whom are members of the Board of Trustees. Most members, including the chairperson, are independent and are not trustees, officers of the Scheme or of any of its service providers. For the year ended 31 December 2024, the committee members were:

Table 16: Audit Committee members for 2024

Name	Designation	Qualifications	Role in 2024
Motshoanedi Johannes Lesejane (29 February 1956)	Independent committee member – chairperson, appointed for two terms from 1 January 2028 to 31 December 2023, second term extended by 12 months until 31 December 2024. Member of the Relationship-by-Objective Task Team	Chartered Director South Africa (CD SA); CA(SA); Fellow Chartered Management Accountant (Global Management Accountant); BCom Honours Accounting Science; BCom Accountancy	Independent non-executive director, consultant, lecturer at Wits Business School
Prittish Dala (13 November 1982)	Independent committee member appointed for the first term from 2 February 2023 to 1 February 2026	PhD, Masters (IT), Bachelor in Information Technology; BSc Hons (Computer Science), CISA, CISM, CRISC, CGEIT, CISSP, CDPSE, LA ISO 27001, CEH and CHFI	Independent non-executive director, executive director (Exponential Enterprises)
Aziza Galiel (10 August 1969)	Independent committee member appointed for first term from 1 April 2022 to 31 March 2025	CA(SA); BCom; Postgraduate Diploma: Accounting	Independent non-executive director and entrepreneur
Neville Pulane Ndumo (28 January 1963)	Trustee, appointed, 25 January 2024, tenure ends 24 January 2030	BA AccSc; Certificate in Taxation; EDP; Masters Business Leadership – Unisa	District treasurer: Methodist Church of Southern Africa, IoDSA, TEI

Name	Designation	Qualifications	Role in 2024
Siyabulela Thomas Tsengiwe (21 December 1967)	Trustee, appointed, 25 January 2024, tenure ends 24 January 2030	BCom; BEd; Masters Management in Public and Development Management; Masters Arts in Applied Ethics for Professionals Expertise: Strategy, leadership management, strategy formulation and implementation, research, negotiations, policy planning and development, conflict and communication management, reporting, project management	Serves on iKamvelihle Development Trust, IoDSA; TEI
Dr Nomzamo Tutu (12 December 1965) (attended only meeting on 7 and 15 February 2024 – before she was appointed Board of Trustees Chairperson)	Trustee, appointed, term started on 30 July 2020, appointed Audit Committee member from 30 July 2020	MBChB; BSc; Postgraduate Diploma in Occupational Health; Postgraduate Diploma in HIV/Aids Management in the World of Work	Chairperson: Transformation Committee of the Engineering Council of South Africa; strategic adviser to Busane Development Trust

The Audit Committee carried out the responsibilities of the Board-approved Audit Committee Charter. The external auditors and internal auditors reported formally to the committee on crucial findings arising from audit activities.

The committee met eight times during 2024 (2023: eight). All meetings were hybrid and most members attended in person:

1. 7 February 2024 (quarterly meeting);
2. 15 February 2024 (in-committee meeting);
3. 18 March 2024 (special meeting);
4. 10 May 2024 (special meeting);
5. 25 June 2024 (ICT joint meeting with Finance and Investment Committee);
6. 29 July 2024 (quarterly meeting);
7. 19 September 2024 (special meeting – approval of annual financial statements);
8. 17 October 2024 (quarterly meeting).

The Principal Officer, Chief Financial Officer, Chief Audit Executive, the Scheme's internal auditors and the external auditors attended committee meetings on invitation and had unrestricted access to the Audit Committee Chairperson.

Benefit Design Committee – additional to standing committees

Recommendations pertaining to GEMS benefits and contributions for 2025 were developed by the GEMS Benefit Design Committee for the Board's consideration.

The committee met twice in 2024 (2023: twice). Both meetings were hybrid and most members attended in person:

- 14 August 2024;
- 11 September 2024.

For the year ended 31 December 2024, attendance of Benefit Design Committee meetings was open to all trustees, and most attended.

Clinical Governance and Administration Committee

The committee assists the Board of Trustees in ensuring the efficient operations of the Scheme by overseeing, assessing and reviewing all administration aspects of the Scheme's business. It assists the Board in ensuring that seamless interaction takes place among service providers to meet the operational objectives of the Scheme. The committee also helps ensure growth in Scheme membership and excellent member affairs by overseeing communication and marketing activities, stakeholder relations and the complaints management function and:

- Assesses, decides and report on the approval of ex gratia applications and payments to Scheme members. The committee is mandated to approve ex gratia payments of more than R50 000 and where the condition and the withholding of therapy is life-threatening, the treatment will result in improved quality of life for the applicant, the treatment is clinically appropriate and based on internationally accepted, evidence-based treatment guidelines and protocols or the applicant has proven the inability to afford the treatment by any other means.
- Assists the Board in ensuring the implementation of the healthcare management strategic objective, namely to improve the Scheme's clinical risk profile and contain claims experience.
- Oversees the Scheme's product development and benefit design work.

The committee met over two days every quarter for a total of five meetings in 2024 (2023: five). All meetings were hybrid and most members attended in person:

1. 15 and 16 February 2024 (quarterly meeting);
2. 22 and 23 May 2024 (quarterly meeting);
3. 6 August 2024 (special joint meeting with the Finance and Investment Committee on strategic planning and the Scheme's 2025 benefit design);
4. 21 and 22 August 2024 (quarterly meeting);
5. 11 and 12 November 2024 (quarterly meeting).

For the year ended 31 December 2024, the committee members were:

- Dr MS Hlatshwayo (trustee, appointed, chairperson, tenure started 20 February 2018);
- LP Khumalo (trustee, elected, tenure started 30 August 2021);
- RA Manoko (trustee, appointed, tenure started 20 February 2018);
- Dr JF Smit (Trustee, elected, tenure commenced 29 July 2021);
- Dr H Punt (trustee, elected, tenure started 22 February 2024);
- Dr N Tutu (trustee, appointed, tenure started 30 July 2020).

Finance and Investment Committee

The Finance and Investment Committee assists the Board in overseeing the Scheme's investment activities and considers issues arising from investment decisions and activities. It monitors the Scheme's organisational and financial performance in line with the Scheme's business model, which requires ongoing review of contracting of service providers. As such, the committee monitors the Scheme's cashflow, investment performance and compliance to the regulatory framework for medical scheme investments. It oversees the ICT function and performance of contracted asset consultants and managers.

The committee met five times in 2024 (2023: five). All meetings were hybrid and most members attended in person:

1. 14 February 2024 (quarterly meeting);
2. 21 May 2024 (quarterly meeting);

3. 6 August 2024 (special joint meeting with the Clinical Governance and Administration Committee on strategic planning and the Scheme's 2025 benefit design);
4. 12 September 2024 (quarterly meeting);
5. 13 November 2024 (quarterly meeting).

For the year ended 31 December 2024, the committee members were:

- Dr N Tutu (trustee, appointed, chairperson, tenure started 30 July 2020);
- NC Ntshane (trustee, elected, tenure started 23 September 2019);
- P de Villiers (trustee, elected, tenure started 30 August 2021);
- Dr IJ van Zyl (trustee, elected, tenure started 30 July 2014, ended 28 July 2021, with re-election from 29 July 2021);
- ST Tsengiwe (trustee, appointed, tenure started 25 January 2024);
- NP Ndumo (trustee, appointed, tenure started 25 January 2024).

Human Resources and Remuneration Committee

This committee ensures sound people management of Scheme employees through oversight, assessment and review of maintenance of human resources and remuneration policies. In addition, it advises the Board on the annual cost of living adjustment for Scheme employees, the criteria for annual remuneration survey benchmark exercises, remuneration rates applicable to employees, trustees and independent committee members, implementation of remuneration survey results, implementation of performance reward measures for employees and overseeing the disclosure of the remuneration of trustees, independent committee members and members of the GEMS Exco in the Scheme's annual integrated report.

The committee met six times in 2024 (2023: five). All meetings were hybrid and most members attended in person:

1. 6 February 2024 (quarterly meeting);
2. 17 April 2024 (quarterly meeting);
3. 8 May 2024 (special in-committee meeting);
4. 18 July 2024 (quarterly meeting);
5. 3 October 2024 (quarterly meeting);
6. 21 November 2024 (special in-committee meeting).

For the year ended 31 December 2024, the committee members were:

- Dr IJ van Zyl (trustee, re-elected, chairperson, term started 29 July 2021);
- LP Khumalo (trustee, elected, tenure started 30 August 2021);
- AP Rapea (trustee, appointed, tenure started 25 January 2024);
- Dr H Punt (trustee, elected, tenure started 22 February 2024).

Oversight Committee on Strategic Projects and Programmes

The Board of Trustees, on the recommendation of the Risk, Social and Ethics Committee, established the Ad-Hoc Oversight Committee on Strategic Projects and Programmes. The committee held its inaugural meeting and began its duties on 10 August 2021, and was later renamed the Oversight Committee on Strategic Projects and Programmes.

The committee supports the Board in ensuring effective oversight of GEMS projects, programmes and other change initiatives defined in the scope of its terms of reference. It reports to the Board on:

- Governance, risk and compliance management.
- Assurance.

- Application of Board directives and defined parameters.
- Strategic analysis, alignment and prioritisation.
- Planning and lifecycle management.
- Considerations of GEMS' clinical, operational, financial, ICT, human resource, legal, compliance and change management requirements.
- Liaison with interim NHI advisory structures.
- Insourcing of capabilities.

The committee ensures effective communication with and between associated Board committees on matters within its responsibilities.

It held six meetings in 2024 (2023: six). All meetings were hybrid and most members attended in person:

1. 24 January 2024 (quarterly meeting);
2. 10 April 2024 (quarterly meeting);
3. 9 May 2024 (special meeting);
4. 10 July 2024 (quarterly meeting);
5. 30 July 2024 (special meeting);
6. 15 October 2024 (quarterly meeting).

For the year ended 31 December 2024, the committee members were:

- NC Ntshane (trustee, elected, chairperson, tenure started 23 September 2019);
- Dr N Tutu (trustee, appointed, tenure started 30 July 2020);
- P de Villiers (trustee, elected, tenure started 30 August 2021);
- AP Rapea (trustee, appointed, tenure started 25 January 2024);
- ST Tsengiwe (trustee, appointed, tenure started 25 January 2024).

Risk, Social and Ethics Committee

The committee has been mandated by the Board to ensure sound corporate governance by providing oversight, assessment and review of the risk management, ethics management, compliance management, CSI and fraud, waste and abuse management activities of the Scheme. Its responsibilities include ensuring compliance with the MSA and its regulations, patent and trademark legislation and any other legislative framework relevant to Scheme business.

The committee met four times in 2024 (2023: four). All meetings were hybrid and most members attended in person:

1. 8 February 2024 (quarterly meeting);
2. 16 May 2024 (quarterly meeting);
3. 15 August 2024 (quarterly meeting);
4. 14 November 2024 (quarterly meeting).

For the year ended 31 December 2024, the committee members were:

- P de Villiers (trustee, elected, chairperson, tenure started 30 August 2021);
- NC Ntshane (trustee, elected, tenure started 23 September 2019);
- Dr IJ van Zyl (trustee, re-elected term started 29 July 2021);
- Dr JF Smit (trustee, elected, tenure started 29 July 2021);
- AP Rapea (trustee, appointed, tenure started 25 January 2024); and
- NP Ndumo (trustee, appointed, tenure started 25 January 2024).

Table 17: Trustee and Principal Officer meeting attendance in 2024

A – meetings attended, B – meetings that could be attended

	Annual general meeting	Board	Strategic planning meeting	Audit Committee	Benefits Design Committee	Clinical Governance and Administration Committee		Finance and Investment Committee	Human Resources and Remunera- tion Committee	Oversight Committee on Special Projects and Programmes	Risk, Social and Ethics Committee	Training, including induction	Stake- holder meetings	Task teams and relationship by objective	Work- shops										
Trustee	A	A	B	A	B	A	B	A	B	A	B		A	B	A	B	A	B	A	B	A	B	A		
De Villiers P	1	17	17	1	1	-	-	2	2			5	5		6	6	4	4	1	4	1	1	3		
Hlatshwayo, SM	1	1	17	-	-	-	-	2	2	1	1		1	1	1	1	1	1	-	-	-	-	-		
Khumalo LP	1	16	17	1	1	-	-	2	2	5	5		-	-	6	6	-	-	3	4	2	2	3		
Manoko, RA	1	1	17	-	-	-	-	2	2	1	1		-	-	1	1	1	-	-	-	-	-	-		
Ntshane, NC	1	17	17	1	1	-	-	2	2			5	5	1	1	6	6	4	4	3	4	-	-	3	
Rapea, AP	1	17	17	1	1	2	2	2	2	1	1		1	1	5	5	5	5	4	4	3	7	-	-	3
Smit JF	1	17	17	1	1	-	-	2	2	5	5						4	4	1	5	-	-	3		
Tutu, N	1	16	17	1	1	2	2	2	2	4	4		5	5			1	1	1	1	1	4	-	-	3
Van Zyl, IJ	1	16	17	1	1	-	-	2	2	-	-		5	5	6	6		4	4	1	4	-	-	3	
Ndumo, NP	1	17	17	1	1	8	8	2	2	-	-		5	5	1	1	-	-	4	4	5	7	-	-	3
Tsengiwe, ST	1	17	17	1	1	6	6	2	2	1	1		4	4	1	1	5	5	-	-	1	4	-	-	3
Punt, HC	1	15	16	1	1	-	-	2	2	4	4		-	-	5	5	-	-	-	-	1	3	-	-	3
Rabada, MMJ	-	6	6	1	1	1	1	2	2	1	1		1	1	1	1	1	1	1	1	3	-	-	-	3
Sigodi S	-	6	6	1	1	1	1	2	2	1	1		1	1	1	1	1	1	1	1	3	-	-	-	3
PRINCIPAL OFFICER																									
Molobai, BOS	1	16	16	1	1	8	8	2	2	3	3		3	5	5	6	5	6	4	4	1	4	-	-	1

Table 18: GEMS independent committee members' meeting attendance in 2024

A – meetings attended, B – meetings that could be attended

	Annual general meeting	Board		Audit Committee		Strategic planning meeting		Training	Task teams and relationship by objective		Work- shops
Member	A	A	B	A	B	A	B	A	A	B	A
Lesejane, MJ	1	11	11	7	8	1	1	1	1	2	1
Dala P	1	-	-	8	8	1	1	-	-	-	1
Galiel A	1	-	-	8	8	1	1	1	-	-	1

Functional governance areas:

Information and technology

King IV Principle 12: The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.

The GEMS Information Communication and Technology Division reports to the Finance and Investment Committee and the Board of Trustees. The division is headed by the Chief Information Officer and its structure is based on the six key areas of applications development, infrastructure and operations, data and business intelligence, ICT service management, business continuity and security management. Other areas of focus are administration, ICT strategy and governance and service planning and enterprise architecture.

Strategic plan alignment: The division's work supports the achievement of strategic objective 4: Be an agile, data-driven scheme that leverages research, information, technology and platforms to manage risk, creates disruptive innovations and contributes towards clinically appropriate, socially responsible and cost-effective interventions, to improve the health of our members.

With the support of the project management office and other divisions, this division drives key strategic projects such as enterprise-wide resource planning and insourcing of capabilities. Work continues on the GEMS website, member app and portal and provider app and portal with the divisions tasked with member communication and healthcare management. These multichannel platforms facilitate access to real-time information for members, healthcare providers and the public about benefits and offers advice they may need to access Scheme services.

We continue to optimise the Scheme's intranet platform Gemzito, containing the Board portal, divisional portals and the public library that hold important Scheme records. These are managed through the necessary restrictions and workflow based on the users' role at the Scheme. Employees are enabled to perform their duties through tools such as email, office suite of solutions, the enterprise-wide resource system for managing Scheme finances and a customer relationship management solution to enable services Client Liaison Officers provide to members.

Implementation of the information security management system, aligned to ISO 27001:2022, is advanced. This cybersecurity framework has given the Scheme a strong and more resilient security status. There were no critical security breaches during 2024.

The adequacy and effectiveness of technology and information management are monitored through risk management control effectiveness reviews by management supported by the GEMS risk management function. Periodic independent reviews are performed by GEMS' internal audit and external assurance providers.

It is imperative for GEMS to advance its ICT strategic objectives to develop a core information management system/capability. Focuses for 2025 are building a data-driven backbone enabling one data platform, adoption and use of artificial intelligence, big data, cloud, internet of things and blockchain while incorporating greater human-intelligence-integrating robots with humans. Agile infrastructure architectures and optimisation of cybersecurity are also priorities.

Important procurement processes were launched in 2024 to implement hybrid cloud ICT infrastructure platforms services and build the one-data platform.

Existing policies were updated during the year.

Table 19: ICT policy development in 2024

Policy	Purpose of policy
ICT and Cybersecurity Policy	Establish standards for physical and information technology environmental security in line with ISO/IEC 27000
ICT Disaster Recovery Policy	Detail the basic requirements of a disaster recovery plan, describing processes and systems to recover ICT systems, applications and data after a major disaster
Utilisation of Telephone, Mobile Broadband APN and Facsimile Policy	Provide policy measures and minimum requirements for using GEMS' telephone facilities and outline the process and values for cellphone refunds

Ethics

Figure 43: Ethical leadership

King IV Principle 1: The governing body should lead ethically and effectively

The Board exercises ethical leadership and assumes responsibility for the governance of ethics by setting the direction for how ethics should be approached and addressed by the Scheme in all its dealings. The Risk, Social and Ethics Committee is mandated by the Board to oversee the implementation of the ethics management strategy through the approved annual ethics management plan.

Objectives	Initiatives
Setting ethical requirements for all stakeholders, including employees, service providers, members and healthcare providers	Position ethics in strategic objective 6, particularly: Be a good corporate citizen, prevent or reduce negative impacts on the environment and function as an ethical, caring, innovative leader in the South African healthcare sector. GEMS Rules (registered in terms of the MSA) GEMS Code of Ethics and Business Conduct GEMS Supply Chain Management Code of Conduct Code of Conduct for Trustees and Independent Committee Members Ethics policies, including conflict of interest, vetting, claims, fraud, waste and abuse, gifts and hospitality
Setting and monitoring the ethics management strategy	Ethics management strategy Monitoring progress against the annual ethics management plan
Enabling an effective ethics management function	Delegating authority for ethics from the Board to the Risk, Social and Ethics Committee through its terms of reference Monitoring the adequacy and effectiveness of the ethics management process Ensuring adequate capacitation of the ethics management function

King IV Principle 2: The governing body should govern the ethics of an organisation in a way that supports the establishment of an ethical culture

The Board governs the organisation's ethics in the organisation, on strategic level, also encompassing the Scheme outsourced service providers. The effectiveness of existing ethics controls and focused ethics management programmes is overseen. Ethics are contained in the Scheme culture KPI in the annual performance plan.

Objectives	Initiatives
Consider ethical culture strategically	Monitor ethical culture risks as part of the overall Scheme culture strategic risk
	Monitor ethical culture risks across Scheme operating divisions and outsourced service providers
Review the effectiveness of ethics management programmes and controls	Oversee the implementation of ethics management programmes
	Consider the effectiveness of ethics management processes and controls

Table 20: Ethics key focuses

Progress on key focuses for 2024	Planned key focuses for 2025
Target ethics culture risk level exceeded	Execution of the 2025 ethics management plan
Ethics management workplan 2024 implemented	Focused ethics solutions for members, healthcare providers and the SPN
Expansion of lifestyle audits to executives and senior managers with no red flags raised	Ethical leadership training for the Board of Trustees, Exco and all employees to advance ethics culture maturity
Board trustees signed the ethics pledge	
Ethics awareness heightened through extensive employee training on all Scheme ethics processes and policies	Continuation of ethics awareness programmes for healthcare providers and members
Work outside GEMS and vetting policies revised	Conduct independent external ethics survey to gauge the effectiveness of the ethics management strategy
Ethics awareness and training sessions expanded with healthcare providers, members and SPN	Regular internal ethics surveys
Extensive ethics risk assessments with the SPN and GEMS divisions	

Compliance

Figure 44: Protecting value and rights through compliance

King IV Principle 13: The governing body should govern compliance with applicable laws and adopted non-binding rules, codes and standards in a way that supports the organisation being ethical and a good citizen

The Board governs the Scheme's compliance by setting and steering its compliance approach and management by identifying regulatory requirements, monitoring the effectiveness thereof and responding where change is needed. The Risk, Social and Ethics Committee is mandated by the Board to oversee the implementation of the compliance strategy through the approved annual compliance coverage plan.

Objectives	Initiatives
Compliance with regulatory requirements	Approve the Scheme's compliance universe, which comprises applicable laws, regulations, Scheme Rules and adopted codes and standards
Effective management of compliance risks	Oversee the monitoring of compliance risks and progress against the approved compliance coverage plan
Proactive compliance management	Maintain constructive relationships with the CMS, Financial Sector Conduct Authority and Information Regulator
Avoid regulatory non-compliance and safeguard against fines and reputational harm and ensure freedom to operate sanctions	Maintain compliance index of 90% and above

Figure 45: The compliance function forms part of the second line of defence in the Scheme's combined assurance framework



The compliance function is represented on the Scheme's Combined Assurance Forum convened by the Chief Audit Executive.

The function is strengthened by the Risk, Compliance and Ethics Forum, comprising representatives from all Scheme divisions and the SPN. The forum monitors compliance with the compliance universe, including GEMS Rules. It fosters and promotes robust discussion on all compliance issues that affect stakeholders.

The compliance function aligns to the Generally Accepted Compliance Practice Framework (Compliance Institute South Africa). Our compliance governance documents are streamlined into a compliance framework and compliance strategy and coverage plan supported by a Compliance Policy and compliance monitoring and reporting standard operating procedure. Compliance management encompasses:

- Identifying and prioritising all Acts and regulations at all levels applicable to the Scheme;
- Incorporating regulatory requirements into control measures such as compliance risk management plans, standard operating procedures, manuals and policies;
- Recommending corrective measures or steps to ensure compliance;
- Monitoring compliance through adequacy and effectiveness of control measures.

The risk of non-compliance is managed through:

- Annual review and update of the GEMS compliance universe;
- Compilation of compliance risk management plans for high-risk legislation;
- Continuous monitoring of the regulatory and policy environment;
- Activities in the annual compliance coverage plan.

Table 21: Compliance focuses

Progress on key focuses for 2024:	Planned key focuses for 2025:
Protection of Personal Information Act compliance embedded and the business supported	Embed compliance within the financial services provider and Financial and Intermediary Services Act environment
Key Protection of Personal Information Act governance documents drafted	Implement and monitor 2025 compliance coverage plan
2024 compliance coverage plan executed	Maintain compliance index rating of 90% or above
Compliance index rating of not less than 90% exceeded by 7%	Advance compliance risk management plans for the MSA, Scheme Rules, Financial and Intermediary Services Act and Protection of Personal Information Act
King IV Report disclosure register published on the Scheme's website	Continued compliance awareness training
Policy development, monitoring and maintenance managed	Maintain proactive and constructive relationships with Scheme regulators
SPN given guidance to ensure correct application of the Rules of GEMS	
Extensive ethics risk assessments conducted with the SPN and GEMS divisions	
Monitoring and advising on year-end implementation processes and attending sessions with SPN	
Financial services provider governance documents and processes developed	
Staff trained and made aware of key compliance deliverables of registration as a financial services provider	

Disclosure on regulatory matters

GEMS did not attract regulatory penalties nor fines in 2024. Previously, however, the Scheme had addressed the following issues raised by CMS:

Section 43: Multivitamin wellness programme

May 2022 – a tender to provide multivitamins to GEMS members and their beneficiaries, with the CMS citing procurement process concerns and a potential conflict of interest with the awarded supplier. The Scheme responded to CMS in June 2022.

Section 43: Whistleblowing allegation against Europ Assistance

August 2023 – a whistleblowing tipoff on allegations of corrupt and unethical activities against the emergency medical service provider Europ Assistance. Following a preliminary investigation, the Scheme was satisfied with the results of the investigation and submitted its response to the CMS, which closed the matter in March 2024.

Section 43: Educational Psychology Association of South Africa

November 2022 – a complaint from the Educational Psychology Association of South Africa about the exclusion/dismissal of claims of its members by medical schemes, including GEMS (the association had submitted a letter of complaint to the Scheme in October 2020 through its lawyers). The Scheme reviewed its rules, wherein educational psychologists were included in the benefits of members. The rules were subsequently registered by the CMS on 25 January 2021 and the association's lawyers were informed of this. The Scheme met with the CMS on this matter in December 2023 and feedback is awaited.

Section 44: Multivitamin inspection

In July 2023, the CMS launched a Section 44 inspection into the Scheme's multivitamin programme through Ernst & Young, whose representatives were given the required information in August 2023. A follow-up meeting was held in October 2023. The Scheme awaits CMS feedback.

Section 59 Investigation

GEMS responded formally to the Section 59 Investigation interim report in April 2021 and will respond to the final report when issued. The investigation panel held additional public hearings in June 2023, which were followed by further requests for information, including data from affected parties. In November 2023, the panel released revised statistical findings on which affected parties were asked to respond and comment by 31 January 2024. It is unclear when the final report will be released.

CMS inspection 2017/18

GEMS responded formally to the final inspection report and awaits CMS feedback.

REGULATORY NON-COMPLIANCE

To the best of the Scheme's knowledge, the matters listed below cover all the non-compliance matters for the 2024 financial year.

Late-paying employer groups

Nature

In terms of Rule 13.5 of Scheme Rules and Section 26(7) of the MSA, members' contributions are due monthly in arrears and payable by no later than the third day of each month.

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Governance and remuneration

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Cause

During the period under review, certain employer groups paid over contributions on behalf of their members after the third day of the month. Late payments may result in loss of interest earnings for the Scheme. However, this is not significant due to the short duration of the contributions being outstanding.

Corrective action

Scheme management engaged with the employer groups concerned to ascertain the reasons for the late payment of contributions and to highlight the impact of this practice on members of the Scheme. The CMS is informed quarterly of any late payers.

Benefit options

Nature

In terms of Section 33(2) of the MSA, medical scheme options shall be selfsufficient in terms of membership and financial performance.

Cause

The Scheme's Tanzanite One, Beryl, Emerald Value, Emerald and Onyx options did not meet the selfsufficiency requirement in terms of Section 33(2) of the MSA. Loss-making options adversely affect the financial performance of the Scheme and the reserve ratio.

The deficits on these options were as a result of higher healthcare costs, which deviated from budget.

Corrective action

The Scheme's reserves are sufficient to absorb these deficits over the short- to medium term. Continuous longterm forecasting, scenario planning and sensitivity analysis are employed to ensure the Scheme's solvency margin remains above the statutory level. Regular updates on the Scheme's performance during the 2024 financial year were provided to the Registrar through quarterly performance reports and meetings with the CMS.

Guarantees

Nature

Section 35(6)(a) of the Act states that a medical scheme shall not encumber its assets.

Cause

The guarantee in favour of the CMS has been issued in terms of Section 24(5) of the Act, 1998 to the value of R2.5 million. The Scheme's banker issued these guarantees as part of the Scheme's banking facilities.

The guarantee of R5 million in favour of the South African Post Office allows the Scheme to transact directly with the service provider for the provision of postal services, rather than procuring these services on an agency basis.

Corrective action

The CMS has issued the Scheme an exemption from the provision of Section 35(6) of the MSA for a period of three years effective from 09 March 2022.

Investment in medical scheme administrator

Nature

Section 35(8) (a), (c) and (d) of the Act states that a medical scheme shall not invest any of its assets in the business of an employer who participates in the Scheme, or any administrator or any arrangement associated with the Scheme. The Scheme has investments in a number of equities that involve some of its appointed administrators.

Cause

The Scheme has investments in certain companies associated with the administrators of the Scheme within its diversified investment portfolio.

Corrective action

The CMS has granted the Scheme an exemption for a period of three years effective from 15 December 2022.

Credit facility

Nature

Section 35(6)(c) of the MSA states that a medical scheme shall not directly or indirectly borrow money.

Cause

The Scheme has credit facilities with RMB/FNB for corporate and auto cards to the value of R3.3 million. The corporate cards are issued to Scheme executives as well as regional managers for work related expenses and the travel agency to manage the Scheme's travel bookings. The auto cards are used for the fuel and maintenance of the Scheme's fleet. The balances on the cards are settled within 30 days.

Corrective action

The Scheme has been granted an exemption from the provisions of Section 35(6) of the MSA for a period of three years effective from 09 March 2022.

Claims settled after 30 days

Nature

In terms of Section 59(2) of the Act, the Scheme shall, in the case where an account has been rendered, pay to a member or a supplier of service, any benefit owing to that member or supplier of service within 30 days after the day on which the claim in respect of such benefit was received by the Scheme.

Cause

During the financial year, there were instances where the above regulation had not been complied with.

Corrective action

Additional controls have been put in place at the Administrator to mitigate the risk of non-compliance and the Scheme will ensure that these are tested as part of the internal audit processes.

PMB claims for Ruby members paid from personal medical savings account (PMSA)

Chapter 10(6) of the Regulations of the Medical Schemes Act states that, ‘The funds in a member’s medical savings account shall not be used to pay for the costs of a prescribed minimum benefit’.

Section 8 of Annexure F of the GEMS Scheme Rules states that, ‘During the term of a member’s membership on the Ruby benefit option, the Scheme shall not be entitled to use the funds in the member’s PMSA to pay for the cost of a PMB or to offset any outstanding contributions, penalties or other debt due and payable to the Scheme’.

Section 4 of the Business Logic – Access to PMSA states, ‘All shortfalls which stem from the below criteria will not be eligible for extraordinary access to savings’.

Nature

For the period under review, claims were identified where the PMSA was used to settle PMB claims for Ruby members. These claims were not processed in accordance with the access to PMSA business logic document and the Scheme Rules.

Cause

The shortfall stemmed from the service providers charging above the GEMS agreed rates (contracted or negotiated providers) or where the insured risk benefit allocated for the service was exceeded for the in-hospital or disease management PMB authorisation event.

Corrective action

The Scheme will put in place mechanisms to monitor PMB claims processed for Ruby members. This will include exception reports detailing claims paid out of savings, which will then be reviewed in accordance with the PMB manual.

Stakeholder relations

King IV Principle 16: In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time

The Board assumes responsibility for the governance of stakeholder relationships by setting the direction for how stakeholder relationships should be approached and conducted in GEMS.

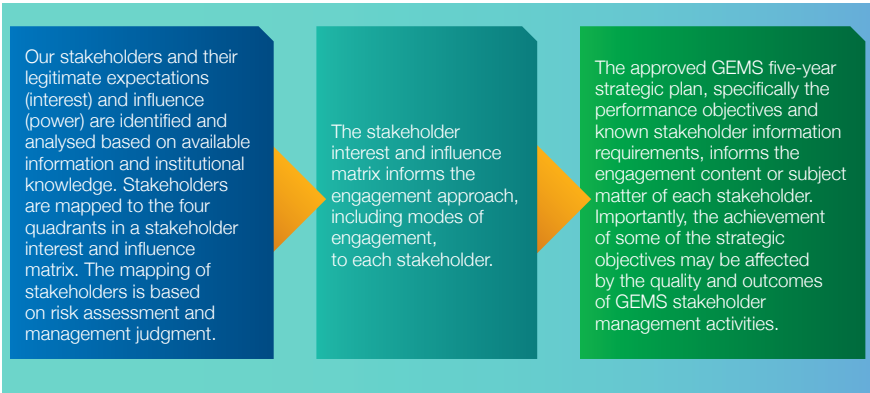
The stakeholder management roles and responsibilities of the Board, the Clinical Governance and Administration Committee, Risk, Social and Ethics Committee and the Principal Officer are set out in the GEMS Board Charter, the terms of reference of the Clinical Governance and Administration Committee, Risk, Social and Ethics Committee, the Principal Officer delegations and the approved GEMS Stakeholder Management Policy, reviewed every three years by the Board of Trustees.

Having multiple internal and external stakeholders, GEMS appreciates that their risks, opportunities and outcomes influence its ability to create value. Relationship management and engagement are essential to our understanding of value creation and to preventing value erosion.

The Stakeholder Management Policy was revised and approved in 2023 and, through this policy and processes, we strive for outcome-based engagements, ensuring meaningful feedback to stakeholders.

The Board considered the effectiveness of the Scheme’s stakeholder management activities, and, given identified gaps, approved a new integrated stakeholder management strategy and engagement plan in September 2024. Our policy and strategy are carried out by all GEMS divisions supported by the stakeholder management function.

Figure 46: Process for arriving at our annual stakeholder management strategy and engagement plan



Remuneration

GEMS is a certified top employer, which places it at the forefront of people practices.

In this section, we show how our remuneration policies drive appropriate behaviour for value creation

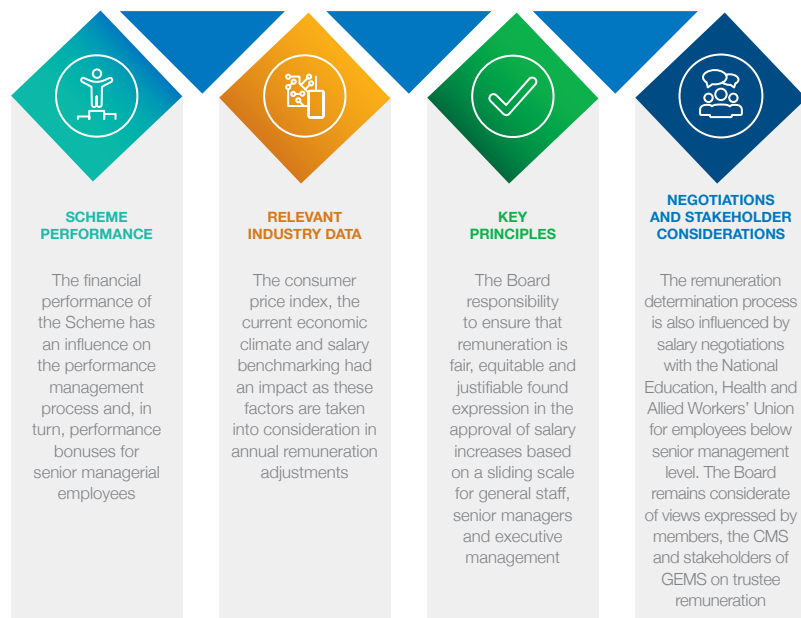
Introduction

The Board resolved on 28 February 2017 to adopt the King IV Report on Corporate Governance with effect from 1 January 2018.

Aligning with King IV Principle 8, Practice 65, GEMS maintains a Human Resources and Remuneration Committee to oversee remuneration policies and practices. The committee comprises trustees and governs remuneration for executives and general staff. From 2024, the Audit Committee took on the role of setting trustee remuneration. Information on the mandate, composition and attendance of meetings of the Human Resources and Remuneration Committee in 2024 is provided on page 148.

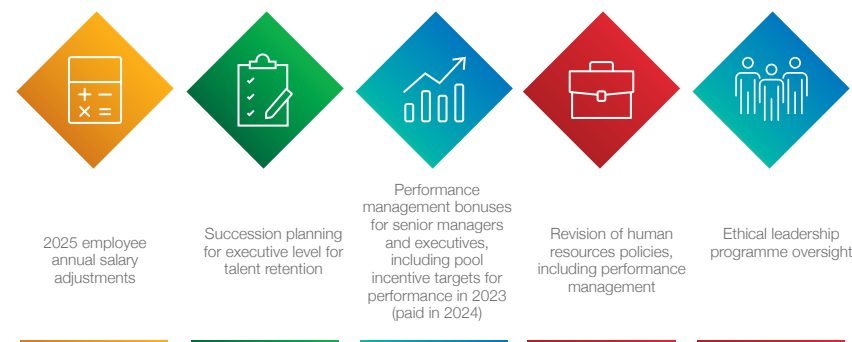
Background statement:

Figure 47: Key internal and external factors that influenced decision-making on salary adjustments in 2024



Voting on remuneration does not apply to GEMS. A full disclosure on trustee remuneration is made at each annual general meeting in compliance with the registered Rules of GEMS.

Figure 48: Human Resources and Remuneration Committee focuses and decisions in 2024



Using remuneration consultants

Under the auspices of the Human Resources and Remuneration Committee, a remuneration salary survey benchmarked remuneration for general staff, senior managers, executive management and the Principal Officer in 2024. The work was allocated to an organisation well versed in this area and the committee was satisfied with its independence and objectivity.

Remuneration benchmarks

As with many organisations, GEMS aims to attract and retain key and critical talent, thereby driving business strategy with the right people. Retaining critical human capital remains a challenge in most organisations.

Variation in remuneration and benefits is a key determinant in talent retention and turnover of essential skills. It requires benchmarking to ensure that GEMS remains competitive and aligned with compensation strategies. The GEMS benchmarking process is conducted against healthcare, financial and national industries as its products and services compare well to these.

Meeting Employee Remuneration Policy objectives

GEMS is committed to developing, implementing and upholding remuneration strategies and practices that support its vision, mission, values and strategic objectives, while pursuing the best interests of the Scheme. It ensures that remuneration is fair, equitable and justifiable.

The committee is satisfied that the GEMS Employee Remuneration Policy has met its stated policy objective of supporting the Scheme to attract and retain highly skilled talent. The total reward packages and benefits contributed to this. A low staff turnover rate of 3.26% was recorded for 2024. The GEMS Performance Management Policy and process entrench the commitment by rewarding high performers.

Future focus areas

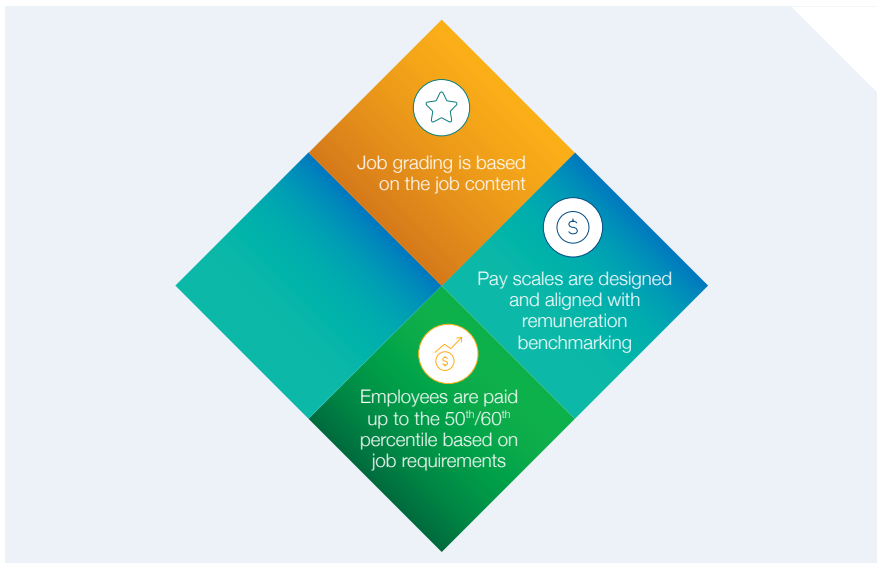
The GEMS Employee Remuneration Policy continues to evolve as the Scheme ensures that employees are paid according to market standards while considering the current economic environment. The success of the GEMS strategic plan is dependent on the Scheme's ability to attract and retain highly scarce and critical talent. It strives to be an employer of choice and the policy is under review to ensure that it optimally supports the strategic plan. Key future focus areas include talent attraction and retention, succession planning, organisational culture and change management.

Key Employee Remuneration Policy principles

The remuneration philosophy on which the policy is based reflects GEMS' commitment to attracting and retaining highly skilled, high-performing employees who enable organisational performance. The philosophy is aligned with the Scheme's business strategy, objectives and values and with achieving long-term sustainability.

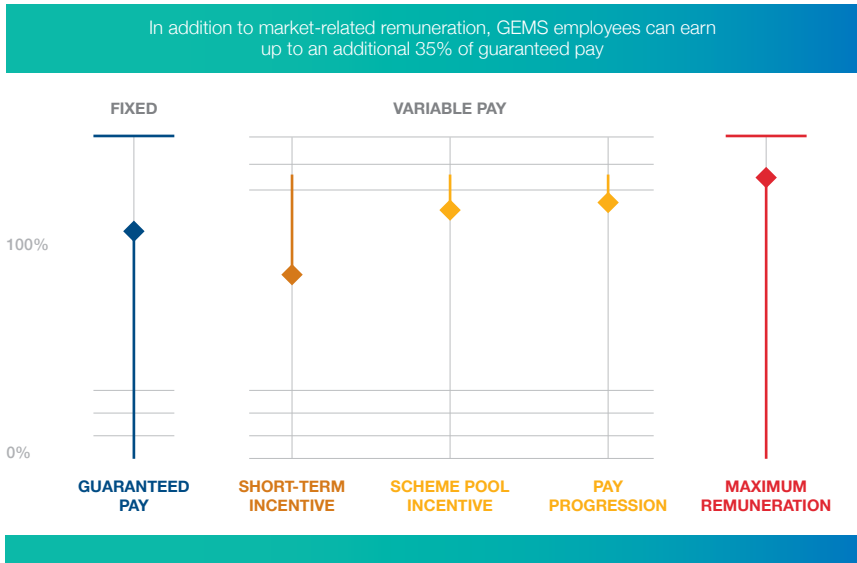
The Board of Trustees determines the remuneration and rewards of employees in keeping with the policy and ensures that employees are appropriately compensated.

Figure 49: Determining appropriate remuneration



Remuneration is provided to employees in guaranteed and variable pay, namely performance bonuses and short-term incentives. Guaranteed pay includes basic salary and benefits while variable pay is aligned with achieving business objectives and individual performance.

Figure 50: Added remuneration for employees



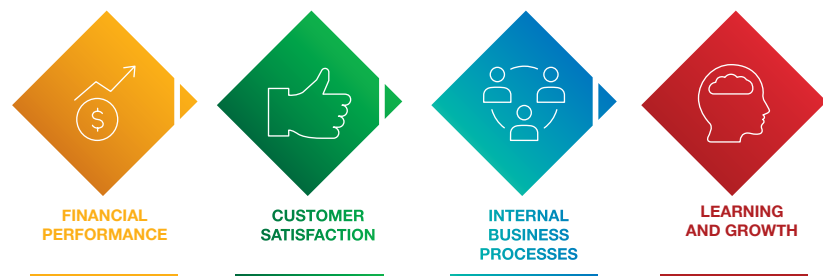
Performance bonuses and short-term incentives are determined under the GEMS Performance Management Policy, which states that GEMS will strive to improve employee contribution by linking rewards and recognition with performance management outputs. The performance management system and practices support ongoing and aligned levels of employee motivation and retention of top talent.

Performance management drives the achievement of strategic objectives and supports KPIs. The relationship between remuneration, including short-term incentives, and value creation is shown below.

Performance framework and measures

To achieve strategic objectives and positive outcomes, the Scheme uses a standardised and integrated framework to manage its performance. The three-tiered performance management system is an institutional framework for managing and linking Scheme performance to divisional and employee performance.

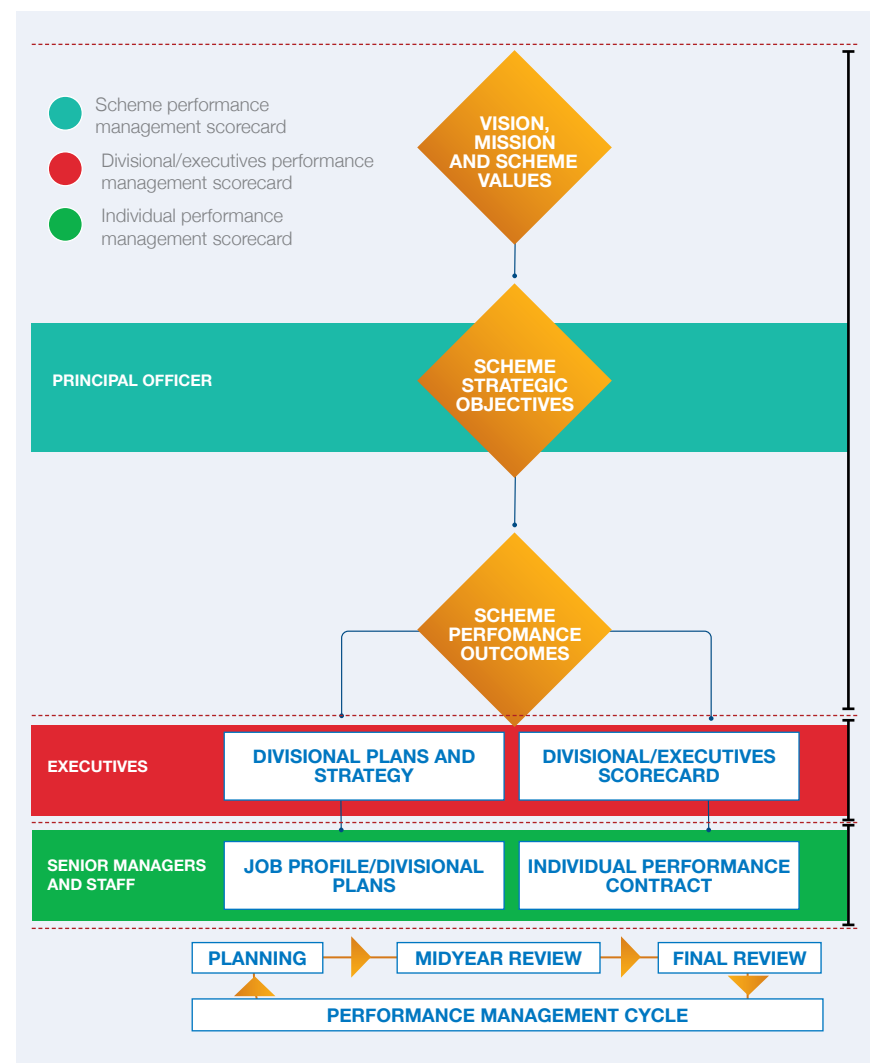
Figure 51: Standardised balanced scorecard measures performance in four areas



We use a balanced scorecard to define objectives and measure performance against real targets in a way that translates our strategic intent.

The system ensures that performance is measured holistically at Scheme, divisional and individual employee levels.

Figure 52: Balanced scorecard



Annual employee performance contracting and assessment are done through performance scorecards on key performance areas and competencies aligned to the Scheme's strategic objectives, managerial competencies and values and linked to occupational levels.

Table 22: Scorecard weightings per management level

Level of management	Key performance areas	Core/managerial competencies	GEMS values	Total weight
Principal Officer	40	50	10	100
Chief Operations Officer	60	30	10	100
Executives	60	30	10	100
Senior management	80	10	10	100
Staff	80	10	10	100

The Scheme promotes improved employee contribution to performance by linking rewards and recognition with performance management outputs. Employees are considered for performance rewards for sustained performance significantly above expectations. For the Principal Officer and executives, performance bonuses are dependent on achieving a minimum individual performance rating, an unqualified audit report, a surplus and a Board-approved complaints ratio.

Table 23: The effect on total remuneration for executive management of applying the GEMS Performance Management Policy under minimum, on-target and maximum performance outcomes

Performance bonus percentage	0%	10%	30%
Total, including annual remuneration	R40 266 589	R44 292 157	R52 345 277

Pool incentive and pay progression were introduced in 2020 and rest on the Board's consideration of annual performance against stretch targets for the reserve ratio, complaint ratio and external audit outcome. Towards the end of 2024, pool incentive awarding for 2023 was determined and paid at 3% of guaranteed package for eligible employees.

Table 24: Executive remuneration in 2024

	Guaranteed pay	Bonus 2024	Pool incentive bonus 2024	Total remuneration 2024
Karyna van Lingen	R4 336 037	-	-	R4 336 037
Gloria Nkadimeng	R2 998 869	-	-	R2 998 869
Sam Lewatle*	R4 033 218	-	-	R4 033 218
Vuyokazi Gqola**	R4 247 934	-	-	R4 247 934
Evan Theys	R2 998 869	-	-	R2 998 869
Stanley Moloabi	R5 906 611	-	-	R5 906 611
Phumelela Dhlomo***	R1 749 340	-	-	R1 749 340
Selaelo Mametja	R2 998 869	-	-	R2 998 869
Masingita Chavalala	R2 998 868	-	-	R2 998 868
Zaahir Elias	R2 998 868	-	-	R2 998 868
Andre Cowley	R2 998 869			R2 998 869
Reginald Sadiki****	R1 999 246			R1 999 246

* Chief Corporate Services Officer resigned from GEMS 31 January 2025

** Appointed Chief Operations Officer from 1 September 2024

*** Chief Marketing Officer resigned effective 31 July 2024

**** Appointed Chief Administration Officer 1 May 2024

Compliance statement

The Scheme complied with its approved Employee Remuneration Policy in 2024 without deviation. There are currently no voting results for the policy.

It complied without deviation with the active components of the Performance Management Policy, which is still being implemented.

Trustee remuneration

Trustee remuneration paid in a financial year is informed by the number of Board, standing committee, task team and other obligatory meetings attended. It is also decided by meeting fees, travel and accommodation expenses and the fees paid to training service providers.

The GEMS Board and committees meet frequently to ensure effective oversight of the Scheme. Board and committee meetings are all necessary and convened to:

- Meet the Scheme's statutory obligations.
- Adhere to corporate governance standards.
- Meet governance requirements related to the Scheme's business model and operational structure.
- Guide Scheme management on stakeholder engagements, considering the Scheme's complex stakeholder relations environment.

Close Board oversight contributes extensively to the Scheme's continued financial and operational performance, evidenced by the Scheme's track record of unqualified audits, sound procurement processes, improving member survey results and strong stakeholder relationships. The performance and effectiveness of the Board reflects the Scheme's ability to create value for members, the MPSA and stakeholders.

Trustee and Independent Committee Member Remuneration Policy

Trustees and independent committee members are remunerated for preparation for and attendance of Board and committee meetings. Trustees and committee members may also be reimbursed for costs incurred for travelling and subsistence in the performance of their obligations. The Scheme commissions independent remuneration surveys to ensure that the remuneration paid is commensurate with the fiduciary obligations assumed by trustees and the expertise of trustees and independent committee members.

Trustees and committee members are not remunerated for:

- Meetings not attended.
- Participating in the Scheme's Board effectiveness assessment.
- Attendance of training sessions/interventions.
- Attendance of member and other stakeholder events where work is not required.
- Attendance of member and other stakeholder information and communication sessions.

Trustees and committee members are paid a fixed daily meeting fee for each day of quarterly and interim meetings based on an average meeting duration of six hours and 12 hours' preparation time. A reduced daily meeting fee applies to ad hoc and special meetings.

For meetings with the MPSA and stakeholders, the meeting fee is half of the fixed fee.

Trustees receive a monthly stipend to cover expenses such as stationery, telephone and internet fees.

The remuneration of the chairperson of the Board and chairpersons of the committees (including the independent chairperson of the Audit Committee) is calculated as the trustee fixed daily meeting fee multiplied by 1.5.

In 2024, the Audit Committee initiated an ongoing review of the policy to ensure alignment with King IV's requirements.

Compliance statement

The Scheme complied with the policy without deviation in 2024. There are currently no voting results for the policy.

Remuneration benchmarks:

Trustee remuneration benchmarking compares remuneration from at least 10 of the largest closed and open medical schemes in the industry.

The Board tasked the Audit Committee with setting the meeting fee through benchmarking. The current fee for Board members is R21 486.38 and R32 289.46 for chairpersons.

The remuneration paid in 2024 per trustee is shown below. Meeting fees, travel and accommodation costs, training costs and other disbursements are disclosed separately per trustee in accordance with Regulation 6A of the regulations of the MSA, 1998, as amended.

Table 19: Board of Trustees' remuneration — 2024

	Term end	Attendance fees R '000	Travel and accommodation R '000	Reimbursements and allowances R '000	Training R '000	Total R '000
Dr IJ Van Zyl	29-Aug-27	949	198	14	37	1 198
Dr SM Hlatshwayo	19-Feb-24	263	103	2	9	377
RA Manoko	05-Mar-24	176	61	3	2	242
NC Ntshane	24-Sep-25	926	607	31	90	1 654
M Brand	24-Sep-25	-	1	1	-	2
Dr N Tutu	30-Jul-26	1 330	653	1	76	2 060
L Khumalo	24-Sep-25	981	361	24	77	1 443
P de Villiers	29-Aug-27	953	110	20	81	1 164
Dr J Smit	29-Aug-27	901	328	62	69	1 360

	Term end	Attendance fees R '000	Travel and accommodation R '000	Reimbursements and allowances R '000	Training R '000	Total R '000
S Tsengiwe (Deputy Chairperson)**	24-Jan-30	909	78	10	36	1 033
A Rapea	24-Jan-30	1 050	160	12	64	1 286
H Punt	24-Sep-25	715	275	7	23	1 020
M Rabada	15-Apr-30	309	-	4	20	333
N Ndumo	24-Jan-30	1 001	219	13	74	1 307
S Sigodi	15-Apr-30	320	-	2	20	342
		10 783	3 154	206	678	14 821

Trustee remuneration paid in 2024 was R14.821 million (2023: R14.025 million), an increase of 5.7% from 2023. Of this, R10.989 million (74%) was meeting fees, reimbursements and allowances. The balance of R3.832 million was for travel and accommodation costs and training. In 2024, trustee fees as a percentage of insurance revenue were 0.02% and as a percentage of the Scheme's other operating expenses, 1.3%.

The GEMS trustees undertook additional duties voluntarily during 2024 to represent the Scheme at important stakeholder events and to support Scheme management at important engagements with key stakeholders such as unions.

Conclusion

The Human Resources and Remuneration Committee recommended the GEMS 2024 remuneration report to the Board of Trustees. We are satisfied that the committee fulfilled its obligations in 2024.

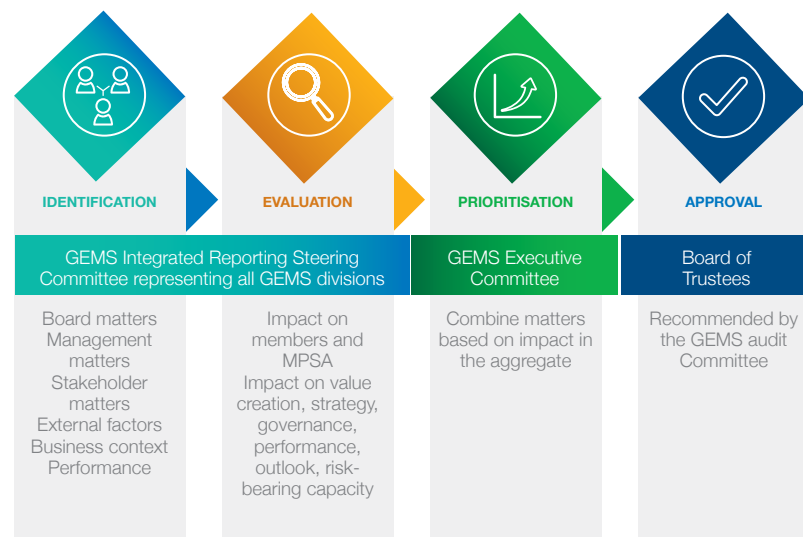


Alvin Phumudzo Rapea
Chairperson: Human Resources and Remuneration Committee
24 April 2025



13. Basis of presentation and preparation

Figure 53: Our standardised process for identifying, evaluating and prioritising material matters



Assurance on this report:

The Board received assurance on the content and processes listed below and their accuracy from both internal and external assurance providers, overseen by the Audit Committee.

Table 25: Assurance roles and outcomes

Section of report	Content and processes	Assurance provider	Outcome
Annual financial statements	2024 Annual financial statements	External audit: BDO and RAIN consortium	Unqualified audit opinion
Section 9	KPI 10: Human resources industry benchmark survey	External audit: BDO and RAIN consortium	Limited assurance conclusion, see page 194
Section 9	KPI 16: Percentage of healthcare quality outcomes (HQA) above industry average on predefined HQA metrics	External audit: BDO and RAIN consortium	Limited assurance conclusion, see page 194
Section 9	KPI 24: Percentage tariffs achieved below budget	External audit: BDO and RAIN consortium	Limited assurance conclusion, see page 194
Section 9	KPI 36: Infrastructure optimisation	External audit: BDO and RAIN consortium	Limited assurance conclusion, see page 194
Section 9	KPI 34: Fraud, waste and abuse savings	External audit: BDO and RAIN consortium	Limited assurance conclusion, see page 194

Section of report	Content and processes	Assurance provider	Outcome
Section 9	KPI 39: Community support initiative implemented aligned to UN SDG3,	External audit: BDO and RAIN consortium	Limited assurance conclusion, see page 194
Section 9	KPI 1: Industry member satisfaction	GEMS internal audit function	No exception noted
Section 9	KPI 2: Member satisfaction (GEMS-initiated member satisfaction survey score)	GEMS internal audit function	No exception noted
Section 9	KPI 3: Healthcare provider satisfaction (GEMS-initiated survey score)	GEMS internal audit function	No exception noted
Section 9	KPI 13: Average product affordability	GEMS internal audit function	No exception noted
Section 9	KPI 33: Percentage progress implementation of the data management programme	GEMS internal audit function	No exception noted
Section 9	KPI 34: Percentage progress on the development and implementation of information security management capability	GEMS internal audit function	No exception noted
Section 9	KPI 37: Percentage member retention	GEMS internal audit function	No exception noted
Section 12	Trustee and independent committee meeting attendance	GEMS internal audit function	No exception noted

14. Our people



This section details GEMS employee numbers and demographic distribution from 2021 to 2024. The period marked the start of capacity building under the previous strategic plan period and shows progress under the current period:

Table 26: Employee numbers from 2021 (final year of previous strategic cycle) to 2024 (strategic period midterm)

Total number of employees	2021	2022	2023	2024
GEMS	373	402	441	464
Employees per office	2021	2022	2023	
Head office	208	239	273	268
Client Liaison Officers	165	163	168	170
Provider Liaison Officers				26
Total	373	402	441	464
Employees per contract type	2021	2022	2023	2024
Contract	9	4	12	4
Permanent	362	398	429	460
Internship	2	-	-	-
Total	373	402	441	464
Employees per gender	2021	2022	2023	2024
Male	124	160	185	209
Female	249	242	256	255
Total	373	402	441	464
Turnover	5.5%	5.56%	4.3%	4.54%

Union membership

A total of 300 GEMS employees on levels A1 to D3 (417 employees), or 72% of the bargaining unit, belong to the National Education, Health and Allied Workers' Union.

The key staff members are profiled below:

Table 27: Exco members 2024/2025

	Qualifications	Experience
	MBChB, Diploma in Business Management (Damelin Management School); Certificate in Global Health Delivery (Harvard University); Leading in health systems: integrating effort, improving outcomes (Harvard TH Chan School of Public Health); various other continuing professional development attendance courses.	Clinical private practice (13 years), leadership positions in medical scheme administration and medical scheme management since 2005. GEMS Chief Operations Officer from 1 June 2018 and GEMS Principal Officer from 1 February 2020.
Dr Stanley Moloabi		
	BSc BSc Hons (University of KwaZulu-Natal); MBChB (University of Cape Town); MBA in HealthCare Leadership (Stellenbosch University); Expert Negotiator Certificate (Gordon Institute of Business Science); Certificate in Global Health Delivery (Harvard University); Executive Development Certificate – Strategy for Healthcare Delivery (Harvard Business School).	Registered medical practitioner. Experience in clinical practice, leadership positions in medical scheme administration and medical scheme management. Appointed Chief Healthcare Officer in September 2015. Appointed Chief Operations Officer in September 2024.
Dr Vuyokazi Gqola		
	BA LLB (University of Western Cape); LLM in Company Law, Postgraduate Diploma in Tax Law (University of Cape Town); MBA (Stellenbosch University).	Admitted attorney with experience in the life insurance industry and as a company secretary. He has been in various sectors of the medical schemes industry for the past 20 years. GEMS Company Secretary and Legal Counsel from 1 February 2018.
Evan Theys		
	MBA (Regent Business School); Postgraduate Diploma in Programme Management (Cranefield); Programme in Advanced Strategic Management (Unisa); General Management Programme (Gordon Institute of Business Science - GIBS); Organisational Leadership Programme (Harvard Business School); Course in Digital Transformation Strategy (University of Cape Town); member of IoDSA.	Over 20 years' professional experience in strategy and project portfolio management. Established the GEMS project management office. Appointed Executive Manager: Office of the Principal Officer in June 2022.
Masingita Chavalala		

Qualifications

Experience



Master's Degree in Automated Management Systems acquired in Havana, Cuba; Certificate in Business Management from the Centre for Business Management, Unisa.

Gloria Nkadameng

Experience in the public and private sector in leading ICT divisions and providing enterprise strategy consultancy services.

Appointed Chief Information Officer in March 2024.



Zaahir Elias

BAcc and DipAcc (honours); CA(SA); certified internal auditor; accredited external quality assurance reviewer; registered assessor with Institute of Internal Auditors; registered training officer with SAICA; certified valuer.

More than 26 years' experience in audit, risk management, corporate governance and forensic investigations, 14 years at directorship level in industries such as chemical, mining, agricultural, transport and logistics and shipping. Extensive experience in the public sector.

Appointed Chief Audit Executive in 2023 responsible for the Scheme's internal audit function.



Karyna van Lingen

CA(SA).

Extensive experience in directing organisational finance, operations and compliance functions in the private sector and a South African regulator. Career highlights include five years as head of finance responsible for strategic and business planning (finance area), people management, basic administration and compliance, policy implementation and service delivery.

Appointed Chief Financial Officer in 2007.



Dr Selaelo Mametja

FCPHM from Colleges of Medicine of South Africa; MMED Public Health and Postgraduate Diploma in Health Management from University of Cape Town; MBBCH from University of the Witwatersrand.

Public health medicine specialist with experience in health economics and healthcare financing, health policy, management and bioethics and law. Experience includes leading a knowledge management and research department and serving on various working groups of the World Medical Association.

Appointed Chief Research Officer in 2019.

Qualifications

Experience



Dr Phumelela Dhlomo

BPaed (University of Zululand) (SSTD); BCom (Honours); Postgraduate Diploma in Media Management; MBA; MCom; PhD.

Qualified chartered marketer with more than 20 years' experience in corporate communications, strategic management and brand communication. Experience includes working with major brands in Africa and globally in the fast-moving consumer goods, financial services, advertising, retail, tourism and public sectors.

Appointed Chief Marketing Officer in July 2019.

Resigned 31 July 2024



Dr Samuel Lewatle

Doctorate in Business Administration; MBA; National Education Diploma; Oxford Executive Leadership Certificate; Board of Healthcare Funders trustee certificate; human resources management certified auditor, with certificates in leadership/strategic management and coaching. Affiliated to the South African Board for People Practice as a master human resources practitioner; the Broad-based Black Economic Empowerment Association; Africa Supply Chain Management in Action (ambassador); Coaches and Mentors of South Africa; IoDSA; Institute of People Management.

More than 20 years in senior and executive positions in both public and private sector organisations. Experience includes working in East Africa and West Africa and international training exposure in the USA, France, Germany and UK.

Appointed Chief Corporate Services Officer in March 2014.

Resigned 31 January 2025



Reginald Sadiki

MBA (University of Pretoria: GIBS); BCom Honours (Unisa); BCom (Unisa); Project Management Certificate (Wits); Total Quality Management Certificate (SABS); Programme in Financial Management (Unisa)

More than 28 years' private and public management experience in the healthcare funding and regulatory industry. This experience covers a wide span of strategic and operational areas: Strategy development and implementation, healthcare consulting, contract negotiations, financial, project and risk management, and transformational leadership.

Appointed Chief Administration Officer in May 2024.

Qualifications	Experience
 BEng; MEng; certified risk management practitioner; certified risk management professional.	More than 20 years' experience in governance, risk, compliance, strategy, engineering, project management, business intelligence, knowledge management, information management and organisational restructuring in large and multinational organisations, including medical schemes, consulting, manufacturing, construction and engineering, research and development and retail. Appointed Chief Compliance Officer in April 2023.

Andre Cowley

Chief officers are supported by senior managers driving operational performance

Table 28: Senior managers in 2024

Name	Main qualifications	Experience
Office of the Principal Officer		
Chiloane Molabo	MBA (Alba Graduate Business School, Athens, Greece); Master of Science in Medical Sciences, (University Of Limpopo); Bachelor of Science in Medical Sciences (University Of Limpopo).	Over 20 years of extensive experience in strategy management, monitoring and evaluation, information management and research acquired in both private and public healthcare, spanning the multinational pharmaceutical industry, national and local government, health and social welfare sector and multinational non-governmental organisation.
		Appointed Senior Manager: Strategy in June 2023.
Tintswalo Baloyi	Executive Masters in Business Administration (Henley Business School); Postgraduate Diploma: Programme Management (CraneField College); LLB (Unisa); Programme for Management Development (GIBS); BA Honours in Political Science (Unisa); BA (University of the Witwatersrand)	More than 14 years of experience, with demonstrated success in project management, business administration, operations management support and the implementation of Agile methodologies and project workflow optimisation.
		Appointed Senior Manager: Business Administration July 2023.

Office of the Chief Operations Officer		
Tsakani Rikhotso	Master of Commerce in Project Management (CraneField); Postgraduate and Advanced Diploma in Project Management (CraneField); Management Development Programme (Stellenbosch University), Project Management Professional (Project Management Institute); Agile project management practitioner (APMG International), change management practitioner (Prosci)	Project management professional with more than 17 years of experience in portfolio, programme and project management, with expertise in implementing business transformation, strategy, network build, software development and data management projects in the telecommunications and healthcare industries.
		Appointed Senior Manager: Project Management Office in April 2024.
Lebohlang Monyepao	Postgraduate Diploma in Programme Management, Advanced Diploma in Project Management (CraneField); National Diploma Information Technology (Software Development (University of Johannesburg); Agile project management practitioner (APMG International); Prosci-certified change practitioner	More than 16 years as a project management professional with experience leading and delivering complex transformational and strategic initiatives across the banking, information technology and healthcare sectors
		Appointed Senior Manager: Business Optimisation in March 2023.
Internal audit		
Bongani Bango	CIA; MPhil: Internal Audit; BCompt; Senior Management Programme (Stellenbosch Business School: Executive Development)	Seasoned certified internal auditor with more than 21 years of audit experience across industries including financial services, healthcare, manufacturing and energy. Proven track record in formulating and executing internal audit strategies and managing stakeholders and resources.
		Appointed Senior Manager: Internal Audit in October 2021.
Venessa Ngwenya	MBA, Postgraduate Diploma in Compliance Management, BTech Internal Audit and certified ethics officer	More than 18 years experience that includes 10 years in middle management. Managed strategic annual audit plans in operations, finance, healthcare management, project management, performance management, risk management, governance and compliance management in the energy, healthcare and financial sectors.
		Appointed Senior Manager Internal Audit: Finance and Operations in November 2024.
Junilia Nunes	Association of Certified Fraud Examiners; Institute of Commercial Forensic Practitioners member; BCom Honours in Accounting; BCom in Accounting; Diploma in Criminal and Forensic Justice	More than 17 years of forensic investigation and fraud risk management experience in both public and private sectors. Completed three years of external accounting articles.
		Appointed Senior Manager: Internal Forensics in March 2021.

Information and Communication Technology		
Dr Itumeleng Mofikoe	BCom (University of Durban-Westville); Diploma in Business Analysis (Faculty Training Institute); MBA, DBA and PhD (North-West University Potchefstroom Business School)	Over 20 years' experience spanning different industries including banking, retail, professional services, public sector and the medical schemes industry. Appointed Senior Manager: ICT Business Continuity in January 2022.
Pitso Maceke	BSc Information Systems and Statistics (University of Johannesburg), Postgraduate Diploma in Management Practice (Henley)	Over 18 years of experience in business intelligence and data engineering, including more than seven in senior management in financial and healthcare sectors. Appointed Senior Manager: Data Warehouse, Analytics and Business Intelligence in May 2023.
Thabo Litabe	BTech in Information Technology (Application Development and Information Systems) (Central University of Technology); Senior Management Programme (GIBS); COBIT 5- and ITIL-certified (APMG International); Postgraduate Diploma in Information Resource Management (Honours) (Unisa)	Over 21 years of ICT technical and management experience, including 10 years in senior management in the public and private sectors, including healthcare. Appointed Senior Manager: ICT Infrastructure Services and Operations in April 2016.
Board Secretariat		
Selloane Noko	Executive Development Programme (Wits Business School); Senior Leadership Development Programme (Wits Business School); CIMB1 and 2 (Graduate Institute of Management and Technology/Unisa; Diploma in Public Relations Practice (Damelin); N6 Computer Literacy and Programming (Manpower Training College); completed several governance courses	More than 23 years of experience in private and public sector entities, responsible for board and committee administration, corporate secretariat services and related risk management activities, company registrations, director registrations, statutory compliance and communication and public relations. Appointed as the Senior Manager: Governance and Secretariat Services in June 2014
Pierre Roux	Baccalaureus Procuratoris (BProc Law), Unisa	More than 34 years of experience in the legal profession, including medical scheme insurance, corporate, commercial, civil and criminal law. Served in several roles in London, United Kingdom, most recently head of legal services of a healthcare corporate, company/commercial solicitor at a corporate law firm, commercial legal adviser of a hospital group and college lecturer. Appointed Senior Manager: Legal and Compliance October 2010.

Finance		
Botse Lebelo	CA(SA); MBA (Stellenbosch Business School)	More than 12 years' experience in financial management, auditing, internal control management, risk management and ensuring IFRS and regulatory compliance. Specialises in accounting technical advice and guidance, with extensive experience in external auditing and financial management. Appointed Senior Manager: Finance in August 2024.
Vuyokazi Belinda Madengwane	CA(SA); MBA in Healthcare Leadership	Extensive experience in financial management, including serving as head of finance for the southern African operations of a manufacturer of medical devices with a global presence. Appointed Senior Manager: Finance in March 2017. Resigned June 2024.
Keneilwe Motsilanyane	CA(SA)	More than 10 years of experience in accounting and financial management with expertise in banking at senior management level, handling core banking, facilities management and human resources shared services. Appointed Senior Manager: Accounting in September 2022.
Compliance and risk management		
Ishmael Mogapi	Biuris; LLB	More than 21 years of law-enforcement and risk-management experience in both the public and private sectors. Strategic positions in health administration included advising on and coordinating the fraud risk management activities of several medical schemes. Appointed Senior Manager: Operations Risk in 2015.
Yashwin Singh	BProc, LLM (Commercial Law); internationally certified compliance professional and admitted High Court attorney	More than 25 years' experience in governance, legal, risk compliance and ethics in the banking, academic, regulatory and medical scheme sectors. Appointed Senior Manager: Compliance and Ethics in June 2019.
Dean van der Merwe	MBA, BCom (Honours) Financial Management; certified risk management certification, Institute of Risk Management South Africa	More than 17 years of risk management experience, predominantly in financial services Appointed Senior Manager: Risk in February 2024.

Healthcare management		
Dr Morwesi Mahlangu	MBCChB; Postgraduate Certificate Travel Medicine; Postgraduate Certificate Aviation Medicine	Experienced general practitioner with a demonstrated history in the financial services industry and managed healthcare environment. Skilled in operations management, communication, airports, emergency medicine, aviation medicine, legislative drafting and International Civil Aviation Organisation technical standards Appointed Senior Manager: Medical Adviser in February 2019. Resigned June 2024.
Dr Siviwe Mila	MBCChB, Postgraduate Diploma in Business Administration; Postgraduate Diploma in Public Health	Experienced healthcare professional with academic credentials spanning medicine, public health and business administration in both private and government settings. Provided patient education and public health outreach via a national radio station. Appointed Senior Manager: Medical Advisory Service in January 2025.
Randall Hartnick	MBCChB	Qualified medical doctor with more than 10 years' experience in clinical practice and corporate managed care. Appointed Senior Manager: Clinical Risk Management in GEMS Healthcare Management Division in October 2023.
Dr Carmen Whyte	MBCChB (University of KwaZulu-Natal); Fellowship of the College of Public Health Medicine of South Africa; Masters in Medicine (University of the Witwatersrand); Diploma in Child Healthcare; Diploma in HIV Management; Diploma in Occupational Medicine and Health (University of Pretoria); Management of HIV (Harvard University, Center for Aids Research); Monitoring and evaluation: (Graduate School of Public and Development Management - Wits; advanced employee assistance programme (UP); advanced wellness programmes (UP); Certificate in Travel Medicine; Certificate in Aviation Medicine	Public health and preventive medicine specialist with 17 years of experience in the public and private healthcare sectors, including management of healthcare organisations. Appointed Senior Manager: Health Policy in April 2022. Resigned September 2024.

Thabiso Mpehlo	Postgraduate Diploma in Public Health; Diploma in Primary Healthcare; Diploma in Nursing	Worked in state health institutions, particularly military health services and in clinical analytical services in the medical schemes industry, including at regulatory level. Joined GEMS in 2016 as Senior Manager: Networks and Provider Relations.
Marjorie Nqala	BSc (Physiotherapy); BTech in Business Administration; MBA	Physiotherapist with extensive experience as a clinician in both public and private healthcare sectors and experience in clinical research in the medical schemes industry, specifically managed care and healthcare funding. Joined GEMS in 2012 as a Manager: Healthcare Management followed by her appointment as Senior Manager: Tariffs, Billing Rules and Alternative Reimbursement Models. Appointed Acting Chief Healthcare Officer from November 2024.
Ursula le Roux	Postgraduate Diploma in Health Science	Extensive experience in both private and public healthcare, including NHI clinical and financial policies for patient user fees, designated service provider contract management, clinical case management, revenue management and revenue retention for provincial health departments. Project management experience in international and local governmental organisations. Appointed Senior Manager: Strategic Sourcing in January 2021.
Rammoelo Ditsoane	BSocSc (Nursing), Management Development Programme, Master of Public Health candidate (University of Johannesburg 2024)	Seasoned healthcare professional with over 20 years of diverse experience across public and private healthcare sectors, with expertise in managed care and medical scheme administration. Appointed Acting Senior Manager: Networks and Provider Relations in February 2024.

Administration and transaction services		
Lusanda Diba	Postgraduate Diploma: Leadership Development (Stellenbosch Business School); BTech: Industrial Engineering (Tshwane University of Technology)	Industrial engineering professional, experienced in business optimisation and operations management, with particular focus on driving continuous process improvement through the total quality management methodology. She joined the healthcare industry in 2010. Appointed Senior Manager: Administration and Transaction Services in August 2022.
Nisha Chunilall	Registered nurse (general, community, psychiatry and midwifery); Diploma in Adult Critical Care Nursing; programmes in business management, risk management and operational management; MBA: Healthcare and Leadership	Over 27 years of healthcare experience with 19 years of private medical care experience including surgical, medical, maternity, ICU and trauma nursing, managed healthcare experience. Appointed Senior Manager: Clinical and Transaction Services in April 2022
Kebareng Tshenye	Diploma in Nursing. Diploma in Clinical Nursing Science, Health Assessment, Treatment and Care. BCom	Extensive clinical experience in primary healthcare that includes disease management, disease risk management, hospital risk management, team leadership and clinical operations management. Appointed Acting Senior Manager: Clinical and Transactions Services in March 2024.
Member services and experience		
Baldwin Matimela	National Diploma in Public Management and Administration (Tshwane University of Technology); Postgraduate Diploma in Public Management (Regenesys School of Public Management); Diploma in Payroll Administration (Damelin), Development Communication (Wits School of Journalism); Senior Management Development Programme (Stellenbosch Business School)	More than two decades in marketing and corporate communication, media buying, brand partnerships, stakeholder management, events management and media relations in both public and private sectors. Appointed Senior Manager: Marketing and Communication in October 2018.
Condy Rasebotse	BA Honours in Integrated Organisational Communication (University of South Africa); BA Journalism (University of Johannesburg); Marketing Certificate (WITS PLUS); Sociology Palgrave Certificate (University of Johannesburg) FNB Executive and Leadership Mentoring(First National Bank Group); FNB Young Talent Development (First National Bank)	Marketing and Communications Professional with 13 years extensive experience, in both the Communication and Marketing disciplines. Appointed Acting Senior Manager: Marketing and Communication in March 2024

Marius de Jager	MBA; Postgraduate Diploma in Financial Planning, Advanced Postgraduate Diploma in Financial Planning (Health). BA (Theo)	More than 30 years of experience in financial services, holding leadership roles in sales, distribution and compliance, including senior manager, certified financial planner, key individual and national sales manager. Overseeing financial services provider operations, ensuring compliance with FAIS Act and Treating Customers Fairly principles. Has worked extensively with broker networks, corporate clients and direct sales teams to enhance market reach and service delivery and has contributed to marketing strategy, stakeholder engagement and process improvement, ensuring alignment with regulatory and business objectives. Appointed Senior Manager: Key Individual in April 2024.
Munene Khoza	MA in Language and Linguistics; BA (Honours) in English and Film and Media	Extensive experience in providing development and execution of strategic and integrated communication, reputation management, stakeholder engagement plans and project management in both the private and public sectors. Appointed Senior Manager: Public Relations and Reputation Management in December 2022.
Lindiwe Ngcobo	MBA (University of KwaZulu-Natal); Postgraduate Diploma in Marketing; Postgraduate Diploma in Business Management; Executive Excellence Leadership Programme (GIBS); BPaed	More than 20 years' experience in private and public sectors, including international marketing experience, sales and marketing, customer service, communications, client liaison, stakeholder management, project management, accounts management and business tourism. Appointed Senior Manager: Client Liaison Office in March 2019.
Hape Lefalatsa	Postgraduate Diploma in Business Administration; BCom (Accounting); Certificate in Risk Management; Certificate in Compliance Management; Senior Management Development Programme	More than 16 years of experience in local and regional membership, compliance and contribution management in the healthcare and insurance industries. Appointed Senior Manager: Membership and Compliance in July 2021.
Malinda Lubbe	BCom (Law); LLB; Higher Diploma in Tax; Diploma in Labour Law; Certificate in Income Tax	Admitted attorney with more than 20 years' professional and operational experience in the legal and financial services industries, covering civil, criminal, corporate, commercial, labour, tax and intellectual property law, governance, risk, compliance and ethics management. Appointed Senior Manager: Complaints Management in September 2018. Appointed Acting Chief Marketing Officer from March 2024.

David Makgalo	BCom in Human Resources Management; Certificate in Entrepreneurship and Small Business Management; Trustees Development Programme (GIBS); BHF Trustees Training Certificate (Graduate School of Business Administration at Wits)	Twenty years' experience in human resources in the public sector and medical scheme industry, focusing specifically on conditions of service and stakeholder management. Appointed Senior Manager Stakeholder Relations from 1 May 2010.
Corporate services		
Riana Bredell	Bachelor of Arts	More than 40 years' local, regional and international experience in the procurement and supply chain management environment, including designing new procurement models and organisational structures, developing policies and procedures and inputs into legislation, supply chain management capacity building and rendering procurement management and support services, with extensive involvement in healthcare procurement. Appointed Senior Manager: Supply Chain Management in July 2015.
Rosetta Kubayi	National Diploma Accounting; BCom: Supply Chain Operations Management	More than 22 years of supply chain and procurement experience in public and private sectors, including in state-owned entities. Experience spans industries such as construction, finance, mining, energy, healthcare and consulting. Appointed Senior Manager: Procurement Operations in July 2023.
Bongani Vilakazi	Management Development: BBBEE (Wits Enterprise); BCom in Finance and Marketing, (University of the Witwatersrand)	More than 17 years in the financial and professional services sector, involved in transformation and growth initiatives supporting entrepreneurs and the successful integration of small businesses into corporate supply chains. Appointed Senior Manager: BBBEE in May 2022, focusing on transformation in the healthcare sector.
Audrey Mareme	Diploma in Human Resources; Diploma in Psychology; Degree in Social Science; Degree in Human Resources; Honours in Psychology; Masters in Human Resources	More than 20 years international and local experience in human resources and senior management roles, involved in human capital resourcing, talent retention, organisational development, employee relations, performance management, remuneration and human resources information systems. Appointed Senior Manager: Corporate Services in September 2014. Appointed Acting Chief Corporate Services Officer from October 2024.

Annika Nair	Bachelor Degree in Psychology; Honours Degree in Industrial Psychology; Masters Degree in Human Resource Management	Human resources professional with more than 15 years' experience in the telecommunications, consulting and healthcare environments. Appointed Senior Manager: Human Resources Operations in October 2022. Resigned January 2024.
Dumisani Madela	BA in Disaster and Safety Management (current studies); BTech: Construction Management; National Diploma in Quantity Surveying; Diploma and Project Management Certificate in Facilities Management: Green Star-accredited professional	Facilities manager with more than 17 years' experience in safety management, property infrastructure facilities management and building infrastructure development. Appointed Senior Manager: Facilities in January 2021.
Research and development		
Mabatlo Semenya	BCom Honours in Economics (Unisa); BCom in Economics and Finance (University of Cape Town); Senior Management Programme (Stellenbosch Business School: Executive Development)	More than 15 years' data analytics experience in the medical schemes industry. Worked at large medical schemes and administrators and used data analytics to drive continuous operational process improvement and strategic healthcare management initiatives. Appointed Senior Manager: Data Analytics in the GEMS Research and Development Division in May 2021.
Kudzai Chigiji	MBA (Oxford Said Business School Oxford); Master Of Commerce in Development Finance (University Of Cape Town Graduate School Of Business); Fellow Actuary (Actuarial Society of South Africa Fellow Actuary Institute and Faculty Of Actuaries); BSc Honours in Actuarial Science and Statistical Sciences (University Of Cape Town)	Over 15 years of strategic leadership experience in private and public sectors spanning financial services, healthcare and technology in several African countries. Has contributed significantly to healthcare financing research and consultation across southern Africa, the UK and Europe. Appointed Senior Manager: Actuarial Services in June 2024.
Mapule Letshweni	Master of Business Leadership (Graduate School of Business Leadership, Unisa), Bachelor of Information Science (Honours)	More than 20 years' experience in information management, knowledge management, learning and innovation. Fulfilled roles such as website and information management in government entities. Appointed Senior Manager: Knowledge Management in October 2021.

15. Other information





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INDEPENDENT ASSURANCE PRACTITIONER'S REPORT

Independent Assurance Practitioner's Limited Assurance Report on Selected Sustainability Key Performance Indicators

To the Trustees of the Government Employees Medical Scheme

Report on selected key performance indicators

We have undertaken a limited assurance engagement on selected sustainability key performance indicators (selected sustainability KPIs), as described below and presented in the Annual Integrated Report of the Government Employees Medical Scheme ("GEMS") for the year ended 31 December 2024 (the Report). This engagement was conducted by BDO South Africa's Sustainability team with multidisciplinary team experience in areas including environmental, information technology, assurance and sustainability reporting.

Subject Matter

We have been engaged to provide a limited assurance conclusion on the KPIs in the table below on the relevant pages in the Report. The selected sustainability KPIs below have been prepared in accordance with GEMS Reporting guidelines "(Reporting Criteria)" available on request.

Scope of Limited Assurance Engagement		
KPI	Unit of Measurement	Boundary
HR Industry Benchmark Survey	Qualitative	South Africa
Percentage of Healthcare Quality Outcomes Above Industry Average on Predetermined HQA Metrics	%	South Africa
Percentage Tariffs Achieved Below Budget	%	South Africa
Infrastructure Optimisation	%	South Africa
FWA Savings	Rands	South Africa
Community Support Initiative Implemented Aligned to UNSDG 3	Number	South Africa

BDO Advisory Services (Pty) Ltd
Registration number: 2010/015322/07
VAT number: 4870258011

Chief Executive Officer: LD Mokoena

A full list of all company directors is available on www.bdo.co.za

BDO Advisory Services (Pty) Ltd, a South African company, is an affiliated company of BDO South Africa Incorporated, a South African personal liability company, which in turn is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.



Trustees' Responsibilities

The Trustees of GEMS are responsible for the selection, preparation, and presentation of the selected KPI's in accordance with the accompanying GEMS reporting criteria. This responsibility includes the identification of stakeholder and stakeholder requirements, material issues, commitments with respect to sustainability performance and design, implementation and maintenance of internal controls relevant to the preparation of the Report that is free from material misstatement, whether due to fraud or error. The Trustees are also responsible for determining the appropriateness of the measurement and reporting criteria in view of the intended users of the selected KPI's and for ensuring that those criteria are publicly available to the Report users.

The Trustees of GEMS are also responsible for providing us with:

- Access to all information of which the management and the Board are aware that is relevant to the limited assurance engagement such as records, documentation and other matters,
- Additional information that we may request from the management and the Board for the purpose of the engagement, and
- Unrestricted access to persons within the entity from whom we determine it necessary to obtain evidence.

At the finalisation stages of the limited assurance engagement, we will request such representations from you as we considered necessary, including representations that you have fulfilled the responsibilities above.

Inherent Limitations

Non-financial data is subject to more inherent limitations than financial data, given both the nature and the methods used for determining, calculating, sampling, or estimating such data. Qualitative interpretations of relevance, materiality, and the accuracy of data are subject to individual assumptions and judgments. We will not conduct any work outside of the agreed scope and therefore restrict our conclusion to the assurance objectives set out herein.

Exclusions for this Engagement

There were no data exclusions for this engagement.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors ("IRBA Code"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

We apply International Standard on Quality Management 1: Quality Management for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express a limited assurance conclusion that the selected KPIs are prepared, in all material respects, in accordance with GEMS reporting criteria. Our engagement will be performed in accordance with ISAE 3000 (Revised) Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. ISAE 3000 is an overarching assurance standard which addresses all assurance engagements (both reasonable and limited) other than audits or reviews of historical financial information. The ISAE 3000 Standard requires us to plan and perform our engagement to obtain limited assurance about whether the selected KPIs are free from material misstatement.

A limited assurance engagement in accordance with ISAE 3000 (Revised) involves performing procedures to obtain evidence about the measurement of the selected KPIs and related disclosures in the Report. The nature, timing and extent of procedures selected depend on the auditor's professional judgement, including the assessment of the risks of material misstatement of the selected KPIs, whether due to fraud or error.

A limited assurance is a lower level of assurance, conducted in accordance with ISAEs, but is not a guarantee that it will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the subject matter information.

In a limited assurance engagement, the procedures performed vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

In a limited assurance engagement, our engagement does not constitute an audit or review performed in accordance with the International Standards on Auditing or International Standards on Review Engagements and consequently an audit opinion or review conclusion will not be expressed. We shall not be responsible for reporting on any transactions beyond those covered by our limited assurance engagement. As part of an assurance engagement in accordance with ISAEs, we exercise professional scepticism throughout the engagement.

Given the purpose of the engagement, in performing the procedures listed above, we:

- Made enquiries with management to obtain an understanding on how the subject matter information was prepared, the internal controls environment, and information systems relevant to the sustainability reporting process.
- Performed walkthroughs of the systems, processes, and controls to collate, aggregate, validate and reported data.
- Reviewed information provided by third parties where applicable and make additional enquiries where necessary.
- Inspected supporting documentation on a sample basis and performed procedures to verify management's reporting processes against the reporting criteria.
- Evaluated the reasonableness and appropriateness of significant estimates and judgments made by management in the preparation of the selected sustainability information.
- Evaluated whether the selected KPIs presented in the Report are consistent with our overall knowledge and experience of sustainability management and performance at GEMS.

The procedures performed in a limited assurance engagement vary in nature and timing and are less in extent than for a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express any reasonable assurance opinion about whether GEMS selected KPIs have been prepared, in all material respects, in accordance with the accompanying GEMS reporting criteria.

Limited Assurance Conclusion

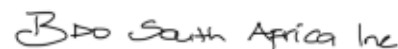
Based on the procedures we have performed and the evidence we have obtained, and subject to the inherent limitations outlined elsewhere in this report, nothing has come to our attention that causes us to believe that the selected sustainability information as set out the Subject Matter paragraph above for the year ended 31 December 2024 are not prepared, in all material respects, in accordance with the reporting criteria.

Other Matters

The maintenance and integrity of GEMS website is the responsibility of GEMS management. Our engagement and procedure did not involve the consideration of these matters and, accordingly, we accept no responsibility for any changes to either the information in the Sustainability Report or our independent limited assurance report that may have occurred since the initial date of presentation on the GEMS website.

Restriction of Liability

Our work has been undertaken to enable us to express a limited assurance conclusion on the selected KPIs to the Trustees of GEMS in accordance with the terms of our engagement and for no other purpose. We do not accept or assume liability to any party other than GEMS, for our work for this report, or for the conclusion we have reached.



BDO South Africa Incorporated
Registered Auditors

C Mashishi
Director
Registered Auditor

28 May 2025

Wanderers Office Park
52 Corlett Drive
Illovo, 2196

Appendix 2

KPI DEFINITIONS AND CRITERIA 2024

(Extracted from the approved GEMS KPI Specification Manual)

SO 01 STRATEGIC OBJECTIVE 1

1.1 INDUSTRY MEMBER SATISFACTION

INDICATOR TITLE	INDUSTRY MEMBER SATISFACTION INDEX
KEY RESULT AREA	Stakeholder Satisfaction
DEFINITION	An externally assessed index to gauge how satisfied the members are with a particular interaction or overall experience with GEMS
RATIONALE	To understand customer experience in GEMS to inform service strategies and ensure relevance
METHOD OF CALCULATION	The calculated average score of industry member satisfaction survey results
IR reference – Figure 11, page 90	
MM 01	

1.2 MEMBER SATISFACTION

INDICATOR TITLE	MEMBER SATISFACTION (GEMS initiated)
KEY PRIORITY AREA	Stakeholder Satisfaction
DEFINITION	A Scheme-initiated member satisfaction survey that gauges how satisfied members are with a particular interaction or overall experience with GEMS
RATIONALE	To understand the experiences, expectations and perceptions of members at various touchpoints and service delivery areas, the drivers of satisfaction or dissatisfaction, and how GEMS could focus its efforts for maximum results; to monitor negative shifts in experiences and perceptions of the Scheme; to identify areas that are performing well and exceeding expectations
METHOD OF CALCULATION	The percentage satisfaction rating of GEMS members as measured by the member satisfaction survey initiated by GEMS
IR reference – Figure 11, page 90	
MM 01	

1.3 HEALTHCARE PROVIDER SATISFACTION

INDICATOR TITLE	HEALTHCARE PROVIDER SATISFACTION
KEY PRIORITY AREA	Stakeholder Satisfaction
DEFINITION	A healthcare provider metric to gauge how satisfied the healthcare providers are with a particular interaction or overall experience with GEMS
RATIONALE	To understand the experiences, expectations and perceptions of healthcare providers at various touchpoints and service delivery areas, the drivers of satisfaction or dissatisfaction, and how GEMS could focus its efforts for maximum results; to monitor negative shifts in providers' experiences and perceptions of the Scheme; to identify areas that are performing well and exceeding expectations; and identify improvement opportunities
METHOD OF CALCULATION	The percentage satisfaction rating of healthcare providers as measured by the healthcare provider survey initiated (purchased) by GEMS
IR reference – Figure 11, page 90	
MM 01 MM 03	

1.4 QUALITY OF STAKEHOLDER RELATIONSHIPS

INDICATOR TITLE	QUALITY OF STAKEHOLDER RELATIONSHIPS
KEY PRIORITY AREA	Priority Stakeholder Satisfaction
DEFINITION	A measure of the quality of relationships and the outcomes between GEMS and key identified stakeholders
RATIONALE	To identify priority stakeholders' intentions and position GEMS as a thought-leader, key influencer of NHI implementation, and credible, capable, dominant player driving the progressive realisation of UHC
METHOD OF CALCULATION	To be determined
IR reference – Figure 11, page 90	
MM 03 MM 04	

SO 02 STRATEGIC OBJECTIVE 2

2.1 RESERVE RATIO

INDICATOR TITLE	RESERVE RATIO
KEY PRIORITY AREA	Financial Strength
DEFINITION	A measure of the financial soundness as regulated in the Medical Schemes Act (MSA)
RATIONALE	To protect members' interests by guaranteeing the continued operation of GEMS and ensuring that it is able to meet member claims as they arise. Reserves act as a buffer against unforeseen and adverse developments (claims, expenses or adverse market conditions). When below the prescribed solvency ratio (25%), this serves as a warning of the Scheme's potential inability to meet its obligations in the long term.
METHOD OF CALCULATION	(Accumulated member funds ÷ annualised gross contribution income) - unrealised gains
IR reference – Figure 12, page 91	
MM 05	

2.2 INVESTMENT RETURNS

INDICATOR TITLE	INVESTMENT RETURNS
KEY PRIORITY AREA	Financial Strength
DEFINITION	The percentage of investment return measured against CPI
RATIONALE	Measurement of investment yields compared to the 12 months average CPI expressed as a percentage
METHOD OF CALCULATION	(Investment return ÷ investment value) x 100 CPI (rolling 12-month period)
IR reference – Figure 12, page 91	
MM 05	

2.3 INVESTMENT INCOME

INDICATOR TITLE	INVESTMENT INCOME
KEY RESULT AREA	Financial Strength
DEFINITION	A measure of the returns made through investment activities at an acceptable risk level
RATIONALE	Returns on the Scheme's invested funds, measured in Rand value
METHOD OF CALCULATION	Sum of total gains from investment funds less fees
IR reference – Figure 12, page 91	
MM 05	

2.4 OPERATING MARGIN

INDICATOR TITLE	OPERATING MARGIN
KEY RESULT AREA	Financial Strength
DEFINITION	Surplus realised from business operations before adding interest earned
RATIONALE	Measurement of the surplus/(deficit) generated from operations
METHOD OF CALCULATION	Operating surplus ÷ risk contribution income
IR reference – Figure 12, page 91	
MM 05	

2.5 NON-HEALTHCARE COSTS

INDICATOR TITLE	PERCENTAGE NON-HEALTHCARE COSTS
KEY RESULT AREA	Financial Strength
DEFINITION	A measure of the spend on administration, marketing, corporate services, actuarial, depreciation and other administration costs as a percentage of risk contributions
RATIONALE	To assess the prudent management of non-healthcare expenditure as an impact on the bottom line.
METHOD OF CALCULATION	(Non-healthcare expenditure incurred ÷ total risk contribution income) x 100
IR reference – Figure 12, page 91	
MM 05	

2.6 INDEPENDENT ASSESSMENT OF EMPLOYER

INDICATOR TITLE	HUMAN RESOURCES INDUSTRY BENCHMARK SURVEY
KEY RESULT AREA	People Empowerment
DEFINITION	An independent measure of the Scheme's human resources practices
RATIONALE	To identify the impact of the Scheme's labour practices and policies on employees' wellbeing and engagement, allowing GEMS to make improvements to build a healthy and sustainable workforce
METHOD OF CALCULATION	Independent assessment conducted by Top Employer, which determines parameters
IR reference – Figure 13, page 92	
MM 02 MM 09	

2.7 EMPLOYEES UPSKILLED WITH FUTURE SKILL NEEDS

INDICATOR TITLE	EMPLOYEES UPSKILLED WITH FUTURE, SCARCE AND CRITICAL SKILL NEEDS
KEY RESULT AREA	People Empowerment
DEFINITION	A measure of the Scheme's efforts towards developing employee skills in line with future skills needed
RATIONALE	To align the structure of the Scheme with its objectives, with the ultimate aim of improving efficiency and effectiveness to ensure that the Scheme remains competitive in a changing business environment
METHOD OF CALCULATION	Number of approved training requests/total number of employees
IR reference – Figure 13, page 92	
MM 02 MM 07	

2.8 BBBEE CODE ELEMENTS WITH AN IMPROVED SCORE

INDICATOR TITLE	NUMBER OF BBBEE CODE ELEMENTS WITH AN IMPROVED SCORE (INFORMALLY ASSESSED)
KEY PRIORITY AREA	BBBEE Transformation
DEFINITION	A measure of the improvement of the Scheme's BBBEE strategy to promote economic transformation
RATIONALE	To create shared value by driving transformation and policy reforms, to address the social compact and realisation of UHC
METHOD OF CALCULATION	Number of code elements that have an improved score from the previous fiscal year
IR reference – Figure 14, page 92	
MM 03 MM 09	

SO 03 STRATEGIC OBJECTIVE 3

3.1 PRODUCT AFFORDABILITY

INDICATOR TITLE	THE AVERAGE PERCENTAGE OF PRODUCT AFFORDABILITY
KEY RESULT AREA	Compelling value proposition of products
DEFINITION	The percentage of GEMS' products that are lower in price than industry peer comparable products
RATIONALE	Aligned to the NHI, GEMS aims to simplify its product offering and deliver enhanced value for money through its products
METHOD OF CALCULATION	Percentage difference between GEMS average family contribution and average family contribution of competing schemes before subsidy
IR reference – Figure 15, page 93	
MM 01	

3.2 INCREASE IN HOSPITAL ADMISSION RATE

INDICATOR TITLE	INCREASE IN HOSPITAL ADMISSION RATE RELATIVE TO THE AVERAGE ADMISSION RATE OF 2019/2021
KEY RESULT AREA	Clinical Risk Indicators
DEFINITION	Measure of how the hospital admission rate is performing against budgeted assumptions
RATIONALE	To identify critical predictors of unfavourable clinical events that can adversely affect the Scheme financially and contribute to the early warning signs that enable GEMS to prevent such impact and mitigate it in time
METHOD OF CALCULATION	(Hospital admission rate in the current year ÷ the hospital admission rate in the preceding year) – 1
IR reference – Figure 16, page 93	
MM 10	

3.3 ADMISSION RATE ON CHRONIC PRIORITY DISEASES

INDICATOR TITLE	ADMISSION RATE ON PRIORITY CHRONIC DISEASES RELATIVE TO THE PREVIOUS YEAR
KEY RESULT AREA	Clinical Risk Indicators
DEFINITION	Percentage change in admission rate for priority chronic diseases compared to the previous year
RATIONALE	To identify critical predictors of unfavourable clinical events that can adversely affect the Scheme financially and contribute to the early warning signs that enable GEMS to prevent such impact and mitigate it in time
METHOD OF CALCULATION	$\left[\frac{(\text{Admission rate of chronic diseases* in the current year})}{\text{admission rate of chronic diseases* 2019/2023 50/50 baseline average}} - 1 \right] \times 100$ *HIV, diabetes, hypertension, hyperlipidaemia, asthma
IR reference – Figure 16, page 93	
MM 10	

3.4 HEALTHCARE QUALITY OUTCOMES

INDICATOR TITLE	PERCENTAGE OF HEALTHCARE QUALITY OUTCOMES ABOVE INDUSTRY AVERAGE ON PREDETERMINED HQA METRICS
KEY RESULT AREA	Clinical Risk Indicators
DEFINITION	A measure of the extent to which the Scheme outperforms the industry, as reported by the HQA, on the list of pre-determined managed care metrics
RATIONALE	To reflect the impact of the Scheme's healthcare service or intervention on the health status of patients
METHOD OF CALCULATION	(The number of pre-determined managed care metrics where the Scheme outperforms the industry, as reported by HQA, as a percentage of the total number of managed care metrics) x 100
IR reference – Figure 16, page 93	
MM 10	

3.5 WORLD HEALTH ORGANISATION HIV TARGETS

INDICATOR TITLE	ACHIEVEMENT OF THE WORLD HEALTH ORGANISATION HIV TARGETS
KEY RESULT AREA	Clinical Risk Indicators
DEFINITION	A measure of progress towards the proportion of Scheme's members: (1) living with HIV that know their HIV status; (2) HIV positive members who are on antiretroviral therapy; (3) receiving antiretroviral therapy (first line, second line and salvage therapy) that have viral suppression
RATIONALE	To improve the health of persons living with HIV and reduce associated costs from avoidable complications by identifying and treating chronic conditions more quickly and more effectively, thus slowing the progression of HIV
METHOD OF CALCULATION	1. % of members enrolled and not enrolled and who are actively claiming HIV benefits as a % of the Scheme's prevalence 2. % of members actively claiming antiretroviral therapy at least once over a period of six months as a % of enrolled (excludes members not claiming their antiretrovirals despite being registered for ≥four consecutive months) 3. % of members on antiretroviral therapy for at least six months who are virally suppressed as a % of those on antiretroviral therapy for ≥six months
IR reference – Figure 17, page 94	
MM 10	

3.6 EFFECTIVE COVERAGE SCORE

INDICATOR TITLE	EFFECTIVE COVERAGE SCORE
KEY RESULT AREA	Clinical Risk Indicators
DEFINITION	A measure of GEMS' effective coverage as given by the weighted score of the prevalence, interventions and outcomes in a defined list of medical conditions published by the BHF
RATIONALE	The potential health gain that is delivered to the population through the health system, given its capacity. It is comprised of: Need: The individual/population in need of a particular service; Use: The use of services; Quality: The actual health benefit experienced from the service
METHOD OF CALCULATION	The weighted average percentage of the individual effective coverage scores of a defined list of medical conditions published in the BHF implementation manual version 7 rounding off to 0 decimal has been applied for scoring to ensure accuracy and consistency with reporting
IR reference – Figure 17, page 94	
MM 10	

3.7 RISK-ADJUSTED HOSPITAL COST PER ADMISSION ON EVO

INDICATOR TITLE	REDUCTION IN THE RISK-ADJUSTED HOSPITAL COST PER ADMISSION ON THE EVO RELATIVE TO THE CONVENTIONAL EMERALD OPTION
KEY RESULT AREA	Clinical Risk Indicators
DEFINITION	Reduction in the hospital admission cost on EVO compared to the conventional Emerald option on a risk-adjusted basis
RATIONALE	To provide a view of the organisation's performance pertaining to its managed care metrics and care coordination
METHOD OF CALCULATION	$(\text{Risk-adjusted admission cost on EVO}) \div (\text{admission cost on Emerald 1}) \times 100$
IR reference – Figure 17, page 94	
MM 10	

3.8 CASE MIX ADJUSTED HOSPITAL COST PER ADMISSION FOR TANZANITE ONE

INDICATOR TITLE	REDUCTION IN THE CASE MIX ADJUSTED HOSPITAL COST PER ADMISSION FOR TANZANITE ONE
KEY RESULT AREA	Clinical Risk Indicators
DEFINITION	Reduction in the hospital admission rate on Tanzanite One compared to the Beryl option on a risk-adjusted basis
RATIONALE	The intent of this metric is to give a view of the organisation's performance pertaining to its managed care metrics and care coordination
METHOD OF CALCULATION	$[(\text{Risk-adjusted admission rate on Tanzanite One}) \div (\text{admission rate on Beryl}) - 1] \times 100$
IR reference – Figure 17, page 94	
MM 10	

3.9 SPENDING ON SOURCING (MEDICINE, TARIFFS, DEVICES) COSTS

INDICATOR TITLE	ANNUAL PERCENTAGE REDUCTION IN SPENDING ON SOURCING (MEDICINE, TARIFFS, DEVICES) COSTS
KEY RESULT AREA	Healthcare Strategic Purchasing
DEFINITION	A measure of the reduction in the Scheme's expenditure on appliances, prostheses, tariffs and medicines
RATIONALE	To monitor costs, ensure quality of service and minimise risk
METHOD OF CALCULATION	$[(\text{Spend on appliances} + \text{prostheses} + \text{tariffs} + \text{medicines in the current year}) \div (\text{total spend on appliances} + \text{prostheses} + \text{tariffs} + \text{medicines in the previous year})] \times 100$ Adjusted for budgeted increases in terms of price and utilisation calculated year-on-year
IR reference – Figure 18, page 95	
MM 05	

3.10 MEDICINE SPEND RELATIVE TO SEP INCREASES

INDICATOR TITLE	PERCENTAGE INCREASE IN MEDICINE SPEND RELATIVE TO SINGLE EXIT PRICE (SEP) INCREASES
KEY RESULT AREA	Healthcare Strategic Purchasing
DEFINITION	A measure of the impact of interventions that will reduce the overall spend on medicine (incl antiretroviral therapy, chronic) compared to SEP increases
RATIONALE	To reduce the medicine spend by ensuring generic substitution through biannual medical price list implementation
METHOD OF CALCULATION	(Medicine sourcing costs in the current year divided by medicine sourcing costs in the previous year), (minus 1), (multiply by 100), (adjusted for budgeted increases in terms of price and utilisation), (divided by SEP adjustment)
IR reference – Figure 18, page 95	
MM 05	

3.11 SAVINGS IN APPLIANCES AND PROSTHESES SOURCING COSTS

INDICATOR TITLE	PERCENTAGE REDUCTION (SAVINGS) IN APPLIANCES AND PROSTHESES SOURCING COSTS RELATIVE TO BUDGET
KEY RESULT AREA	Healthcare Strategic Purchasing
DEFINITION	Reduction in expenditure on appliance and prostheses subject to strategic sourcing interventions
RATIONALE	To efficiently manage and reduce unnecessary expenditures through proper contract, vendor and inventory management
METHOD OF CALCULATION	(Prosthesis and appliance sourcing costs in the current year divided by prosthesis and appliance sourcing costs in the previous year), (minus 1), (multiply by 100), adjusted for budgeted increases in terms of price and utilisation
IR reference – Figure 18, page 95	
MM 05	

3.12 TARIFFS ACHIEVED BELOW BUDGET

INDICATOR TITLE	PERCENTAGE TARIFFS ACHIEVED BELOW BUDGET
KEY RESULT AREA	Healthcare Strategic Purchasing
INDICATOR NUMBER	3.12
DEFINITION	A measure of the average weighted annual tariff increases achieved through negotiations against the average budgeted annual tariff increase
RATIONALE	GEMS strives to ensure that tariff increases are kept to a minimum while still ensuring that healthcare providers receive fair and adequate compensation. Lower tariff increases equate to savings and ultimately lower member contributions
METHOD OF CALCULATION	Multiply negotiated and non-negotiated tariff increases by the proportion of expenditure associated with the relevant tariff increase and aggregate, then subtract it from the budgeted tariff increase
IR reference – Figure 18, page 95	
MM 05	

3.13 HOSPITAL SPEND RELATIVE TO BUDGET

INDICATOR TITLE	PERCENTAGE REDUCTION IN HOSPITAL SPEND RELATIVE TO BUDGET
KEY RESULT AREA	Healthcare Strategic Purchasing
DEFINITION	A measure of variation in the actual hospital spend compared to the budgeted hospital spend
RATIONALE	GEMS strives to ensure that hospital expenditure is contained while still ensuring that members have appropriate access to in-hospital care. Lower hospital expenditure equates to savings and ultimately lower member contributions
METHOD OF CALCULATION	Calculate the amount paid to hospitals in the current year and divide by the average number of beneficiaries in the current year. Calculate the amount paid to hospitals in the previous year and divide by the average number of beneficiaries in the previous year. Divide current expenditure per life per month by prior expenditure per life per month and subtract one
IR reference – Figure 19, page 96	
MM 05	

3.14 ALTERNATIVE REIMBURSEMENT MODELS ESTABLISHED

INDICATOR TITLE	PERCENTAGE OF ALTERNATIVE REIMBURSEMENT MODELS ESTABLISHED
KEY RESULT AREA	Healthcare Strategic Purchasing
DEFINITION	Measure of the percentage of total claims that are paid via alternative reimbursement models
RATIONALE	Alternative reimbursement models provide the Scheme with greater certainty in relation to the cost of care. Value-based-care alternative reimbursement models can also incentivise more cost efficient and better-quality care. In turn, the Scheme strives to increase the coverage of alternative reimbursement models
METHOD OF CALCULATION	Divide the expenditure associated with alternative reimbursement models by total expenditure irrespective of the form of reimbursement
IR reference – Figure 19, page 96	
MM 01 MM 05	

3.15 OUT-OF-POCKET EXPENDITURE

INDICATOR TITLE	PERCENTAGE OUT-OF-POCKET EXPENDITURE
KEY RESULT AREA	Healthcare Strategic Purchasing
DEFINITION	Expenses incurred by members for medical care that are not reimbursed by insurance. Out-of-pocket costs include deductibles, coinsurance and co-payments for covered services plus all costs for services that are not covered
RATIONALE	Seeks to measure the extent of member out-of-pocket expenditure because of either benefits design or managed care rules (this is the combined average for in-hospital and out-of-hospital related services)
METHOD OF CALCULATION	$[(\text{The amount claimed} \div \text{the amount paid}) - 1] \times 100$
IR reference – Figure 19, page 96	
MM 01 MM 05	

3.16 OUT-OF-POCKET PAYMENTS OUT OF HOSPITAL

INDICATOR TITLE	PERCENTAGE OUT-OF-POCKET PAYMENTS OUT OF HOSPITAL
KEY RESULT AREA	Healthcare Strategic Purchasing
DEFINITION	A measure that seeks to measure the extent of member out-of-pocket expenditure because of either benefits design or managed care rules for out-of-hospital related services
RATIONALE	Seeks to measure the extent of member out-of-pocket expenditure in the out-of-hospital setting because of either benefits design or managed care rules
METHOD OF CALCULATION	The amount claimed for out-of-hospital services divided by the amount paid for out-of-hospital services, minus 1, multiply by 100
IR reference – Figure 20, page 96	
MM 01 MM 05	

3.17 OUT-OF-POCKET PAYMENTS IN HOSPITAL

INDICATOR TITLE	PERCENTAGE OUT-OF-POCKET PAYMENTS IN HOSPITAL
KEY RESULT AREA	Healthcare Strategic Purchasing
DEFINITION	A measure of the extent of member out-of-pocket expenditure because of either benefits design or managed care rules for in-hospital related services
RATIONALE	Seeks to measure the extent of member out-of-pocket expenditure in the in-hospital setting because of either benefits design or managed care rules
METHOD OF CALCULATION	$[(\text{Amount claimed for in-hospital services} \div \text{amount paid for in-hospital services}) - 1] \times 100$
IR reference – Figure 20, page 96	
MM 01 MM 05	

3.18 IMPLEMENTATION OF NEW OPERATING MODEL

INDICATOR TITLE	PERCENTAGE PROGRESS ON IMPLEMENTATION OF NEW OPERATING MODEL
KEY RESULT AREA	Fit-for-Purpose Capability Build
DEFINITION	A measure of the progress on the insourcing of capabilities workplan
RATIONALE	To build capability to support the Scheme's self-administration strategy through build, operate, transfer, partnerships, full transfer of ownership or clustering of same services options
METHOD OF CALCULATION	A percentage of project progress as reported in the project plan monitoring
IR reference – Figure 21, page 97	
MM 07	

SO 04 STRATEGIC OBJECTIVE 4: BE AN AGILE, DATA-DRIVEN SCHEME

4.1 CORE INFORMATION MANAGEMENT SYSTEM (CIMS)

INDICATOR TITLE	PERCENTAGE COMPLETION AND IMPLEMENTATION OF CIMS
KEY RESULT AREA	Automation
DEFINITION	A measure of the progress on the implementation of the CIMS platform
RATIONALE	To establish an information management system that facilitates the collection, storage, organisation and distribution of information within GEMS
METHOD OF CALCULATION	A percentage of project progress as reported in the project plan monitoring
IR reference – Figure 22, page 98	
MM 06 MM 07	

4.2 NEW R&D DATA ANALYTICS AND ACTUARIAL REPORTS

INDICATOR TITLE	NUMBER OF NEW R&D DATA ANALYTICS AND ACTUARIAL REPORTS TAKEN UP IN DECISION-MAKING
KEY RESULT AREA	Data Management, Analytics, Business Intelligence and Digital First
DEFINITION	A measure of effective utilisation of insourced data analytics and actuarial services resulting in decisions made by the Scheme
RATIONALE	To assess the progress and value derived from the approved insourcing of data analytics and actuarial services by the Scheme.
DATA SOURCE	R&D Data analytics and actuarial reports adopted by business
METHOD OF CALCULATION	Number of new R&D data analytics and actuarial reports taken up in decision-making by the Scheme.
IR reference – Figure 22, page 98	
MM 06 MM 07	

4.3 DATA MANAGEMENT PROGRAMME

INDICATOR TITLE	PERCENTAGE PROGRESS IMPLEMENTATION OF THE DATA MANAGEMENT PROGRAMME
KEY RESULT AREA	Data Management, Analytics, Business Intelligence and Digital First
DEFINITION	A measure of the progress on the implementation of the data management programme
RATIONALE	To make GEMS a custodian of its own data and meet the Scheme's data needs through security, data destruction, Protection of Personal Information Act compliance, data reference and master data management, data governance, document and records storage, records management, data architecture, database management, data availability and quality management
METHOD OF CALCULATION	A percentage of project progress as reported in the project plan monitoring
IR reference – Figure 22, page 98	
MM 06 MM 07	

4.4 INFORMATION SECURITY MANAGEMENT CAPABILITY

INDICATOR TITLE	PERCENTAGE PROGRESS ON THE DEVELOPMENT AND IMPLEMENTATION OF INFORMATION SECURITY MANAGEMENT CAPABILITY
KEY RESULT AREA	Cybersecurity and System Security
DEFINITION	A measure of the progress on the implementation of the information security management systems, policies and procedures.
RATIONALE	To ensure that the Scheme's and customer information is protected from internal and external threats
METHOD OF CALCULATION	A percentage of project progress as reported in the project plan monitoring
IR reference – Figure 23, page 98	
MM 06 MM 09	

4.5 INFRASTRUCTURE OPTIMISATION

INDICATOR TITLE	INFRASTRUCTURE OPTIMIZATION
KEY RESULT AREA	Optimal and agile ICT infrastructure
DEFINITION	A measure of the progress on the implementation of the infrastructure optimization programme
RATIONALE	To ensure ICT infrastructure is optimised, agile and sound against any cyber-threats
METHOD OF CALCULATION	A percentage of progress as reported in the ICT infrastructure services and operations annual plan
IR reference – Figure 23, page 98	
MM 06	



STRATEGIC OBJECTIVE 5: RETAIN AND GROW MEMBERSHIP

5.1 PRINCIPAL MEMBERS REGISTERED

INDICATOR TITLE	NUMBER OF PRINCIPAL MEMBERS REGISTERED ON THE SCHEME AS AT THE END OF THE FINANCIAL YEAR
KEY RESULT AREA	Sustainable Membership Growth
DEFINITION	A measure of the total number of principal members on the Scheme at the end of the fiscal year
RATIONALE	To assess the Scheme's efforts in offering tailored member benefits through digitisation and innovation product offerings
METHOD OF CALCULATION	Number of principal members registered on the Scheme at 31 December 2024
IR reference – Figure 24, page 99	
MM 01 MM 05	

5.2 MEMBER RETENTION

INDICATOR TITLE	PERCENTAGE MEMBER RETENTION
KEY RESULT AREA	Sustainable Membership Growth
DEFINITION	A measure of the proportion of members retained in the Scheme during the year
RATIONALE	To assess the Scheme's ability to create loyal members through the delivery of excellent, valuable member service
METHOD OF CALCULATION	1- (Number of resignations divided by total members year to date)
IR reference – Figure 24, page 99	
MM 01 MM 05	

5.3 PUBLIC SECTOR FUNDS/ENTITIES CONSOLIDATED INTO GEMS

INDICATOR TITLE	NUMBER OF PUBLIC SECTOR FUND/ENTITIES CONSOLIDATED INTO GEMS
KEY RESULT AREA	Sustainable Membership Growth
DEFINITION	A measure of growth in membership through amalgamation and consolidation of government schemes, government entities take-on and expansion of eligibility
RATIONALE	To achieve broader national footprint, greater influence and bargaining power within the marketplace, as well as improved cost efficiencies, to enhance the sustainability of the Scheme and thereby protect members' interests
METHOD OF CALCULATION	The number of public sector funds or public sector entities amalgamated into GEMS
IR reference – Figure 24, page 99	
MM 01 MM 05	

SO 06 STRATEGIC OBJECTIVE 6: BE A GOOD CORPORATE CITIZEN

6.1 COMMUNITY SUPPORT INITIATIVE ALIGNED TO UNSDG 3

INDICATOR TITLE	NUMBER OF COMMUNITY SUPPORT INITIATIVE ALIGNED TO UNSDG 3 IMPLEMENTED
KEY RESULT AREA	Social Responsibility
DEFINITION	A measure of the number of community initiatives that aligns to UN SDG3 - good health and wellbeing
RATIONALE	To make a positive impact, aligned to our purpose and values, on local communities in areas where we do business and to support the global initiative of the United Nations
METHOD OF CALCULATION	Number of approved community support initiatives implemented by the Scheme during the year
IR reference – Figure 25, page 99	
MM 09	

6.2 UNQUALIFIED AUDIT

INDICATOR TITLE	UNQUALIFIED AUDIT
KEY RESULT AREA	Robust Governance and Compliance
DEFINITION	A binary measure of whether an unqualified audit has been achieved
RATIONALE	To assess that the financial statements of the Scheme are fair and transparent in all material aspects
METHOD OF CALCULATION	A binary measure of whether an unqualified audit has been achieved (Yes/No)
IR reference – Figure 26, page 100	
MM 09	

6.3 COMPLIANCE INDEX

INDICATOR TITLE	COMPLIANCE INDEX
KEY RESULT AREA	Robust Governance and Compliance
DEFINITION	The compliance index is an indicator of unremedied non-compliance incidents in terms of the Medical Schemes Act (MSA), Protection of Personal Information Act (POPIA), Financial Advisory and Intermediary Services Act (FAIS) and the registered Scheme Rules
RATIONALE	To monitor the effectiveness of the Scheme compliance management processes to detect, prevent and remedy non-compliance to selected laws (MSA, POPIA, FAIS) and Scheme Rules
METHOD OF CALCULATION	Compliance index = 100% minus (total number of unremedied non-compliance incidents x 1%)
IR reference – Figure 26, page 100	
MM 09	

6.4 FRAUD, WASTE AND ABUSE SAVINGS

INDICATOR TITLE	FRAUD, WASTE AND ABUSE SAVINGS
KEY RESULT AREA	Robust Governance and Compliance
DEFINITION	A measure of the savings achieved due to the Scheme's interventions to mitigate fraud, waste and abuse risk
RATIONALE	To monitor and identify sources of loss of revenue, loss of reputation and goodwill, and to prevent a decline in the relationship between healthcare providers and patients. Consequently to prevent high costs of healthcare services, decreased quality of care and threat to patient lives
METHOD OF CALCULATION	The actuaries' fraud, waste and abuse calculation based on change in behaviour of engaged providers. A decrease in claims (compared to claims before intervention) is observed as a saving
IR reference – Figure 27, page 100	
MM 05	

Principal Officer's office and postal address

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0028

Registered office and postal address

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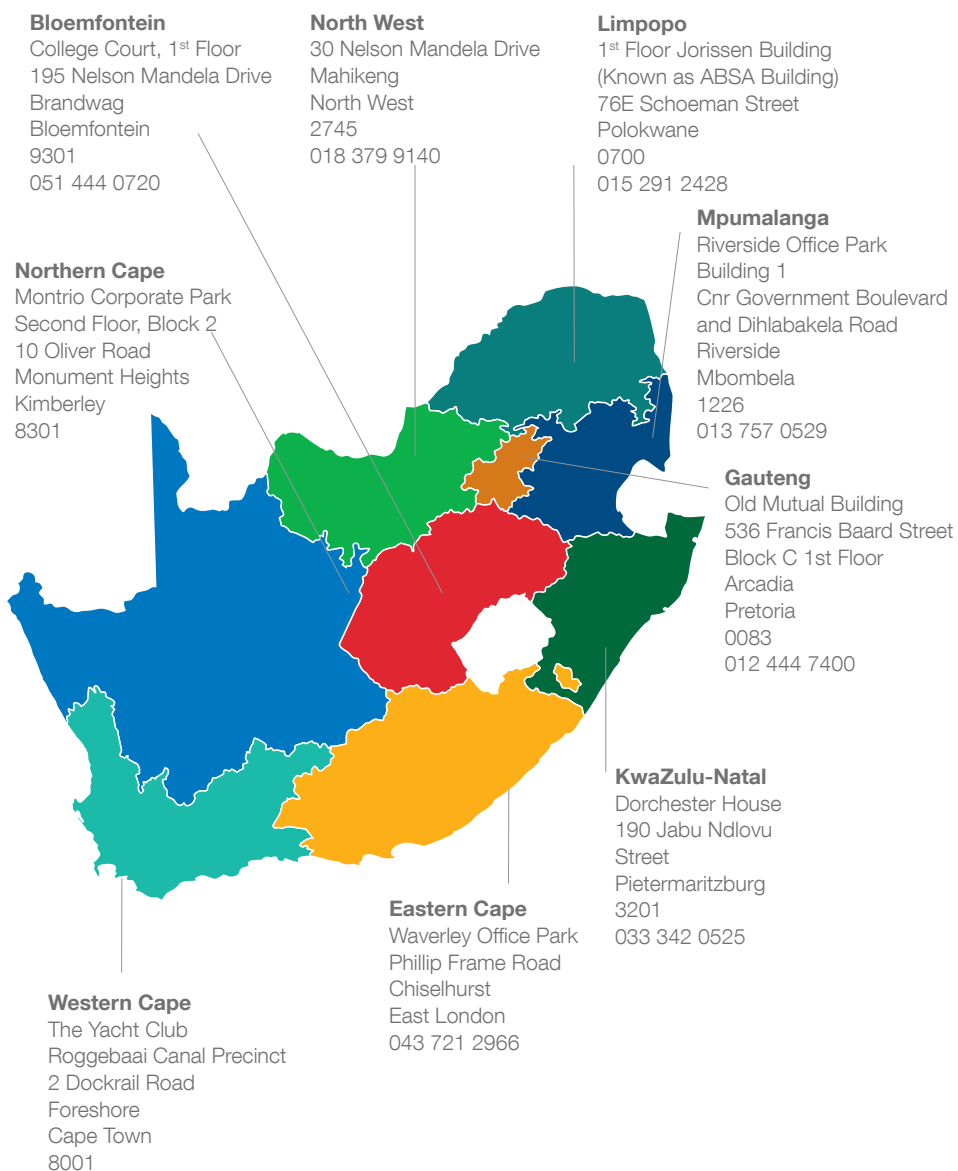
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7945

Stanlib Asset Management (Pty) Ltd
17 Melrose Boulevard
Melrose Arch
Johannesburg
2196

CLO information



Provincial walk-in centres	
GAUTENG	541 Madiba St, Arcadia, Suncardia Shopping Centre Level 3, Shop 51 and 52, Pretoria, Gauteng
	118 Jorissen Street, Ground Floor, Traduna House, Cnr Jorissen and Civic, Braamfontein, Johannesburg, Gauteng
KWAZULU-NATAL	39/45 Chief Albert Luthuli Street, Pietermaritzburg, KwaZulu-Natal
	Shop 33 Berea Centre, Entrance 1, 249 King Dinuzulu Road, Bulwer, Durban, KwaZulu-Natal
WESTERN CAPE	29 Baring Street, Q Squared Shopping Centre, Worcester, Cape Town
	Shop 1, corner Church and Adderley streets, Constitution House, Cape Town, Western Cape
FREE STATE	Shop 124, corner Charlotte Maxeke and East Burger streets, Bloemfontein Plaza, Free State
	Shop 051, Gold Fields Mall, corner Strateway and Buiten Street, Welkom, Free State
NORTH WEST	Shop 101, corner OR Tambo and Naser Street, Klerksdorp central business district, North West
	Mmabatho Megacity, Shopping Centre, Shop 39, corner Sekame and Dr James Moraka streets, erf 3139, Mmabatho, North West
NORTHERN CAPE	61A Market Street, Upington, Northern Cape
	Shop 14 & 26 1-17 Long Street, New Park Centre, Kimberley, Northern Cape
POLOKWANE	Stand 2, Venda, Thohoyandou, Limpopo
	Shop 1, Dada Square, 52 Market Street, Polokwane, Limpopo
EASTERN CAPE	Shop LG36, Lower Level, Gillwell Shopping Centre, corner Gillwell Road and Fleet Street, erf 72885, Eastern Cape
	Unit 10/11/12A, Savoy Complex, Nelson Mandela Drive, Mthatha, Eastern Cape
MPUMALANGA	Shop No 7, Saveways Crescent Centre, Witbank, Mpumalanga
	30 Brown Street, Nedbank Centre, Nelspruit central business district, Mpumalanga

ACRONYMS

AGM	Annual general meeting
BBBEE	Broad-based black economic empowerment
BBP	Basic benefit package
BHF	Board of Healthcare Funders
CLO	Client Liaison Officers
CMS	Council for Medical Schemes
CPI	Consumer price index
CSI	Corporate social investment
ESG	Environmental, social and governance
EVO	Emerald Value option
EWRP	Enterprise-wide resource planning
FSP	Financial services provider
GEMS	Government Employees Medical Scheme
HQA	Health Quality Assessment
ICT	Information and communications technology
IFRS	International Financial Reporting Standards
IR	Integrated report
KPI	Key performance indicator
MPSA	Minister for the Public Service and Administration
MSA	Medical Schemes Act
NHI	National Health Insurance
PLO	Provider Liaison Officers
PMB	Prescribed minimum benefit
PMSA	Personal Medical Savings Account
PSCBC	Public Service Coordinating Bargaining Council
SDGs	Sustainable Development Goals
SLA	Service level agreement
SPN	Service provider network
UHC	Universal health coverage



Use the QR code
to download the
GEMS member app



GEMS contact centre:
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Government Employees
Medical Scheme

