

ANNUAL INTEGRATED REPORT / 2025

VALUE IN EVERY MOMENT OF CARE



gems

Government Employees
Medical Scheme

FUNDING BETTER OUTCOMES FOR ALL

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1. ABOUT THIS REPORT

OUR ROBUST FINANCIAL STANDING IS UNDERSCORED BY A CREDIT RATING OF AA+(ZA), REINFORCED BY STRONG LIQUIDITY AND R18.7 BILLION IN ACCUMULATED RESERVES.

NAVIGATING OUR REPORTING FOR THE 2025 FINANCIAL YEAR

Table 1: Reporting structure

Integrated report	<p>The IR provides a holistic and concise view of GEMS and how the Scheme creates, preserves and erodes value over the short-, medium- and long term against the six capitals shown on page 50, drawing on data and information from our internal and external operating environment, strategy, risks and opportunities, performance, governance and prospects. Financial and non-financial information is provided and explained. To holistically meet stakeholder information needs, the report includes information on financial and healthcare performance objectives. ESG disclosure in the report outlines our ongoing environmental, social and governance journey – highlighting how we embed responsible and sustainable practices into our strategy, operations and stakeholder engagement, reporting on key ESG-related performance outcomes and material matters that support long-term value creation for members and other stakeholders.</p> <p>The IR includes the annual Board report issued to members under the registered GEMS Rules and Council for Medical Schemes (CMS) requirements. The Board report includes information required from the Board of Trustees on governance and trustee remuneration, page 125, operational statistics, page 172, and an extract from the 2025 annual financial statements, page 168, together with our annual Audit Committee report, page 174.</p>	<p>Reporting follows the GEMS Integrated Reporting Policy, which requires adherence to the Integrated Reporting Framework¹ of the International Financial Reporting Standards Foundation (IFRS Foundation), the Medical Schemes Act (MSA), the registered GEMS Rules, the South African Institute of Chartered Accountants (SAICA) Accounting Guidelines for Medical Schemes, CMS circulars and the King IV Report² on Corporate Governance for South Africa 2016. The information papers issued by the Integrated Reporting Committee of South Africa provide important guidance, to which we continuously align our reporting.</p>
Annual financial statements	<p>Our Annual Financial Statements (AFS) disclose our financial performance and include a statement of financial position, statement of profit or loss or other comprehensive income and a statement of cash flows. An extract of the AFS is included in this report on pages 168 to 170.</p>	<p>IFRS Accounting standards MSA and Regulations</p>
Annual general meeting	<p>The Annual General Meeting (AGM) documents include the draft agenda for the upcoming AGM, the rules governing the agenda-setting process, including the timeframe for submission of member-proposed motions and objections to the draft agenda, and the minutes of the AGM held on 31 July 2025. The AGM documents are accessible only to registered members.</p>	<p>The AGM documents provide the information prescribed by the registered GEMS Rules and the CMS.</p>
Coming in 2027	<p>Our first sustainability report will be issued in 2027, covering the 2026 financial year.</p>	<p>Applicable sustainability reporting standards.</p>

The full set of reports is distributed electronically to members. Where members have opted out of electronic communication, an abridged version is printed and made available at Client Liaison Offices and member Walk-in Centres together with the AGM documents.

The list of abbreviations, acronyms and terminology used frequently in the report is in appendix 4.

¹ International Financial Reporting Standards Foundation Integrated Reporting Framework, 2021
² King V was published in October 2025 and applies to the reporting period starting January 2026

CAPITALS

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







MATERIAL MATTERS

-  Core value proposition strength
-  Claims experience
-  Operating model effectiveness
-  Burden of disease management
-  People and culture
-  Strategic partnerships
-  Stakeholder inclusivity
-  Innovation and digital transformation

KEY STAKEHOLDERS

-  Members
-  Employees
-  Government, represented by the Minister for the Public Service and Administration (MPSA)
-  Organised labour representing public service employees, represented by the Public Service Coordinating Bargaining Council (PSCBC)
-  Providers of healthcare
-  Providers of professional operational services
-  Regulators and supervisory bodies
-  Society
-  Medical schemes industry through professional and industry bodies

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 National Health Insurance (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

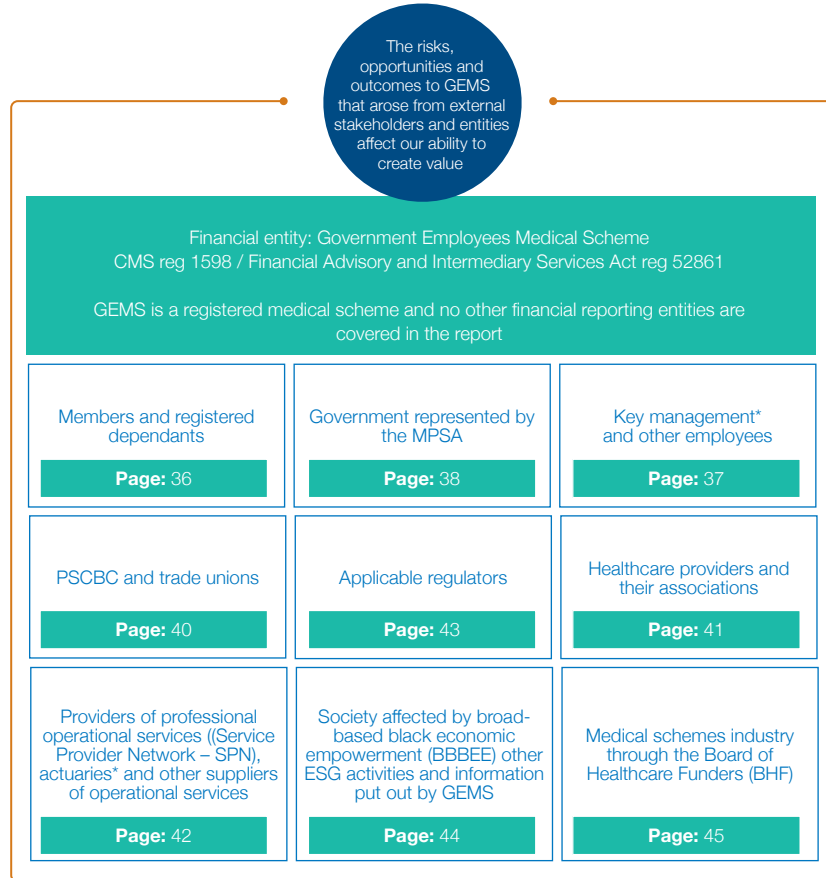
-  **Strategic Risk 1:**
Unable to secure a competitive advantage across NHI scenarios
-  **Strategic Risk 2:**
Inadequate stakeholder inclusivity to realise Scheme strategic competitive advantage
-  **Strategic Risk 3:**
Inadequate strategic coverage and growth
-  **Strategic Risk 4:**
Ineffective operating model and capabilities for 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

Reporting scope and boundary

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

It covers the GEMS financial year from 1 January 2025 to 31 December 2025. The last annual integrated report published by the Scheme, for 2024, was published in June 2025 and is available on the Scheme’s website at www.gems.gov.za/Information/Annual-report.

Figure 1: Reporting boundary



*Related parties for financial reporting

There were no significant changes during the reporting period in the size, structure or boundaries of GEMS. Changes in GEMS’ supply chain management for significant contracts are shown on page 60. The contracted providers for member services for 2025 are listed in table 9 on page 30.

Table 2: Time periods referred to in the report:

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

Restatement of information reported in the 2024 Annual Integrated Report:

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

Our commitment to integrated reporting

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

The Board approved the GEMS materiality determination process by approving an Integrated Reporting Policy, which is applied by management in developing the integrated report. This policy sets out the broad process steps for materiality determination.

The Board approved the GEMS statement of value creation, preservation and erosion and the prioritised material matters that formed the basis for developing the 2025 Annual Integrated Report on the recommendation of the Audit Committee.

This report is presented in accordance with the Integrated Reporting Framework of the IFRS Foundation.

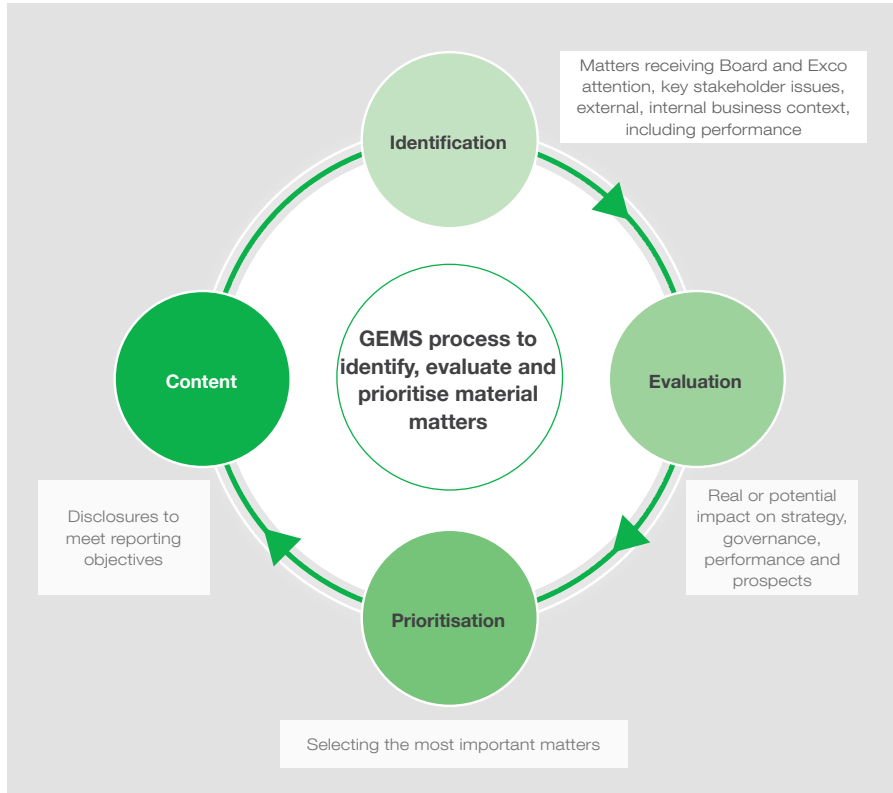
The Board applied its collective mind to the report’s preparation and presentation and approved the report on 23 April 2026.

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

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.

Figure 2: Our process



Several material matters are closely interrelated and should be read as an interconnected system. For example, MM1 (core value proposition) is directly dependent on MM2 (claims experience), since higher claims patterns can erode affordability and undermine the Scheme’s competitiveness. MM4 (burden of disease) is a primary driver of MM2 (claim experience), as chronic disease prevalence and use patterns drive claims costs. MM3 (operating model) is an enabling matter — without operational effectiveness, consistent disease management or member service delivery cannot be achieved. Deterioration in any one of these material matters typically affects other material matters. To avoid repetition, in the table below, shared themes are described under each material matter and cross-referenced where they appear in others.

Table 3: Material matters prioritised for reporting in line with our materiality determination process

Material matter	Capitals affected	Our reporting on the matter	Integrated report section AFS section/notes
MM 01 ESG Pillar: Shared value and social impact Focus: Member access, affordability and wellbeing		Core value proposition strength	
		GEMS must be a medical scheme of choice	
		<ul style="list-style-type: none"> GEMS remains affordable, accessible and responsive and provides unique value to members and stakeholders Our understanding of the needs, interests and expectations of our members and our response in 2025 The value that we seek to create for members 	<ul style="list-style-type: none"> Organisational overview: Comparing the GEMS options on member value offering for each Rand spent on contributions, page 24 Organisational overview: Read our definition of eligible beneficiary vs the industry, page 25, and how our effective average contribution increases for 2019 to 2025 compare, page 105 Organisational overview, managing key relationships, page 36 Business model, the value that we seek to create for key stakeholders, page 50 to 51
		<ul style="list-style-type: none"> Business model outcomes such as our drive to reduce co-payments and to set up value-based care initiatives 	<ul style="list-style-type: none"> Our business model for value creation, page 50
		<ul style="list-style-type: none"> Our strategic response to challenges and pressures related to our membership profile, including the challenges experienced by members and member expectations 	<ul style="list-style-type: none"> Our strategy in support of realising UHC, page 57
		<ul style="list-style-type: none"> Our future member loyalty programme 	<ul style="list-style-type: none"> Our strategy in support of realising UHC, page 57
		<ul style="list-style-type: none"> Our risk management response for ensuring that we achieve strategic objective 3 	<ul style="list-style-type: none"> Managing the risks and opportunities affecting the success of the GEMS strategy, page 68
		<ul style="list-style-type: none"> Core key performance indicator (KPI) information under strategic objective 3 supporting UHC, including our average product affordability 	<ul style="list-style-type: none"> Principal Officer performance overview, pages 83 and 84
		<ul style="list-style-type: none"> How the GEMS governance structures and key focuses in 2025 encouraged a member-centric approach 	<ul style="list-style-type: none"> Board report, page 132 and 142
		<p>The GEMS core value proposition directly creates and preserves member value (affordable, quality healthcare) and government value (fulfilling the public sector healthcare mandate). Value erosion risk: Failure to maintain affordability and competitiveness can erode both member and government value; cascades into MM2 and MM3.</p>	

MM 02

Claims experience

Maintaining solvency in the short-, medium- and long term through appropriate and responsible claims management

ESG Pillar: Principled performance and governance



Focus: Ethical conduct and regulatory compliance

- The claims ratio movement and detailed claims experience showing key trends over financial years
- The combined impact of historical below healthcare inflation contribution increases and escalating claims costs on our solvency
- Business model inputs, outputs and outcomes related to our claims management programme, including fraud, waste and abuse management
- Capital trade-offs in recent benefit design and contribution increase decisions
- Our overall risk management response for ensuring that we achieve strategic objectives 2 and 3
- Our understanding of and response to healthcare providers' legitimate needs, interests and expectations, also to influence benefit use trends
- Our intention to overhaul the GEMS financial model based on risk-based capital principles
- Performance against our strategic objectives: Principal Officer overview, page 80 and pages 90 to 92
- Performance against our strategic objectives: Principal Officer overview, pages 103 to 105
- Our business model for value creation, pages 50 to 51
- Our business model for value creation, page 52
- Board report, Chairperson's message, page 120
- Managing the risks and opportunities affecting the success of the GEMS strategy, page 67 and 72
- Organisational overview, managing key relationships, page 41
- Board report, Chairperson's message, page 120
- Our strategy in support of realising UHC, strategy review, response to our operating environment, page 57 and the next chapter of GEMS, page 63

Solvency and responsible claims management directly preserve member value (sustainable contributions, ongoing benefit access) and government value (MSA compliance). Value erosion risk: Inadequate claims management erodes financial capital, forces unsustainable contribution increases and, in the extreme, threatens Scheme existence — the ultimate form of value erosion for all stakeholders.

MM 03

Operating model effectiveness

High-quality member services through appropriate structure and operating model

ESG Pillar: Shared value and social impact



Focus: Sustainable supply chain and procurement

- Our explanation of the GEMS operating model and business activities
- Our response to member needs and expectations for excellent service, including service level agreement (SLA) management and the GEMS service level management programme
- Our strategic response to the operating environment, including building a target operating model
- How we changed our supply chain management and procurement environment to support the GEMS insourcing direction
- Our risk management response to achieving strategic objective 4, including an agile insourcing programme
- Organisational overview: Our business model activities, page 29
- Organisational overview: Managing key relationships, page 36
- Our strategy in support of realising UHC: Strategic response to the operating environment, page 57
- Our strategy in support of realising UHC: The supply chain management and procurement environment, page 60
- Managing the risks and opportunities affecting the success of the GEMS strategy, page 70

Operating model efficiency creates and preserves value for members (enabling access to healthcare and Scheme services, reducing complaints), healthcare providers (fast claims reimbursement, enabling access to Scheme services) and employees (enabling work performance). Value erosion risk: Inefficient operations erode financial and social and relationship capital, leading to high complaints levels, low satisfaction levels and a loss of stakeholder trust.

MM 04

Burden of disease management

Managing disease holistically for a thriving Scheme membership

ESG Pillar: Shared value and social impact



Focus: Member access, affordability and wellbeing

- We show the governance, leadership and operating model structures at GEMS that enable continuous, proactive, innovative healthcare management and rigorous monitoring
- Our healthcare quality outcomes for 2025 demonstrate our progress in managing the burden of disease
- Our risk management response towards achieving strategic objective 3, including plans to expand preventive care, early disease detection and a holistic approach to care and benefit design
- Organisational overview:
 - Our business model activities, page 29
 - Our leadership structure, page 27
 - Board report, committee structures – Clinical Governance and Administration Committee, page 144
 - Outsourced services, page 30
- Our business model for value creation, page 50 to 51
- Performance against our strategic objectives: Principal Officer overview, page 76
- Our strategy in support of realising UHC: Responding to our operating environment, page 57
- Managing the risks and opportunities affecting the success of the GEMS strategy, page 67

Effective disease management directly creates member health value and preserves financial capital by moderating claims costs. Value erosion risk: If the increasing chronic disease burden is not managed appropriately, claims costs can escalate (feeding into MM2), adding to solvency pressure and ultimately limiting benefit design options — eroding the core value proposition for members most dependent on the Scheme.

MM 05

People and culture

An integrated organisational culture framework

ESG Pillar:
Shared value and social impact



- How GEMS engages to understand employee needs and expectations and to measure/check culture
- Our risk management response to achieving strategic objective 1, specifically to implement an integrated organisational culture framework
- How the Board oversees the management of ethics at GEMS
- How we incentivise appropriate organisational culture
- Our inputs and key outcomes in training employees to understand and execute the GEMS strategy and achieve KPI targets
- Organisational overview, managing key relationships, page 37
- Our strategy in support of realising UHC: Responding to our operating environment, page 58
- Managing the risks and opportunities affecting the success of the GEMS strategy, page 71
- Board report: Ethics and human rights, page 157
- Performance against our strategic objectives: Rewarding performance and value creation, page 111
- Our business model for value creation, page 50 to 51

Focus:
Employee well-being and development

Appropriate organisational culture creates and preserves value for members (protecting Scheme assets and positively affecting the quality of member services), employees (benefitting from a healthy workplace) and all stakeholders relying on accurate information communicated appropriately and timeously. Value erosion risk: Inappropriate organisational culture may lead to erosion of financial, intellectual, human, social and relationship and manufactured capital through theft and corruption, failure to protect intellectual property, inequality and other unfair labour practices, a toxic work environment, employee turnover, damage to the Scheme's property and facilities and damaging stakeholder trust, cascading into MM1, MM2, MM3, MM6, MM7 and MM8.

MM 06

Strategic partnerships

Durable, mutually beneficial and stable partnerships centred on thought leadership and transformation objectives

ESG Pillar:
Shared value and social impact



- Our summarised strategic response to the need for partnerships linked to scenario planning
- How we responded to SPN needs and expectations on strategic partnerships
- Our summarised ESG strategy as finalised in 2025 for implementation from 2026
- BBBEE policy outcomes
- Our strategy in support of realising UHC: Responding to our operating environment, page 59
- Organisational overview, managing key relationships, page 42
- Our strategy in support of realising UHC: Responding to our operating environment, page 59
- Our strategy in support of realising UHC: ESG strategy, page 61
- Our business model for value creation, page 50 to 51

Focus:
Stakeholder transparency and industry leadership

ESG Pillar:
Planet and health

Focus:
Sustainable supply chain and procurement

Strategic partnerships create and preserve value for all stakeholders, benefitting directly and indirectly from collaboration to improve our operating model, products and services under the current GEMS mandate. Stakeholders in society benefit from participating in our procurement processes and service contracts aimed at transformation. Sourcing strategies founded on strategic partnerships create and preserve value as we build a capable organisation for a new mandate in the NHI future. Value erosion risk: Financial, intellectual, human and social and relationship capital may be eroded when partnerships are not founded on shared or complementary objectives.

MM 07

Stakeholder inclusivity

Restore trust and continue good decision-making in the best interests of GEMS

ESG Pillar:
Shared value and social impact



- Our summarised stakeholder management policy and processes
- How we understand and address the legitimate needs, interests and expectations of key stakeholders and the quality of our stakeholder relationships
- The value that we created for stakeholders in 2025
- The trade-off between social and relationship capital and the other capitals in benefit design and pricing and other key decisions and actions in 2025
- The Board's view on the quality of stakeholder relationships in 2025, based on the Scheme's interaction with stakeholders and their expressed dissatisfaction on key issues
- How we dealt with the Section 59 Final Investigation Report (S59) in healthcare provider engagements and in our claims risk management processes
- Organisational overview: Stakeholder relationship management at GEMS, page 34
- Board report: Governance of stakeholder management, page 165
- Organisational overview, managing key relationships, page 35
- Our business model for value creation, page 50 to 51
- Our business model for value creation, page 52
- Board report, Chairperson's message, page 120
- Board report, page 131
- Organisational overview, managing key relationships, page 41
- Board report, compliance governance, page 161

Focus:
Stakeholder engagement and fair treatment

Considering and responding to stakeholders' legitimate needs, interests and expectations create and preserve value for GEMS and stakeholders through better decisions, for example, during strategy formulation, risk management and communication based on the insights provided by stakeholders. Value erosion risk: Inadequate stakeholder involvement may erode financial and social and relationship capital caused by uninformed decisions such as poor strategy and loss of stakeholder trust.



Innovation and digital transformation

Leveraging innovation to create and protect value

ESG Pillar:
Shared value
and social
impact



**Focus: Data
governance
and responsible
digitisation**

- Online services summary
- Our high-level response to technological advances and market trends in the operating environment
- Our risk management response towards achieving strategic objective 4
- How digital transformation benefitted GEMS in 2025
- How we encourage and institutionalise innovation
- Our data management programme, ICT infrastructure and cybersecurity performance targets and results
- Organisational overview: Where and how to find us, page 28
- Organisational overview: Our operating environment, page 31
- Our strategy in support of realising UHC: Responding to our operating environment, page 59
- Managing the risks and opportunities affecting the success of the GEMS strategy, page 70
- Board report: Information and communications technology (ICT), page 154
- Our strategy in support of realising UHC: Competitive advantage through innovation, page 62
- Performance against our strategic objectives: Principal Officer overview, page 80

Responsibly pursuing innovation and digital transformation creates value for members and healthcare providers by improving services and access to information, employees by improving service delivery capability and operational service providers in developing their capabilities. Value erosion risk: Failure to capitalise on innovation and digital transformation opportunities may lead to the erosion of financial capital through inefficiency, social and relationship capital due to service delivery constraints. Not building intellectual capital will make the Scheme increasingly less competitive.

Assurance on this report:

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

Table 4: Assurance roles and outcomes

Section and page	Content and processes	Assurance provider	Outcome
Report of the Board of Trustees, page 168	Extract from 2025 AFS	External audit: BDO and RAIN Consortium	Unqualified audit opinion
Performance against our strategic objectives: Principal Officer overview, from page 76	A limited assurance engagement was conducted for 2025 on selected KPIs, as described from page 76	External audit: BDO	Limited assurance conclusion, page 196
Performance against our strategic objectives: Principal Officer overview, from page 76	A review of selected KPIs for 2025 was conducted as described from page 76	GEMS internal audit function	No exceptions were identified
Report of the Board of Trustees, page 148	A review of trustee and Principal Officer meeting attendance figures for 2025 was conducted	GEMS internal audit function	No exceptions were noted

Report feedback and questions

- General member questions: Call Centre: 0800 00 4367 (toll-free).
- AGM-related questions: for the attention of Pierre Roux.
- Stakeholder questions: for the attention of David Makgalo.
- Media questions: for the attention of Bafihlile Mokoena.

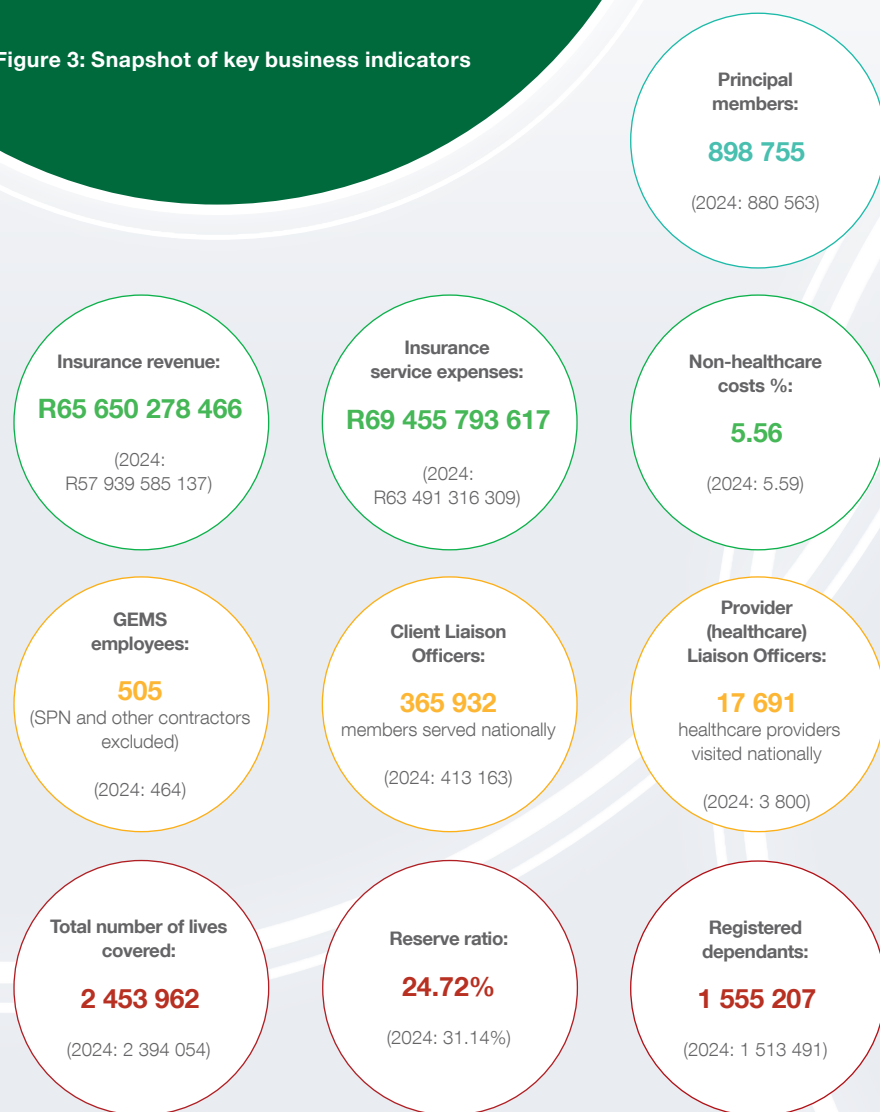


2. ORGANISATIONAL OVERVIEW

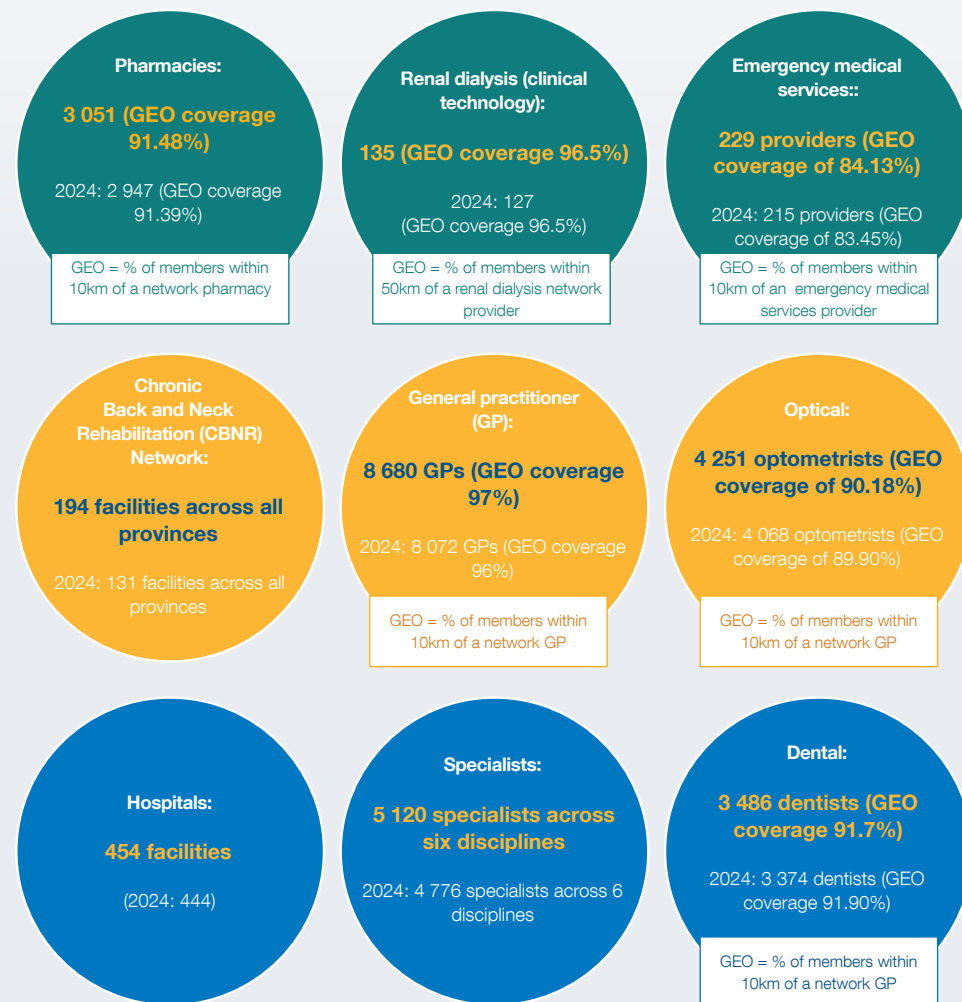
GEMS IS A MEDICAL SCHEME, REGISTERED IN TERMS OF THE MSA NO 131 OF 1998. GEMS IS SOUTH AFRICA'S LARGEST RESTRICTED MEMBERSHIP MEDICAL SCHEME, HOLDING 51% OF THE RESTRICTED SCHEME MARKET SHARE. IT IS THE SECOND LARGEST SCHEME IN THE MARKET.

GEMS IN 2025

Figure 3: Snapshot of key business indicators



Our healthcare networks have been developed over time to meet criteria of cost efficiency, beneficiary access* and quality of care. At the end of 2025 the networks consisted of:



*Access is expressed in terms of geographical (GEO) coverage. GEO coverage measures the % of members within a specified distance of a network provider.

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 the CMS requirements, member affordability, our strategic direction, stakeholder engagement inputs and results, and benefit design assessment.

Table 5: Our benefit options summarised

Option	Short description
Tanzanite One 	<p>Developed in collaboration 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 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.</p> <p>Average family* contribution after subsidy for 2025: R229 (2024: R142)</p> <p>% of GEMS beneficiaries at 31 December 2025: 29.2% of beneficiaries were enrolled in this option (2024: 26.4%)</p>
Beryl 	<p>A highly affordable entry-level option that provides comprehensive out-of-hospital benefits through a network of primary healthcare providers, with in-hospital coverage at both public and private hospitals.</p> <p>Average family* contribution after subsidy for 2025: R1 429 (2024: R1 162)</p> <p>% of GEMS beneficiaries at 31 December 2025: 13.8% of GEMS beneficiaries were enrolled in this option (2024: 10.9%)</p>
Ruby 	<p>This option provides comprehensive in- and out-of-hospital benefits through a personal medical savings account, a hospital benefit and a block benefit.</p> <p>Average family* contribution after subsidy for 2025: R2 845 (2024: R2 394), with 20% allocated to the personal medical savings account</p> <p>% of GEMS beneficiaries at 31 December 2025: 12.8% of beneficiaries were enrolled in this option (2024: 14%)</p>
Emerald 	<p>This higher-end option provides comprehensive coverage with access to care at the member's chosen provider, subject to benefits and GEMS Rules.</p> <p>Average family* contribution after subsidy for 2025: R3 608 (2024: R3 147)</p> <p>% of GEMS beneficiaries at 31 December 2025: 25.6% of beneficiaries were enrolled in this option (2024: 31%)</p>
Emerald Value 	<p>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 using the Scheme's designated hospital network.</p> <p>Average family* contribution after subsidy for 2025: R2 742 (2024: R2 324)</p> <p>% of GEMS beneficiaries at 31 December 2025: 17.7% of members were enrolled in this option (2024: 16.6%)</p>
Onyx 	<p>A premium benefit option that provides extensive coverage, with day-to-day benefits funded from rich risk benefits and no network restrictions.</p> <p>Average family* contribution after subsidy for 2025: R5 156 (2024: R4 571)</p> <p>% of GEMS beneficiaries at 31 December 2025: 0.9% of members were enrolled in this option (2024: 1.1%)</p>

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

A MEDICAL SCHEME OF CHOICE:

Comparing the GEMS options 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. Benefit options available in the market are analysed annually, particularly those that are compatible with GEMS options.

Tanzanite One remains the most affordable option, with contributions 27% lower than comparable market alternatives before subsidy, widening substantially to 86% lower after subsidy. Beryl is 15% more affordable than market alternatives after subsidy. Ruby is marginally less expensive before subsidy, at 1%, but this differential increases to 32% after subsidy. Emerald and Emerald Value Option (EVO) are 34% and 26% more affordable, respectively, before subsidy, with the gap widening to 48% and 50% after subsidy.

On average, GEMS options are 23% more affordable before subsidy and 51% more affordable after subsidy compared to equivalent market alternatives.

The table below summarises how GEMS compares on average to the schemes analysed, based on average contribution per family.³

Table 6: GEMS' average affordability in 2025

Option	% saving between GEMS' average family contribution and average family contribution of competing schemes before subsidy	% saving between GEMS average family contribution and average family contribution of competing schemes after subsidy
 Tanzanite One	27% (2024: 38%)	86% (2024: 97%)
 Beryl	1% (2024:12%)	15% (2024:70%)
 Ruby	1% (2024: 2%)	32% (2024: 57%)
 Emerald	34% (2024: 26%)	48% (2024: 59%)
 Emerald Value	26% (2024: 24%)	50% (2024: 72%)
 Onyx	26% (2024: 26%)	68% (2024: 53%)
All	23% (2024: 25%)	51% (2024: 67%)

³ 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.

How we make a difference for our stakeholders

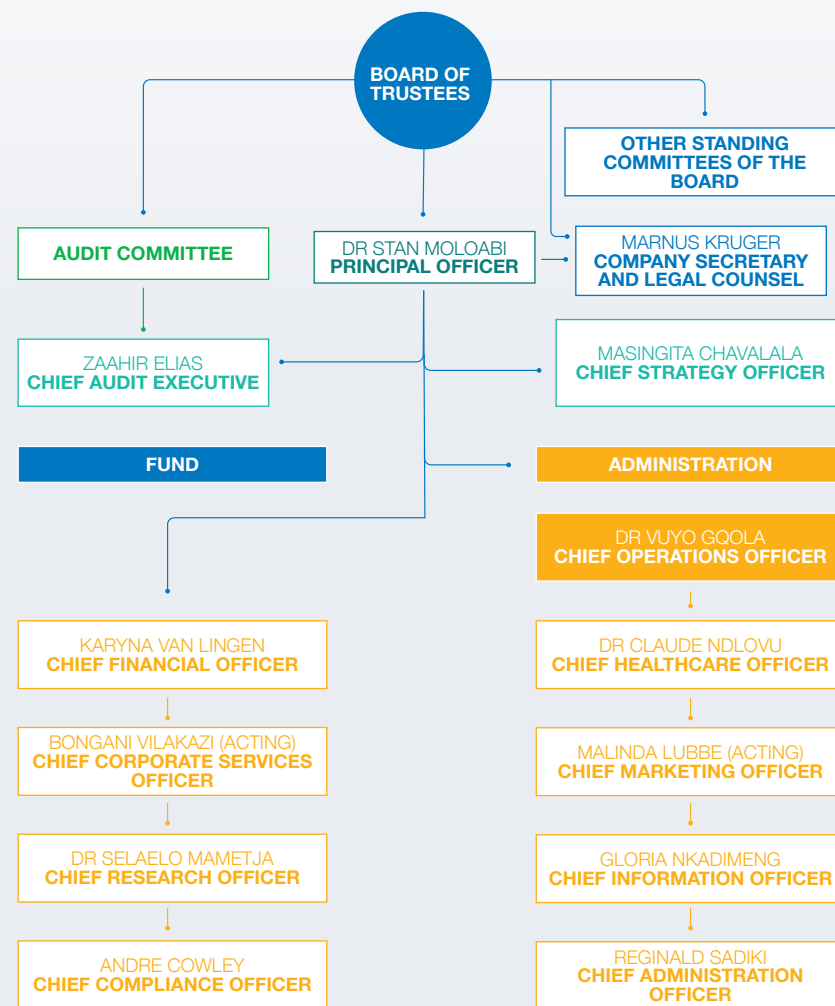
- GEMS' growth continues to outpace the medical scheme market, having grown by 3.8% a year over the five years to end-December 2025. The CMS report for the 2024/25 financial year recorded industry growth of 0.45% based on restricted schemes' growth of 2.41% and a reduction in membership of open schemes of 1.31%.
- GEMS has the broadest definition of a beneficiary. Members may register dependant grandparents (in-laws included), parents (in-laws included), siblings (in-laws included), grandchildren and even foster children as beneficiaries. The MSA defines dependant as anyone for whom the main member is liable for family care and support. However, open medical schemes usually restrict the registration of extended family to parents and parents-in-law and rarely allow for siblings, nieces or nephews, except for legal guardians.
- During 2025, GEMS processed and paid over 95% of claimed amounts, indicating a high rate of coverage and lower co-payments for members.
- GEMS is highly efficient, and the overwhelming majority of contributions go directly towards members' healthcare. Based on the latest available information, GEMS spent 3.4% of annual insurance revenue towards directly attributable expenditure in 2024, lower than restricted schemes' 4.1% and open schemes' 9.2%. The consolidated figure for all schemes was 6.9%. This means that for every one rand of contributions received from members, GEMS maximises expenditure on direct health costs of members, limiting expenditure on non-healthcare operational costs.



5. Public service employees on the Tanzanite One option receive up to a 100% subsidy from the government, up to the monthly maximum subsidy amount of R7 352 in 2025. We frequently engage government decision-makers on the annual subsidy adjustment based on our requirement to demonstrate value creation.
6. GEMS prioritises prevention and offers a solid foundation of preventive care, including comprehensive wellness screenings at workplace wellness days and targeted tests such as glaucoma and neonatal screening, supporting structured, population-wide health management. For this, comprehensive screening and preventive care benefits are available to beneficiaries on all options. Day-to-day benefit limits are not used when beneficiaries undergo screening and receive preventive care.
7. The unique GEMS primary care extender benefit provides an additional R2 063 per beneficiary per year for the Emerald and Emerald Value options. Unlike many similar benefit options in the market, it adds new funding rather than reallocating existing limits. It covers GP consultations, acute medication from network pharmacies and pathology tests at preferred labs and activates automatically once the day-to-day benefits are exhausted. Where other schemes offer similar extender-type benefits, these are limited to higher plans and have more qualification conditions.
8. The Scheme provides private hospital cover on its lowest priced option, Tanzanite One.
9. GEMS has the largest HIV disease management programme in South Africa.
10. To enhance communication, GEMS collaborates closely with the MPSA, the Deputy Minister for the Public Service and Administration and the PSCBC, including trade unions and government stakeholders. This improves communication.
11. The Scheme engages regularly with an extended group of stakeholders to build relationships that benefit members. This includes healthcare providers, their associations and other entities in the value system, such as billing bureaus, which act as claims intermediaries between the Scheme and healthcare providers.
12. GEMS provides greater access to high-quality healthcare through a wide array of networks, including GPs, dentists, optometrists, hospitals and specialists. Network specialists include physicians, paediatricians, obstetricians and gynaecologists, anaesthesiologists, surgeons and psychiatrists. Access to healthcare is assessed based on availability of providers, geographical access to providers, affordability (out-of-pocket expenditure) and timeliness of care. In this context, GEMS demonstrates strong access to healthcare, as evidenced by a network of more than 12 500 providers, with 90% of members located within 10km of a network provider and approximately 90% of out-of-hospital claims funded.
13. Our effective annual contributions from 2019 to 2025 was lower than the industry average (see figure 49 on page 105).

OUR PEOPLE

Figure 4: GEMS leadership structure at end-2025:



The positions of Chief Corporate Services Officer and Chief Marketing Officer were vacant, with senior managers acting in the positions.

Information on our Board of Trustees is on page 133, Exco, page 178, and Manco, page 182.

GEMS' employee numbers and demographic distribution from 2021 to 2025 are shown below. The period marked the start of capacity building under the previous strategic plan period and shows progress under the current period:

Table 7: Our employees

Total number of employees	2021	2022	2023	2024	2025
GEMS	373	402	441	464	505
Employees per office	2021	2022	2023	2024	2025
Head office	208	239	273	294	329
Client Liaison Offices (provinces)	165	163	168	170	176
Total	373	402	441	464	505
Employees per contract type	2021	2022	2023	2024	2025
Contract	9	4	12	4	3
Permanent	362	398	429	460	502
Internship	2	-	-	-	0
Total	373	402	441	464	505
Employees per gender	2021	2022	2023	2024	2025
Male	124	160	185	209	242
Female	249	242	256	255	263
Total	373	402	441	464	505
Turnover %	5.5	5.56	4.3	4.54	3.15

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.

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 service and communication platforms.

Table 8: Contact points for effective and good communication experience

Face to face	Telephonic services	Online services
18 Walk-in Centres - two per province. Find the street addresses on page 225	Our Call Centres operate across the SPN on 0800 00 4367 (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 provinces, supplemented by a mobile office. Find the offices' addresses on page 124	Find Client Liaison Office contact details on back page	Members may engage with us using the GEMS member app and portal hosted on our website. Find information for accessing and downloading on back page
Our Provincial Liaison Officers visit healthcare providers at their practices	Find Provincial Liaison Office contact details on back page	PLO@gems.gov.za Digital engagement is enabled by the GEMS practitioner app and online portal. Find information for accessing and downloading on back page

OUR BUSINESS MODEL ACTIVITIES

Figure 5: Business model activities drive value creation (demonstrated further on page 50) and our performance against our strategic plan (page 76)



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 periodical assurance is obtained on compliance with the GEMS Supply Chain Management Policy, Broad-based Black Economic Empowerment Policy and Provider Performance Management Policy:

Table 9: Our contracted service providers

Category	Contracted services	Service provided in 2025 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 Pty (Ltd)
	Administration for contribution and debt collection	Medscheme Holdings (Pty) Ltd
	Managed care services:	
	General managed care services	Medscheme Holdings (Pty) Ltd
	Pharmaceutical benefit management	Performance Health – Medikredit JV
	Pharmacy network management provider	Universal Health
	Strategic clinical advisory services	Insight Health Solutions
	Optical management	Opticlear (Pty) Ltd
	Dental management	Dental Information Systems (Pty) Ltd (DENIS)
Healthcare provider services	Emergency medical evacuation dispatch services	AZOZA (Pty) Ltd, formerly known as Europ Assistance Worldwide South Africa (Pty) Ltd (EASA)
	Out-of-hospital care	Information on the GEMS healthcare networks is available from www.gems.gov.za .
	<ul style="list-style-type: none"> Specialist networks Primary networks (GP, optometry, dental, pharmacy, emergency medical services, chronic back and neck rehabilitation) 	
	In-hospital care:	Information on contracted hospitals is available from www.gems.gov.za
	<ul style="list-style-type: none"> Hospital network applicable to Tanzanite One and EVO 	
Courier pharmacy services	Medipost Courier Pharmacy Marara Courier Pharmacy	

OUR OPERATING ENVIRONMENT

GEMS operated in 2025 at a pivotal moment, shaped by interconnected political, economic and social shifts that continue to redefine the healthcare funding landscape. The NHI Act 20 of 2023 remains the most consequential structural development. While implementation is expected to unfold over an extended period, its eventual impact could reshape the role of medical schemes. This transition presents both risk and opportunity, requiring the Scheme to protect its current mandate while positioning itself as a credible strategic partner within an evolving UHC environment.

The imposition of trade tariffs by the United States of America (USA) against most of its trading partners in the early part of the year had an unexpectedly modest negative impact on the global economy, due mainly to other balancing forces such as the resilient private sector, depreciation of the US Dollar, increase in artificial intelligence investments and trade restructuring interventions by other regions (reported by the International Monetary Fund, October 2025).

South Africa was not spared the impact of USA's large-scale cuts in development aid to the low-income and developing countries. This saw the USA President's Emergency Plan for Aids Relief (PEPFAR) funding frozen until the USA government approved the PEPFAR Bridge Plan, granting South Africa US\$115 million from 1 October 2025 to 31 March 2026. This presented uncertainties and complexities for the sustainability of progress made in the fight against HIV/Aids and their impact on the healthcare system, including private healthcare funders such as GEMS.

Global and local interest rates remained high for most of 2025 and continued to exert pressure on consumers. The improvement in the South African inflation rate and outlook, due to the new inflation rate target, led to notable cuts in the prime lending rate by the South African Reserve Bank in 2025, easing consumer pressure and resulting in an increase in household expenditure of 2.6% in 2025 (Bureau for Economic Research, October 2025). The same report notes that South Africa's real gross domestic product forecast for 2025 was revised slightly upwards to 1.3% due to interest rate cuts and inflationary expectations. Statistics South Africa reported a slight decrease in the official unemployment rate from 31.9% by the fourth quarter of 2024 to 31.4% in 2025, while National Treasury also revised the expected government tax revenue for the 2025/26 fiscal period up by R19.7 billion, driven mainly by higher collections on net value-added tax and corporate income tax.

The fiscus remains constrained and this has the potential to negatively affect future adjustments of GEMS members' medical assistance government-provided subsidies. The International Monetary Fund forecast a global gross domestic product decrease from 3.3% in 2024 to 3.2% in 2025 and 3.1% in 2026, while local forecasts are 1.1% and 1.2% for 2025 and 2026 respectively. Despite these marginal improvements, fiscal constraints and pressure remain as National Treasury continues to reduce non-interest government expenditure relative to gross domestic product and control the growth in the wage bill, which is expected to grow by a nominal average of 4.1% over the medium term. Government employment decreased by 3.1% in 2025 and is expected to bounce back only marginally, by 0.7% in 2026, suggesting a challenging future macro-operating environment for GEMS and the medical schemes industry.

Affordability remains the most immediate pressure point. Contribution increases, set against constrained public sector wage growth, have widened the affordability gap for members and heightened sensitivity to pricing decisions. In a low-growth macroeconomic environment of

persistent unemployment and limited expansion in public sector employment, the capacity of members to absorb further increases is constrained. Medical inflation continues to outpace general inflation, driven by demographic ageing, rising healthcare use and the introduction of new technologies. These dynamics place sustained pressure on claims experience and reserves.

Recent higher-than-expected claims and sustained cost pressures resulted in solvency falling by year-end below the statutory minimum reserve ratio of 25%. This position reflects the cumulative impact of healthcare inflation, higher member use trends and a historical pattern of lower contribution increases.

Demographic and social trends continue to reshape demand. The membership profile has gradually aged, while the prevalence of chronic conditions has increased significantly over time. An ageing risk pool, combined with slower inflows of younger members, increases use intensity and long-term cost exposure. Income disparities within the public service remain pronounced, with many members in lower income bands. For these members, even modest out-of-pocket costs can undermine access. Tailored benefit design, simplified processes and expanded access mechanisms remain central to protecting equity and value.

There are real trade-offs and impacts involving several variables to be considered in decisions on benefit design and contribution levels. These include the membership demographic profile, claims ratio, reserve ratio and member option selection. Some of the interrelationships are highlighted in the performance section from page 90.

The Scheme has prioritised corrective measures, including disciplined contribution pricing, strengthened healthcare purchasing and enhanced capital management, to restore regulatory compliance and rebuild capital resilience. In parallel, it is engaging with the CMS to explore a Risk-Based Capital framework to ensure that capital requirements more appropriately reflect the Scheme's risk profile and long-term sustainability.

Member expectations are evolving. There is growing demand for seamless digital access, personalised engagement and responsive service. Industry competition has intensified, with schemes investing in benefit innovation and digital ecosystems to strengthen service experience. While the Scheme benefits from scale and broad membership, performance indicators in areas such as service responsiveness, claims experience and



digital engagement highlight the importance of continued improvement and differentiation.

Technology presents both opportunity and risk. Telehealth, artificial intelligence and advanced analytics offer pathways to improved access, proactive risk management and operational efficiency. GEMS' scale and data assets provide a strong foundation for population health management and predictive analytics. At the same time, cybersecurity risks and heightened data protection obligations remain material. Therefore, ongoing modernisation of core systems and strengthened information governance are crucial not only for efficiency but for operational resilience.

Environmental factors are increasingly relevant to healthcare funding. Climate change, extreme weather events and environmental health pressures contribute to shifts in disease patterns and strain on healthcare infrastructure. These pressures ultimately translate into higher claims and operational costs. Integrating sustainability considerations into provider network arrangements and encouraging resilient practices support both long-term cost control and member wellbeing.

The defining feature of the 2025 operating environment is the convergence of these forces. Political reform influences funding frameworks and regulatory expectations, economic constraints shape member behaviour and risk profiles, environmental events affect usage patterns and technological investment decisions are shaped by fiscal and governance realities. These drivers converge on two core strategic imperatives – protecting affordability and restoring financial resilience.

The GEMS balanced response to the operating environment is described on page 57 (see table 10). The immediate priority is to stabilise and protect the core through disciplined financial management, strengthened healthcare purchasing, improved service experience and inclusive stakeholder engagement. Simultaneously, the Scheme is securing long-term relevance through digital modernisation, innovation, strengthened partnerships and proactive positioning across potential NHI pathways.

In a landscape defined by structural transition and heightened scrutiny, we remain committed to restoring capital strength, reinforcing stakeholder trust and delivering sustainable value to members and stakeholders over the short-, medium- and long term.

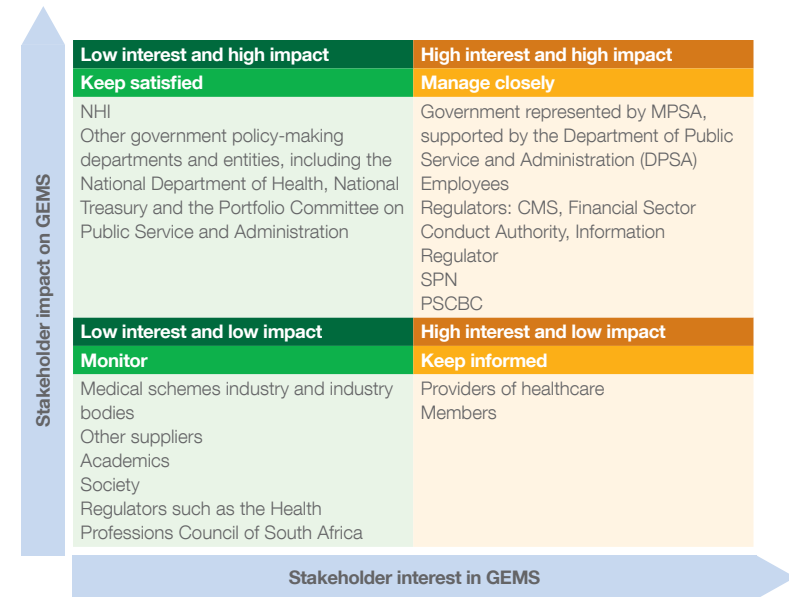
STAKEHOLDER RELATIONSHIP MANAGEMENT AT GEMS

GEMS was founded by the government, as employer, to make access to affordable and high-quality healthcare possible for public service employees and their extended families. We engage with diverse stakeholders in complex relationships, at times representing unaligned legitimate needs, interests and expectations. To be a medical scheme of choice, GEMS must carefully balance these with its requirements, mindful of its fiduciary duty to protect member interests over the short-, medium- and long term.

We used a stakeholder management maturity framework to assess and enhance our stakeholder engagement capabilities – evaluating current practices, identifying areas for improvement and guiding the development of more advanced and effective stakeholder management strategies. Our current stakeholder management strategy sets out clear goals and objectives, defined and aligned with GEMS’ mission and strategic objectives. For each stakeholder group, communication strategies, engagement mechanisms and risk-mitigating strategies are defined. Our policy and strategy are carried out by all GEMS divisions, with central support from the stakeholder management function. An engagement roadmap with specific engagement activities, roles and responsibilities, with communication templates and materials for stakeholder engagement reporting, is available to stakeholder owners. KPIs track and measure engagement success. GEMS executives are trained on effective stakeholder communication and relationship building.

Our stakeholder management matrix identifies and categorises stakeholders based on their influence and interest, enabling targeted engagement strategies to respond to stakeholder needs and ensure effective communication and support for the Scheme’s objectives.

Figure 6: A simplified version of our overall stakeholder universe focusing on key stakeholders influencing GEMS over the current strategic plan period



Managing key relationships

We appreciate that the risks, opportunities and outcomes of GEMS stakeholders impact on our ability to create value. Stakeholder relationship management and engagement are essential to our understanding of value creation, preservation and erosion.




We use numerous listening tools, including externally assessed surveys, internal surveys and assessments, to gauge stakeholder satisfaction and trust and to receive input. The quality of our relationships with entities such as the MPESA and the PSCBC is determined through direct engagement with senior management and the Board. These are discussed in board meetings and initiatives identified to strengthen relationships.

Members and registered dependants (beneficiaries)

Quality of relationship

The GEMS-initiated member satisfaction survey administered by Citizen Surveys indicated that member satisfaction increased from a low of 76% in quarter 1 of 2025 (target 85%) to an overall annual average of 81% at end-2025. The net promoter score also saw a positive increase, from a low of 79% in quarter 1 to an overall annual average of 83% by year-end. The member satisfaction score for services by the Client Liaison Officers was 94% for 2025.

At roadshows and other engagements, great member dissatisfaction was expressed to Board members and management on contribution affordability and exhaustion of benefit limits.

Why we prioritise beneficiaries	Needs and expectations	Relevant material matters:
GEMS exists to fund healthcare for members and their registered dependants in line with its mandate	<ul style="list-style-type: none"> 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 	
		Capitals affected 
		Linked risks 

Our approach and response in 2025

Read on pages 50 to 51 how value was created for beneficiaries in our business model.

Our product development and benefit design are informed by cost drivers that include benefit usage rates, tariff and fee increases, financial sustainability and demographic and health-status-profile distribution of beneficiaries across benefit options. The product development focus in 2025 was cost effectiveness and how to achieve it to limit 2026 contribution increases and maintain financial sustainability, evidenced primarily by reserves. In 2025, we influenced all cost drivers through disease management, price negotiations, healthcare provider engagement on performance metrics, hospital case management and product development. We expanded our initiatives for achieving value-based care and alternative reimbursement mechanisms.

We communicated the benefits of moving to options based on care coordination and healthcare networks, such as EVO and Tanzanite One, where interventions have driven down costs significantly.

Our fraud, waste and abuse management capabilities are advanced and were used optimally 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 measure member out-of-pocket expenditure caused by benefit design or application of managed care rules and design interventions to drive this down against an annual performance target.

We apply SLA management to achieve operational excellence and use member communication channels such as complaints@gems.gov.za to identify and address service failures and identify successes to build on. We analyse causes and impose SLA penalties. The Board receives complaints management reports. Issues revealed in member satisfaction surveys are addressed by the GEMS Service Management Forum and monitored by Scheme management.

Our healthcare networks meet accessibility criteria. Additional measures are implemented to enable access where a contracted hospital network has geographical gaps.

The Board and management reviewed content development and communication channels using member satisfaction surveys and assessment against industry leaders. We strive for continuous improvement and make available new, accessible digital channels.

Furthermore, Client Liaison Officers conduct face-to-face education sessions at government departments and facilities. We partner with stakeholders and create awareness among GEMS members at health and wellness events including GEMS Day events.

We create demonstrable value for stakeholders through our long-term sustainability business model. Our benefits and pricing are independently assessed and remain highly ranked on the value-for-money index compared to similar open and closed medical schemes.

We listen and respond to members. From April 2025, members have been able to reach our Call Centre via landline or cellphone through a toll-free number.

Employees

Quality of relationship

In 2025, GEMS retained its position as an employer of choice, achieving a 75% score in the Top Employer Institute TE2025 Survey. Although this is a slight decrease from 2024's 77%, it reflects continued strength in our people practices and unwavering commitment to building an inclusive, high-performance workplace. It reinforces our dedication to progressive human resources standards, employee experience enhancements and future-focused talent strategies and insights. Insights from the 2025 assessment will help us to improve digital human resource enablement, leadership capability development and employee-centric culture transformation.

Why our employees matter	Needs and expectations	Relevant material matters:
Our employees enable, perform and manage business activities at the core of the GEMS business model. Their expertise, adaptability and commitment drive sustainable value creation across all six capitals. In 2025, our people sustained their crucial role in accelerating innovation, strengthening organisational resilience and maintaining service excellence. Their participation in capability development, continuous learning and culture-building initiatives continued to support long-term competitiveness	<ul style="list-style-type: none"> An ethical, transparent culture supported by fair people practices Fair, market-aligned remuneration and meaningful recognition Clear and equitable career-progression pathways Access to training and development that builds current and future-fit skills A healthy, safe and supportive work environment 	
		Capitals affected 
		Linked risks 

Our approach and response in 2025

Read on pages 50 to 51 how value was created for employees in our business model.

We continued to cultivate a strong ethical culture by embedding the behavioural standards of the GEMS Code of Ethics and Business Conduct. Training on ethical decision-making, digital conduct and responsible leadership remained a priority in 2025. Our practices promote fairness, inclusion and transparency, supported by modernised grievance and employee-relations procedures.

Ongoing benchmarking ensures that compensation and benefits remain competitive. Our enhanced performance-management system integrates continuous feedback, analytics-driven insights and recognition mechanisms for merit-based growth.

Career growth was advanced through robust development programmes, future skills training and strengthened succession planning processes. Participation in development initiatives increased in 2025, supported by an expanded internal-mobility framework and talent-acceleration pipeline.

To meet evolving skills needs, we conducted organisation-wide learning needs assessments to identify priority development areas. Employees benefitted from a broadened digital learning ecosystem, including a personalised online learning platform and immersive learning experience. On-the-job and cross-functional training further supported capability development.

We prioritised employee wellness by expanding our holistic wellness programmes, employee-assistance offerings, ergonomic initiatives and proactive health campaigns. Strong emphasis was placed on two way communication, enabling employees to contribute to continuous improvement and shaping the future workplace.

Our innovation campaign encouraged employee development of innovative solutions, focusing on process optimisation.

Government, represented by the MPSA. Other key stakeholders in government are the DPSA, National Treasury, the National Department of Health and provincial departments of health

Quality of relationship

We engage at public service ministerial level. The quality of this paramount relationship is analysed internally and is currently deemed durable and transparent, with potential for enhancement. The key concerns of stakeholders who are part of or are aligned with the state as the employer, mirrored those of members. GEMS' long-term sustainability, its remuneration governance quality and the S59 were discussed with the Board and management.

Why we strive to meet government requirements

GEMS is registered as a restricted membership scheme under the MSA, with membership eligibility determined by employment. Under the GEMS Rules, the 'employer' is defined as the government of the Republic of South Africa represented by the MPSA. The Minister is affected by the Scheme's activities, outputs and outcomes.

GEMS is the government's vehicle to provide equal access to affordable healthcare cover for public service employees. Membership contributions are 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 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 departments of health provide healthcare services, including to GEMS Tanzanite One members.

Needs and expectations

- Sustainable contribution increases, ensuring that GEMS remains affordable for public service employees, including those on lower salaries, enabling employees to afford high-quality care.
- Health and wellness through early disease detection, mental health support and lifestyle-modification programmes to maintain a productive public service.
- Opportunity to provide input on Board decisions that affect public service employees, such as benefits and pricing.
- Effective benefit management aimed at year-long benefit availability.
- Aligning annual contribution and medical assistance subsidy increases.
- 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.
- Driving healthcare transformation, demonstrating that a large-scale public sector scheme can provide equitable care without profit motive.
- An expanded corporate social investment programme to assist communities and show GEMS' potential to uplift society, with a focus on public sector facilities.

Relevant material matters:



Capitals affected



Linked risks



Our response in 2025

Read on pages 50 to 51 how value was created for key government stakeholders in our business model.

Our strategy is designed to achieve our aim to support the realisation of UHC.

We engaged regularly with the Minister, Deputy Minister and DPSA to foster strong relations and to signal Scheme support to the Ministry. We reported our progress against KPIs and our financial results. We participated in the activities of the Portfolio Committee on Public Service and Administration, including reporting on the Scheme's performance and response to the committee's verbal and written questions.

We reduced the average contribution increase initially approved for 2026 from 13.4% to 9.8%, effective 1 January 2026, and 9.5%, effective 1 February 2026.

To determine contribution increases, we evaluated usage trends, healthcare inflation, member ageing, economic factors affecting members, impact on the financial sustainability of the Scheme and the regulatory requirement to maintain a minimum reserve ratio of 25%.

We engaged with National Treasury and DPSA on early approval of the medical assistance subsidy and implementation in January each year.

We expanded health and wellness screening services to identify chronic conditions early to reduce long-term claims costs.

We improved the control environment using managed care protocols to allow a 16th general practitioner visit for Tanzanite One and Beryl members, preventing waste from unnecessary consultations.

Fraud, waste and abuse are addressed systematically according to Board policy using dedicated resources at GEMS and the SPN. Our Scheme-wide Claims Management Forum plays a central role in the overall process. In 2025, we provided hands-on support to provincial public hospitals to submit claims timeously and correctly. We have assisted public hospitals to increase revenue by reducing claims rejection rates.

Our research and development capabilities progressed well in developing a benchmark UHC framework to measure GEMS performance against key determinants.

Labour unions representing public service employees, represented in the PSCBC

Quality of relationship

Internal analysis found that the relationship became visibly strained in 2025 and needs significant enhancement. Labour unions expressed discontent on contribution affordability and Scheme governance quality. The Board prioritised the relationship in 2025 and going into 2026.

Why a sound relationship with the PSCBC is imperative

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

Needs and expectations

- Significantly lower annual contribution increases to prevent public servants' annual salary increases from attracting higher membership fees. In addition, balancing the reserve ratio target with affordability and benefit adequacy.
- A revised benefit design process for real stakeholder inclusivity. Stakeholder engagement during benefit design and contribution setting should be consultative and not merely for information sharing.
- Accelerating insourcing of administrative services to drive down non-healthcare costs.
- Exploring alternative capital adequacy requirements such as reducing the reserve ratio threshold from 25% to 20%, ultimately for lower contributions.
- Improving communication and collaboration between GEMS and the PSCBC to strengthen the relationship.

Relevant material matters:



Capitals affected



Linked risks



Our approach and response in 2025

Read on pages 50 to 51 how value was created for labour unions in the PSCBC.

A workshop was held to improve alignment on GEMS' benefit design process. A follow-up workshop is planned for early 2026 to rebuild trust and collaboration.

Our benefit design process includes stakeholder engagement to inform considerations underlying benefit design and pricing decisions. We understand the inherent tension with stakeholders on contribution increases and benefit richness. In 2025, we engaged on the demand for affordability, the reality of rising claims costs and cost-containment measures for long-term financial sustainability.

To maintain a minimum reserve ratio of 25% in determining contribution increases for 2026, we carefully evaluated usage trends, healthcare inflation, member ageing, economic factors affecting members and the Scheme.

We presented to the CMS a risk-based capital pilot proposal with actuarial analysis that may lower member contribution increases ahead. This engagement will continue in 2026.

In the interests of continuous improvement, the Board and management reviewed content development and communication channels using member satisfaction surveys and assessment against industry leaders. Where possible, we worked with public sector unions to disseminate key messages to members.

Providers of healthcare and associated parties

Quality of relationship

The annual GEMS-initiated provider satisfaction survey administered by Citizen Surveys shows that we maintained provider satisfaction at 85% over the past two years. Healthcare providers were satisfied with the efficiency of the preauthorisation process 74% of the time, the claims process (79%) and the claim payment period (82%). Satisfaction levels among GEMS network providers remained higher than those of non-network providers (92% vs 80%). Needing improvement is satisfaction with the query management process. The S59 outcome remains a concern for affected healthcare providers.

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.

Healthcare provider associations enable effective bilateral communication with healthcare providers.

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

Needs and expectations

- Fast and accurate claims reimbursement.
- Access to participation in GEMS processes for setting up healthcare networks.
- Resolution of issues raised by the S59 investigation into fraud, waste and abuse.

Relevant material matters:



Capitals affected



Linked risks



Our approach and response in 2025

Read on pages 50 to 51 how value was created for healthcare providers.

Our provider liaison officers liaise with healthcare providers, a service being rolled out across all provinces. The function now covers six provinces, with rollout to Limpopo, North West and Mpumalanga to be completed by mid-2026.

We continuously improve preauthorisation processes and introduced an online platform for providers to access the Scheme's medical advisers for clinical matters needing funding decisions.

We encourage digital engagement resulting in increasing adoption of the practitioner app and online portal, reinforcing providers' confidence in GEMS' technology-enabled service platforms. We exceeded 36 000 registered practitioners by end-2025, up from 28 000 for 2024. The GEMS network provider geo-locator went live on 17 October 2025 to enable seamless search functionality and appropriate referrals to providers.

We held biannual strategic and quarterly operational meetings with healthcare provider associations, specialists management groups and hospital groups. We gained value by participating actively in healthcare conferences, symposiums and indabas.

We hosted healthcare provider summits in Gauteng, Mpumalanga, North West and Northern Cape with various disciplines attending. Again, roadshows for pharmacy and emergency medical services were held throughout the country. Successful practice managers' webinars were introduced in Eastern Cape and Free State during the third quarter of 2025.

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

Providers of professional operational services

Quality of relationship

The Scheme's relationship with contracted providers remains largely positive, with operational model efficiency issues receiving ongoing attention. The global SLA adherence percentage for 2025 was 99.5% (2024: 98.01%).

Why service providers are important to us

The Scheme's operational model rests on substantial outsourcing. The GEMS SPN is the main contact point for members and the quality of services provided determines member satisfaction. The organisations contracted to provide operational and advisory services are part of the intellectual capital available to GEMS.

SPN infrastructure is a significant component of the manufactured capital available to GEMS.

Needs and expectations

- Clear and attainable SLAs with effective contract management.
- Open and effective communication channels, including SLA query/dispute resolution.
- Opportunities for strategic collaboration in setting up the Scheme's desired operational model.
- Participation in GEMS management forums and processes to assist in SLA adherence and advance quality of service.

Relevant material matters:



Capitals affected



Linked risks



Our approach and response in 2025

Read how value was created for providers of professional operational services on pages 50 to 51.

The Scheme and the SPN agreed to and signed 2026 SLAs. Management of current agreements was subject to robust compliance monitoring.

Collaborative, interdivisional meetings/forums were held with the SPN, at which operational efficiencies were sought to achieve member satisfaction survey targets. This included implementation of an application programming interface for benefit confirmation. The 2025 migration of the member Call Centre number from shared to toll-free call was successful, indicative of the extent of collaboration and partnership between the Scheme and the SPN.

We developed a comprehensive, risk-led and pragmatic strategic partnership framework to bolster our programme for insourcing of capabilities.

Regulators and supervisory bodies

Quality of relationship

Appropriate regulatory distance is achieved and maintained with the regulators to which we report.

Why regulators and supervisory bodies are important

As a registered medical scheme and financial services provider, legislative registration 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 CMS, Competition Commission, National Consumer Commissioner and Information Regulator. Our regulatory engagements are guided by benefits to industries and environments in which the Scheme can make an impact.

Needs and expectations

- Effective corporate governance, including regulatory compliance and ethics.
- Rapid response times to regulatory queries and matters referred for information and solution, such as CMS complaints.

Relevant material matters:



Capitals affected



Linked risks



Our approach and response in 2025

Read on pages 50 to 51 how value was created for regulators.

We have enjoyed clean audits and high credit ratings for 18 consecutive financial years and engaged proactively with the CMS on our planned reserve ratio trajectory.

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.

GEMS did not attract regulatory penalties and fines in 2025. We responded to all CMS and Information Regulator enquiries within allocated timeframes.

We maintain constructive relationships with the CMS, Financial Services Conduct Authority and Information Regulator, which are our key regulators. We communicate regularly with regulators to ensure transparency.

Society

Quality of relationship

Engagement is driven mainly through corporate social investment and supplier and enterprise development initiatives. The relationship is constructive and positive.

Why society is important	Needs and expectations	Relevant material matters:
GEMS embraces sustainable development and is an integral part of South African society.	<ul style="list-style-type: none"> Fair, equitable and justifiable participation in GEMS supply chain management activities. Organised collaboration with priority stakeholders on community initiatives. Impactful and sustainable multiyear projects and activities. Empowered and uplifted communities through initiatives that promote the wellbeing of individuals in areas where GEMS operates, with the accent on disadvantaged and vulnerable groups. Beyond basic support, a demonstrated commitment to improve access to the country's healthcare. Responsible use of natural capital in the Scheme's business activities. 	<p>MM 07</p> <p>Capitals affected</p> <p>FC SRC NC</p> <p>Linked risk</p> <p>SR 02</p>

Our approach and response in 2025

Read on pages 50 to 51 how value was created for society.

We implemented supplier development initiatives for qualifying small businesses, which are at least 51% black-owned or at least 30% black-women-owned. These include database training and a procurement advice centre at which we trained 63 providers. We provided advice on bid submissions and added young black suppliers to our database.

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

We maintained contracted SPN BBBEE subcontracting targets to achieve the 30% subcontracting target and maintained SPN contracting to contribute 1% to NHI initiatives.

We customised transformation strategies for each procurement process.

We conducted an MSA-compliant community support programme that 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.

We provided more medical equipment to public health sector facilities and schools for special needs.

We allocated more funding for multiyear corporate social investment projects.

We are rolling out a new ESG strategy that integrates and aligns our work in communities with the Scheme's business model.

We amended policy to direct social investment resources to non-profit organisations whose objectives are aligned to those of GEMS.

Medical schemes industry through professional and industry bodies

Quality of relationship

Relationships remained excellent in 2025 and GEMS continued active participation on the Board of the BHF. At times, the relationship may become strained when the BHF takes action seen as contrary to the objectives of government, such as legal challenges to government policy.

Why the medical schemes industry is important	Needs and expectations	Relevant material matters:
The membership of the BHF comprises several medical schemes, administrators and managed-care organisations. Through BHF membership, we access vital industry insights, regulatory updates and strategic engagements to navigate the evolving healthcare landscape. BHF provides platforms such as its annual conference for industry-wide collaboration Its coding system and regulatory compliance support assist the Scheme to ensure seamless claims processing and adherence to industry standards.	<ul style="list-style-type: none"> Industry collaboration and information sharing on issues such as fraud, waste and abuse. Support for and participation in conferences such as the annual BHF conference. Input into the development of industry responses to draft legislation, regulatory action and legal matters. 	<p>MM 07</p> <p>Capitals affected</p> <p>SRC</p> <p>Linked risk</p> <p>SR 02</p>

While we operate independently in executing our mandate, our engagement with BHF strengthens our ability to contribute meaningfully to healthcare transformation and enhances our ability to deliver value-driven healthcare solutions to our members.

Our approach and response in 2025

We participated in 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 government UHC and NHI policy.

Our reputation management during the release of the S59 report was proactive and designed to inspire confidence in our health forensics management process. We continue to practise an open-door policy on this issue.

We acknowledge the importance of these stakeholders in the GEMS stakeholder engagement strategy and plan, with implementation a focus for 2026.

We attended and participated in the May 2025 BHF conference to leverage our industry relationships.



3. OUR BUSINESS MODEL FOR VALUE CREATION

DELIVERING VALUE CREATION REQUIRES MANAGING REAL CONSTRAINTS — CONTRIBUTION AFFORDABILITY PRESSURES, MINIMUM SOLVENCY REQUIREMENTS, ESCALATING CLAIMS COSTS AND LIMITED PUBLIC SECTOR MEMBER CAPACITY TO ABSORB FURTHER INCREASES.

THE VALUE WE SEEK TO CREATE FOR KEY STAKEHOLDERS

In this section, we outline GEMS value creation imperatives and how our business model enabled us to meet them in 2025.

We strive to create and preserve value and limit value erosion, while recognising that value creation is value for GEMS, for others, and for society.

Figure 7: Value we seek to create for our key stakeholders

The GEMS mandate	
To ensure that there is adequate provisioning of healthcare coverage to public service employees that is efficient, cost-effective and equitable; and to provide further options for those who wish to purchase more extensive cover.	
Core value objective	
We are a strategic partner in UHC coverage, creating realised sustainable value for all our stakeholders.	
Delivering value creation requires managing real constraints — contribution affordability pressures, minimum solvency requirements, escalating claims costs and limited public sector member capacity to absorb further increases. This report presents the UHC strategic intent and these constraints and trade-offs together, so that members, the government and other stakeholders can form an informed view of how the Scheme is balancing aspiration with financial reality.	
Value creation, preservation and limiting of erosion per key stakeholder	
	Members Access to good quality, affordable and cost-effective healthcare and excellent service (source: member satisfaction surveys and other engagements)
	Employees A purposeful career with an employer, enabling an appropriate organisational culture, participation in high-performing innovative teams, inclusive growth, fair remuneration and capability to implement the GEMS strategy (source: employee satisfaction and ethics surveys and union engagement)
	Government, represented by the MPSA A capable state realised by providing accessible and affordable healthcare for its employees while advancing universal healthcare for the nation (source: stakeholder engagement)
	Organised labour representing public service employees, represented by the PSCBC A trusted strategic partner in building inclusive wellbeing for public service employees, made possible by high-quality and affordable healthcare cover, maximising use of the employer medical assistance subsidy and high-quality service delivery (source: PSCBC engagements)
	Providers of healthcare A sustainable healthcare sector through appropriate healthcare funding, efficient reimbursement, optimised healthcare network construction and fair treatment (source: healthcare provider satisfaction surveys)
	Providers of professional operational services A sustainable healthcare ecosystem through strategic partnerships and collaboration in the current and future GEMS operating model (source: insourcing and SLA management engagements)



Value creation, preservation and limiting of erosion per key stakeholder	
	Regulators and supervisory bodies Effective corporate governance, including regulatory compliance and sound ethics governance with constructive engagement to inform regulation and conduct when needed (source: regulatory engagement plan interactions)
	Society A responsible and ethical corporate citizen that enables fair, equitable and justifiable participation in the GEMS supply chain (source: enterprise and supplier development engagements) Impactful and sustainable corporate social investment (source: social investment strategy engagements) Responsible use of natural capital in the Scheme's business activities (source: stakeholder engagement and sustainability literature)
	Medical schemes industry through professional and industry bodies Strengthened development and implementation of effective industry responses to regulatory and other external factors affecting the ability of the industry to create value (source: BHF and industry engagement)

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.⁴

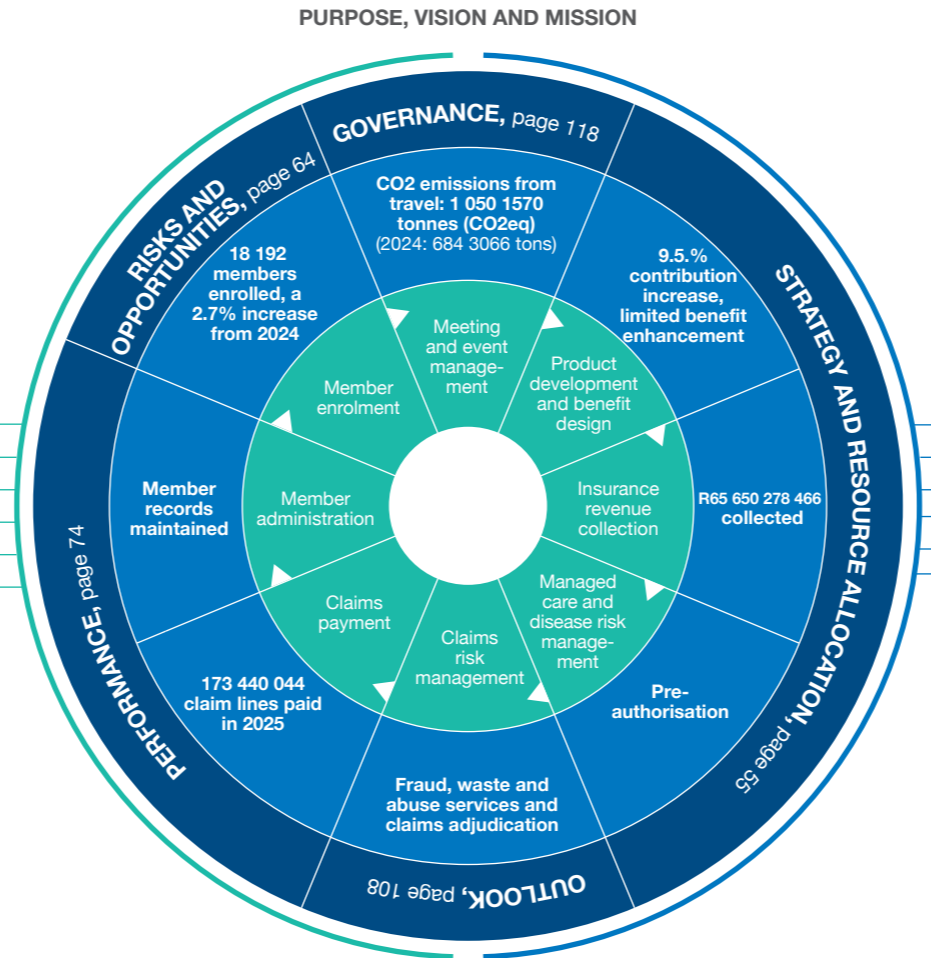
More information on our main business activities, being the core of our value-creation process, is provided in the organisational overview on page 29.

⁴ 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	<ul style="list-style-type: none"> Insurance revenue: R65 650 278 466 (2024: R57 970 123 168) Invested funds: R23 377 956 000 (2024: R24 472 970 201)
IC INTELLECTUAL CAPITAL GEMS knowledge-based intangibles, including our proprietary (intelliGEMS) and licensed technologies and software, tacit knowledge, policies and procedures and clinical protocols Governance ability and skills	<ul style="list-style-type: none"> Product development (actuarial) costs: R1 319 141 (2024: R1 274 737) Accredited managed care services spend: R1 477 653 190 (2024: R1 291 137 431) Trustee and independent committee member remuneration: R15 536 764 (2024: R14 820 745) EWRP: R6 681 497 (2024: R12 756 964) Chatbot: R1 696 250 (2024: R254 438) Complaints ombud system (development, implementation): R0 (2024: R581 000)
HC HUMAN CAPITAL Our peoples' competencies, capabilities, experience, including their motivations to innovate. 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 GEMS processes, services and products, including ability to lead, manage and collaborate	<ul style="list-style-type: none"> Training investment: R9 616 354 professional development spend, 3.13% of payroll – target ≥ 1% (2024: R9 092 486 (professional development spend 2.41% of payroll – target ≥ 1%)) Investment on RE5 exams: R26 025 (2024: R91 950) Employee remuneration: R498 780 883 (2024: R439 106 983) Recruitment spend: R4 205 283 (2024: R4 686 900 (incl vetting costs))
SRc 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 GEMS social licence to operate	<ul style="list-style-type: none"> Member recruitment costs: R132 659 807 (2024: R103 735 629) Reputation and brand building costs: R75 492 161 (2024: R63 709 316) GEMS Day costs: R3 463 015 (2024: R2 772 457) Wellness event costs: R58 296 680 (2024: R 31 437 638) Prevention and screening claims costs: R961 000 000 (2024: R866 000) Total Measured Procurement Spend R4 661 276 014 (2024: R3 946 773 659) Enterprise and supplier development costs: R1 280 745 with 17 beneficiaries (2024: R978 580 with 11 beneficiaries) Enterprise and supplier development procurement spend: R8 872 100 (2024: R32 000 000) Provincial Liaison Offices expansion costs: R24 445 905 (2024: R16 785 587) Ex-gratia benefits awarded: R552 449 725 (2024: R414 339 480)
MC MANUFACTURED CAPITAL The buildings, equipment and infrastructure owned and rented by GEMS, the GEMS SPN and providers of healthcare	<ul style="list-style-type: none"> Head office improvement/modification costs: R2 062 193 (2024: R778 073) Head office building equipment costs: R0 (2024: R1 028 745) Client Liaison Office office space rental: R8 141 091 (2024: R1 546 014) ICT infrastructure and application investment: R73 908 107 (2024: R6 907 105) ICT network connectivity costs: R4 454 887 (2024: R3 718 008) Internet service provider costs: R40 759 059 (2024: R29 192 262 (of which R2 617 860 – cyber security costs)) SPN contracted global fee: R3 502 018 000 (2024: R3 114 237 937) Toll-free number usage costs: R6 561 514 (2024: R0) Healthcare provider infrastructure (e.g. hospitals, consulting rooms)
NC NATURAL CAPITAL Our environmental stewardship with respect to our consumption of energy, water and paper in conducting business activities	<ul style="list-style-type: none"> Energy consumption: 598 321 kWh (2024: 612 470 kWh) Water consumption: 4 743 KL (2024: 5 424 KL) Recycling waste management fee: R153 666 (2024: R150 384) Vutomi House: Energy efficient building with water preservation system

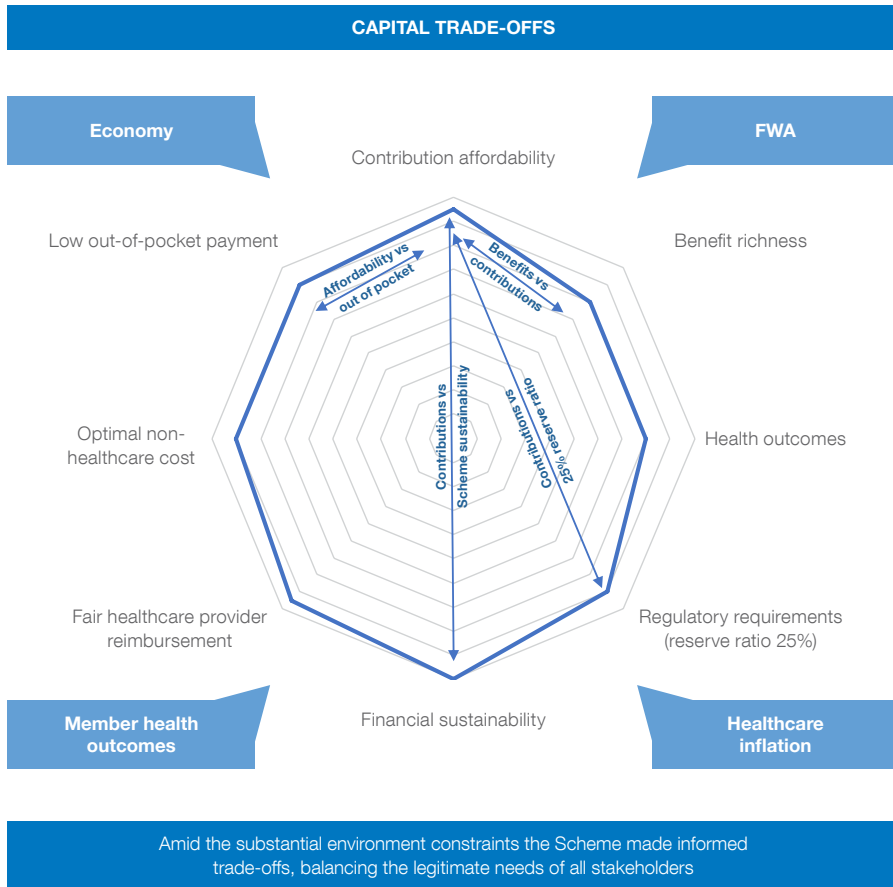


OUTCOMES	STAKEHOLDERS AFFECTED
FC FINANCIAL CAPITAL <ul style="list-style-type: none"> Global Credit Rating: (2024: AA+(ZA)/Outlook: Stable) maintained from 2023 Investment returns: R4 080 477 000, average percentage return of 17.8%, (2024: R3 047 080 610 – average percentage return of 12.2%) Claims management programme savings: R794 000 000 (2024: R318 900 904) Fraud, waste and abuse savings: R257 000 000 (2024: R350 000 000) 	pages 36 to 45
IC INTELLECTUAL CAPITAL <ul style="list-style-type: none"> 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 confirmed by Board effectiveness assessment 	
HC HUMAN CAPITAL <ul style="list-style-type: none"> Employees on performance improvement remained 1% in 2025 (2024: 1%) – all have formally concluded the programme with great success Employee turnover movement from 4.54% in 2024 to 3.15% in 2025 Top Employer Award (certified excellence in employee practices) for fifth consecutive year for 2026 Employee wellness maintained RE5 training for client liaison officers: Certification of 56 employees, up from 36 in 2024 and 19 in 2023 78.5% (2024: 60.78%) – employees trained with Scheme funding approval 	
SRc SOCIAL AND RELATIONSHIP CAPITAL <ul style="list-style-type: none"> 55% (against target of 50%) of healthcare quality outcomes above industry average on predetermined Health Quality Assessment metrics (2024:50%) Average contribution increase of 9.5% for 2026 (13.4% for 2024) above stakeholder expectations Member and provider satisfaction scores improved and or maintained Quality of PSCBC relationship deteriorated HIV target of 95% exceeded in two indicators: 95.3-93.8-95.8% (2024: 92.5-92.5-92.5%) Uptake of the GEMS practitioner app/portal by registered healthcare providers increased to 36 000 (2024: 28 000) 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 5.56% (2024: 5.59 %) Regulatory compliance maintained 	
MC MANUFACTURED CAPITAL <ul style="list-style-type: none"> Enablement of Scheme operations and hybrid working model Beneficiary and healthcare provider access to services and information, increase in adoption of digital communication channels by members and healthcare providers Employee access to resources Information security improved and compliance to applicable legislation 	
NC NATURAL CAPITAL <ul style="list-style-type: none"> Five-star rated green building by the Green Building Council South Africa Waste to recycling instead of landfill: 1 070kg (2024: 1 132kg) 	

LEGEND:
● Value creation ● Value preservation ● Value erosion

Capital trade-offs for optimal constraint management

The Board and Exco demonstrate integrated thinking in decision-making on matters such as benefit design, contribution increases, operational services insourcing and expansion and digital transformation. Significant financial and social and relationship capital trade-offs for benefit design and contribution increase decisions in 2025 are demonstrated below.



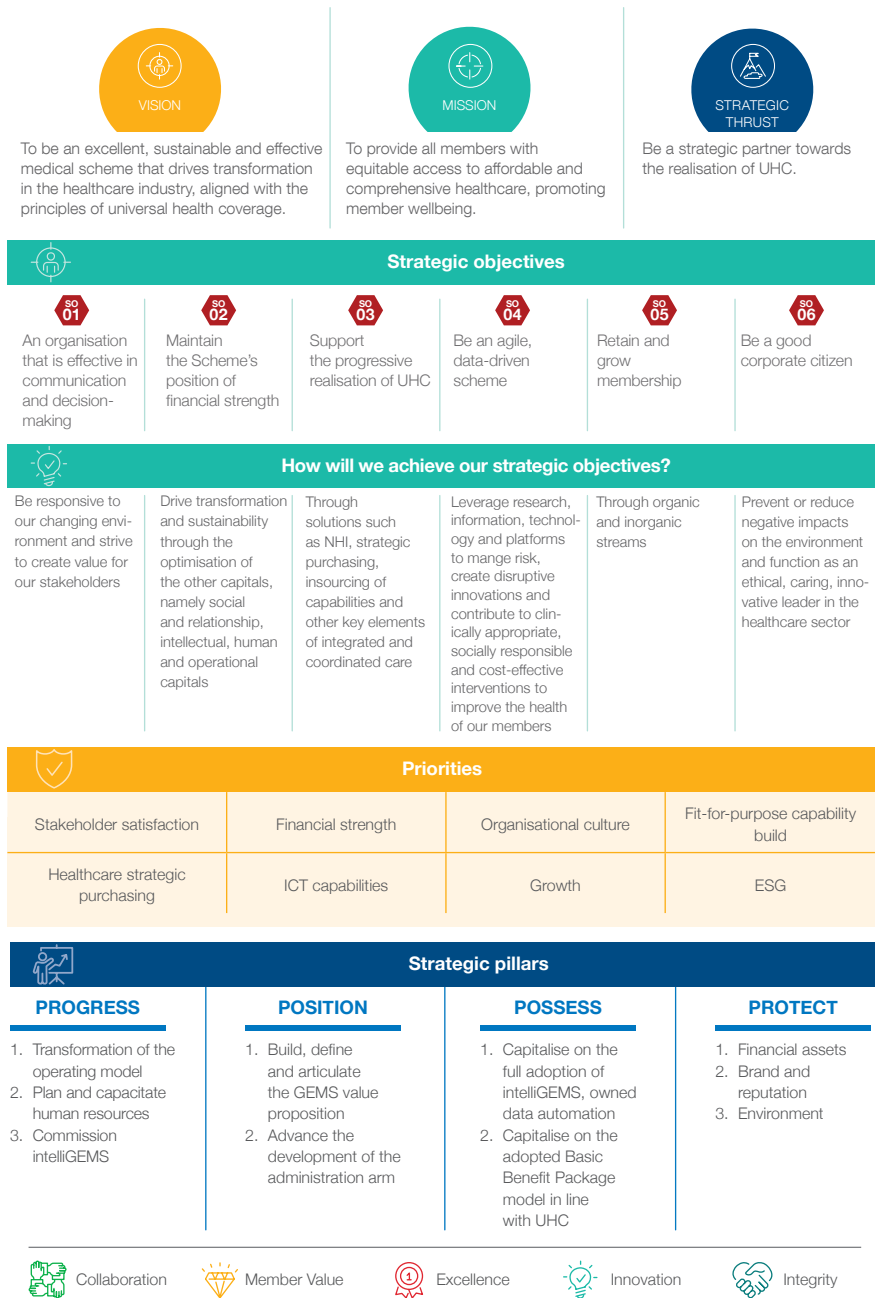


4. OUR STRATEGY IN SUPPORT OF REALISING UHC

OUR STRATEGIC FRAMEWORK

The GEMS strategic framework provides a clear and disciplined line of sight from our vision and strategic thrust to aligned functional priorities, strategic programmes and measurable execution, reinforcing our role as a strategic partner aligned to the national agenda towards the realisation of UHC. It ensures focused prioritisation and organisational cohesion across governance, financial sustainability, healthcare management and member value creation, while leveraging our strengths, including the market-leading Tanzanite One option and affordable access to high-quality healthcare, to sustain and deepen our competitive position in servicing our members and contributing to the broader health system. The KPIs, targets and timeframes for achieving them are shown in the performance section from page 74.

Figure 9: Strategic framework



OUR OPERATING ENVIRONMENT AND STRATEGIC RESPONSE

Important developments in our operating environment were considered to determine their possible impact on our ability to create value, informing our strategic response in 2025. This comprehensive response is anchored in our material matters and further represented by strategic priorities in the GEMS strategic framework and related risks and opportunities. Strategic priorities are pursued through functional strategies and strategic projects and programmes to achieve financial, healthcare and corporate governance objectives and outcomes.

Table 10: Responding to key factors in our operating environment

Material matter	1. Core value proposition strength		
Operating environment strategic drivers:	Continued medical inflation exceeding wages and subsidy growth, placing pressure on affordability. Member satisfaction remains below target and sensitivity to contribution increases is elevated. Competitor innovation in benefit design and digital engagement is raising expectations of value and responsiveness.		
Capitals mainly affected	Strategic risks	Responding strategically	Strategic priority, objectives and KPIs
<ul style="list-style-type: none"> FC SRC IC 	<ul style="list-style-type: none"> #1. Not having a sustainable competitive advantage #3. Inadequate strategic coverage and growth #6. Negative aggregate impact of Scheme strategy on financial sustainability 	<p>We demonstrate the strength of the GEMS value proposition through transparent disclosure of claims paid, market comparison and benefit differentiation. Affordability-focused product design and value-based care support the reduction of co-payments and improved member wellbeing. Governance structures reinforce a member-centred approach, supported by targeted satisfaction improvement initiatives and strengthened brand positioning.</p> <p>A loyalty programme will be introduced over the short term to strengthen the delivery of meaningful member value and enhance the member experience. As member expectations continue to evolve beyond traditional benefit structures, this programme is envisaged to deliver continuous, tangible value to members through personalised rewards, incentives and ongoing engagement. It will support a more proactive approach to member wellbeing by encouraging preventive health behaviours, while deepening the relationship with members through continuous interaction and reinforcing our commitment to member-centricity and long-term health outcomes.</p>	<ul style="list-style-type: none"> Stakeholder satisfaction SO 01 KPIs 1 to 3 SO 03 KPI 16 SO 05 KPIs 34 to 36
Material matter	2. Claims experience		
Operating environment strategic drivers:	Claims pressures arising from demographic ageing, rising chronic disease prevalence, higher hospital use and hospital tariff increases negatively affecting reserves. The cumulative impact of past contribution trends relative to healthcare inflation has increased focus on capital sustainability.		
Capitals mainly affected	Strategic risks	Responding strategically	Strategic priority, objectives and KPIs
<ul style="list-style-type: none"> FC SRC 	<ul style="list-style-type: none"> #6. Negative aggregate impact of Scheme strategy on financial sustainability 	<p>The Scheme maintains disciplined claims oversight through a strengthened pricing strategy and improved healthcare purchasing arrangements. Managing fraud, waste and abuse continues to protect Scheme resources. Claims trends, solvency movement and contribution outlook are disclosed transparently as we move to a risk-based capital approach.</p>	<ul style="list-style-type: none"> Financial strength SO 02 KPIs 5 to 9

Material matter **3. Operating model effectiveness**

Operating environment strategic drivers: Evolving regulatory expectations, digital service demands and operational complexity require continued strengthening of the operating model. Insourcing transitions and system integration remain important to future capability and resilience.

Capitals mainly affected	Strategic risks	Responding strategically	Strategic priority, objectives and KPIs
#4. Ineffective operating model and capabilities for the Scheme's strategic future #7. Inadequate business resilience		The Scheme is strengthening the target operating model to enhance service consistency and accountability. Insourcing is pursued selectively where it supports strategic differentiation. The GEMS supply chain management and procurement environment was enhanced. Business continuity, information security and compliance oversight across the SPN are continuously bolstered, with service level outcomes reported.	Fit-for-purpose capability build KPI 31

Material matter **4. Burden of disease management**

Operating environment strategic drivers Rising chronic disease prevalence, demographic shifts and environmental health factors are increasing usage complexity and long-term cost exposure. Preventive care and early detection remain key to managing long-term sustainability.

Capitals mainly affected	Strategic risks	Responding strategically	Strategic priority, objectives and KPIs
#6. Negative aggregate impact of Scheme strategy on financial sustainability		The Scheme continues to strengthen managed care and data-informed disease management to manage usage trends proactively. Preventive care expansion and holistic benefit design support improved health outcomes and financial sustainability. Healthcare quality and burden-of-disease indicators are disclosed to demonstrate measurable impact.	Healthcare strategic purchasing KPIs 17 to 30

Material matter **5. People and culture**

Operating environment strategic drivers Transformation priorities, ethical conduct expectations and employee engagement outcomes highlight the importance of strong cultural alignment and leadership stability. Organisational cohesion directly influences service quality and strategic delivery.

Capitals mainly affected	Strategic risks	Responding strategically	Strategic priority, objectives and KPIs
#5. Inadequate alignment of Scheme culture to the strategic future		The Scheme is implementing an integrated organisational culture framework that strengthens ethical conduct, inclusivity and performance accountability. Leadership capability and change support are prioritised to ensure alignment between culture and strategy. Ongoing employee engagement and policy refinement support sustained organisational effectiveness.	Organisational culture KPIs 11 to 14

Material matter **6. Strategic partnerships**

Operating environment strategic drivers: The evolving NHI landscape, procurement scrutiny and transformation expectations are reshaping partnership dynamics across the healthcare funding environment. Stakeholders expect transparency, sustainability and equitable value creation.

Capitals mainly affected	Strategic risks	Responding strategically	Strategic priority, objectives and KPIs
#1. Not having a sustainable competitive advantage #2. Inadequate stakeholder inclusivity to realise Scheme strategic competitive advantage		Structured scenario planning supports proactive positioning across potential NHI pathways. The Scheme continues to strengthen strategic partnerships and refine resourcing approaches to build critical capabilities. Sustainable procurement practices and BBBEE outcomes are disclosed transparently to reinforce industry leadership.	ESG The Board approved an ESG strategy at the end of 2025, seeking integration of ESG into the business. Alignment to strategic objectives and KPIs will receive attention in 2026. Fit-for-purpose capability build KPI 15

Material matter **7. Stakeholder inclusivity**

Operating environment strategic drivers Regulatory developments, including the S59 investigation, and heightened public scrutiny underscore the importance of inclusive and transparent engagement. The quality of relationships with members, providers, regulators and labour partners remains central to legitimacy and competitive positioning.

Capitals mainly affected	Strategic risks	Responding strategically	Strategic priority, objectives and KPIs
#2. Inadequate stakeholder inclusivity to realise Scheme strategic competitive advantage		The Scheme continues to strengthen structured stakeholder engagement and transparent communication. Stakeholders' needs and expectations are identified and addressed systematically, with outcomes reported. The Scheme's actions in response to the S59 report are disclosed. The Board's view on stakeholder relationship quality is disclosed.	Stakeholder satisfaction KPI 4

Material matter **8. Innovation and digital transformation**

Operating environment strategic drivers Rapid technological advancement, increasing cyber-risk and higher digital service expectations are reshaping healthcare funding models. Digital maturity and information governance directly influence competitiveness and resilience.

Capitals mainly affected	Strategic risks	Responding strategically	Strategic priority, objectives and KPIs
#1. Not having a sustainable competitive advantage #7. Inadequate business resilience		The Scheme continues to accelerate digital modernisation in line with the innovation strategy to improve member experience and operational efficiency. Data governance and cybersecurity resilience are strengthened to protect value. Resource allocation, technology oversight and innovation outcomes are disclosed transparently.	ICT capabilities KPIs 31 to 33

SUPPLY CHAIN MANAGEMENT AND PROCUREMENT ENVIRONMENT

Enhancement of the GEMS supply chain management and procurement environment during the reporting period positioned this function as a strategic driver of value, efficiency and compliance.

Figure 10: Main changes to our supply chain and procurement environment



Strategic sourcing strategies were considered for each core contract to support strategic commodities to achieve the Scheme's insourcing direction. Significant contracts for operational services are concluded for contract periods from three to five years. The contract periods and renewals for all providers of core operational services terminate in phases, ensuring sufficient time to design and implement insourcing of capabilities strategies. The phased end-dates for the 11 core services contracts span 2026 to 2030.

GEMS' mandate is consistent with ESG principles, whose full integration into the business supports long-term resilience. After extensive engagement with internal stakeholders, we conducted our first double materiality assessment process to identify 10 high-priority topics posing the most significant risks and opportunities to our societal impact and financial resilience. These were then used to formulate the strategic objectives of the ESG strategy.

Figure 11: ESG strategy summary and roadmap

OUR AMBITION	To help build a future where a healthy nation thrives on a resilient planet, supported by a public service that is empowered by equitable access to sustainable healthcare				
KEY PILLARS	Planet and health		Shared value and social impact		Principled performance and governance
PRIORITY STAKEHOLDERS					
STRATEGIC OBJECTIVES	Protect health through climate-resilient preventative care, achieve a science-based net zero operational footprint and leverage procurement to build an ethical, ESG-aligned supply chain.		Drive health equity through affordable, value-based care, foster an inclusive culture focused on employee wellbeing and development and build stakeholder trust while leveraging human-centric digital innovation and procurement to catalyse social change and economic transformation.		Ensure principled performance by maintaining ethical stewardship of funds and 100% regulatory compliance, while systematically integrating ESG criteria into core strategy, investment decisions and robust data governance frameworks.
FRAMEWORK AND TOOLS	Global Reporting Initiative	IFRS	SUSTAINABILITY GOALS		DOUBLE MATERIALITY
ROADMAP	Phase 1: Foundation (2026 financial year)		Phase 2: Transparency (2027 financial year)		Phase 3: Integration (2023 to 2028 financial years)

COMPETITIVE ADVANTAGE THROUGH INNOVATION

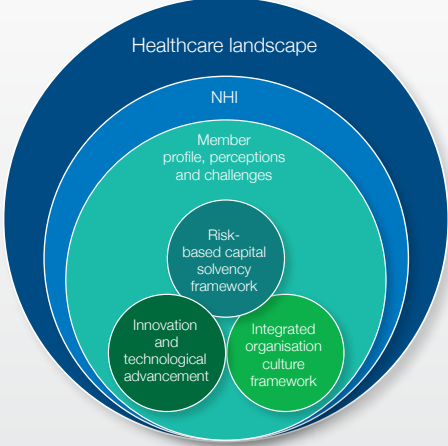
Delivering on our mandate requires intentional adaptation. We see innovation as a strategic instrument to realise priorities of member value, financial sustainability and long-term relevance in a transforming health system. It strengthens our response to emerging risks, changing member needs and system-wide reform in a disciplined and forward-looking manner.

Table 11: Innovation

Our approach	Application
<p>Our approach is deliberate and structured, moving beyond ad hoc initiatives to a formal innovation capability embedded in our operating model. This achieves innovation efforts aligned to strategic objectives, governed appropriately and resourced responsibly. As the innovation capability gradually matures, ideas will not be pursued in isolation, but evaluated through defined processes that assess strategic fit, feasibility, impact and risk. In this way, innovation becomes an accountable and performance-driven discipline rather than a series of disconnected activities.</p>	<p>Our innovation capability is a risk driver, formally recognised under strategic risk #1.</p>
<p>Our innovation model is inclusive. Innovation at GEMS draws from insights into member needs, employees and from our strategic partners and other healthcare stakeholders.</p>	<p>We launched a formal innovation programme supplemented by an innovation strategy and framework.</p>
<p>We nurture a culture that encourages responsible experimentation, continuous improvement and cross-functional collaboration. This strengthens the Scheme's agility while ensuring that innovation remains member-centric.</p>	<p>We create clear channels for idea generation and structured mechanisms for evaluation and prioritisation.</p>
<p>Innovation is intended to deliver tangible strategic results. It is expected to enhance member experience, improve operational efficiency, advance digital enablement and contribute to financial resilience.</p>	<p>Product development incorporates receiving and evaluating member and stakeholder inputs.</p>
<p>As this capability matures, our innovation approach should increasingly shape how we plan, execute and measure our work, reinforcing our commitment to sustainable value creation and positioning GEMS as a strategic and competitive healthcare role-player.</p>	<p>Our service and claims management programmes are solution oriented and rely on formal input from the SPN and employees.</p>
<p>Our innovation model is inclusive. Innovation at GEMS draws from insights into member needs, employees and from our strategic partners and other healthcare stakeholders.</p>	<p>Under our innovation programme, employees who contribute innovative ideas receive formal recognition and rewards, reinforcing that innovation is valued and that meaningful contributions to improvement and transformation are acknowledged.</p>
<p>Innovation is intended to deliver tangible strategic results. It is expected to enhance member experience, improve operational efficiency, advance digital enablement and contribute to financial resilience.</p>	<p>Through performance measures and regular reporting to governance structures and the monitoring of innovation's benefits, we ensure alignment with our strategy.</p>

THE NEXT CHAPTER OF GEMS

The Board, supported by Scheme management, undertook a comprehensive strategy review in 2025 to assess the continued relevance, resilience and integrity of the 2022 to 2026 strategy. This was not merely a performance assessment, but an examination of whether our strategic direction remains appropriate in a rapidly evolving environment and whether we are adequately positioned to safeguard member value while supporting the move to UHC. The insights gleaned will guide our next strategic cycle – the next chapter of GEMS.



Meeting the GEMS mandate: UHC underpinned by affordable healthcare and sustainability to regain and maintain stakeholder trust

The **healthcare landscape** is evolving rapidly, becoming more complex and less predictable as reform, economic pressures and societal expectations intersect. Medical inflation continues to outpace the consumer price index and public sector wage growth, widening the affordability gap and affecting perceptions of value.

NHI remains the most significant policy development shaping our long-term outlook. While implementation timelines and modalities continue to evolve, the direction of reform is clear and requires thoughtful scenario planning, responsible engagement and sustained institutional readiness.

Demographic and social trends reinforce the structural nature of pressures in the landscape. An ageing membership profile and rising prevalence of chronic disease are driving higher use of hospital and specialist services. Income disparities and rural access constraints confirm our commitment to ensure equitable benefit design. The deterioration in our claims ratio has constrained financial flexibility and placed pressure on reserves, underscoring the urgency of disciplined intervention. Member expectations continue to evolve toward greater digital convenience, transparency and personalised engagement.

Potentially moving towards a **risk-based capital solvency framework** introduces strategic considerations for balancing capital strength with affordability.

Focus on **technological advancement and innovation** offers meaningful opportunities to improve efficiency, strengthen fraud detection and enhance population health management. However, it demands careful governance, cybersecurity vigilance and sustained investment.

Our **integrated organisational culture framework** is a long-term blueprint to drive high performance and secure employee engagement.

These dynamics converge on two fundamental responsibilities: To restore affordability and to protect long-term financial sustainability, without compromising our mandate or strategic alignment in a changing health system.

The strategy review concluded that incremental refinement will not suffice, as the scale and interconnectedness of the challenges demand disciplined recalibration, focused execution and renewed institutional cohesion. In the period ahead, our attention will centre on restoring affordability, stabilising reserves, modernising capital management, strengthening organisational effectiveness, enhancing digital resilience, and rebuilding stakeholder confidence through transparency and service excellence.

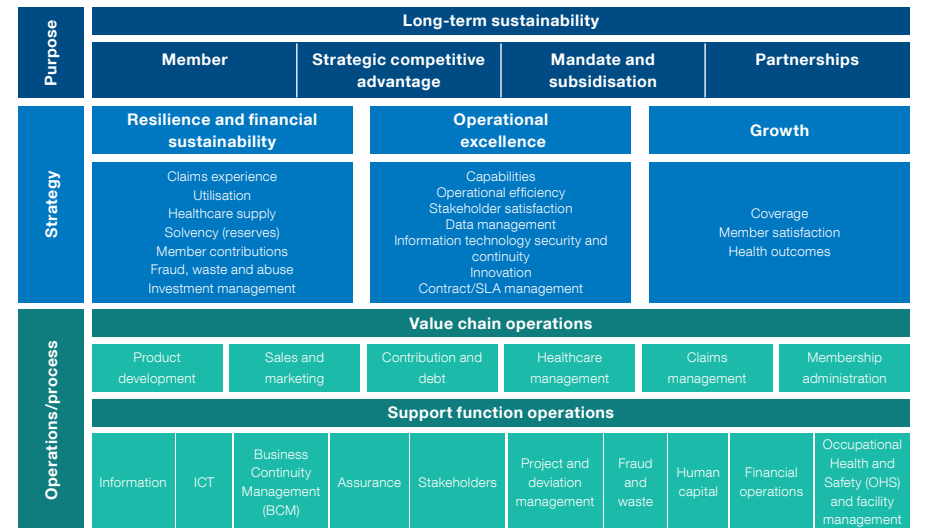
MANAGING THE RISKS AND OPPORTUNITIES AFFECTING THE SUCCESS OF OUR STRATEGY

Table 12: Risk management

Our risk management objectives	Risk management process elements
A risk-led approach	GEMS views risk management as continuous, an integrated part of day-to-day activities and strategy, proactive and systematic. It is built on robust principles and practices in a risk-intelligent entity, informing its decisions and actions to deal with and benefit from uncertainties that may arise in the pursuit of goals.
Role clarity	The GEMS Executive Committee (Exco) is the owner of risks and entrenches risk management, supported by the Enterprise Risk Management function – owner of the risk management framework with responsibility for entrenching a risk management culture and facilitating risk management and integration across the business. Regular independent risk management maturity assessments are undertaken to maintain a desired level of risk management capability aligned to best practice requirements.
Embracing risk management to ultimately create exceptional value for our stakeholders	<p>We assume risk responsibly to advance the GEMS strategy to support the realisation of UHC. We view risks and opportunities holistically, understanding that managing risks opens opportunities not otherwise possible.</p> <p>We balance risk and reward while pursuing goals. In line with risk industry best practice, we acknowledge and actively drive the integration of risk, strategy and resilience – the risk function is an active partner in strategy development and reviews. Treating robust risk management as a fundamental pillar for business sustainability is particularly important as GEMS is exposed to financial, political, legal, regulatory, technology, health and other risks that could affect achievement of goals.</p> <p>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.</p>

Holistic risk management GEMS manages risks that may affect business sustainability in internal and external environments. The risk function is not a support function, but an involved risk management solutions partner. The risk management process also covers outsourced service providers, enabling us to manage the GEMS risk profile. Through combined assurance, our management and Board of Trustees report transparently to stakeholders on our performance.

Our risk universe illustrates the risk environment and sources of risks to which we may be exposed. It is segmented into purpose, strategy and operational realities. We continuously review and update the risk universe as an accurate representation of our strategic and operating environments. Each identified risk is anchored in its operational, strategic and purpose activity to enable decision-makers to contextualise and understand the interrelationships between our activities and the risks we face.



Focused risk mitigation Risk appetite, tolerance and risk-bearing capacity demarcate various levels of risk, allowing GEMS to escalate and deal with risk aligned to its capacity and delegation of authority.

- Risk appetite constitutes the amount of risk the Scheme is willing to take in pursuit of its significant goals, which, if breached, may detract from achieving strategic objectives and targets.
- Risk tolerance is the level of risk that, if breached, may materially harm the Scheme's reputation and mandate delivery.
- Risk-bearing capacity represents the maximum risk that can be accommodated and that, if breached, may lead to catastrophic demise and depletion of Scheme capitals.

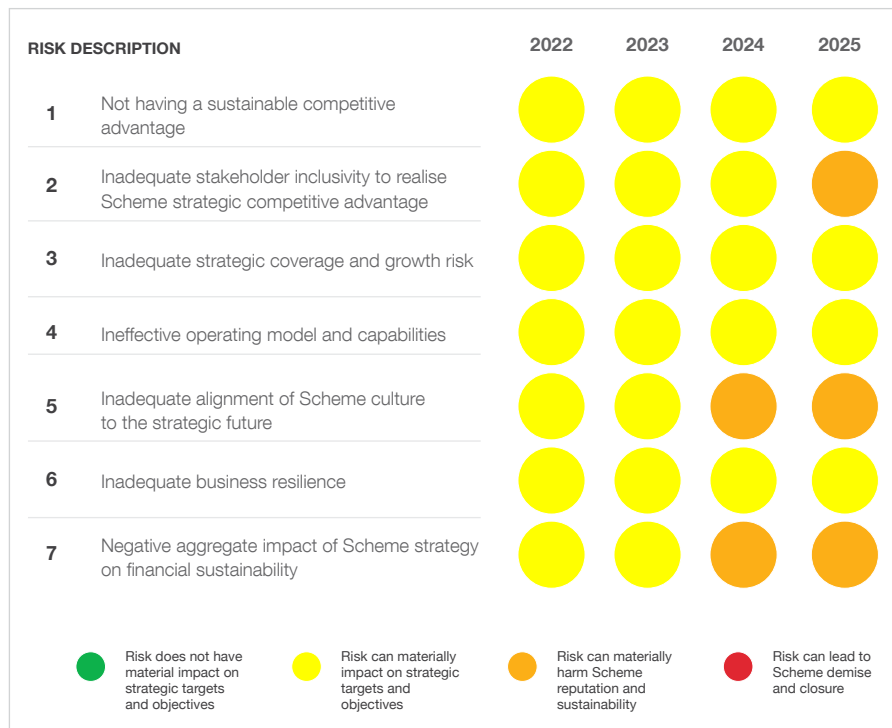
Risk mitigation is an integral part of the Scheme's strategy execution and resource allocation. We mitigate risks to within acceptable limits to ensure robust and realistic management of risk, enabled by adequate, prioritised resources.

Top risks

GEMS' top risks are depicted in the heatmap below. They are monitored by the Board and its committees. Based on movement from 2024 to 2025, all are adequately managed, although three of the seven top risks exceeded risk tolerance levels at the end of 2025 (amber risks). These priorities are closely monitored and mitigations have been identified. Risk controls are actively monitored for effectiveness and continuously assessed for possible improved and additional risk controls. Certain risks may be assessed more prudently due to their potential impact on, for instance, culture and stakeholder inclusivity.

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

Figure 12: Risk heatmap



#1 Not having a sustainable competitive advantage

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 upwards pressures and an increased risk rating is proposed. Progress on additional risk mitigations is considered partially satisfactory. Industry challenges of increased usage, growing veracity of lifestyle diseases, mental health challenges and ever-growing fraud, waste and abuse are some of the many challenges that the Scheme faces. The efficient and effective management of these risks adds to competitive advantage.

NHI environment

The risk is materially informed by the progress (and related uncertainty) around NHI. Factors influencing the progress include the country's economic landscape, affordability, health insurance products, conducting the business of a medical scheme, a challenging regulatory environment, complexity of such a large fund and healthcare infrastructure readiness.

NHI implementation will possibly take longer than imagined, but it will present opportunities to influence how the government and the current healthcare sector interact and co-exist.

Recent public healthcare corruption scandals demonstrate a need for private-public partnerships for a system such as NHI to work effectively. Significant work is needed to ensure adequate governance, systems and public trust.

Continuation as a medical scheme

Surveys reflect 80% member satisfaction, which, while good, is below the Scheme's 85% target. Improvements have been noted with the Ask Africa industry ranking placing GEMS at second place, from fifth in 2024.

Continuation of the Scheme's initial mandate (affordability and access)

Affordability of contributions has always been key and is becoming increasingly important as the macro and individual economic landscape continues to be strained. This, however, does not take away from increased expectations of costly extensive cover, digitisation and customisation. While the Scheme is more than 20% more affordable than similar options, this must be seen against pressures on members in a tough economy. Affordability and access are top agenda items of the constant stakeholder engagements and the foundations of product development.

Products and services for the NHI Fund

The Scheme continues to demonstrate its commitment to NHI and to being a capable partner through regular liaison with the National Department of Health. This engagement is reflected in memoranda of agreement developed in 2025 for certain healthcare support services. Actuarial and data capabilities are being expanded significantly.

The Scheme is positioning itself as a strategic partner to the NHI Fund to provide services to a segment of the population, including complementary cover and technical advice on administration and managed care services. This stance relies on strengthened stakeholder relationships and insourcing of capabilities through partnerships.

Innovation and diversification

The GEMS innovation programme is supplemented by a strategy and framework. A culture of innovation is being encouraged, albeit within the constraints of the regulatory environment.

Key risk treatment programmes and activities:

- Stakeholder engagement
- Claims management programme
- 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

#2 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, ensuring ongoing support, a strong GEMS brand, regulatory compliance and customer-oriented solutions.

Summarised risk landscape

This risk level, which now exceeds Scheme tolerance levels, is experiencing upward pressures. However, no risk-rating change is proposed. Progress on additional risk mitigations is considered partially satisfactory. The Scheme is under pressure from members and organised labour given the 2026 contribution increases and affordability. Following numerous stakeholder engagements (including media responses), the 2026 contribution increase was revised from 9.8% to 9.5% from February 2026. This will balance member expectations and financial sustainability. Stakeholder engagement remains a key risk, affecting other strategic risks. The risk function has suggested a step-change in how stakeholder engagement is structured and carried out, moving to customised rather than uniform approaches.

Members

The Scheme reversed the poor member satisfaction results during 2024 and the beginning of 2025 – member satisfaction is currently at 81% against an annual performance plan target of 85%. Improvements have been noted across the board. Resolution of enquiry management issues is expected to yield and maintain better member satisfaction.

PSCBC

The Scheme values its relationship with the PSCBC, a body of organised labour and employer representatives, and is committed to ongoing improvement.

DPSA

The DPSA, as the custodian of the public service collective bargaining for macro benefits, is a primary stakeholder warranting a strong long-term relationship.

Healthcare providers, bureaus and professional associations

The S59 report looking into allegations of racial bias in fraud, waste and abuse investigations, confirmed that GEMS was not racially biased. Rather, the outcomes did not yield desirable results. Further engagements with healthcare providers have been set up to provide transparent feedback on the fraud, waste and abuse environment and processes. Most recommendations of the S59 report had been addressed even before the release of the final report. Provider satisfaction is usually high, but remains a standing focus.

Regulators

Excellent compliance performance supports strong relationships across the spectrum of regulators. Proactive and transparent relationships are maintained with all regulators, supported by impartial reporting to Scheme governance structures. The regulatory universe and complexity is ever-increasing.

SPN

This is a major component of the Scheme's operational capability. Service provider relationships remain positive, with good performance, despite isolated non-performances. The relationship is strengthened through, inter alia, partnership models in the insourcing of capabilities programme.

Stakeholders related to the Scheme UHC future

The relationship with UHC-related stakeholders, particularly DPSA and the National Department of Health, must be substantially stronger. This will require direct relationship building and alignment, but is also dependent on NHI implementation progress. The Scheme has undertaken considerable research to ready itself.

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 against its current mandate, expanded mandate and diversified product and service portfolio. It will also ensure that Scheme growth is sustainable.

Summarised risk landscape

The risk, which does not exceed Scheme tolerance levels, shows upward pressures, yet no risk-rating change is proposed. Progress on additional risk mitigations is considered partially satisfactory.

Changes in 2026, coupled with contribution increase, may see slower growth or even worse, members terminating. Amendments are being introduced to Tanzanite One to further support sustainability.

Organic growth through increased coverage of currently mandated public service employees

Membership growth in 2025 was ahead of budget and also significantly better than in previous years, but is still falling short of covering all mandated public servants. By end-December 2025, 18 192 new members had joined, but this was lower than targeted.

To achieve a balance between Scheme growth and financial sustainability, underwriting controls were introduced during 2025, including late joiner penalties not previously introduced.

Contribution increases may result in buy-downs or, at worst, terminations, particularly with Tanzanite One. This risk will be prioritised, but is not expected to be as marked during 2026 due to amendments to the option.

Inorganic growth through expansion of eligibility criteria and consolidation of public sector schemes

The consolidation of public sector schemes is being considered. Although the Scheme has onboarded three employer groups, this issue was not as prominent during 2025.

Growth through diversified products and services

Growth opportunities from the Scheme's diversified product and service portfolio are yet to be determined. Attention is once again drawn to maintaining superior operational and service excellence to retain members and the Scheme's size.

Key risk treatment programmes and activities:

- Member acquisition programme for current mandate
- Member acquisition programme for consolidation of public sector schemes and widening of eligibility
- Member acquisition for 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 Scheme tolerance levels, shows moderate downward pressures, yet an unchanged risk rating is proposed. Progress on additional risk mitigations is considered partially satisfactory. Advancements in the insourcing space are in progress via the actuarial and wellness and rewards streams. These are part of the first phase of insourcing deliverables, which are expected to be a learning curve (especially within strategic partnerships) and may take longer than expected. These are crucial in building capabilities and momentum for subsequent streams. While the risk function previously flagged poor agility and indecisiveness, it also cautions against rushing any decisions ahead of the Scheme's capacity and capabilities as this could have serious reputational and operational impacts.

Operating model and capabilities as a medical scheme

A key focus area is optimisation of the operating model, through the development of a target operating model, continuation of the service management programme, the innovation programme and consolidation (reducing fragmentation) of outsourced services. Work on the model is highlighting potential efficiencies, some of which are being proposed as clustered services/processes.

Good progress has been made in formulating a comprehensive strategic partnership framework to guide partnership decisions. Although being a new area, with lessons to be learnt, it should not be delayed in search of perfection.

Operating model and capabilities for diversified products and services

Possible diversification is dependent on NHI progress and MSA constraints. NHI stakeholder engagement is top of mind to demonstrate GEMS' capabilities. A planned wellness and rewards strategy should boost product offering attractiveness.

Insourcing of capabilities programme

The actuarial, wellness and rewards streams are well advanced and should bolster internal capabilities and product offering. A comprehensive strategic partnership framework is being used to ensure adequate, uniform governance and risk management. Insourcing is being further prioritised to enhance capacity and change management.

Key risk treatment programmes and activities:

- Optimising the Scheme's current operating model
- Adapting the Scheme's operating model for strategic competitive advantage
- Programme execution approach and governance

#5 Inadequate alignment of Scheme culture to the 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.

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 strategic ambitions. Culture is recognised as an enabler of strategy and competitive advantage.

Summarised risk landscape

The risk, which exceeds Scheme tolerance levels, shows neutral pressures and no risk-rating change is proposed. Progress on additional risk mitigations is considered partially satisfactory.

Significant progress has been made in determining and adopting a desirable culture, with numerous initiatives during 2025. The journey, which has produced a five-year culture roadmap from a culture specialist, has substantiated the risk function's assertion that this is not an overnight fix. Initial work has identified desired behaviours for the Scheme.

Ethical culture

An ethical culture is the cornerstone of good corporate governance. Ethics is well established yet a persistent risk. The ethics function focuses both internally and externally, collaborating all-year 'round with operating divisions during stakeholder engagements (roadshows, member days etc).

Psychological safety has been well received and driven, but there are mixed reviews of its application, which have been reiterated in culture assessments.

Whistleblowing is topical, with numerous instances of wrongdoing in South Africa having been identified by whistleblowers. This is a key control that must be maintained.

Entrepreneurial and innovation culture

The innovation strategy and framework have been developed and a widely supported innovation campaign was delivered during 2025, with the strategy function maintaining momentum and excitement, expanding the focus from threats to opportunities.

The dedicated capability implemented to establish, coordinate and monitor culture has progressed significantly and a senior role-player is being recruited.

ESG

ESG is an integral part of Scheme culture, with a framework having been developed. Double impact materiality assessments have been undertaken, providing key insights into the ESG landscape and GEMS' responsibilities.

High-performance culture

Strategy cascades from the top to individual performance contracts, ensuring goal congruence. Incentivisation is based on clear criteria, with risk-related metrics also a feature.

Resilience to change culture

With several changes planned to drive sustainable competitive advantage, steps are being taken to minimise resistance to change, including change readiness assessments and the establishment of a change agent network comprising all divisions.

Integrated culture framework

During 2025, the culture framework – a pragmatic implementation roadmap – was approved following numerous initiatives and engagements.

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 Scheme tolerance levels, shows downward pressures, yet no rating change is proposed. Progress on additional risk mitigations is considered satisfactory during 2025.

While the Scheme reserve ratio was marginally above the CMS required levels, the Claims Management Forum noted an increase in claims trends, which, if not normalised, will markedly affect the reserve ratio for 2025 and 2026. The reserve ratio reduced significantly, from 42.4% at end-2023 to 32.34% at end-2024. The reserve ratio at 31 December 2025 was 24.72% lower than the budgeted 26.57%. The reserve ratio dipped below 25% during 2025 due to high claims experience.

Non-healthcare costs remain below budget and among the lowest in the sector, with 2025 yielding performance below budget by R229 million. Actual non-healthcare cost was 5.26% vs a budgeted 5.6%.

Claims experience

Increased usage and high hospital-related costs continue to drive healthcare costs beyond budgeted levels. Claims exceeded budget by R2.5 billion for the year, which influences reserving and, consequently, contribution increases.

At a consolidated/net level, the Scheme performed better than budgeted, given that it had projected a deficit from past contribution increase decisions made. The better-than-budgeted performance was due primarily to investment performance, which yielded a R2.8 billion positive variance. Actual contributions exceeded budgeted contributions only in January.

Fraud, waste and abuse

The Scheme's Fraud, Waste and Abuse Management programme continues to be highly effective, achieving substantial savings. Notwithstanding this, the industry estimates that such activities affect between 15% to 20% of claims, which, at GEMS, exceeds R10 billion a year. Thus, focus is intensified on member and provider awareness to complement existing prevention, detection and remediation.

Contribution collection and pricing

Should the Scheme not be able to offset contribution increases for 2026 through interventions (i.e. the Claims Management Forum, Product Development and Risk Based Capital), while being pressured into unsustainable increases, it will reduce reserves and ultimately threaten financial sustainability. Risk-based capital is acknowledged as an adequate response to high usage.

Investment performance

Investment performance during 2024 was well above target, which supplemented financial performance, including reserves. In 2025 again, the performance was ahead of budget, at R2.8 billion. This stellar performance cushions healthcare cost impacts.

Insourcing of capabilities

Since the insourcing of capabilities programme is not expected to have major capital or operating cost impacts in the foreseeable future, it must be maintained through its diligent feasibility and deal-making phases.

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
- Risk-based capital

#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, thereby safeguarding leading member and provider satisfaction.

Summarised risk landscape

The risk, which exceeds Scheme tolerance levels, shows downward pressures, yet an unchanged risk rating is proposed. Progress on additional risk mitigations is considered partially satisfactory.

The outsourced operating model implies that ICT infrastructure is found at head office and across the SPN, with great potential exposure to interruption.

The Business Continuity Policy was reviewed and deemed appropriate, with planned work centring mostly on business impact analyses and continuity plans, integration with SPN plans and testing.

Information and communication technology

Major information enhancements were completed during the year, boosting the risk posture of both the providers and the Scheme. An improved information technology risk register is envisaged, with an external vendor contracted. More robust frameworks will ensure that the Scheme remains adequately responsive to all eventualities.

Natural disasters, health events, civil unrest

The Scheme must evaluate the impact of a potential usable-water-supply crisis. The potential for other natural, health and civil disasters is evaluated periodically, informed by external sources and risk reports. The implications of climate change, including flooding, on members are monitored, but, to date, this represents no major threat.

A business continuity management programme will be embedded throughout the value chain, with testing key to ensuring no blindspots given a material disruption.

Cybercrime

South Africa's high-threat status means this is always top of mind. Countering the profitability and anonymity of remote attacks such as ransomware and countering the emerging vulnerabilities of technologies including artificial intelligence require skills and tools.

Information security

The Information Security Management System Forum drives information security across the Scheme, requiring that key service providers maintain and assure security standards, given the sensitive nature of Scheme information and requirements of legislation such as the Protection of Personal Information Act.

Key risk treatment programmes and activities:

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



5. PERFORMANCE AGAINST OUR STRATEGIC OBJECTIVES

QUANTITATIVE AND QUALITATIVE ASPECTS OF OUR PERFORMANCE ARE DISCUSSED. WE SHARE DETAILS IN ADDITION TO PERFORMANCE AGAINST SET EXPECTATIONS SUCH AS OUR CLAIMS EXPERIENCE (FROM PAGE 90)

PRINCIPAL OFFICER OVERVIEW ON PERFORMANCE

Our success depends not only on our ability to minimise downside impacts but our success in capitalising on potential opportunities for value creation in an uncertain future. The key risks and opportunities with potential material impact on our ability to achieve our strategic objectives and create value are aligned to the strategic risk register and outlined from page 66.

Targets are set and approved by the Board of Trustees as part of the annual planning process to review the strategy and the performance plan. In this report, performance on the selected KPIs during 2025 is linked to the previously reported performance from 2022 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.

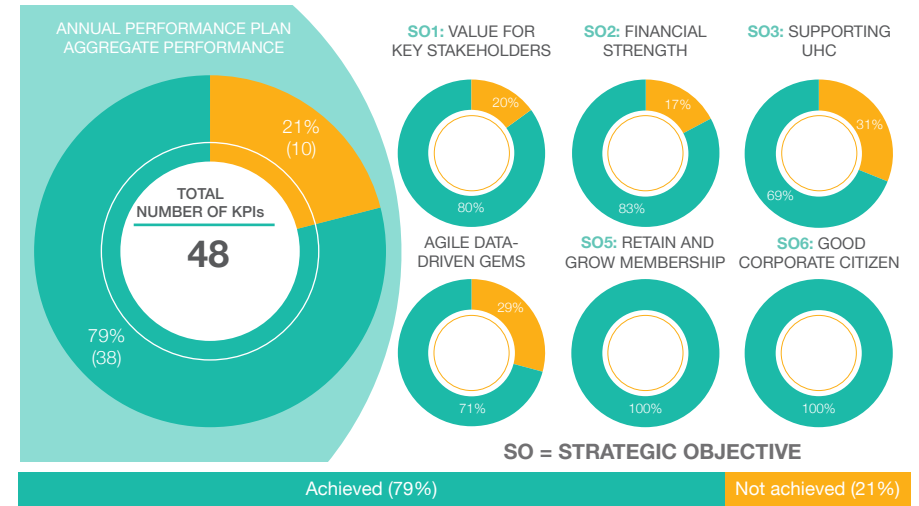
For accuracy and reliability, reporting adheres to the GEMS technical indicator descriptions, where each metric is aligned to its strategic objective and key risk area. The descriptions detail each indicator, method and type of calculation and data source.

Annual performance plan progress

We delivered a strong performance against the 2025 Annual Performance Plan (APP) targets, achieving most strategic commitments. Progress was particularly encouraging in financial strength, stakeholder value, membership retention and growth and good corporate citizenship. These results reflect the discipline and commitment of our team and our continued focus on delivering meaningful value to members. Membership stability remains a firm foundation for the Scheme and financial management actions safeguard long-term sustainability.

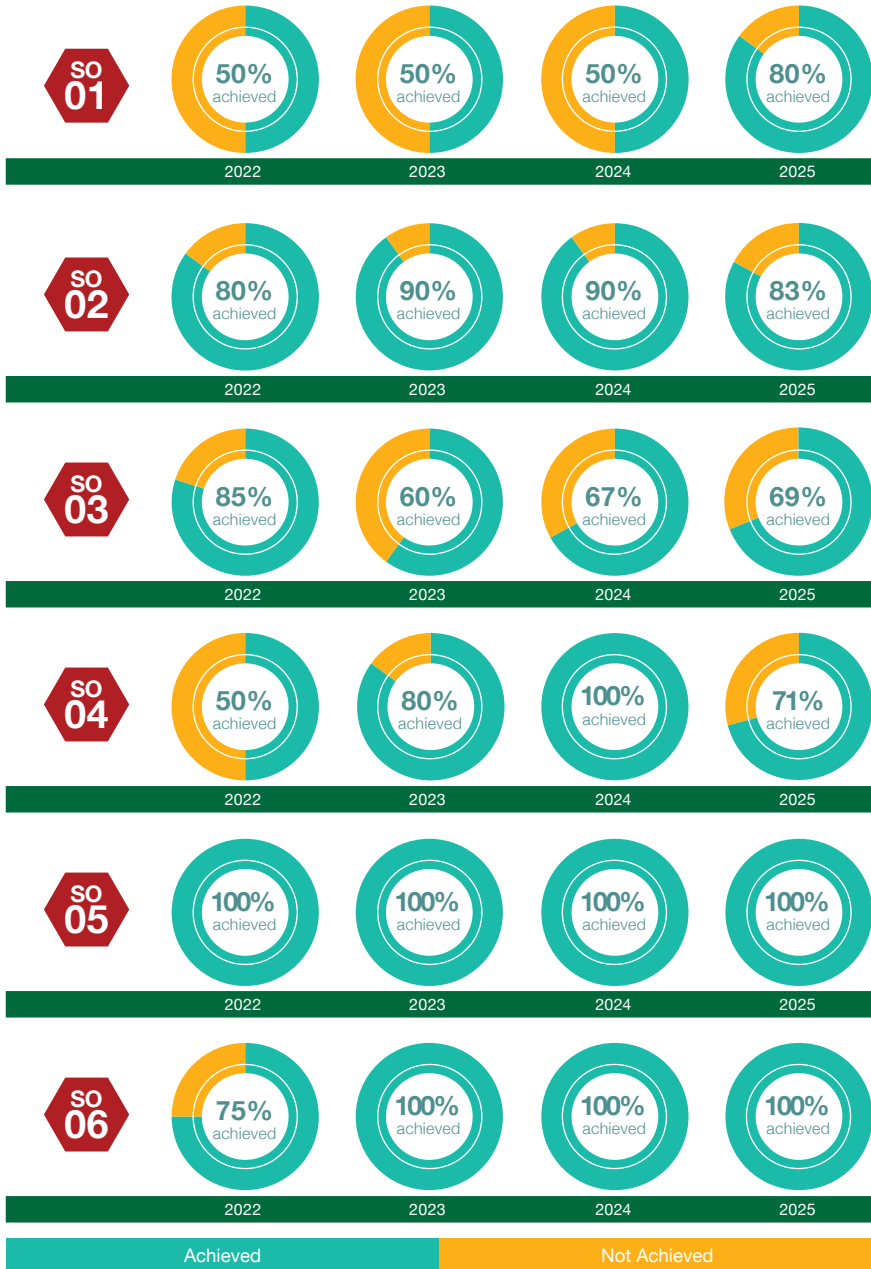
At the same time, we recognise priority execution focuses that support UHC and agile data-driven objectives. These are complex and require sustained coordination, capability strengthening and system improvements. They sit at the heart of our long-term transformation and our evolving role in the health system. We are strengthening delivery in these areas to ensure steady, credible progress as we prepare for the next strategic cycle.

Figure 13: Summarised performance for 2025



Over the past four years of the current strategy, we accelerated our achievement of GEMS' strategic objectives, evident in key performance area and KPI results.

Figure 14: Linking past and current performance:



Below is the detailed performance on each key performance indicator over the four years of the current strategy.

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.

Figure 15: Value for key stakeholders



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.

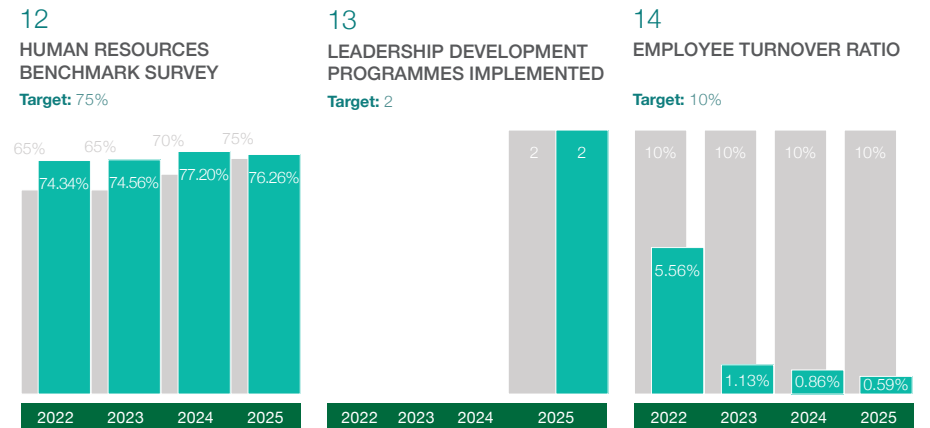
Figure 16: Financial strength



Figure 17: Risk maturity



Figure 18: People empowerment



KPI 13: Internal audit review found no exception with performance reporting for 2025

15
VACANCY RATE

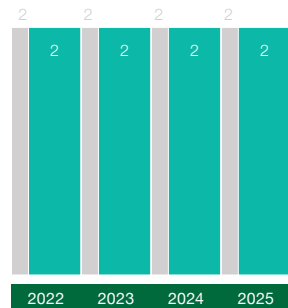
Target: 10%



Figure 19: BBBEE

16
NUMBER OF CODE ELEMENTS THAT HAVE AN IMPROVED SCORE

Target: 2



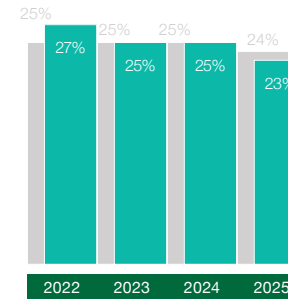
STRATEGIC OBJECTIVE 3:

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.

Figure 20: Product value proposition

17
AVERAGE PERCENTAGE PRODUCT AFFORDABILITY

Target: 25%

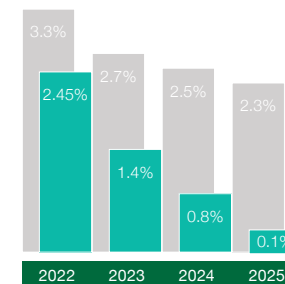


KPI 17: External assurance obtained for 2025 performance results

Figure 21: Clinical risk indicators

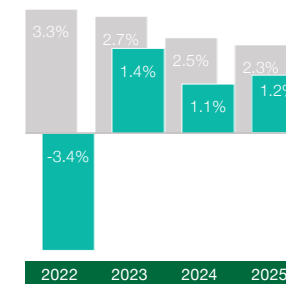
18
INCREASE IN HOSPITAL ADMISSION RATE

Target: 2.3%



19
ADMISSION RATE ON CHRONIC PRIORITY DISEASES

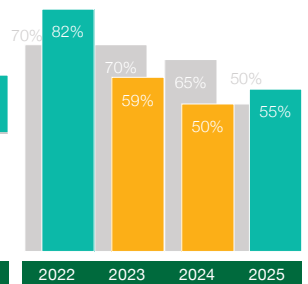
Target: 2.3%



KPI 19: Internal audit review found no exception with performance reporting for 2025

20
HEALTHCARE QUALITY OUTCOMES ABOVE INDUSTRY AVERAGE

Target: 50%
On predetermined HQA metrics



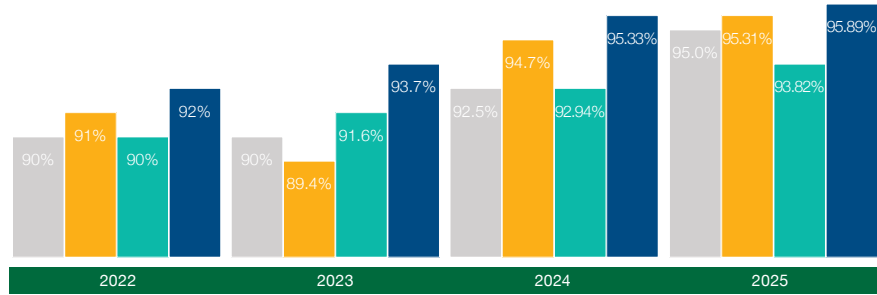
KPI 20: Internal audit review found no exception with performance reporting for 2025

Figure 22: Clinical risk indicators

21

ACHIEVEMENT OF WHO HIV TARGETS

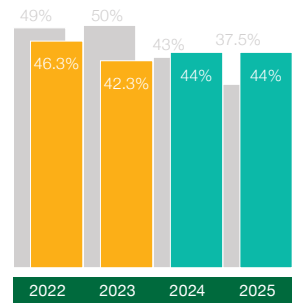
Target: 95% — 95% — 95%



22

EFFECTIVE COVERAGE SCORE

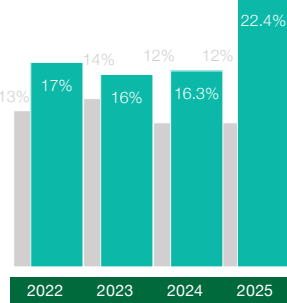
Target: 37.5%



23

REDUCTION IN RISK-ADJUSTED HOSPITAL COVER PER ADMISSIONS ON EVO

Target: 12%
Relative to Emerald

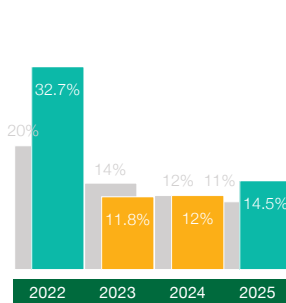


KPI 23: Internal audit review found no exception with performance reporting for 2025

24

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

Target: 11%



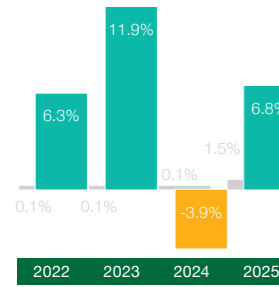
KPI 24: Internal audit review found no exception with performance reporting for 2025

Figure 23: Healthcare strategic purchasing

25

ANNUAL REDUCTION ON SOURCING COSTS

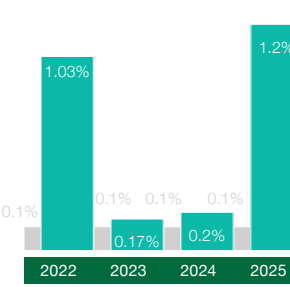
Target: 1.5%
(medicine, tariffs, devices) costs



26

TARIFFS ACHIEVED BELOW BUDGET

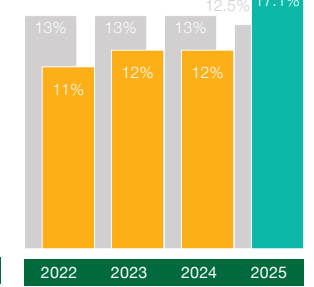
Target: 0.10%



27

ALTERNATIVE REIMBURSEMENT MODEL ESTABLISHED

Target: 12.5%

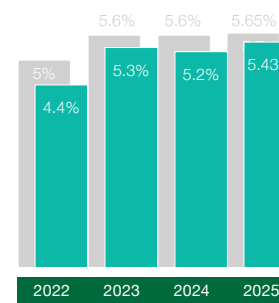


KPI 27: Internal audit review found no exception with performance reporting for 2025

28

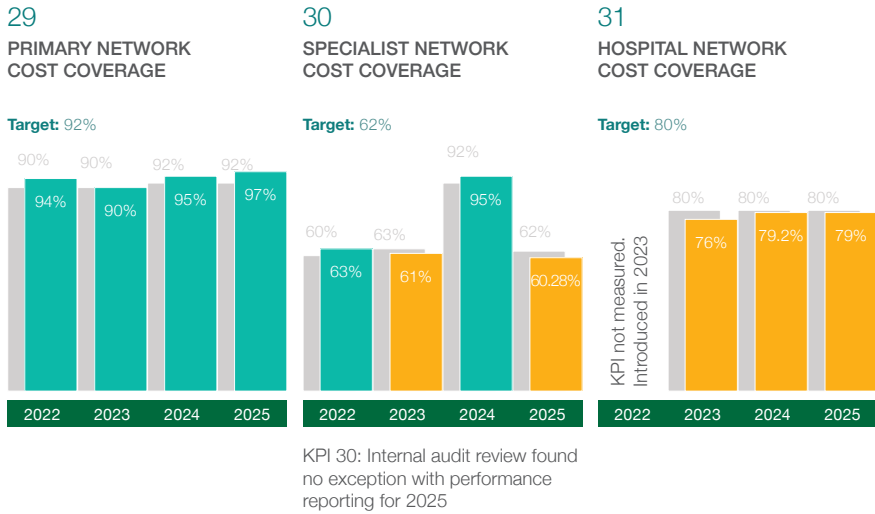
OUT-OF-POCKET EXPENDITURE

Target: 5.65%



KPI 28: External assurance obtained for 2025 performance results

Figure 24: Healthcare practitioner network coverage



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.

Figure 25: Automation, data management, analytics and digital first

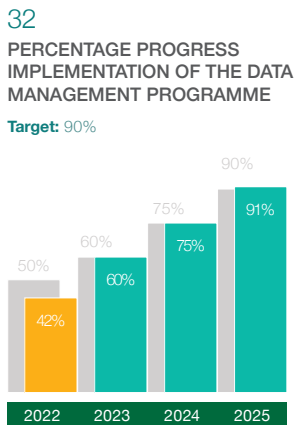


Figure 26: Cyber and system security

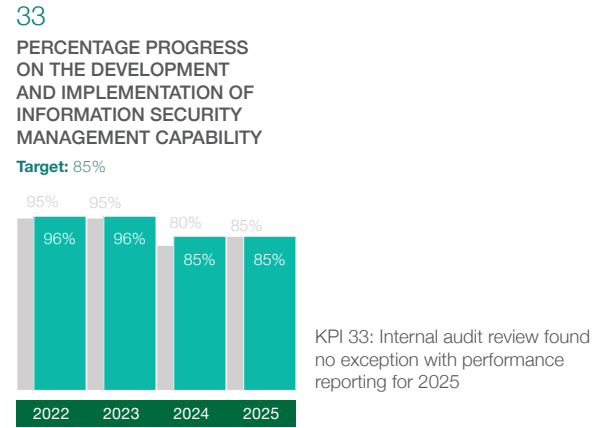


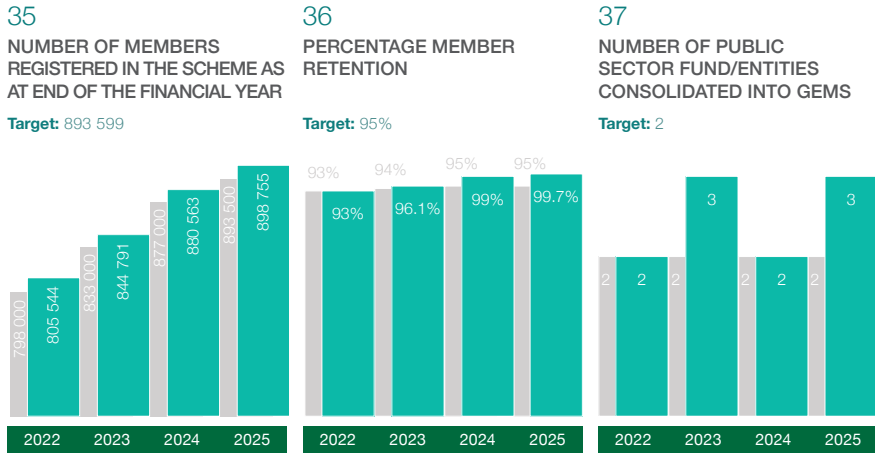
Figure 27: Optimal and agile ICT infrastructure



STRATEGIC OBJECTIVE 5:

Retain and grow membership, through organic and inorganic streams.

Figure 28: Sustainable member growth



KPI 36: External assurance obtained for 2025 performance results

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.

Figure 29: Robust governance and compliance

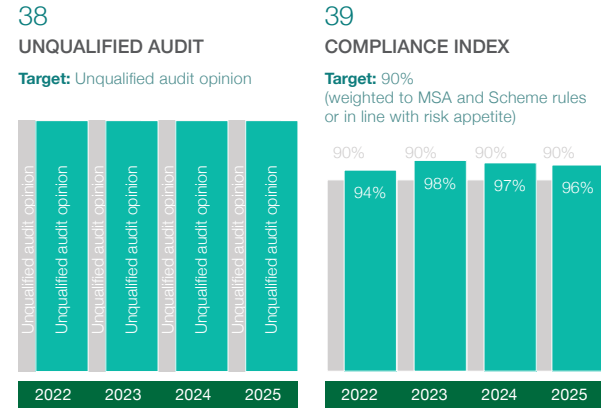


Figure 30: Robust governance and compliance

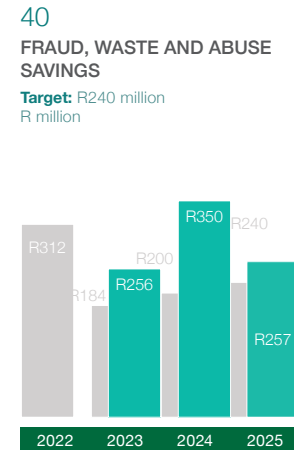
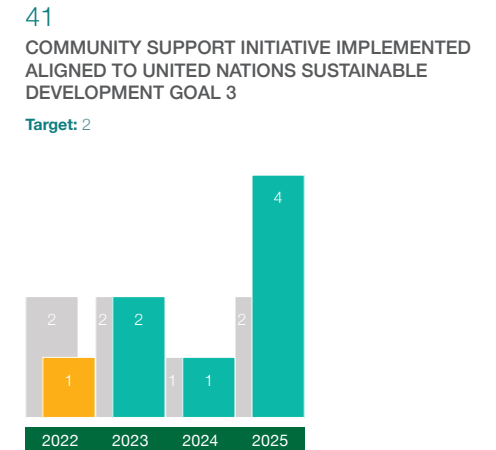


Figure 31: Social responsibility



Claims experience

The claims ratio steadily increased, driven primarily by rising hospital admission rates, higher expenditure on prescribed minimum benefit (PMB) claims and the escalating costs of allied healthcare services. Increased hospital admission rates are evident across most admission types, indicating a systemic trend rather than one linked to a category. In-hospital professional fees show the greatest growth of all claims categories, largely due to the higher admission rates.

The claims ratio is influenced by both claims and contributions. The increase in the claims ratio is driven partly by relatively lower contribution increases from 2022 to 2024, when healthcare use normalised. From 2025, following a relatively higher contribution increase, this position began to correct, with the claims' ratio starting to decline as contribution levels gradually realigned with underlying healthcare costs.

Impact of contribution increases on the claims ratio

During the pandemic years, the Scheme's increases were relatively low to support members. They were below the growth in claims, which resulted in a drawdown of reserves. As claims use began to normalise post-2023, higher contribution increases were needed to accommodate rising claims levels and limit further strain on reserves. This moderated the upward pressure on the claims ratio and ultimately led to a decrease in claims ratio in 2025.

Ageing members' impact on claims ratio

A one-year increase in the average age of beneficiaries is estimated to result in a 1% to 2% increase in claims, reducing the budgeted loss reserve ratio from 21.9% to a range of 20.06% to 20.98%.

Reserves' impact on claims ratio

Increasing the budgeted claims ratio by 1% reduces the solvency ratio from 21.9% to 20.79% for year-end 2026.

Figure 32: GEMS claims ratio – 2022 to 2025

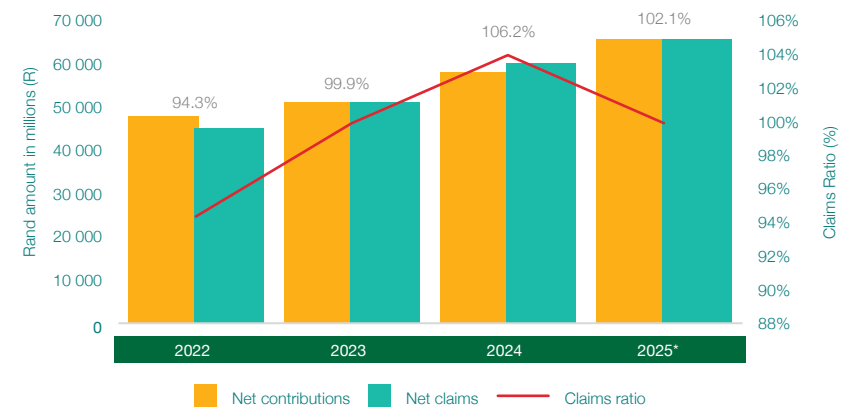
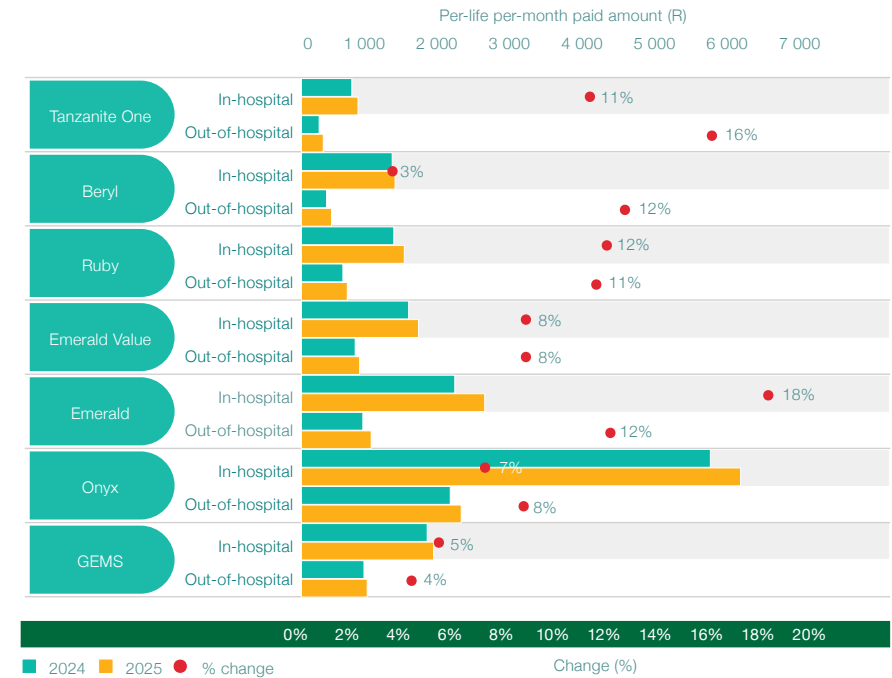


Figure 33: In-patient vs out-of-hospital spend

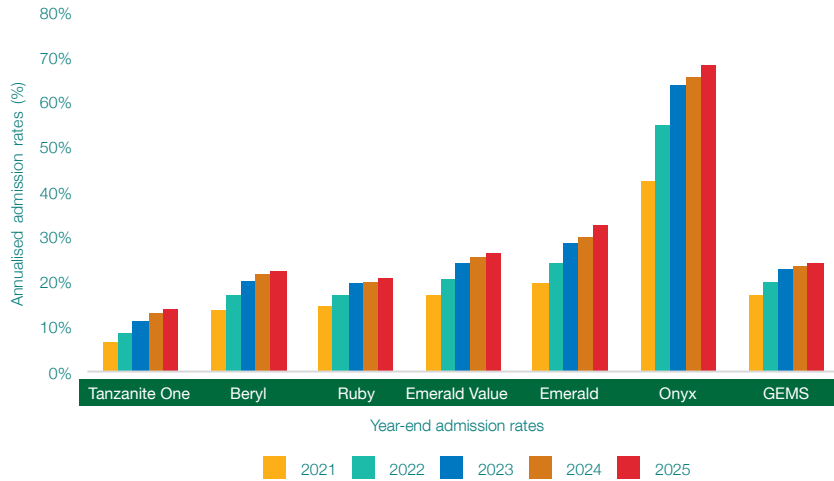


Per-life-per-month costs increased across most options from 2024 to 2025, with the most significant growth in the lower-cost options. Tanzanite One and Beryl recorded increases in hospital admission rates, with higher out-of-hospital allied and auxiliary costs.

Increases on Emerald have been due largely to material changes in underlying risk profile. The option now has a concentration of relatively higher-risk members, which has increased admission rates and deteriorated the in-hospital case mix.

In-hospital experience

Figure 34: Admission rates across the Scheme options



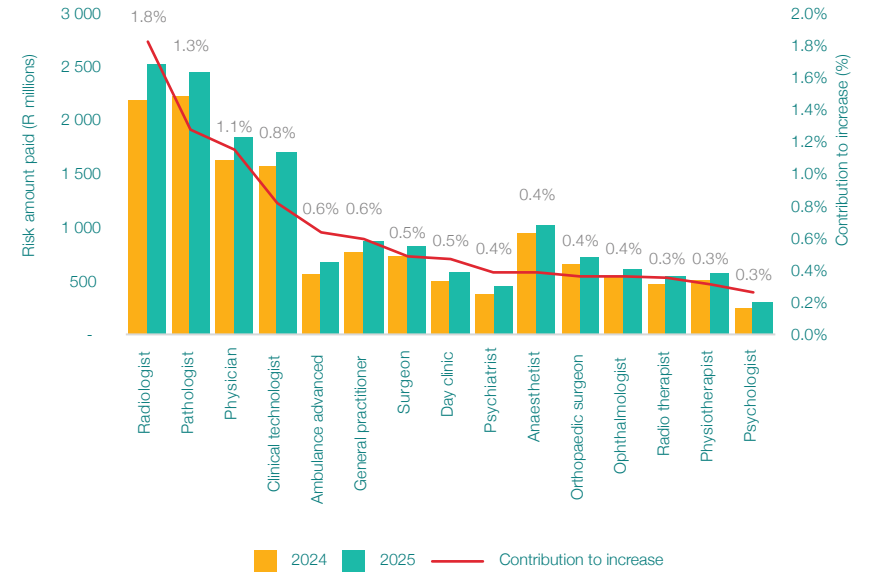
The Tanzanite One option experienced the largest increase in admission rates among all benefit options, primarily driven by its membership growth. All options have recorded notable increases in admission rates, attributable largely to member risk profile deterioration, with average age and chronic prevalence ratio having increased materially.

The claims experience for the Onyx option is the most volatile, due to its relatively smaller membership base and the claims patterns associated with a high proportion of pensioner members.

Overall, rising admission rates have been a key contributor to the worse-than-expected claims experience in 2025.

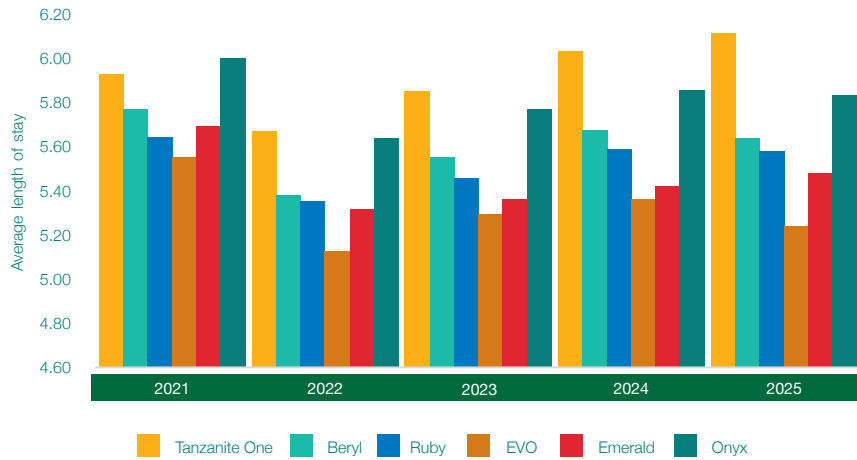
In-hospital costs by claim category

Figure 35: Disciplines comprising in-hospital professional fees



The analysis indicates that radiology and pathology fees have been the primary drivers of in-hospital professional fee increases. This trend is attributable largely to higher patient volumes needing these services. Added to that are duplicate testing and use of advanced medical technologies. The increase in clinical technologists' costs is associated primarily with dialysis services.

Figure 38: Average length of stay in hospitals



Despite a marked increase in admissions, the average length of stay has remained broadly stable across options.

Tanzanite One continues to record the highest, increasing gradually from 5.9 days in 2021 to 6.1 days in 2025, consistent with greater case complexity.

Mid-range options (Beryl, Ruby and Emerald) show only modest year-on-year variation, with average stays well contained between 5.2 and 5.8 days. Onyx was relatively higher, although without evidence of a sustained increase. EVO consistently has the lowest stay rate, underscoring the effectiveness of care coordination and usage controls.

Overall, 2025 reflects effective containment of hospital length of stay across the Scheme despite increased admission pressure, with no indication of material deterioration in usage efficiency.

Out-of-hospital experience

Primary Healthcare

Primary healthcare use remained stable over the period, with general practitioner and pharmacy services consistently recording the highest usage rates across service categories. Dental and optometry services continue to show lower use, although dental services exhibit sustained upward pressure on average cost per visit.

Overall, the observed increase in primary healthcare expenditure is driven predominantly by inflationary cost increases rather than changes in member behaviour.

The figure below illustrates trends in primary healthcare use (visits per 1 000 beneficiaries) and average cost per visit from 2021 to 2025.

Table 13: Primary healthcare

Primary healthcare	Year	Average cost per visit		Visit per 1 000 beneficiaries	
		Value	Visual	Value	Visual
General practitioner	2021	426	[Bar]	249	[Bar]
	2022	440	[Bar]	256	[Bar]
	2023	456	[Bar]	253	[Bar]
	2024	480	[Bar]	257	[Bar]
	2025	500	[Bar]	259	[Bar]
Dental	2021	1 221	[Bar]	39	[Bar]
	2022	1 286	[Bar]	41	[Bar]
	2023	1 274	[Bar]	42	[Bar]
	2024	1 353	[Bar]	43	[Bar]
	2025	1 422	[Bar]	43	[Bar]
Optometry	2021	1 633	[Bar]	17	[Bar]
	2022	1 619	[Bar]	18	[Bar]
	2023	1 639	[Bar]	18	[Bar]
	2024	1 681	[Bar]	18	[Bar]
	2025	1 691	[Bar]	17	[Bar]
Pharmacy	2021	355	[Bar]	661	[Bar]
	2022	352	[Bar]	650	[Bar]
	2023	359	[Bar]	614	[Bar]
	2024	375	[Bar]	608	[Bar]
	2025	400	[Bar]	587	[Bar]

Secondary healthcare

Secondary healthcare, pathology, radiology and specialist services showed sustained increases in average cost per visit over the period, reflecting rising service intensity, complexity and tariff pressures. Usage levels per 1 000 beneficiaries remained stable or declined, indicating that expenditure growth in these services is driven primarily by unit cost inflation rather than increased use.

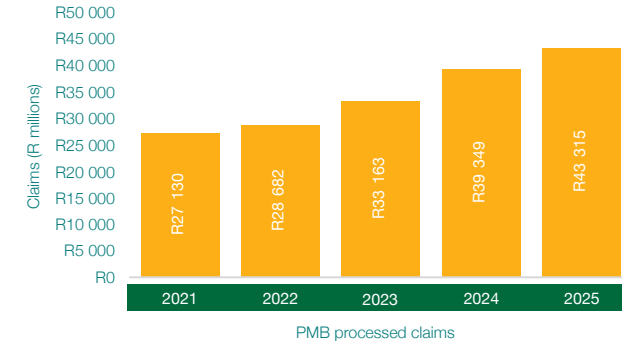
Table 14: Secondary healthcare

Secondary healthcare	Year	Average cost per visit		Visit per 1 000 beneficiaries	
		Value	Value	Value	Value
Pathology	2021	890	63		
	2022	898	46		
	2023	1 007	42		
	2024	1 107	43		
	2025	1 171	44		
Physiology	2021	430	15		
	2022	428	15		
	2023	459	15		
	2024	495	16		
	2025	538	15		
Radiology	2021	829	13		
	2022	880	14		
	2023	935	14		
	2024	987	15		
	2025	1 044	15		
Specialists	2021	764	45		
	2022	880	37		
	2023	958	35		
	2024	1 027	35		
	2025	1 110	34		
Other services	2021	788	34		
	2022	779	39		
	2023	721	54		
	2024	552	97		
	2025	544	112		

Prescribed Minimum Benefits

A substantial proportion of total claims costs relate to PMBs and account for 66% of claims incurred by the Scheme in 2025 (2024: 77%). By funding these claims in full, the Scheme ensures that members have access to a defined minimum level of essential healthcare.

Figure 37: PMB spend proportion



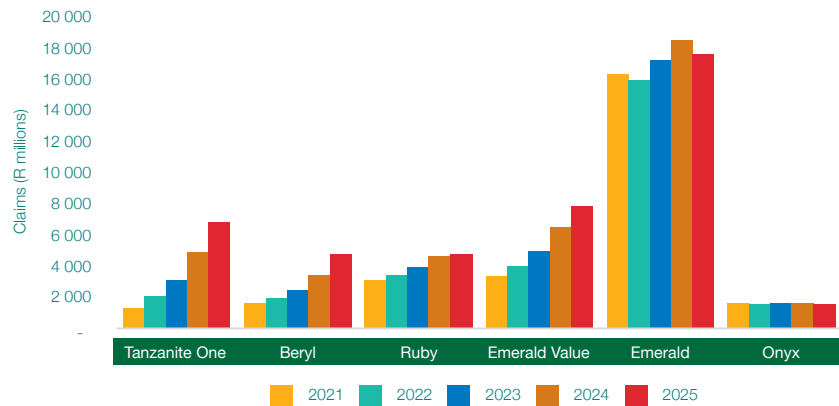
PMB spend increased steadily across all disciplines from 2021 to 2025, with costs concentrated on private hospitals and pharmacies. Hospital-related services remain the primary drivers of PMB expenditure, while pharmacy spend grows consistently. Other disciplines increase gradually but contribute a relatively small share of spend. The Scheme paid R3.3 billion for PMB claims above benefits in the interests of equitable access to essential healthcare services, to support members' financial risk protection and compliance with statutory obligations.

Figure 38: PMB spend by discipline



PMB costs are increasing across most options, but particularly Emerald.

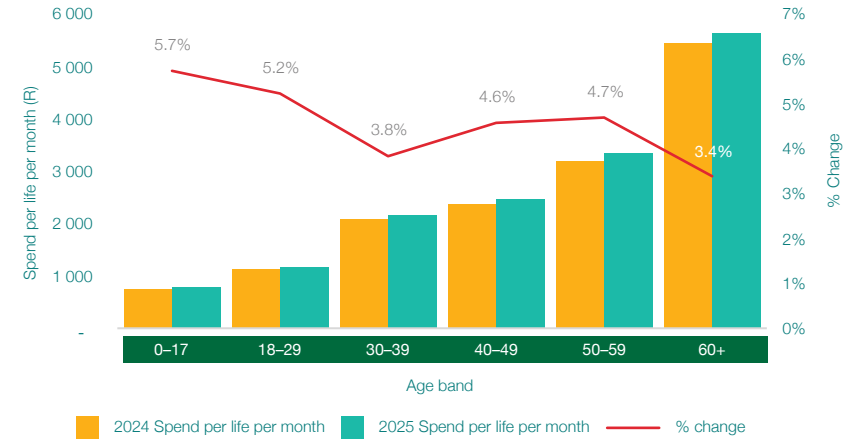
Figure 39: PMB spend by option



Claims distribution by age

There was a steep increase in expenditure per life per month in the 50 to 59 and 60+ age groups, indicating significantly higher healthcare use, driven largely by chronic lifestyle-related diseases. The increases are linked to tariffs and increases in chronic ratios in each of the age bands.

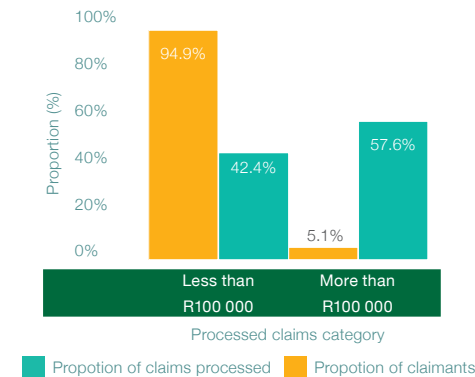
Figure 40: Spend per life per month across age bands



Claims distribution by claim size

Most claimants (94.9%) submitted claims below R100 000, collectively accounting for only 42.4% of total claims processed. In contrast, 5.1% of claimants incurred claims exceeding R100 000, yet this group accounted for 57.6% of total claims expenditure. This imbalance highlights the financial impact of high-cost claimants, with a relatively small number of members driving most healthcare costs.

Figure 41: Distribution of claimants



GEMS delivers significant insurance value to members, reflected in the close alignment between claimed and paid amounts for the 10 highest processed claims in 2025. Payments were settled largely in full, with percentage shortfalls remaining minimal and generally below 3%.

These claims – ranging between R3.8 million and R11.4 million – demonstrate the Scheme’s role in protecting members against severe and unexpected health-related financial risk. The consistently low shortfalls indicate that members received substantial financial cover in line with Scheme benefits, with limited cost-sharing or exclusions applied at the point of claim.

This demonstrates the collective sharing of healthcare risks and costs, thereby promoting equity and ensuring access to essential healthcare services in times of need.

Table 15: Top 10 processed claims in 2025

Claimant ID	Rand amount paid
Claimant A in April	11 431 809
Claimant A in May	7 243 015
Claimant B in March	6 320 462
Claimant C in July	5 676 194
Claimant D in June	4 593 174
Claimant E in February	4 381 198
Claimant F in August	4 023 095
Claimant G in June	3 988 058
Claimant H in September	3 918 683
Claimant I in April	3 803 240

Out-of-pocket payments

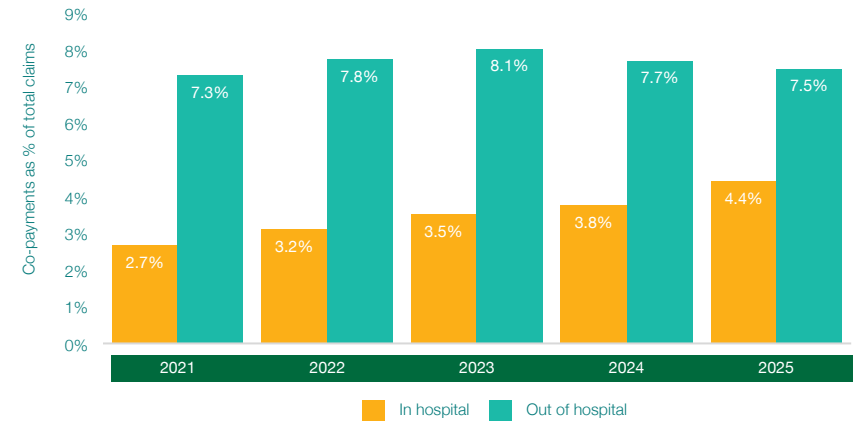
Co-payments

Co-payments burden members, thus the Scheme minimises them by liaising regularly with healthcare providers and hosting education initiatives.

Co-payments arise typically from exceeding benefit limits, use of non-network providers or services charged at rates above the medical scheme tariff. In some areas co-payments are necessary to ensure appropriate treatment pathways and cost-efficient formularies are followed.

The first graph alongside shows co-payments as a proportion of total claims over time, split between in-hospital and out-of-hospital services. Out-of-hospital claims consistently attract higher co-payments than in-hospital claims. In-hospital spend is significantly higher, hence the Scheme tries to minimise the proportion of members’ in-hospital costs.

Figure 42: Co-payments as a percentage of claims – in hospital vs out of hospital



The increase in co-payments over time is observed consistently across all options, suggesting that out-of-pocket payments are not isolated to specific options. Options such as Tanzanite One and Emerald Value attract more co-payments due to cases where members use providers outside of the GEMS network and out of formulary medication.

Figure 43: Co-payments by option as a percentage of claims

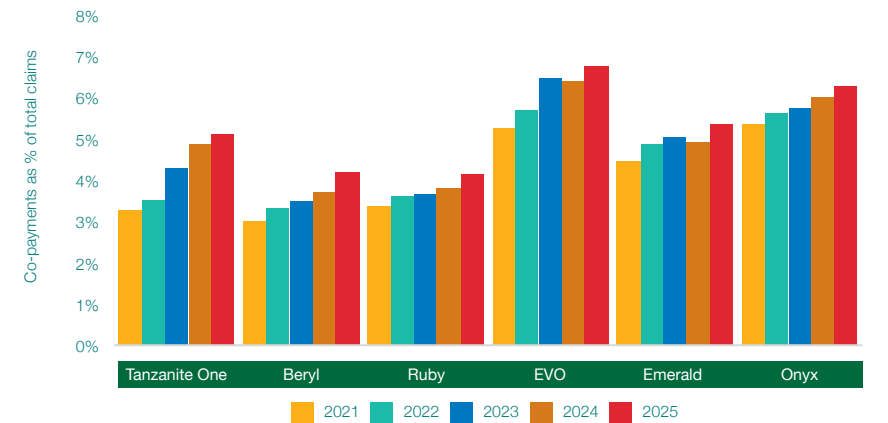
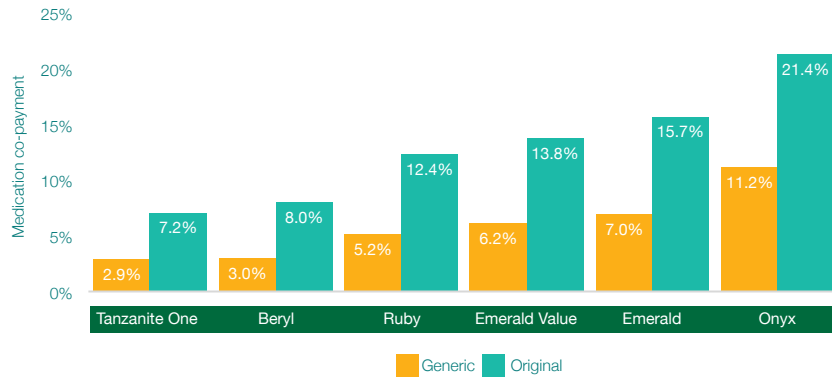


Figure 44: Co-payments per option – generic vs branded medication



Co-payments are most common for claims made for branded medication, but are lower for members opting for generics.

Benefit exhaustion

We continually review our benefit offering and enhance key benefits to reduce members' out-of-pocket expenses. However, in line with increased use, there has been a steady rise in claims paid out of pocket due to benefit depletion.

Figure 45: Percentage of members depleting benefits

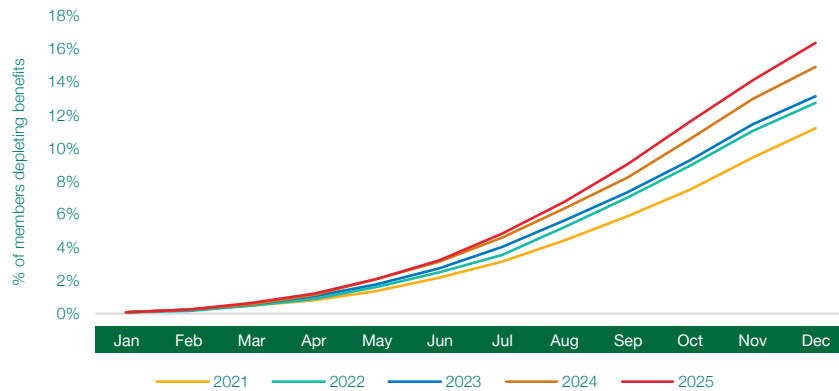
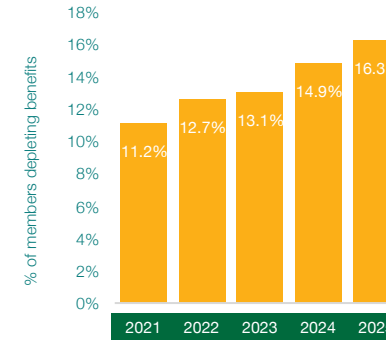


Figure 46: Proportion of members depleting benefits by year-end



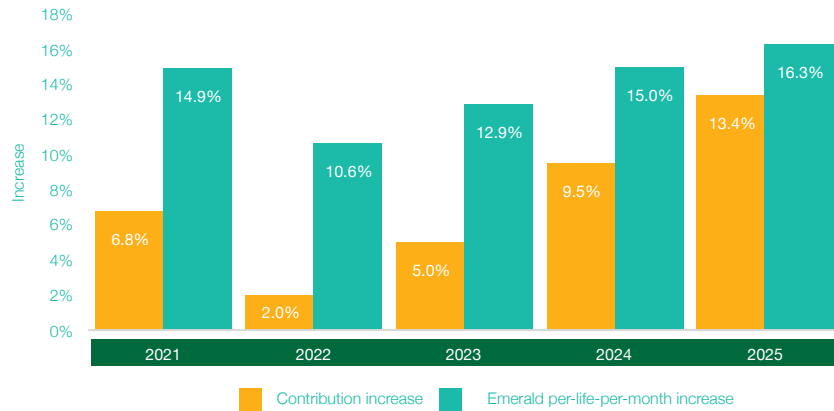
Contributions

Contribution increases vs claims cost increases

Contribution increases were set below the growth in claims costs, resulting in contribution income growth that did not keep pace with underlying healthcare cost inflation during 2022 and 2023.

These low contribution increases were implemented to support members during the Covid-19 pandemic. A total of R10 billion in reserves was used to support members. The cumulative effect of these low contribution increases placed sustained pressure on the Scheme's financial position during 2024 and 2025. In response, we corrected pricing in 2025 to ensure financial sustainability following several years in which contribution increases lagged claims.

Figure 47: Annual contribution increases vs claims increase over time



*Results for the Scheme overall are distorted by changes in option mix

Contributions vs reserves

The Scheme held a strong reserve position in 2021 and increased contributions below healthcare inflation to provide relief to members. Consequently, the reserve ratio declined from 2022 to 2025.

The reserve ratio for the 2025 reporting period was 24.72%, which is slightly below the statutory requirement of 25% in terms of the MSA and its Regulations. The drop in the reserve ratio has been mainly due to higher-than-expected healthcare costs, coupled with strategic low contributions to assist members during Covid-19 from the 2021 reporting period. Notwithstanding the reserve ratio falling slightly below the statutory threshold, this does not indicate that the Scheme is not able to meet its obligations as they become due. The Scheme continues to operate as a going concern and is financially stable.

During the 2025 reporting period, a number of strategic interventions were implemented in the Scheme's benefit design process, together with claims management interventions. These measures are expected to support appropriate healthcare utilisation and in turn an increase in the Scheme's reserve ratio to above 25% in the near future. Further, the Scheme maintained its national scale financial strength rating of AA+(ZA) with a stable outlook during the reporting period from the rating agency. The rating reflects the Scheme's strong financial position, supported by adequate liquidity and capitalisation with reserves in excess of R18 billion.

Furthermore, when applying a risk-based capital reserving model that considers business, asset and operational risks, the results indicate that the Scheme's required reserve level is lower than the regulatory solvency requirement prescribed by the CMS.

The Scheme has submitted a business plan to the CMS outlining the mitigation measures implemented to restore compliance with the statutory solvency requirements. Overall, the Scheme remains financially stable and maintains sufficient cash reserves to meet its foreseeable

obligations and commitments. If contributions for 2026 had been increased by salary inflation (assuming 4.8%) then the reserve ratio expected at the end of the 2026 financial year would have been 18.36% instead of 21.9%. That is R3.27 billion less in financial capital than what is currently budgeted for year-end 2026. The current increase of 9,8% in January 2026 and 9.5% thereafter allows for an increase in financial capital of R197.8 million. Although funding capital is increased, the reserve ratio is still expected to be below the minimum statutory requirement of 25%. However, the reserve ratio is expected to be maintained above the minimum requirement suggested by risk-based capital models.

Figure 48: Impact of contribution increase levels on reserves

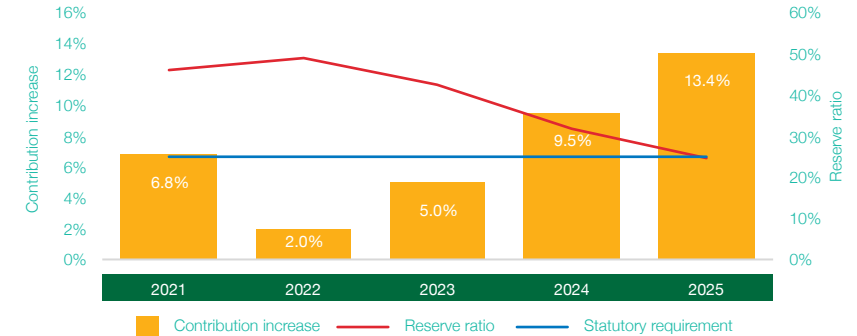
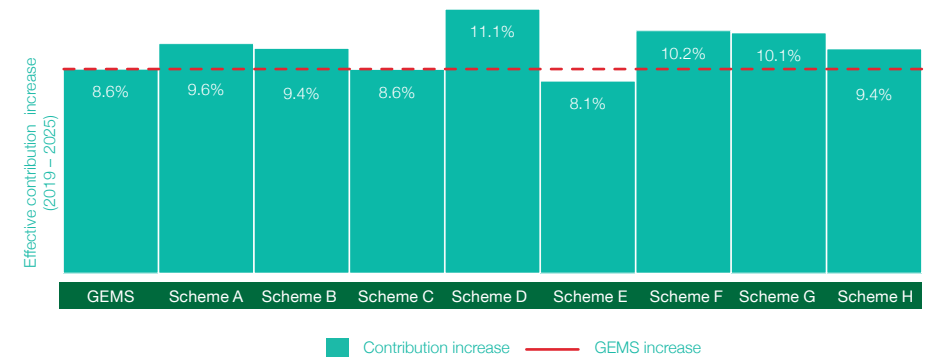


Figure 49: Our average contribution increases from 2019 to 2025 against the industry average

INDUSTRIAL COMPARISON – 2019 TO 2025

The effective increase applied on GEMS from 2019 to 2025 is slightly lower than the industry average

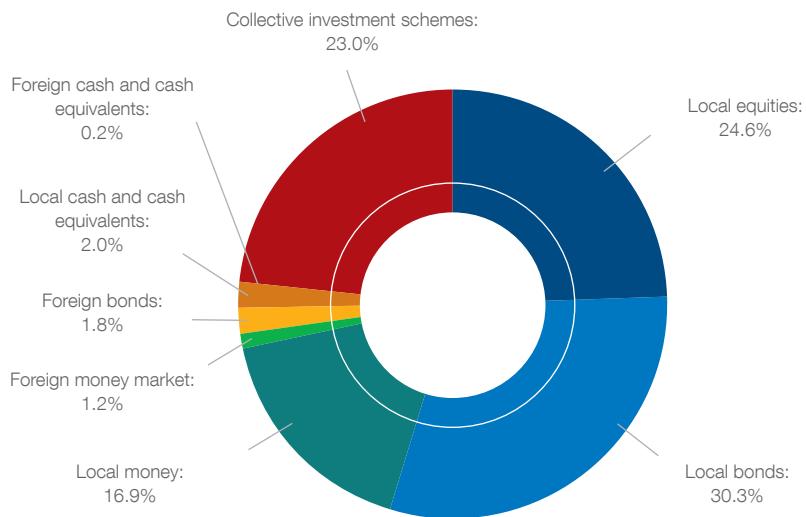


Investment performance

The GEMS 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 considering the prevailing market conditions and investment strategy targets. The review is conducted with the Scheme’s investment consultants (page 227 for information on the investment consultants).

Our strategic asset allocation for 2022 to 2025 emphasises growth by increasing exposure to equity markets, aiming to achieve a long-term investment target of consumer price index: (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 50: Investment funds spread across asset classes at end-December 2025



We follow a diversified investment strategy across multiple asset managers (refer to page 227) which invest across a broad range of asset classes. During the financial year, this strategy delivered strong performance, supported by declining inflation, a strengthening rand, a sovereign rating upgrade and improving fiscal conditions.

The Scheme maintained a higher allocation to growth assets through South African balanced and income funds to enhance returns and mitigate the impact of an adverse operating performance.

The GEMS investment portfolio generated a return of R4 billion in 2025 (2024: R3.2 billion) – an average return of 17.8% (2024: 12.2%), significantly exceeding the long-term target of CPI+3.5%.

This strong performance was driven by robust returns from local equities and bonds, which benefitted from improved investor sentiment. Market confidence was supported by a firmer rand, underpinned by strong commodity prices and increased confidence in South Africa’s macroeconomic and policy environment.

The Scheme’s portfolio will continue to balance a supportive domestic environment with active risk management, prioritising high-quality assets through its appointed asset managers.

Table 16: Investment values and average returns for the year ended 31 December 2025

Asset	2025 '000	2024 '000	2025 Return on investment %	2024 Return on investment%
Current accounts	665 042	2 412 287	5.79%	6.63%
Call accounts	3 902 747	2 014 941	7.29%	8.15%
Cash and call accounts with asset managers	249 712	405 623	-	-
Asset managers	18 560 455	18 980 417	*16.46%	*11.00%
Total	23 377 956	23 813 268	17.76%	12.19%

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

We will continue to pursue our long-term investment strategy, focused on diversified, high-growth assets, refraining from shifting to short-term cash holdings during periods of market volatility. This deliberate exposure to growth assets has generated strong investment returns, which significantly offset the adverse operating performance experienced in 2025.


The investment return target for 2026 remains CPI+3.5%, with the strategy implemented efficiently while ensuring effective management of associated risks. The Scheme exercises robust oversight of the appointed asset managers to ensure strict adherence to approved investment mandates. The proactive identification, assessment and mitigation of potential downside risks that could adversely affect the Scheme’s invested assets remains a key strategic priority.

GEMS adheres to the principles and best practices of the Code for Responsible Investing in South Africa. The Finance and Investment Committee annually reviews the Scheme’s continued alignment with the code. Our asset managers follow ESG processes when investing, all being signatories to the United Nations Principles of Responsible Investing.

Table 17: Performance outlook

Strategic priority	Achieving our targets and maintaining performance through effective strategic risk management and performance management				
	Strategic objective	Relevant material matters	Capitals mainly affected	Outlook based on residual risk rating and performance	Short-term performance expectations
Stakeholder satisfaction KPIs 1 to 4		Core value proposition strength Stakeholder inclusivity		 (page 66)	Integrated engagement plans are being developed to improve the quality of relationships across the GEMS stakeholder landscape. Performance will be driven through continuous monitoring, targeted improvements in member and provider experience, strengthened stakeholder engagement and proactive management of service and reputational risks.
Financial strength KPIs 5 to 9		Claims experience Burden of disease management		 (page 71)	Performance will be sustained through disciplined financial management, optimisation of investments, active claims cost control and strengthened oversight to ensure long-term sustainability. Our short-term expectation: <ul style="list-style-type: none"> Reserve ratio: 21.9% Investment returns: 6.30% Investment income: R1 billion Claims ratio: 90.9% Non-healthcare costs: 5.5%
Organisational culture KPIs 11 to 12		People and culture		 (page 70)	Performance will be driven by embedding a values-based, high-performance culture through leadership development, employee engagement and targeted culture improvement initiatives.
Fit-for-purpose capability build KPI 31		Operating model effectiveness	 	 (page 73)	Performance will be enabled through the implementation of the data management programme, strengthening in-house data capabilities and leveraging strategic partnerships to support data-driven decision-making.

Strategic priority	Achieving our targets and maintaining performance through effective strategic risk management and performance management				
	Strategic objective	Relevant material matters	Capitals mainly affected	Outlook based on residual risk rating and performance	Short-term performance expectations
Healthcare strategic purchasing KPIs 24 to 30		Burden of disease management	 	 (page 65) (page 71)	Performance will be driven by disciplined cost management, value-based contracting, improved network coverage and the implementation of alternative reimbursement models to enhance affordability and quality. Our short-term expectations: <ul style="list-style-type: none"> Annual reduction on sourcing costs: >0.1% Tariffs achieved below budget: >0.1% Alternative reimbursement model established: ≥17.2% Out-of-pocket expenditure: ≤6.35% Primary network cost coverage: >92.0% Specialist network cost coverage: >61.0% Hospital network cost coverage: >98.5%
ICT capabilities KPIs 32 to 33		Innovation and digital transformation		 (page 65) (page 73)	Performance will be sustained through strengthened cybersecurity, resilient and agile information technology infrastructure and continuous monitoring to support reliable and secure operations.
Growth KPIs 34 to 36		Core value proposition strength		 (page 68)	Performance will be driven by strengthening the Scheme's value proposition, improving member retention and advancing consolidation within the public sector to support sustainable growth. Our short-term expectation: <ul style="list-style-type: none"> Number of members registered on the Scheme at year-end: 898 111

Strategic priority	Achieving our targets and maintaining performance through effective strategic risk management and performance management				
	Strategic objective	Relevant material matters	Capitals mainly affected	Outlook based on residual risk rating and performance	Short-term performance expectations
ESG KPI 15 KPIs 37 to 40		Stakeholder inclusivity	 	 (page 66)	Performance will be driven through strengthened ethical governance, improved compliance and transformation agenda outcomes, reduction of fraud and waste and delivery of measurable social impact initiatives. Our short-term expectation: <ul style="list-style-type: none"> Fraud, waste and abuse savings: R260 million

REWARDING PERFORMANCE AND VALUE CREATION

GEMS is a certified top employer, meaning that it is at the forefront of people practices.

Material matter 5: People and culture

King IV: Principle 14

The governing body should ensure that the organisation remunerates fairly, responsibly and transparently to promote the achievement of strategic objectives and positive outcomes in the short-, medium- and long term.

Human Resources and Remuneration Committee statement

The committee is satisfied that, for the reporting period, it fulfilled the obligations of its terms of reference and that the objectives of the remuneration and performance management policies were met without any material deviations.

We congratulate the Scheme for achieving top employer certification for 2026 from the Top Employers Institute.

Table 18: Committee focuses

Focuses 2025	2026 employee annual salary adjustments
	Talent retention and succession planning at executive level
	Adjudication of performance management bonuses for senior managers and executives
	Revision of key policies, including Performance Management Policy
Future focuses	Ethical leadership development programme implementation oversight
	Integrated organisational culture framework implementation
	Continuous setting and implementation of policy for remuneration that is internally equitable and externally competitive

Remuneration and Performance Management Policy overview:

We are committed to value creation by enabling our people to achieve strategic objectives.

Table 19: Remuneration policy objectives

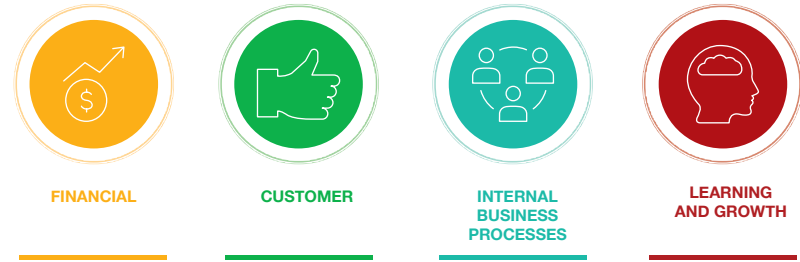
Linking policy objectives to sustained value creation	Implementation to achieve policy objectives
<p>Remuneration policy implementation is guided by Scheme affordability, sustainability and other strategic business considerations</p>	<p>The Scheme's financial performance, CPI and economic-climate-informed decisions taken in 2025 on guaranteed and variable pay.</p> <p>To ensure that remuneration is fair, equitable and justifiable, the Board approved salary increases based on a sliding scale for general staff, senior managers and executives.</p> <p>Remuneration for employees below senior management level was set through wage negotiations with the National Education, Health and Allied Workers' Union.</p> <p>The Board weighs the views of members, the CMS and other stakeholders when setting trustee remuneration. There was no increase in 2025.</p>
<p>Attracting and retaining key talent, thereby driving business strategy with the right people</p>	<p>For objectivity and competitiveness, we use independent remuneration consultants to benchmark remuneration against the market. Benchmarking covers the GEMS remuneration policy, salary scales and performance management bonus framework.</p> <p>Benchmarking conducted in 2025 against healthcare, financial and national industries informed decisions on increases to guaranteed pay for 2026. GEMS products compare well to those of these industries.</p> <p>Appropriate remuneration is further determined through the process below:</p>



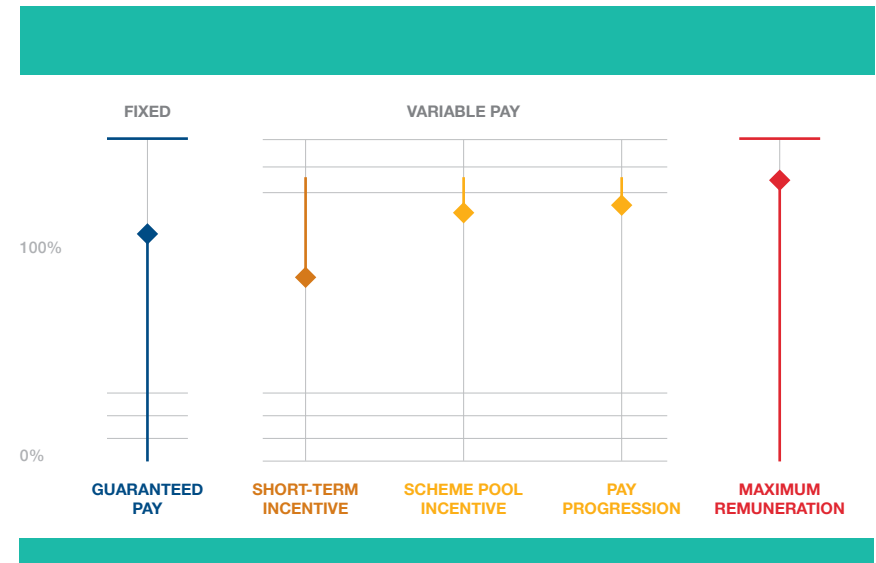
Performing employees are remunerated at no less than the annually surveyed market median. A low overall staff turnover rate of **3.15%** was achieved for 2025 (2024: 3.26%).

Encouraging and recognising individual and collective performance

Guaranteed pay is aligned to expected operational performance level. Performance bonuses and short-term incentives are determined under the GEMS Performance Management Policy linking performance management outcomes to rewards and recognition. Our standardised balanced scorecard measures performance across four perspectives:



In addition to market-related remuneration, GEMS employees can earn up to the 75th percentile of a guaranteed package:



We use a standardised and integrated three-tiered performance management framework to manage and link Scheme performance to divisional and employee performance.

Level	KPI achievement based on:	Using:
Principal Officer	GEMS strategic objectives: 40% Competency: 50% GEMS values: 10%	GEMS performance scorecard based on strategy and business plans
Executives	Divisional performance plans based on strategic objectives: 60% Competency: 30% GEMS values: 10%	Divisional performance scorecards
Senior managers and general staff	Job profile requirements and divisional performance plans: GEMS strategic objectives: 80% Competency: 10% GEMS values: 10%	Individual performance management scorecards and pay progression

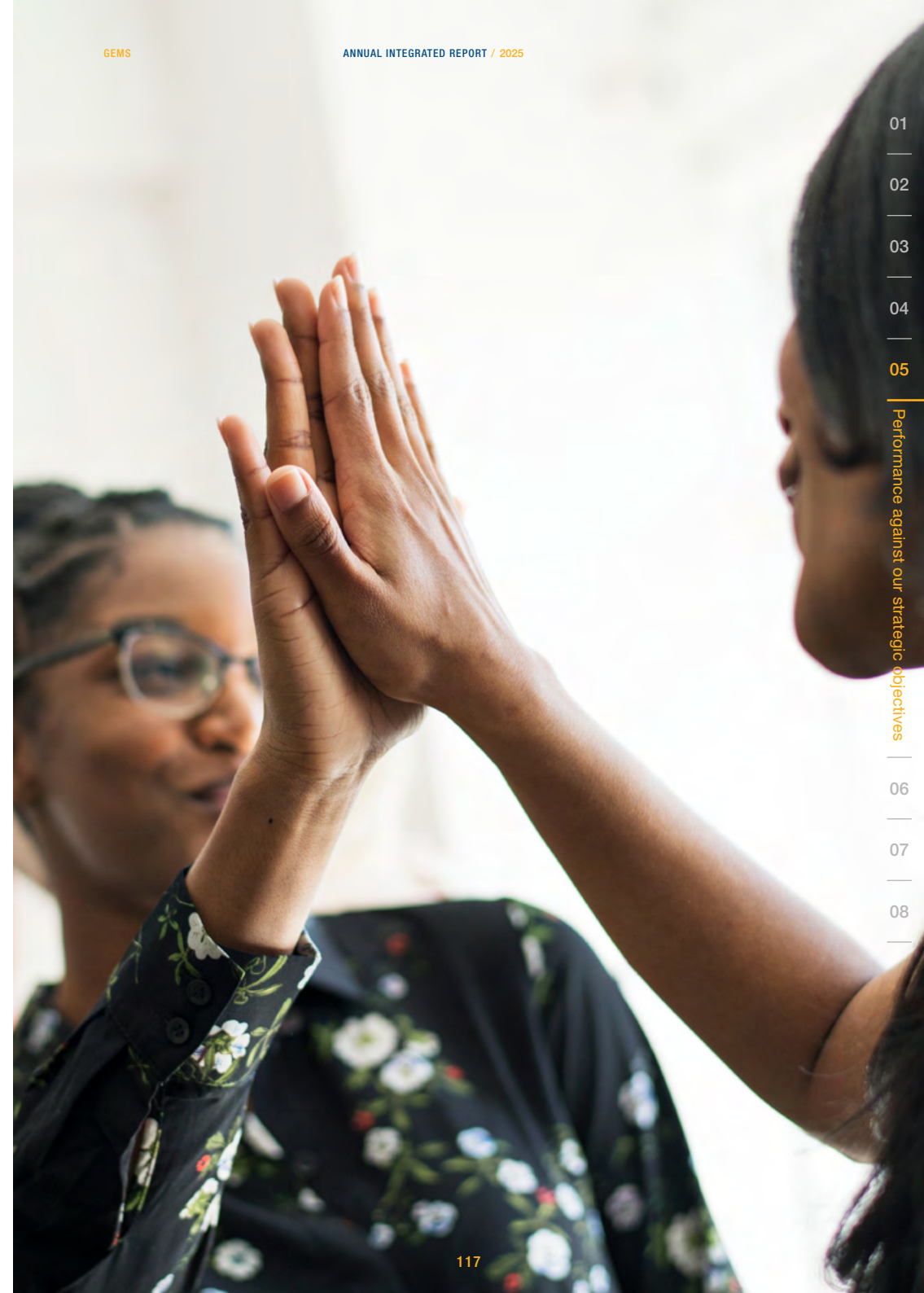
Pool incentives and pay progression were introduced in 2020. Payment of the reward rests on the Board's consideration of annual performance against stretch targets for the reserve ratio, complaints ratio and external audit outcome. The Scheme did not pay pool incentives for the reporting year.

Table 20: Executive remuneration in 2025

Names	Job titles	Period	Guaranteed pay	Bonus 2025	Pool incentive bonus 2025 *	Total remuneration 2025
Karyna van Lingen	Chief Financial Officer	01 January to 31 December 2025	R4 552 839	-	-	R4 552 839
Gloria Nkadimeng	Chief Information Officer	01 January to 31 December 2025	R3 148 813	-	-	R3 148 813
Sam Lewatle	Chief Corporate Service Officer	01 January to 31 January 2025	R336 102	-	-	R336 102
Audrey Mareme	Acting Chief Corporate Service Officer	01 January to 30 June 2025	R335 261 (acting allowance)	-	-	R335 261
Bongani Vilakazi	Acting Chief Corporate Service Officer	01 July to 31 December 2025	R314 881 (acting allowance)	-	-	R314 881
Vuyokazi Gqola	Chief Operations Officer	01 January to 31 December 2025	R4 911 232	-	-	R4 911 232
Evan Theys	Company Secretary and Legal Counsel	01 January to 31 December 2025	R3 148 813	-	-	R3 148 813
Marnus Kruger	Company Secretary and Legal Counsel	01 November to 31 December 2025	R524 803	-	-	R524 803
Claude Ndlovu	Chief Healthcare Officer	01 November to 31 December 2025	R705 813	-	-	R705 813
Marjorie Nqala	Acting Chief Healthcare Officer	01 January to 31 October 2025	R705 813 (acting allowance)	-	-	R705 813
Stanley Moloabi	Principal Officer	01 January to 31 December 2025	R6 172 408	-	-	R6 172 408

Names	Job titles	Period	Guaranteed pay	Bonus 2025	Pool incentive bonus 2025 *	Total remuneration 2025
Malinda Lubbe	Acting Chief Marketing Officer	01 January to 31 December 2025	R629 763 (acting allowance)	-	-	R629 763
Selaelo Mametja	Chief Research Officer	01 January to 31 December 2025	R3 148 813	-	-	R3 148 813
Masingita Chavalala	Chief Strategy Officer	01 January to 31 December 2025	R3 148 813	-	-	R3 148 813
Zaahir Elias	Chief Audit Executive	01 January to 31 December 2025	R3 148 813	-	-	R3 148 813
Andre Cowley	Chief Compliance Officer	01 January to 31 December 2025	R3 148 813	-	-	R3 148 813
Reginald Sadiki	Chief Administration Officer	01 January to 31 December 2025	R3 148 813	-	-	R3 148 813

* At the time of printing this report, the bonuses for 2025 were not yet paid





AN INDEPENDENT BOARD OF TRUSTEES FORMS THE CORE OF THE SCHEME'S CORPORATE GOVERNANCE STRUCTURE AND IS ULTIMATELY ACCOUNTABLE AND RESPONSIBLE FOR THE SCHEME'S PERFORMANCE AND AFFAIRS.

6. REPORT OF THE BOARD OF TRUSTEES

CHAIRPERSON'S MESSAGE



Dr Nomzamo Tutu
Chairperson

The review year was the penultimate year of our current strategic plan period. The Board examined the appropriateness of the Scheme's strategic direction in a rapidly evolving environment. The review covered our strategic response to the operating environment in 2025, assessing performance and laying the groundwork for the next strategic plan period. For the current period, the strategic objectives and key KPIs remain unchanged.

The exercise affirmed that GEMS retains substantial institutional strength. Our stable contribution base, strong long-term investment performance, comparatively low non-healthcare expenditure, established governance structures and deep institutional expertise provide a solid foundation for institutional strength. Our scale and restricted membership base remain distinct strategic advantages within the sector. However, stewardship requires that we confront our constraints with equal openness.

Our contribution increases for the 2025 and 2026 financial years especially brought stakeholder pressure for lower increases. This is not unexpected as stakeholders are vigilant about the Scheme's affordability and overall core value proposition. The contribution increases from the 2024 to 2026 financial years are required to gradually realign contribution levels with healthcare costs. This follows a period of sustained lower-than-required contribution increases from 2020 to 2023, during which we counteracted healthcare funding requirements with a deliberate decrease in member reserves and cost-cutting measures. The Scheme concluded the 2025 financial year with a statutory solvency ratio of 24.72%, nominally below the regulatory requirement. However, this marginal variance does not detract from the Scheme's long-term viability. Our robust financial standing is underscored by a credit rating of AA+(ZA), reinforced by strong liquidity

and R18.7 billion in accumulated reserves. To mitigate future volatility in contribution adjustments, the Board is evaluating enhanced capital management strategies, including the adoption of risk-based capital principles. The approved benefit changes were designed to enhance affordability and ensure clinical appropriateness for members. These interventions resulted in estimated cost savings of approximately R121 million (0.2% of annualised risk income), supporting a budgeted reserve ratio of 21.90%. Without these changes, the reserve ratio would have been projected at 19.8% for year-end 2026.

High levels of stakeholder dissatisfaction require that we communicate clearly and effectively on how we intend to solve the affordability-sustainability conundrum in the best interests of our members.

We recognise that strengthening leadership continuity, refining organisational design and advancing a culture of accountability and inclusion are essential to ensure agility in strategy execution. Similarly, enhancing technological resilience through improved cybersecurity architecture, disaster recovery capability and modernised digital service delivery remains a priority to protect members and strengthen trust.

As our operating environment continues to evolve, we remain confident in the enduring strengths of the Scheme. With steady governance, strategic clarity and collective capacity and commitment, we are well positioned to navigate this period of transition responsibly. Our responsibility goes beyond preserving financial sustainability to safeguarding the trust placed in us by our members and stakeholders. Through thoughtful recalibration and purposeful execution, we will continue to advance our mandate in support of UHC.

The Board continued member and stakeholder engagement at special member events in addition to the AGM. We focused extensively on the PSCBC, while continuing regular meetings with the Ministry for the Public Service and Administration. The GEMS SPN and its sub-contracted BBBEE partners are in many instances the face of GEMS' service delivery. The Board continued to engage directly with contracted entities on achieving BBBEE objectives. Our engagement included BBBEE partners for meaningful empowerment and contribution to the Scheme's operations. These partners were invited to raise concerns on their participation. When sub-contracting arrangements were terminated, the Board met with affected parties to understand the issues.

**OUR RESPONSIBILITY
GOES BEYOND
PRESERVING
FINANCIAL
SUSTAINABILITY TO
SAFEGUARDING THE
TRUST PLACED IN
US BY
OUR MEMBERS AND
STAKEHOLDERS.**

Annual General Meeting

The 2025 AGM was held on 31 July 2025, with members in attendance virtually. All motions placed before the meeting for resolution were adopted. We provided members with information on the policy guiding the remuneration of trustees and detailed the remuneration paid in 2024. We shared with members our continued push to ensure that GEMS is a medical scheme of choice, focused on affordability and good service and benefits. We will continue holding these meetings virtually, as they allow participation for members from all parts of the country.

Board of Trustees

The first terms of three member-elected trustees ended in 2025. After a trustee election conducted according to the GEMS Rules, we welcomed Nkobane Constance 'Conny' Ntshane-Legong and Lebohlang Precious Khumalo, who were re-elected for a further six-year term ending September 2031. We welcomed Patrick Babsy Makhafane, elected for six years from October 2025. We thank Dr Hendrik 'Henk' Pieter Punt, who served on the Board from February 2024 to fill an unscheduled vacancy.

There were no changes among the trustees appointed by the MPSPA.

Key outlook information

Global Credit Rating Company has maintained the Scheme's previous national scale financial strength rating of AA+(za), with stable outlook, citing 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 our 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 AGM and other Scheme events. Your ongoing participation in member satisfaction surveys and in using the Scheme's compliments and complaints channels helps us to improve our services and benefits.

I thank the Honourable Minister Mzamo Buthelezi (MPSPA), Sharon Kekana (Deputy Minister for the Public Service and Administration), Yoliswa Makhasi (Director-General of DPSSA) and DPSSA officials for constructive discussions and guidance during the year.

My sincere appreciation goes to the late PSCBC chairperson, Ingrid Dimo, the current chairperson, Magate Phala, the deputy chairpersons, Aubrey Zungu (labour) and Mompoti Galorale (employer) and general secretary, Frikkie de Bruyn, for holding our feet to the fire and remaining focused on the mandate of GEMS. Your constructive input enables us to understand the real issues experienced by members and stakeholders. We look forward to a continued robust relationship and to walking the road ahead with you. We recognise the leadership and wisdom of the unions admitted to the PSCBC as well as the National Department of Health and National Treasury as we constantly seek enduring partnerships to achieve national health objectives.

GEMS' trustees again shouldered a large workload, dealing with complex decisions to protect members' interests. The Board continued introspective discussion to strengthen 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 2025 to advance corporate governance across the Scheme. I thank Pierre de Villiers (Risk, Social and Ethics Committee), Alvin Rapea (Human Resources and Remuneration Committee), Dr Johannes Smit (Clinical Governance and Administration Committee), Siyabulela Tsengiwe and Constance Ntshane (Oversight Committee on Special Projects and Programmes) for leading the standing committees so well. Rene van Wyk is our independent chairperson of the Audit Committee and we value her quick onboarding into the role and her effective and professional leadership of the Scheme's assurance structures. We also appreciate Aziza Galie



**OUR ENGAGEMENT
INCLUDED BBEE
PARTNERS FOR
MEANINGFUL
EMPOWERMENT
AND CONTRIBUTION
TO THE SCHEME'S
OPERATIONS.**

and Dr Pritish Dala, who served on the Audit Committee as independent committee members in 2025.

Dr Stanley Moloabi is one of the most experienced Principal Officers in the South African medical schemes industry. As always, the Board acknowledges his expertise, visible leadership, superior loyalty to GEMS and the work underway for building a scheme that will thrive. We will continue to support him and the entire GEMS team.

I am grateful to Exco, the staff of GEMS and the SPN for implementing the GEMS strategy and for the considerable competencies they make 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 bureaus – we would not have successful networks, improved health outcomes and enhanced benefits and member services. Your involvement is greatly appreciated.

Finally, I thank the members of the GEMS Integrated Reporting Steering Committee, representing all the GEMS business divisions, for drafting and compiling the integrated report for 2025. The report gives members and stakeholders an informed opinion of the state of GEMS and value creation, preservation and erosion. I wish you all the best for the new reporting journey ahead, where you will compile the Scheme's first sustainability report.

The Board is satisfied with the Scheme's operational results for the period ending 31 December 2025 and is confident that the team will continue performing where excellence was achieved and meeting performance targets where expectations were not fully met.

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 GEMS Rules, the GEMS governance framework, the GEMS Board Charter and Scheme policies.

The Scheme acknowledges its role in the medical schemes industry and 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 members and employer allows 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. Clear and open communication with stakeholders enhances the 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 members of the Scheme and the employer, respectively, according to the provisions of MSA No 131 of 1998, as amended, and the Scheme Rules. The trustees are representatives of the Scheme's members and are legally responsible for the management and strategic direction of the Scheme on behalf of the members.

The Board meets regularly and monitors the performance of 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 Scheme Rules 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 the Board effectiveness assessment every year from 2024. The Chairperson meets with individual trustees one-on-one during 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 management of the Scheme – 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 mitigations and internal controls takes place at least quarterly. No event nor item came to the attention of the Board of Trustees during the year that indicated any material breakdown in the functioning of the key internal controls and systems.

Dr Nomzamo Tutu
Chairperson
05 May 2026

Dr Mpho Mashoto Johannes Rabada
Deputy Chairperson

Dr BOS Moloabi
Principal Officer

GOVERNANCE STRUCTURES AND ARRANGEMENTS OVERVIEW

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

The Board is accountable for setting the strategic direction of the Scheme and providing effective oversight to ensure its long-term sustainability and sound governance.



Figure 52: Performance and outcomes monitoring by the Board of KPIs and risks



The five-year strategic plan and the annual performance plan give practical effect to the Board's governance mandate by guiding the activities of the Principal Officer, management and employees. The governance structure enables streamlined oversight, allowing the Board to monitor performance and ensure that the Scheme's operations are conducted efficiently and effectively.

Implementation of the Board-approved five-year strategic plan for 2022 to 2026 was monitored through quarterly performance reports submitted by management, detailing progress against agreed performance areas.

During 2025, the Board received regular, standardised reports on the status of the Scheme, including key business indicators such as membership growth, financial performance and stakeholder engagement.

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 pages 61 and 154 of the report.

The Board monitored the implementation of approved strategic and operational risk mitigation measures and the Scheme's changing risk environment during 2025 through quarterly and ad hoc reports from Scheme management. The Board is comfortable that the residual risks facing the Scheme were managed throughout the year and that risk assessments and mitigations to safeguard Scheme and member interests were effective.

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 from 1 January 2018 through a Board resolution. On CMS recommendation, the Scheme uses the governance and compliance instrument, an online tool developed by The Global Platform for Intellectual Property, to assess whether the recommended King IV principles are applied.

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

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

King V was published in October 2025 and applies to the reporting period starting 1 January 2026.

BOARD AND COMMITTEE EFFECTIVENESS

The Board of Trustees annually evaluates its overall effectiveness, including the performance of its committees, the Board collectively and the role of the Chairperson. The most recent assessment performed by the Institute of Directors South Africa (IoDSA) began in 2024 and closed in 2025. This included assessment against King IV and emerging King V governance principles. The GEMS governance framework was found to be fundamentally sound and mature. Future effectiveness will depend on strengthening key improvement areas.

Table 21: Key review outcomes

Board performance	Good (3.9/5)	Strengths: <ul style="list-style-type: none"> • Sound fiduciary oversight, compliance with MSA and CMS directives • Improving Board culture and psychological safety, enabling more robust deliberation • Strong risk, compliance and ethical oversight foundations • Committee effectiveness (Audit Committee, Clinical Governance and Administration Committee and Finance and Investment Committee particularly strong) 	Improvement areas <ul style="list-style-type: none"> • Succession planning at executive and Board roleplayer level (lowest scoring theme) • Timeliness, quality and flow of information to the Board and committees • Digital and ICT governance maturity at Board level • Stakeholder relationship management, particularly in a complex public sector environment
Committee performance	Upper good (4.2/5)	Committees performing good to excellent, with variability by mandate	Common challenges: <ul style="list-style-type: none"> • Meeting-pack timing • Ongoing training and skills refresh • Strategic vs operational boundary management
Overall Board response	Quarterly reporting on the remediation of improvement areas against an action plan with clear deliverables and timelines to begin in 2026		

QUALITY OF STAKEHOLDER RELATIONSHIPS

Of concern is a marked deterioration in the quality of the relationship among the Scheme, organised labour in the PSCBC, the MPSA and groupings of healthcare providers and members. Dissatisfaction with the weighted average contribution increase of 13.4% for the 2025 financial year was exacerbated by the increase announced initially for the 2026 financial year. Combined with a delay in the implementation of the employer subsidy increase this resulted in dissatisfaction levels unprecedented in the Scheme's recent history, with stakeholders questioning whether the Scheme remains true to its mandate.

For healthcare provider groupings, the release of the S59 report in July 2025 led to renewed concerns over transparency on the algorithms used for fraud, waste and abuse detection and the timelines for auditing and recovering funds from providers.

Additionally, members expressed dissatisfaction over benefit exhaustion early in the year, negatively affecting accessibility to healthcare.

The dissatisfaction remained despite a concerted effort by the Board to liaise directly with stakeholders on the issues during 2025.

The Board remains committed to constructive dialogue, strategic partnerships and solutions developed collectively to solve the 'affordability-sustainability' conundrum.

Table 22: Key board focuses and actions



The Board's main focus remained enhancing functional strategies to better align with NHI implementation strategies, market conditions and the Scheme's performance against the KPI targets of the strategic plan

Focuses and decisions for 2025	Capitals affected	Link to material matters	Stakeholders affected
The Board continued face-to-face engagements with members as part of its ongoing focus on GEMS' brand positioning, for which quality of interaction with members and the GEMS communication capabilities are important factors.		Core value proposition strength	
The Board considered an in-depth analysis of the challenges to achieving the desired organisational culture and potential solutions. It approved and monitored the implementation of a holistic organisational culture strategy in 2025.		People and culture	
In September 2024, the Board approved a new integrated stakeholder management strategy and engagement plan to strengthen relationships across the Scheme's diverse stakeholder landscape. This includes members, employer representatives, organised labour, regulators, service providers and other strategic partners.		Stakeholder inclusivity Strategic partnerships	 
As part of this, the Board sought to reset the relationship with key stakeholders in 2025, including the PSCBC, based on mutual responsiveness, alignment of interests, transparency and ongoing communication. The renewed approach seeks to foster constructive engagement, enhance collaboration and support the long-term sustainability of the Scheme.			
The Board reassessed the Scheme's insourcing of capabilities and approved a revised programme aligned to NHI implementation scenarios and the renewed focus on strategic partnerships and collaboration in an NHI future.	 	Operating model effectiveness Strategic partnerships	 
The Board's consideration of and deliberation on the benefit design and contribution increases for 2026 focused extensively on achieving the appropriate level of trade-offs for financial resilience and a healthy and thriving membership.	 	Core value proposition strength	     



OUR BOARD MEMBERS IN 2025




The Board comprises 12 trustees, six of whom are elected by Scheme members and six appointed by the MPSA.



Table 23: GEMS trustees in 2025



Name	Elected or appointed	Qualifications and expertise	GEMS Board committees in 2025 ⁵	Other significant positions/roles in 2025
 Dr Nomzamo Tutu Board of Trustees Chairperson (19 February 2024 to date) (12 December 1965)	Appointed 30 July 2020, tenure ends 29 July 2026	Master of Business Administration: Specialising in Executive Management; Bachelor of Medicine and Surgery; Bachelor of Science; Postgraduate Diploma: Occupational Health; Postgraduate Diploma: HIV/Aids Management in the World of Work Expertise: Clinical care, investment and executive management	Finance and Investment Oversight on Strategic Projects and Programmes	Member of KwaZulu-Natal Provincial Planning Commission Directorships in various private companies Memberships/affiliations: South African Medical Association, South African Society of Occupational Medicine, IoDSA, The Ethics Institute (TEI)
 Dr Mpho Mashoto Johannes Rabada Board of Trustees Deputy Chairperson (19 September 2025 to date) (17 June 1970)	Appointed, 16 September 2024, tenure ends 15 January 2030	Master of Business Administration: Dissertation: Health Economy and Healthcare Financing – Surrey University (UK); Bachelor of Medicine and Bachelor of Surgery (MBBCh) Expertise: Health and business consultant, sustainable development, public health, occupational medicine and strategic management	Clinical Governance and Administration Oversight on Strategic Projects and Programmes	Department of Health: Health and business consultant Memberships/affiliations: IoDSA, TEI



⁵ The Board periodically revises membership of standing committees. Board members may serve on up to three standing committees while also serving on temporary committees from time to time

Name	Elected or appointed	Qualifications and expertise	GEMS Board committees in 2025 ⁵	Other significant positions/roles in 2025
	Elected, tenure started on 25 September 2019 and ended on 24 September 2025. Re-elected 29 October 2025 until 28 October 2031	Bachelor of Arts (Honours): Social Work; Postgraduate Diploma: Public Health Certificate: Gender Excellence; Certificate: Employee Assistance Programme; Certificate: Employee Wellness Programme	Finance and Investment Oversight Committee on Strategic Projects and Programmes	Department of Health Mpumalanga – wellness manager. Memberships/ affiliations: IoDSA, TEI
Nkobane Constance 'Conny' Ntshane-Legong (17 May 1974)		Expertise: Employee wellness, project management, member advocacy		
	Appointed 25 January 2024, tenure ends 24 January 2030	Bachelor of Commerce: Economics and Commercial Law; Bachelor of Education; Master of Arts: Applied Ethics for Professionals; Master of Management: Public and Development Management	Finance and Investment Oversight Committee on Strategic Projects and Programmes	Serves on iKamveihle Development Trust, Memberships/ affiliations: IoDSA, TEI
Siyabulela Thomas Tsengiwe Board of Trustees Deputy Chairperson (19 February 2024 to 19 September 2025) (21 December 1967)		Expertise: Strategy, leadership management, strategy formulation and implementation, research, negotiations, policy planning and development, conflict and communications management reporting, project management		

Name	Elected or appointed	Qualifications and expertise	GEMS Board committees in 2025 ⁵	Other significant positions/roles in 2025
	Elected, tenure started 30 July 2020 and ended on 28 July 2021. Re-elected from 29 July 2021 to 28 July 2027	Bachelor of Military Science; BCom (Honours) Personnel Management; MBA; Doctor of Philosophy: Industrial Economics; Industrial Relations Development Programme	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
Dr Izak Jacobus 'Kobus' van Zyl (31 January 1951)		Expertise: Labour relations, dispute resolution		
	Elected, tenure started 30 July 2021 and ends 28 July 2027	Bachelor of Dental Surgery; Postgraduate Diploma in Dental Public Health; Postgraduate Diploma in Public Health Administration	Clinical Governance and Administration Risk, Social and Ethics	Retired from senior management: National Department of Health Serving on Health Professionals Council of South Africa and Allied Health Professions Council of South Africa Memberships/ affiliations: IoDSA, TEI
Dr Johannes Frederik Smit (22 July 1951)		Expertise: Clinical care (dentistry), administration and leadership, governance ethics		
	Elected, tenure started 30 August 2021 and ends 29 August 2027	NND English Studies (Ekurhuleni Technical and Vocational Education Training College); Teachers Diploma; Bachelor of Education; Master of Education: Management in Education.	Finance and Investment Risk, Social and Ethics Oversight Committee on Strategic Projects and Programmes	Retired from Department of Higher Education and Training as chief education specialist (curriculum development) Memberships/ affiliations: IoDSA, TEI
Pierre Francois de Villiers (25 June 1960)		Expertise: Governance and ethics, member advocacy		



Name	Elected or appointed	Qualifications and expertise	GEMS Board committees in 2025 ⁵	Other significant positions/roles in 2025
 Lebohang Precious Khumalo (25 March 1980)	Elected, tenure started 30 August 2021 and ended 24 September 2025 (served for the unexpired term of Lekgema Mankge, who left on 31 March 2021) Reappointed 1 December 2025, tenure ends 30 November 2031	Diploma: Clinical Nursing Science; Diploma: General Nursing; Advanced Certificate: Project Management; 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
 Dr Hendrik 'Henk' Pieter Punt (25 May 1953)	Elected, tenure started 22 February 2024 and ended 24 September 2025 (served for the unexpired term of Martinus Cornelis Brand who resigned on 31 December 2023)	Primary Teachers Diploma, Teachers Diploma (Handwork); Bachelor of Arts; Bachelor of Education; Master of Education; Doctor of Philosophy Expertise: Business administration and leadership, education, member advocacy	Clinical Governance and Administration Human Resources and Remuneration	Educational consultant: Training team of the South African Teachers' Union (SAOU) Temporary headmaster: Private high school in Somerset West since October 2023 Memberships/affiliations: IoDSA, TEI

Name	Elected or appointed	Qualifications and expertise	GEMS Board committees in 2025 ⁵	Other significant positions/roles in 2025
 Alvin Phumudzo Rapea (29 June 1964)	Appointed 25 January 2024, tenure ends 24 January 2030	Bachelor of Commerce; Postgraduate Diploma: Management (Wits Business School); Diploma: Labour Law: Graduate Institute of Management and Technology; Certificate Executive Coaching Expertise: People management, remuneration, performance management, public administration, public policy, stakeholder management, strategic management, financial management, governance, leadership culture transformation, labour law, executive and business coaching	Human Resources and Remuneration Risk, Social and Ethics Oversight Committee 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	Bachelor of Arts: Accounting Science; Certificate: Tax; Certificate: Executive Development Programme; Master of Arts: Business Leadership Expertise: Finance	Audit Finance and Investment Risk, Social and Ethics	District Treasurer: Methodist Church of Southern Africa Memberships/affiliations: IoDSA, TEI

Name	Elected or appointed	Qualifications and expertise	GEMS Board committees in 2025 ⁵	Other significant positions/roles in 2025
	Appointed 16 September 2024, tenure ends 15 January 2030	Bachelor of Procurement; Bachelor of Laws; Master of Laws; International Legal Studies (Georgetown University Law Center in Washington DC: International Women's Human Rights) Expertise: Advocate and legal professional, various facets of law, human rights, constitutional law and local government law	Audit Human Resources and Remuneration Risk, Social and Ethics	Retired Memberships/affiliations: IoDSA, TEI
	Elected 1 December 2025, tenure ends 30 November 2031	Certificate: Labour Relations Management; Higher Certificate: Paralegal Studies Expertise: Labour relations, dispute resolution and negotiations, labour relations and collective bargaining, organisational governance and public sector health administration	Clinical Governance and Administration Human Resources and Remuneration	Actively affiliated: Second deputy president of the National Education, Health and Allied Workers' Union Trade union leadership (National Education, Health and Allied Workers' Union, Congress of South African Trade Unions) Memberships/affiliations: IoDSA, TEI

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

Table 24: Combined Board expertise and skills:

Capital	Expertise	% of Board
	Financial management, accounting and reporting	25%
	Project management	33%
	Supply chain management	8%
	People management	25%
	Remuneration and awards	16%
	Healthcare (clinical), public health and health and wellness	41%
	Communication	8%
	Labour relations	25%
	Negotiations	16%
	Training/education/coaching/mentoring	25%
	Corporate governance	100% Covered by annual trustee training
	Innovation	8%
	Sustainable development	8%
	Regulatory, legal and compliance	8%
	Investment	8%
	Information and technology	Provided by Audit Committee members
 	Risk management	100% Covered by annual trustee training
 		
	Ethics management	100% Covered by annual trustee training

MEETINGS IN 2025

The Board met in 2025 to meet corporate governance requirements, including effective business oversight:

Table 25: Board meetings and engagements in 2025:

	Meeting focus	Requirement
24 February	Quarterly meeting focused on business overview, quarter four 2024 progress reports and procurement planning for 2025	MSA, GEMS Rules
13 March	Special meeting to debrief and address requirements from a workshop held with the PSCBC on 25 February 2025	Corporate governance requirement
14 April	Special in-committee meeting focused on decision-making on large operational services tenders	Corporate governance requirement
24 April	Quarterly meeting focused on business overview, quarter one 2025 progress reports, approval of the 2024 integrated report and annual financial statements, the preliminary annual general meeting agenda and minutes, Board report for the annual general meeting, 2024 debt write-off and performance considerations	MSA, GEMS Rules
26 June and 23 July	Interim meeting to approve the agenda for the annual general meeting to be held on 31 July 2025 and continuation of Board in-committee meeting that began on 26 June	GEMS Rules
30 July	Quarterly meeting focused on preparation for the annual general meeting of 31 July 2025, including reporting on proxy forms received and annual general meeting risk management planning	GEMS Rules
31 July	Annual general meeting final preparations, review of quarter two 2025 progress reports and consideration of the 2025 year-end plan for benefit design	MSA, GEMS Rules
7 August	Special meeting to begin the strategy review process for 2026	Corporate governance requirement
15 to 19 September	Annual strategic planning meeting focused on strategic risk assessment, assessment of the operating environment and benefit design for 2026	Corporate governance requirement
30 September	Special meeting to receive the trustee election and election audit reports	GEMS Rules
29 and 30 October	Quarterly meeting focused on the review of quarter three 2025 progress reports, consideration of the 2026-year planner, revised board charter, audit charter, draft annual general meeting and strategic planning minutes	MSA, GEMS Rules
1 and 2 December	Interim meeting focused on corporate governance planning requirements for 2026	Corporate governance requirement
The Board was convened for special meetings in 2025 to attend to key focuses and urgent matters:		
21 January, 11 and 17 December	Special meeting to prepare for joint workshop with the PSCBC and further PSCBC engagements on contribution increases for 2026	
11 February	Special meeting to prepare for the Congress of South African Trade Unions meeting on 14 February	
26 to 28 March	Meeting with the SPN and its BBBEE partners focused on achievement of real BBBEE	
14 October	Special meeting to prepare for engaging the MPSA	
25 November	Special meeting to deal with the termination of certain sub-contractors' services	

The Board attended to additional work requirements in the form of workshops, induction training and SPN site visits:

5 February	New Audit Committee chairperson meet and greet
11 to 13 March	Site visits to the SPN in Cape Town and JHB
23 to 25 April	Audit Committee chairperson induction programme
29 October	Board Charter revision workshop
1 December	Board governance reporting workshop
Building strong stakeholder relationships	
The Board prioritised stakeholder engagement in 2025, focusing on government and the PSCBC. Meetings were held when indicated and when requested by stakeholders. Most meetings were not attended by the full Board but by the Chairperson supported by selected trustees, the Principal Officer and Scheme management	
MPSA meetings focused on performance, the S59 report, 2026 contribution increase and introductions to new trustees	21 February, 25 March, 12 June, 9 July, 22 July, 16 October, 3 December and 23 December
PSCBC meetings focused on resetting the relationship with the Scheme and engaging the member-elected trustees	22 January, 25 February, 23 September; 3, 12 and 18 December
Portfolio committee briefings focused on performance, the S59 report and 2026 contribution increases	23 April, 18 June, 16 July, 8 October, 6 November
The Congress of South African Trade Unions meeting focused on performance	14 February

Members of the Board attended the DPSA Budget Vote on 2 July and supported Scheme management at the annual GEMS stakeholder symposium on 28 and 29 August 2025, celebrating 20 years since the establishment of GEMS.

Board members attended the annual BHF conference on 10 to 14 May 2025.

The Board formed small task teams and panels to deal with additional requirements where full board meetings were not indicated.

12 February 2025	GEMS task team/Momentum/Metropolitan Health special meeting
7 April and 14 April, 6 June, 28 July, 14 and 18 August, 10 December	Interviews and follow-up meetings of the panels for the selection and appointment of the Scheme's Chief Healthcare Officer, Company Secretary and Legal Counsel and Chief Corporate Services Officer
9 May 2025	CMS principal officer forum
5 June 2025	Attorneys meeting regarding a legal opinion on a contracting matter
4 June	Principal Officer half-year performance appraisal
12 June 2025	Bela-Bela hospital project
30 June 2025	South African Broadcasting Corporation/GEMS talk show launch
16 and 24 July 2025	AGM dry run with the Chairperson

Standing committee responsibilities, membership and meetings

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 (MSA and GEMS Rules)
- 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 of Trustees by written terms of reference on membership, authority and duties. A standing committee responsibility matrix clarifies and demarcates committees' areas of responsibility.

The standing committees meet at least quarterly and in line with the year planner. Committee meetings are attended by Scheme management in keeping with the Board's requirements.

Hybrid meetings are enabled, with most attendees opting to be physically present.

Table 26: Board committees in 2025

Audit Committee		
Stakeholders: Members, employees, regulators, SPN		
The committee is mandated by the Board of Trustees by a written audit committee charter on membership, authority and duties. The charter was reviewed and approved by the Board in December 2024 for 2025. The committee's primary responsibilities include evaluating the adequacy and efficiency of the Scheme's internal controls, accounting practices, financial reporting processes, information systems and risk management. Other responsibilities include oversight on external reports (other than financial statements) and guiding the combined assurance processes applied by the Scheme and its SPN. The committee considers and recommends the appointment of the external auditors, monitors them and reports to the Board on their independence. It appoints, assesses the performance of and dismisses the Chief Audit Executive and approves the internal audit plan and internal audit charter. The external auditors and internal auditors report formally to the committee on crucial findings arising from audit activities.		
Membership		
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 or officers of the Scheme or of any of its service providers. For the year ended 31 December 2025, the committee members were:		
Name/designation	Qualifications	Other roles during 2025
Rene Amber van Wyk (11 June 1963) Independent committee member appointed for first term from 1 January 2025 to 31 December 2027	Master of Business Administration; Bachelor of Commerce (Honours): Accounting; Diploma: Advanced Banking; Chartered Accountant (South Africa)	Independent non-executive director, consultant Memberships: SAICA, IoDSA, Association for the Advancement of Black Accountants of Southern Africa (ABASA)

Prittish Dala (13 November 1982) Independent committee member appointed for first term from 2 February 2023 to 1 February 2026 and extended to second term ending February 2029	Doctor of Philosophy: Information Technology); Master of Arts: Information Technology; Bachelor of Science (Honours): (Computer Science); Bachelor: Information Technology; Certified Information Systems Auditor, Certified Information Security Manager, Certified in Risk and Information Systems Control, Certified in the Governance of Enterprise Information Technology, Certified Information Systems Security Professional, Certified Data Privacy Solutions Engineer, Lead Auditor ISO 27001, Certified Ethical Hacker, Computer Hacking Forensic Investigator	Independent non-executive director and executive director of a private company
Aziza Galiel (10 August 1969) Independent committee member appointed for first term from 1 April 2022 to 31 March 2025 and extended to second term ending 30 August 2026 (to be revised in May for March 2028)	Chartered Accountant (South Africa); Bachelor of Commerce; Postgraduate Diploma: Accounting	Independent non-executive director and entrepreneur
Adv Sibongile Sigodi (13 December 1957) Trustee, appointed 16 September 2024, tenure ends 15 January 2030	Bachelor of Procurement; Bachelor of Laws; Master of Laws; International Legal Studies (Georgetown University Law Center in Washington DC: International Women's Human Rights)	Retired Memberships: IoDSA; TEI
Neville Pulane Ndumo (28 January 1963) Trustee, appointed 25 January 2024, tenure ends 24 January 2030	Bachelor of Arts: Accounting Science; Certificate: Taxation; Certificate: Executive Development Programme; Master of Arts: Business Leadership	District treasurer: Methodist Church of Southern Africa Memberships: IoDSA, TEI

Meetings

The committee met seven times during 2025 (2024: 8)

1. 6 February 2025 (quarterly meeting)
2. 13 March 2025 (special meeting)
3. 16 April 2025 (quarterly meeting)
4. 4 June 2025 (special in-committee meeting)
5. 23 June 2025 (ICT meeting)
6. 10 July 2025 (quarterly meeting)
7. 23 October 2025 (quarterly meeting)

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

Benefit Design Committee

Stakeholders: Members, employees, PSCBC, government (MPSA, National Treasury), SPN

The committee develops benefit design recommendations considering input from Scheme members, the PSCBC, SPN and other stakeholders.

Membership

For the year ended 31 December 2025, attendance of the committee's meetings was open to all trustees and most trustees attended these meetings.

Meetings

The committee met twice during 2025 (2024: 2)

1. 13 August 2025
2. 10 September 2025

Clinical Governance and Administration Committee

Stakeholders: Members, employees, SPN, healthcare providers

The committee supports the Board by providing oversight and reporting on key aspects of the Scheme's operations. These include healthcare management, administration and other operational services, procurement in line with delegated authority, member and stakeholder communication, management of member complaints and compliments, marketing and membership growth, client liaison office activities, member satisfaction, the GEMS service delivery structures, knowledge management, data analytics and actuarial services, health policy and research and development. The committee's focus on healthcare management includes improving the Scheme's clinical risk profile, containing claims experience and overseeing product development.

It also assesses, decides on and reports on the approval of ex gratia applications and payments exceeding R50 000 and where the condition and the withholding of therapy is life-threatening, the treatment will improve the applicant's quality of life, the treatment is clinically appropriate and based on internationally accepted evidence-based treatment guidelines and protocols or the applicant has proven a financial inability to afford the treatment by any other means.

Membership

- Dr JF Smit (trustee, elected, Chairperson, tenure 29 July 2021 to 28 July 2027)
- LP Khumalo (trustee, elected, tenure began 30 August 2021, ended 24 September 2025)
- Dr N Tutu (trustee, appointed, tenure 30 July 2020 to 29 July 2026)
- Dr H Punt (trustee, elected, tenure began 22 February 2024, ended 24 September 2025)
- Dr MMJ Rabada (trustee, appointed, tenure 16 September 2024 to 15 September 2030)

Meetings

The committee met over two days every quarter in 2025 (2024: 5).

1. 18 and 19 February 2025 (quarterly meeting)
2. 21 and 22 May 2025 (quarterly meeting)
3. 20 and 21 August 2025 (quarterly meeting)
4. 5 and 6 November 2025 (quarterly meeting)

Finance and Investment Committee

Stakeholders: Members, government (MPSA, National Treasury), regulators, society

The committee supports the Board of Trustees with oversight and reporting on the Scheme's key financial and strategic activities. These include monitoring the Scheme's financial performance, overseeing investment and property acquisition and reviewing product development and benefit design initiatives. It also ensures effective governance of the Scheme's information and technology functions and monitors procurement practices and compliance with the BBBEE framework.

Membership

- ST Tsengiwie; (trustee, appointed, Chairperson, tenure 25 January 2024 to 24 January 2030)
- Dr N Tutu (trustee, appointed, tenure began on 30 July 2020)
- C Ntshane-Legong (trustee, elected, tenure began 23 September 2019, ended 24 September 2025)
- P de Villiers (trustee, elected, tenure 30 August 2021 to 29 August 2027)
- Dr IJ van Zyl (trustee, elected, tenure began on 30 July 2014, ended 28 July 2021, re-elected from 29 July 2021 to 28 July 2027)
- NP Ndumo (trustee, appointed, tenure 25 January 2024 to 24 January 2030)

Meetings

The committee met four times in 2025 (2024: 5).

1. 20 February 2025 (quarterly meeting)
2. 20 May 2025 (quarterly meeting)
3. 11 September 2025 (quarterly meeting)
4. 12 November 2025 (quarterly meeting)

Human Resources and Remuneration Committee

Stakeholders: Employees

The committee assists the Board of Trustees in ensuring fair, responsible and transparent remuneration for trustees, independent committee members, executives and employees, aligned with the long-term interests and sustainable value creation of the Scheme. The committee oversees the Scheme's remuneration report, ensuring that disclosure of trustee, independent committee member and executive remuneration is accurate, complete and presented in plain language in accordance with reporting standards. It ensures that effective remuneration policies, reflecting the Board's strategic direction, are consistently applied and that human resource management policies and systems are aligned with the Scheme's employee value proposition and consistently implemented across all levels. The committee also oversees procurement matters in accordance with delegated authority.

Membership

- AP Rapea (trustee, appointed, Chairperson, tenure 25 January 2024 to 24 January 2030)
- Dr IJ van Zyl (trustee, re-elected, Chairperson, term 29 July 2021 to 28 July 2027)
- LP Khumalo (trustee, elected, tenure began 30 August 2021, ended 24 September 2025)
- Dr H Punt (trustee, elected, tenure began 22 February 2024, ended 24 September 2025)
- Dr JF Smit (trustee, elected, tenure 29 July 2021 to 28 July 2027)
- Adv Sibongile Sigodi (trustee, appointed, tenure 16 September 2024 to 15 September 2030)

Meetings

The committee met four times in 2025 (2024: 5).

1. 20 February 2025 (quarterly meeting)
2. 20 May 2025 (quarterly meeting)
3. 11 September 2025 (quarterly meeting)
4. 12 November 2025 (quarterly meeting)

Oversight Committee on Special Projects and Programmes

Stakeholders: Members, employees

The committee ensures effective oversight of the strategic portfolio of projects and programmes and other change activities defined in its terms of reference. It reports quarterly to the Board on progress. The committee is responsible for effective communication with and between associated Board committees on its activities.

Membership

- CN Ntshane (trustee, elected, Chairperson, tenure began 23 September 2019, ended 24 September 2025)
- Dr MMJ Rabada (trustee, appointed, interim Chairperson, tenure 16 September 2024 to 15 September 2030)
- P de Villiers (trustee, elected, tenure 30 August 2021 to 29 August 2027)
- AP Rapea (trustee, appointed, tenure 25 January 2024 to 24 January 2030)
- ST Tsengiwie (trustee, appointed, tenure began 25 January 2024)
- NP Ndumo (trustee, appointed, tenure 25 January 2024 to 24 January 2030)

Meetings

The committee met six times in 2025 (2024: 6).

1. 23 January 2025 (quarterly meeting)
2. 9 April 2025 (quarterly meeting)
3. 9 July 2025 (quarterly meeting)
4. 9 September 2025 (special meeting)
5. 22 October 2025 (quarterly meeting)
6. 18 November 2025 (special meeting)

Risk, Social and Ethics Committee

Stakeholders: Members, employees, society

The committee provides oversight and reports on key governance areas at GEMS. Its responsibilities include risk governance, ethics and compliance governance and oversight of the Scheme's legal function. It monitors procurement in line with delegated authority, the Scheme's commitment to responsible corporate citizenship and the promotion of sustainable development.

Membership

- P de Villiers (trustee, elected, Chairperson tenure 30 August 2021 to 29 August 2027)
- CN Ntshane (trustee, elected, tenure began 23 September 2019, ended 24 September 2025)
- Dr IJ van Zyl (trustee, re-elected tenure 29 July 2021 to 28 July 2027)
- Dr JF Smit (trustee, elected, tenure 29 July 2021 to 28 July 2027)
- AP Rapea (trustee, appointed, tenure 25 January 2024 to 24 January 2030)
- Adv Sibongile Sigodi (trustee, appointed, tenure 16 September 2024 to 15 September 2030)

Meetings

The committee met four times in 2025 (2024: 4).

1. 13 February 2025 (quarterly meeting)
2. 8 May 2025 (quarterly meeting)
3. 14 August 2025 (quarterly meeting)
4. 13 November 2025 (quarterly meeting)

Table 27: Complementary committee responsibilities

Responsibility	Committees
Product development and benefit design	Clinical Governance and Administration Committee (first phase) Benefit Design Committee (second phase)
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 (on, for example, 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



MEETING ATTENDANCE

Table 28: Trustee and Principal Officer meeting attendance in 2025

A – Meetings attended, B – Meetings that could have been attended

	Annual General Meeting	Board		Strategic planning		Audit Committee		Benefits Design Committee		Clinical Governance and Administration Committee			Finance and Investment Committee		Human Resources and Remuneration Committee		Oversight Committee on Special Projects and Programmes		Risk, Social and Ethics Committee		Training, including induction	Stakeholder meetings	Task teams		Workshops	
	A	A	B	A	B	A	B	A	B	A	B		A	B	A	B	A	B	A	B	A	A	A	B	A	B
Board of Trustees																										
De Villiers P	1	21	21	1	1			2	2				4	4			6	6	4	4	10	11	1	1	5	5
Khumalo LP	1	17	17	1	1			2	2	4	5				4	4					9	11			4	5
Ntshane, NC	1	19	19	1	1			2	2				4	4			5	5	4	4	9	10			5	5
Rapea, AP	1	21	21	1	1			1	2						6	6	6	6	4	4	9	12	1	1	5	5
Smit JF	1	21	21	1	1			2	2	5	5				6	6					9	10			5	5
Tutu, N	1	20	21	1	1			2	2	4	5		3	4							8	13	1	1	5	5
Van Zyl, IJ	1	17	21	1	1			2	2				4	4	6	6			3	4	9	10			5	5
Ndumo, NP	1	21	21	1	1	7	7	2	2				4	4			6	6			10	11			5	5
Tsengiwe, ST	1	21	21	1	1			2	2				4	4	3	4	6	6	4	4	9	12	1	1	5	5
Punt, HC	1	12	12	1	1			2	2	4	4										5	5			4	5
Rabada, MMJ	1	21	21	1	1			2	2	5	5										11	8			5	5
Sigodi S	1	21	21	1	1	7	7	2	2						6	6			4	4	10	12	1	1	5	5
Makhafane	-	4	4																		1	4			-	-
Principal Officer																										
Moloabi, BOS (Principal Officer)	1	19	21	1	1	7	7	2	2	4	5		4	4	5	6	5	6	3	4	9	10			4	5

Table 29: Independent committee members meeting attendance in 2025

A – Meetings attended, B – Meetings that could have been attended

Member	Annual General Meeting	Board		Audit Committee		Strategic planning		Training, including induction		Task teams		Workshops
	A	A	B	A	B	A	B	A	B	A	A	
Van Wyk RA	1	5	5	7	7	1	1	1	2	2	3	
Dala P	1			7	7	1	1		2	2	1	
Galiel A	1			7	7	1	1		2	2	1	

TRUSTEE REMUNERATION

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

- Ensure that the Scheme's statutory obligations are met.
- Adhere to corporate governance standards.
- Ensure that the Scheme manages its strategic risk and that the appropriate control framework is implemented and adhered to.
- Guide Scheme management on stakeholder engagements considering the Scheme's complex stakeholder relations environment.

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

Trustee and Independent Committee Member Remuneration Policy

Trustees and independent committee members are remunerated for attendance of Board and committee meetings in accordance with GEMS' Trustee and Independent Committee Member Remuneration Policy. Trustees and committee members may also be reimbursed for costs incurred for travelling and subsistence in the performance of their obligations.

Trustees and committee members are paid for preparation for and attendance of meetings. They are not paid 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 trustees are not required to perform work.
- 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. The fee is based on an average meeting duration of six hours and 12 hours' preparation time. Trustees are paid a reduced daily meeting fee for attending ad hoc and special meetings.

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

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

The fees stipulated in GEMS' Trustee and Independent Committee Member Remuneration Policy are determined through independent remuneration surveys to ensure that they are commensurate with the fiduciary obligations assumed by trustees and the expertise of trustees and independent committee members.

Compliance statement

The Scheme complied without deviation with its Trustee and Independent Committee Member Remuneration Policy in 2025.

Remuneration benchmarks:

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

The Board assigned the responsibility for setting the meeting fee through benchmarking to the Audit Committee, most of whose members are independent of the Board of Trustees. The Board accepted a zero increase in the fixed daily meeting fee for both 2024 and 2025. The fee for Board members remained at R21 486,38 and at R32 289,46 for chairpersons.

Trustee remuneration 2025

The remuneration paid in 2025 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 30: Trustee remuneration

	Term end	Attendance fees		Travel and accommodation		Reimbursements and allowances		Training		Total	
		R	R	R	R	R	R	R	R	R	R
		2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Conny Ntshane	25/09/2030	925 689	926 157	537 188	606 894	6 302	31 359	41 558	89 718	1 510 738	1 654 129
Dr IJ Van Zyl	28/07/2027	856 765	948 664	187 181	198 417	10 804	13 631	39 058	37 547	1 093 808	1 198 258
Dr SM Hlatshwayo			262 705		103 477	-	2 056	-	8 927	-	377 165
Johannes Frederick Smit	24/09/2025	997 644	901 197	299 104	327 904	59 477	62 455	41 558	68 769	1 397 783	1 360 325
Lebohang Khumalo	28/07/2027	777 031	981 034	254 806	361 190	7 357	23 574	100 876	77 366	1 140 069	1 443 164
Marthinus Brand			-		681	-	1 299	-	-	-	1 980
D de Villiers	29/08/2027	978 715	952 998	135 836	109 765	14 223	20 465	37 861	80 388	1 166 635	1 163 616
RA Manoko			175 718		61 323	-	3 196	-	2 375	-	242 613
Nomzamo Tutu	29/07/2026	1 206 983	1 329 705	698 316	652 706	-	1 575	48 518	75 988	1 953 816	2 059 975
Siyabulela Tsengiwe	24/01/2030	1 058 467	908 698	66 799	77 528	9 517	10 118	39 058	35 747	1 173 842	1 032 091
Alvin Rapea	24/01/2030	1 165 085	1 049 695	145 300	160 003	13 018	12 228	38 458	64 284	1 361 860	1 286 210
Hendrik Punt	24/09/2025	717 729	714 813	365 507	275 228	8 334	7 214	32 695	22 547	1 124 265	1 019 802
Mpho Rabada	15/04/2030	948 157	308 968	141 806	-	11 584	3 846	41 558	20 172	1 143 105	332 986
Neville Ndumo	24/01/2030	1 005 599	1 001 317	143 575	218 228	12 714	12 964	38 458	74 289	1 200 345	1 306 799
Sibongile Sigodi	15/04/2030	1 087 582	319 819	90 372	-	2 972	1 573	39 058	20 172	1 219 983	341 564
Patrick Makhafane	30/11/2031	50 515	-	-	-	-	-	-	-	50 515	-
		11 775 961		3 065 790		156 302		538 711		15 536 764	14 820 676

Trustee remuneration paid in 2025 was **R15.5** million (2024: **R14.8** million), an increase of 4.8% from 2024. Of this, **R14.9** million (97%) was meeting fees, reimbursements and allowances. The balance of **R0.5** million covered travel, accommodation and training costs. In 2025, trustee fees as a percentage of insurance revenue were **0.02%**.

GEMS trustees undertook additional duties voluntarily during 2025 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 2025 remuneration report to the Board of Trustees. We are satisfied that the committee fulfilled its obligations in 2025.

OTHER KEY AREAS OF BOARD OVERSIGHT:


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

Relevant material matters:	Capitals affected	Stakeholders affected	Linked risks
 Core value proposition strength	 	 	 Ineffective operating model and capabilities for the Scheme's strategic future
 Operating model effectiveness			 Inadequate business resilience
 Innovation and digital transformation			

The information and communication technology division, led by the Chief Information Officer, reports to the Finance and Investment Committee and the Board of Trustees.

The division has six key functional areas, namely applications development, infrastructure and operations, data management and business intelligence, ICT service management, business continuity and security management. These functions are supported by ICT strategy and governance, service planning and enterprise architecture frameworks.

The ICT division is crucial in realising  (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).

The adequacy and effectiveness of technology and information management controls are monitored through management risk control effectiveness reviews, supported by the GEMS risk management function. Independent assurance is provided through periodic reviews conducted by internal audit and external assurance providers.

Finance and Investment Committee key oversight focuses 2025:

- **Key strategic initiatives:** The ICT division, project management office and other divisions drove the digitisation programme, infrastructure optimisation, cybersecurity initiatives and support for the insourcing of capabilities programme.
- **Enhancement of engagement platforms,** including the GEMS website, member and provider apps and portals and the chatbot. These platforms offer members real-time access to Scheme services and information, including their benefits, healthcare providers and the public.

- **Organisational enablement** through optimisation of the Scheme's intranet platform, incorporating the Board portal, divisional portals and the public library, to enable and support collaboration and secure access to key records. The Scheme successfully migrated to a multi-cloud, software-defined wide area network and hyper-converged infrastructure environment, simplifying infrastructure management, improving scalability and agility, enhancing data durability and resilience, strengthening data security and privacy and improving energy efficiency. Employees are further enabled through enterprise productivity tools, the enterprise-wide resource system for financial management and customer engagement solutions supporting client and provider liaison officers and healthcare providers.
- **Information security** is a foundation of the Scheme's technology environment. An information security management system aligned with ISO 27001:2022 and ISO 27017:2015 for cloud security is advanced. This framework has strengthened the Scheme's cybersecurity posture and no critical security breaches were recorded during 2025.
- **ICT policy was reviewed** in 2025 to update and strengthen existing policies to ensure alignment with evolving governance, technology and regulatory requirements.

Table 31: ICT policy review

Policy	Purpose of policy
Data and Information Governance Policy	Establish a robust framework that drives adherence to data and information standards, responsible data management through protection, data quality maintenance, ensuring legal compliance, clarifying accountability and supporting reliable decision-making.
Electronic and Digital Signature Policy	Provide policy measures and provisions on the use of electronic and digital signatures at GEMS.

Future focuses

- The ICT division will advance its strategic objectives on modern architecture, automation, digitisation and innovation, building a robust data-driven backbone, adopting agile infrastructure architectures and optimising cybersecurity and security systems, supporting engagement with members and healthcare providers and engaging in innovation, DevOps, ICT governance and research and development.
- Focuses for 2026 and beyond are adoption of artificial intelligence and establishment of strategic technology partnerships while incorporating advanced intelligent user interfaces.

Risk governance for protecting sustained value creation

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 the Scheme's strategic objectives. The Board, therefore, is responsible for driving and compliance to 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 in the risk environment and allocation of resources to address them. This is all guided by the GEMS vision and strategy, risk appetite and stakeholder expectations. The constant consideration of stakeholder expectations is driven by the realisation that stakeholder inclusivity is a vital component of risk management.

The Board approves the Scheme's risk appetite, namely its propensity to take appropriate risk, and limits the potential loss that the organisation can tolerate.

The Risk, Social and Ethics Committee oversees the management of all Scheme risks on behalf of the Board through a comprehensive annual workplan. This is against terms of reference reviewed annually. The committee also oversees the risk management strategy, which builds capacity and capabilities in risk management governance and processes to enable the strategy. The effectiveness of risk management processes is assessed periodically by the internal audit function and the committee works closely with the Audit Committee to address gaps. It simultaneously drives risk culture to ensure the risk-led approach is fully embedded.

The committees of the Board consider quarterly reports for risks within their ambit. These include monitoring major changes in the risk environment and implementation and progress of risk mitigation plans.

Key oversight focuses in 2025	Key future oversight focuses
Strengthening risk management capacity and capabilities.	Achieving and maintaining an optimal risk management maturity level.
Continued and full integration of risk management into strategy and day-to-day activities via collaboration.	Further expansion of transversal risk management and third party risk management.
Strengthening risk management systems and tools.	

Protecting value creation through ethics and compliance

Risk, Social and Ethics Committee statement

The committee is satisfied that, for the reporting period, it fulfilled the obligations of its terms of reference and that the objectives of the ethics and compliance policies were met without material deviations.



Ethics and human rights

We protect value creation in relation to the following capitals by preventing, detecting and mitigating unethical conduct:



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

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

We are committed to ensuring that GEMS is a medical scheme of choice in which conducting business responsibly and ethically is not negotiable. People and health and upholding human rights in healthcare are central to our business.

The Board exercises ethical leadership and assumes responsibility for the governance of ethics by setting the tone at the top and the direction for how ethics should be approached and addressed by the Scheme in all its strategic and operational dealings, also encompassing our stakeholder relationships.

Ethics governance objectives for protecting sustained value creation:	Governance arrangements
Clear ethics standards for all stakeholders, including Board members, employees, service providers, members and healthcare providers	<p>Ethics positioned in SO 06 (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).</p> <p>The GEMS Rules registered under the MSA.</p> <p>Code of Conduct for Trustees and Independent Committee Members.</p> <p>Code of Ethics and Business Conduct, including human rights.</p> <p>Supply Chain Management Code of Conduct.</p> <p>Ethics policies, including conflict of interest, lifestyle audits, vetting, claims, fraud, waste and abuse, gifts and hospitality, with periodical review and ongoing performance.</p> <p>Ethical performance is a KPI in the annual performance plan.</p>

Ethics governance objectives for protecting sustained value creation:	Governance arrangements
Effective ethics management against approved ethics management strategy	<p>Board delegation to the Risk, Social and Ethics Committee to oversee implementation of the ethics management strategy through the annual ethics management plan.</p> <p>Quarterly reporting to monitor the adequacy and effectiveness of the ethics management process and adequate capacitation of the ethics management function.</p> <p>Centre of excellence for leading people processes and systems capabilities in ethics.</p> <p>Periodical internal audit review of the effectiveness of ethics controls.</p>
Ethical culture strategically considered	Monitoring ethical culture risks as part of the Scheme culture strategic risk and across operating divisions and outsourced service providers.
Ethical behaviour towards and from all stakeholders, including in procurement, contract and financial management, and strategy implementation	<p>Central ethics management function involvement in service provider engagements, risk assessment meetings, procurement conflict of interest process and financial management.</p> <p>Focused ethics management programmes.</p> <p>Ethics leadership training, including ethical conduct training for members and awareness for healthcare providers.</p> <p>Providing ethics opinions to business and supporting strategic projects, including insourcing of capabilities.</p> <p>Ethics principles are embedded in ESG strategy and implementation plans.</p>

Table 32

Key focuses in 2025	Planned key focuses for 2026 and beyond
Successful implementation of the 2025 ethics management plan.	Implementation of the 2026 ethics management plan.
Focused ethics solutions for members, healthcare providers and the SPN.	Continued ethical leadership training for the Board of Trustees and further training for Exco and all employees to advance the mature ethics culture.
Ethical leadership training for the Board of Trustees and further training for Exco and all employees to advance the mature ethics culture.	Continuation of the independent external ethics survey to gauge the effectiveness of the ethics management strategy.
Ethics awareness programmes (20) for healthcare providers and members.	Intensifying ethics awareness for healthcare providers, members and employees.
An independent external ethics survey to gauge the effectiveness of the ethics management strategy began in quarter four 2025 and will be completed in 2026.	

Compliance

We protect value creation in relation to the following capitals by preventing, detecting and mitigating non-compliance events:



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 corporate citizen

The Board governs compliance by setting and steering the Scheme's compliance approach and management by identifying regulatory requirements, monitoring their effectiveness 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 annual compliance coverage plan.

Compliance governance objectives to protect sustained value creation	Governance arrangements
Compliance with regulatory requirements	Approved GEMS compliance universe to identify and prioritise laws, regulations, GEMS Rules and adopted codes and standards.
Effective management of compliance risks	<p>Annual review and update of the GEMS compliance universe.</p> <p>Compilation of compliance risk management plans for high-risk legislation.</p> <p>Monitoring of compliance risks and progress against the approved compliance coverage plan.</p> <p>Continuous monitoring of the regulatory and policy environment.</p>
Proactive compliance management	<p>Alignment to the Generally Accepted Compliance Practice Framework (Compliance Institute South Africa) with compliance governance documents streamlined into a compliance framework, compliance strategy and coverage plan. It is supported by a compliance policy and a compliance monitoring and reporting standard operating procedure.</p> <p>Combined assurance model where compliance is part of the second line of defence with risk management and legal services.</p> <p>Risk, Compliance and Ethics Forum comprising representatives from all Scheme divisions and the SPN to support compliance monitoring and promote robust discussion on compliance issues that affect internal stakeholders.</p> <p>Quarterly reporting on adequacy and effectiveness of the compliance management process and capacitation of the compliance management function.</p> <p>Incorporating regulatory requirements into control measures such as compliance risk management plans, standard operating procedures, manuals and policies.</p> <p>Recommending corrective measures or steps to ensure compliance.</p> <p>Monitoring compliance through the adequacy and effectiveness of control measures.</p> <p>Maintaining constructive relationships with the CMS, Financial Sector Conduct Authority and Information Regulator.</p>

Compliance governance objectives to protect sustained value creation	Governance arrangements
Avoidance of regulatory non-compliance to safeguard against fines, reputational harm and freedom to operate sanctions	Maintaining a compliance index score of 90% and above.

Table 33

Key focuses in 2025	Key focuses for 2026
Embedding compliance across the financial services provider and Financial Advisory and Intermediary Services Act environment.	Ensuring fit-for-purpose policy framework through management of policy development, review and monitoring.
Implementation and monitoring of the 2025 compliance coverage plan.	Strengthening Financial Advisory and Intermediary Services Act and Treating Customers Fairly compliance by prioritising fair customer outcomes for members.
Maintaining a GEMS compliance index score of 90% and above.	Maintaining a GEMS compliance index score of above 90%.
Progression of the compliance risk management plans for the MSA, GEMS Rules, Financial Advisory and Intermediary Services Act and the Protection of Personal Information Act.	Enhancing the Scheme's effectiveness and coverage of compliance monitoring.
Continuous compliance awareness training.	
Maintaining proactive and constructive relationships with Scheme regulators.	

Disclosure on regulatory matters

GEMS did not attract regulatory penalties or fines in 2025. However, it addressed enquiries with the CMS.

1. Section 43 enquiry – Allegations questioning the suitability of Board Members

On 13 November 2025, the CMS launched a Section 43 enquiry on allegations questioning the suitability of board members. The objection is based on their current employment as public servants and the high volume of commitment implied by the number of meetings held during the 2024 financial year. The Scheme responded to the CMS on 12 December 2025 and is waiting for feedback from the CMS.

2. Section 43 enquiry – Educational Psychology Association of South Africa

The Scheme received a Section 43 Notice from the CMS in November 2022, wherein the CMS notified the Scheme that they received a complaint from the Educational Psychology Association of South Africa (EPASSA). EPASSA had complained about the exclusion/dismissal of claims of its members by medical schemes, including GEMS. It is to be noted that EPASSA had submitted a letter of complaint to the Scheme in October 2020 through their lawyers. The Scheme reviewed its Rules, wherein the educational psychologists were included in the benefits of the members. The Rules were subsequently registered by the CMS on 25 January 2021 and EPASSA lawyers were informed of this. The Scheme met with the CMS on this matter in December 2023 and the CMS dismissed the enquiry on 28 February 2025.

3. Section 44 enquiry – Multivitamin investigation

In July 2023, the CMS launched a Section 44 enquiry into the affairs of the Scheme, concerning the Multivitamin Programme, through Ernst and Young. The Company representatives were furnished with required information in August 2023 and a follow up meeting was held in October 2023. The Scheme awaits the CMS' feedback on this matter.

4. S59 investigation into alleged unfair treatment of black healthcare practitioners during Fraud, Waste and Abuse processes

The final Section 59 Investigation Report was released on 7 July 2025. The investigation panel affirmed its analysis in the Interim Report on the far-reaching but procedural fairness in the implementation of medical schemes' FWA systems. They did not find evidence of direct discrimination and did not find medical schemes/administrators to be racist.

We remain committed to ethical and fair FWA management and have made improvements to our processes as recommended by the investigation panel. These include revision of our Fraud Waste and Abuse (FWA) policy and processes, extensive stakeholder engagements and awareness programmes and co-operation on the Industry Code of Good Practice.

* 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 compliance matters listed below and in the 2025 annual financial statements, page 119 to 122 cover all non-compliances.

Nature of non-compliance	Cause	Corrective action and timeframe/mitigation
Reserve ratio below legislated requirement		
In terms of Regulation 29(2) of the MSA Regulations, Subject to subregulations (3), (3A) and (4), a medical scheme must maintain accumulated funds expressed as a percentage of gross annual contributions for the accounting period under review, which may not be less than 25%.	For the 2025 reporting period, as disclosed in Note 28 (Capital Management), the reserve ratio was 24.7%, which is not compliant with the requirement of the regulation. The non-compliance is due to higher-than-budgeted claims utilisation during the year. The non-compliance occurred in the last three months of the year, which made subregulation 4 applicable.	The auditors classified a non-compliance issue as "material" under IRBA standards, but this is a reporting requirement based on their judgment. It does not affect management's view that the Scheme can continue operating as a going concern. The Scheme remains solvent, liquid, and adequately funded for sustainable operations, with further details in Note 33. The Scheme has been in engagements with the CMS in accordance with Regulation 29(4) on the development of a business plan to address the non-compliance. The Scheme's projections indicate compliance with the requirements of Regulation 29(2) by the 2028 or 2029 reporting periods. The Scheme is also engaging with the regulator in a pilot project for an alternative reserving model, the Risk-based capital model. The actuarial analysis on this alternative model indicates the Scheme needs to hold reserves only about 15%.
Further, Regulation 29(4) states that a medical scheme that for a period of 90 days fails to comply with subregulation (2) must notify the registrar in writing of such failure, and must provide information relating to: (a) the nature and causes of the failure, and (b) the course of action being adopted to ensure compliance therewith.		
Late-paying employer		
In terms of Rule 13.5 of the 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.	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.	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 and requested payment to be made within a stipulated timeframe. The appointed administrator engages these employer groups on non-compliance as part of its regular stakeholder engagement. The CMS is informed quarterly of any late payers. The non-compliance was mostly corrected by the eighth day of the month following communication from the Scheme to the employer groups.

Nature of non-compliance	Cause	Corrective action and timeframe/mitigation
Benefit options		
In terms of Section 33(2) of the MSA, medical scheme benefit options shall be self-sufficient in terms of membership and financial performance.	The Scheme's Tanzanite One, Emerald and Onyx options did not meet the self-sufficiency 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 during the 2025 reporting period.	The Scheme's reserves are sufficient to absorb these deficits over the short- to medium term. Continuous long-term 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 2025 financial year were provided to the Registrar through quarterly performance reports and meetings with the CMS. The Scheme has prepared the compulsory business plan as required by Regulation 29(4) to the MSA, outlining plans to address the Scheme's reserve ratio falling below the statutory level, affected by the deficits from these benefit options.
Guarantees		
Section 35(6)(a) of the Act states that a medical scheme shall not encumber its assets.	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 the guarantee 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.	The CMS has issued the Scheme an exemption from the provision of Section 35(6)(a) of the MSA valid for the duration of the guarantees, effective 8 December 2025. Despite the granted exemption from the regulator, the period 8 March – 7 December 2025 did not have an exemption, and thus this period constitutes non-compliance, as the Scheme was in the process of renewing the exemption. The Scheme will commence renewal processes for all exemptions at least six months before expiry for future periods.

Nature of non-compliance	Cause	Corrective action and timeframe/mitigation
Investment in medical scheme administrator		
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 change which to that involve some of its appointed administrators.	The Scheme has investments in certain companies associated with the administrators of the Scheme within its diversified investment portfolio.	The regulator has granted the Scheme an exemption in terms of Section 8(h) of the MSA from compliance with the requirements of Section 35(8) of the Act, valid from 1 December 2025 to 31 December 2028.
Claims settled after 30 days		
In terms of Section 59(2) of the MSA, the scheme shall, where a valid claim has been received and subject to a beneficiary's entitlement in terms of his/her applicable benefit option, pay the Scheme rate for any benefit due to the beneficiary to the member, or the supplier of the relevant health service, who rendered the account within thirty days of receipt of the claim pertaining to such benefit.	During the financial year, there were instances where the above regulation had not been complied with.	Additional controls have been put in place by the Scheme working with the contracted administrator to mitigate the risk of non-compliance and the Scheme will ensure that these are tested as part of the Internal audit processes. These measures are continuously monitored, despite the volume of claims received by the Scheme, relative to the membership numbers. The Scheme has a minimum of two claims payments in a month to further enhance compliance with the requirement.
Delays in addressing member queries		
In terms of Section 57(4)(d) of the MSA, the duties of the Board of Trustees shall be to ensure that adequate and appropriate information is communicated to the members regarding their rights, benefits, contributions and duties in terms of the rules of the medical scheme.	During the 2025 reporting period, there were multiple instances of delays in addressing member queries due to issues with the enquiries mailbox administered by a contracted service provider, which led to member dissatisfaction in most instances.	The Scheme has attended to the matter with the contracted service provider and will continue monitoring the remedial actions agreed to ensure the matter is fully addressed by early 2026.

Stakeholder management

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 and the Risk, Social and Ethics Committee, the Principal Officer delegations and the GEMS Stakeholder Management Policy, reviewed every three years by the Board of Trustees. Also read the summary of the committees' responsibilities on page 144 and 146.

The GEMS Stakeholder Management Policy, reviewed every three years, was approved in 2023. Under the policy and related processes, we strive for outcome-based engagements, ensuring that meaningful feedback is provided to stakeholders.

Table 34

Key oversight focuses in 2025	Future oversight focuses
Managing member expectations through innovation: Encouraging members to use the GEMS app.	Revision of the Stakeholder Management Policy for alignment to the approved integrated stakeholder management and engagement plan.
Implementation of the integrated stakeholder management strategy and engagement plan approved September 2024.	Re-establishing trust with labour unions in the PSCBC.
Quality of stakeholder relationship with the MPSA and the PSCBC.	Strengthening the quality of the relationship with the MPSA, the Deputy Minister and DPSA.
Strengthening healthcare provider collaboration using the GEMS annual stakeholder symposium and other engagements.	Addressing affordability and contribution increase concerns in stakeholder engagement.

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.

STATEMENT OF RESPONSIBILITY AND EXTRACT FROM 2025 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, which is well 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 viability of the Scheme.

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

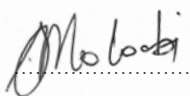
The annual financial statements for 2025 were approved by the Board of Trustees on 23 April 2026 for distribution to members and are signed on its behalf by:



Dr Nomzamo Tutu
Chairperson
05 May 2026



Dr Mpho Mashoto Johannes Rabada
Deputy Chairperson



Dr BOS Moloabi
Principal Officer

The financial information that follows has been extracted from and is in agreement with the annual financial statements of the Scheme for the 2025 financial year. The full annual financial statements are available at www.gems.gov.za or by calling 0860 004 367.

Annual financial statements for the year ended 31 December 2025

Statement of financial position

	Note(s)	2025 R '000	2024 R '000
ASSETS			
Non-current assets			
Property and equipment	3	260 534	246 907
Right-of-use assets	4	6 152	11 204
Intangible assets	5	15 871	13 874
Financial assets at fair value through profit or loss	6	8 573 212	9 872 781
		8 855 769	10 144 766
Current assets			
Financial assets at fair value through profit or loss	6	9 987 244	9 107 636
Other receivables	7	423 014	1 062 731
Cash and cash equivalents	8	4 817 501	4 832 851
		15 227 759	15 003 218
Total assets		24 083 528	25 147 984
LIABILITIES			
Non-current liabilities			
Lease liabilities	4	2 501	5 239
Liability to members for future benefits	10	18 733 697	18 227 685
		18 736 198	18 232 924
Current liabilities			
Other payables	9	222 531	198 209
Lease liabilities	4	3 617	6 064
Insurance contract liabilities	15	5 121 182	5 297 536
Liability to members for future benefits	10		1 413 251
		5 347 330	6 915 060
Total liabilities		24 083 528	25 147 984

The Scheme has adopted a standard current and non-current classification for the presentation of the statement of financial position, instead of the previous order of liquidity.

Annual financial statements for the year ended 31 December 2025

Statement of profit or loss and other comprehensive income

	Note(s)	2025 R '000	2024 R '000
Insurance revenue	12	6 565 278	57 939 585
Insurance service expenses*	12	(69 455 794)	(63 491 316)
Net claims incurred**			
Incurred claims	12	(65 585 435)	(60 229 969)
Directly attributable expenditure			
Accredited managed healthcare services*	13	(1 477 653)	(1 291 137)
Accredited administration services	14	(2 024 365)	(1 688 465)
Other administration expenditure	12	(235 681)	(178 009)
Insurance acquisition cash flows	12	(132 660)	(103 736)
Insurance service result		(3 805 516)	(5 551 731)
Other income		4 194 841	3 140 030
Investment income	18	4 080 477	3 046 592
Sundry income	19	114 364	93 438
Other expenditure		(1 296 563)	(1 182 110)
Asset management services expenses		(70 417)	(80 276)
Finance costs	4	(890)	(589)
Other operating expenses	16	(1 225 256)	(1 101 245)
Loss for the year before the amount attributable to members for future benefits		(907 238)	(3 593 811)
Transfer from liability to members for future benefits		907 238	3 593 811
Profit/(loss) for the year		-	-
Total comprehensive income for the year		-	-

* Insurance service expenses have been disaggregated to align with Circular 36-of-2025 as issued by the CMS. Consequently, previously reported totals were not amended.

** Relevant healthcare expenditure consists of net claims incurred and accredited managed healthcare services.

Annual financial statements for the year ended 31 December 2025

Statement of Cash flows

	Note(s)	2025 R '000	2024 R '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from members and providers	15	68 063 895	59 861 244
Cash paid to providers, members and employees	15	(72 543 137)	(66 222 301)
Cash used in operating activities	22	(4 479 242)	(6 361 057)
Finance costs paid		(890)	(589)
Net cash used in operating activities		(4 480 132)	(6 361 646)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	3	(30 394)	(10 190)
Proceeds from sale of property and equipment		60	28
Purchases of intangible assets	5	(2 419)	(13 592)
Purchases of financial assets	6	(5 212 185)	(21 611 399)
Proceeds from disposal of financial assets		7 651 838	26 974 715
Interest received on cash and cash equivalents	18	147 551	113 249
Interest received on financial assets at fair value through profit or loss		1 498 803	1 429 269
Dividends received	18	416 713	137 497
Net cash from investing activities		4 469 967	7 019 577
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments on lease liabilities	4	(5 185)	(4 141)
Net increase/ (decrease) in cash and cash equivalents		(15 350)	653 790
Cash and cash equivalents at the beginning of the year		4 832 851	4 179 061
Cash and cash equivalents at the end of the year	8	4 817 501	4 832 851



OPERATIONAL STATISTICS

Table 35: Operational statistics

	Tanzanite One		Beryl		Ruby	
	2025	2024	2025	2024	2025	2024
Number of members at 31 December 2025	222 376	181 141	128 522	95 279	117 225	128 121
Number of beneficiaries at 31 December 2025	774 191	633 839	349 788	261 047	297 680	334 229
Average number of members during the year	210 605	120 537	120 563	75 061	118 141	124 504
Chronic prevalence of beneficiaries	10.81%	8.12%	17.69%	15.72%	22.36%	18.37%
Average age	30.1	30.0	30.5	30.8	31.1	30.0
Pensioner ratio	5.4%	5.3%	4.8%	5.0%	4.7%	4.0%
Dependant ratio to members at 31 December 2025	3.48	3.50	2.72	2.74	2.54	2.61
Insurance revenue pabpm	1 146	938	1 846	1 509	2 262	1 925
Insurance service expense pabpm	1 252	1 081	1 868	1 746	1 894	1 635
Relevant healthcare expenditure incurred pabpm	1 188	1 028	1 786	1 678	1 807	1 564
Directly attributable insurance service expenses pabpm	64	53	82	68	87	71
Insurance service expense ratio	109%	115%	101%	116%	84%	85%
Relevant healthcare expenditure ratio	104%	110%	97%	111%	80%	81%
Directly attributable insurance service expenses ratio	6%	6%	4%	5%	4%	4%
Average accumulated funds per member						
Return on investments as a percentage of investments						

	EVO		Emerald		Onyx		Total Scheme	
	2025	2024	2025	2024	2025	2024	2025	2024
	159 632	144 604	255 546	314 137	15 454	17 281	898 755	880 563
	430 034	398 342	580 312	741 402	21 957	25 195	2 453 962	2 394 054
	156 438	120 184	266 978	346 063	15 995	19 495	888 720	805 844
	31.58%	28.41%	40.66%	34.12%	80.05%	75.80%	24.51%	23.73%
	33.6	32.7	39.5	37.3	68.7	67.0	33.4	33.2
	7.7%	6.9%	14.1%	11.2%	66.7%	62.5%	8.2%	7.8%
	2.69	2.75	2.27	2.36	1.42	1.46	2.73	2.72
	2 609	2 209	3 444	2 931	6 557	5 689	2 229	2 017
	2 619	2 343	3 942	3 327	8 584	8 086	2 359	2 210
	2 536	2 275	3 844	3 248	8 427	7 958	2 277	2 141
	82	68	98	79	156	128	81	69
	100%	106%	114%	113%	131%	142%	106%	110%
	97%	103%	112%	111%	129%	140%	102%	106%
	3%	3%	3%	3%	2%	2%	4%	3%
							21 079	24 373
							17.8%	12.2%

AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 December 2025.

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. In line with the King IV Report on Corporate Governance for South Africa, 2016, we have executed our duties with a focus on integrated thinking, ensuring that our oversight contributes to the overall trust and confidence of our stakeholders. For the 2025 financial year, Audit Committee meetings were hybrid, approved by the Board as a way of working.

The committee reviewed the annual integrated report and considered all factors that may affect its integrity. We have specifically ensured that non-financial disclosures are consistent with the financial performance data to provide a holistic and transparent view of the Scheme's value creation. The Scheme's internal and external auditors reviewed selected key performance measures in the report to confirm their reliability and that they did not conflict with the financial information.

Assessment of the control environment

The internal control environment is generally adequate, but improvement is required in several high-risk operational and ICT-enabled processes. Significant improvement is required across claims processing, data protection, emergency medical services and system configuration. Financial reporting and year-end readiness controls were assessed as adequate and operating effectively.

Significant matters considered on 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 Scheme's financial resilience and long-term viability.

We have reviewed and discussed the audited 2025 annual financial statements with the external auditors and management and we believe that they comply, in all material respects, with the 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 emerging fraud and ICT risks related to financial reporting — including cybersecurity and data privacy — have been adequately addressed.

External auditor independence and quality

There was no change in external auditors during the year.

The committee approved the external auditor's engagement letter, audit plan and budgeted fees for the year ended 31 December 2025. The Scheme maintains a Non-audit Services and Consulting Services Policy, which describes prohibited services to safeguard auditor objectivity.

The Audit Committee approved limited assurance of selected key non-financial performance

indicators included in this integrated report. We are satisfied that the Scheme's external auditor did not perform prohibited work during the 2025 financial year. In a positive step towards ensuring accountability, the auditors provided assurance that internal governance processes at the audit firms effectively support and demonstrate their claims of 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 his performance in consultation with the Audit Committee, with both parties signing off on the performance scorecard. The internal audit function operates under a formal charter approved by the committee annually. We are satisfied that the function is independent, adequately resourced and possesses the specialised skills to perform its duties in an increasingly complex environment. The division uses a hybrid delivery model, combining in-house resources with specialists from a panel of service providers where required. Internal audit submits quarterly reports detailing assurance results, progress toward strategic value-add objectives and the division's performance against its approved key performance areas.

Design and implementation of internal financial controls

Internal audit reviewed the design and operating effectiveness of internal financial controls and we are pleased to report that the overall control objectives were achieved. The controls tested did not identify any failures that led to material financial errors, losses or corruption. Based on this assurance, we are satisfied that the finances and systems of internal control are appropriately managed.

Furthermore, the external auditors have issued an unqualified opinion on the 2025

annual financial statements. In alignment with International Standard on Assurance Engagement 3402, assurance reports were obtained from the auditors of the Scheme's administrators, confirming a robust control environment across the outsourced value chain, with no significant issues reported.

Key focuses during the reporting period

In 2025, the committee prioritised the oversight of cybersecurity controls, enhancing information technology governance, improving project management, optimising claims experience, implementing cost savings initiatives and streamlining supply chain activities. This strategic emphasis reflects a commitment to enhancing operational integrity and safeguarding member data against potential risks. The committee continues to monitor the implementation of forensic investigation recommendations to ensure remediation is fully embedded into the business culture. Our focus has shifted from historical investigation to a proactive fraud risk management strategy. This plan is dynamic, promoting an anti-fraud and ethical culture that evolves alongside the Scheme's environment.

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. The function demonstrated the agility required to maintain high standards of reporting amid shifting global financial requirements.

Combined/aligned assurance

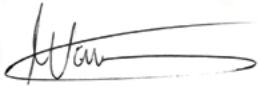
The Chief Audit Executive oversees the Scheme's combined assurance model, which ensures that assurance efforts are coordinated and focused on key risks across the Scheme.

During this period, various assurance providers, including internal audit, risk management and compliance, external audit and SPN assurance providers, worked together to deliver comprehensive coverage of the Scheme's most significant risks. Internal audit plans are shared among all mature internal audit departments in the GEMS environment to ensure adequate assurance coverage of the most significant Scheme risks and to avoid duplication.

Detailed mapping of all assurance providers against the Scheme's key risks was maintained to guide assurance activities, prevent duplication and enhance reliance across the three lines of defence. Internal audit incorporated compliance monitoring, interactions with external audit, SPN International Standard on Assurance Engagement 3402 reports and SPN application control reviews to provide a consolidated view of control effectiveness.

Conclusion

The committee recommends that the Board of Trustees approve the annual financial statements. We have fulfilled the responsibilities outlined in our charter and remain committed to upholding the highest standards of governance for the benefit of all members.



Rene Van Wyk

Chairperson: Audit Committee
05 May 2026








7. EXECUTIVE COMMITTEE (EXCO) AND MANAGEMENT COMMITTEE (MANCO) MEMBER PROFILES





GEMS IS COMMITTED TO THE PRINCIPLES AND PRACTICES OF FAIRNESS, OPENNESS, INTEGRITY AND ACCOUNTABILITY IN ALL DEALINGS WITH ITS STAKEHOLDERS.





GEMS LEADERSHIP TEAM

Table 36: Exco members 2025/26

Name	Qualifications	Experience
 <p>Dr Stanley Moloabi GEMS Chief Operations Officer from 2018 and GEMS Principal Officer since 2020.</p>	<p>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); Oxford University Leadership Course; various other continuing professional development attendance courses.</p>	<p>Clinical private practice (13 years), leadership positions in medical scheme administration and medical scheme management since 2005.</p>
 <p>Dr Vuyokazi Gqola Chief Healthcare Officer from 2015 and Chief Operations Officer since 2024.</p>	<p>BSc and 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).</p>	<p>Registered medical practitioner. Experience in clinical practice, leadership positions in medical scheme administration and medical scheme management.</p>
 <p>Evan Theys GEMS Company Secretary and Legal Counsel from 2018 to 2025.</p>	<p>BA LLB (University of Western Cape); LLM in Company Law, Postgraduate Diploma in Tax Law (University of Cape Town); MBA (Stellenbosch University).</p>	<p>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.</p>

Name	Qualifications	Experience
 <p>Marnus Kruger GEMS Company Secretary and Legal Counsel since 2025.</p>	<p>LLM in Mercantile Law specialisation on Insurances and Governance (University of Pretoria); Bachelor of Laws Degree; Bachelor of Commerce Degree.</p>	<p>Admitted attorney with a proven track record in legal, risk and compliance management for large organisation in the medical sector.</p>
 <p>Masingita Chavalala Executive Manager: Office of the Principal Officer from 2022 and Chief Strategy Officer since 2025.</p>	<p>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).</p>	<p>Over 20 years' professional experience in strategy and project portfolio management. Established the GEMS project management office.</p>
 <p>Gloria Nkadimeng Chief Information Officer since 2014.</p>	<p>Master's Degree in Automated Management Systems acquired in Havana, Cuba; Certificate in Business Management from the Centre for Business Management (Unisa).</p>	<p>Experience in the public and private sector in leading ICT divisions and providing enterprise strategy consultancy services.</p>
 <p>Zaahir Elias Chief Audit Executive since 2023.</p>	<p>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.</p>	<p>Over 25 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.</p>

Name	Qualifications	Experience
 Karyna van Lingen Chief Financial Officer since 2007.	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.
 Dr Selaelo Mametja Chief Research Officer since 2019.	FCPHM from Colleges of Medicine of South Africa; MMED Public Health and Postgraduate Diploma in Health Management (University of Cape Town); MBBCh (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.
 Dr Samuel Lewatle Chief Corporate Services Officer from 2014 until 2025.	Doctorate in Business Administration; MBA; National Education Diploma; Oxford Executive Leadership Certificate; Board of Healthcare Funders trustee certificate. He is also a human resources management certified auditor, with certificates in leadership/strategic management and coaching. He is 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); Coachers and Mentors of South Africa; IoDSA; Institute of People Management.	Over 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.
 Dr Siphon Ngomane Chief Corporate Services Officer since 1 March 2026.	PhD in Public Administration and Management Certificate (University of Pretoria); Master of Management: Public & Development Management (University of Witwatersrand); Bachelor's degree in human resources development (Tshwane University of Technology); Postgraduate Diploma in Labour Law (Graduate Institute of Management Technology).	Over 10 years in leadership roles, including a Board member of the PSETA Accounting Authority

Name	Qualifications	Experience
 Reginald Sadiki Chief Administration Officer since 2024.	MBA (University of Pretoria: GIBS); BCom Honours (Unisa); BCom (Unisa); Project Management Certificate (University of the Witwatersrand); Total Quality Management Certificate (SABS); Programme in Financial Management (Unisa).	Over 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, as well as transformational leadership.
 Dr Claude Ndlovo Chief Healthcare Officer since 2025.	MBA (Henley Business School, University of Reading (UK); Postgraduate Diploma in Management (Henley Business School, University of Reading (UK); Executive Development Program (Duke Furqua School of Business (North Carolina, US); Bachelor of Medicine and Surgery (MBChB) (University of Natal).	Over 16 years' experience in leadership positions in healthcare and medical scheme industry.
 Kershia Beharie Chief Marketing Officer since 2026.	Master's in marketing (MPhil) (Institute of Marketing Management); Bachelor of Business Administration with Honours (Institute of Marketing Management); Bachelor of Accounting Science (University of the Witwatersrand); Professional certificates: Postgraduate Academic Literacy Edx and Strategic Marketing in Emerging Markets.	A marketing executive with specialisation in marketing, product management and online sales in the private sector. She has a deep understanding of industry trends, consumer behaviour and innovative strategies for driving revenue growth. Committed to a customer-centric, data-driven approach to position organisations for success in today's highly competitive marketplace.
 Andre Cowley Chief Compliance Officer since 2023.	BEng; MEng; certified risk management practitioner; certified risk management professional.	Over 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.

Chief officers are supported by senior managers driving operational performance

Table 37: Senior managers in 2025/26

Name	Main qualifications	Experience
Office of the Principal Officer		
Chiloane Molabo Senior Manager: Strategy since 2023.	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.
Tintswalo Baloyi Senior Manager: Business Administration since 2023.	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).	Over 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.
Tsakani Rikhotso Senior Manager: Project Management Office since 2024.	Master of Commence in Project Management (Cranefield); Postgraduate and Advance Diploma in Project Management (Cranefield); Management Development Programme (Stellenbosch University); Project Management Professional (PMI), Agile Project Management Practitioner (APMG International), Change Management Practitioner (Prosci); Currently a candidate for Doctor of Philosophy in Commerce and Administration (Cranefield College).	A project management professional with over 17 years of experience in Portfolio, Programme and Project Management, with expertise in implementing business transformation, strategy, network build, and software development, data management projects in the telecommunications and healthcare industries.
Lebohlang Monyepao Senior Manager: Business Optimisation since 2023.	MBA (current studies) – (Henley Business School); Postgraduate Diploma in Programme Management and 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.	A project management professional for 15 years, with experience leading and delivering complex transformational and strategic initiatives across the banking, information technology and healthcare sectors.

Name	Main qualifications	Experience
Internal Audit		
Bongani Bango Senior Manager: Internal Audit since 2021.	CIA; MPhil: IA; BCompt; Senior Management Programme, (Stellenbosch Business School).	Seasoned certified internal audit professional with over 22 years' experience leading enterprise wide assurance, risk management, and governance across complex, multi portfolio organisations. Recognised for executing risk-based audit strategies, influencing senior stakeholders, and driving continuous improvements while strengthening governance and control frameworks in complex organisations
Venessa Ngwenya-Ndlovu Senior Manager Internal Audit: Finance and Operations since 2024.	Certified Ethics Officer; Master's in Business Administration; Postgraduate Diploma in Compliance Management, BTech Internal Audit; National Diploma in Internal Audit.	Over 20 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 services sectors.
Junilia Nunes Senior Manager: Internal Forensics since 2019.	Association of Certified Fraud Examiners; Institute of Commercial Forensic Practitioners member; BCom Hons in Accounting; BCom in Accounting; Diploma in Criminal and Forensic Justice; completed three years of external accounting articles.	More than 17 years' forensic investigation and fraud risk management experience obtained in both public and private sectors.
Cynthia Matlala Senior Manager: Clinical and Analytics since 1 November 2025.	Master of Business Leadership (MBL) (Unisa); B Cur (University of the North); B Tech Pharmaceutical (Tshwane University of Technology); Business Management Diploma (BTM College); Advanced ACL Concept and Techniques (CQS Technology Holding); Practical Data Analysis Course (Milpark Education).	Over 15 years of experience in the internal audit field and two decades in the medical aid sector.
Information and Communication Technology		
Dr Itumeleng Mofikoe Senior Manager: ICT Business Continuity since 2022.	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.
Pitso Maceke Senior Manager; Data Warehouse, Analytics and Business Intelligence since 2023.	BSc Information Systems and Statistics (University of Johannesburg); Postgraduate Diploma in Management Practice (Henley); Currently studying for Postgraduate Diploma in Data Science with Regenesys Business School, to be completed by August 2026.	Over 19 years of experience in business intelligence and data engineering, including more than seven in senior management in financial and healthcare sectors.

Name	Main qualifications	Experience
Thabo R Litabe Senior Manager: ICT Infrastructure Services and Operations since 2016.	BTech in Information Technology (Application Development and Information Systems), Central University of Technology; Senior Management Programme, Gordon Institute of Business Science (GIBS); COBIT 5 and ITIL certified, APMG International; Postgraduate Diploma in Information Resource Management (Honours), Unisa. Master of Business Administration (MBA – Cum Laude) (Unisa).	Over 23 years of ICT technical and management experience, including over 13 years of senior managerial experience in the public and private sectors, including healthcare.
Zakhele Nkangala Senior Manager: Application Development since 1 November 2025.	Postgraduate Diploma in Digital Business (Wits Business School); BTech Information Technology (Tshwane University of Technology).	Qualified ICT professional with over 16 years of practical experience focusing on ICT governance, project management, business and systems analysis, systems development, business intelligence and data analytics, enterprise architecture.
Thapelo Lebogo Senior Manager ICT Service Management from 1 November 2025.	Bachelor of Science in Information Technology (Honours) (UNISA); Master in Technology (University of Pretoria), in progress since 2024; Management Development Programme (Enterprise University of Pretoria); Advanced Management Development Programme (BSU Durban Institute of Technology); Diploma in Electrical Engineering (Pretoria West College).	Extensive experience in information technology service management aligned to ISO/IEC 20000, ITIL, and COBIT 2019, overseeing end to end service delivery processes including incident management, service request management, problem management, change enablement, service level management, availability management, capacity management, and continual service improvement.
Board Secretariat and Legal		
Selloane Noko Senior Manager: Governance and Secretariat Services since 2014.	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 (now a technical vocational and education training college); completed several governance courses.	Over 25 years' 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.

Name	Main qualifications	Experience
Pierre Roux Senior Manager Legal Services since 2010.	Baccalaureus Procuratoris (BProc Law), Unisa; Qualified Lawyers Transfer Test, BPP Professional Education, London, United Kingdom; admitted as a solicitor of the High Court of England and Wales; Law Society of England and Wales Management Course, BPP Professional Education, London, United Kingdom. Admitted as an Attorney of the High Court of South Africa. National Diploma in Real Estate (Property Valuation), Technikon South Africa; property valuers admission examination, South African Council for the Property Valuers Profession.	Admitted as an attorney of the High Court of South Africa with over 35 years' experience in the legal profession, which includes medical scheme insurance, corporate, commercial, civil and criminal law. Served in a number of roles in the United Kingdom, including heading legal services, company commercial solicitor, commercial legal adviser and lecturing in business law.
Finance		
Botse Lebelo Senior Manager: Finance since 2024.	CA(SA); MBA (Stellenbosch Business School).	Over 15 years of experience in financial management, external auditing, internal control management, risk management, and project management. Strong expertise in IFRS and regulatory compliance, financial reporting, budgeting, and investment portfolio management. Extensive exposure to external audit engagements and complex financial management environments, with hands on experience across multiple financial systems.
Keneilwe Motsilanyane Senior Manager: Accounting since 2022.	CA(SA).	Over 10 years' experience in accounting and financial management with particular expertise in banking at senior management level, handling core banking, facilities management and human resources shared services.
Riana Bredell Senior Manager: Supply Chain Management since 2015.	BA majoring in languages; several completed courses and published articles.	More than 41 years' local, regional and international experience in the procurement and supply chain management environments, including designing new procurement models and organisational structures, developing policies and procedures and inputs into legislation, SCM capacity building and rendering procurement management and support services, with extensive involvement in healthcare procurement, BBBEE and preferential procurement.
Rosetta Kubayi Senior Manager: Procurement Operations from 2023 to 2025.	National Diploma Accounting; BCom: Supply Chain Operations Management.	More than 22 years of supply chain and procurement experience in public and private sectors, including state-owned entities. Experience spans industries such as construction, finance, mining, energy, healthcare and consulting.

Name	Main qualifications	Experience
Risk Management and Compliance		
Dean van der Merwe Senior Manager: Risk since 2024.	MBA, BCom (Honours) Financial Management; certified risk management certification, Institute of Risk Management South Africa.	Over 18 years of risk management experience, predominantly in financial services
Ishmael Mogapi Senior Manager: External Forensics since 2015.	Biuris; LLB; Certificate in Forensics Examination; General Management Programme, Gordon Institute of Business Science; Practical Legal Training – Law Society of South Africa; Certificate of Proficiency – Attorneys Admission Exam.	Over 20 years' law enforcement and risk management experience obtained in both the public and private sectors. Held strategic managerial positions in the health administration business advising and coordinating the fraud risk management activities of several medical schemes.
Yashwin Singh Senior Manager: Compliance and Ethics since 2019.	BProc; LLM commercial law; Certificate in Advanced Labour Relations; Certificate Pensions Fund Law; compliance practitioner (SA); international certified compliance professional.	Over 20 years' of experience in governance, risk, compliance, ethics and legal in the banking, academic and regulatory environment.
Healthcare Management		
Dr Siviwe Mila Senior Manager: Medical Advisory Service since 2025.	MBChB, 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.
Dr Randall Hartnick Senior Manager: Clinical Risk Management since 2023.	MBChB.	Qualified medical doctor with over 10 years' experience in clinical practice and corporate managed care.
Marjorie Nqala Senior Manager: Tariffs, Billing Rules and Alternative Reimbursement Models since 2012.	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. Fulfilled managerial, including senior management roles and acted in an executive position as chief healthcare officer for an extended period.
Ursula le Roux Senior Manager: Strategic Sourcing since 2021.	Diploma in Nursing; Postgraduate in Health; Diploma in Health Management; various financial management certificates.	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 the provincial health departments. Project management experience in international and South African governmental organisations.

Name	Main qualifications	Experience
Rammoelo Ditsoane Acting Senior Manager: Networks and Provider Relations since 2024.	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.
Administration and Transaction Services		
Lusanda Diba Senior Manager: Administration and Transaction Services since 2022.	Postgraduate Diploma: Leadership Development (Stellenbosch Business School); BTech: Industrial Engineering (Tshwane University of Technology).	An industrial engineering professional, experienced in business optimisation and operations management, with particular focus on driving continuous process improvement through total quality management methodology. She joined the healthcare industry in 2010.
Nisha Chunillal Senior Manager: Clinical and Transaction Services from 2022 to 2025.	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 twenty-eight years' of healthcare experience with nineteen years' of private medical care experience including surgical, medical, maternity, ICU and trauma nursing, managed healthcare experience.
Kebareng Tshenye Acting Senior Manager: Clinical and Transactions Services from 2024 to 2025.	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.
Nomcebo Ndovela Manager: Technical Support and Rules Specialist since 1 2023 Acting Senior Manager Clinical and Transactional Services since 2025.	Enrolled Nurse HIV/Aids Peer Education Program (McCord Nursing School); National Certificate in Information Technology (PC Training); Currently studying for Bachelor of Commerce (Regent Business School).	Over 10 years' experience in the healthcare sector. Worked as clinical coding specialist, assistant fund manager, business coach and clinical consultant.
Fulufhelo Malange Senior Manager: Compliance and Transaction Services since 2025.	Master of Law (Corporate Law)- (University of Johannesburg) in progress; BCom Internal Audit, Post Graduate Diploma: Internal Audit, LLB, LLM Corporate Law, Management Advanced Programme (MAP); A Certified Risk Management Practitioner (CRMprac) and Certified Control Self Assessor (CCSA) with institute of Internal Auditors (IIASA) Certified LEAN six sigma green belt.	Extensive experience in governance, risk (enterprise risk management), audit and compliance in the public and private sectors, including state owned entities. Experience spans across insurance, transport and logistics, municipal, science and technology. Specialised governance, risk and compliance within supply chain management and contract management fields.

Name	Main qualifications	Experience
Member Service and Experience		
Malinda Lubbe Senior Manager: Complaints Management since 2018 Acting as Chief Marketing Officer from March 2024 to March 2026	BCom (Law); LLB; Higher Diploma in Tax; Diploma in Labour Law; Certificate in Income Tax; Admitted as an Attorney of the High Court of South Africa.	Admitted attorney with more than 20 years' professional and operational experience in civil, criminal, corporate, commercial, labour, tax and intellectual property law, governance, risk, compliance and ethics management in various capacities in the legal and financial services industries.
Marius de Jager Senior Manager: Key Individual since 2024.	MBA; Postgraduate Diploma in Financial Planning, Advanced Postgraduate Diploma in Financial Planning (Health), BA (Theo).	More than 30 years of experience in financial services, including leadership roles in sales and distribution. Experience includes financial services operations, FAIS-related governance oversight, stakeholder engagement, Treating Customers Fairly (TFC) principles and process improvement. 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.
Condy Rasebotse Webmaster Specialist since December 2020 Acting Senior Manager: Marketing and since 2024.	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); Executive and Leadership Mentoring and Young Talent Development at a major banking institution.	Marketing and communications professional with 14 years' experience, in both the communication and marketing disciplines.
Baldwin Matsimela Senior Manager: Marketing and Communication since 2018.	National Diploma in Public Management and Development; Postgraduate Diploma in Public Development and Management; Diploma in Payroll Administration, and Development Communication; Senior Management Development Programme Certificate (Stellenbosch University Business School); certificates in public relations, stakeholder management, community development and media relations through the Public Relations Institute of Southern Africa and Wits School of Journalism.	Over 20 years' experience in corporate communication, marketing, advertising, stakeholder management and media relations in the public and private sectors.
Munene Khoza Senior Manager: Public Relations and Reputation Management since 2022.	MA Language and Linguistics; BA (Honours) English and Film and Media Studies.	Extensive experience in strategic communications, project management and professional consultation in the private and public sectors, including the banking and medical schemes industries.

Name	Main qualifications	Experience
Bafihlile Mokoena Specialist: Communication, PR and Reputation Management since 1 March 2019 Acting as Senior Manager: PR and Reputation from 2025.	Baccalaureus Artium in Corporate Communication; Chartered Public Relations Practitioner (CPRP) registered with the Public Relations Institute of Southern Africa (PRISA); Honours degree in Strategic Brand Communication, Postgraduate Diploma in Management Practices, certificate in Strategic Business Management and currently an MBA candidate.	Over 13 years of professional experience in corporate communications, including agency management experience as communications and brand professional across diverse sectors, working with leading public relations and communications agencies and corporate organisations. Includes providing strategic brand direction, media relations, brand positioning, crisis and issues management as well as leading impactful brand-building campaigns.
Lindiwe Ngcobo Senior Manager: Client Liaison Office since 2019.	MBA (University of KwaZulu-Natal); Postgraduate Diploma in Marketing; Postgraduate Diploma in Business Management; Executive Excellence Leadership Programme (GIBS); BPaed.	More than 25 years' experience in both the private and public sectors, including senior and executive management, international marketing experience, sales and marketing, customer service, communications, stakeholder management, project management, strategic partnerships, accounts management and business tourism experience.
Hape Lefalatsa Senior Manager: Membership and Compliance since 2021.	Postgraduate Diploma in Foresight Strategy; Business Administration; Bachelor of Commerce; Certificate in Risk Management.	More than 16 years' experience in local and regional business development, membership management, compliance and contribution management in the medical schemes and insurance industries.
David Makgalo Senior Manager Stakeholder Relations since 2010.	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).	More than 20 years' experience in human resources in the public sector and medical scheme industry, focusing specifically on conditions of service and stakeholder management.
Corporate Services		
Audrey Mareme Senior Manager: Corporate Services from 2014 Acting Chief Corporate Services Officer from 2024 to 2025.	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.
Khodani Khomola Manager since 2020 Acting as Senior Manager: Human Resources Strategy since 2025.	Bachelor of Arts in Industrial Psychology and International Relations (University of the Witwatersrand); Postgraduate Diploma in Management (Wits Business School); Managers Development Programs (Stellenbosch Business School); Master's in Business Administration (Mancosa).	10 years' experience in organisational development. PROSCI accreditation change specialist and trainer. Experience in leading human resources initiatives to drive talent management, change management, organisational design, development of target operating models and performance management and training and development.

Name	Main qualifications	Experience
Bongani Vilakazi Manager: BBBEE since 2022 Acting as Chief Corporate Services Officer from 2025 to 2026.	Management Development – BBBEE; Wits Enterprise; BCom in Finance and Marketing (University of Witwatersrand).	More than 19 years of experience in the financial and professional services sector, involved in transformation and growth initiatives supporting entrepreneurs and successful integration of small business into corporate supply chains.
Mmbudzeni Nemutavhani Senior Manager: Human Resources Operations since 2025.	Honours Degree Human Resources Management (Mancosa); Management and Leadership certificate (Milpark Business School); BTech Degree in Human Resources Development and National Diploma in Human Resources Management (Tshwane University of Technology).	More than 18 years' experience in human resources management with extensive experience in workforce planning, talent acquisition, and human resources strategy development. Track record in leading human resources initiatives to drive organisational change and enhance efficiency. Expertise in compensation structuring, payroll management, and employee relations, focused on diversity and inclusion management. Skilled in utilising HRIS technologies and Oracle for effective human resources administration. Adept at developing training programmes to build leadership capability and improve performance management processes.
Dumisani Madela Senior Manager: Facilities from 2021 to 2025.	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 Existing Building.	Facilities manager with more than 18 years' experience in safety management, property infrastructure facilities management and building infrastructure development.
Gladys Musimanyana Safety, Health, Environment, Quality and Facilities Manager since 2008 Acting Senior Manager Facilities since 2025.	Bachelor of Business Administration, (Richfield Graduate Institute of Technology); Certificate in Facilities Management, (The University of Cape Town); Programme in Safety Management, (Unisa); Management Development Programme (Stellenbosch University Business School); Diploma in Office Administration (Damelin).	Over 18 years' experience in office management, facilities and occupational health and safety. Extensive experience in contract management and maintenance of the building infrastructure and equipment.
Research and Development		
Mabatlo Semanya Senior Manager: Data Analytics in the Research and Development Division since 2021.	BCom Honours in Economics, University of South Africa; 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.

Name	Main qualifications	Experience
Mapule Letshweni Senior Manager: Knowledge Management since 2021.	Master's in Business Leadership, Graduate School of Business Leadership, Unisa; Bachelor of Information Science (Honours); Postgraduate Diploma in Information Management; BTech: Library and Information Science; Diploma in Library and Information Science; Senior Management Development Programme from the Stellenbosch University Business School.	More than 15 years' experience in information management, knowledge management, learning and innovation, web and information management in governmental entities.
Kudzai Chigiji Senior Manager: Actuarial Services from 2024 to 2026.	MBA (Oxford Saïd 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.
Molaudi Gaula Senior Health Policy Manager from 1 May 2025.	Doctor of Philosophy (PhD) Public Health Policy (Pharmaceutical Price Regulation), University of the Witwatersrand (School of Public Health); Master of Management by Dissertation (MM-R) Public Policy, Management, and Research, University of the Witwatersrand (Wits School of Governance); Master of Business Administration (MBA) Business Leadership and Management, North-West University Master of Science (Medical) in Pharmacy (MSc Med) Clinical Pharmacy Practice and Therapeutic Sciences, Sefako Makgatho University (formerly Medunsa); Honours Bachelor of Pharmacy (Hons BPharm) Pharmacoeconomics, Pharmacoepidemiology, Managed Care, Disease Management and Drug Utilisation Review, North-West University; Bachelor of Science II (BScII) Natural Sciences, Medical University of South Africa (Medunsa).	Multi-skilled Pharmaceutical Expert and Senior Technical Advisor with 24 years of experience in pharmaceutical services, public health policy, and healthcare systems strengthening. Worked in multiple countries including Lesotho, Zambia, Malawi, and Zimbabwe, where he led strategic interventions under the EQUIP programme including a pharmaceutical services operational plan. Provided technical support for HIV self-testing and HIV/HCV demonstration projects.



8. SUPPLEMENTARY INFORMATION

APPENDIX 1:



Tel: +27 011 488 1700
Fax: +27 010 060 7000
www.bdo.co.za

Wanderers Office Park
52 Corlett Drive
Illovo, 2196

Private Bag X60500
Houghton, 2041
South Africa

INDEPENDENT ASSURANCE PRACTITIONER'S LIMITED ASSURANCE REPORT ON SELECTED 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 key performance indicators (selected KPIs), as described below and presented in the Annual Integrated Report of the Government Employees Medical Scheme ("GEMS") for the year ended 31 December 2025 (the Report). This engagement was conducted by BDO South Africa's Sustainability team with a multidisciplinary team experience in areas including environmental, actuary, information technology, assurance and sustainability reporting.

Subject Matter

We have been engaged to provide a limited assurance conclusion on the selected KPIs listed in the table below. The selected KPIs described below have been prepared in accordance with GEMS Reporting guidelines ("Reporting Criteria") as set out in pages 201 to 221 of the GEMS Annual Integrated Report.

KPI	Unit of Measurement	Boundary
GEMS-initiated Member Satisfaction Survey Score	%	South Africa
Quality of administrative interventions	%	South Africa
Average Percentage of Product Affordability	%	South Africa
Percentage of out-of-pocket expenditure	%	South Africa
Percentage member retention	%	South Africa

BDO South Africa Incorporated
Registration number: 1995/002310/21
Practice number: 905526
VAT number: 4910148685

Chief Executive Officer: LD Mokoena

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

The company's principal place of business is at The Wanderers Office Park, 52 Corlett Drive, Illovo, Johannesburg where a list of directors' names is available for inspection. BDO South Africa Incorporated, a South African personal liability company, 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.

Inherent Limitations

Non-financial data is subject to more inherent limitations than financial data, given both the nature of the subject matter 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. The precision thereof may change over time.

Where the information relies on the factors derived by independent third parties, our assurance work will not include examination of the derivation of those factors and other third-party information. It is important to understand our assurance conclusion in this context.

Our Independence and Quality Management

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 on the selected KPIs based on the procedures we have performed and the evidence we have obtained. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (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 assessing the suitability in the circumstances of GEMS's use of its reporting criteria as the basis of preparation for the selected KPIs, assessing the risks of material misstatement of the selected KPIs whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the selected KPIs. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. The procedures we performed were based on our professional judgement and included inquiries, observation of processes followed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

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 key performance indicators as set out in the Subject Matter paragraph above for the year ended 31 December 2025 are not prepared, in all material respects, in accordance with the reporting criteria.

Other Matters

No assurance procedures were performed on the selected key performance indicators in the prior reporting period.

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 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 Inc.

BDO South Africa Incorporated

Registered Auditors

S Dolamo

Director

Registered Auditor

05 June 2026

Wanderers Office Park
52 Corlett Drive
Illovo, 2196

BDO South Africa Incorporated
Registration number: 1995/002310/21
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APPENDIX 2:

Internal Audit Report: Non-financial KPI Audit – Annual Integrated Report (AIR)

1. Objective

Independent Internal Audit assurance on the accuracy and completeness of Non-Financial Key Performance Indicators (KPIs) published in the 2025 Annual Integrated Report (AIR).

2. Introduction and Scope

Internal Audit conducted an independent, objective assurance review of the reported non-financial KPIs in this Annual Integrated Report. The scope focused on verifying the data integrity, source documentation, and mathematical accuracy of the key performance indicators for the financial year ended 31 December 2025.

The assessment further focused on whether KPI results are consistently measured and fully disclosed in line with approved methodologies, governance standards and reporting requirements.

The review covered 14 non-financial KPIs, including attendance at Trustee and Independent Committee meetings.

3. Internal Audit Opinion

Based on our audit work, Internal Audit concludes that the non-financial KPIs disclosed in this report are, in all material respects, accurately and completely reported. The underlying control environment and data management systems are operating effectively, providing reasonable assurance that the published figures reflect the actual performance of the Scheme.

APPENDIX 3:

Reporting criteria



STRATEGIC OBJECTIVE 1

1.1 INDUSTRY MEMBER SATISFACTION

INDICATOR TITLE	INDUSTRY MEMBER SATISFACTION INDEX
KEY RESULT AREA	Stakeholder Satisfaction
DEFINITION	An externally assessed benchmarking index to gauge how satisfied the members are, relative to other medical schemes, with a particular interaction or overall experience with GEMS.
RATIONALE	To understand customer experience in GEMS, highlighting over time to inform service strategies and ensure relevance. The intended output is to achieve a performance above the determined pre-determined target.
METHOD OF CALCULATION	The calculated average score of industry member satisfaction survey results, as reported in the Ask index report, minus 0.5%. (Results as reported in the Ask Afrika report - 0.5%). Reliance is placed on the Ask Afrika report on how the average score of the industry member satisfaction survey is calculated.
AIR Reference – Figure 15, page 79	


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. To monitor negative shifts in experiences and perceptions of the Scheme to identify areas that are performing well and exceeding.
METHOD OF CALCULATION	The percentage satisfaction rating of GEMS members as measured by the member satisfaction survey initiated by GEMS at a point in time.
AIR Reference – Figure 15, page 79	

1.3 HEALTHCARE PROVIDER SATISFACTION

INDICATOR TITLE	HEALTHCARE PROVIDER SATISFACTION
KEY PRIORITY AREA	Stakeholder Satisfaction
DEFINITION	A healthcare provider metric to gauge how satisfied healthcare providers are with a particular interaction or overall experience with GEMS. Overall experience as measured by GEMS-initiated Citizen Surveys. The desired performance output must be above the pre-determined target.
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 providers' expectations and to identify areas for improvement.
METHOD OF CALCULATION	The percentage satisfaction rating of healthcare providers as measured by the healthcare provider survey initiated (purchased) by GEMS.
AIR Reference – Figure 15, page 79	
	

1.4 QUALITY OF STAKEHOLDER RELATIONSHIPS

INDICATOR TITLE	QUALITY OF STAKEHOLDER RELATIONSHIPS
KEY PRIORITY AREA	Stakeholder Satisfaction
DEFINITION	A measure to assess and enhance GEMS' stakeholder engagement capabilities by evaluating current practices, identifying areas for improvement, and guiding the development of more advanced and effective stakeholder management strategies. The priority stakeholders are those listed in paragraph 11.2 of the Stakeholder Management Policy.
RATIONALE	To optimize stakeholder management by: <ol style="list-style-type: none"> 1) Enhancing management according to stakeholder priority; 2) Recovering, improving, optimizing, or maintaining relationships; and 3) Embedding the management of key stakeholders into the organisational structure.
METHOD OF CALCULATION	Number of priority stakeholders engaged divided by the number of pre-defined priority stakeholder population.
AIR Reference – Figure 15, page 79	
	

1.5 ADMINISTRATIVE EFFICIENCY

INDICATOR TITLE	QUALITY OF ADMINISTRATIVE INTERVENTIONS
KEY PRIORITY AREA	Stakeholder Satisfaction
DEFINITION	The indicator seeks to track the efficiency of administrative interventions in terms of claims processing rate, member debt contribution per annum, correspondence accuracy rate, and turnaround times.
RATIONALE	This indicator tracks some of the underlying factors to improve the scheme's long-term sustainability in terms of member satisfaction and financial performance.
METHOD OF CALCULATION	The indicator has four composite indicators that have an equal weighting of 25% against a target of 90%, these are: <ul style="list-style-type: none"> • Claims processing rate within 30 days of 90% • Debt per member p/a rate of R110 • Inbound Correspondence (Indexing Accuracy Rate) of 99.5 % • Inbound Correspondence (Indexing Turnaround Time) in hours (8) <p>To calculate the Composite Score, the actual results achieved on each of the four composite indicators above are first expressed as percentage progress towards their respective targets, then multiplied by their respective percentage weights, and then added together.</p>
AIR Reference – Figure 15, page 79	
	



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 & ensuring that it is able to meet members' 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. The intended performance output is to achieve a performance above the pre-determined target.
METHOD OF CALCULATION	(Accumulated member funds minus Accumulated Unrealised Gains) Divided by annualized gross contribution income.
AIR Reference – Figure 16, page 80	

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-month average CPI plus 3.5% expressed as a percentage. The intended performance output is to achieve a performance above the predetermined target.
METHOD OF CALCULATION	ROI % (Investment returns year to date/Investment value year to date)* 100 Target = CPI (rolling average for a 12-month period) plus 3.5%.
AIR Reference – Figure 16, page 80	

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 of fees.
AIR Reference - Figure 16, page 80	

2.4 CLAIMS RATIO

INDICATOR TITLE	CLAIMS RATIO
KEY RESULT AREA	Financial Strength
DEFINITION	A measure of the Scheme's spend on relevant healthcare costs as a percentage of the risk contributions received. Relevant healthcare costs a defined in the annual financial statements. The desired performance output must be below the predetermined target.
RATIONALE	Measurement of the surplus/(deficit) generated from operations.
METHOD OF CALCULATION	(Relevant healthcare cost divided by Risk contributions) x 100.
AIR Reference - Figure 16, page 80	

2.5 NON-HEALTHCARE COSTS

INDICATOR TITLE	PERCENTAGE NON-HEALTHCARE COSTS
KEY RESULT AREA	Financial Strength
DEFINITION	A measure of the Scheme's spend on non-healthcare costs as a percentage of risk contributions. The desired performance output must be below the pre-determined target. Risk contributions as defined in the Annual Financial Statements.
RATIONALE	Non-healthcare costs paid as a proportion of the risk contributions.
METHOD OF CALCULATION	(Non-Healthcare Expenditure incurred ÷ Total Risk Contribution Income) x 100.
AIR Reference – Figure 16, page 80	

2.6 RISK MATURITY LEVEL

INDICATOR TITLE	ENTERPRISE RISK MANAGEMENT MATURITY LEVEL
KEY RESULT AREA	Risk Maturity
DEFINITION	A measure of the Scheme Risk Management, benchmarked against accepted industry practice.
RATIONALE	To identify and prepare for risks associated with the operations and objectives. The intended performance output is to achieve a performance above the pre-determined target. To enable and maintain a risk-led culture and effective risk management programme within the Scheme such that objectives are realised.
METHOD OF CALCULATION	Risk Management Maturity Score achieved, as measured by an acknowledged maturity model. This may be internally or externally driven.
AIR Reference – Figure 17, page 81	

2.7 INDEPENDENT ASSESSMENT OF EMPLOYER

INDICATOR TITLE	HR INDUSTRY BENCHMARK SURVEY
KEY RESULT AREA	People Empowerment
DEFINITION	An independent measure of the Scheme's HR 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 who determine parameters.
AIR Reference – Figure 18, page 81	


2.8 LEADERSHIP DEVELOPMENT

INDICATOR TITLE	NUMBER OF LEADERSHIP DEVELOPMENT PROGRAMMES IMPLEMENTED IN LINE WITH THE SCHEME'S SUCCESSION PLAN
KEY PRIORITY AREA	People Empowerment
DEFINITION	The KPI aims to address Leadership competency development, ensuring that GEMS can adapt to the shifting landscape of the medical scheme industry.
RATIONALE	Leadership development programmes hold a significant strategic advantage over focusing on scarce and critical skills development alone. Leadership development transcends technical competencies by fostering resilience, innovation, and adaptability across the organisation, qualities crucial for sustaining long-term growth, especially in complex and regulated industries.
METHOD OF CALCULATION	The number of leadership development programmes conducted annually and aligned to the Schemes succession plan, tracked through training records.
AIR Reference – Figure 18, page 81	


2.9 EMPLOYEE TURN-OVER RATIO

INDICATOR TITLE	EMPLOYEE TURN-OVER RATIO
KEY PRIORITY AREA	People Empowerment
DEFINITION	A measure of employee turnover to assess loss of skills.
RATIONALE	Employee turnover rate measure employee engagement levels, organizational health and empowering the Scheme for more effective workforce management and informed strategic planning.
METHOD OF CALCULATION	(Number of resignations and terminations divided by total number of employees) x 100.
AIR Reference – Figure 18, page 81	

2.10 VACANCY RATE

INDICATOR TITLE	VACANCY RATE
KEY PRIORITY AREA	People Empowerment
DEFINITION	The vacancy rate is the percentage of unfilled positions in the Scheme over a specific period of time.
RATIONALE	The KPI measures the efficiency of the Scheme's recruitment processes, identifies staffing gaps, and assesses the overall human capacity.
METHOD OF CALCULATION	The number of leadership development programmes conducted annually and aligned to the Scheme's succession plan, tracked through training records.
AIR Reference – Figure 18, page 82	
	


2.11 B-BBEE CODE ELEMENTS WITH AN IMPROVED SCORE

INDICATOR TITLE	NUMBER OF B-BBEE CODE ELEMENTS WITH AN IMPROVED SCORE (INFORMALLY ASSESSED)
KEY PRIORITY AREA	B-BBEE Transformation
DEFINITION	A measure of the improvement of the Scheme's B-BBEE strategy to promote economic transformation.
RATIONALE	To create shared value by driving transformation and policy reforms, to address the social compact and support the realisation of UHC.
METHOD OF CALCULATION	Number of code elements that have an improved score from the previous fiscal year.
AIR Reference – Figure 19, page 82	
	





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's products which are lower in price than industry peer comparable products.
RATIONALE	Aligned to the UHC, GEMS aims to simplify its product offering and deliver enhanced value for money through its products. The intended performance output is to achieve a performance above the determined pre-determined target.
METHOD OF CALCULATION	Percentage difference between GEMS average family contribution and average family contribution of competing schemes before subsidy, as reported in the Product Affordability Product Report by appointed External Actuaries.
AIR Reference – Figure 20, page 83	
	

3.2 INCREASE IN HOSPITAL ADMISSION RATE

INDICATOR TITLE	INCREASE IN HOSPITAL ADMISSION RATE RELATIVE TO THE PREVIOUS YEAR
KEY RESULT AREA	Clinical Risk Indicators
DEFINITION	The indicator provides a measure of how the hospital admission rate is performing against budgeted assumptions.
RATIONALE	To identify critical predictors of unfavourable clinical events that can adversely impact the Scheme financially and contribute to the early warning signs that enable GEMS to prevent and mitigate such impact in time. The intended performance output is to achieve a performance below the pre-determined target.
METHOD OF CALCULATION	(Hospital Admission rate year to date ÷ the Hospital Admission rate for 2024) – 1 multiplied by 100.
AIR Reference – Figure 21, page 83	
 	

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 impact the Scheme financially and contribute to the early warning signs that enable GEMS to prevent and mitigate such impact in time.
METHOD OF CALCULATION	$\left[\frac{\text{Admission rate of Chronic Diseases* in the current year}}{\text{Admission rate of Chronic Diseases in the previous year} - 1} \right] \times 100$ *HIV, Diabetes, Hypertension, Hyperlipidaemia, Asthma.
AIR Reference – Figure 21, page 83	
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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. [Admission rate; Flu vaccination rates; Benzodiazepines; Bipolar multiple admissions; Depression multiple admissions; Number of spinal fusions; Readmissions from spinal fusions within 30 days; Caesarean delivery rate; COPD multiple admissions; Ischemic heart disease multiple admissions; Diabetics: HbA1C coverage; Diabetics: cholesterol test; Diabetics: nephropathy screening; Diabetes multiple admissions; Asthma multiple admissions; HIV: viral load; HIV: medicine compliance; HIV multiple admissions; Heart failure multiple admissions; Heart failure: ACE and ARB inhibitor coverage; Hypertension: creatinine coverage; Hypertension: stroke admissions].
RATIONALE	To reflect the impact of the Scheme's health care service or intervention on the health status of patients. The intended performance output is to achieve a performance above industry on the Scheme's pre-determined clinical indicators.
METHOD OF CALCULATION	$\left(\frac{\text{The number of pre-determined managed care metrics where the Scheme outperforms the industry, as reported by HQA, divided by the total number of managed care metrics}} \right) \times 100.$
AIR Reference – Figure 21, page 83	
MM 01 MM 02 MM 04	


3.5 WHO HIV TARGETS

INDICATOR TITLE	ACHIEVEMENT OF THE WHO HIV TARGETS
KEY RESULT AREA	Clinical Risk Indicators
DEFINITION	A measure of progress towards the proportion of Scheme's members: (1) those living with HIV who know their HIV status; (2) HIV-positive members who are on ARTs; (3) those receiving antiretroviral therapy (1st line, second line and salvage therapy) that have viral suppression [An undetectable VL according to South Africa's ART Policy is <50 copies/mL].
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. The intended performance output is to achieve a performance above the pre-determined target.
METHOD OF CALCULATION	$\frac{\% \text{ members enrolled and not enrolled who are actively claiming HIV benefits as a \% of the Scheme's prevalence}}{\% \text{ members actively claiming ART at least once over a period of six months as a \% of enrolled (excludes members claiming their ART from the State and members from the previous DMP (Thebe) that have no ART claims through Medscheme (detailed methodology outlined in the memorandum signed by the HM acting CHO dated 02 October 2024).}} \times \frac{\% \text{ members on ART for at least 6 months who are virally suppressed as a \% of those on ART for } \geq 6 \text{ months [An undetectable VL according to South Africa's ART Policy is <50 copies/mL].}}{\% \text{ members on ART for at least 6 months who are virally suppressed as a \% of those on ART for } \geq 6 \text{ months [An undetectable VL according to South Africa's ART Policy is <50 copies/mL].}}$
AIR Reference – Figure 22, page 84	
MM 02 MM 04	


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. The intended performance output is to achieve a performance above the predetermined target.
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 7.2, rounding off to 0 decimal has been applied for scoring to ensure accuracy and consistency with reporting.
AIR Reference – Figure 23, page 85	
MM 01 MM 04	


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	This metric aims to give a view of the organisation's performance regarding its managed care metrics and care coordination. The intended performance output is to achieve performance above the pre-determined target.
METHOD OF CALCULATION	$(\text{Risk-Adjusted Admission Cost on EVO}) \div (\text{Admission Cost on Emerald}) - 1$ multiplied by -100.
AIR Reference – Figure 23, page 85	
	


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 cost on Tanzanite one compared to the conventional Emerald Option on a risk-adjusted basis.
RATIONALE	This metric intends to give a view of the organisation's performance pertaining to its managed care metrics and care coordination. The intended performance output is to achieve a performance above pre-determined target.
METHOD OF CALCULATION	$(\text{Risk-Adjusted Admission Cost on T1}) \div (\text{Admission Cost on Beryl}) - 1$ multiplied by -100.
AIR Reference – Figure 23, page 85	
	

3.9 SPENDING ON SOURCING (DEVICES) COSTS

INDICATOR TITLE	PERCENTAGE REDUCTION ON SOURCING COSTS RELATED TO MEDICAL DEVICES RELATIVE TO THE PREVIOUS YEAR
KEY RESULT AREA	Healthcare Strategic Purchasing
DEFINITION	Reduction in expenditure on medical devices subject to strategic sourcing interventions.
RATIONALE	To efficiently manage and reduce unnecessary expenditures through proper contract and vendor management. The intended performance output is to achieve a performance above the pre-determined target.
METHOD OF CALCULATION	$(\text{Medical devices sourcing costs in the current year} \div (\text{prosthesis and appliance sourcing costs in the previous year}) - 1)$, (multiply by 100), adjusted for budgeted increases in terms of price and utilisation.
AIR Reference – Figure 23, page 85	
	

3.10 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 ensuring that healthcare providers receive fair and adequate compensation. Lower tariff increases equate to savings and lower member contributions. The intended performance output is to achieve a performance above the predetermined target.
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.
AIR Reference – Figure 23, page 85	
	

3.11 ALTERNATIVE REIMBURSEMENT MODELS (ARMs) ESTABLISHED

INDICATOR TITLE	PERCENTAGE OF ALTERNATIVE REIMBURSEMENT MODELS (ARMs) ESTABLISHED
KEY RESULT AREA	Healthcare Strategic Purchasing
DEFINITION	Measure of the percentage of total claims that are paid via ARMs.
RATIONALE	Alternative reimbursement models (ARMs) provide the scheme with greater certainty regarding the cost of care. They can also incentivise more cost-efficient and better-quality care. In turn, the Scheme strives to increase the coverage of alternative reimbursement models. The intended performance output is to achieve a performance above the pre-determined target.
METHOD OF CALCULATION	Expenditure associated with alternative reimbursement models divided by total expenditure irrespective of the form of reimbursement multiplied by 100.

AIR Reference – Figure 23, page 85

MM
02

3.12 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 the Scheme. Out-of-pocket costs include shortfalls, co-payments for covered services, and all costs for those 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 a combined average for in-hospital and out-of hospital related services). The intended performance output is to achieve a performance below the pre-determined target.
METHOD OF CALCULATION	$[(\text{The amount claimed} \div \text{the amount paid}) - 1] \times 100.$

AIR Reference – Figure 23, page 85

MM
01

3.13 PRIMARY NETWORK COST COVERAGE

INDICATOR TITLE	PERCENTAGE PRIMARY NETWORK COST COVERAGE
KEY RESULT AREA	Healthcare Practitioner Network Coverage
DEFINITION	A measure of the Scheme's spend on its primary care practitioners network compared to the overall spend on primary care practitioners (FP, Dentists, Optometrists and Pharmacies). In this measure, one must take into consideration the Scheme Rule wording when evaluating the SPN performance.
RATIONALE	The intent is to give a view of the Scheme's performance with regard to the expenditure on its primary care networks (FP, Dental, Optical, and Pharmacy). This has a positive impact on out of pocket expenditure. The intended performance output is to achieve a performance above the pre-determined target.
METHOD OF CALCULATION	$(\text{Spend on network Family Practitioners} + \text{Dentists} + \text{Optometrists} + \text{Pharmacies}) \div (\text{Total spend on all Family Practitioners} + \text{Dentists} + \text{Optometrists} + \text{Pharmacies}) \times 100.$

AIR Reference – Figure 24, page 86

MM
01

3.14 SPECIALIST NETWORK COST COVERAGE

INDICATOR TITLE	PERCENTAGE SPECIALIST NETWORK COST COVERAGE
KEY RESULT AREA	Healthcare Practitioner Network Coverage
DEFINITION	A measure of the Scheme's spend on its specialist network compared to the overall spend on specialists.
RATIONALE	The intent is to give a view of the Scheme's performance with regard to the expenditure on its specialist network. This has an out-of-pocket expenditure impact. The intended performance output is to achieve a performance above the pre-determined target.
METHOD OF CALCULATION	$(\text{Spend on Network Specialists} \div \text{Total spend on all Specialists, excluding specialists who do not have networks, e.g., dermatology \& oncology}) \times 100.$

AIR Reference – Figure 24, page 86

MM
01

3.15 HOSPITAL NETWORK COST COVERAGE

INDICATOR TITLE	PERCENTAGE HOSPITAL NETWORK COST COVERAGE
KEY RESULT AREA	Healthcare Practitioner Network Coverage
DEFINITION	A measure of the proportion of the Scheme's spend on its hospital network providers compared to the total hospital claims spend.
RATIONALE	The intent is to give a view of the Scheme's performance regarding the expenditure on its hospital network. Through the tender process, GEMS strives to ensure that hospital expenditure is contained while ensuring members have appropriate access to in-hospital care. Lower hospital expenditure equates to savings and, ultimately, lower member contributions. The intended performance output is to achieve a performance above the pre-determined target.
METHOD OF CALCULATION	(Spend on the Scheme's hospital network providers / Total spend on all hospital claims) x 100.
AIR Reference – Figure 24, page 86	
MM 01	



STRATEGIC OBJECTIVE 4: BE AN AGILE DATA DRIVEN SCHEME

4.1 DATA MANAGEMENT PROGRAMME

INDICATOR TITLE	PERCENTAGE PROGRESS IMPLEMENTATION OF THE DATA MANAGEMENT PROGRAMME
KEY RESULT AREA	Data management, Analytics, BI and Digital First
DEFINITION	A measure of the progress on the implementation of the Data Management Programme as detailed in the Data Management Programme plan.
RATIONALE	To make GEMS a custodian of its own data and meet the Scheme's data needs through Security, data destruction, POPI compliance, data reference & master data management, data governance, document & records storage, records management, data architecture, database management, data availability and quality management.
METHOD OF CALCULATION	Progress report of Data management programme plan/ Project Plan at the beginning of the project life cycle.
AIR Reference – Figure 25, page 86	
MM 08	

4.2 CYBER AND SYSTEM SECURITY

INDICATOR TITLE	PERCENTAGE PROGRESS ON THE DEVELOPMENT AND IMPLEMENTATION OF INFORMATION SECURITY MANAGEMENT CAPABILITY
KEY RESULT AREA	Cyber Security and System Security
DEFINITION	A measure of the progress on the implementation of the information security management systems, policies and procedures as detailed in the Information Security Management System Project Plan.
RATIONALE	To ensure the Schemes and customer information is protected from internal and external threats.
METHOD OF CALCULATION	A percentage of project progress as reported in the Project Plan (Progress report cybersecurity programme / Project Plan at the beginning of the project life cycle).
AIR Reference – Figure 26, page 86	
MM 01	

4.3 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 optimized, 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.
AIR Reference – Figure 27, page 86	
MM 03	



STRATEGIC OBJECTIVE 5: RETAIN AN GROW MEMBERSHIP

5.1 PRINCIPAL MEMBERS REGISTERED

INDICATOR TITLE	NUMBER OF MEMBERS REGISTERED ON THE SCHEME AS AT THE END OF THE FY
KEY RESULT AREA	Sustainable membership growth
DEFINITION	A measure of the total number of principal members on the Scheme as at the end of the fiscal year.
RATIONALE	To assess the Scheme's efforts in offering cost-effective and comprehensive benefits through excellent service delivery.
METHOD OF CALCULATION	Number of principal members registered on the Scheme as at 31st December 2025.
AIR Reference – Figure 28, page 88	
MM 01	

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 financial year.
RATIONALE	To assess the Scheme's efforts in increasing loyalty towards GEMS through offering cost-effective and comprehensive benefits through excellent service delivery.
METHOD OF CALCULATION	1- (Number of resignations divided by total members YTD) x 100.
AIR Reference – Figure 28, page 88	
MM 01	

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 the consolidation of government schemes, government entities take-on and expansion of eligibility.
RATIONALE	To achieve a broader national footprint, greater influence and bargaining power within the marketplace, and improved cost efficiencies, to enhance the Scheme's sustainability and thereby protect members' interests.
METHOD OF CALCULATION	The number of public sector medical schemes consolidated into GEMS and/or public sector entities take-ons by GEMS.
AIR Reference – Figure 28, page 88	
MM 01	



STRATEGIC OBJECTIVE 6: BE A GOOD CORPORATE CITIZEN

6.1 AUDIT OPINION

INDICATOR TITLE	AUDIT OPINION
KEY RESULT AREA	Robust governance & compliance
DEFINITION	A measure of whether an unqualified audit opinion has been achieved.
RATIONALE	To assess whether the financial statements of the Scheme are fair and transparent in all material aspects.
METHOD OF CALCULATION	Audit opinion as reported in the External Auditors' report.
AIR Reference – Figure 29, page 89	
MM 01	

6.2 COMPLIANCE INDEX

INDICATOR TITLE	COMPLIANCE INDEX
KEY RESULT AREA	Robust Governance & Compliance
DEFINITION	The compliance score (number of non-compliances with said Acts and rules) of the Scheme against the Medical Schemes Act and the registered GEMS Rules, POPI and FAIS linked to the Scheme's risk register and risk appetite. 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 control and monitor the effectiveness of compliance programmes of the Scheme to mitigate compliance risk. To enhance the compliance maturity of the Scheme. To monitor the effectiveness of the Scheme compliance management processes to detect, prevent and remedy non-compliance with selected Laws (MSA, POPIA, FAIS) and Scheme Rules. The intended performance output is to achieve a performance above the pre-determined target.
METHOD OF CALCULATION	Compliance Index = 100% minus (total number of unremedied non-compliance incidents x 1%). Each incident represents a percentage point.
AIR Reference – Figure 29, page 89	
MM 01	

6.3 FRAUD, WASTE AND ABUSE SAVINGS

INDICATOR TITLE	FWA SAVINGS)
KEY RESULT AREA	Robust Governance & Compliance
DEFINITION	A measure of savings achieved due to the Scheme's interventions to mitigate the 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 a high cost of healthcare services, decreased quality of care and a threat to patients' lives. The intended performance output is to achieve a performance above the pre-determined target.
METHOD OF CALCULATION	Insight Actuaries FWA calculation, based on change in behaviour of engaged providers. A decrease in claims after intervention (compared to before intervention) is observed as a saving.
AIR Reference – Figure 30, page 89	
MM 02	

6.4 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 align with United Nations Sustainable Development Goal 3 - Good Health and Wellbeing, i.e. Partner with local clinics or hospitals to procure tools or equipment, or renovation of the buildings in underserved communities, promoting equitable access to care.
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 UN.
METHOD OF CALCULATION	Number of approved community support initiatives implemented by the Scheme during the year <ul style="list-style-type: none"> • Donation of medical equipment and essential items to a public healthcare facility • Upgrade, revamp or provide aid to a section or ward of a public healthcare facility.
AIR Reference – Figure 31, page 89	
MM 07	

APPENDIX 4:

Abbreviations, acronyms and terminology

ABBREVIATIONS AND ACRONYMS

AGM	Annual General Meeting
BBBEE	Broad-based black economic empowerment
BHF	Board of Healthcare Funders
CLO	Client Liaison Officers
CMS	Council for Medical Schemes
CPI	Consumer Price Index
CSI	Corporate Social Investment
DMPASA	Deputy Minister for the Public Service and Administration
DPSA	Department of Public Service and Administration
ESG	Environmental, Social and Governance
EVO	Emerald Value option
Exco	Executive Committee
FICOM	Finance and Investment Committee
FSP	Financial Services Provider
GEMS	Government Employees Medical Scheme
HQA	Health Quality Assessment
King IV	King IV Report on Corporate Governance for South Africa 2016
KPI	Key Performance Indicator
NDoH	National Department of Health
NT	National Treasury
ICT	Information and Communication Technology
IFRS	International Financial Reporting Standards
IoDSA	Institute of Directors South Africa
IR	Integrated Report
MPSA	Minister for the Public Service and Administration
MSA	Medical Schemes Act
NHI	National Health Insurance
PLO	Provider Liaison Officers
PMB	Prescribed Minimum Benefits
PO	Principal Officer
PSCBC	Public Service Coordinating Bargaining Council
S59	Section 59 Final Investigation Report issued in July 2025
SCM	Supply Chain Management
SDGs	Sustainable Development Goals
SLA	Service level agreement
SPN	Service Provider Network
TOM	Target operating model
UHC	Universal Health Coverage
UNSDG 3:	United Nations Development Goal 3

TERMINOLOGY

CLAIMS RATIO (LOSS RATIO)

The claims ratio represents the percentage of total contributions that a medical scheme pays out annually in the form of healthcare benefits or claims for its members. While a ratio below 100% is generally desirable, an excessively low claims ratio may indicate that the scheme is not adequately meeting members' healthcare needs, which undermines the core purpose of medical aid. Similarly, a claims ratio above 100% is also unfavourable, as it suggests that contributions are not insufficient to cover claims expenditure.

Factors that influence a loss ratio are usually factors that influence claims and subsequent contribution increases such as:

- Demographic profile of the members, including ageing
- utilisation of healthcare benefits
- benefit design
- provider tariffs and inflation
- fraud waste and abuse

NON-HEALTHCARE COSTS

Non-healthcare costs are all costs incurred by a medical aid scheme that are not directly related to the members' medical claims. These are the typical cost of running a medical scheme and include:

- Administration costs: Paid to administrators for processing claims and serving members.
- Managed care fees: Paid for disease management programmes and providers managing designated healthcare provider networks.
- Overheads, including salaries, audit fees, legal fees, office expenses, trustee remuneration.
- Marketing costs such as advertising and other member acquisition costs

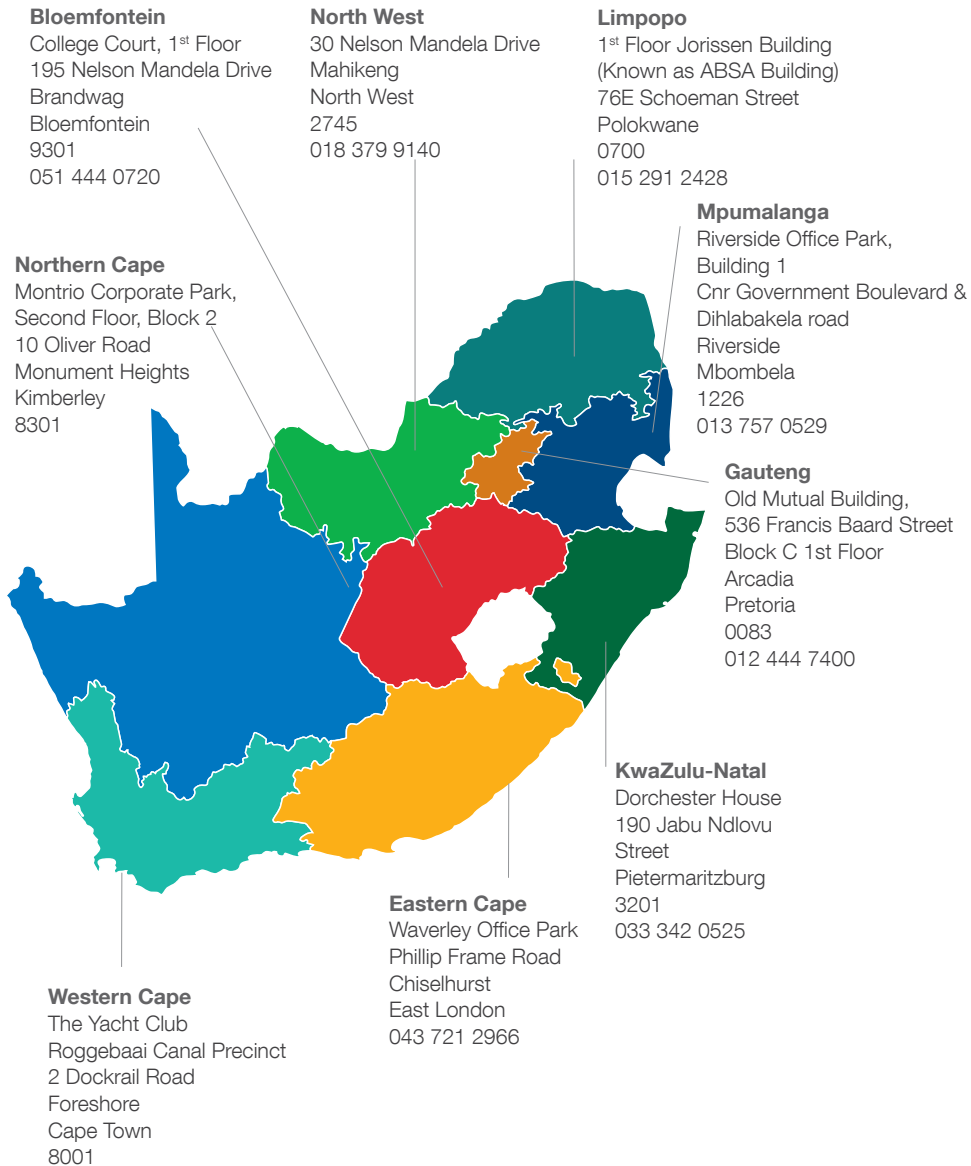
RESERVE RATIO

The CMS under the MSA requires medical schemes have enough funds to pay out claims in cases where there is a sudden, unexpected increase in claims. Currently the minimum solvency ratio/ reserve ratio has been set at 25.0%.

This is calculated as = $\frac{\text{Accumulated funds}}{\text{Gross Annual contributions}} \times 100$

APPENDIX 5:

Client Liaison Office information



Provincial Walk-in Centres	
GP	541 Madiba St, Arcadia, Suncardia Shopping Centre Level 3, Shop 51 & 52, Pretoria, Gauteng
	118 Jorissen Street, Ground Floor, Traduna House, Cnr Jorissen and Civic, Braamfontein, Johannesburg, Gauteng
KZN	39/45 Chief Albert Luthuli Street, Pietermaritzburg, KwaZulu-Natal
	Shop 33 Berea Centre, Entrance 1, 249 King Dinuzulu, Road Bulwer, Durban, KwaZulu-Natal
WC	29 Baring Street, Q Squared Shopping Centre, Worcester, Cape Town
	Shop 1, Cnr of Church and Adderley Street, Constitution House, Cape Town, Western Cape
FS	Shop 124, Cnr Charlotte Maxeke and East Burger Street, Bloemfontein Plaza, Free State
	Shop 051, Gold Fields Mall, Cnr Strateway and Buiten Street, Welkom, Free State
NW	Shop 101, Cnr OR Tambo and Nesor Street, CBD Klerksdorp, North West
	Mmabatho Megacity, Shopping Centre, Shop 39, Cnr Sekame and Dr James Moraka Street, erf 3139, Mmabatho, North West
NC	61 A Market Street, Upington, Northern Cape
	Shop 14 & 26 1-17 Long Street, New Park Centre, Kimberley, Northern Cape
PLK	Stand 2, Venda, Thohoyandou, Limpopo
	Shop 1, Dada Square, 52 Market Street, Polokwane, Limpopo
EC	Shop LG36, Lower Level, Gillwell Shopping Centre, Cnr Gillwell Road and Fleet Street, erf 72885, Eastern Cape
	Unit 10/11/12A, Savoy Complex, Nelson Mandela Drive, Mthatha, Eastern Cape
MP	Shop No 7, Saveways Crescent Centre, Witbank, Mpumalanga
	30 Brown Street, Nedbank Centre, Nelspruit CBD, Mpumalanga

APPENDIX 6:

Scheme information

Principal Officer's office and postal address

Dr BOS Moloabi
GEMS Vutomi House,
124 Mercy Avenue
Menlyn Maine, Precinct

Private Bag X1
Hatfield
0028

Registered office and postal address

GEMS Vutomi House
124 Mercy Avenue
Menlyn Maine Precinct

Private Bag X1
Hatfield
0028

Administrator during the year

Metropolitan Health Corporate (Pty) Ltd
Parc du Cap
Building 6
7 Mispel Avenue

P.O. Box 4313
Cape Town
8001

Actuaries' office and postal address

Insight Actuaries and Consultants (Pty) Ltd
Block J, Central Park 400
16th Road Midrand
1682

Auditors' office and postal address

BDO South Africa Inc
Wanderers Office Park
52 Corlett Drive
Illovo
Sandton
2196

Independent Investment Consultant details

RisCura (Pty) Ltd
5th Floor, Montclare Place
cnr Campground & Main Rd
Claremont
Cape Town
7708

Asset Managers' details

Taquanta Asset Managers (Pty) Ltd
5th Floor, Draper on Main
47 Main Road
Claremont
Cape Town
7708

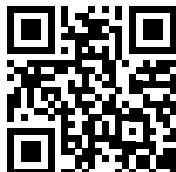
Ninety-One SA (Pty) Ltd
36 Hans Strijdom Avenue
Foreshore
Cape Town
8001

Prescient Investment Management (Pty) Ltd
Block B
Steenberg Office Park
Tokai
Cape Town
7945

Coronation Asset Management (Pty) Ltd
7th Floor, MontClare Place
Cnr Campground and Main road,
Claremont
Cape Town
7708

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

Use the QR code
to download the
GEMS member app



GEMS contact centre:

0800 00 4367

Client Liaison Officers:

clo@gems.gov.za

Provider Liaison Officers:

plc@gems.gov.za

GEMS emergency services:

0800 444 367

GEMS fraud hotline:

0800 212 202

Fax:

0861 004 367

Email:

enquiries@gems.gov.za

