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Health



BMW EMPLOYEE

Medical Aid Society

**// 2025 NOTICE OF ANNUAL GENERAL MEETING
INFORMATION BOOKLET**



// NOTICE

Notice is hereby given that the Thirty Ninth Annual General Meeting of the BMW Employees Medical Aid Society will be held at BMW Plant Rosslyn, on Sunday, 22 June 2025 at 10:00.

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FOR THE YEAR ENDED
31 DECEMBER 2024



// CHAIRPERSON'S REPORT

As we reflect on the year 2024, South Africa's macroeconomic landscape presents both challenges and opportunities for the medical schemes sector. The economy is navigating through a period of moderate growth, with inflationary pressures and fluctuating exchange rates impacting consumer spending and overall economic stability. In this environment, the medical schemes industry is also facing significant scrutiny, particularly concerning the management of fraud and the sustainability of member benefits.

In light of these challenges, we observed notable member churn as employers took consequential measures to address medical scheme fraud. These measures were welcomed by the Board of Trustees as a means to ensure the overall health of the Scheme for all our members. In parallel, we welcomed the Section 43 enquiry initiated by the Council of Medical Schemes, which aimed to assess our management of fraud within the Scheme. The favourable outcome of the enquiry underscores our commitment to transparency and accountability as we strive to enhance our operational integrity and protect the interests of our members.

The Board of Trustees remains steadfast in its governance role, continuously seeking to improve our practices and ensure that we meet the highest standards of corporate governance. We are committed to fostering a culture of integrity, accountability, and excellence as we navigate the complexities of the medical scheme environment.

In response to the evolving needs of our members, the Board of Trustees took decisive action by adding additional benefits to our benefits bouquet. Notably, we introduced Internet-based Cognitive Behavioral Therapy, the Oncology Innovation Benefit, Oncology Pharmacy DSP, and the Advanced Illness Member Support Programme. This expansion directly translates into an improved value proposition for our members.

PERFORMANCE

I am pleased to report that BEMAS achieved excellent financial performance this year. Our prudent financial management and strategic initiatives have resulted in a robust financial position, enabling us to continue delivering quality healthcare services to our members. The Board of Trustees was able to hold the monthly contributions without increase for the first six months of the 2025 financial year and further deliver one of the lowest contribution increases in the market for the remaining six months of the year.

The Board of Trustees continuously tracks a number of key indicators to monitor the financial health of the Society, such as the accumulated funds ratio, the net healthcare result, and the net surplus/(deficit). Due to the adoption of IFRS 17 and significant changes in accounting policies, some of the 2023 comparative numbers and terminology have been restated and may thus not reflect the same as per the 2023 Annual Financial Statements.

The accumulated funds ratio remained fairly stable, with a marginal increase to 128.03% at the end of December 2024 (2023: 116.73%). After paying for insurance service expenses (claims), the Society's insurance service result was a surplus of R29.7 million (2023: surplus R17.1 million). After considering the

income from investments, BEMAS experienced a positive net insurance and investment result (net surplus) of R66.4 million (2023: surplus of R40.8 million).

The Board of Trustees maintains confidence in the Scheme's financial position and reserve levels, assuring our ability to handle any future adverse claims experiences and meet our claims payment obligations.

VOTE OF THANKS

I extend my thanks to the following stakeholders for their time, valuable contributions, and guidance throughout the year, ensuring that the Society was well-managed and continued to operate in the best interests of its members:

- The Board of Trustees
- The Audit & Risk Committee members
- External Auditors, Deloitte
- The Administrator, Discovery Health

A special thank you to the Board of Trustees for your remarkable commitment to our members. Your key insights and guidance have made a significant impact on the Society's governance and its operations. Sadly, the Board lost one of our trustees, John Meiring, during the year. John was a long-serving trustee who will be remembered for his unwavering representation of the shop-floor workers / members and for challenging the Board of Trustees to always seek benefit enhancements for our members.

I also extend my gratitude to our Principal Officer for her support to our Trustees. Your dedication to the Society and our members is truly admirable.

CONCLUDING REMARKS

Personal health is every human's greatest asset. Our health journey starts from the day we are born, and it is our responsibility to nurture this gift through the decisions we make every day, from what we consume to whether we exercise, and what we provide our children as nourishment, both physically and mentally. Therefore, we should own our tomorrow and remember that what we do today will impact our future. This holds true for our health and the cost of maintaining it.

The Board of Trustees is committed to keeping our members well-informed, allowing them to make better decisions regarding their health. Thank you to all members who are investing in their tomorrow by making good choices today and using our BEMAS funds responsibly.

In conclusion, while the landscape presents challenges, we are optimistic about the future. Our focus on member-centric strategies, enhanced benefits, and strong governance will guide us as we continue to serve our members and contribute positively to the healthcare sector in South Africa.

Warmest regards,

Shane Kotzé

BEMAS Chairperson

// MINUTES OF THE PREVIOUS MEETING

Minutes of the thirty eighth Annual General Meeting of the BMW Employees Medical Aid Society held on 9 June 2024 at 10h00 in the main canteen, BMW SA (pty) limited, Rosslyn and via MS Teams

PRESENT

Dr. S Kotze (Chairman)
47 Attendees (virtual and onsite combined)
57 Proxies received

IN ATTENDANCE

N Naidoo (Discovery Health)
M Buckingham (Discovery Health)
T Lamolo (Discovery Health)
K Gadinabokao (Council for Medical Schemes)

01 | Welcome

The Chairman welcomed all present to the Thirty Eighth Annual General Meeting (AGM) of the BMW Employees Medical Aid Society. A special welcome was extended to the representative from the Council for Medical Schemes, Ms. Keaorata Gadinabokao.

The Chairman confirmed that notices for the meeting were distributed to members and also placed on notice boards at the employer's premises by the requisite dates in terms of the Society Rules.

With proper notice having been given, a quorum of 30 members was present, and the meeting was declared properly constituted.

The Chairman shared the agenda and explained the online and onsite voting process to all the members present.

02 | Minutes of the previous meeting

The minutes of the Thirty Seventh Annual General Meeting held on the 11th of June 2023, having been circulated with the notice of the meeting, were taken as read.

The Chairman provided attendees with the opportunity to ask questions of clarity.

The Chairman moved to accept the minutes of the Annual General Meeting (AGM) held on 11th June 2023. The Minutes were approved as a true reflection of the proceedings.

03 | Adoption of the Annual Financial Statements and Board of Trustees Report for the year ended 31 December 2023

The Chairman confirmed that, as is required, in terms of Rule 26.1.2 of the Society, the Notice of the AGM, Agenda, Board of Trustees Report, highlights of the Annual Financial Statements and External Auditor's Report were provided to members 14 days prior to the date of the AGM.

The Chairman confirmed that the Annual Financial Statements had been closely reviewed by the Audit and Risk Committee and further approved by the Board of Trustees as well as the Society's external auditors, Deloitte.

The Chairman motioned for the adoption of the Annual Financial Statements and the Board of Trustees Report for the year ending 31 December 2023. Ms. Mathamelo approved the motion and Mr. Uren seconded the motion. The Chairman declared the motion as CARRIED.

// MINUTES OF THE PREVIOUS MEETING (cont.)

Mr. Spangenberg provided a broad overview of the financial results for the 2023 financial year.

The following was noted:

- Claims ratio (claims, including managed care as % of contributions) decreased from 92.4% to 88.7%
- Claims per member increased with 6.7%
- Average age of beneficiaries increased from 28.4 to 28.6, while the pensioner ration increased from 3.09% to 3.30%
- Non-Healthcare expenditure ratio (NHE as % of contributions) decreased from 9.51% to 6.27%
- The investments performed better than budget for the year under review.
- Surplus after investment income decreased from R32,2m to R9.4m.
- Solvency ratio increased from 115.5% to 116.7%

He reported that as at April 2023, the Society had a surplus of R10.5 million compared to a budgeted surplus of R6.6 million. The major contributor was the better-than-expected claims experience for Q1 and a better than anticipated investment performance over the same period.

04 | Appointment of external auditors for the ensuing financial year

The Chairman confirmed that the re-appointment of Deloitte as the Society's external auditors for the 2024 financial year had been endorsed by the Audit and Risk Committee and further approved by the Society's Board of Trustees. He proposed that the approval of Deloitte as the Society's External Auditors be adopted. The appointment was approved by Dr. Fegbeutel and seconded by Mr. J Meiring and the Chairperson confirmed the appointment for the ensuing financial year.

05 | Election of Trustees

The Chairman confirmed that in terms of Rule 18 of the Society, the Society would be managed by a Board consisting of nine persons who are fit and proper to be Trustees, four of whom were appointed by the Employer, and five elected by members in general meetings. All Trustees were to hold office for three years from the date that he/she was appointed or elected and would retire automatically every three years. A retiring Trustee would be eligible for re-election, provided that, with effect from 1 January 2008, no person would serve more than two consecutive terms and no more than a total of three terms.

The Chairman advised that Ms. Shilenge (Morwa), Ms. Mathamelo, Mr. Gounden (employer appointed trustee) and Ms. Sibanyoni's terms ended at the conclusion of the 2024 Annual General Meeting. He confirmed that there was therefore three member-elected trustee vacancies to be filled and nominations were requested to be sent to Ms. Kunene by the 2nd of June 2024.

Valid nominations for Trustee elections were:

Ms. R Morwe

Mr. Lyn Clive Prevost

Mr. Peter Anthony Uren

Mr. Mduduzi Prince Masuku

Ms. Mpho Martha Mathamelo

All submitted nominations were counted, and Mr. Prevost, Mr. Uren and Ms. Morwe, with the greatest number of valid nominations, emerged as successfully elected. The chairman confirmed Mr. Amokelani Mtsweni as the newly employer appointed trustee, and congratulated the new trustees on their election and welcomed them to the Board of Trustees.

// MINUTES OF THE PREVIOUS MEETING (cont.)

06 | General

The Chairman afforded members an opportunity to ask questions and raise any matters of general interest.

1. A member raised a concern that members do not always receive Society communications and requested that the process be improved to ensure that all members receive Society communications. Dr. Fegbeutel suggested a project to be put in place for all members to update their details which would ensure that communications were received by all members.
2. A member requested that the chairman's report and all other communication be simplified for all members to understand. Ms. Kunene ensured the members that the communications committee were in the process of doing so.
3. A member raised a concern that he had not received feedback from the previous AGM on increased Mental Health benefit, a three-month contribution holiday and increased day-to-day benefits. Ms. Kunene informed the member that the matters were discussed at the benefit review meeting held once a year and considered by the trustees but that she would provide feedback to the member within a month. Mr. Meiring also confirmed that co-payments had been removed and that the Mental Health Benefit had been improved.
4. A member had a concern on her request for ex-gratia and that she had not received any feedback on the matter. Ms. Kunene undertook to investigate the matter and provide feedback to the member.
5. There was a concern on the impact of NHI (National Health Insurance) on the Society and Dr. Kotze ensured the members that NHI did not have any immediate impact on the Society.

No further questions were received.

07 | Closing

In conclusion, the Chairperson thanked everyone present for their attendance.

There being no further matters to discuss, the meeting was closed.

08 | Date of the next meeting

The next meeting to be confirmed.

Minutes accepted



DR. S KOTZE
CHAIRMAN

DATE

// FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

Trustees' Responsibility and Approval

The Trustees are responsible for the preparation and fair presentation of the financial statements of BMW Employees Medical Aid Society, which comprise the statement of financial position at 31 December 2024, the statement of comprehensive income, the statement of changes in funds and reserves and the statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Medical Schemes Act of South Africa. In addition, the Trustees are responsible for preparing the report of the Board of Trustees and Statement of Corporate Governance.

The Trustees are also responsible for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

On the basis of this review and in light of the current financial position and available resources, the Trustees have no reason to believe that the Scheme will not be a going concern for the foreseeable future.

The independent auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of The Annual Financial Statements

The annual financial statements of BMW Employees Medical Aid Society, as identified in the first paragraph, were approved by the Trustees on 13 May 2025 and are signed on their behalf by:



CHAIRPERSON
DR S KOTZE



TRUSTEE
C MSIBI



PRINCIPAL OFFICER
M KUNENE

// FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (cont.)

Statement of Corporate Governance by The Board Of Trustees

The BMW Employees Medical Aid Society (the Scheme) is committed to the principles and practice of responsibility, accountability, fairness and transparency with its dealings with all stakeholders and applies good governance principles.

The Scheme is committed to ensure compliance with the recognised framework and conducting affairs in accordance with ethical values, to ensure the adoption of risk assessment, evaluation and management processes with regular monitoring of third party administrators and providers in accordance with the service level agreements. This includes evaluating the performance of the Board and of the Board sub-committees against agreed terms of reference and performance targets, establishment and management of internal controls by assessing the adequacy and effectiveness through the reports of the internal auditors and calling on expert and professional advice when required. The Trustees are either appointed by the respective employers or elected by the members of the Scheme.

Board of Trustees

The Trustees meet regularly and monitor the performance of the Administrator and other service providers. They address a range of key issues and ensure that discussion of items of policy, strategy and performance is critical, informed and constructive.

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

Internal Control

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

No event or item has come to the attention of the Trustees that indicates any material breakdown in the functioning of the key internal controls and systems during the year under review.



CHAIRPERSON
DR S KOTZE



TRUSTEE
C MSIBI



PRINCIPAL OFFICER
M KUNENE

13 May 2025

Independent Auditor's Report

To the Members of BMW Employees Medical Aid Society

Report on the Audit of the Financial Statements

OPINION

We have audited the financial statements of BMW Employees Medical Aid Society (the Scheme), set out on pages 10 to 46, which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, the statement of changes in members' funds and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, these financial statements present fairly, in all material respects, the financial position of BMW Employees Medical Aid Society as at 31 December 2024, and its financial performance and cash flows for the year then ended, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Medical Schemes Act of South Africa.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Scheme in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



National Executive: *R Redfearn Chief Executive Officer *GM Berry Chief Operating Officer JW Eshun Managing Director Businesses LN Mahluza Chief People Officer *N Sing Chief Risk Officer AP Theophanides Chief Sustainability Officer *NA le Riche Chief Growth Officer *ML Tshabalala Audit & Assurance AM Babu Consulting TA Odukoya Financial Advisory G Rammego Risk Advisory DI Kubeka Tax & Legal DP Ndlovu Chair of the Board

A full list of partners and directors is available on request

* Partner and Registered Auditor

B-BBEE rating: Level 1 contribution in terms of the DTI Generic Scorecard as per the amended Codes of Good Practice

Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
OUTSTANDING CLAIM PROVISION	
<p>The insurance contract liability (Liability for Incurred Claims and Risk adjustment and Liability for Remaining Coverage) attributable to current members included in note 5 of the financial statements is made up of the liability for incurred claims of R4 500 000 (2023: R5 600 000) and Risk adjustment of R193 875 (2023: R162 601) recognised for the estimated cost of healthcare benefits that have been incurred prior to year-end but that were only reported to the Scheme after year-end balance on the Scheme's statement of financial position.</p> <p>Sources of these outstanding claim payments include:</p> <ul style="list-style-type: none"> • Benefit changes that may result in a previously uncovered claim now being eligible for payment. • Reported claims that have not yet been paid out. • Unknown and hence unreported claims. • Closed claims that may later be re-opened and require additional payments etc. <p>The calculation of the Insurance contract liability (specifically the Liability for incurred claims (LIC) and Risk adjustment (RA)) is inherently complex and represents a key judgement for the Scheme, especially in the estimation and judgement related to the Liability for Incurred Claims and Risk Adjustment.</p> <p>The Scheme actuaries have used Bornhuetter-Ferguson method ("BF"): A standard model used to calculate the LIC and used the bootstrapping methodology to determine the Risk Adjustment (RA) for non-financial risk for the Scheme on a per option level.</p> <p>The IBNR calculation is based on several factors, which include:</p> <ul style="list-style-type: none"> • The level of homogeneity of the data; • Changes in patterns of claims and claims processing; • Changes in benefit limits; and • Changes in prescribed minimum benefits. <p>We considered the Liability for incurred Claims (the IBNR and the Risk Adjustment) as a key audit matter due to:</p> <ul style="list-style-type: none"> • The materiality of the liability; and Significant judgement and estimation uncertainties in determining the future cash flow projections and the risk adjustment. 	<p>In evaluating the valuation of the IBNR and RA components of the LIC, we evaluated the calculations performed by Insight Actuarial Solutions (Pty) Ltd as an independent management expert who perform the liability calculations and performed procedures which included:</p> <ul style="list-style-type: none"> • Considering the design and implementation of the Scheme's controls relating to the preparation of the IBNR and RA calculation though gaining an understanding of the end-to end claims and LIC provision business process; • We obtained the report of the Scheme's actuary relating to the LIC provision at year end and tested the appropriateness of the estimate as follows: <ul style="list-style-type: none"> – Evaluated the competence, capabilities and objectivity of the Scheme's actuary; – Obtained an understanding of the method and models used in calculating the LIC provision estimate. With the assistance of our actuarial specialists, assessed the appropriateness of the methodology and assumptions used in determining the IBNR and RA components of the LIC in terms of acceptable methodologies, industry standards, and that they meet the measurement objectives of IFRS 17. – We evaluated the integrity of the information used in the calculation of the estimated future cash flows and the Risk Adjustment as included in the liability for incurred claims balance insurance contract liability by performing substantive procedures to ensure the completeness and accuracy of the information. – With the assistance of our internal actuarial specialists, perform an independent calculation of the estimated future cash flows and the Risk Adjustment as included in the liability for incurred claims balance Insurance contract liability using historical claims data and trends and for comparing with management's valuation. • Assessed the presentation and disclosure in respect of the LIC provision and considered the adequacy of these disclosures against the requirements of IFRS17 and relevant industry guidance. <p>Based on the procedures performed above, we are satisfied that the methodology and assumptions applied in calculating the IBNR and RA components of the LIC are appropriate.</p>

OTHER INFORMATION

The Scheme's trustees are responsible for the other information. The other information comprises the information included in the *Audited Financial Statements which includes the Report of the Board of Trustees, Trustees' Responsibility and Approval by the Board of Trustees and Statement of Corporate Governance by the Board of Trustee*. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE SCHEME'S TRUSTEES FOR THE FINANCIAL STATEMENTS

The Scheme's trustees are responsible for the preparation and fair presentation of the financial statements, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Medical Schemes Act of South Africa, and for such internal control as the Scheme's trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Scheme's trustees are responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Scheme's trustees either intend to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Scheme's trustees.
- Conclude on the appropriateness of the Scheme's trustees' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists in relation to events or conditions that may cast significant doubt on the Scheme's ability to continue

as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Scheme's trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the Scheme's trustees, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS¹

Non-compliance with the Medical Schemes Act of South Africa

As required by the Council for Medical Schemes, we report that there are no material instances of non-compliance with the requirements of the Medical Schemes Act of South Africa that have come to our attention during the course of our audit. The instances of non-compliance have been fully disclosed in Note 17 of the Financial Statements to which the report refers.

Audit tenure

As required by the Council for Medical Schemes' Circular 38 of 2018 Audit tenure, we report that Deloitte & Touche has been the auditor of BMW Employees Medical Aid Society for six years.

The engagement associate director, Ilze de Villiers, has been responsible for the BMW Employees Medical Aid Society audit for one year.



Deloitte & Touche
Registered Auditor
Per: Ilze de Villiers
Associate Director

29 May 2025

¹ ISA 700 (Revised), paragraphs 43 to 45.

// REPORT OF THE BOARD OF TRUSTEES

The Board of Trustees hereby presents its report for the year ended 31 December 2024

01 | Description of The Scheme

1.1 | TERMS OF REGISTRATION

The BMW Employees Medical Aid Society is a not-for-profit restricted membership Scheme registered in terms of the Medical Schemes Act, of South Africa.

1.2 | BENEFIT OPTIONS WITHIN THE BMW EMPLOYEES MEDICAL AID SOCIETY

The Scheme offers one (1) benefit option.

1.3 | SAVINGS PLAN

From 1 January 2017 the Scheme discontinued the MSA component of the benefit option. MSA balances owing to members are being refunded accordingly. The Scheme is attempting to refund all unpaid balances with assistance from the employer.

1.4 | REINSURANCE CONTRACTS

The Scheme had the Netcare 911 reinsurance contract in place during the year under review. Netcare 911 Proprietary Limited provided emergency medical advice, emergency medical response and transportation to the members of the Scheme.

In 2009, the CMS took the decision that Netcare 911 did not require accreditation as a managed healthcare provider to provide certain services to medical schemes. Following a complaint, in December 2017, the CMS found that Netcare 911 cannot perform functions which require accreditation. Netcare 911 appealed this ruling, which appeal is still pending. The effect of the pending appeal is that the 2017 Ruling remains in abeyance pending the finalisation of the appeal, in line with Section 49(2) of the Medical Schemes Act, resulting in the Scheme's agreement with Netcare 911 remaining valid.

// REPORT OF THE BOARD OF TRUSTEES

02 | Management

2.1 | BOARD OF TRUSTEES IN OFFICE DURING THE YEAR AND AT THE DATE OF THIS REPORT WAS:

Employer Appointed

Ms J Modise (Chairperson)	Resigned 31st May 2024	
Dr S Kotze (Chairperson)	- Appointed 1 June 2024	Appointed 1 July 2023
Mr M Gounden	Resigned 31st May 2024	
Ms R Nagdee	Appointed 1 January 2022	
Mr A Mtsweni	Appointed 1 June 2024	
Ms C Msibi	Appointed 1 October 2024	

Employee elected

Dr JP Fegbeutel*	Alternate June 2024
Mr A Kelbrick*	Alternate September 2024
Ms R Shilenge (Morwe)	Appointed 27 June 2021
Ms L Mathamelo	
Mr M Mashiloane	Appointed 18 September 2022
Mr J Meiring	Passed away 22 Sept 2024
Ms C Sibanyoni	Resigned 9 June 2024
Mr P Uren	Appointed 9 June 2024
Mr C Prevost	Appointed 9 June 2024
Mr P Masuku	Appointed 5 November 2024

* alternate

2.2 | PRINCIPAL OFFICER

M Kunene	Appointed 1 March 2021
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2.3 | REGISTERED OFFICE ADDRESS AND POSTAL ADDRESS

1 Discovery Place	PO Box 786722
Sandton	Sandton
2146	2146

2.4 | SCHEME ADMINISTRATOR DURING THE YEAR

Discovery Health Proprietary Limited

1 Discovery Place	PO Box 786722
Sandton	Sandton
2146	2146

// REPORT OF THE BOARD OF TRUSTEES

2.5 | INVESTMENT MANAGERS DURING THE YEAR

The Scheme made use of the services of the following asset managers:

- Prescient Management Company (RF) Proprietary Limited
- Allan Gray Life Limited
- Aluwani Capital Partners Proprietary Limited
- Mazi Asset Management Proprietary Limited
- Prudential Portfolio Managers (South Africa) Life Limited
- Sanlam Collective Investments (RF) Proprietary Limited
- Stanlib Collective Investments (RF) Proprietary Limited

2.6 | INVESTMENT CONSULTANT DURING THE YEAR

Old Mutual Wealth Limited

1 Mutual Place	PO Box 650140
Second Floor	Benmore GARDENS
107 Rivonia Road	Johannesburg
Sandton	2010
2146	

2.7 | ACTUARIES

Mr Pieter Grobler	Discovery Health Proprietary Limited
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1 Discovery Place	PO Box 784262
Sandton	Sandton
2146	2146

03 | Investment Policy of The Scheme

The Trustees continue to invest funds in line with the requirements of the Act. The Scheme continues to pursue a growth-orientated investment strategy.

// REPORT OF THE BOARD OF TRUSTEES

04 | Review of the Accounting Period's Activities

4.1 | OPERATIONAL STATISTICS

	2024	2023
Number of members at the end of the accounting period	2,752	3,098
Average number of members for the accounting period	3,102	3,107
Number of beneficiaries at the end of the accounting period	6,904	8,040
Average number of beneficiaries for the accounting period	8,033	8,017
Average age of beneficiaries for the accounting period	29,67	28,58
Pensioner ratio (beneficiaries > 65 years)	4,03%	3,30%
Relevant healthcare expenditure per member per month	R 5,428.90	R 5,283.83
Relevant healthcare expenditure per beneficiary per month	R 2,096.41	R 2,047.87
Relevant healthcare expenditure ratio	84,09%	88,66%
Directly attributable insurance service expenses per member per month	R 351.24	R 330.87
Directly attributable insurance service expenses per beneficiary per month	R 135.63	R 128.24
Directly attributable insurance service expenses (DAE) ratio	5,44%	5,55%
Average insurance revenue per member per month	R 6,456.38	R 5,959.33
Average insurance revenue per beneficiary per month	R 2,493.18	R 2,309.67
Average claims incurred per member per month	R 5,367.27	R 5,307.27
Average claims incurred per beneficiary per month	R 2,072.61	R 2,056.95
Average insurance service expenditure per member per month	R 5,664.59	R 5,507.42
Average insurance service expenditure per beneficiary per month	R 2,187.43	R 2,134.52
Insurance service expenditure as a percentage of insurance revenue	87,7%	92,4%
Average non-healthcare expenditure per member per month	R 285.51	R 257.31
Average non-healthcare expenditure per beneficiary per month	R 110.25	R 99.44
Average managed care costs per member per month	R 121.71	R 44.43
Average managed care cost per beneficiary per month	R 47.00	R 44.31
Managed care services as a percentage of gross contributions	1,89%	1,92%
Beneficiary ratio at 31 December	2,51	2,60
Non-healthcare expenditure as a percentage of insurance revenue	4,42%	4,32%
Liability for future members per member at 31 December	R 136,778.01	R 101,292.37
Return on investment	13,27%	10,06%

4.2 | RESULTS OF OPERATIONS

The results of the Scheme are set out in the financial statements and the Trustees believe that no further clarification is required.

4.3 | ACCUMULATED FUNDS RATIO

Movements in the Liability for Future Members (formerly known as Accumulated Funds) are set out in Note 5 of the Annual Financial Statements.

// REPORT OF THE BOARD OF TRUSTEES

	2024 R	2023 R
Liability for Future Members per Statement of Financial Position	376,413,082	313,803,766
Less: Cumulative unrealised net gain on measurement of investments to fair value	(68,702,769)	(54,427,084)
Accumulated funds per Regulation 29 of the Act	307,710, 313	259,376,682
Annualised gross contributions	240,345,235	222,199,566
Accumulated funds ratio = Accumulated funds/annualised gross contribution income x 100	128,03%	116,73%

4.4 | RESERVE ACCOUNTS

Movements in the reserves are set out in the statement of changes in funds and reserves. There have been no unusual movements that the Trustees believe should be brought to the attention of the members of the Scheme.

4.5 | INSURANCE CONTRACT LIABILITY

Movements on the liability for incurred claims are set out in note 4 to the financial statements. There have been no unusual movements that the Trustees believe should be brought to the attention of the members of the medical scheme.

05 | Actuarial Services

Insight Actuaries and Consultants provided healthcare actuarial services in calculating and verifying the Liability for incurred claims as set out in note 4 at year end.

The Scheme's actuaries have been consulted in the determination of the contribution and benefit levels. The Scheme's actuaries also calculate the annual budget and monthly actuarial reports of the Scheme.

06 | Events After The Reporting Date

There have been no facts or circumstances of a material nature that have occurred between the reporting date and the date of approval of these financial statements..

07 | Related Party Transactions

Discovery Health Proprietary Limited is the administrator of the Scheme.

Payments are made in terms of the administration and managed care agreements, reviewed for 2024 at the end of 2023, with Discovery Health (Pty) Ltd. Fees were paid as follows:

// REPORT OF THE BOARD OF TRUSTEES

	2024 R	2023 R
Discovery Health Proprietary Limited	13,916,146	13,129,754
Administration fees	9,385,403	8,855,019
Managed care: management services fees	4,530,743	4,274,734

08 | Audit and Risk Committee

An Audit and Risk Committee (the Committee) was established in accordance with the provisions of the Act. The Committee is mandated by the Board of Trustees by means of written terms of reference as to its membership, authority and duties. The Committee consists of six members of which two are members of the Board of Trustees. The Committee met on two occasions during the course of the year as follows:

- 18 April 2024
- 6 November 2024

The Administrator attend all Committee meetings and has unrestricted access to the Chairman of the Committee. The external auditor of the Scheme attend meetings on invitation only. The Chairman of the Board of Trustees has unrestricted access to the Chairman of the Committee.

In accordance with the provisions of the Act, the primary responsibility of the Committee is to assist the Board of Trustees in carrying out its duties relating to the accounting policies, internal control systems and financial reporting practices. The external auditor formally reports to the Committee on critical findings arising from audit activities.

This Committee also acts as a risk committee.

The Committee presently comprises:

Ms S Bisnath	Independent member	Resigned 26 August 2024
Mr C Dorasamy	Independent member	Resigned 2 February 2024
Ms L Erasmus	Independent member	
Mr M Mashiloane	Member elected trustee	Appointed 8 November 2023
Mr J Badenhorst	Independent member	
Ms R Nagdee	Employer Appointed Trustee	Appointed 27 July 2022
Ms C Msibi	Employer Appointed Trustee	Appointed 1 October 2024

// REPORT OF THE BOARD OF TRUSTEES

09 | Non-Compliance Matters

9.1 | NON-COMPLIANCE WITH SECTION 26(7) – LATE PAYMENT OF CONTRIBUTIONS

In terms of Section 26(7) of the Medical Schemes Act, of South Africa ("the Act"), all subscriptions or contributions shall be paid directly to a medical scheme not later than three days after payment thereof becoming due.

Although the majority of contribution payments were made within the stipulated payment deadlines, there were a small number of instances where the Scheme received contributions after three days of becoming due. These contributions equate to 0.366% (2023: 0.413%) of the gross contributions billed and were received within the month of them becoming due. Such arrear payments are outside the agreed contribution collection agreements with paying parties and are actively addressed as and when they occur.

The procedures that the Scheme follows for collection of these arrear contributions are aligned with its credit risk management policies.

9.2 | NON-COMPLIANCE WITH SECTION 35(8)(C) – INVESTMENTS IN ANY ADMINISTRATOR

At 31 December 2024, the Scheme indirectly held shares in Momentum Metropolitan Holdings Limited amounting to R 360,146 (2023: R 177,717) and Discovery Holdings Limited amounting to R109,457 (2023: R183,014).

Ordinarily this would be in contravention of Section 35(8)(c) of the Act, which, inter alia, prohibits a medical scheme from investing on any medical scheme administrators. However, the Scheme invests its assets in accordance with an Investment Policy Statement and Investment Policy. These assets are invested in a series of pooled investment vehicles each having a specific investment mandate, benchmark and chosen investment manager. Some of these mandates may allow exposure to shares or bonds listed in the South African market. The Investment Manager has full discretion to choose a combination of shares and bonds that will best achieve the benchmark. The representatives of the Scheme do not give investment instructions to the underlying Investment Manager.

The Scheme has received exemption from the Council for Medical Schemes, from compliance this section of the Act.

9.3 | NON-COMPLIANCE WITH SECTION 59(2) – PAYMENT OF CLAIMS WITHIN 30 DAYS

In terms of section 59(2) of the Act a member or provider claim should be settled within 30 days of submission. In exceptional cases claims were paid later than 30 days after date of submission.

This usually resulted from members or providers submitting claims without the necessary details required for these payments to be made timeously. These are isolated cases and thus do not have a material effect on the Scheme.

Internal quality assurance checks have been implemented to ensure payments are released timeously. The necessary assistance is provided to the identified members and healthcare providers to ensure that these types of isolated cases are minimised.

// REPORT OF THE BOARD OF TRUSTEES

10 | Meeting Attendance

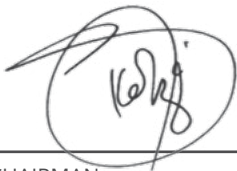
The following schedules set out Board of Trustee meeting and Benefit review attendances and attendances by members of Sub-Committees:

BOARD OF TRUSTEES MEETINGS	NUMBER OF MEETINGS
NUMBER OF MEETINGS FOR THE YEAR	6
J Modise	1
S Kotze	6
J Meiring	4
JP Fegbeutel*	6
A Kelbrick*	2
M Gounden	0
R Nagdee	1
C Sibanyoni	4
R Shilenge	1
L Mathamelo	4
M Mashiloane	1
M Makwela (co-opted trustee)	6
A Mtsweni	0
C Prevost	4
P Uren	3
C Msibi	4
P Masuku	1
	1
ATTENDEES:	
M Kunene – Principal Officer	5

* alternate

// REPORT OF THE BOARD OF TRUSTEES

AUDIT AND RISK COMMITTEE MEETINGS	NUMBER OF MEETINGS
NUMBER OF MEETINGS FOR THE YEAR	2
J Badenhorst	2
S Bisnath	1
C Dorasamy	0
L Erasmus	2
M Mashiloane	1
R Nagdee	1
C Msibi	1
ATTENDEES:	
M Kunene - Principal Officer	2



CHAIRMAN
DR S KOTZE
13 May 2025



TRUSTEE
C MSIBI



PRINCIPAL OFFICER
M KUNENE

// STATEMENT OF FINANCIAL POSITION

at 31 December 2024

	NOTES	2024 R	2023 R
ASSETS			
Financial assets at fair value through profit or loss	2	316,174,646	279,133,272
Financial assets at amortised cost	3	55,235	38,965
Cash and cash equivalents	4	64,985,494	40,685,671
Total assets		381,215,375	319,857,908
LIABILITIES			
Total insurance contract liability		380,580,919	319,344,009
Insurance liability for future members	6	376,413,082	313,803,766
Insurance contract liability for current members	5	4,167,837	5,540,243
Financial liabilities at amortised cost	8	634,456	513,899
Total funds and liabilities		381,215,375	319,857,908

// STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2024

	NOTES	2024 R	2023 R
Insurance revenue	9	240,345,235	222,199,566
Insurance service expense*	9	(210,870,041)	(205,349,561)
Net income from reinsurance contracts held	9	229,169	274,449
Insurance service result		29,704,363	17,124,454
Interest revenue from financial assets not measured at fair value through profit or loss	10	296,338	285,621
Revenue from financial assets measured at fair value through profit or loss	10	17,687,846	12,483,720
Fair value gains from financial assets held at fair value through profit or loss	10	18,758,374	10,908,336
Net investment income		36,742,558	23,677,677
Net insurance and investment result		66,446,921	40,802,130
Sundry income	11	30,886	12,043
Asset management fees	2	(1,784,769)	(1,617,282)
Other operating expenses	12	(2,083,722)	(1,532,063)
Net result before amounts attributable to future members		62,609,316	37,664,829
Amounts attributable to future members*		(62 609 316)	(37 664 829)
Net result		-	-
<p>*Circular 6 of 2025 issued by the CMS requires medical schemes to present 'Amounts attributable to future members' separate from the "Insurance service expenses" and the "Insurance service result". This resulted in a representation of the prior year affected line items as follows: "Amounts attributable to future members" to the value of R62,609,316 (2023: R37,664,829) are now being disclosed as a separate line item on the Statement of comprehensive income after the "Surplus for the year".</p> <p>Insurance Service Expense in accordance with IFRS 17 includes amounts attributable to future members, the total value of insurance service expense therefore amounts to R273,479,356 (2023: R243,014,390).</p>			
		62,609,317	37,664,829

// STATEMENT OF CASH FLOWS

for the year ended 31 December 2024

	NOTES	2024 R	2023 R
Cash flows from operating activities			
Cash receipts from members and providers		240,383,901	227,387,658
Cash receipts from members – contributions		240,383,955	222,126,849
Cash receipts from members and providers – other		(54)	5,260,809
Cash paid to providers, employees and members		(214,865,586)	(213,484,956)
Cash paid to members and providers - claims and directly attributable expenses		(211,569,123)	(204,006,623)
Cash paid to providers – non-healthcare expenditure		(3,296,462)	(9,478,332)
Net cash generated from/(utilised in) operating activities		25,518,315	13,902,702
Interest received		22,475,204	13,669,235
Net cash from operating activities		47,993,520	27,571,937
Cash flows from investing activities			
Disposals of investments		21,930,367	9,223,064
Purchase of investments		(45,624,064)	(26,222,832)
Net cash used in investing activities		(23,693,697)	(16,999,768)
Net increase in cash and cash equivalents		24,299,823	10,572,169
Cash and cash equivalents at beginning of year		40,685,671	30,113,502
Cash and cash equivalents at end of year		64,985,494	40,685,671



Call centre 0860 002 107 | service@discovery.co.za | www.bemas.co.za

BMW Employees Medical Aid Society. Registration number 1526. Administered by Discovery Health (Pty) Ltd, registration number 1997/013480/07, an authorised financial services provider.