BLUE LABEL
TELECOMS

WHO **DARES,** WINS

INTEGRATED ANNUAL REPORT 2021

WINNING BUSINESS for 20 YEARS

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Further information is available in this report

"Who dares, wins"

WINNING BUSINESS for 20 YEARS

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Our reporting suite

2021 Annual Financial Statements
2021 Notice of Annual General Meeting

About this report

Approach

This integrated annual report aims to document Blue Label Telecoms (BLT or the Group) unique value creation model and to provide a holistic view of the Group's operations. At the same time, the report shares BLT's integrated thinking as it implements its strategy across the Group.

This integrated annual report is the Group's primary report and covers its business segments and financial and operational performance for the financial year ended 31 May 2021. Non-financial and sustainability information is limited to the South African operations.

Ultimately, the report aims to provide stakeholders with a means of assessing the Group's ability to create and sustain value over the short, medium, and long terms.

Reporting frameworks

This report has been compiled in line with the disclosure requirements of King IV, the JSE Listings Requirements, and the principles of the International Integrated Reporting Council <IIRC> Integrated Reporting <IR> Framework.

In line with the recommendations of the King IV Report on Corporate Governance for South Africa (King IV), the JSE Listings Requirements, and the framework set out by the Value Reporting Foundation, Blue Label aims to link material Group information with reference to strategy, governance, performance, remuneration, risk, and opportunities and prospects in a manner that enables stakeholders to obtain a view of the commercial, social, and environmental context in which the Group operates.

The report aims to provide a balanced view of material issues the Group is dealing with and of how these are managed in accordance with the six capitals, as defined by the <IIRC> Integrated Reporting <IR> Framework. In order to determine the material content of the report, Blue Label uses a risk-based model that identifies risks and stakeholder issues. Material matters are defined as those that substantively affect the ability of Blue Label to create value over the short, medium and long term.

The annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), the JSE Listings Requirements, and the Companies Act of South Africa, No 71 of 2008, as amended.

Disclosure and assurance

Blue Label Telecoms aims to achieve the highest standards for all disclosures included in this IAR, to provide meaningful, accurate, complete, transparent, and balanced information to stakeholders.

The financial information included in this IAR was prepared in accordance with IFRS. Blue Label's external auditor, PricewaterhouseCoopers Inc. (PwC), is independently assuring the annual financial statements. The Board of Directors (the Board) did not deem it necessary to obtain independent assurance on non-financial information.

Board responsibility and approval statement

The Board acknowledges its responsibility to ensure the integrity of this integrated annual report and is assisted in this regard by the Audit, Risk and Compliance Committee (ARCC). The Board has applied its collective mind to the preparation and presentation of this integrated annual report and has concluded that it is presented in accordance with the principles of the <IIRC> Integrated Reporting <IR> Framework, while the reporting continues to evolve year-on-year.

The integrated annual report was approved by the Board and signed on its behalf by

LM Nestadt
Chairman

27 September 2021

Environment, social and governance sustainability

At Blue Label Telecoms, we are acutely aware of the importance of environmental, social, and governance (ESG) sustainability. While it is critical for long-term value creation for investors, shareholders, employees, and all our stakeholders, it is more importantly a social and moral imperative. We note that responsible behaviour facilitates solutions to the challenges societies face, and the global trend indicates that consumers are walking away from businesses that espouse poor governance and corporate practices.

As a business, we are at the inception of our ESG disclosure journey and we understand that investors are paying more attention to ESG metrics than ever before, and added to this, it has become globally accepted that ESG disclosure, sustainability and corporate performance are linked.

In this regard, we commit in the coming year to conducting a benchmarking assessment against our peers and to identify material ESG-related matters to incorporate into our ESG strategy. In the medium term, we will work closely with subject-matter experts on the way towards formulating a comprehensive ESG monitoring and reporting plan as a means of enhancing our overall ESG-related disclosures.

Environmental Visit page 11 for more information about our environmental practices.

Social Visit page 78 for more about our social initiatives.

Governance Visit page 87 for more about our approach to governance.

In the interim, we have identified the United Nations Sustainable Development Goals (UN SDGs) that BLT already aligns with.

The following UN SDGs offer an opportunity for BLT to make the most meaningful impact:

Goal 9: Industry, Innovation, and Infrastructure
Build resilient infrastructure, promote inclusive and sustainable industrialisation, and foster innovation.
Visit page 60

Goal 10: Reduced inequalities
Reduce inequality in and among countries.
Visit page 06

Goal 8: Decent Work and Economic Growth
Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all.
Visit page 66

Goal 4: Quality Education
Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.
Visit page 78

United Nations Sustainable Development Goals (UN SDGs)

The UN SDGs set a long-term agenda to end poverty, protect the planet, and ensure prosperity for all by 2030.

Highlights

A snapshot overview of Blue Label's performance for the year ended 31 May 2021:

Revenue of **R18.8 billion***

Gross profit of **R2.38 billion**
(2020: R2.12 billion)

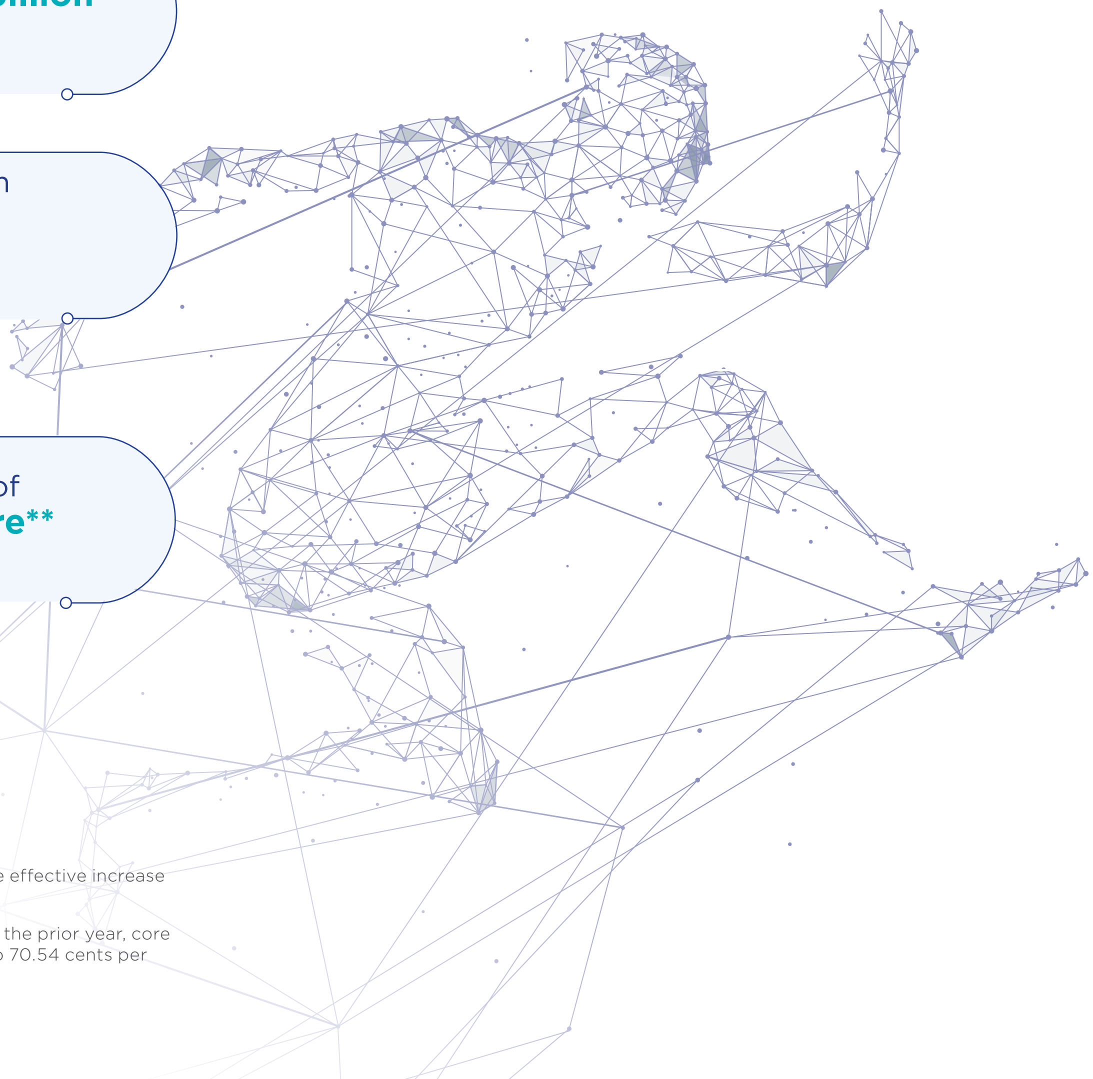
Interest-bearing borrowings reduced to **R1.7 billion**
(2020: R2.3 billion)

Net cash generated from operating activities of **R1.5 billion**
(2020: R1.3 billion)

Increase in gross profit margin from **10.05%** to **12.66%**

Core headline earnings of **89.65 cents per share****
(2020: 62.71 cents per share)

Headline earnings of **86.16 cents per share**
(2020: 58.16 cents pare share)



* On inclusion of the gross amount generated on "PINless top-ups", prepaid electricity, ticketing and gaming, the effective increase equated to 10% from R59.9 billion to R66.0 billion.

** On exclusion of non-recurring income of R47 million in the current year and extraneous costs of R163 million in the prior year, core headline earnings per share from continuing operations increased by 16% to 81.50 cents per share compared to 70.54 cents per share in the prior year.

AGILITY

ABOUT US

Company overview

Blue Label is a mobile technology company specialising in prepaid products and the electronic distribution of virtual merchandise and value-added services. This includes the full and seamless reconciliation of billions of nano transactions.

Listed on the JSE since 2007, we derive our strength from our extensive distribution network and our commitment to long term partnerships. Our proprietary platforms enable mobile networks, utilities, banks, retailers, petroleum companies, and point-of-sale devices to access the advantages of a digital economy. We are constantly innovating to drive customer centricity and speed-to-market, while ensuring the stability and security of our systems.

We strive for financial inclusion for the mass market. We do this by combining technical innovation with entrepreneurial flair. In this way we bring products and services associated with the developed world directly to the doorsteps of people who may be geographically and economically isolated from the mainstream. We create jobs, support the growth of small businesses, and bridge the digital divide.

Blue Label Telecoms is a distributor of value-added, virtual products and services in an open loop:

- scalable and transferable proprietary technology;
- hardware that operates with different types of systems without suffering compatibility issues;
- products and services that focus on expertise, knowledge, and technology rather than on a brand;
- customer experiences that are the same, regardless of the channel;
- payment facilitation that accommodates all methods of payment by the consumer and significantly reduces the cost of capital for customers;
- rich data and in-depth analysis to refine targeting and sales processes.

Blue Label Telecoms is also a:

- virtual mall – our products and services require no inventory management for the merchants, eliminating obsolescence;
- provider of innovative funding for hardware sold to clients by third-party companies.

Our Blu Approved logo is the symbol of trust and quality that safeguards our market leadership and of our values-driven and customer-first approach.

Visit **www.bluelabeltelecoms.co.za** for a full list of our products and services.

Our vision

To be the leading global distributor of secure fintech products and services within emerging markets.

Our mission

To provide products and services required by the middle and lower tiers of the world’s economic pyramid.

We focus on diversifying the range of products and services we offer, while expanding our distribution footprint through organic and acquisitive growth.

Our value system

1

CUSTOMER SERVICE ORIENTATION

Customers are our most important assets. We exist to satisfy their expectations in a sustainable manner.

2

ACHIEVEMENT AND DRIVE TO SUCCEED

We recognise and reward the achievement of goals and targets. We celebrate creative and exceptional deliverables.

3

HONESTY AND INTEGRITY

By conducting ourselves with honesty and integrity in all interactions, we build trust with our stakeholders.

4

ENJOYMENT

We create an enjoyable work environment that motivates and incentivises employees to be more productive and creative.

5

COLLABORATION

Consulting and working together as a team towards a common goal ensures that we can achieve our objectives. We do this while developing sustainable value propositions for each stakeholder group.

BLUE LABEL
TELECOMS

How we create value

In allocating our capital to our strategy's levers among the various value drivers, we need to consider the trade-offs between the resources available to us. The <IR> Framework categorises these resources into six capitals stocks that are affected or transformed by the activities and outputs of an organisation. All our decisions seek to maximise positive outcomes and mitigate negative impacts.

Our resources / Operating inputs

Financial capital

The pool of funds available to Blue Label.

- Equity capital;
- Debt capital;
- Working capital.

Manufactured capital

Physical objects and infrastructure that are available to Blue Label to use for the distribution of goods and services.

- Property plant and equipment to the value of R194 million, including:
  - R75 million vending machines and POS devices;
  - R74 million computer equipment;
  - R16 million motor vehicles.

Intellectual capital

The knowledge-based intangibles that sustain the quality of our product and service offering, which provide Blue Label's competitive advantage. These include our innovations, collective knowledge, and systems.

- Skills, expertise and institutional knowledge;
- Entrepreneurial culture and agile practices;
- Operating systems, policies, processes and procedures;
- Reporting and communication;
- Proprietary technology, software, and IT systems;
- Targeted analytical processes, machine learning, and artificial intelligence.

Human capital

The competencies, capabilities and experience of our employees and how they innovate, collaborate and align with Blue Label's objectives.

- 2 505 permanent staff members;
- Experienced Board, Executive, and General management;
- Performance management system;
- Various training courses.

Social and relationship capital

The strength/efficacy of our relations with various stakeholder groups and networks, as well as our brand and reputation, and our social licence to operate.

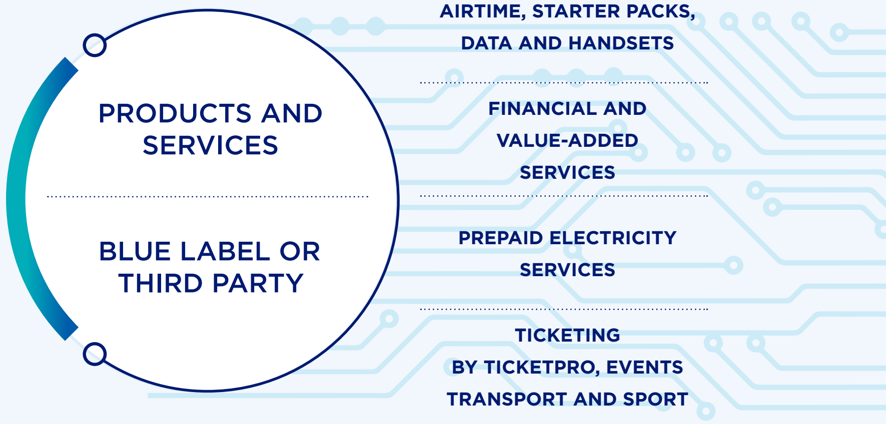
- Relationships with all stakeholder groups, including:
  - Employees;
  - Customers;
  - Shareholders;
  - Government and Regulators;
  - Partners and suppliers;
  - Media.
- CSI initiatives
  - Trust Blu Foundation NPC;
  - Boys and Girls Clubs of South Africa.

Natural capital

Any natural resources or environmental assets (such as soil, water, atmosphere, ecosystems) which provide a flow of useful goods and/or services, now and in the future.

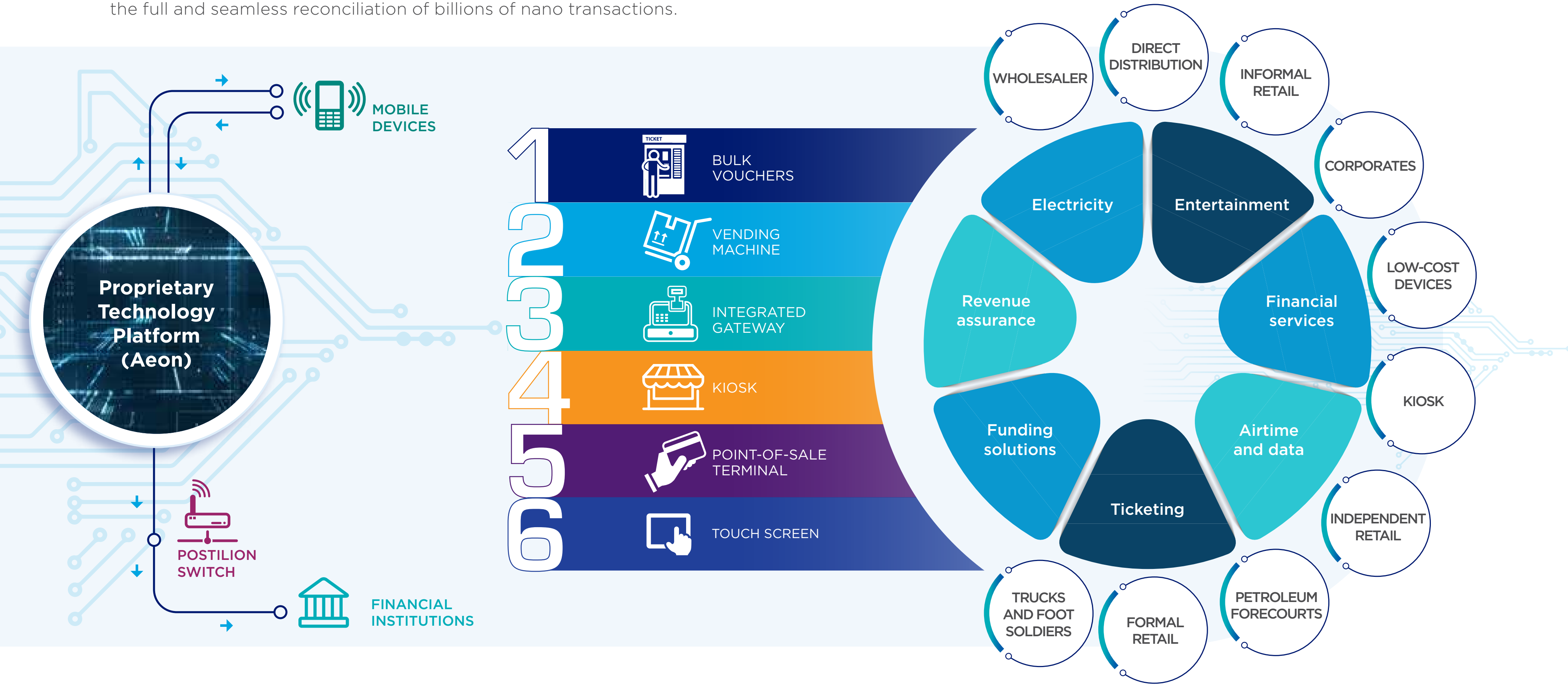
- Electricity;
- Water;
- Fuel;
- Paper.

Our products and services



Business activities

Blue Label is a mobile technology company that specialises in prepaid products and the electronic distribution of virtual merchandise and value-added services, including the full and seamless reconciliation of billions of nano transactions.



Our Company philosophy is to relentlessly drive financial inclusion for the mass market. We combine technical innovation with entrepreneurial flair to bring products and services associated with the developed world directly to the doorsteps of people who may be geographically and economically isolated from the mainstream. By doing so, we create jobs, support the growth of small businesses, and help bridge the digital divide.

How we create value continued

Our resources	Operating outputs	Outcomes and resource trade offs
Financial capital	• Revenue of R18.8 billion; • Gross profit: R2.38 billion; • Capital expenditure: R71 million; • Finance activities: R820 million; • Lease payments: R50 million; • Taxes paid R205 million; • Disposal of Blue Label Mexico: R191 million.	• A strong balance sheet and sufficient working capital to fund the operations that support long-term sustainability; • Investments into technology, processes, and key personnel that ensure sustainability and competitive advantage; • Economic benefits to employees, partners, and suppliers; • Good stewardship of our investors' financial capital. We leverage financial capital to invest in our business and to grow our competitive market position. This has a positive impact on human, intellectual, and social and relationship capitals. We create jobs, support the growth of small businesses, and relentlessly drive financial inclusion for the mass market. There is an important trade-off between short and long-term investment associated with financial capital. It is important to balance the interest of short-term benefits with those of long-term sustainable growth objectives. While both are important for different stakeholders at different times, it is a key focus in our strategic decision-making process.
Manufactured capital	Capital expenditure: R71 million.	• Ability to deliver valuable services and solutions in response to changing consumer demands; • Strategically located outlets offering convenient customer access to products and services; • Secure and productive working environments. By investing in equipment, outlets, and distribution capacity, we increase our manufactured capital, but negatively impact natural capital and, in the short term, financial capital. Automation of routine tasks through technology may in the long term reduce human capital. INDUSTRY, INNOVATION AND INFRASTRUCTURE
Intellectual capital	• Purchase of intangible assets: R37 million; • Accelerating our digitisation projects to fast track our ability to be responsive to our new environment; • Improved responses to changing consumer needs; • Brand reinforcement and market communication; • Accelerated deployment of new technologies; • Effective controls and processes; • Full legal and regulatory compliance; • Risk identification and mitigation.	• Creative solutions increase productivity, cost savings, and synergies; • Proprietary systems/solutions add value and secure sophisticated contracts. Our technical innovation and entrepreneurial drive are central to effectively serving the unbanked market segment. Improved investment in business processes and new systems is growing our intellectual capital and indirectly benefiting our human, and social and relationship capitals, but negatively impacting financial capital in the short term. REDUCED INEQUALITIES

Our resources | Operating outputs | Outcomes and resource trade offs

Human capital

Operating outputs

- Excellent customer service;
- Salary and benefits spend: R637 million;
- Talent pipeline and learnerships in line with BLT pipeline requirements;
- Staff retention rate: 91%;
- Converting our entire organisation to work from home from the inception of lockdown level 5;
- Occupational Health and Safety audit completed;
- 70% of respondents in our Engagement Survey are content at work.

Outcomes and resource trade offs

- A vibrant, diverse, and flexible workforce, committed to the long-term success of Blue Label;
- Improved effectiveness, skills, and expertise.

Significant people-related investments in initiatives decreases our financial capital in the short term, but positively impacts our human, social and relationship capitals. Over the longer term, this enables us to have the people and capabilities required to deliver our strategy and performance targets.

In turn, our appeal as an employer of choice and our brand value increases our intellectual capital.

DECENT WORK AND ECONOMIC GROWTH

Social and relationship capital

Operating outputs

- Brand reinforcement and market communication;
- Understanding our customers;
- Partnerships with the best providers of forward-thinking technology solutions and services;
- CSI spend: R8.5 million;
- Youth development and entrepreneurship programmes;
- Computer literacy programmes for children;
- COVID-19 relief funding.

Outcomes and resource trade offs

- Business efficiency through collaboration with producers and suppliers;
- Building trust and respect;
- Social relevance in the communities we operate in;
- Brand reinforcement and market communication;
- Sustained confidence from shareholders and investors.

Trusted, long-term partnerships with customers. Stakeholder-related investments reduce our financial capital in the short term but positively impacts our social and relationship capital. Over the longer term this enables us to have a community of stakeholders that are loyal and supportive to our brand and provide our social licence to operate.

Natural capital

Operating outputs

	2021		2020		Increase/ (decrease) in spend	Increase/ (decrease) in usage
	R'000	**Usage**	R'000	Usage	(%)	(%)
Electricity (kWh)	**3 400**	**2 118 538**	3 305	2 457 984	3	(14)
Water (kℓ)	**520**	**9 955**	495*	11 742	5	(15)
Petrol (ℓ)	**7 321**	**486 130**	8 494	537 723	(14)	(10)
Diesel (ℓ)	**884**	**54 811**	752	45 775	18	20
Paper (kg)	**127**	**5 836**	110	6 145	15	(5)

* The prior year number has been restated to include an under-charge that was corrected in the current financial year.

The combined effort of environmental awareness and the impact of COVID-19 saw a significant decrease in the usage of all natural resources.

Outcomes and resource trade offs

- Responsible management of waste and emissions;
- Focus on sustainable use of our resources.

While certain business activities impact our natural capital (for example, use of fossil fuels and related emissions), these positively impact the human, social and relationship, and financial capitals.

We are aware of the environmental impacts of our operations and activities and focus on the responsible use of resources. Blue Label views digital products and services as having significant potential to deliver positive environmental outcomes.

Operating structure

This scalable and efficient model supports the Group's growth agenda and frees up resources for new skills and technology application.

Brett Levy Joint CEO

- Africa Distribution
- Wholesale
- Retail
- Cell C

Mark Levy Joint CEO

- Solutions
- Technology and Development
- Electricity/Municipalities
- Blue Label Ventures

Dean Suntup Financial Director

- Corporate Services

Executive Committee

Mark Levy – Joint Chief Executive Officer

Brett Levy – Joint Chief Executive Officer

Dean Suntup – Financial Director

James Newman – Chief Operating Officer

Appointed 15 September 2021

Johan Smith – Chief Technology and Information Officer

Larry Pogir – Executive Chairman of Blue Label Data Solutions

David Rivkind – Group Financial Executive

Etienne de Villiers – Group General Counsel

Grant Levin – Chief Executive Officer of Comm Equipment Company

Appointed 16 September 2020

Janine van Eden – Group Company Secretary

Adam Greenblatt – Group Executive

Modise Nyawane – Chief Executive Officer of Cigicell

Appointed 1 January 2021

David Hilewitz – Executive Head of Corporate Finance

Antoinette Roberts – Executive Head of Human Capital

Board of Directors

A RESILIENT TEAM

Our operating structure is designed to significantly improve customer service through the creation of new routes to market. These include efficient processes and technology built around customer needs and value sets, ensuring that agility is embedded and adopted throughout our company. The structure supports the speed of deployment of new products and services across all channels and enables us to leverage both skill and scale across the Group.

Laurence (Larry) Nestadt

Independent Non-executive Chairman

(Chair of Nomination Committee)

Brett Levy

Joint Chief Executive Officer

Mark Levy

Joint Chief Executive Officer

BCompt (Unisa)

Dean Suntup

Financial Director

BCom (Wits), Hons (Unisa), CA(SA)

(alternate to Brett Levy)

Gary Harlow

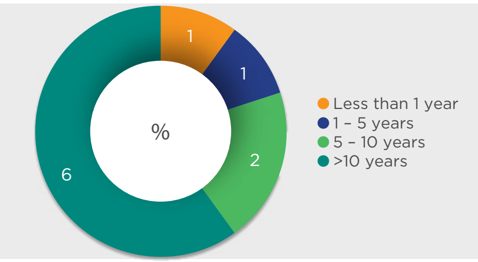
Independent Non-executive Director

BBusSci (Hons) (UCT), FCMA, CGMA, CA(SA)

(Chair)
(Chair of Remuneration Committee)

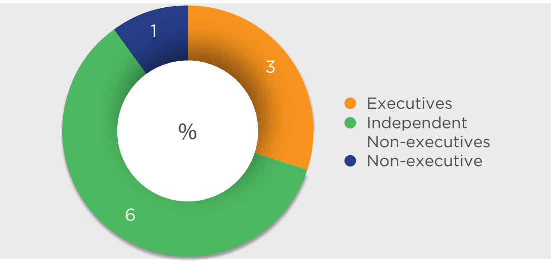
Investment Committee
Remuneration and Nomination Committee
Social, Ethics and Transformation Committee
Audit, Risk and Compliance Committee

Board tenure



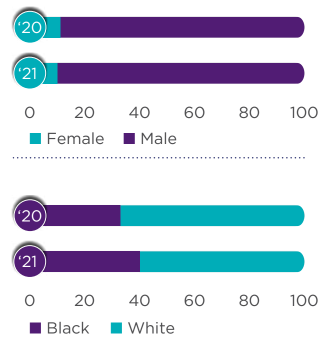
Average tenure:
10 years

Board members



6/7 Non-executive Directors are independent

Gender and racial diversity



Kevin Ellerine

Non-executive Director

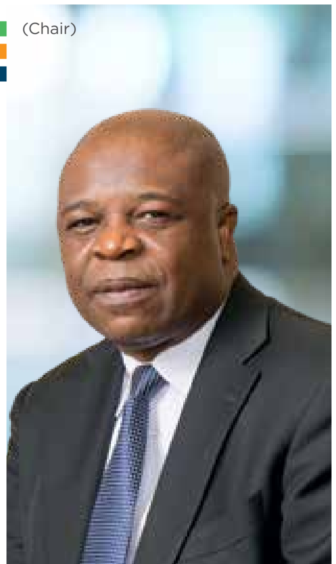
National Diploma in Company Administration

Jerry Vilakazi

Independent Non-executive Director

BA (Unisa), MA (Thames Valley), MA (London), MBA (California Coast University)

(Chair)



Joe Mthimunye

Independent Non-executive Director

BCompt (Hons)/CTA (Unisa), CA(SA)

(Chair)

Nomavuso Mnxasana

Independent Non-executive Director

Chartered Accountant (SA), BCompt (Hons); MCom (Tax Law)

Lazarus Zim

Independent Non-executive Director

Chartered Accountant (SA), BCom (Fort Hare), BCom Honours (Wits), MCom (Rau), DCom (honoris causa) (Fort Hare)

Laurence (Larry) Nestadt
Independent Non-executive Chairman
Age: 70
Remuneration (member) and Nomination Committee (Chair)
Joined the Board: October 2007

Larry Nestadt has a long and successful global corporate career.

He is a co-founder and former executive director of Investec Bank Limited. Larry has been instrumental in the creation and strategic development of a number of listed companies including Capital Alliance Holdings Limited (Capital Alliance Life – acquired by Liberty Life; Capital Alliance Bank – now Brait), Super Group Limited, HCI Limited, SIB Holdings Limited, CorpGro Limited and Global Capital Limited. He also served as past chairman on the boards of these companies. Previously, Larry sat on the boards of Softline Limited, JCI Limited and Abacus Technologies Holdings Limited. Further, he has been a former chairman on a number of non-listed company boards both in South Africa and abroad, including Stenham Limited (UK) and Prefsure Life Limited (AUS). Larry is the current executive chairman of Global Capital Proprietary Limited and the current Chairman of Blue Label Telecoms Limited, Dis-Chem Pharmacies Limited, Universal Partners Limited, National Airways Corporation Proprietary Limited, the Morecorp Group, Melrose Motor Investments Proprietary Limited and SellDirect Marketing Proprietary Limited. He also serves as deputy chairman of Cell C Limited. Larry is a life member of the World Presidents' Organisation, Lloyds of London (since 1983).

As a respected senior member of the South African business community; his strategic vision, guidance and experience contribute significantly to the Board and its deliberations.

Brett Levy
Joint Chief Executive Officer
Age: 46
Serves as director of various Group companies
Joined the Board: February 2007

Brett has an impressive entrepreneurial record of founding and operating many small businesses across a wide range of industries.

These include the distribution of fast-moving consumer goods and insurance replacements for electronic goods. Brett plays a key role in developing the Group's strategy and commercial negotiations. His achievements have earned him a number of prestigious nominations, accolades and awards. These include the Absa Bank Jewish Entrepreneur of the Year Award (2003) and the Absa Jewish Business Achiever Non-Listed Company Award (2007), which he won jointly with his brother Mark. Brett was nominated as an Ernst & Young World Entrepreneur SA Finalist for 2007. In 2010 he received the Liberty Life Award for a Remarkable Success Story in the David Awards and was a finalist in the Top Young Entrepreneur category of the African Access National Business Awards. In 2011 he shared the Top Entrepreneur accolade in the African Access National Business Awards with Mark.

Mark Levy
Joint Chief Executive Officer
Age: 50
BCompt (Unisa)
Serves as director of various Group companies
Joined the Board: February 2007

Mark graduated with a BCompt from Unisa in 1993. After some years as a commodities trader, he decided to pursue a goal of becoming an entrepreneur.

At Blue Label, Mark is integral in spearheading the execution of Blue Label's growth strategy, integration of acquisitions and development of the IT architecture. His leadership stature is frequently recognised. Together with his brother Brett, Mark received the Absa Bank Jewish Business Achiever Non-Listed Company Award (2007). He was nominated as an Ernst & Young World Entrepreneur SA finalist for 2007. In 2010 Mark was voted Top IT Personality of the Year by ITWeb and was a finalist in the Top Young Entrepreneur category of the African Access National Business Awards. In 2011 he shared the Top Entrepreneur accolade in the African Access National Business Awards with Brett.

Dean Suntup

Financial Director

Age: 44

Joined the Board: November 2013

BCom (Wits), Hons (Unisa), CA(SA)

Serves as director of various Group companies

Dean completed his articles at PwC where he continued working after qualifying as a chartered accountant, participating in the audits of various large corporations and multinational companies.

In 2003 he joined BSC Technologies, a business established by the Levy brothers, and where he later became financial director. In 2005 he transferred to The Prepaid Company in the role of Financial Director. In heading up finance at Blue Label, Dean contributes significantly to the governance and reporting systems across the Group. Dean is a member of SAICA.

Gary Harlow

Independent Non-executive Director

Age: 63

Joined the Board: October 2007

BBusSci (Hons) (UCT), FCMA, CGMA, CA(SA)

Serves as director and chairman of various Group companies

Gary graduated from the University of Cape Town in 1979, qualifying as a Chartered Accountant (SA) in 1982, an associate of the Chartered Institute of Management Accountants (UK) in 1983 and as a Fellow Chartered Management Accountant (UK) in 1996. His career was forged in merchant and investment banking.

In the early 1990s he became an adviser to the African National Congress in developing black economic empowerment strategies and in 1992 was instrumental in the creation of Thebe Investment Corporation, South Africa's first broad-based black-owned company. Gary served as joint CEO of Msele Corporate and Merchant Bank, South Africa's first black-controlled merchant bank.

In 1996, Gary was appointed group CEO of Unihold Limited, where he remains executive chairman. He led its transition from an engineering conglomerate to an international IT and telecommunications group, followed by a delisting through a management buyout in 2002. Gary serves on various other private and public boards including Imbalie Beauty Limited and Cell C Limited, where he is the chairman of the Audit and Risk Committee.

Kevin Ellerine

Non-executive Director

Age: 53

Joined the Board: December 2009

National Diploma in Company Administration

Serves as director of TPC

Kevin joined the family business, Ellerine Holdings, in 1991. After serving in various roles, in 1993 he was appointed as property manager of Ellerine Bros. Proprietary Limited, rising to managing director of the property division in 2000, a position he still holds today.

He sits on the boards of the property and private equity companies in which Ellerines is invested. He is also a director of Hyprop Investments Limited and Newpark REIT Limited. Kevin's all-round business skill and acumen contribute to Board and Committee deliberations of the Group.

Jerry Vilakazi
Independent Non-executive Director
Age: 60
Joined the Board: October 2011
BA (Unisa), MA (Thames Valley), MA (London), MBA (California Coast University)

Jerry is executive chairman of Palama, which he co-founded to facilitate investments in strategic private and listed companies.

He is a past CEO of Business Unity South Africa, during which period he served as business representative at Nedlac and on various international business councils. Prior to this, he held various executive positions in government and in the private sector including that of managing director of the Black Management Forum (BMF) where he also served on the board of the BMF investment company. In 2009, Jerry was appointed to the Presidential Broad-based Black Economic Empowerment Advisory Council and was appointed as a Commissioner of the National Planning Commission in 2010. Jerry was chairman of the Mpumalanga Gambling Board from 2006 to 2015 and the State Information Technology Agency (SOC) Proprietary Limited until the end of his term in 2015. He previously served on the boards of PPC Limited, Goliath Gold Limited as well as chairman of Netcare Limited and adviser to Citibank. He currently serves on the boards of Cell C Limited and Sibanye-Stillwater Limited where he also chairs the social and ethics committee.

Joe Mthimunye
Independent Non-executive Director
Age: 56
Joined the Board: October 2007
BCompt (Hons)/CTA (Unisa), CA(SA)
Serves as director of various Group companies

Joe qualified as a chartered accountant in 1993. In 1996, he co-founded Gobodo Incorporated, an accounting practice with eight other partners which later became SNG Grant Thornton.

In 1999, he led a management buy-out of Gobodo Corporate Finance from the accounting firm and rebranded it aloeCap Proprietary Limited, of which he is currently the executive chairman. He serves on the board of directors of various non-listed companies in which aloeCap is invested. Joe is an independent non-executive director of Dis-Chem Pharmacies Limited and the chairman of Cell C Limited. He is also chairman of Dis-Chem audit committee.

Nomavuso Mnxasana

Independent Non-executive Director

Age: 65

Joined the Board: September 2020

Chartered Accountant (SA), BCompt (Hons); MCom (Tax Law)

Nomavuso is a Chartered Accountant, having obtained her BCompt and Hons from the University of South Africa. She received her training from Deloitte & Touche. After completing her articles, she spent one year at Deloitte before joining SizweNtsaluba vsp (former Nkonki Sizwe Ntsaluba).

During her tenure at SizweNtsaluba she was specialising in consulting, internal auditing and attests function. She started the Corporate Governance division which housed the internal audit services, as she identified this opportunity during the introduction of the Public Finance Management Act (PFMA). She was also involved in staff development and training as a staff partner for five years. She then joined the Imperial Group as the Group Audit and Risk Executive. While at Imperial she introduced Training Outside Public Practice (TOPP). When she left the group, she had 11 TOPP Trainees who are spread across the group and still assist Imperial Group on a consulting basis to ensure they receive adequate training. She was appointed to serve on the board of Imperial Bank as a non-executive director representing Imperial, the position she held until the bank surrendered its banking licence in September 2010. She sits on a number of boards in both listed and unlisted companies.

Lazarus Zim

Independent Non-executive Director

Age: 61

Joined the Board: October 2020

Chartered Accountant (SA), BCom (Fort Hare), BCom Honours (Wits), MCom (Rau), DCom (honoris causa) (Fort Hare)

Serves as director and chairman of CEC

Lazarus has extensive experience as CEO and chairman of blue chip companies across a wide range of industries.

Lazarus is the founder and chairman of Zanozi Properties & Commodities. He is the former CEO of Anglo American South Africa Limited and former Chairman of Anglo Operations Limited (AOL). He has served on the boards of directors of MTN Group, Anglo Gold Ashanti, Anglo American Platinum, Kumba Resources, Mondi South Africa, and Tongaat Hulett. He is a former chairman of Kumba Iron Ore, Telkom SA and TransHex Group.

In 2006, he invested in Mvelaphanda Resources which held significant stakes in Northam Platinum, TransHex Group and Goldfields Limited. He retired from mining boards in 2017 after 10 years as chairman of Northam and after serving as founder chairman of Zambezi Platinum. During his tenure, Northam expanded from being a one mine company (Zondereinde) to multi-shaft operations, which included the successful design, development and commissioning of Booysendal Mine and the acquisition of Eland Platinum.

Lazarus is past president of the Chamber of Mines of South Africa and was voted African Business Leader of the Year in 2005. He is also a retired Honorary Colonel in the South African Army. He holds a BCom degree from Fort Hare, a BCom Honours from Wits, an MCom from RAU and a DCom (honoris causa) from Fort Hare. He has also served on the boards of Sanlam, Armscor, and on the International Advisory Council of Capital International (USA). Between 1994 and 2003 has held several executive positions in M-Net Supersport, Multichoice and MTN Group.

Our products, services and solutions

Blue Label's diverse product and service offering enables us to bring mainstream products and services to the mass market. Presented below are Blue Label's various divisions and the subsidiaries that they manage. Subsidiaries are wholly owned by Blue Label, unless otherwise indicated.

SA Distribution

Blue Label Distribution (BLD)

BLD are specialists in **prepaid** products and the **electronic distribution** of virtual merchandise across South Africa, through extensive distribution channels. These encompass, but are not limited to, banks, retailers, spaza shops and other informal traders, as well as petroleum forecourts.

Blue Label Connect (BLC)

BLC distributes tailor-made hybrid **top-up airtime and data** contracts on behalf of all major South African cellular network operators.

Ticketpro

Ticketpro allows our customers access to exclusive **transport services, sporting events, and entertainment.**

HeroTicket

The company is engaged in the **facilitation of event ticket sales** to the public and operates in South Africa.

Comm Equipment Company (CEC)

CEC provides funding for the **handset element** of Cell C's postpaid subscriber contracts.

Blu Nova

Blu Nova has become one of the leading practitioners of data and decision science in South Africa. We have deployed a state of the art decision engine that supplies **intelligent data leads** and assists in securing new business.

Blue Label One (BLO)

BLO is engaged in **media advertising**.

T3 SA (50% shareholding)

A mobile technology and **mobile value-added services and product distribution company** with an exceptional mobile product development team.

Wholesale

The Prepaid Company (TPC)

The leading distributor of **prepaid products** for all the major SA network operators, with trusted proprietary technology that guarantees purchasing efficiency and sound inventory control with an emphasis on mutually beneficial terms. The business provides wholesale and community sales, starter packs, handsets, tablets, and bulk printing vouchers.

Glocell Distribution

Glocell Distribution's core strategy is in the **distribution of starter packs** through its established channels.

SA and Africa Retail

Robtronics (51% shareholding)

Robtronics specialises in **handset repairs** and reverse logistics supporting the repair process.

Glocell Retail Solutions (GCRS)

GCRS is a **distributor** of all prepaid Network Operator products, prepaid products and value added services to retail, wholesale, banking and emerging markets through its significant and well recognised retail channels, which include national retailers, petroleums, financial institutions, independent dealers, distributors and major wholesalers.

Cell C

Cell C (45% shareholding)

Cell C Limited operates as a **mobile operator** in South Africa.

Blue Label Solutions

Blue Label Data Solutions (81% shareholding)

BLDS is one of the market leaders in **consumer data**, big data, validation, verification, cleansing of data, and **lead generation**.

I Talk Holdings (40.5% shareholding)

Contact Centre Management, IP Telephony Products, Connectivity Solutions, Lead Warming, VAS Product Sales, System integration and consultancy.

Our products, services and solutions

I Talk Financial Services (30.38% shareholding)

Contact Centre Management, IP telephony products, connectivity solutions, software development, **system integration and consultancy**.

iTalk2U (40.5% shareholding)

iTalk2U is a safe and secure **web-based application** that was developed during the COVID-19 pandemic, where working remotely was becoming more 'normal'. It is a **decentralised sales platform** that allows people to make sales and earn a commission while working remotely. The vision is to combat unemployment by educating and uplifting South Africans, by providing a work-from-home employment opportunity.

Blue Communication (57.26% shareholding)

Blue Communication offers three business verticals: **Reverse Data Billing, SMS, and Voice**.

Blue Train (64.68% shareholding)

Blue Train Group provides **unfunded learnerships, training, recruitment and payroll requirements** for the workforce of the Blue Label Group.

One World Telecoms

One World Telecoms

VAS Product Sales, Contact Centre Sales.

Technology and Development

Transaction Junction (60% shareholding)

A business-enablement transaction platform that delivers **digital payment solutions** to suit the needs of businesses across diverse markets, while ensuring that the regulatory requirements are met.

Electricity/municipalities

Cigicell (74% shareholding)

Cigicell **partners with municipalities** to grow their revenue while providing prepaid electricity and water services.

Utilities World (25.1% shareholding)

The core focus of Prepaid World is the design of **Prepayment Revenue Management software**. The business also oversees the design, manufacture and installation of prepaid electricity meters. The systems they develop have been in use for a number of years by local municipalities, both in South Africa and internationally.

Visual Revenue Management (VRM) (75% shareholding)

A key player and strategic partner in the municipal space of South Africa. The immediate focus of VRM is **Revenue Management, Spatial Data Solutions, Infrastructure** – Electricity and Infrastructure – Water.

ReWare

ReWare is a **provider of smart meters** that records actual electricity consumption assisting in monitoring, verifying and managing consumption.

Blue Label Ventures

iCrypto (14.29% shareholding)

iCrypto enables organisations to **eliminate cyber risks** such as identity theft, access breaches, data breaches and ransom attacks, while enforcing compliance through technology leveraging biometrics and tokenised identity.

Mobii Systems (20% shareholding)

Mobii provides **match game analytics and Internet of Things (IoT) enabled products**.

Chairman's report

Larry Nestadt
Chairman

layar

Scan the image with the **LAYAR app** on your phone to hear the interview with our chairman, Larry Nestadt

Our strategic priorities for the year, aside from navigating the COVID-19 pandemic, were to right size the business through asset sales, to implement our 'back to basics' operational plan and to restore the investment value in Cell C. A renewed focus on our core strengths have served us well.

Overview

I am proud to report that, despite the enormous and ongoing macroeconomic strain created by the COVID-19 pandemic, Blue Label continued its growth trajectory during the year ended 31 May 2021. On exclusion of non-recurring income of R47 million in the current year and extraneous costs of R163 million in the prior year, core headline earnings from continued operations increased by R84 million from R632 million to R716 million. Positive cash flows were generated from our trading operations and we continued to increase our market share by bolstering our product and services mix. Cell C's restructuring initiatives have manifested themselves in an improved performance, in line with its turnaround strategy.

The Board congratulates management on its successful leadership during a difficult year, reinforcing Blue Label's dedication to growth, innovation, and sustainability.

Operating environment

The continuously changing COVID-19 landscape, both in terms of the pandemic itself and government's responses thereto, creates a complex operating environment. At each turn, we demonstrated flexibility and embraced change to emerge as a stronger business, performing an increasingly important role in connecting people to the services that they require as a necessity. National lockdown responses have driven a fundamental shift in behavioural patterns in the way that people work, live and play, contributing to a rapid acceleration in the adoption of digital services.

Many of the products and services that we provide are considered to be essential, enabling us to capitalise thereon, through our technical ability to meet ever increasing demand for such offerings. Prepaid electricity, airtime, and data sales increased as more people spent time at home. Conversely, high lockdown levels negatively impacted on travel, exhibitions and sporting events, resulting in a significant decline in revenue generated by Ticketpro. Our call centres, which rely on live transactions between people were negatively impacted by social distancing and safety requirements.

Blue Label prioritised the safety and livelihoods of our employees by focusing on safety in the workplace, maintaining full remuneration and preserving jobs. Through a wide range of contributions, the Group stepped up to its responsibility to help fight and alleviate the impact of the COVID-19 pandemic on the people and communities of South Africa, by making a difference in the lives of our customers.

Our diversified business strategy proved exceptionally resilient in the most challenging economic climate that most businesses have ever experienced.

Refocusing

In September 2020, Blue Label Telecoms disposed of its 47.56% shareholding in Blue Label Mexico to its co-shareholder, Grupo Bimbo, for USD11.5 million (R191 million). This disposal was in line with our strategy to refocus on our South African distribution businesses and deleverage the business towards a more robust and liquid balance sheet.

Blue Label has now returned to its roots as a predominantly South Africa-centric business, in line with our 'back to basics' strategy. This has resulted in the emergence of a solid sense of purpose and cohesion.

Community

The success of our business strategy has enabled us to embed community upliftment into our system, returning Blue Label's good fortune to the communities who made that success possible. This shared value is a strategic imperative. We believe education is the key to upliftment and we therefore invest heavily in initiatives such as the Boys and Girls Clubs, which afford children in Alexandra and Soweto a safe and supervised environment to study, eat and play after school. Some of these children may well become employees of Blue Label in future, while others may become its suppliers or customers. All deserve the opportunity to participate in the country's workforce and economy and we are proud to be able to play our role therein.

Ethics

Since listing on the Johannesburg Stock Exchange 14 years ago, we have consistently worked on improving our ethical governance and compliance. The Group appointed a dedicated compliance officer in the previous reporting period, embracing new regulations and legislative requirements. We consistently improve our transformation and skills equity, understanding that ethics in the modern corporate reality is a journey and not a destination. The Group's ethical framework becomes more embedded for improvement each year.

The Board experienced no resignations this year and we welcomed two new Independent Non-executive Directors in FY2021, namely, Lazarus Zim and Nomavuso Mnxasana. These additional appointments have broadened the Board's diversity profile, introduced new skills and drive transformation, thereby continuing our Board restructuring process announced last year, in line with our orderly succession plan. There is a delicate balance between safeguarding institutional knowledge and experience and ensuring that the Board is reinvigorated by independent newcomers. We are grateful to Lazarus and Nomavuso for committing to guide Blue Label Telecoms in this regard.

Cybersecurity

As the ability to track and analyse 'connected consumers' becomes more sophisticated, a need to manage and protect personal information becomes essential. Consumers and regulators have become increasingly concerned about the security of personal data and how it is being utilised. The Protection of Personal Information Act (POPIA) came into effect on 1 July 2021 and the Cybercrime and Cybersecurity Bill has been promulgated. Such legislation introduces several provisions aimed at protecting data subjects from data breaches. Respecting customer privacy and protecting devices, networks, data, and applications remains a top priority. We adhere to the requirements of the Cybercrimes Act and accordingly, our cyber-defence team is in place to reduce the risks of cyberattacks, underpinned by specialised investigations and analytics consistent with global baselines for security monitoring.

Cell C

The restructuring of Cell C is in progress and, as previously communicated, it remains focused on its turnaround strategy which includes ensuring operational efficiencies, the restructuring of its balance sheet, implementing a revised network strategy and improving overall liquidity. Cell C had been in default on its bonds and loans since 2019, and the Board supports the recapitalisation to restore investment value. Discussions with all lenders and creditors on possible resolutions have been ongoing since 2019, during which time we simultaneously considered various capital raising options.

Chairman's report continued

Notwithstanding liquidity constraints, the management team at Cell C was able to implement their revised go-to-market strategy, resulting in a marked improvement of Cell C's financial performance over the past year. On 26 August 2021, we announced the signing of funding term sheets with RMB, Investec and other financiers in order to provide the necessary capital required to recapitalise Cell C. Such funding is subject to various conditions to be fulfilled. We hope to make a more substantive announcement in due course.

In the interim, Cell C continues to optimise operational efficiencies and other initiatives to improve liquidity. Its recently concluded financial year laid the foundation for a restructured operating model, and the Company is reaping the benefits thereon. Earnings are up, profit margins are stabilising, and there is a single-minded focus on cost management. We are assisting to rebuild a reimagined Cell C that creates value for all its stakeholders. One of the highlights during the year was the implementation of Project Boston in which a roaming agreement with Vodacom was concluded in November 2020 which is aligned to Cell C's revised network strategy, aimed at managing capacity in a more scalable and cost-efficient manner. Contract and broadband customers will be transitioned on a piecemeal basis to roam on the Vodacom network. The strategic vision is to differentiate Cell C by focusing on innovative products and services without incurring intensive capital expenditure on infrastructure. This creates more flexibility and capacity to deliver an optimal quality of service to its current and future customers.

Appreciation

I would like to thank my colleagues on the Board for their continued dedication and direction.

On behalf of the Board, I also congratulate Mark and Brett Levy and their team, as well as every employee of Blue Label, for their resilience and hard work as we navigated a full year of COVID-19. On behalf of the Board, we pledge our continued support as the Blue Label workforce enters undoubtedly another challenging year. I am confident that you will all again rise magnificently to the occasion.

Larry Nestadt
Independent Non-executive Chairman

27 September 2021

Material risks

The main purpose of risk management is to adequately position the organisation to understand and respond to potential risks that could materially impact on the execution of our strategy and value creation.

Our Group's primary risks are identified within the context of our strategy, to proactively respond to an ever changing internal and external operating environment. We continue to ensure that we strengthen the link between our strategy and the Group's risks by applying our Enterprise Risk Management (ERM) process in the context of our key business requisites. In pursuing our goals towards creating, preserving and realising value for our stakeholders, within our ERM framework, we aim to proactively manage risk and opportunities in a dynamic operating context. In FY2021 we faced various challenges and risks that impacted on our business, including COVID-19 and the recapitalisation process of Cell C. Our enterprise risks management (ERM) process ensures the adequacy, appropriateness, and effectiveness of our responses, mitigating potential significant business impacts in order to deliver on our business targets.

	Description	Mitigating measures
1 Increased threat of cybercrime	Since the majority of the Group's inventory is of a virtual nature, defence against cybercrime will remain a top priority. The Group is dependent on the systems and platforms that enable its products and services on which it manages its merchant base. Blue Label's technology spend has increased in recent years in support of its importance to both organic and acquisitive growth, simultaneously to improve system availability and resilience as the volume of the number and types of transactions increase. Due to the COVID-19 pandemic, most of our staff shifted to a remote working environment, thus elevating this risk.	Blue Label places a major focus on the security of all systems, both production and enterprise, in order to pre-emptively detect and manage security threats and, in the event of a cybersecurity breach, recover expediently. Independent third parties continually conduct vulnerability scans and penetration tests to ensure that Blue Label's systems are as secure as possible and that new threats are appropriately addressed. All of Blue Label staff members are mandated to participate in an ongoing cybersecurity awareness training programme, which was enhanced in light of most of them working remotely. Cyber insurance cover is in place to protect the Group in the event of a breach.

Material risks continued

2 Unsuccessful execution of Cell C debt restructure

Description	Mitigating measures
The debt restructure of Cell C is critical to its successful turnaround, the outcome of which would reduce the negative perception in the market of Blue Label's inherent value. Failure in this regard would have a negative impact on Blue Label's profitability, to the extent of cessation of its trading activities with Cell C.	• A liquidity platform was established to manage cash flow within Cell C and to see it through the course of the recapitalisation process. • Network strategy: implementation of the extended roaming agreement with MTN commenced on 1 May 2020. This enables network innovation, promotes efficient network infrastructure utilisation and sustainable investment in network infrastructure. The transition to the new business model commenced on 1 January 2021. • Operational rationalisation: Cell C has taken active steps to reduce its focus on pure revenue and subscriber growth to rather focus on profitable customers and long-term growth. There is an unrelenting focus on cost cutting and a change in the operating business model from build, own and operate all functions to focused investment, partnering and an acquirer of services. • The turnaround strategy is clearly delivering improved operational efficiencies through the positive impact of these changes filtering through during the past 12 months. • All stakeholders are actively involved in the recapitalisation process and progress is being made towards its successful conclusion.

3 Unsuccessful achievement of the CEC revenue sharing arrangement

Description	Mitigating measures
CEC's contribution to group profits is dependent on the success of the Cell C revenue sharing agreement and the minimisation of bad debts on the Cell C post-paid base.	• Management is of the opinion that it will mitigate risk through the operational model that has been formulated and implemented. • CEC and Cell C have stringent requirements for the granting of credit to subscribers. • CEC utilises the expertise of Blu Nova to proactively monitor for leading indicators of financial distress and to take pre-emptive remedial action accordingly. • CEC has direct access to the cash flows generated from the Cell C subscribers relating to their monthly subscriptions payable. • CEC will augment its current offerings to subscribers at higher margins in order to subsidise any potential bad debt losses. • In the unlikely event of default by Cell C, CEC has the right to sell the customer base.

4 Unethical behaviour and fraud

Description	Mitigating measures
Due to the nature of our digital inventory, the Group is vulnerable to fraudulent activities. Blue Label maintains zero tolerance for fraud and irregularities. All incidents are investigated, irrespective of the quantum therefore. The ongoing roll out of new products/solutions increases the exposure to potential fraudulent-related activities.	We continue to refine operational controls, security, and our infrastructure in order to mitigate the risk of fraud. Fraud and ethics are discussed at Board level by both the Social, Ethics and Transformation Committee (SETC) and the ARCC. The ethics hotline, hosted by KMPG, remains available for anonymous reporting of any suspicions of fraud. Staff are mandated to participate in digital programmes that enhance awareness relating to fraud and ethics. A code of conduct, disciplinary policy and fraud policy are in place. We have developed a Fraud Management Framework that addresses the risk of fraud within the Group.

5 Prolonged business model transformation impacting market relevance

Description	Mitigating measures
Historically, the Group specialised in the distribution of products. Going forward, Blue Label needs to evolve so that technology drives product development, or it risks losing market opportunities to more digitalised or agile competitors.	Management have embraced the change in mindset, spurred on by the necessity to implement digitalisation in the face of lockdown. Various technology driven initiatives were developed and brought to market. The Group's commercial offerings are being transformed through automation, consumer reach, consumer-centric design, enhanced software build and release mechanisms, simplified integrations and platform flexibility and scalability.

Material risks continued

6 Maturity of business continuity management (BCM)

Description	Mitigating measures
Business Continuity Plans (BCPs) and Disaster Recovery Plans (DRP) ensure that the business is prepared for severe interruptions and that business processes continue with minimum downtime during cases of emergency or disaster. If the BCPs are misinterpreted or not properly in place, the potential breakdown of critical business processes could harm the Group's profitability and reputation.	Blue Label's BCM steering committee meets regularly to ensure that the Group is prepared to counter any risk. Active-active failover architecture is implemented throughout the Group. BCP consultants have reviewed Blue Label's BCPs and accordingly the Group is implementing their recommendations. COVID-19 offered a unique opportunity to test our DRP, which proved to be resilient. Employees could operate remotely with minimal disruption to operations. We will conduct simulation exercises to validate BCPs in FY2022 to ensure that all staff, in the event of disruption, are aware of their roles and responsibilities.

7 Customer and revenue concentration risk

Description	Mitigating measures
Certain prominent financial institutions and retailers rely on Blue Label to process their substantial transaction volumes. A lapse in the Group's service delivery to these stakeholders could result in a major negative impact on its profitability and/or reputation.	Blue Label maintains long-standing relationships with these parties and has an impressive track record of service delivery. Mature failover and business continuity mechanisms provide a high degree of certainty that we maintain uptime beyond 99%, even as transaction volumes continue to grow. Software release methodology and application-level failover reduces the need for system downtime during system release and maintenance windows.

8 Potential theft of e-tokens of value

Description	Mitigating measures
E-tokens are a form of electronic cash utilised for secure transactions. The Group relies on the high-volume, low-margin distribution and sale of e-tokens of value. Blue Label, therefore, needs to protect its virtual stock from theft, the corruption of voucher pins and cybercrime.	The confidentiality, integrity, and availability of virtual stock is managed through rolebased access control, secure transfer of supplier/customer files and encryption with hardware security modules. A robust set of automated internal controls assist in timeous detection and prevent the theft or corruption of voucher pins and related digital products. Sufficient insurance cover is in place.

9 Group-wide reconciliation and settlement process

Description	Mitigating measures
As Blue Label processes large transaction volumes to multiple vendors and across various systems, our reconciliation and settlement process must be run efficiently to prevent loss of revenue and enhance customer satisfaction.	All of the Group's main reconciliations are automated. The finance department resolves any partially matched or unmatched files daily and an escalation process is in place.

Material risks continued

10 Business-related fraud

Description	Mitigating measures
Business-related fraud is consistently a risk. The Group needs to be diligent at all times to mitigate the possibility of fraud when launching new products.	Several key appointments serve to protect the Group from fraud, while employee accountability and responsibility campaigns ensure that every staff member is aware of their role and duty to prevent fraud. BLT's Technology division assists with, prioritises and supports efforts to address internal control gaps. Our new formal "Protect our Business" initiative places a strong focus on identifying control gaps in systems and processes. The Head of Fraud and the business improvement team continuously work to close such gaps and to improve thereon. This reduces the Company's overall risk exposure and associated losses. BLT will appoint an external service provider to map the as-is processes in high-risk areas. Furthermore, there is a strong focus from a fraud, risk and compliance perspective to mitigate any risks from the early stages of any new product initiatives, before the product is made available to the market. A formal sign off process has been implemented throughout the Group. In FY2022, BLT will prioritise regular reviews of existing products.

11 Supplier relationships (network operators and utilities)

Description	Mitigating measures
Each subsidiary is highly dependent on its respective suppliers to achieve its business objectives. Should our customers (or aggregators) with a significant market footprint deal directly with the utilities, they effectively become competitors to the detriment of Blue Label. In addition, there is potential for network operators to launch applications whereby consumers are granted direct access to airtime purchases from them.	Blue Label's management nurtures relationships with existing suppliers and has a strong track record with them. Long-term contracts with suppliers ensure sustainable business relationships. Margin management, the breadth of Group product suites and the efficient technological integration into customer backend systems discourage them from dealing directly with utilities.

Stakeholder relations

Blue Label's stakeholder engagement supports our efforts to be a successful, stable, and ethical company contributing to the economic growth of the communities in which we operate.

As a business embedded in emerging markets and embracing a growing ecosystem, the impact of our operations extends beyond our commercial partners, customers, and employees. Providers of capital, communities, the media, government, and non-governmental organisations may each have differing viewpoints and expectations of our business. We recognise that we depend on robust relationships with all our stakeholders to grow our business and provide value to individuals, families, businesses, and society. Working with our stakeholders is particularly important while we navigate the COVID-19 pandemic.

Principles that underpin our stakeholder relations

- Collaboration and regular interaction with all key stakeholder groups are essential to the Group's long-term resilience.
- Successful stakeholder engagement requires far more than merely communicating 'to' various stakeholder groups. Two-way dialogue is imperative, especially since Blue Label considers its various stakeholders as key partners in its endeavours.
- Our processes are designed to be both proactive in terms of engagement and responsive to any attempt by stakeholders to engage with us.
- As the Group expands, stakeholder identification and prioritisation are an ongoing process.

Our stakeholder engagement process

While the Blue Label Board is ultimately responsible for stakeholder engagement, the process of engaging with stakeholders is decentralised. Every Group company and business area deals directly with complaints from stakeholders and reports regularly to the executive management team and the Board on its stakeholder relations. This ensures that the Group's various business units take responsibility for maintaining impactful relationships that deliver mutual benefits.

In identifying and prioritising stakeholders, the Board considers the following criteria:

- groupings which interact with the Group, or are directly or indirectly affected by the Group's activities; and
- groupings which have a positive or negative impact on our ability to operate.

Exco assesses the outcome, with reference to the ecosystem in which the business as a whole operates.

Managing stakeholder risks and opportunities is performed by completion of a risk assessment as part of the overall enterprise risk management process. This enables management to deal effectively with issues and opportunities that arise while strengthening our stakeholder engagement.

Our communication channels

- In-person meetings (including formal or informal and individual or group meetings);
- Telephone and conference calls;
- Annual General Meeting;
- Media and securities exchange news (SENS) announcements;
- Presentations and speeches;
- Roadshows;
- The Blue Label website;
- Trade visits;
- Telephone hotlines;
- E-mail feedback forms;
- Focus groups and workshops;
- Publications (newsletters, circulars and e-mail updates);
- Below-the-line advertising;
- Marketing and social media campaigns;
- Formal consultations and audit processes;
- Host management and sales conferences.

Our engagement is guided by data

Our communication efforts are backed by data that informs our business activities (including new product launches), as well as communication channels and messaging.

- We use the data provided by the billions of transactions we process annually to provide intelligent analysis of who we should engage with and how best to respond to stakeholder needs.
- To inform us of stakeholder issues, we rely on the results of perception studies, independent research, reputation audits, whistleblowing facilities and formal grievance mechanisms and questions pertaining to our financial and integrated reports.

Stakeholder relations continued

Stakeholder engagement matrix

WHY WE ENGAGE	WHAT THEY WANT	HOW WE ENGAGE	OUTCOMES AND FEEDBACK
EMPLOYEES To provide strategic direction; To inform about Group's activities; To remain an employer of choice that provides a safe, positive and inspiring working environment; To understand and respond to the needs and concerns of our employees.	• A pleasant and productive working environment; • Updates on the performance of the business; • Frequent information, direction and encouragement around COVID-19 and the remote work environment.	• A robust combination of face-to-face, written, digital and broadcast communications; • Ongoing and daily engagement at all levels as required by employees, supported by a Group employee and engagement plan; • Regular, direct communication between managers, teams, and individuals; • Culture and engagement surveys; • Blue Label result presentations; • Leadership seminars; • EE workshops and committee meetings; • E-mails; • Intranet communications; • Employee functions; • Community events; • Frequent webinars from leading medical experts; • Weekly communication from our joint CEOs; • 'Hang-out' sessions with comedians and motivational speakers.	We supported our employees throughout the pandemic and maintained ongoing communication around COVID-19. Our employee engagement survey found that our employees were largely happy in the workplace. We achieved a weighted average engagement score of 70%. For more information about our human capital, visit page 66.

WHY WE ENGAGE

CUSTOMERS

To better understand them, their aspirations, businesses and communications needs;

To provide appropriate products and value-adding services;

To ensure that we maintain the high-service levels they expect and deserve;

To inform product development and prioritisation;

To develop products that service our clients evolving technology needs.

WHAT THEY WANT

- Access to world-class innovative solutions and services;
- Access to mobile transactional services that are secure, simple, convenient and efficient;
- Information about changes in operational procedure brought about by the COVID-19 lockdown.

HOW WE ENGAGE

- A dedicated, national helpdesk operating daily from 07:00 to 21:00, with a team of customer relationship and technical support consultants;
- A fully functioning remote Customer Interaction Centre to deal with any and all problems faced by customers;
- Face-to-face formal and informal meetings
- Online meetings
- Formal consultation;
- Customer satisfaction surveys;
- Access to their free basic electricity grants via USSD and WhatsApp.

We are using our rich data lakes to provide customers with intelligent advice with respect to servicing their needs.

The Group has a customer relationship management (CRM) system, self-help facilities, and dedicated sales and technical consultants to enhance its customer engagement service.

OUTCOMES AND FEEDBACK

Despite tough economic conditions and the COVID-19 lockdown, Blue Label has managed to increase gross revenue and gross profit.

We maintained open lines of communication to address any concerns related to changes in operational procedure brought about by the COVID-19 lockdown.

Stakeholder relations continued

WHY WE ENGAGE

SHAREHOLDERS

To provide current and future shareholders with relevant and timeous information, ensuring Blue Label shares are appropriately valued.

To manage shareholder expectations and reputational risk.

To maintain strong relationships, keep abreast of market developments and inform our shareholder targeting strategy.

To ensure good governance and to deepen the trust placed in us and our brand.

To get feedback that informs our strategy, business operations and how we govern our business.

WHAT THEY WANT

- To receive relevant timeous information on our prospects and financial and non-financial performance so that shareholders can value and assign appropriate ratings.
- To understand our financial performance.
- To gain insight into our strategy, operations and management.
- Updates on the progress of the Cell C recapitalisation.

HOW WE ENGAGE

- Various broker-hosted investor events;
- Conference calls;
- Roadshows and investor days;
- Annual and interim results announcements and roadshows;
- Annual General Meeting;
- Daily e-mails;
- Integrated annual reports;
- Meetings with Executive and Senior Management.

OUTCOMES AND FEEDBACK

Shareholders have been very encouraged by the success of our back-to-basic strategy evidenced in declining debt levels and strong cash generation. They look forward to a successful conclusion of the Cell C recapitalisation transaction.

Investor interaction has increased thanks to virtual meetings having become the norm. We expect this method of engagement to grow and replace many face-to-face meetings.

REGULATORS

WHY WE ENGAGE	WHAT THEY WANT	HOW WE ENGAGE	OUTCOMES AND FEEDBACK
To maintain open, honest and transparent relationships and ensure compliance with all legal and regulatory requirements; To retain our various operating licences and minimise our operational risk.	• The Group's regulatory compliance; • Information about the soundness and stability of Blue Label.	• Various industry and regulatory forums; • Meetings between regulators and our Board and management; • One-on-one discussions with various executive officials.	Representatives from the Department of Labour made an unscheduled visit to the ITalk Holdings offices to review our COVID-19 preventative and detective measures. All their recommendations were implemented.

Stakeholder relations continued

WHY WE ENGAGE	WHAT THEY WANT	HOW WE ENGAGE	OUTCOMES AND FEEDBACK
GOVERNMENT To cement our social licence to operate; To build and strengthen relationships with government, both as a partner in the development of the country and as a customer. To provide input into legislative development processes that will affect the economy, our activities and operations. To reaffirm our commitment to public sector business development. To participate visibly in, and be a partner to, the transformation of South Africa and the communications sector. To partner in increasing economic growth and reduction of inequality and unemployment.	• Information about Blue Label as a business and ways in which we can be of assistance to individuals and the economy of South Africa; • The tracing and recovery of lost or stolen electricity revenue.	• Participation on various platforms with government; • Ad hoc engagements with national and provincial departments.	Blue Label engaged with National Treasury, National Energy Regulator of South Africa (NERSA), Eskom, and various municipalities to explore ways to trace and recover lost or stolen electricity revenue.

WHY WE ENGAGE	WHAT THEY WANT	HOW WE ENGAGE	OUTCOMES AND FEEDBACK
MEDIA To leverage the reach and influence of media channels. To share our business and investment story with stakeholders. To communicate with relevant stakeholders and the broader public with a view to having a positive influence on behaviour that will lead to desired business results. To protect and manage our reputation.	• Information about developments in the communications sector and Blue Label specifically; • Information about Blue Label's contribution to the South African economy and our products and services; • Information that empowers their audiences to make informed financial decisions.	• Proactive, scheduled engagements; • Ad hoc meetings with Executive and Senior Management; • Launches of Blue Label products and services; • Interviews with key business media on relevant financial reporting dates; • Daily telephone and e-mail responses to media enquiries.	Blue Label proactively engaged with the media on the recapitalisation of Cell C, financial performance, and new innovation in the Group.

Stakeholder relations continued

WHY WE ENGAGE	WHAT THEY WANT	HOW WE ENGAGE	OUTCOMES AND FEEDBACK
BUSINESS PARTNERS AND SUPPLIERS To obtain products or services required for conducting our business. To maintain an ideal and timeous supply of goods and services for our operations. To encourage responsible practices across our supply chain, including B-BBEE, local procurement, supplier conduct, and environmental considerations. To include critical suppliers in cross-functional teams to contribute expertise and advice before specifications are developed for products or services.	• Guidance and methodology for continuing business during the COVID-19 lockdown; • Information about changes to the B-BBEE Codes of Good Practice, and to trading arrangements in terms of our procurement systems and ERP.	• Supplier education workshops, indabas, and fairs; • One-on-one negotiations and meetings.	The provision of our core products of airtime, data, electricity, and financial services has remained uninterrupted during the COVID-19 lockdown. We attribute this to our good relationships and open lines of communication with our business partners and suppliers.

The RITE strategy

The pillars of Blue Label's strategy to grow shareholder value are Reach, Innovation, Trust, and Efficiency, all of which are deeply embedded in our operations and corporate culture.

R EACH

Expand all our distribution channels in banking, retail, independent, and informal markets, while investigating new, primarily digital channels.

Add innovative products and services to our portfolio.

We are a magnet for foot traffic to our customers' retail or digital environments.

The Group continues to live up to its purpose of enabling the fulfilment and upliftment of people in South Africa by providing a wide range of diverse, value-adding products, services and solutions. We continue to grow our portfolio with ever-expanding convenient channels.

Continued investments into technology, carrier grade platforms and scalable operating structures assist the Group in expanding our reach, improving service delivery and speed to market. We accelerate innovation, go-to-market strategies and digital enablement.

Our relationships are vital. We develop deep and mutually beneficial long-term partnerships with the mobile network operators (MNOs), retailers, banks, and independent outlets. As we grow, they grow. We continue to expand our digital solution footprint with active points of presence (POPs) in the main market, retail, and petroleum channels. Our ability to extend the reach of electricity sales and revenue assurance for municipalities further entrenches our relationships and provides exclusivity for other Group products and services.

Our ultimate goal is to drive the financial inclusion of previously underserved markets. We grow our 'hub and spoke' model into informal markets in South Africa, where our service is differentiated by extensive engagement and training combined with the provision of marketing material that enhances our customers' businesses.

Our strategy in action 2021

The Group's expansion is due to our ever-increasing ability to include more products and services directly into the point-of-sale devices that already exist in our retail, independent, and informal markets as set out below:

- We currently have 20 million consumers transacting on the Ringas platform since its launch in only September 2020.
- Transaction Junction processes well over 2 billion transactions per annum and services over 50 merchant retail platforms with payment services at approximately 50 000 till locations and includes a fully certified e-commerce platform.
- We reconcile over one billion physical cash and virtual payments a month.

Our RITE strategy

R EACH

Expand all our distribution channels in banking, retail, independent, and informal markets, while investigating new, primarily digital channels.

Add innovative products and services to our portfolio.

We are a magnet for foot traffic to our customers' retail or digital environments.

I NNOVATION

Deliver world-class customer-centric solutions across our businesses through platform renewal, improvement, innovation, and transformation.

Agile systems support our entrepreneurial culture and add flexibility that increases our speed to market.

T RUST

Maintain a customer centric approach.

Provide exceptional service that is intelligently tailored to the needs of and builds trust with merchants, suppliers and customers.

E FFICIENCY

Continuously improve the efficiency of business processes and capital allocation.

- Our financial services channel continues to grow strongly, supported by consumers' migration to online.
- Retail channels remain constrained, while value-added service (VAS) and financial services products are strong.
- Petroleum forecourt channels delivered small gains with VAS and financial services again showing increases.
- Our starter pack channel remains resilient with improving average revenue per unit (ARPU).
- We are increasing retail and wholesale physical channels through new customer acquisitions.
- We are exploring other online channels to add to our existing ones.

I NNOVATION

Deliver world-class customer-centric solutions across our businesses through platform renewal, improvement, innovation, and transformation.

Agile systems support our entrepreneurial culture and add flexibility that increases our speed to market.

In a challenging economic and competitive environment, innovation sustains growth. Our deep understanding of customer needs and wants informs both our platform functionality and our product and service offerings. We seek out strategic joint ventures or acquisitions for new product or platform capability.

The RITE strategy continued

We are continually exploring ways to improve and learn. We enhance our proprietary platforms by incessantly refining our processes, software, and hardware. Targeted analytical processes, machine learning, and artificial intelligence can help the Group to use the data we receive to design better products and services.

Blue Label can also white label its core technology offerings and deploy consumer applications to specific communities with content and bespoke service requirements.

Our strategy in action 2021

Consumers in the airtime and data prepaid market consistently expect more convenience. Direct-to-consumer strategies and easy ways of transacting renders PINless purchases via major banks a far better way for consumers to transact. The steady growth of PINless transactions in these channels threatens traditional offline airtime and data products, with price as another differentiator. The traditional offline wholesale play is a challenging model to maintain and drive new customer acquisitions. With this in mind our business is going through a complete digital transformation of its current wholesale model as well as a very strong focus on a direct-to-consumer business model.

The Ringas platform is the main driver allowing for this digital transformation. Ringas is a universal voucher that allows consumers to top up any network. Using the correct technology solution, we have the ability to drive for the short to medium term a disruptive PINless wholesale strategy.

Unipay is a development of a single bill payment business solution. This is an exciting new product offering which is focused on driving meaningful growth in the digital bill payment environment. This solution will not only offer both large and small power users the ability to pay their bills online but will also offer any consumer the ability to pay any of their post-paid bills conveniently and securely online. We continue to develop innovative solutions across multiple customer channels.

ITalk2U is a safe and secure web-based application that was developed during the COVID-19 pandemic where working remotely was becoming the new norm. ITalk2U is a decentralised sales platform that allows people to make sales and earn a commission per sale while working remotely, essentially a work from home call centre. ITalk2U is aimed to provide an employment solution, empowering the people of South Africa to create opportunities. There is a significant corporate social responsibility element and iTalk2U can make a real and tangible impact on thousands of people's lives.

In addition, during 2021 we:
- invested significant capex in technology.
- augmented Cell C's data and improved performance of the base through Blue Label's innovative data analytics division.
- responded to the ongoing COVID-19 pandemic, by equipping our employees to work from home through numerous digital remote working tools.

T RUST

Maintain a customer centric approach.

Provide exceptional service that is intelligently tailored to the needs of and builds trust with merchants, suppliers and customers.

The Blue Label ecosystem relies on suppliers, technology, devices, merchants, and customers working together for mutual benefit. The Blu approved brand embodies trust and reliability. We deliver enormous volumes of mission critical transactions to massive audiences and customer bases on a real-time basis.

We invest in significant additional redundancy for improved stability and business continuity. We have virtually no downtime, and our platform, systems, and devices work efficiently.

Across all our stakeholder groups, we have vigilant and accessible processes in place to engage and service all interest groups and customers. The quality of our technology, in conjunction with ongoing innovation, allows our entire ecosystem to evolve alongside us.

Our strategy in action 2021

Cigicell provides municipalities with risk-free revenue protection and enhancement models that help them to unearth lost and stolen revenue. As we strengthen our relationships with them as a premier service provider, it results in higher returns for us. Our growth strategy is founded on the integration and optimisation of the bouquet of service offerings within the Cigicell Group for assuring revenue to South African municipalities, while continuing to ensure that we protect, retain and expand the existing customer base.

During the past year, we continued to build trust internally and externally:
- Our redesigned operating structure improved our ability to service customers according to their needs.
- During the COVID-19 pandemic, we intensified our engagement processes and conducted digital meetings via ZOOM and Microsoft Teams with all stakeholders, including investors.

- We initiated multiple employee communication programmes aimed at entrenching our cultural values, while providing employees with multiple feedback mechanisms. COVID-19 awareness and education formed a core part of the strategy to bolster their personal and professional resilience in the face of the pandemic.

EFFICIENCY

Continuously improve the efficiency of business processes and capital allocation.

We strive to maximise all of our assets to become the lowest-cost producer or distributor of transactions, messages, and digital products, especially through scalability and platform refactoring. Our investment in infrastructure and software improves stability and ensures future capacity.

An efficient treasury function is essential to the success and profitability of our business. Primarily within The Prepaid Company, CEC, and Cigicell, this function enables the acquisition and wholesaling of all products. It also supports Blue Label's funding of electricity projects and increases the funding of third-party hardware sales.

Our strategy in action 2021

This year presented opportunities for both our customer facing platforms and our back-office technologies to prove themselves fit for purpose during unprecedented times. We proved ready to embrace the fast-tracked remote working context better than many of our competitors, resulting in ongoing high quality service uptime across our technology businesses. Our refactored platforms are driven by aggressive transformation programmes to leverage our newly established 'always on' strategy. Our approach is to continue diversifying through vertical and forward integrations of our technology across industry segments.

- We used this quiet Ticketpro period to transform the offering into a world-class, fully flexible events platform that can cater for any form of events – whether seated or unseated, physical or virtual, local or international – as a white labelled technology platform.
- We are automating key processes across the business. BluNova, with its data analytics and decisioning expertise, assists units within the Group by digitising and building automated transactional businesses.
- Transaction Junction now offers a leading 3D secure payment gateway that processes person to person push payments with numerous retailers. It has completed the development of its own PCI certified switch.
- Blue Label Connect launched its Rubix platform, an online service where consumers can purchase any contract from any mobile network along with additional consumer goods and services.
- Our Ringas ubiquitous airtime product launched by TPC will become a key differentiator for the transformation of the bulk print industry though new software. This successfully went to market during the current financial year.

All of these services will leverage our new technology backbone and centralised API gateway architecture. This enables us to commercialise our integrations faster and on the best available technologies. More importantly, it the business models transformation that was not possible before, setting us up for a decade of wins and a fruitful FY2022.

ENDURANCE

STRATEGY AND PERFORMANCE

Joint CEOs' report

Blue Label's resilience stems from our adaptability, innovation, and a strong focus on digital channels.

Over the past 20 years, Blue Label has played a vital role in South Africa by enabling informal merchants to earn a living and support their families. In spite of a tumultuous year, precipitated by the COVID-19 pandemic, our gross revenue (including the gross amount generated on 'PINless top-ups', prepaid electricity, ticketing and gaming) in excess of R66 billion. At the time of writing, South Africa has survived three waves of the COVID-19 pandemic. During these ebbs and flows, we at Blue Label demonstrated a steely resilience that stems from inbuilt adaptability and agility. Our employees worked from home as required and met our targets within the agreed timeframes. Most of our business units achieved their budgets, despite the unpredictable lockdowns and resulting operating challenges. These outcomes testify to the sustainable resilience of Blue Label teams and processes throughout an extremely testing period.

COVID-19

We attribute much of our success to the fact that Blue Label responded quickly and effectively to the crisis. Staff wellbeing was prioritised and weekly briefings kept employee motivation and productivity at satisfactory levels.

The COVID-19 pandemic has undoubtedly spurred on the widespread and rapid adoption of technology, also known generally as 'The Fourth Industrial Revolution'. Digital channels have become part of everyday life in almost every demographic across the world, with demand for digital products surging as users seek to avoid in-person transactions. As a leading digital distribution business, Blue Label is ideally placed to leverage this new trend.

The speed with which consumers adapted to purchasing their products digitally is working in Blue Label's favour. Not only have previously resistant consumers adapted to digitised services – they now expect them at the touch of a button or screen.

Blue Label's broad portfolio of digital products has become more visible as the overall population of digitally astute consumers ramps up fast across all segments. This offers a distinct competitive advantage and improved margins, due to existing products being cheaper to market than entirely new products and services.

The Group has settled into a 'new normal' hybrid operational model that permits our employees to work from home - especially during stricter lockdown times – while still maintaining team cohesion and company loyalty. While Blue Label people at all levels thrive on the interactivity of working at company premises, many have taken naturally to remote working. We are accordingly fine-tuning our working model to maintain productivity across all business units and are pleased to report that our employees have mostly responded positively to their work situations.

Innovation

Most Blue Label divisions performed well during the year, although those set up for face-to-face engagement did encounter severe headwinds.

The divisions mostly impacted by COVID-19 were our call centres and Ticketpro. The traditional call centre model relies heavily on employees being present at the office to complete their training and making their calls. At the onset of the COVID-19 pandemic our call

layar

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Brett Levy
Joint CEO

Mark Levy
Joint CEO

Joint CEOs' report continued

capability declined from an average of 1 500 dialling seats per day to approximately 500 dialling seats as entire call centre floors were temporarily closed to protect our personnel.

We responded by developing a novel and virtual call centre product called 'I Talk To You' that enables us to train anyone to work from home as a call centre operator for Blue Label to sell third party or Blue Label products. This stroke of innovation has not only resolved our pandemic-related call centre difficulties, 'I Talk To You' has reduced our call centre costs and offers thousands of South Africans the opportunity to build their own call agent careers from the safety of their own environments and earn additional income.

Although severely affected by in-person restrictions at events, Ticketpro has introduced streaming events, with three of our programmes appearing on DStv. During this quiet period we rebuilt our ticketing engine to create one of the most innovative bus transport ticketing systems in the country. While Ticketpro's short-term earnings have slipped, we look forward to realising significantly healthier returns when people return to public events and travelling.

Blue Label launched two products during the pandemic to boost customer convenience and flexibility. Our incoming Blu voucher is a single product that covers all Blue Label online products, thereby replacing the need for consumers to purchase multiple vouchers for various online products. Ringas is a mobile network voucher that covers all of the main networks, being Vodacom, MTN, Cell C and Telkom. We continually drive innovation and over the next year look forward to launching several new offerings.

Strategy and outlook

Over the past year, our 'back to basics' focus has served us well and for now we will continue focusing on short- and medium-term core opportunities. There is considerable reward in upselling to current customers in tandem with attracting new customers. At the same time, adding new products to existing platforms delivers more benefits at a lower cost. Blue Label utilises flexibility and speed to stay relevant in rapidly shifting markets and fortunately has always shown the ability to identify and capitalise on the 'next big thing'. Prepaid airtime was first, followed by prepaid electricity. Transport ticketing and data intelligence now offer a host of new opportunities. However, in the year ahead we are focusing on slick execution of all our products and services, whether long established or new to market.

Our competitors are crowding the marketplace with similar products to ours, which challenges Blue Label to maintain its market-leading positions. Continuing to build trust and credibility is fundamental to being seen as the digital ecosystem of choice, rather than as a product provider that can be outcompeted on price.

Throughout the pandemic to date Blue Label has worked diligently to maintain near-perfect system reliability across all our offerings, which solidified the Group's status as a trusted digital services provider.

We are maintaining our competitive advantages through our proactive approach to customers, better technology offerings, reliable network uptime and an enhanced product range.

To summarise, unlike many businesses, Blue Label is not in survival mode, although acutely aware that we need to take extra care of our employees in this time of emotional and mental vulnerability. While we retained all employees when the pandemic decimated South African employment, we could not protect our people from the anxiety, depression and stress that the pandemic wrought. The Group has accordingly prioritised internal wellness as integral to Blue Label's teamwork-based and resilient culture.

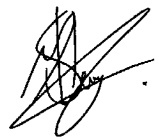
Appreciation

When considering who we need to thank for our success this year, we are simply and hugely proud of every single person in Blue Label. Success at this level is a team effort – and was achieved in a year when it would have been so much easier to lie low at home and say, 'It's not my job'. Our people amazed us by stepping up to the plate and hitting those home runs time and time again. You, our Blue Label employees, are truly exceptional.

We also extend a special thanks to our Board of Directors for their astute support and direction during this challenging year. On 15 September 2021, James Newman joined the Blue Label executive as our incoming COO. We look forward to working with the capacity and operational expertise he brings to our ranks.

The team is grateful to our business partners who believed in us and helped us reach a stellar 20 years in business during a particularly grim time. We recognise that the year ahead remains somewhat uncertain, with no clear end to the pandemic in sight. Nevertheless, we are confident in our now-proven resilience. Let's see what more that Blue Label can achieve in the highly unpredictable year ahead.

Brett Levy
Joint Chief Executive Officer



Mark Levy
Joint Chief Executive Officer

27 September 2021

Financial Director's report

Dean Suntup
Financial Director

Scan the image with the **LAYAR app** on your phone to hear the interview with our chairman, Larry Nestadt

The Group continues to increase market share and bolster its product and services mix to defend and grow its positions in the market.

Revenue of **R18.8 billion***

Headline earnings of **86.16 cents** per share (2020: 58.16 cents per share)

Gross profit of **R2.38 billion** (2020: R2.12 billion)

Net cash generated from operating activities of **R1.5 billion** (2020: R1.3 billion)

Core headline earnings of **89.65 cents** per share** (2020: 62.71 cents per share)

Interest-bearing borrowings reduced to **R1.7 billion** (2020: R2.3 billion)

Increase in gross profit margin from **10.05% to 12.66%**

* On inclusion of the gross amount generated on "PINless top-ups", prepaid electricity, ticketing and gaming, the effective increase equated to 10% from R59.9 billion to R66.0 billion.

** On exclusion of non-recurring income of R47 million in the current year and extraneous costs of R163 million in the prior year, core headline earnings per share from continuing operations increased by 16% to 81.50 cents per share compared to 70.54 cents per share in the prior year.

Financial Director's report continued

Group results

Core headline earnings for the year ended 31 May 2021 amounted to R788 million, equating to core headline earnings of 89.65 cents per share, of which R763 million related to continuing operations and R25 million to discontinued operations.

Core headline earnings for the prior year amounted to R562 million, equating to 62.71 cents per share, of which R469 million related to continuing operations and R93 million to discontinued operations.

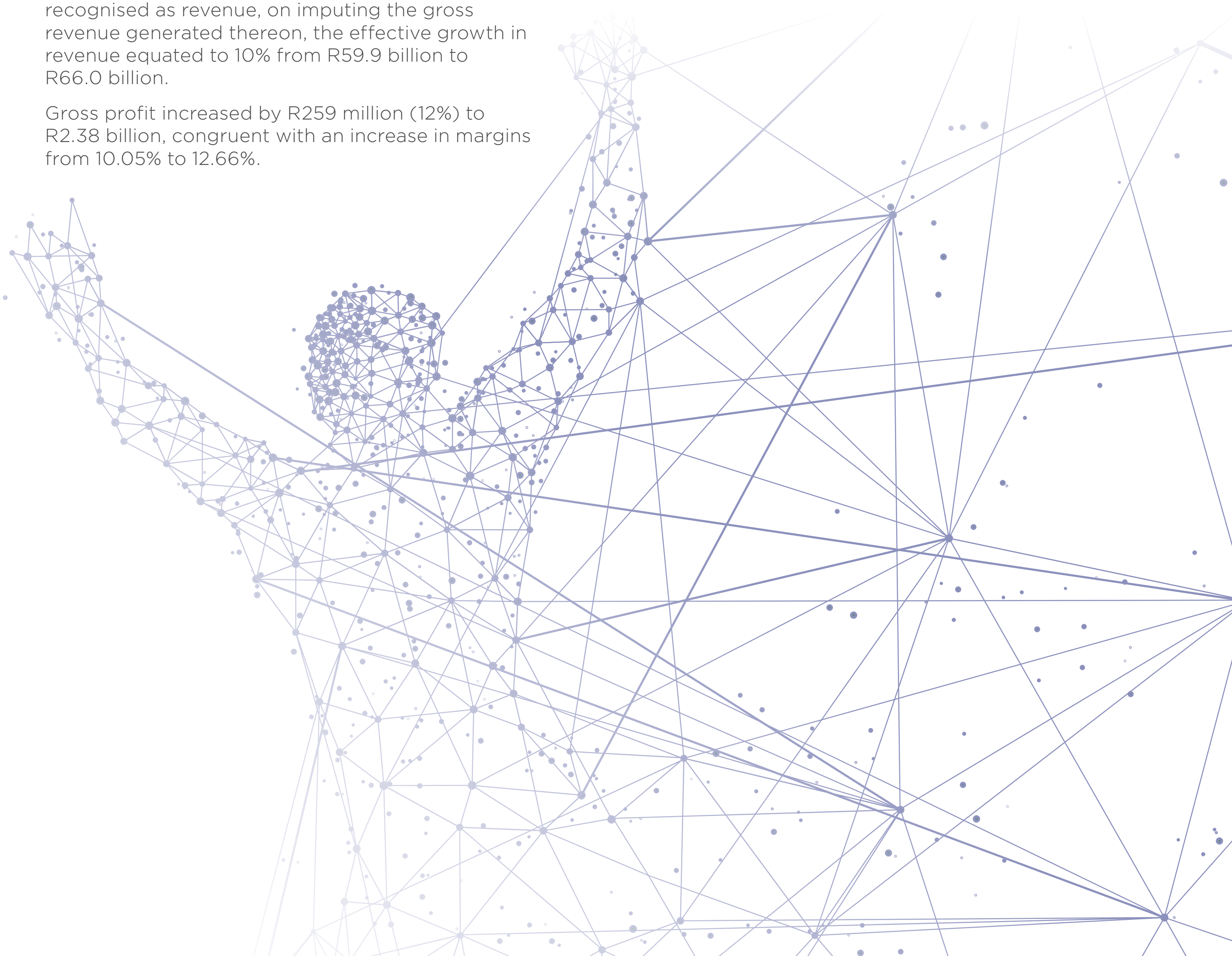
On exclusion of non-recurring income of R47 million in the current year and extraneous costs of R163 million in the prior year, as illustrated in the tables on the following page, core headline earnings from continued operations increased by R84 million from R632 million to R716 million. On exclusion of the items noted in the tables on the following page, core headline earnings per share from continuing operations increased by 16% from 70.54 cents per share in the prior year to 81.50 cents per share.

On exclusion of non-recurring income and extraneous costs in both the current and prior year, earnings per share and headline earnings per share from continued operations increased by 15% to 77.31 cents per share and 17% to 78.01 cents per share respectively.

The financial results of WiConnect in the current year of R25 million, as well as those of Blue Label Mobile, the Handset division of 3G Mobile and WiConnect, totalling R93 million in the prior year, are disclosed in core headline earnings from discontinued operations and are not included in the continuing operations' revenue, gross profit, earnings before interest, tax, depreciation and amortisation (EBITDA), and net profit after taxation.

Revenue generated by the continuing operations within the Group declined by 11% to R18.8 billion. As only the gross profit earned on PINless top-ups, prepaid electricity, ticketing and gaming are recognised as revenue, on imputing the gross revenue generated thereon, the effective growth in revenue equated to 10% from R59.9 billion to R66.0 billion.

Gross profit increased by R259 million (12%) to R2.38 billion, congruent with an increase in margins from 10.05% to 12.66%.



Group income statement

	Group May 2021 R'000	Extraneous income* May 2021 R'000	Remaining May 2021 R'000	Group May 2020 R'000	Extraneous costs** May 2020 R'000	Remaining May 2020 R'000	Growth remaining R'000	Growth remaining %
Revenue	**18 821 290**	—	18 821 290	21 135 326	—	21 135 326	(2 314 036)	(11)
Gross profit	**2 383 254**	—	2 383 254	2 124 611	—	2 124 611	258 643	12
EBITDA	**1 360 273**	131 777	1 228 496	825 364	(387 754)	1 213 118	15 378	1
Share of profits/(losses) from associates and joint ventures	**2 951**	(6 554)	9 505	16 598	—	16 598	(7 093)	(43)
– Blue Label Mexico	**(6 554)**	(6 554)	—	(5 806)	—	(5 806)	5 806	100
– Other	**9 505**	—	9 505	22 404	—	22 404	(12 899)	(58)
Net profit/(loss) from continuing operations	**805 286**	126 175	679 111	226 786	(376 824)	603 610	75 501	13
Core headline earnings	**787 580**	71 663	715 917	562 132	(209 979)	772 111	(56 194)	(7)
– From continuing operations	**762 599**	46 682	715 917	469 113	(163 240)	632 353	83 564	13
– From discontinued operations	**24 981**	24 981	—	93 019	(46 739)	139 758	(139 758)	(100)
Gross profit margin (%)	**12.66**		12.66	10.05		10.05		
EBITDA margin (%)	**7.23**		6.53	3.91		5.74		
Weighted average shares ('000)	**878 463**		878 463	896 409		896 409		
Share performance from continuing operations								
EPS (cents)	**91.67**		77.31	25.30		67.34	9.97	15
HEPS (cents)	**83.32**		78.01	48.73		66.93	11.08	17
Core HEPS (cents)	**86.81**		81.50	52.33		70.54	10.96	16

Financial Director's report continued

* The predominant positive contributions to Group earnings in the current year were attributable to:
- realised foreign exchange gain on the USD20 million liquidity support provided to SPV2[(1)];
- partial recoupment of losses by the Retail division as a result of the closure of the WiConnect stores in the prior year[(2)]; and
- once-off income, including the disposal of the Group's interest in Blue Label Mexico[(3)].

	Extraneous income* May 2021 R'000	Fair value movements[(1)] May 2021 R'000	WiConnect[(2)] May 2021 R'000	Once-offs[(3)] May 2021 R'000
EBITDA	**131 777**	16 009	—	115 768
Net profit from continuing operations	**126 175**	16 961	—	109 214
Core headline earnings	**71 663**	16 961	24 981	29 721
– From continuing operations	**46 682**	16 961	—	29 721
– From discontinued operations	**24 981**	—	24 981	—

** The predominant negative contributions to Group earnings in the prior year were attributable to:
- Fair value downward adjustments of the Glocell loan and an unrealised foreign exchange loss on the USD20 million liquidity support provided to SPV2[(4)];
- Impairments of goodwill relating to Blue Label Connect and a partial impairment relating to Glocell Distribution[(5)];
- Extraneous expenditure within the Retail division as a result of the closure of the WiConnect stores[(6)]; and
- Once-off expenditure and income[(7)].

	Extraneous costs May 2020 R'000	Fair value movements[(4)] May 2020 R'000	Impairments[(5)] May 2020 R'000	WiConnect[(6)] May 2020 R'000	Once-offs[(7)] May 2020 R'000
EBITDA	(387 754)	(115 065)	(213 584)	—	(59 105)
Net profit from continuing operations	(376 824)	(96 481)	(213 584)	—	(66 759)
Core headline earnings	(209 979)	(96 481)	—	(183 773)	70 275
– From continuing operations	(163 240)	(96 481)	—	—	(66 759)
– From discontinued operations	(46 739)	—	—	(183 773)	137 034

On exclusion of the above non-recurring income of R132 million in the current year and extraneous costs of R388 million in the prior year, EBITDA increased by R15 million from R1.21 billion to R1.23 billion.

The anticipated increase in overheads, which included costs attributable to additional headcount and expenditure incurred in order to enhance IT Infrastructure, to escalate the quantum of distribution channels, to enhance capacity in the Customer Interaction Centre and implement value added services (VAS) and financial service strategies, contributed to the limited increase in EBITDA.

The Blue Label Group generated positive cash flows from its trading operations for the year ended 31 May 2021.

Segmental report

Africa distribution

	May 2021 R'000	Extraneous costs[1, 2] May 2021 R'000	Remaining May 2021 R'000	May 2020 R'000	Extraneous costs[4, 5, 6] May 2020 R'000	Remaining May 2020 R'000	Growth remaining R'000	Growth remaining %
Revenue	**18 641 531**	—	18 641 531	20 946 222	–	20 946 222	(2 304 691)	(11)
Gross profit	**2 333 768**	—	2 333 768	2 066 476	–	2 066 476	267 292	13
EBITDA	**1 374 735**	16 009	1 358 726	931 175	(328 649)	1 259 824	98 902	8
Net profit from continuing operations	**820 819**	16 961	803 858	375 952	(310 065)	686 017	117 841	17
Core headline earnings	**880 662**	41 942	838 720	522 976	(280 254)	803 230	35 490	4
– From continuing operations	**855 681**	16 961	838 720	616 564	(96 481)	713 045	125 675	18
– From discontinued operations	**24 981**	24 981	—	(93 588)	(183 773)	90 185	(90 185)	(100)
Gross profit margin (%)	**12.52**		12.52	9.87		9.87		
EBITDA margin (%)	**7.37**		7.29	4.45		6.01		

Refer to page 50 for footnotes (1) to (6).

Revenue generated by the continuing operations within the segment declined by 11% from R20.9 billion to R18.6 billion. As only the gross profit earned on PINless top-ups, prepaid electricity, ticketing and gaming are recognised as revenue, on imputing the gross revenue generated thereon, the effective growth in revenue equated to 10% from R59.7 billion to R65.8 billion.

The Group continues to increase market share and bolster its product and services mix to defend and grow its positions in the market. Gross revenue generated on PINless top-ups increased by R4.2 billion (28%) from R15.0 billion to R19.2 billion.

Net commissions earned on the distribution of prepaid electricity amounted to R282 million. Revenue generated on behalf of the utilities increased by 18% from R22.7 billion to R26.7 billion.

Gross profit increased by R267 million (13%) to R2.33 billion, congruent with an increase in margins from 9.87% to 12.52%.

EBITDA in the current year included non-recurring income of R16 million attributable to the realised foreign exchange gain on the USD20 million SPV2 liquidity support. Extraneous costs in the prior year of R329 million comprised a fair value downward adjustment, an unrealised foreign exchange loss on the USD20 million SPV2 liquidity support, and impairments of goodwill.

Financial Director's report continued

On exclusion of the above non-recurring income and extraneous costs, and despite an anticipated increase in overheads of R127 million, EBITDA increased by R99 million (8%) from R1.26 billion to R1.36 billion.

Core headline earnings from continuing operations of R856 million included the non-recurring income of R17 million pertaining to foreign exchange gains on the USD20 million liquidity support provided to SPV2. The prior year core headline earnings from continuing operations of R617 million included the fair value downward adjustment, net of taxation, to the Glocell loan of R47 million and an unrealised foreign exchange loss on the USD20 million SPV2 liquidity support of R49 million.

On exclusion of the above non-recurring income in the current year and extraneous costs in the prior year, core headline earnings from continuing operations increased by R126 million (18%) from R713 million to R839 million.

Solutions

This segment comprises Datacel, Blue Label Data Solutions (BLDS), the data aggregation and lead generation entity in which the Group owns 81%, and a 50% joint venture shareholding owned by BLDS in I Talk Holdings and I Talk Financial Services, outbound call centre operations.

	May 2021 R'000	May 2020 R'000	Growth remaining R'000	Growth remaining %
Revenue	**179 759**	189 104	(9 345)	(5)
Gross profit	**49 486**	58 135	(8 649)	(15)
EBITDA	**16 746**	40 330	(23 584)	(58)
Share of profits from associates and joint ventures	**5 722**	19 769	(14 047)	(71)
Core headline earnings	**21 411**	40 910	(19 499)	(48)
Gross profit margin (%)	**27.53**	30.74		
EBITDA margin (%)	**9.32**	21.33		

The decline in revenue of 5% to R180 million was attributable to lower demand for aggregated data and lead generations as a result of COVID-19, which negatively impacted the call centre operations.

Gross profit decreased by R9 million (15%) from R58 million to R49 million, congruent with the decline in revenue and margins from 30.74% to 27.53%.

Overheads increased by R15 million primarily attributable to new learnership initiatives, whereby the benefit of is realised by way of income tax savings as a result of the section 12H allowances being claimed for such learnerships. EBITDA declined by R24 million to R17 million.

Of the core headline earnings of R21 million, BLDS accounted for R16 million. I Talk Holdings and I Talk Financial Services generated earnings of R11.5 million, of which the Group's share thereof amounted to R4.6 million. Of the core headline earnings of R41 million in the prior year, BLDS accounted for R24 million. I Talk Holdings generated earnings of R39.6 million, and which the Group's share thereof amounted to R16 million.

Corporate

	May 2021 R'000	Extraneous income May 2021 R'000	Remaining May 2021 R'000	May 2020 R'000	Extraneous costs May 2020 R'000	Remaining May 2020 R'000	Growth remaining R'000	Growth remaining %
EBITDA	**(82 033)**	43 151	(125 184)	(165 615)	(61 865)	(103 750)	(21 434)	(21)
Net loss from continuing operations	**(104 965)**	43 151	(148 116)	(196 150)	(69 519)	(126 631)	(21 485)	(17)
Core headline earnings	**(103 021)**	43 151	(146 172)	(196 150)	(69 519)	(126 631)	(19 541)	(15)

On exclusion of the non-recurring income in the current year and extraneous costs in the prior year pertaining to the liability relating to financial guarantee contracts, the foreign exchange movements in the Oxigen India Group and the accounting implications of the put option for the acquisition of the remaining 40% minority share of Airvantage and AV Technology, the negative contribution to Group core headline earnings increased by R20 million to R146 million. This increase was primarily attributable to management bonuses being accrued in the current year against a zero base in the prior year.

Depreciation and amortisation

Depreciation, amortisation and impairment charges on continuing operations decreased by R0.5 million to R189 million. Of the latter amount, R65 million (2020: R55 million) pertained to depreciation on additional capital expenditure incurred during the year, R29 million (2020: R32 million) to depreciation raised in terms of IFRS 16 – *Leases*, R6 million (2020: R7 million) to impairments and R88 million (2020: R94 million) to the amortisation of intangible assets of which R43 million (2020: R43 million) emanated from purchase price allocations on historical acquisitions.

Net finance costs

Finance costs totalled R132 million comprising interest paid on borrowed funds of R117 million and R9 million on the unwinding on the lease liability in terms of IFRS 16. On a comparative basis, finance costs amounted to R230 million, comprising interest paid on borrowed funds of R203 million, R12 million on the unwinding on the lease liability in terms of IFRS 16 and R8 million on an imputed IFRS interest adjustment.

Finance income totalled R60 million, of which R51 million was for interest received on cash resources and R4 million on loans granted. In the prior year, interest received on cash resources amounted to R63 million, interest on loans granted amounted to R7 million, and the imputed IFRS interest adjustment on credit afforded to customers to R3 million.

Statement of financial position

Total assets increased by R1.1 billion to R11.5 billion, of which non-current assets accounted for R0.5 billion and current assets for R0.6 billion.

Non-current assets included increases in intangible assets and goodwill of R518 million, advances to customers of R121 million and other receivables of R22 million. These increases were offset by decreases in investments in and loans to associates and joint ventures of R134.5 million, financial assets at fair value through profit and loss of R29.5 million, capital expenditure net of depreciation of R4.5 million and right-of-use assets of R29 million.

Of the net increase in intangible assets and goodwill of R518 million, additions to intangible assets amounted to R693 million offset by amortisation of R170 million and disposals of R4 million. Of the total additions to intangible assets, R545 million relates to costs borne by the Group in terms of a subscription income sharing arrangement and R111 million to subscriber acquisition costs.

The net decrease of R134.5 million in investments in and loans to associates and joint ventures comprised the Group's net share of profits totalling R3 million, acquisition of an associate of R5.5 million, net loan increases of R7.4 million, offset by disposal of R127.5 million primarily relating to Blue Label Mexico, its share of the movements in the foreign currency translation reserve amounting to R8.8 million and dividends received of R14 million.

The material net increase in current assets included increases in inventory of R389 million and cash and cash equivalents of R402 million, offset by decreases in trade and other receivables of R178 million.

The stock turn from continuing operations equated to 22 days compared to 11 days for the financial year ended 31 May 2020.

Financial Director's report continued

The debtor's collection period from continuing operations increased to 59 days compared to 57 days for the financial year ended 31 May 2020.

Net profit attributable to equity holders amounted to R831 million, contributing to accumulated capital and reserves of R3.2 billion.

Current liabilities increased by R320 million, comprising an increase in trade and other payables of R1.4 billion. This increase was offset by decreases in financial liabilities at fair value of R366 million, financial guarantee contracts of R95 million and borrowings of R612 million. Average credit terms from continuing operations equating to 116 days compared to 94 days for the financial year ended 31 May 2021.

The decrease in financial liabilities at fair value was primarily due to the liquidity support payment of R331 million (USD20 million) to SPV2 and a foreign exchange movement of R19 million thereon. The decrease in financial guarantee contracts of R95 million was largely due to a settlement of a corporate guarantee of R54 million on behalf of Oxigen Services India, a reduction in the Group's obligations relating thereto amounting to R25 million and foreign exchange movements of R9 million thereon.

Statement of cash flows

Cash generated from trading operations totalled R1.7 billion. Working capital movements comprised an increase in trade payables of R765 million, an increase in advances to customers of R130 million and an increase in inventory of R391 million, offset by a decrease in trade receivables of R172 million. After incurring net finance costs and taxation, net cash generated from operating activities amounted to R1.5 billion.

Net cash flows utilised in investing activities amounted to R246 million, primarily attributable to the liquidity support payment of R331 million (USD20 million) to SPV2, the purchase of intangible assets of R37 million, capital expenditure of R71 million and net loans granted of R20 million. This was offset by cash inflows from the proceeds on disposal of Blue Label Mexico of R191 million, proceeds on disposal of capital assets of R8 million and dividends received from a joint venture of R14 million.

Cash flows utilised in financing activities amounted to R820 million, of which R613 million related to the net decrease in borrowings, R57 million to dividend payments to non-controlling interests, R50 million to lease payments, R54 million to the settlement of a financial guarantee and R44 million to treasury shares acquired.

Cash and cash equivalents accumulated to R2.4 billion at 31 May 2021.

Subsequent events

Glocell Distribution Proprietary Limited

On 29 June 2021, The Prepaid Company acquired the remaining 52% shareholding in Glocell Distribution for a total purchase consideration of R137 million, of which R126 million was discharged by way of a conversion of debt owing by Glocell Proprietary Limited, the owners of 40% of the Company, to The Prepaid Company.

The balance of 12% was acquired by The Prepaid Company for R11 million. Over and above the cost of acquisition of 52% of Glocell Distribution by The Prepaid Company, the latter assumed Glocell Proprietary Limited's obligation of R105 million to Investec Bank Limited.

Banking facilities

Subsequent to year-end, The Prepaid Company renegotiated a further extension of its Investec facility to 30 September 2022, whereby the facility of R1.45 billion was increased by R105 million relating to the Glocell Proprietary Limited facility as referred to above. From December 2021, the exposure to Investec is required to be reduced by R50 million per month, with the balance owing to be no more than R1 billion.

As at 31 May 2021 the Investec facility is disclosed as current borrowings, as the extension to 30 September 2022 was only granted in August 2021.

In August 2021, CEC entered into a debt funding agreement with Investec. Its mezzanine facility with Investec was due to expire on 31 August 2021 but has been extended to 31 March 2022.

As at 31 May 2021 CEC's debt facility was disclosed as current borrowings, as the extension to 31 March 2022 was only granted in August 2021.

Airvantage and AV Technology put obligations

In October 2020, the minority shareholders of Airvantage Proprietary Limited (Airvantage) and AV Technology Limited (AV Tech) exercised their rights to put their 40% shareholding therein to Blue Label Telecoms (BLT), in line with the initial agreements that were concluded between the parties in 2017. The purchase consideration under the put options, as determined by the parties in December 2020, for the 40% shareholdings in Airvantage and AV Tech, amounted to R152 million and USD4.6 million respectively (purchase price).

In February 2021, the parties concluded an agreement legislating for a deferral of the purchase price payable to the minority shareholders of Airvantage and the minority shareholder of AV Tech from 31 December 2020 to 31 March 2021, with subsequent extensions being granted, payable in six equal monthly instalments, inclusive of interest, commencing on 30 November 2021.

If Cell C Limited is able to pass a solvency and liquidity test, the primary obligation in respect of the put options can be transferred to Digital Ecosystems Proprietary Limited (DE), formerly Blue Label Mobile Proprietary Limited, in terms of the agreement concluded with it in September 2019.

An agreement between BLT and DE was reached in August 2021, whereby the parties agreed that BLT's primary obligations to the minority shareholders will be transferred to DE ahead of any Cell C test in respect of its solvency and liquidity. This agreement is subject to the fulfilment of certain conditions precedent.

If, however, Cell C is unable to pass the solvency and liquidity test in the future, the primary obligation in respect of the put options may revert back to BLT.

Recapitalisation facility

On 26 August 2021, The Prepaid Company Proprietary Limited, a wholly owned subsidiary of Blue Label and a shareholder of 45% of the issued share capital of Cell C Limited, has concluded a term sheet for an Airtime Purchase transaction with Investec Bank Limited, First Rand Bank Limited (acting through its Rand Merchant Bank division) and other financiers, the proceeds of which are intended to be utilised for the recapitalisation of Cell C. This arrangement is subject to the conclusion of all legal documentation and fulfilment of all condition's precedent under such legal documentation.

Dividend

The Board of Directors has elected not to declare a dividend.

Appreciation

We are thankful to all our staff members who have adapted to new ways of working during these unprecedented times and continue to contribute to the Group's performance. The Board of Blue Label wishes to express its appreciation to its suppliers, customers and business partners for their continued support and commitment to the Group.

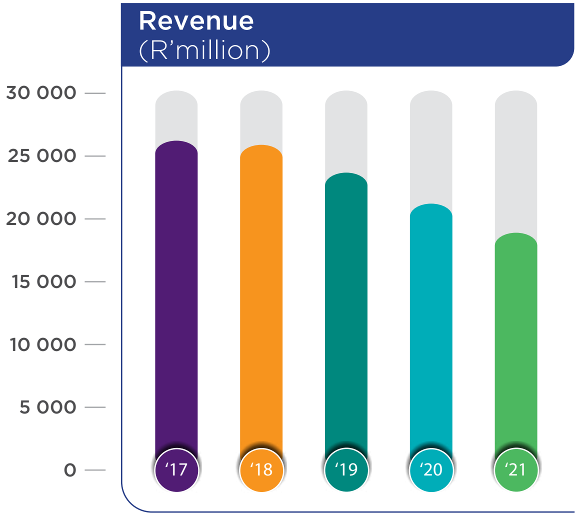
DA Suntup *CA(SA)*
Financial Director

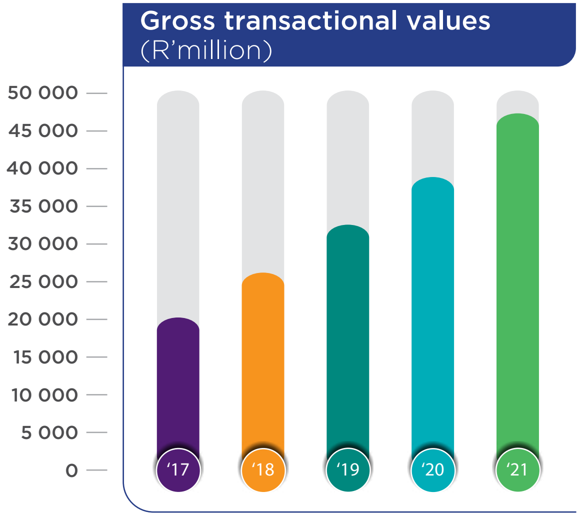
27 September 2021

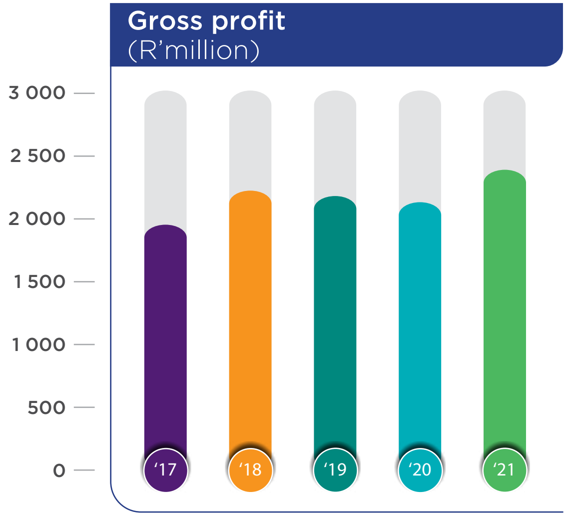
Ten-year review

	2021 R'000	2020 R'000	2019 R'000	2018 R'000	2017 R'000	2016 R'000	2015 R'000	2014 R'000	2013 R'000	2012[1] R'000
Revenue	**18 821 290**	21 135 326	23 602 264	26 734 249	26 469 581	26 204 722	22 044 222	19 401 666	18 984 210	18 722 080
Gross profit	**2 383 254**	2 124 611	2 173 686	2 282 092	2 129 000	1 829 694	1 644 340	1 349 534	1 271 245	1 208 077
Gross profit (%)	**12.66**	10.05	9.21	8.54	8.04	6.98	7.46	6.96	6.70	6.45
EBIT	**1 171 390[2]**	636 050[2]	86 845	1 097 549	1 174 890	1 142 376	986 146	722 856	645 671	643 828
EBITDA	**1 360 273[2]**	825 364[2]	257 300	1 340 153	1 287 741	1 240 559	1 080 165	787 993	713 622	735 385
Net profit from continuing operations attributable to the parent	**805 286[2]**	226 786[2]	(6 672 923)	1 122 085	781 254	691 590	577 617	450 230	424 841	438 104
Cash generated from/(utilised in) operating activities	**1 468 042**	1 256 825	(80 514)	3 188 144	1 361 959	432 942	132 495	907 332	(439 794)	528 109
Cash and cash equivalents	**2 417 207**	2 014 725	1 377 753	947 888	1 350 666	589 027	788 411	1 184 131	941 282	1 975 242
Capital expenditure	**107 918**	170 523	209 959	102 823	113 280	127 131	178 684	149 089	291 605	164 485
Ratios										
EPS (cents)	**94.55**	13.89	(727.81)	131.13	114.13	103.85	86.86	67.88	64.22	61.87
HEPS (cents)	**86.16**	58.16	(312.49)	130.44	114.19	100.35	82.26	67.98	64.17	64.65
Core HEPS (cents)	**89.65**	62.71	(304.77)	135.62	116.24	102.85	85.11	69.54	66.08	67.15
NAV per share (cents)	**350.05**	267.13	259.31	988.70	730.63	662.32	578.87	524.40	480.77	432.08
Dividends declared per share (cents)	**–**	–	–	–	40*	36*	31*	27*	25*	23*
Dividend cover on headline earnings	**–**	–	–	–	2.23	2.75	2.62	2.48	2.52	2.95
Number of employees at year-end – subsidiaries	**2 505[3]**	922	1 111	874	796	776	1 305	1 176	1 112	1 216

* Gross ordinary dividend.
[1] Includes a once-off income receipt of R79.4 million.
[2] Refer to Financial Director's report for non-recurring income in FY2021 and extraneous costs in FY2020 included in EBITDA, EBIT and net profit attributable to the parent.
[3] The largest contributor to the growth in employees was due to appointments at semiskilled level.


Revenue
(R'million)
30 000
25 000
20 000
15 000
10 000
5 000
0
'17
'18
'19
'20
'21


Gross transactional values
(R'million)
50 000
45 000
40 000
35 000
30 000
25 000
20 000
15 000
10 000
5 000
0
'17
'18
'19
'20
'21

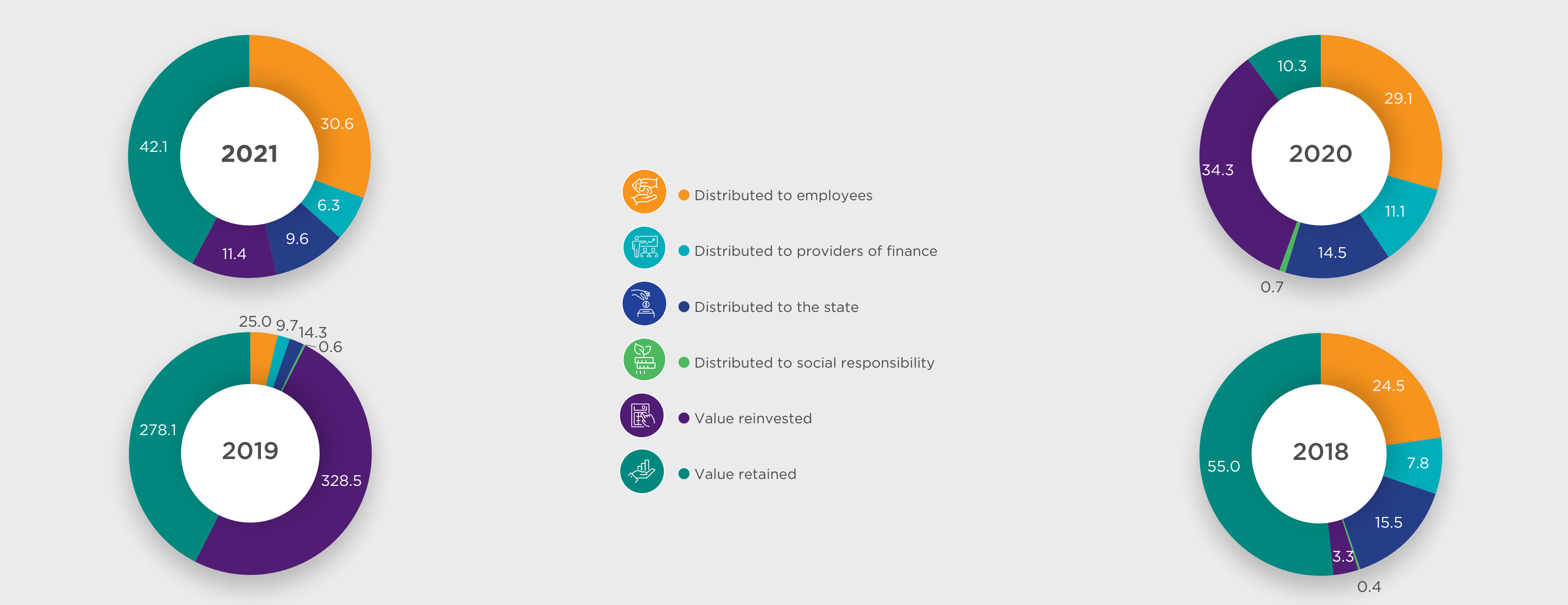

Gross profit
(R'million)
3 000
2 500
2 000
1 500
1 000
500
0
'17
'18
'19
'20
'21

Value-added statement

	2021* R'000	2021* %	2020* R'000	2020* %	2019* R'000	2019* %	2018 R'000	2018 %
VALUE ADDED								
Value added by operating activities	**2 036 798**	**97.2**	2 029 637	95.5	2 284 291	95.9	1 945 220	91.0
Revenue	**18 864 344**		23 312 162		25 869 433		26 734 249	
Net operating expenses	**(16 827 546)**		(21 282 525)		(23 585 142)		(24 789 029)	
Value added by investing activities	**59 719**	**2.8**	95 761	4.5	96 809	4.1	191 826	9.0
Interest income	**59 719**		95 761		96 809		191 826	
	2 096 516	**100**	2 125 398	100	2 381 100	100	2 137 046	100
VALUE DISTRIBUTED								
Distributed to employees	**637 387**	**30.4**	619 167	29.1	594 183	25.0	524 187	24.5
Salaries, wages, medical and other benefits	**637 387**		619 167		594 183		524 187	
Distributed to providers of finance	**131 949**	**6.3**	236 186	11.1	231 132	9.7	166 613	7.8
Finance costs	**131 949**		236 186		231 132		166 613	
Distributed to the state	**200 013**	**9.5**	307 388	14.5	339 670	14.3	330 920	15.5
Income tax	**200 013**		307 388		339 670		330 920	
Distributed to social responsibility	**12 052**	**0.6**	14 584	0.7	15 339	0.6	9 287	0.4
Corporate social investment	**12 052**		14 584		15 339		9 287	
Value reinvested	**237 101**	**11.3**	728 968	34.3	7 822 972	328.5	(69 731)	(3.3)
Depreciation, amortisation and impairment	**181 113**		750 754		4 134 181		314 197	
Share of (profits)/losses of associates and joint ventures	**(2 951)**		(13 640)		3 701 410		(520 628)	
Deferred taxation	**58 939**		(8 146)		(24 548)		149	
Value retained	**878 015**	**41.9**	219 105	10.3	(6 622 196)	(278.1)	1 175 770	55.0
Retained profit	**830 607**		124 481		(6 646 383)		1 122 085	
Minority shareholders' interest	**47 408**		94 624		24 187		53 685	
	2 096 516	**100**	2 125 398	100	2 381 100	100	2 137 046	100

* The value added statement has been prepared based on the results of both the continuing and discontinued operations of the Group. Refer to note 11 of the Group annual financial statements for details of discontinued operations.

Value distribution (%)



Operational reviews

The Group's strategic intent is to go 'back to basics', improving efficiencies and focusing on our core services and geographies, and to improve cash generation to deliver returns to shareholders.

The review that follows provides detail on the operating activities of the Group's segments:

Africa distribution

Overview

Africa distribution's purpose:
To enable the fulfilment and upliftment of people in South Africa by being the leading distributor, providing a wide range of value-added products, services, and solutions, which we are continually enhancing and growing through ever expanding and convenient channels.

COVID-19 pandemic had a notable impact on many of our merchants and consumers. In addition, changes in consumer purchasing behaviour, which included a rapid adoption of digital channels at the onset of the pandemic, remains intact and we foresee that the trend will continue into the new financial year.

We have enhanced our customer value proposition by improving and expanding our customer interaction centre, which will enhance our informal market segment going forward.

Financial performance

Revenue generated by the continuing operations within the Africa Distribution segment declined by 11% from R20.9 billion to R18.6 billion. As only the gross profit earned on PINless top-ups, prepaid electricity, ticketing and gaming are recognised as revenue, on imputing the gross revenue generated thereon, the effective growth in revenue equated to 10% from R59.7 billion to R65.8 billion.

The Group continues to increase market share and bolster its product and services mix to defend and grow its positions in the market. Gross revenue generated on PINless top-ups increased by R4.2 billion (28%) from R15.0 billion to R19.2 billion.

Net commissions earned on the distribution of prepaid electricity amounted to R282 million. Revenue generated on behalf of the utilities increased by 18% from R22.7 billion to R26.7 billion.

Gross profit increased by R267 million (13%) to R2.33 billion, congruent with an increase in margins from 9.87% to 12.52%.

EBITDA in the current year included non-recurring income of R16 million attributable to the realised foreign exchange gain on the USD20 million SPV2 liquidity support. Extraneous costs in the prior year of R329 million comprised a fair value downward adjustment, an unrealised foreign exchange loss on the USD20 million SPV2 liquidity support, and impairments of goodwill.

On exclusion of the above non-recurring income and extraneous costs, and despite an anticipated increase in overheads of R127 million, EBITDA increased by R99 million (8%) from R1.26 billion to R1.36 billion.

Core headline earnings from continuing operations of R856 million included the non-recurring income of R17 million pertaining to foreign exchange gains on the USD20 million liquidity support provided to SPV2. The prior year core headline earnings from continuing operations of R617 million included the fair value downward adjustment, net of taxation, to the Glocell loan of R47 million and an unrealised foreign exchange loss on the USD20 million SPV2 liquidity support of R49 million.

On exclusion of the above non-recurring income in the current year and extraneous costs in the prior year, core headline earnings from continuing operations increased by R126 million (18%) from R713 million to R839 million.

The Prepaid Company (TPC)

TPC is the leading distributor of prepaid airtime, data, and starter packs on behalf of the main South African mobile network operators. Relationships with each of the network operators are crucial to the success of the business.

TPC is responsible for supplier agreements and procurement on behalf of the Group. These include wholesale and community sales, starter packs, handsets, tablets, and the fulfilment of bulk airtime printing capabilities to its merchants. The wholesale market is declining annually as customers shift their buying patterns from traditional airtime purchases to PINless top-ups. The COVID-19 pandemic accelerated this process. From an internal perspective, much of TPC's traditional formal retail customer base is now being managed by Blue Label Distribution (BLD) as the Group focuses on customer centricity.

The prepaid SIM market remains under pressure due to saturated market conditions and subscriber churn. We nevertheless continue our efforts to acquire new subscribers through strategic partnerships, focusing on direct-to-consumer activation and the rural landscapes within South Africa.

TPC's approach is to refine efficiencies, increase gross profit margins, and to assist BLD in expanding its informal market channel by specifically concentrating on community channels, stokvel groups, churches, and BLD's hub and spoke strategy. Our ability to design bespoke, value-for-money incentivisation products for these communities decreases churn.

TPC is pursuing a complete digital transformation of the wholesale model, with emphasis on a direct-to-consumer business model, to capitalise on the PINless offering.

Blue Label Distribution (BLD)

BLD provides electronic products and services throughout South Africa through its extensive distribution channels. These encompass but are not limited to, banks, retailers, spaza shops, informal traders, and petroleum forecourts. We aim to stimulate and contribute to financial inclusion by providing convenient digital transacting solutions to all.

Our technology provides our customer base with an efficient and user-friendly interface, enabling the sale of products and services through the integration of various hardware solutions. These devices and integrations allow for the continued growth of an ever expanding base of products, as well as functionality that is constantly refined to empower traders into the future.

BLD is firmly committed to the upskilling and competence development of its trading base. With each device placement, traders and staff are trained and allocated fit-for-purpose marketing material aligned to their chosen product set, supporting trader revenue growth.

We are committed to customer service. With a full line of sight of the challenges that they face, we continue to address such challenges on an ongoing basis through our insourced Customer Interaction Centre. This Centre provides intelligent analysis of trading patterns and usage, allowing us to identify further opportunities for growth. The business unit will capitalise on the advanced technical platforms provided by our information technology division that embed Blue Label's entrepreneurial culture and agile practices and improve our ability to execute strategic growth objectives. Increased scale and agility allow for delivery across multiple channels while expanding our base of customers. This enables us to continue offering additional products and services more rapidly. BLD continues to drive a growth mindset while remaining true to our customer-centric approach.

Ticketpro

Ticketpro offers unique and specialised services in eventing, sport, and transport in South Africa. This division enhances Blue Label's ability to secure distribution contracts by offering customers access to exclusive transport services, sporting events and entertainment as a way of boosting foot traffic to their online platforms.

Although Ticketpro has been negatively affected by the COVID-19 restrictions on in-person events, it has launched an online streaming events platform, COVID Zero, to maintain relevance and provide artists and fans with a platform to safely share and enjoy such content. COVID Zero empowers entertainers and raises funds for charities to provide less fortunate South Africans with face masks, hand sanitisers, and food parcels. It has utilised this quiet period to rebuild and develop new and improved systems and infrastructure, including a state of the art event ticketing platform.

Sporting and other events have been cancelled until further notice and it is estimated that these types of events will only reopen at a micro level later in 2021 or early 2022, at full scale once the vaccine rollout is fully completed. While we cannot predict how long the pandemic will endure, Ticketpro's improved platform and the new products and services available positions us to make the most of our current opportunities.

Operational reviews continued

Cigicell

Cigicell provides municipalities in South Africa with revenue collection and revenue assurance solutions.

It is the leading distributor of prepaid electricity and water tokens in South Africa. In addition, it provides municipal customers the facility to pay their rates and taxes and traffic fine accounts via convenient retail and banking channels. Cigicell also offers financially distressed municipalities across South Africa a revenue assurance ecosystem, which encompasses a variety of solutions. These include debt funding and funding of metering infrastructure requirements. Cigicell prides itself on an efficient treasury function to support its projects on a national basis.

Municipalities are confident that Cigicell provides the best advice available and trust us to collect, protect, and enhance their revenue. Cigicell employs local semi-skilled and skilled people in the targeted municipalities, positively impacting the local economy. The organisation is continually advancing its business processes, software and hardware to complement its processes, focusing on efficiency, sustainability, and scalability.

Local government clients benefit from a risk-free arrangement with Cigicell. The model assumes all the risk by investing its own resources and processes as it is only remunerated once its revenue collection initiatives are successful according to pre-determined success measures based on historic collections.

Visual Revenue Management (VRM), a business unit within Cigicell, oversees the strategic planning, implementation and evaluation of municipal services, including data integrity and verifications, credit control and stock collections, and indigent registrations to ultimately integrate and optimise revenue management within the Cigicell Group. VRM is also a well-known service for TID rollovers as municipalities pursue to achieve the national completion date of end-2024 for this programme. It oversees and adds value to the strategic planning and coordinates project execution between role-players for electricity infrastructures, assisting to enhance electricity network stability.

Cigicel has introduced Unipay, a new product offering which drives meaningful growth in the digital bill payment environment. This solution not only offers both large and small power users the ability to pay their bills online, but will also afford any consumer the ability to digitally pay any of their post-paid bills conveniently and securely.

Comm Equipment Company (CEC)

CEC specialises in financing by way of product-based lending to its clients, enabling them to provide contract products to their customers. CEC's clients are thus able to focus on their core business and to utilise their own resources to enhance their businesses.

Over the past 18 months, CEC has conceptualised and implemented Project Boston, an arrangement between it and Cell C in order to facilitate Cell C's operation of its post-paid base. As a result of this implementation, CEC is now focused not only on device and product financing but also on the operational running and success of the post-paid cellular business, in conjunction with Cell C.

Cell C has concluded an agreement with CEC for managed services support for a range of back-office functions relating to the servicing of the post-paid base. CEC performs certain services itself and has subcontracted the balance to a subsidiary of Vodacom. The rationale behind this is to reduce Cell C's overheads by leveraging Vodacom scale and expertise. CEC performs these services in exchange for a share of the postpaid revenue charged to the base and is proving to be a mutually beneficial relationship.

This project has also rewritten the way in which CEC funds handsets to Cell C subscribers with the bad debt risk being assumed by CEC. The risk of bad debt is to a large extent mitigated through the guidance of the credit specialists from BluNova, the insights and experience of the Vodacom collections team and overall data-driven approach to the post-paid business.

Aside from monitoring bad debt and churn, CEC is also focused on several other key drivers, including subscriber acquisition and retention. It is addressing each of these facets through various mechanisms, including a differentiated and data-led product strategy, distinct post-paid marketing initiatives and direct sales channels for post-paid contracts.

CEC intends to capitalise on the positive customer satisfaction scores that Cell C has recently achieved, by reshaping post-paid product offerings and creating added value for consumers. In line with its commitment to innovative added value, CEC has recently launched Striide, a wellness solution offering fitness equipment to its customers on a unique rental model.

Glocell Distribution

Glocell Distribution specialises in the distribution of starter packs through its established channels, complimenting the Group's distribution strategy.

Blu Label Connect (BLC)

BLC distributes tailor-made hybrid top-up airtime and data contracts on behalf of all the major South African cellular network operators. These contracts comprise either a SIM-only package or a hybrid of airtime bundled with mobile phones, tablets, and accessories.

BLC, through its over-the-air mobile platform, enables its partners to extend their customers' offerings into the digital space to maximise customer convenience. Its cost-effective mobile platforms enable customers to purchase its products and services using their mobile phones.

Transaction Junction (TJ)

TJ is the foremost bank-independent payment services provider (PSP) in southern Africa, processing more than two billion transactions per annum.

TJ displayed remarkable resilience during the year, despite the significant impact of the lockdown on retailers. Its diversification strategy is built on an innovative in-house technology platform that leverages digital channels, opening the platform to multiple parties, promoting access for FinTech and innovation while allowing the company to deliver multiple bespoke solutions, at scale, across several retail segments. TJ's success has continued to enhance its reputation in the banking sector, resulting in its solutions being certified across the five dominant retail banks in the country. Its proprietary technology layer protects it from external supplier constraints or rand/dollar exchange fluctuations enabling agile, flexible approaches to accommodate client and internal business strategies.

TJ's technology and ubiquitous omnichannel retail strategies provide a comprehensive omnichannel payment service layer to service all customers' digital needs.

Blu Nova

BluNova has become a leading practitioner of data and decision science in South Africa. Its state of the art decision engine supplies intelligent data leads and has assisted in securing additional business for the Group, utilising market and behavioural data generated internally by Blue Label.

BluNOVA is advancing the development of capabilities in credit scoring, customer value management campaigning, lead generation and digital marketing.

Operational reviews continued

Mobile network operator Cell C is being reshaped into a competitive, fit-for-purpose entity. Its turnaround strategy is yielding improved financial performance, laying a firm foundation for change as the telco aims to transition to a techno by 2024.

Cell C

Performance snapshot

Cell C continues to work proactively with all its stakeholders to improve its liquidity, debt profile and long-term competitiveness as part of its turnaround strategy. The turnaround strategy is having a positive impact in stabilising the business and there is an improvement in the quality of earnings as the mobile operator becomes a lean, agile, and highly responsive entity. The following three pillars guide the road to long-term profitability:

- A liquidity platform manages cashflow in the business and to see Cell C through the recapitalisation process.
- The network strategy involves strengthening its position as a wholesale buyer and aggregator of network capacity with a quality network. Cell C is deploying an asset-light network infrastructure and through this acquisition of capacity from MTN, Cell C will have access to more than 12 500 4G/LTE ready sites for its prepaid and MVNO customers across the country, with completion scheduled for late 2023.
- As part of its operational rationalisation, the company is moving away from a focus purely on revenue and subscriber growth, instead building profitable, long-term growth. The key performance areas include cost containment and a change in the operating model from building, owning and operating all functions to focused investment, partnering and an acquiring of services.

Please click here https://www.bluelabeltelecoms.co.za/pdf/cell-c/2020/cell-c-20210421-fy-2020-results-presentation-webcast-version-final.pdf to access Cell C's results presentation for the year ended 31 December 2020.

The focused company strategy and correctly capitalised balance sheet will lead to better asset-optimisation. The South African mobile market is in a mature phase – the long-term growth of the industry in general, and players such as Cell C in particular, will be determined by the ability to deliver innovative service offerings while assessing over-investment in capital hungry infrastructure.

The network model which Cell C is pursuing will significantly reduce network expenses, along with the need for capital expenditure, allowing the company to be profitable, accessing best-in-class infrastructure, benefitting from scale and being able to pass on value to customers. It plans to leverage its telco platform to innovate on products and services and improve digital inclusion.

The new leadership team is focused on turning the company into a profitable, innovative player in the local telecommunications industry, and as part of its rejuvenation, Cell C is transitioning into a digital lifestyle company.

Solutions

Blue Label Data Solutions (BLDS) and ITalk Holdings

BLDS is one of the market leaders in consumer data, big data, validation, verification, cleansing of data, and lead generation. It is accredited by the Direct Marketing Association of South Africa, of which it is a founding member.

The business supplies in excess of 150 000 qualified hot leads on a monthly basis to 24 different call centres across multiple products and clients. Its major differentiator is the quality, contractability, reliability and compliance of its data. It also utilises various analytical companies to enhance its data while performing quarterly updates on its entire database.

iTalk Holdings, the call centre operation, had a difficult year from a financial performance perspective, due to the call centre limitations imposed by lockdown regulations. However, its enhanced operations and business model will ensure improved, sustainable long-term growth. A more diverse number of campaigns allow for a blended revenue structure going forward, and as the lockdown restrictions eased iTalk established additional dial-in seats available to ramp up sales volumes with its campaign partners.

Its recent offering, namely iTalk2U, is a safe and secure web-based application that was developed during the COVID-19 pandemic, when unemployment rates increased and working remotely predominantly became the norm. iTalk2U is a decentralised sales platform that allows employees or part-time contractors to execute sales online and earn a commission per sale while working from home. The aim of iTalk2U is to provide an employment solution that empowers the people of South Africa staying ahead of the 4IR trend and it is an industry leader in this space.

iTalk2U is currently establishing training centres country wide. By attending the training centre, the call centre agent will receive access to a computer and internet, simultaneous to the assessment of such agent's capabilities. Once the agents earn income, they will be in a position to purchase their own hardware that will allow them to work offsite. Residents in poorer communities will be afforded an entrepreneurship opportunity in the form of their own start-up of a mini call centre.

While COVID-19 proved extremely disruptive to iTalk's business model, its innovation with the iTalk2U solution and other measures positions it to take advantage of international business opportunities.

The iTalk2U platform will be improved on an ongoing basis. Focus on agent training will encompass professional skills that assist them to become better call centre agents as well as budgeting techniques and other personal skills. The system will have an interactive rewards programme in place that will afford agents to purchase online products such as airtime, data and electricity through the platform.

In addition, "Blue Train", a recently established business, has been created to assist in solving South Africa's large youth unemployment rate by employing and training approximately 3 600 unemployed youth over the next year. Its training facility has the capability of accommodating up to 2 000 trainees per month.

Financial performance

The decline in revenue of 5% to R180 million was attributable to lower demand for aggregated data and lead generations as a result of COVID-19, which negatively impacted the call centre operations.

Gross profit decreased by R9 million (15%) from R58 million to R49 million, congruent with the decline in revenue and margins from 30.74% to 27.53%.

Overheads increased by R15 million primarily attributable to new learnership initiatives, whereby the benefit of is realised by way of income tax savings as a result of the section 12H allowances being claimed for such learnerships. EBITDA declined by R24 million to R17 million.

Of the core headline earnings of R21 million, BLDS accounted for R16 million. iTalk Holdings and iTalk Financial Services generated earnings of R11.5 million, of which the Group's share thereof amounted to R4.6 million.

Of the core headline earnings of R41 million in the prior year, BLDS accounted for R24 million. iTalk Holdings generated earnings of R39.6 million, and which the Group's share thereof amounted to R16 million.

Human capital

Our people are the heart of who we are and are a strategic pillar within Blue Label. We enhance our corporate culture and leadership skill by nurturing a growth mindset that allows our employees, #teamblu, to be part of the Blue Label dream: creating an inclusive business with and for the communities we serve. Our adapted human capital activities allow everyone to thrive and advance their individual careers while excelling and succeeding together as an organisation.

This year was especially challenging. We navigated COVID-19 together with our line managers and employees, while remaining customer focused and keeping in touch with the challenges our communities are facing. Our preparation for and transition to working from home took place speedily. While we noticed an increase in productivity, we are aware that our employees had to continue to juggle home life and work simultaneously. Our people-first approach, combined with our strong all-in culture, enabled us to meet the need of our employees, consumers and customers.

Objectives for the year

We had several primary focus areas during 2021 financial year:

1. Enhance every step of the employee journey to attract, retain, develop and reward high-calibre employees.
2. Implement a standard succession management process that allows all employees to grow and advance that ensures leadership continuity.
3. Cultivate a healthy and high-performance culture where employees engage in meaningful work while working in a remote office and ever-changing environment.
4. Equip inspirational leaders who will guide the execution of market demand and strategies.

It is important that we retain talent and ensure our employees feel safe, empowered to overcome their vulnerabilities, and confident to engage with us.

Leading through a strong value driven corporate culture

A values-based culture is powerful, as it drives employee engagement, organisational performance, customer satisfaction and loyalty. At Blue Label, our values inform every aspect of our operations and corporate identity. We lead our people and communities by continuously strengthening our culture with values and rituals.

During this challenging year, we worked with Blue Label's management teams to bolster accountability and innovation. We implemented processes that reinforce values-based behaviours and decision-making:

- Our **leadership development programme** focused on developing the leader within.
- Our **success management programme** helps us follow a basic pattern of beliefs that can be measured.
- Our **engagement strategy** creates job security for our teams and limits the impact of COVID-19.
- Our **people planning process** identified individual needs and gave focus to individual development plans.

Efforts to maintain a strong, healthy culture will fail without leaders' support and alignment. Our human capital division assisted Blue Label's leaders, managers, and employees practically by:

- Etching Blue Label's values into the Group's corporate culture. The launch of the WeLead programme supports this cause while building leadership competency. We also reward the right behaviour through our rewards and recognition programme.
- Igniting an innovative mindset across the Group by engaging employees in the What's The Bright Idea (WTBI) competition.
- Staying connected and informed by communicating with the right audience at the right time.
- Inspiring employees with the CEO's message and drawing attention to this through social media.
- Driving employee engagement through hangout opportunities.
- Combining the efforts of the Transformation and Human Capital teams to create an ecosystem that benefits the community, youth, and the unemployed, with commercial benefit as an added value.
- Building a future-fit organisation that drives an accountable culture, productivity, and results. In collaboration with the leadership of Transaction Junction and Africa Distribution, we built processes to accelerate delivery and structured the business to drive and comply with these processes.

Attracting, retaining, developing and rewarding talent to build future succession

We prioritised keeping our employees engaged and safe, and building programmes that allowed us to maintain high retention levels:

- Upskill internal staff to recruit employees directly instead of relying on talent agencies, thereby driving productivity and reducing cost.
- Build an employee value proposition and actively promote Blue Label Telecoms and Careers on social media to attract top talent.
- Offer employees new benefits that support stress management and work life balance.
- Design a full communication and engagement strategy and programme that allows employees to fraternise while working apart, encouraging a happier and more empowered workforce.
- Implement a formal quarterly reward and recognition programme that recognises good performance as well as behaviours to encourage inclusivity.
- Implement an innovation programme to promote new initiatives and suggestions that can increase efficiencies or revenue.
- Identify skills gaps during people planning sessions including fast tracking of high potential individuals and building leaders for the future.
- Source leadership programmes for accelerated development that will transform high potential individuals into future leaders.
- Adapt processes to be scalable and fit for purpose in an agile and entrepreneurial environment.

Employee engagement

FY2021 was a challenging year for us, as Blue Label is a high-touch organisation where employees thrive on seeing each other and face-to-face meetings drive our human capital approach.

However, our robust communication and engagement plan provided employees access to all necessary and important information while allowing them to stay connected with management and colleagues. Virtual hangout sessions connected leaders with their teams while people are working from home and kept employees engaged.

We fully understood the strain some of our employees were under and we gave extra focus and attention to financial, physical, mental, and nutritional wellbeing in our interactions and workshops.

Employee engagement survey

The Blue Label Telecoms engagement survey, in which more than 70% of our workforce participated, indicated that we achieved an above-average weighted score. It showed that our employees are resilient and over 70% are content at work.

There is always room for improvement as the lower-scoring elements assist in informing our FY2022 planning. We will keep enhancing the employee growth path and having meaningful career conversations, while ensuring that performance is managed effectively.

Employee retention

We maintained an employee retention rate of 91%, higher than the 81% market average, despite the ongoing impacts of COVID-19 and the decision to not implement salary increases last year. We attribute this achievement to higher engagement, following our Employee Value Proposition (EVP) campaign, #teamblu, and our improved talent management and people planning practices.

Labour turnover (LTO) for the Group, calculated based on the number of new staff members and terminations relative to total employee headcount, was 27.03% for the year, higher than the 11.5% market norm after COVID-19. Our turnover consisted of voluntary LTO at 22.48%, largely due to the difficult market conditions' impacting on the call centre environment and employees subsequently absconding. Involuntary LTO was 4.8% as a result of restructuring, management of poor performance and the end of fixed term contracts (including learnerships) for the period.

As we face increasing competition for the best talent from local and international organisations, a core part of our strategy is to maintain a high level of employee engagement and ensure that employees resonate with our culture. This shifts us beyond mere compensation-based competition.

Valuing our talent

Positioning BLT as an employer of choice

We used social media to attract and retain talent within the organisation by positioning BLT as an employer of choice. Our initiatives included:

- implementing a #Happinessisblu campaign, encouraging our employees to tag #Teamblu in posts that show who we are as an organisation.
- identifying and training influencers inside the organisation to post about who we are, our products and how we impact the communities around us.
- creating a LinkedIn life page directly linked to our BLT LinkedIn page, increasing engagement on this platform. The page focuses on celebrating our talent and showcasing BLT's innovative and entrepreneurial culture.

Human capital continued

Employee benefits

The Group offers several employee benefits, including an employee assistance programme, group life insurance (including a life policy and severe illness, disability and funeral cover), medical aid through Discovery Health, and a provident fund through Destiny Retirement Fund. The costs of medical aid and the provident fund are included in the total cost to company of employees, while the cost of the Group life benefit and the employee assistance programme is borne by the respective Blue Label operating company. We also introduced further benefits outside of fixed remuneration to increase our competitiveness in the marketplace.

Transformation and compliance

Transformation and compliance are important to us. Our Transformation and Human Capital teams joined forces to secure top equity talent and evolve our business models further. The goal is to create alignment to our objectives while building a shared values mindset. We intend to deliver sustainable practices to enhance and grow our social and economic footprint as we improve financial performance by aligning to the following UN SDGs:

Equity representation

We saw an improvement in equity representation at a Group level following the success management process and people planning engagements. We will continue to develop female and black talent.

Year-on-year change in representation

196% African male representation*

433% African female representation*

48% Coloured male representation

82% Coloured female representation

38% Indian male representation

17% Indian female representation

* Largest contributor to growth in African male and African female categories were due to appointment at semiskilled and unskilled level.

Talent development remains an effective enhancer of diversity and inclusion

74% Promotions were awarded to Economic Active Population (EAP) employees

45% Promotions awarded to African employees

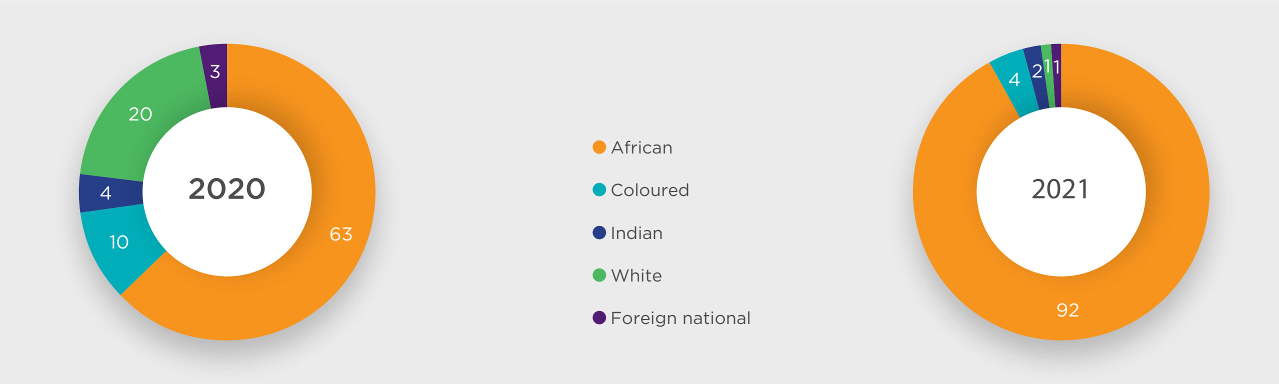
39% Promotions awarded to females

6% Promotions were awarded to EAP candidates at Senior Management level

We focused on improving our diversity when recruiting new skills and capabilities. This resulted in an overall 11% increase in new appointments of equity talent over the prior year, excluding new appointments for learnerships.

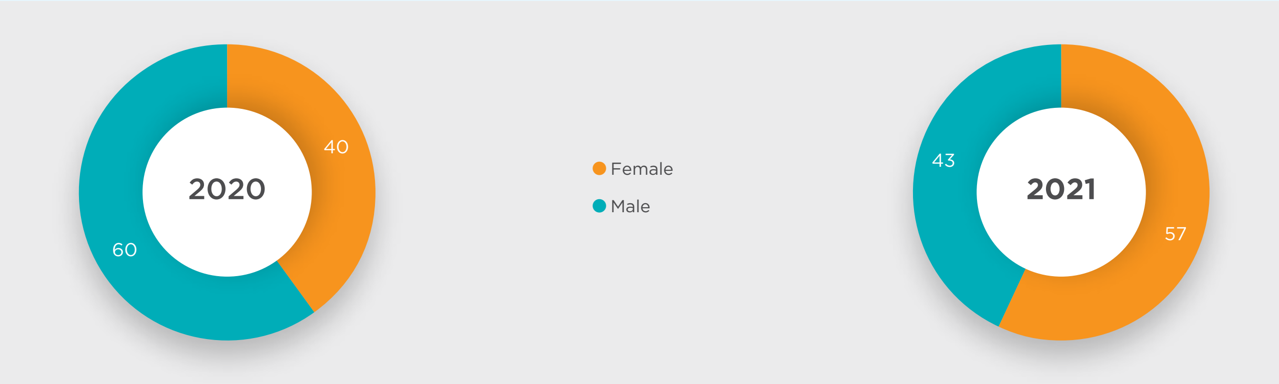
Diversity and inclusion (gender and race) remains a key focus area.
Diversity has increased in new appointments as seen in the graph below.

EAP recruitment FY2020 versus FY2021 (%)



We also saw an increase in female appointments year-on-year.

Gender recruitment FY2020 versus FY2021 (%)



Human capital continued

Our current EAP performance is reflected in the table below. The table excludes our international operations.

Employment equity demographics: FY2021

Group overview

	African male				Coloured male				Indian male			
Occupational level	FY2020	**FY2021**	VAR	% VAR	FY2020	**FY2021**	VAR	% VAR	FY2020	**FY2021**	VAR	VAR %
Top management	1	**2**	1	100	1	**1**	—	—	2	**4**	2	100
Senior management	2	**—**	(2)	(100)	3	**2**	(1)	(33)	1	**1**	—	—
Middle management	10	**12**	2	20	2	**3**	1	50	4	**7**	3	75
Junior management	100	**149**	49	49	32	**28**	(4)	(13)	26	**35**	9	35
Semi-skilled	106	**559**	453	427	6	**34**	28	467	6	**7**	1	17
Unskilled	27	**5**	(22)	(81)	2	**0**	(2)	(100)	1	**1**	—	—
Total	246	**727**	481	196	46	**68**	22	48	40	**55**	15	38
Actual (%)	27	**29**			5	**3**			4	**2**		
NEAP target (%)	43	**43**			5	**5**			2	**2**		
Variance against NEAP (%)	(16)	**(14)**			—	**(2)**			2	**—**		

	African female				Coloured female				Indian female			
Occupational level	FY2020	**FY2021**	VAR	% VAR	FY2020	**FY2021**	VAR	% VAR	FY2020	**FY2021**	VAR	% VAR
Top management	—	**1**	1	—	1	**1**	—	—	—	**—**	—	—
Senior management	2	**2**	—	—	—	**—**	—	—	—	**2**	2	—
Middle management	7	**10**	3	43	1	**1**	—	—	2	**5**	3	150
Junior management	55	**81**	26	47	12	**16**	4	33	15	**13**	(2)	(13)
Semi-skilled	139	**1 114**	975	701	20	**44**	24	120	12	**14**	2	17
Unskilled	26	**12**	(14)	(54)	—	**—**	—	—	—	**—**	—	—
Total	229	**1 220**	991	433	34	**62**	28	82	29	**34**	5	17
Actual (%)	25	**49**			4	**2**			3	**1**		
NEAP target (%)	35	**35**			5	**5**			1	**1**		
Variance against NEAP (%)	(10)	**14**			(1)	**(3)**			2	**—**		

White male

FY2020	FY2021	VAR	% VAR
22	25	3	14
20	16	(4)	(20)
36	48	12	33
89	83	(6)	(7)
6	10	4	67
1	—	(1)	(100)
174	182	8	5
19	7		(62)
5	5		
14	2		

Foreign national male

FY2020	FY2021	VAR	% VAR
—	—	—	—
—	—	—	—
1	3	2	200
15	20	5	33
7	18	11	157
3	1	(2)	(67)
26	42	16	62
3	2		
—	—		
3	2		

Total male

FY2020	FY2021	VAR	% VAR
26	32	6	23
26	19	(7)	(27)
53	73	20	38
262	315	53	20
131	628	497	379
34	7	(27)	(79)
532	1 074	542	102

White female

FY2020	FY2021	VAR	% VAR
5	5	—	—
5	3	(2)	(40)
15	20	5	33
50	52	2	4
12	16	4	33
1	—	(1)	(100)
88	96	8	9
10	4		
4	4		
6	—		

Foreign national female

FY2020	FY2021	VAR	% VAR
—	—	—	—
—	—	—	—
1	—	(1)	(100)
7	6	(1)	(14)
2	13	11	550
—	—	—	—
10	19	9	90
1	1		
—	—		
1	1		

Total female

FY2020	FY2021	VAR	% VAR
6	7	1	17
7	7	—	—
26	36	10	38
139	168	29	21
185	1 201	1 016	549
27	12	(15)	(56)
390	1 431	1 041	267

Human capital continued

Our focus on achieving a diverse and inclusive organisation resulted in positive movement in the equity representation at Group level. While we are proud of the improvement, we will continue to hone in on and build equity talent, particularly African employees (both male and female) and specifically in Middle to Senior Management occupational level. Our newly implemented success management process is also a chance for us to review our talent and development opportunities across the Group. People planning sessions were completed. This will allow leaders to identify high potential talent with critical skill and earmark these employees for future promotion opportunities, while developing the right skill for future roles in the meantime.

Training and development

We understand that, as people drive our performance, our long-term success depends on talent sustainability. We are committed to supporting our employees in their career development through our growth model and drive accountability through our success management programme. The Group is continuously looking for opportunities to develop training content that aligns to business needs and strengthens the corporate culture.

Succession planning

Leadership continuity, whether over time or during crisis, is critical for an organisation's long-term survival. Succession planning was a major focus area in FY2021.

To start, we built competency models for job families to support our people planning process and identify the right skills required at Middle and Senior Management level. This process enabled us to:

- understand our current talent pool, and critical skill gaps
- build fit for purpose learning interventions
- build individual comparison reports between current skill sets and future skill sets required.

We also implemented a new, adaptable and scalable fit-for-future leadership approach. Together with all our managers, we created succession plans for both emergencies and long-term succession, ensuring the continuity of leadership. This approach is strengthened by a new growth model and succession management process that enables each employee to own their own career and development plans for Top, Senior and Middle Management levels.

The development of leadership capabilities were implemented through the following initiatives:

- Leadership development programmes that are aligned to the core competencies of the blue label leader
- People planning sessions with CEOs to identify HiPos within their structure and how they can be developed
- The purchase of Udemy licences for technology employees, ensuring that Blue Label employees stay up to date with technology skills
- Launch of the WeLead campaign that puts BLT leadership behaviours at the forefront of everything we do, holding each leader accountable for how they show up and lead their teams
- Career conversations informing individual development plans.

WeLead

Whether an employee holds a management role or is self-leading, it is important for everyone to show up with leadership qualities. This philosophy builds the resilience and winning mindset of our staff members.

The following WeLead principles underpin our corporate culture initiatives:

- attracting the right talent through our employee value proposition #teamblu programme
- recruiting the right talent for the organisation, while also saving costs
- developing and rewarding talent management through our success management process and quarterly awards
- clearly articulating our business strategies, ensuring that employees see the value of what they do and the impact it has
- keeping employees engaged and productive by maintaining a culture of ongoing learning and development
- hosting leadership development programmes
- building an innovation mindset through What's The Bright Idea
- leading from the front and respecting each other.

Skills development

The impact of COVID-19 has had a positive impact on our learning and development strategy. To keep our employees safe, we migrated all our classroom sessions to virtual facilitated sessions and e-learning content on an online learning platform. The acceleration of the digital learning journey enabled us to offer learning on the go for the technology team through Udemy online courses. We continue to offer employees opportunities to study at tertiary institutions in support of talent requirements , thereby fostering a culture of continuous learning. In line with our strategic intent, 87.5% of bursary recipients are BLT employees and 12.5% are unemployed bursars.

Type of bursaries

Internal bursary

White female	Indian female	Coloured female	African female	African male	Coloured male	Indian male	White male	Total internal bursary
1	3	1	22	12	0	1	2	42

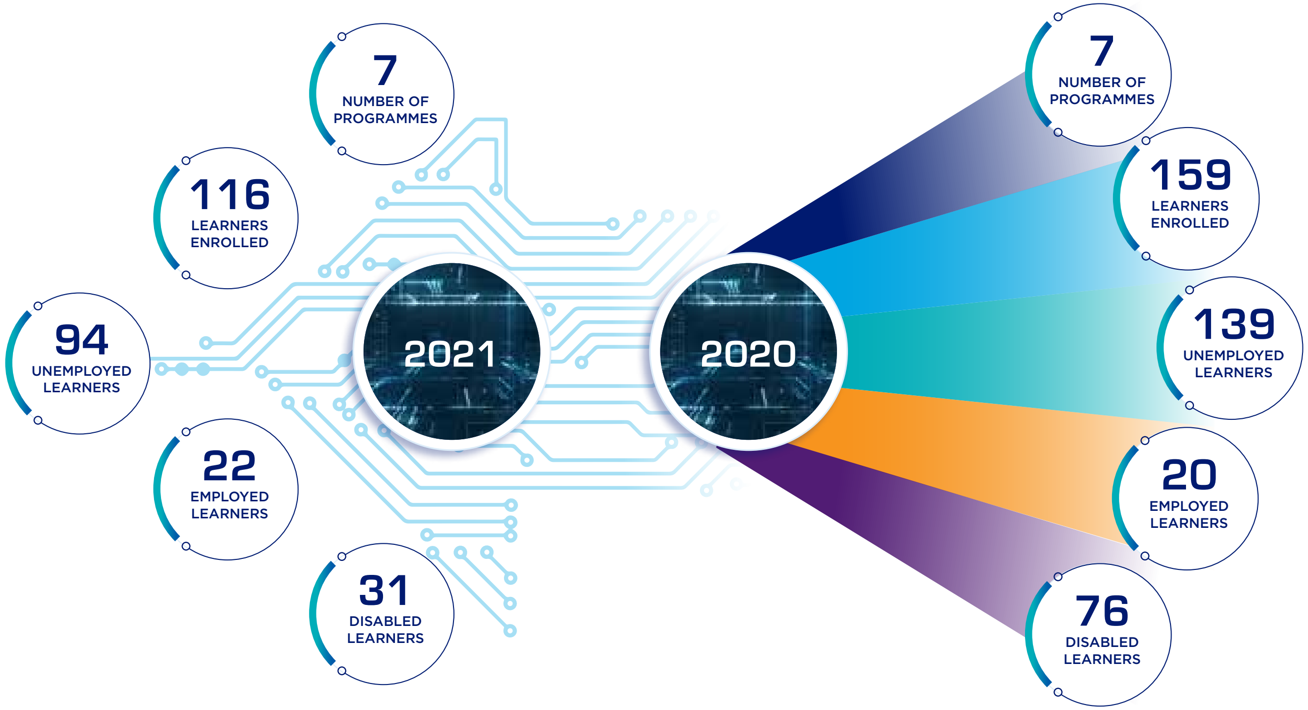
External bursary

White female	Indian female	Coloured female	African female	African male	Coloured male	Indian male	White male	Total external bursary
1	0	0	2	2	0	1	0	6

Our unemployed learnerships build the talent pipeline for BLT's entry level roles. We identified the entry level positions that will leverage unemployed learnerships, and during FY2021 we absorbed over 57% of unemployed learners at the end of the learnership. While the number of unemployed learners in FY2021 decreased, the total spend incurred for unemployed learners increased from R5.2 million to R7.4 million; 93% of which was invested in African learners (2020: 85%).

Human capital continued

Learnerships statistics



COVID-19 impact

Throughout the COVID-19 pandemic our organisation had to solve multiple, competing priorities. Our leaders have navigated a broad range of issues that span from keeping our employees and customers safe to maintaining operations. The pandemic changed the employee experience for many of our employees and we were pleased by the resilience across the organisation, for both managers and employees alike. Our employees have been motivated and productive while working remotely as well as when returning to office work, which is evidence of our healthy culture. Our employees' emotional wellbeing and mental health was a critical focus area during this time.

We managed to limit and control the infection rates from March 2020 to May 2021 by implementing COVID-19 protocols and workforce planning.

Only 3% of our total workforce were infected. We introduced a COVID-19 manager, COVID-19 captains, and quarantine marshalls to support infected employees and assist with reintegration into the business.

With the onset of lower levels in the National State of Disaster, and in preparation of returning to the office, we maintained stringent protocols in place, including:

- Temperature screening and logging on a mobile application.
- COVID-19 testing support for employees who display symptoms.
- Purchasing and deployment of hand sanitisers and masks throughout the year.
- Reorganising of office space to allow for adequate social distancing.

When employees returned to the office, our leaders focused on re-onboarding our employees, with emphasis on safety and awareness in the workplace. An employee 'New Ways of Working Guide' was made available for all managers to assist in phasing the return to work.

Multiple wellness initiatives were conducted, including an increase in communications, reminders of employee safety practices, and Zoom Hangout Sessions dedicated to new ways of work with a panel of experts.

Our focus was the safety of our people and the environment they operate in. We have opted to maintain a work from home strategy and only returned to work in a hybrid model in the last three months of 2021 financial year. We are currently navigating the new normal and our journey to create a safe and productive environment will continue in FY2022.

Employee health and safety

While COVID-19 was the buzzword during the year, all health and safety policies and procedures continue to be well managed and co-ordinated via the Health and Safety Committee and all issues brought before the Health and Safety Committee were resolved.

Total number of injuries reported **5**
(2020: 14)

Total number of claims submitted to Workmen's Compensation **5**
(2020: 14)

Total number of fatalities recorded on duty **0**
(2020: 0)

Total days absent as a result of injury on duty **24**
(2020: 119)

All Group companies have obtained their certificates of good standing for the year under review. In FY2021 we trained 79 staff members in health and safety protocols across our subsidiaries and branches. Furthermore, our Health and Safety Representatives have been leveraged in our COVID-19 plans as Quarantine Marshalls on each site, supporting our COVID-19 Officer and our COVID-19 Captains.

Human capital plans for FY2022

In FY2022 we plan to:

- embed success management so that it becomes our way of doing things
- implement our revised capability plan to enable the organisational transformation and our digitisation programme
- implement a new leadership development journey for management
- implement a mentoring programme for top talent with a focus on black and female talent
- implement a Board programme for our subsidiaries, with a view to developing a pipeline for future appointments onto their boards
- revise the environmental, social and governance scorecard to enable accelerated delivery of B-BBEE and Employment Equity goals
- launch our #TeamBlu Employer of Choice campaign in support of our talent attraction requirements.

Leveraging technology

Accelerating innovation, go-to-market strategies and platform delivery stands central to our business strategy. The pandemic presented our Technology division with the opportunity to accelerate digital transformation and adoption during the year. By entrenching our entrepreneurial culture and agile practices, we improved our ability to execute on strategic growth and business model innovation objectives. Formal innovation pipelines now ensure constant value delivery.

Organisationally, technology remained steadfast in managing risks, operations, and stability. It:
- acts as an advisor to the business;
- aligns skills and talent with changing business needs related to digital enablement; and
- has been accelerating internal IT transformation as much as business digital transformation.

While Technology operates as a service provider to our subsidiaries, we now also provide a partnership model in our operating model and approach.

Over the past three years, we transformed our technology operations extensively to ensure future sustainability and to support centralised and decentralised operations across subsidiaries. We maintain our strategic drive towards improving customer centricity, underpinned by partnership, collaboration, prioritisation, and alignment according to the Group's strategy.

FY2021 highlights

Core production system changes
1 037
(FY2020: 673)

Stability of market-facing platforms:
99.52%
(FY2020: 99%)

Transaction platforms for new business innovation under development:
12
(FY2020: 1)

IT General Controls Audit:
95%
(FY2020: 93%)

Over the past year, we have seen many of the initiatives conceived or launched start bearing fruit:
- food vouchers with cash redemption;
- virtual vouchers for partner redemption (BluVoucher);
- an online platform for accounts and bill payments (Unipay);
- airtime (Ringas) with consumer-ready digital redemption mechanisms.

We expanded consumer convenience with universal bus flows and new carriers for long-haul bus transport. In addition, we deployed hyper-automation and RPA technologies to enhance the merchant and consumer experience. The software development stack has been expanded with low-code, no-code application development functions to fast-track our go-to-market strategies.

Under the banner of digital enablement, we have applied the following key changes:
- We are ingraining digital commerce into various aspects of our operations. Subsidiaries will benefit from having more digital opportunities added to their digital roadmaps, while we foresee cost savings resulting from data-driven decision-making and behavioural insights.
- New divisional CIO roles, remaining under the governance of the Group CTIO, will bolster Blue Label's software development, core systems transformation and the provision of technology services to subsidiaries that hold proprietary technologies while ensuring cloud transformation of traditional infrastructure.
- BluNova, under the leadership of its own CEO, opens the door to new revenue opportunities through data-driven insights.

Other highlights over the year included:

- Infrastructure transformation: We are supporting digital business models with computational scalability by enabling hosting on modern infrastructure, strengthening our core businesses at the same time. We are building a hybrid-cloud infrastructure, shifting our datacentre to the cloud over three years, and we have completed our high availability deployment.
- Core platforms transformation: We continually advance our platforms for increased stability, revenue generation and core business transformation. Our initiatives on this front included building out our gateway capabilities, simplifying the IT cost model and launching additional digital distribution channels.
- Digital business transformation: The pandemic expedited our move towards a remote workplace and we implemented cloud computing and collaboration technologies while digitising many of our processes. We are also applying data-driven decisioning and behavioural insights, enabled by an aggressive build-out of the BluNova product set, scoring and decisioning environment.
- Ongoing operational stability: Our core distribution system stability remains at record highs.
- Information security: As we capitalise on digital technologies, cybersecurity remains a core focus. Our increased cybersecurity investments have ensured zero impact and enabled reliability across platforms. Our newly implemented security and governance frameworks offer customers peace of mind.

Outlook

Our strategic focus is on innovation, insights, and decisioning for faster go-to-market. This is all backed by increased digital transformation and the transition towards a customer-centric business structure and operating model. In the medium term, we aim to streamline our core systems, enabling leaner business models and more flexibility while embracing the hybrid-cloud environment.

Our objectives for FY2022 include:

- Embracing the hybrid-cloud environment;
- Reducing supplier costs;
- Ensuring stability and uptime;
- Shifting from enabling digital availability to enabling digital business models;
- Advancing our real-time insights; and
- Developing our staff while simultaneously ensuring equity compliance.

By mining and enriching our data, we can build insight-led business decisioning services and access segments of the market that were previously underserved.

Corporate social responsibility and community development

BLT's commitment to sustainable economic development is the cornerstone of our ethos, because our success relies on the prosperity and success of the market we serve. We are bound together. By maintaining high ethical standards and a strong brand, we live our social responsibility to generate value for all our stakeholders while helping to build a healthier society.

Our purpose

We lead with purpose, focusing on youth development socio-economic and enterprise development. BLT nurtures a shared value mindset in our transformation and business objectives, and in how we deliver our purpose. We recognise that delivering value ultimately depends on maintaining engagement, as well as assisting with the health of the communities and economies we operate in. The Group therefore strives to provide access to mobile transactional services that are secure, simple, convenient and efficient for our customers, by understanding how best to service their needs and proactively promote product and services that are beneficial to the community.

Our brand

We lead by encouraging a growth mindset that allows our employees, #teamblu, to journey with us as we create inclusive business with and for the bottom-of-the-pyramid communities. We are responsive to the need of the community around us while generating profit: "Profit with Purpose".

Over the past couple of years, BLT's flagship initiatives have matured to support beneficiaries that align to our purpose and we established the Trust Blu Foundation. We are also passionate about the BLT learnerships, which grow individuals into permanent roles while constant upskilling makes them part of the pipeline for future leaders.

Overall, our focus is on building sustainable practices that enhance and grow our socio-economic, enterprise and supplier development framework. It starts with building our portfolio, growing a profitable business that is responsive to the environment, and continues on to actively built trust with the communities and enterprises we work with.

Our approach

We lead with purpose. We are a major player in the bottom-of-the-pyramid markets, helping to combat inequality. Contributing meaningfully to equal opportunities and financial inclusion will remain an ongoing focus for the Group.

We connect our license to operate and our responsibility to build sustainability through:

- People – youth development, employee development, employment opportunities, a volunteer programme, and an engagement strategy.
- Community – sustainability in affordability, skills, and entrepreneur development.
- Customer – economic inclusion and continuous development.
- Environment – programmes to build a sustainable environment today for tomorrow, conditions of employment, leadership development and succession planning.

COVID-19 exacerbated existing social challenges in South Africa, increasing inequalities and mobility constraints. Committed to our communities, we continued building our partnerships with NPOs and social enterprises to address this. Our response focused on the manufacture and distribution of hand sanitizers and face masks, catering specifically for vulnerable communities by leveraging unemployed youth and small businesses.

Measuring impact

We achieved impact in the following four areas:

1 YOUTH EMPLOYMENT
Providing youth with meaningful work, thereby keeping them engaged and motivated through difficult times while allowing them to play a critical role in combating the spread of the virus and economic recovery.

2 YOUTH EMPOWERMENT
Educating youth about COVID-19 and empowering them to provide both information and critical hygiene products such as face masks and sanitizers.

3 SMME SUPPORT AND DEVELOPMENT
Partnering with manufacturing SMMEs to produce products that prevent the spread of the virus. These small businesses were able to continue earning an income during the various stages of lockdown.

4 COMMUNITY OUTREACH
Vulnerable communities continued receiving the resources needed to help them protect their households and families against COVID-19.

Our impact in numbers:

- 5 446 bottled hand sanitizers manufactured
- 5 640 reusable face masks produced
- 5 000 COVID-19 hygiene, protection and information packs distributed into vulnerable communities
- 800 youth given meaningful work
- 20 SMMEs partnered with to provide manufacturing and logistic support.

Our ESG focus areas

At BLT, we acknowledge the importance of environmental, social and governance responsibility as presented by international frameworks and standards like the UN SDGs. In the year ahead, we will continue to be guided by the following objectives and action areas:

REDUCE POVERTY

- Socio-economic development initiatives
- Employment
- Entrepreneurs

GOOD HEALTH AND WELLBEING

- Proactive employee wellness initiatives
- Support initiatives and education on physical, mental and financial wellbeing

QUALITY EDUCATION

- Bursaries
- Learnerships
- Skills development
- Employees, unemployed and youth development

EQUALITY

- Employment equity strategy and targets
- Diversity and inclusion initiatives

DECENT WORK AND GROWTH OPPORTUNITY

- Conditions of employment
- Management and leadership development programmes
- Long-term employee development through succession planning

SUSTAINABILITY

- Social and ethics committee
- 'WeLead' with purpose through a shared value committee
- Socio-economic approved implementation plan
- Governance and process adherence
- Insights to make right decisions for long-term sustainability

PARTNERSHIP FOR THE GOALS

- Flagship beneficiaries align with our strategy intent
- Food safety

EMPLOYEE RETENTION

- Engagement strategy
- Communication strategy
- Employee volunteer programme

Corporate social responsibility and community development
continued

How our purpose, brand, and reputation support the advantage and shared value

Christel house South Africa . . . is a leading educational institution and non-profit school with a single mission: to break the cycle of poverty. It offers no-fee scholarships to students from some of Cape Town's poorest neighbourhoods and supports them for 19 years (Grade RR to Grade 12, and five years post-school) through character-based and career-focused education.

This financial year, our donation to Christel House assisted in accelerating a tech-driven environment for their 1 200 plus students from grade RR to Grade 12 and through to post-matric. Consequently, they were able to ensure that their school remained open during the pandemic while all the students shifted to an online learning environment, virtually overnight. All the children could continue their classes at home, using mobile tablets loaded with data, resulting in a 100% pass rate with an 80.5% Bachelor's pass rate.

To invest in education is to have a long-term view and our partnership with Christel House therefore extends beyond financial support. We offer their students the opportunity to start on a career path into the Group's internal or external ecosystem, whether through a learnership, an internship, or a bursary fund. The world of work requires skilled people in ICT and we are vested in providing opportunities to position our youth for success.

Boys and Girls' Clubs of South Africa (BGCSA) . . . is an after-school programme that provides a physically and emotionally safe space for children who need it most. As a BLT flagship programme, BGCSA focuses on the holistic development of each and every child that walks through their doors. They provide a healthy meal to their 2 100 club members every day and enable them to participate in various programs, including homework support and tutoring classes, arts, civics, technology and sports.

This year presented many challenges. From the onset of the national lockdowns, BGCSA endeavoured to switch to a digital programme model, only to find that more than 60% of their children had no access to a mobile device or internet connection at home. To close the digital divide, BLT funded an upgrade of the Clubs' computer labs so that they can deliver their technology programs more effectively and provided high-speed internet connections across the organisation. With the Group's support, BGCSA also employed and trained more programme facilitators.

Over and above the financial contribution, BLT continues to connect participants in the BGCSA technology programs, which includes coding and web development, with career opportunities in our internal and external ecosystem through learnership and job placement opportunities. Many of the Club members lack employment opportunities and being able to create or establish this connection is the ultimate goal of our socio-economic development strategy.

Corporate social responsibility and community development
continued

Women and Men Against Child Abuse (WAMACA) . . . is a non-profit organisation established in 1997. Now in their 24th year of operation, they are at the forefront of advocacy and raising awareness around the complex issues of child abuse, while simultaneously providing free, high quality treatment services to victims of abuse through their kids clinics.

BLT contributes to vital parts of their operations which are not government-funded: telecommunications and IT expenses, as well as the costs of researching, developing and facilitating awareness campaigns for children and caretakers.

During the year, the organisation's prepaid airtime and data expense spiked, and BLT's support helped all their social and field workers to continue doing their work. The funding was also allocated to the recording and dissemination of information, including statistics, trends and hot-spot areas, electronically.

Amplifying impact with collaboration

During the year, BLT initiated and supported a collaboration between WAMACA and BGCSA that resulted in two successful programmes.

The first programme was Child Abuse Response Training, delivered by WAMACA to 62 BGCSA staff members. The training equipped the BGCSA team with skills to deal with suspected child abuse cases and to understand what the relevant legislative requirements are for all those who work with children.

The second programme involved a workshop for 90 children during Child Protection Week. The training taught children the meaning of belonging and the importance of feeling safe. Its purpose was to encourage empathy in the children by helping them to understand the importance of healthy relationships and treating others well.

Education Africa's sounds of celebration concert . . . is an ensemble of young South Africans celebrating social cohesion with music. This year, talented young performers took to the virtual stage in a celebration of authentic connection and true partnership, which included the performance of two deaf marimba bands. BLT enabled the Sounds of Celebration team to innovate and reinvent the Sounds of Celebration VIII Concert, bringing it online and turning the COVID-19 pandemic into an opportunity for positive change.

The concert was successfully streamed online on 23 May 2021 as a packaged broadcast directly into viewers' homes and community spaces. The virtual edition ultimately resulted in a far wider reach than the live concert, and included performers from around the world. It featured four of Education Africa's Marimba Hubs, 220 performers from eight countries performing 18 concert items. The musicians performed on marimbas, steelpans, violin, oud, guitars, drums, flutes and vocals, with dancers, poetry reading, and rapping amplifying the performance.

Heroes of Hope

The Heroes of Hope initiative is Ticketpro South Africa's response to the COVID-19 pandemic's challenges. It provides hope and positivity in a time when the events, entertainment and transport industry is decimated by lockdown measures. Every Hero represents an aspect of the industry, related to Ticketpro, that reveal a road to recovery for the Company and the industry as a whole:

- Professor T (for 'Ticketpro') is the famous leader of the Heroes of Hope.
- THOR (the 'Transport Hero of the Republic')'s new and improved technology help bus transport companies reach the people who depend on them for safe, efficient and reliable transportation.
- The Sentinel of Sport unites the country through sport by making sure that sport reaches the people, even during lockdown, and that empty stadiums do not become the new normal.
- Heroticket Girl is a new hero unlike any that the Ticketpro community has ever seen. Her special powers help promoters to ace COVID-19 precautions, and she brings post-COVID-19 solutions and new technology that de-stress event organisers – white-label website creation, state-of-the-art access control, and industry-leading cashless technology. She is particularly good at attracting the younger generations to an event.
- VAS Boy worked hard during COVID-19 as Ticketpro's new value-added service supplier of airtime, Celbux, electricity, and Blu vouchers. Because of his awesome sidekick skills, South Africans have all these products at their fingertips.

Together, the squad pushes the boundaries of technology and event experience, in a way that helps get a wounded industry back on its feet stronger than ever before.

iTalk2U employment and entrepreneur development

iTalk2U is a newly established business and exciting social entrepreneurship venture. It is an encrypted web-based platform and decentralised sales solution that allows people to earn a sustainable income while working remotely. In essence, iTalk2U is an "Uberised" version of a call centre.

The main goal is to create thousands of jobs across South Africa and ultimately reach 10 000 sustainable jobs in the next five years. Training centres are being set up and built across the country, equipped with all the necessary call centre infrastructure, which will allow people who do not have a job or access to a computer to use the centre to start earning a sustainable income. Here, they will also be trained on sales, business acumen and entrepreneurship – which in turn leads to some of them opening up their own micro call centres. We are particularly excited about a new partnership with Harmony Gold mine, currently being finalised, which aims to create hundreds of jobs in Welkom where the unemployment rate is among the highest in South Africa.

iTalk2U is still in its infancy, but it already has approximately 60 agents – either in training or already dialling – and we foresee this number growing exponentially as time goes by. iTalk2u already attained a number of exciting sales and lead warming campaigns (including those of BLC, Hollard, Sanlam, and Different Life), with many more in the pipeline. Plans to expand internationally are also in the works, which will allow many more people to join the platform. South Africa was recently voted as the number 1 destination in the World for Customer Experience, presenting a considerable opportunity for the country to create jobs – and for iTalk2U to be the frontrunner of this.

iTalk2U – the call centre experience of the future.

Corporate social responsibility and community development
continued

BluTrain: Upskilling youth to grow in any business

Blue Train Group was founded to provide unfunded learnerships, training, recruitment, and payroll requirements for the BLT workforce. Our objective is to create trained staff from our unemployed youth to go out into the workforce and grow in each business that they are placed into. We are upskilling these youth by providing complete SETA accredited training as well as on the job training for different roles within companies. Our aim for this first financial year is to place approximately 3 600 unskilled employees into the BLT Group.

We established a state of the art 6 000 square meter training facility in Randburg that affords us the ability to train up to 2 000 learners a month. All the training is performed online, enabling us to train multiple courses within one lecture room, thereby utilising all the training stations at any given time. We are registered with all 11 SETAs and can offer up to 44 different learnerships, identifying the most suitable course for every business individually, allowing our learners the opportunity to study a suitable course for their respective new jobs.

In future, we aim to train 10 000 youth annually to create a stronger workforce for companies.

ITALK employing youth

ITalk Holdings commenced its operations in 2007 and is a state-of-the-art call centre. Our mission has always been to create jobs for the unemployed youth within South Africa – we upskill these youth by letting them participate in learnerships, thereby allowing them to build their own career paths. Our call centre offers a wide range of job positions, offering a stepping stone into the future growth of each employee.

We employed 1 500 staff during the 2021 financial year. In the new financial year, we aim to employ 3 000 youth.

Trust Blu Foundation

Trust Blu Foundation is the non-profit arm of BLT. It was founded in 2020 with a vision to significantly reduce unemployment and the unequal opportunities among South Africa's youth by focusing on the development and growth of informal, micro, and small enterprises. The Foundation leverages the funding, technology, expertise and reach of BLT, other corporates, government and institutional donors to assist non-profits and social enterprises to amplify their impact and facilitate economic inclusion that delivers measurable and sustainable impact, while strengthening our brand equity and market reach.

The Group has entrepreneurial roots and has always had a deep commitment to community development and philanthropy. The launch of the Foundation enables us to increase our impact, ramp up our efforts, formalise our strategy, design and implement programmes that create sustainable jobs and entrepreneurs to drive large-scale socio-economic development.

Our focus during FY2021 was to consolidate our processes and governance structures, as well as starting the design and planning process of our strategic development projects in alignment with our creating shared value principles. This will drive our impact mandate aggressively in FY2022.

ADAPTABLE

CORPORATE GOVERNANCE

Governance philosophy and approach

Entrepreneurship and innovation underpinned by good governance

The philosophy of the Group is that good corporate governance provides an essential platform upon which to achieve its strategic objectives through the pursuit of the entrepreneurial and innovative ethos of the Group. The Board recognises that good corporate governance is essentially about effective and responsible leadership that rests on a foundation of ethical values.

King IV and Blue Label Telecoms

The Group favours the outcomes-based approach of King IV that focuses on the quality of governance outcomes and not simply a structural and compliance approach. The Board has used the King IV principles to continuously review, revitalise and streamline its governance structures and practices to the requirements of the expanding Group. The most appropriate recommended practices and adaptations have been applied in achieving the outcomes-based principles of King IV. The Board Charter and subcommittee terms of reference and work plans have been substantially aligned with King IV practices and policies, practices and processes are continuously reviewed and enhanced as to appropriateness and robustness, as outlined in this report on an ongoing basis.

The disclosure requirements of King IV have been provided throughout this report and explain the Group's governance philosophies, structures, practices and outcomes in adopting and embracing the principles of King IV.

Current year Board focus and future focus

The focus of the Board in the current year has been on restructuring the business to focus on core operations, to reduce debt, improve cash generation and ready the Group for implementing programmes that return value to shareholders through dividend and share buy-back programmes. The Board and its committees have put significant effort into improving the effectiveness of governance, risk management, the control environment, liquidity and cost management at Cell C. The Board has also spent significant time on improving governance, regulatory, compliance and security protocols within the Blue Label Group. The Board maintained oversight of the executives' effective management of the COVID-19 crisis. The Group managed to ensure that the majority of our products and services were made available through the Group's multi-channel approach to distribution during the disruptions caused by the pandemic.

Effective and ethical leadership

At Blue Label we believe that effective and ethical leadership is centred around integrity. It is about doing the right thing – being accountable, responsible, fair and transparent.

We recognise that ethical leadership within Blue Label improves public trust, enhances risk, compliance and ethics management, and strengthens stakeholder relations. This is achieved through:

- our key values;
  - customer service orientation;
  - achievement and drive to succeed;
  - honesty and integrity;
  - enjoyment;
  - collaboration;
- leadership's commitment to uphold our key values; and
- the provision of mechanisms to report and manage unethical behaviour.

WeLead

As an organisation, we are proud of our corporate culture and believe that everyone in #teamblu has a responsibility to shape the right culture by living the BLT values in everything that we do. We encourage a growth mindset that allows individuals to improve themselves and their skill while contributing to the success of the team and the Group.

WeLead, an internal awareness programme that empowers every employee to bring leadership skills and behaviours to work regardless of where they are in the organisation, which helps to drive the right behaviour.

Through WeLead we aim to create awareness on the importance of everyone demonstrating our leadership qualities as part of our DNA, driving the behaviour expected of them:

- We strive for customer centricity
- We build relationships and trust across the business and with our customers, consumers and communities
- We create an environment where people have fun and find purpose
- We develop our people for long-term success
- We behave honestly and with integrity
- We innovate boldly
- We strive to be both agile and entrepreneurial

In FY2021 we conducted a benchmark study where each employee was requested to rate their manager according to the WeLead behaviours. We were pleased that we achieved a 2.55/3 score, which indicates that managers across the Group display these behaviours frequently. We will continue to enhance internal communication relating to healthy leadership behaviours across the Group.

Maintaining high ethical standards

Blue Label's Social, Ethics and Transformation Committee is established in compliance with the Companies Act. It in turn elevates social and ethics matters to Board level. This ensures that ethics are treated as a matter of strategic importance.

The Social, Ethics and Transformation Committee maintains oversight of the ethics policies and applications within the Group and the Chairman of the Board sets the ethical tone for the Board as a whole. The main ethics items monitored and reported on at the Social, Ethics and Transformation Committee include:

- The identified United Nations Global compact principles that influence our alignment;
- Anti-fraud and corruption policies and procedures;
- Consumer relations and compliance with consumer protection laws; and
- Environmental, health and public safety.

Employees are expected to demonstrate ethical business practices at all times. All new staff members undergo an induction programme that includes training on the code of business conduct, the function of the ethics hotline, emphasising on what should be reported and how to report unethical behaviour via this channel.

The ethics hotline is outsourced to KPMG Ethics Line, a division of KPMG, and can be accessed on 0800 22 10 20. The ethics hotline is available to all stakeholders. Two incidents were reported during the year ended 31 May 2021. Both incidents were investigated by management, action was taken

where required and feedback was given to KPMG to close out the matters. In FY2021 a key focus area has been the revision and alignment of our policies, supported by the re-education of our employees. The following policies have been reviewed, implemented and trained in FY2021:
- Code of Conduct;
- Ethics Policy;
- Substance Abuse Policy;
- Information and Social Media Policy;
- Leave Policy; and
- Gifts Policy.

Key provisions of our policies include the following:
- Each employee of Blue Label Telecoms has an obligation to act in the best interests of the Company and must not let outside activities or outside financial interests interfere with those obligations.
- Employees must be open and transparent about all gifts and hospitality given or received and are required to disclose these. When a gift is considered lavish or extravagant, it could be construed to amount to a gratification which immediately places the organisation and individuals concerned at risk for being prosecuted for acts of corruption.
- Fraudulent, corrupt or illegal practices will not be tolerated. Bribes or any other illicit payments will neither be paid nor accepted.
- The Group does not participate in any illegal anticompetitive activity. Employees should not authorise nor participate in any illegal conduct or action (such as price manipulation or tender fixing) that restricts competition.
- The Group is non-political. It does not make contributions to political parties or allow its assets and services to be used in any way which favours any particular political grouping, other than in the provision of its normal products and services, under its standard terms and conditions and arm's length prices.
- The Company facilities, equipment, and personnel should only be used for the business's activities and purposes, except when other uses are specifically authorised by Blue Label Telecoms.
- Employees are required to always be mindful of what a payment is for and whether the amount requested is proportionate to the goods or services provided. Any suspicions, concerns or queries regarding a payment should be clarified.
- Employees must avoid any activity that might lead to, or suggest, that a facilitation payment or kickback will be made or accepted by us.
- The Group does not place any limitations on an employee's right to freedom of association specifically the right to collective bargaining.
- The Group is against child labour and forced/compulsory labour.
- The ethics officer takes responsibility for managing the organisation's ethics programme. The ethics officer reports to the Ethics Committee on progress with the ethics management plan, and the state of ethics within the organisation.

Ethical breaches

In the latter part of the 2021 year, two employees of a Blue Label subsidiary were suspended on the grounds of suspected unethical practices. Both employees have subsequently resigned and an investigation is in progress.

Other matters that come to the attention of management are addressed in an appropriate manner.

Blue Label is satisfied that its corporate governance framework (including compliance and risk) is at a minimum in keeping with best industry practice and industry norms. Blue Label continues to maintain a zero-tolerance policy regarding any lapses in good governance.

Board composition, structure and report back

Board of Directors

The Board directs the Group towards and facilitates the achievement of the Group's strategy and operational objectives. It is accountable for the development and execution of the Group's strategy, operating performance and financial results. Its primary responsibilities include determining the Group's purpose and values; providing strategic direction to the Group; appointing the joint Chief Executive Officers; identifying key risk areas and key performance indicators of the Group's businesses; monitoring the performance of the Group against agreed objectives; deciding on significant financial matters; approving policies and reviewing the performance of the Executive Directors against defined objectives. A range of non-financial information is also provided to the Board to enable it to consider qualitative performance factors that involve broader stakeholder interests.

The Board, which meets at least quarterly, retains full and effective control over all the operations. Additional ad hoc Board meetings are convened as circumstances require.

Board charter

Our Board Charter assists our Board in conducting its business according to legislative requirements and the principles of good corporate governance. It ensures that each Director is aware of his or her powers, duties and responsibilities when acting on behalf of the Blue Label Telecoms Group. The Board Charter is subject to the provisions of the Companies Act, JSE Listings Requirements, our Memorandum of Incorporation (MOI) and all other applicable legislation. The Board Charter covers the role and function of the Board; its detailed responsibilities; how it discharges its duties; the Board composition; and the establishment of Board Committees.

The Board Charter as well as the terms of reference and work plans of the Board subcommittees, are aligned with the requirements of King IV.

The Board has concluded that it has collectively satisfied and fulfilled its responsibilities in accordance with the charter.

Governance framework

The Board regards governance as a fundamental essential for the success of the Group's business. It is committed to applying the principles of good governance in directing and managing the Group in order to achieve its strategic objectives. The Board is the focal point for and custodian of the Group's governance framework and is supported by its Committee structures, management, shareholders and other stakeholders of the Company. The Board is ultimately accountable for the performance and affairs of the Company.

The governance framework facilitates a balance between the Board's role of providing direction and oversight with accountability to support acceptable risk parameters and consistent compliance with regulations, standards and codes relevant to the Group. At the same time, the Board encourages entrepreneurship and innovation, which are recognised as key drivers of Group performance. At the operations, governance processes are aligned with the governance framework established by the Board. Each subsidiary company has its own board of directors and its strategy, business plan and performance criteria are clearly defined. Subsidiary boards comprise Executive and Non-executive Directors, some of whom are Executive and Non-executive Directors of Blue Label.

A delegation of authority framework has been developed and implemented across all Group companies. The Board is satisfied that the delegation of authority framework contributes to role clarity and the effective exercise of authority and responsibilities.

Following the acquisition of 45% of Cell C in August 2017, the Blue Label Board has been actively monitoring and advising on the alignment of governance structures and processes at Cell C with those of the Company.

Board composition

Blue Label has a unitary Board structure comprising 10 Directors. Six are Independent Non-executive Directors, while one is Non-executive and three are Executive Directors. A biography of each director appears on pages 16 to 19.

The Board has a majority of Non-executive Directors. This is incorporated into our Board Charter, which promotes power and authority at Board of Director level, to ensure that no one Director has unfettered powers of decision-making. In line with King IV, the roles of the Chairman and the joint CEOs are separate. The Board is led by Larry Nestadt, an Independent Non-executive Chairman. The joint CEOs are Brett Levy and Mark Levy.

The Chairman's role includes setting the ethical tone for the Board and ensuring that the Board remains efficient, focused and operates as a unit. The Chairman provides overall leadership to the Board, without limiting the principle of collective responsibility for Board decisions. He also facilitates appropriate communication with shareholders and enables constructive relations between the Executive and Non-executive Directors.

The joint CEOs' principal roles are to provide leadership to the executive team in running the Group's businesses. The Board defines the Group's levels of authority, reserving specific powers for the Board, while delegating others to Senior Management. The collective responsibility of management vests with the joint CEOs who regularly report to the Board on the Group's progress in delivering its objectives and strategy.

The Group's Financial Director is Dean Suntup. The Audit, Risk and Compliance Committee is satisfied that he has the appropriate expertise and experience for this position.

The Group has implemented a holistic succession planning process at Board, top level management and subsidiary management levels. The succession plans are reviewed and approved by the appropriate bodies annually and documented accordingly. Furthermore, the business continuity plan for the Group has been drafted such that it incorporates the subsidiary succession plans. The Group has influential joint CEOs who co-founded the business, both of whom have a vested interest in the long-term future of the Group. However, in unforeseen circumstances, the Group has robust succession planning in place for both CEOs.

Blue Label Group recognises the value of diversity and is committed to promoting gender and race equality in the Group. Our Board has introduced the policy on the Promotion of Gender and Race Equality in the Blue Label Telecoms Group, which is available online at www.bluelabeltelecoms.co.za. Our talent management processes, together with our policy, will enable us to improve diversity within the Group.

On an ongoing basis, the Board considers its structure, its gender, race and size composition, as well as the relationship between Executive and Non-executive Directors. It is committed to making sustainable progress towards ensuring that the Board is sufficiently gender and race diverse and has the necessary skills to competently discharge its duties, having regard to the strategic direction of the Group. No specific targets have been set in relation to the Board diversity policy. The Board has appointed Ms Nomavuso Mnxasana as an Independent Non-executive Director in September 2020 and Mr Lazarus Zim in October 2020.

The Board is actively pursuing the appointment of additional Independent Non-executive Directors to further enhance independence and diversity of skills, race and gender at Board level. The Board has developed and approved a policy on the promotion of broader diversity at Board level, specifically focusing on the promotion of the diversity attributes of gender, race, culture, age, field of knowledge, skills and experience.

The Remuneration and Nomination Committee (RNC) annually debates the independence of its Independent Non-executive Directors who have served on the Board for a period of nine years or more. Laurence Nestadt, Gary Harlow, Joe Mthimunye and Jerry Vilakazi have been assessed in this regard. The Committee has found them suitably independent, with continuing strong contributions, considering their experience within the Group and sector and they are considered to continue operating independently and objectively and have no conflicts of interest.

Messrs Lazarus Zim and Jerry Vilakazi were nominated and accepted such nominations, to serve on the Remuneration and Nomination Committees at the Board meeting held on 23 June 2021 and Mr Jerry Vilakazi will accordingly rotate off the Audit, Risk and Compliance Committee in 2022 to ensure appropriate representation across the Board sub-committees.

The Board wishes to assure all stakeholders that the tenure and independence of Non-executive Directors is vigorously debated and tested and that all Board meetings are robust in terms of their deliberation. Given the complexity of the industry within which Blue Label operates and the complexity of Blue Label itself, the Board believes that long-term knowledge and understanding of the issues surrounding the business are invaluable. The RNC is managing the succession plan at Board level to ensure that a pipeline of new Independent Non-executive Directors is established and that the succession plan will be seamless and maintain a mixture of new appointees with experienced Directors.

Board appointments

One-third of the Directors retire by rotation every three years in terms of the MOI. If eligible, available and recommended for re-election by the RNC, their names are submitted for re-election at the AGM, accompanied by a short biography set out in the integrated annual report. In this regard, BM Levy, JS Mthimunye, SJ Vilakazi and PL Zim will be retiring at the forthcoming AGM and, being eligible, have made themselves available for re-election. A brief biography of each Director appears on pages 16 to 19.

The RNC assists the Board with the assessment, recruitment and nomination of new Directors, subject to the whole Board approving these appointments. Board members are also invited to interview potential appointees.

A formal and transparent procedure applies to all new Board appointments, which are subject to approval by shareholders at the first AGM following that Director's appointment. Prior to appointment, candidates are required to complete a fit and proper test, as per the JSE Listings Requirements.

Board composition, structure and report back continued

A policy requiring Directors to observe a "cooling-off" period before accepting appointments to other Boards, which may present a conflict of interest, has been included in the Board Charter.

Board effectiveness

The Board Charter provides for assessment of the Board and its committees every other year. During 2021 an internal self-assessment of the composition and effectiveness of the Board, its subcommittees and individual Directors was performed. The overall results reflected that the Board, its subcommittees and individual Directors were performing effectively and above satisfactorily, in the categories surveyed. The improved diversity of the Board and progress on succession planning of Non-executive Directors was acknowledged and a number of continuous improvement areas were noted including continued scrutiny and objective oversight of conflict-of-interest positions, that can arise in related party transactions. The Board has carefully considered the outcomes of the self-assessment and agreed on actions that will be tracked to implementation. The Board is satisfied that the evaluation process improves performance and effectiveness of the Board as a whole.

Evaluations of individual Executive Director's performance take place annually, once during remuneration increase and performance bonus award periods and, as applicable, prior to the AGM regarding the re-election of Directors. Refer to the remuneration section (page 111) for the performance evaluation of the CEOs and the CFO against agreed upon performance measures and targets.

Induction of a new Director is tailored according to the knowledge and experience of the Director in a listed company environment. Focus is placed on providing information on the Board structure, business operations and Group strategy. Ongoing training and development of Directors involve ad hoc presentations to the Board by professional advisers and Senior Management to ensure the Board is kept abreast of governance, regulatory, financial and operational developments.

Company secretary

Our Board remains satisfied with the competency and experience of our Group Company Secretary, Janine van Eden (BProc, LLB, Conveyancing). The performance appraisal of the Company Secretary for the year under review took into account the quality of support received and guidance provided to the Board. She maintains an arm's length relationship with the Board, providing guidance to Board members on execution of their duties and keeps up to date on the latest developments in corporate governance and regulation. All Directors have full access to the services and advice of the Group Company Secretary in all aspects of the Board's mandate and operations of the Group; the Board is satisfied that these arrangements are effective.

Board committees

The Board has delegated certain functions to well-structured committees, without abdicating its own responsibilities and accountability. Board Committees operate under written terms of reference approved by the Board.

Board Committees are free to take independent professional advice as and when deemed necessary, for which a formal policy is in place. The Group Company Secretary provides secretarial services for the Committees.

There is transparency and full disclosure from Board Committees to the Board. The minutes of Committees are submitted to the Board for noting and discussion. In addition, Directors have full access to all Board Committee documentation and Committee Chairpersons provide the Board with verbal reports on recent meetings.

The Board is of the opinion that all Board Committees have effectively discharged their responsibilities, as contained in their respective terms of reference.

Our Board subcommittees are structured and attendance at meetings during FY2021 is presented as follows:

	Board	Special Board	Audit, Risk and Compliance	Remuneration and Nomination	Special remuneration and Nomination	Social, Ethics and Transformation	Investment
Total number of meetings held during the year	5	15	4	1	1	3	2
Actual attendance/possible maximum attendance of meetings							
LM Nestadt	5/5	15/15	–	1/1	1/1	–	–
KM Ellerine	5/5	14/15	–	–	–	3/3	2/2
GD Harlow	5/5	12/15	4/4	1/1	1/1	3/3	2/2
BM Levy	5/5	15/15	4/4*	1/1*	1/1*	3/3	2/2
MS Levy	5/5	15/15	4/4*	1/1*	1/1*	–	2/2
N Mnxasana	2/2**	6/8**	2/2**	–	–	–	–
JS Mthimunye	5/5	15/15	4/4	1/1	1/1	–	2/2
SJ Vilakazi	5/5	15/15	4/4	–	–	3/3	–
DA Suntup	5/5	15/15	4/4*	1/1*	1/1*	–^	2/2
DR Hilewitz	–	–	–	–	–	–	2/2
PL Zim	2/2#	5/7#	–	–	–	–	–

* Attendee.
** Appointed 18 September 2020.
# Appointed 23 October 2020.
^ Alternate to BM Levy.

Board composition, structure and report back continued

Subcommittee structure and report back

The Board remains accountable for all matters where it has delegated responsibility to its subcommittees. The committees, their members and principal functions and focus areas are set out below:

Executive Committee

Members

MS Levy (Chairman)	I Zwarenstein[3]
BM Levy	B Le Sar[4/5]
DA Suntup	A Greenblatt
M Nyawane[1]	A Roberts
A Kodesh[2]	G Levin[6]
J Smith	J Newman[7]
DB Rivkind	
EC de Villiers	
DR Hilewitz	
L Pogir	
J van Eden	

1 Appointed 1 January 2021.
2 Resigned 1 January 2021.
3 Resigned 31 March 2021.
4 Appointed 31 October 2020.
5 Resigned 14 June 2021.
6 Appointed 16 September 2020.
7 Appointed 15 September 2021.

Key objective and terms of reference

The Group Executive Committee is augmented beyond the Executive Directors, by the inclusion of operational and functional management to provide a forum for dissemination of strategies and policies to operating subsidiary levels and provide oversight and feedback from operations on strategic matters in a combined forum. Group-wide strategic and policy decisions are typically formulated by the Executive Directors and approved by the Board.

Certain Group Executive Committee members are represented on boards of operating subsidiaries and act as liaisons with operating subsidiary CEOs and/or management.

The Executive Committee has concluded that it has fulfilled its responsibilities in accordance with its terms of reference.

2021 focus areas

Key focus areas of the Executive Committee during FY2021 included concentrating on ensuring that a responsible and agile response to the ongoing COVID-19 pandemic was developed and executed while maintaining focus on growing the core distribution business of the Group, as well as deriving revenue from big data analytics and revenue assurance models.

As an ongoing practice, the Executive Committee is responsible for ensuring that subsidiaries:
- adhere to the strategies and policies of the Group;
- adhere to best management practices and functional standards;
- adhere to legal compliance and internal control; and
- are efficiently and competently managed.

2022 focus areas

Key focus areas of the Executive Committee during FY2022 shall include:
- Inculcating the outcomes-based family values of the Blue Label culture;
- Combating margin compression;
- Strict management of costs;
- Strategic deployment of cash;
- Continued concentration on compliance and controls; and
- Growth of the core South African distribution business.

Audit, risk and compliance

Members and attendees	Number of meetings
JS Mthimunye (Chairman)	
Member attendance	4
GD Harlow	
SJ Vilakazi	Member attendance
N Mnxasana**	
BM Levy*	100%
MS Levy*	
DA Suntup*	

* Attendee.
** Appointed 18 September 2020.

Key objective and terms of reference

Provides governance over internal controls, compliance, performance of internal and external audit, appropriateness of accounting and adequacy of external reporting.

The Audit, Risk and Compliance Committee concluded that it has fulfilled its responsibilities in accordance with its terms of reference.

2021 focus areas

- Effectiveness of governance, risk management, control environment, liquidity and cost management at Blue Label and at Cell C, through its nominees;
- Engagement with management on the COVID-19 risk exposure and the continuing steps taken to minimise risk to the business and protect all staff, suppliers and customers as far as possible;
- Focus on internal controls and raising the role of internal audit to improve governance and compliance during the current challenging COVID-19 environment;
- Oversight of JSE Listings Requirements pertaining to internal financial reporting controls;

- Review and monitor developments in governance and JSE Listings Requirements updates; and
- Plan for mandatory audit firm rotation, which is effective for the year commencing 1 June 2023.

Refer to governance of risk, technology and information governance, combined assurance and to the Audit, Risk and Compliance Committee report for further details.

2022 focus areas

- Complete the Cell C recapitalisation and assess its impact on the Blue Label Group;
- Mandatory audit firm rotation plan;
- Review internal audit function;
- Appointment of internal and external auditors at Cell C through its nominees;
- Continue to improve governance and compliance processes at Cell C through its nominees;
- Appoint new members to ARCC and plan for Chairmanship rotation; and
- Review fraud mitigation strategies and internal controls in the Group.

Remuneration and Nomination Committee

Members and attendees	Number of meetings
GD Harlow (Chairman of Remuneration Committee)	
LM Nestadt (Chairman of Nomination Committee)	2
JS Mthimunye	**Member attendance**
BM Levy*	
MS Levy*	
DA Suntup*	100%
SJ Vilakazi**	
L Zim**	

* Attendee.
** Appointed 11 June 2021.

Key objective and terms of reference

Ensure competitive remuneration and incentive policies aligned with strategy to drive performance and value creation that attract and retain the right talent. Review design and targets of incentive schemes and remuneration packages, Executive and Non-executive Director appointments and succession planning, annual evaluation of independence of Non-executive Directors and composition of Board and its Committees.

The RNC concluded that it has fulfilled its responsibilities in accordance with its terms of reference.

The RNC continues to ensure that total rewards are set at levels that are competitive and drive performance in the short and long term, ensuring alignment with shareholder interests and at the same time promoting an ethical culture and responsible corporate citizenship.

2021 focus areas

- Monitoring the implementation of the revised remuneration policy across the organisation to demonstrate our commitment to attracting and retaining critical skills and talent;
- Continue to champion the fair and responsible pay of our talent, support the transformation agenda and eliminate any unfair bias or practices;
- Monitor and assess the remuneration landscape within South Africa, particularly relative to other telcos and similarly sized organisations;
- Review of our peer group applicable to the long-term incentive plan;
- NED benchmarking assessment;
- Alignment of metrics to value creating behaviour and hence shareholder interests and rewarding performance accordingly; and
- Attracting female black talent onto our Board of Directors for Blue Label.

2022 focus areas

- Continue to evaluate our policy in terms of market and peer reviews and our success in attracting and retaining key talent to deliver our strategic goals and shareholder returns;
- Review performance metric goals as appropriate in the context of prevailing economic conditions in South Africa;
- Attract and appoint a further black Non-executive Director to the board, preferably with Telco and/or audit experience. This is in terms of our plans to ensure an orderly rotation and or replacement of Non-executive Directors who have served on the Board for longer than nine years, as well as achievement of our race and gender diversity goals on the Board;
- ESG goals are aligned with best practices, ensuring they are not only measurable but also verifiable;
- Benchmark NED fees and review accordingly;
- Continue to engage with our institutional shareholders for their input on our remuneration policy and report and consider any recommendations for improvement;
- Continue to focus on equality through reviewing employment equity strategy and targets as well as diversity and inclusion initiatives;
- Review growth opportunity strategy, which includes conditions of employment, management, leadership development programmes and long-term employee development through succession planning; and
- Drive and monitor our policy of equal pay for equal work across gender and race.

Board composition, structure and report back continued

Social, Ethics and Transformation Committee

Members	Number of meetings
SJ Vilakazi (Chairman)	3
KM Ellerine	Member attendance
GD Harlow	
BM Levy (alternate DA Suntup)	100%

Key objective and terms of reference

Monitor the Group's activities and compliance with legislation relating to equality, black economic empowerment, good corporate citizenship, the environment, health, public safety, and consumer and labour relations, as well as advise the Board where necessary and appropriate. Review ethical business conduct, including any activity on the ethics hotline.

The Social, Ethics and Transformation Committee concluded that it has fulfilled its responsibilities in accordance with its terms of reference.

2021 focus areas

- Continue to evolve Blue Label's CSI approach in pursuit of shared value by leveraging Trust Blu Foundation to ensure that our initiatives are aligned to deliver on RITE;
- Increase integration of the Group's institutional capabilities to further support our CSI, enterprise and supplier development programmes;
- Continue to support the integration of socio-economic and enterprise development initiatives with marketing campaigns to increase synergy;
- Oversee the implementation of the approved stakeholder management programme, which is in line with the principles of King IV;
- Continue to review and assess stakeholder relations;
- Continue to provide oversight on the activities related to global diversity and inclusion;
- Oversee the development of a Group enterprise and supplier development policy to transform the supply chain by introducing 51% black-owned entities, 30% black women-owned entities as well as exempt microenterprises and qualifying small enterprises;
- Ensure the embedding of ethics is done in an ethical, safe and responsible way;
- Monitor and evaluate the implementation of ethics management; and
- Consolidating and scaling our CSI initiatives, as well as continued collaboration with our non-profit organisation and implementation partners.

Refer to the human capital report on page 66, the Social, Ethics and Transformation Committee report on page 109, the effective and ethical leadership report on page 88 and stakeholder relations sections on page 33 for further details.

2022 focus areas

- Drive a mindset of performance with purpose which includes:
  - Being responsive for the need of the communities we serve while building our business which includes
    - Quality education
    - Decent work and economic growth
    - Sustainable communities – socio-economic plans
    - Reduce inequalities
    - Reducing poverty
    - Improving the environment, health, and safety performance continuously.
- Continue driving a growth mindset culture which includes:
  - Short and long-term objectives
  - Developing innovative solutions for long-term growth
  - Developing self and others to build careers as a retention strateg.
  - Driving long-term employee development for succession planning.
- Continue to evolve Blue Label's CSI approach in pursuit of shared value by leveraging Trust Blu Foundation to ensure that our initiatives are aligned to deliver on RITE.
- Increase integration of the Group's institutional capabilities to further support our CSI, enterprise and supplier development programmes.
- Continue to support the integration of socio-economic and enterprise development initiatives with marketing campaigns to increase synergy.
- Oversee the implementation of the approved stakeholder management programme, which is in line with the principles of King IV.
- Continue to review and assess stakeholder relations.
- Continue to provide oversight on the activities related to global diversity and inclusion.
- Oversee the development of a Group enterprise and supplier development policy to transform the supply chain by introducing 51% black-owned entities, 30% black women-owned entities, as well as exempt microenterprises and qualifying small enterprises.
- Ensure the embedding of ethics is done in an ethical, safe and responsible way.
- Monitor and evaluate the implementation of ethics management.
- Talent transformation and succession planning to enable improved diversity at Senior Management and Top Management occupational groups.

Investment Committee

Members	Number of meetings
GD Harlow (Chairman)	2
KM Ellerine	
DR Hilewitz	**Member attendance**
BM Levy	100%
MS Levy	
JS Mthimunye	
DA Suntup	

Key objectives and terms of reference

- Review for approval the proposed acquisitions, investments and disposals of the Group recommended by the Executive Committee;
- Reviewing, considering and recommending to the Board acquisitions and investments of the Group;
- Annually review the performance of each investment and acquisition made over the past five years; and
- Review and update Capital Allocation Policy of the Group.

The Investment Committee concluded that it has fulfilled its responsibilities in accordance with its terms of reference.

2021 focus areas

- Continue to develop and apply revised risk and return parameters to new investments and monitor previous acquisitions and their performance;
- Continue to look for buyers in order to dispose of the Indian asset;
- Development of a new risk assessment metric to make target internal rate of return (IRR) goals more challenging before approval. The Investment Committee recognises that the risk appetite associated with the Cell C acquisition was exceeded;
- The Investment Committee and the Board continues to impose a moratorium on new acquisitions, as we continue to consolidate, focus on the optimisation of our core businesses and strengthening of our balance sheet. Blue Label's strategy is to grow its businesses organically and to enhance its competitive advantage and offering to its customers, through strategic acquisitions. All new investments considered have to be motivated by alignment with Group objectives, strategic focus, and they have to enhance future profitability. Among the considerations are the requirements that the future returns exceed Blue Label's weighted average cost of capital adjusted with a risk profile metric, meet stringent IRR targets, enhance Blue Label's service and product offerings or complement existing ones, attract new skills and management and offer synergy benefits; and
- Our other energies were focused on Cell C's refinancing and stabilisation initiatives. The Committee has requested certain interventions by the Blue Label-nominated Directors of Cell C, as well as bi-annual Cell C management reports back to the Committee.

2022 focus areas

- Complete the new Capital Allocation Policy. These guidelines will enhance our investment approval processes, optimise our balance sheet structure, enhance profitability within our risk appetite and determine when dividends may be resumed and or shares repurchased;
- Once Cell C has been recapitalised, the focus will be on supporting Cell C to achieve its turnaround goals and enabling Blue Label to claw back on its investment that was impaired in 2019.
- Management of group debt levels within risk parameters and through core cash-generating activities as well as optimising costs through hedging where appropriate.

King IV functional areas

King IV's philosophy of integrated thinking and governance, promotes the integration of governance functional area and reports` back into the rest of the integrated reporting elements. Oversight of these functional areas is maintained by the Board and its subcommittees as follows:

King IV functional area	Committee oversight	Report back
Risk	Audit, Risk and Compliance	Governance of risk (page 99) Material risks (page 27)
Technology and information	Audit, Risk and Compliance	Leveraging technology (page 76) Solutions segment (page 64) Material risks (page 27)
Regulatory compliance	Audit, Risk and Compliance Social, Ethics and Transformation	Compliance report (page 102) Social, Ethics and Transformation Committee's report (page 109) Corporate social responsibility and community development (page 78) Human capital (page 66)
Assurance	Audit, Risk and Compliance	Approach and reporting frameworks (page 01) Combined assurance (page 104) Governance of risk (page 99) Audit, Risk and Compliance Committee's report (page 105)
Stakeholder relationships	Social, Ethics and Transformation	Stakeholder relations (page 33) Effective and ethical leadership (page 88) Social, Ethics and Transformation Committee's report (page 109) Corporate social responsibility and community development (page 78)
Remuneration	Remuneration and Nomination	Remuneration report (page 111)

Governance of risk

Structure

The Board accepts its responsibility for the governance of risk, which includes the total process of risk management and the formation of its opinion on the effectiveness of the process. The Board forms its opinion on the process of risk management based on the recommendations of the Audit, Risk and Compliance Committee (ARCC) and is satisfied with the effectiveness of the risk management process. The ARCC is responsible for ensuring that the Group has implemented an effective policy and plan for risk management and that the risk disclosures are comprehensive, timely and relevant. The Board and Committees' responsibilities are documented in the Blue Label Integrated Risk Assurance Policy and Framework.

Management is accountable to the Board for designing, implementing and monitoring the process of risk management. The Internal Risk and Compliance Committee (IRCC), established by management, supports the enterprise-wide risk approach by identifying, evaluating and measuring Group-wide risks and compliance in all functional areas of the Group, as well as maintaining adequate internal controls. The IRCC reports to the ARCC bi-annually in this regard, which oversees the effectiveness of risk management arrangements.

Process

Group-wide strategic risk assessments are conducted bi-annually. These assessments are facilitated by the compliance officer, who plays an important role in evaluating the risk management process and guiding management to continuous improvement.

To encapsulate our focus on the capitals and the triple context in which we operate, the risk process incorporates value drivers that broadly reflect the expectations of our stakeholders and against which risks are identified. The risk assessments conducted involve risk identification and prioritisation at subsidiary and holding company level through interviews with Senior Management and key members of Executive Management to confirm risks, their descriptions and prioritisation. Each risk is evaluated in terms of the potential impact, the likelihood of occurrence and the perceived effectiveness of controls in place to manage the risks according to set criteria. The Group has identified its strategic risks and acknowledges that its appetite to accept risk varies across those identified. The assessment process includes the setting of risk appetite and tolerance on a qualitative basis .Risk appetite and tolerance levels are reviewed annually at the ARCC and ratified at Board level. The outcome of the risk assessments is integral in refining our strategic response and in developing a risk-based plan for internal audit engagements for the forthcoming year. Action plans are documented in response to risk appetite and tolerance thresholds that are breached. The Group's material risks are listed on pages 27 to 32.

COVID-19 pandemic

In spite of certain restrictions caused by the COVID-19 pandemic, Blue Label has continued to deliver essential services, including electricity, airtime, data and other digital services, as well as providing financial transactional services. The lockdown regulations and the downturn in economic activity have not negatively impacted airtime, data and electricity sales volumes. The Group's digital expertise has enabled uninterrupted access of all its products and services through banks, formal retailers, independent retailers, petroleum forecourts and spaza shops across South Africa. Cash flow generated by the core businesses within the Group has consequently not been negatively impacted. The products and services that Blue Label provides fulfil essential needs of the consumer, even more so during the lockdown period due to home confinement. In essence, such demand would only decline if consumer cash resources dwindle as a result of a decline in their income. In a situation of this nature, Blue Label's products and services would remain a priority in consumer spend and retain a level of resilience in comparison to other consumer goods and services.

Information and technology governance

The Board is responsible for the Group's technology and information governance risk and compliance. The Board delegated its responsibility of information governance risk and compliance to the Executive Committee for the implementation of IT governance, which developed and adopted an IT governance framework. The Blue label IT Governance Framework was informed by a number of best-practice reference frameworks, including King IV, ISO/IEC 38500:2015, COBIT, and the IT Infrastructure Library (ITIL) which also includes NIST and ISO 27001 for Cyber Security. This framework supports governance and continuity as well as our digital innovation and growth agendas.

Technology as strategic transformation driver

Back-office transformation investments at Blue Label

Digital adoption has taken a quantum leap with large-scale rollouts of conferencing, signature, and workplace tools.

A fresh human resource management platform was rolled out to all employees, emphasising our commitment to empowering our staff.

Security vigilance and a zero tolerance for cyber crime kept our core infrastructure and services functioning with 100% uptime and no cyber breaches.

Transformation of market-facing platforms

Our platforms will leverage our new technology backbone and centralised API gateway architecture. This allows the Group to commercialise integrations faster and on the best available technologies. Most importantly, it now enables accelerated business model transformation where necessary.

We concluded our active-active implementation, hybrid-cloud guardrails, and are able to replicate services across failover paths between data centres.

Our new code delivery and management tools and methodologies enable agile software development and release, which allows us to compete aggressively by launching minimum viable products to the market faster.

Investment into various platform innovation initiatives across subsidiaries will result in advantageous business model evolutions during the next three years:

- Ticketpro progressed well, launching its world-first fully flexible events platform which will cater for any form of event (seated or unseated, physical or virtual, local or international) and which will be offered as a white-labellable technology platform.
- Transaction Junction now offers a leading 3D-Secure payment Gateway, processes person-to-person push payments with numerous retailers, and concluded the development of its own PCI-certified switch called iMbeko.
- Blue Label Connect will soon launch its Rubrix platform, an online service where consumers will be able to purchase any contract from any mobile network and multiple additional consumer goods and services.
- Our Ringas ubiquitous airtime product, launched by TPC, reached 20 million consumers in less than a year and will become a key differentiator for the transformation of the bulk print industry through new software planned to go to market this year.
- The success of the new T3T Self-Service agent system will be expanded to empower church communities with direct ordering and loyalty, extending the reach of our full product bouquet.
- We are building out our financial services' digital product set with buy-now pay-later software capabilities, yet to be revealed to the market.
- BLDS is changing the South African call centre landscape with a fully featured, safe, online, VOIP-enabled call centre service marketplace for businesses and agents.
- Blue Communications is launching its state-of-the-art zero-rated proxy services, allowing businesses to white-list its applications and websites to gain digital adoption from cost-sensitive consumers.
- Cigicell created Unipay, a safe and convenient online one-stop-shop for all consumers' bill payments.
- BluNova launched its scoring engine and drastically enriched its datasets, paving the way for the launch of our alternative scoring of the South African market.
- BLD and GCRS are extending their product bouquet, making virtual products such as Netflix and Uber vouchers available.
- We remain steadfast on our robotics process automation (RPA) initiatives, empowering our workforce to do more with their time, while leveraging the power of technology to automate repeatable tasks.

Continued delivery of improved application programming interfaces, converged mobility design and payment mechanisms, robotics process automation, decisioning, embedded big data analytics, enhanced cybersecurity mechanisms and distributed cloud formation remains key to the democratisation of technology within our business growth and diversification strategies.

These strategic elements are underpinned by our constant drive towards customer-centric design and user experience, which stands central to our world-class business solutions across our national and international businesses.

Scalability and performance

Significant additional investments into our technology platforms, computing edge and hybrid cloud strategy have ensured continuous stability while catering for significant growth in annual transactional volume throughput. We achieved 99.5%

uptime for market-facing proprietary systems and 99.95% for business-facing systems and shared infrastructure.

We remained vigilant on our strategic information technology mandates of continuous service improvement, governance, operational enhancement, platform scalability and infrastructure enhancement.

Risk and compliance

The latest thorough IT General Controls (ITGC) review, concluded by PwC in April 2021, reflects further improvement of internal controls at a high-maturity level of 95%. The results are a testimony to Blue Label's market-leading IT practices, following major recent operating model changes undergone to support our strategy.

It also proves the effectiveness of the increased controls designed and operated during the year. We renewed our governance framework to ensure that the maximum level of maturity can be maintained and to drive control delivery through project portfolio and systems change management (which now ensures alignment of technology investments with governance controls). Cybersecurity threats remain a key ongoing risk and forms a significant part of our technology investments.

Stringent standards for information and infrastructure security controls have been reviewed and reinforced. We proactively assess our vulnerabilities and risk of exposure on an ongoing basis while driving cyber risk prevention, assessment and education programmes to maintain vigilance. We are embedding security as a core component within platform delivery via governed development mechanisms.

Our big data programme and data practices complies with POPIA.

Furthermore, we revitalised our approach to attracting, developing and retaining top skills and talent. This resulted in the sourcing and retaining of talent with skills targeted at delivering and managing modern digital software technologies. It remains vital in our quest to maintain and support legacy environments while continuously adapting and supporting newer technologies with the best-in-class technology staff. Balancing the technological rate of change through a capable technology workforce, through constant resource balancing, remains a crucial basis for predictable service delivery and business growth and transformation objectives.

An active strategy and retention programme are in place to mitigate South African IT human capital retention risk. We are mindful of MICTSETA's Scarce and Pivotal Skills Lists and Sector Skills Planning research, which classifies skills across the IT spectrum – including IT managers, project managers, developers, web design professionals, programmers, networking and security engineers and data scientists – as scarce in South Africa. The sharp rise in the emigration of skilled IT workers to international markets contributed to the preliminary findings of a 20% annual increase in emigration statistics for this portion of the skilled South African workforce in 2020 and continued its trajectory in 2021.

Compliance report

Regulatory compliance report

The IRCC oversees the discharge of regulatory compliance responsibilities. The Committee monitors, assesses, researches and reports on the regulatory environment in which the Group operates. The IRCC reports to the ARCC.

The process of compliance management encompasses:
- identifying and prioritising all Acts and regulations at a national level applicable to Blue Label;
- incorporating regulatory requirements into control measures such as standard operating procedures, processes, manuals and policies;
- recommending corrective measures or steps to ensure compliance; and
- monitoring compliance through the adequacy and effectiveness of control measures.

The risk of non-compliance is being managed through:
- the annual review and update of the Group regulatory universe;
- the compilation of compliance risk management plans for high-risk legislation; and
- the continuous monitoring of the regulatory environment.

The regulatory environment changes constantly. We proactively contribute to and manage our regulatory environment by taking care of the interests of all our stakeholders and clients.

The information below summarises the status of the top three pieces of legislation within the Group:

Protection of Personal Information Act, 2013 (POPIA)

POPIA gives effect to section 14 of the constitution, which provides that everyone has the right to privacy. The Act promotes the protection of personal information processed by public and private bodies and seeks to balance the right to privacy against other rights such as access to information. POPIA has been implemented incrementally, with the President proclaiming 1 July 2020 as the commencement date of sections of the Act with a 12-month grace period for compliance: Sections 2 to 38 which set out provisions dealing with the application of POPIA, the listed conditions for lawful processing of personal information as well as the respective exemption from conditions for processing of personal information and sections 55 to 109, which regulate the following aspects:
- The information officer
- Prior authorisation
- Codes of conduct
- Data subject's rights in terms of direct marketing
- Trans-border information flow
- Enforcement
- Offences, penalties and administrative fines
- Fees and transitional arrangements.

Sections 111 and 114(1), (2) and (3) of POPIA became effective as of 1 July 2020, with the compliance deadline being 30 June 2021. Sections 110 and 114(4) will commence on 30 June 2021 and these sections pertain to the amendment of laws and the effective transfer of functions of POPIA from the South African Human Rights Commission to the Information Regulator.

The following POPIA initiatives have been implemented to ensure compliance at 30 June 2021:
- Group Compliance Framework has been developed;
- POPIA information sessions have been presented to the various subsidiaries/stakeholders;
- POPIA questionnaires have been completed;
- POPIA-related policy documents have been prepared/updated;
- POPIA Committee established to meet monthly;
- POPIA Control Risk Management Plan has been completed to assist in risk management;
- PAIA manuals are being developed/updated; and
- POPIA impact assessments have been prepared to perform gap analyses.

Disaster Management Act, 57 of 2002

The Disaster Management Act governs the management and regulatory requirements surrounding the COVID-19 pandemic. The Group's governance framework supports a secure and safe working environment.

The impact of the COVID-19 pandemic has been elevated to a critical piece of legislation in 2021. COVID-19 risk assessments were performed and mitigating controls were implemented including all compliance requirements in terms of the Disaster Management Act.

A task team was established which kept the Board abreast of COVID-19-related matters. We introduced the necessary protocols and materials to protect our employees and stakeholders. A concerted drive was undertaken to encourage employees to work off site and thus reduce the risk of infection. Mandatory digital employee awareness campaigns have been rolled out to educate staff focusing on COVID-19 preventative and detective measures.

The COVID-19 pandemic presented one of the biggest challenges since our inception but it also gave us an opportunity to adapt and think differently.

Cyber Crimes Act 19 of 2020

The Cyber Crimes Act, which seeks to bring SA's cyber security laws in line with the rest of the world, has been signed into law by President Cyril Ramaphosa.

BLT operations rely heavily on technology platforms to facilitate service delivery which increases the risk of cybercrime. It is thus of critical importance to maintain the integrity and stability of key IT systems to protect stakeholder interests against increasingly sophisticated targeted attempts at digitally assisted fraud which is one of the main objectives of the Cyber Crimes Act.

Examples of data messages deemed harmful by the new law include those which incite violence or damage to property; threaten persons with violence or damage to property; and those which contain an intimate image. Other offences include cyber fraud, forgery, extortion, and theft of incorporeal property.

The unlawful and intentional access of a computer system or computer data storage medium is also considered an offence, along with the unlawful interception of, or interference with data.

This creates a broad ambit for the application of the Cyber Crimes Act, which defines 'data' as electronic representations of information in any form. It is interesting to note the Act does not define 'cybercrime' but rather creates a number of offences such as those canvassed above. The Cyber Crimes Act will be of particular importance to electronic communications service providers and financial institutes, as it imposes obligations upon them to assist in the investigation of cybercrimes; for example, by furnishing a court with certain particulars, which may involve the handing over of data or even hardware on application. There is also a reporting duty on electronic communications service providers and financial institutions to report, without undue delay and where feasible, cyber offences within 72 hours of becoming aware of them. A failure to do so may lead to the imposition of a fine not exceeding R50 000.

A person who is convicted of an offence under the Cyber Crimes Act is liable to a fine or to imprisonment for a period of up to 15 years, or to both a fine and such imprisonment, as may be ordered in terms of the offence.

There is a certain amount of overlap between this Act and POPIA. One of the conditions for lawful processing in terms of POPIA is security safeguards which prescribes that the integrity and confidentiality of personal information must be secured by a person in control of that information. This is prescribed by POPIA to prevent loss, damage, or unauthorised access to or destruction of personal information. POPIA also creates a reporting duty on persons responsible for processing personal information, whereby they must report any unlawful access to personal information (data breach) to the Information Regulator within a reasonable period.

Training programmes will be rolled out during FY2022 to increase awareness in this legislation.

Combined assurance

The objectives of assurance are to assess whether the internal control environment is effective, to assess whether there is sufficient integrity in the information used for internal decision-making and to support the integrity of external reports. The ARCC of Blue Label is responsible for overseeing the effectiveness of combined assurance arrangements within the organisation, which is documented within the Blue Label Integrated Risk Assurance Policy and Framework. The IRCC is responsible for directing and assisting in the co-ordination of the combined assurance arrangements within Blue Label as well as to ensure that a robust integrated risk assurance plan is compiled and executed by the various assurance providers on an annual basis.

Blue Label has adopted a combined assurance model, in line with corporate governance objectives, to optimise assurance obtained from management, corporate functions, and internal and external assurance providers on the risks affecting the business. The combined assurance model is integrated within the risk management process, including reporting to and oversight from the IRCC and ARCC, from which the annual integrated assurance plan is developed in respect of the priority risks for the Group across the four lines of defence (Management, Corporate Functions, Independent Assurance and Oversight Committees) through defined assurance activities. The assurance plan is a key tool to support the ARCC and the Board in making its endorsement on the effectiveness of internal controls in the integrated report and to support the integrity of information that underpins internal decision-making within Blue Label and reporting to its stakeholders.

Effort surrounding the first and second and line of defence included robust subsidiary and Group level finance reviews on a monthly basis as part of oversight and strengthening the overall compliance function.

In conclusion, risk audits are assigned to appropriate assurance providers, who monitor the effectiveness of the action plans and processes developed and implemented by management to mitigate the risks. This model gives the Board the assurance, through the Audit and Risk Committee, that all significant risks and associated opportunities are adequately managed.

Audit, Risk and Compliance Committee's report

The Audit, Risk and Compliance Committee (ARCC) is pleased to present its report for the financial year ended 31 May 2021.

The ARCC is an independent statutory committee appointed by the shareholders of the Company. In addition to its statutory duties, the Board has delegated further duties to the Committee. This report covers both these sets of duties and responsibilities.

Mandate and terms of reference

The Committee has adopted comprehensive and formal terms of reference which have been approved by the Board and which are reviewed on an annual basis. The responsibilities of the ARCC include:

- examining and reviewing the Group's financial statements and reporting of interim and final results;
- review and consider, for recommendation to the Board, the consolidated budget for the ensuing financial year;
- overseeing integrated reporting;
- overseeing the Internal Risk and Compliance Committee function;
- overseeing the function of the Compliance Officer;
- ensure that Blue Label implements an effective policy and plan for risk management that has been disseminated throughout the organisation and integrated within day-to-day activities in order to enhance the Company's ability to achieve its strategic objectives;
- ensure that the disclosure regarding risk is comprehensive, timely and relevant;
- ensure that a combined/integrated assurance model is applied to provide a co-ordinated approach to all assurance activities and appropriately addresses all the significant risks facing Blue Label;
- reviewing and satisfying itself of the expertise, resources and experience of the Blue Label finance function;
- overseeing the Group internal audit function;
- establish, implement and maintain a compliance function with adequate policies and procedures to ensure compliance with rules, regulations, statutes and procedures applicable to Blue Label;
- report annually to the Board and shareholders describing the Committee's composition, responsibilities and how they were discharged, and any other information required by rule, including the approval of non-audit services;
- resolve any disagreements between management and the auditor regarding financial reporting;
- retain independent counsel, accountants, or others to advise the Committee or assist in the conduct of an investigation;
- seek any information it requires from employees – all of whom are directed to co-operate with the Committee's requests – or external parties; and
- meet with the organisation's officers, external auditors, or outside counsel as necessary.

Membership and meetings held

In accordance with the requirements of the Companies Act, No 71 of 2008 (the Companies Act), Mr JS Mthimunye, Mr GD Harlow, Ms NP Mnxasana and Mr SJ Vilakazi were appointed to the Committee by shareholders at the AGM held on 26 November 2020 in the following positions:

- JS Mthimunye (Independent Non-executive Chairman);
- GD Harlow (Independent Non-executive Director);
- MP Mnxasana (Independent Non-executive Director); and
- SJ Vilakazi (Independent Non-executive Director).

The members of the Committee collectively have experience in audit, accounting, commerce, economics, law, corporate governance and general industry. All of the members of the ARCC are Independent Non-executive Directors.

The Committee meets quarterly and the quorum for each meeting is three members present throughout the meeting. Mandatory attendees at the meetings are the Joint Chief Executive Officers and the Financial Director of Blue Label. The external audit partner from PwC and a director from KPMG, to whom Blue Label outsources its internal audit function, are also attendees. Both internal and external auditors are afforded the opportunity to address the meeting and have unlimited access to the Committee. During the year, the Committee met with the external and internal auditors respectively without the presence of management. The internal audit function reports directly to the ARCC and is also responsible to the Financial Director on day-to-day administrative matters.

Statutory duties discharged

In execution of its statutory duties during the year under review, the Committee:

- nominated and recommended to shareholders the reappointment of PwC as independent external auditors, with Pietro Calicchio, the audit partner, as the registered independent auditor;
- approved the fees to be paid to PwC and other external auditors, where applicable, and approved the terms of engagement;
- maintained a non-audit services policy which determines the nature and extent of any non-audit services that PwC may provide to the Group;
- discharged those statutory duties as prescribed by section 94 of the Companies Act, acting in its capacity as the appointed Audit Committee of the subsidiary companies of Blue Label;
- considered the Committee's report describing how duties have been discharged; and
- submitted matters to the Board concerning the Company's accounting policies, financial controls, records and reporting, as appropriate.

Audit, Risk and Compliance Committee's report continued

Other duties to discharge

Financial statements and reporting

The Committee:

- monitored compliance with accounting standards and legal requirements and ensured that all regulatory compliance matters had been considered in the preparation of the financial statements;
- reviewed the external auditor's report to the Committee and management's responses thereto and made appropriate recommendations to the Board of Directors regarding actions to be taken;
- reviewed and commented on the annual financial statements, interim reports, paid advertisements, announcements and the accounting policies and recommended these to the Board for approval;
- reviewed and recommended to the Board for adoption the consolidated budget for the ensuing financial year; and
- considered the going concern status of the Company and Group on the basis of review of the annual financial statements and the information available to the Committee and recommended such going concern status for adoption by the Board. The Board statement on the going concern status of the Group and Company is contained in the Directors' report.

External audit and non-audit services

The ARCC has satisfied itself as to the independence of the external auditor, PwC, as set out in section 94(7) of the Companies Act, which includes consideration of compliance with criteria relating to independence or conflicts of interest as prescribed by the Independent Regulatory Board for Auditors, including tenure of the audit firm and rotation of the designated individual partner. Requisite assurance was sought from and provided by PwC that internal governance processes within the firm support and demonstrate its claim to independence. PwC has been the auditor of the Company for 17 years.

To assess the effectiveness of the external auditors, the Committee considered the quality, delivery and execution of the agreed audit plan and variations from the plan, and the robustness and perceptiveness of PwC in its handling of key accounting treatments and disclosures. The ARCC has been informed of the most recent results of PwC's regulatory and firm inspection results and is satisfied with the results thereof.

The Committee, in consultation with Executive Management, agreed to the engagement letter, terms, audit plan and budgeted audit fees for the 2021 financial year.

Any non-audit services to be provided by the external auditors are governed by a formal written policy which incorporates a monetary delegation of authority in terms of non-audit services to be provided. The non-audit services rendered by the external auditors during the year ended 31 May 2021 comprised tax advisory services, tax compliance services and general advisory services. The fees applicable to the aforementioned services totalled R2.4 million (2020: R6.6 million).

The ARCC has nominated, for approval at the AGM, the reappointment of PwC as registered auditors for the 2022 financial year. The Committee also satisfied itself in terms of paragraph 3.84(g)(iii) of the JSE Listings Requirements that PwC and the designated individual partner are suitable for appointment having requested and considered the information detailed in paragraph 22.15(h) of the JSE Listings Requirements.

Internal audit and internal controls

Blue Label's internal audit function is outsourced to KPMG and the role of the Chief Audit Executive is fulfilled by the Engagement Director. The ARCC concludes that the Chief Audit Executive and internal audit arrangements are effective and independent.

The Committee:

- reviewed the co-operation and co-ordination between the internal and external audit functions in order to avoid duplication of work and to work towards an effective and efficient combined/integrated assurance approach;
- examined and reviewed the progress made by internal audit against the approved 2020/21 audit plan;
- considered the combined/integrated assurance arrangements for the 2020/21 financial year;
- approved the risk-based internal audit plan for the 2020/21 financial year;
- considered the effectiveness of internal audit;
- considered internal audit findings and corrective actions taken in response to such findings; and
- reviewed the annual statement from internal audit on the effectiveness of the organisation's governance, risk management and internal control processes.

The ARCC concludes that the design and implementation of internal controls, including financial controls and risk management, are effective and has satisfied itself that appropriate financial reporting procedures exist and are working, as contemplated in paragraph 3.84(g)(ii) of the JSE Listings Requirements, which includes consideration of all the entities in the consolidated annual financial statements.

The ARCC concludes that the combined assurance arrangement is effective and will continue to evolve as the Group grows.

Risk management and compliance

In relation to the governance of risk, the Committee:

- reviewed the integrity of the risk control systems and ensured that the risk policies and strategies of the Company are effectively managed;
- made recommendations to the Board concerning the levels of tolerance and risk appetite, and monitored the management of risk exposures against these levels;
- reviewed and recommended to the Board approval of the Integrated Risk Assurance Policy and Framework;
- monitored bi-annual risk assessments and reviewed the consolidated strategic risk profile to evaluate and ensure all material risks have been identified as they pertain to the triple context of Blue Label, and are being managed appropriately;
- provided feedback to the Board on significant risks, including emerging risks, and significant changes to the risk profile;
- ensured that management considered and implemented appropriate risk responses to significant risks;
- considered the relevance and effectiveness of information and technology governance systems, processes and mechanisms to manage technology-related risks;
- reviewed and recommended to the Board risk information for disclosure, in accordance with King IV principles;
- reviewed legal matters that could have a material impact on the Group in conjunction with Blue Label's legal adviser; and
- reviewed developments in corporate governance and best practice and considered their impact and implications across the Group with particular reference to the principles of King IV.

The ARCC is satisfied that it has dedicated sufficient time to its responsibility towards the governance of risk.

The Committee is satisfied that it has exercised sufficient, ongoing oversight of compliance through:

- the continued appointment of a dedicated Compliance Officer for the Group;
- the approval of the compliance strategy;
- the approval of the regulatory compliance policy and the compliance process;
- annual review of the Company's regulatory universe in order to prioritise regulatory compliance efforts;
- ongoing development and review of compliance risk management plans;
- continuous monitoring of the regulatory environment to ensure that the Group keeps abreast of matters affecting its regulatory environment;
- identification and monitoring of key compliance risks across the Group; and
- making use of a compliance maturity model to assess progress in the management of compliance.

Expertise and experience of the Financial Director and finance function

The Committee considered the appropriateness of the expertise and experience of the Financial Director and finance function in accordance with the JSE Listings Requirements and governance best practice and has satisfied itself in terms of JSE Listings Requirement 3.84(g)(i) that the Group Financial Director has appropriate expertise and experience.

The ARCC concluded that the finance function is adequately resourced with technically competent individuals and is effective. The Committee confirms that it is satisfied that Dean Suntup possesses the appropriate expertise and experience to discharge his responsibilities as Financial Director. The Committee is also satisfied that appropriate financial reporting procedures have been established and that those procedures are operating effectively.

Annual financial statements

The Committee has reviewed the accounting policies and financial statements of the Company and the Group and is satisfied that they are appropriate and comply with International Financial Reporting Standards, the JSE Listings Requirements and the requirements of the Companies Act of South Africa.

The Committee has evaluated the Group annual financial statements of Blue Label Telecoms Limited for the year ended 31 May 2021 and based on the information provided to the Committee, the Committee recommends the adoption of the annual financial statements by the Board.

The significant audit matters considered by the Committee were the impairment assessment of goodwill arising from business combinations and the recognition of the intangible asset related to the Cell C subscription income sharing arrangement.

These matters were addressed as follows:

The impairment assessment of goodwill arising from business combinations

For the year ended 31 May 2021, management performed an impairment assessment over the goodwill balance as follows:

- assessing the recoverable amount as being value-in-use, as entities are held-for-trading and not for sale;
- calculating the value-in-use for each cash-generating unit (CGU) using a discounted cash flow model; and
- performing a sensitivity analysis over the value-in-use calculations, by varying the assumptions used (growth rates, terminal growth rate and WACC, i.e. discount rate) to assess the impact on the valuations.

Based on the work performed, management concluded there was no need for any further impairment.

Audit, Risk and Compliance Committee's report continued

Recognition of the intangible asset related to the Cell C subscription income sharing arrangement

For the year ended 31 May 2021, management performed the following assessment over the recognition of the intangible asset:

- considered its rights and obligations under the agreement and applied significant judgement in determining that the Group's right to future cash flows from the arrangement; and
- applied significant judgement in determining the monthly capitalisation rate, which determined the extent of operating costs that meet the recognition criteria to be capitalised as an intangible asset.

Based on the work performed, management concluded these cash flows should be recognised as an intangible asset rather than a financial asset and amortised over nine years.

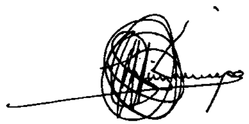
Integrated annual report

The Committee considered the integrated annual report, incorporating the annual financial statements for the year ended 31 May 2021. The Committee considered the sustainability information as disclosed in the integrated annual report and assessed its consistency with operational and other information known to its members. The Committee recommended the approval of the integrated annual report to the Board.

The ARCC is satisfied that it has complied with its legal, regulatory and other responsibilities as per its terms of reference and that it has executed its responsibilities in terms of paragraph 3.84(g)(iii) of the JSE Listings Requirements in its assessment of the suitability of the auditor. The contents of the ARCC report were discussed at the Committee meeting and were approved by the Committee members on 27 September 2021.

The ARCC is satisfied that it has complied with its legal, regulatory and other responsibilities as per its terms of reference.

On behalf of the Audit, Risk and Compliance Committee



JS Mthimunye
Chairman

27 September 2021

Social, Ethics and Transformation Committee's report

Dear Stakeholders,

The last year was a turbulent year filled with uncertainty as the whole world almost came to a standstill due to COVID-19 with many countries going into lockdowns. Like many companies, the Group was also impacted by the pandemic both operationally, how we engaged with stakeholders and even how we conducted our meetings. Key to this has been the Group's response to the COVID-19 pandemic which ensured the safety of employees and their families, and saw the Group adjusting its CSI allocation to play a part in donating Personal Protective Equipment.

In spite of all the challenges, I am pleased to report that the Committee performed its functions without any hindrance and can report on its activities for the financial year ended 31 May 2021.

The Committee was formed in February 2012 in accordance with section 72(4) of the Act and operates under Board-approved terms of reference, which include holding at least three meetings per financial year.

As prescribed by the Act, the role of the Committee is to monitor the Group's activities in respect of:

- social and economic development, including the Group's compliance with the Broad-Based Black Economic Empowerment Act and the Employment Equity Act;
- consumer relations and the Group's compliance with consumer protection laws;
- the Group's standing in terms of the ILO protocol on decent work and working conditions, the Group's employment relationships and its contribution to the educational development of its employees;
- good corporate citizenship, including the Group's promotion of equality, prevention of unfair discrimination and reduction of corruption, contribution to development of the communities in which the Group operates, and its record of sponsorships, donations and charitable giving;
- the environment, health and public safety and the impact thereon of the Group's activities; and
- the 10 principles of the United Nations Global Compact (UNGC).

This year the Committee met three times in line with its terms of reference. The Committee engaged with management on transformation across the Group's workplace focusing on continuous improvement in meeting the Company's transformation objectives and regulatory compliance.

Key focus areas for FY21 included:

- Continuing to evolve Blue Label's CSI approach in pursuit of shared value by leveraging Trust Blu Foundation to ensure that our initiatives are aligned to deliver on RITE.
- Increase integration of the Group's institutional capabilities to further support our CSI, enterprise and supplier development programmes.
- Continuing to support the integration of socio-economic and enterprise development initiatives with marketing campaigns to increase synergy.
- Overseeing the implementation of the approved stakeholder management programme, which is in line with the principles of King IV.
- Continuing to review and assess stakeholder relations.
- Continuing to provide oversight on the activities related to global diversity and inclusion.
- Overseeing the development of a Group enterprise and supplier development policy to transform the supply chain by introducing 51% black-owned entities, 30% black women-owned entities, as well as exempt microenterprises and qualifying small enterprises.
- Ensuring the embedding of ethics is done in an ethical, safe and responsible way.
- Monitoring and evaluate the implementation of ethics management.
- Talent transformation and succession planning to enable improved diversity at Senior Management and Top Management occupational groups.

The Committee ensured that the Group published its consolidated B-BBEE rating in respect of the 2021 financial year as required by the JSE of all listed entities and published a consolidated B-BBEE scorecard on its website, issued a SENS announcement and submitted a report to the B-BBEE commissioner.

In addition to monitoring and reporting on progress to date, the Company continued to explore implementation strategies to increase its B-BBEE compliance levels in line with our good corporate citizenship commitments. The Committee reviewed the impact of the Department of Trade and Industry codes of good practice to the Group and satisfied itself that management is ensuring a rigorous process to ensure compliance at individual subsidiary levels and that divisional management incorporates the Company's transformation objectives as an integral part of their day-to-day performance scorecards.

The Committee continued to interact with Senior Management and the Group's joint CEOs to ensure inculcation of the guidance and recommendations of the Committee into both strategic and operational plans within the Group and its subsidiaries.

The Committee continues to monitor progress of the roadmap to address the Company's equity targets and B-BBEE shortfalls. We will continue to review current initiatives and their effectiveness and make appropriate recommendations to the Board.

Social, Ethics and Transformation Committee's report continued

The following items were also considered and implemented during the year:

- monitored the implementation of the revised CSI policy whose intention was to ensure that the principle of shared value for all stakeholders is embedded into all Group CSI initiatives.
- monitored the implementation of the Trust Blu Foundation, the non-profit arm of the Group.
- continued monitoring all CSI projects, in particular, our ongoing support of the flagship project.
- monitoring of the coaching and skills development initiatives to ensure targeted spend of Group priorities and transformational objectives.
- monitored employment equity, including feedback from the Group Employment Equity Committee.

The Committee continued to monitor Group compliance with the 10 principles of the UNGC. We are pleased to report that the Group acknowledges the United Nations Foundation Sustainable Development Goals and are aligning our plan with the Environmental, Social and Governance requirements. We have cut out a set of objectives aligned to the initiatives that BLT will undertake in the coming year. We will continue to implement measures for the prevention and combating of all forms of corruption in line with all applicable local legislation. Monitoring of the ethics statement and the implementation of the Whistleblowing Policy of the Group remained a key monitoring tool for the Committee.

The Committee further noted that all health and safety policies and procedures continue to be well managed and co-ordinated via the Health and Safety Committee.

Key focus areas for 2022

The Committee believes that the Group complies with the statutory duties, save for issues being addressed by management concerning employment equity and aspects of procurement as the Group purchases mainly from the networks and power utilities. In addition, work continues to be undertaken to improve on the Group's B-BBEE equity scorecard.

Our focus areas will be:

- Drive a mindset of performance with purpose which includes:
  - Being responsive for the need of the communities we serve while building our business which includes.
    - Quality education.
    - Decent work and economic growth.
    - Sustainable communities – socio-economic plans.
    - Reduce inequalities.
    - Reducing poverty.
  - Improving the environment, health, and safety performance continuously.
- Continue driving a growth mindset culture which includes:
  - Short and long-term objectives.
  - Developing innovative solutions for long-term growth.
  - Developing self and others to build careers as a retention strategy.
  - Driving long-term employee development for succession planning.
- Continue to evolve Blue Label's CSI approach in pursuit of shared value by leveraging Trust Blu Foundation to ensure that our initiatives are aligned to deliver on RITE.
- Increase integration of the Group's institutional capabilities to further support our CSI, enterprise and supplier development programmes.
- Continue to support the integration of socio-economic and enterprise development initiatives with marketing campaigns to increase synergy.
- Oversee the implementation of the approved stakeholder management programme, which is in line with the principles of King IV.
- Continue to review and assess stakeholder relations.
- Continue to provide oversight on the activities related to global diversity and inclusion.
- Oversee the development of a Group enterprise and supplier development policy to transform the supply chain by introducing 51% black-owned entities, 30% black women-owned entities, as well as exempt microenterprises and qualifying small enterprises.
- Ensure the embedding of ethics is done in an ethical, safe and responsible way.
- Monitor and evaluate the implementation of ethics management.
- Talent transformation and succession planning to enable improved diversity at Senior Management and Top Management occupational groups.

The Committee believes that the Group complies with its statutory duties, save for issues being addressed by management with regard to employment equity and aspects of procurement as the Group purchases mainly from the networks and power utilities. In addition, work continues to be undertaken to improve on the Group's B-BBEE objectives and targets.

I look forward to reporting on our progress next year.

SJ Vilakazi
Chairman

27 September 2021

Remuneration report

Dear shareholders

This financial year has been a year of challenge and hardship caused by the COVID-19 pandemic. The management and Human Capital team provided excellent support and guidance to all employees, where health and safety took precedence. COVID-19 safety protocols were strictly enforced as well as a focused effort on mental health of #teamblu.

After considering all stakeholder interests, the Remuneration Committee took a decision in the prior financial year to suspend all short-term bonus rewards and salary increases to the management team. Notwithstanding, it was heartwarming to see that productivity levels remained high and the Group performed exceptionally well in the circumstances.

Our Remuneration Policy, amended significantly in 2020 to align with best practice, together with the Implementation Report and Non-executive Directors fees, were put to a shareholder vote at the previous AGM on 26 November 2020 and were endorsed with majority 97.62%, 98.87% votes respectively. We will not stop our efforts to engage with our shareholders to ensure alignment of our policy and their goals.

It is vital that our Remuneration Policy aligns with best practice and achieves our goals of attracting and retaining top talent. To this end, we tasked Deloitte to perform a review of the policy and a benchmarking exercise reviewing metrics and targets across the market as well as elements the Committee should consider when setting appropriate targets and metrics in short and long-term incentive awards that are specific to our firm. We are pleased to report that Deloitte confirmed that our policy meets best practice guidelines and recommended that the firm ensures that targets and metrics for awards are reviewed on an annual basis to ensure that they are relevant for each specific award. This has the added benefit of ensuring that metrics and targets associated with remuneration remain relevant through changing business environments. In line with best practice no metrics or targets, have been or will be retrospectively adjusted but the enhanced policy will ensure that the Remuneration Committee has the flexibility in setting appropriate metrics and targets on an annual basis. The Committee has decided that in the future we will review EBITDA as a financial target with a possible change to NPAT. The reason for this, is that the Group is embarking on an extensive training and skill development programme, which will impact EBITDA, but after deducting the S12H allowance in terms of the Income Tax Act, should leave our bottom line NPAT unchanged.

Section 1 provides an overview of how the Remuneration Committee has championed our alignment to King IV's Code on Corporate Governance, our areas of focus in achievement of our policy objectives, our efforts to build a culture through values, our purpose and alignment with performance and rewards. We also address diversity and inclusion, gender and race remuneration parity and setting new ESG goals.

Section 2 summarises our remuneration philosophy and policy, together with an overview of our total rewards strategy. There is only one small amendment as highlighted above, with regard to allowing the Remuneration Committee some flexibility in addressing annual performance metrics to ensure the Committee can continue to set relevant performance metrics and drive the right outcomes for all stakeholders. No change was however considered for the forthcoming year. The full policy can be accessed here. https://www.bluelabeltelecoms.co.za/sus-remuneration-policy.php. We also highlight our continued focus areas for FY2022.

Finally, section 3, the Remuneration Implementation Report, provides an overview of FY2021 performance and discloses performance against targets and resulting awards to Executive Directors as well as Non-executive Directors' fees paid.

Looking forward to FY2022, we will continue to review the success of our Remuneration Policy in terms of both our and stakeholders' goals. We have to be mindful of the challenges facing our country and what role we need to play in addressing these, including those resulting from injustices of the past. Together with ESG, these will be our prioritised goals for the forthcoming year.

We invite engagement with our shareholders as part of our efforts to continuously review and improve.

GD Harlow
Chairman

27 September 2021

Remuneration report continued

SECTION 1

Background statement regarding committee considerations and decisions

It remains the responsibility of the Remuneration Committee Chairman to give feedback to the Board after every Remuneration Committee meeting, of any key decisions and relevant discussions. The Remuneration Committee is committed to applying the King IV principles regarding responsible and transparent remuneration practices, assisted by regular benchmarking exercises. The Remuneration Committee, therefore, mandated Deloitte in FY2021, to conduct a benchmark assessment of our Remuneration Policy, in light of changes in the market since our last review.

Achievement of policy objectives

The Remuneration Committee believes that the Blue Label remuneration philosophy and policy remain fit for purpose and achieves the high-level objectives of attraction, retention, and performance motivation of our employees. The only policy change we have considered on the advice of Deloitte and taking into consideration our challenges in the country, is to allow the Committee to have flexibility in the determination of performance metrics and other elements that would typically be addressed yearly, rather than codified into a policy without change.

This has the added benefit of ensuring that metrics and targets associated with remuneration remain relevant through changing business environments. In line with best practice no metrics or targets, have been or will be retrospectively adjusted but the enhanced policy will ensure that the Remuneration Committee has the flexibility in setting appropriate metrics and targets on an annual basis going forward.

The Committee has not considered any amendments to these performance metrics for the forthcoming year nor did it adjust any metrics or outcomes retrospectively. The Committee will consider changes in future if deemed appropriate and in line with best practice and economic conditions in the country.

The Remuneration Committee prioritised and achieved the following objectives during the FY2021 year:

- Assess the executive remuneration market and governance frameworks mandating Deloitte to conduct a benchmarking assessment and peer group review. The review provided market trends and principles as well as a review of listed and non-listed companies fixed pay increases for 2021. We also reviewed the LTIP in comparison to various peer groups with a specific focus on performance metric targets.
- Monitor the implementation of the revised remuneration policy across the organisation and attempted to measure our success in attracting and retaining critical skills and talent.
- Support the transformation agenda and eliminate any unfair bias or practices.
- Ensure alignment of metrics to value-creating behaviour that enhances shareholder returns, and rewards performance accordingly,
- Review and approve Executive Director and Senior Management succession plans.
- Monitor and assess the impact of COVID-19 on our business and evaluate our remuneration practices in light of this, if required.
- Refine our ESG scorecard and associated metrics for our LTIP scheme.
- Assessing who our prescribed officers should be as an outcome of the new organisational re-design.
- Continue reviewing potential talent with new skills and capabilities that will complement our non-executive Board, with a focus on succession for Non-executive Directors who have served on the Board for more than nine years and specifically attracting black female talent onto our Board of Directors.

The Committee fulfilled its goal of attracting further black talent to the Board with the appointment of Nomavuso Mnxasana and Lazarus Zim. Ms Mnxasana joined the ARC Committee and Mr Zim the Remuneration Committee in June 2021.

Culture, reward, and performance

A values-based mindset is powerful. It drives employee engagement, organisational performance, customer satisfaction and brand loyalty.

At Blue Label we aim to build a culture through values and rituals. We understand that a culture cannot survive if it is not supported by leadership. Our leaders are our role models and therefore a lot of focus has been placed on developing leaders for the future in FY2021. To address the correct skills gaps we created job families for roles that have similar capabilities and designed competency models by job families. Our newly designed and implemented succession planning process, uses these competency models to develop individual development plans. We achieve our retention and succession of key capabilities through these individual development plans while delivering our organisations goals.

Our employee value proposition compliments our rewards policy to attract the newly required skills in an everchanging environment. We are pleased with the implementation of our new standardised succession management process that drives alignment with performance and rewards.

It has been a challenging year for the Committee with the COVID-19 pandemic and the duty of supporting our people through its impacts. The onset of the COVID-19 pandemic has created unprecedented uncertainty, impacting lives and livelihoods globally. In FY2021, our focus has been to safeguard the health and wellbeing of our employees and their families, while managing the economic and operational challenges facing Blue Label.

In protecting our employees, multiple regulations at all our offices were implemented, including driving awareness of the pandemic.

Diversity and inclusion

The representation of women and African talent in the broader business, as well as senior leadership, is a key focus of the Committee and the Board. On this front, we have made steady progress at the entry and middle occupational levels over recent years. In FY2021 we recruited new skills and capabilities into the organisation and we are pleased with our achievements and the intentional recruitment efforts to employ women and black candidates. 97% of new appointments were equity, 74% of all promotions were awarded to equity candidates, 39% to women and 45% to African. Of all new appointments, 57% were women and 43% men.

Additional considerations made in FY2021 to be implemented in the future

The Group has embarked on an aggressive learnership programme accommodating approximately 1 500 learners in our call centre. This is consistent with the Group's goals to focus on skills development and enterprise development. It is likely to have a future impact on EBITDA with a neutral impact on the NPAT line across the Group, as tax allowances can be claimed under S12H of the Income Tax Act. A review of EBITDA as a target with consideration of NPAT, will take place next year.

Further details of the full Remuneration Policy can be accessed at https://www.bluelabeltelecoms.co.za/sus-remuneration-policy.php.

2022 pay review

Paying for performance remained at the core of the Group's and the Remuneration Committees' philosophy.

For employees, management and executives up to 6% was approved, based on an individual performance rating. These decisions were not only aligned to our remuneration philosophy, but also cognisant of the fact that no increases were awarded in FY2020. The Committee approved performance-based bonuses for FY2021.

ESG, shared value and our purpose.

Our Rewards policy, value proposition, culture and ESG objective must align with our purpose. Through good ethics and good commercials, it is our social responsibility to generate value for all. In this way we will:

- Attract and retaining key capabilities
- Reward employees for living our values and displaying our leadership behaviours.
- Motivate our people to innovate and bring new ideas to achieve our strategy.
- Deliver our strategy and our purpose
- Deliver our new ESG objectives and service the market we serve.

Voting at the 2021 virtual annual general meeting

In line with the Companies Act and King IV, we will table the following resolutions for shareholders voting at the AGM:

- Advisory vote for the approval of the remuneration policy.
- Advisory vote for FY2021 implementation report.
- A binding vote on Non-executive Directors' fees.

Shareholders are invited to engage on our remuneration policy and this remuneration report by sending a request for engagement to the Chairman of the Remuneration Committee to investors@blts.co.za.

Remuneration Committee focus areas for FY2022

The Committee is mandated by the Board to continually assess the executive remuneration market and governance framework. The Committee will consider current market conditions, Blue Label's strategy and operational performance. We anticipate focusing on the following in FY2022:

- Continue to evaluate our policy in terms of market and peer reviews and our success in attracting and retaining key talent to deliver our strategic goals and shareholder returns.
- Review performance metric goals as appropriate in the context of prevailing economic conditions in South Africa.
- Attract and appoint a further black Non-executive Director to the Board, preferably with Telco and/or audit experience. This is in terms of our plans to ensure an orderly rotation and or replacement of Non-executive Directors who have served on the Board for longer than 10 years, as well as achievement of our race and gender diversity goals on the Board.
- ESG goals are aligned with best practices, ensuring they are not only measurable but also verifiable.
- Benchmark NED fees and review accordingly.
- Continue to engage with our institutional shareholders for their input on our remuneration policy and report and consider any recommendations for improvement.
- Continue to focus on equality through reviewing employment equity strategy and targets as well as diversity and inclusion initiatives.
- Review growth opportunity strategy, which includes conditions of employment, management, leadership development programs and long-term employee development through succession planning.
- Drive and monitor our policy of equal pay for equal work across gender and race.

Remuneration report continued

SECTION 2

Our remuneration philosophy, policy, and framework

Blue Label recognises that our people are one of our biggest assets and believe that it is important to allow each individual to thrive as an individual and grow their career, while excelling and succeeding together as an organisation. Our remuneration policy and practices, together with our WeLead programme aims to create awareness of how important it is to be resilient, be achievement-driven and have a winning mindset.

We aim with our Employment Value Proposition of #HappinessisBlu and employee engagement #teamblu programmes, to differentiate us from our peers. Our all-in culture creates a safe environment that leads to increase productivity and innovation.

This together with our remuneration policy, enable us to:

- deliver shareholder value by aligning our remuneration practices to our strategic goals;
- achieve our employment equity aspirations;
- align our employees' performance with shareholder interests;
- support our talent strategy through enabling Blue Label to attract, motivate and retain the very best calibre of Directors and employees who have above-average industry ability and expertise;
- create an entrepreneurial, competitive, innovative, and high-performance Company through rewarding demanding performance goals that are consistent with our strategy and shareholder growth expectations;
- reinforce our desired culture through encouraging and rewarding ethical behaviour, that is consistent with our values and leadership behaviours, thereby stimulating employee engagement and corporate citizenship simultaneously.
- driving our WeLead initiative that cultivates a growth mindset and innovative spirit that will dare to win.

This applies to all subsidiaries, associates and joint venture companies in which the Group holds a shareholding in excess of 40%, excluding Cell C who have their own remuneration policy and committee. The Remuneration Committee may approve by exception, for the policy to apply to seconded Blue Label employees.

Employer of choice

Our objective is to be an employer of choice and our employee brand and reward programme should be designed to help us achieve this.

Competitive pay levels

Our localised benchmark on guaranteed pay practices helps us to stay committed to remuneration packages that are competitive and relevant for the role and experience.

Pay for performance

We strive to pay for performance and therefore structure remuneration around this. This allows us to reward strong individual performance as well as organisation performance. We apply malus and clawback provisions to vested and unvested LTIP awards for management.

Internal equity

As far as possible, remuneration differentiation between employees is based on fair and objective criteria.

Our approach

At Blue Label we adopt a holistic approach to rewards, which includes guaranteed pay, variable pay, recognition and employee development and benefits.

We understand that the philosophy and each component of the policy, are dynamic and should be reviewed from time to time, to ensure we keep abreast of our objectives and market trends. We ensure that our practices comply with legislative and regulatory requirements.

We provide transparent and understandable information about our reward programme, policy and processes to all employees, to ensure that employees understand what they receive, why and when they receive it.

Our reward framework

Blue Labels framework comprises financial and non-financial components and applies to all employees. The framework is explained below:

- fixed annual remuneration (FAR);
- short-term incentives (STI);
- long-term incentives (LTI);
- commissions for sales staff;
- ad hoc rewards for performance and behaviours linked to our values, leadership programs and competitions; and
- non-financial benefits aligned to our EVP #HappinessisBlu.

At Blue Label the pay mix differs when specific business circumstances require it, including costs and allowances related to relocation and international assignments. We reimburse all necessary and reasonable business expenses.

Blue Label remuneration and talent retention strategy

	Guaranteed	Variable				Non-financial
	Fixed annual remuneration	Sales commissions	Short-term incentive plan	Short-term variable remuneration	Long-term incentive plan	#HappinessisBlu
Objectives	Enables us to attract and retain talent, taking into consideration, skills, experience, high potential and value contribution.	Aligned to drive continuous improvement, improved customer service and increased revenue in sales and operations.	Reward the achievement of challenging strategic, financial and operational objectives, aligning individuals to divisional, Group performance and the interests of our shareholders. The scheme is structured to reward collaborative work across the Group to ensure we leverage our capabilities, increase innovation, improve customer and consumer service, reduce inefficiencies and increase revenue and profits.	Special-purpose variable remuneration arrangements to help attract and retain high-potential talent who are the holders of scarce skills. Arrangements are subject to individual performance and time-based conditions to ensure an appropriate return on the remuneration investment.	Aligning employees to shareholder interests through incentivising performance in line with strategic goals and long-term shareholder value.	Create a differentiated EVP and work experience to increase the engagement and retention of existing employees and position Blue Label as an employer of choice within an increasingly competitive landscape.
Eligibility	All.	Specific roles within sales and operations.	All.	• Critical and scarce skills. • High-performing employees with high potential and critical skills.	Executives and management.	All.

Remuneration report continued

Blue Label talent strategy

	Guaranteed	Variable				Non-financial
	Fixed annual remuneration	Sales commissions	Short-term incentive plan	Short-term variable remuneration	Long-term incentive plan	#HappinessisBlu
FY2022 approach	Due to COVID-19 and its likely aftermath, the Remuneration Committee recommended up to 6% increases for FY2022. Increases awarded on exception to retain critical skills and high performing talent.	As defined by the operational plan and budget.	Schemes with varying components linked to: • individual performance; • divisional performance (where applicable); and • Group performance. Gatekeeper conditions are in place. Individual metrics are limited to five key performance indicators (KPI) and must be verifiable and challenging. The following financial measures will be applied in determining the STIP for Group head office and Executive Directors: • core HEPS; and • EBITDA. The following financial measure will be applied in determining the STIP at divisional level: • NPAT CEO's thresholds are calculated at 80% of FAR, target at 100% of FAR and a maximum pay-out at 150% of FAR. FD threshold is calculated at 50% of FAR, target at 70% of FAR and a maximum pay-out at 100% of FAR. Further details on targets can be found in the remuneration policy. Further details on targets can be found in the remuneration policy.	Cash-based sign-on awards and retention bonuses are assessed on a case-by-case instance in line with policy.	Eligibility based on: • senior leadership; • talent key to driving business strategy; • retention of talent with high potential and/or critical skills; and • transformation objective. Gatekeeper conditions are in place. Awards are subject to malus and clawback provisions. Minimum holding requirements are in place for Executive Directors. The following metrics apply: • core HEPS compounded cumulatively over three years; • total shareholder return versus the all share capped index; • return on capital employed; and • ESG performance scorecard. Allocation awards for Executive Directors are: • 50% of FAR for the CEOs achieving target, with a threshold of 36% of FAR and a maximum of 70% of FAR; and • 50% of FAR for the FD achieving target, with a threshold of 36% of FAR and a maximum of 70% of FAR.	Individualised employee engagement, development and growth.

Fixed annual remuneration

FAR is a critical enabler in the attraction and retention of human capital, taking into regard skills, experience, high potential and value contribution. The components of guaranteed fixed remuneration are:

- cash salary;
- medical aid benefits;
- allowances; and
- disability and death benefits.

To ensure we apply the right competitive remuneration, we collected industry and country-relevant benchmarks from Deloitte and KornFerry. Fair and competitive compensation is critical to being an employer of choice.

Annual salary review process

Blue Label's annual salary review process provides an opportunity for management to reward for performance and adjust salaries in line with market increases and organisational affordability. Blue Label's annual performance-based increases are affected in June each year. We aim to differentiate between non-performance, average performance and exceptional performance. The Committee mandated up to 6% increases for FY2022. The Remuneration Committee further mandated that where appropriate, by exception, higher increases may be awarded to retain critical skills and high-performing talent, or where there were enhanced responsibilities.

Short-term incentive plan

Our STIs reward the achievement of short-term and long-term objectives both financial and non-financial in nature. Our STIs also reward self-development and focus on developing others and the economic development of the communities we serve. In line with our entrepreneurial spirit, targets and metrics are challenging and align individuals to divisional and Group performance and the interests of our shareholders.

We have introduced further incentives for managers to use within exceptional instances. The special-purpose short-term variable remuneration arrangements have been designed to help attract and retain high potential human capital who are the holders of scarce skills.

The emphasis remains on performance beyond target for Executive Directors for FY2022:

- Individual goals will account for 20% of the STI. In FY2022, for Executive Directors, these relate to:
  - the turnaround strategy and performance of Cell C;
  - the Group's overall performance;
  - facility targets with the banks; and
  - succession planning.
- Group performance will account for 80% of the STI.

CEOs thresholds are calculated at 80% of FAR, target at 100% of FAR and a maximum pay-out at 150% of FAR.

The FD threshold is calculated at 50% of FAR, target at 70% of FAR and a maximum pay out at 100% of FAR.

Executive Directors STI metrics#

Metrics		Threshold	Target	Stretch
KPIs (20%)	Individual	CPI + 5%	CPI + 10%	CPI + 15%*
	Payout % of FAR	16% – CEOs 10% – FD	20% – CEOs 14% – FD	30% – CEOs 20% – FD
EBITDA (40%)	Group	CPI + 5%	CPI + 10%	CPI + 15%*
	Payout % of FAR	32% – CEOs 20% – FD	40% – CEOs 28% – FD	60% – CEOs 40% – FD
Core HEPS (40%)	Group	CPI + 5%	CPI + 10%	CPI + 15%*
	Payout % of FAR	32% – CEOs 20% – FD	40% – CEOs 28% – FD	60% – CEOs 40% – FD

* Remco discretion to be applied for performance above target.
\# The bonus is calculated per objective. Values awarded will be a weighted average of scores attained versus target and pro-rated as the case may be.

Remco will be guided by economic conditions and an annual review of the performance target percentage above CPI, with the most relevant metrics selected each year.

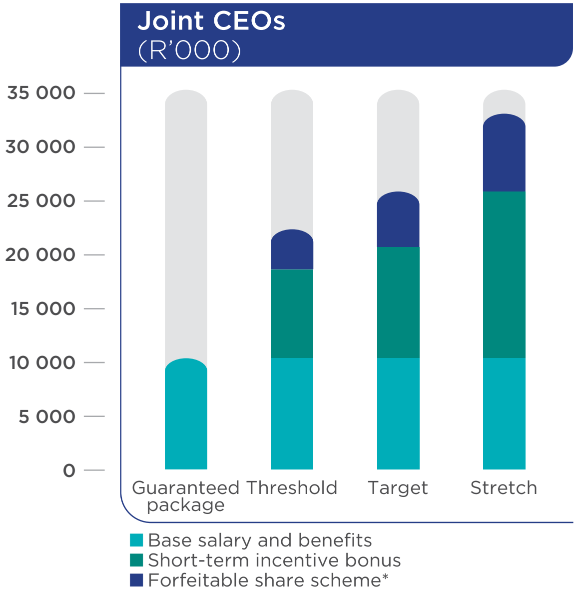
Remuneration report continued

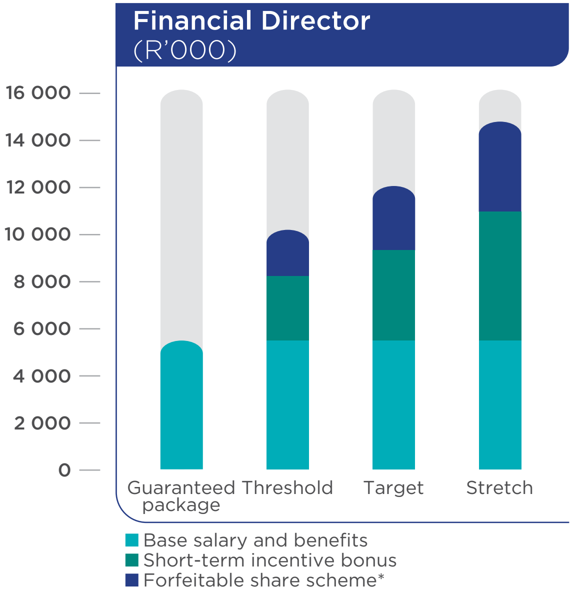
Executive Directors' service contracts

The service contracts of the following Executive Directors which expire on 4 November 2021, were renegotiated and renewed for a further 24 months. No further restraint of trade payments will apply to BM Levy and MS Levy. Should the Joint CEO's employment be terminated for whatever reason, the original three-year restraint clause will apply. There are no contractual termination benefits, including restraint of trade payments, in place for the Executive Directors:

- BM Levy
- MS Levy
- DA Suntup

Executive Directors' composition of FY2022 total remuneration





* Forfeitable share scheme vesting in August 2024.

Long-term incentive plan

Blue Label's LTIP aligns employees to shareholder interests through incentivising performance in line with strategic goals and long-term shareholder value. In addition, they aim to retain human capital with scarce or critical skills. The Remco, through engagement with shareholders, has determined applicable criteria for LTIs, ensuring that the interests of all stakeholders are appropriately considered. These may be reviewed and adjusted in future, upon further engagement with shareholders. Awards are made once a year post our annual performance and pay reviews. All awards are subject to the necessary governance and approval processes. Awards are subject to vesting over a period of three years from the date of the grant.

Minimum levels of financial performance must be met. Employees who do not meet minimum performance requirements or are on a performance improvement plan, are not eligible.

Awards from 2019 onwards are subject to malus and clawback provisions as set out in our policy (further detail can be accessed in the remuneration policy).

To further align management's interests directly with those of shareholders and to encourage long-term commitment to the organisation, Executive Directors will be expected to accumulate a minimum holding of shares from September 2019.

The following metrics apply for each award

		Group LTI metrics*		
		Threshold	**Target**	**Stretch**
Core HEPS (30%) (compounded cumulatively over three years)	Group	CPI + 5%	CPI + 10%	CPI + 15%
	Vesting %	21.6%	30%	42%
TSR (30%) performance against JSE Capped All Share Index	Group	Greater than or equal to JSE capped All share Index	JSE Capped All Share Index Return + CPI +5% (average not compounded over three years)	JSE Capped All Share Index Return + CPI +15% (average not compounded over three years)
	Vesting %	21.6%	30%	42%
ROCE** (20%) compared to WACC over the three-year period (not compounded)	Group	ROCE greater than or equal to WACC over three years	ROCE greater than or equal to WACC +2.5% over three years	ROCE greater than or equal to WACC +5% over three years
	Vesting %	14.4%	20%	28%
ESG (20%) specific ESG metrics	Group	Specific ESGs selected	Specific ESGs selected	Specific ESGs selected
	Vesting %	14.4%	20%	28%

* Remco may review metrics and targets post-FY2022 for new awards to ensure that they are relevant. The LTI is calculated per objective. Values awarded will be a weighted average of scores attained versus target and pro-rated as the case may be.

** ROCE is calculated using the following formula:
ROCE = Net operating profit (EBIT)/Capital employed. Capital employed = total assets – current liabilities (excluding interest-bearing borrowings). The Remuneration Committee will review any prior year impairments to assess if adverse outcomes have occurred, and if so, make the necessary adjustments to the capital employed number such that the average performance is a more accurate indication to shareholders over the measurement period.

Malus and clawback provision

This ensures that excessive risk-taking is not rewarded. This malus and clawback clause applies to both vested and unvested 'at risk' remuneration. It is designed to be preventative rather than a purely remedial or punitive measure as it removes the incentive for executives to consider deliberately misstating company earnings to inflate variable pay. The clause applies to both the STIP and LTIP from June 2019 and September 2019 respectively. The provision may be implemented up to 10 years after a trigger event and is applicable to financial year ended 31 May 2020 and each financial year-end thereafter.

The Board may act on the recommendation of the Remuneration Committee to adjust (malus) or recover (clawback) unvested and vested 'at risk' remuneration where there is reasonable evidence that a Blue Label employee has materially contributed to, or been materially responsible for, the need for the restatement of financial results. The malus and clawback clause does not apply in the case of a restatement of financial results caused by a change in applicable accounting standards or interpretations thereof, provided originally approved by the Company's auditor.

The CEOs or Company Secretary are required to notify the Chairman of the Remco and the Chairman of the Board respectively, of any circumstances that could constitute a 'trigger' under this policy as soon as practical. If either the CEOs or Company Secretary is involved in the trigger event, the Head of Group Risk and Compliance is required to notify the Chairman of the Remco and the Chairman of the Board respectively.

Before the Remco makes a recommendation to the Board to implement malus or clawback provisions under the policy, they shall:

- review the situation to understand the impact of the misstatement;
- assess the involvement of the employee and their level of responsibility regarding the trigger; and
- provide the relevant employee with written notice of the intended actions and the right to respond in writing within 15 working days to raise salient matters.

Having completed an investigation and following due process, the Board, on advice from the Remco, may decide to clawback, cancel or adjust any vested or unvested STI or LTI awards, where they are not satisfied that an award is appropriate or warranted due to exceptional circumstances.

Minimum shareholding requirements for Executive Directors

To further align the Executive Directors' interests directly with those of shareholders and to encourage long-term commitment to the organisation, Executive Directors will be required to accumulate a prescribed minimum holding of share allocations within five years from September 2019. Joint CEOs will be required to accumulate two times their Fixed Annual Remuneration over a period of five years. Our joint CEOs own a significant shareholding in Blue Label, and we will continue to review this. The FD will be required to accumulate one times his Fixed Annual Remuneration over a period of five years.

Remuneration report continued

Termination arrangements

Conditions of employment are comparable to those companies in our sector. In ordinary practice, no special or extraordinary conditions are applicable to senior executives. Exceptions may exist because of acquisitions and these must be reviewed and signed off by the Board and Remco.

In the event that services are terminated due to a no-fault basis, Executive Directors, prescribed officers and senior managers are entitled to severance pay equal to two weeks' FAR per completed year of service. Contractual notice and accrued leave will also be paid out in the normal course. Treatment of any unpaid bonus or unvested LTIP awards, will be dealt with in accordance with this policy and will in all instances be subject to Group Remco and Board oversight and approval.

In line with King IV, Blue Label has not concluded any termination agreements with its Executive Directors, a new agreement without restraint of trade agreement 24 months for the joint CEOs. No fixed sums of money or "balloon payments" in recognition of service to the Company, without any performance conditions attached, will be paid on termination of employment.

Non-executive Director remuneration

The fees of the Group Chairman and the Non-executive Directors reflect their specific responsibilities relating to their membership of the Board and, where applicable, Board committees. Blue Label's Non-executive Directors do not receive any performance-related remuneration or any employee benefits. Together with Executive Directors and Senior Management, no annual increases were awarded in FY2021. For FY2022, Non-executive Director fee increases have been proposed at 6% to be approved by shareholders at the AGM.

SECTION 3
Implementation report
Short-term incentive bonus

Performance metric	Threshold	Target	Stretch	Actual performance	Weighting	Amount due to Executive Directors R'000*	Amount paid to Executive Directors R'000
EBITDA (40%)	**CPI + 5%**	**CPI + 10%**	**CPI + 15%**	**1%**	**40%**	**—**	**9 230**
Core HEPS (40%)	**CPI + 5%**	**CPI + 10%**	**CPI + 15%**	**16%**	**40%**	**9 230**	**9 230**
Individual goals (20%)	**Varies per individual**	**Varies per individual**	**Varies per individual**		**20%**	**4 614**	**4 614**
Total						**13 845**	**23 074**

The performance metrics for Executive Directors relating to STIs for the year ended 31 May 2021 were 20% for Individual goals and 80% for financial achievement, of which 40% related to growth in Core HEPS and 40% to growth in EBITDA.

The individual goals set related to the recapitalisation of Cell C and the implementation of a turnaround strategy and the reduction of interest-bearing debt within the BLT Group.

The recapitalisation of Cell C continues to proceed in a positive direction with the Group having recently concluded a term sheet for an Airtime Purchase transaction, the proceeds of which will be utilised for this recapitalisation. The turnaround strategy has been implemented, simplifying our portfolio and reverting to "back to basics" within our core businesses. Debt levels declined by R612 million in the current financial year.

Strong growth in core headline earnings per share, excluding non-recurring income in the current year and extraneous costs in the prior year, resulted in the Group surpassing the target outcomes set for the year.

As part of the Group's strategy to further increase channel visibility and bolster its product and services mix in order to defend and expand its positions across all platforms, a significant investment in IT overhead expenditure was necessary. The impact of COVID-19 and the continuous change in consumer buying patterns contributed to a rapid acceleration in the adoption of digital services.

It is a necessity to enhance IT infrastructure relating to the Group's online and data analytic platforms, to escalate the quantum of distribution channels, to enhance capacity in the Customer Interaction Centre and to implement value added services and financial service strategies. In addition, the implementation of the CEC income sharing arrangement resulted in a significant expected credit loss (ECL) in line with IFRS 9 accounting principles. Although EBITDA increased by 65%, on exclusion of non-recurring income in the current year and extraneous costs in the prior year the required growth in targeted EBITDA was not achieved.

Remco's commitment is not to retrospectively amend financial targets, but in certain circumstances it will consider once-off adjustments to ensure that a like for like comparison can be made for normalised financial performance. This principle was applied in the current year when considering an appropriate adjustment to EBITDA attributable to the extraneous IT investment as well as the expense relating to the IFRS 9 charge. On exclusion of these extraneous costs, the target growth in EBITDA would have been achieved. Remco was also cognisant of the fact that no STI bonuses were paid in the prior year even though in terms of the scheme rules, the individual KPI bonus was due and payable. In addition, Remco recognised the exceptional performance of the executives in contributing to the Group turnaround strategy, reducing debt and implementing Project Boston, all within in a year in which the economy was decimated by the COVID-19 pandemic.

Long-term incentive plan

The long-term incentive plan related to the allocation of shares in 2017, which vested on 31 August 2020. The financial measurement was for the period 1 June 2017 to 31 May 2020.

The retention criteria of 33.33% was met.

Growth in core headline earnings per share over the three-year period equated to (188%). Growth in CPI over the three-year period accumulated to 11%, which after inclusion of the maximum growth target of 25%, equated to 36%. As the actual growth amounted to (188%), the resultant allocation of 33.34% was not met.

In respect of growth in shareholder returns, the weighted average price per share at commencement of the allocation in September 2017 was R18.49. The required compounded growth of 10% per annum over the vesting period as at 31 August 2020 equated to a targeted share price of R24.61. The market price at vesting date was R3.20, therefore the minimum target requirement was not met. Therefore the 33.33% allocation relating to growth in shareholder returns did not vest.

On 31 August 2020, 33.33% of the 2017 share scheme allocations fell due.

Performance metric	Target	Actual performance	Weighting	Amount paid to Executive Directors R'000
Long-term incentive plan (2017 forfeitable share scheme vested in August 2020)				
Retention	Three years		33.33%	443
Growth in core HEPS	25% + (cumulative CPI over three years) = 36%	(188%*)	33.34%	–
Shareholder returns	R24.61 market price per share	R3.20 market price per share	33.33%	–
Total vesting related to performance conditions (excluding retention portion) included in 2021 total single figure of remuneration				443

* Inclusive of negative contributions by Cell C, Oxigen Services India group, fair value downward adjustments, impairments and extraneous costs.

Remuneration report continued

Tables of single total figure of remuneration for FY2021

The single total figure of remuneration disclosure is based on the IoDSA and SARA application guidance issued in November 2017 on remuneration disclosure in accordance with King IV and presents the remuneration for Executive Management consisting of the Executive Directors of Blue Label Telecoms. The comparative information has been presented in a manner consistent with the current year presentation.

Executive Directors' remuneration for the year ended 31 May 2021	Explanatory notes	BM Levy R000	MS Levy R000	DA Suntup R000	Total R000
Fixed remuneration (including salary, allowances and retirement benefits)		9 509	9 526	4 931	23 966
Other benefits		224	207	224	655
Short-term incentive bonus	1	9 733	9 733	3 608	23 074
2017 forfeitable share scheme – Growth performance component on vesting date (31 August 2020) at fair value	2	–	–	–	–
One-year restraint of trade award settled in equal monthly instalments over 12 months with effect from 1 November 2020	3	3 338	3 338	–	6 676
Single total figure of remuneration		22 804	22 804	8 763	54 371
2017 forfeitable share scheme – vesting of retention component in the current year at fair value	4	175	175	93	443
Dividends on vested shares	5	17	17	9	43
Short-term incentive bonus to be settled post-year end	1	(9 733)	(9 733)	(3 608)	(23 074)
Restraint of trade award paid in five equal monthly instalments	6	1 390	1 390	–	2 780
Restraint of trade award still to be settled in five equal monthly instalments	7	(1 390)	(1 390)	–	(2 780)
Total cash equivalent value remuneration received for the year ended 31 May 2021	8	13 263	13 263	5 257	31 783
Reconciliation to note 5.3 of the Group annual financial statements					
Remuneration as disclosed in terms of IFRS		22 804	22 804	8 763	54 371
Total cash equivalent value remuneration received for the year ended 31 May 2021		13 263	13 263	5 257	31 783
Difference to remuneration as disclosed in note 5.3		(9 541)	(9 541)	(3 506)	(22 588)
Reconciling items:					
Short-term incentive bonus accrued in May 2021, to be settled in September 2021	1	(9 733)	(9 733)	(3 608)	(23 074)
Dividends on shares vested in the current year		17	17	9	43
2017 forfeitable share scheme that vested in the current year at fair value		175	175	93	443
2017 forfeitable share scheme – Growth performance component on vesting date (31 August 2020) at fair value		–	–	–	–
2017 forfeitable share scheme – vesting of retention component in the current year at fair value		175	175	93	443
		(9 541)	(9 541)	(3 506)	(22 588)

1 STI for the year ended 31 May 2021 will be paid in September 2021.
2 The 33.34% LTI growth in core HEPS of the 2017 forfeitable share scheme that vested 31 August 2020 was not met.
3 The restraint of trade payments of the joint CEOs, although payable in 12 equal instalments, have been included in total in "the single total figure of remuneration" in that there are no conditions pertaining thereto other than retention of employment. This took effect from the 1 November 2020.
4 The 33.33% LTI retention portion of the 2017 forfeitable share scheme is added to "the total cash equivalent value remuneration received", as vesting took place on 31 August 2020.
5 Dividends are the total of cash receipts during the financial year applicable to the 2017 forfeitable share scheme, as vesting took place on 31 August 2020.
6 These amounts represent the five monthly instalments received during the year relating to the restraint of trade payments payable in 36 equal instalments which commenced on 1 November 2017.
7 These amounts represent five equal monthly instalments, being the balance payable post 31 May 2021, on the restraint of trade agreements which commenced on 1 November 2020.
8 Cash equivalent value remuneration represents the total proceeds paid to the Executive Directors for the period 1 June 2020 to the 31 May 2021, inclusive of the cash element of basic remuneration, STIs, LTIs and dividends.

Executive Directors' remuneration for the year ended 31 May 2020	Explanatory notes	BM Levy R'000	MS Levy R'000	DA Suntup R'000	Total R'000
Fixed remuneration (including salary, allowances and retirement benefits)		9 522	9 538	4 948	24 008
Other benefits		211	195	207	613
STI bonus	1	—	—	—	—
2016 forfeitable share scheme – growth performance component on vesting date (18 November 2019) at fair value	2	—	—	—	—
Single total figure of remuneration		9 733	9 733	5 155	24 621
2016 forfeitable share scheme – vesting of retention component in the current year at fair value	3	117	117	62	296
Dividends on vested shares	4	15	15	8	37
STI bonus of prior year paid in August 2019	5	—	—	—	—
Restraint of trade award paid in 12 equal monthly instalments	6	3 338	3 338	—	6 676
Total cash equivalent value remuneration received for the year ended 31 May 2020	7	13 203	13 203	5 225	31 630
Reconciliation to note 5.3 of the Group annual financial statements					
Remuneration as disclosed in terms of IFRS		13 071	13 071	5 155	31 297
Total cash equivalent value remuneration received for the year ended 31 May 2020		13 203	13 203	5 225	31 630
Difference to remuneration as disclosed in note 5.3		132	132	70	333
Reconciling items					
STI bonus accrued in May 2019 and settled in August 2020	5	—	—	—	—
Dividends on shares vested in the current year		15	15	8	37
2016 forfeitable share scheme that vested in the current year at fair value		117	117	62	296
2016 forfeitable share scheme – growth performance component on vesting date (18 November 2019) at fair value	2	—	—	—	—
2016 forfeitable share scheme – vesting of retention component in the current year at fair value		117	117	62	296
		132	132	70	333

[1] No STI or outperformance bonuses, for the year ended 31 May 2020, were payable.
[2] The 33.34% LTI growth in core HEPS of the 2016 forfeitable share scheme that vested 18 November 2019 was not met.
[3] The 33.33% LTI retention portion of the 2016 forfeitable share scheme is added to "the total cash equivalent value remuneration received", as vesting took place on 18 November 2019.
[4] Dividends are the total of cash receipts during the financial year applicable to the 2016 forfeitable share scheme, as vesting took place on 18 November 2019.
[5] No STI bonuses paid in August 2019.
[6] These amounts represent the 12 monthly instalments received during the year.
[7] Cash equivalent value remuneration represents the total proceeds paid to the Executive Directors for the period 1 June 2019 to the 31 May 2020, inclusive of the cash element of basic remuneration, STIs, LTIs and dividends.

Remuneration report continued

Compliance with policy

The Remuneration and Nomination Committee is satisfied that the remuneration and reward policy has been complied with for the year under review in so far as Executive Management is concerned.

Termination of office

No payments were made on termination of employment or office of any members of executive management

Forfeitable share scheme – granted and unvested
Summary of unvested instruments

	Issue date	Issue price R	Vesting date	Awards outstanding as at the beginning of the year	Number of shares awarded	Awards forfeited during the year	Awards vested during the year	Balance as at the end of the year	Fair value at grant date R'000	Fair value at 31 May 2021 R'000
Forfeitable share scheme per Director										
For the year ended 31 May 2021										
BM Levy	1 September 2017	18.49	31 August 2020	**163 970**	**–**	**(109 319)**	**(54 651)**	**–**	**–**	**–**
BM Levy	1 September 2018	7.16	31 August 2021	**448 843**	**–**	**–**	**–**	**448 843**	**3 214**	**2 065**
BM Levy	18 November 2019	2.55	31 August 2022	**1 908 425**	**–**	**–**	**–**	**1 908 425**	**4 866**	**8 779**
BM Levy	1 September 2020	3,20	31 August 2023	**–**	**1 520 776**	**–**	**–**	**1 520 776**	**4 866**	**6 996**
				2 521 238	**1 520 776**	**(109 319)**	**(54 651)**	**3 878 044**	**12 946**	**17 839**
MS Levy	1 September 2017	18.49	31 August 2020	**163 970**	**–**	**(109 319)**	**(54 651)**	**–**	**–**	**–**
MS Levy	1 September 2018	7.16	31 August 2021	**448 843**	**–**	**–**	**–**	**448 843**	**3 214**	**2 065**
MS Levy	18 November 2019	2.55	31 August 2022	**1 908 425**	**–**	**–**	**–**	**1 908 425**	**4 866**	**8 779**
MS Levy	1 September 2020	3,20	31 August 2023	**–**	**1 520 776**	**–**	**–**	**1 520 776**	**4 866**	**6 996**
				2 521 238	**1 520 776**	**(109 319)**	**(54 651)**	**3 878 044**	**12 946**	**17 839**
DA Suntup	1 September 2017	18.49	31 August 2020	**86 845**	**–**	**(57 900)**	**(28 945)**	**–**	**–**	**–**
DA Suntup	1 September 2018	7.16	31 August 2021	**237 725**	**–**	**–**	**–**	**237 725**	**1 702**	**1 094**
DA Suntup	18 November 2019	2.55	31 August 2022	**1 010 776**	**–**	**–**	**–**	**1 010 776**	**2 577**	**4 650**
DA Suntup	1 September 2020	3,20	31 August 2023	**–**	**805 462**	**–**	**–**	**805 462**	**2 577**	**3 705**
				1 335 346	**805 462**	**(57 900)**	**(28 945)**	**2 053 963**	**6 856**	**9 448**

* The fair value is based on the closing price of R4.60 at 31 May 2021 and excludes performance criteria.

Non-executive remuneration

	2021 R'000	2020 R'000
Non-executive Directors		
LM Nestadt	**2 067**	2 067
K Ellerine	**890**	640
G Harlow	**1 890**	1 961
J Mthimunye	**1 379**	1 388
SJ Vilakazi	**1 042**	792
L Zim*	**256**	—
N Mnxasana**	**462**	—
	7 986	6 848

* L Zim appointed on 23 October 2020.
** N Mnxasana appointed on 18 September 2020.

The proposed fees payable to Non-executive Directors are set out below:

	Current fee 2021 R	Proposed fee 2022 R
Services as Directors		
– Chairman of the Board (per annum)	**1 910 120**	**2 024 727**
– Board members (per annum)	**421 350**	**446 631**
Audit, Risk and Compliance Committee		
– Chairman (per annum)	**382 024**	**404 945**
– Member (per annum)	**235 956**	**250 113**
Remuneration and Nomination Committee		
– Chairman Remuneration (per annum)	**224 720**	**238 203**
– Chairman Nomination (per annum)	**157 304**	**166 742**
– Member (per annum)	**134 832**	**142 922**
Investment Committee		
– Chairman (per annum)	**224 720**	**238 203**
– Member (per annum)	**134 832**	**142 922**
Transformation, Social and Ethics Committee		
– Chairman (per annum)	**134 832**	**142 922**
– Member (per annum)	**84 270**	**89 326**
Ad hoc Committee		
– Chairman (per meeting)	**50 562**	**53 596**
– Member (per meeting)	**30 337**	**32 157**

GD Harlow
Chairman

27 September 2021

TRIUMPHANT

SHAREHOLDERS' INFORMATION AND ADMINISTRATION

Notice of virtual annual general meeting

Notice is hereby given to Blue Label Telecoms Limited ("Blue Label" or "the Company") shareholders recorded in the Company's securities register on Friday, 17 September 2021, that the fourteenth Annual General Meeting (AGM) of shareholders of Blue Label will be held entirely by electronic communication as permitted by the Companies Act, No 71 of 2008, as amended (Act or the Companies Act) and by the Company's Memorandum of Incorporation (MOI), on Thursday, 25 November 2021 at 10:00 (South African time), to conduct such business as may lawfully be dealt with at the AGM and to consider and, if deemed fit, pass, with or without modification, the ordinary and special resolutions set out hereunder in the manner required by the Companies Act, as read with the Listings Requirements.

In terms of section 63(1) of the Act, meeting participants (including proxies) will be required to provide reasonably satisfactory identification before being entitled to participate in or vote at the AGM. Acceptable forms of identification include original and valid identity documents, driving licences and passports.

As a result of the COVID-19 outbreak, and guidance from authorities regarding the need for social distancing, the AGM will be conducted entirely by electronic communication and shareholders would be encouraged to make use of proxies.

Record dates, proxies and voting

In terms of sections 59(1)(a) and (b) of the Act, the Board of the Company has set the record date for the purpose of determining which shareholders are entitled to:

- receive notice of the virtual AGM (being the date on which a shareholder must be registered in the Company's shareholders' register in order to receive notice of the virtual AGM) as Friday, 17 September 2021;
- participate in and vote at the virtual AGM (being the date on which a shareholder must be registered in the Company's shareholders' register in order to participate in and vote at the virtual AGM) as Friday, 19 November 2021; and
- the last date to trade to participate in and vote at the virtual AGM is Tuesday, 16 November 2021.

Certificated shareholders or own-name dematerialised shareholders may attend and vote at the virtual AGM, or alternatively appoint a proxy to attend, speak and, in respect of the applicable resolution(s), vote in their stead by completing the attached form of proxy and returning it to the Transfer Secretaries at the address given in the form of proxy by no later than 10:00 on Tuesday, 23 November 2021. Should the form of proxy not be delivered to the Transfer Secretaries by this time, you will be required to furnish a copy of such form of proxy to the Chairman of the meeting before the appointed proxy exercises any of their rights at the meeting.

Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with own-name registration, should contact their central securities depository participant (CSDP) or broker in the manner and within the time stipulated in the agreement entered into between them and their CSDP or broker: to furnish their voting instructions; or in the event that they wish to attend the virtual AGM, to obtain the necessary letter of representation to do so.

On a show of hands, every shareholder present in person or represented by proxy and entitled to vote shall have only one vote irrespective of the number of shares such shareholder holds. On a poll, every shareholder, present in person or represented by proxy and entitled to vote, shall be entitled to that proportion of the total votes in the Company which the aggregate amount of the nominal value of the shares held by such shareholder bears to the aggregate amount of the nominal value of all shares issued by the Company.

Certificated shareholders or own-name dematerialised shareholders who are entitled to attend and vote at the virtual AGM are entitled to appoint a proxy to attend, participate in and vote at the virtual AGM in their stead. A proxy need not also be a shareholder of the Company. The completion of a form of proxy will not preclude a shareholder from attending the virtual AGM.

Electronic participation

Shareholders or their duly appointed proxy(ies) who wish to participate in the virtual AGM via electronic communication (Participant(s)) must either 1 register online using the online registration portal at **meetnow.global/register/za**; or 2 apply to Computershare, by sending an e-mail to proxy@computershare.co.za so as to be received by Computershare by no later than 10:00 on Tuesday, 23 November 2021. Computershare will first validate such requests and confirm the identity of the shareholder in terms of section 63(1) of the Companies Act, and, if the request is validated, further details on using the electronic communication facility will be provided. The Company will inform Participants who notified Computershare of their intended participation by no later than 10:00 on Wednesday, 24 November 2021 by e-mail of the relevant details through which Participants can participate electronically.

Presentation of annual financial statements and reports

The audited Group annual financial statements, including the external auditor, Audit, Risk and Compliance Committee and Directors' reports for the year ended 31 May 2021, have been distributed as required and will be presented to shareholders at the virtual AGM.

Notice of virtual annual general meeting continued

The Audit, Risk and Compliance Committee's report is set out on pages 105 to 108.

Ordinary resolutions

In terms of sections 62(3)(c) and 65(7) of the Act, unless otherwise specified, in order for each of the following ordinary resolutions to be passed, each resolution must be supported by more than 50% of the voting rights exercised.

1. **Ordinary resolution number 1:** Election of Mr PL Zim as a Director of the Company

   Resolved that Mr PL Zim, who was first appointed to the Board on 23 October 2020, be and is hereby elected as a Director of the Company with immediate effect.

   A brief biography of Mr PL Zim is on page 19.

2. **Ordinary resolution number 2:** Re-election of Mr BM Levy as a Director of the Company

   Resolved that Mr BM Levy, who was first appointed to the Board on 1 February 2007, and who retires in terms of the MOI, and who is eligible and available for re-election, is re-elected as a Director of the Company with immediate effect.

   A brief biography of Mr BM Levy is on page 16.

3. **Ordinary resolution number 3:** Re-election of Mr JS Mthimunye as a Director of the Company

   Resolved that Mr JS Mthimunye, who was first appointed to the Board on 5 October 2007 and who retires in terms of the MOI, and who is eligible and available for re-election, is re-elected as a Director of the Company with immediate effect.

   A brief biography of Mr JS Mthimunye is on page 18.

4. **Ordinary resolution number 4:** Re-election of Mr SJ Vilakazi as a Director of the Company

   Resolved that Mr SJ Vilakazi, who was first appointed to the Board on 19 October 2011 and who retires in terms of the MOI, and who is eligible and available for re-election, is re-elected as a Director of the Company with immediate effect.

   A brief biography of Mr SJ Vilakazi is on page 18.

5. **Ordinary resolution number 5:** Reappointment of external auditor

   Resolved that on the recommendation of the current Audit, Risk and Compliance Committee of the Company, PricewaterhouseCoopers Incorporated, is reappointed as independent registered auditor of the Company for the ensuing year until the conclusion of the next AGM of the Company.

6. **Ordinary resolution number 6:** Election of Ms NP Mnxasana as a member of the Audit, Risk and Compliance Committee for the year ending 31 May 2022

   Resolved that, in terms of section 94(2) of the Act, Ms NP Mnxasana, an Independent Non-executive Director of the Company, is elected as a member of the Audit, Risk and Compliance Committee.

   A brief biography of Ms NP Mnxasana is on page 19.

7. **Ordinary resolution number 7:** Election of Mr JS Mthimunye as a member and Chairman of the Audit, Risk and Compliance Committee for the year ending 31 May 2022.

   Resolved that, in terms of section 94(2) of the Act, but subject to his election as a Director of the Company in terms of resolution number 3, Mr JS Mthimunye, an Independent Non-executive Director of the Company, is elected as a member and Chairman of the Audit, Risk and Compliance Committee.

   A brief biography of Mr JS Mthimunye is on page 18.

8. **Ordinary resolution number 8:** Election of Mr GD Harlow as a member of the Audit, Risk and Compliance Committee for the year ending 31 May 2022.

   Resolved that, in terms of section 94(2) of the Act, Mr GD Harlow, an Independent Non-executive Director of the Company, is elected as a member of the Audit, Risk and Compliance Committee.

   A brief biography of Mr GD Harlow is on page 17.

9. **Ordinary resolution number 9:** Election of Mr SJ Vilakazi as a member of the Audit, Risk and Compliance Committee for the year ending 31 May 2022.

   Resolved that, in terms of section 94(2) of the Act, Mr SJ Vilakazi, but subject to his election as a Director of the Company in terms of resolution number 4 an Independent Non-executive Director of the Company, is elected as a member of the Audit, Risk and Compliance Committee.

   A brief biography of Mr SJ Vilakazi is on page 18.

10. **Ordinary resolution number 10:** Non-binding advisory endorsement of the remuneration and reward policy.

    Resolved, by way of a non-binding advisory vote, that the Blue Label Telecoms Limited Group remuneration and reward policy (excluding the remuneration of Non-executive Directors and the members of the statutory and Board committees for their services as Directors and members of committees) as set out in the remuneration report in the integrated annual report 2021 is endorsed.

11. **Ordinary resolution number 11:** Non-binding advisory endorsement of the Blue Label Telecoms Limited Group's remuneration implementation report.

    Resolved, by way of a non-binding advisory vote, that the Blue Label Telecoms Limited Group's remuneration implementation report set out in the remuneration report in the integrated annual report 2021 is endorsed.

12. **Ordinary resolution number 12:** Directors' authority to implement ordinary and special resolutions

    Resolved that each and every Director of the Company is authorised to do all such things and sign all such documents as may be necessary for or incidental to the implementation of the ordinary and special resolutions passed at the AGM.

Special resolutions

In terms of sections 62(3)(c) and 65(9) of the Act, the minimum percentage of voting rights required for each of the following special resolutions to be passed is 75% (seventy-five percent) of the voting rights exercised.

1. **Special resolution number 1:** Non-executive Directors' remuneration

   Resolved that in terms of section 66(9) of the Act, the following remuneration shall be payable to the Non-Executive Directors for their services as Directors for the period 1 June 2021 to 31 May 2022.

The proposed fees payable to Non-executive Directors are set out below:

	Current fee 2021 R	Proposed fee 2022 R
Services as Directors		
– Chairman of the Board (per annum)	1 910 120	2 024 727
– Board members (per annum)	421 350	446 631
Audit, Risk and Compliance Committee		
– Chairman (per annum)	382 024	404 945
– Member (per annum)	235 956	250 113
Remuneration and Nomination Committee		
– Chairman Remuneration (per annum)	224 720	238 203
– Chairman Nomination (per annum)	157 304	166 742
– Member (per annum)	134 832	142 922
Investment Committee		
– Chairman (per annum)	224 720	238 203
– Member (per annum)	134 832	142 922
Transformation, Social and Ethics Committee		
– Chairman (per annum)	134 832	142 922
– Member (per annum)	84 270	89 326
Ad hoc Committee		
– Chairman (per meeting)	50 562	53 596
– Member (per meeting)	30 337	32 157

Notice of virtual annual general meeting continued

2. **Special resolution number 2:** General authority to repurchase shares

Resolved that, pursuant to the MOI, the Company or any of its subsidiaries are hereby authorised by way of a general approval, from time to time, to acquire ordinary shares in the share capital of the Company in accordance with the Act and the Listings Requirements, provided that:

(a) the number of its own ordinary shares acquired by the Company in any one financial year shall not exceed 20% (twenty percent) of the ordinary shares in issue at the date on which this resolution is passed;

(b) this authority shall lapse on the earlier of the date of the next AGM of the Company or the date 15 (fifteen) months after the date on which this resolution is passed;

(c) the Board has resolved to authorise the acquisition and that the Group will satisfy the solvency and liquidity test immediately after the acquisition and that since the test there have been no material changes to the financial position of the Group;

(d) the acquisition must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty;

(e) the Company only appoints one agent to effect any acquisition(s) on its behalf;

(f) the price paid per ordinary share may not be greater than 10% above the weighted average of the market value of the ordinary shares for the five (5) business days immediately preceding the date on which an acquisition is made;

(g) the number of shares acquired by subsidiaries of the Company shall not exceed 10% (ten percent) in the aggregate of the number of issued shares in the Company at the relevant times;

(h) the acquisition of shares by the Company or its subsidiaries may not be effected during a prohibited period, as defined in the Listings Requirements;

(i) an announcement containing full details of such acquisitions of shares will be published as soon as the Company and/or its subsidiaries have acquired shares constituting, on a cumulative basis, 3% (three percent) of the number of shares in issue at the date of the meeting at which this special resolution is considered and if approved, passed, and for each 3% (three percent) in aggregate of the initial number (the number of that class of shares in issue at the time that the general authority from shareholders is granted) acquired thereafter; and

(j) an issuer or its subsidiary company may repurchase securities during a prohibited period as defined in paragraph 3.67 if they have in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and have been submitted to the JSE in writing prior to the commencement of the prohibited period. The issuer must instruct an independent third party, which makes its investment decisions in relation to the issuer's, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE.

The Listings Requirements require, in terms of paragraph 11.26, the following disclosures, which appear in the integrated annual report:

- major shareholders – refer to page 125 of the Group annual financial statements;
- material change – there were no material changes;
- share capital of the Company – refer to page 104 of the Group annual financial statements; and
- responsibility statement – refer to page 01 of the Group annual financial statements.

By order of the Board

J van Eden
Group Company Secretary

Sandton

27 September 2021

Explanatory notes

Presentation of the annual financial statements

In terms of section 61(8)(a) of the Act, the Directors' report, audited Group annual financial statements for the immediately preceding financial year and the Audit, Risk and Compliance Committee report are to be presented to shareholders at the virtual AGM.

Ordinary resolution number 1: Election of Director

The Company's MOI states that, any person appointed to fill a casual vacancy or as an addition to the Board shall retain office until the following AGM of the Company and shall then retire and be eligible for election. Mr PL Zim retires from the Board in accordance with article 25.5 of the Company's MOI. Mr PL Zim was appointed to the Board on 23 October 2020. The Board recommends to shareholders that they should vote in favour of the election of the Director referred to in ordinary resolution number 1.

Ordinary resolution numbers 2 to 4 (inclusive): Re-election of Directors

In accordance with the MOI, one-third of the Directors are required to retire at each AGM and may offer themselves for re-election. Messrs BM Levy, JS Mthimunye and SJ Vilakazi retire by rotation at the AGM in accordance with article 25.17 of the MOI, and have offered themselves for re-election.

Brief biographies of the Directors are on pages 16 and 18.

The Board is satisfied with the performance of each of the Directors standing for re-election and that they will continue to make an effective and valuable contribution to the Company and to the Board.

The Board recommends to shareholders that they should vote in favour of the re-election of each of the Directors referred to in ordinary resolution numbers 2 to 4 (inclusive).

Ordinary resolution number 5: Reappointment of external auditor

In terms of section 90(1) of the Act, each year at its AGM, the Company must appoint an auditor meeting the requirements of section 90(2) of the Act.

PwC expressed its willingness to continue in office and this resolution proposes the reappointment of PwC as the Company's auditor until the next AGM. In addition, Mr Pietro Calicchio is appointed as the individual registered auditor for the ensuing year as contemplated in section 90(3) of the Act.

The Audit, Risk and Compliance Committee has satisfied itself that the proposed auditor, PwC and Mr Pietro Calicchio, are independent of the Company in accordance with sections 90 and 94 of the Act and the applicable rules of the International Federation of Accountants.

The Audit, Risk and Compliance Committee has recommended the reappointment of PwC as independent registered auditor of Blue Label for the 2022 financial year.

Ordinary resolution numbers 6 to 9 (inclusive): Election of Audit, Risk and Compliance Committee members

In terms of section 94(2) of the Act, each Audit Committee member must be elected by shareholders at its AGM. King IV likewise requires shareholders of a public company to elect each member of an audit committee at an AGM.

In terms of Regulation 42 of the Companies Regulations 2011, relating to the Act, at least one-third of the members of the Company's Audit, Risk and Compliance Committee at any particular time must have academic qualifications, or experience in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management. Each of the proposed members are duly qualified, as is evident from the biographies of each member, as contained on pages 17 and 18.

Ordinary resolution number 10: Non-binding advisory vote: Endorsement of the remuneration and reward policy

King IV requires a company to table its remuneration and reward policy for a non-binding advisory vote by shareholders at its AGM. This vote enables shareholders to endorse the Remuneration Policy adopted for Executive Directors. The Blue Label Remuneration Policy is contained on pages 114 to 120.

The advisory vote is of a non-binding nature only and therefore failure to pass this resolution will not have any legal consequences relating to existing arrangements. However, the Board will take cognisance of the outcome of the vote when considering the Company's remuneration and reward policy and the remuneration of Executive Directors. In the event that this non-binding advisory endorsement approving the Company's remuneration and reward policy is voted against by shareholders exercising 25% (twenty-five percent) or more of the voting rights exercised, the Company undertakes to engage with its shareholders in order to ascertain the reasons for objection, and to address appropriately legitimate and reasonable objections and concerns.

Ordinary resolution number 11: Non-binding advisory vote: Endorsement of the remuneration implementation report

King IV requires a company to table its remuneration implementation report for a non-binding advisory vote by shareholders at its AGM. This vote enables shareholders to endorse the remuneration implementation report for Executive Directors. The Blue Label remuneration implementation report is contained on pages 120 to 125.

Notice of virtual annual general meeting continued

The advisory vote is of a non-binding nature only and therefore failure to pass this resolution will not have any legal consequences relating to existing arrangements. However, the Board will take cognisance of the outcome of the vote when considering the Company's remuneration and reward policy and the remuneration of Executive Directors. In the event that this non-binding advisory endorsement approving the Company's remuneration implementation report is voted against by shareholders exercising 25% (twenty-five percent) or more of the voting rights exercised, the Company undertakes to engage with its shareholders in order to ascertain the reasons for objection, and to address appropriately legitimate and reasonable objections and concerns.

Ordinary resolution number 12: Directors' authority to implement ordinary and special resolutions

The reason for ordinary resolution number 12 is to authorise any Director of the Company to do all things necessary to implement the ordinary and special resolutions passed at the AGM and to sign all such documentation required to give effect and to record the ordinary and special resolutions.

Special resolution number 1: Non-executive Directors' remuneration

Special resolution number 1 is proposed to enable the Company to comply with the provisions of sections 65(11)(h), 66(8) and 66(9) of the Act, which stipulate that remuneration to Non-executive Directors for their services as Directors may be paid only in accordance with a special resolution approved by shareholders.

Special resolution number 2: General authority to repurchase shares

Special resolution number 2 seeks to allow the Group, by way of a general authority, to acquire its own issued shares (reducing the total number of ordinary shares of the Company in issue in the case of an acquisition by the Company of its own shares). This resolution is required in order to allow the Company to take advantage of any opportunity that presents itself to enhance shareholder value by repurchasing shares where the Company's share price is at a level which results in a share repurchase being to the benefit of shareholders. Any decision by the Directors to use the general authority to acquire shares of the Company will be taken with regard to the prevailing market conditions, share price, cash needs of the Group, together with various other factors, and in compliance with the Act, Listings Requirements and the MOI.

Electronic participation at the virtual AGM

(a) Shareholders wishing to participate electronically in the virtual AGM are required to:
   (i) 1. register online using the online registration portal at **meetnow.global/register/za**; or
   2 apply to Computershare, by sending an e-mail to proxy@computershare.co.za so as to be received by Computershare by no later than 10:00 on Tuesday, 23 November 2021.

(b) In order for the electronic notice to be valid it must contain:
   (i) where the Blue Label shareholder is an individual, a certified copy of his/her identity document and/or driver's licence and/or passport;
   (ii) where the Blue Label shareholder is not an individual, a certified copy of a resolution or letter of representation by the relevant entity and a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution or signed the relevant letter of representation. The letter of representation or resolution must set out from whom the relevant entity is authorised to represent the entity at the virtual AGM via electronic communication;
   (iii) a valid e-mail address and/or facsimile number (contact address/number); and
   (iv) by no later than 24 (twenty-four) hours before the virtual AGM the Company shall use its reasonable endeavours to notify a shareholder at its contact address/number of the relevant details through which the shareholder can participate via electronic communication.

(c) The costs borne by the shareholder or his/her/its proxy(ies) in relation to the dial-in facility will be for his/her/its own account.

Form of proxy

Blue Label Telecoms Limited
(Incorporated in the Republic of South Africa)
(Registration number: 2006/022679/06)
Share code: BLU ISIN: ZAE000109088
(Blue Label or the Company)

For use by certificated shareholders or own-name dematerialised shareholders at the Annual General Meeting of the Company to be held entirely by electronic communication as permitted by the Companies Act, No 71 of 2008 (as amended) and by the Company's memorandum of incorporation at 10:00 on Thursday, 25 November 2021.

If dematerialised shareholders, other than own-name dematerialised shareholders, have not been contacted by their CSDP or broker with regard to how they wish to cast their vote, they should contact their CSDP or broker and instruct their CSDP or broker as to how they wish to cast their vote at the virtual AGM in order for their CSDP or broker to vote in accordance with such instructions. If dematerialised shareholders, other than own-name dematerialised shareholders, have not been contacted by their CSDP or broker it would be advisable for them to contact their CSDP or broker, as the case may be, and furnish them with their instructions. Dematerialised shareholders who are not own-name dematerialised shareholders and who wish to attend the virtual AGM must obtain the necessary letter of representation from their CSDP or broker, as the case may be. This must be done in terms of the agreement entered into between the dematerialised shareholder and their CSDP or broker. If the CSDP or broker, as the case may be, does not obtain instructions from such dematerialised shareholders, it will be obliged to act in terms of the mandate furnished to it, or if the mandate is silent in this regard, to abstain from voting. Such dematerialised shareholders, other than own-name dematerialised shareholders, must not complete this form of proxy and should read note 10 overleaf.

Full name: I/We

of (address)

(BLOCK LETTERS)

Telephone: (Work) (area code)

Telephone: (Home) (area code)

Fax: (area code) Cell number:

being the holder(s) of ______ Blue Label shares hereby appoint:

1. or failing him/her,

2. or failing him/her,

3. the Chairman of the AGM, as my/our proxy to vote for me/us on my/our behalf at the AGM of Blue Label shareholders to be held at 10:00 on Thursday, 25 November 2021 or any adjournment thereof as follows:

Resolution	For	Against	Abstain
Ordinary resolution number 1: Election of Mr PL Zim as a Director of the Company			
Ordinary resolution number 2: Re-election of Mr BM Levy as a Director of the Company			
Ordinary resolution number 3: Re-election of Mr JS Mthimunye as a Director of the Company			
Ordinary resolution number 4: Re-election of Mr SJ Vilakazi as a Director of the Company			
Ordinary resolution number 5: Reappointment of external auditor			
Ordinary resolution number 6: Election of Ms NP Mnxasana as a member of the Audit, Risk and Compliance Committee			
Ordinary resolution number 7: Election of Mr JS Mthimunye as a member and Chairman of the Audit, Risk and Compliance Committee			
Ordinary resolution number 8: Election of Mr GD Harlow as a member of the Audit, Risk and Compliance Committee			
Ordinary resolution number 9: Election of Mr SJ Vilakazi as a member of the Audit, Risk and Compliance Committee			
Ordinary resolution number 10: Non-binding advisory endorsement of the remuneration and reward policy			
Ordinary resolution number 11: Non-binding advisory endorsement of the remuneration implementation report			
Ordinary resolution number 12: Directors' authority to implement ordinary and special resolutions			
Special resolution number 1: Non-executive Directors' remuneration			
Special resolution number 2: General authority to repurchase shares			

Signed at on day of 2021

Signature

Assisted by (if applicable)

Please read the notes on the reverse side hereof.

Notes to the form of proxy

A shareholder entitled to attend and vote at the virtual AGM may appoint one or more persons as his/her/its proxy to attend, speak or vote in his/her/its stead at the virtual AGM. A proxy need not be a shareholder of the Company.

On a show of hands, every shareholder shall have one vote (irrespective of the number of shares held). On a poll, every shareholder shall have, for each share held by him/her/it that proportion of the total votes in the Company which the aggregate amount of the nominal value of that share held by him/her/it bears to the aggregate amount of the nominal value of all the shares issued by the Company.

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of his/her/its choice in the spaces provided with or without deleting "the Chairman of the AGM", but any such deletion must be initialled by the Blue Label shareholder. The person whose name appears first on the form of proxy and who is present at the virtual AGM will be entitled to act as proxy to the exclusion of those whose names follow.
2. Please insert with an "X" or insert the number of shares in the relevant spaces according to how you wish your votes to be cast. If you wish to cast your votes in respect of a lesser number of Blue Label shares exercisable by you, insert the number of Blue Label shares held in respect of which you wish to vote. Failure to comply with the above will be deemed to authorise and compel the Chairman, if the Chairman is an authorised proxy, to vote in favour of the resolutions, or to authorise any other proxy to vote for or against the resolutions or abstain from voting as he/she/it deems fit, in respect of all the shareholders' votes exercisable thereat. A shareholder or his/her/its proxy is not obliged to use all the votes exercisable by the shareholder or his/her/its proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the shareholder or his/her/its proxy.
3. For administrative purposes, forms of proxy must be lodged with the Transfer Secretaries at Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196. (Private Bag X9000, Saxonwold, 2132). Faxed to: +27 11 688 5238 or e-mailed to: proxy@computershare.co.za, to be received by no later than 10:00 on Tuesday, 23 November 2021. Should the form of proxy not be delivered to the Transfer Secretaries by this time, you will be required to furnish a copy of such form of proxy to the Chairman of the meeting before the appointed proxy exercises any of their rights at the meeting.
4. Any alteration or correction made to this form of proxy must be initialled by the signatory(ies).
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Transfer Secretaries or waived by the Chairman of the AGM.
6. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the virtual AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
7. The Chairman of the AGM may accept or reject any form of proxy which is completed and/or received other than in accordance with these notes and instructions, provided that the Chairman is satisfied as to the manner in which the shareholder wishes to vote.
8. Where there are joint holders of shares:
   - 8.1 any such persons may vote at the virtual AGM in respect of such joint shares as if he/she/it were solely entitled thereto;
   - 8.2 any one holder may sign this form of proxy; and
   - 8.3 if more than one such joint holders are present or represented at the virtual AGM, the vote(s) of the senior shareholder (for that purpose seniority will be determined by the order in which the names of shareholders appear in the register) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).
9. Own-name dematerialised shareholders will be entitled to attend the virtual AGM in person or, if they are unable to attend and wish to be represented thereat, must complete and return the attached form of proxy to the Transfer Secretaries in accordance with the time specified on the form of proxy.
10. Shareholders who hold shares through a nominee should advise their nominee or, if applicable, their CSDP or broker timeously of their intention to attend and vote at the virtual AGM or to be represented by proxy thereat in order for their nominee or, if applicable, their CSDP or broker to provide them with the necessary letter of representation to do so or should provide their nominee or, if applicable, their CSDP or broker timeously with their voting instruction should they not wish to attend the virtual AGM in person, in order for their nominee to vote in accordance with their instruction at the virtual AGM.
11. A vote given in terms of an instrument of proxy shall be valid in relation to the virtual AGM notwithstanding the death of the person granting it, the transfer of the shares in respect of which the vote is given, unless an intimation in writing of such death or transfer is received by the Transfer Secretaries, before the commencement of the virtual AGM.
12. Where this form of proxy is signed under power of attorney, such power of attorney must accompany this form of proxy, unless previously recorded by the Transfer Secretaries or unless this requirement is waived by the Chairman of the AGM.
13. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by Blue Label or the Transfer Secretaries.
14. Unless revoked, an appointment of a proxy pursuant to this form of proxy remains valid only until the end of the virtual AGM or any postponement or adjournment of the virtual AGM. This form of proxy shall be valid at any resumption of a postponed or adjourned meeting to which it relates although this form of proxy shall not be used at the resumption of the postponed or adjourned virtual AGM if it could not be used at the virtual AGM for any reason other than it was not lodged timeously for the virtual AGM. This form of proxy shall, in addition to the authority conferred by the Act, except insofar as it provides otherwise, be deemed to confer the power generally to act at the meeting in question, subject to any specific direction contained in this form of proxy as to the manner of voting.

Glossary

Word	Definition
Active-active	A failover architecture where mirrored infrastructure, application, service and data replication processing achieve the highest level of resiliency for mission-critical environments that require the lowest Recovery Time Objectives (RTOs). This delivers a high degree of certainty that, through failover and load distribution across all mirrored technology layers, core applications will continue to be accessible when parts of the networks or servers fail unexpectedly
3G Mobile	3G Mobile Proprietary Limited, a private company which procures high-end branded mobile handsets for supply to Cell C and major retailers in South Africa and beyond. Its wholly owned subsidiary, Comm Equipment Company (CEC), provides the financing to Cell C for the mobile handset element of post-paid contracts
Act/the Act/ Companies Act	Companies Act, No 71 of 2008, as amended from time to time
ADRs	American Depository Receipts
AEON	Blue Label's proprietary switch through which all transactional capability is accessed. Banking grade transactions are switched through the Postilion platform
AEON EVD	The Aeon Electronic Voucher Distribution platform is a central repository in which electronic (or virtual) stock is housed. It is referenced by other internal platforms like EVMS, AMS and AEON
AGM	Annual General Meeting
Airvantage	Airvantage, a private company whose Prepaid Airtime Advance System (PAS) offers Mobile Network Operators airtime, data and mobile money services: the ability to advance airtime, data or mobile money to subscribers
AMS	Airtime management system
API	Application Programming Interface
ARCC	Audit, Risk and Compliance Committee

Word	Definition
ARPU	Average revenue per user
B2B	Business-to-business, a commercial transaction between businesses
B2C	Business-to-consumer, a commercial transaction between a business and a consumer
B-BBEE	Broad-based black economic empowerment
BCM	Business continuity management
BGCSA	Boys and Girls Clubs of South Africa
BLD	Blue Label Distribution Proprietary Limited
BLDS	Blue Label Data Solutions Proprietary Limited
BLM	Blue Label Mexico S.A. de C.V.
BLT	Blue Label Telecoms Limited
Blue Label/Blue Label Telecoms	Blue Label Telecoms Limited
Cell C	Cell C Proprietary Limited, launched operations in 2001, seven years after the launch of the two incumbents, Vodacom and MTN (launched in 1994)
CEO	Chief Executive Officer
CIO	Chief Information Officer
CIPC	Companies and Intellectual Property Commission
Company	Blue Label Telecoms Limited
content aggregator	An organisation which gathers web content and applications from different online sources for reuse and resale
CPA	Consumer Protection Act
CRC	Customer relation consultant
CRM	Customer relationship management
CSDP	Central Securities Depository Participant
CSI	Corporate social investment

Glossary continued

Word	Definition
CSR	Corporate social responsibility
disintermediation	Reduction in the use of intermediaries between network operators and consumers
distribution channels	For Blue Label, our distribution channels include retail and wholesale outlets, petroleum forecourts, informal retail outlets, individual merchants/entrepreneurs, corporates and independents (Mom and Pop stores)
DTH (TV)	Direct-to-home television, a method of receiving satellite television services
dti	Department of Trade and Industry
EAP	Economically active population
EBITDA	Earnings before interest, taxes, depreciation and amortisation
EE	Employment Equity
EEC	Employment Equity Committee, which reports to the Social, Ethics and Transformation Committee
EFT	Electronic funds transfer
e-tokens	Electronic tokens – a form of electronic cash used for secure transactions
Exco	Executive Committee
FAR	Fixed annual remuneration
fintech	Technology businesses that compete against, enable and/or collaborate with financial institutions
GDPR	General Data Protection
GRI	Global Reporting Initiative. Established in 1997, with the mission of designing globally applicable guidelines for the preparation of enterprise level, sustainable development reports
Group	Blue Label Telecoms Limited and its subsidiaries, associates and joint ventures
HiPos	High Potential

Word	Definition
IBC	Inside back cover
IC	Investment Committee
ILO	International Labour Organisation
IoDSA	Institute of Directors in Southern Africa
IRCC	Internal Risk and Compliance Committee
JSE	JSE Limited
JV	Joint venture
King IV	King IV Report on Corporate Governance for South Africa
KPMG	KPMG Services Proprietary Limited
LBS	Location-based services
LSM	Living standards measure
LTO	Labour turnover
LTI	Long-term incentives
LTIP	Long-term incentive plan
M-commerce	Mobile commerce
Main market	The informal, mostly rural, market in South Africa, from which the Group derives the bulk of its revenues
MICTSETA	The Media, Information and Communication Technologies Sector Education and Training Authority
M&A	Mergers and acquisitions
MNO	Mobile network operator, such as Vodacom, MTN, Telkom and Cell C in South Africa
MOI	Memorandum of Incorporation
money remittances	The ability to transfer money to another individual without a bank account
NAV	Net asset value
NC	Nomination Committee, part of the Remuneration and Nomination Committee
NEAP	National Employment Action Plan

Word	Definition
NED	Non-executive Director
NERA	National Empowerment Rating Agency
NERSA	National Energy Regulator of South Africa
NPCI	National Payments Corporation of India, the national transactions switch
NQF	National Qualifications Framework, the system that records levels of learning activities
physical prepaid airtime	Prepaid vouchers that are available as physical items
PINless top-up	E-token recharge directly to mobile phone via a POS device
POP	Points of presence
PoPI	Protection of Personal Information Act
POS	Point of sale, usually a place or a device
PowerPin voucher	Offline prepaid electricity top-up, consolidates the purchase of prepaid electricity across national municipalities
PwC	PricewaterhouseCoopers Inc.
RC	Remuneration Committee, part of the Remuneration and Nomination Committee
RNC/Remco	Remuneration and Nomination Committee
SAICA	South African Institute of Chartered Accountants
SBI	State Bank of India
SDP	Service delivery platform
SED	Socio-economic development
SHEQ	Safety, Health, Environment and Quality
SIM card	Subscriber identification module card
SMS	Short message service
spaza shop	An informal convenience outlet

Word	Definition
SRI Index	Socially Responsible Investment Index
SSETA	Services Sector Education and Training Authorities
STEM	Science, technology, engineering, and maths
STI	Short-term incentives
STIP	Short-term incentive plan
TJ	Transaction Junction Proprietary Limited
touch points	Devices through which consumers are able to purchase Blue Label products and services
TPC	The Prepaid Company Proprietary Limited
transactional services	Includes money transfers, payments of bills and the like
unbanked	People without bank accounts
underbanked/badly banked	People with poor access to mainstream financial services, such as banks and therefore rely on alternative financial services or alternatively people with bank accounts who do not make effective use of the broader services offered by the bank – they merely deposit and withdraw cash from their accounts
UniPIN	Universal PIN for prepaid electricity
USSD	Unstructured supplementary service data
value added	Measure of wealth the Group has created in its operation by “adding value” to the cost of products and services
VAS	Value-added services
Viamedia	Viamedia Proprietary Limited
virtual distributor	Distribution of e-tokens of value in electronic format
virtual prepaid airtime	Airtime top-up in an electronic format
WAP	Wireless application protocol
WASP	Wireless application service provider
WASPA	Wireless Application Service Providers Association

Administration

Directors
LM Nestadt (Chairman)*, BM Levy, MS Levy, KM Ellerine**, GD Harlow*, NP Mnxasana*#, JS Mthimunye*, DA Suntup, SJ Vilakazi*, PL Zim*##

(*Independent Non-executive) (**Non-executive) (#Appointed 18 September 2020) (##Appointed 23 October 2020)

Company Secretary
J van Eden

Sponsor
Investec Bank Limited

Auditors
PricewaterhouseCoopers Inc.

Blue Label Telecoms Limited
(Incorporated in the Republic of South Africa)
(Registration number 2006/022679/06)

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Facebook:	www.facebook.com/BlueLabelTelecoms
Twitter:	@BlueLabelTeleco
Instagram:	bluelabeltelecoms
Youtube:	Blue Label Telecoms
JSE share code:	BLU
ISIN:	ZAE000109088

(“Blue Label” or “BLT” or “the Company” or “the Group”)

Bastion

BLUE LABEL
TELECOMS

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