BLUE LABEL TELECOMS

Integrated Annual Report 2023

ONE DAY
DAY ONE

Day one . . . the starting point of all achievement is desire

DAY ONE

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OUR REPORTING SUITE

2023 Annual Financial Statements
2023 Notice of Annual General Meeting

HOW TO NAVIGATE THIS REPORT

This interactive and electronic format of our report provides readers with links to content within the report and to external content on other websites, where additional information is considered. The navigation tool for this report is located at the top of each page, and can be used to move to any report section that is of interest to the reader.

The following tools will assist you to navigate the report:

Further information is available on our website at **www.bluelabeltelecoms.co.za**

FEEDBACK ON IAR

We welcome your feedback on this IAR. Please e-mail your comments to investor relations at **investors@blts.co.za**

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ABOUT THIS REPORT

APPROACH

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

This report covers its business segments and financial and operational performance for the financial year ended 31 May 2023.

Ultimately, the report aims to provide stakeholders with a means of assessing Blue Label's ability to create and sustain value over the short (within 12 months), medium (one to three years) and long (three years and beyond) terms.

REPORTING FRAMEWORKS

This report has been compiled in line with the disclosure requirements of the King IV Report on Corporate Governance for South Africa (King IV), the JSE Listings Requirements, and the principles of the International Integrated Reporting Framework.

Blue Label aims to link material 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 Blue Label operates.

The report also aims to provide a balanced view of material matters Blue Label is dealing with and the manner in which these are managed in accordance with the six capitals, as defined by the International Integrated Reporting Framework.

In order to determine the material content of the report, Blue Label applies a risk-based model that identifies risks, opportunities and stakeholder issues. Material matters are defined as those that substantively affect the ability of Blue Label to create shared 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.

In order to enhance the disclosures around our Environmental, Social and Governance (ESG) context, we have started to align our disclosures contained in our integrated report with those recommended by the JSE Sustainability Disclosure Guidelines (SDG), issued by the JSE in June 2022. As we further assess and integrate strategic responses and performance management around our most material ESG risks and opportunities we will evolve and further align with these guidelines, international reporting trends and our stakeholder disclosure requirements.

DISCLOSURE AND ASSURANCE

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

Blue Label's external auditor is independently assuring the annual financial statements. The Board of Directors (the Board) did not deem it necessary to obtain independent external 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 substantially in accordance with the principles of the Integrated Reporting Framework, while noting that the reporting continues to evolve year-on-year.

The Integrated Annual Report was approved by the Board.

LM Nestadt
Chairman

29 September 2023

HIGHLIGHTS

A snapshot overview of Blue Label's performance for the year ended 31 May 2023:

Revenue of
R18.9 billion*

Increase in gross profit margin from
16.46% to 18.41%

Increase in gross profit of 19% to
R3.48 billion

(2022: R2.93 billion)

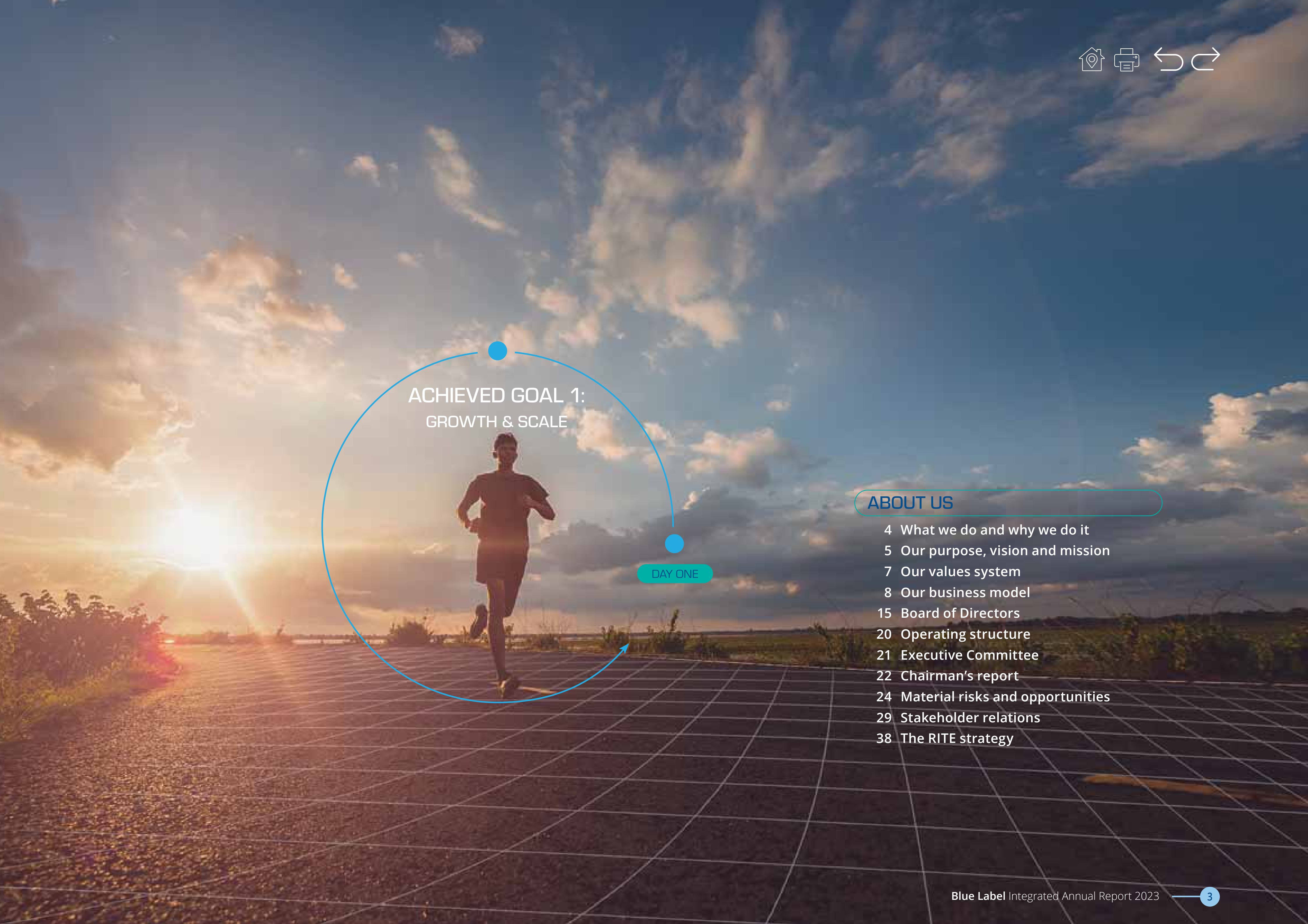
Successful conclusion
of the Cell C recapitalisation transaction in September 2022

Core headline earnings per share**
45.55 cents per share

(2022: 121.01 cents per share)

* On inclusion of the gross amount generated on "PINless top-ups", prepaid electricity, ticketing and gaming, the effective increase in revenue equated to 6% from R72.3 billion to R76.8 billion.

** Excluding the extraneous contributions of R523 million in the current year, primarily resulting from the recapitalisation transaction of Cell C, and R214 million in the prior year, core headline earnings per share increased by 9% to 104.83 cents per share compared to 96.56 cents per share in the prior year.



ACHIEVED GOAL 1:
GROWTH & SCALE

DAY ONE

ABOUT US

WHAT WE DO AND WHY WE DO IT

Blue Label is a digital distribution company, specialising in prepaid products and the electronic distribution of virtual merchandise and value-added services.

Our diverse product and service offering enables us to bring mainstream products and services to the mass market.

Listed on the JSE since 2007, we derive our strength from our extensive distribution network and building long-term partnerships.

We strive for financial inclusion for the mass market. This is achieved by combining technical innovation with entrepreneurial flair. In this manner, 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 hundreds of thousands of direct and indirect jobs and entrepreneurial opportunities, support the growth of small businesses, and bridge the digital divide.

Blue Label is a digital distributor of secure fintech 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;
- a relentless **focus** on providing an **always-on** and **time-saving method of transacting**;
- **payment** facilitation that accommodates **all methods** of **payment** by the consumer and significantly reduces the **cost of capital** for customers; and
- **rich data** and **in-depth analysis** to **refine targeting** and sales processes.

Our proprietary platforms enable mobile networks, utilities, banks, retailers, petroleum companies and point-of-sale devices to drive consumer-centricity and speed to market, while ensuring the stability and security of our systems.

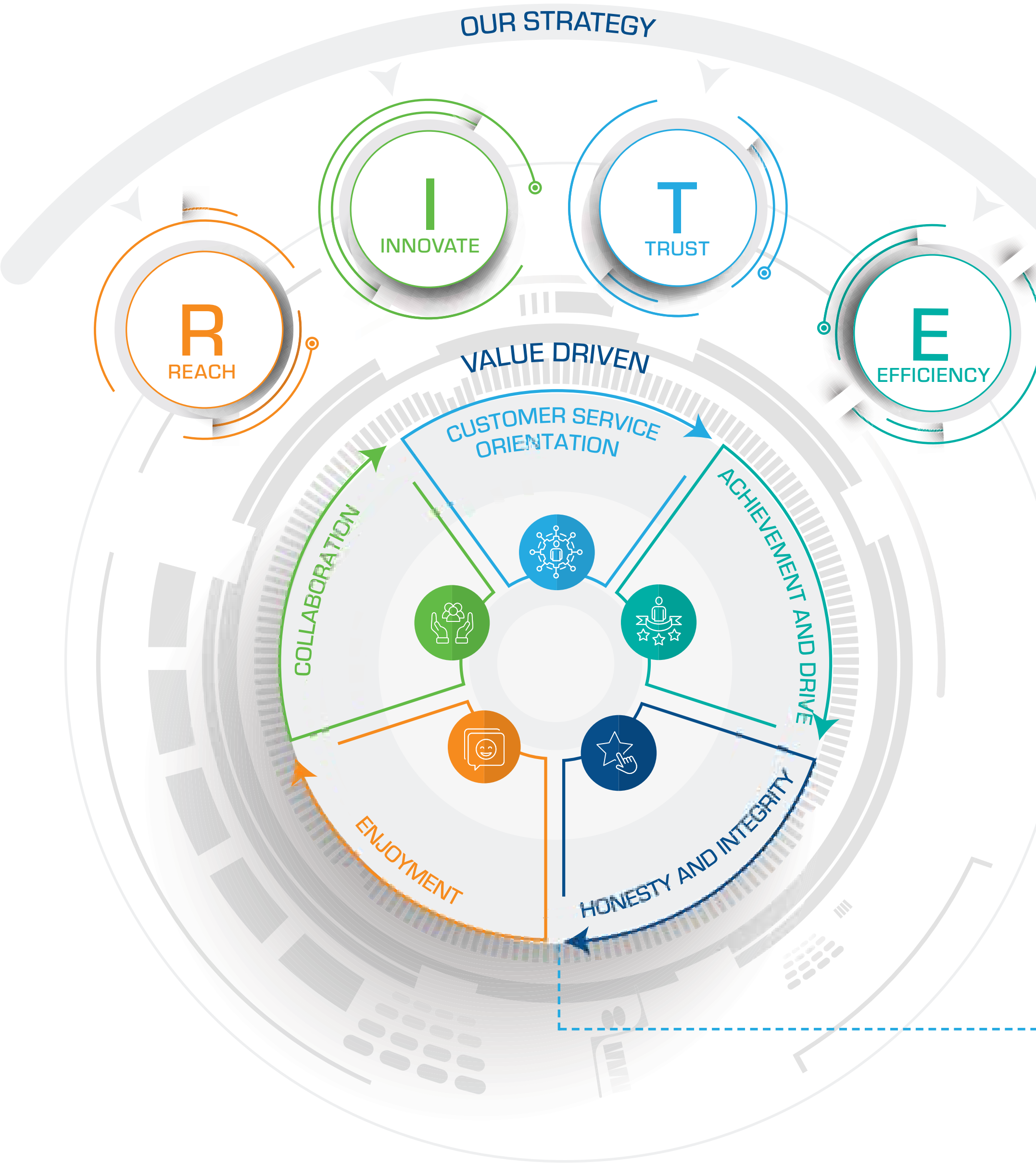
Blue Label is also a:

- virtual mall – our products and services require no **inventory management** for the merchants, **eliminating obsolescence**; and
- 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.

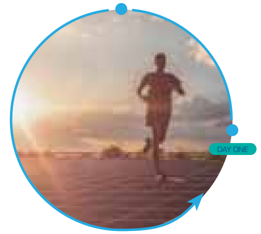
OUR PURPOSE, VISION AND MISSION



Our strategy to grow shareholder value aims to deliver, through our four pillars. These pillars are deeply embedded in our operations and corporate culture.

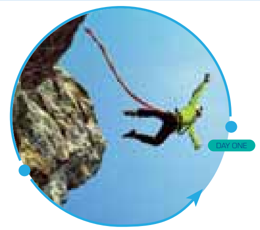
OUR TARGETS

TARGET 1:
GROWTH & SCALE



TARGET 2:
INNOVATION & RESILIENCE

TARGET 3:
PRODUCTS & SERVICES



TARGET 4:
CUSTOMER EXPERIENCE

OUR PURPOSE, VISION AND MISSION CONTINUED

OUR PURPOSE

Driving **financial inclusion**, **opportunities** and **convenience** for the **mass market** through **digital distribution** and **e-tech ecosystems**

OUR VISION

To be a **digital business** that **orchestrates distribution** and **e-tech ecosystems**

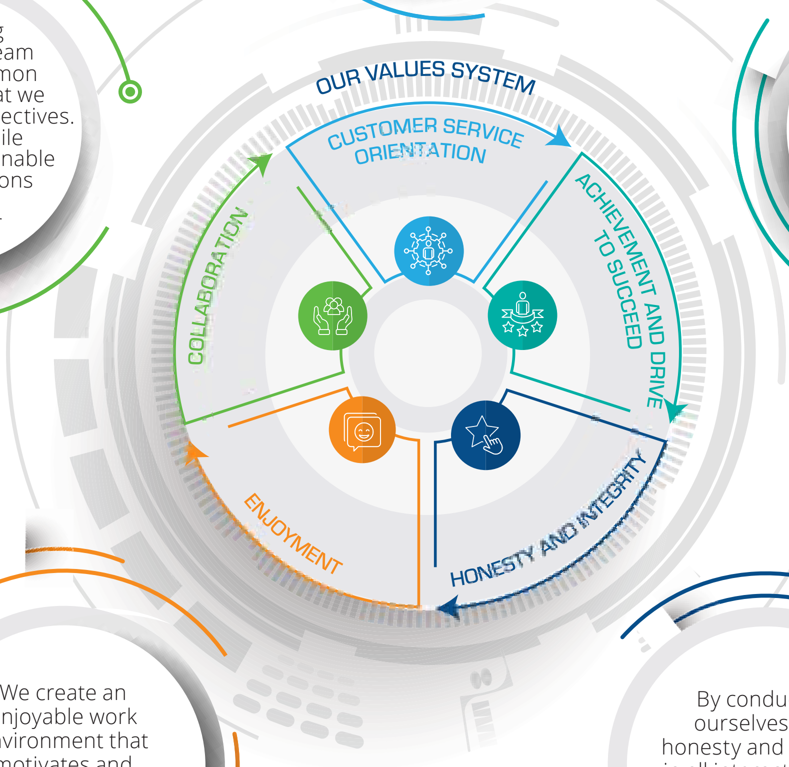
OUR MISSION

To be the **leading global distributor** of **secure fintech products** and **services** within **emerging market**

What do we mean by **financial inclusion** through **digital distribution** and **e-tech ecosystems**?

A **significant proportion** of our population is underserved in their ability to access **formal financial services**. Following the **significant increase** in **access** to **cellular phones** and **data** we are able to **provide consumers** and **informal businesses** access to **low-cost digital means** of **e-commerce transactions**. This **connects businesses** with **consumers** to transact in a **more convenient** and **efficient** manner as well as **enabling informal businesses** to **cost-effectively leverage** off **digital e-commerce trading platforms**.

OUR VALUES SYSTEM



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

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

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

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

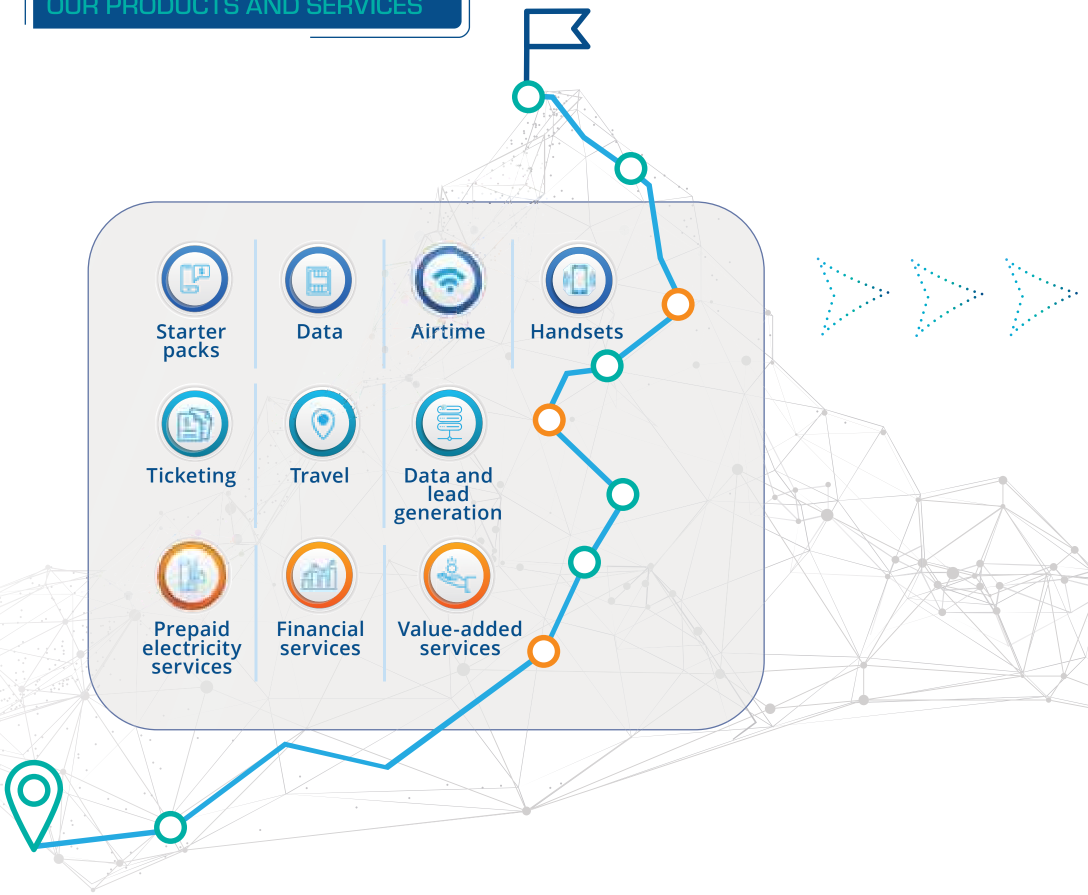
Consulting and working together as a team towards a common goal ensures that we can achieve our objectives. We do this while developing sustainable value propositions for each stakeholder group.

OUR BUSINESS MODEL

In allocating our capital to our strategic 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 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; and • 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 R224 million, including: • R116 million vending machines and POS devices; • R27 million computer equipment; and • R30 million motor vehicles.
Intellectual capital The knowledge-based intangibles that sustain the quality of our product and service offering, which provides 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; and • 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.	• 1 412 staff members; • Experienced Board, executive and senior management; • Performance management system; and • 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 and media. • SED initiatives: – Trust Blu Foundation NPC; – Boys and Girls Clubs of South Africa; and – Education Africa and many more.
Natural capital Any natural resources or environmental assets, which provide a flow of useful goods and/or services, now and in the future.	• Electricity; • Water; • Fuel; and • Paper.

OUR PRODUCTS AND SERVICES



OUR BUSINESS MODEL CONTINUED

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. (Entities are wholly owned by Blue Label, unless otherwise indicated.)

AFRICA DISTRIBUTION

Blue Label Distribution: 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 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, travel services, sporting events,** and **entertainment**.

Comm Equipment Company: CEC has evolved from a specialised lender to a fully operational business unit with **responsibilities that range across the Cell C postpaid offerings**.

BluAdvance: Allows qualified customers the chance to take out a **prepaid electricity** advance on their meter, with the ability to pay it back at a later stage.

bluNOVA: 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.

AltBureau: is a data bureau based on **API marketplace technology** and serves as a platform to provide services to both external and internal clients.

Blue Label One: Engaged in **media advertising**.

T3 Telecoms SA (50% shareholding): A **mobile value-added services and product distribution company**.

WHOLESALE

The Prepaid Company: 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.

RETAIL

Robtronics Service Solutions: (51% shareholding) Robtronics Service Solutions specialises in **handset repairs** and reverse logistics supporting the repair process.

GloCell Retail Solutions: GCRS is a **distributor** of all prepaid network operator products, prepaid products and value-added services to retail, which include national retailers and petroleum forecourts.

OUR BUSINESS MODEL CONTINUED

Mobile Macs (50% shareholding): Provides the most **cost-effective full maintenance scooter rental model** available in the South African market through the supply of data, airtime and electricity products.

NETWORK OPERATOR

Cell C (49.53% 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**.

iTalk Holdings (40.5% shareholding): Contact centre management, IP telephony products, connectivity solutions, lead warming, VAS product sales, system integration and consultancy.

iTalk 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 Label Communications (57.26% shareholding): Blue Label Communications offers three business verticals, namely **reverse data billing, SMS,** and **voice**.

Blu Train Group (64.68% shareholding): Blu Train Group provides **unfunded learnerships, training, recruitment** and **payroll requirements**.

One World Telecoms: Engages in VAS product sales and 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.

LIPA Payments (36% shareholding): Payment software solution for banks and fintechs that allows small merchants to **perform digital transactions** using NFC and Bluetooth technology.

ELECTRICITY/MUNICIPALITIES

Cigicell (74% shareholding): Cigicell **partners with municipalities** to grow their revenue while providing prepaid electricity and water services.

OUR BUSINESS MODEL CONTINUED

Utilities World (25.1% shareholding): The core focus of Utilities 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 (55.5% 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**.

ReWare: ReWare is a **provider of smart meters** that record 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 (29.9% shareholding): Mobii Systems Group provides **match game analytics and Internet of Things (IoT) enabled products**.

OUR BUSINESS MODEL CONTINUED

OUR RESOURCES	OPERATING OUTPUTS	OUTCOMES AND RESOURCE TRADE OFFS
Financial capital	• Revenue: R18.9 billion • Gross profit: R3.48 billion • Capital expenditure: R119 million • Finance activities: R1.4 billion • Lease payments: R42 million • Taxes paid: R215 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 all stakeholders; and • 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 the 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 incurred: R119 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; and • 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.

OUR BUSINESS MODEL CONTINUED

OUR RESOURCES	OPERATING OUTPUTS	OUTCOMES AND RESOURCE TRADE OFFS
Intellectual capital	• Purchase of intangible assets: R104 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; and • 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.
Human capital	• Building an organisation that is future fit, inclusive business with a growth mindset • Salaries and benefits spend: R946 million • Employee well-being is part of our strategy to succeed • Employee engagement is more centred around creating meaningful jobs and creating an environment that creates purpose • A leadership development programme that is designed to allow for the development of emerging talent and middle and senior management leaders • 75% of respondents in our Engagement Survey are satisfied in their work while 90% agrees that the job they do is meaningful • Continue to invest in learnership development and leadership programmes to enable us to grow individuals and critical skills.	• A vibrant, diverse and flexible workforce committed to the long-term success of Blue Label; • Improved effectiveness, skills and expertise; • Inclusive leadership that promotes innovation, team-work and job satisfaction; • Corporate culture that values honesty, integrity and ethical behaviour; and • Increase investment in ensuring that our team meets the highest standards of professionalism and excellence. Our appeal as an employer of choice, our brand value and the fact that we recruit and attain the most innovative and skilled increase our intellectual capital.
Social and relationship capital	• Building sustainability programmes that impact communities and youth development • Initiatives aimed to build entrepreneurs and SMMEs • Supporting flagship beneficiaries that align to our shared socio-economic values through the Trust Blu Foundation • SED spend: R14.9 million • Strategic partnerships with renewable energy suppliers for one of our prime SED projects in Orange Farm	• 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; and • 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 impact 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.

* Excluding costs relating to the subscription income sharing arrangement and subscriber acquisition costs (refer to note 4.2 of Blue Label annual financial statements).

OUR BUSINESS MODEL CONTINUED

OUR RESOURCES

Natural capital

OPERATING OUTPUTS

With the rise in the cost of natural resources, along with business expansions and new ventures, there has been an increase in the cost and usage of electricity, water, and fuel. Efforts to transition to a paperless environment yielded a significant decrease in paper consumption. The extensive load shedding experienced in FY23 has caused a notable upsurge in diesel usage for generators and a corresponding low annual increase in electricity consumption.

	2023		2022		% increase/ (decrease) in spend	% increase/ (decrease) in usage
	R'000	Usage	R'000	Usage		
Electricity (kWh)	**4 199**	**2 176 072**	3 575	2 026 636	17%	7%
Water (KL)	**598**	**12 324**	463	9 927	29%	24%
Petrol (L)	**14 808**	**636 063**	10 042	484 921	47%	31%
Diesel (L)	**2 731**	**107 916**	1 696	85 325	61%	26%
Paper (kg)	**216**	**7 970**	183	8 614	18%	(7%)

Includes subsidiary operations.

OUTCOMES AND RESOURCE TRADE OFFS

- Responsible management of waste and emissions; and
- 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.

BOARD OF DIRECTORS

LAURENCE (LARRY) NESTADT
Independent Non-executive Chairman
Age: 72
Joined the Board: October 2007
(Chair of Nomination Committee)

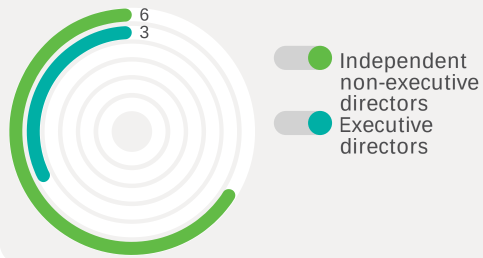
BRETT LEVY
Joint Chief Executive Officer
Age: 48
Joined the Board: February 2007

MARK LEVY
Joint Chief Executive Officer
Age: 52
Joined the Board: February 2007
BCompt (Unisa)

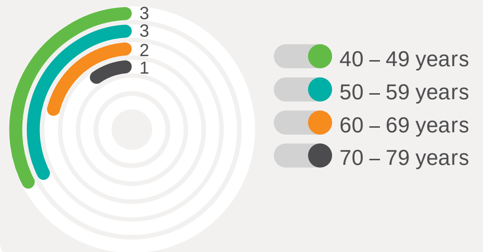
HAPPY MASONDO
Independent Non-executive Director
Age: 55
Joined the Board: August 2023
BA (Wits), LLB (Wits), LLM (Wits), LLM (Duke)

NOMAVUSO MNXASANA
Independent Non-executive Director
Age: 67
Joined the Board: September 2020
BCompt (Hons), CA(SA)

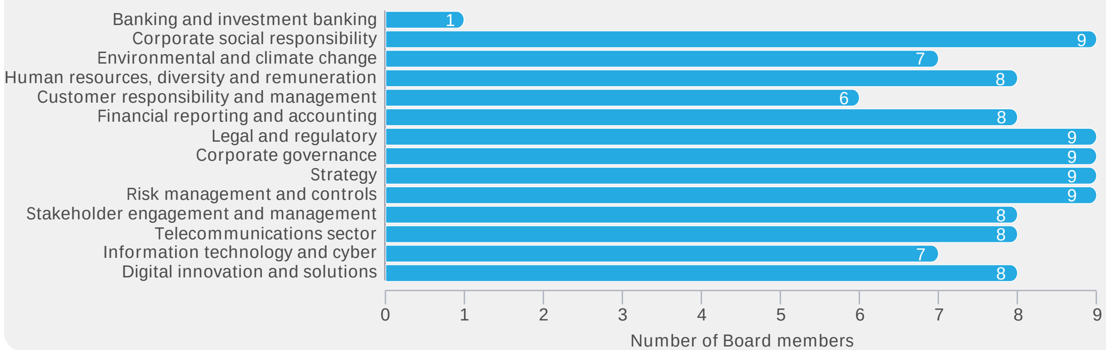
Independence



Age



Board skills and experience



All board statistics are reported as at 29 September 2023.

COMMITTEE KEY

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

BOARD OF DIRECTORS CONTINUED

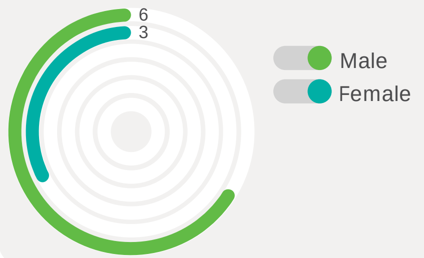
JOE MTHIMUNYE
Independent Non-executive Director
Age: 58
Joined the Board: October 2007
(Chair of Audit, Risk and Compliance Committee)
BCompt (Hons), CTA (Unisa), CA(SA)

LINDIWE MTHIMUNYE
Independent Non-executive Director
Age: 49
Joined the Board: November 2022
Chair of Investment Committee
BCom (UCT), Postgraduate Diploma in Accounting (UCT), Postgraduate Diploma in Tax Law (Wits), MCom (UCT), CA(SA)

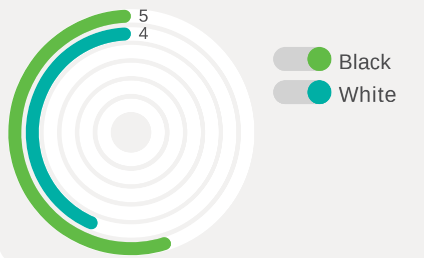
JERRY VILAKAZI
Independent Non-executive Director
Age: 62
Joined the Board: October 2011
(Chair of Remuneration Committee and Social, Ethics and Transformation Committee)
BA (Unisa), MA (Thames Valley), MA (London), MBA (California Coast University)

DEAN SUNTUP
Financial Director
Age: 46
Joined the Board: November 2013
Alternate to Brett Levy on Social, Ethics and Transformation Committee
BCom (Wits), BCom Hons (Unisa), CA(SA)

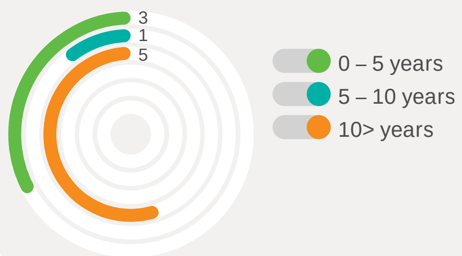
Gender



Race



Tenure



COMMITTEE KEY

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

BOARD OF DIRECTORS CONTINUED

LAURENCE (LARRY) NESTADT (72)
Independent Non-executive Chairman

Larry is a co-founder and former executive director of Investec Bank Limited and 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, Hosken Consolidated Investments 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 and is a former chairman of 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 Limited, Dis-Chem Pharmacies Limited, Universal Partners Limited, National Airways Corporation Proprietary Limited, Morecorp Group and Selldirect Marketing Proprietary Limited. He also serves as non-executive deputy chairman of Cell C Limited. Larry is a life member of the World Presidents' Organisation, Lloyds of London since 1983.

BRETT LEVY (48)
Joint Chief Executive Officer

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.

He currently serves as a director of various Blue Label companies and plays a key role in developing Blue Label'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 (52)
Joint Chief Executive Officer

After years as a successful commodities trader, Mark became an entrepreneur, operating various small businesses across different industries.

Serving as a director of various Blue Label companies, Mark is also 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 Brett, Mark received the Absa Jewish Business Achiever Non-Listed Company Award (2007). He was 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.

COMMITTEE KEY

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

BOARD OF DIRECTORS CONTINUED

HAPPY MASONDO (55)
Independent Non-executive Director

Happy is a qualified senior attorney and director, with specialist skills in renewable energy projects, information technology projects and public-private partnerships. Her expertise includes legal and regulatory project management skills including collation of relevant compliance tender documents, analysis and review of the legal and regulatory requirements.

She is an experienced non-executive director and currently serves on the boards of Dis-Chem Pharmacies, Bright Light Solar VCC and is a trustee of Investec Entrepreneurship Development Trust.

NOMAVUSO MNXASANA (67)
Independent Non-executive Director

Nomavuso is a Chartered Accountant (SA) who completed her articles, she spent one year at Deloitte before joining SizweNtsaluba VSP (formerly Nkonki Sizwe Ntsaluba).

During her tenure at SizweNtsaluba, she specialised in consulting, internal auditing and attest function. Following the introduction of the Public Finance Management Act, she identified an opportunity and then started the corporate governance division which housed the internal audit services. She was also involved in staff development and training as a staff partner for five years. She later joined the Imperial Group as the Group Audit and Risk Executive and while there, she introduced Training Outside Public Practice (TOPP). When she left the group, she had 11 TOPP trainees who were spread across the group, and she continued to 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. Nomavuso sits on a number of boards in both listed and unlisted companies.

JOE MTHIMUNYE (58)
Independent Non-executive Director

Joe qualified as a Chartered Accountant (SA) 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, the chairman of Cell C Limited and also serves as a director of various Group companies. He is also chairman of Dis-Chem's audit committee.

COMMITTEE KEY

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

BOARD OF DIRECTORS CONTINUED

LINDIWE MTHIMUNYE (49)
Independent Non-executive Director

Lindiwe is a Chartered Accountant (SA) and has extensive governance, finance and business experience. Having worked in investment banking – property and infrastructure finance – and also as chief financial officer, she is an experienced non-executive director having previously served on the boards of various listed and unlisted companies including Woolworths, Massmart, Group 5, Torre, Sea Harvest, Cell C, PetroSA, Hyundai Automotive South Africa, Liquid Capital, Metrofile Holdings and Sabvest Capital Limited.

JERRY VILAKAZI (62)
Independent Non-executive Director

Jerry has held various executive positions in government and in the business sector, including that of Director for Commerce and Industry at SAICA and Managing Director of the Black Management Forum (BMF), where he also served on the board of the BMF investment company. He was later appointed as the CEO of Business Unity South Africa (BUSA) and has also served as chairman of the SADC Employer Group and the EU-Southern African Business Council. In addition to representing business at Nedlac, he served as a member of the King Committee on Corporate Governance, the National Anti-corruption Forum and SADC Business Forum.

He was nominated by Parliament and appointed by the President as a Public Service Commissioner in 1998.

In the recent past, he served as a member of the BBBEE Advisory Council and the first National Planning Commission.

Jerry was chairman of the Mpumalanga Gambling Board, Mpumalanga Economic Growth Agency 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 and Goliath Gold Limited and held the position of chairman of Netcare Limited as well as adviser to Citibank.

Jerry is currently executive chairman of Palama, an investment company, and also serves on the boards of Cell C Limited and Sibanye-Stillwater Limited, where he also chairs the social and ethics committee.

DEAN SUNTUP (46)
Financial Director

Dean completed his articles at PwC where he continued working after qualifying as a Chartered Accountant (SA), 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 serves as director of various Blue Label companies and contributes significantly to the governance and reporting systems across Blue Label. Dean is a member of SAICA.

COMMITTEE KEY

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

OPERATING STRUCTURE

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 Blue Label. 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 Blue Label.

BRETT LEVY
Joint Chief Executive Officer

- Africa Distribution
- Wholesale
- Retail
- Network Operator

MARK LEVY
Joint Chief Executive Officer

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

DEAN SUNTUP
Financial Director

- Corporate Services

EXECUTIVE COMMITTEE

BRETT LEVY
Joint Chief Executive Officer

MARK LEVY
Joint Chief Executive Officer

DEAN SUNTUP
Financial Director

BLUE LABEL TELECOMS

JAMES NEWMAN
Chief Operating Officer

ANTOINETTE ROBERTS
Group Executive Human Capital and Transformation

MAHOMED SHAIK
Chief Technology and Information Officer

SUVEER RAMDHANI
Chief Executive Officer of BluNova

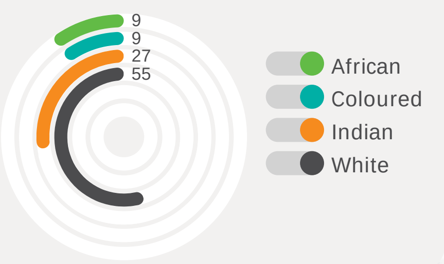
GRANT LEVIN
Chief Executive Officer of Comm Equipment Company

DESIREE SIMBA
Group Financial Officer of SA Distribution

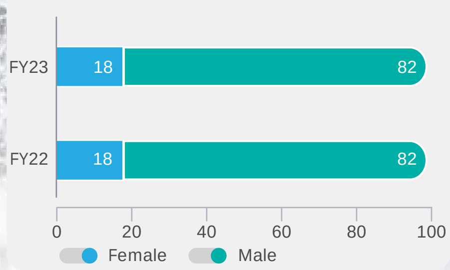
MODISE NYAWANE
Chief Executive Officer of Cigicell

DEELAN RAMA
Chief Commercial Officer of SA Distribution

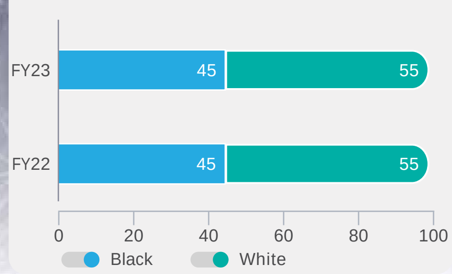
Percentage by race – FY23 (%)



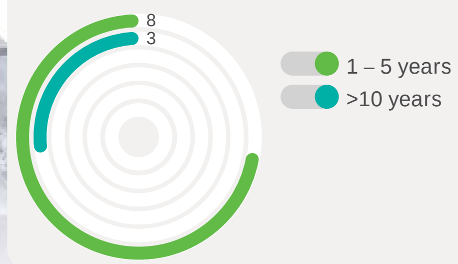
Gender (%)



Race (%)



Executive Committee tenure – FY23



CHAIRMAN'S REPORT

“As economies recover from the devastation caused by COVID-19 and the supply chain disruptions of the Ukraine-Russia war, many also had to contend with the subsequent inflation surge, driven primarily by the fiscal and monetary stimuli provided by governments in response to the pandemic.”

LARRY NESTADT **Chairman**

DEAR SHAREHOLDERS,

As economies recover from the devastation caused by COVID-19 and the supply chain disruptions of the Ukraine-Russia war, many also had to contend with the subsequent inflation surge, driven primarily by the fiscal and monetary stimuli provided by governments in response to the pandemic.

And while our local economy is also recovering, albeit slower than expected, the energy crisis and the financial pressure that consumers are experiencing as a result of growing inflation and the rise in interest rates continue to impact our performance, due to the essential nature of our services and products that we provide.

These macroeconomic influences are also the reasons why the JSE's telecommunication index has seen losses of around 25% during the last six months as the weaker rand and policy uncertainty in the sector continue to scare international investors off, with local investors being more cautious than normal.

These factors, combined with increased competition and a drastic shift in consumer patterns, continue to influence how we do business and how we utilise innovation to stay ahead of the game.

The implementation of our “back to basics” operational plan in 2021 resulted in the emergence of a greater sense of purpose and cohesion but it also delivered a more resilient organisation that could operate optimally during the COVID-19 pandemic and that could withstand the significant operational and economic headwinds that we experienced during the last two years. However, the post-COVID-19 recovery has been undermined by frequent and extended load shedding throughout our reporting financial year.

Focusing on developing more margin-accretive products, ensuring stronger growth in our distribution network and placing greater emphasis on digitisation and technological innovation, Blue Label again delivered a resilient performance.

INCREASED BOARD VIGILANCE

It is against this backdrop that the Board had to intensify its oversight role. This is not only done to respond speedily and appropriately to these rapid operational changes but also to ensure that Blue Label's strategy remains relevant, that execution is always key and that we, as a responsible citizen, are able to respond adequately to the varied demands and expectations of our different stakeholders.

While the Board remained focused on the reduction of debt, it continues to consider strategies that would return value to shareholders through dividend and share buy-back programmes.

ESG and sustainability considerations and new regulation and compliance requirements demanded that we hasten the restructuring and strengthening of the Board.

As previously mentioned, the Board is on a measured process to rejuvenate its composition by augmenting it with members who have diversified skills and experience.

During the last few months, we have noted the resignations of three of our most experienced non-executive directors; Gary Harlow, Lazarus Zim and Kevin Ellerine. Their wealth of knowledge and industry experience served Blue Label well over the years and we would always be grateful for their contribution.

In line with our succession plan we have welcomed two outstanding women, Lindiwe Mthimunye and Happy Masondo to the Board and look forward to working with them.

CHAIRMAN'S REPORT CONTINUED

Our approach to succession planning was always focused on broadening the diversity of the Board's experience and ensuring Blue Label's future stability. As our operational environment changes, the skill-set and competence of the Board as a collective is changing appropriately.

INTEGRATING SUSTAINABILITY AND ESG

ESG and sustainability will continue to be top priority for Blue Label and by integrating both into our strategy, we continue to make significant progress.

As a starting point, we have conducted materiality assessments to identify where our highest level of sustainability impact could be and in turn, linking these matters to our strategic response, policies and performance management. We are committed to creating measurable value for all our stakeholders towards a just and socio-economic sustainable future.

We have identified the following areas as key impact areas:

- Our ability to create employment, learnerships and direct entrepreneurial merchant opportunities;
- Creating financial inclusion for communities by digitally connecting consumers to products and services that would ordinarily be out of reach and decarbonising the supply chain through our digitised distribution channels; and
- Building our brand loyalty through the highest levels of trust in our products and services and always treating customers fairly.

This process is ongoing, and the Board will continue to monitor our obligations and make sure that we meet or exceed expectations as we continue to create and preserve value for all our stakeholders.

We have already identified key milestones and set strict timelines to ensure that everyone is on board. This, we believe, would allow us to measure our impact with greater efficiency and make sure that we integrate sustainability into decision-making across the entire Blue Label Group.

We will continue to ensure compliance with both local and international ethical demands and continue to pursue excellence in the execution of this purpose.

CELL C SET FOR GROWTH

The conclusion of the long-awaited recapitalisation in September 2022 was a significant step in the overall process to deleverage Cell C's balance sheet.

One of the critical regulatory requirements that they had to meet following the recapitalisation, was the application for an Electronic Communications Network Services and Electronic Communications Services licence. Our robust regulatory compliance was affirmed by ICASA, when the licence was issued, firmly supporting our ability to do business and trade as a mobile network operator.

To pursue its growth strategy, Cell C has focused on investment into innovating products and services that will add value to customers, operating from a more competitive platform that offers the same quality connectivity to all South Africans.

Most importantly, Cell C is restructuring its board and management by appointing industry experts onto the Board and introducing a new management team with new innovative ideas about how to return Cell C to positive operating results. Jorge Mendes, a former senior executive at Vodacom, was appointed as CEO of Cell C with effect from 1 July 2023.

Notwithstanding the challenges as a business in transition, Cell C is a leaner, more agile and fit-for-purpose entity that, along with the recapitalisation of the current debt structure, is well-positioned on a growth trajectory that will enhance shareholder value.

OUTLOOK AND APPRECIATION

Over the years, Blue Label developed products and provided services that are deemed essential for living. We established ourselves as a partner for growth and development and created opportunities that give people hope and a living. While consumer spending is down, we will not take our customers' loyalty and commitment to our brands for granted.

We will continue to invest in technology and digital innovations to make our products and services more accessible and readily available. In doing so, we will expand our distribution network and expand our dominance in the market.

We are a truly South African brand and our commitment to this country and its people are unquestionable.

We owe all our stakeholders the best value that we can offer, and the Board remains committed to doing just that.

Finally, I wish to express my sincerest appreciation to all my colleagues on the Board for their support and for always putting Blue Label first. I also wish to thank management and the staff who worked tirelessly under very difficult economic challenges as well as the loyalty and support from our various stakeholders.

I remain excited about the future and look forward to another fulfilling year.

Larry Nestadt
Chairman

29 September 2023

MATERIAL RISKS AND OPPORTUNITIES

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

Our primary risks and opportunities are identified within the context of our strategy to proactively respond to ever-changing internal and external operating environments. We continue to ensure that we strengthen the link between our strategy and the risks and opportunities by applying our Enterprise-Wide 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 risks and opportunities in a dynamic operating context. Our ERM process ensures the adequacy, appropriateness and effectiveness of our responses, mitigating potential significant negative business impacts in order to deliver on our business targets.

1 INCREASED THREAT OF CYBERCRIME

Description

Since the majority of Blue Label's inventory is of a virtual nature, defence against cybercrime will remain a top priority as cyber-attacks can lead to reputational damage, business disruption and ultimately loss of revenue.

Blue Label 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 inorganic growth, as well as simultaneously to improve system availability and resilience as the volumes of both the number and types of transactions increase.

Strategic responses and mitigating measures

- Blue Label places significant focus on the security of all systems, both production and enterprise, in order to pre-emptively detect, prevent 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.
- A Security Operations Centre (SOC) is currently being rolled out to assist in countering cybercrime risks. The SOC will be fully operational during FY24. The SOC will assist in developing and rolling out assurance programmes that incorporate internal and external reviews of our data storage practices.
- Appoint the appropriate skills set to manage our IT security.
- CrowdStrike, an advanced cloud-native platform, has been implemented to counter malware threats.
- All 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 Blue Label in the event of a breach.
- Monitor Blue Label's cyber incident response and containment.
- Implementation and adoption of international security standards (ISO 27001) to enhance and complement our cyber mitigation risks.

2 ECONOMIC OUTLOOK

Description

Unfavourable economic conditions and heightened inflation are negatively impacting consumers' disposable income. Consumers are forced to prioritise their buying habits based on needs, leaving less or no disposable income to buy products that are discretionary (e.g., gaming products, events tickets). Consumers are under pressure, and they are looking at alternate sources of power such as gas and paraffin and thus moving away from our traditional core offerings, including especially pre-paid electricity products.

Strategic responses and mitigating measures

- Implement a cost-savings programme across Blue Label to combat the effects of inflationary pressures on operating expenditure.
- Adopting a flexible budget by considering best and worst-case scenarios relating to the depressed economic conditions and the ongoing power issues. The extent of load shedding has a material impact on Blue Label's profitability (refer to risk number 3 below) and management has had to cater for various load shedding scenarios.

MATERIAL RISKS AND OPPORTUNITIES CONTINUED

3 ELECTRICITY SUPPLY INTERRUPTION AND ITS IMPACT ON REVENUE GENERATION

Description

Power outages on a national scale have ramped up significantly in the last six months of FY23.

Electrical power is an essential input in all modern-day economies. A large part of Blue Label's business is the vending of airtime and electricity products. The power crisis has had a two-fold impact in our business; namely, many of our merchants do not have back-up power resources to continue to vend during power outages, and secondly, consumers no longer buy products at the same level due to the lack of electricity/back-up resources in their domestic environment.

At a Head Office level erratic electricity supply results in increased running costs. Resources have to be allocated to back-up generators, an expensive alternative to grid electricity, which has had a direct impact on profitability and carbon emissions.

Strategic responses and mitigating measures

- Business units are continually seeking to diversify products from our traditional core offerings of electricity and airtime. As an example, there has been substantial growth in gaming products revenue in FY23.
- We continue to maintain and enhance back-up power at our centres around SA for the medium to long term until stability is restored to the national grid.

4 UNSUCCESSFUL EXECUTION OF THE CELL C STRATEGY AND BUSINESS PLAN

Description

The failure of Cell C's strategy and execution of its business plan would not only negatively impact the investment therein, but would also have a compounded effect on the Blue Label Group, in that a significant portion of its profitability stems from its trading relationship with Cell C.

Strategic responses and mitigating measures

- The Cell C recapitalisation transaction has achieved the deleveraging of its balance sheet, providing it with liquidity with which to operate and enhance its businesses and to position itself to achieve long-term success for the benefit of its customers, employees, creditors, shareholders and other stakeholders.
- Cell C has implemented a turnaround strategy, focusing on operational efficiencies, reducing operational expenditure and optimising traffic. This includes a significant reduction in capital expenditure and a conversion of a fixed-cost infrastructure-based network to a variable operational expenditure model. This, together with the recapitalisation of the current debt structure, will result in a significant improvement of its liquidity and enable long-term sustainability of Cell C.
- Cell C embarked on a strategy to reconsider its current service offering, whereby Cell C identified the need to either wind down or restructure the service offering being provided to its postpaid mobile telecommunication business (the base). During the 2021 financial year, Blue Label, through its subsidiary Comm Equipment Company (Pty) Ltd (CEC), concluded an arrangement with Cell C to facilitate Cell C's operation of the base. The aim of the reorganisation would be for the base to remain intact and grow in the future, and for Cell C to have limited downside risk on the base.
- To contribute to the success of Cell C, Blue Label has representation on the Board of Directors, which will afford it complete oversight of the performance of Cell C. The above contributions, combined with the major reduction in interest-bearing debt and the elimination of foreign exchange exposure thereto, are all positive indicators for sustainable success and longevity.

MATERIAL RISKS AND OPPORTUNITIES CONTINUED

5

BUSINESS MODEL TRANSFORMATION IMPACTING MARKET RELEVANCE

Description

Lack of, or insufficient capital investment to meet customer service and support capabilities. Lack of innovation places risk on the sustainability of the business. BLD has experienced a shift from a ratio of 50:50 in terms of volume distributed between physical and digital product supply to a 3:1 ratio in favour of digital distribution.

Failure to continue on this digital migration will result in Blue Label being disintermediated as a result of consumer behaviour.

A further focus area for improvement is our customer service channels as it too is still very traditional.

Furthermore, by limiting our printing of paper vouchers, we are ultimately reducing our carbon and environmental footprint going forward.

Strategic responses and mitigating measures

- Management continues to embrace the change in mindset, spurred on by the necessity to implement digitalisation in the face of similar actions by our partners and competitors, in particular, in the fintech space. Various technology-driven initiatives have been developed and enhanced and brought to market.
- Blue Label'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. We are also focusing on automating the consumer interaction life cycle to bring our services into line with our industry partners and competitors.

6

THIRD-PARTY SUPPLIERS' AND OUTSOURCING RISK

Description

Risk of inadequate management of third parties in the Blue Label value chain introduces further risks such as cybersecurity, financial, compliance, reputational and operational risk to Blue Label.

Strategic responses and mitigating measures

- Defined and implemented a third-party risk management process.
- Implemented a business relationship management capability within IT. This function will be responsible for ensuring that all third-party service providers have adequate controls, and these are monitored to ensure they are operating effectively.
- Currently implementing third-party management controls in line with best practice standards such as ISO 27001.
- Implemented an automated contract management system which will enhance controls surrounding our third-party contracts.
- The Software-Defined Wide Area Network (SDWAN) project was implemented in FY23 to assist in managing network availability. Through this comprehensive upgrade, management intends to enhance availability and uptime, fortify our security resilience, and augment our observability. This strategic initiative reinforces our commitment to ensuring robust network performance while safeguarding sensitive information and elevating our overall operational efficiency.

MATERIAL RISKS AND OPPORTUNITIES CONTINUED

7 UNETHICAL BEHAVIOUR, FRAUD AND POTENTIAL THEFT OF E-TOKENS

Description

Due to the nature of our digital inventory, Blue Label is vulnerable to fraudulent activities.

Blue Label maintains zero tolerance for fraud and irregularities. All incidents are investigated, irrespective of the size or value.

The ongoing roll-out of new products/solutions increases the exposure to potential fraud-related activities.

E-tokens are a form of electronic cash utilised for secure transactions. Blue Label 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.

Strategic responses and mitigating measures

- We continue to refine operational controls, security, and our infrastructure 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 Deloitte, remains available for anonymous reporting of any instances or 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 Blue Label
- The confidentiality, integrity and availability of virtual stock is managed through role-based access control, secure transfer of supplier/customer files and encryption with hardware security modules.
- A robust set of automated internal controls assists in timeous detection and prevents the theft or corruption of voucher pins and related digital products.
- Sufficient insurance cover is in place.

8 MATURITY OF BUSINESS CONTINUITY/ DISASTER RECOVERY MANAGEMENT

Description

Business Continuity Plans (BCPs) and Disaster Recovery Plans (DRPs) 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 Blue Label's profitability and reputation.

Strategic responses and mitigating measures

- Blue Label's BCM steering committee meets bi-annually to ensure that Blue Label is prepared to counter any risk.
- The pandemic offered a unique opportunity to test our DRP, which proved to be resilient. Employees could operate remotely with minimal disruption to operations.
- We successfully conducted simulation exercises to validate BCPs in place including our DRP in FY23 to ensure that all applicable staff, in the event of disruption, are aware of their roles and responsibilities.

MATERIAL RISKS AND OPPORTUNITIES CONTINUED

9 CUSTOMER AND REVENUE CONCENTRATION

Description

Certain prominent financial institutions and retailers rely on Blue Label to process their substantial transaction volumes. A lapse in Blue Label's service delivery to these stakeholders could result in a major negative impact on its profitability and/or reputation.

Strategic responses and mitigating measures

- 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.
- Continue to monitor and enhance business continuity and disaster recovery plans.

10 FINANCIAL AND DIGITAL INCLUSION

Description

A significant proportion of our population is underserved in their ability to access formal financial services. Following the significant increase in access to cellular phones and data we are able to provide consumers and informal businesses access to low-cost digital means of e-commerce transactions. This connects businesses with consumers to transact in a more convenient and efficient manner as well as enabling informal businesses to cost-effectively leverage off digital e-commerce trading platforms.

Strategic responses and mitigating measures

- Creating financial inclusion for communities through our innovative products and services that digitally connect consumers to products and services that would ordinarily be out of reach on an anywhere anytime basis.
- Increase connectivity to drive economic participation within underserved communities.

11 CLIMATE CHANGE

Description

Blue Label has an opportunity to play a role in climate change mitigation both in terms of its own carbon footprint efficiency and decarbonising the supply chain for products and services that are digitally distributed.

Strategic responses and mitigating measures

- Integrate climate risks and opportunities into the risk management framework including consideration of renewable energy sources for our own operations.
- Digitally connecting consumers and businesses in the supply chain significantly reduces carbon emissions associated with travel. As volumes are built and more products and services are transacted through our digitised distribution channels the greater the positive impact made.

STAKEHOLDER RELATIONS

Building and maintaining strong and trusted relationships with all our stakeholders are essential to our aim of sustainable value creation over the short, medium and long term. This is mainly due to the fact that the impact of our operations extends beyond our commercial partners and customers.

Our approach to stakeholder relations is based on regular, proactive and meaningful engagement to identify key concerns, interest and expectations and to ensure that these are addressed in a collaborative manner.

We depend on strong relationships with all our stakeholders to grow our business and provide value to individuals, families, businesses, and society.

Principles that underpin our stakeholder relations:

- Collaboration and regular interaction with all key stakeholder groups are essential to Blue Label'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; and
- As Blue Label expands, stakeholder identification and prioritisation are an ongoing process.

OUR STAKEHOLDER ENGAGEMENT PROCESS

Blue Label's Stakeholder Engagement Policy, a requirement of King IV, outlines our approach to communicating and engaging with our stakeholders.

While the Blue Label Board is ultimately responsible for stakeholder engagement, the process of engaging with stakeholders is decentralised.

Every Blue Label company and business area engage directly with their different stakeholders and they report regularly to the executive management and the Board on these engagements. This ensures that Blue Label'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:

- Groups, communities, organisations or sectors that interact with Blue Label or are directly or indirectly affected by Blue Label's activities; and
- Groups, organisations or sectors whose attitudes, decisions, policy positions or responses have a positive or negative impact on our ability to operate.

Managing stakeholder risks and opportunities is performed by completion of a risk assessment as part of the overall Enterprise-Wide Risk Management (ERM) process. This enables management to deal effectively with issues and opportunities that arise while strengthening our stakeholder engagement.

STAKEHOLDER RELATIONS CONTINUED

STAKEHOLDER ENGAGEMENT MATRIX

Why we engage	Needs and expectations	Methods of engagement	Strategic outcomes and responses
Employees Our greatest competitive advantage and key drivers of our strategy through their collective skills, experiences and ideas, ensuring that our objectives are reached • Providing strategic direction • Updates on Blue Label's activities • Remaining an employer of choice that provides a safe, positive and inspiring working environment • Understanding and responding to the needs and concerns of our employees	• A pleasant, safe and productive working environment supported by flexible work practices • Regular updates on the performance of the business • Career development and advancement opportunities • Effective performance management and recognition • Mental health and well-being	• A combination of face-to face, written, digital and broadcast communications • Regular, direct communication between managers, teams and individuals • E-mails and intranet communications • Employee functions • Leadership engagement sessions • Targeted training workshops to address and improve particular skills	**More focused, energised and dedicated teams and workstreams** **The office as the preferred place to be productive, reactive, innovative and to encourage team spirit and collaboration** **Increased investment in staff development and training with more and more staff taking up these opportunities** **Workforce that understands the challenges we operate in, the opportunities it offers and how they can contribute to ensuring a growing and resilient business** *For more information about our human capital, visit page 62.*

STAKEHOLDER RELATIONS CONTINUED

STAKEHOLDER ENGAGEMENT MATRIX

Why we engage	Needs and expectations	Methods of engagement	Strategic outcomes and responses
Customers and consumers They buy our products, procure our services and in doing so, provide the primary source of our revenue, give us a reason to exist • Improved understanding of them, their aspirations, businesses and communication needs • Providing appropriate products and value-adding services • Ensuring that we maintain the high service levels they expect and deserve • Informing them of product development and prioritisation • Developing products that service our customers' evolving technology needs	• Access to world-class innovative and flexible solutions and services • Access to mobile transactional services that are secure, simple, convenient and efficient	• A fully functioning remote Customer Interaction Centre to deal with any and all problems faced by customers • Face-to-face formal and online meetings • Customer satisfaction surveys • Social media interaction • Blue Label has a customer relationship management system, self-help facilities, and dedicated sales and technical consultants to enhance its customer engagement service	**Blue Label has managed to increase gross revenue and gross profit** **We maintained open lines of communication to address any concerns** **Strong growth in products launched**

STAKEHOLDER RELATIONS CONTINUED

STAKEHOLDER ENGAGEMENT MATRIX

Why we engage	Needs and expectations	Methods of engagement	Strategic outcomes and responses
Investors Providers of capital needed for long-term growth, expecting returns based on sustainable and sound business practices while allowing us to contribute positively to our customers and the communities in which we operate • Providing current and future shareholders with relevant and timeous information, ensuring Blue Label shares are appropriately valued • Managing shareholder expectations and reputational risk • Maintaining strong relationships and keeping abreast of market developments • Ensuring good governance • Obtaining feedback that informs our strategy, business operations and how we govern our business	• Regular feedback and timeous information on our prospects and financial and non-financial performance • Sustainable growth through consistency in execution of strategy • Improved understanding of our financial performance • Insight into our strategy, operations and management • Transparent reporting and disclosures • Sound ESG practices	• Various broker-hosted investor events • Conference calls • Annual and interim results announcements and roadshows • Annual General Meeting • Integrated annual report • Meetings with executive and senior management • SENS announcements • Website • E-mail queries	Improved understanding of our decision-making processes and appreciation for the decisions and explanations about it Strong capital and liquidity levels to support a solid balance sheet Consistent and constant two-way communication between Blue Label and investors, analysts and portfolio managers Increased direct access to executive management to explain decisions, approaches and business strategy

STAKEHOLDER RELATIONS CONTINUED

STAKEHOLDER ENGAGEMENT MATRIX

Why we engage	Needs and expectations	Methods of engagement	Strategic outcomes and responses
Regulators Meeting all statutory, legal and regulatory obligations to ensure continued operations and improve social acceptance of our products and services in a way that builds trust with our customers and suppliers • Maintaining open, honest and transparent relationships and ensuring compliance with all legal and regulatory requirements • Retaining our various operating licences and minimising operational risk	• An organisation that is compliant with all applicable laws and regulations as well as societal expectations • Maintaining a transparent and constructive relationship with regulators and policymakers • Regular information about the soundness and stability of Blue Label	• Participation in various industry and regulatory forums • Meetings between regulators and management • One-on-one discussions with various executive officials	**Compliance with all statutory and regulatory requirements** **Good relationships with all relevant regulators and cooperation on matters of mutual concern** **Direct access to most senior executives to ensure speedy resolution of potential problems** **An ethical work environment and corporate culture**

STAKEHOLDER RELATIONS CONTINUED

STAKEHOLDER ENGAGEMENT MATRIX

Why we engage	Needs and expectations	Methods of engagement	Strategic outcomes and responses
Government Policy, regulation, decisions and expectations that impact directly on our business activities, products and strategy and we constantly explore opportunities to partner in order to influence and make a positive contribution in line with government's goals • Cementing our social licence to operate • Building and strengthening relationships with government, both as a partner in the development of the country and as a customer • Providing input into legislative development processes that will affect the economy, our activities and operations • Participating visibly in, and being a partner to, the transformation of South Africa and the telecommunications sector • Partnering in increasing economic growth and the 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 • Contribution to governmental development plans and national priorities • Job creation	• Participation on various platforms with government • Ad hoc engagements with national and provincial departments • Partnering with different levels of government and government agencies in achieving common objectives • Implementation of a learnership programme	**Working with authorities to explore ways to trace and recover lost or stolen electricity revenue** **Partnering with government on projects to alleviate youth unemployment and increase skills development and training** **Alignment between organisational and national plans for projects and initiatives that serve both interests**

STAKEHOLDER RELATIONS CONTINUED

STAKEHOLDER ENGAGEMENT MATRIX

Why we engage	Needs and expectations	Methods of engagement	Strategic outcomes and responses
Media Managing our brand and reputation through regular engagement and increasing awareness around our products and services • Leveraging the reach and influence of media channels • Sharing our business and investment story with stakeholders through the media • Communicating with relevant stakeholders and the broader public to ensure positive influence on behaviour that will lead to desired business results • Protecting and managing our reputation	• Information about key developments in the telecommunications 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	Proactive engagement on developments within the organisation and factors that impact on our operations Regular engagement with editors of agencies that cover our operations and activities Increased understanding among journalists and editors about what we do and who we are Improved use of social media to communicate various decisions, products and services

STAKEHOLDER RELATIONS CONTINUED

STAKEHOLDER ENGAGEMENT MATRIX

Why we engage	Needs and expectations	Methods of engagement	Strategic outcomes and responses
Business partners, merchants and suppliers Custodians of our reputation and a critical link between our customers and us, playing a vital role in attracting new business and in retaining existing customers • Obtaining products or services required for conducting our business • Maintaining an ideal and timeous supply of goods and services for our operations • Encouraging responsible practices across our supply chain, including BBBEE, local procurement, supplier conduct, and environmental considerations • Including 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 any disruption • Information about changes to the BBBEE Codes of Good Practice, and to trading arrangements in terms of our procurement systems and enterprise resource planning (ERP) • To be associated with brands that deliver on their promise	• Supplier education workshops, indabas, and trade fairs • One-on-one negotiations and meetings	The uninterrupted provision of our core products of airtime, data, electricity, and financial services during any disruption, disaster, social unrest or pandemic Win-win strategic partnerships with those who enable us to deliver our products and broaden our reach Successful execution of service level agreements Simplified tools and processes to address any problems that they might encounter in delivering on our purpose

STAKEHOLDER RELATIONS CONTINUED

STAKEHOLDER ENGAGEMENT MATRIX

Why we engage	Needs and expectations	Methods of engagement	Strategic outcomes and responses
Society Going beyond our operations, we focus on contributing to socio-economic development that is impactful and sustainable to uplift communities • Ensure that we meet and exceed the expectations society have of us as a responsible corporate citizen • As part of our value proposition, we align ourselves with projects and causes that are close to the hearts and minds of our investors and employees • Participate and play an active role in contributing to economically active and engaged communities • Providing products, services and solutions with positive social impact	• Support and assistance to affected communities during crises • Skills development and employment opportunities • Responsible and ethical business practices • Sustainable community development and local economic development • Leadership in entrepreneurship through digital innovation to ensure financial inclusion • Climate change and transparency in environmental disclosures	• Partnering with NGOs and community organisations to address areas of common concern • Direct engagements with community builders on most appropriate interventions • Community projects and campaigns • Thought leadership • Annual reports • Trust BluFoundation • Employee volunteerism and donation drives	Opportunity to actively work with communities during natural disasters, pandemics and other crises Providing an opportunity to employees to be part of the solution through active participation and providing an opportunity for activism and volunteerism Greater support and involvement in ensuring government policies to stimulate inclusive growth are achieved Clear and strategic implementation of local economic development, community development and SED programmes

THE RITE STRATEGY

Blue Label's **strategy** to **create** and **preserve value** for all its stakeholders over the short, medium or long term is based on **four** key pillars (Reach, Innovation, Trust and Efficiency), all of which are **deeply embedded** in our **operations** and **corporate culture**.

R

REACH Expand our **distribution channels** and networks in **banking**, **retail**, **independent** and **informal markets**, while exploring new, **primarily digital channels**.

Add **innovative products** and **services** to our portfolio to increase volumes and margins in existing embedded channels.

I

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

Build and **improve** the competence of our offerings through digitisation and technological innovation.

Maintain agile systems to **support** our entrepreneurial **culture** and **flexibility** that increases our speed to market.

T

TRUST Capitalise on **economies** of scale with proven **technology** for **accessible**, always-on and trusted platforms.

Maintain a **customer-centric** approach.

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

E

EFFICIENCY Ensure that **execution** becomes our **top priority**.

Build on the **digitisation** of our **business** processes.

Continuously reduce the **cost** of doing **business** for us, our **customers**, **merchants** and **consumers**.

THE RITE STRATEGY CONTINUED

Developed in 2018, this strategy is still the key driver of growth, innovation and optimisation that in turn drives our sustainable value creation model through an often uncertain and volatile operating environment.

Expanding our reach, promoting innovation, building trust and efficient business processes are not only noble ideals, but also the foundation on which our growth and success are built.

REACH

Blue Label continues to live up to its purpose of enabling the fulfilment and upliftment of people in South Africa by providing them with a wide range of diverse, value-adding products, services and solutions.

Our continued investment in technology, carrier grade platforms and scalable operating structures assist Blue Label 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, retailers, banks, and independent outlets.

We also continue to expand our digital solution footprint with active points of presence (POPs) in the main market, retail and petroleum channels, and our ability to extend the reach of electricity sales and revenue assurance for municipalities further entrenches our relationships and provides exclusivity for other Blue Label products and services.

Our ultimate goal is to drive the financial inclusion of previously underserved markets.

Key achievements and highlights:

- The success of our reach initiatives enables us to grow the number of direct and indirect merchants thus creating more entrepreneurial opportunities while extending our distribution channels. At the same time our extended reach provides previously underserved communities with increased digital e-commerce access to products and services.

INNOVATION

In a challenging economic and competitive environment, innovation sustains our growth.

Our deep understanding of customer needs and wants informs both our platform functionality and our product and service offerings. We seek out strategic partnerships or acquisitions for new product or platform capability and invest in technology that enables us to be ahead of the game.

We are constantly exploring new ways to improve and learn, and we enhance our proprietary platforms by continually refining our processes, software and hardware, while at the same time investing in the required skills and expertise. Targeted analytical processes, machine learning and artificial intelligence can assist Blue Label to use the data we receive to design better products and services and enable us to know our customers and their diverse needs better. This allows us to craft the best product or solution for a particular customer, based on refined algorithms.

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

Key achievements and highlights:

- Through innovation we create a much more efficient operating environment for our customers, merchants and consumers where we are saving people's time, cost and are significantly reducing the carbon footprint of traditional distribution channels.

THE RITE STRATEGY CONTINUED

T RUST

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 measures to avoid 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.

Key achievements and highlights:

- Building our brand loyalty is underpinned by trust in our products and services including treating our customers, merchants and consumers fairly through upholding the highest ethical values and service levels.

E FFICIENCY

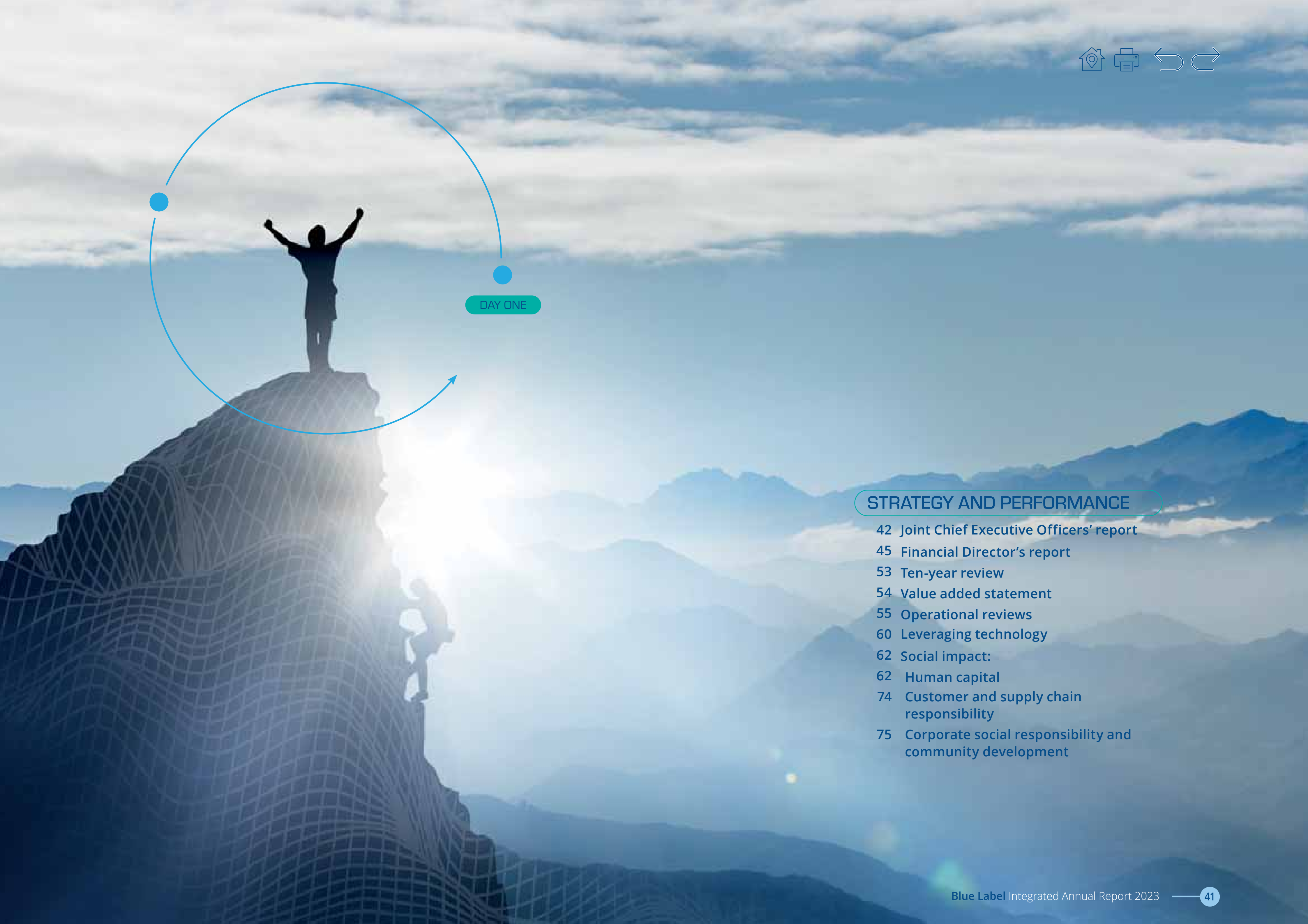
We strive to maximise all of our assets to become the lowest-cost producer or distributor of transactions, messages and digital products, especially through scalability and platform refactoring. Our investment in infrastructure and software improves stability and ensures future capacity.

An efficient treasury function is essential to the success and profitability of our business. This function enables the acquisition and wholesaling of all products and supports Blue Label's funding of electricity projects and increases the funding of third-party hardware sales.

With great care for our environment and the society within which we operate, we understand the importance of sustainability and the importance of operational efficiency therein.

Key achievements and highlights:

- As we continue to drive efficiency initiatives, we seek to maximise the efficiency of resources that we use to provide our services primarily in the form of electricity and fuel in our supply chain.



STRATEGY AND PERFORMANCE

JOINT CHIEF EXECUTIVE OFFICERS' REPORT

MARK LEVY **Joint CEO** BRETT LEVY **Joint CEO**

> Our strategy going forward will be augmented by capturing our full-service offerings, embodying cost efficiencies, driving **innovation** and **digitalisation** throughout our operations and value chain, thereby ensuring greater resilience and sustainability.

Although the year was most challenging for Blue Label Telecoms, we remained resilient, in terms of maintaining and escalating our footprint in the market environment in which we operate.

We are aware of the importance of the role that we play in the daily lives of ordinary people, and continue to focus on ensuring that our products and services remain accessible, more affordable and reliable.

While we continue to grow our distribution network, by building and improving the competence of our offerings through digitalisation and technological innovation, and making sure that execution remains a top priority throughout Blue Label, we are always conscious of simplifying our business operations in order to maintain our competitive edge. This, we believe, will result in the unlocking of compelling long-term growth potential.

This report will therefore focus on the execution of our strategy, our efforts to build the most capable team, the maximisation of data and optimisation of digital innovation, as well as to outline our approach to sustainability as we transform the business from a distribution and value-added services company that runs technology to that of a digital business that orchestrates distribution and X-tech ecosystems.

Aware of the fact that the external operating environment remains challenging for us and our clients, this report will also expand on how these socio-economic changes impacted our operations and what we have done to limit the impact and mitigate the risks.

CONTINUED RESILIENT PERFORMANCE

Our robust operating performance is again amplified in another solid set of financial results in spite of difficult macroeconomic conditions and market volatility. This is evident in the 6% growth in Blue Label's gross revenue from R72.3 billion to R76.8 billion and the increase in core headline earnings, excluding extraneous contributions by 9% to R925 million.

STRATEGY

Our RITE-strategy, namely reach, innovation, trust and efficiency, despite changes in the operating environment, enabled us to adapt efficiently.

Our performance, as a result of this strategy and its impact on our financial results, endorses our leadership role and competitive edge and solidified the importance of innovation and digitalisation throughout our organisation.

Our strategy going forward will be augmented by capturing our full-service offerings, embodying cost efficiencies, driving innovation and digitalisation throughout our operations and value chain, thereby ensuring greater resilience and sustainability.

This strategy will be translated into clear and measurable outcomes that would be linked to the responsible allocation of our different capitals, thereby ensuring that we make a meaningful impact by committing to growing and protecting our core and in turn facilitating new growth opportunities.

In retaining a strong focus on creating and preserving value for all stakeholders over the short, medium and long term, our strategy must also give greater impetus to the availability, quality and affordability of the six capitals (natural, human, financial, social and relationships and intellectual) and the impact of our varied activities on them.

JOINT CHIEF EXECUTIVE OFFICERS' REPORT CONTINUED

BUILDING A CAPABLE TEAM

Building a high-performance team that is results-orientated and constantly pursuing excellence demands that we build a capable team that would respond to the changing needs of our customers and business partners in the most efficient and effective way.

During the past year we have developed a strong foundation for employee engagement and have enhanced our own internal application that enables them to remain engaged anywhere, enhancing motivation levels while simultaneously improving performance.

Furthermore, we have designed a more suitable leadership development programme that allows us to develop emerging talent as well as middle and senior management leaders, ensuring that succession planning is considered for all occupational levels within Blue Label.

This required a fundamental shift from a reactive role to a proactive one as we focused on long-term workforce planning, talent management, and employee development, in conjunction with our leaders, by providing insights and guidance to support their strategic decisions.

Our strategy to build capability and capacity rests on four distinct levers: identifying our workforce gaps and determining future workforce needs and skills, attracting and retaining most capable talent, connecting people and promoting collaboration, and supporting innovation and adaptation.

MAXIMISATION OF DATA AND OPTIMISATION OF DIGITAL INNOVATION

During the year, we continued to place emphasis on the optimisation of data and digital innovation, leveraging our experience in innovation and strategy and pulling together people, processes and technology in order to aggregate data from across Blue Label to enable value-driven use cases. Some of these use cases derive value for internal Blue Label companies directly, and at other times we identify those that can be spun out as digital start-ups. All of these efforts are driven through BluNova.

While many businesses aggregate data, we specifically look at the value of alternative data and how it can be utilised to provide services to and enrich the lives of citizens of the cash economy who have traditionally been marginalised by the financial sector as thin-file clients. This aggregated alternative data drives a number of machine learning algorithms that are currently in deployment.

In the year under review, the BluAdvance business was incubated by launching South Africa's first electricity advance platform. In the year ahead, various other product and voucher advances will be added to the offering.

Historically the benefits of these alternative data algorithms have been made available on a one-to-one basis to sister companies within the Blue Label Group (internal clients). By working with clients and partners, opportunities for data-driven digital business models have been identified, incubated and are now scaling up. As a result thereof, external opportunities have arisen which have necessitated the development of the AltBureau platform.

AltBureau is a data bureau based on API marketplace technology and serves as a platform to provide services to both external and internal clients.

The objective is to digitally interact with consumers at scale, in a time-efficient and cost-efficient manner.

CELL C POST-RECAPITALISATION

The recapitalisation was successfully concluded in September 2022.

Cell C remains focused on managing liquidity constraints and the complexities of the recapitalisation transaction.

Its network migration process, in line with the new capex-light operating model of shifting from a build and own strategy with high capital expenditure to being a buyer and aggregator of network capacity, was concluded in June 2023. This was brought forward from the original date of November 2023.

This is a significant milestone for Cell C and its customers who will now effectively have increased network access close to three-fold in less than three years, which essentially grants access to circa 14 000 sites on MTN for our Prepaid Customers in addition to Vodacom's network, which our Postpaid Customers are currently roaming on Vodacom, essentially granting Cell C customers access to the best and most reliable networks. Cell C's strategic move towards network sharing has not only eliminated network deficits but also enabled efficient use of infrastructure, reduced costs, and promoted healthy competition in the telecom sector. By owning the customer experience and shifting focus towards innovation, Cell C is better positioned to evolve into a truly customer-centric organisation and continue to play a crucial role in shaping a seamless digital future for all.

Aligned with Cell C's strategy to expand its Mobile Virtual Network Operator (MVNO) business, an important partnership with Capitec Bank was established, when the bank launched its MVNO, namely Capitec Connect.

Cell C's continued focus will be on the key commercial initiatives, including offers to limit the impact of load shedding on customers, the introduction of competitive acquisition offers in support of localised offers and

JOINT CHIEF EXECUTIVE OFFICERS' REPORT CONTINUED

customer retention initiatives. The business is focused on improving its distribution reach and enhancing its digital capability in order to improve customer experience and loyalty.

SUSTAINABILITY

Blue Label fully recognises that sustainability is not only a business approach to creating long-term value, but also about how we operate in the ecological, social and economic environments.

Noting the importance of our products and the reliance that millions of South Africans place on them to ensure that they stay in touch with loved ones, get to work and church, can cook for their families and attend the game of their favourite team, we view sustainability to facilitate our continued ability to allow such connectivity to be uninterrupted.

We therefore continue to make meaningful investments in our brands and place great emphasis on values such as trust and reliability as part of our culture in order to ensure that we operate with the social licence we are afforded by those who entrust us with it.

Our reliance on innovation and digitalisation is also an element of this equation and both should be seen as important cornerstones in our attempts to build a corporate citizen that is both responsive and responsible.

Our efforts to continue building an ethical business, by promoting business ethics internally and expecting the same levels of honesty and integrity from those we work with enables this.

OUTLOOK AND FUTURE PROSPECTS

Our competitive edge has always been our ability to provide essential products and services to the mass market in the most accessible and affordable way. And while the conditions within which this is done have changed and shifted over the years, we are now more than convinced that we have found the right formula to continue achieving this in even the most difficult economic conditions.

We will continue to invest considerable resources in building our distribution network and ensuring that our products and services are the most innovative and cost effective and that our consumers derive the best value for their money.

Blue Label's robust balance sheet provides us with strategic flexibility that in turn offers us the opportunity to meet the different needs of our expanding customer base. This allows us to continue investing in our distribution network, in innovation and in improving the available capacity of our team, as all these interventions will remarkably strengthen our market position.

In support of the above, we will foster stronger relationships with all our business partners and merchants, our suppliers and our intermediaries in order to ensure that our supply chain experiences limited interruptions, as the strength of these relationships is an extension of our reliability.

We wish to extend our gratitude to every valued member of our team for their hard work, diligence and commitment. We also thank the Board of Directors for their guidance and leadership and commend our businesses that contributed to our overall positive performance.

Mark Levy
Joint Chief Executive Officer

Brett Levy
Joint Chief Executive Officer

29 September 2023

FINANCIAL DIRECTOR'S REPORT

The core businesses of the Blue Label Group have shown consistent growth in revenue, gross profit, and core headline earnings per share for the year ended 31 May 2023. The predominant extraneous contributions to the May 2023 basic, headline, and core headline earnings per share are primarily associated with the recapitalisation transaction of Cell C.

Excluding the extraneous contributions of R523 million in the current year and the non-recurring income of R214 million in the prior year, as illustrated in the underlying tables, core headline earnings increased by R78 million (9%) from R847 million to R925 million. Core headline earnings per share increased by 9% from 96.56 cents per share in the prior year to 104.83 cents per share.

"The core businesses of the Blue Label Group have shown consistent growth in revenue, gross profit, and core headline earnings per share for the year ended 31 May 2023. The predominant extraneous contributions to the May 2023 basic, headline, and core headline earnings per share are primarily associated with the recapitalisation transaction of Cell C.

DA SUNTUP Financial Director"

BLUE LABEL'S RESULTS

Core headline earnings for the year ended 31 May 2023 amounted to R402 million, equating to core headline earnings of 45.55 cents per share.

In the comparative year, core headline earnings amounted to R1.061 billion, equating to core headline earnings of 121.01 cents per share.

Earnings per share for the current and prior years amounted to 30.48 cents and 117.13 cents respectively. On exclusion of the extraneous contributions and non-recurring income from both the current and prior years, earnings per share and headline earnings per share increased by 8% to 100.35 cents per share and 9% to 101.24 cents per share, respectively.

Blue Label's revenue increased by R1.1 billion (6%) to R18.9 billion. However, as only the gross profit earned on "PINless top-ups", prepaid electricity, ticketing, and gaming is recognised as revenue, on imputing the gross revenue generated from these sources, the effective growth in revenue equated to R4.5 billion (6%), resulting in a total revenue of R76.8 billion compared to the prior year of R72.3 billion.

Gross profit increased by R552 million (19%) from R2.931 billion to R3.483 billion, corresponding to an increase in margins from 16.46% to 18.41%. This increase in margins can be partially attributed to the growth in "PINless top-ups", prepaid electricity, ticketing, and gaming, where only the gross profit earned thereon is recognised as revenue.

Furthermore, load shedding has been a significant challenge faced by our organisation in recent times, which is entirely out of management's control. It has negatively impacted the sale of prepaid electricity, prepaid airtime, starter packs and our call centre operations, all of which are significant revenue streams for Blue Label. The frequent power outages imposed by external factors have adversely affected our operational efficiency, resulting in disruptions, delays, and additional costs.

While the management team has worked diligently to mitigate the effects of load shedding, it has disrupted the availability and accessibility of these essential services to our customers and has negatively affected our overall financial performance. The demand for these product offerings has experienced a decline, resulting in a significant reduction in revenue. The unpredictability and intermittent nature of load shedding has made it challenging for customers to conveniently purchase these products, especially during the second half of the financial year when the country experienced stage 4 and higher levels of load shedding.

FINANCIAL DIRECTOR'S REPORT CONTINUED

GROUP INCOME STATEMENT

For the year ended 31 May 2023

	Group May 2023 R'000	Extraneous costs* May 2023 R'000	Remaining May 2023 R'000	Group May 2022 R'000	Extraneous income** May 2022 R'000	Remaining May 2022 R'000	Growth remaining R'000	Growth remaining %
Revenue	**18 918 263**	—	18 918 263	17 806 262	—	17 806 262	1 112 001	6
Gross profit	**3 483 075**	—	3 483 075	2 930 974	—	2 930 974	552 101	19
Other income	**90 176**	—	90 176	390 851	360 955	29 896	60 280	202
Bad debts, expected credit losses and fair value movements	**(667 649)**	(88 474)	(579 175)	(264 515)	46 179	(310 694)	(268 481)	(86)
Loss on modification of financial instruments	**(57 453)**	(57 453)	—	—	—	—	—	
EBITDA	**1 316 926**	(145 927)	1 462 853	1 698 494	326 301	1 372 193	90 660	7
Finance costs	**(682 599)**	(321 915)	(360 684)	(201 225)	—	(201 225)	(159 459)	(79)
Finance income	**411 540**	238 362	173 178	80 993	—	80 993	92 185	114
Non-controlling interest	**(19 207)**	—	(19 207)	(64 918)	(43 203)	(21 715)	2 508	12
Reversal of impairments in associates	**962 531**	962 531	—	—	—	—	—	
Share of (losses)/profits from associates and joint ventures	**(1 329 747)**	(1 328 767)	(980)	8 042	—	8 042	(9 022)	(112)
Net profit after tax	**268 966**	(616 688)	885 654	1 027 079	214 410	812 669	72 985	9
Core headline earnings	**401 961**	(523 157)	925 118	1 061 080	214 410	846 670	78 448	9
Gross profit margin (%)	**18.41**		18.41	16.46		16.46		
EBITDA margin (%)	**6.96**		7.73	9.54		7.71		
Weighted average shares ('000)	**882 530**		882 530	876 857		876 857		
Share performance								
EPS (cents)	**30.48**		100.35	117.13		92.68	7.67	8
HEPS (cents)	**41.97**		101.24	117.34		92.89	8.36	9
Core HEPS (cents)	**45.55**		104.83	121.01		96.56	8.27	9

* The extraneous contributions to Blue Label's earnings in the current year were primarily attributable to:
- the accounting treatment relating to the recapitalisation transaction of Cell C[1], emanating from:
  - expected credit losses and fair value movements of R88 million;
  - loss on modification of financial instruments of R57 million primarily due to the renegotiation and reclassification of the CEC deferral amount of R1.1 billion, owed by Cell C, from "trade and other receivables" to "loans to associates and joint ventures";
  - finance costs of R322 million resulting from increased borrowings related to airtime sale and repurchase obligations, as well as the issue of Class A Preference Shares;
  - finance income of R238 million resulting from a loan to Cell C for its debt funding requirements;
  - a partial reversal of R962.5 million relating to the initial impairment of R2.5 billion of Blue Label's investment in Cell C as at 31 May 2019, in line with an improvement in its equity valuation; and
  - recognition of Blue Label's share of Cell C's net accumulated losses for the period from 1 June 2019 to 31 May 2023, limited to R1.329 billion, being the aggregate of the partial reversal of the initial impairment of R962.5 million of Blue Label's investment in Cell C, as well as additional investments therein amounting to R366 million.
- the accounting implications of the termination of the Airvantage put option obligation for the acquisition of up to 40% of the shares therein resulted in a fair value gain of R22 million[2].

** The extraneous contributions to Blue Label's earnings in the prior year were attributable to once-off income[3], including:
- once-off recoupment income of R123 million, comprising the aggregate value of assets either realised by or signed over to Blue Label relating to the fraudulent scheme. This income was partially offset by professional fees and other costs incurred, taxation and the non-controlling interest thereon;
- the accounting effects of the settlement of the contingent consideration of R46 million relating to the disposal of the VAS operations in April 2020; and
- the accounting implications of the put option obligation of R46 million, for the acquisition of up to 40% of the shares in Airvantage.

FINANCIAL DIRECTOR'S REPORT CONTINUED

	Extraneous costs* May 2023 R'000	Recap of Cell C[1] May 2023 R'000	Once-offs[2] May 2023 R'000
Bad debts, expected credit losses and fair value movements	**(88 474)**	(110 474)	22 000
Loss on modification of financial instrument	**(57 453)**	(57 453)	—
EBITDA	**(145 927)**	(167 927)	22 000
Finance costs	**(321 915)**	(321 915)	—
Finance income	**238 362**	238 362	—
Reversal of impairments in associates	**962 531**	962 531	—
Share of losses from associates and joint ventures	**(1 328 767)**	(1 328 767)	—
Net (loss)/profit	**(616 688)**	(638 688)	22 000
Core headline earnings	**(523 157)**	(545 157)	22 000

	Extraneous income** May 2022 R'000	Once-offs[3] May 2022 R'000
Other income	**360 955**	360 955
EBITDA	**326 301**	326 301
Non-controlling interest	**(43 203)**	(43 203)
Net profit	**214 410**	214 410
Core headline earnings	**214 410**	214 410

EBITDA increased by R91 million (7%) from R1.372 billion to R1.463 billion, excluding the extraneous contributions of R146 million in the current year and non-recurring income of R326 million in the prior year.

Excluding the R145 million costs attributable to learnership initiatives in the current year and R65 million in the prior year, EBITDA increased by R171 million (12%) to R1.608 billion (2022: R1.437 billion). The benefit thereof is realised through income tax savings resulting from the section 12H allowances claimed for these learnerships.

Refer to page 46 for footnotes.

FINANCIAL DIRECTOR'S REPORT CONTINUED

SEGMENTAL REPORT

Africa distribution

	May 2023 R'000	Extraneous costs[1] May 2023 R'000	Remaining May 2023 R'000	May 2022 R'000	Extraneous income[3] May 2022 R'000	Remaining May 2022 R'000	Growth remaining R'000	Growth remaining %
Revenue	**18 643 810**	—	18 643 810	17 552 603	—	17 552 602	1 091 207	6
Gross profit	**3 402 488**	—	3 402 488	2 866 324	—	2 866 324	536 164	19
Other income	**82 162**	—	82 162	337 153	315 132	22 021	60 141	273
Bad debts, expected credit losses and fair value movements	**(722 046)**	(110 474)	(611 572)	(323 091)	—	(323 091)	(288 481)	(89)
Loss on modification of financial instrument	**(57 453)**	(57 453)	—	—	—	—	—	
EBITDA	**1 363 916**	(167 927)	1 531 843	1 700 844	234 853	1 465 991	65 852	4
Finance costs	**(681 193)**	(321 915)	(359 278)	(197 477)	—	(197 477)	(161 801)	(82)
Finance income	**407 731**	238 362	169 369	79 733	—	79 733	89 636	112
Non-controlling interest	**(14 997)**	—	(14 997)	(59 001)	(43 203)	(15 798)	801	5
Reversal of impairments in associates	**962 531**	962 531	—	—	—	—	—	
Share of (losses)/profits from associates and joint ventures	**(1 320 348)**	(1 328 767)	8 419	1 678	—	1 678	6 741	402
Net profit	**360 771**	(638 688)	999 459	1 058 951	122 962	935 989	63 470	7
Core headline earnings	**493 402**	(545 157)	1 038 559	1 092 828	122 962	969 866	68 693	7
Gross profit margin (%)	**18.25**		18.25	16.33		16.33		
EBITDA margin (%)	**7.32**		8.22	9.69		8.35		

Refer to page 46 for footnotes (1) and (3).

FINANCIAL DIRECTOR'S REPORT CONTINUED

Revenue generated within the Africa distribution segment increased by R1.1 billion (6%) from R17.5 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 R4.4 billion (6%) from R72.1 billion to R76.5 billion.

Gross revenue generated on "PINless top-ups" increased by R246 million from R21.0 billion to R21.2 billion.

Although electricity revenue generated on behalf of the utilities increased by R983 million (3%) from R31.5 billion to R32.4 billion, the net commission earned, calculated based on a kW/hour usage, declined by R47 million (16%) from R298 million to R251 million. This decline in commissions was primarily due to a decrease in electricity usage resulting from a higher frequency of load shedding and margin compression, despite an increase in gross electricity revenue driven by NERSA electricity tariffs.

Gross gaming revenue increased by R1.5 billion (72%) from R2.1 billion to R3.6 billion, driven by the continued traction of BluVoucher sales. Additionally, gross ticketing revenue increased by R675 million (156%) to R1.1 billion, primarily from revenue generated through commuter bus channels.

Gross profit increased by R536 million (19%) from R2.87 billion to R3.4 billion, congruent with an increase in margins from 16.33% to 18.25%.

Excluding the extraneous contributions of R168 million relating to the Cell C recapitalisation transaction in the current year, and the once-off income of R235 million in the prior year, which included the non-recurring recoupment income, net of professional fees incurred, EBITDA increased by R66 million (4%) to R1.53 billion.

The anticipated increase in overheads included costs of R139 million attributed to learnership initiatives in the current year and R53 million in the prior year. Excluding these costs in both the current and prior years, EBITDA increased by R152 million (10%).

Core headline earnings reflected extraneous contributions of R545 million in the current year, relating to the recapitalisation transaction of Cell C, and R123 million in the prior year, pertaining to the net recoupment as a result of the fraudulent scheme.

Excluding the above extraneous contributions and non-recurring income in the current and prior years, core headline earnings increased by R69 million (7%) from R970 million to R1.04 billion.

Solutions

This segment comprises Datacel, Blue Label Data Solutions (BLDS), the data aggregation and lead generation entity in which Blue Label owns 81%, a 50% joint venture shareholding owned by BLDS in I Talk Holdings and 37.5% in I Talk Financial Services, both of which are outbound call centre operations.

In addition, the following underlying companies form part of the solutions segment, namely, Blue Train, Blue Label Communications, One World Telecoms and I Talk2U.

	May 2023 R'000	May 2022 R'000	Growth R'000	Growth %
Revenue	**274 453**	253 659	20 794	8
Gross profit	**80 587**	64 650	15 937	25
EBITDA	**40 359**	27 503	12 856	47
Share of (losses)/profits from associates and joint ventures	**(9 399)**	6 364	(15 763)	(248)
Core headline earnings	**25 240**	29 487	(4 247)	(14)
Gross profit margin (%)	**29.36**	25.49		
EBITDA margin (%)	**14.71**	10.84		

Increased demand for aggregated data, lead generations and SMS volumes resulted in an increase in revenue of 8% from R254 million to R274 million.

Gross profit increased by R16 million (25%) from R65 million to R81 million, congruent with the increase in revenue at higher margins from 25.49% to 29.36%.

EBITDA increased by R13 million (47%) from R28 million to R40 million, of which BLDS contributed R40 million. In the prior year, BLDS contributed R26 million, and the call centre operations R2 million.

Of the core headline earnings of R25.2 million, BLDS accounted for R32.5 million, I Talk Holdings and I Talk Financial Services generated negative earnings of R20 million, of which Blue Label's share amounted to R8 million. Blue Label Communications generated earnings of R1.3 million, of which Blue Label's share amounted to R0.7 million.

Of the core headline earnings of R29.5 million in the prior year, BLDS accounted for R24.4 million. I Talk Holdings and I Talk Financial Services generated earnings of R12.1 million, of which Blue Label's share thereof amounted to R5.1 million.

FINANCIAL DIRECTOR'S REPORT CONTINUED

Corporate

	May 2023 R'000	Extraneous income(2) May 2023 R'000	Remaining May 2023 R'000	May 2022 R'000	Extraneous income(3) May 2022 R'000	Remaining May 2022 R'000	Growth remaining R'000	Growth remaining %
Other income	**3 677**	—	3 677	51 565	45 823	5 742	(2 065)	(36)
EBITDA	**(119 344)**	22 000	(141 344)	(41 621)	92 002	(133 623)	(7 721)	(6)
Net profit	**(140 844)**	22 000	(162 844)	(70 580)	92 002	(162 582)	(262)	—
Core headline earnings	**(140 785)**	22 000	(162 785)	(70 884)	92 002	(162 886)	101	—

Refer to page 45 for footnotes (2) and (3).

Excluding the extraneous income of R22 million in the current year and R92 million in the prior year, the negative contribution to Blue Label's core headline earnings remained constant at R163 million.

The extraneous fair value movements of R22 million in the current year related to the accounting implications of the termination of the Airvantage put option obligation for the acquisition of up to 40% of the shares therein.

The extraneous income of R92 million in the prior year related to the accounting effects of the settlement of the contingent consideration relating to the disposal of the VAS operations in April 2020 and the accounting implications of the put option obligation for the acquisition of up to 40% of the shares in Airvantage.

DEPRECIATION, AMORTISATION AND IMPAIRMENT CHARGES

Depreciation, amortisation and impairment charges decreased by R16 million to R190 million. Of the latter amount, R72 million (2022: R65 million) pertained to depreciation on capital expenditure, R31 million (2022: R29 million) to depreciation raised in terms of IFRS 16 – *Leases*, R12 million (2022: R4 million) to impairments and R75 million (2022: R76 million) to the amortisation of intangible assets of which R42 million (2022: R43 million) emanated from purchase price allocations on historical acquisitions.

FINANCE COSTS

Finance costs increased by R481 million from R201 million to R682 million. Of the latter amount, R664 million was associated with interest paid on borrowed funds, R4 million with the unwinding of the lease liability in accordance with IFRS 16, and R14 million with other finance costs. In comparison, R187 million related to interest paid on borrowed funds, R6 million to the unwinding of the lease liability, and R9 million to other finance costs.

The recapitalisation transaction of Cell C in September 2022 resulted in an additional R309 million in finance costs, incurred due to increased borrowings related to airtime sale and repurchase obligations, as well as R13 million for the issue of Class A Preference Shares.

Excluding the aforementioned recapitalisation interest, finance costs increased by an additional R160 million from R201 million to R361 million. Of this increase, R119 million was a result of Comm Equipment Company Proprietary Limited securing a working capital financing facility of R1.9 billion from African Bank in November 2021, which was fully utilised by 31 May 2023. Furthermore, the remaining increase of R41 million primarily stemmed from higher finance costs due to the expansion of Blue Label's working capital facility from R1.15 billion to R1.4 billion on the recapitalisation date, as well as elevated interest rates compared to the previous year.

FINANCE INCOME

Finance income increased by R331 million from R81 million to R412 million. Of the latter amount, R77 million was attributable to interest received on cash resources, R83 million to a loan provided to Cell C in connection with the CEC R1.1 billion deferral amount, R235 million from a loan extended to Cell C as a component of the Debt Funding required as part of the recapitalisation transaction and R18 million from other granted loans. In the prior year, interest received on cash resources totalled R70 million, and interest on other loans granted amounted to R11 million.

STATEMENT OF FINANCIAL POSITION

Total assets increased by R1.4 billion to R14.7 billion, of which non-current assets accounted for R2.2 billion offset by a decline in current assets of R811 million.

Non-current assets included an increase in loans to associates and joint ventures, totalling R1.9 billion, along with investments in associates and joint ventures, which increased by R7 million. Additionally, advances to customers increased by R263 million and deferred taxation assets by R82 million. Loans receivable increased by R16 million, and capital expenditure net of depreciation by R29 million. However, these increases were offset by reductions of R12 million in right-of-use assets, R9 million in financial assets at fair value through comprehensive income, R20 million in financial assets at fair value through profit and loss, as well as R47 million in intangible assets and goodwill.

FINANCIAL DIRECTOR'S REPORT CONTINUED

The increase of R1.9 billion in loans to associates and joint ventures primarily related to the recapitalisation of Cell C and comprised the following:

- Debt Funding of R1.03 billion that was required by Cell C to affect a compromise offer made by it to certain of its secured lenders. Of this amount, R915 million was accounted for as a loan to an associate and R118 million as an investment in Cell C, the latter being congruent with the fair value of the additional 9.53% shareholding acquired as part of the recapitalisation process;
- a loan of R111 million, originating from TPC's participation in the Reinvestment Instrument acquired at nominal value; and
- the CEC deferral amount, whereby the existing claim of R1.1 billion, owed by Cell C, was renegotiated to be repaid by the latter in 60 equal monthly capital instalments. This claim was reclassified from "trade and other receivables" to "loans to associates and joint ventures" at its initial fair value of R1.035 billion. Of this amount, R220 million is accounted for in current assets.

The significant net reduction in current assets included declines in trade and other receivables amounting to R1.7 billion, as well as a decrease of R1.4 billion in cash and cash equivalents. These decreases were offset by an increase in inventory amounting to R1.7 billion, advances to customers by R327 million, loans to associates and joint ventures by R215 million, and financial assets at fair value through profit and loss by R47 million.

The R1.7 billion decrease in trade and other receivables is predominately related to a decline in CEC's trade receivable balances from Cell C. This reduction was attributable to the settlement of the obligation owed to CEC, reducing it to an amount of R1.1 billion, with this deferred amount being reclassified as "loans to associates and joint ventures". Excluding the trade debtors relating to CEC, the debtor's collection period increased to 40 days compared to the 28 days reported for the year ended May 2022.

The increase in inventory of R1.7 billion was primarily attributable to Blue Label purchasing R1.2 billion of Cell C prepaid airtime as part of the recapitalisation transaction. This purchase was necessitated in order to assist Cell C with its working capital requirements.

Net profit attributable to equity holders amounted to R269 million, resulting in accumulated capital and reserves of R4.4 billion.

Non-current liabilities grew by R1.5 billion, comprising an increase in borrowings of R1.37 billion relating to the airtime sale and repurchase obligations totalling R278 million, the issuance of Class A Preference Shares amounting to R172 million and an increase in the non-current portion of Blue Label's working capital facilities of R918 million. Furthermore, financial liabilities through profit and loss increased by R62 million, deferred taxation liabilities by R19 million and lease liabilities by R14 million.

The increase in financial liabilities held at fair value through profit and loss of R62 million related to the issuance of Class B Preference Shares to the lenders and the recognition of the SPV5 derivative liability in line with the recapitalisation transaction.

Current liabilities decreased by R326 million, mainly due to a reduction in trade and other payables totalling R433 million, lease liabilities by R28 million, deferred revenue by R26 million and financial liabilities at fair value through profit and loss of R22 million. However, this decrease was offset by an increase in borrowings of R136 million and an increase in current tax liabilities of R47 million.

The reduction in trade and other payables of R433 million primarily related to a decrease in CEC's trade payable balance owed to Cell C. This decrease occurred concurrently with the decline in trade receivables, which resulted from the settlement of the obligation by Cell C to CEC to the amount of R1.1 billion. Average credit terms were 114 days, as compared to 124 days for the financial year ended 31 May 2022.

The net increase of R136 million in current borrowings is related to the current portion of the airtime sale and repurchase obligations, totalling R710 million. This increase was offset by a decrease in the current portion of Blue Label's working capital facilities, amounting to R574 million. This reduction resulted from extending the terms of these facilities, consequently classifying them as non-current borrowings.

The decrease in current financial liabilities held at fair value through profit and loss related to a release of R22 million due to the termination of the Airvantage put option obligation.

STATEMENT OF CASH FLOWS

Cash generated from trading operations amounted to R203 million. Working capital movements included an increase in inventory of R1.7 billion and advances to customers of R590 million. These increases were offset by decreases in trade receivables of R656 million and trade payables of R38 million. After incurring net finance costs of R490 million and taxation of R215 million, net cash utilised in operating activities amounted to R502 million.

The increase in inventory of R1.7 billion was attributable to Blue Label purchasing R1.2 billion of Cell C prepaid airtime as part of the recapitalisation transaction. Congruent with this acquisition of airtime, Cell C settled amounts owing to CEC resulting in a significant decrease in trade receivables of R656 million.

FINANCIAL DIRECTOR'S REPORT CONTINUED

Net cash flows utilised in investing activities amounted to R2.4 billion, primarily attributable to the purchase of intangible assets amounting to R936 million, net loans granted to associates and joint ventures of R898 million and an increase in the investment in Cell C of R366 million.

Of the R936 million invested in intangible assets, R429 million pertained to costs incurred by Blue Label in terms of the subscription income-sharing arrangement, and R403 million pertained to costs incurred by Blue Label in terms of subscriber acquisition costs.

The net loans granted to associates and joint ventures of R898 million included net loans of R896 million relating to Cell C. This amount comprised the R915 million Debt Funding and the R111 million originating from TPC's participation in the Reinvestment Instrument acquired at nominal value, offset by R128 million of capital repayments by Cell C.

The additional investment of R366 million comprised R25 million of notes acquired in SPV1, a loan of R223 million provided to SPV4, both of which are secured by shares in Cell C, and R118 million of the new money loan attributed to the acquisition of a further 9.53% of the issued share capital of Cell C.

Cash flows generated from financing activities amounted to R1.4 billion, of which R1.5 billion related to the net increase in borrowings and R67 million from the issuance of Class B Preference Shares, the proceeds of which were applied to the Cell C recapitalisation transaction. These amounts were offset by lease payments of R42 million and the purchase of treasury shares amounting to R66 million.

Cash and cash equivalents accumulated to R1.3 billion at 31 May 2023.

DIVIDEND

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

DIRECTORS' INTEREST

Subsequent to year end, the changes in the individual interests held directly and indirectly by the Directors in the Company's share capital were as follows:

	Nature of interest			
	Direct beneficial		Indirect beneficial	
Director	at 31 May 2023	**at 29 September 2023**	at 31 May 2023	**at 29 September 2023**
BM Levy	69 591 549	**71 251 324**	17 772 777	**17 772 777**
MS Levy	62 184 141	**63 843 916**	17 772 777	**19 120 980**
DA Suntup	5 106 011	**5 985 092**	177 778	**177 778**

APPRECIATION

The Blue Label Board would like to extend its gratitude to the staff, suppliers, customers, and business partners for their ongoing support and dedication to Blue Label.

DA Suntup CA(SA)
Financial Director

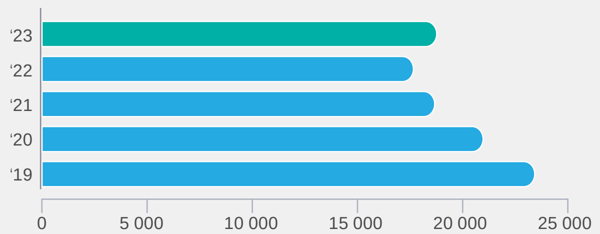
29 September 2023

TEN-YEAR REVIEW

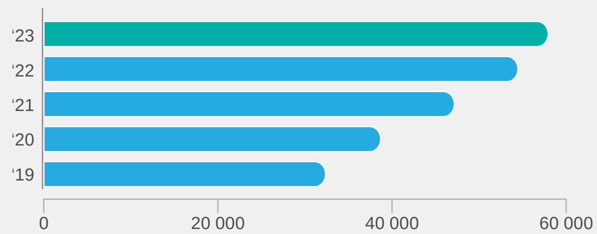
	2023 R'000	2022 R'000	2021 R'000	2020 R'000	2019 R'000	2018 R'000	2017 R'000	2016 R'000	2015 R'000	2014 R'000
Revenue	**18 918 263**	17 806 262	18 821 290	21 135 326	23 602 264	26 734 249	26 469 581	26 204 722	22 044 222	19 401 666
Gross profit	**3 483 075**	2 930 974	2 383 254	2 124 611	2 173 686	2 282 092	2 129 000	1 829 694	1 644 340	1 349 534
GP (%)	**18.41**	16.46	12.66	10.05	9.21	8.54	8.04	6.98	7.46	6.96
EBIT	**1 126 486**[1]	1 524 449	1 171 390	636 050	86 845	1 097 549	1 174 890	1 142 376	986 146	722 856
EBITDA	**1 316 926**[1]	1 698 494	1 360 273	825 364	257 300	1 340 153	1 287 741	1 240 559	1 080 165	787 993
Net profit from continuing operations attributable to the parent	**268 966**[1]	1 027 079	805 286	226 786	(6 672 923)	1 122 085	781 254	691 590	577 617	450 230
Cash generated from/(utilised in) operating activities	**501 843**	648 769	1 468 042	1 256 825	(80 514)	3 188 144	1 361 959	432 942	132 495	907 332
Cash and cash equivalents	**1 302 767**	2 723 528	2 417 207	2 014 725	1 377 753	947 888	1 350 666	589 027	788 411	1 184 131
Capital expenditure paid during the financial year	**1 055 307**	1 091 147	107 918	170 523	209 959	102 823	113 280	127 131	178 684	149 089
Ratios										
EPS (cents)	**30.48**	117.13	94.55	13.89	(727.81)	131.13	114.13	103.85	86.86	67.88
HEPS (cents)	**41.97**	117.34	86.16	58.16	(312.49)	130.44	114.19	100.35	82.26	67.98
Core HEPS (cents)	**45.55**	121.01	89.65	62.71	(304.77)	135.62	116.24	102.85	85.11	69.54
NAV per share (cents)	**473.69**	447.41	350.05	267.13	259.31	988.70	730.63	662.32	578.87	524.40
Dividends declared per share (cents)	**—**	—	—	—	—	—	40*	36*	31*	27*
Dividend cover on headline earnings	**—**	—	—	—	—	—	2.23*	2.75*	2.62*	2.48*
Weighted average number of shares ('000)	**882 530**	876 857	878 463	896 409	913 208	855 687	684 508	665 950	665 030	663 298
Number of employees at year-end – subsidiaries	**1 412**	1 566	2 505	922	1 111	874	796	776	1 305	1 176

* Gross ordinary dividend.
[1] Refer to page 46 of the Financial Director's report for non-recurring income in FY23 included in EBITDA, EBIT and net profit attributable to the parent.

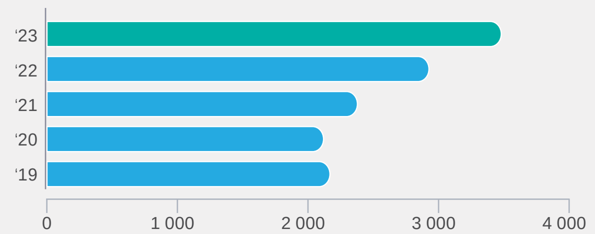
Revenue (R'000)



Gross transactional values** (R'000)



Gross profit (R'000)



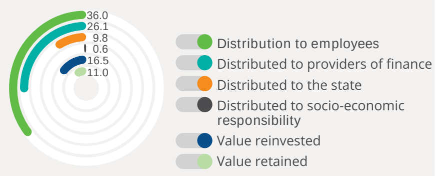
** Includes gross electricity, ticketing, gaming and pinless top-ups.

VALUE ADDED STATEMENT

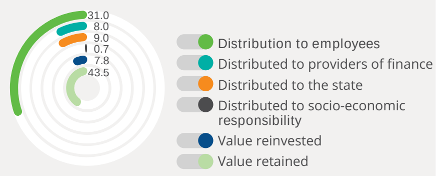
	2023 R'000	2023 %	2022 R'000	2022 %	2021 R'000	2021 %	2020 R'000	2020 %
VALUE ADDED								
Value added by operating activities	**2 208 065**	**84.3**	2 433 050	96.8	2 036 799	97.2	2 029 637	95.5
Revenue	**18 918 263**		17 806 262		18 864 344		23 312 162	
Net operating expenses	**(16 710 198)**		(15 373 212)		(16 827 545)		(21 282 525)	
Value added by investing activities	**411 540**	**15.7**	80 993	3.2	59 719	2.8	95 761	4.5
Interest income	**411 540**		80 993		59 719		95 761	
	2 619 605	**100**	2 514 043	100	2 096 518	100	2 125 398	100
VALUE DISTRIBUTED								
Distributed to employees	**945 501**	**36.0**	780 255	31.0	637 387	30.4	619 167	29.1
Salaries, wages, medical and other benefits	**945 501**		780 255		637 387		619 167	
Distributed to providers of finance	**682 599**	**26.1**	201 225	8.0	131 949	6.3	236 186	11.1
Finance costs	**682 599**		201 225		131 949		236 186	
Distributed to the state	**257 276**	**9.8**	226 591	9.0	200 013	9.5	307 388	14.5
Income tax*	**257 276**		226 591		200 013		307 388	
Distributed to socio-economic responsibility	**14 914**	**0.6**	17 548	0.7	12 052	0.6	14 584	0.7
Socio-economic development	**14 914**		17 548		12 052		14 584	
Value reinvested	**431 142**	**16.5**	196 427	7.8	237 101	11.3	728 968	34.3
Depreciation, amortisation and impairment	**121 164**		110 798		181 113		750 754	
Reversal of impairment of investment in associate	**(962 531)**		—		—		—	
Share of losses/(profits) of associates and joint ventures	**1 329 747**		(8 042)		(2 951)		(13 640)	
Deferred taxation	**(57 238)**		93 671		58 939		(8 146)	
Value retained	**288 173**	**11.0**	1 091 997	43.5	878 016	41.9	219 105	10.3
Retained profit	**268 966**		1 027 079		830 607		124 481	
Minority shareholders' interest	**19 207**		64 918		47 409		94 624	
	2 619 605	**100**	2 514 043	100	2 096 518	100	2 125 398	100

* Income tax relates to corporate taxes paid in terms of the Income Tax Act.

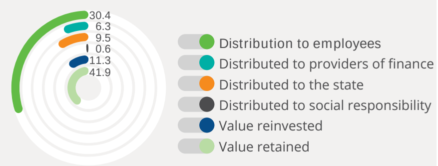
Value distribution 2023 (%)



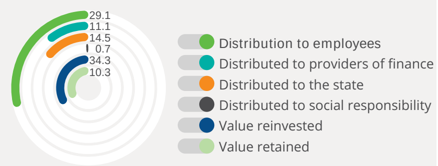
Value distribution 2022 (%)



Value distribution 2021 (%)



Value distribution 2020 (%)



OPERATIONAL REVIEWS

During the year ended 31 May 2023, Blue Label continued its digital business transformation journey, shifting from being a purely distribution and value-added services company that runs technology to that of being a digital business that orchestrates distribution and X-tech ecosystems.

Fuelling business innovation, this journey intends to promote the following key outcomes:

- Unlocking opportunities for profitability, and where possible, exponential growth;
- Realising greater efficiencies and optimisation;
- Building our brand equity and market reputation; and
- Increasing shareholder value and returns.

With technology, digitalisation, innovation, automation, artificial intelligence and big data playing bigger roles in what we do, we continue to expand our digital ecosystem which will enable us to improve our market share in fintech and solidify our role as a market leader therein.

While various socio-economic factors influenced our operations and some consumer habits and major shifts in the telecommunication and fintech industries have impacted how we operate, Blue Label was nevertheless able to introduce new products, acquire new clients and business partners, impact the lives of those we work with and for and deliver on our business strategy.

Core headline earnings for the year ended 31 May 2023 amounted to R402 million, equating to core headline earnings of 45.55 cents per share.

The core businesses of the Blue Label Group have shown consistent growth in revenue, gross profit, and core headline earnings per share for the year ended 31 May 2023. The predominant extraneous contributions to the May 2023 basic, headline, and core headline earnings per share are primarily associated with the recapitalisation transaction of Cell C.

In the comparative year, core headline earnings amounted to R1.061 billion, equating to core headline earnings of 121.01 cents per share.

Excluding the extraneous contributions of R523 million in the current year and the non-recurring income of R214 million in the prior year, core headline earnings increased by R78 million (9%) from R847 million to R925 million. Core headline earnings per share increased by 9% from 96.56 cents per share in the prior year to 104.83 cents per share.

Earnings per share for the current and prior years amounted to 30.48 cents and 117.13 cents respectively. On exclusion of the extraneous contributions and non-recurring income from both the current and prior years, earnings per share and headline earnings per share increased by 8% to 100.35 cents per share and 9% to 101.24 cents per share, respectively.

The review that follows provides more detail on the operating performance of the core businesses in Blue Label.

The Prepaid Company

TPC is a leader in the distribution of prepaid airtime, SIM cards as well as all mobile hardware that they distribute on behalf of the mobile network operators in South Africa. Their long-standing relationships with the mobile network operators are a key strength, hence it is vitally important for TPC to nurture and build these long-standing relationships.

TPC has three key core contributors towards revenue generation, namely the wholesaling of prepaid airtime, prepaid SIM cards and store-in-store offerings within the retail environment.

There is a marked decline in the traditional wholesaling of prepaid airtime, as consumers now have more choice as to where they can purchase their products from and pinless top-ups continuously drive the convenience factor as well as the availability of more touch points for consumers to purchase their products. TPC is pursuing a complete digital transformation of their wholesale model which encompasses a wallet solution that assists merchants in managing their cash. The platform is in its build stage and will significantly assist in the merchant stickiness. There is an emphasis on a direct-to-consumer business model, to capitalise on the pinless offering.

The prepaid sim-market is a saturated landscape, but still presents multiple opportunities for growth from an acquisition and retention perspective. TPC's strategic intent is to focus on two learnership programmes through which they employ young people who would otherwise be unemployed. In the process thereof, they equip them with valuable skills and an opportunity to generate income for themselves.

The store-in-store offerings ensure that there is collaboration across the Blue Label Telecoms Group by offering TPC's core products as well as those of multiple other subsidiary companies. The overarching benefit for a retailer partnering with TPC on the store-in-store offering is that all products and services across multiple mobile network operators are delivered through one single relationship and offering.

OPERATIONAL REVIEWS CONTINUED

BLD is a leading distributor of prepaid airtime, data, electricity, gaming, money transfers, bill payments, ticketing, and other virtual products. A key focus for the period under review was the diversification of their revenue streams, the highlight of which was the significant double-digit month-on-month growth of their *BluVoucher* offering.

BluVoucher is a generic prepaid voucher that consumers can purchase across the Group's extensive distribution network. Consumers are able to redeem their *BluVoucher* on a growing number of third-party platforms, across categories such as connectivity, gaming, healthcare and insurance, thereby enabling a typical cash consumer to transact in an online digital world.

The growth of BLD's distribution network across banks and financial institutions, formal retailers, petroleum forecourts, independent retailers, and informal traders remained a key focus for it, but alongside an elevated drive on product penetration of their existing offerings through their existing distribution network.

For the forthcoming financial year, the key strategic focus remains on further expanding the distribution network in key, high-growth segments while, at the same time, developing and enhancing its home-grown product offerings.

CEC continues to manage, in partnership with Cell C, most aspects of the Cell C postpaid base including supply chain, commercial, marketing, billing, credit and collections. It achieves this function through a hybrid of in-house and outsourced services.

CEC anchors its operational activities on four key drivers; profitable customer acquisition; subscriber retention; reduced churn; and customer satisfaction, to ensure the growth and profitability of this business. Over the past year, it has consistently exceeded monthly acquisitions targets and achieved significant improvements across the other metrics.

CEC has executed on several improvement initiatives with strong results. It has shortened marketing and deal cycle processes and routines, improved supply chain efficiencies to significantly reduce stock holding without negatively impacting product availability and a more focused approach to sales channel optimisation.

It recently launched a new range of simplified, competitive and relevant postpaid price plans. These plans, repositioned from "*pinnacle*" to "*elevate*", will offer enhanced value in the form of anytime data, anytime social and anytime all-net minutes. These new plans reflect CEC's core value of providing transparent, simplified value to its customers.

The focus for the coming year will be to build on the momentum built over the previous 12 months and in turn, this will enhance the Cell C postpaid base and deliver an industry-leading customer service.

The most significant event for Cell C in this period was the finalisation of the recapitalisation process which significantly reduced its debt and in turn deleveraged its balance sheet to a significant degree. This has created the foundation for a sustainable business and ensured the successful implementation of a new capex light operating model. While the delay in the conclusion of the recapitalisation stretched liquidity and delayed investment in some key initiatives, prudent management of costs and expenditure was maintained.

The other critical achievement was the completion of the full transition to their partner network infrastructure in June 2023. Cell C now has full access to over 14 000 towers on MTN for our Prepaid Customers in addition to Vodacom's network, which our Postpaid Customers are currently roaming on Vodacom.

Cell C has continued to invest in compelling prepaid offers aimed at positioning the brand as the prepaid solution for value and simplicity. The telco will continue to offer competitive pricing and value rich offerings on top of its much-improved network coverage, including rural coverage as part of our commitment to addressing specific customer pain points, providing customers with value, choice, and transparency.

It continues to expand their MVNO business and has completed an important partnership with Capitec Bank as well as concluded multi-year extensions with certain

OPERATIONAL REVIEWS CONTINUED

MVNO partners. Cell C continues to be the country's leading MVNO enabler.

In an effort to propel sustainable growth, an extensive and intense systems overhaul programme to replace its out-of-date billing platform with modern next generation systems was launched in December 2022. This transformation will positively impact the entire enterprise and improve customer experience.

Part of the investment into growth includes commencement of the process to upgrade Cell C's Core network, with focus on virtualisation and implementing 5G and Voice over LTE services. This capability will in time place Cell C in a strong position to obtain the benefit of the 5G deployment by their network partner.

CIGICELL
ASSURING REVENUE FOR MUNICIPALITIES

Cigicell is a leading distributor of prepaid electricity and water tokens and together with its subsidiaries and joint ventures, it also provides revenue assurance for municipalities.

Cigicell's customer base depends on the expert advice that it provides and it continues to build strong, trust-based relationships which are reinforced by it delivering on its promise to collect, protect and enhance their customers' revenues.

It is impacting on communities in various ways, particularly through the employment of local skilled and semi-skilled labour in the municipality areas in which they operate, and it continues to focus on efficiency, sustainability, and scalability.

Cigicell's commission earned on electricity vending was negatively impacted during the 2023 financial year, mainly attributable to load shedding that caused lower electricity consumption and in turn, lower commission earned. It however continues to focus on growing the revenue assurance side of the business while building on its dominant electricity vending position.

Cigicell offers its own online payment platform, Unipay, which allows payment of municipal rates and taxes conveniently, safely and reliably. Significant growth has been achieved on the value of transactions settled through the Unipay website during the 2023 financial year and this is expected to perpetuate going forward.

Token Identifier-rollovers for prepaid meters must be completed before 24 November 2024. This will be a significant focus area for the business in FY24 and they are well-positioned to roll out this service to their customers.

It also expects to continue growing its service offerings which oversee the strategic planning, implementation and evaluation of municipal services, including data integrity, verifications, credit control, stock collections, indigent registrations and the monitoring of electricity infrastructures. This will assist municipalities to improve their electricity network stability and revenue enhancement.

ticketpro

Ticketpro offers unique and specialised services in the concert, sport, travel and transport sectors in South Africa. This enhances Blue Label's revenue through the 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 Blu Approved merchants.

Ticketpro has launched several new products to enhance the customer experience on their platform, thereby delivering in its quest to create an exciting world of experiences. It has also diversified their product range by launching several new prepaid products such as airtime and data, betting vouchers and lifestyle vouchers available for physical purchase and online, on various of their platforms.

Ticketpro has launched a division called Ticketpro Travel Solutions. This offers corporates and leisure customers a simpler and more cost-effective travel booking portal that saves them money, time, and provides more options for both local and international travel.

This exciting new division offers flights, trains, car rentals, accommodation, and travel packages from more than 160 different APIs across the globe.

Ticketpro has also acquired some exciting new partners that they work closely with to enhance the event experience by installing state-of-the-art access control and ticket readers using 3D scanners and NFC-tap technology.

OPERATIONAL REVIEWS CONTINUED

Ticketpro has also launched South Africa's first truly South African Smartap NFC bus ticket solution which has been rolled out to the largest commuter carrier in Gauteng – Putco. This has catapulted the ticket purchase process, making it more accessible to commuters by allowing commuters to buy tickets 24 hours a day.

GloCell Retail Solutions (GCRS) is a distributor of prepaid airtime, data, electricity, virtual products, gaming and ticketing.

With new solutions, they continue to grow their distribution network, which spans across formal retailers and petroleum forecourts. GCRS continues to focus on customer service, investing significantly in technology platforms to ensure maximum uptime and the availability of the widest array of products and services.

While it continues to focus on solidifying its distribution network and product and service penetration across formal channels, driving additional growth in the informal segment with new business development will remain a top priority.

Over the past year, GCRS has continued to drive significant growth across gaming, money transfers and transportation product categories and achieved growth from products that they have developed and launched in-house as part of its diversification strategy.

Looking forward, the key strategic focus remains the development of new technology, expansion and roll out of new and existing products and executing on merchants' needs to make it seamless and effortless to trade with GloCell Retail Solutions.

BluNova is in the business of building businesses, leveraging experience in innovation and strategy to pull together people, processes, and technology to enable client-facing use-cases from the Group's aggregated data sources.

Some of these use-cases derive value for internal clients directly, and at other times new digital business opportunities are identified that are reliant on Blue Label's rich data. These digital start-ups are nurtured to commercial viability thereby monetising the Group's data.

To date BluAdvance and AltBureau have been established with this innovation mindset. In the pipeline, MarTech, with AdTech capabilities are under assessment for possible externalisation.

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

Transaction Junction grew its presence across Southern Africa and into Africa.

Repositioning the technology platform and strategic alliances has helped generate significant interest in the TJ platform among multiple retail merchant tiers and across industry verticals, including FMCG, hospitality, food and beverage and fuel.

Growth continues to be fuelled by banking partnerships, allowing merchants to benefit from a fully integrated payment solution and enhanced VAS products. Strategic projects have positioned TJ well to continue an upward trajectory in customer deployments, particularly in the large retail sector.

Taking advantage of the accessibility and widespread use of the TJ platform, multinational corporations have begun using the TJ services, mostly to broaden and standardise their offerings across multiple regions. The growth of TJ's eCommerce platform has made it possible for their clients to obtain substantial value from their omnichannel approach, which works to provide a consistent customer and merchant experience regardless of the channel through which a transaction is conducted.

Growth in the franchise sector has seen substantial benefits derived from TJ's ability to provide mobility into a rapidly evolving customer segment that improves how merchants can service their customer base.

Strategically, TJ has invested in its SoftPOS solution to maximise efficiencies and deliver a scalable merchant POS offering, fully integrated and optimised for use within cloud deployments and complementing the digital merchant experience. These advancements allow TJ to rapidly scale into multiple geographies and across retail segments, increasing service diversification through an expanded transaction offering.

TJ has extended its proprietary technology into the Tier 1 retail space, in order to take advantage of their purpose-built multichannel offering that enables retailers to expand their payment offerings and value-added services. Moreover, TJ continues to enhance their capabilities to ensure a consistent and fully secured payment ecosystem that swiftly meets both standard and bespoke requirements without compromising on the highest levels of security in the industry today.

OPERATIONAL REVIEWS CONTINUED

BLC
Blue Label Connect (Pty) Ltd

BLC's technology and systems have enabled it to go to market with new products and services in a noticeably short period and they are also extremely agile in their processes and operations.

There has been significant focus on the BLC Call Centre channel over the last several months and while they had a phenomenal growth phase last year, they slowed down the increasing monthly sales to realign their collections and scorecard.

BLC is currently developing a new system for CEC which will function as a front-end platform as well as back-end management system. The multiverse system will allow CEC to have more control over their sales process within their channels.

Although primarily focused on its current strategy, BLC simultaneously explores further acquisitive opportunities as in the case of the purchase of 50% of APS.

BLUE LABEL

Blue Label Data Solutions (BLDS) is a premier provider of data, lead generation supply, validation, verification and cleansing of data.

It offers a wide range of innovative products and services designed to support marketing efforts and streamline business processes. It is accredited by the Direct Marketing Association of South Africa, of which it is a founding member and an affiliate member of the Wireless Application Service Providers' Association.

With years of experience in the industry, BLDS has built a strong reputation for delivering high-quality campaigns and exceptional customer service.

It outsources to various analytical companies and a team of data scientists to enhance their data, using advanced machine learning data algorithms and perform quarterly updates on their entire database, using their partner network.

BLDS prides itself with the quality, contactability, reliability and compliance of their data as each and every one of their systems and solutions are designed with the legislative requirements of Promotion of Access to Information Act, Protection of Personal Information Act and the Consumer Protection Act in mind.

LEVERAGING TECHNOLOGY

As we reflect on the past year's accomplishments, our unwavering focus on harnessing technology's capabilities has fuelled our journey to redefine our business terrain, generating value for our customers, stakeholders, and collaborators. Our steadfast commitment to technology-driven progress has propelled us to amplify growth, elevate customer experiences, and fortify our standing in the marketplace.

FY23 highlights

Core production market-facing platform changes
1 107
(FY22: 1 089)

Stability of core production platforms
99.57%
(FY22: 99.60%)

IT General Controls Audit
95%
(FY22: 95%)

Platforms for new business innovation
5
(FY22: 3)

BUILDING ON OUR DIGITAL FOUNDATION

Our journey towards digital excellence has taken significant strides. In the prior year, we started the digital journey by re-evaluating our perspectives across Blue Label through various workshops to prepare our state of readiness to capitalise on digital business opportunities. We've continued and deepened our commitment to accelerating digital transformation by identifying and exploring several new innovative opportunities with each subsidiary. We have integrated cutting-edge technologies, including artificial intelligence and machine learning, enabling us to amplify the impact of our services and solutions. Furthermore, we continued to enhance our market-facing platform reaching an impressive 1 107 changes this year, a clear testament to our unwavering dedication to innovation.

ELEVATING RELIABILITY AND STABILITY

While pursuing digital innovation, we recognise the pivotal role of stability and reliability. Our core production platforms have exhibited exceptional performance, achieving a stability rate of 99.57%, reflecting our continued investment in fortifying our application and infrastructure uptime. We have successfully upgraded our network infrastructure to SD-WAN, thereby reducing costs, increasing network performance and unlocking digital opportunities and flexibility to access multi-cloud services. Additionally, we're pleased to report that our IT General Controls Audit remains strong at 95%, underscoring our unyielding commitment to stringent security measures and controls.

NAVIGATING THE CYBERSECURITY LANDSCAPE

The digital era demands unwavering vigilance against cybersecurity threats, and we've risen to this challenge with resolute determination. We have fortified our cybersecurity measures throughout the year, bolstering our information, application, hardware and infrastructure security controls. Our proactive approach to vulnerability assessment and risk management has been unwavering, as we remain committed to maintaining the highest standards of cyber risk prevention, assessment and education. In the current year, we will be concluding our ISO 27001:2013 certification, which will further enhance how we protect and manage our information assets.

LEVERAGING TECHNOLOGY CONTINUED

EMPOWERING CUSTOMER-CENTRIC INNOVATION

Our dedication to our customers remains paramount. Through strategic investments and pioneering solutions, we've extended the boundaries of consumer convenience. We've expanded our offerings with prepaid electricity advances through our BluAdvance product. The More2Store application allows our merchants to place mass orders of bulk print vouchers, thereby providing ease, convenience and a reduction in carrying physical inventory. Our Robotic Process Automation (RPA) technologies continue to significantly elevate merchant and consumer experiences, aligning with our commitment of placing the customer at the heart of everything we do.

A VISION FOR THE FUTURE

As we set our sights on the horizon, our strategic focus remains on fostering innovation, agility, and customer-centricity. Our objectives for FY24 are clear and ambitious:

Getting the basics right

- **Time-to-delivery excellence:** We are dedicated to enhancing our agility and efficiency, ensuring that our solutions reach our customers faster than ever before; and
- **Reliability and uptime:** We are resolute in maintaining and surpassing our high standards of stability and uptime, ensuring uninterrupted access for our customers.

Modernisation

- **Hybrid-cloud transformation:** Our journey towards embracing the hybrid-cloud environment continues, aimed at both technological empowerment and optimising costs; and
- **Modernise our core application architecture and platform:** Allowing us more flexibility and speed to go to market faster. In addition, the modern architecture design of modular, composable and "building once using many" will simplify our costs and enable our customers to find limitless ways to integrate and onboard quickly and efficiently. In FY24 we will deploy our new look ticketing and events platform, further enhancing the user experience. We will investigate re-designing and digitising Blue Label's finance ERP system to a modern platform, allowing Blue Label to further expand on data analytics, process automation and achieving higher efficiencies.

DRIVING DIGITAL TRANSFORMATION

The shift towards digital everything has brought opportunities and risks that forever alter how people live, work and play. This has resulted in deep structural changes to emerging markets' social, economic, competitive and operational dynamics, especially within the financial, communications and services contexts in which Blue Label operates.

The needs of our customers and employees are consequently shifting rapidly, too, pushing us to reimagine our value propositions to remain relevant and to find innovative ways to meet the evolving requirements of all our stakeholders.

Blue Label has committed to a holistic digital business transformation journey that will use digital thinking to fuel waves of business innovation that promote one or more of four key outcomes:

- Unlocking opportunities for profitability and, wherever possible, exponential growth;
- Realising greater efficiencies and optimisation;
- Building our brand equity and market reputation; and
- Increasing shareholder value and returns.

OUR PEOPLE – DEVELOPING OUR STAFF WHILE ENHANCING OUR EQUITY COMPLIANCE

Our success is only possible with the collective efforts of our dedicated teams. Technology continues to be an advisor to business, aligning skills and talents with evolving needs and propelling internal IT and business digital transformation. During FY23, we invested in our Technology teams becoming Safe Agile certified. Furthermore, we recognise the dynamic nature of technology's evolution, and to keep pace with these changes, we have a subscription to an e-learning platform so that our technology teams can actively learn and develop at their pace. This approach empowers them to continually augment their knowledge and skills, ensuring they remain at the forefront of the ever-shifting technological landscape.

Our journey is one of continuous evolution, and as we move forward, we remain steadfast in our pursuit of digital excellence, with our sights set on a future that is customer-centric, technologically advanced, and brimming with opportunities.

SOCIAL IMPACT: HUMAN CAPITAL

We have built on FY22's strategy of driving employee centricity through inclusive leadership. Our people are core to our business and we continue to put our employees at the centre of what we do through leader-led engagement initiatives. Our foundation is solid and our people planning framework remains our core focus, ensuring that we build a future-fit organisation with the right people with the right skills.

Retaining talent has become increasingly difficult as employee and employer expectations change and impact this. Our strategy has been informed by the trends identified by research from the Gartner International HC report:

1. **Person-first experience:** 82% of employees believe it to be essential for their organisation to see them as a person, not just an employee.
2. **Shared-purpose:** 53% of employees would like their organisations to take action on issues they care about.
3. **Flexibility:** 52% of employees believe flexible work policies will affect the decision to remain at their organisations.

Focusing on building a future-ready organisation, we have had to acknowledge the evolution of the Human Capital (HC) role worldwide and we see remarkable opportunities to partner on a more strategic level with business. We fully understood that we would have to build new capabilities in our team, shift how we think of our role and building the correct capability required to lead the new employee expectations. This had to be carefully designed to allow leadership capacity.

As we embarked on FY23, we were enthusiastic to align ourselves with the changing expectations of our employees. We needed to understand this in order to navigate the path ahead and to ensure a seamless engagement with our people and leaders. We needed to build a strong connection with our leaders and to understand the objective and challenges of each business unit.

We have:

- Built a strong foundation for employee engagement and have enhanced it with our internal application so they can stay engaged anywhere, helping motivation levels and improving productivity;
- Reviewed our current values and although it is the heart of our business and replicates our culture, we will be refreshing our values, in order to assist Blue Label in driving outlook and what is essential for the coming year;
- Designed a more suitable leadership development programme that allows us to develop emerging talent and middle and senior management leaders;
- Established our first-ever succession planning for all occupational levels in business throughout the business;
- Reduced over R9 million in recruitment cost;
- Built our employment brand to attract the best talent which has given us a 33% growth in LinkedIn visibility;
- Built a pipeline, ensuring emerging talent development and successfully rolled out five YES programmes across subsidiaries and employed over 250 YES youth, thereby affording young people the opportunity to gain experience for future roles;
- Understood the shift from a reactive role to a proactive one, as we are focusing on long-term workforce planning, talent management and employee development; and
- Commenced and are working closely with our leaders providing insights and guidance to support their strategic decisions.

Human capital profile

We will use 2023 as our baseline to set targets for the future.

	2023	2022
Diversity and inclusion		
Total headcount	**1 412**	1 566
By employment type:		
Permanent	**1 033**	1 288
Fixed period	**337**	227
Non-South African	**42**	51
Allegations and confirmed incidents		
Number of discrimination and human rights incidents relating to workers' incidents	**—**	—
Non-employees		
Learnerships	**4 310**	3 629
BBBEE		
Status level	**4**	4

SOCIAL IMPACT: HUMAN CAPITAL CONTINUED

Focusing on building a future-ready organisation, we are committed to ensuring that the structure and operating model supports the business strategy through:

- A people planning process that empowers businesses with the information required to make people and skills decisions;
- Formalise the designs which are informed by workforce planning principles; and
- Co-designing a leader-led leadership programme that builds leaders for the future.

BBBEE scorecard

Element	Audited FY22	**Audited FY23**	Scoring if recommendations are implemented FY24
Ownership	12.08	**12.94**	12.94
Management and control	10.54	**11.09**	13.00
Skill development expenditure	18.12	**19.17**	19.78
Preferential procurement	18.66	**16.27**	15.00
Supplier development	10.00	**11.00**	11.00
Enterprise development	15.00	**17.00**	17.00
Socio-economic development	12.00	**12.00**	12.00
Total score	96.40	**99.47**	100.72
Level achieved	Level 6	**Level 5**	Level 4
Level achieved after discounting	n/a	**n/a**	n/a
YES enhancement	YES – 2 level up	**YES – 1 level up**	No
After YES	Level 4	**Level 4**	Level 4

We focused on optimising supplier, enterprise, and socio-economic development in order to remain at level 4.

FY24 will focus on management control and leverage aspects of procurement wherever possible.

Blue Label has access to and supports human capital through the vast footprint of our merchant base, of which many are sole-trader entrepreneurs or informal businesses. These merchants have a symbiotic relationship with Blue Label in that they form a vital element of the distribution network and similarly are afforded the opportunity to build their own businesses and create employment opportunities.

Employee engagement

	Target %	**2023 %**	2022 %
Employee engagement survey scores			
Job satisfaction	75	**75**	70
Meaningful job	80	**90**	75
Overall engagement	70	**70**	65
Feeling valued and safe	90	**91**	55
Significant work	90	**90**	67
Happy at work	70	**>80**	>75

In an increasingly complex work environment affected by external influences, positive performance while transforming was critical to our operations. We are proud of our engagement results and the resilience of our team in these unpredictable times.

No employees are under collective bargaining agreements, even though Blue Label does not place any limitations.

We will continue to focus our efforts on engagement elements in order to retain our high engagement levels and people culture, incorporating the following:

- Job satisfaction
- Impactful objectives
- Employees feeling valued and safe
- Employee experience

We have not experienced any major stoppage in the workplace over the past two years.

SOCIAL IMPACT: HUMAN CAPITAL CONTINUED

2024 focus areas

- creating an employee-centric work environment and meeting the changing expectations of employees;
- flexibility, shared purpose, well-being, a person-first experience and building on our inclusive culture where every employee feels valued and motivated to do their best;
- merging employee expectations with driving accountability and delivering results; and
- be deliberate about our values and leadership behaviours and belief that everyone in our organisation are leaders of self.

To date we have implemented the following tools in order to assist and enable leadership:

- Blue Galaxy Radio and our podcast platform to showcase relevant topics to profile our leadership team and their various career and industry success stories. We will be launching Blue Galaxy TV Vlogs that will make use of video in order to share newsworthy information and to highlight talent;
- We have designed a leader-led training intervention for all senior leaders in the organisation and will roll it out during FY24; and
- We will continue building future leaders through our leadership development programme.

We believe that our leaders are the key drivers of culture, and investing in them is critical for the organisation's success.

HOW WE PERFORMED

Employee retention

Measures the percentage of employees who left our employment during FY23.

We understand through exit interviews that most of our employees are leaving because of better career opportunities and therefore our focus on leadership development and impactful objectives are key.

Turnover
FY23: 27.9%
2022: 20.08%

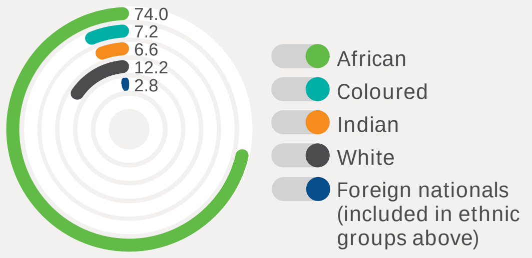
Involuntary turnover
FY23: 7.15%
2022: 6.89%

Voluntary turnover
FY23: 20.75%
2022: 13.19%

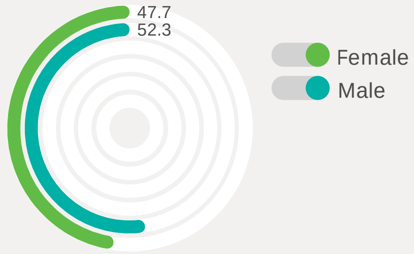
Executive turnover
FY23: 1.5%
FY22: 3.4%

SOCIAL IMPACT: HUMAN CAPITAL CONTINUED

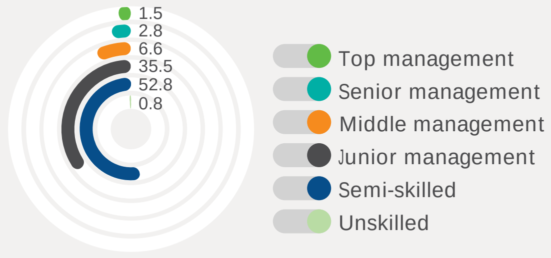
Turnover by race 2023 (%)



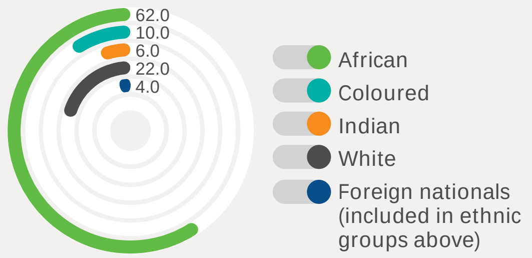
Turnover by gender 2023 (%)



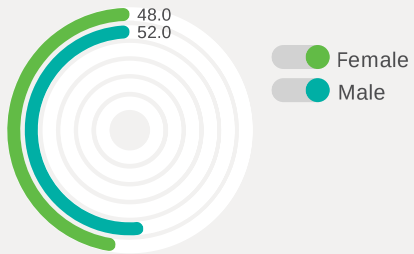
Turnover by occupational level 2023 (%)



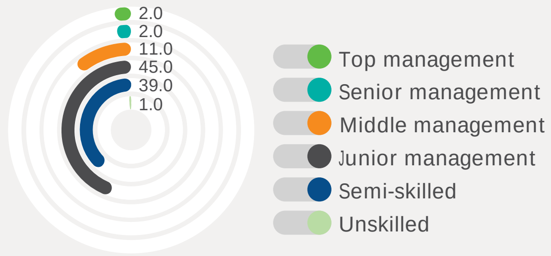
Turnover by race 2022 (%)



Turnover by gender 2022 (%)



Turnover by occupational level 2022 (%)



SOCIAL IMPACT: HUMAN CAPITAL CONTINUED

There has been a notable decrease in headcount due to building a fit for future business and acquiring skills to drive continuous process improvement.

Our efforts to retain key talent have yielded positive results, with a decrease in employee turnover in managerial occupational categories. Resignations result from more attractive career opportunities, with an excess of 88% voluntary in semi-skilled and junior management, as they are seeking more rapid career advancement.

We are heading in the right direction in driving gender equality.

Our key focus for FY23 was:

- to improve internal movement opportunities for our employees to have opportunities for growth within the organisation to continue to focus on employee retention by enhancing our benefit comparable with the market offerings by partnering with remuneration advisors to benchmark and to ensure that our rewards are compatible with the market.

Working to ensure retention of junior and middle management, we will be focusing on Black talent, and the following initiatives have been implemented in this regard:
- We moved from online interview surveys to engaging with our people personally to gain an understanding of how to improve retention;
- Tracking the retention of our new recruits by identifying a pattern within which employees have been exiting the organisation within the first year;
- Employee engagement surveys focused on subsidiaries that seemed to be experiencing high turnover; and
- Improved our leadership development offerings to ensure that our work environment remains inclusive.

2023

Age group	**Number of employees**
Under 20	**13**
Under 20 – 29	**422**
Under 30 – 39	**482**
Under 40 – 49	**349**
Under 50 – 59	**119**
Over 60	**27**
Total	**1 412**

2022

Age group	Number of employees
Under 20	22
Under 20 – 29	561
Under 30 – 39	480
Under 40 – 49	356
Under 50 – 59	121
Over 60	26
Total	1 566

SOCIAL IMPACT: HUMAN CAPITAL CONTINUED

	2023												
	Female						Male						
Occupational level	**African**	**Coloured**	**Indian**	**White**	**Foreign nationals**	**Female total**	**African**	**Coloured**	**Indian**	**White**	**Foreign nationals**	**Male total**	**Total headcount**
Top management	3	1	—	3	—	7	3	—	4	24	—	31	38
Senior management	4	—	1	7	—	12	1	4	6	26	—	37	49
Professional*	15	4	7	20	—	46	14	7	11	42	4	78	124
Skilled*	114	19	22	47	3	205	181	47	45	84	15	372	577
Semi-skilled	316	24	15	12	10	377	183	15	6	5	9	218	595
Unskilled	17	—	—	1	—	18	9	—	1	—	1	11	29
Grand total	469	48	45	90	13	665	391	73	73	181	29	747	1 412

	2022												
	Female						Male						
Occupational level	African	Coloured	Indian	White	Foreign nationals	Female total	African	Coloured	Indian	White	Foreign nationals	Male total	Total headcount
Top management	2	1	—	3	—	6	2	1	5	23	—	31	37
Senior management	1	—	1	6	—	8	2	2	2	20	—	26	34
Middle management	9	5	2	21	—	37	17	5	9	44	2	77	114
Junior management	120	23	23	52	4	222	226	38	43	94	21	422	644
Semi-skilled	387	38	12	13	12	462	211	12	6	6	11	246	708
Unskilled	16	—	—	—	—	16	11	—	1	—	1	13	29
Grand total	535	67	38	95	16	751	469	58	66	187	35	815	1 566

* Middle and Junior management have newly defined occupational levels.

Proportion of employees from under-represented groups

Total movement in headcount year on year:
- African male representation declined by 2.2% as a percentage of total headcount
- African female representation declined by 1.0% as a percentage of total headcount
- Coloured male representation increased by 1.5% as a percentage of total headcount
- Coloured female representation declined by 0.9% as a percentage of total headcount
- Indian male representation increased by 1.0% as a percentage of total headcount
- Indian female representation increased by 0.8% as a percentage of total headcount

SOCIAL IMPACT: HUMAN CAPITAL CONTINUED

We continue to balance our gender representation. Women comprise 48% (FY22: 48%) and men 52% (FY22: 52%) of our talent across the business closely aligned to our target of 50:50. We continue to seek a balance of gender representation at senior and top management levels. Of our total headcount, 65% of our employees are below the age of 40 and they continue to bring fresh perspectives and high energy levels as well as enthusiasm.

Promotion opportunities were within the junior management level, and our focus was on improving Black representation. Of all the promotions in FY23, 55% were for females and 83% for Black talent.

Our goal is to create an inclusive workplace in which employees can bring their authentic selves to work and live their purpose. Our robust strategic approach focuses on our people's diversity and inclusive leadership, providing an inclusive, fair and supportive workplace.

RECRUITMENT

Our organisation continues to evolve rapidly, with the demand for new skills and capabilities continuing to grow. Our ability to meet the demand is critical to stay relevant in building a high-performance workforce. Total number of new staff members employed was 318 for FY23 of which 257 were permanent staff and 61 contract staff.

Our recruitment strategy incorporates innovative talent acquisition practices and the development of our employees for promotional opportunities, ensuring we focus on the following:

- **Recruiting for the future** – repositioning talent mobility as an opportunity to recruit new talent better suited for the future;
- **Employee referrals** – a great source of future talent has come from our current talent and alumni. We believe that our employees remain our most valued ambassadors in the market; and
- **Anchoring our Success Management Model** – the people planning process allows us to build an internal talent pool.

Total headcount FY23: 1 412 (FY22: 1 566)

	Male representation of all new recruitment	Female representation of all new recruitment
African	FY23: 52% (FY22: 64%)	FY23: 69% (FY22: 77%)
Coloured	FY23:18% (FY22: 51%)	FY23: 9% (FY22: 76%)
Indian	FY23: 14% (FY22: 25%)	FY23:13% (FY22: 27%)

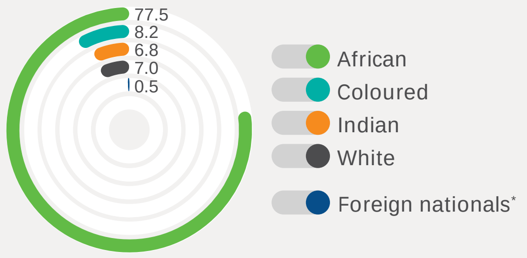
Promotions

- Black (A, I, C): **83%** (FY22: 70%)
- Awarded to Africans: **59%** (FY22: 47%)
- Awarded to Females: **55%** (FY22: 39%)
- Awarded to Black (A, I, C) to Senior Manager: **7%** (FY22: 2%)

Six promotions in senior management of which **five** where A, I, C at **83%**

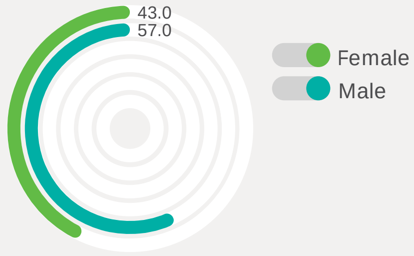
SOCIAL IMPACT: HUMAN CAPITAL CONTINUED

Appointments by race 2023 (%)

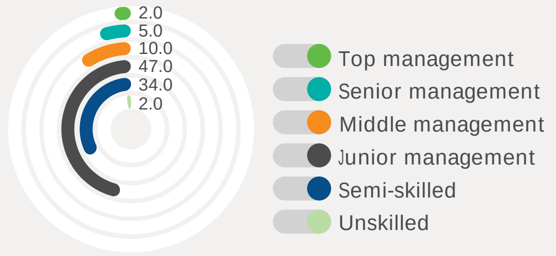


*Foreign nationals not split by race.

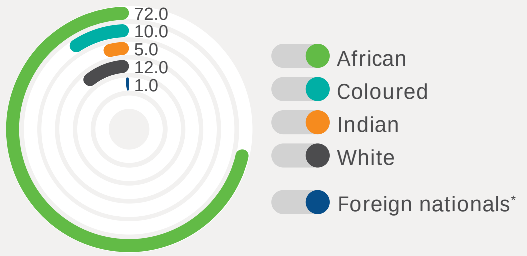
Appointments by gender 2023 (%)



Appointments by occupational level 2023 (%)

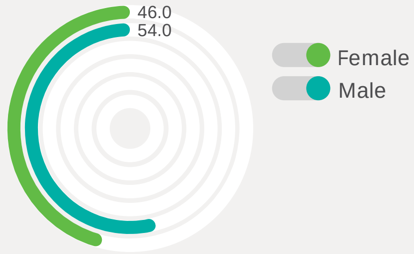


Appointments by race 2022 (%)

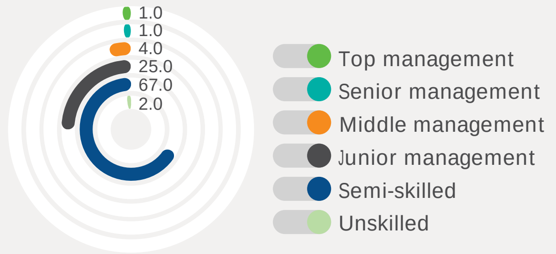


*Foreign nationals not split by race.

Appointments by gender 2022 (%)



Appointments by occupational level 2022 (%)



SOCIAL IMPACT: HUMAN CAPITAL CONTINUED

With our focus on equity, we see an improvement in new appointments, with 87% of new recruits being Black and 69% of females appointed in the organisation being African. Our key focus has been to improve our employer brand in the market in order to attract the correct talent.

There has been a marked improvement in the propensity of internal placements. This aligns with our principles of developing our people and providing career progression, thereby developing our people for long-term success. This has been achieved through:

- Utilising recruitment platform insights to reduce recruitment costs further while accessing talent market trends and a more comprehensive database of prospective employees; and
- Utilising the database to assess predictive analysis.

ACCELERATING OUR EMPLOYEES' ABILITY TO DEVELOP AND ADAPT

The employment opportunities provided by Blue Label's business model extends beyond just our employees but includes a strong learnership programme as well as extending business opportunities to entrepreneurs in the form of merchants, particularly informal business merchants. It is noted that the merchants probably do not derive all of their income from Blue Label products but it allows them to build up a portfolio of trading activities as entrepreneurs. It should be noted that as the business moves to more digital "channels to market" the opportunities for distribution merchants will shift from physical distribution to pinless distribution.

SOCIAL IMPACT: HUMAN CAPITAL CONTINUED

Over the past few years we have noted a significant increase in the emergence of new skills. This continues to impact how we develop internal talent. There is a need for employees to have diverse skills that were not traditionally required for their roles, as a result of the impact of digitisation. Employee learning and development is critical to ensuring that our talents remain abreast of changes in the market so that they have the correct skills to contribute positively towards a future-fit organisation.

The People Planning process is the cornerstone of talent development and it allows us to identify the current skills that we have versus the skills that we need in the organisation.

The Success Management framework encourages career conversations between managers and employees, thereby enabling employees to own their career growth. This creates an environment that supports a learning culture.

We encourage a growth mindset so that our employees believe in expanding their knowledge and skills. This allows for improved innovation, knowledge sharing, problem-solving and collaboration. In FY23, we introduced an engagement application that supports the growth model mindset, and this tool enables our employees to have access to macro-learning content specifically designed to address what is happening in the organisation as well as in the market.

FOCUSING ON BUILDING SKILLS

What we are measuring:

Number of employees enrolled on leadership programmes
108
(2022: 47)

Women that attend leadership development programmes
41
(2022: 22)

Number of employees undertaking personal development
551
(2022: 539)

Learners on learnerships*
4 310
(2022: 3 627)

Number of employees on learnerships
233
(2022: 304)

Number of bursaries
88
(2022: 22)

Number of employees accessing online learning platforms
1 098

* Learners on learnerships: These are unemployed learners and learners living with a disability.

SOCIAL IMPACT: HUMAN CAPITAL CONTINUED

CARING FOR A BETTER FUTURE

Entrepreneurship is at the heart and soul of Blue Label. Our organisation is built with the goal of continuing to improve from the past by unearthing the greatness within each individual. We always seek opportunities to develop our people, communities, and businesses. Blue Label intentionally creates employment opportunities for young South African people. FY23 revealed a positive impact through various growth initiatives, namely:

- U-Belong programme offering young South Africans the opportunity to earn an accredited learnership as well as an employment opportunity within the informal telecommunications landscape of South Africa. During the duration of the programme, the participants earn a stipend and are issued with all the tools of the trade necessary to operate in the market, such as tablets and connectivity:
  - The completion of the programme and if selected based on performance throughout the programme in which the participant will have the opportunity to start their own SME within the ICT sector in the informal market;
- The implementation of five YES programmes, placing over 200 youths in professional occupations within Blue Label;
- Mobile Technician learnerships providing learners with hands-on experience. These learners are introduced to the world of mobile technology, thereby affording hands-on experience in this field; and
- Having employed 56 learners living with a disability, of which 34% are in the process of completing learnership that address scarce skills in the ICT sector.

Wellness

Leave taken	**2023**	2022
Annual leave days per employee	**14.35**	10.26
Sick leave days per employee	**3.19**	2.12
Study leave days per employee	**2.71**	1.75
Maternity leave months per employee	**4.0**	4.0
Paternity leave days per employee	**10.0**	10.0

A process of analysing leave days taken has been initiated in order to provide a better understanding of our employee well-being. This will enable Blue Label to assess a comparison from FY24. The well-being of Blue Label's employees is a critical asset that cannot be compromised and should constantly be prioritised. We encourage our employees to take care of their physical, mental and financial well-being. We have introduced the following programmes to support employees and have empowered them with the knowledge to navigate daily challenges that directly impact their well-being:

- Employee wellness days were hosted across all regions, including health checks;
- WeLead learning articles were initiated, focusing on creating awareness around crucial health issues;
- Monthly financial advisory services were provided both on-site and online;
- Medical GP and physiotherapist every month on-site at our head offices;
- Monthly online masterclasses that focus on creating a psychologically safe environment; and
- Well-being sessions facilitated by our EAP partner.

We have invested in a hydroponic vegetable garden to benefit our employees at head office and to promote health and wellness within Blue Label.

Over the past two years, research has revealed that employee well-being is a crucial focus for employee retention, as employees continuously search for organisations that support their well-being. Our surveillance has afforded us a better understanding of our employee needs. Of the staff members who completed the well-being survey, 92% were in agreement with such research. The current economic climate continues to negatively impact all South Africans.

Health and safety performance

Blue Label KPI	**2023**	2022
Total number of fatalities recorded on duty	**–**	–
Total number of work-related injuries reported	**3**	4
Total number of work-related illnesses reported	**–**	–
Total number of days absent as a result of injury on duty	**16**	93
Total number of claims submitted to Workman's Compensation	**3**	4

SOCIAL IMPACT: HUMAN CAPITAL CONTINUED

Our health and safety policy sets out our commitment to the physical, mental and social well-being of our staff. It is regularly evaluated by Blue Label's health and safety managers, in accordance with the 1993 Occupational Health and Safety Act (OHSA). Health and safety plans, evacuation protocols and other safety procedures are on display at strategic points throughout our offices. Health and safety officers at all subsidiary companies work closely with Blue Label's health and safety officer.

During FY23 we recorded 3 (2022: 4) work-related injuries and 0 (2022: 0) work-related illnesses. There were no fatalities as a result of a work-related injury or ill-health across the Group.

It is compulsory for all permanent staff members to be a member of the Group's medical aid scheme. Furthermore, Blue Label assists workers, both permanent and non-permanent, in accessing non-occupational medical and healthcare services through the Discovery Healthy Company.

Wage level and living wage

We are committed to ensuring that our employees are fairly remunerated, with none of our employees being paid below minimum wage.

SOCIAL IMPACT: CUSTOMER AND SUPPLY CHAIN RESPONSIBILITY

CUSTOMERS

Ensuring exceptional customer service is a top priority for Blue Label making quality and accuracy checks on our products an essential exercise. This includes the assurance that our equipment is functioning effectively and that airtime sold is of the correct amount as well as tickets being sold apply to the correct relevant event.

Our platform, systems and devices all work efficiently.

INNOVATION

In a challenging economic and competitive environment, innovation is an essential ingredient for sustainability of growth.

Our deep understanding of customer needs and wants informs both our platform functionality and our product and service offerings. We seek out strategic partnerships and potential acquisitions for new product and platform capability, and we invest continually in upgraded technology in order to enable us to be ahead of the game.

We are constantly exploring new ways to improve and learn and we enhance our proprietary platforms by continually refining our processes, software and hardware, simultaneously investing in the required skills and expertise. Targeted analytical processes, machine learning and artificial intelligence assist Blue Label in utilising the data they receive in order to design better products and services to enable them to gain a better understanding of our customer needs. This allows us to craft the best product solution for a particular customer, based on refined algorithms.

SUPPLY CHAIN

Blue Label recognises the importance of considering human rights in the value chain:

- Customer satisfaction complaints line
- Social media interaction
- Customer relationship management system

None of Blue Label's operations and no suppliers have been identified to date to have had any risk of child labour, forced or compulsory labour or other significant actual and potential negative social impacts.

SOCIAL IMPACT: CORPORATE SOCIAL RESPONSIBILITY AND COMMUNITY DEVELOPMENT

Blue Label continuously supports suppliers and enterprises defined within the vulnerable groups through procurement.

Procurement suppliers	FY23
EME	126
QSE	74
Generic	200
50% BO	150
30% BWO	93

In FY24 comparatives will be included in the above table.

Through our supplier development funding, we were able to create two jobs each for two different small businesses.

Blue Label's commitment to sustainable economic development is not purely confined to just an add-on. This is our code. Our purpose is to drive financial inclusion, opportunities and convenience for the mass market through digital distribution and e-tech ecosystems. This purpose extends to focus on youth skills development and socio-economic and enterprise development. From inception, the aim has always been to make a difference in people's lives. Consequently, we have changed many lives by providing the tools to earn a living.

In our case, we are truly purpose-driven and recognise that delivering value ultimately depends on continuously paving the way to create an inclusive business with the small businesses within communities. We have an extensive track record of fostering economic and social development in South Africa by ensuring the availability of products and services for those with low incomes and who have been previously disadvantaged.

We are committed and aware that our social responsibility continues to generate value for all.

We have vetted all flagship beneficiaries and where possible, linked beneficiaries together to make a greater impact on the community that we serve. Due to the fact that we are focusing on existing flagship beneficiaries, no new flagship beneficiaries will be added for FY24.

The following are our current flagship beneficiaries:
- Boys and Girls Club
- Christel House
- Women and Men Against Child Abuse
- Sound of Celebration
- Home Growers
- Sean Smith Boxing (smithsgym)

Projects completed in FY23, over and above flagship donations:

- We are supporting our merchants in order to enable them to operate our devices during load shedding and electricity outages, by supplying over 400 BLD merchants in need with solar inverters. This improves our business while caring for our merchants' businesses.
- Supporting Christel House in education and workplace readiness and building character for unemployed people in the community by collaborating in a programme to join our U-Belong family in Cape Town. This provides employment following the completion of the programme.

Approved Blue Label subsidiary projects:

- Trust Blu U-Belong, co-funding project and T3SA as the implementation partner which will provide job opportunities for over 1 000 learners and the possible opportunity to open their own businesses after two years.
- Adopt-a-School project as well as extending technology centres.

Over the past two years, we have selected and built relationships with the above-mentioned flagship beneficiaries that align with our purpose. We aim to create an ecosystem whereby we can work together. See our **Trust Blu Report at About – Trust Blu Foundation** for further detail.

Enterprise development:

- Supporting Sizanani to equip the business in order to operate in the mainstream economy by building infrastructure in the community, connecting the community and supplying solar electricity for approximately 200 households.

We continuously encourage our employees to partake in SED initiatives and giving back to the community.

Our employees have the opportunity to become involved in our social responsibility programmes, which to name a few are as follows:
- They have donated and distributed two tons of clothing and bedding to KwaZulu-Natal during the floods in order to assist them during such difficult times, and their communities in a very difficult time;
- Our employees and some of our subsidiaries have contributed to establishing "Hug in a Box" for one of our beneficiaries whose main purpose is to care for abused individuals and children; and
- Our employees have donated books to a library to one our beneficiaries that operates in the community and provides after-school programmes.

SOCIAL IMPACT: CORPORATE SOCIAL RESPONSIBILITY AND COMMUNITY DEVELOPMENT CONTINUED

We are responsive to the community that we serve. Our largest contribution to society is in the ordinary course of our business. We have many informal market merchants that form part of our vast footprint selling our virtual products in the community.

We will continue to invest in and create sustainable programmes in education in order to provide employment and entrepreneurship for a better future.

2024 focus areas

- Retain compliance level for BBBEE scorecard at level 4;
- Build leadership for the future through our leadership development programme by increasing our number of managerial employees enrolled on management programmes;
- Balance gender representation towards our target of 50%/50% overall by 2026;
- Support the job creation project within Trust Blu through the U-Belong initiative and external funding to support this project. Create 200 new jobs and absorb 1% at the end of the financial year;
- Improve management control by a further two points to support and improve our three-year equity plan, of which one year has lapsed already; and
- Appoint one more Black candidate on the Blue Label Board in the African Female category.

CORPORATE GOVERNANCE

GOVERNANCE PHILOSOPHY AND APPROACH

ENTREPRENEURSHIP AND INNOVATION UNDERPINNED BY GOOD GOVERNANCE

The philosophy of Blue Label 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. 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

Blue Label 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 applies the King IV principles to continuously review, revitalise and streamline its governance structures and practices to the requirements of the expanding Blue Label. 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 to ensure 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 Blue Label'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 remains the restructuring of the business to focus on core operations, to reduce debt, improve cash generation and ready Blue Label 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 closely monitoring the improvement of 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, capital allocation, compliance and security protocols within the Blue Label Group.

Following the gap analysis and materiality assessment of sustainability matters, including environmental, social and governance (ESG) we have begun our journey on developing and integrating sustainability and ESG into our governance, risk management, strategy and performance management, including remuneration, processes and structures. The progress we have made on our sustainability reporting journey has been set out in the respective sections of this integrated report.

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; and
  - collaboration;
- leadership's commitment to upholding our key values; and
- the provision of mechanisms to report and manage unethical behaviour.

WeLead

Our strategy this year is to drive an inclusive culture by creating unique experiences for all employees. We understand that business results are driven through people and people are continuously evolving. The Success Management framework provides the framework for us as an organisation to look after our talent and ensure that we have the right skills in the organisation while also providing opportunities for growth. We encourage a growth mindset that allows individuals to improve themselves and their skill while contributing to the success of the team and Blue Label at large.

2024 focus areas

- Implementation of the inclusive leadership programme and cascading it to all management levels;
- Building talent pipeline for senior and top management levels; and
- Ensuring that succession planning addresses the EE plan and development from within.

Maintaining high ethical standards

Blue Label's Social, Ethics and Transformation Committee is established in compliance with the Companies Act, No 71 of 2008. 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 Blue Label and the Chairman of the Board sets the ethical tone for the Board as a whole. The primary ethics-related items that are monitored and reported on at the Social, Ethics and Transformation Committee level include:

- the 10 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.

No Blue Label operations have been subject to human rights reviews during FY23.

No human rights grievances have been reported in FY23.

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 and the function of the ethics hotline, with emphasis on what should be reported and how to report unethical behaviour via this channel.

Thus, all employees have received training on Blue Label's anti-corruption policies and procedures. Anti-corruption training is provided to business partners based on their risk profile in relation to Blue Label. Anti-corruption training will be rolled out to governance body members during FY24.

The ethics hotline is outsourced to *Tip-offs Anonymous*, a division of Deloitte, and can be accessed by calling 0800 555 221. The ethics hotline is available to all stakeholders. Seven incidences were reported during the year, the majority of which were human resource related, which were subsequently investigated by management and no further action was required.

Blue Label has mechanisms for seeking advice about ethical and lawful behaviour and organisational integrity and these include attending monthly SAICA administered ethics seminars.

In FY23, a key focus area has been the revision and continued alignment of our policies, supported by annual revision exercises.

EFFECTIVE AND ETHICAL LEADERSHIP CONTINUED

The following policies have been reviewed, amended where necessary, implemented, and relevant training applied in FY23:

- Code of Conduct;
- Ethics Policy;
- Information Security Policy;
- Business Continuity Policy;
- Whistleblower Policy;
- Data Breach and Response Policy; and
- Gift Declaration Policy.

Key provisions of our policies include the following:

- Each employee of Blue Label has an obligation to act in the best interests of Blue Label 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 as gratification which immediately places Blue Label and those individuals concerned at risk of being prosecuted for acts of corruption. All gifts must be declared in terms of the Gift Declaration Policy.
- Fraudulent, corrupt or illegal practices will not be tolerated. Bribes or any other illicit payments will neither be paid nor accepted. A zero-tolerance policy has been adopted regarding such improper payments.
- Blue Label does not participate in any illegal anti-competitive activity.
- Employees should not authorise nor participate in any illegal conduct or action (such as price manipulation or tender fixing) that restricts competition.

Maintaining high ethical standards

- Blue Label 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 at arm's length prices.
- Blue Label 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.
- 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.
- Blue Label does not place any limitations on an employee's right to freedom of association, specifically the right to collective bargaining.
- Blue Label 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 Social, Ethics and Transformation Committee (SETC) on progress with the ethics management plan, and the state of ethics within the organisation.

ETHICAL BREACHES

No material ethical or corruption-related breaches require reporting in FY23.

All ethical 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 Blue Label towards and facilitates the achievement of our strategy and operational objectives. It is accountable for the development and execution of Blue Label's strategy, operating performance and financial results. Its primary responsibilities include determining the purpose and values; providing strategic direction to Blue Label; appointing the joint Chief Executive Officers; identifying key risk areas and key performance indicators of Blue Label's businesses; monitoring the performance of Blue Label 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 Blue Label's business.

It is committed to applying the principles of good governance in directing and managing Blue Label in order to achieve its strategic objectives. The Board is the focal point for and custodian of Blue Label's governance framework and is supported by its Committee structures, management, shareholders and other stakeholders of Blue Label. The Board is ultimately accountable for the performance and affairs of Blue Label.

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 Blue Label. At the same time, the Board encourages entrepreneurship and innovation, which are recognised as key drivers of Blue Label's 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 Blue Label 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 Cell C, the Blue Label Board has been actively monitoring and advising on the alignment of governance structures and processes at Cell C with those of Blue Label.

BOARD COMPOSITION

Blue Label has a unitary Board structure comprising nine Directors; with the majority being Independent Non-executive Directors. This is incorporated into our Board Charter, which promotes power and authority at Board of Directors level, to ensure that no one Director has unfettered powers of decision-making. A biography of each Director appears on pages 17 to 19.

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.

BOARD COMPOSITION, STRUCTURE AND REPORT BACK CONTINUED

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 Blue Label's businesses. The Board defines Blue Label'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 Blue Label's progress in delivering its objectives and strategy.

Blue Label's Financial Director is Dean Suntup. The ARCC is satisfied that he has the appropriate expertise and experience for this position.

Blue Label 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 Blue Label has been drafted such that it incorporates the subsidiary succession plans. Blue Label has influential joint CEOs who co-founded the business, both of whom have a vested interest in the long-term future of Blue Label.

However, in unforeseen circumstances, Blue Label has robust succession planning in place for both CEOs.

Blue Label recognises the value of diversity and our Board in turn is committed to promoting gender and race equality. This policy is available online at **www.bluelabeltelecoms.co.za**. Our talent management processes, together with our policy, will enable us to improve diversity within Blue Label.

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 has the necessary depth having regard to the strategic direction of Blue Label. The Board has a policy focusing on the promotion of broader diversity at Board level, specifically addressing the promotion of the diversity attributes of gender, race, culture, age, field of knowledge, skills and experience. No specific targets have been set in relation to the Board diversity policy, however, we have partnered with subject matter experts to do a gap analysis on our ESG compliance, including diversity.

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 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, 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 Blue Label and the sector, and they are considered to continue operating independently and objectively and have no conflicts of interest.

Mr SJ Vilakazi was due to rotate off the ARCC in 2022, however, the Board took the decision that he should continue in his role on the Committee.

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

During the period we appointed Ms LE Mthimunye effective 1 November 2022 and Ms H Masondo effective 1 August 2023.

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. In this regard, Messrs JS Mthimunye and BM Levy, and Ms NP Mnxasana 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 17 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.

BOARD COMPOSITION, STRUCTURE AND REPORT BACK CONTINUED

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.

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 an assessment and an evaluation of the Board and its committees every other year.

A Board evaluation was conducted in the current year and feedback was provided during the June 2023 Board meeting. No material issues were identified.

Evaluations of individual Executive Directors' performance take place annually, during remuneration increase and performance bonus award periods. Refer to the remuneration section (page 117) for the performance evaluation of the CEOs and the Financial Director 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 Blue Label strategy. Ongoing training and development of Directors involves 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 Blue Label. 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.

BOARD COMPOSITION, STRUCTURE AND REPORT BACK CONTINUED

Our Board subcommittees are structured and attendance at meetings during FY23 is presented as follows:

Attendance at meetings

	Board	Special Board	Audit, Risk and Compliance	Special Audit Risk and Compliance	Remuneration and Nomination	Social, Ethics and Transformation	Investment
Total number of meetings held during the year	5	2	5	1	4	3	1
Actual attendance/possible maximum attendance of meetings							
LM Nestadt	5/5	1/2	—	—	4/4	—	—
KM Ellerine	4/5*	2/2*	—	—	—	3/3*	0/1*
GD Harlow	2/2**	2/2**	2/2**	—**	3/3**	1/1**	1/1**
BM Levy	5/5	2/2	4/5***	1/1***	3/4***	1/3	1/1
MS Levy	5/5	2/2	5/5***	1/1***	3/4***	—	1/1
NP Mnxasana	5/5	1/2	5/5	1/1	—	—	—
JS Mthimunye	5/5	1/2	5/5	1/1	4/4	—	1/1
SJ Vilakazi	5/5	2/2	5/5	1/1	4/4	3/3	—
DA Suntup	5/5	2/2	5/5***	1/1***	4/4***	—^	1/1
DR Hilewitz	—	—	—	—	—	—	1/1
PL Zim	3/5****	1/2****	—	—	2/4****	—	—
LE Mthimunye	3/3*****	—*****	3/3*****	1/1*****	—	1/2*****	0/0*****

*   Resigned 5 June 2023
**   Resigned 19 October 2022
***   Attendee
**** Resigned 22 February 2023
***** Appointed 1 November 2022
^   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 (Chair)
G Levin
BM Levy
J Newman
M Nyawane
D Rama
S Ramdhani
A Roberts
M Shaik
D Simba
DA Suntup

The Executive Committee was reconstituted in June 2022.

KEY OBJECTIVE AND TERMS OF REFERENCE

Blue Label's Executive Committee is augmented beyond the Executive Directors, by the inclusion of operational and functional management to provide a forum for the dissemination of strategies and policies to operating subsidiary levels and to provide oversight and feedback from operations on strategic matters in a combined forum. Blue Label's strategic and policy decisions are typically formulated by the Executive Directors and approved by the Board. The Committee has moved from a monthly to a quarterly meeting format, in line with its primary function of acting as an oversight forum and reporting structure between the Board, Executive Directors and subsidiary management.

Certain Blue Label 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.

2024 focus areas
Key focus areas of the Executive Committee during FY24 shall include:

- monitoring the overall performance of Cell C; concentration on new revenue streams, products and services that are less susceptible to margin compression;
- cost conscious culture;
- strategic deployment of treasury resources;
- continuing with the inculcation of outcomes-based family values in Blue Label; and
- compliance with policies and controls.

AUDIT, RISK AND COMPLIANCE COMMITTEE

Members and attendees	Number of meetings	Meeting attendance (%)
JS Mthimunye (Chair)	5/5	100
LE Mthimunye**	3/3	100
N Mnxasana	5/5	100
SJ Vilakazi	5/5	100
BM Levy*	4/5	80
MS Levy*	5/5	100
DA Suntup*	5/5	100
GD Harlow***	2/2	100

* Attendee by invitation.
** Appointed on 1 November 2022.
*** Resigned on 19 October 2022.

KEY OBJECTIVE AND TERMS OF REFERENCE

The primary objective of the Committee is to assist the Board of Directors in fulfilling its oversight responsibilities for the financial and non-financial reporting process, the system of internal control, the audit process, the risk management process and the organisation's process for monitoring compliance with laws and regulations and the code of conduct.

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

Refer to governance of risk, governance of sustainability, information and technology governance, combined assurance and to the ARCC reports for further details.

2024 focus areas
Key focus areas of the Audit, Risk and Compliance Committee during FY24 shall include:

- monitor the financial performance of Cell C post recap;
- continue to improve governance and compliance processes throughout the Group;
- review fraud mitigation strategies and internal controls; and
- adopting an ESG Oversight and Responsibility Framework.

BOARD COMPOSITION, STRUCTURE AND REPORT BACK CONTINUED

REMUNERATION AND NOMINATION COMMITTEE

Members and attendees	Number of meetings	Meeting attendance (%)
SJ Vilakazi (Chair of Remuneration Committee)	4/4	100
LM Nestadt (Chair of Nomination Committee)	4/4	100
GD Harlow**	3/3	100
JS Mthimunye	4/4	100
PL Zim***	2/4	50
BM Levy*	3/4	75
MS Levy*	3/4	75
DA Suntup*	4/4	100

* Attendee by invitation.
** Resigned on 19 October 2022.
*** Resigned on 22 February 2023.

KEY OBJECTIVE AND TERMS OF REFERENCE

Ensure competitive remuneration and incentive policies align with the 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 the Board and its Committees.

The Remuneration and Nomination Committee (RNC) assists the Board with overseeing and making recommendations to the Board for its consideration and final approval on remuneration policies and incentives, Board composition, structure and size, succession planning in terms of key positions and the identification and nomination of suitable candidates to fill Board vacancies as and when they arise.

Key roles of the Committee include:

- Ensuring competitive remuneration and incentive policies align with the strategy to drive performance and value creation that attract and retain the right talent;
- Reviewing the design and targets of incentive schemes and remuneration packages;
- Executive and Non-executive Director appointments and succession planning; and
- Annual evaluation of the independence of Non-executive Directors and composition of the 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.

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.

2024 focus areas

Key focus areas of the Remuneration and Nomination Committee:

- Attracting and retaining key talent to deliver our strategic goals and shareholder returns;
- Continued benchmarking against best practice, refining where appropriate (for example, ensuring our growth targets are realistic given current economic conditions in the country);
- Succession planning across all levels in Blue Label, with a focus on transformation;
- Best practice reviews of ESG goals, to ensure that there are measurable set targets in place which are able to be achieved;
- Continued annual engagement with our institutional shareholders for their input and advice;
- Continuing our policy of gender and equity pay parity and the need to drive to achieve our targets in the next two years;
- Continuing to identify and develop future leaders through the leadership development programme; and
- Market alignment of variable pay quanta and pay-mix following the stratification of employee-wide pay bands and reviewing our allocation methodology under our variable remuneration structures.

BOARD COMPOSITION, STRUCTURE AND REPORT BACK CONTINUED

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE

Members and attendees	Number of meetings	Meeting attendance (%)
SJ Vilakazi (Chair)	3/3	100
KM Ellerine*	3/3	100
GD Harlow**	1/1	100
BM Levy (DA Suntup alternate to BM Levy)	1/3	33
LE Mthimunye***	1/2	50

* Resigned on 5 June 2023.
** Resigned on 19 October 2022.
*** Appointed on 1 November 2022.

KEY OBJECTIVE AND TERMS OF REFERENCE

The role of the Committee is to assist the Board with the oversight of transformation, social and ethical matters relating to Blue Label and its subsidiary companies. Responsibilities include monitoring Blue Label's activities and compliance with legislation relating to equality, black economic empowerment, good corporate citizenship, the environment, health, public safety, consumer and labour relations, as well as advise the Board where necessary and appropriate. Review of the 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.

Refer to the human capital report on page 62, the Social, Ethics and Transformation Committee report on page 103, the effective and ethical leadership report on page 79 and stakeholder relations sections on page 29 for further details.

2024 focus areas
Key focus areas of the Social, Ethics and Transformation Committee:

- Retain compliance level for BBBEE scorecard at level 4;
- Build leadership for the future through our leadership development programme by increasing our number of managerial employees enrolled on management programmes;
- Balance gender representation towards our target of 50%/50% overall by 2026;
- Support the job creation project within Trust Blu through the U-Belong initiative and external funding to support this project. Create 200 new jobs and absorb 1% at the end of the financial year;
- Improve management control by a further two points to support and improve our three-year equity plan, of which one year has lapsed already; and
- Appoint one more Black candidate on Blue Label Board in the African Female category.

INVESTMENT COMMITTEE

Members and attendees	Number of meetings	Meeting attendance (%)
LE Mthimunye (Chair)***	0/0	0
GD Harlow*	1/1	100
KM Ellerine**	0/1	0
DR Hilewitz	1/1	100
BM Levy	1/1	100
MS Levy	1/1	100
JS Mthimunye	1/1	100
DA Suntup	1/1	100

* Resigned on 19 October 2022.
** Resigned on 5 June 2023.
*** Appointed as Chair on 1 November 2022.

KEY OBJECTIVES AND TERMS OF REFERENCE

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

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

2024 focus areas
Key focus areas of the Investment Committee:

- Monitor the maturity of the Capital Allocation Framework;
- Monitor the performance of the Cell C investment; and
- Monitor past acquisitions to ensure that they are performing in line with expectations.

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 89) Material risks and opportunities (page 24)
Sustainability	Audit, Risk and Compliance Social, Ethics and Transformation Remuneration and Nomination	Governance of sustainability (page 90) Remuneration report (page 104)
Technology and information	Audit, Risk and Compliance	Leveraging technology (page 60) Information and Technology Governance (page 91) Material risks and opportunities (page 24)
Regulatory compliance	Audit, Risk and Compliance Social, Ethics and Transformation	Compliance report (page 96) Social, Ethics and Transformation Committee's report (page 103) Corporate social responsibility and community development (page 75) Human Capital (page 62)
Assurance	Audit, Risk and Compliance	Approach and reporting frameworks (page 1) Combined assurance (page 98) Governance of risk (page 89) Audit, Risk and Compliance Committee's report (page 99)
Stakeholder relationships	Social, Ethics and Transformation	Stakeholder relations (page 29) Effective and ethical leadership (page 79) Social, Ethics and Transformation Committee's report (page 103) Corporate social responsibility and community development (page 75)
Remuneration	Remuneration and Nomination	Remuneration report (page 105)

COMMITTEE KEY

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

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 risk management process. The Board forms its opinion on the process of risk management based on the recommendations of the ARCC and is satisfied with the effectiveness of the risk management process. The ARCC is responsible for ensuring that Blue Label 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 which is reviewed annually by the ARCC.

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 Blue Label's 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

Blue Label's strategic risk assessments are conducted bi-annually. These assessments are facilitated by the compliance officer, in a "second line of defence" role, who plays an important part 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, associate 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 its potential impact, the likelihood of occurrence and the perceived effectiveness of controls in place to manage the risks according to set criteria.

Blue Label 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 levels 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. Blue Label's material risks are listed on pages 24 to 28.

GOVERNANCE OF SUSTAINABILITY

Blue Label Group is in the process of developing an ESG and sustainability reporting and oversight framework that will assist the Board in exercising oversight of sustainability-related impacts, risks and opportunities as well as the process for integrating sustainability issues into the strategy development, overall governance as well as reporting processes of Blue Label.

A number of initiatives were undertaken during the year including:

- A review of sustainability reporting impacts, risks and opportunities with a view to incorporating these into Blue Label's risk management systems;
- A gap analysis against the JSE Sustainability Disclosure Guidance issued in June 2022 was performed and has informed some of the enhanced content of the 2023 integrated report and future planned disclosure improvements;
- A review of the sustainability skills, experience and competencies of Board members was performed with a view to identifying development areas; and
- Continuation and refinement of ESG metrics and targets included in our long-term incentive scheme. A proposed structure of Board Committees responsible for oversight of sustainability matters has been presented below:

	Audit, Risk and Compliance Committee	Remuneration and Nomination Committee	Social, Ethics and Transformation Committee	Executive Committee		
				Human Capital	Risk and Compliance	Company Secretary Office
Environmental						
Climate change			√		√	
Water security			√		√	
Pollution and waste			√		√	
Biodiversity and land-use			√		√	
Supply chain and materials			√		√	
Social						
Labour standards			√	√		
Human rights and community development			√	√	√	
Health and safety			√	√	√	
Customer responsibility			√		√	
Supply chain (Social)			√		√	
Governance						
Board composition		√		√		√
Ethical behaviour			√	√	√	√
Remuneration		√		√		
Compliance and risk management	√				√	
Tax transparency	√				√	
Sustainability reporting						
Reporting standards	√		√		√	
Assurance	√		√		√	
Materiality	√		√		√	

Ongoing initiatives to integrate and embed sustainability in our governance, strategy, reporting, business and management processes include:

- Enhancing the work plans and terms of reference for Board subcommittees to create focus and integration on sustainability-related issues;
- Formalisation of sustainability-related issues in the risk management system, strategy and policy development as well as internal and external reporting;
- Further inclusion of sustainability linked performance targets in long-term remuneration incentive schemes;
- Continued alignment of external reporting with the JSE Sustainability Disclosure Guidance as well as global reporting frameworks; and
- Consideration of training and specialist input on material sustainability matters.

INFORMATION AND TECHNOLOGY GOVERNANCE

The Board mandated Blue Label's technology and information governance responsibility to the Executive Committee. The Executive Committee oversaw the implementation and adoption of the IT governance mandates, policies, frameworks, and processes. Our governance philosophy is an integrated and collaborative governance system that ensures stakeholder value creation while complying with the applicable relevant laws and regulations. Blue Label aligns with the COBIT 2019 (Control Objectives for Information and Related Technologies), King IV, ISO/IEC 38500:2015, and the IT Infrastructure Library (ITIL), including the National Institute of Standards as the key governance frameworks within IT. Our governance mandate is exercised through our ICT Governance Framework which includes an inventory of policies, procedures and standards that govern our control environment.

We renewed our governance framework to ensure that we can maintain and improve the level of maturity to drive control delivery through project portfolio and systems change management which now ensures alignment of technology investments with governance controls. We are currently in phase three of the implementation phase (implementation of IT process flows) of our approved IT Governance Framework and aim to complete this within the 2024 financial year.

The Information and Technology division has continued to play a pivotal role in the success of Blue Label, enabling Blue Label to adapt to the rapidly evolving industry landscape. In FY23, the division focused on several key initiatives to support growth, enhance operational efficiency, and foster a culture of innovation as detailed below:

TECHNOLOGY AS A STRATEGIC TRANSFORMATION DRIVER

1. **Digital transformation:** Organisations and markets across all industries are being reshaped by disruptive digitally powered forces that have steadily gathered momentum over the last 40 years. The shift towards digital everything has brought opportunities and risks that forever alter how people live, work and play. This has resulted in deep structural changes to emerging markets' social, economic, competitive and operational dynamics, especially within the financial, communications and services contexts in which Blue Label operates. The needs of our customers and employees are consequently shifting rapidly, too, pushing us to reimagine our value propositions to remain relevant and to find innovative ways to meet the evolving requirements of all our stakeholders.

   Blue Label has committed to a holistic digital business transformation journey that will use digital thinking to fuel waves of business innovation that promote one or more of four key outcomes:
   - Unlocking opportunities for profitability and, wherever possible, exponential growth;
   - Realising greater efficiencies and optimisation;
   - Building our brand equity and market reputation; and
   - Increasing shareholder value and returns.

   We have made significant progress in our digital transformation journey, leveraging advanced technologies such as artificial intelligence, machine learning and automation. This has allowed us to streamline processes, improve customer engagement and drive operational excellence across the organisation. At the same time, we needed to overhaul how our people think about digital, their insight into the world around them and their behaviour to enable a sustainable digital business transformation.

   To cultivate and empower the digital mindsets intrinsic to our workforce, a series of transformative workshops, aptly named "Waves of Change", were orchestrated across the diverse subsidiaries under our organisational umbrella. This has resulted in generating new digital ideas and initiatives across Blue Label.

   Furthermore, TPC has launched the More2Store App (M2S), which digitised bulk print airtime offerings. The M2S app allows for purchasing and delivery of bulk airtime to our merchants to be done safely, conveniently and easily. Merchants will order their pre-printed deactivated bulk vouchers (Ringas) off the M2S app and only activate them when they are ready to sell.

2. **Modernisation:** Blue Label has embarked on a remarkable journey towards modernising its applications by integrating cutting-edge technologies, namely Artificial Intelligence (AI) and Machine Learning (ML). By embracing the immense potential of these innovative tools, Blue Label aims to enhance its operational efficiency, customer experiences and overall business performance. Leveraging AI and ML algorithms, Blue Label can automate various

INFORMATION AND TECHNOLOGY GOVERNANCE CONTINUED

processes, streamline workflows and make data-driven decisions with greater accuracy and agility. This transformative approach propels Blue Label to the forefront of technological advancements. It empowers the organisation to adapt swiftly to the ever-evolving digital landscape, ensuring sustained growth and success in the dynamic telecommunications industry. In the last year, Blue Label, through its subsidiaries, has launched the following applications that encompass AI capability:

a. A new fraud detection solution which deploys machine learning and AI to enhance our fraud detection capability and the automation of the prevention of fraud, always learning and enhancing the fraud topologies to reduce risk and exposure for Blue Label; and

b. Ticketpro ticketing platform is an end-to-end build of a complete ticketing system. Unreserved seating is now live on the new platform and other functions and features will be deployed in FY24.

3. **Infrastructure enhancement:** To meet the growing demand for data and connectivity, we have invested heavily in expanding our infrastructure. This includes upgrading our network capacity, enhancing data centres and deploying cutting-edge technologies to ensure our customers have reliable and high-speed network experience. Pursuing perpetual advancement and alignment with our ever-evolving business requirements, we have embarked upon a significant endeavour to upgrade our Software-Defined Wide Area Network (SDWAN) devices. SDWAN, an innovative wide-area network solution, harnesses the power of software-defined networking technology. It enables communication over the internet by utilising overlay tunnels, which are meticulously encrypted when directed towards internal organisational destinations.

Through this comprehensive network upgrade, we seek to enhance availability and uptime, fortify our security resilience, and augment our observability. This strategic initiative reinforces our commitment to ensuring robust network performance while safeguarding sensitive information and elevating our overall operational efficiency.

Embracing the immense potential of cloud computing, we have launched and successfully deployed a cutting-edge cloud-based ecosystem. This monumental shift has unlocked new dimensions of scalability and flexibility and revolutionised how we deliver products and services, transforming our business landscape. Adopting a cloud-first approach, we have harnessed the power of cloud computing with transformative capabilities. By leveraging cutting-edge cloud technologies, we have revolutionised how alternative credit bureaus access, manage, and analyse vast volumes of data, driving operational efficiency and delivering unparalleled value to our customers.

In response to the evolving landscape of data management and the growing need for more efficient and reliable backup solutions, we migrated our data backup to a cloud solution. The decision to transition was driven by the desire to improve backup and recovery performance. With the growing volume of data and increased demands on our infrastructure, we recognised the importance of a backup solution that could deliver faster backup times, streamlined recovery processes, and reduced downtime. As part of our ongoing commitment to optimise resources, we sought a backup solution that would provide competitive pricing without compromising functionality or performance.

4. **Cybersecurity and data privacy:** Recognising the increasing importance of cybersecurity, we have strengthened our efforts to safeguard customer data and protect our systems from potential threats. Robust security measures, regular audits and employee training programmes have been implemented to ensure the integrity and confidentiality of our information assets. The preservation of cybersecurity remains an ongoing and critical concern, forming a substantial portion of our technology investments. Over the past year, we have diligently reinforced and reviewed stringent information and infrastructure security control standards. With a proactive approach, we continuously evaluate our vulnerabilities and potential exposure risks while implementing comprehensive programmes for cyber risk prevention, assessment and education to ensure unwavering vigilance. As an integral part of our platform delivery, we have embedded security as a core component through governed development mechanisms. As a testament to our unwavering commitment to security, we have comprehensively reassessed the authentication process for our core AEON platform. Recognising the paramount importance of safeguarding both our organisation and our valued customers, we have implemented significant changes to fortify the authentication mechanisms for our devices and kiosks. These enhancements ensure a robust and secure environment, mitigating potential risks and reinforcing our customers' trust in us. By continuously refining our authentication protocols, we affirm our dedication to maintaining the highest security and protection standards for all stakeholders.

INFORMATION AND TECHNOLOGY GOVERNANCE CONTINUED

Transformation of market-facing platforms

The potential of our platforms lies in their utilisation of the cutting-edge hybrid cloud backbone and a centralised Application Programming Interface (API) gateway architecture. This dynamic combination empowers the Blue Label Group to expedite its business model transformation and swiftly integrate the most advanced technologies into the market. An exemplary achievement in this regard is successfully deploying a comprehensive range of product APIs, encompassing vouchers, airtime, electricity, long-haul bus services and gaming vouchers, including Lotto, event tickets and bill payments onto our API gateway. By capitalising on this state-of-the-art infrastructure, we unlock unparalleled agility, efficiency, and versatility, positioning ourselves at the forefront of innovation and enabling seamless integration with the finest available technologies. As a result, our business can launch minimum viable product (MVP) to the market faster and compete aggressively through investment in various platform innovation initiatives across Blue Label:

1. **Re-platform of our BluAdvance offering:** The BluAdvance project aims to provide advancements in electricity products to a predefined list of end-users, facilitating their access to these advances. The project aims to establish a clawback mechanism, enabling users to repay the advances with their next token purchase;
2. **Multiverse**: The purpose of the multiverse is to provide in-house derived solutions, offering the customer a product that they qualify for that is suitable for their needs; and
3. **Emergency top-up**: Emergency top-up (ETU) is an existing product offering currently offered to merchants across the different merchant segments. This facility allows merchants access to emergency funds to enable seamless, uninterrupted trading when they run out of funds.

Back-office transformation investments at Blue Label

Back-office transformation refers to the process of improving and streamlining internal operations, systems and processes. It typically involves leveraging technology and automation to enhance efficiency, reduce costs and improve overall performances as follows:

- Blue Label has significantly enhanced its cybersecurity measures, implementing a robust zero-trust framework. These improvements have been instrumental in maintaining the integrity and uninterrupted functionality of Blue Label's core infrastructure and services. Through rigorous security protocols and a proactive approach, Blue Label has achieved an impressive record of 100% uptime for its cloud applications and infrastructure, ensuring that their operations run smoothly without disruptions. This high reliability and availability is a testament to Blue Label's commitment to maintaining a secure and resilient environment for its customers and stakeholders. Furthermore, implementing a zero-trust cybersecurity model has played a crucial role in safeguarding Blue Label's sensitive data and preventing any unauthorised access or breaches;
- Updates and enhancements have been made to our human capital platform that automates the recruitment process while at the same time improving the internal employee experience;
- The roll-out of a contract management solution: Blue Label currently requires a centralised agreement process that meets all governance, risk and compliance requirements, where all contracts are drafted and stored in one central repository;
- We replaced the digital signatory platform with a local digital signatory system, which reduced the costs and is accepted across major banks in SA;

INFORMATION AND TECHNOLOGY GOVERNANCE CONTINUED

- Our robotic process automation (RPA) initiatives continue to add value to Blue Label. RPA is the automation of repetitive manual processes performed by a human being, which are then mimicked, where we replace the human element with an automated process. In FY23, the internal RPA team managed to automate approximately 20 processes, thereby reducing costs, improving operational efficiency and enabling our staff to focus on other key activities; and
- Digitising our governance and risk management solution.

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 businesses.

SCALABILITY AND PERFORMANCE

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 99.4% for internal business-facing systems and shared infrastructure, such as payroll and employee-specific applications.

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

RISK AND COMPLIANCE

IT Governance Framework Implementation Roadmap

We have successfully approved our IT governance framework based on the widely recognised COBIT (Control Objectives for Information and Related Technologies) standards. This framework is now being actively implemented within our organisation. It enables us to drive control delivery through project portfolio and systems change management, ensuring our technology investments align with robust governance controls.

Phase three of the implementation, which is currently underway, focuses on designing and implementing the IT process flows. As part of our commitment to continuous improvement, we have initiated an independent assessment through our internal audit team to conduct this assessment. At the same time, it will enable us to evaluate and improve the maturity of our IT governance practices.

Cybersecurity and compliance

We recognise that cybersecurity threats pose an ongoing and significant risk to our organisation. As a result, we have prioritised substantial investments in technology to address this critical issue. Over the past year, we have thoroughly reviewed and reinforced our information and infrastructure security controls, ensuring stringent standards are in place.

To maintain constant vigilance, we proactively assess vulnerabilities and evaluate the risk of exposure on an ongoing basis. Our efforts are focused on driving comprehensive cyber risk prevention, assessment and education programmes throughout Blue Label. By embedding security as a fundamental component within our platform delivery, we adhere to governed development mechanisms that prioritise security measures.

We have taken significant steps to strengthen our environment's security posture. Detection capabilities and response processes have been implemented to identify and address potential cyber threats swiftly. This proactive approach ensures that we can effectively safeguard our systems and data.

We have implemented the NIST Cybersecurity Framework over the past 12 months to enhance our security practices further. Additionally, we have initiated the process to obtain ISO 27001:2013 certification, with the goal of completing this certification by the end of 2023. Achieving ISO certification will provide commercialisation benefits and elevate our security maturity levels as an organisation. It will also offer enhanced assurance to our customers, business partners, and third parties we engage with, demonstrating our commitment to robust information security practices.

IT risk management

IT risk management at Blue Label is integral to Blue Label's enterprise-wide risk management strategy. The governance and operational controls are designed to support responsible risk management, recognising its importance in value creation. Risk management is embedded into decision-making processes and daily activities to ensure the organisation is risk-aware while pursuing strategic objectives.

Blue Label's Risk function has established the necessary risk governance artefacts to facilitate effective organisational risk management. These artefacts are consistently applied and complied with by Group IT. Key risks are monitored through a well-established risk management system and process involving collaboration among the three lines of defence to manage risks effectively.

Traditionally, risk management and tracking at Blue Label were manual processes that required extensive engagement with risk action owners for updates and progress on risk mitigation strategies for reporting purposes. Blue Label has implemented a new digital risk management platform, an automated and integrated tool to enhance risk management practices. Blue Label aims to mature its risk management practices, enabling robust

INFORMATION AND TECHNOLOGY GOVERNANCE CONTINUED

and proactive risk management across the organisation by implementing the new risk platform. The platform facilitates streamlined risk tracking, reporting and analysis, supporting effective decision-making and enhancing overall risk governance.

Internal and external audit

Blue Label adheres to a combined assurance model that ensures effective governance controls and practices are implemented across all our business entities. The independent assurance component, the third pillar of our combined assurance framework, encompasses internal and external audits.

Internal Audit plays a vital role in our organisation, assisting us in achieving our objectives by employing a systematic and disciplined approach to evaluate and enhance the effectiveness and efficiency of risk management, control, and governance processes. It operates as an independent and objective assurance and consulting function, aiming to add value and enhance our operations.

Internal Audit adopts a risk-based approach to fulfil its mandate, identifying critical risk management controls that management relies upon. These controls are thoroughly tested and evaluated to give the Board the necessary assurance regarding risk management and regulatory compliance, enabling it to fulfil its governance objectives.

The Audit Committee, composed of independent members, reviews and approves the risk-based internal audit plan. It receives regular updates on completed audits, findings and improvement actions. The internal audit plan is developed through interactions with various service lines within the Information Technology department, considering their respective strategic objectives, key projects and operational activities related to their specific mandates.

The internal audit plan also comprehensively assesses corporate governance, financial controls and organisational risk management procedures. Additionally, specific focus areas are identified based on input from the Audit Committee, the Executive Committee and Executive and Operational Management.

Following this robust internal audit process ensures that our governance controls are effectively evaluated, monitored, and improved to mitigate risks and enhance overall organisational performance.

We have defined the three-year rolling risk-based audit plan with our Internal Audit partner. The three-year rolling audit plan is agile and allows for Internal Audit to provide assurance to the most strategic risks prevalent at the time, which includes:

- IT fraud control review;
- Network security architecture review;
- IT governance review; and
- Post-incident assurance review.

The above outcomes demonstrate our commitment to enhancing our governance processes, controls and systems through independent and objective assurance of the adequacy and effectiveness of our IT controls. We continue to monitor the implementation of the recommendations of our assurance partner to ensure that our control environment matures and proves the importance of adequate and effective controls in supporting the business.

At Blue Label, we have revitalised our talent acquisition, development and retention approach. Our focus has been attracting and retaining skilled individuals with the expertise needed to deliver and manage modern digital software technologies effectively.

We recognise the importance of maintaining and supporting legacy environments while simultaneously adapting to and supporting newer technologies. We strongly emphasised building a best-in-class technology workforce to achieve this balance. This ensures that we have the necessary skills and capabilities to navigate the rapid pace of technological advancements. For example, we now have enterprise access to online learning tools that our workforce can use to grow and enhance their skills.

Constant resource balancing is a key aspect of our strategy. We continuously assess and align our technology workforce to keep pace with the evolving technological landscape. This approach forms the foundation for predictable service delivery and enables us to pursue our business growth and transformation objectives effectively.

By prioritising talent acquisition and development, we have the necessary expertise to navigate legacy and modern technologies. This empowers us to provide reliable services to our customers while staying ahead in an ever-changing digital landscape.

COMPLIANCE REPORT

There have been no significant environmental, social and/or governance-related incidents during FY23, including incidents of legal non-compliance (whether under investigation, pending finalisation, or finalised) and directives, compliance notices, warnings or investigations and any public controversies.

There were no fines, settlements, penalties, or other monetary losses suffered in relation to ESG incidents.

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 Blue Label operates. The IRCC reports to the Audit, Risk and Compliance Committee (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 quarterly review and update of the Blue Label regulatory universe;
- the compilation of compliance risk management plans for high-risk legislation utilising external service providers; 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 Board is satisfied that Blue Label has complied with all relevant provisions of the Companies Act of South Africa and the JSE Listings Requirements and has operated in conformity with Blue Label's MOI during the year.

There has been no significant environmental, social and governance-related incidents of legal non-compliance and directives, compliance notices, warnings or investigations and any public controversies during FY23.

Similarly, there have been no fines, settlements or penalties paid in relation to ESG incidents/breaches during FY23.

There has been no substantial complaints received concerning breaches of customer privacy, categorised by complaints received from data subjects and complaints/requests for information from the Information Regulator.

APPROACH TO TAX

Taxation compliance

Taxation is managed as part of the regulatory compliance process managed under the IRCC and overseen by the ARCC. There were no instances of significant penalties or disputes with the South African Revenue Service during the year under review. Expert advice is obtained in managing the compliance with any complex areas of tax legislation. Blue Label does not have any significant foreign subsidiaries.

The total tax incurred by Blue Label in the current year amounted to R508.4 million. The total amount consists of the following categories of taxes:

Category	2023 R'000	2022 R'000
Income taxes	**253 506**	225 841
Property taxes	**2 497**	1 914
Non-creditable VAT	**74 588**	174 617
Employer-paid payroll tax	**177 839**	138 321
Other taxes	**—**	1 427

COMPLIANCE REPORT CONTINUED

The information below summarises the status of the top two pieces of legislation within Blue Label:

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.

The following POPIA initiatives have been embedded to ensure compliance at 31 May 2023:

- Blue Label Compliance Framework has been reviewed and approved by the Audit and Risk Committee;
- POPIA information sessions have been presented to the various subsidiaries, associates and stakeholders;
- POPIA-related policy documents have been updated;
- POPIA Control Risk Management Plan has been completed to assist risk management;
- Promotion of Access to Information Act, No 2 of 2000 (PAIA) manuals have been updated; and
- POPIA impact assessments have been prepared to perform gap analyses. These impact assessments are ongoing based on new products/initiatives being introduced throughout Blue Label.

CYBERCRIMES ACT, 19 OF 2020

Blue Label operations rely heavily on technology platforms to facilitate service delivery, which increases the risk of cybercrime. It is therefore 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 Cybercrimes Act, 19 of 2020 and Cybercrimes Bill, 2021.

Cybersecurity threats remain a critical ongoing risk and form a significant part of our technology investments. Stringent standards for information and infrastructure security controls are constantly being reviewed and reinforced to ensure that our efforts continue to strengthen our cybersecurity posture. 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 and implemented detection capabilities and response processes in our environment.

The initial focus of our cybersecurity maturity journey was on the suite of the NIST Cybersecurity Framework controls in line with our approved strategy. The following have been accomplished:

- implementation of Security Operations Centre services;
- security awareness training campaigns through the KnowBe4 platform;
- designed and implemented cybercrimes and incident management processes;
- developed incident response and incident response testing as well as scenario planning; and
- developed and implemented an Information Security Management Systems (ISMS) aligned to ISO 27001.

COMBINED ASSURANCE

The Board, supported by the Audit Committee, is ultimately responsible for Blue Label's system of internal controls, which has been designed to evaluate, manage and provide reasonable assurance against material misstatement and loss. The ARCC of Blue Label is specifically 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 to be 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 Blue Label 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. Efforts surrounding the first and second lines of defence included automating the settlement and reconciliation processes within the applicable subsidiaries and robust subsidiary and Group-level finance reviews on a monthly basis which formed part of oversight and strengthening of the overall combined assurance 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 ARCC, that all significant risks and associated opportunities are adequately managed.

AUDIT, RISK AND COMPLIANCE COMMITTEE'S REPORT

The ARCC is pleased to present its report for the financial year ended 31 May 2023.

The ARCC is an independent statutory committee appointed by the shareholders of Blue Label. 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 Blue Label's financial statements and reporting of interim and final results;
- reviewing and considering, 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 Group Compliance Officer;
- ensuring 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 Blue Label's ability to achieve its strategic objectives;
- ensuring that the disclosure regarding risk is comprehensive, timely and relevant;
- ensuring that a combined/integrated assurance model is applied to provide a co-ordinated approach to all assurance activities and appropriately address 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 Blue Label internal audit function;
- establishing, implementing, and maintaining a compliance function with adequate policies and procedures to ensure compliance with rules, regulations, statutes and procedures applicable to Blue Label;
- reporting annually to the Board and shareholders describing the Committee's composition, responsibilities, and how they were discharged, as well as any other information required by governance principles, including the approval of non-audit services;
- resolving any disagreements between management and the auditor regarding financial reporting;
- retaining independent counsel, accountants, or others to advise the Committee or assist in the conduct of an investigation;
- seeking any information it requires from employees – all of whom are directed to co-operate with the Committee's requests – or external parties; and
- meeting with the organisation's officers, external auditors, internal 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, Ms NP Mnxasana and Mr SJ Vilakazi were appointed to the Committee by shareholders at the AGM held on 24 November 2022 in the following positions:

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

On 1 November 2022, Ms LE Mthimunye was appointed to the Committee by the Blue Label Board of Directors.

The members of the Committee collectively have experience in audit, accounting, commerce, economics, law, corporate governance and general industry. All 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 or SizweNtsalubaGobodo Grant Thornton Inc. (SNGGT) (as applicable) and a director from Deloitte, 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.

AUDIT, RISK AND COMPLIANCE COMMITTEE'S REPORT CONTINUED

STATUTORY DUTIES DISCHARGED

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

- nominated and recommended to shareholders the reappointment of PricewaterhouseCoopers Inc. (PwC) as independent external auditors, with Pietro Calicchio, the audit partner, as the registered independent auditor;
- on 6 February 2023, following the conclusion of a comprehensive tender process, the ARCC recommended the appointment of SNGGT as the external auditors of Blue Label, with Mr A Philippou as the designated individual audit partner. This change was necessitated by the mandatory rotation of auditors in terms of IRBA rules at the time;
- approved the fees to be paid to PwC, SNGGT 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 or SNGGT (as applicable) may provide to Blue Label;
- 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 Blue Label's accounting policies, financial controls, records and reporting, and key risks identified in the Enterprise-Wide Risk Management (ERM) process, as appropriate.

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 feedback from the JSE proactive monitoring panel and included additional disclosure where relevant;
- reviewed and confirmed compliance with the JSE regulations relating to the financial sign-off by the CEO and CFO on the internal financial framework;
- 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 Blue Label 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 Blue Label 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, SNGGT, 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 SNGGT that internal governance processes within the firm support and demonstrate its claim to independence. SNGGT has been the auditor of Blue Label for one financial year.

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, as well as the robustness and perceptiveness of SNGGT in its handling of key accounting treatments and disclosures. The ARCC has been informed of the most recent results of SNGGT'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 2023 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 2023 comprised tax advisory services, tax compliance services and general advisory services.

The fees applicable to the services totalled R7.5 million (2022: R3.1 million).

The ARCC has nominated, for approval at the AGM, the reappointment of SNGGT as registered auditors for the 2024 financial year. The Committee also satisfied itself in terms of paragraph 3.84(g)(iii) of the JSE Listings Requirements that SNGGT 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 was outsourced to Deloitte for the year and going forward 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.

AUDIT, RISK AND COMPLIANCE COMMITTEE'S REPORT CONTINUED

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 2022/23 audit plan;
- considered the combined/integrated assurance arrangements for the 2022/23 financial year;
- approved the risk-based internal audit plan for the 2022/23 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 statements from internal audit on the effectiveness of the organisation's governance, risk management and internal control processes.

The ARCC concluded that appropriate financial reporting procedures have been established and were operating, 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.

In carrying out its responsibility of ensuring appropriate financial reporting procedures are in place, the ARCC has had oversight of the procedures performed by management to ensure that internal financial controls are adequate in design and operating effectiveness, and has considered all deficiencies reported by management to the ARCC and external auditors together with steps taken to remedy such deficiencies.

The ARCC concludes that the combined assurance model is effective and will continue to evolve as Blue Label 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 Blue Label are effectively managed;
- made recommendations to the Board concerning the levels of risk tolerance and appetite, and monitored the management of risk exposures against these levels;
- reviewed and recommended to the Board the 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 had 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 Blue Label's 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 Blue Label in conjunction with Blue Label's legal adviser; and
- reviewed developments in corporate governance and best practice and considered their impact and implications across Blue Label 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 Blue Label;
- the approval of the compliance strategy;
- the approval of the regulatory compliance policy and the compliance process;
- annual review of Blue Label'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 Blue Label keeps abreast of matters affecting its regulatory environment;
- identification and monitoring of key compliance risks across Blue Label; 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 Mr 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.

AUDIT, RISK AND COMPLIANCE COMMITTEE'S REPORT CONTINUED

ANNUAL FINANCIAL STATEMENTS

The Committee has reviewed the accounting policies and financial statements of Blue Label 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 annual financial statements of the Group for the year ended 31 May 2023 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 going concern and valuation of Cell C, postpaid contract device arrangement and the recapitalisation of Cell C.

These matters were addressed as follows:

The impairment reversal and going concern of Cell C

For the interim period 30 November 2022, management reviewed the carrying value of Blue Label's investment in Cell C in accordance with the requirements of IAS 36, due to an indication of reversal of the previous impairment as a result of the recapitalisation transaction. The investment was fully impaired in prior years. The review was performed as follows:

- assessing the recoverable amount as being value-in-use, as Cell C is held-for-trading and not for sale;
- calculating the value-in-use of Cell C using a discounted cash flow model;
- carefully considering the inputs used in deriving the appropriate discount rate and projected cash flows used in the calculation; and
- performing a sensitivity analysis over the value-in-use calculation, by varying the assumptions used (growth rates, terminal growth rate and WACC, i.e. discount rate) to assess the impact of any changes on the valuation performed.

Based on the work performed, management concluded that a portion of the impairment loss in Cell C, recognised in prior years, was no longer observable and could be reversed. The sensitivities were stress tested at year-end and no further adjustments were required.

Management further assessed the changes made to the Cell C business strategy, change to their network structure and the implementation of a fixed cost infrastructure, together with the effects of the capital and debt restructure of the business as a result of the recapitalisation of Cell C. The effects of this are expected to improve both the liquidity and performance of Cell C. As a result, management assessed Cell C to be a going concern.

Postpaid contract device arrangement

For the year ended 31 May 2023, as a result of an amendment made in the contractual arrangement between CEC and Cell C, management performed the following assessment over the recognition of the revenue and stock under this arrangement:

- considered its revenue recognition criteria under IFRS 15 and whether the revenues earned under this arrangement were as agent or principal;
- assessed whether Blue Label in fact assumed the risk of ownership of stock and is primarily responsible in delivering the devices to the customer; and
- assessed whether the handset subsidy cost was an incremental cost of obtaining a contract.

Based on the work performed, management concluded that revenue earned under this arrangement should be accounted for on the principal basis. This is because the amended clauses now provide that Blue Label is primarily responsible for delivering the handset to the customer, that Blue Label controls the stock prior to delivery to the customer, that stock risk is specifically in Blue Label's hands and stock should be recognised and included in the stock held as inventory at year-end. Furthermore, the handset subsidy costs are an incremental cost of obtaining a contract and reflect the substance of the arrangement.

The recapitalisation of Cell C

Management undertook a rigorous process of assessing the IFRS, tax and legal requirements of each step of the recapitalisation transaction, as well as undertaking a detailed control assessment.

Based on this, management has concluded that the transaction was accounted for and recorded in line with the statutory requirements and appropriately reflects the substance of the transactions entered into.

INTEGRATED ANNUAL REPORT

The Committee considered the integrated annual report, incorporating the annual financial statements for the year ended 31 May 2023. 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 approved by the Committee members on 29 September 2023.

On behalf of the Audit, Risk and Compliance Committee

JS Mthimunye
Chairman

29 September 2023

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE'S REPORT

The Social, Ethics and Transformation Committee has continued to play an important role in assisting Blue Label achieve its purpose through its oversight role and strategic inputs to management and to Blue Label. It is a statutory committee which supports the Board in monitoring Blue Label's corporate citizenship, environmental, social and governance (ESG), sustainability and ethics. It is governed by terms of reference approved by the Board which detail its duties in terms of the Companies Act 71 of 2008, as amended, the JSE Listings Requirements and King IV, as well as responsibilities assigned to it by the Board.

The Committee has been proactive in performing its duties and in responding to the level of our disclosure requirements which are significant and growing every year. It performed its oversight functions without any hindrance and can report on its activities for the financial year ended 31 May 2023.

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

The Committee's continued engagement with management has seen the embedding of transformation across Blue Label with a focus on continuous improvement and increasing awareness of the importance of inclusivity. Blue Label has committed itself to meeting its transformation objectives which are continuously monitored and reviewed both at Blue Label and subsidiary level.

In an increasingly complex post-COVID work environment compounded by load shedding and other external factors, focus on business performance while transforming was critical to our operations. We are proud of our engagement results and the resilience of our team in these unpredictable times. Attracting and retaining talent has become increasingly challenging with the evolving changes in the working environment and different expectations. Our foundation is solid, and our people planning framework remains our core focus, ensuring that we build a future-fit organisation. We are moving in the right direction in driving gender equality, and our focus on equity, we see an improvement in the diversity of new appointments, with 87% of new recruits being Black and 69% of females appointed in the organisation being African.

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE'S REPORT CONTINUED

This year we saw progress in job creation and youth development through our efforts in the Trust Blu Foundation. The Foundation has become an important vehicle in escalating and advancing our socio-economic impact initiatives through our own resources and in partnership with other organisations with shared values to make a bigger impact. Blue Label intentionally create employment opportunities for South African young people, and impacted over 4 500 youth through different youth initiatives. Our partnership with SED beneficiaries to improve the impact of its initiatives in the communities has resulted in positive outcomes as seen in our "**About Trust Blu Foundation**" booklet.

Our health and safety policy sets out our commitment to the physical, mental and social well-being of our staff. It is regularly evaluated by our Blue Label health and safety manager and is in accordance with the Occupational Health and Safety Act, 85 of 1993 (OHSA). Health and safety plans, evacuation protocols, and other safety procedures are on display at strategic points throughout our offices. Health and safety officers at all subsidiary companies work closely with the Blue Label health and safety officer. We have built on initiatives and lessons learnt during the 2020 COVID-19 pandemic and have gone beyond the basics of compliance to prioritising the well-being of our employees and other stakeholders visiting our facilities.

A complete gap analysis of Blue Label's ESG philosophy and policy has resulted in refreshing our approach of measuring and tracking progression in collaboration with Remco. ESG has become an integral part of how we do business and is part of Blue Label's performance management and reward system. We continue to partner with Enterprise Development organisations to impact poor communities and implement renewable energy sources such as our prime Enterprise Development initiative in Orange Farm in Gauteng.

2024 focus areas

- Retain compliance level for BBBEE scorecard at level 4;
- Build leadership for the future through our leadership development programme by increasing our number of managerial employees enrolled on management programmes;
- Balance gender representation towards our target of 50%/50% overall by 2026;
- Support the job creation project within Trust Blu through the U-Belong initiative and external funding to support this project. Create 200 new jobs and absorb 1% at the end of FY24;
- Improve management control by a further two points to support and improve our three-year equity plan, of which one year has lapsed already; and
- Appoint one more Black candidate on the Board in the African Female category.

The Committee is pleased to report to all stakeholders of Blue Label that it has fulfilled its mandate as prescribed in its terms of reference and applicable legislation, in particular, the Companies Act and that Blue Label has no instances of material non-compliance to disclose.

Blue Label has continued to uphold its ethical code and conducts its business in line with acceptable standards of ethical behaviour. Management has continued to address and prioritise Blue Label's BBBEE objectives, notwithstanding the challenges of certain aspects of procurement as we purchase mainly from the networks and power utilities.

The Committee looks forward to reporting on our critical milestones next year.

SJ Vilakazi
Chairman

29 September 2023

REMUNERATION REPORT

DEAR SHAREHOLDERS

I am pleased to report that the Human Capital team at Blue Label and Blue Label Remuneration Committee continued to place an emphasis on good corporate governance practices, focusing on the principles of "pay for performance"' and "fair and responsible remuneration".

Our Remuneration Policy, which incorporated some minor amendments in 2022 with the aim to create further alignment with best corporate governance practices, together with the Implementation Report, were put to a shareholder vote at the previous AGM on 24 November 2022 and were endorsed with a majority vote of 97.6%, and 98.74% respectively.

It is also vital that our Remuneration Policy achieves our goals of attracting and retaining top talent. Accordingly, the Committee is constantly evaluating how the policy should be adapted and changed to ensure that Blue Label achieves this goal while remaining aligned with market/best practice.

In the current challenging economic environment and considering the substantial risk posed by the South African energy crisis (with reference to the impact of frequent stages of load shedding), the Committee needed to evaluate whether the stretching Long-Term Incentive (LTI) performance targets, tied to awards set to vest in August 2024 and August 2025, remain equitable and reasonable. This evaluation was crucial for appropriately incentivising and retaining key and critical talent, namely, executive and senior management.

Furthermore, for the reporting year, the Committee also had to evaluate the significance of the impact of load shedding and the recapitalisation of Cell C on the measurement of normalised EBITDA and core HEPS.

To enable the Committee to accurately evaluate the impact of both the recapitalisation event and, more specifically, the severity of the impact of load shedding on Blue Label's variable pay performance results, the Committee requested that management conduct a comprehensive "recapitalisation impact analysis". This analysis considered the accounting technical (IFRS) nuances introduced by the successful completion of the Cell C recapitalisation event. Additionally, the Committee asked for a "sales and earnings impact analysis" that accounts for the measurable decline in Blue Label's "sales run rate" when overlaid with the load shedding schedules.

Additionally, as in the previous year, the Committee evaluated the impact on EBITDA as a consequence of Blue Label's learnership programme, which negatively impacts thereon. The benefit thereof is realised through income tax savings resulting from the section 12H allowances claimed for these learnerships.

After careful consideration of the above analysis, the Committee agreed that the measurement of normalised EBITDA and core HEPS in Blue Label's FY23 short-term incentive performance scorecard should be adjusted to consider both the IFRS impact of the Cell C recapitalisation event, the quantifiable impact of load shedding and the learnership programmes.

In addition, the Committee further agreed that based on the severity of the impact of load shedding on the current year's core HEPS results (and the uncertainty of the impact going forward), and the unfavourable economic outlook, the LTI performance targets linked to awards that are scheduled to vest in August 2024 and August 2025 should be downward adjusted, albeit that on-target and stretch performance should still outperform CPI and WACC from a core HEPS and ROCE perspective respectively.

The Committee is comfortable that the above adjusted LTI targets remain market aligned and sustains shareholder value, while ensuring that Blue Label's management remain motivated to drive stretching but achievable performance over the next 12 to 24 months. The performance targets for the 2020 LTI award, which vested in August 2023, remained unchanged as the majority of this award's three-year performance period was not impacted by load shedding.

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 and 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 forward-looking remuneration philosophy and policy, together with an overview of our total rewards strategy. Following engagement with PwC and Remchannel as our remuneration consultants, the most significant change for the year ahead relates to the target setting approach for our short-term incentive (STI) and long-term incentive plans (LTI), with summary details of the proposed changes outlined below:

- STI scorecard

Core HEPS and normalised EBITDA on-target performance will be linked to FY24 business plan with threshold and stretch performance set at 20% under and over performance of the FY24 Business Plan respectively.

REMUNERATION REPORT CONTINUED

– Rationale for the change:
Following the recapitalisation of Cell C and taking cognisance of the current economic challenges brought about by the impact of load shedding, the Committee understands that operational performance over the next 12 to 24 months will have to be linked to the interim business plan with prospective disclosure of targets being regarded as commercially sensitive. However, in the spirit of transparency retrospective disclosure will be included as part of the FY24 Remuneration Implementation Report. Details pertaining to the robustness of the processes followed in developing the FY24 Business Plan have also been provided in section 2 of this Remuneration report (i.e. Remuneration Policy).

- LTI scorecard

Total share return (TSR) has been replaced with a strategy focused balanced scorecard measure which will be linked to the execution of critical strategic milestones.

– Rationale for the change:
Following the recapitalisation of Cell C and the challenges of the current economic climate, the Committee deemed it important to link 20% of Blue Label's LTI performance to strategic performance delivery execution, while the remaining 80% will consist of 60% being allocated to Blue Label's core business performance outcome (equally split between core HEPS and ROCE) and 20% on ESG and individual performance (split 10% ESG and 10% individual performance).

The full policy can be accessed here https://www.bluelabeltelecoms.co.za/sus-governance-framework.php. We also highlight our continued focus areas for FY24.

Finally, section 3, the Remuneration Implementation Report, provides an overview of FY23 performance and discloses performance against targets and resulting awards to Executive Directors, Prescribed Officers as well as the fees paid to Non-executive Directors.

Looking forward to FY24, 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. 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.

SJ Vilakazi
Chairman

29 September 2023

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. As noted hereinabove, during the reporting period, PwC and Remchannel were engaged to assist with a strategic remuneration policy review. The Remuneration Committee confirmed their independence in this mandate as well as their objectivity.

The management team's focus in the past year was centred on the successful recapitalisation of Cell C and employing a stabilisation plan for the impact of the energy crisis (load shedding) on Blue Label's operations. We believe the short and long-term incentive components of our remuneration policy strongly assisted in the achievement of our goals. Rewards were well earned after a strong strategic performance and operational delivery in the year under review.

The Remuneration Committee was not required to consider any request to deviate from policy other than a "normalisation" of actual EBITDA and core HEPS assessment, which took into account the impact of the accounting treatment relating to the recapitalisation transaction of Cell C, the quantifiable impact of load shedding, and the expenses incurred on the learnership programmes.

The normalisation resulted in upward FY23 STI scorecard performance adjustments to actual EBITDA and core HEPS of R379 million and R587 million, respectively, in FY23.

In addition, the Committee also adjusted the core HEPS and ROCE on-target and stretch performance targets of the 2021 and 2022 LTI awards, which are scheduled to vest in August 2024 and August 2025 respectively, as follows:

LTI performance measure	On-target	Stretch
Core HEPS (compounded cumulatively over three years)	Historically = CPI + 10% (2021) Historically = CPI + 7.5% (2022) **New target = CPI + 2%**	Historically = CPI + 15% (2021) Historically = 125% of target (2022) **New target = CPI + 4%**
ROCE (compared to WACC over the three-year period not compounded)	Historically = WACC + 2.5% (2021) Historically = WACC + 2.5% (2022) **New target = WACC + 1%**	Historically = WACC + 5% (2021) Historically = WACC + 5% (2022) **New target = WACC + 2%**

The purpose of the adjustment mentioned above was to maintain Blue Label's management motivation to achieve stretching yet attainable performance goals over the next 12 to 24 months. Additionally, to provide further support for senior management and executive retention, it was agreed that the threshold performance for 2021 and 2022 LTI awards would be assessed solely based on the delivery of ESG and individual performance measures.

Achievement of policy objectives

The Remuneration Committee believes that the Blue Label remuneration philosophy and policy remain fit for purpose and achieve the high-level objectives of attraction, retention, and performance motivation of our employees. We took the same approach as last year by taking into consideration the challenges in the country and allowing the Remuneration 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.

The Remuneration Committee prioritised and achieved the following objectives during FY23:

- Monitored the success of the Remuneration Policy in attracting and retaining critical skills and talent.
- Supported the transformation agenda and eliminated any unfair bias or practices.
- Ensured alignment of metrics to value-creating behaviour that enhances shareholder returns and rewards performance accordingly.
- Reviewed and approved Executive Director and senior management succession plans.
- Reviewed the ESG scorecard for "fit-for-purpose".
- Continued 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.
- Continued efforts to improve the environment, health and safety for all employees.

REMUNERATION REPORT CONTINUED

- Driving a mindset of "performance with purpose" which includes being responsive to the needs of the communities we serve.
- Provided quality education, decent work and growth and development opportunities, creating sustainable communities with socio-economic plans that reduce inequalities and poverty.

Culture, reward, and performance

An inclusive leadership culture shifts the impact on the employer-employee relationship. We believe the right culture is a huge factor in driving long-term employee engagement, organisational performance, brand loyalty and customer satisfaction. The talent pool we are targeting are attracted to organisations with robust environmental and social commitments. We have worked on a range of initiatives in our social responsibility projects together with our employees.

We continued to build on our strategy of driving employee centricity through inclusive leadership. Our people are core to our business, and we continue to put our employees at the centre of what we do through leader-led engagement initiatives.

We are acutely focused on the retention of key talent which becomes increasingly challenging in the ever-evolving landscape of employee and employer expectations. Our research from the Gartner International HC trends, which informs our HC strategy, echoes the following key messages:

- **Person-first experience:** 82% of employees say it's essential for their organisation to see them as a person, not just an employee.
- **Shared-purpose:** 53% of employees want their organisations to take action on issues they care about.
- **Flexibility:** 52% of employees say flexible work policies will affect the decision to stay at their organisations.

FY24 pay review

Paying for performance remained at the core of Blue Label's and the Remuneration Committee's philosophy.

For employees, management and executives, an increase in fixed pay of up to 7% was approved, based on an individual performance rating. These decisions were aligned to the reported inflation rate.

Changes to remuneration policy for FY24

The remuneration policy for FY24 remains largely aligned with the current year's remuneration policy with the most significant changes for the year ahead relating to the target setting approach for our short-term incentive and long-term incentive plans and the introduction of a strategy focused balanced scorecard as part of the 2024 LTI award, replacing TSR that was used in prior year allocations. The details of the changes and the supporting rationale has been outlined in the Chairman's note above.

GENERAL REMUNERATION POLICY UPDATES ANTICIPATED

As noted herein above, as at the time of this publication, Blue Label continues to engage its remuneration consultants (i.e. Remchannel) in the review of its remuneration policy and overall variable remuneration practices.

As part of this process and following the successful completion of a band stratification process, a further analysis is being undertaken to evaluate whether employees within the newly stratified bands are receiving a market-related mix of fixed and variable remuneration. To the extent that it is determined that this is not the case, the Committee will review and adjust the bands and variable remuneration allocation methodologies and quanta, as may be required for market alignment. Additionally, a formal analysis of the participants of the long-term incentive plan will be conducted, determining which participants should remain on an equity-settled long-term incentive plan and which should be placed on a similar cash-settled structure.

Further, to the extent that the Remuneration Committee becomes aware that there is significant misalignment between current pay band grading and the total reward review outcomes, discretion will be applied in how the remuneration policy is applied during FY24. Such discretion is intended primarily for levels below Executive Director and prescribed officers and shall be applied with caution and after careful consideration to Executive Directors and prescribed officers. Aligned with our policy in circumstances where discretion is applied, such discretion will be applied reasonably within the ambit of the principle of pay for performance and taking into account Blue Label's commitment to fair and responsible remuneration. Where any additional remuneration structures are introduced, these will be self-funding and be evaluated against the appropriateness of total remuneration relative to market.

REMUNERATION REPORT CONTINUED

ESG, sustainability, shared value and our purpose

Our rewards policy, value proposition, culture and ESG objectives 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 retain 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 goals and purpose.

We partnered with Deloitte to perform a gap analysis of our ESG goals and metrics that informed our enhanced ESG-related disclosures which are continuously monitored.

Blue Label's remuneration metrics include ESG targets which ensure that the Board members and senior executives align their objectives and performance to delivery of Blue Label's strategy and management of its impacts on people, the environment, and the economy. The ESG metrics measured and included in performance targets for the long-term incentive plan include:

- Support the job creation project within Trust Blu through the U-Belong initiative, creating 200 new jobs and absorb 1% at the end of the financial year.
- Retain BBBEE scorecard at level 4, leveraging procurement where possible.
- Improve management control.
- Appoint one more Black candidate onto the Blue Label Board in the under-represented category.

Voting at the 2023 Annual General Meeting

In line with the JSE Listings Requirements 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 FY23 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 at investors@blts.co.za.

Remuneration Committee focus areas for FY24

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.

2024 focus areas

- Attracting and retaining key talent to deliver our strategic goals and shareholder returns.
- Continued benchmarking against best practice, refining where appropriate (for example, ensuring our growth targets are realistic given current economic conditions in the country).
- Succession planning across all levels in Blue Label, with a focus on transformation.
- Best practice reviews on ESG goals, to ensure it is measurable set targets to achieve and verifiable.
- Continued annual engagement with our institutional shareholders for their input and advice.
- Continuing our policy of gender and equity pay parity and the need to drive to achieve our targets in the next two years.
- Continuing to identify and develop future leaders through the leadership development programme.
- Market alignment of variable pay quanta and pay-mix following the stratification of employee-wide pay bands and reviewing our allocation methodology under our variable remuneration structures.

SECTION 2

Our remuneration philosophy, policy, and framework

Blue Label recognises that our people are one of our biggest assets and believes 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 (EVP) of #HappinessisBlu and employee engagement #teamblu programmes, to differentiate ourselves from our peers. Our all-in culture creates a safe environment that leads to increased productivity and innovation.

This, together with our remuneration policy, enables 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 by enabling Blue Label to attract, motivate and retain the very best calibre of Directors and employees who have top tier industry ability and expertise;
- create an entrepreneurial, competitive, innovative, and high-performance Company through rewarding achievement of 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; and
- drive our WeLead initiative that cultivates a growth mindset and innovative spirit that will dare to win.

REMUNERATION REPORT CONTINUED

This applies to all subsidiaries, associates and joint venture companies in which Blue Label 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 strong organisational performance. We apply malus and clawback provisions to STIP, as well as to vested and unvested LTIP awards for management.

Fair and responsible remuneration

As far as possible, remuneration differentiation between employees is based on fair and objective criteria. The Committee has a policy in place which is aimed at monitoring and continuously addressing any fair pay-related matters. We have completed a pay equity analysis this past year as part of our commitment to diversity, equity, and inclusion. It helps us stay competitive as an employer, meet shareholder expectations, and ensure legal compliance. Our process included gathered data to analyse internal job grading in relation to remuneration and benchmarks (salary information, position information, tenure, and seniority). The analysis helps us identify pay differences within Blue Label. Further research was conducted to interpret and understand what causes the difference in pay. The final step is to take the results from the analysis report and communicate with each subsidiary leadership team to derive an implementation plan on how to close the gaps to correct discrepancies.

During the reporting year, the representation of women and African employees in leadership was a key focus of the Committee and the Board. In this regard, the following is noted:

- We continue to see a positive trajectory in Top Management across most equity demographics.
- The key focus in Senior Management must be to appoint African females and males.
- We continue to balance our gender representation. Women comprise 48% (FY22: 48%) and men 52% (FY22: 52%) of our talent across the business closely aligned to our target of 50:50. We continue to seek a balance of gender representation at senior and top management levels.
- About 65% of our employees are below the age of 40 and they continue to bring fresh perspectives and high energy levels as well as enthusiasm.
- Promotions opportunities were within the junior management level, and our focus was on improving equity representation. Out of all the promotions in FY23, 55% were for females and 83% representing Black talent.

Our goal is to create an inclusive workplace where employees can bring their whole selves to work and live their purpose. Our robust strategic approach focuses on our people's diversity and inclusive leadership, providing an inclusive, fair, and supportive workplace and enabling work environment.

With our focus on equity, we see an improvement in new appointments, with 77.5% of new recruits in the organisation being African and 43% being female. Our key focus has been to improve our employer brand in the market to attract the right talent.

FY24 business plan

The preparation of the FY24 Business Plan is the responsibility of each subsidiary company. The business plans are motivated by the subsidiary executive committees to the Group Executive Committee. These plans undergo a thorough review and approval process by the executive committee of Blue Label. Ultimately, the Board of Directors of Blue Label provide their final approval.

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 Label's reward framework comprises financial and non-financial components and applies to all employees. The framework is set out below:

- fixed annual remuneration (FAR);
- short-term incentive plan (STIP);
- long-term incentive plan (LTIP);
- commissions for sales staff;
- ad hoc rewards for performance and behaviours linked to our values, leadership programmes 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.

REMUNERATION REPORT CONTINUED

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 and Blue Label performance and the interests of our shareholders. The scheme is structured to reward collaborative work across Blue Label 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, focusing on employee experience.
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.
FY24 approach	The Remuneration Committee recommended up to 7% increases for FY24 (FY23: 6%). 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 • Blue Label performance. Gatekeeper conditions are in place. Individual metrics are limited to five KPIs and must be verifiable and challenging. The following financial measures will be applied in determining the STIP for Blue Label head office and Executive Directors: • normalised EBITDA; and • core HEPS. The following financial measure will be applied in determining the STIP at divisional levels: • Divisional NPAT; and • Blue Label normalised EBITDA and core HEPS. 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.	Conditional shares are offered (instead of forfeitable shares as has been done historically). The following metrics apply • core HEPS compounded cumulatively over three years; • strategy focused balanced scorecard measure which is linked to the execution of critical strategic milestones; • return on capital employed; • ESG performance scorecard; and • individual KPIs.	Individualised employee engagement, development and growth.

REMUNERATION REPORT CONTINUED

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 effected in June each year. We aim to differentiate between non-performance, average performance and exceptional performance. The Committee mandated up to 7% increases for FY24. 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 STIPs reward the achievement of critical short-term metrics comprising both financial and non-financial measures. Our STIPs 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 KPIs to divisional and Blue Label 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 FY24:

- Individual goals will account for 20% of the STI. In FY24, for Executive Directors, these will be:
  - Blue Label's overall performance;
  - facility targets with the banks;
  - debt equity ratios;
  - succession planning; and
  - BEE targets.
- Blue Label's performance will account for 80% of the STIP.

The Executive Directors' thresholds and stretches are currently calculated as follows:

- CEOs thresholds are calculated at 80% of FAR, target at 100% of FAR and a maximum payout at 150% of FAR.
- FD threshold is calculated at 50% of FAR, target at 70% of FAR and a maximum payout at 100% of FAR.

Executive Directors STIP metrics#

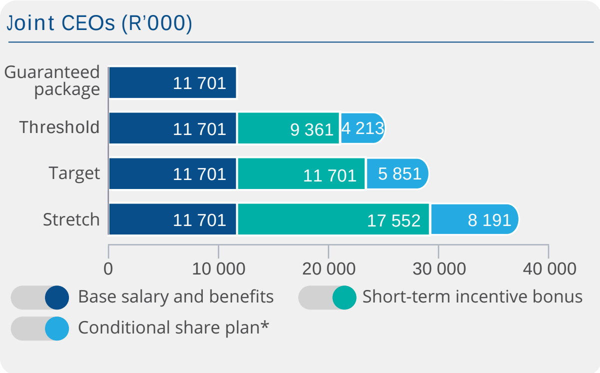
Metrics		Threshold	Target	Stretch*
KPIs (20%)	Individual**	Pro rata of target	Specific	No stretch
	Payout % of FAR	16% – CEOs 10% – FD	20% – CEOs 14% – FD	20% – CEOs 14% – FD
Normalised EBITDA (40%)	Group	20% under performance of FY24 Business Plan	FY24 Business Plan	20% over performance of FY24 Business Plan
	Payout % of FAR	32% – CEOs 20% – FD	40% – CEOs 28% – FD	65% – CEOs 43% – FD
Core HEPS (40%)	Group	20% under performance of FY24 Business Plan	FY24 Business Plan	20% over performance of FY24 Business Plan
	Payout % of FAR	32% – CEOs 20% – FD	40% – CEOs 28% – FD	65% – CEOs 43% – FD

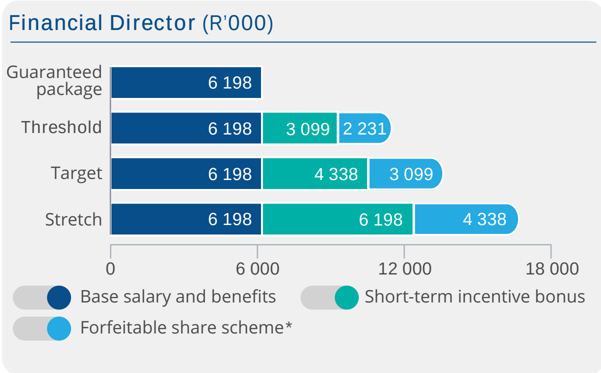
The bonus is calculated per metric. Values awarded will be a weighted average of scores attained versus target and pro-rated applying linear interpolation.
* Remco discretion to be applied for performance above target.
** The stretch component of the individual KPI targets in the STIP are assessed on a binary basis and only provide for the achievement of target performance, with threshold performance being assessed on a pro rata basis relative to target.

REMUNERATION REPORT CONTINUED

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.

Executive Directors' composition of FY24 total remuneration





* Conditional share plan vesting in August 2026.

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 creation. In addition, it aims to retain human capital with scarce or critical skills. The Remco, through engagement with shareholders, and guided by consultants through market benchmark reviews, has determined applicable criteria for the LTIP, 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 achieved. Employees who do not meet minimum performance requirements or are on a performance improvement plan, are not eligible.

REMUNERATION REPORT CONTINUED

ASPECT	DESCRIPTION
Nature	Blue Label's long-term incentive plan is operated as a conditional share plan.
Eligibility	Eligibility based on: • senior leadership; • talent key to driving business strategy; • retention of talent with high potential and/or critical skills; and • transformation objective.
Allocation methodology	Allocation awards for Executive Directors are currently as follows: • 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. Allocation awards for Management are currently as follows: • 25% of FAR for Management achieving target, with a threshold of 18% of FAR and a maximum of 35% of FAR.
Performance conditions	Refer to the table that follows for FY24 performance metrics, weightings and associated targets.
Performance period	Three years.
Vesting period and profile	Three years, from the date of the award. Cliff vesting applies.
Plan limits	Overall plan limit: 10% of issued shares (c.91.37 million shares). Individual participant limit: 1% of issued shares (c.9.14 million shares).
Termination of employment	Bad leavers: In cases of resignation or dismissal prior to vesting, all unvested awards are forfeited. Good leavers: In cases of retrenchment, death, ill health, disability of any other reason, a portion of unvested awards, or such greater portion as the Board may determine in its absolute discretion, shall vest and be settled upon the date of termination of employment, pro-rated for time served between the award date and the date of termination, as well as for the extent to which performance has been achieved over the relevant period. Retirement: Participants shall be entitled to the same rights and be subject to the same conditions as if they had continued to be an employee, unless the Board/Remuneration Committee decides otherwise.

The following metrics apply for the FY24 LTIP award:
- 60% of LTI award is measured on financial criteria;
- 20% of LTI award is measured on strategic criteria; and
- 20% of LTI award is measured on non-financial criteria.

Group LTIP metrics*

Metrics		Threshold	Target	Stretch
Core HEPS (30%) (compounded cumulatively over three years)	Group	CPI	CPI + 2%	CPI + 4%
	Vesting %	21.6%	30%	45%
ROCE (30%) (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 + 1% over three years	ROCE greater than or equal to WACC + 2% over three years
	Vesting %	21.6%	30%	45%
Strategy focused balanced scorecard (20%)	Group	Linked to strategic milestones	Linked to strategic milestones	Linked to strategic milestones
	Vesting %	14.4%	20%	30%
ESG (10%) (specific ESG metrics***)	Group	Pro rata of target	Specific	No stretch
	Vesting %	7.2%	10%	10%
Individual KPIs (10%)***	Group	Pro rata of target	Specific	No stretch
	Vesting %	7.2%	10%	10%

* Remco may review metrics and targets post-FY24 for new awards to ensure that they are relevant. The LTIP is calculated per metric. Values awarded will be a weighted average of scores attained versus target. All metrics will be assessed and vest on a pro rata basis applying linear interpolation basis, save for the ESG/KPI metrics which will be assessed on a binary basis.

** 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.

*** The stretch component of the Individual and ESG KPIs in the LTIP are assessed on a binary basis and only provide for the achievement of target performance, with threshold performance being assessed on a pro rata basis relative to target.

REMUNERATION REPORT CONTINUED

As noted in section 1, as at the time of this publication, Blue Label continues to engage Remchannel in the review of its remuneration policy and overall variable remuneration practices. During the upcoming year, in addition to the employee-wide pay band stratification process, a formal analysis of the participants of the long-term incentive plan will be conducted, determining which participants should remain on the equity-settled long-term incentive plan (Conditional Share Plan) and which should be placed on a similar cash-settled structure. Further information regarding this process shall be detailed in next year's remuneration report.

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 Blue Label'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 STIP or LTIP 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.

Executive Directors' service contracts

The service contracts of the following Executive Directors will expire on 4 November 2025 and are subject to renegotiation. Should the Joint CEOs' employment be terminated for whatever reason, a 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

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 one week's 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. No fixed sums of money or "balloon payments" in recognition of service to Blue Label, without any performance conditions attached, will be paid on termination of employment.

REMUNERATION REPORT CONTINUED

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. For FY23, together with Executive Directors and Senior Management, an increase of 6% for NED fees was approved. For FY24, Non-executive Director fee increases have been proposed at 7% to be approved by shareholders at the November AGM.

SECTION 3

Implementation report

SHORT-TERM INCENTIVE BONUS

Executive Directors

The performance metrics for Executive Directors, relating to the STIP for the year ended 31 May 2023, were 20% for individual goals and 80% for financial achievement, of which 40% related to growth in EBITDA and 40% to growth in core HEPS.

For the joint CEOs, achievement of threshold is calculated at 80% of FAR, target at 100% of FAR and a maximum payout at 150% of FAR. For the FD, achievement of threshold is calculated at 50% of FAR, target at 70% of FAR and a maximum payout at 100% of FAR.

The individual goals set for the Executive Directors related to the turnaround strategy and performance of Cell C, Blue Label's overall performance, the facility targets with the banks, debt equity ratios, succession planning and BEE targets.

The recapitalisation of Cell C was implemented at the end of September 2022.

Cell C has implemented a turnaround strategy, focusing on operational efficiencies, reducing operational expenditure, and optimising traffic. This includes a significant reduction in capital expenditure and a conversion of a fixed cost infrastructure-based network to a variable operational expenditure model. This, together with the recapitalisation of the current debt structure, has resulted in an improvement in its liquidity and ensures the long-term sustainability of Cell C.

Cell C's strategic blueprint has been put into action, signalling a transformative phase for Blue Label. A new, dynamic management team has taken charge, bringing fresh vision and vitality to the organisation. This capable team swiftly assumed critical roles and has started integrating their unique expertise into all aspects of Cell C's operations. The strategic execution, combined with the recruitment of top-tier talent, is driving Cell C into an exciting era of innovation and growth.

The core businesses of the Blue Label Group have shown consistent growth in revenue, gross profit, and core headline earnings per share for the year ended 31 May 2023.

All conditions and repayments pertaining to the banking facilities entered into with the banking consortium, post the recapitalisation of Cell C, have been met and no defaults have occurred. Furthermore, the working capital financing facility with African Bank remains intact and is currently being renegotiated.

A succession planning strategy was implemented whereby critical positions within the organisation were identified and action plans were developed to enable key individuals to assume those positions, if required, across all subsidiaries and occupational levels in the last financial year.

Blue Label maintained a BBBEE scorecard compliant level 4.

The financial metrics for the financial year ended 31 May 2023 were normalised EBITDA and core headline earnings per share for Blue Label financial targets and NPAT for divisional financial targets.

EBITDA increased by R91 million (7%) from R1.372 billion to R1.463 billion, excluding the extraneous contributions of R146 million in the current year and non-recurring income of R326 million in the prior year. Excluding the R145 million costs attributable to learnership initiatives in the current year and R65 million in the prior year as well as the negative impact of R88 million relating to load shedding in the current year, EBITDA increased by R259 million (17.98%) from R1.437 billion to R1.696 billion. The benefit thereof is realised through income tax savings resulting from the section 12H allowances claimed for these learnerships.

Core headline earnings for the year ended 31 May 2023 amounted to R402 million, equating to core headline earnings of 45.55 cents per share. In the comparative year, core headline earnings amounted to R1.061 billion, equating to core headline earnings of 121.01 cents per share.

The core businesses of the Blue Label Group have shown consistent growth in revenue, gross profit, and core headline earnings per share for the year ended 31 May 2023. The predominant extraneous contributions to the May 2023 basic, headline, and core headline earnings per share are primarily associated with the recapitalisation transaction of Cell C.

REMUNERATION REPORT CONTINUED

Excluding the extraneous contributions of R523 million and the negative impact of R64 million relating to load shedding in the current year and the non-recurring income of R214 million in the prior year, core headline earnings increased by R142 million (17%) from R847 million to R989 million. Core headline earnings per share increased by 16.08% from 96.56 cents per share in the prior year to 112.09 cents per share.

From a Blue Label financial target perspective, the financial metrics of both normalised EBITDA and core HEPS exceeded prior year by 17.98% and 16.08% respectively. Normalised EBITDA exceeded target with core HEPS falling short of target. A 12-month CPI rolling average equating to 7.08%, for the period 1 June 2022 to 31 May 2023, was applied.

Strong growth in normalised EBITDA and core headline earnings per share, excluding extraneous costs and non-recurring income in both the current and prior years, resulted in Blue Label exceeding the target set for the Executive Directors for the year ended 31 May 2023, as illustrated in the table:

Executive Directors STIP metrics#

Metrics		Threshold	Target	Stretch*	Actual performance and pro rata payout % achieved
KPIs (20%)	Individual	Pro rata of target	Specific	No stretch	√
	Payout % of FAR	16% – CEOs 10% – FD	20% – CEOs 14% – FD	20% – CEOs 14% – FD	20% – CEOs 14% – FD
Normalised EBITDA (40%)	Group	80% of target = 13.66%	CPI + 10% = 17.08%	125% of target* = 21.35%	17.98%
	Payout % of FAR	32% – CEOs 20% – FD	40% – CEOs 28% – FD	65% – CEOs 43% – FD	45% – CEOs 31% – FD
Core HEPS (40%)	Group	80% of target = 13.66%	CPI + 10% = 17.08%	125% of target* = 21.35%	16.08%
	Payout % of FAR	32% – CEOs 20% – FD	40% – CEOs 28% – FD	65% – CEOs 43% – FD	38% – CEOs 26% – FD
Total payout % of FAR		**80% – CEOs 50% – FD**	**100% – CEOs 70% – FD**	**150% – CEOs 100% – FD**	**103% – CEOs 71% – FD**

The bonus is calculated per metric. Value awarded was a weighted average of scores attained versus target and pro-rated applying linear interpolation.
* Remco discretion to be applied for performance above target.

In order to showcase a balanced approach in applying Remco discretion for performance above target, Remco capped the FY23 STI payout at an on-target level of performance, thus not allowing stretch performance to be achieved on a load shedding adjusted basis.

With reference to the above, the total payout percentage of FAR equated to 100% for the Joint CEOs and 70% for the Financial Director, in line with target.

The bonuses awarded to the three Executive Directors, amounted to R25.926 million, of which R10.936 million was payable to each joint CEO and R4.054 million to the Financial Director.

Prescribed officers

For prescribed officers, achievement of threshold is calculated at 25% of FAR, target at 50% of FAR and a maximum payout at 75% of FAR.

The performance metrics for JS Newman, relating to the STIP for the year ended 31 May 2023, was 40% for Individual goals and 60% for financial achievement, of which 30% related to growth in normalised EBITDA and 30% to growth in core HEPS. This is illustrated in the table that follows:

REMUNERATION REPORT CONTINUED

Group prescribed officer STIP metrics[#]

Metrics		Threshold	Target	Stretch*	Actual performance and pro rata payout % achieved
KPI's (40%)	Individual	Pro rata of target	Specific	No stretch	√
	Payout % of FAR	10%	20%	20%	20%
Normalised EBITDA (30%)	Group	80% of target = 13.66%	CPI + 10% = 17.08%	125% of target* = 21.35%	17.98%
	Payout % of FAR	7.50%	15%	27.50%	17.64%
Core HEPS (30%)	Group	80% of target = 13.66%	CPI + 10% = 17.08%	125% of target* = 21.35%	16.08%
	Payout % of FAR	7.50%	15%	27.50%	12.82%
Total payout % of FAR		**25%**	**50%**	**75%**	**50%**

The bonus is calculated per metric. Value awarded was a weighted average of scores attained versus target and pro-rated applying linear interpolation.
* Remco discretion to be applied for performance above target.

With reference to the above, the total payout percentage of FAR equated to 50% for JS Newman, in line with target. The bonus awarded amounted to R2.417 million.

The performance metrics for GB Levin, relating to the STIP for the year ended 31 May 2023, were 20% for Individual goals and 80% for financial achievement, of which 60% was linked to divisional financial targets and 20% to Blue Label financial targets. Of the 20% Blue Label financial targets, 10% related to growth in normalised EBITDA and 10% to growth in core HEPS. No bonus was awarded to GB Levin.

Long-term incentive plan

The long-term incentive plan related to the allocation of shares in 2019, which vested on 31 August 2022. The financial measurement was for the period 1 June 2019 to 31 May 2022.

Executive Directors and prescribed officers

Performance metric	Threshold 72%	Target 100%	Stretch 140%	Actual performance	Weighting %	Amount paid to BM Levy R'000	MS Levy R'000	DA Suntup R'000	GB Levin R'000
Long-term incentive plan (2019 forfeitable share scheme vested 31 August 2022)									
Growth in core HEPS (30%)	CPI + 5%	CPI + 10%	CPI + 15%	Above threshold	**24.63**	**3 055**	**3 055**	**1 618**	**510**
Shareholder returns (30%)	JSE capped all share index	JSE capped all share index return + CPI + 5%	JSE capped all share index return + CPI + 15%	Above target	**40.90**	**5 074**	**5 074**	**2 687**	**846**
Return on capital employed (20%)	Greater than or equal to WACC	Greater than or equal to WACC + 2.5%	Greater than or equal to WACC + 5%	Stretch	**28.00**	**3 473**	**3 473**	**1 840**	**580**
Environmental, social and governance (20%)	Specific ESGs	Specific ESGs	Specific ESGs	Target	**20.00**	**2 481**	**2 481**	**1 314**	**414**
Total vesting related to performance conditions included in 2023 total single figure of remuneration					**113.53**	**14 083**	**14 083**	**7 459**	**2 350**

JS Newman, a prescribed officer, was only employed in September 2021 and as such did not participate in the 2019 forfeitable share scheme.

REMUNERATION REPORT CONTINUED

Growth in core headline earnings per share, over the three-year performance period, fell short of target, resulting in a vesting percentage of 24.63%, of the total target vesting percentage of 30%, for the Executive Directors and senior management of the head office and subsidiary companies.

Blue Label's closing share price as at 31 May 2019 and 31 May 2022 was R3.78 and R5.63 respectively, resulting in a TSR of 49% over the three-year performance period, in comparison to a growth of 34% in the JSE Capped All Share Index over the same period. The TSR, over the three-year period, was therefore achieved at a stretch level on a pro rata basis, resulting in a vesting percentage of 40.90%.

The average weighted ROCE over the three-year performance period was 20.27%, which exceeded Blue Label's WACC + 5% over three years of 19.81%. The ROCE metrics, over the three-year period, was achieved at a stretch level, resulting in a maximum vesting percentage of 28.00%.

Management achieved the ESG targets that were set for 2022 financial year.

Tables of single total figure of remuneration for FY23

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 the Executive Directors and prescribed officers of Blue Label. The comparative information has been presented in a manner consistent with the current year presentation.

Executive Directors and prescribed officers remuneration for the year ended 31 May 2023	**Explanatory notes**	**BM Levy R'000**	**MS Levy R'000**	**DA Suntup R'000**	**GB Levin R'000**	**JS Newman R'000**	**Total R'000**
Fixed remuneration (including salary, allowances and retirement benefits)		10 936	10 936	5 792	4 970	4 833	37 467
Other benefits		—	—	—	206	—	206
Short-term incentive bonus		10 936	10 936	4 054	—	2 417	28 343
2019 forfeitable share scheme – growth performance component on vesting date (31 August 2022) at fair value		14 083	14 083	7 459	2 350	—	37 975
Single total figure of remuneration		35 955	35 955	17 305	7 526	7 250	103 991
Dividends on vested shares	1	—	—	—	—	—	—
Short-term incentive bonus to be settled post-year-end		(10 936)	(10 936)	(4 054)	—	(2 417)	(28 343)
Short-term incentive bonus of prior year paid in August 2022		10 793	10 793	4 645	3 282	2 280	31 793
Total cash equivalent value remuneration received for the year ended 31 May 2023	2	35 812	35 812	17 896	10 808	7 113	107 441
Reconciliation to note 5.3 of the Group annual financial statements							
Remuneration as disclosed in terms of IFRS		21 872	21 872	9 846	5 176	7 250	66 016
Total cash equivalent value remuneration received for the year ended 31 May 2023		35 812	35 812	17 896	10 808	7 113	107 441
Difference to remuneration as disclosed in note 5.3 of the Group annual financial statements		13 940	13 940	8 050	5 632	(137)	41 425
Reconciling items:							
Remaining short-term incentive bonus accrued in May 2023, to be settled post-year-end		(10 936)	(10 936)	(4 054)	—	(2 417)	(28 343)
Short-term incentive bonus accrued in May 2022, paid in August 2022		10 793	10 793	4 645	3 282	2 280	31 793
2019 forfeitable share scheme that vested in the current year at fair value		14 083	14 083	7 459	2 350	—	37 975
		13 940	13 940	8 050	5 632	(137)	41 425

[1] No dividends were applicable to the 2019 forfeitable share scheme.
[2] Cash equivalent value remuneration represents the total proceeds paid to the Executive Directors and prescribed officers for the period 1 June 2022 to 31 May 2023, inclusive of the cash element of basic remuneration, STIs, LTIs and dividends.

REMUNERATION REPORT CONTINUED

Executive Directors and prescribed officers remuneration for the year ended 31 May 2022	Explanatory notes	BM Levy R'000	MS Levy R'000	DA Suntup R'000	GB Levin R'000	JS Newman R'000	Total R'000
Fixed remuneration (including salary, allowances and retirement benefits)		10 317	10 317	5 464	4 689	3 262	34 049
Other benefits		36	36	—	192	—	264
Short-term incentive bonus	1	12 793	12 793	4 645	3 282	2 280	35 793
2018 forfeitable share scheme – growth performance component on vesting date (16 March 2022) at fair value	2	—	—	—	170	—	170
Single total figure of remuneration		23 146	23 146	10 109	8 333	5 542	70 276
2018 forfeitable share scheme – vesting of retention component in the current year at fair value	3	845	845	448	128	—	2 266
Dividends on vested shares	4	—	—	—	—	—	—
Short-term incentive bonus to be settled post year end	1	(10 793)	(10 793)	(4 645)	(3 282)	(2 280)	(31 793)
Short-term incentive bonus of prior year paid in August 2021		9 733	9 733	3 608	3 150	—	26 224
Restraint of trade award paid in five equal monthly instalments	5	1 391	1 391	—	—	—	2 782
Total cash equivalent value remuneration received for the year ended 31 May 2022	6	24 322	24 322	9 520	8 329	3 262	69 755
Reconciliation to note 5.3 of the Group annual financial statements							
Remuneration as disclosed in terms of IFRS		24 537	24 537	10 109	8 163	5 542	72 888
Total cash equivalent value remuneration received for the year ended 31 May 2022		24 322	24 322	9 520	8 329	3 262	69 755
Difference to remuneration as disclosed in note 5.3 of the Group annual financial statements		(215)	(215)	(589)	166	(2 280)	(3 133)
Reconciling items:							
Remaining short-term incentive bonus accrued in May 2022, to be settled post-year-end	1	(10 793)	(10 793)	(4 645)	(3 282)	(2 280)	(31 793)
Short-term incentive bonus accrued in May 2021, paid in September 2021		9 733	9 733	3 608	3 150	—	26 224
2018 forfeitable share scheme that vested in the current year at fair value		845	845	448	298	—	2 436
2018 forfeitable share scheme – growth performance component on vesting date (16 March 2022) at fair value		—	—	—	170	—	170
2018 forfeitable share scheme – vesting of retention component in the current year at fair value		845	845	448	128	—	2 266
		(215)	(215)	(589)	166	(2 280)	(3 133)

1 R2 million of the total STIP for the year ended 31 May 2022 was paid each to Brett Levy and Mark Levy prior to year-end. The balance to Executive Directors and prescribed officers was paid post-year-end.

2 Under normal circumstances, vesting of the 2018 forfeitable share scheme would have occurred on 31 August 2021. However, since Blue Label was in a closed period, vesting was deferred to 16 March 2022. The 33.33% LTIP growth in market price per share of was not achieved. The 33.34% LTIP growth in core HEPS was not achieved on a Group level but was achieved in the case of a subsidiary pertinent to GB Levin.

3 The 33.33% LTIP retention portion of the 2018 forfeitable share scheme is added to "the total cash equivalent value remuneration received", as vesting took place on 16 March 2022. In the case of GB Levin, 40% LTIP retention applied.

4 No dividends were applicable to the 2018 forfeitable share scheme.

5 These amounts represent the five monthly instalments received during the year relating to the restraint of trade payments payable in 12 equal instalments which commenced on 1 November 2020 and ended on 31 October 2021.

6 Cash equivalent value remuneration represents the total proceeds paid to the Executive Directors and prescribed officers for the period 1 June 2021 to 31 May 2022, inclusive of the cash element of basic remuneration, STIP and LTIP.

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 to any members of executive management.

Forfeitable share scheme – granted and unvested instruments

	Issue date	Issue price R	Vesting date	Awards outstanding as at the beginning of the year	Number of shares awarded during the year	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 2023* R'000
Forfeitable share scheme										
For the year ended 31 May 2023										
Executive Directors										
BM Levy	18 November 2019	2.55	31 August 2022	1 908 425	258 210	—	(2 166 635)	—	—	—
BM Levy	1 September 2020	3.20	31 August 2023	1 520 776	—	—	—	1 520 776	4 866	5 505
BM Levy	6 April 2022	6.42	31 August 2024	803 501	—	—	—	803 501	5 158	2 909
BM Levy	1 September 2022	6.25	31 August 2025	—	874 878	—	—	874 878	5 468	3 167
				4 232 702	1 133 088	—	(2 166 635)	3 199 155	15 492	11 581
MS Levy	18 November 2019	2.55	31 August 2022	1 908 425	258 210	—	(2 166 635)	—	—	—
MS Levy	1 September 2020	3.20	31 August 2023	1 520 776	—	—	—	1 520 776	4 866	5 505
MS Levy	6 April 2022	6.42	31 August 2024	803 501	—	—	—	803 501	5 158	2 909
MS Levy	1 September 2022	6.25	31 August 2025	—	874 878	—	—	874 878	5 468	3 167
				4 232 702	1 133 088	—	(2 166 635)	3 199 155	15 492	11 581
DA Suntup	18 November 2019	2.55	31 August 2022	1 010 776	136 758	—	(1 147 534)	—	—	—
DA Suntup	1 September 2020	3.20	31 August 2023	805 462	—	—	—	805 462	2 577	2 916
DA Suntup	6 April 2022	6.42	31 August 2024	425 565	—	—	—	425 565	2 732	1 541
DA Suntup	1 September 2022	6.25	31 August 2025	—	463 369	—	—	463 369	2 896	1 677
				2 241 803	600 127	—	(1 147 534)	1 694 396	8 205	6 134
Prescribed officers										
GB Levin	18 November 2019	2.55	31 August 2022	318 400	43 080	—	(361 480)	—	—	—
GB Levin	1 September 2020	3.20	31 August 2023	328 125	—	—	—	328 125	1 050	1 188
GB Levin	6 April 2022	6.42	31 August 2024	615 300	—	—	—	615 300	3 950	2 227
GB Levin	1 September 2022	6.25	31 August 2025	—	198 801	—	—	198 801	1 243	720
				1 261 825	241 881	—	(361 480)	1 142 226	6 243	4 135
JS Newman	6 April 2022	6.42	31 August 2024	177 570		—	—	177 570	1 140	643
JS Newman	1 September 2022	6.25	31 August 2025	—	193 344	—	—	193 344	1 208	700
				177 570	193 344	—	—	370 914	2 348	1 343

* The fair value at 31 May 2023 is based on the closing price of R3.62.

REMUNERATION REPORT CONTINUED

Non-executive remuneration

	2023 R'000	2022 R'000
Non-executive Directors		
LM Nestadt	2 323	2 191
KM Ellerine*	720	929
GD Harlow**	722	2 010
NP Mnxasana	760	947
JS Mthimunye	1 274	1 447
LE Mthimunye***	632	—
SJ Vilakazi	1 102	1 229
PL Zim****	514	857
	8 047	9 609

* Resigned 5 June 2023
** Resigned 19 October 2022
*** Appointed 1 November 2022
**** Resigned 22 February 2023

The proposed fees payable to Non-executive Directors are set out below:

	Current fee 2023 R	Proposed fee 2024 R
Services as Directors		
– Chairman of the Board (per annum)	2 146 211	2 296 446
– Board members (per annum)	473 429	506 569
Audit, Risk and Compliance Committee		
– Chairman (per annum)	429 242	459 289
– Member (per annum)	265 120	283 678
Remuneration and Nomination Committee		
– Chairman Remuneration (per annum)	252 495	270 170
– Chairman Nomination (per annum)	176 747	189 119
– Member (per annum)	151 497	162 102
Investment Committee		
– Chairman (per annum)	252 495	270 170
– Member (per annum)	151 497	162 102
Transformation, Social and Ethics Committee		
– Chairman (per annum)	151 497	162 102
– Member (per annum)	94 686	101 314
Ad hoc Committee		
– Chairman (per meeting)	56 812	60 789
– Member (per meeting)	34 086	36 472

SJ Vilakazi
Chairman

29 September 2023

ACHIEVED GOAL 4:
CUSTOMER EXPERIENCE

DAY ONE

SHAREHOLDER INFORMATION AND ADMINISTRATION

ESG REPORTING INDEX

We have included a reporting index table that is based on the JSE Sustainability Disclosure Guidance and indicates the materiality assessment of the sustainability topics and where the relevant disclosure is available and has been provided a reference to such disclosure has been provided for ease of reference.

Certain disclosures require a process of data collection and verification and will be disclosed in future years' reports.

The JSE/BLT legend Indicates disclosures and metrics required by the JSE Sustainability Disclosure Guidance (JSE) and metrics that are used by the Group (BLT) that extend beyond the metrics and disclosures recommended by the JSE.

The C/L legend indicates whether metrics and disclosures are considered core or leadership metrics as defined In the JSE Sustainability Disclosure Guidance.

The material and relevant column Indicates the Initial assessment of whether sustainability topics are considered material and relevant or not. Certain topics are still being analysed as to materiality and an annual review will be conducted to review and confirm the materiality assessments.

Category	Topic	Sub-topic	JSE/Blue Label	C/L	Metric	Material and Relevant	Page number in the report	Section in the report
Governance	**Board composition**	Board diversity	JSE	C	Composition of the board and its committees by race, gender, age group (under 30, 30–50, over 50) and, where relevant, any under-represented social groups.	Yes	Pages 15 and 16	Board of Directors
		Board competence	JSE	C	Description of the specific skills, competencies, and experience on the Board to address the organisation's significant sustainability-related impacts, risks, and opportunities.	Yes	Pages 15 to 19	Board of Directors
		Board independence	JSE	C	Composition of the board regarding: executive or non-executive; independence; tenure on the governance body; and number and nature of each individual's other significant positions and commitments.	Yes	Pages 15 and 16	Board of Directors
	Remuneration	Remuneration practices	JSE	C	How the remuneration policies for board members and senior executives relate to their objectives and performance in relation to delivery of the organisation's strategy and management of its impacts on people, the environment and the economy, noting the split between fixed pay and variable pay, and with variable pay split into short and long-term incentives.	Yes	Pages 105 to 122	Remuneration Report
	Ethical behaviour	Anti-corruption	JSE	C	Total percentage of governance body members, employees and business partners who have received training or awareness-raising on the organisation's anti-corruption policies and procedures, broken down by employee category and region.	Yes	Page 79 (excluding governance body members)	Effective and ethical leadership – Maintaining high ethical standards

ESG REPORTING INDEX CONTINUED

Category	Topic	Sub-topic	JSE/Blue Label	C/L	Metric	Material and Relevant	Page number in the report	Section in the report
Governance continued	**Ethical behaviour** continued	Anti-corruption continued	JSE	C	Total number and nature of incidents of corruption confirmed during the current year, related to this year and previous years, with a description of the activities taken to address confirmed incidents, and of the outcomes of these activities.	Yes	Page 80	Effective and ethical leadership – Ethical breaches
			JSE	C	A description of: i) the internal and external grievance mechanisms (including whistle-blowing facilities) for reporting concerns about unethical or unlawful behaviour and lack of organisational integrity; ii) mechanisms for seeking advice about ethical and lawful behaviour and organisational integrity; and iii) the extent to which these various mechanisms have been used, and the outcomes of processes using these mechanisms.	Yes	Page 79	Effective and ethical leadership – Maintaining high ethical standards
			JSE	L	Discussion of initiatives and stakeholder engagement to improve the broader operating environment and culture, to combat corruption.	Yes	Will be disclosed in future reports	N/A
		Lobbying and political contributions	JSE	C	Total monetary value of financial and in-kind political contributions made directly and indirectly by the organisation, by country and recipient/beneficiary.	Yes	Page 80	Effective and ethical leadership – Maintaining high ethical standards
			JSE	C	Identify the significant issues that are the focus of the company's participation in public policy development and lobbying, including within any business association that the company is a member of; describe the company's strategy relevant to these areas of focus, identifying any differences between its lobbying positions and its purpose, policies, goals and other public positions.	No	N/A	N/A
	Compliance and risk management	Incidents	JSE	C	Number and nature of significant environmental, social and/or governance-related incidents during the reporting period, including incidents of legal non-compliance (whether under investigation, pending finalisation, or finalised) and directives, compliance notices, warnings or investigations, and any public controversies.	Yes	Page 96	Compliance Report

ESG REPORTING INDEX CONTINUED

Category	Topic	Sub-topic	JSE/Blue Label	C/L	Metric	Material and Relevant	Page number in the report	Section in the report
Governance continued	**Compliance and risk management** continued	Fines and monetary loss	JSE	C	Total number and monetary value of fines, settlements, penalties, and other monetary loss suffered in relation to ESG incidents or breaches, including individual and total cost of the fines, settlements and penalties paid in relation to ESG incidents or breaches; and description of plans to address any incidents or breaches.	Yes	Page 96	Compliance Report
	Tax transparency	Tax paid and estimated tax gap	JSE	C	A description of the organisation's approach to tax, including: i) whether the organisation has a tax strategy and, if so, a link to this strategy if publicly available; ii) the governance body or executive-level position within the organisation that formally reviews and approves the tax strategy, and the frequency of this review; iii) how its approach to tax is linked to the business and sustainability strategies of the organisation.	Yes	Page 96	Compliance Report
			JSE	C	For each tax jurisdiction: the total global tax borne by the company, including corporate income taxes, property taxes, non-creditable VAT and other sales taxes, employer-paid payroll taxes and other taxes that constitute costs to the company, by category of taxes.	Yes	Page 96	Compliance Report
			JSE	L	Extent of exposure to countries and jurisdictions recognised for their corporate tax rate, tax transparency and tax haven status; estimated tax gap (gap between estimated effective tax rate and estimated statutory tax rate).	No	N/A	N/A
Social	**Labour standards**	Diversity and inclusion	JSE	C	Percentage of employees per employee category by race, gender, age group (under 30, 30-50, over 50), and where relevant other diversity indicators.	Yes	Pages 66 to 69	Human Capital – Diversity and inclusion
			Blue Label		Total headcount	Yes	Pages 67 and 68	Human Capital – Diversity and inclusion

ESG REPORTING INDEX CONTINUED

Category	Topic	Sub-topic	JSE/Blue Label	C/L	Metric	Material and Relevant	Page number in the report	Section in the report
Social continued	**Labour standards** continued		JSE	C	Number of allegations and confirmed incidents of discrimination and/or human rights incidents relating to workers incidents during the reporting period, noting the investigation status of reported and actual incidents, actions taken, and total amount of monetary losses due to legal proceedings associated with labour law violation, employment discrimination, and/or human rights violations.	Yes	Page 79	Human Capital – Maintaining high ethical standards
		BBBEE	Blue Label		BBBEE status level and diversity indicators	Yes	Page 63	Human Capital – BBBEE scorecard
		Employee engagement survey	Blue Label		Scores on: • Job satisfaction • Meaningful job • Overall engagement • Happy at work • Feeling valued and safe • Significant work	Yes	Page 63	Human Capital – Employee Engagement
		Pay equality	JSE	C	Ratio between the CEO's total annual remuneration and the median, lower quartile, and upper quartile of the total annual remuneration of all the organisation's employees (excluding the CEO).	Yes	Page 119 CEO and Public officers are disclosed, will be disclosed in future reports	Remuneration Report
			JSE	L	The ratio of the average annual remuneration of the top 10% of the organisation's top earners, and the average annual remuneration for the bottom 10% of the lowest earners in the organisation.	Yes	Will be disclosed in future reports	N/A
			JSE	C	The total annual remuneration of both the highest paid employee and the lowest paid employee; the average remuneration; and the median remuneration of all employees.	Yes	Will be disclosed in future reports	N/A
			JSE	C	Ratio of the total annual remuneration of women to men, and by race group, for each employee category, by "significant locations of operation" (as defined by the organisation).	Yes	Will be disclosed in future reports	N/A

ESG REPORTING INDEX CONTINUED

Category	Topic	Sub-topic	JSE/Blue Label	C/L	Metric	Material and Relevant	Page number in the report	Section in the report
Social continued	**Labour standards** continued	Wage level and living wage	JSE	C	When a significant proportion of employees are compensated based on wages subject to minimum wage rules, report the relevant ratio of the standard entry level wage by race and gender compared to the applicable legislated minimum wage for the sector.	Yes	Page 73	Human Capital – Wage level and living wage
			JSE	C	Ratio of lowest wage to living wage for employees and non-employee workers for each significant location of operation.	Yes	Will be disclosed in future reports	N/A
			JSE	L	Percentage of employees and non-employee workers whose wages fall below a specific living wage methodology or benchmark.	Yes	Will be disclosed in future reports	N/A
		Freedom of association and collective bargaining	JSE	C	Describe how the organisation manages freedom of association and collective bargaining, noting any policy or policies considered likely to affect workers' decisions to form or join a trade union, to bargain collectively or to engage in trade union activities.	Yes	Page 63	Human Capital – Employee Engagement
			JSE	C	Percentage of total employees covered under collective bargaining agreements.	Yes	Page 63	Human Capital – Employee Engagement
			JSE	C	Disclose the extent of major work stoppages (including both strikes and lockouts) due to disputes between the undertaking and its workforce, including the number of major work stoppages, and for each: number of workers involved; length in days of stoppage, reasons, and steps taken to resolve each dispute.	Yes	Page 63	Human Capital – Employee Engagement
			JSE	L	An explanation of the due diligence assessment performed on suppliers for which the right to freedom of association and collective bargaining is at risk including measures taken by the organisation to address these risks.	To be assessed	N/A	N/A

ESG REPORTING INDEX CONTINUED

Category	Topic	Sub-topic	JSE/Blue Label	C/L	Metric	Material and Relevant	Page number in the report	Section in the report
Social continued	**Labour standards** continued	Characteristics of employees and workers in workforce	JSE	C	Describe key characteristics of employees in own workforce, including: total number of all employees by country; permanent employees; temporary employees; non-guaranteed hours employees; full-time employees; and part-time employees – with breakdown by race and gender for each.	Yes	Page 62	Human Capital – Human capital profile
			JSE	C	Describe key characteristics of non-employee workers in the organisation's own workforce, including: total number of non-employee workers, noting the most common type of workers and their relationship with the organisation.	Yes	Page 62	Human Capital – Human capital profile
	Community development	Community human rights	JSE	C	Total number and percentage of operations that have been subject to a human rights due diligence process or impact assessments, by country.	Yes	Will be disclosed in future reports	N/A
			JSE	C	Nature of processes for engaging with affected communities and their representatives, and channels for affected community members to raise concerns.	No	N/A	N/A
			JSE	C	Number and type of grievances reported with associated impacts related to a salient human rights issue in the reporting period, and an explanation of the percentage of these that are remedied in agreement with those who expressed the grievance.	Yes	Page 79	Effective and Ethical Leadership – Maintaining high ethical standards
			JSE	L	Number and percentage of relevant sites (typically those involved in extracting, harvesting, or developing natural resources or energy) that implement a human rights and security approach consistent with the Voluntary Principles on Security and Human Rights.	No	N/A	N/A
			JSE	L	Number and percentage of sites at which the ownership, use of or access to land is contested, and an explanation of actions taken to address related social risks.	No	N/A	N/A

ESG REPORTING INDEX CONTINUED

Category	Topic	Sub-topic	JSE/Blue Label	C/L	Metric	Material and Relevant	Page number in the report	Section in the report
Social continued	**Community development** continued	Skills for the future	JSE	C	Describe the employee and external skills development programmes aimed at developing skills that increase the recipient's future mobility, career development, and/or income earning potential.	Yes	Pages 70 and 71	Human Capital – Accelerating our employees' ability to develop and adapt
		Employment and wealth creation	JSE	C	Total number and rate of new employee hires during the reporting period, by age group, gender, other indicators of diversity, and region.	Yes	Pages 66 to 69	Human Capital – Recruitment
			JSE	C	Total number and rate of employee turnover (for permanent employees) during the reporting period, by age group, gender, other indicators of diversity, and region.	Yes	Pages 64 and 65	Human Capital – How we performed
		Economic contribution	JSE	C	Direct economic value generated and distributed on an accrual basis, covering the basic components for the organisation's global operations, ideally split out by: (i) Revenue (ii) Operating costs (iii) Employee wages and benefits (iv) Payments to providers of capital (v) Payments to government (taxes, royalties, levies, etc.) (vi) Community investment (including charitable giving, impact investment and other social investment).	Yes	Page 54	Value Added Statement
			JSE	C	Description of significant identified indirect economic impacts of the organisation, including for example: number of jobs supported in supply or distribution chain; number of suppliers/enterprises supported from defined vulnerable groups; nature of economic development in areas of high poverty; availability of products and services for those on low incomes or previously disadvantaged; enhanced skills and knowledge in a professional community or geographic location.	Yes	Page 75	Corporate social responsibility and community development

ESG REPORTING INDEX CONTINUED

Category	Topic	Sub-topic	JSE/Blue Label	C/L	Metric	Material and Relevant	Page number in the report	Section in the report
Social continued	**Community development** continued	Economic contribution continued	JSE	C	Percentage of the procurement budget used for significant locations of operation that is spent on local suppliers, noting the organisation's definitions of "local" and for "significant locations of operation".	Yes	Page 75	Corporate social responsibility and community development
			JSE	L	Description (quantitative and qualitative) of the extent of significant infrastructure investment and services supported.	No	N/A	N/A
			JSE	L	Total monetary value of financial assistance received by the organisation from any government during the reporting period.	No	N/A	N/A
	Health and safety	Workplace health and safety	JSE	C	Number and rate of fatalities as a result of a work-related injury or ill-health during the reporting period across the organisation; the disclosure should include both employees and workers who are not employees, but whose work and/or workplace is controlled by the organisation.	Yes	Pages 72 and 73	Human Capital – Health and safety performance
			JSE	C	Number of recordable work-related injuries, and number of work-related illnesses or health conditions arising from exposure to work-related hazards during the reporting period; the disclosure should include both employees and workers who are not employees, but whose work and/or workplace is controlled by the organisation.	Yes	Pages 72 and 73	Human Capital – Health and safety performance
			JSE	L	An explanation of how the organisation facilitates workers' access to non-occupational medical and healthcare services and the scope of access provided for employees and workers, and a description of any voluntary health promotion services and programmes offered to workers to address major non-work-related health risks, including the specific health risks addressed.	Yes	Page 73	Human Capital – Health and safety performance
	Customer responsibility	High risk products and services	JSE	C	Description of products and services that present specific risks to individuals, communities, or the environment; an outline of the nature of these risks, and the measures taken to mitigate these.	No	N/A	N/A

ESG REPORTING INDEX CONTINUED

Category	Topic	Sub-topic	JSE/Blue Label	C/L	Metric	Material and Relevant	Page number in the report	Section in the report
Social continued	**Customer responsibility** continued	High risk products and services continued	JSE	C	Number and nature of any product recalls	No	N/A	N/A
		Wellness	Blue Label		Number of leave days per employee for the following categories: • Annual leave • Sick leave • Maternity leave • Paternity leave	Yes	Page 72	Human Capital – Wellness
		Product innovation	JSE	C	Total research and development spend	Yes	Will be disclosed in future reports	N/A
			JSE	L	Total costs related to research and development aimed at enhancing social or environmental attributes of products and services.	Will be assessed	N/A	N/A
			JSE	L	Percentage of revenue from products and services designed to deliver specific social or environmental benefits or to address specific sustainability challenges; if the company applies a taxonomy or benchmark to label their activities as sustainable, they should report on the benchmark used and how they meet the criteria of the benchmark.	No	N/A	N/A
		Consumer data and privacy	JSE	C	A description of the mechanisms and steps taken to ensure privacy of consumer data.	Yes	Page 97	Compliance Report
			JSE	C	Total number of substantiated complaints received concerning breaches of customer privacy (categorised by complaints received from outside parties and substantiated by the organisation, and complaints from regulatory bodies), and total number of identified leaks, thefts, or losses of customer data.	Yes	Page 96	Compliance Report

ESG REPORTING INDEX CONTINUED

Category	Topic	Sub-topic	JSE/Blue Label	C/L	Metric	Material and Relevant	Page number in the report	Section in the report
Social continued	Supply chain	Supply chain (Social)	JSE	C	Description of the operations and suppliers considered to have a significant risk of child labour, forced or compulsory labour, or other significant actual and potential negative social impacts, given the type of operation, commodities, or geographic region, and the nature of the measures taken by the organisation intended to contribute to eliminating these risks.	To be assessed	N/A	N/A
			JSE	C	The number and percentage of identified child labour or forced and compulsory labour incidents in its operations or value chain; and percentage of these where the reporting entity has played a role in securing remedy for those affected.	To be assessed	N/A	N/A
			JSE	C	Report wherever materials across the supply chain: mechanisms (e.g., supplier screening, and audits) to identify and address significant actual and potential negative social impacts, nature of these impacts, and measures to address these.	To be assessed	N/A	N/A
			JSE	L	Percentage of products certified by external agencies, Percentage of traceable origin.	To be assessed	N/A	N/A
Environmental	Climate change	GHG emissions	JSE	C	Absolute gross greenhouse gas emissions expressed as metric tonnes of CO_2 equivalent and measured in accordance with the Greenhouse Gas Protocol for: Scope 1, Scope 2, and Scope 3 emissions. Scope 1 and Scope 2 emissions should be disclosed separately for (i) the consolidated accounting group (the parent and its subsidiaries) and (ii) associates, joint ventures, unconsolidated subsidiaries or affiliates not included in (i).	Yes	Will be disclosed in future reports	N/A
			JSE	L	Scope 3 emissions should include upstream and downstream emissions. The categories of Scope 3 emissions and basis for measurement for information provided by entities in the value chain should be disclosed. Recognising the challenges related to the disclosure of Scope 3 emissions, including data availability, reasons should be provided when Scope 3 emissions or categories of Scope 3 emissions are omitted.	To be assessed	N/A	N/A

ESG REPORTING INDEX CONTINUED

Category	Topic	Sub-topic	JSE/Blue Label	C/L	Metric	Material and Relevant	Page number in the report	Section in the report
Environmental continued	**Climate change** continued	GHG emissions continued	JSE	C	GHG emissions intensity for Scope 1, 2 and 3, expressed as metric tonnes of CO_2 equivalent per unit of physical or economic output.	Yes	Will be disclosed in future reports	N/A
		Energy mix	JSE	C	Total energy use and share of energy usage by generation type noting use of energy from renewable non-fossil sources, (namely wind, solar (solar thermal and solar photovoltaic) and geothermal energy, ambient energy, tide, wave and other ocean energy, hydropower, biomass, landfill gas, sewage treatment plant gas, and biogas).	No	N/A	N/A
		Science-based targets	JSE	L	Define and report progress against time-bound short, medium, and long-term science-based GHG emissions targets that are in line with the goals of the Paris Agreement and Glasgow Climate Pact. This includes reducing global carbon dioxide emissions by 45% by 2030 relative to the 2010 level, and to net zero around mid-century, based on the best available scientific knowledge and equity, taking into account common but differentiated responsibilities and respective capabilities, and in the context of sustainable development and efforts to eradicate poverty. Science-based emissions reduction targets should be informed by recognised scientific methodologies and verified through approved processes; they should (as an absolute minimum) be consistent with relevant host country/ies' Nationally Determined Contribution.	No	N/A	N/A
		Just transition	JSE	C	Existence and nature of a "transition plan" that commits to stakeholder engagement with affected workers and communities (see the JSE Climate Disclosure Guidance for further detail).	No	N/A	N/A
			JSE	C	Number of workers in the past year recruited, retrained, retrenched, and/or compensated due to implementation of the decarbonisation plan.	No	N/A	N/A

ESG REPORTING INDEX CONTINUED

Category	Topic	Sub-topic	JSE/Blue Label	C/L	Metric	Material and Relevant	Page number in the report	Section in the report
Environmental continued	**Climate change** continued	Just transition continued	JSE	L	Number of engagements undertaken with affected parties by group and geography.	No	N/A	N/A
			JSE	L	Nature of climate-related lobbying activities, and those of relevant associations and membership groups, and their alignment with the objectives of the Paris Agreement and Glasgow Climate Pact.	No	N/A	N/A
			JSE	L	Nature of provision for delivery of the transition plan within executive remuneration.	No	N/A	N/A
			JSE	L	Nature of provision for impacts on workers and communities within climate scenario plans.	No	N/A	N/A
			JSE	L	Amount of capital and expenditure deployed on direct and indirect climate adaptation and climate mitigation efforts.	No	N/A	N/A
	Water security	Water usage	JSE	C	Total water consumption from all areas, and from areas with water stress.	Yes	Page 14	Our business model – Natural capital
			JSE	L	Total water withdrawal from all areas with water stress, with a breakdown by following sources if applicable: surface water, groundwater, seawater, produced water, third-party water.	No	N/A	N/A
			JSE	L	Freshwater consumption intensity: total freshwater use per material unit (e.g. sales revenue, unit of production, square metre of building, or other).	No	N/A	N/A
	Biodiversity and land use	Biodiversity footprint (ecosystems)	JSE	C	Number and area of sites owned, leased, or managed in or adjacent to areas of high biodiversity value (Key Biodiversity Areas – KBAs), for operations (if applicable) and full supply chain (if material).	No	N/A	N/A
			JSE	C	Area of land used for the production of basic plant, animal or mineral commodities (e.g. the area of land used for forestry, agriculture or mining activities).	No	N/A	N/A

ESG REPORTING INDEX CONTINUED

Category	Topic	Sub-topic	JSE/Blue Label	C/L	Metric	Material and Relevant	Page number in the report	Section in the report
Environmental continued	**Biodiversity and land use** continued	Biodiversity footprint (ecosystems) continued	JSE	C	Level of capital and expenditure deployed towards implementation of measures undertaken to manage positive impacts and avoid, minimise, restore/rehabilitate and/or offset negative impacts on biodiversity and ecosystems.	No	N/A	N/A
			JSE	L	Describe wherever material across the value chain mechanisms aimed at enhancing management of biodiversity and ecosystem impacts (such as policies, targets, certifications, and audits	No	N/A	N/A
			JSE	L	Describe and report results of any processes aimed at identifying, assessing and/or managing the biodiversity footprint of the organisation, including for example: size and location of all habitat areas protected or restored, and whether the success of the restoration measure was or is approved by independent external professionals: and status of each area based on its condition at the close of the reporting period, noting the standards and methodologies used.	No	N/A	N/A
	Pollution and waste	Solid waste	JSE	C	Total weight of waste generated (non-recycled), with a breakdown by composition of waste, noting percentage directed to disposal (including landfill and incineration), and percentage diverted from disposal (e.g. reuse, recycling, recovery).	No	N/A	N/A
			JSE	C	Total weight of hazardous waste generated, noting percentage directed to disposal (including landfill and incineration), and percentage diverted from disposal (e.g. reuse, recycling, recovery).	No	N/A	N/A
			JSE	C	Waste intensity: total waste per material unit (e.g. sales revenue, unit of production, or other).	No	N/A	N/A
		Single use plastic	JSE	L	Report wherever material along the value chain: estimated metric tonnes of single-use plastic consumed and share (%) of single-use plastic weight of total plastic weight.	No	N/A	N/A

ESG REPORTING INDEX CONTINUED

Category	Topic	Sub-topic	JSE/Blue Label	C/L	Metric	Material and Relevant	Page number in the report	Section in the report
Environmental continued	**Pollution and waste** continued	Atmospheric pollution	JSE	C	Report wherever material along the value chain: nitrogen oxides (NOx), sulphur oxides (SOx), volatile organic compounds (VOC), persistent organic pollutants (POP), particulate matter, and other significant air emissions identified in relevant regulations.	No	N/A	N/A
			JSE	L	Wherever possible estimate the proportion of specified emissions that occur in or adjacent to urban/densely populated areas.	No	N/A	N/A
		Water pollution	JSE	L	Total water discharge to all areas in megalitres, and list of priority substances of concern for which discharges are treated, including how these substances were defined, approach to setting discharge limits, and number of incidents of non-compliance with discharge limits.	No	N/A	N/A
	Supply chain and materials	Supply chain (environmental)	JSE	L	Report wherever material across the supply chain: mechanisms (e.g. supplier screening, and audits) to identify and address significant actual and potential negative environmental impacts, nature of these impacts, and measures to address these.	No	N/A	N/A
		Materials of concern	JSE	C	Process to identify and manage emerging materials and chemicals of concern in products (materials of concern could include conflict minerals or recognised high impact raw materials such as palm oil).	No	N/A	N/A
			JSE	L	Percentage of materials identified in point 1 above that are covered by a sustainability certification standard or formalised sustainability management programme.	No	N/A	N/A

NOTICE OF VIRTUAL ANNUAL GENERAL MEETING

Notice is hereby given to Blue Label shareholders recorded in the Company's securities register on Friday, 22 September 2023, that the sixteenth Annual General Meeting (AGM) of shareholders of Blue Label Telecoms Limited will be held entirely by electronic communication as permitted by the Companies Act, No 71 of 2008, as amended (the Companies Act) and by the Company's Memorandum of Incorporation (MOI), on Thursday, 23 November 2023 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, No 71 of 2008 (Act or 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.

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, 22 September 2023;
- 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, 17 November 2023; and
- the last date to trade to participate in and vote at the virtual AGM is Tuesday, 14 November 2023.

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, 21 November 2023.

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 www.meetnow.global/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, 21 November 2023. 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 17:00 on Wednesday, 22 November 2023 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, ARCC and directors' reports for the year ended 31 May 2023, have been distributed as required and will be presented to shareholders at the virtual AGM.

The ARCC's report is set out on pages 99 to 102.

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% (fifty percent) of the voting rights exercised.

NOTICE OF VIRTUAL ANNUAL GENERAL MEETING CONTINUED

1. **Ordinary resolution number 1**: Election of Ms H Masondo as a Director of the Company

   Resolved that Ms H Masondo, who was first appointed to the Board on 1 August 2023, be and is hereby elected as a Director of the Company with immediate effect.

   A brief biography of Ms H Masondo is on page 18.

2. **Ordinary resolution number 2**: Election of Ms LE Mthimunye as a Director of the Company

   Resolved that Ms LE Mthimunye, who was first appointed to the Board on 1 November 2022, be and is hereby elected as a Director of the Company with immediate effect.

   A brief biography of Ms LE Mthimunye is on page 19.

3. **Ordinary resolution number 3**: 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 17.

4. **Ordinary resolution number 4**: 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.

5. **Ordinary resolution number 5**: Re-election of Ms NP Mnxasana as a Director of the Company

   Resolved that Ms NP Mnxasana, who was first appointed to the Board on 18 September 2020, 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 Ms NP Mnxasana is on page 18.

6. **Ordinary resolution number 6**: Reappointment of external auditor

   Resolved that on the recommendation of the current Audit, Risk and Compliance Committee of the Company, SizweNtsalubaGobodo Grant Thornton Inc, is reappointed as independent registered auditor of the Company for the ensuing year until the conclusion of the next AGM of the Company.

7. **Ordinary resolution number 7**: Election of Ms NP Mnxasana as a member of the Audit, Risk and Compliance Committee for the year ending 31 May 2024

   Resolved that, in terms of section 94(2) of the Act, Ms NP Mnxasana, but subject to her re-election as a Director of the Company in terms of resolution number 5, 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 18.

8. **Ordinary resolution number 8**: Election of Mr JS Mthimunye as a member and Chairman of the Audit, Risk and Compliance Committee for the year ending 31 May 2024

   Resolved that, in terms of section 94(2) of the Act, , but subject to his re-election as a Director in terms of resolution number 4, 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.

9. **Ordinary resolution number 9**: Election of Ms LE Mthimunye as a member of the Audit, Risk and Compliance Committee for the year ending 31 May 2024

   Resolved that, in terms of section 94(2) of the Act, but subject to her election as a Director in terms of resolution number 2, Ms LE Mthimunye, 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 LE Mthimunye is on page 19.

10. **Ordinary resolution number 10**: Election of Mr SJ Vilakazi as a member of the Audit, Risk and Compliance Committee for the year ending 31 May 2024

    Resolved that, in terms of section 94(2) of the Act, Mr SJ Vilakazi, 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 19.

NOTICE OF VIRTUAL ANNUAL GENERAL MEETING CONTINUED

11. **Ordinary resolution number 11**: 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 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 2023 is endorsed.

12. **Ordinary resolution number 12**: Non-binding advisory endorsement of the Group's Remuneration Implementation Report.

    Resolved, by way of a non-binding advisory vote, that the Group's Remuneration Implementation Report set out in the remuneration report in the integrated annual report 2023 is endorsed.

13. **Ordinary resolution number 13**: 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 2023 to 31 May 2024.

   The proposed fees payable to Non-executive Directors are set out below:

	Current fee 2023 R	Proposed fee 2024 R
Services as Directors		
– Chairman of the Board (per annum)	**2 146 211**	2 296 446
– Board members (per annum)	**473 429**	506 569
Audit, Risk and Compliance Committee		
– Chairman (per annum)	**429 242**	459 289
– Member (per annum)	**265 120**	283 678
Remuneration and Nomination Committee		
– Chairman Remuneration (per annum)	**252 495**	270 170
– Chairman Nomination (per annum)	**176 747**	189 119
– Member (per annum)	**151 497**	162 102
Investment Committee		
– Chairman (per annum)	**252 495**	270 170
– Member (per annum)	**151 497**	162 102
Transformation, Social and Ethics Committee		
– Chairman (per annum)	**151 497**	162 102
– Member (per annum)	**94 686**	101 314
Ad hoc Committee		
– Chairman (per meeting)	**56 812**	60 789
– Board member (per meeting)	**34 086**	36 472

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 Blue Label 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 Blue Label;

   (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 independent third party 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 5 (five) 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 119 of the Group annual financial statements;
- material change – there were no material changes;
- share capital of the Company – refer to page 107 of the Group annual financial statements; and
- responsibility statement – refer to page 1 of the Group annual financial statements.

By order of the Board

J van Eden
Group Company Secretary

Sandton

29 September 2023

NOTICE OF VIRTUAL ANNUAL GENERAL MEETING CONTINUED

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. Ms H Masondo retires from the Board in accordance with article 25.5 of the Company's MOI. Ms H Masondo was appointed to the Board on 1 August 2023. 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 number 2: 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. Ms LE Mthimunye retires from the Board in accordance with article 25.5 of the Company's MOI. Ms LE Mthimunye was appointed to the Board on 1 November 2022. The Board recommends to shareholders that they should vote in favour of the election of the Director referred to in ordinary resolution number 2.

Ordinary resolution numbers 3 to 5 (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 Ms NP Mnxasana 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 17 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 3 to 5 (inclusive).

Ordinary resolution number 6: 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.

SizweNtsalubaGobodo Grant Thornton Inc expressed its willingness to continue in office and this resolution proposes the reappointment of SizweNtsalubaGobodo Grant Thornton Inc as the Company's auditor until the next AGM. In addition, Mr Alex Philippou 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, SizweNtsalubaGobodo Grant Thornton Inc and Mr Alex Philippou, 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 SizweNtsalubaGobodo Grant Thornton Inc as independent registered auditor of Blue Label for the 2024 financial year.

Ordinary resolution numbers 7 to 10 (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 18 and 19.

Ordinary resolution number 11: 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 109 to 116.

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 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 12: 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 116 to 121.

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 13: Directors' authority to implement ordinary and special resolutions

The reason for ordinary resolution number 13 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 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 Blue Label, 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 Blue Label, 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 **www.meetnow.global/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, 21 November 2023.

(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, 23 November 2023.

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) Telephone: (Home)

Fax: 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, 23 November 2023, or any adjournment thereof as follows:

Resolution	For	Against	Abstain
Ordinary resolution number 1: Election of Ms H Masondo as a Director of the Company			
Ordinary resolution number 2: Election of Ms LE Mthimunye as a Director of the Company			
Ordinary resolution number 3: Re-election of Mr BM Levy as a Director of the Company			
Ordinary resolution number 4: Re-election of Mr JS Mthimunye as a Director of the Company			
Ordinary resolution number 5: Re-election of Ms NP Mnxasana as a Director of the Company			
Ordinary resolution number 6: Reappointment of external auditor			
Ordinary resolution number 7: Election of Ms NP Mnxasana as a member of the Audit, Risk and Compliance Committee			
Ordinary resolution number 8: Election of Mr JS Mthimunye as a member and Chairman of the Audit, Risk and Compliance Committee			
Ordinary resolution number 9: Election of Ms LE Mthimunye as a member of the Audit, Risk and Compliance Committee			
Ordinary resolution number 10: Election of Mr SJ Vilakazi as a member of the Audit, Risk and Compliance Committee			
Ordinary resolution number 11: Non-binding advisory endorsement of the remuneration and reward policy			
Ordinary resolution number 12: Non-binding advisory endorsement of the remuneration implementation report			
Ordinary resolution number 13: 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 2023

Signature

Assisted by (if applicable)

Please read the notes on the reverse side hereof.

NOTES TO 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, 21 November 2023. 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
Act/the Act/ Companies Act	Companies Act, No 71 of 2008, as amended from time to time
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
APS	Aligned Partnered Solutions Proprietary Limited
ARCC	Audit, Risk and Compliance Committee
AWS	Amazon Web Services
BBBEE	Broad-based black economic empowerment
BCM	Business continuity management
BI	Business intelligence
Black	South African nationals that are Indian, Coloured, African and Chinese
BLC	Blue Label Connect Proprietary Limited
BLD	Blue Label Distribution Proprietary Limited
BLDS	Blue Label Data Solutions Proprietary Limited

Word	Definition
Blue Label/Blue Label Telecoms	Blue Label Telecoms Limited
BNPL	Buy now pay later
BO	Black ownership
BWO	Black women ownership
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
COBIT	Control Objectives for Information Technologies
Company	Blue Label Telecoms Limited
CRM	Customer relationship management
CSDP	Central Securities Depository Participant
CSI	Corporate social investment
Deloitte	Deloitte South Africa
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)
EAP	Employee assistance programme
EBITDA	Earnings before interest, taxes, depreciation and amortisation
ECD	Early childhood development
ED	Enterprise development
EME	Exempted micro enterprises

GLOSSARY CONTINUED

Word	Definition
EPS	Earnings per share
ERM	Enterprise-Wide Risk Management
ERP	Enterprise resource planning
ESG	Environmental, social and governance
e-tokens	Electronic tokens – a form of electronic cash used for secure transactions
EVP	Employee value proposition
Exco	Executive Committee
FAR	Fixed annual remuneration
fintech	Technology businesses that compete against, enable and/or collaborate with financial institutions
GDPR	General Data Protection
Generic	Generic enterprises
GP	Gross profit
GRI	Global Reporting Initiative. Established in 1997, with the mission of designing globally applicable guidelines for the preparation of enterprise-level, sustainable development reports
HEPS	Headline earnings per share
IC	Investment Committee
ICASA	Independent Communications Authority of South Africa
ILO	International Labour Organisation
IoDSA	Institute of Directors in Southern Africa
IRBA	Independent Regulatory Board for Auditors
IRCC	Internal Risk and Compliance Committee
IT	Information technology

Word	Definition
JSE	Johannesburg Stock Exchange Limited
JSE SDG	JSE Sustainability Disclosure Guidance
King IV	King IV Report on Corporate Governance for South Africa
KPMG	KPMG Services Proprietary Limited
LTI	Long-term incentives
LTIP	Long-term incentive plan
LTO	Labour turnover
M-commerce	Mobile commerce
Main market	The informal, mostly rural, market in South Africa, from which Blue Label derives the bulk of its revenues
MICTSETA	The Media, Information and Communication Technologies Sector Education and Training Authority
MNO	Mobile network operator, such as Vodacom, MTN, Telkom and Cell C in South Africa
MOI	Memorandum of Incorporation
MVNO	Mobile Virtual Network Operator
MVP	Minimum viable product
NAV	Net asset value
NC	Nomination Committee, part of the Remuneration and Nomination Committee
NED	Non-executive Director
NFC	Near Field Communication
NGO	Non-governmental organisation
NIST	National Institute of Standards and Technology
OHSA	Occupational Health and Safety Act, 85 of 1993

GLOSSARY CONTINUED

Word	Definition
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
POC	Proof of concept
POP	Points of presence
POPIA	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.
QSE	Qualifying small enterprises
RC/Remco	Remuneration Committee, part of the Remuneration and Nomination Committee
ROCE	Return on capital employed
RNC	Remuneration and Nomination Committee
RPA	Robotic Process Automation
SARA	South African Reward Association
SD	Skills development
SDL	Skills development levy
SED	Socio-economic development
SIM card	Subscriber identification module card
SMS	Short message service
spaza shop	An informal convenience outlet
SPV	Special Purpose Vehicle
SSETA	Services Sector Education and Training Authority
STI	Short-term incentives

Word	Definition
STIP	Short-term incentive plan
TCFD	Taskforce on Climate-related Financial Disclosures
thin-file	refers to the credit report of a client with little or no credit history logged at credit bureaus
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
TSR	Total shareholder return
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
USD	US dollar
USSD	Unstructured supplementary service data
value added	Measure of wealth Blue Label has created in its operation by "adding value" to the cost of products and services
VAS	Value-added services
virtual distributor	Distribution of e-tokens of value in electronic format
WACC	Weighted average cost of capital
YES	Youth Employment Scheme

ADMINISTRATION

DIRECTORS
LM Nestadt (Chairman)*, BM Levy, MS Levy, H Masondo*, NP Mnxasana*, JS Mthimunye*, LE Mthimunye*, DA Suntup, SJ Vilakazi*

(* Independent Non-executive)

COMPANY SECRETARY
J van Eden

SPONSOR
Investec Bank Limited

AUDITORS
SizweNtsalubaGobodo Grant Thornton Inc.

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