

## CORPORATE GOVERNANCE

### INTRODUCTION

The group continues to develop its governance policies and procedures in line with an integrated governance, risk and compliance framework. The board regards corporate governance as fundamentally important to the success of the company's business and is unreservedly committed to applying the principles of good corporate governance in the management of the company. The board is the focal point of the governance system and is ultimately accountable and responsible for the performance and affairs of the company. The board exercises leadership, integrity and sound judgement in directing the company to enable it to achieve its objectives and goals.

### GOVERNANCE APPROACH AND COMPLIANCE

Blue Label Telecoms is committed to the governance principles of the Code of Corporate Conduct set out in the King Report on Corporate Governance – 2002 (King II). Standards of disclosure have increased significantly and internal governance structures have been reviewed and improved to reflect the principles of King II. This has occurred at both board and subsidiary level. The directors believe that Blue Label Telecoms has complied with all material aspects of King II during the year under review.

In applying the governance principles of King II the company follows a principle-based approach rather than a rules-based approach. Accordingly this governance review is based on the “comply or explain” principle.

### BOARD STRUCTURE AND BOARD COMMITTEES

#### Board composition

Blue Label Telecoms is headed by a unitary board that leads and controls the company. The board comprised 13 directors: four executive directors and nine non-executive directors, five of whom are independent. The board composition provides a balance of power to ensure that no one individual has undue influence and that the interests of

shareholders are protected. The balance between executive, non-executive and independent non-executive directors in the board composition allows for appropriate and efficient decision-making. There is a clear division of responsibilities between the executive responsibility for the running of the company's business and the leadership of the board. The chairman of Blue Label Telecoms is an independent non-executive director.

It was with deep sadness that Blue Label Telecoms announced the passing of Mr Sidney Ellerine on Friday, 17 July 2009. Mr Ellerine provided significant leadership and direction to the board and to executive management and always conducted himself with the utmost integrity and highest regard for the interests of the company.

All directors are subject to retirement by rotation every three years. At the first annual general meeting of the company all directors were required to retire by rotation. The shareholders resolved at the annual general meeting held on 12 November 2008 that all the directors be reappointed. The articles of association require that one third of the directors retire by rotation each year but are eligible for re-election by the shareholders.

The detailed categorisation of the directors as well as a brief curriculum vitae of each director appear on pages 16 to 18 of this report.

#### Board responsibilities and charter

The board's primary responsibilities include determining the company's purpose and values and giving strategic direction to the company. This involves, but is not limited to, identifying key risk areas and key performance indicators of the company's business, monitoring the performance of the company against agreed objectives including transformation goals, advising on significant financial matters and reviewing the performance of executive management against defined objectives and, where applicable, industry standards.

A board charter has been adopted by the board, the salient points of which are set out below.

The charter aims to:

- provide an overview of the parameters within which the board operates;
- ensure the application of the core principles of integrity, transparency, accountability and responsibility in all dealings by, in respect and on behalf of, the company;
- set out the specific responsibilities to be discharged by board members collectively, as well as the roles and responsibilities incumbent upon directors as individuals; and
- provide an overview of the policies and practices of the board with regard to matters such as board governance, dealings by directors in securities, disclosure and conflicts of interest, board meeting documentation and proceedings and the nomination, appointment, induction, training and evaluation of directors and members of board committees.

Key features of the charter include:

- the roles of the chairman, joint chief executive officers and individual board members
- board composition (including qualifications and key competencies for board membership)
- disclosures of interest with a view to avoiding and managing conflicts
- remuneration of board members
- director orientation, induction and training
- the role of the board (including the adoption of strategic plans and monitoring of operational performance and management)
- board governance (including board, strategic and committee meetings)
- matters reserved for the board and its committees, including the approval of:
  - group objectives, strategy, strategic financial plans, business plans and annual budgets and the monitoring of performance against agreed criteria;

- annual financial statements, interim reports and related financial matters;
- appointments to and removals from the board including chairman, joint chief executive officers, executive and non-executive directors;
- delegations of authority
- board committee mandates, authorities and membership;
- adoption of any significant change in the accounting policies and practices of the company;
- the making of any political, religious or charitable donations;
- the adoption of appropriate risk management and internal control strategies
- share-dealing procedures
- internal audit and controls
- stakeholder communications
- board/individual director performance evaluation

#### **Board procedure and related matters**

The board retains full and effective control over the organisation and monitors executive management's implementation of approved plans and strategies.

The board meets quarterly and additional board meetings are convened as circumstances dictate. Where directors are unable to attend meetings personally, teleconferencing facilities are made available to enable their participation.

All directors are entitled to liaise with the company secretary in regard to items on the agendas for board meetings. Management ensures that all relevant information and facts are provided to board members timeously to enable them to make informed decisions. Board agenda and meeting structures have been adapted to focus on performance monitoring, strategy, risk management and internal controls, governance and related matters. This ensures constructive discussion and efficient decision-making.

## CORPORATE GOVERNANCE continued

The number of meetings held during the year under review and the attendance of the directors are detailed below:

**Attendance at meetings**

Director	Aug	Oct <sup>1</sup>	Oct <sup>1</sup>	Nov	Jan	Feb
LM Nestadt (Chairman)	✓	✓	A	✓	✓	✓
BM Levy	✓	A	✓	✓	✓	✓
MS Levy	✓	✓	✓	✓	✓	✓
S Ellerine	✓	✓	A	✓	✓	A
GD Harlow	✓	✓	✓	✓	✓	✓
RJ Huntley	✓	✓	✓	✓	✓	✓
NN Lazarus SC	✓	✓	✓	✓	✓	✓
P Mansour <sup>3</sup>	✓ <sup>2</sup>	A	✓	✓	✓	A
JS Mthimunye	✓	✓	✓	✓	✓	✓
MV Pamensky	✓	✓	✓	✓	✓	✓
DB Rivkind	✓	✓	✓	✓	✓	✓
HC Theledi	✓	✓	✓	✓	A	✓
LM Tyalimpi	✓	A	✓	✓	✓	✓

**Legend:** (✓) Attendance (A) Apologies submitted and leave of absence granted

<sup>1</sup> Special board meetings held on the 13th and 28th of October

<sup>2</sup> Alternate director to Peter Mansour attended in person

<sup>3</sup> Peter Mansour is based in United States of America and attended board meetings via teleconference

**Directors and director appointments**

The non-executive directors bring leadership, judgement and insight to the board. They are individuals of high calibre and integrity and provide a depth of wisdom based on knowledge and experience on a wide range of issues. Non-executive directors have access to management and may meet separately with management without the attendance of executive directors. The directors are empowered to obtain independent professional advice, at the group's expense, should they deem it necessary to do so.

The board, with the support of the Remuneration and Nomination Committee, ensures that it collectively contains the skills, experience, diversity in demographics and mix of personalities appropriate for the strategic direction of the company and necessary to secure its sound performance. Directors are selected and appointed by the board based on the recommendation of the Remuneration and Nomination Committee. The non-executive directors have no fixed term of appointment and no service contracts with the group. Their fees are

independent of the group's financial performance and they receive no bonuses and do not participate in the company's Forfeitable Share Plan. Executive directors are bound by a three-year employment contract which commenced in November 2007. The contracts may be renewed on expiration thereof for a further three-year period.

To avoid conflicts of interest, board members must disclose their interests in material contracts involving the group, their shareholdings in Blue Label Telecoms, as well as any other directorships. Board members are required to make appropriate disclosures when participation in deliberations or decision-making processes could in any way be affected by vested interests and, if the circumstances require, must recuse themselves from participation.

**Board performance assessment**

The first evaluation exercise comprising a board self-evaluation and director peer review was completed in 2009. This self-evaluation focused,

as the first evaluation exercise, on the board as a whole and how the board discharges its duties and responsibilities. The results were collated in terms of board role, size and composition, independence of the board and its committees, board teamwork and management relations, board and committee meetings, director orientation and development, compensation of directors, succession planning, ethics and constituencies. The overall findings of the assessment are summarised as being “satisfactory” with the overall grading for board and committee meetings being “consistently good”. The areas for improvement have been identified and will be addressed during the ensuing financial year.

The chairman performs an annual review of individual non-executive directors. The purpose of the director peer review is to evaluate individual director performances and the performance of fellow directors on the board. The outcome of the aforementioned process is discussed individually between the respective non-executive directors and the chairman. The chairman presents his findings to the Remuneration and Nomination Committee to make the appropriate recommendations to the board. The board as a whole considers the recommendations of the Remuneration and Nomination Committee.

#### **Board committees**

The board has established a number of board-appointed committees to assist them in discharging their duties and responsibilities. The responsibilities delegated to each board committee are formally documented in board-approved terms of reference. There is transparency and full disclosure from board committees to the board via the subcommittee chairman’s report to the board on recent committee activities as well as inclusion of the committee minutes in the board pack. Board committees are empowered to take independent professional advice as and when deemed necessary. The board recognises that it is ultimately accountable and responsible for the performance and affairs of the group and that the appointment of board

committees and delegation of authority to these committees, in no way absolves the board and its directors of the obligation to carry out their duties and responsibilities.

The membership and principal functions of the committees are set out below. The board is of the view that the committees effectively discharged their responsibilities as contained in their respective terms of reference.

#### **Audit, Risk and Compliance Committee (ARCC)**

The functions of the Audit and Risk Management Committee were increased by the board during the period under review to include compliance management. In this regard the committee name was changed to the ARCC.

**Members:** JS Mthimunye (Chairman), GD Harlow, LM Tyalimpi

**Composition and meeting procedures:** All the members of the ARCC are independent non-executive directors as defined in the Corporate Laws Amendment Act, 2006 (CLAA). Mandatory attendees of the ARCC include the joint chief executive officers, chief financial officer, chief financial officer of TPC, the major subsidiary of Blue Label Telecoms, the senior audit partner from PricewaterhouseCoopers Inc. and the head of the outsourced internal audit function from KPMG Services (Proprietary) Limited. The quorum for an ARCC meeting is two members present throughout the meeting.

The ARCC meets quarterly and at every meeting the external and internal auditors have an opportunity to have separate private discussions with the ARCC. The internal and external auditors have unrestricted access to the chairman of the ARCC. Committee agendas are planned in accordance with the yearly meeting plan to ensure that the committee considers all relevant matters pertaining to internal controls, internal audit, external audit, financial policies and reporting, risk management and compliance.

## CORPORATE GOVERNANCE continued

**Mandate:** The committee is specifically mandated to perform the functions required under section 270A(1) of the CLAA and the recommendations of the King Report on Corporate Governance for South Africa, on behalf of the group. In this regard the committee supported the formation of an Internal Risk and Compliance Committee to assist it in discharging its duties and responsibilities with regard to the subsidiary companies by collating and recording the information that the committee requires to perform its duties.

**Role and functions:** The ARCC assists the board in discharging its duties relating to the safeguarding of assets, the operation of adequate systems and internal controls, the preparation of accurate financial reporting in compliance with all applicable legal requirements and accounting standards, the responsibility and authority of the risk management function within the group as well as monitoring the group's compliance with its legal and regulatory obligations.

Responsibilities of the ARCC set out in its terms of reference include:

- dealing with matters pertaining to the group's financial statements and reporting of interim and final results, the accompanying message to stakeholders and any other announcements regarding the company's results or other financial information to be made public;
- monitoring and supervising the effective function of internal audit, including the review and/or approval of the internal audit charter, internal audit plans, reports and findings;
- reviewing and assessing the integrity of the risk control environment of the group to ensure that all risks to which the group are exposed are identified and managed;
- considering and making recommendations to the board with regard to the appointment, re-appointment and removal of the company's external auditors as well as fees payable to such auditors;
- reviewing and/or approving external audit plans, findings and reports;
- considering whether any non-audit services rendered by the external auditors substantively impairs their independence;
- evaluating the independence and effectiveness of the external auditors;
- monitoring compliance by the group with relevant laws, regulations, policies and procedures and ensuring that compliance is managed and reported in accordance with the Internal Audit Charter.

The audit committee confirms that it has carried out its functions in terms of the CLAA by:

- nominating the appointment of PricewaterhouseCoopers Inc. (PWC) as the group's registered independent auditor after satisfying itself through enquiry that PWC and Mr Eben Gerryts, the designated auditor, are independent of the company;
- approving the terms of engagement and fees to be paid to PWC; and
- determining the nature and extent of any non-audit services which the external auditors may provide to the company.

The non-audit services rendered by the external auditors during the 12-month period ended 31 May 2009 consist of tax advisory services, tax compliance services, due diligence work and accounting advisory services. The fees applicable to the aforementioned services amounted to R4,4 million in total. Prohibited non-audit related services include:

- performing any internal audit or internal audit outsourcing services to Blue Label Telecoms or any of its relevant subsidiaries;
- performing any valuations on any business assets of Blue Label Telecoms, or any of its relevant subsidiaries for which the external auditors will be required to subsequently issue an audit opinion.

In accordance with paragraph 3.84(h) of the JSE Limited Listings Requirements, the committee considered the appropriateness of the expertise and experience of the financial director of the company. The ARCC was satisfied that David Rivkind, chief

financial officer of Blue Label Telecoms, possesses the appropriate expertise and experience to meet his responsibilities in that position.

#### Attendance at meetings

Members (and invitees)	July	Aug	Nov	Feb
JS Mthimunye (Chairman)	✓	✓	✓	✓
GD Harlow	✓	✓	✓	✓
LM Tyalimpi	A	✓	A	✓
BM Levy <sup>^</sup>	A	✓	✓	✓
MS Levy <sup>^</sup>	A	✓	A	✓
DB Rivkind <sup>^</sup>	✓	✓	✓	✓
DA Suntup <sup>^</sup>	A	✓	✓	✓

**Legend:** (✓) Attendance (A) Apologies submitted and leave of absence granted

<sup>^</sup>Attends by invitation and is not a member of the committee

The internal and external auditors, in their respective capacities, attended and reported at all meetings of the ARCC.

#### Remuneration and Nomination Committee (RNC)

**Members:** NN Lazarus SC (Chairman), GD Harlow, RJ Huntley, S Ellerrine

**Composition and meeting procedures:** All members of the RNC are non-executive directors. The joint chief executive officers and chief financial officer attend meetings by invitation, but do not participate in discussions and decisions regarding their own remuneration and benefits. The chairman, at his discretion, may invite other executives or employees to attend and to be heard at meetings of the committee. Meetings are held at least twice a year. The quorum for an RNC meeting is two members present throughout the meeting.

**Mandate:** To assist the board in fulfilling its responsibilities in respect of maintaining an appropriate remuneration strategy, ensuring the directors and senior executives are fairly rewarded, providing for succession planning, assessing the effectiveness of the composition of the board

and evaluating the board and individual directors' performance.

**Role and functions:** Some of the responsibilities of the RNC is to:

- determine and agree with the board the framework or broad policy for the remuneration of the executive directors, non-executive directors and such other members of the executive management as it is designated to consider;
- review, for recommendation to the board, the design of, and targets for, any performance related pay schemes operated by the company and to approve the total annual payments made under such schemes;
- review the design of all share incentive plans for approval by the board and shareholders and to determine each year whether awards will be made, and if so, the overall and individual amounts of such awards;
- make recommendations to the board regarding the remuneration of non-executive directors for final approval by the shareholders;
- identify and nominate candidates for the approval of the board to fill vacancies as and when they arise;
- make recommendations to the board concerning the:
  - formulation of succession plans for both executive and non-executive directors and in particular, for the key roles of chairman and chief executive officer;
  - appointment of new executive and non-executive directors, including making recommendations on the composition of the board and the balance between executive and non-executive directors and any adjustments that are deemed necessary;
  - reappointment of any director under the "retirement by rotation" provisions of the articles of association, having due regard to their performance and ability to continue to contribute to the board in light of the knowledge, skills and experience required.

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**Attendance at meetings**

Members (and invitees)	Jun	Aug	Sept
NN Lazarus SC (Chairman)	✓	✓	✓
S Ellerine	✓	✓	✓
GD Harlow	✓	✓	✓
RJ Huntley	✓	✓	✓
BM Levy <sup>^</sup>	A	A	A
MS Levy <sup>^</sup>	A	A	A
DB Rivkind <sup>^</sup>	✓	A	A

**Legend:** (✓) Attendance (A) Apologies submitted and leave of absence granted

<sup>^</sup>Attends by invitation and is not a member of the committee

**Investment Committee (IC)**

**Members:** GD Harlow (Chairman), NN Lazarus SC, HC Theledi, JS Mthimunye, S Ellerine, BM Levy, MS Levy, MV Pamensky, DB Rivkind, DA Suntup and D Hilewitz

**Composition and meeting procedures:** The IC comprises an equal number of executive and non-executive directors. Meetings are held at least four times per year. The quorum for an IC meeting is four members, of which two are executive and two non-executive, present throughout the meeting.

**Mandate:** To review, consider and approve proposed acquisitions and investments of Blue Label Telecoms and its subsidiaries in accordance with the limits of authority as defined by the board.

**Role and functions:** The responsibilities of the IC include:

- the review of acquisitions and investments made by the executive committee in accordance with the authority granted to it by the board;
- the review, consideration and approval of acquisitions and investments of the group ranging between R20 million and R100 million;
- making recommendations to the board on acquisitions and investments of the group above R100 million;
- reviewing the performance of investments made.

**Attendance at meetings**

Members (and invitees)	Jun <sup>1</sup>	Jun <sup>1</sup>	Sept <sup>2</sup>	Sept <sup>2</sup>	Nov
GD Harlow (Chairman)	✓	✓	✓	✓	✓
S Ellerine	✓	✓	✓	✓	✓
D Hilewitz	✓	✓	✓	✓	✓
NN Lazarus SC	✓	A	✓	✓	✓
BM Levy	A	✓	✓	✓	✓
MS Levy	✓	✓	A	✓	✓
JS Mthimunye	A	✓	A	A	A
MV Pamensky	✓	✓	A	✓	✓
DB Rivkind	✓	✓	✓	✓	✓
DA Suntup	✓	✓	A	✓	✓
HC Theledi	A	✓	✓	✓	✓

**Legend:** (✓) Attendance (A) Apologies submitted and leave of absence granted

<sup>1</sup> Two committee meetings held in June 2008 on the 1st and 12th respectively

<sup>2</sup> Two committee meetings held in September 2008 on the 16th and 26th respectively

**Transformation Committee (TC)**

**Members:** RJ Huntley (Chairman), S Ellerine, LM Tyalimpi, BM Levy, DB Rivkind (alternate to BM Levy)

**Composition and meeting procedure:** The committee comprises at least three members with a majority being non-executive directors. The quorum for a TC meeting is two members of the committee present throughout the meeting. Meetings are held at least two times per year. The chairman, at her discretion, may invite other executives or employees to attend and to be heard at meetings of the committee. The group human resource and transformation manager is a mandatory attendee of the TC meetings.

**Mandate:** To develop framework policies and guidelines for the management of transformation issues including affirmative procurement, enterprise development, employment equity, human resource development, social development matters and ensuring their progressive implementation throughout Blue Label Telecoms and its subsidiaries.

**Role and functions:** The responsibilities of the TC include:

- developing a transformation framework and policy;
- monitor and oversee the implementation of the transformation framework and policy;
- oversee the BBBEE accreditation process of the group and monitor the group's compliance with the dti Codes of Good Practice.

#### Attendance at meetings

Members (and invitees)	Aug	Nov	Feb
RJ Huntley (Chairman)	✓	✓	✓
S Ellerine	✓	✓	✓
BM Levy	A	✓	✓ <sup>1</sup>
LM Tyalimpi	A	✓	✓
I Hindley <sup>^</sup>	✓	✓	✓

**Legend:** (✓) Attendance (A) Apologies submitted and leave of absence granted

<sup>1</sup> David Rivkind as alternate to Brett Levy attended in person  
<sup>^</sup>Attends by invitation and is not a member of the committee

#### Executive Committee (Exco) and the Strategy Implementation Committee

**Members:** MS Levy (Chairman), BM Levy, MV Pamensky, DB Rivkind

**Composition and meeting procedure:** Exco meetings take place on a weekly basis. The chief financial officer of TPC, a major subsidiary of Blue Label Telecoms and the group legal adviser, attend Exco meetings by invitation.

**Mandate:** Exco is responsible for managing and monitoring the business affairs of the company in line with board-approved plans, budgets, delegations and limits of authority, prioritising the allocation of capital and other resources and establishing best management and operating practices. Exco is also mandated, empowered and held accountable for implementing the strategies, business plans and policies determined by the board. In assisting Exco with the implementation of strategies, business plans and policies throughout the group, a Strategic Implementation Committee (SIC) was established. The SIC meets monthly and comprises 15 members, which include the Exco members, the chief information officer, the chief technology officer,

senior managers of the group responsible for the four organisational segments, as well as the heads of product development and commercial product offerings.

The role and function of the SIC include:

- assisting Exco with group strategy and direction;
- responsibility for implementing board decisions regarding strategy and direction throughout the group;
- ensuring all subsidiaries, associates and partners are aligned and striving to achieve the same goals and objectives;
- ensuring that correct and consistent information is conveyed to all customers and suppliers;
- ensuring that the group is functioning as one combined company;
- implementing the group's values and mission.

#### COMPANY SECRETARY

All directors have access to the advice of the group company secretary and may liaise with the group company secretary on agenda items for board meetings. The company secretary provides guidance to the board as a whole and to individual directors with regard to their responsibilities and plays a pivotal role in ensuring compliance with procedures and applicable statutes and regulations. Responsibilities of the group company secretary, include inter alia:

- induction of new or inexperienced directors;
- assisting the chairman and joint chief executive officers in determining the annual board plan;
- assisting with other strategic issues of an administrative nature;
- facilitating full and timely access by directors to all information such as corporate announcements, investor communications and other developments which may affect Blue Label Telecoms or its operations;
- acting as a central source of guidance on matters of ethics and governance.

The group company secretary is furthermore responsible for the functions specified in section 268(G) of the Companies Act No 61 of 1973, as amended (the Act). All meetings of shareholders, directors, and board subcommittees are properly

## CORPORATE GOVERNANCE continued

recorded as per the requirements of section 242 of the Act. The removal of the group company secretary is a board decision.

### RISK MANAGEMENT

The board has committed Blue Label Telecoms to a process of risk management that is aligned to the principles of King II. The features of this process are outlined in the Blue Label Telecoms Enterprise Wide Risk Management Policy Framework (risk framework). The risk framework is applicable to the entire Blue Label Telecoms group. This enterprise wide approach adopted by the company, means that every risk in the group will be identified, assessed and monitored in a structured and systematic process of risk review and management.

Management is accountable to the board for designing, implementing and monitoring the process of risk management and integrating it into the day-to-day activities of Blue Label Telecoms. In this regard, management established an Internal Risk and Compliance Committee (IRC) to identify, evaluate and measure group-wide risks and compliance in all functional areas and to implement and maintain adequate internal controls. The IRC is chaired by the chief financial officer of Blue Label Telecoms and reports directly to the ARCC at the quarterly meetings. The members of the IRC comprise the senior managers of the group responsible for the four organisational segments as well as the heads of product development and commercial product offerings, the group legal adviser, group company secretary and group human resource and transformation manager. The head of external audit and the head of the outsourced internal audit function also attend the IRC meetings.

The IRC has conducted group-wide risk assessments to identify and prioritise major risks in accordance with the impact and likelihood of these risks. In line with the group's risk framework the potential impact of the risks are quantified on a five point scale comprising catastrophic, critical, serious, significant and minor/insignificant. Risks are then further quantified in terms of the probability of occurrence in accordance with probability factors, namely; almost certain, likely, possible, unlikely and rare. Internal controls to mitigate the identified risks are evaluated

to establish the appropriateness and adequacy of the existing controls to ensure that they perform the required risk mitigation. Management decides on the acceptance of the identified risk or exposure and, if considered high, an action plan and timeframe are put in place to reduce the level of risk to a more acceptable level.

### INTERNAL AUDIT AND CONTROL

The Blue Label Telecoms internal audit function is an integral part of the group, and functions under the internal audit charter approved by the board. Internal audit is responsible to both the board and management, providing them with reasonable assurance regarding the effectiveness of the group's governance and risk management processes as well as systems of internal control. The Blue Label Telecoms internal audit function is outsourced to KPMG Services (Proprietary) Limited (KPMG).

The activities of the internal audit function as detailed in the approved internal audit charter, include but are not restricted to:

- evaluating the effectiveness of controls over the reliability and integrity of information for management purposes, with particular emphasis on financial information;
- ascertaining the level of compliance with policies, plans, procedures, laws and regulations;
- assessing the adequacy of controls to safeguard assets, including intangible assets;
- appraising the economy and efficiency with which resources are employed;
- reviewing operations to ascertain whether established objectives and goals are being achieved as planned; and
- assisting management in identifying business risks and assessing the adequacy of their risk management processes.

During the period under review, KPMG Internal Audit, Risk and Control Services (IARCS), performed an internal audit over the corporate governance and human resource and payroll processes of Blue Label Telecoms. Both of these risk-based audits were assigned an overall "acceptable rating", meaning that a good control framework is in place, but improvements are needed in certain key control

activities. The majority of the key findings were, subsequent to the review, discussed at the ARCC and the RNC respectively as appropriate, and were addressed. The ARCC is satisfied that internal audit has met its responsibilities for the year with respect to its terms of reference.

### SHARE DEALINGS

Blue Label Telecoms and TPC, its major subsidiary, have adopted an "Insider Trading and Dealings in Securities" policy. This policy requires all relevant directors who wish to deal in Blue Label Telecoms shares to obtain prior written clearance from the chairman of the Remuneration and Nomination Committee and either the chief financial officer or group company secretary. The same restriction applies to the group company secretary. In his own case, the chairman of the Remuneration and Nomination Committee must obtain clearance to deal in Blue Label Telecoms shares from the chairman of the board and the chief financial officer of Blue Label Telecoms.

The group operates "closed periods" as defined in the JSE Limited Listings Requirements. These periods are communicated to directors, officers and employees in the group via the policy document and special electronic notices announcing the commencement or termination of closed periods. During these closed periods, the group's directors and their associates, officers and employees may not deal in Blue Label Telecoms shares. Additional closed periods may be enforced, when required, in terms of corporate activities. There was no requirement for additional closed periods during the period under review.

### GOING CONCERN

The board has considered and recorded the facts and assumptions on which it relies to conclude that the business will continue as a going concern in the ensuing financial year. The directors are of the opinion that the business will be a going concern in the year ahead and their statement in this regard is also contained in the statement on the responsibility of the directors for the consolidated financial statements on page 95 of this report.

### CODE OF BUSINESS CONDUCT

The code of business conduct (code), guides how the group interacts with its respective stakeholders in support of the group's values. The fundamental principles that underpin the group's values include integrity, respect, accountability, competitiveness and innovation.

#### INTEGRITY

- We are honest and trustworthy in all of our dealings with all of our employees, customers, business partners, suppliers, competitors, and other stakeholders.
- We adhere to business practices and all laws and regulations governing our business.

#### RESPECT

- We value people's differences.
- We value diverse opinions.
- We treat stakeholders fairly with respect and dignity.
- We do not discriminate on the basis of race, religion, gender or sexual orientation.

#### ACCOUNTABILITY

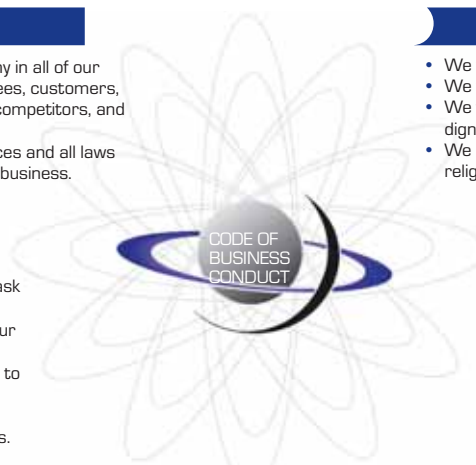
- We admit mistakes, learn from them and ask for help.
- We take ownership and responsibility for our actions and performance.
- We take initiative to make a difference and to help.
- We focus on results.
- We recognise and celebrate our successes.

#### COMPETITIVENESS

- We are determined in our pursuit of success.
- We strive to be leaders in the markets we serve.
- We are committed to ensuring that we have the best people, technology, quality, service, and market knowledge.
- We act with a sense of urgency, and we strive for excellence in everything we do.

#### INNOVATION

- We work creatively to develop new ways to provide value to our customers.
- We drive our innovation by understanding our market's needs, and we are the first to deliver against those needs.
- We create new markets with unique technologies and solutions.



## REMUNERATION REPORT

### INTRODUCTION

This report has been prepared by the remuneration and nomination committee (RNC) to provide stakeholders with an overview of the remuneration policy and practices applicable to executive directors and non-executive directors of the company.

### REMUNERATION PHILOSOPHY

Blue Label Telecoms' remuneration philosophy promotes remuneration at market related levels to attract, retain and motivate the talent required by the company to achieve its strategic and operational objectives. The philosophy seeks to achieve an optimum balance between the interests of shareholders and providing attractive and competitive remuneration packages.

### GOVERNANCE

The board remains ultimately responsible for the remuneration policy and the RNC operates under approved terms of reference. The focus of its activities is on the group's remuneration framework, the determination of levels of remuneration for executive and non-executive directors, annual salary adjustments and bonuses and the determination of awards to be made in terms of the company's Forfeitable Share Plan (share plan). The chairman of the RNC reports to the board at quarterly board meetings and submits recommendations made by the RNC to the board for consideration. The board accepted the recommendations made by the RNC during the year.

### COMPOSITION AND ROLE OF THE RNC

The composition, meeting procedure, role and functions of the RNC as well as the attendance of the RNC meetings, are reflected in the governance review on page 55 of this report. All the members of the RNC have the relevant skills and experience to perform their duties.

The key activities of the RNC during the period under review included:

- the introduction and design of a balanced scorecard for executive directors and senior management;
- the determination of the remuneration of executive directors and subject to shareholder approval, the remuneration of the group chairman and non-executive directors;
- the determination of increases in the fixed remuneration of executive directors and senior management across the group;
- the confirmation of bonus structures in the group with reference to the achievement of stipulated performance criteria;
- the determination of awards to be made to executive directors and senior management in accordance with the rules of the share plan.

### ADVISORS

In determining the remuneration of executive and non-executive directors and certain senior executives the RNC obtains information on remuneration trends and seeks advice from external independent remuneration consultants.

### REMUNERATION POLICY

The group's remuneration structure for executive and senior management has three components:

- Fixed remuneration – fixed monthly salary and benefits;
- Variable remuneration – a short-term performance related bonus scheme;
- Forfeitable Share Plan – a long-term performance related incentive scheme.

Fixed remuneration is reviewed annually to ensure that the executives and senior management who contribute to the success of the group remain remunerated at appropriate levels in accordance with the remuneration philosophy. The variable pay element provided by the short-term bonus scheme is intended to enhance total pay opportunities, should that be merited by corporate and individual performance. Long-term incentives, in the form of forfeitable shares awarded under the share plan, are based on a percentage of total annualised salary packages and are intended to reward sustained long-term performance and to align the interests of the executive and senior management with those of shareholders.

The purpose of the annual performance related bonus scheme is to reward and motivate the achievement of group and subsidiary financial targets, as well as to motivate strategic and personal performance. The joint chief executive officers may earn an annual incentive bonus of up to 120% of fixed remuneration and other executive directors up to 70%. Senior management may earn up to 50% of their annualised salary package. For the year ended 31 May 2009 the joint chief executive officers and the chief operating officer elected not to take up their bonus allocations in view of the current economic climate.

Details of the directors' emoluments for the period ended 31 May 2009 appear on pages 140 – 141 of this report.

### SERVICE CONTRACTS

The company concluded three-year employment contracts with the executive directors in November 2007. The contracts provide for an option to renew (by mutual agreement) upon the expiry of the initial term.

## NON-EXECUTIVE DIRECTORS' REMUNERATION

Non-executive directors receive fees for service on the board and board committees, dependent on attendance. Non-executive directors do not receive short-term incentives nor do they participate in the share plan of the company. The fees payable to the chairman and non-executive directors are recommended by the RNC to the board, which in turn proposes the fees for approval by the shareholders at the annual general meeting. Details of the fees paid to the respective non-executive directors during the period under review are reflected on pages 140 – 141 of this report.

The proposed fees payable to the non-executive directors for the period 1 June 2009 to 31 May 2010 are as follows:

	Current fee per meeting	Proposed fee per meeting *	Proposed capped fee per annum **
Services as directors			
• chairman of the board <sup>1</sup>	—	—	R700 000
• board members	R30 000	R32 550	R162 750
Audit, risk and compliance committee			
• chairman	R41 666	R45 208	R180 832
• member	R25 000	R27 125	R108 500
Remuneration committee			
• chairman	R33 333	R36 166	R144 664
• member	R20 000	R21 700	R86 800
Investment committee			
• chairman	R25 000	R27 125	R217 000
• member	R15 000	R16 275	R130 200
Transformation committee			
• chairman	R25 000	R27 125	R108 500
• member	R15 000	R16 275	R65 100
Ad hoc committee			
• chairman	R25 000	R27 125	R108 500
• member	R15 000	R16 275	R65 100

\* In the event that there are fewer meetings than envisaged, the member shall receive the fee in respect of the number of meetings attended.

\*\* In the event that there are more meetings per year than initially planned, directors' fees will be paid only up to the cap.

<sup>1</sup> The annual fee paid to the chairman in respect of the year ended 31 May 2009 amounted to R600 000.

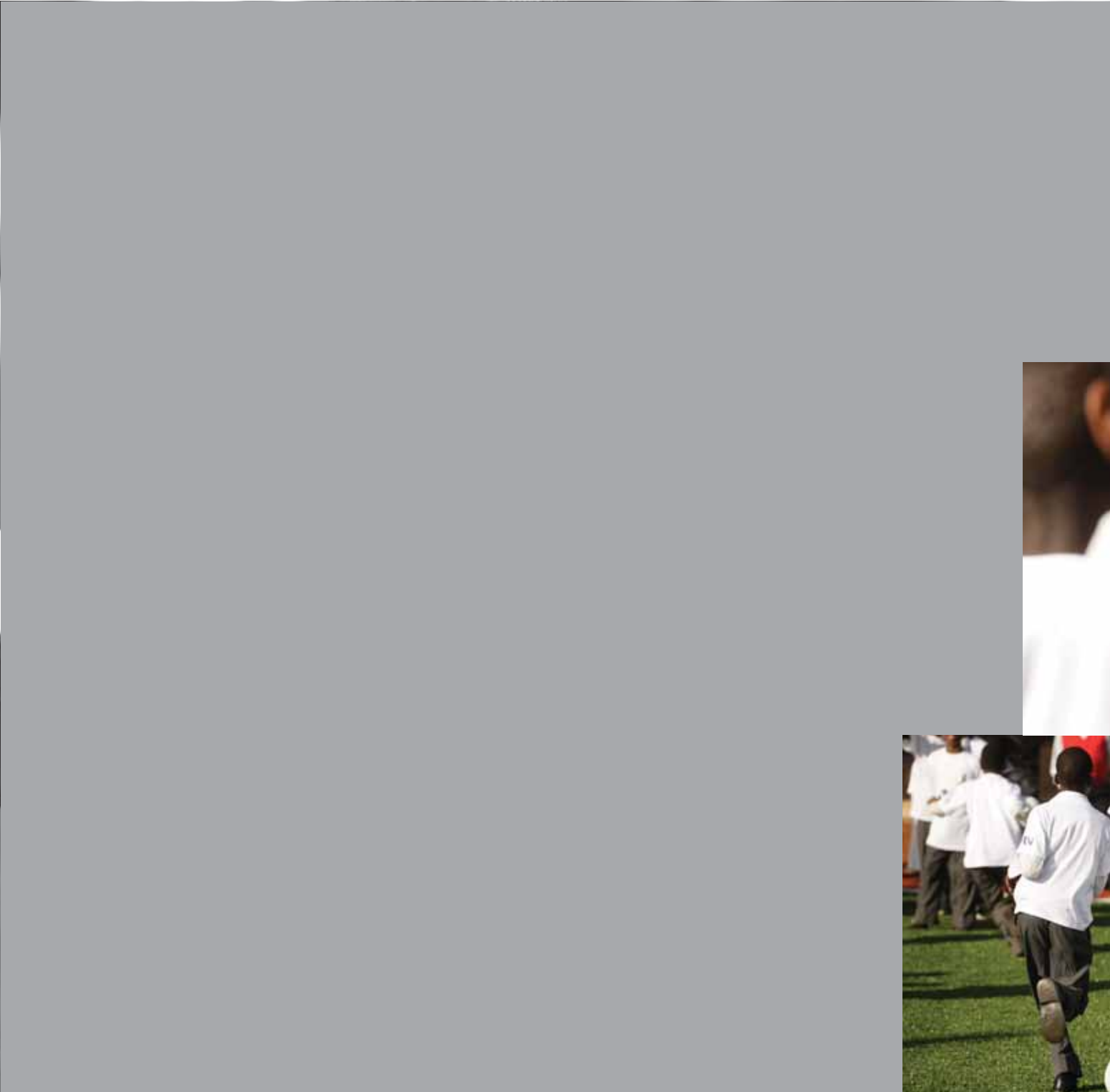
## FORFEITABLE SHARE PLAN

The group implemented the share plan as approved by shareholders at the annual general meeting held on 12 November 2008. During the year forfeitable shares were granted to executive directors and qualifying employees. Particulars relating to the share plan are set out in note 30 to the financial statements.

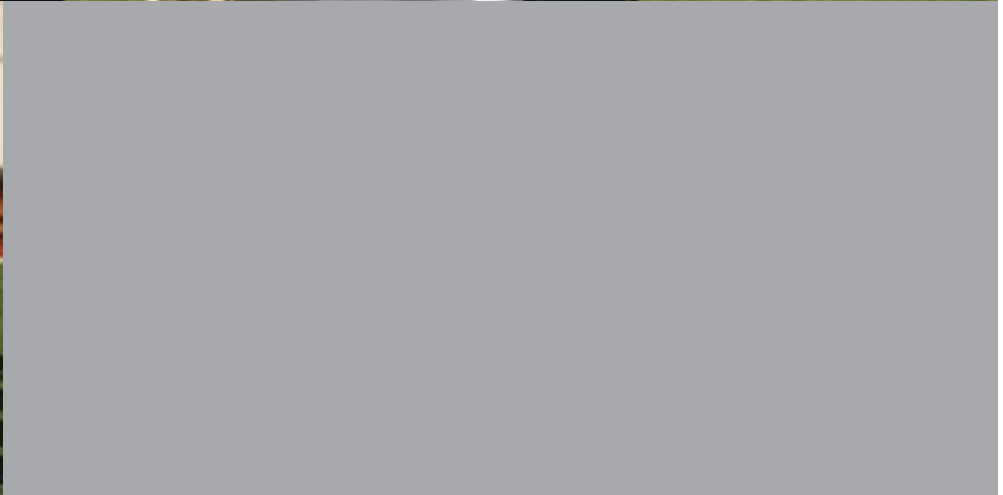
### Forfeitable shares held by executive directors of Blue Label Telecoms

	Balance 1 June 2008	Issue date	Forfeitable shares awarded	Balance 31 May 2009	Vesting date
BM Levy	0	26/02/2009	369 936	369 936	01/09/2010
MS Levy	0	26/02/2009	369 936	369 936	01/09/2010
MV Pamensky	0	26/02/2009	269 745	269 745	01/09/2010
DB Rivkind	0	26/02/2009	138 726	138 726	01/09/2010

# Our responsibility



The company aims to sustain its business model by growing the range of users to which its technology and distribution footprints may be put to use, thereby positively impacting upon the lives of its customers.



## SUSTAINABILITY REPORT continued

Blue Label Telecoms' primary focus is to deliver goods and services to unbanked and badly banked people in communities which have previously been ignored or under-served. *The Economist* reports a recent study that demonstrates that adding an extra 10 mobile phones per 100 people in a typical developing country can lead to a boost in GDP per person of 0,8%. Blue Label Telecoms recognises that the well-being of the communities that it services impacts upon the sustainability of the company, and attempts to manage its business practices in a manner which positively impacts its economic, social and environmental responsibilities to those communities.

The company aims to sustain its business model by growing the range of uses to which its technology and distribution footprints may be put to use, thereby positively impacting upon the lives of its customers while ensuring the continuity of the business model. Also key to the sustainability of the company is a focus on its governance structures, targets and risk management.

### REPORT BOUNDARIES AND REPORTING STANDARDS

Blue Label Telecoms was guided by the Sustainability Reporting Guidelines prepared by the Global Reporting Initiative (GRI) in compiling this sustainability report. This report provides information in respect of the financial year ended 31 May 2009.

Since Blue Label Telecoms is still a newly listed company, joining the JSE Limited (JSE) two years ago, processes for reporting continue to be in an improvement phase. Thus, this report represents the group's first sustainability report in compliance with GRI G3 guidelines, and therefore contains no comparable data. However, systems and processes have been implemented from the commencement of the 2010 financial year to assist in the more accurate recording of those aspects of its business practices which will affect the sustainability issues herein reported.

In most cases, the scope of this report predominantly incorporates information on the activities and initiatives of the South African operations of the group and statistical "non-financial" data is limited to where systems and processes allow (e.g. employment statistics).

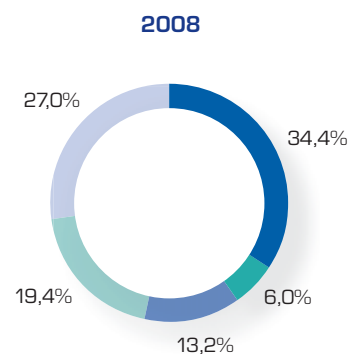
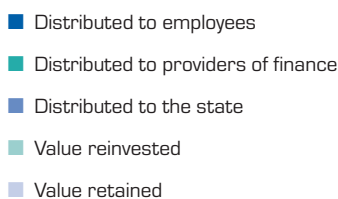
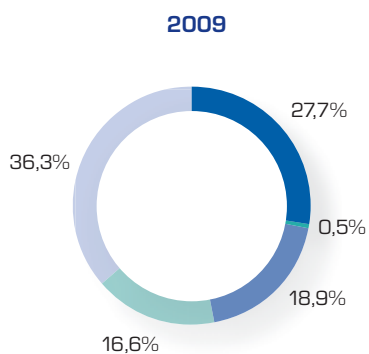
The content of this report has been set according to GRI's guidance on "materiality"; to the best of the company's ability, noting that while areas of material risk and/or opportunity have been identified upon which there are currently inadequate systems and/or information to report on, the content is nonetheless a fair representation of the company's ability to respond to the concerns and interests of its varied stakeholders.

Where necessary, re-statements of financial and/or operational data will have been disclosed in the directors' report (e.g. new acquisitions). However, because this is Blue Label Telecoms' first sustainability report, there are no re-statements of sustainability information or measurement techniques to be discussed.

## VALUE-ADDED STATEMENT

“Value added” is the measure of wealth the group has created in its operations by “adding value” to the cost of products and services. The statement below summarises the total wealth created and shows how it was shared by employees and other parties who contributed to its creation. Also set out below is the amount retained and re-invested in the group for the replacement of assets and the further development of operations

	2009 R'000	2009 %	2008 R'000	2008 %
<b>VALUE-ADDED</b>				
Value-added by operating activities	847 005	84,2	594 545	77,2
Revenue	15 281 449		12 545 471	
Net operating expenses	(14 434 444)		(11 950 926)	
Value added by investing activities	158 539	15,8	176 002	22,8
Fair value movement on financial assets at fair value through profit or loss	32		(1 375)	
Interest income	158 507		177 377	
	<b>1 005 544</b>	<b>100</b>	<b>770 547</b>	<b>100</b>
<b>VALUE DISTRIBUTED</b>				
Distributed to employees	278 970	27,7	265 003	34,4
Salaries, wages, medical and other benefits	278 970		265 003	
Distributed to providers of finance	4 891	0,5	46 575	6,0
Finance costs	4 891		46 575	
Distributed to the state	190 144	18,9	102 009	13,2
Income tax	190 144		101 759	
STC	-		250	
Value reinvested	166 574	16,6	149 168	19,4
Depreciation, amortisation and impairment	93 220		58 670	
Net discounting finance cost	61 269		85 225	
Share of losses of associates	27 445		17 441	
Deferred taxation	(15 360)		(12 168)	
Value retained	364 965	36,3	207 792	27,0
Retained profit	390 547		180 891	
Minority shareholders' interest	(25 582)		26 901	
	<b>1 005 544</b>	<b>100</b>	<b>770 547</b>	<b>100</b>



## SUSTAINABILITY REPORT continued

### STAKEHOLDER RELATIONS

The building of long-term and transparent relationships with our stakeholders is a business imperative. The group has a deliberate and measured approach to its interaction with stakeholders, developed over the course of a number of years. These interactions take account of the impact that the stakeholders may have on the business. The frequency and form of that engagement is commensurate with such estimated impact.

Initiatives such as media roundtables, bi-annual analyst perception audits and feedback from employees result in stakeholder concerns being identified and presented to the executive committee for consideration and/or further action.

Blue Label Telecoms has identified the following as the stakeholders that contribute to its sustainability, either directly or indirectly:

Stakeholder group	Stakeholder engagement
Employees	Communication with employees is achieved via the intranet, staff meetings, monthly newsletter and e-mail correspondence providing information in respect of new products, competitions, business initiatives, charitable initiatives and the like. Once a month the group holds a one-day strategy meeting for senior managers to agree and plan the most effective manner of implementing the board strategy. Senior managers are thereafter required to convey the group strategy to their businesses.
Shareholders, investors, analysts and the media	Presentations covering the financial performance of the group and an overview of the strategic direction of the group are made to the investor community by the joint chief executive officers and the chief financial officer at year-end and interim stages. Meetings and discussions are held during the year with these parties on an ad hoc basis. The company also held a media roundtable in May 2009 to provide the media with a better insight to Blue Label Telecoms and its operations and to introduce the respective segment heads of the group. Results and presentations of the group are published in the press and company website.
Customers	The group's customer base is comprised of corporate clients, chainstores, large independent retail clients, wholesale/cash-and-carry stores, and petroleum industry forecourts. Field representatives and key account managers engage directly on a continual basis with these customers in terms of new products, market trends, business queries, device installations and marketing. Blue Label Telecoms senior management liaise regularly with senior management of customers and suppliers, as appropriate, to achieve enduring relationships.

Stakeholder group	Stakeholder engagement
Business partners	The relationships that Blue Label Telecoms has with its business partners such as Microsoft, Vodacom, MTN, Cell C, Telkom, municipalities and parastatals, among others, are managed in terms of distributor and/or dealer agreements and collaboration agreements. Relationship managers are appointed to each partner to provide a single and dedicated point of contact. In most instances engagement with these business partners occurs regularly and at least once a month in the form of informal and formal meetings.
Communities	The Prepaid Company formed a community division known as TPC Community Channel. This division specialises in the development and empowerment of broad-based communities through the deployment of mobile technology and products. The community channel aims to not only distribute the group's products more widely but to create job opportunities for the members of the communities and to share a portion of the revenues earned with those communities.
Government, regulatory bodies and the public sector	The group regularly engages government (at a national and local level), parastatals and other public organisations through various tender processes. From a compliance point of view, the completion and rendition of statutory returns is undertaken diligently. Blue Label Telecoms is not a member of any industry association and/or national/international advocacy organisation in which the company has positions in governance bodies, participates in projects or committees or provides substantive funding.
Suppliers	Suppliers are subjected to a formal procurement process whereby issues such as quality of product, credit worthiness and BBBEE status are confirmed prior to becoming suppliers. Suppliers of services are, if appropriate, initially engaged through a tender process and if successful, agreements are concluded which are then managed by Blue Label Procurement. The majority of the group's goods and services are procured from locally based suppliers.

## SUSTAINABILITY REPORT continued

## SHAREHOLDER ANALYSIS

Below is a synopsis of Blue Label's shareholder spread, distribution of shareholders and beneficial shareholders holding 3% or more of the issued share capital of the company.

	No of shareholdings	%	No of shares	%
<b>Shareholder spread</b>				
1 - 1 000 shares	626	24,85	361 248	0,05
1 001 - 10 000 shares	1 251	49,66	4 669 913	0,61
10 001 - 100 000 shares	479	19,02	14 680 162	1,92
100 001 - 1 000 000 shares	107	4,25	33 434 847	4,36
1 000 001 shares and over	56	2,22	713 214 724	93,06
<b>Total</b>	<b>2 519</b>	<b>100,00</b>	<b>766 360 894</b>	<b>100,00</b>
<b>Distribution of shareholders</b>				
Banks	24	0,95	77 433 972	10,10
Close corporations	61	2,42	1 380 644	0,18
Empowerment	1	0,04	76 441 268	9,97
Endowment funds	13	0,52	536 704	0,07
Individuals	1 982	78,68	202 910 208	26,48
Insurance companies	11	0,44	7 973 414	1,04
Investment companies	18	0,71	31 397 804	4,09
Medical schemes	2	0,08	19 000	0,00
Mutual funds	41	1,63	36 289 943	4,74
Nominees and trusts	216	8,58	57 454 925	7,50
Other corporations	28	1,11	197 226	0,03
Retirement funds	28	1,11	16 300 887	2,13
Private companies	85	3,37	157 553 936	20,56
Public companies	8	0,32	95 269 250	12,43
Treasury stock	1	0,04	5 201 713	0,68
<b>Totals</b>	<b>2 519</b>	<b>100,00</b>	<b>766 360 894</b>	<b>100,00</b>
<b>Public/non-public shareholders</b>				
Non-public shareholders	<b>20</b>	<b>0,79</b>	<b>346 066 942</b>	<b>45,16</b>
Directors and associates	18	0,71	249 013 377	32,49
Strategic holdings (more than 10%)	1	0,04	91 851 852	11,99
Treasury stock	1	0,04	5 201 713	0,68
Public shareholders	<b>2 499</b>	<b>99,21</b>	<b>420 293 952</b>	<b>54,84</b>
<b>Total</b>	<b>2 519</b>	<b>100,00</b>	<b>766 360 894</b>	<b>100,00</b>
<b>Beneficial shareholders holding 3% or more</b>				
			<b>No of shares</b>	<b>%</b>
Shotput Investments (Proprietary) Limited			116 736 000	15,23
Microsoft Corporation			91 851 852	11,99
Levy, BM			82 613 331	10,78
Nthwese Investment Holdings Consortium (Proprietary) Limited			76 441 268	9,97
Levy, MS			75 205 922	9,81
Investec Asset Management			43 667 468	5,70
<b>Total</b>			<b>486 515 841</b>	<b>63,48</b>

## ETHICAL PRACTICES

Blue Label Telecoms strives to become the leading global distributor of secure electronic tokens of value and transactional services, including non-banking value-added transactional services, within emerging and developing markets. In pursuing this vision we are committed to behaving and interacting with all stakeholders in a professional and ethical manner.

The values that underpin our interaction with stakeholders include:

- Integrity
- Respect
- Accountability
- Innovation
- Competitiveness.

Blue Label Telecoms is a proud supporter of Business Against Crime South Africa.

## Key impacts and risks

The group has identified the following key impacts and risks to the group.

Impact/Risk	Comment	Response
General economic conditions	In an economic downturn consumers are forced to limit expenditure, particularly on non-essential needs. This could have an adverse effect on revenue and profitability.	It has been the group's experience thus far that its mix of products, services and distribution channels has limited its exposure to economic downturns, in that the bulk of the product mix consists of goods, the demand for which thus far appears inelastic. Consumers appear to be unwilling to reduce spending on utilities, transport and airtime.
High volume/low margin business which is sensitive to supplier pricing	Network operators determine the margins available to the prepaid airtime distribution channel. Blue Label Telecoms may not always be able to pass on to the retailer or customer any margin compression enforced by the network operators.	Management is confident that based on the terms of the group's customer agreements and business model it should be able to pass on margin compression to its customers. The possible margin compression is also likely to force marginal distributors out of the distribution chain.
Regulation of Interception of Communications and Provision of Communication-Related Information Act (RICA)	RICA requires the registration of personal details of all South African cell phone subscribers. All new starter pack activations subsequent to 1 August 2009 require such registration.  Furthermore, all historically active users of cell phones will have to be registered within eighteen months from that date.  Registration is administratively complex and leads to a delay in the ultimate activation of starter packs.	Activi, the technology arm of the group, has developed a suite of data collection products that are designed to complement existing point-of-sale devices, enabling the immediate registration of RICA details.  Once RICA'd the starter pack base is likely to be more stable and less likely to churn. By developing superior capabilities to RICA customers this presents both an opportunity and a competitive edge for the group.

## SUSTAINABILITY REPORT continued

## Key impacts and risks (continued)

Impact/Risk	Comment	Response
Reduction of inter-connect fees	<p>Parliamentary intervention to reduce cellular inter-connect fees in the immediate future appears likely.</p> <p>This, in turn, is likely to lead to lower cellular airtime prices. Lower pricing may lead to margin compression by the networks.</p>	<p>It is management's view that prepaid customers currently consume not as much airtime as they require, but as much as they are able to afford. It would therefore appear likely that prepaid consumers spend will remain the same, but consumers will receive more value for that spend.</p> <p>For these reasons management believes that the group's business will not be materially affected by the reduction in inter-connect fees.</p>
Inability to attract and retain key personnel and qualified employees, in whom intellectual capital resides.	<p>The group's future performance will depend largely on the efforts and abilities of its key personnel and employees. The existing management at Blue Label Telecoms pioneered the mass prepaid market and established the group's business model. Blue Label Telecoms' future success will depend, in part, upon its ability to continue to attract, retain and motivate the necessary personnel, including the succession of executive officers and certain other key employees.</p>	<p>The joint chief executive officers and co-founders are both substantial shareholders and are dedicated to the sustainability and growth of the group.</p> <p>Key members of the management team are bound by service agreements, restraint of trade undertakings and are also strategic shareholders in the group.</p> <p>Blue Label Telecoms' remuneration committee has designed remuneration policies that include long-term retention and incentives. The group also focuses on training existing staff to develop required skills internally.</p>
Non-exclusivity of various supply, distribution and WASP agreements	<p>Certain of the group's supply, distribution and WASP agreements are non-exclusive and can be terminated at short notice. This type of agreement is standard in the industry.</p>	<p>Management is committed to continue to grow the group's footprint by increasing its points-of-presence (touch points) and owning the entire technological value chain, which drives the group's products and services. This has placed the group in a strong position in the distribution chain.</p> <p>Relationships with and service to suppliers and customers are of paramount importance and an important factor in management's time allocation.</p>
Blue Label Telecoms conducts the majority of its existing business in South Africa and is subject to certain political, social, environmental and economic conditions in South Africa	<p>While South Africa features a highly developed financial and legal infrastructure at the core of its economy, it has high levels of unemployment, poverty and crime. Particular considerations include how the South African Government will ultimately address the political tensions and social and economic problems, to what extent its efforts will be successful, the political, social and economic consequences of such efforts and the effect on South African businesses of the continuing integration of the South African economy with the economies of the rest of the world.</p>	<p>Blue Label Telecoms believes that the economic sentiment is broadly positive for the future. The group continues to expand its operations beyond the borders of South Africa, with particular focus on emerging markets.</p>

**Key impacts and risks** (continued)

Impact/Risk	Comment	Response
Rapid growth of off-shore operations in territories far removed from head office.	As the group diversifies its operations to earn income from off-shore companies, executive management's ability to closely oversee those operations could be diminished.	The group always enters international territories with a local partner, whom it carefully selects. The group also has a policy of seconding senior managers from within the South African operation to off-shore subsidiaries. This is designed to ensure Blue Label Telecoms' strategy and culture is effectively and consistently applied throughout the group.
Vulnerability of the middle man	In most industries a wholesaler is at risk of being eliminated from the supply chain if the supplier elects to supply the customer directly.	From its inception, the objective of the group was to become a "one stop" destination for the supply and distribution of all of the networks' offerings. This would provide both convenience and efficiency to the retailer and customer. Furthermore the technology and footprint developed by the group allows retailers to earn additional revenue by the introduction of additional products. This would make it difficult to disintermediate the group.  No single network can offer this complete solution.

**SOCIAL PRACTICES****Transformation and broad-based black economic empowerment**

The group decided that BBBEE verification at subsidiary level, as opposed to group verification, was more effective in terms of mitigating commercial risk and developing priority skills for the specific subsidiary companies. The board-appointed transformation committee has developed transformation targets for the South African subsidiaries of the group. Subsidiary companies that have completed the formal verification process include:

Subsidiary	BBBEE status
Demtrade 11 (Proprietary) Limited trading as Blue Label Procurement	Level 2 contributor
Cigicell (Proprietary) Limited	Level 4 contributor
Activi Technology Services (Proprietary) Limited	Level 5 contributor
Comm Express Services SA (Proprietary) Limited	Level 6 contributor
Velociti (Proprietary) Limited	Level 6 contributor

**Socio-economic development (SED)**

The group's main SED areas of focus are the youth, sports development and HIV/AIDS. During the year under review the group's main initiatives have revolved around Nomonde's Children's Home, Legacy Parks, Jakaranda Children's Home and Malamulele Onward. The group budgeted and disbursed approximately R2,3 million in respect of these initiatives.

## SUSTAINABILITY REPORT continued

### Nomonde's Children's Home

Nomonde Duda is a retired nursing sister who cares for abandoned HIV/AIDS children. Blue Label Telecoms in conjunction with Nedbank Limited and Watprop, secured suitable premises in Lombardy East for Nomonde and her children and assisted in renovating the home to better suit the requirements of the home. A nursery for the babies and a sick bay were built. Currently a nursery school and after-care facility are operated daily for the toddlers and school-going children. Blue Label Telecoms hosted a Christmas party for the children at the home in December 2008.

### LEGACY PARKS

The South African Rugby Legends Association has been running a number of projects designed primarily to uplift disadvantaged youth. One of these projects is Legacy Parks which involves the development of sporting facilities in previously disadvantaged areas. Blue Label Telecoms joined forces with South African Rugby Legends Association, the Gauteng government, Lucas Radebe and the Protea Glen Community Forum by sponsoring the Lucas Radebe Sustainable Legacy Park in Protea Glen, Soweto.

The sporting facilities are used during the day to host school-run sports clinics free of charge for the youth in the community. These clinics also help identify talent and occupy the youth in constructive and sociable activities. In the early evenings the park is used by corporate leagues, that pay a fee, in order to ensure the sustainability and maintenance of the park. At night, the Police Services assist at the park to hand out meals and provide positive role models to homeless children who use the park as a place of security.



**December Newsletter** Issue 5, 4th December 2008

**Season's Greetings** From Blue Label Telecoms

The management of Blue Label Telecoms would like to wish all their staff well over the festive season.

**Blue Label Charity Golf Day deemed a Success.**

The Annual Charity Golf Day was held on Thursday 13th November 2008 @ the Rand Park Golf Course. The weather thankfully held and everyone had a ball. Thank you to all the sponsors for making the day a success and raising just over R400 000 which will be distributed amongst our various charities.

**The Winners:**  
Sanjay Chetty, Saleem Aboob, Nick Katsapas & Bale Naidoo.

**Nomonde Home Christmas Party**

Nomonde Home is an orphanage for abandoned children run by Ms Nomonde Duda, which Blue Label have now adopted. There are 34 kids ranging from 16 days old to 9 years old. With the help of our fabulous HR department (Karen, Ingrid & Aneesa), a fantastic party was organized on Tuesday 2nd December. The kids enjoyed cupcakes, hot dogs, pony rides and a jumping castle. Santa even made an appearance and everyone got a gift. Thank you to everyone who contributed towards gifts and essentials for these adorable kids. There is a permanent box outside the HR office @ 75 Grayston for anyone who would like to donate old clothes, toys & essentials like nappies and food.



### MALAMULELE ONWARD

Malamulele Onward is a non-profit organisation that has taken on the substantial task of identifying and helping caregivers of children with cerebral palsy (CP) in some of the most deprived areas of southern Africa. The project started in the Malamulele area of Limpopo Province and rapidly expanded to the Eastern Cape. Children severely disabled by CP survive, often into adulthood, but they and their families are neglected by the health and education systems.

Malamulele Onwards' programmes aim to address the rehabilitation needs of children with CP through the provision of hands-on therapy and equipment to children living in the most disadvantaged areas

of the region; training and empowerment of caregivers and local rehabilitation workers; and the provision of training to therapists caring for children with CP in southern and central African countries (notably Rwanda, Tanzania, Lesotho; Mozambique, Swaziland and Botswana.)

Malamulele Onward has been operating for nearly four years. To date, eight outreach projects in Limpopo and in the Eastern Cape have been completed involving 166 children and their caregivers and over 20 local rehabilitation therapists.

Blue Label Telecoms has supported this cause by making donations to Malamulele Onward which have been used to purchase equipment for the children. These include specialised seating equipment, wheelchairs and computers.

#### **Enterprise development**

Blue Label Telecoms, through its major subsidiary The Prepaid Company continued to provide financial assistance on an interest-free basis to ZOK Cellular (Proprietary) Limited (ZOK). In addition Blue Label Telecoms provides management and strategic support and other resources to ZOK. ZOK aims to empower budding entrepreneurs from South Africa's previously disadvantaged communities by equipping them with a ready-made FMCG retailing solution in the form of a ZOK container. This container is a licensed business unit designed as a self contained turn-key business with start-up stock for the retail section, starter packs and airtime, public phones, fax facilities, internet services and ATM facilities. The placement of ZOK containers in previously disadvantaged areas is intended to bridge the gap in telecommunications, ICT and banking services in such areas, as well as to uplift the communities in the areas served by the containers.

The group has also provided financial support to *Training @ Work*, an accredited training service provider. This organisation is a black-owned exempted micro enterprise that provides a vast range of practical oriented learning and skills development programmes aimed at developing the competencies of young people and local communities – including the unemployed, corporates and government agencies. The funding received from the group has been used towards improving their business marketing, human resources and IT capacities.

Going forward, the group will be utilising the training services offered by *Training @ Work*, in particular, sales and call centre training.

## SUSTAINABILITY REPORT continued

### PRESS RELEASE BY ZOK CELLULAR CIRCULATED TO MEDIA ATTENDING THE LAUNCH

#### ZOK Cellular (Proprietary) Limited. Schools initiative launch:

**Johannesburg: 5 August 2009:** ZOK Cellular (Proprietary) Limited today launches a project that seeks to ensure that schools in previously disadvantaged communities are able to generate revenue that will help them improve the running of their schools. Hlonipha Secondary School in Kwa Ndebele (Mpumalanga) is the first recipient of this opportunity and has been selected to pilot this project. The ZOK School Income project is informed by the realisation that in providing for better education in previously disadvantaged schools government resources have been significantly stretched and there is just not enough to cover all the needs of a school. ZOK Cellular (Proprietary) Limited has come on board and is offering a sustainable income generating business to schools.

ZOK Cellular (Proprietary) Limited is offering this high achieving school a ZOK Container Business Unit. A ZOK container is a licensed business unit designed as a self-contained business, enabling the operator of the business to offer retail, public telephones, and banking, internet and fax facilities. The container comes completely equipped and once delivered starts operating immediately – “Plug and Play”. ZOK believes the initiative will give the school a platform to be more self-reliant.

Other advantages of such a contribution are the fact that both learners and educators who will be managing the operations of the container will have first hand practical experience of running an enterprise and the possibility of becoming entrepreneurs themselves. “Our learners also benefit from the container because now they can use the internet for research and join the global information highway,” said Mr Mabasa, Principal of Hlonipha Secondary School.



For ZOK a clear benefit is the ability to bring services closer to communities that previously had to travel long distances to access them. "Before the ZOK container arrived, the community around Hlonipha Secondary School had to travel long distances in order to access products that we in the cities take for granted, like ATM machines, prepaid electricity, photocopiers, telephones and faxes. Through this initiative we have brought services to our people and saved them money," said ZOK CEO, Nonhlanhla Matshazi.

It is ZOK Cellular's intention to continue to introduce more products that help to improve the quality of life of ordinary South Africans.

"We are excited about the ZOK container because it is not just for the School of Hlonipha, but will

bring much needed services to our community," said Principal Mabasa. The pilot with Hlonipha Secondary will also include comprehensive training on all products and services as well as the business management of the container:

The ZOK Container Business Unit is worth R300 000 complete with its products and services. The cost of the manufacture of the container is supported through partnerships between ZOK and key service suppliers within the container – such as Premier Foods, ABSA Bank, Vodacom and iBurst.

The school will be continually supported by ZOK Cellular as per our current operations with regard to licensees but will also be monitored on an ongoing basis with regards to upkeep of the school, where the money is going to, renovations etc.

*Gifts were handed out to the invited guests, students and community at the launch event:*



## SUSTAINABILITY REPORT continued

### Preferential procurement

The group has initiated a move to procure on a centralised basis via Blue Label Procurement. The centralisation of group procurement will ensure greater efficiencies and coordination of the group's transformation procurement initiatives. Blue Label Procurement completed its formal BBBEE verification and achieved a Level 2 contributor status.

As part of the centralisation process a database has been set up to continually keep track of the group's suppliers and their BEE status. The group strives to procure all goods and services from BEE certified suppliers, where possible.

### HUMAN CAPITAL

The group recognises that its employees are its most important asset. Executive management ensures that the group's value and belief system is inculcated throughout the group by the adherence to the group's Code of Conduct including ethics, environment, health and safety. All new employees undergo an induction session during which they receive their staff manual comprising of the group's visions, mission, values, conditions of employment, standard group practices, procedures and policies, as well as a health and safety booklet. Blue Label Telecoms' human resource department oversees the group's skills development and training initiatives. Senior management in each of the subsidiaries are responsible for ensuring that group strategy and culture are implemented consistently.

All permanent employees are automatically included in various group-wide schemes, namely group life as well as group benefits such as miTRAFFIC, Look4help, Look4me, MTN WhereRU and MTN 2MyAid.

Group life is an employer-funded benefit which includes death benefit, disability benefit and a funeral benefit. All employees are given the option of joining Discovery Health. All changes to terms and conditions of employment, inclusive of changes to significant operational matters are dealt with on the basis of consultation with staff and mutual buy-in.

### Employment equity

The group is committed to achieving equity in the workplace by promoting equal opportunity and fair treatment in employment. The ultimate objective is to create an environment in which all employees are able to compete for job opportunities on the sole criterion of merit and where the demographics at all levels within the workplace are a fair representation of the demographics of the relevant general and regional population.

Each individual subsidiary company monitors their employment equity statistics in line with the targets set for the specific subsidiary company. It has been a group focus area to ensure that job descriptions and functionalities of top, senior and junior management were accurately reflected in the Employment Equity reports submitted on an annual basis to ensure alignment between the dti Codes of Good Practice (CoGP) and the EE2A reports. Blue Label Telecoms is a non-unionised environment.

The table below depicts the demographics of the employee base in the group:

	Male				Female				Foreign nationals		2009 Total	2008 Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female		
Top management	2	0	0	44	0	1	0	6	0	0	53	45
Senior management	1	2	6	26	1	0	2	10	0	0	48	50
Professionally qualified, experienced specialists and mid-management	10	3	15	71	5	6	3	45	3	1	162	75
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	68	22	39	96	11	11	24	43	3	0	317	146
Semi-skilled and discretionary decision-making	206	39	22	14	293	85	38	80	6	3	786	654
Unskilled and defined decision-making	35	3	4	5	15	1	1	1	2	0	67	88
<b>Total permanent</b>	<b>322</b>	<b>69</b>	<b>86</b>	<b>256</b>	<b>325</b>	<b>104</b>	<b>68</b>	<b>185</b>	<b>14</b>	<b>4</b>	<b>1 433</b>	<b>1 058</b>
Non-permanent employees	76	25	109	13	133	36	148	6	0	0	546	558
<b>Grand total</b>	<b>398</b>	<b>94</b>	<b>195</b>	<b>269</b>	<b>458</b>	<b>140</b>	<b>216</b>	<b>191</b>	<b>14</b>	<b>4</b>	<b>1 979</b>	<b>1 616</b>

The increase in the total number of employees compared to the previous reporting period is attributable to the group's expansion and its consequent support requirement.

## SUSTAINABILITY REPORT continued

### TRAINING AND SKILLS DEVELOPMENT

Detailed training plans addressing the requirements of each individual subsidiary company have been compiled for the majority of the group. These plans are aligned with business and individual requirements as well as the annual work place skills plan. The execution of the training and skills development plans is managed in consultation with the group human resource and transformation manager.

The group is currently reviewing a number of competency-based performance assessment systems to be implemented as a group-wide initiative, which will enable Blue Label Telecoms to assess the performance of employees and hence identify individual training needs, career development objectives, succession planning, remuneration benchmarking and the like. It is anticipated that this will only be in place in the early part of the next financial year.

The group has planned and implemented new training and development initiatives during the year as follows:

### LEARNERSHIP INITIATIVES

Cigicell (Proprietary) Limited, a subsidiary of Blue Label Telecoms, is participating in the contact centre support learnership programme offered by the Services Sector Education and Training Authorities (SSETA). The initiative is proving to be successful, providing skills training and development as well as the possibility of employment to those who would not ordinarily have the opportunity to obtain a qualification. The qualification aims to enhance the provision of entry-level service within the contact centre industry. Contact centres have become key business tools that form an integral part of the way in which organisations are run. The group runs a few contact centre operations, both inbound and outbound and hopes to implement the programmes on a regular basis in the future, across its subsidiaries.

### LEADERSHIP DEVELOPMENT SKILLS

A number of the group's subsidiaries have run leadership programmes aimed at their junior management staff levels. It is based on creating a leadership model that includes self-awareness, group awareness and behaviour design. The workshop develops the staff at both a team and individual level and facilitates the identification of high-potential members for the succession planning process.

### LIVING LEADERSHIP

Velociti (Proprietary) Limited, a subsidiary of Blue Label Telecoms, runs a "Living Leadership" programme aimed at developing their management levels. This workshop has been highly effective and looks at leadership and its relevance in order to transform both the individual and business. It focuses on insights and skills to enable staff to realise their full potential and to use those skills within the work environment.

### SAFETY AND HEALTH PRACTICES

A healthy, safe and incident-free working environment enhances productivity and contributes towards employee wellbeing. A group health and safety officer has been appointed with the express intention of enhancing the existing health and safety policy, compliance with legislative requirements, monthly health and safety meetings and health and safety audits. Awareness of the company's health and safety requirements is created for all new employees as part of their induction process. Frequent information updates are circulated via e-mail to all existing employees.

Trained first-aid employee representatives are available on site to assist with any incident. The group had no major safety and health incidents during the year under review.

Blue Label Telecoms has a comprehensive HIV/AIDS strategy to minimise the risk to exposure by way of:

- instilling a **prevention** culture within the organisation;
- providing employees with an opportunity to volunteer to have an HIV/AIDS test resulting in **detection** of infections; and
- providing medication and **treatment** to affected employees as the final element to the strategy.

Workplace awareness programmes include awareness activities, condom distribution, voluntary HIV testing, infection control, counselling and treatment. The company has a partnership with the Bryanston Assessment Centre and all employee matters of a psychological nature are referred and treated accordingly. In addition, as Discovery Health is the chosen medical aid service provider, all employees are referred to the existing disease management forums within Discovery Health such as the oncology, diabetes and HIV management forums.

### ENVIRONMENTAL PRACTICES

Given the nature of Blue Label Telecoms' business, the group's environmental impact could be classified as low.

The group's participation in the JSE SRI Index as a newly listed company highlighted a number of areas requiring improvement including environmental management reporting. Blue Label Telecoms is therefore evaluating the respective reporting areas to ensure a more detailed report going forward. In this regard processes and procedures are being established to improve the measurement and monitoring of the group's environmental impact including carbon emissions.

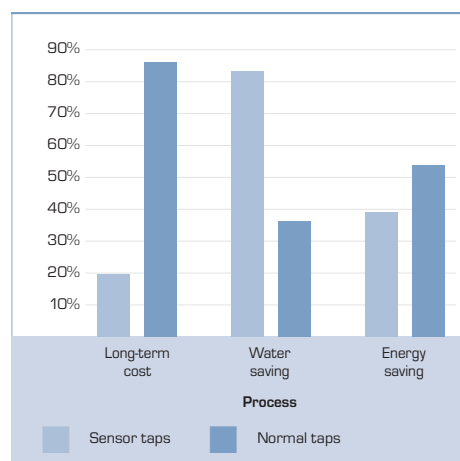
We do not currently measure the following environmental impacts:

- Direct and indirect water use
- Environmental supplier standards
- Transportation/logistical impacts
- Overall environmental expenditures.

A number of other initiatives, however, are under way reflecting the group's commitment to the environment. These are:

### Water use

Water consumption and use is limited to drinking purposes and ablution facilities. During the year under review infrared activated touch-free taps were installed in the bathrooms of the main premises situated at 75 Grayston Drive, Sandton.



## SUSTAINABILITY REPORT continued

### Land use

The group occupies leased properties comprising mainly office buildings, none of which is situated in biodiversity-rich or ecologically significant habitats as determined by the Global Reporting Initiative. The company reached agreement with its landlord to expand its main office building situated at 75 Grayston Drive, Sandton, in support of management's objective to retain as many subsidiaries and employees as possible in one environment to enhance communication and to ensure alignment in culture and objectives. The impact of the centralisation of the group's business location has been considered and management has agreed to overcome this potential challenge by instituting three different work shifts which employees may elect, dependent on their circumstances. The landlord and its architects gave due consideration to the environmental impact of the building expansion and to this end incorporated a wide spectrum of solutions and best practices to ensure an eco-friendly building. On completion, the entire building will be operated to reduce the overall impact on human health and the natural environment by more efficient use of energy, water and other resources, as well as protecting occupant health and improving employee productivity.

### Energy efficiency

The energy consumption of Blue Label and its subsidiaries located at the office building on 75 Grayston Drive, Sandton for the 12-month period ended 31 May 2009 amounted to a total of 1 648 186,64kWh. Energy saving initiatives have been identified and will be implemented in the existing building as well as the new building currently being erected.

### Recycling

Blue Label continues to recycle its office waste such as paper and printer cartridges in an environmentally friendly manner. Waste paper and scrap, including printer cartridges, associated with an office environment are collected by scrap dealers for disposal in an environmentally friendly manner.

### Greenhouse gas emissions

Business activities resulting in greenhouse gas emissions include electricity usage, transportation, waste treatment and disposal and industrial processes such as air conditioning and the like. The group is aware that it is necessary to take reasonable steps to limit the effects of such emissions.

During the year, no prosecutions or fines were brought against the group for the contravention of any environmental laws and regulations.

## INDEPENDENT ASSURANCE STATEMENT

### *To the board and stakeholders of*

#### **Blue Label Telecoms:**

SustainabilityAssurance.co.za (SA) was commissioned by Blue Label Telecoms (hereafter, BLT) to provide independent third-party assurance over the 2009 sustainability report (the report, covering the period 1 June 2008 to 31 May 2009) contained within BLT's integrated annual report. The assurance team comprised primarily of Michael H Rea, our principal corporate social responsibility (CSR) consultant, with experience in environmental and social performance measurement. Over the past 10 years, Michael has undertaken over 30 assurance engagements in various countries, including Sudan, Kenya, the DRC, Nigeria, Cameroon, Swaziland, Zimbabwe, Namibia, South Africa, Peru and Canada: working either as part of a team (while in the employ of PWC and KPMG), or as an Independent CSR consultant.

### INDEPENDENCE

SA was not responsible for the preparation of any part of this report and has not undertaken any commissions for BLT in the reporting period concerning reporting or data collection. SA's responsibility in performing its assurance activities is to the management of BLT alone and in accordance with the terms of reference agreed with them.

### ASSURANCE OBJECTIVES

The objectives of the assurance process were to provide stakeholders of BLT with a low level independent assurance opinion on whether the report meets standard reporting principles of completeness, accuracy, consistency and neutrality, as well as to assess the degree to which the report is consistent with the Global Reporting Initiative (GRI) G3 guidelines, with the objective of establishing whether or not the report has met the Global Reporting Initiative (GRI) G3 Application Level C reporting requirements.

### SCOPE OF WORK PERFORMED

The process used in arriving at this assurance statement is based on best practices in sustainability reporting assurance. Our approach to assurance included the following:

- Reviews of drafts of the report for significant data and/or assertion anomalies, and to assess whether sufficient 'neutrality' (ie success and challenges) could be identified.
- Interviews with individuals responsible for writing the report in order to assess BLT's measurement and reporting procedures, and to ensure that selected claims/assertions could be substantiated.
- A review of the process used to define the content of the report by looking at materiality of issues included in the report, determination of sustainability context and coverage of material issues.
- A review of the approach of management to addressing topics discussed in the report.
- An assessment of whether or not the requisite number of GRI G3 performance indicators have been covered in the report to meet Application Level C requirements.

### FINDINGS

In general, the company's sustainability reporting processes are adequate, and this report reflects a significant improvement over BLT's 2008 report.

However, it was found that:

- Although BLT actively engages an array of key stakeholders, as defined within this report, the assurance process did not allow for additional engagement to confirm or refute BLT's assertion that the report adequately reflects the information requirements of their key stakeholders.
- Although additional performance data would be required to enhance the overall quality of BLT's sustainability reports, this report appears to reflect an accurate accounting of BLT's sustainability performance for the period ending 31 May 2009.

## INDEPENDENT ASSURANCE STATEMENT continued

Based on our review of the report, as well as the processes employed to collect and collate information reported herein, it is our assertion that this report meets the GRI G3's requirements for Application Level C (responses to all required indicators, as well as no fewer than 10 core indicators, with at least one from each of social, economic and environment). However, it was found that:

- The reporting of performance against some GRI G3 indicators continues to require either data quality improvements, or further detail in disclosure, particularly with respect to environmental performance. Indicator-specific performance is identified in BLT's GRI G3 indicator table.

### RECOMMENDATIONS

While we are satisfied that this report is a fair demonstration of BLT's ability to collect, collate and report on its sustainability performance, the following recommendations have been identified:

- BLT should ensure that stakeholder engagement procedures include an assessment of whether or not this report, and all future reports, adequately reflect the reporting requirements of key stakeholders.
- BLT should continue to improve its reporting according to international best practice, including the principles of inclusiveness, materiality, and responsiveness, as guided by AA 1000AS (2008), ultimately seeking an AA1000AS form of assurance in future reports.
- Having addressed the requirements of GRI G3 Application Level C, it is our recommendation that BLT review the process followed in compiling the report and, while making further improvements on the quality of data required for Application Level C, begin addressing the requirements of Application Level B.

### CONCLUSIONS

Based on the information reviewed, and citing BLT's status as a recently listed company (second year of JSE Limited listing), SustainabilityAssurance.co.za is satisfied that this report provides a reasonably comprehensive and balanced account of the environmental, safety and social performance of BLT during the period under review. The data presented is based on policies and procedures that are, in many cases, still in the process of further development and/or implementation, and we are satisfied that the reported performance data reasonably represents the current environmental, safety and social performance of BLT. Moreover, and although the quality or quantity of data of many GRI G3 indicators can yet be improved, this report appears to meet the GRI G3's requirements for Application Level C (C+ with this assurance engagement).



SustainabilityAssurance.co.za  
22 October 2009

## GRI G3 APPLICATION LEVEL REQUIREMENTS

This is BLT’s first attempt at ensuring compliance to the Global Reporting Initiative (GRI) G3 sustainability reporting requirements, as recommended by King II. As such, we have opted to seek C+ Level of GRI G3 compliance. The following tables provide a summary of the GRI’s requirements, as well as a quick reference to our self-assessment of compliance.

Report Application Level		C	C+	B	B+	A	A+
Standard Disclosures	G3 Profile Disclosures	Report on: 1.1 2.1 – 2.10 3.1 – 3.8, 3.10 – 3.12 4.1 – 4.4, 4.14 – 4.15	Report Assured by SustainabilityServices.co.za	Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 – 4.13, 4.16 – 4.17	Report Externally Assured	Same as requirement for Level B	Report Externally Assured
	G3 Management Approach Disclosures	Not Required		Management Approach Disclosures for each Indicator Category		Management Approach Disclosures for each Indicator Category	
	G3 Performance Indicators & Sector Supplement Performance Indicators	Report on a minimum of 10 Performance Indicators, including at least one from each of: social, economic, and environment		Report on a minimum of 20 Performance Indicators, at least one from each of: economic, environment, human rights, labour, society, product responsibility		Respond on each core G3 and Sector Supplement* indicator with due regard to the Materiality Principal by either: a) reporting on the indicator or b) explaining the reason for its omission	

### REQUEST FOR FEEDBACK

Because this is only our first attempt at producing a sustainability report, we are mindful of the possibility that we could fall short of the reporting expectations of at least some of our key stakeholders. As such, we are hopeful that you, the reader of this report, will contact us and offer us your views on the quality and usefulness of this document.

Should you have any questions about our company, or comments about anything contained within this report, please contact Elizna Viljoen via e-mail at eliznav@blts.co.za.

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**Key**

	Included
	Included, but requires future improvement

# Awards



## VODACOM AWARDS THE PREPAID COMPANY “BEST PREPAID CHANNEL” AWARD

*Blue Label Telecoms subsidiary, The Prepaid Company (TPC), has been judged the Best Prepaid Channel for the fourth consecutive year at the Vodacom CEO awards held at Vodaworld on 10 October 2009.*

The annual awards recognise a select group of employees and business partners that are nominated for their contributions and outstanding performance to Vodacom. According to Vodacom, the CEO Awards were established to recognise the extraordinary people who have made Vodacom the great company that it is today.

The Best Channel Awards are broken down into the Prepaid and Contract market and the award is based on sales figures and churn. The awards are given to the channel that has grown the base the most over the period under review and achieved best results in containing churn.

The awards are evaluated by the Managing Director of Vodacom SA and two senior executive directors.

“We would like to congratulate The Prepaid Company on this outstanding achievement. The company contributes an immense amount of value to the Vodacom channel and their commitment is unsurpassed,” said Pieter Uys, CEO Vodacom SA.

### **About The Prepaid Company:**

TPC is South Africa's leading independent distributor of physical and virtual prepaid airtime for the four major network operators. TPC supplies transaction processing technology and services that facilitate the purchasing, management and delivery of prepaid airtime through a well established distribution foot print throughout South Africa. TPC is also a major distributor of Vodacom starter packs.

“On behalf of Blue Label Telecoms, we would like to congratulate The Prepaid Company on their well deserved award. It is an honour to be recognised by a company of Vodacom's stature and we look forward to growing our businesses together,” said Brett and Mark Levy, joint CEOs Blue Label Telecoms.

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