

# NOTICE OF ANNUAL GENERAL MEETING

## **Blue Label Telecoms Limited**

(Incorporated in the Republic of South Africa)

(Registration number 2006/022679/06)

Share code: BLU ISIN: ZAE000109088

("Blue Label" or "the Company")

All terms defined in the integrated annual report 2014, to which this notice of Annual General Meeting is attached, shall bear the same meanings when used in this notice of Annual General Meeting.

## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given to Blue Label shareholders recorded in the Company's securities register on Friday, 24 October 2014, that the seventh Annual General Meeting of shareholders of Blue Label Telecoms Limited will be held in the boardroom, Blue Label corporate offices, 75 Grayston Drive, Sandton, on Friday, 28 November 2014 at 10:00 (South African time) (AGM), to conduct such business as may lawfully be dealt with at the Annual General Meeting and to consider and, if deemed fit, pass, with or without modification, the ordinary and special resolutions set out hereunder in the manner required by the Companies Act, as read with the Listings Requirements.

In terms of section 63(1) of the Act, meeting participants (including proxies) will be required to provide reasonably satisfactory identification before being entitled to participate in or vote at the AGM. Forms of identification that will be accepted include original and valid identity documents, driving licences and passports.

## **RECORD DATES, PROXIES AND VOTING**

In terms of sections 59(1)(a) and (b) of the Act, the Board of the Company has set the record date for the purpose of determining which shareholders are entitled to:

- receive notice of the Annual General Meeting (being the date on which a shareholder must be registered in the Company's shareholders' register in order to receive notice of the Annual General Meeting) as Friday, 24 October 2014; and
- participate in and vote at the Annual General Meeting (being the date on which a shareholder must be registered in the Company's shareholders' register in order to participate in and vote at the Annual General Meeting) as Friday, 21 November 2014.

Certificated shareholders or own-name dematerialised shareholders may attend and vote at the AGM, or alternatively appoint a proxy to attend, speak and, in respect of the applicable resolution(s), vote in their stead by completing the attached form of proxy and returning it to the transfer secretaries at the address given in the form of proxy by no later than 10:00 on Wednesday, 26 November 2014.

Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with own-name registration, should contact their CSDP or broker in the manner and within the time stipulated in the agreement entered into between them and their CSDP or broker:

- to furnish them with their voting instructions; or
- in the event that they wish to attend the AGM, to obtain the necessary letter of representation to do so.

On a show of hands, every shareholder present in person or represented by proxy and entitled to vote shall have only one vote irrespective of the number of shares such shareholder holds. On a poll, every shareholder, present in person or represented by proxy and entitled to vote, shall be entitled to that proportion of the total votes in the Company which the aggregate amount of the nominal value of the shares held by such shareholder bears to the aggregate amount of the nominal value of all shares issued by the Company.

## NOTICE OF ANNUAL GENERAL MEETING CONTINUED

Certificated Blue Label shareholders or own-name dematerialised shareholders who are entitled to attend and vote at the AGM are entitled to appoint a proxy to attend, participate in and vote at the Annual General Meeting in their stead. A proxy need not also be a shareholder of the Company. The completion of a form of proxy will not preclude a shareholder from attending the Annual General Meeting.

### ELECTRONIC PARTICIPATION

Please note that Blue Label will provide for participation by way of electronic communication in the AGM, as set out in section 63 of the Act. In this regard, please refer to the notes on page 264 at the end of this notice.

**When reading the resolutions below, please refer to the explanatory notes on pages 262 to 264.**

### PRESENTATION OF ANNUAL FINANCIAL STATEMENTS AND REPORTS

The audited Group and Company annual financial statements, including the external auditors', Audit, Risk and Compliance Committee's and directors' reports for the year ended 31 May 2014, have been distributed as required and will be presented to shareholders at the AGM.

The complete set of audited Group and Company annual financial statements, together with the above mentioned reports, are set out on pages 107 to 225 of the integrated annual report. The Audit, Risk and Compliance Committee's report is set out on pages 67 to 70.

### ORDINARY RESOLUTIONS

In terms of sections 62(3)(c) and 65(7) of the Act, unless otherwise specified, in order for each of the following ordinary resolutions to be passed, each resolution must be supported by more than 50% of the voting rights exercised.

- 1. Ordinary resolution number 1: Re-election of Mr BM Levy as a director of the Company**  
Resolved that Mr BM Levy, who was first appointed to the Board on 1 February 2007 and who retires in terms of the Memorandum of Incorporation, and who is eligible and available for re-election, is re-elected as a director of the Company with immediate effect.

A brief biography of Mr BM Levy is on page 21 of the integrated annual report.
- 2. Ordinary resolution number 2: Re-election of Mr MS Levy as a director of the Company**  
Resolved that Mr MS Levy, who was first appointed to the Board on 1 February 2007 and who retires in terms of the Memorandum of Incorporation, and who is eligible and available for re-election, is re-elected as a director of the Company with immediate effect.

A brief biography of Mr MS Levy is on page 22 of the integrated annual report.
- 3. Ordinary resolution number 3: Re-election of Mr MV Pamensky as a director of the Company**  
Resolved that Mr MV Pamensky, who was first appointed to the Board on 5 October 2007 and who retires in terms of the Memorandum of Incorporation, and who is eligible and available for re-election, is re-elected as a director of the Company with immediate effect.

A brief biography of Mr MV Pamensky is on page 22 of the integrated annual report.

## NOTICE OF ANNUAL GENERAL MEETING CONTINUED

### **4. Ordinary resolution number 4: Re-appointment of external auditors**

Resolved that on the recommendation of the current Audit, Risk and Compliance Committee of the Company, PricewaterhouseCoopers Incorporated, is re-appointed as independent registered auditor of the Company for the ensuing year until the conclusion of the next Annual General Meeting of the Company.

### **5. Ordinary resolution number 5: Election of Mr JS Mthimunye as a member and chairman of the Audit, Risk and Compliance Committee for the year ending 31 May 2015**

Resolved that, in terms of section 94(2) of the Act, Mr JS Mthimunye, an independent non-executive director of the Company, is elected as a member and the chairman of the Audit, Risk and Compliance Committee.

A brief biography of Mr JS Mthimunye is on page 25 of the integrated annual report.

### **6. Ordinary resolution number 6: Election of Mr GD Harlow as a member of the Audit, Risk and Compliance Committee for the year ending 31 May 2015**

Resolved that, in terms of section 94(2) of the Act, Mr GD Harlow, an independent non-executive director of the Company, is elected as a member of the Audit, Risk and Compliance Committee.

A brief biography of Mr GD Harlow is on page 24 of the integrated annual report.

### **7. Ordinary resolution number 7: Election of Mr SJ Vilakazi as a member of the Audit, Risk and Compliance Committee for the year ending 31 May 2015**

Resolved that, in terms of section 94(2) of the Act, Mr SJ Vilakazi, an independent non-executive director of the Company, is elected as a member of the Audit, Risk and Compliance Committee.

A brief biography of Mr SJ Vilakazi is on page 25 of the integrated annual report.

### **8. Ordinary resolution number 8: Directors' authority to implement ordinary and special resolutions**

Resolved that each and every director of the Company is authorised to do all such things and sign all such documents as may be necessary for or incidental to the implementation of the ordinary and special resolutions passed at the AGM.

### **ADVISORY VOTE**

There is no minimum percentage of voting rights required for an advisory vote to be adopted.

As a non-binding advisory vote, the Company's remuneration policy (excluding the remuneration of non-executive directors and members of committees of the Board for their services as directors and members of such committees) as set out on pages 62 to 66 of the integrated annual report, is endorsed.

## NOTICE OF ANNUAL GENERAL MEETING CONTINUED

**SPECIAL RESOLUTIONS**

In terms of sections 62(3)(c) and 65(9) of the Act, the minimum percentage of voting rights required for each of the following special resolutions to be passed is 75% of the voting rights exercised.

**1. Special resolution number 1: Non-executive directors' remuneration**

Resolved that in terms of section 66(9) of the Act, the following remuneration shall be payable to the non-executive directors for their services as directors for the period 1 June 2014 to 31 May 2015:

	<b>Current fee per meeting</b>	<b>Proposed fee per meeting*</b>	<b>Proposed capped fee per annum**</b>
Services as directors			
– Chairman of the Board	–		R893 262
– Board members	R38 584	R40 899	R204 495
<b>Audit, Risk and Compliance Committee</b>			
– Chairman	R53 589	R56 804	R227 216
– Member	R32 154	R34 083	R136 332
<b>Remuneration and Nomination Committee</b>			
– Chairman	R42 871	R45 443	R181 772
– Member	R25 724	R27 267	R109 068
<b>Investment Committee</b>			
– Chairman	R32 154	R34 083	R272 664
– Member	R19 292	R20 450	R163 600
<b>Transformation, Social and Ethics Committee</b>			
– Chairman	R32 154	R34 083	R136 332
– Member	R19 292	R20 450	R81 800
<b>Ad hoc committee</b>			
– Chairman	R32 154	R34 083	R136 332
– Member	R19 292	R20 450	R81 800

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

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

## NOTICE OF ANNUAL GENERAL MEETING CONTINUED

### 2. Special resolution number 2: General authority to repurchase shares

Resolved that pursuant to the Memorandum of Incorporation, the Company or any of its subsidiaries are hereby authorised by way of a general approval, from time to time, to acquire ordinary shares in the share capital of the Company in accordance with the Act and the Listings Requirements, provided that:

- (a) the number of its own ordinary shares acquired by the Company in any one financial year shall not exceed 20% (twenty percent) of the ordinary shares in issue at the date on which this resolution is passed;
- (b) this authority shall lapse on the earlier of the date of the next Annual General Meeting of the Company or the date 15 (fifteen) months after the date on which this resolution is passed;
- (c) the Board has resolved to authorise the acquisition and that the Group will satisfy the solvency and liquidity test immediately after the acquisition and that since the test was done there have been no material changes to the financial position of the Group;
- (d) the acquisition must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty;
- (e) the Company only appoints one agent to effect any acquisition(s) on its behalf;
- (f) the price paid per ordinary share may not be greater than 10% (ten percent) above the weighted average of the market value of the ordinary shares for the 5 (five) business days immediately preceding the date on which an acquisition is made;
- (g) the number of shares acquired by subsidiaries of the Company shall not exceed 10% (ten percent) in the aggregate of the number of issued shares in the Company at the relevant times;
- (h) the acquisition of shares by the Company or its subsidiaries may not be effected during a prohibited period, as defined in the Listings Requirements; and
- (i) an announcement containing full details of such acquisitions of shares will be published as soon as the Company and/or its subsidiaries have acquired shares constituting, on a cumulative basis 3% (three percent) of the number of shares in issue at the date of the meeting at which this special resolution is considered and if approved, passed, and for each 3% (three percent) in aggregate of the initial number acquired thereafter.

The Listings Requirements require, in terms of paragraph 11.26, the following disclosures, which appear in the integrated annual report:

- major shareholders – refer to pages 254 and 255,
- material change – there were no material changes;
- share capital of the Company – refer to page 243; and
- responsibility statement – refer to page 105.



## NOTICE OF ANNUAL GENERAL MEETING CONTINUED

### 3. **Special resolution number 3: Approval to grant financial assistance in terms of sections 44 and 45 of the Act**

Resolved that the Board may, subject to the Act, the Memorandum of Incorporation and the Listings Requirements, authorise the Company to provide direct or indirect financial assistance:

- by way of a loan, guarantee, the provision of security or otherwise to any person for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company, as contemplated in section 44 of the Act, at any time during a period commencing on the date of passing of this special resolution and ending at the expiry of two years from the date of the adoption of this special resolution number 3; and/or
- to a director or prescribed officer of the Company or of a related or inter-related company, or to a related or inter-related company or corporation, or to a member of a related or inter-related corporation, or to a person related to any such company, corporation, director, prescribed officer or member, as contemplated in section 45 of the Act, at any time during a period commencing on the date of passing of this special resolution and ending at the expiry of two years from the date of the adoption of this special resolution number 3.

By order of the Board

**J Van Eden**

*Group Company Secretary*

Sandton

22 October 2014

## NOTICE OF ANNUAL GENERAL MEETING CONTINUED

### EXPLANATORY NOTES

#### **Presentation of the annual financial statements**

In terms of section 61(8)(a) of the Act, the directors' report, audited Group and Company annual financial statements for the immediately preceding financial year and the Audit, Risk and Compliance Committee report is to be presented to shareholders at the AGM.

#### **Ordinary resolution numbers 1 to 3 (inclusive): Re-election of directors**

In accordance with the Memorandum of Incorporation, one third of the directors is required to retire at each Annual General Meeting and may offer themselves for re-election. Messrs BM Levy, MS Levy and MV Pamensky retire by rotation at the AGM in accordance with article 25.17 of the Memorandum of Incorporation, and have offered themselves for re-election. Brief biographies of directors are on pages 21 to 22 of the integrated annual report.

The Board is satisfied with the performance of each of the directors standing for re-election and that they will continue to make an effective and valuable contribution to the Company and to the Board.

The Board recommends to shareholders that they should vote in favour of the re-election of the directors referred to in ordinary resolution numbers 1 to 3 (inclusive).

#### **Ordinary resolution number 4: Re-appointment of external auditors**

In terms of section 90(1) of the Act, each year at its Annual General Meeting, the Company must appoint an auditor meeting the requirements of section 90(2) of the Act.

PwC has expressed its willingness to continue in office and this resolution proposes the re-appointment of PwC as the Company's auditors until its next Annual General Meeting. In addition, Mr D Storm is appointed as the individual registered auditor for the ensuing year as contemplated in section 90(3) of the Act.

The Audit, Risk and Compliance Committee has satisfied itself that the proposed auditors, PwC and Mr D Storm, are independent of the Company in accordance with sections 90 and 94 of the Act and the applicable rules of the International Federation of Accountants.

The Audit, Risk and Compliance Committee has recommended the re-appointment of PwC as independent registered auditor of Blue Label for the 2015 financial year.

#### **Ordinary resolution numbers 5 to 7 (inclusive): Election of Audit, Risk and Compliance Committee members**

In terms of section 94(2) of the Act, each audit committee member must be elected by shareholders at an Annual General Meeting. King III likewise requires shareholders of a public company to elect each member of an audit committee at an Annual General Meeting.

In terms of Regulation 42 of the Companies Regulations, 2011, relating to the Act, at least one third of the members of the Company's Audit, Risk and Compliance Committee at any particular time must have academic qualifications, or experience in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management. Each of the proposed members is duly qualified, as is evident from the biographies of each member, as contained on pages 24 and 25 of the integrated annual report.

#### **Ordinary resolution number 8: Directors' authority to implement ordinary and special resolutions**

The reason for ordinary resolution number 8 is to authorise any director of the Company to do all things necessary to implement the ordinary and special resolutions passed at the AGM and to sign all such documentation required to give effect and to record the ordinary and special resolutions.

## NOTICE OF ANNUAL GENERAL MEETING CONTINUED

### **Advisory vote: Endorsement of the Remuneration Policy**

King III requires a company to table its remuneration policy for a non-binding advisory vote by shareholders at its Annual General Meeting. This vote enables shareholders to endorse the Remuneration Policy adopted for executive directors. The Blue Label Remuneration Policy is contained on pages 62 to 66 of the integrated annual report.

The advisory vote is of a non-binding nature only and therefore failure to pass this resolution will not have any legal consequences relating to existing arrangements. However, the Board will take cognisance of the outcome of the vote when considering the Company's remuneration policy and the remuneration of Executive Directors.

### **Special resolution number 1: Non-executive directors' remuneration**

Special resolution number 1 is proposed to enable the Company to comply with the provisions of sections 65(11)(h), 66(8) and 66(9) of the Act, which stipulate that remuneration to directors for their services as directors may be paid only in accordance with a special resolution approved by shareholders.

Special resolution number 1 thus requires shareholders to approve the fees payable to the Company's non-executive directors for the period 1 June 2014 to 31 May 2015.

Full particulars of all remuneration paid to non-executive directors for their services as directors as well as remuneration paid for consulting services rendered, are contained on pages 200 and 201 of the integrated annual report.

### **Special resolution number 2: General authority to repurchase shares**

Special resolution number 2 seeks to allow the Group by way of a general authority to acquire its own issued shares (reducing the total number of ordinary shares of the Company in issue in the case of an acquisition by the Company of its own shares). Any decision by the directors to use the general authority to acquire shares of the Company will be taken with regard to the prevailing market conditions, share price, cash needs of the Group, together with various other factors, and in compliance with the Act, Listings Requirements and the Memorandum of Incorporation.

The directors are of the opinion that the renewal of this general authority is in the best interests of the Company as it allows the Group to repurchase the securities issued by the Company through the order book of the JSE should market conditions and price justify such action.

### **Special resolution number 3: Approval to grant financial assistance in terms of sections 44 and 45 of the Act**

The existing authority granted by shareholders at the Annual General Meeting held on 29 November 2012 was valid for a two-year period and will expire at the AGM unless renewed.

The Company, in the ordinary course of its business, needs to provide financial assistance to certain of its subsidiaries, associates and joint ventures in accordance with section 45 of the Act, and furthermore it may be necessary for the Company to provide financial assistance in the circumstances contemplated in section 44 of the Act.

Notwithstanding the title of section 45 of the Act, being "Loans or other financial assistance to directors", on a proper interpretation thereof, the body of the section also applies to financial assistance provided by a company to any related or inter-related company or corporation, a member of a related or inter-related corporation, and to a person related to any such company, corporation or member.

Furthermore, section 44 of the Act may also apply to the financial assistance so provided by a company to any related or inter-related company or corporation, a member of a related or inter-related corporation, or a person



## NOTICE OF ANNUAL GENERAL MEETING CONTINUED

related to any such company, corporation or member, in the event that the financial assistance is provided for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company.

Both sections 44 and 45 of the Act provide, inter alia, that the particular financial assistance may only be provided:

- pursuant to a special resolution of shareholders, adopted within the previous 2 (two) years, which approved such assistance either for the specific recipient, or generally for a category of potential recipients, and the specific recipient falls within that category; and
- the Board is satisfied that
  - immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test (as contemplated in the Act); and
  - the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.

### **Electronic participation at the AGM**

- (a) Shareholders wishing to participate electronically in the AGM are required to:
  - (i) deliver written notice to the Company at 75 Grayston Drive, corner Benmore Road, Morningside Extension 5, 2196 (marked for the attention of the Group Company Secretary) that they wish to participate via electronic communication at the AGM; or
  - (ii) register on the Company's website at [www.bluelabeltelecoms.co.za](http://www.bluelabeltelecoms.co.za), where a link to the registration page will be placed, by no later than 10:00 on Wednesday, 26 November 2014 (electronic notice).
- (b) In order for the electronic notice to be valid it must contain:
  - (i) if the Blue Label shareholder is an individual, a certified copy of his/her identity document and/or driving licence and/or passport;
  - (ii) if the Blue Label shareholder is not an individual, a certified copy of a resolution or letter of representation by the relevant entity and a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution or signed the relevant letter of representation. The letter of representation or resolution must set out from whom the relevant entity is authorised to represent the entity at the AGM via electronic communication;
  - (iii) a valid e-mail address and/or facsimile number (contact address/number); and
  - (iv) if the shareholder wishes to vote via electronic communication, set out that the shareholder wishes to vote via electronic communication. By no later than 24 (twenty-four) hours before the AGM the Company shall use its reasonable endeavours to notify a shareholder at its contact address/number who has delivered a valid electronic notice, of the relevant details through which the shareholder can participate via electronic communication.
- (c) Should a shareholder wish to participate in the AGM by way of electronic communication as aforesaid, the shareholder, or his/her/its proxy/ies, will be required to dial in on the date and commencement time of the AGM. The dial-in facility will be linked to the venue at which the AGM will take place. The dial-in facility will enable all persons to participate electronically in the AGM in this manner (and as contemplated in section 63(2) of the Act) and to communicate concurrently with each other without an intermediary, and to participate reasonably effectively in the AGM. The costs borne by the shareholder or his/her/its proxy/ies in relation to the dial-in facility will be for his/her/its own account.