

We are very concerned about the situation surrounding Net1 – both the immediate need to ensure that 17 million beneficiaries receive their payments on time and to get to the bottom of the allegations that data is being used improperly and deductions taken illegally.

We welcome the tighter supervision of the company and enhanced safeguarding of beneficiaries' personal information that we expect to result from the Constitutional Court order. We call on Net1 to comply with the spirit of the order.

As more information around Net1 has become public, we have stepped up pressure on management and our efforts to uncover the truth. We have engaged a third party to help us investigate and have also extended an invitation to civic society and reporters to meet with us and to provide us with any new information that they may have.

Our engagements with Net1

We asked Net1 in writing to make every effort possible to find an interim solution to ensure that grants are paid by 1 April. As shareholders we would be happy if this means Net1 foregoes all profits on the contract extension. Allan Gray's investment in Net1 is not based on the renewal of the SASSA contract. It is based on the company's track record of successfully implementing reliable and robust payment technologies, which comfortably handle millions of transactions, both on- and offline, across various different businesses and countries.

We have also asked in writing for Net1 to consider cancelling all recurring monthly deductions to Net1 subsidiaries for airtime. And we have recommended other improvements, such as sending three SMS messages per month for the next three months to all Smart Life policyholders, in their home language, offering a simple and easy way for the policyholders to cancel their policy.

We have urged Net1 to publish a comprehensive statement clearly explaining their response to the allegations of illegal and improper behaviour.

We are working to fully understand issues around the integrity of management. We view these allegations in an extremely serious light. If they are not resolved to our satisfaction we will not hesitate to call a general meeting and attempt to remove the board.

Allan Gray clients represent the second-largest shareholding in Net1 with 15.58%. As a shareholder we have some influence to hold Net1 accountable and this is what we remain committed to doing. We would be very interested to hear the views of those holding the 84% of shares that we don't own on these issues.