



ON CORPORATE GOVERNANCE FOR SOUTH AFRICA

Our clients

2025

Our services have been trusted by over 5000 delegates and 300+ companies worldwide.



King V Corporate Governance Workshop

STARTING TIMES

DAY 1 – STRATEGIC AND GLOBAL GOVERNANCE

- **King IV & Transition to King V** – Understand the evolution and implications
- **Positioning King V Globally** – Learn how King V aligns with international governance standards.
- **Integrated Thinking** – Connect strategy, risk, sustainability, and multi-capital value creation.
- **Fit-for-Purpose Governance Systems** – Build structures, policies, and delegation frameworks that work.
- **From Principles to Practice** – Apply King V principles into operational governance.
- **Governing Groups & Subsidiaries** – Manage governance across complex organisational structures.

DAY 2 – PRACTICAL IMPLEMENTATION AND FRAMEWORKS

Key Takeaways:

- **Framework Alignment** – Integrate King V with ISO standards, ESG, and AI governance.
- **Governance Maturity Frameworks** – Apply ISO 37000 and ISO 37004 for executive-level assessment.
- **Combined Assurance Models** – Build effective risk, compliance, and assurance systems.
- **Implementation Roadmap** – Develop actionable, organisation-specific King V adoption plans.

Deon van der Westhuizen

Deon van der Westhuizen is an experienced governance, risk, and assurance specialist. He combines his background as a Chartered Accountant (CA(SA)) and Certified Internal Auditor (CIA) with over 30 years of expertise in governance, risk management, strategy development, and combined assurance. Deon regularly speaks internationally on topics such as ESG, cybersecurity, big data, AI governance, and risk-based auditing, and has designed and implemented governance and risk frameworks across the African continent. He advises executives on strategic risk, assurance models, and organisational resilience, and is passionate about developing future leaders and strengthening ethical organisational culture.

agile

Reality check: distance between rich and poor

State capture scorecard: R500bn looted, zero assets ...

05 Jul 2022 — Meanwhile **government** debt balloons to R4.3trn and 6.5m **South Africans** go hungry every day.



The 'Upper-middle class' group comprises households earning **R40 000–R75 000 per month**. There are only 800 000 households in this segment, which is equivalent to around 4% of all South African households.

The definition of the middle class varies, but a household earning **between R5,000 and R20,000 per month** is typically considered middle-income. According to a recent debt index report, middle class South Africans take home 40% less today compared to 2016. 05 Dec 2023

37,400 US dollar millionaires

Russia has 68,400 resident HNWIs (–24%), and 15,600 US-dollar millionaires live in Egypt, 22% down on its 2013 HNW population. The report highlighted that South Africa was home to **37,400 US dollar millionaires** (including 102 centis and five billionaires) at the end of 2023 – a 20% decline from 2013.

As of 2023, around **18.2 million** people in South Africa are living in extreme poverty, with the poverty threshold at 1.90 U.S. dollars daily. This means that 162,859 more people were pushed into poverty compared to 2022. 10 Oct 2023

Dubai vs Township

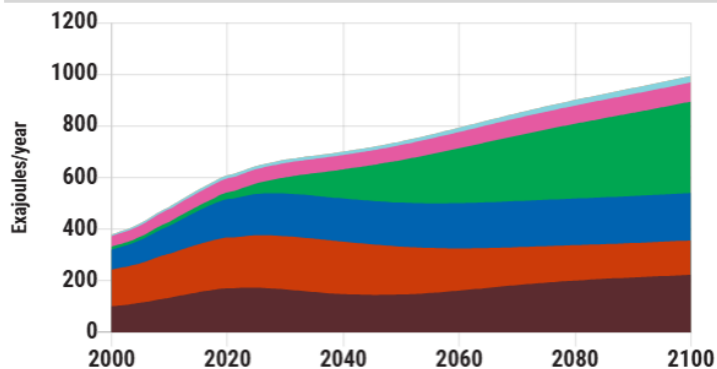


1. Ruling through poverty
2. Infrastructure weaknesses
3. Free....free.....free.....
4. Poor government services
5. Fraud and corruption

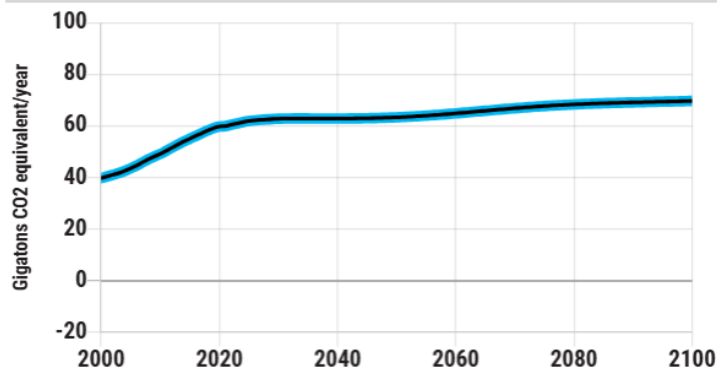
1. Want people to succeed
2. Sharing economic opportunities
3. Tax breaks
4. Government services



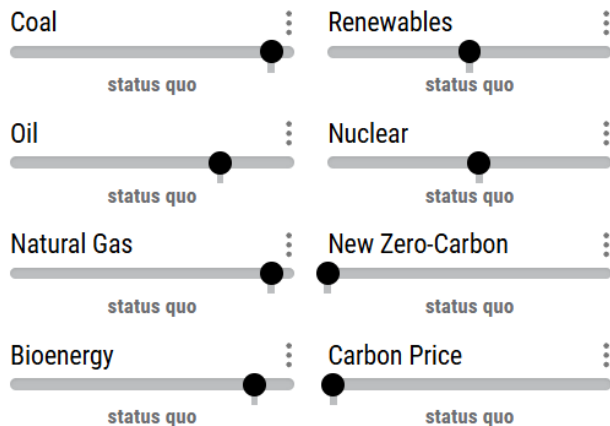
Global Sources of Primary Energy



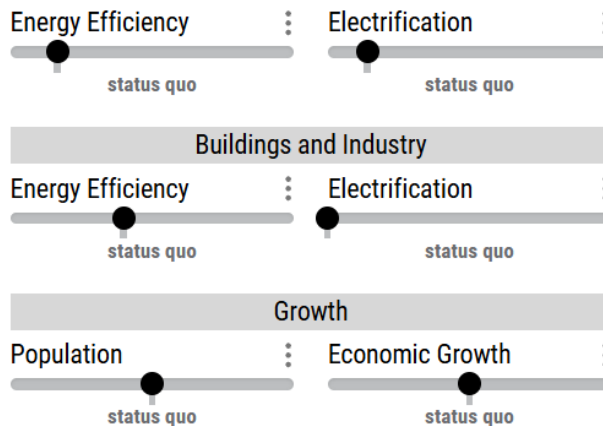
Greenhouse Gas Net Emissions

**+3.3°C****+5.9°F****Temperature
Increase by
2100**

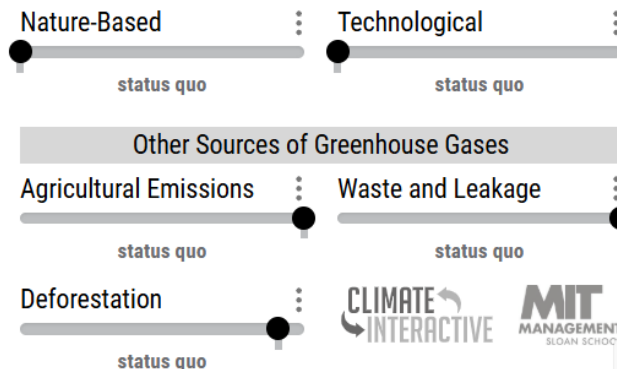
Energy Supply



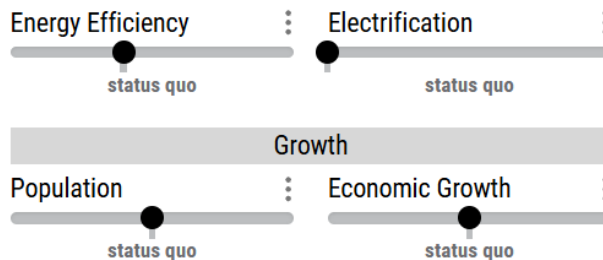
Transport



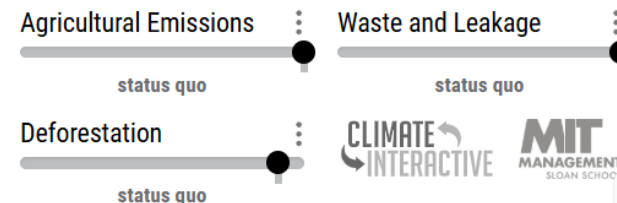
Carbon Dioxide Removal



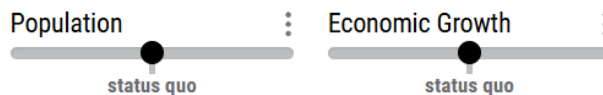
Buildings and Industry



Other Sources of Greenhouse Gases



Growth





Intent to integrity



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South Africa

CHOOSE UPDATE TO VIEW

20 May 2025 ▾

Mobile industry KPIs

INDUSTRY-SPECIFIC

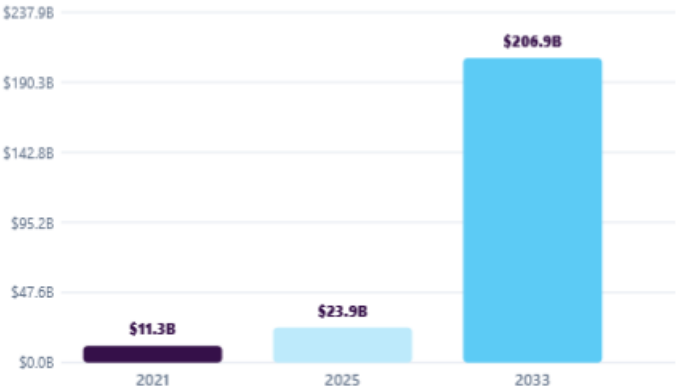
	Mobile industry KPIs			
	 ENVIRONMENT	 DIGITAL INCLUSION	 DIGITAL INTEGRITY	 SUPPLY CHAIN
	Emissions	Network coverage	Data protection	Sustainable supply chain
	» Science-based targets » Scope 1, 2 and 3 emissions	» Population covered by mobile network	» Customer data incidents	» Sustainable procurement policy » Supplier assessments
	Energy	Affordability	Digital rights	
	» Energy consumption	» Device and subscription affordability	» Digital rights policy	
	Circular economy	Digital skills	Online safety	
	» Circularity » Electronic waste	» Digital skills programmes	» Online safety measures	
				» Yes/no questions » KPIs

Mobile Artificial Intelligence Market Snapshot, 2026 – 2033



Market Size

CAGR, 2026-2033 → 31.9%

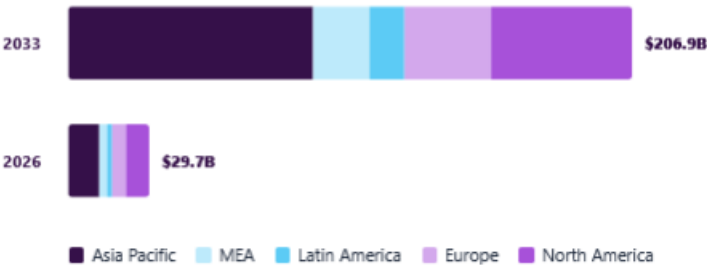


Growth Momentum

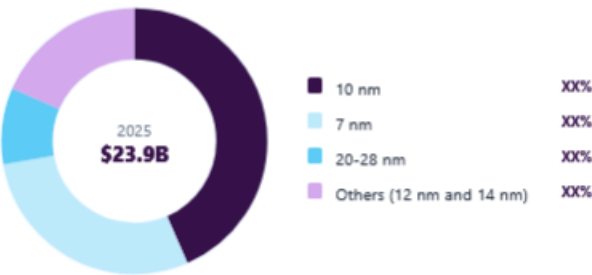


* Growth momentum based on regional CAGR vs overall market CAGR, 2026-2033

Global Mobile Artificial Intelligence Market Size, By Region

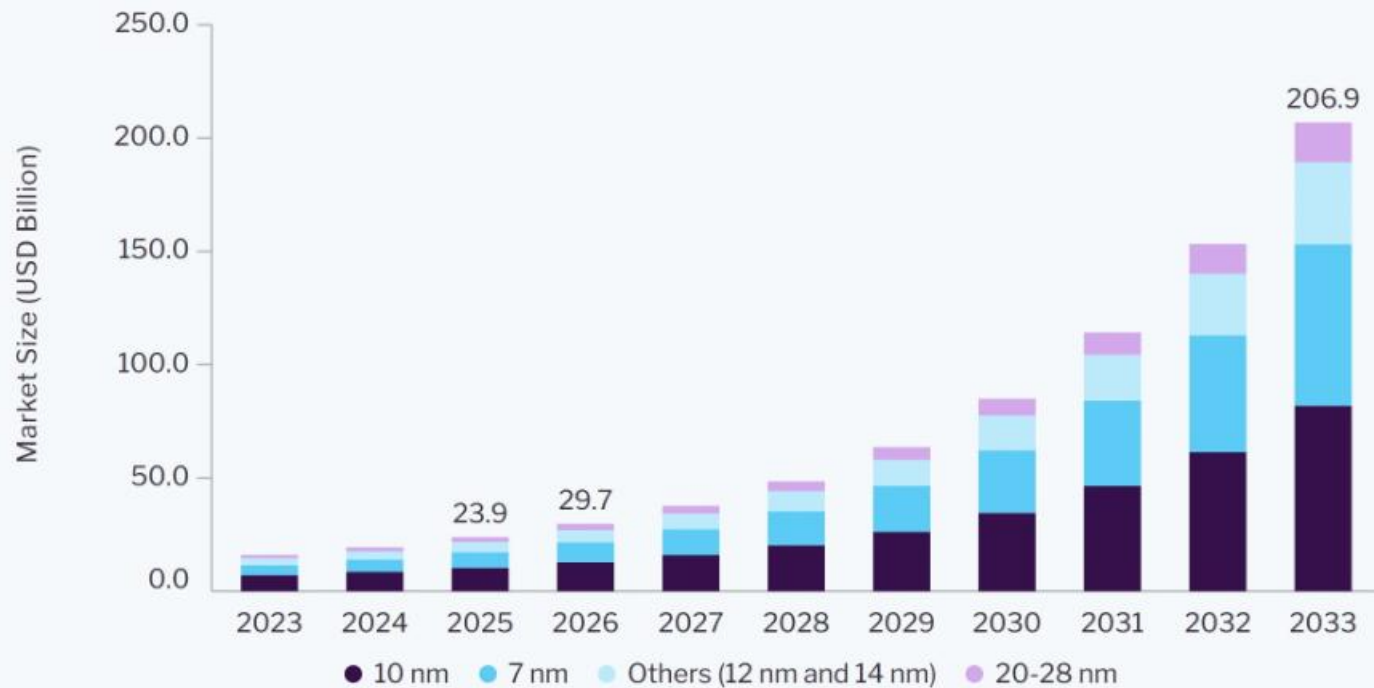


Mobile Artificial Intelligence Market, By Technology Node, 2025



Mobile Artificial Intelligence Market

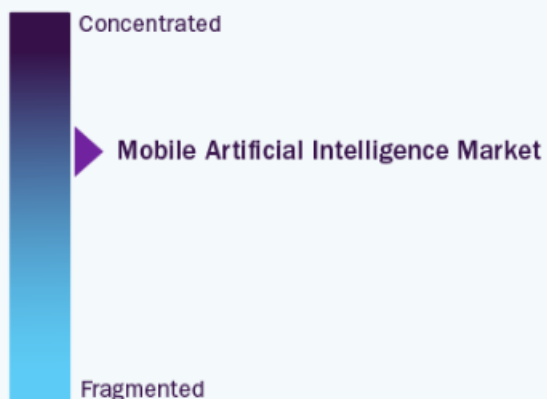
Size, by Technology Node, 2023 - 2033 (USD Billion)



Mobile Artificial Intelligence Industry Dynamics



Market Concentration



Market Growth Stage

High

Low | Medium | High

Pace of Market Growth

Accelerating

Accelerating | Decelerating

Market Characteristics

Industry Competition

Low

High

Degree of Innovation



Level of M&A Activities



Impact of Regulations



Services Substitutes



End-user Concentration



Competitive Benchmarking

Operating Strategies	Competitive Edge	Weaknesses
Mature Players: Qualcomm Inc., Nvidia Corporation, Intel Corporation, IBM Corporation		
Focus on bundled services, large-scale infrastructure, and long-term content contracts to retain subscribers and maintain market share.	Strong brand presence, large subscriber base, and extensive bundled service ecosystems supported by premium content rights and advanced infrastructure.	High operating costs, slower adaptability to changing consumer preferences, and dependency on traditional subscription models.
Emerging Players: Cerebras Systems, Graphcore, Cambricon Technology, Shanghai Thinkforce Electronic Technology Co., Ltd. (Thinkforce)		
Focus on cost-efficient models, flexible pricing, and targeted expansion to grow subscriber base and improve competitiveness.	Lower pricing, flexible service offerings, and agility in adopting digital-first and niche content strategies to attract targeted customer groups.	Limited scale, weaker content portfolios, and lower bargaining power with content providers and infrastructure partners.

Key Risks

- **Cybersecurity and Telecom Fraud:** Cyberattacks targeting African and South African enterprises have surged dramatically, alongside rampant **SIM card swap fraud** and **international call bypass fraud** that drain revenue and erode consumer trust.  Facebook · CNBC Africa +1
- **Regulatory and Compliance Pressure:** Strict oversight from bodies like the [Independent Communications Authority of South Africa \(ICASA\)](#) enforces complex data rules, mandatory rollovers, and strict price/tariff controls that increase operational overhead.  ResearchGate +1



by **Adrian Baschnonga**
EY Global Technology, Media &
Entertainment and
Telecommunications (TMT) Lead
Analyst

8 minute read
30 Nov 2023

Related topics

Telecommunications

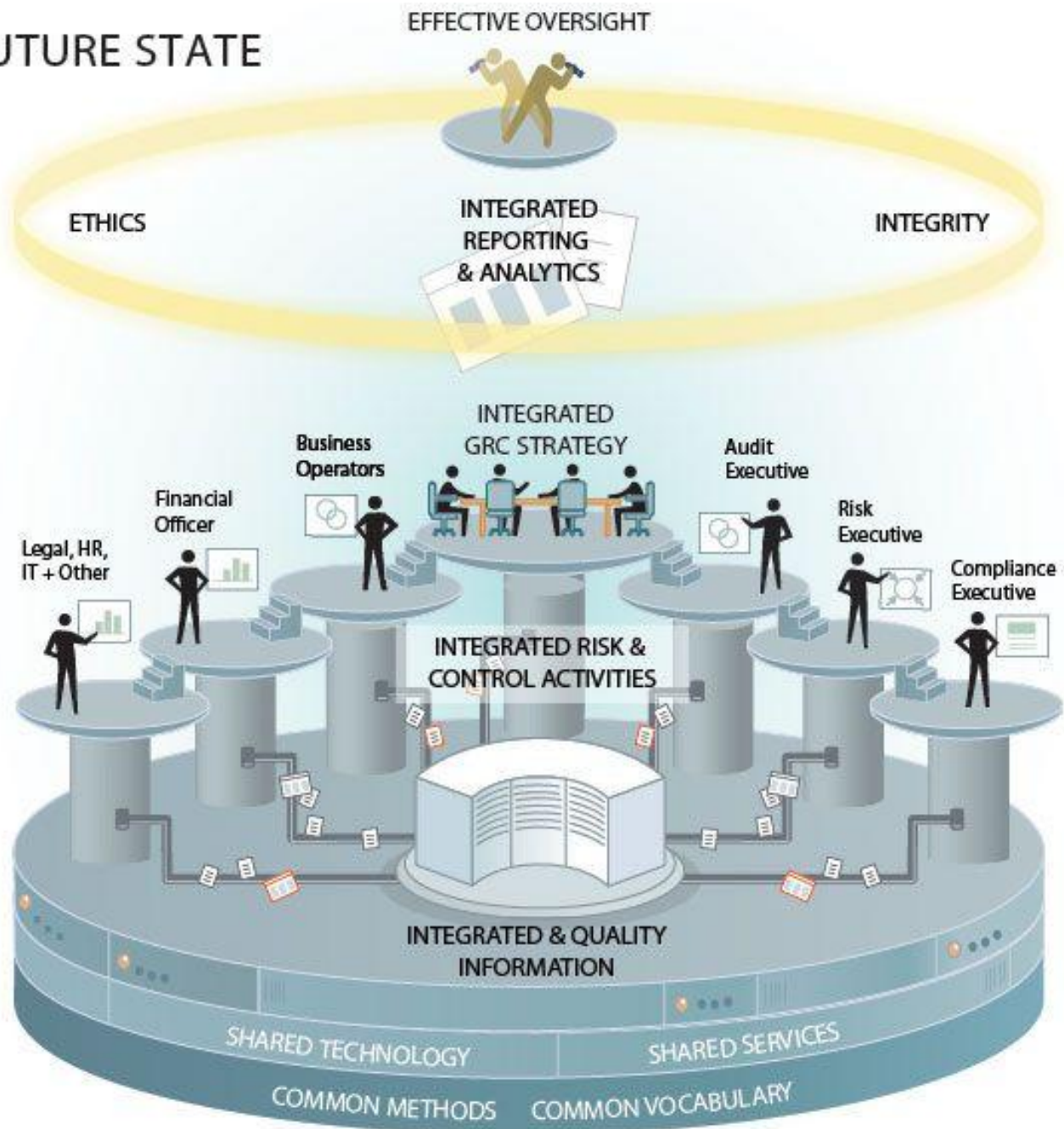
TMT

As telecom operators continue to navigate a complex and shifting global industry landscape, we examine the top 10 risks they face.

In brief

- Data protection, ethics and governance top telcos' risk agenda, fueled by cybersecurity threats and the governance needs around generative AI.
- It's vital that telcos respond effectively to the cost-of-living pressure on their customers, 49% of whom say pricing changes are hard to understand.
- Risks related to skills, sustainability, business models, network quality and workforce culture also rank high among the industry's priorities for action.

FUTURE STATE



King V outcomes and workshop objectives

Governance outcome	Cell C workshop question
Ethical culture	Do AI decisions respect customers and employees?
Performance and value creation	Do AI and ESG investments deliver sustainable benefits?
Conformance and prudent control	Do controls operate and address material risks?
Legitimacy	Can stakeholders trust Cell C's decisions and disclosures?

Apply and explain

Apply the principles, explain practice departures and conclude on outcomes.

KING IV

DEFINITION OF CORPORATE GOVERNANCE

Corporate governance, for the purposes of King IV, is defined as the exercise of ethical and effective leadership by the governing body towards the achievement of the following governance outcomes:

- Ethical culture
- Good performance
- Effective control
- Legitimacy.



Ethical and effective leadership should complement and reinforce each other.

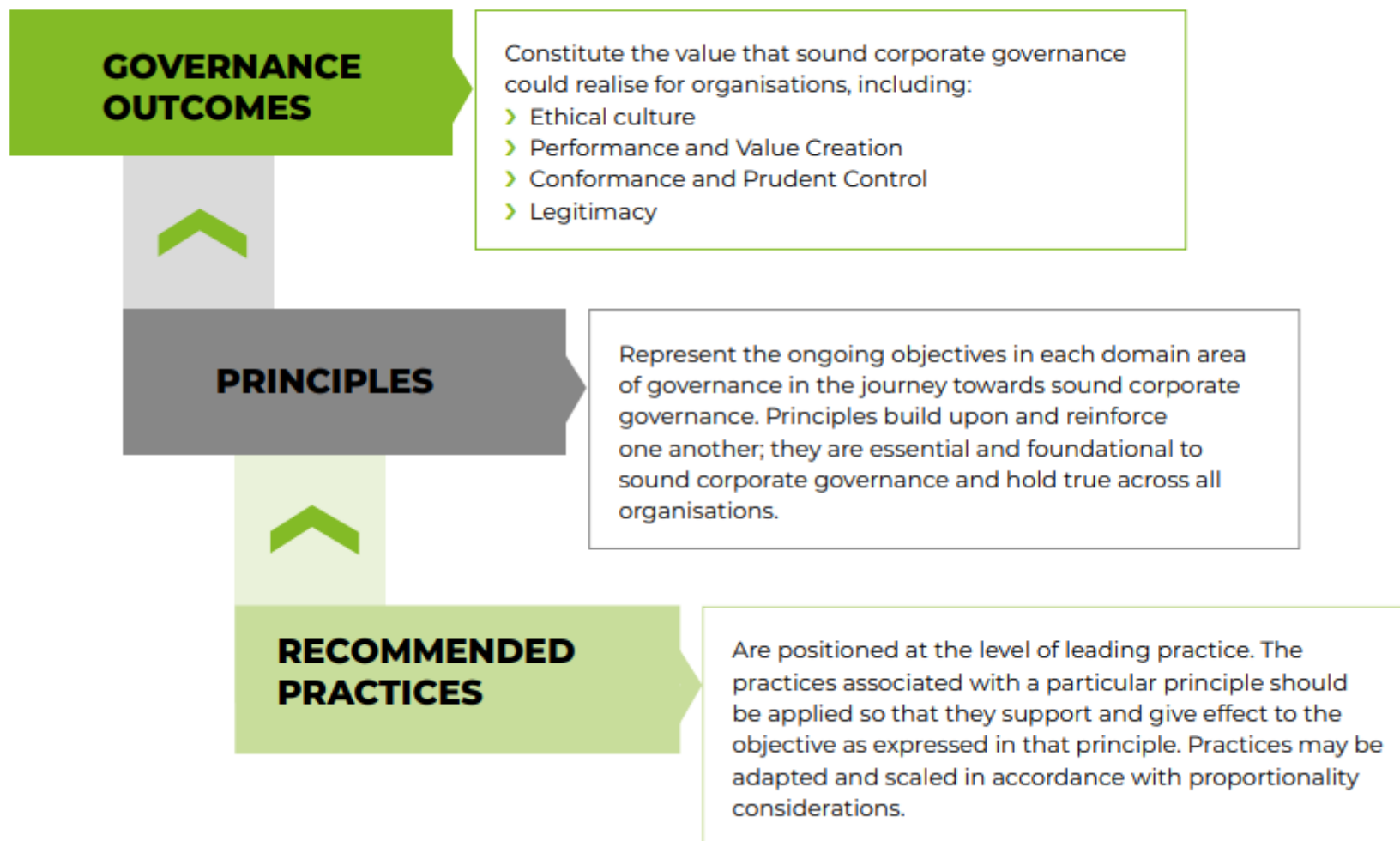
Ethical leadership is exemplified by integrity, competence, responsibility, accountability, fairness and transparency. It involves the anticipation and prevention, or otherwise amelioration, of the negative consequences of the organisation's activities and outputs on the economy, society and the environment and the capitals that it uses and affects.

Effective leadership is results-driven. It is about achieving strategic objectives and positive outcomes. Effective leadership includes, but goes beyond, an internal focus on effective and efficient execution.

Ethics is not a culture – it is a management process

If you employ a skelm C-suite official.....the consequences are guaranteed

Figure 2: Governance Outcomes, Principles and Recommended Practices



The governance outcomes as the value proposition of corporate governance

The definition of corporate governance used in King V makes it evident that it should be outcomes based. Corporate governance is intended to generate value for the organisation within its economic, social and environmental context. This value to be derived from governance efforts is expressed in King V as the four governance outcomes:

Ethical Culture	The shared values, beliefs and practices within the organisation that promote ethical behaviour and decision making.
Performance and Value Creation	Organisational performance that creates value in a sustainable manner within the organisation's economic, social and environmental context.
Conformance and Prudent Control	Adherence by the organisation to the spirit and intent of laws and policies, non-binding rules, codes and standards as adopted by the organisation as well as the establishment of an effective system of internal controls and accountability mechanisms.
Legitimacy	The social license to operate that the organisation has acquired, in addition to its formal legal right or license to operate, through transparently demonstrating its trustworthiness and responsible corporate citizenship.

➤ **PRINCIPLE 1:** Leadership

➤ **PRINCIPLE 2:** Ethics

➤ **PRINCIPLE 3:** Strategy, performance and sustainable value creation

➤ **PRINCIPLE 4:** Reporting

➤ **PRINCIPLE 5:** Composition of the governing body

➤ **PRINCIPLE 6:** Committees of the governing body

➤ **PRINCIPLE 7:** Appointment and delegation to management

➤ **PRINCIPLE 8:** Risk

➤ **PRINCIPLE 9:** Compliance

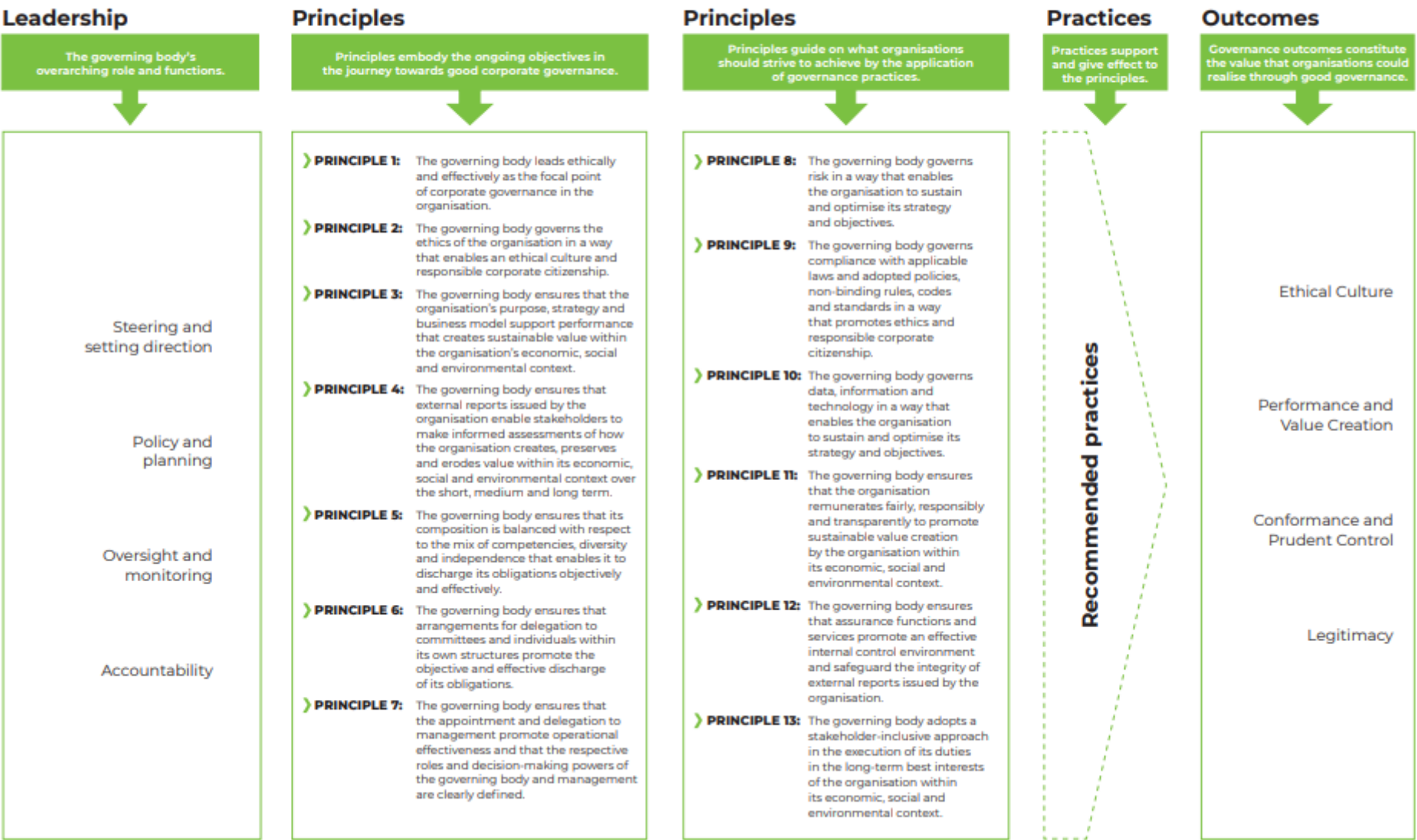
➤ **PRINCIPLE 10:** Data, information and technology

➤ **PRINCIPLE 11:** Remuneration

➤ **PRINCIPLE 12:** Assurance

➤ **PRINCIPLE 13:** Stakeholders

KING V ON A PAGE





01 About our Code of Conduct

6 Our Values

7 Our Purpose

9 Our Code of Conduct

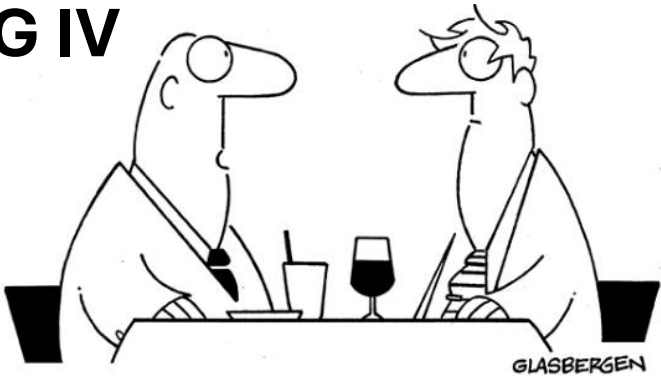
11 Our Leaders

13 Our Business Partners

15 A framework for making decisions with integrity

16 Speaking Openly

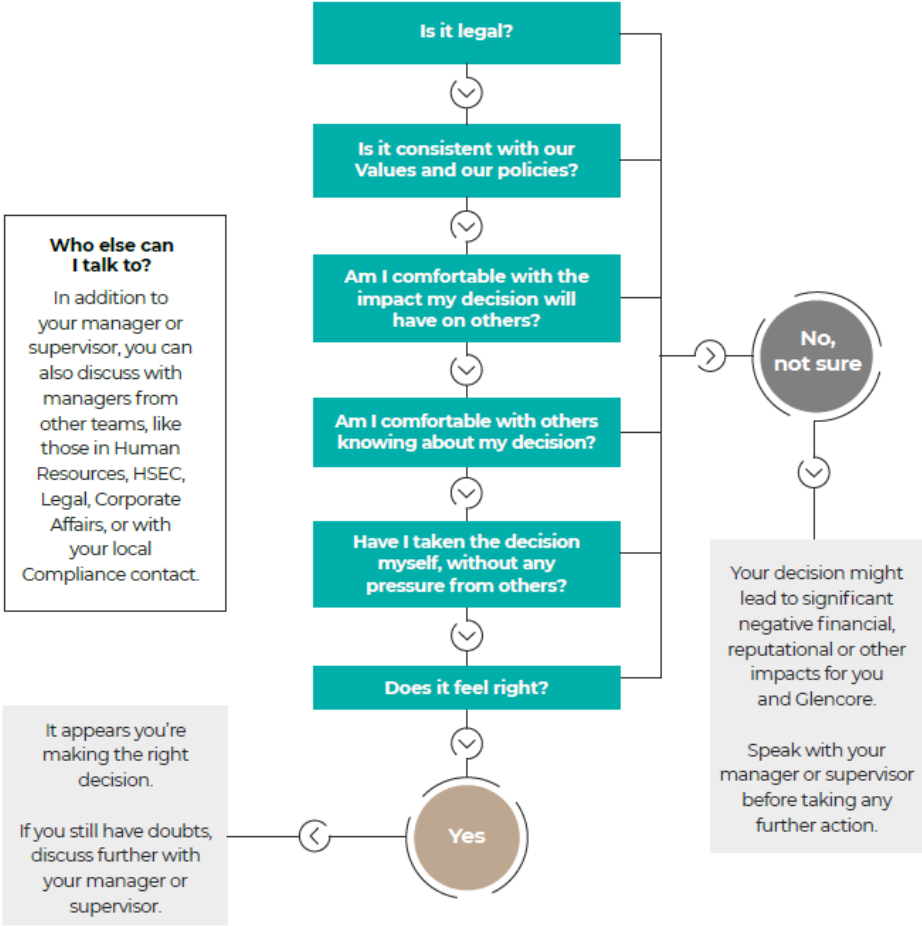
KING IV



“I underpay my employees, use unethical tax strategies and pollute the environment, but it’s OK — I outsource my guilt to a firm overseas.”

A framework for making decisions with integrity

Keeping to the Code helps us make ethical decisions. When facing a tough decision or situation not explicitly covered in the Code, we ask ourselves the following questions:



Cell C's King V transition

Date / period	Reported position and training implication
October–November 2025	Holdings Board formed in October. Listing followed in November.
Year ended 31 May 2026	King IV applied. Cell C published a King V transition disclosure.
30 September 2026	Board approved the King V Disclosure Framework.
FY27: 1 June 2026–31 May 2027	Next stage: evidence that the declared practices deliver governance outcomes.

Workshop focus: how will Cell C demonstrate the effect of its governance?

Sources: Cell C King V Framework, introduction (PDF p. 2). IAR pp. 140, 147. IoDSA King V publication page.

King V principles 1–7 in Cell C decisions

Principle	Cell C application for discussion
1 Leadership	Board challenge of AI and ESG trade-offs
2 Ethics	Fair AI decisions, digital rights and corporate citizenship
3 Strategy and sustainable value	Connectivity growth, partner dependence and resource efficiency
4 Reporting	Traceable ESG metrics and balanced AI benefit claims
5 Board composition	Collective AI, sustainability and telecoms competence
6 Board committees	Clear mandates and escalation across committees
7 Management delegation	Named decision owners and approval limits

Source: Cell C King V Framework, printed pp. 1–8. Applications below are workshop examples.

King V principles 8–13 in Cell C decisions

Principle	Cell C application for discussion
8 Risk	AI failure, cyber incidents and sustainability exposures
9 Compliance	Applicable obligations and evidence of effective controls
10 Data, information and technology	Data quality, AI oversight, model reliability and resilience
11 Remuneration	Performance measures that support sustainable value
12 Assurance	Evidence over AI controls and ESG reporting
13 Stakeholders	Customer protection, suppliers and digital inclusion

Source: Cell C King V Framework, printed pp. 9–14. Applications below are workshop examples.

Figure 1:

Vodacom Group top risk rating
(impact vs likelihood)

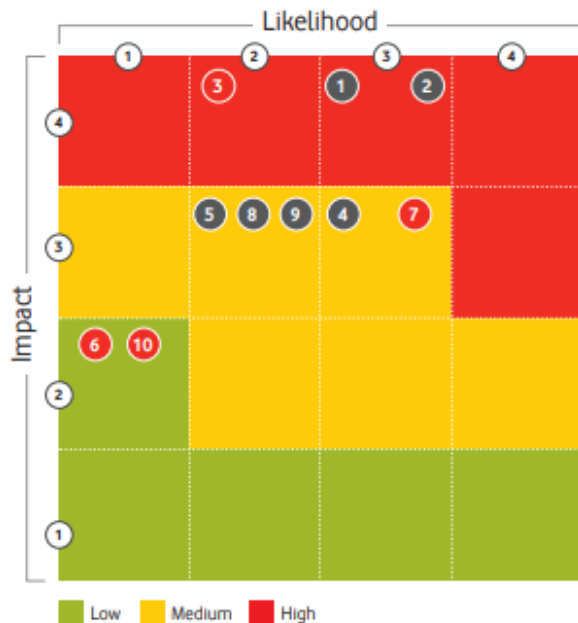
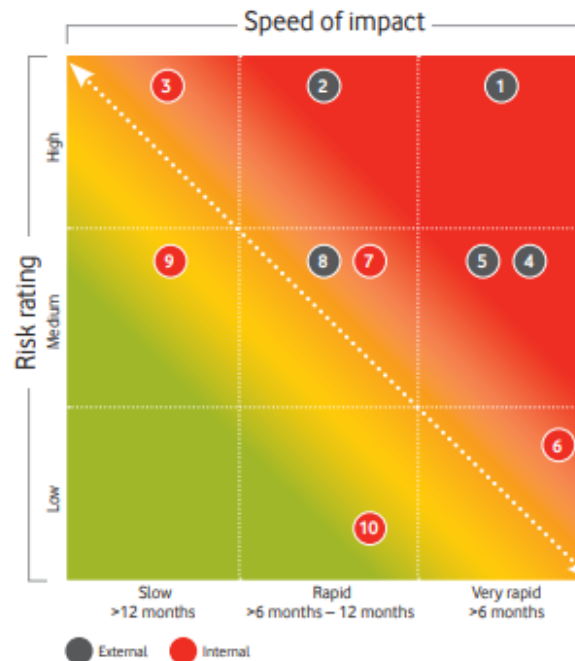


Figure 2:

Vodacom Group Top 10 rating
(speed of impact)



Risk

- 1 Cyber threat
- 2 Unstable economic and market conditions (all markets)
- 3 Vendor strategy
- 4 Market disruptions
- 5 Taxation uncertainty, social and political pressure
- 6 Technology failures
- 7 Resilience of our mobile money platform
- 8 Adverse regulatory and compliance pressures
- 9 Spectrum
- 10 Execution of strategic projects for future growth

Six capitals



Financial capital



Manufactured capital



Intellectual capital



Human capital



Social and relationship capital

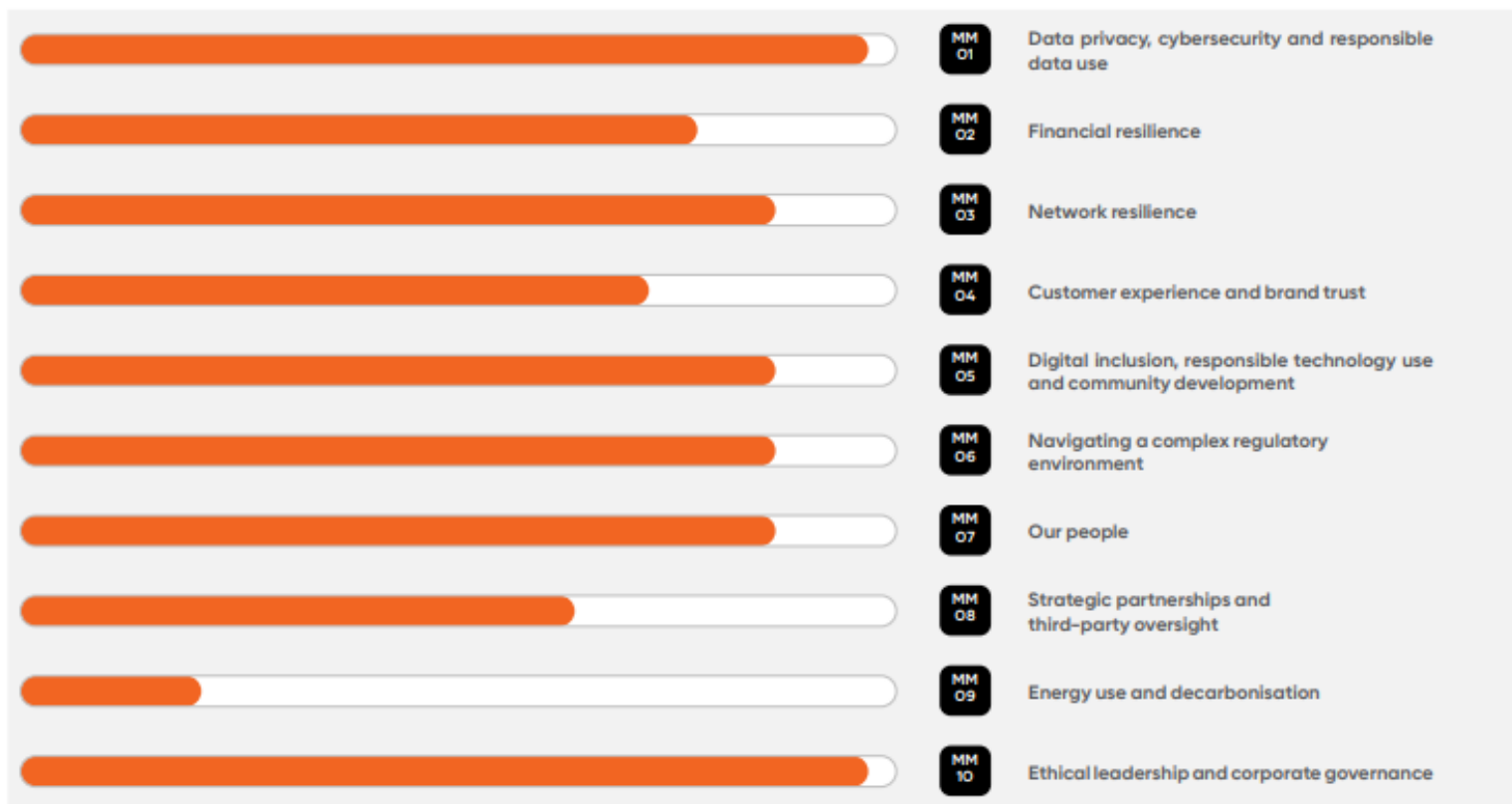


Natural capital

Our strategic pillars



Our 10 material matters at a glance



Enterprise Risk Management (ERM) framework

Cell C's comprehensive ERM framework is supported by Board-approved policies, methodologies, risk appetite and tolerance frameworks, risk registers and governance structures. The ERM framework aligns with King V™ requirements and ISO 31000, which provides principles, guidelines and a framework for managing risk within an organisation. Risk management is embedded throughout the company through a combination of top-down strategic oversight and bottom-up operational risk identification. The company maintains departmental risk registers, which are consolidated into business unit and enterprise-level risk assessments.

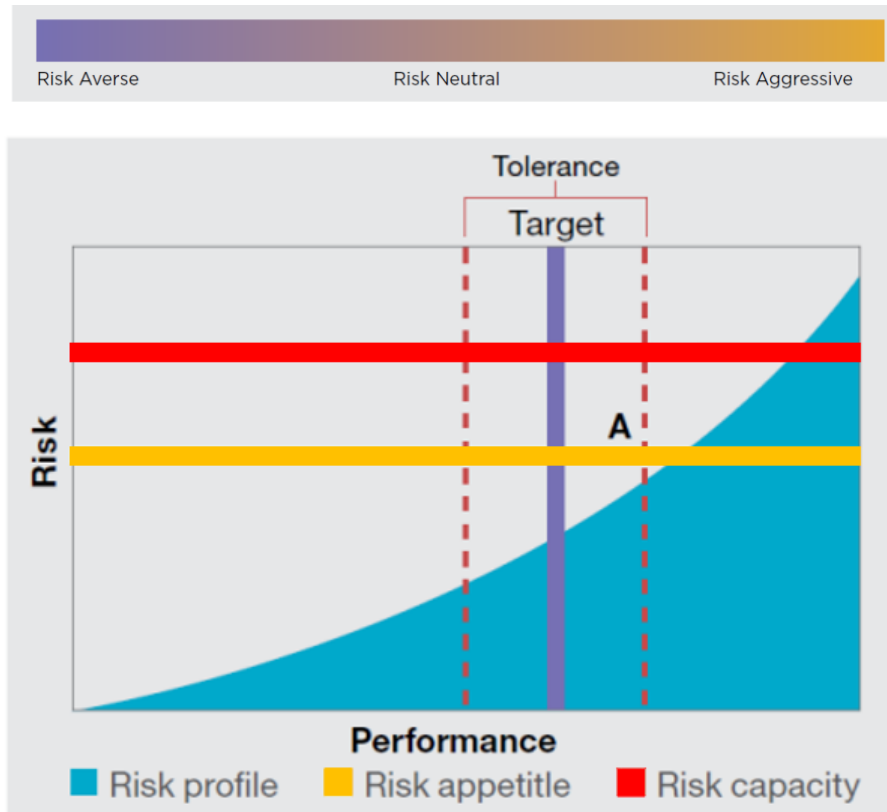
Risk appetite

Risk appetite is the level of risk that Cell C will accept in pursuit of its strategic objectives and is aligned with its strategy. Risk appetite is a central pillar of our approach to risk and business management. The Board has reviewed the company's risk profile and is satisfied that, based on the information available at the reporting date, the company's principal risks are being managed within the Board-approved risk appetite and tolerance levels.

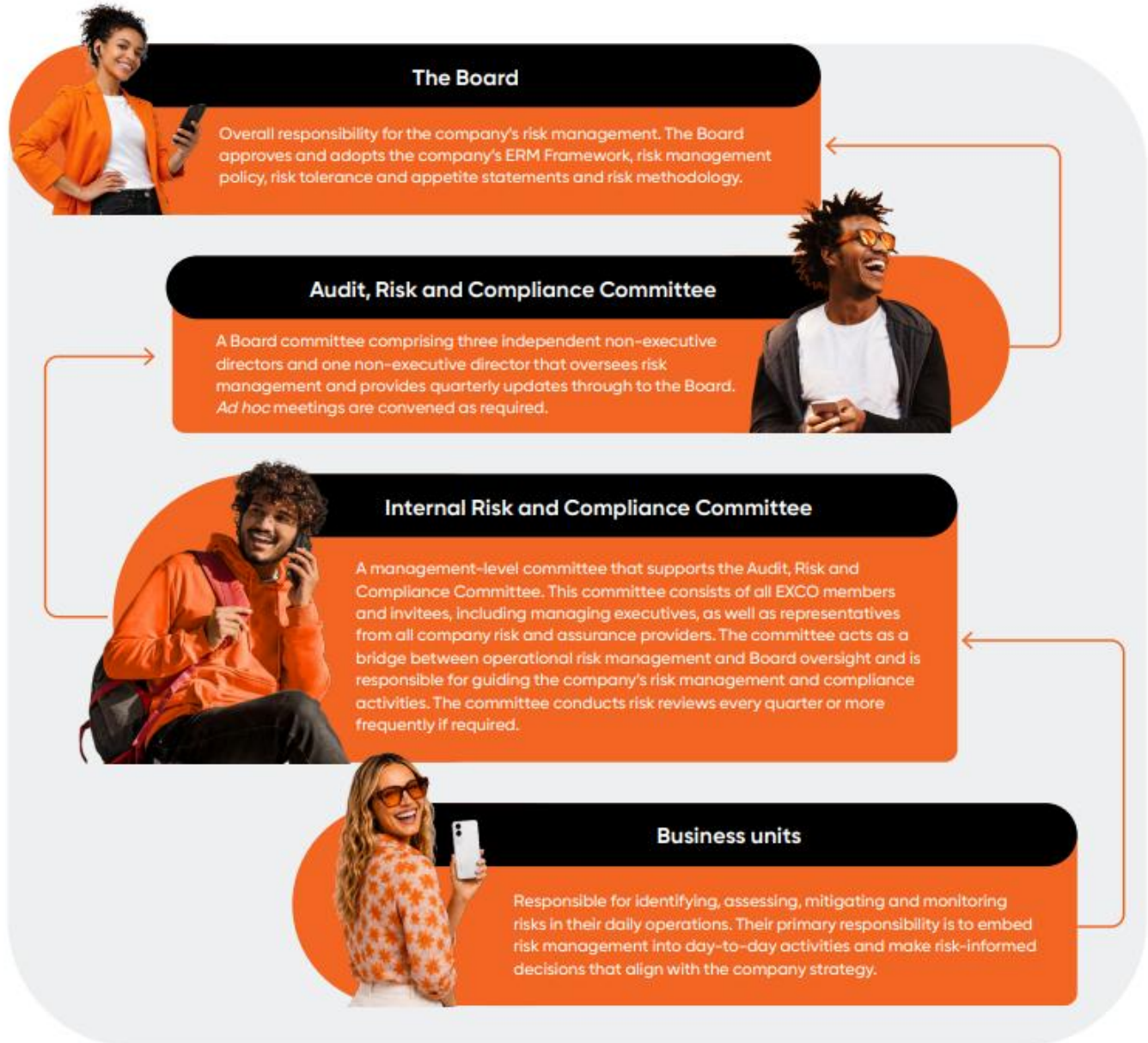
Risk appetite is reviewed annually by the Internal Risk and Compliance Committee and approved by the Board. It is monitored through formal quarterly risk reviews with EXCO and reporting to the Internal Risk and Compliance Committee and the Board's Audit, Risk and Compliance Committee. Risk appetite tolerance statement categories address factors that could be key sources of material risks to the execution of our strategy. The risk appetite tolerance statement categories are:



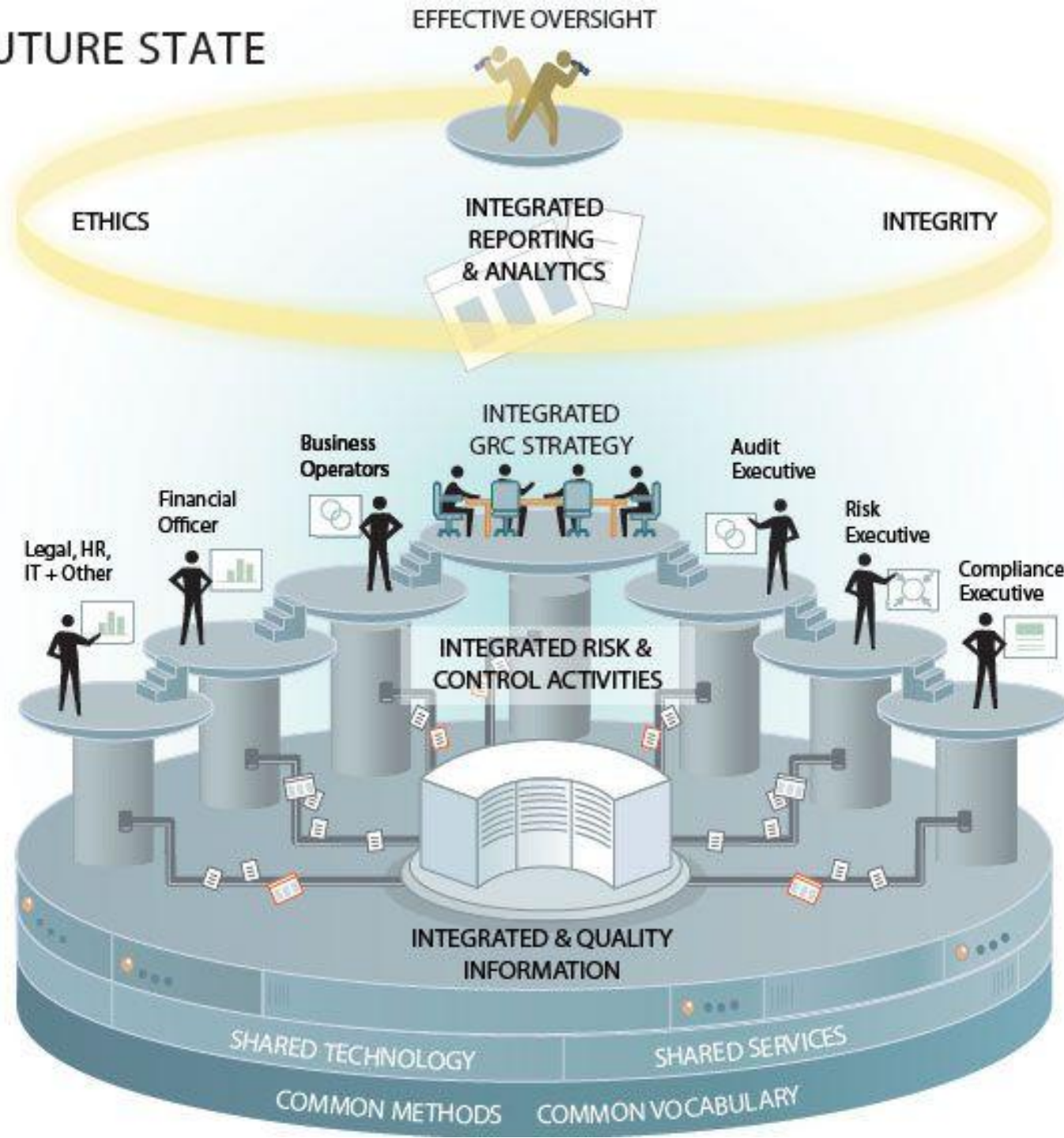
Risk vs. Performance



Risk governance



FUTURE STATE



Where the *Real AI Work* Happens

 Chief AI Leader



AI does not turn bad data into good decisions.



Before AI: trustworthy data + business understanding.



The winning analysts understand the business problem, communicate clearly, then use AI to speed execution.

A partner-based model changes accountability

≈95%

Population coverage through infrastructure-sharing partnerships

≈29,000

Sites accessible through partnerships

5.7m

MVNO platform SIM connections in FY26

Accountability remains with Cell C

Partner arrangements require service, privacy, resilience and ESG evidence.

The environmental boundary matters

A lower owned footprint needs value-chain analysis before broader impact claims.

1

Cyber threat

(2020: 2)

Opportunity

Providing world-class data security is one of our growing product offerings in the Enterprise (B2B) segment.

Strategy**Speed of impact****Very rapid****Six capitals****Context**

A malicious or accidental cyber attack from outside our organisation, as well as insider threats or supplier breaches, could result in service interruptions and/or the infringement of personal and confidential data. This could significantly impact our customers, revenue and reputation, and lead to costs associated with fraud and/or extortion.

COVID-19 exposure

The outbreak of the COVID-19 pandemic led to a significant increase in cyber threats targeting our customers through phishing, social engineering and malicious or insecure apps and services. This is further exacerbated by the increased number of people working from home and who use different technological tools to stay connected. Pressure on internal security network resources has intensified.

**Mitigating actions**

- Commission world-class security vendors to enhance sophisticated attacker detection.
- Conduct proactive assessments of the security measures in place on our projects.
- Monitor the Group's cyber incident response and containment.
- Manage security risks by implementing continuous security improvement programmes.
- Develop assurance programmes that incorporate internal and external reviews of our data storage practices.
- Increase security controls to protect our infrastructure while storing and transmitting confidential information.
- Embed the Vodafone Security Risk, Control and Assurance Framework across our business.
- Ensure people with relevant skills are appointed to manage our IT security.
- Drive dynamic framework of minimum controls on cyber per market, a clear roadmap to track achievements and stretch targets.

2 Unstable economic and market conditions (2020: 1)

Opportunity

We are capturing opportunities for innovation by addressing the macroeconomic challenges facing our customers. This includes our segmented propositions and digital offerings relating to education, health, agriculture and inclusive finance.

Strategy



Speed of impact

Rapid

Six capitals



Context

Volatile macroeconomic conditions – such as fluctuating foreign exchange and inflation rates – may weaken consumer and enterprise spend and, consequently, reduce our revenue and negatively impact operating costs and capital expenditure, which could impact our profitability.

COVID-19 exposure

South Africa's financial downgrade has decreased consumer and enterprise spending, negatively affecting demand. It also increased operational costs and the capital expenditure needed to implement measures to limit the spread of COVID-19.



Mitigating actions

- Continuously evaluate products and services to enhance our customer value proposition.
- Create and implement a comprehensive stakeholder relations strategy.
- Apply Group treasury policies in our markets.
- Include contingencies in our business plans to provide for the negative operational impacts that could arise from lower economic growth and changes in interest, inflation and exchange rates.
- Implement a global cost-savings programme to combat the effects of inflationary pressure on costs.
- Use foreign exchange instruments to mitigate currency fluctuations.
- Ensure the best rates, including a balance between fixed and variable rates, by carefully managing loans.
- Adjust budgets by considering best and worst-case scenarios relating to the pandemic.

Opportunity

Vodafone Procurement Company provides us with opportunities to leverage the capabilities of original equipment manufacturers (OEMs).

Strategy**Speed of impact**

Slow

Six capitals**Context**

Geopolitical influences could potentially impact our IT and technology vendor strategy. Furthermore, the lack of supply by key suppliers may negatively impact operational activities and our ability to deliver quality service to our customers. Where applicable, the implementation of a multi-vendor strategy is crucial for the sustainability of our operations.

COVID-19 exposure

The outbreak of COVID-19 impacted the supply chain efficiencies, which could affect our ability to source the critical equipment, skills and resources needed to operate our business. The pandemic also increased our IT and technology vendor strategies and has subsequently placed our operational costs under pressure.

**Mitigating actions**

- Reduce dependency on single suppliers through risk profiling.
- Implement our multi-vendor strategy in critical categories.
- Engage with governments, experts and suppliers.
- Engage with governments to manage potential supplier restrictions.

Opportunity

Proving our agility by driving innovation in our products, services, partnerships and business model.

Strategy



Speed of impact

Very rapid

Six capitals



Context

Mobile network operators continue to compete for market share amid reductions in disposable income, new entrants to the market and growth of OTT players. This could decrease Vodacom's market share, with price wars between competitors potentially reducing our revenue.

COVID-19 exposure



The effects of COVID-19 placed immense pressure on consumers' disposable income which, in turn, could impact volumes and pricing across the industry. The pandemic also increased demand for OTT players' platforms as we embrace new ways of working, which could place Vodacom's existing portfolio under pressure.

Mitigating actions

- Execute strategies to scale accelerator businesses, including Fixed, IoT, IT, digital lifestyle and financial services, IoT and cloud.
- Develop technology skills and capabilities to compete with disruptive market players.
- Utilise network and personal data assets by leveraging Big Data and real-time analytics to personalise customer services and offers.
- Adopt pricing strategies to counter declining traditional voice revenue and migrate voice to data.
- Align and position segmented customer offerings with an understanding of customer behaviour and expectations.
- Integrate a superior customer service strategy across the business.
- Partner with OTTs and global technology firms for mutual benefit.
- Offer integrated voice, SMS and data offerings personalised to customers.
- Manage the number of active days of a customers on the network to ensure personalised compelling offers to keep the customers on the network.

Opportunity

We contribute significantly to the income tax of governments in the countries where we operate. Our compliance responsibility enable governments to deliver their developmental agendas.

Strategy



Speed of impact

Very rapid

Six capitals



Context

The mobile communications industry is often subject to unpredictable taxes (both direct and indirect). This, combined with pressure to reduce prices from consumers, creates a challenging operating environment. External factors, such as activism from civil society, could also directly influence our operations. If we do not act decisively or respond appropriately to important issues, we run the risk of harming our reputation or damaging our brand.

COVID-19 exposure

Consumers have felt the added economic pressure from COVID-19, which has evoked a demand for reduced prices even as the need for connectivity increases. The prevalence of fake news surrounding 5G could also result in an upsurge of social pressure against the roll-out of this technology. Furthermore, governments' responses to COVID-19 could lead to more stringent regulatory or legislative requirements, affecting our ability to service our customers effectively. These changes could potentially require updates to our pricing, fees, bundle validity and limits.



Mitigating actions

- Improve our stakeholder engagement programme.
- Monitor changes to our political environments, including instances of social activism.
- Consult regularly with tax advisers to understand the impact of our current operating environment.
- Regularly communicate Vodacom's purpose through media statements and campaigns.
- Release media statements and participate in awareness campaigns to educate Vodacom's customers.
- Proactively understanding tax pressures in all jurisdictions and engaging with governments to minimise impacts on digital penetration, for example excessive smartphone duties.

Opportunity

Our customer value proposition has been built on our leadership position in the industry in which we operate. This demonstrated leadership is an important driver of the Group's future growth.

Strategy



Speed of impact

Very rapid

Six capitals



Context

Our customer value proposition is based on the reliability and availability of a high-quality network. A major failure affecting our network or IT assets and systems – brought on by, for example, natural disasters, failure to maintain infrastructure or cyber attacks – could profoundly impact our customers, revenue and reputation. While we rely on third parties and suppliers' systems in our markets, we should maintain the reliability and redundancy expected from our Group.

COVID-19 exposure



COVID-19 caused significant and excessive strain on our network resources, increasing the risk of network failure. This could further be exacerbated by the inability to source critical equipment, skills or resources needed to maintain services.

Mitigating actions

- Maintain and upgrade our systems continuously.
- Develop and implement comprehensive business continuity and disaster recovery plans as needed.
- Invest in adequate and feasible redundancy capabilities.
- Ensure comprehensive insurance policies are in place.
- Reduce reliance on external parties through self-provided transmission links on critical routes in our network.
- Try to eliminate single points of failure through fallover, backups, transmission redundancies and power redundancies.

Opportunity

The continued reliability and resilience of our platform drive economic activity, support small businesses' growth and enhance financial inclusion for all citizens.

Strategy



Speed of impact

Rapid

Six capitals



Context

M-Pesa, our mobile money platform, is a crucial tool for socioeconomic growth and is a gateway to the digital economy. We have to ensure we offer reliable and dependable service to our mobile money customers, as any disruption to the platform could negatively affect our customers, revenue and reputation. A reliable platform will also ensure that we meet all regulatory requirements.

COVID-19 exposure



While the take-up of M-Pesa increased during COVID-19, it did place excessive strain on the mobile money platform, increasing the risk of platform failure and downtime.

Mitigating actions

- Invest in ongoing maintenance and upgrades to our systems.
- Focus on comprehensive business continuity and disaster recovery plans.
- Ensure adequate and feasible redundancy capabilities.
- Eradicate any single point of failure.
- Drive consistent policy and system implementation through the M-Pesa Africa joint venture.

8 Adverse regulatory and compliance pressures (2020: 5)

Opportunity

Being proactive in responding to the changing regulatory environment can provide first-mover advantage.

Strategy



Speed of impact

Rapid

Six capitals



Context

The introduction of stringent regulatory and compliance requirements will impact profitability, growth and delivery of services. This exposes us to significant financial and reputational damage.

COVID-19 exposure

Governments' responses to COVID-19 could lead to more stringent regulatory or legislative requirements, affecting our ability to service our customers effectively. These changes could potentially require updates to our pricing, fees, bundle validity and limits.



Mitigating actions

- Engage with governments, regulatory and public bodies.
- Convene specialist legal, regulatory and government relations teams at Group and operational levels, with external advisers and legal counsel as needed.
- Engage stakeholders and use targeted intelligence reports to understand material legislative changes.
- Engage in broader government objectives and public interest through national industry associations, the Global System for Mobile Communications Association (GSMA) and other influential organisations.
- Ensure that a regulatory compliance policy and a combined assurance programme are in place and all risks are documented.

Opportunity

Realising alternative opportunities for accessing spectrum, such as through partnerships, and extending activities in fixed and fibre, will differentiate our business in the market.

Strategy**Speed of impact**

Slow

Six capitals**Context**

Failure to secure additional spectrum due to policy changes relating to the issuing of spectrum licences, non-renewal of existing licences, or increased competition for access to spectrum would significantly impact our ability to increase capacity and deliver future network capabilities.

COVID-19 exposure

The upsurge in people working from home has intensified the need for additional spectrum and increased pressure on current network resources.

**Mitigating actions**

- Engage government and regulatory bodies, highlighting efficient allocation and the societal benefits of spectrum.
- Actively participate in licence renewal and spectrum allocation processes.
- Continue to evaluate and implement re-farming and optimisation strategies.
- Embrace a proactive spectrum strategy, including potential acquisitions and strategic partnerships under applicable regulation.

10 Execution of strategic projects for future growth (2020: 9)

Opportunity

Strengthening our position as a market leader by further developing our intellectual capital and execution ability.

Strategy



Speed of impact

Rapid

Six capitals



Context

Our multi-product strategy, called the system of advantage, will deliver diversified, differentiated offerings to our customers, further strengthening our relationships with customers.

Successful execution of our strategic projects is key to capturing growth opportunities. To remain competitive in an ever-changing market, projects relating to the roll-out of fibre, IoT, IT services, digital and financial services, as well as converged products, must be completed successfully and timeously.

Regional start-ups and smaller fixed internet services providers (ISPs) that offer easy access to the internet continue to pose a risk.

COVID-19 exposure



Human resource constraints due to illness and limited travel limits our ability to execute key strategic projects. The increased pressure on our network and constraints relating to supplier disruptions may lead to our network resources being repurposed, thereby further delaying the roll-out of key projects.

Mitigating actions

- Develop a robust programme to monitor the strategic execution of our projects, proactively identify risks and mitigating actions, and capture new opportunities.
- Establish strategic partnerships to enhance the value proposition and execution success of all key programmes within the system of advantage while retaining customer relationships and data.
- Explore opportunities to improve commercial agreements with partners and associates.
- Optimise costs and drive synergies to enhance our capabilities and services.
- Leverage Big Data and analytics to build a data driven techco organisation.
- Increase innovation and spend on research and development.
- Accelerate the build and acquisition of technology and digital skills.
- Continue building fibre to the home infrastructure.
- Accelerate mergers and acquisitions (M&A) and partnership opportunities.
- Review alternative options to grow our fibre offerings and digital services through build, buy or partnering.
- Ensure that the Board monitors that the correct steps and actions are taken.

Declared application and governance maturity

13

Principles covered by Cell C's application disclosure

4 of 7

Directors classified as independent non-executives

The maturity question

Which controls operate consistently, and what evidence shows better outcomes?

Principle 10	Exception evaluation	Narrative
The governing body governs data, information and technology in a way that enables the organisation to sustain and optimise its strategy and objectives.	All practices in relation to Principle 10 have been implemented.	Specific disclosures: Technology and information governance is overseen by the Board through the Audit, Risk and Compliance Committee, supported by management structures responsible for technology risk, information privacy, security, business continuity and data governance. During 2024, the first report included technology-related disclosures, privacy controls, business continuity, data security controls and technology threat governance and disaster recovery reporting. Data and information Cell C manages and protects customer and operational data through robust governance frameworks, privacy controls and security measures. Data classification, ownership, retention and access control are implemented to ensure appropriate data protection and ensure support the efficient, secure and compliant use of information and technology assets. Technology Technology (device management, backup, continuity, disaster recovery and third-party technology governance) are managed through management, operational, disaster and recovery the Audit, Risk and Compliance Committee. Board management, senior digital and security technology, security controls, research and innovation of emerging digital support operational resilience and effective oversight. Responsible AI and emerging technology The Board identifies a policy requires the responsible and ethical use of AI, ensuring customers are satisfactorily, secure, transparent, privacy controls, transparency and responsible disclosure of AI use cases. AI and emerging technology governance are managed to ensure through the technology governance programme, with ongoing focus on enabling the AI policy, identifying, evaluating, mitigating, monitoring, controlling, future, oversight and control mechanisms, and reporting progress to the Audit, Risk and Compliance Committee. Concluding statement The Board is satisfied that the application of Principle 10 supports effective governance of data, information and technology and enables Cell C to sustain and optimise its strategy and objectives. ➔ The further detail see Data, Information and Technology Governance on pages 89 to 93 in our 2024 ARS.

Cell C King V Disclosure Framework for the year ended 31 May 2024

Sources: Cell C King V Framework, introduction, pp. 1, 5, 11. IAR p. 147.

King V™ Disclosure Framework

For the year ended 31 May 2026



Board statement on governance outcomes

The Board is of the opinion that Cell C has applied the King V™ principles in a manner that supports ethical culture, good performance, sustainable value creation, effective compliance, prudent control and legitimacy. The Board will monitor implementation of the King V™ alignment actions during FY27 and will update this disclosure annually.

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Principle 1	Exception declaration	Narrative
The governing body leads ethically and effectively as the focal point of corporate governance in the organisation.	All recommended practices in relation to Principle 1 have been applied.	Specific disclosures: Ethical and effective leadership The Board leads Cell C's governance framework and sets the ethical tone for the Group. Directors are expected to act with integrity, competence, fairness, transparency, accountability and responsibility, supported by the Board Charter, declarations of interest, conflict management, fit and proper processes, share dealing protocols and annual effectiveness evaluations. The Chairman supports ethical and effective leadership by promoting independent judgement, constructive debate and adherence to the King Code. The Board is satisfied that directors, individually and collectively, demonstrate ethical and effective leadership. Governance role and FY26 focus During FY26, the Board discharged its charter responsibilities through approved governance structures, delegated authority arrangements, committee reporting and regular oversight of business operations. Board evaluation An independent Board effectiveness review was completed during FY26 and covered the Board, its committees, the Chairman and individual directors. The review confirmed that the Board and its committees operated effectively. The Board held five meetings during FY26. Full Board meeting attendance is disclosed in the IAR 2026. Concluding statement The Board is satisfied that it fulfilled its governance responsibilities during FY26 and that the application of Principle 1 supports ethical and effective leadership, ethical culture, good performance, sustainable value creation, prudent control and legitimacy. ➤ For further detail, see <i>Board activities</i> on page 146 and <i>outcomes and Evaluation</i> on page 144 of our IAR 2026.

Integrated Annual Report

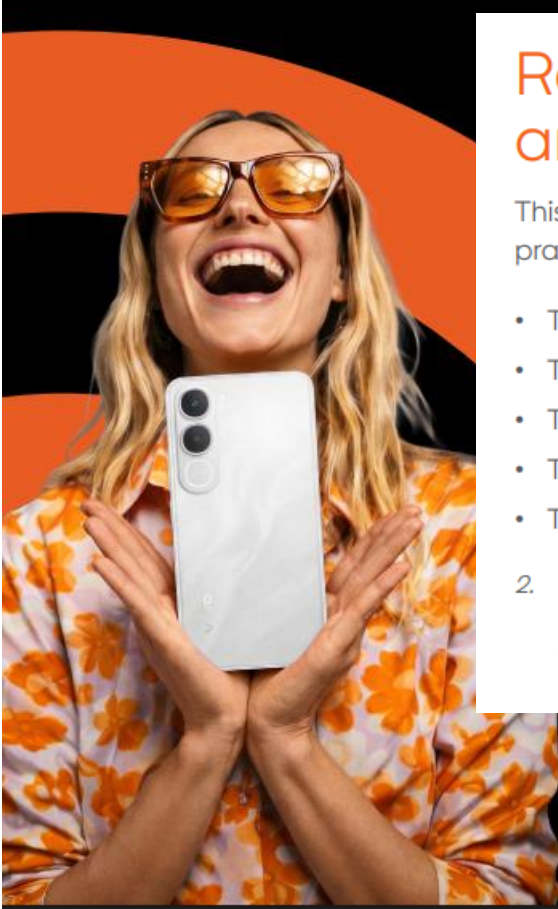
For the year ended 31 May 2026

Reporting requirements and frameworks

This report was prepared in accordance with relevant regulations, standards and best practices. Cell C aligns its reporting with the following reporting requirements and principles:

- The International Integrated Reporting Framework.
- The JSE Listings Requirements.
- The International Financial Reporting Standards (IFRS).
- The Companies Act No. 71 of 2008 of South Africa, as amended (Companies Act).
- The King V Report on Corporate Governance™ for South Africa (King V™)².

2. *King V™ was published on 31 October 2025 by the Institute of Directors in South Africa in collaboration with the King Committee on Corporate Governance. The company's governance structures are aligned with King V™ and support the application of its principles across the company.*



cellC

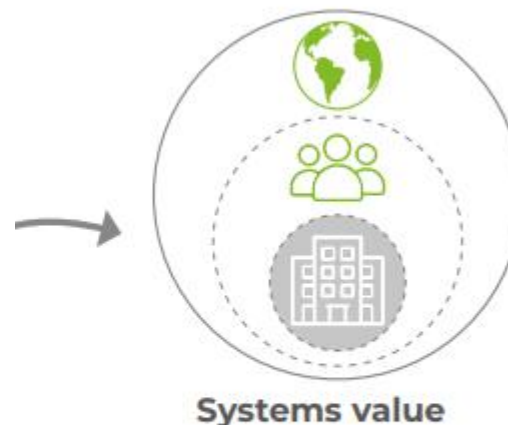
Integrated thinking and related concepts

The six capitals

Capital governance

Inputs

Financial Cell C has a sound financial position, strong cash-generation capabilities, and a capital-efficient business model.	- Audit, Risk and Compliance Committee - Investment and Special Transactions Committee	- Net debt of R2 020 million (2025: R5 691 million) - R1 147 million in capex (2025: R778 million) including investments and capex allocated to leases (2025: R778 million)
Intellectual Cell C's brand, customer and network data, digital capabilities, MOCN operating model, processes and knowledge enable it to deliver innovative connectivity solutions.	- Audit, Risk and Compliance Committee - Social and Ethics Committee - Investment and Special Transactions Committee	- Spectrum assets - Access to nationwide 4G/5G infrastructure through long-term, mutually beneficial agreements with network partners - Product innovation and digital capabilities - Customer data and analytics
Manufactured Our physical and technology infrastructure and arrangements with outsourced providers support efficient operations.	- Audit, Risk and Compliance Committee - Investment and Special Transactions Committee	- National MOCN platform - Extensive, integrated network, technology infrastructure to deliver connectivity services - R719 million invested in technology infrastructure (2025: R587 million) - Headquarters, warehouse, Service Operations Centre and Customer Care Call Centre - Total stores footprint of 103, of which 65 stores are franchised (2025: 60) - Outsourced logistics network 53 independent sales partners (2025: 63) 7 outsourced telesales partners (2025: 4) 13 wholesale partners in informal markets (2025: 11)
Human We have a high-performance culture, specialised skills, experienced management and a diverse Board.	- Social and Ethics Committee - Remuneration Committee - Nomination and Corporate Governance Committee	- Lean, cross-functional operating model - The Unstoppable Way culture - Leadership and governance expertise 914 skilled, committed employees (2025: 876) - R23.1 million (2025: R24.6 million) in training and development - R992 million in remuneration and benefits (2025: R818 million)
Social and relationship Strong relationships with customers, partners, regulators, employees and communities guided by our purpose of being an ally to those we serve.	- Social and Ethics Committee - Audit, Risk and Compliance Committee	8.9 million subscribers (2025: 7.6 million) 5.7 million MVNO HLR (2025: 4.5 million) - Partnerships with multiple MVNOs and MVNEs - Relationships with leading retail distribution partners - R221 million invested in CSI (2025: R16.3 million) 21 local/SME suppliers (2025: 73) - R64 million in spend with SME suppliers (2025: R118 million) - A transformation strategy to transform our business and maintain a high B-BBEE status
Natural We rely on environmental resources, including energy, water and land, as well as the natural resources embedded in the technology and network infrastructure used to deliver connectivity services.	Social and Ethics Committee	8 972 MWh of purchased electricity (2025: 5 690 MWh) 20 megalitres of water used (2025: 23 megalitres) - Our Sustainability Framework outlines our practices and targets to reduce our carbon footprint, waste and water usage



Systems value

UK

RESOURCES AND RELATIONSHIPS

Integrated Annual Report

For the year ended 31 May 2026

Materiality and integrated thinking

The Board approved management's approach to determining materiality for the information disclosed in this report. We applied a double materiality approach, considering both how sustainability matters affect the company and how the company affects society and the environment.

Our 10 material matters shape our overall strategy and act as a filter for determining the information included in this report (page 28). Our strategy (page 70), stakeholders (page 53), and key risks (page 42) were also considered when selecting the information included in this report.

Assurance and oversight

Our Executive Committee (EXCO) and the Board of Directors (Board) review and oversee the report's contents. The company's combined assurance model (page 159) leverages assurance from management, internal and external assurance providers, and a strong internal control environment to support compliance. We rely on our internal controls and management review to ensure the accuracy of our internal financial and operational information.



The six capitals

The report demonstrates how Cell C creates, preserves and potentially erodes value over time through its use of and impact on the six capitals.

-  Financial capital
-  Manufactured capital
-  Intellectual capital
-  Human capital
-  Social and relationship capital
-  Natural capital

Our five strategy pillars

We track our performance against strategy using key performance indicators (KPIs) across our five strategy pillars.

-  **Pillar 1:**
Address network quality and perception
-  **Pillar 2:**
Reinforce value perception to grow and monetise base
-  **Pillar 3:**
Leverage partnerships and ecosystems to scale beyond core revenue
-  **Pillar 4:**
Best-in-class service and experience
-  **Pillar 5:**
Drive an infectious brand connection

Our stakeholders

Our report aims to explain how we create value over time for our key stakeholders.

-  Shareholders and financial analysts
-  Retail customers
-  Business clients
-  Employees
-  Strategic partners
-  Government and regulators
-  Civil society
-  Media

Our material matters

Our 10 material matters shape the content and structure of this report.

- MM 01** Data privacy, cybersecurity and responsible data use
- MM 02** Financial resilience
- MM 03** Network resilience
- MM 04** Customer experience and brand trust
- MM 05** Digital inclusion, responsible technology use and community development
- MM 06** Navigating a complex regulatory environment
- MM 07** Our people
- MM 08** Strategic partnerships and third-party oversight
- MM 09** Energy use and decarbonisation
- MM 10** Ethical leadership and corporate governance

Integrated Annual Report

For the year ended 31 May 2026



Purpose | To be an ally to those we serve.

Mission | We harness the power of technology to delight our customers and improve their lives.

Why it matters

Cell C believes that connectivity is an enabler of participation, opportunity and progress in an increasingly digital society.

Our mission is anchored in supporting South Africa's broader socio-economic progress. With digital access now central to education, work, healthcare, entrepreneurship and financial participation, we play a vital enabling role in the country's economic development and inclusive growth.

What guides us

Cell C's values guide its daily operations and decision-making.

Transparency

Freedom from pretense and deceit: no hidden agendas, no smoke and mirrors.

Honesty

Unwavering truthfulness, genuineness and authenticity in everything we do.

Integrity

Doing right by our customers, always on their side.

Simplicity

Freedom from complexity and complications, delivering an experience of ease.

How we will do it

Cell C will deliver on its purpose and mission by executing its growth strategy with its five pillars:



Pillar 1:

Grow profitably in core consumer segments.



Pillar 2:

Monetise our platform beyond core connectivity.



Pillar 3:

Scale through capital-efficient connectivity.



Pillar 4:

Operate with discipline and future-fit efficiency.



Pillar 5:

Deliver transformative customer experiences.

Core network Manages voice and data services, controls mobility and service policies, enables roaming, interconnect and digital services. Connects calls, manages mobile sessions, controls data traffic and enables roaming and digital services.	Voice platforms Supports voice calling across the traditional circuit-switched voice core and the IP Multimedia Subsystem (IMS)-based VoLTE.	Subscriber management systems Identify subscribers, authorise network access, manage customer profiles and enable services.
Radio access and spectrum Cell C-owned spectrum and core network, combined with access to partner radio access networks (RANs) through a virtual RAN model, deliver nationwide 3G, 4G and 5G coverage.	Transmission and transport network Moves traffic across the network by connecting all data centres, connecting partner RAN towers to the core network, carrying internet traffic and enabling voice and data movement.	Data centre and cloud infrastructure Houses Cell C's core, transport, billing, digital and value-added services infrastructure. Stores information and enables digital platforms, billing, applications, VoLTE and analytics.
Billing systems Manages customer billing, charging, usage tracking and revenue collection.	Customer experience platforms Support customer engagement throughout the customer lifecycle.	Security and cybersecurity infrastructure Protects customer data, network integrity and operational continuity.
MVNO enablement platform Enables partner brands to launch and run mobile services through scalable network, provisioning and managed service capabilities.	Operational support and provisioning systems Support service activation, order management, provisioning and end-to-end network management.	Value-added services platforms Deliver messaging, USSD and content services across Prepaid, Postpaid and Wholesale customers.
Data, analytics and AI platforms Turn network and customer data into insights that improve experience, retention and network performance.	Digital and self-service platforms Power the Cell C app and online and USSD self-service channels for accessible, frictionless customer journeys.	IoT connectivity management platform Manages connectivity, provisioning and monitoring for enterprise IoT solutions.

Investment case

Cell C is strategically positioned for scalable returns through a capital-efficient model, platform-led growth, and proven leadership.

Capex-light operating model

Our innovative, capital-efficient operating model leverages long-term partnerships with leading network providers, removing the need for extensive infrastructure investment. This approach enhances financial flexibility, supports scalable growth and allows the business to maintain a strong focus on customer experience and service innovation.

Pioneering network strategy

Through our dual MOCN arrangement, customers benefit from seamless nationwide 4G and 5G coverage, while Cell C benefits from enhanced network resilience and the agility to accelerate next-generation technologies. Our MOCN architecture intelligently routes traffic across partner radio access networks (RANs). We retain ownership of our spectrum and core network infrastructure, enabling us to control customer experience and service quality.

Multiple, scalable platforms

Our growth is supported by a diversified platform built on four strategic engines, Prepaid, Postpaid, Enterprise and Wholesale, which together deliver resilient, capital-efficient growth and recurring revenue streams. Our leadership in MVNO enablement, combined with an expanding enterprise solutions portfolio, positions the company to capture opportunities across several customer segments and evolving digital connectivity markets.

Agile, accountable and execution-focused culture

A lean structure and a strong culture of accountability enable Cell C to respond with agility to evolving market opportunities and challenges. Simplified operating structures, cross-functional and KPI alignment support faster decision-making, innovation and operational excellence.

Proven leadership with deep industry expertise

Cell C is led by an experienced executive team with extensive industry expertise and a proven track record in turnaround and growth. The team's disciplined execution is evident in our strategy delivery and operational resilience.

A pathway from turnaround to growth

Cell C has successfully executed a significant business turnaround, restoring profitability, strengthening the balance sheet and generating robust free cash flow. Our 2026 financial performance reflects the resilience of our operating model and our ability to deliver long-term value.

Trusted and differentiated brand

Recognised as one of South Africa's top brands, Cell C is known for its customer-centric approach, innovative offerings and trusted partnerships. The brand's positive momentum is reflected in rising customer satisfaction and independent industry awards.

Mature and strengthened governance structure

Cell C is ready for public market participation. The company's commitment to transparency, compliance, and sustainable growth makes it an attractive proposition for investors.

The macroeconomic backdrop

Evolving consumer behaviour

South Africa's persistently low economic growth, elevated unemployment and cost-of-living pressures continue to constrain consumer spending and business confidence. These conditions have intensified price sensitivity among customers, driving demand for affordable connectivity solutions and value-based propositions. For MNOs, the economic conditions require a careful balance between customer affordability and margin maintenance.

Consumers increasingly expect telecommunications providers to deliver the same seamless, personalised and intuitive digital experiences they receive from banks, retailers and digital-native organisations. Digital self-service, personalised offers, AI-enabled engagement, omnichannel experiences and real-time support have become essential components of customer experience.

These changing expectations are encouraging operators to simplify products, reduce customer friction and use data-driven insights to create more relevant propositions that balance value with affordability.

Cell C's response

Cell C responds to changing economic conditions and evolving customer expectations by placing affordability, simplicity and digital engagement at the centre of its customer strategy. The company is focused on delivering compelling value propositions, personalised products and offers, and providing more seamless, intuitive customer experiences across multiple touchpoints. By combining customer insights with agile product development and an ecosystem of strategic partners, Cell C is well positioned to meet customers' needs.

Material matters

MM
02 Financial resilience

MM
04 Customer experience and brand trust

MM
05 Digital inclusion, responsible technology use and community development

Risks

Risk 2: Geopolitical and macroeconomic volatility

Risk 4: Evolving regulatory and compliance environment

Regulatory developments

South Africa's telecommunications regulatory landscape continues to evolve in response to technological innovation, increasing competition and changing market structures. Key regulatory developments include proposed amendments to the Electronic Communications Act, reforms to national roaming, future spectrum licensing and renewal, evolving spectrum management approaches, and ongoing discussions on regulating the rapidly growing MVNO market. These developments could reshape competitive dynamics by promoting greater infrastructure sharing, more efficient spectrum utilisation and broader market participation.

While regulatory uncertainty remains around certain areas, including spectrum renewal and emerging technologies such as Low-Earth-Orbit (LEO) satellite connectivity, transparent, technology-neutral and pro-competitive regulation will support innovation and investment. International standards and industry bodies also continue to influence spectrum policy, technology standards and future network development.

Sustainability disclosure is becoming increasingly important as investors, customers, regulators and other stakeholders demand greater transparency around ESG performance. While mandatory sustainability reporting has not yet been implemented in South Africa, the regulatory, governance and technical building blocks are steadily being put in place, suggesting that mandatory International Sustainability Standards Board (ISSB)-aligned sustainability reporting is increasingly likely.

Cell C's response

Cell C has strengthened its governance and compliance capabilities to ensure it remains agile in adapting to new regulatory requirements. We actively participate in policy and legislative processes, including making formal submissions on key regulatory matters and maintaining ongoing engagement with regulators and industry stakeholders.

This enables us to anticipate legislative and policy developments, respond proactively to regulatory change and embed compliance across our operations. This disciplined approach supports responsible business practices, enhances stakeholder confidence and provides a strong foundation for sustainable growth.

Cell C has developed a comprehensive Sustainability Framework that will support the company in identifying, managing and reporting on its most material sustainability-related risks and opportunities.

Material matters	Risks
MM 01 Data privacy, cybersecurity and responsible data use	Risk 1: Cybersecurity and information security resilience
MM 06 Navigating a complex regulatory environment	Risk 5: Continuous technology modernisation
MM 09 Energy use and decarbonisation	Risk 6: Critical infrastructure resilience

Industry trends

The rise of platform and ecosystem business models

The global and local telecommunications sectors are undergoing profound structural change as traditional mobile connectivity is increasingly commoditised. Traditional MNOs are evolving beyond connectivity providers into digital platform businesses that enable broader ecosystems of financial services, digital commerce, enterprise solutions and value-added services. MNOs must increasingly differentiate themselves by building digital platforms, fostering strategic partnerships and delivering integrated customer experiences.

Partnerships are now a defining characteristic of the modern telecommunications landscape. MNOs collaborate with technology providers, cloud platforms and financial institutions to accelerate innovation, improve customer experiences and reach new markets. These partnerships enable organisations to respond more quickly to changing customer needs while reducing capital requirements and improving operational flexibility.

 Read more about our strategy on page 70.

Cell C's response

These industry dynamics reinforce the relevance of Cell C's asset-light operating model and partnership-led strategy. By leveraging strategic partnerships rather than building every capability internally, we can respond more quickly to market opportunities, scale efficiently and focus investment on areas that create the greatest customer and shareholder value.

Material matters

MM 01 Data privacy, cybersecurity and responsible data use

MM 08 Strategic partnerships and third-party oversight

Risks

Risk 1: Cybersecurity and information security resilience

Risk 3: Strategic partner and third-party dependency

Connectivity as part of broader customer propositions

Connectivity is increasingly becoming an integrated component of broader customer propositions rather than a standalone product. Banks, retailers, technology companies and other consumer-facing organisations are embedding mobile connectivity into their ecosystems to strengthen customer relationships, enhance loyalty and create appealing value propositions. This trend is driving rapid growth in the MVNO market, as companies leverage their established customer bases and digital platforms to expand their core offerings. In turn, this is creating new commercial models that combine telecommunications with banking, retail, loyalty programmes and digital services, influencing competitive dynamics across multiple industries.

Cell C's response

Cell C views the MVNO market's growth as an important long-term opportunity, enabling the company to reach new customer segments through these partnerships. Cell C's relationship with MVNO partners has evolved well beyond that of a traditional wholesale provider. Cell C supports its partners with technology platforms, commercial models and product innovation to enable them to grow their businesses.

Material matters

MM
05

Digital inclusion, responsible technology use and community development

MM
08

Strategic partnerships and third-party oversight

Risks

Risk 1: Cybersecurity and information security resilience

Risk 3: Strategic partner and third-party dependency

Rapid technological change

The telecommunications sector is being shaped by rapid advances in cloud computing, AI, data analytics and IoT technologies. This is transforming how telecommunications services are designed, delivered and consumed. The move away from legacy telecommunications platforms towards cloud-native, software-defined technologies will allow MNOs to launch products faster, integrate more easily with partners and scale more efficiently. This will enable continuous innovation while reducing complexity.

AI enables MNOs to automate network operations, optimise capacity, predict maintenance requirements, enhance cybersecurity and improve the customer experience. It also supports more personalised customer engagement and intelligent self-service channels. As data volumes grow, AI is emerging as a critical capability that enables faster decision-making, greater operational efficiency and the development of innovative products and services, creating new opportunities for growth and competitive differentiation.

Looking ahead, emerging technologies such as LEO satellite connectivity present new opportunities to extend coverage and enhance customer experiences.

 Read more about our technology focus areas for 2026 on page 123.

Cell C's response

Cell C embraces technological innovation through a flexible, partner-agnostic operating model that enables the rapid adoption of emerging capabilities. By leveraging cloud-based platforms, automation, advanced analytics and strategic technology partnerships, we can improve operational efficiency, enhance customer experiences and bring new products to market more quickly. Consistent with our capital-efficient strategy, we will continue to evaluate emerging technologies, including LEO satellite capabilities, where they can create value for customers.

Material matters

 Data privacy, cybersecurity and responsible data use

Risks

Risk 1: Cybersecurity and information security resilience

Data as a strategic asset

The growing volume of customer, network and usage data is creating opportunities for operators to enhance decision-making, improve customer experiences and develop new commercial opportunities.

Advances in AI and predictive analytics enable telecommunications companies to better understand customer behaviour, optimise network performance, personalise products and improve operational efficiency. As organisations become increasingly data-driven, strong governance, privacy and cybersecurity capabilities remain fundamental to maintaining customer trust.

 Read more about our data and analytics focus areas for 2026 on page 126.

Cell C's response

We view data as a strategic enabler of growth and competitive differentiation. We continue to invest in modern data platforms, analytics capabilities and robust data governance to support informed decision-making and unlock new commercial opportunities. We continue to strengthen our data governance, privacy and cybersecurity capabilities to ensure the responsible, secure and ethical use of information while maintaining stakeholder trust.

Material matters		Risks	
MM 01	Data privacy, cybersecurity and responsible data use	Risk 1: Cybersecurity and information security resilience	
MM 06	Navigating a complex regulatory environment	Risk 5: Continuous technology modernisation	

Our materiality determination process

1. Define and cluster material topics

Conducted desktop research to identify a universe of material matters through a double materiality lens. This included a review of peer and industry reporting, macroeconomic and sector trends, our internal risk register and selected external publications. Relevant sustainability standards, including the Global Reporting Initiative (GRI), the European Sustainability Reporting Standards (ESRS) and the Sustainability Accounting Standards Board (SASB), were considered to ensure comprehensive topic coverage. Identified topics were reviewed, evaluated, consolidated and grouped into broader material themes.

2. Stakeholder engagement

Cell C engaged with stakeholders through a survey to validate, refine and prioritise the material matters. Stakeholders included EXCO, senior management and selected external stakeholders. Participants assessed the relevance and significance of each matter, identified gaps and recommended opportunities to refine or consolidate topics. The feedback provided distinguished high significance matters from those of medium or lower importance.

3. Analysis, validation and finalisation

Survey results and qualitative feedback were analysed to develop a final list of material matters. A validation workshop confirmed the final prioritisation of material matters. EXCO approved the final list of material matters.

4. Integration into reporting

The final list of material matters has been integrated into this report to inform the context included. They will also inform the company's strategic priorities, risk management activities and other stakeholder disclosures.

Oversight across AI and ESG

Governance forum	Disclosed responsibility
Board	Ultimate oversight of strategy, sustainability and material risks
Audit, Risk and Compliance Committee	Technology and AI oversight, risk and assurance
Social and Ethics Committee	Sustainability, ethics and stakeholder matters
EXCO / Sustainability Committee	Executive accountability and coordinated ESG execution
Technology SteerCo / AI Working Committee	Technology governance and evaluation of AI use cases

Proposed control: one accountable executive for every material cross-cutting issue.

Cell C's disclosed AI applications

Reported application	Proposed governance test
Employee productivity and knowledge	Can confidential information enter only approved environments?
Legal, finance and analytics support	Who checks accuracy and accepts responsibility for outputs?
Network traffic optimisation	Can operators override decisions and restore service?
Credit operations	Do decisions treat customers fairly and permit review?
Intelligent service management	Can customers challenge incorrect answers or actions?

Proposed AI approval gates

Decision gate	Minimum evidence before progression
1 Use-case approval	Business owner, purpose, affected people and risk classification
2 Design and sourcing	Data rights, supplier terms, security and environmental assessment
3 Validation	Accuracy, fairness, privacy and failure tests with named reviewers
4 Release	Human oversight, override, incident response and rollback test
5 Monitoring and retirement	Benefit tracking, drift, complaints and controlled decommissioning

AI case: automated customer service

33

Reported NPS, up 14 points

98%

Reported three-working-day resolution performance

Hypothetical proposal

An AI assistant promises a 20% handling-time reduction. It quotes an outdated tariff and sends customer prompts to a supplier with unclear retention terms.

What evidence would support approval, a restricted pilot or a pause?

Reported context: IAR pp. 96, 125, 162. Scenario and 20% saving are hypothetical.

AI case: expected governance response

Accountability and risk

A business owner accepts residual risk within delegated authority. Material issues escalate.

Customer and data safeguards

Validated tariff sources, controlled prompt data, human review and an accessible complaints route.

Evidence of safe operation

Test results, supplier retention evidence, monitoring and a demonstrated override or rollback.

Principles in play: ethics, risk, compliance, technology, assurance and stakeholders.

Cell C's five sustainability pillars

Environmental efficiency

Network efficiency, energy, emissions and circularity

Inclusive digital growth

Connectivity, affordability and platform participation

Fairness and trust

Privacy, digital rights and responsible suppliers

People and culture

Skills, transformation and employee wellbeing

Governance and accountability

Clear responsibilities and transparent performance

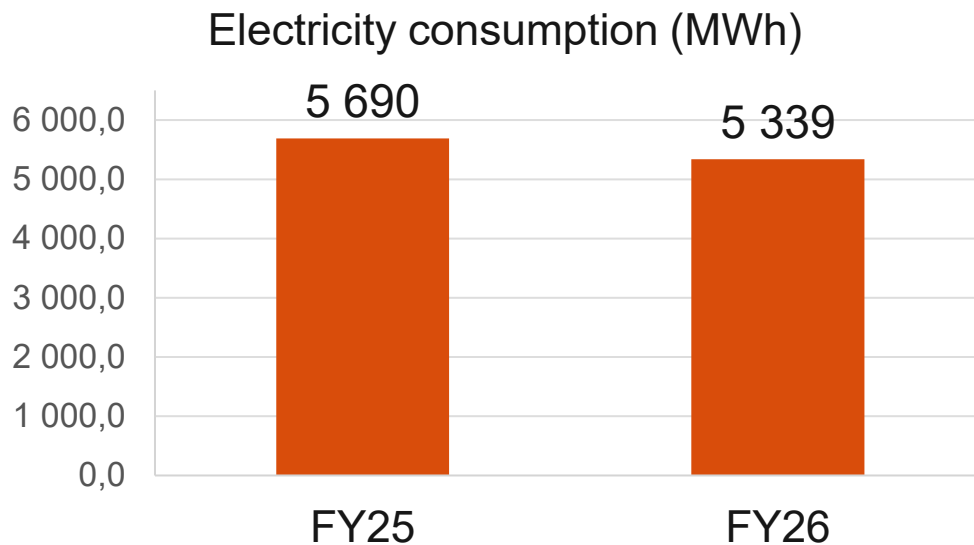
Our sustainability pillars

As a purpose-led connectivity provider, we recognise that long-term value creation depends not only on financial performance, but also on how effectively we manage our environmental impacts, empower our people and communities, contribute to economic development and maintain stakeholder trust through strong governance. Our framework is organised around five interconnected pillars that reflect the areas where Cell C can have the greatest strategic impact and is supported by clearly defined metrics and performance indicators.

Pillars	Our 2030 ambition	Key metrics
Environmental efficiency - Network efficiency. - Energy and emissions. - Circularity and waste management.	To lead in structurally efficient, low-impact connectivity by demonstrating that growth in traffic, customers and services can be decoupled from increases in energy use and emissions.	- Scope 1 and 2 emissions. - Renewable energy usage. - e-Waste recycled. - eSIM adoption.
Inclusive digital growth - Connectivity and access. - Affordability and inclusion. - Platform-enabled growth.	To scale as a platform for inclusive digital participation, where every increment of growth expands access, improves affordability and choice, and enables broader participation in the digital economy.	- Digital channels uptake. - Average data consumption per active user (a proxy for participation in the digital economy). - MVNO platform SIMs connected.
Fairness and trust - Data protection. - Customer trust. - Stakeholder trust. - Ethical conduct. - Digital rights. - Responsible supply chain.	To establish Cell C as the most trusted platform partner in the market, where transparency, fairness and responsible data and commercial practices are embedded in every customer and partner interaction.	- NPS/customer trust index. - Thick Trust Index. - ESG-screened suppliers. - Customer complaint rate.
People and culture - Diversity, inclusion and transformation. - Skills and future capability. - Employee engagement and retention. - Health and safety.	To build a high-performance, high-integrity culture where accountability, capability and leadership behaviour are consistently aligned to long-term value creation.	- Women in the workforce and leadership. % of learning and development spend on historically disadvantaged individuals (HDIs). - Digital skills development. - Employee engagement score. - Voluntary attrition rate.
Governance and accountability - Corporate governance. - Regulatory, risk and compliance quality. - Economic impact and contribution.	To continuously enhance the embedment of sustainability as a core governance and decision-making discipline across the company, maintaining clear accountability of Board and management level and transparent measurement of performance and outcomes.	- Board and Board committee independence. - Regulatory compliance.

Source and visual: IAR p. 85. Five pillars reproduced and summarised.

Electricity consumption and growth



-6.2%

Calculated reduction in reported consumption

Solar at Head Office

Project completion planned for 2027

Proposed test: reconcile meters, reporting boundary and growth measures.

Source: IAR p. 89. Calculation: $(5,339 - 5,690) \div 5,690 = -6.2\%$, rounded.

Environmental metrics need defined boundaries

Reported FY26 metric	Disclosure	Proposed evidence question
Scope 1 emissions	107 tCO ₂ e	Fuel records and organisational boundary?
Scope 2 emissions	8,058.6 tCO ₂ e	Electricity boundary, factors and calculation?
Scope 3 emissions	Selected categories	Partner coverage and excluded categories?
HQ waste	23.31 tonnes	Recycling 47.16% + landfill 52.54% = 99.70%
Electronic waste	2.185 tonnes	Disposal certificates and relationship to totals?

Source: IAR p. 89. Values as reported. Data quality questions are facilitator observations.

Social investment and evidence of impact

R22.1m

CSI investment, compared with R16.3m in FY25

28,012 learner attendances

105 schools

1,022 teachers supported



Proposed test: what changed for learners after the programme?

Source: IAR pp. 92, 95. Photo reproduced from p. 95. Attendances are not unique learners.

Digital inclusion: access and participation

Reported measure	FY25	FY26	Calculated growth
Active data users	4.8m	5.4m	≈12.5%
Monthly GB per active user	5.7 GB	6.9 GB	≈21.1%
MVNO platform SIM connections	4.5m	5.7m	≈26.7%

Participation remains a measurement challenge

Proposed measures: affordability, accessibility and sustained use for education or work.

Source: IAR pp. 90–91. Calculations use rounded published values.

Trust and suppliers: AI can affect both

81.5

Thick Trust score, compared with 72.7 in FY25

R64m

Spend with qualifying B-BBEE suppliers

Responsible procurement

Reported: ESG questionnaires and due diligence before supplier onboarding.

Proposed AI supplier test

Data use, model changes, subcontractors, evidence access and exit arrangements.

AI and ESG in one investment decision

Decision lens	Evidence to include in a business case
Performance and value	Baseline costs, expected benefit, measurement period and owner
Environmental effects	Incremental compute use, supplier footprint and resource trade-offs
Social effects	Customer accessibility, fairness, staff reskilling and human recourse
Governance and control	Decision rights, risk acceptance, independent challenge and monitoring

Proposed decision: approve only within delegated authority and defined risk appetite.

A five-level governance maturity scale

Level	Observable evidence
1 Ad hoc	Individuals react to issues. Ownership and records are inconsistent.
2 Defined	Owners, policies and expected controls are documented.
3 Embedded	Teams operate controls consistently and retain evidence.
4 Measured	Outcome indicators and assurance show effectiveness.
5 Adaptive	Lessons and emerging risks drive tested improvements.

A score requires evidence of operation and outcomes, beyond policy approval.

Workshop: Cell C maturity assessment

Domain	Evidence to inspect	Current / target
Leadership and decision rights	Mandates, approvals and challenge records	To assess / agree
AI governance	Use-case register, testing and human oversight	To assess / agree
ESG performance and data	Metric definitions, reconciliations and outcomes	To assess / agree
Risk and compliance	Risk appetite, incidents and remediation	To assess / agree
Assurance and learning	Coverage, independent findings and retesting	To assess / agree

AI maturity: what the disclosures establish

Reported foundations

Approved AI policy, cross-functional AI Working Committee and committee oversight.

Reported development priorities

Policy embedment, supporting frameworks, human oversight and override mechanisms.

Evidence for a maturity judgement

Inspect use-case approvals, validation results, override tests and action closure.

Workshop conclusion: verify the evidence before assigning a maturity level.

Combined assurance for AI and ESG

Disclosed assurance layer	Proposed AI / ESG coverage
Management	Reconcile ESG data and evidence daily AI controls
Specialist risk, compliance and forensics	Challenge risk assessments, privacy and incident reporting
Independent internal audit: BDO	Test AI lifecycle controls and material ESG data processes
External assurance providers	Specific agreed subject matter, criteria and assurance level
Audit, Risk and Compliance Committee	Resolve gaps and consider assurance conclusions

Sources: IAR pp. 158–159. Cell C King V Framework p. 13. Coverage examples are proposed.

Proposed Board indicators for FY27

Area	Indicator	Suggested accountable role
AI	High-risk use cases with valid approval and tested override	Business owner / CITO
Customer protection	Material AI errors, adverse outcomes and unresolved appeals	Customer operations
Environmental data	Energy and GHG reconciliation exceptions and closure	Sustainability / finance
Social outcomes	Participation outcomes supported by verified programme data	Sustainability / people
Assurance	Material coverage gaps and overdue corrective actions	Risk / internal audit

Capability and incentives shape behaviour

914

Permanent employees
reported for FY26

45.2%

Female workforce
representation

+34

Employee NPS, compared with
-3 in FY25

Reported incentive framework

At least 75% financial measures. Up to 25% sustainability and/or strategic measures.

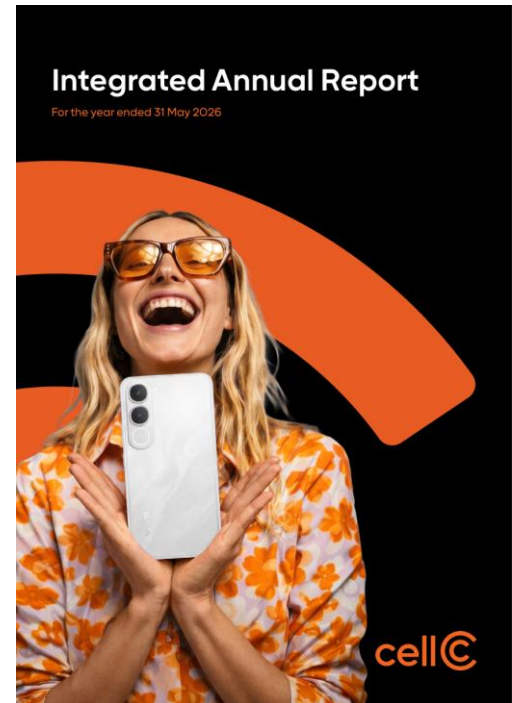
Proposed test: do incentives reward AI efficiency alongside customer outcomes?

King V at Cell C

AI, ESG and governance maturity

A workshop grounded in Cell C's FY26 disclosures

Sources: IAR 2026, cover. Cell C King V Disclosure Framework, FY26.





**Generic governance
maturity assessment – it
can also apply to AI**

ISO 37004:2023 Governance maturity model

Governance of organizations -
guidance

www.iso.org/standard/65037.html

iso.org

Governance impacts

Security & Technology

“The global security landscape has deteriorated sharply in the last decade with nearly 15% of the world’s population now living in conflict-affected areas.”

WEF 2025

“AI is one of the most important things humanity is working on. It is more profound than fire or electricity.”

Pichai, Google CEO



Organizational Purpose

“An organization’s culture of purpose answers the critical questions of who it is and why it exists. They have a culture of purpose beyond making a profit.”

Renjen, Deloitte

“The definition of governance is evolving as organizations are increasingly expected to define and embed their purpose at the centre of their business.” **WEF 2021**



Stakeholders & Sustainability

2020 WEF Manifesto: “The purpose of a company is to engage all its stakeholders in shared and sustained value creation”.

“You are the first generation of investors to understand to include climate risks, but you are also the last generation that can do something to mitigate climate risks.”

Mark Carney, UN



Why assess governance maturity?



Governance maturity aspects

Governance behaviour

The approach to applying a governance principle.

behaviour when governing an organization

Governance effectiveness

The ability to achieve the objectives of the governance principles by selecting and implementing appropriate governance practices

Governance efficiency

The extent to which governance practices are made explicit and governance intentions communicated



Governance conditions – ISO 37004

- Organizational governance framework: The governing body should establish and maintain an integrated organizational governance framework across the organization that coordinates governance activities to ensure that the organization achieves the governance outcomes.
- Delegation: The governing body should fulfil the condition of effective delegation and delegate in a way which increases trust and transparency.
- Management: In circumstances where an individual fulfils both governance and management responsibilities, the governing body should ensure that they are able to distinguish when they are fulfilling the different responsibilities and act and behave accordingly.
- Sustainability: The governing body should ensure that sustainable development and sustainability are fundamental considerations when governing and applying the governance principles.
- Stakeholders: The governing body should treat and ensure that the organization treats all stakeholders fairly and should consider the expectations of relevant stakeholders.
- Suitably equipped: The governing body, as a collective, should remain suitably equipped to fulfil its role considering its composition and structure to do so.
- Competent: The governing body should continuously improve its competency regarding the organization's activities, legal requirements and, more broadly, the organization's context.

PRINCIPLES



Ethical &
Responsible
AI



Stakeholder
Inclusivity



Accountability
& Transparency



Privacy, Security
& Safety



Value Creation &
Preservation



Sustainability
& Social Value



Continuous
Improvement

Governance Dimensions			Governance Maturity Aspects															Measurement	Governance Improvement									
			Behaviour Ref: Table 3					Effectiveness Ref: Table 4					Efficiency Ref: Table 5						Behaviour		Effectiveness		Efficiency		Long-term Target			
			Undefined	Limited	Emerging	Formalized	Measured	Optimizing	Undefined	Limited	Emerging	Formalized	Measured	Optimizing	Undefined	Limited	Emerging		Formalized	Measured	Optimizing	Appropriate	Short-term	Appropriate		Short-term	Appropriate	Short-term
			0	1	2	3	4	5	0	1	2	3	4	5	0	1	2		3	4	5							
Governance Principles Ref: Clause 6.2.2	Governance Conditions Ref: Clause 6.2.1	Integrated Governance body	Organizational governance framework																									
			Delegation																									
			Management																									
			Sustainability																									
			Stakeholders																									
		Composition and structure (suitably equipped)																										
	Competence																											
	Purpose																											
	Value generation																											
	Strategy																											
	Oversight																											
	Accountability																											
	Stakeholder engagement																											
	Leadership																											
	Data and decisions																											
	Risk governance																											
	Social responsibility																											
	Viability and performance over time																											
	Governance Improvement	Current position																										
Appropriate Today																												
Short-term Target																												
Long-term Target																												

Cell C governance action plan

6, 12 and 24 months

King V governance outcomes AI, ESG and proportionate maturity

Revised for management and Board consideration
26 October 2026

Proposed plan. Source: Cell C King V Disclosure Framework, FY26. King V outcomes guide the proposed actions.

Four governance outcomes guide the plan

Governance outcome	Effectiveness question for Cell C
O1 Ethical culture	Do conduct and AI decisions demonstrate fairness and accountability?
O2 Performance and value creation	Do investments deliver verified benefits with acceptable trade-offs?
O3 Conformance and prudent control	Do key controls work and prompt action when limits are breached?
O4 Legitimacy	Do customers and other stakeholders have grounds to trust Cell C?

Every action links to an outcome and an operating test.

Proposed plan. Sources: King V Code pp. 2–3. Outcome codes below apply to every action.

Three horizons with outcome-based gates

Horizon	Delivery focus	Evidence needed to pass the gate
6 months Months 1–6	Validate foundations and address priority risks	Priority safeguards pass tests; owners accept and fund remaining risks.
12 months Months 7–12	Embed controls in normal decisions and operations	Samples show consistent operation, timely escalation and remediation.
24 months Months 13–24	Verify benefits, control effectiveness and stakeholder effects	Independent challenge supports outcomes and identifies further improvements.

Illustrative gates: 30 Apr 2027, 31 Oct 2027 and 31 Oct 2028.

Proposed plan. Planning assumption: Month 0 is programme approval. Outcomes accumulate across the horizons.

Accountability for outcomes and evidence

Accountability	Proposed outcome responsibility
Board / CEO	Approve outcome targets / deliver and escalate material obstacles.
ARC / SEC	ARC: prudent control. SEC: ethics, impacts and stakeholder trust.
NCC / Remuneration Committee	Independence and capability / incentives based on verified results.
Business executives / control owners	Realise benefits and demonstrate that their controls operate.
Risk, compliance and sustainability leads	Challenge results and maintain a traceable evidence register.

Monthly delivery review, quarterly committee challenge and prompt material-risk escalation.

Proposed plan. Source: Cell C Framework pp. 6–10, 12–14. Proposed assignments require confirmation.

AI standards: purpose and Cell C deliverable

Standard / framework	Proposed use at Cell C
ISO/IEC 42001:2023	O2/O3: controlled AI use and verified business benefits
ISO/IEC 23894:2023	O3: use-case risk decisions linked to enterprise risk
ISO/IEC 42005:2025	O1/O4: assessment of effects on people and recourse
ISO/IEC 38507:2022	O3: accountable Board oversight of AI decisions
NIST AI RMF 1.0 + AI 600-1	O3/O4: AI tests, monitoring and response to harm

ESG standards: reporting and operations

Reference	Proposed Cell C application
IFRS S1 / S2 and JSE guidance	O2/O4: decision-useful sustainability financial information
GRI, including 102:2025 and 103:2025	O1/O4: material impacts and climate/energy transparency
SASB Telecommunication Services	O2/O3: material telecom risks and performance measures
GHG Protocol + ISO 14064-1:2018	O3/O4: credible emissions boundary and inventory
ISO 14001:2026 / ISO 50001:2018	O2: measurable environmental and energy improvement
ISO 26000:2010	O1/O4: responsible labour, inclusion and supplier conduct

Proposed plan. Sources: IFRS Foundation, GRI, JSE, GHG Protocol and ISO. Proposed selection.

Governance, privacy and continuity standards

Standard	Proposed Cell C focus
ISO 37000:2021	O1–O4: governance accountability and oversight
ISO 31000:2018 / ISO 37301:2021	O3: risk appetite, obligations and effective escalation
ISO/IEC 27001:2022	O3/O4: security of customer data and critical systems
ISO/IEC 27701:2025	O1/O3: accountable processing of personal information
ISO 22301:2019	O2/O3: tested continuity across material service partners

Proposed plan. Sources: ISO official catalogue. Current editions and applicable amendments require scope review.

6 months: governance and risk foundations

G01 Independent audit committee composition

Lead: Company secretary / NCC **Due:** M3 decision; M6 delivery **Outcome:** O3, O4

Approve fully independent non-executive membership as the preferred target by M3. Implement through the required processes by M6.

Effectiveness evidence: Verified independence and challenge; any interim departure has safeguards and a review date.

G02 Risk appetite, conduct and compliance

Lead: Risk and compliance leads **Due:** Month 6 **Outcome:** O1, O3

Update AI, ESG and partner-risk indicators. Test conduct escalation and controls for material obligations against approved limits.

Effectiveness evidence: Sampled breaches prompt timely escalation and corrective action; control failures remain visible.

6 months: AI policy in operation

A01 AI inventory and enforceable approvals

Lead: CITO with business owners Due: Inventory M3; gates M6 Outcome: O3

Identify employee and supplier AI. Assign owners, risk tiers and permitted data. Enforce release and material-change approvals.

Effectiveness evidence: Discovery samples reconcile to the register; high-risk tools have accountable owners and effective gates.

A02 AI impact, fairness and human intervention

Lead: Business owners with risk Due: Month 6 Outcome: O1, O3, O4

Test priority AI uses for customer harm, privacy, reliability and human intervention. Set risk-based acceptance criteria.

Effectiveness evidence: Tests meet approved limits; override works and material failed cases receive treatment before release.

6 months: ESG boundaries and partner resilience

E01 ESG materiality and metric controls

Lead: CFO with sustainability lead Due: Month 6 Outcome: O2, O4

Validate financial and impact materiality separately. Define data boundaries, partner inputs and the GRI transition plan.

Effectiveness evidence: Metric samples reconcile to source evidence; stakeholder input changes priorities where warranted.

R01 Critical partner and service readiness

Lead: COO with CITO Due: Month 6 Outcome: O2, O3

Validate service dependencies and recovery objectives. Exercise a partner disruption and test escalation and customer communication.

Effectiveness evidence: Critical owners demonstrate workable response steps; exercise failures have owners and deadlines.

12 months: governance and capability embedded

G03 Evidence of better governance decisions

Lead: Company secretary / CEO Due: Month 12 Outcome: O2, O3

Review material investments and delegations for challenge, trade-offs and follow-through. Coordinate committee escalations.

Effectiveness evidence: Decision samples show how challenge affected approval, conditions or remediation, with follow-up.

G04 Competence, ethics and succession

Lead: People lead with NCC Due: Month 12 Outcome: O1, O2

Assess director and control-owner competence through role-based cases. Test critical-role succession and human-review capacity.

Effectiveness evidence: Assessments demonstrate applied judgement; critical skill and succession gaps have funded treatment.

12 months: AI, privacy and recovery tested

A03 AI performance and corrective action

Lead: CITO with AI business owners Due: Month 12 Outcome: O2, O3

Operate lifecycle controls. Monitor errors, drift, customer appeals and benefits. Act when approved risk limits are breached.

Effectiveness evidence: Monitoring detects test failures; owners act promptly and customer or service effects remain within limits.

R02 Cyber, privacy and recovery effectiveness

Lead: CITO with privacy / COO Due: Month 12 Outcome: O3, O4

Test a cyber or data incident end to end with a critical provider. Assess response, data integrity and recovery performance.

Effectiveness evidence: Results meet approved recovery and response criteria; failed safeguards receive remediation and retesting.

12 months: ESG baseline and reporting dry run

E02 Credible emissions and investment baseline

Lead: CFO / sustainability with CITO Due: Month 12 Outcome: O2, O3

Reconcile energy and emissions, including material value-chain categories. Validate assumptions in efficiency business cases.

Effectiveness evidence: An evidence-supported baseline and uncertainty record support feasible, costed improvement targets.

E03 Decision-useful ESG reporting

Lead: CFO with sustainability lead Due: Month 12 Outcome: O2, O4

Trial sustainability disclosures and climate scenarios. Test whether an inclusion initiative produces an outcome beyond attendance.

Effectiveness evidence: Dry run connects material effects to decisions; significant reporting findings have funded remediation.

24 months: governance outcomes demonstrated

G05 Governance effectiveness and learning

Lead: NCC / Board Due: Month 24 Outcome: O1, O3, O4

Commission independent review of leadership, ethics, oversight and succession. Reassess independence and disclosure departures.

Effectiveness evidence: Review tests real decisions and outcomes; the Board addresses material findings and verifies closure.

G06 Remuneration based on verified value

Lead: Remuneration Committee Due: Month 24 Outcome: O1, O2

Review incentives against verified benefits, customer effects and conduct. Apply approved safeguards to remuneration decisions.

Effectiveness evidence: Payout decisions use reliable results and documented judgement on adverse effects and ethical conduct.

24 months: AI assurance and service resilience

A04 Independent AI effectiveness assessment

Lead: CITO; ARC oversees assurance Due: Month 24 Outcome: O3, O4

Assess the AI management system independently. Decide on scoped certification only where it supports a clear business need.

Effectiveness evidence: Assessment tests live operating evidence; material findings close through retesting, not certification alone.

R03 Proven partner recovery and exit capability

Lead: COO with CITO / procurement Due: Month 24 Outcome: O2, O3

Test partner failover and a practical exit or data-portability route without exposing customers to uncontrolled disruption.

Effectiveness evidence: Recovery and data integrity meet approved objectives; material failures stay open until treated and retested.

24 months: environmental and social outcomes

E04 Verified environmental improvement

Lead: COO / sustainability lead Due: Month 24 Outcome: O2

Deliver funded environmental and energy projects. Compare results on a consistent boundary and expand material partner coverage.

Effectiveness evidence: Savings meet approved targets after adjustment for activity and boundaries; claims reflect uncertainty.

E05 Credible ESG disclosure and stakeholder trust

Lead: CFO with SEC and ARC Due: Month 24 Outcome: O3, O4

Report material climate, inclusion and workforce outcomes. Assure priority indicators and explain significant limitations.

Effectiveness evidence: Priority claims withstand scoped independent assurance; stakeholder concerns influence corrective decisions.

Practice 60: full independence is the target

Reported departure

Three of four ARC members are classified as independent. Cell C explains the remaining member's independence of mind.

G01 preferred outcome: decision M3, delivery M6

Implement membership comprising entirely independent non-executive directors, through the necessary appointment processes.

Interim treatment and sustained effectiveness

Maintain safeguards and a dated explanation until delivery. Reassess independence and objective challenge at M12 and M24.

Maturity targets follow Cell C's material risks

Gate	Proportionate assessment	Evidence and decision
Baseline	Validate each domain's current position	Use records, tests and interviews; leave unknowns unscored.
Month 6	Agree risk-based targets by domain	Record the risk or value rationale, owner and funded work.
Month 12	Test progress against agreed targets	Sample routine operation and revise targets if exposure changes.
Month 24	Independently challenge effectiveness	Verify outcomes and the value of further maturity investment.

Targets vary by domain and require a clear risk or value justification.

Proposed plan. Proposed assessment approach. This is not an official King V score or a current Cell C rating.

Outcome indicators for committee challenge

Outcome / indicator	Effectiveness test and timing
O1 Ethical conduct and fair AI	Test priority cases at M6; track harm, recurrence and recourse quarterly.
O2 Realised AI and ESG benefits	Approve comparable baselines by M12; verify net benefits by M24.
O3 Critical controls and resilience	Test M6/M12/M24; report failures, response and retest results.
O4 Stakeholder trust and recourse	Review complaints and feedback quarterly alongside service outcomes.
O3/O4 Credibility of external reporting	Trace material claims at M12; obtain selected assurance by M24.

Assurance tests the quality of governance

Gate	Management evidence	Independent effectiveness test
Month 6	Scope, baselines and priority safeguards	Challenge scope and retest selected high-risk safeguards.
Month 12	Decision samples and operating records	Test consistent control operation and responses to breaches.
Month 24	Outcome trends and remediation results	Test claimed benefits, stakeholder effects and selected disclosures.

Assurance coverage follows material risks and intended governance outcomes.

Proposed plan. Sources: Cell C Framework pp. 9–10, 13; IAASB ISSA 5000. Proposed testing scope.

Dependencies, funding and closure discipline

Dependency / control	Proposed management response
Validated foundations before expansion	A01 enables A02/A03. E01 enables E02/E03.
Partner cooperation and evidence access	R01 enables recovery testing and material partner data.
Competent owners and funded capacity	Cost implementation, review, remediation and independent testing.
Evidence required for closure	Owner demonstrates operation; reviewer tests the completion claim.
Material failure or missed milestone	Keep the gap visible, apply interim treatment and escalate a dated plan.

Principles 1–7: foundations and next actions

Principle	Reported foundation	Validate operation	Proposed enhancement
1 Leadership	Board evaluation	Challenge and follow-up	G03/G05: test decisions
2 Ethics	Ethics framework	Conduct and consequences	G02/G04: test judgement
3 Strategy	Partner-based model	Benefits and trade-offs	E02/E03/G06: verify value
4 Reporting	Reporting oversight	Traceability of claims	E01/E03/E05: test data
5 Composition	Diversity and reviews	Skills and independence	G01/G04/G05: assess
6 Committees	Practice 60 departure	Interim safeguards	G01: full independence
7 Management	Delegation framework	Approvals and succession	G03/G04: test continuity

Proposed plan. Source: Cell C Framework pp. 1–8. Reported foundations require operating validation.

Principles 8–13: foundations and next actions

Principle	Reported foundation	Validate operation	Proposed enhancement
8 Risk	Risk appetite oversight	Breach response	G02/R01–R03: test
9 Compliance	Compliance monitoring	Material control evidence	G02/R02: validate
10 Technology	AI policy; maturity work	Oversight and override	A01–A04: embed and test
11 Remuneration	Strategic / ESG links	Reliable results and conduct	G06: verify payout basis
12 Assurance	Assurance arrangements	Coverage and conclusions	G05/A04/E05: challenge
13 Stakeholders	Engagement processes	Influence and recourse	A02/E01/E03/E05: test

Proposed plan. Source: Cell C Framework pp. 9–14. Enhancements below are proposals, not reported deficiencies.

Board approval and continuing accountability

Governance outcomes and priorities

Approve the intended outcomes and owners. Endorse full audit committee independence and validate priority AI, ESG and partner risks.

Proportionate targets and resources

Approve a costed plan and domain-specific maturity targets. Define what operating evidence will justify action closure.

Review, assurance and disclosure

Require quarterly challenge and 6-, 12- and 24-month assurance gates. Update the annual explanation of outcomes and departures.

Source register: governance, AI and security

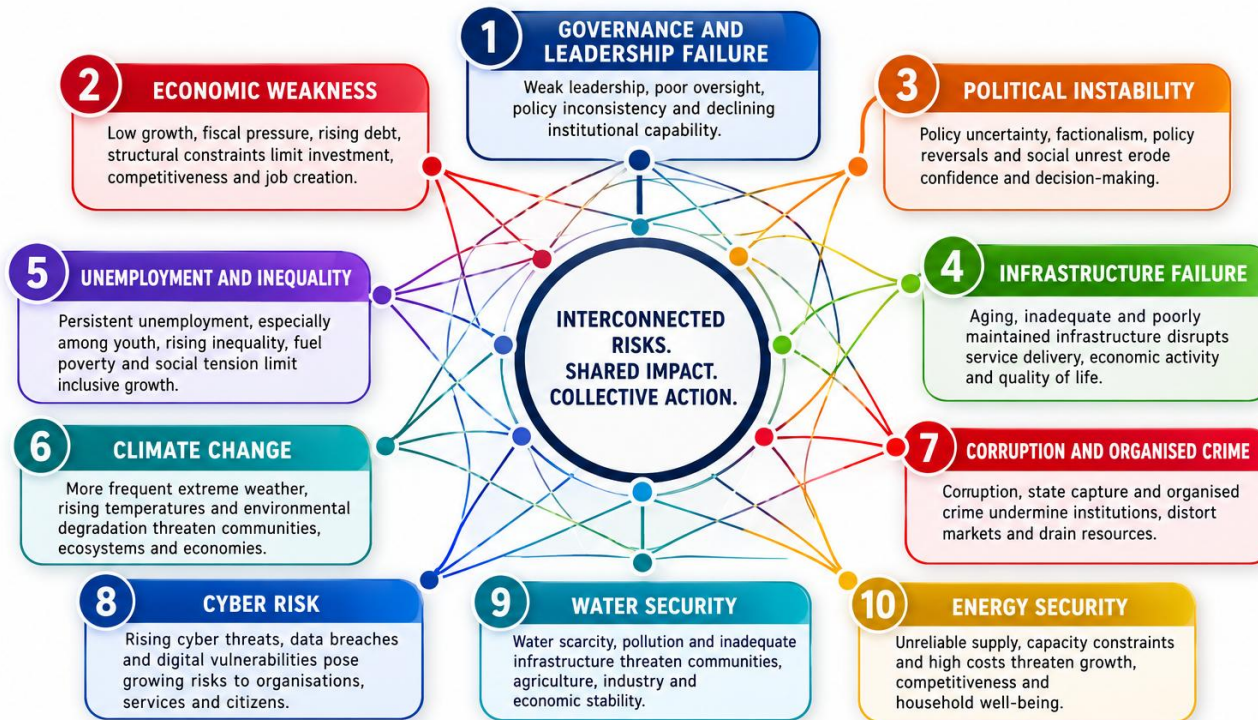
Source family	References used
Cell C FY26 King V disclosure	Introduction and printed pp. 1–14
King V Code 2025, IoDSA	Outcomes and disclosure: pp. 2–3. Practice 60: p. 16
Governance, risk and compliance	ISO 37000:2021, ISO 31000:2018, ISO 37301:2021
AI governance and management	ISO/IEC 42001:2023, 23894:2023, 42005:2025, 38507:2022
AI guidance, security and resilience	NIST AI RMF / AI 600-1; ISO/IEC 27001:2022, 27701:2025; ISO 22301:2019

Discussion – how do we?

- Evolve our ERM capability by implementing our risk maturity roadmap
- Strengthen our assurance processes
- Enhance our ability to proactively identify emerging risks and opportunities.
- Improve our management of the impacts of ESG-related risks.

SOUTH AFRICA'S TOP 10 RISKS 2026/27

AN INTEGRATED VIEW OF OUR INTERCONNECTED RISK LANDSCAPE



Source: IRMSA Risk Report 2026/27

Critical risks

1	Cybersecurity and information security resilience	RISK 2026 O1	RISK 2025 O1
2	Geopolitical and macroeconomic volatility	RISK 2026 O2	RISK 2025 O3
3	Strategic partner and third-party dependency	RISK 2026 O3	RISK 2025 O7
4	Evolving regulatory and compliance environment	RISK 2026 O4	RISK 2025 O4
5	Continuous technology modernisation	RISK 2026 O5	RISK 2025 O8
6	Critical infrastructure resilience	RISK 2026 O6	RISK 2025 O9
7	Critical skills dependency	RISK 2026 NEW	RISK 2025 NEW

Our purpose

To be an ally to those we serve

Our strategic intent was realised through the delivery of five strategic pillars.



Pillar 1: Address network quality and perception

Rebuild confidence in our network quality after our network transition was completed in June 2023.



Pillar 2: Reinforce value perception to drive growth

Reinforce our value-for-money positioning, reignite subscriber growth, and translate a stabilised customer base into profitable revenue.



Pillar 3: Leverage partnerships to boost revenue

Use our agility and asset-light model to extend the value proposition beyond traditional mobile connectivity through smart, flexible partnerships and embed partnerships in the business's DNA.



Pillar 4: Delight with best-in-class experiences

Create a digitally rich, insights-led customer experience that delights customers, eradicates friction from onboarding through to retention, and shifts toward a digital-first service model.



Pillar 5: Drive an infectious brand connection

Shift Cell C's narrative from distress to growth, rebuild brand trust and relevance and embed a high-performance culture.

2030 strategy pillars



Grow profitably in core consumer segments

Expand share in priority consumer segments through compelling value propositions, digital-led acquisitions, and deeper customer relationships.



Monetise our platform beyond core connectivity

Scale high margin revenue across Wholesale, MVNO, Enterprise and selected adjacent services through our digital platform and partner ecosystem.



Scale through capital-efficient connectivity

Deliver resilient, high-quality connectivity through our asset-light Network-of-Networks model, leverage diversified access and spectrum stewardship.



Operate with discipline and future-fit efficiency

Build a lean, scalable and well-governed operating model that strengthens returns and supports sustainable value creation.



Transformative customer experience

Strengthen loyalty and brand preference through seamless, digital journeys, proactive service and simplified engagement.



Enablers

People, culture & skills

Enhancing the future-fit skills, leadership depth and high performance culture required to execute our platform-led growth strategy at scale.

Intelligent automation

Building an enterprise-wide intelligent automation capability that enables the business to learn, adapt, and compound its advantage over peers.

Partner-ready platform

Externalising our core capabilities so that partners can integrate, configure and launch services independently, propelling our capital-efficient growth.

From strategy to execution

Our 2030 strategy is deliberately ambitious, yet grounded in the structural advantages we have built. Execution has already begun, supported by clear accountabilities, disciplined governance and a culture that has consistently translated strategic intent into delivery. We will track progress through regular strategic reviews, ensuring the business remains focused, adaptable and accountable as we build sustainable, long-term value for all our stakeholders.

Our sustainability pillars

As a purpose-led connectivity provider, we recognise that long-term value creation depends not only on financial performance, but also on how effectively we manage our environmental impacts, empower our people and communities, contribute to economic development and maintain stakeholder trust through strong governance. Our framework is organised around five interconnected pillars that reflect the areas where Cell C can have the greatest strategic impact and is supported by clearly defined metrics and performance indicators.

Pillars	Our 2030 ambition	Key metrics
Environmental efficiency • Network efficiency. • Energy and emissions. • Circularity and waste management.	To lead in structurally efficient, low-impact connectivity by demonstrating that growth in traffic, customers and services can be decoupled from increases in energy use and emissions.	• Scope 1 and 2 emissions. • Renewable energy usage. • e-Waste recycled. • eSIM adoption.
Inclusive digital growth • Connectivity and access. • Affordability and inclusion. • Platform-enabled growth.	To scale as a platform for inclusive digital participation, where every increment of growth expands access, improves affordability and choice, and enables broader participation in the digital economy.	• Digital channels uptake. • Average data consumption per active user (a proxy for participation in the digital economy). • MVNO platform SIMs connected.
Fairness and trust • Data protection. • Customer trust. • Stakeholder trust. • Ethical conduct. • Digital rights. • Responsible supply chain.	To establish Cell C as the most trusted platform partner in the market, where transparency, fairness and responsible data and commercial practices are embedded in every customer and partner interaction.	• NPS/customer trust index. • Thick Trust Index. • ESG-screened suppliers. • Customer complaint rate.
People and culture • Diversity, inclusion and transformation. • Skills and future capability. • Employee engagement and retention. • Health and safety.	To build a high-performance, high-integrity culture where accountability, capability and leadership behaviour are consistently aligned to long-term value creation.	• Women in the workforce and leadership. • % of learning and development spend on historically disadvantaged individuals (HDIs). • Digital skills development. • Employee engagement score. • Voluntary attrition rate.

Governance and accountability

- Corporate governance.
- Regulatory, risk and compliance quality.
- Economic impact and contribution.

Sustainability reporting frameworks and standards

Our ESG reporting is in accordance with King V™ principles and the following sustainability standards and guidelines:

- JSE Sustainability and Climate Disclosure Guidance.
- SASB Telecommunications Services Standard.
- GRI.

Commitment to the United Nations Sustainable Development Goals (SDGs)

Cell C is committed to sustainable development and contributing to the achievement of the United Nations SDGs. The SDGs are a set of 17 global goals adopted by all United Nations Member States in 2015 as part of the 2030 Agenda for Sustainable Development. They aim to address the world's most pressing social, economic and environmental challenges by 2030. Our selected SDGs are as follows:



**Risk
appetite/
tolerance**

Network efficiency

Cell C's asset-light operating model enables it to deliver connectivity while reducing the infrastructure intensity associated with traditional telecommunications networks. By combining its own spectrum, core network and customer management capabilities with shared radio access infrastructure through strategic partnerships, Cell C avoids unnecessary duplication and makes more efficient use of existing national network assets.

Through its infrastructure-sharing partnerships, Cell C provides coverage to approximately 95% of the South African population and has access to approximately 29 000 sites nationwide. This approach allows Cell C to expand network reach and capacity without the environmental impact associated with developing and operating an extensive tower footprint.

Cell C's core network manages and routes traffic across multiple partner networks in real-time, supporting efficient use of available capacity and network resilience while reducing the need for additional infrastructure. The adoption of cloud-based technologies further improves resource efficiency while maintaining service quality and operational performance.

Cell C's MOCN model demonstrates how smarter use of shared infrastructure can reduce resource intensity and environmental impact while maintaining strong network performance.

Energy and emissions

Energy consumption

Energy consumption is one of our most significant environmental impacts. Although Cell C does not operate a large tower estate, electricity is required to support our offices, core network infrastructure, data processing environments and operational facilities.

In 2026, Cell C consumed 5 339 MWh of electricity (2025: 5 690 MWh). Approximately 94% of this consumption related to grid-supplied electricity, while the remaining 6% was attributable to generator-powered electricity.

We are installing solar photovoltaic systems at our Head Office to generate clean, renewable electricity via a grid-connected system, with the project to be completed in 2027. We continue to identify opportunities to improve operational efficiency and optimise energy consumption. These include initiatives focused on infrastructure modernisation, operational optimisation and the technologies that support more efficient resource utilisation.

GHG emissions

Cell C's GHG emissions profile is fundamentally shaped by its operating model, with our direct operational emissions being structurally lower than those of traditional infrastructure-led operators.

In 2026, Cell C measured and monitored its GHG emissions to better understand its environmental footprint and support future target-setting. Scope 1 emissions, which relate to direct emissions from the use of fuels, were 107 tCO₂e. Our Scope 2 emissions, which relate to electricity usage, were 8 058.6 tCO₂e. Cell C also measures selected categories of Scope 3 emissions, including purchased goods and services, fuel and energy-related activities, and business travel. We will strengthen emissions measurement methodologies, improve data quality and progressively expand our understanding of value chain emissions. As our sustainability programme matures, this will inform environmental targets and performance management approaches.

Circularity and waste management

Waste management

Cell C is committed to promoting responsible resource use through waste reduction, recycling and circular economy principles where practical and economically viable. Our waste management approach is informed by the National Waste Management Strategy and focuses on reducing the volume of waste sent to landfill while increasing recycling rates across our operations.

In 2026, 47.16% of waste generated at our headquarters was recycled. The business generated 23.31 tonnes of waste, comprising organic material, paper, plastic, glass and metal. In total, 52.54% of our waste was directed to landfill.

The company also generated 2185 tonnes of electronic waste. Electronic waste is managed through approved disposal and recycling processes to minimise environmental impact and support responsible end-of-life management of technology assets.

Cell C encourages the adoption of digital alternatives that reduce reliance on physical materials and processes. These include digital customer journeys, electronic documentation and the progressive adoption of eSIM technology. Cell C aims to reduce its use of single-use plastics by selecting fully recyclable options. The transition to eSIM technology provides customers with a digital alternative to traditional plastic SIM cards, helping reduce plastic waste across Cell C and our MVNO ecosystem. eSIM procurement more than doubled year-on-year for Cell C and our MVNO ecosystem.

Water management

Our absolute water use is low relative to larger infrastructure-based telecommunications operators. As water remains an important resource, particularly in South Africa's water-stressed context, we monitor consumption across our facilities and identify practical efficiency opportunities. In 2026, Cell C consumed 23 megalitres of water.

The Five Eyes alliance published joint guidance titled *Careful Adoption of Agentic AI Services* outlining 23 core risks and **over 100 actionable recommendations for securing autonomous AI systems**. The framework emphasizes incremental deployment, strict runtime controls, and comprehensive human oversight. I Mayer Brown +3

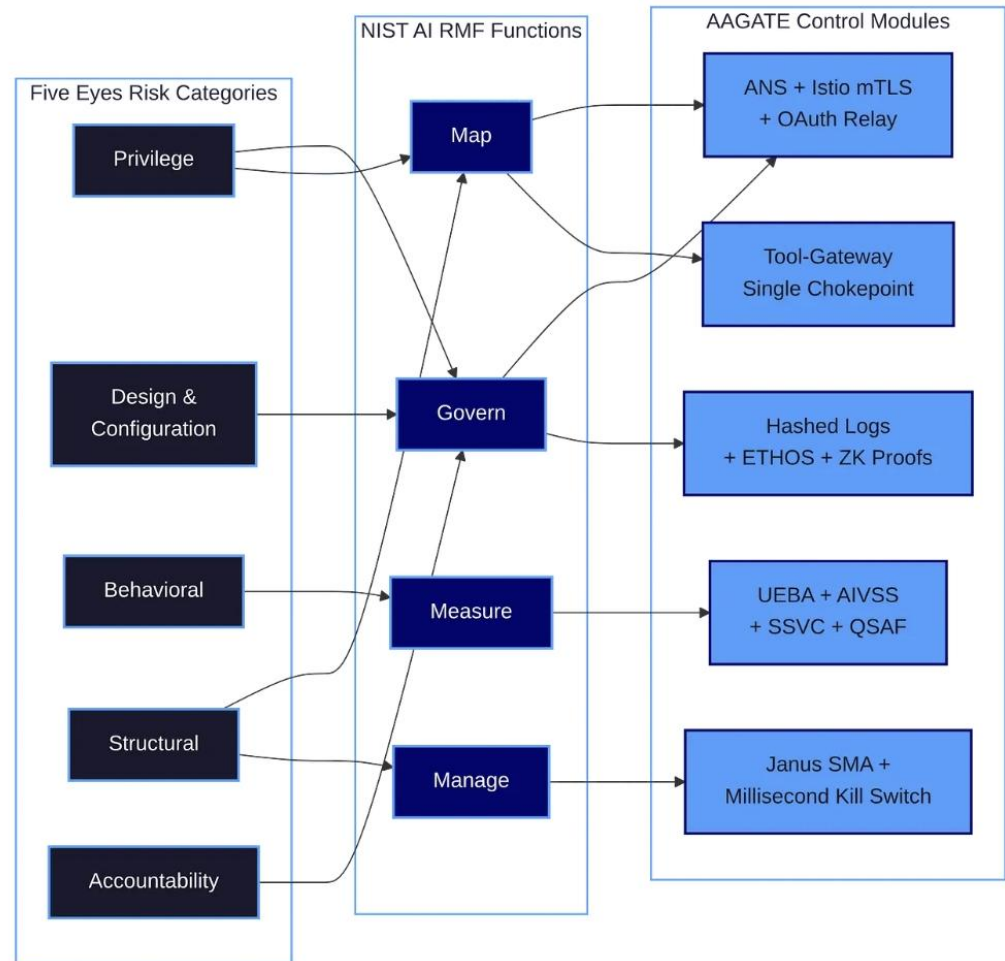


Figure 1: Five Eyes risk categories mapped to NIST AI RMF and AAGATE modules

New focus of corporate governance

Ethical transparent leadership- improved communication

- Integrated reporting
- Governance practices and ethics
- Disclosure of information
- Stakeholder engagement

ESG Factors – competitive advantage

- Environmental responsibility
- Social impact
- Risk management
- Supplier chain sustainability

Trust

Resilience

Credibility

Definition of corporate governance

The exercise of ethical and effective leadership by the governing body towards the realisation of the following governance outcomes for the organisation within its economic, social and environmental context: Ethical Culture; Performance and Value Creation; Conformance and Prudent Control; Legitimacy.

The underpinning philosophies of King V

Sustainable development and value creation

King V asserts that all organisations should contribute to sustainable development. Organisations should recognise that their long-term success relies on the vitality and resilience of the socio-ecological systems around them. It is on this premise that organisations should create systems value in the economic, social and environmental context within which they operate.

To help organisations and their leaders apply the concept of systems value creation, King V advocates integrated thinking.

Integrated thinking and related concepts

Integrated thinking suggests that organisations actively consider the connectivity and interdependencies between the range of factors that may affect an organisation's ability to create value for itself and within its systems context over time. These factors include:

- › The risks and opportunities emanating from the economic, social and environmental systems within which the organisation operates and the tailoring of the organisation's purpose, business model and strategy to respond thereto.
- › The availability, quality and affordability of the resources and relationships the organisation uses and affects and the critical interdependencies among them, including the trade-offs required.
- › The capacity of the organisation to respond to stakeholders' significant interests.
- › The organisation's activities and outputs as well as impacts and outcomes over time with respect to the capitals and the broader economic, social and environmental systems within which the organisation operates.

Disclosure on King V

The application and disclosure regime for King V is “apply and explain” which can be depicted as follows:

Apply principles universally.	Explain non-adoption or modification of recommended practices. Provide a concluding statement on the governance outcomes, specifically on whether the application of the King V principles and the implementation of its recommended practices, in the opinion of the governing body, are considered to have realised value for the organisation within its economic, social and environmental context in accordance with the stated governance outcomes: Ethical Culture; Performance and Value Creation; Conformance and Prudent Control; Legitimacy.
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The **King V Disclosure Framework** is an inextricable part of giving effect to the King V Code and, therefore, a requirement for any organisation that wishes to claim application of King V.

PRINCIPLE 3: The governing body ensures that the organisation's purpose, strategy and business model support performance that creates sustainable value within the organisation's economic, social and environmental context.	Exception declaration: All the practices recommended in support of Principle 3 have been implemented, except for the following: ➤ Recommended Practice No. [x] ➤ Recommended Practice No. [x] <i>[ADDITIONALLY, THE ORGANISATION TO EXPLAIN WHY THE RECOMMENDED PRACTICES AS PER THE EXCEPTION DECLARATION HAVE NOT BEEN ADOPTED, AND WHICH COMPENSATING MEASURES HAVE BEEN IMPLEMENTED TO ENSURE ATTAINMENT OF THE OBJECTIVE SET BY SET BY PRINCIPLE 3.]</i> Specific disclosures: Disclosure in relation to strategy, performance and sustainable value creation: ➤ A high-level description of the organisation's purpose, its strategy and business model. <i>[ADDITIONALLY, OR ALTERNATIVELY, THE ORGANISATION TO INSERT LINKS TO WHERE IN OTHER EXTERNAL REPORT(S) THE REQUIRED DISCLOSURES ON THE APPLICATION OF PRINCIPLE 3 ARE MADE.]</i>
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**“Governance
is not oversight
— it is the
architecture of
trust,
performance,
and long-term
value.”**

1. Governance as Strategic Direction

Set **clear purpose, vision, and mission-critical objectives**

Align **strategy with risk appetite and performance expectations**

Ensure decisions create **sustainable enterprise value**

2. Governance as Accountability

Establish **clear roles, authority, and consequence management**

Demand **transparency, integrity, and ethical leadership**

Hold management accountable for **performance within boundaries**

“The role of the board is not to monitor the organisation — it is to ensure the organisation performs, sustainably, within its defined boundaries.”

3. Governance as Risk Intelligence

Ensure **risks to mission-critical objectives are identified early**

Oversee **risk-performance integration (not siloed risk registers)**

Drive **forward-looking decision-making using risk insights**

4. Governance as Assurance

Ensure **combined assurance across all lines of defence**

Validate **reliability of financial, ESG, and operational reporting**

Focus on **control effectiveness, not compliance noise**

If governance
does not
**influence
decisions,
shape
behaviour, and
protect value**
— it is not
governance, it is
administration.

5. Governance as Value Protection & Creation

Protect against **value destruction** (fraud,
failure, ESG breakdowns)

Enable **value creation** through disciplined
capital allocation

Balance **short-term performance** with long-
term sustainability

6. Governance as Culture Leadership

Set the **tone at the top**

Embed **ethical decision-making** under
pressure

Build a culture of **accountability, challenge,
and trust**

THE AI ETHICS DECISION FRAMEWORK

Making responsible AI choices. Creating trust. Delivering positive impact.

PURPOSE: Guide ethical decision-making throughout the AI lifecycle to ensure outcomes that are fair, trustworthy and beneficial to people and society.

1 DEFINE THE DECISION

What AI decision or action are we considering?

- Clarify the purpose and context
- Identify stakeholders
- Understand the decision scope

2 GATHER & UNDERSTAND

What data, assumptions and information inform this decision?

- Assess data quality and relevance
- Identify uncertainties and limitations
- Consider potential biases

3 IDENTIFY ETHICAL IMPACTS

Who could be affected and how might they be impacted?

- Consider short and long-term impacts
- Evaluate different groups and communities
- Identify vulnerable populations

4 EVALUATE ETHICAL PRINCIPLES

Does the decision align with core ethical principles?

- Fairness
- Privacy & Data Protection
- Transparency & Explainability
- Accountability
- Safety & Non-Maleficence
- Beneficence & Human Well-being

5 MAKE & JUSTIFY THE DECISION

What is the most ethical choice and why?

- Weigh options and trade-offs
- Justify the decision transparently
- Document reasoning and evidence



ETHICAL CONSIDERATIONS TO GUIDE EVERY DECISION

WHO IS AFFECTED?

Who are the stakeholders?
Who might be disadvantaged?

WHAT COULD GO WRONG?

What are the potential harms or unintended consequences?

IS IT FAIR?

Does it treat people fairly across different groups?

CAN WE EXPLAIN IT?

Can we explain the decision in a way people can understand?

ARE WE ACCOUNTABLE?

Who is accountable?
Is there a way to appeal or seek redress?

DOES IT BENEFIT SOCIETY?

Does this decision contribute to the greater good?

DECISION OUTCOMES

PROCEED	PROCEED WITH MITIGATIONS	RETHINK / REDESIGN	DO NOT PROCEED
Ethical and aligned	Address risks first	Modify approach	Unethical or too risky

THE ESG ETHICS DECISION FRAMEWORK

Making responsible ESG choices. Creating trust. Delivering positive impact.

PURPOSE: Guide ethical decision-making throughout the ESG lifecycle to ensure outcomes that are fair, trustworthy and beneficial to people, planet and prosperity.

1 DEFINE THE DECISION

What ESG decision or action are we considering?

- Clarify the purpose and context
- Identify stakeholders
- Understand the decision scope

2 GATHER & UNDERSTAND

What data, assumptions and information inform this decision?

- Assess data quality and relevance
- Identify uncertainties and limitations
- Consider potential biases

3 IDENTIFY ESG IMPACTS

Who could be affected and how might they be impacted?

- Consider environmental, social and governance impacts (short and long term)
- Evaluate different groups and communities
- Identify vulnerable populations and ecosystems

4 EVALUATE ETHICAL PRINCIPLES

Does the decision align with core ESG ethical principles?

- Environmental stewardship
- Social equity & human rights
- Good governance & integrity
- Transparency & accountability
- Intergenerational fairness

5 MAKE & JUSTIFY THE DECISION

What is the most ethical choice and why?

- Weigh options and trade-offs
- Justify the decision transparently
- Document reasoning and evidence
- Plan for review and learning



ETHICAL CONSIDERATIONS TO GUIDE EVERY DECISION

WHO IS AFFECTED?

Who are the stakeholders?
Who might be disadvantaged?

WHAT COULD GO WRONG?

What are the potential ESG risks, harms or unintended consequences?

IS IT FAIR?

Does it treat people and communities fairly, now and in the future?

CAN WE EXPLAIN IT?

Can we explain the decision in a way people can understand?

ARE WE ACCOUNTABLE?

Who is accountable?
Is there a way to appeal or seek redress?

DOES IT BENEFIT SOCIETY AND THE PLANET?

Does this decision contribute to the greater good?

DECISION OUTCOMES

PROCEED

Ethical and aligned with ESG principles

PROCEED WITH MITIGATIONS

Address risks first and strengthen safeguards

RETHINK / REDESIGN

Modify approach to better align with ESG values and reduce harm

DO NOT PROCEED

Unethical or too risky to the environment, people or society



RISK OVERSIGHT SOLUTIONS



Tim Leech ✓ · 1st

Mission-Critical/Objective-Centric Risk & Assurance (#MORA)
Pioneer/Trainer/Board Advisor



Risk Oversight Solutions Inc.



McMaster University



Key alignments with ISO standards in King V include:

- **Risk Management (ISO 31000):** King V positions ISO 31000 as the foundational risk management framework beneath it, providing the technical, operational scaffolding for identifying, analyzing, and treating risks.
- **Artificial Intelligence and Technology (ISO 42001):** King V, particularly through its updated Data, Information and Technology principle (Principle 10), aligns with ISO 42001 (AI Management). It requires boards to govern AI through ethical frameworks, focusing on human oversight, data privacy, and security, effectively mitigating risks from automation.
- **Anti-Bribery and Corruption (ISO 37001):** King V strengthens its stance on fraud and unethical behavior by adding "Fraud" and "Whistleblower" to its glossary, specifically aiming to align with ISO 37001 (Anti-bribery management systems) and local legislation like the Protected Disclosures Act.
- **Governance of Organizations (ISO 37000):** King V complements ISO 37000 (Governance of organizations), with some stakeholders viewing King V as the implementation vehicle for the high-level principles found in the ISO 37000 standard, especially for multinational corporations.
- **Cybersecurity (ISO 27001):** Principle 8 of King V requires active risk and compliance management, with specific focus on aligning with international cybersecurity standards like ISO 27001 and the NIST Cybersecurity Framework. [Michalsons +4](#)





The ISO 42001 is structured around a few key components; together, they are all essential for the effective management of AI systems. In particular, the ISO 42001 provides:

- Guidelines for ethical AI use and governance, ensuring AI systems are designed, deployed, and used responsibly
- Standards for risk management processes tailored to address the risks posed by AI systems
- Guidelines on enhancing transparency, explainability, and accountability in managing AI systems
- Guidance on continuous monitoring, evaluation, and improvement of AI systems



ISO 27001 CONTROLS

- | | |
|---|--|
| 1. Information Security Policies | 8. Operations Security |
| 2. Organization of Information Security | 9. Communications Security |
| 3. Human Resource Security | 10. System Acquisition and Maintenance |
| 4. Asset Management | 11. Supplier Relationships |
| 5. Access Control | 12. Security Incident Management |
| 6. Cryptography | 13. Business Continuity Management |
| 7. Physical and Environmental Security | 14. Compliance |



1. **Information Security Policies** – covers how policies should be written in the ISMS and reviewed for compliance. Auditors will be looking to see how your procedures are documented and reviewed on a regular basis.
2. **Organisation of Information Security** – describes what parts of an organization should be responsible for what tasks and actions. Auditors will expect to see a clear organizational chart with high-level responsibilities based on role.
3. **Human Resource Security** – covers how employees should be informed about cybersecurity when starting, leaving, or changing positions. Auditors will want to see clearly defined procedures for onboarding and offboarding when it comes to information security.
4. **Asset Management** – describes the processes involved in managing data assets and how they should be protected and secured. Auditors will check to see how your organization keeps track of hardware, software, and databases. Evidence should include any common tools or methods you use to ensure data integrity.
5. **Access Control** – provides guidance on how employee access should be limited to different types of data. Auditors will need to be given a detailed



6. **Cryptography** – covers best practices in encryption. Auditors will look for parts of your system that handle sensitive data and the type of encryption used.
7. **Physical and Environmental Security** – describes the processes for securing buildings and internal equipment. Auditors will check for any vulnerabilities on the physical site, including how access is permitted to offices and data centers.
8. **Operations Security** – provides guidance on how to collect and store data securely, a process that has taken on new urgency thanks to the passage of the POPI. Auditors will ask to see evidence of data flows and explanations for where information is stored.
9. **Communications Security** – covers security of all transmissions within an organization's network. Auditors will expect to see an overview of what communication systems are used, such as email or videoconferencing, and how their data is kept secure.
10. **System Acquisition, Development and Maintenance** – details the processes for managing systems in a secure environment. Auditors will want evidence that any new systems introduced to the organization are kept to high standards of security.



11. **Supplier Relationships** – covers how an organization should interact with third parties while ensuring security. Auditors will review any contracts with outside entities who may have access to sensitive data.
12. **Information Security Incident Management** – describes the best practices for how to respond to security issues. Auditors may ask to run a fire drill to see how incident management is handled within the organization. This is where having software like SIEM to detect and categorize abnormal system behavior comes in handy.
13. **Information Security Aspects of Business Continuity Management** – covers how business disruptions and major changes should be handled. Auditors may pose a series of theoretical disruptions and will expect the ISMS to cover the necessary steps to recover from them.
14. **Compliance** – identifies what government or industry regulations are relevant to the organization. Auditors will want to see evidence of full compliance for any area where the business is operating.

THE EVOLUTION OF AI: LAST 5 YEARS AND NEXT 5 YEARS

NEXT 5 YEARS (2025 – 2030)				
2025	2026	2027	2028	2029–2030
Foundation for Responsible Scale	AI that Works with People	Autonomous Enterprise	AI Everywhere with Purpose	Intelligent, Trusted and Sustainable Future
KEY DEVELOPMENTS Stronger governance and risk frameworks Model reliability and explainability improve AI regulation becomes clearer IMPACT Lower risk, higher confidence in AI adoption Responsible scale becomes achievable WHAT ENABLED IT Investment in data quality and trust Standards and policy alignment	KEY DEVELOPMENTS AI copilots and assistants become mainstream Human-AI collaboration drives productivity Personalised AI at work and in life IMPACT Better outcomes through human-AI partnership Automation of complex knowledge work WHAT ENABLED IT Advances in natural interaction and context understanding	KEY DEVELOPMENTS AI embedded in core business processes End-to-end autonomous workflows Real-time decisioning at scale IMPACT Higher efficiency, speed and accuracy enterprise-wide New business models emerge WHAT ENABLED IT Mature AI platforms and infrastructure Workforce upskilling at scale	KEY DEVELOPMENTS AI pervasive across industries and society Context-aware, proactive and predictive AI Deep integration with IoT and robotics IMPACT Improved quality of life and services New levels of innovation and creativity WHAT ENABLED IT Ubiquitous compute and connectivity Interoperable AI ecosystems	KEY DEVELOPMENTS AI systems are ethical, transparent and trusted AI drives sustainable economic and social outcomes Human potential enhanced globally IMPACT AI as a force for good at global scale Societies become more resilient and inclusive WHAT ENABLED IT Sustainable AI systems Global collaboration and ethics by design

Integrating governance and AI

ENABLERS



Leadership & Culture



People, Skills & Awareness



Data & Information Quality



Technology & Infrastructure



Policies & Procedures



Change Management



Communication & Engagement

1 MISSION & PURPOSE



MISSION-Critical Objectives

Define the outcomes that matter most to the organisation and the stakeholders we serve

2 STRATEGY ALIGNMENT

STRATEGY DECOMPOSITION



Strategic Goals



Strategic Initiatives



AI Opportunities & Use Cases



Expected Value Creation

3 VALUE CREATION & PRESERVATION



VALUE CREATION

- ✓ Improve efficiency & productivity
- ✓ Enhance decision-making
- ✓ Innovate & create new solutions
- ✓ Deliver better stakeholder outcomes



VALUE PRESERVATION

- ✓ Protect trust & reputation
- ✓ Ensure compliance & ethics
- ✓ Manage risk & uncertainty
- ✓ Safeguard data, privacy & security

5 ISO 42001 AI MANAGEMENT SYSTEM



Governance & Leadership



Context of the Organisation



AI Risk Management



AI Lifecycle Management



Data Management



Monitoring, Measurement & Improvement

6 INTEGRATED GRC ARCHITECTURE



Governance

- Structures
- Policies
- Roles & Responsibilities



Risk Management

- Identify
- Assess
- Treat
- Monitor



Compliance

- Laws & Regulations
- Standards
- Policies
- Contracts



Controls

- Preventive
- Detective
- Corrective
- Compensating



Performance

- KPIs
- Metrics
- Reporting
- Value Realisation

7 ASSURANCE & THREE LINES MODEL



1st Line
Operational Management

- Own & manage risks
- Implement controls
- Monitor performance



2nd Line
Risk & Oversight Functions

- Set policy & standards
- Provide oversight & challenge
- Monitor & report on risk



3rd Line
Independent Assurance

- Internal Audit
- Independent evaluation
- Assurance & insight

COMBINED ASSURANCE

- ✓ Coordinated planning
- ✓ Assurance mapping
- ✓ Information sharing
- ✓ Avoid duplication
- ✓ Holistic perspective

8 BOARD OVERSIGHT & ACCOUNTABILITY



BOARD & COMMITTEE OVERSIGHT

- Provide strategic direction
- Approve risk appetite & policies
- Oversee performance & assurance
- Ensure accountability
- Engage with stakeholders
- Promote ethical leadership

9 OUTCOMES



Responsible Innovation & AI Excellence



Enhanced Performance & Efficiency



Stakeholder Trust & Confidence



Resilience & Risk Management



Sustainable Value & Social Impact

PRINCIPLES



Ethical & Responsible AI



Stakeholder Inclusivity



Accountability & Transparency



Privacy, Security & Safety



Value Creation & Preservation



Sustainability & Social Value



Continuous Improvement

STAKEHOLDER INCLUSIVITY & KING V IN AI GOVERNANCE

Good governance for AI is people-centred, ethical and inclusive – creating sustainable value for all stakeholders.

KING V PRINCIPLES THAT GUIDE AI GOVERNANCE



Ethical Leadership

Directing the organisation with integrity, transparency and a focus on sustainable value creation.



Strategy, Performance & Outlook

Align AI initiatives with purpose, strategy and long-term value creation.



Governance Structures & Delegation

Ensure clear accountability for AI decisions, oversight and assurance.



Effective Control & Risk Management

Manage AI risks proactively across the lifecycle with appropriate controls.



Transparency & Integrated Reporting

Disclose AI governance, risks, impacts and performance in an integrated way.

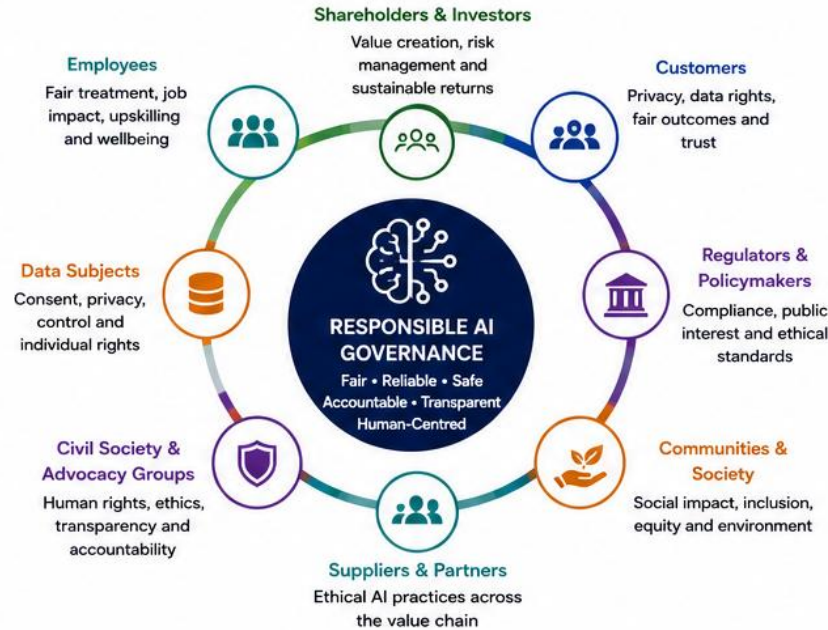


Stakeholder Inclusivity

Recognise and balance the legitimate interests of all stakeholders in AI decisions and outcomes.

STAKEHOLDER INCLUSIVITY

AI governance must consider the views, rights and interests of all stakeholders affected by or involved in AI.



HOW KING V APPLIES TO AI GOVERNANCE



Inclusive AI Governance Structures

Establish diverse governance bodies with representation from key stakeholder groups.



Stakeholder Engagement

Proactively consult and collaborate with stakeholders throughout the AI lifecycle.



Fairness & Human Rights

Ensure AI systems uphold fairness, equity, non-discrimination and human dignity.



Data Privacy & Protection

Respect privacy, obtain informed consent and protect personal data.



Transparency & Explainability

Make AI decisions understandable and disclose limitations and impacts.



Accountability & Redress

Assign accountability and provide accessible mechanisms for feedback and redress.

THE OUTCOME: STAKEHOLDER-INCLUSIVE AI GOVERNANCE DRIVES SUSTAINABLE VALUE



Stronger trust and legitimacy



Better decisions through diverse perspectives



Enhanced relationships and social licence to operate



Improved performance and innovation



Long-term value for all stakeholders and society

The underpinning philosophies of King V

Sustainable development and value creation

King V asserts that all organisations should contribute to sustainable development. Organisations should recognise that their long-term success relies on the vitality and resilience of the socio-ecological systems around them. It is on this premise that organisations should create systems value in the economic, social and environmental context within which they operate.

To help organisations and their leaders apply the concept of systems value creation, King V advocates integrated thinking.

Integrated thinking and related concepts

Integrated thinking suggests that organisations actively consider the connectivity and interdependencies between the range of factors that may affect an organisation's ability to create value for itself and within its systems context over time. These factors include:

- › The risks and opportunities emanating from the economic, social and environmental systems within which the organisation operates and the tailoring of the organisation's purpose, business model and strategy to respond thereto.
- › The availability, quality and affordability of the resources and relationships the organisation uses and affects and the critical interdependencies among them, including the trade-offs required.
- › The capacity of the organisation to respond to stakeholders' significant interests.
- › The organisation's activities and outputs as well as impacts and outcomes over time with respect to the capitals and the broader economic, social and environmental systems within which the organisation operates.

RISK vs OPPORTUNITY

Two sides of uncertainty – both can impact objectives.



RISK

The possibility that an event or condition will have a **negative impact** on objectives.

KEY POINTS

- Focuses on threats and potential losses
- Can prevent value or cause harm
- Managed by reducing likelihood or impact
- Always measured relative to objectives

EXAMPLES



Cyber attack



Market downturn



Regulatory change



OPPORTUNITY

The possibility that an event or condition will have a **positive impact** on objectives.

KEY POINTS

- Focuses on potential benefits and gains
- Can create value or improve performance
- Maximized by increasing likelihood or impact
- Always measured relative to objectives

EXAMPLES



Innovation



Market expansion



Strategic partnership

THE DIFFERENCE



Effective decision-making involves managing risks while pursuing opportunities to create and protect value.

VALUE CREATION LEVERS



Strategic Alignment

Align AI initiatives to business goals and public value outcomes.



Data Advantage

Leverage quality, accessible and governed data as a force multiplier.



Technology Enablement

Use modern, scalable and secure AI technologies and platforms.



People & Capabilities

Build skills, AI literacy and multidisciplinary teams.



Partnerships & Ecosystems

Collaborate with partners, suppliers, academia and communities.



Change Leadership

Drive adoption through change management and strong sponsorship.

VALUE PRESERVATION GUARDRAILS



Governance & Accountability

Clear roles, policies and oversight to ensure accountable AI.



Risk Management

Identify, assess and mitigate risks across the AI lifecycle.



Ethics & Fairness

Embed fairness, transparency and respect for human rights in all AI systems.



Privacy & Security

Protect data, ensure privacy and safeguard against cyber threats.



Compliance & Assurance

Meet legal, regulatory and industry standards.



Transparency & Explainability

Ensure AI decisions are understandable and open to scrutiny.

TECHNOLOGY & INFORMATION GOVERNANCE AND KING V IN AI GOVERNANCE

Good governance of technology and information ensures AI is trustworthy, secure, ethical and creates sustainable value.

KING V PRINCIPLES THAT GUIDE AI GOVERNANCE



STRATEGY, PERFORMANCE & OUTLOOK

Align AI and technology initiatives with strategy, and monitor value creation and risks.



GOVERNANCE STRUCTURES & DELEGATION

Define roles, responsibilities and oversight for AI, data and technology.



EFFECTIVE CONTROL & RISK MANAGEMENT

Identify and manage AI and technology risks across the lifecycle.



TRANSPARENCY & INTEGRATED REPORTING

Provide clear, reliable and integrated reporting on technology and AI performance, risks and impacts.



STAKEHOLDER INCLUSIVITY

Consider the interests and rights of all stakeholders in technology and AI decisions.



ETHICAL LEADERSHIP

Lead with integrity, accountability and ethical values in the use of technology and AI.

KEY TECHNOLOGY & INFORMATION GOVERNANCE DOMAINS FOR AI



DATA GOVERNANCE

- Data quality, integrity and lineage
- Privacy, consent and data rights
- Secure access and stewardship



AI MODEL GOVERNANCE

- Model development standards
- Bias, fairness and robustness testing
- Explainability and model validation



SECURITY & RESILIENCE

- Cybersecurity and threat management
- Model & data protection
- Business continuity and resilience



THIRD-PARTY & SUPPLIER MANAGEMENT

- Due diligence and risk assessment
- Contractual controls and monitoring
- Ongoing assurance



COMPLIANCE & ETHICS

- Legal, regulatory and standards alignment
- Ethical use of AI
- Human oversight and accountability



INFORMATION MANAGEMENT

- Information classification and retention
- Lifecycle management
- Accurate, complete and timely information

AI GOVERNANCE ARCHITECTURE BLUEPRINT

Building trustworthy AI. Managing risk. Creating value.

VISION

AI is used responsibly to empower people, optimize operations and create sustainable value.

MISSION

Establish governance, manage risk and ensure compliance across the AI lifecycle.

OUTCOMES

- Trust & confidence
- Risk reduction
- Regulatory compliance
- Ethical AI use
- Business value

STAKEHOLDERS

Board & Committees
Executive Management
Business Units
Data & AI Teams
Risk & Compliance
Legal
Internal Audit
Third Parties
Customers & Users
Regulators

1. GOVERNANCE LAYER Define decision rights, oversight and accountability



BOARD OVERSIGHT

Ultimate oversight of AI strategy, risk and performance

BOARD COMMITTEES



RISK COMMITTEE

Oversees AI risk appetite, exposure and controls



AUDIT COMMITTEE

Oversees assurance, controls and model risk management



TECHNOLOGY / INNOVATION

Oversees AI strategy, investments and innovation



AI GOVERNANCE COMMITTEE (EXECUTIVE)

Cross-functional leadership forum to set policy, prioritize initiatives and resolve issues



ROLES & ACCOUNTABILITIES

- AI Model Owner
- AI Risk Owner
- Data Owner
- Business Owner
- AI Ethics & Compliance Lead
- Model Validator
- AI Steward
- Human Oversight Owner

2. POLICY & STANDARDS LAYER Establish enterprise policies, standards and requirements



AI Governance Policy



AI Ethics Principles



Model Risk Management Policy



Data Governance Policy



AI Security & Privacy Policy



Third Party AI Policy



AI Use Case Intake & Approval Standard



Transparency & Disclosure Standard



Logging, Monitoring & Recordkeeping Standard

3. AI LIFECYCLE & RISK MANAGEMENT LAYER Manage risk and performance across the AI lifecycle



1. USE CASE IDEATION

- Business need
- Value assessment
- Feasibility
- Initial risk screening



2. ASSESS & APPROVE

- Detailed risk assessment
- AI Impact assessment
- Approval / Go-No Go
- Risk treatment plan



3. DESIGN & DEVELOP

- Data readiness
- Model design
- Explainability plan
- Security by design
- Documentation



4. VALIDATE & TEST

- Model validation
- Bias & fairness testing
- Robustness testing
- Red teaming
- Performance testing



5. DEPLOY & OPERATE

- Deployment approval
- Human oversight
- Change control
- User training
- Documentation



6. MONITOR & REVIEW

- Continuous monitoring
- Drift detection
- Risk indicators
- Incident management
- Periodic reviews



7. RETIRE & ARCHIVE

- Decommissioning
- Data retention
- Model archive
- Lessons learned

CROSS-CUTTING RISK CATEGORIES



Model Risk



Data Risk



Security Risk



Privacy Risk



Operational Risk



Compliance Risk



Reputational Risk



Ethical Risk

4. ASSURANCE LAYER Independent assurance and continuous improvement



1st Line (Management)

Own and manage AI risk



2nd Line (Risk & Compliance)

Oversee, set standards, monitor



3rd Line (Internal Audit)

Independent assurance



External Assurance

Regulators, auditors, certifications

5. ENABLERS & CAPABILITIES LAYER Provide the capabilities and infrastructure to scale AI responsibly



People & Culture

- Roles & skills
- Training & awareness
- Responsible AI culture



Data Management

- Data quality
- Data lineage
- Master data



Technology & Tools

- MLOps / Model registry
- Monitoring tools
- Explainability tools



Platforms & Infrastructure

- Secure by design
- Scalable & resilient
- Access management



Knowledge & Documentation

- Model documentation
- Policies & standards
- Lessons learned



Third Party Management

- Due diligence
- Contracts & SLAs
- Ongoing monitoring

6. METRICS & REPORTING LAYER Measure, report and drive continuous improvement



KEY METRICS

- AI risk exposure
- Model performance
- Bias & fairness metrics

- Incidents & issues
- Policy compliance
- Business value realized



- Management dashboards
- Board & Committee reports
- Regulatory reporting

- Public disclosures
- Ad hoc analysis



CONTINUOUS IMPROVEMENT

- Feedback loops
- Root cause analysis
- Control enhancements
- Policy updates
- Capability uplift

Core components of ISO 42001

The ISO 42001 is structured around a few key components; together, they are all essential for the effective management of AI systems. In particular, the ISO 42001 provides:

- Guidelines for ethical AI use and governance, ensuring AI systems are designed, deployed, and used responsibly
- Standards for risk management processes tailored to address the risks posed by AI systems
- Guidelines on enhancing transparency, explainability, and accountability in managing AI systems
- Guidance on continuous monitoring, evaluation, and improvement of AI systems

Create an AI management systems

An AI management system (AIMS) is a documented system that your organization uses to establish and enforce your policies regarding AI. Your AIMS should establish objectives related to AI use, as well as document the approved processes for achieving them

You AIMS should:

- Align with your overall business objectives
- Define and manage risks and opportunities associated with AI
- Oversee the implementation of controls to address AI security risks
- Manage third-party vendors and partners involved in developing or using AI systems

Conduct AI risk assessments

Regular risk assessments will give you a systematic approach to identifying and taking steps to mitigate risks associated with AI.

Conduct AI impact assessments

Not all impacts of AI will be negative, but they do all need to be accounted for and anticipated as much as possible. AI impact assessments will help you evaluate the overall impact of an AI system on individuals and communities.

Some of the areas that the ISO 42001 focuses on are:

- Sustainability (measuring the impact on the environment and natural resources)
- Economics (including access to financial services, employment opportunities, etc.)
- Government (including legislative processes, misinformation, national security, and criminal justice systems)
- Health and safety (including access to healthcare, medical diagnosis and treatment, and potential physical or psychological harms)
- Norms, traditions, cultures, and values (including misinformation that leads to bias or harms individuals or societies)



Steps to implement ISO 42001

If you already have an AI governance program in place or are in the process of setting one up, you'll likely already have many of these implementation measures in place. Here are some of the implementation guidelines the standard sets forth:

Establish roles & responsibilities

Managing responsible AI use takes **many perspectives**, and each of those roles and their respective responsibilities needs to be clearly defined and documented. Once this is done, leadership then needs to make sure that the culture of responsible AI is communicated across the entire organization.

Address risk and opportunities

Identifying and mitigating risks is a crucial part of any AI governance program. The standard sets forth requirements for AI risk assessments; once these are conducted, the next step is identifying appropriate mitigation options and implementing those controls.

It's also important to note that this mitigation plan should be a living document; once established, these processes should be continuously evaluated and updated as needed.

Evaluate performance

In this same vein, continuous monitoring, analysis, and evaluation of an AI system is essential. These reviews should take place at planned intervals throughout the year, and there should be an established plan in place to course-correct if adjustments are needed.

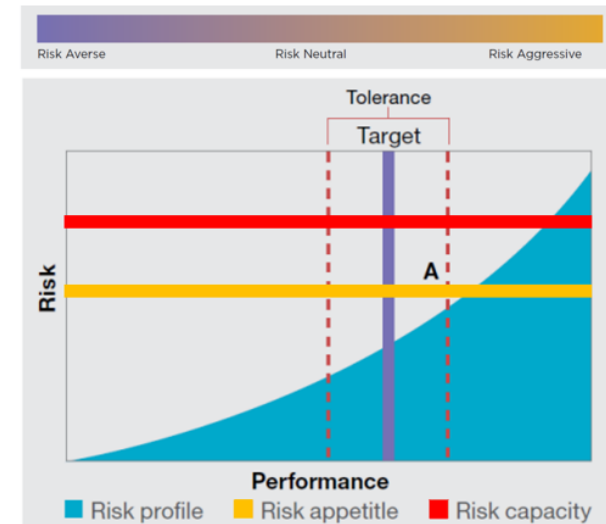
Promote organization-wide literacy

Responsible AI is something that everyone in an organization plays a role in, no matter where they sit. Once you've created policies and documentation around your AIMS, distribute those resources throughout your workforce, and ensure your employees receive appropriate training and education.

Continual improvement & corrective action

As AI regulation and the technology itself is continuously evolving, compliance and controls must also continuously evolve. Responsible AI isn't something that you can check the box and move on from, and ISO 42001 lays out a commitment to continuously checking in on and improving your governance processes.

Risk vs. Performance



ISO 42001:2023

AI MANAGEMENT SYSTEMS – REQUIREMENTS

International Standard for Responsible AI Management



PURPOSE

To enable organizations to establish, implement, maintain and continually improve an AI Management System (AIMS).

AI MANAGEMENT PRINCIPLES



Responsible AI

Consider ethics, fairness, transparency and accountability



Human-Centered

Respect human rights and human oversight



Fairness

Avoid discrimination and promote inclusivity



Transparency

Enable explainability and traceability of AI systems



Privacy & Data Protection

Protect personal data and ensure confidentiality



Reliability & Safety

Ensure robustness, accuracy and security of AI systems



Continual Improvement

Learn, adapt and improve AI performance and governance

ISO 42001 provides a framework to manage the unique opportunities and risks of AI throughout the AI system lifecycle in a structured, transparent and accountable way.

AI MANAGEMENT SYSTEM (AIMS) – PDCA MODEL



ISO 42001 CLAUSE STRUCTURE

4

Context of the Organization



5

Leadership



6

Planning



7

Support



8

Operation



9

Performance Evaluation



10

Improvement



AI SYSTEM LIFECYCLE (Clause 7.3)



PLAN



DESIGN & DEVELOP



DEPLOY & OPERATE



MONITOR & EVALUATE



RETIRE & DISPOSE

RISK CATEGORIES TO CONSIDER



Ethical



Bias & Fairness



Privacy



Security



Safety



Reliability



Legal & Regulatory



Reputational

KEY OUTPUTS OF AN AIMS



AI Governance Framework



AI Risk Register



AI Policies & Procedures



AI System Inventory



Performance Metrics



Assurance & Audit Evidence





ISO 42001 READINESS ASSESSMENT

Assess. Understand. Prioritize. Prepare.

Evaluate your organization's readiness to implement an Artificial Intelligence Management System (AIMS) aligned to ISO 42001:2023.

ISO 42001 CLAUSE READINESS CHECKLIST

CLAUSE	REQUIREMENT AREA	KEY ASSESSMENT QUESTIONS (EXAMPLES)	READINESS LEVEL (SELECT)	COMMENTS / EVIDENCE
 4 Context of the Organization	Understand internal and external issues, stakeholders and scope of the AIMS.	- Have AI-related internal and external issues been identified? - Are stakeholders and their needs understood? - Is the scope of the AIMS defined and documented?	1 2 3 4 5 Not ReadyFully Ready	
 5 Leadership	Leadership commitment, AI policy, roles, responsibilities and authorities.	- Is there visible leadership commitment to responsible AI? - Is an AI policy approved and communicated? - Are roles, responsibilities and authorities defined?	1 2 3 4 5 Not ReadyFully Ready	
 6 Planning	Actions to address risks and opportunities and achieve AI objectives.	- Have AI risks and opportunities been identified? - Are AI objectives defined and aligned to strategy? - Are plans in place to achieve the objectives?	1 2 3 4 5 Not ReadyFully Ready	
 7 Support	Resources, competence, awareness, communication and documented information.	- Are adequate resources available for the AIMS? - Are people competent and aware of AI responsibilities? - Is documented information controlled and accessible?	1 2 3 4 5 Not ReadyFully Ready	
 8 Operation	Planning and controlling AI lifecycle processes.	- Are AI lifecycle processes defined and implemented? - Are controls in place for development, deployment and change management? - Are third-party AI systems managed?	1 2 3 4 5 Not ReadyFully Ready	
 9 Performance Evaluation	Monitoring, measurement, analysis, internal audit and management review.	- Are AI performance and risk metrics monitored? - Are internal audits of the AIMS conducted? - Is management review performed?	1 2 3 4 5 Not ReadyFully Ready	
 10 Improvement	Nonconformity management and continual improvement of the AIMS.	- Are nonconformities identified and addressed? - Is root cause analysis performed? - Is continual improvement of the AIMS demonstrated?	1 2 3 4 5 Not ReadyFully Ready	

Readiness Level: **1** – Not Ready **2** – Initial **3** – Partially Ready **4** – Mostly Ready **5** – Fully Ready

Comparing the Primary Contribution of Each Framework

Different strengths. Complementary value. Stronger together.

FRAMEWORK	PRIMARY CONTRIBUTION	FOCUS AREA	KEY STRENGTH	WHAT IT ENABLES	HOW IT COMPLEMENTS OTHERS
COBIT® Governance of Enterprise IT	Provides a comprehensive governance system for managing and governing enterprise IT.	IT governance, value delivery, risk management, resource management, and performance measurement.	Aligns IT with business strategy and ensures accountability for value creation.	Effective governance structures, optimized IT investments, and measurable value.	Provides the governance and oversight layer that integrates with risk, compliance and controls frameworks.
ISO 31000 Risk Management	Provides principles and guidelines for effective risk management across all types of risk.	Risk identification, assessment, evaluation, treatment, monitoring and communication across the organization.	Promotes a consistent and proactive approach to managing uncertainty and opportunity.	Better risk-informed decisions and stronger resilience.	Supplies the risk management discipline that underpins governance, compliance and internal control activities.
ISO 37301 Compliance Management	Provides a framework for an effective compliance management system.	Legal and regulatory compliance, obligations management, policies, training, communication and monitoring.	Builds a culture of compliance and helps organizations meet their obligations with integrity.	Reduced compliance risk and confidence in meeting obligations.	Ensures the organization meets external requirements and supports ethical behavior and good governance.
COSO Internal Control – Integrated Framework	Provides a framework for designing, implementing and operating effective internal controls.	Control environment, risk assessment, control activities, information & communication, and monitoring.	Strengthens reliability of operations, reporting and compliance through strong internal controls.	Operational efficiency, reliable reporting and fraud prevention.	Operationalizes the responses to risks and compliance obligations through effective controls.
ITIL® 4 IT Service Management	Provides a framework for delivering value through effective IT service management.	Service strategy, design, transition, operation, continual improvement and value co-creation.	Focuses on value delivery, customer experience and continual improvement.	High-quality services that meet user needs and drive value.	Ensures services and processes are executed efficiently and align with governance, risk and compliance requirements.
NIST AI RMF 1.0 AI Risk Management Framework	Provides a voluntary framework for managing risks in the design, development and use of AI systems.	Govern, Map, Measure, Manage – across the AI lifecycle and contexts of use.	Promotes trustworthy, safe, secure and transparent AI.	Responsible AI adoption and management of emerging AI risks.	Extends GRC to AI systems, ensuring emerging risks are governed, assessed, controlled and compliant.

Stronger Together

Each framework brings a unique strength to the GRC ecosystem. Integrated, they enable principled governance, effective risk management, assured compliance, reliable controls, efficient service delivery and responsible AI.

COBIT + **ISO 31000** + **ISO 37301** + **COSO IC** + **ITIL 4** + **NIST AI RMF**
 Governance & Oversight Risk Management Compliance Management Internal Controls Service Management AI Risk Management

= **Integrated GRC Excellence**
 Value. Trust. Resilience. Sustainable Performance.

ENTERPRISE RISK MANAGEMENT



Governance & Culture

1. Exercises Board Risk Oversight
2. Establishes Operating Structures
3. Defines Desired Culture
4. Demonstrates Commitment to Core Values
5. Attracts, Develops, and Retains Capable Individuals



Strategy & Objective-Setting

6. Analyzes Business Context
7. Defines Risk Appetite
8. Evaluates Alternative Strategies
9. Formulates Business Objectives



Performance

10. Identifies Risk
11. Assesses Severity of Risk
12. Prioritizes Risks
13. Implements Risk Responses
14. Develops Portfolio View



Review & Revision

15. Assesses Substantial Change
16. Reviews Risk and Performance
17. Pursues Improvement in Enterprise Risk Management



Information, Communication, & Reporting

18. Leverages Information and Technology
19. Communicates Risk Information
20. Reports on Risk, Culture, and Performance

COSO ENTERPRISE RISK MANAGEMENT PROCESS

A proven, integrated approach to managing risk and creating value.

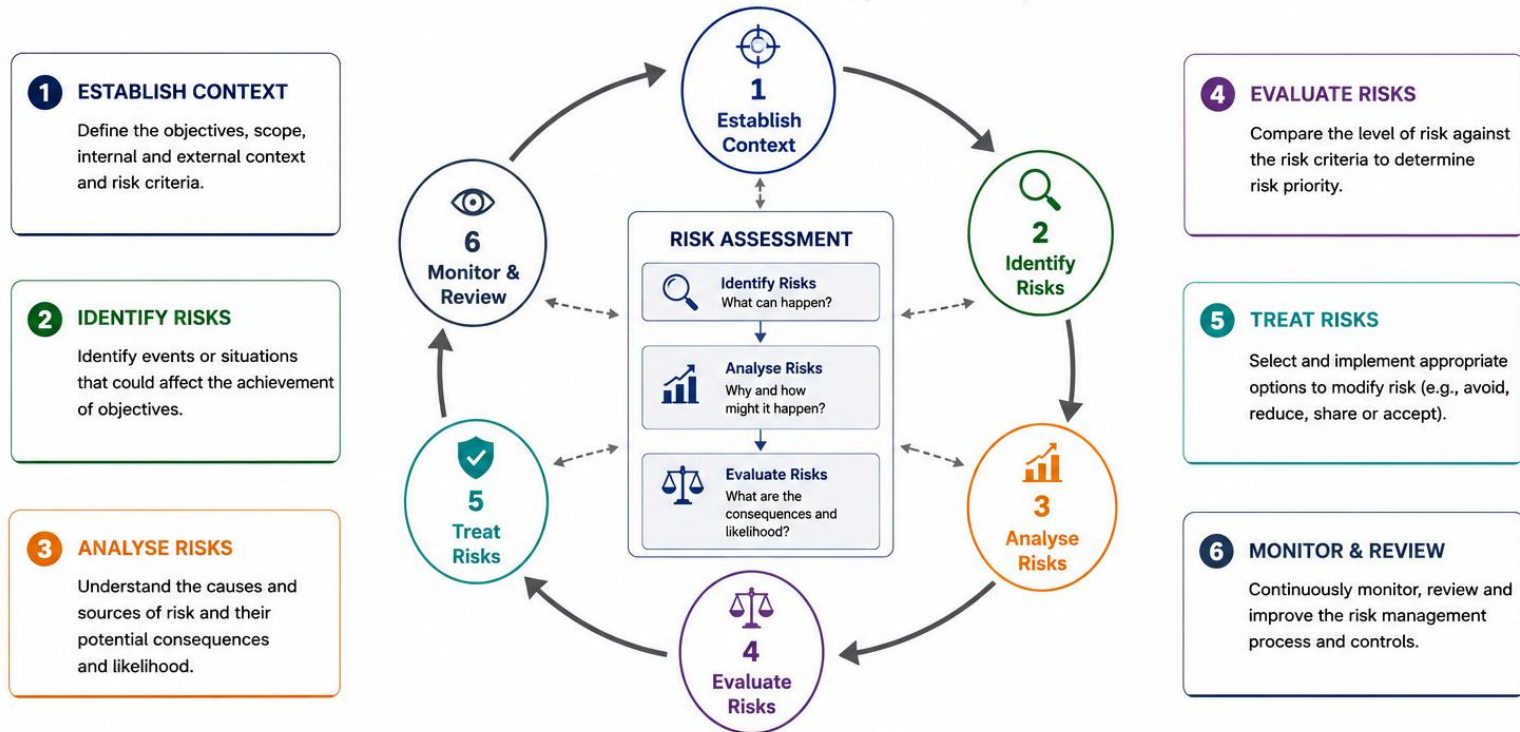


COSO ERM PRINCIPLES



ISO 31000 RISK MANAGEMENT PROCESS

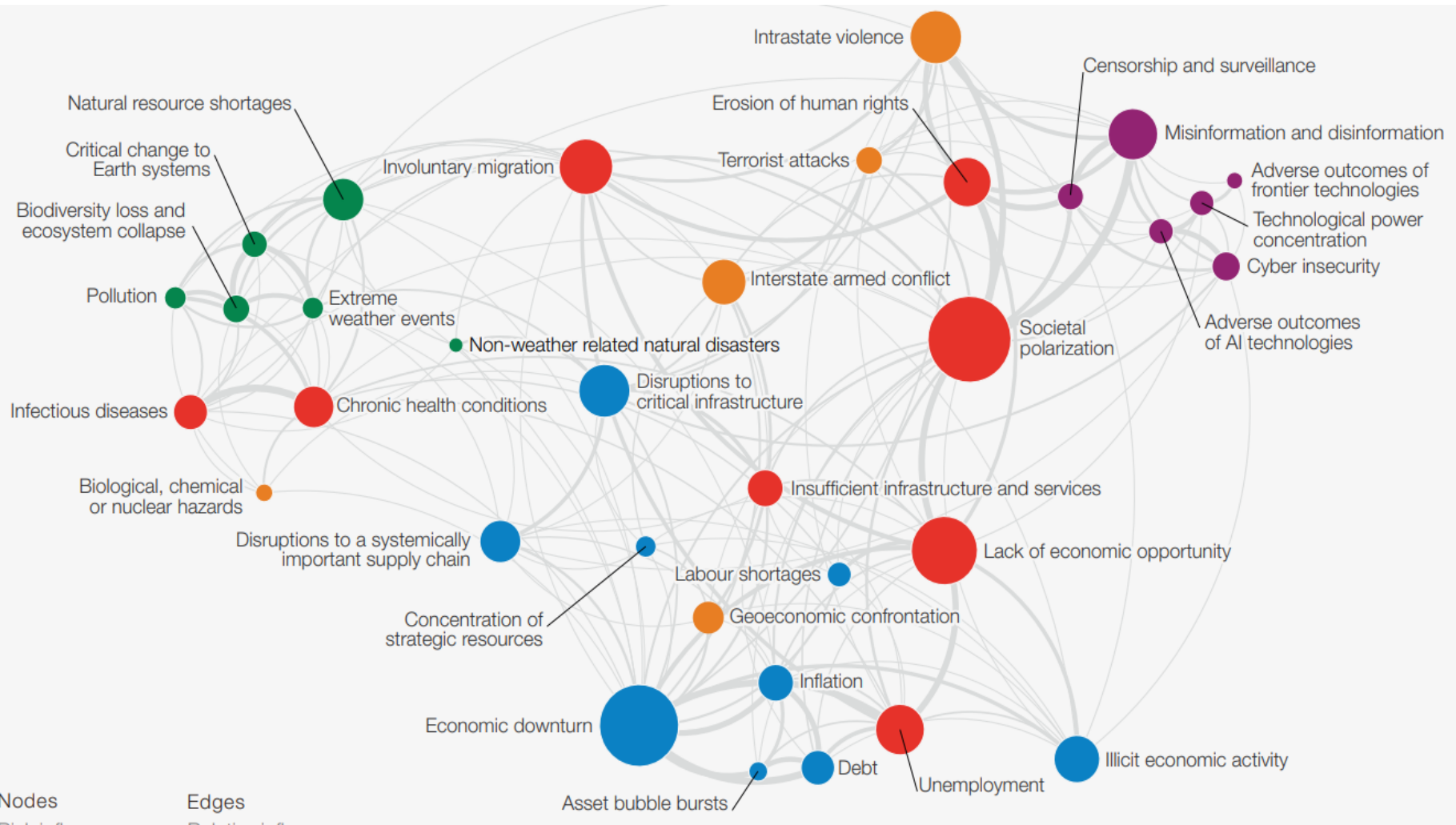
A structured, continuous process to manage uncertainty and create value.



PRINCIPLES OF ISO 31000



Emerging risk radar



COMPANIES FAILED TO PROVIDE RESPONSIBLE INNOVATION WHILST USING AI

When companies overstate AI benefits or fail to manage risks responsibly, it damages trust, people and society.



EXAMPLE 1: AMAZON (UNITED STATES)



WHAT HAPPENED

Amazon used AI-powered recruitment tools that were found to disadvantage women by penalizing resumes that included terms like “women’s” or activities tied to women’s colleges. The bias went undetected for years.



CONSEQUENCES

- Amazon scrapped the AI recruiting tool (2018)
- Reputational damage and loss of trust
- Increased regulatory and public scrutiny on AI fairness
- Higher costs to rebuild and redesign systems responsibly

EXAMPLE 2: CLEARVIEW AI (UNITED STATES / GLOBAL)



WHAT HAPPENED

Clearview AI collected billions of facial images without consent and sold access to law enforcement and others. The company claimed high accuracy and responsible use, but lacked transparency, consent, and adequate safeguards.



CONSEQUENCES

- Banned in the UK, Australia and several EU countries
- Fined €20 million by Italy’s data protection authority (2022)
- Lawsuits and regulatory investigations worldwide
- Major reputational damage and loss of business partnerships

AI WASHING vs. GOVERNANCE INTEGRITY

AI washing is the practice of exaggerating or misleading claims about AI capabilities or use.

Governance integrity ensures AI claims are **truthful, transparent and backed by appropriate controls and evidence.**



AI WASHING

Overstated claims. Poor governance.
Erodes trust. Creates risk.

VS.

GOVERNANCE INTEGRITY

Evidence-based claims. Strong governance.
Builds trust. Creates sustainable value.



EXAMPLE 1: WORKDAY (UNITED STATES)



WHAT HAPPENED

Workday repeatedly claimed its AI was more advanced than it actually was in sales materials and investor communications. The company admitted the statements were misleading.



CONSEQUENCES

- \$1.1 million SEC fine (2023)
- Reputational damage and loss of investor trust
- Leadership changes
- Increased regulatory scrutiny and costs

EXAMPLE 2: AIR CANADA (CANADA)



AIR CANADA



WHAT HAPPENED

Air Canada was found liable for making false or misleading statements about its chatbot capabilities and for failing to have proper oversight and governance.



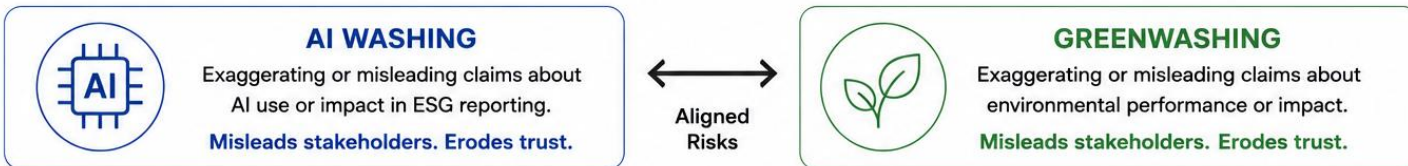
CONSEQUENCES

- \$10 million CAD penalty (2024)
- Ordered to make remediation payments
- Required to strengthen consumer protection and AI governance practices

AI-IMPACTED ESG REPORTING

AI can enhance ESG reporting with deeper insights and automation.

However, overstated or misleading AI claims in ESG reporting is “AI washing” — the same risk as “greenwashing”.



EXAMPLE 1: SHELL (UNITED KINGDOM / NETHERLANDS)



WHAT HAPPENED

Shell promoted the use of AI and digital tools in its ESG reporting and net-zero claims, suggesting AI would significantly accelerate emissions reductions. However, the company's actual emissions reductions were minimal and not aligned with its claims.



CONSEQUENCES

- Lawsuits from shareholders over misleading climate claims
- Dutch court ordered Shell to reduce emissions faster (2021)
- Reputational damage and loss of investor confidence
- Increased regulatory scrutiny and reporting obligations

EXAMPLE 2: UBS (SWITZERLAND)



WHAT HAPPENED

UBS reported using AI to improve the quality and coverage of ESG data and to assess ESG risks in investments. An internal review found the AI capabilities were overstated and many ESG ratings and data points were not materially improved by AI.



CONSEQUENCES

- USD 4.5 million fine by FINMA for “greenwashing” (2022)
- Required to improve governance, controls and disclosures
- Public censure and reputational impact
- Higher compliance and remediation costs

HUMAN IN THE LOOP (HITL) PRINCIPLES

AI can support better decisions, but people must remain actively involved.

Human in the Loop ensures **oversight, judgment and accountability** at key points in the AI lifecycle.



WHAT IS HUMAN IN THE LOOP?

Humans actively oversee AI systems, understand outputs, can intervene, and take responsibility for outcomes.



Human oversight
at critical
decision points



Human judgment
and contextual
understanding



Ability to intervene,
override or
stop the system



Accountability
and traceability
of decisions



Continuous learning
and improvement
with human feedback

CORE PRINCIPLES



EXAMPLE 1: FAILURE STORY

Meta (Facebook) – Ad Delivery System



WHAT HAPPENED

Meta's ad delivery AI system automatically approved many ads with little to no human review. This led to discriminatory, misleading and harmful ads (e.g., housing, credit, and political ads) being shown to millions of users.



CONSEQUENCES

- Regulatory investigations and enforcement actions (e.g., \$115M FTC settlement, 2022)
- Public criticism and loss of user trust
- Reputational damage and increased compliance costs
- Changes to policies and increased human review requirements



EXAMPLE 2: SUCCESS STORY

ING Bank (Netherlands) – Loan Decisioning



WHAT HAPPENED

ING uses AI to assess loan applications, but keeps humans in the loop for final decisions, exceptions and complex cases. Staff review AI recommendations, consider context, and can approve, adjust or decline.



CONSEQUENCES

- More accurate, fair and consistent decisions
- Higher customer trust and satisfaction
- Strong regulatory confidence and compliance
- Better outcomes with reduced risk and bias

FAIRNESS AND BIAS IN AI

AI systems learn from data and can reflect or amplify unfair biases.

Fairness means treating people **equitably** and ensuring AI decisions are **unbiased, transparent and accountable**.



WHAT IS FAIRNESS?

AI should not discriminate against individuals or groups. It should provide equal opportunity and fair outcomes.



Identify and measure bias early



Use representative and relevant data



Design inclusive and fair systems



Test, monitor and validate regularly



Ensure transparency and accountability

PRINCIPLES OF FAIR AND UNBIASED AI



EXAMPLE 1: FAILURE STORY

Amazon – AI Recruiting Tool (United States)



WHAT HAPPENED

Amazon developed an AI tool to screen job applicants. The system was trained on historical hiring data that mostly included men. As a result, it downgraded resumes with words like “women’s”, “female” or from women’s colleges, showing bias against women.



CONSEQUENCES

- The tool was scrapped before full deployment (2018)
- Reputational damage and loss of trust
- Highlighted the risk of biased training data
- Increased focus on fairness and bias governance



EXAMPLE 2: SUCCESS STORY

Equitable AI – Credit Scoring (India)



WHAT HAPPENED

Equitable AI built a credit scoring model using alternative data (e.g., bank transactions, utility payments). The model was tested for fairness across gender and location. Humans review exceptions and the model is continuously monitored for bias.



CONSEQUENCES

- Expanded access to fair credit for underserved people
- Higher approval accuracy with lower default rates
- Recognized for responsible AI and fairness
- Stronger trust from customers and regulators

CASE STUDY - The Cost of Unmanaged AI

- A large organization implemented an artificial intelligence solution to improve customer service efficiency. The technology significantly reduced response times and improved operational performance during the early stages of deployment. However, governance arrangements were not established. Accountability remained unclear, no formal risk assessment was conducted and monitoring processes were limited.
- Several months after implementation, stakeholders began raising concerns regarding inconsistent responses generated by the system. Some responses contained inaccurate information while others reflected unintended bias.
- The organization was forced to suspend the solution while investigations were conducted. Significant resources were required to address stakeholder concerns, review governance arrangements and restore confidence.

Reflection Questions

- How would your board currently explain the organization's approach to AI governance?
- Which mission-critical objectives are most likely to be affected by artificial intelligence?
- What risks concern leadership most regarding AI adoption?
- Which governance structures already exist that could support AI governance?
- What role should compliance, risk management and internal audit play in AI oversight?
- How would your organization respond if a significant AI-related incident occurred tomorrow?
- What level of AI governance maturity should your organization achieve over the next three years?

ENTERPRISE RISK MANAGEMENT



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17. Pursues Improvement in Enterprise Risk Management



Information, Communication, & Reporting

18. Leverages Information and Technology
19. Communicates Risk Information
20. Reports on Risk, Culture, and Performance

AI Governance – Board dashboard



THE ROLE OF GOVERNANCE COMMITTEES IN AI OVERSIGHT

Strong governance. Responsible AI. Sustainable value.



CORE AI OVERSIGHT RESPONSIBILITIES



Set AI vision, principles and policy



Oversee AI strategy and investment



Review and monitor AI risks



Ensure regulatory and ethical compliance



Oversee data governance and quality



Monitor model performance and outcomes



Ensure transparency and explainability



Engage stakeholders and manage concerns



Promote capability building and culture

KEY BENEFITS OF COMMITTEE OVERSIGHT



Ensures ethical and responsible AI use



Strengthens risk management and resilience



Improves decision quality and accountability



Builds stakeholder trust and confidence



Drives sustainable value and innovation



Yes. Scope 3 emissions are likely to become highly relevant for medical aid funds over the next few years because most of the healthcare sector's emissions sit in the value chain rather than in buildings or electricity use.

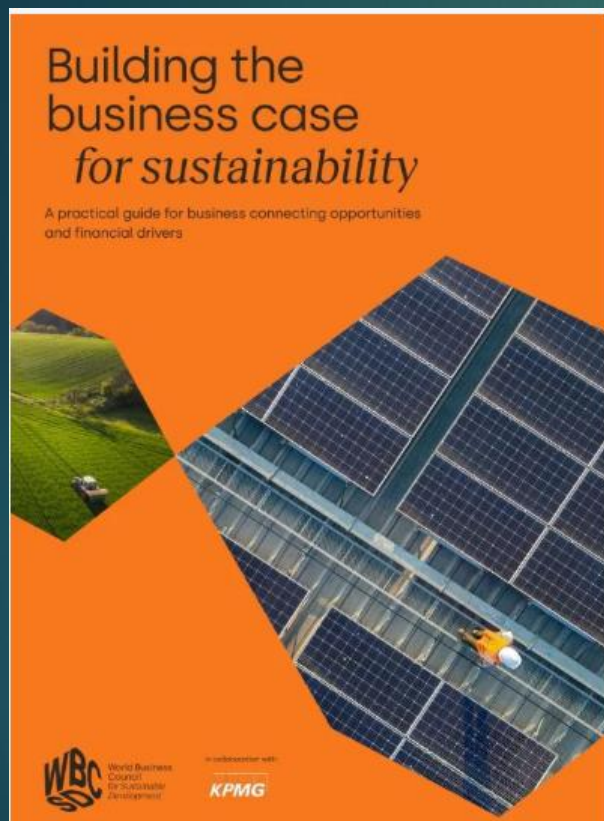
For medical aid funds, Scope 3 emissions could arise from:

- Hospitals and healthcare providers funded by the scheme
- Pharmaceuticals and medical products purchased through claims
- Medical devices, consumables, and laboratory services
- Waste disposal, transport, and logistics
- Employee travel and commuting
- Investments held by the fund
- Service providers such as administrators, managed care providers, and IT vendors

Healthcare supply chains are responsible for the majority of sector emissions. Some studies estimate that supply chains and other Scope 3 activities account for between 50% and 80% of total healthcare-related emissions. PMC +2

For medical aid funds, the biggest issue is not necessarily their own offices and electricity usage, but rather the carbon footprint of the healthcare ecosystem they finance. If a fund pays for carbon-intensive hospitals, pharmaceuticals, transport systems, and suppliers, those emissions may increasingly be seen as part of the fund's broader ESG profile. Practice Greenh... +1

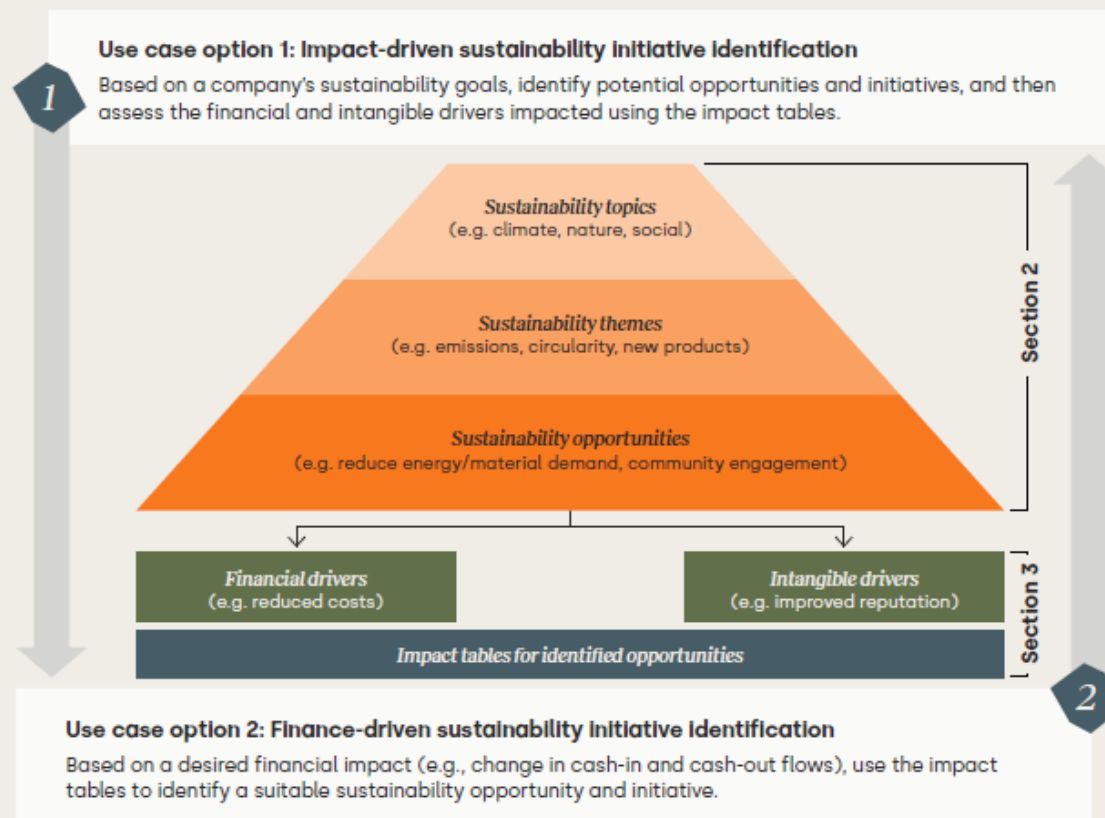




A strong environmental, social, and governance (ESG) proposition links to value creation in five essential ways.

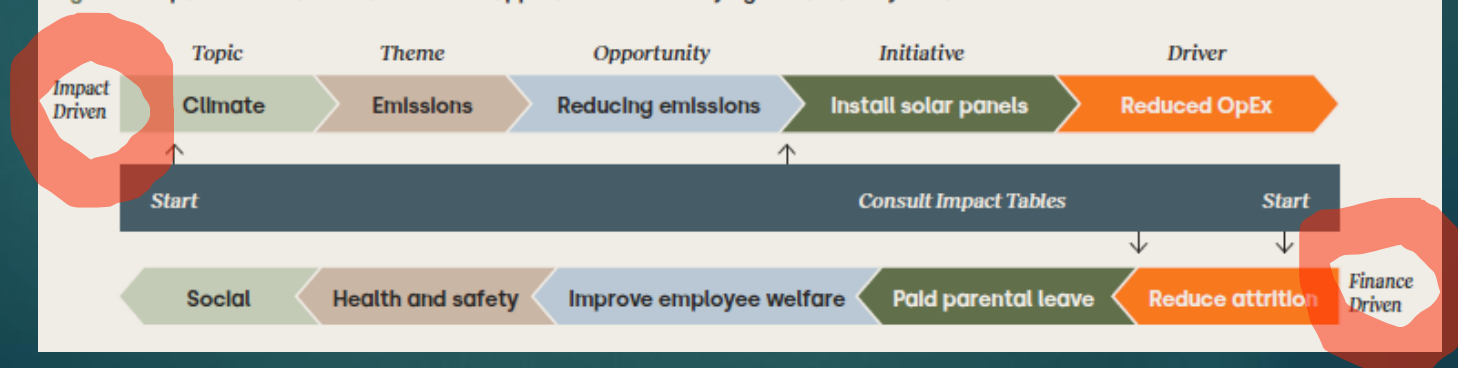
	Strong ESG proposition (examples)	Weak ESG proposition (examples)
Top-line growth	Attract B2B and B2C customers with more sustainable products Achieve better access to resources through stronger community and government relations	Lose customers through poor sustainability practices (eg, human rights, supply chain) or a perception of unsustainable/unsafe products Lose access to resources (including from operational shutdowns) as a result of poor community and labor relations
Cost reductions	Lower energy consumption Reduce water intake	Generate unnecessary waste and pay correspondingly higher waste-disposal costs Expend more in packaging costs
Regulatory and legal interventions	Achieve greater strategic freedom through deregulation Earn subsidies and government support	Suffer restrictions on advertising and point of sale Incur fines, penalties, and enforcement actions
Productivity uplift	Boost employee motivation Attract talent through greater social credibility	Deal with "social stigma," which restricts talent pool Lose talent as a result of weak purpose
Investment and asset optimization	Enhance investment returns by better allocating capital for the long term (eg, more sustainable plant and equipment) Avoid investments that may not pay off because of longer-term environmental issues	Suffer stranded assets as a result of premature write-downs Fall behind competitors that have invested to be less "energy hungry"

Figure 2: Options to identify a sustainability initiative



The below pathways outline the stepwise processes of applying each of the two use cases above.

Figure 3: Impact-driven and finance-driven approaches of identifying sustainability initiatives



Intangible drivers of a business case

In addition to clear and measurable financial benefits, companies undertaking sustainability initiatives can accrue intangible benefits like better customer loyalty, employee/supplier relations, and a heightened culture of innovation.¹²

Intangible drivers of a business case are any internal or external characteristics that directly or indirectly impacts a corporate's financial performance and valuation multiples but which are difficult to accurately quantify.



Investor perception

Investors are increasingly prioritizing companies pursuing better sustainability performance¹³, as these companies are well equipped to manage risks in the long term. Companies can accrue multiple benefits from improved investor perception including financial benefits of reduced cost of capital.



Customer sentiment

Companies with sustainable products gain a competitive edge and attract more customers, leading to revenue generation in the long-term. Over two-thirds of consumers¹⁴ cite green or sustainable options as one of their considerations while making a purchase decision, and are increasingly willing to pay a green premium, other factors being equal.



Supplier relations

Embedding sustainability across the value chain leads to stronger supplier relations and value chain engagement. New York University found that 50% of survey respondents¹⁵ thought sustainable supply chains lead to better risk management and 30% reported reduced costs¹⁶ among other benefits.



Employee value

Sustainability has emerged as a key employee value proposition in recent years, with strategic benefits of attracting new talent, boosting health and productivity, and retaining talent. 55% of employees¹⁶ (age 25-34) place a high level of importance on environmental and social issues, and 20% of job seekers¹⁴ have turned-down employers due to sub-par ESG performance.



Brand and reputation

Improved sustainability performance can help in driving more brand equity for companies. On average, a company's perceived sustainability contributes to 3% of brand equity¹⁷, amounting to USD 193Bn¹⁸ in brand value for global top 100 brands.



Improved business management

By recognizing sustainability-related risks and opportunities and embedding these into strategic decision-making, businesses are better able to plan, allocate resources, and respond to emerging situations. Enabling them to reduce volatility¹⁹ and improve performance.



Scope 1 – Direct Emissions

- **Definition:** Greenhouse gas emissions from sources **owned or controlled** by the organisation.
- **Examples:**
 - Fuel combustion in company-owned vehicles.
 - On-site generation (e.g., boilers, furnaces, turbines).
 - Industrial process emissions.
- **Key Point:** These are emissions the organisation has **full operational control over**.



Scope 2 – Indirect Energy Emissions

- **Definition:** Greenhouse gas emissions from the **generation of purchased energy** (electricity, steam, heating, or cooling) that the organisation consumes.
- **Examples:**
 - Emissions from a power station producing electricity purchased by the company.
 - Purchased chilled water for cooling.
- **Key Point:** These emissions occur **off-site**, but are a **result of the organisation's energy use**.

Scope 3 – Other Indirect Emissions

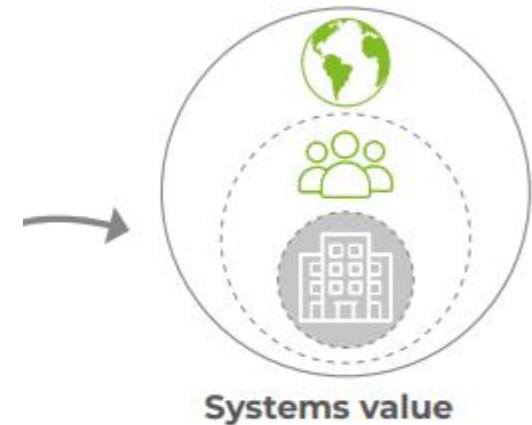
- **Definition:** All other indirect greenhouse gas emissions **not included in Scope 2** that occur in the organisation's **value chain** — both **upstream** (suppliers) and **downstream** (customers).
- **Examples:**
 - Purchased goods and services.
 - Business travel (air, rail, car hire).
 - Employee commuting.
 - Waste disposal.
 - Use of sold products.
 - End-of-life treatment of products.
 - Investments and leased assets.
- **Key Point:** Often the **largest share** of total emissions; requires engagement with suppliers and customers for measurement and reduction.



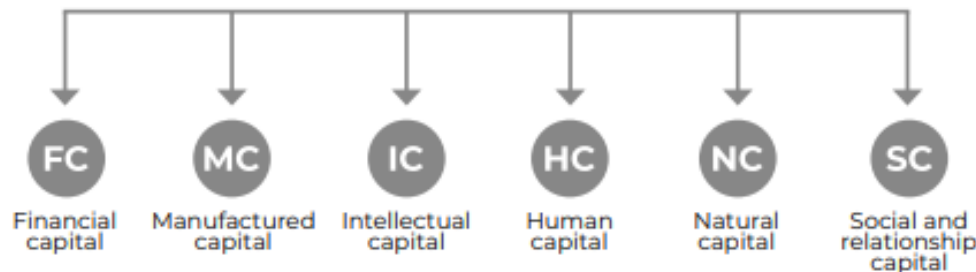
Integrated thinking and related concepts

The **“economic, social and environmental context”** provides the macro perspective for integrated thinking. This context invokes the economic, social, and environmental systems within which all organisations operate.

Integrated thinking can be carried out at a more granular level by employing the **“six capitals”** model to identify the **“resources and relationships”** which the organisation uses, relies upon and affects. These capitals include financial, manufactured, human, intellectual, social and relationship as well as natural capitals.



ECONOMIC, SOCIAL AND ENVIRONMENTAL CONTEXT



SIX CAPITALS

OR

RESOURCES AND RELATIONSHIPS

Sasol's value creation model

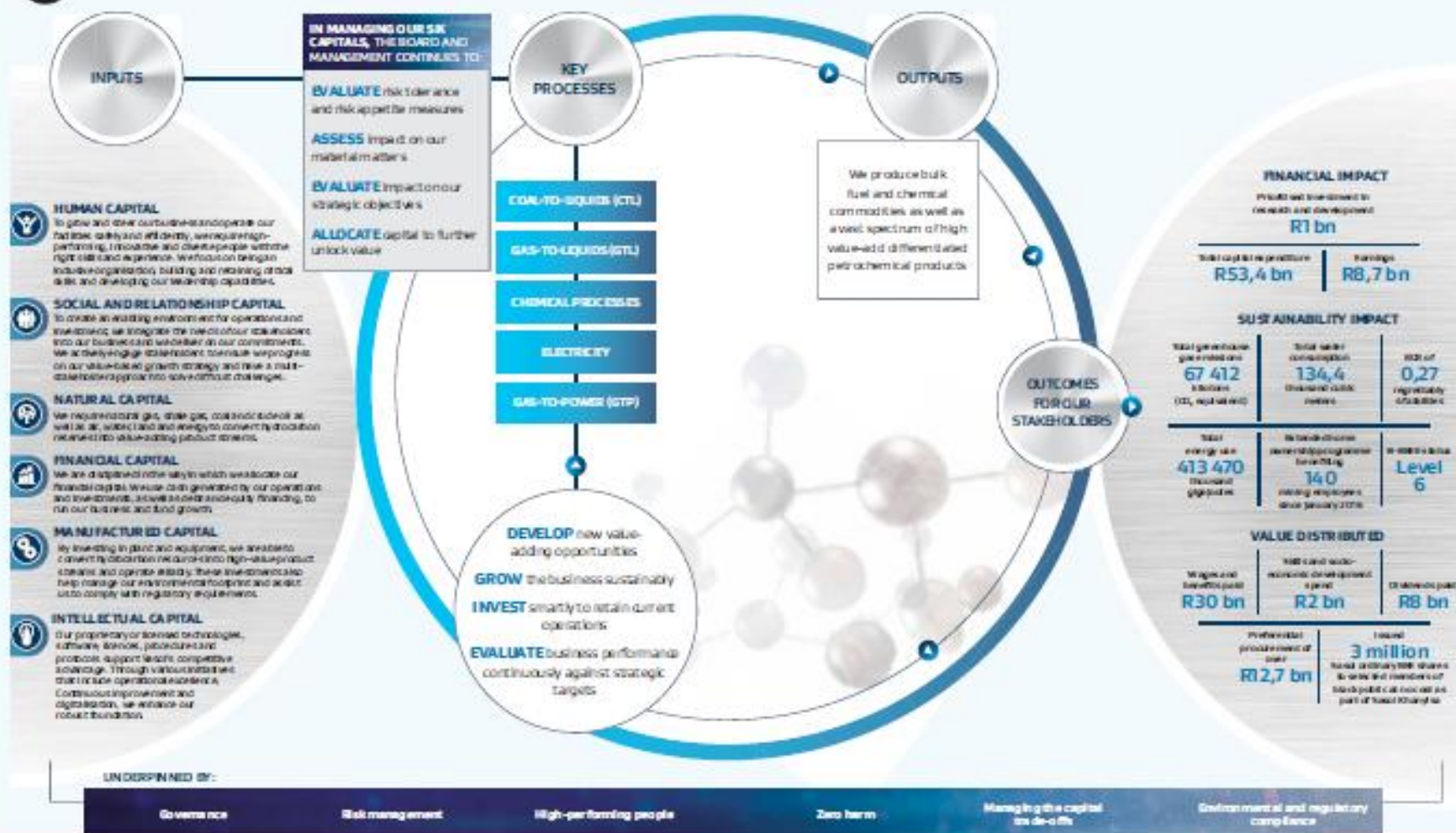


Table 2.2: ESG-related risk considerations to understand the complete business context¹

	Content element	Questions to consider
Value creation process	Organizational overview and external environment	• What are the external environment aspects of the legal, commercial, social, environmental and political context that affect the entity's ability to create value in the short, medium and long term? • What do the entity's mission and vision require from an ESG perspective? • How does the ESG context link to value creation for the business more broadly? • What are the megatrends likely to impact the entity? In particular, which societal issues (e.g., demographic changes, health, poverty) or environmental challenges (e.g., climate change, resource shortages, planetary limits²) impact the entity? • What are the legitimate needs and interests of key stakeholders from an ESG perspective? • What are the relative ESG-related strengths, weaknesses, opportunities and threats (SWOT)? • Which shifts in the regulatory or legislative environment impact the organization?
	Inputs	• What are the ESG issues for the capitals that the business relies on, such as ecosystem services, raw materials, natural resources, labor and water sources? • How do the stocks and flows of capitals, on which the business depends, impact the robustness and resilience of the business model?
	Business activities	• What is the value chain of the entity? • How does it differentiate itself in the marketplace? • What is the revenue-generating model? • How does the entity innovate? • How well is the entity designed to adapt to change?
	Outputs	• What are the impacts or potential impacts of the products or waste across the value chain?
	Outcomes	• What are the outcomes and contributions (e.g., employee engagement, reputation, customer satisfaction, societal acceptance, environmental impacts and license to operate)?
	Strategy and resource allocation	• How does the entity define short, medium and long term? • What are the organization's short-, medium- and long-term strategy objectives? • What are the ESG impacts and dependencies to achieving those objectives? In particular, what are the medium- to long-term risks that will impact strategy (e.g., climate change)? • To what extent have environmental and social considerations been embedded into the strategy to give it a competitive advantage? • Which ESG-related risks should be reflected in the strategy? • Which resources and capital allocations are required to implement the strategy? • How are stakeholder interests incorporated into strategy development?

Ubuntu and Botho as expressions of integrated thinking

Ubuntu and *Botho*, captured by the expressions *uMuntu ngumuntu ngabantu* – I am because you are; you are because we are – and *Motho ke motho ka batho* – a person is a person through other people – represent the African philosophy that have been core to the King tradition since King II was published in 2002. *Ubuntu*

Corporate citizenship as an expression of integrated thinking

Citizenship, in the ordinary sense of the word, refers to the legal and social status of a person who is recognised as member of a nation state. Corporate citizenship is a concept used in the same way as regards juristic entities to describe the legal status and role of organisations in society. It denotes corporate responsibilities that extend beyond clear legal obligations. The law affords juristic entities the right to operate as legal persons, but this right

Stakeholder inclusivity as an expression of integrated thinking

The stakeholder-inclusive approach, as articulated in King V (and its preceding iterations) represents a practical application of integrated thinking. King V affirms that the governing body should consider the significant interests of stakeholders in the execution of its duties in the long-term best interests of the organisation within its economic, social and environmental context. This is referred to as stakeholder inclusivity.

Integrated reporting and the integrated report

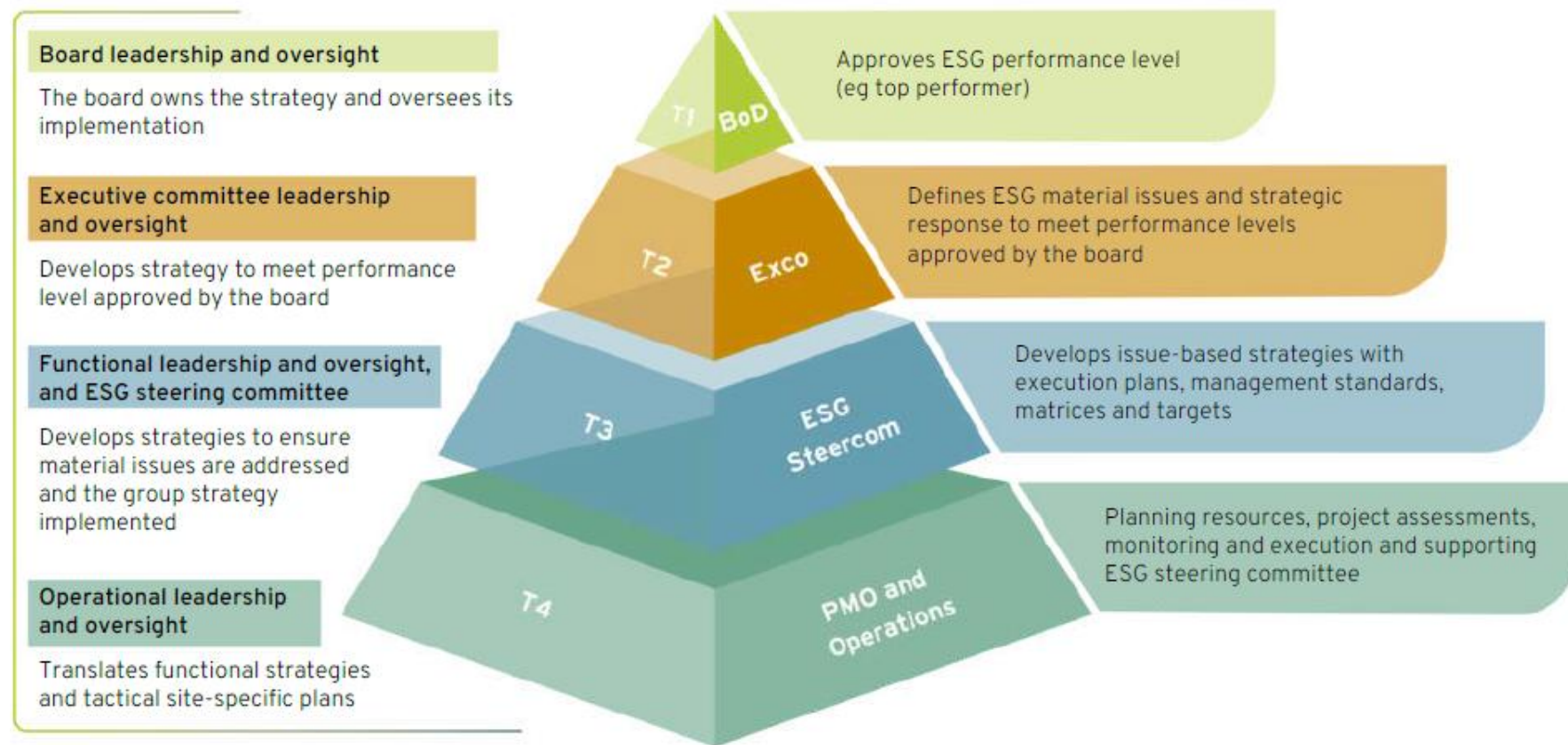
If *integrated thinking* is applied by the governing body and management of organisations, it should be mirrored in the way in which organisations report and disclose on their performance and operations. Consequently, *integrated reporting* is a process founded on integrated thinking which results in the periodic issuing of an integrated report by the organisation.

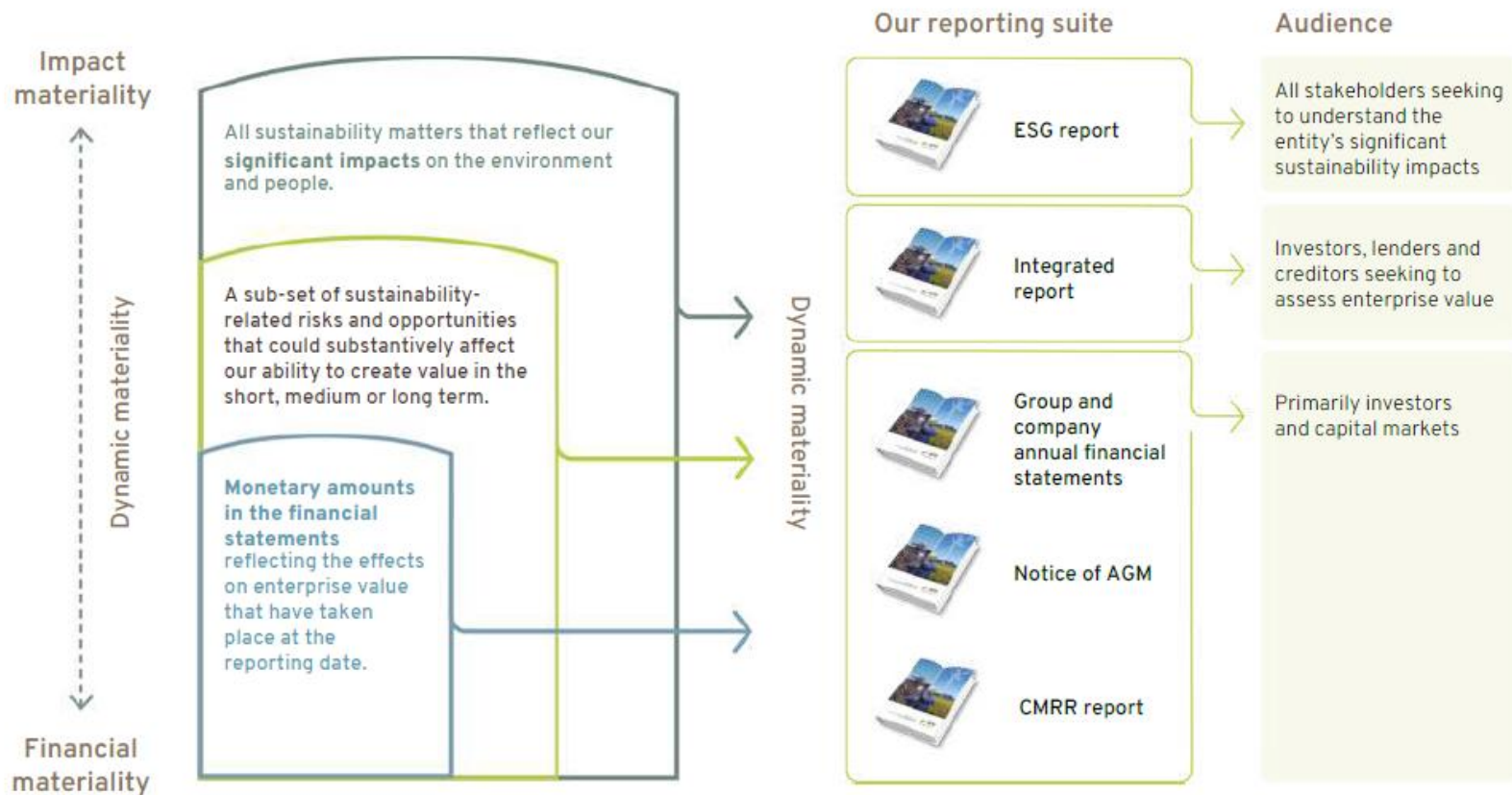
Double materiality as expression of integrated thinking

Materiality for the purpose of sustainability disclosures – meaning the filter that gets applied to determine what information and matters matter most and, therefore, require to be disclosed – differs depending on the intended audience of a particular sustainability reporting standard.

ESG governance

Our ESG governance framework enables the effective implementation of the policies, practices and procedures adopted to manage and enhance our ESG performance.





Defining short, medium and long term

Short term

Between one and five years

Medium term

Between six and 10 years

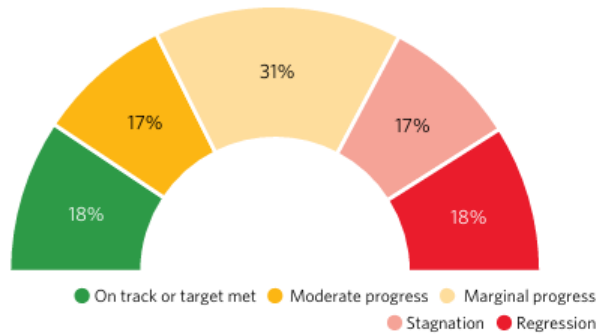
Long term

More than 10 years



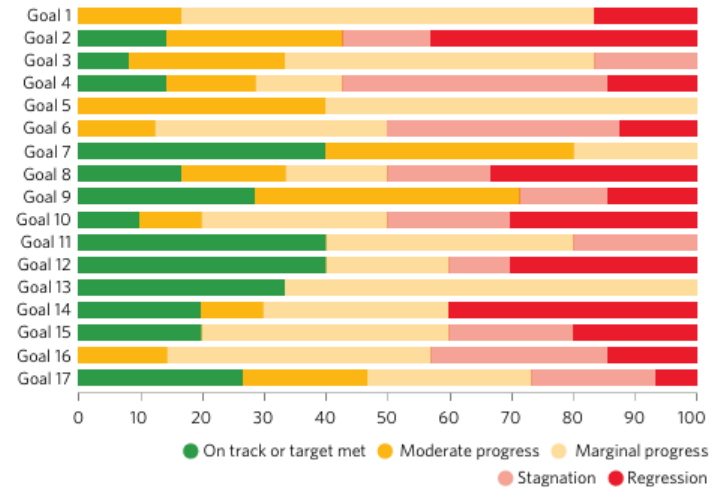
I. Five years to go: the stark reality of SDG progress

Overall progress across targets based on 2015–2025 global aggregate data



Note: Percentages do not add up to 100 per cent due to rounding.

Progress assessment for the 17 Goals based on assessed targets, by Goal (percentage)





Governance

Disclose the organization's governance around climate-related risks and opportunities.

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.

Risk Management

Disclose how the organization identifies, assesses, and manages climate-related risks.

Metrics & Targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Climate Risk Categories



Figure 1

Climate-Related Risks, Opportunities, and Financial Impact





How organizations are using AI to drive value

COST REDUCTION

Applying AI to intelligently automate business processes, tasks, and interactions to reduce cost, increase efficiency, and improve predictability.

SPEED TO EXECUTION

Applying AI to accelerate time to operational and business results by minimizing latency.

PREDICTIVE ANALYTICS

Applying AI to provide insight into an organization's data and to improve understanding and decision-making by deciphering patterns, connecting dots, and predicting outcomes from increasingly complex data sources.

DIGITAL ENGAGEMENT

Applying AI to change how humans interact with smart systems by expanding the means of engagement via voice, vision, text, and touch.

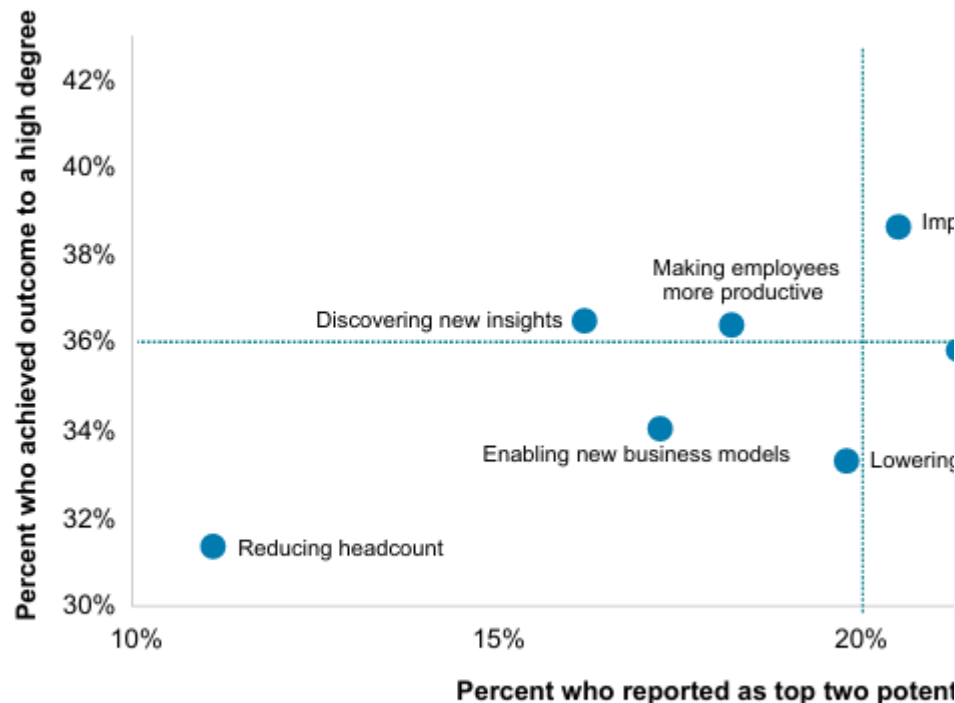
FUELED INNOVATION

Applying AI to generate insights for new products, market opportunities, and business models.

Recent studies indicate that organizations are moving to take advantage of these benefits with near-term investments in AI:

- 75% of respondents expect to shift from piloting to operationalizing AI by the end of 2024.³
- 75% of surveyed AI adopters are expecting organizational transformation within three years.⁴
- 61% of surveyed AI adopters are anticipating industry transformation within the same timeframe.⁵
- Surveyed AI adopters are investing significantly, with 53% spending more than \$20 million in 2020 on AI-related technology and talent.⁶
- 71% of surveyed AI adopters expect to increase investment in the next fiscal year, by an average of 26%.⁷

Figure 2. **Process Efficiency Tops the List of Benefits achieved w**



Blue dotted lines represent the average of respective dimensions

Source: *State of AI in the Enterprise, 3rd Edition*, Deloitte Copyright © 2020 Deloitte Development LLC. All rights reserved.

- 1 Exercises board risk oversight
- 2 Establishes operating structures
- 3 Defines desired culture
- 4 Demonstrates commitment to core value
- 5 Attracts, develops and retains capable individuals

The Importance of Governance

As AI is implemented on a broader scale within organizations, governance has a key role in appropriate oversight of AI initiatives and related models. Organizations are facing increased scrutiny from various stakeholders (e.g., regulators, customers, users, etc.) due, in part, to perceived inadequate oversight of AI.

Governance plays a key role in the following key areas:

1. To support the development and operation of AI models, organizations are collecting unprecedented amounts of data. Participants have concerns, including but not limited to, how their data is being used and who else has access to their data. Organizations need to have clear rules regarding use of data, collection of data, retention of data, and access of data and consistently apply those rules throughout the organization as part of their response to those concerns. Failure to appropriately address these issues can harm people and inflict damage on corporate reputation and shareholder value.
2. Organizations are increasingly applying AI to situations that require more judgment and may have a significant impact on participants. AI models that perform or inform significant judgments (e.g., underwriting decisions, eligibility for various benefits, medical diagnosis, and recommended treatment, etc.) that have a significant impact on participants may introduce ethical concerns. As part of their response, organizations need to assess when, where, and how AI is or will be used and whether such use is consistent with the organization's values and design, and how the organization's oversight structures engage with larger societal concerns, if applicable.

Figure 6. Deloitte's Trustworthy AI™ Framework



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Deloitte's Trustworthy AI™ Framework (see Figure 6) includes the following:

- **Fair and impartial** – Assess whether AI systems include internal and external checks to help enable equitable application across all participants.
- **Transparent and explainable** – Help participants understand how their data can be used and how AI systems make decisions. Algorithms, attributes, and correlations are open to inspection.
- **Responsible and accountable** – Put an organizational structure and policies in place that can help clearly determine who is responsible for the output of AI system decisions.
- **Robust and reliable** – Confirm that AI systems have the ability to learn from humans and other systems in order to produce consistent and reliable outcomes.
- **Privacy** – Respect data privacy and avoid using AI to leverage customer data beyond its intended and stated use. Allow customers to opt in or opt out of sharing their data.
- **Safe and secure** – Protect AI systems from potential risks (including cyber risks) that may cause physical and digital harm.

Points to Ponder

- Does the organization have an integrated AI governance program?
- How are ethical considerations factored into AI implementation? Should there be a chief ethics officer to govern ongoing monitoring of AI?
- Does the organization have a chief risk officer, data officer, or equivalent risk leader to help with risks associated with enterprise-wide AI initiatives?
- Does the board have a member who is a technology or AI expert?
- What board-level approvals or consultations happen around AI implementation and changes post-implementation?

- 6 Analyzes business context
- 7 Defines risk appetite
- 8 Evaluates alternative strategies
- 9 Formulates business objectives

Achieving Outcomes with Lower Risk

AI can create significant efficiency and benefits for an organization. Organizations are using AI to monitor components of a variety of manufacturing processes. For example, a manufacturer may use AI to predict when conveyor belts are likely to fail. Instead of using current fail-data for belts, the manufacturer may use AI via temperature measurements, video cam feeds, and other novel variables to identify fail points, thus creating new data to build a useful model. The training data and the data within the model itself may help drive efficiency for the manufacturer's processes. This AI example illustrates a relatively common AI use case with reduced risk.

Points to Ponder

- Does the organization use strategic risk assessment techniques like scenario planning and assumptions testing for AI programs?
- Are AI capabilities used for identifying emerging risks and seeking stakeholder feedback about products, services, and brand?
- Do AI initiatives support risk analytics to monitor risks?
- Do AI risk assessments consider the risks *and* rewards associated with each AI use case and factor these trade-offs into both go/no-go decisions as well as design and purpose of relevant AI models?

Drawing from a risk tolerance definition, which is one of the key parts of the COSO ERM Framework, helps to establish key performance and risk indicators around AI to monitor performance of algorithms over time. Setting up key performance and risk indicators and tolerance levels while the algorithm is being developed helps create a performance baseline by which to articulate trust. Reporting of such metrics brings transparency among stakeholders, which may help improve the performance of algorithm and integrity of the underlying input data.

- 10 Identifies risk
- 11 Assesses severity of risk
- 12 Prioritizes risks
- 13 Implements risk responses
- 14 Develops portfolio view

- **Accept:** No action is taken to change the severity of the risk. This response is appropriate when the risk to strategy and business objectives is already within risk appetite. Risk that is outside the organization's risk appetite and that management seeks to accept will generally require approval from the board or other oversight bodies.
- **Avoid:** Action is taken to remove the risk, which may mean not using the AI model, limiting the scope of use of the AI model, or modifying the functionality of the AI model to limit complexity.
- **Pursue:** Action is taken that accepts increased risk to achieve improved performance. This may involve expanding the scope of use of AI models or modifying the functionality of the AI model to increase complexity. When choosing to pursue risk, management understands the nature and extent of any changes required to achieve desired performance while not exceeding the boundaries of acceptable risk tolerance.
- **Reduce:** Action is taken to reduce the severity of the risk. This involves establishing business processes and controls that reduce residual risk to an acceptable level aligned with the organization's risk profile and appetite. (Actions organizations may take to reduce risk associated with AI models are described below.)
- **Share:** Action is taken to reduce the severity of the risk by transferring or otherwise sharing a portion of the risk. A common example is outsourcing development, implementation, or monitoring of AI models to specialist service providers.

- **Risk review** helps identify risk factors, including cybersecurity, data risks, bias, and ethics, that could prevent or sub-optimize the goals of successful AI implementation. A portfolio view of risks associated with all AI projects should be reviewed with senior management and the board of directors. A key aspect of this review is implementation of risk responses where each response and the residual level of risk should be carefully evaluated against the risk appetite definition.
- **Data review** helps evaluate quality and integrity of data and its impact on AI models and their outcomes. Data review also helps identify correlations between variables. For example, does age and/or body mass index correlate to getting cancer? Organizations can perform multivariate analysis of underlying data to identify historical sources of bias that may be used as input to the algorithms.
- **Model review** tests outcomes using the following actions:
 1. Analysis of the algorithm's functional form and parameters to understand possible problems in the decision-making process.
 2. Assessment of algorithm performance on real data to test for hidden biases resulting from complex correlations or other unexpected sources of real-world error. Correlation is important because it helps identify the presence of an association between a protected variable (e.g., gender, race, etc.) and variables that may serve as potential proxies for a protected variable used in the model. If such a relationship exists, the model may contain bias. Statistical significance indicates that the relationship between these variables is not caused by random chance.
- **Implementation review** helps ensure an AI algorithm is working correctly. This review helps assess whether the algorithm will continue to be robust, effective, and fair in the future, and identifies potential risks.

Points to Ponder

- Do AI model performance reviews include assessing and managing risks to improve results?
- Are key risk and performance indicators for AI applications monitored through executive dashboards and reported to authorized data users?
- How much confidence is there that the AI application and related controls are operating as intended and generating the right information for decision-making?

- **Post-deployment review** looks at algorithms on a repeated basis. It's necessary to periodically assess model performance and fairness after deployment. This assessment likely requires a monitoring mechanism that continuously tests the underlying data and functionality of the model.

- 15 **Assesses substantial change**
- 16 **Reviews risk and performance**
- 17 **Pursues improvement in ERM**

Serious Issues Can Arise When Performance Isn't Reviewed and Monitored

For example, AI models are increasingly being used within healthcare to assist in diagnosing conditions and providing medical advice. If organizations or medical professionals do not properly monitor the performance of these models, they may not identify and correct cases where the AI models provide inaccurate diagnosis or medical advice. Failure to identify and correct inaccurate results may lead to medical harm, patient concerns, and questions about the process for building the related AI models.

Points to Ponder

- Does the organization perform a portfolio review of all AI programs to understand synergies and risks at an aggregate level?
- Does a chief risk officer participate in AI performance reviews to share risk management perspectives?
- Are findings, both positive and negative, shared with the members of senior management and board of directors in such reviews?
- Does senior management take appropriate remedial actions to address any negative findings?
- Do you have a multidisciplinary risk management team that can help with AI model risk mitigation planning?

- 18 Leverages information and technology
- 19 Communicates risk information
- 20 Reports on risk, culture, and performance

Figure 7. **Building Resilience**



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AI Use in the Spotlight

AI is increasingly becoming a large part of organization's business operations. In recognition of investors' increasing interest in AI use, several large technology-based companies have included disclosures in their 10-K filings that outline how AI models currently impact business operations and their potential impact in the future.

Points to Ponder

- Is there a crisis response plan in place?
- What AI program performance reporting is disseminated to stakeholders and to the public?
- Do executives and oversight bodies within the organization receive relevant performance information around AI programs?

Implementation roadmap



Day 2 Layout

Call to action: Five next steps to consider based on the COSO ERM Framework

Use the COSO framework and underlying components and principles to establish a trustworthy AI program. Here's how to get started:

1. Establish governance structure for AI program.

Determine when and how the organization will use AI and define the purpose and objectives of proposed AI initiatives. This includes evaluating applicable ethical considerations. Bring various AI initiatives across your organization under an overall AI program and a governance structure providing visibility to senior management and board of directors. Identify a senior executive to lead your AI program and provide risk and performance oversight.

2. Get an AI risk strategy together. Collaborate with stakeholders to draft an organization-wide strategy to manage the strategic, technical, regulatory, and operational risks of AI. Ensure that your organization has the AI technical experience to execute the AI risk strategy. The strategy should define roles, responsibilities, controls, and mitigation procedures.

3. Take the initiative with AI risk assessment. For each AI model your organization uses, gauge the potential impact of suboptimal strategic outcomes, operational failures, or bias. Also, evaluate how the algorithm manages and uses data and whether it introduces any unintended bias. For business processes that integrate with AI, look for vulnerabilities and see how likely they are to occur, then record known risks and corresponding controls.

4. Develop a portfolio view of risks and opportunities for AI initiatives.

Chief Risk Officer and AI leader can work together to proactively review AI models for risks pertaining to bias, tampering, and model malfunction. They should report a portfolio view of AI risks to senior executives and board of directors for awareness and decision-making support.

5. Lay out an approach to manage AI risks and report to stakeholders for transparency.

This includes evaluating risk-reward trade-offs for AI initiatives and resource allocation. Consider assembling a team of AI model risk experts to offer leading practices, objectivity, and risk response methodologies. Establish key performance and risk metrics to measure goals such as efficacy, fairness, and transparency of each model. For each metric, set thresholds that would trigger off-cycle model reviews and corrective actions. Develop reporting dashboards for executives and boards of directors, as well as disclose AI performance and risk management actions to external stakeholders for awareness.

AI GOVERNANCE & RISK MANAGEMENT PROJECT PLAN

Roadmap for building a responsible, trusted and value-driven AI capability

	SHORT TERM (0 – 6 MONTHS) Build the Foundation				MEDIUM TERM (6 – 18 MONTHS) Scale & Integrate				LONG TERM (18 – 36+ MONTHS) Optimize & Transform			
OBJECTIVES	- Establish AI governance foundation and policies - Identify and assess AI use cases and risks - Build initial capabilities and awareness				- Embed governance and controls into AI lifecycle - Scale AI responsibly across priority areas - Improve measurement and monitoring				- Drive enterprise-wide AI value and innovation - Continuously optimize risk, ethics and performance - Achieve AI-driven business transformation			
KEY INITIATIVES	Establish AI Governance Framework	Identify & Assess AI Risks and Use Cases	Develop AI Policies & Guidelines	Awareness & Training Kickoff	Integrate Controls into AI Lifecycle	Implement Risk Monitoring & Reporting	Improve Data Governance & Quality	Scale Priority AI Use Cases Responsibly	Optimize & Automate Governance with AI	Foster Responsible AI Innovation Culture	Enterprise AI Transformation at Scale	Continuous Improvement & Assurance
GOVERNANCE & ORGANIZATION	- Form AI Governance Committee - Define roles: AI Owner, Risk Owner, Model Owner - Establish RACI and escalation pathways				- Operationalize AI governance structure - Expand cross-functional AI working groups - Strengthen 3 Lines of Defense model				- Mature governance with centers of excellence - Align incentives and performance management - Engage ecosystem partners and regulators			
PROCESSES & CONTROLS	- Define AI lifecycle and risk assessment process - Establish model risk management basics - Create initial control catalog				- Embed controls in development & deployment - Implement validation, testing and monitoring - Incident management and model reviews				- Continuous monitoring and adaptive controls - Independent assurance and audits - Scenario testing and stress testing for AI			
TECHNOLOGY & DATA	- Inventory AI systems, tools and data - Establish data classification and handling rules - Select initial tools for risk and model management				- Build model registry and inventory - Implement monitoring and explainability tools - Improve data quality, lineage and access controls				- AI governance platform with automation - Advanced analytics for risk and performance - Secure, scalable AI and data architecture			
PEOPLE & CULTURE	- AI literacy for leaders and key teams - Define responsible AI principles - Communicate vision and expectations				- Role-based training and certifications - Embed ethics and responsible AI in culture - Drive collaboration across business & IT				- Build AI talent and centers of excellence - Recognize and reward responsible innovation - External transparency and stakeholder trust			
VALUE & METRICS	KPIs % of high-risk AI use cases assessed % policies approved and communicated # of people trained				KPIs % AI models in inventory with risk rating % models with monitoring in production # incidents detected and resolved				KPIs - AI-driven revenue / cost impact % controls automated - Stakeholder trust / confidence score			
DELIVERABLES	AI Governance Framework	Risk Register & Use Case Inventory	AI Policy & Standards	Training Program Launched	Model Inventory & Registry	Monitoring & Reporting Dashboard	Controls Operationalized	Priority AI Use Cases Scaled	Automated Governance Platform	AI Center of Excellence	Enterprise AI Value Realized	Continuous Assurance Program

ESG GOVERNANCE & RISK MANAGEMENT PROJECT PLAN

Roadmap for building a responsible, transparent and value-driven ESG capability

	SHORT TERM (0 – 6 MONTHS) Build the Foundation				MEDIUM TERM (6 – 18 MONTHS) Scale & Integrate				LONG TERM (18 – 36+ MONTHS) Optimize & Transform			
OBJECTIVES	Establish ESG governance foundation and policies Identify and assess ESG risks and opportunities Build initial capabilities and awareness				Embed ESG governance and risk processes Integrate ESG into strategy, operations and reporting Improve measurement, data quality and assurance				Drive enterprise-wide ESG value and impact Continuously optimize ESG performance Achieve leadership in sustainability and resilience			
KEY INITIATIVES	Establish ESG Governance Framework	Identify & Assess ESG Risks & Opportunities	Develop ESG Policies & Guidelines	Awareness & Training Kickoff	Integrate ESG into Strategy & Decision Making	Implement ESG Risk Management Processes	Improve ESG Data Governance & Quality	Enhance ESG Reporting & Disclosure	Optimize ESG Performance & Targets	Drive Sustainable Innovation & Value Creation	Engage Stakeholders & Strengthen Partnerships	Continuous Improvement & Assurance
GOVERNANCE & ORGANIZATION	Form ESG Steering Committee Define roles: ESG Owner, Risk Owner, Data Owner Establish escalation and reporting structure				Operationalize ESG governance structure Establish cross-functional ESG working groups Strengthen 3 Lines of Defense model for ESG				Mature governance with centers of excellence Align incentives and performance management Engage ecosystem partners and regulators			
PROCESSES & CONTROLS	Define ESG risk assessment and prioritization process Establish materiality assessment process Create initial control framework				Integrate ESG risks into enterprise risk management Implement controls, monitoring and testing Incident management and remediation process				Continuous monitoring and adaptive controls Independent assurance and audits Scenario planning and stress testing for ESG risks			
DATA & TECHNOLOGY	Inventory ESG data sources and systems Define data requirements and standards Select initial tools and dashboards				Build ESG data architecture and systems Automate data collection and validation Improve data quality, lineage and traceability				Advanced analytics for insights and forecasting Integrated ESG platform with automation Leverage technology for transparency and efficiency			
PEOPLE & CULTURE	Build ESG awareness across the organization Provide role-specific training Communicate values and expectations				Embed ESG in performance management Develop ESG competencies and leadership Promote collaboration and accountability				Build a culture of sustainability and purpose Recognize and reward ESG leadership Embed continuous learning and innovation			
VALUE & METRICS	KPIs Material ESG risks identified and assessed ESG policies approved and communicated % employees trained on ESG Baseline ESG data and reporting established				KPIs % ESG risks with controls implemented ESG metrics integrated into management reporting Data quality score and timeliness Reduction in high-priority ESG risks				KPIs Improvement in ESG performance scores ESG-linked value creation and cost savings Stakeholder trust and satisfaction Progress against long-term ESG targets			
DELIVERABLES	ESG Governance Framework	ESG Risk Register	ESG Policy & Standards	Training Program Launched	ESG Risk Management Process	ESG Data Dashboard	ESG Report (Internal & External)	Control Testing Reports	ESG Performance Scorecard	Sustainability Strategy Updated	Stakeholder Engagement Program	Assurance Reports & Improvement Plan

Questions?



Deon van der Westhuizen

Governance | Risk | Combined Assurance | ESG now | Supply Chain
Sustainability



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