

Telkom SA SOC Ltd

Business Code of Ethics

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Table of Contents

- 1. PURPOSE AND USE OF BUSINESS CODE OF ETHICS.....4
- 2. SCOPE.....4
- 3. TELKOM'S CORE VALUES AND ETHICAL BUSINESS CONDUCT4
- 4. REFERENCE DOCUMENTATION4
- 4.1 Applicable Documentation4
- 5. DEFINITIONS.....5
- 6. ABBREVIATIONS.....5
- 7. PRINCIPLES GOVERNING ETHICAL CONDUCT6
- 8. ETHICAL DECISION MAKING CHECKLIST.....6
- 9. SUPPLEMENTARY POLICIES.....6
- 9.1 Conflict of Interest Policy6
- 9.2 Share Dealing Policy7
- 9.3 Gift and Entertainment Policy7
- 9.4 Prevention of Fraud and Corruption Policy8
- 9.5 Whistle Blowing Policy8
- 9.6 Prevention against Sexual Harassment Policy.....8
- 9.7 Prevention against Discrimination Policy9
- 10. CONFIDENTIALITY AND THE PROTECTION OF TELKOM INFORMATION AND ASSETS.....9
- 11. PERSONAL RESPONSIBILITY10
- 12. ANNUAL COMPLIANCE.....10
- 13. ETHICS LINE10
- 14. CONTRAVENTION OF THE BUSINESS CODE OF ETHICS.....10
- 15. REVIEW11
- 16. MONITORING AND REPORTING.....11
- 17. APPENDIX A - DOCUMENT INFORMATION.....12
- 17.1 Stakeholders List (to be populated based on RACI).....12

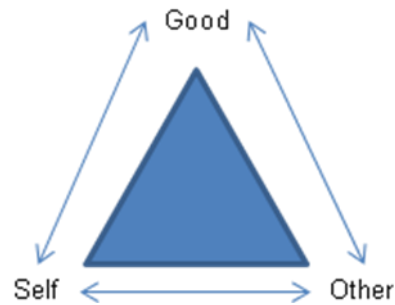
Dear Fellow Colleagues

Telkom is committed to the highest ethical standards in conducting its business.

Ethics is the foundation of Corporate Governance. Our ethical values and principles reflect our belief that our conduct in doing business should be honest.

Ethics refers to what is good or right in human interaction. Meaning what is good for one but also good for others.

Ethics is the balance between =



(Rossouw, D. & Van Vuuren, L. 2004. *Business Ethics* (4rd edition). Cape Town: Oxford University Press, p.5.)

Telkom is committed to conducting its business in an ethical manner and to be an ethical responsible corporate citizen.

Our Business Code of Ethics (BCOE) sets out Telkom's standards for ethical behaviour.

This BCOE and the supplementary policies provide a guide to each and every one of us on how we should conduct ourselves as well as interact with fellow employees, our stakeholders and the public in general.

I personally commit to the standards outlined in this Code of Ethics and urge every employee of Telkom to read and understand the behaviour expected from him/her.

Yours sincerely



Jabu Mabuza
Chairman of the Board of Telkom SA SOC LTD



Sipho Maseko
Group Chief Executive Officer

1. PURPOSE AND USE OF BUSINESS CODE OF ETHICS

The purpose of this Business Code of Ethics (BCOE) is to promote ethical behaviour in Telkom.

This Business Code of Ethics (BCOE) will assist Telkom Employees to understand Telkom's values and standards for personal and professional behaviour and will provide clear parameters about acceptable principles within which Employees are empowered to make decisions and act. This Code applies to the Directors and all Employees. It is the responsibility of each person, to whom this Code applies, to ensure that ethical decision making becomes part of their daily actions and dealings.

2. SCOPE

- a. Telkom, as a listed entity on the JSE, subscribes to the principles of the King III Report on Corporate Governance, which principles are set out in this BCOE.
- b. The BCOE with the supplementing policies, as listed below, must be read as a whole.

3. TELKOM'S CORE VALUES AND ETHICAL BUSINESS CONDUCT

Telkom's values form the foundation of the BCOE. Telkom has five core values namely:

C ontinuous Improvement: Listen, act, learn, innovate

H onesty: Be real, be open, be truthful.

A ccountability: If it's to be, it's up to me.

R espect: Ensure dignity to all. Protect the environment.

T eamwork: Together we win.

More information on the Telkom culture revitalisation can be accessed via the following link.

<http://www.hr.webfarm.telkom.co.za/HR/cultrans/defaultculture.asp>

One of Telkom's keys to future success is to build a high-performance, values-driven culture, since the culture of an organisation is one of the principle sources of its competitive advantage and brand differentiation. Telkom is committed to conduct its business in an ethical manner based on its core values and acceptable principles.

4. REFERENCE DOCUMENTATION

4.1 Applicable Documentation

- Conflict of Interest Policy ([TKG-000159](#))
- Share Dealing Policy ([TKG-000163](#))
- Gift and Entertainment Policy ([TKG-000147](#))
- Prevention of Fraud and Corruption Policy ([TKG-000146](#))
- Whistle Blowing Policy ([TKG-000007](#))

- Prohibition of Sexual Harassment Policy ([TKG-000161](#))
- Prohibition of Unfair Discrimination and Harassment Policy ([TKG-000162](#))
- Telkom Delegation of Authority ([TKG-000005](#))
- Group Media Policy ([TKG-000245](#))
- The Protection of Constitutional Democracy against Terrorist and Related Activities Policy (TKG-000356)

5. DEFINITIONS

Company:	Telkom SA SOC Limited.
Code of Ethics	Code of Ethics is the integration of the set of Telkom Values and the rules (policies) that govern our conduct.
Conflict of interest	Conflict of interest means a person's private interest interferes or is perceived to interfere in any way with the interests of the Company or group.
Director	Any person occupying a position of director or alternate on the Telkom board – and / or non-Executive directors
Employee:	Any permanent, temporary and contract employees who in terms of their employment contract, are employed by Telkom and are reflected on the official Telkom Employee Data System (SAP)
Ethics	Ethics is concerned with that which is right and / or wrong, and should guide human conduct regarding whether an action is right or wrong, a motive is good or bad, an outcome is desirable or undesirable.
Stakeholder:	Shareholders and non-shareholders who have a direct economic interest in the acts of the business (e.g. directors, management, employees, creditors) or who have an indirect interest in the company, which relates to social and environmental issues (e.g. public at large, and the community that the company forms part of).
Telkom	Means Telkom SA SOC Ltd, a public company duly incorporated under the laws of South Africa listed on the JSE with registration number 1991/005476/30, with registered address at 61 Oak Avenue Highveld, Pretoria, 0002, South Africa.
Unethical behaviour	Unethical behaviour means behaviour or business practice that is not in line with the Telkom values and underlying policies and principles of good governance.
Values	Values are norms or standards for right, good and fair conduct. They are underlying beliefs held by people or an organisation about the way life should be lived and / or business conducted.

6. ABBREVIATIONS

Abbreviation	Description
BCOE	Business Code of Ethics
BOD	Board of Directors
CEO	Chief Executive Officer
CFPT	Cross-Functional Purchasing Team
CST	Category Sourcing Team
PC	Procurement Council
SME	Subject Matter Expert
TARPS	Telkom Asset and Revenue Protection Services

7. PRINCIPLES GOVERNING ETHICAL CONDUCT

Ethics (or integrity) is the foundation of, and reason for, corporate governance. The underlying principles governing ethical conduct and underpinning good corporate governance include:

- a. Responsibility
- b. Accountability
- c. Fairness
- d. Transparency

As a guideline these principles must be considered when deciding on ethical issues.

Obedying the law, both in letter and in spirit, is the foundation on which Telkom's ethical standards are built. All Employees must respect and obey the laws and regulations in which we operate. Although Employees are not expected to know the details of each of these laws and regulations, it is important to know enough to determine when to seek advice from supervisors, managers or other appropriate personnel.

8. ETHICAL DECISION MAKING CHECKLIST

Ethical choices present themselves to us on a daily basis. In some instances we are faced with an ethical dilemma. It is then useful to consider the following questions before you make such a decision.

- a. Is it legal?
- b. Does my organisation's BCOE or other Telkom policy allow it?
- c. Do my professional standards allow it?
- d. What would my ethical role-model do?
- e. How would it look on the front page of tomorrow's newspaper?
- f. Does my conscience or immediate feeling(s) approve of it?
- g. Would I be comfortable sharing my decision(s) with my closest family?
- h. Does my decision(s) comply with the Golden Rule-"do unto others as you would want them to do to you"?

If you are uncomfortable with your answer(s) to any of the questions above, you should first discuss the actions you consider taking with your line manager. If you are still uncomfortable then you should contact the Ethics Office, which can be reached telephonically or by e-mail to ethics@telkom.co.za for further guidance.

9. SUPPLEMENTARY POLICIES

To ensure that the BCOE does not become a cumbersome document - some of the issues are captured in separate supplementary policies. These policies are supporting the BCOE and must be read as a whole and not in isolation. These policies include:

9.1 Conflict of Interest Policy

This policy serves as a guide to identify when a conflict of interest exists, how to disclose a conflict and how to mitigate the conflict. In terms of the King III Report on Governance, the BOD should act in the best interest of the Company and ensure that any conflict of interest is disclosed and managed. The interest of the Company should take precedence over ones personal interest. As a result, conflict of interest should be disclosed timeously.

Each Employee has a common law duty to act in the best interest of the Company with the necessary care, skill and diligence.

Through this policy the objective of maintaining integrity and transparency during all interactions and / or business decisions, must be enforced. For more information regarding the Conflict of Interest policy refer to TKG-000159.

9.2 Share Dealing Policy

Dealing in the Company's Securities or encouraging or causing another person to deal or discourage or stop another person from dealing in the Company's Securities while in possession of or having access to Inside Information or the disclosure of Inside Information to another is prohibited by South African law. The Company has adopted this policy to assist the Company and Insiders to avoid the severe consequences associated with violations of insider trading law. This Policy provides guidelines to Insiders with respect to Transactions in the Company's Securities.

The purpose of this policy is to regulate the trading of securities, financial and tradable instruments during closed and cautionary periods directly or indirectly by including but not limited to shareholders, directors, employees and trading partners of the Telkom Group.

The Security Services Act 36 of 2004 regulates insider trading matters.

For more information regarding the Share Dealing policy refer to TKG-000163.

9.3 Gift and Entertainment Policy

Telkom recognises in executing its business, Employees may be required to accept and / or offer gifts and business courtesies as a means of gratitude or cultural diplomacy. It is the object of this policy to engage in business based on the principles of service delivery excellence and to avoid any impropriety in the acceptance, receipt and / or offering of business courtesies.

This policy explains the general principles and guidelines for accepting and offering business courtesies, which includes gifts. It is also applicable to all Employees and their immediate family members.

By ensuring that this policy is implemented, Telkom will be able to:

- a. Ensure business decisions are made freely and objectively.
- b. Maintain open, honest and unbiased relationships with stakeholders.
- c. Allow, where appropriate, the receiving, accepting and / or offering of business courtesies.
- d. Protect Employees from misplaced charges of conflict of interest or corruption by providing a mechanism for the acceptance, receipt, offering and giving of business courtesies by Employees.
- e. Avoid any unjustified perception of bias or self-interest by Employees acting in situations where Telkom has approved the acceptance, receipt, and offering of business courtesies by Employees.

For more information regarding the Gift and Entertainment policy refer to TKG-000147.

9.4 Prevention of Fraud and Corruption Policy

Telkom promotes an organizational culture that is committed to certain core values, the highest level of honesty and ethical dealings.

This policy applies to any fraudulent or corrupt activity, or suspected fraudulent or corrupt activity involving Telkom Employees, Telkom BOD, consultants, representatives, sales agents, contractors, supplier, brokers any other third parties acting on Telkom's behalf and its subsidiaries (collectively referred to as "Telkom").

Telkom's policy on fraud and corrupt activity is one of zero tolerance. Therefore, Telkom will investigate all reported suspected acts of fraud and / or corruption and will deal fairly with all parties in this regard. Where a corrupt activity or fraud is suspected, and there is prima facie evidence, Telkom will apply appropriate sanctions and may refer the matter to the relevant law enforcement agencies, such as the South African Police Services (SAPS), to institute criminal proceedings.

This policy ensures that Employees are aware of its responsibilities for identifying possible areas of exposure to fraudulent and corrupt activities and for establishing controls and procedures to prevent such activity.

For more information regarding the Prevention of Fraud and Corruption policy refer to TKG-000146.

9.5 Whistle Blowing Policy

Telkom has a zero-tolerance policy regarding unethical behaviour, fraud and / or corrupt activities and it is the duty of every Employee to disclose information relating to any fraudulent conduct as well as unethical behaviour.

To blow the whistle on someone is to alert a third party that someone has done, or is doing, something wrong. By blowing the whistle you alert the Company to the fact that it and / or its stakeholders are being wrongfully harmed, or that they are at risk.

The purpose of the Whistle Blowing policy is to provide guidelines and procedures for whistle blowing to assure the reporting of wrong doings is a protected disclosure, to protect the Whistle Blower, who is acting in good faith and in the interest of the Company, from any unfair treatment as a result of making such disclosures, and / or being reported on.

For more information regarding the Whistle Blowing policy refer to TKG-000007.

9.6 Prevention against Sexual Harassment Policy

In order to ensure a productive and pleasant working environment, it is important that Employees maintain a workplace characterised by mutual respect. Accordingly, sexual harassment will not be tolerated, condoned, or allowed, whether engaged by peers, supervisors or management.

This policy is written to prevent sexual harassment in the workplace and to provide appropriate procedures to deal with sexual harassment incidents. The policy endeavours to create a workplace that is free of sexual harassment, where the employer and the employees respect one another's integrity, dignity, privacy and right to equity in the workplace.

Employees who engage in such behaviour will be subject to disciplinary action, which may lead to dismissal. Sexual harassment is prohibited both at the workplace and elsewhere in the course of the employee's employment responsibilities or working relations. Management is responsible for ensuring that the work environment is free from sexual harassment. All sexual harassment complaints and actions of whatever nature related to such complaints are confidential and subject to the requirements of this policy.

For more information regarding the Prevention against Sexual harassment policy refer to TKG-000161.

9.7 Prevention against Discrimination Policy

Telkom is committed to the prevention and elimination of any form of unfair discrimination and harassment. This includes any unfair discriminatory action or threats that interfere with the rights of any individual or group on account of race, gender, sex, pregnancy, marital status, family responsibility, ethnic or social origin, color, sexual orientation, HIV Aids status, age, disability, religion, conscience, belief, political opinion, culture language or birth.

Telkom values its people and their diversity therefore the Company is committed to provide a work environment that is conducive and free from any unfair discrimination and harassment.

The purpose of this policy is to prevent and prohibit any form of unfair discrimination and harassment in the workplace and provide appropriate procedures when dealing with matters and complaints of unfair discrimination and harassment by both employees and customers of the Company.

For more information regarding the Prevention against Discrimination policy refer to TKG-000162.

10. CONFIDENTIALITY AND THE PROTECTION OF TELKOM INFORMATION AND ASSETS

Employees must maintain the confidentiality of proprietary information entrusted to them by Telkom, subject to all relevant Telkom Record Management on other applicable Policies. The unauthorised disclosure of Telkom Information may be harmful to Telkom's reputation and / or business.

Much of the information used in Telkom's business activities is by its nature proprietary. The information developed by Telkom is a valuable business asset and must be protected, preserved, and used only for Telkom purposes.

During dealings with suppliers and prospective suppliers, information of a proprietary nature must not be disclosed unless appropriate approval is obtained.

Customer information and information about our Employees are regarded as confidential and may not be disclosed unless when directed by a court, or in terms of any applicable law, or unless appropriate approval is obtained.

Non-disclosure agreements are used to control the release of information. These agreements are unique types of agreements used in specific instances additional to the annual compliance required on Non-disclosure on the SAP system. These agreements control the disclosure of information from one or both parties, usually in the absence of another agreement governing disclosure. Copies of approved non-disclosure agreements are available from the Procurement Services website. The concluding of these agreements is subject to the provisions of the Telkom Delegation of Authority.

It is every Employee's duty to act in the best interest of Telkom and not to disclose proprietary Telkom information to third parties, unless appropriately approved. It is each Employee's responsibility to do an annual compliance on Non-disclosure on the SAP system.

Employees are further required to protect Telkom property and assets against loss, damage, misuse, waste and theft. Telkom assets are only to be used for lawful business purposes.

11. PERSONAL RESPONSIBILITY

All employees must commit themselves to the following responsibilities:

- a. Familiarising themselves with the Business Code of Ethics according to which Telkom business should be conducted.
- b. Abiding by the behaviour embodied in Telkom's Core values and in the Business Code of Ethics.
- c. Keeping a copy of the code for personal reference.
- d. Reporting any changes in their declaration of interest status to their line managers. The onus is on the Employee to complete a new Declaration of Interest form on an annual basis and / or when any changes occur.
- e. Seeking advice and information from their line managers whenever necessary.
- f. Reporting violations or suspected violations of the Business Code of Ethics up through the chain of command.
- g. Every employee is bound by the Business Code of Ethics.

12. ANNUAL COMPLIANCE

Employees must sign a commitment form of acceptance of the BCOE at appointment and annually at the commencement of each financial year, thereafter. This process can be automated to allow for the commitment to be done via the SAP Portal.

13. ETHICS LINE

The Ethics Office is available to all Employees who wish to obtain guidance in dealing with ethical dilemmas. All scenarios must be factual and not based on office gossip / rumour and / or malicious opinion.

The Ethics Office is operated by a specialist. All interaction (whether by phone, e-mail or other route) is fully confidential and can be anonymous if preferred.

14. CONTRAVENTION OF THE BUSINESS CODE OF ETHICS

Any Employee and / or Director that violates and or refuses to abide by this BCOE shall be required to explain such violation and or refusal. Non-compliance or transgression of the BCOE may result in disciplinary action, up to and including dismissal. A claim of ignorance as to the existence and / or application of this code shall not be grounds for justification of non-compliance.

All suspected incidents of contravention of this policy should be reported to the Employee's:

- a. Promoter, or
- b. The Telkom Ethics Office, which can be reached telephonically or by e-mail at the Ethics mailbox, to ethics@telkom.co.za.

- c. Local Human Resources or Employee Relations officer,
- d. Telkom's Asset and Revenue Protection Services (TARPS), either by calling the Crime Centre at 0800 124 000 or sending an email to CrimeCC@telkom.co.za or by completing a report form on the TARP website at:
<http://www.tarps.webfarm.telkom.co.za/TOnlineForm.aspx>

15. REVIEW

This Code will be reviewed annually to comply with changes in applicable legislation or Telkom administrative rules, and / or to enhance its effectiveness. Furthermore, ad-hoc changes and improvements will be made as and when they are identified.

Telkom reserves the right to amend this Business Code of Ethics and / or any of the supplementary policies covered.

16. MONITORING AND REPORTING

Employees must comply with the reporting requirements and line management must ensure and promote compliance to the BCOE.

Non compliance to the BCOE may lead to disciplinary and or civil action if required.

17. APPENDIX A - DOCUMENT INFORMATION**17.1 Stakeholders List (to be populated based on RACI)**

Name	Title	Category of Stakeholder (Refer to Note Below)
	Telkom Board of Directors	A
Ephy Motlhamme	Group Company Secretary	C
Anton Klopper	Group Executive: Legal Services	C
	Telkom Social Ethics and Sustainability Council	C
	Telkom Executive Committee	A
	Ethics Office	R
	All Telkom Employees	I

NOTE

Categories of level of responsibility as determined in ITSD-OSS-000009.

R	Document Author	Name must appear as the author of the document
A	Accountable	Name must appear as an authorizer in the document
C	Must be consulted	Individuals to review the policy prior to submission for approval
I	Must be informed	Name must appear in the Distribution List of the document