

Social and ethics committee report

My responsibility as chairman of Telkom's social and ethics committee is to report on the matters within this committee's mandate for the period ended 31 March 2016, in accordance with the requirements of the Companies Act (71 of 2008, as amended).

The committee's duties include:

- monitoring the social, economic, employment and environmental activities of the group
- assisting the board in assessing certain aspects of governance, applicable to the committee's function and terms of reference
- bringing matters relating to these activities to the attention of the board when appropriate
- ensuring Telkom is and remains a socially committed corporate citizen
- reporting annually to stakeholders.

The committee met three times during the year. At these meetings we reviewed the quarterly reporting presented to us on:

- ethics management and specifically compulsory ethics on line training introduced for all employees
- sponsorships, including the company policy on the funding to political parties
- the employment equity plan to address ongoing changes to the workforce. this includes reviewing the progress against the numerical goals and progress on the implementation of each affirmative action measure
- reports related to the FutureMakers programme, which represents the enterprise development strategy in preparation for the Revised Codes of Good Practice.
- the Telkom foundation and the new focused strategy around education
- sustainability matters related to:
 - energy management and energy target setting, with Telkom's use of alternative energy resources such as solar, gas and a back-up system at the Telkom office park, with the construction of the Telkom Park energy farm
 - B-BBEE verification
 - skills development and the proposed strategy to be implemented in line with the revised Codes of Good Practice to ensure a skills pipeline that meets Telkom's long-term resourcing requirements, contribute to closing skills gaps in the ICT sector and to enable broader economic inclusion and consequent participation in South Africa's digital economy.

Conclusion

Telkom's commitment to meeting its environmental, social and governance responsibilities was recognised by it qualifying as a constituent of the FTSE/JSE Responsible Investment Index in 2015. The Index measures environmental, social and governance performance.

The group has suitable policies and frameworks in place to sustain its commitment to social and economic development, fair labour practices, environmental responsibility and good corporate citizenship.

There has been no material non-compliance with legislation or regulations or non-adherence to codes of best practice in areas within the committee's mandate during the year under review.

This committee is accountable to the Telkom board and reports, through its chairman, to shareholders at the group's annual general meeting regarding matters within its mandate.

Khanyisile Kweyama

Chairman of the social and ethics committee

11 July 2016

