Telkom Group
Foundation Annual Report **2010 – 2011**

Connecting
human potential every second of the day

Why the Telkom Foundation?

The Telkom Foundation was established in 1998 with a primary objective of contributing to the transformation of disadvantaged communities through sustainable programmes. The Trust does this through supporting mainly education programmes especially at Foundation level. Telkom continually strives towards maintaining its status as a good corporate citizen.

What does good corporate citizenship mean?

Corporate citizenship is the deliberate inclusion of public interest into corporate decision-making and the honouring of triple bottom line – environmental, social and financial – principles.

The goal of corporate citizenship at Telkom is to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities and all other members of the public sphere.

Corporate social investment is a critical component of corporate citizenship i.e. focusing on education and business skills development to accelerate growth, create employment and encourage economic contribution by communities that were previously disadvantaged.

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"…yet again, through our activities we made a meaningful impact in terms of creating a better life for those our funded projects have touched."

Ouma Rasethaba
Chairperson

The Telkom Foundation Chairperson reflects on the year

The Telkom Foundation's primary aim is to improve the lives of the communities the Telkom Group operates in through a range of programmes which, over the past 13 years have been focused on education, economic development and welfare.

I use the term 'have been' advisedly as, from the next financial year we are embarking on a bold new strategy but more of that elsewhere in this report.

I am delighted to state that, yet again, through our activities we made a meaningful impact in terms of creating a better life for those our funded projects have touched. For example, the first matriculants from our Beacon Of Hope project will graduate at the end of 2011. Then, some 500 schools have been provided with ADSL connectivity and more than 150 schools in the deepest rural areas now have satellite connection.

Maths, science and technology are other areas where the Foundation has made an impact. In addition to the donation of ICT equipment to schools across the country, 45 schools in five provinces received mobile science laboratories and libraries, and the list goes on.

We must also not forget to acknowledge the role our employees have played in our Giving From The Heart and Adopt-A-Project initiatives. You can read about these on page 21.

The full details of our activities are outlined elsewhere in this report. In conclusion, my grateful thanks to the Foundation's trustees for their sterling support and to the Foundation's employees who work tirelessly to ensure we achieve our objectives.

Ouma Rasethaba
Chairperson

Some of the beneficiaries from Forte High School in Soweto

"…Foundation decided to play its part by developing young children through numeracy and skills programmes at early childhood development level."

Sarah Mthintso
Head of Telkom Foundation

Head of the Telkom Foundation's report

1. Take us through what the Foundation is about and what you have been doing over the years

   Our Foundation is a Trust governed by the Trust deed. Since inception we have been involved in a range of projects that seek to uplift the lives of poor communities through constructive initiatives. In this year we have worked with communities across the country through providing them with resources to address challenges they face as communities. I am pleased to say that last year alone, we assisted more than 20 welfare organisations and provided schools with educational tools to improve the quality of teaching and learning. These are organisations that are located on the ground to specifically respond to challenges faced by communities they serve. We also assisted eight (8) organisations in economic development, as it our belief that investing in skills upliftment and skills development, increases opportunities for job creation, a priority for government. It is therefore our role to ensure that we work side by side with government to ensure that our programmes serve to enhance their delivery in areas that, as Telkom, we are able to touch.

2. What are the priority areas for delivery for the Foundation and what projects have you implemented in the previous financial year?

   Our priority as a Foundation is to contribute towards the development of the needy in ways that we can. ICT is our core business and we have used this competency to contribute to broader society. Through working with Telkom, we have to date been able to connect approximately 1 775 schools countrywide, using a range of technologies. In areas where there is no connectivity mainly due to lack of physical infrastructure, we have managed to connect these schools through satellite connection. We have the following schools connected through our Foundation:

School connectivity

- Western Cape – schools connected through ADSL are around 150
- Schools – approximately 500 schools connected through ADSL, VSAT and through 8•ta
- 45 additional schools across five provinces through 8•ta.
- Molteno – Libraries and labs as well as mobile labs – 125 schools

Childline and Lifeline

Every day thousands of children in South Africa are abused and denied their right to a healthy, happy childhood. The Telkom Foundation realises that protecting these vulnerable children is a tough job and is committed to making it easier for these young citizens to find the help and support they need.

One way the Foundation is doing this is through an on-going partnership with Childline SA – a well-known non-profit organisation that is dedicated to protecting children from violence and championing their rights within our society.

Childline SA services can be accessed in many ways, but the main way is through the Childline call-in facility. This toll-free number is sponsored by Telkom SA to make sure that children all over the country have easy and reliable AND free access to help and support when they need it.

Joan van Niekerk, National Co-ordinator of Childline SA, said the Telkom Foundation's support over the years has been critically important to the organisation's success. "Without the Foundation's sponsorship of our call-in service we would not be able to offer our free telephone service to children. The Foundation's support has effectively helped to save the lives of many children and they should be very proud of their involvement with Childline SA," said Van Niekerk.

Childline SA is fully reliant on such sponsorships and donations to keep providing this valuable and much-needed service and the Foundation will continue to nurture this important partnership in the years ahead to ensure that South Africa's vulnerable children are not left without a voice.

Welfare: HIV and AIDS

In support of the fight against HIV/AIDS, Telkom celebrated HIV and AIDS Day at Thola-U home-based care and training centre located in the province of Mpumalanga.

A donation of R500 000 was made on the 1st of December 2010 by the Telkom Foundation team accompanied by volunteers from Telkom SA. The donation was to help out with equipment, healthy meals, medication counselling and the general maintenance of the centre.

Economic development

The aim of the Economic Development focus area was to transform disadvantaged communities through skills development, job creation and empowerment. The following projects were funded in the 2010/2011 financial year under Economic Development:

- Teach South Africa.
- Ikageng Bakery in the Free State.
- Zebra Arts and Crafts in the Northern Cape.
- Salitig Training College in Limpopo.
- Star Strider in Gauteng.
- Vezokuhle Youth Development Organisation in Eastern Cape.
- Boiteko Special School in Gauteng: The school trains learners with disabilities.
- University of Johannesburg in Gauteng.

Head of the Telkom Foundation's report

3. Are you working with government to deliver and if so, what projects have you partnered with government on?

   As the Foundation, we continuously work alongside government in particular, the Department of Education, the Department of Communications as well as the Department of Social Development are key to the work we do with communities.

   Examples:

   - In support of efforts towards improved numeracy and literacy we provided mobile libraries and science labs.
   - Support initiatives supported by the Provincial Departments of Welfare and Social Services such as Lethabong Labana Community Project, Iteko Special School, Sakhi Sizwe AIDS Care Initiative, Banakeleleni, Agape Foundation etc.

4. By March 2011 Telkom had 23 000 employees across the country. How are they involved?

   The Telkom staff is an extension of the Foundation's capacity to deliver to communities. We encourage our staff to avail themselves in many ways especially in key projects driven by the Foundation. We also provide them with an opportunity to identify a project of their choice and give through time and money, and whatever they give, Telkom matches to encourage more giving.

   Through our Giving From The Heart programme, employees are given an opportunity to contribute and touch the lives of those we work with. An example of this is Solomon Mahlangu High. Telkom Foundation donated their computer labs with internet access, also assisted paving, painting, cleaning and motivation for the students.

   Our executives are also encouraged to avail themselves to communities. Each managing executive (the Top 25) are given an amount of R100 000 to donate to a charity of their choice. Our executives have used their contributions in various ways. Some have opted to provide needy schools with ICT equipment like in the case of Banarang Primary School whilst some have opted to donate clothing, food and blankets to the needy, as in the case of The Ray of Hope Children's Fund.

5. Governance of the Foundation
   We recognise that whilst we are making a difference out there, we need to ensure that our own governance is in order. As such we have tightened our policies, strategy and processes to assist in ensuring effective delivery to those we seek to touch in a meaningful way.

6. Where do we go from here?
   Our new strategy has three pillars:

   - Education
     We have decided to refocus our interventions on education, in particular the promotion on numeracy and literacy. The Department of Basic Education has been working tirelessly to identify areas of improvement. We believe that in order to make a significant contribution in our country, we have to partner with government and other corporates to improve the quality of education in this country. It is our belief that whilst efforts are being made to change, in particular our matric results, and ensure that learners are equipped to enter the market place, a lot still needs to be done to build a solid foundation at primary level. We have strengthened our focus in education to primary level to ensure that we tackle the challenge at this level with the hope of building a better society. We will still support other educational programmes and will continue strengthening our partnerships with NGOs as our vehicles for delivery on the ground. We will also continue to stimulate appetite for maths and science at all levels

     We further believe that to curb the issue of education and the crisis we face in this area, government and the private sector need to collaborate. It is critical that in the collaboration, we recognise that the best way to curb the problem is to address it at the root cause, grow the appetite at foundation levels especially in early childhood development as well as in primary levels. In that way, we are able to ensure that by the time they get to choose the subjects in higher grades, they would have developed interest in these areas.

   - Entrepreneurship
     This will also be our area of focus, to assist those that seek to grow themselves as businesses and hopefully contribute to the creation of employment through those businesses. Telkom Foundation will work with SMMEs in various ways to assist in strengthening their businesses.

   - Blue Flag
     We will continue to work in support of those who are in need of assistance especially in times of emergencies. We recognise that when tragedy strikes, victims often do not know where and who to call for assistance. The Foundation will continue supporting those in need as and when such needs arise.

Sarah Mthintso
Head of the Telkom Foundation

Trustees

Ouma Rasethaba

Advocate Ouma Rasethaba

Chairperson of the Board of Trustees

BProc, LLB and LLM. Higher Diploma in Company Law

Ouma joined Telkom SA Limited as Group Executive for Regulatory and Public Policy in February 2006. In November 2007, she was promoted to Chief of Corporate Governance. In this capacity she is responsible for ensuring overall compliance of Telkom with governance requirements. Ouma is very active in community projects and offers free legal advice to those communities. She is admitted as an attorney and an advocate in the Supreme Court of South Africa.

Iqbal Moolla

Iqbal Moolla

Appointed as Trustee on the Telkom Foundation Board in 2008

Masters in Business Leadership

Chairman of the Board's Finance, Audit and Risk Management Committee. He currently holds the position of Executive, Shared Services under Group Finance at Telkom SA Limited and is tasked with establishing a multifunctional Shared Services Centre for the company. He held positions in the Internal Audit Department of the Company where he served as Senior Manager responsible primarily for the Company's revenue audit. Iqbal has extensive experience in the financial, informational technology and commercial facets thereof.

Manelisa Mavuso

Manelisa Mavuso

A degree in Finance and Marketing from Rhodes University

Manelisa was appointed Senior Managing Executive: Consumer in 2009, and has gained vast experience as account director, Deputy MD for the Cape business and Group Business Director at Ogilvy. He has also worked as Marketing Manager at Levi Strauss. Manelisa became the Head of Marketing in August 2005 for retail banking at Nedbank. He was subsequently appointed as Divisional Director for Marketing for the Retail Division. He has overseen the increased profile of Nedbank retails product propositions in the market and has improved product sales and general relevance of Nedbank in the total market. He is now the MD: Consumer, and a member of the Board of trustees.

Thami Magazi

Thami Magazi

BSc (Business Administration) and MBA

Thami holds the position of Managing Executive in the Enterprise Division. Managing Executive: Small and Medium Business Sales with Telkom SA Limited. Before Thami joined Telkom he was a director of Fedics Botswana & Lesotho. He has vast management experience and has worked for companies such as IBM Corporation, New South Africa Management (Pty) Limited, Chemonics International Consulting, Community Bank and Divisional Sales Manager of New Age Beverages/Pepsi.

Trustees

Rebone Mabusela

Rebone Mabusela

BCom Honours, CA (SA)

Rebone holds a number of other Board positions including the Board of Hyperbola Investments (Pty) Limited and Hyperbola Ventures (Pty) Limited. She is also highly committed to corporate social investment and is one of the founders and directors of Reikantse Botlhale, a foundation which focuses on education through the provision of additional lessons to high school students and a bursary scheme for higher education for good performing students. Rebone also has an interest in a number of businesses. She is an ambitious, determined individual who is passionate about life and embraces every opportunity to make a difference in people's lives.

Letta Mosuoe

Letta Mosuoe

BA (Unisa) Higher Education Diploma, Honours BA (Unisa) Master of Arts

Sister Letta is serving in private practice providing counselling, conducting workshops on stress management and wellness programmes at the University of Pretoria as a clinical psychologist. She has vast experience working with children and communities in providing therapy and counselling.

Makole Maponya

Makole Maponya

BCom, Certificate of theory in Accountancy, Higher Diploma in Financial management, CA(SA)

Makole worked as a Portfolio Manager for Infrastructure and Development Assets at Old Mutual Investment Group SA since 2004. She serves as the Chairman of the audit committee for Women Investment Portfolio Holdings. She also serves as a non-executive director on the board of Rainprop (Pty) Limited, Sethekgo (Pty) Limited, Matola Gas Company (Mozambique) Bloemfontein Correctional Concessions (Pty) Limited and Kelvin Power Station. Makole is passionate about making a difference in people's lives and dedicates her time to helping those in need.

Introduction

Welcome to the annual report of the Telkom Foundation which provides a fairly detailed description of what we achieved in the year under review.

Since its establishment, the Foundation has become one of South Africa's leading corporate social investment bodies and it continues to contribute to the positive transformation of disadvantaged communities across the country.

In the year under review we continued to contribute to the enhancement of the Telkom Group's brand and reputation; continued to support education and training in the fields of maths, science and technology; and invested in communities where there was the greatest social need and to live the values of the Telkom Group by rendering our duties in terms of:

- Continuous improvement
- Honesty
- Accountability
- Respect
- Teamwork

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MISSION STATEMENT

- To contribute to the enhancement of Telkom's reputation and brand
- To support education and training of maths, science and technology
- To invest in communities where there is the greatest social need
- To live the values of Telkom in rendering our duties

Telkom Foundation continued to support education and training in the fields of maths, science and technology

Key focus areas for the year under review

1) **Education**
2) **Economic development**
3) **Welfare**
4) **Employee volunteerism**

Caregiver with some beneficiaries of the Tembisa Child Welfare Society

Learner using an interactive white board at Kwa-Faku Primary School

Selection and funding of projects

1) Education

The projects we support are selected in line with our drive to positively transform South Africa's disadvantaged communities. We focus on rural and semi-rural communities and have adopted four provinces to ensure our impact is meaningful. At all times it is vital that we support the national and provincial departments of education in uplifting teachers, learners, schools, curricula, tours, knowledge, skill and other educational means.

Our funded projects are run through NGOs and other institutions involved in transforming communities and all are aimed at demystifying maths, science and technology in order for us to remain focused and build capacity for quality purposes. We aim to systematically help the Department of Education in the Telkom Foundation-supported schools and convert them into e-education resource centres to improve the quality of life of both teachers and learners.

In the year under review, we spent 65% (R28 783 741) of our total donation budget of around R43 million on computer laboratories, mobile libraries, mobile science laboratories and training.

2) Economic development

This new portfolio carries on from the former Socio Economic Development programme which, in the year under review, focused on initiatives and projects that included vocational skills training and development, poverty alleviation, job creation and employability development. The rationale was, and is, to develop the skills of poor people through training and to enable disadvantaged groups to enter the mainstream economy.

The programme will focus on:

- Skills training;
- Job creation; and
- The donation of equipment and resources.

Our ultimate intention is to:

- Invest in skills development through the support of skills training; and
- Support job creation in disadvantaged communities.

As community development is not one of our core competencies, we will work with civil society to develop a systematic approach that defines and meets real needs at community level and then harnesses the appropriate skills to ensure success.

Our approach is matched by clear delivery principles and standards which must:

- Meet real needs;
- Be sustainable;
- Be aligned to government initiatives at all levels;
- Form partnerships wherever possible;
- Participate in existing local authority structures;
- Engage with co-funders for large projects; and
- Have a measurable impact.

3) Welfare

This portfolio will not be a major focus in the new financial year. However, for the record, a full report on our activities in the year under review can be found on pages 22 to 23.

Telkom staff giving of their time to communities

Key projects

For the year under review, the Telkom Foundation concentrated its efforts in the Education portfolio on ICT and the Khanya Foundation; mobile science laboratories and libraries with the Molteno Institute Language and Literacy; the Beacon of Hope learners; Sediba and Ikafeleng.

On the economic development front (skills training), we invested in six projects – Teach South Africa (Gauteng); Ikageng Bakery (Free State); Zebra Arts and Crafts (Northern Cape); Salitig Training College of South Africa (Limpopo); Star Strider (Gauteng); and the Vezokuhle Youth Development Organisation (Eastern Cape).

We supported 25 projects in total during the year along with six "Adopt A Project" initiatives which were nominated by our senior executives.

Learners from Gatang Secondary School, a school supported by Telkom Foundation

Kwa-Faku Primary School, one of the schools supported by Telkom Foundation

Education

The **Telkom** Foundation has, over the years, worked tirelessly in its **key educational focus** area of transforming disadvantaged communities through programmes aimed at demystifying **maths, science and technology**. The ultimate aim of the programmes is to build up a wider pool of maths and science literate learners to ensure a **more skilled** and innovative and productive **workforce** for the future.

Education

A key driver is the provision of mobile libraries and mobile science laboratories for selected rural schools by the Molteno Institute for Language and Literacy.

The libraries – called Willie Wagons – are mobile containers filled with various non-literature books for Grades R to 7. They help to create a reading culture and address the literacy issue in schools.

The laboratories are containers packed with test tubes, chemicals and other science equipment and are used to train teachers and raise the participation and performance of Senior Certificate learners in maths, science and technology. Each of the 25 (five per province – Limpopo. Mpumalanga, Gauteng, North West and Eastern Cape) schools received four laboratories.

Additionally, the Foundation installed and connected computers in the previous years as part of its e-Education Resource Centres project. Overall, this project consists of:

- 45 ICT schools (ICT equipment comprising 21 computers, 1 notebook, 1 projector, 1 interactive whiteboard, 1 printer – 11 tables, 21 chairs, an 8•ta 3G dongle and 24 months of 8•ta airtime for schools in Limpopo, Gauteng, North West, Eastern Cape and Mpumalanga.
- 150 schools project in the Western Cape;
- 125 mobile libraries and science laboratories;
- 140 Beacon of Hope learners;
- Supported internet access to more than 650 schools;
- The Sediba and Ikateleng Projects; and
- Ikateleng.

Learners benefit from having their own laboratory

A Wheelie Wagon Library donated to Gatang Secondary School

The 150 schools project in the Western Cape

In July 2010, the Foundation, in partnership with the provincial Department of Education, rolled out a R30 million project to extend ICT to previously disadvantaged schools across the Western Cape. The project connected 150 schools to broadband access.

This is an integrated socio-economic development programme designed to address escalating poverty levels and is under development. Its primary focus is on quality improvement in primary and secondary education and providing schools with better access to information and communication technology.

The Foundation worked with the Khanya Project in 2009 to identify the schools. The qualifying criteria were, amongst others – good leadership; good pass rates; preferably black or coloured schools; and some previous ICT knowledge and application.

Once the schools were selected, the Khanya Project team – as a coordinator – ensured each school had adequate infrastructure to support the equipment.

Three classrooms in each participating school were equipped with an internet package consisting of interactive electronic whiteboards (IEW) with projectors and laptops for the teachers.

About the Khanya Project

The Khanya Project is an initiative of the Western Cape Education Department. Established in 2001 its aim was to determine the contribution that technology could make towards addressing the increasing shortage of teachers. With many skilled teachers leaving the profession, fewer entering the system and with HIV/AIDS taking a significant toll amongst teachers, alternatives had to be found, technology being one of them.

Learners from Grassy Park Secondary school, one of the beneficiaries of the Khanya Project

How these schools benefited

Astra School

Kwa-Faku Primary School

Learners using interactive white board

Kwa-Faku Primary – Philippi East

This school which has 1 058 learners from Grade R to 7 in 24 classrooms staffed by 24 teachers made the headlines when it opened in June 2000 for its innovative colourful 'beetle' design and structure made from polystyrene. A first in Africa it created a high thermal and acoustic insulation which resulted in a quiet and pleasant learning environment.

Its principal, Mrs Maureen Figlan, says as a result of Telkom Foundation's grant, the school's Grade 7 learners achieved a 100% pass rate in 2010.

The IEW technology is used to develop spelling, listening and writing skills. One of its special features is that the software packages are available in multiple languages, a useful feature in classrooms at Kwa-Faku where the learners' home languages are English, Afrikaans and Xhosa. As part of the national curriculum foundation phase, the learners are taught in their mother tongue until Grade 4 when the curriculum switches to English.

Mrs Figlan says the teachers, who receive certificates once they have been trained, have embraced IEW with a passion and make optimal use of the new methods. An additional bonus is that there has been a drop in absenteeism as the learners "do not want to miss out".

On the downside, she says that the school has had to lock up all the IT equipment overnight and in the school holidays because of burglary and the theft of laptops. This threat is not unique to the school as high unemployment and the high use of the drug, tik, in the province, has led to drug users targeting schools with IT equipment which can be sold for cash.

Astra Special Needs School – Montana

IEW technology is so versatile that it can be used in schools catering for children with special needs. Astra has 280 learners who have a mix of physical and mental disabilities.

Grade 5 teacher, Mrs Nikki Malgas, is one of the teachers with IEW technology in her classroom. She says that in the year she has been using the equipment she has seen a shift from passive to active participation.

Currently only Grades 3, 5 and 6 are using the technology but it is hoped it will be expanded as teachers and learners see its benefits.

Astra School teacher demonstrating the use of the interactive white board

How these schools benefited

Masibambane Secondary – Delft

When Mr K Boesman took over as principal in June 2008, this school's pass rate was 40% and there was a high absenteeism rate amongst staff and learners and a history of vandalism and low morale. But, as a man who admits to a propensity to "gravitate to dysfunctional schools as he likes to make a difference", he set out to turn Masibambane around.

The latter year, he says, was a lucky one as the relationships with the Foundation and other service providers bore fruit. The learners now have a new, dedicated computer room with 40 computers, library shelving, books and three e-digital trolleys. The whiteboards have been allocated to the maths, science and technology teachers to encourage more learners to take these subjects.

Ms Nolufefe Kondlo, who teaches Grades 10 and 12 and is responsible for maths, physical science and consumer/life studies, says she has seen a significant change in behaviour about learning.

Mr Boesman says there is now "a joy in the school and a change of teaching approach and in the attitude of the learners. There is more time for the teachers to teach and interact and we have broken the barriers for slow learners. This type of teaching implies a form of cooperative learning where learners play an active role in their education."

Library at Gatang Secondary School

The Wheelie Bookwagon which was donated to participating schools

Telkom Foundation's Beacon of Hope

As we noted in the Telkom Group's annual report for 2010, the Beacon of Hope is perhaps the Foundation's most powerful opportunity to change and shape individual lives. Launched in 2007, the initiative takes high potential learners from disadvantaged communities across South Africa and places them in some of the country's leading private boarding schools.

Currently there are 140 learners participating with the Foundation paying for their tuition, boarding fees, uniforms, books, stationery, sports equipment and pocket money. The project continues until the learners complete Grade 12. Some 60% of the learners have to be girls.

Many of the learners have achieved very good results thanks in no small measure to the fact that many of the participating schools have gone the extra mile in providing extra lessons and afternoon classes to help the learners meet the required standards, particularly in English.

The current crop of learners are at Commercial Park College (2), Kingswood College (4), Riebeeck College (3), St Patrick's College (15), Victoria Girls High (5) and Dale College (1) in the Eastern Cape; Felixton College (10) and Greytown College (10) in KwaZulu-Natal; ISSA (41) in North West; Lowveld High School (8), Mpumalanga; New Horizon College (16), Free State; Somerset College (4), Wynberg Girls High (3) and Wynberg Boys High (4), Western Cape; Prestige College (5) and Summit College (9) in Gauteng.

Beacon of Hope class of 2011

The class of 2011 celebrates the end of the school year

Interviews with Beacon of Hope learners

Caroline Diedericks (18)

I am from Polokwane and arrived at ISSA in 2007 in Form 2 (Standard 6). Today I am a dorm prefect in the Thutlwa boarding house monitoring Forms 1, 2 and 3.

Being part of the Beacon of Hope project has made a huge difference in my life because straight after primary school I did not know where I would be able to go to high school. It has taught me independence because I stay far away from my family. Through the Telkom Foundation I have met so many amazing people and I know it will open many doors for me in the future.

Since our curriculum is under the Cambridge Education System I feel it gives us a head start as it is an international schooling system. I haven't decided what I want to do after I finish school but my options include sports management, chemical engineering or accounting.

Thank you Telkom Foundation for this wonderful opportunity that I have grabbed with both hands. Thanks also to my teachers and other students who have taught us a lot, with us teaching them along the way as well.

Solly Mashapu (18)

I am from Limpopo and have been in the Nkwe boarding house for five years. Being part of this programme has made a difference in my life.

When I compare myself academically to the guys back home, it is clear that ISSA puts us above the rest. Being here has taught me so many things and I have met so many great people.

My best memory has to be being made a prefect. When it was announced everybody was so happy. At first I did not want to be a prefect but I have now thrown myself into the position and have embraced the possibilities. When I finish school I want to be an architect.

I am so thankful I am able to come to a school like this. It has literally saved my life. If the Foundation had not brought me here I might have been caught up in drugs or been in prison by now. I have gotten to know the real me here.

When I first arrived I struggled to speak good English but it motivated me to perform. I worked hard and have changed my ways. I used the fact that others told me I would not make it to motivate myself even more. Coming to this school has changed my quality of life and my lifestyle.

Interviews with Beacon of Hope learners

Japhta Matlo (18)
I am from Northam in Limpopo and have been at this school for five years in the Tau boarding house. Being part of this programme has made a huge impact on my life. Coming from a poor place it has made a great difference to be able to come to ISSA.

I play soccer and volleyball and when I finish school I am looking at two career options – to be a psychologist or go into politics.

To the Telkom Foundation, thank you very much for not many people get given an opportunity like this. I made a promise to myself to make the best of it. It was difficult at first as I only knew a few people but everybody has been very welcoming. Nobody singled us out and said we are the children from the Telkom Foundation. Here everybody is made to feel equal.

Thandile Mpompo (18)
I arrived at the school four years ago from my home town of Upington and am now in my final year.

The Beacon of Hope programme has made a big difference in my life. Ever since I was young I dreamed of coming to a school like this, it has changed my life completely. I was at St Patrick's College in Kokstad first and came here in 2008.

When I finish school I want to go into a career that involves either maths or chemistry. I urge the Foundation to continue supporting children to come to schools like this.

(All interviews courtesy of Succeed Magazine)

Sediba Project

About the Sediba Project

This is a joint venture project with the University of Potchefstroom which seeks to improve the quality of maths and science teaching in schools. The project was launched in 2002 and, to date, 2 072 teachers have graduated from the course.

The sad truth about South Africa's high unemployment level is not that people are unwilling to work, but rather that many are unable to find employment because they lack the necessary skills and training. The problem is exacerbated by the fact that few learners complete matric with maths and science as part of their curriculum – the two subjects that are able to unlock many employment doors.

The Sediba programme was created to upskill teachers in these challenging subjects to enable them to pass their knowledge on to the learners.

"We decided on maths and science because they are the most problematic subjects in terms of poor results. The purpose of Sediba is to provide better training to teachers, thus enabling them to better present these subjects at school, which will hopefully lead to improved results," says Marie du Toit, who has been involved with the project since inception.

"Most of the teachers trained through the project have an M+3 qualification - a three year diploma. This training makes it almost impossible for teachers to study further to improve their qualification. Sediba provides an M+4 qualification which is completed over two years," she says.

The Sediba bursaries pay for teachers' class fees, instruction and all study materials. However, to ensure they take ownership they are responsible for their travel costs and accommodation.

The qualification enables teachers to continue with further studies and many have gone on to complete honours degrees and a couple have even earned doctorates.

(Report courtesy of Succeed Magazine)

Sediba Project is very key in teacher development

Economic development

For this section of the report we will feature the eight socio-economic projects we supported in the year under review with a budget of R2 306 457.

Teach South Africa (Gauteng)

This is an organisation that trains and employs Teach Ambassadors to teach maths, science and technology in previously disadvantaged communities.

Ikageng Bakery (Free State)

This venture operates a bakery service which creates job opportunities and skills training for the community it operates in. It uses its funding to purchase training equipment, pay rent, electricity, transport and stipends.

Zebra Arts and Crafts (Northern Cape)

This organisation focuses on skills training and job creation in the arts and crafts field. It specialises in making leather garments – mainly sandals, bags, skirts and key rings. It uses its funding for materials, renovation, training and marketing.

Salitig Training College of South Africa (Limpopo)

This project trains Non-governmental Organisations, Public Benefit Organisations and Community Based Organisations to look after and care for orphaned and vulnerable children.

Star Strider (Gauteng)

Star Strider trains women and helps them buy materials to start their own businesses.

Vezokuhle Youth Development Organisation (Eastern Cape)

An organisation which helps women develop their entrepreneurial skills.

Centre for Small Business Development at the University of Johannesburg

This is a small business enrichment programme for SMMEs at the university's Centre For Small Business Development which is designed to enhance the viability of small businesses and contribute to their sustainability.

A diverse cross-section of projects results in the Foundation reaching more communities

Employee volunteerism

Employee volunteers

The Telkom Group encourages its employees to volunteer for work in social upliftment initiatives or by contributing time or money or their skills to charitable causes through the Foundation's Giving From The Heart project. This latter project is designed to benefit those who need help and those who give help, in the mutual quest for building a strong society. It has a positive impact on employee morale, motivation, commitment and loyalty.

Additionally, through the Adopt-A-Project programme, the Group's board members and senior management are given the opportunity to champion a project of their choice from the communities they come from with the objective of ploughing back, inspiring the new generation as role models and setting the tone for their peers. The following projects were chosen:

- Hawston Secondary School – Theo Hess, Managing Executive: Network Field Services.
- International Association for Human Values – Brenda Kali, Group Executive: Group Communications.
- Hillwood Primary Basson's Tree Fellers – Dr Andrew Barendse, Group Executive: Regulatory Affairs.
- Johannesburg Child Welfare Society – Manelisa Mavuso, Senior Managing Executive: Consumer.
- Nazareth House – Tirelo Sibisi, Managing Executive: Human Resources.
- Lefika La Botshabelo – Steve Lewis, Managing Executive: Product House.
- Bethel College – Nombulele Moholi, Group CEO.
- Telkom employees also got involved in ABSA Make A Difference by constructing two RDP houses for disadvantaged people in Kagiso in partnership with the bank.

Some of the Telkom employees who were involved in the construction of houses for the needy

Welfare

Welfare was a key driver of the Foundation's social upliftment initiatives, principally because welfare is a pressing challenge for the country and, in the year under review, we focused on improving the basic needs of people, specifically women, children and disabled people.

The projects we supported were:

- Childline – donation towards telephone accounts for a line used by children to report any abuse against them.
- Lifeline – donation towards a line used by adults to report any abuse against them.
- Bosabosele Outreach Project – an organisation that provides nutritional support and remote charitable work for orphans.
- Tumelo Hospice – a Mabopane-based project which provides home-based health care for the elderly.
- United Cerebral Palsy Association – we donated 26 specialised wheelchairs and frames for use by cerebral palsy sufferers.
- Ma-Glad Day Care Centre – the organisation provides food security for HIV and AIDS victims, mainly children orphaned by the pandemic.
- Ray of Hope Children's Fund – we provided food, blankets, clothes, heaters, mattresses and uniforms for orphaned school children staying at the Ray of Hope.
- Emndenini Day Care Centre – donation of food and giving of time for the Mandela Day celebrations.
- SOS Children's Villages – donation towards extra lessons and stationery for the children.
- Lethabong Lababa Community Project – a donation towards health care for children with cerebral palsy.
- Bethesda Dream Centre – food, blankets and clothing.
- Children In The Wilderness – financial assistance towards teaching children the importance of wildlife and nature.
- Methodist Church Young Men's Guild – food, blankets and clothing for needy families.
- Twilight Children – a donation to the centre from Group Communications and a matching of this by the Foundation.
- Alzheimer's SA – support for the organisation to help people with Alzheimer's disease.
- Botshabelo drop-in and multi-purpose – the organisation helps HIV/AIDS orphans in the community.
- St Anne's Catholic Church in Atteridgeville – a community outreach project which supports children with HIV/AIDS.
- The Broken Chain – support for the project to help disabled people with wheelchairs.
- Soweto Association of People with Disabilities – a donation to this group for tree felling and paving.
- Agape Foundation – a donation to the foundation which supports children and the youth.
- Kwashukela Care Organisation – a donation for food and clothing to help the orphaned children.
- Iteko Special School – the school cares for disabled learners. This project was chosen by the disabled Telkom Group employees and was given a donation.
- Boiteko Special School (Gauteng) – This school trains learners with disabilities.
- Sakhisizwe AIDS Care.

Additional grants were made on an ad-hoc basis to an additional nine organisations.

Handing over of a donation to a Telkom Foundation beneficiary

Blue Flag/Disaster relief

In the year under review, the Telkom Foundation provided funds to the victims of flooding in Phomolong, a suburb on the eastern side of Mamelodi in Pretoria. Additonally, R500 000 was donated to the Gift of the Givers Foundation to enable that organisation to help communities in Gauteng, KwaZulu-Natal and Cape Town.

(Report courtesy of Succeed Magazine)

Adv Ouma Rasethaba handing out a cheque to the Mamelodi community through Gift of the Givers

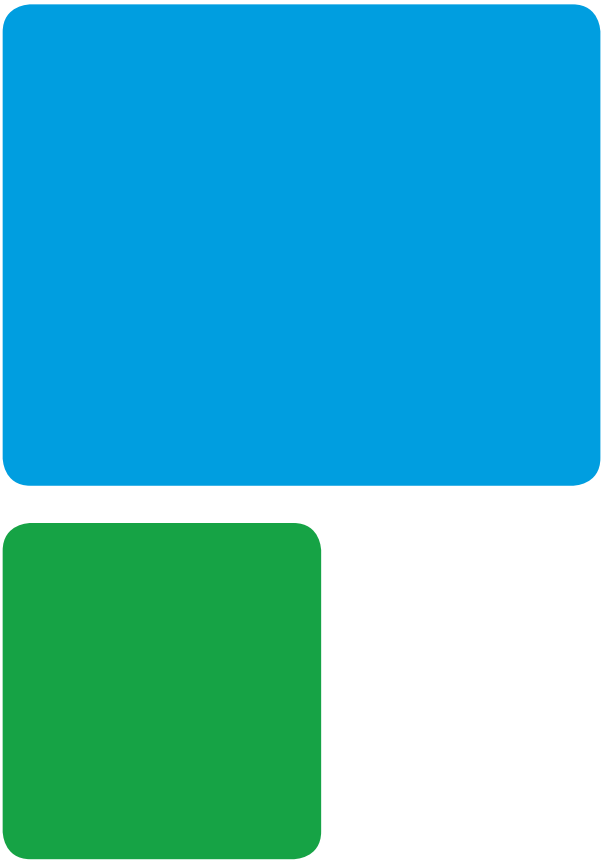
Adv Ouma Rasethaba with a delighted beneficiary, Ms Maria Thwala, in Mamelodi

Going forward

Going forward, the Telkom Foundation is charting a bold new course, a course that is in keeping with the 'new' direction of the Telkom Group.

We are going to make it happen by concentrating on the following strategic objectives:

1. **To build strong and sustainable partnerships to deliver to communities with:**
   - Government, in particular the Education Department
     – National
     – Provincial
     – District
   - Educational institutions
     – Schools
     – Learning centres
   - Telkom and its employees
2. **To strengthen the Foundation as an organisation (trust, brand and governance):**
   - Ensure improved governance in the foundation
   - Improved reputation



Telkom Group
Foundation Annual Report **2010 – 2011**

The Trust's ability to continue as a going concern is dependent **on the continued support** from Telkom SA Limited

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Trustees' responsibility for the annual financial report

The trustees are responsible for monitoring the preparation of, and the integrity of, the financial statements and related information included in this annual report.

In order for the trustees to discharge their responsibilities, management has developed and continues to maintain a system of internal control. The trustees have ultimate responsibility for the system of internal control and reviews its operation on an ongoing basis.

The internal controls include a risk-based system of internal accounting and administrative controls designed to provide reasonable but not absolute assurance that assets are safeguarded and transactions are executed and recorded in accordance with generally accepted business practices and the Trust's policies and procedures.

The financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice and incorporate disclosure policies consistently applied and supported by reasonable and prudent judgments and estimates.

The Trust's ability to continue as a going concern is dependent on the continued support from Telkom SA Limited. Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of assets or to the amounts and classification of liabilities that might be necessary if the Trust is unable to continue as a going concern.

The annual financial statements for the year ended 31 March 2011 set out on pages 29 to 32 were approved by the trustees on 23 June 2011 and are signed on their behalf by:

Adv. GJ Rasethaba
Trustee

Report of the independent auditors to the trustees of the Telkom Foundation Trust

We have audited the annual financial statements of the Telkom Foundation Trust which comprise the trustees' report, statement of financial position as at 31 March 2011, the statement of comprehensive income, the statement of changes in funds and statement of cash flow for the year then ended, a summary of significant accounting policies and other explanatory notes as set out on pages 29 to 32.

TRUSTEES' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Trust's trustees are responsible for the preparation and fair presentation of these financial statements in accordance with South African Statements of Generally Accepted Accounting Practice. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Telkom Foundation Trust as of 31 March 2011 and of the financial performance and its cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice.

Nkonki Inc.

Nkonki Incorporated
Registered Auditors

23 June 2011

Report of the trustees

For the year ended 31 March 2011

BUSINESS AND OPERATIONS

The principal activity of the Trust is a non-profit-making organisation contributing to the transformation of disadvantaged communities in the Republic of South Africa through sustainable development programmes.

There had been no change in the objectives and operations of the Telkom Foundation after the formation of the separate legal entity.

FINANCIAL RESULTS

The results of the Trust and the state of its affairs are set out in the attached financial statements and do not, in our opinion, require further comments.

TRUST FUNDING

The Trust has no share capital.

Trustees and Secretary

Particulars of the present trustees and secretary are given on the inside back cover.

USE OF SURPLUS FUNDS

In accordance with the Trust deed, all surplus funds retained are carried forward for exclusive use by the Trust in the promotion of the Trust's mission and objectives.

GOING CONCERN

The Trust's ability to continue as a going concern is dependent on the continued support from Telkom SA Limited. Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of assets or to the amounts and classification of liabilities that might be necessary if the Trust is unable to continue as a going concern.

EVENTS SUBSEQUENT TO YEAR END

The Chief Executive Officer of The Telkom Foundation Trust, RL Motsepe, resigned on 5 May 2011.
The strategic focus of the Trust has been amended to mainly focus on education at primary, secondary and tertiary levels. The Trust will also focus on blue flag/disaster emergencies and entrepreneurship ICT initiatives. The operations of the Trust will be based in South Africa with impact in Africa as well.

Statement of comprehensive income

for the year ended 31 March 2011

	Notes	2010 Rm	2011 Rm
REVENUE		58 224 665	**43 680 268**
Donations received	1.2	57 774 086	**43 627 752**
Interest received		76 223	**52 516**
Sundry income		374 356	**–**
EXPENSES		57 774 086	**43 224 393**
Donations		51 283 243	**36 754 927**
Staff expenditure	1.3	5 208 507	**4 831 215**
Office and administration expenses		1 282 336	**1 638 251**
Surplus for the period		450 579	**455 875**
Other comprehensive income		–	**–**
Total comprehensive income		450 579	**455 875**

Statement of financial position

at 31 March 2011

	Note	2010 R	2011 R
ASSETS			
Current assets			
Cash and cash equivalents	1.5	1 916 150	**2 372 025**
Total assets		1 916 150	**2 372 025**
EQUITY			
Funds and reserves			
Funds and reserves		1 916 150	**2 372 025**
Total equity		1 916 150	**2 372 025**

Statement of cash flow

for the year ended 31 March 2011

	Note	2010 R	2011 R
Cash flows from operating activities		450 579	**455 875**
Cash generated by operations	1.6	374 356	**403 359**
Interest received		76 223	**52 516**
Net increase in cash and cash equivalents		450 579	**455 875**
Cash and cash equivalents at beginning of period		1 465 571	**1 916 150**
Cash and cash equivalents at end of period		1 916 150	**2 372 025**

Statement of changes in funds and reserves

for the year ended 31 March 2011

	Programme Funds R	Total R
Balance at 31 March 2009	1 465 571	1 465 571
Surplus for the year	450 579	450 579
Balance at 31 March 2010	1 916 150	1 916 150
Surplus for the year	455 875	455 875
Balance at 31 March 2011	**2 372 025**	**2 372 025**

Notes to the annual financial statements

for the year ended 31 March 2011

1.1 ACCOUNTING POLICIES

The financial statements are prepared in accordance with the South African Statements of Generally Accepted Accounting Practice on the historical cost basis and incorporate the following principal accounting policies.

1.1.1 Income

Income from donations is recognised at the cash value.

Donations in the form of goods or services are recognised at the open market value of the goods or services being received.

Interest is recognised on a time proportion basis that takes into account the effective yield on the asset.

Income is stated at amounts excluding value added tax.

1.1.2 Financial instruments

Financial instruments are initially recognised when the company becomes a party to the contractual provisions of the instrument. Financial instruments are initially recognised at fair value.

Financial assets, or a portion of financial assets, are derecognised when the company loses control of the contractual rights that comprise the financial asset. The company loses such control if it realises the rights to benefits specified in the contract, the rights expire or if the company surrenders those rights.

A financial asset is impaired if its carrying amounts are greater than its estimated recoverable amount. At each balance sheet date financial assets are assessed for objective evidence of impairment. If any such evidence exists, the recoverable amount is estimated and an impairment loss is recognised in accordance with AC 133 (IAS39).

Subsequent measurement of financial instruments carried on the balance sheet is on the following basis:

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash in banks, short-term deposits and bank overdrafts. These are at amortised cost where fixed maturity dates exist otherwise these amounts are measured at cost. For cash flow purposes, cash equivalents consist of cash at bank and on hand and instruments which are readily convertible to known amounts of cash.

1.1.3 Adoption of new accounting standards during the year

There were no changes in the South African Statement of General Accepting Accounting Practice that affected the Telkom Foundation Trust.

1.2 DONATIONS RECEIVED

	2010 R	2011 R
DONATIONS	58 148 442	**43 627 752**
Donations received from Telkom	51 283 243	**37 158 519**
Donations from other sources	374 356	**–**
In kind		
– Services provided by Telkom	6 302 519	**6 267 727**
– Use of Telkom facilities	–	**–**
Office space (TTE)	188 324	**201 506**

1.3 STAFF EXPENSES

The Trust does not employ staff in its own capacity. Staff costs represent the cost of employment of Telkom SA Limited staff dedicated to the activities of the Trust. All benefits are provided by Telkom SA Ltd and are regarded as donations in kind.

1.4 TAXATION

The Trust is a public benefit organisation and is exempt from the provisions of the Income Tax Act as per section 30 and as approved by the South African Revenue Service: accordingly no taxation has been provided for.

1.5 CASH AND CASH EQUIVALENTS

	2010 R	2011 R
ABSA current account	1 916 150	**2 372 025**

Notes to the annual financial statements

for the year ended 31 March 2011

1.6 CASH GENERATED FROM OPERATIONS

	2010 R	2011 R
Surplus before tax	450 579	**455 875**
Adjustment for items that must appear on the cash flow:		
Interest received	(76 223)	**(52 516)**
Adjustment for non-cash items:		
Non-cash donation received	(57 774 086)	**(43 627 752)**
Non-cash operating expenses	57 774 086	**43 627 752**
Cash generated from operations	374 356	**403 359**

1.7 RELATED PARTIES

A related party relationship exists between the Telkom Foundation Trust and Telkom SA Limited. Through representation on the Board of Trustees, Telkom SA Limited is able to exercise significant influence over the financial and operating policy decisions of the Telkom Foundation Trust. In terms of the trust deed, the Board of Trustees consists of four Telkom trustees and three public Trustees.

Related party transactions:

Most of the operations of Telkom Foundation Trust are financed by Telkom SA Ltd, through value in kind donations to the foundation.

1.8 CONTINGENT LIABILITY

There is a possible claim from Trialogue (Pty) Ltd related to a contract between them and the Trust for the preparation of the annual report for the financial year ended 31 March 2011. The trustees have not seen the contract and they are questioning the validity of the contract. The Trust is in communication with Trialogue to try and settle for expenses incurred by Trialogue.

Administration

Founder	Telkom SA Limited
Trustees	GJ Rasethaba RM Mabusela MI Moolla M Maponya LM Mosuoe MJ Mavuso TH Magazi
Head of Telkom Foundation	S Mthintso
Nature of business	Charitable trust
Secretary	PP Moremi
Auditors	Nkonki Inc.
Bankers	ABSA Bank Limited
Trust registration number	IT5262/02
Non-profit Organisation registration number	029-558-NPO
Registered office	Telkom Towers East 152 Proes Street Pretoria 0001

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