

# Policy

This policy is intended to apply to Telkom SA SOC Limited and its Group of Companies

## Nominations of Directors and Group Company Secretary

Version: 1

# Nominations of Directors and Group Company Secretary

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# Nominations of Directors and Group Company Secretary

## DOCUMENT CONTROL INFORMATION

Document review and approvals		
Author:	Karabelo Mosia: Executive: Group Company Secretary	2023/06/21
Owner and Reviewer:	Ephenia Motlhamme: Group Company Secretary Nominations Committee	2023/11/15
Approved by:	The Board of Directors	2023/11/17

Quality Control and Assurance					
Effective Date	This version comes into effect from date of final approval per the delegation of authority and policy approval matrix				
Legal/Regulatory requirements	Policy Framework section 4.6, Does this policy have any Legal/Regulatory implications, if so, review is required by these areas	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Type:	Group wide	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
	Entity Specific - (Name of Entity)	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
	Division Specific - (Name of Division)	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Risk Level	Policy Review				
Level 1 - Group Wide	Every 3rd year or if there are any significant changes	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Level 2 - BU/Subsidiary	Every 3rd year or if there are any significant changes	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Level 3 - Operational	Every 3 <sup>rd</sup> year and no later than 5 years or if there are any significant changes	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
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Reviewed by:	Group Financial Control	2023/12/04			

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Version Control – Summary of Changes			
Version Number	Paragraph	Description (changes since last version)	Date
1	Whole document	New document	2021/06/21

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## 1 PURPOSE AND OBJECTIVES

The purpose of the Policy is to set out principles for the nomination and appointment of Non-Executive Directors and Group Company Secretary in the Company.

## 2 SCOPE AND APPLICABILITY

2.1 The Policy shall apply to the Telkom Group Directors (both Executive and Non-Executive Directors) as well as the Group Company Secretary.

2.2 The Policy needs to be read in conjunction with the Board Charter and Committee Terms of Reference as well as the Group Memorandum of Incorporation (MOI).

2.3 This Policy shall exclude:

2.3.1 The nomination and appointment of Directors to Group companies and/or any other entities for which the Group has the right to nominate and/or approve the appointment of Directors.

2.3.2 The nomination and appointment of executive management.

2.4 Any clarity regarding the Policy should be addressed with the Group Company Secretary.

## 3 VACANCIES

Directors are appointed through a formal transparent process undertaken by the Board. The Nominations Committee is mandated to identify, consider and recommend potential candidates for approval by the Board, and the appointment is subject to approval by shareholders at the annual general meeting or any shareholders meeting, per ordinary resolution.

The Company's Memorandum of Incorporation states that the Board will have no less than eight (8) Directors, and the Board will determine the number of directors serving on it at any time.

The Board is structured to ensure an appropriate mix and balance of knowledge, skills, experience and independence. Accordingly, the Board composition will reflect the responsibilities that it is vested with and the duties it has to discharge and perform.

The Board has identified mandatory skills from the Non-Executive Directors to meet the requirements of Telkom of Tomorrow. A vacancy for the appointment of a Non-Executive Director may arise from, amongst others, the following:

3.1 Filling of the required skill stemming from the Board Skills Matrix (to meet the requirements of the Telkom of Tomorrow);

3.2 Tenure on the Board;

3.3 Director resignation;

3.4 Outcomes of a Board Evaluation Report;

3.5 Death of a Director;

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- 3.6 A Director is removed by shareholders, by the Board or declared delinquent by a court or disqualified in terms of the Companies Act;
- 3.7 A Director is incapacitated to the extent that the person is unable to perform the functions of a Director and is unlikely to regain capacity within a reasonable time;

## **Group Company Secretary**

- 3.8 The vacancy for the Group Secretary is created by either resignation, removal by the Board or death.

## **4 FRAMEWORK FOR THE APPOINTMENT OF NON-EXECUTIVE DIRECTORS**

- 4.1 The Chairperson has authority to appoint Members of the Board Selection Panel (“the Panel”) that will assist with the consideration of suitable candidates to be appointed as Non-Executive Directors.
- 4.2 Following the identification of a Non-Executive Director vacancy within the Company, the Chairperson, through the Group Company Secretary will develop a profile for the potential Candidates taking into consideration the skills matrix for the future of Telkom and mandate a Company accredited External Executive Search Consultant to identify suitable candidate(s). Other Directors (both Executive and Non-Executive Directors) are allowed to recommend potential candidate for appointment to the Board. Such recommendation shall be submitted to the Chairperson of the Board.
- 4.3 The Group Company Secretary must ensure that the sourced Candidates’ Curriculum Vitae (CV’s) are timeously distributed to the members of the Panel for consideration. The names and CV’s of identified individuals shall be considered by the Panel as established by the Chairperson. The Panel will be assisted by the Group Company Secretary in ensuring that the process is properly carried out. In the instance where the appointment is for the position of Group Secretary, he/she shall not be part of the selection process.
- 4.4 The Panel will subsequently interview individuals who meet the criteria.
- 4.5 Once the suitable individual has been identified by the Panel, a Report of the Chairperson highlighting the process undertaken to-date as well as the recommended individual will be drafted for submission to the Nominations Committee for onward recommendation to the Board for approval.
- 4.6 The Board, with the recommendation of the Nominations Committee, will assess and take into consideration every director’s circumstances and the nature, scale and complexity of other directorships held in order to assess and ensure that directors are able to devote sufficient time and duly discharge their responsibilities as a director.

## **5 DIRECTOR APPOINTMENT CRITERIA**

Directors will always ascribe to the Company’s values and the Group Ethics Leadership pledge. Further, Board members should individually and collectively possess the following characteristics to enable sound and prudent execution of accountabilities and responsibilities:

- I. The necessary qualifications commensurate with the size, complexity and risk profile of the Company.

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- II. Knowledge and understanding of the laws and regulations that govern the activities of Company.
- III. Technical knowledge, skill and expertise.
- IV. Independence of mind in the best interests of the Company.
- V. Diligence in performing their duties and devote sufficient time to Boards affairs.
- VI. The ability to balance the legitimate and reasonable needs, interests and expectations of all stakeholders in the best interest of the Company.
- VII. The ability to make responsible decisions which build sustainable businesses by having regard to the Company's economic, social and environmental impact on the community.
- VIII. Must be of good repute and integrity with due consideration of their criminal, financial, professional or supervisory antecedents.
- IX. Act with transparency in exercising their governance role and responsibilities and accountable for the execution of responsibilities, even when these were delegated.

## **6 BOARD DIVERISTY**

- 6.1 Notwithstanding the fact that the Company has not set any voluntary targets, the Board adopted the following approach to diversity at Board level:
  - 6.1.1 Due consideration will be given to the skills, expertise, experience, race, gender, age, business and industry knowledge and any other requirements that may be appropriate to ensure the right mix that will serve the interests of the Company and its stakeholders.
  - 6.1.2 The Board will endeavour to attain a fair diversity representation on the Board at any given time.
  - 6.1.3 Whenever a vacancy occurs on the Board or should there be a requirement for an additional director, the Board shall endeavour to maintain a level of diversity within the Board that it considers appropriate and relevant at that time.
- 6.2 The Board shall be assisted by the Nominations Committee to fulfil the requirements of the Board Diversity Policy thereby giving life to the Board's commitment to diversity and equity.

## **7 FIT AND PROPER ASSESSMENT**

The following checks will be conducted on the appointment of a director and thereafter on a frequent basis:

- I. Qualifications.
- II. Credit.
- III. Criminal.
- IV. Anti-money laundering sanctions.
- V. Politically exposed persons.
- VI. Adverse media.

## **8 ELECTION OF THE CHAIRPERSON**

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8.1 In addition to appointing Directors, the Board must elect a Chairperson. The Chairperson is elected by members of the Board and should be a Non-Executive Director of the Board with no executive or management responsibilities. The Chairperson provides leadership at Board level, represents the Board to the shareholders and is responsible for ensuring the integrity and effectiveness of the Board and its Committees.

8.2 The Company's established Succession Plan should be followed and appropriately managed to ensure appropriate transition processes of the candidate for the role of the Chairperson.

## **9 APPOINTMENT OF THE LEAD INDEPENDENT DIRECTOR**

9.1 The Board may appoint a Lead Independent Director to assist the Chairperson in the execution of his/her duties and such other functions as the Board may wish to delegate to the Lead Independent Director. Where the Chairperson is absent or unable to perform his/her duties or where the independence of the Chairperson is questionable or impaired, the Lead Independent Director must serve in this capacity for as long as the circumstances that caused the Chairperson's absence, inability or conflict exists.

## **10 APPOINTMENT OF A NON-EXECUTIVE DIRECTOR AS AN EXECUTIVE DIRECTOR**

10.1 The Board may invite a Non-Executive Director to apply for a position as an Executive Director of the Company. The Committee shall follow the normal procedure of evaluating a Director.

## **11 APPOINTMENT OF GROUP COMPANY SECRETARY**

11.1 The appointment of the Group Company Secretary is a Board-reserved matter. The selection of a Group Company Secretary will follow a similar process as in selection and appointment of a Non-Executive Director.

## **12 ROLE OF THE NOMINATIONS COMMITTEE**

12.1 The Nominations Committee is mandated with the review of the Board composition and to recommend the appointment of new directors following a due process as defined in its Terms of Reference.

12.2 In its review of the Board composition, the Committee shall take into account the requirements of this Policy to ensure a Board that is optimally constituted.

## **13 INDUCTION OF DIRECTORS**

13.1 In terms of King IV the Directors should undergo a formal induction programme to familiarise themselves with the Company's operations, its business environment and all Company related matters.

13.2 The induction programme will also inform the Directors of their respective duties and responsibilities.

13.3 The induction process is substantially the same for all Directors.



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- 13.4 The Group Company Secretary will undergo the general induction programme as outlined by the Human Recourses Department.

## **14 EVALUATION OF DIRECTORS**

- 14.1 The Board acknowledges the importance of evaluating the performance of the Board in line with the sound governance practices of King IV. In addition, performance evaluations produce insights into the effectiveness of the Board. There are several factors that the Board must consider in order to ensure that the process adds value and contributes to improve its performance. These factors include:
- 14.2 All Board members should support the evaluation process. Board members need to give the evaluation process due regard and attention to ensure that it is effective.
- 14.3 The Company Secretary or nominee will take responsibility for the process to ensure it is carried out effectively.
- 14.4 The Board and Committee meetings following the evaluation should provide sufficient time on the agenda for a presentation and discussion of the evaluation results. An action plan should be created to address the results to ensure that development areas and concerns are adequately addressed.

## **15 POLICY ENFORCEMENT AND VIOLATION**

Compliance to this Policy will be monitored on a regular basis by the Group Company Secretary and the results reviewed by the Nominations Committee.

## **16 LAWS AND REGULATIONS**

For the laws and regulations applicable to this policy refer to Appendix A of this document.

## **17 DEFINITIONS, ABBREVIATIONS AND ACRONYMS**

For definitions, acronyms and abbreviations refer to Appendix A of this document.

## **18 EXCEPTIONS**

Any exceptions to the Policy should be approved by the Board.

# Nominations of Directors and Group Company Secretary

## 19 APPENDIX A: DEFINITIONS, ACRONYMS, REFERENCE DOCUMENTS, LAWS & REGULATIONS

### 19.1 Definitions

Definitions	Description
Telkom Group	Telkom SA SOC limited and its Group of Companies, all business units, and subsidiaries.

### 19.2 Acronyms

Acronyms and Abbreviations	Description
MOI	Memorandum of Incorporation
CV	Curriculum Vitae

### 19.3 Reference Documents

- I. Board Charter
- II. Nominations Committee – Terms of Reference
- III. Audit Committee – Terms of Reference

### 19.4 Laws and Regulations

- I. JSE Debt Listings Requirements (“JSE Listings Requirements”).
- II. Companies Act No. 71 of 2008, as amended.
- III. King IV Report on Corporate Governance for South Africa, 2016.