

**TELKOM SA SOC LIMITED
("Telkom")**

**INVESTMENT AND
TRANSACTIONS
COMMITTEE**

TERMS OF REFERENCE

INVESTMENT AND TRANSACTIONS COMMITTEE TERMS OF REFERENCE

1. INTRODUCTION

- 1.1. The Investment and Transactions Committee (“the Committee”) is constituted as a discretionary Committee of the Board of Directors of Telkom SA SOC Limited (“the Company”). The duties and responsibilities of the members of the Committee are in addition to those as members of the Board of Directors.
- 1.2. The deliberations of the Committee do not reduce the individual and collective responsibilities of Board members in regard to their fiduciary duties and responsibilities, and they must continue to exercise due care and diligence in accordance with their statutory obligations.
- 1.3. These Terms of Reference are subject to the provisions of the Companies Act, the Company's Memorandum of Incorporation and any other applicable law or regulatory provision.

2. PURPOSE OF THE COMMITTEE TERMS OF REFERENCE

The purpose of the Committee Terms of Reference is to provide a concise overview of:

- 2.1. The roles, responsibilities, functions and powers of the Committee, individual directors and the officials and Executives of the Company;
- 2.2. The powers delegated to Committee by the Board;
- 2.3. Relevant principles of the Company's limits and delegations of authority and matters reserved for final decision-making or pre-approval by the Board; and
- 2.4. The Legislative prescript, policies and practices that govern the Committee.

3. PURPOSE OF THE COMMITTEE

To ensure that the Group has effective corporate governance mechanisms and frameworks in place that are in line with new corporate governance requirements and benchmarks.

- 3.1. To advance and maintain the Company's Investments related policies.
- 3.2. To consider strategic acquisitions and disposals and make recommendations to the Board.
- 3.3. To consider, for recommendation to the Board, potential private sector participation models.
- 3.4. To monitor the implementation of strategic investments against the approved plans.

4. MEMBERSHIP

- 4.1. The Committee shall be appointed by the Board of Directors and shall comprise at least three (3) Non-Executive Directors, a majority of which shall be independent, and the Group Chief Executive Officer of the Company.
- 4.2. The Chairperson of the Committee, who shall be a Non-Executive Director, shall be appointed by the Board of Directors, and shall serve for such period as the Board of Directors shall determine.
- 4.3. The Group Company Secretary or his/her designate shall be the Secretary of the Committee.
- 4.4. The following Executives shall attend by invitation:
 - 4.4.1. The Group Chief Financial Officer (“Group CFO”).
 - 4.4.2. The Group Executive: Mergers and Acquisitions.
- 4.5. Suitably qualified persons may be invited by the Committee as advisors when necessary to render specialist services as may be required to assist the Committee in its deliberations on any particular matter subject to following a Board approved process, but shall have no rights of voting (refer to Board Charter for the approved process).
- 4.6. Other Non-Executive Directors may attend the Committee's meetings post notification of the Chairperson of this Committee, but will not be remunerated for attendance.

5. MEETINGS AND PROCEEDINGS AT MEETINGS

5.1. Quorum

- 5.1.1. The quorum for a meeting shall be a simple majority (50% plus one) of the members of the Committee, present or participating by electronic medium.

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5.2. Meetings

- 5.2.1. The meetings of the Committee shall be held at least four times annually.
- 5.2.2. Special meetings of the Committee may be convened as required through the office of the Group Company Secretariat.
- 5.2.3. Any member of the Committee may request for a special meeting through the Chairperson of the Committee and this shall be facilitated through the office of the Group Company Secretariat.
- 5.2.4. Outside of the formal meeting programme, the Chairperson, and to a lesser extent the other Committee Members, will maintain a dialogue with key individuals involved in the Company's governance, including the Chairperson of the Board, the Group Chief Executive Officer ("Group CEO"), the Group Chief Financial Officer (Group CFO), the External Audit Lead Partner and the Chief Audit Executive (Engagements with the Management Group should be undertaken through the express permission of the Group CEO or Group CFO). Committee Members' engagements should ideally be managed through the Committee Chairperson and/or the Office of the Group Company Secretary.
- 5.2.5. The meetings of the Committee may be held in person, by telephone, by video conference or such other form of long-distance conference facility as the circumstances may require (such person shall be deemed as being present at the meeting), provided that the required quorum is met.

5.3. Notice of meetings

- 5.3.1. Notice shall be given in writing to all members of the Committee and other interested parties of each meeting to be held, at least ten (10) calendar days prior to the date on which such meeting is to be held.
- 5.3.2. Notwithstanding the aforesaid, meetings can be requested on short notice if circumstances require, in which event the Chairperson of the Committee shall make a determination in this regard, subject to a quorum being achieved for such short notice period. A Notice waiver shall be issued in these instances.

5.4. Agenda of meetings

- 5.4.1. The final agenda of meetings other than those called on short notice, shall be prepared and distributed at least ten (10) calendar days prior to the meeting date.
- 5.4.2. The supporting documents shall be prepared and distributed at least five (5) calendar days prior to the meeting date.

5.5. Conflict of interest

- 5.5.1. Before every meeting, Committee members must disclose any conflict or potential conflict of interest on any matter to be discussed at the meeting, and this shall be reflected in the minutes. If there are no conflicts or potential conflicts, this must also be reflected in the minutes.
- 5.5.2. Where a Committee Member has a Material Personal Interest ("MPI"), whether financial or otherwise, in the subject matter of a decision to be considered and acted upon by the Committee and has declared such, such MPI will be deemed to be a conflict of interest, and the Member shall recuse himself / herself from taking part in any discussion or decision concerning the subject matter, and shall leave the meeting for the requisite period of time during such discussion. The recusal shall be minuted. An MPI in any subject matter includes where a Member and/or any person related to the Member:
 - 5.5.2.1. is a trustee of a trust, director of a company or holds a similar position in any other entity ("Affected Entity"), and such Affected Entity is the subject matter concerned or owns or controls the subject matter concerned ("Affected Entity Subject Matter"); or
 - 5.5.2.2. has a material beneficial interest (as defined in the Act and applied, with the necessary changes, to any other Affected Person) in an Affected Entity Subject Matter, including material beneficial interest will also mean a beneficial interest representing a monetary value equal to, or greater than 10% of the net worth of the Member or Related Person concerned.
- 5.5.3. Where a conflict of interest exists, whether financial or otherwise, a member shall not receive information either in the meeting pack or minutes that relate to the matter or company that he/she has declared an interest on.

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5.6. Minutes of meetings

- 5.6.1. The proceedings of all meetings will be documented in minutes by the Group Company Secretariat or his/her designate.
- 5.6.2. The Group Company Secretary shall keep minutes of all meetings and shall include the minutes with the agenda of the next Committee meeting. The minutes shall be completed as soon as possible after the meeting but not later than 14 (fourteen) working days after the meeting.
- 5.6.3. Minutes shall be signed by the Chairperson and the Group Company Secretary or his/her delegate once approved at the meeting following the meeting for which the minutes relate.
Minutes shall usually be dealt with at scheduled meetings.

5.7. Written Resolutions

- 5.7.1. The business of the Committee may, on an exceptional basis, be conducted through a written resolution and/or electronic means in terms of Section 74 of the Companies Act No. 71 of 2008, as amended, post consultation with the Chairperson. The written resolution must be received by all members and approved by 75% of the members of the Committee.
- 5.7.2. The comments received on the proposal will be circulated to all the members for information purposes prior to the Committee reaching a final decision on the matter.
- 5.7.3. As per provisions of Section 74 of the Companies Act of 2008, a decision in writing signed by 75% of the members shall be as effective as a decision passed at a meeting of the Committee.

5.8. Reporting responsibilities

- 5.8.1. The Committee shall report to the Board of Directors, through its Chairperson, who shall provide feedback on the deliberations of the Committee for Board noting, consideration and/or approval as appropriate.
- 5.8.2. Minutes of the meetings of Committee must be submitted to the Board for information purposes.

6. AUTHORITY OF THE COMMITTEE

- 6.1. The Committee acts in terms of the delegated authority of the Board of Directors as recorded in these Terms of Reference. It has the power to investigate any activity within its scope.
- 6.2. The Committee, in the fulfilment of its duties, may call upon the Chairpersons of the other Board Committees, any of the Executive Directors, or Group Company Secretary to provide it with information.
- 6.3. The Committee shall have reasonable access to the Company's records, Employees, facilities and any other resources necessary to discharge its duties and responsibilities, through the Office of the Group Company Secretary.
- 6.4. The Committee may form, and delegate authority to committees and may formally delegate authority to one or more designated members of the Committee.
- 6.5. The Committee has the right to obtain independent external professional advice to assist with the execution of its duties, at the company's cost, subject to following a Board approved process (refer to the Board charter for the approved process).
- 6.6. The Committee shall make recommendations to the Board of Directors that it deems appropriate on any area within the ambit of its Terms of Reference where action or improvement is required.

7. COMMITTEE FUNCTIONS

7.1. Definitions:

- A. Investment – any transaction relating to the acquisition of another business or legal entity, including any equity injection or merger.
- B. Business disposal – relating to the divestiture or outsourcing of any part of the Telkom Group's operations including its subsidiaries, but excluding the day-to-day disposal of fixed assets as part of the ordinary course of business

The Committee shall be responsible for, in terms of:

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7.2. Mergers, Acquisitions and Disposals

- 7.2.1. Reviewing and recommending to the Board of Directors, in line with the Delegation of Authority, any investment or business disposal (disposal) decision appropriate to the Group's Strategy, Gearing and Risk Appetite. All investment or disposal decisions will be recommended to the ITC by Group CFO after due consulting with the Group CEO and a representative from the Mergers and Acquisitions Team, prior to the review by the Committee.

7.3. Capital Expenditure

- 7.3.1. Reviewing and recommending all significant capital expenditure ("capex") including additional capex which was not included in the annual approved capex plan and contracts to be entered into by the Company which requires Board of Directors' approval in line with the Delegation of Authority.

7.4. Strategic Partners

- 7.4.1. Reviewing and recommending to the Board of Directors the introduction of strategic equity partners to the Group.

7.5. Investments

- 7.5.1. Ensuring that all investment and transaction submissions to the Board of Directors include a risk assessment report.
- 7.5.2. Ensuring that due B-BBEE consideration is given when transactions whose mandate fall within the Committee are undertaken.
- 7.5.3. Reviewing and monitoring major investment programmes within the Company which have not specifically been dealt with in the annual business plan, and/or budget approval process.

7.6. Post-Merger Integration ("PMI")

- 7.6.1. Ensuring that approved transactions include PMI plans and the appointment of a temporary Integration Committee and/or Integration Officer (relating to material transactions).
- 7.6.2. Monitoring the performance of investments against original investment criteria and pre-investment assumptions and contracts against the contract terms and conditions until the conclusion of the first complete financial year after acquisition or at such time that the committee may determine appropriate. The Group CFO and the appointed Integration Officer (Chairperson of Integration Committee) together with representatives from the Mergers and Acquisitions Team will prepare a formal post-acquisition review. On-going performance review after the first financial year shall be part of normal reporting to the Board of Directors.
- 7.6.3. Performing such other duties and responsibilities related to investments as the Board of Directors may determine and delegate from time-to-time.

8. COMMITTEE EVALUATION

- 8.1. The effectiveness of the Committee shall be evaluated every alternate year, and such evaluations shall alternate between an internal and an external process (unless adverse findings necessitate otherwise). Both the internal and external evaluation process shall be conducted in consultation with the Chairperson of the Board.
- 8.2. The evaluations shall be conducted through the Nominations Committee and facilitated through the Office of the Group Company Secretary.

9. REVIEW OF THE TERMS OF REFERENCE

- 9.1. These Terms of Reference shall be reviewed annually, as and when required, subject to the approval of the Board of Directors.