

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

**SOCIAL AND ETHICS
COMMITTEE**

TERMS OF REFERENCE ("ToR")

SOCIAL AND ETHICS COMMITTEE TERMS OF REFERENCE

1. CONSTITUTION

- 1.1. The Social and Ethics Committee (“the Committee”) is constituted as a Statutory Committee of the Board of Directors of Telkom SA SOC Ltd (“the Company”). The duties and responsibilities of the members of the Committee are in addition to those as members of the Board.
- 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 provision 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 all corporate governance requirements and benchmarks

- 3.1. To advise the Board on responsible corporate citizenship and the ethical relationship between the Company and its Stakeholders, both internally and externally. The Committee will manage the Company’s legal and moral obligations for its economic, social and natural environment, including the objectives and standards of the Company’s conduct and activities.
- 3.2. To manage and monitor the Company’s activities to achieve and maintain world-class standards in the Company’s social and ethics environment, with due regard to all relevant legislation, policies, legal requirements and codes of best practice.
- 3.3. To oversee the ethics management programme implemented by Management.
- 3.4. To establish the Company values including principles of ethical business practice, human rights considerations, and the requirements of being a responsible corporate citizen, which includes assessing and responsibly responding to the negative consequences of the Company’s activities and outputs on the triple context in which it operates and the capitals to which it applies.

4. MEMBERSHIP

- 4.1. The Committee shall be appointed by the by Shareholders at the Company’s Annual General Meeting, on recommendation by the Board based on input from the Nominations Committee and shall comprise at least three members, a majority of whom shall be independent Non-Executive directors and the Group Chief Executive Officer and the Group Chief Financial Officer of the Company.
- 4.2. The Group Company Secretary or his/her designate shall be the secretary of the Committee.
- 4.3. The following Executives shall attend by invitation:
 - 4.3.1. The Chief of Human Resources.
- 4.4. 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 Board approved process).

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4.5. 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 of the members of the Committee, present or participating by electronic medium.

5.2. Meetings

5.2.1. The meetings of the Committee shall be held at least four (4) times annually.

5.2.2. The Committee may have a joint sitting with the Audit Committee to engage on the integrated report activities.

5.2.3. Any member of the Committee may request a special meeting through the Chairperson of the Committee and this shall be facilitated through the office of the Group Company Secretariat.

4.2.5 Outside of the formal meeting programme, the Chairperson will maintain a dialogue with key individuals involved in the Company's governance, including the Chairperson of the Board, the Group Chief Executive Officer, the Group Chief Financial Officer and the Management Group.

4.2.6 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 instances where the deadline is missed.

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 to the Chairperson at least ten (10) calendar days prior to the meeting date.

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

5.5. Chairperson

5.5.1. The Role and Responsibility of the Chairperson is:

5.5.1.1. Officiating and conducting meetings.

5.5.1.2. Approving the Meeting Agenda in consultation with Management and the Committee's approved Annual Work Plan.

5.5.1.3. Providing leadership to the Committee and its deliberations and ensure that the Committee Members are aware of their obligations and that the Committee complies with its responsibilities.

5.5.1.4. Ensuring that the matters tabled in the meeting are afforded sufficient time during the meeting deliberations.

5.5.1.5. Ensuring an effective functioning of the Committee including reviewing the skills mix and the performance thereof.

5.6. Conflict of interest

5.6.1. 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.

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- 5.6.2. 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. A MPI in any subject matter includes a Member and/or any person related to the Member:
- 5.6.2.1. who 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 actual subject matter itself or owns or controls the subject matter concerned ("Affected Entity Subject Matter"); or
- 5.6.2.2. that has a material beneficial interest (as defined in the Act and applied, mutatis mutandis, to any other Affected Person) in an Affected Entity Subject Matter, and material beneficial interest means a beneficial interest representing a monetary value equal to, or greater than 10% of the net worth of the Member or Related Person concerned.
- 5.6.3. Where a conflict of interest exists, whether financial and otherwise, a member shall not receive the minutes that relate to the matter or company that he/she has declared an interest on.

5.7. Minutes of meetings

- 5.7.1. The proceedings of all meetings will be documented in minutes by the Group Company Secretariat or his/her designate.
- 5.7.2. 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.
- 5.7.3. 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.
- 5.7.4. Minutes shall usually be dealt with at scheduled meetings.

5.8. Written Resolutions

- 5.8.1. The business of the Committee may, on an exceptional basis, be conducted through 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.
- 5.8.2. 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.
- 5.8.3. A decision in writing signed by the majority of members shall be as effective as a decision passed at a meeting of the Committee.

5.9. Reporting responsibilities

- 5.9.1. The Committee shall report to the Board, through its Chairperson, who shall provide feedback on the deliberations of the Committee for Board noting, consideration and/or approval as appropriate.
- 5.9.2. Minutes of the meetings of Committee must be submitted to the Board for information purposes.
- 5.9.3. The Chairperson, alternatively a member, shall be present at the Group's Annual General Meeting to respond to Shareholders questions.

6. AUTHORITY OF THE COMMITTEE

- 6.1. The Committee acts in terms of the delegated authority of the board as recorded in these terms of reference. It has the power to investigate any activity within the scope of its terms of reference.
- 6.2. The mandate of this Committee extends to include specific subsidiary companies, as may be determined by the Board of Directors from time to time.
- 6.3. 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.

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- 6.4. 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.
- 6.5. The Committee may form, and delegate authority to, sub-committees and may formally delegate authority to one or more designated members of the Committee.
- 6.6. The Committee has the right to obtain independent outside 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).
- 6.7. The Committee shall make recommendations to the Board 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. To monitor the Company's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice within its sphere of influence, with regard to sustained:
 - 7.1.1. Social and economic development.
 - 7.1.2. Responsible corporate citizenship.
 - 7.1.3. The Environment, Health and Public safety.
 - 7.1.4. Consumer relationships.
 - 7.1.5. Labour and Employment.
 - 7.1.6. Ethical conduct and Leadership.
 - 7.1.7. Stakeholder Engagement.
- 7.2. The Committee shall have an independent role with accountability to both the Board and Shareholders of Telkom.

The Committee shall, in terms of:

7.3. Monitoring of the Companies activities

- 7.3.1. Monitor the Company's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice, in terms of:

7.3.2. Social and economic development

- 7.3.2.1. Social and economic development, including the Company's standing in terms of the goals and purposes of:

- 7.3.2.1.1. The 10 principles set out in the United Nations Global Compact Principles

- 7.3.2.1.2. The OECD recommendations regarding corruption.

- 7.3.2.1.3. The Employment Equity Act.

- 7.3.2.1.4. The Broad-Based Black Economic Empowerment Act;

7.3.3. Responsible Corporate Citizenship

- 7.3.3.1. Responsible, good corporate citizenship, namely the recognition of the organisation as an integral part of the broader society in which it operates, with rights but also responsibilities and obligations, including the Company's:

- 7.3.3.2. Promotion of equality, diversity and inclusion, prevention of unfair discrimination, and eradication of corruption;

- 7.3.3.3. Contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed;

- 7.3.3.4. Presenting to the Remuneration Committee reviews on whether the overall Employee remuneration is fair and responsible, where necessary;

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- 7.3.3.5. Record of sponsorship, donations and charitable giving in relation to the Telkom Foundation as per provisions of the Delegation of Authority. The Committee will monitor if the sponsorship, donation or charitable giving is aligned to the ethics and values of the Company; and
- 7.3.3.6. To review alignment to the ethics and values of the Group Sponsorship Policy every 3-years, or as and when required.
- 7.3.4. **The Environment, Health and Public Safety**
- 7.3.4.1. The environment, health and public safety, including the impact of the Company's activities and of its products or services.
- 7.3.5. **Consumer Relationships**
- 7.3.5.1. Consumer relationships, including the Company's advertising, public relations, treating consumers fairly within our operating environment and compliance with Consumer Protection Laws.
- 7.3.5.2. In relation to the ESG goal statements, oversight on the contract simplification and billing transparency for our customers.
- 7.3.6. **Labour and Employment**
- 7.3.6.1. The Company's Employment Relationships, and its contribution toward the educational development of its Employees.
- 7.3.7. **Ethical Conduct and Leadership**
- 7.3.7.1. Ensuring that the company's Ethics are governed in a way that supports the establishment of an Ethical culture by:
- 7.3.7.1.1. Articulating ethical standards in the Group Ethics Handbook, which give effect to the direction on the Company's ethics and encompass the company's interaction with both internal and external stakeholders and the broader society, address the key ethical risks of the company.
- 7.3.7.2. Setting structures, systems and processes in place to ensure that the Board, employees and supply chains are familiar with and adhere to the company's ethical standards, by delegating to Management the responsibility for implementation and execution of the Group Ethics Handbook.
- 7.3.7.3. Embedding Ethics in the Company's culture by ongoing oversight of the management of ethics and in particular:
- 7.3.7.3.1. Application of the Company's ethical standards to the processes for recruitment, evaluation of performance and reward of employees.
- 7.3.7.3.2. Application of the Company's ethical standards to the processes for sourcing of suppliers.
- 7.3.7.3.3. Having sanctions and remedies in place when ethical standards are breached.
- 7.3.7.3.4. Including ethics performance in the scope of internal audit and reporting on it in the Company's Integrated Report.
- 7.3.7.3.5. Demonstrating leadership support for ethics throughout the Company.
- 7.3.7.3.6. Monitor adherence to ethical standards by employees and other stakeholders through periodic independent assessments.
- 7.3.8. **Whistleblowing**
- 7.3.8.1. To review arrangements by which Employees of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, with a view to ensuring that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action.
- 7.3.8.2. To consider the major findings of internal investigations and Management's response.
- 7.3.9. **Recommendations**
- 7.3.9.1. Considering any other matters as requested by the Board.

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- 7.3.9.2. Provided that the Committee will be responsible for performing any additional or amended functions that may from time to time be prescribed by the Companies Regulation 2011 (43).
- 7.3.9.3. Recommending to the Board policy guidelines on human resource development that supports the fair treatment of employees.
- 7.3.9.4. Recommending to the Board guidelines for transformation, and monitor compliance with employment equity and empowerment programmes that duly take into account reports and recommendations of the Chief of Human Resources and are in conformity with the Employment Equity Act and other applicable legislation/regulations.
- 7.3.9.5. Recommending, together with the Audit Committee, the Integrated Report to the Board of Directors for approval.
- 7.3.10. **Environmental, Social and Governance (“ESG”)**
 - 7.3.10.1. Ensuring the development and implementation of the Environmental, Social and Governance (“ESG”) Strategy.
 - 7.3.10.2. Ensuring that the key stakeholders’ expectations and business significance is identified and addressed through the material topics across economic, environmental, social and governance pillars.
 - 7.3.10.3. Ensuring the activities undertaken by the organisation denoting environmental, social, and governance promotes an inclusive, safe working environment, and link leadership accountability and transparency.
- 7.3.11. **Stakeholder Engagement**
 - 7.3.11.1. Ensuring that the activities implemented by the company includes the involvement of the respective stakeholders.

8. SCOPE AND GOVERNANCE

The scope of the Committee's activities extends to all relevant operations of the Company and the Group. In this regard –

- 8.1. Wholly owned entities of the Company which are required in terms of the Regulations to have a Social and Ethics Committee, without regard to their form of incorporation, fall within the ambit of the Committee’s functions and are to be fully included in all relevant Company procedures and processes.
 - 8.1.1. Reports of a Subsidiary’s Social and Ethics Committee meetings, if applicable, shall be submitted to the Committee for consideration at its next scheduled meeting. In the event of any relevant material circumstance of importance to the Company, the Chairperson of the Subsidiary’s company’s Social and Ethics committee shall inform the Chairperson of the Committee of such as soon as possible after conclusion of the meeting and he/she in turn will communicate such to the other Committee members if considered necessary and appropriate.
- 8.2. In carrying out their responsibilities in respect of these majority-owned subsidiary companies, Committee members shall be sensitive to the concerns and involvement of representatives of minority shareholders without in any way lessening the scope of their responsibilities.
- 8.3. Associate companies (being companies in which the group exercises significant influence) which are required in terms of the Regulations to have a Social and Ethics Committee, will be strongly encouraged to appoint a Social and Ethics Committee with Terms of Reference substantially in accordance with these Terms of Reference of the Committee.

9. COMMITTEE EVALUATION

- 9.1. The effectiveness of the Committee shall be evaluated every alternate year 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.
- 9.2. The evaluations shall be conducted through the Nominations Committee and facilitated through the Office of the Group Company Secretary.

10. REVIEW OF THE TERMS OF REFERENCE

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