Telkom SA SOC Ltd

Remuneration Report

for the year ended
31 March 2023

"The Group embraces the importance of a well-governed company as an environment conducive for an ethical culture, effective control, good performance and legitimacy while reducing the likelihood of fraud and breaches of authority."

Telkom

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Seamlessly connecting our customers to a better life

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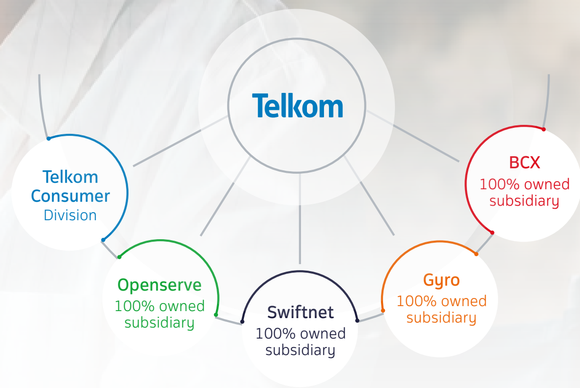
REPORT BOUNDARY AND APPROVAL

We aim to provide our stakeholders with transparent, relevant, and integrated information, enabling them to make better and more informed decisions about Telkom. Our full suite of reports caters for the diverse needs of our stakeholders. Our remuneration report should be read together with our FY2023 integrated report.

This remuneration report (the report) covers the financial year 01 April 2022 to 31 March 2023 (FY2023 or the year under review) and includes significant subsequent events up to the report's approval date. Telkom's full reporting suite for FY2023 is available online.

The reporting boundary covers Telkom SA SOC Ltd, which represents Telkom Group (Telkom or the Group), comprising Telkom Company and its subsidiaries. Telkom Company includes the Corporate Centre and a division, namely Telkom Consumer. Telkom Group's operating subsidiaries are Openserve, BCX, Swiftnet and Gyro. This division and the four subsidiaries are commonly referred to as Telkom's business units.

Telkom's operating model



Board approval

The Board of Directors (the Board), as listed below, acknowledges its responsibility for the integrity of Telkom's remuneration report. The Board confirms that it reviewed the report's contents and leveraged the assurance obtained from its internal and external assurance providers for key reporting elements.

The Board approved the report on 11 July 2023.

Chairperson
Sello Moloko (up to 31 March 2023)
Mvuleni Geoffrey Qhena (from 01 April 2023)

Group Chief Executive Officer (GCEO)
Serame Taukobong

Group Chief Financial Officer (GCFO)
Dirk Reyneke

Board Members
Naidene Ford-Hoon
Olufunke Ighodaro
Brian Kennedy
Prudence Lebina
Sibusiso Luthuli
Ethel Matenge-Sebesho
Mteto Nyati
Keith Rayner
Ipeleng Selele
Sibusiso Sibisi
Herman Singh
Louis Von Zeuner
Sung Yoon

INTRODUCTION

The Remuneration Committee (Remco or the Committee) enables the Board to execute its mandate by ensuring competitive, fair and responsible remuneration and reward strategies are in place. This facilitates the attraction, motivation and retention of the top talent required to sustainably achieve the Group's strategic objectives.

Remco regularly reviews the design and management of the Group's remuneration practices, including guaranteed pay (GP) structures and the short- and long-term incentive schemes required to motivate exceptional Group, business unit, and individual performance. The Committee also ensures that the Group has transparent disclosure processes that enable a reasonable assessment of the effectiveness of the Group's remuneration and governance practices by stakeholders.

The Committee confirms that it has complied with its full mandate as reflected in its terms of reference[1]. The Committee further adhered to the King IV[2] guidance provisions on remuneration governance and the Johannesburg Stock Exchange (JSE) Listings Requirements.

The Group fully complied with the provisions of its remuneration policy and short- and long-term incentive scheme rules, and there were no deviations.

The Committee is pleased to provide its report on the Group's remuneration policy and practices, including its remuneration policy and implementation report for the year ending 31 March 2023. The report is structured as follows:

1 **Section 1** is the Chairperson's background letter to shareholders. It summarises the outcomes of engagements with shareholders, key remuneration matters considered, and the Committee's future focus areas.

2 **Section 2** contains the forward-looking (FY2024) remuneration policy. Telkom reviewed the remuneration policy with reference to the feedback received from shareholders and as part of our efforts to improve the Group's remuneration framework and embed an alignment of interests between shareholders and management.

3 **Section 3** illustrates how we implemented the FY2023 remuneration policy, including significant subsequent events up to the date the Board approved the report.

Feedback
We value stakeholder feedback. Please share your experience with this report by contacting our investor relations team at telkomir@telkom.co.za.

[1] *The Committee's terms of reference is available online.*

[2] *King IV Report on Corporate Governance™ for South Africa, 2016. Copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved.*

CHAIRPERSON'S BACKGROUND STATEMENT

"Thank you for voting for my appointment as a Non-executive Director (NED) of Telkom and a Member of the Board at the 2022 annual general meeting (AGM). I am honoured that I can serve your interests and that of Telkom's various other stakeholders, as mandated."

Brian Kennedy

Dear shareholders

Firstly, thank you for voting for my appointment as a Non-executive Director (NED) of Telkom and a Member of the Board at the 2022 annual general meeting (AGM). I am honoured that I can serve your interests and that of Telkom's various other stakeholders, as mandated.

I thank my predecessor, Rex Tomlinson, for the work he and Remco Members have done to advance a robust oversight framework for Telkom's remuneration policy and practices. I take over with courage, knowing that I can also look forward to your support and that of the Board as we work together towards the continuous improvement of the Group's remuneration framework and the sustainable achievement of its strategy.

My letter summarises the performance factors that Remco considered in making its decisions for the year under review. I also outline the measures taken in response to the below threshold (62.62%) supporting votes we received for the FY2022 remuneration implementation report.

Performance context and factors that influenced Remco's decisions

The ongoing loadshedding, high energy and fuel prices, upward trend in interest rates, and other inflationary pressures reflect the economic challenges the Group faced and continues to navigate. These challenges and muted economic growth put affordability at the forefront of consumers' minds. Despite these pressures, the Group's revenue performance was steady at R43 138 million, compared to the R42 756 million achieved in FY2022.

The instability of the electricity supply and the accelerated stages of loadshedding resulted in a much higher-than-anticipated cost to serve base. While our mobile sites are partially backed up through alternative power solutions, access network availability is materially reduced during loadshedding stages four and higher. The resultant increase in roaming costs further impacted the cost base. We also had to increase diesel spending to ensure our core and aggregation network sustained an availability factor of 99.99% during loadshedding.

This resulted in the Group's underlying EBITDA margin declining by 68.8% year-on-year. To manage the cost structure and return to a blended EBITDA margin of more than 25% from FY2024 onwards, the Group has embarked on various cost-saving initiatives, including:

- Projects to minimise the costs of legacy technologies and adopt newer technologies, which come at lower margins
- Restructuring the Group to meet future demands through the retrenchment process in terms of the Labour Relations Act, 66 of 1995

The restructuring programme intends to materially contribute to rebasing the Group's costs as its key objective is to reduce the Group's headcount and fixed employment costs by an estimated 15%. To minimise the negative impact of forced retrenchments, the Group offered voluntary separation packages (VSPs) and voluntary early retirement packages (VERPs) to all employees, subject to an approval process that ensured the retention of critical skills. Approved VSPs and VERPs contributed significantly towards the targeted fixed employment cost savings. This illustrates our commitment to finding solutions that consider the inputs of all stakeholders, including organised labour and all employees.

Telkom remains well positioned to drive growth and achieve its ambition to lead in broadband by growing its customer base and products and enhancing customer service. The strategy (refer to the full integrated report) adopted to realise the intrinsic value of the underlying business in the Group continues to gain momentum.

To achieve our ambitions, we must have a remuneration framework that enables the Group to attract, motivate and retain the best talent. We must deploy this talent in the right roles to drive the execution of the strategy within a safe and conducive work environment. Therefore, we continue to create a workplace responsive to the ever-evolving needs of a skilled and diverse technical and leadership workforce.

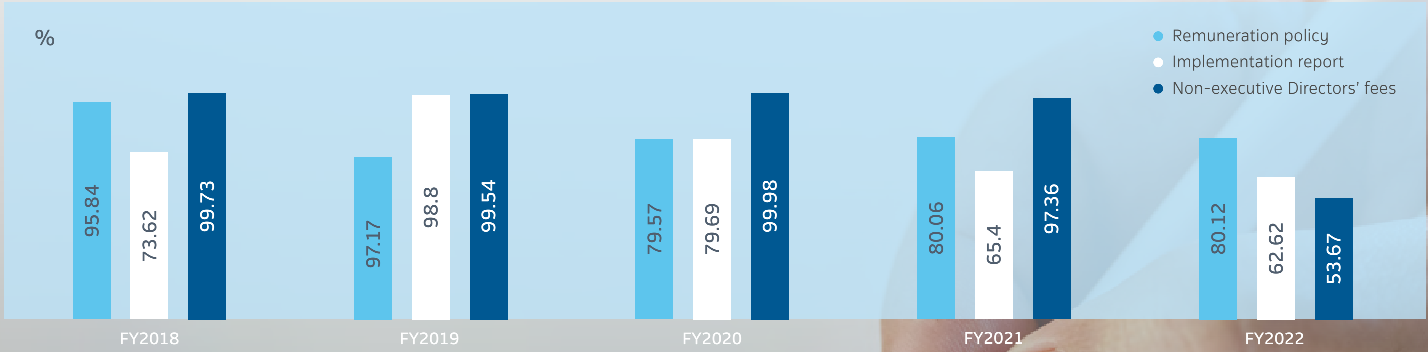
We launched our hybrid work model (two days working from home and three days in the office, subject to the nature of each role) from September 2022 as a response to the lifting of COVID-19 restrictions and as a foundation for a competitive and future-focused labour market. However, finding the right balance between working from the office and home, in a manner that does not compromise customer service and achieves tangible productivity gains, requires ongoing refinement and the management of various uncertainties.

While remuneration and our hybrid work model are key elements of our employee value proposition, we are also cognisant of the importance of a stable and effective leadership team. We remain focused on retention, rigorous succession planning and development of critical leadership skills. We are pleased to have had a smooth transition from Sipho Maseko, our previous GCEO, who stepped down on 31 December 2021 and exited the Group on 30 June 2022 after a six-month handover period to Serame Taukobong, who took over as GCEO from 01 January 2022.

Actions taken to address FY2022 remuneration report voting outcomes

The remuneration policy and implementation report are subject to non-binding advisory votes at every AGM, as required by the JSE Listings Requirements and recommended by King IV™.

The graph below reflects the non-binding advisory support votes received for our remuneration report over the past five years and the approval for Non-executive Director (NED) fees. While we are generally encouraged by the support received for our remuneration policy, the downward trend regarding support for our implementation report requires corrective action.



As per our commitment to proactively engage and listen to shareholder feedback, the Chairperson of the Board and my predecessor engaged with shareholders on the Group's proposed resolutions before the FY2022 AGM, wherein various concerns were raised, acknowledged and clarified.

Given that more than 25% of the voting rights exercised were against the implementation report, we needed to engage with shareholders according to the JSE Listings Requirements. Telkom duly issued a SENS announcement, inviting shareholders to an engagement which was held on 01 March 2023. We are pleased that some of our shareholders accepted this invitation.

The table overleaf reflects the main concerns raised by shareholders, which supplemented our analysis of proxy voting recommendation reports and our responses.

Disclosure and level of transparency

Shareholder concerns	Our response

Limited disclosure on the performance metrics against which the short-term incentives (STIs) and long-term incentives (LTIs) are paid remained a key concern. There is an acknowledgement that detailed business plans cannot be disclosed. However, only disclosing "as per business plan" and providing the result post the event makes it difficult for shareholders to support the implementation report.	- As part of the continuous improvement of the remuneration framework, we reviewed the FY2024 STI and LTI schemes to ensure that their performance conditions are:
	  - Clearly defined and linked to Telkom's strategy
	  - Embed and drive accountability for achieving the Group's environmental, social and governance (ESG) strategy objectives
	- An enhanced disclosure of the FY2024 performance conditions is included in the remuneration policy section (refer to pages 33 to 35)

The remuneration policy received c. 20% shareholder dissent at the 2021 AGM. Telkom did not provide further commentary on this level of dissent, referring only to dissent against the implementation report.	We are committed to good corporate governance, as illustrated by our pre-2022 AGM engagement and the engagement we held with dissenting shareholders post the AGM. These engagements enabled us to consider due inputs, which we used to revise our variable pay schemes as outlined in the remuneration policy section of this report.

LTI scheme

Shareholder concerns	Our response

Various concerns were raised regarding the LTI scheme's performance conditions, including the need to:
- Reference the total shareholder return (TSR) measure to an appropriate peer market benchmark
- Include ESG as part of the performance conditions
 	
Additionally, the following issues were raised:
  - The perceived limited "skin in the game" by Executive Directors
  - The need to increase the percentage of guaranteed pay that Executives should hold as a minimum shareholding
	- We reviewed the performance conditions of the Group's FY2024 variable pay schemes (STI and LTI) as part of the ongoing enhancement of the remuneration framework
	- For the LTI scheme, the TSR metric is referenced to an appropriate group of peer companies which has been disclosed
	- STI and LTI performance conditions include ESG metrics to drive accountability for sustainability from the top
	- The minimum shareholding requirements (MSR) policy has been updated and aligned with market practice to embed the alignment of interests between executives and shareholders
	
	The review outcomes are disclosed in the remuneration policy section.

STI scheme

Shareholder concerns	Our response
Various concerns were raised regarding the STI scheme's performance conditions, as follows: - The need to include ESG-related metrics that are measurable with stretched but realistic targets that are relevant to the Group and each business unit - The current practice for the STI where the trigger is below budget (85%) was questioned as it was perceived to imply that Telkom rewards non-achievement of targets - There was concern about using earnings before interest, tax, depreciation, and amortisation (EBITDA) as a metric for the STI	- For the FY2023 STI scheme, the trigger increased to a 95% achievement rate of the stretch EBITDA and profit after tax (PAT) targets - We reviewed the performance conditions of the Group's FY2024 variable pay schemes (STI and LTI) per the details disclosed in the remuneration policy section of the report - The redesigned FY2024 STI scheme incorporates Group, business unit and individual scorecards with clear targets for each weighted metric to eliminate the need for triggers - We introduced a threshold payment for performance, which is set above budget and in line with the scheme's self-funding principles - The STI scheme's financial metrics at Group level are revenue, PAT and free cash flow (FCF). Refer to the scorecard details in the policy section.

Employment contracts of Executive Directors and Group Prescribed Officers

Shareholder concerns	Our response
The change in the notice period and the introduction of a restraint of trade for Executives were well received.	This feedback was positively noted. The Group has updated current contracts and will continue to appoint new Executive Directors and Group Prescribed Officers with a six-month notice period, and conclude a restraint agreement on their appointment, to be effected on the termination date.
The "good leaver" provisions indicate that the Group's forfeitable shares vest on a pro rata basis for time (retention) only, and performance conditions are not included. Dividends may also accrue on unvested forfeitable share awards.	Remco acknowledges the feedback in this regard. However, as the dividend accrual on unvested forfeitable shares and the "good leaver" provisions are as per the current shareholder-approved LTI scheme rules, the Group has made enhancements on how it implements the current LTI scheme rather than introducing a new scheme for FY2024. These enhancements include clearly defined and strategy-aligned stretched performance conditions and a market-aligned approach to MSR, as detailed in the policy section of our report.
The former GCEO was paid a 12-month restraint agreement award of R32 million, which was not supported by sufficient rationale. This is in addition to the delivery of a retention award, for which a significant level of dissent against the implementation report at the previous (FY2021) AGM had been attributed. Given this context, the second part of the retention award represents a material concern.	This matter was addressed through our various engagements with shareholders where we elaborated on the calculation basis and the payment conditions of the award. We also explained that the combination of a constrained market that drove harsh trading conditions with regulatory events pointed to an even stricter outlook for Telkom in 2020 and 2021. Accordingly, the Board considered it to be strategically important to retain Mr Maseko's services for at least two years to ensure strategic leadership and continuity. The decision at the time was supported and approved based on the following key reasons: - The timing of the strategy, including the restructuring that was underway to facilitate this, together with the significant shifts taking place in the telecommunications space - The implementation status of key strategic matters, such as the spectrum auction and optimisation of the business units - The competitive environment within which Telkom found itself The Board believes that it made the right decision to retain Mr Maseko's strategic leadership services. Accordingly, he remained in an advisory capacity from 01 January 2022 until 30 June 2022 to complete selected strategic matters and ensure a smooth transition and handover to the new GCEO.

Strategy to be included in reward schemes

Shareholder concerns	Our response
Telkom must ensure alignment of Executives' key performance indicators, with reward linkages in the STI and LTI plans.	The review of the Group's FY2024 STI and LTI schemes is premised on the Group's strategy. This ensures that Group, business unit and Executives' individual performance conditions for these schemes effectively encourage the discretionary effort required to achieve key strategic outcomes sustainably. The performance conditions that reflect the above are disclosed as part of our remuneration policy.

Summary of remuneration policy changes and improvement initiatives

Remco appreciates the strategic role of remuneration and reward in enabling the Group's performance and encouraging exceptional value creation for all stakeholders. Accordingly, we continuously assess the effectiveness of the remuneration policy, incentive schemes and practices to ensure they drive desired behaviours and result in positive outcomes for shareholders without creating undue risks. The shareholder engagements outlined earlier, and our annual assessment resulted in the following key policy changes.

Comparator group review

The comparator group for referencing the remuneration of Executive Directors and NEDs against a market median through periodic market benchmarks, best practice, feedback from shareholders and other key strategic factors such as skills requirements and affordability was last reviewed for appropriateness in 2021. Therefore, Remco reviewed and updated the comparator group in line with developments in the Group's strategy and changes in the business and competitor landscapes.

Deloitte's ExecEval™ Sizing Grid was used to select an appropriate peer group. The peer group mainly includes companies within the consumer business sector. However, due to a lack of telecom companies within the South African consumer business environment, similar-sized companies from different sectors within the broader sectoral grouping were also included. Further criteria such as operation similarity, availability of disclosed data, and other relevant factors were used to narrow down companies from telecoms, consumer discretionary, retail, healthcare, diversified real estate investment trusts (REITs), and electronics. Fourteen companies met the required criteria and were identified as Telkom's updated peer group, while three others were included in the reference group. The updated list of comparator companies is disclosed in the policy section of the report (refer to page 19).

ESG metrics incorporated as part of FY2024 LTI and STI schemes

Telkom incorporated its ESG Strategy's metrics into the performance conditions for the FY2024 STI and LTI schemes to drive accountability for its achievements at the Executive Director and Group Prescribed Officer levels.

Reviewed
and redesigned the STI scheme to ensure it effectively drives the achievement of exceptional and sustainable strategic deliverables

Consistent
alignment of the Executive Director and Group Prescribed Officer deliverables with the strategy

Variable pay review

Together with Deloitte's Reward Consulting team, we reviewed and redesigned the FY2024 STI and LTI schemes through an iterative process, including consultations with Telkom's key stakeholders and the shareholder feedback received per the abovementioned engagements. The key review processes included:

- Benchmarking the pay of Executive Directors and Group Prescribed Officers for on-target performance and pay mix relative to the market to determine external competitiveness
- Ensuring consistent alignment of the Executive Director and Group Prescribed Officer deliverables with the strategy through the development of Group, business unit and individual scorecards informed by the strategy
- Reviewing and redesigning the STI scheme to ensure it effectively drives the achievement of exceptional and sustainable strategic deliverables in line with the Group, business unit and individual scorecards
- Reviewing the implementation parameters of the LTI scheme to align with market and best practices. The revised implementation parameters were done within the scope of the current rules, approved by shareholders and included a market-aligned approach for achieving minimum shareholding requirements

The outcomes of this review are outlined in the remuneration policy section of the report.

Governance and key decisions made by Remco

Committee composition and meeting attendance

The Committee's composition and its Members' attendance at the four meetings held in FY2023 are reflected in the table below.

Name	Designation	Meeting dates				Total attendance
		07-Jun-22	16-Aug-22	14-Nov-22	13-Mar-23	
RG Tomlinson	Former Chairperson	Yes	Yes	N/A	N/A	2/2
B Kennedy[2]	Current Chairperson	N/A	Yes	Yes	Yes	3/3
O Ighodaro	Member	Yes	Yes	Yes	Yes	4/4
MS Moloko	Member	Yes	Yes	Yes	Yes	4/4
KW Mzondeki[1]	Member	Yes	Yes	N/A	N/A	2/2
M Nyati[2]	Member	N/A	Yes	Yes	Yes	3/3
LL Von Zeuner[3]	Member	Yes	Yes	No	Yes	3/4

[1] *Resigned at the AGM on 24 August 2022.*
[2] *Attended the meeting on 16 August 2022 as incoming Member and Chairperson of the Committee (the effective date of appointment to the Committee was 25 August 2022).*
[3] *Apologised for the meeting held on 14 November 2022.*

Key decisions taken

In line with the remuneration policy and due cognisance of the factors impacting remuneration, Remco made the following key decisions during the period under review:

Guaranteed pay (GP)

Remuneration element	Employee level	Decision
FY2023, effective 01 April 2022: The overall average GP increase granted was 6.57%	Executive Directors and Group Prescribed Officers	The average GP increase granted was 5.86%. Refer to the implementation report for details.
	Management	The average GP increase awarded was 5%, with an additional 1% allocated to top talent and employees with critical skills who delivered great performance.
	Bargaining unit employees	The Company and the Alliance (CWU and SACU) concluded a one-year substantive wage agreement for the period 01 April 2022 to 31 March 2023. The annual GP increase agreed upon was 7%, and included: - A 6% increase with reference to the 50th percentile of the business or functional area market for each employee per job grade - An additional 1% to align lagging employees with the business or functional area market's 50th percentile
FY2024, effective 01 April 2023:	Management	No (0%) increase was awarded to Management for the coming year (FY2024), in line with the cost-saving initiatives underway. However, investment in Executive and employee learning and development and other non-direct financial elements of our employee value proposition (EVP) may be implemented to develop current and future capabilities, and mitigate key talent retention risks as part of our talent management processes.
	Bargaining unit employees	As the one-year substantive wage agreement with the Alliance (CWU and SACU) expired on 31 March 2023, the Company will engage with the Alliance in line with the constructive working relationship we have established over the years. The outcome of the engagements will be disclosed in our next report.

Short-term incentives (STI)

Remuneration element	Decision
FY2022 STI payment approval	- In line with the STI policy, the Board approved the STI pool based on the need to achieve the two key triggers for payment, namely EBITDA and PAT - The STI pool was based on an equal weighting of 25% of the scheme's financial performance conditions: EBITDA, PAT, revenue and FCF - Telkom approved the STI payments for Executive Directors and Group Prescribed Officers, considering the required level of individual performance over and above the Group and business performance factors (refer to details disclosed in our FY2022 report).
FY2023 STI plan approval	We approved the FY2023 STI plan in line with the following key policy principles: - The performance conditions that require the achievement of weighted Group EBITDA (20%), PAT (20%), revenue (30%), and FCF (30%) targets - The EBITDA and PAT target achievement trigger for determining the STI pool was adjusted from 85% (FY2022) to 95% of the stretch targets set for FY2023, in line with shareholder feedback - Business units must meet their respective financial targets to trigger a payment, and individuals must also achieve their performance targets to be eligible for an STI payment
FY2023 STI payment approval	In line with the STI policy and plan, we approved the non-payment of STIs based on the Group's performance outcomes for the financial year, which did not achieve the required PAT and EBITDA targets to trigger payment.

Long-term incentives (LTI)

Remuneration element	Decision
Approval of annual LTI awards including performance conditions	In line with the rules of the LTI scheme, Telkom awarded 8 436 459 forfeitable shares to permanent employees who were in the Group's service on the award date of 15 June 2022. Due to insider information regarding the potential MTN transaction, Telkom did not award shares to Executive Directors and Group Prescribed Officers in June 2022. Instead, their shares were awarded on 24 November 2022, after the closed period relating to interim period reporting had been lifted. The details of the shares awarded to Executive Directors and Group Prescribed Officers and the performance conditions thereof are outlined in the implementation report.
Approval of vesting awards	In line with the rules of the LTI scheme, the tranche vesting of Telkom shares during the year under review (June 2022) was approved based on the tested performance conditions applicable. The details of the performance achieved and the awards vesting for Executive Directors and Group Prescribed Officers are outlined in the implementation report.

NED fees

Remuneration element	Decision
Non-executive Directors' fee proposals	Remco recommended a 5% increase in the all-inclusive fee structure for NEDs. However, shareholders did not approve this at the AGM held on 24 August 2022. Therefore, Telkom did not adjust the NED fees, which remained the same as the previous financial year. Refer to the implementation report section for details. In light of the cost-containment initiatives underway, Telkom will not be proposing any fee increases for FY2024 at the next AGM. A proposal will be made to amend the NED Fee policy to include a special per meeting fee applicable only to the ad hoc Independent Board ("iBoard"), which was established in terms of the Companies Act and the Takeover Regulations to perform all and any acts and take all and any decisions which may be performed by an independent board pursuant to any proposed transaction that may be presented to the Company from time to time. This proposal will be made at the next AGM and only implemented if approved by Shareholders. Refer to the AGM resolution for details.

Additional matters considered

The Committee also reviewed and noted the following:

- The project plan for the S189A restructuring processes, which included detailed implementation and change management outcomes
- The Committee's terms of reference, annual work plan and remuneration report were recommended to the Board for approval

Remco believes that the remuneration decisions made represent a fair outcome, are aligned with our remuneration policy, and fairly represent the interests of all stakeholders.

Future focus areas

We will continuously assess remuneration market trends, best practice, and governance developments to ensure our policies and structures support the sustainable achievement of Telkom's strategic objectives. Our remuneration policy, practices and decisions will continue to focus on ensuring that we:

- Enable the Group to attract, motivate and retain employees with key leadership and technical skills through a competitive total reward offering (i.e. financial and non-financial)
- Achieve a balanced remuneration mix for Executive Directors and Group Prescribed Officers to continuously enhance the alignment of their interests to those of shareholders
- Achieve fair and responsible pay objectives in line with the disclosure requirements envisaged under the Companies Amendment Bill, 2021
- Enhance the disclosure of our remuneration policy and practices so that our shareholders and other stakeholders can assess the effectiveness of these and provide us with constructive feedback

Independent external advisors

Non-executive Directors' fees are periodically benchmarked independently by PwC to ensure these align with the external market while considering the Group's key strategic imperatives and the work that the Board and its Committees must deliver as mandated. Remco considers the benchmark outcome as one of the factors used to recommend annual fee reviews to the Board, which then presents these for shareholder endorsement at the AGM.

Deloitte reviewed the Executive Director and Group Prescribed Officer remuneration mix as part of the variable pay review project. They benchmarked this remuneration mix against Telkom's peers to ensure alignment with the market and shareholders' interests. Deloitte further assisted Telkom with the development of Group, business unit and individual performance scorecards of the Executive Directors and Group Prescribed Officers to ensure alignment with the strategy.

We use Deloitte, PwC and REMchannel® for management and bargaining unit benchmarking and general external advice, including leading market practice.

The advisors attended relevant Committee meetings. The Committee was satisfied that they were always independent and objective.

Enable
the Group to attract, motivate and retain employees with key leadership and technical skills

Achieve
a balanced remuneration mix for Executive Directors and Group Prescribed Officers

Conclusion

It is in Telkom's best interest to consider and balance all stakeholders' legitimate and reasonable needs, interests and expectations relating to our remuneration strategy, policies and practices. We are extremely grateful for the inputs we have received from shareholders and remain committed to ongoing engagements and to further enhancing our dialogue in this regard. We look forward to your support at the upcoming AGM for our enhanced remuneration policy and the more robust implementation of the FY2023 policy.

I thank the Board, my fellow Committee Members, our advisors and management for their support and hard work during the year under review.

Brian Kennedy
Chairperson
Remuneration Committee

REMUNERATION POLICY

2

Our remuneration framework enables us to attract, engage and retain employees with the leadership and technical skills required to accelerate the effective execution of our strategy. As an illustration of our commitment to ongoing improvement, we have enhanced our remuneration policy according to the feedback received from shareholders and developments in the market for top talent.

Remco ensures that Telkom's remuneration policy and practices align with the Companies Act, King IV principles and guidance notes, and the JSE Listings Requirements. This remuneration policy should be read with reference to these and other relevant regulatory and governance frameworks related to people management.

Shareholders are requested to cast a non-binding advisory vote on the remuneration policy as outlined in this section. Refer to the AGM resolution for details.

Role of Remco

Remco assists the Board of Directors in fulfilling its responsibility to stakeholders regarding the appointment, remuneration, development and succession of Executive Directors and Group Prescribed Officers. In line with the Group's fair and responsible pay principles, the Committee also considers the remuneration of all other employee levels relative to that of Executive Directors and Group Prescribed Officers.

Remco's role and responsibilities include, but are not limited to:

- Ensuring remuneration is competitive, fair, responsible, transparent and that it enables sustainable value creation
- Recommending the total remuneration of Executive Directors to the Board and approving the remuneration of Group Prescribed Officers and the policies that govern such remuneration
- Ensuring the cost of all benefits is included in the evaluation of the fixed remuneration of Executive Directors and Group Prescribed Officers
- Ensuring the incentives of Executive Directors and Group Prescribed Officers are commensurate with the stretched performance required to achieve the Group's strategy and are compliant with the applicable scheme policies, rules, regulatory and disclosure requirements
- Reviewing and recommending to the Board the employment terms upon which the Executive Directors are employed and remunerated and approving such terms for Group Prescribed Officers

Further details of the Committee's terms of reference, which should be read in conjunction with this policy, are available online.

Shareholder engagement policy

Proactive shareholder engagements enable Remco to manage and continuously improve Telkom's remuneration framework. The Committee engages shareholders regularly to obtain feedback and their views on the Group's remuneration policy and practices.

As part of its terms of reference, the Committee is responsible for reviewing and approving the remuneration report annually. The report is issued at the same time as Telkom's integrated report. The remuneration policy and implementation report sections of this report are put to separate non-binding advisory votes at the AGM.

If either the remuneration policy or implementation report or both are voted against by 25% or more of the voting rights exercised, Remco has to engage with the dissenting shareholders and report on any implemented corrective measures in the next report.

Per the JSE Listings Requirements, the invitation for dissenting shareholders to engage should be a SENS announcement, typically issued 48 hours after the AGM. As supported by King IV, good practice also encourages proactive shareholder engagement over and above mandatory engagements.

Authority levels

Remco acts under the delegated authority of the Board to determine and recommend remuneration levels, except for the fees payable to NEDs, which are subject to the approval of shareholders at the AGM. The authority levels are set out below.

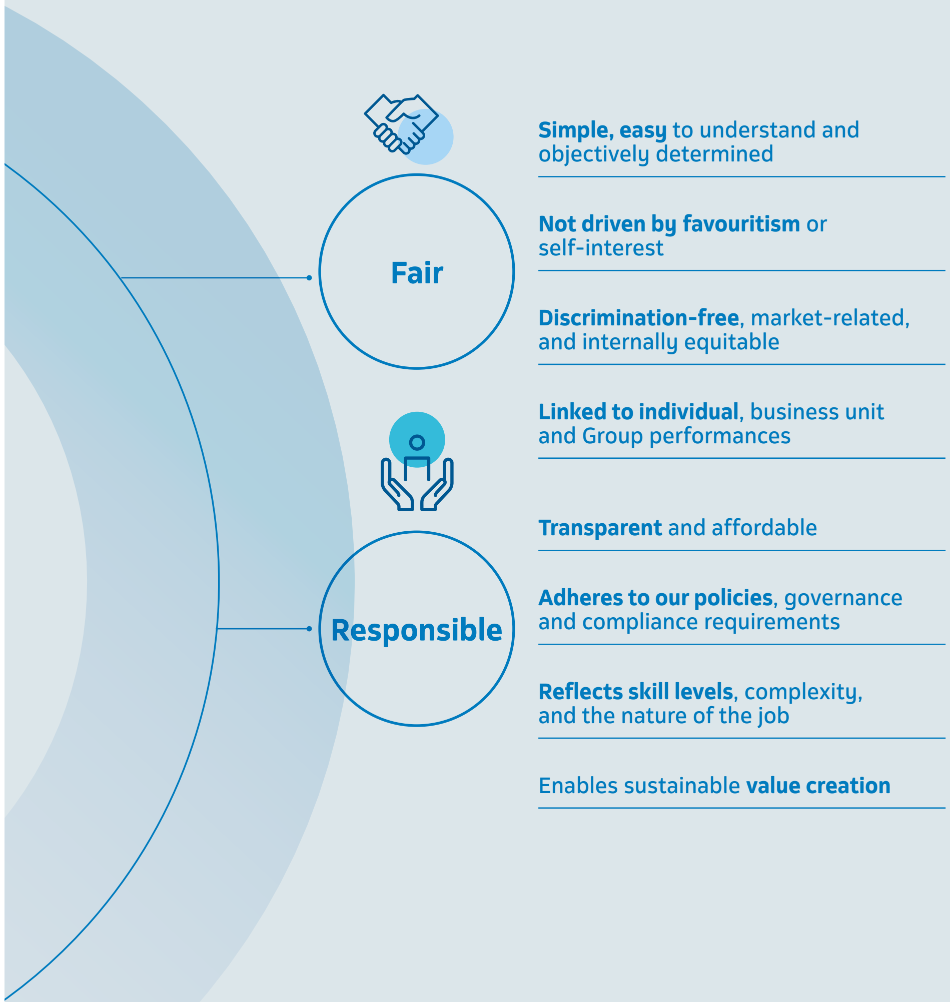
Item	GCEO	Remco	Social and Ethics Committee	Board	Shareholders
Executive Directors' remuneration		Recommend		Approve	
Group Prescribed Officers' remuneration	Recommend	Approve		Note	
Annual remuneration/ salary review mandate for the rest of the Group	Recommend	Approve		Note	
Performance awards and targets for STI and LTI plans	Recommend	Approve	Consult	Note	
Remuneration report	Propose	Recommend		Approve	Endorse
Non-executive Directors' remuneration	Propose	Recommend		Recommend	Approve

Fair and responsible remuneration

Telkom applies the principles of fair and responsible remuneration based on job complexities and the relative worth of the job according to regulations governing equal pay for work of equal value. Our remuneration policy follows the same fundamental principles to ensure fair and responsible pay across all employee levels. We aim to ensure that remuneration is both externally competitive and internally equitable.

We regularly review our practices to ensure that remuneration levels are appropriate across the Group's business units and functional areas and that employees are remunerated fairly according to their skills, competence and performance. We also ensure that any remuneration differentiation is non-discriminatory, fair and responsible. Where we identify historical anomalies, we address them as part of our annual salary review process.

We believe fair and responsible remuneration can be defined as follows:



Telkom also ensures that the remuneration of Executive Directors and Group Prescribed Officers is justifiable in the context of overall employee remuneration. In this regard, we investigate income disparities by:

- Assessing the pay gap and differentiation between employees at the same level/grade, and by gender and race
- Assessing the vertical wage gap, which analyses the 5% highest paid against the 5% lowest paid
- Assessing the wage gap ratio between the GCEO and the 5% of lowest paid employees
- Examining and addressing the underlying reasons for any disparities

In addition, Telkom pays attention to the crucial matters of employment equity, particularly gender or biological equities. We continuously review our gender wage gap to ensure that women are remunerated fairly based on their job levels, associated complexities and performance. A key component that may impact the gender wage gap is gender composition. Therefore, we calculate the gender wage gap based on the actual value a female employee would earn if she occupied the same position as a male across all job grade/complexity levels.

As a result of our ongoing efforts to address historical and potential wage gaps using the annual salary review process, the Group's current gender wage gap across all grading/complexity levels is between 0% and 2%.

The race wage gap is equally important, and we have consistently addressed historical racial inequities. We calculate the race wage gap based on the actual value a black African employee would earn compared to a White employee if they occupied the same position across all grade/complexity levels.

Over the years, Telkom has taken active steps to address historical race inequities and the race wage gap currently ranges between 0% to 4%.

As an ethical and responsible employer, we recognise equal pay for work of equal value principles and strive to remunerate employees doing substantially the same work within the same pay range. Telkom realises there could be differences attributed to the following:

- An individual's seniority or length of service
- An individual's qualifications, ability, competence, critical skills or potential that are above required levels for the job
- An individual's performance (all employees are equally subject to Telkom's performance management framework)
- Demotion due to restructuring or other relevant reasons
- An individual's lack of relevant experience for a job level
- Any other non-discriminatory differentiator

Remuneration fundamentals

Policy objectives and principles

Telkom's remuneration policy is designed to attract, motivate and retain top talent, and enables the sustainable delivery of our strategy without encouraging undue risks. Its key objectives are to:

- Attract, motivate, and retain top talent through competitive remuneration
- Support and drive a pay-for-performance culture within an appropriate risk framework
- Differentiate between satisfactory performance and high performance
- Reward employees for exceptional outcomes in relation to the execution of the business strategy
- Enable the sustainable delivery of our evolving strategy aligned with shareholders' interests

The policy principles ensure that remuneration programmes:

- Are designed to motivate and reinforce superior performance
- Encourage the achievement of exceptional Group, business unit, team, and individual performances
- Support the development of competencies for exceptional short-term performance and future business needs
- Are based on the premise that employees should share in the success of the Group
- Ensure the achievement of an appropriate remuneration mix that enables optimum alignment of interests between executives and shareholders
- Achieve fair, responsible and non-discriminatory outcomes

Remuneration philosophy and link to business strategy

Telkom's ambition is to lead in the converged information and communications technology (ICT) market by seamlessly connecting its customers to a better life while creating positive experiences for them. To achieve this, the Group is pursuing various objectives under its five strategic pillars:

- **P** | **Partnerships**
- **I** | **Integrated solutions**
- **V** | **Victory in broadband**
- **O** | **Operational efficiency**
- **T** | **Technology innovation**

Telkom requires the right people to drive strategic execution. Therefore, the HR strategy focuses on creating a positive employee experience within a high-performance culture that rewards employees who deliver exceptional customer service and business results.

The remuneration philosophy is based on the understanding that the Group's strategic objectives cannot be achieved without appropriately skilled employees who are held accountable and are meaningfully rewarded for the successful execution of the Group's strategy. The remuneration framework ensures that Telkom's remuneration structures support and reward exceptional and sustainable performance aligned with the operating model and the desired strategic outcomes. We drive these outcomes through carefully selected metrics used in our revised STI and LTI schemes.

Governance and risk management

Our remuneration structure aligns with the Group strategy and the agreed risk appetite framework and seeks to reward performance fairly, responsibly and transparently. We review remuneration risk to ensure remuneration decisions enable the achievement of strategic business objectives and effectively reflect the interests of all stakeholders.

Remco ensures the remuneration policy is transparent and reviews incentive plans annually for ongoing relevance and effectiveness. The remuneration policy includes malus and clawback provisions, which apply to all STI amounts paid and the vesting of share awards (LTI).

Executive Directors and Group Prescribed Officers are not involved in any remuneration policy decisions directly impacting their remuneration; this is to manage any potential conflict of interest.

Remco reviews the audited Group financial results annually to determine STI outcomes before any payments are made to Executive Directors, Group Prescribed Officers, and other eligible employees.

The Committee reviews the tested performance conditions with reference to the Group's audited financial results for shares to vest as per the LTI scheme's rules before the vesting is approved. In addition, the Audit Committee and our external auditors review STI and LTI performance achievements.

The Committee has the discretion to adjust the final STI payment and LTI vesting downwards if circumstances warrant it.

Benchmarking

Telkom engages independent remuneration consultants to benchmark remuneration relative to the ICT/IT and national market median per our policy. In addition to business strategy, affordability, best practice, market conditions, skills requirements and shareholder feedback, we use the benchmarking outcomes to set appropriate remuneration levels for Executive Directors, Group Prescribed Officers and Non-executive Directors.

The total remuneration of Executive Directors and Group Prescribed Officers, which comprises guaranteed pay (GP), STI and LTI, is set against the market median for on-target performance.

Telkom conducts benchmarks periodically and at least once every two years in line with changes in the business strategy and market movements.

When conducting a benchmark, internal jobs are matched to similar jobs in the market based on the job scope, qualifications and years of experience to ensure accurate matching.

As part of the benchmarking, Remco determines and periodically reviews a comparator group of companies through a process based on Deloitte's ExecEval™ Sizing Grid, which includes identifying the appropriate business sector, industry and company size using comparative criteria such as market cap, total assets, revenue, pre-tax profit, headcount and payroll costs.

The peer group mainly includes companies within the consumer business sector. However, due to a lack of telecom companies within the South African consumer business environment, similar-sized companies from different sectors within the broader sectoral grouping are included in the peer group. Further criteria such as operation similarity, availability of disclosed data, and other relevant factors are used to narrow down companies from telecoms, consumer discretionary, retail, healthcare, diversified REITs and electronics. Fourteen companies met the required criteria and were identified as Telkom's updated peer group, while three others were included in the reference group only.

The following table lists companies in the consumer business sector that are included in the updated peer group, based on their alignment with the appropriate grid size and sector as Telkom:

	Company name	Grid size*	Sector
	TELKOM*	J	Telecommunications services
1	AVI	I	Food products
2	BLUE LABEL	H	Telecommunications services
3	CLICKS	J	Drug retailers
4	EOH	H	Computer services
5	LIFE HEALTHCARE	J	Healthcare facilities
6	NETCARE	J	Healthcare facilities
7	PICK N PAY	K	Food retailers and wholesalers
8	SPAR	J	Food retailers and wholesalers
9	TFG	J	Apparel retailers
10	TRUWORTHS	I	Apparel retailers
11	ALLIED ELECTRONICS	H	Computer services
12	STEINHOFF	L	Diversified retailers
13	TIGER BRANDS	J	Food products
14	WOOLWORTHS HOLDINGS	J	Diversified retailers

* *The Deloitte ExecEval™ Sizing Grid is provided on the* next page.

Companies in the reference group only:

	Company name	Grid size*	Sector
1	MTN	L	Telecommunications services
2	VODACOM	L	Telecommunications services
3	MULTICHOICE	J	Cable television services

Deloitte ExecEval™ Sizing Grid

Telkom's estimated grid size for purposes of peer group selection was defined as J, based on the following figures (shown in millions of rands):

	FY2022
Market cap	18 184
Total revenue	42 756
Total assets	66 017
Labour and related expenses	8 693
Employee headcount	11 898

Telkom's estimated grid size is defined as

J

			Basic salary and wage Bill	272 to 544	544 to 1 088	1 088 to 2 176	2 176 to 4 352	4 352 to 8 704	8 704 to 17 408
			Number of employees	1 600 to 3 200	3 200 to 6 400	6 400 to 12 800	12 800 to 25 600	25 600 to 51 200	51 200 to 102 400
Typical financial results (R'm)			**Employment costs**	457 to 914	914 to 1 829	1 829 to 3 657	3 657 to 7 314	7 314 to 14 629	14 629 to 29 257
Market cap.	**Turnover**	**Total assets**	**Pre-tax profit**						
Up to 70	Up to 90	Up to 140	Up to 5	F	G	H	I	J	K
70 to 140	90 to 180	140 to 280	5 to 10	F	G	H	I	J	K
140 to 440	180 to 550	280 to 830	10 to 50	F	G	H	I	J	K
440 to 1 200	550 to 1 200	830 to 2 000	50 to 150	F	G	H	I	J	K
1 200 to 3 200	1 200 to 1 800	2 000 to 4 400	150 to 360	F	G	H	I	J	K
3 200 to 7 000	1 800 to 3 400	4 400 to 8 800	360 to 620	F	G	H	I	J	K
7 000 to 12 000	3 400 to 5 900	8 800 to 14 600	620 to 1 000	G	G	H	I	J	K
12 000 to 21 000	5 900 to 10 300	14 600 to 25 700	1 000 to 2 000	H	H	H	I	J	K
21 000 to 36 000	10 300 to 20 000	25 700 to 43 100	2 000 to 3 300	I	I	I	I	J	K
36 000 to 67 000	20 000 to 44 000	43 100 to 65 000	3 300 to 5 200	J	J	J	J	J	K
67 000 to 149 000	44 000 to 91 000	65 000 to 175 000	5 200 to 13 300	K	K	K	K	K	K
149 000 to 560 000	91 000 to 207 000	175 000 to 370 000	13 300 to 27 000	L	L	L	L	L	L

Remuneration framework and pay mix elements

Job grading hierarchy

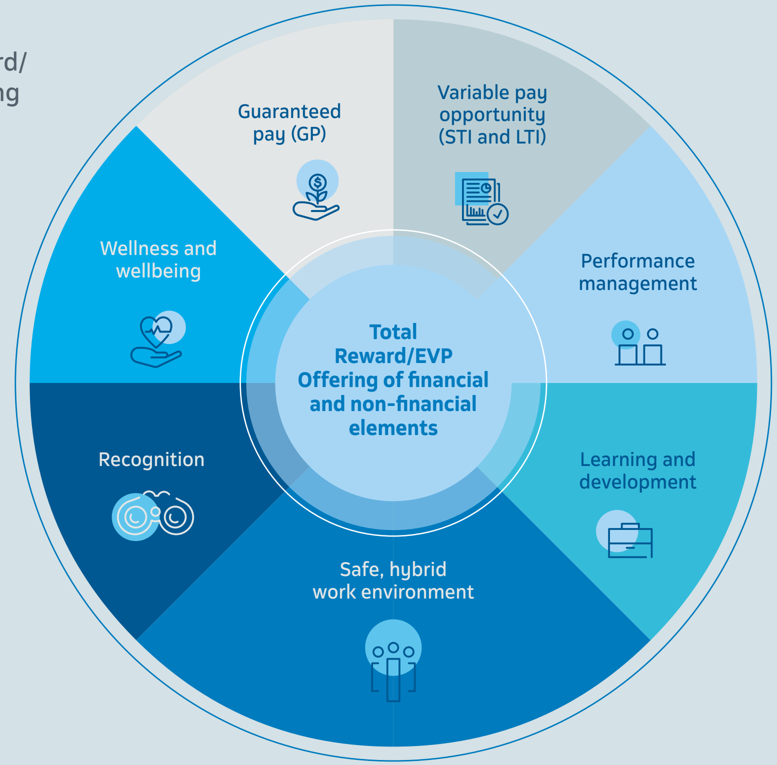
Telkom uses the decision tree (formerly JE Manager) to evaluate the jobs required to achieve its strategic imperatives, and its job grading hierarchy is reflected alongside:

Hierarchical structure	GCEO	GCFO/ Group Prescribed Officers	Group Executives/ Managing Executives	Executives	Senior Managers/ Managers	Operational Managers/ Supervisors	Operational	Support
Grade/Level	M0	M1	M2	M/S3	M/S4/M/S5	M/S6	OP1	OP2/A
			Management			Bargaining unit employees		

Remuneration approach

Telkom follows a holistic and balanced employee value proposition or total reward approach based on the financial and non-financial elements reflected in the following total remuneration and pay mix diagrams:

Total reward/ EVP offering



Pay mix

Guaranteed pay (GP)

Basic salary + benefits for all employees

Short-term incentives (STIs)

STI scheme for management, Executive Directors and Group Prescribed Officers

Performance pays scheme and 14th cheque for bargaining unit employees

Long-term incentives (LTIs)

Forfeitable share plan (FSP) for management, Executive Directors and Group Prescribed Officers

Employee share ownership plan (ESOP) for bargaining unit employees

Pay mix applicability guide

Policy element	Applicability		
	Executive Directors and Group Prescribed Officers (M0, M1)	*Management (M2, M/S3, M/S4 and M/S5)*	*Bargaining unit employees (M/S6, OP1, OP2 and A)*
Guaranteed pay	✓	✓	✓
Benefits	✓	✓	✓
STI	✓	✓	✓ 14th cheque and performance pays scheme
LTI – FSP	✓	✓	N/A
LTI – ESOP	N/A	N/A	✓
LTI – TSA*	✓	✓	N/A
Performance management	✓	✓	✓

* *No talent share award (TSA) will be awarded to management, including Executive Directors and Group Prescribed Officers, from FY2024 as the enhanced LTI scheme effectively addresses retention, sustainable value creation and better aligns shareholder and management interests.*

Details of each pay mix element

Guaranteed pay and benefits

The table below summarises the guaranteed pay and benefits applicable to all employees. There were no changes to this element of pay from the previous year.

Design element	Approach
Purpose and link to strategy	- Enables the Group to attract, motivate and retain diverse talent with the right mix of skills through competitive pay that reflects the size, scope and complexity of the roles required to execute and deliver the business strategy
Key principles	- Guaranteed pay is influenced by the scope of the role and the knowledge, skills and experience required for the position - Fixed guaranteed pay comprises a basic pensionable salary, retirement provision and flexible benefits (detailed on next page) - Salaries are paid monthly - Guaranteed pay is reviewed annually through the Group's annual salary review processes, and any approved increases are typically effected from 01 April each year - The annual salary review process considers several factors, including affordability, business performance, individual performance, market competitiveness, and economic indicators such as inflation, benchmark outcomes and other market movements. Annual salary reviews for the bargaining unit are subject to the outcomes of wage negotiations with recognised unions
Market position reference	- The Group's reference for guaranteed pay is the median of the national and/or ICT market

Design element	Approach
Benefits	**Medical aid** - Medical aid is not compulsory but strongly encouraged, and the Company's contribution is included as part of an employee's guaranteed pay - Bestmed, Discovery Health and Bonitas are recognised schemes, and employees may have their contributions to these schemes deducted via payroll **Retirement funding** - The Telkom Retirement Fund (TRF) is a defined contribution pension scheme, and participation is compulsory for all permanent employees - Management-level employees, Executive Directors and Group Prescribed Officers, are also required to participate in the Telkom Management Provident Fund, which is also a defined contribution scheme - Contributions are based on pensionable salary, and employees can choose their contribution level to the TRF from 10% to 16% - Company contributions are included as part of an employee's guaranteed pay - An investment option is determined based on an employee's risk profile - The normal retirement age is 65 for all employees **Group life insurance (death benefit)** - Employees who joined the Telkom Retirement Fund before 01 August 2018 are eligible for a death benefit calculated at three times the employee's annual basic pensionable salary plus spouses' and children's pensions over and above the lump sum payment - Employees who joined the Telkom Retirement Fund on 01 August 2018 onwards are eligible for five times the annual basic salary payment **Disability cover** - Covers permanent and temporary disability - The temporary disability income benefit is equal to 100% of the employee's monthly pensionable salary at the date of disability, subject to the rules of the scheme **Funeral benefit** - Administered by the insurer, Guardrisk - The monthly premiums are paid by the Company and are taxable

Design element	Approach
Governance	- Remco considers the annual salary review proposals for Executive Directors and recommends these to the Board for approval. The Committee approves the salary review proposals and mandates for Group Prescribed Officers, management and bargaining unit employees - Non-performing Executive Directors, Group Prescribed Officers and management-level employees do not qualify for an annual salary increase - Bargaining unit employees' salary increases and benefits are subject to substantive negotiations and agreements concluded between Telkom and recognised unions - The Group considers salary adjustments outside the annual salary review process only in exceptional circumstances. These are subject to approval by the Board, Remco or GCEO, based on employee level and subject to a business and talent risk motivation

Short-term incentives (STIs)

STI scheme for Executive Directors, Group Prescribed Officers and Senior Management) (M5-M0)

The table below provides a comparative summary of changes in the STI scheme applicable to Executive Directors, Group Prescribed Officers and Senior Management (M5-M0) following the review thereof during the year under review:

Element	Current approach	Key changes
Purpose and link to strategy	STIs encourage discretionary effort by rewarding the achievement of exceptional performance outcomes relative to annual performance targets set to drive the execution of the strategy.	No change to the purpose and link to strategy. However, the approach followed to define stretch performances at Group, business unit (BU) and individual levels has been clarified and more effectively linked to the strategy.
Scheme architecture	Based on a combination of the funding, distribution and profit-sharing models, highly structured and formulaic.	Based on the distributed scorecard model, enables the sustainable achievement of the Group strategy through the annual setting of clear, weighted financial and non-financial metrics and stretch targets aligned with the operating environment, market and line of sight.
Scheme funding	- The STI pool is set at an achievement rate of Group EBITDA and PAT - The GCEO may present a motivation to Remco to reduce the Group measurement downwards based on value creation/actual BU performance on a case-by-case basis - STI pools are self-funded at the BU level prior to Group roll-up targets - The threshold performance level (% of EBITDA and PAT target) to trigger any STI payment applies equally for all participants, irrespective of the business unit's performance - Remco has downward modification discretion	- The scheme is self-funding and is linked to the upside of the Group, BU and individual performance - Financial targets and weightings have been set to ensure a pool will be available for performance at threshold, target and maximum. Accordingly, the redesigned scheme does not have hurdles/triggers as the STI scorecard eliminates the need for these - For FY2024, the targets for threshold, on-target and maximum payout are significantly higher than the Board-approved Telkom budget. Therefore, performance must be commensurate with a significant stretch on the approved budget for a short-term incentive to be paid to employees

Element	Current approach	Key changes
Scheme formula	See below	See below

Element: Scheme formula

Current approach

- The final STI amount available at the end of the financial year will be allocated to the BU/Corporate Centre based on the discretion of the GCEO and the relative BU/Corporate Centre performance, following Remco/Board approval
- Individual STI weightings are as follows:

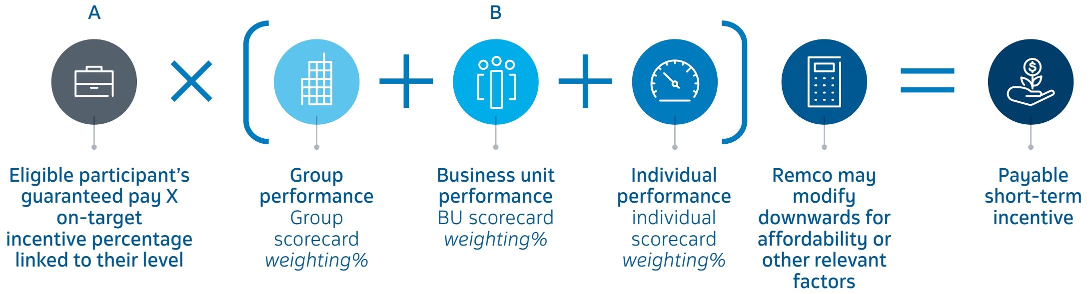
STI weighting by level	Group weighting	BU weighting
Group Exco and BU Excos (M2 and higher employees)	100%	0%
Business units and other Corporate Centre employees	80%	20%

- If the Group does not meet overall targets, the portion for Group performance will be 0% while BU and Corporate Centre employees will be rewarded at 20% of the potential award if they meet their targets. This means that business units may be rewarded for performance irrespective of Group targets being achieved
- Individual performance is only recognised within the BUs
- The maximum payout is 120% of the on-target percentage of guaranteed pay
- Remco has downward modification discretion

Key changes

a) As outlined and illustrated below, the revised STI scheme formula is suitable for both the Group and business units, is not overly formulaic, and leaves room for Remco's discretion in setting the pool value and determining individual incentives in line with affordability and any other relevant criteria

b) **The scheme formula is A X B = Payable STI, where:**
   i. A – Eligible participant's guaranteed pay X on-target incentive percentage linked to their level
   ii. B – Percentage of target earned determined by actual performance achieved against agreed metrics and targets weighted for Group, business unit and individual performances (refer to table 1 below for respective weightings)



c) **For STI calculation purposes, each participant will be allocated:**
   i. An on-target incentive percentage linked to their level to reflect the STI earning opportunity for on-target performance
   - A threshold payment of 25% of the on-target performance STI will be introduced for performance sufficiently above the budget/business plan
   - The scheme also incorporates greater leverage, with a maximum payout of 150% of the on-target STI. Maximum performance will be commensurate with significant stretch targets to encourage exceptional performance and ensure a competitive STI offering aligned to the market median reference for total remuneration. The increases applied for maximum/cap are aligned to the market as per the benchmarks conducted against the comparator group of companies disclosed under the benchmark section
   - A participant should achieve above-target individual performance to be eligible for an STI, subject to the Group and business unit achieving set targets

Element	Current approach	Key changes
Scheme formula continued		c) **For STI calculation purposes, each participant will be allocated:** i. An on-target incentive percentage linked to their level to reflect the STI earning opportunity for on-target performance. The incentive percentages linked level are illustrated in the table below. For FY2024, the STI targets for threshold, on-target and maximum payout are significantly higher than the Board-approved Telkom budget. Therefore, performance must be commensurate with a significant stretch on the approved budget in order for a short-term incentive to be paid to employees and to justify the increased caps.

Level	Grade	Title	Threshold (25% of target)	On-target	Maximum (150% of target)
Executive Directors	M0	GCEO	25.0%	100.0%	150.0% (was 120%)
	M1	GCFO	20.0%	80.0%	120.0% (was 96%)
Group Prescribed Officers	M1	Business unit CEOs	20.0%	80.0%	120.0% (was 96%)
Management	M2	Group Executives	13.75%	55.0%	82.5% (was 65%)
	M3	Executives	7.5%	30.0%	45.0% (was 36%)
	M4/5	Senior Management/Managers	5.0%	20.0%	30.0% (was 24%)

ii. To the Group scorecard and their respective business unit scorecard with appropriate weightings as outlined in the table below:

Level	Grade	Title	Group STI weighting	Business unit STI weighting	Individual STI weighting
Executive Directors	M0	GCEO	80%	0%	20%
	M1	GCFO	80%	0%	20%
Group Prescribed Officers	M1	Chief HR Officer (CHRO)	80%	0%	20%
	M1	Business unit CEOs	60%	30%	10%
Management	M2	Group Executives/Managing Executives	50%	30%	20%
	M3	Executives	45%	30%	25%
	M4/M5	Senior Managers/Managers	10%	50%	40%

- Should the Group and business unit that a participant is assigned to achieve a performance rating below threshold, no STI is payable, regardless of individual performance

d) STIs are payable on sustainable earnings and Remco may modify incentives downwards for once-off events and/or to ensure affordability

Element	Current approach	Key changes
Performance conditions	- Only weighted financial metrics are included in the current STI performance conditions (i.e. revenue, EBITDA, FCF and PAT before STI) - Both EBITDA and PAT must be achieved on Group level to trigger STI payment for Group Exco and M2-level participants - Both EBITDA and revenue must be achieved on BU level/Corporate Centre to trigger any payment for BU and Corporate Centre employees (M3 and lower) - BUs are required to meet their respective financial targets to trigger any payment	**Group, business unit and individual scorecards** - As indicated in the scheme formula, the redesigned STI scheme incorporates performance conditions housed in Group, business unit and Individual scorecards, which are annually reviewed and approved by Remco and/or the Board - The scorecards include weighted financial, non-financial and ESG performance metrics - The scheme does not have hurdles/triggers, as the performance achieved relative to financial targets in the scorecards, which are set to ensure the scheme is self-funding, eliminates the need thereof - Governance and best practice principles have been applied to inform the design and development of the Telkom scorecards and ensure the self-funding mechanism works effectively **Group and business unit performance focus and targets** - The Group and business unit scorecards for FY2024 focus on the following performance conditions: a) Financial metrics: Financial performance has the highest weighting and focuses on achieving significant revenue growth beyond budget, optimising profit after tax, and increasing free cash flow b) Strategic execution metrics: The execution of strategic projects that will drive inorganic revenue growth and create significant value for the Group c) Customer appreciation: Building and maintaining a strong reputation and brand, which requires a focus on delivering high-quality products and services, providing exceptional customer service, and building strong relationships with customers d) ESG initiatives: Reducing the Group's consumption of non-renewable energy, promoting women in leadership, employee engagement, fostering a strong and appropriate risk and compliance culture **Executive Directors' individual performance focus and targets** - The individual scorecards for the Executive Directors and Group Prescribed Officers concentrate on leading and executing the strategy that will lead to achieving the overall performance of the Group and business units, leadership and ESG An overview of the FY2024 scorecards is provided on pages 33 and 34:
Governance	- Remco annually reviews and recommends the STI plan, payout principles, metrics and targets to the Board for approval - An employee must be employed by the Group on the payment date to qualify for an STI payment - Payout is further subject to the final actual audited Group performance results - Payment occurs annually in June, post-Board approval and audited results announcement	

14th cheque and Performance Pays policy applicable to bargaining unit employees (A to M6)

The table below summarises the 14th cheque and Performance Pays policy applicable to bargaining unit employees (A to M6). There were no policy changes to these pay elements from the previous year.

Element	Approach
Purpose and link to strategy	- Enables the Group to encourage and reward the discretionary effort that leads to exceptional results measured against quarterly and annual Group, business unit and individual performance targets that illustrate the execution of the strategy at the operational employee level
Principles	- Bargaining unit employees are eligible for a quarterly incentive called Performance Pays - Payment is linked to Group, business unit and individual performance - Net revenue achieved serves as the trigger for payment - Bargaining unit employees are further eligible for 14th cheques, subject to the Group achieving its annual financial targets and individuals meeting their annual targets as outlined in their performance contracts - No incentive or 14th cheque is payable to employees who do not meet their individual performance outputs

Long-term incentives

LTI scheme applicable to Executive Directors, Group Prescribed Officers, and Senior Management) (M5 to M0)

The table below provides a summary of the key changes for the LTI scheme applicable to Executive Directors, Group Prescribed Officers and Senior Management) (M5 to M0).

Element	Current approach	Key changes
Purpose and link to strategy	- Enables the Group to encourage the achievement of exceptional but sustainable longer-term performance results and ensures the alignment of interests between management and shareholders by creating value-sharing opportunities	- No change to the purpose and link to strategy. However, the implementation approach has been enhanced in response to shareholder feedback and as part of ongoing improvement - The approach now enables the setting of strategy-aligned Group financial and non-financial and ESG metrics with sufficient leverage between threshold, on-target and stretch performances - As indicated earlier, no talent share award will be awarded from FY2024 as the enhanced LTI scheme effectively addresses retention, sustainable value creation and better aligns shareholder and management interests

Element	Current approach	Key changes
Approach	- Employees at Senior Management level and above, including Executive Directors and Group Prescribed Officers (M3 to M0 employees) are awarded shares under the condition of forfeiture in the case of termination of service before the vesting/release date and achievement of performance vesting conditions - Employees must also meet their agreed individual performance outputs to be eligible for the said awards	
Award levels	- Forfeitable share awards are allocated with reference to a percentage of guaranteed pay using the face value of the shares at the award date. The allocation percentage of guaranteed pay for the respective roles is as follows: - GCEO: 150% - GCFO: 75% - Group Prescribed Officers: 75% - Group Executives: 35% - Executives: 20% - Senior Managers: 15% - Managers: 10%	- Awards based on face value for the scheme's participants are enhanced to ensure competitiveness with the market median for total remuneration and aid in attracting and retaining key skills at these levels. The increases applied are aligned to the market as per the benchmarks conducted against the comparator group of companies disclosed under the benchmark section and commensurate with the stretch performance targets set on the LTI scorecard - Senior Managers (M4) and Managers (M5) are migrated from the ESOP to the LTI at the same award level. However, higher awards may be made to this cohort's scarce, critical and key talents (should not exceed 20% of the population at these levels and will be approved by Remco in line with business needs and affordability)

Level	Grade	Title	% of GP
Executive Directors	M0	GCEO	150%
	M1	GCFO	100% (was 75%)
Group Prescribed Officers	M1	CHRO	100% (was 75%)
	M1	Business unit CEOs	100% (was 75%)
Management	M2	Group Executives/Managing Executives	50% (was 35%)
	M3	Executives	30% (was 20%)

Element	Current approach	Key changes

Performance conditions	The performance conditions for the respective LTI scheme are as follows:
	
	LTI for management (M3 and above, Executive Directors and Group Prescribed Officers):
	- Headline earnings per share (HEPS) growth
	- Total shareholder return (TSR)
	- Return on invested capital (ROIC)
	- Free cash flow (FCF)
	
	TSA awards for historic allocations
	- TSR
		- Profitability, shareholder value, and ESG performance conditions are used for the long-term incentive scorecard with the following emphasis:
		  - HEPS growth relative to the South African CPI and GDP growth
		  - A relative measure of TSR against a bespoke group of relevant peers in similar industries weighted by market cap
		  - ROIC relative to weighted average cost of capital (WACC)
		  - The reduction of Scope 1 and 2 emissions over the next three years as per the ESG strategy
		  - Promoting development-orientated projects and activities supporting procurement from small, medium and micro enterprises (SMMEs), job creation, entrepreneurship, creativity and innovation
		- The FY2024 performance conditions and weightings are detailed on page 35

Vesting	- A three-year phased/tranche vesting approach is followed as below:
	  - Year 3: 50%
	  - Year 4: 30%
	  - Year 5: 20%
	- Performance targets span the entire vesting cycle, with measurement points at years 3, 4 and 5
	- No shares will vest if performance conditions are not met
		- A three-year cliff vesting approach is adopted to simplify:
		  - Communication with participants
		  - Target setting and improve line of sight
		- Shares will vest on the third anniversary of their award to the extent that the Group has met the specified performance criteria over the intervening period. The argument that reducing the vesting time will negatively impact participant lock-in is countered by increasing minimum shareholding requirements for senior participants, which will force participants to hold vested shares to build up their shareholding
		- Value creation for the Telkom Group will be rewarded by extending the maximum vesting opportunity to 200% of the on-target vesting, commensurate with a significant but realistic level of stretch performance targets to ensure alignment between shareholder and management interests

Minimum shareholding requirements (MSR)	- Management and above participants, Executive Directors and Group Prescribed Officers (M3 and above) are required to purchase shares to the value of 15% of their GP over three years from the date of the first LTIP award
	- No shares will vest until this requirement has been satisfied
	- Post meeting the MSR, participants may dispose of their shares only after 24 months
		- From FY2024, Executive Directors, Group Prescribed Officers and Group/Managing Executives will have an MSR policy, where the MSR is defined as either:
		  - A multiple of guaranteed pay as at the initial date, based on the role and level of the employee ("target minimum shareholding value")
		  - A multiple of guaranteed pay as at the initial date, based on the role and level of the employee, divided by the fair market value at the first vesting date ("target minimum shareholding number of shares")
		- A participant's commitment to the policy will be based on the lower of the two values to protect the participant against significant share price increases and Telkom against share price decreases
		- MSR calculation will be based on a multiple of the participant's guaranteed pay as follows:
		  - GCEO: 200%
		  - GCFO and Group Prescribed Officers (M1): 150%
		  - Group Executives/Managing Executives (M2): 15%
		- Each participant must meet their MSR five years after their appointment to the role or five years from the date of the adoption of the MSR policy, whichever is the latter
		- Since participants must hold their vested shares to build up to and maintain their MSR in compliance with the policy, no further holding period is required

Element	Current approach	Key changes
Governance	- The share incentive plan aligns management and shareholders' interests and grows shareholder value over time. The objective is to motivate long-term sustainable performance and retain key Executive leadership and business-critical and top-talent employees - Remco annually approves the awards under the respective schemes, their related performance conditions, and the vesting of historical awards, subject to performance conditions testing outcomes	In addition to the current governance requirements, Remco will assess and review each Executive Director and Group Prescribed Officer's compliance with the MSR policy annually, at the end of the build-up period, and every six months thereafter.

Employee share ownership plan (ESOP) for bargaining unit (A to M6)

The table below summarises the design/policy changes for the LTI scheme applicable to the ESOP for bargaining unit employees (A to M6).

Element	Current approach	Key changes
Purpose and link to strategy	- Enables the Group to encourage the achievement of exceptional but sustainable longer-term performance results by creating value-sharing opportunities with all employees	
Approach	- Employees at middle management and bargaining unit employees (A to M4/M5) are awarded shares under the condition of forfeiture in the case of termination of service before the vesting release date and achieving performance vesting conditions - Employees must also meet their agreed individual performance outputs to be eligible for the awards	

Awards	- Annual share awards are calculated based on the percentage of guaranteed pay of the eligible employee:
	  - Senior Managers: 15%
	  - Managers: 10%
	  - Bargaining unit employees: 1.67%
		Senior Managers (M4) and Managers (M5) are migrated from the ESOP to the LTI at the same award level. However, higher awards may be made to this cohort's scarce, critical and key talent (should not exceed 20% of the population at these levels and will be approved by Remco in line with business needs and affordability).

Performance conditions and vesting	The following performance conditions, which are measured after three years, apply: - HEPS growth - TSR - ROIC - FCF	In line with market practice, the performance conditions as outlined in the LTI scorecard will be the same for all the Group's schemes.
Vesting	- Shares vest after three years - The number of shares to vest is based on the extent to which the performance conditions are met - No over-performance on vesting is allowed, and vesting is capped at 100% - Share vesting percentage based on actual target achievement	

Level	Target achievement (%)	Share vesting (%)
Target	100	100
Hurdle	90	50
<90%	89	0

Termination of employment in respect of all LTI schemes

The following conditions apply on termination of employment:

- **Resignation, dismissal and abscondment:** If a participant ceases to be employed by the Group before the vesting date through resignation, dismissal or abscondment, they are no longer entitled to any rights associated with the award. The shares that are the subject of the award are forfeited
- **Death, redundancy, medical disability and retirement:** If a participant ceases to be employed by the Group before the vesting date for these reasons, a portion of the award will vest on the date of cessation of employment. The portion that vests will be pro-rated to reflect the number of full months that have lapsed at the cessation of employment relative to the total months of the performance period (with any remaining balance being forfeited). According to the shareholder-approved scheme rules, the performance condition will not apply to the vesting of the award

Performance management

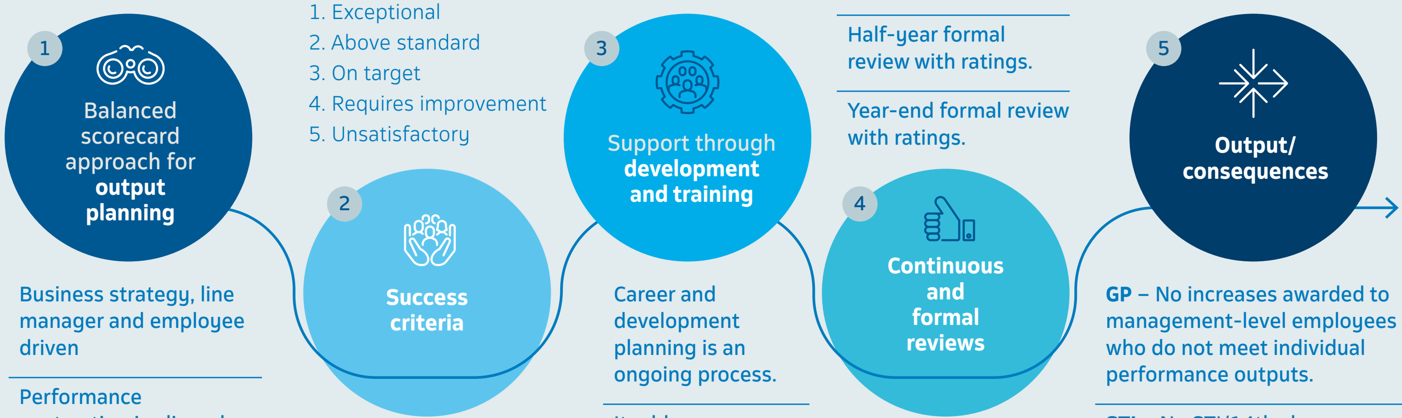
Performance management processes apply to all employees, including setting and tracking clearly defined performance objectives and targets linked to business strategy. While formal half-year and year-end performance reviews remain a key component of the performance management process, we have shifted the focus towards a continuous performance management approach to allow for ongoing and formal review processes.

Creating a high-performance culture remains a key priority and requires enabling initiatives to build the foundational skills needed to support such a culture. We are working diligently to ensure we enable this through:

- Improved conversations through clear and real-time communication, and empathetic and purpose-led discussions
- Improved productivity through ongoing performance updates, strategic alignment and agility
- A culture of accountability and consequence management

Performance management framework

The following diagram reflects an overview of the performance management framework.



Business strategy, line manager and employee driven

Performance contracting is aligned to the following elements:

- Financial
- Strategic execution
- Customers
- ESG, including people/leadership

Five-point rating scale used:

1. Exceptional
2. Above standard
3. On target
4. Requires improvement
5. Unsatisfactory

Career and development planning is an ongoing process.

It addresses personal and career development needs and interests in the context of the business and job requirements.

Regular (weekly/ monthly) feedback on performance against objectives.

Half-year formal review with ratings.

Year-end formal review with ratings.

GP – No increases awarded to management-level employees who do not meet individual performance outputs.

STI – No STI/14th cheque payable to employees who do not exceed individual performance outputs.

LTI – No shares are awarded to employees who do not exceed individual performance outputs. No shares will vest if performance conditions are not met.

FY2024 performance conditions for the STI scheme

Key principles

The STI scorecards focus on various aspects of financial and non-financial performance. These performance conditions are aligned with market practice and are weighted accordingly.

The scheme is self-funding and is linked to the upside of Group, business unit and individual performances. Targets are set to ensure a pool will be available for performance at threshold, target and maximum for the year.

For FY2024, the STI targets for threshold, on-target and maximum payout are significantly higher than the Board-approved Telkom budget. Therefore, performance must be commensurate with a significant stretch on the approved budget for a short-term incentive to be paid to employees.

FY2024 Group and business unit scorecards

Telkom's business strategy centres on several key focus areas that are crucial to its short- and long-term success. One of the top priorities is financial performance to achieve significant revenue growth beyond the approved FY2024 budget, optimising profit after tax and increasing free cash flow. This requires a careful balance of cost management, revenue generation and investment in key areas.

In addition to financial performance, Telkom is committed to the execution of strategic projects that will drive inorganic revenue growth and create significant and sustainable value for the Group.

Customer satisfaction is another key area of focus for Telkom. The Group is committed to building and maintaining a strong reputation and brand, which requires a focus on delivering high-quality products and services, providing exceptional customer service, and building strong relationships with customers and all other key stakeholders.

Finally, Telkom is dedicated to promoting ESG initiatives that accelerate the achievement of the objectives outlined in its ESG Strategy. This includes increasing the Group's consumption of renewable energy sources, increasing the number of women in strategic leadership roles, improving employee engagement, enhancing its employer brand status and fostering a strong and appropriate risk and compliance culture.

By focusing on these key areas at the Group and business unit levels as reflected in the summary table alongside, Telkom is positioned to deliver strong performance and drive sustainable growth over the long term.

Performance measures	Group scorecard weighting	Business unit scorecard weighting
Financial	**60%**	**50%**
PAT before STI	25%	N/A
EBITDA before STI	N/A	20%
Group revenue	10%	10%
Free cash flow	25%	20%
Strategic project execution	**10%**	**20%**
Inorganic revenue-generating initiatives successfully implemented	10%	10%
Successful delivery against business/digital transformation projects/ strategic partnerships	N/A	10%
Customer	**10%**	**10%**
Telkom reputation score	10%	N/A
Aggregate customer retention	N/A	5%
Share of voice against platinum campaigns or performance against customer indices	N/A	5%
ESG	**20%**	**20%**
Increased consumption from renewable energy sources	5%	5%
Improvement in employee engagement score in terms of:	5%	5%
1. Telkom as a good place to work		
2. Products and services		
3. Work environment		
Increased number of women in leadership (M5 and above)	5%	0%
Compliance with assurance providers' findings (non-overdue MAT* internal audit, external audit, forensic examinations) by 31 March 2024	5%	5%
Compulsory annual compliance commitment by 31 December 2023	N/A	5%
Total	**100%**	**100%**

* *Management Action Tracking.*

FY2024 Executive Directors' scorecards

The individual scorecards of the Executive Directors focus on ensuring the right leadership and accountability are placed on the successful execution of the strategy and achievement of the financial and non-financial outcomes defined at the Group and business unit levels.

An overview of the Executive Directors' scorecards is provided below.

GCEO

Through his scorecard, which has a 20% STI weighting, the GCEO will focus on executing strategic projects to generate value within the Group in FY2024. These projects align with the overall business strategy and aim to improve the Company's operational efficiency, customer experience and profitability.

The GCEO is committed to leading Telkom's people strategy, transformation requirements and strategic workforce planning aligned to sustainable employment cost savings. This involves leadership succession planning, attracting and retaining top talent, and implementing programmes that promote diversity and inclusion within the workplace.

Finally, the GCEO aims to maintain an effective stakeholder management strategy and framework and promote an appropriate risk and compliance culture.

The above focus areas are summarised in the table below:

Performance measures	Weighting
Strategy and execution	**40%**
Drive and close three high-priority Group partnerships to maximise Group value	20%
Define and implement a Board-approved operating model to enhance Group-wide synergies and collaboration	20%
Leadership	**45%**
Ensure executable succession plans are in place for 100% of the Group's strategic leadership roles	10%
Sustain employment cost reduction achieved through restructuring	10%
Achieve top talent retention rate	10%
Attain B-BBEE Level 1	15%
ESG	**15%**
Implement Board-approved stakeholder management strategy and framework	5%
Ensure effective management of risks and drive regulatory compliance	10%
Total	**100%**

GCFO

In FY2024, the GCFO's main priorities per his individual scorecard, which has a 20% STI weighting, will be managing working capital and treasury effectively to optimise free cash flow, allocate capital efficiently, manage investor relations and create shareholder value. The GCFO will also oversee the restructuring of the balance sheet and cost reduction while enhancing Telkom's investment case to the market.

Furthermore, the GCFO will focus on succession planning, transformation, and effective safety, security and forensics service delivery.

The above focus areas are summarised in the table below:

Performance measures	Weighting
Strategic and execution	**55%**
Effective treasury management	5%
Improvement in free cash flow	10%
Manage capital allocation within budget	5%
Increase shareholder returns	5%
Improve Telkom's investment case to the market	5%
Balance sheet management to achieve acceptable gearing	5%
Improve PAT	10%
Define and implement a Board-approved operating model to enhance Group-wide synergies and collaboration	10%
Leadership	**25%**
Ensure executable succession plans are in place for 100% of the Group's strategic leadership roles	10%
Achieve top talent retention rate	5%
Attain B-BBEE Level 1	10%
ESG	**20%**
Effective safety, security and forensics service delivery	5%
Ensure effective management of risks and drive regulatory compliance	15%
Total	**100%**

FY2024 performance conditions for the LTI scheme

LTI performance targets comprise revenue metrics, shareholder value and ESG. The performance conditions for the FY2024 forfeitable share award are outlined and tabulated below:

- HEPS growth relative to the South African CPI and GDP growth. Comparing HEPS growth against CPI allows for an evaluation of performance in real terms, accounting for the impact of inflation. Comparing HEPS growth to GDP growth provides a benchmark to assess how Telkom's performance is faring in relation to the broader economic conditions. If Telkom consistently achieves HEPS growth that outpaces CPI and GDP growth, this could indicate a competitive advantage, strong management or effective strategies that allow the Company to thrive in different economic environments
- The relative measure of TSR against a bespoke group of relevant peers in similar industries weighted by market cap. The peers include:

→ VODACOM GROUP
→ MTN GROUP
→ MULTICHOICE GROUP
→ BYTES TECHNOLOGY GROUP
→ REUNERT
→ DATATEC
→ BLUE LABEL TELECOMS
→ ALLIED ELECTRONICS
→ EOH HOLDINGS

- ROIC relative to WACC to measure the value created as the firm invests in profitable projects
- There will be a focus on two ESG metrics in the long-term incentive scorecard:
  - The reduction of Scope 1 and 2 emissions over the next three years as per the ESG Strategy
  - Promoting development-orientated projects and activities that support SMME procurement, job creation, entrepreneurship, creativity and innovation

Measures	Weighting	Further detail	Threshold 30% Vesting	Target 100% Vesting	Maximum 200% Vesting
Profit	30%				
HEPS growth	30%	Three-year HEPS CAGR relative to the business plan and real growth.	CPI + GDP growth	CPI + GDP growth + 2.5%	CPI + GDP growth + 5%
Shareholder value	55%				
TSR	30%	Relative measure of TSR against a bespoke group of relevant peers.	50th percentile	>60th percentile	80th percentile
ROIC[1]	25%	Three-year ROIC relative to the business plan and WACC.	WACC	WACC + 1%	WACC + 3%
ESG	15%				
Scope 1 and 2 emissions	10%	Reduce Scope 1 and 2 emissions over three years.	9%	13%	20%
Impact 250 000 lives through SMME spend by 2025	5%	Promote development-orientated projects and activities that support SMME procurement, job creation, entrepreneurship, creativity and innovation.	200 000	250 000	300 000
Total	100%				

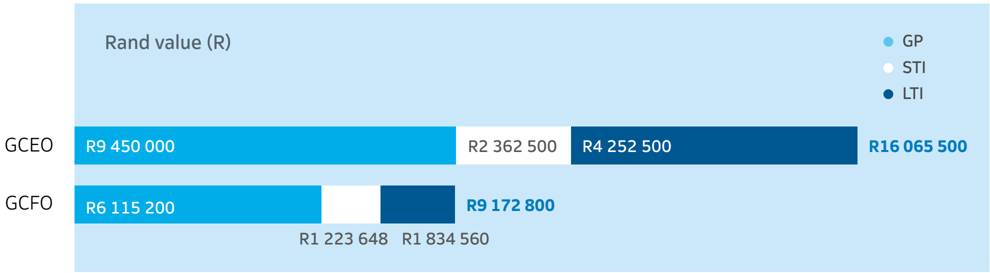
- *Should performance fall below the threshold for a metric, a factor of zero will be applied to that metric.*
- *Linear interpolation will be applied between threshold, target and maximum.*

[1] *Based on the IFRS ROIC, not fair value. This metric will be measured against the ROIC at the end of FY2027, not the average.*

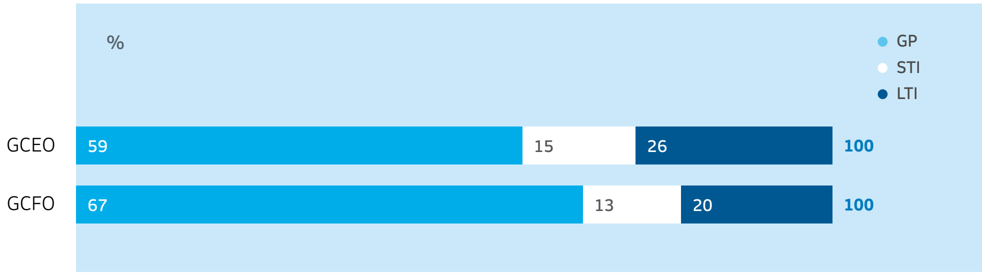
Potential pay mix outcomes/scenarios

The potential consequences of the remuneration policy on the total remuneration for Executive Directors are illustrated below for threshold, on-target, and maximum/cap performance levels.

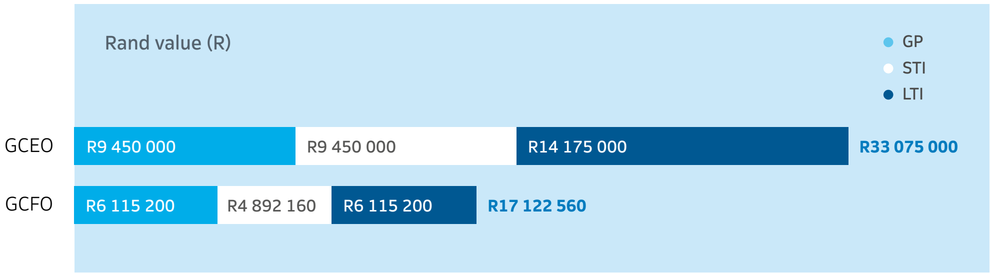
Pay mix at Threshold



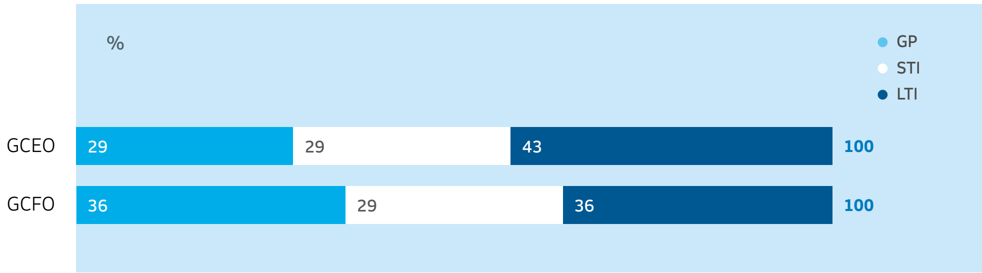
Pay mix as a percentage of total remuneration – Threshold



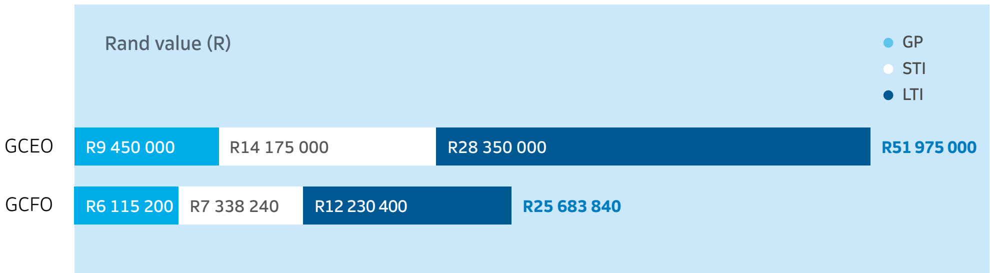
Pay mix at On-Target



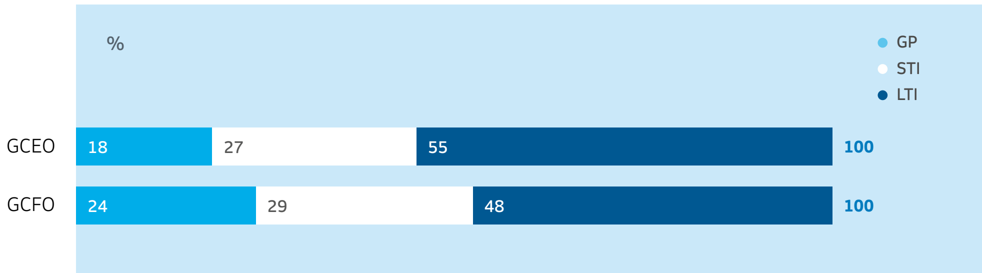
Pay mix as a percentage of total remuneration – On-Target



Pay mix at Stretch/maximum



Pay mix as a percentage of total remuneration – Stretch/maximum



Malus and clawback policy

Remco has the discretion to use either malus or clawback as deemed appropriate. In the case of malus, the award may lapse wholly or partly; may vest to a lesser extent than it would otherwise have vested; or vesting may be delayed. In the case of clawback, Remco may recover incentive payments that were paid for up to three years after the relevant payment date or recover the vesting value of shares vested for up to three years after the applicable vesting date.

In the malus and clawback policy, the trigger events will include:

- A material error in the Group or Company's financial or operational statements, resulting in restatement
- Information used to determine the quantum of an incentive payment was based on an error or inaccurate or misleading information
- The Group or Company suffering a material financial loss due to actions or circumstances attributable directly to a participant or which could have been avoidable by the reasonable actions of a participant
- The Group or Company suffering a material downturn in financial performance, or a material failure of risk management
- In the reasonable opinion of the Board, a severe breach of the Group or Company's employment conditions
- An incentive amount that has been based on misleading statements and material misstatements of the Group or Company's financial results that result in deliberate misrepresentation of the Group or Company, the market, and shareholders regarding the financial or operational performance of the Group or Company
- Information arising, which would have resulted in the Remuneration Committee exercising its discretion differently had the information been known at the time
- Action or conduct of a participant which, in the reasonable opinion of the Remuneration Committee, amounts to serious misconduct, incompetence, poor performance, negligence or which inflicts harm and consequent reputational damage to the Group or Company
- Events or behaviour involving a participant or the existence of events attributable to a participant who has received variable remuneration in the past, which has led or may reasonably lead to the censure of the Group or Company under laws, regulations or rules of any stock exchange or other applicable regulatory authority applicable to the Group or any employer company
- The Remuneration Committee, at its discretion, deeming it necessary to apply malus and clawback principles

Employment contracts

A summary of employment contracts for Executive Directors and Group Prescribed Officers is reflected below.

Employee	Title	Notice period	Restraint agreement
Executive Directors			
S Taukobong	GCEO	6 months	6 months
DJ Reyneke	GCFO	3 months	3 months
Group Prescribed Officers			
PJ Bogoshi	CEO: BCX	3 months	6 months
AC Beukes	CEO: Openserve and Group Chief Information Officer (GCIO)	3 months	3 months
LM Siyo	CEO: Telkom Consumer and Small Business	6 months	6 months
LTS Maloba	CEO: Gyro and Swiftnet	3 months	3 months
NM Lekota	CHRO	3 months	3 months

The retirement age for Executive Directors and Group Prescribed Officers is 65 years.

Executive Directors

GCEO

Serame Taukobong has been with the Group since 01 June 2018 and was appointed GCEO on 01 January 2022. He is employed full-time with a six-month notice of termination period. Should Telkom terminate his services, he may be placed on garden leave or, if not required to work, the full notice may be paid in lieu of the notice period.

Telkom concluded a six-month restraint agreement on his appointment to GCEO, which will be effected upon the termination date.

GCFO

Dirk Reyneke is the GCFO and has been with the Group since 01 March 2012. He is a full-time employee with a three-month notice of termination period. A standard restraint of trade clause is incorporated into his employment contract for a maximum of three months without any compensation.

No other obligations in the Executive Directors' employment contracts could give rise to payments on termination of employment or office.

Group Prescribed Officers

All Group Prescribed Officers are employed on full-time employment contracts. All new Group Prescribed Officers have a six months' notice period and concluded restraint agreements on appointment, to be effected on the termination date.

Group Prescribed Officers may be required to work notice, be placed on garden leave or, if not required to work, full notice may be paid in lieu of the notice period.

A standard restraint of trade clause is incorporated into the employment contract of three months without reward.

There are no other obligations in Group Prescribed Officers' employment contracts which could give rise to payments on termination of employment or office.

External Directorships

Executive Directors and Group Prescribed Officers may hold one external Directorship following Board approval. All compensation earned from external Directorships accrues to the Telkom Foundation.

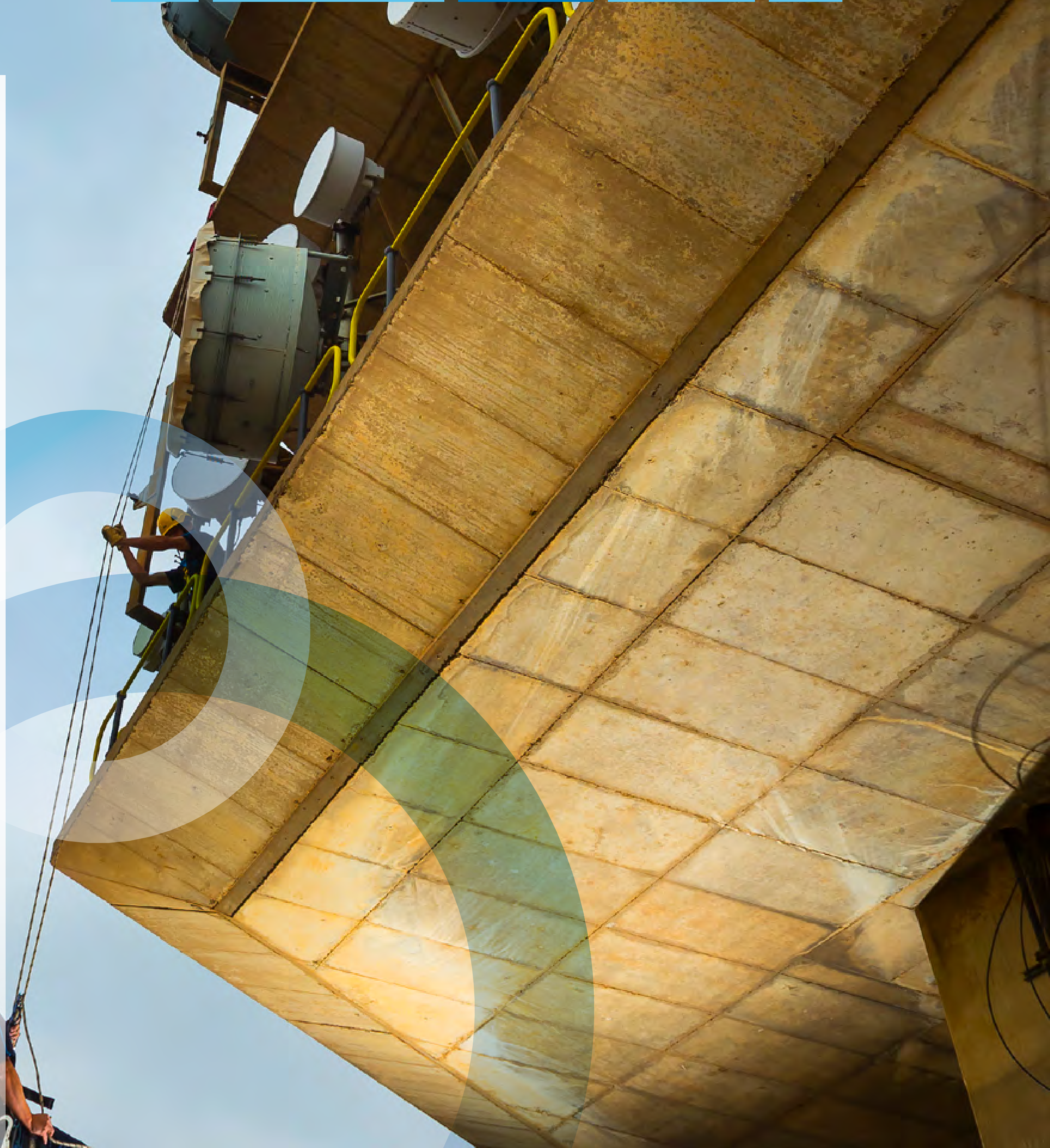
Non-executive Directors' remuneration policy

NEDs do not have contracts of employment with Telkom. Appointments are made under Telkom's memorandum of incorporation (MOI) and are confirmed initially at the first AGM following their appointment. Thereafter, they retire by rotation under the MOI.

NEDs are appointed subject to the provisions in terms of appointment, duties and responsibilities, fees and other payments, and conditions related to the termination of services.

The Board and Committee fees are benchmarked against a disclosed comparator Group of JSE-listed companies. The current approved NED fee policy and structure are based on the following key principles:

- Telkom pays an all-inclusive annual retainer to the Board Chairperson, irrespective of the number of Committees he may be on with the exception of the iBoard
- An annual Board retainer and Committee meeting fees are consolidated into an all-inclusive annual Committee retainer fee for Board Members. This means that Board Members receive a Board retainer fee plus an annual Committee fee based on the Committees they are Members of and/or that they chair
- If there is a change of Committee membership for a Board Member, the appropriate amended monthly fee will be paid
- The meeting fee structure is not linked to the number of meetings. No additional fees apply for special meetings. However, a special per meeting fee may apply only to the ad hoc Independent Board ("iBoard"), which was established in terms of the Companies Act and the Takeover Regulations to perform all and any acts and take all and any decisions which may be performed by an independent board pursuant to any proposed transaction that may be presented to the Company from time to time.
- The overall fee is paid monthly in arrears. Fees are invoiced and paid in 12 equal instalments on or about the 25th of the month
- NEDs are not eligible to receive any short- or long-term incentives
- NEDs are reimbursed for official business travel expenses and other direct business-related expenses



IMPLEMENTATION REPORT

3

This section highlights the outcomes of implementing the approved remuneration policy. In addition, it includes remuneration disclosures for Executive Directors, Non-executive Directors, and Group Prescribed Officers for FY2023.

This section also details the STI and LTI payment and vesting outcomes. It includes a summary of each Executive Director and Group Prescribed Officers' performance and their single-figure remuneration.

Shareholders are requested to cast a non-binding advisory vote on the remuneration implementation chapter of this report. Refer to the AGM resolution for details.

Annual guaranteed package increases effected on 01 April 2022

5.86%

Average increase for Executive Directors and Group Prescribed Officers

6.0%

Average increase for management-level employees

7.0%

Average increase for bargaining unit employees

Executive Directors and Group Prescribed Officers

The table below reflects the actual increases awarded to Executive Directors and Group Prescribed Officers effective from 01 April 2022. To ensure external and internal equity, the increases were performance-based, and considerate of the 0% increases granted in the previous year. This is in line with our policy.

The comparative ratio (CR) relative to the market median range of 80% for the lower end, 100% at the median and 120% as the maximum was also referenced to ensure appropriate increases are granted relative to performance. The table below provides the pre-increase and post-increase comparative ratios.

Name	Job title	Pre-increase CR to the median*	Performance rating**	Increase	Post-increase CR to the median*	Comments
S Taukobong	GCEO	91%	3	5.00%	95%	Increases granted in line with the need to progress to the median
DJ Reyneke	GCFO	84%	3	5.00%	89%	
AC Beukes	CEO: Openserve and GCIO	82%	3	6.54%	87%	
PJ Bogoshi	CEO: BCX	83%	3	6.00%	88%	
LM Siyo	CEO: Telkom Consumer and Small Business	80%	3	7.50%	86%	
LTS Maloba	CEO: Gyro and Swiftnet	86%	3	5.00%	91%	
NM Lekota	CHRO	101%	2	6.00%	107%	Increase considerate of above standard performance, an expanded portfolio which includes Telkom Foundation and oversight of ESG Strategy
Average				5.86%		

* *The policy tolerance range or comparative ratio to the market median is 80% for the lower end, 100% at the median and 120% as the maximum.*

** *The five-point rating scale used: 1 – Exceptional; 2 – Above standard; 3 – On-target; 4 – Requires improvement; 5 – Unsatisfactory.*

Management-level employees

Management-level employees who met their performance targets, received an average increase of 5%. Telkom allocated an additional 1% of the increase budget to retain top talent and critically skilled specialists. Increases were effected from 01 April 2022.

Employees who did not achieve their performance targets received a 0% increase.

Remco approved a recommendation not to award any guaranteed pay increases for FY2024 to management, Executive Directors and Group Prescribed Officers, given the focus on cost saving.

Bargaining unit employees

Telkom implemented an average increase of 7% for bargaining unit employees in terms of the one-year substantive wage agreement signed with the Alliance (CWU and SACU) for the period 01 April 2022 to 31 March 2023.

As the agreement expired on 31 March 2023, management will engage with the Alliance in line with the constructive working relationship established over the years. The outcome of the engagements will be disclosed in our next report.

STI for FY2023

Approved STI plan for FY2023

Remco annually recommends the STI plan's rules, targets and measurements to the Board for approval, subject to the final actual audited Group performance. The Board approved the FY2023 plan with the following principles:

Triggers	Achievement of EBITDA and PAT at Group level to trigger any STI payment. If the Group meets its targets, the final STI payment/amount available at the end of the financial year will be allocated to business units based on the discretion of the GCEO and the business unit's performance.
Metrics and weightings	The STI pool is generated by achieving the following financial targets, each with a weighting as follows: - Group EBITDA before STI (20%) - Group PAT before STI (20%) - Group revenue (30%) - Free cash flow (30%)
STI pool	STI pool is set at 12% of Group PAT before STI

The STI payout mechanism is based on the actual financial targets achieved.

Target	Achievement (%)	Payout of STI pool (%)
Less than the hurdle rate	<95	0
Hurdle rate	95	95
Target	100	100
Stretch	110	110
Maximum cap	120	120

Overview of Group financial performance outcomes substantiating non-payment of STI

The Group STI pool is allocated based on actual achievement against the targets set and approved. There was no Group STI pool value for FY2023 as the Group did not meet the 95% trigger for PAT and EBITDA.

Performance criteria	Weighting %	Target FY2023 Rm	Actual achievement Rm	% of target achieved
Group EBITDA before STI	20	12 338	8 487	(68.8)
Group PAT before STI	20	2 389	(9 971)	(417.4)
Revenue	30	45 395	43 138	95.0
FCF	30	274	(2 722)	(982.8)
Total	100			

STI outcomes for Executive Directors and Group Prescribed Officers

Although individual performance was evaluated, in addition to the Group's performance outlined above, no STI payments were made to Executive Directors and Group Prescribed Officers as they also did not achieve their Group aligned individual targets.

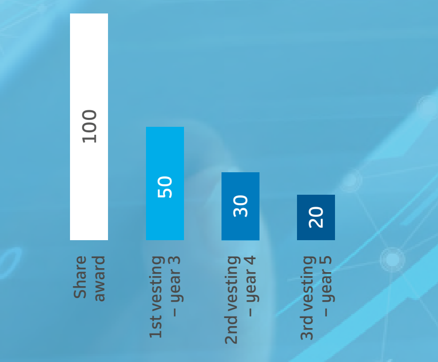
LTI vesting and awarded in FY2023

The LTI plan aligns management with shareholders' interests. The objectives are to motivate long-term sustainable performance and retain business-critical and talented employees.

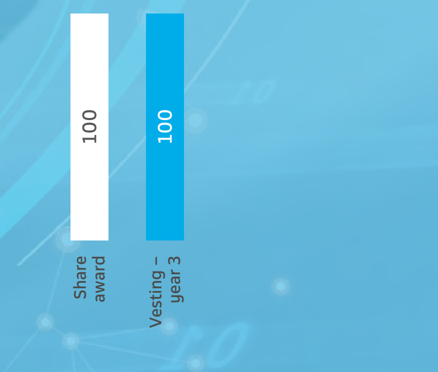
Vesting parameters for historic awards

The following graphs indicate the percentage target achievement required to determine the number of historic shares to vest for the respective schemes.

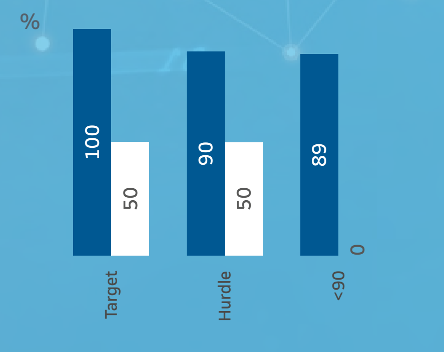
Vesting period: LTIP | LTIP (M0 – M3)



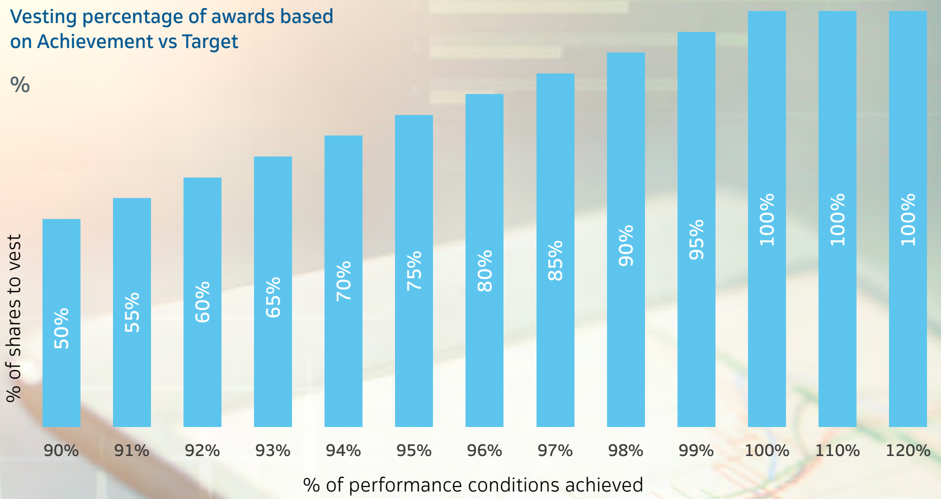
Vesting period: ESOP | ESOP (M4 – A)



Share vesting percentage based on actual target achievement



Vesting percentage of awards based on Achievement vs Target



Long-term incentive scheme shares awarded in 2017, 2018 and 2019 and vesting during FY2023

The following shares vested on 14 June 2022 at R37.05 per share.

Award date	Scheme	% of performance conditions achieved	Potential vesting %	Actual vesting %	Total number of shares awarded	Total shares forfeited	Total shares vested on vesting date
2017	LTIP	100	20	20	103 096	–	103 096
2018	LTIP	100	30	30	312 092	–	312 092
2019	LTIP	97	50	43	456 116	70 074	386 042
2019	TSA	94	100	70	4 458	1 337	3 121
2019	ESOP	97	100	85	1 546 325	232 179	1 314 146
Total					2 422 087	303 590	2 118 497

20% vesting of the 2017 share award – achievement substantiating the vesting outcome

Category	Performance condition	Weighting	Target | Rand value FY2018	FY2019	FY2020	FY2021	FY2022	% Achievement
Financial 100%	TSR	50%	Risk free* + 4% (R26.67)	Risk free* + 4% (R29.63)	Risk free* + 4% (R33.29)	Risk free*+ 4% (R37.40)	Risk free* + 4% (R42.02)	50%
	Overall achievement (R)		52.94	72.92	20.53	42.36	44.48	
	Achievement %		**198.50%**	**246.10%**	**61.67%**	**113.26%**	**105.85%**	
	HEPS (cps)	25%	616	536.5	400	314	506.7	25%
	Overall achievement (cps)		598	591.8	208.1	522.2	575.3	
	Achievement %		**97.08%**	**110.31%**	**52.03%**	**166.31%**	**113.54%**	
	ROIC %	25%	14.90%	9.00%	10.50%	6.10%	8.10%	25%
	Overall achievement %		10.70%	11.20%	8.10%	7.90%	8.00%	
	Achievement %		**71.81%**	**124.44%**	**77.14%**	**129.51%**	**98.77%**	
Total vesting								**100%**

30% vesting of the 2018 share award – achievement substantiating the vesting outcome

Category	Performance condition	Weighting	Target | Rand value FY2019	FY2020	FY2021	FY2022	% Achievement
Financial 100%	TSR	50%	Risk free* + 4% (R29.63)	Risk free* + 4% (R33.29)	Risk free* + 4% (R37.40)	Risk free* + 4% (R42.02)	50%
	Overall achievement (R)		72.92	20.53	42.36	44.48	
	Achievement %		246.10%	61.67%	113.26%	105.85%	
	HEPS (cps)	25%	536.5	400	314	506.7	25%
	Overall achievement (cps)		591.8	208.1	522.2	575.3	
	Achievement %		110.31%	52.03%	166.31%	113.54%	
	ROIC %	25%	9.00%	10.50%	6.10%	8.10%	25%
	Overall achievement %		11.20%	8.10%	7.90%	8.00%	
	Achievement %		124.44%	77.14%	129.51%	98.77%	
Total vesting							**100%**

* *Risk free rating is the appropriate government bond that matches the vesting period of the LTI scheme which is three to five years.*

50% vesting and ESOP 100% vesting of the 2019 share award – achievement substantiating the vesting outcome

Category	Performance condition	Weighting	Target | Rand value			% Achievement
			FY2020	FY2021	FY2022	
Financial 100%	TSR	50%	Risk free* + 4% (R33.29)	Risk free* + 4% (R37.40)	Risk free* + 4% (R42.02)	47%
	Overall achievement (R)		20.53	42.36	44.48	
	Achievement %		61.67%	113.26%	105.85%	
	HEPS (cps)	25%	400	314	506.7	25%
	Overall achievement (cps)		208.1	522.2	575.3	
	Achievement %		52.03%	166.31%	113.54%	
	ROIC %	25%	10.50%	6.10%	8.10%	25%
	Overall achievement %		8.10%	7.90%	8%	
	Achievement %		77.14%	129.51%	98.77%	
Total vesting						**85%**

100% vesting of the 2019 TSA – achievement

Category	Performance condition	Weighting	Target | Rand value			% Achievement
			FY2020	FY2021	FY2022	
Financial 100%	TSR	100%	Risk free* + 4% (R33.29)	Risk free* + 4% (R37.40)	Risk free* + 4% (R42.02)	94%
	Overall achievement (R)		20.53	42.36	44.48	
	Achievement %		61.67%	113.26%	105.85%	
Total vesting						**70%**

** Risk free rated is the appropriate government bond that matches the vesting period of the LTI scheme which is three to five years.*

Summary of the vesting of shares for Executive Directors and Group Prescribed Officers is reflected below:

Surname and initials	Job title	Grade	Shares vested – 14 June 2022			
			FSP 2017 – (100% of the 20%)	FSP 2018 – (100% of the 30%)	FSP 2019 – (85% of the 50%)	Total shares
S Taukobong	GCEO*	M0	–	23 979	22 908	46 887
DJ Reyneke	GCFO*	M1	3 538	7 266	6 333	17 137
AC Beukes	CEO: Openserve and GCIO	M1	–	7 391	15 417	22 808
PJ Bogoshi	CEO: BCX	M1	–	18 783	26 930	45 713
LTS Maloba	CEO: Gyro and Swiftnet	M1	–	6 625	19 701	26 326
LM Siyo	CEO: Telkom Consumer and Small Business	M1	–	–	15 770	15 770
NM Lekota	CHRO	M1	6 799	13 963	19 798	40 560

* *Note: The GCEO and GCFO's shares vested on 24 November 2022.*

Long-term incentive scheme shares awarded during FY2023

Based on the share allocation policy, Telkom awarded 8 436 459 forfeitable shares to permanent employees who would be in Telkom's service on the award date of 15 June 2022.

Subsidiary	Number of shares
Telkom	6 401 483
Trudon	48 214
Gyro	348 666
BCX	1 638 096
Total	8 436 459

We awarded these shares based on the following:

- The share price of R45.07, which is the volume-weighted average share price from 01 April 2022 to 14 June 2022
- Annual guaranteed package of employees on 01 June 2022
- No shares are awarded if employees do not meet individual performance targets
- Overall Group performance for FY2022

The following performance vesting conditions will apply:

Performance condition	Weighting	Target				
		FY2023	FY2024	FY2025	FY2026	FY2027
TSR	50%	Risk free + 4%	Risk free + 4%	Risk free + 4%	Risk free + 4%	Risk free + 4%
HEPS	20%	454.2 cps	58.9 cps	300.5 cps	454.5 cps	646.1
ROIC	15%	Within approved business plan range of 3 to 8%	Within approved business plan range of 3 to 8%	80 to 95% improvement on FY2024 target	20 to 25% improvement on FY2025 target	15 to 20% improvement on FY2026 target
FCF	15%	N/A	Within approved restructuring costs related to cash outflows	Improvement to cash positive position	15 to 25% improvement on FY2025 target	5 to 10% improvement on FY2026 target
Total	100%					

A summary of shares awarded to Executive Directors and Group Prescribed Officers is reflected below:

Name	Job title	Grade	FSP 2022 Share Award	
			Face value: % of GP	FSP: number of shares
S Taukobong	GCEO	M1	150%	329 651
DJ Reyneke	GCFO	M1	75%	106 660
AC Beukes	CEO: Openserve and GCIO	M1	75%	99 419
PJ Bogoshi	CEO: Gyro and Swiftnet	M1	75%	100 872
LTS Maloba	CEO: Gyro	M1	75%	78 384
LM Siyo	CEO: Telkom Consumer and Small Business	M1	75%	97 827
NM Lekota	CHRO	M1	75%	75 899

Note: Shares were not awarded in June 2022 due to insider information relating to the MTN transaction. Shares were awarded on 24 November 2022, after the closed period.

Total shares awarded

Total number of shares issued up to 31 March 2023.

Year awarded	Opening balance/ brought over	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Date awarded	**2013 to 2016**	**June 2017**	**June 2018**	**June 2019**	**June 2020**	**June 2021**	**June 2022**
Total number of shares available: 26 039 195 available (5% of the number of issued shares)	93 264 316	19 548 886	17 136 387	14 288 900	14 097 406	15 213 986	14 137 435
Total number of shares awarded: Telkom	**(20 864 392)**	**(5 266 158)**	**(4 690 718)**	**(3 507 227)**	**(9 280 180)**	**(6 744 840)**	**(6 401 483)**
Gyro	–	(178 645)	(222 356)	(129 830)	–	(342 375)	(348 666)
BCX	(881 075)		(127 008)	(1 404 181)	–	(4 362 594)	(1 638 096)
Yellow Pages	–			–	–	(59 051)	(48 214)
Subtotal	71 518 849	14 104 083	12 096 305	9 247 662	4 817 226	3 705 126	5 700 976
Total number of forfeited shares							
Telkom	11 009 451	1 591 230	1 078 181	1 292 130	2 157 827	1 063 427	937 718
Gyro	–	140 513	107 484	61 305	71 357	50 062	45 994
BCX	535 581		105 862	748 293	167 576	885 384	173 356
Yellow Pages	–		–	–	–	16 627	15 784
Shares purchased							
Telkom	3 710 126	1 300 561	901 068	1 688 016	8 000 000	8 416 809	7 000 000
Gyro	–		–	–	–	–	277 901
BCX	–		–	1 060 000	–	–	–
Yellow Pages	–		–	–	–	–	–
Remaining shares available	86 774 007	17 136 387	14 288 900	14 097 406	15 213 986	14 137 435	14 151 729

Single-figure remuneration for Executive Directors and Group Prescribed Officers

Executive Directors

The following table outlines the aggregate remuneration, benefits paid and STIs for FY2023.

	GP	Motor car insurance	Funeral benefit	STI	LTI (vested shares) 24 November 2022	Total FY2023	Telkom Retirement Fund (TRF) contribution of basic pensionable salary*	Total FY2022
S Taukobong	R9 450 000	R11 997	R296	R0	R1 604 942	R11 067 235	R859 950	R7 799 908
DJ Reyneke	R6 115 200	R11 997	R296	R0	R586 600	R6 714 093	R691 629	R9 051 389
Total	R15 565 200	R23 994	R592	R0	R2 191 542	R17 781 328	R1 551 579	R16 851 297

* *Employees have the flexibility to determine Company pension contributions.*

Group Prescribed Officers

The following table outlines the aggregate remuneration benefits paid and STIs for FY2023.

	GP	Motor car insurance	Funeral benefit	STI	LTI (vested shares) 14 June 2022	Total FY2023	Telkom Retirement Fund (TRF) contribution of basic pensionable salary*	Total FY2022
AC Beukes	R5 700 000	R11 997	R296	R0	R845 036	R6 557 329	R518 700	R9 598 772
PJ Bogoshi	R5 783 355	R0	R296	R0	R1 693 667	R7 477 318	R563 877	R9 268 904
NM Lekota	R4 351 552	R0	R296	R0	R1 502 748	R5 854 596	R456 913	R8 016 723
LM Siyo	R5 608 727	R11 997	R296	R0	R584 279	R6 205 299	R325 306	R6 784 042
LTS Maloba	R4 494 000	R11 997	R296	R0	R975 378	R5 481 671	R379 743	R6 251 640
Total	R25 937 634	R35 991	R1 480	R0	R5 601 108	R31 576 213	R2 244 540	R39 920 081

* *Employees have the flexibility to determine Company pension contributions.*

Executives' and Group Prescribed Officers' emoluments are set out in the annual financial statements, which are available online.

Vested and unvested LTI awards

The table below outlines the number of vested and unvested shares.

	Year of the award (June)	Shares awarded	Share award price R	Face value of award	Vested shares	Vesting date	Vesting price R	Value of vested shares R	Shares forfeited	Closing number
S Taukobong										
FSP	**2018**	79 930	56.30	4 500 059	39 965	23/06/2021	45.04	1 800 024	–	15 986
					23 979	24/11/2022	34.23	820 801		
TSA	**2018**	106 573	56.30	6 000 060	106 573	23/06/2021	45.04	4 800 048	–	–
FSP	**2019**	53 899	80.85	4 357 734	22 908	24/11/2022	34.23	784 141	4 042	26 949
TSA	**2020**	637 007	19.78	12 599 998	–	–	–	–	–	637 007
FSP	**2021**	125 758	40.39	5 079 366	–	–	–	–	–	125 758
FSP*	**2021**	278 552	43.08	12 000 020	–	–	–	–	–	278 552
FSP	**2022**	329 651	43.00	14 174 993	–	–	–	–	–	329 651
Total		**1 611 370**		**58 712 230**	**193 425**			**8 205 014**	**4 042**	**1 413 903**

* *Restraint agreement.*

	Year of the award (June)	Shares awarded	Share award price R	Face value of award	Vested shares	Vesting date	Vesting price R	Value of vested shares R	Shares forfeited	Closing number
DJ Reyneke										
FSP	**2014**	28 415	76.11	2 162 666	10 656	05/06/2017	78.76	839 267	3 552	–
					5 541	01/06/2018	52.39	290 293	2 984	
					2 842	03/06/2019	93.72	266 352	2 840	
FSP	**2015**	44 353	74.20	3 290 993	12 197	01/06/2018	52.39	639 001	9 980	–
					–	03/06/2019	93.72	–	13 306	
					7 540	01/07/2020	31.35	236 379	1 330	
FSP	**2016**	21 276	57.03	1 213 370	10 638	03/06/2019	93.72	996 993	–	–
					6 064	01/07/2020	31.35	190 106	319	
					4 255	01/06/2021	48.02	204 325	–	
FSP	**2017**	17 693	74.83	1 323 967	6 193	01/07/2020	31.35	194 151	2 654	–
					5 308	01/06/2021	48.02	254 890	–	
					3 538	24/11/2022	34.23	121 106	–	
FSP	**2018**	24 221	56.30	1 363 642	12 111	01/06/2021	48.02	581 570	–	4 844
					7 266	24/11/2022	34.23	248 715	–	
FSP	**2019**	14 900	80.85	1 204 665	6 333	24/11/2022	34.23	216 779	1 117	7 450
TSA	**2020**	345 893	32.38	11 200 015	–	–	–	–	–	345 893
FSP	**2021**	108 146	40.39	4 368 017	–	–	–	–	–	108 146
FSP	**2022**	106 660	43.00	4 586 380	–	–	–	–	–	106 660
Total		**711 557**		**30 713 715**	**100 482**			**5 279 927**	**38 082**	**572 993**

	Year of the award (June)	Shares awarded	Share award price R	Face value of award	Vested shares	Vesting date	Vesting price R	Value of vested shares R	Shares forfeited	Closing number
NM Lekota										
FSP	**2016**	21 042	57.03	1 200 025	10 521	03/12/2020	31.48	331 201	–	–
					5 998	03/12/2020	31.48	188 817	315	
					4 208	01/06/2021	48.02	202 068	–	
FSP	**2017**	33 997	74.83	2 543 996	11 900	03/12/2020	31.48	374 612	5 099	–
					10 199	01/06/2021	48.02	489 756	–	–
					6 799	14/06/2022	37.05	251 903	–	–
TSA	**2017**	33 997	74.83	2 543 996	33 997	01/07/2020	31.35	1 065 806	–	–
FSP	**2018**	46 542	56.30	2 620 315	23 271	01/06/2021	48.02	1 117 473	–	9 308
					13 963	14/06/2022	37.05	517 329	–	
FSP	**2019**	46 583	80.85	3 766 236	19 798	14/06/2022	37.05	733 516	3 494	23 291
TSA	**2020**	380 816	19.78	7 532 540	–	–	–	–	–	380 816
FSP	**2021**	76 230	40.39	3 078 930	–	–	–	–	–	76 230
FSP	**2022**	75 899	43.00	3 263 657	–	–	–	–	–	75 899
Total		**715 106**		**26 549 695**	**140 654**			**5 272 481**	**8 908**	**565 544**

	Year of the award (June)	Shares awarded	Share award price R	Face value of award	Vested shares	Vesting date	Vesting price R	Value of vested shares R	Shares forfeited	Closing number
PJ Bogoshi										
FSP	**2018**	62 611	56.30	3 524 999	31 306	28/06/2021	44.27	1 385 917	–	12 522
					18 783	14/06/2022	37.05	695 910	–	
FSP	**2019**	63 364	80.85	5 122 979	26 930	14/06/2022	37.05	997 757	4 752	31 682
TSA	**2020**	517 998	19.78	10 246 000	–	–	–	–	–	517 998
FSP	**2021**	101 312	40.39	4 091 992	–	–	–	–	–	101 312
FSP*	**2021**	189 972	43.08	8 183 994	–	–	–	–	–	189 972
FSP	**2022**	100 872	43.00	4 337 496	–	–	–	–	–	100 872
Total		**1 036 129**		**35 507 460**	**77 019**			**3 079 584**	**4 752**	**954 358**

* *Restraint agreement.*

	Year of the award (June)	Shares awarded	Share award price R	Face value of award	Vested shares	Vesting date	Vesting price R	Value of vested shares R	Shares forfeited	Closing number
AC Beukes										
FSP	2014	21 926	76.11	1 668 788	8 222	05/06/2017	78.76	647 565	2 741	
					4 276	01/06/2018	52.39	224 020	2 302	
					2 193	03/06/2019	93.72	205 528	2 192	
FSP	2015	12 500	74.20	927 500	3 438	01/06/2018	52.39	180 117	2 812	
					–	03/06/2019	93.72	–	3 750	
					2 125	01/07/2020	31.35	66 619	375	
FSP	2018	24 636	56.30	1 387 007	12 318	01/06/2021	48.02	591 510	–	4 927
					7 391	14/06/2022	37.05	273 837		
TSA	2018	20 819	56.30	1 172 110	20 819	01/06/2021	48.02	999 728	–	–
FSP	2019	36 275	80.85	2 932 834	15 417	14/06/2022	37.05	571 200	2 721	18 137
TSA	2020	505 561	19.78	9 999 997	–	–	–	–	–	505 561
FSP	2021	99 344	40.39	4 012 504	–	–	–	–	–	99 344
FSP	2022	99 419	43.00	4 275 017	–	–	–	–	–	99 419
Total		**820 480**		**26 375 756**	**76 199**			**3 760 123**	**16 893**	**727 388**

	Year of the award (June)	Shares awarded	Share award price R	Face value of award	Vested shares	Vesting date	Vesting price R	Value of vested shares R	Shares forfeited	Closing number
LTS Maloba										
FSP	**2018**	22 085	56.30	1 243 386	11 043	07/06/2021	48.01	530 174	–	4 417
					6 625	14/06/2022	37.05	245 456		
FSP	**2019**	46 356	80.85	3 747 883	19 701	14/06/2022	37.05	729 922	3 477	23 178
TSA	**2020**	404 449	19.78	8 000 001	–	–	–	–	–	404 449
FSP	**2021**	79 475	40.39	3 209 995	–	–	–	–	–	79 475
FSP	**2022**	78 384	43.00	3 370 512	–	–	–	–	–	78 384
Total		**630 749**		**19 571 777**	**37 369**			**1 505 552**	**3 477**	**589 903**

	Year of the award (June)	Shares awarded	Share award price R	Face value of award	Vested shares	Vesting date	Vesting price R	Value of vested shares R	Shares forfeited	Closing number
LM Siyo										
FSP	**2019**	37 106	80.85	3 000 020	15 770	14/06/2022	37.05	584 279	2 783	18 553
TSA	**2020**	404 449	19.78	8 000 001	–	–	–	–	–	404 449
FSP	**2021**	80 218	40.39	3 240 005	–	–	–	–	–	80 218
FSP*	**2021**	90 833	43.08	3 913 086	–	–	–	–	–	90 833
FSP	**2022**	97 827	43.00	4 206 561	–					97 827
Total		**710 433**		**22 359 673**	**15 770**			**584 279**	**2 783**	**691 880**

* *Restraint agreement.*

Beneficial shareholding

Executive Directors' shareholding as of 31 March 2023.

	Beneficial		Non-beneficial	
	Direct	Indirect	Direct	Indirect
Executive Directors				
S Taukobong	47 857			
DJ Reyneke	9 377			

Non-executive Directors' fees

The Group benefits from Non-executive Directors who attend meetings and actively contribute to the success of our business. NEDs receive an all-inclusive annual retainer fee for attendance at Board meetings and an annual retainer fee based on the Committees they serve.

Telkom's MOI states that shareholders must approve these fees at the AGM. Remco recommended a 5% increase in the all-inclusive fee structure for Non-executive Directors. However, shareholders did not approve this at the AGM held on 24 August 2022. Therefore, Telkom did not adjust the NED fees, which remained the same as the previous financial year.

In light of the cost-containment initiatives underway, Telkom will not be proposing any fee increases for FY2024 at the next AGM.

Non-executive Directors' fees (Rand per annum)	FY2020	FY2021	FY2022	FY2023
Annual retainer				
Board				
Board Chairperson	1 446 635	1 591 299	2 060 000	2 060 000
International Board Member	584 908	584 908	735 000	735 000
Annual Committee meeting retainer				
Audit Committee				
Chairperson	384 250	384 250	410 000	410 000
Member	201 400	201 400	215 000	215 000
Nominations Committee				
Chairperson	153 699	153 699	–	–
Member	104 091	104 091	110 000	110 000
Investment and Transactions Committee				
Chairperson	213 132	224 317	250 000	250 000
Member	138 860	138 860	150 000	150 000
Remuneration Committee				
Chairperson	231 080	231 080	250 000	250 000
Member	138 788	138 788	150 000	150 000
Risk Committee				
Chairperson	224 932	224 932	250 000	250 000
Member	134 832	134 832	150 000	150 000
Social and Ethics Committee				
Chairperson	231 080	231 080	250 000	250 000
Member	138 860	138 860	150 000	150 000

Telkom pays all fees proportionately for the period in which Members are in office. Directors' emoluments are set out in the annual financial statements in note 11.1, which is available online.

Acronyms

AGM	annual general meeting
B-BBEE	broad-based black economic empowerment
BU	business unit
CAGR	compound annual growth rate
CHRO	Chief HR Officer
CR	comparative ratio
CWU	Communication Workers Union
EBITDA	earnings before interest, tax, depreciation, and amortisation
ESG	environmental, social and governance
ESOP	employee share ownership plan
EVP	employee value proposition
FCF	free cash flow
FSP	forfeitable share plan
GCEO	Group Chief Executive Officer
GCFO	Group Chief Financial Officer
GCIO	Group Chief Information Officer
GP	guaranteed pay
HEPS	headline earnings per share (the weighted average number of shares outstanding excludes treasury shares)
ICT	information and communications technology
LTI	long-term incentive
LTIP	long-term incentive plan
MOI	memorandum of incorporation
MSR	minimum shareholding requirement
NED	Non-executive Director
PAT	profit after tax
PwC	PricewaterhouseCoopers Inc.
REITs	real estate investment trusts
Remco	Remuneration Committee
ROIC	return on invested capital (invested capital is the book value of fixed assets plus current assets less current liabilities less cash)
SACU	South African Communications Union
SMMEs	small, medium and micro enterprises
STI	short-term incentive
TRF	Telkom Retirement Fund
TSA	talent share award
TSR	total shareholder return (combines share price appreciation and dividends paid to show the total return to the shareholder, expressed as an annualised percentage)
WACC	weighted average cost of capital

Notes

Administration

Company registration number
1991/005476/30

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