

25 February 2015

## ICTU misrepresents Order by the Labour Court of South Africa

It is disappointing that the Information Communication and Technology Union (ICTU) have chosen to completely misrepresent the facts contained within today's Order by the Labour Court of South Africa. Telkom's restructuring process has not in any way been halted by the order. The Court granted the relief as neither Telkom nor the other unions oppose the application.

The ICTU will be included in all the current formal consultation processes, once the formal consultation process begins.

South African law differentiates between recognised and registered unions. The ICTU is a registered union but is not recognised by Telkom. The Labour Relations Act also states that registered unions must be included in formal consultation processes on matters such as a Section 189 and Section 197 processes, if their members may be affected.

Telkom is committed to following the letter of the law in the execution of its turnaround strategy. In line with the law, the ICTU were invited to attend the first formal consultation session with organised labour, which was scheduled for Friday 20 February 2015. At the outset of the meeting, organised labour required a number of process matters to be addressed. These discussions were required ahead of the start of the formal consultation process and therefore had to be undertaken as engagements within the Company Forum structure.

While Telkom was willing to allow the ICTU to remain in the room for those discussions, the Communication Worker's Union (CWU) objected to the ICTU's presence, as the current recognition agreement only allows participation by recognised unions in the Company Forum. On the basis of the CWU's objection, the ICTU left the meeting.

In line with the law, the ICTU will be included in the formal consultations. Those consultations have not yet begun. As with all registered unions, the ICTU will be given access to all relevant documents and information related to the Section 197 and Section 189 process. That information has not yet been shared with any union, as the law requires that it be shared at the start of the formal consultation, which has not yet begun.

Telkom did not oppose the application as the Company has not to date, nor will it ever, bar the ICTU from any formal consultation process.

The ICTU's claims that Telkom has retrenched employees "prior to serving them with notices that their employment will be terminated prior to consultation", is simply untrue.

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### **ABOUT TELKOM:**

Telkom is a leading communications services provider in South Africa. We had consolidated operating revenue of R16.8 billion and normalised profit after tax of R1, 683 million for the period ended 30 September 2015. Total assets amounted to R41.9 billion and equity attributable to the owners of Telkom to R23.5 billion as of 30 September 2015. The group generated normalised free cash flow of R1.4 billion for the period ended 30 September 2015.

As of 30 September 2015, we had approximately 3.3 million telephone access lines in service and 1,030,441 ports connected via MSAN access. We offer business, residential and payphone customers a wide range of services and products, including:

- fixed-line retail voice services using PSTN (Public Switched Telephone Network) lines, including ISDN (Integrated Services Digital Network) lines, and the sale of subscription based value-added voice services and calling plans;
- fixed-line customer premises equipment rental and sales services both voice and data needs and these include PABX, Computers, Routers, Modems, Telephone handsets and other ancillary equipment;
- interconnection services, including terminating and transiting traffic from South African mobile operators, as well as from international operators and transiting traffic from mobile to international destinations;
- fixed-line data services, including domestic and international data transmission services, such as point-to-point leased lines, ADSL (Asymmetrical Digital Subscriber Line) services, packet-based services, managed data networking services and internet access and related information technology services;
- Data Centre Operations includes e-commerce, application service provider, hosting, data storage, e-mail and security services;
- W-CDMA (Wideband Code Division Multiple Access), a 3G next generation network, including fixed voice services, data services and nomadic voice services;
- mobile communication services, including voice services, data services and handset sales through our mobile navbar-brand called Telkom Mobile;
- information and communication services including cloud services, infrastructure services, workspace services, global service integration management and hardware and network equipment sales locally, in seven African countries, the UK and Dubai through Business Connexion Group; and
- other services including directory services, through Trudon (Pty) Ltd, wireless data services, through Swiftnet (Pty) Ltd.

Convergence is one of our key strategic initiatives in building a sustainable future for Telkom. We will lead the provision of converged services in South Africa in support of our mission statement: Seamlessly connecting people to a better life.