

Business Continuity Management Policy and Framework

BCM Policy and Framework

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1 PURPOSE AND OBJECTIVES

This document sets out the policy and framework on the management of business continuity at all levels of Telkom SA SOC Limited (hereinafter referred to as “the Organisation”). This policy and framework is a formal Board and Management acknowledgement of the commitment of the Organisation to adhere to the Disaster Management Act 57 of 2002 and to undertake Business Continuity Management (hereafter referred to as BCM) activities in support of the Organisation’s legal and moral responsibilities for staff, customers and visitors. The Organisation recognises the importance of ensuring it can continue its urgent activities after a disruption and to protect its reputation as a leading telecommunications company.

The Disaster Management Act specifically requires the Organisation to maintain communication services during adverse conditions and to support local and national government should crises arise. At a business level, there is a need for the Organisation to ensure that the resilience of its infrastructure and business processes and the effectiveness of its emergency management procedures are guaranteed.

2 APPLICABILITY AND SCOPE

The purpose of the Business Continuity Management policy and framework is to outline the minimum requirements for executing the BCM system mandate and to embed a consistent approach. BCM refers to the implementation and co-ordination of an organisation-wide process that identifies potential impacts which threaten the Organisation’s ability to provide continuous service and build resilience to safeguard the interest of its key stakeholders, reputation, and brand. The aim of this document is to provide a continuously improved BCM competence and capability that is consistent with best practices of corporate governance.

The Organisation has established an independent Enterprise Risk Management (ERM) section which incorporates the BCM function that identifies, assess, advise on, monitors and reports on the BCM risks within the Organisation, including all business units and subsidiaries.

3 BUSINESS CONTINTUITY MANAGEMENT CONFIRMATION

The Organisation undertakes to ensure that external and internal suppliers, vendors or consultants that provide critical services and/or products are required, through contractual terms, conditions and Service Level Agreements (SLA’s), to have a BCM capability to ensure a continuous level of service and/or supply of products that is acceptable to the Organisation in the event they suffer a disruption, interruption or loss. Management confirms their commitment towards BCM and will ensure that appropriate knowledge, skills, expertise, and resources (including finance) are made available to enable the effective and efficient implementation and maintenance of BCM to demonstrate competencies and capabilities.

4 CONTEXTUAL BACKGROUND

The Organisation must ensure the highest level of business continuity and disaster recovery through emergency response, resumption and permanent recovery of the business functions and operations in the event of any disruption. Protection from disastrous service interruptions throughout exists in the form of localised, specialised or improvised continuity plans and failure recovery measures. The BCM Programme provides a coordinated solution to address

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the BCM issues of the Organisation. The methodology and process to implement, maintain and continually improve the effectiveness of the Business Continuity Management System (BCMS) is adopted from the International Organization for Standardization (ISO) 22301 and the Business Continuity Institute (BCI) Good Practice Guidelines.

5 RESPONSIBLE PERSONS AND DUTIES

Certain individuals and groups have specific responsibilities they are expected to undertake as set out in the BCM policy and framework. These are summarised below:

5.1 Board of Directors

The board fulfils a corporate governance role and appreciates that strategy, risk, performance and sustainability are inseparable. The board considers sustainability, resilience as a business opportunity and endorses the BCM principles and takes overall responsibility for the BCM Programme through various committees, such as the Risk and Social and Ethics Committees.

The Risk Committee assists the board in fulfilling its corporate governance responsibilities through the following responsibilities:

- I. The committee acts as an independent overseer and a maker of recommendations to the board and deals with the governance of risk and reports to the board, as well as ensures risk management assessments are performed on a continuous basis and that management considers and implements appropriate risk responses.
- II. Liaises with the risk committee with regards to risks and assesses the ERM function and the Business Continuity Plans (BCP's) to ensure the identification, reporting and monitoring of all types of risks.
- III. Ensures responsibilities and duties in respect of Information Technology (IT) governance, and the financial and ERM controls through proper risk identification and management.
- IV. Makes recommendations to the board with regards to BCM policies, framework and strategy which encompass all business and operational risks.

5.2 Group Chief Executive Officer

The Group Chief Executive Officer (GCEO) is responsible for maintaining an effective and comprehensive, fully integrated enterprise risk management process to safeguard and protect the organisation's assets. These responsibilities incorporate:

- I. Designing and implementing business continuity and disaster recovery system that is to manage material business risks in line with the ERM policy and framework.
- II. Review and approve controls and strategies implemented for the purpose of managing the strategic and operational risks identified and ensure proper management of operations and resource allocation.
- III. Reporting to the board and risk committee on how effectively the Organisation manages its material business risks and details of business continuity risk response strategies.

5.3 Integrated Governance, Risk and Compliance Forum (IGRCF)

The Integrated Governance, Risk and Compliance Forum (IGRC) is an internal structure, which will conduct the final assessment of the risks and risk opportunities identified to be reported to the board and its sub-committees.

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5.4 Enterprise Risk Management Forum (ERMF)

The ERM forum members oversee and execute their responsibilities as per agreed timelines for projects, and assignments and assume the responsibility to oversee and support the BCM Work Team. The ERM forum is authorised by Exco to carry out any the following duties:

- I. Establish integrated BCM work teams for the development and implementation of projects that focus on disaster risk reduction as identified by the ERM Forum.
- II. Provide guidance and direction to the BCM work team for the BCM programme implementation and approves strategies and plans for implementation and/or funding.
- III. Take corrective action on non-compliance and deviations from the programme and ensure that the core concepts of business continuity and disaster risk reduction are integrated the entire Organisation as well as sustainable development and processes.

5.5 Executive Committee

The board delegates responsibility for the implementation of the BCM policy and framework to the GCEO and through the GCEO to the Executive Team (Exco). Responsibilities include:

- I. Endorses the BCM principles, implements policies as defined by the risk committee and approved by the board and assists BCM in obtaining the resources and participation.
- II. Communicates the importance of BCM and approves strategy, program and compliance, whilst encouraging corrective action on non-compliance and deviations.

5.6 Group/Managing Executives and Executives

Executive management is ultimately responsible for the execution of effective business continuity management, including ensuring that all instances of non-compliance to the risk management policy and framework are managed and reported appropriately.

5.7 Senior Management and all other employees

Senior management and other employees across the company are responsible for the effective identification, management, reporting and control of BCM within their area of responsibility, and for developing and promoting a BCM risk-aware culture.

5.8 Business Assurance Forum

The Business Assurance Forum (BAF) is authorised by Exco to carry out any activity within its terms of reference, including the following duties:

- I. Endorses the BCM principles and ensures that BCM fits in with the overall business plan.
- II. Implements ERM strategies and ensures that the BCM programme is clearly communicated to all employees within the respective business.
- III. Implements a sustainable process of ERM and ensures adequate and proper risk reporting and communication.

5.9 Business Continuity Management Work Team

The BCM Work Team members comprise of Subject Matter Experts (SME) as mandated by their chief officers to represent their service organisations. The BCM work team is an ad hoc

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team established as and when required to address shortcomings, deviations and any related BCM issue to augment the current BCM activities, documents, as identified by the ERM Forum.

The BCM work team members will be responsible to oversee and execute his/her responsibilities for the duration of representation and as per agreed timelines for projects assigned to them. The scope of the responsibilities include, is but not limited to:

- I. Ensure and oversee the implementation of the framework for the BCM plans and initiatives as well a monitor, evaluate, recommend and report to the ERM Forum on the progress of approved BCM plans, strategies and initiatives as assigned.
- II. Initiate and document related BCM documentation to ensure that the proper course of action is being adopted, and those standards are being applied accordingly.
- III. Assess and monitor the testing, exercising, reviewing of BCM plans and practice simulations. Communicate all relevant BCM documentation to affected stakeholders.
- IV. Ensure that the core concepts of business continuity and disaster risk reduction are integrated into the activities of the Organisation and all sections take responsibility for business continuity and disaster management within their sector.
- V. Ensure cross functional actions, coordination and ensure that business continuity and disaster risk reduction is integrated into all sustainable development and processes.
- VI. Establish and participate as integrated task teams for the development and implementation of projects that focus on disaster risk reduction as by the ERM Forum.
- VII. Ensure the documentation of an organisation-wide disaster risk profile and awareness.

5.10 Internal Audit

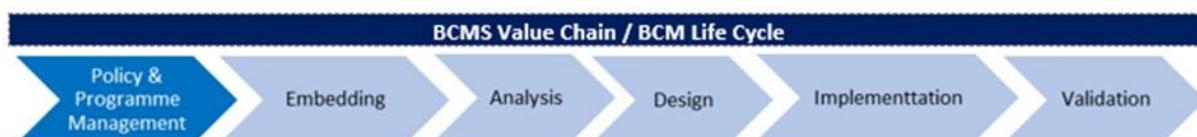
Internal Audit is responsible for providing an independent and objective assurance to the board on the effectiveness of ERM and BCM across the Organisation.

6 METHODOLOGY AND PROCESS

The process of developing a BCMS is systematic according to the ISO 22301 standard as an international standard that assists organisations of all sizes to develop and implement a BCMS, based on the Plan, Do, Check and Act (PDCA) model that follow one after the other. In each phase, there are processes and activities that are done to produce some output that enables and provides input for the following phase to begin. Each process flow will be validated. Validation of outputs from each phase is performed for quality and performance control before the next phase is started. The Organisation follows the Ten Clauses that make up the ICO 22301 and the six elements of the BCM Lifecycle as per the BCI Good Practice Guidelines.

7 BCMS VALUE CHAIN/BCM LIFECYCLE

Based on the above documents, the phased approach can be depicted as follows:



The major elements of the approach include policy and programme management, embedding BCM into business-as-usual activities as well as Business Impact Analysis (BIA) processes to

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understand the degree of potential loss the Organisation could occur. The BIA considers both the products and services that the Organisation delivers as well as the processes, activities and dependencies that ensure the delivery of these products and services.

During the analysis stage, the BIA is typically conducted first so that the risk assessment as well as mitigation measures can focus on the prioritised mission critical activities and supporting resources. The design phase aims to determine the most cost-effective solutions for the business processes to respond and continue delivering critical services, after a disaster has struck. Implementation ensure the agreed solutions in the design stage, the Organisation's Emergency Management structures with roles and responsibilities, business continuity and recovery plans, are compiled.

The implementation phase refers to implementing the Business Continuity Plan (BCP). The term 'business continuity plan' suggests a single document. However, a variety of plans can exist at any organisational level. The BCP may in fact comprise several documents. When all the necessary BCM plans have been developed, it then goes into the validation (exercise, maintenance, review) stage. This is the stage in which the plans, role-players and processes are tested, exercised and reviewed constantly with the aim of updating and keeping the applicable teams on the alert.

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8 APPENDIX A: DEFINITIONS, ACRONYMS, LAWS & REGULATIONS

8.1 Definitions

Definitions	Description
Business Continuity	A collective term to refer to proactive activities, processes and responses taken to reduce the probability and impact of a disruptive incident.
Business Continuity Management	Business Continuity Management is a holistic management process that identifies potential impacts that threaten an organisation and provides a framework for building resilience and the capability for an effective response that safeguards the interests of its key stakeholders, reputation, brand and value creating activities.
Business Continuity Plan	This is a collection of documents that contain the actions and procedures to be followed in the event of a disruption to enable the business functions to continue.
Business Continuity Management Policy	An ongoing management and governance process supported by senior management and resourced to ensure that the necessary steps are taken to identify the impact of potential losses, maintain viable recovery strategies and plans, and ensure continuity of products/services through exercising, rehearsal, testing, training, maintenance and assurance.
Business Unit	Self-contained section/unit representing a specific business function, and a definite place on the organisational chart, under the domain of a Chief/Group Chief Executive Officer or prescribed officer.
Corporate Governance	The system/process by which the directors and prescribed officers of an organisation are required to carry out and discharge their legal, moral and regulatory accountabilities and responsibilities.
Disaster	“Disaster” means a progressive or sudden, widespread or localised, natural or humancaused occurrence which- (a) causes or threatens to cause - (i) death, injury, disease or, (ii) damage to property, infrastructure or the environment, or (iii) disruption of the life of a community, and (b) is of a magnitude that exceeds the ability of those affected by the disaster to cope with its effects using only their own resources.
Disaster Recovery	In the event of a disastrous business interruption, the execution of planned activities in a prioritised, coordinated and controlled sequence to effect restoration and resumption of normalised business functions, operations, services, systems and facilities.
Enterprise Risk Management	Is a process, affected by an entity's board of directors, management and other personnel, applied in strategy setting and across the

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	enterprise, designed to identify potential events that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives.
Risk Assessment	The systematic process of identifying the nature and cause of risks which business functions could be exposed to and assessing the likely impact and probability of the risk occurring.
Subsidiary	A subsidiary or subsidiary company is a company that is owned or controlled by another company, which is called the parent company, parent, or holding company. The subsidiary can be a company, corporation, or limited liability company. Subsidiaries are separate, distinct legal entities.

8.2 Acronyms

Acronyms and Abbreviations	Description
BCM	Business Continuity Management
BCI	Business Continuity Institute
BCP	Business Continuity Plan
ERM	Enterprise Risk Management
EXCO	Executive Committee
ISO	International Organization for Standardization (ISO)
SLA's	Service Level Agreements

8.3 Reference Documents

- I. National Disaster Management Framework of 2005
- II. BCI Good Practice Guidelines, 2018
- III. ISO 22301 (2019)

8.4 Laws and Regulations

- I. Companies Act 71 of 2008
- II. Disaster Management Act 57 of 2002
- III. King IV Report on Corporate Governance