

The Telkom logo consists of a blue square with the word "Telkom" written in white, bold, sans-serif font. A small blue L-shaped graphic element is positioned at the top-left corner of the square.

Telkom

TELKOM SA SOC LIMITED ("Telkom")

NOMINATIONS COMMITTEE

TERMS OF REFERENCE

NOMINATIONS COMMITTEE TERMS OF REFERENCE

1. CONSTITUTION

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

2. PURPOSE OF THE COMMITTEE TERMS OF REFERENCE

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

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

3. PURPOSE OF THE COMMITTEE

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

- 3.1. To ensure that the Board’s composition and structure enables it to fulfill the obligations of the Board Mandate and advance and maintain the Company’s corporate governance policies and the Corporate Governance Framework.
- 3.2. To set criteria for the nomination of independent Non-Executive Directors to be recommended to the Board for appointment to the Committees of the Board.
- 3.3. To nominate potential Audit Committee members for consideration by the Board and election at the Annual General Meeting.
- 3.4. To nominate potential Social and Ethics members for approval by the Board, and confirmation at the Annual General Meeting.
- 3.5. To ensure that best practice succession planning policies, and processes are implemented in respect of Executive Directors and independent Non-Executive Directors.
- 3.6. To administer and manage the selection process of the Group Chief Executive Officer (“Group CEO”) on behalf of the Board and make recommendations where necessary.

4. MEMBERSHIP

- 3.1 The Committee shall be appointed by the Board of Directors and shall comprise only of independent Non-Executive Directors.
- 3.2 The Chairperson of the Board of Directors shall be *ex officio* the Chairperson of the Committee.
- 3.3 The Group Company Secretary or his/her designate shall be the secretary of the Committee.
- 3.4 The Group CEO shall attend by invitation.
- 3.5 Suitably qualified persons may be invited by the Committee as advisors when necessary to render specialist services as may be required to assist the Committee in its deliberations on any particular matter subject to following a Board approved process, but shall have no rights of voting (refer to Board Charter for the approved process).

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- 3.6 Other Non-Executive Directors may attend the Committee's meetings post notification of the Chairperson of this Committee but will not be remunerated for attendance.
- 3.7 If necessary, independent experts and specialists may be co-opted to the Committee as attendees by the Chairperson of the Committee.
- 4 MEETINGS AND PROCEEDINGS AT MEETINGS**
- 5.1 Quorum**
- 5.1.1 The quorum for a meeting shall be a simple majority (50% plus one) of the members of the Committee, present or participating by electronic medium.
- 5.2 Meetings**
- 5.2.1 The meetings of the Committee shall be held at least thrice (3) annually.
- 5.2.2 Special meetings of the Committee may be convened as required through the office of the Group Company Secretariat.
- 5.2.3 Any member of the Committee may request a special meeting through the Chairperson of the Committee and this shall be facilitated through the Group Company Secretariat.
- 5.2.4 The meetings of the Committee may be held in person, by telephone, by video conference or such other form of long-distance conference facility as the circumstances may require (such person shall be deemed as being present at the meeting), provided that the required quorum is met.
- 5.2.5 Outside of the formal meeting programme, the Chairperson will maintain a dialogue with key individuals involved in the Company's governance, including the Group Chief Executive Officer, the Group Chief Financial Officer and the Management Group.
- 5.3 Notice of meetings**
- 5.3.1 Notice shall be given in writing to all members of the Committee and other interested parties of each meeting to be held, at least ten (10) calendar days prior to the date on which such meeting is to be held.
- 5.3.2 Notwithstanding the aforesaid, meetings can be requested on short notice if circumstances require, in which event the Chairperson of the Committee shall make a determination in this regard, subject to a quorum being achieved for such short notice period. A Notice waiver shall be issued in instances wherein the deadline is missed.
- 5.4 Agenda of meetings**
- 5.4.1 The final agenda of meetings other than those called on short notice, shall be prepared and distributed to the Chairperson at least ten (10) calendar days prior to the meeting date.
- 5.4.2 The supporting documents shall be prepared and distributed at least five (5) calendar days prior to the meeting date.
- 5.5 Chairperson**
- 5.5.1 The Role and Responsibility of the Chairperson is:
- 5.5.1.1 Officiating and conducting meetings.
- 5.5.1.2 Approving the Meeting Agenda in consultation with Management and the Committee's approved Annual Work Plan.
- 5.5.1.3 Providing leadership to the Committee and its deliberations and ensure that the Committee Members are aware of their obligations and that the Committee complies with its responsibilities.
- 5.5.1.4 Ensuring that the matters tabled in the meeting are afforded sufficient time during the meeting deliberations.
- 5.5.1.5 Ensuring an effective functioning of the Committee including reviewing the skills mix and the performance thereof.

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5.6 Conflict of interest

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

5.7 Minutes of meetings

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

5.8 Written Resolutions

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

5.9 Reporting responsibilities

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

6. AUTHORITY OF THE COMMITTEE

- 6.1 The Committee acts in terms of the delegated authority of the Board of Directors as recorded in these Terms of Reference. It has the power to investigate any activity within its scope.

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

7 COMMITTEE FUNCTIONS

The Committee shall be responsible for, in terms of:

7.1 Board Appointments, Composition and Tenure

- 7.1.1 Making recommendations on the composition of the Board of Directors with respect to all aspects of diversity including academic qualification, technical expertise, industry knowledge, experience, business acumen, race and gender as well as the balance between Executive and Non-Executive and Independent and Non-independent members appointed to the Board of Directors.
- 7.1.2 Identifying and nominating candidates for recommendation to the Board of Directors for approval for the appointment of new Directors.
- 7.1.3 Formulating succession plans in conjunction with the Remuneration Committee for the directors, prescribed officers, company secretary and the chief audit executive.
- 7.1.4 Recommending to the Board of Directors for the retirement at the next AGM of any director who has held office for an aggregate period in excess of nine (9) years since his/her first election or appointment date as per the provisions of the Memorandum of Incorporation.
- 7.1.5 Recommending Non-Executive Directors for re-election when retiring by rotation as per the provisions of the Memorandum of Incorporation.
- 7.1.6 Ensuring that a policy on the promotion of diversity at Board level is in place and adhering to this policy in making recommendations to the Board of Directors on filling of vacancies.
- 7.1.7 Continually reviewing the state of the Board of Directors' diversity representation.
- 7.1.8 Formally noting, existing, planned and any changes to the Directorships of all Non-Executive Directors.
- 7.1.9 Approving all existing and planned external Directorships of Executive Directors and noting any resignations.

7.2 King Report on Corporate Governance™ for South Africa, 2016 (King IV)

- 7.2.1 Ensuring that the Board, Committee and peer review evaluation is conducted annually in line with the recommendation of King IV and good governance practices.
- 7.2.2 Monitoring the principles of governance and code of best practice in respect of Board of Directors' composition, structure, ethical conduct and meeting processes.

7.3 Induction and Training

- 7.3.1 Ensuring that induction of newly appointed Directors and ongoing training and development of Directors takes place.
- 7.3.2 Ensuring that Directors are developed through a training programme.

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7.3.3 Ensuring that the Audit, Social and Ethics and the Risk Committees respectively provide quarterly reports on changes in risks, laws and the environment within the ambit of the Committee.

7.4 Board Performance

7.4.1 Considering the performance of Directors and taking remedial action against Directors who do not fulfill their fiduciary duties as provided for but limited to the Companies Act of 2008, JSE Listing Requirements and the King IV Code.

7.4.2 Ensuring that evaluations of the Board of Directors, its Committees and Peer Reviews are conducted every three years by an independent service provider to determine the effectiveness of the Board of Directors and its Committees. These should be conducted every other year by the Group Secretariat in instances wherein there are no adverse findings from the independent service provider's report.

7.5 Integrated Report

7.5.1 Reporting to Shareholders in the Integrated Report on how the Committee considered and applied the Diversity Policy, particularly on the elements of gender and race, in the nomination and appointment of Non-Executive Directors.

7.6 Review of Directors interests

7.6.1 Reviewing declarations of interests of directors and making recommendations on any existing or potential conflict of interest or questionable situations of a material nature.

8 NOMINATION GUIDELINES FOR NON-EXECUTIVE DIRECTORS

8.1 Nominations put forward shall initially be reviewed by the Committee. The Committee shall recommend a short list for consideration by the Board of Directors. Such list shall be obtained through, amongst others, executive search firms and recommendations from other board members. An expression of interest shall be provided to selected candidates by the Chairperson. The candidate will be provided with the relevant information about the role, responsibility, contribution and time commitment such appointment would entail and the remuneration.

8.2 Upon acceptance by the candidate, the Board of Directors will perform a fit and proper assessment in order to evaluate the suitability of the candidate/s and such record of the outcome of the assessment shall be filed by the Group Secretariat. The fit and proper assessment test will include consideration of the candidate's suitability to hold the position, and whether the candidate is a domestic prominent influential person. Thereafter, the Board shall resolve to appoint the Director and in accordance with the company's Memorandum of Incorporation, the candidate will stand for election by Shareholders at the next annual general meeting of the Company. Prior to the annual general meeting, Shareholders will be given information relating to the candidate to consider for election.

The ideal profile and competencies of candidates for Non-Executive Director appointment shall be determined by the Board of Directors collectively when the need arises, and it shall be consistent with the Companies Act and be informed by business requirements at a specific point in time.

8.3 Nomination guidelines for the appointment of the Chairperson of the Board

8.3.1 As a starting point, it should be ascertained whether the current Chairperson is available for re-election.

8.3.2 The Group Company Secretary must ascertain which of the current Non-Executive Directors are interested in the position of Chairperson of the Board and report the outcome to the Committee.

8.3.3 If the Chairperson is available for re-election:

8.3.3.1 The applicable steps set out below would be followed, save that the Chairperson would be excluded from the process (along with any other Non-Executive Directors who expressed an interest in the position of Chairperson of the Board). The Board of Directors will elect a member that will step into the role of the Acting Chairperson in respect of the process below.

8.3.3.2 Once the Non-Executive Directors that are interested in the position of Chairperson of the Board have been ascertained, the process to appoint a Chairperson for the Board of Directors will be facilitated by the Committee under the leadership of the Acting Chairperson.

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- 8.3.4 The Committee will source relevant and supporting information to enable recommendations regarding the suitability of the Non-Executive Directors who indicated an interest to become the Chairperson of the Board of Directors, for such position, taking into account their respective skill and experience.
- 8.3.5 The Acting Chairperson, together with those Non-Executive Directors who had not indicated an interest in the position of Chairperson of the Board of Directors, will engage in a process of analysing the suitability for such position of the Non-Executive Directors who had indicated an interest to become the Chairperson of the Board of Directors (from which process such interested Board members should be recused), taking into account the information made available and recommendations of the Committee.
- 8.3.6 Regard should be had to be the requirements expressed in King IV for the characteristics of the Chairperson of a Board of Directors which states that the Chairperson of the Board must be an Independent Non-Executive Director.
- 8.3.7 However, should it be determined that there is not a suitable candidate for the position from the ranks of the Non-Executive Directors who expressed an interest therein, a process of identifying suitable external candidates should be engaged upon (with the assistance of an external service provider facilitated by the Group Company Secretary), where after the steps set out in paragraphs 8.3.3 – 8.3.6 above would be repeated in respect of persons who appear to be eligible for the position.
- 8.3.8 If, at the outset, none of the current Non-Executive Directors are interested in the position of Chairperson of the Board of Directors, external candidates should be identified (with the assistance of an external service provider facilitated by the Group Company Secretary) where after the steps set out above would be applied in respect of persons who appear to be eligible for the position.

9 INSOFAR AS VARIOUS APPOINTMENTS ARE CONCERNED:

9.1 The Group Chief Executive Officer

- 9.1.1 The appointment of the Group CEO, the Committee will formulate the appointment process in line with the Memorandum of Incorporation and in line with the recommendations from the Remuneration Committee, and then recommend to the Board of Directors for approval.

9.2 The Group Chief Financial Officer

- 9.2.1 The appointment of a Group CFO, who is to be an Executive Director on the Board, shall be managed by the Group CEO and reviewed by this Committee in line with the recommendations from the Audit and Remuneration Committees respectively and then recommended to the Board of Directors for approval.

9.3 Chief Officers

- 9.3.1 All Chief Officers shall be appointed by the Group CEO, in consultation with the Committee, and shall thereafter be presented to the Board of Directors for noting purposes.

9.4 Appointment to Subsidiaries

- 9.4.1 The appointment of Directors and CEOs to subsidiary companies where there are minority Shareholders shall be reviewed by this Committee.
- 9.4.2 Directors and CEOs to wholly owned operating subsidiaries may be appointed by the Group CEO. Such appointments must be reported to the Board, through this Committee, for noting purposes. Where there is a proposal to appoint external Non-Executive Directors to such subsidiaries, such appointments must be reviewed by this Committee, and then recommended to the Board of Directors for approval.
- 9.4.3 Directors to wholly owned dormant companies may be appointed by the Group CEO and presented to the Board of Directors, through this Committee, for noting purposes.

9.5 Group Company Secretary

- 9.5.1 The appointment of the Group Company Secretary shall be recommended by this Committee and be approved by the Board of Directors as provided for in the Companies Act of 2008 and the JSE Listing Requirements respectively.

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9.6 Debt Officer

9.6.1 The designation of the Debt Officer shall be recommended by this Committee and be approved by the Board of Directors as provided for in the Companies Act of 2008 and the JSE Listing Requirements respectively.

10 Committee Evaluation

10.1 The effectiveness of the Committee shall be evaluated through an external process every three (3) years (unless there are adverse findings). Every other time an internal evaluation process shall be conducted, in consultation with the Chairperson of the Board.

10.2 The evaluations shall be conducted through the Nominations Committee and facilitated through the Office of the Group Company Secretary.

11 REVIEW OF THE TERMS OF REFERENCE

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