

## STATEMENT OF VERIFICATION FOR CDP

### To the stakeholders of Telkom SA Limited

CA-Governance has been engaged by Telkom SA Limited (Telkom) to provide independent verification over certain key sustainability performance data to be published in the Telkom return to the Carbon Disclosure Project (“CDP”) for the 2014 financial year. The aim of this process is to provide verification that the reported information is reliable for CDP purposes.

### How CA-Governance did this work

We conducted the work by applying our normal approach and using our standard methods, which inter alia exceed the requirements of reasonable assurance as described by ISO 14064-3 for greenhouse gas emissions. The work included a review of Scope 1, Scope 2 and Scope 3 performance data applying to the reporting period 1 April 2013 to 31 March 2014.

It is a feature of our verification work that we report to all stakeholders, and disclose a graded level of opinion on each key performance indicator to assist the user in understanding what degree of verification we view to be appropriate.

We have investigated and evaluated the informative quality of the reported data against the CA-Governance assurance level scale. Our main considerations are whether the data, within the considerations of materiality:

- make meaningful comparisons possible,
- are clearly set out,
- are interpreted with relevance in substance,
- acknowledge both positive and negative aspects with openness, and
- are based on precise measurement.

In producing this Statement, CA-Governance has complied with the requirements of the CDP in respect of the verification of disclosures under the indicators specified. This includes:

- That the accurateness and completeness of the reported greenhouse gas information has been assessed;
- That the emissions figures conform with the accounting and reporting principles required by the CDP;
- That the figures were drawn by a party unrelated to the verifier and that the verifier is independent and thus a third party;
- That the verifier is of a competency and a standing that qualifies it to issue this Statement.

The Carbon Disclosure Project requires a rigid form of verification terminology rather than the expanded (9 level) scale in use by CA-Governance.

This is linked to one of the standards that the CDP allows to be used, namely ISO 14064-3. [The CA-Governance process exceeds the ISO 14064-3 requirements significantly.] From the choices that ISO 14064-3 provides, we have selected the “reasonable assurance” alternative, being the most onerous available. Our scale is for the purposes of this Statement simplified to produce the gradations within this alternative as provided by the CDP, namely either “moderate” or “high” assurance.

Information and performance data that have been subjected to verification by this firm are clearly indicated by the inclusion of the following statement on individual web, digitised or printed pages next to the specific indicators for Telkom SA (SOC) Limited under Scope 1, Scope 2 and Scope 3: “These data were independently verified by CA-Governance in June 2014.”

### **Opinion and commentary**

In our opinion the disclosures under Scope 1, Scope 2 and Scope 3 provide stakeholders with consistently high levels of reassurance in respect of Telkom’s reporting of its performance within South Africa on these issues during the reporting period.

Our opinions in respect of the information disclosed in each of the indicators where our assurance was requested, are stated below.

**Scope 1:** The figures disclosed in respect of operations in South Africa for the period 1 April 2013 to 31 March 2014 and attached to this Statement are in our view of such a level of informative quality that stakeholders can take comfort that their interests are judged important in the disclosure. The assurance CA-Governance assigns to this indicator is at **High** level.

The High level on the CA-Governance scale is correlated to HIGH for use by the CDP within the ambit of ISO 14064-3.

**Scope 2:** The figures disclosed in respect of operations in South Africa for the period 1 April 2013 to 31 March 2014 and attached to this Statement are in our view of such a level of informative quality that stakeholders can take comfort that their interests are judged important in the disclosure. The assurance CA-Governance assigns to this indicator is at **High** level.

The High level on the CA-Governance scale is correlated to HIGH for use by the CDP within the ambit of ISO 14064-3.

**Scope 3:** The figures disclosed in respect of operations in South Africa for the period 1 April 2013 to 31 March 2014 and attached to this Statement are in our view of such a level of informative quality that stakeholders can take comfort that their interests are judged important in the disclosure. The assurance CA-Governance assigns to this indicator is at **High** level.

The High level on the CA-Governance scale is correlated to HIGH for use by the CDP within the ambit of ISO 14064-3.

## **The CA-Governance assurance method**

CA-Governance applies an “advocate” model – only highly experienced members serve on the assurance team and interact with Telkom and other functionaries to discuss the breadths and bases of the indicator data, determine the most appropriate approach to gauge completeness and usefulness, and then ensure that the integrity of data can be established within the parameters of materiality. The determinant is the extent to which a stakeholder can be reassured that the informative quality of the data is aligned with the interests of the stakeholder as far as is practicable.

In practical terms our team was able to access the Telkom organisation and its main service providers linked to the specified indicators as an independent party; we

- discussed reporting systems and data flows,
- requested reconciliations and alternative determinations,
- interrogated variances in trend and spot numbers,
- reviewed the materiality determination process and the external advisor input to that process,
- assessed the appropriateness of assumptions,
- reviewed external sources, recalculated figures, revisited technical aspects of certain emissions, investigated the data integrity and the potential for internal audit processes and external corroboration to provide additional reliance,
- conducted certain site visits in respect of diesel used for emergency generators,
- and presented the findings as an assignment team to an internal committee of peers for critical evaluation and final decision in order to report to stakeholders fully and appropriately.

## **The aspects for which we accept responsibility**

CA-Governance accepts responsibility for the aspects covered in this Statement of Verification. In arriving at our conclusions we have formed our views from information provided by Telkom group personnel, reporting systems and data in respect of the South African operations of Telkom and certain of its prominent service providers, including Total Facility Management Company (Pty) Ltd and Layisha Logistics. We have assessed the results of such information flow in the light of our experience and ability to provide independent external scrutiny. We are of the view that our opinions as expressed before are appropriate in the circumstances.

We record that as a result of misinterpretation three errors occurred in the CDP submission by Telkom in 2012/13. We accept responsibility for detecting these errors only during 2013/14. They will now be rectified by way of restatement. The total carbon emissions under Scope 1 and Scope 3 were in fact lower than those reported originally for 2012/13. The errors amounted in total to less than 1% of the reported total figure, but were material in respect of Scope 3.

## **CA-Governance as a provider of statements of verification**

CA-Governance is the trading name of Cheetamark (Pty) Ltd, company registration number 2011/008716/07, a company registered in South Africa with its office at

Kiepersol House, Stonemill Office Park, 300 Acacia Road, Darrenwood, Johannesburg, South Africa. CA-Governance is a specialist firm in the field of corporate governance, with a focus on the provision of independent assurance or verification to stakeholders. The firm provides teams of assurance experts from a pool of persons with individual experience levels ranging from 24 to 48 years, and practical corporate governance experience ranging from 29 years downwards. Technical expertise in the field of greenhouse gas emissions is sourced from our technical advisers, who are highly specialised in this field.

We take great care to provide reliable opinions in the form of the present Statement of Verification with total frankness.

CA-Governance is acutely aware of the need for independence from the client as well as from any significant stakeholder, and does whatever is in its power to retain and enhance such independence not only in substance but also in appearance. Conflicts of interest or any hint of diminished impartiality are regarded as unacceptable in any form, and its code of practice is designed to enforce compliance at all levels.

CA-Governance has no commercial relationship with Telkom other than the normal business of telecommunications services offered by Telkom, and utilises such services at standard tariffs and without any preferential treatment.

This Statement of Verification is issued in Johannesburg, June 2014.



**Theo Botha**  
For CA-Governance

#### Summary of CDP Submission:

	2012/13	2013/14
<b>Scope 1</b>	51 648 tCO <sub>2</sub> e	49 353 tCO <sub>2</sub> e
<b>Scope 2</b>	655 465 tCO <sub>2</sub> e	643 536 tCO <sub>2</sub> e
<b>Scope 3</b>	55 316 tCO <sub>2</sub> e	47 087 tCO <sub>2</sub> e
<b>Totals</b>	762 429 tCO <sub>2</sub> e	739 976 tCO <sub>2</sub> e