

Seamlessly  
connecting our  
customers to  
a better life

Telkom SA SOC Ltd

# Integrated Report

for the year ended  
31 March 2024



**Telkom**



# Telkom's reporting suite

Welcome to the integrated report of Telkom SA SOC Ltd (Telkom or the Group) for the financial year ended 31 March 2024

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 and comprises of the reports below. The reports and other information (e.g. Board charter and Committee terms of reference) can be found on our Group website under investor relations <https://group.telkom.co.za/ir/>

## Integrated report The primary report for Telkom

Our integrated report provides material information to stakeholders on how our strategy, its implementation and operational performance lead to value creation, preservation or erosion over the short, medium and long term and in relation to the six capitals. It also summarises our impact on the economy, society and environment, including our contribution to the United Nations Sustainable Development Goals (SDGs).



### Key frameworks and standards applied:

- International Integrated Reporting Framework (<IR> Framework)
- King IV Report on Corporate Governance™ for South Africa, 2016 (King IV)<sup>1</sup>
- South African Companies Act, 71 of 2008, as amended (Companies Act)
- JSE Listings Requirements
- Debt Listings Requirements

<sup>1</sup> Copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved.

## Financial information

- Audited annual financial statements
- Annual results announcement
- Annual results presentation

Our audited annual financial statements provide detailed information on the Group's financial and operational performance. The annual results long-form announcement (booklet) serves as a summary of this information.

### Key frameworks and standards applied:

- International Financial Reporting Standards (IFRS® Accounting Standards)
- JSE Listings Requirements
- Companies Act
- King IV

## Governance, risk management and assurance

- Board charter and Committee terms of reference
- Remuneration report
- King IV application report
- Declarations of conflict of interest
- Ethics pledges

Governance and risk information is included in our integrated report. It is supplemented by information relating to policies and practices of the Board, ethics, declarations of conflict of interest, and remuneration.

### Key frameworks and standards applied:

- King IV
- JSE Listings Requirements
- Companies Act

## Risk management, compliance and assurance

- Enterprise risk management policy
- Assurance statement

Risk information in the integrated report is supplemented by the enterprise risk management policy.

The assurance statement provides for moderate independent opinion on selected non-financial key performance indicators (KPIs), performed in accordance with the AA1000AS Type II requirements.

### Key frameworks and standards applied:

- ISO 31000 Risk Management Guidelines
- AA1000 AccountAbility Principles of Inclusivity, Materiality, Responsiveness, and Impact

## Shareholder information

- Notice of annual general meeting (AGM)
- Form of proxy

This includes valuable information to shareholders, particularly ordinary and special resolutions to be voted on. The hybrid AGM will be held on 20 August 2024.

### Key frameworks and standards applied:

- JSE Listings Requirements and Debt Listings Requirements
- Companies Act
- King IV

## Other reports to society

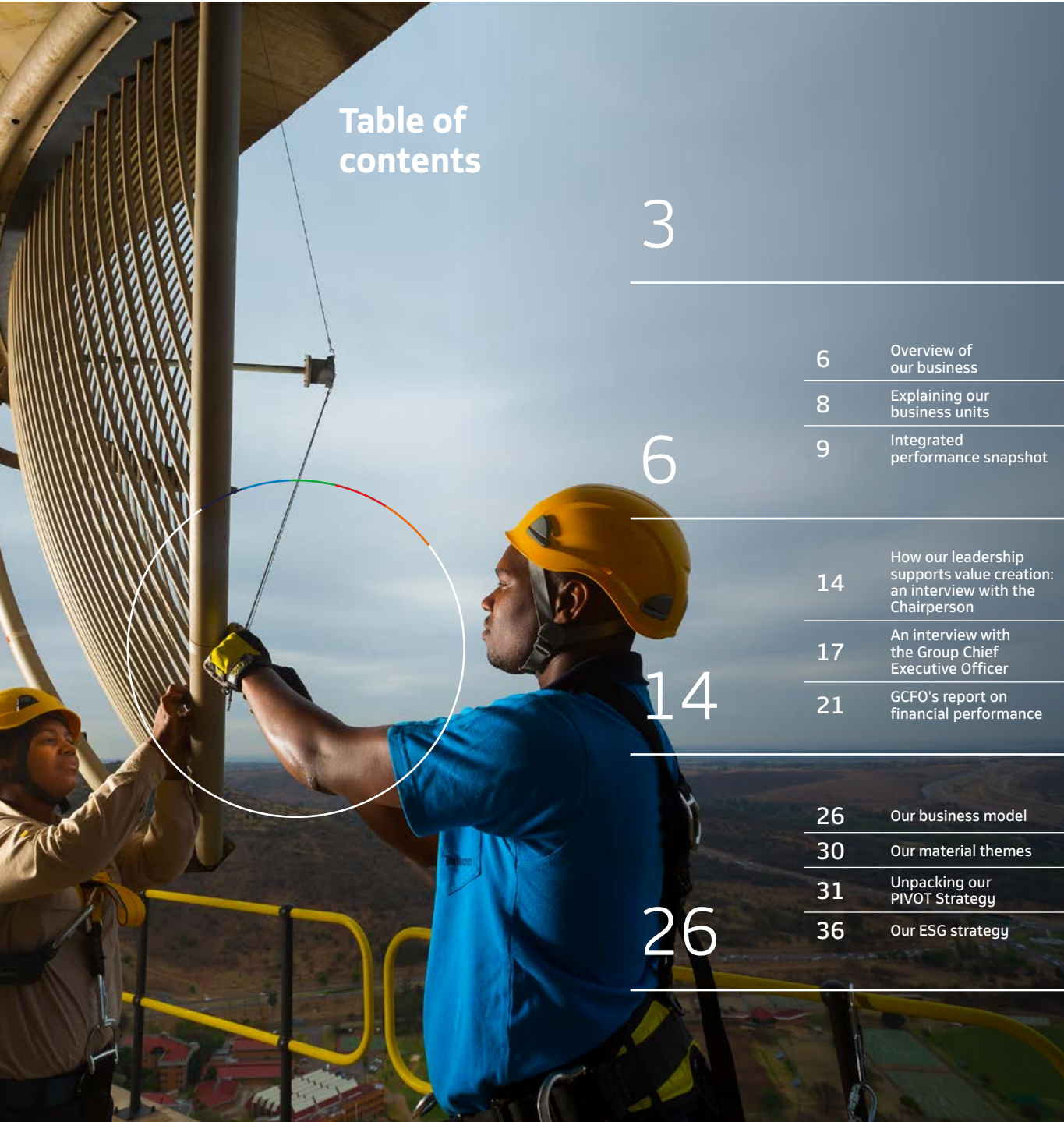
- CDP Climate Change Report
- Telkom Foundation Annual Report
- B-BBEE certificate

Telkom CDP Climate Change Report outlines our initiatives, strategies and performance related to climate change mitigation and adaptation, as disclosed on the CDP platform.

The Telkom Foundation Annual Report shows how Telkom contributes to the transformation of disadvantaged communities through sustainable development programmes. As the report is one year in arrears, its reporting timelines do not align with the rest of the reports.

Telkom's Broad-based black economic empowerment (B-BBEE) certificate is issued annually in July.





# Table of contents

3

- 6 Overview of our business
- 8 Explaining our business units
- 9 Integrated performance snapshot

6

- 14 How our leadership supports value creation: an interview with the Chairperson
- 17 An interview with the Group Chief Executive Officer
- 21 GCFO's report on financial performance

14

- 26 Our business model
- 30 Our material themes
- 31 Unpacking our PIVOT Strategy
- 36 Our ESG strategy

26

## Preparing our integrated report

We have divided our integrated report into six sections to enable our stakeholders to make informed assessments of our ongoing ability to create and protect value while minimising the risk of value erosion.

## Section 1: A Telkom snapshot

This summary describes Telkom's purpose, vision and values, and provides an overview of our performance. It provides insight into the Group's operating structure and explains each business unit's customer market segmentation, products and services, and differentiators.

## Section 2: Leadership reflections on FY2024

Messages from our Chairperson, Group Chief Executive Officer (GCEO) and Group Chief Financial Officer (GCFO) outlining how good governance supports our value-creation ambitions. They also illustrate progress on our strategy and how it translated into our FY2024 performance.

## Section 3: The process of value creation

This section provides an overview of our business model and explains the Group's material themes. The strategy section sets out how the Group captures new opportunities, mitigates risks to grow the business, and ultimately supports our purpose and vision.





39

39	External themes shaping our strategy
42	Engaging with our stakeholders
47	Managing risks and compliance

Section 4: The world we operate in

We illustrate the rapidly changing, complex and challenging environment in which we operate and the key risks that require mitigation. We also demonstrate how we consider our material stakeholders in our value-creation process.



56

57	Productive capital
70	Intellectual capital
78	Human capital
86	Social and relationship capital
95	Natural capital

Section 5: FY2024 performance

This section focuses on our integrated performance for the year, structured around the non-financial capitals.



103

103	Our governance report
120	Social and Ethics Committee report
122	Remuneration report summary

Section 6: Transparency and accountability

This section describes how we approach decision-making, our governance processes and structures, and the rules and regulations we adhere to. It provides insight into the leadership teams and includes a summary of our remuneration report. The full remuneration report is available [online](#).



131

131	Our approach to ESG disclosures
132	Telkom's contribution to the United Nations SDGs
136	Share and debt holding information
138	Abbreviations
140	Administration

Section 7: Appendices

The appendices include more information about our ESG reporting considerations, contributions to the SDGs, and Telkom's share and debt holding information.



## Preparing our integrated report

We prepared this report for our providers of financial capital and other stakeholders and used the <IR> Framework to compile it.

The report shows the connections between our material themes, strategy, governance, performance and prospects. It addresses our divisions and our subsidiaries (business units), unless otherwise stated.

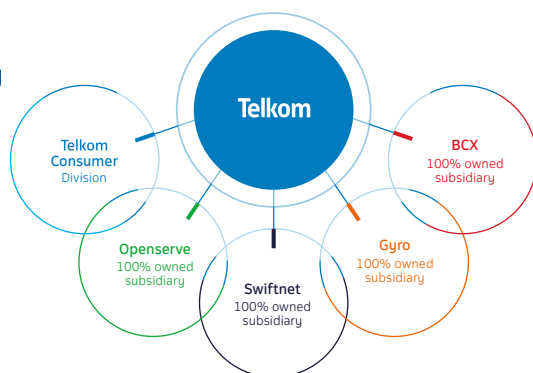
### Reporting boundary

This integrated report (the report) covers the financial year 1 April 2023 to 31 March 2024 (FY2024 or the year) and includes significant subsequent events up to the report's approval date. In the report, "the short term" refers to the next financial year (ending 31 March 2025), "the medium term" to the period to 31 March 2027 and "the long term" to beyond March 2027.

The reporting boundary covers Telkom SA SOC Ltd, which represents Telkom Group (Telkom or the Group), which comprises Telkom Company and its subsidiaries.

Telkom Company comprises the Corporate Centre and a division, Telkom Consumer. Telkom Group's operating subsidiaries are Openserve, BCX, Swiftnet and Gyro. These divisions and subsidiaries form Telkom's business units.

### Telkom's operating model



## Integrated reporting process

Our integrated reporting processes, as set out below, reflect our integrated thinking

1

### Compiling the report

#### Integrated reporting project team

The investor relations team, led by the GCFO, is responsible for compiling the integrated report. This team, with assistance from external experts, provides guidance on reporting approach and content and ensures the report adheres to the <IR> Framework and other adopted reporting standards and frameworks.

#### Materiality determination process and material themes approval

Our Group Executive Committee (Exco) and Board of Directors (the Board) annually review and approve material themes that guide the preparation of the integrated report.

#### Content contributors

Contributors from various functions and subject matter experts produce the report's content. The Group executives from various functions and departments oversee this process and ensure that controls are applied in information gathering and drafting.

The content creation process includes interviews with selected Board and Exco Members, internal and external sources of trusted information used for decision-making, and extracts from other reports in the reporting suite.



2

### Report review and approval

The Exco is accountable to the Board for preparing the integrated report. It reviews the reporting suite prior to submission to the Board subcommittees (Audit, Risk, Social and Ethics, and Remuneration Committees) for review and discussion.

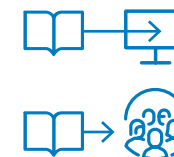
The subcommittees recommend the reports to the Board, which provides final approval and sign-off.



3

### Publication of the report

The report is made available online on publication date, and printed copies are distributed to various stakeholders.



4

### Supplementary reports

All reports in the reporting suite are prepared in parallel (except for the Telkom Foundation report) to ensure that information and data across the suite is aligned and consistent.





## Materiality

This report focuses on material matters. These are matters that materially affect our ability to achieve our strategy and create value over the short (one year), medium (two to three years) and long term (more than three years) and that have the potential to erode value for providers of financial capital and other stakeholders.

We consider internal and external factors, relying on established processes, to identify and confirm our material themes. This process is set out below:

### Identification

We identify relevant matters based on their potential to affect our ability to create value over the short, medium and long term.

Inputs:

Our purpose, vision, values, strategy and strategic risks	The external operating environment's impact on our value creation	Key global and local sectoral trends and peer benchmarking	Our stakeholders' expectations and concerns	Board and subcommittee key discussions
---	---	--	---	--

### Evaluation and prioritisation

Evaluating the importance of relevant matters in terms of their known or potential effect on value creation and prioritising the matters based on their relative importance.

Inputs:

During a workshop, Exco Members reviewed and prioritised material themes based on their impact on Telkom's creation of value in the short, medium or long term

### Approval

Exco and the Board continually review the material themes and approve them annually. The Board approved the material themes for FY2024 in July 2024.

### Disclosure

In addition to this process disclosure, we provide details on each of the following material themes on [page 30](#).


The material themes for FY2024:

<b>MM1</b> Regulatory environment	<b>MM5</b> Economic climate
<b>MM2</b> Competitive landscape	<b>MM6</b> Future-ready skills and expertise
<b>MM3</b> Customer expectations and experiences	<b>MM7</b> Networks and digital technologies
<b>MM4</b> Cyberthreats	<b>MM8</b> Climate resilience

## Combined assurance related to the integrated report

To ensure the integrity of information in this report, the Group follow a combined assurance approach ([page 117](#)). This approach integrates our internal audit function, known as Telkom Group Internal Audit (TGIA), with other independent assurers and risk management activities. TGIA assessed the completeness and accuracy of strategic, non-financial KPIs presented in this report.

Certain financial information included in this report is derived from our Company and Group consolidated annual financial statements. PricewaterhouseCoopers Inc (PwC) independently audited the consolidated annual financial statements and issued an unmodified audit opinion.

Independent external assurance provider IBIS ESG Consulting Africa (Pty) Ltd (IBIS) provided moderate assurance over selected non-financial indicators. Assured non-financial indicators are indicated with this icon . Refer to IBIS's FY2024 statement of assurance, available [online](#).

**We aim to provide our stakeholders with transparent, relevant and integrated information to enable them to make better-informed decisions about Telkom.**

## Forward-looking statements

Many of the statements in this document, and verbal statements that may be made by Telkom or Officers, Directors or employees acting on Telkom's behalf, constitute or are based on forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause our actual results or achievements to be materially different from our future results, performance or achievements expressed or implied by such forward-looking statements.

Telkom cautions readers not to place undue reliance on these forward-looking statements. All written and verbal forward-looking statements attributable to Telkom, or persons acting on Telkom's behalf, are qualified in their entirety by these cautionary statements. Unless we are required by law to update these statements, we will not necessarily update any of these statements after the date of this document so that they conform either to the actual results or to changes in our expectations.

Any forecast financial information contained in this report has not been reviewed or reported on by our external auditors.

**Materiality guided the preparation of this report.**



Board approval

The Board acknowledges its responsibility for the integrity of Telkom’s integrated report. The Board confirms that it collectively reviewed the report’s contents and leveraged the assurance obtained from its internal and external assurance providers, including assessments of risk and internal controls.

The Board is confident that the report addresses all material themes, and concludes that the information herein is materially presented according to the <IR> Framework.

The Board approved the report on 16 July 2024.

**Mvuleni  
Geoffrey  
Qhena**  
Board  
Chairperson

**Serame  
Taukobong**  
Group Chief  
Executive  
Officer

**Nonkululeko  
Dlamini**  
Group Chief  
Financial  
Officer

Feedback



We recognise that integrated reporting and stakeholder information requirements continue to evolve. We welcome feedback to improve our integrated report and the rest of the reporting suite. Comments and feedback can be sent to our investor relations team at [telkomir@telkom.co.za](mailto:telkomir@telkom.co.za).

Navigating our report

We use the following icons throughout the report to indicate the elements of our business model:

Strategic pillar	ESG	Material themes	Stakeholder groups	Capitals impacted	SDGs
Partnerships	Digital services	Regulatory environment	Customers	Financial capital	Telkom supports four primary SDGs:    
Integrated solutions	Digital planet	Competitive landscape	Government and regulators	Productive capital	
Victory in broadband	Empowered communities	Customer expectations and experiences	Investor community	Intellectual capital	
Operational efficiency	Business stewardship	Cyberthreats	Employees	Human capital	
Technology innovation	Investing with purpose	Economic climate	Organised labour	Social and relationship capital	An additional four SDGs are influenced through our ESG strategy:    
	Operational efficiencies	Future-ready skills and expertise	Suppliers and business partners	Natural capital	
		Networks and digital technologies			
		Climate resilience			



# A TELKOM SNAPSHOT

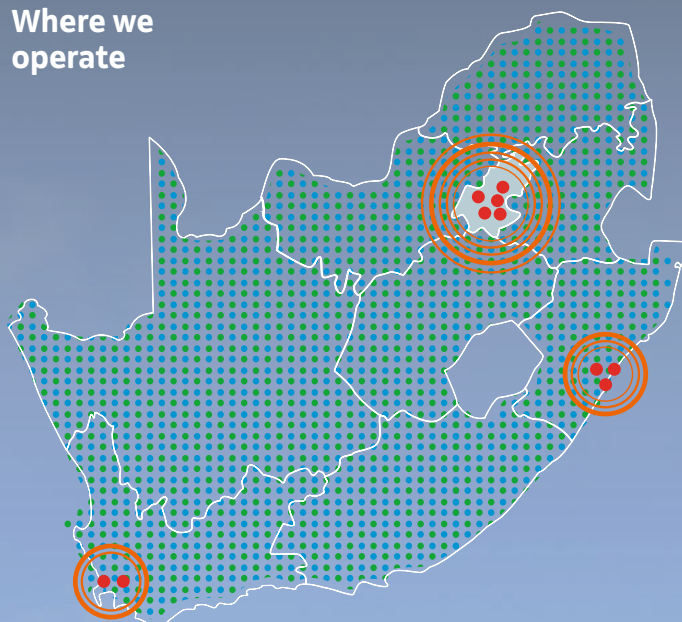
1

Overview of our business	6
Explaining our business units	8
Integrated performance snapshot	9

## Overview of our business

Telkom is a leading information and communications technology (ICT) services provider in South Africa. We offer end-to-end ICT solutions, including high-speed fibre, mobile and data services, information technology (IT) services, property management and masts and towers solutions.

### Where we operate



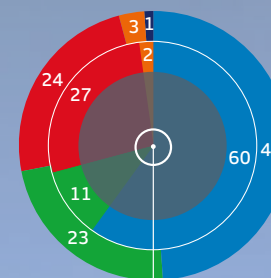
We are a Johannesburg Stock Exchange (JSE) listed company with a market capitalisation of **R15.3 billion** as at 31 March 2024.



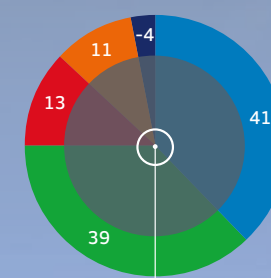
The Group comprises of four business units that generated **R43.2 billion** in revenue and R10.0 billion in earnings EBITDA.



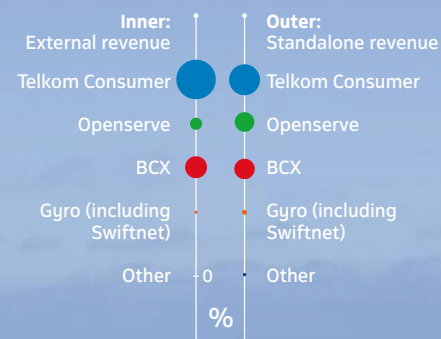
**9 877** permanent employees in the Group.



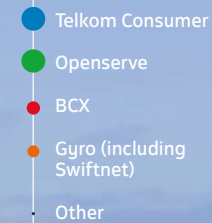
Revenue contribution per business unit



EBITDA contribution per business unit



%





## Telkom's purpose

**Seamlessly connecting our customers to a better life.**

## Our vision

## Our values and culture

C

H

A

R

T

**To lead in the converged ICT market through deep and credible relationships and a distinctive customer experience by:**

Leading in converged solutions

Providing a quality network with unmatched reach

Offering end-to-end digital solutions in the business community

Creating innovative and pervasive broadband consumer services

Being the wholesale provider of choice

Being the best place to work for committed and accountable people

**A high-performance, values-driven culture is one of Telkom's keys to future success. Telkom is committed to ethically conducting business based on our core values and acceptable principles.**

Our values form the foundation of our Group Ethics Handbook.

### Continuous improvement

Listen, act, learn and innovate.

We seek continuous improvement and do things quickly, effectively and innovatively. We learn from our mistakes to enhance our performance and become more responsive to customer needs.

### Honesty

Be real, open and truthful.

We keep our promises and commitments. We tell the truth and are open and transparent in all our dealings with each other, our customers, our stakeholders and the broader community.

### Accountability

"If it is to be, it is up to me."

We take full ownership of our actions and deliverables. We do not blame others and always give our best. We are passionate and walk the extra mile for customers.

### Respect

Ensure dignity to all.

Protect the environment. We treat people with courtesy, politeness and kindness, and actively listen to others. We value diversity and always seek to understand others.

### Teamwork

Together we win.

We are team players with a common goal and shared vision. We deliver business results through co-operation and share our knowledge and resources to the benefit of the business and stakeholders.

## Telkom's operating structure, products and services

This matrix sets out our operating structure and the products and services our business units provide.

### Products and services provided by Telkom's five business units

- **Openserve**
- **Telkom Consumer**
- **BCX**
- **Gyro**
- **Swiftnet**

#### Connectivity:



Through ducted and aerial copper, fibre, satellite, mobile and wireless transmission.

#### Infrastructure:



Property, masts and towers solutions for Telkom and third-party clients, data centres and fibre.

#### State-of-the-art next-generation network:



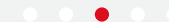
Networks that employ the latest and high-speed broadband technology.

#### Digital transformation:



Providing medium and large enterprises with digital transformation solutions to enhance their businesses, including cloud solutions and consulting services.

#### Converged ICT solutions:



Providing end-to-end business ICT services and products, including cloud, voice connectivity, fixed-data and wireless networks, enterprise applications, analytics, and other IT services.

#### Digital presence and e-commerce:



The e-commerce platform supports integrated business solutions for small and medium business customers.



## Explaining our business units<sup>1</sup>

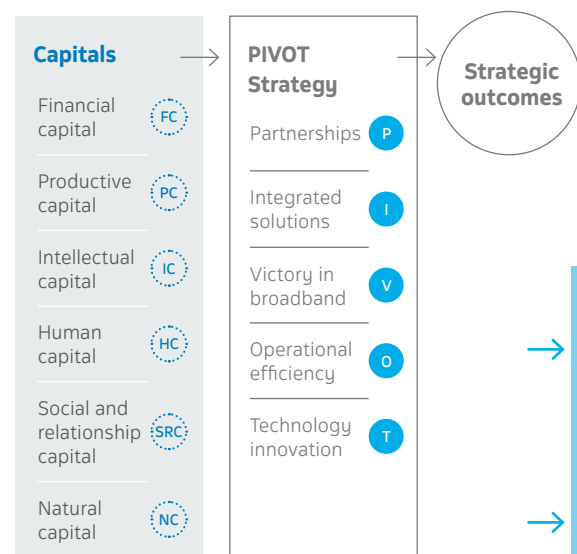
	<b>Telkom Consumer</b>	Telkom Consumer spearheads the provision of high-speed mobile broadband via reliable, stable, high-quality converged communications and effective cost optimisation. It provides:	<ul style="list-style-type: none"><li>- Broadband (mobile, fixed, nomadic)</li><li>- Voice</li><li>- Non-connectivity and financial services</li></ul>	<ul style="list-style-type: none"><li>- Third-largest mobile business operator in South Africa</li><li>- 7 738 mobile integrated sites, of which 66% have fibre backhaul</li><li>- 465 active 5G sites</li><li>- 20.4 million mobile subscribers, of which 62% are broadband customers</li></ul>	<b>R26 329 million</b> in revenue	 <b>R4 093 million</b> EBITDA	 <b>1 017</b> employees with <b>R1 111 million</b> in salaries and benefits paid
	<b>Openserve</b>	Openserve is South Africa's leading wholesale infrastructure connectivity provider with the largest open-access network across the country. It provides:	<ul style="list-style-type: none"><li>- Broadband and enterprise solutions</li><li>- Optical and carrier solutions</li><li>- Global solutions</li><li>- Interconnect solutions</li><li>- Voice services</li></ul>	<ul style="list-style-type: none"><li>- Largest managed wholesale open-access infrastructure connectivity provider in South Africa, with national and regional fibre routes enabling the deployment of fibre-based access, enterprise and backhaul technologies</li><li>- Over 170 000 km of fibre across South Africa</li><li>- Industry-leading connectivity rate of 48.5%, with 1.2 million homes passed</li></ul>	<b>R12 511 million</b> in revenue	 <b>R3 934 million</b> EBITDA	 <b>4 532</b> employees with <b>R2 851 million</b> in salaries and benefits paid
	<b>BCX</b>	BCX is a state-of-the-art technology company that provides ICT solutions and an integrated portfolio of technology solutions in South Africa. Through its diversified technology product portfolio, BCX provides:	<ul style="list-style-type: none"><li>- Converged communications solutions, including voice, data networks, internet and wireless connectivity</li><li>- Digital platform solutions, including enterprise applications and customised industry-specific offerings</li><li>- Cloud platform solutions, including private cloud, public cloud and infrastructure, field services management and cybersecurity</li></ul>	<ul style="list-style-type: none"><li>- A national footprint of 10 data centres with a combined capacity of 12 600 m<sup>2</sup> and IT capacity of 9.82 MW</li><li>- Largest Tier IV* data centre footprint (BCX owns three out of four Tier IV data centres in South Africa)</li></ul> <p><i>* Tier IV: Multiple active power and cooling distribution paths, redundant components, fault-tolerant, 99.99% availability.</i></p>	<b>R12 915 million</b> in revenue	 <b>R1 294 million</b> EBITDA	 <b>4 032</b> employees with <b>R3 432 million</b> in salaries and benefits paid
	<b>Gyro</b>	Gyro manages the property portfolio of Telkom that is used for operations. It provides property services, including real estate management services pertaining to:	<ul style="list-style-type: none"><li>- Masts and towers</li><li>- Property development</li><li>- Property and space user demand</li><li>- Facilities management</li><li>- Physical security and business protection</li><li>- Programme management office</li></ul>	<ul style="list-style-type: none"><li>- Capacity and readiness to become the preferred real estate solutions provider for non-mainstream large space users and real estate portfolio owners</li><li>- Leveraging the Group's technologies to implement smart-enabled buildings and next-generation property and facilities management solutions</li></ul>	 <b>R92 million</b> raised in cash proceeds from transfer of 56 properties sold	<b>9.3% reduction</b> in Scope 1 and Scope 2 carbon emissions	
	<b>Swiftnet</b>	Swiftnet comprises masts and towers with multi-tenant leases. Our solutions include:	<ul style="list-style-type: none"><li>- Towers and build-to-suit towers</li><li>- Small cell offering</li><li>- In-building coverage</li><li>- Power-as-a-Service</li><li>- Equipment shelters</li></ul>	<ul style="list-style-type: none"><li>- Established offering of in-building solutions and towers with shareable active equipment</li><li>- A tower company with spectrum licence</li><li>- Significant portion of the portfolio located close to secure high-performance fibre infrastructure</li><li>- Nationwide rural presence available to service the underserved areas</li></ul>	<b>R1 321 million</b> in revenue	 <b>R990 million</b> EBITDA	<b>95</b> employees with <b>R123 million</b> in salaries and benefits paid

<sup>1</sup> Information on the performance of the business units is provided in the productive capital chapter starting on [page 57](#).



## Integrated performance snapshot

Our six capitals for value creation are inputs to the PIVOT Strategy and operating system and link to our strategic outcomes. We measure performance against our strategy through financial and non-financial KPIs. Progress was made in FY2024, and we will continue to build on this in FY2025.



<sup>1</sup> Includes total operations.

<sup>2</sup> Revenue was restated for the IFRS 15 prior period error and adoption of IFRS 17.

<sup>3</sup> Excludes the impact of the R1 065 million restructuring cost in the comparative year.

<sup>4</sup> This is a non-IFRS financial measure.

<sup>5</sup> EBITDA was restated for the adoption of IFRS 17.

<sup>6</sup> Includes restructuring and spectrum acquisition costs paid during FY2024 of R1 068 million and R972 million, respectively.

Notes relating to HEPS and BEPS:

- **Headline earnings per share (HEPS)** up 201.3% to 376.0 cents excluding the restructuring cost of R1 065 million with the related tax impact of R288 million in the comparative year. We restated the HEPS comparative by 9.7 cents per share

- **Basic earnings per share (BEPS)** up 442.8% to 385.5 cents excluding the impact of the R1 065 million restructuring cost and the cash generating unit impairment of R13 017 million with the related tax impact in the comparative year



### Revenue (Rm)

# 43 230<sup>1,2</sup>

1.6% ↑

FY2024	43 230
FY2023	42 534
FY2022	42 756

Revenue derived from sale of goods and services. This is our total Group revenue.

Revenue growth is important for sustainable long-term growth and is driven by increases in prices and number of customers.

Revenue increased by 1.6% despite challenging trading conditions as our mobile and broadband strategies continued to bear fruit.



### Free cash flow (FCF) (Rm)

# 424<sup>4,6</sup>

115.6% ↑

FY2024	424
FY2023	(2 722)
FY2022	(2 080)

FCF is cash that remains after we have paid for our operating expenses and capital outlays.

Cash preservation remains a focus in the current economic environment and allows for investment in growth initiatives.

FCF improved by 115.6% to positive R424 million, mainly due to efficient working capital management and the increase in profit before tax of 337.2%.



### EBITDA (Rm)

# 10 041<sup>1,3,4,5</sup>

5.2% ↑

FY2024	10 041
FY2023	9 545
FY2022	11 908

EBITDA is the Group's key profitability measure.

EBITDA demonstrates our ability to grow cash profit and deliver a return on our revenue.

EBITDA improved by 5.2% to R10.0 billion, owing to stronger operational performance and ongoing cost-optimisation initiatives.



### EBITDA margin (%)

# 23.2%<sup>1,3,4,5</sup>

0.8 ppts ↑

FY2024	23.2%
FY2023	22.4%
FY2022	27.9%

EBITDA margin expresses EBITDA as a percentage of revenue.

EBITDA margin demonstrates how effective we are at converting revenue into profit and improving operational performance and efficiencies.

EBITDA margin increased to 23.2% mainly due to cost-reduction initiatives.





## Integrated performance snapshot continued



### Net debt<sup>1,4</sup> to EBITDA<sup>1,3,4,5</sup> (times)

1.7

0.1x ↗

FY2024	1.7
FY2023	1.8
FY2022	1.2

Our ability to meet interest obligations and settle our debt balance in full.

We aim to maintain a healthy balance sheet with net debt to EBITDA of between 1.5x and 1.9x and within the debt covenant requirement of less than 3x.

The slight improvement in our net debt to EBITDA was driven by higher earnings despite the increase in net debt of 0.9%.

FC PC

P I T

### Capital expenditure (capex) (Rm)

6 134

17.1% ↗

FY2024	6 134
FY2023	7 401
FY2022	7 484

Our investment in long-term assets indicates our growth and improving operations.

Managing capex is important to the Group's financial health, as it is one of our biggest expenditures.

Capex decreased to R6 134 million due to reduced capital requirements during the year. The decrease aligns with our strategy and the cyclical nature of capital expenditure.

FC PC

P I T

### Next-generation revenue (Rm)

34 356

7.0% ↗

FY2024	34 356
FY2023	32 100
FY2022	30 924

Revenue from the next-generation technology that replaced copper.

It indicates the progress in replacing traditional fixed-line revenues with cybersecurity and next-generation data revenue.

Our next-generation revenue increased by 7.0%, mainly because of fibre rollout and strong demand for carrier and enterprise services.

FC IC

V T

### Employee costs (Rm)

7 895

4.0% ↗

FY2024	7 895
FY2023	8 227
FY2022	8 693

How much was paid to 9 877 permanent employees (FY2023: 11 624).

It measures the benefit created for employees and is one of our biggest operational expenditure drivers.

Employee costs decreased due to the 15.0% reduction in headcount, 0% salary increases for management and the 5.0% average salary increase for bargaining unit employees only effected in the third quarter of FY2024.

HC

O T

### Training and development spend (Rm)

168<sup>Ⓐ</sup>

15.9% ↗

FY2024	168
FY2023	145
FY2022	131

How much we spent providing employees with opportunities to build their skills and practise continuous learning.

We are focused on enhancing employee skills to improve performance and retention and ensure that we remain competitive and adaptable in this fast-evolving industry.

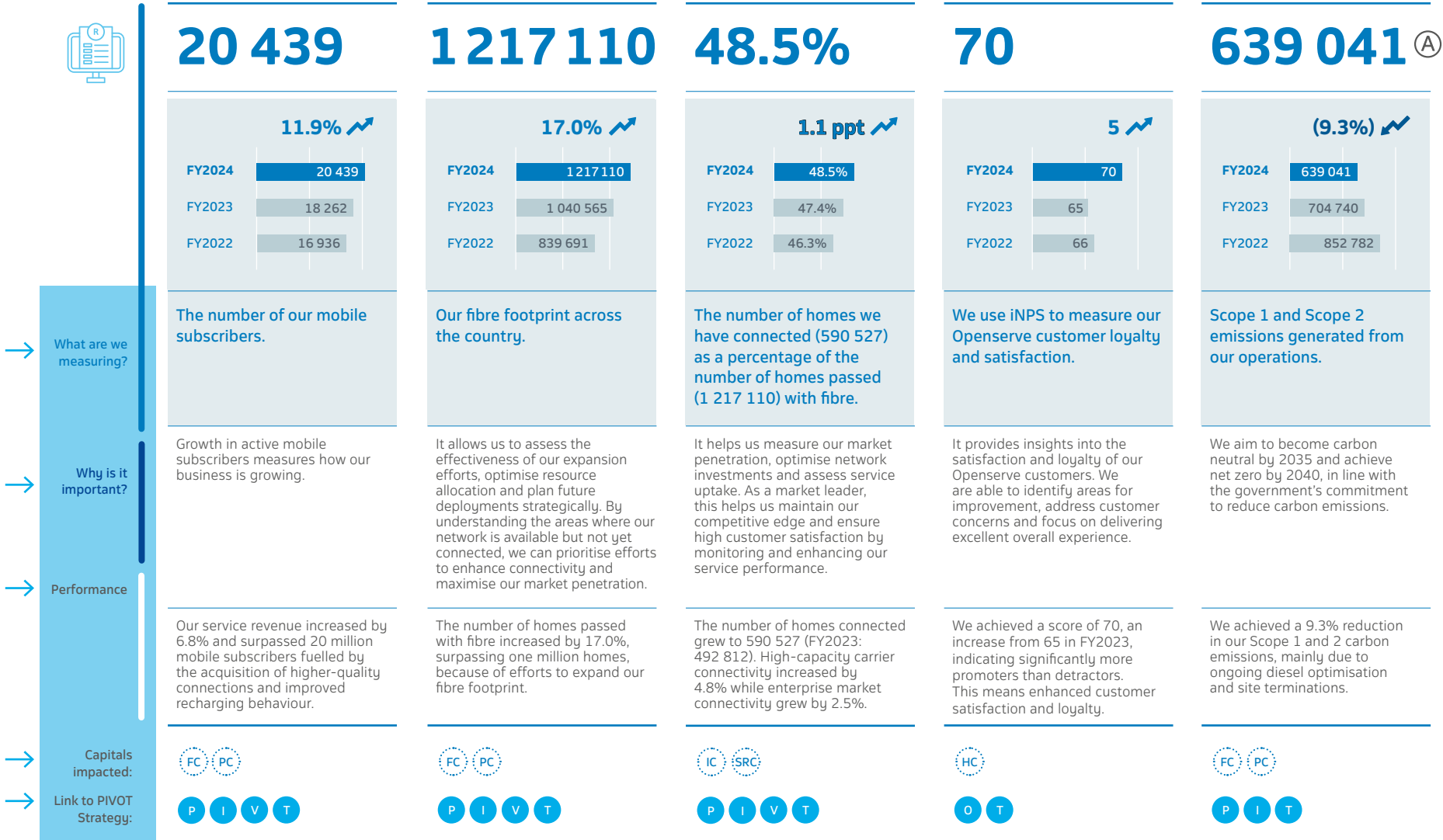
The 15.9% increase flows from our ongoing dedication to empowering employees with relevant skills and knowledge through our Learning4Growth initiative.

HC

O T



Integrated performance snapshot continued



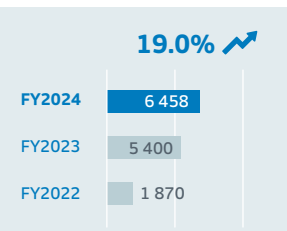


Integrated performance snapshot continued



E-waste recycled  
(tonnes)

6 458 <sup>(A)</sup>



We recycle our e-waste from operations as part of ongoing efforts to protect the environment.

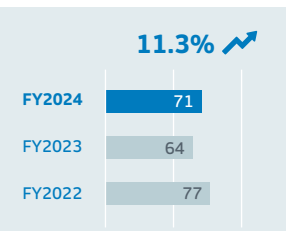
Our products and services lead to high volumes of e-waste (batteries, copper, cabling, phones and electric equipment). We aim to manage these waste streams responsibly in line with the National Environmental Management: Waste Act, 59 of 2008.

We increased recycling by 19.0%, mainly because of our initiative to sell copper recovered on local and international markets.



Telkom Foundation investment  
(Rm)

71 <sup>(A)</sup>



Our investments in education, digital skills and social development.

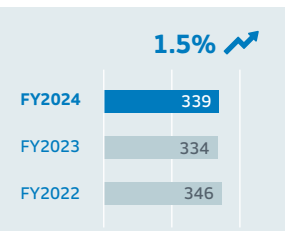
Through investment in Telkom Foundation, we actively contribute to educational initiatives, skills development programmes and various social projects, fostering positive community engagement and enhancing our brand reputation.

Total value invested increased by 11.3% to R71 million, reflecting our commitment to amplifying our social impact and community engagement efforts.



Diversification of procurement spend  
(Rm)

339



Through our diversification of procurement spend, we can see how much we have spent on supporting small, medium and micro-sized enterprises (SMMEs).

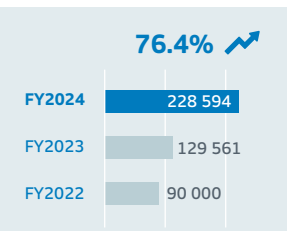
It strengthens our supply chain by enhancing supplier capabilities and supporting economic growth and job creation in local communities. It also ensures our compliance with regulatory requirements, and demonstrates our commitment to corporate social responsibility. This investment improves sustainable business practices and improves stakeholder relations.

Diversification of procurement spend increased by 1.5% due to improved collaboration between FutureMakers and procurement to identify SMMEs for tendering opportunities.



Lives impacted through SMME spend  
(number)

228 594



The number of lives impacted through our spend on SMMEs.

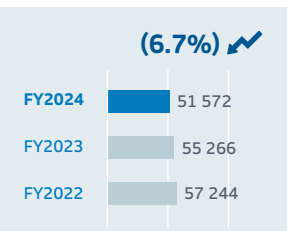
This demonstrates our commitment to social responsibility and attainment of SDG 8 (Decent work and economic growth). Supporting SMMEs results in jobs creation and each job ultimately supports more than three lives (Stats SA).

The number of lives impacted has increased by 76.4% to 228 594 mainly due to adjustments from incremental to cumulative reporting and the sustenance and jobs created by SMMEs.



Economic value added  
(Rm)

51 572



Telkom's contribution to the total economic value added through induced economic impacts stemming from the salaries and wages, the indirect economic contribution of our capital expenditure on infrastructure and our economic influence of the operational expenditure through both direct and indirect effects.

We are responsible for contributing to the socio-economic environment in which we operate, and recognise that civil society and forums can impact our operations.

R51 572 million total contribution in indirect and direct effects in South African economy.



Our women in leadership positions increased to **34.1%** from 33.0% in FY2023.

Over **50%** of employees attended training courses.

**100%** of our Non-executive Directors on our Board are independent.

Achieved **Level 1 B-BBEE** contributor status for the second consecutive year.

<sup>(A)</sup> External moderate assurance on selected sustainability indicators. Please refer to the FY2024 Independent Assurance Report available [online](#).



## We also provide this snapshot of additional ESG achievements

### Prosperity

**0.7% contribution** to GDP

(FY2023: 0.8%)

**72 736 people employed** supported by Telkom's operational activity

(FY2023: 68 624)

**27% female-owned** SMMEs funded by FutureMakers

(FY2023: 33%)

**27% youth-owned** SMMEs funded by FutureMakers

(FY2023: 28%)

### Planet

**21 active solar sites**

(FY2023: 1)

**4% reduction** in grid electricity

(FY2023: 595 807 273 kWh)

**16% reduction** in potable water consumption

(FY2023: 930 900 kL)

**7% reduction** in refrigerant gas consumption

(FY2023: 36 tonnes)

**18% reduction** in diesel consumption

(FY2023: 23.08 million litres)

**6% reduction** to 644 tonnes in waste to landfill

(FY2023: 686 tonnes)

**743 sites** with lithium-ion batteries installed for backup generation

(FY2023: 317)

### People

**58 417 lives** impacted through digital literacy

(FY2023: 30 120)

**71% of employees** are Black South Africans

(FY2023: 70%)

**34% female** representation at Board level

(FY2023: 36%)

**447 647 businesses** with access to our digital platforms

(FY2023: 445 119)

### Practice

**0 data breach** occurrences

(FY2023: 0)

**25% reduction** in escalated customer complaints

(FY2023: 4 907)

**18% decrease** in whistle-blowing incidents

(FY2023: 147)

**MSCI rating: A**

(FY2023: BBB)

**CDP Score: B**

(FY2023: B)

**Sustainalytics score: 25.8**

(FY2023: 28.7)

**S&P global score: 44**

(FY2023: 34)

**ISS score: C-**

(FY2023: C-)



## LEADERSHIP REFLECTIONS ON FY2024

# 2

*Telkom's improved operational results have reassured our stakeholders that the Group is making good progress in executing on its strategy. We want to continue building on that trust and delivering on our promises.*

How our leadership supports value creation: an interview with the Chairperson

14

An interview with the Group Chief Executive Officer

17

GCFO's report on financial performance

21

Mvuleni Geoffrey Qhena

## How our leadership supports value creation: an interview with the Chairperson

**Q** You assumed the role of Chairperson in April 2023. What are your reflections as you conclude your first year?

**A** As I reflect on the year, I am filled with admiration for Telkom's profound impact on South Africa. From enabling the operation of most ATMs in the country to providing crucial telecommunications and connectivity in hospitals and schools, Telkom has truly made a difference. We still have a long way to go, but I am confident that we will continue to seamlessly connect our customers to a better life and contribute to South Africa's economic growth and development.

I am pleased that our performance has significantly improved this year, albeit far from where it should be. Our operational performance and financial results have improved all round. Group revenue, operating profits and earnings grew pleasingly as a result. Our net debt to EBITDA leverage ratio improved and we also achieved positive free cash flow from a negative position in the prior year. As a Board, we are encouraged by this improved cash-generation trajectory. Lifting our financial performance is a key focus as we strive to be able to return value to shareholders through dividends once again.

I appreciate the thorough onboarding process that set me up to understand the Group, its challenges, and its many opportunities. This included direct engagements with employees and shareholders.

**I appreciate our employees' commitment and the confidence our shareholders have that Telkom will realise its ambitions.**



### Q How have the global downside risks impacted Telkom in FY2024?

**A** Globally, economic growth is projected to slow to 2.4% in 2024 while central banks grapple to keep inflation rates contained<sup>1</sup>. A stagnant global economy and continued geopolitical tensions pose risks to business growth and raise concerns about commodity prices, which subsequently impact consumers' pockets.

The domestic economy is projected to grow at an average of 1.4% over the next three years, weighed down in part by loadshedding. High unemployment, persistent inflation and high interest rates also contribute to the decline in consumer discretionary spending. We see this play out in customers' shrinking wallets, which is why customer service and innovation on our product offering remains critical, as it supports our competitiveness in the market.

### Q How is Telkom progressing with its Value Unlock Strategy?

**A** The Board approved the disposal of Telkom's masts and towers business housed in Swiftnet. We decided not to list Swiftnet as the market has changed, with significant consolidation allowing these companies to leverage their economies of scale. While Swiftnet supports Telkom Mobile and Openserve, we are comfortable that these business units can remain competitive and profitable without Telkom owning masts and towers. The decision to dispose of Swiftnet was subsequently approved by shareholders at the general meeting in May 2024.

We seek to solidify Telkom's position as an infrastructure company (InfraCo) and explore opportunities that support that. This will largely be driven by the capabilities housed under Openserve, ensuring that we monetise the >170 000 kilometres of fibre that are already deployed.

The proceeds from the Swiftnet disposal will enable us to reduce debt levels and the associated finance costs, and release capex to strengthen our position as an InfraCo.

<sup>1</sup> Global Economic Prospects – January 2024 ([worldbank.org](http://worldbank.org)).

### Q How does the Board ensure that Telkom has suitable skills within the Board, its Committees and management, to ensure robust oversight over its strategy progress and sustainability?

**A** We have a diverse Board in terms of race, gender and skills. We considered Non-executive Director succession planning in line with the Board skills matrix, highlighting the required skills and replenishing the vacancies as they occur. We have ensured that we have the right skills and talent, specifically technical expertise, commercial experience, regulatory expertise and cybersecurity skills capabilities.

We approved the appointment of Nonkululeko Dlamini as Group CFO and Executive Director effective 1 December 2023. She is a qualified chartered accountant with extensive experience. She took over from Dirk Reyneke, who assumed the role of Chief Capital Projects Officer. His role includes overseeing the improvement of the Group-wide return on invested capital.

The Board established a Technology Committee in April 2024 to support it with overseeing technology and innovation strategies, plans, and operations related to information security, cybersecurity, data privacy, and third-party technology strategies. Headed by Professor Herman Singh, an Independent Non-executive Director, the Committee will position the Board to respond appropriately to changes in the sector.

### Q Last year, the Board prioritised succession planning. Why did the Board continue to focus on employees and succession planning?

**A** Telkom's 9 877 employees have a wealth of knowledge and expertise. They believe in Telkom's future and the role telecommunications and connectivity play in communities. We thank our employees for believing in the Group and weathering the tough times with us.

A section 189 restructuring was necessary last year to ensure Telkom's future sustainability, and although we provided support to affected employees, these processes undermined the Group's morale. Therefore, we focused on ensuring stability for employees. The Board also accelerated the work of ensuring that Telkom creates an environment to attract, retain, and develop a diverse pool of high-calibre professionals to support our strategic objectives. The Remuneration Committee also considered incentives that can be introduced to help us retain talent.

The Board supported executive management in reviewing succession pipelines and related action plans. We oversaw the Group CEO's (GCEO) revised executive structure and supported the appointment of Sello Makau as Group Chief Digital Officer to drive our digital capabilities and ambitions. Creating this role will allow the right focus to be placed on technology as a catalyst for achieving our strategy.



**Q** The Board approved management's initiative to break down silos among Telkom's business units. What benefits does this offer the Group?

**A** The Board has supported the GCEO and his team in their goal to present Telkom as one organisation. Our journey to separate the Group into independently operated entities has benefited Telkom and made us more competitive in many respects. However, it has also resulted in missed opportunities for leveraging the power and synergies of OneTelkom.

The biggest benefit will be the ability to manage costs better. When we engage and plan as one Group, we can unlock value and leverage our buying power. In addition, we can enhance our competitiveness by presenting customers with holistic service offerings and products and harnessing the skills and capabilities across our business units.

**We acknowledge the GCEO and his team for decisive leadership and commitment to moving Telkom in the right direction.**



**Q** What ESG matters did the Board review this year?

**A** We focused on improving energy, waste and water management. We emphasised renewable and energy-efficient practices, which led to a 9% reduction in emissions. This included decreasing the use of diesel, increasing the use of solar and reducing reliance on Eskom's power supply. We have also noted the need to improve our data centres' green attributes.

The Group continued to invest in education and youth development initiatives through the Telkom Foundation to support enterprise development through our FutureMakers programme.

**Q** What is Telkom's position regarding the Special Investigating Unit's legal matter?

**A** Our engagements continue regarding the Special Investigating Unit's (SIU) investigation on various matters, including contracting for network and advisory services and the disposal of former Telkom subsidiaries. In July 2023, Telkom won its court case to have the investigation halted before the SIU appealed the ruling. The President of the Republic of South Africa and the SIU were granted leave to appeal the judgment on 11 December 2023, and the appeal is currently pending before the Supreme Court of Appeal.

We await the decisions of the Court and remain committed to good governance and anti-corruption efforts and respect the application for leave to appeal by the President and the SIU. We hope for a speedy resolution of this matter.

## In conclusion

Thank you to all the stakeholders for your continued support and faith in a stronger and sustainable Telkom.

In the coming year, the Board will oversee performance of the Company in the following areas:

- Monitoring financial performance with special focus on improving generation of free cash flow, so that the Company can resume paying dividends
- Tracking the growth of the next-generation revenue and improving profitability driven largely by our data-led strategy
- Overseeing the conclusion of the Swiftnet disposal and approving the next phases of the value unlock strategy in the future
- Ensure the transformation and reorganising of the Telkom Group as South Africa's leading InfraCo.

Thank you to my fellow Board members for your commitment and support. During the year we bid farewell to two Non-executive Directors, Mteto Nyati and Naidene Ford-Hoon. We wished them well in their endeavours; I am grateful for their contribution. I would also like to thank the employees for their continued efforts and dedication to the Company.

We are looking forward to further engagement with the stakeholders as we navigate the challenges and exciting market opportunities that lie ahead.

**Mvuleni Geoffrey Qhena**  
Chairperson







**Our ability to improve performance in a tough economy speaks to the proactive measures taken and focus to drive operational growth and improved profitability. We now have a good base to grow as OneTelkom.**

Serame Taukobong

## An interview with the Group Chief Executive Officer

Telkom has undergone a significant and transformative journey over the last few years to unlock value and build a solid foundation for recovery and growth. Our financial performance in FY2024 is evidence that this transformation is bearing fruit.

**Q In FY2024, the macro-economic environment was characterised by low growth, high inflation and geopolitical tensions. How did Telkom perform in the prevailing climate?**

**A** This year was challenging for global and domestic economies, and the consumer was significantly impacted. With the rising cost of living, inflationary pressures, and high interest rates, we had to ensure that our products and services met the customer's need for value.

Our ability to maintain costs and improve performance in a tough economy speaks to the proactive measures taken to ensure the sustainability of the business. These are reflected in our performance. A stronger operational performance, along with cost-optimisation initiatives, contributed to a normalised EBITDA growth of 5.2% to R10.0 billion. Including non-recurring restructuring costs in the prior year, reported EBITDA advanced by 18.4%. Improved operating margins were driven by continued growth of our next-generation offerings.

Total HEPS and basic EPS increased to 376.0 cents and 385.5 cents, respectively, driven by an improved operational performance. Profit for the year also increased by 118.9% to R1.9 billion, boosted by the non-recurrence of once-off restructuring costs and lower depreciation. This was despite higher interest rates raising net finance costs compared to the prior year.

We shifted our debt profile from short- to long-term debt to improve our resilience in the face of interest rate fluctuations. Loadshedding has become our reality, and we have invested in alternative power sources to ensure resilient network availability and performance.

We focused on improving cash generated from operations, which increased by R4.6 billion to R11.3 billion, excluding restructuring costs. This resulted in an overall positive free cash flow of R424 million, driven by improved operational performance and our measured approach towards capex this year.

## Performance overview

### Openserve

Openserve continued its leadership in the fixed wholesale connectivity market which saw it increase its external channel revenue by 10.7% to R4 526 million, driven by next-generation fibre connectivity that now constitutes more than 93% of Openserve's external wholesale revenue. Next-generation fibre revenue grew by 7.4% and now represents 76.4% of Openserve's overall revenue of R12 511 million. The next-generation fibre revenue growth was driven by continued growth of 16.1% in broadband connectivity (fibre to the home), while the enterprise and carrier segments grew by 4.8% and 2.5%, respectively.

Driving its strategic focus of improving its cost base, Openserve continued to optimise its sites and implemented green energy solutions in the form of solar and lithium-ion batteries to support an always-on network, thus reducing its dependency on high-cost energy solutions. These and other cost-reduction initiatives contributed to margin expansion, and EBITDA improved by 6.6% to R3 934 million, yielding an EBITDA margin of 31.4% (+2.8 percentage points (ppts)).

Openserve invested R2 547 million to modernise its network and drive fibre deployment to pass 1 217 110 homes, a 17.0% increase. Its connect-led strategy continues to see positive results, enabling it to increase its homes connected by 19.8% to 590 527, sustaining its leadership in the market with the highest connectivity rate of 48.5% (+1.1 ppts).

Executing on its strategic imperatives to provide a highly reliable and scaled network while offering exceptional customer experience, Openserve continued to show industry-leading network availability uptimes of 99.86%, 99.85% and 100% across its access, transport, and core network layers, respectively. The resilience and high availability of its network could also be seen through the growth in data consumption of 2 307 petabytes, an increase of 21.7%.



## Telkom Consumer

Telkom Consumer remained resilient in delivering competitive high-speed broadband solutions across both the mobile and fibre segments, increasing external revenue by 2.2% to R26 140 million. Total external revenue from Mobile operations increased by 4.5% to R22 583 million, driven by 6.8% growth in mobile service revenue. Mobile service revenue growth was primarily due to mobile data revenue, which increased by 10.6%, contributing R14 300 million to total mobile revenue.

As we focused on sustainable growth, we continued to refine our operational efficiencies and optimise cost structures. As a result, EBITDA grew by 24.2% to R4 093 million, and the EBITDA margin expanded to 15.5% (+2.8 pts). The Mobile business also improved its EBITDA margin to 22.2% (+1.7 pts), despite the adverse effects of loadshedding and higher expected credit losses due to economic pressure on consumers.

In a highly competitive market, we grew our mobile subscriber base by 11.9% to 20.4 million, with a blended average revenue per user (ARPU) of R84 (FY2023: R86). Our pre-paid base expanded by 14.3% to reach 17.5 million subscribers, whilst growing its ARPU by 1.5% to R65. This was fuelled by the acquisition of higher-quality connections, retentions and improved recharging behaviour within the existing customer base. The post-paid base remained relatively stable at 2.9 million subscribers. Mobile broadband subscribers increased by 9.5% to 12.7 million, representing 62.3% of our total mobile base now using wireless broadband.

We invested R2 598 million in mobile capex, including R972 million for spectrum. This enabled us to expand our network coverage by 2.5%, grow our presence to 7 738 sites, and maintain network resilience by replacing over 5 688 lead-acid batteries with lithium-ion backup batteries and repairing more than 1 606 sites to date. Our leading 4G device adoption rate exceeded 90.0%, informed by our data-led strategy. We have deployed 465 active 5G sites since launching our 5G services in 2022.

## BCX

BCX, operating in a highly competitive market, focused on enhancing the quality and sustainability of its client base. Reported revenue declined by 2.3% to R12 915 million.

IT business revenue increased by 9.9% to R7 262 million, largely due to a strong performance from the hardware and software business. This performance, albeit at lower average margins, was driven by new product deals, existing software contract renewals, the clearing of prior year backlogs in integration services, and record cross-border sales.

BCX complements hardware and software sales with higher-margin IT Services, in the form of managed services. IT Services performed well, increasing revenue by 6.6% to R4 789 million. This was supported by strong cybersecurity growth and steady growth of the data centre and infrastructure solutions business as demand for storage and cloud computing continued to grow in the market.

We made significant progress in modernising our own intellectual property solutions using skills from our acquisition of Dotcom. We also expanded our market offering and launched new products in the last quarter, further supporting the 14.0% revenue growth achieved for cybersecurity products. Demand for security advisory services, managed detection, and threat response services continued to increase in South Africa.

Converged Communications revenue declined by 14.5% to R5 653 million as we continued migrating customers to next-generation technologies. Accordingly, revenue from next-generation services grew by 28.7% while legacy products continued to decline as envisaged.

While BCX reduced some operating costs, this was not sufficient to offset the combined effects of revenue mix at lower margins, decline in higher-margin legacy revenue, and higher expected credit losses on trade receivables. Consequently, EBITDA reduced by 28.4% to R1 294 million at a margin of 10.0% (-3.7 pts).

## Swiftnet

Swiftnet continued to commercialise its masts and towers portfolio as customers continued to invest in improving their network performance and capacity through equipment upgrades and modernisation. Swiftnet's revenue growth was limited to 1.3% (R1 321 million), impacted by ongoing terminations from two customers. Revenue from other customers increased by 10.7% to R1 018 million on the back of inflationary escalations, new tenancies, 5G rollouts and upgrades.

EBITDA increased by 10.4% to R990 million at an EBITDA margin of 74.9%, attributable to the optimisation of tower operating costs. The masts and towers build programme gained momentum, with 68 towers and eight in-building solution sites being constructed, resulting in 4 047 total productive towers. The rollout of Power-as-a-Service (PaaS) at scale began in the final quarter of the year, with 18 PaaS solutions for customers being built and connected.

## Gyro

Gyro shifted its focus in FY2024 following the Board's decision to exit property development and focus on managing the Group's property portfolio for core operational purposes. Gyro focused on optimising the Telkom Group property footprint and improving energy efficiency.

We accelerated the disposal of decommissioned properties no longer required, generating R92 million in cash proceeds from the transfer of 56 sold properties. A further 42 properties with a sale value of R287 million remain in the conveyancing process and are expected to transfer during FY2025.

The implementation of various energy interventions improved the resilience of our mobile and fixed networks, and contributed meaningfully to reducing Telkom Group's carbon emissions. We prioritised technologies that maximise energy security and decarbonisation while optimising utility and diesel costs. Scope 1 and 2 emissions decreased by 65 699 tCO<sub>2</sub>e, a 9% reduction that far exceeded the 4.2% target for the year.



**Telkom's PIVOT Strategy supports the Group's purpose of seamlessly connecting customers to a better life. How did Telkom deliver on its strategy this year?**



Our PIVOT Strategy is anchored by four enablers. Firstly, to monetise our infrastructure assets as OneTelkom. This means operating as an InfraCo, growing sustainably by pooling our assets and capabilities and going to market as OneTelkom. In FY2024, we encouraged business units to collaborate and leverage synergies within the Group.

We have a good base to grow as OneTelkom with our extensive digital infrastructure, including our mobile and fixed networks and our ICT capabilities. We have substantial infrastructure assets anchored by over 170 000 km of fibre, which passes over one million homes. We have over 7 700 mobile sites, an extensive real estate portfolio, 10 data centres (of which three are Tier IV data centres), and over 600 aggregation nodes with potential as edge data centres. Leveraging our infrastructure capabilities will expand our integrated solutions and enhance our competitive advantage.

Our second enabler is people development and empowerment to become a leader in the converged ICT market. In FY2024, we invested R168 million in upskilling our people and creating a future-ready workforce. More than 50% of employees completed online courses, and 533 employees benefited from structured learning programmes. We have prioritised employee engagement and embedding the OneTelkom culture across our business units, including introducing cross-functional teams with top talent from business units to drive collaboration and revenue growth.



Thirdly, our strategy is underpinned by the need to simplify and digitise our processes to improve the customer experience. This year, we revamped the MyTelkom app and our website to create a seamless user experience. Modernising the MyTelkom app has achieved the benefits of increasing downloads and usage while decreasing calls to the call centre.

Our fourth and final enabler is to build a sustainable financial framework through maintaining a healthy balance sheet. In FY2024, this was demonstrated by our improved free cash flow, our fit-for-purpose debt restructuring and progressing the Swiftnet transaction, which will enable us to materially pay down debt.

Read more about our PIVOT Strategy on [page 31](#) and people development on [page 83](#).



**Q** **Telkom started its ESG strategy execution in FY2023. What are the key milestones achieved and challenges experienced this year?**

**A** In the second year of implementation, we matured our approach to ESG and focused on data to inform decision-making. We are embedding ESG across the Group and expanding the related KPIs to ensure that we align with global and local reporting requirements. For the first time, we included ESG in short- and long-term incentives for all employees. We invested in carbon accounting platforms to better align our financial and non-financial KPIs.

Energy efficiency remains a priority for Telkom. In FY2024, we developed an energy strategy to optimise diesel usage and cost, ensure energy security and meet our decarbonisation targets. We continued to drive energy efficiency and decarbonisation while exploring renewable energy alternatives. We reduced diesel consumption by 15% and energy consumption by 4%. Our total emissions (Scope 1 and Scope 2) reduced by 9%. We have installed and replaced more than 5 500 lead-acid batteries with lithium-ion batteries at our mobile and exchange sites to date. We will continue to deploy lithium-ion batteries and solar panels in new sites (1 500 sites planned).

The Group also conducted its first economic impact study to map our ESG strategy to the National Development Plan. In terms of our commitment to social responsibility, we revised our ESG target to impact more than 100 000 lives through SMME development by FY2025, to 250 000 lives by FY2026. So far, we have positively impacted 221 308 lives through the FutureMakers programmes.

Read more on our ESG strategy on [page 36](#).

**Q** **Prioritising capital allocation is key to ensuring Telkom thrives in a competitive landscape. How will the Group's capital allocation priorities create value for shareholders in the future?**

**A** Our capital allocation priorities are aligned with unlocking value for our shareholders. Our short- to medium-term priorities are to strengthen our balance sheet by paying down debt in a prevailing higher-for-longer interest rate environment and investing capex to drive future growth.

While the proceeds from the Swiftnet disposal will boost the Group's cash position and reduce debt to within the targeted 1.0x – 1.5x net debt to EBITDA range in the short term, repaying debt from cash generation is also a priority for the medium term. These targeted debt levels will further free up cash flow by reducing finance costs and give the Group balance sheet flexibility to gear up at more favourable rates when the interest rate cycle turns.

After funding capex and strengthening our balance sheet, Telkom aims to return cash to shareholders. We are confident that Telkom will be able to pay dividends again in the near term, with FY2025 targeted as the first year-end to consider paying a dividend.

A revised dividend policy has been approved by the Board. The new policy will be based on available free cash flow while prioritising a strong balance sheet and future capex requirements. The policy proposes a dividend payout range of 30% to 40% of free cash flow after taking into account capex investments. The dividend will be declared and paid on an annual basis.

**Q** **In the previous year, you mentioned that Telkom would continue to execute its Value Unlock Strategy by exploring outright disposals and seeking partners to invest in certain business units. What were the key milestones this year?**

**A** The Value Unlock Strategy is geared towards value creation for Telkom and its shareholders. We are delivering on this commitment by exploring all options to unlock value. Our Value Unlock Strategy is premised on the Board's view that Telkom's market capitalisation does not represent the intrinsic value of its underlying assets.

In March 2024, the Board announced the sale of Swiftnet, our masts and towers business, for R6.75 billion to an Actis LLP infrastructure fund with Royal Bafokeng Holdings as its B-BBEE partner. By disposing of this non-core asset, we deliver on the Value Unlock Strategy while retaining access to the use of masts and towers infrastructure for our mobile and fibre businesses.

The disposal of masts and towers is a Category 1 transaction requiring shareholder approval. This was obtained at the shareholders' general meeting in May 2024. Regulatory approvals are also required from the Independent Communications Authority of South Africa (ICASA) and the Competition Commission of South Africa. We made submissions to both bodies in April 2024 and await their decisions. From the submission dates, the disposal is expected to take between six and 12 months to close, pending these approvals.

The divestiture of Swiftnet aligns perfectly with our strategy to concentrate on our infrastructure assets, while realising the inherent value in non-core holdings. It is one step closer to positioning Telkom as a leading infrastructure group at the heart of South Africa's digital future.



The proceeds from the disposal will strengthen the Group's balance sheet and free cash to invest in our core businesses and pursue future growth opportunities. We also identified opportunities for capex investment in areas that will enable us to reduce our roaming costs for Telkom Consumer. This will help improve our capacity and quality where we have high demand and growth opportunities. For Openserve, we will drive growth by rolling out fibre and increasing the number of homes connected.

**Q** **Telkom operates in an evolving regulatory environment. What key regulatory developments did the Group consider in the year under review?**

**A** We strive for constructive engagements with our regulators where joint problem solving is encouraged. In addition, we support the principle of a level playing field that ultimately benefits the customer. In FY2024, we continued on improving our engagement with regulators on key regulatory matters.

ICASA began its review of call termination rates in May 2021 and commenced a cost modelling exercise in May 2023. The purpose of the exercise was to determine the appropriate call termination rates for calls terminating on fixed and mobile networks. ICASA published the Draft Amendment to the Call Termination Regulations in March 2024. In the draft regulations, ICASA proposed the removal of asymmetrical rates for smaller operators over two years.

In our view, this will not promote competition but rather entrench the currently skewed market structure. The draft regulations also included provisions that purport to regulate termination rates for calls originating outside South Africa. We believe that ICASA's attempts to prescribe termination rates for international calls will limit the negotiating power of local operators when dealing with international operators.

ICASA held public hearings in June 2024 and engaged stakeholders on alternative glide paths among other matters. We had positive engagements with ICASA regarding our concerns and await further updates on the revised regulations and implementation dates. We welcome ICASA's commitment to implement a lower cost standard and trust that the new glide path will have pro-competitive outcomes, stimulate economic development through fair competition and reduce communication costs.

The switch-off process for the frequency spectrum above 694 MHz was finally concluded by 30 September 2023. After the final broadcasting interference was cleared, the sub 1 GHz spectrum obtained in the auction concluded in March 2022 was made available nationally for deployment of mobile systems.

For Telkom, this has contributed to an improved customer experience and increased operational efficiency. Telkom paid its final auction fee of R972 million to ICASA in December 2023 for the 2x10 MHz in the 800 MHz band. ICASA indicated that the second spectrum auction will take place in FY2026 and preparations for the auction will continue during FY2025.

The Department of Communications and Digital Technologies published the proposed Electronic Communications Amendment Bill 2022, in June 2023. The Bill deals with critical matters such as spectrum trading and sharing, roaming, mobile virtual network operators, passive infrastructure, competition and facilities access. We have outlined our concerns regarding the Bill in a comprehensive response submitted in August 2023. A key concern includes the insertion of proposed new licence categories applicable to electronic communications facility services and community networks which are already defined and are licensed under the current Electronic Communications Act, 2005.

**Q** **What are Telkom's priorities for FY2025, and why are these important? How do they support the PIVOT and ESG strategies?**

**A** We will invest in identified growth areas ahead of time to improve our future operating profit, cash flow and, ultimately, returns on capital invested. The disposal of Swiftnet will allow us to enter the next phase of monetising Telkom's existing and future digital infrastructure as an InfraCo. This will entail efficiently investing in our mobile and fibre network businesses while expanding our ICT capabilities anchored by data centres (owned and through partnerships) to grow our IT managed services.

Our growth will be facilitated by efficient capex deployment in our Mobile business, including exploring enhanced roaming propositions with other MNOs, to capture high-traffic activity while keeping our investment at manageable levels. Our fibre business, Openserve, has a national footprint with access to eight million homes within a 5 km radius of its last-mile infrastructure. Openserve will monetise this footprint as it rolls out fibre and connects homes and enterprises across South Africa, with the ambition of reaching a connectivity rate of greater than 50%.

The immediate to long-term rollout of 5G, and equipment upgrades by MNOs due to the migration of customers from 2G and 3G to newer-generation mobile connectivity in 4G and 5G by the end of 2027, will drive fibre connectivity rollouts to towers and 5G small cell sites.

With data centres as the anchor, BCX will grow IT managed services to diversify our revenue base and improve margins by optimising BCX's operating structure in the coming year. We will operate Swiftnet as part of the Group while awaiting regulatory approvals for its disposal. We have refocused Gyro on optimising the Group's core property portfolio while delivering on our sustainability goals.

In FY2025, we will review our ESG strategy and further align our goals to global reporting standards.

This includes defining clear net zero pathways and Scope 3 targets, conducting a climate risk scenario assessment and a double materiality analysis. Such measures will enhance our commitment to prosperity, people, planet and practice.

## Appreciation

I extend my deepest appreciation to Telkom employees for their resilience as we navigate uncertain economic times. Our results this year are a true reflection of their deep commitment to the Group.

I thank the Board for its continued support and time invested in overseeing key matters, including the Swiftnet transaction. It has been challenging, and Board members have given many hours of their personal time to ensure that this transaction is a success. I thank the Group Chairperson, Mvuleni Geoffrey Qhena, for his guidance and support.

I am also grateful to Lesiba Maloba, who was the Gyro CEO from 2017 until the end of February 2024, for his leadership and commitment to the Swiftnet transaction.

We welcomed Nonkululeko Dlamini as Telkom's Group Chief Financial Officer, and she is further enhancing financial discipline within the Group. She has taken over the reins from Dirk Reyneke, who now serves as our Group Chief Capital Projects Officer. During his time as GCFO, Dirk was instrumental in helping the Group return to positive cash flow. We thank Dirk for steering the ship during tough times, and we look forward to benefiting from his leadership in his current role.

We also welcomed Sello Mamaku as Chief Digital Officer in March 2024. With a wealth of digital experience, Sello will help us deliver on our digital ambitions.

We look forward to a brighter future as a leading South African digital enabler.

**Serame Taukobong**  
Group Chief Executive Officer





**Group  
next-generation  
revenue  
up 7.0% to  
R34.4 billion.**

Nonkululeko Dlamini

## GCFO's report on financial performance

Group financial performance for the year was solid, underpinned by new technology revenue growth as well as benefits from our cost optimisation strategy. This solid performance, combined with continued focus on working capital management contributed to a positive free cash flow performance. The solid financial performance was delivered despite economic headwinds, characterised by high interest rates, GDP and currency depreciation, and customer spending constraints.

### Highlights

**Group revenue**  
up 1.6% to  
**R43.2 billion**

**Mobile service revenue**  
up 6.8% to  
**R19.0 billion**

**Next-generation (NGN) revenue**  
up 7.0% to  
**R34.4 billion**

**NGN fibre connectivity revenue**  
up 14.5% to  
**R5.6 billion**

**Group EBITDA**  
up 5.2% to  
**R10.0 billion**  
with an EBITDA margin of 23.2%

**Normalised headline earnings per share (HEPS)**  
up 201.3% to  
**376.0 cents per share**

**Normalised basic earnings per share (BEPS)**  
up 442.8% to  
**385.5 cents per share**

**Free cash flow (FCF)**  
up 115.6% to  
**R424 million**

**Net debt to EBITDA**  
improved by  
**0.1x to 1.7x**





The execution of our strategy supported by our sustainable financial framework is progressing. Despite the economic and competitive challenges, we improved our profitability, underpinned by strong growth in next-generation revenue and cost containment, while maintaining a solid balance sheet.

## Items impacting our financial disclosures

### → **Headline earnings prior period error**

On 31 March 2023, the Group incorrectly adjusted for tax on headline earnings, relating to the profit on disposal of property, plant and equipment and intangible assets, write-offs of property, plant and equipment and intangible assets and impairment of property, plant and equipment and intangible assets.

The accounting consequences of this incorrect tax adjustment was a R47 million overstatement of headline earnings or understatement of headline loss that was used in calculating HEPS for FY2023. The impact on HEPS for FY2023 is a decrease of 9.7 cents per share.

### → **Adoption of IFRS 17 (Insurance Contracts)**

The Group disaggregated the presentation of its insurance results business on the face of its statement of profit or loss and other comprehensive income as a result of adopting IFRS 17 with effect from 1 April 2023. The disaggregation resulted in the Group introducing an insurance revenue line in the statement of profit or loss of R281 million (FY2023: R203 million) and an insurance service expense line of R184 million (FY2023: R209 million). This impact is neutral on profit after tax.

### → **IFRS 15 prior period error (principal versus agent)**

In the current financial year, it was identified that a number of revenue transactions in BCX, for which the Group would have been considered to be an agent, using information available at that time, were incorrectly recognised and presented on a gross basis (as a principal) in prior years.

This incorrect application of the accounting principles in FY2023 has been adjusted as a prior period error through the reversal of revenue and cost of handsets, equipment, software and directories and other expenses and only recognising the margin as revenue (on a net basis). Refer to note 2.7 of the annual financial statements for each materially affected line item as part of the correction of the error.

There is no impact on EBITDA and profit after tax.

### → **Masts and towers classified as held for sale**

The masts and towers business met the IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations) requirements during FY2024, and has been classified as held for sale and subsequently presented as a discontinued operation in the annual financial statements. Refer to note 12.2 of the annual financial statements for details.

For purposes of presenting and analysing the total performance of Telkom Group, the consolidated statement of profit or loss, consolidated statement of financial position and all related key performance indicators and messages in the results for FY2024 and FY2023 were adjusted to include the profit as well as the assets and liabilities of the masts and towers business, and are therefore based on total operations.

### → **Restructuring costs**

The Group announced a restructuring process in February 2023 and extended voluntary early retirement packages and voluntary severance packages to all employees in the Group. More than 1 700 employees were affected, and as a result, restructuring costs of R1 065 million and the related tax impact of R288 million were recorded in FY2023. For normalised comparative analysis, the impact was excluded from FY2023.

Cash flow of R1 068 million for the restructuring cost paid was recorded in FY2024.

### → **Impairment of assets**

In accordance with the outcome of the IAS 36 impairment review in FY2023, the Board impaired the Group's cash-generating units, namely Openserve and Telkom Consumer, in the amount of R13 017 million with a related tax impact of R3 477 million. For illustrative purposes the impact was excluded from FY2023.



## Key themes from Telkom's financial performance

- 1 → Growth in revenue from new technologies
- 2 → Continued focus on cost optimisation
- 3 → Earnings improvement
- 4 → FCF focus gaining traction
- 5 → Solid financial position

1

### Growth in revenue from new technologies

Group revenue increased by 1.6% to R43 230 million, driven by an increase in mobile data and NGN fibre data connectivity revenue of 10.6% and 14.5%, respectively. Total data revenue from mobile and NGN fibre increased pleasingly by R2 088 million or 11.7%, to R19 933 million from FY2023. This was partially offset by a 23.4% decrease in fixed-voice revenue due to the ongoing migration to modern technologies such as fibre and LTE, a 20.7% decrease in customer premises equipment (CPE) revenue and a 6.8% decrease in mobile handset sales.

Mobile service revenue growth of 6.8% to R19 026 million was supported by a steady 11.9% increase in active subscribers to 20.4 million with a 1.5% improvement in pre-paid ARPU. The blended ARPU of R84 marginally declined by 2.7%, indicative of the macroeconomic difficulties encountered by our post-paid customer base. Mobile data revenue growth of 10.6% was underpinned by the 9.5% growth in mobile broadband subscribers to 12.7 million.

2

### Continued focus on cost optimisation

Group EBITDA increased by 5.2% to R10 041 million, with the EBITDA margin expanding 0.8 ppt to 23.2% compared to FY2023. The Group revenue increase of 1.6%, and the decrease in the cost of handset, equipment and directories and payments to other operators of 3.4% and 2.1%, respectively. These were offset by a 1.4% higher operating expenditure (opex) and a 9.0% increase in sales commissions and incentives from Mobile.

The opex increase is mainly attributable to the 16.6% increase in maintenance, in line with the growth in mobile sites integrated, increased subcontractor expenses as well as the 34.2% increase in impairments of receivables due to the deterioration of macro-economic conditions. This was partially offset by a 12.9% decrease in other expenses, mainly due to lower third-party costs and the containment of discretionary spend. There was also a 4.0% decrease in employee expenses due to the 15.0% reduction in headcount, 0% salary increases for management and the 5.0% average salary increase for bargaining unit employees, which was only effected in the third quarter of FY2024, which also contributed to cost containment.

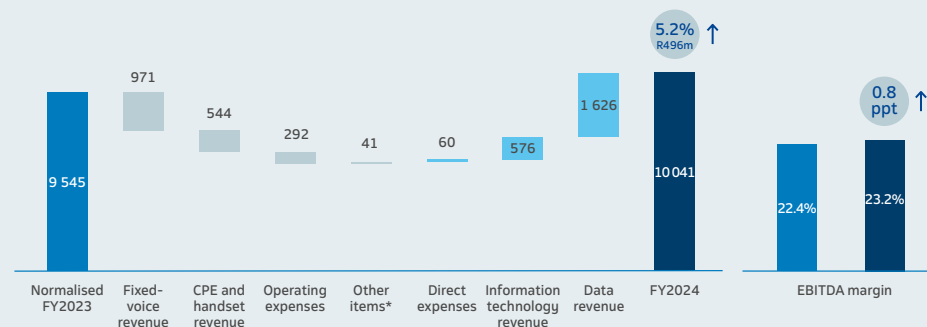
Mobile cost to serve improved by 0.7 ppt to 27.7% compared to 28.4% in the prior year. The year-on-year decrease in cost to serve was mainly driven by the optimisation of roaming costs as we maintained stringent roaming traffic thresholds and our focus on migrating traffic to our network.

### EBITDA movement

#### Total operations

Rm

- FY2023
- FY2024



\* Includes other revenue items, mobile voice, masts and towers and directories revenue and other income.



3

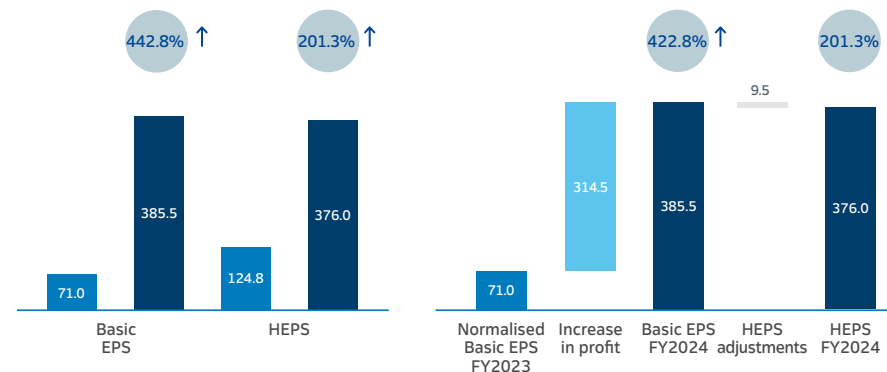
### Earnings improvement

Normalised HEPS increased by 201.3% to 376.0 cents while normalised BEPS increased by 442.8% to 385.5 cents compared to the prior year. The BEPS increase was mainly due to the 134.7% increase in operating profit, which was driven by a 27.2% decrease in depreciation, amortisation, write-offs and impairment expenses, partially offset by a 48.0% increase in finance charges and fair value movements and a higher taxation expense. The latter was driven by the 337.2% increase in profit before taxation.

### BEPS and HEPS movement

Total operations  
Cents per share

- FY2023
- FY2024



4

### Free cash flow focus gaining traction

FCF increased by 115.6% to R424 million (FY2023: negative R2 722 million). Excluding the restructuring and the spectrum acquisition costs paid, FCF increased by 190.5% to R2 464 million. The increase was primarily due to the 68.6% increase in cash generated from operations. This was mainly driven by a R1 915 million working capital improvement, which was attributable to efficient working capital management and the increase in profit before taxation of 337.2% or R1 956 million compared to the prior year. 19% lower capex spend also contributed to higher FCF.

### Free cash flow (FCF) movement

Rm	FY2024	FY2023	%
<b>Cash generated from operations excluding restructuring cost paid</b>	<b>11 303</b>	<b>6 705</b>	<b>68.6</b>
Repayment of lease liability	(1 201)	(1 086)	(10.6)
Interest received	447	282	58.5
Finance charges paid	(2 304)	(1 456)	(58.2)
Taxation paid	(422)	(547)	22.9
<b>Cash generated from operations before dividend paid and received (excluding restructuring cost paid)</b>	<b>7 823</b>	<b>3 898</b>	<b>100.7</b>
Spectrum acquisition	(972)	–	(100.0)
Cash paid for capital expenditure	(5 359)	(6 620)	19.0
<b>Adjusted FCF (excluding restructuring cost paid)</b>	<b>1 492</b>	<b>(2 722)</b>	<b>154.8</b>
Restructuring cost paid	(1 068)	–	(100.0)
<b>FCF</b>	<b>424</b>	<b>(2 722)</b>	<b>115.6</b>

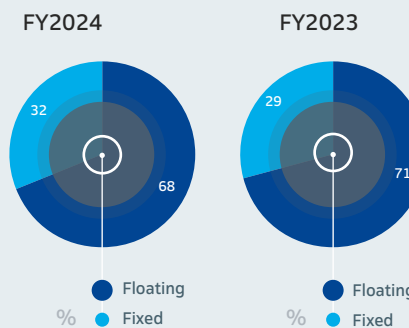
5

### Solid financial position

Bank and cash balances increased by 13.5% to R3 939 million from the prior year and borrowings increased 3.0% to R20 858 million. This resulted in a net debt increase of 0.9%. Net debt to EBITDA improved slightly to 1.7x compared to 31 March 2023, driven by higher earnings. With further support from our unutilised facilities, amounting to R5.6 billion, we have adequate headroom to fund our strategy.

Loans raised amounted to R9 363 million as the Group increased the utilisation of committed facilities during FY2024 to repay maturing bonds, loans and funding needs while negotiating and securing long-term debt. The utilisation of committed facilities gave rise to a higher amount of loans raised and corresponding loans repaid, with net funding paid of R150 million.

### Fixed to floating debt ratio





## Total operations

	FY2024 Rm	FY2023 Rm	Change %
<b>Balance sheet</b>			
<b>Cash balances</b>	<b>3 939</b>	3 469	13.5
<b>Interest-bearing debt</b>	<b>14 217</b>	14 356	1.0
Operating balance	<b>14 356</b>	11 932	(20.3)
Net funding (repaid)/raised	<b>(150)</b>	2 320	106.5
Other	<b>11</b>	104	89.4
<b>Lease liabilities</b>	<b>6 641</b>	5 889	(12.8)
Opening balance	<b>5 889</b>	5 374	(9.6)
IFRS 16 lease liability increase	<b>752</b>	515	(46.0)
<b>Net debt</b>	<b>16 919</b>	16 776	(0.9)
<b>Net debt/EBITDA (times)</b>	<b>1.7</b>	1.8	(0.1)
<b>Average cost of debt (%)</b>	<b>10.1</b>	8.6	(1.5)

## Our priorities and key focus areas

<b>NGN revenue growth</b>	<ul style="list-style-type: none"> <li>- Data consumption growth</li> <li>- Fibre-to-the-home (FTTH) passed and connected</li> <li>- Mobile subscriber growth</li> <li>- Growth of IT managed services</li> </ul>
<b>Cost optimisation</b>	<ul style="list-style-type: none"> <li>- Ongoing opex management</li> </ul>
<b>Smart capex deployment</b>	Network expansion, prioritising growth areas: <ul style="list-style-type: none"> <li>- Expand mobile network footprint, managing roaming costs</li> <li>- Fibre rollouts to homes, enterprises and carrier (backhaul)</li> <li>- Optimise data centres uptake to grow IT managed services</li> </ul>
<b>Cash generation</b>	<ul style="list-style-type: none"> <li>- Sustainable cash generation</li> <li>- Improve shareholder returns</li> </ul>
<b>ESG strategy delivery</b>	<ul style="list-style-type: none"> <li>- Reduce environmental impact</li> <li>- Continue uplifting and supporting the communities we operate in</li> </ul>

## Outlook

### Medium-term guidance

We expect Group revenue to grow at low to mid-single digit in FY2025. Underpinned by our ongoing sustainable cost management and revenue growth, we aim to grow Group EBITDA at low to mid-single digit to FY2025. We will invest capex in identified growth areas and expect a capex to revenue ratio of between 12% and 15% per annum to maintain a healthy balance sheet with net debt to EBITDA of between 1.5x – 1.9x.

Drivers	FY2025 (CAGR*)
<b>New revenue streams</b> (Fibre, Mobile and IT businesses)	Low to mid-single digit EBITDA growth
<b>Sustainable cost management programme</b>	Low to mid-single digit EBITDA growth
<b>Capex to fund growth</b>	12% – 15%
<b>Adequate balance sheet capacity to fund growth</b>	Net debt to EBITDA of 1.5x – 1.9x

\* Compound annual growth rate

### Dividend policy

Management has considered the Group's business plans and is confident that Telkom will be in a position to pay dividends in the near term, with FY2025 targeted as the first year-end to consider paying a dividend.

A revised dividend policy has been approved by the Board. The new policy will be based on available free cash flow while prioritising a strong balance sheet and future capex requirements. The policy proposes a dividend payout range of 30% to 40% of free cash flow after taking into account capex investments. The dividend will be declared and paid on an annual basis, with a resulting dividend yield comparable with local telecommunications companies.

**Nonkululeko Dlamini**  
Group Chief Financial Officer



# THE PROCESS OF VALUE CREATION

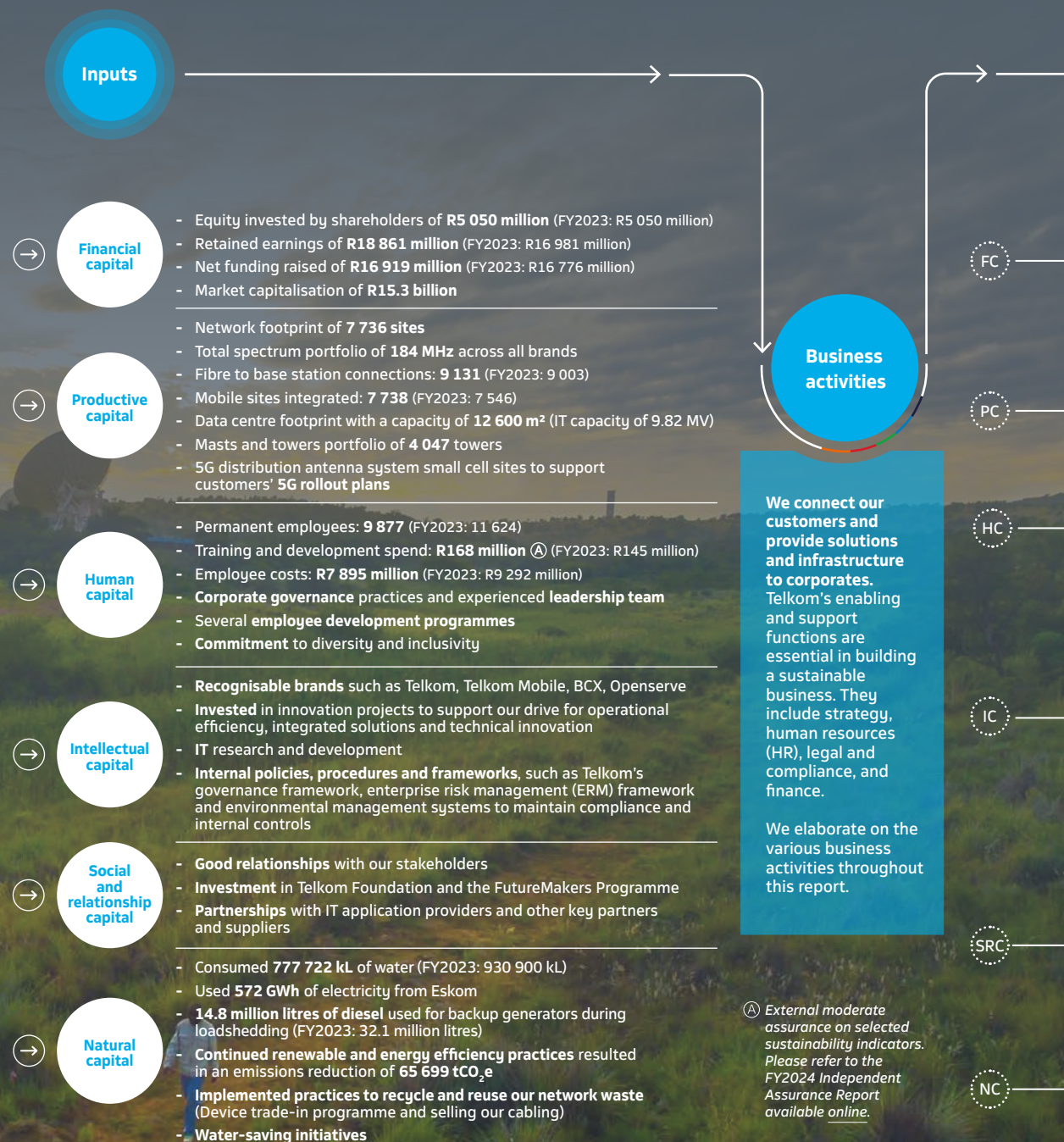
## 3

Our business model	26
Our material themes	30
Unpacking our PIVOT Strategy	31
Our ESG strategy	36

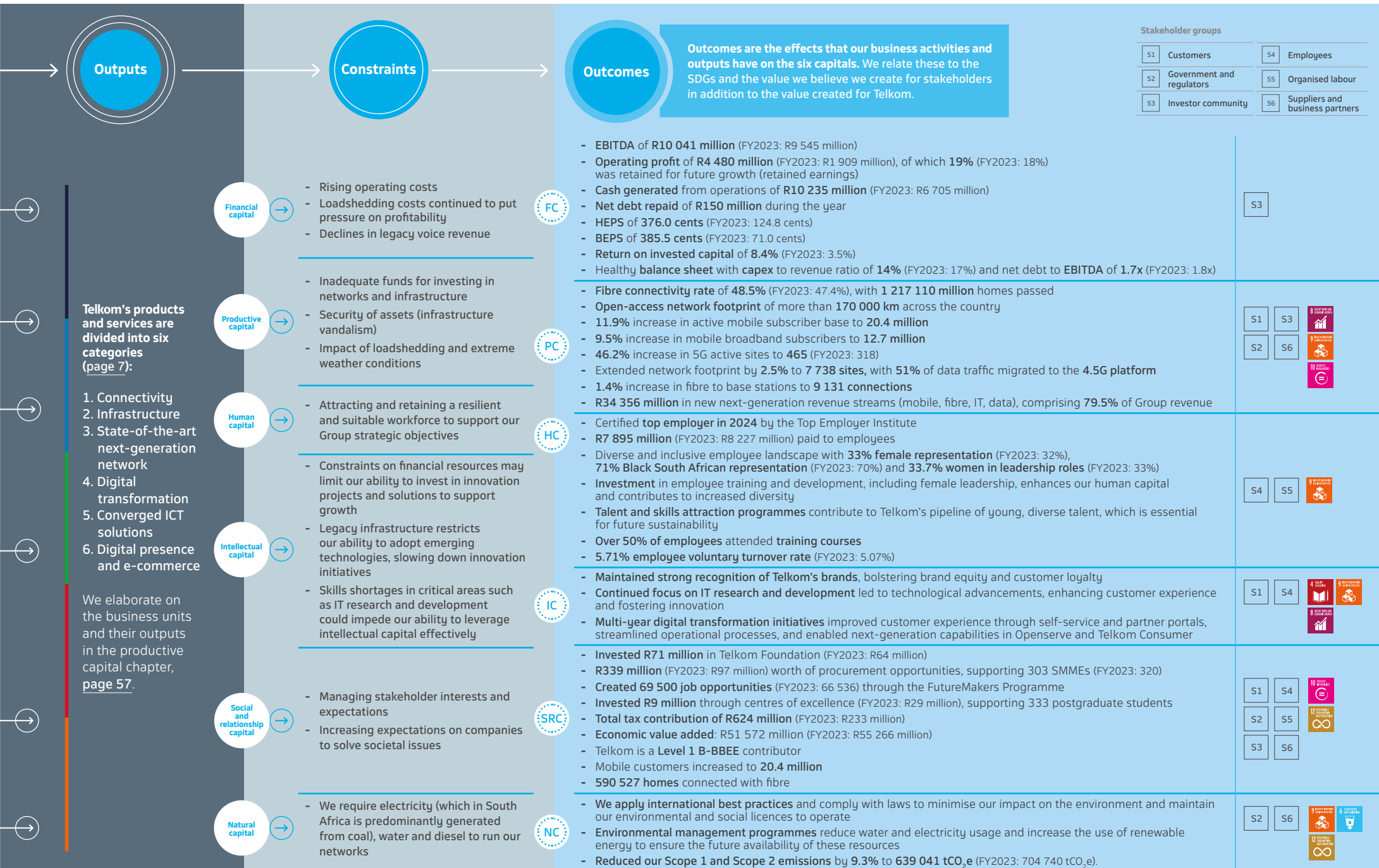
## Our business model

This section discusses Telkom's value creation process. It elaborates on the inputs we rely on, the highlights and challenges of our key business activities, the products and services we sell (outputs), and the results we achieve (outcomes).

This diagram provides a synopsis of our business model and should be read with the rest of the report.











**Trade-offs  
require our careful  
deliberation to strike  
a balance between  
various strategic  
imperatives.**

### Our trade-offs

As we navigate our strategic journey, the interconnected nature of our operations and objectives necessitates a balanced approach to decision-making. Trade-offs between competing priorities and objectives are inevitable. These require careful deliberation to strike a balance between various strategic imperatives, each with its unique set of benefits and challenges. Effective management of strategic trade-offs is needed to optimise resource allocation and ensure alignment with our overarching goals and objectives.

### Unlocking value: Telkom's trade-off in selling Swiftnet

Telkom made the strategic decision to dispose of Swiftnet. The purchase price of R6.75 billion represents approximately 44% of Telkom's market capitalisation at 31 March 2024. Swiftnet owning around 4 047 towers, was identified as a non-core asset within Telkom's portfolio.

The disposal of Swiftnet allows Telkom to streamline its portfolio and allocate resources to its core fibre and mobile businesses. While individual business units remain unaffected, the disposal will increase lease liabilities and assets, impacting the Group's income statement. However, utilising the proceeds for debt reduction will reduce finance costs, strengthen Telkom's balance sheet, and release free cash flow for investment in core businesses and growth opportunities.

The decision to sell demonstrates prudent financial management and strategic foresight. It will streamline the asset portfolio to improve resource allocation and operational efficiency. It will reduce the Group's environmental impact by optimising infrastructure usage and minimising redundant assets. It will also free up intellectual resources and managerial focus to drive innovation and competitive advantage.

Ensuring fair and competitive lease rentals charged by Swiftnet to other business units is crucial. Lease escalations will align with market trends and inflation, maintaining consistency with industry standards.

The divestment of Swiftnet represents a significant step in unlocking shareholder value, underscoring the potential inherent value within Telkom's diverse portfolio of businesses.

### Prioritising employee development

In FY2023, Telkom underwent a restructuring process, resulting in the retrenchment of 577 employees. This year, we prioritised fostering a culture of continuous learning and growth among our workforce, investing significantly in employee training and development. This required a substantial financial commitment – we spent R168 million on employee development initiatives, diverting resources from other areas.

This strategic decision is expected to yield significant benefits across various capitals in the medium to long term. By equipping our workforce with essential skills and knowledge, we improve productivity and efficiency. This strengthens our human and social and relationship capitals and drives operational excellence. By promoting continuous improvement and adaptability, we are investing in Telkom's future resilience and competitiveness.





## Navigating power challenges

We are addressing the challenge of electricity loadshedding through strategic investments in renewable energy and other initiatives. While these require significant capital, they are essential for reducing our dependence on diesel generators and mitigating the impact of loadshedding. Telkom used 19.6 million litres of diesel (14.8 million litres for backup generators) at a cost of approximately R446.0 million in FY2024, highlighting the urgency of the situation and the impact on profitability, operations and customer service obligations.

Telkom implemented smart power backup systems and expects a notable reduction in diesel usage in the future. Battery installations at select sites will further enhance our backup power capabilities. We prioritised lithium-ion battery deployment at 743 sites this year. Prioritising capital expenditure for alternative power will reduce reliance on diesel generators, enhance operational resilience, and minimise the effects of loadshedding. It will also contribute to reduced carbon emissions.

These investments also demonstrate Telkom's commitment to environmental sustainability, fostering positive relationships with stakeholders concerned about environmental impact. They provide opportunities for training employees in renewable energy technologies, thereby enhancing our workforce capabilities.

## Telkom's focus on innovation and technology

We continually invest in initiatives to drive economic growth, sustainability, and technological advancement. Recent efforts include the launch of new value propositions, substantial investments in infrastructure, and active support for Internet of Things (IoT) related innovation. All of these seek to foster incremental innovation.

Investing in innovation is important, but there are trade-offs. Balancing this with other priorities is essential to ensure efficient use of our resources. Our focus on technology innovation is outlined in our strategic pillars. This is pivotal to modernising and enhancing our network infrastructure. It aligns with our overarching goal of delivering superior value to customers by improving network experiences and reducing service costs.

Initiatives such as rolling out 5G base stations, enhancing fibre-optic infrastructure to boost FTTH speeds, and investing in new digital platforms are key components of this strategy. The trade-off lies in effectively allocating our resources to innovation while addressing other imperatives, such as financial stability, operational efficiency, and customer satisfaction.

By striking the right balance, we can leverage innovation to maintain our competitive edge, foster long-term growth, and ensure sustainable value creation.

## Leveraging partnerships: A trade-off for Telkom's strategic growth

Our purpose is to seamlessly connect customers to a better life. We leverage partnerships as a key driver for achieving this. Embracing partnerships offers immense potential for enhancing scale, capabilities, and growth in emerging areas like cloud services and cybersecurity. It also entails a trade-off, presenting inherent challenges and complexities.

By actively building partnerships with best-of-breed providers, we aim to deliver relevant services quickly and efficiently.

Collaborating with strategic partners allows us to tap into their expertise, resources, and technology to stay ahead of industry trends and meet evolving customer needs. Last year, we partnered with Google to land its Equiano cable, the largest undersea cable along the west coast of Africa. This significantly expanded our fibre footprint and enhanced connectivity for our customers. However, navigating partnerships demands careful alignment of objectives, integration of systems and processes, and management of potential conflicts of interest.

Partnerships also entail risks of dependency, loss of control over certain operations, and dilution of brand identity. Despite this, we believe they are essential for driving innovation, accelerating growth, and delivering value to customers in a dynamic and competitive landscape.

By strategically selecting and nurturing partnerships and acknowledging and managing the trade-offs, we aim to position Telkom as a leader in the digital era.





## Our material themes

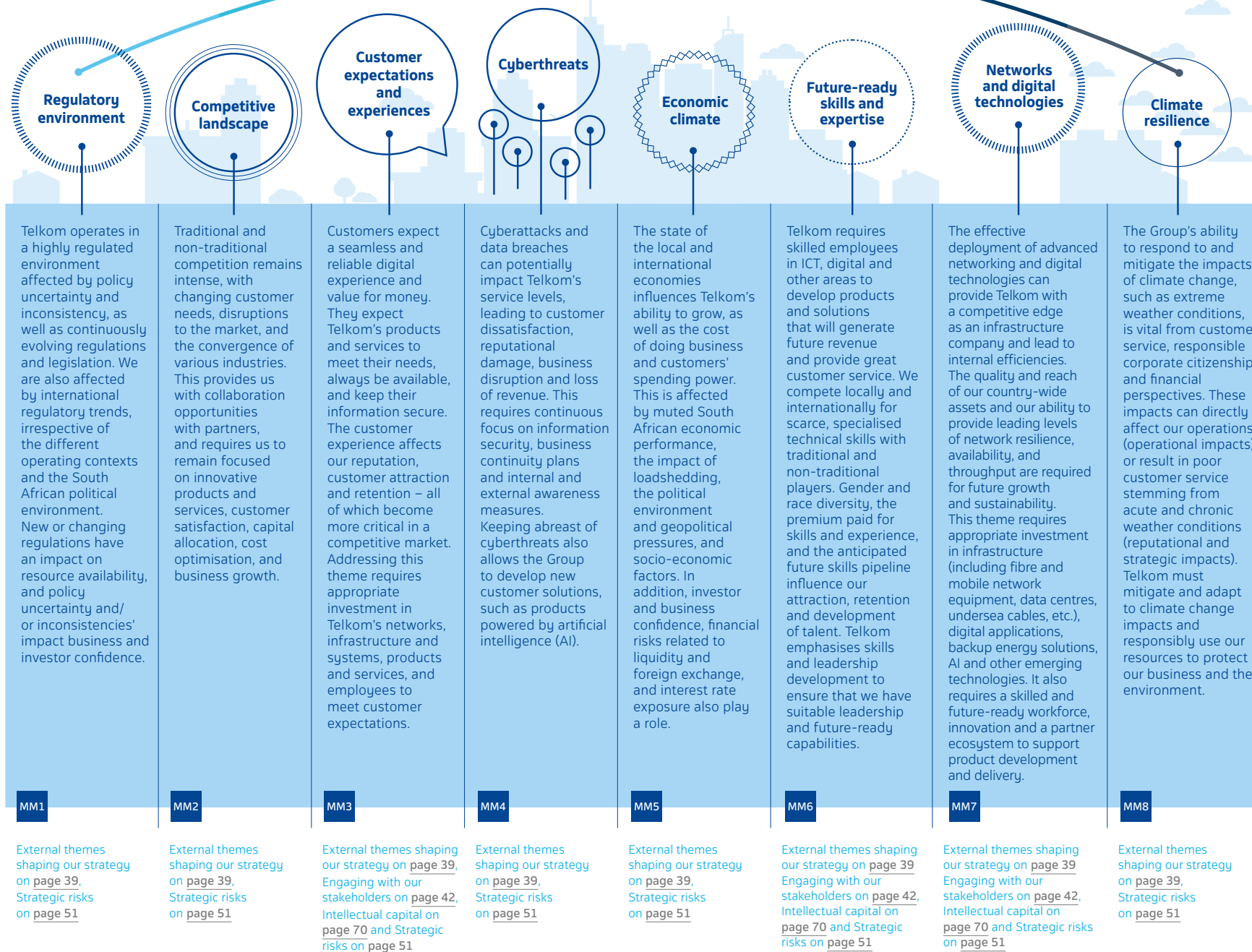
We define our material themes as the factors that substantively affect our ability to create value for stakeholders over time.

Management's materiality determination process and the material themes were approved by the Group Exco, the Audit Committee and the Board.

Please refer to [page 4](#) for our materiality determination process.

We retained the FY2023 material themes. However, some themes were amended to better reflect their positive and/or negative impact on Telkom's value-creation process.

The amendments include broadening the description of some of the material themes to align with the external environment and emerging technology trends.





# Unpacking our PIVOT Strategy

We are committed to our purpose of seamlessly connecting our customers to a better life. This reflects an ambition to make life better for all our customers – at work and at home – whether they are learning, being entertained, or connecting with friends, family, and customers from across the world.

By delivering on our purpose, we achieve our goal of leading in the converged ICT space, bringing together fixed, mobile and digital services for our customers.

This is an ongoing challenge, as Telkom operates in a world of continual and rapid change. The word “PIVOT” captures our five-pronged strategy. It encourages all employees within every team, division, and business unit to drive continual change as we seek new ways to serve our customers.

The graphic alongside outlines our PIVOT Strategy and its five strategic pillars.



PIVOT captures the transformational changes to our core business in response to the shift from voice to data, from copper to fibre, and from fixed-line to mobile. Increasingly our industry will be characterised by many diverse digital services, increased automation and data-driven decision-making. PIVOT speaks to our moving beyond mere connectivity to IT services solutions and digital ecosystems.

Our PIVOT Strategy aligns with the four SDGs most applicable to our business. Refer to [page 132](#) for our performance against the SDGs.

## Group enablers

The PIVOT Strategy is underpinned by four Group enablers with initiatives to drive continuous improvement in these areas:

In the past year, we have encouraged the business units to **monetise our infrastructure assets as OneTelkom**.

Our substantial asset portfolio is anchored by over 170 000 km of fibre, which passes over 1.2 million homes. Our assets also include over 7 700 mobile sites, an extensive real estate portfolio, 10 carrier-neutral data centres, and over 600 aggregation nodes with potential as edge data centres. We monetise, or earn revenue from, these assets by utilising them in the deployment of network services such as mobile, fixed-voice and data services, and a broad portfolio of IT services. We also make our assets available for use by third parties such as internet service providers (ISPs) and other network operators.

Telkom has spent billions of rands to purchase, deploy and integrate these assets, and is always looking for new and improved ways to earn revenue from them. OneTelkom is an initiative spearheaded by the GCEO, and fully supported by the Group Exco, to sweat the various assets by collaborating across the various business units (while still respecting wholesale/retail separation boundaries) to win more business, promote operational synergies and drive capital efficiency. While our operating model is still based on federated business units, we have changed the strategic framework to emphasise the synergies between them, rather than their separation.

Improved customer experience depends on **simplifying and digitising our processes**, and we are implementing initiatives to drive this. Examples from Telkom Consumer include the new MyTelkom app and the revamped Telkom.co.za website.

Despite increased digitalisation, our employees remain the driving force of our business. We need to enable them to cope with our industry’s relentless changes and empower them to make decisions at local level. Therefore, we remain committed to ongoing **people development and empowerment**. This also considers the technology evolution, internal efficiencies and external cost pressures, which require Telkom to streamline the workforce and introduce new capabilities to maintain financial sustainability.

Our fourth Group enabler is a **sustainable financial framework**. Telkom’s future sustainability depends on our ability to generate cash from operations consistently. To maintain growth, we need to reinvest that cash into the network, pay off debt, and provide the appropriate returns to our shareholders.



## FY2024 Strategic performance snapshot

→ Strategic priorities	→ Why it is a priority	→ Measures of our progress	→ Why the measures are important	→ FY2022	FY2023	FY2024	→ Target
<b>P</b> Partnerships	Partnerships are critical to enabling the Group strategy. We seek to simplify and maximise the partnership opportunities for the Group.	Revenue from global IT hardware and software partnerships	They show the development of new partnerships to complement our core services.	<b>R965 million</b>	<b>R1 411 million</b>	<b>R1 454 million</b>	Leverage partnerships optimally to support the achievement of the Group strategy.
<b>I</b> Integrated solutions	We want to strengthen our ability to address our customers' ICT needs comprehensively. This requires the appropriate access solution to seamlessly integrate with various IT services, from traditional (hardware and software) to new and emerging (cloud and IoT) IT services and analytics.	Beyond connectivity revenue and as % of total mobile revenue	They indicate the progress in supplementing traditional connectivity with service offerings that resolve customer pain points.	<b>R1 147 million (5.3%)</b>	<b>R1 177 million (5.8%)</b>	<b>R1 665 million (7.5%)</b>	Offer end-to-end converged propositions from connectivity to IT solutions.
		Enterprise next-generation data in BCX		<b>R410 million</b>	<b>R454 million</b>	<b>R522 million</b>	
		PaaS solution sites		<b>N/A</b>	<b>10</b>	<b>59</b>	
<b>V</b> Victory in broadband	We are building new digital services on high-speed data networks and accelerating our capability to disrupt the local broadband market by delivering innovative and value-rich solutions. Telkom offers these to residential and commercial customers via the optimal access technology – copper, fibre, fixed wireless, mobile or satellite.	Mobile broadband subscribers in Telkom Consumer	Continuous growth in data traffic and associated data revenues, highlights the increasing demand for data-centric services.	<b>10.7 million</b>	<b>11.6 million</b>	<b>12.7 million</b>	Become the leading broadband provider in South Africa.
		Fibre broadband subscribers in Telkom Consumer		<b>155 000</b>	<b>179 500</b>	<b>213 400</b>	
		Fixed broadband data traffic (petabytes)		<b>1 665</b>	<b>1 895</b>	<b>2 307</b>	
		Enterprise next-generation data access revenue in BCX		<b>R1 438 million</b>	<b>R1 480 million</b>	<b>R1 561 million</b>	
<b>O</b> Operational efficiency	In an increasingly competitive world, our success depends on continually improving the efficiency and effectiveness of our operations.	Fibre connectivity rate (%)	These metrics show how we are improving customer experience, increasing capital efficiency, and reducing the cost of maintaining a large property footprint, while generating cash for reinvestment in other areas.	<b>46.3%</b>	<b>47.4%</b>	<b>48.5%</b>	Develop operational superiority, which provides a competitive advantage.
		Net Promoter Score (NPS) in Openserve		<b>66</b>	<b>68</b>	<b>70</b>	
		AIOps revenue growth		<b>N/A</b>	<b>8%</b>	<b>9%</b>	
		Fibre average time to install (days)		<b>3.1</b>	<b>2.5</b>	<b>2.4</b>	
<b>T</b> Technology innovation	We aspire to operate with the best scalable and most efficient network. To achieve this, Telkom invests in the optimal mix of technologies.	Fibre access connections (number of connections)	They demonstrate the continual investments we are making to deploy the latest mobile, fixed and digital technologies.	<b>389 109</b>	<b>492 812</b>	<b>590 527</b>	Modernise and build a state-of-the-art, seamless, data-led network that is not easily replicable to sustain our integrated competitive advantage.
		Mobile base stations (number of base stations)		<b>7 313</b>	<b>7 546</b>	<b>7 738</b>	



## Strategic pillars

Our strategic framework remains relevant and resilient to the changes in the local and global environment. Within this framework, we modify our specific tactics and actions appropriately as we continue to play a leading role in South Africa's digital revolution.

P

### Partnerships



**Partnerships** are essential for our success. By deploying the relevant digital platforms, we aim to enable best-of-breed partners to deliver relevant services quickly and efficiently to our customers.

I

### Integrated solutions



**Integrated solutions** speaks to our aspiration to provide value-added services on top of connectivity services. For fixed-line consumers, this means content services, such as media streaming, and smart home solutions, such as web-based security. For mobile subscribers, this involves the bundling of social media applications and creating synergies between fixed, mobile and digital services. In the enterprise space, this includes applications that streamline business service – e-commerce, point-of-sale systems, inventory control, cloud services, the development of digital platforms and embedded cybersecurity. For small and medium businesses, this comprises tools to enable a mobile sales force and cloud-based tools to enable businesses to become more agile, responsive and professional.

## FY2024 Progress

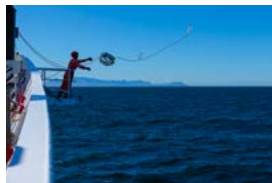


**Five-year strategic partnership with the University of the Witwatersrand** to launch the first Telkom Industry Solutions Lab as part of the Wits Innovation Centre. Bringing together multi-disciplinary teams from Wits, Telkom and beyond, this collaborative effort will pave the way for state-of-the-art innovations in telecommunications and the development of transformative digital solutions for various industries.

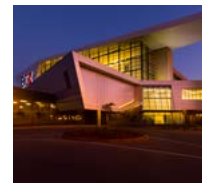
Read more on [page 70](#) (Intellectual capital)



**Strategic partnership between BCX and Alibaba Cloud**, the digital technology and intelligence backbone of the Alibaba Group, to bring best-in-class cloud technologies to businesses in South Africa to drive local digitalisation. The two parties signed an exclusive distribution contract in October 2023. This grants BCX the exclusive right and authority to distribute Alibaba Cloud's products and services in South Africa. A major advantage of BCX's Africa Local Public (ALP) cloud service is that billing takes place in local currency (ZAR), providing a hedge against currency fluctuations. Aligns to **Integrated solutions** Read more on [page 63](#) (BCX productive capital)



We experienced the benefits of the **strategic partnership with Google to land its Equiano cable** at Openserve's cable landing station in Melkbosstrand. Openserve's investment in Equiano ensured that our subscribers experienced limited disruption following the multiple fibre cable breaks off the coast of Côte d'Ivoire in March 2024, as traffic was quickly rerouted to the Equiano cable. Read more on [page 57](#) (Openserve productive capital)



## FY2024 Progress

**BCX** launched its Reimagined strategy in FY2023, embarking on a multi-year journey to become a dominant everything-as-a-service (XaaS) provider. This leverages BCX's expertise and skills to provide a unified offering to our clients regardless of what cloud service they choose – public, private or hybrid, including leading public cloud providers such as Alibaba, AWS, Microsoft Azure, and Huawei. In addition, BCX shows steady growth in enterprise next-generation data revenues.



Beyond connectivity revenue (which includes airtime advance, insurance, content and fintech) in **Telkom Consumer** continued to increase in real terms and as a percentage of total mobile service revenue. This shows the success in revenue growth on top of the core connectivity services.



In August 2023, **Openserve** was rated the preferred fibre network operator among ISPs, in part due to the success of the Openserve Connect app. Openserve's net promoter score (NPS) has increased every year since 2021.



**Swiftnet** has expanded its service offering in response to increased loadshedding through the deployment of Power-as-a-Service solutions for mobile service providers. These solutions move the burden of providing backup power from the mobile service provider to the tower owner. This facilitates the sharing of power infrastructure between operators, providing cost and efficiency benefits. The rollout of these solutions has increased more than fivefold over the past year, and will continue to grow in the new year.

**These metrics** indicate the progress being made in supplementing traditional connectivity with service offerings that solve customer pain points.

Material matters

MM1

MM2

Relevant capitals impacted



Strategic pillars



Material matters

MM1

MM2

Relevant capitals impacted





V

## Victory in broadband



**Victory in broadband** acknowledges our strength as a connectivity provider in fixed and mobile, and our commitment to providing data services to a broad range of customers. Our connectivity services are built on our digital infrastructure assets, which enable the digital needs of corporates, SMEs and consumers.

O

## Operational efficiency



**Operational efficiency** reflects the need to be efficient with our resources, digitise our processes and procedures, and leverage platforms and applications to deliver IT services. We aim to reduce costs through economies of scale and simplicity within our operating model.

T

## Technology innovation



**Technology innovation** addresses our aspiration to deliver value for customers by deploying technology optimally to improve network experience and reduce service costs. This includes the rollout of 5G base stations for better spectral efficiency, introducing the latest fibre-optic transmission modules to increase FTTH speeds, and investing in new digital platforms to deliver best-of-breed services.



### FY2024 Progress

We continue to show good progress against the following metrics:

The growth in mobile broadband subscribers in **Telkom Consumer** highlights our ongoing growth as a mobile broadband provider.



Fibre broadband subscribers in **Telkom Consumer** have grown by 19% over the past year, highlighting growth as a fixed broadband provider.

Steady growth in fixed broadband data traffic (petabytes) in **Openserve**, driven by increase in homes connected as well as increased data demand per household.



Enterprise next-generation data access revenue in **BCX** has also grown on the back of increased data demand and customer growth.

**Overall**, this continuous growth in data traffic and associated data revenues highlights the increasing demand for data-centric services, and shows how we are executing our strategy to be a leader in fixed and mobile broadband.

Material matters

MM1

MM2

Relevant capitals impacted



### FY2024 Progress

We continue to drive operational efficiency across several different initiatives, including growth in artificial intelligence for IT operations (AIOps) for internal operations and as a solution for enterprise customers in **BCX**.

Growth in AIOps in **BCX** is an example of how we use AI technology to drive efficiency improvements in operations.

Our industry-leading fibre connectivity ratio in **Openserve** emphasises our relentless focus on converting our investment in homes passed with fibre into revenue-generating households. This is crucial for long-term sustainability, and to generate cash to cover operating costs and fund future investments.

A steady decrease in the average days for **Openserve** to install fibre results from continual process refinements across the fibre installation value chain.

In August 2023, **Openserve** was rated the preferred fibre network operator among ISPs, in part due to the success of the Openserve Connect app. Since 2022, the NPS for Openserve has increased.

**These examples** showcase improvements in operational efficiency metrics across the business.



Material matters

MM1

MM2

Relevant capitals impacted



### FY2024 Progress

**Telkom Consumer** is unique in following a hybrid network strategy whereby it builds its own network to serve key customer areas, and roams on other network providers to provide seamless connectivity in other areas. The steady growth in the number of mobile base stations is driven by subscriber and data traffic growth, as well as improvements in network experience.



**Openserve** continues to grow its fibre access connections on the back of a strategy to build innovative fibre networks that are efficient, resilient and scalable for the future.

**These examples** demonstrate the continual investments we are making to deploy the latest mobile, fixed and digital technologies.



Material matters

MM1

MM2

Relevant capitals impacted





Telkom executes the strategic pillars and underlying enablers through the different business units, each business unit having specific strategic objectives and focus areas aligned with its mandate. Refer to the productive capital chapter starting on page 57 for information on each business unit's performance.

- Maintain network scalability
- Commercialise the network
- Transform service delivery



Aggressively increased homes passed with fibre by 17.0%, exceeding 182 thousand homes

EBITDA up 6.6%  
to R3 934 million



**NGN fibre connectivity revenue up 14.5% to R5 633 million**



- Optimise and grow the masts and towers portfolio
- Build new towers to meet mobile network operators' demand
- Expand the range of products and services offerings

68 new towers built and 8 in-building coverage solutions (IBS)

Productive portfolio sites grew 0.7% to 4 047 towers

Launched our first 5G outdoor distribution antenna system (oDAS) small cell sites

Successfully tested the technical capability of our PaaS solution at 10 sites

**Healthy  
EBITDA margin  
of 74.9%**

- Commercialise the property portfolio and dispose non-core assets
- Reduce building costs and enhance operational efficiencies



Terminated non-essential services and reduced property operating costs

**Sold 56 properties with proceeds of R92 million**

- Accelerated mobile growth
- Drive broadband adoption
- Expand the mobile network
- Drive revenue through digital and financial services

up 4.5% to  
R22 583 million



- Mobile service revenue up 6.8% to R19 026 million
- Mobile active subscriber base up 11.9% to 20.4 million
- Mobile data revenue up 10.6% to R14 300 million
- Mobile broadband subscribers up 9.5% to 12.7 million
- Mobile EBITDA up 12.6% to R5 036 million



- Migration of clients to next-generation technologies
- Shift to higher-margin IT business
- Improve the service/product sales mix

IT business revenue up 9.9%

IT service revenue up 6.6%





## Our ESG strategy

Telkom matured its approach to Environmental, social and governance (ESG) and set about embedding a more data-driven approach to performance and decision-making. This involves making a significant culture shift and extending the range of KPIs we track to align more closely with global and local framework requirements. It is supported in part by higher levels of accountability derived from embedding ESG into our short- and long-term remuneration incentives, which we began in FY2023.

Our operating model is designed such that each business unit takes accountability for driving a pillar of the strategy in collaboration with others, with a central team responsible for the overall strategy and execution. All stakeholders meet quarterly at an ESG Impact Council, through which we account to the Group Executive Committee and the Board Social and Ethics Committee, as well as the Remuneration and Risk Committees where relevant.

Most goal statements in our initial strategy are on track. Where these have been met and the goal remains relevant, we have stretched the level of ambition. Our decarbonisation goals are on track and we plan to deepen our approach in the year to come. Our Scope 3 baseline has been revised to align with the methodology employed by our carbon accounting platform.

Our approach is underpinned by a number of enablers, which we continually improve upon. Among these are the following:

- Extending our commitment to our goals through strategic partnerships, innovation, and with suppliers through our value chain
- Refining our approach to quantify the impact and benefits of our interventions
- Seeking to integrate ESG more deeply into our business operations through improving our mechanisms for execution and accountability
- Continually scanning the macro-environment to ensure our interventions remain relevant and impactful
- Embedding data-driven decision-making

In FY2024, we invested in cloud-based reporting and carbon accounting platforms. These will help us align our financial and non-financial KPIs, better anticipate ESG risks, facilitate data-driven decision-making and tracking, and automate manual processes as we evolve.

Telkom conducted its first economic impact study (see Prosperity highlights in our ESG snapshot on [page 13](#)).

## ESG strategy and performance





## Environmental



## OE Operational efficiencies

	Goal statements	FY2022 baseline	FY2023 performance	FY2024 performance	% change from FY2023	Status
Ⓐ	<b>Carbon neutral by 2035</b> (tCO <sub>2</sub> e)	852 782	704 740	639 041	(9%)	○
Ⓐ	<b>50%</b> Reduction in fossil fuel consumption by 2030 (tCO <sub>2</sub> e)	55 466	85 100	66 119	(23%)	○
	<b>100%</b> Renewable energy sources by 2035 (GWh)	<1%	0.528	3.7	600% increase in generation	○
<b>Net zero by 2040</b>						
–	Determine Scope 3 emissions and set a target*	1 764 216^	1 951 155	1 724 460	(12%)	○
<b>75%</b>	Reduction in waste to landfill by 2030 (tonnes)	743^	686^	644	(6%)	○
Ⓐ <b>50%</b>	Reduction in potable water consumption by 2030 (kL)	997 617	930 900	777 722	(16%)	○
<b>25%</b>	Migration from R22 refrigerant gases in 2025 and 100% by 2035 (tonnes)	38	36	34	(7%)	○

Page reference 97 and 98

## DP Digital planet

<b>70 000</b>	IoT devices deployed by 2025	15 220	58 567	73 679	26%	●
---------------	------------------------------	--------	--------	--------	-----	---

Ⓐ External moderate assurance on selected sustainability indicators. Please refer to the FY2024 Independent Assurance Report available [online](#). Page reference 66

## Legend

- Achieved
- Making progress but long-term target not yet achieved
- Not achieved, progress needs to be improved
- No specific target set as part of the initial ESG strategy

## Social



## IWP Investing with purpose

	Goal statements	FY2022 baseline	FY2023 performance	FY2024 performance	% change from FY2023	Status
<b>200 000</b>	Lives positively impacted through SMME spend by 2025**	91 357	129 561	221 308	71%	●
<b>70 000</b>	Lives impacted through digital literacy by 2025***	14 420	30 120	58 417	94%	○
<b>2023</b>	Become a leading employer in South Africa	Achieved	Achieved	Achieved	–	●
<b>35%</b>	Women in leadership positions by 2025	32%	33%	34%	1 ppt	○

Page reference 79, 80 and 89

## DS Digital services

<b>4.3 million</b>	Customers with access to Telkom's diversified digital platforms by 2025	2 039 684	3 873 170	8 800 000	127%	●
<b>500 000</b>	Businesses with access to digital platform solutions by 2025	443 467	445 119	447 647	0.6%	○

Page reference 62

## EC Empowered communities

<b>15 million</b>	Customers connected to broadband and fixed wireless broadband connectivity by 2025	11 700 000	14 451 014	15 957 972	10%	●
<b>1.5 million</b>	SA homes and businesses passed with our FTTx footprint by 2025****	839 691	1 040 565	1 217 110	17%	○
<b>Under-served areas</b>	Fibre rollout in townships (homes passed)	119 579	138 813	139 476	5%	●
	Fibre rollout in townships (homes connected)	47 619	60 928	70 024	15%	●

Page reference 59



## Governance



### BS Business stewardship

Goal statements	FY2022 baseline	FY2023 performance	FY2024 performance	% change from FY2023	Status
<b>Culture of responsible technology and information use</b>					
Reduction in number of data breaches	0	0	0	0%	●
<b>Promote fair and ethical practices towards our customers and within the organisation</b>					
Reduction in escalated customer complaints*****	7 416	4 907	3 661	(25%)	●
Decrease in whistle-blowing incidents reported from FY2023	152	147	121	(18%)	●

Page reference 119

- \* As per prior guidance, Scope 3 emissions have been refined for FY2024 and this will be a continual process given the complexity of these calculations and that they are out of our direct control. The methodology was refined with the use of our carbon accounting platform. This will be assured in FY2025.
- \*\* Lives impacted by job creation = number of people employed at an SMME which can either be actual or x 4.1 average if no. of employed unknown (Small Business Institute SA). To calculate lives impacted, x 3.3 economic multiplier is used in addition – i.e. the average number of people in a household (StatsSA).
- \*\*\* Digital literacy is the ability to use technology to connect with the world around us, to access opportunities and to use digital content to learn new skills/knowledge to contribute in a digitally connected society (UNESCO, UNICEF, EU).
- \*\*\*\* This target is capex dependent.
- \*\*\*\*\* Excludes complaints managed at the call centre.
- \*\*\*\*\* Percentages have been rounded off.
- ^ Scope 3 baseline restated due to refinements in the calculation methodology. Waste to landfill restated to include waste generated from our leased portfolio.

#### Legend

- Achieved
- Making progress but long-term target not yet achieved
- Not achieved, progress needs to be improved
- No specific target set as part of the initial ESG strategy

## Future focus

We will review our strategy and enablers in FY2025 as we enter the third year of ESG implementation and deepen our commitment to prosperity, people, planet and practice. As we approach 2030, we will refresh and align our goals to this global milestone and refine our alignment to the SDGs. We will start defining our pathway to net zero more clearly, rooted in key climate change scenarios and considering the constraints on our business.

We will deepen our approach to materiality and enhance our performance and reporting over time as we prepare for greater alignment with the JSE's voluntary Sustainability and Climate Disclosure Guidance and follow local market practice on the adoption of IFRS S1 and S2 standards.

### FY2025 activities will include:

- Conducting a climate risk scenario analysis
- Defining net zero pathways and setting Scope 3 targets
- Conducting a double materiality analysis
- Reviewing the strategy and opportunity assessment
- Building resilience in the enabling environment to match our strategic ambition



# THE WORLD WE OPERATE IN

## 4

External themes shaping our strategy	39
Engaging with our stakeholders	42
Managing risks and compliance	47

## External themes shaping our strategy

We monitor local and global trends to assess their potential impact on our markets and customers. We adapt our strategy to leverage the associated opportunities or mitigate the risks where needed.

The five key external themes	Estimated timeframe in which it will significantly impact Telkom			Related material theme	Link to strategic risks
	Short-term	Medium-term	Long-term		
1 Navigating local and global economic headwinds	•	•	•	MM5 MM7	<ul style="list-style-type: none"> <li>- Market forces and disruption exacerbating competition pressure</li> <li>- Macro-environmental instability</li> </ul>
2 Considering the ICT sector and technology evolution		•	•	MM6 MM8	<ul style="list-style-type: none"> <li>- Inability to attract and retain a suitable, resilient, and healthy workforce to service and support the changing ecosystem</li> <li>- Market forces and disruption exacerbating competition pressures</li> </ul>
3 Staying relevant amid intensified competition	•	•		MM2 MM3	<ul style="list-style-type: none"> <li>- Market forces and disruption exacerbating competition pressures</li> </ul>
4 Managing regulatory change	•	•		MM1	<ul style="list-style-type: none"> <li>- Increased focus and scrutiny on ESG matters</li> </ul>
5 Increasing focus on climate change		•	•	MM7	<ul style="list-style-type: none"> <li>- Increased focus and scrutiny on ESG matters</li> </ul>



## 1 Navigating local and global economic headwinds

### Context

2023 was a difficult year for the global and South African economies. It started with two wars and major concerns over regional conflicts impacting global trade and logistics. Floods caused significant damage to parts of KwaZulu-Natal and the Western Cape. Elections are scheduled in countries representing 50% of the world's population, including South Africa. Against this backdrop, 2024 will present unparalleled challenges locally and globally.

For South Africa, some improvements are on the horizon. Higher economic growth is forecast compared to last year, and inflation and interest rates are expected to decline during 2024. Coupled with an expected reduction in loadshedding, this would bring much-needed relief to ordinary South Africans. The volatility of the rand – which depreciated by almost 8% in 2023, adding to cost pressures on imported goods – may also be on the turn, given the latest market forecast for 2024. The outlook for 2024 is positive overall, despite great uncertainty, and could provide opportunities for accelerated growth in some sectors of the South African economy.

## 2 Implications for our strategy

Most of our business units grew in FY2024. However, we are closely monitoring the impact of top-line revenue pressures driven by rising inflation and higher operational

costs due to ongoing loadshedding. In line with our operational efficiency strategic pillar, we are maintaining our focus on sustainable cost management and targeted capital investments. This aims to mitigate the downside risk of lower economic growth and adverse weather-related events. Telkom's risks associated with climate change are integrated into our ESG strategy and our risk identification, management and assurance processes.

### Further reading

[Page 52](#)

[Page 54](#)

## 3 Considering the ICT sector and technology evolution

### Context

The South African enterprise ICT environment is dominated by a "cloud-first" approach. This sees many organisations shifting workloads to public, private and multi-cloud environments to enable more efficient retooling and improved business continuity. The resultant rise in cloud-computing locally has attracted global hyperscalers who are well equipped to offer these scalable and flexible IT solutions.

Increased competition from global players has sparked a talent war for critical skills in cloud, cybersecurity and AI operations. Associated with the increase in cloud usage is a greater focus on cybersecurity. According to a recent CSIR report, South Africa is eighth on the list\* of countries that have experienced the greatest number of ransomware attacks, despite having only the 32nd largest GDP in the world.

\* Infosecurity Magazine, 19 January 2024.

This cloud-first environment is dependent on high-speed fibre data links between data centres, ISPs, mobile service providers and enterprises. Consumers also need access to high-bandwidth connectivity services (mobile, fixed wireless and fibre) to use these cloud services. Enterprises are rapidly phasing out their legacy connectivity solutions and replacing them with lower-cost next-generation technologies such as software-defined wide area network (SD-WAN) and cloud voice.

## Implications for our strategy

With year-on-year mobile data growth of 20% and a network that carries over 120 PB per month, Telkom is realising its goal of deploying a data-led mobile network as we lead in broadband through our technology innovation strategic pillar. While we continue to depend on the 4G and 4.5G technologies that powered this growth, we decommissioned 2G in 2023, well ahead of the government's requirement to sunset legacy technologies by December 2027. The next phase will be to decommission 3G and expand 5G services as the technology matures.

Openserve continually invests in its optical transport network to carry national traffic across all provinces, enabling the increased data growth seen in South Africa. The network now caters for speeds up to 10 Gbps. This allows Openserve to utilise its network optimally to provide connectivity services to mobile, enterprise and consumer segments.

BCX has partnered with Alibaba to be its exclusive reseller in South Africa and preferred partner for the rest of Africa. The partnership will enable us to leverage the industry solutions that delivered significant client value for Alibaba in the Asian market. This will help BCX become a leading XaaS provider, in line with our integrated solutions and partnerships strategic pillars.

### Further reading

[Page 33](#)

## 3 Staying relevant amid intensified competition

### Context

The South African ICT sector remains highly competitive, with an increasing focus on customer experience. There is a steady demand for communications, particularly data services, as customers seek cost-effective solutions to stay connected despite the macro-economic challenges. These include increased loadshedding, inflationary pressures, higher interest rates and reduced business confidence, all of which continue to put consumers and businesses under significant financial pressure.

Loadshedding makes it challenging for mobile operators to maintain a quality and reliable network experience for customers. They must incur additional costs to maintain access, leading to pricing adjustments for customers.

In the digital economy, more South Africans rely on fixed and mobile data for personal and business use, driving an ever-increasing growth in both the adoption and consumption of data. The competition to serve these customers is intense, particularly within the pre-paid markets.



### Strategic pillars

- Partnerships
- Integrated solutions
- Victory in broadband
- Operational efficiency
- Technology innovation



## V T Implications for our strategy

Telkom is committed to broadband and data leadership as per our strategy. We have invested in additional spectrum, alternative power sources, new network expansion and capacity upgrades. These are all geared to providing a quality network experience, in line with our technology innovation strategic pillar.

Telkom's fixed and mobile data value propositions cater for all business and consumer segments. We are committed to delivering innovative and value-based product propositions, providing customers with maximum value at affordable prices. These value-rich propositions have led to increased data consumption and revenues. In particular, they have stimulated material growth within the mobile pre-paid business, driven through our private pricing platform Mo'Nice, the pre-paid product portfolio, and emergency top-up services.

Telkom's commitment to fibre connectivity has driven growth in fibre connections and associated revenues. Our summer campaign messaging, "Join the best value network", backed up by independent research conducted by Tarifica in 2023, supports our strategic intent of being the leading value data network.

### Further reading

Page 52  
Page 31

## 4 Managing regulatory change

### Context

Mobile operators were initially unable to make full use of the sub 1 GHz spectrum purchased at the ICASA spectrum auction in March 2022. This was due to residual interference from broadcasting systems in parts of South Africa. Following the final switch-off of analogue television on 31 July 2023, the sub 1 GHz spectrum became available nationally for mobile services.

ICASA's next spectrum licensing process or auction was due to be concluded by March 2024, but this has not materialised. It is now expected to be concluded during FY2025. ICASA has indicated that it will first consider spectrum holdings post-auction, imbalances in sub 1 GHz, and the impact of the previous auction on competition. It also indicated that it would conduct an inquiry into the existence of a secondary spectrum market to ascertain whether there is a need for regulatory intervention.

ICASA finalised its cost study to determine appropriate fixed and mobile termination rates. The final rates are expected to be implemented in FY2025. Telkom welcomes ICASA's commitment to implementing a lower-cost standard. We trust that the new glide path will stimulate the South African economy through fair competition and a reduction in the cost of communication.

## 0 Implications for our strategy

After the final broadcasting interference was cleared, Telkom was able to deploy 800 MHz across the various regions of South Africa. Therefore, we paid the final auction fee on 29 December 2023. The low band spectrum enables us to improve indoor coverage and increase the distances between base station sites. This leads to improved customer experience and contributes to the operational efficiency strategic pillar.

Telkom supports the principles of enhancing service quality, customer choice and effective competition. Through constructive engagement with regulators and policymakers, we aim to ensure that the electronic communications sector is competitive and able to support South Africa's economic growth and the empowerment of its people.

### Further reading

Page 55

## 5 Increasing focus on climate change

### Context

Driven by international initiatives to combat climate change, South African companies are under pressure to reduce their carbon footprint and strive for net zero emissions. While Africa contributes minimally to greenhouse gas emissions, it is experiencing significant impacts from human-induced climate change, including biodiversity loss, water scarcity, and economic setbacks.

Limiting global warming to 1.5°C is crucial for mitigating these impacts, particularly in African economies.

Many South African companies have implemented sustainability measures, including science-based emissions targets and increased renewable energy utilisation.

## EO Implications for our strategy

In FY2022, Telkom developed an ESG strategy with a focus on becoming carbon neutral by 2035 and net zero by 2040. Our ongoing efforts include exploring alternative energy sources and reducing Scope 1 and 2 emissions, enhancing our competitiveness in the market.

Our Scope 1 and 2 emissions have decreased by 9%. This was primarily due to ongoing diesel optimisation projects (lithium-ion battery installations) and ongoing accounts terminations and re-billings as we continued efforts to increase renewable energy use. We are committed to refining our approach across governance, strategy, management, metrics and performance, in line with market and stakeholder expectations.

### Further reading

Page 97  
Page 98



## Engaging with our stakeholders

Telkom commits to open communication with its stakeholders and engages them on various matters. We strive to respond to stakeholder concerns appropriately and timeously, and to be transparent about how we address these concerns.

We are guided by our stakeholder engagement framework and policy in managing our stakeholder engagements. We structured our Stakeholder Management Programme around identifying stakeholders, engaging with them, understanding their challenges and expectations, and aligning them to Telkom's strategic and operational objectives and targets.

We engage with stakeholders regularly through appropriate channels.

In FY2023, we enhanced our stakeholder engagement framework to better respond to changes in our operating environment, while also considering industry-leading practices in stakeholder management. In FY2024, we planned to submit the framework for approval through our governance structures and update the Group's stakeholder engagement management policy accordingly. However, we were hampered by capacity constraints and have revised our timelines to complete this process in FY2025.

### Stakeholder governance structure



### Monitoring and reporting

We assess the effectiveness of stakeholder engagements and relations by linking KPIs to value creation and relationship quality. Proper assessment of stakeholder relationships allows management to channel time and effort into relationships that are relatively weak.

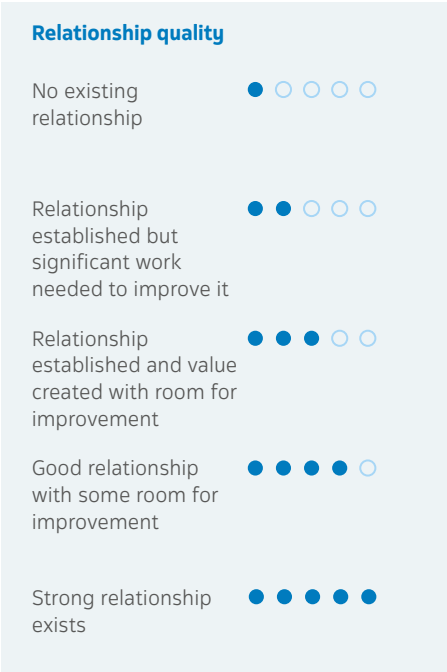
In FY2024, we focused on the below stakeholder matters:

- **Customers** | Strategy alignment across the Group to ensure customer experience is a key priority across the customer journey and value chain
- **Employees and organised labour** | We focused on initiatives supporting employee experience, collaboration, innovation, performance, and training and development
- **Suppliers** | Implemented ESG assessments for suppliers



Our stakeholder groups

We unpack our top six stakeholder groups below, based on the material impact they can have on Telkom's value creation process.

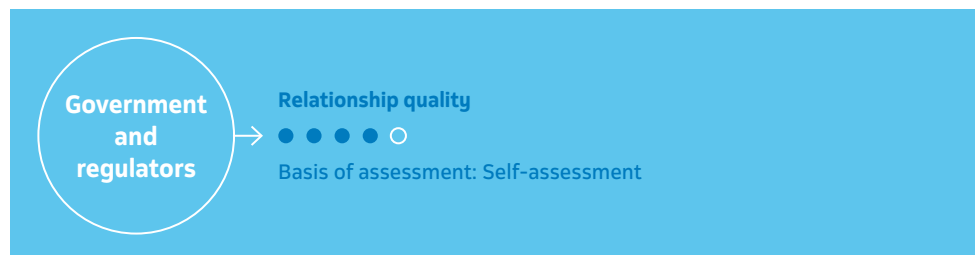


Customers underpin our existence and drive our reputation and brand. They consume the products and services from which we generate revenue. Their requirements guide product and service development in relation to new trends. Refer to the business unit performance sections in the productive capital chapter, starting on [page 57](#).

<b>Their interests, needs and expectations</b>	<ul style="list-style-type: none"><li>- A relationship of trust and transparency</li><li>- Reliable, affordable, and value-rich products and services</li><li>- Solutions that support cost management</li><li>- Timeous resolution of complaints and issues</li><li>- Effortless transactions</li><li>- Secure information</li><li>- Education on how they can derive the most value from our offerings</li></ul>
<b>How we responded in FY2024</b>	<ul style="list-style-type: none"><li>- Continually reviewed product portfolios to ensure our products are relatively affordable and market-responsive</li><li>- Extended product ranges in response to market needs, e.g. WhatsApp and TikTok bundles for the mass and youth segments and best-in-class unlimited offerings for the high-value segments</li><li>- Implemented POPIA-compliant direct marketing guidelines</li><li>- Openserve Connect app to simplify customer interactions, and proactive notifications to customers on relevant matters</li></ul>
<b>Overarching value created for our customers</b>	<ul style="list-style-type: none"><li>- Offered our customers the most compelling product and service value propositions on the market to accommodate their budget constraints in a tough economic environment</li><li>- By providing connectivity, we enabled them to improve their lives and grow their businesses</li></ul>
<b>In FY2025 we will prioritise</b>	<ul style="list-style-type: none"><li>- Improving the customer experience</li></ul>







Government, Parliament and regulators (through policies, laws and regulations) impact the cost of doing business, as well as our ability to derive a reasonable return on investment and create value for our stakeholders.

Regulators issue critical licences, such as those necessary to provide electronic communications services and networks and to use radio frequency spectrum. Regulators also monitor retail tariffs, set call termination rates, impose social obligations, allocate numbers, and prescribe various fees payable by licensees. Non-compliance with laws and regulations can result in penalties and fines.

#### Their interests, needs and expectations

- A relationship of trust and transparency
- Compliance to policies, laws and regulations
- Quality and affordable products and services across South Africa
- Effective competition in the market
- Confidence of capital providers in the market
- Economic transformation and social impact, job creation, productivity

#### How we responded in FY2024

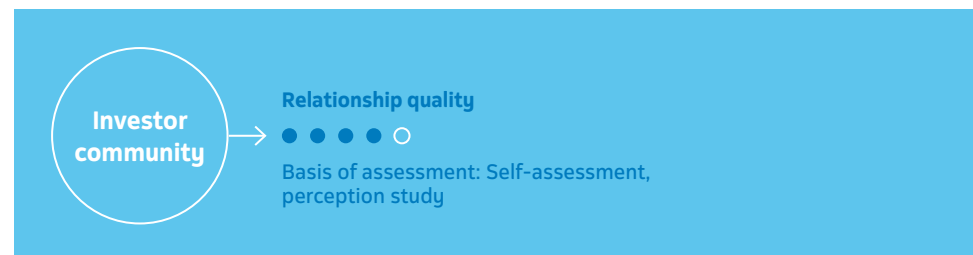
- Continued to engage with policymakers, regulators and the market to ensure the above expectations are met

#### Overarching value created for government and regulators

- Contributed to the fiscus through financial contributions such as tax payments, licence fees and contributions to the Universal Service and Access Agency of South Africa
- Enabled the government's social and economic development mandate through investment in networks and infrastructure
- Helped shape government policies through robust engagement with regulatory agencies such as ICASA and the competition authorities and participation in industry forums
- Supported local procurement and employment and value-adding corporate social initiatives

#### In FY2025 we will prioritise

- Continuing to collaborate with the government and other regulatory bodies as necessary to maintain robust engagement and ensure ongoing communication and co-operation



The investor community enables access to equity and debt markets. It drives demand for Telkom shares and debt securities, impacting our market capitalisation and debt issuance capacity. Also refer to the leadership reflections starting on [page 14](#).

#### Their interests, needs and expectations

- Long-term sustainable return on investment
- Stabilisation of debt levels
- A relationship of trust and transparency, and access to management
- Clearly articulated investment case
- Improved ESG disclosures and tracking performance against goals set

#### How we responded in FY2024

- Management engaged with investors and analysts at financial results roadshows, conferences, and on an ad hoc basis
- Management engaged with the investment community on the Swiftnet disposal deal roadshow to drive shareholder approval for a Swiftnet transaction
- Board Chair and Remuneration Chair engaged with shareholders at the roadshows
- Continued to provide progress on our ESG targets
- Simplified and improved the disclosure of ESG strategy
- Conducted a perception study to receive feedback and identify areas for improvement

#### Overarching value created for investors

- Improved understanding of Telkom's investment case to enable informed investment decisions
- Telkom aims to provide a sustainable return on investments through dividend payments, share price appreciation, capital and interest payments on bonds, and interest repayments on loans

#### In FY2025 we will prioritise

- Enhancing communication of our strategy and business objectives to current and potential investors to deepen their understanding of our business model
- Continuing to prioritise in-person engagement with investors to strengthen relationships. Exploring innovative ways to maximise investor engagement, leveraging technology for broader participation
- Continuing to improve our reporting practices to provide comprehensive information on ESG matters, reflecting our dedication to sustainability





Employees are strategic partners essential for ensuring Telkom's sustainability through their performance, culture, and skills. Employees possess the intellectual capital required for all core and supporting business processes, making them integral contributors to the Group's success and wellbeing. Also refer to the human capital chapter on [page 78](#).

#### **Their interests, needs and expectations**

- A relationship of trust and transparency
- Frequent communication and engagement
- Job security
- Fair remuneration and recognition and reward for performance
- Learning and development
- A non-discriminatory and safe work environment

#### **How we responded in FY2024**

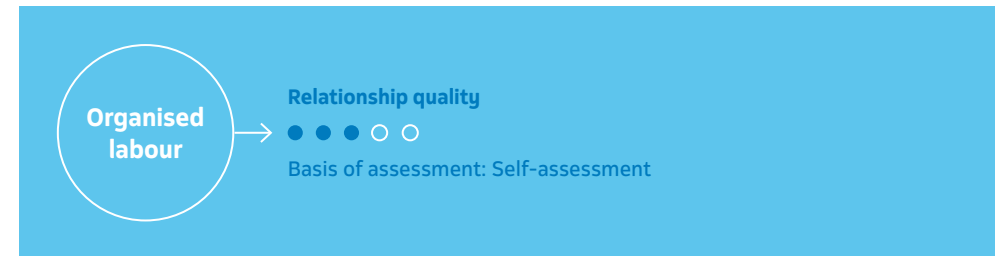
- Facilitated regular meetings and virtual gatherings to keep employees informed about news and initiatives. Utilised diverse communication channels, including email, newsletters and intranet, to share information effectively
- Offered diverse learning opportunities, e.g. part-time bursaries, tailored development programmes, online learning resources, internships, and leadership initiatives
- Integrated individual career development plans into the performance management process to foster talent and professional growth
- Assessed and reviewed the wage gap, focusing on gender and ethnicity, to ensure equity within the workforce

#### **Overarching value created for employees**

- Offered competitive market-related packages with various benefits to enhance value for employees. Benefits included company cellphones, rebates on Telkom services, and flexible death and disability benefits through a bespoke retirement fund
- The Telkom Retirement Fund assists employees with retirement planning and preparation
- The Telkom Wellness Programme provides comprehensive employee wellness assistance, including psychological counselling and legal advice, for employees and their families

#### **In FY2025 we will prioritise**

- Continuing to engage with employees on the strategy to ensure alignment and accountabilities through the performance management process, creating an engagement framework for the employee voice



Telkom has established a recognition agreement with the Alliance of Communication Workers Union (CWU) and South African Communications Union (SACU) for all Company employees at job levels M/S6 and below. The Alliance serves as a strategic partner. It plays a significant role in fostering shared value between Telkom and its employees, advancing the Group's strategic plans, and ensuring operational efficiencies and objectives are met.

#### **Interests, needs and expectations**

- A relationship of trust and transparency
- Proactive consultation on business changes that impact employees
- A stable workforce and business stability
- Continuous commitment to skills development, especially considering new technologies and employment equity regulations
- Avoiding retrenchments and, where unavoidable, minimising the number of impacted employees
- Considering the impact of retrenchments and outsourcing agreements on employment and terms and conditions of employment

#### **How we responded in FY2024**

- Continued with engagement forums between Telkom and unions/alliances

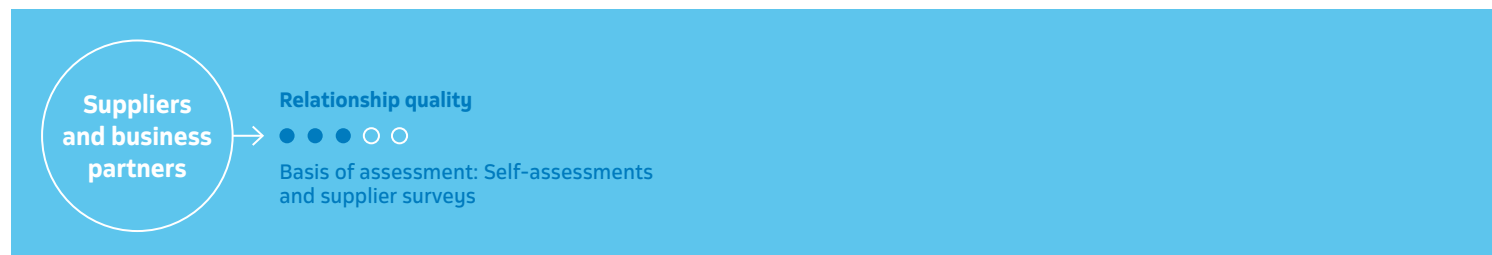
#### **Overarching value created for organised labour**

- Employees are allowed to exercise their right to freedom of association
- Unions are given access to the workforce and we provide support for shop stewards
- Facilitated fee deductions

#### **In FY2025 we will prioritise**

- Conducting performance management workshops
- Facilitating quarterly employee relations workshops between HR business partners, promoters and employees
- Training pools of internal disciplinary inquiry chairpersons and initiators





Our value-adding partnerships with suppliers and business partners allow us to deliver high-quality products and services. Suppliers underpin our value chain and directly influence raw material and other input costs. Suppliers and business partners often represent Telkom to customers and can impact our ability to meet customers' demands and expectations. Also refer to the social and relationship chapter from [page 86](#).

#### Their interests, needs and expectations

- Increased effective and open two-way communication
- Joint contractual obligation management
- Performance visibility and feedback
- Adherence to payment terms
- Simplification of business transactions

#### How we responded in FY2024

- Conducted regular monthly and quarterly reviews with suppliers to ensure alignment and strengthen partnerships
- Evaluated partnership performance and revenue monthly to identify opportunities for growth and improvement
- Tracked adherence to payment terms monthly to ensure consistency and compliance with agreements
- Implemented ESG assessments for suppliers
- Hosted supplier days focusing on operational and transactional aspects such as purchase orders, invoicing, procurement process enhancement, and implementation of digitalisation and automation

#### Overarching value created for suppliers and business partners

- Suppliers and business partners generate revenue through supplying their products and services to Telkom at fair terms
- Telkom provides a platform for partners, suppliers, and service providers to market their products, and strengthens their brands through association with and/or accreditation by Telkom
- We provide training and support to our subcontractors where necessary
- Our enterprise and supplier development (ESD) and transformation programmes (FutureMakers) support local procurement as far as possible. We also support local employment by supporting and developing local contractors

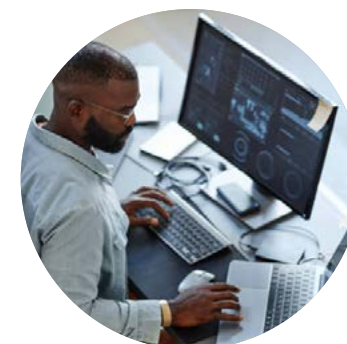
#### In FY2025 we will prioritise

- Driving the Procurement Sustainability Programme
- Driving efficiencies in the procurement value chain

**Our communities** are at the centre of our social licence to operate and host some of our infrastructure. It is imperative that we understand our communities' needs and perspectives, and work collaboratively with them on sustainable solutions to their challenges. Refer to the social and relationship chapter from [page 86](#) for more information.

#### The media, opinion makers and influencers

drive reputation and brand perception. We provide information and context on technical, financial performance and operational developments, and thought leadership on matters affecting our industry. Refer to information on our brands in the intellectual capital chapter starting on [page 70](#).





# Managing risks and compliance

Telkom continues to execute a solid, flexible and resilient risk and compliance strategy that supports our strategic objectives. Our operating environment – together with unprecedented opportunities and significant, poorly understood threats – requires the Group to balance risks and rewards and constantly monitor strategic risks.

When reviewing the Group's risks and opportunities, Telkom considers internal and external contexts and the adequacy of key controls and existing regulatory framework controls. We monitor the effectiveness of risk and compliance to identify improvement areas, and track risk metrics to ensure significant efforts are made to mitigate risks.

Maintaining and continuously improving our risk management capabilities is important for strengthening the Group's performance. We use control self-assessment exercises and compliance control validation reviews to determine the effectiveness of our risk and compliance management processes. Annual risk and compliance reviews are conducted to ensure we meet the King IV requirements. Any undue or unexpected risks, and those risks outside of our tolerance level, are reported with the necessary mitigating actions.



## Risk and compliance management governance

In our dynamic and highly competitive industry, ERM is a strategic imperative. Our ERM framework is meticulously designed to navigate a myriad of risks inherent to the business, from technological advancements and regulatory changes, to cyberthreats and market volatility.

Our ERM strategy is underpinned by a robust governance structure, ensuring that risk management is seamlessly integrated into our strategy and operational processes. All business units, supporting functions, processes, projects, and other controlled entities are subjected to the ERM framework.

According to their mandates, Telkom's governance structures (page 105) continued to support risk and compliance management across the Group. There were no material changes during the year.

End-to-end assurance



Oversight

Enablement



The Board committed the Group to an ERM process aligned to the King IV principles, the Committee of Sponsoring Organisations Integrated Enterprise Risk Management Framework, ISO 31000 Risk Management Guidelines, and Control Objectives for Information and Related Technologies Framework.

ERM is an independent function within Telkom that sets out to achieve the following key objectives:

#### Oversight

All critical risks and opportunities are identified Group-wide and are managed and monitored under a holistic approach consistent with the Risk Committee's approved risk appetite statement.

#### Ownership and responsibility

The ownership of risk is assigned to management individuals who are responsible for identifying, evaluating, mitigating, and reporting risk exposures.

#### Assurance

The Board, Risk Committee, Group Exco and management have reasonable assurance that all risks and opportunities are being appropriately managed and/or explored within defined governance levels to bring value to Telkom.

The Risk Committee oversees the activities of ERM and is kept abreast of these by management. The Committee also oversees management's activities to ensure the ERM framework is embedded and adhered to. In managing and dealing with the Group's risks, Telkom continues to ensure:

- There is effective risk management as it is key to the Group's sustainability and underpins our long-term relationships with customers and other stakeholders
- Risk and opportunity management is clearly and consistently integrated into Telkom's culture and managed according to best practice
- People, processes and technology support the strategy, underpinned by governance, risk and compliance requirements
- Group-wide interdependencies are recognised in enhancing business resiliency by anticipating, observing and responding to the macro- and micro-environments
- Management's conscious effort to manage risks ensures the business fulfils its mandate and that there is collaboration among all internal structures
- The importance of an integrated, proactive and continuous approach is appreciated across all structures
- Potential reputational risks are managed to ensure that key stakeholders' needs and expectations are well comprehended and managed



## Improvements in FY2024

We aligned out ERM risk assessments with the Telkom strategy and business plan while supporting the OneTelkom mindset. This was done in collaboration with other business units. We also reviewed the risk appetite and tolerances, which are aligned with Telkom's business drivers. These were approved by the Risk Committee and are implemented and monitored on an ongoing basis.

## We are progressing satisfactorily with the ERM strategy, and have made key improvements as part of our journey to becoming a risk-intelligent Group.

To ensure a risk culture is embedded, we promoted Group-wide business continuity awareness through different channels, including live broadcasts.

We identified and reviewed ESG-specific risks and presented them to the ESG Council and governance structures. As part of this, we conducted risk assessments at different regions to establish potential climate change threats and Telkom's readiness to respond to adverse weather events (see the natural capital chapter on [page 95](#)). This will help the Group make progress in achieving its ESG strategy.

We also assessed reputation risk, with the outcome of the assessment to be concluded in the first quarter of FY2025 (see intellectual capital chapter on [page 70](#)).

## Industry collaboration

Telkom continued to share with and learn from the telecommunications industry by participating in conferences.

We also participate in the Communication Risk Information Centre. The centre facilitates the management of risks affecting the telecommunication industry in South Africa, and includes Telkom, MTN, Vodacom, Cell C and Liquid Telecommunications. Among the key risks and challenges being addressed are loadshedding, cybersecurity, physical security and other threats to business continuity.

Telkom participates actively in all the important streams to ensure collaborative efforts to mitigate these threats to the industry.



## Business continuity management

The ERM plan for FY2024 focused on strengthening business resilience. The response plans and governance structures were reviewed and communicated, including the crisis communication handbook.

Telkom is committed to collaboration principles, maintaining communication services under adverse conditions, and supporting local and national governments should a crisis arise. The Group ensures that its infrastructure, business processes, and emergency management procedures are flexible enough to protect key stakeholders' interests and our reputation and brand.

Telkom proactively managed operational risks relating to transformational changes, such as the implementation of S189 which started in FY2023 and continued into FY2024, and did not experience significant events, such as labour unrest. The Group ensured there was minimal disruption of operations or network infrastructure. We conducted a scenario analysis to prepare for the possibility of major events such as national grid failure.

The Group is exposed to certain risks (listed on the next page) relating to events that are already happening or are imminent or inevitable. These risks significantly affect business-as-usual operations and strategy execution, which could have immediate and long-term impacts on the achievement of Telkom's strategic goals.



Disaster management and response structures, such as the Group Emergency Management Team and the Regional Emergency Management Teams, continue to manage crises effectively. In FY2024, the teams managed:



### Power outages and loadshedding

Disruptions due to power outages impair service delivery and erode customer trust, potentially leading to significant financial losses and reputational damage.

Loadshedding continued in FY2024 due to Eskom's inability to meet demand. However, Telkom managed seamless transitions to alternative power supplies.

Telkom has business continuity and response plans and Emergency Management Teams in place to ensure continuity of service and customer experience through different loadshedding stages. We actively engage ICASA, Eskom, the National Disaster Management Centre, the Communication Risk Information Centre (COMRIC), the Association of Communications and Technology (ACT) and other industry bodies to address loadshedding issues.

The Group is investing in renewable energy sources that will provide greener alternative power and reduce reliance on the national grid. The energy strategy focuses on solar power and lithium-ion batteries, quad generation and hydrogen fuel cells, smart real estate, and heating, ventilation and air-conditioning (HVAC) optimisation.



### Severe/extreme weather conditions

Telkom effectively dealt with extreme weather events, avoiding material damage to infrastructure and people due to the controls in place. However, our infrastructure remains at risk of damage and destruction given the increased frequency of events such as extreme heatwaves, heavy rainfalls, storms, excessive lightning, and floods.

Telkom embarked on a disaster risk assessment project nationally to unpack extreme weather threats and impacts on employees, operations, infrastructure and network performance. We foresee this risk continuing and have also placed it on our list of emerging risks.



### Water supply challenge

Water supply is a challenge for various municipalities due to ageing infrastructure and drought in some areas. This could have adverse effects on Telkom's operations and employees. Telkom uses regional assessments to establish the extent of this risk and identify plans to proactively manage it.

### Emerging risks in FY2024

Telkom continued to monitor and assess the identified emerging/external risks and opportunities it feels might impact the Group.

Emerging risk	Description
<b>Cost of living crisis</b>	<p>Inflation and high interest rates continue to drive up costs for consumers and enterprises. Consumers' disposable income has reduced significantly, exacerbated by high unemployment, slow economic growth and loadshedding.</p> <p>All these factors lead to reduced spending on Telkom products and services. In response, Telkom focuses on innovative products and services that contribute to revenue generation in challenging economic times.</p>
<b>2024 international and national elections</b>	<p>Elections can have profound impacts on the telecommunications industry, shaping policies, regulatory environments and market dynamics.</p> <p>The 2024 national elections come with uncertainty, which could lead to social and political tension, civil unrest, inefficient and unstable government, and policy uncertainty.</p> <p>Telkom will monitor developments and adjust its strategies to manage any threats or opportunities that may arise after the elections.</p>

### Our strategic risks

Telkom reviewed the Group's strategic risks based on three dimensions:

- ① **Macro-environmental risks** likely to impact Telkom's growth opportunities, such as economic conditions and the capability to access funds.
- ② **Strategic risks** with the potential to affect Telkom's business strategy/objectives. These are uncertainties or opportunities that could affect decision-making. They are crucial matters that the Board, shareholders and investors should be concerned about in relation to strategic intent.
- ③ **Operational risks** with the potential to impact critical operations, such as increased cyberattacks or supply chain disruptions.

Telkom identified the strategic risks in the context of its financial and non-financial strategic objectives. Most of the risk ratings decreased due to improved mitigating actions; others remained the same due to changes in the macro-environment, specifically relating to the negative global economic outlook.

*The enterprise risk management and compliance report starting on page 47 details Telkom's material risks according to the governance requirements contained in the JSE Listings Requirements. This report is available [online](#).*





The risk heatmaps alongside reflect the residual risk rating, which considers the mitigation controls in place.

**The following risk dashboard reflects the movement of strategic risks between FY2023 and FY2024.** In FY2022 and FY2023, Telkom reported on the strategic risk of “Unstable and unpredictable regulatory dispensation”. This risk was moved to the operational risk register in FY2024 as it is managed as business as usual with a satisfactory control environment.

Description	Residual risk exposure		Trend	Reason for risk movement
	FY2023	FY2024		
1 Market forces and disruption exacerbating competition pressures	Very high	High	↓	The OneTelkom mindset aims to increase competitive ability.
2 Inability to attract and retain a suitable, resilient and healthy workforce to service and support the changing ecosystem	Very high	High	↓	Telkom is implementing programmes which will contribute to attracting and retaining critical talent.
3 Increased focus and scrutiny on ESG matters	High	High	↔	There is progress on the ESG strategy and the maturity assessment actions are expected to reduce this risk.
4 Financial sustainability	Very high	High	↓	Telkom financial performance in terms of revenues and EBITDA has improved compared to FY2023.
5 Macro-environmental instability	Very high	Very high	↔	The macro-environment is challenged by factors such as geopolitical tensions and economic outlook.
6 Inability to manage and meet material stakeholder expectations	New	Medium	N	This risk was raised in FY2024 and improved throughout the year because key stakeholders are engaged systematically and effectively, although the stakeholder engagement framework is still in progress.

#### Movement in our strategic risks compared to FY2023 reporting

- ↔ Risk exposure remained constant      ↑ Risk exposure deteriorated  
 ↓ Risk exposure improved                      N New risk

Descriptions	FY2024 numbering	FY2023 numbering
Market forces and disruption exacerbating competition pressures	1	2
Inability to attract and retain a suitable, resilient and healthy workforce to service and support the changing ecosystem	2	3
Increased focus and scrutiny on ESG matters	3	4
Financial sustainability	4	5
Macro-environmental instability	5	6
Inability to manage and meet stakeholder expectations	6	–
Unstable and unpredictable regulatory dispensation	–	1



Risk definition	Mitigating activities and monitoring	Assessment rationale and opportunities arising from managing risks
-----------------	--------------------------------------	--

## 1 Market forces and disruption exacerbating competition pressures

Telkom operates in a competitive and rapidly changing market. Increases in technological innovation, market deregulation, customer expectations, and new entrants in the connectivity space exacerbate this risk, putting pricing and product offerings under pressure.

Failure to respond swiftly to competitive threats could negatively impact the Group's prospects, including its market share, relevance, revenue growth and profit margins.

### Strategic pillars



### Material matters



- Continuously monitor the market and competitive landscape, using AI to gain further insights
- Develop product offerings that appeal to customers and explore upselling opportunities
- Develop and implement adaptive strategies focused on innovation
- Investigate strategic partnerships to increase competitive advantage
- Continuously implement and enhance our employee value proposition to ensure the competition does not poach critical employees
- Invest in technology that ensures agile and speedy solution delivery
- Continuously identify and address operational inefficiencies

Telkom faces various market forces and disruptions that exacerbate competition pressures.

Competitors are leading market developments in market segments in which Telkom operates, i.e. IT, technology, enterprise, mobile and fibre. Telkom is implementing various strategies to maintain its market position and ensure sustainable growth.

To circumvent the competition, Telkom is working on several innovative digital solutions suitable for our market segments.

Our competitiveness can be improved by empowering the customer service teams, reviewing product design methodologies, fast-tracking IT transformation, aggressively leveraging fibre assets and expanding the cloud services offering.

Risk definition	Mitigating activities and monitoring	Assessment rationale and opportunities arising from managing risks
-----------------	--------------------------------------	--

## 2 Inability to attract and retain a suitable, resilient and healthy workforce to service and support the changing ecosystem

The world is undergoing several changes related to how companies work, hybrid working models, customer behaviours, and technology trends. This requires talent that can provide a sustainable competitive advantage. Failure in this regard could result in loss of competitive advantage, increased employee costs and delays in achieving the Group's strategy.

### Strategic pillars



### Material matters



- Continuously implement the culture transformation journey
- Review and implement the recruitment strategy to meet the demands of the business while allowing flexibility to the workforce to align with market demand
- Develop and implement change management processes to keep up with the pace of change and enable a robust working environment
- Implement future skills programme

This risk remains material due to the uncertainty associated with Telkom's performance compared to competitors, restructuring, and shortage of scarce skills, i.e. AI, data science and other skills.

Telkom continues to implement measures to reduce the impact of this risk. These actions include the learning programmes, future skills development, OneTelkom culture and associated values, and maintaining a hybrid work approach.

Telkom was awarded Top Employer status in 2024. This contributes positively to Telkom's brand as well as its ability to attract and retain talent.

The key risk indicators (KRIs) for staff turnover are within tolerable levels.

Considering the positive developments experienced in FY2024, the risk was reduced from Very High to High.

See [page 78](#) for more on our HR practices.



Risk definition	Mitigating activities and monitoring	Assessment rationale and opportunities arising from managing risks
<b>3 Increased focus and scrutiny on ESG matters</b>		
<p>Increased focus on ESG matters is due to the fast-growing importance of sustainability matters in society, including increased awareness of climate change, social inequality, and corporate misconduct. This could impact Telkom's financial sustainability and reputation and limit access to opportunities.</p> <p><b>Strategic pillars</b></p> <p><b>O</b></p> <p><b>Material matters</b></p> <p><b>MM7</b></p>	<ul style="list-style-type: none"> <li>- Implement the ESG strategy with defined roles and responsibilities</li> <li>- Continuously identify and monitor ESG risks</li> <li>- Continuously improve ESG maturity</li> <li>- Conduct climate risk assessments in all the regions</li> </ul>	<p>Telkom is progressing on the ESG strategy as set out on <a href="#">page 36</a>.</p> <p>KPMG conducted a maturity assessment of Telkom's ESG journey in January 2024, and gaps were identified to move from "managerial" to "strategic". The following will be prioritised:</p> <ul style="list-style-type: none"> <li>- Conduct a stakeholder needs assessment in respect of ESG to align efforts with expectations</li> <li>- Expand ESG risk profiles at Telkom business unit level</li> <li>- Set risk appetite levels in respect to ESG</li> <li>- Conduct a double materiality assessment</li> <li>- Conduct benchmarking on ESG reporting</li> </ul> <p>Although progress has been made on these initiatives, this risk remains High as some expected deliverables have not yet been completed.</p>

Risk definition	Mitigating activities and monitoring	Assessment rationale and opportunities arising from managing risks
<b>4 Financial sustainability</b>		
<p>Maintaining financial capacity is crucial to sustain and grow operations while building financial resilience to manage unforeseen economic events. This risk is due to:</p> <ul style="list-style-type: none"> <li>- A depressed economic environment</li> <li>- Insufficient liquidity and/or cash flow deterioration</li> <li>- Inability to generate free cash flow</li> <li>- Customers not paying on time</li> <li>- Unsustainable leverage ratios</li> </ul> <p><b>Strategic pillars</b></p> <p><b>P V O</b></p> <p><b>Material matters</b></p> <p><b>MM5</b></p>	<ul style="list-style-type: none"> <li>- Monitor our Sustainable Cost Management Programme</li> <li>- Launch new products to drive revenue</li> <li>- Continue with cash release initiatives, such as the Supply Chain Finance Programme</li> <li>- Maintain adequate debt headroom and disciplined capital allocation, with flexible capex investments and secured debt facilities</li> <li>- Maintain a sound governance framework that ensures transparent financial and operational frameworks and supportive credit ratios</li> </ul>	<p>This risk abated in FY2024 due to improved financial performance, as set out in the GCFO's report on <a href="#">page 21</a>.</p> <p>From a macro perspective, there was no meaningful economic growth and loadshedding was experienced in most of FY2024.</p> <p>Telkom experienced growth in revenue and EBITDA as compared to FY2023. Free cash flow also improved in FY2024. There was sufficient headroom in terms of working capital facility.</p> <p>For this improvement to be sustainable, Telkom should continue to explore other revenue streams to reduce operational costs and improve profitability.</p>



Risk definition	Mitigating activities and monitoring	Assessment rationale and opportunities arising from managing risks
-----------------	--------------------------------------	--

## 5 Macro-environmental instability

Socio-economic challenges impact consumers' quality of life and influence their attitudes, behaviours and preferences. Since consumers are critical to the Group's success, this instability could lead to levels of profitability and cash generation that are unsustainable. It could also impact our shareholders' perspective on the Value Unlock Strategy and future growth.

### Strategic pillars



### Material matters



- Formulate and implement initiatives and frameworks aligned with the National Development Plan
- Increase collaborative efforts with social agents and foster private-public partnerships
- Strengthen corporate social responsibility initiatives
- Continue to develop and implement a youth employment strategy
- Monitor macro-economic indicators to guide financial decision-making and strategy execution
- Monitor geopolitical developments and their effect on strategy execution and operations
- Develop products and services which remain competitive to meet changing customer needs

Challenging economic conditions persisted throughout FY2024 due to slow economic growth and higher interest rates.

Added to this were a deteriorating fiscal situation, unemployment and loadshedding.

Existing and emerging geopolitical conflicts will continue to exacerbate the macro-environmental instability. These factors could lead to social unrest, impacting distribution and trade. The upcoming elections heighten this risk.

Most of these factors are out of Telkom's control. However, we can ensure that our products and services are competitive enough to meet changing customer attitudes and behaviours.

There are also opportunities to offer products and services to improve the economy, and to partner with communities to address social issues such as the digital divide and growing SMMEs.

Risk definition	Mitigating activities and monitoring	Assessment rationale and opportunities arising from managing risks
-----------------	--------------------------------------	--

## 6 Inability to manage and meet material stakeholder expectations

Inability to meet stakeholder needs and expectations could result in:

- Diminished reputation
- Loss of trust, investor confidence and access to capital
- Customer dissatisfaction, loss of market share, and diminished brand reputation
- Public backlash and potential boycotts of our products and services
- Low employee morale, decreased productivity, and increased employee turnover rates

- Review and enhance the stakeholder management framework
- Implement effective communication strategies to manage and align expectations
- Continuously monitor and track performance against stakeholder expectations, creating opportunities to revise plans, collect feedback and adapt to evolving needs to ensure alignment

Read more in the stakeholder chapter on [page 42](#).

### Strategic pillars



### Material matters



Telkom identified this risk due to the lack of an effective integrated stakeholder engagement framework, which could result in a siloed approach to stakeholder engagement. This could have an impact on the achievement of strategic objectives, financial performance, and reputation among external stakeholders.

In FY2024, Telkom focused on the following stakeholder matters:

- Customers: strategy alignment across the Group to ensure customer experience as a key priority across the customer journey and value chain
- Employees: focused on initiatives supporting employee experience, collaboration, innovation, performance, and training and development
- Suppliers and business partners: implementation of ESG assessments for suppliers

The stakeholder engagement framework is currently being reviewed and enhanced and will be approved in FY2025.



## Compliance governance and oversight

Telkom recognises the pivotal role of compliance in maintaining the integrity and sustainability of our operations within the dynamic industry landscape. We commit to full compliance with all applicable laws and regulations, and support the application of non-binding codes and standards, to foster stakeholder trust and ensure the Group's long-term viability.

The Board, through the Group Risk Committee, oversees compliance risk management and internal controls to ensure compliance with legislation. We have a specialised team that oversees our compliance landscape, ensuring that regulatory obligations are met and that we stay ahead of emerging legislation and regulations.

**We have zero tolerance for regulatory non-compliance, fraud, bribery, and corruption. We are committed to meeting all applicable compliance requirements and fulfilling all disclosure and reporting obligations to maintain our reputation.**

### Focus areas

The compliance programme focused on:

- Overseeing implementation of the employment equity plan and tracking of sector-specific targets introduced by the Employment Equity Act amendments. We appointed and onboarded new employment equity forum members
- Monitoring the Tobacco Products and Electronic Delivery Bill developments
- Monitoring the impact assessment of the Taxation Laws Amendment Act and Tax Administration Laws Amendment Act

**We confirm that no material or repeated regulatory penalties, sanctions, or fines for contraventions of or non-compliance with statutory obligations were reported in FY2024.**

This stringent compliance regime supports our combined assurance approach through our three lines of defence and regular reporting. The compliance function also reports to the IT governance structures and the economic crimes forum on data privacy, cybersecurity, and potential areas of non-compliance.

The Group Exco annually reviews and approves the regulatory universe derived from our risk-based approach. This is an important part of our due diligence, strategic planning, and risk management. It safeguards Telkom's compliance posture and allows us to seize opportunities to drive innovation and growth within a sound regulatory framework. We also invest in comprehensive employee training to foster a culture of compliance and integrity.

The annual compliance plan supports the ERM strategy and objectives. It sets out plans to enhance the Group compliance culture and monitor compliance risk management. We provide quarterly compliance reports on the status of compliance deliverables to various governance structures, including the ERM forum, integrated governance risk and compliance forum, Risk Committee, and the Board. We appointed an independent assurance service provider in FY2024 to conduct a compliance maturity assessment. The results of the maturity assessment indicated that Telkom's compliance environment is acceptable with areas of improvement identified.

We monitor and report on the effectiveness of controls to ensure compliance with the National Environmental Management Act and associated regulations. We implemented controls to ensure ongoing compliance with the Carbon Tax Act requirements, and continue to monitor developments relating to the sector emissions reduction plan and targets.

We have intensified efforts to protect personal information amid growing data privacy concerns. Compliance with the data privacy

regulations was enforced through policies, regular audits and risk assessments.

We continue to play a proactive and influential role in the regulatory space. We believe active participation is essential for shaping a regulatory environment that fosters innovation, fair competition, and consumer protection. It also helps us to anticipate and adapt to new compliance requirements, reducing the risk of non-compliance and associated penalties. Our involvement featured:

- Advocacy for regulatory balance between safeguarding consumer interests and allowing flexibility to innovate and grow
- Participating in dialogues with regulators and policymakers and contributing our expertise to draft policies that could impact the industry (e.g. RICA and the Cybersecurity Bill)

### Challenges and remediation

We respect our customers', employees' and service providers' personal information and are committed to ensuring that the personal information we handle is safeguarded. Data privacy threats have increased globally, and compliance with data privacy legal frameworks and information security standards is Telkom's priority. Two instances of unauthorised access to personal information (FY2023: 2) were reported to the Information Regulator, with limited exposure. The business immediately enhanced the control environment.

We received five customer complaints (FY2023: 3) from the Information Regulator regarding direct marketing and unauthorised access to information. The business investigated all incidents, reported on the outcomes, and addressed the control environment.

### Focus areas FY2025



- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>- Continue to align strategy, business plan and ERM activities</li> <li>- Integration and co-ordination of all assurance activities through collaboration with other assurance providers</li> <li>- Continue to embed and monitor the risk appetite framework</li> <li>- Refine business continuity management strategies responding to all possible threats (e.g. climate change risk)</li> <li>- Implement the ESG maturity assessment recommendations</li> </ul> | <ul style="list-style-type: none"> <li>- Monitor the Climate Change Bill developments, develop the compliance risk management plan and identify required controls</li> <li>- Monitor the National Health Bill developments and the possible impact on remuneration contributions and general taxes</li> <li>- Integrate the compliance maturity assessment recommendations into the compliance strategy</li> <li>- Review the compliance risk management plans of the top 10 laws and update with additional obligations</li> <li>- Engage stakeholders to implement controls that will address the Cybercrime Act obligations for ICT service providers</li> </ul> |
|--|---|



FY2024  
PERFORMANCE

5

Productive capital	57
Openserve	57
Telkom Consumer	60
BCX	63
Swiftnet	67
Gyro	69
Intellectual capital	70
Human capital	78
Social and relationship capital	86
Natural capital	95







Delivering on its ambition of being the open-access wholesale market leader in fibre connectivity across South Africa, Openserve continued to provide reliable and innovative connectivity solutions and exceptional customer experience. The business unit achieved significant growth in its next-generation data-led products and services, which now contribute 76.4% of its total revenue, up from 69% in the previous year. This shift in its revenue mix underscores the success of Openserve's strategy to drive the adoption of fibre-based services, unlock new revenue streams through strategic partnerships, and leverage innovation and process automation as it positions itself at the forefront of the digital transformation journey.

## Performance overview

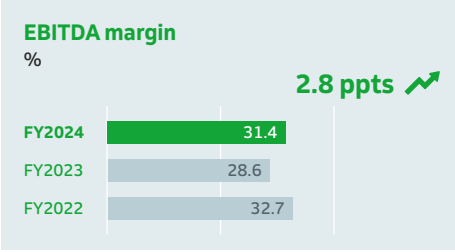
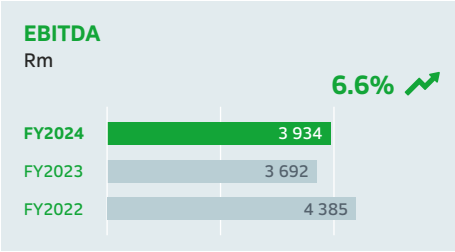
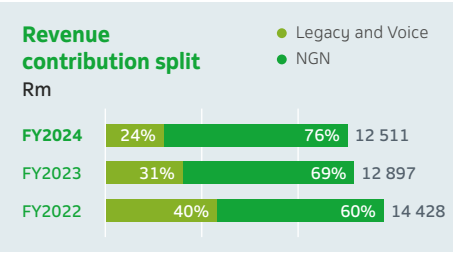
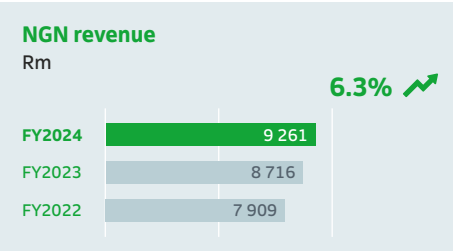
Openserve's next-generation fixed data-led products grew by 7.4% from FY2023, driven by continued growth of 16.1% in NGN broadband connectivity, while the enterprise and carrier segments grew by 4.8% and 2.5%, respectively. Openserve's contribution to Telkom's overall revenue increased significantly by 10.7% to R4 526 million, underpinned by the diversification of external wholesale channels. These showed strong NGN revenue growth of 12.9%, resulting in NGN connectivity constituting more than 93% of Openserve's total external wholesale revenue.



The strong growth in next-generation services has played a pivotal role in transforming Openserve's overall revenue mix. This growth offset its managed decline in fixed-voice revenue of R743 million or 26.5%, and the decline of R308 million or 32% in legacy data revenue predominately experienced through the Telkom channels. This resulted in an overall revenue decrease of 3.0% to R12 511 million (FY2023: R12 897 million).

As Openserve continued commercialising the next-generation network, it focused on driving cost efficiencies throughout the business unit, including optimising headcount and simplifying its network through legacy decommissioning, leading to site optimisation. It also focused on implementing green energy solutions such as solar and lithium-ion batteries, resulting in a decrease of R82 million or 15.8% in diesel spend despite higher levels of loadshedding across its national footprint.

This multi-faceted approach towards cost optimisation contributed to a strong financial performance, with EBITDA increasing to R3 934 million at an EBITDA margin of 31.4%.



### Scalable network

In line with our strategic focus on building a future-proof network, Openserve made significant strides in expanding and enhancing its infrastructure. It invested R2 547 million in modernising its network in FY2024, with an emphasis on fibre rollout. As a result, the number of homes passed with fibre increased by 17%, reaching 1 217 110 homes. This enables us to meet the growing demand for high-speed connectivity while enabling a thriving digital ecosystem.

Openserve's ongoing investments in upgrading its existing fibre nodes, coupled with building strategic partnerships, reinforced its position as the leading connectivity provider in South Africa. This was evident during the recent undersea cable breaks, when Openserve played a key role in automatically rerouting traffic to unaffected routes, enabling uninterrupted connectivity through its network redundancy and diversity across international internet access.

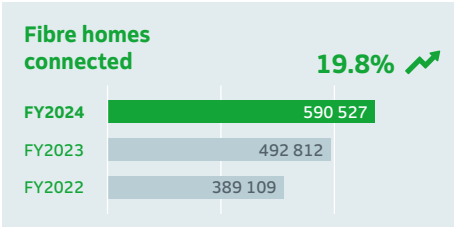
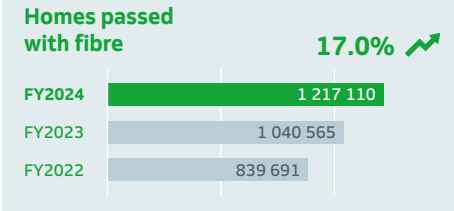
As Openserve continued to provide the infrastructure that is driving today's innovation for tomorrow's demands, it saw a continued increase in data consumption, reaching a high of 2 307 petabytes, a 21.7% increase from the prior year. With the continued focus on modernising its network infrastructure, Openserve is confident in its ability to ensure its network remains scalable, resilient, and prepared to meet exponential growth in data demand and high-speed connectivity in South Africa.

### Commercialise the network

Openserve has made significant progress in commercialising its network by adopting a customer-centric approach and introducing innovative solutions to meet evolving market needs. Its efforts to grow its fibre footprint in high-demand areas yielded impressive results, with the number of homes connected to its fibre network increasing by 19.8% to 590 527, enabling it to lead the market with a connectivity rate of 48.5%. These achievements highlight Openserve's ability to monetise its infrastructure investments and deliver value to its customers.

To further enhance its product and price offerings and cater to the diverse needs of its customers, Openserve launched Openserve Fibre to the Room (FTTR). Openserve FTTR offers high-speed coverage throughout the home with minimal disruption, together with Prepaid Connect, an end-to-end fibre service delivered in selected areas over Openserve's Gigabit Passive Optical Network (GPON). Free speed upgrades were also offered across Openserve's fibre broadband portfolio, including a free 30-day uncapped internet promotional offer.

### Accelerated investment in fibre





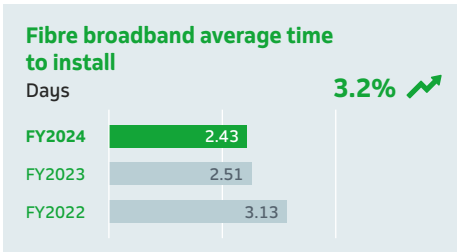
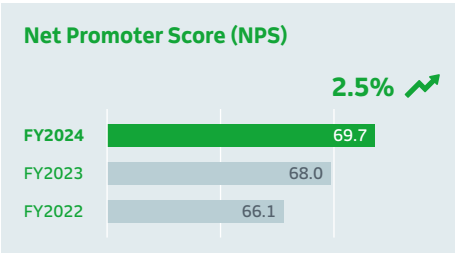


Transform service delivery

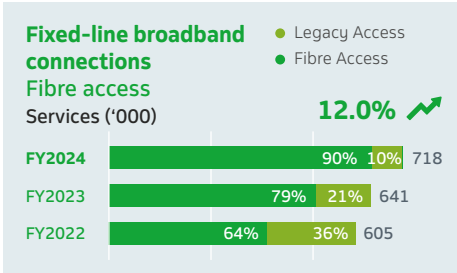
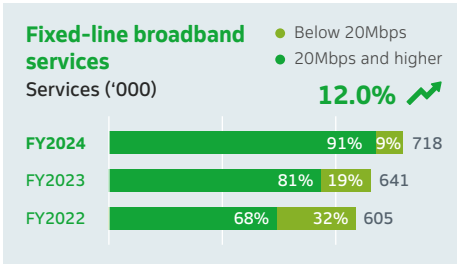
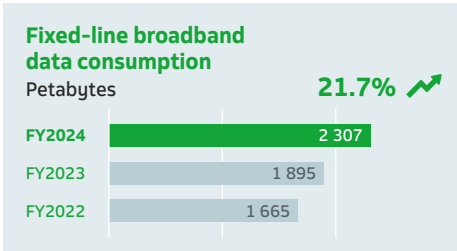
Openserve's journey to redefine service experience and delivery is driven by its commitment to operational excellence and the adoption of cutting-edge technologies. A key building block of this transformation was successfully delivered through the implementation of its integrated wholesale business support system (BSS) application. This enables automated billing and product catalogue management and fully integrated order management and client relationship capabilities. Through these advancements, Openserve has re-engineered its order-to-cash and billing processes, enhanced its client onboarding journey and automated its invoice validation while providing an omni-channel experience.

In addition, Openserve has implemented a robust network resilience strategy to further enhance service reliability and mitigate the impact of external challenges such as power outages and infrastructure vandalism. Advanced monitoring systems and predictive maintenance tools are being deployed, enabling Openserve to proactively identify and address potential issues. These efforts contributed to an industry-leading network availability, with its access, transport and core network layers consistently achieving uptimes of 99.86%, 99.85% and 100%, respectively.

In keeping with its promise of exceptional customer experience in every interaction, Openserve received positive feedback from customers through its interaction net promoter score (iNPS) of approximately 70.

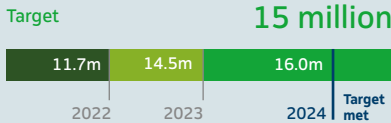


Fixed broadband evolution

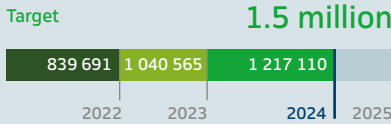


ESG: Empowered communities EC

Customers connected to broadband and fixed wireless broadband connectivity by 2025:



SA homes\* and businesses connected through our FTTx footprint by 2025 (homes passed):



Openserve is progressively driving its open-access wholesale data connectivity to broaden access to affordable and inclusive digital connectivity, enabling a better life for all South Africans. We continue to grow our product offering and fibre footprint driven by our connect-led strategy. This continues to yield positive results in underserved areas, with its Homes Connect at 151 794 and connectivity rate at 42% in these areas.

\* Achieving 1.5 million homes connected is capex dependent.

Looking forward

Looking ahead, Openserve remains committed to elevating its service excellence by continuously driving innovation through industry-leading technologies, process improvement and automation, thereby setting new benchmarks in service delivery and positioning itself as the leader in network infrastructure connectivity solutions.



## Productive capital

Mobile operations revenue growth • **4.5%**

Mobile service revenue growth • **6.8%**

Mobile subscriber growth • **11.9%**

### → Key strategic focus areas

Accelerated Mobile growth

Drive high-speed broadband

Drive digital and financial services revenue

### → Strategic achievements

Mobile data revenue escalated by **10.6%**

Consumer EBITDA grew by **24.2%**

Mobile active subscriber base increased by **11.9%**

**Surge of 21.4%** in data traffic

Fibre revenue increased significantly by **26.4%**

### Challenges

A challenging economy, high fuel costs and loadshedding exacerbate a constrained macro-economic environment

Ongoing site vandalism and battery theft remain critical issues while causing financial losses

## Telkom Consumer

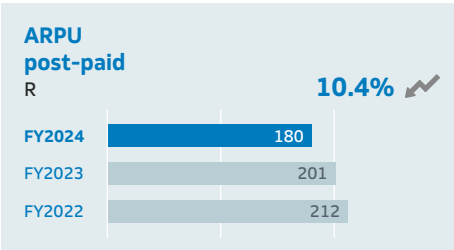
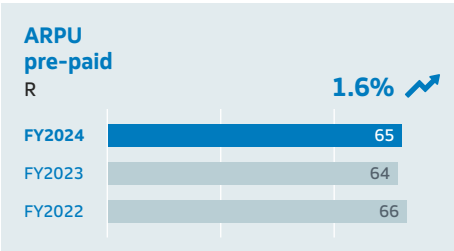
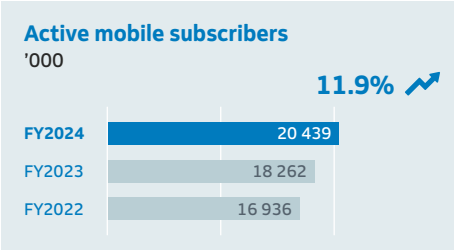
In the dynamic and challenging landscape we operate in, exacerbated by the financial pressures facing consumers, we remain steadfast in our commitment to delivering competitive high-speed broadband solutions across both the mobile and fibre segments.

### Performance overview

Total external revenue from Mobile operations reached R22 583 million, a 4.5% increase, driven by a 6.8% growth in mobile service revenue. In line with our data strategy, our fibre revenue increased by 26.4%, supported by a 9.2% growth in the subscriber base and a 12.2% rise in ARPU, partially offsetting the decrease in legacy revenue. Our Easy Connect products, aimed at providing cost-effective data connectivity for price-sensitive segments, expanded impressively and now constitute 11.2% of our fibre base. Total Telkom Consumer revenue increased by 1.8% to R26 329 million.





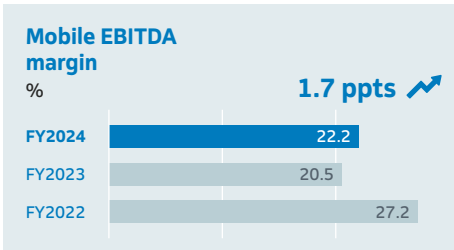
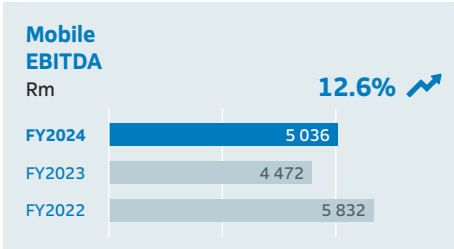
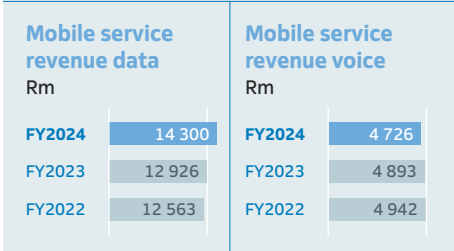
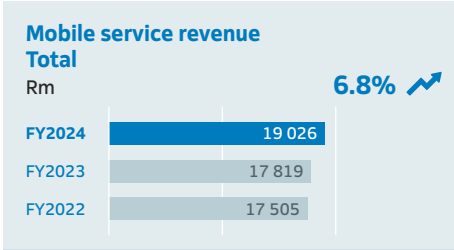


## Accelerated Mobile growth

Despite the adverse economic climate, our mobile subscriber base now stands at 20.4 million, an 11.9% increase, with a blended ARPU of R84 (FY2023: R86). The post-paid subscriber base remained relatively stable at 2.9 million subscribers, with an ARPU of R180 (FY2023: R201). The pre-paid customer base expanded by 14.3% to 17.5 million, maintaining a stable ARPU of R65 (FY2023: R64). This growth is well within our optimal target range and followed a rigorous subscriber base evaluation, underscoring our commitment to delivering unparalleled customer value and experience while maintaining optimal financial performance.

The Mobile business delivered impressive results despite the challenging operating environment, increasing EBITDA by 12.6% to R5 036 million, at an EBITDA margin of 22.2% (up 1.7 pts). Our focus on sustainable growth involves continuous refinement of operational efficiency and optimisation of cost structures. Pressures on Mobile EBITDA came primarily from the adverse effects of loadshedding (R236 million) and increased impairment of receivables and contract assets (R348 million), reflecting escalated allocations for impaired debt due to ongoing consumer stress.

At the broader Telkom Consumer level, EBITDA grew by 24.2% to R4 093 million, at an EBITDA margin of 15.5% (up 2.8 pts).



## Drive broadband adoption

Economic challenges have prompted a noticeable shift in consumer behaviour regarding acquisition contributions between smartphone voice-inclusive plans and LTE data plans. Notwithstanding the improvement in LTE data plans' contribution, which indicates a deliberate choice for data connectivity over traditional voice services, the post-paid portfolio still experienced stunted growth. Encouragingly, within the smartphone plans segment, there has been a transition from entry-level FlexOn plans to mid-tier ones, driven by customers' desire to capitalise on larger mobile data allocations.

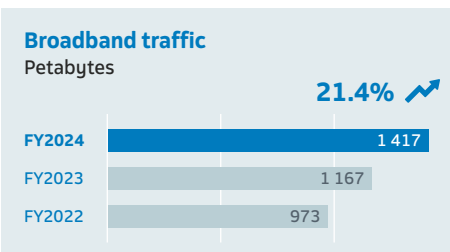
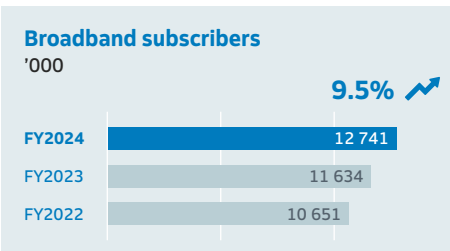
In the pre-paid portfolio, the growth was fuelled by the acquisition of higher-quality connections and improved recharging behaviour and ARPUs within the existing customer base.

The preference for personalised pricing was evident in the significant contribution of Mo'Nice, which accounted for over 50% of monthly pre-paid revenue. To cater for the micro-purchase behaviour prevalent in the pre-paid segment, we have expanded our offerings with youth and mass-market-oriented propositions, including TikTok and WhatsApp bundles. The introduction of these bundles, along with the pre-paid LTE offerings, continues to stimulate the adoption of mobile broadband services, further enhancing connectivity for our customers.

Our Mobile data revenue increased by 10.6% to R14 300 million. The mobile broadband subscriber base increased by 9.5% to 12.7 million, representing 62.3% of our total mobile base now using wireless broadband.







Since the launch of our 5G services, we have deployed 465 active 5G sites.

## Expand mobile network

The persistent demand for data continued, resulting in a notable 21.4% increase in data traffic to 1 417 petabytes. In line with our strategic resolve of leading in data, we allocated capex of R2 598 million to the mobile programme, including R972 million for spectrum investments. This facilitated a 2.5% expansion of our network's coverage, now comprising 7 738 sites. Currently, 51% of data traffic is routed through the 4.5G network, primarily serving fixed wireless access, while 46% continues through the 4G network, predominantly catering to mobile data services. Since the launch of our 5G services, we have deployed 465 active 5G sites. We continue to expand our 4G and 5G fixed wireless access (FWA) footprint and this has resulted in an FWA population coverage of 69%. Additionally, our 4G device adoption rate exceeds 92%, in line with financial prudence and regulatory directives to phase out all legacy technologies, including 3G, by 2025.

To address the impact of loadshedding, we replaced over 5 688 lead batteries with lithium-ion batteries and repaired more than 1 606 sites as part of our efforts to restore services and maintain network resilience.

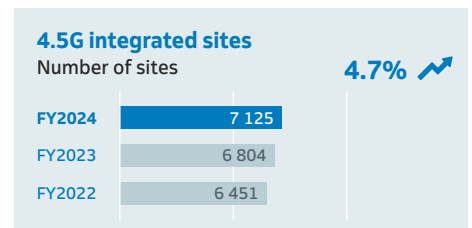
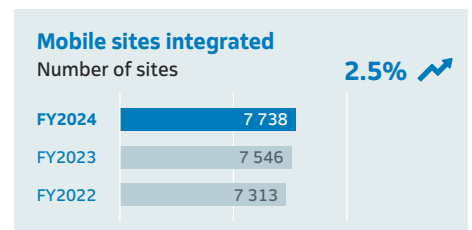
Additionally, 58 sites were completely vandalised, requiring reconstruction and reinforcement with security measures.

## Drive revenue through digital and financial services

Telkom remains committed to the continued adoption of airtime lending, a service business segment that now represents 31.3% of total pre-paid recharges. Presently, approximately 7.2 million unique customers have leveraged this offering in FY2024, and we have broadened our purview by introducing an auto top-up service for clients who elect to use it. Our beyond connectivity revenue proved to be a strong contributor to our overall growth, exhibiting double-digit growth with a 14% uptick in our mobile financial and micro-content services, yielding R1 665 million.

Our financial services portfolio predominantly consists of our insurance offerings, where we saw 38.4% revenue growth to R281 million, primarily fuelled by an uptick in the average premium. The provision of financial services products and channels not only mitigates risks in our Mobile business but also facilitates the expansion of sales channels and creation of new revenue streams.

Anchored by data-driven insights, we are committed to maintaining a pricing strategy centred on delivering value while concurrently offering segmented value propositions.



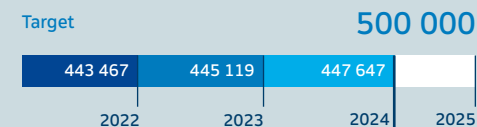
## ESG: Digital services

DS

Customers with access to Telkom's diversified digital platforms by 2025:



Businesses with access to digital platform solutions by 2025:



In keeping with our data-led strategy, our competitive price points coupled with personalised pricing options on our Mo'Nice products, has seen us providing increased connectivity solutions to a broader base. To this end, our digital transformation initiatives have consistently delivered positive outcomes.

Over the past three years, we have seen substantial growth in customer adoption, affirming the effectiveness of our strategies. These results underscore the significant return on investment achieved through our digital transformation efforts. Our aim to transition customers from staff-assisted channels to self-service channels is progressing according to plan.

## Looking forward

As we endeavour to mitigate legacy risks and prioritise beyond connectivity solutions to bolster profit margins and cultivate customer loyalty, we remain committed to our long-term prospects. Our strategic investments in mobile and fibre technologies will propel the next phase of our growth. Moreover, our business has been strategically positioned to enable us to optimise our cash flows, invest in high-return initiatives and sustain a competitive edge.



## Productive capital

IT business revenue growth **9.9%**

IT services revenue growth **6.6%**

### Key strategic focus areas

Migration of clients to next-generation technologies  
Shift to higher margin IT business  
Improve the service/product sales mix

### Strategic achievements

International business revenue has reached **R1 billion**

Next-generation revenue up to **52.4%**, from 42.9% in FY2023

**6.6% growth** in high-margin IT services revenue

**Growth in Cybersecurity** revenue of 14.0%

**9.0% growth** in artificial intelligence for IT operations (AIOps)

### Challenges

Product mix impacting EBITDA performance

High levels of trade receivable impairments

# BCX

BCX revenue is stable, supported by strong performance in the IT hardware and software business.

## Performance overview

BCX operated in a challenging trading environment marked by increased competition, continued enterprise migration from legacy systems, volatile exchange rates and declining voice connectivity subscribers. Despite these challenges, our business strategy has begun to bear fruit. Revenue growth in the Information Technology business increased by 11.4%, bolstered by double-digit growth in hardware and software sales. This includes International business revenue, which exceeded R1 billion for the first time and now provides a solid base to start introducing higher-margin services in these markets.

BCX continued to focus on enhancing the quality and sustainability of its client base, with key metrics being new business growth and growth in the total contract value (TCV) of our top clients. New business outside of hardware and software sales grew by 12.9%, and the in-year TCV of our top 50 clients improved by 13.4%. This countered the effects of continued legacy churn, with the net impact being that total revenue<sup>1</sup> managed by BCX decreased by 0.6% to R14 169 million.

<sup>1</sup> Includes R1 254 million revenue that classifies as IFRS 15 agent revenue.



Reported revenue of R12 915 million was down 2.3%. The difference between managed and reported revenue largely relates to the accounting of certain classes of revenue as agent versus principal, especially in the hardware and software business to the extent of R1 137 million, being 90.6% of the total R1 254 million adjustment. The impact of the adjustment is that revenue from contracts with customers where BCX is seen as a third party (reseller) is recognised net of related costs. This adjustment has no impact on EBITDA, cash generated by the business, or management of working capital.

Further, the quantum of the adjustment will vary each year as it is dependent on the nature of the contracted performance obligation for new business. BCX will continue to track both gross revenue (a reflection of the total managed revenue base) and reported revenue. The performance commentary from hereon is based on the total managed revenue.

BCX's performance is segmented into two main business areas: IT and Converged Communications.

**- IT comprises two broad business areas offering:**

- a** IT Services, including technology-related services, products, and platforms that provide system integration, infrastructure-as-a-service (IaaS), PaaS and software-as-a-service solutions that support our clients with their digital and cloud transformation journeys
- b** IT hardware and software segment that operates through our Integrated Solution Sales (ITSS) division in South Africa, and our International division operating in five markets outside of South Africa

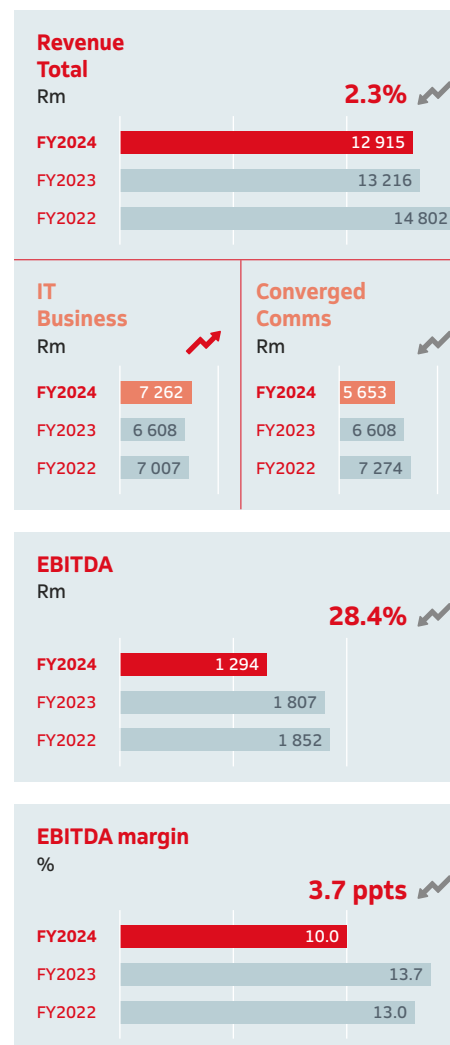
**- Converged Communications provides connectivity to clients and consists of both legacy and next-generation data and voice solutions.**

Overall IT business revenue increased by 11.4% (9.9% reported) to R8 516 million (R7 262 million reported), largely driven by the strong hardware and software business performance. BCX achieved 17.1% (16.8% reported) revenue growth in the hardware and software business across all our markets, primarily driven by new product deals, existing software contract renewals, and the clearing of the prior year backlog in the International, Cisco, and Technology Integration businesses.

This expansion gives us more opportunities to serve different clients, albeit at lower average margins, hence the focus on complementing the hardware and software sales with higher-margin IT Services revenue. IT Services revenue saw growth of 7.5% (6.6% reported) to R4 906 million (R4 789 million reported), supported by strong cybersecurity growth and steady growth in the Data Centre and Infrastructure Solutions business.



## Revenue



BCX saw a 14.5% drop in Converged Communications business revenue to R5 653 million as we keep moving customers to newer technologies. The legacy fixed-voice business has seen a decline in the number of lines, usage, and average revenue per client due to the impact of migration as we continue to migrate to next-generation technologies. We have managed to migrate 11.8% of our legacy lines and increase the next-generation lines by 12.1%, which bodes well for BCX's competitive positioning within the connectivity sector. Revenue from next-generation services grew by 28.7%.

BCX reduced operating costs by R76 million in FY2024, including cost reductions from lower indirect employee expenses (down 6.1%) and shared services costs (down 0.5%). However, these were not sufficient to offset the combined effects of the lower margin impact due to the revenue mix, the decline in higher-margin legacy revenue, and higher expected credit losses on trade receivables. As a result, EBITDA decreased by 28.4% to R1 294 million despite stable revenue performance, while the EBITDA margin declined by 3.7 pts to 9.1% (10.0% reported).

BCX management has accelerated the comprehensive margin improvement programme, which aims to win higher-margin IT Services revenue and re-base the cost structure of the business over the next two years. The programme is helping to change sales skills in the business unit to improve our solutions portfolio and programme delivery efficiency. It is also helping to adjust the business's operating model to ensure the right attention to client needs and remove redundancies and wastefulness in process, structures and technology.



# IT Business segment

The IT Business segment houses business units that provide solutions to enable the digital and cloud journeys of our clients. BCX is amplifying its use of XaaS to manage a spectrum of offerings that address customers' needs aligned to their position in their digital transformation journey. IaaS entails on-demand access to cloud-hosted computing infrastructure, storage capacity, and networking resources that customers can provision, configure and use. Dotcom, Enterprise Infrastructure Solutions (incorporating BCX One Cloud together with our partnerships with the large hyperscalers), Alibaba, Cloud Consulting, and Digital Workspace Management business units are included in IaaS. PaaS entails a cloud-based platform for developing, running and managing applications. Enterprise Application Solutions (incorporating SAP and our various owned intellectual property solutions), Business and Digital Advisory, and IoT business units are included in PaaS.

The revenue increase of 11.0% from IaaS was boosted by increased revenue from the Data Centre and Infrastructure Solutions business, Dotcom, and the Alibaba partnership. Data Centre and Infrastructure Solutions maintained steady growth of 2.2% as the demand for storage and cloud computing continued to grow.

Dotcom, a Microsoft Azure solutions company that we acquired in FY2023, supported revenue growth from Microsoft Solutions of 77.0% and enabled this business to become more profitable. This strategic acquisition, along with our existing partnerships with other hyperscalers, the BCX One Cloud solution and the Alibaba partnership, has allowed us to expand our portfolio of offerings and provide comprehensive solutions to clients who want to leverage the power of cloud technology.

The strategic partnership BCX signed with Alibaba resulted in the official launch of the Africa Local Public Cloud (ALP) in South Africa in October 2023. The Mozambique launch is now expected in the first half of FY2025. The partnership enables BCX to be the sole Alibaba Cloud distributor for South Africa and in African countries where the organisation has a presence. It provides a local public cloud offering that enables client requirements for data sovereignty – an increasing focus of financial services organisations and government departments across the continent. It enables billing in local currency, thus providing a natural currency hedge for our clients and providing access to local operational support.

Alibaba supplies several industry solutions and best practices to support organisations in financial services, retail, gaming and media. It also provides access to technologies such as generative AI. BCX and Alibaba have launched a training academy, and the first batch of BCX-Alibaba Cloud students have graduated. Alibaba is also helping BCX to offer different delivery models to our clients based on their consumption. By March 2024, BCX had started five proof-of-concept initiatives with key clients who are interested in using the technology in their environments. The revenue from Alibaba depends on the consumption level, which means that it will grow relatively slower than our current project-based contracts, but it also has more retention potential.

In addition to strengthening our cloud offerings, we have made significant progress in modernising our own intellectual property solutions with the help of skills from Dotcom. This initiative has not only enhanced the efficiency of our operations but also positions us as leaders in delivering cutting-edge solutions tailored to the unique needs of clients in the retail, pharmaceutical, energy and municipal sectors.

## Next-generation IT offerings

Rm	
FY2024	3 516
FY2023	3 447
FY2022	3 492

2.0% 



**Cybersecurity business revenue increased by 14.0% due to the demand for security advisory services.**

Cybersecurity business revenue increased by 14.0% due to the demand for security advisory services, managed detection, and threat response services. Our new market offering, the Threat Defence Centre (TDC), which we launched in the fourth quarter of FY2024, responds well to the growing trend of malicious activities, as evidenced by the higher number of Security Incident Response services carried out in the year.

Revenue from PaaS decreased by 1.4% due to a decline in the IoT business and the Enterprise Application Solutions business remaining flat. The IoT business saw a 12.9% drop in revenue, mostly because of big projects that finished at the beginning of the year. New business continues to grow, albeit at a slower pace due to significant pressure on customer spend in the industrial space, which has caused project delays and scope reductions.

While Integrated Solutions Sales revenue declined by 3.0%, the size of this business provides BCX with access to a large network of clients. The strong partnership with original equipment manufacturers (OEMs) also gives us a strong competitive position and enables the growing demand we are seeing in the market for integrated solutions that combine hardware, software and IT services.

Gross revenue from the International business is mainly derived from hardware and software sales and grew by 34.6% to R1 027 million. The scale enables us to focus on the next stage of growth in these markets with the introduction of IT services-related solutions.



## Converged Communications

BCX continues to leverage the profitable legacy business as a source of funding for its increased investments in the IT sector. As a result, the previously expected five-year transition period for Converged Communications' legacy migration will be longer and match the migration pace of our key clients, especially for voice solutions. The success of the legacy migration strategy depends on BCX's ability to retain clients as we move them to newer technologies and then cross-sell the higher-margin IT services.

As we continue to migrate customers from legacy systems to next-generation technologies, we have witnessed an increased demand for newer voice services. Revenue from legacy voice systems fell to 68.8% of the Unified Communications revenue, from 85.2% in the previous year. Legacy telephone lines have decreased by 25.2% year-on-year. Data services, which make up 46.0% of Converged Communications revenue, have reached an inflection point, with 77.1% of Data Access revenue now coming from next-generation services.

Converged Communications' priority remains the standardisation of newer products and services and cost optimisation to lower the cost to serve, with the continued focus on legacy to next-generation migration. Products such as UCaaS (unified-communications-as-a-service) and CCaaS (contact-centre-as-a-service) will facilitate the transition to next-generation services.



## Customer experience

Customer experience management in BCX is measured in three ways to ensure that we get an accurate picture of how our clients perceive the experience that we deliver. We firstly measure net promoter score (NPS) which we use to benchmark BCX against competitors. Secondly, we measure BCX Voice of Client (VoC) as a target in all employees' performance contracts to drive client centricity. Thirdly, we measure the Quality of Service (QoS) which tends to flag us proactively to client pain points that may cause a decline in NPS.

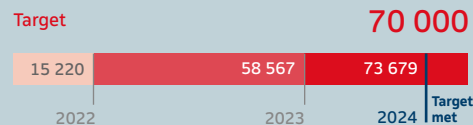
Deliberate enhancements in client experience measuring and tracking enabled a significant improvement in the number of participants (an increase of 68%) and the NPS score, which improved by 56%. This trend forms another milestone in our journey of consistently improving client experience and brings BCX closer to our competitors.

Several client experience improvements have been identified and are at different stages of implementation. In response to our clients indicating that we can improve responsiveness and communications, BCX is developing a self-service portal for our clients with a phased client rollout that is imminent. BCX is also developing a pricing centre of excellence to ensure we improve our price competitiveness, which clients highlighted as a pain point. Clients indicated that they don't associate the BCX brand as innovative. In response, BCX began developing an annual digital innovation index where corporates are mapped on digital innovation excellence. The annual Digital Innovation awards project further builds the BCX brand association with digital innovation.

## ESG: Digital planet

DP

IoT devices deployed by 2025:



As of FY2024, we have successfully deployed 73 679 IoT devices, surpassing our goal and demonstrating our commitment to leveraging technology for sustainable development.

We also initiated several key measures aimed at enhancing the monitoring of utilities, including electricity, gas, steam, and water, as well as environmental conditions. By implementing advanced monitoring systems, we aim to achieve greater transparency and efficiency in our utility consumption. This initiative is designed to help us identify and address inefficiencies, reduce our carbon footprint, and more effectively conserve natural resources.

New products and services



In FY2024, BCX launched two Alibaba Availability Zones in South Africa, significantly enhancing our IaaS capabilities and cloud offerings. This initiative aligns with BCX's XaaS strategy, delivering scalable, reliable, and secure cloud solutions tailored to the local market, and enabling businesses to leverage advanced technologies such as AI, machine learning, and big data analytics for improved performance and efficiency, all billed in local currency. The local presence addresses regulatory compliance and data sovereignty concerns, benefiting industries with stringent data protection requirements. It also supports digital transformation by providing businesses with the tools to innovate, optimise operations, and enhance customer experiences, thereby reinforcing BCX's position as a leader in driving digital transformation and innovation in South Africa.

## Looking forward

### Continued migration of clients to next-generation technologies

We aim to continue to transition our existing customers from outdated legacy systems to a diverse range of next-generation solutions, leveraging cutting-edge technologies. We will continue to migrate our clients in line with our migration strategy and our clients' pace.

### Accelerate Alibaba growth

With the Alibaba services launched in South Africa during FY2024 and the Mozambique launch expected in the first half of FY2025, we expect the Alibaba partnership to begin yielding results in FY2025, and we will increase our sales capabilities to support growth.

### Financial transformation

We have analysed our cost structure and have identified potential opportunities in various areas of the business to save costs. In FY2025, we will focus on reducing these costs to improve our bottom line.





Swiftnet continued to grow revenue through adapting to changing market conditions and identifying additional opportunities whilst maintaining strong EBITDA margins.

### Performance overview

Swiftnet's revenue increased by **1.3%** to **R1 321 million** against the prior year. Revenue from growth customers increased by **10.7%** to **R1 018 million**, driven by inflationary escalations, tenancy take-up on the existing portfolio, ongoing equipment upgrades and 5G deployment, as well as new tower builds and in-building solutions (IBS). This growth was offset by a combined 21% reduction in revenue to R303 million from residual terminations by one of the MNO customers and Openserve's continued optimisation of legacy-based technologies. Swiftnet's EBITDA increased by 10.4% to R990 million at an EBITDA margin of 74.9%. The improvement in earnings was attributable mainly to the optimisation of tower operating costs and the non-occurrence of once-off transaction advisory costs incurred during the prior financial year.

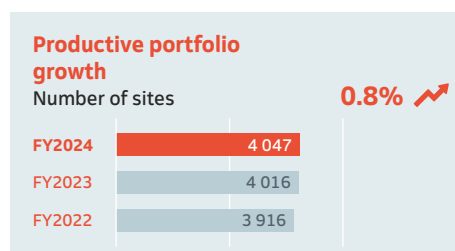
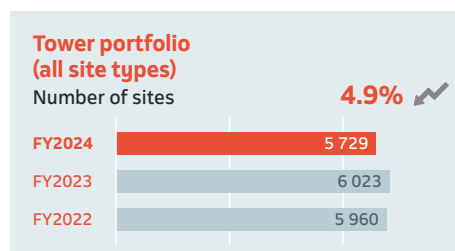
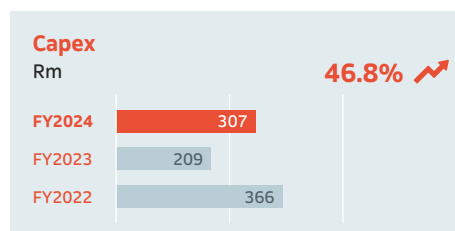
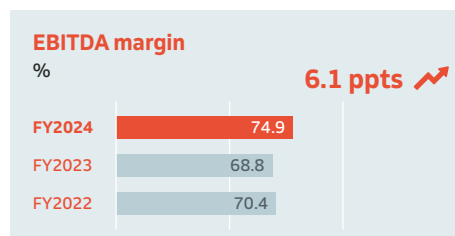
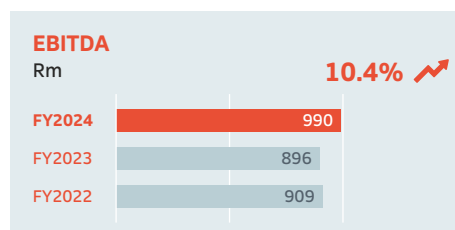
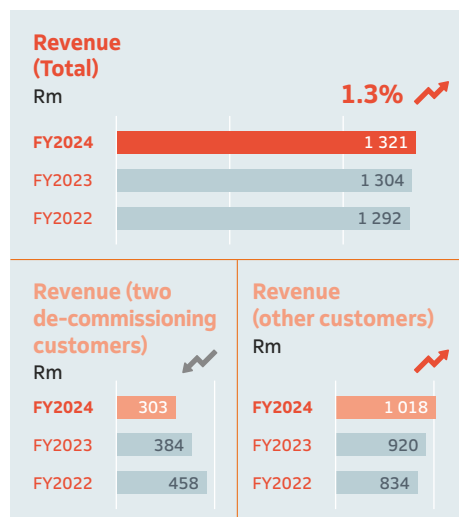
Our key clients are engaged on a regular basis, allowing us to directly obtain both positive feedback and constructive criticism. Our clients have consistently requested a shorter and easier application process to occupy space on our masts and towers. We are meeting this request through implementing an entirely new automated application system. The system is built on a new technology platform designed for speed, accuracy and transparency. We expect the system will be launched to customers during FY2025. The unstable electricity grid conditions have created an opportunity for a PaaS product. The rollout of PaaS began in the final quarter of FY2024. 18 PaaS solutions were built and connected to customers. We expect to roll out this solution at scale in FY2025.



## Optimise and grow masts and towers

Our customers seek to continuously improve their network coverage and quality. We optimise returns from our existing portfolio by regularly engaging with customers to ensure their goals are met through upgrades and new installations on our existing portfolio wherever possible. Where our existing portfolio is not capable of supporting customer demands, we pursue existing tower upgrades or new site builds.

Swiftnet achieved a net increase in revenue through inflationary escalations, new tenancies, and existing tenant installation upgrades. This net growth was despite a reduction in revenue from residual terminations by one of the MNO customers and Openserve's continued optimisation of legacy-based technologies. EBITDA growth was further driven by optimisation of tower operating costs.



## Build new towers to meet MNO demand

Swiftnet enables MNOs to continue to provide network coverage, improve network performance and increase capacity by building new towers, in-building solutions (IBS) sites, and 5G oDAS small cell sites based on market demand. Our proactive site acquisition and permitting initiatives are sufficient to support forecast demand for new site builds.

Currently our customers require an alternative source of power security, allowing them to focus on their core business of network expansion and antennae upgrades on Swiftnet's masts and towers. PaaS market demand continues to grow in line with the current electricity challenges.

The masts and towers build programme continued during FY2024 with 68 towers and eight in-building solution installations being constructed based on MNO demand, resulting in **4 047** total productive towers.

Based on client priority, FY2024 saw a focus on refining and launching the PaaS product. The first 18 sites were built based on this priority. The solution will be rolled out at scale in FY2025.



## Looking forward

Our focus for the upcoming financial year is to:

**Enhance the existing customer experience** through launching our new customer application platform

**Address our customers' needs for power stability** through large-scale rollout of the PaaS solution

**Continue to commercialise the masts and towers**, and pursue revenue growth through adapting to changing market conditions and identifying additional revenue opportunities

The new customer platform will more efficiently cover customer demand on established business lines of new tower installations, IBS installations and upgrades to existing installations.

The PaaS rollout will allow our clients to focus on their core business of network upgrades and expansion. Furthermore, the PaaS service provides us with an opportunity for diversifying with a new revenue stream.

*The unstable electricity grid conditions have created an opportunity for a PaaS product.*





## Gyro

Gyro continued to rationalise the property portfolio through the accelerated disposal of decommissioned properties that are no longer required for core operational purposes, thereby realising value and optimising the property footprint of Telkom.

### Performance review

#### Commercialise the property portfolio and dispose of non-core properties

Various property development projects advanced in terms of property development planning. As property developments are deemed non-core for Telkom, certain of these properties will be sold during FY2025. The financial year ended with Gyro realising **R92 million** in cash proceeds from the transfer of **56** properties sold.

#### Reduce building costs and enhance operational efficiencies

The implementation of various energy interventions on our core operational properties during the course of the year helped us improve the resilience of our power supply and allows for meaningful contribution towards reducing Telkom's carbon emissions.

### ESG: Operational efficiency

OE

We continued to enhance the resilience and energy-use efficiency of Telkom's network and operations while reducing carbon emissions. This resulted in Telkom reducing its Scope 1 and Scope 2 emissions by 65 699 tCO<sub>2</sub>e (9% year-on-year reduction) and achieving and exceeding the 4.2% (39 429 tCO<sub>2</sub>e) annual emissions reduction target.

We prioritised technologies that maximise energy security and decarbonisation while optimising utility and diesel costs. The solutions deployed include solar photovoltaic (PV), lithium-ion batteries and other energy efficiency interventions impacting our network and equipment building utilisation.

Please refer to our natural capital section on [page 95](#) for more details.

### Looking forward

As at 1 April 2024, **42** properties with a sale value of **R287 million** remain in the conveyancing process and are anticipated to transfer during the course of FY2025. We plan to dispose of more non-core properties (including some that were earmarked for property development) in the new financial year. This will contribute to further reduce property operating costs and improve the cash position.

Gyro will be part of the team assessing the opportunity for Independent Green Power Producer (IGPP) development by assessing internal demand and external monetisation opportunity.



## Intellectual capital



## Intellectual capital

We develop our intellectual capital through enhancing employee knowledge and skills, as well as through the development of proprietary ways of working that underpin our competitive advantage. These cover three key areas:

- Continued focus on research and development (R&D) and innovation, leading to technological advancements which enhance customer experience and operational efficiency
- Multi-year digital transformation initiatives which improve customer experience through self-service and partner portals, streamline operational processes, and enable new capabilities in our business units
- Strengthened brand and reputation management, bolstering brand equity and customer loyalty

The digital transformation strategy is also crucial to enhancing our key business capabilities and IT advancements, with a focus on application programming interface (API) driven services. This approach refines our IT architecture and amplifies the simplicity and security of our service offerings.

## Performance snapshot

### Highlights for FY2024

- Establishment of the Telkom Industry Solutions Lab with Wits University
- Improved customer satisfaction through simplified self-service capability
- Insight-driven decision-making through leveraging machine learning capability
- Increased operational efficiency through modernisation of platforms
- Effective billing through consolidation, standardisation and modernisation of BSS
- Increased system and cyber resilience



### Key strategic focus areas

- Our investment in R&D and innovation
- Internal Innovation Challenge
- Customer experience
- Data-driven insights
- Operational efficiency
- Order-to-cash transformation
- Information security governance
- Governance and risk management
- Our brand equity





## Our investment in R&D and innovation

The Telkom Industry Solutions Lab was established in March 2023 through a strategic partnership with Wits University. The R&D lab is positioned within the Group innovation and transformation strategy as the nexus for research-driven innovation.

Researchers and engineers in the lab work with technical and business teams from across the Telkom Group on business challenges and future opportunities – exploring the latest technologies and leveraging academic expertise.

The projects in the lab are delivered through expert-led and solution-focused research, ensuring that innovations are well grounded in business needs and are backed by solid data, rigorous research and scientific evidence.

### Research-driven innovation

The R&D focus at Telkom on three areas:

- 1) Customer experience and AI-driven tools
- 2) Automation and omni-channel solutions
- 3) Advanced sensing and insights through virtual platforms

Working with our multi-disciplinary teams of experts and technologists, we conduct rigorous research and leverage cutting-edge methodologies and technologies to develop industry solutions that delve into the service ecosystem catering to consumers and small businesses.

## R&D will continue to future-proof our business and improve customer satisfaction and value.

Our research-led innovation aims to pave the way for scalable commercial solutions leveraging specialist expertise, leveraging data and infrastructure available to the Telkom Group, and generating data for future advancements in AI and analytics.

Customer  
experience

Cost  
optimisation

AI for  
infrastructure

Connected  
intelligence

## Research insights: operational efficiency and customer experience

In FY2024, we launched in-depth research projects to study operational efficiency and links to customer experience, lost revenue, or high operating costs.

One ongoing study within Telkom Consumer is led by a multi-disciplinary team of experts in business science, enterprise architecture, operations research, CX/UX research, systems engineering, AI and data science.

Insights from these research studies generate evidence and data-driven insights to support business strategy and expedite digital transformation.

Based on key insights, the R&D teams are developing AI-driven digital automation solutions and using advanced simulations and computations to develop the next generation of customer experience tools.

### AI and sensor technologies for infrastructure

Our technical R&D prioritises developing new sensor technologies to gather data within the national and built environment and tap into Telkom's extensive telecommunications infrastructure. This approach allows us to explore and develop data-driven use cases, AI-powered digital twin platforms, and immersive edge applications in instrumented environments within the network and our broader infrastructure.

## Centre of Excellence research



Now in its 27th year, the Telkom Centres of Excellence (CoE) Programme funds postgraduate learners and supports research at 15 South African centres. More detail on our spend and the composition of the learners is provided in the social and relationship capital chapter on [page 86](#).

The centres conduct cutting-edge research in alternative energy, cybersecurity, networking technologies, customer experience, virtualisation, software-defined networking, cloud/fog computing, smart technologies, IoT, 5G, and language technologies.

Innovative research projects with significant industry and societal impact conducted within the CoE Programme include:

- IoT solutions to monitor livestock, improve farming productivity, track wildlife, and combat poaching
- Fibre-optic sensors to mitigate disasters in the natural environment, e.g. detecting sinkholes, and to monitor critical infrastructure
- Techniques to process South African languages and enable the development of systems with text and voice interfaces in local languages
- 5G-enabled telemedicine and remote healthcare solutions
- Data-driven applications optimised for women's health

Read more on our social and relationship capital on [page 86](#).





## Innovation Challenge

Telkom Innovation and Transformation previously invested in a robust Group-wide innovation management platform, enabling an inclusive journey towards fostering a culture of innovation within Telkom. Building on this investment, this year we launched an ambitious innovation challenge, rallying our staff to contribute their unique perspectives and innovation ideas towards the growth of the organisation. The focus of the challenge was on customer centricity as a key focus of innovation. Winning teams were awarded over R1 million and resources enabling them to move their innovation beyond ideas. This initiative garnered an overwhelming response, demonstrating the depth of creative potential within our workforce.

Through a rigorous and collaborative evaluation process, involving both expert adjudication and employee feedback, we identified and nurtured the most promising concepts. The top 10 ideas advanced to a high-profile competition, culminating in the "Lion's Den" event, where finalists presented their innovations and related business cases to a panel of executive leaders within the organisation. Their innovative endeavours in solutions and product development are now being developed beyond the challenge.

Beyond the inaugural innovation challenge, Telkom remains dedicated to fostering a sustainable innovation ecosystem. Currently, we are actively supporting the winning ideas, ensuring their successful integration and potential to drive transformative change within the Company. Furthermore, we are exploring avenues to accelerate the implementation of all promising concepts, recognising the value of each innovative contribution.

Sharing some articles and episodes internally and some externally sparked incredible feedback, highlighting our teams' remarkable talent and dedication. We're eagerly anticipating our next yearly innovation challenge, where creativity will continue to drive our path forward.



57

Total ideas submitted

10

Top ideas presented to the Lion's Den

4

Ideas selected as winners

8

**Prominent themes:**

business challenges and opportunities recurrent across submitted ideas

15

**Innovation topics:**

business and technology focus areas covered by submitted ideas

## Key focus areas in FY2025

Our focus areas in FY2025 are in line with Telkom's strategic objectives. We will focus on building a pipeline of innovation projects and stimulating an innovation culture through a Group-wide innovation challenge. We will accelerate priority projects to be explored and executed through the innovation lab. We will also continue to invest in and partner with key start-ups that align with the Group's strategic growth areas. There is also support for Group-wide technology projects aimed at growing our intellectual property in partnership with R&D partners.



## Digital transformation initiatives to continuously improve customer experience

Our approach to customer satisfaction is centred around self-service, which enables customers to consume services anytime and anywhere. The focus is on ensuring the services are always available and stable, simplifying channels to make it easy for customers to engage us, and launching products faster.

Openserve implemented the unified partner platform (UPP) offering, a digitally led omni-channel experience that enables ISPs to manage offers and users with easy-to-use streamlined processes. We continue to enhance the Openserve Connect app to improve customer interactions through improved self-service capabilities.

Telkom Consumer modernised the MyTelkom app, increasing the utilisation of digital channels through app downloads and usage while reducing call centre traffic. Our agile approach to delivering value, enhancements and new features is enabling Telkom Consumer to respond faster to customers' needs. Enhancements and optimisations of customer experience are made continually based on user requirements.

In line with our ongoing digital transformation efforts, we introduced a service delivery platform (SDP) in Telkom Consumer. The SDP allows for seamless integration with existing systems and networks, enabling Telkom and content providers to launch and manage services efficiently across different platforms. By enhancing Telkom Consumer's service offerings, operational efficiency and customer engagement, the platform will improve our market positioning.

### The main benefits of the SDP are:

#### Cost efficiency

By consolidating various service delivery mechanisms into a single platform, we reduce operational costs

#### Speed to market

It enables faster rollout of new partner services/ over-the-top (OTT) services by consolidating various service delivery mechanisms. With built-in tools and frameworks to support development, testing and deployment, we can adapt more quickly to OTT market changes and diversify our revenues

#### Scalability

The SDP is designed to scale and support growth in subscriber numbers, partner services and data volumes without compromising performance. This is important as we expand our digital strategy

#### Revenue generation

SDP supports billing and subscription management features that aid in monetising various OTT subscription services. This is driven by the ability to quickly launch OTT services, expand into adjacent markets and exploit new revenue streams

#### Analytics and reporting

The platform provides advanced analytics capabilities, enabling Telkom to gain insights into user behaviours and preferences, which can guide strategy and service adjustments

The SDP was launched with a partner content streaming service in March 2024. The launch was part of a campaign for Mobile Postpaid, Mobile Prepaid, LTE and Fibre customers. Customers with qualifying products were sent campaign messages inviting them to subscribe to the service and get it for free for a few months.

Telkom Consumer will deliver phase 2 of the campaign in the first quarter of FY2025. This will include:

- Paid content streaming services for mobile and fibre products that customers can subscribe to
- Migration of the TelkomPlus service content providers to the new SDP

## Data-driven insights

Openserve and Telkom Consumer are making sales and marketing recommendations based on insights drawn from historical and churn data. This optimises revenue and marketing while enabling a data-driven approach to business decisions.

Telkom Consumer introduced an AI capability on its SMB online marketplace platform in July 2023. The take-up was good and growth is improving.

In February 2024, the business unit commenced a programme to migrate its machine learning capability to the cloud with integration in the on-premises cloud data platform. This provides a consistent experience with secure, shared business data across hybrid and multi-cloud. The project aims to improve our cost posture and processing time, enabling quicker time to market. We implemented machine learning models on the cloud data platform with automated data pipelines. This will drive customer engagement and enhance customer lifetime value, improving profitability.

In Openserve, the cloud data platform project allowed data insights to be used for focused marketing campaigns that identified target areas, contributing to an improved fixed-line active service and fixed-line connected home rate.



## Operational efficiency

Telkom continues to transform its business process and operations towards automation and self-service capabilities through its digital channels.

### Openserve

The multi-year Openserve operations support systems (OSS) transformation project is gaining traction. The project is modernising the operational environment to improve efficiency, standardisation, simplification and automation. It will optimise and build capability by introducing next-generation network technology and simplifying processes.

In September 2023, as a first phase, the OSS project delivered the fulfilment component of the fibre national private leased circuit products in our carrier links' next-generation network portfolio. In the coming year, we will add capability across a range of network technology stacks to transform the service order and inventory management functions.

### Telkom Consumer

This business unit embarked on a web consolidation and technology rationalisation initiative. Phase 1 of the consolidated e-commerce website was launched in June 2023. Phase 2, targeted for the end of FY2025, is well under way. Its focus is streamlined customer journeys, support for new products and services, automated online fibre ordering, and enhanced assurance journeys.

The modernisation of the website and the technology rationalisation will provide customers with a seamless e-commerce experience and enable the following:

- Improved customer experience through standardised customer journeys with a common approach to user interface design. This is achieved by applying best practices and benchmarks for an integrated e-commerce experience. Customer

interactions and engagements are being migrated from traditional channels (stores and call centres) to digital channels and self-service capabilities

- Better managed and reduced operating costs across the business through implementing common technologies and solutions. These allow for a more streamlined, go-to-market approach to features and an increased focus on digital channels to meet customer requirements in a more agile and personalised manner

Telkom Consumer also embarked on a BSS upgrade project to address operational risks. The upgrade will ensure a secure BSS solution with increased stability and fewer outages. The project is set to be completed by the end of FY2025.

### BCX

Acquisitions made by BCX over the past few years, and subsequent proliferation of BCX subsidiaries, led to the use of multiple disparate enterprise resource planning platforms. This gave rise to challenges regarding people, processes and technologies. The oneERP project has delivered the following benefits:

- Improved access to detailed information, enabling enhanced analysis
- Enhanced reporting due to near real-time information being available at a deeper level of detail
- Enhanced, integrated financial planning
- Bulk billing capability and automated invoice and statement distribution to improve the cash collection process
- Skills development is progressing well within our SAP Centre of Excellence division. This will deliver better service to our customers and win more S/4HANA implementation deals. These resources are now utilised on customer implementations as well as internal SAP support

## Order-to-cash transformation

In the dynamic landscape of our industry, innovation and adaptation are essential for maintaining competitiveness and meeting evolving customer expectations. In FY2024, Openserve and BCX embarked on transformative initiatives to modernise operations, streamline processes, and enhance customer experiences.

### Openserve

Openserve embarked on an initiative to modernise its BSS application landscape. The business unit achieved optimisation in billing cycles, financial account management, and order-to-cash processes by implementing an integrated wholesale BSS application. It enhanced operational efficiency while delivering seamless customer experiences through automation and integration with digital channels and client systems via APIs. This transformation streamlined internal processes and positioned Openserve as a leader in telecommunications service delivery.



### BCX

BCX focused on its OneCX project to consolidate multiple customer relationship management (CRM) systems into a unified platform. Prior to this, BCX faced challenges such as disjointed lead management processes, limited visibility into sales pipelines, and fragmented customer experiences across different touchpoints. The consolidation project addressed these challenges, enabling stronger lead and opportunity management, improved contract and customer account management, and enhanced campaign and case management capabilities.

The implementation of a unified CRM system has enabled BCX to deliver personalised customer experiences, optimise sales interactions, and drive operational excellence. BCX also introduced a partner management capability, integrated legacy ordering systems, and enhanced customer 360-degree views to ensure a comprehensive understanding of customer interactions.

The new OneCX customer self-service portal has empowered customers to engage with BCX seamlessly, driving satisfaction and loyalty.



## Information security governance

Information security governance focuses on establishing and maintaining a secure information framework. It ensures that the confidentiality, integrity, and availability of Telkom's data and IT services are protected against threats.

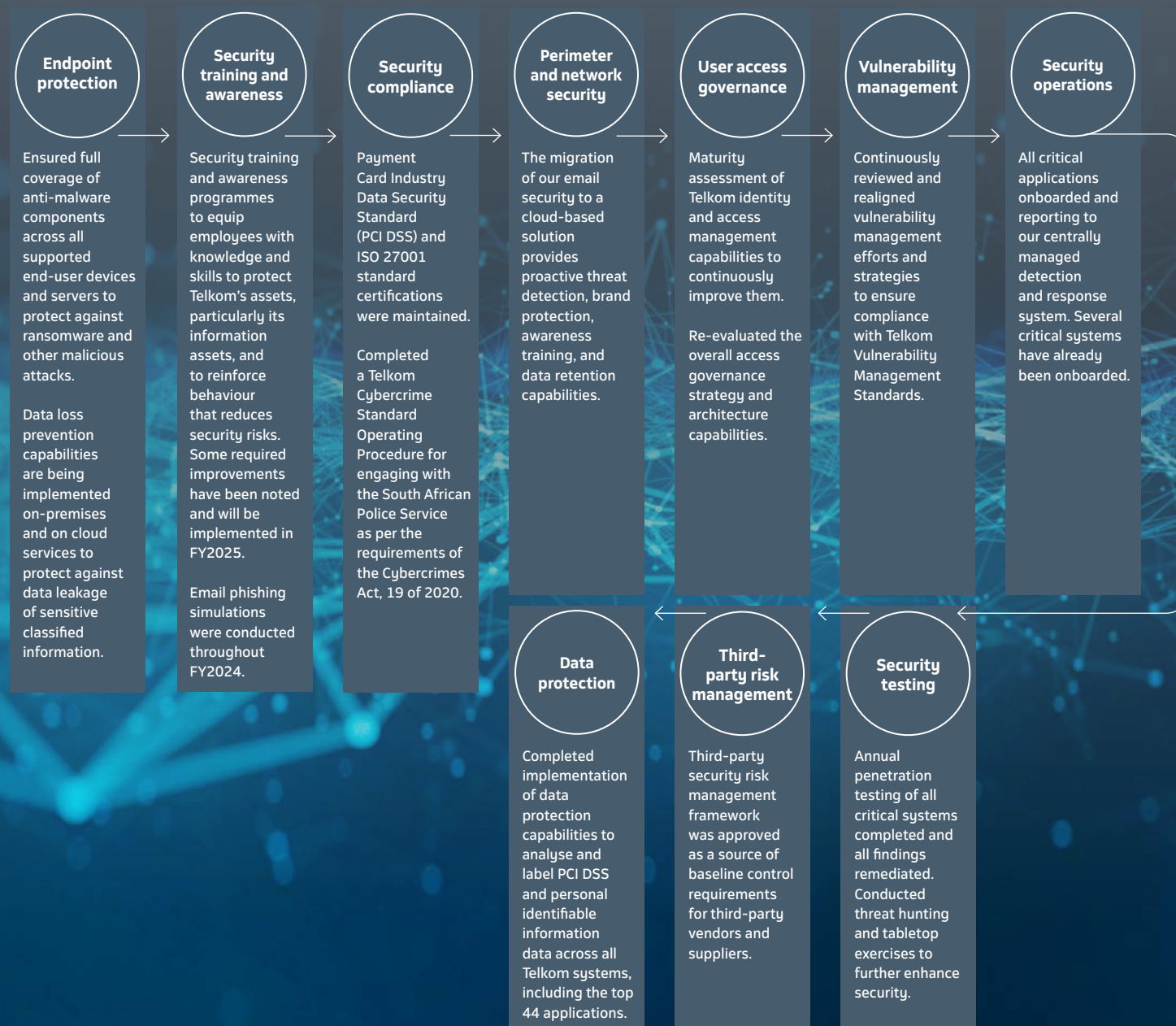
Telkom pursues a risk-based approach to information security, considering the ever-changing technology landscape and potential threats. We continue to improve our security posture and the maturity of our security programme in line with regulatory requirements, best practice guidelines and industry benchmarks.

Key achievements across the information security domains are illustrated on the flow chart.

### Key focus areas in FY2025

Our focus areas for FY2025 are:

- Expedite digital transformation enablement to provide our customers with 24/7 online self-service capabilities and improve customer experience by ensuring services are always available and stable
- Cost optimisation through rationalisation of technology and suppliers
- Continuously improve cybersecurity resilience to ensure the Group's systems customer data is secure and protected from unauthorised access
- Evolve data insight platforms



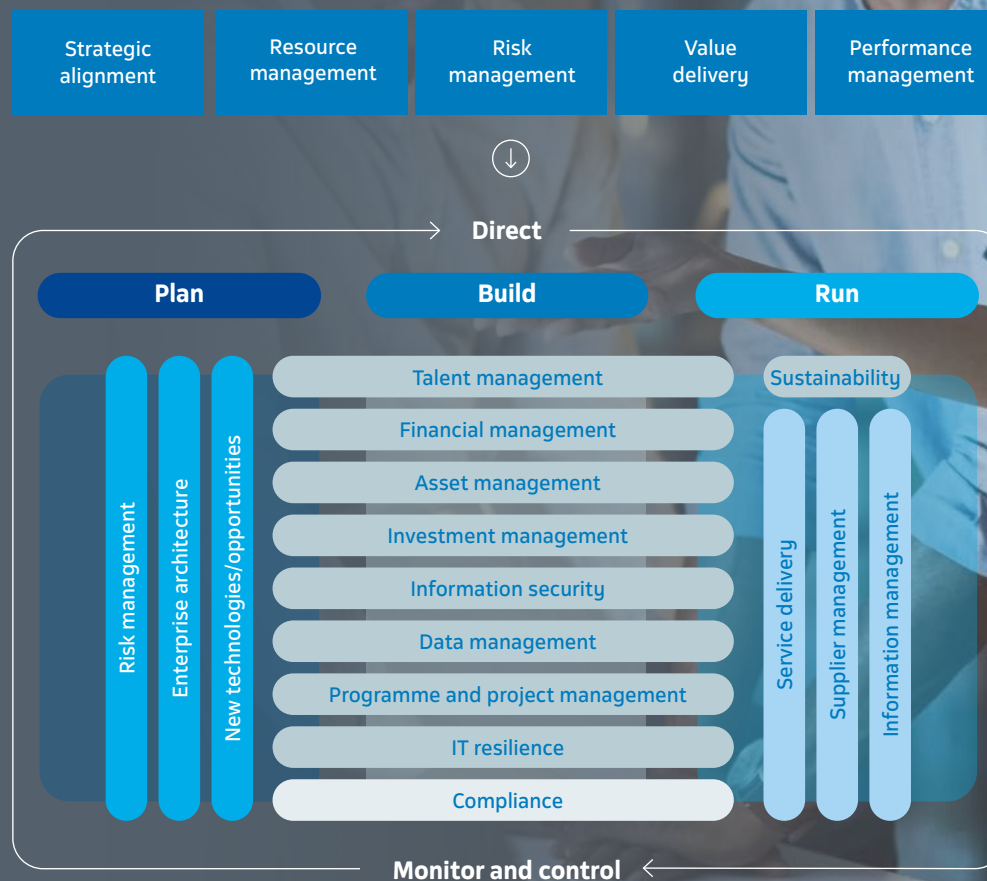


## Governance and risk management

King IV, ISO 38500 and COBIT serve as the foundation for IT governance. Each of these frameworks offer a distinct approach. Collectively, however, they provide a comprehensive view of how IT should be governed to support the Group's objectives and ensure sustainable, compliant and efficient operations.

Effective IT governance and risk management are essential components of our overall strategy. They ensure that IT systems operate effectively, securely, and in line with the business goals. They help protect against potential threats and maximise the value IT brings to Telkom.

The following objectives underpin our governance framework:





## Our brand equity

Telkom leverages several tools, services and policies to ensure the purposeful impact of our brand and reputation in the market. These include:

- Policies and evaluation metrics that act as guardrails to ensure brand activity aligns with business purpose and vision
- Tools to stay “on the pulse”, ensuring intentional steps for brand impact, shared value and reputational resonance
- Tools and services that ensure an “outside-in” approach to business operations guided by the voice of our customers, driving continuous improvement in customer satisfaction levels



### Our brands:

**Openserve** is at the heart of connectivity and has successfully built and run high-speed broadband networks that link banking systems, hospitals, schools and every part of society.

**Telkom Consumer** focuses on consumer and SMME solutions such as fixed and mobile broadband services, voice technology and related value-added services.

**BCX** is Africa's premier end-to-end digital solutions partner, enabling enterprises to future-proof their business.

**Gyro** is structured to provide three business services – masts and towers, property management services and property development.

**Swiftnet** is a leading tower company in South Africa that aspires to occupy the number one position as it continues its journey to make connectivity a fundamental human right – accessible to everyone.

### Our awards and recognition

Telkom was named Top Employer in South Africa for the second year in a row, confirming its dedication to advancing a better world of work through excellent HR policies and people practices.

Telkom ranked “Excellent” for the seventh consecutive year at the EY Integrated Reporting Awards in September 2023, recognising progressively higher adherence to the spirit of integrated reporting.

### Managing brand reputational risks

One of the key aspects assessed in FY2024 was reputational risk. Stakeholders' perceptions of Telkom have an impact on various factors, including sales, attracting and retaining customers and employees, share price, granting of licences by regulators, and granting of capital by credit providers. At the centre of reputation is trust – there is an expectation that management will do what is necessary to ensure the Telkom brand has a good reputation in the market and with broader stakeholders.

The following are the key mitigating actions to reduce negative impacts on Telkom's reputation:

- Telkom leadership remains committed to delivering better results for the benefit of all stakeholders
- Telkom remains committed to ethical business practices and zero tolerance for non-compliance with laws and regulations
- We engage continuously to maintain open, honest and consistent communication with all stakeholders. Read more in the stakeholder chapter on [page 42](#)
- Third-party assessments are conducted periodically to ensure Telkom's reputation is not damaged by risks to critical third parties (cybersecurity, supply chain, business continuity, privacy risks, etc.)
- Several initiatives are in the pipeline to improve employee morale. Read more in the human capital chapter on [page 78](#)
- We conduct proactive real-time social media monitoring to pick up adverse sentiment towards Telkom, including all business units. Further, Group Communications is undertaking a study on the reputation perceptions of various stakeholders



## Human capital



## Human capital

Telkom focused on implementing a culture framework to support and embed the post-restructuring changes and reinforce business stability. We continued to implement our people strategy, focusing on employee experience, collaboration, innovation and performance.

Telkom seeks to understand and shape its culture and align it with the OneTelkom mindset and vision. We do this through active engagement, including employee surveys and a leadership conference. We strive to cultivate a cohesive and purpose-driven work environment through initiatives such as co-creating shared values and using cascaded scorecards to assess performance management. This approach inspires a high-performance culture, fosters employee engagement and morale, and drives overall business success.

Our commitment to a culture of continuous learning and advancement is exemplified by our Learning4Growth initiative. Integrated within our talent framework, Learning4Growth aims to equip employees with skills and knowledge for personal growth and organisational success. Nurturing internal talent pools enables Telkom to strengthen our succession bench and leadership pipeline. By providing equitable access to online learning resources aligned with talent frameworks and future business imperatives, we prepare our workforce for succeeding in a dynamic business environment.

## Performance snapshot

### KPIs and key measures for FY2024

- Employee voluntary turnover:  
**5.58%**
- Training and development spend:  
**R168 million <sup>(A)</sup>**
- Number of unemployed graduates, interns and learners supported:  
**256**
- Number of learnerships and internships:  
**210**
- Employee diversity statistics:  
**67% Black and 33% female**
- Total recordable injury frequency rate:  
**0.50**
- Lost-time injury frequency rate:  
**0.39 <sup>(A)</sup>**

### Key strategic focus areas

- Driving a high-performance culture
- Diversity, equality and inclusion
- Engaged, agile and productive workforce
- Organisational wellbeing
- Employee experience
- Learning for growth and sustainability



<sup>(A)</sup> External moderate assurance on selected sustainability indicators. Please refer to the FY2024 Independent Assurance Report available [online](#).



Telkom's human capital strategy

Enabling a positive business experience through our employees and customers is key to our people strategy. The strategy is grounded in a business-led, HR-enabled, agile approach, and is implemented through business-unit-specific employee and customer strategies, values and behaviours.

We build our people strategy on five pillars underpinned by culture and captured in our employee experience touchpoints:

Our strategic ambition	Developments
1. Driving a high-performance culture	
We are advancing our impact through purpose-led and sustainable initiatives in education, entrepreneur development and the environment. We advance our people by putting them first, winning together in an inclusive environment, and focusing on continuous improvement, versatility, openness and trustworthiness.	<p>53% of Group employees participated in the FY2024 employee engagement survey, representing a 9% increase in participation.</p> <p>The survey assesses employees' work environment, the drive towards a high-performance culture, our values, employee wellbeing, development and growth, reward and recognition, employee engagement, and Telkom's reputation.</p> <p>While Telkom's work environment remained within the "good" range, there was a slight decline in the score. Telkom's products and services dropped from the "great" to the "good" range.</p> <p>The difference in ratings can be attributed to the S189 process that concluded in May 2023 and the lack of bonuses and salary increments due to Telkom's financial position.</p> <p>Relevant highlights from the survey include:</p> <ul style="list-style-type: none"><li>- 88% of employees find their job responsibilities fulfilling and meaningful</li><li>- 80% indicated they have autonomy within their roles</li><li>- 85% understand what is expected from them and feel they have clear objectives and targets</li><li>- 93% indicated that they have the knowledge and skills required to deliver exceptional service to customers</li></ul>

Our strategic ambition

Developments

2. Diversity, equality and inclusion

We have a diverse and inclusive employee landscape. Our talent approach enables us to have the right skills at the right time for the current and future needs of the business.	<p>We promote a diverse employee landscape through talent and succession management programmes, including a focus on developing women for leadership. In FY2025, a stronger focus will be placed on building young talent through the intake of graduates.</p> <div><div><div>Targets by 2025</div><div>Advance gender equity by increasing women in leadership to 35% by 2025</div></div><div><div>Target</div><div>35%</div></div><div><div>32.3%33.2%34.1%</div><div>2022202320242025</div></div><div>Percentage of women in leadership positions</div></div>
	<p>Our Female Leadership Development Programme (FLDP) has three distinct levels to intentionally invest in and build our female leadership pipeline in junior, senior and executive management. Our Women in Operations (WiO) Programme builds female participation at operational level and in technical areas.</p>

3. Engaged, agile and productive workforce

People decisions are driven by data analytics. Our workforce is enabled by a hybrid approach to work and underpinned by a strong performance and reward culture. Workforce planning and skilling methodologies improve our agility to meet changing business and landscape demands.	<p>The FY2024 employee engagement survey included a measure to assess alignment with the Group's strategy and objectives, along with a focus on reward and recognition.</p> <p>Relevant highlights from the survey include:</p> <ul style="list-style-type: none"><li>- 65% of employees understand and believe in what the Group strategy is trying to accomplish</li><li>- 85% indicated a strong alignment between individual objectives and how these contribute to the Group objectives</li><li>- 76% feel that their line manager creates a positive work environment with high levels of employee engagement</li></ul> <p>The survey also evaluated employee mindsets. It found that 86.1% of employees were prepared to "walk the extra mile" or go beyond the scope of their roles, 12.3% were "fulfilling what is required", and 1.1% were "quietly quitting".</p>
---	--



## Our strategic ambition

## Developments

## 4. Organisational wellbeing

Our employees work in a positive and safe work environment where the wellbeing and contributions of teams are valued. Psychological, financial, emotional and physical wellbeing are supported through our Employee Wellness Programme.

We held wellness days across seven sites and regions in August 2023. Employees were able to interact with various wellness providers and undergo multiple health checks on-site.

We ran a three-month wellness campaign in the last quarter of the year, focusing on mental and financial aspects, a healthy workplace culture and men's health. Specialists conducted live wellness webinars, each of which was attended by over 1 500 employees.

Employee Wellness Programme utilisation trends indicate that our employees' main focus is on balancing their own needs and those of their families with the demands of their jobs. They seek support most frequently for issues around stress, dealing with loss, interpersonal relationships, life skills, and mental health.

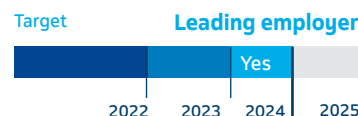
## 5. Employee experience

We are a top employer with a competitive and attractive employee value proposition across our employee lifecycle (attract, recruit, onboard, develop, performance, offboard and alumni).

Telkom was certified as a Top Employer by the Top Employers Institute for the second year in a row, and BCX for the third year.

## Targets by 2025

Be a leading employer in South Africa by 2025



## 6. Learning for growth and sustainability

We have a robust learning and development framework enabled by our continuous learning culture. Our internal and external offerings include digital programmes for all employees.

We spent R168 million <sup>(A)</sup> on training, and just over 50% of employees completed online courses. 533 employees benefited from structured learning programmes. These included management and leadership development programmes across three leadership levels, and future skills programmes (innovation and design thinking and digital skills). In FY2025, we will expand our focused learning framework, enhancing our Learning4Growth culture.

Training highlights include:

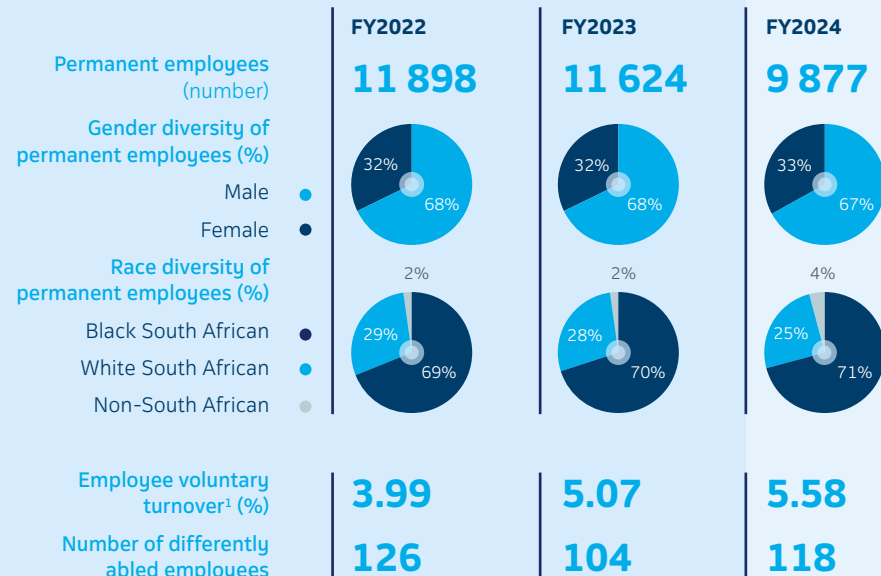
- 125 part-time bursaries were awarded for the 2024 academic year at a cost of R7 million. These are for formal qualifications from NQF levels 5 to 9
- Our graduate internship programme, Elevate, was launched with 88 interns
- Safety, health and environment training continues. 218 employees received rope access and fall arrest training, and 95 employees completed the level 1 first aid course
- 59 women are enrolled on the WiO Programme (29 on WiO 4.0 and 30 on WiO 5.0)

<sup>(A)</sup> External moderate assurance on selected sustainability indicators. Please refer to the FY2024 Independent Assurance Report available [online](#).

## A workforce overview

The workforce optimisation process we concluded in FY2023 resulted in a 16% reduction in our permanent headcount. Despite that, our diversity profile continues to reflect steady improvement, particularly in Black and female representation. Overall, female representation increased by 1% to 33% and Black representation increased by just under 3%.

Our voluntary turnover percentage showed a healthy increase from 4% in FY2023 to 5.71% in FY2024. While retention of critical skills is important, turnover creates opportunities to hire new skills and younger and more diverse talent. Moving forward, Telkom remains dedicated to furthering our diversity and inclusion efforts, ensuring our workforce reflects the diversity of the South African population.



<sup>1</sup> Voluntary turnover includes voluntary exits such as resignations, retirements, dismissal or death in service, and excludes company-initiated losses such as retrenchments and inter-company transfers.



### Longer-term reflection

Over the past five financial years, our workforce profile has undergone a significant transformation, reflecting the Group's strategic initiatives and changing market dynamics. Previously dominated by traditional telecommunications roles, the workforce has progressively diversified to encompass a broader skill set, including expertise in digital technologies, data analytics, and customer experience.

This evolution was driven by Telkom's strategic focus on digital transformation. Our aim was to enhance operational efficiency, innovate customer solutions, and expand into new markets. As a result, we attracted top talent from diverse backgrounds, fostering a culture of innovation and agility.

The transformation of Telkom's workforce profile underscores our commitment to remaining at the forefront of the telecommunications industry, poised for sustained growth and relevance in the South African landscape in the digital age.

### Building a high-performance culture

A high-performance culture is founded on accountability, creativity and collaboration. It is the outcome of having several key factors in place. These include performance management, effective communication and collaboration, autonomy and accountability, strong leadership capabilities, training and development, and a customer-centric strategy.

The change framework comprises seven pillars, namely engage, recognise, incentivise, build capability, succession planning, values and behaviours, and assess. Following the restructuring concluded in May 2023, various interventions are being deployed throughout the year to support the evolution towards a high-performance culture. The objective of the framework is to refocus and stabilise the business, retain talent, manage employee sentiment (morale), and drive performance to enable business achievement.

We identified five shared values at our OneTelkom leadership conference: collaboration, customer centricity, accountability, agility, and simplicity. These shared values will underpin various initiatives to drive the OneTelkom mindset and vision in FY2025.

We also focused on strengthening our leadership capabilities through coaching programmes. The aim was to build personal mastery and equip leaders with coaching skills to build high-performance teams. This was implemented in a phased approach with senior leadership and will continue into FY2025.

The internal Group recognition system and site were not implemented post the pilot phase due to the need to realign the reward and recognition framework to the OneTelkom mindset. The framework will be implemented in FY2025.





## Managing talent

### Talent acquisition

Our talent acquisition efforts are focused on attracting, retaining and developing a diverse pool of high-calibre professionals to support the Group's strategic objectives. Despite challenges posed by the global talent landscape, we made significant strides in enhancing our workforce diversity in terms of race, gender, disability and capability.

Going forward, we will focus on increased leveraging of technology. This will include tools that simplify recruitment processes and enhance the candidate experience, and data analytics for streamlining candidate attraction and sourcing.

We will also focus on strategic marketing of our employee value proposition. Highlighting the unique environment, benefits and opportunities we offer, and effectively communicating our organisational culture and career growth prospects, will help attract top-tier candidates aligned with our vision and values.

Finally, we plan to increase the number of quality hires by reintroducing an employee referral scheme. This will enhance employee engagement, incentivising employees to participate in our talent acquisition efforts.

### Succession planning

In our dynamic business landscape, talent and succession planning have become indispensable components of our business strategy. Mitigating vacancy risk helps maintain business continuity. Integrating talent succession plans in the leadership development framework ensures we are proactive in investing in high-potential talent.

In FY2024, we reviewed our succession pipelines and evaluated the risks informing our mitigation action plans. This included a deep dive review of our high-potential talent across management levels, conducting profiling and personal development action plans for each key talent employee.

A thorough review of our executive levels was conducted during the fourth quarter. This informed our strategic talent plans for the coming year, with a focus on addressing our bench strength at executive level. Although we have limited immediate to short-term successors due to internal placements in recent years, we have a broader longer-term succession pipeline. Our mitigation plan includes a targeted buy strategy for a few key roles, while fast-tracking the development of identified talent.

Our continued investment in leadership and talent development programmes has had a positive impact on retention of key talent while helping to build the internal pipeline. We mainly focused on middle and junior management over the last three years. In the fourth quarter of FY2024, we kick-started new executive leadership programmes – a Strategic Leadership Executive Master of Business Administration, with eight delegates, and our FLDP Pinnacle programme for executive and senior executive female leaders, with 15 delegates.



48%

of internal talent mobility at executive level (FY2023: 20.6%)

27%

of successors for senior executive level are deemed ready in less than two years (FY2023: 36% for executive level)

80%

African successors for senior executive level (FY2023: 73%)

43%

female successors for senior executive level (FY2023: 46%)



## Learning and development

Targeted learning interventions that support our talent framework and future business needs are outlined in our learning framework.

Through our Learning4Growth focus, we are equipping employees with skills and knowledge to thrive in their roles and contribute to the success of the business. We provide employees with access to an extensive array of online learning content and dedicated programmes. Our future-focused business skills programmes (innovation and design thinking, and digital skills) are designed to reskill and upskill our internal workforce.



### Group learning programmes

**Diversity of participants at year-end:**  
**92% Black (FY2023: 93%)**  
**43% female (FY2023: 49%)**

**Diversity of participants at year-end:**  
**100% Black**  
**51.5% female**  
**51% differently abled (FY2023: 42%)**

Employed programmes				Unemployed programmes		
Management programmes	Female leadership programmes	Future business skills programmes	Part-time bursaries	Graduate internships	Disability learnerships	Bursaries
Strategic Leadership Development Programme 8	FLDP Pinnacle 15	Innovation and design thinking 33	125 new bursars	Elevate 88	138	23
Managers of Managers Programme 61 completed 29 current	FLDP Transcend 22	Digital skills 89 completed 93 current		CoE 20 Current		
Foundational Management Programme 65 completed 70 current	FLDP Ascend 52					
Total employees						
Current: 107 Completed: 94	Current: 89	Current: 126 Completed: 89	New: 125	Current: 108	Current: 138	Current: 23

### Training and development spend (Rm)

	FY2022	FY2023	FY2024
Telkom <sup>1</sup>	80 <sup>1</sup>	44 <sup>1</sup>	
BCX	50	45	65
Gyro	1 <sup>2</sup>	2 <sup>2</sup>	2
Openserve	0	54	46
Telkom Consumer			46
Corporate Centre			10
Group	131	145	168 <sup>(A)</sup>

<sup>1</sup> Telkom includes Telkom Consumer, Corporate Centre and Openserve in FY2021 and FY2022.

<sup>2</sup> Gyro includes learnership stipends.

<sup>(A)</sup> External moderate assurance on selected sustainability indicators. Please refer to the FY2024 Independent Assurance Report available [online](#).

### Telkom Foundation learner bursaries

The Telkom Foundation manages a bursary programme for learners from its academic support programme, focused on mathematics and science support. The programme provided comprehensive financial and wellness support and mentorship to 37 students at universities across the country. The majority were in the science, accounting and engineering fields. The students achieved an 86% pass rate with 58 distinctions.

The programme onboarded an additional 15 students in the 2024 academic year and continues to monitor and support the students to ensure their success.



## Collaborating with organised labour

### There was no industrial action and no section 189 processes during FY2024. The FY2023 S189 process concluded during May 2024.

We endorse and embrace the right to freedom of association. Telkom has a collective recognition agreement with the Alliance of the CWU and the SACU.

Based on the agreement, there are established engagement forums where the Alliance and Company engage and consult on various issues impacting employees within the recognised bargaining unit level.

The final wage settlement offer for FY2024 was only signed by one Alliance partner (SACU). In the absence of CWU's signature, the Company implemented the final wage offer unilaterally.

The restructuring of the Group, which commenced in FY2023, was concluded within Telkom Consumer and the three legal entities, Gyro, BCX and Openserve, in May 2023. The Group headcount was reduced by 1 731 employees.

Owing to the Swiftnet transaction the Board has taken the decision to divisionalise Gyro. The process is underway and is envisaged to be completed during FY2025.

## Permanent employees belonging to a union (%)

	FY2023	FY2024
Telkom Company <sup>1</sup>	25	25
Openserve	57	57
BCX	–	–
Gyro	28	29

<sup>1</sup> Telkom Company includes Telkom Consumer and Corporate Centre.

## Creating a safe working environment

Telkom's occupational health and safety vision is to provide a safe working environment and foster a culture where every employee, service provider, contractor and supplier believes that zero incidents are achievable. Accordingly, considerable effort goes into managing health and safety risks. Several risk-based initiatives were pursued to ensure ongoing improvement of our safety performance and compliance with statutory requirements.

The focus for FY2024 was on deploying interventions targeting the root causes of key safety incidents. The root causes (motion, gravity, and motor vehicle accidents) were identified through analysis of the incidents. The interventions sought to raise awareness of individual safety responsibility and the importance of risk identification and assessment in preventing incidents.

As part of our employee engagement, face-to-face "safety starts with me" campaigns were rolled out across six regions. This involved several sessions held in collaboration with our internal business partners and employee health, wellness and safety service provider. The sessions covered ergonomics, mindfulness, injury on duty, emerging risks, and sharing of lessons learnt.

Telkom has recorded zero fatalities for five consecutive years. Year-on-year improvements in safety performance are shown in the table below:

	FY2022	FY2023	FY2024
<b>Telkom<sup>1,2</sup></b>			
Total recordable injury frequency rate	0.79	0.61	0.50 (A)
Lost-time injury frequency rate	0.70	0.51	0.39 (A)
Fatal injury frequency rate	–	–	–
<b>BCX<sup>1</sup></b>			
Total recordable injury frequency rate	0.13	0.29	N/A
Lost-time injury frequency rate	0.07	0.27	N/A
Fatal injury frequency rate	–	–	N/A

<sup>1</sup> Permanent employees only.

<sup>2</sup> FY2024 figures include BCX.

## Employee wellness

The vision underlying the wellness strategy is to foster a diverse, inclusive and thriving culture where the holistic wellness of employees takes precedence. Ten strategic wellbeing goals are outlined for the next three years, encompassing areas such as mental health, physical fitness, cultivating a healthy culture, and enhancing financial literacy.

The wellness day partners compiled an overview of the Group's health based on measurements and trends observed during wellness days. The main health risk factors among employees include physical inactivity, with 55% of employees not getting enough exercise. An unhealthy diet is prevalent, with 88% of employees not practising good eating habits. Additionally, 6% are smokers. These statistics will help us develop targeted interventions to improve the overall wellbeing of the Group's employees.

The wellness pulse survey conducted in October 2023 evaluated the success of the regional wellness days, knowledge and use of the employee wellness partner, and topical issues for continued awareness raising. 90.8% of wellness attendees indicated a positive impact on their overall wellbeing. The top three wellness topics were physical fitness and exercise, stress management techniques, and healthy nutrition and eating habits. 61% of employees are familiar with the wellness partner. We need to educate the 39% of employees who are unfamiliar, and the 48% who are unaware of the available services, to improve usage of the service.

(A) External moderate assurance on selected sustainability indicators. Please refer to the FY2024 Independent Assurance Report available [online](#).



## Key focus areas in FY2025

Our key focus areas will be to support our culture transformation, engage and enable our employees, and develop our capabilities. The broad areas of focus will include:

- **Employee engagement:** Engage with employees on our strategy to ensure alignment and accountability through the performance management process. Through this, we aim to create an engagement framework for the employee voice
- **Embedding the OneTelkom mindset:** Promote, drive, recognise and reward behaviour aligned to the OneTelkom mindset and vision. This will be achieved through a shared values challenge series, bolstered by the reward and recognition programme, and supported by performance management scorecards
- **Accountability and consequence management:** Emphasise this through the variable pay scheme, alignment with the strategy, driving execution, enhancing line of sight, and establishing a clear link between pay and strategic outcomes
- **Succession planning:** Review the Group's succession pipelines, evaluate risks and suitable interventions as mitigations, and revise successors and associated readiness levels, including identification and planning around development areas

- **Reward and recognition framework:** Implement and embed the reward and recognition framework, which encompasses an individual, business unit, and Group lens. Read more in the summary remuneration report on [page 122](#), and in the full remuneration report [online](#)
- **Building capability:** Through engagement and the succession planning review, identify capacity constraints and develop plans to build skills. Strengthen the foundational skills required for the high-performance culture, e.g. coaching skills and mindsets, and emotional intelligence (EQ)
- **Employee wellness:** Embed the holistic wellness programme to help employees become more resilient across all wellness spheres. Support employees with skills, tools and information to manage rising stress levels personally and professionally. Promote financial fitness and proactively address mental health issues
- **Employee safety:** Implementation of visible leadership, accountability and commitment; hazard identification and risk management; and employee engagement monitoring, review and continuous improvement strategic focus areas

Employee  
engagement

Reward and  
recognition  
framework

Embedding  
the OneTelkom  
mindset

Building  
capability

Accountability  
and  
consequence  
management

Employee  
wellness

Succession  
planning

Employee  
safety





## Social and relationship capital

### Social and relationship capital

Telkom strives to create shared value for its business and society through strategic interventions that meaningfully impact the South African economy, creating social and commercial value.



### Performance snapshot

#### KPIs and key measures for FY2024

- Number of SMMEs impacted or supported: 428
- Number of jobs created (direct and indirect): 67 063
- Investment in digital skills programmes (CoE): R9 million
- Total ESD spend: R27.2 million <sup>(A)</sup>
- Investment in the Telkom Foundation: R71 million <sup>(A)</sup>
- Number of learners and teachers impacted: 32 279
- B-BBEE rating: Level 1
- Diversification of procurement spend: R339 million worth of procurement opportunities for suppliers on FutureMakers programmes

#### Key strategic focus areas

- Diversify our supply chain and sales value chain (such as dealers) and accelerate innovation in the technology sector, focusing on SMMEs (FutureMakers). This mitigates supply chain risks
- Digital skills development
- Holistic school development and integrating ICT in schools (Telkom Foundation)

### Supporting ESD: FutureMakers



FutureMakers launched in 2015 with an initial investment of R250 million from the IDF Future Fund. Since then, it has supported approximately 2 600 previously disadvantaged SMMEs through incubation, investment, connectivity, and business development support services.

FutureMakers supports SMMEs through financial and non-financial programmes. Our ESD programmes aim to unearth innovation through SMMEs that can improve the Telkom business and its offerings. This is achieved through:

- Independent Field Technician Programme by Openserve
- Telkom Consumer Dealers Programme
- Hackathons and innovation programmes
- Tech Accelerator Programme
- Aion's R58 million ICT Venture Builder for seed and development to early-stage phases
- ABSA's R39 million Supplier Development Fund for SMMEs within Telkom's supply chain

<sup>(A)</sup> External moderate assurance on selected sustainability indicators. Please refer to the FY2024 Independent Assurance Report available [online](#).



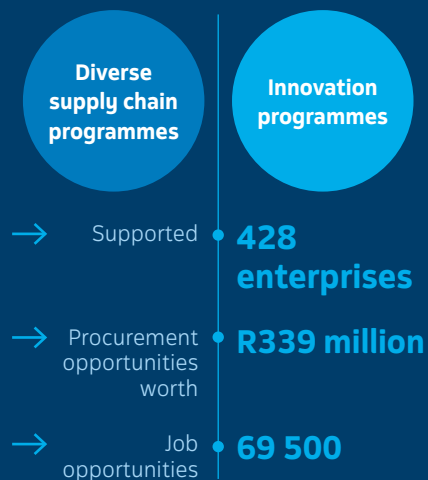
FutureMakers programmes fall within two focus areas: diverse supply chain programmes and innovation programmes. Telkom has supported 428 (FY2023: 320) enterprises through procurement opportunities worth R339 million (FY2023: R334 million) and innovation programmes. These businesses have created 69 500 job opportunities (FY2023: 66 536), demonstrating how Telkom, through FutureMakers, is creating real value for South Africans and connecting them to better lives.

We work with youth and female-owned businesses, and promote inclusive innovation and localisation. We took on the new national cohort of the Township Innovation Programme in April 2023, with 13 entrepreneurs from North West, KwaZulu-Natal, Gauteng and the Western Cape.

FutureMakers launched the I'M IN's Women Ideation Programme in partnership with JP Morgan and the Embassy of Ireland in South Africa. Recognising the role of women as agents of change, the programme supports investment readiness among 30 African women-owned technology start-ups in underserved communities and universities.



### FutureMakers programmes



### IWP ESG strategy alignment

FutureMakers contributes to the **investing with purpose** strategic pillar of the ESG strategy. It does this through SMME spend, developing and investing in a new generation of black-owned, high-growth enterprises that create the most jobs and economic outcomes within society.



### Partnering for change

The South African economy needs an effective entrepreneurship ecosystem that creates an enabling environment for start-ups through improved access to funding, new markets to penetrate and reduced bureaucratic burdens. FutureMakers reduces these barriers of entry for local tech start-ups by creating market linkages within the ESD ecosystem.

Our partnership with the GEC+Africa, an initiative of the Global Entrepreneurship Network (GEC), is an example of how we invest in SMMEs and encourage networking and peer mentoring to achieve global success. The inaugural GEC+Africa Congress, held in March 2024, drew entrepreneurs and leaders from 50 African nations who are committed to advancing entrepreneurship in their countries.

FutureMakers SMMEs were afforded prime exhibition opportunities at GEC+Africa's 12th Buy Local Summit and SchoolNet Conference to increase business-to-business market opportunities.

Telkom was honoured at the 12th Proudly South African Localisation Dinner for our commitment to increasing local procurement within our supply chain. This award reinforces our resolve to harness technology to develop the local digital economy, drive innovation and job creation, and enhance the global competitiveness of local technology-based small businesses.



Dr Mmaki Jantjies, Telkom Group Executive: Innovation and Transformation (middle), flanked by Mr Howard Gabriels, Proudly South African: Chairperson of the Board (left), and the Minister of Trade and Industry of South Africa, Mr Ebrahim Patel (right).

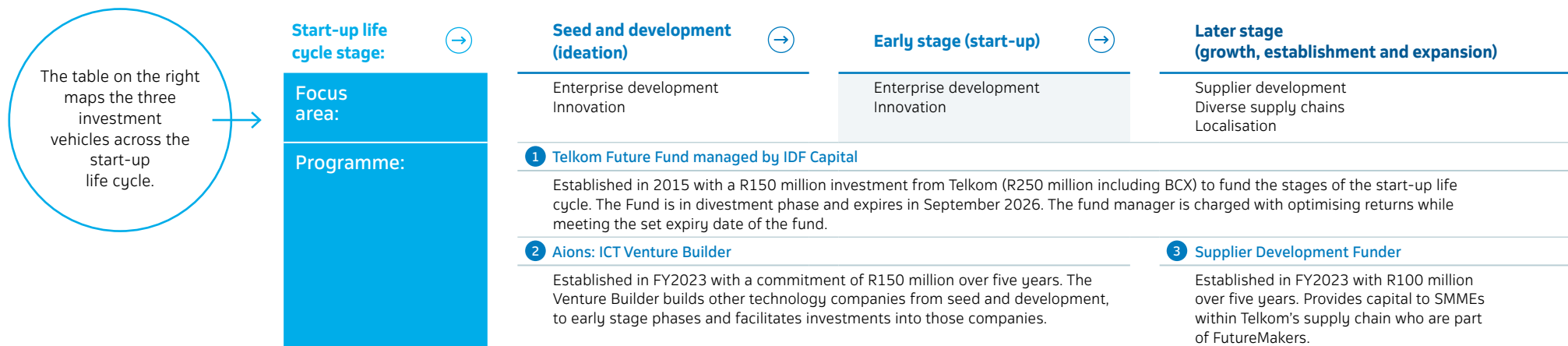


The table on the right maps our programmes according to the start-up life cycle and classifies programmes according to our two focus areas.



Start-up life cycle stage: →	Seed and development (ideation) →	Early stage (start-up) →	Later stage (growth, establishment and expansion)
Focus area:	Enterprise development Innovation	Enterprise development Innovation	Supplier development Diverse supply chains Localisation
	1 Telkom Township Innovation Incubator	1 Telkom Tech Accelerator	1 Mentorship programme and business development support services
	An 18-month structured innovation and digital skills training with software development support.	An annual programme customised per start-up to develop a proof of concept, business case and technology support.	An annual structured programme customised for Telkom's suppliers to increase their business growth and provide business development support services.
Programme:	2 Hackathons and incubation		2 Direct support services per business unit
	Hackathons to solve key Telkom innovation challenges in partnership with start-ups, followed by 12 to 18 months of incubation. The incubation covers business and technology readiness.		Ad hoc material, marketing, and grant support to SMME suppliers per business unit (Gyro, Telkom Consumer, and Openserve).
			3 Early payment days
			Payment of invoices within seven to 14 days for all FutureMakers-approved SMMEs.
			4 BCX SMME Subcontractor Programme
			Partnering of BCX and SMMEs when responding to clients through subcontracting.





### Our investments in SMMEs and development programmes resulted in positive social and commercial outcomes in the following ways in FY2024:

Ensuring the long-term sustainability of our SMMEs through a wider pool of procurement, funding and technical mentorship opportunities remains a key challenge.

FutureMakers leveraged a shared pool of opportunities through improved collaboration and partnerships in FY2024. Employees were invited to serve as transformation ambassadors in a shared commitment to nurture FutureMakers SMMEs and incorporate them into our supply chain. Market access will be a key focus as we seek sustainable opportunities for the SMMEs.

	Telkom	Society
Commercial	Telkom Consumer distribution channels: <b>R104 million in sales</b> (FY2023: R152 million)	SMMEs in our programmes generated revenue of <b>R388 million</b> .
Social	<p>A contribution to Telkom's ESG strategy to impact 100 000 lives through SMME development by FY2025 resulted in the target being met in FY2023. The target has been revised to 250 000 lives impacted by FY2026.</p> <div><div><div><div><div><div></div><div></div></div><div><div></div><div></div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div></div></div></div></div>	





## Innovation case study



Telkom's township strategy aims to create touchpoints for the township market to access connectivity and other Telkom products. The aim is to capture an evolving digital-first township market that demands data and other digital products.

The lack of mapped streets in townships makes it near-impossible for delivery companies to service these areas as they rely on digital maps. Delivery Ka Speed is a fast-food delivery company based in Hammanskraal, Pretoria. They were onboarded as a consumer dealer in October 2023 to drive Telkom's strategy of capturing the growing township market in Gauteng, Limpopo and North West. Telkom Consumer has partnered with Delivery Ka Speed to drive new Telkom acquisitions in the township market and support job creation among unemployed youth.



### Description

Delivery Ka Speed is a 100% Black youth-owned and township-based food delivery SMME. It was selected to form part of the Consumer Dealers Programme based on its high performance and growth potential.

### Business needs

Delivery support to increase visibility and capacity to improve sales in growing the township market through delivery bikes. Sponsored airtime for local delivery youth partners.

### Results

In partnership with Telkom Consumer, FutureMakers approved a R300 000 grant to purchase 10 new delivery bikes and airtime sponsorship of R10 000.

An additional R3 million loan was approved through Aions in October 2023.



### Marketing and business development support

- Exhibited at Telkom Consumer's Blaze With Telkom Business SME event in October 2023
- Profiled on "The Entrepreneurial SME" by Rams Mabote on Business Day TV
- Panellist at the GEC+Africa Congress in March 2024

### Key partnerships and clients

- Telkom Consumer
- Spar South Africa
- Big Save Stores
- FNB







ESG case study



With the dawn of new technologies and digitalisation of various sectors, traditional jobs are increasingly becoming redundant, creating a myriad of new opportunities. In the South African context of unemployment and inequality, Telkom's ESG strategy is geared to promote ICT solutions with enduring economic, environmental and social impacts.

Telkom FutureMakers initiated a proof of concept with Credipple, a talent marketplace for trusted creative and digital professionals. The aim is to impact lives through job creation for freelancers in digital marketing while ensuring market access for entrepreneurs.



Description	Business needs	Results
Credipple is a rewards-based talent marketplace. It connects business clients to trusted creative and digital professionals for online and remote work.	Credipple had a strong community of creative and digital professionals and a strong business model. What they needed was seed investment to develop their platform so they could scale.	Telkom approved a R500 000 grant and made a pre-seed investment of R1.65 million through IDF Capital in 2022 to develop and grow the Credipple marketplace.  An additional R3 million loan was approved through Aions in October 2023.

Revenue to date → **R3.3 million** in FY2024  
R1.5 million through Telkom in FY2024

Job creation → **4 permanent jobs** and 2 contractors  
  
49 short-term jobs\* though Telkom proof of concept  
  
289 short-term jobs\* through the marketplace with an average job value of R25 000

Marketing and business development support

- Hosted Telkom Foundation's Pan African Hack Ur Culture Hackathon
- Awarded Telkom Digital Marketing proof of concept for Marketplace Voucher Pilot in 2022 to support FutureMakers SMMEs
- Exhibited at Telkom Consumer's Blaze With Telkom Business SME event

Key partnerships and clients

- Digify Africa
- Goethe-Institut
- Amazon Web Services
- Deutsche Gesellschaft für Internationale Zusammenarbeit

\* Short-term jobs refers to project-based (temporary) jobs.



## Developing digital skills for the future



The Telkom Centres of Excellence (CoE) Programme is our flagship investment in the development of specialist computing and engineering skills in South Africa. Read more about its objectives and research focus in the intellectual capital section on [page 70](#).

In FY2024, Telkom invested R9 million in the CoE Programme, with other industry partners investing R1.3 million. This supported 333 postgraduate students in the 2023-2024 academic years. 21% of these students were female. We made steady progress in improving the representation of women in specialist fields within computer science and engineering.

Programme outputs in FY2024:

# 333

postgraduate students supported  
(FY2023: 305)

# 57

postgraduate students completed  
and graduated in 2023  
(FY2023: 55)

# 154

research publications from project supported  
(FY2023: 147)

# 37

international universities and  
research centres that we collaborate with  
(FY2023: 28)

## Longer-term reflection

The Telkom CoE Programme has run for over 26 years, based on consistent investment and co-ordination from Telkom since 1997. Over this period, the programme led to positive outcomes linked to the development of specialist skills in computer science and engineering, creation of employment and economic development, and the development of the ICT sector through research and innovations created by students trained within the programme.

By its 25th year, the programme had resulted in:

- 3 641 graduated students (714 PhDs, 1 457 master's, and 1 470 honours)
- At least 3 204 alumni employed within the technology industry, with 309 alumni building careers within Telkom
- 7 307 research outputs (2 364 peer-reviewed publications, 3 973 conference papers and the development of 969 book chapters)

These positive outcomes continue with sustained and consistent investment and the injection of Telkom's internal research and engineering skill set into shaping the skills development and innovation aspects of the programme.

## Supporting communities: Telkom Foundation



Telkom is responsible for contributing to the socio-economic environment as part of our licence to operate. By driving partnerships with communities, the Telkom Foundation improves the quality of education, contributes to Telkom's ESG strategy and enhances our corporate citizenship status.

The Telkom Foundation invested R71.2 million (including administration costs) in FY2024 (FY2023: R64 million). Of this, R29.8 million <sup>(A)</sup> was invested in education, R33 million <sup>(A)</sup> in digital skills, and R1.5 million <sup>(A)</sup> in social development programmes.

### Academic support

In pursuit of academic excellence in mathematics and science in disadvantaged communities, the Foundation extended its programme of face-to-face supplementary teaching beyond Gauteng, to the Free State and Mpumalanga. This meant we reached 1 391 learners in grades 8 to 12. We also onboarded a new partner, Kutlwano NPC, leveraging their commendable work with high school learners for the Telkom Foundation programme.

The Foundation extended its academic support programme to include virtual live supplementary teaching and online support nationally for grades 8 to 12. This was done in partnership with the Telkom Lightbulb Programme. The Lightbulb platform is zero-rated by Telkom and offers access to virtual supplementary teaching and content to all learners nationally at no cost. This scales our impact through ICT-enabled interventions.

The Foundation reached 32 279 learners nationally, including both face-to-face and virtual components. A total of 117 grade 12 learners were enrolled on the face-to-face programme and wrote the grade 12 examinations in 2023. They achieved a 99% pass rate, with 86% achieving bachelor passes, and 117 distinctions for the 2023 school year. The top 15 learners achieved between three and eight distinctions each, and the majority registered for science and engineering studies in 2024. Telkom has committed to comprehensive bursary support for the 15 students.

### Learner digital skills

The Foundation extended its commitment to producing future-fit learners through a three-year extracurricular Learner Digital Skills Programme. The programme supports 300 learners in the Free State and Mpumalanga. In its second year in 2023, learners were trained in web application development, cybersecurity, IoT, scratch, the gig economy, robotics, innovation and entrepreneurship.

The Foundation's Youth Digital Skills Programme continued to reskill unemployed youth with MICT SETA-accredited ICT training and job experience. In total, 542 youth benefited through placement at Telkom, various government departments and SMMEs. This included a group of 120 youth who are part of the Foundation's partnership with the Department of Education's Gauteng City Region Academy. This partnership reskills unemployed youth and places them in schools to provide IT helpdesk assistance.

<sup>(A)</sup> External moderate assurance on selected sustainability indicators. Please refer to the FY2024 Independent Assurance Report available [online](#).



## Reskilling unemployed youth

The Foundation supports unemployed youth by providing MICT SETA-accredited training in various ICT fields. The training is based on four months of theory and eight months of practical experience with various Foundation partners. These include the national and provincial Departments of Social Development, the Gauteng Department of Education, the Gauteng Department of Sport, Arts and Culture, and SMMEs.

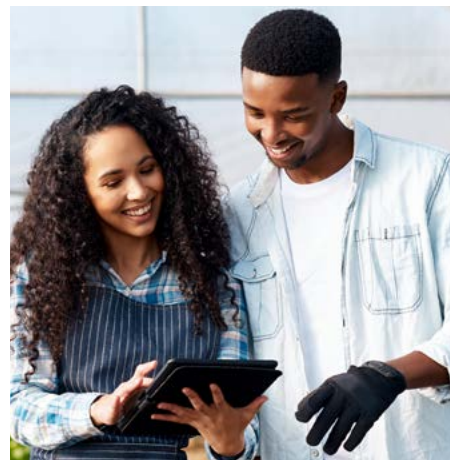
The programme has reached 998 youth since the first cohort in 2021. Of these, 49% met all requirements and were certificated, 41% are still completing the experiential learning component with partner organisations, including Telkom, and 10% left for other opportunities.

The programme has provided skills support to 161 SMMEs nationally and much-needed technical support to 160 schools in Gauteng, helping to improve ICT integration in teaching and learning.



## Psychosocial support

Understanding the various challenges that impact our communities, the Foundation continued to provide learners with psychosocial support. This extended the long-running partnerships with Childline South Africa and Lifeline South Africa. The Foundation, in collaboration with Telkom, completed the transition of Childline SA's tollfree number to the regional 116 number in line with ICASA's mandate and global standards. The telephone counselling services provided through these partnerships reached 346 774 people.



## Supported through counselling

**Childline  
partnership  
in Tshwane**

**1 058**  
learners

**FAMSA  
partnership**

**164**  
learners

**National Childline  
and Lifeline  
telephone counselling  
reached**

**346 707**  
people

## Longer-term reflection

Telkom's investments in sustainable programmes demonstrate our commitment to uplifting communities. They have contributed to improved science and mathematics uptake, teaching practice and classroom management. Through these investments, we have enhanced teaching and learning, given ICT access to unreached schools, and empowered unemployed youth with ICT and other future skills.

Over the last five years, the Telkom Foundation has invested:

- R172 million in education, focusing on maths and science teaching and learning, teacher development, and integrating technology in teaching and learning
- R101 million in providing digital skills to basic education learners and unemployed youth
- R27 million in social development through counselling and awareness campaigns, support during national disasters, and alleviating various social ills





## Supporting B-BBEE

BCX retained a Level 1 B-BBEE contributor status for the second year. BCX's transformation initiatives enable it to contribute to the government's goal of an inclusive economy.

BCX improved on most of the scorecard elements compared to FY2023.

*Enhance the sustainability of our SMMEs by growing customers and strategic partnerships.*

### Scoring element and weighting points

	FY2022	FY2023	FY2024
<b>Telkom</b>			
Ownership (25)	18.52	19.32	<b>19.73</b>
Management control (23)	17.81	18.21	<b>20.65</b>
Skills development (20)	19.36	23.47	<b>23.95</b>
ESD (50)	44.13	47.06	<b>48.16</b>
Socio-economic development (12)	12.00	12.00	<b>12.00</b>
<b>Total (130)</b>	<b>111.82</b>	<b>120.06</b>	<b>124.49</b>

### BCX

Ownership (25)	18.52	19.32	<b>19.73</b>
Management control (23)	16.17	18.71	<b>17.33</b>
Skills development (20)	19.18	19.36	<b>21.32</b>
ESD (50)	50.60	50.68	<b>51.50</b>
Socio-economic development (12)	12.00	12.00	<b>12.00</b>
<b>Total (130)</b>	<b>116.47</b>	<b>120.07</b>	<b>121.88</b>

### Procurement with black-owned businesses

Category	FY2022 R'billion <sup>1</sup>	FY2023 R'billion <sup>1</sup>	FY2024 R'billion <sup>1</sup>
Overall spend with black-owned enterprises	7.44	8.21	<b>8.18</b>
Spend with black-owned small enterprises	2.88	3.32	<b>2.85</b>
Spend with black-owned large enterprises	4.56	4.89	<b>5.33</b>
Overall spend with Black women-owned enterprises	10.64	11.67	<b>10.70</b>

<sup>1</sup> In our current year, we have identified and corrected errors in the previously reported figures for procurement spend with black-owned businesses for FY2022 and FY2023. These adjustments reflect our commitment to accurate and transparent reporting and reaffirms our dedication to supporting black-owned businesses.

## Key focus areas in FY2025

### Telkom FutureMakers

- Diversify our supply chain and sales value chain (such as dealers) and accelerate innovation in the technology sector, focusing on SMMEs. This also helps with managing supply chain risks
- Enhance the sustainability of our SMMEs by growing customers and strategic partnerships

### Telkom CoE Programme

- Increase support for high-potential research areas where breakthroughs will have significant practical impact on the industry and society
- Strengthen strategic industry-academic partnerships. The aim is to drive collaboration, facilitate diffusion of industry expertise to inform research agendas at South African universities, and enable industry to leverage the expertise and research outputs of local and global universities
- Innovative strategies and programmes for talent development in industry-supported postgraduate training programmes. These will target funding and support for developing priority scarce skills and increasing employment opportunities for CoE graduates

### Telkom Foundation

The Foundation will strive to identify like-minded partners to leverage the power of ICT to reach more beneficiaries and increase the number of communities impacted by our programmes.



## Natural capital



## Natural capital

Telkom continues to focus on energy efficiency and provision of alternative energy supply, while decarbonising and optimising our diesel cost.

We submitted our near-term and net zero science-based targets for validation and approval as part of our commitment to combating climate change and reducing our carbon footprint.

## Performance snapshot

### KPIs and key measures for FY2024

- Scope 1 emissions: 66 167 tCO<sub>2</sub>e <sup>(A)</sup>
- Scope 2 emissions: 572 874 tCO<sub>2</sub>e <sup>(A)</sup>
- Scope 3 emissions: 1 724 460 tCO<sub>2</sub>e
- Water consumption: 777 722 kL <sup>(A)</sup>

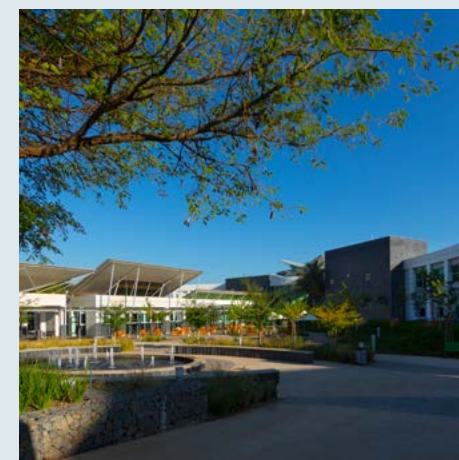
### Key strategic focus areas

- Driving energy efficiency and alternative energy
- Reducing Telkom's carbon footprint
- Telkom's Scope 3 emissions
- Managing Telkom's water consumption
- Responsibly managing hazardous waste
- TCFD reporting

<sup>(A)</sup> External moderate assurance on selected sustainability indicators. Please refer to the FY2024 Independent Assurance Report available [online](#).

## Highlights

- Telkom Park 3 MV and Bellville 168 kWp solar PV plants are fully functional, and Telkom Park's 1 MW solar PV project will be commissioned in June 2024
- 552 smart energy meter installations completed for the top 500 sites and 435 are in progress
- Bulk diesel monitoring meters completed and on an IoT platform for 66 sites
- Power factor correction completed on 12 sites
- Continued deployment of lithium-ion batteries along with solar panels in new sites (1 500 sites planned) with batteries installed at 686 sites





## Compliance

Environmental processes and procedures are in place to ensure compliance with regulatory requirements. We monitor compliance with environmental statutes and by-laws through site inspections, audits and regular reviews of our procedures and operations. There were no regulatory changes that impacted our operations in FY2024.

One Section 30 National Environmental Management Act, 107 of 1998 (NEMA) incident was reported. This involved diesel spillage at Telkom's Wesselsbron Electronics and Telecommunications Equipment (ETE) site in the Free State. The incident triggered the reportable threshold as per NEMA guidelines. It was reported to the relevant authorities and regulators within the stipulated timeframe, and mitigation measures were implemented.

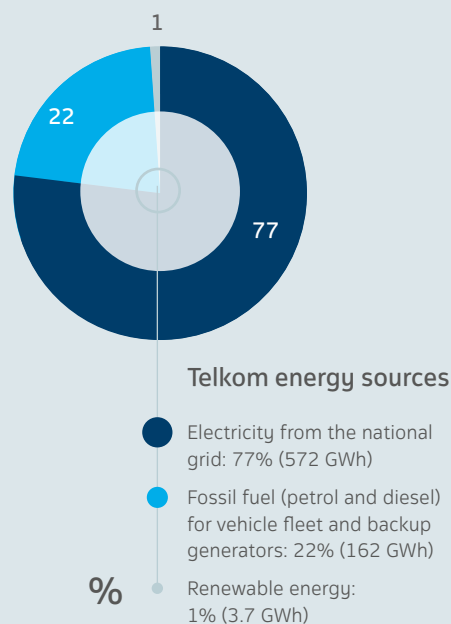
We complied with the requirements for energy performance certificates by certifying Telkom buildings that triggered the 2 000 m<sup>2</sup> threshold. This is the requirement in terms of the Energy Performance Regulations No 43972 of 2020 under the National Energy Act, 34 of 1998, which benchmarks the energy performance of certain buildings.

The Department of Environmental Affairs promulgated the phasing out of ozone-depleting substances in 2014. The regulation outlines 2020, 2025 and 2030 requirements for phasing out and managing these substances. From 2016 (baseline year) to date, we reduced our R22 refrigerant gases from 97 tonnes to 33.7 tonnes (FY2023: 36 tonnes) by decommissioning various Telkom sites and replacing HVAC units that exceeded the expected commercial life cycle by 30%. To comply with the year 2025 legislative target of 31.5 tonnes, Telkom must reduce its R22 gases by a further 2.2 tonnes.

## Driving energy efficiency and alternative energy



Telkom has developed an energy strategy to focus on crucial asset classes where business interruption (including loadshedding) would significantly impact contractual obligations and customer experience. This will optimise diesel usage and cost, provide energy security and assist in meeting decarbonisation targets.



The strategy prioritises technologies that maximise energy security and decarbonisation and optimises utilities. These technologies include:

- Telkom Park 3 MV and Bellville 168 kWp solar PV plants are fully functional, and Telkom Park's 1 MW solar PV project will be commissioned in June 2024

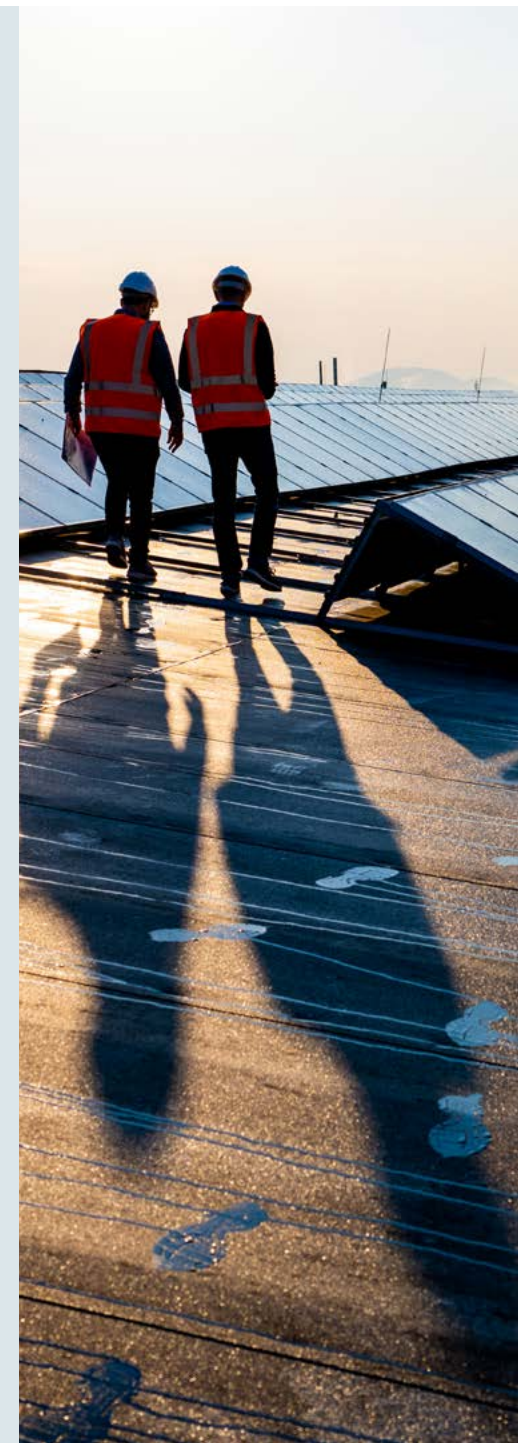
- 552 smart energy meter installations completed for the top 500 sites and 435 in progress
- Bulk diesel monitoring meters completed and commissioned on an IoT platform for 66 sites
- Power factor correction completed on 12 sites
- Continued deployment of lithium-ion batteries along with solar panels in new sites (1 500 sites planned) with batteries installed at 686 sites

The new energy landscape aims to address energy security and decarbonisation, where:

- Day-to-day operations will be powered by a combination of grid power and renewable energy mixes, such as solar PV and batteries as primary sources of energy
- Overall technologies will include emerging energy technologies such as quad generation and biogas as secondary sources of energy

Telkom has been aggressively installing solar and lithium-ion batteries in some key sites, decommissioning legacy equipment and implementing various energy efficiency initiatives for energy resilience and diesel optimisation. As a result, diesel consumption for FY2024 decreased by 15% and energy consumption decreased by 4%. In addition, Telkom's total emissions (Scope 1 and Scope 2) for FY2024 reduced by 9%.

These initiatives are ongoing. However, there are some limitations or constraints such as roof space available for solar installation, capex constraints, theft and vandalism.





## Reducing Telkom's carbon footprint



### KEY DEFINITIONS

**Scope 1 emissions** relate to fossil fuel consumed by the vehicle fleet, backup diesel generators and replacement of air conditioning gases. Scope 1 represents approximately 12% of Telkom's total carbon footprint.

**Scope 2 emissions** relate to the energy consumed from the national grid. In South Africa, the national utility has a high grid emissions factor due to its reliance on coal-fired power generation technology. Scope 2 represents 88% of Telkom's carbon footprint.

**Scope 3 emissions** relate to indirect upstream and downstream emissions of an organisation's value chain that have not been accounted for in Scope 1 and 2. Scope 3 emissions comprise 15 categories, including purchased goods and services, capital goods, and use of sold products.

**Eskom grid factor** refers to figures calculated based on total electricity sales by Eskom as published in its integrated annual report. Telkom calculates its Scope 2 emissions by converting its energy consumption in kWh to tCO<sub>2</sub>e emissions.

Telkom's ambition is to be carbon neutral by 2035 and net zero by 2040. Aligned with this, Telkom has committed to setting science-based targets to reduce its carbon footprint. We have submitted our near-term and net zero science-based targets to the Science Based Targets initiative (SBTi) for validation and approval.

Our Scope 1 emissions decreased by 22% due to ongoing diesel optimisation projects (lithium-ion battery installations) that reduced our diesel usage by 15% in FY2024. Our Scope 2 emissions decreased by 8% because of account terminations and re-billings through cost optimisation initiatives where anomalies and disputes are logged with municipalities and Eskom. The decrease in the grid emission factor from 1.04 to 1.00 in FY2024 also contributed to our Scope 2 emissions reduction.

#### Contribution to total carbon footprint per scope for Group tCO<sub>2</sub>e

Scope 1

22%

FY2024	66 167	Ⓐ
FY2023	85 100	
FY2022	55 466	

#### Contribution to total carbon footprint per scope for Group tCO<sub>2</sub>e

Scope 2

8%

FY2024	572 874	Ⓐ
FY2023	619 640	
FY2022	797 316	

### Target by 2035 and 2040

OE

#### Reduce carbon emissions:

Carbon neutral by 2035 and net zero by 2040

Aligned with the science-based targets near-term and net zero goals, Telkom has to reduce its annual carbon dioxide emissions at a 4.2% (29 429 tCO<sub>2</sub>e) linear annual reduction rate (LARR).

tCO <sub>2</sub> e Target	35 816	29 429
tCO <sub>2</sub> e Actual	138 042	65 699
	2023	2024

In FY2024, we reduced our emissions by 65 699 tonnes of carbon dioxide equivalent emissions. This represented a 9% reduction in Scope 1 and 2 emissions, exceeding the 4.2% LARR per SBTi requirements.

As industry discipline around ESG reporting gains momentum, Telkom is committed to ensuring rigour in our internal processes and governance. We are taking additional measures to triangulate our consumption data by incorporating various approaches for the calculations, such as:

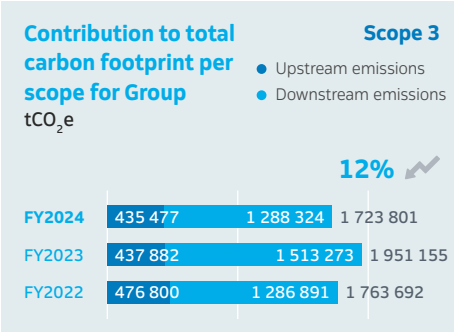
- Using actual consumption data, where a large part of the consumption footprint is retrieved directly from source invoices using AI programmes such as optical character recognition
- Installing smart meters at high-consuming sites
- Appointing an external energy expert to audit the methodology for the process and the formulas applied to obtain a derived consumption for the leased portfolio, operating on a fixed charge

Ⓐ External moderate assurance on selected sustainability indicators. Please refer to the FY2024 Independent Assurance Report available [online](#).





# Telkom Scope 3 emissions



Telkom has refined its Scope 3 calculation methodology with the use of a carbon accounting platform that considers both local and international standards. As such, we have restated our FY2022 baseline emissions. Cognisant of the complexities associated with Scope 3 emissions, we will keep improving our methodology as we evolve, while adhering to the requirements of the SBTi.

We acknowledge the necessity to engage our suppliers as part of our journey to reduce Telkom's value chain emissions. In FY2024, we sought to set a Scope 3 target for the Group, which we have done and submitted to the SBTi for validation. As part of our FY2025 plans, we have solicited advisory services to assist with developing our pathway to net zero. Further, we aim to assure our Scope 3 emissions in FY2025.

# Managing Telkom's water consumption



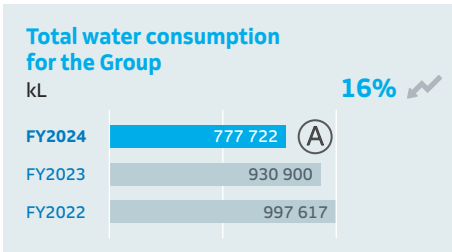
Although we are not a material water user, we recognise the risks associated with water shortages, particularly to employees and the economy. The Group uses water primarily for cooling, drinking, catering, hygiene and landscaping. Telkom's main source of water is municipal supply.

Telkom's water consumption decreased by 16% to 777 722 kL (A). This was mainly due to site terminations and ongoing site monitoring, resulting in water leakages being repaired and accounts corrected. We also installed smart water meters at 52 sites and commissioned the meters on an IoT platform at 46 sites.

Water management is part of our ESG strategy, and we are committed to a 50% reduction in water usage by 2030.

The following water-saving initiatives will enable Telkom to reduce water consumption in future years:

- Telkom Park rainwater harvesting project. This was deferred to FY2025 due to funding availability
- Borehole installation at three sites in the Eastern Cape Nelson Mandela Region, namely Linton Grange, Walmer ETE and Sidwell ETE
- Rainwater harvesting project at five sites in the Eastern Cape Nelson Mandela Region. The implementation of the Nelson Mandela Region projects is ongoing, with the procurement process at the tender evaluation stage



# Responsibly managing hazardous waste



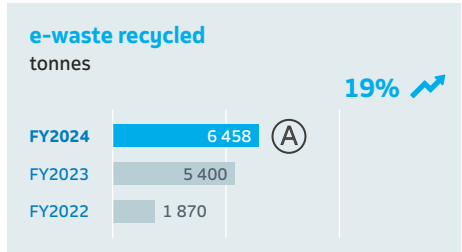
Telkom's largest source of hazardous waste is used electronic equipment (e-waste). Telkom continued to focus on reducing e-waste by implementing practices to reuse, resell or recycle network waste and other waste generated by our operations. We increased our e-waste recycling from 5 427 tonnes in FY2023 to 6 458 tonnes in FY2024. This was mainly due to ongoing decommissioning of legacy equipment.

E-waste is a source of income for waste collectors and handlers. We sell our cabling to a leading e-waste recycling organisation, which processes the cabling using environmentally and socially responsible techniques that do not use chemicals or burning. This sensitive, labour-intensive process provides employment and empowerment for an Eastern Cape rural community through our Thembani project. 22 families rely on this project as their sole source of income. We sell copper recovered from the recycling process on local and international markets.

Telkom Consumer launched a Device Trade-in Programme in November 2022, initially partnering with iPhone and Samsung. The programme promotes sustainable reuse and recycling of technological devices. Refurbishing a device increases its lifespan, enabling more users to benefit from the same device over an extended time.

The Trade-in Programme started slowly in FY2023, as it was temporarily put on hold internally, even though customers could still trade in directly with handset manufacturers. Efforts are now under way to revitalise the programme by enhancing the system. One challenge identified was the economic climate and customers' reluctance to trade in, opting instead to hand down devices. While there was no specific recycling campaign in the mobile space, the focus was on reuse.

This involved educating customers about repair warranties and extended warranties on certain OEM devices. In addition, other handset manufacturers offer repair "specials" for screen damage.



(A) External moderate assurance on selected sustainability indicators. Please refer to the FY2024 Independent Assurance Report available [online](#).





## Case study – IoT

Gyro successfully implemented the first phase of the next-gen property management strategy. This aggregated Gyro's smart devices or IoT devices onto an IoT platform for efficient management and monitoring of facilities. The implementation of the digital infrastructure layer was a crucial component of this technology solution and architecture. It enables preventative and reactive maintenance and efficient facility management. Despite some challenges faced in executing the project, the project phase was completed.

Gyro successfully onboarded over 50 000 devices and tags across 54 sites and 297 utility meters for top-consuming sites, meeting the initial targets for the acquisition and implementation of the Gyro Digital Platform solution. The migration of existing devices monitored by third parties was also successfully completed.

This strategy will allow Gyro to proactively manage its facilities, make informed property facilities management decisions and have control of data and the insights generated from monitoring devices, resulting in cost benefits derived from digital monitoring. Furthermore, this will lead to a revenue-generating model utilising next-generation capabilities.

The next phase of the project will include operationalisation, integration with other key systems, and possible extension to other sites. This will enable further enhancements to facilities management capabilities, including upgrades to core applications, analytics and business intelligence, security and information security, finance, accounting, billing, integration, and infrastructure.

## Key focus areas in FY2025

We will continue with our energy efficiency project, renewable energy projects and lithium-ion battery installations at our sites. LED lighting retrofits at additional sites will also continue in FY2025. These initiatives will improve our energy security and decarbonisation and optimise utility and diesel costs.

We will also complete our water conservation initiatives at Telkom Park and sites in the Eastern Cape Nelson Mandela Region.

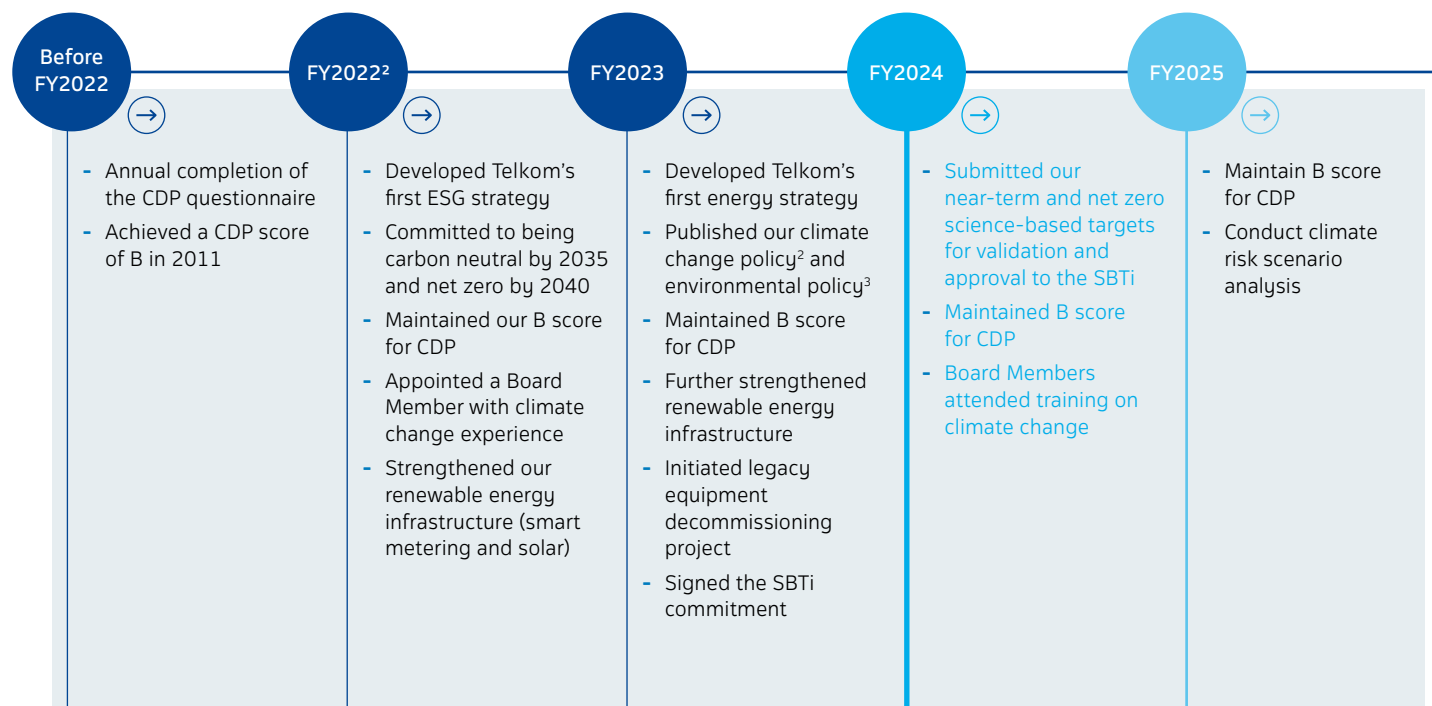
## Task Force on Climate-related Financial Disclosures (TCFD<sup>1</sup>)

Telkom recognises the urgent need for proactive action in response to climate change. This recognition is underscored by global agreements like the Paris Agreement, which sets ambitious targets to limit global warming to 1.5°C.

Climate change affects our operations in various ways. For example, our infrastructure is vulnerable to extreme weather events, and the availability of resources such as water is essential for our network operations.

As part of our commitment to climate action, we are actively working to reduce our emissions, increase energy efficiency, and integrate renewable energy sources into our operations. We are also exploring innovative solutions to adapt to the impacts of climate change and build resilience in our infrastructure and supply chains.

## Our climate change journey



<sup>1</sup> Task Force on Climate-related Financial Disclosures.

<sup>2</sup> [https://group.telkom.co.za/documents/sustainability/Climate\\_Change\\_Policy\\_Statement.pdf](https://group.telkom.co.za/documents/sustainability/Climate_Change_Policy_Statement.pdf)

<sup>3</sup> [https://group.telkom.co.za/documents/sustainability/Environmental\\_Policy\\_Statement.pdf](https://group.telkom.co.za/documents/sustainability/Environmental_Policy_Statement.pdf)



## Governance

Telkom acknowledges the pressing need to address climate change within its operations and has established a robust governance structure to effectively manage climate-related risks and opportunities.

The Board holds ultimate responsibility for overseeing risk and compliance, including climate-related issues, across the Group. Since FY2022, climate change has been a standing agenda item, demonstrating the Board's commitment to addressing this critical issue. The Board has delegated the responsibility for climate change to the Social and Ethics and Audit and Risk Committees (where applicable). The Board receives regular updates and recommendations from these Committees to ensure informed decision-making.

Telkom's ESG strategy and energy strategy incorporate ambitious environmental objectives, aiming for carbon neutrality by 2035 and net zero emissions by 2040. These targets are integrated into Telkom's overall strategy and are regularly reviewed by the Board and the relevant Committees.

The Social and Ethics and Audit and Risk Committees play key roles in evaluating the Group's progress toward these goals and advising on necessary adjustments to the strategy and operations. The Board and its Committees are tasked with embedding climate-related considerations into Telkom's core operations. This includes aligning performance objectives, risk management policies, annual budgets, and business plans with the goal of achieving carbon neutrality by 2035 and net zero emissions by 2040.

The Board ensures that climate-related risks and opportunities are adequately addressed at all levels of the Group through regular monitoring and evaluation. The Exco

actively governs and supports climate change initiatives within Telkom through regular engagement and discussions.

Progress and implementation of these initiatives are closely monitored through various channels, including quarterly ESG Council meetings, Exco meetings and Board meetings.

Acknowledging the importance of disaster preparedness, Telkom has approved an annual disaster budget to address extreme circumstances, including climate-related disasters. Additionally, the Board has the authority to increase the disaster budget if unforeseen events exceed the allocated resources, ensuring the Group's resilience in the face of climate-related challenges.

Telkom is well equipped to navigate the complexities of climate change and contribute to a more sustainable future through:

- Effective oversight by the Board and its Committees
- Alignment with strategic objectives
- Integration into business operations
- Executive leadership engagement
- Adoption of best practices such as the TCFD framework
- Disaster preparedness measures



## Strategy

Our purpose is to seamlessly connect our customers to a better life. Therefore, our risk identification process considers climate change impacts such as changing rainfall patterns and increasing temperatures (resulting in heat stress). These could negatively affect our service delivery capabilities and customer experience.

We are considering the effect of climate-related risks and opportunities on our products and services in the short term. We did not perform a scenario analysis in FY2024 due to budget constraints, as originally planned. We intend to do this in FY2025, which may extend our considerations into the medium and long term.

Telkom has identified the following key climate-related risks and opportunities:

### Climate-related risks

- The second phase (2024 onwards) of the introduction of carbon tax legislation is expected to have an impact on Telkom due to the potential broadening of the tax base to include Scope 2 emissions
- The increasing severity and frequency of extreme weather events, such as floods and cyclones, pose an acute physical risk to the network, as such events could damage infrastructure and increase network faults
- Chronic changes in precipitation patterns, extreme variability in weather patterns and more severe weather conditions, such as acute winter rains in the Western Cape, could increase our vulnerability to network down-time and faults
- A rise in temperature could increase the air conditioning energy consumption requirements in our data centre and offices, which could place stress on our water resources

### Climate-related opportunities

- On-site solar energy generation can reduce operating costs, vulnerability to loadshedding and carbon tax liability
- Sensor technologies and LED lighting can reduce energy consumption and costs
- Increased resource efficiency can reduce operating costs and carbon tax liability, especially through improved building energy consumption. A green star rating can enhance Telkom's reputation
- Efficient water consumption can reduce operating costs, mitigate possible drought impact, and reduce shortages that could impact water-cooled IT infrastructure
- Arranging sustainable finance can lead to cheaper financial capital ringfenced for sustainability projects that reduce natural capital impacts



Sustainable cost management, including enhancing operational efficiencies through energy-efficiency initiatives, is a key strategic objective. Therefore, we appointed an energy expert to develop and implement an energy management strategy. We also invested (and continue to invest) in various energy-efficiency projects. The online real-time energy consumption monitoring is progressing, with smart meters installed at 743 sites.

## In practice

An example of a climate-related influence on our products and services is our response to network backlogs created during the winter rainy season in the Western Cape.

Telkom relocates employees from unaffected regions to the Western Cape in winter to service network faults caused by prolonged rainfall and assist with the higher workload. If the affected regions still cannot cope, service providers and Openserve technicians are allocated from other unaffected regions to assist.

The additional support employees are paid relocation stipends for the inconvenience of working away from home. These additional costs are already built into the operational expenditure for the backlog plan.

## Risk management

Risks associated with climate change are integrated into Telkom's risk identification and management processes and assurance processes. The Group's risk management approach is based on a Board-approved ERM methodology and philosophy to ensure adequate and effective risk management across the Group. Refer to [page 47](#) for more insight into ERM processes, accountabilities, and emerging and strategic risks. Regulatory, reputational and physical risks are identified and assessed annually and are considered three to six years into the future. Our Group integrated assurance framework identifies, assesses, monitors and reports on the Group's complex risks and opportunities.

Through our ERM processes and our material matter determination process ([page 4](#)), the Board takes overall ownership of overseeing risk and ensuring compliance across the Group, with support from Group Exco and the Audit and Risk Committee.

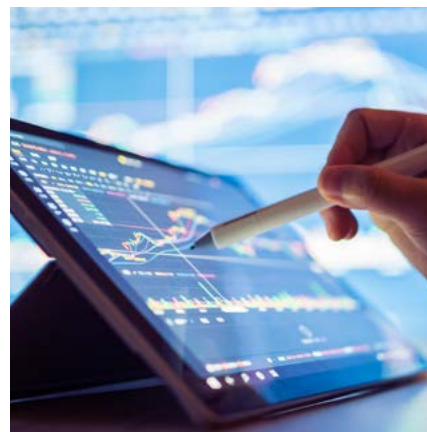
Climate change, specifically extreme weather conditions, has been a material theme since FY2021. To protect our business and the environment, Telkom must mitigate and adapt to climate change impacts and responsibly use our resources.

Telkom manages climate-related risks and opportunities within the business functions where they are identified. However, all major climate-related risks have response plans that specify trigger thresholds (related to the severity of the impact) where higher levels of management should get involved. Our Group Emergency Management Team reports to the Group Exco and manages risks that significantly impact business-as-usual and the execution of Telkom's strategy (i.e. the highest trigger threshold). The team's mandate is to ensure continuity of service delivery through infrastructure, buildings, equipment, processes and human capital to

guarantee the implementation and effectiveness of defined emergency management procedures.

We continued to strengthen Telkom's ability to respond to disasters, including extreme weather events, as part of our journey to being a risk-intelligent Group. This included:

- An improvement in the Group's risk and compliance culture
- Enhanced senior leadership setting of tone by demonstrating accountability for any matters of governance, risk and compliance
- Embarking on exploring predictive analysis or a futuristic approach for risk management
- Strengthened opportunity management and collaboration across the Group



## Metrics and targets

Telkom reports its carbon footprint according to the Greenhouse Gas Protocol. This is a global standard for developing an emissions inventory and carbon footprint. Refer to [page 97](#) for Telkom's Scope 1 and Scope 2 emissions disclosure.

Climate-related risks and opportunities are part of our wider ESG performance. Our focus is on managing and reducing our negative environmental impacts and improving our organisational resilience. We use a variety of metrics to measure current and potential impacts, including greenhouse gas (GHG) emissions, energy consumption, water consumption and waste generation.

The Group's carbon footprint has increased due to the disclosure of our Scope 3 emissions. Within our ESG strategy, we have developed a reasonable three-phase approach to determine appropriate climate change-related activities. In an effort to begin disclosing the Group's Scope 3 GHG emissions in internal and external reporting, we completed the following:

- Development of a Scope 3 GHG emissions accounting methodology
- Quantification of the Group's Scope 3 GHG emissions for 2023

Telkom will carry out a risk assessment to enhance our understanding of the transition risks and opportunities in FY2024.



	FY2024 Targets	Comments
Scope 1 emissions	Reduce Scope 1 and 2 emissions by 4.2% LARR	Aligned with SBTi ambitions.
Scope 2 emissions		
Scope 3 emissions	–	No target was set for FY2024 as Telkom was recalculating the Group's Scope 3 emissions and developing science-based targets. The Group will communicate its Scope 3 targets once approved by the SBTi.
Water consumption	–	Despite no actual target set for FY2024, we remain committed to responsible water consumption. This is evidenced by tangible results, including a 16% reduction in water consumption attributable to site monitoring initiatives.
E-waste recycled		E-waste recycling increased by 19% owing to ongoing decommissioning of legacy equipment.



Goal statement	Goal sub-statement	Progress in FY2024	Priorities in FY2025
Carbon neutral by 2035	100% reduction in Scope 1 and 2 emissions.	The decrease in our Scope 1 emissions is attributable to ongoing diesel optimisation.  The 8% decrease in Scope 2 emissions is mainly attributable to our cost optimisation initiatives (account terminations and re-billings).	Diesel optimisation project: installation of lithium-ion batteries to optimise diesel usage.  Solar PV installation in some of our sites.  Legacy equipment decommissioning to reduce energy consumption in our exchanges.
	Migration from fossil fuels to only comprise 50% of energy use by 2030.	On-site solar rooftop installations are underway. Energy-efficiency measures reduce consumption. Redundant legacy equipment was decommissioned.	Increased focus on solar PV and feasibility of alternative large-scale generation such as quad generation. Ongoing energy-efficiency initiatives to reduce our carbon footprint.
	100% of energy use from renewable sources by 2035.		
	Migration from R22 refrigerant gases by 25% in 2025 and 100% by 2035.	At year-end, there was 33.7 tonnes of R22 gas in the HVAC system.	Plans are in place to further reduce R22 gas by 2.2 tonnes in FY2025 to comply with regulatory requirements.
Net zero by 2040	Determine Scope 3 emissions from use of sold products.	Appointed a third party to help develop a Scope 3 baseline, which was completed.	Develop a target(s) for Scope 3 emissions.
	Encourage recyclable and biodegradable materials.	Developing a Group waste strategy that incorporates circular economy.	Finalise the Group waste strategy.
	75% reduction in waste to landfill by 2030.		
	50% reduction in potable water consumption by 2030.	Identified water-saving initiatives, e.g. water harvesting and borehole drilling, and the business cases are in place.	Implement water-saving initiatives as per the approved business cases.
	Carbon offsets for unavoidable emissions.	Long-term initiative, to be considered once Group assets are optimised and on-site opportunities are exhausted.	Factored into long-term initiatives in the sustainability roadmap.





# TRANSPARENCY AND ACCOUNTABILITY

## 6

Our governance report	103
Social and Ethics Committee report	120
Remuneration report summary	122

### Our governance report

Our governance approach embodies a commitment to transparency, accountability, efficiency and effectiveness. We create an environment where governance structures and processes support our ability to create value in the short, medium and long term.

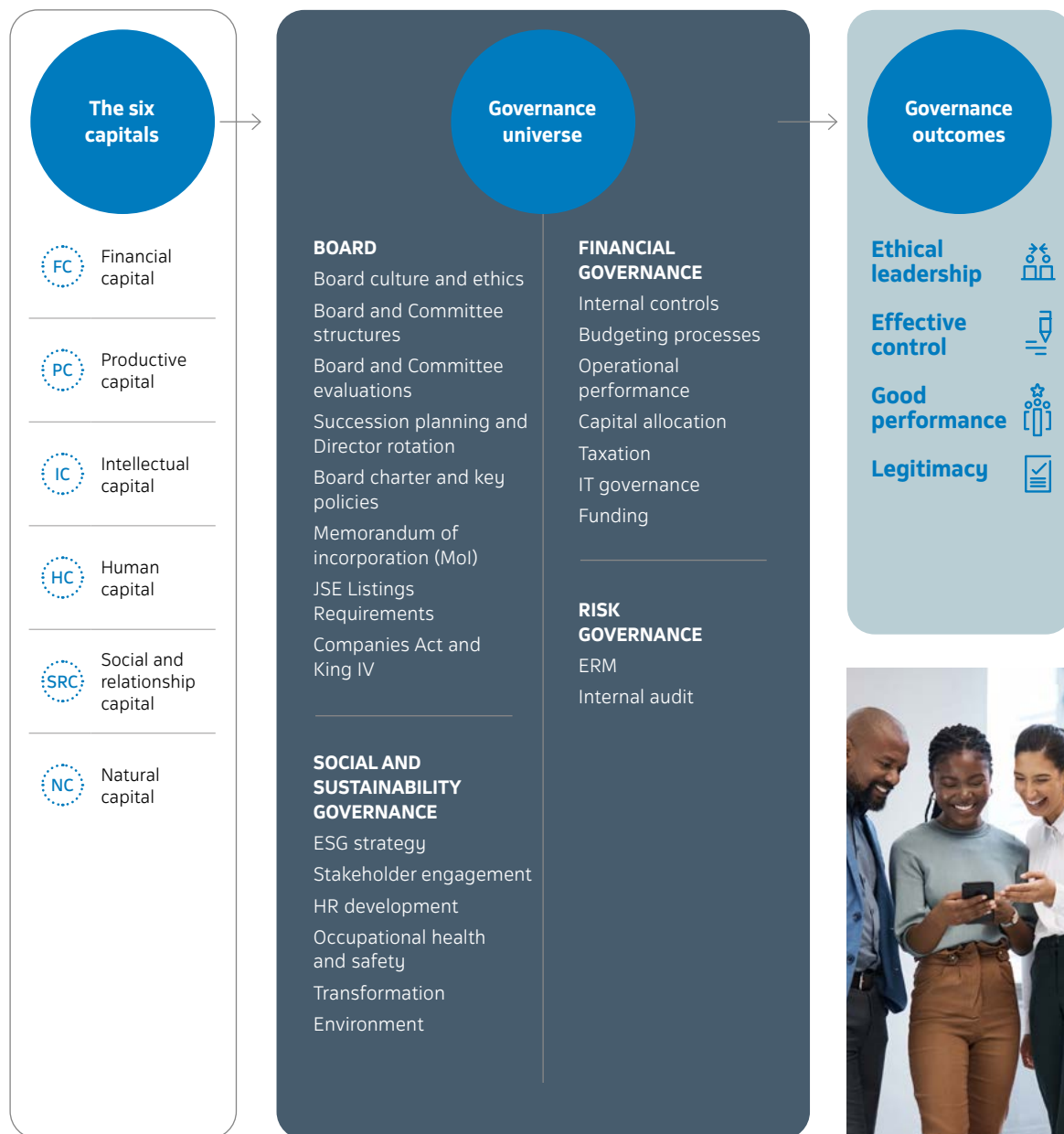
We aim to build trust and confidence in our brands by upholding ethical standards and adhering to best practices. Continuous evaluation and agility enable us to respond effectively to the changing operating environment while adhering to the principles of good governance. Our six capitals are fundamental in managing all aspects of our business to achieve our strategic and governance goals.

### Telkom’s governance universe

Telkom’s governance universe encompasses all our structures, processes, policies, and principles that guide decision-making to ensure accountability and promote transparency throughout the Group. It includes Telkom’s Board of Directors and Committees, management structures, policies, and regulatory compliance mechanisms. All of these are tied to the six capitals that Telkom depends on.

Telkom navigates the complexities of the telecommunications industry through robust oversight and strategic direction. We strive for excellence in corporate governance to maintain trust and drive long-term value for our shareholders, customers, employees, and the broader community.





## Our Group governance framework

Our Group governance framework is robust and serves as the cornerstone of effective decision-making, co-ordination and accountability within the Group. It gives effect to our governance approach. By providing clarity on roles, responsibilities and decision-making processes, it ensures alignment with strategic objectives and values across the Group.

The framework's content is subject to the statutory and regulatory environment within which the Group operates. This includes the JSE Listings Requirements, the Companies Act, our Moi and King IV.

The governance framework is implemented by the Group Secretariat from the Corporate Centre to the subsidiaries. This promotes enhanced Group performance and sustainability by embedding sound governance practices and efficient collaboration throughout the Group. The framework is reviewed every three years or as and when required. The last review was performed in March 2023.



### Key matters addressed in the governance framework include:

- The Group governance approach
- Ethical and effective leadership
- Governance processes and structures
- Authority and delegation
- Key governance policies
- Reporting and communication
- Inter-company trading



### The practices and processes within the governance framework enable the Group to:

- Give effect to the direction set by the Board on relationships and the exercise of authority across the Group
- Acknowledge the existence of each subsidiary as a separate and independent juristic person to which the directors of the subsidiary owe fiduciary duties
- Apply proportional governance where applicable, i.e. adapt and scale practices to what is suitable and appropriate for each subsidiary





Delegation of authority

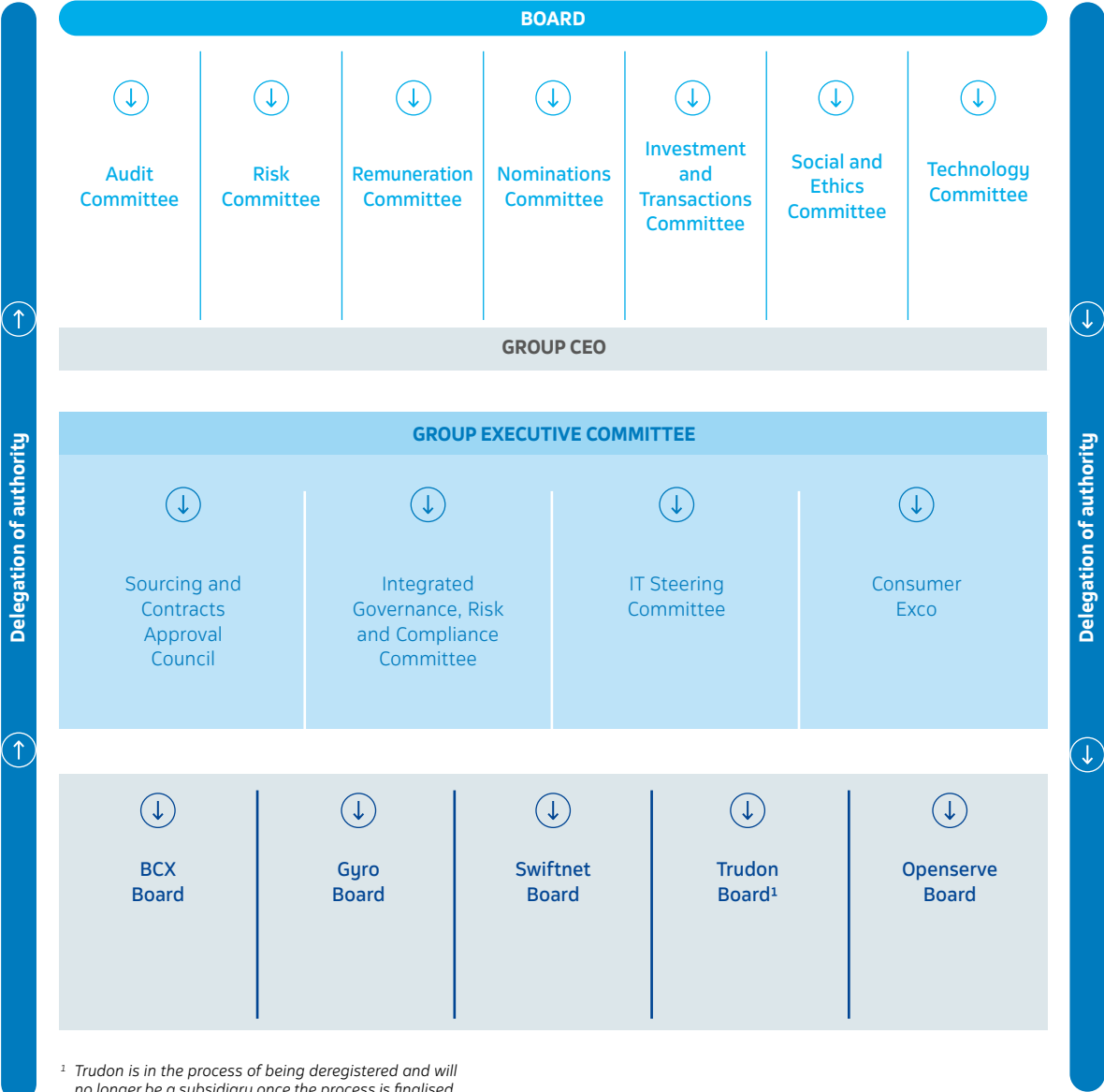
The DoA is a fundamental aspect of effective leadership and Group management. It enables leadership to focus on higher-level strategic initiatives while ensuring that day-to-day operations run smoothly. Overall, the delegation of authority is a key driver of productivity, innovation and agility within the approved risk framework.

The subsidiary delegations of authority align with the principles of the Group delegation of authority and are regularly monitored and reviewed for efficiency. In FY2025, Telkom will embark on a holistic review of the Group and subsidiary delegations of authority to ensure alignment, adherence to best practice, clarity of thresholds and guidelines for decision-making. These will be submitted to the relevant governance structures once the reviews are complete.

The Group Exco is a management governance structure constituted at the discretion and guidance of the GCEO. It supports him in carrying out Board-delegated operational activities and feeds into the Board and its Committees.

Group Exco comprises the Executive Directors, CEOs of all business units, Chief of HR, Chief Digital Officer and Chief Capital Projects Officer as Members. The Group Executive of Internal Audit, Group Company Secretary, Chief of Strategy, and Head of Strategy and Project Management Office are permanent attendees of Group Exco meetings.

The last DoA review was conducted in 2020 and another one is underway.



Diverse and competent leadership

The Board plays a pivotal role in guiding and overseeing our strategic direction and operations. It comprises individuals with diverse expertise, experiences and backgrounds. This enables it to take a broad perspective in decision-making, and engage effectively in strategic planning, risk management and performance evaluation, providing valuable insights and oversight to management.

Overall, the Board serves as the cornerstone of governance excellence, guiding Telkom towards sustainable growth and success.





## Independent Non-executive Directors as at 31 March 2024

											
<b>MG Qhena</b>	<b>O Ighodaro</b>	<b>B Kennedy</b>	<b>KP Lebina</b>	<b>PCS Luthuli</b>	<b>EG Matenge-Sebesho</b>	<b>KA Rayner</b>	<b>SP Sibisi</b>	<b>H Singh</b>	<b>IO Selele</b>	<b>LL Von Zeuner</b>	<b>S Yoon</b>
Age 58 N Re Appointed 27/03/2023	61 Re I 01/07/2021	64 N I Re S 15/07/2022	43 A I Re 15/07/2022	51 A I T 25/05/2018	69 N Ri S 01/07/2021	67 A I Ri T 15/07/2019	68 Ri S T 01/04/2019	63 A Ri T 25/09/2020	47 N S T 15/07/2022	63 A Re Ri T 10/12/2012	61 I Ri 01/05/2022
Principal skills											
Accounting, auditing, business leadership, corporate finance, governance and mergers and acquisitions	Accounting, auditing, business leadership, finance, strategy, governance, mergers and acquisitions, risk management and commercial expertise	Business leadership, corporate banking, debt and equity capital markets, e-commerce, governance, private equity, commercial property finance, and mergers and acquisitions	Accounting, auditing, business development, business leadership, corporate finance, governance, investor relations and risk management	Accounting, auditing, business leadership investments, corporate finance, mergers and acquisitions, and risk management	Financial markets and investments, international business, marketing, risk management and governance	Accounting, auditing, business leadership, commercial, corporate finance, ESG, governance, human resources, policy, regulatory, risk management, strategy and mergers and acquisition	Business leadership, e-commerce, finance, start-up ventures, business-to-business intelligence skills, and technology	Accounting, auditing, business development, business leadership, e-commerce, governance, large-scale IT developments and IT innovation, marketing, risk management, and technology	Business leadership, ESG, governance, renewable energy, digital technology, marketing, supply chain management, AI and innovation	Accounting, auditing, business leadership, ESG, finance, governance, mergers and acquisitions, policy, regulatory, risk management, commercial expertise	Business leadership, corporate finance, digital transformation, e-commerce, global strategy, international tele-communications, marketing, and turning around difficult businesses
Other directorships											
Exxaro Resources Ltd, Investec Bank Ltd	Old Mutual Ltd, Old Mutual Life Assurance SA, Sabvest Capital Ltd, The Spar Group Ltd	Ecobank Transnational Incorporated, AfriSam Ltd, African Rainbow Minerals	DRDGOLD Ltd, Growthpoint Properties Ltd	Mpact Ltd, Mpande Property Fund Manager (Pty) Ltd	First National Bank Ghana, Ashburton Investments, FinMark Trust	Appropriate Process Technologies (Pty) Ltd, Nexus Intertrade (Pty) Ltd, Sibanye Stillwater Ltd	FirstRand Bank Ltd	Adcorp Holdings Ltd, Payments Association of South Africa, African Bank Ltd	Brand SA	FirstRand Ltd, FirstRand Bank Ltd, Sappi Ltd	

Directorships listed do not include all directorships and dormant entities. We have disclosed public and JSE-listed entities where substantive time will be required. Curricula vitae of the Board Members are available at <https://group.telkom.co.za/governance/governance.html>.

The following Directors resigned during FY2024:

1. **Ms N Ford-Hoon** – Resigned on 6 September 2023
2. **Mr M Nyati** – Resigned on 29 September 2023

The following directors were appointed to the Board effective 1 July 2024:

1. **MS M Msimang**
2. **Mr M Booi**

### Skill/Number of Directors













Telecommunications	1	e-commerce	1
Governance (including policy and regulatory)	8	Supply chain management	1
Human resources	1	Accounting and auditing	8
Risk management	5	AI and innovation	4
Financial services	8	Stakeholder management	1
Strategy and business leadership	11	ESG	2
Marketing	1		

### Committees

Audit Committee	A
Risk Committee	Ri
Remuneration Committee	Re
Nominations Committee	N
Investment and Transactions Committee	I
Social and Ethics Committee	S
Technology Committee	T



## Group Exco team

								
<b>S Taukobong</b>	<b>N Dlamini</b>	<b>AC Beukes</b>	<b>PJ Bogoshi</b>	<b>NM Lekota</b>	<b>LTS Maloba²</b>	<b>LM Siyo</b>	<b>DJ Reyneke³</b>	<b>S Mmakau</b>
Age 54	50	53	58	53	50	46	62	49
 								
GCEO and Executive Director	GCFO and Executive Director	CEO: Openserve (Pty) Ltd	CEO: Business Connexion Group Ltd (BCX)	Chief HR Officer	CEO: Gyro Group (Pty) Ltd and Swiftnet SOC Ltd	CEO: Telkom Consumer	GCFO and Executive Director Appointed: 14/12/2020 (Resigned 30/11/2023) Chief Capital Projects	Group Chief Digital Officer
Appointed 01/01/2022	01/12/2023	01/04/2020	01/06/2018	01/03/2017	13/11/2017	01/10/2021	01/12/2023	01/04/2024
<b>Principal skills</b>								
Marketing, customer operations, mergers and acquisitions, and business leadership	Finance, business strategy and execution, business leadership and corporate governance	Tele-communications, IT, sales, marketing, procurement, technology and business leadership	ICT specialist, strategy, sales, and business leadership	HR strategy architecture and business leadership	Business leadership, business strategy, real estate investment management, and managing masts and towers	Business leadership, sales and marketing, business strategy, financial management, digital transformation, and e-commerce	Business strategy and execution, tele-communications, business leadership, regulatory and policy, corporate governance	ICT strategy, business leadership, digital business transformation, technology operating model, data analytics, cyber, risk and governance
<b>Other directorships</b>								
(Telkom Group): Business Connexion Group Ltd, Gyro Properties (Pty) Ltd, Openserve (Pty) Ltd, Swiftnet SOC Ltd, Trudon¹ (Pty) Ltd	(Telkom Group): Business Connexion Group Ltd, Gyro Properties (Pty) Ltd, Openserve (Pty) Ltd, Swiftnet SOC Ltd	(Telkom Group): Openserve (Pty) Ltd	Business Connexion Group Ltd	(Telkom Group): Business Connexion Group Ltd	(Telkom Group): Gyro Properties (Pty) Ltd, Swiftnet SOC Ltd	(Telkom Group): Trudon¹ (Pty) Ltd	(Telkom Group): Business Connexion Group Ltd, Gyro Properties (Pty) Ltd, Openserve (Pty) Ltd, Swiftnet SOC Ltd, Trudon¹ (Pty) Ltd, Capricorn Group Ltd	None

<sup>1</sup> Trudon is in the process of being deregistered and will no longer be a subsidiary once the process is finalised.

<sup>2</sup> Resigned 29 February 2024.

<sup>3</sup> Resigned 30 November 2023.

## Telkom's approach to governance

### Role of the Board

The role of the Board is to:

Provide strategic direction to the Group

Approve policies and plans to give effect to the approved strategy and direction

Oversee and monitor the implementation and execution by management

Ensure accountability for performance

The Board delegates power to the GCEO to execute Telkom's strategy with the assistance of Exco, and approves the delegation of authority through which such delegation is formalised. The Board has constituted governance structures to help it discharge its duties, and these structures are reviewed every year for adequacy.

The Board charter, which is reviewed annually, guides the Board on its mandate, responsibilities, and power. The charter is aligned with the Companies Act, JSE Listings Requirements and King IV.

The Board is led by an independent Chairperson, Mr MG Qhena. His role is to facilitate effective communication, collaboration and decision-making among Board Members, ensuring that discussions remain focused on key issues and objectives.

There is a clear balance of power and no one individual has unfettered powers.



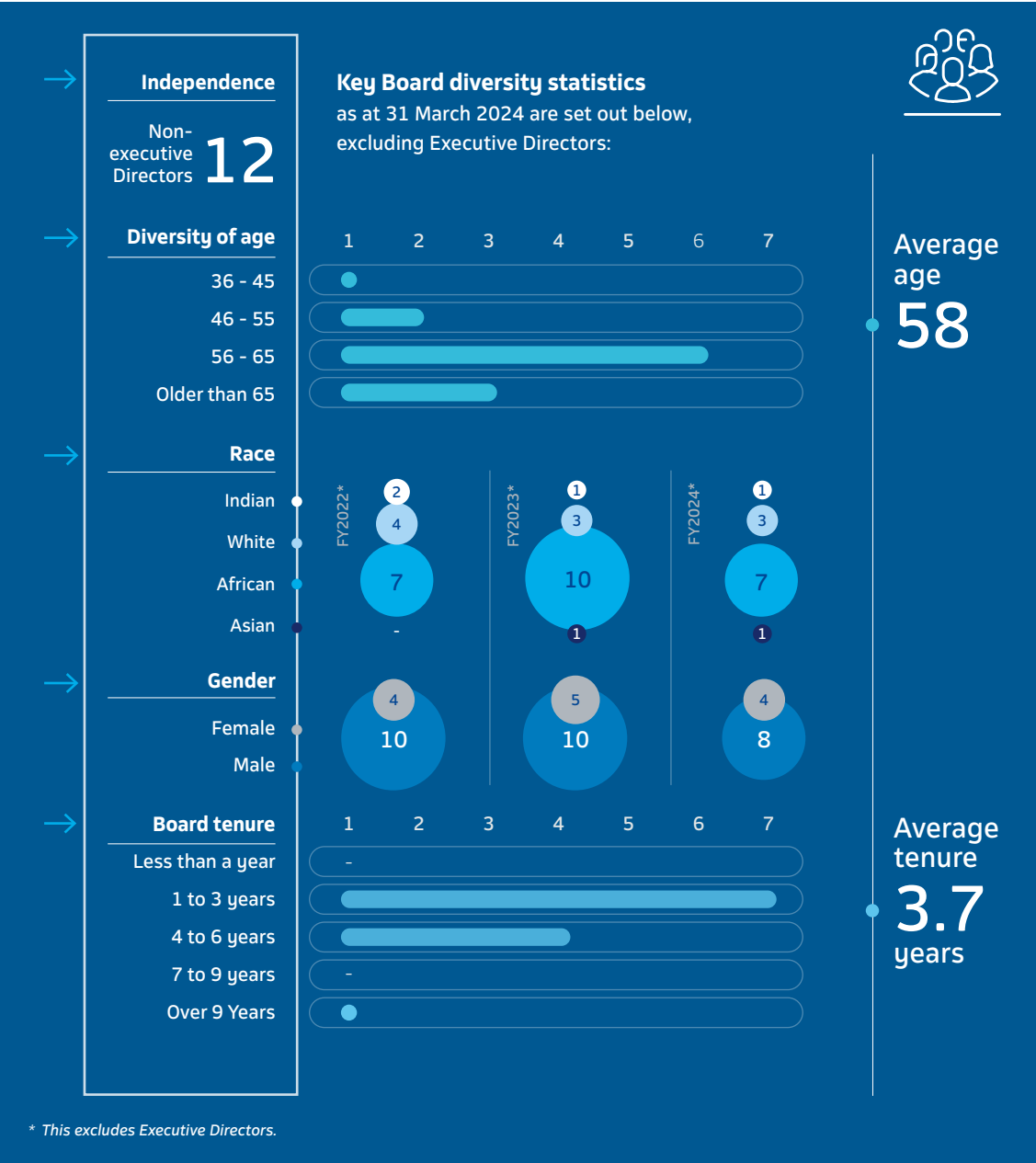
Board appointments and diversity

The Nominations Committee reviews Board appointments and makes recommendations aligned with the nominations policy. While the nomination process for Directors is contained in the Board charter, the Board approved a nominations policy in November 2023 that incorporates the diversity targets and criteria of the Board. In FY2023, the Board approved a female representation target of 40% and a three-year period to achieve the target.

Each year, the Nominations Committee reviews the Board structure and diversity and makes recommendations to the Board. The Committee utilises a skills matrix that defines the skills required for the Telkom of the future, the current skills on the Board (see [page 106](#)), and the skills required. In making recommendations, the Committee identifies candidates that possess the required skills or can bring the required skills on board.

On 14 June 2024, Telkom announced the appointment of two Non-executive Directors, Mr M Booï and Ms M Msimang, to the Board with effect from 1 July 2024. The profiles of these Directors are on [page 10](#) of the notice of AGM.

The Nominations Committee has identified a need for candidates with skills in regulatory, cyber and IT security areas.



Average age

58

Average tenure

3.7 years

\* This excludes Executive Directors.



Tenure, rotation, and retirement

A third of our Directors retire by rotation at every AGM. Retiring Directors are selected from among the longest-serving Directors since last appointment or election. These Directors may offer themselves for re-election, if available, and for recommendation to shareholders at the AGM. The following Non-executive Directors retire by rotation at the upcoming AGM and have offered themselves for re-election:

- Ms EG Matenge-Sebeshe
- Prof H Singh
- Mr B Kennedy
- Ms KP Lebina

Any Non-executive Director holding office for an aggregate period of more than nine years since first election or appointment shall retire from office at every AGM thereafter. The Director shall also be subjected to an annual independence assessment. Mr Von Zeuner, who exceeded his third three-year term in 2023, will retire at the upcoming AGM.

The Board reviews its succession planning to ensure continuity and sustainability, and to increase the Board's resilience and adaptability in the face of evolving challenges and opportunities. The Board considers its succession planning as and when required.

Following the resignation of some Directors in FY2024, the Nominations Committee undertook a process to replenish the Board, which resulted in the appointment of Mr Booï and Ms Msimang to the Board of Directors with effect from 1 July 2024.

Key Board diversity statistics as at 31 March 2024 are set out in the table on the left, excluding Executive Directors.



## Directors' induction and training

The Group Company Secretariat inducts new Directors on Telkom's operations, the legal and regulatory framework within which the Group operates, and the policies Directors must adhere to. The induction programme includes a day's presentation on Group strategy, key functions and the Group's business units. This is complemented by "Green Shoe Day", where Directors are taken on a visit to the exchanges to better understand our operations.

A Director's toolkit is provided to each Director that contains:

- The Ethics Leadership Pledge
- Board Committee meetings and composition
- Board charter and Committee terms of reference
- Telkom's legislative and strategic documents
- The delegation of authority
- The governance framework

The Board approved a training plan for FY2024 to address existing and emerging Board needs. The following sessions were conducted:

- Social and Ethics Committee: Compelling investor engagements on ESG
- Audit Committee: Integrated reporting
- Risk Committee: Mastering risk maturity
- Board: Deterring fraud, corruption and unethical behaviour
- The new GCFO was trained on the JSE Listings Requirements through our Sponsors, and the GCEO and Secretariat team joined the session as a refresher

We did not complete all the training as per the plan. In FY2025, we will focus on ensuring relevant training is provided which takes into account competing interests.

## Board and Exco succession planning

Board succession is a critical aspect of the Board's activities, ensuring continuity, effectiveness, and adaptability. Robust succession plans mitigate the risks associated with sudden departures or disruptions in leadership while promoting innovation by introducing new talent.

The Board considers its succession planning when required and receives updates on Exco succession planning annually at a minimum. The Board received an update on the Exco succession plan in March 2024. This involved identifying a pool of talented individuals with the skills, experience, and perspectives necessary to steer the Group towards its vision and long-term goals. Refer to the human capital section on [page 78](#) for more details.

**Robust succession plans mitigate the risks associated with sudden departures or disruptions in leadership...**

## Effective governance processes

### Board and Committee evaluations

Board and Committee evaluations were conducted in FY2023 through the Group Company Secretariat, and some shortcomings were identified. The Board committed to addressing these shortcomings. It also resolved to conduct evaluations every alternate year going forward, instead of annually, to allow it to deal effectively with evaluation outcomes. The next evaluation will take place in FY2025.

The recommended corrective actions from the FY2023 evaluations were tabled at all governance structures for adoption. Our progress is set out below:

The outstanding establishment of the Technology Committee

The Board established a Technology Committee to assist it with oversight of technology and innovation strategies and plans, and operations related to information security, cybersecurity, data privacy and third-party technology strategies.

Please refer to [page 115](#) for the membership of this Committee.

There is room to improve on timely submission of information to the Board

While the Secretariat endeavours to obtain information within the stipulated timelines, some challenges remain. For example, where information on possible merger and acquisition transactions is dependent on third parties, it is difficult to prevent delays.

Telkom's remuneration philosophy and its implementation are not optimal for creating understanding of performance and value among the different stakeholders

As part of the ongoing improvement of the remuneration framework, the FY2024 STI and LTI schemes were redesigned with various changes.

Refer to the standalone remuneration report [online](#), and the summary on [page 122](#).



## Conflicts of interest management

The Group Secretariat actively manages the conflicts of interest process at the start of each financial year. The Group's governance and ethics prescripts define the conditions and process for declarations of interest. All Directors and Group Prescribed Officers update mandatory annual declarations. These are recorded by the Group Company Secretary and tabled for noting by the Group Exco and Board.

To enhance ethical practices, the conflicts of interest process extends to employees beyond executive management as well as suppliers. Suppliers must comply with the Supplier Code of Conduct as they come on board.

Telkom is committed to promoting and embedding transparency and accountability. We encourage Executive Directors, Non-executive Directors, Group Prescribed Officers, Prescribed Executives and executive management to make new declarations of interest should their circumstances change during the year.

The respective business units have adopted the Group's governance and ethics prescripts. The conflicts of interest register for the Board is available at <https://group.telkom.co.za/governance/governance.html>, and the Group Ethics Handbook is available at [www.telkom.co.za/about\\_us/humancapital/values/group-ethics-handbook.shtml](http://www.telkom.co.za/about_us/humancapital/values/group-ethics-handbook.shtml).



## Group Company Secretary

Ayanda Ceba resigned on 31 August 2023. Karabelo Mosia served as Acting Group Company Secretary until the appointment of Ephy Motlhamme as the Group Company Secretary, effective 1 December 2023.

The Group Company Secretary's role includes engaging and supporting the Board and its Committees. She advises on their fiduciary duties, JSE Listings Requirements, disclosure obligations, good governance practices, and ethical conduct. There are arrangements in place for accessing external professional corporate governance advisors where needed. The Board is satisfied that these are adequate and effective.

The Group Company Secretary maintains an arm's length relationship with the Directors and oversees governance in all subsidiaries in line with the Group governance framework and the governance operating model.

The Nominations Committee, on behalf of the Board, evaluates the Group Company Secretary. The evaluation covers her individual performance and the effectiveness of the Group Company Secretariat. As the Group Company Secretary had only been in office for four months, the Board was of the view that it was too early to evaluate her and she will therefore be evaluated next year.

*Telkom is committed to promoting and embedding transparency and accountability.*





## An overview of key governance actions

### The Board's focus areas

In terms of the Companies Act and the common law, a Director must exercise his or her powers and perform his or her functions in good faith, for a proper purpose, and in the Group's best interest. This exercise of power must be carried out with a degree of care, skill and diligence.

The Board had a combination of scheduled and special meetings. The special meetings were necessitated by urgent matters such as potential transaction activities. Some of the Board's key focus areas are set out below.

The Board and its Committees are satisfied that their fiduciary duties and responsibilities, as recorded in the charter and respective terms of reference, were duly fulfilled.

Further, the Board confirms that it is operating in conformity with the applicable provisions of the Companies Act and its MOI.

In addition, the Group continues to progress in its ESG journey. Refer to [page 36](#) for the ESG strategy and [page 99](#) for the TCFD-aligned disclosures.

#### Strategic pillar

- Partnerships
- Integrated solutions
- Victory in broadband
- Operational efficiency
- Technology innovation

#### ESG

- Digital services
- Digital planet
- Operational efficiencies

#### Capitals Impacted

- Financial capital
- Productive capital
- Human capital
- Social and relationship capital
- Natural capital

<div>Regulatory matters</div>	<div>The Board approved the decision to dispose of Telkom's masts and towers business housed in Swiftnet, to unlock value in Telkom. A competitive disposal process was initiated in terms of the Value Unlock Strategy, and Telkom began exclusive negotiations with a preferred bidder in respect of the potential disposal. The Board and management invested significant time and energy to close the transaction. The Board recommended the disposal to the shareholders for approval at a general meeting held on 24 May 2024, and the recommendation was duly approved. The disposal remains subject to the fulfilment or waiver, if applicable, of the remaining suspensive conditions as set out in the circular. (See <a href="#">page 19</a> for more details.)</div>	<div>The Board considered and approved the Sinosure ECA Funding insurance together with the associated commercial terms, to reduce the cost of funding goods and services procured by our Consumer business.</div>	<div>The Board considered Project Transformation, which seeks to drive capital efficiency, promote and drive operational synergies, and exploit the right to win.</div>	<div>PCFCHC SRC P</div>
<div>Risk matters</div>	<div>The Board considered an update on the energy strategy and how Telkom responds from a tactical and strategic perspective to keep the lights on. Read more in the natural capital chapter, <a href="#">page 95</a>.</div>	<div>The Board considered the socio-economic outlook from a global and local perspective, as well as the South African economic outlook, to build business resilience against long-term socio-economic headwinds.</div>	<div>The Board was updated on the procurement governance and control transformation journey and the results of an in-depth control assessment in the procure-to-pay value chain. There were notable improvements between FY2019 and FY2023.</div>	<div>NCFC SRC O OE</div>
<div>Succession planning</div>	<div>The Board considered Non-executive Director succession planning, as detailed on <a href="#">page 109</a>.</div>	<div>The Board considered the succession of executive management. The Board appointed Ms Nonkululeko Dlamini as the GCFO. Mr Dirk Reyneke, the previous GCFO, was subsequently appointed as the Chief Capital Projects Officer. Mr Reyneke will oversee the next phase of the Group-wide return on invested capital (ROIC) model implementation and ensure a seamless transition to the GCFO role for Ms Dlamini.</div>		<div>HC SRC O DS</div>
<div>Revenue and growth strategy</div>	<div>The Board engaged with management on various initiatives to increase revenue and drive growth. Revenue grew by 1.6%, driven by good growth in Telkom Mobile revenues and Openserve next-generation network revenues.</div>	<div>The increased revenue was accompanied by growth in EBITDA, PAT and FCF. This was achieved despite a reduced capex budget, and speaks to our renewed focus on improving capital efficiency and better utilising Telkom's assets.</div>		<div>FC P I V O T DS DP</div>
<div>Future competitive landscape and digital</div>	<div>The Board acknowledges that the local environment remained challenging on the back of low economic growth and loadshedding. Despite this, Telkom continued to grow market share in the mobile and fibre market segments.</div>	<div>In FY2024, Randall Abraham was appointed as the Group Executive: Digital Solutions. The new position of Group Chief Digital Officer was appointed on 1 April 2024 to drive Telkom's digital transformation.</div> <div>These actions will enhance Telkom's ability to adapt to the ever-changing competitive landscape.</div>		<div>FCPC V I</div>
<div>Financial services and diversification</div>	<div>Telkom is re-evaluating its role in the highly competitive financial services area and looking for ways of bolstering our success in airtime advance and device insurance.</div>	<div>The exclusive partnership between BCX and Alibaba Cloud holds great potential for BCX to expand into new service offerings and may open new markets in the rest of Africa.</div>		<div>FC SRC P I V</div>



## Special Investigating Unit

The Company continued to engage with the SIU as per the provisions of Government Gazette No. 11385, published on 25 January 2022, giving the SIU authority to investigate several matters.

On 19 July 2023, the Pretoria High Court set aside Presidential Proclamation 49 of 2022. The Court declared the Proclamation unconstitutional, invalid and of no force or effect, and awarded costs to Telkom.

On 11 December 2023, the High Court granted the President and the SIU leave to appeal to the Supreme Court of Appeal. The matter is pending before the Supreme Court of Appeal. Further details will be provided as they become available.

## Board Committees and their focus

The Board has seven Committees, including the newly constituted Technology Committee. Each Committee is guided by its respective terms of reference. In terms of the approved charter and terms of reference, the Board and its Committees may invite external advisors and any executive management members to its meetings, should the need arise.

The Chairperson and Members of each Committee are set out on the pages that follow.

We review the Board charter and Committees' terms of reference annually, or as and when required, for adequacy and effectiveness. We align them to best practice principles in terms of King IV and the JSE Listings Requirements. The Board approved the revised Board charter and the Committees' terms of reference for FY2025 in March 2024.

The Board charter and each Committee's terms of reference are available at <https://group.telkom.co.za/governance/governance.html>. The number of meetings and their attendance are set out on page 116.

The summary of the King IV disclosures is available at <https://group.telkom.co.za/ir/financial-information.html>.

## Nominations Committee



**MG Qhena**  
Chairperson

The Nominations Committee is responsible for reviewing and making recommendations to the Board on most governance-related matters, particularly the nomination and composition of the Board and Committees, including all aspects of diversity.

The Committee works closely with the Remuneration Committee on succession planning for Executive Directors and critical roles.

### Composition

The Committee is led by the Board Chairperson, Mr MG Qhena, and comprises Independent Non-executive Directors. The Committee Members collectively are adequately skilled and possessed the appropriate skills and experience required to discharge their duties in FY2024.

**Permanent Invitees:** GCEO

The GCFO and the Chief HR Officer attend by invitation, as and when required.

**Members:**  
EG Matenge-Sebesho,  
M Nyati\*,  
IO Selele,  
B Kennedy\*\*



\* Resigned  
6 September 2023.

\*\* Appointed  
1 April 2024.



Over and above its standard activities, the Committee considered and/or approved the following key matters:

- Recommended the appointment of the GCFO and Group Company Secretary, ensuring they were suitably qualified for the roles
- Reviewed the Shareholder Representative for subsidiary matters
- Recommended the nominations policy to the Board, which approved the policy on 17 November 2023
- Recommended the Directors' Responsibility Statement, the JSE Annual Compliance Certificate, King IV disclosure report and Notice of AGM FY2024
- Recommended the constitution of the Board Technology Committee and its Members
- Evaluated the performance of the GCEO





## Audit Committee



**KA Rayner**  
Chairperson

The Audit Committee is pivotal in ensuring that the Group has effective corporate governance mechanisms and frameworks in place, and that these align with all corporate governance requirements and benchmarks. It assists the Board in overseeing the quality and integrity of the Group's integrated reporting (including its ESG elements), all financial statements (including the consolidated Group financial statements, interim and year-end) and public announcements in respect of the financial results.

Further, it assesses the integrity and effectiveness of the accounting, financial, compliance and other control systems.

### Composition

The Committee is led by Mr K Rayner and comprises Independent Non-executive Directors who all satisfied the requirements of section 94(1) of the Companies Act and King IV. The Chairperson of the Risk Committee is a cross-member on the Audit Committee.

The Committee Members collectively are adequately skilled and possessed the appropriate financial skills, expertise and experience required to discharge their duties in FY2024.

**Permanent Invitees:** GCFO, GCEO, Group Executive: Internal Audit, Group Executive: Regulatory and Legal, external auditors

**Members:**  
N Ford-Hoon\*,  
PCS Luthuli,  
KP Lebina,  
H Singh,  
LL Von Zeuner



\* Resigned  
6 September 2023.



Over and above its standard activities, the Committee considered and/or approved the following key matters:

- Appointment of the GCFO
- Proposed FY2024 STI and LTI schemes
- FY2024 annual financial statements (Company and Group), FY2024 integrated report, and FY2024 King IV implementation disclosure report
- JSE Annual Compliance Certificate for FY2024 and JSE internal control attestation (statement on internal controls by management)
- Export Credit Agency and New Development Bank funding, and Telkom's Domestic Medium-Term Note (DMTN) Programme
- Management's assessment of the JSE proactive monitoring
- Assurance reports, including the internal audit report
- Telkom Retirement Fund liability
- Proposed FY2024 Audit plan and engagement letter and audit fee (full year)

For more details on the Committee's activities, refer to its report in the annual financial statements available [online](#).

Also refer to the financial capital report on [page 21](#).

## Investment and Transactions Committee



**PCS Luthuli**  
Chairperson

The Investment and Transactions Committee deals with any significant investment or transaction relating to acquisition and/or disposal of any assets. This includes any equity injection or possible merger or acquisition approved by the Board.

It ensures that post-merger integration plans for approved transactions are adequate. It monitors the performance of investments against the original investment criteria and pre-investment assumptions through formal post-acquisition reviews.

### Composition

The Committee is led by Mr PCS Luthuli and comprises Independent Non-executive Directors and Executive Directors. The Committee Members collectively are adequately skilled and possessed the appropriate skills and experience required to discharge their duties in FY2024.

**Permanent Invitees:** GCEO, GCFO, Group Executive: Mergers and Acquisitions

Over and above its standard activities, the Committee considered and/or approved the following key matters:

- Disposal of Swiftnet masts and towers
- Expunging of Telkom's post-retirement defined benefit risk exposure
- Considering the business case for Gyro divisionalisation
- Progress on Telkom Retirement Fund exercise (project Umbrella)
- BCX financial assistance
- Investment case updates on capital programmes

**Members:**  
O Ighodaro,  
KP Lebina,  
KA Rayner,  
S Taukobong,  
S Yoon,  
B Kennedy





## Remuneration Committee



**B Kennedy**  
Chairperson

The Remuneration Committee sets the Group's remuneration policy on behalf of the Board. The policy aims to ensure that competitive reward strategies and programmes are in place to facilitate the recruitment, motivation and retention of high-performance employees at all levels in support of realising the Group's strategy.

The Committee oversees remuneration for Executive Directors and senior executives. It monitors the execution of the remuneration policy for the Group, including Non-executive Directors, and makes recommendations on all human capital matters related to the Group's restructuring.

**Members:**  
O Ighodaro,  
M Nyati\*,  
LL Von Zeuner,  
MG Qhena

### Composition

The Committee is led by Mr B Kennedy and comprises Independent Non-executive Directors. The Committee Members collectively are adequately skilled and possessed the appropriate skills and experience required to discharge their duties in FY2024.

**Permanent Invitees:** GCFO, GCEO, Chief HR Officer, Group Executive: Remuneration and Performance Management



\* Resigned  
29 September 2023.



Over and above its standard activities, the Committee considered and/or approved the following key matters:

- Benchmarked outcomes and proposed FY2024 Non-executive Director fees
- The outcomes of the review of FY2024 variable pay (STI and LTI)
- Proposed FY2024 STI and LTI scheme details
- Update on the proposed FY2024 targeted retention plan for key talent
- Remuneration report and implementation report for FY2024
- Pay gaps in line with equal pay for work of equal value principle
- Proposed remuneration of the new GCFO
- Review of the organisational structure

Refer to the standalone remuneration report [online](#), and the summary on [page 122](#) for more details on the Committee's focus areas.

## Risk Committee



**LL Von Zeuner**  
Chairperson

The Risk Committee assists the Board in ensuring the quality, integrity and reliability of the Group's risk management. Telkom has an effective risk management process that identifies and monitors the management of the Group's key, transversal, and IT-related cybersecurity risks.

The Committee oversees ESG risks linked to the ESG strategy and its implementation. The Committee also oversees and monitors governance risks through the Group's ERM framework and its system of internal controls. Cybersecurity, IT governance and technology and information-related activities which previously formed part of the Committee's mandate have been moved to the Technology Committee.

**Members:**  
N Ford-Hoon\*,  
EG Matenge-Sebesho,  
KA Rayner,  
SP Sibisi,  
H Singh,  
S Yoon

### Composition

The Committee is led by Mr L Von Zeuner and comprises Independent Non-executive Directors. The Chairperson of the Audit Committee is a cross-member on the Risk Committee.

The Committee Members collectively are adequately skilled and possessed the appropriate skills and experience required to discharge their duties in FY2024.

**Permanent Invitees:** GCFO, GCEO, Group Executive: Internal Audit, Group Executive: Regulatory and Legal, Group Executive: ERM, Security and Forensics, external auditors

\* Resigned  
24 August 2022.



Over and above its standard activities, the Committee considered and/or approved the following key matters:

- BCX control environment update
- Updates on the energy strategy
- The Group's strategic, operational and business risks for FY2024
- Risk appetite statement and risk appetite thresholds
- ERM, security and forensics combined assurance plan and fraud risk management plan for FY2024
- Compliance with legislative framework
- Procurement internal controls
- Telkom Retirement Fund transition project
- Insurance, including the SASRIA risk assessment

Refer to [page 47](#) for ERM and compliance and [page 47](#) for technology and information governance.



## Social and Ethics Committee



**EG Matenge-Sebesho\***  
Chairperson

The Social and Ethics Committee is a statutory Board Committee per the provisions of the Companies Act. Its activities cover environment, social, governance and ethics-related matters.

### Composition

The Committee is led by Ms EG Matenge-Sebesho and comprises Independent Non-executive Directors and Executive Directors, in line with the King IV recommendation. The Committee Members collectively are adequately skilled and possessed the appropriate skills and experience required to discharge their duties in FY2024.

Permanent Invitees: Chief HR Officer

**Members:**  
B Kennedy,  
IO Selele,  
SP Sibisi,  
S Taukobong,  
D Reyneke\*\*,  
N Dlamini\*



\* Appointed  
1 December 2023.

\*\* Resigned  
30 November 2023.



Over and above its standard activities, the Committee considered and/or approved the following key matters:

- ESG strategy updates, with a focus on the energy strategy
- Gender diversity and inclusion, with a focus on Black female representation
- Revised Group Ethics Handbook and the proposed annual Ethics Leadership Pledge for FY2025
- The designation of Ethics Champions for each business unit and related training
- Group training on whistle-blowing and whistle-blowing procedure document flowing from the ISO 37002 gap analysis
- The new five-year strategy to expand the Telkom Foundation into the Free State and Mpumalanga
- The integrated report for FY2023

For more details on the Committee's activities, refer to its report on [page 120](#).

## Technology Committee



**Prof H Singh**  
Chairperson

The Technology Committee was constituted by the Board in March 2024. The Committee's primary purpose is to assist the Board with oversight of technology and innovation strategies, plans and operations related to information security, cybersecurity, data privacy and third-party technology strategies.

### Composition

The Committee is led by Prof H Singh and comprises Independent Non-executive Directors. The Committee members are collectively adequately skilled and possess the appropriate skills and experience required to discharge their duties.

Permanent Invitees: Chief Digital Officer, GCEO, GCFO

**Members:**  
Dr SP Sibisi,  
IO Selele,  
LL Von Zeuner,  
KA Rayner,  
PCS Luthuli



There were no meetings in the year under review.



## Board and Committee meeting attendance

	Board	Audit Committee	Remuneration Committee	Nominations Committee	Investment and Transactions Committee	Social and Ethics Committee	Risk Committee	Joint Audit and Social and Ethics Committees	Joint Audit and ITC
<b>Independent Non-executive Directors</b>									
MG Qhena	9/9		8/8	6/6					
EG Matenge-Sebesho	9/9			6/6		4/4	4/4	1/1	
B Kennedy	9/9		8/8		8/8	4/4			1/1
H Singh	9/9	5/5					4/4	1/1	1/1
KP Lebina	9/9	5/5			8/8			1/1	1/1
PCS Luthuli	9/9	5/5			8/8			1/1	1/1
IO Selele	9/9			5/6 <sup>1</sup>		4/4			
KA Rayner	9/9	5/5			8/8		4/4	1/1	1/1
LL Von Zeuner	9/9	5/5	7/8				4/4	1/1	
O Ighodaro	9/9		8/8		8/8				1/1
SP Sibisi	9/9					3/4 <sup>1</sup>	4/4	1/1	
S Yoon	9/9				8/8		4/4		1/1
M Nyati	3/5 <sup>2</sup>		5/6	2/3 <sup>1,2</sup>					
N Ford-Hoon	2/5 <sup>2</sup>	3/4 <sup>2</sup>					2/2 <sup>2</sup>		
<b>Executive Directors</b>									
S Taukobong	9/9	5/5	8/8	6/6	8/8	4/4	4/4	1/1	1/1
DJ Reyneke	5/5 <sup>4</sup>	4/4 <sup>4</sup>	7/7	–	5/5 <sup>4</sup>	2/3 <sup>1,4</sup>	3/3 <sup>4</sup>	1/1 <sup>4</sup>	
NS Dlamini	4/4	1/1 <sup>3</sup>	1/1 <sup>3</sup>	–	3/3	1/1	1/1 <sup>3</sup>	0/0 <sup>3</sup>	1/1

<sup>1</sup> Apology (includes unscheduled meetings).

<sup>2</sup> N Ford-Hoon and M Nyati resigned from the Board on 6 September 2023 and 29 September 2023, respectively.

<sup>3</sup> NS Dlamini was appointed to the Board on 1 December 2023.

<sup>4</sup> DJ Reyneke resigned as an Executive Director from 30 November 2023.

Joint meetings are scheduled in certain instances between various Committees to deliberate on common interests, such as the draft integrated report and draft business plans. Special meetings are convened if matters arise outside of the annual work plan that warrant urgent consideration. The Committees convened these special meetings to engage on various matters, including the SIU investigation, potential transactions, and succession planning activities for the Board.





Combined assurance

Telkom adopts a combined assurance approach to align and optimise assurance-related activities across the Group, together with the various assurance providers, as described in the combined assurance framework. The framework articulates the minimum requirements for establishing combined assurance in the Group. These include providing a co-ordinated approach, accountability, and direction to all assurance activities in terms of implementing and executing combined assurance.

The combined assurance model aims to align and integrate all assurance services and functions so that these can work in unison. This will enable an effective control environment, maintain the integrity of information used for decision-making, and support the integrity of Telkom's external reports and underlying statements.

The Board, through the Audit Committee (supported by the Risk Committee), oversees the implementation of the combined assurance model and its effectiveness. It ensures that the scope of combined assurance is informed by the key principal risks and opportunities that materially affect the Group's ability to create value.

The lines of assurance consist of Telkom's business units, functional areas, and internal and external assurance providers. Collectively, they are responsible for implementing and reporting on the combined assurance mandate in a co-ordinated way to ensure its effectiveness. To enable this, assurance forums were set up and operated during the year. Our regulators (e.g. ICASA and the Competition Commission) may institute reviews to gain assurance that Telkom complies with applicable laws and regulations.

Telkom Group Internal Audit (TGIA or internal audit), in collaboration with Telkom ERM, leads the co-ordination and facilitation of the Group's combined assurance efforts across the lines of

assurance. It aligns its assurance activities with the other assurance providers, including the external auditors, so that Telkom's significant risks are adequately covered and managed. We aim to keep enhancing the Group's combined assurance activities, and the Audit Committee is satisfied with the effectiveness of the combined assurance arrangements.

The combined assurance framework is outlined in the diagram below:



Internal audit

TGIA is a Group-wide function that provides independent and objective assurance and consulting services to add value and enhance Telkom's operations. TGIA is guided by the Telkom Group Internal Audit charter. It sets out the terms of reference for internal audit activity. The charter also serves as a basis for the governance of the internal audit activity necessary for TGIA to fulfil its role and to meet the performance criteria set by the Board and Audit Committee. The internal audit charter was updated and approved at the November 2023 Audit Committee meeting.

The Chief Audit Executive reports functionally to the Audit Committee Chairperson, and administratively to the GCFO. The Chief Audit Executive attends Audit and Risk Committee meetings and is a standard invitee to Group Exco meetings or other Committee meetings, comprising mostly senior executives. This structure promotes the independence of internal audit and the accomplishment of its responsibilities.

TGIA subscribes to a risk-based audit methodology in developing its annual audit plan. It aligns the plan with the Group's strategic risks, considering any opportunities and challenges in the respective operating environments. TGIA provides support to all business units in achieving their strategic objectives. It also collaborates with other assurance providers to continually enhance its combined assurance efforts.

The Audit Committee approves the audit plan annually. TGIA reviews and revises the plan quarterly, as relevant, to align with key business priorities and changes in the business and risk environment. All changes to the plan are tabled with the Audit Committee for approval.



In FY2024, TGIA executed its internal audit plan and prepared the plan for the new financial year. TGIA followed a systematic approach to evaluate and enhance the effectiveness of governance, risk management and internal control processes within the Group. It provided assurance to the Group's stakeholders by:

- Evaluating and recommending improvements to Telkom's governance processes
- Assessing the effectiveness of and recommending improvements to Telkom's risk management processes
- Evaluating the adequacy and effectiveness of Telkom's internal controls

TGIA also conducts ongoing internal quality assessments. TGIA is subjected to an external quality assurance review at least once every five years. In FY2022, an external review was performed by the Institute of Internal Auditors South Africa (IIASA). The review confirmed that TGIA conforms with the International Standards for the Professional Practice of Internal Auditing (ISPPA) and performs its services effectively. TGIA achieved the highest ratings of "Generally Conforms" and "Generally Effective".

**The Group Ethics Office focused on regular ethics awareness initiatives, embedding a Group-wide ethical culture.**

## Managing our business with integrity

### Embedding an ethical culture

The Board approved the annual ethics leadership and employee commitment statement for FY2024, focusing on the commitment to gender and age diversity. The Chairperson of the Board and the GCEO signed the statement on behalf of the Board and management to set the tone from the top and demonstrate ethical behaviour and leadership.

This annual Ethics Leadership Pledge is cascaded down to subsidiary level and adopted by the subsidiary boards. The ethics pledges are available at <https://group.telkom.co.za/governance/governance.html>.

Telkom developed a joint ethics and governance strategy to further embed the relationship between ethics and governance among stakeholders. The Board approved the strategy, which was implemented within the Group. Resultant enhancements in the ethics environment were already visible in FY2024.

The Group Ethics Office focused on regular ethics awareness initiatives, embedding a Group-wide ethical culture. With support from the business unit Ethics Champions, we conducted regular initiatives promoting ethical behaviour by employees and suppliers.

In March 2024, an independent supplier provided whistle-blowing training to the Group Exco and business unit Executive Committees. Group Exco also received training in ethics and fraud detection.

#### Whistle-blowing

An ISO 37002: 2021 Whistleblowing management systems – Guidelines gap analysis was conducted in FY2023. To close some of the identified gaps, we enhanced our whistle-blowing process and developed a whistle-blowing framework. We also updated and reviewed the Group Ethics Handbook for the protection of whistle-blowers financially, legally and reputationally. As part of International Fraud Awareness Week, we ran four virtual training sessions for sales employees in November 2023.

#### Group Ethics Handbook

The Group Ethics Handbook promotes and encourages ethical behaviour and decision-making by employees, enabling Telkom to live its values and standards. We reviewed the handbook, revising the sections on gifts, conflicts of interest, and whistle-blowing activities.

#### International Fraud Awareness Week

The Group Ethics Office participated in International Fraud Awareness Week (12 to 18 November 2023) under the theme "Be a whistle-blower. Be a hero. Be the face of courage."

#### Annual ethics compliance statistics

The annual ethics compliance statistics demonstrated commitment to ethical conduct and doing what is right, especially when no one is watching. We achieved 99% compliance for FY2024, with declarations of interest compliance at 92% (FY2023: 93%).

#### Process for dealing with ethical and reputational issues

We developed a process for dealing with ethical and reputational matters through the ethics reporting protocol, in cases where members of the public, employees or entities report alleged misconduct by Telkom or its suppliers. We also amended the whistle-blowing section of the Group Ethics Handbook to address the matter.



Over and above these activities, the Group Ethics Office engaged in advisory and information-based activities to enable the Group to respond appropriately to ethical dilemmas that emerge in the environment.



## Share dealing policy

Telkom's share dealing policy is included in the Group Ethics Handbook but remains standalone due to its critical role in promoting transparent disclosure requirements. This policy is informed mainly by the Financial Markets Act, 19 of 2012 and the JSE Listings Requirements.

All Directors, Group Company Secretary, company secretarial staff and all affected persons, and Group Prescribed Officers must obtain clearance from the Dealing Committee before trading. A SENS announcement must be released thereafter according to the provisions of the JSE Listings Requirements.

Directors and employees must adhere to the policy's provisions. We do not permit trading in the Company's securities during prohibited periods, which comprise price-sensitive periods and closed periods (financial and cautionary closed periods). The respective closed periods are communicated to affected Directors, persons and employees under the share dealing policy.

## Economic crime and irregular conduct: fraud and security risk management activities

Telkom Group Forensics (TGF) and Telkom Physical Security (TPS) executed their respective work as per the ERM strategy plan 2022-2025, the fraud risk management plan, and the security risk management annual plan. At the heart of these plans is the importance of minimising the impact of fraud, corruption, theft and other economic crimes on the achievement of Telkom's strategic objectives.

The forensic activities outlined in the fraud risk management plan are 78% proactive and 22% reactive. This is in line with the TGF objectives of preventing fraud before it happens. Forensic activities executed in FY2024 included:

- Fraud and ethics awareness training for sales and customer-facing employees
- Improvement of fraud data analytics tools
- Finalisation of the economic crime loss and recoveries dashboard
- "Name and shame" awareness articles (identities were not revealed)
- Managing the hotline reporting platforms
- Fraud detection reviews
- Supplier due diligence

## Telkom runs numerous initiatives to lessen the impact of economic crime on its operations. To this end, we have included economic crime risk in our Group-wide business risks.

On the reactive side, we addressed allegations that were directed from TGF, emanated from the hotline, or were reported as walk-ins. We secured evidence to substantiate most of the allegations reported. As per Telkom's commitment to zero tolerance for fraud or irregular conduct, we applied consequence measures against implicated parties. We also improved internal controls to prevent reoccurrences.

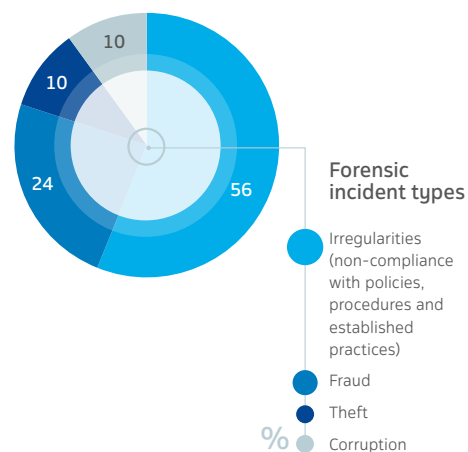
TGF and TPS participate in various external forums geared at addressing economic crimes. These include the Communication Risk Information Centre, Southern African Fraud Prevention Service, Economic Sabotage of Critical Infrastructure Forum, and Non-Ferrous Metals Crime Combating Committee. As an example of the benefits of this participation, we influenced the introduction of a temporary ban on the sale of copper scrap metal, which was critical in combating theft and vandalism of critical Telkom infrastructure.

The Telkom hotline is independently managed and operates 24 hours a day. In FY2024, 1 067 incidents were reported via the hotline. The declining number of incidents reported indicates that our plans and processes are yielding results. This is supported by other success measures, including:

- Overall decrease in economic crime losses for the Group
- An increase in the number of arrests and convictions relating to security incidents
- Timely implementation of forensic recommendations by management
- Increased recovery of fraud losses

In addition, the confidence level of whistle-blowers appears to be on the increase: 93% of our whistle-blowers revealed their identities, 4% claimed partial anonymity, and only 3% claimed full anonymity. No incidents of whistle-blower victimisation were reported to TGF.

The graph below shows the percentage split of incident types dealt with by TGF:



*The confidence level of whistle-blowers appears to be on the increase: 93% of our whistle-blowers revealed their identities.*

The top security matters dealt with by TPS are copper cable theft (24%), battery theft (49%), and optic fibre damage (27%). Overall, these three incident types have declined by 31% compared to FY2023.

The main focuses of our forensic activities were prevention and detection and the improvement of internal controls. Other than that, the following emanated from TGF and TPS efforts to combat economic crime:

- All Directors, Group Company Secretary, company secretarial staff and all affected persons, and Group Prescribed Officers must obtain clearance from the Dealing Committee before trading. A SENS announcement must be released thereafter according to the provisions of the JSE Listings Requirements
- Eight employees were dismissed, six received various types of warning, and 10 resigned because of being implicated in forensics investigations
- 15 employees received various types of coaching to align their conduct with Telkom's values
- As at 31 March 2024, two employees were on suspension based on allegations or findings of forensic investigations
- Four service providers' contracts were terminated and one received a warning
- 567 people were arrested, 268 matters were taken to court, and 104 people were convicted for security-related incidents



## Social and Ethics Committee report

This financial year, the Committee enhanced its approach to ESG matters, placing greater emphasis on energy efficiency and gender inclusivity.

The Social and Ethics Committee is a statutory Committee in terms of section 72(4) of the Companies Act, read in tandem with Regulation 43 of the Companies Regulations, 2011. The Committee fulfilled its duties in terms of its approved terms of reference.

We develop an annual work plan aligned to our terms of reference, which serves as a guide for the activities to be executed in the financial year. The work plan promotes the visibility of the Committee's activities, promoting transparency and the execution of our responsibilities. Based on the 42 activities planned for FY2024, 41 items were completed. One item was postponed due to operational challenges in the Group and will be addressed in FY2025.



**EG Matenge-Sebesho**  
Chairperson  
Social and Ethics Committee

### Q&A with the Committee Chairperson

**Q** **The Committee provides oversight of several ESG matters. How is the Committee confident that it has sufficient structures, processes, and skills in place to effectively execute its duties?**

**A** Our terms of reference stipulate the development and implementation of the ESG strategy. We are tasked with making sure that material stakeholders' expectations and business significance are identified and addressed through the material topics across the ESG pillars. We are also tasked with ensuring that Telkom's ESG activities promote an inclusive, safe working environment and leadership accountability and transparency.

While we are largely responsible for deliberating ESG matters, we recognise that building a sustainable business is a full-Board responsibility. Both the Risk and Remuneration Committees also play a crucial role in ensuring that economic and ESG risks are centred on the business' risk radar, and that ESG performance is linked to pay to create meaningful commitment and incentivise the right corporate and individual behaviours.

We leverage the collaboration between Committees. The Chairperson of the Social and Ethics Committee is a member of the Risk Committee, and the Remuneration Committee Chairperson is also a member of the Social and Ethics Committee. This cross-membership supports effective sharing of information and decision-making and ensures that all risks are identified and mitigated.

We are confident that the Committee has the right skills and people in place to perform its functions efficiently. The Nominations Committee evaluates and recommends the constitution of Board Committees to the Board for approval. They do this after considering the suitability of candidates in relation to the skills and qualifications required to fulfil each Committee's statutory obligations.

**With that, I extend my deepest appreciation to the Board and fellow Committee members for their support and contributions this year.**

We are also aware that continuous professional development plays a key role in helping us effectively execute our mandate. The training we received this year provided the Committee with insight into compelling investor engagement on ESG matters. The training covered topics such as why ESG information drives investment decisions, how boards can improve their shareholder engagement given growing investor demand, anticipated trends in the ESG space, and how to put ESG at the centre of an investment case. As the ESG domain evolves, we will continue to ensure the Committee receives relevant training.

Read more about our ESG strategy on [page 36](#).

**Q** **Greenwashing is a key risk for organisations globally. How has the Committee ensured that Telkom's approach to sustainability is underpinned by transparency and accountability?**

**A** Telkom has sound processes and practices to ensure that we comply with sustainability requirements and have reliable information. We rely on the Group's combined assurance approach which consists of internal and external audits and management reviews for non-financial data. Telkom also monitors compliance with environmental statutes and by-laws through site inspections, audits and regular reviews of our procedures and operations.

We also noted the ESG maturity assessment that was performed this year and will continue to support management's efforts to increase our maturity level.

**We thank management for their commitment and for providing us with comprehensive reports and input in our Committee meetings.**

While there is always room for improvement, we take comfort in the credibility of the team supporting this work and its regular and comprehensive engagements with the Committee.



**Q** 3 With loadshedding being a pain point for many local organisations, are you comfortable that Telkom is doing enough to manage the associated risks?

**A** → We have supported management's efforts to drive energy efficiency through the development and implementation of an energy strategy. The strategy seeks to prioritise technologies that maximise energy security and decarbonisation and optimise utilities. This includes on-site mature generation technologies, such as solar PV and batteries, and emerging energy generation technologies, such as quad generation and hydrogen fuel cells.

Telkom also has energy efficiency interventions such as lighting retrofits, smart real estate infrastructure (smart meters), free cooling retrofits, and HVAC optimisation, as well as planning off-site generation alternatives, such as wheeling and virtual wheeling options that supply clean energy through the Eskom grid.

We gain comfort from the strategic approach management is taking to the loadshedding challenge, while considering the opportunities to progress the ESG strategy further. This year, Telkom's total emissions (Scope 1 and Scope 2) reduced by 9%.

Read more about Telkom's climate strategy on [page 100](#).

**Q** 4 Maintaining a diverse and inclusive employee landscape is essential for Telkom's human capital strategy. How did the Committee endorse diversity in the workforce, especially for Black women representation and women in leadership?

**A** → In FY2024, we approved a diversity, equity, inclusion and belonging strategy – underpinning our drive to build and retain a richly diverse workforce. The strategy supports our ambition to increase the representation of women in leadership by ensuring that they – as well as all other gendered identities – see the value in remaining with us.

We focus specifically on women representation as we believe that they add richness and balance to decision-making and enhance the overall quality of management.

Telkom supports employees through talent and succession management programmes. This includes growing female leadership through the FLDP and WiO. This year, the percentage of women in leadership positions at Telkom increased to 34.1% (2023: 33%).

Read more about our commitment to diversity, equality and inclusion on [page 79](#).

**Q** 5 The work of the Telkom Foundation speaks to the Group's ESG focus on investing with purpose. What is the Foundation's role in the Group's corporate social responsibility, and how did the Committee assess its impact this year?

**A** → The Foundation is responsible for implementing the Group's CSI programme and engaging directly with communities. Its main objective is to contribute to transforming disadvantaged communities through sustainable development programmes focusing on developing ICT skills. The Foundation has an independent Board of Trustees with expertise in key areas such as education, ICT, finance, and innovation. This ensures that its programmes are aligned to strategy, research-based, and impactful for communities.

This year, we supported the implementation of the Foundation's revised strategy, which will run from 2023 to 2028. The strategy consists of incremental and scale components. The incremental component builds on the existing strategy with the aim of improving more students' lives by increasing the range of services offered at schools. The scale component focuses on education from a school-based view through ICT enablement, including future-fit ICT skills, digitising psychosocial support and unlocking employment in ICT. The Committee monitors the Foundation's strategy implementation progress through quarterly reports made available by the Foundation.

**We are proud of the significant impact the Foundation has made on the lives of thousands of learners, teachers, and other stakeholders since it was established in 1998.**

Read more about the Telkom Foundation on [page 92](#), as well as our investments into FutureMakers on [page 86](#).

**Q** 6 How has Telkom enhanced whistle-blowing protection measures to encourage more individuals to report unethical conduct?

**A** → Enhancing whistle-blowing protection is crucial for preventing corruption in South Africa. This is evident in the legislative recommendations made by the Commission of Inquiry into Allegations of State Capture (Zondo Commission).

This year, Telkom focused on improving its whistle-blowing processes to ensure the safety of whistle-blowers. Individuals who come forward are protected and have the option to remain anonymous. However, it is encouraging to see that many whistle-blowers are willing not to conceal their identities when reporting allegations. In FY2024, 93% of our whistle-blowers revealed their identity, and 4% claimed partial anonymity, which demonstrates the trust that employees have in Telkom's ability to protect whistle-blowers.

The Committee oversaw the development of a whistle-blowing procedure document and the review of the Group Ethics Handbook, which was updated to include enhancements to the protection of whistle-blowers. This includes physical protection, emotional, legal, and reputational support, as well as limited financial support. This is in line with the most recent review of the ISO 37002 standards for whistle-blowers. The document also considered the recommendations of the Zondo Commission.

Read more about our ethical culture on [page 118](#).

#### Our 2025 focus areas

- We will have closer oversight over stakeholder management as we believe that this is an area where we can improve. We are excited to see the impact a dedicated Group Chief Corporate Officer will make.
- In continued support of the ESG strategy, we will further oversee the efforts to advance Telkom's ESG maturity level.

**Ethel Matenge-Sebesho**  
Chairperson  
Social and Ethics Committee



## Remuneration report summary

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

As part of Remco's full mandate, as reflected in its terms of reference<sup>1</sup> and annual work plan, Remco reviews our Group remuneration strategy, management and its practices.

The Group remuneration mix consists of guaranteed pay (GP) and variable pay schemes that need to drive a high-performance culture at Group, business unit, and individual level. Our Group remuneration strategy aims to remain relevant, agile and fit for purpose, cultivate a value-based high-performance culture, and create value for shareholders and stakeholders.



The Committee provides strategic oversight and ensures that:

- Transparent disclosure processes that enable stakeholders to reasonably assess the line of sight between the business strategy outcome and the implementation of the Group's remuneration and governance are aligned
- No deviations to the provisions of its remuneration policy, including short- and long-term incentive scheme rules
- Adherence to the Companies Act, 71 of 2008, King IV guidance provisions on remuneration governance and the JSE Listings Requirements

### FY2024 key performance considerations

Our 2024 financial results indicate a progression towards recovering, optimising and positioning Telkom at the heart of South Africa's future digital transformation agenda. Our free cash flow has improved significantly. This demonstrates that we are driving operational efficiencies and applying sound financial management principles that set us up for continuous improvement.

Challenging macro-economic factors and intense competition had a direct impact on our overall business performance. Macro-economic headwinds impacted consumer spend, GDP growth (0.64%), inflation (5.9%), interest rates, and a weakening rand. In addition, loadshedding hours increased by approximately 25% compared to FY2023, resulting in progressively higher operational costs. High unemployment and retrenchments placed further strain on our consumers and employees.

These challenges forced the Group to reconsider its operating model and enter a Group restructuring process to reduce its fixed employment costs. This process was concluded with Telkom SA SOC Ltd, Gyro, BCX and Openserve in May 2023. The Group headcount was reduced by 1 731 employees, with total fixed employment cost savings of R1 billion for FY2024.

**Brian Kennedy**  
Chairperson  
Remuneration Committee



<sup>1</sup> The Committee's terms of reference is available [online](#).



## Remuneration strategy framework

The remuneration strategy framework is benchmarked annually by independent consultants, Deloitte, to ensure that our total remuneration policy and performance conditions are clearly defined and linked to Telkom's strategy, and that our ESG objectives are embedded to drive accountability for achieving these within the Group.

We applied governance and best practice principles in formulating the design and development of the Group remuneration strategy. Our Group remuneration framework will continue to allow us to attract, motivate, engage and retain the best talent, and place them in significant valuable roles to drive the execution of the Group strategy within a pleasant, safe and conducive work environment.

Our hybrid work model remains key to driving high levels of engagement and productivity and creating a culture of strong team effectiveness through our OneTelkom mindset.

The table alongside outlines the remuneration strategy framework underpinned by the pay mix philosophy and principles.





## Summary of remuneration policy changes in FY2024

The remuneration strategy is critical for enhancing our employee value proposition to enable Telkom to mitigate people risks. At the same time, it empowers our leaders to be accountable for strategy execution through the Group's talent resources, and for setting the tone for a high-performance culture conducive to the creation of value for all stakeholders.

We continuously assess the relevance, materiality and effectiveness of the Group remuneration policy and practices that drive the desired high-performance culture to foster a sustainable positive outcome for shareholders. The shareholder engagements outlined on the next two pages, along with our annual assessment, resulted in the following remuneration enhancements:

### FY2025 Committee focus areas

We will continuously assess our total remuneration against external market trends and internal parity, and integrate best practice underpinned by governance 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:

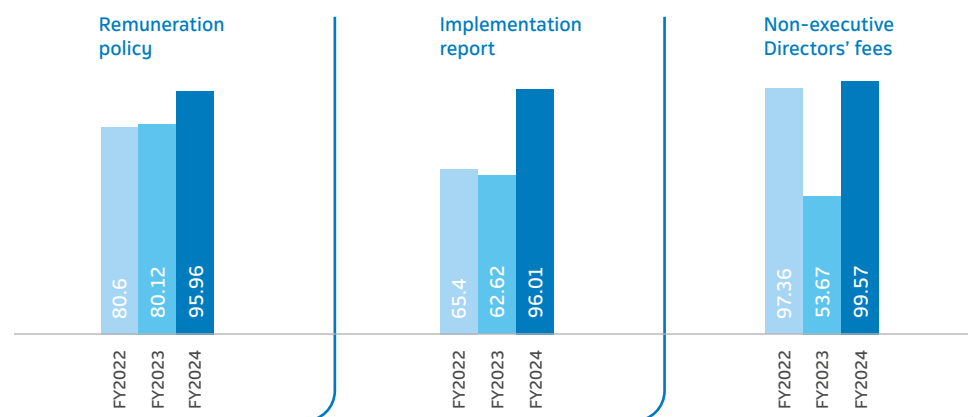
- The Group scorecard that leads and aligns the business unit and individual scorecards promotes integration and provides a consistent framework for performance across the Group
- The performance measures consider the broader Group and business unit strategies that integrate Telkom's ESG strategy as part of running our business

Our Group total remuneration offering aims to:

- Drive a high-performance culture within a hybrid working model
- Influence remuneration decisions through ESG metrics/performance conditions that are included in the STI and LTI scheme rules
- Attract, motivate, engage and retain employees with key leadership and technical skills through a competitive total (financial and non-financial) reward offering
- Balance the remuneration mix for Executive Directors and Group Prescribed Officers to continuously align their interests to those of shareholders
- Drive fair and responsible pay objectives in line with the disclosure requirements envisaged under the Companies Act, 71 of 2008 and the proposed Companies Amendment Bill, 2021

## FY2023 remuneration voting outcomes

- The remuneration policy and implementation report are subject to non-binding advisory votes at the AGM, in line with the JSE Listings Requirements and King IV recommendations, and the proposed amendments to the Companies Act, 71 of 2008.
- The graph below reflects the 3-year non-binding advisory support vote in favour over the past three years for our remuneration policy and report and the approval for Non-executive Directors' fees. We view this as a good indication that shareholders are satisfied with the FY2023 remuneration policy and its implementation report. We will continue to improve and address shareholder concerns.



- As per our commitment to proactively engage with and listen to shareholders, Telkom invited shareholders to engagements between 14 August and 17 August 2023, ahead of the 2023 AGM. The Chairpersons of the Board and Remco discussed the Group's proposed resolutions with shareholders, and various concerns were raised, acknowledged and clarified.



*We will continuously assess our total remuneration against external market trends and internal parity.*



Benchmarked Executive Directors' remuneration and Group Prescribed Officers' pay mix on-target performance relative to the market



Consistent alignment with Group strategy through the development of Group, business unit and individual scorecards



Reviewed, redesigned and repositioned the STI scheme to drive sustainable strategic performance achievement in line with Group, business unit and individual scorecards



Aligned the LTI scheme with market best practices fit for Telkom's long-term strategic objectives, and to ensure sufficient leverage between threshold, on-target and stretch performance



Integrated Telkom's ESG strategy metrics as part of the performance conditions for the STI and LTI schemes



The table below reflects the main concerns raised by shareholders, which supplemented Remco's analysis of proxy voting recommendations and the Group's responses:

Fair and equal pay

- PAY PARITY
- Requested timelines for disclosure on pay transformation objectives, including the lowest/highest paid and gender and race pay gaps, and for interventions to close the gaps
  - Requested disclosure on pay parity between the top 10 and bottom five earners
  - Requested disclosure on how the Group will address gender parity at Group Exco level
- GROUP CEO'S REMUNERATION
- Requested that remuneration for the Group Chief Executive Officer (GCEO) be reconsidered
  - Asked whether the GCEO receives a retention bonus
- MINIMUM SHAREHOLDING REQUIREMENT (MSR)
- The MSR build-up period is too long at five years; a review was requested
  - The LTI three-year cliff vesting is misaligned to the MSR tenure of five years

**Remco's response**

We have embarked on a journey to review our policy and practices to fully comply with the proposed amendments to the Companies Act on fair and responsible pay. We will commission Remchannel to assist by:

- Conducting an independent and detailed fair pay analysis
- Providing guidance on disclosure in line with King IV, the Companies Amendment Bill (B27B-2023), 2021 and institutional investors' expectations

We will include the outcomes of the fair pay analysis, including ratios for GCEO pay and top 5% versus bottom 5%, in the FY2025 remuneration report. We have made progress in addressing gender parity on Group Exco level. As at 31 March 2024, Group Exco consisted of four men (two African, one Coloured and one White) and two African women.

**Remco's response**

- The GCEO's remuneration will be reviewed during the annual salary review cycle with effect from 1 April 2024. The review will be based on Group and individual performance, aligned with the total remuneration pay mix approved in FY2023 (GP – 59%, STI – 15% and LTI – 26% at threshold performance)
- There is no retention bonus in place for the GCEO

**Remco's response**

Five years is viewed as reasonable, considering:

- Market guidance on an acceptable MSR build-up period
- The significant increase in MSRs, from 15% of GP to 200% for the GCEO and 150% for Group Prescribed Officers

Short-term incentives

→ KEY MEASURES	Remco's response
<ul style="list-style-type: none"><li>- Consider proposal that the STI should rely 50% on delivery of the Value Unlock Strategy</li><li>- Disclose the rationale for cash flow not being included as an "on and off" switch in the STI</li><li>- Management to ensure that STI allocations are triggered by deals</li></ul>	<ul style="list-style-type: none"><li>- Value Unlock Strategy KPIs are incorporated in both Group and business unit scorecards. The KPIs include execution of strategic projects that will drive inorganic revenue growth and creation of significant value for the Group</li><li>- Free cash flow, profit after tax and revenue are financial measures in the STI scheme</li><li>- Refer to the policy section of the full <a href="#">remuneration report</a></li></ul>

Long-term incentives

→ PERFORMANCE TRACKING	Remco's response
<p>For some elements of the remuneration policy, it is not clear how they will be measured for remuneration purposes. An example is the KPI of closing three partnerships.</p>	<p>As part of good reporting governance, the Committee will introduce a Group scorecard performance tracker that will create synergy on the set performance against the actual. This will include quarterly updates, a formal review after six months and a final review annually to Remco.</p>



Governance and key decisions



### → DOWNSIDE CALIBRATION

The new remuneration policy is clear on the upside, but more clarity is required on the downside calibration.

#### Remco's response

Modifiers built into the STI formula include:

- A modifier that can be applied to adjust for affordability or other relevant factors. For example, Remco may modify incentives downwards for once-off events or to ensure affordability
- A negative governance modifier (0% – 15%) for:
  - Systemic risk issues
  - Breaches of regulations or regulatory requirements
  - Unfair or unethical practices towards customers and/or within the Group

The Group and business unit scorecards are designed so that under-performance/ outperformance against the scorecard will result in a zero to lower/higher award payout. Refer to the policy section of the full [remuneration report](#)

### → KEY MEASURES

- Concern that ROIC has the lowest weighting of the LTI measures
- Recommendation that the HEPS must be cash
- Need for full disclosure to understand the LTI remuneration
- Concern that ESG measures are not included in the LTI scheme

#### Remco's response

- Concerns noted and disclosure in the implementation report

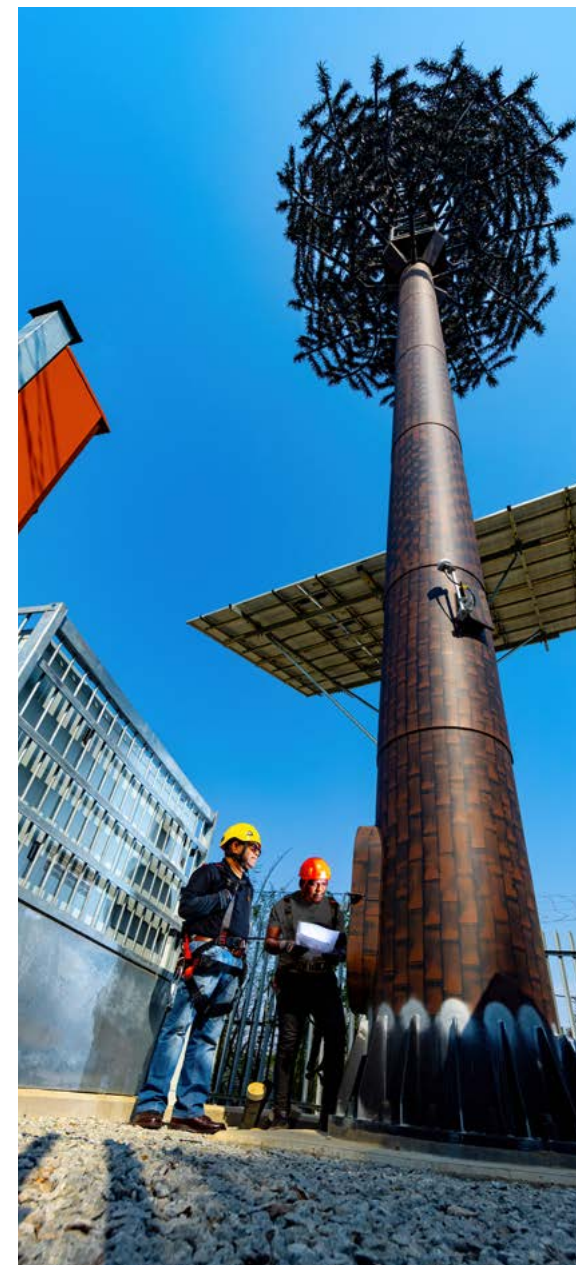
### → TIMEFRAME

Explain the rationale for shortening the LTI vesting period from five to three years.

#### Remco's response

A three-year cliff vesting approach simplifies target setting and improves line of sight linked to decision-making time horizons.

In conclusion, the shareholders indicated that the repositioning of our remuneration approach (implementation report and increased participation thresholds) drives the right behaviours.





## Governance and key decisions

### Committee composition and meeting attendance

The Committee's composition and Members' attendance at the four regular and four special meetings held in FY2024 are reflected in the table alongside.

<sup>1</sup> Resigned on 29 September 2023.

<sup>2</sup> The four special meetings were required to obtain approvals to enable management to execute key/strategic deliverables, including approvals of new LTI and STI schemes, wage settlement offers to bargaining unit members and consideration of appointments of GCFO and Group Chief of Capital Projects. No additional fees are payable for special meetings.

Name	Designation	Meeting dates								Total attendance
		5 Jun 2023	27 Jun 2023 (S) <sup>2</sup>	7 Jul 2023 (S) <sup>2</sup>	15 Aug 2023	21 Sep 2023 (S) <sup>2</sup>	28 Sep 2023 (S) <sup>2</sup>	15 Nov 2023	11 Mar 2024	
<b>B Kennedy</b>	Chairperson	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	8/8
<b>O Ighodaro</b>	Member	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	8/8
<b>MG Qhena</b>	Member	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	8/8
<b>M Nyati<sup>1</sup></b>	Member	Yes	No	Yes	Yes	Yes	Yes	N/A <sup>1</sup>	N/A	5/6
<b>LL Von Zeuner</b>	Member	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	7/8

## Key decisions taken in FY2024

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

Guaranteed pay

Remuneration element	Employee level	Decision
<b>FY2024 – effective 1 April 2023</b>	Executive Directors, Group Prescribed Officers and management employees	0% increase granted
<b>FY2024: with effect from 1 October 2023 retrospective 1 April 2023</b>	Wage settlement agreement for bargaining unit employees	<b>4%</b> salary increase for bargaining unit employees calculated on relative 50th percentile of market functional areas  All bargaining unit employees below the 50th percentile of their respective functional areas will be aligned to the functional area's 50th percentile after the implementation of the 4% increase
<b>FY2025: with effect from 1 April 2024</b>		<b>5%</b> salary increase for bargaining unit employees calculated using the 50th percentile as the reference to market functional areas
<b>FY2025: with effect from 1 April 2024</b>		Average <b>5%</b> salary increase for employees outside the bargaining unit, calculated using the 50th percentile as reference to market functional areas
<b>FY2026: with effect from 1 April 2025</b>		<b>5%</b> salary increase for bargaining unit employees calculated on the 50th percentile of market functional areas





Short-term  
incentive  
(STI)

Remuneration  
elements

Decision

**FY2024  
STI payment**

- In line with the STI policy, the Board approved the STI pool based on 20% PAT achievement, linked to the Group, business unit and individual scorecards
- The maximum amount for STI is capped at 20% of PAT, with a maximum cap payout of 150% of the on-target STI percentage of GP, if maximum performance is achieved
- Telkom approved the individual STI payments for the Executive Directors and Prescribed Officers, considering the required level of Group, business unit and individual scorecards. Details of their STI payments are disclosed in the implementation section of the report

**FY2025  
STI plan**

- The Committee approved the FY2025 STI plan in line with key policy principles as approved with the following changes:
- A threshold payment amended to below 25% of the on-target performance STI calculated as a percentage of GP. The threshold payment will be set at R1 above approved budget PAT. This implies that the bonus pool provision commences at R1 above budgeted PAT
  - Group and business unit scorecards structure for FY2025
- Key principles remained the same, highlighting the following:
- The scheme is self-funding from Group PAT, capped at 20%
  - The STI methodology is linked to the Group, business and individual performance to ensure line of sight
  - Financial targets and weightings are set to ensure that the pool caters for the following performance achievement: threshold, on-target and maximum

Performance  
area

**FY2025  
Group weighting**

**FY2025  
business unit weighting**

Financial	50%	50%
Strategic	20%	15%
<b>Guaranteed pay (GP)</b>		
Customer appreciation	15%	15%
ESG	15%	20%

Long-term  
incentives  
(LTI)

Remuneration  
elements

Decision

**FY2024  
LTI awards**

No forfeitable shares were allocated to any permanent employees due to affordability and the prohibited/ closed period regarding the potential sale of our masts and towers business.

**Approval of  
2020 TSA  
share vesting**

The tranche vesting of Telkom shares (June 2023) was approved in line the LTI performance conditions scorecard and the rules of the scheme.

The Committee was challenged by the average performance approach followed to evaluate the total shareholder return (TSR) performance condition for vesting the TSA award. Given the under-achievement against set targets for the third year of the performance period (FY2023), the Committee opted to apply its discretion, as provided for in the TSA letter, and was of the view that performance achievement for each year with no recognition of over-performance (year 1 and 2) and no vesting in respect of year 3 was more palatable. The Committee applied its discretion and recommended a 66.67% vesting which was approved by the Board

Details of the performance vesting condition and achieved targets for Executive Directors and Group Prescribed Officers are outlined in the implementation report.

**NED fees**

**FY2024  
Non-executive Director  
fee proposals**

Remco recommended to the Board a 0% increase in the all-inclusive fee structure for Non-executive Directors.



### Additional talent matters considered

The Committee also reviewed and noted the following:

- The appointment of Sello Mmakau as Group Chief Digital Officer effective 1 April 2024
- Continuous monitoring of the cost management target as set during the S189A restructuring processes
- Succession planning for the Group Executive Committee

## Single-figure remuneration

### Executive Directors

The following table outlines the aggregate remuneration, benefits paid and STIs for FY2024:

#### Executive Director: GCEO S Taukobong

	FY2024	FY2023
GP	R9 450 000	R9 450 000
Motor car insurance	R11 997	R11 997
Funeral benefit	R296	R296
STI	R2 972 575	R0
LTI (vested shares)	R0	R1 604 942
<b>Total remuneration paid</b>	<b>R12 434 868</b>	<b>R11 067 235</b>
Telkom Retirement Fund (TRF)*	R859 950	R859 950

#### Executive Director: GCFO NS Dlamini

Appointed 1 December 2023

	FY2024	FY2023
GP	R2 166 666	N/A
Motor car insurance	R0	N/A
Funeral benefit	R99	N/A
STI	R545 234	N/A
LTI (vested shares)	R0	N/A
<b>Total actual remuneration paid</b>	<b>R2 711 999</b>	<b>N/A</b>
TRF*	R163 367	N/A

\* Company contributions included in GP. However, employees have the flexibility to determine contributions.





**Executive Director: GCFO DJ Reyneke**

1 April 2023 to 30 November 2023

	<b>FY2024</b>	<b>FY2023</b>
<b>GP</b>	R4 076 800	R6 115 200
<b>Motor car insurance</b>	R7 998	R11 997
<b>Funeral benefit</b>	R197	R296
<b>STI</b>	R0	R0
<b>LTI (vested shares)</b>	R0	R586 600
<b>Total actual remuneration paid</b>	<b>R4 084 995</b>	<b>R6 714 093</b>
<b>TRF*</b>	R461 086	R691 629

\* Company contributions included in GP. However, employees have the flexibility to determine contributions.

**Group Prescribed Officers**

The following table outlines the aggregate remuneration benefits paid and STIs for FY2024:

	<b>Group Prescribed Officers</b>						<b>FY2024 Total</b>	<b>FY2023 Total</b>
	<b>DJ Reyneke*</b>	<b>NM Lekota</b>	<b>AC Beukes</b>	<b>LM Siyo</b>	<b>PJ Bogoshi</b>	<b>LS Maloba</b>		
<b>GP</b>	R2 038 400	R4 351 552	R5 700 000	R5 608 727	R5 783 355	R4 119 500	<b>R27 601 534</b>	<b>R25 937 634</b>
<b>Motor car insurance</b>	R3 999	R0	R11 997	R11 997	R0	R9 997	<b>R37 990</b>	<b>R35 991</b>
<b>Funeral benefit</b>	R99	R296	R296	R296	R296	R271	<b>R1 554</b>	<b>R1 480</b>
<b>STI</b>	R1 643 795	R1 269 718	R1 448 296	R1 760 996	R967 553	R0	<b>R7 090 358</b>	<b>R0</b>
<b>LTI (vested shares)</b>	R0	R0	R0	R0	R0	R10 732 525	<b>R10 732 525</b>	<b>R5 601 108</b>
Separation	R0	R0	R0	R0	R0	R2 214 864	<b>R2 214 864</b>	<b>R0</b>
Leave payment	R0	R0	R0	R0	R0	R112 350	<b>R112 350</b>	<b>R0</b>
<b>Total actual remuneration paid</b>	<b>R3 686 293</b>	<b>R5 621 566</b>	<b>R7 160 589</b>	<b>R7 382 016</b>	<b>R6 751 204</b>	<b>R17 189 506</b>	<b>R47 791 174</b>	<b>R31 576 213</b>
<b>TRF**</b>	R230 543	R456 913	R518 700	R325 306	R563 877	R348 098	<b>R2 443 437</b>	<b>R2 244 540</b>

\* DJ Reyneke - 1 December 2023 to 31 March 2024

\*\* Company contributions included in GP. However, employees have the flexibility to determine contributions.

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



# APPENDICES

7

## Our approach to ESG disclosures

Sustainability reporting covers economic performance, social responsibility and environmental care. Telkom subscribes to several ESG-related frameworks, and the Group's ESG strategy is aligned with our obligations under these frameworks. The Group acknowledges that it has an impact on the creation, protection and enabling of socio-economic value throughout the business. Refer to the ESG strategy on [page 36](#) for more information.

Our ESG-related policies show our commitment to management of the environment, employees, social matters, human rights and anti-corruption, and are available [online](#).

**The Group adopted the various sustainability frameworks and participated in the indices as set out here.**

Our approach to ESG disclosures	131
Telkom's contribution to the United Nations SDGs	132
Share and debt holding information	136
Abbreviations	138
Administration	140

### The United Nations SDGs

Telkom supports four primary SDGs with selected targets. We demonstrate our contribution throughout this report, with a detailed summary on [page 132](#).

### Task Force on Climate-related Financial Disclosures

We formally support the TCFD. Refer to the summary on [page 99](#).

### Global Reporting Initiative Standards

Telkom aligned its definitions of sustainable KPIs to relevant Global Reporting Initiative Standards definitions, which facilitates comparability.<sup>1</sup>

### CDP

Telkom continues to participate in CDP climate reporting. We achieved a B score in 2023. The 2024 score will be concluded after December 2024. Refer to the CDP report [online](#).

### MSCI

At the date of approval of this report, we were rated A in the MSCI ESG Index, up from BBB in 2023.

### S&P Global – Corporate Sustainability Assessment

Telkom took part for the second time this year and scored 45/100 (improving from 34/100 in 2023). We aim to improve this score going forward.

### Sustainalytics

Telkom scored 25.8 (medium risk) for overall ESG score for 2023.

### The DTI

We are a Level 1 broad-based black economic empowerment (B-BBEE) contributor for BCX and Telkom.

### EY Excellence in Integrated Reporting Awards

Our integrated report was ranked "Excellent" for the seventh consecutive year in FY2022.

### B-BBEE Codes of Good Practice

We are a Level 1 B-BBEE contributor for the second year in a row.

### JSE Sustainability Disclosure Guidance

To improve our disclosure of sustainability-related information, we have appointed an external service provider to assist with implementing the JSE Sustainability Disclosure Guidance in FY2025.

<sup>1</sup> In alignment with the revised GRI Universal Standards effective 1 January 2023.





## Telkom's contribution to the United Nations SDGs

The following four SDGs and selected underlying targets present the most material opportunities for Telkom to enhance its positive impacts (SDG 4, SDG 8 and SDG 9) and decrease its negative impacts (SDG 12) in support of the SDGs. The table alongside provides an overview of Telkom's contribution to the SDGs. Cross-references indicate further information to be found in this report.

While developing the ESG strategy, Telkom adopted an additional four SDGs (SDG 1, SDG 6, SDG 10 and SDG 16) that it can support and influence. The ESG strategy is discussed on [page 36](#).

### Quality education



#### Subtargets

#### Our contribution

#### Telkom KPIs

**4.1**  
**By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes.**



We materially impact proficiency in mathematics and science at secondary school level and support the development of teachers in pedagogical and content areas (specifically science, technology, English and mathematics). The Telkom Foundation invested R71.2 million <sup>(A)</sup> in education, digital skills and social development.

[Social and relationship capital \(page 86\)](#)

- Learners who complete the National Senior Certificate
- Proficiency in mathematics and science
- Investment in digital skills
- Teachers empowered through improved teaching practice in science, technology, English and mathematics

**4.4**  
**By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.**



Telkom provides teachers and learners with an integrated ICT solution to bridge the digital divide and improve the quality of teaching and learning.

[Social and relationship capital \(page 86\)](#)

- Teachers connected in supported schools
- Learners connected in supported schools
- Zero-rated education sites
- Corporate social investment in school infrastructure
- Investment in digital skills

### Decent work and economic growth



#### Subtargets

#### Our contribution

#### Telkom KPIs

**8.2**  
**Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high value-added and labour-intensive sectors.**



Our products and services predominantly enable technology, which is a key driver of economic growth. Through investing in our networks and infrastructure, we increase our positive impact on this target.

Invested in innovation and launched new value propositions that contribute to economic growth and sustainability.

[Productive capital \(page 57\)](#)

- Investment in infrastructure
- Network reach
- Network reliability indicators
- New value propositions launched
- Revenue from new value propositions launched

**8.3**  
**Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of SMMEs, including through access to financial services.**



We materially impact this target through our procurement policy, with specific consideration of B-BBEE, ESD and investment activities, and the development and support of e-commerce solutions to support entrepreneurs and grow SMMEs.

[Social and relationship capital \(page 86\)](#)

- B-BBEE procurement spend
- SMMEs impacted or supported
- Entrepreneurs impacted or supported
- Investment in development programmes
- Finance provided to SMMEs
- Suppliers supported on the e-commerce platform
- Direct and indirect jobs created

<sup>(A)</sup> External moderate assurance on selected sustainability indicators. Please refer to the FY2024 Independent Assurance Report available [online](#).



Decent work and economic growth



Subtargets	Our contribution	Telkom KPIs
<b>8.5</b> <b>By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.</b> 	<p>Telkom is an equal opportunity employer regardless of gender, race or physical ability. Telkom's positive impact is material with respect to quality education, skills development programmes, our remuneration policies, workforce diversity and investment in ESD.</p>	<p><a href="#">Social and relationship capital</a> (page 86)</p> <ul style="list-style-type: none"> <li>- Jobs created (direct or indirect, including new hires)</li> </ul> <p><a href="#">Human capital</a> (page 78)</p> <ul style="list-style-type: none"> <li>- Employee voluntary turnover</li> <li>- Employee diversity statistics (including differently abled employees)</li> <li>- Learnerships and internship programmes</li> </ul> <p><a href="#">Remuneration report</a> (online)</p> <ul style="list-style-type: none"> <li>- Remuneration and benefit disclosure</li> <li>- Income differentials (gender and race wage gap)</li> </ul>
<b>8.6</b> <b>By 2030, substantially reduce the proportion of youth not in employment, education or training.</b> 	<p>We directly employ a significant number of people and support a greater number of indirect jobs by providing business to local organisations and through our ESD programmes (see SDG 8.5).</p> <p>Telkom is committed to developing youth through internships and training opportunities.</p>	<p><a href="#">Human capital</a> (page 78)</p> <ul style="list-style-type: none"> <li>- New employee hires</li> <li>- Employee turnover</li> <li>- Employee diversity statistics</li> <li>- Training spend</li> <li>- Internship programmes</li> </ul> <p><a href="#">Remuneration report summary</a> (page 122) and <a href="#">standalone remuneration report</a></p> <ul style="list-style-type: none"> <li>- Remuneration and benefit disclosure</li> </ul>
<b>8.10</b> <b>Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.</b> 	<p>We provide network access and maintenance to banks, ATMs and point-of-sale platforms. We also provide insurance and funeral cover through our mobile products.</p> <p>Telkom Digital Wallet enables payment and receipt of money for customers.</p> <p>Telkom enables access to financial services through the provision of connectivity and infrastructure.</p>	<p><a href="#">Productive capital</a> (page 57)</p> <ul style="list-style-type: none"> <li>- 32 030 verified users accessing Digital Wallet</li> </ul>





Industry,  
innovation  
and  
infrastructure



## Subtargets

## Our contribution

## Telkom KPIs

### 9.1

**Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human wellbeing, with a focus on affordable and equitable access for all.**



We have a material/positive impact on this target through:

- Extending and upgrading our infrastructure
- Connecting remote, less-included communities
- Stimulating economic participation
- Supporting IoT-related innovation

Telkom can further increase its positive impact through the provision of affordable products and services, supporting equitable access to connectivity for all.

[Productive capital \(page 57\)](#)

- Mobile sites integrated
- FTTH homes passed
- Enhanced fibre speeds
- Data centre revenue (co-location, dedicated managed services, cloud services)

### 9.3

**Increase the access of small-scale industrial and other enterprises in developing countries to financial services, including affordable credit, and their integration into value chains and markets.**



We contribute to this target through our ESD programmes (refer to SDG 8.3). We also provide other industries with a platform for technological advances through our products and services.

[Social and relationship capital \(page 86\)](#)

- Number of SMMEs impacted and/or supported
- R'million finance provided to SMMEs

[Productive capital \(page 57\)](#)

- Digital transformation as a KPI

### 9.4

**By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries acting in accordance with their respective capabilities.**



We increase our positive impact by leveraging Gyro and its infrastructure upgrades to increase resource-use efficiency and adopt clean and environmentally sound technologies. This includes:

- Solar PV expansion
- Energy-efficiency initiatives
- Moving from copper to fibre cables further increases the use of environmentally friendly technologies and products
- Water and energy smart meters at high-consuming sites to optimise consumption

[Natural capital \(page 95\)](#)

- Carbon footprint
- Water consumption
- Electricity usage from renewable resources
- Waste recycled

[Productive capital \(page 57\)](#)

- FTTH

### 9.5

**Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private R&D spending.**



We have a material opportunity to increase our positive impact on research and innovation in the ICT space through partnerships and utilising our current platforms, such as the Openserve Centre of Excellence. Telkom marked a key milestone in signing a five-year strategic partnership with the University of the Witwatersrand to launch the first Industry Solutions Lab as part of the Wits Innovation Centre.

[Social and relationship capital \(page 86\)](#)

- Number of research and development learners per annum
- Number of research and development interns per annum

[Intellectual capital \(page 70\)](#)





Responsible consumption and production

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Subtargets	Our contribution	Telkom KPI
<b>12.5</b> By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse. 	Our business activities, products and services lead to high volumes of e-waste, such as batteries, copper cabling, phones and electronic equipment. There are significant opportunities for Telkom to decrease its negative impact through, among others, recycling of end-of-life products.	<b>Natural capital</b> (page 95) <ul style="list-style-type: none"><li>- Volumes of e-waste disposed of</li></ul>
<b>12.7</b> Promote public procurement practices that are sustainable in accordance with national policies and priorities. 	We can materially impact this target with our procurement practices and terms and conditions.	<b>Social and relationship capital</b> (page 86) <ul style="list-style-type: none"><li>- Number of SMMEs impacted or supported</li><li>- Procurement from black-owned businesses</li></ul>

There are significant opportunities for Telkom to decrease its negative impact through, among others, the recycling of end-of-life products



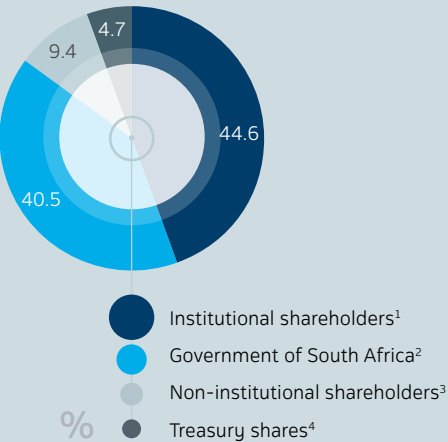


# Share and debt holding information

This section provides insight into our share and debt holding for the year ended 31 March 2024.

## Equity shareholding

FY2024



<sup>1</sup> The Department of Communications and Digital Technologies is the shareholder representative of the South African Government.

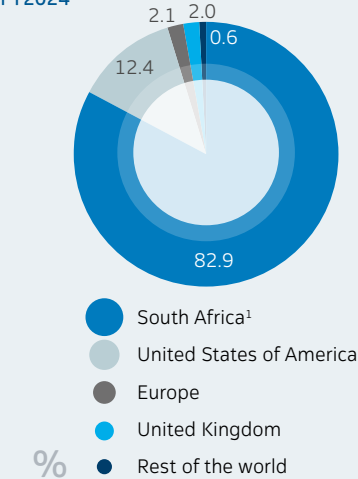
<sup>2</sup> Institutional shareholders comprises various companies, the majority of which are based in South Africa, the USA, the UK and Europe.

<sup>3</sup> Non-institutional shareholders comprises private and individual investors not in the company sector.

<sup>4</sup> The treasury shares belong to Telkom and have not been issued to the public.

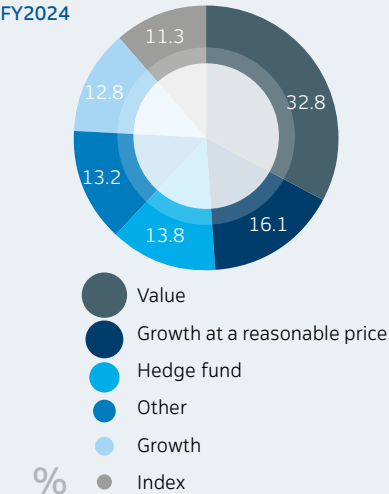
# Institutional shareholding – free float

## Institutional shareholding by geography FY2024



## Institutional shareholding by investment style<sup>2</sup>

FY2024

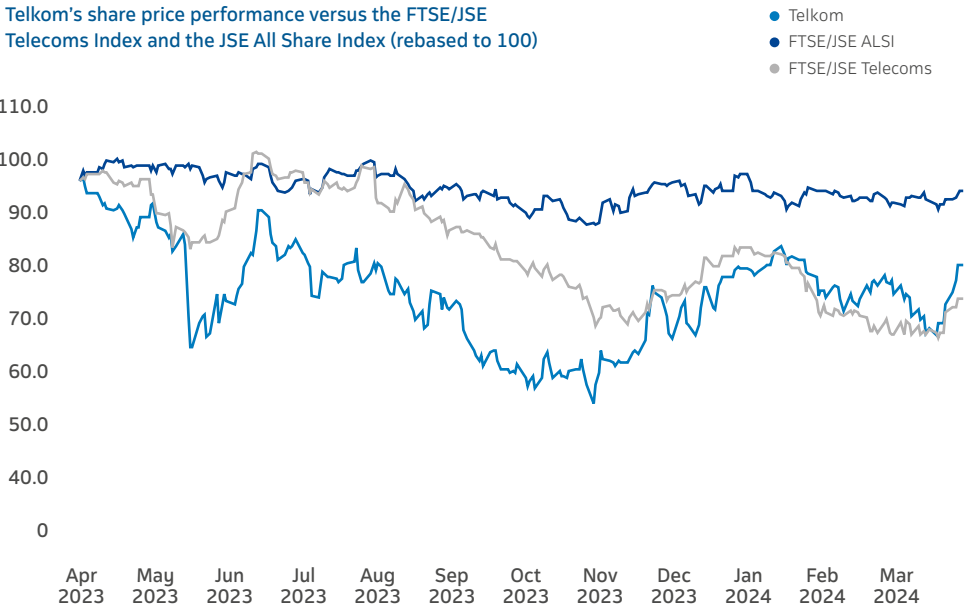


<sup>1</sup> This excludes government.

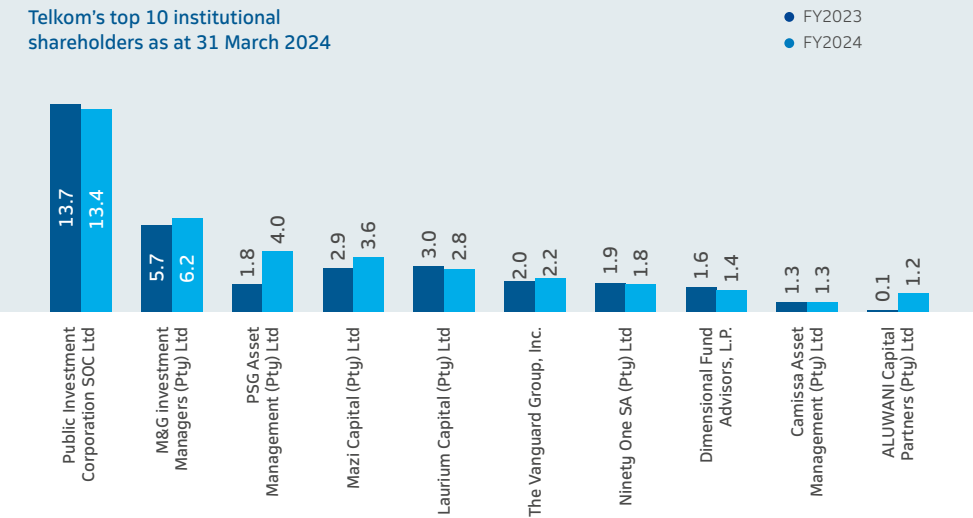
<sup>2</sup> This excludes the Public Investment Corporation SOC Ltd (PIC) as it has multiple investment styles.

# Telkom's share price

Telkom's share price performance versus the FTSE/JSE Telecoms Index and the JSE All Share Index (rebased to 100)



## Telkom's top 10 institutional shareholders as at 31 March 2024





Debt holding information  
as at 31 March 2024

JSE bond code: BITEL

Issuer rating

Telkom credit ratings	Moody's Ratings	S&P Global Ratings
Long-term global scale	Ba2	BB
Long-term national scale	Aa2.za	–
Outlook	Stable	Stable
Last review date	December 2023	August 2023

South African listed debt	TL25	TL30
	TL26	TL31
	TL28	TL32
	TL29	TL33



## Abbreviations

<b>4G</b>	fourth generation
<b>4.5G</b>	LTE-Advanced
<b>5G</b>	fifth generation
<b>AGM</b>	annual general meeting
<b>AI</b>	artificial intelligence
<b>AIOps</b>	artificial intelligence for IT operations
<b>ALP cloud</b>	Africa Local Public cloud
<b>API</b>	application programming interface
<b>ARPU</b>	average revenue per user
<b>B-BBEE</b>	broad-based black economic empowerment
<b>BEPS</b>	basic earnings per share
<b>BSS</b>	business support systems
<b>capex</b>	capital expenditure
<b>CDP</b>	Carbon Disclosure Project
<b>COBIT</b>	Control Objectives for Information and Related Technologies
<b>CoE</b>	Centres of Excellence
<b>Companies Act</b>	Companies Act, 71 of 2008 (as amended)
<b>CPE</b>	customer premises equipment
<b>CSI</b>	corporate social investment
<b>CWU</b>	Communication Workers Union
<b>DoA</b>	delegation of authority
<b>EBITDA</b>	earnings before interest, tax, depreciation and amortisation
<b>ERM</b>	enterprise risk management
<b>ESD</b>	enterprise and supplier development
<b>ESG</b>	environmental, social and governance
<b>ETE</b>	Electronics and Telecommunications Equipment
<b>Exco</b>	Group Executive Committee
<b>FCF</b>	free cash flow
<b>FLDP</b>	Female Leadership Development Programme
<b>FTTH</b>	fibre to the home

<b>FTTx</b>	fibre to the x (x being a placeholder for where fibre will be connected to)
<b>FY</b>	financial year
<b>GCEO</b>	Group Chief Executive Officer
<b>GCFO</b>	Group Chief Financial Officer
<b>GDP</b>	gross domestic product
<b>GEC</b>	Global Entrepreneurship Network
<b>GHG</b>	greenhouse gas
<b>GP</b>	guaranteed package
<b>GRI Standards</b>	Global Reporting Initiative Standards
<b>HEPS</b>	headline earnings per share
<b>HR</b>	human resources
<b>HVAC</b>	heating, ventilation and air-conditioning
<b>IaaS</b>	infrastructure-as-a-service
<b>IAS</b>	International Accounting Standard
<b>ICASA</b>	Independent Communications Authority of South Africa
<b>ICT</b>	information and communications technology
<b>IFRS</b>	International Financial Reporting Standards (IFRS® Accounting Standards)
<b>InfraCo</b>	infrastructure company
<b>iNPS</b>	interaction net promoter score
<b>IoT</b>	Internet of Things
<b>&lt;IR&gt; Framework</b>	International Integrated Reporting Framework
<b>IRBA</b>	Independent Regulatory Board for Auditors
<b>ISO</b>	International Organization for Standardization
<b>ISPs</b>	internet service providers
<b>IT</b>	information technology
<b>JSE</b>	Johannesburg Stock Exchange
<b>King IV</b>	King IV Report on Corporate Governance™ for South Africa, 2016
<b>KPI</b>	key performance indicator
<b>LARR</b>	linear annual reduction rate
<b>LED</b>	light-emitting diode



<b>LTE</b>	long-term evolution
<b>LTi</b>	long-term incentive
<b>MICT SETA</b>	Media, Information and Communication Technologies Sector Education and Training Authority
<b>MNO</b>	mobile network operator
<b>Mol</b>	memorandum of incorporation
<b>NGN</b>	next-generation
<b>NPS</b>	net promoter score
<b>NQF</b>	National Qualifications Framework
<b>oDAS</b>	outdoor distribution antenna system
<b>OEM</b>	original equipment manufacturer
<b>opex</b>	operating expenditure
<b>OTT</b>	over-the-top
<b>PaaS</b>	Power-as-a-Service
<b>PAT</b>	profit after tax
<b>POPIA</b>	Protection of Personal Information Act, 4 of 2013
<b>ppts</b>	percentage points
<b>PV</b>	photovoltaic
<b>PwC</b>	PricewaterhouseCoopers Inc.
<b>R&amp;D</b>	Research and development
<b>Remco</b>	Remuneration Committee
<b>RICA</b>	Regulation of Interception of Communications and Provision of Communication-related Information Act, 70 of 2002
<b>ROIC</b>	return on invested capital
<b>S189</b>	section 189
<b>SACU</b>	South African Communications Union
<b>SASRIA</b>	South African Special Risk Insurance Association
<b>SBTi</b>	Science Based Targets initiative
<b>SDP</b>	service delivery platform
<b>SD-WAN</b>	software-defined wide area network

<b>SDGs</b>	United Nations Sustainable Development Goals
<b>SENS</b>	Stock Exchange News Service
<b>SIU</b>	Special Investigating Unit
<b>SMB</b>	Telkom Small and Medium Business
<b>SME</b>	small and medium-sized enterprise
<b>SMME</b>	small, medium and micro-sized enterprise
<b>STI</b>	short-term incentive
<b>TCFD</b>	Task Force on Climate-related Financial Disclosures
<b>tCO<sub>2</sub>e</b>	tonnes of carbon dioxide equivalent
<b>TGF</b>	Telkom Group Forensics
<b>TGIA</b>	Telkom Group Internal Audit
<b>TPS</b>	Telkom Physical Security
<b>TRF</b>	Telkom Retirement Fund
<b>TSA</b>	talent share award
<b>TSR</b>	total shareholder return
<b>WiO Programme</b>	Women in Operations Programme
<b>WOAN</b>	wireless open-access network
<b>WTC</b>	WeThinkCode
<b>XaaS</b>	everything-as-a-service



## Administration

### Company registration number

1991/005476/30

### Head office

61 Oak Avenue  
Centurion, 0157

### Postal address

**Telkom SA SOC Ltd**  
Private Bag X881  
Pretoria, 0001

### Telkom register helpline

0861 100 948

### Group Company Secretary

**Ephy Motlhamme**  
Tel: +27 12 311 0110  
secretariat@telkom.co.za

### Investor relations

**Nondyebo Mqulwana**  
Tel: +27 12 311 1041  
telkomir@telkom.co.za

### Auditor

**PricewaterhouseCoopers Inc.**  
4 Lisbon Lane, Waterfall City  
Jukskei View, 2090  
Tel: +27 11 797 4000

### Transfer secretaries

**Computershare Investor Services  
Proprietary Limited**  
Rosebank Towers  
15 Biermann Avenue  
Rosebank, 2196  
Private Bag X9000  
Saxonwold, 2132

### Sponsor

**Nedbank Corporate and Investment Banking  
a division of Nedbank Ltd**  
135 Rivonia Road  
Sandown  
Sandton, 2196

### United States ADR depository

**The Bank of New York Mellon**  
Shareholder Relations Department  
PO Box 11258  
New York  
NY 10286-1258  
Tel: +1 888 643 4269  
Shareowner-svcs@bankofny.com





**Telkom**  
Consumer

open serve

**BCX**

swiftnet

**Gyro**