

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

“The Group’s remuneration policy and implementation ensure equitable, fair and justifiable remuneration to reward and stimulate a culture of high performance.”

**Telkom SA SOC Ltd**

# Remuneration Report

**For the year ended  
31 March 2024**



**Telkom**







*Telkom is pleased to provide the Group remuneration policy and implementation report for FY2024.*

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## Our approach

We aim to provide our stakeholders with a transparent remuneration report that demonstrates good governance that influenced FY2024 remuneration decisions. The report was developed with the needs of our diverse stakeholders in mind.

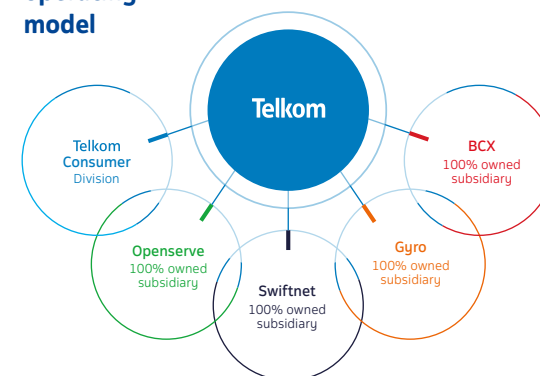
**The remuneration report (the report) is for the financial year 1 April 2023 to 31 March 2024 (FY2024 or the year) and should be read together with our FY2024 integrated report.**

The report is structured in a balanced way, highlighting key aspects of Board strategic oversight that influenced material strategy review and implementation, and its impact on remuneration.

The report focuses on Telkom SA SOC Ltd, representing Telkom Group (Telkom or the Group), comprising Telkom Company and its subsidiaries. Telkom Company includes the Corporate Centre and a division, Telkom Consumer. Telkom Group's operating subsidiaries are Openserve, BCX, Swiftnet and Gyro. Telkom Consumer and the four subsidiaries are commonly referred to as Telkom's business units.

Our reports for FY2024 include the integrated report, notice of the annual general meeting (AGM), consolidated annual financial statements and King IV<sup>1</sup> application report. The full reporting suite is available [online](#).

### Telkom's operating model



**Chapter 1**  
Chairperson's background statement

05 →



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### Chapter 1

Chairperson's background statement

This section summarises the outcomes of the engagements with shareholders on key material remuneration matters.

It also includes the Remuneration Committee's future focus areas.



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### Chapter 2

Remuneration policy

This section focuses on Telkom Group's reviewed remuneration policy, incorporating the feedback received from shareholders.

The review was part of our efforts to improve the Group's remuneration framework and align the interests of shareholders and management



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### Chapter 3

Implementation report

This section outlines Executive Directors' and Prescribed Officers' remuneration implementation outcomes aligned to the remuneration report.

It also notes significant subsequent events up to the date the Board approved the report.

<sup>1</sup> King IV Report on Corporate Governance™ for South Africa, 2016. Copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved.

## Board approval

The Board of Directors (the Board) acknowledges its responsibility for the integrity of Telkom's remuneration report. The Board confirms that the report leveraged the assurance obtained from its internal and external assurance providers.

The Board approved the report on 16 July 2024.

**Brian Kennedy**

Chairperson  
Remuneration  
Committee

**Serame Taukobong**

Group Chief  
Executive  
Officer

**Nonkululeko Dlamini**

Group Chief  
Financial  
Officer

## Feedback



### We value stakeholder feedback.

Please share your experience with this report by contacting our investor relations team at [telkomir@telkom.co.za](mailto:telkomir@telkom.co.za)

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# INTRODUCTION

*The Remuneration Committee (Remco or the Committee) enables the Board to execute its mandate by ensuring a competitive, equitable, fair, transparent and responsible remuneration strategy and policy capable of attracting, retaining and engaging the talent required for sustainable achievement of the Group's strategic objectives.*

In line with its terms of reference (ToR) and annual work plan, Remco reviews our remuneration strategy and management of the Group's remuneration practices. The remuneration mix consists of guaranteed pay (GP) which is inclusive of benefits, and variable pay to drive a high-performance culture at Group, business unit, and individual level. Our remuneration strategy aims to be competitive, agile, and fit for purpose to promote a value-based, high-performance culture and create value for shareholders and stakeholders.

The Committee provides strategic oversight to ensure that:

Transparent disclosure enables stakeholders to reasonably assess that business strategy outcomes and the implementation of the Group's remuneration and governance policy are aligned

No deviations from the provisions of its remuneration policy, including short- and long-term incentive scheme rules

Compliance with its full mandate as reflected in its ToR<sup>1</sup>

Adherence to the Companies Act, 71 of 2008, the King IV guidance provisions on remuneration governance, and the Johannesburg Stock Exchange (JSE) Listings Requirements

<sup>1</sup> The Committee's terms of reference is available [online](#).



# CHAIRPERSON'S BACKGROUND STATEMENT

# 1

*Dear shareholders,*

*Thank you for your support at the 2023 AGM, where both the remuneration policy and implementation report received a positive non-binding vote above 75%. This indicates that shareholders in general are satisfied with the work the Committee has done to address previous concerns.*

## Material shareholder concerns and engagement approach

In line with our commitment to engage proactively with 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. The following summarises the key shareholder concerns.

## Fair and equal pay

### → PAY PARITY

- Requested timelines for disclosure on pay transformation objectives, including 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

### 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, 2021, and institutional investors' expectations

We will include the outcomes of the fair pay analysis, including ratios for GCEO pay and top 5% vs bottom 5%, in the FY2025 remuneration report. We made progress in addressing gender parity at 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.

### → GCEO'S REMUNERATION

- Requested that remuneration for the Group Chief Executive Officer (GCEO) be reconsidered
- Asked whether the GCEO receives a retention bonus

### 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 performances, 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

### → 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

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

- Consider a proposal that the STI should rely 50% on delivery of the Value Unlock Strategy
- Disclose the rationale for cash flow not being included as an “on and off” switch in the STI
- Management to ensure that STI allocations are triggered by concluding transactions

### Remco's response

Value Unlock Strategy key performance indicators (KPIs) are incorporated in both the 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

Free cash flow, profit after tax (PAT) and revenue are financial measures in the STI scheme

Refer to the implementation report, [page 32](#).



### 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 underperformance/outperformance against the scorecard will result in a zero to lower/higher award payout. Refer to the remuneration policy and implementation report, [page 32](#).



### PERFORMANCE TRACKING

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.

### Remco's response

As part of good reporting governance, the Committee will introduce a Group scorecard performance tracker that will create synergy between set performance and actual performance. Remco will receive quarterly updates, a formal review every six months and a final review annually.

## Long-term incentives



### KEY MEASURES

- Concern that return on invested capital (ROIC) has the lowest weighting of the LTI measures
- Recommendation that the headline earnings per share (HEPS) must be cash
- Need for full disclosure to understand the LTI remuneration
- Concern that environmental, social and governance (ESG) measures are not included in the LTI scheme

### Remco's response

- The concerns have been noted. Please refer to the remuneration policy, [page 29](#).



### TIME FRAME

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.



**Remuneration  
strategy  
framework**

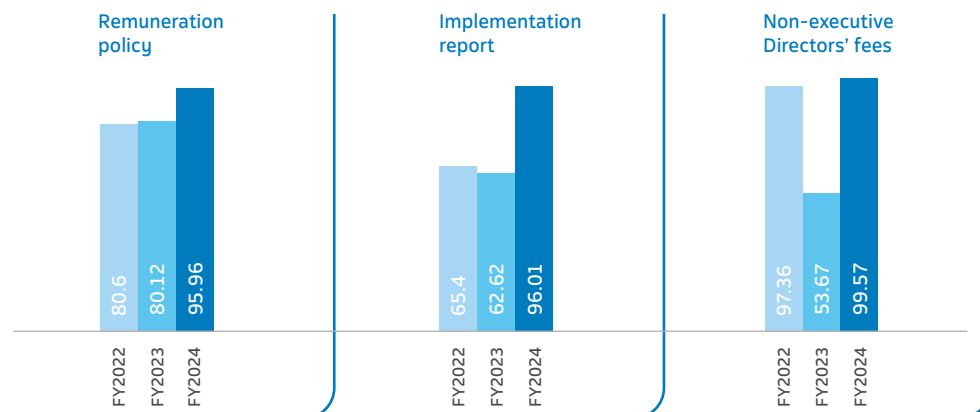
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## FY2023 remuneration voting outcomes

The remuneration policy and implementation report are subject to non-binding advisory votes at the AGM, in line with the JSE Listings Requirements, the King IV recommendations, and the proposed amendments to the Companies Act contained in the Companies Amendment Bill, 2021.

The graph below reflects the three-year non-binding advisory support votes received over the past three years for our remuneration policy and report and the approval for Non-executive Directors' (NED) 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.



During our engagements with shareholders, the Chairperson of the Board and myself discussed the Group's proposed resolutions with shareholders, and various concerns were raised, acknowledged and clarified.

Therefore, we have progressed in our remuneration philosophy, principles and practice that incorporated several changes to improve our integrated Group remuneration policy and application over the past two years.



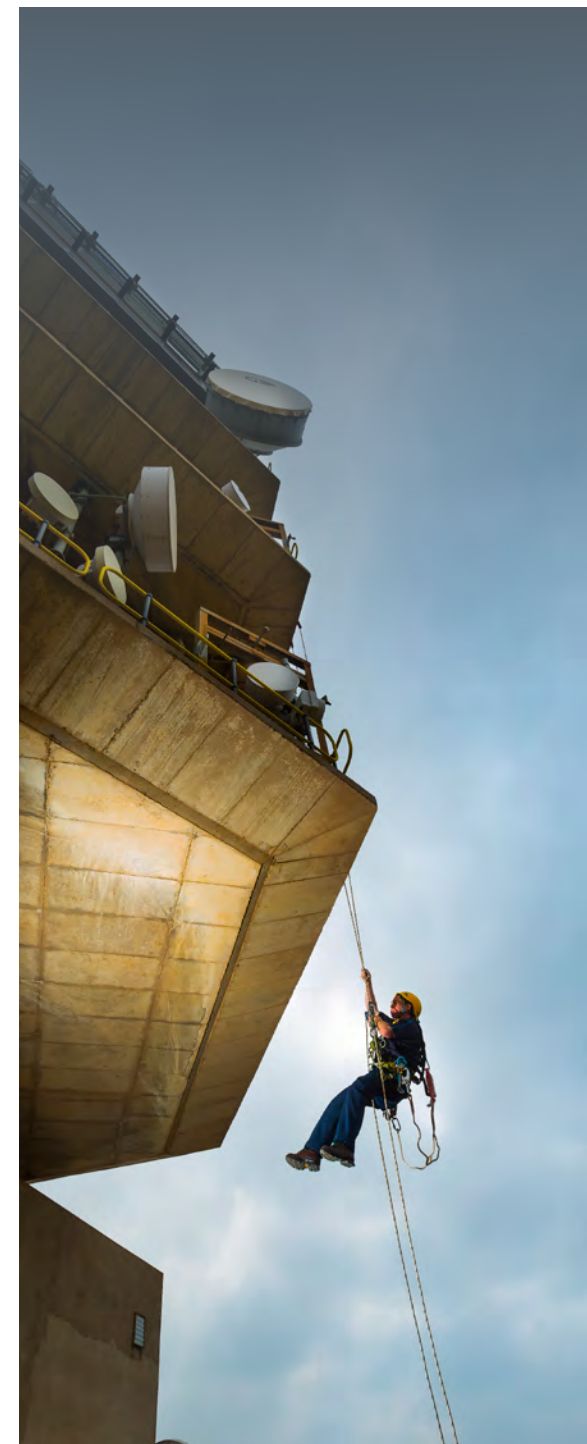
## FY2024 key performance considerations

Our 2024 financial results indicate progress towards recovering, optimising and positioning Telkom at the heart of South Africa's future digital transformation agenda. Free cash flow has improved significantly. This demonstrates that we are driving financial efficiencies and applying sound financial management principles that set us up to continue improving into the future.

The challenging macro-economic factors and increasing competition had a direct impact on our overall business performance. Macro-economic headwinds included low GDP growth (0.64%), high inflation (5.9%) and interest rates, a weakening rand, and an increase in loadshedding hours of approximately 25% compared to FY2023. These impacted consumer spend and resulted in progressively higher operational costs (opex). High unemployment and retrenchments placed further strain on our consumers and employees.

These macro-environmental challenges forced the Group to reconsider its operating model and enter a Group restructuring process to reduce its fixed employment cost. 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, yielding total fixed employment cost savings of R1 billion for FY2024.

Refer to the [integrated report](#) for more information on the Group's strategy and performance.



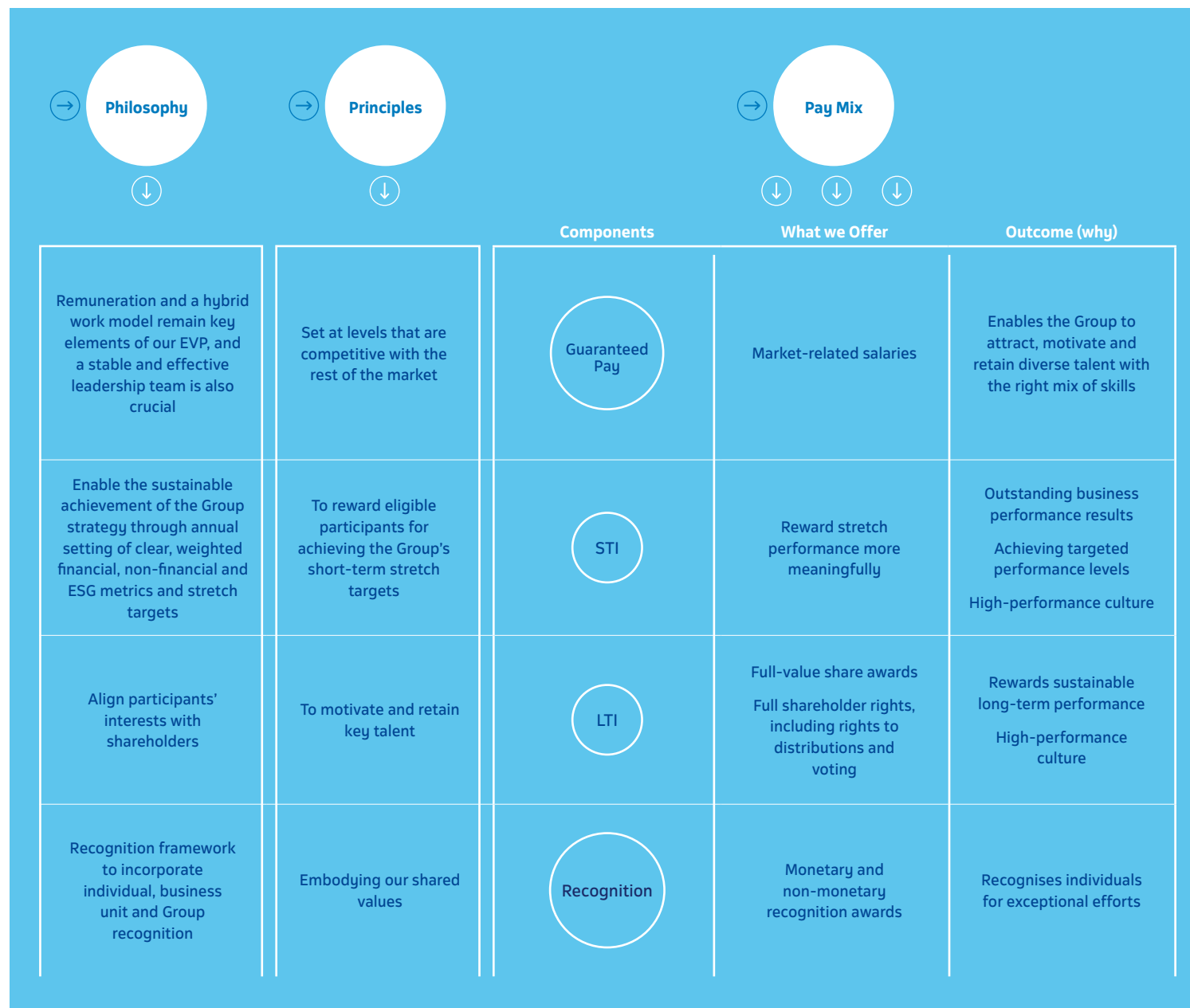
## Remuneration strategy framework

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 remuneration strategy. Our remuneration framework will continue to allow the Group to attract, motivate and retain the best talent – and deploy this talent in the right roles – to drive the execution of Group strategy within a safe and conducive work environment.

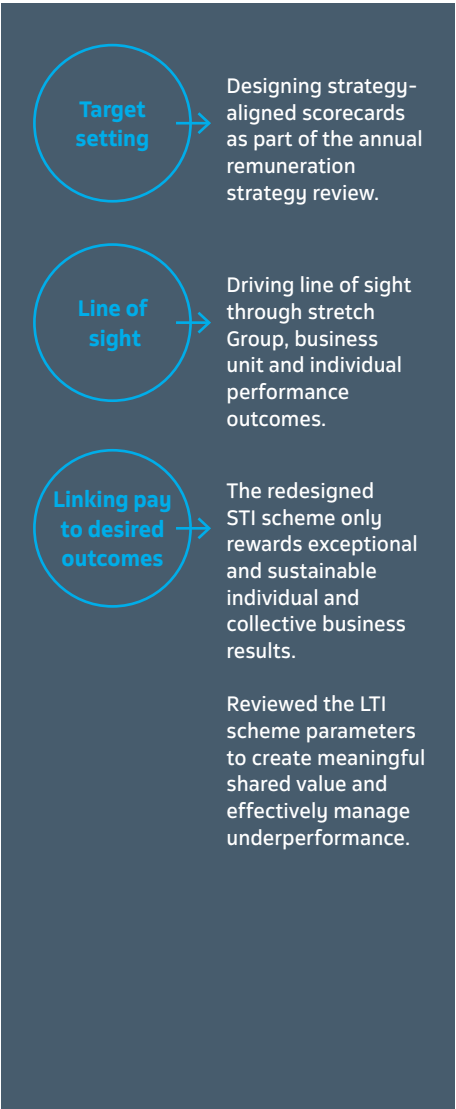
Remuneration and a hybrid work model remain key elements of our employee value proposition (EVP), and a stable and effective leadership team is also crucial. We are committed to retaining critical skills and key talent, planning rigorously for succession, and developing critical leadership skills.

The table alongside outlines the Telkom Group Remuneration strategy framework, underpinned by the pay mix philosophy and principles.





We also enhanced our disclosure of these performance conditions. To assess our performance and ensure a high-performance culture within a hybrid working model, we reviewed our remuneration strategy, focusing on:



## 2024 summary of remuneration policy changes

The remuneration strategy is critical for enhancing our EVP 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 total Group remuneration policy and practices to drive a high-performance culture that fosters sustainable positive outcomes for shareholders. The shareholder engagements outlined above, along with our annual assessment, resulted in the following remuneration enhancements:

- 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 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

## 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 below.

Name	Designation	Meeting date								Total attendance
		5 Jun 2023	27 Jun 2023 (S) <sup>2</sup>	07 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>O Ighodaro</b>	Member	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	8/8
<b>B Kennedy</b>	Chairperson	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>MG Qhena</b>	Member	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	8/8
<b>LL Von Zeuner</b>	Member	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	7/8

<sup>1</sup> Resigned – 29 September 2023.

<sup>2</sup> The four special meetings (S) 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.



**FY2025  
Committee  
focus areas**

The Committee's FY2024 priorities

In line with the remuneration policy and with due cognisance of the factors impacting remuneration, Remco made the following key decisions.

Average GP increase

Executive Directors, Group Prescribed Officers and management received 0% increases in line with cost-saving initiatives (FY2024 increases effective 1 April 2023).

The Group\* implemented a wage settlement agreement for bargaining unit employees for the period 1 April 2023 to 31 March 2026.

FY2024:  
with effect from 1 October 2023

- **4%** salary increase for bargaining unit employees calculated on the relevant 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

FY2025:  
with effect from 1 April 2024

- **5%** salary increase for bargaining unit employees calculated on the 50th percentile of market functional areas

FY2026:  
with effect from 1 April 2025

- **5%** salary increase for bargaining unit employees calculated on the 50th percentile of market functional areas

\* The wage settlement agreement's terms and conditions do not apply to BCX, as governed by the recognition agreement.

FY2024 STI scheme rules

The Telkom Group STI scorecards focus on various aspects of financial and non-financial performance. These performance conditions are aligned with market practice and are weighted accordingly.

The scheme is self-funding and is linked to the upside of Group, business unit and individual performance. Targets for the short-term incentive have been set to ensure a pool will be available for performance at threshold, target and maximum for the year.

For FY2024, the STI targets are set at threshold, on-target and maximum payout. Performance must be commensurate with a significant stretch on the approved budget in order for a short-term incentive to be paid to employees.

The maximum amount for STI is capped at 20% of PAT, with a maximum payout of 150% of the on-target STI percentage of GP if maximum performance is achieved.



Group and business unit scorecards

Level	Description	Group weighting	Business unit weighting	Individual weighting
M0	GCEO	80%	0%	20%
M1	Business unit CEOs and Chief Capital Projects	60%	30%	10%
M1	GCFO, GCDO and CHRO	80%	0%	20%
M2	Group executives/Managing executives	30%	40%	30%
M3	Executives	20%	45%	35%
M4/M5	Senior managers/Managers	10%	50%	40%

Weighting and allocation structure

Performance Area	FY2024 Group weighting	FY2024 business unit weighting
Financial	60%	50%
Strategic project execution	10%	15%
Customer appreciation	10%	15%
ESG	20%	20%

Pool provision

Overall, Group, business unit and individual performances have a direct impact on the bonus pool that is approved for distribution.

Based on our audited financial results we were not able to achieve on-target level performance against the approved scheme principles. The Board therefore approved a bonus pool of R300 million in line with our achievement for distribution to all eligible management and bargaining unit employees.



FY2025 STI plan approval

The Committee approved the FY2025 STI plan in line with key policy principles 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 scorecard structure for FY2025:

Performance area	FY2025 Group weighting	FY2025 business unit weighting
Financial	50%	50%
Strategic project execution	20%	15%
Customer appreciation	15%	15%
ESG	15%	20%

- ESG initiatives, including carbon emissions reduction, promoting women in leadership and employee engagement, and fostering a strong and appropriate risk and compliance culture

The main principles remain the same:

- The scheme will remain self-funding, and payout is capped at 20% Group PAT. The STI is linked to Group, business and individual performances
- Financial targets and weightings are set to ensure a pool will be available for performance at threshold, on-target and maximum. For FY2025, the targets for threshold, on-target and maximum payout are aligned to the Board-approved budget

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 based on the tested performance conditions applicable, in line with the rules of the LTI scheme. The details of the performance vesting condition and achieved targets for Executive Directors and Group Prescribed Officers are outlined in the implementation report.

Non-executive Directors' remuneration

Remco recommended a 0% increase in the all-inclusive fee structure for NEDs to shareholders at the 2023 AGM.

Additional matters considered

The Committee's terms of reference, annual work plan and remuneration report were recommended to the Board for approval.

Remco believes that the remuneration decisions taken in FY2024 represent a fair and responsible pay outcome, aligned with the interests of all stakeholders.



## FY2025 Committee focus areas

We will continuously assess our total remuneration external market trends, internal parity, 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, and 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, with ESG metrics/performance conditions included in the STI and LTI scheme rules
- Attract, motivate 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 with those of shareholders
- Drive fair and responsible pay objectives that are achieved in line with the disclosure requirements envisaged under the proposed Companies Amendment Bill, 2021

We will continue to enhance our remuneration disclosures so shareholders and other stakeholders can assess the effectiveness of our remuneration practices and provide us with constructive feedback.

## Appreciation

It is in Telkom's best interest to consider and balance all stakeholders' legitimate and reasonable needs, interests and expectations relating to our remuneration strategy, policy and practices.

We are grateful for the inputs received from shareholders and remain committed to ongoing engagement and further enhancing our dialogue. We look forward to your support at the upcoming AGM for our enhanced remuneration policy and the more robust implementation of the policy in FY2024.

I thank the Board, my fellow Committee Members, our advisors and management for their support and hard work during the year.

**Brian Kennedy**  
Chairperson  
Remuneration Committee





# REMUNERATION POLICY

## 2

*Our remuneration policy enables us to attract, engage and retain employees while mitigating increased key talent attraction and retention risks. Our remuneration framework enables the sustainable delivery of our strategy without encouraging undue risks.*

Remco ensures that Telkom's remuneration policy and practices align with the Companies Act, King IV principles and guidance notes, and JSE Listings Requirements. The policy should be read with reference to these and other relevant regulatory and governance frameworks related to people management.

Shareholders will be asked to cast a non-binding advisory vote on the remuneration policy, as outlined in this section. Refer to AGM Ordinary Resolution Number 5.1 for details.

## Role of Remco

Remco helps the Board of Directors fulfil its responsibilities to stakeholders regarding the appointment, remuneration, development and succession of Executive Directors and Group Prescribed Officers. In line with the Group's fair and responsible pay principles, the Committee considers the remuneration of all other employee levels, relative to that of Executive Directors and Group Prescribed Officers. Remco further provides a channel of communication between the Board and management on remuneration matters.

Remco's role and responsibilities include:

### Reward strategies

- Ensuring 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 corporate objectives and to safeguard shareholder interests
- Ensuring remuneration is competitive, fair, equitable and responsible

### Employment terms and salary structures and schemes

- Reviewing and recommending to the Board the employment terms upon which Executive Directors are employed and remunerated, and approving such terms for Group Prescribed Officers
- Reviewing the design and management of salary structures, policies and variable pay schemes to drive line of sight through stretch Group, business unit and individual performance outcomes aligned with the Group strategy
- Recommending the total remuneration of Executive Directors to the Board, and approving the remuneration of Executive Directors and Group Prescribed Officers

### Compliance

- Ensuring compliance with the applicable policies, rules, regulatory and disclosure requirements

### Other human capital matters

- Considering and making recommendations on all human capital matters related to the Group's restructuring
- Recommending succession planning policy and procedures for the Group Executive Committee (other than Executive Directors) and the extended executive team to the Board

The Committee also recommends independent NEDs' fees to the Board for approval. Further details of the Committee's terms of reference, which should be read in conjunction with this policy, are available [online](#).

Shareholder engagement for the 2024 AGM

Remco values open and constructive engagement with shareholders to manage and continuously improve Telkom’s remuneration framework. We encourage shareholders to engage with the Committee on all substantial remuneration concerns to ensure they are informed on the Group’s remuneration policy and its application. Please direct comments and queries to our Company Secretary via email at [secretariat@telkom.co.za](mailto:secretariat@telkom.co.za).

The remuneration policy and implementation report will be presented separately to shareholders for non-binding votes at the AGM on 20 August 2024. Should either the policy or the implementation report receive 25% or more dissenting votes, the Group will take the following steps:

- 1

Issue a SENS announcement on the AGM’s voting results.
- 2

Invite dissenting shareholders to engage formally with Remco.
- 3

Schedule collective and/or individual shareholder engagements as appropriate to determine the reasons for the dissenting votes and take reasonable steps to resolve legitimate shareholder concerns.
- 4

Provide participating shareholders with a formal response, noting concerns raised and providing detailed responses where changes will be made to address concerns.

Authority levels

Remco acts under the delegated authority of the Board to determine and recommend remuneration levels, except for the fees payable to NEDs, which are subject to the approval of shareholders at the AGM. The authority levels are set out below.

Item	GCEO	Remco	Audit	Board	Shareholders
Executive Directors’ remuneration		Recommend	Recommend	Approve	
Group Prescribed Officers’ remuneration	Recommend	Approve		Note	
Annual remuneration/salary review mandate for the rest of the Group	Recommend	Approve		Note	
Performance awards and targets for STI and LTI schemes	Recommend	Approve		Note	
Remuneration policy and implementation report	Propose	Recommend		Approve	Endorse
Non-executive Directors’ remuneration	Propose	Recommend		Recommend	Approve

Fair, equitable and responsible pay

Telkom applies the principles of fair and responsible remuneration based on job complexities and the relative worth of jobs according to regulations governing equal pay for work of equal value. Our remuneration policy follows the same fundamental principles to ensure fair and responsible pay across all employee levels. We aim to ensure that remuneration is both externally competitive and internally equitable.

To achieve this, we regularly review our practices to ensure that:

- Remuneration is appropriate across all levels within the Group’s business units and functional areas
- Employees are paid according to their seniority, skills, competence and performance
- Pay differentiation is justified, non-discriminatory, fair and responsible

In addition, Telkom has embarked on a journey to review our policy and practices to fully comply with the proposed amendments to the Companies Act, 71 of 2008 contained in the Companies Amendment Bill, 2021, which aims to ensure fair and responsible pay.

Fair remuneration acknowledges that all workers should receive a minimum level of remuneration that enables them to participate in the economy.



## What is fair and responsible pay?

King IV defines fairness as the equitable and reasonable treatment of all sources of value creation, including relationship capital, as portrayed by the legitimate and reasonable needs, interests and expectations of material stakeholders of the organisation.

Human capital is a source of value creation and is a cross-section of relationship capital. Therefore, this definition of fairness entails the equitable and reasonable treatment of employees in terms of pay structures and policies.



### Fair pay (ethics)

- Impartial and free from discrimination, self-interest, prejudice or favouritism
- Rational, i.e. not based on irrational feelings or emotions
- Addresses inequality (current and/or historic)



### Responsible pay (economics)

- Linked to sustainable value creation or positive outcomes
- Approved by the appropriate authority
- Subject to independent oversight

## Policy objectives and principles

### The policy's key objectives are to:

Attract, motivate and retain top talent through competitive remuneration

Support and drive a pay-for-performance culture within an appropriate risk framework

Differentiate between satisfactory performance and high performance

Reward employees for exceptional outcomes in relation to execution of the business strategy

Enable sustainable delivery of our evolving strategy aligned with shareholders' interests

### The policy principles ensure that remuneration programmes:

Are designed to mitigate risks and strategy execution

Encourage a high-performance culture for value creation based on Group, business unit and individual performance

Support the development of competencies for exceptional short-term performance and future business needs

Ensure leadership commitment by setting the tone for a high-performance culture and value creation that can be shared with all employees and other stakeholders

Deliver an appropriate remuneration mix that enables optimum alignment of interests between executives and shareholders

Achieve fair, equitable, responsible and non-discriminatory outcomes



Equal pay for work of equal value guidelines

Promoting equal pay for work of equal value, or pay equity, is a fundamental right in the workplace. It is enshrined in the Equal Remuneration Convention, 1951 (No. 100) (International Labour Organization, 2003), which was ratified by South Africa.

Equal pay for work of equal value applies to employees of the same employer and is defined in three categories:

1

→

Same work: Work is identical or interchangeable

2

→

Substantially the same work: Work is not identical or interchangeable but is similar enough to be reasonably regarded as the same. This requires an objective assessment of actual duties and responsibilities to manage

3

→

Work of equal value: Different jobs but comparable in terms of complexity, responsibility, decision-making level, etc. A formal grading and job evaluation system is required to measure this

FY2025 next steps

We partnered with REMchannel® to enhance our remuneration approach. We will conduct a detailed fair pay analysis to compare Telkom's wage gap with a comparator peer group in the ICT sector and national market. The analysis will consider three-year micro-analysis trends with a distinct focus on horizontal and vertical pay analysis based on "on-target" and "actual" performances. It will also include a macro-analysis based on the Gini coefficient, the Palm ratio and GCEO pay, and top 5% vs bottom 5% (5:5). This deep stick exercise will provide Remco with material total rewards insights to arrive at a balanced view of fair pay in the context of the wage gap. The detailed report will be incorporated in the FY2025 remuneration report.

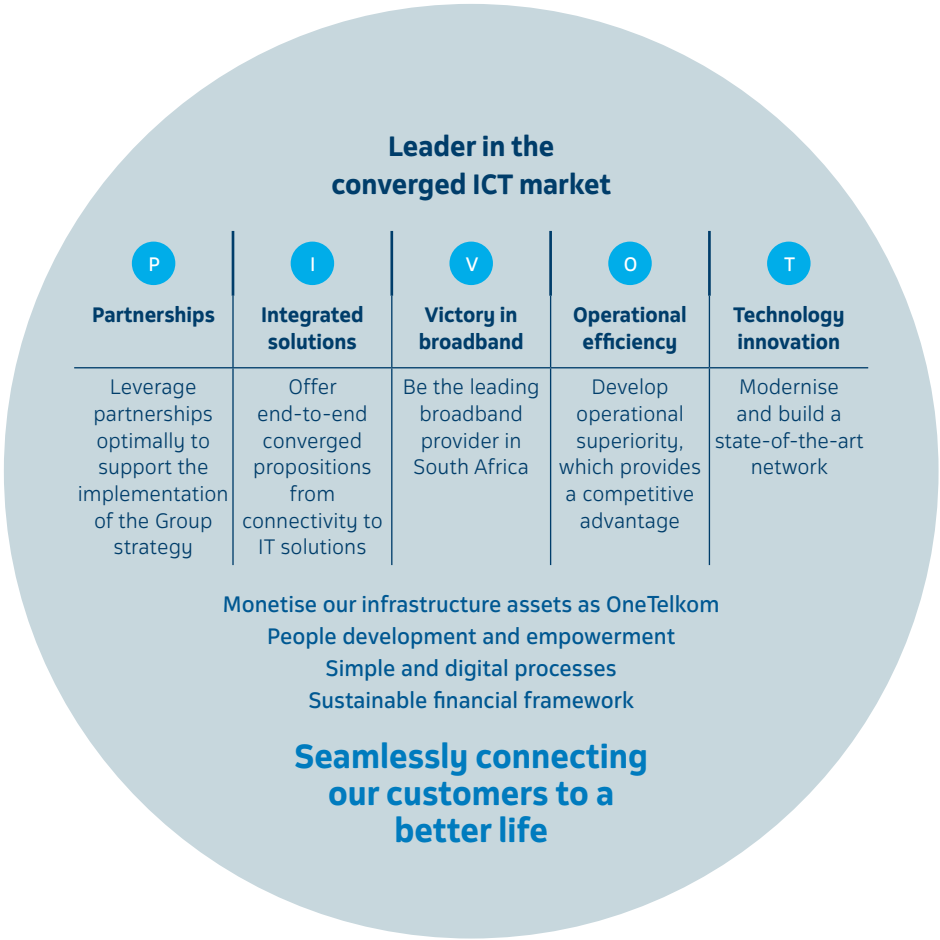
We will develop a fair and responsible pay policy that captures Telkom's fair pay philosophy, considering the governance principles outlined in King IV, the Companies Act and the Companies Amendment Bill [B27B-2023]. Future reporting will continue to align with King IV, the Companies Act (as amended) and shareholders' expectations.



Remuneration fundamentals

Remuneration philosophy and link to business strategy

Telkom's ambition is to lead in the converged information and communications technology (ICT) market by seamlessly connecting our customers to a better life. To achieve this, the Group is pursuing various objectives under the five pillars of its PIVOT Strategy. To ensure long-term sustainability for all our stakeholders, all remuneration elements are linked to the PIVOT Strategy.





## Value unlock

## Focus on sustainably achieving our Value Unlock objectives

Group strategy	P		I		V		O		T	
Scorecards	Group scorecard		Business unit scorecard		Individual scorecard		Group performance conditions – LTI			
Strategic outcomes	Financial/customer/growth/ESG		Operational excellence		People and high-performance culture		Profit, shareholder value and ESG			
Strategy priorities	KPIs	Weighting	KPIs	Weighting	KPIs	Weighting	Strategy priorities	KPIs	Weighting	
Financial	<div><div></div></div> <ul style="list-style-type: none"><li>- Group PAT before STI</li><li>- Group revenue</li><li>- Group free cash flow</li></ul>	50%	<ul style="list-style-type: none"><li>- External revenue (Rm)</li><li>- EBITDA before STI (Rm)</li><li>- Free cash flow (Rm)</li></ul>	50%	<ul style="list-style-type: none"><li>- Financial performance – individual specific</li></ul>	100%	Profit	<div><div></div></div> HEPS growth	30%	
Strategic execution	<div><div></div></div> <ul style="list-style-type: none"><li>- Strategic key performance area ties into the Value Unlock Strategy</li><li>- Project execution</li><li>- Operational excellence</li></ul>	20%	<ul style="list-style-type: none"><li>- Strategic KPA ties into the Value Unlock Strategy</li><li>- Project execution</li><li>- Operational excellence</li></ul>	15%	<ul style="list-style-type: none"><li>- Execution</li><li>- Business unit and function specific</li></ul>		Share value	<div><div></div></div> TSR	30%	
Customers	<div><div></div></div> <ul style="list-style-type: none"><li>- Telkom’s reputation</li></ul>	15%	<ul style="list-style-type: none"><li>- Improve customer experience</li><li>- Quality of service</li><li>- Customer retention</li><li>- Net promoter score</li><li>- Customer satisfaction</li></ul>	15%	<ul style="list-style-type: none"><li>- Leadership</li><li>- People strategy</li><li>- Culture transformation</li><li>- Broad-based black economic empowerment (B-BBEE)</li></ul>			<div><div></div></div> ROIC	25%	
ESG	<div><div></div></div> <ul style="list-style-type: none"><li>- Employee engagement</li><li>- Women in leadership (M5 and above)</li><li>- Systemic risk management</li></ul>	15%	<ul style="list-style-type: none"><li>- Employee engagement</li><li>- Energy interventions/ alternative energy solutions</li><li>- Percentage of consumption from renewable energy sources</li><li>- E-waste and hazardous material management</li></ul>	20%	<ul style="list-style-type: none"><li>- Systemic risk management</li><li>- Energy interventions</li></ul>		ESG	<div><div></div></div> Scope 1 and 2 emissions	10%	
- Individual scorecard to add up to 100%								Impact 250 000 lives through SMME spend by 2026		5%
GP	<div><div></div></div> Enable the Group to attract, motivate and retain diverse talent with the right mix of skills through competitive pay that reflects the right size, scope and complexity of the roles required to execute and deliver on the business strategy									
STI	<div><div></div></div>	Encourage discretionary effort by rewarding the achievement of exceptional performance outcomes relative to annual performance targets set to drive strategy execution								
LTI	<div><div></div></div>					Enable the achievement of exceptional but sustainable long-term results by creating value-sharing opportunities for all employees				

Telkom requires the right people to drive strategic execution. Accordingly, the HR strategy focuses on creating a positive employee experience within a high-performance culture that rewards employees who deliver exceptional customer service and business results.

We understand that the Group's strategic objectives cannot be achieved without appropriately skilled employees who are held accountable and meaningfully rewarded for successfully executing Group strategy. The remuneration framework ensures that Telkom's remuneration structures support and reward exceptional and sustainable performance aligned with the operating model and desired strategic outcomes. We drive these outcomes through carefully selected metrics applied in our revised STI and LTI schemes.

### Governance and risk management

Our remuneration structure aligns with the Group strategy and agreed risk appetite framework. It seeks to reward performance fairly, responsibly and transparently. We review remuneration risk to ensure remuneration decisions enable the achievement of strategic business objectives and reflect the interests of all stakeholders.

Remco ensures the remuneration policy is transparent and reviews incentive plans annually for ongoing relevance and effectiveness. The remuneration policy includes malus and clawback provisions that apply to all STI amounts paid and the vesting of share awards (LTI).

To avoid potential conflicts of interest, Executive Directors and Group Prescribed Officers are not involved in any remuneration policy decision directly impacting their remuneration.

Remco reviews the audited Group financial results annually to determine STI outcomes before any payments are made to Executive Directors, Group Prescribed Officers or other eligible employees.

As per the LTI scheme's rules, the Committee reviews the tested performance conditions for shares to vest with reference to the Group's audited financial results before vesting is approved. In addition, the Audit Committee and our internal/external auditors review STI and LTI performance achievements.

The Committee has the discretion to adjust the final STI payment and LTI vesting downwards if circumstances warrant this.

### External advice, benchmarking and comparator group review

As part of our annual review, we benchmark the remuneration of Executive Directors, Group Prescribed Officers and NEDs against the market median of the defined peer group using market benchmarks, best practice and other strategic factors. Remco reviewed and updated the comparator group in line with shifts in the Group's strategy and the business and competitor landscapes.

Deloitte's ExecEval™ Sizing Grid is used to select an appropriate peer group. This mainly comprises companies in the consumer business sector. Similar-sized companies from different sectors within the broader sectoral grouping are also included.



### Benchmarking remuneration with the market

- Guaranteed packages and variable pay benefits on each grading level are benchmarked annually against industry norms to ensure employees are rewarded competitively relative to the ICT/IT and national market. Remuneration is generally positioned at the market median. High-performing, critical and talented employees may be remunerated up to the upper quartile of the market to mitigate flight risk
- In addition to business strategy, affordability, best practice, market conditions, skills requirements and shareholder feedback, benchmarks are used to set appropriate remuneration levels
- Jobs are matched to similar jobs in the market based on job scope, qualifications and years of experience to ensure accurate matching
- Independent advisors assist with the benchmarking to ensure decisions are objective and fair. They also provide general advice, including leading market practices. Advisors include Deloitte, REMchannel® and 21st Century. The Committee is satisfied that they were always independent and objective

### Executive and lower-level employees

- The Group uses Deloitte and REMchannel® for benchmarking management and bargaining unit employees' remuneration

### Non-executive Directors, Executive Directors and Group Prescribed Officers

- NEDs' fees are periodically benchmarked independently by PwC. Remco considers the benchmark outcome among other factors to recommend annual fee reviews to the Board. The Board presents these for shareholder endorsement at the AGM

Deloitte benchmarked the remuneration mix of Executive Directors and Group Prescribed Officers against Telkom's peers to ensure alignment with the market and shareholders' interests

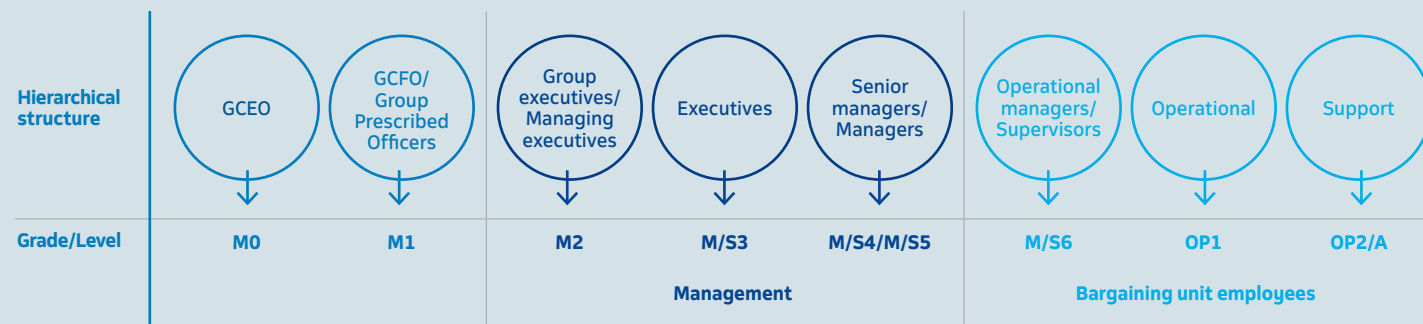
Deloitte further assisted with the development of Group, business unit and individual performance scorecards to ensure alignment with the strategy



## Remuneration framework and pay mix elements

### Job grading hierarchy

Telkom uses the decision tree (formerly JE Manager) to evaluate the jobs required to achieve its strategic imperatives. The Group's job grading hierarchy is as follows:



### Remuneration approach

Remuneration is balanced between GP and variable incentive schemes (STI and LTI) to align employee and shareholder interests over the long term. An appropriate remuneration mix encourages a high-performance culture aligned with Group strategy. A higher proportion of variable remuneration is applied to senior and middle management to drive performance, with a greater emphasis on total GP for junior management and bargaining unit employees.

Variable remuneration consists of STIs and LTIs. It is defined as pay-at-risk as it fully depends on and closely aligns with the achievement of strategic Group and business unit scorecards. Performance targets are set within the Group's overall risk appetite as challenging but realistic to achieve value creation and outperformance.

### Total remuneration and pay mix



### Pay mix



#### Guaranteed pay

Basic salary + benefits for all employees



#### Short-term incentives

STI scheme for management, Executive Directors and Group Prescribed Officers

Performance Pays scheme and 14th cheque for bargaining unit employees. Financial targets and weightings are set to ensure a pool will be available for performance at threshold, target and maximum for each participant level



#### Long-term incentives

Forfeitable share plan (FSP) for management, Executive Directors and Group Prescribed Officers

Employee share ownership plan (ESOP) for bargaining unit employees



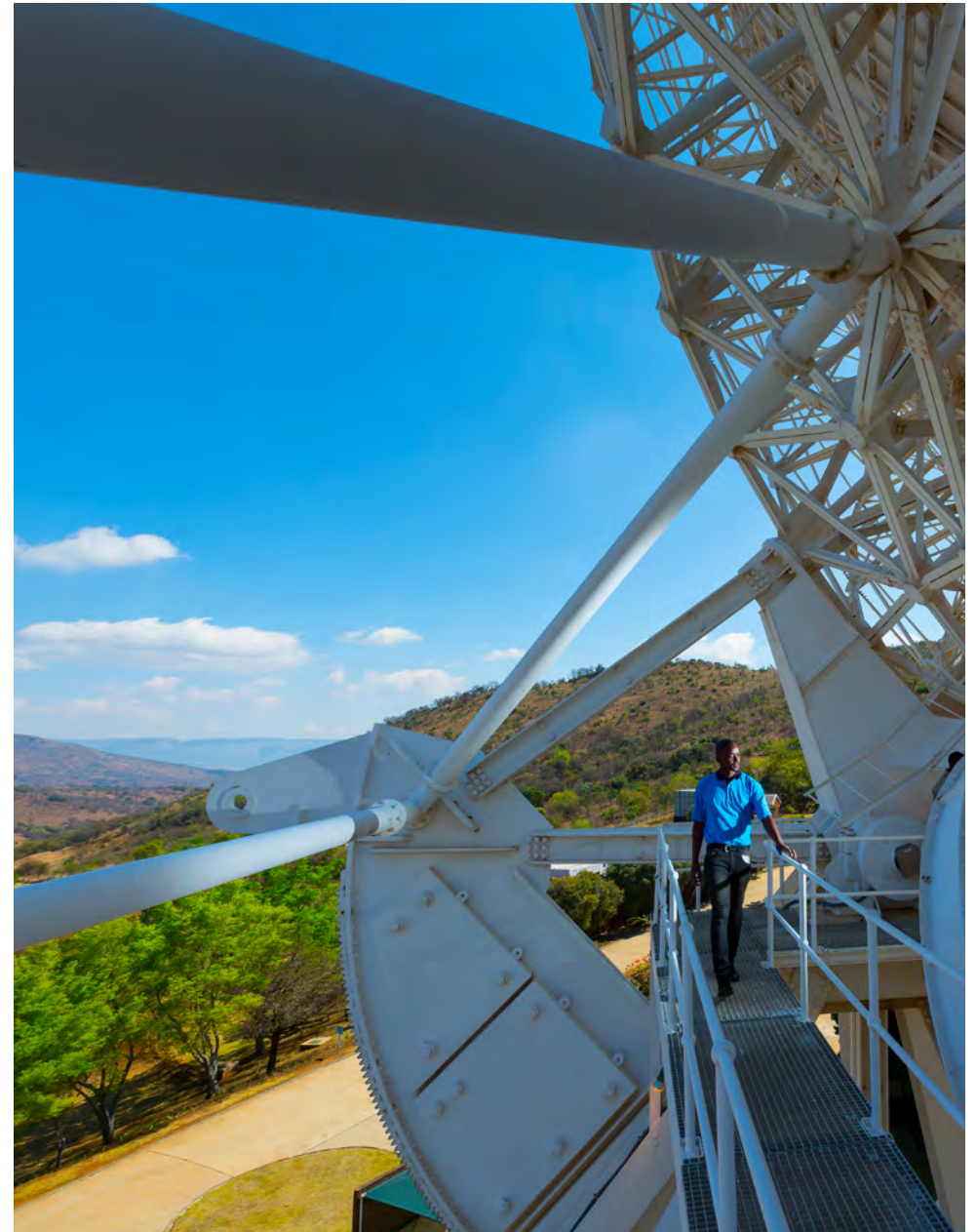
### Performance management

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**Pay mix applicability guide**

Policy element	Applicability		
	Executive Directors and Group Prescribed Officers (M0, M1)	Management (M2, M/S3, M/S4 and M/S5)	Bargaining unit employees (M/S6, OP1, OP2/A)
GP	✓	✓	✓
Benefits	✓	✓	✓
STI	✓	✓	14th cheque and Performance Pays scheme
LTI – FSP	✓	✓	N/A
LTI – ESOP	N/A	N/A	✓
LTI – TSA*	✓	✓	N/A
Performance management	✓	✓	✓

\* No talent share award (TSA) will be awarded to management, including Executive Directors and Group Prescribed Officers, from FY2024 as the enhanced LTI scheme effectively addresses retention and sustainable value creation and better aligns shareholder and management interests.





## Details of each pay element

### Guaranteed pay and benefits

The Group's fixed salaries and benefits are set at levels that are competitive with the rest of the market. This enables the Group to attract, motivate and retain top talent to achieve our strategic business objectives.

The table alongside summarises the guaranteed pay and benefits applicable to all employees. There were no changes to this element of pay from the previous year.



#### Guaranteed pay

Enables the Group to attract, motivate and retain diverse talent with the right mix of skills through competitive pay that reflects the size, scope and complexity of the roles required to execute and deliver on the business strategy.

- GP is influenced by the scope of the role and the knowledge, skills and experience it requires
- Fixed GP comprises a basic pensionable salary, retirement provision and flexible benefits
- Salaries are paid monthly
- GP is reviewed as part of the Group's annual salary review, and approved increases are typically effected from 1 April each year
- The annual salary review considers several factors, including affordability, business performance, individual performance, market competitiveness, and economic indicators such as inflation, benchmark outcomes and other market movements. Annual salary reviews for bargaining unit employees are subject to the outcomes of wage negotiations with recognised unions
- The Group's reference for GP is the median of the national and/or ICT market

#### Benefits

##### Medical aid

This is not compulsory but is strongly encouraged. The Company's contribution is included as part of an employee's GP. Bestmed, Discovery Health and Bonitas are recognised schemes.

##### Retirement funding

- The Telkom Retirement Fund (TRF) is a defined contribution pension scheme, and participation is compulsory for permanent employees
- Management-level employees, Executive Directors and Group Prescribed Officers must participate in the Telkom Management Provident Fund, which is also a defined contribution scheme
- Contributions are based on pensionable salary, and employees can choose the level of their TRF contribution from between 10% to 16%
- Company contributions are included as part of employees' GP
- An investment option is determined based on each employee's risk profile
- The normal retirement age is 65 for all employees

##### Group life insurance (death benefit)

- Employees who joined the TRF before 1 August 2018 are eligible for a death benefit calculated at three times the employee's annual basic pensionable salary plus spouse's and children's pensions over and above the lump sum payment
- Employees who joined the TRF from 1 August 2018 onwards are eligible for a death benefit calculated at five times the employee's annual basic salary payment

##### Disability cover

- Covers permanent and temporary disability
- The temporary disability income benefit is equal to 100% of the employee's monthly pensionable salary at the date of disability, subject to the rules of the scheme

##### Reward and recognition framework

The revised reward and recognition framework incorporates individual, business unit, and Group recognition. It acknowledges and rewards employees for embodying our shared values, recognises individuals for exceptional efforts, and culminates in prestigious GCEO awards at Group level.

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 culture reset programme. The reward and recognition framework will be implemented in FY2025

##### Funeral benefit

- Administered by the insurer, Guardrisk
- The monthly premiums are paid by the Company and are taxable

##### Work-life balance

- Our employees can maximise their work-life integration and balance without losing their ability to thrive

##### Career path

- Employees can plot a career path and work towards achieving it with the help of a range of development options

##### Internal career mobility

- Career mobility is supported as employees can move between our diverse business portfolios

### Governance

- Remco considers the annual salary review proposals for Executive Directors and recommends these to the Board for approval. The Committee approves the salary review proposals and mandates for Group Prescribed Officers, management and bargaining unit employees
- Non-performing Executive Directors, Group Prescribed Officers and management-level employees do not qualify for an annual salary increase
- Bargaining unit employees' salary increases and benefits are subject to agreements concluded between Telkom and recognised unions
- The Group considers salary adjustments outside the annual salary review process only in exceptional circumstances. These are subject to approval by the Board, Remco or GCEO based on employee level, and require a business and talent risk motivation

## Short-term incentives

### STI scheme for Executive Directors, Group Prescribed Officers and senior management (M/S6, OP1, OP2/A)

The STI is an annual cash incentive award made to eligible participants at the end of a financial year. It is determined with reference to the achievement of individual and Group performance targets.

### Purpose

To reward eligible participants for achieving the Group's short-term stretch targets.

### Objectives

- Setting metrics and targets that drive short-term imperatives sustainably
- Ability to focus on Group, business unit and individual performances based on each participant's line of sight and the behaviours required to drive Telkom's Group Strategy
- Ability to reward stretch performance more meaningfully

### Outcomes to be rewarded

- Outstanding business performance
- Teamwork and collaboration among participants, encouraging them to work together towards shared objectives outlined in the Group and business unit scorecards
- Achieving and/or exceeding targeted performance levels annually
- Creating a high-performance culture that does not tolerate underperformance

### Principles

Enables the sustainable achievement of the Group strategy through the annual setting of clear, weighted financial, non-financial and ESG metrics and stretch targets (distributed scorecard model).

- The scheme is self-funding, with payout capped at a percentage of Group PAT
- The STI is linked to the upside of the Group, business unit and individual performances. This means that when we outperform our targets, we are rewarded
- Should the Group or business unit that a participant is assigned to perform below the threshold, no STI will be payable, regardless of individual performance
- Non-financial targets modify available potential pool/payout to ensure sustainability
- Targets for threshold, on-target and maximum payouts are aligned with the Board-approved Telkom budget

The scheme incorporates a Group scorecard, business unit scorecards and individual scorecards weighted appropriately. The scorecards include a balance between financial and non-financial (including ESG) metrics.

Financial targets and weightings are set to ensure a pool will be available for performance at threshold, target and maximum for each participant level.

The formula:

$$\text{GP x Target Incentive \%} \times (\text{GS x W1 + BS x W2 + IS x W3}) \times \text{Modifier} = \text{Payable STI}$$

The scheme formula is **A X B X C = D** where:

- A** Eligible participant's guaranteed pay multiplied by the on-target incentive percentage linked to their level
- B** Percentage of target earned determined by actual performance achieved against agreed metrics and targets weighted for Group, business unit and individual performances
- C** 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
- D** Payable STI

### Governance

Remco annually reviews and recommends the STI plan, payout principles, metrics and targets to the Board for approval. The payout is further subject to the final actual audited Group performance results.

An employee must be employed by the Group on the payment date to qualify for an STI payment. Payment occurs annually in June, following Board approval and the audited results announcement.

**GS** - Group Scorecard  
**W1** - weighting one  
**BS** - Business unit scorecard  
**W2** - weighing two  
**IS** - individual scorecard  
**W3** - weighting 3

## Scorecards



## Weightings

Level	Description	Group weighting	Business unit weighting	Individual weighting
M0	GCEO	80%		20%
M1	GCFO/CoHR	80%		20%
	GCDO/COCA/CCO			20%
M1	Business unit	60%	30%	10%
M2	Group executives/Managing executives	30%	40%	30%
M3	Executives	20%	45%	35%
M4/M5	Senior managers/Managers	10%	50%	40%

## Performance metrics

Project Focus Area	FY2025 Group Weighting	FY2025 Business Unit Weighting
Financial	50%	50%
Strategic project execution	20%	15%
Customer Appreciation	15%	15%
ESG	15%	20%
<b>Total</b>	<b>100%</b>	<b>100%</b>

## Performance threshold

**Threshold:** 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.

**Target:** If target is achieved, a 100% factor is applied

**Maximum/stretch:** If maximum is achieved, a 150% factor is applied

**Threshold per participating level (% of GP):**

Level	Grade	Title	On-target
Executive Directors	M0	GCEO	100.0%
	M1	GCFO	80.0%
Group Prescribed Officers	M1	Business unit CEOs	80.0%
Management	M2	Group executives	55.0%
	M3	Executives	30.0%
	M4/M5	Senior managers/managers	20.0%

14th cheque and Performance Pays scheme applicable to bargaining unit employees (A to M/S6 to A levels).

The table below summarises the 14th cheque and Performance Pays scheme applicable to bargaining unit employees. There were no policy changes to these pay elements from FY2023.

Element	Approach
<b>Purpose and link to strategy</b>	<ul style="list-style-type: none"> <li>- To encourage and reward discretionary effort that yields exceptional results measured against quarterly and annual Group, business unit and individual performance targets that illustrate execution of the strategy at operational employee level</li> </ul>
<b>Principles</b>	<ul style="list-style-type: none"> <li>- Bargaining unit employees are eligible for a quarterly incentive called Performance Pays</li> <li>- Payment is linked to Group, business unit and individual performances</li> <li>- Net revenue achieved serves as the trigger for payment</li> <li>- Bargaining unit employees are further eligible for 14th cheques, subject to the Group achieving its annual financial targets and individuals meeting the annual targets outlined in their performance contracts</li> <li>- No incentive or 14th cheque is payable to employees who do not meet their individual performance outputs</li> </ul>



## Long-term incentives

LTI scheme applicable to Executive Directors, Group Prescribed Officers and senior management (M0 to M5)

### Purpose

- Reward sustainable long-term performance
- Attract, motivate and retain key talent
- Align participants' interests with those of shareholders
- Drive a high-performance culture within the Group

### Principles

- Long-term share-based scheme
- Employees receive full-value share awards
- Employee level determines the value and the plan in which the employee participates
- Employees receive full shareholder rights, including rights to distributions and voting rights

### Long-term incentive plan (LTIP)

- Full-value share awards made to permanent employees in senior management roles (M0 to M5)
- Vesting of the share awards is subject to achieving the predetermined performance conditions
- Vesting occurs in full on the third anniversary of the award date

#### Element

##### Award quanta and target setting

The design ensures sufficient leverage between on-target and stretch performances. Value creation by management can be rewarded to a maximum vesting opportunity of 200% of target vesting, to ensure alignment between shareholder and executive interests. The volume average share price (VWAP) on award date of the Telkom share trading on the JSE from 1 April to any day before the Remco meeting. In prohibited periods, the VWAP of Telkom trading shares on the JSE - from the day of the prohibited period until the last day of such period.

##### Vesting

A three-year cliff vesting approach is followed. This simplifies target setting and improves line of sight linked to decision-making time horizons.

**MSR** – Encourage eligible participants to hold shares in the Company, to inculcate a focus on ownership, reinforce the alignment between executive and shareholder interests, and engender a culture of long-term commitment to the Group.

Increasing MSRs for senior participants to build up over five years and hold unencumbered shares expressed by a number of shares equal to a multiple of GP. The MSR calculation will be based on a multiple of the participant's guaranteed pay as follows:

- GCEO (M0): 200%
- GCFO and Group Prescribed Officers (M1): 150%
- Group executives/Managing executives (M2): 15%

**Malus and clawback** – To reinforce the alignment between participant and shareholder interests. It also acts as a safeguard that serves to curtail practices of excessive risk-taking that are unduly rewarded and provides a transparent mechanism for malus and/or clawback in the event of a trigger event that impacts any incentive remuneration.

A separate malus and clawback policy covers the STI and LTI.

##### Determination of vesting % allocation

Remco annually approves the awards under the respective schemes, the related performance conditions, and the vesting of historical awards, subject to performance condition testing outcomes.

Remco will assess and review each Executive Director's and Group Prescribed Officer's compliance with the MSR policy annually, at the end of the build-up period, and every six months thereafter.

#### Weightings

Level and description		Threshold If threshold is achieved, a 30% factor is applied	Target If target is achieved, a 100% factor is applied	Maximum If maximum is achieved, a 200% factor is applied
M0 M1 M2	GCEO Prescribed Officers Group/ Managing executives	45% 30% 15%	150% 100% 50%	300% 200% 100%
M3	Executives	9%	30%	60%
M4	Senior managers	5%	15%	30%
M5	Managers	3%	10%	20%



### Employee share ownership plan (ESOP)

All permanent employees at levels A to M6 are eligible for full-value share awards. The awards' vesting is subject to achieving predetermined performance conditions. Vesting occurs in full on the third anniversary of the award date.

The number of shares to vest is based on the extent to which the performance conditions are met. The share vesting percentage is based on actual target achievement aligned with the pre-determined performance conditions.

Level	Target achievement (%)	Share vesting (%)
Stretch	200	200
Target	100	100
Hurdle	30	30
<30%	0	0

Share allocation for bargaining unit employees: 1.67% of GP

### Termination of employment in respect of all LTI schemes

The following conditions apply on termination of employment:

- Resignation, dismissal and abscondment: If a participant ceases to be employed by the Group before the vesting date for any of these reasons, they are no longer entitled to any rights associated with the award. The shares that are the subject of the award are forfeited
- Death, redundancy, medical disability and retirement: If a participant ceases to be employed by the Group before the vesting date for any of these reasons, a portion of the award will vest on the date of cessation of employment. The portion that vests will be pro-rated to reflect the number of full months that have lapsed at the cessation of employment relative to the total months of the performance period (with any remaining balance being forfeited). According to the shareholder-approved scheme rules, the performance condition will not apply to the vesting of the award

### Malus and clawback

The malus and clawback policy seeks to reinforce the alignment between participants' and shareholders' interests. It acts as a safeguard to prevent excessive risk-taking from being unduly rewarded, and provides a transparent mechanism for malus and/or clawback in case of a trigger event that impacts any incentive remuneration.

### Right to reduce or cancel incentive remuneration (malus)

When the Committee becomes aware of an alleged trigger event, it will notify Telkom to stop any incentive remuneration from vesting and/or being settled or paid to an implicated employee.

The Committee will determine the reduced incentive amount(s) and to whom this will apply.

### Right to recoup incentive remuneration (clawback)

When the Committee becomes aware of an alleged trigger event following payment and/or settlement of incentive remuneration, it may require the participant to reimburse the Group with an amount equal to all or part of the amount paid to them.

The Committee may request reimbursement from the employee for 60 months from the payment and/or settlement date.

### A trigger event includes, but is not limited to, any of the following:

- Material error in the Group's financial or operational statements that results in a restatement
- When information used to determine the quantum of incentive remuneration was based on error or inaccurate or misleading information
- Material financial loss because of actions or circumstances attributable directly to an employee or which could have been avoided by reasonable actions of the employee
- The Group suffering a material downturn in financial performance or a material failure of risk management
- A severe breach of the Group's employment conditions
- Serious misconduct, incompetence, poor performance, negligence, or conduct that inflicts harm and consequent reputational damage to the Group



## Performance management

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. Creating a high-performance culture remains a key priority and requires enabling initiatives to build the foundational skills needed to support such a culture.

Performance management processes apply to all employees, including setting and tracking clearly defined performance scorecards that include objectives and targets linked to business strategy. Performance is measured against contracted objectives at Group, business unit, and individual level. Performance outcomes/assessments allow us to take corrective action in areas that require improvement and to proactively address any potential challenges for the future. The following principles inform the design and development of our performance scorecards:

- Balancing Group priorities with a focus beyond just financial metrics
- Providing actionable measures of strategic vision, linking the overall strategy to business unit and individual goals, driving appropriate resource allocation, and motivating leaders to make the right trade-offs between short-term targets and long-term strategic goals
- Balancing desired business outcomes and business drivers, considering appropriate leading and lagging metrics that assist in monitoring performance against set objectives appropriately
- Scorecard measures should pass the SSMART test (simple, specific, measurable, achievable, relevant, time-bound)

Half-year and year-end performance reviews are a key component of the performance management process. However, we apply a continuous performance management approach to allow for ongoing and formal review processes. This includes ongoing career development and training.

### Overview of performance framework

#### Balanced scorecard approach for output planning

Business strategy, line manager and employee driven.

Performance contracting is aligned to the following elements:

- 1 Financial
- 2 Strategic execution
- 3 Customers
- 4 ESG

#### Success criteria

Five-point rating scale used:

- 1 Exceptional
- 2 Above standard
- 3 On target
- 4 Requires improvement
- 5 Unsatisfactory

#### Output/consequences

- GP** – No increases are awarded to management-level employees who do not meet individual performance outputs.
- STI** – No STI/14th cheque is payable to employees who do not exceed individual performance outputs.
- LTI** – No shares are awarded to employees who do not exceed individual performance outputs. No shares will vest if performance conditions are not met.

## FY2025 performance conditions for the STI scheme

### Key principles

The STI scorecards focus on various aspects of financial and non-financial performance. These performance conditions are aligned with market practice and weighted accordingly. The scheme is self-funding and is linked to the upside of Group, business unit and individual performances. Targets are set to ensure a pool will be available for performance at threshold, target and maximum for the year.

For FY2025, the STI targets for threshold, on-target and maximum payout are aligned with the Board-approved Telkom budget.



### FY2025 Group and business unit scorecards

Telkom's business strategy centres on several key focus areas that are crucial to its short-term and long-term success. One of the top priorities is financial performance to achieve significant revenue growth beyond the approved FY2025 budget, optimising PAT and increasing free cash flow. This requires a careful balance of cost management, revenue generation and investment in key areas.

In addition to financial performance, Telkom is committed to the execution of strategic projects that will drive inorganic revenue growth and create significant and sustainable value for the Group.

Customer satisfaction is another key area of focus for Telkom. The Group is committed to building and maintaining a strong reputation and brand. This requires a focus on delivering high-quality products and services, providing exceptional customer service, and building strong relationships with customers and other key stakeholders.

Telkom is dedicated to promoting initiatives that accelerate the achievement of its ESG strategy objectives. This includes carbon emissions reduction, increasing the number of women in leadership roles, enhancing its employer brand status, and fostering a strong and appropriate risk and compliance culture.

By focusing on these key areas at Group and business unit level, as reflected in the summary table alongside, Telkom is positioned to deliver strong performance and drive sustainable growth over the long term.



Performance measures	Group scorecard weighting	Business unit scorecard weighting
<b>Financial</b>	<b>50%</b>	<b>50%</b>
PAT before STI	20%	N/A
EBITDA before STI	N/A	20%
Group revenue	10%	10%
Free cash flow	20%	20%
<b>Strategic project execution</b>	<b>20%</b>	<b>15%</b>
OneTelkom strategic initiatives		
<b>Customer</b>	<b>15%</b>	<b>15%</b>
Increase customer experience		
Balance customer acquisition, growth and retention mix		
Net promoter score		
Customer satisfaction		
Voice of the customer		
Quality of service		
<b>ESG</b>	<b>15%</b>	<b>20%</b>
ESG initiatives, including carbon emissions reduction	5%	5%
Improvement in employee engagement score in terms of:	5%	5%
<ul style="list-style-type: none"> <li>① Telkom as a good place to work</li> <li>② Products and services</li> <li>③ Work environment</li> </ul>		
Increased number of women in leadership (M5 and above)		
Compliance with assurance providers' findings (non-overdue MAT* internal audit, external audit, forensic examinations) by 31 March 2024	5%	5%
No repeat findings (to mitigate the recurrence of previously identified issues in subsequent audits or evaluations, thereby improving process efficiency, compliance and quality)		5%
<b>Total</b>	<b>100%</b>	<b>100%</b>

\* Management action tracking.

## FY2025 Executive Directors' scorecards

A Group scorecard will be cascaded to business units and individuals to ensure aligned contribution to desired Group results. Line of sight weightings and metrics are tailored to business units, roles and circumstances. The individual scorecards focus on the execution, leadership and ESG for which each leader is directly accountable.

The individual scorecards of Executive Directors focus on ensuring the right leadership and accountability are placed on the successful execution of strategy and achievement of financial and non-financial outcomes defined at Group and business unit level.

An overview of the Executive Directors' scorecards is provided below.

### GCEO

The GCEO will focus on executing strategic projects to generate value within the Group and drive the OneTelkom focus. Several initiatives have been selected to assist the journey towards the five core values in FY2025. These projects align with the PIVOT Strategy and aim to improve incremental revenue, retention of customers and service delivery.

The GCEO will drive Telkom's people strategy, transformation requirements and strategic workforce planning. This involves future succession planning, headcount management, and diversity and inclusion within the workplace.

The GCEO also aims to maintain an effective stakeholder management strategy and framework and promote an appropriate risk and compliance culture.

The above focus areas are summarised in the table below:

KPAs	Strategic objective	Weightings
Strategy execution	Define and implement effective structures to enhance Group-wide synergies, collaboration, etc.	40%
	Implement OneTelkom initiatives that increase revenue and/or reduce cost relative to business as usual through executing on the Telkom values of collaboration, simplicity, agility, customer centricity and accountability	
Leadership	Plan for future succession requirements	40%
	Headcount cost management	
	B-BBEE transformation	
	Culture transformation	
	Enhance the Telkom culture, engagement and employee experience	
	Female leadership pipeline	
ESG	Stakeholder management	20%
	Systemic risk management and regulatory compliance	
Total		100%

### GCFO

The GCFO's main priorities (which has a 40% STI weighting) will be managing working capital and optimising free cash flow, efficient allocation of capital, and investor relations. Cost management, restructuring of the balance sheet and enhancing Telkom's investment case to the market remain key priorities.

Furthermore, the GCFO will focus on employee, culture transformation and risk management.

The above focus areas are summarised in the table below:

KPAs	Strategic objective	Weightings
Strategy execution	Treasury management	40%
	Free cash flow management	
	Capital allocation management	
	Balance sheet	
	PAT improvement	
	Stakeholder engagement	
	Define and implement effective structures to enhance Group-wide synergies, collaboration, etc.	
Leadership	Plan for future succession requirements	40%
	Headcount cost management	
	B-BBEE transformation	
	Culture transformation	
	Employee engagement	
	Female leadership pipeline	
ESG	Systemic risk management	20%
	Successful management of risk	
	ERM, security, safety, forensic and insurance plan	
Total		100%

The individual scorecards for Executive Directors account for 20% of overall scorecard. Refer to weightings on [page 33](#) of this report.




### Approved performance conditions framework for the LTI scheme

LTI performance targets comprise revenue metrics, shareholder value and ESG:

- HEPS (30%) growth relative to South African CPI and GDP growth
- TSR (30%) – Peer group of companies comparison. Details of the peer group were published in the FY2023 remuneration report and have remained the same
- ROIC (25%) relative to WACC to measure the value created as the Group invests in profitable projects
- ESG (15%) – ESG metrics:
  - The reduction of Scope 1 and 2 emissions over the next three years as per the ESG strategy (10%)
  - Promoting development-orientated projects and activities that support SMME procurement, job creation, entrepreneurship, creativity and innovation (5%)

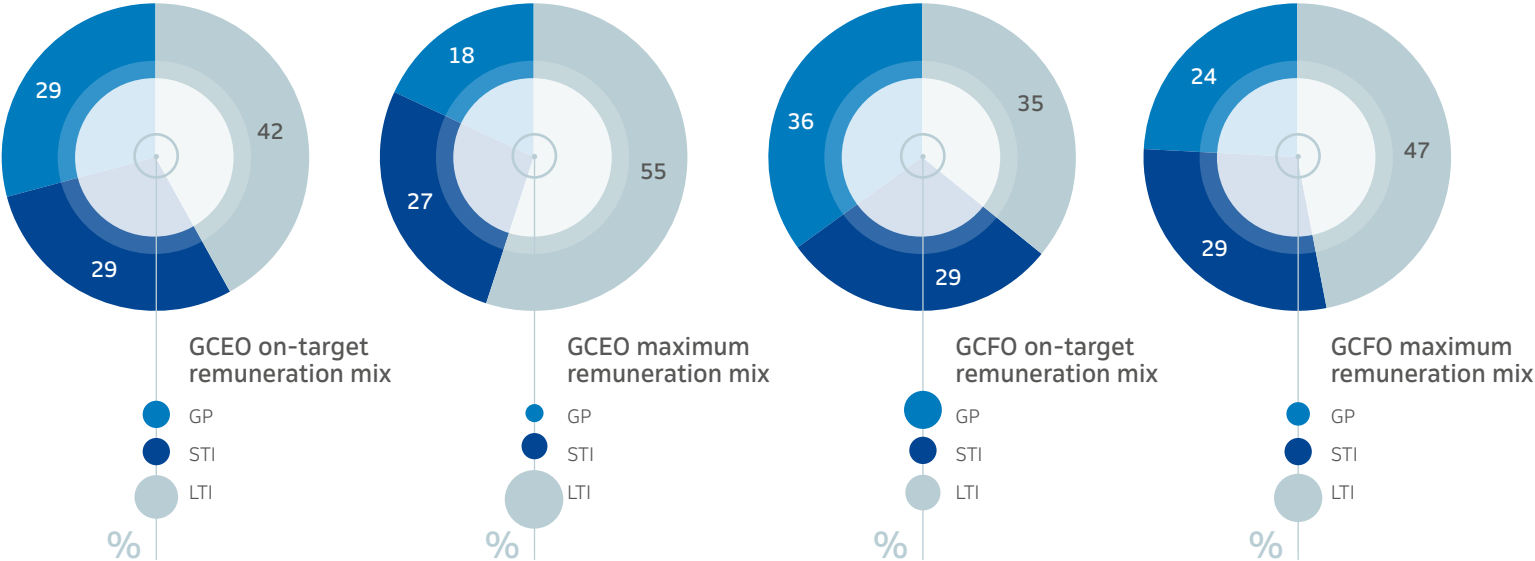


### Executive Directors and Group Prescribed Officers

Role	Group Prescribed Officers								
Title									
	Group Chief Executive Officer	Group Chief Financial Officer	Group Chief of Human Resources Officer	Group Chief of Capital Projects	Group Chief Digital Officer	Gyro CEO	Consumer and Small Business CEO	Openserve (Pty) Ltd CEO	BCX (Pty) Ltd CEO
	Serame Taukobong	Nonkululeko Dlamini <sup>1</sup>	Melody Lekota	Dirk Reyneke <sup>2</sup>	Sello Mmakau <sup>3</sup>	LTS Maloba	Lunga Siyo	Althon Beukes	Jonas Bogoshi
	Male	Female	Female	Male	Male	Male	Male	Male	Male
	African	African	African	White	African	African	African	Coloured	African

<sup>1</sup> Nonkululeko Dlamini was appointed as GCFO effective 1 December 2023.  
<sup>2</sup> Dirk Reyneke was appointed as Group Chief of Capital Projects effective 1 December 2023.  
<sup>3</sup> Sello Mmakau was appointed as Group Chief Digital Officer effective 1 April 2024.

### On-target and maximum remuneration mix



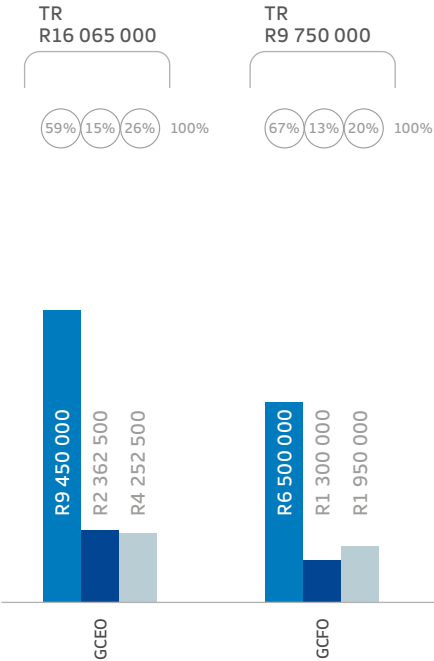


Potential pay mix outcomes/ scenarios

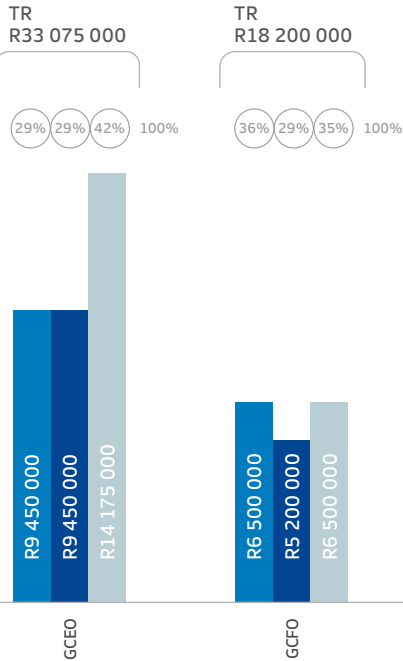
The potential consequences of the remuneration policy on total remuneration for Executive Directors are illustrated below for threshold, on-target and maximum/cap performance levels.

- GP
- STI
- LTI
- Mix

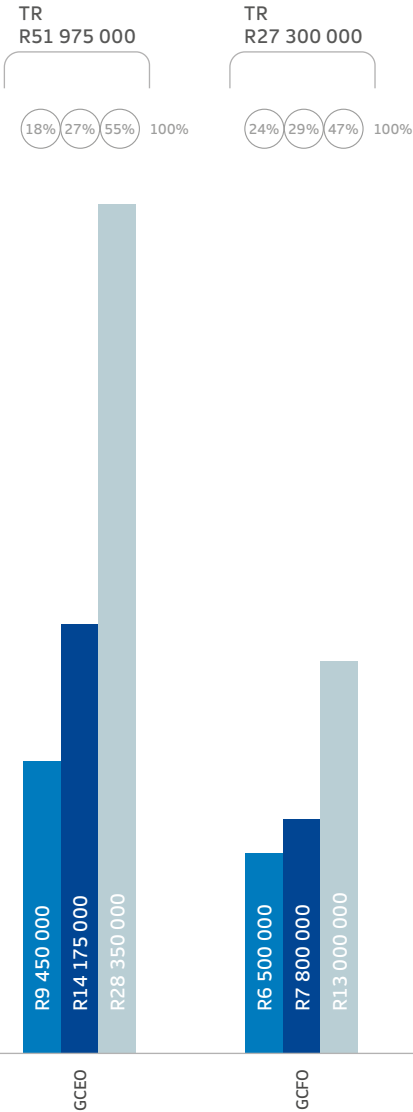
Pay mix at threshold  
Rand value (R)



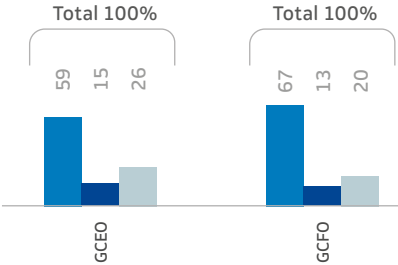
Pay mix at on-target  
Rand value (R)



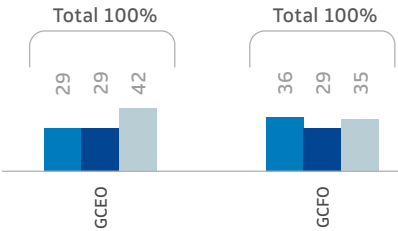
Pay mix at stretch/maximum  
Rand value (R)



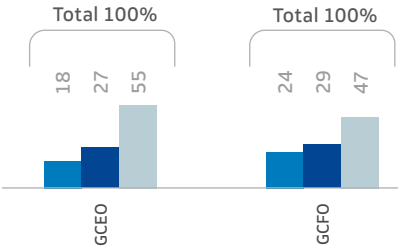
Pay mix as a percentage of total remuneration – threshold %



Pay mix as a percentage of total remuneration – on-target %



Pay mix as a percentage of total remuneration – stretch/maximum %



## Employment contracts

A summary of employment contracts for Executive Directors and Group Prescribed Officers is provided below. The retirement age for Executive Directors and Group Prescribed Officers is 65 years.

Employee	Notice period	Restraint agreement
<b>S Taukobong</b>	6 months	6 months
<b>NS Dlamini</b>	6 months	6 months
<b>PJ Bogoshi</b>	3 months	6 months
<b>AC Beukes</b>	3 months	3 months
<b>LM Siyo</b>	6 months	6 months
<b>LTS Maloba<sup>1</sup></b>	3 months	3 months
<b>NM Lekota</b>	3 months	3 months
<b>DJ Reyneke</b>	3 months	3 months
<b>SE Mmakau</b>	6 months	6 months

<sup>1</sup> Lesiba Maloba (CEO: Gyro and Swiftnet) resigned from the Telkom Group effective 29 February 2024.

### Executive Directors

Serame Taukobong has been with the Group since 1 June 2018 and GCEO since 1 January 2022. Should Telkom terminate his services, he may be placed on garden leave or, if not required to work, the full notice may be paid in lieu of the notice period. Nonkululeko Dlamini was appointed as GCFO with effect from 1 December 2023.

The GCEO and GCFO are full-time employees. No other obligations in the Executive Directors' employment contracts could give rise to payments on termination of employment or office.

### Group Prescribed Officers

All Group Prescribed Officers are employed on full-time employment contracts. All new Group Prescribed Officers have a six-month notice period and standard restraint agreements (without reward), to be effected on the termination date.

Group Prescribed Officers may be required to work notice, be placed on garden leave or, if not required to work, paid full notice in lieu of the notice period.

No other obligations in the Group Prescribed Officers' employment contracts could give rise to payments on termination of employment or office.

### External directorships

Executive Directors and Group Prescribed Officers may hold one external directorship following Board approval. All compensation earned from external directorships accrues to the Telkom Foundation.

## Non-executive Directors' remuneration policy

NEDs do not have contracts of employment with Telkom. Appointments are made under Telkom's memorandum of incorporation (Mol) and are confirmed initially at the first AGM following their appointment. Thereafter, they retire by rotation under the Mol.

NEDs are appointed subject to the provisions in their terms of appointment, including duties and responsibilities, fees and other payments, and conditions related to termination of services.

The Board and Committee fees are benchmarked against a disclosed comparator Group of JSE-listed companies. The approved NED fee policy and structure are based on the following principles:

- Telkom pays an all-inclusive annual retainer to the Board Chairperson, regardless of the number of Committees he may serve on except for the ad hoc Independent Board (iBoard)
- An annual Board retainer and Committee meeting fees are consolidated into an all-inclusive annual Committee retainer fee for Board Members. This means that Board Members receive a Board retainer fee plus an annual Committee fee based on the Committees they serve on or chair
- If a Board Member's Committee membership changes, the appropriate amended monthly fee will be paid
- The overall fee is paid monthly in arrears. Fees are invoiced and paid in 12 equal instalments on or about the 25th of the month
- NEDs are not eligible to receive any short-term or long-term incentives
- NEDs are reimbursed for official business travel expenses and other direct business-related expenses



# IMPLEMENTATION REPORT

3

*This section highlights the outcomes of implementing the approved remuneration policy. It includes remuneration disclosures for Executive Directors, Non-executive Directors and Group Prescribed Officers for FY2024.*

This section also details the STI and LTI payment and vesting outcomes. It provides a summary of each Executive Director's and Group Prescribed Officer's performance and single-figure remuneration.

Shareholders are requested to cast a non-binding advisory vote on the remuneration implementation chapter of this report. Refer to AGM Ordinary Resolution No. 5.2 for details.

## Annual GP increases

Remco approved a recommendation not to award any guaranteed pay increases for FY2024 to management-level employees, Executive Directors and Group Prescribed Officers, given the focus on cost saving. Investments in learning and development and other non-financial elements of our employee value proposition continued as part of our talent management processes. These include our variable pay, STI and LTI schemes.

The average increase for bargaining unit employees was 4%. When no substantive wage settlement agreement was signed, despite all attempts to find a resolution, Telkom implemented the final wage settlement offer unilaterally effective 1 October 2023. All other service conditions remained unchanged. The multi-year agreement covers the following periods:

Multi-year period	GP increases for bargaining unit employees
<b>Year 1 (FY2024):</b> 1 October 2023 to 31 March 2024	<b>4%</b> salary increase calculated on the relevant 50th percentile of the 2023 market functional area. All bargaining unit employees below the 50th percentile of their respective functional area were aligned to the functional area's 50th percentile after the implementation of the 4% increase.
<b>Year 2 (FY2025):</b> 1 April 2024 to 31 March 2025	<b>5%</b> salary increase calculated on the 50th percentile of market functional area applying 2024 market data.
<b>Year 3 (FY2026):</b> 1 April 2025 to 31 March 2026	<b>5%</b> salary increase calculated on the 50th percentile of market functional area applying the 2025 market data.



## STI for FY2024

### Approved STI plan for FY2024

The STI's rules and targets, and the Group, business unit and individual scorecards are annually reviewed and approved by Remco and/or the Board, subject to the final actual audited Group performance. The Board approved the FY2024 plan with the following principles:

#### Group and business unit performance focus and targets

The Group and business unit STI scorecards for FY2024 focus on the following performance conditions:

- Financial metrics
- Strategic execution metrics
- Customer appreciation
- ESG

#### STI earning opportunity and criteria

- Group Exco and management (M0 to M/S5) permanent employees are eligible to participate in the scheme
- For STI calculation purposes, each participant will be allocated an on-target incentive percentage linked to their level, and to the Group scorecard and their respective business unit or Corporate Centre scorecard with appropriate weightings
- A threshold payment of 25% applied for the on-target STI performance aligned to the budget/business plan
- A participant should achieve an individual performance of at least 3 (threshold) to be eligible for an STI, subject to the Group and/or business unit achieving set scorecard targets
- Should the Group and business unit achieve a performance rating below threshold, no STI will be payable, regardless of individual performance

### Scorecards

Group performance

Group scorecard  
Weighting %

Business unit performance

Business unit scorecard  
Weighting %

Individual performance

Individual scorecard  
Weighting %

#### Performance focus area

#### FY2024 Group weighting

#### FY2024 Business unit weighting

Performance focus area	FY2024 Group weighting	FY2024 Business unit weighting
Financial	60%	50%
Strategic project execution	10%	15%
Customer appreciation	10%	15%
ESG	20%	20%
<b>Total</b>	<b>100%</b>	<b>100%</b>

Level	Description	Group weighting	Business unit weighting	Individual weighting
M0	Group CEO	80%	0%	20%
M1	Business Unit CEOs and Group Chief of Capital Projects	60%	30%	10%
M1	Group CFO, Group Chief Digital Officer and Group Chief of Human Resources	80%	0%	20%
M2	Group executives/Managing executives	30%	40%	30%
M3	Executives	20%	45%	35%
M4/M5	Senior managers/Managers	10%	50%	40%

## Overview of Group financial performance outcomes

- The Telkom Group, short-term incentive scorecards, focus on various aspects of financial and non-financial performance. These performance conditions are aligned with market practice and are weighted accordingly
- One of the top priorities is financial performance, achieving significant revenue growth beyond budget, optimising profit after tax, and increasing free cash flow. This requires a careful balance of cost management, revenue generation, and investment in key areas
- In addition to financial performance, Telkom is committed to the execution of strategic projects, customer satisfaction, and ESG
- By focusing on these key areas, Telkom is positioned to deliver strong performance and drive sustainable growth over the long term
- Overall Group, Business Unit and individual performance have a direct impact on the bonus pool that is approved for distribution
- Based on our audited financial results we were not able to achieve on-target level performance against the approved scheme principles. The Board therefore approved a bonus pool of R300 million in line with our achievement for distribution to all eligible management and bargaining unit employees



The Group actual achievements against the targets are reflected below:

Performance measures	Group scorecard weighting	Threshold (25% achieved)	Target (100% achieved)	Stretch (150% achieved)	Actual achieved/ outcome	Weighted % achieved
<b>Group financial</b>	<b>60%</b>	<b>15.00%</b>	<b>60%</b>	<b>90.0%</b>	<b>62.2%</b>	<b>37.3%</b>
PAT before STI	25%	6.25%	25%	37.5%	67%	16.7%
Group revenue	10%	2.50%	10%	15.0%	–	–
Free cash flow	25%	6.25%	25%	37.5%	82.4%	20.6%
Strategic project execution	10%	2.50%	10%	15.0%	100%	10.0%
Inorganic revenue-generating initiatives successfully implemented	10%	2.50%	10%	15.0%	100%	10.0%
<b>Customer</b>	<b>10%</b>	<b>2.50%</b>	<b>10%</b>	<b>15.0%</b>	<b>100%</b>	<b>10.0%</b>
<b>ESG</b>	<b>20%</b>	<b>5.00%</b>	<b>20%</b>	<b>30.0%</b>	<b>47%</b>	<b>9.3%</b>
Increased consumption from renewable energy sources	5%	1.25%	5%	7.5%	–	–
Improvement in employee engagement score in terms of:	5%	1.25%	5%	7.5%	–	–
1 Telkom as a good place to work		–		–		
2 Products and services		–		–		
3 Work environment		–		–		
Increased number of women in leadership (M5 and above)	5%	1.25%	5%	7.5%	86.5%	4.3%
Compliance with assurance providers' findings (non-overdue MAT* internal audit, external audit, forensic examinations) by 31 March 2024	5%	1.25%	5%	7.5%	100%	5.0%
<b>Total</b>	<b>100%</b>	<b>25.00%</b>	<b>100%</b>	<b>150.00%</b>		<b>66.6%</b>

\* Management action tracking.

STI outcomes for Executive Directors and Group Prescribed Officers

Individual performance and the Group and business unit scorecards were evaluated and audited. The following payments were made to Executive Directors and Group Prescribed Officers:

Initials and Surname	Job Title	Grade	GP	On-target STI as % of GP	On-target STI	Scorecard weighting			Scorecard performance outcomes					
						Group	BU	individual	Group	BU	Individual rating	Weighted outcome	Affordability factor	Final STI Payable
S Taukobong	Group CEO: Telkom	M0	9 450 000	100%	9 450 000	80%	–	20%	66%	–	3	73%	43%	2 972 575
NS Dlamini*	Group Chief Financial Officer	M1	6 500 000	80%	5 200 000	80%	–	20%	66%	–	3	59%	43%	545 234
PJ Bogoshi	CEO: BCX	M1	5 783 355	80%	4 626 684	60%	30%	10%	66%	60%	3	53%	43%	967 553
AC Beukes	CEO: Openserve	M1	5 700 000	80%	4 560 000	60%	30%	10%	66%	79%	3	59%	43%	1 448 296
LM Siyo	CEO: Telkom CSB	M1	5 608 727	80%	4 486 982	60%	30%	10%	66%	69%	2	63%	43%	1 760 996
DJ Reyneke	Chief Capital Projects Officer	M1	6 115 200	80%	4 892 160	80%	–	20%	66%	–	2	63%	43%	1 643 795
NM Lekota	Chief Human Resources	M1	4 351 552	80%	3 481 242	80%	–	20%	66%	–	2	63%	43%	1 269 718

\* Note: STI payment pro-rated for four months.



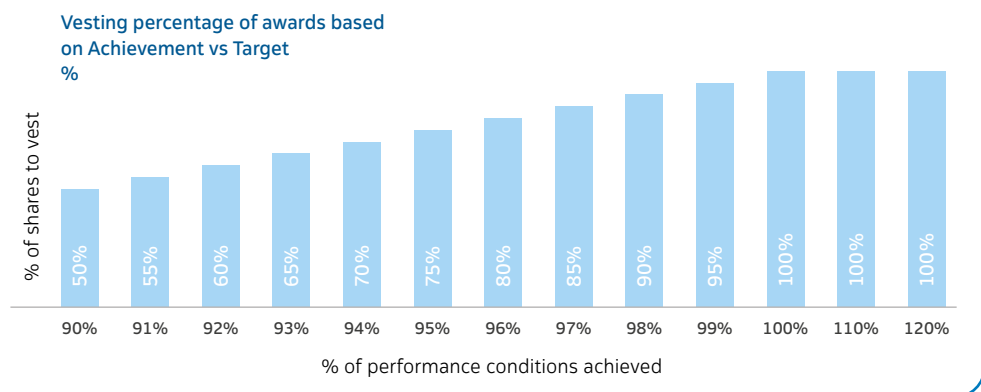
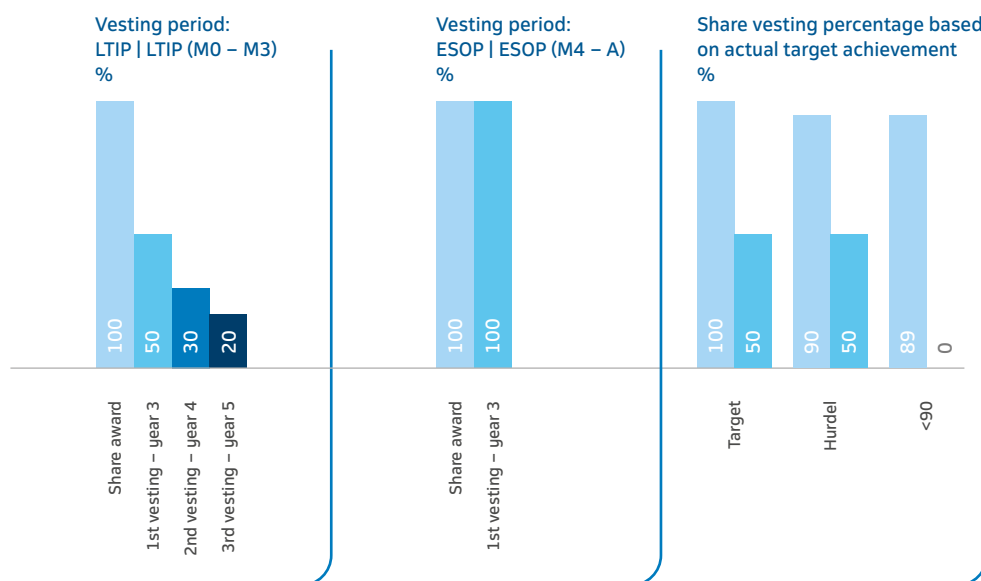


## LTI vesting in FY2024

The LTI plan aligns management's and shareholders' interests. The objectives are to motivate long-term sustainable performance and retain business-critical and talented employees.

### Vesting parameters for historical awards

The following graphs indicate the percentage target achievement required to determine the number of historical shares to vest for the respective schemes.



## LTIP vesting of shares during FY2024

### Shares awarded in 2018, 2019 and 2020

The following shares vested on 11 July 2023 at R29.05 per share:

Award date	Scheme	% of performance condition achieved	Potential vesting	Actual vesting %	Total number of shares awarded	Total shares forfeited	Total shares vested on vesting date
2018	LTIP	77	20	0	1 739 374	135 359	0
2019	LTIP	64	30	0	1 415 487	168 831	0
2020	TSA	90	100	67	8 934 287	3 286 027	2 952 093
<b>Total</b>					<b>12 089 148</b>	<b>5 956 869</b>	<b>2 952 093</b>

Note: For Executive Directors, Prescribed Officers and other insiders the 2020 TSA shares, vested on 18 June 2024 (after the closed period due to the Mast and Tower business transaction and financial closed period). In accordance with IFRS 2 requirements the shares are disclosed in the annual financial statements. More details will be disclosed in the next implementation report.



Single-figure remuneration



## 20% vesting of the 2018 share award

Actual achievement was 76.89%, which mean 0% vesting. These performance conditions were all in the financial category.

Performance condition	Weighting	Target   Rand value					% Achievement
		FY2019	FY2020	FY2021	FY2022	FY2023	
TSR	50%	Risk free* + 4% (R29.63)	Risk free* + 4% (R33.29)	Risk free* + 4% (R37.40)	Risk free* + 4% (R42.02)	Risk free* + 4% (R46.98)	
Overall achievement (R)		72.92	20.53	42.36	44.48	35.72	
<b>Achievement %</b>		<b>246.10%</b>	<b>61.67%</b>	<b>113.26%</b>	<b>105.85%</b>	<b>76.03%</b>	<b>121%</b>
HEPS (cps)	25%	536.5	400	314	506.7	454.2	
Overall achievement (cps)		591.8	208.1	522.2	575.3	-18.5	
<b>Achievement %</b>		<b>110.31%</b>	<b>52.03%</b>	<b>166.31%</b>	<b>113.54%</b>	<b>-4.07%</b>	<b>88%</b>
ROIC %	25%	9.00%	10.50%	6.10%	8.10%	6.60%	
Overall achievement %		11.20%	8.10%	7.90%	8.00%	-21.80%	
<b>Achievement %</b>		<b>124.44%</b>	<b>77.14%</b>	<b>129.51%</b>	<b>98.77%</b>	<b>-330.30%</b>	<b>20%</b>
<b>Total vesting</b>							<b>76.89%</b>

\* Risk free rating is the appropriate government bond that matches the vesting period of the LTI scheme, which is three to five years.

## 30% vesting of the 2019 share award

The actual achievement was 63.54%, which means 0% vesting. These performance conditions were all in the financial category.

		Target   Rand value				
Performance condition	Weighting	FY2020	FY2021	FY2022	FY2023	% Achievement
TSR	50%	Risk free* + 4% (R33.29)	Risk free* + 4% (R37.40)	Risk free* + 4% (R42.02)	Risk free* + 4% (R46.98)	
Overall achievement (R)		20.53	42.36	44.48	35.72	
Achievement %		61.67%	113.26%	105.85%	76.03%	89.2%
HEPS (cps)	25%	400	314	506.7	454.2	
Overall achievement (cps)		208.1	522.2	575.3	-18.5	
Achievement %		52.03%	166.31%	113.54%	-4.07%	81.96%
ROIC %	25%	10.50%	6.10%	8.10%	6.60%	
Overall achievement %		8.10%	7.90%	8.00%	-21.80%	
Achievement %		77.14%	129.51%	98.77%	-330.30%	-6.22
Total vesting						63.54%

\* Risk free rating is the appropriate government bond that matches the vesting period of the LTI scheme, which is three to five years.



### 100% vesting of the 2020 TSA

The actual achievement was 90%, which means 98% vesting. These performance conditions were all in the financial category, and TSR has a 100% weighting.

Performance condition	Target   Rand value			% Achievement
	FY2021	FY2022	FY2023	
TSR	Risk free* + 4% (R37.40)	Risk free* + 4% (R42.02)	Risk free* + 4% (R46.98)	98.4%
Overall achievement (R)	42.36	44.48	35.72	
Achievement %	113.26%	105.85%	76.03%	
Total vesting				90%

The Committee was challenged by the average performance approach followed to evaluate the TSR performance condition for vesting the TSA awards, given the under-achievement against set targets for the 3rd year of the performance period (FY2023). The Committee opted to apply its discretion, as provided for in the TSA award letter, and was of the view that performance achievement for each year with no recognition of over-performance (years 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.

### Summary of the vesting of shares for Executive Directors and Group Prescribed Officers

	FSP 2018 (0% of 20%)	FSP 2019 (0% of 30%)	TSA 2020 (66.67% of 100%)	Total shares
S Taukobong	–	–	–	–
DJ Reyneke	–	–	–	–
AC Beukes	–	–	–	–
PJ Bogoshi	–	–	–	–
LTS Maloba*	–	–	269 647	269 647
LM Siyo	–	–	–	–
NM Lekota	–	–	–	–

No vesting due to closed period in force because of Swiftnet (Masts and Towers business) transaction – shares will vest upon lifting of closed period.

\* Resigned 29 February 2024.



Year awarded	Opening balance/ brought over	FY2019	FY2020	FY2021	FY2022	FY2023
Date awarded	2013 to 2017	June 2018	June 2019	June 2020	June 2021	June 2022
Total number of shares available: 26 039 195 available (5% of the number of issued shares)	112 813 202	17 136 387	14 420 912	14 421 905	16 666 685	16 264 228
<b>Total number of shares awarded</b>						
Telkom	(26 130 550)	(4 690 718)	(3 507 227)	(9 280 180)	(6 744 840)	(6 401 483)
Gyro	(178 645)	(222 356)	(129 830)	–	(342 375)	(348 666)
BCX	(881 075)	(127 008)	(1 404 181)	–	(4 362 594)	(1 638 096)
Yellow Pages	–	–	–	–	(59 051)	(48 214)
Subtotal	<b>85 622 932</b>	<b>12 096 305</b>	<b>9 379 674</b>	<b>5 141 725</b>	<b>5 157 825</b>	<b>7 827 769</b>
<b>Total number of forfeited shares</b>						
Telkom	12 600 681	1 206 039	1 464 803	3 286 027	1 322 523	906 365
Gyro	140 513	111 638	69 098	71 357	163 751	86 244
BCX	535 581	105 862	760 314	167 576	1 188 509	461 450
Yellow Pages	–	–	–	–	14 811	12 915
<b>Shares purchased</b>						
Telkom	5 010 687	901 068	1 688 016	8 000 000	8 416 809	7 000 000
Gyro	–	–	–	–	–	277 901
BCX	–	–	1 060 000	–	–	–
Yellow Pages	–	–	–	–	–	–
Remaining shares available	<b>103 910 395</b>	<b>14 420 912</b>	<b>14 421 905</b>	<b>16 666 685</b>	<b>16 264 228</b>	<b>16 572 644</b>

## 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	R 2 166 666	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

	FY2024	FY2023
GP	R4 076 800	R6 115 200
Motor car insurance	R7 998	R11 997
Funeral benefit	R197	R296
STI	R0	R0
LTI (vested shares)	R0	R586 600
<b>Total actual remuneration paid</b>	<b>R4 084 995</b>	<b>R6 714 093</b>
TRF*	R461 086	R691 629



#### Non-executive Directors' fees

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## Group Prescribed Officers

The following table outlines the aggregate remuneration benefits paid and STIs for FY2024:

### Group Prescribed Officers

	DJ Reyneke*	NM Lekota	AC Beukes	LM Siyo	PJ Bogoshi	LS Maloba	FY2024 Total	FY2023 Total
GP	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>
Motor car insurance	R3 999	R0	R11 997	R11 997	R0	R9 997	<b>R37 990</b>	<b>R35 991</b>
Funeral benefit	R99	R296	R296	R296	R296	R271	<b>R1 554</b>	<b>R1 480</b>
STI	R1 643 795	R1 269 718	R1 448 296	R1 760 996	R967 553	R0	<b>R7 090 358</b>	<b>R0</b>
LTI (vested shares)	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 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>
TRF**	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](#).

## Vested and unvested LTI awards

The following tables outline the number of vested and unvested shares:

	Year of award (June)	Shares awarded	Share award price R	Face value of award	Vested shares	Vesting date	Vesting price R	Value of vested shares R	Shares forfeited	Closing number
<b>S Taukobong</b>										
<b>FSP</b>	2018	79 930	56.3	4 500 059	39 965	23/06/2021	45.04	1 800 024	15 986	–
					23 979	24/11/2022	34.23	820 801		
<b>TSA</b>	2018	106 573	56.3	6 000 060	106 573	23/06/2021	45.04	4 800 048	–	–
<b>FSP</b>	2019	53 899	80.85	4 357 734	22 908	24/11/2022	34.23	784 141	20 212	10 779
<b>TSA</b>	2020	637 007	19.78	12 599 998	–	–	–	–	–	637 007
<b>FSP</b>	2021	125 758	40.39	5 079 366	–	–	–	–	–	125 758
<b>FSP</b>	2021	278 552	43.08	12 000 020	–	–	–	–	–	278 552
<b>FSP</b>	2022	329 651	43	14 174 993	–	–	–	–	–	329 651
<b>FSP</b>	2023	–	–	–	–	–	–	–	–	–
<b>Total</b>		<b>1 611 370</b>		<b>58 712 230</b>	<b>193 425</b>			<b>8 205 014</b>	<b>36 198</b>	<b>1 381 747</b>



	Year of award (June)	Shares awarded	Share award price R	Face value of award	Vested shares	Vesting date	Vesting price R	Value of vested shares R	Shares forfeited	Closing number
DJ Reyneke										
FSP	2014	28 415	76.11	2 162 666	10 656	05/06/2017	78.76	839 267	3 552	-
					5 541	01/06/2018	52.39	290 293	2 984	
					2 842	03/06/2019	93.72	266 352	2 840	
FSP	2015	44 353	74.2	3 290 993	12 197	01/06/2018	52.39	639 001	9 980	-
					-	03/06/2019	93.72	-	13 306	
					7 540	01/07/2020	31.35	236 379	1 330	
FSP	2016	21 276	57.03	1 213 370	10 638	03/06/2019	93.72	996 993	-	-
					6 064	01/07/2020	31.35	190 106	319	
					4 255	01/06/2021	48.02	204 325	-	
FSP	2017	17 693	74.83	1 323 967	6 193	01/07/2020	31.35	194 151	2 654	-
					5 308	01/06/2021	48.02	254 890	-	
					3 538	24/11/2022	34.23	121 106	-	
FSP	2018	24 221	56.3	1 363 642	12 111	01/06/2021	48.02	581 570	4844	-
					7 266	24/11/2022	34.23	248 715		
FSP	2019	14 900	80.85	1 204 665	6 333	24/11/2022	34.23	216 779	5587	2980
TSA	2020	345 893	32.38	11 200 015	-	-	-	-	-	345 893
FSP	2021	108 146	40.39	4 368 017	-	-	-	-	-	108 146
FSP	2022	106 660	43	4 586 380	-	-	-	-	-	106 660
FSP	2023	-	-	-	-	-	-	-	-	-
Total		711 557		30 713 715	100 482			5 279 927	47 396	563 679

	Year of award (June)	Shares awarded	Share award price R	Face value of award	Vested shares	Vesting date	Vesting price R	Value of vested shares R	Shares forfeited	Closing number
NM Lekota										
FSP	2016	21 042	57.03	1 200 025	10 521	03/12/2020	31.48	331 201	-	-
					5 998	03/12/2020	31.48	188 817	315	
					4 208	01/06/2021	48.02	202 068	-	
FSP	2017	33 997	74.83	2 543 996	11 900	03/12/2020	31.48	374 612	5 099	-
					10 199	01/06/2021	48.02	489 756	-	
					6 799	14/06/2022	37.05	251 903	-	
TSA	2017	33 997	74.83	2 543 996	33 997	01/07/2020	31.35	1 065 806	-	-
FSP	2018	46 542	56.3	2 620 315	23 271	01/06/2021	48.02	1 117 473	9308	-
					13 963	14/06/2022	37.05	517 329		
FSP	2019	46 583	80.85	3 766 236	19 798	14/06/2022	37.05	733 516	17469	9316
TSA*	2020	380 816	19.78	7 532 540	-	-	-	-	-	380 816
FSP	2021	76 230	40.39	3 078 930	-	-	-	-	-	76 230
FSP	2022	75 899	43	3 263 657	-	-	-	-	-	75 899
FSP	2023	-	-	-	-	-	-	-	-	-
Total		715 106		26 549 695	140 654			5 272 481	32 191	542 261

	Year of award (June)	Shares awarded	Share award price R	Face value of award	Vested shares	Vesting date	Vesting price R	Value of vested shares R	Shares forfeited	Closing number
PJ Bogoshi										
FSP	2018	62 611	56.3	3 524 999	31 306	28/06/2021	44.27	1 385 917	12 522	–
					18 783	14/06/2022	37.05	695 910		
FSP	2019	63 364	80.85	5 122 979	26 930	14/06/2022	37.05	997 757	23 761	12 673
TSA	2020	517 998	19.78	10 246 000	–	–	–	–	–	517 998
FSP	2021	101 312	40.39	4 091 992	–	–	–	–	–	101 312
FSP*	2021	189 972	43.08	8 183 994	–	–	–	–	–	189 972
FSP	2022	100 872	43	4 337 496	–	–	–	–	–	100 872
FSP	2023	–	–	–	–	–	–	–	–	–
Total		1 036 129		35 507 460	77 019			3 079 584	36 283	922 827



	Year of award (June)	Shares awarded	Share award price R	Face value of award	Vested shares	Vesting date	Vesting price R	Value of vested shares R	Shares forfeited	Closing number
AC Beukes										
FSP	2014	21 926	76.11	1 668 788	8 222	05/06/2017	78.76	647 565	2 741	–
					4 276	01/06/2018	52.39	224 020	2 302	
					2 193	03/06/2019	93.72	205 528	2 192	
FSP	2015	12 500	74.2	927 500	3 438	01/06/2018	52.39	180 117	2 812	–
					–	03/06/2019	93.72	–	3 750	
					2 125	01/07/2020	31.35	66 619	375	
FSP	2018	24 636	56.3	1 387 007	12 318	01/06/2021	48.02	591 510	4 927	–
					7 391	14/06/2022	37.05	273 837		
TSA	2018	20 819	56.3	1 172 110	20 819	01/06/2021	48.02	999 728	–	–
FSP	2019	36 275	80.85	2 932 834	15 417	14/06/2022	37.05	571 200	13 604	7 254
TSA	2020	505 561	19.78	9 999 997	–	–	–	–	–	505 561
FSP	2021	99 344	40.39	4 012 504	–	–	–	–	–	99 344
FSP	2022	99 419	43	4 275 017	–	–	–	–	–	99 419
FSP	2023	–	–	–	–	–	–	–	–	–
Total		820 480		26 375 757	76 199			3 760 124	32 703	711 578

	Year of award (June)	Shares awarded	Share award price R	Face value of award	Vested shares	Vesting date	Vesting price R	Value of vested shares R	Shares forfeited	Closing number
LTS Maloba (Resigned 29 February 2024)										
FSP	2018	22 085	56.3	1 243 386	11 043	07/06/2021	48.01	530 174	4 417	–
					6 625	14/06/2022	37.05	245 456		
FSP	2019	46 356	80.85	3 747 883	19 701	14/06/2022	37.05	729 922	3 477	–
					8 800	29/02/2024	28.97	254 922	14 378	
TSA	2020	404 449	19.78	8 000 001	269 647	29/02/2024	28.97	7 811 258	134 802	–
FSP	2021	79 475	40.39	3 209 995	59 694	29/02/2024	28.97	1 729 243	19 781	–
FSP	2022	78 384	43	3 370 512	32 349	29/02/2024	28.97	937 101	46 035	–
FSP	2023	–	–	–	–	–	–	–	–	–
Total		630 749		19 571 777	407 859			12 238 077	222 890	–

	Year of award (June)	Shares awarded	Share award price R	Face value of award	Vested shares	Vesting date	Vesting price R	Value of vested shares R	Shares forfeited	Closing number
LM Siyo										
FSP	2019	37 106	80.85	3 000 020	15 770	14/06/2022	37.05	584 279	13 915	7 421
TSA	2020	404 449	19.78	8 000 001	–	–	–	–	–	404 449
FSP	2021	80 218	40.39	3 240 005	–	–	–	–	–	80 218
FSP	2021	90 833	43.08	3 913 086	–	–	–	–	–	90 833
FSP	2022	97 827	43	4 206 561	–	–	–	–	–	97 827
FSP	2023	–	–	–	–	–	–	–	–	–
Total		710 433		22 359 673	15 770			584 279	13 915	680 748

## Beneficial shareholding

Executive Directors' shareholding as of 31 March 2024:

	Beneficial		Non-beneficial	
	Direct	Indirect	Direct	Indirect
<b>Executive Directors</b>				
<b>S Taukobong</b>	47 857	–	–	–
<b>NS Dlamini</b>	–	–	–	–



## Non-executive Directors' fees

The Group benefits from NEDs who attend meetings and actively contribute to the success of our business. NEDs receive an all-inclusive annual retainer fee for attendance at Board meetings and an annual retainer fee based on the Committees on which they serve.

Telkom's MoI states that shareholders must approve these fees at the AGM. As part of our cost-containment initiatives, the NEDs' fees remained unchanged as per shareholders' approval at the AGM of 24 August 2023.

Non-executive Directors' fees (Rand per annum)	FY2023	FY2024
<b>Annual retainer</b>		
<b>Board</b>		
Board Chairperson	2 060 000	2 060 000
International Board Member	735 000	735 000
<b>Annual Committee meeting retainer</b>		
<b>Audit Committee</b>		
Chairperson	410 000	410 000
Member	215 000	215 000
<b>Nominations Committee</b>		
Chairperson	–	–
Member	110 000	110 000
<b>Investment and Transactions Committee</b>		
Chairperson	250 000	250 000
Member	150 000	150 000
<b>Remuneration Committee</b>		
Chairperson	250 000	250 000
Member	150 000	150 000
<b>Risk Committee</b>		
Chairperson	250 000	250 000
Member	150 000	150 000
<b>Social and Ethics Committee</b>		
Chairperson	250 000	250 000
Member	150 000	150 000

Telkom pays all fees proportionately for the period in which Members are in office. Directors' emoluments are set out in note 11.1 of the annual financial statements, which are available [online](#).



## Acronyms

<b>AGM</b>	annual general meeting
<b>B-BBEE</b>	broad-based black economic empowerment
<b>BU</b>	business unit
<b>CAGR</b>	compound annual growth rate
<b>CHRO</b>	Chief HR Officer
<b>CR</b>	comparative ratio
<b>CWU</b>	Communication Workers Union
<b>EBITDA</b>	earnings before interest, tax, depreciation and amortisation
<b>ESG</b>	environmental, social and governance
<b>ESOP</b>	employee share ownership plan
<b>EVP</b>	employee value proposition
<b>FSP</b>	forfeitable share plan
<b>GCDO</b>	Group Chief Digital Officer
<b>GCEO</b>	Group Chief Executive Officer
<b>GCFO</b>	Group Chief Financial Officer
<b>GCIO</b>	Group Chief Information Officer
<b>GP</b>	guaranteed pay
<b>HEPS</b>	headline earnings per share (the weighted average number of shares outstanding excludes treasury shares)

<b>ICT</b>	information and communications technology
<b>KPI</b>	Key performance indicator
<b>LTi</b>	long-term incentive
<b>LTIP</b>	long-term incentive plan
<b>Mol</b>	memorandum of incorporation
<b>MSR</b>	minimum shareholding requirement
<b>NED</b>	Non-executive Director
<b>PAT</b>	profit after tax
<b>PwC</b>	PricewaterhouseCoopers Inc.
<b>Remco</b>	Remuneration Committee
<b>ROIC</b>	Return on invested capital
<b>SMMEs</b>	small, medium and micro enterprises
<b>STI</b>	short-term incentive
<b>TRF</b>	Telkom Retirement Fund
<b>TSA</b>	talent share award
<b>TSR</b>	total shareholder return (combines share price appreciation and dividends paid to show the total return to the shareholder, expressed as an annualised percentage)
<b>WACC</b>	weighted average cost of capital

## Administration

### Company registration number

1991/005476/30

### Head office

61 Oak Avenue  
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### Postal address

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### Telkom register helpline

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### Group Company Secretary

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### Transfer secretaries

Computershare Investor Services  
Proprietary Limited  
Rosebank Towers  
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### Sponsor

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