

# Notice of annual general meeting

## Telkom South Africa SOC Limited

(Incorporated in the Republic of South Africa)  
 (Registration number 1991/005476/30)  
 (JSE share code: TKG)  
 ISIN: ZAE000044897)  
 (Telkom or the company)

**Notice is hereby given to the shareholders of the company (shareholders) that the 25th annual general meeting of the shareholders (annual general meeting or AGM) will be held at Telkom Park, The Nexus Building, 91 Oak Avenue, Highveld, Centurion, in the Wistaria Auditorium (ground floor) at 10:00 (South African time), on Thursday, 24 August 2017.**

To ensure that registration procedures are completed by 10:00, please register for the AGM from 09:00. Please note that, before any person may attend or participate at the AGM, that person must present reasonably satisfactory identification and the person presiding at the AGM must be reasonably satisfied that the right of the person to attend, participate and vote at the AGM, either as a shareholder (or a shareholder's representative) or as a proxy for a shareholder, has been reasonably verified. Acceptable forms of identification include a valid identity document, driver's licence or passport.



## The purpose of the AGM is to:

- (a) present to the shareholders the audited consolidated annual financial statements of the company and its subsidiaries for the year ended 31 March 2017, a complete set of the condensed consolidated annual financial statements is set out on pages 130 to 155 of the integrated report to which this notice of AGM is attached and a copy of the full annual financial statements is available on the company's website: [www.telkom.co.za/ir](http://www.telkom.co.za/ir)
- (b) present to the shareholders a report of the audit committee on matters which are within the mandate of that committee;
- (c) present to the shareholders a report of the social and ethics committee on matters which are within the mandate of that committee;
- (d) consider all and any matters of or relating to the company which may lawfully be considered and dealt with at the AGM;
- (e) consider and, if deemed fit, pass, with or without modification, the ordinary and special resolutions of the shareholders of the company set out hereunder.

## Important dates to note

Record date for receipt of notice of this AGM

**Friday, 21 July 2017**

Last day to trade to participate in and vote at the AGM

**Tuesday, 15 August 2017**

Record date to be recorded in the shareholders' register to participate in and vote at the AGM

**Friday, 18 August 2017**

Last day to lodge forms of proxy by 10:00 on

**Tuesday, 22 August 2017**

AGM held at 10:00 on

**Thursday, 24 August 2017**

Results of AGM released on SENS on

**Thursday, 24 August 2017**

## Voting and proxies at the AGM

1. All shareholders are entitled to attend and speak at the AGM or any cancellation, postponement or adjournment thereof. All holders of ordinary shares will be entitled to vote on each resolution proposed to be passed at the AGM or any cancellation, postponement or adjournment thereof.
2. A shareholder entitled to attend and vote at the AGM is entitled to appoint one or more proxies (who will not be a shareholder/s) to attend, participate in and vote at the AGM in place of that shareholder.
3. The attached form of proxy is to be completed only by those shareholders who:
  - 3.1 hold shares in certificated form;
  - 3.2 are recorded on the subregister in dematerialised electronic form with 'own name' registration.
4. All other beneficial owners of shares who have dematerialised their shares through a central securities depository participant ("CSDP") or broker, and wish to attend the AGM, must instruct their CSDP or broker to provide them with the necessary letter of representation, or must provide their CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and their CSDP or broker. Those shareholders must NOT use the attached form of proxy.
5. It is requested that all completed forms of proxy be returned to the company such that they are received by no later than 10:00 on Tuesday, 22 August 2017, at the office of the company's share registrars in South Africa. Any forms of proxy not lodged by this time may be handed to the chairperson of the AGM immediately prior to the proxy exercising any rights of the shareholder at the AGM.
6. Any shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend, speak and vote in person at the AGM should that shareholder decide to do so. A summary of shareholders' rights in respect of proxy appointments as contained in section 58 of the Companies Act is set out at the end of this notice.
7. On a poll, every person entitled to vote shall have one vote for every ordinary share held. On a show of hands, each person entitled to vote shall have one vote, irrespective of the number of ordinary shares held.
8. All ordinary resolutions required to be passed at the AGM shall be passed by a majority of more than 50% of the voting rights exercised on each such resolution.
9. All special resolutions required to be passed at the AGM shall be passed by a majority of at least 75% of the voting rights exercised on each such resolution.
10. Electronic participation in the AGM. The company intends to offer shareholders reasonable access through electronic facilities to participate in the AGM by means of a conference call facility. Shareholders will be able to listen to the proceedings and raise questions should they wish to do so and are invited to indicate their intention to make use of this facility by applying in writing (including details as to how the shareholder representative can be contacted) to the group company secretary at the address set out on the last page of this notice of AGM. The completed application is to be received by the group company secretary by not later than Tuesday, 22 August 2017. The group company secretary will, by way of email, provide information enabling participation to those shareholders who have made application. Voting will not be possible via the electronic facility and shareholders wishing to exercise their voting rights at the AGM are required to be represented at the meeting either in person, by proxy or by letter of representation, as provided for in this notice of AGM.
 

The cost of the conference call facility will be for the account of the company. The cost of each shareholder's and each proxy's telephone calls will be for their own account.

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## Ordinary resolutions:

### Ordinary resolution number 1 – Election of director

Resolved that Dr Hamadoun Touré, who was appointed by the board to serve as a director after the last annual general meeting of the company, shall retire from office at the AGM and, being eligible and having offered himself for election, be and is hereby elected as a director of the company.

### Explanatory notes in respect of ordinary resolution number 1

Based on the recommendations of the nominations committee, the board of directors recommends his election as an independent non-executive director of the company. Dr Hamadoun Touré's profile appears on page 33 of the integrated annual report.



### Ordinary resolutions numbers 2.1 to 2.4 – Re-election of Directors

Resolved that the following directors shall retire from office at the AGM and, being eligible and having offered themselves for re-election, each by way of separate resolution, be re-elected as a director of the company with immediate effect:

- 2.1 Ms SL Botha
- 2.2 Ms K Kweyama
- 2.3 Ms F Petersen-Lurie
- 2.4 Mr LL von Zeuner

### Explanatory notes in respect of ordinary resolutions numbers 2.1 to 2.4

Ordinary resolutions numbers 2.1 to 2.4 are proposed for re-election of directors of the company. The re-elections will be conducted by way of a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy.

The board recommends to the shareholders the re-election of the aforementioned directors. The profiles of the directors standing for re-election appear at pages 32 to 33 of the integrated report.



### Ordinary resolutions numbers 3.1 to 3.4 – election of audit committee members

Resolved that the following independent non-executive directors, each by way of separate resolution, be and are hereby elected as members of the company's audit committee from the conclusion of the AGM until the next annual general meeting of the company:

- 3.1 Mr I Kgaboesele
- 3.2 Ms KW Mzondeki
- 3.3 Mr LL von Zeuner
- 3.4 Mr RG Tomlinson

Mr LL von Zeuner will be appointed, subject to his re-election as a director pursuant to ordinary resolution number 2.4.



The profiles of the directors who are standing for election to the audit committee are set out in pages 32 to 33 of the integrated annual report.

### Explanatory notes in respect of ordinary resolutions numbers 3.1 to 3.4

In terms of the Companies Act, the audit committee is a statutory committee elected by the shareholders at each annual general meeting. In terms of the Regulation 43 of the Companies Regulations, at least one-third of the members of a company's audit committee at any particular time must have academic qualifications or experience, in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management. The company has established an audit committee which fulfils the functions of an audit committee as contemplated in the Companies Act and the persons nominated to be appointed to the company's audit committee were nominated having considered the requirements of the Companies Act and Companies Regulations referred to herein.

### Ordinary resolutions numbers 4.1 and 4.2 – Reappointment of Ernst & Young Inc and Nkonki Inc. as auditors of the company

Resolved that Ernst & Young and Nkonki, each by way of separate resolution, be reappointed as the independent registered auditors of the company from the conclusion of the AGM until the conclusion of the next annual general meeting of the company.

- 4.1 Ernst & Young Inc (with Ms Delanie Lamprecht as the individual designated auditor responsible for the audit)
- 4.2 Nkonki Inc (with Mr Brian Mungofa as the individual designated auditor responsible for the audit)

### Explanatory notes in respect of ordinary resolutions numbers 4.1 and 4.2

In compliance with section 90 read with section 92 (3) of the Companies Act, Ernst & Young Inc and Nkonki Inc are recommended by the Audit Committee to be re-appointed as joint auditors for the financial year ending 31 March 2018 and until the conclusion of the next annual general meeting of the company.

### Ordinary resolution number 5 – General authority for directors to allot and issue and/or grant options over ordinary shares

Resolved that, subject to the memorandum of incorporation, the Companies Act and the Listings Requirements, the unissued ordinary shares in the share capital of the company be and are hereby placed under the control of the directors of the company who are authorised to allot, issue and/or grant options over such ordinary shares at their discretion, subject to the following:

- > This authority shall only be valid until the next annual general meeting of the company but shall not endure beyond 15 months from the date of this AGM.
- > Ordinary shares issued in terms of this authority shall not exceed 5% of the number of ordinary shares in issue as at the date of passing this resolution.
- > The number of shares to be issued in terms of this resolution shall not include any shares that may be issued by the company to employees participating in the Telkom South Africa SOC Limited Employee Forfeitable Share Plan.

### Explanatory notes in respect of ordinary resolution number 5

In terms of clause 9.3 of the memorandum of incorporation, the shareholders may authorise the directors to issue unissued shares or grant options over them as the directors may think fit (with the effect that any pre-emptive rights that shareholders hold may be waived), subject to the approval of JSE, the provisions of the Listings Requirements and the Companies Act. The directors wish to be granted authority to allot and issue up to a maximum of 5% of the number of ordinary shares in issue as at the date of passing of this resolution in their discretion, subject to the provisions of the memorandum of incorporation, the Companies Act and the Listings Requirements. The number of shares to be issued in terms of ordinary resolution number 5 shall not include any shares that may be issued by the company to participating employees in the Telkom South Africa SOC Limited Employee Forfeitable Share Plan.

### Ordinary resolution number 6 – Non-binding advisory endorsement of the Telkom South Africa SOC Limited remuneration policy

Resolved that the shareholders hereby endorse, through a non-binding advisory vote, the company's remuneration policy as set out in the remuneration report contained in the integrated annual report on page 107.



### Explanatory notes in respect of approval of the remuneration policy and implementation report

In terms of King III, the company's remuneration policy should be tabled for a separate non-binding advisory vote at the AGM. The essence of this vote is to enable the shareholders to express their views on the remuneration policies adopted in regard to the remuneration of executive management, but will not be binding on the company.

### Special resolutions:

#### Special resolution number 1 – General authority to repurchase shares

Resolved that, pursuant to the memorandum of incorporation, the company and any of its subsidiaries be and are hereby authorised by way of a general approval to purchase or repurchase, as the case may be, and from time to time, ordinary shares issued by the company from any person, upon such terms and conditions and in such number as the directors of the company or subsidiary may determine, but in accordance with and subject to the provisions of the memorandum of incorporation, the Companies Act and the Listings Requirements, provided that:

- > the general authority granted to the directors shall be valid only until the company's next annual general meeting and shall not extend beyond 15 months from the date on which this resolution is passed;
- > any general purchase by the company or any subsidiary of its ordinary shares in issue shall not in aggregate in any one financial year exceed 10% of the company's issued ordinary share capital at the time that the authority is granted;
- > no acquisition may be made at a price more than 10% above the weighted average of the market value of the ordinary share for the 5 (five) business days immediately preceding the date of such acquisition;
- > the repurchase of the ordinary shares is effected through the order book operated by JSE trading system and done without any prior understanding or arrangement between the company or any subsidiary and the counter party (reported trades are prohibited);
- > the company may only appoint one agent at any point in time to effect any repurchase(s) on the company's behalf;
- > the repurchase of shares by the company and/or any of its subsidiaries may not be effected during a prohibited period as defined in the Listings Requirements unless the company has in place a repurchase programme where the dates and quantities of securities to be traded during the period are fixed, i.e. not subject to variation, and has been submitted to the JSE in writing prior to the commencement of the prohibited period. The issuer must instruct an independent third party, which makes its investment decisions in relation to the issuer's securities independently of, and uninfluenced by, the issuer, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE;
- > The board resolves to authorise the repurchase, that the company and its subsidiaries have passed the solvency and liquidity test and that, since the test was performed, there have been no material changes to the financial position of the Telkom group;
- > the general authority may be varied or revoked by special resolution of the shareholders prior to the next annual general meeting of the company; and

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> should the company and/or any subsidiary cumulatively repurchase and/or acquire, as the case may be, 3% (three percent) of the initial number of the company's ordinary shares in terms of this general authority and for each 3% (three percent) in aggregate of the initial number of that class repurchased and/or acquired, as the case may be, thereafter in terms of this general authority, an announcement shall be made in terms of the Listings Requirements.

Any decision by the directors, after considering the effect of a repurchase, of up to 10% (ten percent) of the company's issued ordinary shares, to use the general authority to repurchase shares of the company, will be taken with regard to the prevailing market conditions and other factors.

### **Explanatory notes in respect of special resolution number 1**

This special resolution is proposed to allow the company and/or its subsidiaries by way of a general authority to repurchase and/or acquire shares issued by the company.

The existing general authority for the company and/or a subsidiary thereof to repurchase or purchase, as the case may be, shares in the company, granted by shareholders at the previous annual general meeting is due to expire at this annual general meeting, unless renewed.

The directors have no specific intention, at present, for the company or its subsidiaries to repurchase any of the company's shares but are of the opinion that it would be in the best interests of the company to extend such general authority and thereby allow the company or any subsidiary of the company to be in a position to repurchase or purchase, as the case may be, the shares issued by the company through the order book of the JSE, should an opportunity present itself where the market conditions and price justify such action. The general authority is also required to enable the company to perform its settlement obligations to employees participating in the Telkom South Africa SOC Limited Employee Forfeitable Share Plan.

### **Special resolution number 2 – General authority for directors to issue shares for cash**

Resolved that, subject to the passing of ordinary resolution number 5 and the provisions of the Companies Act and the Listings Requirements, the directors be and are hereby authorised by way of a general authority, to allot and issue ordinary shares in the share capital of the company for cash, on such terms and conditions as they deem fit, subject to the following conditions:

- > The general authority granted to the directors shall be valid only until the company's next annual general meeting and shall not extend beyond 15 (fifteen) months from the date on which this resolution is passed.
- > The equity securities must be issued only to persons qualifying as public shareholders, as defined in the Listings Requirements, and not to related parties (unless the JSE agrees otherwise).

> The equity securities which are the subject of general issues for cash:

- may not exceed 5% (five percent) of the company's number of ordinary shares in issue as at the date of the notice of AGM, net of treasury shares, being 25 484 292 ordinary shares

- any ordinary shares issued under this authority must be deducted from the number of ordinary shares set out above

- in the event of a sub-division or consolidation of issued ordinary shares during the period of this authority, the existing authority must be adjusted accordingly to represent the same allocation ratio

> The maximum discount at which equity securities may be issued is 10% (ten percent) of the weighted average traded price on the JSE of such equity securities measured over the 30 (thirty) business days prior to the date that the price of the issue is agreed between the issuer and the party subscribing for the securities. The JSE should be consulted for a ruling if the company's securities have not traded in such 30 (thirty) business day period

### **Explanatory notes in respect of special resolution number 2**

The directors wish to be granted authority to allot and issue the ordinary shares of the company that they would be authorised by ordinary resolution number 5 to issue as they in their discretion think fit, for cash from time to time, subject to the provisions of the memorandum of incorporation, the Companies Act and the Listings Requirements, in particular section 5.52 of the Listings Requirements. The ordinary shares capable of being issued for cash under this authority effectively represent 5% (five percent) of the number of ordinary shares in issue as at the date of this notice of AGM, which is significantly lower than the maximum 15% (fifteen percent) permitted in terms of the JSE Listings Requirements.

The directors consider it beneficial to obtain the authority to enable the company to take advantage of any business opportunity that may arise in future.

**Special resolution number 3** – Remuneration of non-executive directors

Resolved that the remuneration of the non-executive directors of the company for their services as directors of the company be as set out below, effective from 24 August 2017:

## Determination and approval of the remuneration of non-executive directors

	Annual retainer fee	Meeting attendance fee	Special meeting attendance fee
	Amount	Amount	Amount
Telkom South Africa SOC Limited board			
Chairperson	1 325 000	-	24 804
Ordinary board member	387 960	-	18 550
International board member	535 732	-	18 550
Special sub-committee			18 550
<b>Audit committee</b>			
Chairman		70 259.25	24 804
Member		36 830.25	18 550
<b>Risk committee</b>			
Chairman		53 000	24 804
Member		31 800	18 550
<b>Social and ethics committee</b>			
Chairman		53 000	24 804
Member		31 800	18 550
<b>Nominations committee</b>			
Chairman		47 011	24 804
Member		31 800	18 550
<b>Remuneration committee</b>			
Chairman		53 000	24 804
Member		31 800	18 550
<b>Investment and transactions committee</b>			
Chairman		48 808.67	24 804
Member		31 800	18 550

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### **Explanatory notes in respect of special resolution number 3**

In terms of sections 66(8) and (9) of the Companies Act, remuneration may only be paid to directors for their service as directors in accordance with a special resolution approved by shareholders within the previous two years and if not prohibited in terms of a company's memorandum of incorporation. The remuneration of directors for their services is determined from time to time by the directors, taking into account the recommendations of the remuneration committee. Directors shall also be paid travelling, subsistence and other expenses properly incurred by them in the execution of their duties, including attendance of meetings of directors and of committees of directors authorised or ratified by directors.

The Board has considered the remuneration paid to the non-executive directors for the year ended 31 March 2017 and is of the view that, in the best interest of the company, there should be an increase to the remuneration as tabled above.

### **Special Resolution number 4 – General authority to provide financial assistance**

Resolved that, the board be and is hereby authorised to cause the company, subject to compliance with the requirements of the memorandum of Incorporation and the Companies Act, to provide direct or indirect financial assistance as contemplated in sections 44 and 45 of the Companies Act, including by way of a loan, guarantee, the provision of security or otherwise, to any of its present or future subsidiaries and/or any other company or entity that is or becomes related or inter-related to the company for any purpose or in connection with any matter, including, but not limited to, the subscription of any option, or any securities issued or to be issued by the company or a related or inter-related company or entity, or for the purchase of any securities of the company or a related or inter-related company or entity, for such amounts and on such terms as the board may determine in its discretion. This authority shall continue until the forthcoming annual general meeting of the company

### **Explanatory notes in respect of special resolution number 4**

The board wishes to have the ability to provide financial assistance (by way of loan, guarantee, the provision of security or otherwise), if necessary, to related or inter-related companies and entities. Furthermore, it may be necessary or desirous for Telkom to provide financial assistance to related or inter-related companies and entities to subscribe for options or securities or purchase securities of Telkom or another company related or inter-related to it. Under sections 44 and/or 45 of the Companies Act, Telkom will however require the special resolution referred to above to be adopted. In the circumstances and in order to, inter alia, ensure that Telkom's subsidiaries and other related or inter-related companies and entities have access to financing and/or financial backing from Telkom, it is necessary to obtain the approval of shareholders, as set out in special resolution number 4.

### **By order of the board**

#### **TELKOM South Africa SOC LIMITED**

E Motlhamme  
Group company secretary  
Date 3 July 2017

### **Registered office**

61 Oak Avenue  
Highveld  
Centurion  
0157  
South Africa  
(Private Bag X881, Pretoria 0001)

### **Transfer secretaries**

Computershare Investor Services Proprietary Limited  
Rosebank Towers  
15 Biermann Avenue  
Rosebank, 2196  
South Africa  
(PO Box 61051, Marshalltown 2107)