

Telkom

Independent Assurance Report

“Telkom followed a formal stakeholder engagement framework and policy, which was approved by the Group exco and the social and ethics committee.”



Independent Assurance Report

to the management and stakeholders of Telkom SA SOC Limited

Introduction

IBIS ESG Assurance (IBIS) was appointed by Telkom SA SOC Limited (Telkom) to conduct an independent third-party assurance engagement in relation to selected sustainability information in Telkom’s Integrated Report (the Report) for the financial year that ended 31 March 2019.

IBIS is an independent licensed provider of sustainability assurance services. The assurance team was led by Petrus Gildenhuys with support from Adam Sutton-Pryce and Jason Naidoo from IBIS. Petrus is a Lead Certified Sustainability Assurance Practitioner (LCSAP) with more than 20 years’

experience in sustainability performance measurement involving both advisory and assurance work. This assurance engagement is the third sustainability assurance engagement conducted for Telkom by IBIS.

Assurance standard applied

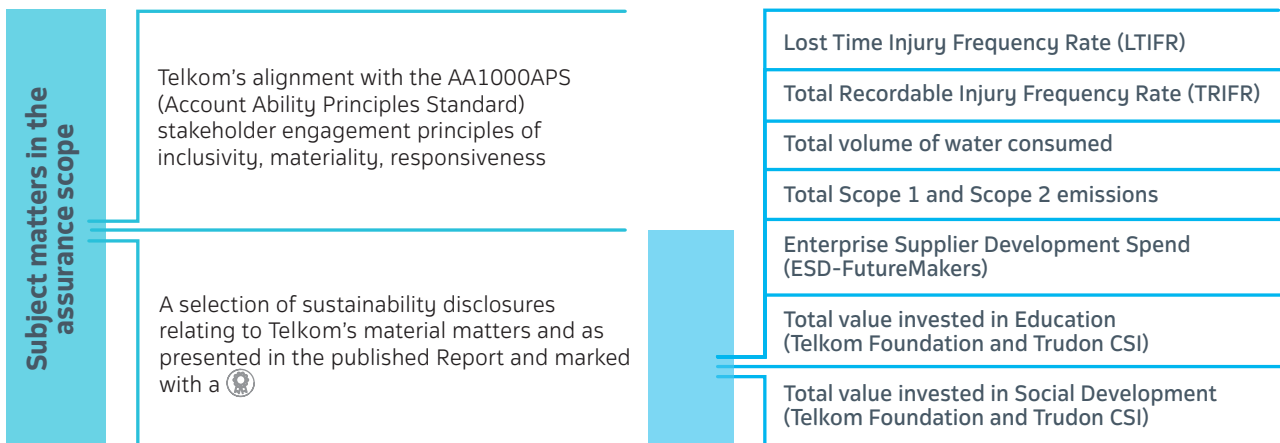
This assurance engagement was performed in accordance with AccountAbility’s AA1000AS (2008) standard and was conducted to meet the AA1000AS Type II moderate level requirements.

Respective responsibilities and IBIS’s independence

Telkom	IBIS
<p>Telkom is responsible for preparing their Integrated Report and for the collection and presentation of sustainability information within the report.</p> <p>Telkom is also responsible for maintaining adequate records and internal controls that support the reporting processes.</p>	<p>IBIS’ responsibility is to the management of Telkom alone and in accordance with the scope of work and terms of reference agreed with Telkom.</p> <p>IBIS applies a strict independence policy and confirms its impartiality to Telkom in delivering the assurance engagement.</p>

Assurance scope

The scope of the subject matter for moderate assurance in accordance with the AA1000AS assurance standard, as captured in the agreement with Telkom is set out below:



Independent assurance report continued

Assessment criteria

The following assessment criteria were used in undertaking the work:

- 1** — **AA1000APS**
(2008) (AccountAbility Principles Standard) published criteria
- 2** — **Telkom Group**
Sustainability Reporting Guideline
- 3** — **Greenhouse Gas Protocol**
Revised Edition (WRI & WBCSD, 2004) (GHG Protocol)

Assurance procedures performed

Our assurance methodology included:

- Testing** — **Testing**, on a sample basis, the measurement, collection, aggregation and reporting processes in place.
- Interviews** — **Interviews** with relevant functional managers and data owners to understand and test the processes in place for maintaining information in relation with the subject matters in the assurance scope.
- Inspection** — **Inspection and corroboration** of supporting evidence to evaluate the data generation and reporting processes against the assurance criteria.
- Assessing** — **Assessing** the presentation of information relevant to the scope of work in the Integrated report for consistency with the assurance observations.
- Reporting** — **Reporting** the assurance observations to management as they arose to provide an opportunity for corrective action prior to completion of the assurance process.

Independent assurance report continued

Engagement limitations

IBIS planned and performed the work to obtain all the information and explanations believed necessary to provide a basis for the assurance conclusions for a moderate assurance level in accordance with AA1000AS (2008).

The procedures performed in a moderate assurance engagement vary in nature from, and are less in extent than for, a high assurance engagement. As a result, the level of assurance obtained for a moderate assurance engagement is lower than for high assurance as per AA1000AS (2008).

Telkom is made up of numerous companies and is on a journey of incremental inclusion of its businesses' sustainability information and is working towards more complete disclosure over time. Sustainability data disclosures in the Integrated Report are supported with boundary specifications where necessary in order to avoid misinterpretation of data completeness.

Assurance conclusion

In our opinion, based on the work undertaken for moderate assurance as described, we conclude that the subject matters in the scope of this assurance engagement have been prepared in accordance with the defined criteria and are free from material misstatements.

Key observations and recommendations for improvement

Based on the work set out above, and without affecting the assurance conclusion, the key observations and recommendations for improvement are as follows:

In relation to AA1000APS

Inclusivity: Telkom followed a formal stakeholder engagement framework and policy, which was approved by the Group exco and the social and ethics committee. The framework and policy set out the objectives, mechanisms and accountabilities for stakeholder engagement. The framework guides the approach for responding to stakeholders and evaluating the effectiveness of responses to stakeholders. Key stakeholder groups have been mapped out and means of engagement identified pointing to inclusive stakeholder engagement and the acknowledgment of stakeholders' interests in Telkom.

Materiality: Evidence observed confirmed that Telkom has maintained due process in mapping and disclosing its material matters in a transparent and balanced manner. The annual materiality themes determination process was performed in the financial year 2019. Telkom's materiality determination process and material themes were approved by the Telkom Group exco and the audit committee. The Report presents material themes with a prioritised view of Telkom's material matters and explains why the identified issues are material. The Report also sets out stakeholder's key concerns and what Telkom's responses related to them are.

Responsiveness: Telkom's responses to stakeholder issues observed across different stakeholder groups indicates a level of accountability to stakeholder issues raised. Telkom actively implemented its stakeholder engagement framework by way of developing a formal review process to monitor the implementation of stakeholder management response strategies. Continued implementation of the stakeholder engagement framework is recommended, with balanced levels of response to all stakeholder groups.

In relation to the selected disclosures

The general control environment for sustainability information has continued to improve from the previous reporting periods through the use of a sustainability data reporting guideline. The improved control environment allowed IBIS to perform a deep dive into the accuracy and completeness of the sustainability information in the assurance scope. Although this resulted in more findings being raised than during the previous year, management's responses to issues raised resulted in more accurate information being reported and should lead to an improved sustainability reporting process, including associated management systems and processes. A number of data inconsistencies were identified during the assurance process; however, IBIS is satisfied with the accuracy of the final data in the assurance scope as data inconsistencies were subsequently corrected.

A comprehensive management report detailing specific findings and recommendations for continued sustainability reporting improvement has been submitted to Telkom management for consideration.



Petrus Gildenhuys
Director
IBIS ESG Assurance (Pty) Ltd
Johannesburg 22 July 2019



AA1000
Licensed Assurance Provider
000-156

The assurance statement provides no assurance on the maintenance and integrity of sustainability information on the website, including controls used to maintain this. These matters are the responsibility of Telkom.

Telkom
Consumer



BCX

Gyro

Telkom
Small & Medium
Business