

Independent Assurance Report

to the Management and Stakeholders of Telkom SA SOC Limited

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 2018.

IBIS is an independent and licensed provider of sustainability assurance services. The assurance engagement was led by director Petrus Gildenhuys with support from sustainability assurance practitioner Adam Sutton-Pryce. Petrus is a Lead Certified Sustainability Assurance Practitioner (LCSAP) with 20 years’ experience in sustainability performance measurement involving both advisory and assurance work.

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 is responsible for preparing the Report and for the collection and presentation of sustainability information within the Report, notwithstanding any third-party support in compiling the Report. IBIS’ responsibility is to Telkom and in accordance with the terms of reference agreed with Telkom.

IBIS applies a strict independence policy and confirms its impartiality to Telkom in delivering the assurance engagement. This assurance engagement is the second Integrated Report assurance engagement conducted for Telkom by IBIS.

Assurance objectives

The purpose of the assurance engagement was to provide the management of Telkom and its stakeholders with an independent moderate level assurance opinion on whether the Report meets the following objectives:

- > Adherence to the AA1000APS (2008) AccountAbility principles of inclusivity, materiality and responsiveness.
- > Fair reporting on a selection of sustainability disclosures as related to the identified material issues listed below.
 - Total recordable Injury Frequency Rate (TRIFR) (p 75)
 - Lost Time Injury Frequency Rate (LTIFR) (p 75)
 - Total volume of water consumed in m³ (p 82)
 - Total Scope 1 and Scope 2 GHG emissions in tCO₂e (p 81)

Work performed by IBIS

IBIS performed the assurance engagement in accordance with the AccountAbility AA1000AS (2008) Type II requirements. The following suitable assessment criteria was used in undertaking the work:

- > AA1000APS (2008) (AccountAbility Principles Standard) published criteria for inclusivity, materiality and responsiveness respectively;
- > Telkom’s Sustainability Reporting Guideline;
- > Greenhouse Gas Protocol: A corporate accounting and reporting standard - Revised Edition (WRI & WBCSD, 2004) (GHG Protocol);
- > The completeness, accuracy and validity of reported data.

Independent Assurance Report

to the Management and Stakeholders of Telkom SA SOC Limited

continued

Our assurance methodology included:

- > Interviews with relevant functional managers at Telkom to understand and evaluate the processes in place for adherence to the AA1000APS stakeholder engagement principles;
- > Testing, on a sample basis, the measurement, collection, aggregation and reporting of selected sustainability information;
- > Inspection and corroboration of supporting evidence to evaluate the data generation and reporting processes against the assurance criteria;
- > Reporting the assurance observations to management as they arose to provide an opportunity for corrective action prior to completion of the assurance process; and
- > Assessing the presentation of information relevant to the scope of work in the Report to ensure consistency with the assurance observations.

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).

Users of Telkom's sustainability information are cautioned when considering data completeness from a group perspective. Telkom is made up of numerous companies that are incrementally being incorporated on its journey towards full disclosure. The data reporting boundaries as applied for reporting and assurance purposes are supplied in the Report with each disclosure.

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 boundaries and reporting criteria, and are free from material misstatement in respect of:

- > Telkom's adherence to the AA1000APS principles of inclusivity, materiality and responsiveness; and
- > The selected disclosures identified under assurance objectives above and as presented in the published Report and marked with a .

Key observations and recommendations

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

In relation to the inclusivity principle

During the financial year, Telkom formalised a stakeholder engagement framework and policy, including approval by exco and the social and ethics committee. The framework and policy set out the objectives, mechanisms and accountabilities for stakeholder engagement. The framework outlines the approach for responding to stakeholders and evaluating the effectiveness of responses to stakeholders. Stakeholder groups have been mapped out and general means of engagement identified pointing to a level of stakeholder inclusivity and the acknowledgement of stakeholders' interests in Telkom.

In relation to the materiality principle

Telkom has maintained due process in mapping and disclosing its material issues in a transparent and balanced manner. The annual materiality themes determination process was performed in the financial year 2018. Telkom's materiality determination process and material themes were approved by 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 key matters of concern to stakeholders and what Telkom's commitments related to them are.

Independent Assurance Report

to the Management and Stakeholders of Telkom SA SOC Limited

continued

In relation to the responsiveness principle

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. Evidence observed points to improved actions towards strengthening relationships with stakeholders, particularly with customers. 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 improved from the previous year with the formalisation of a sustainability data reporting guideline during the reporting period. Data inconsistencies that were identified during the audit were subsequently corrected.

It is recommended that Telkom continues to focus on expanding its reporting boundary towards including all operations in the group.

A comprehensive management report detailing specific finding and recommendations for continued Integrated Report improvement has been submitted to Telkom management for consideration.



Petrus Gildenhuys

Director
IBIS ESG Assurance (Pty) Ltd
Johannesburg, 05 July 2018



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.