

Telkom SA SOC Ltd

Independent Assurance Report

2023

“Telkom follows a combined assurance approach which integrates our internal audit function, Telkom Group Internal Audit (TGIA), other independent assurers and risk management activities across the Group.”



Independent Assurance Report

to the Directors of Telkom SA SOC Limited

Introduction

IBIS ESG Consulting Africa (Pty) Ltd (IBIS) was commissioned by Telkom SA SOC Limited (Telkom) to conduct an independent third-party assurance engagement in relation to the sustainability information in its Integrated Report (the Report) for the financial year that ended 31 March 2023.

Assurance standard applied

This assurance engagement was performed in accordance with AccountAbility's AA1000 Assurance Standard v3 (2020) (AA1000AS) and was conducted to meet the AA1000AS Type II Moderate level requirements.

IBIS independence and competence

IBIS is an independent licensed provider of sustainability assurance services. The assurance team was led by Petrus Gildenhuys with support from Ibrahim Akoon and Megan Nair. Petrus Gildenhuys is a Lead Certified Sustainability Assurance Practitioner (LCSAP) with more than 25 years' experience in sustainability performance measurement, involving both advisory and assurance work.

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

Respective responsibility of IBIS the Directors of Telkom

IBIS' responsibility is to the Directors of Telkom alone and in accordance with the terms of reference agreed with Telkom.

The Directors of Telkom are responsible for ensuring the integrity of Telkom's integrated report. They satisfy themselves that there is an adequate and effective control environment, which supports the integrity of information used in the integrated report and the preparation and presentation of sustainability information within the report. This responsibility includes the identification of stakeholders and stakeholder requirements, material issues and commitments with respect to sustainability performance, as well as for the design, implementation, and maintenance of internal controls relevant to the preparation of the report that is free from material misstatement, whether due to fraud or error.



Assurance objectives

The objective of the assurance engagement was to provide the Directors of Telkom with an independent Moderate level assurance opinion on whether the report meets the following objectives:

- Adherence to the AA1000AP (2018) AccountAbility Principles of Inclusivity, Materiality, Responsiveness, and Impact
- Fair reporting on a selection of subject matter criteria defined as operational Key Performance Indicators (KPIs) as related to select material issues in the report.

Subject matter

IBIS is required to provide a Moderate level assurance on the selected KPIs outlined in the table below. The selected information has been prepared in accordance with the criteria set out in the Telkom's Sustainability Reporting Guideline.

Safety



Material issues	KPI
Health, safety, and wellness	Total recordable Injury Frequency Rate (TRIFR)
	Lost Time Injury Frequency Rate (LTIFR)

Environmental



Material issues	KPI
Climate change impact on our operations	Total volume of water consumed
	Total Scope 1 and Scope 2 greenhouse gas (GHG) emissions

Social



Material issues	KPI
Social Aspects	Enterprise Supplier Development Spend (ESD-FutureMakers)
	Total value invested in Education (Telkom Foundation)
	Total value invested in Social Development (Telkom Foundation)
	Total Training Spend (Telkom Group)

Work performed by IBIS

IBIS performed the assurance engagement in accordance with the AA1000AS Type II requirements. The following suitable assessment criteria were used in undertaking the work:

- AccountAbility AA1000 Accountability Principles (2018) (AA1000AP) adherence criteria for the Principles of Inclusivity, Materiality, Responsiveness and Impact
- Telkom's Sustainability Reporting Guideline that specifies definitions and guidance for reporting sustainability information.
- Greenhouse Gas Protocol Revised Edition (WRI & WBCSD, 2004) (GHG Protocol).

Our assurance methodology included:

- Interviews with relevant data owners to understand and test the processes in place for adherence to the AA1000AP stakeholder engagement principles and disclosure of the selected KPIs in the assurance scope.
- Site visits performed at BCX offices, which involved testing, on a sample basis, the measurement, collection, aggregation and reporting of selected sustainability information. Other Telkom operations' data audited remotely include Gyro, Openserve and YEP.
- 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.
- 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 level of assurance in accordance with AA1000AS.

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.

The assurance work did not include an examination of the third-party derivation factors, assumptions or data used to quantify performance indicators, in the following instance:

- Independent third-party conversion factors are used to derive emissions and energy used from fuel and electricity consumed. The assurance work did not include an examination of the derivation of those independent factors.



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 reporting criteria and are free from material misstatement.

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

Telkom has a well-developed stakeholder engagement framework that clearly describes the objectives of its stakeholder engagement, the process followed, the governance structure, and roles and responsibilities.

In relation to the materiality principle

Telkom has a documented materiality determination process that involves Group executives. The process requires identification, evaluation and prioritization of material matters based on their ability to affect value creation. This process is communicated in the annual reporting suite of Telkom, together with the final outcomes and explanation of material issues.

In relation to the responsiveness principle

Telkom's Stakeholder Engagement Framework provides a range of approaches to solicit stakeholder inputs and respond to different stakeholders' concerns. It assigns responsibility to relevant roles and functions for overseeing and implementing responses to stakeholders' issues, to ensure that Telkom achieve its stakeholder engagement objectives.

In relation to the impact principle

Telkom's materiality determination process, together with its ESG strategy identify a range of impacts and SDGs to which Telkom contributes. Through its various policies and frameworks, Telkom's commitment to manage its identified impacts is made clear. Telkom's ESG strategy identifies roles and functions that are responsible for the management of impacts across the Group.

Telkom provides reporting on its SDG impact performance through its annual reporting suite.

It is recommended that Telkom continue to enhance reporting on the progress against the select SDGs as well as monitor and measure the social changes that result from Telkom's activities and the long-term impacts on its stakeholders and on Telkom's business itself.

In relation to the selected KPIs

It was found that systems and processes are in place to provide reliable source-data related to the selected disclosures assessed. However, the efficiency of reporting can be enhanced by the consistent application of internal controls, such as the effective management review of reported data.

Data inconsistencies identified during the assurance process were subsequently corrected and IBIS is satisfied with the accuracy of the final data in the assurance scope as presented.

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

Petrus Gildenhuys
Director, IBIS ESG Consulting Africa (Pty)
Johannesburg, 23 June 2023



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

open serve

BCX

swiftnet

Gyro