



Telkom Group SA SOC Ltd

Supplier Code of Conduct

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Table of Contents

1.	THE TELKOM GROUP COMMITMENT	4
2.	INTRODUCTION	4
3.	APPLICABILITY AND SCOPE	5
3.1	OWNERSHIP	5
3.2	COMMUNICATION, TRAINING AND AWARENESS	5
3.3	APPLICATION	5
3.4	MONITORING AND REPORTING	6
4.	DEFINITION, ABBREVIATIONS AND ACRONYMS	6
4.1	DEFINITIONS	6
5.	LAWS AND REGULATIONS	6
6.	RESPONSIBLE PERSONS AND DUTIES	7
6.1	RELATIONS WITH COMPETITORS	7
6.2	BIDDER / SUPPLIER COMMITMENT	7
6.3	DATA PROTECTION	7
6.4	SUB-CONTRACTORS	7
6.5	PREVENTION OF CORRUPT ACTIVITIES, CONFLICTS OF INTEREST, GIFTS AND OTHER COURTESIES	8
6.6	EMPLOYMENT RELATIONS	9
6.7	ENVIRONMENTAL MATTERS AND THE COMMUNITY	10
6.8	COMPLIANCE AND IMPLEMENTATION	11
7.	BRAND MATTERS	12
7.1	NAME USAGE	12
7.2	BRAND DAMAGE	12
8.	DUTY TO REPORT	12
9.	AUDIT	13
10.	VARIATION	13
11.	CONCLUSION	13
12.	BIDDER/SUPPLIER DECLARATION	13

1. THE TELKOM GROUP COMMITMENT

Telkom commits to take all measures necessary to prevent dishonesty, fraud and corrupt activities and to live by the following principles:

- a) Telkom hereby undertakes that no Telkom employee connected directly or indirectly with the sourcing and ensuing a contract will demand or take a promise to accept directly or through intermediaries any bribe, consideration, gift, reward, favour or any material or immaterial benefit from the Bidder / Supplier during the bidding process, bid evaluation, contracting or implementation process related to any contract.
- b) Telkom shall during the bidding process treat all Bidders / Suppliers with fairness, transparency and integrity.
- c) Telkom commits to ensuring that its employees will not favour any prospective Bidder / Supplier in any form that could unduly advantage a Bidder / Supplier.
- d) Telkom shall exclude any of its employees who have a personal interest in the Bidders / Suppliers participating in any bidding process.

2. INTRODUCTION

- a) This Code is applicable to all Telkom Group Suppliers, Service Providers, Contractors and Consultants (hereinafter referred to as "Supplier" or "Suppliers") and their employees (be they temporary, permanent or on contract) and Sub-contractors. Telkom Group requires all Suppliers to conduct their business dealings with Telkom Group on an ethical basis and in compliance with this Code and applicable legislation.
- b) All suppliers must read this Code and certify in the Telkom declaration form that they have acquainted themselves and agree with the content. The contract with Bidders / Suppliers shall automatically incorporate the signed declaration as part of the final contract.
- c) Telkom values full compliance with the relevant laws and regulations, ethical standards and the principles of economical use of resources, fairness and transparency in its relationships with its Suppliers.
- d) The Supplier declaration shall also form part of the application process to be registered as a vendor on the Telkom supplier database.
- e) Telkom Group recognises that local laws may in some instances be less restrictive than the provisions of this Code. In such instances Suppliers are expected to comply with this Code. If local laws are more restrictive than this Code, then Suppliers are expected to comply with applicable local laws.
- f) This Code sets out the standards to be achieved by our Suppliers. The principle of continuous improvement applies to all aspects of this Code and Telkom Group will work collaboratively with our Suppliers on the implementation and compliance of this Code.
- g) Telkom Group will publicly report on the implementation of, and compliance with this Code.
- h) As one of the largest corporate buyers of goods and services Telkom Group deals with thousands of Suppliers and spends billions of Rand a year on all commodities. The way that Telkom Group selects and works with Suppliers is extremely important to our business and

reputation as a Company that values honesty and integrity. Under no circumstances should the Company be seen as favouring any Supplier or of being subjective in our purchasing decisions. We require from our Suppliers to maintain the highest standards of honesty and integrity.

- i) Practising sound corporate governance principles means ensuring that, the focus is on maintaining and/or improving Telkom Group's efficiency, reducing and minimising costs, and improving the quality of products and services. Meeting the highest standards of integrity means following to the letter and the spirit of the policies and processes in place to regulate Telkom Group's relationships with Suppliers.
- j) It is standard practice at Telkom Group to take disciplinary action or corrective measures against employees and its Suppliers who fail to follow these standards, policies and processes, or who disregard Company rules.

3. APPLICABILITY AND SCOPE

3.1 OWNERSHIP

Group Procurement in consultation with the Company Secretariat Ethics Office will be responsible for the management and enforcement of this Code with Suppliers to ensure that internal and external ethics performance is aligned to the same ethical standards. Ethics assurance shall be provided by the Telkom Audit Services (TAS) office.

3.2 COMMUNICATION, TRAINING AND AWARENESS

Group Procurement will communicate and promote the Supplier Code of Conduct internally and externally to relevant stakeholders. Suppliers are encouraged to take all reasonable endeavours to promote this Code to their employees, Suppliers and Sub-contractors. In addition, Group Procurement and Suppliers will ensure that all relevant and affected people are provided with appropriate training and guidance to support the Code.

3.3 APPLICATION

- 3.3.1. Suppliers are required to comply with this Code, all relevant laws, regulations and standards in all the countries in which they operate.
- 3.3.2 The purpose of this Code is to ensure business is conducted in an ethical and responsible manner.
- 3.3.3 Group Procurement will work collaboratively with Telkom Group Suppliers in the implementation of this Code, which may include audits and site visits to assess performance against this Code.
- 3.3.4 Suppliers will be asked to provide Telkom Group with reasonable access to all relevant information and premises for the purposes of assessing performance against this Code and local laws.

- 3.3.5 Any violations of this Code which result in fraudulent, corrupt or an illegal activity on the part of the Suppliers against a 3rd party may result in the termination of their contracts with Telkom Group, as well as suspension from the Telkom Group data base and if material/serious breaches persist, the termination of all other business relationship with the supplier concerned.

3.4 MONITORING AND REPORTING

- 3.5.1 Telkom Group and its Suppliers will use their reasonable endeavours to provide employees and other stakeholders with a confidential means to report any actual or potential breach of this Code.
- 3.5.2 For purposes of reporting the Telkom Group Crime Hotline number namely 0800 124 000 should be utilized, or the matter can be reported to Telkom Group's Ethics Office at ethics@telkom.co.za. This is in addition to any reporting structure in place at Suppliers.
- 3.5.3 Group Procurement Division will monitor the implementation of this Code.

4. DEFINITION, ABBREVIATIONS AND ACRONYMS

4.1 DEFINITIONS

Definition	
Code	means this Supplier Code of Conduct
Company	means Telkom SA SOC Limited including all its subsidiaries
Supplier	means a supplier of goods and/or services to Telkom Group which includes consultants, suppliers, service providers, sub-contractors, vendors, etc.
Sub-contractor	The second-tier suppliers who are contracted by suppliers to render services to Telkom Group on behalf of such suppliers
Telkom	means Telkom SA SOC Ltd, a listed company duly incorporated under the laws of South Africa listed on the JSE with registration number 1991/005476/30, with registered address at The Hub, Telkom Park, 61 Oak Avenue, Centurion, 0046, South Africa,
Telkom Group	means Telkom and its subsidiaries

5. LAWS AND REGULATIONS

All Suppliers and their employees, representatives, and Sub-contractors shall comply with all applicable legislation, codes and regulations.

6. RESPONSIBLE PERSONS AND DUTIES

Suppliers should comply with the following:

6.1 RELATIONS WITH COMPETITORS

Suppliers will be required to comply with the Consumer Protection Act 68 of 2008 and the Competition Act 89 of 1998 and will not engage in any anticompetitive and/or restrictive trade practices. Suppliers will at all times act in a manner that will uphold and encourage healthy competition.

6.2 BIDDER / SUPPLIER COMMITMENT

Bidders / Suppliers commits itself to take all measures necessary to prevent corrupt activities, unfair means and unethical means during any stage of the its bid or during any ensuing contract stage in order to secure the contract of in furtherance to secure it.

6.2.1 Suppliers will interact with Telkom personnel in a professional manner and ensure to engage Telkom personnel through appropriate channels.

6.2.2 No supplier will be permitted in the office space of Telkom without the accompanying Telkom personnel

6.2.3 Suppliers are required to strictly adhere to the applicable escalation processes.

6.3 DATA PROTECTION

6.3.1 Data use and Data protection requirements are critical to Telkom Group and therefore Suppliers and their Sub-contractors must comply with the provisions of the Protection of Personal Information Act, 4 of 2013.

6.3.2 Suppliers shall protect Telkom Group's confidential information, sensitive information, employees and customer's personal information and have controls in place to protect the information from misuse.

6.4 SUB-CONTRACTORS

6.4.1 Suppliers shall ensure that all their Sub-contractors are aware and sign this Code and must duly comply with it. Telkom Group reserves the right to instruct the Suppliers to terminate the services of their Sub-contracts on basis of non-compliance to this Code.

6.4.2 Sub-contractors shall adhere to the applicable Supplier escalation processes in its engagement with Telkom.

6.5 PREVENTION OF CORRUPT ACTIVITIES, CONFLICTS OF INTEREST, GIFTS AND OTHER COURTESIES

6.5.1 Prevention of Corrupt Activities

6.5.1.1 Telkom Group promotes an organizational culture that is committed to the highest level of honesty and ethical dealings and will not tolerate any fraud, theft or corrupt activities.

6.5.1.2 Telkom Group as a good corporate citizen is committed to comply with the Prevention and Combatting of Corrupt Activities Act 12 of 2004 (PCAA). It is therefore important to Telkom Group that Suppliers and/ or any 3rd parties appointed by the Supplier, align their business practices and comply with this Act.

6.5.1.3 Suppliers shall not make or offer bribes or payments in the form of money or value to any Telkom Group employee or any other person for the purpose of obtaining or retaining business with Telkom Group.

6.5.2 Gifts and other business courtesies

6.5.2.1 Telkom has a zero tolerance on gifts for all Telkom Group Procurement and its Subsidiaries Procurement Employees excluding BCX Resale Business (based on the nature of their business) therefore Suppliers and their Sub contractors shall not offer any gifts, courtesies and preferential treatment to Procurement employees.

6.5.2.2 Suppliers should not offer any gifts exceeding R1 000 in retail value, and hospitality packages exceeding R5 000.00, preferential treatment or favour to any particular Telkom Group employee. A general guideline for evaluating whether a business courtesy is appropriate is whether public disclosure would be embarrassing to the Supplier and/or Telkom Group.

6.5.2.3 Bidders / Suppliers shall not offer a gift or hospitality packages to the same Telkom employee more than once within a 12-month period irrespective of the value.

6.5.2.4 Telkom Group employees should at all times adhere to Telkom Group's Gift and Entertainment Policy when receiving gifts from Suppliers. Telkom Group employees may not solicit gifts from Suppliers.

6.5.2.5 The Telkom Business Code of Ethics is available on the Company website, which code of conduct rejects the use of bribes and any other dishonest or unethical behaviour. Bidders / Suppliers will not instigate third parties to commit offences outlined above or be an accessory to such offences.

6.5.3 Conflicts of Interest

No Supplier shall enter into a financial or any other relationship with an Employee that creates a conflict of interest for Telkom Group. A conflict of interest arises when the personal interests of the Telkom Group employee could be seen to have the potential to interfere with their objectivity in performing their duties or exercising their judgment on behalf of Telkom Group.

6.5.4 Declarations of Interest

All Suppliers shall declare any interest between itself and the Telkom Group, irrespective if such declaration implies or is deemed to be a conflict.

6.6 EMPLOYMENT RELATIONS

The Supplier will comply with all local laws as well as international laws where applicable, relating to labour, employee health and safety and wages, specifically including the Labour Relations Act 66 of 1995.

6.6.1 Child Labour

Suppliers and their Sub-contractors will not employ children, a child being any person below the age of 16 years.

6.6.2 Forced Labour, Disciplinary Practices and Elimination of Discrimination Suppliers will:

6.6.2.1 Not use forced labour nor require any worker whether local or foreign to remain in employment for any period of time against his or her will.

6.6.2.2 Treat workers with respect and dignity and ensure workers are not subjected to any form of physical, sexual, psychological or other form of harassment or abuse.

6.6.2.3 Ensure that a formal process is in place whereby workers are free to express their views about their workplace conditions without fear of retribution or losing their jobs.

6.6.2.4 Not negatively discriminate against any employee. Examples of discrimination include but are not limited to discrimination based on race, tribe, colour, sex, marital status, pregnancy (except where required by applicable laws or regulations or prudent for workplace safety) and any other characteristic protected by local law, as applicable.

6.6.3. Diversity

6.6.3.1 Suppliers shall treat all their employees in accordance with all employee and labour related legislations.

6.6.3.2 Suppliers shall ensure that their working environment is inclusive and supportive for their employees and its Sub-contractors.

6.6.4 Freedom of Association

Suppliers will allow and respect their employees' right to form or join trade unions of their own choosing and to bargain collectively, within the provisions of the Labour Relations Act 66 of 1995.

6.6.5 Wages and benefits

6.6.5.1 Suppliers will meet minimum wage requirements and will ensure that all statutory deductions as required under any local laws from time to time are complied with.

6.6.5.2 Suppliers will ensure that working hours as provided for in any employment legislations or regulations in force from time to time, or in any collective bargaining agreement entered into with the employee's trade union are observed.

6.6.6 Health and Safety

6.6.6.1 Suppliers shall comply with all applicable statutory health and safety legislation such as: Acts, Regulations, Notices and South African National Standards in the absence of the said Acts, Regulations and Notices. In addition, Suppliers shall comply with all local health and safety laws and regulations where and when applicable in the execution of any Telkom Group related activities, be it goods or services.

6.6.6.2 Compliance to the Compensation Occupational Injuries and Diseases Act (COID) requirement, shall be the continued submission of a VALID Letter of Good Standing from the Compensation Commissioner as stipulated in Section IX of the COID Act as long as the contract or agreement is in place.

6.6.6.3 Compliance to Telkom Group's Health and Safety requirements shall be the signing of the "Agreement on Occupational Health and Safety in terms of Section 37(2) of the Occupational Health and Safety Act 85 of 1993 as amended".
Compliance to the "Agreement on Occupational Health and Safety in terms of Section 37(2) of the Occupational Health and Safety Act 85 of 1993 as amended and Compliance to Telkom Group's Compensation Occupational Injuries and Diseases Act (COID) requirement shall be the submission of a VALID Letter of Good Standing from the Workmen's Compensation Commissioner as stipulated in Section IX of the COID Act is mandatory.

6.6.6.4 The Supplier should have a health and safety policy.

6.6.6.5 Telkom Group shall be entitled to terminate any Suppliers agreement on the basis of non-compliance to any Health and Safety related legislation.

6.7 ENVIRONMENTAL MATTERS AND THE COMMUNITY

- a) Suppliers shall comply with all local environmental legislation such as: Acts, Regulations, Notices and South African National Standards in the absence of the said Acts, Regulations and Notices. In addition, Suppliers shall comply with all local environmental laws and regulations where and when applicable in the execution of any Telkom Group related activities, be it goods or services.
- b) Telkom Group requires of its Suppliers to play an important role in improving and promoting a clean environment by expedient use of environmentally friendly raw materials during product manufacture or service provisioning. The reduction of its carbon footprint and auditable waste management by Suppliers should be in line with acceptable standards. The Supplier shall have an Environmental Policy.
- c) Telkom Group requires its Suppliers to maintain a strong commitment to responsible environmental management, waste minimisation, reduction of climate change impacts and sustainable water, refrigerant gases and energy management.

- d) Telkom Group requires its Suppliers to be environmentally responsible and ethical in the manufacturing of goods, including the components used in the manufacturing of goods.
- e) Suppliers shall engage with communities and invest in society in a way that makes effective use of resources including the support for charitable organisations.

6.8 COMPLIANCE AND IMPLEMENTATION

6.8.1 Licences and Returns

The Supplier will be required to obtain and renew, in accordance with any law or regulations all permits, licences and authorisations required for it to carry out its business.

6.8.2 Taxation, Financial Integrity and Retention of Records

6.8.2.1 Suppliers will comply with all local tax laws.

6.8.2.2 Suppliers will be required to maintain accurate and reliable financial and business records and shall not have any false or inaccurate accounting books or records related to Telkom Group for any reason. Suppliers shall maintain all business records at the minimum in compliance with the provisions outlined by the South African Revenue Tax Authority (SARS) or local revenue authorities from time to time.

6.8.2.3 When any government investigation or audit is pending or ongoing then Suppliers will not destroy any relevant records until the matter has been investigated and closed.

6.8.2.4 Suppliers are required to ensure a secure and accessible manner for the storage of all records in accordance with the retention periods of applicable legislation.

6.8.3 Risk Management

6.8.3.1 Suppliers shall document and implement controls to identify, determine and manage risks in all areas addressed in this Supplier Code of Conduct.

6.8.3.2 Telkom Group has a right to conduct onsite audits to verify and test Suppliers compliance controls. In this regard Telkom Group shall be entitled to request records of relevant compliance documentation and any supporting documentation.

6.8.3.3 Telkom Group reserves the right to conduct, or appoint a third party to conduct risk assessment processes as it considers appropriate in relation to any supplier (including in relation to the members, indirect members, affiliates, directors, senior management and business associates of the respondent), at any stage prior or during the contract life cycle, i.e. the bid evaluation and award process.

6.8.4 Broad – Based Black Economic Empowerment (B-BBEE)

6.8.4.1 Telkom including all related subsidiary Legal Entities herewith commit and pledged support for Broad- Based Black Economic Empowerment (B- BBEE) as envisaged by the B-BBEE Act and B-BBEE Codes of Good Practice. Telkom believe that B-BBEE is an integral driver of economic and social transformation in South Africa and therefore an integral component of our business. Telkom is committed to align our business in the workplace and in society,

within the national transformation agenda. Telkom constantly strives to maintain our momentum in terms of implementing our B-BBEE across all five (5) pillars of the B-BBEE Codes of Good Practise published by the Department of Trade and Industry. Telkom endeavours to make a significant contribution towards the achievement of the objectives of our Government's B-BBEE policies and the transformation of the Information and Communications Technology (ICT) sector. One of our strategic goals is to become one of South Africa's leading empowered ICT companies.

6.8.4.2 It is to this end that Telkom Group including all related subsidiary Legal Entities urges all its suppliers to align their businesses to meet the requirements of the Broad Based Black Economic Empowerment Codes of Good Conduct and ensure that they are in possession of a valid BBBEE certificate and that the rating does not fall below a Level 4 rating.

7. BRAND MATTERS

7.1 NAME USAGE

The Telkom Group Intellectual Property including name and brand shall not be used by a Supplier and/ or it's Sub-Contractors for any other matter whatsoever except for the provision of the goods or services contracted. Therefore, any use of the Telkom Group Intellectual Property Rights (including name, brand, and any depiction of the logo) must be in accordance with the terms and conditions of contract signed by Telkom Group and supplier.

7.2 BRAND DAMAGE

Suppliers should with their best endeavours always act in such a manner that they not directly/indirectly damage Telkom Group's brand through the execution of their contract and/or engagement.

8. DUTY TO REPORT

- a) Telkom Group as a responsible corporate citizen, has a zero-tolerance policy towards corruption, fraud, crime and misconduct. It is therefore the duty of every Supplier its employees, representatives, Sub-Contractors and third parties with whom Telkom Group conducts business to disclose information relating to fraudulent conduct, unethical behaviour, crime and misconduct.
- b) Matters can be reported to the Telkom Group Crime Hotline at 0800 124 000 or by contacting Telkom Group's Ethics Office at ethics@telkom.co.za.

9. AUDIT

Telkom may at its discretion and cost audit the Supplier's compliance with this Code and/or any subsequent signed agreement with Telkom, including audits of the Supplier's premises and systems. Such audit shall be carried out with reasonable prior notice to the Supplier and in a reasonable way so as to cause as little disruption as is reasonably possible to the business operations of the Supplier or to the delivery of any products and/or rendering of any services to Telkom.

10. VARIATION

Telkom Group reserves the right to vary this Code at any time. Any variations to the Code will be communicated to all interested parties.

11. CONCLUSION

This Code constitutes the entire understanding between the parties and supersedes any prior written or oral agreement or understanding with respect to the subject matter hereof.

12. BIDDER/SUPPLIER DECLARATION

By accepting this commitment form, I confirm that I **acquainted myself and agree with the content.**

Furthermore, should I become aware of any violation of the Code, I undertake to report it, by making use of the channels that Telkom has created for this purpose.

I confirm that I have:

- (1) Read the Telkom Supplier Code of Conduct;
- (2) Understand the Telkom Supplier Code of Conduct; and
- (3) Will comply with the Telkom Supplier Code of Conduct.

Signed on this _____ day of _____ 2019 at _____

Herein represented by _____ (full name and surname) in his / her

capacity as _____ (designation) and duly authorised by _____.

Signature:
