



BCX Ethics Management Framework

Policy Owner: Chief Risk & Compliance Officer	Policy Number: BCGP-7-191 Revision Number: 1.0	Date: 2018/06/14
--	---	------------------

INTRODUCTION

In terms of King IV, it is important for an organisation to establish an Ethical culture, which culture is aimed at prescribing the manner in which decisions are taken within BCX as well as setting standards in respect of conduct of Employees.

The Board is committed to doing business ethically in that all deliberations, decisions and actions are in accordance with the four values underpinning good governance, namely responsibility, accountability, fairness and transparency. As such, the Board has committed BCX to a process of Ethics management that is aligned to the principles of King IV.

The following principals pertaining to Ethics are specifically articulated in King IV:



Table of Contents

INTRODUCTION.....	1
DEFINITIONS, ABBREVIATIONS AND ACRONYMS	3
1. PURPOSE.....	4
2. APPLICABILITY	4
3. BCX STAKEHOLDERS	4
4. ETHICS AND BCX.....	5
5. ETHICAL TONE AT THE TOP	5
6. GOVERNANCE STRUCTURES	5
7. PHASES OF THE ETHICS MANAGEMENT PROCESS	6
8. TRAINING	8
9. FRAMEWORK REVIEW	8
10. REVISION HISTORY	9

DEFINITIONS, ABBREVIATIONS AND ACRONYMS

TERM	DEFINITION OF TERM
BCX	BCX Group Limited
Bad Faith	Intentional or malicious deceit
Board	The Board of Directors of BCX
Code of Conduct	The BCX Code of Conduct
Code of Ethics	The BCX Code of Ethics
Conflict of Interest Policy	The BCX Conflict of Interest Policy
Contractors	Fixed term contractors, suppliers or consultants of BCX
Employee	An employee of BCX
Enterprise Risk Management Framework	The framework as developed by Telkom, and adopted by BCX, that sets out the methods and processes used by BCX to manage risks and seize opportunities related to the achievement of BCX objectives
Ethics Committee	Remuneration, Social & Ethics Committee
Ethics Champion	The individuals identified as an Ethics Champion within the respective BCX business units who are to perform the duties of an Ethics Champion as set out in this Framework
Ethics Office	The office of the Chief Risk & Compliance Officer which office is to perform the duties of the Ethics Office as set out in this Framework. The Ethics Office serves as the organization's internal control point for ethics and improprieties, allegations, complaints, and conflicts of interest and provides corporate leadership and advice on Ethical issues.
Framework	The policy framework as set out in this document
Gift Policy	The BCX Gift, Gratification & Invitation Policy
Good Faith	A sincere belief or motive without any malice or the desire to defraud others
Internal Audit	The BCX Internal Audit function within Telkom
King IV	King IV Report on Corporate Governance for South Africa 2016

TERM	DEFINITION OF TERM
Reporting Channel	The Tip Offs Anonymous Hotline utilized for reporting perceived unethical conduct which hotline has the following details: 0800 003 316
Stakeholders	Those groups or individuals that can reasonably be expected to be significantly affected by the business activities, outputs and/or outcomes of BCX, or whose actions can reasonably be expected to significantly affect the ability of BCX to create value over time
Telkom	Telkom SOC Limited, the sole shareholder of BCX
Whistleblowing Policy	BCX Whistleblowing Policy
Zero Tolerance	Uncompromising application of this Framework.

1. PURPOSE

The objective of this Framework is to set the parameters of ethics management within BCX. Ethics management relates to the establishment and integration of an Ethical culture within BCX by:

- Fostering a culture that leads with integrity – grounded in ownership, empowerment, good judgment and personal accountability.
- Assisting management in establishing, observing, and enforcing adequate standards of conduct both internally and with our stakeholders.

2. APPLICABILITY

This Framework applies to all governance structures, departments, BCX subsidiaries, BCX business units, Employees and Contractors.

3. BCX STAKEHOLDERS

Stakeholder perceptions affect BCX's reputation and performance. An ethical culture, and the perception of an ethical culture is of the utmost importance in the engagement with both internal and external Stakeholders. Internal Stakeholders are those Stakeholders that are directly affiliated with BCX and may include the following:

- Board;
- BCX management;
- Employees; and
- Shareholders.

External stakeholders are those Stakeholders that are outside of BCX who may be affected by the activities of BCX. These Stakeholders may include the following:

- Government;
- Creditors / Suppliers;
- Customers; and/or
- Civil society organisations.

4. ETHICS AND BCX

King IV describes ethics as considering what is right for the self and other and can be expressed in terms of the golden rule, namely, to treat others as you would like to be treated yourself.

In the context of organisations, ethics refers to Ethical values applied to decision-making, conduct and the relationship between the organisation, its stakeholders and the broader society.

The BCX values are contained in the Code of Ethics, and represent the commitment of BCX to harness an ethical culture within BCX.

5. ETHICAL TONE AT THE TOP

The Board is required, not only to lead ethically, but to govern in a manner that establishes an Ethical culture. Whilst day to day activities pertaining to Ethics are delegated to management, the Board remains responsible and accountable for the ethical culture within BCX.

6. GOVERNANCE STRUCTURES

The governance structures tasked with duties/approvals in terms of Ethics are as follows:

	Responsibility
Board	<ul style="list-style-type: none"> Ensuring that Ethical values that should guide BCX are identified and adequately articulated Approve the Ethics Framework, Ethics Codes/Policies Delegating responsibility for the governance of Ethics to Exco and the Ethics Committee
Exco	<ul style="list-style-type: none"> Ensuring that BCX Ethical values are communicated to all stakeholders Providing in-principle approval of Ethics Codes/Standards subject to final approval being obtained by the Board Consideration of quarterly Ethics reports Implementation and execution of Ethics Codes/Standards
Remuneration, Social and Ethics Committee	<ul style="list-style-type: none"> Articulating Ethical standards in a code of ethics and code of conduct and supporting policies for approval by Exco and the Board Setting structures, systems and processes in place to ensure that the Board, employees and supply chains are familiar with and adhere to the company's Ethical standards Embedding ethics in BCX Group's culture (including training & awareness); Reviewing the effectiveness of arrangements by which stakeholders of the Company may raise concerns about perceived unethical conduct Considering the major findings of internal investigations and management responses Ensuring that adherence to ethics standards is measured by incorporating ethics risks and opportunities in the risk management process Consideration of quarterly Ethics reports as per workplan
Ethics Office	<ul style="list-style-type: none"> Managing this Framework Issuing guidance from time to time to assist the implementation of the ethics strategy Undertaking Ethical investigations in line with this Framework Encouraging compliance with the spirit and letter of the Code of Ethics and Code of Conduct Conducting meetings with Ethics Champions to discuss Ethical issues Acting as a liaison between business units and Ethics Champions.

Employees/ Contractors/ Suppliers	<ul style="list-style-type: none"> • Complying with the provisions as contained in this Framework • Ensuring day to day activities are aligned to the Ethics Standards/Policies • Reporting any perceived unethical conduct
---	--

7. PHASES OF THE ETHICS MANAGEMENT PROCESS

The diagram below provides a summarised version of the governance framework for Ethics, which is in line with King IV:



Each of these elements are discussed in more detail below.

7.1 Ethics Risk Assessment

The Ethics Office shall be responsible for obtaining approval for the BCX Ethics Risk & Opportunity Profile. The BCX Ethics Risk & Opportunity Profile shall assist in:

- Identifying the organisation's key ethics risks and opportunities.
- Reflecting on the organisation's business culture and behaviour.
- Engaging with the relevant stakeholders.
- Identifying gaps between the actual state of Ethics in BCX and the desired state.

The development of the BCX Ethics Risk & Opportunity Profile may include undertaking the following activities:

- Analysing trends in business Ethics from a global perspective.
- Monitoring trends in requests for advice on Ethics matters.
- Focus group discussions with Employees and other key stakeholders.
- Feedback from the Ethics Committee.
- Results of Ethics-related control testing and risk evaluation by internal audit.
- Procuring and managing independent surveys testing employee perceptions of Ethics-related matters.

The BCX Ethics Risk & Opportunity Profile shall be reviewed by the Ethics Office as regularly as is needed, but at a minimum, once every quarter. The assessment and mitigation of Ethical risks shall be undertaken in accordance with the BCX Enterprise Risk Management Framework.

BCX has a Zero Tolerance towards identified Ethical risks. Upon identification of an Ethical risk, the necessary action shall be required to be undertaken to effectively mitigate identified risk.

The first and best option to consider is whether a risk exposure can be terminated. Action is taken to avoid the activities giving rise to the risk. This option is chosen when the cost of managing the risk is higher than eliminating the risk. Management is to consider various control types as options to better manage the Ethics risks exposures to an acceptable level of residual risk in line with the Enterprise Risk Management Framework.

7.2 Ethics Management Strategy

An Ethics Management Strategy shall be developed in order to identify targeted focus areas for the achievement of the BCX ethical goals in the short, medium and long term.

7.3 Ethics Policies/Procedures/Codes

The Code of Ethics (annexed hereto as **Annexure A**) sets out the BCX Ethical principles, based on the core values of BCX. BCX has a policy of Zero Tolerance towards unethical conduct, irrespective of whether the consequences for BCX resulting from such conduct are substantial or inconsequential. The overarching objective is to protect the BCX brand and reputation and ensure that BCX values and Code of Ethics are lived out by all stakeholders.

Managers may not simply ignore clear violations of the Framework in their areas of responsibility, and should take such formal corrective/disciplinary action as may be appropriate in view of the seriousness of the violation. Failure to take such action is in itself unethical. The Code of Ethics should be applied by reading and interpreting it as a whole.

Should there be uncertainty regarding the Ethical status of a decision, Employees are required to refer the relevant matter to the relevant Ethics Champion and/or the Ethics Office.

The Code of Ethics is only one element of the BCX Ethics Landscape. The BCX ethics landscape consists of the following:

- Code of Ethics;
- Code of Conduct (annexed hereto as **Annexure B**);
- Gifts, Gratifications and Invitations Declaration Policy (annexed hereto as **Annexure C**);
- Conflict of Interest Policy;
- Whistleblowing Policy; and
- Fraud & Corruption Prevention Policy.

Employees shall be required to annually declare compliance with the Ethics Landscape – such declaration shall be in the form developed by the Ethics Office from time to time.

7.4 Institutionalisation of Ethics

The Ethics Office shall integrate Ethical standards and values of BCX within the organisation by way of:

- Awareness initiatives;
- Regular Ethics training, tailored to different business units and/or staff levels;
- Providing confidential advice and guidance to staff on Ethical issues;

- Administration of the Ethics Hotline;
- Monitoring the effective management of Ethical risks;
- Attending to the relevant remedial action following the identification of unethical conduct; and
- Reporting in respect of organisational Ethics.

7.5 Incident Reporting & Investigation

Unethical conduct can be reported to the BCX Ethics Hotline. Investigation of perceived unethical conduct shall take place in accordance with the provisions as contained in the Whistleblowing Policy.

7.6 Monitoring & reporting

Monitoring of compliance with the Framework is performed on an on-going basis through the relevant governance structures as set out in this Framework and further through the relevant risk management processes. The following methods shall be utilised to monitor Ethical performance:

- Ethical considerations built into Board and committee evaluation assessments.
- Transaction reviews (for example review of proposals submitted to clients, client contracts, procurement of goods and/or services).
- Surveys undertaken by Employees in order to ascertain whether it is perceived that an Ethical culture is successfully being institutionalised within BCX.
- Periodic review of Ethics Codes/Policies.
- Independent assessments of the Ethical culture within BCX

The Ethics office will report on Ethics performance as follows:

- Internal reporting on Ethics risks, Ethics initiatives, cases of misconduct, requests for advice, progress on Ethics training, and compliance with the Framework.
- Internal reporting to the Ethics Committee, and ultimately to the Board, who is responsible for ensuring that Ethics is managed within BCX.
- Ethics audits, conducted by Internal Audit, with the assistance of the Ethics Office.

Employee's Ethical performance will be evaluated in annual performance discussions.

8. TRAINING

The Ethics office shall:

- Ensure Ethics awareness initiatives and training are implemented, with the support of management, to ensure that Ethics permeates at all levels of BCX.
- Establish channels for the communication of Ethical imperatives through BCX.

9. FRAMEWORK REVIEW

This Framework shall be reviewed as and when required (at a minimum annually) to comply with changes in applicable legislation or BCX administrative rules, and or to enhance its effectiveness. Furthermore, *ad-hoc* changes and improvements will be made as and when they are identified.

10. REVISION HISTORY

Policy Number	Policy Title	Creation Date	Revision Number	Author
BCGP-7-191	Ethics Management Framework	21 May 2018	1.0	Chief Risk and Compliance Officer