



# Policy

## Compliance Management Policy

### 2.0

Policy Owner:Head of Risk and Compliance	Policy Number: BCGP-7-203 Revision Number:2.0	Date: 2020/01/15
--	--	------------------

# Compliance Management Policy BCGP-7-203

---

## TABLE OF CONTENTS

1	PURPOSE AND OBJECTIVES .....	5
2	APPLICABILITY AND SCOPE .....	5
3	CONTEXTUAL BACKGROUND .....	6
4	POLICY .....	6
5	REQUIRED RESPONSIBILITIES AND DUTIES .....	6
5.1	Board of Directors .....	6
5.2	Group Risk Committee .....	7
5.3	Group Risk Committee .....	7
5.4	BCX Chief Executive Officer.....	7
5.5	Executive Committee .....	7
5.6	Integrated Governance, Risk and Compliance Forum.....	7
5.7	Enterprise Risk Management Forum .....	7
5.8	Managing Executives and Executives.....	8
5.9	Senior Management and all other Employees .....	8
5.10	BCX Risk and Compliance Unit.....	8
5.11	Business Unit Assurance Forum .....	9
5.12	Telkom Audit Services .....	9
5.13	General Management responsibilities .....	9
6	POLICY ENFORCEMENT AND VIOLATION .....	10
7	LAWS AND REGULATIONS .....	10
8	DEFINITIONS, ABBREVIATIONS AND ACRONYMS.....	10
9	EXCEPTIONS .....	10
10	APPENDIX A .....	11
10.1	Definitions .....	11
10.2	Abbreviations .....	12
10.3	Reference Documents .....	12
10.4	Laws and Regulations .....	13
11	APPENDIX B .....	14

# Compliance Management Policy BCGP-7-203

## Document Control Information

Document review and approvals		
Compiled by:	Risk and Compliance	2019/11/21
	Senior Specialist, Regulatory Compliance	
Reviewed by:	Head of Risk and Compliance	2019/11/21
Approved by:	BCX EXCO	2019/12/03

Legal and Regulatory Service for Laws and Regulations impacting this policy		
Reviewed by:	Legal Services	YYYY/MM/DD
Reviewed by:	Regulatory	YYYY/MM/DD
Review by:	Quality Assurance	YYYY/MM/DD

Quality Control (Central area)					
Effective Date	This policy comes into effect from	2019/12/03			
Type:	Group wide	Yes	√	No	
	Divisional Specific - (Name of Division)	Yes	√	No	
Risk Level	Policy Review				
Level 1	Every 3rd year <b>or</b> if there are any significant changes	Yes	√	No	
Level 2	Every 3rd year <b>or</b> if there are any significant changes	Yes	√	No	
Level 3	Every 3 <sup>rd</sup> year and no later than 5 years <b>or</b> if there are any significant changes	Yes	√	No	
Level 4	On an ad hoc basis	Yes	√	No	
Saved by:	State the functional area	N/A			
	Job Number				

# Compliance Management Policy BCGP-7-203

---

Version Control – Summary of Changes			
Version Number	Paragraph	Description (changes since last version)	Date
1.0	All	Compliance Policy	2018/09/05
2.0	All	BCX adopted and aligned with Telkom Group Policy. Telkom Template applied.	2019/12/03

# Compliance Management Policy BCGP-7-203

---

## 1 PURPOSE AND OBJECTIVES

This document sets out the policy on the management of compliance at all levels of BCX (hereinafter referred to as BCX).

BCX recognises that compliance with the King Code (IV) Report on Corporate Governance for South Africa, 2016 and the Companies Act No. 71 of 2008:

Assists in protecting its directors, employees, customers and other external stakeholders.

Enhances its reputation.

Contributes to good corporate governance.

Represents good business practice and corporate citizenship.

Therefore, BCX will continue to implement measures to prevent or minimise its risk of contravening any applicable legislation, regulations, codes, standards, rules and licences within which BCX operates (hereinafter referred to as the BCX Regulatory Universe).

This policy is a formal Board and Management acknowledgement of the commitment of BCX to overall philosophy, principle, requirement and responsibilities for a sound approach to compliance management and continuous internal control assurance required within the organisation supported by a robust Corporate Compliance Framework.

The aim of this policy is to incorporate a consistent approach to compliance management into the culture and strategic planning processes of BCX that supports decision-making and resource allocation at both strategic and operational levels. The aim is furthermore to enhance outcomes and accountability with respect to the activities that are undertaken by business and to outline the roles and responsibilities for managing compliance and ensuring that compliance management processes are in place and applied consistently across BCX.

## 2 APPLICABILITY AND SCOPE

The Compliance Management Policy applies to all employees of the BCX and is aimed at establishing the principles of and commitment to the management of compliance risks by BCX as an organisation and thus establishing and reinforcing a Compliance culture within the BCX. The Compliance Management Policy is a key component of the Compliance Management Framework and Manual, which is part of the Enterprise Risk Management Process.

All the compliance efforts initiated throughout BCX must be aligned with the Compliance Management Framework and Manual and based on the same methodology.

# Compliance Management Policy BCGP-7-203

---

## 3 CONTEXTUAL BACKGROUND

BCX has established an independent Compliance function that identifies, assesses, advises on, monitors and reports on the compliance risks within BCX. Support is provided to Business Units (BU's) and subsidiaries as guidance and oversight function as these entities are individually responsible for the management of compliance risks. (Set out the key principles pertaining to the subject-matter of the policy.)

## 4 POLICY

The Compliance Policy establishes the principles of, and commitment to, the management of compliance risk the BCX. It also sets out the expected performance of all staff members in relation to the maintenance of compliance procedures and overall governance BCX. The following individuals and BCX have specific responsibilities they are expected to undertake:

- a. Board of Directors.
- b. Group Risk Committee.
- c. Group Social and Ethics Committee.
- d. Group Chief Executive Officer.
- e. Executive Committee.
- f. Applicable Governance Fora.
- g. Executive Management.
- h. Management and employees.

## 5 REQUIRED RESPONSIBILITIES AND DUTIES

### 5.1 Board of Directors

The Board of Directors has the ultimate responsibility for overseeing the management of compliance management in BCX. The broader duties and responsibilities are based on good corporate governance (King IV) practices.

The Board must ensure that the following governing documents are in place and effective:

- a) Compliance Management Policy.
- b) Compliance Management Framework and Manual.
- c) Compliance Management Plan.

The Board requirements include to following:

- a) BCX complies with all the applicable compliance requirements.
- b) The Board and each individual Director should have a working understanding of the effect of the BCX Regulatory Universe.
- c) The Board shall delegate to management the implementation of an effective Compliance Management Framework and Manual.

# Compliance Management Policy BCGP-7-203

---

## 5.2 Group Risk Committee

The Group Risk Committee (GRC) assists the Board in fulfilling its Corporate Governance responsibilities by monitoring and reviewing the identification and managing of compliance risks associated with business.

## 5.3 Group Risk Committee

The role of the Social and Ethics Committee (SEC) is to monitor the activities regarding matters relating to:

- a) Social and economic development.
- b) Good corporate citizenship.
- c) The environment, health and safety.
- d) Consumer relationships.
- e) Labour and employment.
- f) Ethics.
- g) Possible corrupt activities.

## 5.4 BCX Chief Executive Officer

The BCX Chief Executive Officer (*CEO*) is responsible for:

- a) Designing and implementing a compliance management and internal control system that is to manage the organisation's regulatory risks in line with the Compliance Management Policy and Framework.
- b) Reporting any significant non-compliance instances to the Board of Directors.
- c) Regular reporting to the Board/Group Risk Committee on how effectively the organisation is managing its regulatory risks and details of risk response strategies in place to manage the identified risks.
- d) Allocation of risk owners to implement controls and strategies to manage and mitigate the regulatory risks and reporting from the risks owners on the performance of these controls and strategies to manage these risks.

## 5.5 Executive Committee

The Board delegates responsibility for the implementation of the Compliance Management policy to the CEO and through the CEO to the Executive Team (EXCO). Key responsibilities of EXCO in relation to compliance management include:

- a) Create a culture of compliance within BCX.
- b) Implement the BCX Compliance Plan.
- c) Monitor compliance risk within BCX.
- d) Track action plans related to areas of non-compliance.
- e) Report on the effectiveness of managing regulatory risks

## 5.6 Integrated Governance, Risk and Compliance Forum

The Telkom Integrated Governance, Risk and Compliance Forum (IGRC) is an internal structure, which will conduct the final assessment of the compliance risks, business risks and risk opportunities identified to be reported to the board and its sub-committees.

## 5.7 Enterprise Risk Management Forum

The duties of Enterprise Risk Management Forum (*ERMF*) include to:

# Compliance Management Policy BCGP-7-203

---

- a) Establish and ensure that an effective compliance culture gives the compliance management community the right means to fulfil its oversight function.
- b) Review compliance reports and ensure adequate preparation for the various governance structures as defined in the framework.
- c) Ensure that the BU's compliance reports are reviewed, tabled and that they adhere to the requirements as set out in the framework.
- d) Ensure that the BCX is aligned to the Telkom Group compliance management policies, frameworks and yearly plans approved by the relevant Heads as endorsed by the Group Chief Risk and Compliance Officer (*GRCO*).
- e) Ensure a demonstration of good governance across the business units and subsidiaries.
- f) Review the results of management-based assurance, including management self-assessment, monitoring performance against targets, key performance indicators and management review.
- g) Review and evaluate the results of internal and external assurance activities, including risk assessments, compliance reviews and quality reviews.
- h) Review and evaluate the results of internal and independent assurance activities, including internal and independent assurance activities.

## 5.8 Managing Executives and Executives

Executive Management is ultimately responsible for the effective management and compliance with the BCX Regulatory Universe, including ensuring all non-compliance instances are managed and reported appropriately.

## 5.9 Senior Management and all other Employees

Senior Management across the company are responsible for the effective identification, management, reporting and control of regulatory risk within their area of responsibility, and for developing and promoting a compliance-aware culture.

All employees are to be made aware of and understand their own compliance responsibilities with applicable legislation, regulations, codes, standards, rules and licences, associated with the activities of their position.

In addition, employees are responsible for attending scheduled compliance training and reporting as well as escalating any compliance concerns, issues and failures.

## 5.10 BCX Risk and Compliance Unit

To achieve the desired level of attention to compliance management, the Compliance Unit responsibilities include:

- a) Ensuring that the BCX Regulatory Universe is regularly monitored, reviewed and reported to the GCRO.
- b) Developing and maintaining the Compliance Management Framework and Manual, making sure that expectations for managing compliance are properly documented, readily available to and clearly understood by relevant management and staff.
- c) Facilitating the completion of Compliance Risk Management Plans (*CRMP*'s) and executing Control Self-Assessment (*CSA*) exercises.
- d) Continually reviewing and assessing the appropriateness and effectiveness of the Compliance Management Framework and Manual in identifying and managing compliance requirements.



# Compliance Management Policy BCGP-7-203

---

- e) Regularly reporting on compliance management issues and any non-compliance matters to Telkom Corporate Compliance and the GCRO.
- f) Provide advice to Executive Management on all compliance related matters.
- g) Provide BCX functional units with advisory opinions on request.
- h) Promoting a culture of compliance management and control throughout the BCX (as applicable).
- i) Communicating the Compliance Management Framework and Manual throughout BCX (as applicable).
- j) Implementation and monitoring of consent/settlement agreements with Regulators (as applicable).

## 5.11 Business Unit Assurance Forum

The BU Assurance Forum (BAF) is authorised by EXCO to carry out any activity within its terms of reference, including the following duties:

- a) Implements enterprise risk management strategies.
- b) Implements a sustainable process of enterprise risk management.
- c) Monitors risk appetite and risk bearing capacity.
- d) Produces risk reports and provides oversight on risks.
- e) Integrates, coordinates and aligns risk management and assurance processes.
- f) Coordinates assurance activities at a BU level.

## 5.12 Telkom Audit Services

Telkom Internal Audit (TAS), is responsible for providing an independent and objective assurance to the Board on the effectiveness of compliance management across the company.

## 5.13 General Management responsibilities

Management is responsible for ensuring compliance with the sections of the BCX Regulatory Universe applicable to the activities of their position, including identification, management and reporting of any instances of non-compliance.

Specific responsibilities for managing compliance include:

- a) Promoting a culture of compliance management and control in their area of responsibility.
- b) Assigning Risk and Control Owners as per the CRMP.
- c) Managing compliance in accordance with the BCX Compliance Management Framework and Manual.
- d) Ensuring staff are adequately trained in compliance requirements relating to their position and that training is up to date.
- e) Ensuring compliance is factored into job descriptions and performance management agreements.
- f) Ensuring compliance capabilities is factored into contracts with external customers and suppliers.
- g) Reporting, managing and resolving non-compliance instances.
- h) Recording and storing appropriate information.

# Compliance Management Policy BCGP-7-203

---

## **6 POLICY ENFORCEMENT AND VIOLATION**

Compliance to this policy will be monitored on a regular basis and the results reviewed by designated forums. Any breach will be treated as a serious disciplinary offence and may be subject to disciplinary in accordance with the provisions of the relevant Group HR policy.

## **7 LAWS AND REGULATIONS**

For the laws and regulations applicable to this policy refer to Annexure A of this document.

## **8 DEFINITIONS, ABBREVIATIONS AND ACRONYMS**

For definitions, acronyms and abbreviations refer to Annexure A of this document.

## **9 EXCEPTIONS**

There are no exceptions allowed for this Policy.

# Compliance Management Policy BCGP-7-203

---

## 10 APPENDIX A

### 10.1 Definitions

Definitions	Description
Non-compliance	An act or omission whereby BCX has not met its compliance requirements.
Compliance	Compliance is a state in which BCX is in accordance with its Regulatory Universe.
Compliance Culture	Culture of shared values, beliefs, assumptions and behaviours that characterises BCX especially in relation to compliance requirements.
Compliance Management	A series of activities that when combined are intended to achieve compliance.
Compliance Management Framework and Manual	The processes, tools, templates, registers and systems that define and support compliance management activities.
Compliance Policy	Articulates the roles and responsibilities for managing compliance across BCX.
Compliance Risk	Current and prospective risk of damage to BCX business model/objectives, reputation and financial soundness, arising from non-compliance with the compliance requirements applicable to and which has a direct impact on BCX and expectations of key stakeholders such as customers, employees and society.
Compliance Risk Management Plan	<p>A document setting out the identification of the compliance requirements as follows:</p> <ul style="list-style-type: none"><li>• The provision(s) for each requirement that must be complied with.</li><li>• The measurement of the provision(s) in order to determine the impact and likelihood of occurrence levels.</li><li>• The control measures that will ensure compliance.</li><li>• The responsible person that will ensure compliance.</li></ul> <p>The target date for implementing the control measure (if applicable).</p>
Control Owner	A person who performs and oversees the control activity that will mitigate the risk posed by non-compliance with the specific provisions and/or sections of the compliance requirements.
BCX Regulatory Universe	The regulatory structure that sets out the applicable legislation, regulations, codes, standards, rules and licenses within which BCX operates.
Risk Owner	A person that has been given the authority to manage a particular risk and is accountable for doing so.

# Compliance Management Policy BCGP-7-203

---

## 10.2 Abbreviations

Acronyms and Abbreviations	Description
BAF	Business Assurance Forum
Board	BCX Board of Directors
BU	Business Unit
COSO	Committee of Sponsoring Organisations
CRMP	Compliance Risk Management Plan
CSA	Control Self-Assessment
ERM	Enterprise Risk Management
ERMF	Enterprise Risk Management Forum
EXCO	Executive Committee
GACP	Generally Accepted Compliance Practice
GCEO	Group Chief Executive Officer
CEO	Chief Executive Officer
GCRO	Group Chief Risk and Compliance Officer
IGRC	Integrated Governance, Risk and Compliance Forum
ISO	International Standards Organisation
SEC	Social and Ethics Committee
TAS	Telkom Audit Services

## 10.3 Reference Documents

- a) Enterprise Risk Management Framework.
- b) BCX Compliance Management Framework and Manual.
- c) BCX Compliance Management Plan.
- d) BCX Regulatory Universe Report.
- e) BCX Delegation of Authority.
- f) Business Code of Ethics (Document TKG-000160).
- g) COSO Integrated Enterprise Risk Management Framework of 2013.
- h) ISO 31000:2018 Risk management – Guidelines.
- i) Generally Accepted Compliance Practice (*GACP*) principles and standards as defined by the Compliance Institute of South Africa.
- j) All other applicable and related internal policies.

# Compliance Management Policy BCGP-7-203

---

## 10.4 Laws and Regulations

All BCX employees and management shall comply with all applicable legislation, regulations, codes, standards, rules and licences, as contained in the BCX Regulatory Universe.

This Policy is guided by the following relevant standards and guidelines:

- a) Companies Act, No. 71 of 2008.
- b) King IV Report on Corporate Governance for South Africa, 2016.
- c) Protection of Personal Information Act 4 of 2013.
- d) JSE Listing Requirements.
- e) All other applicable and related external legislation.

# Compliance Management Policy BCGP-7-203

---

## 11 APPENDIX B

STRICTLY CONFIDENTIAL  
May not be shared with 3<sup>rd</sup> parties

**BCX EXECUTIVE COMMITTEE**  
**("the Committee")**

**EXTRACT OF THE DRAFT MINUTES OF THE EXECUTIVE COMMITTEE MEETING NO FY20/07 HELD AT THE BCX CENTURION BUILDING, EAST PODIUM, BOARDROOM P-4 ON 03 DECEMBER 2019 AT 09H00**

**8.3 Compliance Management Policy**

8.3.1 Mr Magwai took the Committee through the submission as contained in the meeting pack. The submission was taken as read. The purpose of the submission was to request the Committee to approve the adoption of the Compliance Management Policy.

8.3.2 It was noted that the Compliance Policy, was approved by the Telkom Board. A process was followed to obtain inputs prior to approval. The Committee noted the importance of ensuring the Group Policies adhere to the BCX requirements.

**RESOLVED** that the Committee approved the adoption of the Compliance Management Policy.

FY20/07/04

**Certified a true and correct extract.**



**Gherdia Prinsloo**

**Designated Company Secretary**

**Date: 6 January 2020**