



Social Responsibility Report

For Telecom Namibia, the concept of social responsibility is not limited to a concern with welfare schemes, charitable giving or the occasional support for Health, Education, Sports, and the Arts. Rather, the company perceives and positions itself as an integral part of society, which must be socially responsible at all times towards our customers, our employees, the environment and society. This is both because it's the right thing to do and, if applied correctly, good business.

Our commitment to corporate social responsibility (CSR) provides a guiding framework for all our management responsibilities and we focus particularly on striving for industry best practice standards in environment, health & safety, and in social performance. This must, however, be understood in the context of the company's priority obligation to be a successful business enterprise, first choice employer and communications customers' first choice, thus making itself stronger and able to fulfill its obligations to society.

Community Support

Telecom Namibia's policy is not just to deliver profits but also to make a positive difference to the well-being of local communities in which it operates and to invest in the future of all Namibians.

In 2005/06, we spent more than N\$4.2 million on community sponsorship programmes, spread over the following categories:

Education

SchoolNet Namibia was the biggest beneficiary of CSR aid with Telecom Namibia contributing N\$2 million to its operations in 2006.

Together with SchoolNet Namibia, Telecom Namibia is a founder member of Xnet Development Alliance Trust, which aims to expedite Internet access and its use to the education, health and development sectors of Namibia.

On 13 September 2006, Telecom Namibia signed the Partnership Declaration of Tech/na! - a ICTs in education initiative. Tech/na! is a national initiative to coordinate the appropriate development, efficient delivery, and quality use of information communication technologies to ensure ICT integration for excellence and equity in education.

Telecom MD Frans Ndoroma
with Cllr. Matty Ndjoze of the
Otjombinde Constituency.



Telecom MD Frans Ndoroma
with Cllr. Brave Tjizere of the
Epukiro Constituency.



Education-related initiatives sponsored during the year included the JP Karuaihe Trust Fund, Omusati Education Fund; Round Table Conference in Support of Education and Training Sector Improvement Programme (ETSIP) April 2006, the Colloquium on Innovation for a Knowledge Economy organised by the Polytechnic of Namibia, and the Head Teachers' Association (WIPSHA). We also sponsored the design of a scientific model of an archetypal Telecom village for the Directorate of Science and Technology, Ministry of Education.

Schools that benefited from sponsorships are Bethold Himumuine Primary School (Katutura), Primary School Danie Joubertt (Mariental), Golden Maggy Primary School (Oshakati), HTS Windhoek; Orban Primary School (Windhoek); Samuel Veldskoen Primary School (Mariental) and Windhoek Primary School.

Caring for the physically challenged members of society.



Health

During the year, Telecom Namibia contributed financially to Thirene Basson for leukemia treatment, Al-Richo Bok for heart operation, Madri Shanjenka for a liver transplant, Clifton Lamberth for lung decortications, and Felesiana Nauwake suffering from Noma, a disease that destroys tissues on the faces of children.

Sports

Boxing continued to receive financial assistance, totalling about N\$1.3 million since 2004. In 2006, our financial contribution to boxing amounted to about N\$750 000.

A number of sports associations and clubs were financially helped to participate in international events, especially hockey, karate, softball, tennis, golf and wrestling.

The other is the Windhoek-based Excelsior Gymnastics Club which received another sponsorship of about N\$37 000 in 2006. Another beneficiary was the Rossmund Junior Golf Development which promotes the game of golf for Namibia's youth, especially those previously disadvantaged.

As part of our commercial sponsorship, Telecom Namibia partnered with One Africa Television to bring FIFA World Cup 2006 to the TV sets of Namibians. The sponsorship amount was N\$500 000.

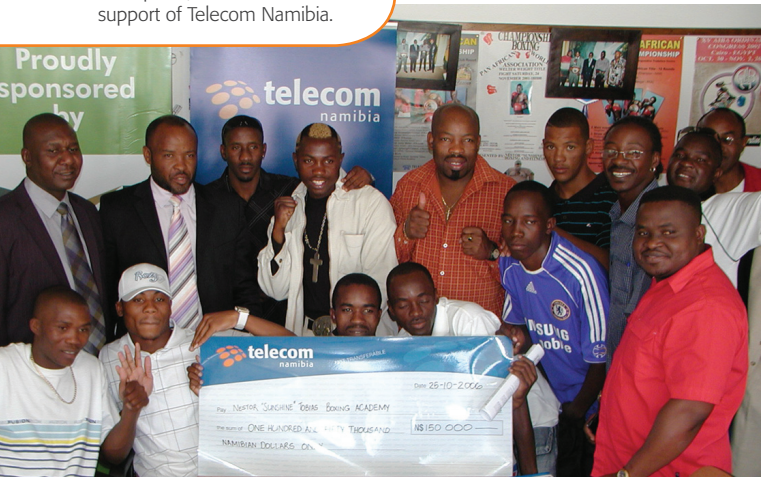
Community groups and Events

Groups and events funded through our CSR programme were the Christiana Swart-Opperman Aids Orphan Foundation Trust, Nampharm Foundation Trust; Ehafo Trust; Huis Maerua; NANASO; Lions Club International's Country Festival (Grootfontein); Michelle McLean Children Trust (Operation Snowball); Mount Sinai Centre (Katutura); Namibia Child Care Assistance Institute; Organisation for the Empowerment of Widows, Widowers and Orphans of AIDS Victims in Namibia (OEWONA); Walvis Bay Multi-Purpose Centre Trust and Kalkfeld Community Sport event.

The arts

Telecom Namibia is a Corporate Member of the National Theatre of Namibia, thus allowing us to take part in the development and sustainability of the performing arts in Namibia as part of our social responsibility. We also sponsored the Namibia Music Awards 2006.

Boxing has produced world champions, thanks to the financial support of Telecom Namibia.



Philanthropy

St James Soup Kitchens (Mariental), Okaundja Old Age Home and Central Methodist Pre-Primary School.

Environment

As in the past, Telecom Namibia funded the "Conservation and the Environment in Namibia", a magazine of Venture Publications that highlights the challenges, issues and inspiring success stories that are critical to conserving Namibia's vast and varied eco-systems.

Other major sponsorships went to:

- **Women empowerment (N\$120 000)**
Telecom Namibia has been a main sponsor of the Namibian Businesswomen Project since 2003. We are committed to advancing the interest of women in business and public life through our partnership with the Project.
- **Students Science Fair (N\$55 000)**
As part of our commitment to help foster a new generation of students of science, Telecom Namibia financially supported the hosting of the first African Regional Science Fair which was held in Windhoek from August 28 to September 1, 2006. The multinational event brought young men and women from across the African continent to showcase their science projects, and to serve as a vehicle to help young people see the value of education and careers in science, technology, and engineering.
- **Communal Farmers Consortium (N\$60 000)**
As part of a consortium, we assist the communal farmers, through the Namibia National Farmers Union (NNFU).
- **Miss Namibia 2006 (N\$40 000)**
This competition selects the most beautiful young woman who is then afforded a unique opportunity to be a role model for the Namibian youth; to make a real difference in the lives of many others; to use the goodwill of her people in promoting a deserving cause or alleviate the plight of the less privileged and serve as a goodwill ambassador of Namibia and its people.
- **MISA Awards 2006 (N\$31 500)**
The only programme of its kind in the country honouring journalists and media practitioners for their achievements. In addition, a Namibian citizen is also honoured with the "Freedom of Expression Award".
- **Ounongo Technology Centre (N\$10 000)**
An NGO to help provide access to ICT for the residents of Omaheke Region.
- **TOV HIV/AIDS Orphans and Vulnerable Children Organisation, which operates as TOV Multi-Purpose Centre in Tsumeb, for the setting up of an Internet lab at a cost of N\$35 400.**
- **Mariental Disaster Relief Fund (N\$20 000)**
Following the flooding of the town of Mariental, Telecom Namibia positively responded to calls to help the flood victims.
- **Namibia Police (N\$25 000)**
Was contributed as a token of appreciation for their good work on the occasion of Police Day celebrations.
- **Otjinene Farmer's Association (N\$20 000)**
In support of the Annual Otjinene Agricultural Exhibition for the past four years as our contribution towards self-sustainability and poverty alleviation.

We believe our commitment to these communities is important to their well-being and will help them and our business to flourish in the long term. Our objective is to support local communities and society through projects that deliver sustainable improvements in peoples' lives by building positive relationships and fostering learning. We are particularly interested in supporting projects that use ICT to address social causes. We aim to provide our support by building partnerships with charitable and community organisations at a local and national level.

Contribution to economic development

Shareholder relations and value

Telecom Namibia is a wholly owned government business enterprise. As such, our relationship with our shareholder is governed by the requirements of the Post and Telecommunication Act, Companies Act and the requirements of the Performance Agreement. Shareholder responsibilities are exercised by the Minister for Works, Transport and Communication.

2005/06 highlights

- We paid N\$80,2 million in rates and taxes.
- We provided direct employment for 1463 staff, and indirect employment for the hundreds of staff employed by our contractors.

Recreation and leisure

are vital for Telecom Namibia employees.



- We paid our shareholders a dividend of N\$16,9 million.
- We contributed N\$761 million to the Namibian economy by paying for goods and services (N\$635), and capital assets and business acquisitions (N\$126 million).
- We were the main sponsors of the Annual General Meeting and gala dinner hosted by the Namibia Chamber of Commerce and Industry (NCCI) in June 2006, as well as the 14th Annual Convention of Federation of Namibian Tourism Association (FENATA), the same month.

An important programme that demonstrates Telecom Namibia’s commitment to upcoming businesses is our affirmative purchasing and procurement initiatives. This initiative is designed to ensure that small, disadvantaged businesses, women-owned businesses and other under-represented businesses have an opportunity to participate as suppliers to Telecom Namibia, as resellers for Telecom Namibia products and services, and as Telecom Namibia partners in customer engagements that offer third party participation.

Support for kids needing emergency medical care.



Our people

The employees of Telecom Namibia are the backbone and this resource is very efficiently utilised. The company nurtures its employees through greater knowledge, opportunity, responsibility, accountability, reward, innovation, and discipline. The company provides ample opportunities to the employees to grow and to attain high standards of efficiency and productivity. Telecom Namibia is dexterous in motivating its employees to stretch out the hand of effort and hard work towards attainment of its objectives. All the policies concerning the employees are made keeping in view the fact that manpower is the most precious resource for the company.

Employee health and wellbeing

Telecom Namibia is committed to helping improve its employees’ general health and wellbeing and to enhancing their work performance and productivity.

Telecom Namibia has an Employee Assistance Programme (EAP) in place which is geared towards improving the quality of life of its employees socially, psychologically and through providing a caring environment. A total number of 70 employees were counseled on a number of issues.

As part of its EAP, Telecom Namibia runs Nova Vita, a Drug and Rehabilitation Centre. During the year the intake of patients at Nova Vita increased from 63 patients to 79, of which only three were Telecom Namibia employees.

With a workforce totaling 1,300, the company in 2003 started a workplace-based anti-retroviral treatment programme. The programme is managed externally through the Medical Aid Fund and provides medication to employees diagnosed with HIV/AIDS.

A Voluntary Counselling and Testing (VCT) Project was approved for implementation in the 2006/07 financial year. The project entails a comprehensive employee wellness test programme as well as a 24 hour Help Line for employees in need of assistance.

At least 42 trained peer educators run education sessions and counsel employees, as well as community outreach activities where they provide information to the larger community through direct one-to-one contact and through flyers. About 40 000 condoms are distributed each year.

From the onset, company management took part in the design of the programme and constantly does evaluation to ensure that it continues to meet employees' needs, thereby contributing greatly to the success of the HIV/AIDS workplace programme.

Telecom Namibia's vision is to be recognised as an employer choice, leading the fight against HIV/AIDS in Namibia by applying the best practice for the wellbeing of its employees, customers and the nation as a whole.

The company operates a clinic on the premises. A total number of 815 employees from the NPTH Group, including 475 from Telecom Namibia, visited the clinic during the year. Having a clinic on the premises has saved the company man-hours in productivity which could have been lost as a result of employees having to travel to outside general practitioners for treatment.

Occupational health and safety

Telecom Namibia strives to ensure and maintain a safe working environment for all employees. The SHE Policy reaffirms the company's commitment to employee safety and health and establishes a uniform system and process to guide individuals, departments, and Business Units to meet their SHE responsibilities.

The company believes it is the right of every employee to work in a conducive environment and that the general public, as well as employees, must be protected from potential health hazards associated with the operations of the company.

The number of injuries on duty increased from three in 2005 to 10 last year. However, vehicle accidents decreased significantly by 48 per cent. This is as a result of an aggressive defensive driving training programme which was implemented and was made compulsory for all pool vehicle drivers.

During the period under review the following key health and safety related interventions took place:

- Risk Assessment Training (Managers and Supervisors) and Safety Representative training were conducted to help the managers and Supervisors to ensure that injuries/accidents on duty are kept to the absolute minimum.
- Defensive Driving Training was conducted throughout the country and 129 Pool Drivers were trained. This resulted in a noticeable decline in vehicle accidents in the company.
- A total of 13 employees were trained in First Aid. It is anticipated that by March 2007 all workplaces should be equipped with proper First Aid Equipment.
- The development of Telecom Namibia's own Safety Standards was completed through a consultative process with the employees. These standards will be implemented during the new financial year.

A comprehensive risk assessment will be done company-wide in order to help formulate appropriate interventions for mitigating occupational health and safety risks.

Employee engagement

Telecom Namibia's national Staff Climate Survey, conducted in 2005/06, provided a number of insights into staff views on workplace issues, including:

- positive levels of employee engagement and pride in working for Telecom Namibia and its corporate goals and objectives.
- a strong perception that Telecom Namibia is highly regarded by its customers and the general public and is socially responsible.
- staff commitment to fostering a work culture that encourages productive and effective customer relationships.

As a result of the survey, strategies have been developed at corporate and divisional levels to address issues such as improved performance management (incorporating better communication, teamwork and reward and recognition). Line managers and staff at each work centre have developed their own action plans and activities to enhance communication, collaboration and co-operation, performance management and job satisfaction.

Learning and development

We continue to invest in technical training and personal development programmes and it is our aim to create a management culture that develops people and encourages them to reach their full potential.

During this year an equivalent of 1 246 employees attended training events locally, regionally and internationally at a cost of approximately N\$10,8 million, which is equivalent to 2.83 per cent of the company's annual payroll.

The following training and development programmes were implemented to build the much-needed capacity:

Telecom Electrician Upgrading Programme

This programme is run in partnership with the Polytechnic of Namibia and offers special part-time engineering classes for a full week once a month to Telecom Namibia employees to enable them to be upgraded from Artisan (i.e. Telecom Electricians) to Technician status once they have satisfied the requirements of the Polytechnic.

A total of 20 Telecom Electricians were enrolled for the National Diploma course at the Polytechnic of Namibia. The employees are attending classes on a block release mode. This agreement will, for the next few years, ensure that the majority of employees are provided with an opportunity to be upgraded from Artisan level to technician status.

IP/IT Skills Development Programme

This programme aims at building IP /IT skills to help the company embrace the challenges of convergence. The programme is run in partnership with Torque IT, a South African based IT training institution whereby specialist trainers from Torque IT are utilised to train Telecom Namibia employees in the IP/IT fields.

Bursary recipients with
Telecom Namibia Managing
Director, Mr FJP Ndoroma.



Graduate Development Programme

Telecom Namibia also introduced an aggressive two to three years Graduate Development Programme whereby the company targeted and recruited students who have either completed their studies or are in the final year at a University or Technikon in the fields of IT, IP and Electronic Engineering. The objective of the programme is to provide these students with specialised training in the various telecommunications and IT fields in order to alleviate skills shortage as well as to ultimately flood the market with these skills. Accordingly, six graduates were recruited as IP Technicians-in-Training, 10 candidates were recruited as Engineering Technicians-in-Training, while five candidates were recruited as Engineers-in-Training. The company will continue to take on graduates on an annual basis to help alleviate the national skills shortage in the telecommunications field.

Management Development Programme

The Company also entered into a strategic partnership with the Graduate School of Business of the University of Stellenbosch to develop and upgrade the supervisory and managerial skills of our supervisory and managerial employees. To this effect 20 senior managers attended the Senior Management Development Programme, 23 Middle managers attended the Management Development Programme, while 40 supervisors attended the Junior Supervisory Development Programme. These programmes will be run on an annual basis and while they are targeted at all managerial staff, the company resolved to extend these to persons from the designated groups with potential to develop into managerial positions.

Study Financial Assistance for Employees

Seventy-seven employees are currently receiving financial assistance from the company to study on a part-time basis towards tertiary qualifications. To date more than 225 employees have benefited from this programme. In addition a total of seven employees are currently studying on a full-time basis in the fields of Engineering.

External Bursaries

During the period under review, four school leavers were awarded bursaries to study at Institutions of Higher Learning, bringing the total number of students studying with Telecom Namibia bursaries to 15. The bursaries are offered in the fields of Engineering, Business Computing and Information Technology. All new bursary recipients are from the designated groups, of which 50 per cent are women.

Fast Tracking Apprenticeship Development Programme

The company developed, adopted and implemented a fast tracking training programme for technical staff, which drew participants/employees from designated groups. During the period under review, a total number of 37 employees graduated from this programme and were appointed as Telecom Officers and Telecom Electricians respectively. At least 92 per cent of all the participants are from the designated groups.

We are proud to state that skills development of our employees will continue to be a priority for Telecom Namibia, because it is our belief that we can only achieve our objectives with a skilled and motivated work force.

Recognising team performance

Employees were recognised for their contributions to improved customer service and business performance through our annual Telecom Namibia Awards. A total number of 50 employees were recognised at last year's gala function.

Environment

The environment in which we operate is our primary concern. Telecom Namibia believes excellence in environmental management is important for our long-term success. Telecom Namibia strives for the best in technology and operations efficiency. We strive to put in place processes to reduce risk and minimise our impact on the environment.

Being a telecommunications operator, Telecom Namibia does not emit any air, water or noise pollutants yet the company is committed to make the environment healthy and pollution free.

As a company, we strive to achieve full compliance with all relevant environmental legal requirements, especially when we extend our networks through ecologically fragile areas of the country. Telecom Namibia adopts the strictest national legislation as its minimum environmental standard. We also conduct regular internal and independent environmental audits to support our risk-based environmental management programme.

Our procurement processes take account of environmental considerations. Special attention is paid to: energy consumption, waste management, process and product requirements, and the use of hazardous materials.

Telecom Namibia also strives to harness the environmental benefits of our products and services. Our video-conferencing service is a good example of how we attempt to minimise pollution from unnecessary travel while allowing companies to save time in order to achieve greater productivity.