

Empowering

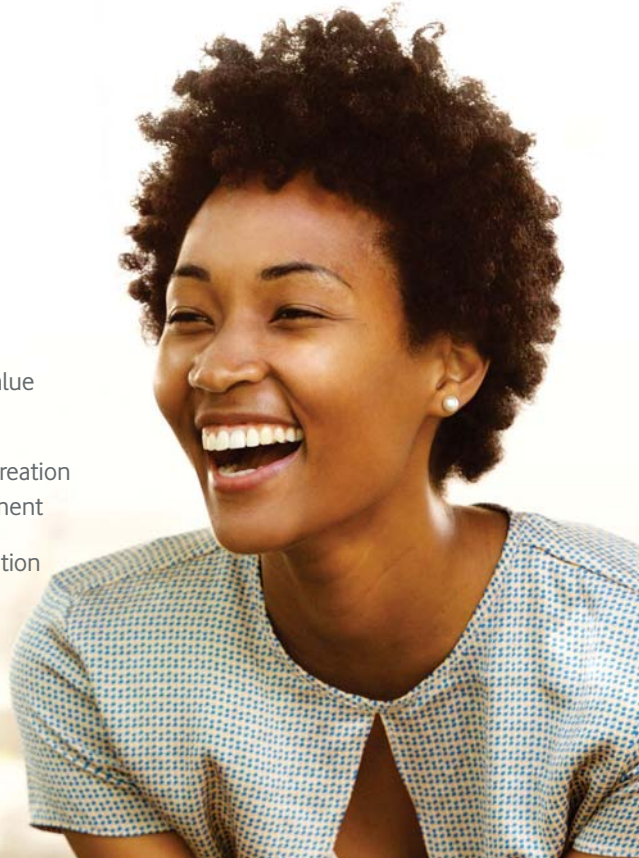
everyone to be confidently connected

Vodacom
Social Report 2017



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01 Who we are

Vodacom is a leading African communications company providing a wide range of communication services, including mobile voice, messaging, data, financial and converged services to 69.3 million customers.

From our roots in South Africa, we have grown our mobile network business to include operations in Tanzania, the DRC, Mozambique and Lesotho. Our mobile networks cover a total population of over 220 million people. Through Vodacom Business Africa (VBA), we offer business managed services to enterprises in 32 countries. Vodacom is majority owned by Vodafone (65% holding), one of the world's largest communications companies by revenue.

02 Our strategy

Our Purpose

Why we exist

To connect everybody to live a better today and build a better tomorrow



Our Vision

Where we are going

To be a leading digital company that empowers a connected society

Our Way

How we need to do it

Speed, simplicity and trust

Our Strategies

What we need to do



We will develop a deep insight of our customers' needs, wants and behaviours, and provide propositions to lead in chosen segments.

We will provide a seamless, frictionless, personalised, digital experience to our customers.

We will be the leading telco through the best network and IT excellence, with digital at the core.

We will build an organisation of the future where digital is first for all employees, underpinned by innovation, agility and new skills.

We will be a purpose-driven brand with a deserved reputation for leadership in driving social progress through transformational solutions.

03 Where we work



million	2017 ¹	2016
South Africa	39.4	34.2
Tanzania	12.6	12.4
DRC	10.8	8.5
Mozambique	5.1	4.8
Lesotho	1.4	1.4
Total	69.3	61.3

1. Customers at 30 June 2017

Points of presence (PoPs) for mobile operations

South Africa



Ownership	93.75% ¹
Population ² (estimate):	55 million
GDP growth estimate ² :	0.3%
Customers:	39.4 million
ARPU ³ (local currency per month):	R111
Licence expiry period:	2029
Service revenue market share:	51.0% ⁴
Coverage ⁵ :	99.9%
NPS:	1st
PoPs – formal:	10 048
PoPs – informal:	55 249

Tanzania



Ownership	82.15%
Population ² (estimate):	55 million
GDP growth estimate ² :	6.8%
Customers:	12.6 million
ARPU ³ (local currency per month):	TZS6 005
Licence expiry period:	2031
Customer market share:	30.9%
Coverage ⁵ :	88.0%
NPS:	3rd
PoPs – formal:	100 810
PoPs – informal:	14 522

DRC



Ownership	51%
Population ² (estimate):	80 million
GDP growth estimate ² :	4.2%
Customers:	10.8 million
ARPU ³ (local currency per month):	US\$3.5
Licence expiry period ⁴ :	2028/2032
Customer market share:	38.9%
Coverage ⁵ :	49.1%
NPS:	1st
PoPs – formal:	11 859
PoPs – informal:	212 773

Mozambique



Ownership	85%
Population ² (estimate):	29 million
GDP growth estimate ² :	3.2%
Customers:	5.1 million
ARPU ³ (local currency per month):	MZN216
Licence expiry period ⁴ :	2018/2026
Customer market share:	47.6%
Coverage ⁵ :	43.9%
NPS:	2nd
PoPs – formal:	17 990
PoPs – informal:	5 700

Lesotho



Ownership	80%
Population ² (estimate):	2 million
GDP growth estimate ² :	2.1%
Customers:	1.4 million
ARPU ³ (local currency per month):	LSL61
Licence expiry period:	2036
Customer market share:	90.9%
Coverage ⁵ :	97.6%
NPS:	1st
PoPs – formal:	5 008
PoPs – informal:	7 212

Vodacom Business Africa

Angola	Gabon	Senegal
Benin	Ghana	Sierra Leone
Botswana	Kenya	Singapore
Burkina Faso	Lesotho	South Africa
Cameroon	Madagascar	Swaziland
Côte d'Ivoire	Malawi	Tanzania
Democratic Republic of Congo (DRC)	Malaysia	Uganda
Djibouti	Mauritius	United Kingdom
Equatorial Guinea	Mozambique	Zambia
France	Namibia	Zimbabwe
	Nigeria	
	Rwanda	

Notes:

- 6.25% held indirectly through structured entities which are consolidated in terms of IFRS 10: Consolidated Financial Statements as part of the BBEE transaction.
 - Bureau for Economic Research (BER) and the Economist Intelligence Unit (EIU). Gross Domestic Profit (GDP) relates to real GDP growth.
 - Total average revenue per user (ARPU) is calculated by dividing the average monthly service revenue by the average monthly active customers during the period.
 - 2018/2028 relates to the 2G licence and 2026/2032 relates to the 3G licence.
 - 2G coverage.
- ^A These items were the subject of the limited assurance engagement performed by KPMG.

What we offer

We have 69.3 million individual customers using our wide range of products and services, all of which are available on either contract, top-up or prepaid. Our consumer products and services include voice, messaging and data across mobile and fixed networks, as well as financial services and entertainment offerings. We also provide various communication solutions to our enterprise customers in the public sector, and amongst large, medium and small enterprises. These include connectivity and unified communication services, cloud and hosting, managed mobility and data security.

Our products and services



04 Delivering social value

Since 1999 Vodacom through its Foundation has invested well over **R1.2 billion** in community investment across our operating countries.

This year, we invested a total of R114.2 million across markets in communities where we operate.

Vodacom corporate social investment (CSI) spend

R'000	2017	2016
South Africa	93 000	86 000
Tanzania	6 155	6 724
DRC	5 900	4 112
Mozambique	2 620	4 673
Lesotho	6 533	5 039
Total CSI spend	114 208	106 548



→ **Developing mobile solutions to address socioeconomic challenges**

Connecting people and enabling businesses are the main outcomes of the mobile and fixed network services we offer. Communication improves quality of life, enables efficiency, connects supply and demand, and supports the sharing of information and data between individuals and businesses.

Across all operating countries, Vodacom remains committed to working with governments and communities to identify innovative ways through which mobile and data technologies can be an enabler for significant socioeconomic transformation in areas such as financial inclusion, sustainable agriculture, education and health.

M-Pesa, our financial inclusion product now provides a platform for many of our health and agricultural initiatives in emerging markets, demonstrating the power of mobile to protect vulnerable people from disease and extend economic participation and financial resilience to some of the poorest people on earth.

Promoting financial inclusion

In Tanzania, the DRC, Mozambique and Lesotho our M-Pesa product provides affordable access to banking for our customers, ensuring that even those in remote areas of these countries have access to banking services. The core benefit of M-Pesa remains the transfer of money between customers, but has also evolved to enable people to save and borrow and receive salaries and benefits.

In Tanzania, our M-Pawa savings and loans product, delivered in partnership with the Commercial Bank of Africa (CBA), continues to gain traction with 1.2 million customers actively using the service. Our International Money Transfer (IMT) services, which enable customers to send money between Tanzania and Kenya, are also increasingly being used.



→ **Promoting digital inclusion**

Early in the year we launched our Siyakha platform, which aims to further lower the cost to communicate.

Focused on low-spend customers in the emerging prepaid segment, the platform promotes digital inclusion through affordable price packages, entry-level smartphones, and targeted offers and content. These include very low-cost voice and data bundles, affordable funeral cover, and a delayed-delivery Video Play service offering music videos and delayed showing of TV programmes and sports events. Through Siyakha we also offer zero-rated content on specific education, health and employment websites, as well as a free, text-based version of Facebook.

→ **Vodacom empowers small-scale fishermen through the use of technology**

Vodacom in partnership with the University of Cape Town (UCT) has launched a free smart-phone app to help small-scale fishers monitor their catches. The app is called Abalobi, named for the isiXhosa phrase, Abalobi Bentlanzi meaning "fishers".

Vodacom embraced the opportunity to digitise catch records for subsistence fishermen and empower them through taking ownership of their catch data. Vodacom provided seed funding for the development of the application, by UCT in conjunction with the fishers, and smart devices for the fishers.

The partnership further demonstrates that a sector that is steeped in tradition can be enhanced through the use of technology whilst not compromising tradition. Abalobi will be the information management system for the small-scale fisheries industry according to the small-scale fisheries management unit in the Department of Agriculture, Forestry and Fisheries and has been successfully piloted in five communities as a catch-data monitoring app. In addition, the unit used an extension of the app to verify the number of active traditional fishers. With the data collected, fishers can prove that they make their living from the sea.



Small scale fisherman at work.

Delivering social value **continued****Improving access to education**

South Africa



Our flagship Mobile Education programme (mEducation) provides quality ICT equipment and Internet access to thousands of teachers and learners across South Africa. Vodacom has partnered since 2009 with the Department of Basic Education (DBE), Microsoft, Cisco, Intel and Mindset to establish Teacher centres that deliver teacher development training with a focus on ICT literacy, as well as the effective use and integration of digital content in the classroom.

To date we have provided equipment and Internet connectivity to **3 000 schools** and trained **over 100 000 teachers**.

We have equipped and **connected 92 teacher centres** that offer teacher development courses, youth training on ICT and community programmes.

Vodacom e-school is a secure and free online learning content portal for Grade R – 12 learners. Learners are able to access classroom content aligned to the school's curriculum via their cellphones, tablets or laptops. The portal is endorsed by the DBE and provides daily lessons, videos and assignments in the form of quizzes as well as personalised progress reports. **To date we have over 260 000 registered learners on Vodacom e-school.**

Our youth skills development project, which delivers basic computer skills, IT essentials, enterprise development and business skills, has benefitted **927 trainees** since inception three years ago.

➔ Vodacom eases cost burden for job seekers

To remove the cost burden associated with searching for a job, in June 2016, Vodacom partnered with South Africa's leading and most reputable career websites to launch the NXT LVL (pronounced Next Level) zero-rated career website.

The zero-rated website enables job seekers to browse job sites, upload their CVs and apply for available positions free of charge when accessing Vodacom partner career sites. These career sites include: Careers24, PNet, JobMail, Career Jet, Giraffe, Career Junction, SA Learnerships and Indeed. By introducing this platform, Vodacom aims to enable customers to access job sites without worrying about the cost and in turn make a meaningful contribution in addressing unemployment. Job seekers can now go onto the internet to look for jobs free of charge.

**International operations**

The innovative use of mobile technology to address education challenges is aptly illustrated in the Instant Network School and 'Digital School in a box' programmes we have rolled out across our operations.

The Instant Network School Provides millions of young people across Tanzania, the DRC, Mozambique and Lesotho with free access to online learning materials, from primary through to advanced high school level.

In the DRC, Vodacom has supported training of trainers (including staff volunteers) to deliver the Instant Network School. To date, the programme has been rolled out in three districts and 90 teachers and community members were trained.

In Lesotho, we have invested in a multi-year project, the iSchool, which delivers educational tablets to five primary schools in four districts of the country. The tablets are used to promote more interactive instruction between teachers and students.

They contain approved curriculum and all material the teachers and the students need, from lesson plans, classroom exercises to homework sections and homework help sections.

In Tanzania, our partnership with Samsung on the Smart School Project continues to have a positive impact and now benefits 8 000 learners. We are also establishing the Vodacom e-school to provide a free education platform to primary and secondary schools learners' country wide.



➔ Instant Classroom 'digital school in a box' – delivering quality education to refugees

The Digital School in a box enables young refugees and teachers to access digital educational content and the internet improving the quality of education in some of the most marginalised communities where Vodafone operates. It is a portable case containing equipment to enable tablet-based teaching in schools where electricity and internet connectivity are unreliable or non-existent. Designed by Vodafone, the 'Instant Classroom' can be set up in 20 minutes. Each comes equipped with a laptop, 25 tablets pre-loaded with educational software, a projector, a speaker and a hotspot modem with 3G connectivity.

The Instant Classroom has been deployed in partnership with the United Nations High Commissioner for Refugees' (UNHCR) Innovation and Education units to schools in refugee settlements. To date, the programme has been deployed in 7 refugee camps, benefiting over 40, 000 refugees and 600 teachers each month. The aim is to enable up to 3 million young refugees in countries where Vodafone operates to access a digital education by 2020.



Delivering social value **continued**

Addressing health challenges

South Africa

The stock visibility solution, a mobile application launched in partnership with the Department of Health (DoH) in 2013 to improve access and availability of essential medicines in clinics, has now been rolled out to all **3 167 health clinics across eight provinces, of which 1 991** clinics are supported by Vodacom, to monitor drug stock levels and reduce drug stock-outs.



“ The Department of Health is using the latest technology to improve healthcare service delivery and patient outcomes in South Africa. The Stock Visibility Solution enables us to increase access to medicine by allowing the Department of Health to track critical supply chains at any given time. We are able to monitor real-time visibility of stock levels in clinics to ensure that South Africans always have access to the healthcare they need, particularly for those patients who rely on chronic medication. ”

Minister of Health Dr Aaron Motsoaledi, July 2016

We are a long-standing supporter of non-profit organisations (NPOs) in the health arena including the **Smile Foundation**, which funds operations to provide free corrective facial reconstructive surgery and treatments to underprivileged children in need. Since inception, we have spent more than **R17 million** and assisted over **600 children** with craniofacial and cleft reconstruction operations.



International operations

Lesotho



Moyo Lesotho is a partnership initiative that aims to put all HIV+ people in Lesotho on ARVs by 2020, starting with children. In partnership with Vodafone and social partners, the US\$8 million (approximately R105 million in today's exchange rate) global campaign was launched in 2014 for the mobilisation of paediatric HIV/AIDS care in Lesotho. To date, over 72 000 Basotho have been tested through the programme and 82% of all identified HIV positive cases have been linked to treatment. Using the 'text-to-treatment' mobile technology model, Vodacom has sent 30 000 M-Pesa transport vouchers to patients to support adherence to antiretroviral therapy (ART) and facilitate transport for patients between villages and health facilities using M-Pesa.

Tanzania



Our project to educate young women about sanitation, menstruation and reproductive health continues to have measurable impact, especially amongst young girl learners. We have distributed **2 000 low cost sanitary pads this year**. Since its launch in 2014, the empowering women initiative has **benefited over 10 000 girls**.

We continue to support women suffering from the debilitating maternal condition obstetric fistula and poor maternal healthcare. The Foundation funds Comprehensive Community-Based Rehabilitation Tanzania (CCBRT) that provides free treatment, travel and counselling for women with fistula, with a network of 400 ambassadors in rural areas to raise awareness and identify and refer patients for treatment. Our partnership with CCBRT has benefitted a total of **2 000 women** to date.

Vodacom continues to support efforts to reduce infant mortality deaths through the provision of free pregnancy advice and early childcare information via SMS. To date, **55 million free SMSes** have been sent, with **over one million women registered** and receiving information, 600 000 of whom are Vodacom subscribers. In the last year, we sent out nine million free SMS messages.

Improving facilities – in partnership with Vodafone and in-country partners, we are investing to improve the infrastructure of health facilities to increase capacity and assist in cleaner, safer deliveries. To date the programme has **built and helped equip dedicated C-section theatres at two district hospitals**; built a maternity waiting hostel next to the hospital for women at risk of complications during childbirth; expanded labour and post labour wards to increase capacity and decrease patient overflow. Work is also under way to **train and equip two district hospitals with neonatal intensive care facilities and staff**. Construction work is also ongoing to **establish a dedicated maternity hospital at CCBRT** in Dar es Salaam.

In partnership with NGO partners USAID, we have launched a network of 100 taxi drivers to respond to toll-free emergency calls from pregnant women needing to get to hospital, which is often a three-hour journey. Taxi drivers are paid using M-Pesa. To date, **2 000** high-risk pregnant women in rural Tanzania have benefited from the service.

Mozambique



We continue to support the fight against malaria and farmers affected by floods.

This year, we distributed **10 000 treated mosquito nets** across communities and partnered with the Ministry of Health to launch a malaria spraying campaign that will be supported by a mobile application.

To complement this, we provided **2 000 smartphones** with an application loaded, and supported the provision of uniforms for the 2 000 field workers that will be spraying during the campaign.

We supported farmers affected by earlier floods in the Namaacha and Chokwe districts by distributing over 405 kilograms of seeds.

Safety and security

Our 24-hour call centre which is dedicated to providing support and counselling to victims of gender-based violence was established in 2014 in partnership with the Department of Social Development in South Africa. This year we extended its services to people with a hearing impairment. The centre now has Skype, USSD and SMS conversation capabilities, as well as geocoding system elements. Social workers proficient in sign language have been trained on trauma management. In addition, the initiative launched a website this year, www.gbv.org.za which provides all information and contact details.

We fund a number of NPOs in South Africa that render critical intervention in combatting gender-based violence. Our partners include:

Women and Men Against Child Abuse (WMACA): provides counselling and support to rape survivors and the conviction of abusers.

Memeza Community Safety: provides vulnerable people and communities with access to affordable, smart safety solutions, with a direct link to SAPS and Community Policing Structures. In partnership with Memeza, this year Vodacom distributed 2 500 personal alarms to the elderly in the Johannesburg township, Diepsloot.

Connect For Good

This online platform connects employees who want to contribute towards good causes. Registered users can explore a database of verified NPO causes, volunteer their time and skills, or donate goods. Since its launch in November 2016, the platform has recorded a total of 512 registered users and 30 NGOs have registered their profiles and needs.

“Ubuntu is one of the values that we espouse at Vodacom and, as such, the occasion of Nelson Mandela Day offers us the privilege to extend human kindness to others, especially those who are less fortunate in our country. This we do in the spirit of wanting to change the world for the better, just as Madiba did.”

**Vodacom Group Chief Executive,
Shameel Joosub**

➔ **Volunteering**

Vodacom and staff members continue to play an active role in communities, supporting those in need through volunteering initiatives, donations and participating in causes that fall primarily within our focus on promoting education and health.

Through the Vodacom Change the World programme, established in 2011, Vodacom South Africa has annually selected around 20 volunteers to work for an NPO of their choice in South Africa for a year, at no cost to the volunteer or the host organisation. The volunteers have the opportunity to do something close to their hearts while imparting their skills and expertise to an NPO.

To date, we have invested more than R35 million on project funds, salaries and grants to the NPOs. A total of 100 volunteers have participated in the programme, delivering more than 100 projects.



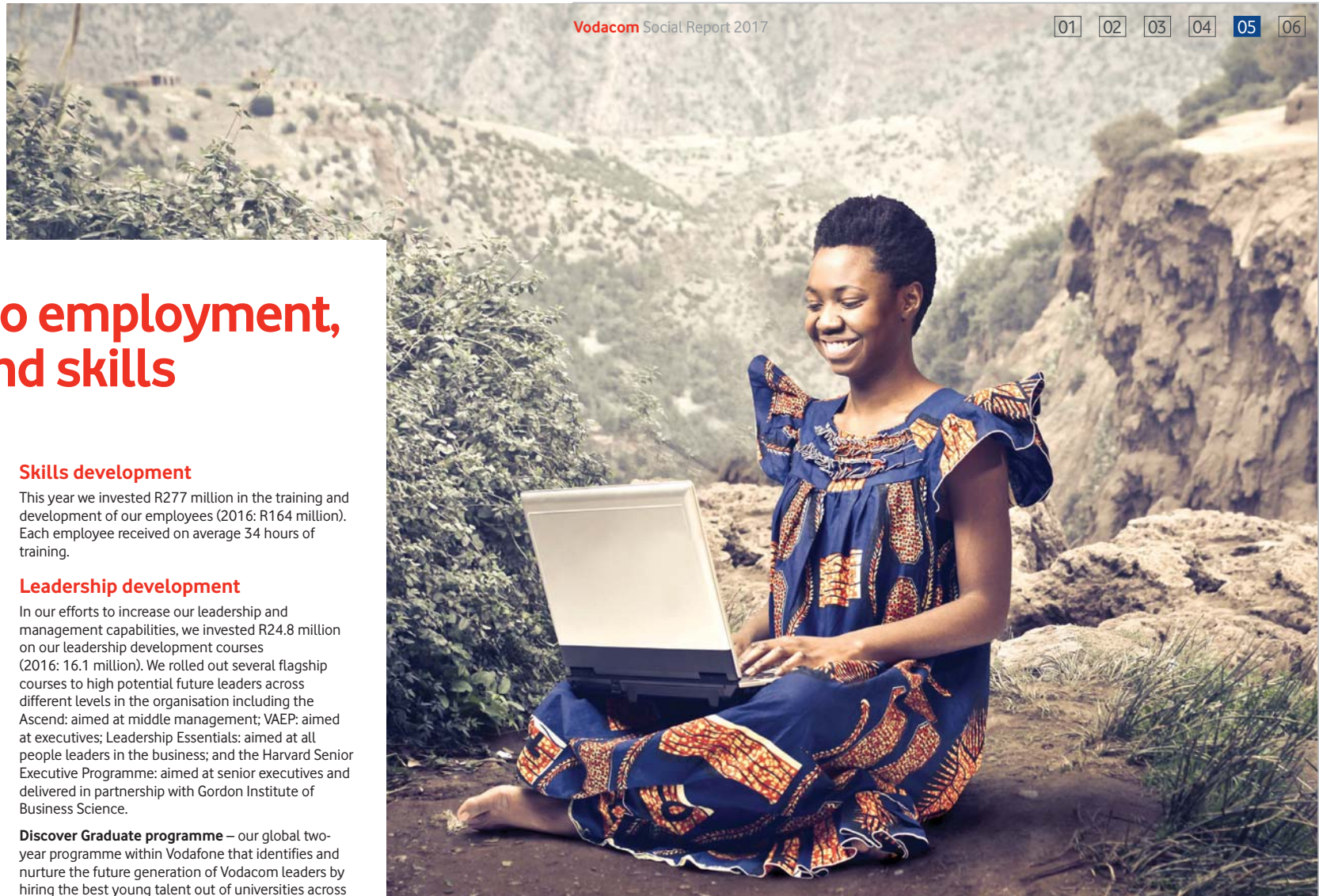
➔ **Mandela Day food security**

The initiative forms part of a larger project that the Vodacom Foundation is rolling out across the country, building on its inaugural food security drive launched in honour of the International Nelson Mandela Day in 2013.

In the last five years, Vodacom has spent R29.7 million to provide food parcels containing nutritional, non-perishable items such as peanut butter, baked beans and canned meat. The food parcels are distributed to schools across the country, in collaboration with the Department of Basic Education (DBE). Vodacom employees and key partners including DBE, The Nelson Mandela Foundation, Kaizer Chiefs and Blue Bulls, have constantly volunteered to pack over 195 000 food parcels. The food parcels are distributed to DBE designated schools across the country.

We have also partnered with Food and Tree for Africa to plant fruit trees and set up vegetable gardens at seven food gardens spread across South Africa.





05 Contributing to employment, job creation and skills development

We depend on our people to deliver the best experience to our customers. For this, we need technical skills (best network), product development and financial expertise (best value), and great customer-facing employees (best service).

To do this, we attract and retain the right people by creating a safe and rewarding environment, and to create the right culture and working environment for our employees to thrive.

We support, train and encourage more than 7 587 people working across Vodacom to ensure they have the right capabilities, commitment and enthusiasm to achieve our business goals.

Number of employees by country (excluding VBA)

Country	2017	2016
South Africa	5 038	5 009
Tanzania	525	546
DRC	617	613
Mozambique	485	466
Lesotho	207	202

Skills development

This year we invested R277 million in the training and development of our employees (2016: R164 million). Each employee received on average 34 hours of training.

Leadership development

In our efforts to increase our leadership and management capabilities, we invested R24.8 million on our leadership development courses (2016: 16.1 million). We rolled out several flagship courses to high potential future leaders across different levels in the organisation including the Ascend: aimed at middle management; VAEP: aimed at executives; Leadership Essentials: aimed at all people leaders in the business; and the Harvard Senior Executive Programme: aimed at senior executives and delivered in partnership with Gordon Institute of Business Science.

Discover Graduate programme – our global two-year programme within Vodafone that identifies and nurtures the future generation of Vodacom leaders by hiring the best young talent out of universities across all markets. This year, after visiting nine universities, receiving 6 800 applications and conducting 1 550 assessments, we recruited 70 graduates in South Africa and 58 across our International operations; 55% of the South African recruits are female, and 69% are black, the highest proportion since the programme's inception.

Interns, learners and bursars – In 2016, 410 employees qualified to participate in our staff bursary scheme amounting to R10.8 million in expenditure. We appointed 295 learners and interns and invested R5.2 million on training for these individuals.

Developing diversity

Driving diversity gives us the benefit of different life experiences, perspectives and ideas that help us serve our customers better. The representation of women remains a challenge for our business and for the broader telecommunications industry. Women represent 46.8% of our overall workforce. In our South African operation we continue to promote transformation. Black representation in the workforce is 72.7%; 51.4% at senior management level; and 58% in the Executive Committee. Women represent 46.8% of the workforce and 30% at senior management level.

Representation of women in senior management:

	2017	2016
South Africa	30%	18%
Mozambique	18%	20%
DRC	45%	23%
Tanzania	25%	25%
Lesotho	20%	30%

06 Economic contribution to the economies where we operate

We support economic growth and job creation through increasing access to our services by widening coverage and driving affordability. We are a major investor, taxpayer, employer and purchaser of local goods and services, playing an important role in helping to develop the economies of the countries in which we operate.

We continue to explore the socioeconomic potential of communications technology; contribute to job creation and economic growth; and expand access to telecommunications.

Economic value added

Rm	2017	2016
Employees ¹	5 516	5 598
Providers of finance	14 475	13 855
Governments	5 827	5 679
Community spend	114	106
Value reinvested	9 610	9 004
Value retained	1 425	1 209

Note:

1. Excludes staff expenses of R742 million (2016: R687 million) capitalised against property, plant and equipment. Includes dividends of R44 million (2016: R41 million) relating to the forfeitable share plan which was offset against the forfeitable share plan reserve.

The value we create through our contribution to the economies where we operate:

Cash tax contributions

Direct tax contribution **R8 237 million** Indirect tax contribution **R6 619 million** Direct non-tax contribution **R1 226 million**



other value adding financial contributions

Investing in our business **R11 292 million**
capital investment representing 14% of revenue

Investing in our people **7 587**
full time employees.

R5 516 million
distributed to employees in salaries and benefits

R114 million
Investing in our communities

Also, we continue to make a significant contribution to public finances, both directly and indirectly through taxes and other fees. This year, our total cash tax contributions to public finances amounted to R16.1 billion.

Promoting Black Economic Empowerment BBBEE in South Africa

105/130

Points

R399m

developing SMME ICT

R149m

supplier development

R225m

uplifting communities through ICT

R161m

skills development of black people

R7bn

to >51% black-owned suppliers

R5.7bn

to >30% black women-owned suppliers

R23bn

weighted spend on BEE-status suppliers

For the past three years Vodacom had consistently delivered a Level 2 BBBEE contributor status, and had been rated the most empowered JSE listed company in the ICT sector. This year, following publication in November 2016 of a revised ICT sector code, and as a result of changes in the qualification criteria, our contributor status moved to a Level 4. Despite this shift, we made good progress in promoting empowerment across most of the measured areas.

Scoring Element	Target Points	Achieved Points	Cost of Investment
Ownership	25	16.13	
Management Control	23	17.33	
Board representation	8	8.00	
Other Top Management	5	4.05	
Employment Equity	10	5.28	
Skills Development	20	16.93	R161 million training spend on Black people
Enterprise and Supplier Development	50	42.62	R7 billion to >51% black owned suppliers
Procurement	25	19.00	R5.7 billion to >30% black women owned
Supplier Development	10	5.62	R149 million on supplier development
Enterprise Development	15	15.00	R399 million on SMME development
Socio-Economic development	12	12.00	R225 million on uplifting communities
Total	130	105.01	Level 4

Economic contribution to the economies where we operate **continued**

► Supporting economic transformation through preferential procurement

We have invested significantly in promoting transformation in our supply chain. This year, we spent R23 billion on BBBEE status suppliers, of which R5.7 billion was to more than 30% black-women-owned suppliers. Our commitment to 15 calendar-day payment terms to qualifying black-owned SMME suppliers, resulted in fast payments totalling R434 million being paid within five days or less, representing R150 million more than in the previous year. With black equity ownership at 17.23%, this amounts to R9.5 billion being held by black South Africans.



► Vodacom launches mobile App for smallholders

Vodacom has partnered with the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) on behalf of the German Government and Manstrat Agricultural Intelligence Solutions to launch an IoT solution to support South African smallholder farmers to access the commercial agriculture arena. With an estimated combined investment amount of around R21 million over three years, the 'Connected Farmer' platform, a cloud-based web and mobile software solution, will link thousands of smallholder farmers to the agriculture value chain enabling access to information, services and markets.

The IoT solution is expected to help improve agriculture productivity, address food security, create jobs and increase incomes in the agriculture sector. The project will support participating agribusinesses to promote sustainable agricultural practices among smallholder farmers.

Leveraging the successful implementation of Connected Farmer projects in East Africa, the initiative lays the foundation for inclusive growth in the agriculture sector through

integrated value chains in agriculture. The Connected Farmer platform is aimed at connecting enterprises, small and commercial agribusinesses, NGOs, and farmer associations.

In South Africa, over 200 000 smallholder farmers and an estimated 2 million subsistence farmers have an important role to play in food security and poverty reduction, yet their access to markets, information and finance is limited or non-existent. There is also a lack of available data on smallholder farmers and their supply chains, which is a barrier to informed decision-making by agribusinesses and policy makers.

The platform will provide farmers with the services they need. This promotes sustainable agricultural practices, enhances productivity and, most importantly, reduces risk. Sourcing from smallholder farmers as a result becomes more realistic and executable for food manufacturers and retail businesses, increasing the number of smallholders and subsistence farmers in commercial agricultural value chains. This has been proven in the deployment of the Connected Farmer platform in East Africa.

Digitising the agricultural value chain means that smallholder farmers will benefit from access to information and markets. Vodacom's ICT services enable enterprises to have real time visibility of their supply chains, as well as the ability to engage and communicate with smallholders directly.



► Cost to communicate

The cost to accessing communications services remains an ongoing concern for our customers and stakeholders. True to our commitment to price transformation, we put various initiatives in place aimed at driving down the cost of data and encouraging customers to optimise the use of bundles. Our three year price transformation strategy continues to deliver greater value for our 39 million South African customers.

In the past year, voice and data prices fell by 14.3% and 16.0% respectively in South Africa where significantly more customers benefitted from using bundles. This brings the cumulative reduction in voice and data prices to 42.2% and 44.3% over the past three years. Still, we remain focussed on addressing out-of-bundle pricing and recently launched an enhanced smart notification service to encourage in-bundle usage.

Our segmented offerings and 'Just 4 You' personalised offers continue to play an important role both in increasing customer activity and generating greater value for our customers.

These initiatives include:

- Running targeted consumer campaigns to increase awareness on how to buy maximum-value bundles, check balances and more efficiently manage purchased data;
- Empowering customers to keep track of data usage and optimise value by providing free access to the MyVodacom app;
- Improving our in-bundle and out-of-bundle smart notifications for customers;
- Appropriately size customers' bundle needs by recommending personalised offers to customers which are determined based on the customer's previous usage behaviour; and
- Providing zero-rated (free) access for Vodacom customers to certain propositions through Siyakha (a platform that assists in addressing the cost to communicate for those that need it most). These include career, education and health websites, as well as Facebook Flex, a free, text-based version of Facebook.

► Supporting our communities to deal with disaster relief efforts

Mozambique – Cyclone Dineo

Natural disasters wreck lives and infrastructure, and whilst some of these disasters are predictable, the damage is disastrous. Vodacom is a proud corporate citizen ready to lend a hand in order to make a contribution to restore the damage caused by natural disasters.

True to our commitment, Vodacom supported relief efforts during the aftermath of cyclone Dineo and ensuing appeal by The National Institute for Disaster Management of Mozambique. We provided R3.7 million (20 million MT) to assist with relief efforts which included food, accommodation as well as essential building materials that will assist with the reconstruction of hospitals, classrooms and other public buildings. That was a contribution of a remarkable 90% of the call for funding from corporates and individuals by the Institute.

Further to the material, shelter and food security support, Vodacom reached out to the people on the ground by contributing R1.6 million to enable customers to communicate with family and friends free, so that they would have peace of mind as to their wellbeing.



► R20 million Disaster Relief Fund

Following the devastating fires and storms that wreaked havoc in the Southern and Western Cape in June 2017, Vodacom set up a R20 million Disaster Recovery Fund aimed at providing relief and aid for those most affected when disasters arise.

Vodacom ring-fenced 50% immediately, to work in partnership with the Department of Basic Education focusing on rebuilding or refurbishing schools that have been affected by the catastrophe. In addition to the fund, Vodacom deployed 1 200 sims-cards loaded with airtime to disaster relief personnel in Knysna and residents in affected areas to enable better communication and emergency response.

Vodacom also set up public cell-phone charging stations and Wi-Fi hotspots at various sites that need assistance including the Knysna Joint Operations Control Centre. About 40 phones with airtime were deployed to the necessary disaster task team leaders, and 600 cell-phone charger power banks were distributed.



Economic contribution to the economies where we operate **continued**



Transformation is in our DNA

As an active corporate citizen, Vodacom is one of the pioneers of social transformation through ICT. In the past 18 years, we have spent over a billion rand to transform the lives of people through the Vodacom Foundation.

Vittorio Colao said that Vodafone was committed to BEE and would be looking to a new equity deal. Importantly, there is a deep appreciation of the need for broad based benefits, through several avenues, and any deal put together for Vodacom would not just reflect a transfer of ownership.



SMMEs

We invested R841 million on developing SMME ICT businesses and a further R218 million on community investment.

Ownership

We established YeboYethu in 2008 to effect grassroots empowerment. In August 2016, YeboYethu listed its ordinary shares on the JSE's Empowerment Segment. Vodacom issued 14.4 million YeboYethu Ordinary Shares at R25 each and as a result of the public offer; approximately 102,000 qualifying black investors bought a stake in Vodacom SA. Valued at R7.5 billion, it was at the time one of the largest empowerment schemes in the telecommunications industry, resulting in YeboYethu owning up to 3.44% of Vodacom SA.

Looking forward to increased black ownership, we are strongly supported by our parent company, Vodafone. In a recent visit to South Africa, Vodafone Group's CEO,

Innovator Trust

A focus on enterprise creation and development is key to our sector. In 2014, we established The Innovator Trust through a R750 million loan facility over a five-year period, to aid in the successful development of small black-owned businesses. To date, the Trust has accessed R600 million to provide a tailored development programme for selected, established small businesses in the sector. Through training, mentorship, networking and infrastructure support, the Innovator Trust is helping to create ICT leaders of the future. From 18 SMMEs in our first year, the programme currently has grown to 53.

Although our group of SMMEs are mostly young, vibrant entrepreneurs, we also have some more experienced business owners, and we've been encouraged by a notable increase in the number of women taking part, rising from 18% to 32% over the past year. 97% of the entrepreneurs on the programme are black.

Vodacom shops

We are accelerating our efforts to increase the number of retail stores owned and managed by African black individuals or African black owned enterprises. We recently announced a bold programme internally to effect real transformation within our retail channel business. Known as Retail Channel Transformation (RCT), the programme is aimed at maximising transformation within the company's retail channel and increase the percentage of black-owned and managed stores to 60% over three years. So far,

of the 204 Vodacom shops, almost 36% are 51% black owned. Of the 20 Vodacom express stores, 90% are 100% black owned.

The programme is a step change towards empowerment and social upliftment, and will ensure that African black individuals have the opportunity to acquire existing operating and news stores through a process that is facilitated by Vodacom. Vodacom's facilitation role is meant to ensure fair market valuations and contractual arrangements that are based on commercially acceptable terms. In addition, Vodacom is providing support to its franchisees in a manner that will improve the store's operational risk profile and support the financial sustainability of the stores.

As a recognition for our historical contribution to transformation over the years, Vodacom received an honorary award at the 16th annual Oliver Top Empowerment Awards in April 2016. The awards recognise leaders in transformation and showcase outstanding leaders – organisations and individuals – who exemplify vision, innovation, leadership, and, most of all, action in the name of transformation.

Looking forward, we are prioritising Vodacom franchisees (distribution channels) as the first point of ownership transformation in the next three to five years. While we've been pleased with our progress and the acknowledgement we've received, more must and will be done.

Transformation is part of the DNA of Vodacom and we will continue working hard to ensure the fruits of our economy, and our sector, are shared by all.

ACCELERATE GROWTH

The Innovator Trust is offering GB5 scholarships and support to women entrepreneurs in ICT.

Apply today for our scholarship to attend the 13 month Programme for Management Development 2016.

TO APPLY, VISIT US AT: www.innovatortrust.co.za



24 YEARS OF EMPOWERING EVERYONE TO BE CONFIDENTLY CONNECTED

1993

Vodacom is awarded a licence to operate a GSM cellular network in South Africa.

1994

A record-breaking rollout of the network follows with at least two base stations built every day.

We officially switch on our network.

1995

Vodacom is granted a GSM licence in Lesotho, our first licence outside South Africa.

Vodacom sponsors the South African national rugby team, the Springboks, winners of the 1995 Rugby World Cup.

1996

We're the first in the world to launch a prepaid service.

We switch on our network in Lesotho.

1997

The South African mobile market reaches the one million customer mark, 606 000 of whom are Vodacom customers.

1998

Launch of prepaid access to the internet, a world first.

We open Vodaworld in Midrand, the world's first cellular shopping mall.

1999

We receive ISO 14001 certification for our environmental policy, a first for mobile.

2000

We launch commercial operations in Tanzania.

Our network covers about 92% of South Africans.

2001

We become the largest mobile network operator in Tanzania within a year. Vodacom Tanzania covers Mount Kilimanjaro, which becomes the highest point in the world to be covered by a GSM network.

2002

Vodacom Congo launches in the DRC.



2003

We're the first to cover 95% of South Africa's population.

Vodacom Mozambique launches after a record three-month network roll out.



2004

We celebrate our first decade with well over 10 million customers in South Africa.

Vodacom launches 3G in South Africa.

2005

We built as many 3G base stations in the previous year as we'd done in the first three years of operation.

We cut call rates, saving customers between 4% and 9% on their monthly spend, with a 60% and 90% reduction in SMS and data tariffs respectively.

2006

Our total investment in network infrastructure for the Group was R28.5 billion at 31 March 2006.

We cover 96% of the South African population.

We launch the first 3G HSDPA network in South Africa.

Vodafone increases its shareholding to 50%.

2010

The year Vodacom was the voice behind Bafana Bafana.

2011

Vodacom's rebranding, from a strategic and identity perspective, aligns us more closely with Vodafone.

2012

First to launch LTE/4G in South Africa.

We launch My Vodacom App, giving customers a range of self-service capabilities.

2013

We implement the largest array of solar panels on a single building in Africa.

We begin to implement an all-encompassing pricing transformation, migrating our customers on to integrated and bundled plans that provide greater value for money.

2014

We cover 99.8% of the population in South Africa.

2015

My Vodacom App reaches 2.4 million downloads, a 52% increase of users.

First to launch LTE/4G in Lesotho.

We complete our RAN renewal project, making our network LTE/4G ready.

We reach 99.9% network coverage in South Africa.

2016

Most Empowered Company under the 2007 Codes of Good Practice.

Widest 4G population coverage in SA at 75.8% at end March.

2017

Vodacom Tanzania lists on the Dar Es Salaam Stocks Exchange

