Vodacom
Sustainability report

for the year ended 31 March 2017

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How to get the most out of our Sustainability report:

This icon tells you where you can find related information in our report.

vodacom This icon tells you where you can find more information on **www.vodacom.com**

vodafone This icon tells you where you can find more information on our parent Vodafone Group Plc's website at **www.vodafone.com**

Other sources of information available online

Integrated report 2017

Consolidated annual financial statements 2017

Other sources of information available online:

▶ Regulatory report
▶ Public finances report
▶ Corporate governance report
▶ Value added statement
▶ GRI context index

These are all available at **www.vodacom.com**

Our approach to reporting

Vodacom's 2017 Sustainability report forms part of a suite of reports developed as part of Vodacom's integrated reporting process.

Our Sustainability report provides information on our performance and management approach relating to the most material economic, social and environmental impacts of our activities. The scope of this report includes Vodacom Group and our operating subsidiaries, unless otherwise stated. Performance data relates to the period 1 April 2016 to 31 March 2017. Data referring only to our South African operation (our largest subsidiary) is indicated with #.

The target audience for this report is all stakeholders who have an interest in Vodacom's sustainability performance, and includes regulatory authorities, investors and shareholders, civil society, current and potential customers, media and our employees.

The reporting process for our reports has been guided by the principles and requirements contained in the International Financial Reporting Standards (IFRS), the IIRC's International <IR> Framework, the GRI's Sustainability Reporting Standards, the King Code on Corporate Governance 2016 (King IV), the JSE Listings Requirements, the expectations of FTSE Russell, and the requirements of the remit assigned to Social and Ethics Committees in terms of the South African Companies Act of 2008, as amended.

About Vodacom

Vodacom is a leading African communication company providing a wide range of communication services, including mobile voice, messaging, data, financial and converged services to over 66.8 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 across the continent. Vodacom is majority owned by Vodafone (65% holding), one of the world's largest mobile communications companies by revenue.

For our customers

We've extended **3G coverage** to

99.2%

and **4G coverage** to

75.8%

of South Africans.

In our International operations we added:

284 4G sites **888** 3G sites **536** 2G sites

M-Pesa with

12.9 million customers and

M-Pawa with

1.2 million customers

are providing money transfer, savings and credit services to people outside the financial system.

To drive affordability, our blended average effective price per minute reduced

14.3%

and our average effective price per MB reduced

16.0% ↓ in South Africa and

Tanzania	↓ **32.5%**	Mozambique	↓ **10.0%**
DRC	↓ **29.3%**	Lesotho	↓ **34.2%**

Supplied ICT equipment and internet connectivity to more than:

3 000 schools

and trained over

100 000 teachers

on use of ICT in South Africa.

For our people

We spent

R277 million

on skills development and enrolled

128 ♥

graduates in our graduate programme across the Group.

We are serious about diversity in South Africa

73% of our employees are black, and 47% are women. 58% of our Executive Committee members are black.

In our societies

We contributed

R16.1 billion

total cash contribution to public finances.

Level 4

Black Economic Empowerment contributor status in South Africa.

In procuring goods and services **R24 billion weighted spend on BEE-status suppliers** and **R5.7 billion** to >30% black woman-owned suppliers in South Africa.

We spent

R114 million

on corporate social investment across the Group.

We launched the Siyakha platform to promote digital inclusion offering zero-rated content on specific education, health and employment websites, as well as a free, text-based version of Facebook.

value created

Message from the CEO

Shameel Aziz Joosub

It gives me pleasure once again to introduce Vodacom's 2017 Sustainability report. This report, which constitutes the report of the Group Social and Ethics Committee, reviews our performance and management approach on the most material social, economic and environmental impacts of our activities.

Given the evident economic and social benefits associated with improved voice and data connectivity, and recent significant developments in digital technology, there are growing expectations from many stakeholders for more inclusive access to digital services. This is evidenced most notably in the South African Government's recent Integrated ICT Policy White Paper, which seeks to unlock the potential of information and communication technologies as a means of achieving the country's developmental objectives.

Vodacom shares this belief in the transformative potential of ICT technologies, although we have some differing opinions on how this potential can most effectively be delivered. Our recently approved Vision 2020 outlines our commitment to facilitating access to digital services, as part of our core purpose of "connecting everybody to live a better today and build a better tomorrow." In this report we outline some of the activities that we have been taking to contribute to sustainable development and to help in building a better tomorrow. I encourage you, as a

stakeholder who has an interest in Vodacom's activities, to read this report and to give us your feedback, both on our performance and on the quality of our disclosure.

Empowering our customers to build a better tomorrow

The most effective way in which we can make a positive societal contribution is through our business activities – enhancing connectivity by providing increased access to reliable and affordable data and voice services. We have undertaken numerous initiatives this year specifically aimed at broadening access to digital technologies:

▸ We invested R11.3 billion this year in network infrastructure across the Group, expanding our network coverage in 2G and 3G across all our markets, and in 4G in South Africa, Tanzania and Lesotho, reaching more customers in remote and previously under-serviced areas with high-speed data coverage. At the same time we have increased the availability and sought to reduce the cost of smartphones and tablets; by year end the number of active smart devices on our network had increased 18% to 16.8 million, bringing enhanced connectivity to many new customers.

▸ We have taken various steps to drive down customer data costs: we have reduced our out-of-bundle rates for prepaid tariffs by 25%, and our out-of-bundle rates for all contracts down to R1; we are running campaigns to increase customer awareness on how to buy maximum-value bundles and more efficiently manage purchased data; we have improved our in-bundle and

out-of-bundle smart notifications for customers; and we have launched various segmented propositions that lower the data entry barrier.

▶ In January this year, we launched our Siyakha platform in South Africa, which promotes digital inclusion by offering very low-cost voice and data bundles, entry-level smartphones, and targeted content offerings, including a buffer-free Video Play service, zero-rated content on specific education, health and employment websites, and a free, text-based version of Facebook.

▶ In Tanzania, the DRC, Mozambique and Lesotho, we now provide affordable access to mobile banking services for more than 12.9 million customers through our ground-breaking M-Pesa service. While the core benefit of M-Pesa remains the transfer of money between customers, it has evolved to enable people to save and borrow, and to receive salaries and benefits, delivering significant social value to many people in remote areas.

▶ During the year we launched our IoT-based 'Connected Farmer' platform that will link thousands of smallholder farmers in South Africa to the commercial agriculture value chain. This initiative leverages off similar projects that have been implemented across Kenya, Tanzania and Mozambique through Vodafone, which is making an important contribution in improving agricultural productivity and food security, creating jobs and increasing incomes in the agriculture sector.

In addition to these and other initiatives reviewed in more detail in this report, 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. We provide a detailed and transparent review of all our tax payments in a separate public finances report, available through our website.

Investing in community development

We further enhance the positive impact of our business activities through our focused social investment initiatives that seek to harness ICT to improve access to education, address community health challenges and combat gender-based violence. This year we invested R114 million in community projects across all our operations.

I am particularly proud of the work we are doing on education. Through our flagship mEducation programme we have provided quality ICT equipment and Internet connectivity to more than 3 000 schools, trained over 100 000 teachers, and equipped and connected 92 teacher centres that provide teacher development and youth training across South Africa. In addition, we offer a free online learning portal for school learners through our e-school platform. We run similar education programmes in our International operations, with our Instant Network School, for example, providing millions of youth across Tanzania, the DRC, Mozambique and Lesotho with free access to online learning materials at all school levels.

Our health projects are similarly delivering important benefits: in South Africa, our partnership with the National Department of Health to develop a mobile-based stock visibility solution is now active in 3 167 clinics (1991 of which are supported by Vodacom), improving the availability of essential medicines in clinics countrywide; we have also continued with our awareness campaigns across our International operations, sending text messages to encourage patients to take their medication and attend their appointments.

We are also contributing to promoting entrepreneurship and job creation. In South Africa, for example, we partnered with the country's most reputable career websites to launch the NXT LVL zero-rated career website, enabling job seekers to browse job sites, upload their CVs and apply for available positions free of charge. In Lesotho, we invested R3 million this year to support 12 entrepreneurs through a 12-week incubator programme at Vodacom Lesotho's Innovation Park, a technology-based incubator that uses technology and mobile communications to increase small business competitiveness.

Developing our employees

To attract, develop and retain the very best people, we strive to provide a motivating and inclusive workplace that develops and rewards talent. We invested R277 million this year in employee training and development, providing an average of 34 hours of training per employee over the year. Through our Discover Graduate Programme, we identified and selected 70 high-calibre and diverse graduates from nine targeted universities in South Africa, all of whom have been placed in permanent roles. A further 58 graduates were placed in roles across our International markets. We continued to provide employees with exciting opportunities for personal and career development through secondment at some of Vodafone's global operations.

We consider a diverse workforce to be a critical asset in enhancing our ability to serve our customers, as well as an imperative in addressing historic inequalities. In our South African operations, we have 73% black representation in the workforce, 55% at senior management level and 58% at the Executive Committee. The representation of women remains a challenge for our business and for the broader telecommunications industry; we currently have 47% female representation in the workforce, with 30% at senior management level. We are committed to increasing the representation of women at all levels in our business, and have various initiatives in place to promote gender diversity.

Showing leadership on Broad-based Black Economic Empowerment (BBBEE) in South Africa

For the past three years Vodacom (Pty) Limited 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. In addition to the positive performance mentioned earlier in transforming our workplace and management team and supporting skills development, we have invested significantly in promoting transformation in our supply chain. This year, we spent R24 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.

Workplace safety and heath

I am saddened to report that we had one workplace-related fatality this year. In Mozambique, in January 2017 a young boy was fatally injured in an accident involving a vehicle driven by a Vodacom contractor. Road-related accidents remain our principal safety risk; and we continue to place an emphasis on implementing road safety initiatives across all markets. This year we revised our occupational driving standard, which also applies to all suppliers, in particular high-risk suppliers, who account for most incidents. The new standard focuses on driver roles and responsibilities, weekly vehicle inspections, mandatory driver training, medical fitness, journey planning and live vehicle tracking and monitoring. We have also revised our road risk policy and monitoring, as well as management ownership and accountability.

Promoting responsible environmental management

As an ICT company, we require significant amounts of energy – in the form of on-grid electricity and off-grid sources such as diesel – to connect millions of people, devices and machines, and to transmit vast amounts of data. Driving energy efficiency and reducing greenhouse emissions across our network, remains our most significant environmental focus area. Although our absolute greenhouse gas (GHG) emissions in Vodacom Group increased this year by 18% to 683 439 tonnes CO_2, as a result of our continuing network growth, expanding our indirect emissions reporting and improved data integrity, it is pleasing to report that we have sustained our significant improvements in emissions intensity. Since 2012, we have reduced our GHG emissions per terabyte of data traffic on our network from 28 to 4. This improvement over five years reflects the positive impact of our investment in energy efficiency and optimisation initiatives across our operations. This year, we rolled out smart energy meters to another 840 sites, and continued to identify opportunities to use fuel cells, flow batteries, DC power cooling and energy data management solutions. We also further expanded our roll-out of portable base stations that are totally off-grid, operating on solar power and battery. We now have 976 solar sites across the Group, an initiative that has been expanded into Vodafone as a global best practice.

Outlook

Recent significant developments in digital technology – in areas such as big data analytics, artificial intelligence, blockchain and the rise of connected homes, autonomous vehicles and the Internet of Things – present unparalleled opportunities to drive positive social change. Our goal at Vodacom is to harness these opportunities to grow our company, delivering world-class digital services that empower the digital lives of our customers.

Though our Vision 2020 strategy we are committed to removing barriers to accessing digital services, and playing a transformative role in education, healthcare, financial services and agriculture. By extending the coverage and quality of our network, facilitating access to smart devices, developing and providing segmented customer propositions, and maintaining a strong focus on pricing transformation, I am confident that we will continue to make a positive societal contribution through our core business activities.

We look forward to continue to work in partnership with our various stakeholders – including government, technology providers, civil society organisations, and our suppliers and customers – to realise the full potential that digital services can provide in delivering on national and global sustainable development goals.

Shameel Aziz Joosub
Chief Executive Officer

2 June 2017

Our business principles

The business principles underlying the Vodacom Code of Conduct are:

Individual conduct

We act with honesty, integrity and fairness in our dealings both internally and externally. We do not tolerate any form of bribery, including improper offers of payments or gifts to or from employees. We avoid any contracts that might lead to, or suggest, a conflict of interest between personal activities and the business. We neither give nor accept hospitality or gifts that might appear to incur an obligation. We pursue mutually beneficial relationships and seek to promote the application of our business principles with our business partners and suppliers.

Compliance with the law

We comply with the provisions of all applicable domestic and international laws and appropriate standards and principles.

Health and safety

We protect the health, safety and wellbeing of our customers, employees, partners and the communities in which we operate and disclose any information that comes to our knowledge that clearly demonstrates that any of our products or services breach internationally accepted safety standards or guidelines.

Financial integrity

We provide the best possible return for our shareholders over the longer term. We base our investment decisions, acquisitions and business relationships on economic criteria but we also take into account social and environmental considerations.

Public policy

We voice our opinions on government proposals and other matters that may affect Vodacom and our stakeholders. We do not make gifts or donations to political parties or intervene in political party matters.

Communications

We communicate openly and transparently with all our stakeholders within the bounds of commercial confidentiality. We protect confidential information from improper disclosure, and any authorised communication of confidential information should be limited to individuals who need it to carry out their work.

Customers

We value the trust our customers place in us and safeguard the information provided to us.

Employees

We base relationships with and between employees on respect for individuals and their human rights and do not tolerate child labour. We do not accept any form of discrimination, harassment or bullying. We pursue equality of opportunity and inclusion for all employees through our employment policies and practices.

Communities and society

We engage with local communities to help us understand and respond to any concerns they may have, for example in relation to network deployment. We always provide our stakeholders with access to correct, relevant and current information and build trust through integrity, transparency, honesty and objectivity. We invest in society in a way that makes effective use of our resources, including support for charitable organisations.

Environment

We commit to protecting the environment. We minimise our use of finite resources (such as energy, water and raw materials) and the release of harmful emissions to the environment (including waste, air emissions and discharges to water). We seek to improve the environmental performance of the products and services we provide, as well as support those that offer environmental and social benefits to our customers.

Our sustainability performance:
At a glance

Indicator	2017	2016
Investing in our people		
Number of full-time permanent employees	7 587	7 538
Salaries and benefits (Rm)	5 428	5 599
Women representation in Executive Committee (%)	17.0	18.0
Black representation in Executive Committee (%)	58.0	55.0
Ratio of average basic salary of men to women (times)	1:3	1:3
Total training spend (Rm)	277[1]	103
Workplace-related fatalities	1	4
Lost-time injury frequency rate (LTIFR)	0.05	0.11
Product and service responsibility		
Customer NPS (SA) (ranking relative to competitors)	1st	1st
Delivering social value		
Customers (thousand)	66 785	61 305
M-Pesa customers (thousand)	12 922	9 224
Investment in infrastructure (Rm)	11 292	12 875
Total cash tax contribution (Rm)	16 082	14 710
Investment in communities (Rm)	114	106
Responsible environmental management		
Direct greenhouse gas (GHG) emissions (Scope 1) ($mtCO_2$)	44 203	44 917
Indirect GHG emissions (Scope 2) ($mtCO_2$)	555 010	494 354
Indirect GHG emissions (Scope 3) ($mtCO_2$)	84 226[2]	36 602
Total GHG emissions CO_2 (incl. non-Kyoto Protocol emissions) ($mtCO_2$)	683 439	576 872
Access network electricity[#] (GWh)	333	282
Core network electricity[#] (GWh)	84	81
Building electricity[#] (GWh)	54	50
Vehicle fuel (diesel and petrol)[#] (million litres)	0.7	1.3
Network equipment and handsets reused/recycled[#] (tonnes)	69	1 006

1. The increase on reported training spend is attributed to the application of new audit rules i.e. contractor spend is now included.
\# South Africa only.
2. Increase in scope 3 is due to the inclusion of a new reporting category i.e. electricity transmission and distribution losses.

Sustainability governance and management

Corporate and sustainability governance

Operating responsibly is essential to our licence to operate and delivers commercial advantages to our business, helping to turn potential risks into opportunities. By acting with honesty and integrity we can secure the trust of our customers, which is integral to the long-term success of our business.

We sustain our ability to create value for all our stakeholders through maintaining robust ethics, governance and risk management processes and structures. These are reviewed in more detail in our Integrated report.

The Board takes overall responsibility for Vodacom's success. Its role is to exercise leadership and sound judgement in directing

Vodacom to achieve sustainable growth and act in the best interests of all our stakeholders.

Through the Group Social and Ethics Committee (the Committee), the Board monitors the organisation's ethics and sustainability performance. The Committee oversees and monitors Vodacom's activities in relation to:

▸ Social and economic development, including the principles of the United Nations Global Compact, Black Economic Empowerment (BEE), and the Organisation for Economic Cooperation and Development's (OECD) recommendations on corruption;

▸ Good corporate citizenship, which includes promotion of equality, prevention of unfair discrimination, corporate social responsibility, ethical behaviour and managing environmental impacts;

▸ Consumer relations;

▸ Labour and employment, including skills development; and

▸ Safety, health and environmental issues.

Governance structures

Board
Board Committees

- Nomination Committee
- Remuneration Committee
- Social and Ethics Committee
- Audit, Risk and Compliance Committee
- Executive Committee

CEO
Executive Committees

- Finance
- International Business
- Technology
- Enterprise
- Consumer
- Commercial Operations
- Corporate Affairs
- Legal and Regulatory
- Human Resources
- Strategy and New Business
- Sales and Distribution

Managing sustainability

The highly competitive, fast-paced and evolving nature of Vodacom's business context requires proactive responses to ensure organisational resilience. We recognise the importance of identifying and responding to the risks and opportunities that could influence our ability to create and sustain value now and into the future.

Challenging operating context

The macroenvironment in which we operate significantly influences the way we do business and is becoming increasingly uncertain and complex. The global megatrends impacting on our business are inter-related and include:

▸ Greater pressure and expectations from stakeholders for socially responsible corporate behaviour;

▸ Increasing legislative and fiscal instruments as a means of internalising environmental and social externalities;

▸ Constrained access to natural resources; and

▸ Value chains and physical assets affected by unpredictable results of climate change, including extreme weather events (droughts and floods).

These trends have found expression in diverse platforms including national legislation and regulation, which continues to evolve and expand, international treaties that bind countries, national and international development aspirations for transforming societies, and increasing stakeholder interest in business performance on key issues.

Proactively addressing and responding to these trends, collaborating with others and creating shared-value, is key to our long-term success.

Embedding sustainability in the way we do business

Our sustainability strategy defines our strategic sustainability priorities, which frame Vodacom's most material sustainability issues and our strategic response to these issues. It also sets the basis for defining how we measure our sustainability performance. The strategy was developed through a structured process designed to place sustainability firmly within the context of the overall business strategy.

The implementation of our sustainability strategy is embedded in our business through the definition of key performance indicators and targets, which allow us to monitor and assess how we are doing.

Vodacom's strategic sustainability priorities

Deliver exceptional network quality

Deliver superior customer value and protect our customers' data and privacy

Embed the highest principles of corporate governance

Continue to innovate in the way we do business

Ensure the protection and furtherment of human rights

Our strategic sustainability priorities

Increase penetration in existing markets and expand into new markets

Proactively engage with our key stakeholders

Manage the environmental footprint of business

Provide a stimulating and rewarding environment for our people

Create and sustain value in the communities and markets in which we operate

Supporting global goals for sustainable development

The United Nations Sustainable Development Goals (UN SDGs) set a sustainable agenda to end poverty, protect the planet and ensure prosperity for all by 2030. Vodacom is committed to playing its role, as a private sector company, in the attainment of the goals, supporting governments to build better societies. Through our partnerships with government and communities, we continue to identify innovative ways through which mobile communication technologies can support financial inclusion, food security, health and access to education. In each of these areas we have been able to make significant strides in improving the lives of our customers and the communities we operate in. We further commit to minimising our environmental impact. Managing our operations responsibly and ethically will stimulate growth and generate value for our company, society and economy.

Vodacom focuses in particular on supporting the ongoing fulfilment of the following four global goals, as demonstrated by some of our key activities.

GOAL 3:
Good health and well-being

Vodacom and its subsidiary; Mezzanine have developed a mobile platform that allows healthcare professionals in South Africa to utilise secure mobile devices to send treatment plans to patients, manage patient's medical records and monitor the availability of medicine at the dispensaries, all in real time. We also partner with the Cancer Association of South Africa (CANSA) and the national Department of Health (DoH) through its mobi-site B-Wise to give free-access to health information.

GOAL 4:
Quality education

Recognising that many learners in South Africa do not have access to textbooks, the Vodacom e-school platform provides an online syllabus that allows users unlimited access to education content. Vodacom users can access content for free.
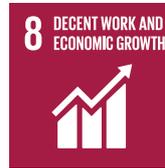
GOAL 8:
Decent work and economic growth

Vodacom's youth platform, NXT LVL, has partnered with South Africa's leading and most reputable career websites to empower young job-seekers with the ability to upload their CVs, search and apply for jobs online without using their data.

GOAL 11:
Sustainable cities and communities

Several rural schools and communities in South Africa do not have access to basic amenities like electricity. Vodacom is helping to bridge this energy divide by supplying renewable energy through its solar-powered base stations in these areas. Through our ultra-low cost solar sites, we continue to rapidly expand our service to millions of unconnected people in rural areas.

Through Vodacom's platform Siyakha, which means 'we are building' in isiZulu, we provide customers with free access to education, career and health websites throughout the year.

Ensuring business integrity

The reputation of our business and value of our brand is built on Vodacom's long-standing commitment to being a responsible, transparent and ethical business, and securing and maintaining the trust of our diverse stakeholders. The King IV principles set out the ethical commitments and performance requirements that lay the foundation for a socially responsible and truly profitable business. As a Vodafone subsidiary, we have adopted the Vodafone Way, Vodafone Business Principles and the Vodafone Code of Conduct and made them relevant to our own market conditions, managing and measuring our performance accordingly.

To meet our high standards we create a culture where employees understand what we require of them, recognise their responsibility to raise concerns and have the confidence to do so. Promoting ethical conduct, managing conflicts of interest, promoting our SpeakUp (whistle-blowing) initiative, supported by training and monitoring, are some of the key areas of focus.

Promoting ethical conduct

Our Code of Conduct (Code), supported by our ten underlying Business Principles, explains what is expected of everyone working for and with Vodacom, including employees, contractors and suppliers. It also sets out Vodacom's responsibilities to our people, partners and shareholders. The Code is underpinned by an extensive and well-established framework of policies and systems to manage our responsibilities.

We train and provide awareness to employees on the Code through the Doing What's Right (DWR) and Ethics Along the Way (EAW) programmes. We periodically measure Vodacom's ethical performance on a number of dimensions through our ethics, reputation and people culture survey.

Annually, we review our compliance with policies that support our business principles and Code across the Group as part of our annual policy compliance reviews. Management is held accountable for taking the necessary corrective actions, which are tracked and monitored by the Group Audit, Risk and Compliance Committee.

We recognise that the 'tone at the top' and leading by example is critical to creating a sound ethical culture. On an annual basis we host a Code of Conduct event where managers engage on the ethical performance of the company and key policy topics contained in the Code. This year, 643 managers attended the event, which commenced with a key note message from the Vodacom Group Chief Executive Officer.

This year our Vodacom Group Chairman's corporate governance event dealt with the importance of ethical leadership. Prof Mervyn King addressed 148 executives on the importance of sound ethical leadership in achieving business performance.

In order to continuously reinforce the importance of sound ethical conduct in sustainable business performance, various initiatives were delivered under the DWR and EAW programmes:

▸ Ongoing training addressing the Code, ethical values and ethical decision making is provided to staff across the Group. In the year, 2 810 employees attended face-to-face training sessions covering various topics relating to ethics and the Code. Training is supported by above the line initiatives, for example an ethics newsletter which provides employees with information on policies, ethics topics and events. Ethics notebooks and Code of Conduct booklets have also been provided to employees for ease of reference on ethics related matters.

▸ We maintain an ethics advise line to enable staff to seek advice on ethical dilemmas they experience in the workplace. In the year we received and responded to 139 requests for advice, which related primarily to conflicts of interest, policy clarification, and favouritism in the workplace.

▸ We have created ongoing awareness on our Conflicts of Interest policy through training and awareness campaigns. In the year, we have seen an improvement in the number and quality of declarations that have been registered. We have also incorporated the management of conflicts of interest as part of our recruitment process so that potential conflicts of interest can be identified upfront and appropriately managed.

▸ Employees can report breaches of our Code through a confidential whistle blowing hotline call SpeakUp. All reports to the line are investigated and where substantiated, appropriate disciplinary measures are enforced.

Assessing and mitigating ethics risks

This year we commissioned external consultants to conduct an ethics risks survey, in order to better understand the Vodacom Group's ethics performance, measure the ethical climate within the company, and determine whether this had improved since the previous survey undertaken in 2012. The survey focused on the extent of unethical conduct occurring within the organisation, as well as employee attitude towards such behaviour. The survey was completed by 2 224 employees (32% of the workforce) across the group. The results indicated an improvement in the ethical performance of Vodacom since the previous survey.

The survey reflected that employees are of the view that Vodacom is an ethical company and that executives and managers lead by using the Code of Conduct. Areas of improvement highlighted by employees included the need for greater clarity in respect of recruitment and performance management policies, uncertainty as to the anonymity of the whistle-blowing line and whether sanctions for transgressions of the Code were consistently applied. Appropriate plans are being implemented to address areas of improvement.

Facilitating whistleblowing

All employees and contractors are required to report any suspected breaches of our Code of Conduct. During the year, we received 72 reports through SpeakUp. All reports are evaluated and, where appropriate, investigated. Disciplinary proceedings, including termination, are instituted where employees are found to have behaved contrary to our principles. Common themes

of issues reported related to work attendance, dishonesty, insubordination and discrimination. Response measures to mitigate the risk of reoccurrence of these types of misconduct include newsletters and workshops. We continued to drive awareness of SpeakUp through various initiatives during the year.

SpeakUp alerts

Market	Total alerts 31 March 2017	Finalised 2016/17	Substantiated 2016/17	Open investigations
South Africa	49	37	15	12
DRC	7	5	1	2
Tanzania	3	2	0	1
Zambia	3	3	2	0
Mozambique	7	6	3	1
Nigeria	3	3	2	0
Total	**72**	**56**	**23**	**16**

Investigations

Vodacom Group takes seriously any contravention of its ethical values, business principles and rules of conduct. Cases reported are investigated and appropriate sanctions are imposed. During the year, our forensic service teams investigated 8 185 external cases and 296 internal cases across the Group. External cases typically related to fraudulent SIM swaps, Internet banking fraud, and robbery. The primary nature of internal cases related to dishonesty/fraud, theft of assets, victimisation and failure to follow company policies.

Losses due to fraud and theft for Vodacom South Africa are still well below Vodafone Group levels of 1.2% of revenue.

Anti-bribery

Vodacom has a zero-tolerance approach to any form of bribery. We operate in a number of countries that are rated high to critical in terms of bribery and related risks. We aim to establish a culture of compliance that puts 'Doing What's Right' at the centre of day-to-day business activity. This is embedded across the Group through a robust global anti-bribery programme that ensures compliance with legislation in all countries where we operate. Our anti-bribery policies and Code prohibit the giving and receiving of bribes and other corrupt acts in either private or public sector context, domestically and abroad, as well as doing business with prohibited parties. The anti-bribery programme includes: executing country, company and transaction risk assessments; implementing training programmes; performing due diligences of suppliers and business partners; incorporating anti-bribery provisions in our contracts with suppliers and business partners; and other, proportionate measures to manage our risk.

Vodacom Group Compliance monitors the status of implementation of anti-bribery control measures. This is supported by anti-bribery/corruption audits conducted by the Vodafone Group Compliance team from time to time. Internal investigations are undertaken when necessary to determine whether there have been any violations of applicable policies, procedures or laws. If violations are found to have taken place, appropriate disciplinary and other actions are taken, in consultation with specialist external counsel when required.

Compliance to laws and regulations

We have a robust programme in place to ensure we comply with laws and regulations in the markets where we operate. Key compliance risks are identified through risk assessments, assurance activities and identifying emerging regulatory developments.

Responsible sourcing

Vodacom extends its values and business ethics through its relationships with its suppliers and business partners. Vodacom's Code of Ethical Purchasing is incorporated in contracts of strategic and new supplier accounts and other contracts as they come up for renewal.

Our procurement function is centralised and we continue to consolidate and optimise our supplier base across the Vodacom companies in the markets in which we operate. The many benefits include, being able to leverage larger economies of scale when purchasing, becoming more efficient in managing our suppliers' performance and having greater influence managing health, safety and environmental practices across the supply chain. We continue to enhance and raise the minimum performance standards we require our suppliers to adhere to and this has continued to produce positive results within the supply chain.

Having the right policies and processes in place helps us with risk mitigation, legislative compliance and maintaining high standards of social and ethical performance.

The Vodafone Procurement Company ensures that sustainability within the global supply base is addressed for all Vodafone markets. Although we leverage the procurement scale and scope of the Vodafone Group, we also work to create and develop a sustainable local supplier base in each country we operate in.

All new suppliers are screened, with a focus on anti-corruption, health and safety, and BBBEE. Screening suppliers on additional social criteria, such as labour practices, is undertaken via our global teams and is mainly focused on Asian suppliers, which have historically presented higher social risks. Screening suppliers using environmental criteria is limited at the onboarding stage and is rather focused on during specific engagements where high environmental risks have been identified. During the year, one supplier involved in e-waste disposal was identified through our auditing process as being non-compliant with our requirements and the contract was terminated.

Through our ongoing commitment to health and safety within the supply chain, we have been able to improve monitoring of incidents year-on-year and are creating platforms for sharing expertise and experiences between our various suppliers. This is helping improve standards across the industry. While statistics show an increase in supplier incidents, we believe that this is partly attributable to better reporting processes. During the year, we held 38 (2016: 20) health and safety supplier forums across the Group where we engaged our suppliers on a number of health and safety issues, including, but not limited to, our safety rules, changes in legislation and lessons learnt from incidents. Our suppliers are re-vetted annually, according to their risk categories in the services they provide, by an independent, approved vendor.

Our responsible sourcing practices increasingly include environmental considerations in purchase decision-making. In consultation with supply chain management, pilot projects have been identified to demonstrate cost savings and environmental benefits in purchase decision-making. We are extending our environmental stewardship programmes to key suppliers in our value chain through our involvement in the Carbon Disclosure Project (CDP) initiative. Further information is provided on page 43.

For more information on our supply chain policies:
http://www.vodacom.com/responsible-supply-chain.php

Vodacom is South Africa's favourite brand

At Sunday Times Top Brands Awards in August 2016, Vodacom was awarded the Grand Prix prize for overall favourite brand as well the best Telecommunications Provider in both the consumer and business categories.

The 2016 Top Brands winners were selected based on the views of 3 500 consumers who were surveyed and 502 interviews held with business decision makers, each representing all demographics across South Africa. 2016 marks the sixth year that Vodacom has received the top honours at these prestigious awards. Earlier in 2016, Vodacom was pronounced the 'coolest' telecoms provider in the Sunday Times Generation Next leading annual youth brand preference and consumer behaviour survey.

Engaging our stakeholders

As a company we do not operate in isolation: our ability to deliver value depends on the contribution and activities of a range of different stakeholders. Communicating effectively with our stakeholders to better understand and respond to issues that matter to them remains a key focus in how we do business. Key stakeholders include employees, customers, government departments, regulatory authorities, shareholders, civil society, suppliers and business partners. We tailor our engagement processes to suit each different stakeholder group.

The material interests of our key stakeholders

In the table below we briefly outline those stakeholder groups who have a substantive impact on our ability to create value, outlining how they impact on value and identifying some of their primary interests relating to our business activities.

	Material relationships ▽	Means of engagement ▽	Material interests ▽
Government and regulators	Provide access to spectrum and operating licences, the basis for creating value. Impose regulatory measures with potential cost implications.	• Participation in consultations and public forums. • Submission and engagement on draft regulations and bills. • Engagement through industry consultative bodies. • Publication of policy engagement papers. • Partnering on key programmes in education, health and gender-based violence.	▸ Ensuring spectrum is managed as a strategic resource, contributing to national broadband access and the digital economy, especially in underserviced and rural markets. ▸ Promoting opportunities for job creation and socioeconomic development (including transformation and localisation). ▸ Protecting consumer interests on service quality, costs and privacy. ▸ Regulatory compliance on issues such as mobile termination rates, price, security, safety, health and environmental performance. ▸ Contribution to the tax base.
Customers	Purchase our products and services, providing the basis for revenue growth.	• Call centres, retail outlets and online. • MyVodacom app, messaging and USSD channels. • Net promoter score (NPS) feedback interviews and focus groups. • Facebook and Twitter. • Vodacom website.	▸ Better value offerings. ▸ Faster data networks and wider coverage. ▸ Making it simpler and quicker to deal with us. ▸ Converged solutions for business customers. ▸ Managing the challenge of data-usage transparency. ▸ Privacy of information. ▸ Feedback on service-related issues.
Investors and shareholders	Provide the financial capital needed to sustain and grow.	• Investor interactions, including roadshow, conferences and meetings. • Investor days. • Annual, interim and quarterly results announcements. • SENS announcements. • Monthly and quarterly operational reviews with our parent Vodafone. • Investor relations section on our website.	▸ Strategy to ensure sustained financial performance of South African and International operations. ▸ Responsible investment to ensure growth, and to manage the risks and opportunities in our markets. ▸ Responsible allocation of capital. ▸ Sound corporate governance practices. ▸ Transparent executive remuneration. ▸ Stable dividend policy.

	Material relationships ▽	**Means of engagement** ▽	**Material interests** ▽
Employees	Their skills and involvement determine our ability to realise our vision of becoming a leading digital company that empowers a connected society.	• Internal website. • Newsletters, internal magazine and electronic communication. • Employee Consultative Council with senior leaders and employee representation. • Employee hotline. • Leadership road shows. • CEO mailbox.	▶ Clear career paths and opportunities for career development. ▶ Improved knowledge sharing across the Group. ▶ Simplicity, agility and engagement. ▶ Building the coaching capability of leaders. ▶ Better understanding of reward structures. ▶ Competitively remunerated.
Suppliers	Impact on our ability to cost-effectively provide products and services.	• Supplier forums. • Ongoing site visits. • Audits.	▶ Timely payment and fair terms. ▶ Broad-based Black Economic Empowerment (BBBEE) compliance . ▶ Improving health and safety standards. ▶ Partnering on environmental solutions.
Communities	Add to the longer term viability of our markets by strengthening the socioeconomic context in which we operate.	• Public participation where new base stations are required. • Change the World volunteer programme. • Vodacom Foundation partnering with communities. • Open days at universities.	▶ Access to mobile voice and data services. ▶ Access to basic services such as finance, health and education. ▶ Free-to-use social media, education and job sites. ▶ Investment in infrastructure. ▶ Responsible expansion of infrastructure.
Business partners	A key interface with our customers, they are custodians of our brand and reputation, and critical to ensuring effective delivery of our objective of delivering the best customer experience.	• Annual business partner conference. • Bi-annual franchise roadshows. • Quarterly Franchisee Council Committee Meetings. • One-on-one business meetings. • Training sessions on new products and services. • Store, franchise and retail visits.	▶ Fair treatment. ▶ Top management involvement with customers. ▶ Making it simpler and quicker to deal with us.
Media	Critical role in keeping stakeholders informed of business developments, new products and services and the impact of our business operations.	• Face-to-face and telephonic engagement. • Interviews with CEO and key executives. • Media releases and product-related publicity. • Roundtables. • Product launches.	▶ Being informed of key activities and offerings. ▶ Transparency.

Key stakeholder issues

National ICT Policies and Legislation

We participate in Governments' consultations on national ICT Policies and changes to sector legislations and regulations. Our focus is on supporting the achievement of world class communications sector, which incentivises investment and sustainable delivery of high quality services, creating a platform for social-economic growth through use of ICT services. Consultations on such policies and legislation have taken place this year in South Africa, Tanzania, DRC and Mozambique.

In South Africa in October 2016 the Minister of Telecommunications and Postal Services published the cabinet-approved National Integrated ICT Policy White Paper (White Paper). The White Paper sets out a framework on how the government wants to provide access to modern communications infrastructure and services to facilitate the entry of new players and the meaningful participation of all citizens, including those in rural areas. Its adoption will require various amendments to existing laws and regulations flowing from the Electronic Communications Act.

During May 2017, a high level agreement was reached between the Ministry and the industry stakeholders in South Africa, providing for:

▸ Assigned spectrum not to be returned, at least not before the end of the operator's licence period, as was originally contemplated in the White Paper;

▸ Licensees committing to buy a set minimum capacity from the Wholesale Open Access Network (WOAN) to ensure its viability;

▸ A study to be conducted by the Ministry to determine the appropriate quantity of high-demand spectrum that will be necessary for the WOAN to roll out a 4G/LTE network; and

▸ The remaining high-demand spectrum, after allocation to the WOAN, to be assigned to incumbent licensees through an allocation process yet to be determined, and possible inclusion of rural coverage obligations.

Network coverage and growth

We continue to invest significantly in all our markets to strengthen network and service differentiation and to support data growth and wider voice coverage. During the year, we invested R11.3 billion across the countries we operate in.

Vodacom's South African network offers the widest coverage and offers our customers the fastest and widest data experience across the country. Our capital expenditure during the year enabled us to continue widening our 3G and 4G data coverage, improve voice quality and increase data speeds. 4G coverage increased to 75.8% of the population, up from 58.2% a year ago reaching over 7 900 sites. We extended our high-speed transmission to 92.1% of our sites. Routine network quality tests confirm that we lead in most quality indicators.

In our international operations we added 284 4G sites, 888 3G sites and 536 2G sites across all markets since March 2016. We have launched 4G services in Lesotho and Tanzania, using refarmed 1800 MHz spectrum, in the last two years.

Our commitment to sharing infrastructure as a way of extending access to communication services and reducing costs still stands. Notable examples this year include:

▸ Mobile network rural coverage either through tower sharing or rural roaming. For example, Vodacom Tanzania has participated in a 3G rural roaming pilot with other operators. We are participating in tower sharing programmes in all of our countries; and

▸ Fibre transmission and backhaul infrastructure sharing programmes in South Africa, Tanzania, the DRC and Mozambique.

Cost of communications

The cost of accessing communications services remains an ongoing concern for customers and policy makers. In South Africa, the cost of data received particular attention following a #datamustfall campaign launched in September 2016 by a South African radio personality. This culminated in hearings at a Parliamentary Portfolio Committee on the suggested social impacts of perceived high data costs, where we highlighted the impact of our pricing transformation strategy, and our personalised packages aimed at giving customers greater value. We have various initiatives in place aimed at driving down the cost of data and encouraging customers to optimise the use of bundles. These initiatives include:

▸ Reducing our out-of-bundle rates for prepaid tariffs by 25% (from R2/MB to R1.50/MB), and our out-of-bundle rate for all contracts to R1. Further price decreases are planned for this year;

▸ Running targeted consumer campaigns to increase awareness on how to buy maximum-value bundles, check balances and more efficiently manage purchased data;

▸ Empower 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.

Customer privacy

As our customers become increasingly connected, and as the ability to track and analyse consumer behaviour becomes more sophisticated, there is a growing need to ensure the full and effective protection of customer privacy and personal data. Respecting the consumer's right to privacy remains a top priority for us and is integral to our Code of Conduct. Our customers' rights are balanced against those of various security and enforcement agencies that are legally entitled and required to request customer information, and to instruct us to suspend service in certain circumstances. We manage such requests in accordance with Vodafone policies, procedures and guidelines, and with applicable local laws and regulations. As part of the Vodafone Group, we contribute to Vodafone's industry-leading law enforcement disclosure report, which provides a detailed insight regarding the demands from law enforcement agencies across 28 countries.

Financial inclusion

Vodacom is a leading mobile money service provider, through M-Pesa, in Tanzania, the DRC, Mozambique and Lesotho, making an increasing contribution to financial inclusion. As well as domestic money transfer, Vodacom has launched international money transfer, loans and savings in Tanzania, and is planning to launch these services in other countries subject to regulatory approval.

The important role that M-Pesa is playing and the introduction of new services means that we are seeing increased public policy and regulatory focus at a national and regional basis, including new financial services legislation and regulations in Tanzania and Lesotho and the SADC mobile money guidelines. We actively participate in consultations on such laws and other industry initiatives, such as the GSMA Code of Conduct for Mobile Money Providers, to secure a financial services regulatory framework that encourages investment, financial inclusion and protects consumer interests.

Spectrum

Access to spectrum is critical to providing quality of services, especially given increasing data demand. We are actively contributing to discussions that enable government and regulatory decision-makers to drive processes on spectrum policy and allocation in all our countries. This includes information exchange and sharing during workshops hosted by the GSMA at SADC and national levels.

Notably, in the last two years, we secured the renewal of our 2G licence in the DRC and renewal of service and allocated spectrum licence in Lesotho. We have also secured regulatory approvals for the acquisition of Shared Networks Tanzania, which boosted spectrum for 3G services in rural areas and the allocation of 3.5GHz spectrum in Tanzania.

Contribution to societal development

The role of mobile communications in helping to address social challenges is often raised by stakeholders in discussions relating to costs and access to communication services. Vodacom has longstanding initiatives demonstrating its contribution, and recent innovative initiatives including the launch of zero-rated portals for school learners, university students and job seekers. (see further information on pages 37 – 38).

Managing and building our reputation

Maintaining a strong brand and reputation is essential for strengthening the various relationships that we depend on to create value. Across all our operations, management teams proactively manage our reputation with monthly or quarterly meetings that review the issues affecting our reputation.

We track Vodacom's reputation through various means. In addition to monitoring customer NPS, we commission an independent research company to conduct an annual corporate reputation survey with key internal and external stakeholders to benchmark our reputation against our competitors in the mobile telecommunications market and another leading brand. This year Vodacom retained its number one position as a reputational leader in the telecommunications sector, with stakeholders rating us higher than our peers and other non-telecommunications brands across all our markets.

Our Reputation Index performance

Reputation Index	2017	2016	Relative to competitors
South Africa	7.9^	7.5	#1
Tanzania	8.4	7.9	#1
DRC	7.5	7.6	#1
Mozambique	8.3	8.3	#1
Lesotho	8.1	8.4	#1

^ These items were the subject of the limited assurance engagement performed by KPMG.

For more information on the methodology undertaken for this survey, please refer to the KPI assurance report at
http://www.vodacom.com

Independent research ranks Vodacom most reputable telecoms company

Vodacom was ranked as South Africa's most reputable company in the telecoms sector, according to the 2016 RepTrak Pulse reputation survey results released by Reputation House.

The annual RepTrak Pulse survey ranks the largest companies in South Africa by revenue and familiarity. The survey was conducted in February 2016 and interviewed over 6 663 people between the ages of 18 and 64 from economically active segments across South Africa. Vodacom's average score of 65 points out of 100 surpassed the closest telecoms peer company by 11 points.

Vodacom was also ranked the most reputable company in the South African telecommunications sector, and ranked fourth overall, in the annual Mail & Guardian Top Companies Reputation Index (TCRI), compiled by market research company Plus 94 Research. A total of 181 top South African businesses were evaluated this year. Last year we ranked first in the telecoms sector and third in the overall category.

Managing public relations

Fostering and maintaining professional and positive relations with the media is an important factor in driving our public relations effort. Being responsive to all media queries and ensuring transparency on pertinent key issues affecting the company continues to underpin our interactions with the media, bloggers and social media influencers, and our customers. Throughout the year, we engaged various relevant media stakeholders through one-on-one interviews and meetings, media roundtables and providing written responses to enquiries received via email.

This year we hosted five regional media roundtables across our operating regions in South Africa to highlight Vodacom's consistent and sustained network investments and the work done by the Vodacom Foundation.

Monthly media monitoring reports are a key measure of our effectiveness. Produced by an independent service provider, the report analyses, among other measures, the key issues we have managed in the media as well as the percentage of positive, negative and neutral coverage on Vodacom.

In an ever-evolving media environment, we manage conversations with the media, influencers and customers through our social media platforms. We have dedicated teams that monitor Vodacom on a range of social media platforms on a daily basis to ensure that we track trending topics so that we timeously respond to complaints and issues raised. The recorded customer complaints are channelled to our customer operations team for resolution.

Product and service responsibility

We maintain the trust of our customers and other stakeholders through high-quality networks, fast and effective customer care, maintaining good public relations, ensuring that our marketing and mobile advertising is responsible and ensuring that our terms and conditions and pricing principles are clear. We also protect customer privacy and assist parents in protecting their children online.

Protecting our customers' personal information and respecting their privacy are essential to maintain their trust. Managing privacy and security risks effectively, and putting customers in control of their data,

Privacy and security

Our approach to privacy is based on our commitment to process personal information honestly, ethically, with integrity, and consistently with applicable laws and our values.

Our Privacy Vision is to be recognised as a trusted guardian of customer and employee privacy and be known for our innovative, fair, responsible and proactive approach to privacy.

We continue to implement effective controls to ensure data subjects (consumers, employees and others whose personal data Vodacom controls) are given clear, concise, comprehensive and understandable information about the way their personal data is processed by Vodacom.

Security and integrity of personal information is the corner stone of protecting the privacy of information. As such we roll out systems and implement processes that protect content of communications and related communications metadata as well as sensitive personal data against unauthorised processing (process of data includes but is not limited to listening, tapping, storage or other kinds of interception or analytics). We also manage data diligently in order to maintain its accuracy and quality across the product life cycle.

Our privacy policies and processes are implemented and monitored based on the acknowledgement and appreciation of customers' privacy rights and our responsibility to ensure that our customers' rights to privacy remain protected.

It is our responsibility to demonstrate compliance and accountability. Therefore, privacy is taken into account in the design, development and delivery of our products and services. In light of the new Protection of Personal Information (PoPI) Act in South Africa, we have implemented and rolled-out staff training and PoPI workshops to create awareness about data protection and the processing principles contained in the PoPI act. The aim is to empower staff to identify and be aware of data subject rights, high risk processing activities and how data subjects rights have to be protected. PoPI and privacy training is conducted online and face-to-face.

Our Privacy Risk Management System ensures that all third parties that are involved in delivering our services meet our minimum security standards.

In order to roll out an effective privacy management programme across Vodacom Group, we have taken cognisance of the global privacy legal landscape.

Technology security

Strong security basics	Cyber defence	
Risk, people and culture	Customer security	Future focused

The cyber threat landscape is continually evolving and growing. Our Vodacom Group Cybersecurity team is proactively managing cyber threats to ensure our customers are confidently and securely connected.

As part of our Technology Vision 2020, we have established five key security pillars:

- Strong security basics – the majority of security breaches can be prevented by having strong security basics that are consistently adhered to;
- Cyber defence – reducing the risk and impact of global cyber threats and attacks to Vodacom;
- Risk, people and culture – doing the right things, for the right reason;
- Customer security – privacy and security by design; and
- Future focused – moving from reactive to predictive.

By focusing on these five pillars we strive to:

- Reduce the number of cyber threat incidences by implementing prevention and protection technologies;
- Protect our critical data by reducing the potential for data leakage;
- Secure access and protect information between endpoint devices and cloud services;
- Make security easy for everyone through awareness, education and simplified processes; and
- Use strategic threat intelligence to provide the insight and foresight that enables better long-term security and business decisions.

We always strive to ensure that connectivity is safe and secure for our customers through a strong programme of security testing done by independent security companies.

Vodacom has a world class cyber intelligence center that proactively monitors and prevents cyber attacks throughout the Vodacom network.

Consumer protection

In South Africa, the leading institutions for ensuring that consumers of information and communications services are treated fairly are the Independent Communications Authority of South Africa (ICASA) and the National Consumer Commission (NCC). Vodacom actively and frequently engages with these regulatory bodies in response to customer complaints. Engagements with ICASA's Complaints and Compliance Committee tend to focus on the provisions of the End User and Subscriber Service Charter regulations, while those with the NCC focus on the provisions of the Consumer Protection Act (CPA).

During the year, approximately 663 customer complaints (2016: 597) were received through ICASA and a further 384 complaints through the NCC, representing a decrease on 411 in 2016. The complaints primarily related to general account disputes, call data disputes and disputes relating to handset repairs. All complaints received are investigated and the findings and resolutions are communicated to customers and the respective regulatory bodies.

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Customer care and concerns

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Our ambition is to position Vodacom as the brand that empowers everybody to be confidently connected and to become Africa's best telco at delivering an unmatched customer experience at every point a customer engages with our brand. To achieve this we have implemented the CARE programme:

Our customer CARE programme

What	How
Keep customers always **Connected**	guaranteeing network satisfaction in terms of speed, reliability and coverage, and taking a more proactive approach in checking coverage and call quality.
Always in control of their spend	ensuring that customers have full control of their spend and do not have any surprises from bill shock.
Rewarding them for their loyalty	incentivising long-term customers for being part of the Vodacom family, starting with our 'Just 4 You' personalised offers and refreshing of our existing postpaid and prepaid loyalty programmes.
Easy Access to Vodacom	maximising the efficiency and availability of customer support, digitising our customer experience, increasing functionality and improving processes.

Additional information on our management approach to customer care and concerns is provided in our **Integrated report.**

Vodacom CARE café's being held with staff.

Customer perceptions of our mobile network

We strive to provide our customers with the best experience through offering the best value, best network and best services. The superiority of our technology services and coverage differentiates us in our markets. Our increased investment in our mobile and fixed networks, consumer and enterprise services and information technology capabilities facilitates our strong position.

For more information on recent technological developments, see our Integrated report.

We use the net promoter score (NPS) to measure best service based on one question: "Would you recommend Vodacom to your family, friends and colleagues?" As at 31 March 2017, Vodacom South Africa had a lead over its nearest competitor of 17 points for its overall NPS, which is a significant margin compared to similar benchmarks in other markets. Our markets rank as follows in terms of overall NPS:

NPS[1] rating

Country	2017	2016
South Africa	**1st**	1st
Tanzania	**3rd**	2nd
DRC	**1st**	4th
Mozambique	**2nd**	1st
Lesotho	**1st**	1st

1. To measure the quality of the customer experience, we use the net promoter score (NPS) based on one question: "How likely would you be to recommend Vodacom to a friend, family member or colleague?".

Vodacom awarded as top telecoms customer service provider

Vodacom South Africa was recognised as providing the best customer service in the telecoms sector, in market research organisation Ask Afrika's Orange Index 2016/17.

The annual survey, conducted since 2001, is the most comprehensive and longest running service excellence benchmark in South Africa. It provides a barometer of how companies are treating their customers compared with not only their competitors but across industries.

Ugestra Alwar (Managing Executive: Customer Care Operations) receiving the prestigious award

Mobiles, masts and health

Mobile devices and the masts that enable them to transmit calls and data operate well within guideline safety limits. We manage any perceived health issues based on all available scientific evidence to ensure we safeguard our customers, employees and the public. Our vision is to lead within the industry in responding to public concern about mobile phones, masts and health by demonstrating leading-edge practices and encouraging others to follow.

To find out more **http://www.vodacom.com/ mobile-masts-and-health.php**

Investing in our people

We depend on our people. We need the right people with the right skills to operate our business effectively and create value. To do this we need to attract and retain the right people by creating a safe and rewarding environment, and to create the right culture and environment where employees can thrive and have the freedom to pursue their higher purpose through their work.

Developing our people

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.

Our aim is to attract, develop and retain the very best people. To do this we offer a motivating and inclusive workplace where we recognise and develop talent and promote wellbeing. To deliver the best experience to our customers we need technical skills (best network), product development and financial expertise (best value), and great customer-facing employees (best service).

Our workforce

Performance indicators (as at 31 March 2017)	2017	2016
Number of full-time permanent employees	7 587	7 538
Engagement Index – People Survey (%)	79^	76
Employee turnover[†]	9.0	18.4[1]
Women representation in senior management[†] (%)	32.7	30.9
Black representation in senior management[†] (%)	51.4	50.1[2]
Ratio of average basic salary of men to women[†] (times)	1:3	1:3
Total training spend (Rm)	277[3]	103

Notes:
† Vodacom Group (Vodacom South Africa, Tanzania, the DRC, Mozambique and Lesotho).
1. The spike in levels of employee turnover is due to a number of outsourcing and reorganising activities undertaken in the Technology and Commercial operations teams in the prior year.
2. Restated for change in classification.
3. The increase on reported training spend is attributed to the application of new audit rules i.e. contractor spend is now included.
^ These items were the subject of the limited assurance engagement performed by KPMG.

Number of employees by country (excl. VBA)

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

Labour absenteeism[1]

	Planned absences	Unplanned absences	Total absences
Total number of person days lost due to absenteeism	120 417	12 879	133 296
Percentage of total person days lost due to absenteeism	8.5%	0.92%	9.4%

Note:
1. Absenteeism, or workforce unavailability, covers both planned leave (annual, maternity, study, union) and unplanned leave (sick, unpaid, absent without leave (AWOL), special, family responsibility, injury on duty (IOD), suspension and unprotected strike).

Organisational change and effectiveness

Vodacom strives to be geared for success in a world of rapidly evolving customer needs and technologies. We seek to empower our people to use their skills, talents and resources for the development of new products and services as well as simplifying and improving existing systems and processes to continue to strengthen our competitive position.

We continue to drive our organisation effectiveness agenda to ensure that the business is equipped and positioned to achieve our short and long term targets. We seek to operate with simplicity and customer obsession across the organisation, ensuring the best allocation of resources to our core priorities. To do so, we continuously assess our operating model, organisation structure, decision making processes and behaviours.

During the year we designed and delivered operating model changes across different areas of the business, with a particular focus on our consumer value chain. The aim is to boost commercial performance by simplifying the hand-over points between Vodacom head office and regional teams, ensuring a more focused coverage across the country. We instituted a commercial regional county model. This model divides the county into more manageable units and allows us to gather improved on the ground knowledge and the ability to react fast on changing competitive dynamics.

We have appointed a Group Digital and Fixed Services Officer to accelerate the delivery of our ambitions for our fixed line and video/content business. To optimise and align our operating model across our operating footprint, we have appointed a Managing Executive: Consumer Business Unit within Tanzania.

In addition to specific initiatives in reviewing our operating model, we continually strive to improve our business through ongoing assessment of our organisation effectiveness. We monitor our key measures such as payroll costs as a percentage of service revenues, average span of control (the number of subordinates a supervisor has) and deepest organisational layer. Payroll as a percentage of service revenue remained unchanged from last year at 8%, illustrating discipline in growing the business and maintaining a balanced people cost. The average span has reduced from 6.9 to 6.6, driven by our regional organisation change, while the organisation moved from a deepest layer of 8 to 7. The rationale behind this is to improve decision making and simultaneously empower our customer facing employees. The flat organisation will drive innovation and simplicity.

Driving employee engagement

We make it a priority to listen to our employees to understand their views. Our annual People Survey, conducted by independent consultants, tracks how engaged, well managed and 'included' our employees feel. Our scores are compared to a high-performing peer group and to other Vodafone Group companies. We use the overall engagement score (Engagement Index) from the survey to check if, overall, we are creating the right environment for our people to excel and grow. From the survey, we calculate an employee net promoter score (ENPS), a key measure of our people's confidence in our products and services.

Vodacom continues to shows positive trends on most dimensions within the survey. Our Engagement Index improved by three points to 79, while the overall workforce participation rate (across all operations) increased by two points to 88%. The strong scores on the Engagement, Customer Obsession and ENPS indicate a customer centric business that has confidence in its strategy and market position, and a workforce that has increasing confidence in Vodacom's products and services.

Areas identified as requiring more focus include empowering our employees through simpler internal processes and improved cross-team collaboration. We will implement further focus on Engagement, Customer Obsession and Simplicity to ensure that new products and services, as well as new revenue streams are integrated in our core business and built around our customers' needs. To this end, we have developed a People Change plan that is being implemented to address improvement areas to deliver on our strategic goal of driving employee engagement.

Summary of People Survey results

Performance indicator	2017	2016
Engagement Index	79^	76
Operational excellence	71	70
Manager Index	77	76
Employee net promoter score[1] (ENPS)	61	60

Notes:
1. The number of promoters minus the number of detractors.
^ These items were the subject of the limited assurance engagement performed by KPMG.

Vodacom certified as a top employer

Vodacom Group was awarded the Top Employers South Africa 2017, as well as Top Employers Africa 2017 certification, in the annual research programme undertaken by the Top Employers Institute, which globally certifies excellence in the conditions that employers create for their people.

The certification is recognition of our dedication to the development of our people, our exceptional employee conditions and our leadership status in the Human Resources environment.

Jabu Ndhlovu (Managing Executive: Human Resources Vodacom South Africa) receiving the awards for Top Employer South Africa and Top Employer Africa.

Culture Change – initiatives to drive progress

Our industry is fast-paced and exciting, with an ever-increasing rate of change and increasing complexity. This requires us to be nimble and flexible, to capitalise on the opportunities presented. We are embedding a culture where the attributes of speed, simplicity and trust are our overarching guiding principles for how we work. We invest in promoting open, trusted lines of communication across the Group and forging engaged and collaborative working relationships.

We continue to develop and implement various initiatives to address areas of our performance requiring improvement, as identified through feedback from our employees in our People Survey, as well as other sources, such as the CARE cafes and Conversations with the Executive Committee.

Winning the Vodacom Way

The Vodacom Way defines how we work together to achieve our common objective of being an admired company in the eyes of our customers, employees and all our stakeholders. We have continued to maintain a focus on two elements – simplicity and customer obsession. In promoting simplicity, we seek to empower employees by removing barriers created by complex internal processes. This in turn drives efficiencies in our operations and better utilisation of our resources. Our focus on customer obsession aims to support the people transformation element of the customer experience excellence programme, CARE (Connectivity, Always in control, Reward loyalty, Easy access). To promote change, we have placed an emphasis on reviving the "Winning the Vodacom Way" Programme. We have successfully completed workshops with our Managing Executives and the programme is being rolled out to our executive heads of department. The aim is to engage all senior management in strengthening the Vodacom Way, as well as to drive the actions and encourage the behaviours that support the objectives of speed, simplicity and trust. The executive committee has also reviewed the outputs of the conversations to identify future priorities and short-term goals.

Driving customer experience excellence (CARE)

Our ambition is to be the world's best telco at delivering an unmatched customer experience. This year we enhanced our CARE initiative with the introduction of Vodacom CARE Cafés across all our operations, for all Vodacom staff. Employees attend sessions held in a coffee shop environment, to share their experience and perspective around five topics designed to trigger discussions on how all employees – even in support areas – affect the customer's experience, and how to bring the customer into our daily decision making. The Cafés promote open conversation, idea generation and collaboration, and encourage our people to adopt a "customer experience excellence of the future" mind-set.

The People Change plan

We are implementing a People Change plan aimed at transforming our organisational culture into a strategic enabler so that we drive our strategy through our people. Through listening to and engaging with our people, we have conceptualised targeted initiatives and plans aimed at enabling us to drive change in the organisation and to transform the workplace into an environment of people empowerment.

Conversations in leadership

Conversations in leadership is a key platform which allows our Vodacom executives to engage with thought leaders across the world and gain valuable leadership insights to share with their respective teams to build more effective teams across the business. The sessions are hosted at Vodacom World in Midrand, Johannesburg, and attended by Vodacom's executives. This year we hosted international speakers, including the following three:

▶ Rene' Carayol focused on inspirational leadership and its impact on the culture of the organisation. He shared his compelling philosophy on the subject, which is founded on his own Board level experience over the years. Key messages shared on the day included: managing a little less and leading a little more; culture is more powerful than strategy; and collaboration is the new leadership.

▶ Robin Sharma centred his talk on his book, "The leader who had no title", emphasizing that leadership is a state of mind and that everyone can show leadership, regardless of their title. He shared his "three 'I's philosophy on leadership"; that leadership is about inspiration, influence and impact.

▶ Gerd Leonhard, Futurist and Humanist, unpacked some of the key topics facing business leaders today particularly in the light of gearing up for the future. His messages were aligned to our Vision 2020 strategy and vision and he shared some key insights contributing to our digital transformation journey. He emphasized that while technology will always be an enabler, that which makes us human will never change – our values, ethics and emotions cannot be imitated.

Promoting equity and fairness

Our resourcing policy provides a framework for promoting good practice and equality in recruitment and performance management. We appoint employees based on objective criteria for skills, experience, qualifications and competencies. The policy is aligned and compliant with relevant labour legislation. The selection process incorporates selection panels that are representative in terms of race, gender and cross-functional work experience to ensure resourcing is conducted in a fair, open and transparent manner. During the year, the recruitment process was reviewed to ensure consistent application of the process across the various functional areas of the business. Digital interviewing tools were deployed during 2016 to aid the short listing process.

Employees can raise any concerns regarding perceived unfair recruitment practices through our whistleblowing line.

Vodacom considers a diverse workforce to be a powerful asset and we believe in gender balance in our workforce to ensure our future success. As part of efforts to attract and retain the best women, we provide a comprehensive maternity benefit framework. This guarantees all female employees in our permanent employ for more than 12 consecutive months a minimum of 16 weeks fully paid maternity leave. We offer two maternity leave options: six months (24 weeks) fully paid maternity leave; or four months (16 weeks) fully paid maternity leave with the option to work 30 hours per week for six months on return from maternity leave. Our female employees have welcomed the flexibility. Our paternity leave benefit grants employees five working days' leave per leave cycle. In the event of the birth of twins, the employee will be entitled to 10 working days' leave.

In 2008, Vodacom launched a R7.5 billion Broad-based Black Economic Empowerment (BBBEE) scheme, which included staff participants. Employees participate as members of the YeboYethu Employee Participation Trust (ESOP), whilst the black public participate through YeboYethu (YY) Limited. All units vested in October 2015 and will be converted to actual YY shares in October 2018, when staff participants will be able to start trading with them.

The Group uses a total Cost to Company philosophy, referred to as our Guaranteed Total Cost of Employment (GTCE). We offer a selection of remuneration benefits that is compliant with legislation and benchmarked against best practises. When reviewing employees' GTCE, we adhere to our remuneration principles of fairness, consistency, flexibility, transparency, affordability and equity. Our job evaluation system is maintained with integrity in comparing the complexity of roles. There is a close correlation between the complexity of a role and the remuneration levels paid. The measurements from job evaluations are used to validate external remuneration market benchmarks. All permanent employees are required to join the Vodacom Group Pension Fund, which is a defined contribution pension scheme. All employees have the option to choose their level of contribution and the default level is 15%. Employees also have an option to elect their investment based on their own individual risk profile. Employees can elect to participate in the nominated medical aid scheme. An additional benefit is death cover of up to seven times their annual pensionable salary, inclusive of the compulsory core cover of three times the annual pensionable salary.

Talent development programmes

This year we invested R277 million in the training and development of our employees (2016: R103 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 the following flagship courses to high potential future leaders across different levels in the organisation:

- Ascend: aimed at middle management, provides participants with knowledge, skills and techniques that will lead to more professional management and leadership within Vodacom.
- VAEP: aimed at executives in the business, promotes the development of a network of empowered executives who can leverage each other's experiences to advance Vodacom's strategic and operational sustainability.
- Leadership Essentials: aimed at all people leaders in the business, creates a common understanding of what is expected of people leaders within Vodafone/Vodacom.
- Harvard Senior Executive Programme: aimed at senior executives and delivered in partnership with Gordon Institute of Business Science, explores the practices of successful business leaders in local, regional and global markets

Discover Graduate programme: This two year programme, launched in 2010, aims to identify and nurture the future generation of Vodacom leaders by hiring the best young talent coming out of universities across all markets. Vodacom received the Graduate Employer of Choice Award in the telecoms sector at the SAGEA (South African Graduate Employers Association) Employer Awards 2016, as well as the Best Activation Stand award (for the best stand display during the career exhibitions held at the various tertiary institutions). 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. To ensure we build our talent pipeline to deliver on new skills for a digital future, we placed

58 graduates in South Africa within strategic business areas, such as Digital Marketing and Big data.

Columbus Graduate Programme: This is a global two-year programme within Vodafone that provides our graduates with working experience and placement opportunities in markets outside their local markets. This year, five graduates moved to other markets outside South Africa, in the field of Commercial Marketing and Product Management.

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

International Assignee programme: Our Samara programme provides staff with a developmental opportunity through a short-term international assignment in a different Vodafone market; this year, we had 20 employees on various assignments across Vodacom markets and Vodafone globally.

Rotation programme: In 2016 we developed a rotation programme that provides employees with developmental opportunities through temporary assignments (three to six months) in a different role within the company. These rotations promote collaboration and innovation across functional areas, and enable us to strengthen our succession pipeline. During the past year, we had 20 rotation assignments within South Africa.

Career Connect: To promote awareness among our employees around career opportunities within Vodacom, this year we launched a series of career exhibitions, called Career Connect, in Midrand and Cape Town. Seventeen business units participated in these events, displaying information on career paths and opportunities, holding panel discussions on careers of the future, and creating awareness about development plans, the recruitment portal and interviewing skills. The feedback from the 1 800 employees who attended was very positive.

Performance management

Our performance management methodology is built on open and transparent dialogues between our people leaders and employees. We strive for fair and consistent assessment of all our employees. We believe in performance differentiation between our people and in rewarding our top performers accordingly. Performance is assessed on both 'what' is delivered and 'how' (The Vodacom Way) it is delivered. All Vodacom employees participate in two reviews annually where performance against goals is analysed and comprehensive feedback provided. All employees also compile Individual Development Plans in consultation with their line managers, to ensure a focus is placed on career and personal development. We are reviewing our performance management approach and will be seeking to promote more regular feedback, remove performance rating labels and provide a better framework for assistance in managing poor performance.

Recognising high performance

Vodacom strives to create a culture of recognition to motivate and coach employees with the view to achieving extra-ordinary performance that is 'above-and-beyond' what is expected. The notion is also to encourage not only individual performance, but to maximize effective teamwork.

One of the vehicles of recognition within Vodacom is Vodafone Stars. When someone delivers great performance on the job, a people leader may recognise this by granting a Vodafone Star award within the budget available. It may be based on a once-off project or because they demonstrate a can-do, get-things-done attitude and deliver business results. This year more than 500 Vodafone stars were awarded.

Taking recognition a step further, an employee can also be nominated for a Vodafone Customer Experience Heroes award, where a quarterly winner is selected and put forward for the global Vodafone Customer Experience Heroes award. We had 25 winners this year.

The ultimate honour is the annual CEO awards ceremony, where the highest achieving employees, teams and suppliers are recognised and rewarded for outstanding performance throughout the year.

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%
The DRC	45%	23%
Tanzania	25%	25%
Lesotho	20%	30%

Employment Equity (EE) performance against the amended ICT Sector code for Vodacom South Africa

The amended ICT Sector code measures black employees in accordance to the racial demographic profile of the country between the ages of 16 and 65 years old.

	2017	2016
Black senior managers	1.30	2.92
Black middle managers	1.5	2.16
Black junior managers	1.3	1.83
Disability	1.18	0.47
Employment Equity score	5.28* (new ICT score card)	6.92 (old ICT score card

* Vodacom's performance in the employment equity element maintained a positive trend until the revised (new) Codes came into effect. The revisions are much stricter on the economically active population (EAP) statistics as well as the recalculation for black females aligned to EAP for all levels.

→ ## Vodacom receives multiple accolades at the annual Gender Mainstreaming Awards

Vodacom was recognised as a champion in promoting gender diversity in South Africa at the Annual Gender Mainstreaming Awards — a premier event that rewards companies for the initiatives they have established in support of gender diversity.

The Champion Award is presented to the organisation that has best implemented a sustainable gender mainstreaming strategy with a lasting impact on the business, the community and the economy as a whole. Vodacom also received awards and recognition in the following categories — gender and disability: overall winner; women on boards: overall winner; diversity and transformation: winner in the private sector category — JSE listed. We were also second finalist in the following categories: women empowerment in the workplace; women empowerment in the community; and equal representation and participation.

Promoting representation of women

The following are key initiatives in place to promote gender diversity and support women in progressing their careers at Vodacom:

Female Leaders programme: our flagship programme in South Africa, launched in 2013. The programme is designed to attract high potential women with deep commercial and technology experience into strategic roles for our future talent pipeline. The Gordon Institute of Business Sciences (GIBS) developed the academic leadership curriculum, focusing on developing personal and strategic awareness relating specifically to customer service excellence. All participants have direct access to the Vodacom Executive Committee, including the CEO. To date, 13 successful women have been placed in various roles in Vodacom.

Women in Leadership programme: a programme through the North West University aimed at building leadership capability for women in leadership roles. The programme consists of Group projects, a women's network forum and pre- and post-measures of knowledge and behaviour. Forty-five female employees were selected for the first programme.

Women's Network Forum mentorship programme: a mentoring program for female employees in the business as introduced by the Women's Network Forum, which seeks to inspire and empower women to maximise their potential in Vodacom. Women executives in the business mentor high potential women in junior management roles. Mentees are taken through a mentorship for leaders programme at Wits Business School (WBS) and mentors receive coaching at WBS. Participation of both parties is voluntary, spanning six months to a year.

HeForShe initiative: Vodacom in collaboration with Vodafone, promotes the United Nations HeForShe initiative. This is a global solidarity movement to encourage all people (men and boys, girls and women) to speak up and act against the inequalities faced by women and girls, and encourage everyone to enlist as advocates for gender equality. Vodacom proudly celebrated the second anniversary of the HeforShe Campaign and obtained more than 900 sign-ups.

Promoting an inclusive working environment

To achieve a truly inclusive working environment, Vodacom implemented the roll out of unconscious bias training across all markets. Our Vodacom Group Executive Committee attended the course, which provided the opportunity for personal reflection and action planning in order to eliminate practices reflecting unconscious bias. We continuously review all our processes through a lens of diversity and inclusion to ensure that our company policies are without bias.

We have established a network for lesbian, gay, bisexual, transgender/transsexual and intersexed (LGBTI) employees/friends, which offers confidential support and advice to employees on a variety of LGBTI topics, provides a channel for employees to raise concerns on LGBTI related topics and build external relationships with LGBTI organisations.

We take the rights of our employees with disabilities very seriously. We have a Disability Forum that conducts building audits, ensuring that our events and training cater for the special needs of our employees with disabilities. We currently have 68 (2016: 36) people with disclosed disabilities in Vodacom South Africa, which includes 5 existing learners and 30 learners who have recently been appointed through our Learnership Programme. We aim to further increase the intake of learners with disabilities as part of our Learnership Programme during 2017. This year we held a Disability Talent Day aimed at helping us to increase our workforce intake of people with disabilities.

Labour rights and relations

We are committed to respecting the human rights of everyone working for Vodacom either directly as an employee, or indirectly as someone employed by one of our suppliers. Vodacom extends its values and business ethics through its relationships with its suppliers and business partners.

Vodacom employment policies are consistent with the UN Universal Declaration of Human Rights and the International Labour Organization's core conventions. We are committed to preventing unfair discrimination through the full, fair and objective application of our disciplinary policy, ensuring equal treatment of employees irrespective of union membership, communicating standards of acceptable behaviour and consequences of non-compliance to all employees, and ensuring the resolution of all reported matters within five days as per our grievance policy.

In 2016, we revised our sexual harassment policy to include the practical steps to be followed, such as the transfer of the complainant to another department or area of the business to avoid any interaction with the alleged transgressor.

The company continues to enjoy a strong relationship with the Consultative Committee in South Africa —an internal employee representative committee that aims to involve employees in aspects of decision-making that affect their work environment and enhance co-operation between management and employees. The committee members serve for a three year term. In 2016, an election process took place to select a new Consultative Committee. The Consultative Committee has established sub-committees that engage management on a regular basis on matters such as disability, remuneration, employment equity and transformation as well as other people matters.

Union membership

We provide an environment conducive to freedom of association and have a channel to manage employee-related issues with unions. We have not experienced any labour-related strikes over the past year in any of our operations.

In South Africa, approximately 475 employees (10.18% of the workforce) are members of the Communication Workers' Union (CWU) and nine (0.19% of the workforce) are members of the Media Workers' Association of South Africa (MWASA).

Vodacom Mozambique has an active union that is regarded as a partner to management. Union participation is quite low and reduced from 10.7% in 2016 to 8.9% this year.

Vodacom DRC has an active trade union and employee union. Members engage with management on a monthly basis to discuss employee issues and bi-annually to discuss disciplinary matters within the company as well as any other relevant issues. Twenty nine employees are registered with the union, representing 4.7% of the work force.

Vodacom Lesotho, Vodacom Tanzania, VBA Nigeria and AfriConnect in Zambia are not unionised.

Safety, health and wellbeing

We take our responsibility to promote safety, health and wellbeing of our people very seriously. We continue to strive to achieve and maintain zero fatalities, and to prevent injuries in the workplace.

Ensuring the safety of our people

We are saddened to report one workplace-related fatality this year. In Mozambique, on 20 January 2017, a young boy, was fatally injured when he collided with the vehicle driven by a Vodacom contractor. The contractor had swerved in an attempt to avoid a collision but unfortunately the boy continued running in the same direction and was struck by the generator being towed at the time. All other Vodacom markets were fatality free.

Road-related accidents remain our principal safety risk and we continue to place an emphasis on implementing road safety initiatives across all markets. This year, we revised our occupational driving standard, which also applies to all suppliers, in particular high-risk suppliers, who account for most incidents. The new standard focuses on driver roles and responsibilities, weekly vehicle inspections, mandatory driver training, medical fitness, journey planning and live vehicle tracking and monitoring. We have also revised our road risk policy and improved management ownership and accountability.

In South Africa, our award winning Road Guardian programme has contributed to a reduction in the seriousness of vehicle incidents. The close monitoring and analysis of driver behaviour, and the

video footage captured for investigative and learning purposes, has impacted positively on our driver behaviour scorecard. Our driver scorecard is currently sitting at a positive 92%. The Consequence Management system is a contributing factor, as disciplinary measures are taken for underperforming drivers, including counselling, warnings and re-training. The towing of trailers is currently under review as we strive to further reduce associated risks.

Safety incidents

Vehicle accidents remain the highest causal factor of safety incidents (59%) followed by collapsing structures (12%), and slips, trips and falls (11%). South Africa accounted for 69% of safety incidents (2016: 67%), with 22% from DRC (2016: 20%). Contributing factors in DRC relate to political instability, lack of proper infrastructure and regulations.

The majority of safety incidents recorded (53%) are 'high potential incidents' (HPIs), relating mainly to road transport and property damage (motor vehicles/trailers /towers at sites), with contractors accounting for 65% of these incidents. All HPIs are investigated with the aim of improving our ability to prevent repeat incidents. Other risk areas include working with electricity, working at height, control of contractors and cables in the ground. Appropriate safety training is provided and safety awareness initiatives are ongoing.

Safety incidents	2017	2016
Fatalities	1	4
Lost time injuries (LTIs)	5	7
Major incidents	7	9
High potential Incidents	109	69
Minor incidents	43	72
Near miss incidents	9	4
Lost-time injury frequency rate (LTIFR)	0.05	0.11

LTI (lost-time injury): a work-related injury resulting in the employee/contractor being unable to attend work, or to perform the full duties of his/her regular work, on the next calendar day after the day of the injury, whether a scheduled work day or not.

Major incident: any incident that results in causing serious injuries and major damage to plant or machinery, eg: Loss or serious injury where a person becomes unconscious or loss of limbs. Where machinery runs out of control or come into contact with power lines.

High potential incident: an incident that does not necessarily result in injury, but has the potential to do significant harm or damage, eg: motor vehicle accident with no injuries.

Minor incident: an incident or accident that resulted in first aid treatment only or minor cost for repair or reinstatement.

%	**2017**	2016
High Potential – NLT[1]	**12**	10
High Potential – PD[2]	**53**	35
Minor – NLT[1]	**15**	9
Minor – PD[2]	**9**	31
Minor – LT[3]	**3**	7
Major – Dissabling	**3**	5
Near Miss	**5**	3

1. NLT – no lost time
2. PD – Property damage
3. LT – lost time

Vodacom is an Employer renowned for its care of its people and our Safety Standards are amongst the best in the world. We, at Vodacom have certain rules that ensure that we work in a safe manner but more than that we enable our people to STOP, THINK and ACT when it's in a way that ensures that they and the people around them are safe. By setting the example we ALL become AMBASSADORS of a safety culture that not only our industry but our country can be proud of.

WORK SAFE/HOME SAFE

Employee health and wellbeing

Creating a healthy workplace that fosters care and personal wellbeing for our employees is essential to the success of our business. We have developed a wellbeing strategy with six focus areas. We have well established wellness offerings in South Africa and we are expanding these and our strategic approach in all our markets.

The positive impact of our health and wellbeing initiatives is reflected in the steady decrease in the rate of sickness related absenteeism, from 1.37% in 2014, to 0.69% in 2017, representing a 50% improvement.

Digital balance

Physical

Connection and community

Wellbeing strategy pillars

Emotional and mental

Purpose and growth

Financial

We support our employees in managing their work-life balance and promoting all-round development. Our principal organisational health risks are stress and being overweight. We are addressing these through various physical activities and our 'power to healthy living' talks.

Wellbeing initiatives implemented

Physical activities: This year we launched various physical activities on site in all regions in South Africa, including Zumba, Boot Camp, soccer, netball and volleyball, action cricket, organised walks and runs. Health risk assessments are provided through our primary health care nurses on-site. We also run blood donation campaigns, and provide optometrists and vitality assessments.

Lifestyle centres: Our dedicated employee Lifestyle Centres in South Africa offer various services across all regions and new services have been introduced this year. A focus on creating awareness of the services among our employees is reflected in a significant increase in the number of visits which totalled 17 431 in 2017 (2016: 15 095). The main reasons for visiting our primary health care facilities relate to gastro-intestinal, muscular skeletal and neurological concerns, as well as monitoring of chronic disease risk factors.

Occupational healthcare: In line with occupational health law, all employees working in a high risk job environment (in our business, performing any function that involves, for example, driving, electrical work, working at heights, exposure to noise) have an annual medical, undertaken by our occupational medical practitioners.

Employee Assistance Programme (EAP): The utilisation rate of our EAP, a confidential employee counselling line, increased significantly this year to 11.12% (2016: 4%). The principal issues that employees required support with during the year related to civil law, relationship issues and family care.

HIV management and testing: Vodacom Supported World Aids Day in all our regions including the International operations. We distributed HIV pamphlets and offered HIV testing through our primary health care clinics. HIV support is offered throughout the year through our primary health care clinics. Employees are also referred to the EAP for counselling and support when results are positive.

Executive medical programme: This year 71% (238 of 335) of Vodacom executives attended an executive health assessment, with follow ups from the company doctor and referrals where necessary. The prevalent health risk factors among executives are: poor stress management, physical inactivity/increased BMI and hypertension. Our Wellbeing strategy focuses on physical activity and expanding our wellness offerings across all our markets.

Delivering social value

Promoting social value through our products

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.

Increasing access to our services by widening coverage and driving affordability supports economic growth and job creation. As a major investor, taxpayer, employer and purchaser of local goods and services, we play 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

Value distributed in 2017

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.

In addition, we contribute to public finances both directly and indirectly through taxes and other fees. We also make a significant contribution through the taxes paid by our employees and suppliers, as well as through taxes collected on behalf of governments such as VAT and excise duties. Our Group tax charge amounted to R6 102 million in 2017 (2016: R5 934 million).

vodacom For further information, please see our public finances report, available through our website **www.vodacom.com**.

Developing mobile solutions to address socioeconomic challenges

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. Our flagship health and education initiatives are reviewed on pages 37 – 38.

Our M-Pesa product provides a platform for many of our financial, 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.

Internet of Things mobile technology solutions

Our Internet of Things (IoT) solutions, which help businesses to increase productivity, efficiency and sustainability, mitigate downtime, and control costs, continue to grow. IoT changes how products, businesses, homes and services operate, enabling optimisation of resources and costs and automation of functions, which provides new insights to improved decision-making. We currently have over 3.1 million active connections providing IoT solutions in the transportation, industrial, energy, residential, property and health care sectors.

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 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.

"The Connected Farmer mobile application can be directly integrated with third party B2C payment services, allowing the Agri-business to set up specific account(s) to pay farmers for crop receipts."

Vodacom
Power to you

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.
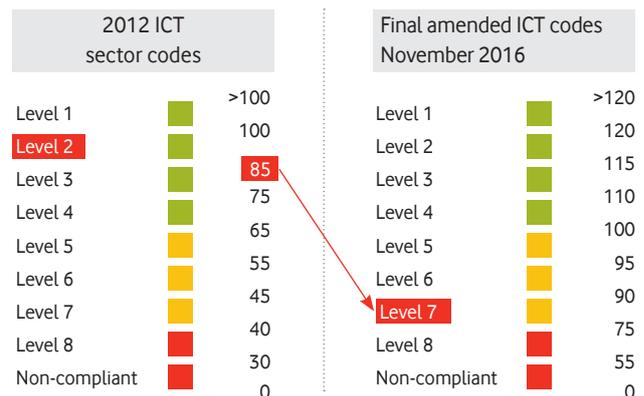

Small scale fisherman at work

Promoting Black Economic Empowerment (BEE) in South Africa 👍

Vodacom succeeds under new Amended ICT Sector BBBEE Codes

Amendments to BBBEE for the ICT Sector

This year, saw the release of the Amended ICT Sector Codes on BBBEE, which was gazetted and came into effect on 7 November 2016 and as such applied immediately to our financial period of 1 April 2016 to 31 March 2017. Over and above a reset of the targets and criterion, one of the most noticeable changes is that the scorecard BBBEE level recognition has changed materially and, if applied without remedy, would have resulted in the Vodacom BBBEE status dropping from Level 2 to Level 7 and as a result of discounting thresholds, to a Level 8.

2012 ICT sector codes		Final amended ICT codes November 2016	
Level 1	>100	Level 1	>120
	100		120
Level 2		Level 2	115
Level 3	85	Level 3	110
	75	Level 4	
Level 4	65		100
Level 5	55	Level 5	95
Level 6	45	Level 6	90
Level 7	40	Level 7	75
Level 8	30	Level 8	55
Non-compliant	0	Non-compliant	0

**Must score minimum of the below to prevent a discount of 1 BBBEE level:**

- Ownership — 40% of Net Asset Value points (3.20 points out of 8 points)
- Skills Development — 40% of points against 6% of payroll target (4.8 pts/12 pts) and 40% of points (3.2 pts/8 pts) against Learnerships programmes
- Procurement — 40% of 25 points
- Supplier Development — 40% of 10 points against target of 2% of NPAT to black owned ICT entities
- Enterprise Development — 40% of 15 points against target of 3% of NPAT to black owned ICT entities

With less than four months to remedy the effects of the amended codes, the Board approved various initiatives to ensure that Vodacom attains a Level 4 BBBEE status.

BBBEE reporting for Vodacom Group

In terms of regulations 40053 of 16 June 2016, all JSE listed companies must submit a BBBEE certificate issued in the name of the listed entity to the office of the BBBEE Commissioner within 90 days from financial year end. The BBBEE certificate for Vodacom Group Limited incorporates the consolidated verification of Vodacom Group Limited (Holding company), Vodacom (Pty) Limited (including Vodacom Insurance Company (Pty) Limited, Vodacom Life Assurance (Pty) Limited, Vodacom Financial Services (Pty) Limited and Vodacom Payment Services (Pty) Limited), Stortech (Pty) Limited and X-Link (Pty) Limited for the period 1 April 2016 to 31 March 2017.

The result is as follows:
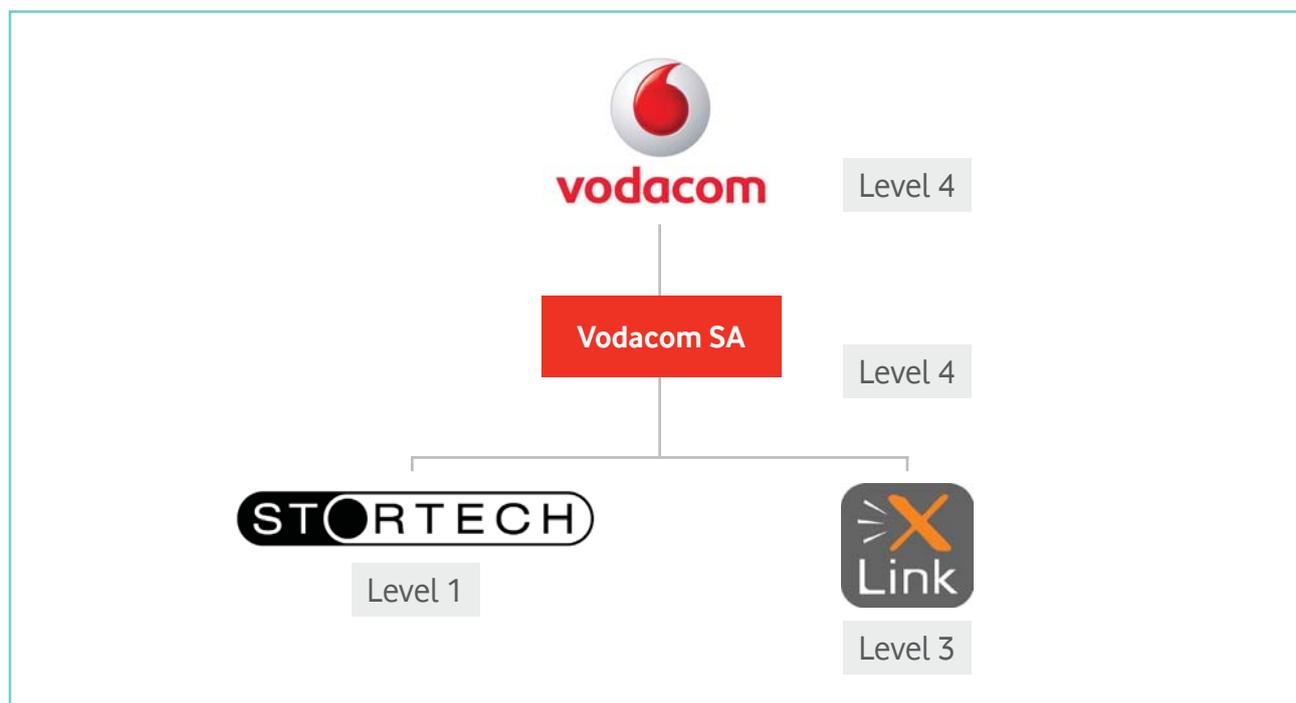
BBBEE results for Vodacom Group Limited

In light of the requirement for Vodacom Group Ltd to have its own BBBEE certificate, this report will now focus on the consolidated results for Vodacom Group Limited.

Despite the various challenges, we achieved good scores across all rated elements:

Scoring Element	Target Points	Achieved Points	Cost of Investment
Ownership	25	16.17	
Management Control	23	14.79	
Board representation	8	5.33	
Other Top Management	5	4.33	
Employment Equity	10	5.13	
Skills Development	20	17.27	R161 million training spend on Black people
Enterprise and Supplier Development	50	41.68	R7 billion to >51% black owned suppliers
Procurement	25	18.00	R5.7 billion to >30% black women owned
Supplier Development	10	8.68	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**	**101.91**	**Level 4**

Ownership

As a result of the consolidated verification view, and applying the Flow Through and Exclusion (excluding value of Foreign Operations) Principles as permitted in the Codes, the Group has an effective black ownership of 17.49%, resulting in a score of 16.17 out of 25.

Management Control

The amended Codes have merged Management Control (Board Representation and Other Top Management) and Employment Equity (Senior, Middle and Junior Management) under one target. In addition, the compliance measurement for Employment Equity applies the use of the annual demographic profile of the Economically Active Population (EAP – population aged between 16 and 65 years, broken down in terms of Race and Gender) to measure the level of achievement per occupational levels. Whilst the sourcing of Black women, particularly African and Coloured women in leadership roles remains a challenge, the Group attained an overall score of 14.79 out of 23.

Skills Development

The amendments effected to this element resulted in an increased spend target of 6% of payroll as compared to the 3% target contained in the original codes. In addition, skills training was amended to address training of black people (black public including black employees) and as with Employment Equity, spend measurement is based on EAP demographic profiles. For the period under review, our consolidated training spend amounted to R175 million, 838 black people were placed on learnership programmes and 1 397 unemployed black people participated in training specified in the Codes. This commitment resulted in a total score of 17.27 out of 20 points.

Enterprise and Supplier Development

This scoring element comprises of three transformation objectives, namely Preferential Procurement, Supplier Development and Enterprise Development. Amendments resulted in adjustments to the recognisable value of contribution i.e. interest free loans to black owned business only yield a 70% recognition of value as compared to 100% in the previous Codes. Recognition of value for early payments to black owned SMME suppliers are limited to 15% of the total target for Supplier Development. Despite these changes, the Group attained a total score of 41.68 out of 50.

Socioeconomic Development

The key amendment to this element pertained to the recognition of spend on social upliftment projects – only projects where ICT technology is used in the delivery of the initiative count towards the element. In this instance, the Group scored full points (2012).

Delivering value through social investment

For two decades, Vodacom has embraced its responsibility to help address social challenges in the communities within which we operate. Across all our operating countries, we invest in initiatives and partnerships – with government, industry leaders, other technology partners and NGOs – aimed at improving education, supporting health and other priorities. At the core is our strategic commitment to changing lives through our products and services, together with the belief that mobile communication technology has the potential to address societal challenges.

This year, we invested R114.2 million in community projects across all operations – comprising R93 million invested by the Vodacom Foundation in South Africa (2016: R86 million) and R21.2 million (2016: R20.5 million) by our international operations.

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

Following is a selection of social investment project highlights in our core focus areas.

Vodacom CSI percentage spend by focus area (%)
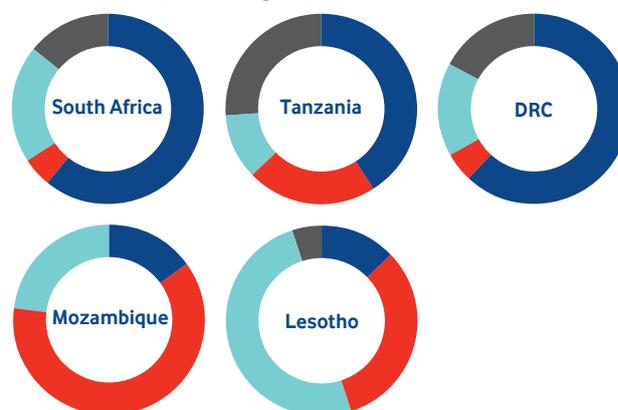
	South Africa	Tanzania	DRC	Mozambique	Lesotho
Education	61	41	62	15	13
Health	5	22	5	62	32
Entrepeneurship	20	11	16	23	50
Volunteerism	14	26	17	–	5

Improving access to education

South Africa

Top female student at the Vodacom youth academy

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 ICT Resource 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 the portal has over 222 910 learners registered.

Digital Classroom is an online platform with educational resources, articles and a discussion forum for teachers. Vodacom has also extended our e-learning programme to participating universities across the country to enable universities to provide free access to their academic content to all learners that are Vodacom subscribers.

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.

We annually provide fifty underprivileged students with bursaries to study in the ICT, engineering and business studies fields. This year, 15 bursars graduated and 13 were taken through assessments for integration into the Vodacom graduate programme. Vodacom and the DBE support top learners with tertiary study bursaries. Since 1999, we have awarded more than 1 000 bursaries to top-performing matriculants.

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 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.

- **Instant Classroom 'digital school in a box'** 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. In the DRC the initiative benefits an estimated 5 500 young people in refugee settlements.

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.

Delivering value through social investment *continued*

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.

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**

The Vodacom Foundation is a long-standing supporter of non-profit organisations (NPOs) in the health arena. Our partners include:

▶ Ndlovu Care Group: provides nutrition and medical assistance to Orphans and Vulnerable Children (OVCs) in the Groblersdal area, Limpopo.

▶ Smile Foundation: funds operations to provide free corrective facial reconstructive surgery and treatments to underprivileged children in need. This year, we supported 55 children with cranio-facial and cleft reconstruction operations: 43 children at Tygerberg Academic Hospital in Cape Town and 12 children at the Universitas Hospital in Bloemfontein.

▶ South African National Council for the Blind (SANCB): provides much-needed operations for cataracts to people in rural communities.

▶ Netcare Foundation: conducts craniofacial operations to patients who are born with conditions such as craniosystosis.

International operations

Lesotho

The Moyo Lesotho Challenge partnership initiative aims to put all HIV+ people in Lesotho on ARVs by 2020, starting with children. Launched in 2014, 50 000 people 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. Vodacom 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. Many women cannot afford the cost of travelling to a hospital. With Vodacom's 'text to treatment' campaign, the hospital sends funds via M-Pesa to pay for the patient's bus fare. Our partnership with CCBRT has benefitted a total of 2 000 women to date, including 1 012 in the last year.

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 SMS messages 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.

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

Vodacom Mozambique continues 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.

→ ## Supporting entrepreneurship

Vodacom Lesotho's Innovation Park is a technology-based business Incubator for young entrepreneurs in Lesotho, in any area of business, seeking to leverage the power of technology and mobile communications to differentiate, and make their businesses more competitive and productive.

To date, Vodacom has invested R3 million to support 12 entrepreneurs through a 12 week long incubator programme. The venue also hosts professional networking events for the businesses.

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.

Vodacom funds 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.

In South Africa, in partnership with social enterprise Lumkani, Vodacom has implemented fire-detection devices in informal settlements. To prevent fires from ravaging these densely-populated communities, a device has been created that, if triggered, alerts all other fire-detection devices in a 60-metre radius, as well as an alarm that alerts its owners.

Employee volunteering and donations

The Vodacom Foundation 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. The following is a selection of initiatives supported this year.

Vodacom Change the World programme

Since 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. More than 8 000 new volunteers applied to participate in this year's Vodacom Change the World programme, from which 20 volunteers were selected. To date, Vodacom has 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.

❝Traditional donor funded projects tend to concentrate on the recipients of the project and not the wellbeing of the NGO. The Vodacom Change the World program has allowed me to concentrate on the NGO, trying to bring a different outlook and mindset to it. This involved starting a social enterprise alongside the NGO to ensure the long term sustainability of ASNAPP.❞

Cliff Stanbury – Agribusiness in Sustainable Natural African Plant Products (ASNAPP)

❝This programme offered me an opportunity to practice independently in order to reach my goals and dreams. Through it, I had an opportunity to practice my project management skills but, importantly learned to let passion and patience drive my action.❞

Maubate Thalagale – SA Red Cross

International Nelson Mandela Day

On 'Mandela Day', 18 July 2016, thousands of Vodacom staff across South Africa spent 67 minutes packing food parcels for learners from previously disadvantaged schools. 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 year, we packed more than 30 000 food parcels. The parcels contained nutritional, non-perishable items such as peanut butter, baked beans and canned meat. We also partnered with Food and Trees for Africa to plant fruit trees and set up vegetable gardens at the seven food gardens, spread across South Africa.

> **❝**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**

Supporting disaster relief

Cyclone Dineo devastated Inhambane province Mozambique in February 2017, affecting more than 550 000 people. Vodacom contributed R3.7 million towards relief efforts, including food, accommodation as well as essential building materials. We also contributed R1.6 million to enable our customers to communicate for free with family and friends.

Casual Day

South Africa's foremost fundraising campaign for people with disabilities. In the year, the Foundation hosted a 'sports day' at the Midrand Campus. Our employees raised over R32 000 through the purchase of casual day stickers, and donated over 300kg of clothes that will be converted into play kits for disabled children.

Connect For Good

This online platform connects people 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.

Cansa Shavathon

Vodacom showed solidarity for those affected by cancer by shaving, spraying or cutting their hair at the annual Cansa Shavathon. This year Vodacom employees raised over R31 000 towards this worthy initiative.

Staff sports day being held at the Vodacom Midrand campus.

Responsible environmental management

Managing our environmental impacts

We operate in countries that are particularly environmentally vulnerable and strive to improve our own resilience and mitigate our impact on the environment. The ICT industry is categorised as a low environmental impact sector.

In delivering services to customers and managing our operations, we consume natural resources such as energy, minerals and water. We generate carbon emissions, have an impact on the generation of electromagnetic radiation, and the construction of our network infrastructure has a local environmental impact. It is important that we understand our cradle to grave environmental footprint, from the production of our products and the provision of our services, to the disposal of our network and electronic waste.

We have identified the most significant environmental impact of our operations as being energy use and the related carbon emissions in our network. Our focus is on minimising the energy intensity and carbon footprint of our operations by improving the energy efficiency of our network. Furthermore, communications technology can play a significant role in enabling a low carbon economy by powering innovations that can reduce carbon footprints while bringing wider social and economic benefits.

Accountability and management

We have robust management systems in place to help us minimise our impact on the environment and continually improve our performance. The Group environmental sustainability strategy is implemented in each market based on local requirements. We have an internal cross-functional workgroup that monitors local conditions that influence our environmental risk profile and provides input on environmental initiatives and projects with assistance from operational units.

This year we reviewed our environmental practices and updated our environmental standards and procedures to ensure alignment with internal and external operational conditions. We also revised our environmental governance structure to streamline our roles, responsibilities and reporting requirements.

Our ISO 14001:2004 certified environmental management system (EMS) provides direction on the management and control of key environmental aspects in the planning, design, construction and operation of our network. We follow stringent guidelines for identifying and decommissioning sites that are no longer operational, including restoring and rehabilitating these sites to their original state. This year we conducted an ISO 14001:2015 gap analysis and a transition from ISO 14001:2004 to ISO 14001:2015 is in progress, with the aim of completing the migration by September 2018.

Our operations comply with applicable environmental legislation. We monitor environmental compliance through site inspections. This year we conducted environmental compliance audits in all eight regions in South Africa. The level of compliance averages at 90% (2016: 75%). We have applied for the authorisation of our diesel tanks and are awaiting approval. In February 2017, the Environment Agency of the Democratic Republic of Congo (DRC) informed Vodacom DRC and other local mobile operators that they had not complied with their obligations to conduct environmental impact assessments for base station sites, including power consumption and generation. Vodacom and other operators are in discussion with the Agency to seek to understand the basis for their concerns and undertake any necessary remediation. We understand that the Agency may levy a fine.

Raising environmental awareness

In the retail environment, we have rolled out the sustainability programme in South Africa at Vodacom World, our Walk In Customer Care and Advanced Repair Centre. Our retail operations undertake campaigns to promote reduced electricity, water and paper usage, and waste generation. All retail suppliers, and all Vodacom World tenants, have been trained on environmental awareness and liability.

Vodacom Congo has collaborated with the Ministry of Environment and Education to implement an environmental education programme called Green Schools, in support of efforts against deforestation. To date, more than 800 trees have been planted around 100 schools. The programme will expand over the next five years, with trees to be planted around schools in Kinshasa and other provinces.

Key environmental performance indicators

Group indicators	2017	2016
Number of sites	16 278[1]	15 577[1]
CO_2 emissions per base station (mtCO$_2$)	36.8[2]	34.6[2]
CO_2 emissions[3] generated (mtCO$_2$)	683 439	576 872
Solar operated sites	976	955
South Africa indicators		
Number of sites	12 122	11 621
Access network electricity usage (GWh)	333	282
Core network electricity usage (GWh)	84	81
Data centres electricity usage (GWh)	30	33
Office electricity usage (GWh)	54	50
Vehicle fuel (diesel and petrol) (million litres)	0.8	1.3
Network equipment and handsets reused or recycled (tonnes)	69	1006
Water consumption (kL)	382 483	181 442

1. Excludes Tanzania access network base stations, which are not owned by Vodacom.
2. Only scope 1 and 2 emissions taken into consideration.
3. Total scope 1, 2 and 3 emissions (Greenhouse Gas Protocol).

Energy and climate change

Delivering on our growth strategy, extending voice and data services to our customers, involves expanding our network and handling more data. To minimise the resulting increases in energy use and carbon emissions, we continue to roll out energy efficiency measures and new technologies across our network.

Across the Group we measure diesel and electricity consumption at over 16 000 base stations and implement initiatives aimed at operating more efficiently and adopting renewable and alternate sources of energy where feasible.

We implement a strategy for managing our internal energy and carbon performance. The following set of nine principles guides us to ensure we work efficiently and dedicate resources to effectively track, manage and report our performance.

- Take a full life-cycle view when assessing energy and carbon performance.
- Incorporate energy and carbon performance considerations into business and procurement decisions, design specifications and operational functioning.
- Strive to improve energy efficiency of our organisation by choosing energy efficient technology solutions as far as possible and eliminating waste.
- Manage the carbon intensity of our company by optimising energy choices where possible, driving awareness, reducing waste and growing sustainably.
- Ensure business continuity at all levels of Vodacom, by addressing energy shortages and pursuing alternative and independent energy solutions where the business case supports this.
- Engender and enable behavioural change in our organisation, along our value chain, in our customers and in our communities, to minimise our environmental impact, carbon intensity and energy intensity.
- Employ the latest technology and advanced ICT solutions, integrate smart measurement and control capability to facilitate energy and carbon performance measurement and management.
- Streamline and integrate governance and physical systems for a unified and optimal approach for Vodacom.
- Set ambitious targets for energy performance and carbon intensity, while driving operational expenditure reductions and ensuring network resilience.

In South Africa, the quality of reliable energy data continues to improve, as we progressively roll out smart energy metres at base stations. To date we have installed 4 712 smart metres, of which 840 this year. Roll out of smart metres is planned and in progress at our international operations.

We participate annually in the CDP's South Africa Climate Change Report. This year, we retained our lead in the telecommunications sector in South Africa. Our score was -A (2016: 99%). Our CDP submission is available at **https://www.cdp.net/en** and provides a comprehensive review of how we identify and manage the risks and opportunities associated with climate change.

Energy security
We continue to invest in back-up equipment and generators at our sites and have emergency plans in place to deploy additional mobile generators should the need arise. All core elements and important hub sites have permanent generators as additional power back-up.

Vodacom in South Africa is the biggest user of electricity, which is predominantly generated from fossil fuels. In Tanzania, Mozambique, DRC and Lesotho, hydropower makes up a greater part of the national electricity supply energy mix and this reduces the carbon intensity of purchased electricity in these countries. However, this is offset by a lack of electricity infrastructure, which requires Vodacom to rely on diesel generators and renewable energy.

Working with suppliers

We are extending our environmental stewardship programmes to key suppliers in our value chain through our involvement in the CDP initiative (formerly the Carbon Disclosure Project).

At this year's Health, Safety and Environment Forum in South Africa, we presented to our suppliers on the reputational and environmental benefits of joining the global CDP initiative. We have aligned with the work that Vodafone is doing with CDP and strategic suppliers to manage climate change impacts in our supply chain through the disclosure process. One of our key suppliers has signed up to disclose their emissions and how they intend to govern them as part of this process. This important milestone for both Vodacom and our supply chain is a leading example of how companies can work together to build reputation, brand loyalty and sustainable practices along our value chain.

Our performance

The steady decrease over the last five years in the emissions per terabyte of data traffic on our network (see graph on page 45) reflects the positive impacts of our investment in energy efficiency and optimisation initiatives. In South Africa alone we have invested close to R30 million.

We measure our carbon footprint annually. Our direct (scope 1) emissions account for about 7% of our carbon footprint and are generated primarily by diesel generators used to power up base stations as well as the use of petrol and diesel cars in our vehicle fleet. Our scope 2 emissions are indirect emissions as a result of using electricity from the national grid and account for

approximately 81% of the total carbon footprint. Reducing our electricity usage is consequently a major focus. Scope 3 activities include indirect emissions as a result of business travel, employee commuting and downstream distribution.

With the growth in our networks across the Group our carbon emissions increased by 18% to 683 439 $mtCO_2$. The number of base stations increased to 16 278 (excluding Tanzania base stations). While the implementation of energy efficiency measures across the group continues to mitigate levels of emissions generated, the growth of the network has resulted in a 6% increase in carbon emissions per base station.

Vodacom Group carbon footprint

Greenhouse gas emissions 2017 in metric tonnes CO_2

Scope 1
Direct emissions

Group

Equipment owned or controlled (eg: generators)	Vehicle fleet	Air conditioning and refrigeration gas refills	Total scope 1 emissions
38 153	5 243	807	44 203

South Africa

Equipment owned or controlled (eg: generators)	Vehicle fleet	Air conditioning and refrigeration gas refills	Total scope 1 emissions
8 465^	1 874^	806	11 146

International

Equipment owned or controlled (eg: generators)	Vehicle fleet	Air conditioning and refrigeration gas refills	Total scope 1 emissions
29 688	3 369	1	33 057

^ These items were the subject of the limited assurance engagement performed by KPMG.

Overview   Sustainability governance
and management   Engaging our
stakeholders   Product and service
responsibility   Investing in our
people   Delivering social
value   **Responsible environmental
management**

Greenhouse gas emissions 2017 in metric tonnes CO_2

Scope 2
Indirect emissions

Group

Purchased electricity	Total scope 1 and 2 emissions
555 010	599 213

South Africa

Purchased electricity	Total scope 1 and 2 emissions
501 161^	512 307

International

Purchased electricity	Total scope 1 and 2 emissions
53 849	86 906

^ These items were the subject of the limited assurance engagement performed by KPMG.

Scope 3
Indirect emissions

Group

Business travel in rental cars	Business travel in commercial airlines	Business travel in hotel accommodation	Third party vehicle fleet	Consumption of office paper
88	8 613	460	16	289

Employee commuting	Downstream distribution	Transmission and distribution losses	Total scope 3 emissions	Non-Kyoto Protocol GHG emissions	Total Vodacom emissions CO2e (metric tonnes)
12 335	6 542	55 588	83 926	300	683 439

South Africa

Business travel in rental cars	Business travel in commercial airlines	Business travel in hotel accommodation	Third party vehicle fleet	Consumption of office paper
72^	6 420^	290^	–	111

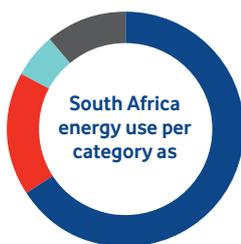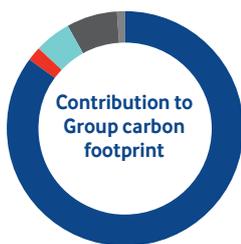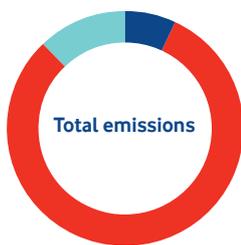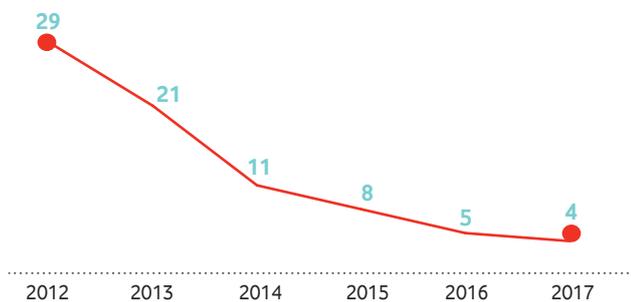| Employee commuting	Downstream distribution	Transmission and distribution losses	Total scope 3 emissions	Non-Kyoto Protocol GHG emissions	Total Vodacom emissions CO2e (metric tonnes)
9 673	6 542	47 084	70 195	300	582 802

International

Business travel in rental cars	Business travel in commercial airlines	Business travel in hotel accommodation	Third party vehicle fleet	Consumption of office paper
16	2 193	170	16	178

Employee commuting	Downstream distribution	Transmission and distribution losses	Total scope 3 emissions	Non-Kyoto Protocol GHG emissions	Total Vodacom emissions CO2e (metric tonnes)
2 662	–	8 504	13 731	–	100 637

^ These items were the subject of the limited assurance engagement performed by KPMG.

Vodacom South Africa emissions per terabyte of data traffic on our network

29
21
11
8
5
4

2012 2013 2014 2015 2016 2017

Total emissions

■ Scope 1	**7%**	
■ Scope 2	**81%**	
■ Scope 3	**12%**	

Contribution to Group carbon footprint

■ South Africa	**85%**	
■ Tanzania	**2%**	
■ Mozambique	**5%**	
■ DRC	**7%**	
■ Lesotho	**1%**	

South Africa energy use per category as

■ Access network	**66%**	
■ Core network	**17%**	
■ Data centres	**6%**	
■ Offices	**11%**	

Improving energy efficiency

The access layer of our network – the component of our network that customers connect to, whether it's a base station or a physical fibre-optic connection – accounts for just over 60% of Vodacom's energy consumption and continues to increase due to network growth and the expansion of 3G and 4G services. Energy efficiency initiatives range from alternative power generation, high temperature batteries to the roll out of smart energy meters. During the year, in South Africa we installed a further 840 smart meters (2016: 331). We are also exploring innovative energy solutions such as fuel cells, flow batteries, DC power cooling and energy data management solutions. The Vodafone Site Solution Innovation Centre in Midrand, South Africa provides a base for the Vodafone Group network innovation teams to collaborate with external parties and suppliers to develop and test new technologies that will help reduce our energy use and carbon footprint.

Vodacom is continuously renewing its core network – where calls and data requests are directed and connected – to support future technologies and services. Core network energy efficiency initiatives include heating, ventilation, air conditioning (HVAC) system optimisation, humidity control set-point changes and lighting optimisation. Projects have achieved energy savings of between 5% and 34% at the respective facility.

In the office environment, energy reduction initiatives include retrofitting of LED lighting, HVAC optimisation and redesigning offices to incorporate the New Way of Working plan which aims to move all employees to open plan working. Energy saving projects completed at our buildings accounted for estimated energy savings of 1.3 GWh which translates to R1.8 million, during the year. To reduce the need for business travel – and associated greenhouse gas emissions – we promote the use of telephone and video conferencing, which increases efficiencies and reduces costs and environmental impacts.

Operational optimisation is an ongoing process. We have been rolling out smart metering and sub-metering to monitor electricity and water consumption to assist in identifying opportunities for improvements.

Our office in Century City in Cape Town, South Africa has one of the largest single-roof photovoltaic solar array installations in Africa, which generates more electricity than the building requires. We have introduced an ice plant that produces ice which is used for cooling the building's HVAC system. This will ensure the effective utilisation of the excess energy generated by the solar panels.

Vodafone Site Solution Innovation Centre in Midrand.

Alternative energy solutions

To reduce our reliance on carbon intensive energy sources, we promote the use of small-scale renewable energy to power our network. The last two years we have been able to rapidly expand our services into rural areas at a very low cost by installing smaller, portable sites that are totally off-grid and operate on battery and solar power only. The solar sites provide a 'greener' solution when compared to a site powered by a diesel generator. Installations take only a few days and at a cost of almost half of what it would cost for a normal base station. We now have 976 solar sites across the Group. In the DRC, this year we increased the number of solar sites to 798 (2016: 788), further reducing carbon emissions per base station. Vodacom Lesotho, the smallest operating market in the Group, has embraced the renewable technology in the largely rural country. The operation now has 74 solar sites (2016: 55), accounting for 25% of the total of 292 sites in the country. Vodacom Mozambique has 84 solar sites.

Our Community Power initiative, implemented since 2011, entails using solar energy to power a Vodacom base station and provide the excess energy to neighbouring communities where grid supplies may be unavailable or unreliable. The flagship site in Emfihlweni in northern KwaZulu-Natal, South Africa and an additional site in the Vuvu district, Eastern Cape, are working well. As the Community Power model is specific to rural areas where there is no electrification or plans for further electrification, base stations need to be close enough to existing infrastructure (such as a school or health clinic) to be able to share the excess energy produced by solar panels.

Vodacom Lesotho has to date donated solar biomass stoves to communities where it has base stations, to reduce their reliance on fossil fuels.

Solar site in Lesotho

Ozone depletion

Some of our network cooling systems and air conditioning systems in our offices and shops use refrigerants. We have phased out the use of chlorofluorocarbons (CFCs) in most buildings. There is a plan to phase out the use of R22 gas. Free cooling, which substantially reduces the energy consumed by air conditioners, has been implemented at 840 further sites during the year.

Technology to support impact management

Our IoT solutions enable objects or devices such as cars, traffic or streetlights and buildings to send and receive real-time information via our network. This information enables our enterprise and business customers to gain insight into how their resources are being used. This in turn can help them to cut costs and carbon emissions, for example, by reducing their energy and fuel use and thus improving the efficiency of their operations.

In the South African market we offer technology solutions for monitoring water and energy consumption, which highlights wastage through excessive or abnormal usage combined with intervention indicators. Our diesel tank monitoring solution provides early warning of possible leaks enabling enterprises to act timeously to limit the loss and avoid the environmental impact of diesel flow into the ecosystem. Vodacom has implemented these solutions at several internal sites and will continue the roll out across further key sites. Vodacom has completed additional facility installations, and continues to use the existing sites to further develop the reporting, alert notification and site specific configurations. Together with the implementation teams and service providers we have established a roll out plan for the remainder of the sites for 2017. We have implemented solutions with large manufacturing customers and have a strong pipeline of customer interest. Several new initiatives are to be launched next year to further address key areas of energy management for local government. The launch of the ThingWorx® Internet of Things application enablement platform in South Africa (see below) will be promoted as the platform of choice for large manufacturers and local government to drive smart energy management.

Vodacom and PTC to launch IoT platform in South Africa

Vodacom has taken a significant step to further expand its Internet of Things (IoT) offering in South Africa by partnering with global technology solution provider PTC, a recognised leader in Industrial IoT, augmented reality and connected solutions. The collaboration will enable Vodacom to implement a local version of the ThingWorx® IoT platform from PTC in order to develop new IoT applications and solutions. ThingWorx® contains a comprehensive set of integrated IoT-specific development tools and capabilities to enable developers to rapidly connect, build and deploy smart, connected solutions for the IoT. For example, the platform can enable improved operational efficiency through applications like preventative maintenance, energy monitoring, product lifecycle insights, and global production tracking. The launch of ThingWorx® in South Africa will allow Vodacom to service customers across the continent as it creates and develops secure IoT solutions across key verticals, including retail, health, utilities, manufacturing, logistics and for the consumer.

Waste and water

Managing our waste

This year we developed and introduced a new waste management strategy to guide our approach to establishing and implementing leading waste management practices across our business. The strategy focuses on: managing our waste-related risks; achieving leading waste management practices; collaborating with and supporting our value chain to enable change; and identifying and enabling opportunities to further our progress.

The strategy guides employees at all levels on how to improve day to day waste related activities, proactively identify opportunities, and influence the behaviour of other stakeholders, including our customers, suppliers and the broader business community.

Our performance

Our principal focus is to reduce waste sent to landfill by identifying waste streams that can be reused and recycled. Initiatives currently being developed include an integrated waste management procedure, a battery rejuvenation project and waste separation at source as part of Vodacom's New Ways of Working. As technology advances, we replace our network equipment with new, more energy efficient equipment that improves the network service for our customers and makes our operations more efficient. This generates electronic waste (e-waste).

During the year, 68.5 tonnes of network equipment and handsets were reused or recycled (2016: 1 006 tonnes). Some e-waste is potentially hazardous and must be handled separately and disposed of responsibly. We conduct formal audits of our e-waste suppliers to ensure that our e-waste is being disposed of in accordance with good practice and compliance with legislation. Through audits and a collaborative approach between Vodacom and suppliers we ensure that there is legislative compliance, as well as improved reporting and management of e-waste disposals. This year we obtained recycling/destruction certificates for all e-waste, fluorescent light tubes and ink cartridges.

We continue to promote our electronic billing system to reduce the use of paper. This year we purchased 52 tonnes of paper (2016: 74). In our stores in South Africa we provide plastic bags made from recycled material with a message to customers to reuse the bags.

In Tanzania we have focused on responsible waste management through awareness campaigns with staff and dedicated programmes for the reuse and resale of old and obsolete equipment.

Responsible water usage

Our operations use relatively little water compared with other industries and we do not consider this to be material to our environmental impact. However, we recognise that water is becoming an increasingly important issue, especially in the water-stressed regions in which we operate. We only consume water in the office environment. Our total water consumption this year was 382 483kl. Each operation takes measures to increase environmental awareness in their market, including campaigns with water saving tips for the office and home environment.

Leaders in information disclosure

The international, not-for-profit CDP initiative (formerly known as the Carbon Disclosure Project) works with the backing of a network of institutional investors, representing over US$95 trillion in assets, to motivate companies to disclose their impacts and activities on climate change, to stimulate these companies to take action.

The CDP holds the most comprehensive dataset of publicly available environmental data in the world. Vodacom participates annually in the initiative, since 2010, when we formalised our commitment to mitigate our impact on climate change by setting and endorsing a carbon reduction target at Board level. We have since invested millions of Rands in energy efficiency and renewable energy. In 2016 the Vodacom Group achieved an A-ranking (leadership category) for our CDP submission, retaining our lead in the telecommunications sector in South Africa. The rating acknowledges Vodacom's leadership in the sector and highlights our commitment to mitigate the impacts of climate change in our daily operations as well as through our products and services that promote a low carbon economy.

In December 2016, the FTSE4Good Emerging Index was launched and Vodacom Group was recognised as a constituent. We received good ratings for our Environmental, Social and Governance (ESG) performance based on information that we have disclosed in the public domain.

Independent assurance report

Independent assurance provider's limited assurance report on selected key performance indicators

To the Directors of Vodacom Group Limited

We have undertaken a limited assurance engagement on selected key performance indicators (KPIs), as described below, and presented in the 2017 Sustainability Report of Vodacom Group Limited (Vodacom) for the year ended 31 March 2017 (the Report). This engagement was conducted by a multidisciplinary team including social, environmental, carbon and assurance specialists with relevant experience in sustainability reporting.

Subject Matter

We are required to provide limited assurance on the following selected KPIs, marked with a '^' on the relevant pages in the Report. The selected KPIs described below have been prepared in accordance with Vodacom's specified criteria for each KPI (Reporting Criteria), primarily Vodacom's internally developed definitions (Vodacom Internal Criteria), which can be accessed via the link **www.vodacom.com**.

Table 1: Scope of the 2017 limited assurance engagement

Category	Selected KPIs (unit of measure)	Scope of coverage	Reporting criteria
Operations	**Carbon emissions: Tonnes of CO_2 arising from diesel usage in owned or controlled equipment (eg: generators) (tonnes CO_2e)**	Vodacom South Africa	Vodacom Internal Criteria WBCSD/WRI Greenhouse Gas (GHG) Protocol – Corporate Accounting and Reporting Standard (Revised Edition)
	Carbon emissions: Tonnes of CO_2 arising from company owned vehicle fleet (tonnes CO_2e)		
	Carbon emissions: Tonnes of CO_2 arising from purchased electricity (tonnes CO_2e)		
	Carbon emissions: Tonnes of CO_2 arising from business travel in rental cars (tonnes CO_2e)		
	Carbon emissions: Tonnes of CO_2 arising from business travel in commercial airlines (tonnes CO_2e)		
	Carbon emissions: Tonnes of CO_2 arising from business travel in hotel accomodation (tonnes CO_2e)		
People	**Engagement score (score out of 100)**	Vodacom Group	Vodacom Internal Criteria
Reputation	**Reputation Survey (Score)**	Vodacom South Africa	Vodacom Internal Criteria

Directors' Responsibilities

The Directors are responsible for the selection, preparation and presentation of the selected KPIs in accordance with the Reporting Criteria. This responsibility includes the identification of stakeholders and stakeholder requirements, material issues, commitments with respect to sustainability performance and design, implementation and maintenance of internal control relevant to the preparation and presentation of the selected KPIs in the Report that are free from material misstatement, whether due to fraud or error.

GHG quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Our Independence and Quality Control

We have complied with the independence and all other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

KPMG Services Proprietary Limited applies the International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the selected KPIs based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements ("ISAE") 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information and in respect of greenhouse gas emissions, in accordance with ISAE 3410, Assurance Engagements on Greenhouse Gas Statements, issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform our engagement to obtain limited assurance about whether the selected KPIs are free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3000 (Revised) involves assessing the suitability in the circumstances of Vodacom's use of its Reporting Criteria as the basis of preparation for the selected KPIs, assessing the areas of material misstatement of the selected KPIs whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the selected KPIs. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. The procedures we performed were based on our professional judgement and included inquiries, observation of processes followed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:
- Interviewed management and senior executives to obtain an understanding of the internal control environment, risk assessment process and information systems relevant to the sustainability reporting process;
- Inspected documentation to corroborate the statements of management and senior executives in our interviews;
- Conducted interviews with relevant key personnel and data owners to understand data collection and report preparation processes, as well as the associated key controls;
- Tested the processes and systems to generate, collate, aggregate, monitor and report the selected KPIs;
- Inspected supporting documentation on a sample basis and performed analytical procedures to evaluate the data generation and reporting processes against the Reporting Criteria;
- Evaluated the reasonableness and appropriateness of significant estimates and judgements made by the directors in the preparation of the selected KPIs; and
- Evaluated whether the selected KPIs presented in the Report is consistent with our overall knowledge and experience of sustainability management and performance at Vodacom.

The procedures performed in a limited assurance engagement vary in nature and form, and are less in extent than for a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether Vodacom's KPIs have been prepared, in all material respects, in accordance with Vodacom's Reporting Criteria.

Limited Assurance Conclusion

Based on the procedures we have performed and evidence we have obtained, nothing has come to our attention that causes us to believe that the selected KPIs presented as set out in the Subject Matter paragraph for the year ended 31 March 2017 are not prepared, in all material respects, in accordance with Vodacom's Reporting Criteria.

Other Matters

The maintenance and integrity of Vodacom's Website is the responsibility of Vodacom management. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to either the information in the Report or our independent limited assurance report that may have occurred since the initial date of its presentation on Vodacom's Website.

Restriction of Liability

Our work has been undertaken to enable us to express a limited assurance conclusion on the selected KPIs to the Directors of Vodacom in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than Vodacom, for our work, for this report, or for the conclusion we have reached.

KPMG Services Proprietary Limited
Per Shireen Naidoo
Director
KPMG Crescent
85 Empire Road
Parktown
Johannesburg
2193

2 June 2017