

EMPOWERING

everyone to be confidently connected



Social Report

2016



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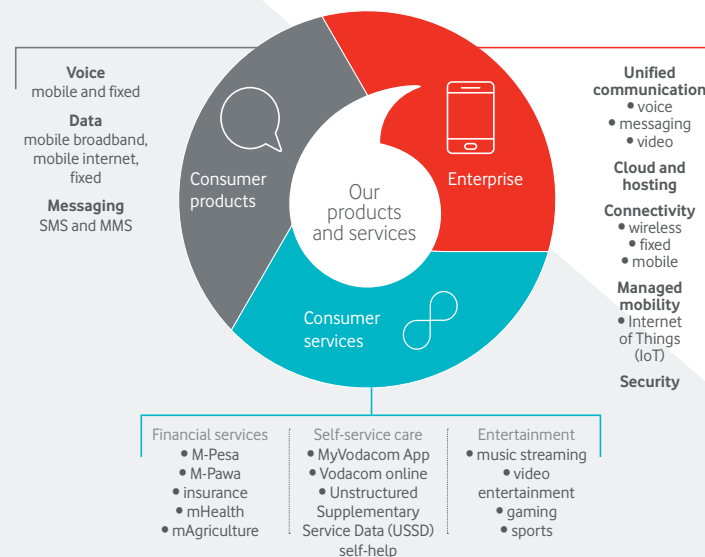
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Who we are

Vodacom is a leading African mobile communication company. From our roots in South Africa, we have grown our mobile network business to include operations in Tanzania, the DRC, Mozambique and Lesotho. The mobile networks cover a total population of approximately 200 million people.

Through Vodacom Business, we also offer business managed services to enterprises in over 30 countries across the continent. Vodacom is majority owned by Vodafone (65% holding), one of the world's largest mobile communications companies by revenue. We are listed on the JSE Limited and our head office is in Midrand, South Africa.

We have over 63 million active individual customers using our wide range of products and services, all of which are available on either contract, top-up or prepaid. Our consumer products and services include voice, messaging and data across mobile and fixed networks, as well as financial services, self-service care and entertainment offerings. We also provide various communication solutions to our enterprise customers in the public sector, and amongst large, medium and small enterprises. These include connectivity and unified communication services, cloud and hosting, managed mobility and data security.



Creating value: The Vodacom Way

Our Purpose

To empower everyone to be confidently connected

Why we exist

We've aligned our purpose to Vodafone's, to express that empowerment is at the heart of everything we do and touches every part of our business.

Our Vision

Best network, best value, best service

Where we're going

We're focusing on making our vision real, specifically through our brand promise of best network, best value and best service, and everything that goes into keeping our promise.

Our Way

Speed, simplicity and trust

How we need to do it

The Vodacom Way is the antidote to bureaucracy. If something fails this test, we find another solution.

Our Strategies

We've set three-year goals with related targets for each of our five strategies. Reaching our goals will make us more competitive, enhance our ability to respond to regulatory and macroeconomic changes and make us more effective in our growth areas.



Customer

Best network
Best value
Best service



Growth

Diversify revenue to deliver growth



Operations

Deliver cost and process efficiency



People

Best talent
Best practice



Reputation

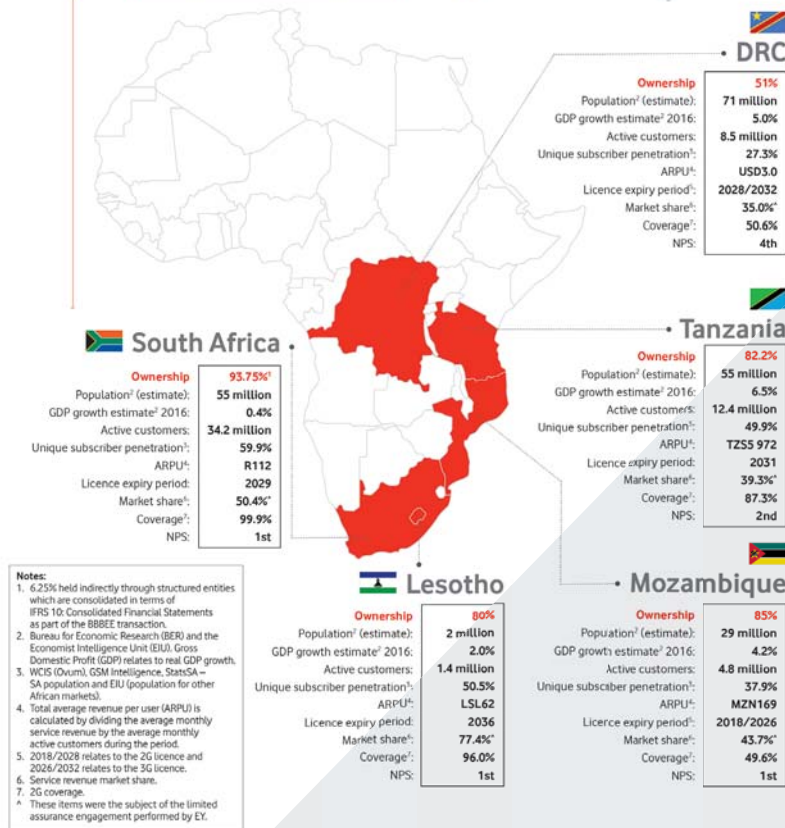
Transform society and build stakeholder trust

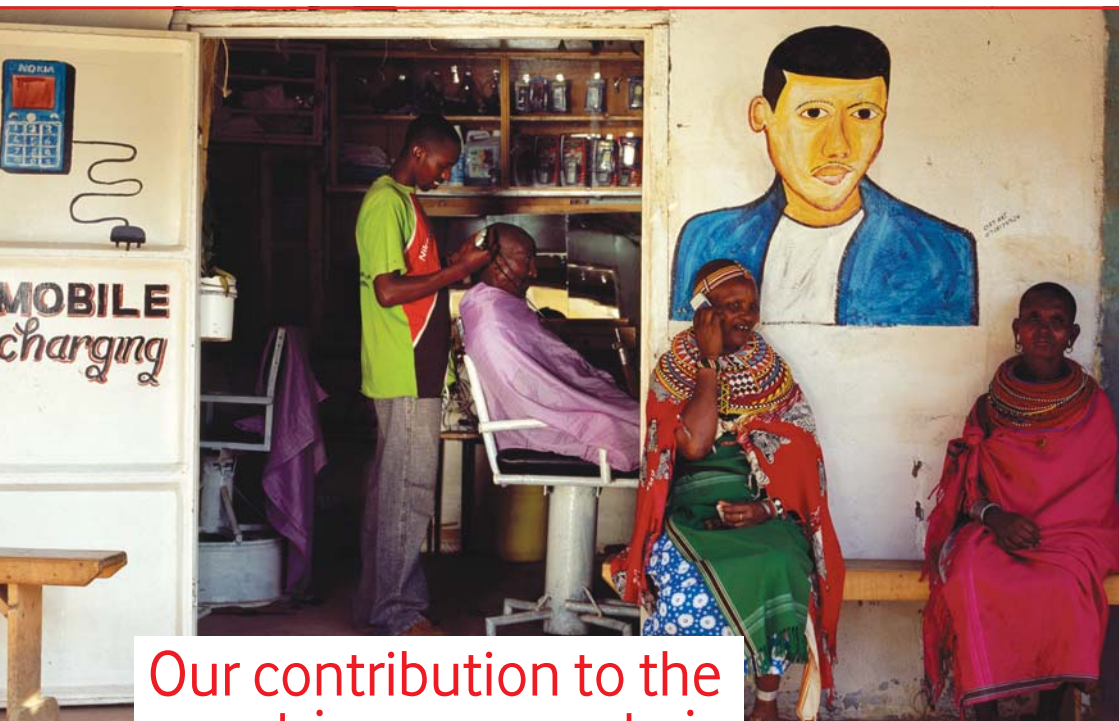
Where we operate

Vodacom Business Africa

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

Points of presence for mobile operations





Our contribution to the countries we operate in

We are a high impact corporate citizen, an employer and investor in all countries we operate in.

Contributing to communities

Our core belief is that through our social investments and providing relevant communication and technology solutions, we can change the lives of people in our communities.

For over 17 years, Vodacom, through its Foundations has been contributing to societal development through social investments and providing relevant communication and technology solutions that promote socio-economic upliftment. Each of our operating companies has a Foundation that invests in the communities it serves, with a focus on employing our technology to support education, health, welfare, women

Since 1999 Vodacom through its Foundations has invested well over

R1 billion

in community investment across our operating countries.

empowerment, safety and security initiatives, with many projects developed and delivered through partnerships.

This year we invested a total of R106.2 million, comprising **R86 million** invested by the Vodacom Foundation in South Africa (2015: **R80 million**) and **R20.2 million** (2015: **R14.9 million**) by our international operations.

Vodacom corporate social investment (CSI) spend

R ('000)	2016	2015
South Africa	86 000	80 000
The DRC	4 111	2 300
Lesotho	5 039	601 068
Mozambique	4 393	3 150
Tanzania	6 686	8 800
Total CSI spend	106 230	94 851

CSI highlights

Education

South Africa –

81

ICT centres in nine provinces have bolstered skills for

10 000

teachers.

3 087

schools connected. Each receiving educational aids including:

- ➔ Free internet connectivity
- ➔ 26 tablets
- ➔ Laptop
- ➔ Interactive whiteboard
- ➔ Data projector and
- ➔ Printer

In the DRC –

support and raise funds for

Instant Network Schools project

that provides access to online educational content via tablets.

rollout of **digital school in a box**, a robust 52kg case equipped with:

- ➔ laptop
- ➔ 25 tablets pre-loaded with educational software
- ➔ Projector
- ➔ Speaker and
- ➔ Hotspot modem with 3G connectivity

In Tanzania –

partnered with Samsung to install ICT equipment in

four schools.

trained teachers on the integration of ICT into learning.

6 000

students benefiting from the initiative.

> Health

In South Africa, our partnership with the National Department of Health on a mobile-based stock visibility solution, which monitors drug stock levels to reduce stock-outs. As at July 2016, the solution is active in

3 200
clinics across the country.

The Smile Foundation has to date helped over

1 000

children receive reconstruction surgeries.

This year, we supported **12 facial reconstruction operations** undertaken at the Universitas Academic Hospital in Bloemfontein.

In Tanzania, the 'Healthy Pregnancy, Healthy Baby' text messaging service that sends **free text messages to pregnant women and mothers to promote healthy pregnancy** and early childhood care has

one million

women registered, 600 000 of whom are Vodacom subscribers. Since 2012, Vodacom has sent over

55 million free SMS messages

with maternal health content to mothers.

In Lesotho, our project to ensure that **40 000 children infected with HIV** are on continuous treatment by 2017 remains a key focus of our work. **To ensure that patients adhere to treatment protocols, the programme**

uses a **text-to-treatment model and sends SMS messages to patients.**

To facilitate transport for patients between villages and health facilities, patients are issued M-Pesa vouchers.

> Safety and Security

In South Africa, we have invested

R4.2

million to establish the **National Gender-Based Violence Command Centre**, a fully integrated call centre solution for the National Department of Social Development to provide support and counselling to victims of gender based violence. The centre was awarded the Best Technology Innovation Award by the Contact Centre Management Group (CCMG), the professional body of the contact centre industry in South Africa.



> Volunteering

Vodacom Change the World (CTW) programme in South Africa is now in its sixth year and gives **20 professionals the opportunity to work for a non-profit organisation (NPO)** of their choice for a year while still getting paid a salary by Vodacom.

Mandela Day food security – we support the annual Mandela Day through food security parcels distributed to learners in impoverished schools identified by the national Department of Education. **In the last two years, Vodacom employees have volunteered to pack over 91 000 food parcels, which were distributed to learners during Mandela month.**

Our contribution to employment, job creation and skills development

Employment

As an employer, we aim to ensure that we attract, develop, motivate and retain the best people for our business.

We employ **7 538** full time employees across all our operating markets, **5 009** in South Africa alone.

Jobs created

A KPMG study concluded in 2015 estimated that over a three year period 2012 to 2015 Vodacom Group created an estimated

185 230

jobs across all its operations as a direct result of its economic activity.

In South Africa alone, jobs created were estimated at

135 000

Skills Development

Our talent development programmes

This year, we invested

R103

million in training and developing our employees (2015: R130 million) through graduate and international assignee programmes.

Columbus Graduate programme

– a global two-year programme within Vodafone that provides our graduates with two to three years' working experience, with placement opportunities in markets outside their countries. This year, three graduates moved to South Africa to support our commercial strategy in new product development, commercial marketing and distribution.

Discover Graduate programme

– a two-year programme to identify and nurture the future generation of Vodacom leaders by hiring today the **best young talent coming out of universities across all our markets.**

We partner with top universities in each of our local markets and apply international best practice in training these graduates.

For the 2016 intake,

75

high-calibre and diverse graduates were selected (2015: 77). All graduates were directly placed in permanent roles.

Empowering future leaders



Vodacom provides up to 50 bursaries to disadvantaged students every year. Kabelo Kgodane is one of our great success stories.

She was awarded a bursary in her first year of studying IT management and has gone from strength to strength, becoming a 2014 Vodacom Discover graduate and a Vodafone International Discover Alumni (VIDA). She is now a specialist in online products and represented Vodacom South Africa at the 2015 VIDA event. Kabelo says "I have become an ambassador of the brand. It's in our DNA to push forward, to create a better future and to find new ways that help people communicate."



Inspirational leader, Kabelo Kgodane

Developing diversity



In our South African operations we continue to promote transformation. Black representation in the workforce is 73% and 55% at senior management level. Women represent 43% of the workforce and 31% at senior management level.


Employment equity (EE) performance against the ICT Charter

Category	2016	2015	2014
Black senior managers	2.92	2.86	2.61
Black middle managers	2.16	2.05	1.94
Black junior managers	1.83	1.78	1.73
EE score	6.92	6.70	6.29



Promoting BBEE in South Africa

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

 Cash tax contributions

Direct tax contribution

R7 507 million

Indirect tax contribution

R5 633 million

Direct non-tax contribution

R1 570 million



other value adding financial contributions

Investing in our business

R12 875 million

capital investment representing 16% of revenue



Investing in our people

7 538

full time employees.



R5 599 million*

distributed to employees in salaries and benefits



R106 million

Investing in our communities



* Excludes staff expenses of R687 million capitalised against property, plant and equipment. Includes R41 million relating to dividends declared to Forfeitable Share Plan (FSP) participants. Refer to value added statement online for detail.

98.25

Most empowered telco in South Africa

R841m

Spent on developing SMME ICT businesses

R218m

Spent on uplifting communities

R112m

Spent on skills development

R7.2bn

>51% black-owned suppliers

R5bn

>30% black women-owned suppliers

R26bn

Weighted spend on BEE-status suppliers

Promoting BBEE in South Africa

This year, Vodacom was rated as the most empowered company in the ICT sector and the most empowered multi-billion rand company in South Africa. For the third consecutive year we retained our Level 2 Black Economic Empowerment (BEE) contributor status, achieving a score of 98.25 points. Our commitment to implementing meaningful and sustainable transformation for our employees, the people of South Africa and the economy as a whole.

Supporting economic transformation through preferential procurement

Vodacom continues to drive transformation within its supply chain. Our strategy for preferential procurement and supplier and enterprise development continued to produce excellent results and has increased the number of qualifying entities providing goods and services to Vodacom.

Our total expenditure with black-owned entities was R7.2 billion, up from R4 billion in the previous year.

Total expenditure with black women-owned entities was R5 billion, representing 21%, up from R1.5 billion and 5.1% last year.

Capital expenditure

Over the last five years we have accelerated investment in our networks. We invested over R55 billion to establish world-class quality infrastructure.

This year we invested R12.8 billion to meet the growth in demand for data services and expand 3G and LTE coverage across our operations.

Textile

Creating jobs in South Africa's textile industry

Vodacom partnered with international promotional merchandise company Mace Promotions ("Mace") in 2014 to establish a local source of manufacture and supply of textile merchandising-related articles. We have helped to set up and fund three sewing co-operatives in Ekurhuleni, Gauteng, to manufacture Vodacom-branded apparel for Vodacom South Africa.

The successful facilities have steadily expanded their production and become empowered to operate as independent, fully enabled businesses with the necessary skills to be self-sustainable. Our co-operative incubator scheme seeks to create between 80 and 90 sustainable jobs for people currently dependent on social grants. In doing so we are promoting social upliftment through employment creation and alleviating dependency on social grants through the provision of monthly incomes. Mace has commenced outsourcing all of its promotional textile manufacturing on behalf of Vodacom (including exporting to Vodacom in the DRC), to the community-based manufacturing operations. The addition of other clients will further generate sustainable employment opportunities within the textile value chain that help uplift the local communities.

All the co-operative members live in townships and typically started with basic sewing skills and limited business experience. Through the partnership, the members have been trained and now have business relations with Mace that keep members gainfully employed. For every 6 000 t-shirts procured, one full-time job is created and it is estimated that each salary earned benefits four to five people that each member supports.

In February 2016, the partnership unveiled a new facility for one of the co-operatives, funded by Vodacom and Mace, which provides improved working conditions and equipment to enable the enterprise to continue its sustainable textile work. Representatives from the Department of Trade and Industry's (dti) Department of Small Business Development (DSBD) and Ekurhuleni Municipality attended the launch, reinforcing their commitment to the joint supplier development and employment initiative.



Launch of the new textile co-operative production facility in Buhle Park in Germiston, Gauteng

Vodacom's Innovator Trust helps to grow black businesses in the ICT sector

The Innovator Trust is a significant contributor to job creation and the growth of the ICT sector by supporting the successful development of small black-owned businesses through innovative development processes.

Established in 2014 with an effective investment of up to R750 million over five years, the Innovator Trust provides a tailored development programme for selected, established small businesses in the ICT sector. Through training, mentorship, networking and infrastructure support, the Innovator Trust is helping to create ICT leaders of the future. The programme includes high-calibre BEE-compliant SMMEs, selected across Gauteng, North West, KwaZulu-Natal, Eastern and Western Cape provinces. From 18 SMMEs in our first year, the programme currently has 53 enterprises.

Although our group of SMMEs are mostly young, vibrant entrepreneurs ranging from 21 to 30 years of age, we also have some more experienced business owners from 40 to 65 years old. We are proud to have seen a notable increase in female participation in our programmes, from 18% to 32% over the past year. 97% of the entrepreneurs on the programme are black.

There are various examples of the positive impact that the Innovator Trust has had on SMMEs. These include:

- Networking sessions offered to Akili Contentworx, resulting in the enterprise securing new business deals with leading companies;
- Technical support provided to Comfort Aviate, contributing to the company's growth and leading to the creation of three more jobs in their offices;
- Mentorship and informative support given to ZNZ Computers and Kura-Bahati consulting services, enabling the businesses to minimise their personal credit, fund their business operations and achieve financial stability; and
- MAH Quest Enterprises being named one of Oracle's best service providers for training, a prestigious achievement that has increased the company's brand awareness and growth.

The Innovator Trust is committed to continuing and supporting small businesses through our two enterprise development (ED) programmes: the Incubator Programme, managed in conjunction with our partners, and our alignment with the Gordon Institute of Business Science (GIBS). We are currently recruiting potential ICT women-owned SMMEs to participate in the next 13-month Programme for Management Development.



In addition to the employment opportunities we create through our learnership programmes and graduate programmes, Vodacom creates jobs through Vodacom traders who are street vendors and freelancers employed as agents to sell company products and services such as airtime.



Our operations and history

Mini profile

South Africa

Vodacom South Africa officially launched its network in 1994, on a limited switch-on, enabling 24 000 people to use their cell phones for the first time in the country.

We provide voice, messaging, data and coverage services to over

35.6 million active customers of which **84% (30.6 million)** are pre-paid users and **16% (5 million)** contract users (as at 30 September 2016).

We are the largest mobile operator in terms of mobile subscribers.

We have, in the past three years, invested extensively in our network to cater for increased demand for data services and growing number of smart devices. We have over the same period, increased our Internet of Things customer base and are a total communications company.

Lesotho

Vodacom Lesotho officially launched its services in 1996 and is the country's largest mobile operator in terms of mobile subscribers.

We provide voice, messaging, data and coverage services to about

1.4 million active customers

We have steadily increased the number of our customers by 74% over the past four years.

We have invested over R476 million in infrastructure in Lesotho, over the past three years. This investment allows us to provide better services to a wider range of the population.

Tanzania

Vodacom Tanzania officially launched in 2000 and provides voice, messaging, data and coverage services to over **12.4 million** active customers.

We have grown our active data customer base three-fold to 5.4 million in the past three years due to the growing number of smart devices. Higher speed networks and more advanced devices have been driving the growth of data intensive services such as video streaming and always-on cloud applications.

Democratic Republic of Congo (DRC)

Vodacom DRC officially launched in 2002 and is a leading mobile operator in one of Africa's largest countries.

We provide voice, messaging, data and coverage services to about

9.2 million active customers.

We have steadily increased the number of our customer base in the past three years.

We have invested more than R3.6 billion in infrastructure in the DRC over the past three years, which allows us to provide better services to a wider range of the population.

Mozambique

Vodacom Mozambique officially launched in 2003 and is the second largest mobile operator in the country.

We provide voice, messaging, data and coverage services to about

5 million active customers.

We have increased our active customer base by 58%, in the past three years.

22 YEARS OF EMPOWERING EVERYONE TO BE CONFIDENTLY CONNECTED

1993

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

1994

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

We officially switch on our network.

1995

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

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

1996

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

We switch on our network in Lesotho.

1997

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

1998

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

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

1999

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

2000

We launch commercial operations in Tanzania.

Our network covers about 92% of South Africans.

2001

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

2002

Vodacom Congo launches in the DRC.

2003

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

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

2004

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

Vodacom launches 3G in South Africa.

2005

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

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

2006

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

We cover 96% of the South African population.

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

Vodafone increases its shareholding to 50%.

2009

Vodacom lists on the JSE.

Vodafone increases its shareholding to 65%.

2010

The year Vodacom was the voice behind Bafana Bafana.

2011

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

2012

First to launch LTE/4G in South Africa.

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

2013

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

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

2014

We cover 99.8% of the population in South Africa.

2015

First to launch LTE/4G in Lesotho.

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

We reach 99.9% network coverage in South Africa.

Our cumulative investment in our networks amounts to about R70 billion since 1994.

