Vodacom Sustainability Strategy 2020 - 2025

vodacom

We connect for a better future

2.1

Macroeconomic context

The Fourth Industrial Revolution represents a fundamental change in the way we live, work and relate to one another. It is a new chapter in human development, enabled by extraordinary technology advances equal with those of the first, second and third industrial revolutions. These advances are merging the physical, digital and biological worlds in ways that create both huge promise and potential peril. The speed, breadth and depth of this revolution is forcing us to rethink how countries develop, how organisations create value and even what it means to be human. The Fourth Industrial Revolution is about more than just technology-driven change; it is an opportunity to help everyone, including leaders, policy-makers and people from all income groups and nations, to harness converging technologies in order to create an inclusive, human-centred future. The real opportunity is to look beyond technology and find ways to give the greatest number of people the ability to positively impact their families, organisations and communities.

The future economy, the future of jobs, education, finance, energy – indeed, the future of everything – have been titles of conferences and committees at national and international levels for over half a decade. What COVID-19 has done is accelerate the disruption already heralded by the Fourth Industrial Revolution and demographic trends, and underscore the urgency required to address systemic vulnerabilities. In formulating this sustainability strategy it is therefore essential that we continue to consider the bigger picture at the same time as planning the responses and eventual recovery from the current crisis.

In May 2020 the World Business Council on Sustainable Development (WBCSD) outlined 12 macro trends set to shape the next decade towards 2030. These represent major shifts in the demographic, environmental, economic, technological, political and cultural landscapes that can be foreseen with a relatively high degree of certainty, though their implications are often more uncertain or ambiguous.

Companies with a strong sustainability focus, must align their strategies with these macro trends and disruptions if they are to remain resilient and sustainable into the next decade and beyond. As economies restart, there is an opportunity to embed greater societal equality and sustainability into the recovery, accelerating rather than delaying progress towards the 2030 Sustainable Development Goals and unleashing a new era of prosperity. For businesses, the opportunity exists to accelerate transformation towards more sustainable and digital operating models, while enhancing productivity. When it comes to the Fourth Industrial Revolution, technology has demonstrably helped societies manage the crisis and provided a window into the benefits of more technology-enhanced ways of learning, working and producing – from telemedicine to logistics to the knowledge economy. There is potential for a new era of innovation, growth and enhanced technology governance in the service of societal and environmental goals. Collaboration between the public and private sectors has helped solve some of the most urgent challenges associated with the pandemic, opening the door to accelerating such approaches further in the future. Now more than ever, there is greater urgency for business to turn the lens on itself and truly understand its purpose and role in society if we are to create a better future than will sustain into the first half of the 21st century. Source: WBCSD Macro-trends and Disruptions shaping 2020-2030



FINANCIAL CRISIS

How much will COVID-19 cost, and how will we pay when the next crisis comes?



GLOBAL PANDEMIC

No country is fully prepared, and neither are any economies.



MAJOR CONFLICT

Cyber attacks, e.g. on critical infrastructure will touch all ordinary citizens in conflict.



AN ECONOMIC "SINGULARITY"

What happens when new jobs can't be created where jobs have been destroyed?



SOCIETAL "TECHLASH"

Society sours on the costs of free tech, treasuries tire of lost taxes and competition.



POPULAR REVOLTS & REGIME CHANGE

Inequality will continue to rise making more frequent and severe protest likely.



A CLIMATE "MINSKY MOMENT"

Costs, disclosures, social pressures all reorient financial flows – but how fast?



ENERGY TRANSITION TIPPING POINT

Market forces lead to fossil fuel demand peaking and energy transition accelerates.



BIOTECH BOOM

Disruption comes to food, health and materials as biotech's potential emerges.



GLOBAL GREEN (NEW) DEAL

Citizens embrace the chance to improve jobs, communities and environments.

² Vodacom's Purpose

According to the GSMA and ITU, increasing access to mobile broadband penetration by 10% yields a 2.5% increase in GDP per capita. Countries with high levels of mobile connectivity have seen an improvement in the quality of life as people gain access to mobile technology. As a result, Vodacom views our technology, products and services as key in connecting people for a better future. Society is increasingly becoming digital. Cities are more connected, companies are transforming, homes are now connected, and many consumers control their lives from their phones.

Vodacom contributes significantly to these developments. Through our purpose, our ambition is - to improve the lives of the next 100 million customers. We are optimistic about the capabilities of technology and connectivity to transform the lives of our communities. On a daily basis we help our customers, investors; partners and other stakeholders understand new technological solutions and be ready to use it in a responsible way to enhance their lives and the societies they live in. Vodacom is committed to enabling a digital society so that there is better economic prospects for our communities. Digital services, such as our IoT platforms, are quickly becoming the new engines of growth for economic prosperity and sustainable development.

However, since digitisation drastically increases the rate of change and innovation, it also can widen existing divides in our societies. In this fast-paced journey to the exciting digital age, our goal is to democratise digitalisation, making technology truly accessible to everyone, leaving no one behind. Our commitment is to create a digital society where everyone has access to the internet and our Internet of Things (IoT) solutions that transform lives. We want all our customers to be financially included through our affordable financial solutions. In order to do this, we have to ensure that everyone can benefit, whether it is young or old, whatever race and gender. While building this society, we also realise that increased demand for affordable data and digital inclusion will also increase the demand on the planet's resources. We have a responsibility to give back and put all our efforts into minimising the negative impact a digital society may have on the planet.

Our business has purpose at the core of what we do – we connect millions of people in our markets and ensure that societies and businesses can thrive and operate. We have committed to improving the lives of the next 100 million customers through connection whilst also reducing our environmental impact by 2025 through three main focus areas: Digital Society, Inclusion for All and Planet.

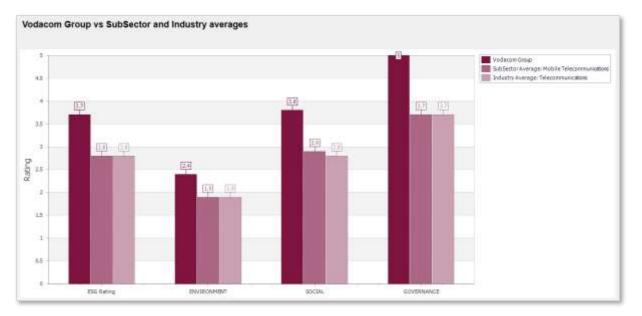


Industry benchmark

3

Globally recognised ESG Rating agencies including Sustainalytics, the FTSE Russell and Carbon Disclosure Project continue to monitor Vodacom's ESG performance on a regular basis and issue industry benchmarks against which we are measured. Since listing on the JSE Vodacom has been recognised for its policies and programmes aimed at operating in a responsible, ethical and sustainable manner. These industry sector benchmarks are highlighted in the illustrations below from the latest assessments conducted by these agencies in 2019 and 2020.

FTSE4Good 2020 benchmark assessment

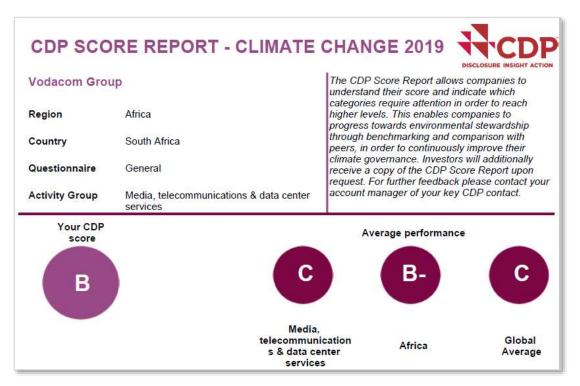


Key takeaways

Vodacom leads the sector in all FTSE ESG indicators; however, there is room for improvement on environmental performance in the following areas - setting long-term carbon reductions targets and protection of biodiversity. With Vodacom's recent commitment to planet and halving our environmental impact by 2025 as well as partnering with the WWF and Endangered Wildlife Trust to understand our impacts on biodiversity we anticipate an improvement is this rating.

Industry benchmark continued

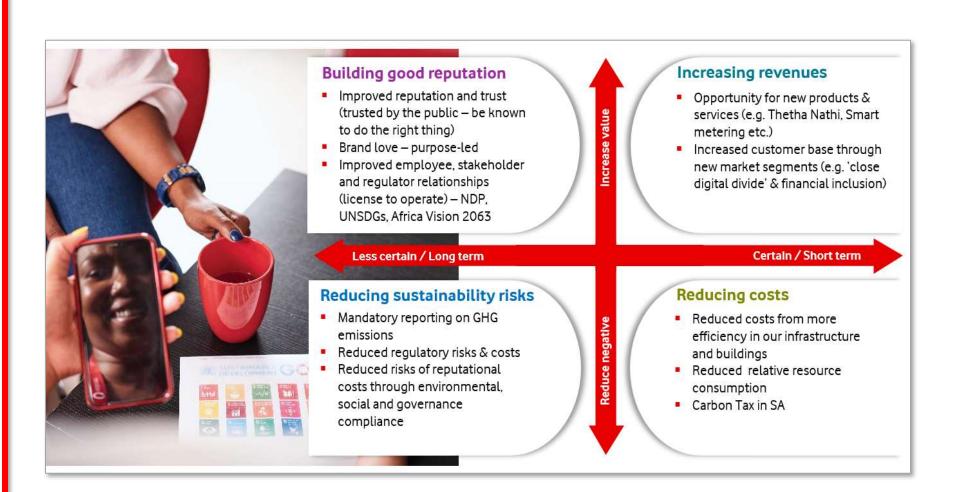
Carbon Disclosure Project (CDP) 2019 Score Report



Key takeaways

Although Vodacom is recognised as the leading telecommunications company in Africa by the CDP, we are now setting long-term carbon reduction targets and looking to incorporate the financial impacts of climate change to align with the Task Force on Climate Related Financial Disclosures (TCFD) to improve our scores.

Why Sustainability



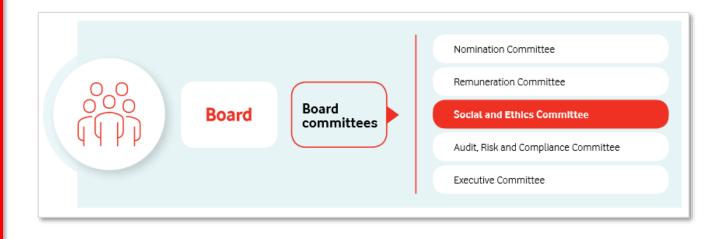
Vodacom Sustainability Governance

5

The Vodacom Group Board takes overall responsibility for Vodacom's success. The role of the Vodacom Group Board is to exercise leadership and sound judgement in steering Vodacom to achieve sustainable growth and maintain good relationships with our stakeholders. The Vodacom Group Board places a specific focus on sustainability considerations, risks, opportunities, stakeholder relations, innovation and the creation of stakeholder value within the business operating context. The Vodacom Group Board has delegated responsibility for the Group's environmental, social and economic development performance to the Group Social and Ethics Committee. The Group Social and Ethics Committee oversees and monitors Vodacom's activities related to:

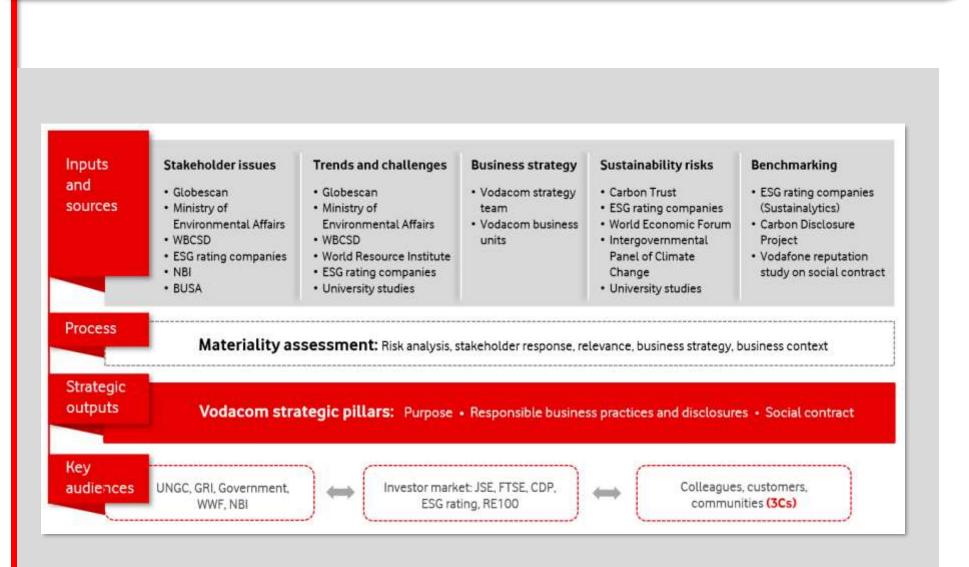
- Social and economic development, including the principles of the United Nations Global Compact, BEE, and the Organisation for Economic Cooperation and Development's (OECD's) recommendations on corruption;
- Good corporate citizenship, which includes the promotion of equality, the prevention of unfair discrimination, corporate social responsibility, ethical behaviour and managing environmental impact;
- Customer relations; Labour and employment, including skills development; Safety, health and environmental issues; and Stakeholder management.

The committee receives reports from various business areas in the Group on a quarterly basis to ensure oversight and accountability for achieving sustainability goals and objectives.



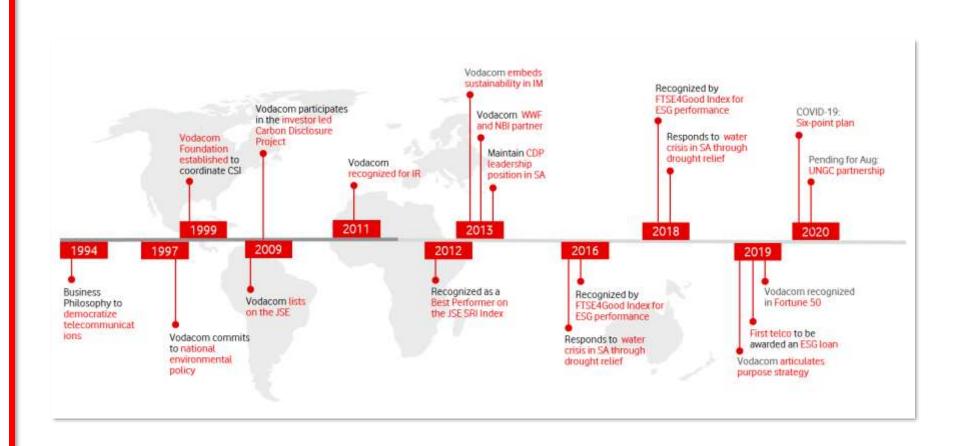
Methodology

6





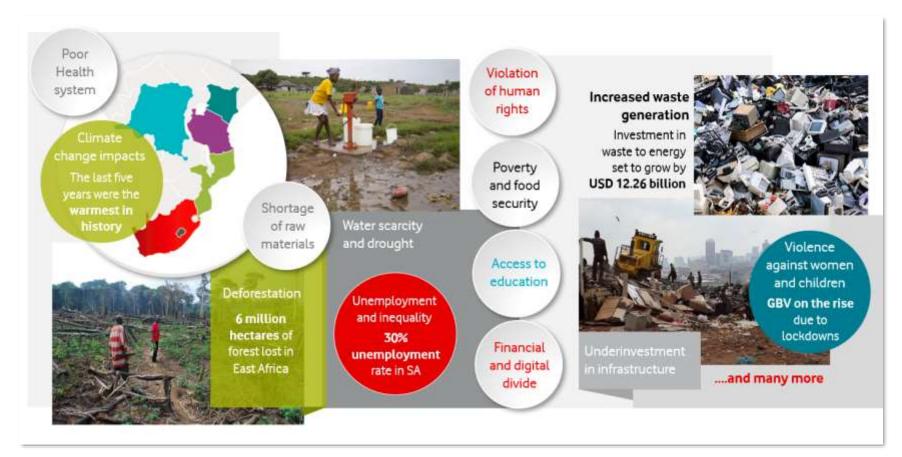
Sustainability journey



Vodacom Sustainability Context continued

Sustainability challenges in Africa

For the sustainability strategy to be effective, it has to be shaped or defined to tackle major sustainable economy challenges. Vodacom has assessed the sustainability challenges and has considered the implication of these challenges as part of the strategy formulation and implementation plan. According to various studies including the World Economic Forum, the most common challenges in Africa are summarised below.



Vodacom Sustainability Context/sustainability challenges in Africa continued

Trends in the business environment



Climate change risk mitigation

- Many companies are advancing in low carbon technologies
- Asset managers are seen to be divesting from carbon intensive companies
- Setting of science-based targets in alignment to the Paris Climate Agreement's aim to keep global temperature increases below 2°C, compared to preindustrial levels.

Vodacom's response

- Committed to halve our environmental impact by 2025
- Climate change risks in CDP leader in CDP
- Participate at COP25 in Madrid
- Sign up to the Alliance for Climate Action for a net zero future by 2050



Circular economy

- Circular economy is about keeping resources in use as long as possible and extract maximum value
- Companies are committing to resource reduction strategies which include redesign of products to require less material and energy; setting up product take-back schemes; dematerialization, ecodesign, recovering and repurposing waste
- Circular economy also addresses challenges such as climate change, biodiversity loss, resource scarcity, waste and pollutions

- Re-introduced 308 tons of network equipment for reuse
- Rejuvenated 367 tons of batteries for reuse in the network
- Repaired 316 000 devices at Vodacom's Advanced Repair Centre
- Reduced waste sent to landfill by 130 tons
- Take-back schemes for devices,
- Paper reduction in sim starter packs
- 100% recycling of office paper

Vodacom Sustainability Context/sustainability challenges in Africa continued



Risks in supply chain

- Companies have set ambitious supply chain goals which range from zero deforestation to ending child labor and are holding directors responsible for transparency
- Because human exploitation is difficult to detect, companies are using AI and data to track the value chain system
- It is estimated there are more than 40 million people stuck in modern day slavery globally

Vodacom's response

- Vodacom's Code of Ethical Purchasing
- Regular engagement with suppliers to influence responsible supply chain practices
- Auditing of suppliers on a regular basis



Conscious consumerism

- Concerns about the environment is increasing worldwide and consumers, most notably young people are feeling anxious about the state of the planet. In response, they are increasingly 'voting with their wallet' and choosing brands whose values align with their own.
- As companies look for opportunities to expand their global footprint and enter new markets, their commitment to sustainable business practices will likely be a competitive differentiator.
- Companies respond to changing preferences by providing products and services that enable consumers to live more sustainable lifestyles.

- Electro Magnetic Frequency (EMF)
- Eco-friendly accessories
- Paper bags in stores
- Starter packs with less paper



Vodacom Sustainability Context/sustainability challenges in Africa continued



Reducing energy use or sourcing renewables

- More than 220 global companies are now setting 100% renewable energy targets although a small subset is from high emitters
- Increasing demand for renewable energy power producers
- Power Purchase Agreements (PPA's) attractive trend to access renewable energy to transition to a low carbon economy

Vodacom's response

- R24.8 million reduction in energy costs for FY20
- 16 372MWh reduction in electricity
- Carbon savings of 17 607 mtCO₂e
- Exploring Power Purchase Agreements (PPAs)
- Vodacom's IoT connections result in carbon savings of approximately 224 004 mtCO₂e in FY20



Water action takes precedence

- Water footprint is becoming more pronounced whether companies use water for production or water is used in areas that are susceptible to drought
- More companies will continue to implement water efficiency initiatives to reduce water consumption
- Technological solutions that will benefit local communities and release water stress in certain areas is on the rise

- Reduced water consumption by 58% in the past three years
- Water wise practices tap aerators, rainwater dam
- Relieve water stress through Vodacom's Disaster Relief Fund
- Continue to roll out smart water meters in municipalities

Vodacom Sustainability Context/sustainability challenges in Africa continued

Protecting diversity

- A report by the UN found that up to a million species are currently threatened with extinction.
- Climate change impacts are converging with the exploitation of natural resources, resulting in ecosystem collapse.
- Business will need to come together to drive greater and more holistic action to protect the world's remaining biological diversity, and value in ecosystem services that it provides.

Vodacom's response

- Partnership with the WWF
- Biodiversity assessment in partnership with the Endangered Wildlife Trust (EWT)



Human capital

- Companies are focusing on policies aimed at inclusion, diversity, addressing mental health and addiction challenges, enabling employees to reduce stress management, work flexibly and remotely and reduce their carbon footprint
- The investment community is also increasingly focusing on human capital management as a key risk for portfolio companies.
- More ambitious and innovative practices for diversity, equity, and inclusion can be a source of sustainable advantage for companies.
- A report by the PWC showed that men are paid 22.9% more and 21.8% more in the financial sector.
- Only 3.3% of the companies listed on the Johannesburg Stock Exchange (JSE) have female chief executive officers (CEOs)
- Some countries have adopted mandatory quotas to increase the participation of women on boards. In 2008, Norway obliged listed companies to reserve at least 40% of their director seats for women or face dissolution. In the following five years, more than a dozen countries set similar quotas at 30% to 40%. In Belgium, France and Italy, too, firms that fail to comply can be fined, dissolved or banned from paying existing directors.

- Females in senior management average of 30%
- DRC is 18.6%
- SA is 34.5%
- Total employees is 43.5% females

Vodacom Sustainability Context/sustainability challenges in Africa continued



Responsible leaders drive action for Sustainable Development Goals

- More and more companies will use SDGs to align with their strategies, goals and reporting with the efforts of the United Nations
- Rapid advancements in Internet, mobile, AI, data management and other technologies hold enormous potential to offer solutions to some of the most complex social and environmental problems.
- In emerging economies, when applied strategically, the scaling of new technologies has the potential to lift more people out of poverty, improve health and education outcomes and edge countries closer to achieving the Sustainable Development Goals.

Vodacom's response

- Digital solutions that transform lives
- Stock Visibility Solution (SVS)
- Connected Farmer
- Citizen engagement
- E-School
- Internet of Things (IoT)



Digital human rights (data security)

- Responsible investors to step up efforts to force companies to embed digital human rights into new products and risk-management processes.
- Ethical questions are emerging particularly strongly over the use of artificial intelligence (AI).
- Unless concepts like privacy, civil rights, and human rights are integrated into the actual design of newer technologies from the beginning then it becomes difficult to manage the risk of adverse human rights outcomes.

- Good data and security structure and governance
- Close monitoring and evaluation of the impact of digitalisation on the future of work

Vodacom Sustainability Context/sustainability challenges in Africa continued



Sustainability and digitisation

- The emergence of Corporate Digital Responsibility (CDR) – the use of digital technologies to promote ethical and sustainable business practices.
- Technology is giving rise to new opportunities and business models that possesses the potential to change the energy and sustainability industry in unique and dramatic ways.
- Virtual technologies ranging from artificial intelligence to distributed ledgers to big data are also helping organizations become more sustainable by enabling faster access to better quality information for informed decision making
- Physical technologies refer to assets such as wind turbines, photovoltaics, electric vehicles, battery storage, micro-grids, and other distributed energy resources (DERs) to drive sustainability

Vodacom's response

• IoT for base stations to drive efficiency

Sustainable finance

- From environmental, social and governance (ESG) portfolio screening to impact investing to achieve the SDGs, banks and institutional asset managers are seeing the long-term financial dividends of focusing on ESG risks and opportunities.
- Sustainability-ESG reporting will continue to grow, as companies understand its importance for improving stakeholder transparency, integrity and reliability, as well as improving their ESG ratings.
- Businesses and their directors are under increasing pressure to maintain sound corporate governance as acts of corporate misconduct such as bribery or corruption, inadequate handling of data privacy, financial misconduct and money-laundering have all made headlines in recent years.
- E.g., BlackRock has announced it will no longer invest in companies that generate more than 25% of revenue from thermal coal. The giant investor is following in the footsteps of BNP Paribas and Norway's \$1 trillion sovereign wealth fund who have previously made similar commitments.
- In 2020, Just Share, an NGO focused on shareholder activism, targeted seven members of the Standard Bank board over their links to fossil fuels. The NGO urged the bank's shareholders to vote against their re-election at the bank's AGM.

- ESG improvement plan largely linked to targets & policies
- ESG targets integrated into Long Term Incentive
- ESG loan

Vodacom Sustainability Context/sustainability challenges in Africa continued

Regulatory	 Operating in challenging regulatory and policy environments Political pressures and new regulatory measures impacting our strategy and profitability Policy uncertainty hampering long term investment strategies Spectrum allocation, fulfillment of license obligations, compliance with new legislation and taxation requirements e.g. carbon tax
Brand and reputation	 Consumers and corporate customers are making more ethical and sustainable consumption choices Increased acknowledgment that Sustainability and ESG creates value Drive for increased transparency and corporate disclosure on a wide range of social and environmental issues Greenwashing
Physical	 Extreme cases of natural disasters Scientists predict more fires, storms, flooding and droughts will be more frequent and intense as global temperatures increase above 1.2°C. Escalation of citizen protests, employee advocacy and climate change activists Increased pressure from regulators and investors to focus on climate risks and preparedness Water availability and scarcity which will have an impact on society and business operations Energy security and supply from energy derived from fossil fuels Increase in non-biodegradable waste particularly electronic, medical and biohazardous waste

0

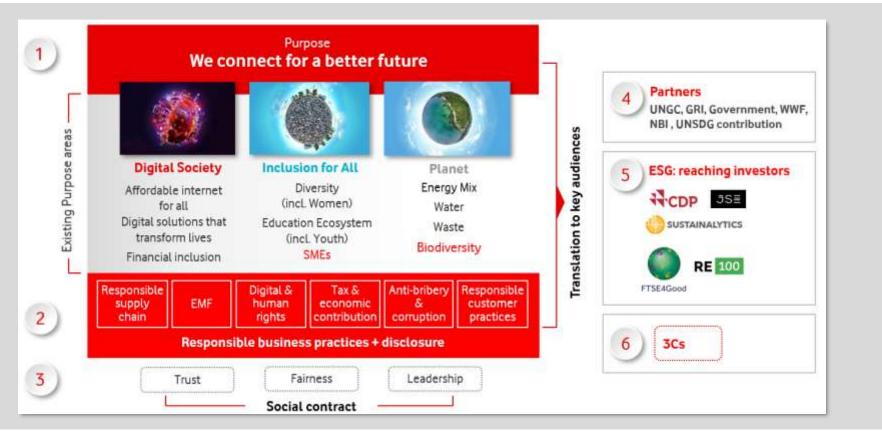
Vodacom Sustainability Context/sustainability challenges in Africa continued

Social	 Increasing focus on maintaining a social license to operate Youth unemployment leading to unrest or social instability which can affect business operations Another infectious disease outbreak is of great concern. High structural unemployment – likely to exacerbate inequality and affect mental health and societal cohesion Individual and social well-being are also likely to be affected by an accelerated automation of the workforce Dire humanitarian consequences as vulnerable groups suffer the worst Growing risks to personal freedom, well-being, and the educational and wealth prospects of the young generation
Economic	 The COVID-19 outbreak has placed significant added pressure on an already difficult macroeconomic environment. The scale of the outcome remains uncertain however it is clear it will have significant long-term ramifications for the global economy Geo-political risk in supply chains from global trade wars and security concerns Global economic disruption caused by global external events, such as pandemics that impact our financial performance Market disruption from new telecom operators entering the market giving rise to price wars and reduced margins
Technological	 Cyber threat and information security External or internal attack resulting in service unavailability or data breach Failure of Critical National Infrastructure Electromagnetic Fields

0

Vodacom Sustainability Strategic Approach

We believe that Vodacom has a significant role to play in contributing to the societies in which we operate. Last year, we articulated our purpose – with the ambition to improve one billion lives and halve our environmental impact by 2025, building on a decade of initiatives, efforts and products from our business. Our sustainable business strategy helps the delivery of our 2025 targets across three pillars: Digital Society; Inclusion for All; and Planet. We aspire to enable an inclusive and sustainable digital society. In parallel, we remain dedicated to ensuring that Vodafone operates responsibly and ethically, supported by our corporate disclosure programme. This is an area, which we believe is more important than ever, given the ongoing COVID-19 crisis and the role business plays in supporting society during this period of uncertainty and change. The Sustainability strategic framework is summarised below.



Strategic Pillar 1: Purpose

Vodacom connects over 116 million people across our markets to the digital society. We are optimistic about how technology and connectivity can enhance the future and improve people's lives. Through our business, we aim to build a digital society that transforms communities, embraces everyone, leaving no one behind, and does not come at the cost of our planet. We believe that Vodacom has a significant role to play in contributing to the societies in which we operate. Through our purpose – our ambition is to improve the next 100 million lives and halve our environmental impact by 2025, and building on existing and new initiatives, efforts and solutions in our markets.

	DIGITAL SOCIETY	INCLUSION FOR ALL	PLANET	
	DIGITAL SOCIETY	We believe that the opportunities and	We believe that urgent and sustained	
	Display the society is a connected digital	promises of a better digital future	action is required to address climate	
	society that connects people,	should be accessible to all, and we are	change and that business success	
	communities and things to the	committed to ensuring that the most	should not come at a cost to the	
	internet like never before.	yulnerable are not left behind.	environment.	
Alignment with business strategy	 Best technology Digital services Financial Services 	 Segmented Proposition Digital organization and culture 	• Our brand and reputation	

GOAL	Internet for all Connect the next 100 million lives by 2025	Education To increase digital literacy to 10.6 million lives by 2025	Energy mix 50% reduction in GHG emissions by 2025
PROOF POINTS/ HOW	 Rural coverage programme Price transformation ConnectU platform Low cost devices 	 Instant School and e-School Youth propositions Code like a girl Connectivity in schools 	 Energy efficiency (incl. IoT solutions) Renewable energy Independent Power Producers Renewable Energy Certificates (RECs)
s/ GOAL	Digital solutions that transform lives *Connecting over 2 million lives to our digital platforms by 2025	Women empowerment and diversity *Connecting over 9 million lives through our youth and women empowerment programmes by 2025 *To reach 38% female at F-Band and above by 2023	Water *75% reduction in water consumption by 2025
PROOF POINTS/ HOW	 Connected Farmer Stock Visibility Solution Citizen engagement Internet in the car 	 Mum and Baby GBV programmes Women in leadership 	 Rainwater collection Boreholes Tap aeration

0

	Financial inclusion	SME development	Waste	
Connecting over 56 million lives to our financial services by 2023		*300 SMEs trained and developed on various skills by 2025	*80% reduction of single-use plastics by 2025 *100% recycling of office paper waste by 2025 *90% of food waste converted to compost by 2025 *To refurbish and recycle 200 000 devices from our customers by 2025.	
PROOF POINTS/ HOW	 M-Pesa Vodalend Airtime Advance Vodapay 2.0 (Alipay) 	 Preferential payment terms SME training Innovator trust 	 Removal of single use plastic Waste hierarchy Device management 	

0

Strategic Pillar 2: Responsible business practice and disclosure

Vodacom is committed to ensuring that our business operates ethically, lawfully and with integrity, as this is critical to our long-term success. Our second strategic pillar addresses our key responsible business practices and details the governance structures that ensures compliance with regulation, integrity and ethical practices meet our own and our stakeholders' expectations.

Digital and Human rights	 Our objective is to always contribute to the wealth and development of countries, regions and local communities in a way that advances the protection and promotion of a number of fundamental human rights and freedoms and supports the full realisation of socio-economic development across all our operations. Our most salient human rights risks relate to the individual's right to privacy and freedom of expression. Our commitment to our customers' privacy goes beyond legal compliance. We are focused on building a culture that respects the right to privacy in order to justify the trust that people place in us, and always seek to respect and seek to protect our customers' lawful rights to hold and express opinions and share information and ideas without interference. At the same time, as a licensed national operator, we are obliged to comply with lawful orders from national authorities and the judiciary, including law enforcement.
Responsible supply chain	 Every supplier that works for Vodacom is required to comply with our Code of Ethical Purchasing. These commitments extend down through the supply chain so that a supplier with which we have a direct contractual relationship (Tier 1 supplier) in turn is required to ensure compliance across its own direct supply chain (Tier 2 supplier from Vodafone's perspective) and beyond. The Code of Ethical Purchasing is based on international standards including the Universal Declaration of Human Rights and the International Labour Organization's Fundamental Conventions on Labour Standards. It stipulates a range of ethical, labour and environmental standards that we expect to be followed across our supply chain, including areas such as child labour, health and safety, working hours, discrimination and disciplinary processes. We evaluate our suppliers' compliance with our Code of Ethical Purchasing through a detailed assessment that may involve an on-site audit.

Anti-bribery and corruption	 We support and foster a culture of zero tolerance towards bribery or corruption in all our activities. Our Anti-bribery policy is consistent with global initiatives, and provides guidance about what constitutes a bribe and prohibits giving or receiving any excessive or improper gifts and hospitality. Any policy breaches can lead to dismissal or termination of contract. Facilitation payments are strictly prohibited by our policy and our employees are provided with practical guidance on how to respond to demands for facilitation payments.
EMF	 The health and safety of our people, customers and the wider public is a priority for Vodacom. We always operate our mobile networks strictly within national regulations, which are typically based on, or go beyond, international guidelines set by the independent scientific body the International Commission for Non- Ionizing Radiation Protection ('ICNIRP'). There has been scientific research on mobile frequencies (including those used by 5G) for decades, and 5G is covered by international and national exposure guidelines and regulations. We have robust governance mechanisms in place and conduct regular compliance assessments to ensure that our masts and devices meet all regulations. We review all published scientific research. We also perform network measurements and carry out calculations and assessments of exposure from the network masts, and review the test reports we receive on EMF testing on devices.
Tax and economic contribution	 As a major investor, taxpayer and employer, we make a significant contribution to the economies of all the countries in which we operate. In addition to direct and indirect taxation, our financial contributions to governments also include other areas such as radio spectrum fees and auction proceeds.
Responsible customer practices	 Our approach in responsible customers practices is characterized by three focus areas: Sustainable customer practices: refers to driving sustainable practices and design in our products, services, and operations, which includes but not limited to reduced waste in our products and device management. Inclusion and transparency: refers to our strategy of ensuring that our products and services are affordable and accessible and that our pricing strategies are transparent to all our customers. Carbon savings enablement: refers to the provision of digital solutions that enables our customers to reduce their carbon emissions or footprint.

0



Strategic Pillar 3: Social Contract

To achieve our purpose, we aim to strengthen our reputation by safeguarding the trust of our stakeholders and ensuring that digital connectivity delivers on its full potential for responsible leadership and innovation. We strive to meet the expectations of our customers, regulators and the public while maintaining positive relationships with our stakeholders. Our social contract is a pact to help strengthen trust across all stakeholder groups. In simple terms, it is a renewal of vows with existing stakeholders to ensure that we strengthen our reputation and also drive an understanding with each stakeholder on what we stand for as a company. To build and retain the trust of our stakeholders, and to ensure that digital connectivity delivers on its full potential, Vodacom has embarked on a journey to become a purposeled organisation, guided by a clear social contract to build trust with our customers, ensure fairness and inclusivity, and maintain a reputation for responsible leadership and innovation. The 'social' contract comprises three broad commitments:

Trust	 To build trust with our customers through simplified and transparent pricing, customer orientated solutions and reducing our planetary impact Simplified and transparent pricing Security of our networks and customer data Customer-orientated approach to new technologies Digital inclusion especially youth and women Reducing planet impact
	To ensure fairness and promote digital inclusivity through enhanced access to digital products, services and infrastructure;
	Closing the rural divide
Fairness	Investment in network quality and resilience
T diffiess	Fair competition across entire ecosystem
	Sustainable market structure
	Network sharing enabledDeployment costs lowered
	Non-discriminatory spectrum auctions
	To demonstrate responsible leadership through innovation in IoT and mobile financial services, leadership in convergence and solutions that benefit society, leaders in convergence, IoT and mobile financial services
Leadership	Industry leader on network sharing
	Digitisation of other industries
	 Partnerships with tech companies to enhance service delivery
	 Vodacom Foundation driving tech innovation for societal benefit

Outcome 1: SDG contribution and Partners

The United Nations Sustainable Development Goals (SDGs) were developed to transform the world by presenting a unified vision to end poverty, reduce inequality and prevent further harm to the planet. The 17 SDGs define global priorities and aspirations for 2030, and represent an opportunity to eliminate extreme poverty and place the world on a sustainable path. Our purpose is aligned to the United Nations Sustainable Development Goals (SDGs). We believe that our solutions to drive digital and financial inclusion can enhance the achievement of these goals. In alignment with our strategy and business objectives, we have identified and prioritised eight SDGs where we believe we can have the most significant impact.

Vodacom has long-standing partnerships that are directly or indirectly affected by our sustainability strategy and implementation plan. These partnerships speak directly to SDG 17 and drives a collective effort in addressing sustainability challenges in society. These partners include government, WWF and NBI. Vodacom is in the process of joining the United Nations Global Compact.



GENDER

8 DECENT WORK AND FOONDMIC GROWTH



DOD HEALTH

MOUSTRY, INHOUTON

0

Outcome 2: ESG

Vodacom has incorporated ESG factors into the sustainability strategy. We believe in the concept of shared value whereby purpose and business success are inextricably linked. The ESG criteria are used by socially conscious investors and shareholders to screen investments and assess Vodacom's impact on the operating environment. The ESG criteria affects how Vodacom gathers and retain funding from investment funds who have a 'socially responsible' investment strategy. Our ESG initiatives are representative of our core business and environmental impact defined based on the understanding of our risks and opportunities. To demonstrate our commitment Vodacom has recently integrated ESG targets as part of our Long-term Incentive. Vodacom has also acquired an ESG loan, which has clear ESG targets linked to the finance cost. Vodacom has a detailed ESG improvement plan that is monitored and overseen by the ESG committee headed by the Company Secretary. Several factors have influenced the action plan such as resource allocation, regulatory environment, industry trends, internal strategy and objectives and competencies. The action plan is regularly monitored, and progress is reported to the ESG committee on a quarterly basis. Examples of ESG factors are summarised alongside:



ENVIRONMENTAL

Climate change Carbon emissions Air pollution Water scarcity and pollution Biodiversity Waste management Product responsibility



Employees health and safety Gender and diversity Data privacy and security Human rights Labor relations Sustainable supply chain Accessible and Inclusive products and services

GOVERNANCE

SOCIAL

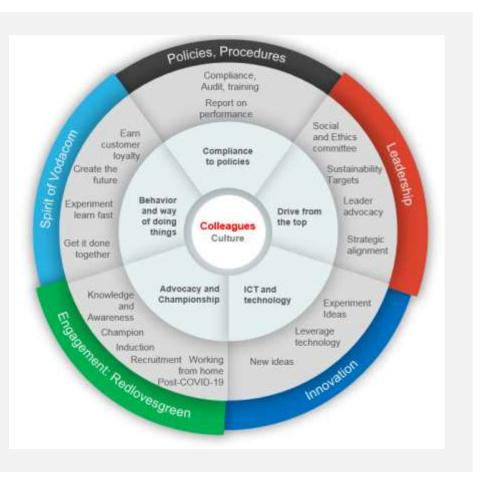
Board independence Anti-bribery and corruption Executive compensation Audit Committee structure Party political funding Whistle blower schemes Transparency and disclosures

Outcome 3: 3Cs

COLLEAGUES: PEVIL

The role of employees is about having a mindset of performing their daily duties to ensure that sustainability is brought to life. At the center of our sustainability strategy is purpose, which encourages employees give back to communities and also conceptualise innovative ideas to improve the lives of society. For example, if an employee is well-versed in financial literacy, then they should be given time to equip learners that are still in school with financial skills as part of giving back to communities. Vodacom accommodates these initiatives by giving employees two days in the year to volunteer their time. In order for purpose and sustainability as a whole to be embedded in our organisation, employees have to believe in it, their personal purpose should be aligned to the organisation's purpose and lastly but crucially, they have to be ambassadors of purpose and sustainability. That is why it is absolutely essential to highlight that purpose and the sustainability strategy are not just another programme, it has to be authentic and be embedded in the culture of the organisation.

C2 General



0

CLIENTS

For over 20 years, Vodacom has been giving back to the communities in which the company operates through our corporate social investment (CSI) initiatives. The Vodacom Foundation across all our markets works through three main focus areas: (a) Education ecosystem; (b) Prevention of Gender based violence; and (c) Health services. The Vodacom Foundation is the main anchor for CSI, with a strategy whose objective is to contribute to social development by leveraging technological resources of the company. Our digital technologies can address some of the country's most pressing humanitarian challenges and our responsibility is to utilise our technological resources to mobilise social change to improve people's lives today and to build a better tomorrow.

CUSTOMERS

Customers rank likeability and trust as important factors when it comes to loyalty. If customers have an emotional connection with a company then they are more likely going to buy from them. In order for this to make a difference, our brand's purpose must be authentic. Sustainability has to be embedded in everything that we do from our product ideation to marketing; it has to be part of our DNA. Our brand should be the embodiment of sustainability and this cannot be done only through CSI, it has to be part of our daily operations. As our products and services increasingly move to digital platforms and more so post-COVID-19, customers will continue to crave a personal touch and the sustainability strategy is a good way to close this gap. If we are authentic, then we will win the loyalty of customers who also identify with our strategy and are likely to buy from a company with personality.



Conclusion

At Vodacom, we are fully aware that this strategy will remain a strategy unless it is fully understood, adopted by the business, actioned and engrained into the performance measures of employees at all levels in the organisation. It is precisely for this reason, that Vodacom's purpose-led approach has been articulated into three strategic focus areas, which are easy to understand and which can be cascaded into a set of targets that become adopted by the business over the short, medium and long term.

The business world has a vital role to play in ensuring the 2020s are a decade in which meaningful progress is made towards a better more sustainable future. Business must work in partnership with stakeholders across government and civil society to mitigate risks and seek out opportunities to act in ways that deliver transformational, rather than simply incremental, progress towards the goal of better future, which is able to sustain over nine billion people living well, within planetary boundaries.



References

https://www.globalreporting.org/resourcelibrary/Sustainabilityand-Reporting-Trends-in-2025-1.pdf

https://www.wbcsd.org/COVID-19/News-insights-on-WBCSD-COVID-19-Response-Program

https://trends.sustainability.com/

https://www.ethicalcorp.com/five-sustainable-business-trendswatch-critical-year

https://www.wri.org/publication/elephant-in-the-boardroom

https://ssir.org/articles/entry/the_next_phase_of_business_sustain ability#