

Our brand and reputation

We are a purpose-led company, guided by an explicit Social Contract: to promote a duty of care to our customers, ensure fairness and inclusivity, and maintain a reputation for responsible leadership and innovation.

- ✔ Achieved
- ✘ Not achieved
- ↔ Unchanged



Our purpose is to 'connect for a better future', improving the lives of the next 100 million customers by 2025, by connecting people and things to the internet, driving inclusion for all, and reducing our environmental impact.

Maintaining a strong reputation

In delivering on our Social Contract and purpose, we aim to strengthen our reputation by securing the trust of our stakeholders and ensuring that digital connectivity delivers on its full potential for responsible leadership and innovation. We recognise, as a sector and as a company, that we could not always meet the expectations of our customers, our regulators, and the general public. We are aware that this has fuelled a lack of trust that needs to be restored.

We track Vodacom's brand awareness and reputation, as well as levels of stakeholder trust, through various means. We measure the quality of our customers' experience with the net promoter score (see page 29).

We commission an independent research company to conduct an annual reputation survey across all our markets every year, to measure how stakeholders perceive our performance against our competitors and peer companies. Previously, we measured the Reputation Index using two metrics: Overall Impression and Overall Trust. In 2020, in an effort to draw deeper insights on our reputation performance, we updated the approach to include three additional metrics: Favourability; Quality of products and Services; and Economic/financial success achieved.

The latest survey found that Vodacom continues to be a reputational leader in the telecoms industry with stakeholders rating us higher than our competitors, and is comparable with non-industry benchmark brands.

- **South Africa** – In the reputation index we lead the telecoms sector ahead of our competitors, and are on par with the non-industry benchmark brand.
- **Tanzania** – We perform well in Tanzania, leading the market and scoring above the non-industry benchmark brand.
- **DRC** – We lead with the highest reputation index score and outperform local competitors and the non-industry benchmark brand.

- **Mozambique** – Due to challenges linked to the COVID-19 pandemic, we could not collect sufficient data to generate an reputation index score for 2020.
- **Lesotho** – We lead across industry and non-industry brands.

Our reputation index performance

Reputation index performance	2020*	2019
South Africa	7.49	7.8
Tanzania	8.03	8.4
DRC	7.57	7.8
Mozambique	N/A+	7.5
Lesotho	7.13	7.7

* Index score is based on two metrics: Overall Impression and Overall Trust for year on year comparability purposes.

+ Insufficient data to generate index score.

Notwithstanding this existing reputational strength, we have had to address several 'hot issues' relating to our activities on which our various stakeholders have some strong opinions. As reviewed earlier (pages 20 – 21), we regularly engage with stakeholders to ascertain their interests and are implementing various initiatives aimed at building trust with our stakeholders.

Delivering on our purpose and Social Contract

To build and retain the trust of our stakeholders, and to ensure that digital connectivity delivers on its full potential, we have committed to being a purpose-led organisation, guided by a clear Social Contract – to promote a duty of care to our customers, ensure fairness and inclusivity, and maintain a reputation for responsible leadership and innovation.

Vodacom's purpose is to connect for a better future. It is our ambition to improve the lives of the next 100 million customers by 2025, by delivering on three broad focus areas: co-creating a digital society, driving inclusion for all, and protecting our planet by halving our

environmental impact. We believe strongly that improved voice and data connectivity is a powerful tool for accelerating socioeconomic transformation and contributing meaningfully towards achieving national and global development objectives. In alignment with our strategy and business objectives, Vodacom has identified and prioritised the following eight United Nations Sustainable Development Goals where we believe we can make the most significant impact:



For more information about the UN SDGs click on this link: <https://sustainabledevelopment.un.org/sdgs>



Digital society

We are bridging the digital divide through our investment in extending networks to rural areas, facilitating access to affordable smartphones, and providing low-cost price packages and digital solutions.

Connectivity for all

✓ In enhancing our network, South Africa has 377 (2019: 240) network sites in rural areas introducing internet connectivity to communities that previously were not connected. We have expanded the 4G network across all our markets and invested R13.2 billion in infrastructure this year, modernising our network and performing capacity upgrades.

✓ This year, we sold 4.2 million affordable smartphone devices in South Africa, and introduced one of the most affordable 4G feature phones, costing as little as R299. In April 2020, we launched various initiatives to cut data prices further and increase access to free data, cumulatively delivering R2.7 billion in savings for customers, with an emphasis on benefiting low-spend prepaid customers.

Digital platforms

✓ In promoting financial inclusion, M-Pesa has grown to provide the broadest reach of any financial services provider on the African continent, with 39.6 million active customers, including Safaricom, up 9.7% year-on-year – many of them women in remote rural areas – and processing more than US\$14.7 billion a month in transaction value.

✓ In South Africa, we continue to expand our suite of financial services, which includes providing diverse digital payments, lending, insurance, and investment options, specifically for small and medium-sized enterprises, which are at the heart of providing economic opportunities.

✓ Vodacom has consolidated all its existing zero-rated data services with new essential services aimed at social upliftment into a single platform, ConnectU. The platform gives Vodacom subscribers free access to six key categories of connecting people to purpose: education, health, jobs and wellness, safety and security, social and government services, and essential internet services.

✓ Vodacom's Stock Visibility Solution (SVS) helps health facilities to monitor stock availability of medications. As of 2020, over

27 million stock level reports were submitted through SVS, with more than 4 000 clinics in our markets using the solution.

✓ Our Connected Farmer platform links thousands of smallholder farmers to the agriculture value chain, enabling access to information, services and markets. This year we introduced MyFarmWeb, an information platform for precision-based farming.

✓ Our citizen engagement platform, Theta Nathi ('talk to us'), which facilitates conversations between citizens and municipalities, now has more than 25 169 active users in South Africa. This year, we introduced the Mpilo platform for communication between patients, doctors, and the Department of Health, which now has more than 33 578 active users.

✓ Our Smart Utilities Management Service has installed over 54 900 electricity and water smart meters in municipalities in five provinces, enhancing revenue collection and improving energy and water usage.



Inclusion for all

We are developing and rolling out initiatives to alleviate poverty and inequality by democratising education, providing digital products and services that empower women and the youth, and promoting diversity and transformation across our workplace and supply chain.

Democratising education

✓ Vodacom e-School provides quality digital education by zero-rating digital content to learners, reaching over 989 594 learners. Through the Vodacom Instant School, Vodacom Tanzania provides access to digital learning materials for 66 300 learners and teachers collectively.

✓ We have introduced Vodacom's Virtual Classroom in 300 schools across two provinces in South Africa.

✓ The Vodacom Foundation spent more than R8.6 million on providing free connectivity to 92 teacher centres in South Africa.

Empowering youth

✓ Since 2014, more than 1 333 unemployed young people have been trained in ICT skills through the Vodacom Youth Academy.

✓ Our one-week Code like a Girl programme provided coding and life skills training to 1 498 teenage girls from impoverished communities across our markets this year.

✓ Our NXT LVL platform, aimed at empowering youth under 25 by giving them access to affordable connectivity, skills and lifestyle benefits, has over 3.4 million users.

✓ We invested R23 million this year in ICT skills training for 308 young people employed by Vodacom as interns and learners, which include 71 disabled youths.

Gender empowerment and diversity

✓ Vodacom's Mum & Baby platform has about 1.8 million registered users across South Africa, accessing vital maternal healthcare information.

✓ We have partnered in providing more than 1 000 small-scale female farmers with ICT skills training over the last two years.

✓ In South Africa, Vodacom's skills development expenditure on black employees totalled R332 million, of which R149 million was spent on black females. Of the 71 graduates placed in permanent positions, 45% were female.

Our brand and reputation continued



Planet

We aim to halve our environmental impact by 2025, by investing in climate-smart, energy-efficient networks and solutions, developing water-wise practices, and minimising waste, notably e-waste, across our value chain.

Climate and energy

✔ We are implementing an energy management strategy aimed at reducing our energy usage and carbon emissions by progressively decarbonising our energy mix. Energy efficiency and renewable energy initiatives implemented in 2020 enabled 17 607 Mt CO₂e in avoided GHG. Energy cost savings from free cooling and energy optimisation technologies totalled R24.8 million.

Water stewardship

✔ Through our water conservation efforts, we have steadily decreased our total water consumption since 2015, to 161 975 kilolitres in South Africa in 2020.

✔ The Vodacom Foundation spent close to R7 million this year on drilling boreholes and installing and refilling water tanks with drinkable water at 85 schools in five provinces in South Africa.

Reducing waste

✔ We extended the useful life of 308 tons of redundant network equipment for reuse within our network, rejuvenated 368 tons of batteries and responsibly destroyed 1 189 tons of e-waste. We no longer use plastic bags in our stores or single-use plastic at our offices.

✔ We have put in place a process to collect and refurbish used phones/smartphones, and then sell these with the 'good as new' proposition. In South Africa, Vodacom sold more than 5 000 refurbished phones during the year.

✔ We no longer include the terms and conditions pages in the SIM card package we distribute across all the channels in South Africa, thereby avoiding the use of around 240 million paper pages each year.

Environmental, social and governance commitments

✔ Demonstrating our commitment to environmental, social and governance (ESG) issues as part of our purpose-led journey, this year Vodacom secured a sustainability loan from Standard Bank South Africa, the first of its kind in South Africa. The loan motivates Vodacom to strengthen its management of ESG issues by determining the level of interest rate according to a management score based on seven ESG focus areas.



Vodacom Group – enabling positive social outcomes through economic transformation

As a purpose-led organisation with a recently agreed Social Contract, Vodacom has committed to work to create better, more equal societies by delivering on its purpose, to “Connect for a better future”. Enabling positive social outcomes is integral to what we do; our approach to sustainable business ensures that we align our business goals with the delivery of societal benefits.

Our commitment to delivering on our purpose saw Vodacom Group Limited achieve the highest BBBEE recognition of Level 1, with a total score of 120.84 points, up from Level 2 in the prior year. The achievement was made possible by Vodacom South Africa (which includes Vodacom (Pty) Limited, all financial services companies, and Mezzanine Ware (RF) (Pty) Limited successfully retaining their Level 1 BBBEE status, with an increase of 4.64 points on their overall score from 120.04 to 124.60 points out of a total of 130 points.

The Level 1 achievement came at a direct cost of R1.3 billion to the company. Our success was matched by subsidiaries Stortech (Pty) Limited (trading as Nexio) retaining its Level 1 status for a third straight year to the company, and XLink (Pty) Limited, which improved to Level 1 from Level 2. IoT.nxt (Pty) Limited, acquired by Vodacom SA in late 2019, landed a Level 4 BBBEE status.

BBBEE results for Vodacom Group

We achieved significant improvement this year in scores across all the elements except for management control and skills development, resulting in an overall increase in score of 3.15 points.

Scoring element	Target points	Achieved points 2020	Achieved points 2019	Achieved points 2018
Ownership	25	22.75	21.33	16.20
Management control	23	15.90	17.39	15.72
Board representation	8	4.67	5.83	5.83
Top management representation	5	4.82	5.00	4.33
Employment equity	10	6.41	6.56	5.56
Skills development	20	20.90	23.32	19.55
Enterprise and supplier development	50	49.29	43.65	44.79
Procurement	25	21.29	19.54	20.55
Supplier development	10	11.00	7.11	6.54
Enterprise development	15	17.00	17.00	15.70
Socioeconomic development	12	12.00	12.00	11.70
Total	130	120.84	117.69	108.03
BBBEE Level		1	2	4

Ownership: Following the successful implementation of the R16.4 billion BBBEE deal in September 2018, Vodacom Group has a total black shareholding of 31.53%, up from 29.60%.

Management control: The Group attained a score of 15.90 points (a 1.49 point drop from our previous score of 17.39). This was the result of the loss of key women in our top management positions. The Group remains committed to driving gender diversity and achieving its transformational goals across all of its occupational levels.

Skills development: Our consolidated training spend saw a slight decrease, from R283.4 million to R275 million; we invested R15.2 million (up from R12.7 million in the prior year) in the development of black youth living with disabilities. This is reflected in our total score of 20.90 out of 20 points, a decrease of 2.42 points.

Enterprise and supplier development: This element has three sub-sets: procurement, supplier development (2% net profit after tax (NPAT) spend target), and enterprise development (3% NPAT spend target). Under procurement, Vodacom's commitment is demonstrated in the shift of spend to BBBEE-status suppliers and to more than (51%) black-owned and more than (30%) black-women-owned suppliers.

Procurement spend criteria:

(Rbn)	2018	2019	2020
BBBEE spend – all empowering suppliers	31.0	34.4	35.9
BBBEE spend – qualifying small enterprise (QSE)	2.8	3.2	3.2
BBBEE spend – exempted micro-enterprise (EME)	1.7	1.3	1.35
BBBEE spend – >51% black-owned suppliers	9.8	9.8	13.2
BBBEE spend – >30% black-women-owned suppliers	8.2	9.4	15.1
Bonus point: BBBEE procurement spend from designated group suppliers that are at least 51% black-owned	1.6	2.2	2.2

Supplier development realised R243 million spend, targeted at developing SMMEs within Vodacom's supplier base; the spend represents a significant increase, (up from R164.2 million) in the prior year. Our continued support towards the transformation of our retail franchisee base, and our investment of R14.6 million in deep rural tower build, contributed favourably to this score. Vodacom's commitment to the sustainability of our black-owned SMME suppliers is further evident in the R981 million paid on invoices in less than three days. Under enterprise development, our investment in the development and support of black-owned ICT SMMEs outside of Vodacom's business, increased from R351.4 million to R407.2 million. The collective score for this element was 49.29 out of 50. Vodacom awarded 1 bonus point for supplier development.

Socioeconomic development: The Group obtained full points with an investment of R207.3 million, up from R184.4 million.

Our Sustainability report 2020

Vodacom's separate Sustainability report 2020 provides a more detailed review of the steps that we are taking to accelerate socioeconomic transformation in the markets in which we operate. We review the progress we have made in empowering a connected society, reflecting on our performance in implementing eight of the UN Sustainable Development Goals. It assesses our activities in striving to be a leading digital company by ensuring our operations are responsible, ethical and accountable.

The Sustainability report is available on our website: www.vodacom.com.