Vodacom Group Limited Integrated Report

for the year ended 31 March 2023

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Where to find more information:

PG Find relevant information in **this report**

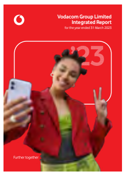
ESG Find relevant information in our **ESG report**

Read more on our website at www.vodacom.com.

Visit Vodafone Group Plc's (Vodafone's) website for more information at www.vodafone.com.

Welcome to our reporting suite

We provide a range of reports to meet the diverse information needs of Vodacom Group Limited's (Vodacom's or the Group's) stakeholders. This enables the Group's stakeholders to fairly assess our financial and sustainability performance for the **financial year ended 31 March 2023 (FY2023)**.



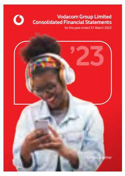
FY2023 integrated reporting disclosures

Our integrated report is our primary communication with our stakeholders and is supplemented by additional disclosures in our reporting suite.

FY2023 environmental, social and governance disclosures

We provide detailed environmental, social and governance disclosures in our various topic-specific reports to meet the information needs of a wide range of stakeholders:

- Environmental, social and governance (ESG) report and ESG addendum
- Task Force on Climate-related Financial Disclosures (TCFD) report
- Corporate governance report
- Tax transparency report



FY2023 financial disclosures

We provide detailed information relating to our financial position and performance in the following reports and presentations:

- Annual consolidated financial statements
- Summarised consolidated annual financial statements
- Financial results booklet and results presentation

FY2023 shareholder information

We provide shareholders with valuable information to support their participation at our annual general meeting through the following documents:

- Notice of annual general meeting (AGM)
- Form of proxy

Vodacom's integrated reporting suite is available online and in PDF format.

Quick navigation tools:

This is an interactive report. Navigation tools at the top right of each page and within the report are indicated below.

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This report is best viewed in Adobe Acrobat for desktop, mobile or tablet.
Click to download or update to the latest Adobe Acrobat Reader.

Adobe Acrobat Reader

The Board's support of value creation

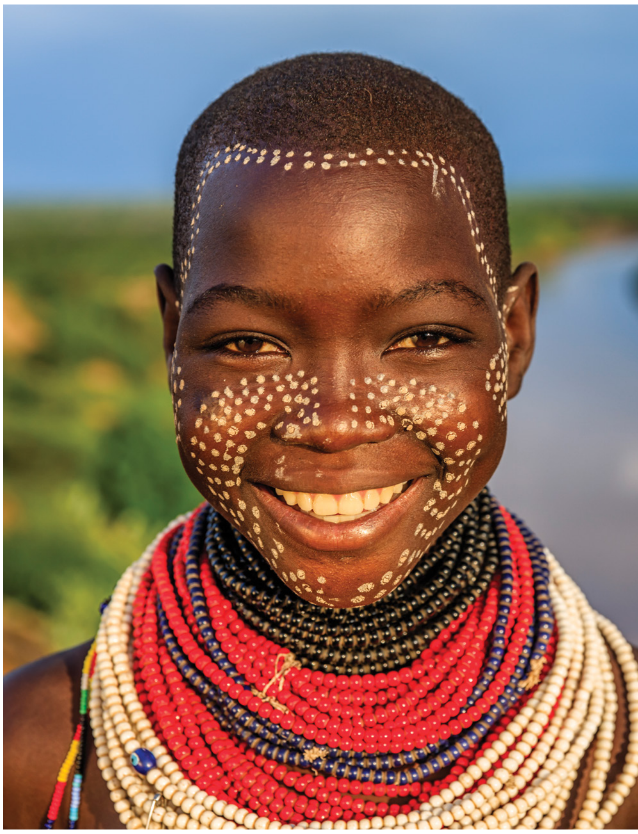
To our investors, shareholders and other interested stakeholders

Our integrated report demonstrates how our purpose – to connect for a better future – drives our strategy, guides our integrated approach to value creation and informs how we engage with stakeholders within our operating context. The report also provides insights into the Group's outlook and articulates why we believe Vodacom is a sound long-term investment.

This integrated report was prepared under the supervision of senior and executive management, and subject to a robust internal and external review process. However, as the Board, we are committed to ensuring the integrity of this report and, accordingly, interrogated the content thereof to ensure it materially complies with the Integrated Reporting Framework. In our opinion, this report addresses all material matters and presents a balanced and fair account of the Group's performance in FY2023. It also includes material events between year end and the date on which this report was approved, being 12 June 2023. We are confident that it is a reasonable reflection of Vodacom's strategic commitments for the short (less than one year), medium (one to three years) and long term (beyond three years).

Guided by the Audit, Risk and Compliance Committee (ARCC), the Board approved the FY2023 integrated report and consolidated financial statements on 12 June 2023.

PG For more detail on our Board, refer to **Page 12**.



Sakumzi Macozoma
(Chairman)

Shameel Joosub
(CEO)

Raisibe Morathi
(CFO)

Khumo Shuenyane
(Lead independent non-executive director)

Phuthi Mahanyele-Dabengwa
(Independent non-executive director)

Nomkhita Nqweni
(Independent non-executive director)

Clive Thomson
(Independent non-executive director)

Sunil Sood
(Non-executive director)

Pierre Klotz
(Non-executive director)

Anna Dimitrova
(Non-executive director)

John Otty
(Non-executive director)

Leanne Wood
(Non-executive director)

Connect with us

We welcome and encourage our stakeholders to hold us accountable and share their views on our integrated report, performance and roadmap for delivering sustainable value.

For quick and easy feedback, scan the QR code on your smartphone.

You can also send any feedback to vodacomir@vodacom.co.za.

About our report

Driving value creation through integrated thinking

Our commitment to our purpose is fundamental to how we manage our business, develop and deliver on our strategy – the **System of Advantage** – and create sustainable value for our stakeholders. With this in mind, and by embracing integrated thinking as a central tenet of our strategy and purpose-led business model, we can manage the effects of our business activities on the six capitals, as referred to in the Integrated Reporting Framework.

As we connect for a better future our purpose-led strategy is designed to positively influence our operating context and meaningfully contribute to the United Nations Sustainable Development Goals (UN SDGs).

PG For more information on the SDGs refer to **Page 21**.

ESG Refer to our ESG report for more information on how we deliver on our three purpose pillars and our impact on the UN SDGs.

Reporting boundary and scope

Through our FY2023 integrated report, we aim to provide concise communication about Vodacom's approach to value creation (page 24). This is provided in the context of our material matters (page 06) addressed through our purpose (page 22), strategy (page 25) and as informed by our key relationships (page 84), principal risks and associated opportunities (page 36), hot topics (page 42) and trade-offs (page 50). We also provide a succinct overview of our governance practices (page 14), business model (page 48) and capitals performance (page 52) for the financial year.

The information included in this report relates to our activities at a Group level, but also includes disclosure relating to our operating companies (OpCos). We consolidate both the financial and non-financial data of our OpCos. Where only data for Vodacom South Africa is available – which represents 64.1% (FY2022: 73.2%) of service revenue and 72.1% (FY2022: 78.9%) of earnings before interest, tax, depreciation and amortisation (EBITDA) – we indicate this with #.

We use * to indicate normalised growth, which represents performance on a comparable basis. This adjusts for trading foreign exchange and foreign currency fluctuation on a constant currency basis (using the current year as a base). It excludes the impact of mergers and acquisitions (M&A) and disposal activities, at a constant currency basis where applicable, to show a like-for-like comparison of results.

Vodafone Egypt Telecommunications SAE (Vodafone Egypt) was consolidated from 8 December 2022, representing the effective date of the transaction. No comparative information or growth rates are provided for Vodafone Egypt. We use ^ to indicate the Group's growth performance excluding Vodafone Egypt.

All growth rates quoted are year on year and refer to the year ended 31 March 2023 compared with 31 March 2022, unless stated otherwise.

Integrated reporting boundary

IR Integrated report

Financial reporting boundary

www Consolidated financial statements

Our organisational structure

Vodacom Group

- South Africa
- International business (IB)
  - Vodacom Tanzania
  - Vodacom Democratic Republic of the Congo (DRC)
  - Vodacom Mozambique
  - Vodacom Lesotho
- Vodafone Egypt (from December 2022)
- Other subsidiaries
  - PG For other information on our enablers, refer to **Page 32**.
- Associates
  - Safaricom Telecommunications Ethiopia
  - Safaricom
- Joint venture
  - M-Pesa Africa

Reporting segments

OpCos

Navigate our report

Throughout the report, we use the following icons to indicate the elements of our business model in terms of the integrated reporting framework:

Capitals impacted

- **FC** Financial capital
- **SRC** Social and relationship capital
- **MC** Manufactured capital
- **IC** Intellectual capital
- **HC** Human capital
- **NC** Natural capital

The six capitals have been defined from **Page 52** of our capitals performance.

Stakeholder groups

- Customers
- Communities
- Employees
- Investors and shareholders
- Government and regulators
- Suppliers
- Media
- Business partners

Strategic pillars

1. Footprint strengthened
2. Secure leadership in mobile and fixed
3. Scale financial and digital services
4. Digital partner of choice for enterprises
5. World-class loyalty and customer experience
6. Personalisation through customer value management (CVM) and Big Data
7. Optimise assets through sharing
8. Technology leadership in network and information technology (IT)
9. TechCo organisation and culture
10. Trusted brand and reputation

Material matters

- **MM 1** Financial and digital inclusion
- **MM 2** Network resilience and climate impact
- **MM 3** Accelerating growth while enhancing returns
- **MM 4** Our people
- **MM 5** Governance, ethics and transparency
- **MM 6** Economic and political landscape
- **MM 7** Complex regulatory environment
- **MM 8** Competitive environment

Value created | Value eroded | Value sustained

Materiality

The topics discussed in this report reflect the issues that could impact the role we play in society, as well as how our business deals with evolving market dynamics and allocates resources to ensure we deliver on our **System of Advantage**. In FY2023, we conducted a review of the material matters that could, in our judgement, significantly impact the value we create for our stakeholders. The content of this report is based on the outcome of this assessment.

PG For more information, refer to **Page 06**.

Reporting frameworks and process

The Group's integrated reporting process is owned by the Executive Committee (ExCo), and the content and commitments are approved by executive management. The reporting suite is reviewed in detail by the Audit, Risk and Compliance Committee (ARCC), and ultimately signed off by our Board of Directors.

We align with best reporting practices and are guided by the principles and requirements in the International Financial Reporting Standards (IFRS); the Integrated Reporting Framework; King IV Report on Corporate Governance™ for South Africa, 2016 (King IV)[1]; the JSE Limited (JSE) Listings Requirements; the Companies Act No 71 of 2008, as amended (the Companies Act); and the Global Reporting Initiative's Sustainability Reporting Standards. We also provide extracts from the condensed consolidated financial statements in this report. Vodacom's Social and Ethics Committee (SEC) fulfilled its mandate as prescribed by the regulations of the Companies Act, and there are no instances of material non-compliance to disclose.

WWW The complete set of consolidated financial statements and our suite of additional reports are available online or can be requested from investor relations.

Combined assurance

We use a combined assurance model for assurance from internal and external providers. Ernst & Young Inc audited our FY2023 consolidated financial statements and issued an unmodified opinion thereon. While sections of our consolidated financial statements included in this report were extracted from audited information, such sections are not audited herein.

We extended the independent assurance of ESG metrics to encompass South Africa, Egypt[2], Tanzania, Democratic Republic of Congo (DRC), Mozambique, Lesotho and Kenya[3] and have included additional metrics in scope. KPMG Inc. conducted limited assurance on selected ESG metrics and the information relating to the scope and conclusions are in the independent limited assurance report in our ESG addendum available on our Group website at **www.vodacom.com.**

The Group's internal audit function assesses financial, operating, compliance and risk management controls, which are overseen by the ARCC.

Outlook

Throughout this report, we provide readers with forward-looking information on the challenges we are likely to face and opportunities we intend to pursue as part of our strategy. Where possible we articulate the implications thereof on our expected performance. It is, however, important to note that forward-looking statements are inherently predictive and speculative, and involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future.

PG For more information, refer to **Pages 11**, **20** and **55**.

1. Copyright and trademarks are owned by the Institute of Directors South Africa NPC and all of its rights are reserved.
2. Excluding carbon emissions which will be in scope from FY2024.
3. Number of financial inclusion customers only.

Who we are

Vodacom is a leading and purpose-driven African connectivity, digital and FinTech operator. Including Safaricom, the Group serves 185.8 million customers across consumer and enterprise segments.

Driven by our commitment to digital and financial inclusion, we offer a wide range of services, including telecommunications, IT, digital, Internet of Things (IoT) and financial services. From our South African roots, we have grown our business to include operations in Tanzania, the DRC, Mozambique, Lesotho and Kenya. In FY2023, our operations expanded as we acquired a 55% controlling stake in Vodafone Egypt and launched commercial operations in Ethiopia through a Safaricom-led consortium.

We are
listed on the JSE.

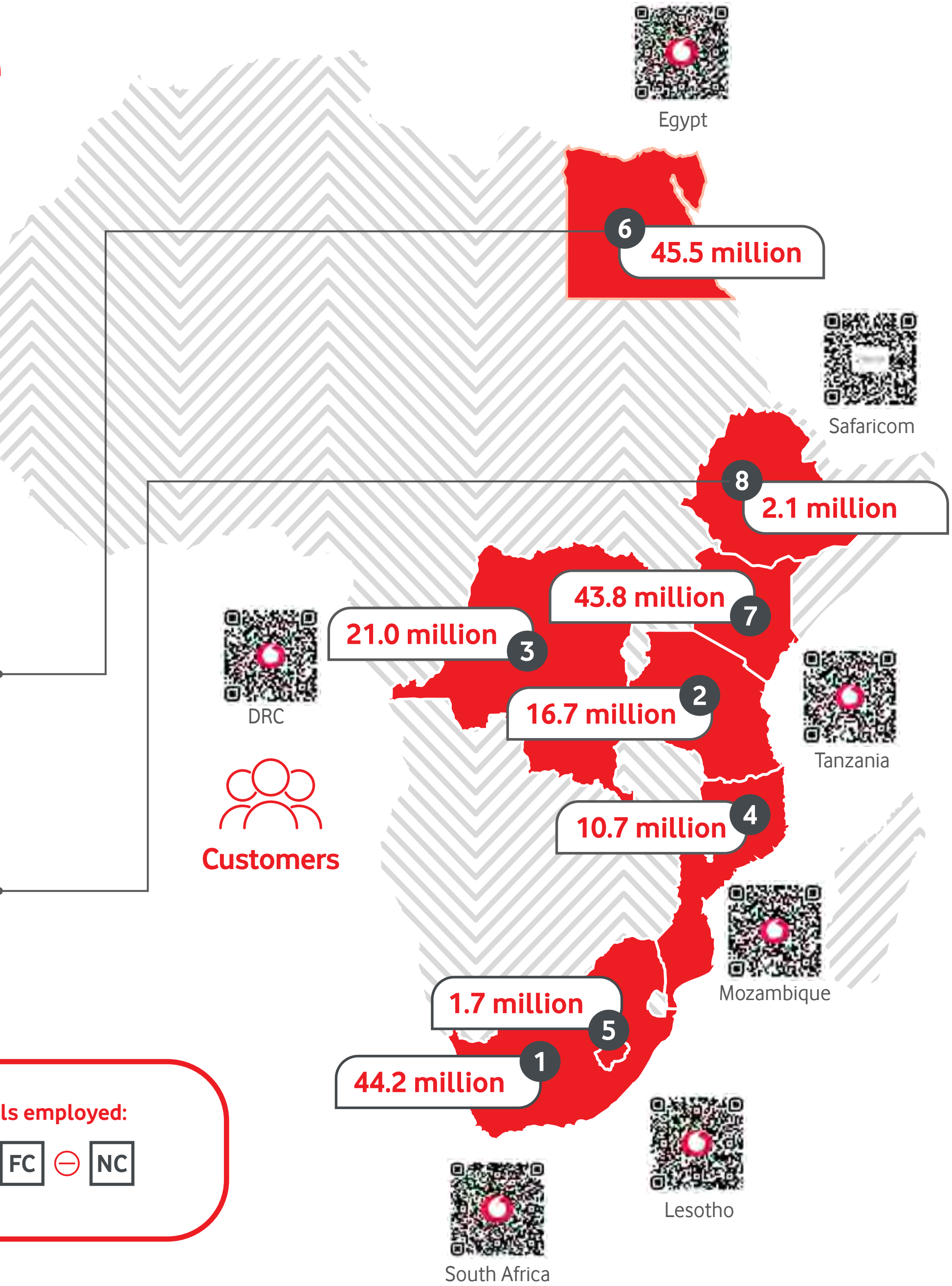
Our population reach across our markets exceeds
500 million people
(including Safaricom at 100%).

Where we operate

The completion of Vodafone Egypt's acquisition and launch of commercial operations in Ethiopia increased our population reach across the continent to over half a billion people and more than 40% of Africa's gross domestic product (GDP).

In December 2022, we completed the acquisition of a 55% interest in Vodafone Egypt. This transaction further cements Vodacom's position as Africa's leading TechCo by advancing our strategic connectivity and financial services ambitions on the continent.

Through a Safaricom-led consortium, we have taken the opportunity to expand and build world-class services in Ethiopia – Africa's second largest country by population. Safaricom Ethiopia launched commercial operations in October 2022.



Net impact of finalised M&A on capitals employed:

HC ⊕ IC ⊕ SRC ⊕ MC ⊕ FC ⊖ NC

Our market value is

R253.6 billion

as at 31 March 2023.

We offer business-managed services to enterprises in

47 countries

in Africa through Vodacom Business Africa.

Vodafone – one of the world's largest communications companies in terms of revenue – has

65.1% shareholding

in Vodacom.

Customers

million	FY2023	FY2022
South Africa	**44.2**	45.4
Tanzania	**16.7**	15.4
DRC	**21.0**	15.5
Mozambique	**10.7**	9.0
Lesotho	**1.7**	1.9
Egypt*	**45.5**	–
Safaricom[1]	**43.8**	42.4
Ethiopia[9]	**2.1**	–
Total	**185.8**	129.6

Revenue (entity local currency)

million		FY2023	FY2022
South Africa	(R)	**84 715**	80 828
Tanzania	(TZS)	**1 073 018**	971 025
DRC	(US$)	**619**	561
Mozambique	(MZN)	**26 368**	27 992
Lesotho	(LSL)	**1 204**	1 244
Egypt*	(EGP)	**13 463**	–
Safaricom[1]	(KES)	**310 685**	298 024

WWW For more information on the countries where Vodacom Business Africa operates, refer to our website on http://vodacom.com/where-we-operate.php.

Revenue (rand equivalent)

Rm	FY2023	FY2022
South Africa	**84 715**	80 828
Tanzania	**7 838**	6 229
DRC	**10 531**	8 341
Mozambique	**7 012**	6 612
Lesotho	**1 204**	1 244
Egypt*	**8 252**	–
Other	**(382)**	(518)
Total	**119 170**	**102 736**
Safaricom[1]	**43 607**	39 985

		1 South Africa	2 Tanzania	3 DRC	4 Mozambique	5 Lesotho	6 Egypt	7 Kenya (Safaricom)	8 Ethiopia[9] (Safaricom)
Ownership		100%	75%	51%	85%	80%	55%	34.94%[1]	6.2%[2] (direct)
Population[3] (estimate)		60.4 million	67.4 million	102.3 million	33.9 million	2.3 million	112.7 million	55.1 million	126.5 million
GDP growth[3] (estimate)		0.5%	5.7%	5.7%	6.5%	2.1%	3.2%	5.1%	6.4%
ARPU[4] (local currency per month)		R93 (FY2022: R90)	TZS5 328 (FY2022: TZS5 132)	US$2.8 (FY2022: US$2.8)	MZN199 (FY2022: MZN249)	LSL51 (FY2022: LSL52)	EGP68 (FY2022: EGP57)	KES572 (FY2022: KES562)[5]	
ARPU US$		5.2	2.2	2.8	3.0	2.9	2.2	4.3	
Licence expiry period		2029	2031	2039 2032/2038[6]	2038	2036	2031	2032/2024 2026[7]	2036
Coverage	2G	99.8%	93.6%	57.8%	77.8%	96.7%	99.3%	97.0%	22.0%
	3G	99.4%	68.5%	41.2%	78.7%	98.0%	98.8%	96.0%	22.0%
	4G	98.5%	56.2%	33.7%	80.0%	94.0%	97.5%	95.0%	22.0%
	5G	17.9%	–	–	–	–	–	–	–
Data customers (thousand)		25 519	8 748	7 209	5 696	832	26 264	25 220	920
Total sites		15 297	3 448	2 771	2 286	398	10 825	6 325	1 300
Smartphone penetration		64.5%	35.3%	19.4%	51.6%	66.3%	67.9%	43.5%	
Net Promoter Score (NPS)		2nd	1st	1st	2nd	1st	1st	2nd	
Network NPS		1st	1st	1st	1st	Co-lead	1st	1st	
Number of employees[8]		5 401	581	534	785	280	5 659	5 361	909

* Consolidated from 8 December 2022.
1. The Group's effective interest of 34.94% in Safaricom is accounted for as an investment in associate. Results represent 100% of Safaricom and are for illustrative purposes only.
2. The Group, excluding its indirect interest via its shareholding in Safaricom, has an effective interest of 6.2% in Safaricom Telecommunications Ethiopia Plc. In addition, the Group has indirect exposure through Safaricom's 55.7%. This implies an overall look-through stake of 25.7%.
3. The Bureau for Economic Research and Fitch Solutions for all other countries (extraction date: April 2023).
4. Total average revenue per user (ARPU) is calculated by dividing the average monthly service revenue by the average number of monthly customers during the period.
5. Total ARPU is calculated by converting rand value ARPU to USD ARPU based on forex as at 31 March 2023.
6. 2039 (2G licence), 2032 (3G licence), 2038 (4G licence).
7. 2032 (3G licence), 2024 (2G licence) and 2026 (4G licence).
8. South Africa's number of employees also includes headcount for other holding companies and Vodacom consolidated adjustments.
9. Safaricom Ethiopia is a start up that obtained a licence in May 2021, and began operations in 2022.

Our material matters

Vodacom conducts an annual materiality review of the matters that could potentially affect the value we create over time and our ability to deliver on our purpose to connect for a better future. This approach identifies and prioritises our material matters based on their impact on Vodacom's ability to create value (inward-focused), as well as their impact on society, communities and the environment (outward-focused), also referred to as a double materiality. The outcome of this process guided the content of both our integrated and ESG reports.

Below, we provide an overview of the assessment we conducted in FY2023 to identify our material matters.

Our materiality determination process

Step 1 **Board analysis and deliberation** of principal risks and associated opportunities

Step 2 **Identifying and assessing** trends impacting our business context and external environment

Step 3 **Reviewing** stakeholder engagement reports

Step 4 **Compiling** a list of material matters with the potential to impact our ability to create sustainable value for stakeholders

Step 5 **Receiving feedback** from internal and external stakeholders through an online survey to evaluate the importance of each potential material matter

Step 6 **Interviewing** our SLT during report preparation to ensure the reporting suite content covers the identified material matters

PG Who leads us structure **Page 16.**

Step 7 **Reviewing and approving** the material matters as included in our integrated report at executive management level

Step 8 **Validation** of material matters as included in our integrated report by the ARCC

Following this process, we identified and ranked the following material matters from highest to lowest based on their impact on Vodacom:

Financial and digital inclusion MM 1

Capitals impacted: FC Pg 52 | IC Pg 72 | SRC Pg 84

Why this is important: Driven by technology and connectivity, financial and digital inclusion can create a more equitable society. We recognise that reducing the cost of information and communication technology (ICT) services and providing affordable and accessible data is critical to addressing societal challenges in the countries we operate in. Through our commitment to our purpose and our Social Contract with stakeholders, we can connect people and things to the internet and facilitate a digital future that is accessible to everyone.

ESG For more information, refer to our ESG report.

Network resilience and climate impact MM 2

Capitals impacted: FC Pg 52 | HC Pg 100 | MC Pg 66 | NC Pg 94

Why this is important: Vodacom's ability to maintain quality of service, increase the capacity of networks and reduce network disruptions plays a critical role in our growth strategy. We must also consider the impact of the energy supply challenges and the increasing occurrence of extreme weather events, such as heavy rainfalls and flooding, on the continuity of our services. Accordingly, we focus on preserving our natural resource base, investing in climate-smart, energy-efficient networks and solutions, developing water-wise practices and minimising waste across the value chain. In addition, given the nature of our industry, we face increased cyber security threats. Cyber resilience is essential to prevent interruption to our service or the breach of confidential customer data. We also need to manage ongoing global supply chain disruptions, while ensuring we invest responsibly.

PG Our principal risks and associated opportunities **Page 36.**
"Hot topics" in our macroeconomic environment and industry **Page 42.**
ESG For more information, refer to our ESG report.

Accelerating growth while enhancing returns MM 3

Capitals impacted: FC Pg 52 | IC Pg 72 | SRC Pg 84

Why this is important: As Vodacom transitions from a traditional telecommunications company (TelCo) to a fully fledged digital TechCo, we must deliver on our multiproduct strategy – the **System of Advantage** – to provide differentiated offerings to customers. As we combine our geographic expansion and product diversification with Big Data analytics, machine learning and world-class technology, we can distinguish ourselves from competitors and provide superior growth and returns to shareholders.

PG Our approach to value creation **Page 24.**

Our people MM 4

Capitals impacted: HC Pg 100 | IC Pg 72

Why this is important: To build an organisation of the future, we need appropriately skilled and capable leaders and employees who embrace the **Spirit of Vodacom**. We focus on fostering an agile, diverse and inclusive working environment to facilitate innovation and enable a digitally connected society. We prioritise the health, safety and well-being of our people to ensure they are able to do their best work.

ESG For more information, refer to our ESG report.

Governance, ethics and transparency MM 5

Capitals impacted: FC Pg 52 | HC Pg 100 | IC Pg 72 | MC Pg 66 | NC Pg 94 | SRC Pg 84

Why this is important: Vodacom must operate ethically and transparently through appropriate governance structures to maintain stakeholder trust and ensure legitimacy. As custodians of Group corporate governance, the Board must lead ethically and have the appropriate composition of skills and experience. Topical issues such as the governance of technology and social impact are top of mind for the Board and the Board supports industry advocacy to drive change at an industry level. The Board provides oversight of Vodacom's transparent disclosures related to the material matters set out in the reporting suite.

PG Our governance **Page 10.**
www Full governance report

Economic and political landscape MM 6

Capitals impacted: FC Pg 52 | SRC Pg 84

Why this is important: High inflation and interest rates, currency volatility and lacklustre economic growth are constraints across our markets amid global socio-economic uncertainty. Unforeseen global shocks such as the COVID-19 pandemic and the war in Ukraine continue to impact economic development in Africa and increases concerns of future shocks. The erosion of social cohesion, social unrest, and high rates of unemployment across our markets increases pressure on all our stakeholders. As governments come under economic pressure taxation risks increase. The changing economic and political landscape further impacts Vodacom's ability to generate revenue and contain operating costs and capital expenditure (CAPEX).

PG Our principal risks and associated opportunities **Page 38.**
"Hot topics" impacting our operating context **Page 42.**

Complex regulatory environment MM 7

Capitals impacted: FC Pg 52 | IC Pg 72 | SRC Pg 84

Why this is important: We operate in an environment characterised by complex regulatory and compliance requirements. Regulatory risks are driven by specific challenges in each market but could impact the Group's ability to generate profit and grow, scale and deliver quality services. Regulations related to data privacy and security, for example, are new and require appropriate implementation.

PG Our principal risks and associated opportunities **Page 39.**
"Hot topics" impacting our operating context **Page 46.**

Competitive environment MM 8

Capitals impacted: FC Pg 52 | IC Pg 72 | SRC Pg 84 | MC Pg 66

Why this is important: As we grow our business, our competitive landscape follows suit. We face competition from new entrants and competitors as we enter new markets or industries, all competing for market share amid reductions in disposable income and growth of over-the-top (OTT) and other non-traditional players. Within a complex operating environment, we must effectively manage customer experience and satisfaction by providing products and services that meet their needs.

PG "Hot topics" impacting our operating context **Page 45.**

Our value creation in practice

Our commitment to being a purpose-led organisation that **connects for a better future** continues to drive our performance. In FY2023, our continued focus on our customers' experience across new and existing markets strengthened our performance across all six capitals and our transition to a pan-African TechCo.

Financial capital

FC

Group service revenue growth of
17.2%
(7.2%^, 3.5%*)

Headline earnings per share (HEPS)
948cps
(FY2022: 1 013cps)

Group revenue of
R119.2 billion
was up 16.0% (8.0%^, 4.9%*), (FY2022: R102.7 billion)

Operating profit
R29.3 billion
(FY2022: R28.2 billion)

Ordinary dividend per share
670cps
(FY2022: 850cps)

Distributed
R14.1 billion
in dividends to equity shareholders (FY2022: R15.2 billion)

Debt served
R5.6 billion
paid in interest to debt funders (FY2022: R4.2 billion)

Free cash flow up
18.3%

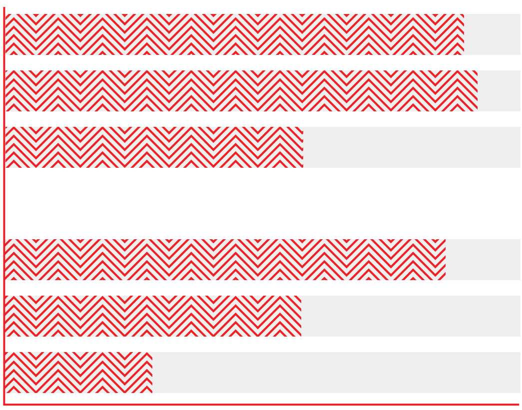
Human capital

HC

Paid
R7.7 billion
to 7 946 employees (FY2022: R7.3 billion to 8 132 employees)

Invested
R553 million
in employee skills development across our markets (excluding Vodafone Egypt) (FY2022: R493 million)

Encouraging diversity in South Africa



Vodacom South Africa

79% of our employees are black (FY2022: 78%)

80% of our board members are black (FY2022: 80%)

50% black female representation on the board (FY2022: 50%)

Vodacom South Africa including subsidiaries

75% of our employees are black (FY2022: 75%)

50% of our board members are black (FY2022: 42%)

25% black female representation on the board (FY2022: 17%)

Intellectual capital

IC

Served a combined
185.8 million
customers across the Group, including Safaricom (FY2022: 129.6 million)

Served
70.6 million
financial services customers through VodaPay and M-Pesa (FY2022: 60.6 million)

Supported
9.4 million
IoT connections (FY2022: 6.8 million)

Number 1
in four of our OpCos in terms of NPS

Acquired 110MHz of spectrum in Tanzania and finalised the purchase of additional spectrum in Mozambique

Digitised our service channels with MyVodacom and TOBi

Manufactured capital

MC

Acquired a majority share in Vodafone Egypt

Launched commercial operations in Ethiopia, through a Safaricom-led consortium

Vodacom Group sites added

5G sites:	4G sites:	3G sites:	2G sites:
1 150	2 352	1 136	1 037
(FY2022: 434)	(FY2022: 1 410)	(FY2022: 519)	(FY2022: 441)

Number of deep rural network sites in South Africa
731

Vodacom Fibre passed
165 000
homes and enterprises in South Africa (FY2022: 155 903)

Connected
6 996
rural sites, with 384 rural sites added in the year (FY2022: 6 612)

R16.5 billion
capital investment in network capacity and resilience (FY2022: R14.6 billion)

Natural capital

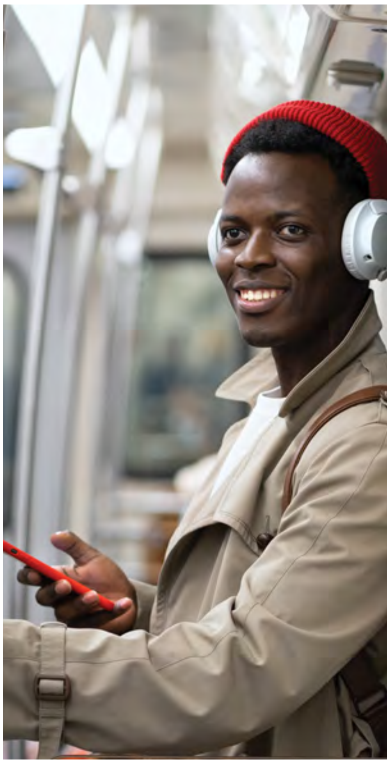
NC

16%
reduction in scope 1 & scope 2 market-based emissions

100%
of network waste reused or recycled (FY2022: 96%)

Total energy consumption remained flat

39%
reduction in greenhouse gas (GHG) emissions per terabyte of data (FY2022: 15% reduction)



SRC

Social and relationship capital

Enhanced public finances
R25.4 billion
tax paid[1] as our total economic contribution to public finance (FY2022: R22.1 billion)

Launched the National Relay Service (NRS) to drive digital inclusion for persons with disabilities

Promoted digital inclusion with over
29 million
users on our zero-rated ConnectU platform (FY2022: 22 million)

Contributed to transformation in South Africa
Level 1
Broad-based black economic empowerment (B-BBEE) contributor status (FY2022: Level 1)

Supported data access and affordability
through initiatives like Just4You, Just4YouTown and Vodacom NXT LVL

Spent
R57 billion
on suppliers with a Level 4 B-BBEE rating and higher (FY2022: R41 billion)

1. Total taxes borne, taxes collected on behalf of governments, and other payments to government

Chairman’s statement

FY2023 will be remembered as the year Vodacom made significant progress in implementing our multiproduct strategy – the **System of Advantage** – particularly in strengthening our footprint and securing leadership in mobile and fixed. These milestones have positioned us for growth as we live our purpose of connecting for a better future.

Strengthening our footprint

The Group made significant progress in finalising the transformational transactions announced in FY2022. The Group concluded the acquisition of a 55% shareholding in Vodafone Egypt, and now we can proudly say our reach stretches from Cape to Cairo.

In South Africa, our proposed acquisition of a joint venture stake in MAZIV (Proprietary) Limited (MAZIV), that will house the material fibre assets of Vodacom South Africa and CIVH, received conditional approval from ICASA to proceed. In addition, the Safaricom-led consortium, in which we participate as a minority strategic investor, launched commercial operations in Ethiopia.

These milestones highlight Vodacom’s ability to execute its strategic ambitions and build on its reputation of action and implementation. In the long-term, these transactions will enable Vodacom to deliver superior returns to shareholders and exceptional products and services to our customers across Africa.

Navigating a complex operating environment

Globally, geopolitical tensions remain high, driving inflationary pressures and increasing foreign exchange volatility, which impacts the Group’s strategic decisions. At an operational level, developing network resilience in the face of unstable electricity supplies remains a key challenge in many OpCos. This is particularly true in South Africa, where loadshedding reduced average monthly grid availability. Despite these challenges, Vodacom South Africa maintained network availability above 95%, due to increased investment in building battery capacity and onsite power-generation capabilities.

Vodacom, along with its consortium partners, successfully navigated supply chain challenges in Ethiopia to secure the launch of commercial services. This lays the foundation for building a world-class network that will unlock economic potential and increase opportunities for people across the country. In Tanzania, a reduction in the mobile money transaction levies, initially imposed in FY2022, was supportive of financial inclusion. In the DRC, management is progressing with negotiations related to ongoing tax disputes.

The regulatory landscape in Africa continues to evolve. We stay abreast of these changes to ensure the Group remains compliant and positioned for success. Our ability to engage with governments and regulators on complex issues, such as spectrum and the launch of commercial services, illustrates our commitment to working with our stakeholders to create sustainable and inclusive value across the African continent.

As new challenges arise, we acknowledge that a number of our headwinds have eased. Vodacom’s spectrum standing across our OpCos improved after years of internal work and engagement with governments and regulators to secure access to spectrum for broadband users. In addition to spectrum secured in South Africa at the end of FY2022, we acquired spectrum in Tanzania and Mozambique during the financial year, which will contribute to bridging the digital divide through our connectivity services.

Creating value by focusing on customer needs

Vodacom’s success is built around its ability to address customer needs through its products and services. A customer focus is embedded in how we operate and is seen as a competitive imperative. As we increase our footprint and grow market share, we unlock new opportunities and synergies that can transform customers’ lives once implemented at scale across our markets.

To tailor our response to customer needs at an individual level, we leveraged our intellectual capital and new technologies. The Board’s oversight of our transition from a TelCo to a TechCo increasingly enables Vodacom to meet individual customer needs. Examples of this are our success with our chatbot, TOBi, and our use of data to personalise our products and services offerings. Our super-apps, VodaPay and M-Pesa, continue to scale, supporting greater digital and financial inclusion and cementing our position as Africa’s largest FinTech platform by subscribers.

PG Read more about our digital and financial services in our intellectual capital chapter on **Page 72.**

Our relentless pursuit of purpose

Our relentless pursuit of connecting for a better future encapsulates where we intend to make a difference in our markets. In line with this and our focus on ESG, the Board oversees the Group’s efforts to continue developing future-ready products and services that connect Vodacom customers for a better future; the contributions made to sustainable socio-economic development across our markets; the enhancement of financial inclusion; and the promotion of equal digital access.

Living our purpose includes focusing on the roles of technology and connectivity in promoting equality regardless of geography, race and gender and providing support in critical sectors such as education and food security to help build capacity and resilience. While we acknowledge a company cannot remedy all societal challenges on its own, the Board believes Vodacom’s strategy and core capabilities in technology and connectivity enables Vodacom’s purpose across the areas of digital society, inclusion for all and the planet – in a responsible and ethical manner. We were pleased to showcase this purpose-led strategy to the Vodafone Group Board during an in-country visit to South Africa in January 2023.

ESG For more information on our purpose pillars, refer to our ESG report.

Sustaining good governance

The Board is committed to ensuring a culture of ethics and good governance across the business. I believe the Board’s diversity of skills and experience provides valuable insights that informs business decisions. The Board is also confident that Vodacom’s management team, along with the leadership of our OpCos and subsidiaries, have the necessary skills and experience to drive the Group’s transformation from a traditional TelCo to a fully fledged TechCo.

During the year we bid farewell to Anne O’Leary who served as non-executive director (NED).

On behalf of the Board, I would like to thank Anne for her contributions to the Group. Following Anne's resignation, Anna Dimitrova was appointed to the Board as an NED in September 2022. Anna brings a wealth of experience in finance, M&A, integration, corporate development, strategy formulation, operational excellence, IT, digital, marketing and consumer relations, and product development. We welcome her to the Board and look forward to her continued contributions.

In FY2023, the Board provided oversight of the execution of key strategic projects aimed at delivering the **System of Advantage**, monitored regulatory compliance and proactive stakeholder engagement across markets, supported Vodacom's ongoing expansion into financial services and the enhancement of relevant controls and compliance, and continued to oversee the integration of ESG into business practices at a Group level. The Board further monitored the macroeconomic impact of the war in Ukraine on Vodacom's markets.

www For more information on the work of the Board and its committees, refer to our Governance report.

Implementing our simplified dividend policy to accelerate growth

Our Vodafone Egypt acquisition and the progress in the joint venture with CIVH provide a compelling opportunity to accelerate our **System of Advantage** and the Group's growth profile. Given the progress made in FY2023, the Board considered it appropriate to implement the simplified dividend policy it proposed with the acquisitions in November 2021. The simplified policy of paying at least 75% of headline earnings combines a high pay-out with enhanced growth prospects. Notwithstanding the change in dividend policy, the Group will still have one of the highest dividend pay-out policies on the JSE. The policy continues to allow the Group to invest within its 13.0% to 14.5% capital intensity target, delever the Group and accommodate Safaricom and Vodafone Egypt's upstreaming and dividend pay-out profiles.

Appreciation

FY2023 has been another demanding year, and I would like to thank every stakeholder involved in Vodacom's success. Each of you make a unique and valuable contribution to our business, and we are grateful for the role you play. I want to extend my sincere thanks to the Board for its continued support in seeing through our M&A transactions and its support and deliberation in crucial areas. Thank you to Vodacom's executive team for its drive to execute our strategy as we continue to connect individuals and businesses across the continent for a better future.

We were saddened by the untimely loss of David Brown, one of our independent NEDs, in June 2022. David was highly regarded and respected for his invaluable leadership, contributions and sound judgement in Board deliberations during his tenure. He will be sorely missed.

After 14 years as the Group Company Secretary, Sandi Linford retired in July 2022. Sandi contributed immensely to Vodacom's ethics and corporate governance standing, and we extend our gratitude to her. Karen Robinson was appointed as Sandi's successor from 1 August 2022, as planned.

Outlook

Reflecting on a turbulent yet rewarding year, we are reminded that we cannot control uncertainties in the external environment. However, we can put plans and contingencies in place to mitigate the impact of the external environment on our ability to create value and explore opportunities that arise.

Looking ahead, we will continue our integration of Vodafone Egypt into our operations. This process kicked off in FY2023, and we are optimistic about the potential for synergies. We are excited about the role Vodafone Egypt will play in the Group's earning profile, which was previously heavily weighted towards our South African operations, and by the potential that its financial services profile presents. We look forward to the continued operationalisation of network connectivity in Ethiopia and sharing in its success. However, we remain aware of the currency devaluation risks that Egypt and Ethiopia face and will continue to monitor developments in this regard. We will also closely monitor the regulatory approval process related to the South African fibre transaction.

In the short- to medium-term, we will deepen, diversify and differentiate our offering across our existing markets. We remain committed to developing products and services that provide customers with connectivity and tools to innovate so that, in turn, their activity positively impacts economic activity. However, this contribution is impacted by the energy crisis, and we encourage a shared approach to find solutions to this crisis and the economic growth that it impacts. We believe Vodacom's purpose-led business model will continue to set us apart as we strive to become Africa's leading TechCo.

Saki Macozoma
Chairman
12 June 2023

"Vodacom's success is built around its ability to address customer needs through its products and services."

Who governs us

The Board ensures that the Group's governance structures support the delivery of our purpose. The outcomes of good corporate governance enable Vodacom's strategy – the **System of Advantage** – to be achieved in a way that is ethical, responsible, fair and professional.

Board composition

Executive directors

CEO

Appointed in September 2012

- Extensive business leadership experience
- Commercial strategist
- Strong telecommunications and technologies experience
- International operational experience
- Financial expertise
- Marketing, commercial and consumer expertise

Mohamed Shameel Aziz Joosub (52) S I

CFO

Appointed in November 2020

- Extensive financial, banking and insurance experience
- Executive leadership background
- M&A and corporate finance expertise
- Financial expertise

Raisibe Morathi (53) I

Independent non-executive directors

Chairman

Appointed in July 2017 and as Chairman in July 2020

- Extensive business leadership experience
- Executive leadership background
- Broad stakeholder and external affairs expertise

Sakumzi (Saki) Justice Macozoma (66) N S

Lead independent director

Appointed in July 2020

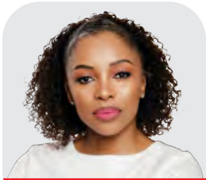
- M&A and corporate finance expertise
- Financial expertise
- Business leadership experience

Khumo Lesego Shuenyane (52) A N S I

Appointed in April 2020

- Business leadership experience
- Financial expertise
- Corporate leadership experience

Clive Bradney Thomson (57) A R I



Appointed in January 2019

- Technology and digital experience
- Corporate leadership experience
- M&A and corporate finance expertise

Phuthi Mahanyele-Dabengwa (52) R N

Appointed in April 2020

- Multi-sectoral financial services and business experience
- Financial expertise
- Strategic leadership expertise

Nomkhita Cylda Nqweni (48) A S

● Chairman
(A) ARCC
(I) Investment Committee
(R) RemCo
(N) NomCo
(S) SEC

Non-executive directors

Appointed in July 2019

- Human resource leadership expertise
- Corporate leadership experience
- Strategic leadership experience

Leanne Susan Wood (50) N R S

Alternate NED (to Leanne Wood)

Appointed in January 2019

- Human resource leadership expertise
- International operational experience
- Corporate leadership expertise

Francesco Bianco (51) N R

Appointed in September 2012

- Broad financial governance background
- Extensive telecommunications sector knowledge
- Emerging market insight

John William Lorimer Otty (59) I

Appointed in July 2018

- Extensive telecommunications and technology experience
- Executive leadership background
- Strategic leadership experience

Sunil Sood (62)

Appointed in September 2022

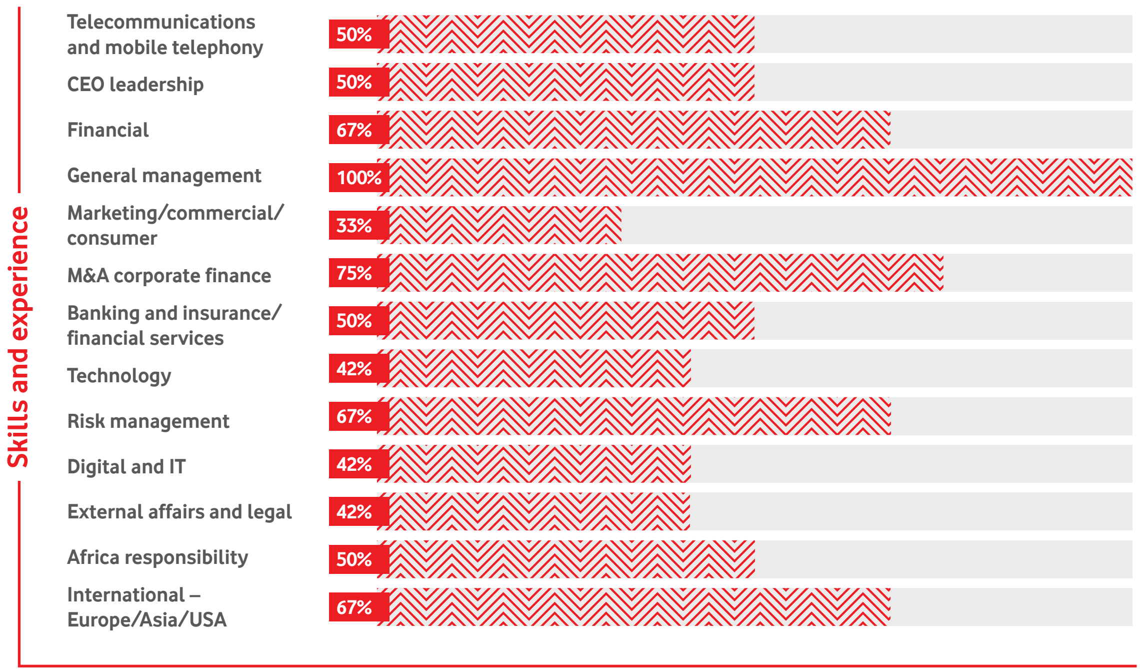
- Telecommunications and technology experience
- Financial expertise
- M&A and corporate finance, marketing, commercial and consumer expertise

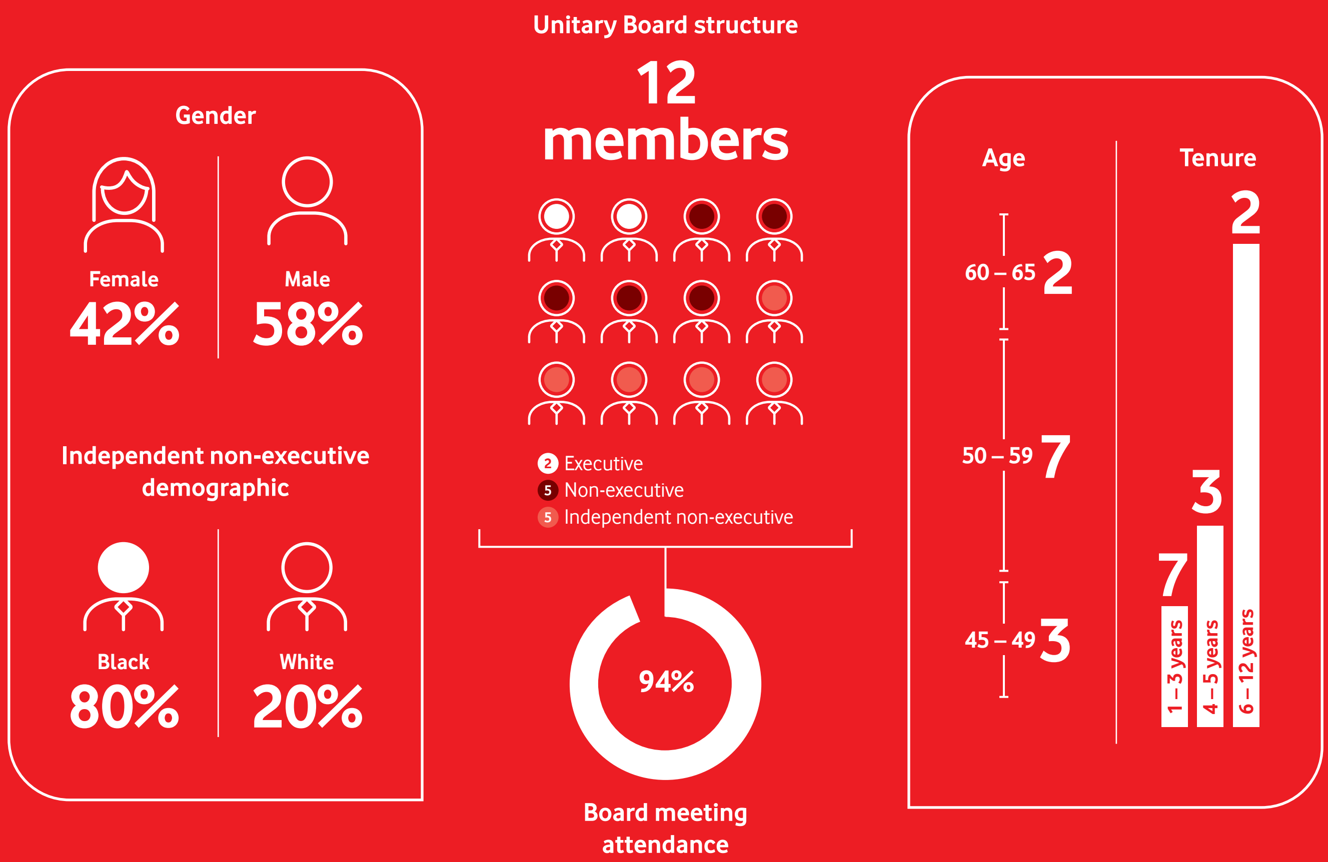
Anna Dimitrova (46)

Appointed in April 2020

- Business leadership experience
- M&A and corporate finance expertise
- Corporate leadership experience

Pierre Klotz (47) I


Skills and experience
Telecommunications and mobile telephony 50%
CEO leadership 50%
Financial 67%
General management 100%
Marketing/commercial/consumer 33%
M&A corporate finance 75%
Banking and insurance/financial services 50%
Technology 42%
Risk management 67%
Digital and IT 42%
External affairs and legal 42%
Africa responsibility 50%
International – Europe/Asia/USA 67%


Gender
Female
42%
Male
58%
Independent non-executive demographic
Black
80%
White
20%
Unitary Board structure
12 members
2 Executive
5 Non-executive
5 Independent non-executive
94%
Board meeting attendance
Age
60 – 65 2
50 – 59 7
45 – 49 3
Tenure
7
1 – 3 years
3
4 – 5 years
2
6 – 12 years

Board governance at a glance

How good corporate governance supports the delivery of our purpose

Vodacom's purpose is to connect for a better future. The Group's strategy and sound corporate governance practices are designed to support the delivery of this purpose by ensuring all business functions are executed ethically and with integrity and professionalism.

As a business, we strive to be a trusted brand and partner in the markets where we operate. We entrench good corporate governance principles and ethics into our corporate culture, the **Spirit of Vodacom**, enabling our employees to execute our strategy ethically, responsibly, fairly and professionally.

How good corporate governance supports the System of Advantage

Our multiproduct strategy – the **System of Advantage** – is geared to meeting our customers on their journey and growing with them. To achieve this, the Board leads the business ethically, transparently and with integrity. To create and sustain value for our stakeholders, we commit ourselves to good corporate governance, employ suitably qualified, experienced and diversified leaders, manage the business ethically and transparently, and strive to maintain our reputation as a responsible corporate citizen.

Board committee attendance

www For more details refer to our Governance report on our website.

Name of director		Board (Quarterly meetings)	Board (Tele-conference)	ARCC	RemCo	NomCo	SEC	Total
Number of meetings[1]		4	4	6	5	4	5	
SJ Macozoma (Chairman)		4/4	4/4	–	–	4/4	5/5	17/17
MSA Joosub (CEO)		4/4	4/4	–	–	–	5/5	13/13
F Bianco		4/4	4/4	–	3/5	4/4	–	15/17
DH Brown (lead independent director)[2]		1/1	–	2/2	1/1	–	–	4/4
A Dimitrova[6]		3/3	2/2	–	–	–	–	5/5
P Klotz		4/4	4/4	–	–	–	–	8/8
P Mahanyele-Dabengwa		4/4	4/4	–	5/5	4/4	–	17/17
RK Morathi		4/4	4/4	–	–	–	–	8/8
NC Nqweni		3/4	3/4[7]	6/6	–	–	5/5	17/19
A O'Leary[5]		1/1	2/2	–	–	–	–	3/3
JWL Otty		4/4	4/4	–	–	–	–	8/8
KL Shuenyane (lead independent director)[3]		4/4	3/4	6/6	–	3/3	5/5	21/22
S Sood		4/4	3/4	–	–	–	–	7/8
CB Thomson[4]		4/4	4/4	6/6	4/4	–	–	18/18
LS Wood[7]		3/4	3/4[8]	–	5/5	3/4	3/5	17/22
Totals	Number	51/53	48/52	20/20	18/20	18/19	23/25	178/189
	Percentage	96.23%	92.31%	100.00%	90.00%	94.74%	92.00%	94.18%

1. The Board holds a minimum of four meetings, three teleconferences and a strategy session every year. Special Board meetings are convened when necessary. One Special Board meeting was convened during the year.
2. David Brown passed away on 19 June 2022.
3. Khumo Shuenyane was appointed as lead independent director on 20 June 2022 and appointed to the Nomination Committee on 13 May 2022.
4. Clive Thomson was appointed to the Remuneration Committee on 20 June 2022.
5. Anne O'Leary resigned with effect from 16 September 2022.
6. Anna Dimitrova was appointed with effect from 17 September 2022.
7. In instances where Ms Wood tendered her apologies, Mr Bianco was in attendance.
8. Special Board meeting was called on short notice.

Board

Board committees

ARCC | NomCo
RemCo | SEC
Investment*

CEO

ExCo

- International Business
- Vodacom South Africa
- Safaricom
- Vodacom Financial Services and Digital Lifestyle
- Finance
- Vodafone Egypt
- Technology
- Legal and Compliance
- Human Resources
- M&A and Business Development
- External Affairs

ExCo

Assurance

- Risk Management
- Internal Control
- Internal Audit
- Compliance
- Ethics Programme
- Technology Governance

* Formed on 12 May 2023.

Key Board focus areas during FY2023

During the period under review, the Board focused on the following key areas that underpin the execution of Vodacom's purpose:

	Affected stakeholders	Capitals impacted	Strategic pillars	Material matters
Execution of key strategy projects aimed at delivering the System of Advantage				
The Board monitored the delivery of key strategic activities, including concluding the acquisition of the 55% stake in Vodafone Egypt, the progress in finalising the acquisition of the up to 40% joint control of the assets in MAZIV, expanding spectrum in South Africa, and growing the financial services business.		FC IC SRC	1 2 3 4 5 6 7 8 9 10	MM 3 MM 4 MM 7 MM 8
Macroeconomic impact of the war in Ukraine on markets				
The Board considered the impact on currency, supply chain management and working capital management.		FC	2 3 4 8	MM 1 MM 3 MM 6
Regulatory compliance across markets and proactive stakeholder engagement				
The Board and management worked with government and regulatory bodies across the relevant markets to support policy development and find solutions to common challenges.		FC IC SRC	1 3 4 6 8	MM 3 MM 5 MM 6 MM 7
Integration of ESG into business practices on a Group-wide basis				
The Board increased its focus on how ESG is integrated across the business, recognising that Vodacom's strategy and core capabilities in technology and connectivity enable the delivery of its purpose across our pillars of digital society, inclusion for all and the planet.		FC MC HC IC NC SRC	1 2 3 4 5 6 7 8 9 10	MM 2 MM 3 MM 5
Expansion into financial services and enhancement of relevant controls and compliance				
The Board monitored regulatory compliance and the enhancement of Vodacom's control environment, which, *inter alia*, supports its expansion into financial services.		FC IC SRC	1 3 4 6 8	MM 3 MM 5 MM 6 MM 7

Who leads us

ExCo

CEO

Appointed in September 2012

Mohamed Shameel Aziz Joosub (52)

CFO

Appointed in November 2020

Raisibe Morathi (53)

CEO, Vodacom South Africa

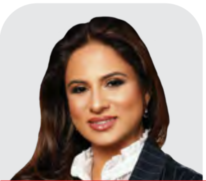
Appointed in July 2022

Sitholizwe (Sitho) Mdlalose (43)

CEO, Vodafone Egypt

Appointed in December 2022

Mohamed Abdallah (47)



Chief Officer: Vodacom Financial and Digital Lifestyle Services

Appointed in June 2019

Mariam Cassim (41)

Chief Officer: International Business

Appointed in August 2017

Diego Gutierrez (47)

Chief Officer: Human Resources

Appointed in May 2014

Matimba Mbungela (51)

Chief Officer: Legal and Compliance

Appointed in December 2010

Nkateko Nyoka (60)

CEO, Safaricom

Appointed in August 2020

Peter Ndegwa (55)

Chief Technology Officer

Appointed in May 2020

Dejan Kastelic (46)

Chief Officer: External Affairs

Appointed in November 2021

Stephen (Steve) Chege (49)

Chief Officer: M&A and Business Development

Appointed in October 2022

Sean Bennett (54)

Nationality

5 South African

7 Non-South African

Gender

Female **17%**

Male **83%**

Ethnic diversity

Black **67%**

White **25%**

Arabic **8%**

Age

40 – 49	50 – 59	60+
6	5	1

Tenure

0 – 3 years	7
4 – 10 years	3
10+ years	2

CEO's statement

Despite ongoing macrochallenges, FY2023 was characterised by the successful execution of our strategy – the **System of Advantage** – which continues to create sustainable value for our stakeholders. The tangible progress we made this year is a source of immense pride and the culmination of many years of planning and preparation as we continue to work to connect people for a better future.

Our purpose – why we exist

The persistently volatile and complex macroeconomic conditions we find ourselves in, characterised by geopolitical uncertainty, foreign exchange volatility, a global energy crisis and continued supply chain disruptions, have led to low levels of growth and a cost-of-living crisis in all the countries where we operate. These factors are further compounded in South Africa as the energy crisis is exacerbated by unprecedented levels of loadshedding.

While these challenges have impacted our performance, they have also brought the importance of our purpose into focus. In this context, our role in supporting and enabling economic growth by connecting customers for a better future has never been more important. Guided by our Social Contract, we aim to build relationships of trust with a purpose-led business model that is centred around creating a digital society, ensuring inclusion for all and operating with the planet in mind.

With our population reach exceeding 500 million people, our core connectivity business provides us with the foundation to deliver on our purpose. Over a five-year period Vodacom is investing to increase 4G population coverage by an additional 70 million people across our footprint, a commitment we made as part of the International Telecommunication Union's Partner2Connect programme. This rollout will be supported by innovative new rural funding partnerships (RuralCo), while we also drive smartphone penetration to promote digital inclusion. In parallel to expanding our connectivity reach, we are also focused on financial inclusion. We already process US$1 billion a day of transaction value across our M-Pesa ecosystem, including Safaricom, with our super-app approach removing the barrier of physical limitations for both consumers and merchants, helping them expand well beyond their geographic boundaries.

Our strength in connectivity supports investment in new growth platforms, which diversifies our revenues and drives societal benefit. We actively contribute to creating a digital society by developing "tech for good" solutions across critical verticals, including education, healthcare and agriculture. Our education solutions include e-schools in South Africa, VodaEduc in the DRC, e-Fahamu in Tanzania, Faz Crescer in Mozambique and Ta3limy in Egypt. We have reached over 2.5 million learners through these and other education platforms. In South Africa, our e-schools initiative is complemented by our support of 15 early childhood development centres, 92 teaching training centres, nine youth academies and 13 schools of excellence.

From a healthcare perspective, technology has the potential to make the delivery of services more efficient for providers and more inclusive for patients. This is clearly demonstrated by our platforms for good, which improve productivity and extend access to quality healthcare. From digitising government services in Egypt, to stock visibility services in South Africa, I am especially proud of our m-mama service. M-mama leverages the power of connectivity and technology to intervene in more than 19 000 maternal and neonatal emergencies, saving an estimated 686 lives. From its roots in Tanzania, we are expanding m-mama with the support of Vodafone Group and the United States Agency for International Development to reach more African markets, even those not in our footprint.

The potential and power of digitalisation extends into all facets of our society. One of our most impactful initiatives to date supports the agricultural sector. Developed through Mezzanine, our subsidiary, has reached almost 5 million through eVuna, MYFARMWEB and e-Vouchering solutions. In Tanzania, the M-Kulima agricultural platform, which is integrated with M-Pesa, has over 3.2 million registered farmers.

We believe supporting data affordability is a crucial component of ensuring digital inclusion. Primarily, we do this by providing customers with personalised offers that drive affordability tailored to their needs. South Africa sets the benchmark for our markets, with personalised bundles comprising more than 60% of the total bundles sold in FY2023. Other initiatives, such as Just4YouTown and Vodacom NXT LVL, support affordability in targeted geographies and among the youth. In addition to increasing data affordability, ConnectU continues to provide zero-rated access to basic internet and essential services with more than 29 million users.

Our support for inclusion goes beyond digital inclusion, as we expand initiatives that promote inclusion in other key areas. Our Code Like a Girl programme, for example, has trained more than 4 000 girls across our markets in coding to support the inclusion of women in technology, and the launch of our National Relay Service drives digital inclusion for persons with disabilities.

We are keenly aware that our ability to connect for a better future relies on the planet. As calls for a global response to the climate crisis intensify, we recognise the role we can play in managing our carbon emissions and how our platform and IoT solutions could reduce emissions beyond our operations. In South Africa, we fitted our Midrand campus with solar panels to reduce emissions, generating more than 10.8 GWh of clean energy. Further, we remain confident that the "virtual wheeling" pilot project that we are pioneering with Eskom, South Africa's power utility company, will be signed off in the near-term and that this will have a significantly positive impact on the country's power grid. These are important steps in our goal of reducing our emissions, and we continue to engage with private sector partners and governments in key OpCos to find solutions to reduce the impact of the grid power we rely on.

System of Advantage

Our powerful, multiproduct strategy – the **System of Advantage** – is our key differentiator and outlines how we create sustainable value. Our approach is outlined by three strategic ambitions, which are supported by 10 strategic pillars.

At the core of our strategy is our vision of becoming a leading African TechCo. This vision requires us to transition from a traditional TelCo to a fully fledged TechCo with diversified service revenue streams. Our new service revenue streams include financial services, digital services, IoT and fixed connectivity services. Throughout the year, we have seen the benefits of our expansion into these services as we grew and diversified our customer base and service revenue.

Ambition 1: Africa's leading communications company

A key strategic milestone for the Group in FY2023 was finalising the acquisition of a 55% shareholding in Vodafone Egypt. Despite concerns surrounding the impact of currency devaluation on this investment, we believe the transaction will enhance the Group's growth and return profile in the long-term. This view is supported by strong leadership and capabilities within Vodafone Egypt and growth opportunities in its financial services, enterprise and fibre offerings. Vodafone Egypt has a clear network and spectrum advantage, which stands us in good stead from a mobile connectivity perspective. We are excited by the opportunities for further synergies that our strengthened footprint from Cape to Cairo presents.

Our participation as a minority investor in a Safaricom-led consortium has made us part of the ongoing rollout of Safaricom Ethiopia's mobile telecommunications network. Safaricom Ethiopia's network reached over 2 million customers in 22 cities in FY2023. While currency devaluations may also impact the performance of this investment in the near-term, we believe the long-term prospects remain promising as the business is set to expand significantly in the next ten years.

Our market leadership in mobile across our OpCos has positioned us as the partner of choice for consumer and enterprise customers. As data adoption and volumes continue to grow within both customer segments, we must expand our mobile connectivity coverage and our fixed offering to provide network connectivity at the required scale. Expanding our network and maintaining connectivity is our priority across our OpCos. As a result, we invested over R16.5 billion in maintaining and increasing our network capacity and resilience in FY2023.

Our network expansion is supported by our spectrum acquisition in South Africa at the end of FY2022 and our spectrum transactions in Tanzania and Mozambique in FY2023. These transactions have positioned us for long-term growth as spectrum enables our network expansion, especially in our ability to roll out next-generation mobile infrastructure such as 5G. In South Africa, we have already started using our spectrum investment to broaden coverage, increase speeds, enhance network quality and reduce the cost of communicating. We look forward to doing the same in Tanzania and Mozambique.

Ambition 2: Diversify and differentiate with our digital ecosystem

Our diverse and innovative products and solutions drive financial and digital inclusion through our digital ecosystem. Our digital ecosystem, in turn, is powered by Big Data, which accelerates our capabilities across CVM, loyalty and financial services.

We use our data capabilities to develop advanced digital and data-driven solutions that allow us to compete based on the value we offer customers and not only on price. Our 360-degree customer view consists of more than 10 000 attributes powered by Big Data that enable us to tailor our digital and financial services offerings. While we have made significant progress in enhancing our customer experiences, as illustrated by our number one ranking in network NPS across all our markets, we acknowledge that we can do more. Consequently, we are improving the customer experience journey by simplifying our product offerings and policies.

"At the core of our strategy is our vision of becoming a leading African TechCo."

Shameel Joosub

Our two super-apps, VodaPay and M-Pesa, are set to scale our financial services offerings in South Africa and our International markets, respectively. Our dual-sided ecosystem empowers our customers and merchants with comprehensive financial services, entertainment and e-Commerce capabilities that we believe will position us as Africa's FinTech leader. Leveraging the knowledge and capabilities of Vodacom Financial Services and M-Pesa Africa, we build once and replicate across the portfolio to increase efficiencies and lower costs for our 70.6 million financial service customers[1]. The rapid expansion of our merchant proposition is testament to the scalability of our dual-sided approach, with merchants across our international markets up threefold in FY2023.

From an enterprise perspective, we support large enterprises, SMEs, governments and universities through mobile and fixed connectivity and our complementary digital and financial services. Public and private enterprises play an essential role in supporting economic growth, and we remain committed to providing them with innovative solutions enabled by technology and Big Data analytics to drive growth. Our digital services include IoT, cloud and hosting and managed security solutions. In IoT, we continued to pioneer enterprise-level applications and advanced solutions through 9.4 million IoT connections. In addition, enterprises using our cloud, hosting and domain, managed software and security services increased 18.8%, illustrating the growth potential of our digital services.

A key measure of our success in diversifying growth will be the contribution of new services, which include financial and digital services, IoT and fixed. In the medium-term, we aim to generate between 25% and 30% of the Group's service revenue from new services, which reached 19.0% in FY2023 up from 17.9% in FY2022. Our financial services business is expected to remain the most significant component of this measure, already contributing 10.5% to service revenue.

Ambition 3: Optimised, future-ready TechCo

Our employees live our purpose through the **Spirit of Vodacom**. This year, we embarked on several initiatives to foster the **Spirit of Vodacom** – ensuring our employees remain engaged, boosting morale and cultivating a progressive and effective organisational culture. Our Spirit Beat survey measures how well the **Spirit of Vodacom** resonates with our employees, while also identifying areas for improvement. In FY2023, 90% of participating employees indicated that they identify with the **Spirit of Vodacom**. This four-percentage-point improvement, compared to FY2022, shows that our employees increasingly resonate with the **Spirit of Vodacom.**

Digital skills scarcity remains a challenge across our OpCos. To address this, we invested R553 million in skills development and training to continue to develop our employees and ensure we have the appropriate digital skills and capabilities as we transition from a TelCo to a TechCo. We believe training and development allow employees to grow in their targeted role and support our organisational ambitions. Further, we expect Vodafone Egypt's highly skilled and largely insourced talent will enhance the Group's digital capabilities.

Our #1MoreSkill programme, for example, aims to increase certification and reskill employees across prioritised areas in line with the needs of a TechCo. Our effort to support our employees was again recognised through our certification as Africa's Top Employer by the Top Employer Institute.

We explore infrastructure sharing and platform scaling opportunities across our operating markets to maximise the Group's existing capital and operational efficiencies. In line with this, our proposed strategic investment with CIVH to acquire an up to 40% joint control of assets in MAZIV intends to scale our fibre offerings in South Africa to help bridge the digital divide. In October 2022, the joint venture received ICASA approval and now awaits confirmation from the Competition Commission. Whether it be fibre or rural connectivity, we are constantly looking for like-minded partners to drive digital and financial inclusion across our markets. In FY2023, we also made progress in separating our tower portfolio in South Africa into a dedicated TowerCo business, a move that will help us unlock new efficiencies.

We believe our success should not come at a cost to society or the environment. As a result, our commitment to operating responsibly and preserving our natural resource base remains steadfast, and we have the right resources to drive our ESG ambitions across the Group. In FY2023, we continued to use more carbon-friendly energy sources where possible and invest in climate-smart networks and solutions to reduce our climate impact through increased efficiencies. This has resulted in an 39% reduction in GHG emissions per terabyte of data.

Our efforts to report transparently on our ESG ambitions and performance were once again recognised by leading ESG rating agencies. In FY2023, Vodacom remained an industry leader with Sustainalytics, while also retaining our ESG leader AAA rating from MSCI.

My appreciation and outlook

On the back of a year filled with strategic milestones, I would like to sincerely thank Vodacom's leadership and employees, who have remained committed to our strategy and enabled its execution. I am also thankful for the support of our business partners, shareholders and other stakeholders. The internal and external commitment to deliver on our purpose continues to motivate us in the face of our evolving operating context.

In the coming financial year we will continue to execute our **System of Advantage**, as we evolve from a TelCo to a TechCo. Aligned with our first ambition, leadership in fixed and mobile, we intend to complete the MAZIV transaction, while also accelerating handset financing and fixed-wireless access (FWA) opportunities. To further diversify and scale our digital ecosystem, our second ambition, we will scale our tech for good solutions and super-apps across our markets and anticipate a successful launch of M-Pesa in Ethiopia. To deliver on our third ambition, an optimised and future-ready TechCo, we will partner to power our growth and drive infrastructure sharing to increase rural and fibre connectivity.

Looking into the longer term, and well beyond our current Vision 2025 targets we will relentlessly pursue our purpose of connecting people for a better future. I believe the continued execution of our strategy has the potential to create immense economic value in the markets where we operate, helping address inequality. By providing access to a smartphone, financial services, healthcare and education to every person across our markets we will fulfil our purpose.

Shameel Aziz Joosub
CEO
12 June 2023

Showcasing how we connect customers for a better future

Our strategy helps to deliver across our three purpose pillars; digital society, inclusion for all, and planet. While we cannot remedy all societal challenges on our own, we believe that by responsibly executing our strategy, which focuses on our core capabilities and the role of technology and connectivity in promoting equality, we can contribute to creating sustainable and inclusive value across our African footprint.

Connecting for a better future

Red loves green

Building a digitally inclusive society in Lesotho

Inclusion for all

Rural coverage in the DRC

Just4You affordable bundles

Supporting customers with special needs

Digital society

M-Pesa Lipa kwa Simu (pay by phone) digitising payments

Digital partner of choice to business

Digitalising healthcare with m-mama

Planet

Solar powered rural coverage

Principal Partner for COP27

Supporting the WWF

Our purpose enables inclusive and sustainable digital societies

The United Nations Sustainable Development Goals (UN SDGs) represent a better and more sustainable future for all. Our strategy, which is driven by our purpose, supports and ultimately contributes towards the achievement of the SDGs. We believe digital technology is an essential component in progressing towards delivering the SDGs and we are committed to increasing the speed and scale of delivery across several SDGs through leveraging our technology and services and partnering with others.

We positively impact the SDGs through our purpose and our commitment to operating responsibly.

ESG Refer to our ESG report for more information on our contribution to the UN SDGs.

Our approach to ESG

Vodacom exists to connect for a better future. We recognise that to deliver on this purpose, ESG must be integrated into what we do. ESG is not a distinct strategy or set of activities separate from our daily management of the business; it is embedded into Vodacom's purpose-led strategy, business model and activities through priority ESG initiatives.

Our strategy is underpinned by our purpose pillars, our Social Contract and our responsible business practices – all of which form our ESG framework. This enables us to manage ESG risks and deliver positive impact through ESG-related opportunities.

Our ESG approach reflects our operating context and considers ESG-related regulations, stakeholder expectations and developments in reporting standards.

We have defined targeted ESG goals linked to local and global ambitions, such as local government development plans and United Nations Sustainable Development Goals (UN SDGs). Through our progress on these goals, we demonstrate tangible value to stakeholders and fulfil evolving ESG regulations and standards in the business environment. This deep integration ensures our relevance and impact, cultivates trust with stakeholders and helps us deliver on our purpose.

Purpose pillars

Digital society

Connecting people and things, and digitalising critical sectors

Digitalising business	Providing products and services to support enterprises, particularly small and medium-sized enterprises (SMEs)
Digitalising critical sectors	Supporting the digitalisation of education, healthcare and agriculture with specific products and services
Digitalising government	Using our technology to amplify productivity and efficiencies, and enable better connectivity with citizens

Inclusion for all

Ensuring everyone has access to the benefits of a digital society

Access for all	Finding new ways to extend our network and make connectivity more accessible to everyone
Propositions for equality	Providing relevant products and services to address societal challenges such as gender equality and financial inclusion
Workplace equality	Developing a diverse and inclusive workforce that reflects the customers and societies we serve

Planet

Reducing our environmental impact and helping society decarbonise

Responding to climate change	Working to reduce our environmental impact and transition to a low-carbon future
Decreasing scope 1 and 2 emissions	Pursuing energy efficiencies and sourcing renewable energy to reduce our carbon emissions
Managing scope 3 emissions	Influencing our supply chain to reduce indirect emissions
Driving circularity	Driving action to reduce waste and progressing against our target to reduce consumption and reuse, resell and recycle
Supporting biodiversity	Understanding and managing our biodiversity impact

Connecting for a better future

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. Our Social Contract is a pact to activate and accelerate our purpose initiatives to help strengthen trust across all stakeholder groups and maintain positive relationships. Our Social Contract is built on three core principles.

Trust
Building trust with our customers through simplified and transparent pricing, customer-orientated solutions and reducing our environmental impact

Fairness
Ensuring fairness and promoting digital inclusivity through enhanced access to digital products, services and infrastructure

Leadership
Demonstrating responsible leadership through innovation in IoT and mobile financial services, leadership in convergence and solutions that benefit society

Responsible business practices

Protecting data

Customers trust us with their data and maintaining this trust is critical

Data privacy

Respecting our customers' privacy preferences and helping improve society by using data responsibly

Cyber security

Prioritising cyber and information security across everything we do

Protecting people

Health and safety

Creating a safe working environment for everyone working for and on behalf of Vodacom

Masts, mobile phones and health

Operating our networks within national regulations

Human rights

Contributing to the protection and promotion of human rights and freedoms

Responsible supply chain

Managing relationships with our direct suppliers and evaluating their commitments to diversity, inclusion and the environment

Business integrity

Ensuring that our business operates ethically, lawfully and with integrity wherever we operate

Tax and economic contribution

Contributing to the economies of the countries in which we operate as a major investor, taxpayer and employer

Anti-bribery and corruption

Holding a zero-tolerance policy on bribery, corruption and fraud

Transparency and measurement

Our ESG activities are communicated through comprehensive disclosures. By effectively communicating how we manage ESG risks and opportunities, our stakeholders can make informed decisions on our ESG values and performance. We measure our ESG progress using mechanisms such as ESG ratings, reputation tracking and stakeholder feedback.

Benchmarking our performance

We monitor the rapidly evolving developments in ESG and track our ESG progress through multiple mechanisms including direct stakeholder feedback, surveys, benchmarking to best practice and monitoring the outcomes of select local and global ESG ratings.

Achieved
SUSTAINALYTICS
ESG Risk **rating**
12.2 low risk

Maintained
MSCI ESG RATINGS AAA

Constituent of the
JSE

Constituent of
FTSE4Good

Score of B
CDP

ESG score 71
REFINITIV

Our approach to value creation

We are uniquely positioned to reach and empower millions of African consumers with our connectivity, and digital and financial solutions to connect for a better future. Our footprint across Africa provides us with the opportunity to play a significant role in the continent's socio-economic development, particularly regarding inequality, unemployment and poverty.

Our purpose pillars

Digital society
Connecting people and things to the internet

Inclusion for all
A digital future that is accessible to all

Planet
Reducing our environmental impact

Enables

Drives

Strategic ambition

1 Africa's leading communications company

2 Diversify and differentiate with our digital ecosystem

3 Optimised, future-ready TechCo

PG An outline of our strategic ambitions and the strategic pillars that support them **Page 25 – 29.**

Our System of Advantage

Informs

Influences

Impacts

Draws from

Our purpose

Why we exist

Connecting for a better future.

Our context

Our capital performance

The success of our business depends on our ability to respond and adapt to our operating context.

For more information refer to:

36 Our principal risks and associated opportunities

42 "Hot topics" impacting our operating context

50 Our trade-offs

84 Our key relationships

Our material matters encapsulate the factors that have the potential to affect the value we create over time.

06 Our material matters

Affects

Influences

Our capital performance

Our capitals are the resource and relationships we rely on.

Our execution of the **System of Advantage** draws from all six capitals.

48 For more information on our capital inputs and outputs, refer to our business model.

Our performance against the six capitals forms the basis of our performance review.

52 Refer to Our capital's performance, for more information.

Governance oversight and responsible business practices

Good governance, acting ethically, lawfully and with integrity, forms a critical part of sustainable value creation and our long-term success.

10 For more information, refer to Our governance.

ESG For more information on our responsible business practices, refer to **page 23** and our ESG report.

Our strategic ambitions

Our System of Advantage – strategic ambitions

Our powerful, multiproduct strategy – the **System of Advantage** – differentiates our Group in our selected markets and delivers superior returns to our stakeholders.

1 Ambition

Africa's leading communications company

Our legacy of leadership in mobile has positioned us well to further scale and diversify our market offerings into fixed, financial and digital lifestyle propositions through our **System of Advantage**. As we transition from a traditional TelCo into a leading African TechCo, we focus on building the best infrastructure for both mobile and fixed networks, ensuring affordable smartphone penetration and access to data, and leveraging behavioural insights to provide excellent consumer and enterprise propositions. Ultimately, this will support our ambition to reduce the digital divide in the countries where we operate.

1 Footprint strengthened

Supporting our purpose

Our recent expansion into Ethiopia and Egypt has extended our market leadership position to cover more than 500 million people across the African continent. Our enhanced footprint provides us with a unique platform to scale our strategy while we also selectively partner with global tech to connect people for a better future.

Related material matters

MM 1 MM 3 MM 5 MM 6 MM 7 MM 8

Primary capitals utilised and impacted

FC HC SRC MC

Looking ahead

Short-term priorities

- Integration of Vodafone Egypt.
- Extensive site expansion in Ethiopia.
- Launch mobile money in Ethiopia.

Medium-term priorities

Ambitions for Ethiopia:

- US$1.5 billion to US$2.0 billion investment in capex over the next five years.
- Network rollout of 10 000 to 12 000 sites in the next 10 years.
- Safaricom Ethiopia to reach EBITDA break-even in four years.
- EBITDA margin of 40% in 10 years.

Enablers

- Aggressive network expansion.
- SIM card penetration.
- Mobile Money product launch.

2 Secure leadership in mobile and fixed

Supporting our purpose

As we invest to deepen the quality and penetration of mobile and fixed connectivity services across our footprint, we unlock the potential of a digital society and inclusion for all. This investment is complemented by data-led personalised pricing options and innovative smartphone financing solutions that support affordability. In this way, and by accelerating fibre reach in South Africa with our pending joint venture in MAZIV, we will foster economic development and help bridge South Africa's digital divide.

Related material matters

MM 1 MM 2 MM 3 MM 5 MM 6 MM 7 MM 8

Primary capitals utilised and impacted

FC IC SRC

Looking ahead

Short-term priorities

- Secure 4G rural coverage financing partnerships, leveraging our existing relationships with global tech and developmental finance institutions.
- Accelerate our "future of home" initiative through fibre Independent Service Provider (ISP) propositions and beyond connectivity offerings such as security, consumer IoT and home support.
- Accelerate data network leadership in all markets, including 4G coverage, affordability and device penetration.
- Explore funding options for fibre across our International markets.
- Enhance our home and business fibre reach through our proposed joint venture in MAZIV.

Medium-term priorities

- Mid-single-digit Group service revenue.
- Democratise data and design compelling customer propositions.
- Make significant progress on our International Telecommunication Union Partner2Connect pledge to increase 4G population coverage by 70 million people by 2027.

2 Ambition

Diversify and differentiate with our digital ecosystem

We strive to create diverse and innovative products and solutions that drive financial and digital inclusion. Key to this ambition is our digital ecosystem, which is powered by Big Data and builds on our connectivity leadership to diversify and differentiate our offerings. In doing so, we create a deeper customer engagement with a 360-degree view where we compete on value rather than price.

3 Scale financial and digital services

Supporting our purpose

We develop and scale affordable and accessible digital financial solutions to promote inclusion and provide platforms for consumers and merchants to grow. Our super-apps, VodaPay and M-Pesa support this ambition in South Africa and our International markets respectively. These platforms enhance and improve the lifestyles of our customers, through innovative and cost-effective personal finance and business solutions in payments, savings, e-Commerce, investments, lending and insurance.

We also leverage our technology capabilities to monetise data in both consumer and enterprise markets by growing our digital music, video, gaming and entertainment services platforms. We continue to encourage digital literacy and the development of digital communities with our various educational and informative platform offerings.

Related material matters

MM 1 MM 2 MM 3 MM 5 MM 6 MM 7 MM 8

Primary capitals utilised and impacted

FC IC MC

Looking ahead

Short-term priorities

- Scale affordable financial services across lending, insurance, payments, savings and insurance offerings.
- Provide consumers and merchants with exceptional and personalised experiences driven by Big Data insights.
- Scale VodaPay and M-Pesa super-apps across our footprint.

Medium-term priorities

Combine the power of connectivity with financial and digital services to:

- >77 million Group customers using financial and services.
- >12% Financial services contribution to service revenue.
- Expand our e-Commerce capabilities to drive inclusion, promote SME growth and better serve our customers through digital channels.
- Partner with local and global service developers and brands to deliver a compelling ecosystem of third-party propositions.
- Enable a seamless system for customers to use their mobile phones to connect, access entertainment, pay bills, invest, lend and insure.

4 Digital partner of choice for enterprises

Supporting our purpose

We partner with enterprises to accelerate their growth and transform their operations through digital technology. Our tailored service offerings enable large enterprises and SMEs – as well as governments and universities – to release productivity efficiencies through our flexible mobile, fixed, IoT, cloud and hosting, and managed security solutions. By enhancing enterprise growth and productivity, particularly among SMEs, we support livelihoods and help society connect for a better future.

Related material matters

MM 1 MM 2 MM 3 MM 6 MM 7 MM 8

Primary capitals utilised and impacted

SRC

Looking ahead

Short-term priorities

- Scale IoT.nxt and IoT Centres of Excellence.
- Expand SME offerings in collaboration with financial services.
- Accelerate our cloud offerings.
- Together with CIVH, expand our broadband coverage to support further SME inclusion through investment in MAZIV.
- Expand our wholesale offering to empower more partners.

Medium-term priorities

- >30% Contribution of new and digital services to Vodacom Business service revenue.
- Extend our SME propositions by delivering an online experience through our super-apps.
- Develop customer-centric propositions by leveraging Big Data insights.
- Continue to drive digital transformation to deliver a superior customer experience.
- Scale our fixed network and SD-WAN capabilities.
- Further build our end-to-end IoT solutions.
- Build our intelligent business and digital transformation capability to unlock cloud and hosting services.
- Platform expansion for education, health and agriculture across our footprint.
- Grow our managed services and partnerships to sell with, and sell through, to assist corporates with their digitisation.

5 World-class loyalty and customer experience

Supporting our purpose

In a connected world, customer-centricity is top of mind. Our purpose relies on maintaining and growing our customer base, ensuring they have positive interactions with Vodacom across our multiproduct ecosystem. We refine and evolve our customer experience strategy based on the current and future needs of our customers, striving to deliver a personalised omni-channel digital experience, and to promote inclusion and generate loyalty to our brand.

Related material matters

MM 3 MM 4 MM 6 MM 8

Primary capitals utilised and impacted

SRC FC MC

Looking ahead

Short-term priorities

- Leverage customer experience boards to understanding root causes to reduce escalations and customer pain points.
- Extend VodaBucks to all customer segments across various platforms and business segments.
- Scale our VodaBucks (or equivalent) loyalty programme across all markets.
- Digitise, optimise and automate the end-to-end customer experience journey using robotic process automation (RPA) technology.

Medium-term priorities

- Achieve #1 NPS in all markets.
- Support customer journey with predictive analytics using RPA and Africa Service Operations Centre (ASOC) capabilities.
- Explore end-to-end RPA for financial services customer service.
- Ensure every customer experience is unique, adding value by deploying RPA and smart routing technologies in our call centres.

6 Personalisation through CVM and Big Data

Supporting our purpose

As a customer-centric and purpose-led business, we develop propositions for our various customer segments based on their unique needs. Over the past five years, we have invested significantly in world-class, flexible Big Data technology to enable deeper, textured layers of understanding of our customers – including their day-to-day behaviours, motivations and aspirations. By meeting specific needs we can segment, personalise and offer nano-sized connectivity offerings and financial services to promote accessibility and inclusion.

Related material matters

MM 1 MM 3 MM 5 MM 6 MM 7 MM 8

Primary capitals utilised and impacted

FC IC MC

Looking ahead

Short-term priorities

- Leverage our advanced CVM capabilities across both our connectivity and financial services to increase our focus on segmentation and localisation, while also focusing on smaller "sachet" sizes to meet the challenges of rising inflation and pressure on consumer spend.
- Grow Big Data use cases and 360-degree customer attributes.
- Roll out Big Data capabilities in all markets and embed these in our super-apps.
- Mature Big Data sophistication in financial services.
- Humanise technology and simplify and transform the customer experience to achieve true convergence of our multiproduct offerings.

Medium-term priorities

- 60% penetration of personalised offers through CVM across our markets.
- Increase active days on the network and Big Data-led recommendations, including upgrades.

3 Ambition

Optimised, future-ready TechCo

As a leading connectivity player in Africa, we leverage the strength of our connectivity reach and digital ecosystem to promote financial inclusion and build trust with our stakeholders. While mindful of our ambition to optimise return on capital employed (ROCE) we are leveraging partnerships and sharing models to develop innovative and smart technology platforms and connectivity solutions that support our overall customer proposition. Furthermore, by embedding our agile employee culture – the **Spirit of Vodacom** – across the organisation and pioneering low-cost network technology across the continent, we can build one of Africa's most trusted and loved brands.

7 Optimise assets through sharing

Supporting our purpose

To transform our business into a leading TechCo, we continue exploring ways to optimise our assets and create exceptional value for our stakeholders. As part of this, we look at sharing opportunities across our portfolio of assets to reduce the cost to communicate while also deepening our rural footprint.

Related material matters

MM 2 MM 3 MM 6 MM 8

Primary capitals utilised and impacted

FC IC MC

Looking ahead

Short-term priorities

- Realise efficiencies on TowerCo in South Africa.
- Develop a Group-wide data centre strategy.
- Explore further infrastructure partnership models with global technology companies and developmental finance institutions.

Medium-term priorities

- Maintain CAPEX intensity between 13.0% to 14.5%.
- Establish African FiberCo and TowerCo with strategic partners to accelerate fibre coverage across our International markets.
- Leverage ASCO to evolve our architecture towards TelCo as a service, with a digital cloud-based ecosystem of network and IT capabilities, managed centrally and deployed regionally.
- Build software factories across the Africa region, with standardised tooling to develop and deliver scalable products and services across all markets.

8 Technology leadership in network and IT

Supporting our purpose

We invest in modern digital systems to connect our customers for a better future while also leveraging our experience in the latest technologies to drive accessibility and inclusive growth. Our Big Data capabilities drive intelligent decision-making, solutions and operations. We explore alternative energy options in our move towards greater energy efficiency, while also expanding our coverage and platforms to connect more people for a better future.

Related material matters

MM 1 MM 2 MM 3 MM 4 MM 5 MM 6 MM 7 MM 8

Primary capitals utilised and impacted

FC NC MC

Looking ahead

Short-term priorities

- Retain the best network NPS in every market.
- Integrate MAZIV fibre assets post approval from regulatory bodies, and establish a model for expanding our fibre business across our international markets.
- Increase the resilience and quality of the network by leveraging newly acquired spectrum in Mozambique, South Africa and Tanzania.
- Achieve cyber security baseline score across markets.

Medium-term priorities

- Retain best network in every market.
- Build new capabilities and develop new skills through insourcing and reskilling.
- Enable the evolution of mobile and fixed network access, transport network simplification and TelCo cloud, focusing on making the network smarter through automation and artificial intelligence (AI).
- Develop new capabilities across our network and IT platforms, including increased accessibility to Big Data and machine learning capabilities.
- Embed security and privacy in our projects, products and services throughout their life cycle.
- Increase the speed of delivery and leverage economies of scale to reduce our cost of delivery.

9 TechCo organisation and culture

Supporting our purpose

We aim to build an organisation of the future underpinned by digital innovation and agility and develop a distinctively digital employee experience to motivate our customers to thrive. Above all, we value inclusivity and diversity, and embed a mindful organisational culture across our business to ensure every action is rooted in our purpose.

Related material matters	Primary capitals utilised and impacted
MM 3 MM 4 MM 6	IC SRC

Looking ahead

Short-term priorities

- Leverage Vodafone Egypt skills hub.
- Continue to transform the skills profile of the organisation to enable our transition to a TechCo.
- Gender diversity progress by market.

Medium-term priorities

- Embed a culture of inclusivity by promoting our commitment to workforce diversity and localisation.
- Promote skills development and youth empowerment.
- Drive the digital transformation agenda by embedding Agile structures and RPA.
- Differentiate the work environment through positive employee engagement.
- Ensure the physical and mental well-being of our employees.
- Identify requisite future skills and align our graduate and bursary programmes to attract these skills.
- Identify high-performing black females in the market to develop future skills and leadership through a female empowerment training programme.

10 Trusted brand and reputation

Supporting our purpose

We aspire to be a purpose-led organisation, connecting for a better future by enabling a digital society, inclusive of all, with the least environmental impact. We embed these values into our culture and activities across the Group, and aim to enhance Vodacom's reputation by demonstrating this purpose in our product development strategies and communicating it across customer experiences. Beyond our brand purpose, we recognise the need to earn and maintain trust, and are guided by our Social Contract to operate an ethical business that is responsive and transparent to a diverse group of stakeholders.

Related material matters	Primary capitals utilised and impacted
MM 1 MM 2 MM 3 MM 4 MM 5 MM 6 MM 8	NC SRC IC

Looking ahead

Short-term priorities

- Leverage tech for good platforms.
- Ensure foundations proactively deliver on their mandates.
- Accelerate the delivery of our purpose pillars – digital society, inclusion for all, and planet.
- Develop products and services with our purpose at the core.
- Improve communication on our purpose across all markets, ensuring appropriate investment in our Social Contract.

Medium-term priorities

- Retain brand leadership in all markets.
- Continue to combine Vodacom's technology with the potential of the human spirit.
- Develop innovative and smart technologies to reduce poverty.
- Provide access to essential services such as healthcare, financial inclusion and education while making the lives of our customers easier, healthier and smarter.

Measuring our value creation

In a year with several strategic milestones, we continue to accelerate our powerful, multiproduct strategy – the **System of Advantage** – to differentiate our Group in our selected markets, set us apart from competitors and deliver superior returns to our stakeholders.

Our System of Advantage

Strategic ambition 1
Africa's leading communications company

		How we measure success		Vision 2025 target (medium-term) before Egypt
1	**Footprint strengthened**	Leading market share positions	R	Market share leader in all markets
2	**Secure leadership in mobile and fixed**	Group service revenue growth	R	Mid-single-digit

Strategic ambition 2
Diversify and differentiate with our digital ecosystem

		How we measure success		Vision 2025 target (medium-term) before Egypt
3	**Scale financial and digital services**	Group customers using financial services[1]	R	>70 million
		Financial services contribution to service revenue		>12%
4	**Digital partner of choice for enterprises**	Contribution of new and digital services to Vodacom Business service		>30%
5	**World-class loyalty and customer experience**	NPS		#1 in all markets
6	**Personalisation through CVM and Big Data**	The penetration of personalised offers through CVM across our markets		60%

Strategic ambition 3
Optimised, future-ready TechCo

		How we measure success		Vision 2025 target (medium-term) before Egypt
7	**Optimise assets through sharing**	CAPEX to sales/CAPEX intensity	R	Maintain CAPEX intensity between 13.0% and 14.5%
8	**Technology leadership in network and IT**	Network NPS		#1 in all markets
9	**TechCo organisation and culture**	Employee engagement index		82%
		Team Spirit index		75%
10	**Trusted brand and reputation**	Brand leadership		#1 in all markets
		Reputation survey		#1 in all markets

1. Including Safaricom.
2. Target updated.

Financial value created

Group, including Vodafone Egypt	Accelerating EBITDA growth rate improve/maintain ROCE	

The **System of Advantage** is built on 10 strategic pillars of success which, together with our purpose, form the foundation of how we do business. Our evolution from a TelCo to a TechCo is well underway as we expand our ecosystem of products and deliver diversified, differentiated offerings to our customers – further strengthening and growing our relationships with them.

✓ Value created ⊗ Value eroded ⊖ Value sustained

R Link to executive directors' remuneration

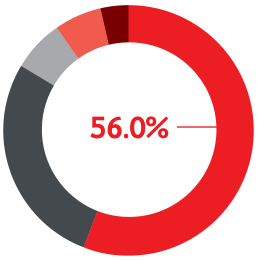
	Vodacom Group FY2023 performance before Egypt	FY2022	FY2021	FY2020 (baseline)	Vision 2025 target (medium-term) after Egypt
✓	All markets, except Ethiopia (recently launched)	✓	✓	✓	Market share leader in all markets
⊖	3.5%*	✓	✓	✓	Mid-to-high single-digit
✓	65.2 million	✓	✓	✓	>77 million[2]
✓	10.5%	✓	✓	✓	>12%
⊖	28.3%	⊖	⊖	⊖	>30%
⊖	#1 in all markets except South Africa and Mozambique	⊗	⊗	⊗	#1 in all markets
✓	DRC 20.9% Lesotho 36.0% Mozambique 36.3% South Africa 65.0% Tanzania 54.7%	⊖	⊖	⊖	60%
✓	13.8%	✓	✓	✓	Maintain CAPEX intensity between 13.0% and 14.5%
✓	#1 in all markets except Lesotho Co-lead in Lesotho	⊖	⊖	⊖	#1 in all markets
⊖	75%	⊖	⊖	⊖	82%
✓	80%	✓	✓	✓	75%
⊖	#1 in South Africa, the DRC and Tanzania #2 in Lesotho and Mozambique	⊖	⊖	⊖	#1 in all markets
⊖	#1 in the DRC, Lesotho and South Africa #2 in Tanzania and Mozambique	⊖	⊖	⊖	#1 in all markets
	ROCE 21.8%				High single-digit Group EBITDA 13.0% – 14.5% of Group CAPEX as a % of Group revenue

The acquisition of Vodafone Egypt is a potential value-creation accelerator

What we offer

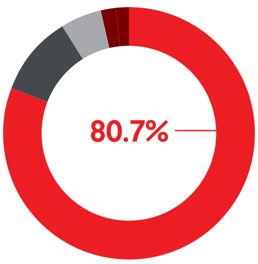
We place customers at the centre of everything we do, offering products and services ranging from mobile and fixed connectivity, cloud and hosting, data security and IoT offerings to digital and financial services. We deliver personalised solutions to strengthen and grow our relationships with customers, focusing on their unique needs.

Contribution to Group service revenue per profit and loss segment



	FY2023	FY2022
Mobile prepaid revenue	**56.0%**	54.4%
Mobile contract revenue	**27.8%**	29.5%
Other service revenue	**6.7%**	7.4%
Fixed service revenue	**5.9%**	5.7%
Mobile interconnect	**3.6%**	3.0%

Contribution to Group service revenue by product



	FY2023	FY2022
Core mobile	**80.7%**	82.1%
Financial services	**10.5%**	9.6%
Fixed	**5.2%**	4.9%
Digital lifestyle services	**2.0%**	1.7%
IoT	**1.6%**	1.8%

Our products and services

Consumer	Vodacom Business

Core

Consumer
- Mobile and fixed
- Just4You
- M-Pesa

Vodacom Business
- Mobile and fixed
- M-Pesa

Accelerators

Consumer
- ConnectU
- mHealth
- e-School
- Mum & Baby
- Airtime Advance and Voucher Advance
- Cash Advance
- Short/long-term insurance
- MyMuze
- Handset financing
- VodaPay and M-Pesa super-apps
  - e-Commerce
  - Peer-to-peer (P2P)
  - Cash in and cash out
  - Scan to pay
  - Services and bill payments

Vodacom Business
- Unified communications
- HealthX
- IoT
- mAgriculture
- VodaLend/ Business Advance
- V-Accelerator
- API Pulse
- Cloud and hosting, and security
- SME platform
- Merchant point of sale (POS)
- SD-WAN
- V-Hub

Opportunity

Consumer
- Cyber security
- Home tech
- Smart home and IoT
- Lending
- Investments

Vodacom Business
- Africa and wholesale
- Data as a service
- Commercialising infrastructure assets

VodaBucks rewarding loyalty

VB VodaBucks

Enablers

mezzanine, IoT nxt, Link, nexio, GDSP, Digital Co-X

Partners

facebook, amazon, Google, Alipay, Microsoft


TOTAL:
350.00

Our profit formula

Investment in our core mobile and fixed networks attracts and retains consumer and enterprise customers, forming the foundation of our revenue sources. To complement our communication capabilities, we scale financial and digital services through comprehensive lifestyle solutions. We differentiate ourselves from the competition by focusing on the quality of our network and infrastructure and developing innovative products and services. This approach is supported by strong market-specific distribution channels, our leadership position across our footprint, our ability to manage our cost base and direct investment to value-enhancing opportunities.

Our revenue

Our core mobile services – data and voice – remain our primary revenue generator and continue to be supported by the uptake of smart devices, expanded network coverage and data bundles becoming increasingly more affordable. Our core and new services, which include digital and financial services, fixed and IoT, are underpinned by our Big Data, loyalty and CVM capabilities. We intend to scale our new revenue services into formidable enterprises in line with our Vision 2025.

While our revenue mix is largely consumer-driven, Vodacom Business (including wholesale) contributes

23.4%

of Group service revenue (FY2022: 25.2%).

Key revenue differentiators

- A clear and powerful purpose-led strategy, supported by 10 strategic pillars of success to deliver shareholder value.
- Our financial services business – the largest contributor to new services revenue and a clear strategic priority – positions Vodacom as the leading FinTech operator on the continent, enriched by our super-apps.
- Best-in-class customer service support systems.
- Vertically integrated solutions for consumers and enterprises, acting as enablers of inclusion and economic growth.
- Leveraging our global enterprise relationships for pan-African service delivery and our relationship with Vodafone to drive global best practice.
- Loyalty programmes and segmented customer profiles to offer competitive, personalised and compelling solutions.
- Customer-centric systems, people and processes.
- Unique Big Data insights we can leverage to improve our offerings to customers.
- A market-leading position serving as the platform to deploy our digital ecosystem, giving us scope to selectively partner with global tech giants and the scale to optimise returns.
- Consistently high rankings in network quality and network NPS in the countries where we operate, supported by ongoing investment in infrastructure and rolling out 5G in South Africa and 4G across our markets to increase speed and capacity.

Our costs

We have a demonstrated history of optimising expenses and converting revenue into cash flow. We successfully limited increases to our cost profile by implementing a fit-for-growth programme, driving efficiencies in employee expenses, optimising publicity spend and other operating expenses (OPEX) through an influential Group culture of cost containment. Furthermore, with the proposed acquisition of joint control in South Africa's fibre assets, MAZIV, we intend to take a major step forward in diversifying our connectivity offering and optimising our assets through sharing costs. One of the opportunities looking forward is further optimisation via sharing.

This approach enables us to invest in new growth areas ahead of commercialisation, such as 5G. We are also embracing best-in-class technologies and, in many ways, leading the way for optimising costs through RPA, Big Data, AI and the implementation of a scaled agile framework (SAFe) to improve efficiencies. Because of this, our steady cash flow allows us to maintain a high level of capital reinvestment to protect our leading position in network coverage, call quality and data speed in our markets. In addition to investing in Vodacom's future, cash generated from our activities allows us to maintain steady shareholder returns.

Key cost differentiators

- Saved R2.2 billion through Fit-for-Growth initiatives.
- Leveraging global best practice on cost optimisation, benefiting from and sharing best practice with Vodafone.
- Ability to optimise costs through our leading use of RPA, Big Data and AI.
- Benefiting from the global purchasing power of Vodafone Procurement Company.
- Consistent investment in our network, delivering continued improvement in operating costs through more efficient technologies and network innovation.
- Robust governance processes in place to approve investments and review product, cost and investment decisions.
- Shared services and initiatives with Vodafone and across our own African footprint to optimise back-end costs.
- Optimal network deployment using AI.
- Optimising power utilisation across our buildings and sites using the IoT.nxt platform.

WWW For more information, please visit https://www.vodacom.com/investor-relations.php.

Our investment case

Our purpose drives our powerful multiproduct strategy, the **System of Advantage**, enabling our business to thrive. The connectivity we provide coupled with our digital and financial services transforms lives and empowers enterprises as we connect people for a better future. Against this backdrop of positive societal impact, we see opportunities to accelerate our growth and enhance financial returns to support superior shareholder returns.

Supported by our System of Advantage

With our population reach exceeding 500 million people across Africa, connectivity is a clear growth path for Vodacom. This reach and our market-leading positions provide us with the platform to scale our digital ecosystems, expand our addressable market and create product diversification.

We are a market leader in the countries where we operate, with an attractive ROCE

- Access to 185.8 million customers.
- ROCE of 21.8%, well above weighted average cost of capital.
- Strategic mindset to enhance value creation and leverage scale.

Meaningful growth opportunities across connectivity, digital and financial services

- Data and smartphone penetration upside.
- Building Africa's largest FinTech, driven by the VodaPay and M-Pesa super-apps.
- Targeting high single-digit Group EBITDA growth over the next three years.
- Opportunity to accelerate growth and returns through the proposed South African fibre deal.

We have a trusted management team

- Incentivised to create value and deliver on key ESG variables.
- Strong execution track record.

We are a responsible corporate citizen

- Purpose-led model.
- Recognised as an ESG leader.

Priorities to enhance shareholder value

Execute on our **System of Advantage**	**Accelerate** and diversify returns	**Enhance** societal value
Leadership in fixed and mobile **Complete** M&A MAZIV (South African fibre) **Accelerate** device financing, Fixed Wireless Access, active days	**Upgraded targets** Medium-term service revenue and EBITDA acceleration	**Inclusion for all** Increase female representation at management levels*
Leadership in fixed and mobile **Launch** M-Pesa in Ethiopia, one-app strategy **Scale** tech for good platforms, super-apps **Simplify** customer journeys	**Attractive returns** Maintain/ improve ROCE	**Planet** Reduce GHG emissions*
Optimised TechCo **Partner** to power growth (rural, fibre) **Drive sharing** agenda across all markets	**Disciplined capital allocation** Delever post M&A	**Digital society** Drive financial inclusion*

* ESG metrics included in management long-term incentives (LTIs).

Our principal risks and associated opportunities

Vodacom's enterprise risk management framework is aligned to the ISO 3100 International Risk Management Standard and the requirements of King IV to ensure best practices in the governance of risk. Through enterprise risk management, we identify Vodacom's key risks and provide ExCo and the Board with a robust assessment of the Group's principal risks. An embedded enterprise risk management process supports the identification of these principal risks. The process adopts both a bottom-up and a top-down approach to identify and escalate risks across all levels of the organisation.

Bottom-up approach

Identifies operational level risks, escalating these upward

Annual Group ExCo risk workshop identifies **Group level principal** risks

OpCo level principal risks are identified at OpCo executive level

Annual **tactical risk** assessments

Bi-annual **operational risk** assessments

Top down

Identifies strategic level risks, cascading these downward

Periodic risk reviews with management and at Risk Management Committee level

Identified risks are assigned to an ExCo member or risk champion for evaluation management and reporting at the Risk Management Committee

Emerging risk review

An emerging risk assessment is conducted and reported at the different Risk Management Committees to identify any new or emerging threats and trends. These are allocated to risk owners to investigate and assess

Group-level principal risks

Mitigating actions

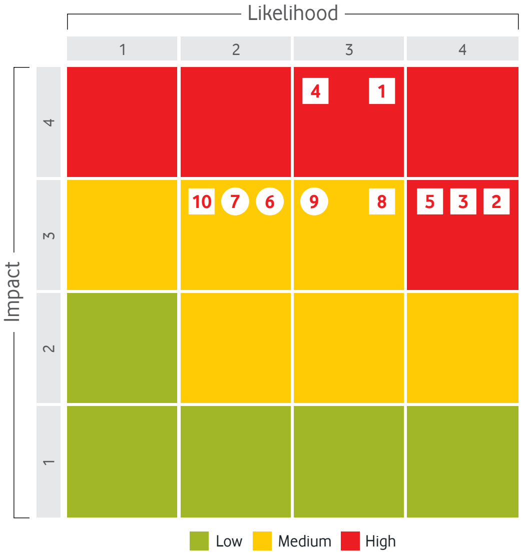
Mitigation actions, to manage risk to acceptable levels, are discussed during the risk workshops with executives and during the risk deep dive sessions at local and Group Risk Management Committee meetings. This ensures an in-depth review of each principal risk.

Board-level review

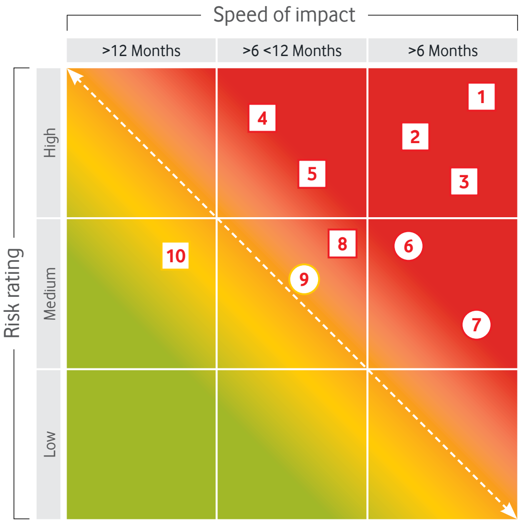
The Board reviews and approves the risk appetite for each principal risk to enable informed, risk-based decision-making.

The process outlined above guarantees that risk management is embedded across all levels of the organisation, leading to risk-based, informed decision-making with the appropriate levels of accountability. In order to ensure that all risks are effectively mitigated and managed we adopt a multiple line of defence model to provide assurance to our stakeholders.

Vodacom Group top risk rating FY2023
(impact vs likelihood)



Vodacom speed of impact FY2023



The Group's risk heatmap sets out the top ten principal risks identified through our risk management process. The heatmap depicts residual risk after considering mitigating risk factors. This is supported by the risk speed of impact diagram, which reflects the rate at which the Group will experience adverse impacts should the risk materialise. This allows the Group to develop effective risk mitigation plans with optimal allocation of resources for those risks that need immediate attention.

Risk

1 Cyber threats
2 Increased taxation, political and social pressures
3 Unstable economic and market conditions (across all markets)
4 Vendor strategy
5 Adverse regulatory and compliance pressures
6 Resilience of our financial services platform
7 Technology failures
8 Market disruptions
9 Execution of strategic projects for future growth
10 Spectrum

External Internal

1

Cyber threats

(FY2022: 1)

Speed of impact	**Very rapid**
Strategic pillars	2 4 5 8
Six capitals	FC SRC
Material matters	MM 2 MM 3 MM 7

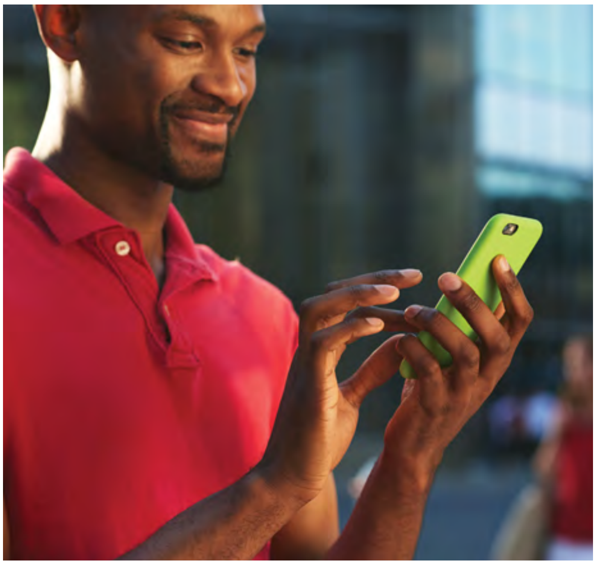
Context and value impact

An external cyber attack, insider threat or supplier breach – whether malicious or accidental – could lead to service interruption and/or the breach of confidential data. This could negatively impact Vodacom's customers, revenue and reputation and lead to costs associated with fraud and/or extortion.

Opportunity: Providing world-class data security as part of our growing product offerings in the enterprise space.

Mitigating actions

- Commission world-class security vendors to enhance methods of detecting sophisticated attackers.
- Proactively assess and increase security measures and controls in place across projects, infrastructure and while storing and transmitting confidential information.
- Enhance our third-party security reviews through efficient, standardised, automated tooling and processes, which decreases third-party security risk, including the number and impact of third-party incidents.
- Monitor the Group's cyber incident response and containment.
- Manage security risks by implementing continuous security improvement programmes and developing dynamic and responsive frameworks.
- Perform maturity assessments benchmarking exercises against global industry peers.
- Embed the Vodafone security risk, control and assurance framework across our business.
- Embed the sustainable cyber skills programme by attracting and retaining scarce cyber skills, as well as building further skills of our existing personnel.



2 Increased taxation, political and social pressures

(FY2022: 2)

Speed of impact	**Very rapid**
Strategic pillars	5 10
Six capitals	HC SRC
Material matters	MM 1 MM 5 MM 6 MM 7

Context and value impact

The mobile communications industry is often subject to unpredictable taxes, both direct and indirect. This, combined with the added pressure from consumers to reduce prices, creates a challenging operating environment. External factors, such as civil societal activism, could also directly influence our operations. If we do not act decisively or respond appropriately to important issues, we risk harming our reputation or damaging our brand.

Opportunity: As a significant tax contributor, highlighting the role we play as a partner to governments and citizens – especially as tax contributions enable governments to deliver their developmental agendas.

Mitigating actions

- Enhance our operating model, as we deliver on our Social Contract, accelerate the impact of our foundations and support enabling regulation.
- Regularly communicate Vodacom's purpose through media statements and campaigns to educate Vodacom's customers.
- Monitor changes to our political environments, including instances of social activism.
- Consult regularly with tax advisers to understand the impact of our current operating environment.
- Proactively understand tax pressures in all jurisdictions and engage with governments to minimise impacts on digital penetration, such as excessive smartphone duties.
- Improve technical skills around tax and regulatory-related issues across the Group.

3 Unstable economic and market conditions (across all markets)

(FY2022: 4)

Speed of impact	**Very rapid**
Strategic pillars	3 6 10
Six capitals	FC HC
Material matters	MM 6

Context and value impact

Volatile macroeconomic conditions such as fluctuating foreign exchange and inflation rates may weaken consumer spend and enterprise investment, thereby presenting risk to our revenue outlook. Inflationary pressures could impact the Group's operating costs and CAPEX efficiency.

Opportunity: Realising the potential for innovation to address challenges at the base of the economic pyramid through, *inter alia*, segmented propositions and digital offerings in areas of education, health, agriculture and inclusive finance.

Mitigating actions

- Continuously evaluate products and services to enhance our customer value proposition.
- Create and implement a comprehensive stakeholder relations strategy.
- Include contingencies in our business plans to provide for the negative operational impacts of lower economic growth and changes in interest, inflation and exchange rates.
- Implement a global cost-savings programme to combat the effects of inflationary pressure on costs.
- Use foreign exchange instruments to mitigate currency fluctuations.
- Ensure the best rates, including a balance between fixed and variable rates, by carefully managing loans.

4 Vendor strategy

(FY2022: 3)

Speed of impact	**Rapid**
Strategic pillars	2 4 5 7 8 10
Six capitals	FC HC SRC
Material matters	MM 2 MM 4 MM 6 MM 8

Context and value impact

Geopolitical influences could potentially impact our IT and technology vendor strategy. Furthermore, the lack of supply from key vendors may negatively impact operational activities and our ability to deliver quality service to our customers. Where applicable, the implementation of a multivendor strategy is crucial to sustaining our operations.

Opportunity: Leveraging the purchasing power of Vodacom Procurement Company to capture opportunities from the original equipment manufacturers (OEMs).

Mitigating actions

- Reduce dependency on single suppliers through risk profiling.
- Implement our multivendor strategy in critical categories and explore new network architecture options.
- Engage with governments, subject matter experts and vendors to manage potential supplier restrictions.
- Explore new technologies including OpenRan and satellite-based mobile networks.

5 Adverse regulatory and compliance pressures

(FY2022: 7)

Speed of impact	**Rapid**
Strategic pillars	5 8 10
Six capitals	FC IC HC
Material matters	MM 5 MM 7

Context and value impact

The introduction of stringent regulatory and compliance requirements will impact profitability, growth and service delivery. This exposes us to significant financial and reputational damage.

Opportunity: Proactively responding to the changing regulatory context provides opportunities for "first-mover advantage".

Mitigating actions

- Engage with governments and regulatory and public bodies through our Social Contract.
- Engage with local Communications Regulators and regional standard setting bodies to shape regulatory requirements and mitigate risk.
- Proactively engage with government and other key stakeholders to communicate key messages and proposals on how policy and regulatory decisions positively and negatively impact the sector.
- Participate in broader government objectives and public interest through national industry associations, the Global System for Mobile Communications Association and other influential organisations.

6 Resilience of our financial services platform

(FY2022: 5)

Speed of impact	**Very rapid**
Strategic pillars	3 9 10
Six capitals	FC HC SRC
Material matters	MM 1 MM 2 MM 3 MM 7

Context and value impact

Our financial service platforms – VodaPay and M-Pesa – are crucial for socio-economic growth while also acting as a gateway to the digital economy. We need to offer a reliable and dependable service to our mobile money customers, as any disruption to the platform could negatively affect our customers, revenue and reputation. A reliable platform will also ensure that we meet regulatory requirements across our markets.

Opportunity: Realising the potential for innovation to address challenges at the base of the economic pyramid through, *inter alia*, segmented propositions and digital offerings in areas such as education, health, agriculture and inclusive finance.

Mitigating actions

- Partner with global and local technology leaders, including AliPay.
- Invest in ongoing maintenance and upgrades to our systems.
- Focus on comprehensive business continuity and disaster recovery plans.
- Drive consistent policy and system implementation across the Group.

Technology failures

(FY2022: 6) 7

Speed of impact	**Very rapid**
Strategic pillars	1 4 5 8 10
Six capitals	FC HC
Material matters	MM 2

Context and value impact

We base our customer value proposition on the reliability and availability of a high-quality network. A major failure affecting our network or IT assets and systems – brought on by, for example, natural disasters, failure to maintain infrastructure or cyber attacks – could profoundly impact our customers, revenue and reputation. In addition, the reliability of our network is eroded by an unreliable power supply, as well as theft and vandalism of network equipment. Furthermore, the risk of not being able to adapt fast enough to the introduction of new technologies that cater for digital business strategy, innovation, and enterprise change.

Opportunity: Our long-standing demonstrated leadership in networks and technology has been at the heart of our customer value proposition, and an important foundation for growth.

Mitigating actions

- Invest, maintain and upgrade our systems continually.
- Develop and implement comprehensive business continuity and disaster recovery plans with failover, backup, transmission and power redundancies.
- Ensure comprehensive insurance policies are in place.
- Reduce reliance on external parties through self-provided transmission links on critical routes in our network.
- Establishment of a technology resilience governance board to track, manage and execute technology resilience initiatives.
- Accelerate a deployment of backup power in South Africa to address heightened power available issues.

Market disruptions

(FY2022: 9) 8

Speed of impact	**Rapid**
Strategic pillars	5 6 8 10
Six capitals	FC IC HC
Material matters	MM 3 MM 8

Context and value impact

We segment market disruption into two categories, FinTech risk and disruption risk from the evolution of technology. Increased competition between mobile network operators, reductions in disposable income, new market entrants, growth in the number of FinTech players and new technology trends may reduce Vodacom's market share and increase the likelihood of price wars. This may result in revenue loss.

Opportunity: Leveraging our digital ecosystem to add more value for consumers and entrench ourselves in the lives of our customers.

Mitigating actions

- Execute strategies to scale accelerator enterprises, including fixed, IT services, digital lifestyle services, financial services, IoT and cloud.
- Develop technical skills and capabilities to compete with disruptive market players.
- Utilise network and personal data assets by leveraging Big Data and real-time analytics to personalise customer services and offers including integrated service offerings.
- Adopt pricing strategies to counter declining traditional voice revenue and migrate voice to data.
- Align and position segmented customer offerings to improve understanding of customer behaviour and expectations.
- Integrate a superior customer service strategy across the business.
- Partner with OTT and global technology firms for mutual benefit.

9 Execution of strategic projects for future growth

(FY2022: 10)

Speed of impact	**Rapid**
Strategic pillars	1 2 3 4 5 6 7 8 9 10
Six capitals	FC IC NC
Material matters	MM 2 MM 3 MM 4 MM 8

Context and value impact

Our multiproduct strategy – the **System of Advantage** – will deliver diversified, differentiated offerings to our customers, further strengthening our relationships with them. Successful execution of our strategic projects is key to capturing growth opportunities. To remain competitive in an ever-changing market, M&A and projects relating to the rollout of fibre, IoT, IT, digital and financial services, as well as converged products, must be completed successfully and timeously.

Opportunity: Accelerating the Group's growth profile while simultaneously enhancing returns.

Mitigating actions

- Develop a robust programme to monitor the strategic execution of our projects, proactively identify risks and mitigating actions, and capture new opportunities.
- Ensure the Group has the requisite skills, expertise and capacity to implement the strategy.
- Align the corporate structure to strategic priorities, for example, by the establishment of separate tower companies.
- Leverage our global network and establish strategic partnerships to enhance the value proposition and execution success of all key programmes within the **System of Advantage**, while retaining customer relationships and data.

10 Spectrum

(FY2022: 8)

Speed of impact	**Slow**
Strategic pillars	1 4 5 8 10
Six capitals	FC IC HC
Material matters	MM 1 MM 2 MM 3 MM 5 MM 8

Context and value impact

The failure to secure additional spectrum due to policy changes relating to the issuing of spectrum licences, non-renewal of existing licences and/or increased competition for access to spectrum would significantly impact our ability to increase capacity and deliver future network capabilities.

Opportunity: Realising alternative opportunities for accessing spectrum through, *inter alia*, partnerships, and extending activities in fixed and fibre, to enable differentiation.

Mitigating actions

- Engage government and regulatory bodies, highlighting efficient allocation and societal benefits of spectrum.
- Actively participate in licence renewal and spectrum allocation processes.
- Continue to evaluate and implement re-farming and optimisation strategies.
- Embrace a proactive spectrum strategy, including potential acquisitions and strategic partnerships under applicable regulations.
- Explore other alternatives to acquire spectrum.

Our risk watchlist

In addition to the principal risks, we maintain a watchlist of risks that have the potential to cause significant disruptions to our strategic goals and ambitions. This is due to the velocity and volatility of these risks.

Risk name	**Skill, capacity and talent challenges**	**Environmental, social and governance issues**	**Emerging technologies**
Risk description	As we transition from a TelCo to a TechCo, the attraction and retention of skills becomes increasingly difficult due to attractive and competitive hybrid working positions available in the market. This increases the possibility of critical roles becoming vacant at all levels. These roles may not be filled before the vacancy, which would have a negative impact on key business deliverables and our strategy. The sourcing of key talent, with the correct mix of skills and experience, compounds this risk.	The need to effectively manage ESG risks is increasing. These risks relate to climate change impacts, mitigation and adaptation, environmental management practices and duty of care, working conditions and safety awareness, respect for human rights, anti-bribery and corruption practices, and compliance with relevant laws and regulations. The loss of investor confidence, statutorily prescribed penalties and exclusions from tender processes as a result of non-compliance, is a risk.	Risks related to rapid developments in disruptive new technologies including cognitive, biotech, and AI technologies are increasing. These emerging technologies result in the need for an organisation to develop or acquire new skills in order to support the technologies and develop commercially viable solutions that can be integrated into the current technology stacks. Emerging technologies also lack clear regulations and industry standards that guide ethical and safe usage and interoperability across operators.

Responding to

"Hot topics" impacting our operating context

"Hot topics" are top of mind in our conversations with our stakeholders. Our understanding of these hot topics informs our materiality process, helping us to articulate the key issues that affect our ability to create value over time.

Forces shaping our macroenvironmental context

Our presence in multiple markets exposes us to several global trends impacting our operating environment. The success of our business depends on how we respond and adapt under these circumstances. Our **System of Advantage** and purpose enables us to capture opportunities and mitigate risks, creating sustainable value for our stakeholders.

Volatile and complex macroeconomic conditions

Affected stakeholders	Principal risks and associated opportunities	Strategic pillars	Material matters
	2 3 4	2 3 4 8	MM 1 MM 3 MM 6

Context and key developments

Inflation rates that spiked to multidecade highs have worsened the slow post-COVID economic recovery in several of our OpCos. In FY2023, central banks increased interest rates, increasing the cost of servicing debt. Economic uncertainty and volatility increase insecurity in global financial markets, leading to the dollar appreciating sharply against most currencies, prompting many investors to reduce their exposure to emerging market currencies and investments.

The global economic environment weighs heavily on enterprises, particularly in developing economies, as they often face tighter financial conditions and increased taxation. This increased pressure on profit margins, which is intensified by weakened consumer demand. Within this context, governments seek alternative income streams to support the fiscus, leading to some governments implementing taxation levies on, for example, mobile money transactions.

Heightened geopolitical tensions have further intensified the volatility and complexity of our operating environment. The war in Ukraine, for example, has had spill over effects on trade routes, energy and food production. Polarisation has increased within regions, as well as political views within countries on key issues such as the need to balance climate and economic imperatives.

	Real GDP growth		Average Inflation	
	2022 Actuals	2023 forecast	2022 Actuals	2023 forecast
DRC	6.2%	6.1%	9.3%	13.8%
Egypt	6.6%	3.5%	13.9%	36.9%
Ethiopia	4.4%	6.0%	34.0%	28.0%
Kenya	4.8%	4.9%	7.6%	7.5%
Lesotho	2.1%	1.0%	8.3%	6.5%
Mozambique	4.1%	6.5%	9.9%	8.6%
South Africa	2.0%	0.2%	6.9%	5.9%
Tanzania	5.3%	5.7%	4.3%	4.1%

Source: Bureau of Economic Research, April 2023, for South Africa; Fitch Solutions OpCos, April 2023, for all OpCos. Real GDP and Average inflation as per calendar year.

Our response

PG
Regularly reviewing key risks and opportunities **Page 36.**
Focusing on the strength of our financial position **Page 52.**
Increasing the affordability of our products and services **Page 70 and 86.**
Managing our supplier relationships proactively **Page 91.**
Supporting of local enterprises and SMEs **Page 91.**

ESG
For more information, refer to our ESG report.

A global energy crisis

Affected stakeholders

Principal risks and associated opportunities: 3 4 8

Strategic pillars: 2 5 7 8 10

Material matters: MM 2 MM 8

Context and key developments

Energy availability is at risk globally from both an electricity and fuel supply perspective. Fuel price inflation, which spiked in the first half of the year, negatively impacted our cost base across our markets. In South Africa, this was exacerbated by loadshedding, which negatively impacted economic growth. The energy crisis has increased calls for the use of renewable energy and emphasised the need to reduce energy consumption across industries and households.

Our response

PG Prioritising network resilience capital expenditure above network expansion **Page 50 and 70.**
Increasing our use of renewable energy **Page 97.**
Increasing our energy efficiency **Page 97.**

Calls for a global response to the climate crisis

Affected stakeholders

Principal risks and associated opportunities: 2 4 5

Strategic pillars: 2 8 10

Material matters: MM 2 MM 5 MM 7

Context and key developments

Pressure on governments, enterprises and individuals has increased, urging a global response to the climate crisis. The Swiss Re Institute[1] estimates that the global economy could lose between 10% and 20% of economic value by 2050 due to climate and pollution-related risks. This impact is expected to be greater in African economies. Beyond the economic impact of the climate crisis, the impact on societies from extreme weather events include large-scale population displacement, increased poverty and food insecurity.

Across our markets, we experienced several severe weather events in the financial year, notably the April 2022 floods in KwaZulu-Natal, South Africa, the December 2022 floods in DRC, and the February and March 2023 floods in Mozambique. These events created humanitarian crises, and sadly resulted in the loss of life. In KwaZulu-Natal, rainfall over a 24 hour period was equivalent to 75% of South Africa's annual rainfall.

In response to climate change, governments are increasingly expected to set progressive climate policies, while enterprises are expected to set decarbonisation targets and report transparently on their progress against them. Increasingly, companies are using renewable energy including solar and wind to reach decarbonisation targets.

Our response

PG Supporting of the communities in which we operate **Page 87.**
Reducing our emissions **Page 97.**

ESG **ESG report**: Participating in COP27

1 Source: https://www.swissre.com/institute/research/topics-and-risk-dialogues/climate-and-natural-catastrophe-risk/expertise-publication-economics-of-climate-change.html.

Accelerated adoption of digital technologies

Affected stakeholders	Principal risks and associated opportunities	Strategic pillars	Material matters
	1 2 6	2 3 4 6	MM 1 MM 3

Context and key developments

The demand for digital solutions for education, work, health, financial and social-related challenges remain high, yet inherent inequality in access remains a global certainty. The need to accelerate digital solutions and facilitate access is greater than ever before. Our commitment to drive societal change can be accelerated through partnerships with government. The Hustler Fund in Kenya, for example, is funded by the Kenyan government and facilitated by M-Pesa, allowing citizens to borrow money via their mobile devices. Several critical sectors, including education, healthcare and agriculture also stand to benefit from digital solutions.

Technological developments related to 5G are accelerating while the complexity of 5G networks and services increase. AI continues to reshape industries and enable intelligent decision-making systems. Industries increasingly rely on AI and machine learning to predict user behaviour and services demand.

Our response

PG

Executing our **System of Advantage** **Page 55.**
Expanding our footprint **Page 67.**
Developing customer-centric propositions **Page 74.**
Scaling digital and financial services **Page 76.**
Supporting of local enterprises and SME's **Page 91.**

Persistent supply chain disruptions

Affected stakeholders	Principal risks and associated opportunities	Strategic pillars	Material matters
	3 4	2 4 5 7 8 10	MM 1 MM 2 MM 4 MM 6 MM 7

Context and key developments

Supply chain disruptions are a common occurrence within the current operating environment characterised by heightened demand for goods, trade restrictions, factory closures and increased transport costs. Localisation has increased in many areas as materials are sourced from regional industrial zones, yet a lack in mature alternative supply chains remains. Material shortages have led to some countries implementing stringent trade protection policies. Ongoing geopolitical influences, including the war in Ukraine, continue to threaten the stability of global supply chains.

Our response

PG

Reviewing of key risks and opportunities regularly **Page 36.**
Mitigating supply chain pressures by increasing our stock holding **Page 50.**
Managing our supplier relationships proactively **Page 91.**

Increased economic pressure on consumers

Affected stakeholders	Principal risks and associated opportunities	Strategic pillars	Material matters
	2 3	3 5 6 10	MM 1 MM 3 MM 8

Context and key developments

The prevailing macroeconomic conditions have led to a cost-of-living crisis. Inflation rates ranging from 7% to 34% in our OpCos have a significant impact on the disposable income and expenditure patterns among customers. The largest part of low-income households' wallet is spent on energy and food. Rising food and energy costs spill over into higher, and more persistent, inflation for all goods. Within this environment, wage growth has not kept up with inflation. Declining economic growth, low living standards, joblessness, poverty, and hunger could cause devastating unrest.

Our response

PG

Increasing the affordability of our products and services **Page 70 and 86.**
Developing customer-centric propositions **Page 74.**
Scaling digital and financial services **Page 76.**

Forces shaping our industry context

The ICT sector faces various market dynamics that are influenced and accelerated by the need to increase connectivity. Technology solutions to develop digital societies at work and home are increasing faster than ever before. We continue to review the trends impacting our industry to position Vodacom for success in an evolving landscape.

Network resilience headwinds in South Africa

Affected stakeholders	Principal risks and associated opportunities	Strategic pillars	Material matters
	1 6	2 4 5 8	MM 2 MM 3 MM 7

Context and key developments

Demand for connectivity continues to rise while challenges related to maintaining network availability in South Africa continues to increase. These challenges included vandalism and battery and cable theft at base station sites. In South Africa, these challenges are amplified due to loadshedding, when backup batteries and generators are needed to minimise service disruption. Maintaining and improving network quality is a core differentiator in customer experience.

Our response

PG Expanding our footprint **Page 67.**
Expanding and enhancing our network **Page 69.**
Investing in the resilience of our network **Page 70.**

Competitive landscape

Affected stakeholders	Principal risks and associated opportunities	Strategic pillars	Material matters
	2 8 9	1 2 3 4 5 6	MM 3 MM 8

Context and key developments

Changes in the mobile connectivity space continue to shift rapidly. Mobile virtual network operators, banks and other non-traditional competitors are enhancing their mobile offerings to strengthen their customer propositions and enter the voice and data space.

Advances in OTT services offering compete with core voice services offered by telecommunications companies. Fixed wireless and fibre competition is also increasing.

In this competitive environment, data pricing strategies remain the focus to ensure short-term competitiveness.

Financial service providers continue to innovate at a rapid pace. The financial services industry faces high levels of competition from both established financial institutions and tech-led start-ups.

Our response

PG Offering superior returns to shareholders **Page 35 and 55.**
Expanding our footprint **Page 67.**
Developing customer-centric propositions **Page 74.**
Developing of IoT, Big Data and AI capabilities **Page 75, 80 and 81.**

Complex tax environment

Affected stakeholders	Principal risks and associated opportunities	Strategic pillars	Material matters
	4 5 10	1 8 10	MM 7 MM 5

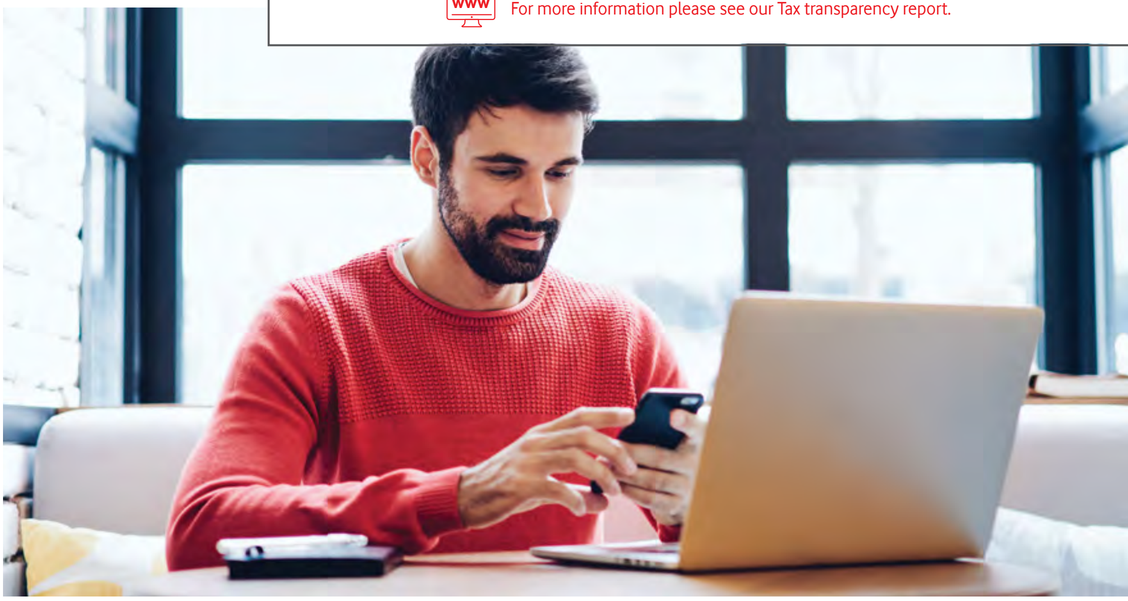
Context and key developments

Our purpose of connecting people for a better future is aligned with government and regulatory policy, across our markets. However, pressures on macroeconomic growth increases the risk of governments seeking alternative income streams to support the fiscus through taxation. The scale of the telecommunication sector poses an increased tax risk in some of our markets, discouraging investment within the industry.

Our response

PG Supporting good governance practices **Page 14.**
Meeting and exceeding regulatory requirements **Page 39.**

WWW For more information please see our Tax transparency report.



Consumer privacy, data protection and cyber security

Affected stakeholders	Principal risks and associated opportunities	Strategic pillars	Material matters
	1 6	5 8 10	MM 2 MM 7

Context and key developments

Through our operations we have access to and store information, including customer and employee names, contact information and banking details, as well as information on data usage and transactions collected through apps and engagement and loyalty programmes.

Data protection and privacy concerns are, understandably, increasing, especially as the use of digital interfaces increases. Telecommunication is recognised as a critical national infrastructure, and governments are setting stronger legal and regulatory security requirements within the industry.

Our response

PG Supporting good governance practices **Page 14.**
Maintaining data security and privacy **Page 81.**

Summary of changes in trajectory

The table below provides our stakeholders with a summary of changes in the trajectory of "Hot topics" included in FY2022, compared to FY2023.

	FY2022	Change	FY2023 Hot topics and additional information	PG
Macroenvironmental	**Challenging macroeconomic conditions**	Increased complexity	**Volatile and complex macroeconomic conditions.**	42
		New	**A global energy crisis.**	43
			Related report section: Driving energy efficiencies.	97
		New	**Calls for a global response to the climate crisis.**	43
	Accelerated adoption of digital technologies	Stable	**Accelerated adoption of digital technologies.**	44
	Vendor risk and related sanctions	Increased complexity	**Persistent supply chain disruptions.**	44
	The affordability of our products and services[1]	Increased complexity	**Increased economic pressure on consumers.**	44
Industry context	**Network quality and coverage**	Increased complexity	**Network resilience headwinds in South Africa.**	45
	Competitive landscape	Stable	**Competitive landscape.**	45
	Complex regulatory landscape	Stable	**Complex tax environment.**	46
			Related report section: Our principal risks and associated opportunities – adverse regulatory and compliance pressures.	39
	Trust and transparency around data consumption	Impact mitigated/no longer considered a "hot topic"	We believe the **Consumer privacy, data protection and cyber security** "hot topic" sufficiently addresses trust and transparency around data consumption.	46
	Consumer privacy, data protection and cyber security	Stable	**Consumer privacy, data protection and cyber security.**	46
			Related report section: Our principal risks and associated opportunities – cyber threats.	37
	B-BBEE results for Vodacom South Africa	Impact mitigated/no longer considered a "hot topic"	We are a Level 1 B-BBEE Contributor as evidenced by our "Vodacom South Africa BEE Certificate". We no longer consider achieving this result as a "hot topic". Maintaining this status now forms part our the regulatory landscape.	104
Company context	**Facilitating economic recovery during COVID-19**	Impact mitigated/no longer considered a "hot topic"	The war in Ukraine followed hard on the heels of the COVID-19 pandemic. The residual impact of the pandemic on the broader macroenvironmental context is included in the "hot topic" **Volatile and complex macroeconomic conditions.**	42
	Balancing short-term returns with sustainable growth	Impact mitigated/no longer considered a "hot topic"	We have expanded on how we manage trade-offs that balance short-term returns with sustainable growth in a dedicated section.	
	Investing in spectrum to ensure long-term success	Impact mitigated/no longer considered a "hot topic"	Our extensive investment in spectrum in recent years has reduced the need to include investment in spectrum as a "hot topic".	76
	The Please Call Me matter	Stable	Vodacom launched an application for leave to appeal on 25 February 2022 against the judgment and order of the High Court. The application for leave to appeal was granted by the High Court on 11 April 2022. As a result, the order of the High Court is suspended. The Group's appeal against the judgment and order of the High Court was heard on 9 May 2023 in the Supreme Court of Appeal (SCA). The judgment and decision of the SCA on the matter will be delivered in due course.	

New | Impact mitigated/no longer considered a "hot topic" | Stable | Increased complexity

1 Considered as part of company context in FY2022.

Our business model

Our business model is designed to deliver on our purpose – to connect for a better future. We aim to create sustainable value by delivering on our **System of Advantage**. Accordingly, we need to ensure we effectively manage the resources and relationships available to our business – the six capitals, as referred to in the integrated reporting framework.

Our key inputs

The resources and relationships we rely on:

Human Capital
HC

Our high-performing, customer-focused, engaged leaders and people.

- Permanent employees: 7 946 (FY2022: 8 132). Contractors: 4 263 (FY2022: 3 154).
- Investment in employees through development programmes (Discover Graduate programmes, Women in Leadership programmes, #1MoreSkill).
- R553 million invested in employee training and leadership (FY2022: R493 million).
- An innovative and agile company culture, called the **Spirit of Vodacom.**
- Leading remuneration and reward practices.
- Experienced and diverse leadership team and strong Board.

Social and relationship capital
SRC

The quality and strength of our relationships with a diverse group of stakeholders.

- Our Social Contract with communities and governments.
- Served 185.8 million customers across the Group (FY2022: 129.6 million).
- Improved investor confidence.
- Positive supplier relationships.

Financial capital
FC

Vodacom's strong capital base, supported by long-term investors.

- R254 billion market capitalisation (FY2022: R294 billion).
- Flexible balance sheet with net debt to EBITDA at 1.1x (FY2022: 0.9x) on a pro-forma basis, including Vodafone Egypt at 0.8x.

Intellectual capital
IC

Our brand, reputation and investment in the latest technologies and modern digital systems.

- A clear and powerful strategy with implementation timelines.
- Brand refresh with new tagline, Further Together.
- Intelligent decision-making driven by Big Data capabilities.
- Transparent governance systems.

Manufactured capital
MC

Vodacom's network footprint across Africa, including base stations and masts, fibre and microwave distribution channels.

- 42 650 network sites (FY2022: 23 492).
- Self-provided fibre and microwave connections:
  - 98.3% South Africa (FY2022: 98.3%).
  - 92.2% International (FY2022: 88.0%).
- R16.5 billion invested in network (FY2022: R14.6 billion).
- 803 000 active M-Pesa merchants.
- 9 109 retail stores in South Africa and 240 065 retail stores in International business

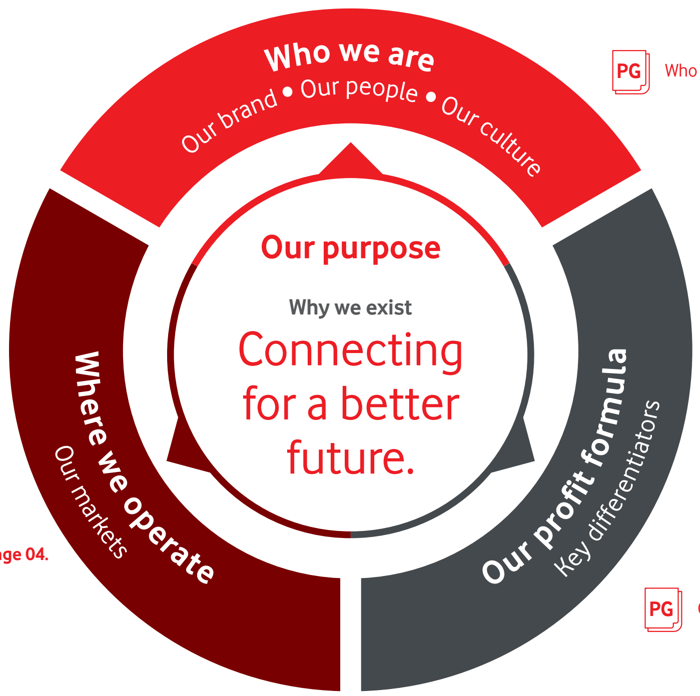
Natural capital
NC

The natural resources the Group uses during the normal course of business[1].

- Radio spectrum (700, 800, 900, 1 800, 2 600, 3 500 MHz bands).
- Consumed 1 194 GWh total energy (FY2022: 1159 GWh).
- Used 170 megalitres of water (FY2022: 153.6 megalitres).
- Used 45 million litres of fuel (FY2022: 40.5 million litres).

1. Data for Egypt will be reported in FY2024.

Our business activities



PG Who we are Page 04.

PG Where we operate Page 04.

PG Our profit formula Page 34.

Our business activities are guided by our strategy – the **System of Advantage** – which consists of three ambitions and ten pillars that ensure we grow, diversify and differentiate our business.

PG Refer to **Page 25** for more details on our **System of Advantage**.

Our outputs

Products and services

Our outputs include the products and services we offer aimed at individual consumers and enterprises. These products and services range from

- mobile and fixed connectivity
- cloud and hosting
- digital services
- data security and IoT offerings
- financial services

PG Refer to **Page 32** for a detailed breakdown of what we offer.

Waste

Our waste outputs include our emissions and electronic waste.

599 million

tonnes GHG emissions (FY2022: 715 $mtCO_2e$)

CO_2

PG Refer to **Page 98** for a detailed breakdown of our waste.

Our outcomes

HC

- Remuneration and benefits paid
  - Permanent employees: R7.7 billion (FY2022: R7.3 billion and
  - Contractors: R533 million (FY2022: R499.5 million).
- 80% black board members and 50% female representation on the board in Vodacom South Africa (FY2022: 80% black and 50% female).
- Received a Gold Tier ranking in the South African Workplace Equality Index.
- Employees increased to 13 605, including 5 659 employees in Vodafone Egypt.
- 10.5% voluntary staff turnover (FY2022: 6.8%).
- Recognised as the third top employer in Africa, having been certified in the DRC, Lesotho, Mozambique, Tanzania and South Africa.
- 82 262 online training programmes completed.

IC

- Acquired 110 MHz of spectrum in Tanzania, and secured additional spectrum in Mozambique.
- Accelerated investment in Big Data and Analytics to power our digital ecosystem, with >65% of bundles sold in South Africa personalised to the segment of one.
- Trusted brand and reputation.
- Maintained our lead in the IT for Customers (IT4C) independent benchmark exercise.
- Vodacom Business became an Amazon Web Services (AWS) Outpost partner.

SRC

- Added 8.5 million customers to serve a total of 185.8 million customers across Africa.
- 70.6 million financial services customers (FY2022: 60.6 million).
- 5.7 million downloads and 3.3 million registered VodaPay users in South Africa.
- Processed US$364.8 billion M-Pesa transactions, including Safaricom, up 13.0% (FY2022: US$324.6 billion).
- Government levies on M-Pesa withdrawals and P2P payments in Tanzania reduced, positively scaling financial inclusion.
- R57 billion in SMEs procurement spent R2.2 billion in early payment.
- >29 million ConnectU (zero-rated access) platform unique users.
- >4 000 girls trained in #CodeLikeaGirl programme in South Africa, Tanzania, Mozambique and Lesotho
- 5 million farmers registered on our smart agriculture platforms, with 4.6 million farmers registered on e-vouchering.
- >1.4 million registered e-School users in South Africa, with 185 000 Instant School users in Tanzania and 200 000 in the DRC.
- R25.4 billion contributed to public finances (FY2022: R22.1 billion).
- Ranked second telecommunications company globally in the Sustainalytics ESG Risk Ranking, maintained our MSCI AAA ESG rating and improved our ISS ESG rating to Prime.

MC

- Leading in network NPS across all our markets and Co-Lead in Lesotho.
- Our markets cover a population of over 500 million people (including Safaricom at 100%) (FY2022: 300 million people).
- 35.5% data traffic growth in the year (FY2022: 22.8%), SA 36.6% and IB 33.1%, respectively.
- 2 352 new 4G sites added across the Group (FY2022: 1 410).
- 919 new 5G sites launched in South Africa (FY2022: 434).
- 6 996 rural sites, with 384 rural sites added in the year (FY2022: 6 612).
- 165 000 fibre end points passed (FY2021: 155 903).
- R18.1 million in new revenue streams (fixed, IoT and cloud), comprising 19.3% of Group service revenue.

FC

- Revenue up 16.0% to R119.2 billion (FY2022: R102.7 billion).
- EBITDA up 13.2% to R45.1 billion (FY2022: R39.9 billion).
- Cash generated from operations totalled R48.3 billion (FY2022: R41.2 billion).
- R5.0 billion paid to debt funders in interest (FY2022: R4.2 billion).
- Dividend per share declared of 670 cents (FY2022: 850 cents).
- HEPS of 948 cents (FY2022: 1 013 cents).
- ROCE of 21.8% (FY2022: 23.4%).

NC

- Reduced our scope 1 and scope 2 market-based carbon emissions by 16%
- Scored B in the Carbon Disclosure Project (CDP) environmental disclosure.
- 0.4 $mtCO_2e$ GHG emissions per terabyte of data (FY2022: 0.6 $mtCO_2e$)
- Leading global ESG ratings with Sustainalytics and MSCI.
- 1 088 solar-powered sites across our markets.
- 100% of network waste (excluding hazardous waste) reused or recycled (FY2022: 96%).

Our trade-offs

Interdependencies exist between the capitals we rely on. The decisions we make, therefore, inevitably result in trade-offs between the capitals which affect our ability to create, preserve and erode value. Trade-offs are carefully considered to manage the availability, quality, and affordability of capitals in the short, medium and long-term.

Trade-offs

Prioritising network resilience capital expenditure above network expansion

In South Africa, maintaining network availability despite loadshedding has required significant investment in battery capacity and onsite generation capacity. Vandalism and theft further increase the capital expenditure required. Prioritising capital expenditure to ensure network availability reduces capital expenditure available for network expansion.

Using Big Data insights to differentiate our offering

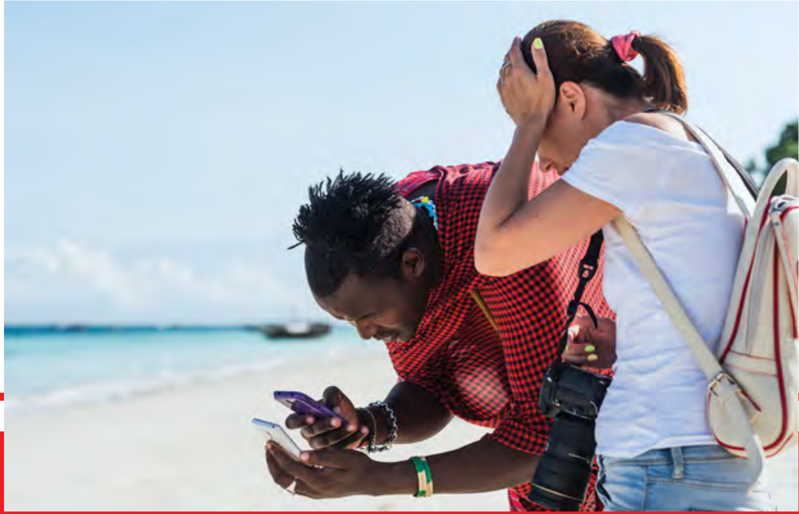
We use data to proactively provide customers with tailored offers that deepen customer relationships and support growth. In using customer data to differentiate our offering, we respect our customers' privacy, use data responsibly and prioritise cyber and information security. We adhere to local data privacy laws and General Data Protection Regulation. While potentially lucrative, we do not sell customer data.

Mitigating supply chain pressures by increasing our stock holding

In order to mitigate the risk of supply chain disruptions and constraints, we allocated capital toward building stock in key areas. Chipset shortages prompted us to increase the handset and sim card stock, negatively impacting our inventory days, particularly in the first half of the year. In addition, we carried more stock of network equipment through the year. While this has required us to tie up capital that could have been used elsewhere, we have been able to secure the resilience of our networks and also continue to support device penetration.

	Prioritising network resilience capital expenditure above network expansion	Using Big Data insights to differentiate our offering	Mitigating supply chain pressures by increasing our stock holding
Key outcome	Investing in the resilience of our network to retain leadership PG Page 70	Leveraging Big Data for personalisation and growth PG Page 80 Maintaining data security and privacy to maintain technology leadership PG Page 81	Leveraging our supply chain management capabilities PG Page 91
Affected stakeholders			
Capitals impacted	FC MC SRC	FC SRC	FC SRC
Principal risks and associated opportunities	3 7	1 5 9	3 4
Strategic pillars	1 2 8	5 6 10	5 10
Material matters	MM 1 MM 2	MM 1 MM 3 MM 7 MM 8	MM 6

Value created Value eroded Value sustained



Implementing a hiring freeze despite the impact on skills and diversity goals

The war in Ukraine resulted in increased inflationary pressures across food and fuel in particular, adding to existing consumer pressures. This was exacerbated by energy supply challenges in South Africa and necessitated incremental cost containment initiatives in supply chain management and payroll, and in discretionary areas like travel and events. The payroll containment impacted the rate of new hires across the Group and with it, the appointment of new people to transform our business in line with our gender and racial diversity goals. It has also affected our ability to develop scarce skill sets in technology and ESG.

Systematically addressing consumer concerns areas

Our multiproduct strategy drives ongoing innovation into new products and services that can support our customers. As we develop new products we also need to streamline the customer journey related to that product and this can take time to mature. Our customer experience boards help us identify opportunities for improvement, and in this financial year incremental focus was put into our fibre journeys.

Growing through partnerships

Connectivity is our business, whether from space, on land or through the airwaves, we connect people across our markets for a better future. Our strict capital allocation framework provides guardrails for this vision, as we do not have sufficient capital to invest in all the opportunities available to us. We are therefore focused on scaling within our existing footprint, and partnering where synergies exist. We see exciting partnership opportunities in fibre and rural connectivity. In the fibre space, we are working on co-investment models to accelerate rollouts across our International markets. We have made inroads utilising innovative new financing models to accelerate our rural penetration. In addition, our satellite partnership with AST SpaceMobile has the potential to support increased rural coverage in the long-term.

Accelerating skills development

PG Page 103

FC HC IC

9

9

MM 4

Transforming our customers' experience to a world-class standard

PG Page 74

SRC IC

9

5 10

MM 8

Bridging South Africa's digital divide with a strategic fibre deal

PG Page 68

FC SRC

9

1 2

MM 3

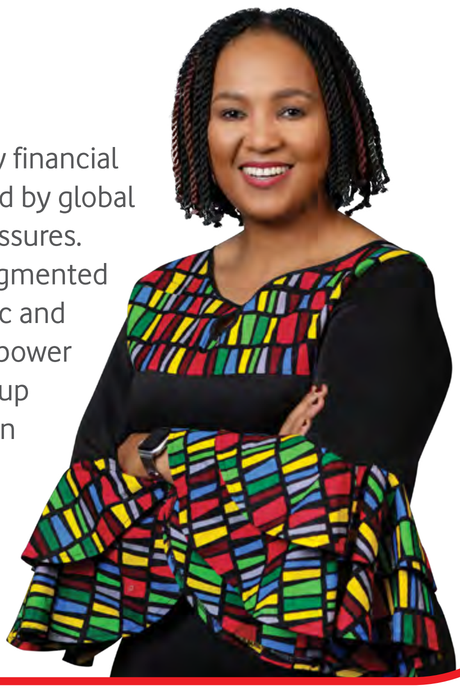
FC

Financial capital

Dear stakeholders

It gives me great pleasure to present satisfactory financial results despite having experienced a year defined by global macroeconomic challenges and inflationary pressures. This uncertain context was largely fuelled by fragmented economic recovery after the COVID-19 pandemic and new challenges such as the war in Ukraine. The power crisis in South Africa, higher interest costs, start-up losses in Ethiopia, M&A costs, and higher inflation across our markets contributed to muted net profit growth of 2.1%.

Raisibe Morathi, CFO



What financial capital means to Vodacom

Vodacom's strong capital base is supported by long-term investors, including a 65.1% controlling stake by Vodafone, one of the world's largest communications companies, enabling us to advance our ambition to accelerate growth and enhance returns as we scale our existing products and services.

How financial capital supports our System of Advantage

Our investment decisions accelerate our **System of Advantage** by providing the financial resources needed to pursue our strategic ambitions. Opportunities to deploy our financial resources are carefully considered since they have a significant impact on our return profile and the strategic direction of our business in the short-, medium-, and long-term.

Our financial capital at a glance

Our key focus areas	Key FY2023 achievements	Strategic pillar affected
Diversifying and differentiating our offering to support revenue growth	Recording positive revenue growth, impacted by Vodafone Egypt acquisition and rand depreciation against international currencies basket ● Group revenue increased **16.0%** (8.0%^, 4.9%*) to **R119.2 billion** (FY2022: R102.7 billion) Growing service revenue through financial services ● Group service revenue grew by **17.2%** to **R93.7 billion** (FY2022: R79.9 billion) ● Financial services revenue increased **29.2%** (14.3%*) to **R9.9 billion**, contributing **10.5%** to Group service revenue	1 2 3 4 5 6
Optimising our operations to support profitability	Clear improvement in second-half profitability ● Group EBITDA increased by **13.2%** (6.0%^, 3.6%*) ● Free cash flow up **18.3%**	7 8 9
Investing in technology and network infrastructure to maintain our trusted brand	Sustaining our manufactured and intellectual capital investments ● CAPEX reached **R16.5 billion**, with a 13.8% CAPEX intensity ● Invested in additional spectrum in Mozambique, South Africa and Tanzania	2 4 5 8 10
Executing the System of Advantage to deliver shareholder returns	Declaring dividends consistent with our new policy ● Total dividend of **670cps**, down 21.2% in line with the Group's revised dividend policy to pay dividends of at least 75% of the Group's headline earnings	1 2 3 4 5 6 7 8 9 10
Looking ahead to meet our strategic targets	Updating and upgrading our medium-term targets	1 2 3 4 5 6 7 8 9 10

* Indicates normalised growth.
^ Excluding Vodafone Egypt.

The value we create, preserve and erode

We are committed to employing our financial capital within a disciplined framework that enhances our revenue generation opportunities while maintaining our return on invested capital. Ultimately, this enhances customer experience and shareholder returns.

Key financial results

Rm	FY2023	FY2022	Reported % change	Reported excluding Vodafone Egypt	Normalised* % change
Revenue	**119 170**	102 736	16.0	8.0%	4.9
Service revenue	**93 650**	79 936	17.2	7.2%	3.5
EBITDA	**45 144**	39 888	13.2	6.0%	3.6
Operating profit	**29 252**	28 236	3.6		(0.9)
Operating profit – South Africa	**20 881**	21 133	(1.2)		(0.9)
Operating profit – International	**4 541**	4 352	4.3		(1.6)
Operating profit – Safaricom	**2 815**	3 122	(9.8)		9.3
HEPS (cps)	**948**	1 013	(6.4)		
Dividends (cps)	**670**	850	(21.2%)		

PG For additional financial information, refer to **Page 128**.

Diversifying and differentiating our offering to support revenue growth

In FY2023, Group revenue increased by 16.0% (8.0% ^, 4.9%*) to R119.2 billion (FY2022: R102.7 billion) while Group service revenue grew by 17.2% (7.2% ^, 3.5%*) to R93.7 billion (FY2022: R79.9 billion), positively impacted by the Vodafone Egypt acquisition and rand depreciation against our basket of international currencies. On a normalised basis, adjusting for foreign exchange rate fluctuations and the impact of Vodafone Egypt, service revenue growth was 3.5%*. This result was underpinned by mobile prepaid revenue in South Africa, data revenue across our International markets and Group growth in new services. Financial services delivered growth of 29.2% as we continued to scale user adoption as well as new products and services. In aggregate our new services, which includes digital and financial, fixed and IoT, generated R18.1 billion (FY2022: R14.3 billion) and contributed 19.3% to Group service revenue. We continue to target a new service revenue contribution, including Vodafone Egypt, of 25% to 30% of Group service revenue over the medium-term.

In South Africa, service revenue increased by 2.6% to

R60.0 billion

(FY2022: R58.5 billion), supported by resilient prepaid performance and growth in new services.

Our International business reported service revenue growth of 18.8% to

R26.4 billion

(FY2022: R22.2 billion). Normalised growth of 5.3%* was supported by M-Pesa and data revenue.

Growing financial services remains a key priority for the Group. In South Africa, growth was fuelled by our insurance business, which posted revenue growth of 13.3% and sustained Airtime Advance revenue growth in the financial year. Normalised M-Pesa revenue grew by 15.9%* in the year and accelerated to 20.9%* in the fourth quarter as Tanzania lapped mobile money levies imposed in July 2021 and our new financial services continued to scale. Our merchant base across the International business was up threefold to 196 000. This growth helps expand our addressable commission pool beyond peer-to-peer payments and withdrawals into both online and offline commerce.

Our two super-apps (VodaPay and M-Pesa) integrate our own products and services with our partners' best offerings. In South Africa, VodaPay was integral in our Summer campaign achieving 5.7 million downloads. Our M-Pesa platform, including Safaricom, processed US$364.8 billion of transaction value over the past 12 months – an increase of 13.0%.

Optimising our operations to support profitability

In FY2023, Group EBITDA increased by 13.2%, 6.0%^ to R45.1 billion (FY2022: R39.9 billion) with Vodafone Egypt contributing R2.9 billion since acquisition. On a normalised basis, EBITDA grew by 3.6%*, supported by an improvement to 8.1%* growth in the second half of the financial year. In South Africa, higher network and energy costs were managed through accelerated cost initiatives including supply chain management renegotiations and an incremental focus on discretionary spend and payroll costs.

Group operating profit was up by 3.6% to R29.3 billion (FY2022: R28.2 billion), supported by EBITDA growth but impacted by the expected start-up losses in Ethiopia. On a normalised basis, and adjusting for Ethiopia's start-up losses, operating profit fell by 0.9%*. HEPS declined by 6.4% to 948cps (FY2022: 1 013cps). The decline was attributable to higher number of shares in issue, start-up losses in Ethiopia and higher net finance charges.

Net finance charges increased by 15.7% to R4.2 billion due to higher net debt and the higher average cost of debt associated with a sharp increase in South African Reserve Bank interest rates. The average cost of debt (including leases) increased from 7.7% to 8.6% during the year, 2.6% lower than SARB's 11.2% prime rate.

Group free cash flow

Rm	FY2023	FY2022	Reported % change
Operating free cash flow (OCFC)	**25 111**	22 693	10.7
CAPEX	**(16 490)**	(14 642)	(12.6)
Free cash flow	**18 524**	15 660	18.3
Net debt	**(48 310)**	(35 180)	(37.3)
Net debt to EBITDA (times)	**1.1**	0.9	

We generated OFCF of R25.1 billion (FY2022: R22.7 billion), up by 10.7%, having invested R16.5 billion in CAPEX (excluding costs of acquiring spectrum), a further R5.0 billion applied to lease payments and R0.9 billion released from working capital. Free cash flow increased 18.3% as a result of higher OFCF and the timing of Safaricom's interim dividend. We received Safaricom's interim dividend for FY2022 in April 2022 and the interim dividend for the FY2023 in March 2023. The interim dividend received in March amounted to R1.0 billion.

Net debt increased by R13.1 billion reflects the R10.7 billion debt funding component for the Vodafone Egypt transaction and spectrum costs. Our reported net debt to EBITDA ratio remained unchanged from the first half of the year at 1.1 times, as strong free cash flow generation offset the funding of the Vodafone Egypt transaction[1].

1. On a pro-forma basis, with Vodafone Egypt included for the full year, our leverage ratio reduced from 1.1 times to 0.8 times, based on pro-forma Vodafone Egypt EBITDA of R12.5 billion in FY2023.

Investing in technology and network infrastructure to maintain our trusted brand

The Group remains committed to spending 13% to 14.5% of revenue on CAPEX that ultimately results in an enhanced customer experience through sustained investments in technology and network infrastructure.

In FY2023, CAPEX reached R16.5 billion representing CAPEX intensity of 13.8%. CAPEX increased by 12.6%, or 4.3% excluding Egypt, as we accelerated investment into network performance. We also invested in additional spectrum in Mozambique, South Africa and Tanzania.

Executing the System of Advantage to deliver shareholder returns

The Board set out a new simplified dividend policy when we announced the Vodafone Egypt transaction and the South African fibre joint venture with CIVH in November 2021. The simplified policy of paying at least 75% of headline earnings was implemented with our interim dividend in November 2022 and also applied to the final dividend this financial year. On this basis, the Board declared a final FY2023 dividend of 330cps (FY2022: 430cps) and a total dividend per share for the year of 670cps (FY2022: 850cps).

Notwithstanding the change in dividend policy, the Group retains one of the highest dividend pay-out policies among JSE-listed companies. Additionally, the policy provides scope for the Group to invest within our 13.0% to 14.5% capital intensity target, and delever and accommodate the upstreaming and dividend pay-out profiles of Safaricom and Vodafone Egypt.

Looking ahead to meet our strategic targets

Our evolution from a telecommunication to a technology company is well on track as we expand our ecosystem of products. Our multiproduct strategy, called the **System of Advantage**, aims to deliver diversified, differentiated offerings to our customers, further strengthening and growing our relationships with them. Looking ahead, our controlling shareholding in Egypt's telecom market leader, Vodafone Egypt, is expected to enhance Vodacom's growth and return potential. We have, therefore, updated and upgraded our medium-term targets as follows:

- From mid-single-digit Group service revenue growth to mid-to-high single-digit growth;
- From mid-to-high single-digit Group EBITDA growth to high-single digit growth; and
- Unchanged Group CAPEX of 13.0% to 14.5% as a percentage of Group revenue.

On average, over the next three years, on a normalised basis in constant currency, these targets are based on prevailing economic conditions, including Vodafone Egypt but excluding spectrum purchases, exceptional items and the acquisition of a joint-control stake in MAZIV.

Appreciation

Supported by our resilient strategy and track record of adapting quickly to changes across our operating environments, we continue to uphold management excellence with commitment to the needs of our stakeholders. For this, I owe a debt of gratitude to my colleagues for their endurance and tenacity in connecting people for a better future.

Raisibe

Raisibe Morathi
Chief Financial Officer (CFO)
12 June 2023

Segment performance

South Africa

Year ended 31 March 2023

Service revenue	EBITDA	Operating profit	CAPEX
R60 038 million	**R32 569 million**	**R20 881 million**	**R11 171 million**
(FY2022: R58 526 million)	(FY2022: R31 747 million)	(FY2022: R21 133 million)	(FY2022: R11 149 million)
% change reported			
2.6	2.6	(1.2)	0.2

In South Africa, service revenue grew by 2.6% to R60.0 billion (FY2022: R58.5 billion), supported by network investment in resilience and capacity coupled with our Big Data-led CVM-powered personalised offers. New services such as financial and digital services, fixed and IoT were up by 9.7% and contributed R9.2 billion (FY2022: R8.4 billion) or 15.3% to South Africa's service revenue. In the fourth quarter, service revenue growth was 1.3% as ongoing strength in prepaid was offset by a tough comparative in Vodacom Business associated with some lower margin project revenue in the prior year. Revenue reached R84.7 billion (FY2022: R80.8 billion), up 4.8%, driven by strong equipment sales as our 36-month contracts enabled customers to affordably upgrade handsets.

Mobile contract customer revenue increased by 2.8% to R22.6 billion (FY2022: R22 billion), supported by improved growth in our consumer segment. The consumer segment performance benefited from contract price increases of 3% to 5% implemented in the first quarter of the financial year. Mobile contract ARPU of R297 (FY2022: R301) was down by 1.3% with price increases offset by repricing pressure associated with the government contract for mobile services (RT15) within Vodacom Business. We added 193 000 contract customers in the financial year, increasing our reach by 3.0% to a base of 6.7 million.

Prepaid mobile customer revenue increased by 3.1% to R25.9 billion (FY2022: R25.2 billion) and accelerated to 4.1% in the fourth quarter. Set against a depressed macroenvironment and inflationary pressures on customers, this resilient performance was supported by market share gains. We used our world-class CVM capabilities to drive higher customer engagement and increase active days on the network, resulting in prepaid ARPU growth of 3.6% to R58 (FY2022: R56). Subscriber growth for the year was impacted by a clean-up of 1.5 million customers in the third quarter.

Data traffic increased by 36.6% in the year and accelerated to 45.4% in the fourth quarter. We added 2.0 million data customers to reach 25.5 million – an increase of 8.7%. Smart devices were up by 11.1% to 29.3 million while 4G and 5G devices increased by 18.6% to 21.2 million. The average usage per smart device increased by 29.1% to 3GB per month. Prepaid data revenue increased by 12.9% to R11.4 billion (FY2022: R10.0 billion) with growth accelerating to 17.4% in the fourth quarter. This improvement reflected our network availability and the success of our data-led propositions focused on providing affordable offers to the most price-sensitive, lower-income customers.

Fixed service revenue was up by 7.2%, excluding wholesale transit. This result was supported by good customer adoption of fibre with connected homes and enterprises reaching 164 348 (including Bitstream, which refers to where we act as an internet service provider to fibre wholesalers). In the period, we churned some low-value fibre connections with an immaterial impact on fixed-line revenue. Our own fibre passed 165 000 homes and enterprises.

Service revenue generated from financial services was up by 10.8% to R3.0 billion (FY2022: R2.7 billion). Insurance revenue increased by 13.3%, supported by growth in policies of 6.8% to 2.6 million. We advanced R12.8 billion (FY2022: R13.0 billion) in airtime during the year, representing 44.7% of total prepaid recharges. VodaPay continues to gain traction with 3.3 million registered users. We have over 100 mini-apps registered on the platform while we consistently add merchants as we scale the apps and grow transaction volumes. In the coming year, we plan to scale our lending, insurance and payment products, including cash in and cash out, while creating new business cases for remittances and wealth management.

Vodacom Business service revenue declined by 1.7% to R17.4 billion (FY2022: R17.7 billion), impacted by a decline in wholesale revenue as we lapped a strong prior-year comparative, as well as repricing pressures associated with the RT15 government contract. IoT remains an important new service growth driver with connections up by 13.6% to 7.5 million, and a new deal with Eskom signed in the fourth quarter.

EBITDA grew by 2.6% for the year and growth accelerated to 5.8% in the second half of the year. This improvement was supported by accelerated cost initiatives to mitigate the impact of higher energy costs and inflationary pressures. The cost initiatives included supply chain management re-negotiations and an incremental focus on discretionary spend and payroll costs. The EBITDA margin moderated by 0.9ppts to 38.4% for the full year, impacted by strong growth in low-margin equipment revenue and higher network and energy costs. The EBITDA margin in the second half of the financial year was 38.6% (up by 0.4ppts).

We invested R11.2 billion (FY2022: R11.1 billion) in our network, broadly flat year-on-year, to support network resilience, add network capacity and enhance our IT platforms to maintain our competitive edge, resulting in network NPS leadership being maintained. We will leverage our newly acquired spectrum assets in South Africa to improve 4G services and invest incrementally in 5G infrastructure.

Vodafone Egypt

Period ended 31 March 2023 (from 8 December 2022)

Service revenue	EBITDA	Operating profit	CAPEX
R7 976 million	R2 859 million	R1 710 million	R1 225 million

Pro-forma information
Year ended 31 March 2023

Service revenue	EBITDA	Operating profit	CAPEX
EGP39 073 million	EGP16 020 million	EGP9 493 million	EGP5 953 million
(FY2022: EGP32 107 million)	(FY2022: EGP14 647 million)	(FY2022: EGP9 045 million)	(FY2022: EGP5 185 million)
% change reported			
21.7	9.4	5.0	14.8
EGP rand value equivalent			
R29 378 million	R12 045 million	R7 138 million	R4 476 million

Vodafone Egypt contributed service revenue of R8.0 billion for the period of consolidation from 8 December 2022 to 31 March 2023. In the fourth quarter, service revenue was up by 25.8% in local currency, supported by strong growth in data revenue and enhanced customer engagement due to a new loyalty programme, "Shokran". Growth was also supported by Vodafone Cash and fixed-line services. Vodafone Egypt ended the financial year with 45.5 million customers. ARPU growth of 19.3% reflected strong commercial traction in the quarter supported by our "The Network is Now Doubled" campaign, good traction with our Flex pricing package, its associated entertainment proposition, and the new loyalty programme. The network campaign highlighted the significant investment into the network and spectrum over the past two years.

Data metrics were strongly supported by network investment. Data traffic was up by 44.0% in the quarter with data customer growth of 11.4% to 26.3 million. Smart devices on the network were up by 37.5% to 30.9 million.

Growing financial services is a key priority for the Group and Vodafone Egypt. Financial services revenue for Vodafone Egypt was R398 million for the period of consolidation, accounting for 5.0% of service revenue.

On a full-year, pro-forma basis, Vodafone Egypt generated financial services revenue of EGP1.6 billion (R1.2 billion), up by 123.1%, accounting for 4.0% of service revenue. Service revenue growth was supported by new use cases, wider distribution and customer growth of 54.5% to 5.4 million.

Vodafone Egypt contributed R2.9 billion to EBITDA for the period of consolidation. The reported EBITDA margin of 34.6% was impacted by foreign exchange losses on working capital balances as the Egyptian pound depreciated against major currencies. On a normalised basis, the EBITDA margin for the period of consolidation was 42.1%. On a full-year, pro-forma basis, Vodafone Egypt generated EBITDA of EGP16.0 billion (R12.5 billion), representing an EBITDA margin of 39.7%. Excluding foreign exchange losses, the full-year pro-forma EBITDA margin was 43.7%.

Capital investment for the period of consolidation was R1.2 billion. On a full-year, pro-forma basis, Vodafone Egypt's capital investment was EGP6.0 billion (R4.6 billion), representing a capital intensity ratio of 14.8%.

International business

Period ended 31 March 2023

	Service revenue	EBITDA	Operating profit	CAPEX
	R26 395 million	**R10 145 million**	**R4 541 million**	**R4 067 million**
	(FY2022: R22 213 million)	(FY2022: R8 504 million)	(FY2022: R4 352 million)	(FY2022: R3 486 million)
% change reported	18.8	19.3	4.3	16.7
% change normalised	5.3	6.6	(1.6)	

Service revenue for our International business increased by 18.8% to R26.4 billion (FY2022: R22.2 billion), supported by strong growth in data, a recovery in M-Pesa and foreign exchange translation tailwinds. Normalised growth of 5.3% was underpinned by our purpose-led focus on digital and financial inclusion with local currency data revenue growth of 18.2% and M-Pesa revenue growth of 15.9% on a normalised basis. The M-Pesa growth was supported by ongoing customer service adoption and new products. In the fourth quarter, normalised service growth of 5.4% was impacted by a humanitarian crisis in Mozambique associated with cyclone Freddy. In response to the cyclone, Vodacom Mozambique free-rated services, donated food and essential items, and used the scale of M-Pesa to drive donations.

We added 8.5 million customers in the financial year, up by 20.4% to 50.2 million, supported by price transformation and strong commercial execution. In the fourth quarter, we added 2.1 million customers, driven by CVM initiatives. While the economies across our International business are recovering, constraints on consumer spending remain evident in the voice segment where revenue has declined by 6.1% on a normalised basis.

Data services remain a key driver of growth and our commitment to connect for a better future. Data revenue was R6.1 billion (FY2022: R4.6 billion), up by 33.2% on a reported basis, and contributed 23.1% of International service revenue. We added 1.3 million data customers and reached 22.5 million customers by the end of the financial year. Data traffic growth of 33.1% was supported by 16.3% smartphone user growth to reach penetration of 32.9%. We continue to drive the adoption of smartphones, leveraging our strategic partnerships and implementing innovative financing options to provide affordable devices to our customers.

International M-Pesa revenue was up by 31.1% (15.9% on a normalised basis) to R6.5 billion (FY2022: R5.0 billion), contributing 24.6% of service revenue. Growth was supported by strong performance in the DRC and Tanzania's performance recovering since lapping the impact of levies on mobile money. The underlying momentum of M-Pesa reflects our ongoing product enhancements in the consumer and merchant segments, supported by M-Pesa Africa. In the consumer segment, we launched new insurance, term loan and group savings products, scaled international money transfer and enhanced our M-Pesa app during the year. In Tanzania, loans facilitated via our lending product, "Songesha", more than doubled to R8.2 billion (FY2022: R3.3 billion) in the year.

To grow and diversify the M-Pesa ecosystem, we also accelerated our merchant strategy and more than doubled the number of active merchants to 196 000.

International EBITDA was R10.1 billion with growth of 19.3% (6.6% on a normalised basis) reflecting foreign exchange translation tailwinds and cost containment initiatives. Despite new regulatory fees in the DRC, in the second half of the year, normalised EBITDA growth recovered into the double digits as we lapped the impact of a prior year lease contract separation.

We increased CAPEX by 16.7% to R4.1 billion (FY2022: R3.5 billion) as we accelerated investment in 4G coverage and performance. From a coverage perspective, we added 1 222 4G sites during the year, increasing our 4G site count by 27.0%. We also continued to invest in our transmission networks to enhance our network lead in all our markets. We will leverage our newly acquired spectrum assets in Tanzania and Mozambique to extend coverage and enhance customer experience.

Safaricom

Year ended 31 March 2023		
Service revenue	**EBITDA**	**CAPEX**
R41 503 million	**R19 635 million**	**R13 477 million**
(FY2022: 37 715 million)	(FY2022: 19 989 million)	(FY2022: 6 655 million)
% change reported		
10.0	**(1.8)**	**102.5**

Year ended 31 March 2023		
Service revenue	**EBITDA**	**CAPEX**
KShs295 692 million	**KShs139 862 million**	**KShs96 132 million**
(FY2022: 281 107 million)	(FY2022: 149 062 million)	(FY2022: 49 779 million)
% change reported		
5.2	**(6.2)**	**93.1**

Safaricom delivered good results, given the challenging macroeconomic backdrop and the mobile termination rate reduction in Kenya. Service revenue increased by 5.2%, supported by excellent growth in the fixed business and improved M-Pesa revenue in the second half of the year. Safaricom also accelerated its digital financial inclusion agenda, and focused on increasing customer service and satisfaction as part of its "Tuinuane" campaign.

M-Pesa revenue grew by 8.8% in the year with fourth quarter growth accelerating into double digits, supported by strong platform growth and return to charging for bank-to-wallet and wallet-to-bank transactions from January 2023. Total M-Pesa transaction values grew by 21.4% to KShs35.9 trillion (FY2022: KShs29.6 trillion) while the volume of transactions grew by 33.5% to KShs21.0 billion. This equates to a transaction value of US$296.6 billion (FY2022: US$266.5 billion) processed in the year. Safaricom, together with M-Pesa Africa, continued to leverage technological innovation to enhance access to financial services for consumers and enterprise customers.

Voice revenue in Kenya declined by 2.8%, impacted by the soft macroeconomic backdrop. Mobile data revenue grew by 10.6%, accelerating from the prior year's growth rate as price transformation supported strong usage growth. Fixed service and wholesale transit revenue grew by 20.1% to KShs13.5 billion (FY2022: KShs11.2 billion), supported by 21.4% growth in fixed enterprise revenue to KShs8.6 billion (FY2022: KShs7.1 billion) and 17.9% growth in fixed consumer revenue to KShs4.9 billion (FY2022: KShs4.2 billion). Fibre to the home customers grew by 17.9% to 195 741. The mobile data and fixed growth were supported by CAPEX in Kenya of KShs40.4 billion (FY2022: KShs39.3 billion), equating to a 13.1% capital intensity ratio. Including the greenfield mobile rollout in Ethiopia, CAPEX for Safaricom was KShs96.1 billion.

EBITDA for the Kenyan operations was up by 4.0% with margins broadly flat year on year at 51.9%. Foreign exchange pressures and higher energy costs impacted the cost base. Safaricom's overall EBITDA, including Ethiopia, declined by 6.2%, reflecting start-up losses associated with the Ethiopian rollout. While the net profit of the Kenyan operations grew by 3.0%, Safaricom's overall net profit attributable to equity shareholders declined by 10.6% due to start-up financing and operating costs in Ethiopia.

In October 2022, after significant investment in the country, Safaricom Ethiopia commercially launched mobile operations and received a mobile financial services licence. These milestones align with our ambition to transform lives in the country as we seek to connect every Ethiopian to the global digital economy. Safaricom Ethiopia's 2G, 3G and 4G mobile services are available in 22 cities, covering 24% of the population and serving 2.1 million customers.

On a rand-reported basis, Safaricom contributed R2.8 billion (FY2022: R3.1 billion) to the Group's operating profit – a decline of 9.8% year-on-year attributable to foreign exchange rate movements and Ethiopia's start-up losses. On a normalised basis, Safaricom's contribution to our operating profit increased by 9.3%.

For more information on Safaricom's strategy, visit www.safaricom.co.ke, and results announcements at www.safaricom.co.ke/investor-relation/financials/reports/financial-results.

Condensed consolidated income statement

for the year ended 31 March

Rm	2023[1]	2022
Revenue	**119 170**	102 736
Direct expenses	**(45 942)**	(38 624)
Staff expenses	**(7 746)**	(7 266)
Publicity expenses	**(1 936)**	(1 886)
Net credit losses on financial assets	**(864)**	(704)
Other operating expenses	**(18 069)**	(14 419)
Depreciation and amortisation	**(17 968)**	(14 657)
Net profit from associates and joint ventures	**2 607**	3 056
Operating profit	**29 252**	28 236
Net gain on disposal of subsidiaries	**4**	–
Finance income	**857**	554
Finance costs	**(5 569)**	(4 229)
Net gain on remeasurement and disposal of financial instruments	**464**	2
Profit before tax	**25 008**	24 563
Taxation	**(6 897)**	(6 829)
Net profit	**18 111**	17 734
Attributable to:		
Equity shareholders	**16 767**	17 163
Non-controlling interests	**1 344**	571
	18 111	17 734

Note:
1. The results of Vodafone Egypt have been consolidated from the acquisition date of 8 December 2022. Acquisition-related costs of R260 million were recognised in other operating expenses.

Cents	2023	2022
Basic earnings per share	**948**	1 013
Diluted earnings per share	**921**	984

Group service revenue grew 17.2% to R93.7 billion, positively impacted by the acquisition of Vodafone Egypt and rand depreciation against our basket of International currencies. Excluding Vodafone Egypt, service revenue growth of 7.2% (3.5%*) was underpinned by mobile prepaid revenue in South Africa, data revenue across our International markets and Group growth in new services.

Total Group expenses increased 18.5% to R74.6 billion. Excluding Vodafone Egypt, Group total expenses increased 9.9% (6.5 %*). In South Africa, expenses increased 6.3% to R52.2 billion, reflecting higher equipment costs of sales associated with the higher equipment revenue. International expenses increased 19.4% (5.2%*) to R17.2 billion, as incremental cost initiatives were implemented to manage costs below the rates of inflation.

Net profit from associates and joint ventures declined by 14.7% to R2.6 billion, negatively impacted by start-up costs related to Ethiopia and the foreign exchange translation headwinds.

Net finance charges increased 15.7% to R4.2 billion, as a result of higher net debt and higher average cost of debt associated a sharp increase in South Africa Reserve Bank interest rates. In addition to investment in spectrum, 20% of the Vodafone Egypt consideration was settled through new debt, contributing to a 37.3% net debt increase.

The tax expense of R6.9 billion was 1.0% higher than the prior year due to higher taxable profits. The effective tax rate was 27.6%, slightly lower than the prior year due to the recognition of a deferred tax asset in Tanzania.

Condensed consolidated statement of comprehensive income

for the year ended 31 March

Rm	2023[1]	2022
Net profit	**18 111**	17 734
Other comprehensive income		
Foreign currency translation differences, net of tax[2,3]	**2 985**	(3 025)
Share of foreign currency translation differences, net of tax, of associates and joint ventures accounted for using the equity method[2,3]	**565**	(343)
Mark-to-market of financial assets held at fair value through other comprehensive income, net of tax[2]	**216**	271
Mark-to-market gains recognised through profit or loss on disposal of financial assets held at fair value through other comprehensive income, net of tax[2]	**(276)**	(271)
Total comprehensive income	**21 601**	14 366
Attributable to:		
Equity shareholders	**21 207**	14 167
Non-controlling interests	**394**	199
	21 601	14 366

Notes:
1. The results of Vodafone Egypt have been consolidated from the acquisition date of 8 December 2022.
2. Other comprehensive income can subsequently be recognised in profit or loss on the disposal of foreign operations or financial assets held at fair value through other comprehensive income.
3. Share of foreign currency translation differences, net of tax, of associates and joint ventures accounted for using the equity method line item previously reported as part of foreign currency translation differences, net of tax line item are now being reported separately. The reclassification had no impact on any reported totals, HEPS or on any amounts presented in the statement of financial position.

Condensed consolidated statement of financial position

as at 31 March

Rm	2023[1]	2022
Assets		
Non-current assets	**162 527**	127 448
Property, plant and equipment	**74 241**	59 273
Intangible assets	**27 643**	14 054
Financial assets	**800**	783
Investment in associates and joint ventures	**52 573**	47 429
Trade and other receivables	**3 700**	2 763
Finance receivables	**2 348**	2 374
Tax receivable	**674**	647
Deferred tax	**548**	125
Current assets	**65 788**	50 519
Financial assets	**958**	612
Mobile financial deposits	**9 832**	6 386
Inventory	**2 156**	1 787
Trade and other receivables	**27 992**	21 230
Finance receivables	**2 508**	2 554
Tax receivable	**288**	234
Bank and cash balances	**22 054**	17 716
Total assets	**228 315**	177 967
Equity and liabilities		
Fully paid share capital	**89 918**	57 073
Treasury shares	**(17 055)**	(17 019)
Retained earnings	**43 524**	39 885
Other reserves	**(30 441)**	(502)
Equity attributable to owners of the parent	**85 946**	79 437
Non-controlling interests	**11 481**	6 029
Total equity	**97 427**	85 466
Non-current liabilities	**66 502**	34 834
Borrowings	**60 687**	29 347
Trade and other payables	**552**	541
Provisions	**1 406**	1 581
Deferred tax	**3 857**	3 365
Current liabilities	**64 386**	57 667
Borrowings	**8 327**	22 061
Trade and other payables	**41 392**	26 632
Mobile financial payables	**9 832**	6 386
Provisions	**830**	341
Tax payable	**2 665**	1 178
Dividends payable	**17**	11
Bank overdraft	**1 323**	1 058
Total equity and liabilities	**228 315**	177 967

Note:
1. Vodafone Egypt has been consolidated from the acquisition date of 8 December 2022.

PPE increased R15.0 billion to R74.2 billion and intangible assets increased R13.6 billion to R27.6 billion. The consolidation of Vodafone Egypt accounted for R12.1 billion of the increase in property, plant and equipment and R10.9 billion of the increase in intangibles, respectively.

Safaricom profits were impacted by start-up losses in Ethiopia. Our proportionate investment into the mobile licence in Ethiopia and our attributable share of Safaricom profits were offset by dividends received and foreign currency translation difference movements related to Safaricom.

The movement largely relates to the acquisition of a controlling stake in Vodafone Egypt and a resultant common control reserve.

Higher net debt of R48.3 billion reflects the R10.7 billion debt funding component for the Vodafone Egypt transaction and spectrum costs. Our reported net debt to EBITDA ratio increased to 1.1 times, as a result of the timing of the Vodafone Egypt transaction. On a pro-forma basis, with Vodafone Egypt consolidated for the full financial year, net debt to EBITDA was 0.8 times.

Current borrowings decreased as a result of successful refinancing.

Condensed consolidated statement of changes in equity

for the year ended 31 March

Rm	Equity attributable to owners of the parent	Non-controlling interests	Total equity
31 March 2022	**79 437**	**6 029**	**85 466**
Adoption of IAS 29 by associate entity	**1 953**	**212**	**2 165**
1 April 2022	**81 390**	**6 241**	**87 631**
Total comprehensive income	**21 207**	**394**	**21 601**
Dividends	**(13 127)**	**(569)**	**(13 696)**
Shares issued on acquisition of subsidiary[1]	**32 845**	**–**	**32 845**
Acquisition of subsidiary under common control	**(36 137)**	**5 105**	**(31 032)**
Repurchase and sale of shares	**(377)**	**–**	**(377)**
Share-based payments	**438**	**–**	**438**
Proceeds on subsidiary share issue[2]	**–**	**242**	**242**
Changes in subsidiary holdings[3]	**(293)**	**68**	**(225)**
31 March 2023	**85 946**	**11 481**	**97 427**
31 March 2021	79 370	6 320	85 690
Total comprehensive income	14 167	199	14 366
Dividends	(14 162)	(502)	(14 664)
Repurchase and sale of shares	(433)	–	(433)
Share-based payments	495	–	495
Changes in subsidiary holdings	–	12	12
31 March 2022	79 437	6 029	85 466

Notes:
1. Net of share issue costs of R3 million.
2. Non-controlling interests' share of proportionate additional share capital contributions into 10T Holdings (Pty) Limited.
3. Changes in subsidiary holdings includes the acquisition of an additional 14% equity interest in each of IoT.nxt B.V and 10T Holdings (Pty) Limited, increasing the Group's effective shareholding in each of the subsidiary entities to 65%, as well as the unwinding of the B-BBEE deal for Storage Technology Services (Pty) Limited trading as Nexio (Stortech), a subsidiary of the Group. The unwinding of the B-BBEE deal led to the Group's effective interest in Stortech reducing from 95% to 51%. Also included is the buy-out of certain minority shareholders subsequent to the acquisition of Vodafone Egypt.

Condensed consolidated statement of cash flows

for the year ended 31 March

Rm	2023	2022
Cash flows from operating activities		
Cash generated from operations	**48 312**	41 152
Tax paid	**(7 361)**	(7 124)
Net cash flows from operating activities	**40 951**	34 028
Cash flows from investing activities		
Additions to property, plant and equipment and intangible assets	**(20 175)**	(13 843)
Proceeds from disposal of property, plant and equipment and intangible assets	**89**	61
Acquisition of subsidiary (net of cash and cash equivalents acquired)	**(9 221)**	–
Acquisition of associate	**(321)**	(874)
Loan to joint venture	**(116)**	(234)
Dividends received from associate	**4 390**	2 911
Finance income received	**871**	545
Net movement in mobile financial deposits[1]	**(2 353)**	(500)
Other investing activities[1]	**132**	(30)
Net cash flows utilised in investing activities	**(26 704)**	(11 964)
Cash flows from financing activities		
Borrowings incurred	**19 662**	8 570
Borrowings repaid	**(11 935)**	(9 717)
Finance costs paid	**(5 341)**	(4 312)
Dividends paid – equity shareholders	**(13 136)**	(14 170)
Dividends paid – non-controlling interests	**(569)**	(502)
Repurchase of shares	**(510)**	(517)
Proceeds on sale of shares	**133**	84
Proceeds on subsidiary share issue[2]	**242**	–
Changes in subsidiary holdings[3]	**(273)**	–
Net cash flows utilised in financing activities	**(11 727)**	(20 564)
Net increase in cash and cash equivalents	**2 520**	1 500
Cash and cash equivalents at the beginning of the year	**16 658**	15 209
Effect of foreign exchange rate changes	**1 553**	(51)
Cash and cash equivalents at the end of the year	**20 731**	16 658

Notes:

1. Net movements in restricted cash deposits from M-Pesa customers previously reported as part of other investing activities are now being reported separately. The reclassification had no impact on any reported totals, HEPS or on any amounts presented in the statement of financial position.
2. Non-controlling interests' share of proportionate additional share capital contributions into 10T Holdings (Pty) Limited.
3. Cash consideration of R258 million for the acquisition of an additional 14% equity interest in two subsidiary entities, being IoT.nxt B.V and 10T Holdings (Pty) Limited, increasing the Group's effective shareholding in each of the subsidiary entities to 65%, and cash consideration paid for the buy-out of certain minorities subsequent to the acquisition of Vodafone Egypt of R15 million.

Manufactured capital

MC

We have built our manufactured capital to a sizable portfolio across the African continent. Our manufactured capital extends from Cape to Cairo, reaching rural villages, capital cities, entrepreneurs, multinational organisations and millions of individual customers.

What manufactured capital means to Vodacom

We define our manufactured capital as Vodacom's network footprint across Africa, including base stations and masts, fibre and microwave distribution channels. This includes our hardware, undersea capacity, site infrastructure and professional services to deploy new physical sites, upgrades to both hardware and software to increase the overall network capacity, new technologies to develop system compatibility, and our investments relating to maintenance and reliability. We actively pursue partnerships and joint ventures to expand our manufactured capital. Our retail presence, point-of-sale terminals and M-Pesa agents further extend our manufactured capital footprint to merchants and individual customers.

How manufactured capital supports our System of Advantage

Our manufactured capital forms the backbone of our operations, enabling us to provide connectivity across our footprint, and powering our **System of Advantage**. We are committed to building the best infrastructure for mobile and fixed in support of our strategic ambition of becoming Africa's leading communications company. Building our manufactured capital provides further opportunities to scale our intellectual capital as we create diverse and innovative products and solutions, that rely on manufactured capital. We have invested R70.5 billion in total over the last five years to extend our network, maintain market share leadership and achieve leadership in network NPS in all markets.

Our manufactured capital at a glance

Our key focus areas	Key FY2023 achievements	Strategic pillar affected
Expanding our footprint selectively to strengthen our presence in Africa	• Acquired a majority share in Vodafone Egypt • Launched commercial operations in Ethiopia, through Safaricom in October	1 2
Expanding and enhancing our network to retain leadership	• Vodacom Group sites added: – 5G sites: **1 150** (FY2022: 434) – 4G sites: **2 352** (FY2022: 1 410) – 3G sites: **1 136** (FY2022: 519) – 2G sites: **1 037** (FY2022: 441) • **Vodacom Fibre** passed **165 000** homes and enterprises in South Africa (FY2022: 155 903)	1 2 8
Investing in the resilience of our network to retain leadership	• **R16.5 billion** capital investment in network capacity and resilience (FY2022: R14.6 billion) • To achieve network NPS **leadership** across our markets	2 5 8
Accelerating our digital services infrastructure to become the enterprise digital partner of choice	• Vodacom Group has **50** data centres • First TelCo to attain the MEF 3.0 SD-WAN certification	2 4
Enhancing our retail and agent presence to support our digital ecosystem	• Increased our retail store footprint to **9 109** retail stores in South Africa • Increased our M-Pesa agents to **552 612** (FY2022: 510 000)	4 5

The value we create, preserve and erode

Expanding our footprint selectively to strengthen our presence in Africa

By implementing our strategy – the **System of Advantage** – we have engaged in landmark transactions to expand our footprint. These transactions included acquisitions, joint ventures, partnership agreements and infrastructure separation that have been tailored to the context of the operating countries in which they took place. This nuanced approach is essential to ensure success on a continent as diverse as Africa.

Growing our footprint from Cape to Cairo

In December 2022, we received final regulatory approvals and announced the completion of the Group's binding agreement to acquire a controlling 55% shareholding in **Vodafone Egypt** in a transformational R43.6 billion deal. The finalisation of the Egypt transaction cements our position as a leading pan-African communications company in addition to diversifying our geographic presence and accelerating our growth profile. Our population reach has increased to over half a billion people across Africa.

Vodafone Egypt is the largest mobile network operator in Egypt in terms of revenue mobile market shares of 44%. Vodafone Egypt provides a range of integrated telecommunication services, including mobile and fixed voice, SMS, data and mobile money to 45 million consumers and enterprise customers. The transaction has added attractive tower assets to our portfolio which now reaches from Cape to Cairo.

Vodacom Group contributes significant value to Egypt with our multiproduct strategy and financial service platforms, global partnerships and best practices. In addition to financial services, Vodacom Group sees attractive synergy potential from combining Vodafone Egypt's software factory with Vodacom Group's existing Big Data capabilities, closer cooperation in scaling pan-African enterprise and IoT solutions, enabling the proliferation of digital services through our platform approach, and talent sharing.

PG For more information on how the Egypt transaction contributes to our intellectual capital, see **Page 75.**

Rolling out a world-class network and services in Ethiopia

Having officially secured a telecommunications licence granted by Ethiopia's government in July 2021, Safaricom Ethiopia[1], a Safaricom-led consortium, switched on its mobile telecommunications network and services in Addis Ababa in October 2022 and held a ceremony to mark its national launch. Our subsequent network rollout reached 2.1 million customers in 22 cities across the country. Our ambition is to rollout a network of 10 000 to 12 000 sites in the next ten years.

www https://www.safaricom.co.ke/images/calendars/FY23-Investor-Presentation-11-May-2023.pdf

Bridging South Africa's digital divide with a strategic fibre deal

In November 2021, Vodacom announced the proposed acquisition of an initial 30% stake in **MAZIV** (previously InfraCo), a joint venture that will house the fibre assets of Vodacom South Africa and CIVH. The joint venture is a major step forward in scaling our fibre offering in South Africa as we will gain exposure to highly attractive and fast-growing operating companies within MAZIV, including Vumatel and Dark Fibre Africa. We have the option to increase our stake in MAZIV to 40% and with our capital injection and strategic support we will further accelerate the growth trajectory of these fibre assets.

In October 2022, the joint venture received ICASA approval and is awaiting confirmation from the competition authorities in South Africa, following which Vodacom will transfer its fibre assets to MAZIV. Through this strategic deal, Vodacom has the opportunity to emerge as the leader in the wholesale fibre market.

In FY2023, Vodacom fibre passed 165 000 homes and enterprises in South Africa (FY2022: 155 903).

The MAZIV transaction is expected to narrow the digital divide in South Africa by enabling affordable access to connectivity in some of the most vulnerable parts of the country through an ambitious fibre rollout programme. The contribution of Vodacom South Africa's wholesale fibre to the home, fibre to the business and business-to-business (B2B) transmission access fibre network infrastructure further scales and enhances our fibre footprint.

Separating our South African tower portfolio

We have separated our South African tower portfolio into a stand-alone **TowerCo** business. The separation forms part of our strategy, which seeks to optimise assets and is driven by new technologies, radio access network technology constraints and the increased use of sharing models, among others. We have established a separate legal entity that will be owned by Vodacom Group. The TowerCo includes our towers, rooftops and other network sites. The TowerCo will allow Vodacom to benefit from cost efficiencies, increase its ability to monetise assets, alignment with the evolution of technology, maximise tenancies, power resilience sharing opportunities and unlock alternative financing opportunities.

Case study

Improving customers' fibre experience in South Africa

Although Vodacom strives to deliver a world-class customer experience, we still receive customer complaints. Despite good customer adoption of fibre, fibre-related complaints remain a concern. In FY2022, we observed a significant increase in fibre-related complaints in South Africa as our fixed services, such as fibre, expanded. In FY2023, we seized the opportunity to learn from these complaints and improve customer experience, recognising that the customer journey for a fibre connection is much more complex than a mobile connection.

Our newly established customer experience board in South Africa identified several pain points within the fibre customer journey. We reviewed each of these pain points in order to eradicate them and improve our customer's overall fibre experience. Successes this year include the simplification of the application process, where we ramped up and simplified the on-boarding digital journey, resulting in a 9% increase in online connections during the year. We improved our time to connect a customer from order to connection resulting in 68% of all orders now connected within seven days. We increased our service hours to assist customers after hours. Through all of these initiatives and continued improvement, we saw our call centre volumes reduce by more than 2 000 calls in the second half of the year.

We recognise that we have progress to make in the customer journey, but we are proud of the decrease in escalations compared to the prior year. Looking forward, we intend to continue improving the various processes for our customers' fibre journey and overall find end-to-end solutions that improve the overall customer experience related to fibre.

1. The Group, excluding its indirect interest via its shareholding in Safaricom, has an effective direct interest of 6.2% in the consortium. In addition, the Group has indirect exposure through Safaricom's 55.7% effective interest in the consortium.

Value created Value eroded Value sustained

Expanding and enhancing our network to retain leadership

Vodacom is committed to delivering the most advanced communication technology across all our markets to enable people to communicate, transact and interact with each other, information and things. In FY2023, we invested R16.5 billion in our network (FY2022: R14.6 billion). Expanding and developing our network, whether it be through mobile, fibre or from space enables us to accelerate economic growth through the provision of accessible and affordable products and services and the promotion of digital inclusion for all.

PG Refer to **Page 32** to read more about our products and services and **Page 22** to read more about how we support inclusion for all.

Increasing our network coverage in South Africa

During FY2023, we continued to roll out 3G, 4G and 5G network sites to increase our population coverage. Acquiring additional spectrum at auction resolved many of the challenges we faced in building our 5G capacity in South Africa. Our 5G base grew by a significant 143% year-on-year, to reach 44.2 million customers. The number of 5G capable devices on our network increased to 1 804. We plan to add 750 additional 5G sites in FY2024, to reach 32% 5G population coverage.

	Population coverage		Network sites	
	2023	**2022**	**2023**	**2022**
3G	**99.4%**	99.9%	**14 686**	14 631
4G	**98.5%**	97.9%	**14 534**	13 991
5G	**17.9%**	0.0%	**1 543**	624

PG For more details on our coverage and smartphone penetration related to Where we operate, see **Page 04.**

Advancing rural coverage

We are focused on scaling within our existing footprint and see particularly exciting partnership opportunities in rural connectivity where we have ambitious aspirations to accelerate deep rural access. We have made good inroads on innovative new financing models for rural base stations and aim to unlock the benefits through these partnerships in the near future.

In South Africa the number of rural network sites reached 2 892 (FY2022: 2 783).

We continue to focus on providing rural coverage in our International markets as this plays an important role in connecting customers across the African continent. We have reached 4 104 rural sites across our International markets over a four-year period.

In FY2023, the DRC accelerated 4G capacity expansion to cater for extra traffic in Kinshasa on 268 sites and in Kivu on 65 sites; new rollout of 2G-3G-4G live on 52 sites; and new 2G-3G rural coverage in 52 villages.

5G was launched in Tanzania in FY2022, and 231 sites have been deployed in FY2023 which contribute to the growth of SMEs across the country.

PG For more information on our super-apps refer to intellectual capital on **Page 76.**

ESG ESG report

DRC Rural Coverage

SA Rural coverage

Increasing our network coverage in our international markets

In the International business we continue to focus on accelerating 4G coverage, in line with our Tech2025 strategic goal. We are, however, proud of the 5G launch in Tanzania and Kenya which drives business connectivity.

Our efforts to increase coverage and offer competitive products and services has grown our data customers by 6.2% to reach 22.5 million (FY2022: 21.2 million).

	Network sites	
	2023	**2022**
2G	**8 819**	8 487
3G	**7 169**	6 832
4G – Tanzania	**2 353**	2 122
4G – Mozambique	**1 970**	1 749
4G – Lesotho	**255**	226
4G – DRC	**1 165**	1 018
5G – Tanzania	**231**	63

PG For more details on our population coverage in our international markets, see Where we operate on **Page 04.**

Vodacom's partner, AST SpaceMobile is building the first space-based mobile broadband network accessible directly by standard mobile phones. AST SpaceMobile's BlueWalker 3 satellite underwent basic functionality testing in 2022, prior to a formal trial in the second quarter of 2023, in partnership with Vodacom and Safaricom in Kenya.

After successful completion of the trial, AST SpaceMobile will scale up their satellite deployments in partnership with Vodacom to provide ubiquitous communications to 4G devices across African and beyond. This capability will enable Vodacom to provide coverage in rural areas where it is challenging to provide connectivity through traditional terrestrial communications solutions.

Investing in the resilience of our network to retain leadership

Ensuring network continuity is critical to our market leadership position. Across our OpCos we face various challenges to network resilience including the availability of grid-based power, theft and vandalism and extreme weather events. We have accelerated technology-related operating expenditure and capital investment to manage these challenges and keep our customers connected.

Maintaining technology resilience

Our technology resilience programme ensures all technical recovery plans are periodically reviewed and maintained as needed. All critical systems are tested to provide auditable proof of recovery capabilities, while also ensuring the right plans – including georesilient architectures and capabilities – are in place to meet the prescribed recovery time and recovery point objectives.

In South Africa, we aim to provide reliable connectivity in the face of increased frequency and duration of loadshedding. We invested R4.0 billion in our **Energiser project** over the past three years, which provides backup power to drive improved network availability during loadshedding. We consistently achieved network availability between 94% to 99% ahead of competition during periods of heightened loadshedding when grid-based power availability fell to 60%.

Digital inclusion driven by innovative handset financing

To drive digital inclusion through device penetration, Vodacom facilitates access to affordable smart devices. We bring entry smart devices to our customers through partnerships with device manufacturers and distributors, device subsidies for network locked devices, device financing, device affordability programmes with OTT partners and data bundle attachment with 5G smartphone offers.

In South Africa, smartphone penetration is at 64.5%, and across the International business, smartphone penetration increased to 32.9%.

Thanks to partnerships with open-market players, the DRC has connected more than 500 000 smartphones over the last two years, driving the smartphone penetration to 19%. In Tanzania, we have connected an additional 1 million smartphones, driving penetration from 30% to 35%.

We continued the subsidisation model for new 4G devices in Lesotho. Our OpCo worked closely with the trade partners to sell 4G devices. This, combined with more 4G coverage and significant upgrades in high-capacity areas, resulted in 4G device penetration increasing 11%, reaching total smartphone penetration of 66.3%.

Value created Value eroded Value sustained

Accelerating our digital services infrastructure to become the enterprise digital partner of choice

Providing enterprises with digital services they need requires increased manufactured capital capacity. Increasing our digital services infrastructure capacity through our data centres and SD-WAN connections supports us in becoming digital partner of choice for enterprises.

Increasing capacity in cloud and hosting services

Enterprise customers increasingly use hybrid cloud technology strategies, including multicloud deployment models to take advantage of the scalability and flexibility of the cloud-based technologies offer. We accelerate business connectivity through cloud and hosting services in South Africa through our seven data centres, covering an area of 7 000 m^2. In FY2023, we grew our data centre footprint by 19%. Our other OpCos provide cloud and hosting services through 23 data centres.

Increases in our built capacity and service offering has increased our cloud-based revenue from R388.8 million in FY2022 to R462.4 million in FY2023. Enterprise customers opting for a hybrid cloud technology strategy represent 71% of our customer base. Customers using the Vodacom Enterprise solution represent 29% of our customer base.

PG For details on the products and services that leverage cloud capabilities, see intellectual capital from **Page 81.**

Increasing our SD-WAN connection capacity

SD-WAN offers intelligent connectivity, along with high-speed dedicated or broadband connection, with greater efficiencies and control, through a management portal that provides complete network visibility. We were the first African TelCo to attain the MEF 3.0 SD-WAN certification. SD-WAN connections for the year increased to 14 971 from 7 854 in FY2022.

Enhancing our retail and agent presence to support our digital ecosystem

Our retail presence and the presence of our agents across our footprint are the closest point of contact our manufactured capital has to our customers. The experience Vodacom branded stores and M-Pesa merchants create, play an important role in supporting world-class loyalty and customer experience.

Transforming our retail presence

In FY2023, we opened three new retail stores in South Africa, two in Gauteng and one in KwaZulu-Natal, that represent our interpretation of the store of the future. **Store 2.0** is a co-created future-ready store, that bridges the gap between physical and digital retail. Our brick-and-mortar stores are complimented by technology, creating empowered customer experiences and engagements through seamless, paperless and frictionless transactions. Customer experience is the central focus of the store's modular, flexible, digitally inclusive, and environmentally friendly design. The Store 2.0 model aims to meet the needs of individual consumers, enterprises and SMEs, providing access to core and accelerator products and services. Learnings from this rollout will inform our future retail transformation plan in the short to medium-term.

Supporting M-Pesa agents to scale financial and digital services

M-Pesa and Vodafone Cash provides financial and digital services to 55.8 million customers and 803 000 merchants in Kenya, Tanzania, the DRC, Mozambique, Lesotho and Egypt through 552 612 agents (FY2022: 510 000).

IC Intellectual capital

Evolving from a TelCo to a TechCo requires that we invest in our intellectual capital to create products and services that reinforce our brand and meet the evolving needs of our customers.

What intellectual capital means to Vodacom

We define our intellectual capital as our brand and reputation, our investment in the latest, modern digital technologies and skills, our ability to transform our customers' experience through personalisation, and the integrated digital and financial services that we offer.

How intellectual capital supports our System of Advantage

Underpinned by our leading and trusted brand in connectivity, the build out of our digital ecosystem creates deeper customer engagement and differentiation where we compete on value rather than just price. Our digital ecosystem is powered by intellectual capital and spans financial services, digital services, IoT, behavioural loyalty and data-led personalised offers. Through optimised investment into our brand, spectrum, Big Data, technology and skills we expect to enhance our growth and returns potential.

Our intellectual capital at a glance

Our key focus areas	Key FY2023 achievements	Strategic pillar affected
Transforming our customers' experience to a world-class standard	• Digitising our service channels with MyVodacom and TOBi • Our digital workforce is now **54%** larger than our call centres • **74%** of our calls are handled via AI, with a **97%** journey utilisation	5 6 7 8 10
Strengthening our footprint to enhance our digital capabilities	• Vodafone Egypt provides access to highly skilled talent with >90% of IT insourced	1 9
Acquiring and managing spectrum to secure our leadership	• Acquired 110 MHz of spectrum in Tanzania • Additional spectrum purchased finalised in Mozambique • Leveraging the 110 MHz of spectrum in South Africa • Through Vodafone Egypt, acquired the leading spectrum position in the market	2
Providing digital and financial services to build our digital ecosystem	• Advancing the Group's dual-sided financial services ecosystem • Strengthening our position as Africa's leading FinTech player • Developing VodaPay and other financial services in South Africa • Developing M-Pesa and other financial services internationally • Over **70.6 million** (FY2022: 60.6 million) financial services customers • Alipay partnership • Over 100 mini-apps registered on VodaPay	3 4 5 6 7 8
Leveraging Big Data for personalisation and growth	• CVM personalised offers make up **>65%** of total bundles sold in South Africa	5 6
Extending our capabilities to provide key enterprise services	• Supported **9.4 million** IoT connections • **19%** increase in enterprises using our cloud, hosting and domain, managed software and security services	3 4
Maintaining data security and privacy to maintain technology leadership	• Extensive set of cyber security baseline and super controls	8 10
Building our trusted brand and strong reputation to differentiate	• Serving **185.8 million** customers across the Group including Safaricom (FY2022: 129.6 million) • Number 1 in **four** of our OpCos in terms of NPS • Launched new "Shokran" loyalty programme in Egypt • Ranked **first** for developmental impact within South Africa according to Trialogue's Corporate Development Impact rating	5 10

The value we create, preserve and erode

Transforming our customers' experience to a world-class standard

Vodacom is a customer-centric business, and we understand that market differentiation and business sustainability depend on maintaining and growing our existing customer base through positive experiences. Our core purpose of connecting for a better future is intrinsically linked to ensuring that each customer has the best possible experience when engaging with our products and services.

Our customer experience strategy considers customer needs and aims to create a seamless experience throughout the customer life cycle, supported by an integrated expert resolution hub to ensure prompt resolution of any queries. We have established a Design Centre of Excellence to provide support and guidance for product and journey designs and launched an SME Experience Centre in FY2023.

Customer needs:

- A small number of simple products to select from.
- Services that are easy to understand, easy to use and easy to pay for.
- A seamless experience.
- A selection of convenient channels to communicate and resolve any issues.
- Issues resolved quickly with no need to contact again.

Our customer experience strategy is built on three primary pillars

Streamline and simplify the journey

- Digital-first and experience-led products that are easy to use and understand
- Eradicate any pain points in customer journeys
- Use of RPA to speed up processes

Provide digital-first touchpoints

- Self-service channels via voice or chat
- 24/7 effortless digital resolution
- Proactive care before the customer is aware

Integrate targeted expert resolution

- Complex issues or value-driven calls
- Smart routing to multiskilled agents and experts
- Problem resolutions and potential cross or upsells

FY2023 highlights

Postpaid consumer churn reduced to **13.6%** in South Africa

86% of social media queries resolved in less than 10 minutes in Lesotho

64% call reduction for M-Pesa and **60%** reduction for bundle depletion calls in Tanzania

Case study

Focusing on improving customer experience at Group and OpCo level

We strive to deliver a personalised omni-channel digital experience to all our customers. Delivering high-quality customer journeys requires continually refining and developing our customer experience strategy and journeys based on the evolving needs of our customers. Our customer experience boards at ExCo level in each of our OpCos, are dedicated to understanding and continuously improving customer experience journeys.

The customer experience boards focus on the biggest customer journey pain points, the process that contributes to them and the necessary actions to address them. Within these boards, leaders from multiple business units collaborate to unpack the root cause of pain points and find solutions. These meetings and regular market visits provide Vodacom leadership with insights into the changing needs and preferences of customers within each market. This holistic approach ensures all aspects of a customer's journey are considered to develop end-to-end solutions. Once an issue is resolved, we review how processes can be improved to simplify customer experience.

OpCo customer experience boards report to the Group customer experience board. Group-level support ensures that crucial learnings to improve customer experience are shared across the Group. At an operational level, employees participate in developing and implementing solutions through regular **Spirit of Vodacom** events. The **Spirit of Vodacom** includes "earn customer loyalty" as one of its four pillars, encouraging employees to get involved in improving customer experience.

Value created | Value eroded | Value sustained

Digitising our service channels in South Africa

We aim to enhance the customer experience and service quality by offering a personalised omni-channel digital experience. While we offer digital touchpoints first, customers have the option to speak to an agent at every point of our interactive voice response process. In FY2023, we scaled our self-serve portal with additional digital journeys, enhanced our reporting capabilities, and conducted continuous user experience improvements.

The **My Vodacom app** continues to provide our customers a world-class experience seen through a consistent touchpoint NPS (tNPS) over 53.1 and a 4.4-star Google Play store rating. The app has maintained its high user engagement and seen significant growth, generating over R2.6 billion in annual revenue (FY2022: R2 billion), with 6.2 million active customers (FY2022: 5 million). Bundle revenue growth driven by the app is 30%, with 90% of contract customers, 17% of prepaid customers, and 75% of hybrid customers using it.

We are seeing an exponential growth in the adoption of **TOBi**, our chatbot, coupled with high rates of customer satisfaction. In FY2023, we incorporated TOBi into our VodaPay super-app. We further tailored the customer experience by expanding the voice capability of TOBi, with the launch of our TOBi Zulu. We are in the process of developing TOBi capabilities in other languages in line with our OpCo needs.

Case study

Resolving VodaPay queries through digital channels

Since the launch of VodaPay, our super-app in South Africa, we have focused on creating a seamless digital experience for our customers within the app. In line with our strategy to offer our customers a high-quality omni-channel customer experience, we embarked on a journey for Tobi, our chatbot, to manage the majority of customer queries and reduce the contact with our call centre agents.

Referrals from Tobi to our call centre employees are reviewed regularly for customer journey enhancements and we continually "teach" Tobi to improve digital resolution. For example, we reduced heavy text in customer journeys with more rich media and use emojis and GIFs, which customers seem to prefer. We reviewed various customer journeys to simplify each process.

This year, we reduced the number of agents supporting the product, despite growing our VodaPay customer base. We resolved 87% of customer queries digitally through Tobi. Automation of journeys and high-quality digital processes allow us to reassign agents to new areas where demand has increased, and provides opportunities to reskilling agents to work in other areas of our business.

Our ambition is to achieve a 90% success rate of customer queries digitally resolved though Tobi. The remaining 10% of the queries, which are more complex, will continue to receive support from our agents. We are on track to achieve this target.

In addition to TOBi, which provides direct customer support, we created a single front-end digital interface called **TOBi Assist** to support our front-line operators to service customers. TOBi Assist is powered by Big Data, CVM, and predictive models and is enhanced with the latest technology stack. TOBi Assist has handled 9.4 million calls since launch in January 2021 and has achieved 28.8 million transactions (FY2022: 13.3 million). Overall customer service impact has reduced by 11.8% to 11.5 million (FY2022: 13.3 million) in call volumes with a 5% First Call Resolution improvement.

Vodacom maintained the leadership position, for the fourth consecutive year by more than 150 points, in the Gartner IT4C report on Digital Channels and Experiences. The report ranks the four big telecommunications providers in South Africa, benchmarked globally across browsing, buying and self-service journeys.

Managing customer complaints

While Vodacom strives to deliver a world-class customer experience, we do receive customer complaints. Fibre-related complaints in South Africa, for example, remained high in FY2023. We see complaints as an opportunity to address our customer experience, but nevertheless recognise that customer frustration is a source of value erosion.

PG Refer to **Page 68** for a case study on how we are improving customers' fibre experience in South Africa.

In FY2022, we transformed how we resolve queries for our postpaid customer base through smart routing. In partnership with an external service provider, we built a resolution hub aimed at reducing or eliminating multiple handover points to different agents or departments. In FY2023, we rolled out the Expert Resolution Hub with 630 agents in live production and will continue to scale how we resolve queries around the rest of our postpaid services.

Strengthening our footprint to enhance our digital capabilities

Vodafone Egypt provides the Group with access to highly skilled resources to diversity and differentiate our digital ecosystem. Vodafone Egypt leverages these skills to develop class-leading and secure IT platforms, which support high levels of automation, efficiency and customer excellence.

Enhancing our digital capabilities

Vodafone Egypt has developed its own public cloud, CVM, Big Data, entertainment and digital payment capabilities. With more than 800 IT skills insourced, Vodafone Egypt IT efficiency spend of 2.3% compares favourably with an industry benchmark of 4.3%.

Acquiring and managing spectrum to secure our leadership

As demand for connectivity increases, we continue to work to secure spectrum leadership in our OpCos. Maintaining and expanding our mobile network capacity relies on our ability to renew and secure adequate broadband spectrum. Once we secure spectrum through engagement with relevant authorities in spectrum auctions, we manage it effectively to provide our customers with increased coverage and improved network quality and speeds.

- In March 2022, we acquired 110 MHz of spectrum in South Africa for R5.4 billion. The spectrum has a licence period of 20 years enabling a more sustainable investment path and industry. In FY2023, we started to use the spectrum to accelerate 4G and 5G network coverage and capacity across the country and improve service quality to promote digital inclusion.

- Following Egypt's 2.6 GHz spectrum auction in November 2020, Vodafone Egypt has the leading spectrum position in the market. This spectrum portfolio and Vodafone Egypt's extensive 4G rollout provides an excellent network foundation.

- New spectrum implementation is one of our strategic priorities for our International business. In Tanzania, we acquired an additional 110 MHz of spectrum in the financial year. In Mozambique, we invested in additional 900, 1 800 and 2 100 MHz spectrum. In April 2023, subsequent to the financial year, we acquired additional spectrum in the DRC.

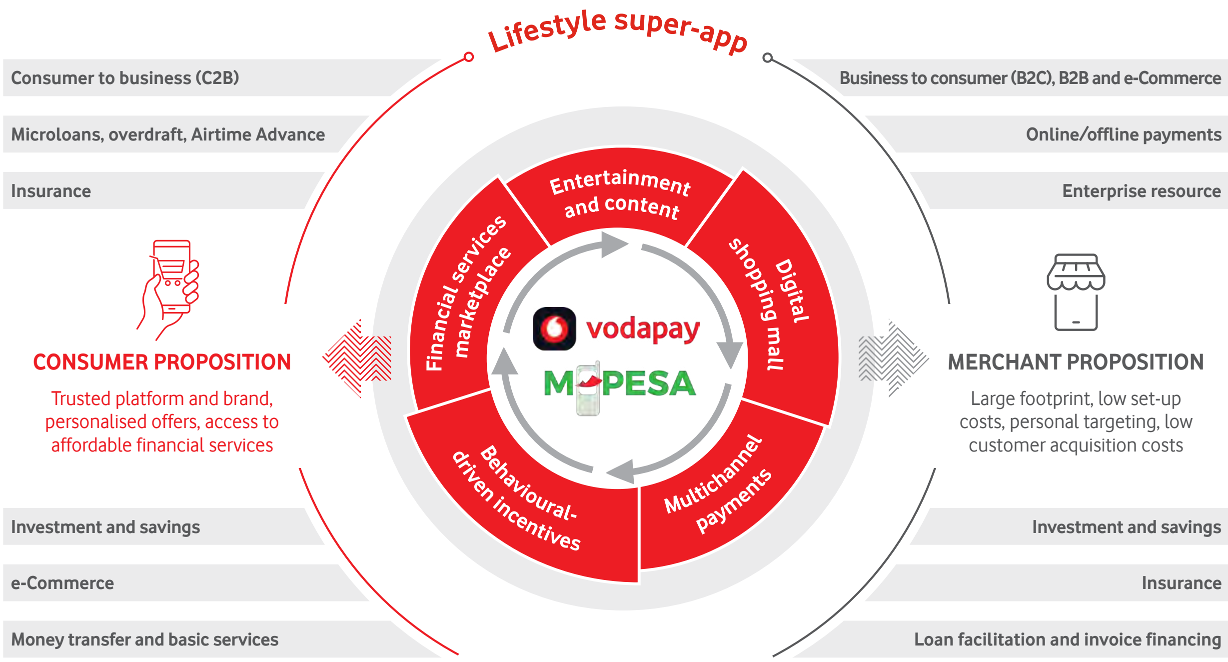
Providing digital and financial services to build our digital ecosystem

We have built a formidable financial services business across our existing markets, with products that cut across consumers and markets. Our financial services diversify and materially enhance the Group's growth and returns profile and unlocks strategic opportunities with our key partners. As a differentiator for the Group, we leverage global technology partnerships and our Centres of Excellence to deliver attractive returns for our shareholders while creating exciting propositions for our customers.

We continue to develop customer-centric solutions to enhance the user experience and digital journey across our markets. At the same time, we continue to expand our digital lifestyle services by enhancing our existing portfolio and introducing new products – with our super-apps serving as catalysts for growth in this space.

Advancing the Group's dual-sided financial services strategy

Our financial services strategy is supported by a dual-sided ecosystem across consumers and merchants, bringing these segments together through exceptional and personalised experiences relating to entertainment, e-Commerce, payments, savings, investments, lending and insurance services. As key drivers of this strategy, our two super-apps – VodaPay and M-Pesa – integrate our own, Vodacom-built products and services with the best offerings from our partners.



Strengthening our position as Africa's leading FinTech player

Our financial services business is integral to our purpose-led business model as it is the largest component of our new services revenue and a clear strategic priority. The VodaPay and M-Pesa super-apps, strategic partnerships and African expansion are key enablers to scaling our financial services and building a pan-African FinTech ecosystem that supports e-Commerce, banking and financial services that offer a single customer experience.

High-growth and scalable financial services model with attractive returns

Expanding our product set to capture growth opportunities

Payments and e-Commerce
- International money transfer (IMT)
- C2B
- e-Commerce payments
- Services and bill payments
- P2P transfers
- Scan to pay

Airtime Advance and lending
- Airtime Advance

Lending
- Prepaid handset finance
- Voucher Advance
- Microloans
- Overdraft facility
- Instant/virtual credit card
- Instalments

Insurance

Short-term
- Device
- Home and road assist

Long-term
- Life and funeral
- Group schemes
- Contract cover

Third-party
- Car
- Home

Savings and investments
- Fractional ownership of shares and commodities
- Savings
- Unit trusts
- Money market

Merchant services
- Online (e-Commerce) and offline POS payments
- B2B
- B2C (e.g. salaries)
- Enterprise resource planning
- Invoice financing
- SME lending

+

Scalable platform

Super-apps (VodaPay and M-Pesa)

FinTech marketplace

Entertainment and content

Personalised offers

Digital mall

Behavioural loyalty

+

Multiple revenue drivers

Fee per transaction (P2P, cash out, C2B, B2B, B2C and e-Commerce)

Service fee (content, loan facilitated)

Commissions (investment products, third-party services)

Platform hosting fees

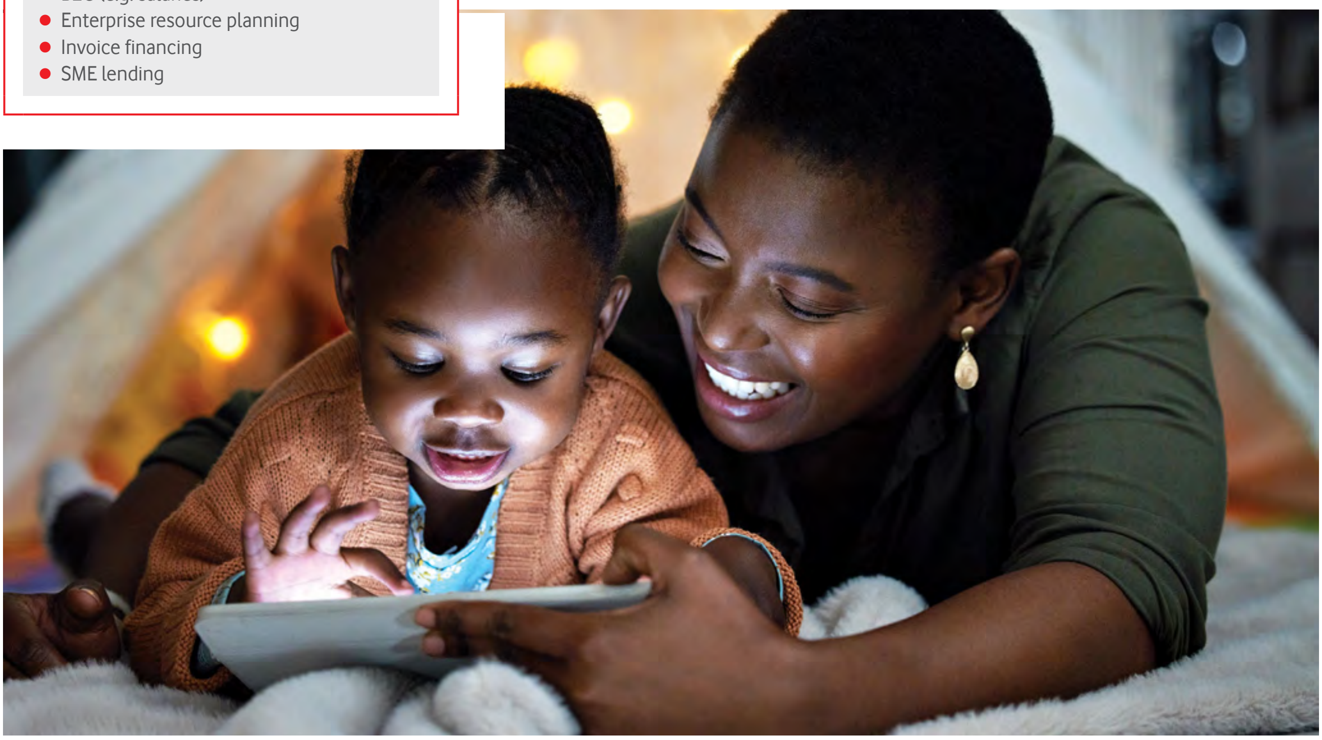
Advertising fees

=

Attractive margins and returns

PBT margin > TelCo Margin with further opportunities, including digitalising inflows and outflows, and increased use of shared services

Maintain low CAPEX intensity as we leverage global tech partnerships (i.e. Alipay) and Centres of Excellence (i.e. M-Pesa Africa) to deliver highly attractive ROCE



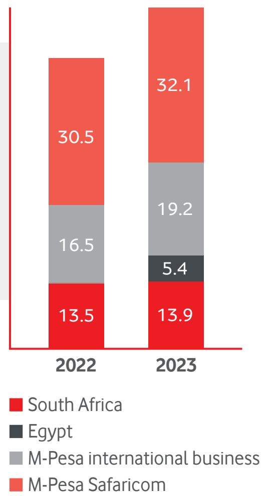
The value we create, preserve and erode | Providing digital and financial services to build our digital ecosystem continued

Across our markets, we are working to ensure all markets are at the same level of product offering, payments and lending ecosystem.

		Tanzania	DRC	Mozambique	Lesotho	Egypt	Kenya
Money transfer and basic services	Cash in/cash out (including ATM)	●	●	●	●	●	●
	P2P	●	●	●	●	●	●
	GSM service top-up	●	●	●	●	●	●
	Bank transfer	●	◑	●	◑	◑	●
	International money transfer	◕	◑	◑	◔		●
Consumer payments and enterprise services	C2B, e.g. bill payments	●	◑	◕	●	◑	●
	B2C, e.g. disbursements	◕	◕	◕	◕		●
	B2B, e.g. cashless distribution	◑	◔				◕
Financial services	Microloans and overdraft	●	●	◑	●		●
	Insurance	◑			◔	◔	◔
	Investments and savings	◔		◑	◑		◑
	Super-app mini apps	◔				◔	◑
Merchant payments	In-store merchants payments	◕	◑	◑	◔	◔	●
	E-Commerce/online payments	◔				◔	◑

Financial services Customers (millions)

The Group has **70.6 million** customers

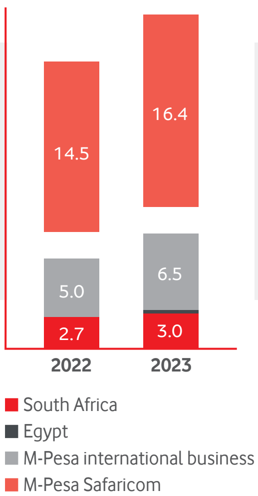


Financial services Revenue (Rbn)

Strong underlying growth in financial services revenue

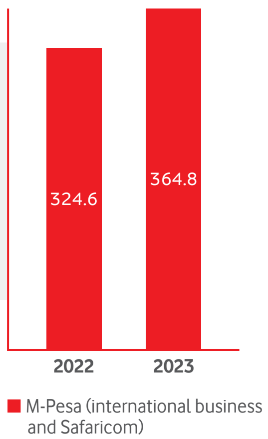
Vodacom **14.3%* growth**

Safaricom **8.8%* growth**



Annual M-Pesa transactions value (USbn)

Annual M-Pesa transactions increased by **12.4%**



* Normalised growth presents performance on a comparable basis.

Value created Value eroded Value sustained

Developing VodaPay and other financial services in South Africa

VodaPay super-app

In FY2023, **VodaPay** app downloads reached 5.7 million, with 3.3 million registered users with VodaPay wallets and 2.2 million active users. We continue to grow our e-Commerce and partner offering by reaching more than 100 partners on the super-app to provide VodaPay users with a comprehensive lifestyle and shopping experience across various categories and services. In addition to buying products like airtime and paying for bills through VodaPay, customers can access lending, insurance and payment products and services. During the year, VodaPay launched new products and functionality including a real-time configurable home page, our integrated Summer campaign, the ability to convert VodaBucks to cash in VodaPay wallets, and other customer growth focused features and campaigns.

Payments processing services

We provide more than 9 500 merchants with digital and physical payment processing services. Vodacom processes over R5.0 billion in payments annually through these devices. Our acquiring solutions enable merchants to process debit and credit card transactions across our Android and mobile POS devices. We also offer merchants the e-Commerce and m-commerce processing capability through our online payment gateway.

Beyond helping merchants acquire payments, our enterprise financial services solutions enable merchants to provide a wide range of value-added services. Our solutions are targeted at the SME merchant segment, where we believe we can provide innovative financial solutions. The financial services ecosystem for enterprise is supported by comprehensive capabilities across our supporting operations as well as innovative digital channels for self-service engagement. This includes merchant reporting and applications for new products and services via the online merchant portal as well as through the VodaPay app.

Airtime Advance

In FY2023, our **Airtime Advance** product facilitated an additional 1.7 billion of airtime advances to more than 14 million customers, to the value of R12.8 billion. Airtime Advance represented 44.7% of total prepaid recharges during the year.

Lending

During the year, we launched **Cash Advance**, a product focused on supporting financial inclusion by facilitating short-term loans of up to R500, accessed through VodaPay. Cash Advance loans are up to 400% cheaper than the informal lenders.

Our **Voucher Advance** products provides customers with access to a low-value buy-now pay-later offering, which allows them to buy meals and other consumer products ranging from R75 to R500, with no interest or hidden fees when repaid on time. Our Voucher Advance platform has over 35 partners, including some of South Africa's biggest brands.

Our SME-focused lending solution – **VodaLend Business Cash Advance** – provides finance to small and medium enterprises in need of quick access to short-term cash advances of up to R1.5 million. In FY2023, the solution continued to grow, facilitating credit to more than 1 000 small enterprises. VodaLend Business Cash Advance uses innovative credit assessment capabilities based on the information obtained from the merchants' Vodacom POS devices to determine creditworthiness.

Our Supply Chain Finance product, which is available in South Africa, is designed to facilitate short-term financing support to Vodacom suppliers. In FY2023, we provided R7.5 billion in financing.

Insurance

Through **VodaSure**, we provide our customers life, funeral and various short-term insurance. Our aim is to become the preferred connected lifestyle insurer that delivers on-demand, one-click insurance for everyone. In FY2023, VodaSure issued 2.6 million policies and increased revenue by 13.5% to R1 190 million due to the continued growth in device insurance, contract cover and funeral cover, as well as the launch of the new theft cover-only product. Our device insurance attachment ratio has grown from 6% to 30%. Our device insurance, funeral and life cover products are also available on the VodaPay platform.

Developing financial services including M-Pesa internationally

M-Pesa

The financial services offered through M-Pesa is a key driver of socio-economic growth and a gateway to the digital economy. M-Pesa, which was launched in 2007, has evolved into a payments platform that offers access to life-enhancing personal services and e-Commerce in four of our OpCos, as well as Kenya. Our M-Pesa super-app incorporates mini-app capabilities to create an intelligent, cloud-based platform as a single point of integration between consumers and merchants.

In FY2023, M-Pesa and Vodafone Egypt cash served more than 55.8 million customers (including Safaricom) and processed over US$364.8 billion in transactions in (FY2022: 47 million customers and US$324.6 billion in transactions). Revenue from M-Pesa increased 18.2% to R23.0 billion (FY2022: R19.4 billion), including Safaricom. Our International markets contributed R6.5 billion (FY2022: R5.0 billion) of this revenue. Including Safaricom, M-Pesa is used by more than 2.6 million enterprises to collect and disburse payments, and over 800 000 retail and online merchants accept M-Pesa.

Across our International business, an increase in merchants using M-Pesa is driving digital payments. There is an acceleration in new merchants and customers adopting digital payments at various points with merchant sign-ups increasing three-fold in the year across our OpCos accepting M-Pesa payments, and customer growth reaching 16.4%.

Insurance

We continue to enable access to microinsurance products with **VodaBima** in partnership with insurance companies in Tanzania. VodaBima enables Vodacom customers to choose the insurer and type of insurance they want (either motor vehicle or health) and purchase, make claims, or even cancel the insurance through their phone. In FY2023, VodaBima provided cover to 167 000 customers.

The value we create, preserve and erode continued

Lending and consumer

In Tanzania, products and services driving financial services include **M-Koba** – a group savings solution to support women, young entrepreneurs, family and friends saving money through M-Pesa. Since launch, the number of groups formed in M-Koba have grown with over TZS173 billion saved. Credit and savings products such as **Overdraft** and **M-Pawa** have also shown growth in Tanzania, with TZS1 trillion in loans facilitated and TZS156 billion saved through M-Pawa in FY2023.

Our **Ntlatse** overdraft facility continues to serve our M-Pesa customers, having facilitated the disbursement over LSL80 million in overdraft. We have also launched a term loans facility, **Nkalime**, which allows customers the ability to take microloans over a longer period via M-Pesa.

Lending agents

The agent base in Tanzania remained resilient as we lapped mobile money levies imposed in July 2021, reaching an M-Pesa revenue growth of 8.0%. Additional services such as agent loans through **Wezesha** (our agent overdraft facility in partnership with Tanzania Postal Bank) has improved agent liquidity and availability to our customers.

International money transfers

In FY2023, International money transfer value reached US$3.9 billion, including Safaricom. We launched a variety of new corridors across Tanzania and Kenya, giving our customers access to a wider network of countries to conduct transactions with.

Expanding our portfolio of digital lifestyle services

Our digital lifestyle services deliver digital content through our platform and partnership approach across key verticals including video, music, gaming, education and lifestyle services. Our customers are adopting a culture of anytime, anywhere, on-demand entertainment and value high-quality, relevant content. During FY2023, we enhanced our portfolio by developing scalable digital content partnerships that provide relevant, engaging and gamified content that can be monetised through data consumption, advertising, subscription or transactional models.

We continue to expand and enhance existing propositions by re-imagining the customer experience and incorporating gamification mechanics across the portfolio. VodaPay offers opportunities to diversify our digital ecosystem to further scale our propositions in the mass market. This is supported by bite-sized offerings, data bundling and creating engagement on VodaPay through freemium models.

Impacting society through our "tech for good" platforms

Our **"tech for good"** platforms help diversify our revenues and drive societal benefit. We actively contribute to creating a digital society by developing solutions across critical verticals, including agriculture, education and healthcare. Mezzanine, a Vodacom subsidiary, is a key enabler of our "tech for good" solutions in these industries, partnering with Group and external companies to deliver its platform-as-a-service (Paas) and software-as-a-service (Saas) solutions.

ESG Refer to our ESG report for more information on how our "tech for good" platforms are digitalising critical sectors.

- Our agricultural platforms span across the value chain from small-scale farmers in Africa to precision commercial farms in Europe, the US and Australia. These platforms provide farmers with the benefits of digital agricultural services, including communication within the industry, financial services, market information, key agriculture data and weather forecasts. Our agricultural platforms have 4.9 million active registered users in South Africa, Tanzania and the DRC (FY2022: 1.4 million).

PG Refer to **Pages 93** for more information on how we connect farmers in the agriculture sector through Connected Farmer, MYFARMWEB™ and M-Kulima.

- In the education sector, we support more than 1.4 million users on educational platforms, including our e-School platform and VodaEdu.
- We support the health sector through our m-mama programme, stock visibility solutions, digitisation of laboratory process, **Mpilo**, our zero-rated health app and our **HealthX** platform, which enabled the vaccination of 2.3 million adults in South Africa.

Leveraging Big Data for personalisation and growth

Big Data is the engine that powers our digital ecosystem and underpins our CVM, loyalty and financial services capabilities. Big Data and analytics have expanded our customer view to over 10 000 attributes. These insights allow us to personalise our offerings, drive customer loyalty and increase active days. Big Data analytics also generates automated decision-making across our business units, including those related to fraud on our network, improving our controls.

Personalising our offering

Just4U, our flagship personalised offering, continues to be a key differentiator as our customers benefit from unique and personalised deals on airtime, data and text messages. Through this platform, the discounts offered are determined by the location, income levels and available network capacity of a specific customer base. Our customer participation on the Just4U platform reached 54.7% in Tanzania, 20.9% in the DRC, 36.3% in Mozambique, 36.0% in Lesotho.

Our Big Data and CVM capabilities are deeply integrated into our behavioural loyalty programme, **VodaBucks**. By leveraging these capabilities, our **VodaBucks** programme increased active customer days on our network by two days in South Africa, reflecting enhanced customer engagement and more frequent purchases.

PG For more information on our offerings, refer to **page 32** and **74**.

Value created Value eroded Value sustained

Extending our capabilities to provide key enterprise services

We provide enterprises with reliable mobile and fixed connectivity and increasingly we are extending our capabilities to include IoT, cloud, hosting and managed security services. We offer these services to a variety of enterprises, from small enterprise and entrepreneurs through to large public and private enterprises as they navigate their digital transformation journeys.

Scaling our IoT offering

We have unique scale and capabilities in the IoT segment, supported by Vodafone – the global leader in IoT – as well as the global reach of Vodacom's local solutions. Vodacom IoT revenue increased to R1 553 million in FY2023, from R1 442 million in FY2022, an increase of 7.7%. This represents a total of 9.4 million IoT connections (FY2022: 6.8 million) and growth of 38.2% from the previous financial year.

IoT.nxt, a Vodacom subsidiary, is a global IoT company offering a dynamic application enablement platform comprising of software, middleware, hardware and analytics services. Our solutions have been implemented globally in 11 verticals. As part of the Vodafone family, IoT.nxt continues to pioneer industrial enterprise-level applications and advanced solutions that are powered by the IoT, digital twins, and machine learning. Our award-winning technology is geared toward driving digital transformation.

Providing cloud, hosting and managed security services

The number of customers using Vodacom's Enterprise Cloud – Microsoft Cloud, Office 365, Modern Workplace and Azure – hosting and domain services, managed software services and security services has increased 19% in FY2023.

As more enterprises demand higher bandwidth, there is also a proportionate increase in potential cyber attacks. Our **managed security services** continue to protect large enterprises and SMEs, with our solutions encompassing secure networks to protect customers' online trading and e-Commerce.

Our managed cyber security services grew double digits year-on-year, particularly in the area of security incident and event monitoring and security operations centre management – a capability which we have matured to move beyond point solutions to offer end-to-end cyber security proactive threat mitigation given the rising threat landscape.

Leveraging software to enhance our connectivity offerings

Our business connectivity infrastructure provides a resilient platform for enterprises. Our access point name solution offers enterprise customers a sustainable gateway to keep their workforce connected. The solution allows employees to access an organisation's network, key applications and information in a convenient and secure way from virtually anywhere in the world.

SD-WAN offers intelligent connectivity, along with high-speed dedicated or broadband connection, with greater efficiencies and control, through a management portal that provides complete network visibility. We were the first African TelCo to attain the MEF 3.0 SD-WAN certification. SD-WAN connection for the year increased to 14 971 from 7 854 in FY2022.

Partnering to amplify our capabilities

In FY2021, we established **Digital Co-X**, a disruptive business-to-business digital transformation capability within Vodacom Business. Digital Co-X focuses on transforming the process through which companies embed digital technologies across their enterprises to drive fundamental change. Digital Co-X leverages Vodacom and partner ecosystems to define and shape innovative solutions. Harnessing the collective knowledge of partnerships, industry experience and creative skills, Digital Co-X collaborates and pursues solutions that leverage the strengths across these ecosystems and optimises value for enterprises we collaborate with.

Maintaining data security and privacy to maintain technology leadership

Cyber risks are on the rise and we are increasing our efforts to manage this risk and educating our stakeholders, including our employees and customers accordingly.

Vodacom has an extensive set of cyber security baseline and super controls in place, which are consistently measured and monitored to ensure they remain effective and efficient. Furthermore, the Group's incident detection and response capabilities are continually enhanced through security orchestration, data visibility, endpoint detection and response capabilities.

We are implementing a strategy to introduce next-generation security technologies across the Group, which will enhance our current prevention and detection capabilities, provide data insights for real-time detection and response, and introduce a more secure and frictionless employee experience.

We strictly adhere to secure-by-design principles and processes as we develop products and services annually.

We evaluate third-party risks to ensure our vendors and suppliers adhere to Vodacom's minimum security requirements.

Building our trusted brand and strong reputation to differentiate

Our purpose of connecting for a better future is embedded into our Group, our people and the way we do business. Building our trusted brand and upholding our strong reputation ensures that we are able to deliver on our purpose. As a purpose-led TechCo, we are focused on creating innovative, easy-to-use products and services through a customer experience that generates loyalty. We are cognisant of customer need for affordable products and services, and as such, offering value for money remains one of our top priorities. Our brand is one of the most trusted in the countries where we operate.

We measure Vodacom's reputation and the levels of trust from our stakeholders through various methods, and regularly engage with stakeholders to ascertain their interests and implement various initiatives to build mutual trust.

	South Africa		Tanzania		DRC		Mozambique		Lesotho		Egypt	
	FY2023	FY2022	FY2023	FY2022	FY2023	FY2022	FY2023	FY2022	FY2023	FY2022	FY2023	FY2022
Our reputation index performance	**66.2**	65.4	**78.6**	66.2	[1]	71.4	[1]	75.1	**68.6**	72.6	**73.2**	64.4
Relative to competitors	**1st**	1st	**1st**	2nd	[1]	1st	[1]	2nd	**2nd**	1st	**1st**	2nd

1. Results not available at time of reporting.

PG For more information on our stakeholders, refer to **Page 84**.

Executing brand and marketing campaigns

Connecting for a better future remains at the heart of what we do. To enhance this, we have evolved the narrative to include the human spirit in the drive and do things better. Our brand campaign "Further Together" celebrates this spirit and serves as a rallying call for our employees, partners and customers, and communicates Vodacom's commitment to Africa. In FY2023, we invested R603.5 million to create brand awareness across our OpCos.

VodaBucks, our loyalty programme, recognised as one of the most popular loyalty programmes has attracted over 11.2 million (FY2022: 8.9 million) active rewards customers, who earn, bank and spend their VodaBucks via our My Vodacom app. Our Unlock Summer campaign, generated over 802 million plays in FY2023, rewarding loyalty through VodaBucks. During the year our VodaBucks programme has seen 4.8 billion Vodabucks earned, of which 1.6 billion have been redeemed. In FY2023, more than 84.2 million personalised behavioural goals were completed by customers.

In March 2023, Vodafone Egypt launched a new loyalty programme, "Shokran". The programme recognises and rewards the top contacts in customer's lives, while leveraging the Vodafone cash platform.

Measuring the quality of our customer experiences

NPS measures how likely a customer is to recommend Vodacom to a friend, family member or colleague. Gains in Vodacom's NPS reading are driven by improvements in the network and value-price. NPS ended the financial year at 60, maintaining its second place, due to improvements in all attributes – particularly, price and network perceptions. Network resilience during loadshedding kept network perceptions positive.

PG Refer to **Page 05** for a summary of our NPS performance across our markets.

We use **touchpoint NPS (tNPS)** to assess the quality of our customers' experiences at different points of interaction. Our overall tNPS score, which represents a combined total of retail, call centre, digital and self-service, increased to 60.74 in FY2023 (FY2022: 50).

TOBi, our chatbot, has a tNPS of 53.1, which is comparable to our live agents. Our resolution rates have reached 71.7% for first-contact resolution. In FY2023, TOBi Zulu had a tNPS score of 71.4, the highest of all our TOBi channels.

PG Refer to Human capital on **Page 100** to see how our focus on our people is enhancing our customers' experience.

Receiving recognition

Vodacom was once again recognised as the second most valuable brand by **Brand Finance** and was ranked as the third most valuable brand in South Africa by **Kantar's BrandZ list**.

Vodacom was ranked first by companies for having the biggest developmental impact within South Africa according to **Trialogue's Corporate Development Impact 2022 rating** for the sixth consecutive year. We have been ranked in the top five overall by companies and non-profit organisations (NPOs) since 2012. The Vodacom Foundation was also featured in the Trialogue Business in Society Handbook 2022, representing our thought leadership and initiatives towards transforming South Africa's education system.

SRC

Social and relationship capital

Our purpose-led operating model aims to foster socio-economic progress and inclusive growth through a wide range of initiatives in the markets where we operate. This approach assists us in managing stakeholder relations, creating an environment conducive to business growth.

What social and relationship capital means to Vodacom

We define our social and relationship capital as the quality and strength of our relationships with a diverse group of stakeholders. These stakeholders include communities, governments, regulators, customers, employees, investors, shareholders, suppliers, media and our business partners.

How social and relationship capital supports our System of Advantage

Our operating context creates a structural growth opportunity for Vodacom to create value. This operating context is shaped by our internal and external stakeholders and how we engage with them. Guided by our **Social Contract**, we aim to build relationships of trust that enable us to execute on our strategy and deliver on our growth potential.

Our Social Contract with stakeholders

At the centre of our purpose journey is our Social Contract – the vehicle through which we foster and renew our stakeholders' trust by demonstrating fairness in our operations, show leadership in innovation to uplift the communities in which we operate, and bolster our reputation as a purpose-led organisation. The Vodacom Foundation is one of the ways we deliver on our Social Contract. The Foundation supports sustainable programmes and initiatives that make a positive impact in our communities where we operate.

Our social and relationship capital at a glance

Our key focus areas	Key FY2023 achievements	Strategic pillar affected
Customers	• Invested **R16.5 billion** in our networks, to improve availability and coverage. • Accelerated financial inclusion, supported by our VodaPay and M-Pesa super-apps. • Launched the NRS to drive digital inclusion for persons with disabilities.	1 2 3 4 5 6 10
Communities	• Democratising the internet through platforms like ConnectU with more than **29 million** users. • Comprehensive approach to education, supported by the Vodacom Foundation. • Expansion of e-Health services, including m-mama. • Expansion of our gender-based violence and femicide (GBVF) ecosystem. • Clear energy goals, and reduced wastage.	1 2 3 10
Employees	• Paid **R7.7 billion** in salaries and benefits. • Invested **R553 million** in skills development for employees. • Committed to fair pay across all markets. • Strong Spirit Beat results.	9
Investors and shareholders	• Hosted an investor briefing event in Egypt. • Ranked fourth-best investor relations team in the Intellidex Top Best Investor Relations among the top 40 listed companies in South Africa.	1 2 3 4 5 6 7 8 9 10
Governments and regulators	• Accelerated support through e-Health initiatives, including m-mama. • Zero rating of national departments of health, home affairs and education. • Supporting Government efficiency with technology, including the enablement of Stats SA to achieve real-time visibility. • **R25.4 billion** in total tax contributions to governments across our markets.	4 10
Suppliers	• Gartner 2023 Power of the Profession Supply Chain Awards for Social Impact of the Year. • **R57.1 billion** total procurement spend, of which R18.6 billion was spent on 51% black-owned enterprises. • Spent **R2.2 billion** in early payments.	7 8
Media	• Strategic brand positioning in key media titles as we transition from TelCo to TechCo as a purpose-led organisation. • Industry-thought leadership through Group leadership in Africa. • Connected campaign that addresses the continent's digital divide. • Earned publicity around our tech for good and Hero project initiatives.	10
Business partners	• Expansion of financial services products, including agent and merchant loans and working capital facilities. • Two green stores launched.	3 4 8

The value we create, preserve and erode

Vodacom's ability to create sustainable value depends on quality engagements with our stakeholders based on mutual trust, respect and transparency. We aim to build, maintain and strengthen these relationships by understanding and addressing a range of social, economic and environment-related issues to align stakeholders with our purpose-led journey.

Our self-assessment of the strength of our relationships with stakeholders

★☆☆☆	Non-existent relationship, or fractured relationship that requires significant effort to overcome challenges.
★★☆☆	An established relationship that requires further work to improve its quality.
★★★☆	Good-quality relationship, with room for further improvement.
★★★★	Very strong relationship, based on mutual trust and shared benefit.

Customers

Quality of relationship ★★★☆

Basis of assessment: NPS

Why we engage		How we engage	
Why we engage	Our customers purchase our products and services, participate on our platforms and provide the primary source of our revenue.	How we engage	• Through research via unstructured supplementary service data, apps, SMS, focus groups, online panels, face-to-face, customer immersions. • At our retail stores and service centres. • Gathering NPS feedback through interviews and focus groups. • Interactions on our social media channels. • Targeted marketing messaging. • Complaints management system.

Material stakeholder interests and expectations

- Providing easily accessible, affordable and quality products, including credit and savings products, to improve financial inclusion.
- Ensuring widespread agent network and float availability, especially during COVID-19 lockdowns.
- Providing a reliable and fast network connection, including expanded rural coverage. Enabling access to a wide network of payment partners.
- Securing data and protecting personal information.
- Providing swift customer service and resolving service-related issues promptly.

Value creation for stakeholders

Improving network availability and coverage

✓ In an effort to continuously improve our network availability and coverage, we invested R16.5 billion across the Group.

Accelerate financial inclusion

✓ In FY2023, the VodaPay app downloads reached 5.7 million, with 3.3 million registered users with VodaPay wallets and 2.7 million 90-day active users.

✓ Including Kenya, we have >4 million active monthly users on the M-Pesa super-app.

Enhancing the experience of customers with special needs

✓ In November 2022, Vodacom South Africa announced the launch of a **NRS** to drive digital inclusion for persons with disabilities. The Specific Needs and NRS Centre offers an inclusive technology solution that advances our goal of empowering all South Africans and ensuring no one is left behind in the digitalisation journey. The NRS enables individuals who are deaf or speech-impaired to effortlessly communicate with hearing individuals in real-time, enabling them to maintain their independence. The NRS is free of charge for customers using a Vodacom SIM.

✓ One of our key purpose-led interventions in the year was to improve access to our services for people with special needs, consistent with our "inclusion for all" objective. Through inclusive care initiatives, Vodacom Tanzania made structural changes to improve access across almost 100 of our Vodacom shops, introducing dedicated counters for special needs customers in our flagship shops and specialised agents with basic sign language knowledge in key service channels, including WhatsApp video. These initiatives reflect our passion of putting our customers first in everything we do.

Supporting data access and affordability

✓ **Just4YouTown** provides geographically targeted offers and campaigns to improve the usage of under-utilised network resources. The customer base in a given area, their income levels and available network capacity informs the discounts that are offered. In FY2023, customers receive an average discount through Just4YouTown of 60%.

Value created | Value eroded | Value sustained

We support data affordability across our markets by leveraging our innovative CVM capabilities to deliver contextualised and personalised "bite-sized" offers to keep customers connected.

Vodacom NXT LVL, our flagship youth proposition, aimed at customers between the ages of 18 to 25, provides approximately 4 million youth customers with personalised and affordable connectivity, opportunities to find employment, and enhance their skills to equip them for a better future. In FY2023, NXT LVL continued to provide the best value for under 25s. During Youth month, we launched a new product portfolio, including eight new bundles, offering greater variety and value across voice and data. To address the challenge of youth unemployment, NXT LVL launched **Get-a-Gig** in FY2023, a zero-rated jobs portal. Get-a-Gig is available through the ConnectU platform, under the jobs pillar, as well as on My Vodacom App and VodaPay.

PG For more information on our overall coverage across markets, refer to **Page 05**.
For more information on our super-apps refer to intellectual capital on **Page 76**.

Communities

Quality of relationship

Basis of assessment: Kantar stakeholder assessment

Why we engage		How we engage	
	Our relationships with the communities in which we operate can impact our brand and reputation. We therefore aim to be a responsible business and understand the impact of our activities on these communities.		• Through sustainability and Vodacom Foundation partnerships. • Community crisis support, such as food security support. • Partnerships with NPOs. • Psychosocial support in schools. • Green early childhood development (ECD) centre programme. • Online GBVF prevention tools and platforms.

Material stakeholder interests and expectations

- Addressing the profound socio-economic impact of COVID-19.
- Support through our HealthX platform.
- Managing and reducing our environmental footprint.
- Supporting the fight against GBVF.
- Providing affordable access to educational resources.
- Zero-rating access to government, employment and empowerment solutions through ConnectU.

Value creation for stakeholders

Supporting zero-rated access to essential services

ConnectU provides zero-rated access to basic internet and essential services, including free online resources, access to job sites, educational content, and news and weather. The platform now has over 29 million unique users (FY2022: 22 million), with over 12.9 million sessions initiated per month. ConnectU is available in South Africa and the DRC. We plan to roll out the platform to the remaining International markets.

Education ecosystem

We believe everyone should have the chance at a better future and continue to leverage the power of technology to promote access to education, particularly for women and youth. Across our markets, we have prioritised education as a Hero campaign. We strive to make an impact across the education ecosystem, including connectivity, schools of excellence, teacher development, training centres, youth academies, partnerships with NPOs and learnings materials.

In South Africa, our Vodacom **e-School platform** has over 1.4 million registered learners accessing digital education content to increase their digital literacy. During the year we gained 36 331 learners.

Across our international footprint, we deliver education-related projects and set goals for each OpCo:

- In the DRC we launched the market's first digital e-learning platform, **VodaEduc**, which helps improve the quality of education by using our technology. The platform has close to 201 000 active users.
- In Mozambique, **Vodacom Faz Crescer** is available in 55 schools throughout the country, providing computer labs and free connectivity to over 200 000 students and teachers.
- In Lesotho, we launched a new ICT teacher training project with Vodafone support. Five districts have been identified and assessed for readiness. This includes 41 schools, 667 teachers, 12 weeks to train and 16 facilitators across the board.

Code Like a Girl provides ICT training to young women across Africa to enhance female representation in a predominantly male sector.

PG For information on our Code Like a Girl programme and other Vodacom employee gender empowerment initiatives, see our human capital, from **Page 104**.

The value we create, preserve and erode continued

As part of the education ecosystem, 13 **Schools of Excellence** have been established across South Africa to offer quality education through the use of technology. More than R26 million has been invested to upgrade infrastructure, improve sanitation, increase security and install fully equipped ICT labs and training educators at these schools. In addition, Vodacom provided discounted data to pupils to ensure online teaching and learning continued uninterrupted, reaching over 500 000 pupils in South Africa (FY2022: 500 000).

Gender empowerment

m-mama is our mobile-based maternal and neonatal emergency transportation system programme, which supports governments with emergency referrals. To date, m-mama has supported more than 19 000 maternal and neonatal emergencies, resulting in an estimated 686 lives saved.

We support expecting mothers through our zero-rated mobile health platform **Mum & Baby** which provides mothers with regular information on maternal, neonatal and child health and nutrition. Mum & Baby is currently available in five languages – isiZulu, Sesotho, isiXhosa, English and Afrikaans – to ensure the service is relevant and accessible to a broad audience.

Mum & Baby users

- South Africa: over 2.3 million (FY2022: 1.9 million).
- In Tanzania, the Healthy Pregnancy Healthy Baby platform – locally known as **Wazazi** – provides maternal health information to 1.5 million registered users (FY2022: 1.3 million).
- DRC: 195 000 (FY2022: 150 000 users).
- Mozambique: 203 215 (FY2022: 196 558).

In South Africa, Vodacom donated R10 million to fund the private sector-led, multisectoral GBVF Response Fund 1 to support the implementation of the National Strategic Plan and the wider GBVF response in the country.

PG For information on rural coverage refer to manufactured capital **Page 66**.
For more information on Inclusion for all refer to intellectual capital on **Page 72**.
For information on clean energy and waste management refer to natural capital on **Page 94**.

ESG For more information, refer to our ESG report.

Employees

Quality of relationship

Basis of assessment: Employee engagement index

Why we engage	Our employees drive our strategy with their ideas, skills, experience and productivity.	How we engage	• Internal communication campaigns. • Big Conversation moments and fireside chats. • Internal website and Vodacom Engage app. • Training and development programmes, such as #1MoreSkill and Women in Leadership. • Through a dedicated employee hotline and employee network forums. • Leadership roadshows. • Pulse surveys. • We Connect sessions with Vodafone markets.

Material stakeholder interests and expectations

- Providing a safe, healthy and inclusive working environment.
- Ensuring job security and business sustainability given the macroeconomic environment.
- Creating opportunities for digital skills development to promote agility.
- Hosting connect sessions for coaching and mentoring.
- Facilitating communication and knowledge sharing across Vodacom.
- Providing competitive remuneration and equal pay.
- Driving transformation and localisation.

Value creation for stakeholders

Paid R7.7 billion in salaries and benefits.

Invested R553 million in skills development for employees in South Africa.

Our total reward framework is underpinned by our commitment to fair pay. It encourages and rewards our Spirit, which is essential for our digital transformation.

We achieved a Spirit Beat index score of 76%, resulting in Vodacom being ranked second place among 129 companies on the continent, up from last year's third position as a Top Employer.

Achievement based on the markets that we operate in:

- A Top Employer certification in our operating markets, South Africa, Tanzania, the DRC, Mozambique, Lesotho and Kenya.
- Third place ranking in the overall country rankings, with Kenya having earned their first Top Employer's Africa badge last year, and second place ranking in the overall country rankings in South Africa, up from last year's third position.

PG Human capital, **Page 100.**

ESG For more information, refer to our ESG report.

Value created Value eroded Value sustained

Investors and shareholders

Quality of relationship

Basis of assessment: Investor relations survey

Why we engage

Our investors and shareholders provide the financial capital we need for long-term growth and they expect good returns based on sustainable and ethical business practices.

How we engage

- In-person and virtual meetings, roadshows and conferences.
- Investor briefing on the digital ecosystem.
- Chairman roadshow.
- Interim and annual results announcements.
- Quarterly trading updates.
- Annual and interim reports.
- SENS announcements.
- Monthly and quarterly reviews with Vodafone.
- Investor relations page on our website.
- Notice of Annual General Meeting.
- Integrated report.

Material stakeholder interests and expectations

- Maintaining first-class strategic execution given the acceleration in Vodacom's strategy.
- Aligning the strategy with capital structure and returns.
- Balancing enhanced growth prospects with an updated dividend policy.
- Engaging on executive remuneration.
- Driving societal and enterprise value creation.
- Revenue diversification strategy.
- Managing and mitigating risk.

Value creation for stakeholders

- Increased free cash flow by 18.3%.
- Grew net profit by 2.1% despite supply chain pressure, FX volatility, higher interest and inflation rates and start-up losses in Ethiopia.
- Showcased Vodafone Egypt to investors and analysts in Cairo.
- We are committed to meeting the needs of our shareholders, as evidenced by our ranking as the fourth-best investor relations team in the Intellidex Top 10 Best Investor Relations Team.

PG Financial capital, **Page 52.** Share information, **Page 130.**

ESG For more information, refer to our ESG report.

www Consolidated financial statements

Governments and regulators

Quality of relationship

Basis of assessment: RepTrak survey

Why we engage	Governments and regulators allocate spectrum and operating licences and impose regulatory measures with cost implications for the Group. We continue to engage with these stakeholders in a way that builds trust and ethically influences policy positions across government departments.	**How we engage**	• Directly or by participating in public forums. • Taking part in the drafting process of new regulations and bills. • Having discussions with industry consultative bodies. • Partnering to implement social programmes. • Engaging with international bodies to foster cooperation. • Hosting workshops to enhance understanding of the industry. • Delivering on our Social Contract.

Material stakeholder interests and expectations

- Complying with regulatory requirements relating to, among others, mobile termination rates, pricing, security, safety, health and environmental performance.
- Protecting personal information and customer data in line with regulatory requirements.
- Contributing to the tax base and other revenue streams of governments in our operating countries.
- Managing the supply of spectrum to satisfy increased demand during COVID-19 lockdowns.
- Partnering to achieve the objectives of the UN SDGs.
- Expanding 5G network in South Africa and 4G across our markets in Africa.
- Maintaining and enhancing our licence to operate across our footprint.
- Creating employment opportunities and facilitating socio-economic development.

Value creation for stakeholders

Accelerated support through e-Health and e-Education initiatives.

Supporting digital transformation in government

Ekurhuleni municipality is one of South Africa's eight big metropolitan municipalities where we support hybrid-work with reliable, high-quality, always-on connectivity. Vodacom's coverage has proven to deliver a seamless experience for users and ensures that services, from water supply to refuse removal, healthcare and more, can be efficiently delivered to residents. Our solution provided to Ekurhuleni municipality includes access point name connectivity, which is bundled with Vodacom's security services to ensure that data on municipal residents is not compromised and that only authorised municipal staff can access it.

The **Emfuleni local municipality**, which is situated in Gauteng's Sedibeng District, is also benefitting from Vodacom's connectivity. Emfuleni opted to streamline operations through Vodacom's cloud-based solutions, consisting of our voice over internet protocol offering and Hosted Call and Contact Centre services. Both these secure cloud-based services offer robust connectivity for municipal staff communicating with residents and city contractors. When Emfuleni municipality's agents are out in the field addressing essential services, Vodacom's Push-to-Talk services keeps them connected to office-based staff. This reliable on-demand flexibility has helped the municipality improve service delivery to communities.

Providing digitally enabled support in the healthcare sector

Mezzanine, a subsidiary of the Vodacom Group, is an African tech start-up with the support and scale offered by Vodacom and Vodafone aimed at creating productive societies across Africa. Their healthcare platform **HealthX** (previously called mVacciNation) has supported the South African Government's national COVID-19 vaccination programme. During the year, 38.8 million vaccination events have been supported, with over 22.7 million individuals vaccinated.

Through our Stock Visibility Solution platform, 4 995 public health facilities have made 15.6 million stock updates in South Africa, Kenya and Zambia, further enhancing our contribution to a digital society.

R25.4 billion in total tax contributions to governments across our markets.

WWW For more information on our tax contribution, refer to our Tax transparency report.

PG Our governance, **Page 12**
"Hot topics" impacting our operating context, **Page 42.**
Human capital, **Page 100.**

ESG For more information on our purpose pillars, refer to **Page 22** and our ESG report.

Value created Value eroded Value sustained

Suppliers

Quality of relationship

Basis of assessment: Kantar stakeholder assessment

Why we engage		How we engage	
	Our suppliers provide cost-effective, quality products and services to support our value proposition to customers, employees and other stakeholders.		• Supplier development programmes. • Supplier forums and portals. • Regular site visits. • Tenders. • Supplier audits and assessments. • Supplier product evolution and service levels. • Latest supplier developments and roadmaps consisting of improvements in requests of proposals, request of interest and requests for quotations.

Material stakeholder interests and expectations

- Providing growth opportunities and access to funding for SMEs.
- Ensuring timely payments of accounts to enhance supplier cash flow and liquidity.
- Addressing COVID-19 health and safety concerns.
- Promoting environmental solutions.
- Driving supplier and product innovation.
- Complying with B-BBEE requirements, including preferential payment terms for B-BBEE suppliers.
- Promoting black female-owned suppliers.

Value creation for stakeholders

Leveraging our supply chain management capabilities

The Group focus is on the customer, and we are in the process of building a single FinTech platform to standardise and streamline scaling and to create a central Centre of Excellence for the customer experience.

Our supply chain management team played a critical role in supporting the launch in Ethiopia, and we made a supply chain decision to award Alipay a platform in Egypt to scale FinTech on the continent.

We partnered with Zyl Labs in South Africa to create more AI intelligence on our customer care platforms. We also work with Talk Map to give us insight in how best to manage customer complaints.

Vodacom was awarded the Gartner 2023 Power of the Profession Supply Chain Awards for Social Impact of the Year. This was based on our logistics execution of around 3 000 cold chain units supplied to more than 500 vaccination sites across the Group footprint.

We leveraged our internal supply chain expertise to coordinate and track the successful delivery of equipment, with the rapid establishment of a dedicated cold chain logistics control tower solution to oversee operations.

Enabling the transformation of our supply chain

Our code of ethical purchasing has been developed in consultation with employees, suppliers, investors and non-governmental organisations. It sets out the standards we wish to see achieved by our suppliers over time. We continue to support local suppliers in each market and we also ensure that our suppliers live up to our health and safety standards as set out in the code.

We measure our suppliers on a balanced scorecard approach, and conduct sustainable and inclusive sourcing of our suppliers through our questionnaires and our sourcing tool called Ariba. Our B-BBEE scorecard element for enterprise and supplier development reached 48.1 in FY2023 (FY2022: 48.5) against our target of 50.

We spent R18.6 billion in enterprise development and preferential procurement in South Africa. Invested R410 million towards the development and support of close to 200 black-owned SMME and youth entrepreneurs operating in the broader ICT sector.

We invest R20 million annually in South Africa through our Vodacom **Supplier Development Fund** to drive development of small enterprises in terms of teaching balance sheet management, preparing for bids and finding partners. We also help them with brand building and social media management. We are in the process of initiating supplier development plans for our other markets.

The value we create, preserve and erode continued

We support 147 SMEs with supplier development through the **Innovator Trust**, with 60 SMEs benefiting from the Ithuba initiative, 79 SMEs benefiting from the Voucher initiative and 48 SMEs trained on health and safety in FY2023.

The transformative initiatives described above have contributed significantly to our ability to maintain the highest B-BBEE contributor status of Level 1 for the fourth consecutive year.

PG For more information on how our human capital contributed to this status, refer to **Page 100**.

Scoring element	Target points	Achieved points FY2023	Achieved points FY2022	Achieved points FY2021	Achieved points FY2020
Enterprise and supplier development	50	**48.12**	48.55	47.98	49.29
Procurement	25	**22.80**	23.07	22.05	21.29
Supplier development	10	**8.32**	8.48	8.93	11.00
Enterprise development	15	**17.00**	17.00	17.00	17.00
Socio-economic development	12	**12.00**	12.00	12.00	12.00

PG "Hot topics" impacting our operating context, **Page 42.**
Our trade-offs, **Page 50.**

ESG For more information, refer to our ESG addendum.

Media

Quality of relationship

Basis of assessment: Kantar stakeholder assessment

Why we engage

We engage to manage our brand and reputation while increasing customer product and service awareness.

How we engage

- In person, virtually or through telephonic engagements.
- CEO and key executive interviews and other speaking engagements.
- Round table discussions.
- Through product and service launches.
- Media press releases.
- Strategic social media content.
- Thought leadership articles.
- Engaging with government departments and non-governmental organisations (NGOs).

Material stakeholder interests and expectations

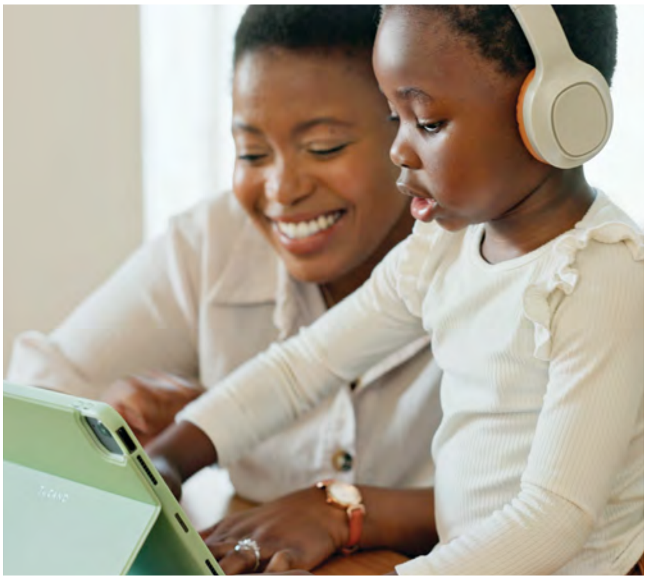
- Engaging with brand ambassadors.
- Providing timely and transparent access to key information, activities and offerings.
- Ensuring transparency around Group performance.

Value creation for stakeholders

- Strategic brand positioning in key media titles as we transition from TelCo to TechCo as a purpose-led organisation.
- Industry thought leadership through Group leadership in Africa.
- Connected campaign that addresses the continent's digital divide.
- Earned publicity around our tech for good and Hero project initiatives.

ESG For more information, refer to our ESG report.

www Integrated report.
Consolidated financial statements



Value created Value eroded Value sustained

Business partners

Quality of relationship

Basis of assessment: Kantar stakeholder assessment

Why we engage		How we engage	
Why we engage	Our business partners – franchisees, retailers, wholesalers, freelancers, agents, merchants, aggregators and banks – are custodians of our reputation and a critical extension of our brand.	How we engage	• Regular interaction and collaboration sessions with regional trade representatives. • One-on-one business sessions. • Regular training sessions and roadshows on products and services. • Through agent outlets, stores and retail visits. • Long-term sustainable partnerships with channels. • Credit support to enterprises.

Material stakeholder interests and expectations

- Providing overdraft and loan facilities for agents to manage cash flow.
- Ensuring widespread agent network and float availability.
- Driving engagement and feedback between management and key trade partners.
- Making it quicker and easier to work with M-Pesa and VodaPay.

Value creation for stakeholders

Supporting the education sector

The University of South Africa (UNISA) chose Vodacom to drive their digital transformation in 2022 and 2023. Our solutions being implemented include reverse billed data, which offers students free access to its website, online content, applications and data services. This is an innovative pricing model that gives users access to data paid for by the institution.

UNISA also benefits from the Connected Digital Education Platform, developed by Vodacom and Microsoft South Africa. Through this platform, UNISA's students and staff have free access to several Microsoft Office 365 virtual communication and collaboration tools. Additionally, lecturers can access the platform's planning software to prepare lessons and content ahead of time and automate admin-intensive tasks, further enriching the teaching and learning experience.

In South Africa, our Change the World programme addresses bullying and aims to influence the well-being of learners. The programme has contributed to improving the lives of individual learners and highlights the need for continued psychosocial support in schools to address the complex challenges faced.

Supporting the transformation of SMEs

Vodacom spent R57 billion on SME procurement, of which R2.2 billion was paid in early payments (within three days) to help South African SMEs with their cash flow.

To enhance SME success, we launched **V-Hub** in 2022, an online resource portal designed to help SMEs unlock their full potential as they embark on a digital transformation journey. To further support SMEs on their learning journey, we added a smart search function on V-Hub, providing simple explanations of digital tools and terms to help build their digital knowledge. Over 25 000 SMEs have leveraged this platform to date.

Connecting farmers in the agriculture sector

Our subsidiary, Mezzanine, is scaling smart agriculture platforms. **Connected Farmer** is a digital platform that improves productivity, revenue and resilience for small-scale farmers by connecting them to information, inputs, credit and buyers at scale. More than 5 million farmers use the agriculture platform in Tanzania, Kenya, Uganda and Zambia (FY2022: 1.4 million). In addition, **MyFarmWeb** supports commercial farms which adopt precision agriculture practices, leveraging IoT to enhance data-driven decision-making.

Mezzanine supported the South African Department of Agriculture, Land Reform and Rural Development and the Solidarity Fund to disburse subsidies to smallholder farmers through **e-Vouchering**. The e-Voucher mobile and web-based solution enabled cashless value distribution to these farmers, who redeemed vouchers worth more than R9.0 million in FY2023.

In Tanzania, we are accelerating the rollout of **M-Kulima**, our easy-to-use system for agriculture that enables communication and transactions between companies, the government and farmers. Currently 3.2 million farmers have registered on the platform through which they will receive access to loans and insurance advisory services.

PG For more information on our digital platforms for business partners and credit support to enterprises refer to intellectual capital on **Page 72.**

NC

Natural capital

We are committed to reducing our environmental impact and helping to decarbonise society is a part of our purpose. Digital technology is key to saving energy, using natural resources efficiently, and creating a more circular economy to reduce waste. We believe our digital networks and technologies can contribute to mitigating the effects of climate change.

What natural capital means to Vodacom

We define our natural capital as the natural resources the Group uses during the normal course of business. The life cycle of our manufactured capital affects natural capital resources when we establish and decommission the infrastructure our network relies on. Day-to-day, our operations rely on various energy sources to support network connectivity which also affects natural capital.

How natural capital supports our System of Advantage

Natural capital forms the basis of resources needed to implement our **System of Advantage**. While we must use natural capital to operate, we are committed to reducing the impact of our business activities. We recognise that climate change poses significant physical and transitional risks to our strategy, while also presenting several opportunities. We actively manage climate-related risks through the Group's enterprise risk management framework.

Our natural capital at a glance

Our key focus areas	Key FY2023 achievements	Strategic pillar affected
Responding to climate change to help build a sustainable future	• Principal sponsor of COP27 with Vodafone and Vodafone Egypt. • Issued the Group's first TCFD report. • Supported flood victims in South Africa, DRC and Mozambique.	10
Decreasing scope 1 and scope 2 emissions to reduce our contribution to climate change[1]	• We established a new agreement with the Egyptian government to gain access to renewable power, offsetting a large percentage of our fossil-fuel based electricity supply. • In South Africa, we have co-developed a novel solution with the national energy provider, Eskom, which in the near term would allow us to procure and wheel renewable power from utility-scale independent power producers. • **0.4** $mtCO_2e$ GHG emissions per terabyte of data, down 39%. • **0.8** energy intensity (Total MWh per terabyte of data) (FY2022: 1.0). • Leveraged best practice from Safaricom's more than 1 400 solar-powered base stations and rolled out more than 200 new solar-powered base stations across our International markets.	2 8 10
Managing scope 3 emissions to support our customers and suppliers[2]	• Produced the Group's first comprehensive scope 3 disclosure. • **1.0** $mtCO_2e$ avoided emissions[2] (FY2022: 1.6 $mtCO_2e$). • Developed IoT solutions to save energy, create cleaner and more efficient communities.	10
Driving circularity to optimise our operations	• **516.1** tonnes equipment recycled (FY2022: 310.5 tonnes). • **36.4** tonnes of equipment redeployed in the network (FY2022: 38.3 tonnes). • **37** RedLovesGreen repair centres.	10
Supporting biodiversity to understand our impact and implement new technologies	South Africa continued to manage our biodiversity dependencies and impacts by influencing the behaviour of our suppliers and subsidising IT solutions to help biodiversity conservation.	10

1 Planet data excludes Egypt. This data is in the ESG addendum.
2 South Africa.

The value we create, preserve and erode

Responding to climate change to help build a sustainable future

The UN Climate Change Conference COP27 highlighted this decade as critical for climate action. Actions include implementing decarbonisation measures and accountability from governments, sectors, enterprises and institutions to address the harshest impacts of climate change.

Advocating for climate change action

Vodacom, Vodafone and Vodafone Egypt reaffirmed their commitment to climate leadership through a headline sponsorship of COP27 in Sharm El Sheikh in November 2022. Our presence demonstrated our resolve for business to take an active role in bringing about the green digital transition. We provided essential digital connectivity services for the conference and its delegates. Vodacom showcased examples of innovative green digital solutions that can help optimise resource efficiency – such as our MYFARMWEB™, eVuna and e-Vouchering, which support over 4.9 million farmers across Africa to minimise agricultural inputs like fuel, water and chemicals, while maintaining crop yields.

Vodacom's TCFD programme

Published the Group's first Task Force on Climate-related Financial Disclosures (TCFD) report and progressed the Group's response to the TCFD recommendations including initial work on the Group's net zero plans, as well as enhanced target setting and reporting processes.

WWW For more information, refer to our TCFD report.

Supporting those affected by severe weather

Climate change-related weather events are escalating, with cyclones and flooding impacting areas of southern Africa in the past year. During the year, Vodacom supported flood victims in South Africa, the DRC and Mozambique.

ESG For more information, refer to our ESG report.

Supporting partnerships and collaboration

Partnerships are essential to addressing the climate and nature crises and reducing environmental impact. We work with global and local partners to deliver on planet strategy initiatives. These include sponsoring the COP27 UN Climate Change Conference, becoming a signatory of the UN Global Compact's African Business Leaders Coalition's climate statement and our partnership with the World Wide Fund for Nature (WWF) in South Africa and Tanzania. WWF's impactful environment projects, Vodacom's reach, and digital technology capabilities will showcase how technology can help overcome sustainability and conservation challenges.

Uniting through RedLovesGreen

Our RedLovesGreen journey aims to unite Vodacom, our customers and our partners to create environmental awareness and encourage action towards a more sustainable future. Through this, we communicate and educate for a positive impact on climate change.

Value created | Value eroded | Value sustained

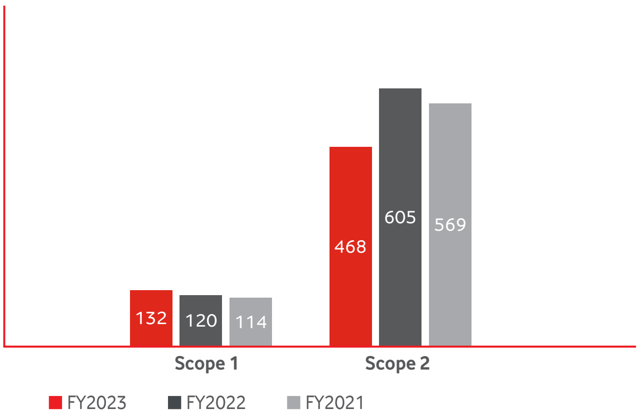
Decreasing scope 1 and scope 2 emissions to reduce our contribution to climate change

As a subsidiary of the Vodafone Group, Vodacom Group plays a notable role in contributing to Vodafone's achievement of its net zero targets. Our activities to reduce scope 1 and scope 2 emissions focus on driving energy efficiency across our mobile and fixed-line networks, phasing out the use of fossil fuels and increasing renewable sources of energy.

We execute the Vodacom energy strategy and decarbonisation plan, approved in FY2022, through our Group Energy Centre of Excellence. Each OpCo's energy lead coordinates the localised energy and decarbonisation strategies in accordance with the Group energy strategy.

Our goals are to reach a 50% reduction in our scope 1 and 2 GHG emissions and procure 100% of our electricity from renewable sources by 2025.

GHG emissions (thousand mtCO_2e)



Driving energy efficiencies

Vodacom's primary source of carbon emissions is our electricity consumption. Our energy powers our access network of base stations (84%), technology centres (13%), buildings (offices and warehouses) (3%) and some of our retail stores.

We spent R3 billion on electricity, a 21% year-on-year increase driven by increased electricity tariffs due to post-COVID-19 economic recovery and the war in Ukraine, and increased diesel use due to unreliable or unavailable grid power.

We invested R33 million in energy efficiency projects, with the potential to deliver annual energy savings of 3.4 GWh (FY2022: R50.5 million, to deliver 9.1 GWh savings). The projects focus on our base station sites and data centres, which account for 96% of our total energy consumption. Egypt has an ISO 50001, with all other markets being certification-ready, with full certification targeted in early FY2024.

- 1.0 energy intensity (MWh per terabyte of data) (FY2022: 1.5 energy intensity).
- Energy consumption increased by 3.0% to 1 194 GWh (FY2022: 1 159 GWh).

Switching to renewables

Our footprint of towers or masts is spread across multiple geographies. As such, onsite solar can be challenging due to limited physical space, site accessibility, theft and vandalism. Despite these constraints, we rolled out more than 200 solar-powered sites in our International markets in the year under review. Onsite renewable electricity is currently 8% (FY2022: 1%) of our overall renewable energy consumption (including renewable energy certificates); however this is expected to shift on the conclusion of various projects outlined below.

We are partnering with Eskom to source electricity from independent renewable power producers. The programme is underpinned by an innovative virtual wheeling platform developed by Mezzanine, a Vodacom subsidiary. This will contribute renewable power to the national grid, closely matching our energy consumption profile, to offset our emissions from electricity. Our virtual wheeling solution presents an opportunity for companies with a similar distributed nature of operations to follow suit. Through this initiative, we believe the private sector can help solve South Africa's energy crisis.

In South Africa, we have completed the first phase of our Midrand campus solar project with the installation of solar panels. This 6 MWp solar installation is designed to yield of 10.8 GWh/year of renewable energy, saving 11 448 mtCO_2e.

We established a new agreement with the Egyptian government to gain access to renewable power, offsetting a large percentage of our fossil-fuel-based electricity supply.

We are collaborating with partners to develop new innovative solutions for renewable generation, developing proof-of-concept mini-grid solutions in Mozambique and the DRC.

A portion of our electricity consumption is matched with renewable electricity certificates.

ESG For more information, refer to our ESG report.

Managing diesel use

We used 45 million litres of diesel (FY2022: 40 million litres) mainly to fuel generators at off-grid sites or sites without reliable grid electricity supply. Increased diesel consumption was driven by constrained grid-supplied electricity, particularly in South Africa (impacted by loadshedding) and the DRC.

In the long term, we seek alternatives to diesel including connecting offgrid sites to the grid where possible, fuel cell technology trials and small-scale onsite renewables.

PG For more information on the impact of loadshedding on our manufactured capital, see **Page 66.**

Managing scope 3 emissions to support our customers and suppliers

Working with partners to reduce scope 3 emissions

We focused on our reporting to ensure our scope 3 reporting aligns with the GHG protocol and we have published a full scope 3 disclosure for the first time. Scope 3 emissions are indirect GHG emissions that we cannot control but could influence. Our scope 3 emissions were 1.12 $mtCO_2e$. Purchased goods and services, capital goods and fuel and energy-related activities account for over 80% of our scope 3 emissions.

To reduce the impact of our upstream supply chain emissions, working with Vodafone, we engage with top suppliers in the procurement process on energy efficiency improvements in hardware and software solutions. Our supplier evaluation request for quotation processes includes a 20% weighting for environmental and social criteria. The supplier performance management programme covers environmental factors, and suppliers' GHG performance is one of the factors considered. Vodacom uses Vodafone's key global supplier benchmarks. Global suppliers provide details of their GHG emissions and management programmes through the Carbon Disclosure Project (CDP), a global disclosure system that helps companies measure and report their environmental impacts.

Enabling our customers to reduce their emissions

We develop digital technologies and services that enable our customers (enterprises and governments) to reduce their environmental footprint. We began by using green digital solutions to tackle climate change and help decarbonise society.

Our IoT services, including logistics and fleet management and smart metering, are underpinned by a strong commercial rationale with three main opportunities for customers.

- Increased efficiency and reduced wastage.
- Using IoT to deliver cost efficiency.
- Changing customer behaviour to promote long-term sustainability.

During the year, we supported 1.0 $mtCO_2e$ avoided emissions (FY2022: 1.6 $mtCO_2e$). This is equivalent to 50 million trees growing for one year.

Driving circularity to optimise our operations

Circularity is a key enabler of our planet strategy. It considers the full life cycle of a resource and aims to eliminate waste – reducing environmental impact. We aim to use resources for as long as possible to maximise the ROCE and recover and reuse materials responsibly. e-Waste is our second most material environmental issue. Our waste management policy prioritises safe and responsible reuse and recycling, and our waste hierarchy embeds sustainable practices throughout our operations and supply chain activities.

Our approach aims to ensure we maximise value from our equipment, keeping resources for as long as possible. We reuse, recover, resell and recycle obsolete equipment responsibly. We further support our customers' efforts in managing e-waste responsibly.

Our electronic waste goals are to reuse, resell or recycle 100% of our network waste by 2025. In our own operations, our goal is to reduce single-use plastic waste by 80%, recycle 100% of paper waste in offices and convert 90% of food waste to compost by 2025[1].

Circularity of network waste

Our resource efficiency and waste disposal management programmes minimise environmental impacts from network and IT equipment waste. When reuse (either through resale or redeployment) options are exhausted, we recycle obsolete equipment responsibly using approved recycling agencies. Network waste is never sent to landfill sites. We use certified local service providers to dispose of our telecommunication equipment when the useful life is exhausted. Obsolete batteries, classified as hazardous waste, go to a licensed facility for incineration.

- 516.1 tonnes equipment recycled (FY2022: 310.5 tonnes).
- 36.4 tonnes of equipment redeployed in the network (FY2022: 38.3 tonnes).

1 South Africa; against a 2017 baseline.

Value created Value eroded Value sustained

Circularity of devices and extending the lifetime of devices

We support customers in extending the lifetime of their device through repair or recycle. Our RedLovesGreen campaign encourages customers to return their devices to any of our 37 repair centres in South Africa. Depending on the make, model and condition of a returned device, it may be repaired, refurbished, resold or sent for recycling.

We also encourage customers to consider buying second-life devices. Refurbished devices are either repackaged, certified Good as New and sold with a six-month warranty, or donated to a Vodacom-supported school. If the device is not in suitable condition it is sent to a Vodacom-approved recycling agency.

- 369 739 consumer devices repaired, refurbished or recycled (FY2022: 372 391).

Vodacom also provides 36-month contracts to make high-quality devices more affordable and encourage customers to extend the lifetime of devices.

Improving customer awareness of product sustainability

Through the Eco Rating initiative, we continue to help consumers identify and compare the most sustainable mobile phones on the market, while encouraging suppliers to reduce the environmental impact of devices.

Eco Rating labelling on devices helps customers make more conscious and sustainable purchases. Following a detailed assessment, each handset receives an overall Eco Rating score out of a maximum of 100 to represent its environmental performance across its entire life cycle. The Eco Rating label highlights five key aspects of mobile device sustainability – durability, repairability, recyclability, climate efficiency and resource efficiency.

Eco Rating is available in South Africa with rollout to additional markets being assessed.

Reducing virgin plastic use in our SIM cards

Vodacom initially introduced the half-sized SIM card, to reduce virgin plastic waste by reducing the plastic and packaging materials used. We also launched our Eco-SIM, which is a half-sized SIM card made of recycled plastic. The introduction of Eco-SIM cards is dependent on regulatory approval and consideration of the market penetration of devices that support these SIMs. Other initiatives involve reducing SIM card churn. More than 500 tonnes of paper and 300 tonnes of plastic have been saved by the Eco-SIM cards initiative.

Managing general waste

Our general waste management programmes involve reviewing our consumption choices, making more sustainable decisions and working with suppliers to reduce environmental waste. Waste management at our operations primarily focus on reducing paper consumption and single-use plastics; using eco-friendly products and managing waste through paper recycling and food waste composting.

We responsibly manage the waste streams involved in delivering our products by digitalising branch processes towards being completely paperless, pursuing green lease agreements for stores including water, waste and electricity management target, and reducing our plastic usage.

Using water responsibly

While we are not a water-intensive business, we operate in some of the driest countries in the world. We aim to reduce our consumption and support a sustainable earth. Water-saving measures include waterless urinals, chemical toilet flushing, waterless hand sanitising stations and aeration taps with reduced water flow, efficient use of borehole water, rainwater harvesting and water-wise gardens. For our employees, we promote responsible water consumption through targeted campaigns such as World Water Week.

We enable our government and businesses' customers to manage their water consumption through our digital solutions and IoT capabilities. These solutions help local municipalities monitor and manage water leaks through early detection.

Supporting biodiversity to understand our impact and implement new technologies

Although our impact on biodiversity is low, we aim to understand how our value chain activities impact biodiversity and minimise the environmental and visual impact of our infrastructure.

Outside of our managing our impact, we work with conservation agencies to explore how technology can minimise biodiversity loss. Through our partnership with the WWF, for example, we leverage technology to support various conservation efforts.

Understanding and managing our impact on biodiversity

Vodacom is increasingly seeking to understand our impact, the risks of biodiversity loss, and opportunities to partner with stakeholders to prevent further harm. Using tools such as the biodiversity mainstreaming readiness assessment conducted by the Endangered Wildlife Trust, we are shaping our response to managing our land use impacts, and in influencing the behaviour of our suppliers. We will expand this work by engaging with emerging frameworks such as the Task Force on Nature-related Financial Disclosures in the coming years.

Supporting biodiversity protection through new technologies

Technology can help minimise the impact of human activity and we partner with various organisations to protect biodiversity on land and at sea. We continue to support sustainable fishing in South Africa, reforestation efforts in Tanzania and partner to protect endangered wildlife species.

ESG For more information on these initiatives, refer to our ESG report.

HC

Human capital

Our people enable us to transform Vodacom from a **TelCo to a data-driven TechCo**. We embed the **Spirit of Vodacom** across our business to support this transformation.

What human capital means to Vodacom

We define our human capital as Vodacom's team of high-performing, customer-focused, engaged leaders who work together in our diverse and inclusive organisational culture.

High-performing

Our people work to create an optimised future for all, in one of Africa's top places of employment. We equip our people to transform our company into a data-driven TechCo through technical skills development in a digitally agile and flexible working environment.

Customer-focused

We encourage all employees to take a customer-centred appreciation approach by accelerating their customer-focus skills development and measuring, tracking and remunerating accordingly.

Engaged

Our people embrace the **Spirit of Vodacom** and we optimise the employee experience with connected digital apps, rewards and events. We empower our people to realise their full potential by nurturing talent and facilitating development paths.

#FurtherTogether

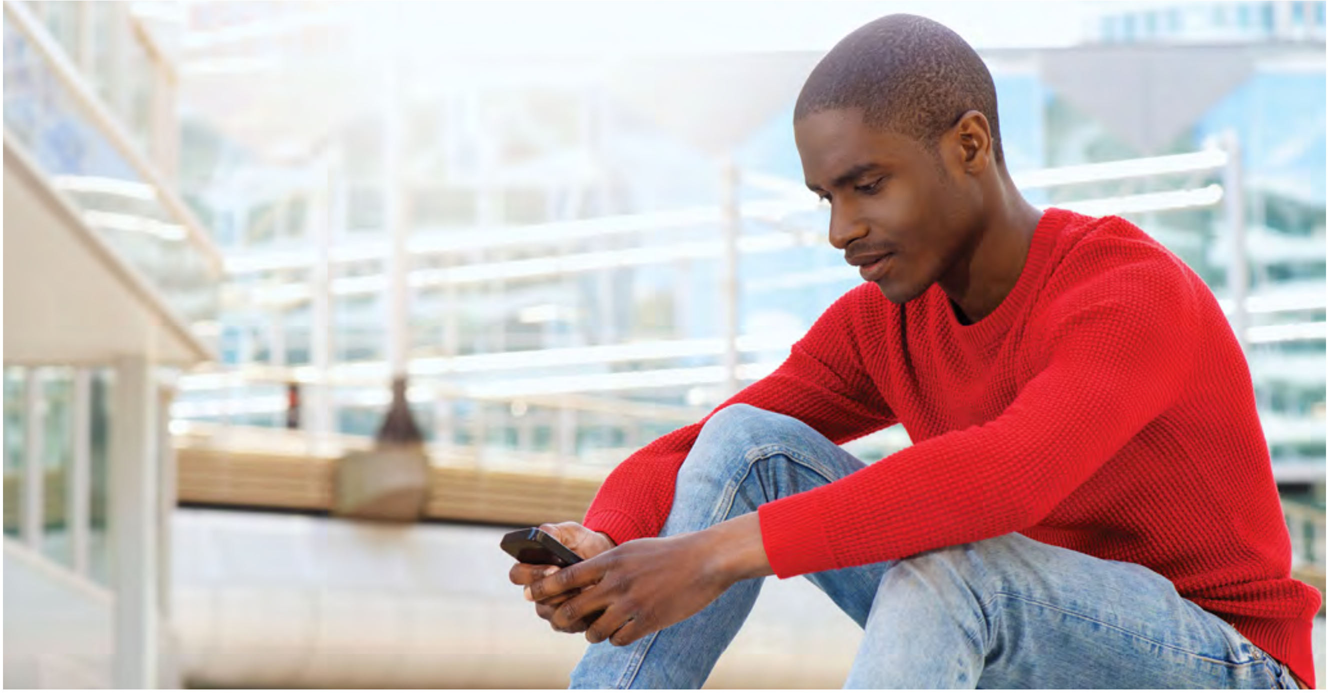
Diverse and inclusive culture

We foster inclusivity and diversity, with a focus on actively promoting gender empowerment and the development of the youth and those with disabilities.

#InclusionForAll

How intellectual capital supports our System of Advantage

Our success depends on the skills and expertise of our people as they firstly develop a strategy aligned to our purpose and secondly enable Vodacom to deliver on it. Our people live our inclusive organisational culture and enable us to innovate to become a leading African TechCo.



Our human capital at a glance

Our key focus areas	Key FY2023 achievements	Strategic pillar affected
Embedding the Spirit of Vodacom across our business to live our purpose	• Creating an environment where our employees can thrive: – Spirit index score: **80%** (FY2022: 76%) – Employee engagement index score: **75%** (FY2022: 77%) – Engage app: **7 164** active users (FY2022: 6 107 users) • Reaffirming our customer focus	5 9
Accelerating skills development as we evolve towards a TechCo	• Providing innovative resources for growth: – Invested **R553 million** in employee skills development across all our markets (FY2022: R493 million) – Invested **R312 million** in skills development for black employees in South Africa, with R222.5 million invested in black female employees and R18.5 million in black youth with disabilities • Vodafone Egypt acquisition providing access to a highly skilled talent factory	9 10
Fostering diversity and inclusivity to support our purpose-led culture	• Increasing gender diversity and equality in Vodacom South Africa: – **79%** of our employees are black (FY2022: 78%) – **80%** of our board members are black (FY2022: 80%) – **50%** black female representation on the board (FY2022: 50%) • Encouraging diversity in Vodacom South Africa, including subsidiaries: – **75%** of our employees are black (FY2022: 75%) – **50%** of our board members are black (FY2022: 42%) – **25%** black female representation on the board (FY2022: 17%) • Supporting the youth • Providing opportunities for people living with disabilities • Supporting LGBTQIA+ employees	9 10
Supporting employee health and safety to safeguard our reputation	• Increasing compliance with health and safety plans • Developing our employee well-being programme: – **7 062** people attended Vodacom-hosted counselling and parental guidance sessions (FY2022: 7 800)	9 10
Remunerating to reward value creation	Paid **R7.7 billion** to 7 946 employees, (FY2022: R7.3 billion to 8 132 employees)	9

The value we create, preserve and erode

Embedding the Spirit of Vodacom across our business to live our purpose

Earn customer loyalty

Create the future

The **Spirit of Vodacom** is embedded in four pillars.

Experiment, learn fast

Get it done, together

Several initiatives support the **Spirit of Vodacom** to keep employees engaged, boost staff morale, and create a progressive and conducive organisational culture. Our **Spirit of Vodacom meeting-free events** provide space and time for our employees to focus on living up to our values, personal growth, well-being and connection. We hosted our first **Spirit of Vodacom** day in FY2022 and have continued to host them every quarter in FY2023.

We support our Spirit journey through our **Spirited Leader** series – designed to drive high-impact actions, leadership standards and well-being to prepare our leaders to develop a future-ready Vodacom. Playbooks, action toolkits and best practices from the series are shared with leaders across the Group to facilitate peer support.

Listening to our employees helps us to continually strive for excellence. We focus on listening to employees at various stages of the employee life cycle, providing us with organic feedback at moments that matter. Our **Employee Spirit Beat surveys** form part of this strategy and monitor how well the **Spirit of Vodacom** resonates with our employees, and allows us to measure, track and improve performance based on our four behavioural pillars. We conduct the surveys bi-annually and recorded a participation rate of 90% in our most recent survey. As we adapt to a changing world of work, we benchmarked against industry standards and adjusted our rating and scaling methodology. The data from our last survey reflects the following scores and insights:

Employee index of **75%**

Purpose index of **92%**

Spirit index of **80%**

Positive themes from surveys

- New employees resonate strongly with our purpose
- Satisfaction with a hybrid working model
- Learning new skills and abilities

Improvement areas from survey

- Growth and advancement opportunities
- Increased focus on robust and regular feedback
- Working effectively across the Group to find the best solutions for customers

We run regular **Spirit clinics** where we engage all people leaders and team members alike to ensure a constant connection, high engagement and to drive the associated Spirit behaviours.

Value created Value eroded Value sustained

Creating an environment where our employees can thrive

In FY2023, Vodacom Group was certified as one of **Africa's Top Employers** across all markets, advancing in the overall ranking to the top two in Africa, up from third position last year. After receiving its first Top Employer certification in FY2022, Safaricom Kenya ranked third in the overall country ratings in Kenya. In South Africa, we ranked second out of 129 participating South African companies in FY2023, up from third place in FY2022 and certified as Top Employer for the seventh consecutive year. Certification in our various markets and being ranked second on the continent is a great accolade that underscores our continued commitment to creating exceptional employee experiences.

Our internal recognition scheme, **Vodafone Stars**, allows for in-the-moment recognition for employees who display Spirit behaviours, comprising either cash awards or peer-to-peer recognition. In FY2023, over 6 000 (FY2022: 5 000) employees were recognised through the Vodafone Stars programme.

In 2023, we launched **Rewards for You** in South Africa, a digital platform allowing employees access to different benefits which is available 24/7.

We continue to accelerate our digital transformation journey and unlock new opportunities. Our mobile employee engagement platform, **Vodacom Engage**, is used extensively as the primary communication gateway for the business, offering users a seamless and connected experience across most markets. The platform is available in multiple languages, including English, Portuguese and French to support inclusivity. The app has allowed us to continue to manage risks within the business and has evolved to support our organisational culture as we shift to hybrid working. Employees can access all company-related information and tools to facilitate working from anywhere.

Further education and awareness related to the company strategy, cyber security risks and tools, hybrid working, and health and safety tools to enable seamless working for all employees have been a key focus during the year. The app has 7 164 active users from across the Group.

We continue to embed hybrid ways of working through a dynamic policy that allows our people to work between the office and home. Over the last year, we have seen more than 50% occupancy of staff across our workspaces, with teams coming together to collaborate and engage.

In FY2024, we will reposition our people performance management system towards impact and growth, with the performance management process, rebranded to **Grow My Impact**.

PG See more in our Remunerating to reward value creation on **Page 108.**

Reaffirming our customer focus

Earning customer loyalty is integral to our business strategy. As a result, we have increased the customer loyalty and growth component measure for variable pay and short-term incentives (STIs) across the organisation. Customer loyalty is also one of our Spirit Beat measures, in which we ask employees to provide feedback on their behaviour regarding customer commitment. Line managers are able to draw from survey insights and incorporate learnings into the working environment. This enables us to measure, track and improve our behaviour. In addition, we have launched a programme, **Moments that matter**, to empower our front-line employees around the customer experience.

TOBi Zulu, one of our chatbots, is an example of successful employee collaboration to improve customer experiences. Employees collaborated to develop appropriate phrases for TOBi Zulu to improve the customer experience. We intend to expand this successful chatbot feature development approach across more languages in the Group.

Accelerating skills development as we evolve towards a TechCo

As we accelerate our transformation into a new-generation connectivity and digital services provider, we aim to build the right capabilities to execute our strategy. At Vodacom Group, growing never stops, and learning is integral to every role. We are committed to supporting our employees by providing simple and innovative resources that enable them to plan their development and future growth. During FY2023, we invested R553 million in employee skills development across all our markets (FY2022: R493 million). As Vodacom Group evolves from a TelCo to a TechCo, access to skilled talent is critical, with Vodafone Egypt being an excellent source.

Providing innovative resources for growth

In FY2023, we replaced Vodafone University with a new AI-driven learning platform, **Grow with Vodacom**, which integrates skills, capability development and learning in a single interface. The platform allows employees to determine their professional development and career direction by delivering personalised recommendations. Across the Group, 8 042 employees have completed at least one online training programme, equating to a utilisation rate of 62%. A total of 82 262 courses, requiring a total of 202 033 learning hours, were completed in FY2023. On average each employee spend 15.9 hours on the programme.

Beyond learning, the Grow with Vodacom platform integrates career management capabilities, giving employees the power to determine their professional development and career direction. The platform provides learning and career recommendations based on unique skills profiles to help employees achieve individual career goals.

In FY2023, our **#1MoreSkill** programme accelerated and expanded across all Vodacom markets through an increased focus on aligning budget spend, vendor optimisation and skills training for all. The programme aims to increase certification and reskill employees across prioritised areas, including software engineering, Big Data, cyber security, cloud computing, agile and 5G. During the year, 2 910 employees completed 144 courses, to the value of R3 688 200.

Our Skills Labs further enhance our digital transformation, which aims to accelerate the reskilling of employees. By partnering with leading vendors, we have launched 16 Skills Labs focusing on cyber security, cloud computing, RPA and software engineering.

Vodafone Egypt acquisition providing access to a highly skilled talent factory

Vodafone Egypt's software engineers (as a percentage of its overall IT staff) increased from 67% to 90% in the financial year. This reflects the success of its Software Engineering Academy, which provides accreditation for software developer, software architect, cloud and data science and machine learning skills.

Fostering diversity and inclusivity to support our purpose-led culture

We build our organisational culture around working together and as such, our human capital strategy fosters tolerance and embraces diversity. We respect and appreciate our employees' different viewpoints, backgrounds, ethnicity, ages and genders. Our initiatives and forums to support this include the Disability Forum, LGBTQIA+ Network, National Consultative Committee, Women's Network Forum and Youth ExCo.

Increasing diversity and equality

Several awards recognise our efforts to support diversity and equality.

- The **Gender Mainstreaming Awards** celebrate achievements in creating and promoting a more equitable workplace, and Vodacom was awarded silver at the 10th Annual Gender Mainstreaming Awards in four categories.
- Vodacom Tanzania received an award at the **Rising Woman Initiative** in Tanzania for our 40% leaders and our women focused succession plan.
- Safaricom Kenya was recognised for driving economic empowerment for persons living with disabilities where we received the **Most Inclusive Listed Company** in Kenya at the Diversity and Inclusion Awards and Recognition awards.
- **Vodability**, a job shadowing programme to bring people living with disabilities into Vodacom Mozambique, was recognised by the **Mozambican Association of People with Disabilities** at the Disabilities and Human Rights conference.

Value created | Value eroded | Value sustained

Code Like a Girl, launched in 2017, provides girls from Grade 10 onwards with the ICT skills and tools to flourish in a relatively male-dominant career. Across our operating markets, we have trained over 4 000 girls in FY2023. Code Like a Girl alumni across Africa are now entering bursary foundation schemes.

Our parental leave policy includes four months of fully paid leave for all non-birthing employees who adopt a child, become a parent through surrogacy or whose partner is having a child. Since the policy was launched Group-wide in September 2020, 410 employees have used this benefit.

Our ability to become more demographically representative is limited by a hiring freeze currently implemented within the Group.

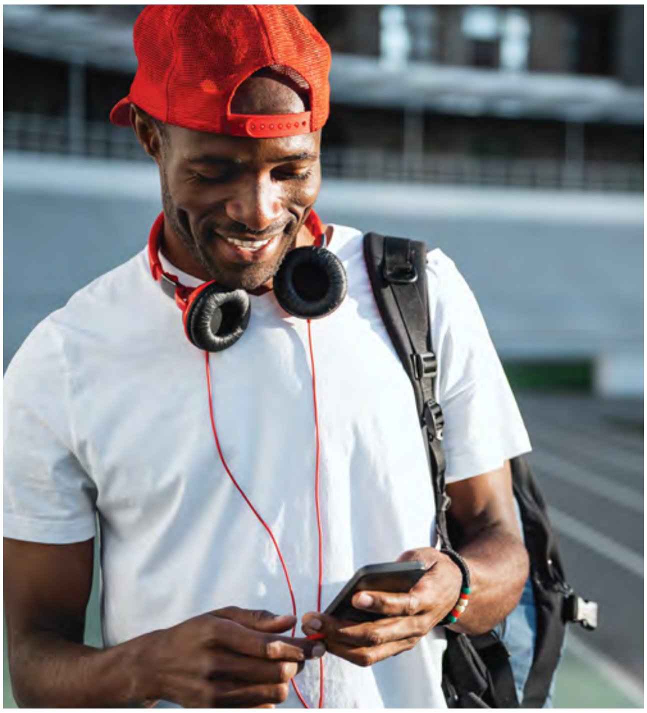
Supporting the youth

We hosted an integrated **Vodacom Discover graduate programme**, which equips future Vodacom Group leaders with the tools and skills for business excellence. Our first summit for over 100 graduates, representing all Vodacom markets, took place in FY2023.

Several awards recognise our efforts to support the youth through graduate programmes.

- In FY2023, Vodacom South Africa won the **South African Graduate Employers Association Employer of Choice Award** in the telecommunications sector for its flagship Vodacom Discover graduate programme.
- The Vodacom Discover graduate programme was awarded bronze and recognised internationally at the **Brandon Hall Group Excellence Awards** in the Best Advance in Competencies and Skills Development category. The Excellence Awards recognises organisations that successfully established programmes, systems and tools that achieve measurable results.
- Vodacom South Africa achieved first place in the **GradStar Students' Choice Award**, under the Telecommunications sector category. GradStar recognises the Top 100 students across the country based on leadership qualities and work readiness.

WeThinkCode is a learning institution based in South Africa, offering a tuition-free, two-year coding course to train Africa's next generation of top tech talent. The programme helps to drive the digitisation of African enterprises. Vodacom collaborates by sponsoring students annually as they complete the National Qualifications Framework, investing a total of R2.2 million in FY2023.



Encouraging diversity in South Africa

In FY2023, Vodacom South Africa achieved the highest B-BBEE contributor status of Level 1 for the third consecutive year, a clear demonstration of our unwavering commitment to transformation in South Africa. This status and the results below are the accumulation of several initiatives that support racial and gender diversity.

- Vodacom South Africa, including subsidiaries' board achieved an impressive black representation of 50% from 42%, with 25% black females on the board.
- Vodacom South Africa maintained 80% black board representation and 50% female representation.
- Developed skills of historically disadvantaged people, investing R312 million in black employees – R222.5 million in black women – across our South African workforce.
- Supported the development of black women in the technology industry through our female leadership programme.

Scoring element	Target points	Achieved points FY2023	Achieved points FY2022	Achieved points FY2021	Achieved points FY2020
Ownership	25	**24.20**	25.00	23.23	22.75
Management control	23	**16.88**	15.99	18.23	15.90
Board representation	8	**8.00**	6.83	6.83	4.67
Top management representation	5	**2.17**	2.73	4.90	4.82
Employment equity	10	**6.71**	6.44	6.50	6.41
Skills development	20	**21.56**	23.04	21.97	20.90

Providing opportunities for people living with disabilities

Our external bursary programme aims to create a skilled talent pipeline of people living with disabilities who have the potential to become part of Vodacom's workforce. Vodacom South Africa supports 24 students living with disabilities on the **People With Disabilities External Bursary Programme** as they study towards an academic qualification.

Supporting LGBTQIA+ employees

Vodacom was recognised for the support we provide to LGBTQIA+ employees being one of three companies in South Africa that achieved **South African Workplace Equality Index Gold status.** This is a key milestone following the silver status achieved previously. South African Workplace Equality Index aims to rank South African companies on how well they implement best practice for LGBTQIA+ equality in the workplace.

Case study

Supporting women in technology throughout schooling and career stages

Vodacom Foundation's education ecosystem (including 15 ECD centres, 13 schools of excellence and nine youth academies) supports quality education through six pillars, across all levels of education, from early childhood development (ECD) to adult education. This model comprehensively supports learners, teachers, parents and communities within the education ecosystem. Within this ecosystem, women and girls are supported to gain the skills needed to use technology to their advantage at every schooling and career stage.

Vodacom supports reaching gender parity in the ICT sector throughout the education ecosystem and our operations.

Vodacom's support of women and girls in technology

4 370
girls trained in Code Like a Girl programme. Code Like a Girl inspires more girls to explore careers that require coding skills to help them enter the STEM fields and industries

38
of the 70 graduates in Vodacom South Africa's discover graduate programme are women

50%
black female representation on the board in South Africa

We invested
R312.8 million
in skills development for black employees in South Africa, with R222.5 million invested in black female employees

Our women's network forum is a platform where women can mobilise, connect, network and be empowered to perform at their best; it also serves as a platform to champion gender equality within Vodacom

As part of our international women's week celebrations in 2023, Vodacom hosted the first LIFT Women in Tech Summit in collaboration with IBM and Sky

ESG Refer to our ESG report for more information on the Vodacom Foundation education ecosystem in South Africa.

Value created Value eroded Value sustained

Supporting employee health and safety to safeguard our reputation

The health, safety and well-being of all who work for us across our markets, including their families and suppliers, is important to Vodacom. Our health and safety plans aim to achieve a 100% Home Safe culture by managing and monitoring our top risks. Looking ahead we plan to engage the communities in which we operate to improve and promote general safety awareness.

Increasing compliance with health and safety plans

We continually improve our compliance with our approved project health and safety plans, ensuring full compliance with approved project health and safety plans and monitoring and measuring our performance accordingly. In FY2023, we focused on visible and accountable leadership through various initiatives, including fireside chats and safety moments, conducting senior leadership tours across in-field operations and high-risk suppliers, assigning senior leadership champions, and expanding the functions of safety governance councils across all our markets. During the year, we conducted 500 senior leadership tours and 130 safety moments.

We continue to focus on reducing road risk and improving our driver behaviour across the Group. The number of speeding events across the Group has steadily reduced to 3.08 events per 100 km which is within risk appetite limit of five events per 100 km. To improve planning for high-risk trips, we have implemented a **digital journey** management mobile application, resulting in improved monitoring of compliance. We have installed 965 on-board cameras in our fleet and 841 in our supplier base across all markets, and we conduct defensive driving and anti-hijacking training. Our efforts yielded 238 248 safe journeys while travelling more than 15 million kilometres, during which our drivers spent 610 709 hours on the road. We are particularly proud of our Tanzanian OpCo which celebrated 10 years of being fatality-free.

Another element of our Health and Safety reinvigoration plan covers our supplier management and engagement. We upscaled our high-risk supplier management with various engagement platforms for all markets to ensure open lines of communication between Vodacom and supplier teams. In 2023, Vodacom South Africa hosted the annual Global Supplier Forum to enhance our joint effort in managing risks suppliers are exposed to. Markets across Africa also hosted local supplier engagement forums in 2023, reaching over 339 tier 1 and 2 suppliers.

Developing our employee well-being programme

As part of our employee wellness priorities in 2023, we crafted an employee well-being programme with a comprehensive menu of initiatives and activities supporting optimum well-being – including stress management, mental health support, physical fitness and financial management. We also offer free health screenings for employees and long COVID assessments across all markets. We continue to drive employee support across the Group through our employee assistance programme, counsellors and employee ambassadors, who assist employees with coping strategies, stress management, communication, grief counselling and parental guidance. In FY2023, we hosted 10 sessions in South Africa, attended by 2 235 people.

Remunerating to reward value creation

Dear stakeholders

On behalf of the Board, I am pleased to present Vodacom Group's FY2023 remuneration report. This report includes our remuneration philosophy and policy for executive directors and NEDs. It provides a description of how the policy has been implemented, and discloses payments made to NEDs and executive directors during the year.

Phuthi Mahanyele-Dabengwa
RemCo Chairman

Global business uncertainty is still higher than what we had hoped following the return to normal after the COVID-19 pandemic. Despite this, our remuneration structures remain stable and consistent with our pay for performance principles and commitment to alignment with shareholder value creation.

Our global footprint continues to expand, with the incorporation of Vodafone's Egypt business into our portfolio and our advances in FinTech. Our Group executives' roles thus continue to expand and become more valuable. This growth comes with the concomitant retention risks to our senior executives and technical experts, and we need to be a strong competitor in the global market for talent. We made commensurate adjustments to our CEO's guaranteed package to ensure it aligns with this market.

Consistent with previous years, we enjoyed great support from shareholders with high voting percentages on our FY2022 remuneration policy and implementation report. We continue to enhance and monitor institutional investor and stakeholder requirements. Our shareholders supported the following proactive updates to our remuneration policy:

- Consistent with the CEO, the full award of shares to our CFO are now 100% subject to performance conditions.
- We updated the share plan so that dividends on the "stretch" portion are only settled if and to the extent that performance above target is achieved, and all share plan settlements are implemented using market purchase.

The remuneration policy's structure remained stable this year. We adjusted the performance conditions for the FY2024 STI to ensure executives and employees are better incentivised through growth and customer loyalty. This allows the business to prioritise:

- The customer; and
- Growth.

New STI framework

Customer		Growth			
NPS	Churn	Service revenue	Revenue market share	EBIT	Free cash flow
20%	10%	20%	10%	20%	20%

Global focus on sustainability and its role relating to remuneration has increased significantly over the year. Our decision to include ESG measures in our LTI performance conditions aligns with this emerging trend. We carefully selected these measures to align with our purpose pillars, and we enhanced our disclosure of performance measures this year. We provided specific, stretching and measurable targets for GHG reduction, women in management and financial services customers.

We are cognisant of fair pay and equity. As such, we noted the proposals in the draft Companies Amendment Bill which were circulated for public comment in October 2021. The proposals included disclosures of:

- Statistics regarding the highest and lowest paid employees; and
- An overall pay gap measure determined as the average total remuneration of the top 5% highest versus 5% lowest paid employees.

We are monitoring ongoing discussion and research on ratios, such as the Gini coefficient, the Palma ratio and other descriptive statistics. We will disclose the required statutory pay gap ratios once determined.

As debates continue regarding the disclosure of the "vertical pay gap" between the highest and lowest paid employees, we are monitoring the "horizontal pay gap" between the pay of colleagues delivering equal value of work for some time. The remuneration policy section provides more details, and we intervene promptly to address any anomalies that arise. Our independent advisers reviewed the pay gaps within the Group, and we are comfortable that this detailed analysis confirms that our pay practices are within accepted norms.

Our FY2023 STI performance was below target, whilst our LTI was above target. The STI performance outcomes below 100% for year resulted in commensurate decrease in the total remuneration of our executives this year, as disclosed in the remuneration report.

Together with enhancements to keep pace with best practice, RemCo is satisfied that our remuneration policy remains relevant, fit for purpose, supports the King IV principles and meets policy objectives. We are committed to maintaining a strong relationship with our shareholders, built on trust and a clear understanding of our remuneration policy and the practices that have been implemented.

Phuthi Mahanyele-Dabengwa
RemCo Chairman

Background statement

Our purpose shapes remuneration practices and the Spirit of Vodacom

Vodacom's purpose, to connect for a better future, is brought to life by our employees and enabled by our multiproduct strategy – the **System of Advantage.** Our remuneration practices reflect this integration to ensure we:

- Attract and retain high-calibre talent;
- Reward employees for living the **Spirit of Vodacom**;
- Remunerate employees fairly;
- Act ethically; and
- Motivate our employees to execute our strategy and live our purpose.

We reward Spirit behaviours as we believe they closely align with our purpose. Our Spirit behaviours are based on four pillars:

Earn customer loyalty

It starts and ends with the customer. We aspire to be a brand our customers love, by earning their trust and providing brilliant experiences. We work hard to simplify things for our customers and deliver what they want and need, every day.

Create the future

We think big and take risks to break new ground. We ask "what if?" to build amazing products and services for our customers. We are courageous in creating a better future for all.

Experiment, learn fast

We are always learning. We try things, measure our success, keep the best and learn from the rest. This is how we move rapidly to grow ourselves and our business.

Get it done, together

We give and take ownership to make the most of our many talents. We trust others to get things done. It is up to each of us to make it happen.

Remuneration governance

Our Board, assisted by our RemCo, is responsible for overseeing the implementation and execution of Vodacom's remuneration policy, as well as ensuring we achieve the objectives contained therein. RemCo operates according to its Board-approved charter, which is reviewed annually. The RemCo Chairman provides feedback to the Board after each RemCo meeting, including relevant discussions and key decisions made.

RemCo contracted Bowman Gilfillan Inc (Bowman) to provide independent external advice and is satisfied with its independence and objectivity. Bowman is represented by Martin Hopkins, who is head of reward advisory services at Bowman.

Bowman provided advice on local and international market practice and executive remuneration and the advice provided to RemCo is considered to be objective and unbiased.

Remunerating to reward value creation continued

RemCo's role and responsibilities

RemCo assists the Board to discharge its responsibilities by:

- Monitoring salary movements for Senior Leadership Team (SLT) and ensuring that remuneration practices keep pace with the market;
- Setting the parameters for short and long term incentives and monitoring and approving their achievement;
- Determining and agreeing on the remuneration and overall compensation package for the CEO and CFO who are appointed to the board and executive directors;
- Determining, agreeing and developing the Group's remuneration policy in line with the requirements of applicable laws, JSE Listings Requirements and King IV to align with the Board's direction on fair, responsible and transparent remuneration;
- Overseeing the implementation and execution of the Group's remuneration policy to achieve its objectives;
- Reviewing and recommending to the Board the criteria necessary to measure the EXCO's performance in discharging its functions and responsibilities;
- Ensuring remuneration is disclosed in an annual remuneration report;
- Reviewing the fairness and reasonableness of executive remuneration in the context of overall employee remuneration;
- Making recommendations on how executive remuneration should be addressed and disclosed in the annual remuneration report;
- Developing, implementing and disclosing a remuneration philosophy to enable a reasonable assessment of reward practices and governance process by stakeholders;
- Considering other special benefits or arrangements of a substantive financial nature;
- Reviewing the relevant human resources policies in terms of the delegation of authority;
- Ensuring compliance with applicable laws and codes, including King IV and the JSE Listings Requirements;
- Appointing external remuneration consultants to benchmark remuneration trends;
- Ensuring the remuneration policy and implementation report are put to a non-binding advisory vote at the AGM in accordance with the JSE Listings Requirements;
- Reviewing and setting the direction for the Group's engagement with investors in the event that Vodacom does not achieve the required number of votes on the non-binding advisory resolutions tabled at its AGM for either the remuneration policy or implementation report, or both, and ensuring the remuneration policy details the steps the Board will take in such circumstances to engage with shareholders; and
- Determining and recommending to the Board the non-executive directors (NED) fees to be proposed to the shareholders for approval.
- Reviewing and approving STI targets and achievement for each operating company and major subsidiaries; and
- Reviewing and approving salary increases for all staff in major subsidiaries across the Group.

RemCo's key decisions

RemCo held four normal meetings and one special meeting in FY2023, during which the following key decisions were made:

- Approved the annual increase budget for ExCO, senior management and employees as informed by external benchmarking;
- Approved individual increases for the ExCo;
- Reviewed the metrics of the variable STI plan and the variable LTI, making changes where appropriate;
- Approved STIs for executives, senior management and employees;
- Evaluated the LTI vesting conditions for the FY2020 awards and approved the final vesting percentages;
- Approved the participation of eligible employees in Vodafone Egypt in the Vodacom share schemes;
- Approved the RemCo charter;
- Noted the feedback from the internal audit review of the committee's compliance with its charter;
- Recommended increases in NED fees to the Board for shareholder approval;
- Approved the new reward structure linked to the STI aligned to our performance management programme – "Grow my Impact";
- Approved a new STI framework for FY2024 to support and deliver the company strategy focused on two strategic priorities, namely Growth and Customers by ensuring that executives and employees are more strongly incentivised through growth and customer loyalty, which allows the business to focus on these two strategic priorities;
- Reviewing the structure of the STI plan, we will ensure that these priorities are embedded and will incentivise the right behaviours and send a clear message to employees on what is important for our future success;
- The structure of the FY2024 STI plan retains the same performance used under the current plan, albeit rebalanced and repositioned for alignment with our strategic priorities; and
- Approved the measures for the LTI scheme for 2023 share allocations including operating free cash flow (OFCF), total shareholder's returns (TSR) and ESG measures.

The FY2024 STI plan design is below:

New STI framework

Customer		Growth			
NPS	Churn	Service revenue	Revenue market share	EBIT	Free cash flow
20%	10%	20%	10%	20%	20%

Shareholder voting

At the Group's AGM in July 2023, shareholders will vote on:

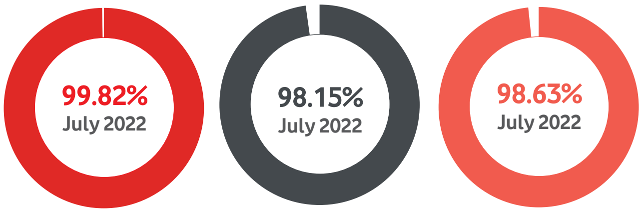
- A binding vote on NED fees;
- A non-binding advisory vote on the remuneration policy; and
- A non-binding advisory vote on the implementation report.

www Details can be found in the notice of AGM, available online at **https://vodacom-reports.co.za/integrated-reports/ir-2023/**.

Should either non-binding advisory vote receive 25% or more votes against it:

- We will invite shareholders to engage with Vodacom regarding their dissatisfaction through collective and/or individual engagements to discuss and record their concerns and objections; and
- RemCo will deliberate the concerns and provide shareholders with a formal response articulating the concerns raised and the changes to be implemented in response, along with detailed responses to concerns where Vodacom, despite shareholder feedback, believes its current policy and/or implementation is adequate.

Shareholder votes



NEDs fees	Approval of the remuneration policy	Implementation of the remuneration policy
(July 2021: 99.91%)	(July 2021: 97.43%)	(July 2021: 98.33%)
(July 2020: 99.97%)	(July 2020: 98.90%)	(July 2020: 98.86%)

Looking ahead

RemCo constantly assesses remuneration trends and governance frameworks and, in FY2024, will focus on:

- STI measures and achievement;
- LTI performance conditions – measures and achievement;
- Remuneration matters related to the acquisition of Vodafone Egypt; and
- Fair and responsible pay.

Our remuneration policy

The principles that guide our remuneration approach

Dynamic approach to ensure competitive pay

We regularly review our approach to remuneration to ensure it aligns with Vodacom's purpose, market trends and the legislative and regulatory environment of the countries in which we operate. We are committed to competitive remuneration and undertake localised benchmarking of GP and target total cash (GP plus STI) at least every second year. We benchmark and consider LTI schemes and trends. We strive to set remuneration trends across our operating companies (OpCos), for example, in Vodacom DRC we moved from a self-insured healthcare arrangement to a plan insured via an insurance company which is a preferred option in the market.

Pay for strategy execution

We structure remuneration around the execution of our strategy, which is measured by performance objectives. We pay for performance, and the different components of our reward structures recognise, support and reward collective and individual performance. We employ a robust performance management system to implement incentives (page 110). As part of our vision to remain a leading employer, we assess if our remuneration is fit for purpose. Part of this process includes making the following changes to our performance management system and the reward structure which will be implemented in FY2024:

- Repositioning our people performance management system towards impact and growth, with the performance management process, rebranded to "Grow my Impact";
- The performance differentiation labels will change to: "Outstanding", "Well done" and "More Impact Needed;"
- A goal-setting framework centred on four goals:
  - Three impact goals framed around each person's impact on the team, business growth and customer outcomes, based on the three company goals cascaded by the market CEO or function lead
  - One growth goal focused on growing self or team, underpinned by our Spirit behaviours
- Set the minimum performance standard to be eligible for the STI (bonus);
- A new performance rating that addresses underperformance and aids performance differentiation, resulting in a lower STI pay-out;
- Impact on reward by rating:

  Outstanding
  - Enhanced rewards for top performers will be paid in cash
  - The STI pay-out will increase to 125% of target for top performers across all employee levels

  Well Done
  - STI pay-outs for performers will be differentiated by enabling managers to flex the pay-out at 90%, 100% or 110% of target

  More Impact Needed
  - STI pay-outs will be either 0% or 75% of target
- Two formalised checkpoints, during which managers will submit impact ratings:
  - Set impact goals – March/April
  - Personal growth and development and review impact goals – September/October
- Delivering a comprehensive programme for all people managers to fully embed the performance changes, reset role expectations and upskill them with performance management skills.

Remunerating to reward value creation continued

Performance management context

An extensive performance management review was conducted in the current financial year, involving ExCo, employees and external benchmarking. This was done to better understand the areas of strength and weakness of the existing performance development system. As a result, the Group adopted a new performance management programme – "Grow my Impact" – for the coming financial year. This approach will help us better set expectations, provide clarity on the things that matter, recognise outstanding achievements and provide the tools to support continuous feedback, coaching and development.

	From	To
Name	Performance development	Grow My Impact
Impact Goals	*Ad hoc* system cascade Goals not visible	Cascaded: x3 priorities from leader Employee: set x3 impact goals plus 1 Grow Goal Goals visible to line/matrix leader/peers/direct reports
Differentiation	Top Performer (100%) Performer (100%) Mover (0%) – not currently a formal category	Outstanding (125%) Well Done (110%, 100%, 90%) More Impact Needed (0% or 75%) Effective for STI payment in June 2024
Share Awards	Deferred share award for top performers (25% of target)	Enhanced global STI plan for **ALL** outstanding performers, in the form of cash.
Star Awards	Top performance recognised through enhanced Vodafone Stars for eligible employees	Enhanced Vodafone Stars removed
Reviews	Annual review Quarterly reviews encouraged	March/April-set/review goals September/October – performance development mid-year check in Performance assessed/feedback collected at both points
Feedback	Feedback format given is discretionary	Feedback embedded – 3 questions Upward feedback to managers

Relevant and sustainable

We manage the total cost of employment and ensure we provide benefits that are relevant, affordable and sustainable. We also apply malus and clawback provisions to disincentivise inappropriate behaviour for senior leaders in the business.

Communication

We are committed to providing transparent and understandable information to employees regarding our reward programmes, policies and processes. We communicate clearly and effectively on the total reward package to ensure our employees understand what they receive, why, when they receive it and how their performance can influence what they receive. This communication is delivered through digital platforms for employees to access anywhere, anytime.

Fair and responsible remuneration

Our total reward framework is underpinned by our commitment to fair pay. By applying the principle of equal remuneration for work of equal value, Vodacom seeks to eliminate discriminatory remuneration – whether direct or indirect – based on gender, age, disability, gender identity and expression, sexual orientation, race, ethnicity, cultural heritage, religion or belief. We pay competitive salaries, rewarding individuals based on their skills, experience and external market positioning.

We review our internal pay ranges annually and apply them consistently throughout the organisation. Our OpCos conduct an annual fair pay analysis to identify any possible instances where pay requires attention and remedial action is implemented. The fair pay analysis focuses on the elements below. The outcome of the fair pay review conducted in FY2023 shows that Vodacom markets are aligned to the fair pay principles.

We believe our reward decisions are based on merit and do not discriminate.

Fair pay principles

1. Market competitive

Pay reflects an individual's skills, roles and functions, and the external market.

We annually review each employee's pay and actively manage any who fall below the market competitive range.

2. Free from discrimination

Pay should not be affected by gender, age, disability, gender identity and expression, sexual orientation, race, ethnicity, cultural heritage, religion or belief.

We annually compare the average position of our men and women against their market benchmark, grade and function to identify and understand any differences and take action if necessary.

3. Provide a good standard of living

We work with an independent organisation, the Fair Wage Network, to assess how our pay compares to the "living wage" in each of our markets, because we are committed to providing a good standard of living for our people and their families.

4. Share in our successes

All our people should have the opportunity to share in our successes by being eligible to receive some form of performance-related pay, such as a bonus, shares or a sales incentive.

5. Provide benefits for all

Our global standard is to offer all our people life insurance, parental leave and access to either company or state-provided healthcare and pension provision.

6. Open and transparent

We ensure our people understand their pay through user-friendly guides, web pages and an annual reward statement, which explain our employees' pay and outline the value of their core reward package. They also receive monthly or weekly payslips and a payment schedule.

Pay gap

Pay gaps are receiving increased focus globally as pay gap reporting promotes fair remuneration. During FY2023, RemCo was briefed by Bowman on four possible measures, namely the Gini coefficient, the Palma ratio, the new 5:5 ratio proposed by the draft Companies Bill in October 2021, and the ratio of the highest to the lowest paid employee for all full-time employees. The RemCo will be guided by legislative requirements on the best approach for Vodacom.

Benchmarking

Consistent with our remuneration policy, our employees' remuneration is informed by benchmarking. Key inputs in determining remuneration include:

- The Willis Towers Watson Global Grading System
- Job-specific competence and skills, including their marketability and scarcity
- Industry knowledge and experience
- Contribution to achieving the Group's strategy
- For executive remuneration, we consider the following additional inputs for benchmarking purposes:
  - Outcomes of the relevant executive remuneration surveys
  - Peer group data from the JSE telecommunications sector and other listed companies with similar market capitalisation and revenue
  - In market salary comparisons from similar sized companies.

Benchmarking for executive directors is completed for all elements of remuneration – GP, target STI and target LTI – and we target the 75th percentile of the market for total target cash, which is GP plus STI. For our CEO and CFO, RemCo follows a similar approach to the executive cohort, by benchmarking pay to industry-specific comparators, information disclosed by our peer group and Mercer's executive remuneration survey.

Our remuneration structure

	Strategic intent	Description	Eligibility
Guaranteed pay (GP)	Forms the basis for competitive remuneration to attract and retain the best talent (page 120). It reflects: • Job-specific competence and skills, including their marketability and scarcity • Industry knowledge and experience • Contribution to achieving the strategy	Across our markets, this component varies from an approach of guaranteed total cost of employment to basic pay plus market-related cash allowances and cost of benefits. This is determined by local market legislation, market benchmarking and best practice.	All employees
Benefits	• Support retention and remain competitive in the markets in which we operate • Provide financial security when needed by employees	Benefits reflect best practice and the results of local market benchmarking exercises, comply with legislation and complement our broader employee value proposition (EVP) and minimum benefits standards.	All employees
STI	Designed to motivate employees and incentivise the delivery of performance against set business targets, comprising measures that will drive our strategic intent of Growth and Customers.	Business measures of the STI are reviewed annually to ensure they support our strategy and drive the right behaviour. The STI is paid in cash in June each year for performance against the previous year's targets.	All employees, excluding employees on commission or quarterly incentive plans.
LTI[1]	• Motivate and incentivise delivery of sustained performance over the long term • Encourage ownership and loyalty by aligning the interests of participants with those of the Group and our shareholders	Variable in the form of Vodacom shares, which vest over three years. We annually review the LTI measures and weightings to ensure that they drive the right behaviours and support the business's strategy.	Executive directors, members of the SLT and senior management, and roles directly influencing strategy delivery, or without whom there is a risk to execution.
	Support employee retention	Vodacom has two share plans: 1. Forfeitable share plan (FSP) which is a combination of forfeitable performance shares and forfeitable retention shares. 2. Conditional share plan (CSP) with shares allocated as a combination of conditional and forfeitable Vodacom shares.	Awards to the CEO and CFO are allocated under the CSP and are a combination of conditional and forfeitable shares to ensure that dividends above the on-target value of the awards are only settled to the extent that performance is above target. Newly hired SLT members and promotions to the SLT will also participate in the CSP and receive a combination of forfeitable and conditional shares.
Other programmes	Continually position Vodacom as an employer of choice	Access to lifestyle benefits, including employee discounts: • Cellphone, data and fibre benefits, which are based on local OpCo requirements • Maternity leave and parental leave for non birthing partners • Annual executive health checks	All employees
Recognition	Recognises individuals for their contribution to Vodacom	Vodafone Stars, Global Heroes and Thank You recognition programmes are used to recognise individual performance and reinforce the Spirit behaviours through "in the moment" financial and non-financial recognition.	Employees as defined by policy

1. Vodafone retention and performance CSP awards. Details regarding performance conditions of and vesting periods for the Vodafone awards can be found in Vodafone's FY2023 annual report on https://investors.vodafone.com/reports-information/results-reports-presentations

Vodacom's employee value proposition (EVP)

Our purpose: Connect for a better future

Together, we can create a better future. Vodacom is passionate about making the world more connected, inclusive and sustainable. The Group's human spirit, with the help of technology, enables us to achieve this.

EVP pillars

Opportunity	Innovation	People	Impact
Embrace a world of experiences that will challenge you and help you thrive	Think big, take risks to break new ground, enjoy an agile environment and create the future	Be yourself, belong, feel secure and be inspired	Make a difference to people, our business, our customers, communities and the planet

Competitive pay and benefits | Flexible ways of working | Care for your well-being

Our Spirit behaviours inform all of the above

Benefits

Our OpCos across the Group provide benefits in line with local market practice and legislative requirements.

Retirement funding

In South Africa, Lesotho and Egypt, we have private retirement funds. In South Africa, the Vodacom Group Pension Fund – a defined contribution pension scheme – is compulsory for all permanent employees. Senior management employees must also participate in the Vodacom Group Provident Fund, a defined contribution scheme. Other employees can join the Vodacom Group Provident Fund on a voluntary basis. Vodacom Lesotho's provident fund is compulsory for all permanent employees. Vodafone Egypt provides its employees with a private and non-contributory pension plan where the company invests 10% of the employee's annual salary in July of each year. In the other OpCos in Vodacom Group, namely the DRC, Mozambique and Tanzania, employees participate in the government-run social security fund as required by legislation.

Risk insurance

All Vodacom markets offer risk benefits to employees, including life and disability cover based on local market practice.

Medical cover

The plans available within Vodacom Group were selected to address the needs of the diverse Vodacom workforce with benefits designed as applicable for each country. We review the medical cover plans annually to assess their appropriateness for our employees. We do not offer post-retirement medical benefits.

Pay mix

The ratio of GP versus variable pay differs for each employee band, with the weighting on variable performance-based pay higher at executive and senior levels, in line with our principle of paying for performance and encouraging and rewarding behaviours that support our Spirit.

RemCo reviews the targets and on-target values for each pay element annually to ensure these remain relevant and competitive, drive the right behaviours and enhance overall shareholder value.

STI

All employees, except for those on commission or quarterly or other bonus structures, participate in the annual STI. STI payments are discretionary and are based on achieving financial and strategic measures. Payments are made in cash in June each year.

For FY2024, 100% of the on-target STI is payable on the full achievement of annual targets. If the targets are exceeded, the STI is capped at 200% of the target. If the targets are not achieved in full, a reduced STI is payable. If performance is below threshold, no STI is payable.

The on-target and maximum STI percentages for our executive directors are set out below:

Role	On target % of GP FY2024	Maximum % of GP FY2024
CEO	100%	200%
CFO	75%	187.5%

For FY2024, the STI will be based on business performance and is capped at 200% of target, which is the maximum business multiplier. The performance differentiator, of which the minimum is 0% and the maximum of 125%, is applicable to all eligible employees except for the CEO.

Measurement

The measures, bonus levels and weightings are reviewed annually to ensure a continued link to strategy and management's direct influence. The financial measures are typically determined based on budgets.

The measurement methodology for each component of the STI metrics is set out below. The aggregate outcome of this measurement sets our business performance multiplier, which ranges from 0% to 200%.

Element	Service revenue	EBIT	OFCF	Customer appreciation
Weighting	**25%**	**25%**	**25%**	**25%**
FY2023 (FY2022)	(25%)	(25%)	(25%)	(25%)
Description of metrics and range	All revenue for ongoing services, including monthly access charges, airtime usage, financial and digital services, fixed and fibre services, roaming, incoming and outgoing network usage by non-Vodacom customers, and interconnect charges for incoming calls, among others	Earnings before interest, taxation, impairment losses and profit/loss from associates and joint ventures	Cash generated from operations less additions to property, plant and equipment, intangible assets, and proceeds on disposal of property, plant and equipment and intangible assets	Assessment of the following metrics: • NPS • Active base • Churn • Revenue market share NPS measures the extent to which our customers would recommend us. Active base measures customer activity on the network. Churn is the average number of monthly customers divided by the annualised number of disconnections during the period
Threshold	**95%**	**-2.5%** of service revenue target	**-2.5%** of service revenue target	
Target	**100%**	**100%**	**100%**	
Above target	**105%**	**+2.5%** of service revenue target	**+2.5%** of service revenue target	

The Vodacom Group business multiplier is used for the CEO, CFO and other members of ExCo. For ExCo members responsible for an operating business, the business multiplier is based on a weighted average of the business performance split between the relevant OpCo (70%) and Vodacom Group (30%).

STI calculation

The changes to the STI effective FY2024 will affect the calculation of the STI for the CFO. There is no change to the STI calculation for the CEO.

The formula for determining the **CEO's** cash bonus is:

GP × Target incentive **100%** × Business performance **0% to 200%**

The formula for determining the **CFO's** cash bonus is:

GP × Target incentive **75%** × Business performance **0% to 200%** × Performance differentiator **0% to 125%**

LTI

LTIs aim is to retain key skills and motivate executives and select employees over the long term, which is essential for sustainable performance. We use operating free cash flow as the principal performance measure to ensure we apply prudent cash management and rigorous capital discipline to our investment decisions. TSR, along with a performance period of no shorter than three years, means we focus on the long-term interests of our shareholders. ESG components support an even closer alignment with our purpose.

With effect from June 2022 on the LTI allocation under the CSP, certain changes have been made to reflect developments in local and global best practice.

The most material changes are;

- Dividends will only be paid on the "stretch" portion of awards if, and to the extent that, performance is above target, and
- The updated plan reflects the actual Group practice to only use shares purchased in the market to settle awards. The issue of new shares and the use of treasury shares is no longer permitted.

The on-target and maximum LTI, and the split of awards for the CEO and CFO are set out below. This has remained unchanged from the previous financial year:

	CEO	CFO
On target % of GP	225	135
Maximum % of GP	433	270
On-target awards are split		
Vodacom CSP retention	–	–
Vodacom CSP performance	77.78%	75.00%
Vodafone CSP retention	–	–
Vodafone CSP performance	22.22%	25.00%

The CEO and CFO are allocated shares with performance conditions under the Vodacom CSP and the Vodafone share plan.

LTI performance conditions

Metric	Weighting award FY2021 Vesting FY2024	Weighting award FY2020 Vesting FY2023	Weighting award FY2019 Vesting FY2022
OFCF	60%	60%	70%
TSR relative to a peer group	30%	30%	30%
ESG target	10%	10%	n/a

LTI metric

We determine the targets for OFCF according to the achievement of the three-year budget plan. TSR achievement is calculated based on the position in the selected TSR peer group.

The vesting of Vodacom CSP is based on the following scale:

	OFCF	TSR relative to peer group
Threshold 40%	Three-year plan -20%	At 50th percentile of the index
Target 100%	Three-year plan	Average of the 50th and 75th percentile of the index
Maximum 200%	Three-year plan +20%	75th percentile of the index

LTI TSR peer group metric

No changes were made to the TSR peer group in June 2023. Vodacom uses the Indi25 index as the most representative list of companies when considering industry competitors, labour market and company size. LTI awards made during June 2022 used the following peer group companies for the LTI TSR vesting condition:

- MTN Group Limited
- Aspen Pharmacare Holdings Limited
- Truworths International Limited
- Richemont SECS
- Woolworths Holdings Limited
- The Foschini Group Limited
- Shoprite Holdings Limited
- Life Healthcare Group Holdings
- Telkom SA SOC Limited
- Mr Price Group Limited
- Bidvest Group Limited
- Bidcorp Limited
- Netcare Limited
- Clicks Group Limited
- AVI Limited
- Mondi Plc
- Pick n Pay Limited
- Spar Group Limited
- MultiChoice Group Limited
- Tiger Brands Limited

ESG measures^

This component comprises targets across our purpose pillars and accounts for a 10% weighting of LTI with each measure equally weighted. ESG targets that extend over the next three years to FY2025 was set by the RemCo.

Digital society	reach **73 million** financial services customers by 31 March 2025.
Inclusion for all	drive **40%** representation of women in senior management by 31 March 2025.
Planet	**50%** reduction in scope 1 and 2 emissions from FY2017 baseline by 31 March 2025.

^ Targets exclude Vodafone Egypt.

Malus and clawback

Our malus and clawback policy allows Vodacom, through its Board, to reduce or claw back certain elements of an executive employee's remuneration in circumstances where a trigger event has occurred.

Clawback means the recoupment during the clawback period of all or a portion of the clawback amount from an executive after vesting or payment. **Malus** refers to reducing unvested or unpaid awards before the end of the vesting period (LTI) or before payment (STI).

The Board adopted this policy to further align the interests of our executives and senior management with the long-term interests of the Group. The policy ensures excessive or inappropriate risk-taking is not rewarded, stipulates that any errors can be corrected and ensures a fair outcome when variable remuneration is awarded.

The policy sets out the circumstances where the Board, following the advice of RemCo, may apply its discretion to reduce or clawback incentive awards (in whole or in part) in line with the policy. Currently, Vodacom's executive directors and SLT will be subject to the provisions of this policy. This limited scope of application will be reviewed from time to time to ensure it is appropriate and in line with market practice for South African listed companies. This policy applies to variable remuneration – STIs and LTIs.

Vodacom Siyanda Employee Trust

Established in 2019, the Vodacom Siyanda Employee Trust holds an equity investment in the Group through its interest in YeboYethu. At the time of the establishment of Siyanda employees were allocated units (Siyanda units) in the trust based on a varying percentage of their GP, depending on their employment bands, race and gender. Each share is equivalent to one unit, with the unit representing vested rights to the underlying YeboYethu ordinary shares. The service condition will lift in three equal tranches at the end of years three, four and five, and will only become fully tradeable in the black economic empowerment (BEE) segment of the JSE in three equal tranches over three years starting from the end of the fifth year (i.e. years six, seven and eight). In March 2022, the first tranche was transferred to employees, and in March 2023 the second tranche was transferred with the final third tranche to be transferred in March 2024.

Executive contracts and policies

Members of senior management are permanent employees and must serve a notice period of six months. The notice periods for the CEO and CFO are 12 months and six months, respectively.

Payments for termination of office

The maximum termination benefit potentially payable is limited to six months. These benefits do not apply to a normal voluntary resignation or retirement.

Termination benefits

There are no contractual entitlements to payment on termination, except regarding payment for the notice period and accrued leave balances. STIs and LTIs will be dealt with based on the nature of the termination. Malus and clawback provisions apply to STI and LTI arrangements:

	STI	LTI
Voluntary termination	Not eligible for STI payment	The right to receive share awards will be forfeited with immediate effect.
Involuntary termination (death, retirement, retrenchment, ill-health, injury or disability and participant's employer company ceasing to be a member of the Group)	STI cash payments will be pro-rated for the financial year till the exit date	LTI will vest in line with the scheme rules and once the achievement of the performance conditions is approved.
Mutual separation	Managed in line with respective scheme rules and subject to RemCo approval.	

In terms of the current Vodacom policy, the CEO and CFO would be entitled to the following on termination of office, on a good-leaver basis:

CEO

- Up to a maximum of six months' gratuity if departure is on a good-leaver basis (RemCo discretion)
- In general, pension, accrued leave and any medical aid benefit will continue to apply until termination date

CFO

- Up to a maximum of six months' gratuity if departure is on a good-leaver basis (RemCo discretion)
- In general, pension, accrued leave and any medical aid benefit will continue to apply until termination date

STI

- STI would be pro-rated for the period of service during the financial year and will reflect the extent to which Vodacom's performance was achieved.
- RemCo has the discretion to reduce the entitlement of the STI plan to reflect the individual's performance and circumstances of termination.
- No STI is payable in the event of a standard resignation.

LTI

- The LTI will vest in line with scheme rules and, once the achievement of the performance conditions is approved, pro-rated for the proportion of the vesting period that elapsed from date of allocation to the date of cessation of employment.
- RemCo has the discretion to vary the level of vesting as deemed appropriate and, particularly, to determine that awards should not vest for reasons which may include, at their absolute discretion, departure in the case of poor performance, departure without the agreement of the Board or detrimental competitive activity.
- All unvested shares will be forfeited in the event of a standard resignation.

Minimum shareholding requirement

Members of the ExCo are required to build up minimum levels of personal shareholding in the Group as a tangible demonstration of their commitment to the Group and to align with shareholders' interests. Vodacom introduced the following minimum shareholding requirements:

- CEO: 300% or three times his GP, comprising 200% Vodacom shares and 100% Vodafone shares. Should the CEO not meet this requirement at the time of the LTI awards, the levels of the Vodacom and Vodafone awards will be reduced below the target award levels indicated.
- Other members of ExCo: 50% of GP.

NED remuneration

Vodacom believes that NEDs' duties and fiduciary responsibilities extend beyond meeting attendance. For this reason, fees are set as single retainer amounts. Non-executive directors do not receive any short-term cash awards or long-term share awards.

We benchmark our NED fees against those published by peer group companies in their most recent notices of AGM. This peer group is different from the TSR peer group, as NEDs' skills come from a pool of more appropriately sized companies.

Our peer group of companies included:

MultiChoice group Limited	Bidcorp Limited
Woolworths Holdings Limited	Gold Fields
Sibanye Stillwater	Sasol
Anglo Gold Ashanti	MTN Group Limited
Shoprite Holdings Limited	Standard Bank

Implementation report

This implementation report details the outcomes of implementing the approved remuneration policy, including executive directors and NEDs.

Fair and reasonable pay

GP

We conduct benchmarking annually given the heightened competition for technology-related skills and talent. The detail of salary increases by market are as indicated below:

Country	FY2023 salary increase granted	FY2022 salary increase granted
South Africa	5.0%	**5.0%**
Tanzania	4.5%	**3.0%**
DRC	3.0%	**3.0%**
Mozambique	5.0%	**6.5%**
Lesotho	5.0%	**4.5%**

Executive director	FY2023 R	FY2022 R	% increase
MSA Joosub	**16 637 906**	13 310 325	25.0%
RK Morathi	**10 236 150**	9 675 000	5.8%

The GP figures above include contributions to pension and provident funds, medical aid and a company benefit.

With the expanded role of the CEO and to ensure that his remuneration is competitive compared to executives with similar international scope, a detailed benchmarking process was conducted to compare his remuneration to a comparator group of JSE listed companies with substantial interests outside South Africa, but who retain their head office in South Africa. In order to align his guaranteed package and STI to our policy market positioning within this competitor group a 25% increase was indicated. The CEO's LTI awards remain very competitive, noting that his current award eligibility reflects his substantial co-investment in Vodacom shares since his appointment as CEO (he currently holds 1 033 290 Vodacom shares, amounting to a personal investment of over R110 million).

Vodacom benchmarks its executive remuneration through comparisons using:

- An appropriate premium and/or discount to the individual incumbents of direct competitors;
- A portfolio of similarly sized companies, where sizing is based on a combination of market capitalisation, number of employees, total assets and turnover; and
- A grade-based approach to a local executive remuneration survey.

Given the analysis of all three of these benchmarking approaches, and in analysing both guaranteed and total remuneration (total including STI and LTI), RemCo also approved a 5.8% increase for CFO.

FY2023 STI performance

The graphic below shows the extent the Group's targets were met for the year ended 31 March 2023.

Metric	Weight	Threshold 0% / Target 100% / Maximum 200%	Weighted result
Service revenue	25%	65.1%	16.3%
EBIT	25%	64.7%	16.2%
OFCF	25%	71.4%	17.8%
Customer appreciation	25%	136.0%	34.0%

The overall achievement of target is

84.3%

The comparable Group STI achievement for FY2022 was 125.8%.

Based on a combination of Group and individual performance (as detailed in the remuneration policy), the resultant STI awards for the CEO and CFO were:

Executive director	FY2023 R	FY2022 R	% decrease
MSA Joosub	**14 025 755**	16 744 389	(16%)
RK Morathi	**6 471 806**	9 128 363	(29%)

FY2023 LTI performance

Achievement of the FY2023 LTI represents the final vesting percentage for awards made in June 2020, where the three-year performance period concluded on 31 March 2023. These shares will vest in June 2023 and will be disclosed in the table of single total figure of remuneration using the closest practicable share price of R110.37 for Vodacom shares as at 31 May 2023.

Metric	Weight	Threshold 40% / Target 100% / Maximum 200%	Weighted result of maximum[1]
OFCF	60%	135.7%	81.4%
TSR	30%	68.0%	20.4%
ESG	10%	200%	20.0%

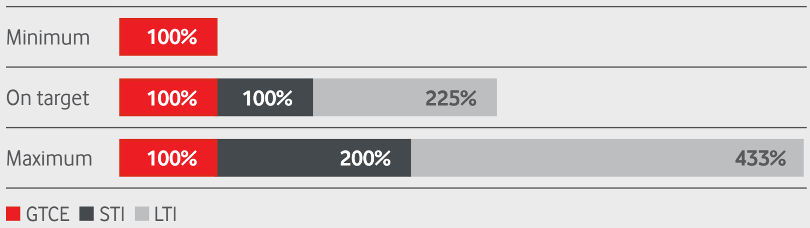
The overall achievement of target is

121.8%

The comparable Group LTI achievement for FY2022 was 125.0%.

1. The awards made represent a maximum achievement award of 200%. The above achievement percentages represent the amount of this award which will vest.

Shameel Joosub (CEO)



- The maximum STI for Shameel is twice the target. This is the maximum business performance multiplier as no personal multiplier is applicable.
- Similarly to the STI, Shameel does not have an individual performance multiplier on LTI. Therefore, the maximum represents the potential maximum of shares that could vest, whereas on target represents the number of shares that are anticipated to vest.
- Dividends are received in cash on all outstanding unvested scheme awards at each dividend declaration date. Since the dividend varies from period to period, it has not been included in the pay mix indicated above.

Tables of single total figure of remuneration

The following tables were prepared in line with King IV and relevant practice notes, and include an LTI amount. The LTI shares vesting in June 2023 are valued as at 31 May 2023, the closest practicable date at a share price of R110.37 for Vodacom shares and GBP0.76 for Vodafone shares based on an exchange rate of R24.41 as at 31 May 2023.

MS Aziz Joosub	FY2023	FY2022	% increase	Currency
GP[1]	**16 637 906**	13 151 869	26.5%	ZAR
Other[2]	**4 800**	4 800	0.0%	ZAR
STI[3]	**14 025 755**	16 744 389	(16.2%)	ZAR
LTI[4]	**26 188 906**	29 474 569	(11.1%)	ZAR
FSP	**22 207 811**	25 215 094	(11.9%)	ZAR
Vodafone shares	**3 981 096**	4 259 475	(6.5%)	ZAR
Dividends[5]	**7 478 913**	8 136 250	(8.1%)	ZAR
Total (pre-tax)	**64 336 280**	67 511 877	(4.7%)	ZAR
Total (post-tax)[6]	**35 384 954**	37 131 532	(4.7%)	ZAR

1. Salary increase effective 1 July each year.
2. This includes the Vodacom cellphone benefit.
3. These amounts relate to the STI payable in June 2023, derived from performance for the year ended 31 March 2023.
4. LTI awards made in June 2020 vesting in June 2023.
5. Dividends are the total of cash receipts during the financial year based on unvested share awards, as well as dividends received on Siyanda units.
6. Post-tax values are indicative using a 45% taxation rate applied to the gross amount.

Outstanding share awards (value of shares)

In the tables below, the value at award represents the face value of shares at the time of award. The value at year end, after adjusting for share price movements and the targeted vesting level, thus represents the current estimate of value likely to accrue to participants.

The column indicated by "settled in the year" represents the cash value of all awards that were settled per King IV's disclosure requirements. Similarly, the column indicated by "forfeited in the year" represents the cash value forfeited by participants in the year.

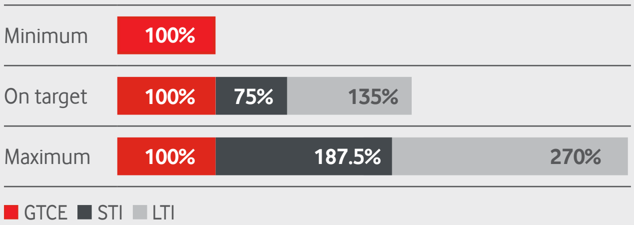
Financial year awarded	Date awarded	Value at award date	Estimated effect of share price[1]	Estimated effect of performance targets[2]	Forfeited in the year[3]	Settled in the year[3]	Value at year end[4]	Currency
Conditional benefit – restricted shares								
2014	May 2013	23 669 391	(645 106)	–	–	–	23 024 286	ZAR
Vodacom FSP – with company performance vesting conditions								
2020	Jun 2019	32 200 093	4 546 017	–	(13 779 691)	(22 966 419)	–	ZAR
2021	Jun 2020	42 866 299	(6 400 272)	(18 233 014)	–	–	18 233 014	ZAR
2022	Jun 2021	44 367 781	(6 941 424)	(18 713 178)	–	–	18 713 178	ZAR
Vodacom Conditional Shares								
2023	Jun 2022	29 116 277	(6 966 342)				22 149 935	ZAR
Vodafone Conditional Shares								
2020	Jun 2019	316 238	6 580	–	(112 180)	(210 638)	–	GBP
2021	Nov 2020	305 589	(121 584)	–	–	–	184 004	GBP
2022	Aug 2021	317 080	(109 485)	–	–	–	207 595	GBP
2022	Jul 2022	408 135	(153 067)	–	–	–	255 068	GBP
Siyanda units								
2019	Mar 2019	700 690	461 430	–	–	–	1 162 120	ZAR
2020	Jun 2019	22 481	13 831	–	–	–	36 312	ZAR
2020	Nov 2019	7 120	4 984	–	–	–	12 104	ZAR
2022	Mar 2021	6 536	(1 368)	–	–	–	5 168	ZAR

1. The estimated effect of share price is based on the share price movement between the date of award and the closing price on 31 May 2023.
2. The estimated effect of performance targets is based on the targeted 50% vesting being applied.
3. Shares settled and forfeited in the year at a share price of R133.89 for Vodacom and GBP1.27 for Vodafone on the vesting date.
4. Value has been calculated using the closest practicable share price, as at 31 May 2023, being R110.37 for the Vodacom share price, GBP0.76 for the Vodafone share price at an exchange rate of R24.41 and R34.00 for the Siyanda units.

Outstanding share awards (number of shares)

Financial year awarded	Date awarded	Date vesting	Opening balance	Granted in the year	Forfeited in the year	Settled in the year	Closing balance
Conditional benefit – restricted shares							
2014	May 2013	N/A	208 610	–	–	–	208 610
Vodacom FSP – with company performance vesting conditions							
2020	Jun 2019	Jun 2022	274 450	–	(102 918)	(171 532)	–
2021	Jun 2020	Jun 2023	330 398	–	–		330 398
2022	Jun 2021	Jun 2024	339 099	–	–	–	339 099
Vodacom Conditional Shares							
2023	Jun 2022	Jun 2025		200 688			200 688
Vodafone Conditional Shares							
2020	Jun 2019	Jun 2022	254 540	–	(88 453)	(166 087)	–
2021	Nov 2020	Aug 2023	240 623	–	–	–	240 623
2022	Aug 2021	Aug 2024	271 473	–	–	–	271 473
2023	Jul 2022	Jul 2025		333 553	–	–	333 553
Siyanda units							
2019	Mar 2019		34 180	–	–	–	34 180
2020	Jun 2019		1 068	–	–	–	1 068
2020	Nov 2019		356	–	–	–	356
2022	Mar 2021		152	–	–	–	152

Raisibe Morathi (CFO)



- The maximum STI for Raisibe is twice the target. This is the maximum business performance multiplier.
- Similarly to the STI, Raisibe does not have an individual performance multiplier on LTI. Therefore, the maximum represents the potential maximum of shares that could vest, whereas on target represents the number of shares that are anticipated to vest.
- Dividends are received in cash on all outstanding unvested scheme awards at each dividend declaration date. Since the dividend varies from period to period, it was not included in the pay mix above.

Tables of single total figure of remuneration

The following tables were prepared in line with King IV and relevant practice notes, and include an LTI amount. The LTI shares vesting in June 2023 are valued as at 31 May 2023, the closest practicable date at a share price of R110.37 for Vodacom shares and GBP0.76 for Vodafone shares based on an exchange rate of R24.41as at 31 May 2023.

RK Morathi	FY2023	FY2022	% increase	Currency
GP[1]	**10 095 863**	9 506 250	6.2%	ZAR
Other[2]	**6 235**	1 606 720	(99.6%)	ZAR
STI[3]	**6 471 806**	9 128 363	(29.1%)	ZAR
LTI[4]	**10 354 251**	7 030 716	47.3%	ZAR
FSP	**10 354 251**	7 030 716	47.3%	ZAR
Vodafone shares				ZAR
Dividends[5]	**1 432 885**	1 194 671	19.9%	ZAR
Total (pre-tax)	**28 361 040**	28 466 720	(0.4%)	ZAR
Total (post-tax)[6]	**15 598 572**	15 656 696	(0.4%)	ZAR

1. Salary increase effective 1 July each year.
2. This includes the Vodacom cellphone benefit and a cash payment for bonus loss from previous employer.
3. These amounts relate to the STI payable in June 2023, derived from performance for the year ended 31 March 2023.
4. Sign-on share awards are expected to vest in November 2023.
5. Dividends are the total of cash receipts during the financial year based on unvested share awards, as well as dividends received on Siyanda units.
6. Post-tax values are indicative using a 45% taxation rate applied to the gross amount.

Outstanding share awards (value of shares)

In the tables below, the value at award represents the face value of shares at the time of award. The value at year end, after adjusting for share price movements and the targeted vesting level, thus represents the current estimate of value likely to accrue to participants.

The column indicated by "settled in the year" represents the cash value of all awards that were settled per King IV's disclosure requirements. Similarly, the column indicated by "forfeited in the year" represents the cash value forfeited by participants in the year.

Financial year awarded	Date awarded	Value at award date	Estimated effect of share price[1]	Estimated effect of performance targets[2]	Forfeited in the year[3]	Settled in the year[3]	Value at year end[4]	Currency
Vodacom FSP – without company performance vesting conditions								
2021	Nov 2020	5 999 960	(27 200)	–	–	(5 972 761)	–	ZAR
2021	Nov 2020	5 999 960	(721 184)	–	–	–	5 278 776	ZAR
2022	Jun 2021	4 499 980	(704 025)	–	–	–	3 795 955	ZAR
2022	Nov 2021	1 600 097	(320 578)	–	–	–	1 279 519	ZAR
Vodacom FSP – with company performance vesting conditions								
2022	Jun 2021	4 499 980	(704 025)	(1 897 978)	–	–	1 897 978	ZAR
Vodacom Conditional shares								
2023	Jun 2022	9 795 812	(2 343 740)	–	–	–	7 452 072	ZAR
Vodafone Conditional Shares								
2022	Jun 2021	113 756	(44 331)	–	–	–	69 425	GBP
2023	Jun 2021	160 202	(60 082)	–			100 120	GBP
Siyanda units								
2021	Nov 2020	1 123 268	60 953	–	–	–	1 184 220	ZAR
2022	Mar 2021	6 536	(1 368)	–	–	–	5 168	ZAR

1. The estimated effect of the share price is based on the share price movement between the date of award and the closing price on 31 May 2023.
2. The estimated effect of performance targets is based on the targeted 50% vesting being applied.
3. Shares settled and forfeited in the year at a share price of R133.89 for Vodacom and GBP1.27 for Vodafone on the vesting date.
4. The value was calculated using the closest practicable share price as at 31 May 2023, R110.37 for the Vodacom share price, GBP0.76 for the Vodafone share price at an exchange rate of R24.41 and R34.00 for the Siyanda units.

WWW Funding of share plans and dilution details of the shares used for the scheme are included in the Group's consolidated AFS and directors' report, available on https://vodacom-reports.co.za/integrated-reports/ir-2023/.

Outstanding share awards (number of shares)

Financial year awarded	Date awarded	Date vesting	Opening balance	Granted in the year	Forfeited in the year	Settled in the year	Closing balance
Vodacom FSP – without company performance vesting conditions							
2021	Nov 2020	Nov 2022	47 828	–	–	(47 828)	–
2021	Nov 2020	Nov 2023	47 828	–	–	–	47 828
2022	Jun 2021	Jun 2024	34 393	–	–	–	34 393
2022	Nov 2021	Nov 2023	11 593	–	–	–	11 593
Vodacom FSP – with company performance vesting conditions							
2022	Jun 2021	Jun 2024	34 393		–	–	34 393
Vodacom Conditional shares							
2023	Jun 2022	Jun 2025		67 519	–	–	67 519
Vodafone Conditional Shares							
2022	Jun 2021	Jun 2024	90 787				90 787
2023	Jun 2022	Jun 2025		130 927			130 927
Siyanda units							
2021	Nov 2020		34 830		–	–	34 830
2021	Mar 2021		152		–	–	152

Termination of office payments

No termination of employment payment for executive directors was made in FY2023.

Shareholding

WWW Details of the beneficial interests of directors in Vodacom's ordinary shares (excluding interests in the LTI) are set out in the directors' report in the consolidated AFS, available online on https://vodacom-reports.co.za/integrated-reports/ir-2023/.

Policy compliance

The disclosure presented in this report is based on awards to qualifying employees. All remuneration decisions were made in total compliance with the remuneration policy as previously approved by shareholders. There were no known deviations from the policy in FY2023.

NED payments

PG NED fees are benchmarked against a peer group of similarly sized companies as outlined on **page 119**.

FY2023 fees

Name	Director fee R	ARCC Chairman R	ARCC member R	RemCo Chairman R	RemCo member R	Nomination Committee R	Social and Ethics Chairman R	Social and Ethics Committee R	Other Committees R	Total R
SJ Macozoma[3,4]	3 502 922	–	–	–	–	–	–	–	–	3 502 922
DH Brown[3]	182 023	103 030	–	–	40 710	–	–	–	–	325 763
F Bianco[1]	551 181	–	–	–	168 267	144 229	–	–	–	863 677
P Klotz[1]	551 181	–	–	–	–	–	–	–	12 213	563 394
P Mahanyele-Dabengwa[3,4]	551 181	–	–	320 595	–	144 229	–	–	–	1 016 005
NC Nqweni[4]	551 181	–	232 124	–	–	–	–	144 229	–	927 534
A O'Leary[1]	249 365	–	–	–	–	–	–	–	–	249 365
A Dimitrova	301 817	–	–		–	–	–	–	–	301 817
JWL Otty[1]	551 181	–	–	–	–	–	–	–	12 213	563 394
KL Shuenyane[3,4]	691 688	–	232 124	–	–	128 095	252 401	–	21 373	1 325 681
S Sood[1]	551 181	–	–	–	–		–	–	–	551 181
CB Thomson[3,4]	551 181	322 829	56 159	–	127 557		–	–	12 213	1 069 939
LS Wood[1]	551 181	–	–	–	168 267	144 229	–	144 229	–	1 007 906
	9 337 263	425 859	520 407	320 595	504 801	560 782	252 401	288 458	58 012	12 268 578

1. Fees paid to Vodafone and not the individual director.
2. Fees for a portion of the year.
3. Fees excluding VAT paid.
4. Excludes an amount of R2 000 paid in September 2022, for incidental expenses while travelling to Board meetings in Kenya.

FY2022 fees

Name	Director fee R	ARCC Chairman R	ARCC member R	RemCo Chairman R	RemCo member R	Nomination Committee R	Social and Ethics Chairman R	Social and Ethics Committee R	Other committees[3] R	Total R
SJ Macozoma[2]	3 336 116	–	–	–	–	–	–	–	–	3 336 116
DH Brown[2]	716 535	405 555	–	–	160 255	–	–	–	303 387	1 585 732
F Bianco[1]	524 933	–	–	–	199 026	166 901	–	–	–	890 860
P Klotz[1]	524 933	–	–	–	–	–	–	–	104 128	629 061
P Mahanyele-Dabengwa[2]	524 933	–	–	293 800	–	135 251	–	–	69 234	1 023 218
NC Nqweni[2]	524 933	–	221 071	–	–	–	–	137 361	89 234	972 599
A O'Leary[1]	524 933	–	–	–	–	–	–	–	–	524 933
JWL Otty[1]	524 933	–	–	–	–	–	–	–	104 128	629 061
KL Shuenyane[2]	524 933	–	219 288	–	–	–	240 383	–	173 362	1 157 966
S Sood[1]	524 933	–	–	–	–	–	–	–	–	524 933
CB Thomson[2]	524 933	–	219 288	–	–	–	–	–	69 234	813 455
LS Wood[1]	524 933	–	–	–	160 255	135 251	–	170 594	–	991 033
	9 301 981	405 555	659 647	293 800	519 536	437 403	240 383	307 955	912 707	13 078 967

Notes:
1. Fees paid to Vodafone and not the individual director.
2. Fees excluding VAT paid.
3. Ad hoc committee fees made in accordance with the fees approved by shareholders at the AGM on 19 July 2021. FY2022 ad hoc committee fees relate to the investment committee which deliberated various transactions undertaken by Vodacom. Fees also relate to the independent committee of the board constituted to deliberate the acquisition of the 55% stake in Vodafone Egypt.

Five-year historic review

	2023	2022	2021	2020	2019	Compound growth (%)
Summarised income statement (Rm)						
Service revenue	**93 650**	79 936	77 574	73 354	69 867	7.6
Revenue	**119 170**	102 736	98 302	90 746	86 627	8.3
Operating profit	**29 252**	28 236	27 652	27 711	24 490	4.5
Net finance charges	**(4 712)**	(3 675)	(3 800)	(3 834)	(2 401)	18.4
Profit before tax	**25 008**	24 563	23 781	23 058	22 089	3.2
Taxation	**(6 897)**	(6 829)	(6 710)	(6 414)	(6 557)	1.3
Net profit	**18 111**	17 734	17 071	16 644	15 532	3.9
Non-controlling interest	**(1 344)**	(571)	(490)	(700)	(710)	n/a
EBITDA	**45 144**	39 888	39 299	37 610	33 714	7.6
Summarised statement of financial position (Rm)						
Non-current assets	**162 527**	127 448	125 670	142 395	113 897	9.3
Current assets	**65 788**	50 519	46 309	47 828	39 746	13.4
Equity and reserves	**97 427**	85 466	85 690	100 070	86 388	3.1
Non-current liabilities	**66 502**	34 834	44 219	53 403	29 084	23.0
Current liabilities	**64 386**	57 667	42 070	36 750	38 171	14.0
Net debt	**48 310**	35 181	34 248	35 180	23 354	19.9
Capital expenditure	**16 490**	14 642	13 307	13 218	12 957	6.2
Summarised statement of cash flows (Rm)						
Operating free cash flow	**25 111**	22 693	22 338	21 782	21 643	3.8
Free cash flow	**18 524**	15 660	14 974	16 284	14 865	5.7
Cash generated from operations	**48 312**	41 152	41 097	39 251	34 575	8.7
Tax paid	**(7 361)**	(7 124)	(7 736)	(6 417)	(6 535)	3.0
Net cash flows from operating activities	**40 951**	34 028	33 361	32 834	28 040	9.9
Net cash flows utilised in investing activities	**(26 704)**	(11 964)	(8 997)	(9 164)	(11 188)	24.3
Net cash flows utilised in financing activities	**(11 727)**	(20 564)	(23 588)	(19 847)	(19 377)	(11.8)
Net increase/(decrease) in cash and cash equivalents	**2 520**	1 500	776	3 823	(2 525)	n/a
Cash and cash equivalents at end of the year	**20 731**	16 658	15 209	16 191	11 066	17.0
Performance per ordinary share (cents)						
Basic earnings per share	**948**	1 013	978	939	872	2.1
Headline earnings per share	**948**	1 013	980	945	868	2.2
Diluted headline earnings per share	**921**	984	957	928	852	2.0
Net asset value per share	**4 688**	4 655	4 667	5 450	4 704	(0.1)
Dividends per share[1]	**670**	850	825	845	795	(4.2)
Profitability and returns (%)						
EBITDA margin	**37.9%**	38.8%	40.0%	41.4%	38.9%	
Operating profit margin	**24.5%**	27.5%	28.1%	30.5%	28.3%	
Effective tax rate	**27.6%**	27.8%	28.2%	27.8%	29.7%	
Net profit margin	**15.2%**	17.3%	17.4%	18.3%	17.9%	
Return on equity[2]	**20.3%**	21.6%	19.4%	18.8%	20.3%	
Return on capital employed[3]	**21.8%**	23.4%	22.0%	22.7%	24.6%	
Liquidity and debt leverage (times)						
Interest cover[4]	**5.3**	6.8	6.6	5.9	8.1	
Net debt to EBITDA	**1.1**	0.9	0.9	0.9	0.7	
Current ratio[5]	**1.0**	0.9	1.1	1.3	1.0	
Quick ratio[6]	**1.0**	0.8	1.1	1.3	1.0	

Notes:
1. Total dividend declared for the financial year
2. Return on equity is calculated by dividing net profit attributable to equity shareholders by shareholders' equity.
3. Return on capital employed (before tax) is calculated by dividing adjusted statutory operating profit by the average of total assets less current liabilities.
4. Interest cover ratio is calculated by dividing earnings before interest and tax for the year by finance costs for the year.
5. The current ratio is calculated by dividing current assets by current liabilities.
6. The quick ratio is calculated by dividing current assets, excluding inventory, by current liabilities.

Five-year historic review per segment

	2023	2022	2021	2020	2019	Compound growth (%)
South Africa						
Revenue (Rm)	**84 715**	80 828	76 737	69 593	67 887	5.7
EBITDA (Rm)	**32 569**	31 747	30 745	29 094	27 741	4.1
Capital expenditure (Rm)	**11 171**	11 149	10 076	9 860	9 577	3.9
EBITDA margin (%)	**38.4%**	39.3%	40.1%	41.8%	40.9%	
Capex intensity (%)	**13.2%**	13.8%	13.1%	14.2%	14.1%	
Customers (000)[1]	**44 230**	45 459	44 061	41 312	43 166	0.6
Number of employees	**5 401**	5 583	5 493	5 403	5 197	1.0
Total ARPU (rand per month)[2]	**93**	90	95	86	87	1.7
International						
Revenue (Rm)	**27 165**	22 888	22 746	22 492	19 981	8.0
EBITDA (Rm)	**10 145**	8 504	8 784	8 679	6 252	12.9
Capital expenditure (Rm)	**4 067**	3 486	3 226	3 358	3 376	4.8
EBITDA margin (%)	**37.3%**	37.2%	38.6%	38.6%	31.3%	
Capex intensity (%)	**14.9%**	15.2%	14.2%	14.9%	16.9%	
Customers (000)[1]	**50 228**	41 715	39 751	38 595	34 620	9.8
Number of employees	**2 244**	2 247	2 149	2 054	2 357	(1.2)
Total ARPU (rand per month)[2]						
Tanzania	**39**	33	37	36	36	2.0
DRC	**48**	42	45	46	41	4.0
Mozambique	**53**	59	57	59	55	(0.9)
Lesotho	**51**	52	59	69	66	(6.2)
Total ARPU (local currency per month)[2]						
Tanzania (TZS)	**5 328**	5 132	5 259	5 616	6 010	(3.0)
DRC (US$)	**2.8**	2.8	2.8	3.1	3.0	(1.7)
Mozambique (MZN)	**199**	249	250	252	244	(5.0)

Notes:
1. Customers are based on the total number of mobile customers using any service during the last three months. This includes customers paying a monthly fee that entitles them to use the service even if they do not actually use the service and those customers who are active while roaming.
2. Total ARPU is calculated by dividing the average monthly service revenue by the average monthly active customers during the period.

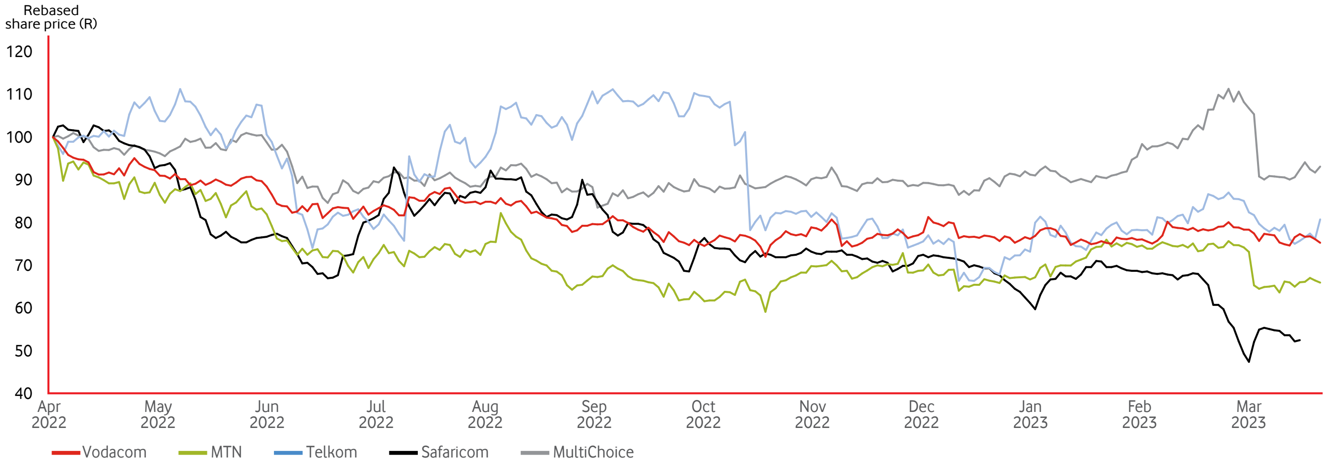
Share information

Group shareholders

	As at 31 March 2023	
	Number of shares	% of shares in issue
Vodafone Group Plc[1]	1 352 606 124	65.10%
Government Employees Pension Fund	256 922 510	12.36%
YeboYethu Investment Company (Pty) Limited	114 451 180	5.51%
Wheatfield Investments 276 (Pty) Limited (treasury shares)	15 421 231	0.74%
Institutional investors	288 257 705	13.87%
Retail positions	45 834 809	2.21%
Other[2]	4 347 645	0.21%
Total	**2 077 841 204**	**100.00%**

1 Directly held by Vodafone Investments SA (Pty) Limited and Vodafone International Holdings B.V.
2 Balance of remaining holdings.

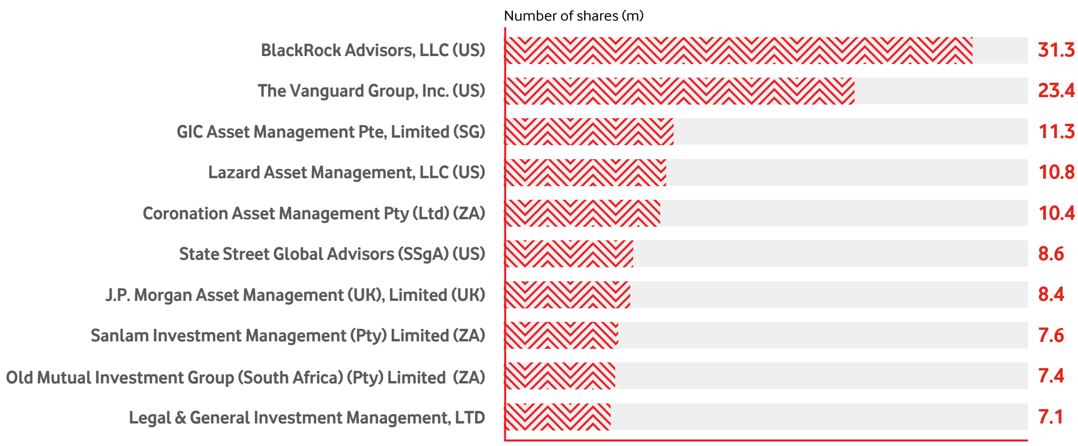
Share price | Relative to peers



Source: FactSet. Date range 1 April 2022 to 31 March 2023.

Shareholding | Top 10 institutional shareholders, excluding GEPF

As at 31 March 2023



Source: JP Morgan Cazenove.

Vodacom share prices closed at

R122.04

on 31 March 2023.

New shares issued

242 million

issued to Vodafone to fund 80% of Vodafone Egypt transaction.

Geographical institutional shareholding, excluding GEPF (%)

	FY2023	FY2022
United States of America	**41.8**	39.5
South Africa	**24.0**	23.9
United Kingdom	**15.3**	16.1
Europe	**9.5**	9.6
Asia	**8.7**	10.8
Rest of world	**0.7**	0.1

Our listed companies – market cap

As at 31 March

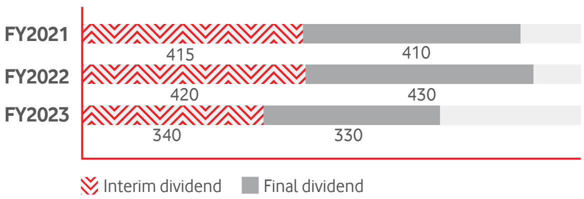
	FY2023 (R billion)	FY2022 (R billion)
Vodacom Group Limited	**253.6**	293.7
Vodacom Tanzania Limited	**13.1**	10.9
Safaricom Plc	**97.1**	173.9

Price: earnings analysis

As at 31 March FY2023

	Times
Vodacom Group	**12.63**
Vodacom Group, excluding Safaricom	**13.03**

Declared dividend per share (cps)



2023 Investor relations calendar

Integrated report: **15 June 2023**	Quarter one results: **21 July 2023**
Vodacom Group AGM: **20 July 2023**	Interim results: **13 November 2023**

Ticker symbol	ADR code	Stock exchange	Number of shares in issue	Free float	Transfer agent
VOD	VDMCY	JSE Limited	2 077 841 204	17.6%	Computershare

Disclaimer

Non-International Financial Reporting Standards (IFRS) information

This report contains certain non-IFRS financial measures which have not been reviewed or reported on by the Group's auditors. The Group's management believes these measures provide valuable additional information in understanding the performance of the Group or the Group's businesses, because they provide measures used by the Group to assess performance. However, this additional information presented is not uniformly defined by all companies, including those in the Group's industry. Accordingly, it may not be comparable with similarly titled measures and disclosures by other companies. Additionally, although these measures are important in the management of the business, they should not be viewed in isolation or as replacements for or alternatives to the comparable IFRS measures, but rather complementary to them.

Normalised growth

All amounts in this integrated report marked with a * represent normalised growth, which presents performance on a comparable basis. This adjusts for trading foreign exchange, foreign currency fluctuation on a constant currency basis (using the current year as base) and excludes the impact of M&A and disposal activities, at a constant currency basis where applicable, to show a like-for-like comparison of results. We believe that normalised growth, which is not intended to be a substitute for or superior to reported growth, provides useful and necessary information to investors and other interested parties for the following reasons:

- It provides additional information on underlying growth of the business without the effect of certain factors unrelated to the operating performance of the business;
- It is used for internal performance analysis; and
- It facilitates comparability of underlying growth with other companies, although the term normalised is not a defined term under IFRS and may not, therefore, be comparable with similarly titled measures reported by other companies.

Trademarks

Vodafone, the Vodafone logo, M-Pesa, Connected Farmer, Vodafone Supernet, Vodafone Mobile Broadband, Vodafone WebBox, Vodafone Passport, Vodafone live!, Power to You, Vodacom, Vodacom 4 Less and Vodacom Change the World are trademarks of Vodafone Group Plc (or have applications pending). Other product and company names mentioned herein may be the trademarks of their respective owners.

Forward-looking statements

This remuneration report, which sets out the annual remuneration for Vodacom Group Limited for the year ended 31 March 2023, contains "forward-looking statements" which have not been reviewed or reported on by the Group's auditors, in respect of the Group's financial condition, results of operations and businesses and certain of the Group's plans and objectives. In particular, such forward-looking statements include, but are not limited to, statements in respect of: expectations regarding the Group's financial condition or results of operations, including the confirmation of the Group's targets and expectations for the Group's future performance generally; expectations regarding the operating environment and market conditions and trends; intentions and expectations regarding the development, launch and expansion of products, services and technologies; growth in customers and usage; expectations regarding spectrum licence acquisitions; expectations regarding adjusted EBITDA, capital additions, free cash flow and foreign exchange rate movements; and expectations regarding the integration or performance of current and future investments, associates, joint ventures, non-controlled interests and newly acquired businesses.

Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as "will", "anticipates", "aims", "could", "may", "should", "expects", "believes", "intends", "plans" or "targets" (including in their negative form). By their nature, forward-looking statements are inherently predictive and speculative, and involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, the following: changes in economic or political conditions in markets served by operations of the Group; greater than anticipated competitive activity; higher than expected costs or capital expenditures; slower than expected customer growth and reduced customer retention; changes in the spending patterns of new and existing customers; the Group's ability to expand its spectrum position or renew or obtain necessary licences; the Group's ability to achieve cost savings; the Group's ability to execute its strategy in fibre deployment, network expansion, new product and service rollouts, mobile data, enterprise and broadband; changes in foreign exchange rates, as well as changes in interest rates; the Group's ability to realise benefits from entering into partnerships or joint ventures and entering into service franchising and brand licensing; unfavourable consequences to the Group of making and integrating acquisitions or disposals; changes to the regulatory framework in which the Group operates; the impact of legal or other proceedings; loss of suppliers or disruption of supply chains; developments in the Group's financial condition, earnings and distributable funds and other factors that the Board takes into account when determining levels of dividends; the Group's ability to satisfy working capital and other requirements; changes in statutory tax rates or profit mix; and/or changes in tax legislation or final resolution of open tax issues; and changes resulting directly or indirectly from the COVID-19 pandemic.

All subsequent written or oral forward-looking statements attributable to Vodacom, to any member of the Group or to any persons acting on their behalf, are expressly qualified in their entirety by the factors referred to above. No assurances can be given that the forward-looking statements in this document will be realised. Subject to compliance with applicable laws and regulations, Vodacom does not intend to update these forward-looking statements and does not undertake any obligation to do so.

Glossary

*	All amounts in this Integrated report marked with a * represent normalised growth, which presents performance on a comparable basis. This adjusts for trading foreign exchange, foreign currency fluctuation on a constant currency basis (using the current year as a base) and excludes the impact of merger, acquisition and disposal activities, at a constant currency basis where applicable, to show a like-for-like comparison of results.
^	Vodacom Group information excluding Vodafone Egypt
#	Information pertaining to Vodacom South Africa only.
2G	2G networks are operated using global system for mobile (GSM) technology which offers services such as voice, text messaging and basic data. In addition, the entire Group's controlled networks support general packet radio services (GPRS), often referred to as 2.5G. GPRS allows mobile devices to access internet protocol (IP) based data services such as the internet and email.
3G	A cellular technology based on wideband code division multiple access (CDMA) delivering voice and data services.
4G	Technology that offers even faster data transfer speeds than 3G/HSPA.
5G	Fifth-generation wireless is the latest iteration of cellular technology, engineered to greatly increase the speed and responsiveness of wireless networks.
B-BBEE	Broad-based black economic empowerment.
BEE	Black economic empowerment is a programme launched by the South African government to redress inequalities by giving previously disadvantaged groups opportunities previously not available to them. It includes measures such as employment equity, skills development, ownership, management, socioeconomic development and preferential procurement.
CDP	Carbon Disclosure Project.
Churn	Churn is calculated by dividing the annualised number of disconnections during the period by the average number of monthly customers during the period.
Consumer	A customer in their individual capacity accessing mobile and/or fixed products and services.
COP27	27th annual Conference of the Parties.
CSP	Conditional share plan.
CVM	Customer Value Management.
EBITDA	Earnings before interest; taxation; depreciation and amortisation; impairment losses; profit/loss on disposal of investments, property, plant and equipment and intangible assets; and profit/loss from associate and joint ventures, restructuring costs and BEE income/charges.
Enterprise	A customer that is a business or company accessing mobile and/or fixed products and services.
ESG	Environmental, social and governance.
EVP	Employee Value Proposition
FSP	Forfeitable share plan.
FTTx	The number of fixed-line connections in South Africa, which includes fibre to the home and fibre to the business.
GHG	Greenhouse Gas.
International business (IB)	International business comprises the segment information relating to the non-South Africa-based cellular networks in Tanzania, the Democratic Republic of Congo, Mozambique and Lesotho, as well as the operations of Vodacom International Limited and Vodacom Business Africa.
LTI	Long-term incentives.
n/a	Not applicable.
n/m	Not measured.
NPS	Net Promoter Score
NRS	National Relay Service.
OFCF	Operating Free Cash Flow.
Smart devices	Smart devices include smartphones, tablets and modems.
STI	Short-term incentives.
TCFD	Task Force on Climate-related Financial Disclosures.
tNPS	touchpoint Net Promoter Score.
TSR	Total shareholder returns consist of the aggregate share price appreciation and dividend yield.
Vodacom South Africa	Vodacom South Africa is commonly referred to as South Africa in the integrated report. It relates to Vodacom (Pty) Limited, a private limited liability company duly incorporated in accordance with the laws of South Africa and its subsidiaries, joint ventures and SPVs

Corporate information

Vodacom Group Limited

(Incorporated in the Republic of South Africa) (Registration number 1993/005461/06)
(ISIN: ZAE000132577 Share code: VOD)
(ISIN: US92858D2009 ADR code: VDMCY)
(Vodacom)

Secretary and registered office of Vodacom Group Limited

Karen Robinson

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Email: companysecretary@vodacom.co.za

Sponsor

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Auditors

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Sandton
South Africa
(Private Bag X14, Sandton 2146, South Africa)

ADR depository bank

Deutsche Bank Trust Company Americas

American Stock Transfer & Trust Company
Operations Center
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Brooklyn, New York, 11219

Transfer secretaries

Computershare Investor Services (Pty) Limited

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