We have always subscribed to the highest standards of social responsibility and ethics, and have assessed our performance against various mandatory and voluntary standards.

Since listing on the Johannesburg Stock Exchange (‘JSE’), we have adjusted, managed and measured our performance with increasing reference to the principles set out in the King report on corporate governance in South Africa 2009 (‘King III’), the JSE’s Socially Responsible Investment (‘SRI’) Index criteria and, most recently, the requirements of the remit assigned to Social and Ethics Committees in terms of the South African Companies Act, no. 71 of 2008 (‘the Act’). As shown below, the remit focuses broadly on consumer relationships; social and economic development; environment, health and public safety; and corporate citizenship. The Act references specific pieces of South African legislation and various principles and standards of the Organisation for Economic Cooperation and Development (‘OECD’), the International Labour Organisation (‘ILO’) and the United Nations Global Compact (‘UNGC’), as per the below framework;
The Group Social and Ethics Committee is responsible for maintaining the overall direction and control of social responsibility performance. The Chief Officers responsible for legal and regulatory affairs, ethics and compliance, Broad-based Black Economic Empowerment (BBBEE), consumer affairs, whistle-blowing lines, investigations, human resources and corporate affairs are invited to the Committee’s meetings to obtain guidance and report back on Group performance. Social responsibility is managed across the Company, and performance in many of these areas is incorporated into our employment contracts for performance-based remuneration.

While this report is designed primarily to meet the reporting requirement placed on the Social and Ethics Committee, our performance on social and ethical matters is dealt with throughout our integrated report. Also, a number of these matters are managed and reported on as part of our strategic themes; thus, our human capital report contains full details of our efforts to develop our employees, and our communities report describes our initiatives to develop the societies in which we operate, including corporate social investment (‘CSI’). We also have a separate transformation report to detail our progress on our transformation plans.

This social and ethics report focuses on our efforts in:

- maintaining good relations with consumers;
- maintaining good relations with employees and achieving employment equity;
- promoting and protecting the environment, health and safety;
- preventing and combating bribery and corruption;
- being a good corporate citizen, particularly our efforts at protecting and advancing human rights, promoting equality and preventing unfair discrimination; and
- extending the reach and impact of our values and ethics through our business partners and supply chain.

The King III principles set out the ethical commitments and performance that lay the foundation for socially responsible and truly profitable business. Being a Vodafone subsidiary, we have adopted the Vodafone Way, Vodafone business principles and Vodafone code of conduct and made them our own, and we manage and measure our performance accordingly.

The table below indicates the other reports that can be referred to for supplementary information to this report and further reading.

<table>
<thead>
<tr>
<th>Matters covered in this report</th>
<th>Other specific reports</th>
<th>Integrated report section</th>
</tr>
</thead>
<tbody>
<tr>
<td>Being a responsible and ethical company</td>
<td>How we’re managed</td>
<td></td>
</tr>
<tr>
<td>Customer relations</td>
<td>Our customers</td>
<td></td>
</tr>
<tr>
<td>Employee/labour relations and employment equity</td>
<td>Human capital report</td>
<td></td>
</tr>
<tr>
<td>More for our people</td>
<td>Transformation report</td>
<td></td>
</tr>
<tr>
<td>Environment, health and public safety</td>
<td>Environment report</td>
<td></td>
</tr>
<tr>
<td>More for our people and operating more efficiently</td>
<td>Human capital report</td>
<td></td>
</tr>
<tr>
<td>Anti-corruption</td>
<td>Communities report</td>
<td></td>
</tr>
<tr>
<td>Being a good corporate citizen</td>
<td>Our reputation</td>
<td></td>
</tr>
<tr>
<td>Ethical purchasing</td>
<td>Our reputation</td>
<td></td>
</tr>
</tbody>
</table>
Trust must exist within and among ourselves, and between us and our customers, suppliers, business partners, competitors, government authorities and many other stakeholders in the societies we operate in. Other important values also support and inform our behaviour, but if we cannot establish and maintain trust, we will not be able to operate.

**Business purpose and principles**

**Purpose**

During the year we continued our efforts to make Vodacom a Purpose Based Organisation (‘PBO’). Our PBO initiatives kicked off in the previous financial year with “Stepping Stones”, a leadership awareness and development programme to give Vodacom’s executive team the tools they need to drive change and ensure that the Vodacom Way is at the centre of our business. We also conducted a values awareness and training programme on Working the Vodacom Way which was attended by approximately 2 960 employees.

**Principles and conduct**

Our extensive framework of policies and systems to manage our responsibilities is well established and continues to evolve as we encounter new issues. In the year we continued aligning our policies and policy standards with those of Vodafone and carried out a policy compliance review across the Group and its operating companies.

We cannot anticipate every ethical issue we may face, but our business principles are designed to ensure that stakeholders know Vodacom will always strive to choose the responsible option. Our business principles are:

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The reputation of our business and value of our brand is built on Vodacom’s long-standing commitment to being a responsible and ethical business. Our reputation is based on the core ethical value in the Vodacom Way: Trust.

**Responsibility executive: Chief Officer: Ethics and Compliance**

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We also conducted a values awareness and training programme on Working the Vodacom Way which was attended by approximately 2 960 employees.
### Business principle summary

<table>
<thead>
<tr>
<th>Business principle</th>
<th>Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1</strong> Complying with all relevant laws, standards and principles</td>
<td>How we should act to achieve compliance with all relevant laws.</td>
</tr>
<tr>
<td><strong>2</strong> Basing business decisions on economic, social and environmental criteria and maintaining financial integrity</td>
<td>How we spend Company money, keep accurate records, manage contracts, consider health and safety when contracting suppliers, contribute to society and minimise our impact on the environment.</td>
</tr>
<tr>
<td><strong>3</strong> Voicing our opinions on industry issues while taking an apolitical stance</td>
<td>How we are proactive and are thought leaders in our engagement with governments and other stakeholders; but do not make political party contributions.</td>
</tr>
<tr>
<td><strong>4</strong> Communicating openly with our stakeholders while maintaining commercial confidentiality</td>
<td>How we communicate clearly and promptly, and the guidelines we follow on protecting and sharing confidential information, dealings with competitors and receiving unsolicited business information.</td>
</tr>
<tr>
<td><strong>5</strong> Valuing our customers’ trust and safeguarding their personal information</td>
<td>How we respect and protect customer privacy and guard against inappropriate or unwanted communication or spam.</td>
</tr>
<tr>
<td><strong>6</strong> Basing employee relationships on respect for individuals and their human rights</td>
<td>How we provide equal opportunities, forbid harassment and bullying, prohibit alcohol and drugs in the workplace, and protect employee privacy.</td>
</tr>
<tr>
<td><strong>7</strong> Protecting the environment and improving the environmental and social benefits of our products and services</td>
<td>How we require employees to be familiar with environmental laws, look for opportunities to reduce waste and dispose of materials carefully, limit travelling and make the most of online options.</td>
</tr>
<tr>
<td><strong>8</strong> Building trust in our communities and investing in social upliftment</td>
<td>How we are sensitive to the needs of communities, listen to and actively communicate with them and get involved in social development through the Vodacom Foundation in each country in which we operate.</td>
</tr>
<tr>
<td><strong>9</strong> Protecting the health and safety of our customers, employees, partners and communities</td>
<td>How we require all employees to comply with the Vodacom Absolute Rules, report all infringements and act quickly to investigate and recommend improvements.</td>
</tr>
<tr>
<td><strong>10</strong> Acting with honesty, integrity and fairness in all our dealings</td>
<td>How we avoid conflicts of interest, manage gifts and hospitality and extend our business principles to our business partners and suppliers.</td>
</tr>
<tr>
<td><strong>11</strong> Ensuring adherence to the Vodacom Way and code of conduct</td>
<td>How employees make sure their own and others’ actions are in accordance with our values and business principles and report violations of the code of conduct.</td>
</tr>
</tbody>
</table>

### Ethics along the way

The Group Social and Ethics Committee and the audit committees of our operating companies provide oversight of the Ethics Along the Way programme. We conduct internal people and ethics surveys and review information from internal investigations and disciplinary actions to assess key ethics risks. This information is supplemented by both commissioned and independent reputation surveys, such as the Reputation Institute’s RepTrak™ Pulse survey which measures stakeholder trust, which this year found Vodacom to be South Africa’s most reputable company among the top 20 JSE listed companies. The risks identified through these assessments are reviewed by the Group and operating company executive committees and managed as part of our overall risk management strategies.

Our code of conduct guides our employees on practically implementing the business principles and key policies in their day-to-day roles, and refers them to more detailed policy standards and guidelines for business behaviour. During the year we updated the code of conduct and rolled out an online training module to employees in South Africa and some of our other operating countries. To date, 963 employees have completed the online training. We continue to provide ethics awareness training to new employees at induction, which emphasises the code of conduct.

We have implemented an online registration system that enables employees to declare conflicts of interest as well as gifts and hospitality given or received. These registers are monitored continuously and remedial action taken when necessary. The Group’s ethics and compliance function advises employees on these and other ethics issues. Vodacom employees have a duty to report any suspected breaches of the code and other company policies or procedures.

To facilitate the handover and continued implementation of the programme to the boards and management teams of our operating companies, we have established ethics committees in the DRC, Lesotho, Mozambique, Tanzania and Nigeria. These
committees consist of both managers and employees, and are tasked with reviewing the results of ethics risk assessments and other risk indicators, assisting in communicating and implementing key ethics-related policies and procedures, and bringing concerns and complaints to the attention of the respective company’s executive team.

Duty to report and take appropriate action
We confront and if necessary report (either openly or anonymously through a whistle-blowing line) actions and individuals that compromise or violate our values, business principles or code of conduct. When necessary, investigations are carried out and findings reported, and disciplinary, civil or criminal action taken. The Group Audit, Risk and Compliance Committee provides an additional level of oversight to support the Group Social and Ethics Committee in these matters.

Whistle-blowing lines
In the year, 100 reports were made to the KPMG whistle-blowing line. Only eight reports were internal cases, which related to unlawful access and/or disclosure of information; theft and misuse of company resources; and other irregularities on the part of employees. Of these eight reports, only two were determined to be significant and are still being investigated. The rest were either determined to be unfounded or could not be investigated or resolved due to insufficient information. The remaining 92 reports were external cases relating to scams and hoaxes on our network, subscription fraud complaints and service-related complaints. We continued to drive awareness of the whistle-blowing line through various initiatives during the year, including running an SMS notification campaign.

In September 2012 we started rolling out Vodafone’s global speak-up whistle-blowing line to our operating countries. This replaced the KPMG line, and the new line was rolled out to all operating countries except Zambia. In South Africa, 13 reports were made to the speak-up whistle-blowing line. Of these reports, seven related to people issues, mostly with regard to alleged breaches of policies and procedures. For the most part, these allegations were deemed unfounded and to be the result of a breakdown in communication between the human resources division and the relevant employees. The remaining six reports to the whistle-blowing line were referred to Vodacom Forensic Services (VFS) for investigation and, although no critical issues have yet been identified, some aspects remain under investigation. One report was made to the hotline in Mozambique, and no reports were received from the other operating countries.

Investigations
South Africa
External fraud cases for the year increased approximately 33%, from 3 072 last year to 4 086, driven mainly by the increased incidence of identity theft which resulted in more frequent fraudulent activity by both individual fraudsters and larger syndicates. Internal fraud cases decreased 30%, from 348 in the prior year to 243, thanks to the proactive efforts of VFS to create awareness among our employees and consultants as well as trade and business partners through various channels.

Despite growing our number of customers over the year, we managed to contain fraud levels to well below the Vodafone threshold and internal key performance indicator (‘KPI’) of less than 0.2% of Group revenue. Of all the fraud cases (internal and external) recorded during the year, 68 arrests were made and 29 employees and contractors were dismissed.

International operations
In our International operations, external fraud cases increased approximately 133% from 206 last year to 480. Increases in diesel theft and malicious damage to property in Mozambique, M-Pesa related fraud in Tanzania and burglaries at Vodacom outlets in the DRC were mainly behind the increase in external cases. Internal cases increased 63% from 54 last year to 88, mainly attributable to an increase in unauthorised access and internal fraud cases in Mozambique and internal fraud and dishonesty cases in Tanzania. During the year Vodacom Mozambique fell victim to voucher fraud of some R60 million. Investigations into how this fraud occurred are ongoing, which included the appointment of PricewaterhouseCoopers to review the system and recommend additional controls. The perpetrators have been arrested and are awaiting prosecution. An insurance claim for the loss is in the process of being assessed.

Disciplinary action
South Africa
Approximately 60 cases of employee misconduct which resulted in disciplinary enquiries were reported during the year for Vodacom South Africa. Of these cases, 15 resulted in sanctions or dismissal. There were no dismissals due to incapacity during the year. The most common form of misconduct was work-related negligence, which accounted for approximately 29% of hearings (2012: 52%). Types of work-related negligence included network-related negligence, negligence resulting in poor customer service and failing to properly follow procedures. Transgressions relating to dishonesty accounted for approximately 16% of cases (2012: 29%). Forms of dishonesty included incidents such as theft, unauthorised access to information or not declaring gifts received. The majority of the remaining matters dealt with can be broadly classified as time-related misconduct such as abscondment and uncommunicated/unauthorised absence from work (5), accessing confidential information (5), sexual harassment and harassment (5), misuse of company vehicles (4) and the breach of the Absolute Rules (2). Actions taken to mitigate the risk of recurrence of these types of misconduct include monthly newsletters and making employees aware of serious misconduct during training activities relating to prevalent forms of misconduct.

International operations
In Tanzania, 14 cases of employee misconduct resulting in disciplinary enquiries were reported, resulting in 14 dismissals. In Mozambique, three cases of fraud, one of poor performance and one of unauthorised disclosure of customers’ information were reported and resulted in disciplinary enquiries, and in all of these five instances, the individuals responsible were dismissed. In Lesotho, nine cases of abuse of company assets were reported and hearings held, resulting in nine final written warnings. In the DRC, of the 40 cases reported, two were for insubordination, two for receiving kickbacks, 20 for theft or negligence, one for unauthorised disclosure of company information and 11 for breach of company procedures. Disciplinary hearings resulted in eight dismissals, 15 suspensions, 11 verbal or written warnings and six cases being cleared.
The ICT Sector Code of Good Practice was gazetted and came into effect on 6 June 2012. Despite the ICT Sector Code being far stricter in its criteria and scoring than the dti codes which it replaced, we worked hard to align to the new requirements which resulted in us not only retaining our Level 3 status, but increasing our overall score by 2.64 points.

Scorecard

<table>
<thead>
<tr>
<th>Element</th>
<th>Weighting</th>
<th>Target for 2012/13</th>
<th>Final result</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ownership</td>
<td>20</td>
<td>12.23</td>
<td>12.00</td>
<td>-0.23</td>
</tr>
<tr>
<td>Management/Control</td>
<td>10</td>
<td>9.85</td>
<td>9.92</td>
<td>+0.07</td>
</tr>
<tr>
<td>Employment Equity</td>
<td>10</td>
<td>6.15</td>
<td>6.03</td>
<td>-0.12</td>
</tr>
<tr>
<td>Skills Development</td>
<td>17</td>
<td>13.72</td>
<td>13.31</td>
<td>-0.41</td>
</tr>
<tr>
<td>Preferential Procurement</td>
<td>20</td>
<td>20.05</td>
<td>21.83</td>
<td>+1.78</td>
</tr>
<tr>
<td>Enterprise Development</td>
<td>11</td>
<td>4.00</td>
<td>5.13</td>
<td>+1.13</td>
</tr>
<tr>
<td>Socioeconomic Development</td>
<td>12</td>
<td>8.43</td>
<td>10.16</td>
<td>+1.73</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>74.43</td>
<td>78.40</td>
<td>+3.97</td>
</tr>
</tbody>
</table>

Ownership

In terms of the ICT Sector Code, where the equity stake held in black hands exceeds R7.5 billion the measured entity is deemed to have complied with criteria 2.1.1 (exercisable voting rights in the enterprise in the hands of black people) and 2.2.1 (economic interest of black people in the enterprise). As the equity in Vodacom held in black hands exceeds this threshold, we score full points on these criteria. Our 2008 empowerment deal resulted in the Company achieving a score of 12.26. In addition, our effective black shareholding increased from 8.21% to 8.95% as a result of the recognition of individual black shareholders in Vodacom Group.

Management/Control

We managed to further improve our score to 9.92 points. This was mainly as a result of appointing a black woman independent non-executive director to the Vodacom South Africa board and the increase of black representation in the ‘Other Top Management’ category.

Employment equity

The year 6 – 10 target changes, introduced on 9 February 2012, presented a challenge for Vodacom particularly in terms of appointing black women into the critical, core areas of our business. Although the total percentage of our employees who are black stands at 72% as per the Employment Equity Act, in terms of the BBBEE Codes our black employee representation remains at 67%. On a positive note, our black women representation grew by 2%, now exceeding that of black men, while for all other racial categories, the number of women remain less than men. Our result of 6.03 points fell short of our aspirations.

Skills development

Although slightly off target, our skills development score of 13.31 resulted from our increased total training spend of R93.8 million on black employees (79% of our total R116.9 million training budget), up R15.4 million from last year. In addition, spend on black women employees increased by R12.6 million to a recognised spend of R47.6 million.
**Preferential procurement**
Our preferential procurement score of 21.83 well exceeded our target of 20.05, reflecting our continued focus on improving on this element. Notable elements were:

- Total recognised and measured procurement spend of R16.78 billion was R5.35 billion above target, **102.74%** ahead of the required 70% target;

- Spend on exempt micro enterprises and qualifying small enterprises of **R2.8 billion** exceeded the required total by R448 million;

- Spend on suppliers that are greater than 50% black-owned increased from R934 million to **R1.27 billion**; and

- Spend on suppliers greater than 30% black women-owned increased from R234 million to **R575 million**.

In addition, we were awarded three bonus points for the swift introduction of 15 calendar-day payment terms to qualifying black-owned small, medium and micro enterprise (‘SMME’) suppliers, which counted towards our enterprise development score.

**Enterprise development**
The ICT Sector Code places a target of 5% of net profit after tax for spend on enterprise development, compared to the dti Codes’ of 3%. Based on cumulative values over five years, our spend target for the year amounted to R2.80 billion. Vodacom was able to recognise a spend value of R1.20 billion using this cumulative principle, resulting in a recognised score of 5.13 points.

**Socioeconomic development**
In terms of the ICT Sector Code, the target of 1.5% of net profit after tax is split between 1% to ICT-driven projects and 0.5% to general CSI projects. Our cumulative spend recognition of R650 million earned us 10.19 points on this element of the scorecard, which was well above target.
Consumer relations

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

**Total customer complaints**

<table>
<thead>
<tr>
<th>Service</th>
<th>FY 2013</th>
<th>FY 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coverage</td>
<td>10 974</td>
<td>15 694</td>
</tr>
<tr>
<td>MNP</td>
<td>13 180</td>
<td>17 186</td>
</tr>
<tr>
<td>SIM swap</td>
<td>7 481</td>
<td>8 003</td>
</tr>
<tr>
<td>Billing</td>
<td>122 881</td>
<td>97 932</td>
</tr>
<tr>
<td>Airtime</td>
<td>125 822</td>
<td>85 080</td>
</tr>
<tr>
<td>Faulty handset</td>
<td>23 834</td>
<td></td>
</tr>
<tr>
<td>Service related</td>
<td>22 378</td>
<td>28 833</td>
</tr>
</tbody>
</table>

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

**Customer care**

Vodacom South Africa has a dedicated customer care line – 082111 – for complaints and queries. In addition, customers can visit any one of the customer care walk-in centres. Similar customer care services are available in our International operations. In South Africa, our customer care line recorded the following complaints as set out in the table below. Clear improvements were made in the number of billing and airtime complaints; however these remain significant areas of concern.

**Public relations**

Group Corporate Affairs interacts with customers through traditional media channels and social media, and all media releases are posted on [www.vodacom.com](http://www.vodacom.com). We actively engage with consumer journalists to resolve customer queries and complaints that have been submitted through traditional channels. We also educate consumers through these channels on relevant topics such as avoiding data bill shocks or large roaming bills. Specifically, we encourage talk radio producers to invite Vodacom to reply on-air to any customer issues being discussed. This is particularly useful in terms of dispelling rumours and explaining our position on difficult or contentious issues.

Social media has added a new dimension to engaging directly with customers. We use both Twitter and Facebook and we are one of the most active corporate accounts in South Africa. We monitor any mention of Vodacom from 8am to 10pm daily and respond immediately where appropriate. We have a dedicated customer care Twitter handle, @vodacom111, which is managed by the social media customer care team. This team also monitors all posts on Facebook and deals directly with any customer issues. We have introduced tools such as the ‘scams tab’ on Facebook which allows customers to provide the details of scam SMSs so that we can investigate and block the sender if necessary. We also use Facebook to keep customers updated on network investment activity. One of the key metrics used to measure the quality of a company's social media activity is engagement, and Vodacom ranks the highest of all the Vodafone operations on this measure.

Last year was a big year for us on social media as the team received a Prism Award for outstanding work on social media channels. The Prism Awards aim to recognise excellence in public relations and communications. Forbes Magazine also named Vodacom the number one brand on social media in South Africa. Over the past year our Facebook fans and Twitter followers grew by over 74%.
Social and Ethics Committee report Consumer relations continued

**Advertising standards**

In South Africa, the main government agency responsible for ensuring fair advertising is the Advertising Standards Authority (ASA). During the year, Vodacom had two customer complaints filed against it with the ASA. One complaint related to Vodacom’s statement that its signal is available “wherever you are” in South Africa; we will argue, based on previous ASA rulings, that 89.2% coverage suffices to make this claim.

A second customer complained that Vodacom’s “you are covered city to city” on a billboard on the N1 inbound to Cape Town is misleading. We regard this as a service issue and have asked ASA to provide customer details to address the complaint.

One of our competitors, Cell C, complained in March 2013 that Vodacom’s radio commercial communicates to consumers that Cell C is overcharging consumers through the disparaging use of Cell C’s trademark “Supercharge”. Vodacom voluntarily undertook to remove the word “supercharge” from the advertisement.

**Consumer protection**

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

During the year approximately 827 (2012: 903) customer complaints were received through Icasa and a further 263 (2012: 563) complaints through the NCC. The complaints primarily related to credit bureau listings, general account disputes, call data disputes and disputes relating to handset repairs. The charts below show the total number of customer complaints received by Icasa and the NCC during the financial year.

Icasa is investigating a number of consumer complaints on network coverage, billing, credit bureau listings and content charges. Given the volume of complaints on content charges, Icasa instituted a research study into the content/wireless application service provider (WASP) services model and had requested information from operators. Icasa has not yet published its findings in this regard. One of the actions taken by Vodacom is “double opt in”, where we confirm with a customer whether the content/WASP service is “double opt in”, where we confirm with a customer whether the content/WASP service is required before activating the service.

**Complaints to Icasa relating to Vodacom**

![Complaints to Icasa relating to Vodacom](chart)

<table>
<thead>
<tr>
<th>FY 2013</th>
<th>FY 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>827</td>
<td>903</td>
</tr>
</tbody>
</table>

The NCC is investigating several complaints from consumers relating to roaming charges and has requested copies of roaming agreements with operators in Mozambique, the United States, Mexico and Zimbabwe. The NCC has also received several complaints on premature cancellation of fees levied in respect of fixed-term customer contracts, and has on this basis instituted an investigation into handset subsidies. The NCC has initiated an investigation into alleged non-compliance of Vodacom’s prepaid policy on data bundles with section 63 of the CPA. There are several other consumer complaints before the NCC on a number of issues such as defective subscriber equipment, billing and credit bureau listings. These are generally resolved through conciliation.

During the year the NCC asserted that the unused minutes clause of Vodacom’s subscriber agreement purportedly violates sections 14 and 63 of the CPA. At the National Consumer Tribunal the NCC lost on procedural grounds. While it is possible that the NCC can still challenge the unused minutes forfeiture rule, Vodacom believes that its legal position is strong. However, Vodacom is exploring alternative commercial models.

The NCC has published a Draft Industry Code that is similar to the ASA Code. The code appears to be in conflict with the CPA, thus Vodacom will be making a submission to the NCC in due course.

**Complaints to NCC relating to Vodacom**

![Complaints to NCC relating to Vodacom](chart)

<table>
<thead>
<tr>
<th>FY 2013</th>
<th>FY 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>263</td>
<td>563</td>
</tr>
</tbody>
</table>

**Protecting customer information**

It is our responsibility to protect customer call data and other confidential customer information. We have a range of policies and procedures in place to protect our customers’ privacy. We have a designated privacy officer and there are executives responsible for privacy policy in each operating company. In the year we started taking steps to ensure that we will be able to comply with the requirements of the South African Protection of Personal Information (‘POPI’) Bill when it becomes law. This will include implementing the Vodafone Privacy Risk Management System, establishing minimum information security standards, and reviewing technology security as well as all relevant agreements to insert data protection clauses.

We continuously monitor the access of our employees and business partners to sensitive information. While violations of these control measures are rare, we have in the past disciplined and dismissed people for releasing confidential customer information. During the year, 120 instances
of possible violations of customer information protection policies and procedures were investigated in South Africa, eight in Mozambique and one in Tanzania. This resulted in five cases of disciplinary action in South Africa, and one each, in the other two countries. In the previous year, there were 23 matters relating to negligence with customer information in South Africa and one case in Mozambique.

Rights to privacy and access to services
We safeguard our customers’ privacy and their right to continuous access to communication services against unlawful government action. However, our customers’ rights have to be balanced against those of various security and enforcement agencies that are legally entitled and required to request customer information and to instruct us to suspend service in certain circumstances, and whose trust is also important. The Social and Ethics Committee has requested that management continuously ensure that there are adequate policies and procedures in place to deal with requests from security, enforcement and other government agencies for customer information and to suspend services during periods of unrest, national emergency and martial law.

Mobile content protection
In South Africa, our customers can block adult content on most handsets by dialling *111*123# from the handset. To unblock this restriction, customers need to visit a store with their identity document. The rapid evolution of ICT and its applications is making managing mobile content access increasingly complex. Our strategy to drive mobile data aims to rapidly expand mobile internet use. In realising this ambition, safeguarding customers’ privacy and security and protecting younger users from inappropriate content and contact online is increasingly important. Our responsibility extends to protecting children from adult content and preventing fraudsters from preying on our customers. We have well-developed systems and procedures in place to protect our customers on all these fronts.

We have a memorandum of understanding with the Film and Publication Board that focuses on education and awareness among learners on cyber-safety. Vodacom supports the Film and Publication Board’s mandate of cyber-safety and its efforts to raise awareness against child pornography and other incidents of abuse linked to the online environment and new media networks.
Employee engagement, labour relations and employment equity

We want to earn and keep the trust of our employees and other stakeholders who are concerned about employee engagement and welfare, labour relations and employment equity. Human resource development and employment-related aspects of BBBEE are addressed in the human capital and transformation reports respectively.

Responsible executive: Chief Officer: Human Resources

Employee engagement

People Survey
The annual People Survey was conducted during the year, with 6 054 respondents across the Group; a participation rate of 89%. The main aspects the survey measures are employee engagement, our Manager Index, our values of speed, simplicity and trust, and the extent to which our culture is diverse and inclusive. This year’s results showed improvements in all indices and scores except for the Simplicity Score.

Performance Dialogue (‘PD’)
We encourage all our managers to have regular performance discussions with their people. Annual performance discussions, which are compulsory, help employees define their goals, track their performance and assess their behaviour against the Vodacom Way. The improvement in performance discussions has had a positive impact on the business by aligning employee goals not only to short-term financial targets, but also to our five strategic priorities and the Vodacom Way. Whereas managers assess employee performance, a calibration process across different business units makes sure that the rating process is fair and truly recognises individual performance aligned to business performance.

Recognition programme
In the year we redesigned our recognition programmes to align with Vodafone’s programmes. The transition was carefully managed so as not to compromise the effectiveness and impact of established programmes.

On the spot awards
We recently expanded our policy to include non-monetary awards (such as time off, movie tickets and flowers) as a form of immediate recognition to individuals or teams who deliver extraordinary operational performance, quality of work and/or customer service.

Vodacom Excellence
The twelve 2013 winners were hosted at a breakfast with the executive team in December 2012 and went on an incentive trip to Zanzibar for a week in March this year. We received a number of very worthy nominations throughout the year and got a good mixture of deserving winners across the business units and regions.

CEO Awards
The annual CEO Awards evening was held in October 2012 at Vodacom World in Midrand. The awards recognise individuals who are singled out by their peers and managers as the best of the best. We had over 75 entries with increased participation from our International operations. Eleven individuals, two teams, one volunteer and one innovator were chosen as winners, with KwaZulu-Natal coming out as the best region. The winners were a diverse group of people varying from customer-facing and support to technology employees. The winners of this award are automatically entered into the global Vodafone recognition award.

Employee welfare
Tangibly demonstrating to our employees that we have their interests at heart when it comes to their health and welfare, is critical to our success. Our people are at the forefront of bringing our vision to “make every customer smile” to life.

Wellness
We have a dedicated employee Wellness Centre on our Midrand campus that is equipped with a wide range of facilities and services to take care of our employees’ wellness needs. An employee counselling line is also accessible to employees should they require counselling on difficulties they may be encountering in their work and personal lives. Further, awareness on various wellness issues is created by our employee Wellness Centre through frequent wellness communications to all staff.
Vodacom Wellbeing, in association with IAMLIFESTRUCK, launched an initiative in October 2012 to assist over 100 employees in Midrand and their chosen buddies in making physical and lifestyle changes in the next 12 months. More information on this initiative is available in the human capital report.

Our annual Wellness Days took place in November 2012 across all regions, during which employees were offered free health screenings that included blood pressure, HIV, glucose, body mass index ('BMI') and cholesterol. Compared to last year, 500 more employees underwent voluntary counselling and testing for HIV.

The Vodacom World Aids Day celebration on 5 December 2012 was attended by over 460 employees in Midrand who listened to Justice Edwin Cameron sharing his journey on living with HIV/Aids. The event was streamed live to all regions. Our Chairman, Peter Moyo, also spoke at the event.

A total of 166 Vodacom executives had participated in the Vodacom Executive Health Programme as at December 2012. Seven executives are being monitored by our occupational health doctor.

**HIV management**

The HIV prevalence rate among our employees increased from 0.7% in the prior year to 1.63% in November 2012. This is due to 32 more employees testing positive in 2012. Of our known cases, 134 HIV-positive employees are confirmed to be registered on treatment programmes through their individual medical aids or NGOs.

**Financial management**

We had 147 employees facing financial difficulties with maintenance, garnishee and administration orders totalling R143 952 in March 2013.

**Benefits**

Every April, employees are given the option to review their death benefits and increase their cover up to seven times their annual pensionable salary, based on the individual’s financial needs and circumstances. The core death benefits payable from both the pension fund and the Group life scheme is three times an employee’s pensionable earnings.

The rules of the Vodacom Funeral Scheme allow for employees to join the scheme within the first three months of employment with Vodacom.

**Labour relations and related matters**

**National Consultative Committee ('NCC')**

The National Consultative Committee ('NCC') is an employee representative committee in South Africa that aims to involve employees in aspects of decision making that affect their work environment and enhance cooperation between management and employees. The major issues discussed during the year were concerns about the reorganisation in the business and requests from employees to increase some of the Company benefits. We are committed to developing sound employee relations and acknowledge the rights of all our employees.

During this year, 12 cases were referred to the Commission for Conciliation, Mediation and Arbitration ('CCMA'); six CCMA arbitrations decided in favour of the Company, five CCMA matters were abandoned after conciliation and one was settled. There were 59 disciplinary transgressions during the year, 15 of which resulted in dismissals. We regularly distribute an employee relations newsletter to help limit the occurrence of disciplinary transgressions.

**Union membership**

The total union membership in South Africa for both Media Workers’ Association of South Africa (18) and Communication Workers Union (741) stands at 759; a 15.5% representation.

**International Labour Organisation ('ILO') Protocol**

We have a Human Rights Declaration in place, which embraces the ILO Protocol on decent work and working conditions. The ILO Protocol has four strategic objectives:

**Creating jobs**

We create employment opportunities, where budget allows, through our learnership programmes and graduate programmes. Jobs are also created through “Vodacom Traders” who are street vendors and freelancers employed as agents to sell company products and services like airtime or M-Pesa.

**Guaranteeing rights at work**

Anti-harassment and other rights at work are discussed in the Legal Affairs newsletters sent to all South African-based employees at least once a month.

**Promoting social dialogue**

We hold regular interaction with the NCC and CWU to promote social dialogue and prevent disputes. Vodacom and the CWU have entered into the “2007 Agreement” in terms of which CWU has certain rights in the workplace notwithstanding their level of representation.

**Extending social protection**

Several of the Vodacom foundations (South Africa, Mozambique and Tanzania) have primary projects that aim to support the local government in their responsibility to create and maintain a safe and secure environment. This includes protecting those people vulnerable to abuse. The foundations support various NGOs and places of safety that address this need.

**Declaration on human rights at work**

A declaration on human rights at work has been put in place which is designed to guarantee that the Group lives up to its commitment to meet internationally acceptable human rights standards in its employment practices at all its operations. The declaration will be communicated to employees once a year.

**Promotion of equality and fairness**

Equality and fairness in recruitment

An effective resourcing policy is in place that provides a framework for promoting good practice and adopts a positive approach to equality issues. We appoint employees on the basis of suitability that is based on objective criteria for skills, experience, qualifications and competencies. The resourcing policy is aligned to and compliant with relevant labour legislation and the application and use of assessment tools. Selection panels that are representative in terms of race, gender and cross-functional work
experience are used during the selection process to ensure resourcing is done fairly, openly and transparently.

Equality and fairness in reward
The Group has adopted a total cost to company philosophy, referred to as the Guaranteed Total Cost of Employment ('GTCE'). Within the context of a GTCE, Vodacom offers a selection of remuneration benefits that are both best practice and compliant with legislation. We ensure that, when reviewing employees' GTCE, we adhere to our remuneration principles of fairness, consistency, flexibility, transparency, affordability and equity. One of the key steps to ensure that Vodacom achieves equity is by using a job evaluation system and ensuring that this system is maintained with integrity to make a direct internal comparison of the complexity of roles. As there is a close correlation between the complexity of a role and the remuneration levels paid in the market, the measurements from job evaluations are also used to validate external remuneration market benchmarks.

Prevention of unfair discrimination
Discrimination
Vodacom views discrimination as a very serious transgression of employee's rights and is a dismissible offence. Our disciplinary policy prioritises employees' rights, our sexual harassment policy prohibits sexual harassment as a form of discrimination and our policy to govern the relationship between Vodacom and employees who are union members specifically prohibits discrimination on the basis of an employee's union membership.

Disciplinary processes
We have numerous active policies relating to discipline which are published on our intranet and are available to all employees. In addition to this, the Employment Law division publishes monthly newsletters highlighting the most pertinent misconduct-related issues. In this way, employees become more familiar with what is acceptable behaviour and what is not. There is also a grievance policy and procedure in terms of which employees may submit a grievance to management, which is addressed within five working days.

For the year under review, approximately 60 cases of employee misconduct resulted in disciplinary enquiries in South Africa. Of these matters, 15 resulted in dismissals. There were no incapacity-related dismissals for the year under review.

Employment equity and localisation
In South Africa, transformation remains one of our major focus areas. Details on our BBBEE strategy including employment equity and skills development can be found under the Broad-based Black Economic Empowerment section of this report, or in the dedicated transformation report. Our human capital report includes a report on diversity and disability.

In our International operations we have increased the representation of women and we continue to develop local talent. In Vodacom Mozambique, female representation in Manager Executives ('MEs') and Executive Heads of Departments ('EHODs') has increased from 17% to 21% since April 2012. Local staff at the same levels has increased from 45% to 61%. In the DRC, 34% of new appointments were female. Female representation at MEs has increased from 8% to 27% in Tanzania, and has remained at 30% for EHODs.
Environment, health and public safety

We want to earn and keep society’s and our employees’ trust that we are promoting and protecting the environment, their health and public safety.

Responsible executives: Chief Officers: Corporate Affairs and Human Resources

Environment

Smarter, more efficient operations
In an attempt to minimise our environmental impact, we have to look for opportunities to work smarter to make our operations more efficient and to reduce costs. We are a leader in operationalising new technology and we work closely with our partners to achieve this, whether in renewable energy or working to make existing technology more efficient.

Vodacom’s Carbon Disclosure Project Journey
Managing our carbon footprint
In FY 2012, we committed to reducing our carbon footprint by 5% a year. We have invested substantially in our network, facilities and IT to make them more energy efficient, using hybrid technologies and renewable energy solutions wherever possible. As 80% of our carbon dioxide (CO₂) emissions come from the electricity we consume and around 11% from diesel generators, we focus most of our carbon reduction initiatives on these two areas.

FY 2013 Group carbon footprint

<table>
<thead>
<tr>
<th>% contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchased electricity</td>
</tr>
<tr>
<td>Rental cars</td>
</tr>
<tr>
<td>Business flights</td>
</tr>
<tr>
<td>Hotel accommodation</td>
</tr>
<tr>
<td>Third party vehicle fleet</td>
</tr>
<tr>
<td>Consumption of office paper</td>
</tr>
<tr>
<td>Employee commuting</td>
</tr>
<tr>
<td>Non-Kyoto Protocol GHG emissions</td>
</tr>
<tr>
<td>Equipment owned and controlled</td>
</tr>
<tr>
<td>Vehicle fleet</td>
</tr>
<tr>
<td>Air conditioning and refrigeration gasses</td>
</tr>
</tbody>
</table>

Our biggest energy consumer is our network. During the year we continued to invest in our radio access network (RAN) renewal programme to replace our older, more energy-intensive network equipment with new, more efficient technology.

Other ways in which we increase the energy efficiency of our base stations is through using diesel/battery hybrid systems, installing batteries that remain efficient at higher operating temperatures and free cooling technologies that use low ambient air temperatures to cool equipment. Energy efficiency initiatives at our data centres include optimising our cooling requirements and automatically turning off systems that aren’t immediately necessary to maintain network resilience.

Carbon Disclosure Project
In November 2012, the Carbon Disclosure Project (CDP) released the CDP South Africa 100 Climate Change Report which evaluates the carbon performance and disclosure of the top 100 companies in South Africa. Vodacom Group was once again included in the top 100 JSE listed companies in South Africa and achieved a score of 88%, up from 81% in the prior year. We retained our position as the leader in the local telecommunications sector and will continue to participate in the CDP this year, the results of which will be available in June 2013.

Community Power: one year on
In December 2011, Vodacom launched its Community Power project in the Emfihlweni community in Northern KwaZulu-Natal. One year on, the benefits of this project are being felt throughout the community, and are making business sense from an operational cost perspective. One of the key goals of the project was to bring power to the Mhlupheki High School. According to the school’s principal, the project has fundamentally changed how the teachers teach and learners learn. Having reliable power has enabled the school to train its staff on using the computers that were donated and accessing the internet; knowledge that they share with learners and
community members and that has enriched their own teaching through having access to global information and knowledge. At night, the community’s adult learners no longer have to use candles, as the school facilities are now available to them.

Being able to run their own office equipment has also saved the school and community both time and money, as people no longer need to travel some 40km to the nearest town for simple tasks such as making photocopies. Sanitation has also improved as there is an uninterrupted water supply and improved water pressure to toilets and wash basins. For the first time, there is also access to clean water from storage tanks for the entire community surrounding the school.

A mobile phone charging station at a local convenience store is also saving the community time and money, as they no longer need to travel outside the area to charge their phones. This free service has not only brought foot traffic to the store, but the sale of Vodacom airtime vouchers is also contributing to its revenue.

Before this project, the local base station relied on a hybrid system, with a diesel generator connected to a battery bank. Since the installation of the solar panels at the school at Emfihlweni, diesel expenditure has reduced by 90% and maintenance costs including labour have reduced by 24% a month, realising an overall operational saving of 61.4%

We believe that Community Power holds great potential. It has a direct business benefit to Vodacom, in that people are able to charge their phones and have access to our services. However, there is also a real positive impact on the lives of people living in the community – be it through powering schools or vaccine fridges at clinics, driving commerce or simply providing street lighting – that will be felt for a long time. We continue to look for opportunities to partner with other organisations, governments and non-governmental organisations to bring this technology to communities in the countries in which we operate.

E-waste

Electronic waste (‘e-waste’) from electronic products contain toxic materials that may present health hazards and cause environmental damage through land contamination as well as water and air pollution. Electronic products also require the extraction and processing of valuable raw materials. We collect, re-use or recycle all of our e-waste, which includes equipment replaced under our RAN renewal programme, to minimise these impacts. We also encourage our customers to recycle their mobile phones and accessories through supporting and promoting our recycling programme. This year, we recycled a total of 396 tonnes of network waste and handsets, up from 254 tonnes in 2012.

The top environment risks and risk management plans are set forth in the following table.

<table>
<thead>
<tr>
<th>Risk</th>
<th>Waste generation</th>
<th>Diesel storage at Vodacom premises</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issue</td>
<td>• To reduce Vodacom’s carbon footprint, reduce waste quantities through recycling of waste and to adopt energy efficient technologies.</td>
<td>• Provincial level legislation requires obtaining environmental authorisation to store diesel.</td>
</tr>
<tr>
<td>Activities to mitigate the risk</td>
<td>• A waste reduction and waste recycling programme is run on the Midrand Campus and in the Western Region. Vodacom is replacing old technology with energy efficient alternatives.</td>
<td>• Obtain authorisation from local authorities.</td>
</tr>
<tr>
<td>Improvements/achievements</td>
<td>• This year 115 tonnes of generated waste was recycled and 413 tonnes CO₂ saved. • Waste reduction initiatives are to be implemented concurrently with the new way of working (floor plan layout design). The project is planned for the 2014 financial year.</td>
<td>• An application was submitted to the local authority regarding the fuel storage installations for the Midrand campus. • Environmental legal compliance audit conducted.</td>
</tr>
</tbody>
</table>
### Key environmental performance indicators

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
<th>12/13 % change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group indicators</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduction in carbon emissions per site</td>
<td>6.2</td>
<td>11.5</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>CO₂ emissions (tonnes)</td>
<td>544 381</td>
<td>526 837</td>
<td>410 471</td>
<td>3.3</td>
</tr>
<tr>
<td>Number of base station sites</td>
<td>12 835</td>
<td>11 595</td>
<td>10 705</td>
<td>10.7</td>
</tr>
<tr>
<td><strong>South Africa indicators</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of base station sites</td>
<td>9 405</td>
<td>8 946</td>
<td>8 394</td>
<td>5.2</td>
</tr>
<tr>
<td>Number of shared sites</td>
<td>4 081</td>
<td>3 646</td>
<td>n/m</td>
<td>11.9</td>
</tr>
<tr>
<td>M2M connections (thousand)</td>
<td>983</td>
<td>793</td>
<td>694</td>
<td>24.0</td>
</tr>
<tr>
<td>Access network electricity (GWh)</td>
<td>206.6</td>
<td>189.4</td>
<td>195.8</td>
<td>9.1</td>
</tr>
<tr>
<td>Core network electricity (GWh)</td>
<td>77.4</td>
<td>65.7</td>
<td>n/m</td>
<td>17.8</td>
</tr>
<tr>
<td>Data centres electricity (GWh)</td>
<td>51.5</td>
<td>43.7</td>
<td>n/m</td>
<td>17.8</td>
</tr>
<tr>
<td>Building electricity (GWh)</td>
<td>60.2</td>
<td>81.2</td>
<td>101.8</td>
<td>(25.9)</td>
</tr>
<tr>
<td>Diesel generator fuel (million litres)</td>
<td>2.9</td>
<td>2.7</td>
<td>n/m</td>
<td>7.4</td>
</tr>
<tr>
<td>Vehicle fuel (diesel and petrol) (million litres)</td>
<td>1.9</td>
<td>1.9</td>
<td>2.1</td>
<td>–</td>
</tr>
<tr>
<td>Network equipment and handsets reused or recycled (tonnes)</td>
<td>396</td>
<td>254</td>
<td>611</td>
<td>55.9</td>
</tr>
<tr>
<td>Water per employee (kl)</td>
<td>47.3</td>
<td>36.7</td>
<td>47.2</td>
<td>28.9</td>
</tr>
<tr>
<td>Water consumption (kl)</td>
<td>243 509</td>
<td>192 521</td>
<td>250 903</td>
<td>26.5</td>
</tr>
<tr>
<td>Paper utilised (kg)</td>
<td>129 444</td>
<td>102 956</td>
<td>138 260</td>
<td>25.7</td>
</tr>
<tr>
<td>Paper per employee (kg)</td>
<td>25.1</td>
<td>16.8</td>
<td>26.0</td>
<td>49.4</td>
</tr>
</tbody>
</table>

#### CO₂e (tonnes)

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Scope 1</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>South Africa fuel</td>
<td>12 334²</td>
<td>12 953</td>
<td>12 807</td>
</tr>
<tr>
<td>South Africa other</td>
<td>593</td>
<td>1 356</td>
<td>24</td>
</tr>
<tr>
<td>International</td>
<td>54 964</td>
<td>53 902</td>
<td>44 140</td>
</tr>
<tr>
<td><strong>Group</strong></td>
<td>67 891</td>
<td>68 211</td>
<td>56 971</td>
</tr>
<tr>
<td><strong>Scope 2</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>South Africa</td>
<td>391 857²</td>
<td>376 254</td>
<td>306 544</td>
</tr>
<tr>
<td>International</td>
<td>50 667</td>
<td>47 098</td>
<td>30 354</td>
</tr>
<tr>
<td><strong>Group</strong></td>
<td>442 524</td>
<td>423 352</td>
<td>336 898</td>
</tr>
<tr>
<td><strong>Scope 3</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>South Africa business travel</td>
<td>3 895¹</td>
<td>3 606</td>
<td>2 135</td>
</tr>
<tr>
<td>South Africa other</td>
<td>16 961</td>
<td>10 241</td>
<td>8 035</td>
</tr>
<tr>
<td>International</td>
<td>4 221</td>
<td>3 378</td>
<td>2 439</td>
</tr>
<tr>
<td><strong>Group</strong></td>
<td>25 077</td>
<td>17 225</td>
<td>12 609</td>
</tr>
<tr>
<td><strong>Non-Kyoto Protocol</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Group</strong></td>
<td>8 889</td>
<td>18 049</td>
<td>3 993</td>
</tr>
<tr>
<td><strong>Total Group</strong></td>
<td>544 381</td>
<td>526 837</td>
<td>410 471</td>
</tr>
</tbody>
</table>

**Notes:**
1. Based on comparative emissions figures for each year.
2. Total scope 1, 2 and 3 emissions (GHG protocol).
3. In FY 2011 we replaced a large portion of our network with new equipment which substantially increased the waste disposed of for recycling.
4. Paper utilised has been restated from 88 110kg to 102 956kg in 2012.
5. These items were included as part of our assurance process in the current year.
6. These items were included as part of our assurance process in the current year.
Solar energy at our Century City office
In February 2013, we unveiled the largest array of solar panels on a single building in Africa at our offices in Century City, Cape Town. The installation of the solar array is part of our ongoing drive to help reduce the amount of energy we consume. The array is expected to provide up to 75% of all electricity power required by the building during peak production. The electricity produced will feed into the two main distribution boards and a display panel, installed in the reception area of the building, and will display instantaneous power produced (yield), energy yield and carbon emission savings. The project costs approximately R10 million, and the total installed capacity of the solar array panels is around 500kWp. The predicted annual energy yield is in the region of 830.1MWh.

Through this particular project we aim to demonstrate that business can take the lead in promoting renewable energy solutions, thereby stimulating the green economy. As part of our commitment to socioeconomic development, local small, medium and micro enterprises (‘SMMEs’) were appointed to install the solar panels and do the construction work required. The appointment of local SMMEs also provided the opportunity for skills transfer due to the scale of the project and the limited number of skilled technicians that were available to complete the task. We also made it a prerequisite for product suppliers to provide training on the technical elements of the installation, resulting in a German engineer providing-on-the-job training to locals.

In keeping with our commitment to invest in local communities, all the roof tiles that were removed were donated to a community centre project in the Delft area, ensuring that the roof tiles were reused.

We were honoured as the winner in the category ‘African Solar Project of the Year’ in the African Energy Awards, in recognition of our investment in innovative and sustainable energy reduction solutions.

Farming community in the Western Cape benefits from green network coverage
In order to give a small farming community in the Vleiland Valley mobile communication coverage, we installed base stations that operate on solar tracking and wind power. The community is situated in a valley between two mountains, which has made it difficult to receive network coverage. This is the first time that this technology is being used on the African continent.

Not only do the farmers benefit from normal everyday communication to get information on the industry or to improve productivity, but the network can also be used to automate farm operated pumps, dam levels and irrigation systems. This will give both farmers and the community the ability to farm more effectively.

Two hybrid-type sites were designed to address the challenging conditions of the mountain range, as well as the ability to operate the station without access to grid electricity. Terzobix, a small company based in Cape Town that designs and manufactures all-in-one renewable and hybrid power systems, supplied the unique green technology for the hybrid sites. The base stations are identical as they do not require customised design for each site, meaning that expensive site surveys are not required. They also use technology that uses solar tracking and wind power.

The solar tracking system uses a programme which operates the panels using international GPS coordinates to move the panels and align with the sun’s movements. There are many benefits to solar tracking. The planning and design time is drastically reduced as solar tracking needs very little upfront array placement studies, which also further reduces costs. The size of the panel array is about 34% smaller than a conventional solar panel as less surface area is required to reach maximum power. Adding wind generation to hybrid sites further helps to improve its capacity in adverse weather conditions. The resulting 3G and 2G coverage for the farming community is expected to grow farming business in the Vleiland area substantially.

The solution for Vleiland Valley has been a fantastic breakthrough as we can now deploy the same type of technology in other areas that require innovative, off-grid, low-cost base stations.

Currently, 40 out of a total 165 base station sites in Lesotho are powered through a combination of solar and wind. Vodacom Lesotho’s other environmentally conscious technologies include power system optimisation that ensures that in the event of power failure, a traditional site continues to operate for up to three hours on stored battery power before a diesel generator kicks in. In addition, smart meters are used to monitor power consumption and remote control systems are used to operate base station sites, reducing the need for physical site visits.

The physical geographical nature of Lesotho lends itself to supporting the latest sustainable base station technology based entirely on solar and wind power. Vodacom Lesotho is pioneering work in this area with the aim to provide mobile communications to previously unconnected communities in the most remote areas of the country. The programme to connect these communities to the mobile Internet has the potential to deliver substantial social and economic benefits.

The base stations do not require electricity or diesel resulting in reduced maintenance and monitoring thus vastly reducing ongoing operational costs.

Rain water harvesting in Midrand campus
We invested almost R5 million in a unique rainwater harvesting system at our head office in Midrand. The system captures about one megalitre of water that would usually be diverted to the storm water system to cool air-conditioning equipment. Our rain water harvesting project is integrated with a central automation system that monitors water quality and quantity, enabling us to measure the water we have captured and reused within our buildings.

25% of our Lesotho network is powered by green base stations
A quarter of our Lesotho network is now powered by green base stations using energy saving technologies such as wind and solar power to help reduce carbon emissions. The base stations are powered independently of diesel generators or the national grid, and are among the first of their kind in the world.
Health and safety

Health

Specific initiatives to promote the health and wellbeing of our employees were discussed previously under the heading “Employee engagement, labour relations and employment equity”.

Through Vodafone, we work with handset manufacturers to develop products and services that facilitate telecommunications for hearing impaired, visually impaired and elderly customers. We are also working closely with a number of government institutions with regard to m-Health initiatives.

Safety

We have implemented various initiatives to improve the health and safety culture at Vodacom and make the work environment a safer place. During the year we focused on implementing senior leadership tours and training to increase visible leadership across the company. A total of 193 health and safety tours were conducted by our senior executives across all Vodacom markets. As a further commitment to health and safety, each manager has health and safety measures included in their performance targets.

We have refined and rolled out our health and safety strategy to all levels in the company including contractors working on behalf of Vodacom.

Visible leadership

Clear and visible leadership is key to promoting health and safety in the work environment.

As part of this initiative, leaders are required to conduct health and safety tours during which they engage with employees and suppliers, and inspect high risk work activities and projects. These initiatives were implemented in all our operating countries. In the year, 193 tours were conducted by senior executives with leaders implementing and following up on all corrective actions identified during these tours.

Positive health and safety culture

Knowing what the risks are and how to work safely are the basis for our proactive health and safety culture. We have identified the top five risks and implemented programmes to mitigate these. Vodacom’s top five safety risks are: road risks, legacy infrastructure, control of supply chain, working at heights and electrical. To mitigate road risks, during the year 1,162 drivers were trained on defensive driving. Also, 5,118 masts and towers underwent structural inspections and 1,281 masts and towers received EMF certification.

Absolute Rules

Vodacom introduced two additional Absolute Rules associated with the above risks, namely “No passengers in the load bay of LDVs and trucks” and “Always wear a helmet when driving on a motorcycle”. The Absolute Rules are applicable to all Vodacom operating countries. This year we further entrenched the Absolute Rules by contextualising them in all functional areas and monitoring adherence to them. Management consistently engages people on the rules, utilising various communication opportunities and platforms. The Absolute Rules have now been integrated into disciplinary processes and contractor agreements.

Health and safety standards in the supply chain

We continue to engage with our suppliers to improve their health and safety performance. We conducted 28 supplier forums with our high risk suppliers during the year. In total, 59% of work-related incidents are caused by our suppliers, making it our main risk area. During the year we refined our supplier vetting criteria. Of our high risk suppliers, 73 were vetted and validated through an onsite audit. The Vodacom health and safety induction was presented to 1,531 supplier employees.
Health and safety statistics

A total of 217 health and safety incidents were reported in the year, with 90 of these being employee related and 128 contractor related. South Africa accounted for 49% of incidents and the DRC 38%. Three fatalities occurred among contractors’ employees: two in South Africa and one in Mozambique. Vehicle accidents remain the number one incident, with 109 accidents reported for the year. Lost time incidents reduced 31% year on year.

<table>
<thead>
<tr>
<th>Q1 2013</th>
<th>Q2 2013</th>
<th>Q3 2013</th>
<th>Q4 2013</th>
<th>FY 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of fatalities</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Number of HiPo1 incidents</td>
<td>10</td>
<td>8</td>
<td>7</td>
<td>9</td>
</tr>
<tr>
<td>Number of lost time (‘LT’) incidents</td>
<td>6</td>
<td>4</td>
<td>13</td>
<td>6</td>
</tr>
<tr>
<td>Number of serious (‘NLT/PD’1) incidents</td>
<td>8</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Number of minor incidents</td>
<td>33</td>
<td>22</td>
<td>27</td>
<td>36</td>
</tr>
<tr>
<td>Number of near miss incidents</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Number of environmental incidents</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>3</td>
</tr>
</tbody>
</table>

1. HiPo – High Potential, NLT – Non-Lost Time, PD – Property Damage

Distribution of the top six causal factors of Vodacom incidents

<table>
<thead>
<tr>
<th>% contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vehicle accidents</td>
</tr>
<tr>
<td>Slip, trip, falls</td>
</tr>
<tr>
<td>Electrical fires</td>
</tr>
<tr>
<td>Assault/robbery</td>
</tr>
<tr>
<td>Hit by (moving object)</td>
</tr>
<tr>
<td>Struck against/into</td>
</tr>
</tbody>
</table>
Anti-corruption

To maintain trust among our competitors and the governments of the countries we operate in, we must continue to prevent and combat corruption whether within or outside the Group, and in our dealings with the private and public sectors.

Responsible executive: Chief Officer: Ethics and Compliance

Vodacom operates in a number of countries that are rated high to critical in terms of bribery and related risks. To manage this risk, we have implemented an anti-corruption, money laundering and terrorist financing (‘anti-CMT’) programme that ensures compliance with South African legislation, particularly the Prevention and Combating of Corrupt Activities (‘PRECCA’) Act. The PRECCA Act embodies South Africa’s commitment to meet its obligations as a signatory of the UN Convention on Corruption and the OECD Convention on Bribery in International Business Transactions.

Vodacom’s commitment and obligation to operate in a manner consistent with the OECD principles and guidelines is strengthened by the fact that we are majority owned by a United Kingdom (‘UK’) listed company which is also listed in the United States (‘US’). Both countries are signatories to the OECD convention, and the official guidance provided by UK and US enforcement agencies on compliance with their laws are consistent with and complement the OECD guidelines. Finally, our anti-CMT compliance code also requires our International operations to comply with local legislation in the countries in which they operate.

Group Ethics and Compliance provides support to the boards and executives of Vodacom companies in complying with anti-CMT laws.

The anti-CMT compliance code prohibits the giving and receiving of bribes and other corrupt acts in either private or public sector context, domestically and abroad, as well as doing business with prohibited parties. The anti-CMT compliance programme includes executing country, company and transaction risk assessments; implementing training programmes; performing due diligences of suppliers and business partners; incorporating anti-CMT provisions in our contracts with suppliers and business partners; and other, proportionate measures to manage our risk. As noted previously, we maintain an anonymous, external speak-up whistle-blowing line in South Africa and other operating countries.

A number of compliance reviews and internal audits are conducted to assess the status of control measures in various companies. When necessary, internal investigations are carried out to determine whether there have been any violations of applicable policies, procedures or laws. If violations are found to have taken place, appropriate disciplinary and other actions are taken, in consultation with specialist external counsel when required. These control measures are complemented by other policies and procedures relating to giving gifts and hospitality, managing government and political party relations, and the prohibiting of political party funding. Key control measures are also imbedded in the delegations of authority to the boards and executives of the Group and its operating companies. Finally, Vodacom also engages with external stakeholders in the public, private and NGO sectors in an effort to improve the operating environment in this regard.
We want to earn the trust of our local, regional and global communities by promoting and advancing human rights, equality and non-discrimination, and contributing to the development of the societies and communities in which we operate.

Responsible executive: Chief Officer: Corporate Affairs

Please note that equality, non-discrimination and human rights at work are discussed under the section titled “Employee engagement, labour relations and employment equity” and our social development efforts are discussed in the separate communities report.

Stakeholder engagement
This year, guided by our stakeholder engagement framework, we continued with our standing commitment to build and manage our engagements with all our stakeholders defined as, the individuals, groups of individuals or organisations that affect and/or could be affected by our activities, products or services and associated performance.

Who keeps us in business
Vodacom has many different stakeholders, each with differing views. Getting insight into these views and opinions is important to the sustainability of our business. We engage with our stakeholders often, and have frank discussions on issues that matter to them and those related to our activities, products and services.

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Why it’s important for us to engage</th>
<th>Ways we engage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers</td>
<td>• Better value offerings.</td>
<td>• Call centres and outlets.</td>
</tr>
<tr>
<td></td>
<td>• Faster data networks and wider coverage.</td>
<td>• NPS feedback interviews.</td>
</tr>
<tr>
<td></td>
<td>• Making it simpler and quicker to deal with us.</td>
<td>• Facebook and Twitter.</td>
</tr>
<tr>
<td></td>
<td>• Converged solutions for business customers.</td>
<td>• Customer meetings.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Vodacom internet site.</td>
</tr>
<tr>
<td>Employees</td>
<td>• Clear career paths.</td>
<td>• Internal social media interaction.</td>
</tr>
<tr>
<td></td>
<td>• More knowledge sharing across the Group.</td>
<td>• Emails.</td>
</tr>
<tr>
<td></td>
<td>• Building the coaching capability of leaders.</td>
<td>• Employee Consultative Council with senior leaders and employee representation.</td>
</tr>
<tr>
<td></td>
<td>• Better understanding of reward structures.</td>
<td>• Employee hotline.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Leadership road shows.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• CEO Mailbox.</td>
</tr>
<tr>
<td>Media</td>
<td>• Being informed of key activities and offerings.</td>
<td>• Face to face and telephonic engagement.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Quarterly sessions with the CEO and key executives.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Media releases and product PR.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Roundtables.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Product launches.</td>
</tr>
<tr>
<td>Business partners</td>
<td>• Fair treatment.</td>
<td>• Annual business partner conference.</td>
</tr>
<tr>
<td></td>
<td>• Top management involvement with customers.</td>
<td>• Bi-annual franchise road shows.</td>
</tr>
<tr>
<td></td>
<td>• A consistent customer experience.</td>
<td>• Quarterly council committee meetings.</td>
</tr>
<tr>
<td></td>
<td>• Making it simpler and quicker to deal with us.</td>
<td>• One-on-one business meetings.</td>
</tr>
</tbody>
</table>
### Social and Ethics Committee report

**Being a good corporate citizen continued**

<table>
<thead>
<tr>
<th>Suppliers</th>
<th>Government and regulators</th>
<th>Investors and shareholders</th>
<th>Communities</th>
</tr>
</thead>
</table>
| - Timely payment and favourable terms.  
- Improving health and safety standards.  
- Partnering on environmental solutions.  
- BBBEE compliance. | - Licensing and compliance.  
- Quality of service and network performance.  
- Wider access to broadband communications.  
- Meaningful partnerships in health and education.  
- Investment in disadvantaged communities. | - Supplier forums.  
- Ongoing site visits.  
- Audits. | - Access to mobile communications.  
- Access to basic services such as finance, health and education.  
- Investment in infrastructure.  
- Responsible expansion of infrastructure. |
| | | - Publication of policy engagement papers.  
- Active participation in policy forums.  
- Response and engagement on regulatory matters.  
- Engagement through industry consultative bodies.  
- Partners on key programmes in health and education. | - Public participation where new base stations are required.  
- Vodacom Foundation partnering with communities.  
- Change the World volunteering programme. |

### Engaging with governments and regulators

Across all markets Vodacom identified a number of key issues and regulations that policy makers and regulators intended to implement and duly executed engagement plans to ensure ongoing discussions to manage the anticipated impact on the business:

#### South Africa

The key topics in engagements with policy makers included the need to increase broadband access, the national broadband policy discussions and spectrum allocation. Vodacom chaired the Investment in ICT work stream of the Department of Communications’ Vision 2020 process, geared towards achieving 100% broadband coverage and job creation in the ICT sector.

After the National Planning Commission (NPC) presented its final report on the National Development Plan (NDP) to the President and Parliament in August 2012, Vodacom began exploring ways it can contribute to the NDP and make its vision a reality. To date, we have engaged the NPC and government to achieve select objectives in education, health, women and youth security.

#### Tanzania

The key issues that we engaged government and regulatory stakeholders on ranged from subscriber registration, mobile number portability, mobile payments regulations, universal service and spectrum allocation.

#### DRC

The most important issues for engagement included mobile termination rates, spectrum planning, management and policy, telecommunications policy updates and telecoms-specific fees and taxes.

#### Mozambique

The key areas for engagement with authorities were the new draft strategy for the telecommunications sector, mobile termination rates, site sharing between network operators, spectrum auction and the launch of Vodacom M-Pesa.

#### Lesotho

The significant topics in engagements with the regulator were our operating licence renewal, cross border coverage spillage and interconnect.
Future Agenda
As part of our stakeholder engagement programme we continued with our Future Agenda seminar series aimed at creating an objective platform to discuss trends, future challenges and the importance of mobile technologies. The programme provides an open forum for discussion on how to address the major challenges and trends that will affect society over the next few years. The sessions are, on average, attended by 60 participants from various disciplines, including policy makers, government representatives, academics and NGOs.

Since we launched the programme in late FY 2012, we have hosted six sessions. In the year, we hosted two sessions that explored the ‘Future of Agriculture’ and the ‘Future of Privacy’.

The ‘Future of Agriculture’ session examined Vodafone’s ‘Connected Agriculture’ research that investigated the role of mobile technologies in driving efficiency and sustainability in the food and agriculture value chain. The report’s main message is that mobile technology could have significant potential to help the poorest farmers towards greater food and income security. The session participants included representatives of the National Department of Agriculture, Forestry and Fisheries, agricultural associations, academics and the media.

The ‘Future of Privacy’ session discussed the POPI Bill and other related legislation that presented new opportunities and challenges for customers, individuals and businesses. The session was hosted in partnership with the Department of Communications (‘DoC’), the Centre of Excellence and Information Ethics (‘CEIE’) of the University of Pretoria, and the Film and Publication Board.

Setting up an Industry Association
Vodacom led consultations to establish a new voluntary telecommunications network operators association. All key industry stakeholders support the establishment of an entity that will constructively engage with policymakers and the regulator on relevant issues and promote further investment and development of the communications sector in South Africa.

Managing our reputation
We conducted our annual Group-wide corporate Reputation Survey, to measure our reputation and track related issues, as well as how stakeholders perceive our performance in relation to our competitors. Conducted by an independent research company across all our markets, the survey engages all our key stakeholders namely, our employees, customers (the general public), regulators, government officials and politicians, the media, analysts and investors, business customers, franchisees, distributors and NGOs to record what they think about us in relation to various issues.

The findings indicate that, across all markets, Vodacom retained its number one position as a reputation leader. On the whole, stakeholders rated the company higher than its peers in the telecommunications sector and other non-telecommunications brands.

• South Africa: Vodacom’s status as a reputational leader has solidified. The competitive threat from MTN that was highlighted in the previous year has been reduced.

• Tanzania: Vodacom still leads comfortably in most areas over its competitors and has retained its status as the most reputable company in the country. Relations with government and regulators are a key area for improvement.

• DRC: Airtel is a significant competitor, challenging Vodacom in multiple areas. Vodacom can distinguish itself by leveraging its economic contribution to the country.

• Lesotho: Econet is starting to close the gap on Vodacom. This is the only market that showed a marginal decrease in the Reputation Index, from 7.87 in 2012 to 7.43 in 2013.

• Mozambique: Vodacom has retained its position as a leading company by reputation. Notably, the operation has a strong base of promoters it can draw on to cement its leading position.

How we’ve done in our Reputation Index

<table>
<thead>
<tr>
<th>Area</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
<th>Relative to competitors</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa1</td>
<td>7.54†</td>
<td>7.36</td>
<td>7.77</td>
<td>#1</td>
</tr>
<tr>
<td>Tanzania</td>
<td>8.14</td>
<td>7.63</td>
<td>8.53</td>
<td>#1</td>
</tr>
<tr>
<td>DRC1</td>
<td>8.02</td>
<td>7.09</td>
<td>7.66</td>
<td>#1</td>
</tr>
<tr>
<td>Mozambique2</td>
<td>8.16</td>
<td>8.33</td>
<td>7.67</td>
<td>#1</td>
</tr>
<tr>
<td>Lesotho2</td>
<td>7.43</td>
<td>7.87</td>
<td>8.14</td>
<td>#1</td>
</tr>
<tr>
<td>Group (five-country average)</td>
<td>7.86</td>
<td>7.66</td>
<td>7.95</td>
<td>#1</td>
</tr>
</tbody>
</table>

Notes:
1. Increased differentiation from last year.
2. Decreased differentiation from last year.
† This item was included as part of our assurance process in the current year.

For further analysis of the Reputation Survey, please refer to the separate stakeholder report.

Corporate social investment
Socioeconomic development
Late in the last financial year we commissioned Economics Information Services (‘EiS’) to assess and document the broader social and economic contribution Vodacom has made in South Africa between 2006 and 2011. The intention was to retrospectively measure Vodacom South Africa’s impact on and contribution to the economy as an operator supporting economic transformation, as an employer and as a corporate citizen. This research was completed in mid-FY 2013 and will guide our ongoing efforts to align current and future activities to support developmental priorities.
Key highlights from the research indicate that:

- **Vodacom** contributed an estimated **R358 833 million** to the South African economy over the last five years.

- The total jobs created by Vodacom are estimated to have fluctuated between **168 415** in 2011 and **200 943** in 2009.

- Total taxes paid by Vodacom, which are the sum of direct plus indirect taxes, increased from **R6 777 million** in 2007 to **R9 873 million** in 2011. Over the five years cumulative total taxes were estimated at **R43 509 million**.

- Total CSI spending between April 1999 and January 2012 amounted to **R642 million**. This includes **R523 million** by the Vodacom Foundation, **R117 million** by other divisions and **R2.4 million** in payroll giving.

- Vodacom’s Community Services project exceeded the license obligation to roll out 22 000 community based telephones (‘CSTs’), surpassing the mark by 100 000 to reach approximately **120 000 CSTs** by 31 March 2012, significantly contributing to enterprise development.

- The company contributed 3% of net profit after tax (calculated cumulatively over five years) towards BBBEE. This totalled over **R405 million** in 2008 reaching **R1 640 million** in 2012.

### Contribution to health, education and volunteering

For Vodacom, engaging with societies has meant working with governments and communities to find innovative ways through which mobile communications technologies can support health, education and other priorities.

#### Mozambique

**SMS technology to help people living with HIV**

Vodacom partnered with Absolute Return for Kids (‘ARK’) and the Ministry of Health to trial the use of SMS technology in improving adherence to anti-retroviral treatment (‘ART’) for people living with HIV/AIDS. The programme was launched in the Maputo province in November 2011 as an 18-month trial across six health centres. It enrolled 830 patients on ART and 520 HIV-positive pregnant women seeking treatment to prevent mother-to-child transmission. HIV-positive pregnant women were also educated on the importance of antenatal and post-natal care and infant testing for HIV.

Through this project, 12 000 HIV patients receive SMS reminders of their next appointments. In addition, over 1.4 million people access information on HIV/AIDS through the Vodacom-sponsored Young Africa Live mobisite. Furthermore we support loveLife South Africa through making available technology to 1 200 youth workers who service 1.7 million young people.

As part of the programme, patients received appointment reminders and educational health messages via SMS. All SMS-related costs were covered by Vodacom, as our contribution to building the evidence for technology’s ability to improve health outcomes. An estimated 15 000 messages were sent during the pilot phase.

#### South Africa

**Supporting HIV care through mobile technology**

Through this project, 12 000 HIV patients receive SMS reminders of their next appointments. In addition, over 1.4 million people access information on HIV/AIDS through the Vodacom-sponsored Young Africa Live mobisite. Furthermore we support loveLife South Africa through making available technology to 1 200 youth workers who service 1.7 million young people.

Through the M-health platform, the integrated chronic disease management is being rolled out in 3 districts in partnership with USAID.

#### DRC

**Combating tuberculosis**

Vodacom partnered with the Ministry of Health, USAID and PATH (an international NGO) to provide free medical assistance in combating tuberculosis (‘TB’) in rural regions of the DRC using the SMS platform. Through the initiative, healthcare professionals in the field can use SMS technology to report on the vaccine stock levels to the Ministry of Health. Over and above this, the platform is used to share information and improve patient care.

#### Tanzania

**Moyo Project**

Obstetric fistula is a childbirth-related injury caused by prolonged or obstructed labour without timely medical intervention. The consequences of fistula are severe. Last year we partnered with Comprehensive Community Based Rehabilitation Tanzania (‘CCBRT’) and the Tanzanian Ministry of Health in its goal to eradicate new cases of fistula in Tanzania by 2016. We also continued to support efforts to manage vesicovaginal fistula (‘VVF’), and in November 2012 we donated TZS8 billion (US$5 million) in support of this cause. The funds were raised through a Vodafone Group-wide challenge to change the lives of 31 000 women in Tanzania by 2016. In the year, a total of 595 VVF surgeries were done at three hospitals including the CCBRT Disability Hospital, a 75% increase in this type of surgery over the previous year.

One of the challenges facing fistula patients, who are predominantly from rural areas, is raising the bus fare to travel to hospitals. To address this, the Vodacom Tanzania Foundation initiated the TransportMypatient project which uses M-Pesa to send bus fares to patients. Through M-Pesa, the CCBRT pays for women’s travel to the hospital to receive treatment. Of the 595 patients who received VVF repairs, 436 came from rural areas and received bus fare through the TransportMypatient project.
South Africa

To date, 560 schools have been connected to the nine ICT centres (one in every province) that were created to serve as teacher training hubs to provide teachers throughout South Africa with better access to quality instructional resources and ICT. Through the centres, mathematics and science training was delivered to 280 teachers. The project has witnessed increased traffic by teachers accessing www.digitalclassroom.co.za. A schools-based learning management system will be piloted through the project.

During the year, we partnered with the Media Information and Communication Technologies Sector and Training Authority (‘MICT Seta’) to build on the ICT resource centre project through launching a youth skills development programme. Eighteen youth instructors completed training at Nelson Mandela Metropolitan University. This new initiative will see 15 unemployed youths trained at each of the nine centres.

Mozambique

Turma TudoBom

Vodacom partnered with the Ministry of Education and Soico Televisão (‘STV’) to launch the Turma TudoBom, a secondary school-level TV programme that featured academic olympiads on select school subjects and song and dance competitions.

In total, 53 secondary schools across the country participated in the show, with 8 178 students enrolling to compete. From this pool, 5 300 students were invited to the programme’s casting and only 126 qualified to participate in the regional competitions that narrowed the numbers down to 31 students who participated in the national final. The programme’s regional competitions and elimination rounds were broadcast on STV and were watched by 36 000 people weekly and generated more than 70 000 SMSs from viewers voting for their favourite acts and performers. The programme, which reinforced the value of education, affirmed our commitment to supporting national priorities.

DRC

Exetat Project

Vodacom continues to support the Exetat project which publishes the country’s matric results via SMS. The project is run in partnership with the Ministry of Education and provides final-year students across the country with quick and easy access to their results using SMS. More than 500 000 students across the country are benefitting from the project.

Empowering women

Tanzania

M-Pesa Empowerment Initiative (‘MWEI’)

Vodacom MWEI aims to develop women-owned small businesses and other income generating activities run by women. The project provides interest-free loans to women to invest in their businesses, ranging between TZS50 000 and TZS100 000 for first-time borrowers and up to TZS150 000 for women who have successfully repaid earlier loans. A total of TZS140 million has so far been lent to women beneficiaries of the project. Vodacom has set aside a total of TZS450 million for the new financial year to further empower women. Through the initiative, women across the country receive interest-free loans to invest in their businesses.

Payroll giving

Vodacom payroll giving is a convenient and flexible scheme that allows our permanent South African employees to donate from as little as R5 of their monthly salary towards local charitable organisations. By joining Vodacom payroll giving, employees make it possible for their selected beneficiary organisation to have a regular reliable source of income, which allows them to develop a more effective budget and make a sustainable difference to those in need. In the year an average amount of R62 000 per month was collected, benefitting 18 organisations.

BBBEE

For more information on Vodacom’s contribution to social and economic development through its BBBEE strategy, see the “Broad-based Black Economic Empowerment” section of this report and the separate transformation report.
Social and Ethics Committee report continued

Ethical purchasing and partners

We want to extend and enhance the trust relationships we build to and through our suppliers and business partners.

Responsible executive: Ivan Dittrich (Chief Financial Officer)

Vodacom extends its values and business ethics through its relationships with its suppliers and business partners. Vodacom’s code of ethical purchasing has been incorporated in all strategic accounts, new accounts and contracts as they come up for renewal.

**Sustainable procurement**
We continue to centralise our procurement function and to consolidate and optimise our supplier base across the Vodacom companies in the markets in which we operate. This allows us to leverage larger economies of scale when purchasing, and it allows us to become more efficient in managing our suppliers’ performance and gives us more influence over our supply chain from a health, safety and environment perspective.

We have been able to implement minimum health and safety standards for the majority of our suppliers and we continue to integrate these standards into our ongoing supplier vetting and selection processes. Having the right policies and processes in place help us with risk mitigation, legislative compliance and improved social and ethical performance.

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

Through our ongoing commitment to health and safety within the supply chain, we have been able to improve monitoring of incidents year-on-year and are creating platforms for sharing expertise and experiences between our various vendors. This is helping improve standards across the industry. Statistics show an increase in vendor incidents, however this is partly attributable to better reporting processes. Last year there were 10 incidents and this year there were 16. Last year 652 vendors were vetted and this year 697.

In the current year we will proceed with a formal audit of our e-waste suppliers to ensure that our e-waste is being disposed of in accordance with good practice and compliance to legislation. For the year under review, we relied on our e-waste suppliers to provide disposal certificates and we confirmed that correct disposal methods were being used through random follow-ups.

**Preferential procurement**
Vodacom continues to drive transformation within its supply chain. During the year the ICT Sector Code was implemented and became applicable to Vodacom. Our strategy for preferential procurement and enterprise development continued to produce excellent results and has increased the number of qualifying entities providing goods and services to Vodacom. A core focus of this strategy is the sustainable development of black businesses to become a core part of our supply chain. During the year we published and implemented our SMME preferential payment terms policy and have since then ensured that qualifying SMMEs get shortened payment terms of 15 days.

Although we operate nationally, we continue to drive regionalised purchasing which ensures our substantial procurement spend reaches local small businesses and is representative of our customer base. We continue to work with global suppliers to partner with local entities to achieve black-empowered status before they can become approved vendors to Vodacom.

These efforts to improve preferential procurement at Vodacom is reflected in the positive results achieved for this scorecard pillar, discussed further in this report under the section titled “Broad-based Black Economic Empowerment”.

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